

# CHIP REIT To Be Acquired By BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION FOR \$19.10 PER UNIT

**Vancouver, August 1, 2007** – Canadian Hotel Income Properties Real Estate Investment Trust (“CHIP REIT”) announced today that its board of trustees has entered into a support agreement in favour of a cash takeover offer of \$19.10 per unit by British Columbia Investment Management Corporation (“bcIMC”).

The offer represents a 34% premium over the closing price of CHIP REIT units on July 31, 2007, the last trading day prior to this announcement, and a premium of 22% over the closing price of \$15.68 on March 27, 2007, the last trading day prior to CHIP REIT’s announcement that it had established a special committee of trustees to review strategic and structural alternatives for enhancing unitholder value.

bcIMC has also agreed to acquire all outstanding CHIP REIT 6.0% convertible debentures for a price of \$1,625.53 per \$1000 debenture. The transaction has a total value of \$1.2 billion, including debt.

Following a thorough review of strategic and structural alternatives and the recommendation of the special committee, the transaction is being unanimously recommended by the CHIP REIT board of trustees and is expected to close during the fourth quarter of 2007. CHIP REIT’s largest unitholder, affiliates of the Belcorp Group, have entered into a lockup agreement pursuant to which they have agreed to tender to the offer their 13.3 million units, representing approximately 27% of CHIP REIT’s total units outstanding.

CHIP REIT unitholders will continue to receive their regular monthly distributions until the transaction is completed.

“As one of Canada’s best-run hotel businesses, CHIP REIT will be a strong complement to our diversified portfolio of assets and contribute to our ability to help finance the retirement benefits of more than 400,000 residents of British Columbia,” said Doug Pearce, CEO & CIO of bcIMC. “CHIP REIT will continue to pursue its existing strategy under its current management team following the successful conclusion of this transaction.”

Stuart Belkin, Chairman of CHIP REIT said “It has been a pleasure for our Trustees to work with the entire CHIP team over CHIP’s 10 years as a public real estate trust. Management has done a wonderful job building the company’s value during that time, as reflected by the high level of interest the company received during the strategic review process and by the excellent value this proposal provides for our unitholders. We are confident bcIMC will continue this success story and provide industry leading stewardship to CHIP’s guests, associates and business partners.”



**bcimc**

BRITISH COLUMBIA  
INVESTMENT  
MANAGEMENT  
CORPORATION

The mailing of the bid circular (which is expected to occur in mid-August) is subject to the satisfaction of certain conditions. The transaction is conditional upon the receipt of customary regulatory approvals, 66 2/3 % of the outstanding units being validly tendered to the offer and the satisfaction of certain other conditions. The offer is not subject to a financing condition. The support agreement includes customary non-solicitation and fiduciary out provisions, including a termination fee of \$25 million, payable to bcIMC in certain circumstances

CIBC World Markets Inc. has provided CHIP REIT's board of trustees with its opinion that the consideration to be received by CHIP REIT unitholders and 6.0% convertible debentureholders is fair, from a financial point of view, to unitholders and 6.0% convertible debentureholders of CHIP REIT.

Koffman Kalef provided independent legal counsel to the special committee of trustees. Fraser Milner Casgrain LLP is legal counsel to CHIP REIT. Avington and Bentall Capital LP acted as financial advisors to bcIMC with Lawson Lundell LLP and Blake, Cassels & Graydon LLP providing legal advice.

### **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, HOT.db and HOT.db.a.

### **About bcIMC**

bcIMC is an investment management corporation based in Victoria, BC. With over \$85 billion in assets under administration with global exposure, and supported by industry-leading expertise, bcIMC offers fund management services for all major asset classes, including currency and infrastructure investment. bcIMC's clients include public sector pension plans, provincial government, public trusts, and insurance funds. For more information, visit [www.bcimc.com](http://www.bcimc.com).

### **Disclaimer**

This news release contains forward-looking information related to, but not limited to, CHIP REIT operations, anticipated financial performance, business prospects and strategies. 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 economic, competitive and lodging industry conditions.



Please refer to CHIP REIT's Annual Information Form, dated March 14, 2007, which can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR"), for a list of the risks inherent in the activities of the Trust. CHIP REIT disclaims any intention or obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

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