FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **1997-12-18** | Period of Report: **1996-12-31**
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FILER

STARWOOD LODGING TRUST CIK:**48595**| IRS No.: **520901263** | State of Incorp.:**MD** | Fiscal Year End: **1231** Type: **10-K/A** | Act: **34** | File No.: **001-06828** | Film No.: **97740358** SIC: **6798** Real estate investment trusts	Mailing Address *2231 E CAMELBACK RD* *STE 410* *PHOENIX AZ 85016*	Business Address *2231 E CAMELBACK RD* *STE 410* *PHOENIX AZ 80516* *6028523900*
STARWOOD LODGING CORP CIK:**316206**| IRS No.: **521193298** | State of Incorp.:**MD** | Fiscal Year End: **1231** Type: **10-K/A** | Act: **34** | File No.: **001-07959** | Film No.: **97740359** SIC: **6500** Real estate	Mailing Address *2231 E CAMELBACK RD. 4TH FL* *SUITE 4O0* *PHOENOX AZ 85016*	Business Address *2231 E CAMELBACK RD, 4TH FL* *SUITE 400* *PHOENIX AZ 85016* *6028523900*

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A2

[X] JOINT ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996
OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 1-6828	COMMISSION FILE NUMBER: 1-7959
STARWOOD LODGING TRUST	STARWOOD LODGING CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)	(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)
MARYLAND	MARYLAND
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)
52-0901263	52-1193298
(I.R.S. EMPLOYER IDENTIFICATION NO.)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
2231 E. CAMELBACK ROAD, SUITE 410 PHOENIX, ARIZONA 85016	2231 E. CAMELBACK ROAD, SUITE 400 PHOENIX, ARIZONA 85016
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)	(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)
(602) 852-3900	(602) 852-3900
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)	(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b)OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Shares of Beneficial Interest, $0.01 per value, of Starwood Lodging Trust ("Trust Shares") paired with Shares of Common Stock, $0.01 par value, of Starwood Lodging Corporation ("Corporation Shares")	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT

NONE

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of March 7, 1997, the aggregate market value of the Registrants' voting stock held by non-affiliates(1) was $1,730,804,119.

As of February 28, 1997 the Registrants had outstanding 42,975,478 Trust Shares and 42,975,478 Corporation Shares.

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(1) For purposes of this Joint Annual Report only, includes all voting shares other than those held by the Registrants' Trustees or Directors and Executive Officers.

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This Joint Annual Report of Starwood Lodging Trust (the "Trust") and Starwood Lodging Corporation (the "Corporation" and, together with the Trust, "Starwood Lodging" or the "Company") on Form 10-K contains statements which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Report, including, without limitation, Acquisition and Development Strategy, Operating Strategy, Other Information, and Management's Discussion and Analysis of Financial Condition and Results of Operations. Such forward-looking statements include statements regarding the intent, belief or current expectations of Starwood Lodging, its Trustees, Directors or its officers with respect to the matters discussed in this Report. Prospective investors are cautioned that any such forward-looking statements involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various uncertainties and other factors, including, without limitation, those set forth below.

RISKS RELATING TO INVESTMENTS IN THE COMPANY AND THE HOTEL INDUSTRY

Operating Risks. The properties of the Company are subject to all operating risks common to the hotel industry. These risks include: changes in general economic conditions; the level of demand for rooms and related services; cyclical over-building in the hotel industry; restrictive changes in zoning and similar land use laws and regulations or in health, safety and environmental laws, rules and regulations; the inability to secure property and liability insurance to fully protect against all losses or to obtain such insurance at reasonable rates; and changes in travel patterns. In addition, the hotel industry is highly competitive. The properties of the Company compete with other hotel properties in their geographic markets. However, some of the Company's competitors may have substantially greater marketing and financial resources than the Company.

The Company may compete for acquisition opportunities with entities which have substantially greater financial resources than the Company. These entities may generally be able to accept more risk than the Company can prudently manage. Competition may generally reduce the number of suitable investment opportunities offered to the Company and increase the bargaining power of property owners seeking to sell. Further, management believes that it will face competition for acquisition opportunities from entities organized for purposes substantially similar to the objectives of the Company.

Franchise Agreement Risks. The majority of the Company's hotels are operated pursuant to existing franchise or license agreements. Franchise agreements generally contain specific standards for, and restrictions and limitations on, the operation and maintenance of a hotel property in order to maintain uniformity in the system created by the franchisor. In addition, compliance with such standards could require a franchisee to incur significant expenses or capital expenditures. Certain of the franchise agreements require the Company to obtain the consent of the franchisor to certain matters, including certain securities offerings.

Seasonality of Hotel Business. The hotel industry is seasonal in nature. Generally, hotel revenues are greater in the second and third quarters than in the first and fourth quarters. As a result, the Trust may be required from time to time to borrow to provide funds necessary to make quarterly distributions.

Regulation of Gaming Operations. The Company's casino gaming facilities located in Las Vegas, Nevada, are subject to extensive licensing and regulatory control by the Nevada Gaming Commission and other Nevada authorities. These regulatory authorities have broad powers with respect to the licensing of gaming operations, and may revoke, suspend, condition or limit the gaming approvals and licenses of the Corporation and its gaming subsidiary, impose substantial fines and take other actions, any of which could have a material adverse effect on the Corporation's business and the going concern value of the Trust's hotel/casinos. Directors, officers and certain key employees of the Corporation and its gaming subsidiary are subject to licensing or suitability determinations by the Nevada Gaming Commission and local gaming authorities. If the Nevada Gaming Commission were to find a person occupying any such position unsuitable, the Corporation would be required to sever its relationship with that person.

REAL ESTATE INVESTMENT RISKS

General Risks. Real property investments are subject to varying degrees of risk. The investment returns available from equity investments in real estate depend in large part on the amount of income earned and

capital appreciation generated by the related properties as well as the expenses incurred. If the properties of the Company do not generate revenue sufficient to meet operating expenses, including debt service and capital expenditures, the income of the Company and its ability to make distributions to its shareholders will be adversely affected. In addition, income from properties and real estate values are also affected by a variety of other factors, such as governmental regulations and applicable laws (including real estate, zoning and tax laws), interest rate levels and the availability of financing. In addition, equity real estate investments, such as the investments held by the Company and any additional properties that may be acquired by the Company, are relatively illiquid.

Possible Liability Relating to Environmental Matters. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may become liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure properly to remediate such substances when present, may adversely affect the owner's ability to sell or rent such real property or to borrow using such real property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic wastes may be liable for the costs of removal or remediation of such wastes at the disposal or treatment facility, regardless of whether such facility is owned or operated by such person. Other federal, state and local laws, ordinances and regulations require abatement or removal of certain asbestos-containing materials in the event of demolition or certain renovations or remodeling and govern emissions of and exposure to asbestos fibers in the air. The operation and subsequent removal of certain underground storage tanks also are regulated by federal and state laws. Future remediation costs are not expected to have a material adverse effect on the Company's results of operations or financial position and compliance with environmental laws has not had and is not expected to have a material effect on the capital expenditures, earnings or competitive position of the Company.

RISKS OF DEBT FINANCING

As a result of incurring debt, the Company is subject to the risks normally associated with debt financing, including the risk that cash flow from operations will be insufficient to meet required payments of principal and interest. A majority of the hotels are mortgaged to secure payment of certain of this indebtedness, and if the mortgage payments cannot be made, a loss could be sustained as a result of a foreclosure by the mortgagee.

The Company currently maintains floating rate indebtedness, and may utilize floating rate financing in future transactions. Increases in these interest rates could adversely affect the Company's results from operations and adversely impact its ability to meet its debt service.

The Company is obligated to repay certain of this indebtedness in the near future when it matures. Although the Company anticipates that it will be able to repay or refinance such indebtedness and any other indebtedness, there can be no assurance that it will be able to do so or that the terms of such refinancings will be favorable to the Company.

PART I

ITEM 1. BUSINESS.

Starwood Lodging Trust, formerly Hotel Investors Trust, was organized in 1969 as a Maryland real estate investment trust, and has invested in fee, ground leasehold and mortgage loan interests in hotel properties located throughout the United States.

In order for the Trust to qualify for favorable tax status as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986 (the "Code"), the Trust leases its properties to third-party operators. In 1980, Starwood Lodging Corporation, formerly Hotel Investors Corporation, was organized as a Maryland corporation and has leased hotel properties from the Trust since that date.

Unless the context otherwise requires, all references herein to "Starwood Lodging" or the "Company" refer to the Trust and the Corporation, and all references to the "Trust" and to the "Corporation" include the Trust and the Corporation, respectively, and those entities respectively owned or controlled by the Trust or the Corporation, including the Realty Partnership (defined below) and the Operating Partnership (defined below).

Since 1980, the shares of beneficial interest of the Trust ("Trust Shares") and the shares of common stock of the Corporation ("Corporation Shares") have been "paired" on a one-for-one basis and may only be held or transferred in units consisting of one Trust Share and one Corporation Share ("Paired Shares"). The Code has prohibited the "pairing" of shares between a REIT and a management company since 1983. This rule does not apply to the Trust because its Paired Share structure has existed since 1980.

At December 31, 1996, Starwood Lodging owned equity interests in 62 hotel properties and owned mortgage interests in another 14 hotel properties. At such date, of the 62 hotels in which Starwood Lodging owned an equity interest, seven hotels were being managed by third-party operators including four hotels being managed pursuant to leases to third-party operators. For information as to such interests and properties, see Item 2 of this Joint Annual Report.

At March 10, 1997 (the "date of this Joint Annual Report"), Starwood Lodging owned equity or mortgage interests in, or managed for third-party owners, a total of 98 hotels containing over 26,000 rooms located in 27 states and the District of Columbia.

ACQUISITION AND DEVELOPMENT STRATEGY

Starwood Lodging intends to continue to expand and diversify its hotel portfolio through the acquisition of primarily upscale hotels in major metropolitan areas. Starwood Lodging believes that hotels in this segment can be purchased at prices below replacement cost and offer better potential for cash flow growth than hotels in other market segments. Starwood Lodging generally seeks investments in hotels where management believes that profits can be increased by the introduction of more professional and efficient management techniques, a change of franchise affiliation or the injection of capital for renovating, repositioning or expanding a property. Properties are targeted throughout the United States, but Starwood Lodging generally focuses on markets with favorable demographic trends, significant barriers to entry or major room demand generators such as office or retail complexes, airports, tourist attractions, or universities.

Consistent with this strategy, Starwood Lodging acquired equity interests in the following 30 hotels during 1996 (the "1996 Properties"):

<TABLE>
<CAPTION>

HOTEL(1)	LOCATION	DATE OF PURCHASE	PURCHASE PRICE (000'S)	ROOMS
<S>	<C>	<C>	<C>	<C>
Westin Hotel..................................	Washington, DC	1/04/96	$ 33,000	263
Boston Park Plaza.............................	Boston, MA	1/24/96	96,478(2)(3)	960
Midland Hotel.................................	Chicago, IL	3/22/96	21,000	257
Clarion Hotel, San Francisco Airport..........	Milbrae, CA	4/25/96	30,000	442
Doubletree DFW Airport........................	Irving, TX	4/26/96	28,568	308
Doubletree Cypress Creek......................	Ft. Lauderdale, FL	4/26/96	23,220	254
Westin Hotel..................................	Tampa, FL	4/26/96	21,462	260
Doubletree Guest Suites.......................	Philadelphia, PA	6/03/96	18,230	251
Days Inn......................................	Philadelphia, PA	7/01/96	3,570	177
The Institutional Portfolio consisting of:				
Ritz Carlton..................................	Philadelphia, PA	8/12/96		290
Ritz Carlton..................................	Kansas City, MO	8/12/96		373
Westin Hotel..................................	Waltham, MA	8/12/96		347
Westin LAX....................................	Los Angeles, CA	8/12/96		739
Westin Horton Plaza...........................	San Diego, CA	8/12/96		450
Westin Hotel Concourse........................	Atlanta, GA	8/12/96		370
Doubletree Grand at Mall of America...........	Bloomington, MN	8/12/96		321
The Wyndham Hotel.............................	Ft. Lauderdale, FL	8/12/96		251
			--------	-----
			315,000	3,141
Hotels of Distinction Portfolio consisting of:				
The Hotel Park Tucson.........................	Tucson, AZ	8/16/96		215
Embassy Suites................................	Palm Desert, CA	8/16/96		198
The Marque of Atlanta.........................	Atlanta, GA	8/16/96		275
Arlington Park Hilton.........................	Arlington Heights, IL	8/16/96		422
Sheraton Needham..............................	Needham, MA	8/16/96		247
Embassy Suites................................	St. Louis, MO	8/16/96		297
Radisson Marque...............................	Winston-Salem, NC	8/16/96		293
Allentown Hilton..............................	Allentown, PA	8/16/96		224
Sheraton Minneapolis Metrodome................	Minneapolis, MN	9/05/96		254
			--------	-----
			135,000	2,425
Marriott Forrestal Village....................	Princeton, NJ	8/29/96	19,600	294
Doral Court...................................	New York, NY	9/19/96	21,028	199
Doral Tuscany.................................	New York, NY	9/19/96	12,888	121
Westwood Marquis..............................	Los Angeles, CA	12/31/96	35,000(4)	257

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$814,044	9,609
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(1) Starwood Lodging acquired a 100% equity interest in each of these properties except for the Boston Park Plaza and the Westwood Marquis (see footnotes (2) and (4) below).

