

bcIMC COMPLETES OFFER TO ACQUIRE UNITS AND DEBENTURES OF CANADIAN HOTEL INCOME PROPERTIES REAL ESTATE INVESTMENT TRUST

Victoria, British Columbia, October 3, 2007 – British Columbia Investment Management Corporation (“bcIMC”) announced today that its indirect wholly-owned subsidiary, BFO Acquisition Limited Partnership (“BFO LP”), has taken up and paid for 2,880,418 units of Canadian Hotel Income Properties Real Estate Investment Trust (“CHIP REIT”) (TSX: HOT.UN, HOT.DB.A) and \$936,000 aggregate principal amount of CHIP REIT 6.0% convertible debentures that were validly tendered to the take-over bid made by BFO LP on or after September 24, 2007 and prior to the expiry time of 5:00 p.m. (Toronto time) on October 2, 2007. The offer has now expired.

As a result of its acquisitions under the offer, BFO LP owns 48,695,995 units of CHIP REIT, representing approximately 96.6% of the issued and outstanding units, and \$12,066,000 principal amount of CHIP REIT 6.0% convertible debentures, representing approximately 92.5% of the aggregate principal amount of the outstanding 6.0% convertible debentures.

The units were acquired for cash consideration of Cdn. \$19.10 per unit. The 6.0% convertible debentures were acquired for cash consideration of Cdn. \$1,625.53 in cash per \$1,000 principal amount of 6.0% convertible debentures, plus an amount equal to accrued and unpaid interest on the principal amount of the 6.0% convertible debentures up to, but excluding, September 20, 2007, the initial expiry date of BFO LP’s offer.

The purpose of BFO LP’s offer was to enable it to acquire all of the units and 6.0% convertible debentures of CHIP REIT. Since BFO LP has acquired not less than 90% of the outstanding units under the offer, it intends to use the compulsory acquisition provisions in CHIP REIT’s declaration of trust to acquire the remaining units. BFO LP expects to initiate such a compulsory acquisition within 30 days following yesterday’s expiry of the offer.

In addition, since not less than 66 $\frac{2}{3}$ % of the aggregate principal amount of the 6.0% convertible debentures were acquired by BFO LP under the offer, an extraordinary resolution to amend the trust indenture governing the 6.0% convertible debentures to permit a compulsory acquisition of the remaining 6.0% convertible debentures in such circumstances has been approved and the trust indenture has been so amended. BFO LP has completed such a compulsory acquisition today. As a result of the compulsory acquisition, BFO LP owns 100% of the aggregate principal amount of the outstanding 6.0% convertible debentures.

Previously, in connection with the offer, BFO LP, bcIMC, in its capacity as trustee of the Realpool Investment Fund, and CHIP REIT entered into a support agreement on



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August 1, 2007, pursuant to which, among other things, CHIP REIT agreed to recommend that holders of units and 6.0% convertible debentures accept BFO LP's offer. In addition, on August 1, 2007, BFO LP and bclMC, as trustee for the Realpool Investment Fund, entered into a Lock-Up Agreement with Belkin Enterprises Ltd. and certain of its affiliates, under which Belkin and those affiliates agreed, subject to certain conditions, to tender all units and 6.0% convertible debentures held by them to the offer by BFO LP.

About bclMC

bclMC is an investment management corporation based in Victoria, BC. With over \$83 billion in assets under administration with global exposure, and supported by industry-leading expertise, bclMC offers fund management services for all major asset classes, including currency and infrastructure investment. bclMC's clients include public sector pension plans, the BC provincial government, public trusts and insurance funds. For more information, visit www.bcimc.com.

BFO LP's principal place of business is located at Sawmill Point, 3rd Floor, 2940 Jutland Road, Victoria, British Columbia V8T 5K6.

About CHIP REIT

CHIP REIT is an integrated hotel real estate investment trust focused on mid-market and upscale full-service hotels. Through its large, diversified portfolio, CHIP REIT provides investors with stable income and growth potential through acquisitions, repositioning and franchising under banners that include Delta, Radisson, Marriott and Hilton. CHIP REIT currently owns and manages 32 hotels with approximately 7,700 guestrooms. In 2006, CHIP REIT was named "Hotel Company of the Year" by Hotelier Magazine, becoming the first REIT to win a Pinnacle Award in the hospitality industry's national recognition program. CHIP REIT units and convertible debentures trade on the Toronto Stock Exchange under the symbols HOT.un and HOT.db.a.

Disclaimer

This news release contains forward-looking information related to, but not limited to, the offer by BFO LP to acquire the units and 6.0% convertible debentures of CHIP REIT and possible future transactions, including a compulsory acquisition. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include, but are not limited to, the offeror's decision with respect to, or ability to implement, a compulsory acquisition or subsequent acquisition transaction. bclMC and BFO LP disclaim any intention or obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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