

30 August 2002

Hilton Enters Sale and Turnover Leaseback on Ten UK Hotels

Hilton Group plc (“Hilton”) has today completed the sale of 10 UK hotels (2,043 rooms) to a Limited Partnership for a cash consideration of £335.7m and entered into 27 year turnover based operating leases on the properties. Hilton has retained a 40% interest in the Limited Partnership (see note 1) for an equity investment of £25m. The remaining 60% is owned by a separate limited partnership between Rotch Group, Farnsworth Group and Bank of Scotland plc.

Under the agreement, the rentals are based on an average of 28.8% of hotel turnover, plus £3.1m per annum, with a guaranteed minimum rent of £17.5m per annum, which will be subject to an annual RPI adjustment capped at 5%. Additionally, Hilton has provided a turnover rent warranty on the portfolio to 31 December 2004.

The budgeted revenues for these hotels for the 12 months ending 31 December 2002 would result in a rental obligation of £23.6m.

The hotels had a net book value of £297.4m at 31 December 2001 and made an EBITDA contribution of £33.0m for the year then ended.

The net proceeds from the sale will be used to reduce net borrowings within Hilton.

David Michels, Chief Executive, Hilton Group plc, said: “Today’s announcement is in line with our stated strategy and follows on from the successful transaction with the Royal Bank of Scotland last year. We are satisfied with the achieved price of £164k per room.”

Note 1: A Rotch / Farnsworth entity has operational control over the partnership.

High resolution Hilton hotel images and key personnel are available for the media to download and print free of charge at www.vismedia.co.uk

For Further information please contact:

David Michels, Group Chief Executive, Hilton Group plc

Brian Wallace, Deputy Group Chief Executive and Group Finance Director, Hilton Group plc

Alex Pagett, Corporate Affairs Director, Hilton Group plc

James Mason, Investor Relations Manager, Hilton Group plc

Tel: 020 7856 8109 / 07974 229 888

Note to Editors

The portfolio of hotels sold is as follows:

<u>Hotel</u>	<u>Number of Rooms</u>
Cobham	155
Croydon	168
East Midlands Airport	152
Kensington	603
Leeds City	206
Northampton	139
Nottingham	177
Tewkesbury	112
Watford	201
<u>York</u>	<u>130</u>
Total	2,043