(2) Represents 100% interest. Starwood Lodging acquired a 58.2% interest in a joint venture that acquired the property.

(3) Includes $14 million allocated to the purchase price of the office building portion of the hotel property.

(4) Represents 100% interest. Starwood Lodging acquired a 93.5% interest in a joint venture that acquired the property.

In addition, as of March 10, 1997, Starwood Lodging had acquired equity interests in 1997 in the following 13 hotels containing approximately 4,100 rooms (the "1997 Properties"):

<TABLE>
<CAPTION>

HOTEL(1)	LOCATION	DATE OF PURCHASE	PURCHASE PRICE (000'S)	ROOMS	YEAR OPENED	FOR THE YEAR ENDED DECEMBER 31, 1996 ADR ($)	OCCUPANCY (%)	REVPAR ($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Deerfield Beach Hilton................	Deerfield Beach, FL	1/08/97	$ 11,500	220	1985	82.79	66.6	55.17
Radisson Denver South...	Denver, CO	1/17/97	21,750	263	1986	78.69	74.1	58.31
The HEI Portfolio of owned hotels consisting of:								
The Sheraton Hotel......	Long Beach, CA	2/14/97		460	1988	85.61	63.0	53.91
Omni Waterside Hotel....	Norfolk, VA	2/14/97		446	1976	81.93	63.5	52.02
BWI Airport Marriott....	Baltimore, MD	2/14/97		310	1988	101.59	77.1	78.35
Crown Plaza Edison......	Edison, NJ	2/14/97		274	1987	77.87	69.9	54.46
Courtyard by Marriott Crystal City..........	Arlington, VA	2/14/97		272	1990	102.00	68.6	69.97
Charleston Hilton.......	Charleston, SC	2/14/97		296	1983	78.89	59.6	47.02
Park Ridge Hotel........	King of Prussia, PA	2/14/97		265	1973	94.68	70.0	66.31
Sonoma County Hilton....	Santa Rosa, CA	2/14/97		245	1984	73.96	71.8	53.07
Novi Hilton.............	Novi, MI	2/14/97		239	1985	88.98	70.3	62.56
Embassy Suites..........	Atlanta, GA	2/14/97		233	1989	100.74	70.0	77.50
			--------	-----				
			312,000	3,040				
Days Inn Chicago........	Chicago, IL	2/21/97	48,000	578	1965	85.60	77.9	66.64
			--------	-----				
			$393,250	4,101				
			=========	======				

</TABLE>

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(1) Starwood Lodging acquired a 100% equity interest in each of these properties.

On February 14, 1997, in addition to the acquisition of the ten hotels referred to above as the HEI Portfolio of owned hotels (together, the "HEI Portfolio") from PRISA II, an institutional real estate investment fund managed by Prudential Real Estate Investors, and HEI Hotels LLC ("HEI"), a Westport, Connecticut based hotel operating company, the Company also completed the acquisition of the management company, HEI ($15 million). The Company paid $112 million in cash and notes and the remainder in limited partnership interests in the Realty Partnership and the Operating Partnership exchangeable for 6.548 million Paired Shares of the Trust and Corporation (an approximate value of $215 million). The HEI Portfolio also included contracts to manage the following nine hotels:

HOTEL	LOCATION	ROOMS
Sheraton Gateway Houston Airport	Houston, TX	418
Ontario Airport Hilton	Ontario, CA	309
Grand Junction Hilton	Grand Junction, CO	264
Danbury Hilton & Towers	Danbury, CT	242
Residence Inn By Marriott	Princeton, NJ	208
Long Island Sheraton Hotel	Smithtown, NY	211
Wilmington Hilton Hotel	Wilmington, DE	193
Ramada Hotel Bethesda	Bethesda, MD	160
The Pavillion Hotel	Virginia Beach, VA	292
		2,297

Also, as a part of its acquisition strategy Starwood Lodging intends to continue to acquire debt interests in hotels at discounts to their face amounts with the intention of acquiring the hotel.

In line with this strategy, in 1996 Starwood Lodging acquired debt interests in the 305-room Holiday Inn in Milpitas, California, for $17.0 million and the 480-room Sheraton in Stamford, Connecticut, for $10.25 million. Also in 1996, equity interests were acquired by the Company in the Westin in Washington, D.C., and the Doubletree Guest Suites and Days Inn, both in Philadelphia, Pennsylvania, which combined with debt interests previously acquired by the Company provided the Company with full equity ownership of each hotel.

Starwood Lodging also intends to develop, on a limited basis, new hotels, either through new construction or conversion of office buildings, in certain underserved markets. In this respect, in November 1996, the Trust paid $7.0 million to acquire a site in downtown Seattle, Washington, which has entitlements for construction of a 410-room hotel. The Trust expects to begin construction on this hotel in mid-1997.

Starwood Lodging is evaluating numerous other hotel properties for acquisition and, as of the date of this Joint Annual Report has entered into agreements to purchase and has made offers on 20 properties in the aggregate amount of approximately half a billion dollars, all of which are subject to the satisfaction of a number of conditions prior to closing. Starwood Lodging intends to finance the acquisition of these or other hotel properties through cash flow from operations, through borrowings under new or existing credit facilities and, when market conditions warrant, through the issuance of debt or equity securities.

As part of its continuous evaluation of its portfolio and efforts to redeploy capital in high growth assets, the Company has identified certain properties for sale. These properties include the Company's gaming assets and other hotels primarily in market segments that the Company believes have limited growth potential. In 1996, the Company sold the Best Western Columbus North in Columbus, Ohio, for approximately $3.1 million; the Bourbon Street Hotel & Casino ("Bourbon Street") in Las Vegas, Nevada, for $7.6 million; and the real property of the King 8 Hotel, Gambling Hall and Truck Plaza (the "King 8") in Las Vegas, Nevada, for approximately $18.8 million. The Corporation has entered into an agreement to sell the personal property relating to the King 8 for $3 million and expects the closing to occur in the next 18 months following receipt by the purchaser of required gaming approvals. The Company is currently engaged in efforts to sell the Radisson Marque in Winston-Salem, North Carolina, and the Best Western hotels in Savannah, Georgia; El Paso, Texas; Las Cruces, New Mexico; and Albuquerque, New Mexico.

OPERATING STRATEGY

The Trust and the Corporation intend that the Operating Partnership lease and operate hotels owned or acquired by the Realty Partnership thereby retaining for shareholders the economic benefits otherwise captured by third-party operators. During 1996, the Operating Partnership assumed management of 29 hotels, including 27 of the 30 hotels acquired in 1996 and, as of the date of this Joint Annual Report, had assumed management in 1997 of an additional 22 hotels including all 13 hotels acquired in 1997 together with 9 other hotels owned by third parties.

In 1996, the Corporation significantly expanded its operational capabilities with the hiring of key executives and other corporate staff in the areas of operations, sales, revenue management, food and beverage, human resources, finance, accounting, tax, MIS and capital project management.

The Corporation intends to continue to reposition hotels in order to increase cash flows and asset values by changing or initiating franchise affiliations and implementing renovations, expansions and upgrades of hotel facilities. In 1996, the Corporation entered into new franchise affiliations with respect to seven hotels, of which six were acquired in 1996, including five hotels converted to Westin, one converted to Wyndham and one converted to Doubletree Guest Suites. In January 1997 the Dallas Park Central was converted to a Radisson hotel.

The Corporation also intends to manage hotels on behalf of third-party owners, thereby capitalizing on the enhanced operational management infrastructure of the Corporation. The Company believes that third-party management contracts could provide the Company with an additional source of earnings as well as a source of potential acquisitions including minority equity investments in hotel properties.

1995 REORGANIZATION

On January 31, 1995 (the "Reorganization Date"), the Trust and the Corporation consummated a reorganization (the "Reorganization") with a predecessor of Starwood Capital Group, L.L.C. ("Starwood Capital"), and certain affiliates of Starwood Capital (the "Starwood Partners") effective January 1, 1995.

The Reorganization involved a number of related transactions that occurred simultaneously on the Reorganization Date. Such transactions included (i) the contribution by the Trust to SLT Realty Limited Partnership (the "Realty Partnership"), a newly formed Delaware limited partnership, of substantially all of the properties and assets of the Trust, subject to substantially all of the liabilities of the Trust (including senior

debt of the Trust (the "Senior Debt")), in exchange for an approximate 28.3% interest as a general partner in the Realty Partnership, (ii) the contribution by the Starwood Partners to the Realty Partnership of approximately $12.6 million in cash and certain hotel properties and first mortgage notes, in exchange for limited partnership units representing the remaining approximate 71.7% interest in the Realty Partnership, (iii) the contribution by the Corporation and its subsidiaries to SLC Operating Limited Partnership (the "Operating Partnership" and together with the Realty Partnership, the "Partnerships"), a newly formed Delaware limited partnership, of substantially all of their properties and operating assets (except for their gaming assets), subject to substantially all of their liabilities, in exchange for an approximate 28.3% interest as a general partner in the Operating Partnership, and (iv) the contribution by the Starwood Partners to the Operating Partnership of approximately $1.4 million in cash and fixtures, furnishings and equipment of certain hotel properties, in exchange for limited partnership units representing the remaining approximate 71.7% interest in the Operating Partnership. On March 24, 1995, a Starwood Partner exchanged $12 million of Senior Debt for additional limited partnership units of the Realty Partnership and the Operating Partnership resulting in the Starwood Partners owning approximately 74.6% of each of the Partnerships.

STRUCTURE

As of the date of this Joint Annual Report, the structure of Starwood Lodging is as follows:

[HOLDERS OF PAIRED SHARES CHART]

The limited partnership units of the Realty Partnership and the Operating Partnership held by the limited partners are (subject to the ownership limitation provisions of the Trust and the Corporation) exchangeable for, at the option of the Trust and the Corporation, either cash, Paired Shares representing up to approximately 22.8% of the Paired Shares after such exchange, or a combination of cash and such Paired Shares. The ownership limitation provisions of Starwood Lodging are designed to preserve the status of the Trust as a REIT for tax purposes by providing in general that no shareholder may own, directly or indirectly, more than 8% of the outstanding Paired Shares.

Since the Reorganization, the Trust has conducted substantially all of its business and operations through the Realty Partnership. As of December 31, 1996, the Realty Partnership held fee interests, ground leaseholds and mortgage loan interests in 76 hotel properties containing over 19,000 rooms located in 24 states throughout the United States and the District of Columbia. The Trust controls the Realty Partnership as the sole general partner of the Realty Partnership.

Since the Reorganization, the Corporation (together with its wholly-owned subsidiaries) has conducted substantially all of its business and operations (other than its gaming operations) through the Operating Partnership. As of December 31, 1996, the Operating Partnership leased from the Realty Partnership all but four of the 59 hotel properties owned in fee or held pursuant to long-term leases by the Realty Partnership. In addition, the Operating Partnership owns the Milwaukee Marriott hotel, the Midland Hotel, both subject to mortgages to the Trust, and the Radisson Marque Hotel which is currently held for sale.

GAMING APPROVALS

Upon receipt of certain Nevada gaming regulatory approvals, the Corporation will control the Operating Partnership as its managing general partner. Prior to the receipt of such approvals, the Operating Partnership is being managed by a management committee, the members of which are identical to the members of the Board of Directors of the Corporation that will hold office upon receipt of Nevada gaming regulatory approvals (see Item 10 of this Joint Annual Report). The gaming operations (which, as of the date of this Joint Annual Report, consist of one hotel/casino located in Las Vegas, Nevada) are being operated through Hotel Investors Corporation of Nevada ("HICN"), a wholly-owned subsidiary of the Corporation. Upon receipt of such approvals (or such time as such approvals are no longer required), HICN will become a wholly-owned subsidiary of the Operating Partnership. The real property of the Company's hotel/casino has been sold and the sale of the personal property and gaming assets will close once the buyer or its designee has received Nevada gaming regulatory approval. Pending receipt of such approvals, which are expected by the end of 1997, the Corporation is operating the hotel/casino pursuant to a lease from the buyer.

1996 OFFERINGS

APRIL 1996 OFFERING

The Company completed a public offering of 3,000,000 Paired Shares (after giving effect to the three-for-two stock split in January 1997) in April 1996 (the "April 1996 Offering"). Net proceeds from the April 1996 Offering of approximately $62.4 million were used, in part, to fund the acquisition of the 442-room Clarion Hotel located at the San Francisco Airport (acquired on April 24, 1996) and three Doubletree Guest Suite hotels located in Irving, Texas; Ft. Lauderdale, Florida; and Tampa, Florida (now a Westin) (all three properties were acquired on April 26, 1996).

AUGUST 1996 OFFERING

In August 1996, the Company completed a public offering of 15,000,000 Paired Shares (after giving effect to the three-for-two stock split in January 1997) and on August 23, 1996, the underwriter exercised its over-allotment option to purchase 1.2 million Paired Shares (after giving effect to the three-for-two stock split in January 1997) (together, the "August 1996 Offering" and, with the April 1996 Offering, the "1996 Offerings"). Net proceeds from the August 1996 Offering of approximately $367.2 million were used to fund the acquisition of a portfolio of 8 hotels owned by an institution (the "Institutional Portfolio") and partially fund the acquisition of a portfolio of

9 hotels owned by Hotels of Distinction Ventures, Inc. (the "HOD Portfolio").

LINES OF CREDIT AND MORTGAGES

At December 31, 1996, the Company had two loan facilities and a term loan with Lehman Brothers, Inc., and certain of its affiliates ("Lehman Brothers") and a loan facility with Goldman Sachs (together, the "Lines of Credit").

MORTGAGE FACILITY

In October 1995, the Company amended its Mortgage Loan Funding Facility Agreement, dated July 25, 1995 (the "Mortgage Facility"), with Lehman Brothers to increase the amount available under this facility to $70.6 million. The Mortgage Facility is recourse to the Realty Partnership, is secured by certain mortgage loans owned by the Realty Partnership, bore interest at a rate equal to 1.5% plus the one-month LIBOR for the first 12 months, and bears interest at a rate of 1.75% plus the one-month LIBOR thereafter. In August 1996, the maturity date for the Mortgage Facility was extended to July 1997. As of December 31, 1996, the Company had borrowed $70.6 million under the Mortgage Facility.

ACQUISITION FACILITY

In October 1995, the Company entered into a three-year, $135 million secured revolving credit facility (the "Acquisition Facility") with Lehman Brothers. In August 1996, a portion of the Acquisition Facility was syndicated amongst a number of banks, whereupon First National Bank of Boston became the lead agent bank. The Acquisition Facility is recourse to the Realty Partnership, is secured by certain properties of the Company and may be secured by other properties acquired by the Company, all on a cross-collateralized basis within various pools. Amounts drawn under the Acquisition Facility bear interest at a rate equal to 1.625% plus the one, two or three-month LIBOR at the Company's option. The Acquisition Facility matures in October 1998. As of December 31, 1996, the Company had borrowed $117.8 million under the Acquisition Facility.

BPP MORTGAGE

In March 1996, the joint venture in which the Company holds a 58.2% interest, refinanced a mortgage secured by the Boston Park Plaza with a new non-recourse mortgage in the amount of $25 million with the Life Insurance Company of Georgia at an interest rate of 8.4% due July, 2003 (the "BPP Mortgage"). As of December 31, 1996, the balance outstanding under the BPP Mortgage was $25 million.

TERM LOAN

In March 1996, the Company entered into a $24 million one year non-recourse secured term loan (the "Term Loan") with Lehman Brothers. In April 1996, the Company amended the Term Loan to increase the amount available under this facility to $94 million. The Term Loan is secured by certain properties of the Company and bears interest at a rate equal to the one, two or three-month LIBOR, at the Company's option, plus (a) 1.95% for the first $24 million drawn, and (b) 1.75% for the remaining balance drawn. The Term Loan matures in April 1997. As of December 31, 1996, the Company had borrowed $94 million under the Term Loan.

GOLDMAN FACILITY

In August 1996, the Company entered into a loan facility with an affiliate of Goldman Sachs for a one-year (extendible to 18 months) loan of up to $300 million to fund a portion of the acquisition cost of the Institutional Portfolio and the HOD Portfolio (the "Goldman Facility"). The Goldman Facility is recourse to the Realty Partnership, bears interest at one-month LIBOR plus 1.75% (an extendible six month period bears interest at one-month LIBOR plus 2.75%) and is secured by interests in the Institutional Portfolio and the HOD Portfolio. As of December 31, 1996, the Company had borrowed $140 million under the Goldman Facility.

DORAL MORTGAGE

In September, 1996, upon acquisition of the Doral Court and Doral Tuscany in New York, the Company assumed liability under and amended the terms of a mortgage with The Sumitomo Trust and Banking Co., Ltd. (the "Doral Mortgage"). As amended, the Doral Mortgage is recourse to the Realty Partnership, bears interest at a rate of 7.64% and is due September 2001. As of December 31, 1996, the balance outstanding under the Doral Mortgage was $27.4 million.

TREASURY LOCKS

In January 1996, the Company entered into two interest-rate-hedging agreements (the "January Treasury Locks"), which had the effect of fixing the base rate of interest at 5.70% for debt the Company intended to issue in October 1996 with an aggregate notional principal amount of $100 million and a term to maturity of seven years. The Company has extended the settlement date to March 31, 1997, and the base rate increased to 5.86%. The actual interest rate on debt the Company intends to issue will be determined by reference to this base rate.

At settlement, the Trust will pay or receive an amount which will be capitalized and amortized over the term of the related debt of seven years. Such amount is not anticipated to have a material effect on the Trust's liquidity or operating results. If the Trust did not issue any such debt, such amount would still be payable or receivable and would be treated as a loss or gain, accordingly. Such a gain or loss could have a material effect on the Trust's results from operations; however, due to management's current intention to issue $100 million of debt in 1997, with a term to maturity of seven years, no such gain or loss is anticipated. If the January Treasury Locks had been settled on December 31, 1996, the Trust would have received $2.5 million.

In August 1996, the Company entered into another interest rate hedging agreement (the "August Treasury Lock"), which has the effect of fixing the base rate of interest at 6.67% for debt the Company had intended to issue in March 1997, with an aggregate notional principal amount of $150 million and a term to maturity of ten years. The Company, due to other financing circumstances, has decided to postpone the issuance of the ten year, $150 million debt to June 30, 1997. Accordingly, the Company plans to extend the settlement date in respect of the August Treasury Lock. The actual interest rate of debt to be issued at that time will be determined by reference to the base rate determined at the time of extension of the settlement date.

At settlement, the Company will pay or receive an amount which will be capitalized and amortized over the term of the related debt of ten years. Such amount is not anticipated to have a material effect on the Company's liquidity or operating results. If the Company did not issue any such debt, such amount would still be payable or receivable and would be treated as a loss or gain, accordingly. Such a gain or loss could have a material effect on the Company's results from operations; however due to Management's current intention to issue $150 million of debt with a term to maturity of ten years, no such gain or loss is anticipated. If the August Treasury Lock had been settled on December 31, 1996, the Trust would have paid $2.96 million.

PRUDENTIAL LOAN

On February 14, 1997, in connection with the acquisition of the HEI Portfolio, the Company entered into a short term loan with The Prudential Insurance Company of America in the principal amount of $97.5 million (the "Prudential Loan") in order to partially fund the acquisition of the HEI Portfolio. As of the date of this Joint Annual Report, the Company had borrowed $72.0 million under the Prudential Loan, which bears interest at a rate of 7.0% and is due April 15, 1997. The Company may elect to extend the maturity date to May 14, 1997. Presently, the Company intends to make the election to extend the maturity date.

TAX EXEMPT BONDS

On February 20, 1997, the Company issued bonds in the principal amount of $39.5 million due October, 2013 (the "Tax Exempt Bonds"). The Tax Exempt Bonds bear interest at a rate of 6.5% with no principal amortization, were issued at a discount to yield 6.7% and are secured by two hotels of the Company located at the Philadelphia International Airport. Net proceeds from the Tax Exempt Bonds of approximately $37.6 million were used to partially fund the acquisition of the 578-room Days Inn in Chicago, Illinois.

TAX STATUS OF THE TRUST

The Trust elected to be taxed as a REIT, commencing with its taxable year ended December 31, 1995. The Trust expects to also make this election for the year ended December 31, 1996, when it files its tax return for such period, which is due no later than September 15, 1997. The Trust was taxed as a REIT beginning in 1969 through and including its taxable year ended December 31, 1990. During 1994, the Trust discovered that it may not have qualified as a REIT in 1991 through 1994, due to its failure to comply with certain procedural requirements of the Code. The Trust requested and received a letter from the Internal Revenue Service providing that the Trust's election to be taxed as a REIT terminated beginning with the Trust's taxable year ended December 31, 1991, and permitting the Trust to re-elect to be taxed as a REIT commencing with its taxable year ended December 31, 1995. Because the Trust had net losses for tax purposes for its 1991 through 1994 taxable years, the Trust does not owe any Federal income tax for such years.

OTHER INFORMATION

SEASONALITY AND COMPETITION.

The hotel industry is seasonal in nature. Generally, hotel revenues are greater in the second and third quarters than in the first and fourth quarters due to generally decreased travel during winter months.

Competition in the hotel industry is vigorous and is generally based on quality and consistency of service, attractiveness of facilities and locations, availability of a global distribution system, price and other factors. Management believes that the Company competes favorably in these areas. The properties of the Company compete with other hotel properties in their geographic markets. The principle competitors of the Company include other hotel REITs, hotel operating companies and national hotel brands. Many of the Company's competitors may have substantially greater marketing and financial resources than the Company.

The Company may compete for acquisition opportunities with entities which have greater financial resources than the Company or which may accept more risk than the Company. Competition may generally reduce the number of suitable investment opportunities and increase the bargaining power of property owners seeking to sell. Further, management of the Company believes that it will face competition for acquisition opportunities from entities organized for purposes substantially similar to the objectives of the Trust or the Company.

ENVIRONMENTAL MATTERS.

None of the Trust, the Corporation, the Realty Partnership or the Operating Partnership has been identified by the United States Environmental Protection Agency or any similar state agency as a responsible or potentially responsible party for, nor have they been the subject of any governmental proceeding with respect to, any hazardous waste contamination. If the Trust, the Corporation, the Realty Partnership or the Operating Partnership were to be identified as a responsible party, they would in most circumstances be strictly liable, jointly and severally with other responsible parties, for environmental investigation and clean-up costs incurred by the government and, to a more limited extent, by private persons.

Since January 1, 1995, preliminary or "Phase I" environmental site assessments have been prepared with respect to each of the Company's 62 fee interest and ground leasehold properties owned as of December 31, 1996. The results of the Phase I assessments and subsequent "Phase II" assessments performed at six of the properties has led to an assessment by the Company and its outside consultants that the Company's overall potential for environmental impairment is low.

Based upon the environmental reports described above, the Company believes that a substantial number of its hotels incorporate potentially asbestos-containing materials. Under applicable current Federal, state and local laws, asbestos need not be removed from or encapsulated in a hotel unless and until the hotel is renovated or remodeled. The Company has asbestos operation and maintenance plans for each property testing positive for asbestos.

Based upon the above-described environmental reports and testing, future remediation costs are not expected to have a material adverse effect on the results of operations, financial position or cash flows of the Trust or the Corporation and compliance with environmental laws has not had and is not expected to have a material effect on the capital expenditures, earnings or competitive position of the Trust or the Corporation.

REGULATION AND LICENSING.

The ownership and operation of the casino gaming facilities of the Corporation in Nevada are subject to extensive licensing and regulatory control by the Nevada Gaming Commission, the Nevada State Gaming

Control Board and the Clark County Liquor and Gaming Licensing Board. See Item 2, "Regulation and Licensing" of this Joint Annual Report.

EMPLOYEES.

As of December 31, 1996, the Trust had three employees and the Corporation had approximately 8,900 employees.

The Trust's executive offices are located at 2231 East Camelback Road, Suite 410, Phoenix, Arizona 85016 (telephone (602) 852-3900) and the Corporation's executive offices are located at 2231 East Camelback Road, Suite 400, Phoenix, Arizona 85016 (telephone (602) 852-3900).

Financial information with respect to the two segments of the hospitality industry (hotels and gaming) in which the Corporation operates is included in Note 16 of the Notes to Financial Statements included in Item 8 of this Joint Annual Report.

ITEM 2. PROPERTIES.

At December 31, 1996, the Company owned, operated and managed a geographically diverse portfolio of hotel assets, including fee, ground lease and first mortgage interests in 76 hotel properties, comprising approximately 20,000 rooms located in 24 states and the District of Columbia. Sixty of such hotels are operated under licensing, membership, franchise or management agreements or leases with national hotel organizations, including Ritz Carlton(R), Westin(R), Marriott(R), Hilton(R), Sheraton(R), Omni(R), Doubletree(R), Embassy Suites(R), Harvey(R), Radisson(R), Clarion(R), Holiday Inn(R), Residence Inn(R), Days Inn(R), Best Western(R) and Vagabond Inn(R).

EQUITY INVESTMENTS.

As of December 31, 1996, the Company had equity investments in 62 properties containing a total of over 16,200 guest rooms. All but three of the properties are owned by the Trust. Of these three properties, the Operating Partnership owns the Milwaukee Marriott hotel and the Midland Hotel, both subject to mortgages to the Trust, and the Radisson Marque Hotel which is currently held for sale. Of the 59 hotels owned by the Trust, all but five are leased to the Corporation or its subsidiaries pursuant to leases between the Trust and the Corporation (the "Intercompany Leases").

Each of the Intercompany Leases provides for the lessee's payment of annual minimum rent in a specified amount plus additional rent based on a percentage of the gross revenues (or items thereof) of the leased property. The Intercompany Leases have an average remaining term of three years. The Intercompany Leases are "triple-net" -- i.e., the lessee is generally responsible for paying all operating expenses of the hotel property, including maintenance and repair costs, insurance premiums and real estate and personal property taxes, and for making all rental and other payments required pursuant to any underlying ground leases. As lessee, the Operating Partnership retains all of the profits, net of rents and other expenses, and bears all risk of losses, generated by the hotel property's operations.

In addition to the Intercompany Leases, three Vagabond Inns (the "Vagabond Inns") are leased by the Trust to a third-party pursuant to ground leases which expire in 2001, 2007 and 2008, respectively. The remaining two properties, the Doral Inn and the Marriott Forrestal Village are leased to third parties and such leases expire in 2005 and 2007, respectively. In respect of the Doral Inn, the Trust owns the land and holds a leasehold mortgage on the building and personal property and the Operating Partnership operates the hotel pursuant to a sublease. In respect of the Marriott Forrestal Village, the Trust can terminate the lease beginning in 1999 for a stipulated fee.

The following table sets forth the 1996, 1995, and 1994 average occupancy, room rates ("ADR"), revenue per available room ("REVPAR") and certain other information concerning the Company's non-gaming hotels (excluding the Vagabond Inns) as of December 31, 1996. Each hotel in the following table is owned by the Trust and leased to the Corporation, except as noted.

<TABLE>
<CAPTION>

HOTEL/LOCATION	STATE	# OF ROOMS	YEAR OPENED	YEAR ACQUIRED(1)	ADR($) YEAR ENDED DECEMBER 31, 1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Embassy Suites -- Phoenix(6)	AZ	227	1981	1983	97.71	85.14	80.23
Embassy Suites -- Tempe(6)	AZ	224	1984	1995	104.96	95.75	83.37
Hotel Park -- Tucson(9)	AZ	215	1986	1996	79.63	74.12	69.29
Plaza Hotel & Conference Center -- Tucson(6)	AZ	149	1971	1983	51.83	48.34	46.12
Clarion Hotel SFO Airport -- Milbrae(8)	CA	442	1962	1996	73.89	60.36	55.09
Doubletree Club -- Rancho Bernardo(6)	CA	209	1988	1995	74.63	71.02	65.68
Embassy Suites -- Palm Desert(9)	CA	198	1985	1996	102.43	97.30	96.81
Westin Horton Plaza -- San Diego(9)	CA	450	1987	1996	111.78	98.64	92.44
Westin LAX Airport -- Los Angeles(9)	CA	720	1986	1996	65.68	55.82	56.87
Westwood Marquis -- Los Angeles(12)	CA	257	1969	1996	171.09	161.83	157.02
Capitol Hill Suites -- Washington(6)	DC	152	1955	1995	99.62	95.09	91.93
Westin Grand -- Washington(7)	DC	263	1984	1995	135.36	127.62	N/A
Doubletree Guest Suites -- Cypress Creek(8)	FL	254	1985	1996	82.16	77.10	82.07
Radisson Hotel -- Gainesville(6)	FL	195	1974	1986	61.82	60.43	59.89
Westin Airport -- Tampa(8)	FL	260	1987	1996	89.47	84.46	86.14
Wyndham Ft. Lauderdale Airport -- Dania(9)	FL	251	1986	1996	84.20	77.18	77.71
Best Western Historic District-Savannah(5)(6)	GA	142	1971	1986	51.64	46.75	47.27
Holiday Inn -- Albany(6)	GA	151	1989	1989	61.61	59.08	56.06
Lenox Inn -- Atlanta(8)	GA	180	1965	1995	82.82	69.48	63.57
Sheraton Colony Square -- Atlanta(6)	GA	462	1973	1995	111.01	89.59	86.57
Terrace Garden Inn -- Atlanta(8)	GA	364	1975	1995	110.56	93.51	88.39
The Marque -- Atlanta(9)	GA	275	1980	1996	99.30	82.21	74.66
Westin at Concourse -- Atlanta(9)	GA	370	1986	1996	109.40	96.25	87.32
Arlington Park Hilton -- Arlington Heights(9)	IL	422	1968	1996	83.08	77.76	71.55
The Midland Hotel -- Chicago(2)(8)	IL	257	1934	1996	127.72	111.48	107.43
Harvey Hotel -- Wichita(6)	KS	259	1974	1995	58.07	62.52	50.62
Doubletree Guest Suites -- Lexington(6)	KY	155	1989	1995	91.74	82.93	84.96
Park Plaza -- Boston(10)	MA	960	1927	1996	106.88	101.42	98.12
Sheraton Hotel -- Needham(9)	MA	247	1986	1996	97.12	84.60	80.01
Westin Hotel -- Waltham(9)	MA	347	1990	1996	111.28	100.15	97.17
Holiday Inn Calverton -- Beltsville(8)	MD	206	1987	1995	71.01	67.49	63.37
Bay Valley Resort -- Bay City(6)	MI	151	1973	1984	64.03	62.02	62.22
Doubletree Grand at MOA -- Bloomington(9)	MN	321	1975	1996	94.23	88.34	79.28
Sheraton Hotel Metrodome -- Minneapolis(9)	MN	254	1980	1996	75.22	72.00	66.96
Embassy Suites -- St. Louis(9)	MO	297	1985	1996	96.77	88.02	86.48
Ritz Carlton -- Kansas City(9)	MO	373	1973	1996	129.49	122.82	116.76
Omni Europa -- Chapel Hill(6)	NC	168	1981	1995	91.34	84.33	74.54
Radisson Marque -- Winston-Salem(3)(5)(9)	NC	293	1974	1996	72.48	71.88	69.32
Marriott Forestal Village -- Princeton(4)(8)	NJ	294	1987	1996	102.09	94.46	89.47
Best Western -- Las Cruces(5)(6)	NM	166	1974	1982	50.00	44.94	42.74
Best Western Airport Inn -- Albuquerque(5)(6)	NM	123	1980	1984	58.41	56.70	54.45
Doral Court -- New York(11)	NY	199	1927	1996	149.43	131.57	130.25
Doral Inn -- New York(13)	NY	652	1927	1995	108.83	96.34	88.31
Doral Tuscany -- New York(11)	NY	121	1935	1996	189.02	178.18	175.35
Days Inn City Center -- Portland(6)	OR	173	1962	1984	69.25	60.71	53.12
Riverside Inn -- Portland(6)	OR	137	1964	1984	92.18	71.35	64.69
Days Inn -- Philadelphia	PA	177	1984	1996	65.11	67.20	66.14
Doubletree Guest Suites -- Philadelphia	PA	251	1985	1996	89.58	95.94	91.41
Hilton Hotel -- Allentown(9)	PA	224	1981	1996	64.68	60.57	57.96
Ritz Carlton -- Philadelphia(9)	PA	290	1990	1996	157.96	153.28	144.13
Best Western Airport -- El Paso(5)(6)	TX	175	1974	1985	37.42	36.12	34.76
Doubletree Guest Suites DFW -- Irving(8)	TX	308	1985	1996	99.29	91.18	91.24
Park Central -- Dallas(6)	TX	445	1972	1972	56.44	55.03	59.97
Residence Inn Tysons Corner -- Vienna(6)	VA	96	1984	1984	112.44	103.87	99.68
Days Inn Town Center -- Seattle(6)	WA	90	1957	1984	73.89	62.73	60.99
Meany Tower -- Seattle(6)	WA	155	1932	1984	78.42	72.83	70.47
Sixth Avenue Inn -- Seattle(6)	WA	166	1959	1984	84.08	74.42	70.04

The Tyee Hotel -- Olympia(6)	WA	155	1961	1987	64.57	61.64	60.63
Marriott Brookfield -- Milwaukee(2)(7)	WI	393	1972	1990	74.72	72.19	67.91
ALL HOTELS		15,910			94.41	85.05	81.01

<CAPTION>

HOTEL/LOCATION	OCCUPANCY (%) YEAR ENDED DECEMBER 31, 1996	1995	1994	REVPAR($) YEAR ENDED DECEMBER 31, 1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Embassy Suites -- Phoenix(6)	76.5	80.3	75.6	74.73	68.37	60.65
Embassy Suites -- Tempe(6)	81.9	80.2	82.8	85.93	76.79	69.03
Hotel Park -- Tucson(9)	67.6	70.4	71.3	53.83	52.18	49.40
Plaza Hotel & Conference Center -- Tucson(6)	71.0	77.3	77.1	36.79	37.37	35.56
Clarion Hotel SFO Airport -- Milbrae(8)	80.4	86.3	81.3	59.43	52.09	44.79
Doubletree Club -- Rancho Bernardo(6)	67.8	68.3	65.6	50.61	48.51	43.09
Embassy Suites -- Palm Desert(9)	71.1	72.2	69.1	72.80	70.25	66.90
Westin Horton Plaza -- San Diego(9)	71.0	70.0	67.9	79.38	69.05	62.77
Westin LAX Airport -- Los Angeles(9)	71.6	79.9	70.9	47.05	44.60	40.32
Westwood Marquis -- Los Angeles(12)	63.6	56.8	59.0	108.86	91.98	92.57
Capitol Hill Suites -- Washington(6)	67.4	69.2	64.1	67.14	65.80	58.93
Westin Grand -- Washington(7)	56.8	45.5	N/A	76.95	58.07	N/A
Doubletree Guest Suites -- Cypress Creek(8)	72.3	71.8	65.1	59.39	55.36	53.43
Radisson Hotel -- Gainesville(6)	60.1	58.0	59.4	37.13	35.05	35.57
Westin Airport -- Tampa(8)	69.7	63.5	62.9	62.36	53.63	54.18
Wyndham Ft. Lauderdale Airport -- Dania(9)	75.4	82.4	76.2	63.48	63.60	59.22
Best Western Historic District-Savannah(5)(6)	63.0	63.7	56.9	32.54	29.78	26.90
Holiday Inn -- Albany(6)	69.5	77.2	78.9	42.79	45.61	44.23
Lenox Inn -- Atlanta(8)	76.4	79.2	77.0	63.24	55.03	48.95
Sheraton Colony Square -- Atlanta(6)	68.0	72.4	72.4	75.44	64.86	62.68
Terrace Garden Inn -- Atlanta(8)	55.9	65.4	65.2	61.82	61.16	57.63
The Marque -- Atlanta(9)	63.1	69.2	68.0	62.69	56.89	50.77
Westin at Concourse -- Atlanta(9)	71.9	71.6	74.2	78.67	68.92	64.79
Arlington Park Hilton -- Arlington Heights(9)	69.2	69.4	64.2	57.45	53.97	45.94
The Midland Hotel -- Chicago(2)(8)	72.4	73.5	71.2	92.50	81.94	76.49
Harvey Hotel -- Wichita(6)	61.8	63.7	57.7	35.89	39.83	29.21
Doubletree Guest Suites -- Lexington(6)	72.8	74.6	69.4	66.82	61.87	58.96
Park Plaza -- Boston(10)	80.2	76.0	76.0	85.67	77.08	74.57
Sheraton Hotel -- Needham(9)	76.9	74.8	73.6	74.72	63.28	58.89
Westin Hotel -- Waltham(9)	75.3	72.3	69.8	83.76	72.41	67.82
Holiday Inn Calverton -- Beltsville(8)	62.0	63.0	58.0	44.03	42.52	36.75
Bay Valley Resort -- Bay City(6)	61.9	63.1	63.5	39.65	39.13	39.51
Doubletree Grand at MOA -- Bloomington(9)	76.0	77.2	74.7	71.62	68.20	59.22
Sheraton Hotel Metrodome -- Minneapolis(9)	74.8	85.3	75.7	56.27	61.42	50.69
Embassy Suites -- St. Louis(9)	68.0	72.0	71.7	65.79	63.37	62.01
Ritz Carlton -- Kansas City(9)	76.0	74.9	73.2	98.44	91.99	85.47
Omni Europa -- Chapel Hill(6)	69.6	71.0	64.8	63.56	59.87	48.30
Radisson Marque -- Winston-Salem(3)(5)(9)	50.6	54.0	51.2	36.70	38.82	35.49
Marriott Forestal Village -- Princeton(4)(8)	84.1	81.8	77.3	85.91	77.27	69.16
Best Western -- Las Cruces(5)(6)	61.6	75.1	71.2	30.82	33.75	30.43
Best Western Airport Inn -- Albuquerque(5)(6)	77.4	82.9	86.4	45.22	47.00	47.04
Doral Court -- New York(11)	77.9	75.9	74.8	116.46	99.86	97.43
Doral Inn -- New York(13)	81.8	75.0	81.0	89.04	72.26	71.53
Doral Tuscany -- New York(11)	70.7	65.0	63.5	133.65	115.82	111.35
Days Inn City Center -- Portland(6)	72.4	77.8	70.6	50.17	47.23	37.50
Riverside Inn -- Portland(6)	64.9	77.5	78.1	59.80	55.30	50.52
Days Inn -- Philadelphia	71.9	71.5	75.7	46.82	48.05	50.07
Doubletree Guest Suites -- Philadelphia	74.0	70.3	73.1	66.26	67.45	66.82
Hilton Hotel -- Allentown(9)	77.4	77.5	73.5	50.07	46.94	42.60
Ritz Carlton -- Philadelphia(9)	80.0	71.7	73.3	126.35	109.90	105.65
Best Western Airport -- El Paso(5)(6)	62.4	79.4	80.4	23.36	28.68	27.95
Doubletree Guest Suites DFW -- Irving(8)	78.1	78.7	67.8	77.51	71.76	61.86
Park Central -- Dallas(6)	24.6	36.0	42.3	13.90	19.81	25.37
Residence Inn Tysons Corner -- Vienna(6)	82.5	85.0	83.0	92.80	88.29	82.73
Days Inn Town Center -- Seattle(6)	76.4	81.4	79.4	56.46	51.06	48.43
Meany Tower -- Seattle(6)	68.1	72.9	71.2	53.40	53.09	50.17
Sixth Avenue Inn -- Seattle(6)	75.4	78.7	75.1	63.39	58.57	52.60
The Tyee Hotel -- Olympia(6)	55.7	58.4	57.4	35.96	36.00	34.80
Marriott Brookfield -- Milwaukee(2)(7)	74.1	71.3	69.8	55.37	51.47	47.40

ALL HOTELS.................................	70.4	71.7	70.3	66.46	61.00	56.98

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(1) "Year acquired" represents the calendar year in which the Trust or Corporation (or a predecessor) made its initial investment in the property.
(2) Property owned by the Corporation subject to a first mortgage to the Trust.
(3) Property owned by the Corporation.
(4) Property is subject to a ground lease expiring in December, 2055, which is terminable by the ground lessor after September, 1999, upon six months' notice under certain circumstances.
(5) Property is an asset held for sale at December 31, 1996.
(6) Property is subject to a mortgage under the Acquisition Facility.
(7) Property is subject to a mortgage under the Mortgage Facility.
(8) Property is subject to a mortgage under the Term Loan.
(9) Property is subject to a security interest under the Goldman Facility.
(10) The Trust owns a 58.2% general partnership interest in this hotel and property is subject to a mortgage under the BPP Mortgage.
(11) Property is subject to a mortgage under the Doral Mortgage.
(12) The Trust owns a 93.5% general partnership interest in this hotel.
(13) The Trust owns the land and holds a leasehold mortgage on the building and personal property and the Operating Partnership operates the hotel pursuant to a sublease.

MORTGAGE AND OTHER NOTES RECEIVABLES.

At December 31, 1996, the Trust held five intercompany promissory notes issued by the Operating Partnership, three of which ($29.6 million in aggregate principal amount at December 31, 1996) are related to the Marriott in Milwaukee, Wisconsin; one note ($40.3 million in principal amount at December 31, 1996) is secured by the Doral Inn in New York, New York; and one note ($18.2 million in principal amount at December 31, 1996) is secured by the Midland Hotel in Chicago, Illinois.

At December 31, 1996, the Trust held nineteen promissory notes either contributed by the Starwood Partners as part of the Reorganization, executed by third-party purchasers of its hotels, or purchased during 1996 by the Trust, all of which are secured by mortgages (including deeds of trust) on fourteen hotels in the aggregate. Of these nineteen promissory notes, thirteen notes ($112.0 million in aggregate principal amount at December 31, 1996) are secured by first mortgages; four notes ($1.3 million in aggregate principal amount as of December 31, 1996) are secured by second mortgages; one note ($1.3 million in principal amount as of December 31, 1996) is secured by a third mortgage; and one note ($169,000 in principal amount as of December 31, 1996) is secured by a fourth mortgage. Of these nineteen promissory notes, nine notes have fixed interest rates that currently range from 7.0% to 10.0% per annum; six notes have variable interest rates that range from 6.81% to 13.5% per annum at December 31, 1996; three notes require principal payments only; one note also provides for contingent interest based on a percentage of the gross revenue of the property securing such note; and one note was purchased at a significant discount with no payment of interest expected. The maturity dates of the notes range from 1997 to 2010.

For additional information with respect to the mortgage notes receivable held by the Trust, see Notes 8 and 9 of Notes to Financial Statements included in Item 8 of this Joint Annual Report.

In December 1987, in connection with the acquisition by the Company of an interest in two Atlanta, Georgia, area hotels (which have been subsequently sold), John F. Rothman, a former President and Chief Executive Officer of the Trust, assumed certain obligations of the seller, which obligations are evidenced by an unsecured promissory note to the Trust in the principal amount of $800,000. Interest on the outstanding principal amount of this note accrues interest at an annual rate of 10% and is payable annually; the entire principal amount of the note is due in December 1999.

In addition, during 1995 the Trust loaned Jeffery C. Lapin, a former President of the Trust, $250,000. During 1996, the Corporation made a $150,000 non-interest bearing bridge loan to Eric A. Danziger, the President and Chief Executive Officer of the Corporation. The bridge loan is secured by a second mortgage on Mr. Danziger's residence in Phoenix, Arizona. The bridge loan matures in September 1997. During 1996, the Corporation made a $266,667 non-interest bearing bridge loan to an officer of the Corporation, Theodore W. Darnall. The bridge loan is secured by a second mortgage on Mr. Darnall's residence in Phoenix, Arizona. The

bridge loan will mature as to $100,000 upon the sale of Mr. Darnall's home in Pittsburgh, Pennsylvania, and the balance upon termination of his employment with the Corporation. (see Note 15 of Notes to Financial Statements included in Item 8 of this Joint Annual Report and Item 11 of this Joint Annual Report -- "Employment and Compensation Agreements with Executive Officers").

FRANCHISE AGREEMENTS

Forty-seven of the 62 hotel properties in which Starwood Lodging had an equity interest at December 31, 1996, are operated pursuant to franchise or license agreements ("Franchise Agreements"). The Franchise Agreements generally require the payment of a monthly royalty fee based on gross room revenue and various other fees associated with certain marketing or advertising and centralized reservation services, also generally based on gross room revenues.

The Franchise Agreements have various durations but generally may be terminated upon prior notice no greater than three years or upon payment of certain specified fees.

The Franchise Agreements generally contain specific standards for, and restrictions and limitations on, the operation and maintenance of the hotels which are established by the franchisors to maintain uniformity in the system created by each such franchisor. Such standards generally regulate the appearance of the hotel, quality and type of goods and services offered, signage, and protection of marks. Compliance with such standards may from time to time require significant expenditures for capital improvements.

The Franchise Agreements also generally contain financial reporting requirements relating to the calculation of royalty and other fees and insurance requirements with respect to specified liabilities, approved coverage limits and minimum insurance company rating.

The Franchise Agreements generally require the consent of the franchisor to a transfer of an interest in the applicable franchise, and both the consent of the franchisor and the execution of a new franchise agreement in the event of a transfer of all or controlling portion of the franchisee under the relevant Franchise Agreement. In addition, some Franchise Agreements may require payment of an initial fee upon establishment of a franchise relationship.

MANAGEMENT AGREEMENTS

As of December 31, 1996, four of the Company owned hotels were managed by third-party operators: The Marriott Forrestal Village is operated by Marriott International, Inc. ("Marriott") pursuant to a lease expiring in 2007 (subject to earlier termination if certain annual financial performance standards are not met or upon payment of a termination fee by the Company), the Ritz Carlton Hotels in Philadelphia, Pennsylvania, and Kansas City, Missouri, are operated by an affiliate of Marriott pursuant to operating agreements that terminate in 1999 (subject to earlier termination if certain annual financial performance standards are not met) and the Harvey Hotel in Wichita, Kansas, is operated by Bristol Hotel Company pursuant to a management agreement that terminates in 1998 (subject to earlier termination if certain annual financial performance standards are not met or upon payment of a fee by the Company).

Each such agreement with a third-party provides that the operator has the exclusive right to direct the operations of the hotel subject to that agreement. The operator is responsible for maintaining and making all necessary repairs to the managed hotel, hiring, training and supervising all hotel employees, and performing all hotel bookkeeping and other administrative duties.

Each operator is required to submit to the Company for its approval an annual budget that includes proposed capital expenditures, and the operator makes only those capital expenditures that are approved by Company. The Company is required to make available to each operator sufficient working capital to operate the hotel.

For their services in managing the hotels, each third-party operator receives a fee equal to a specified percentage (generally 2% - 3%) of the gross revenues of the managed hotel, plus additional incentive fees based upon the hotel's operating profits.

As of the date of this Joint Annual Report, the Company manages nine hotels owned by third-parties.

The management agreements have expiration dates ranging from 1997 to 2016 with management fees ranging from 2.5% of hotel revenues to 4% of hotel revenues.

REGULATION AND LICENSING

The lease and operation of the casino gaming facilities by Starwood Lodging in Nevada are subject to extensive licensing and regulatory control of the Nevada Gaming Commission (the "Nevada Commission"), the Nevada State Gaming Control Board (the "Nevada Board") and the Clark County Liquor and Gaming Licensing Board (the "Clark County Board" and, together with the Nevada Commission and the Nevada Board, the "Nevada Gaming Authorities").

The gaming laws, regulations and supervisory procedures of Nevada seek to (i) prevent unsavory or unsuitable persons from having any direct or indirect involvement with gaming at any time or in any capacity; (ii) establish and maintain responsible accounting practices and procedures; (iii) maintain effective control over the financial practices of licensees, including establishing minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues, providing reliable record keeping and making periodic reports to the Nevada Gaming Authorities; (iv) prevent cheating and fraudulent practices; and (v) provide a source of state and local revenues through taxation and licensing fees. Changes in these laws, regulations and procedures could have an adverse effect on the Corporation's gaming operations.

The Corporation is registered with the Nevada Commission as a publicly traded corporation and has been found suitable as a holding company by the Nevada Gaming Authorities to own all of the outstanding capital stock of HICN. HICN operates the King 8 pursuant to licenses granted by the Nevada Gaming Authorities. No person may become a stockholder of, or receive any percentage of profits from, HICN without first obtaining licenses and approvals from the Nevada Gaming Authorities. Prior approval of the Nevada Commission is required for the sale, assignment, transfer, pledge or other disposition of any security issued by HICN.

During 1996, Starwood Lodging sold Bourbon Street and the real property related to the King 8. The Company continues to own the personal property related to the King 8 and to operate the King 8 pending the buyer's receipt of the requisite licenses and approvals from the Nevada Gaming Authorities.

The licenses and approvals held by HICN are not transferable and must be renewed periodically upon the payment of appropriate taxes and license fees. The licensing authorities have broad discretion with regard to the renewal of the licenses. The issuing agency may at any time revoke, suspend, condition, limit or restrict a license or approval to own stock in a corporate licensee for any cause deemed reasonable by the issuing agency. Substantial fines for each violation of gaming laws or regulations may be levied against HICN, the Corporation and the individuals involved. A violation under any one of the licenses held by HICN may be deemed a violation of one or more other licenses or approvals held by HICN. If HICN's licenses are revoked or suspended or are not renewed, the Nevada Commission may petition a Nevada district court to appoint a supervisor to operate the affected property until a new operator is licensed. Suspension or revocation of the license of HICN, disapproval of the Corporation to own the stock of HICN or court appointment of a supervisor over operations of the King 8 could have a material adverse effect upon the Trust and the Corporation.

Directors, officers and certain key employees of HICN must file license applications with the Nevada Gaming Authorities. Certain officers, directors and key employees of HICN are licensed by the Nevada Gaming Authorities, and any required license applications of the remaining officers, directors or key employees have been filed with the Nevada Board. An application for licensing may be denied for any cause deemed reasonable by the issuing agency. Changes in corporate management or executive positions must be reported to the Nevada Gaming Authorities. In addition to its authority to deny an application for a license, the Nevada Commission has jurisdiction to disapprove a change in a management or executive position with a regulated corporation. If the Nevada Gaming Authorities were to find a director, officer or key employee unsuitable for licensing or unsuitable to continue having a relationship with HICN or the Corporation, the Corporation and HICN would have to sever all relationships with that person. The Corporation and HICN would have similar obligations with regard to any person who refused to file appropriate applications. Each gaming employee must obtain, and periodically renew, a work permit, which may be revoked upon the occurrence of certain specified events.

HICN must submit detailed financial and operating reports to the Nevada Commission, which are subject to routine audit by the Nevada Board. Substantially all loans, leases, sales of securities and similar financing transactions entered into by HICN must be reported to or approved by the Nevada Commission. The fiscal stability of HICN must be adequate to satisfy gaming financial obligations such as state and local government taxes and fees, and the payment of winning wagers to patrons. Failure to satisfy these gaming financial obligations is grounds for the Nevada Gaming Authorities to limit, condition, restrict, suspend or revoke the gaming licenses and approvals of HICN and the registration and approvals of the Corporation, or to impose administrative fines against HICN or the Corporation.

As a registered publicly traded holding company found suitable as the sole stockholder of HICN, the Corporation is required periodically to submit detailed financial and operating reports to the Nevada Commission and to furnish any other information that the Nevada Commission or Nevada Board may require. The Corporation's directors, officers and key employees who are actively and directly engaged in the administration or supervision of gaming are subject to licensing and findings of suitability by the Nevada Commission. Certain directors and officers of the Corporation have filed their license applications as requested by the Nevada Board. The finding of suitability is comparable to licensing, and both require submission of detailed personal background and personal financial information followed by a thorough investigation, and payment by the applicant of all investigative costs and charges. Any individual who is found to have a material relationship to or material involvement with the Corporation also may be required to be found suitable or be licensed and may be investigated. Key employees, controlling persons or others who exercise significant influence upon the management or affairs of the Corporation, or are actively engaged in the administration or supervision of gaming activities, may be deemed to have this type of a relationship or involvement.

Any beneficial holder of the Corporation's voting securities, regardless of the number of shares owned, may be required to file an application, be investigated, and have his suitability as a beneficial holder of the Corporation's voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the state of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

Any person who acquires more than 5% of any class of voting securities of the Corporation must report the acquisition to the Nevada Commission. Beneficial owners of more than 10% of any class of the Corporation's voting securities must apply to be found suitable by the Nevada Commission within 30 days after the Chairman of the Nevada Board mails the written notice requiring such filing, and any beneficial owner of the Corporation's voting securities, whether or not such person is a controlling stockholder, may be required to be found suitable if the Nevada Commission has reason to believe that such ownership would be inconsistent with the declared policy of the state of Nevada that licensed gaming be conducted honestly and competitively and that the gaming industry be free from criminal and corruptive elements.

An "institutional investor" (as defined by the Regulations of the Nevada Commission) holding at least 10%, and in certain circumstances up to 15%, of the voting securities of the Corporation may apply for and hold a waiver of the mandatory suitability determination requirement prescribed by the Nevada Gaming Control Act. To qualify as an "institutional investor," a person or entity must satisfy one of several alternative criteria under the federal Securities Exchange Act of 1934, the Investment Company Act of 1940, or state and federal pension and retirement laws, as well as acquire and hold the voting securities for investment purposes in the ordinary course of business and not for the purpose of effecting any change of control in or the management or policies of the registered holding company or its gaming affiliates. Activities which are not deemed to be inconsistent with holding voting securities for investment purposes only include: (i) voting on all matters voted on by stockholders; (ii) making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in its management, policies or operations; and (iii) such other activities as the Nevada Commission may determine to be consistent with such investment intent.

A change in investment intent of an institutional investor must be reported to the Chairman of the Nevada Board within two business days of such change of intent. The Chairman of the Nevada Board may

require an institutional investor to apply for a finding of suitability upon receipt of notice of change in investment intent, or at any time deemed necessary to protect the public interest. An aggrieved institutional investor may apply for Nevada Commission review of the decision of the Chairman of the Nevada Board ordering the filing of a suitability determination application. The Corporation or HICN must promptly report to the Nevada Commission any information that materially affects the institutional investor's eligibility to hold a waiver.

If the stockholder who must be found suitable is a corporation, partnership or trust, that stockholder must submit detailed business and financial information including a list of beneficial owners. In addition, the Clark County Board has taken the position that it has the authority to approve all persons owning or controlling more than two percent of the stock of a gaming licensee or of any corporation controlling a gaming licensee. The applicant is required to pay all costs of investigation.

Any stockholder found unsuitable by the Nevada Commission who directly or indirectly holds any beneficial or ownership interest in Corporation shares beyond whatever period of time may be prescribed by the Nevada Commission may be guilty of a criminal offense. Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Commission or Chairman of the Nevada Board may be found unsuitable. The same restrictions that apply to a security holder who is found unsuitable may be held to apply to a beneficial owner of the Corporation's securities if the record owner, after request, fails to identify the beneficial owner. The Corporation is subject to disciplinary action if, after receiving notice that a person is unsuitable to be a stockholder or to have any other relations with the Corporation or its gaming subsidiaries, the Corporation (i) pays the unsuitable person any dividend or interest upon any voting securities of the Corporation or makes any other unpermitted payment or distribution of any kind whatsoever; (ii) recognizes the exercise, directly or indirectly, of any voting rights in the Corporation's securities by the unsuitable person; (iii) pays the unsuitable person any remuneration in any form for services rendered or otherwise, except in certain limited and specific circumstances; or (iv) fails to pursue all lawful efforts to require the unsuitable person to divest himself of his voting securities, including, if necessary, the immediate purchase by the Corporation of the voting securities for cash at fair market value. In addition, Nevada law requires that any holder or owner of a voting security who is found unsuitable by the Nevada Commission immediately offer those securities to the Corporation for purchase, which securities would be purchased by the Corporation for cash at fair market value within 10 days from the date the securities are offered.

The Nevada Commission may, in its discretion, require the holder of any debt security of a corporation registered under the Nevada Gaming Control Act to file applications, be investigated and be found suitable to own the debt security of a registered corporation. If the Nevada Commission determines that a person is unsuitable to own such debt security, then pursuant to the Regulations of the Nevada Commission, the registered corporation can be sanctioned, including the loss of its approvals, if without the prior approval of the Nevada Commission it (i) pays to the unsuitable person any dividend, interest or other distribution whatsoever; (ii) recognizes any voting right of such unsuitable person in connection with such securities; (iii) pays the unsuitable person remuneration in any form; or (iv) makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation, or similar transaction.

The Corporation is required to maintain a current and comprehensive stock ledger in the state of Nevada, which ledger may be examined by the Nevada Gaming Authorities at all reasonable times, but without notice. If any securities are held in trust, by an agent or by a nominee, the owner of record of those securities may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make this disclosure may be grounds for finding the owner of record unsuitable. The Corporation must render maximum assistance to the Nevada Gaming Authorities in determining the identity of the beneficial owner.

The Nevada Commission has the power at any time to require that the

Corporation's stock certificates bear a legend to the general effect that the securities of the Corporation are subject to the Nevada Gaming Control Act and the regulations of the Nevada Commission. However, to date, the Nevada Commission has not imposed such a requirement on the Corporation. The Clark County Board also claims jurisdiction to approve or disapprove holders of the Corporation's securities. The Nevada Gaming Authorities, through the

power to regulate licensees and otherwise by Nevada law, have the power to impose additional restrictions on the holders of the Corporation's securities at any time.

The Regulations of the Nevada Commission provide that changes in the control of the Corporation or HICN through a merger, consolidation, acquisition of assets, management or consulting agreements or any form of takeover cannot occur without the prior approval of the Nevada Commission. Entities seeking to acquire control of the Corporation must satisfy the Nevada Board and Nevada Commission in a variety of stringent standards prior to assuming control of the Corporation. The Nevada Commission may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

The Nevada Legislature has declared that some corporate acquisitions opposed by management, repurchases of securities and corporate defense tactics affecting corporate gaming licensees in Nevada, and publicly traded corporations affiliated with those licensees may be injurious to stable and productive corporate gaming operations. The Nevada Commission has established a regulatory scheme to ameliorate the potential adverse effects of these business practices upon Nevada's gaming industry and to advance Nevada's policy to (i) assure the financial stability of corporate gaming operators and their affiliates; (ii) preserve the beneficial aspects of conducting business in the corporate form; and (iii) promote a neutral environment for the orderly governance of corporate affairs. Approvals may be required from the Nevada Commission before the corporation may make exceptional repurchases of securities above current market price (commonly referred to as "greenmail"), and before a corporate acquisition opposed by management can be consummated. Nevada's gaming regulations also require prior approval of the Nevada Commission in the event of a corporation plan of recapitalization proposed by the board of directors in opposition to a tender offer made directly to shareholders for the purpose of acquiring control of the corporation.

Nevada law prohibits the Corporation from making a public offering of its securities without the approval of the Nevada Commission if any part of the proceeds of the offering is to be used to finance the construction, acquisition or operation of gaming facilities in Nevada, or to retire or extend obligations incurred for one or more such purposes. Approval of the public offering will not constitute a finding by the Nevada Commission as to the accuracy, adequacy or investment merit of the securities offered to the public. Any representation to the contrary is unlawful.

The gaming regulatory requirements discussed above apply to certain aspects of the Reorganization. The contribution by HICN of the Gaming Assets (and the transfer of certain liabilities to be retained by HICN) to the Operating Partnership will occur on receipt of certain licenses or approvals by the Nevada Gaming Authorities. Likewise, the election of the new members of the Board of Directors of the Corporation since the Reorganization will be effective upon receipt of certain licenses or approvals by the Nevada Commission. Nevada gaming regulatory approvals are expected to be received by the end of 1997, unless previously received by the purchaser of the King 8. In conjunction with applying for and obtaining such licenses and approvals, the Corporation has developed various policies and procedures subject to review, approval and oversight by the Nevada Board. The purpose of these corporate policies and procedures is to ensure compliance with the regulatory requirement that prior approval of the Nevada Commission is obtained for any transaction that would result in either Starwood Capital or the Starwood Partners acquiring control of the Corporation or its Nevada gaming operations. The Corporation expects that these policies and procedures will be eliminated upon receipt of certain licenses and approvals from the Nevada Commission. If the required licenses or approvals of the Nevada Gaming Authorities are not received on or before December 31, 1997, then on such date HICN has agreed to contribute to the Operating Partnership cash equal to the fair value of the Gaming Assets on such date.

License fees and taxes, computed in various ways depending on the type of gaming involved, are payable to the State of Nevada and to the County of Clark where HICN's gaming operations are conducted. Depending upon the particular fee or tax involved, these assessments are payable either monthly, quarterly, or annually and are based upon either (i) a percentage of the gross gaming revenues received by the casino operations; (ii) the number of slot machines or other gaming devices operated by the casino; or (iii) the

number of table games operated by the casino. A casino entertainment tax is also paid by the licensees where entertainment is furnished in connection with the selling of food or refreshments.

The sale of alcoholic beverages by HICN is subject to licensing, control and regulation by the Clark County Board. Such liquor licenses are revocable and are not transferable. The Clark County Board has full power to limit, condition, suspend or revoke any liquor license, and any disciplinary action of this nature or license revocation would have a material adverse effect on HICN's gaming operations.

ITEM 3. LEGAL PROCEEDINGS.

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

On December 30, 1996, (i) the Trust held its 1996 annual meeting of shareholders of the Trust (the "Trust Meeting") to elect two Trustees to the Board of Trustees of the Trust and to approve the amendment and restatement of the 1995 Share Option Plan of the Trust as the Starwood Lodging Trust 1995 Long-Term Incentive Plan and (ii) the Corporation held its 1996 annual meeting of stockholders of the Corporation (the "Corporation Meeting") to elect three Directors to the Board of Directors of the Corporation (to take effect upon receipt of a Gaming Approval) and to approve the amendment and restatement of the 1995 Stock Option Plan of the Corporation as the Starwood Lodging Corporation 1995 Long-Term Incentive Plan.

At the Trust Meeting, shareholders of the Trust voted upon and approved (i) the election as Trustees of the Trust of Stephen R. Quazzo and Steven R. Goldman and (ii) the adoption of the Starwood Lodging Trust 1995 Long-Term Incentive Plan (Amended and Restated as of August 12, 1996) (the "Trust LTIP"). Messrs. Grose, Simms, Duncan, Stern and Sternlicht continued as Trustees.

The following sets forth, with respect to each matter voted upon at the Trust Meeting, the number of votes cast for, the number of votes cast against, and the number of votes abstaining (or, with respect to the election of Trustees, the number of votes withheld) with respect to such matter and are presented after giving effect to the three-for-two stock split in January 1997:

<TABLE>
<CAPTION>

<S>	VOTES FOR <C>	VOTES AGAINST <C>	ABSTENTIONS <C>	VOTES WITHHELD <C>
Election of Trustees:				
Stephen R. Quazzo................................	34,620,521	0	0	60,215
Steven R. Goldman................................	34,551,746	0	0	128,990
Adoption of the Starwood Lodging Trust 1995 Long-Term Incentive Plan (Amended and Restated as of August 12, 1996).............................	22,737,539	7,560,834	58,995	

</TABLE>

At the Corporation Meeting, stockholders of the Corporation voted upon and approved (i) the election as Directors of the Corporation of the following nominees: Jean-Marc Chapus, Eric A. Danziger and Michael A. Leven (Messrs. Chapus, Danziger and Leven to take office upon receipt of Gaming Approval), and (ii) the adoption of the Starwood Lodging Corporation 1995 Long-Term Incentive Plan (Amended and Restated as of August 12, 1996) (the "Corporation LTIP"). Messrs. Ford, Jones and Henderson continued to serve as the Directors of the Corporation. These three individuals, as well as Messrs. Yih, Eilian, Sternlicht, Chapus, Danziger and Leven serve as the Management Committee of the Operating Partnership. Messrs. Yih, Eilian, Sternlicht, Chapus, Danziger and Leven are Directors-Elect of the Corporation and will take office as Directors on the receipt of the Gaming Approvals or sale of all the gaming assets. Messrs. Ford and Henderson have indicated that upon the sale of Starwood Lodging's gaming operations or receipt of the approval of the Nevada Gaming Authorities (see Item 2, "Regulation and Licensing" of this Joint Annual Report) by the Directors who have not yet received such approval, they intend to resign as Directors.

The following sets forth, with respect to each matter voted upon at the Corporation Meeting, the number of votes cast for, the number of votes cast against, and the number of votes abstaining (or, with respect to the

election of Directors, the number of votes withheld) with respect to such matter and are presented after giving effect to the three-for-two stock split in January 1997:

	VOTES FOR	VOTES AGAINST	ABSTENTIONS	VOTES WITHHELD
Election of Directors:				
Jean-Marc Chapus	31,036,356	0	0	3,644,379
Eric A. Danziger	34,551,098	0	0	129,638
Michael A. Leven	34,619,913	0	0	60,822
Adoption of Starwood Lodging Corporation 1995 Long-Term Incentive Plan (Amended and Restated as of August 12, 1996)	24,584,796	6,509,378	55,199	

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

MARKET INFORMATION

The Paired Shares are traded principally on the New York Stock Exchange (the "NYSE") under the symbol "HOT".

The following table sets forth, for the fiscal periods indicated, the high and low sales prices per Paired Share on the NYSE Composite Tape (as adjusted for the one-for-six reverse stock split in June 1995 and the three-for-two stock split in January 1997).

	HIGH	LOW	DISTRIBUTIONS MADE	RETURN OF CAPITAL GAAP BASIS(a)
1996				
First quarter	$23.25	$19.67	$0.31	$0.11
Second quarter	$25.75	$21.17	$0.33	--
Third quarter	$27.92	$22.08	$0.33	$0.14
Fourth quarter	$36.75	$27.42	$0.39(b)(c)	$0.22
1995				
First quarter	$16.00	$10.50	None	N/A
Second quarter	$16.50	$14.00	None	N/A
Third quarter	$19.42	$15.75	$0.31	$0.14
Fourth quarter	$20.00	$17.92	$0.31(d)	$0.11

(a) Represents distributions per Paired Share in excess of net income per Paired Share on a GAAP basis, and is not the same as return of capital on a tax basis.

(b) The Trust declared a distribution for the fourth quarter of 1996 to shareholders of record on December 30, 1996. The distribution was paid in January 1997.

(c) During the fourth quarter of 1996 the Trust and the Corporation each declared a three-for-two stock split in the form of a 50% stock dividend payable to shareholders of record on December 30, 1996. The stock dividend was paid in January 1997.

(d) The Trust declared a distribution for the fourth quarter of 1995 to shareholders of record on December 29, 1995. The distribution was paid in January 1996.

HOLDERS

As of February 28, 1997, there were approximately 1,869 holders of record of Paired Shares.

DISTRIBUTIONS MADE/DECLARED

During the fourth quarter of 1996 the Trust and the Corporation each declared a three-for-two stock split in the form of a 50% stock dividend payable to shareholders of record on December 30, 1996. The stock dividend was paid in January 1997. The Trust declared and paid dividends of $0.31, $0.33, $0.33 and $0.39 per share (as adjusted for the three-for-two stock split in January 1997) for the first, second, third and fourth quarters of 1996 respectively. The fourth quarter dividend was paid in January 1997. The Trust declared and paid a dividend of $0.31 per share (as adjusted for the three-for-two stock split in January 1997) for the third and fourth quarters of 1995. The fourth quarter dividend was paid in January 1996. No distributions were made by the Trust during 1994. The Corporation has not paid any cash dividends since its organization and does not anticipate that it will make any such distributions in the near future. Under the terms of the Lines of Credit, Starwood Lodging is generally permitted to distribute to its shareholders on an annual basis an amount equal to the greatest of (1) 95% of combined funds from operations for any four consecutive calendar quarters; (2) an amount sufficient to maintain the Trust's tax status as a real estate investment trust; and (3) the amount necessary for the Trust to avoid the payment of federal income or excise tax.

ITEM 6. SELECTED FINANCIAL DATA.

The following data sets forth certain financial information for each of the Trust and the Corporation, and the Trust and the Corporation on a combined basis. This information is based on and should be read in conjunction with the financial statements and the notes thereto appearing elsewhere in this Joint Annual Report.

<TABLE>
<CAPTION>

	AS OF AND FOR THE YEAR ENDED DECEMBER 31,				
	1996	1995	1994	1993	1992
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA					
Revenue:					
Trust...........................	$115,059	$ 44,023	$ 21,671	$ 20,342	$ 26,784
Corporation.....................	410,156	149,184	110,962	114,828	116,172
Combined(1).....................	428,538	161,716	113,997	117,155	117,656
Net Income (Loss):					
Trust(2)........................	$ 33,589	$ 10,709	$ (3,465)	$ (3,889)	$ (9,818)
Corporation(2)..................	(6,638)	(1,739)	(1,198)	(3,143)	(9,925)
Combined........................	26,951	8,970	(4,663)	(7,032)	(19,743)
Net Income (Loss) Per Share/Paired Share(3):					
Trust...........................	$ 1.12	$ 0.92	$ (1.14)	$ (1.28)	$ (3.24)
Corporation.....................	(0.22)	(0.15)	(0.39)	(1.04)	(3.27)
Combined........................	$ 0.90	$ 0.77	$ (1.53)	$ (2.32)	$ (6.51)

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	AT DECEMBER 31,				
	1996	1995	1994	1993	1992

	(IN THOUSANDS)				
BALANCE SHEET DATA					
Total Assets:					
Trust	$1,233,366	$425,737	$162,245	$232,845	$245,540
Corporation	185,192	120,721	48,626	49,993	53,611
Combined(1)	1,312,740	459,994	183,955	195,352	210,945
Total Debt:					
Trust	$ 477,603	$119,200	$146,734	$156,526	$157,541
Corporation	107,781	90,749	40,664	101,846	100,246
Combined(1)	479,566	123,485	160,482	170,886	170,297
Shareholders' Equity (Deficit):					
Trust	$ 569,300	$204,728	$ 10,450	$ 72,205	$ 76,371
Corporation	23,361	10,740	(1,742)	(58,879)	(55,752)
Combined	592,661	215,468	8,708	13,326	20,351
Paired Shares outstanding at end of period(3)	40,078	20,697	3,033	3,033	3,033

	AS OF AND FOR THE YEAR ENDED DECEMBER 31,				
	1996	1995	1994	1993	1992
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
CASH FLOW AND DIVIDEND DATA					
Net cash provided by operating activities:					
Trust	$ 61,589	$ 11,267	$ 4,455	$ 3,136	$ 2,773
Corporation	12,578	5,144	4,438	2,396	1,917
Combined	74,167	16,411	8,893	5,532	4,690
Net cash provided by (used in) investing activities:					
Trust	$(726,427)	$(175,506)	$ 8,239	$ 2,474	$ (161)
Corporation	(33,774)	(44,003)	215	(4,426)	(942)
Combined(1)	(746,800)	(181,995)	4,489	(3,645)	(1,514)
Net cash provided by (used in) financing activities:					
Trust	$ 667,938	$ 164,694	$(13,357)	$(7,307)	$ (850)
Corporation	34,190	42,671	(4,577)	(1,138)	(816)
Combined(1)	688,727	169,851	(13,969)	(6,752)	(1,255)
Cash distributions to shareholders -- Trust(4)	46,218	9,265	$ 0	$ 0	$ 0
Cash distributions per share -- Trust(3)(4)	$ 1.36	$ 0.62	$ 0	$ 0	$ 0

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(1) The individual amounts with respect to the Trust and Corporation do not add to Combined amounts due to accounting elimination entries.

(2) For the Trust, includes gains (losses) on sales in the amount of $4,290,000, ($125,000), $432,000, ($53,000) and ($791,000) for the years ended December 31, 1996, 1995, 1994, 1993 and 1992 respectively, and provisions for investment losses of $759,000, $2,369,000 and $3,419,000 in the years ended December 31, 1994, 1993 and 1992, respectively. For the Corporation, includes gains on sales of $24,000, $74,000 and $4,000 for the years ended December 31, 1994, 1993 and 1992, respectively.

(3) As adjusted for a one-for-six reverse stock split in June 1995 and a three-for-two stock split in January 1997.

(4) Presented only for the Trust, as the Corporation did not pay cash dividends for the periods presented.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

HISTORICAL RESULTS OF OPERATIONS

THE TRUST

Rents from the Corporation, which are based largely on hotel revenues, increased $60.9 million for the year ended December 31, 1996, as compared to the corresponding period of 1995. The increase was primarily the result of rents earned by the Trust on 33 hotels containing approximately 9,700 rooms (the "Acquired Hotels") acquired by the Trust since April 1995. The investment in 33 hotels (the 168-room Omni Europa acquired in April 1995; the 462-room Sheraton Colony Square acquired in July 1995; the 224-suite Embassy Suites Tempe acquired in July 1995; the 364-room Terrace Garden Inn, and 180-room Lenox Inn acquired in October 1995; the 206-room Holiday Inn Calverton acquired in November 1995; the 263-room Westin, Washington, D.C. acquired in January 1996; the 960-room Boston Park Plaza acquired in January, 1996; the 442-room Clarion Hotel acquired in April 1996; the three Doubletree Guest Suites hotels acquired in April 1996; the 177-room Days Inn and 251-suite Doubletree Guest Suites acquired in July 1996; the Institutional Portfolio, the HOD Portfolio (excluding the 293-room Radisson Marque which was acquired by the Corporation) and the 294-room Marriott Forrestal Village acquired in August 1996, and the 121-room Doral Tuscany and the 199-room Doral Court acquired in September 1996) accounted for increased rents of $59.7 million for the year ended December 31, 1996, as compared to the corresponding period in 1995. In addition, rents earned by the Trust from continuously owned properties leased to the Corporation increased by $1.2 million for the year ended December 31, 1996, as compared to the corresponding period in 1995.

Interest from the Corporation increased by $4.3 million for the year ended December 31, 1996, as compared to the corresponding period of 1995. The increase in interest income was primarily a result of interest on the mortgage interests relating to the Milwaukee hotel which mortgage interests were purchased by the Trust in July 1995 and interest on the first mortgage of the Midland Hotel, which hotel was acquired by the Corporation in March 1996.

Interest from mortgage and other notes amounted to $11.2 million for the year ended December 31, 1996 as compared to $10.8 million for the corresponding period in 1995. The increase resulted from the purchase during the year of debt, a portion of which is secured by the 305-room Holiday Inn in Milpitas, California, offset in part by principal amortization.

Other income for the year ended December 31, 1996, includes a $290,000 gain (net of related expenses) realized in conjunction with the sale of securities which were purchased in contemplation of acquiring a portfolio of hotel properties and $750,000 gain (net of related expenses) realized in connection with the sale of other securities. Also included in other income is $314,500 recorded as a result of the Ross Litigation settlement (see Item 3 of Part I of this Joint Annual Report).

Interest expense increased by $10.7 million for the year ended December 31, 1996, as compared to the corresponding period of 1995. The increase was due to borrowings under the Lines of Credit, the Doral Mortgage and the BPP Mortgage, used to acquire the above mentioned properties offset by the net proceeds from the 1996 Offerings used to partially fund the acquisition of the above mentioned properties.

Depreciation and amortization expense increased by $33.5 million during the year ended December 31, 1996, as compared to the corresponding period of 1995, principally due to the acquisition of the Acquired Hotels.

Administrative and general expenses for the year ended December 31, 1996, increased by $1.7 million to $4.1 million, as compared to $2.4 million for the corresponding period of 1995. The increase resulted predominantly from expenses incurred as a result of the Trust LTIP as well as costs incurred relating to the investigation of hotels which ultimately were not acquired. Administrative and general expenses includes payments of approximately $242,000 to Jeffrey C. Lapin, a former President of the Trust pursuant to his separation agreement with the Trust.

Minority interest represents primarily the interest of the Starwood Partners in the Realty Partnership for the year ended December 31, 1996, and the 41.8% minority interest of a third-party in the joint venture that owns the Boston Park Plaza hotel.

THE CORPORATION

Hotel revenues increased by $263.9 million for the year ended December 31, 1996, as compared to the corresponding period of 1995. The assumption of management of the Acquired Hotels and the addition of the 652-room Doral Inn in New York, New York; the 293-room Radisson Marque hotel in Winston-Salem, North Carolina and the 257-room Midland Hotel in Chicago, Illinois resulted in increases in hotel revenues of $249.1 million for the year ended December 31, 1996. The remaining increase of $14.8 million for the year ended December 31, 1996, is attributable to other continuously owned properties.

Hotel gross margin for the year ended December 31, 1996, was $110.1 million, or 28.6% of hotel revenues, as compared to $36.2 million, or 29.9% of hotel revenues, for the same period of 1995. The decrease in gross margin was primarily due to the increase in the food and beverage revenue component of total hotel revenue resulting from the Company's continued investment in full-service hotels offset, in part, by increases in REVPAR and the termination of third-party management agreements.

Gaming revenues for the year ended December 31, 1996 as compared to the corresponding period of 1995 decreased by $3.3 million to $23.6 million. Gaming gross margin for the year ended December 31, 1996 was $1.8 million or 8% of gaming revenues, as compared to $2.7 million or 10% of gaming revenues, for the corresponding period in 1995.

The decrease in gaming revenues and the decline in gaming gross margin predominately resulted from operations at Bourbon Street which was sold on September 12, 1996. The real property of the other gaming asset, the King 8, was also sold in 1996 for approximately $18.8 million. The sale of the personal property of the King 8, for $3 million, will close following the receipt by the purchaser or his designee of required gaming approval. HICN, a subsidiary of the Corporation, leases the real property from the purchaser and has agreed to continue to operate the hotel and casino while the purchaser obtains required gaming licenses and approvals.

Management fees and other income for the year ended December 31, 1996, includes $314,500 of income recorded as a result of the Ross Litigation settlement (see Item 3 of Part I of this Joint Annual Report) and $953,500 of management fee income from the joint venture that owns the Boston Park Plaza hotel.

Administrative and general expenses for the year ended December 31, 1996, increased to $12.4 million or 3.0% of revenues as compared to $3.3 million or 2.2% of revenues for the corresponding period of 1995. The increase was primarily a result of increases in payroll costs commensurate with the Company's growth, the assumption of management of hotels previously operated by third-parties, and expenses incurred as a result of the Corporation LTIP. Administrative and general expenses for the year ended December 31, 1996, included a $1.9 million charge relating to costs relating to the relocation of the corporate office from Los Angeles, California to Phoenix, Arizona.

Depreciation and amortization expense increased by $6.7 million for the year ended December 31, 1996, as compared to the corresponding period of 1995. The increase was primarily a result of depreciation relating to hotels acquired by the Corporation.

Minority interest represents primarily the interest of the Starwood Partners in the Operating Partnership and the 41.8% minority interest of a third-party in the joint venture that owns the Boston Park Plaza hotel.

Net income for the year ended December 31, 1996, includes an extraordinary gain of $1.5 million before minority interest resulting from early extinguishment of debt. The extraordinary gain resulted from the early payoff, at a discount, of a note secured by the Milwaukee Marriott. In addition, the Corporation purchased the remaining equity interest for $240,000 and became the 100% owner of the hotel.

For more information with respect to rent and interest paid to the Trust during the years ended December 31, 1996 and 1995, see, "The Trust" immediately above.

EXTERNAL GROWTH

During the year ended December 31, 1996, the Company acquired equity and debt interests in 32 hotels containing more than 10,000 rooms at a combined cost exceeding $840 million. Of the 32 hotels, the Company acquired equity interests in 30 hotels as follows: the 263-room Grand Hotel (renamed the Westin Hotel) in Washington, DC (January 1996); a 58.2% interest in the 960-room Boston Park Plaza Hotel Complex in Boston, Massachusetts (January 1996); the 257-room Midland Hotel in Chicago, Illinois (March 1996); the 442-room Clarion Hotel at the San Francisco Airport in Milbrae, California (April 1996), the 260-suite Doubletree Guest Suites hotel (renamed the Westin Hotel) in Tampa, Florida, the 254-suite Doubletree Guest Suites Hotel in Cypress Creek, Florida, and the 308-suite Doubletree Guest Suites Hotel in Irving, Texas (April 1996); the 251-suite Doubletree Guest Suites Hotel and the 177-room Days Inn, both located at the Philadelphia Airport in Philadelphia, Pennsylvania (June 1996); the Institutional Portfolio (August 1996); the HOD Portfolio (August 1996); the 294-room Marriott Forrestal Village in Princeton, New Jersey (August 1996); the 199-room Doral Court and 121-room Doral Tuscany in New York, New York (September 1996); and a 93.5% interest in the 257-room Westwood Marquis in Los Angeles, California (December 1996).

INTERNAL GROWTH

On a same-store-sales basis, including the results of all hotels acquired prior to December 31, 1996, for the period from their respective dates of acquisition if acquired in 1996 as compared to the same period in 1995, REVPAR for the year ended December 31, 1996, increased 9.2% (8.7% if the Dallas Park Central, which underwent a substantial renovation in 1996 is included), from $60.24 to $65.76 over the same period in 1995. The increase in REVPAR resulted from an increase in ADR of 11.5%, from $82.96 to $92.54, while the occupancy rate decreased by 1.5 percentage points.

The overall increase in REVPAR for the year ended December 31, 1996, was largely attributable to the strong increase in REVPAR at the Company's upscale hotels. These hotels experienced an increase in REVPAR of 10.4% for the year ended December 31, 1996, as compared to the corresponding period of 1995. ADR for the Company's upscale hotels increased 11%, for the year ended December 31, 1996, as compared to the corresponding period in 1995.

The following tables summarize average occupancy, ADR and REVPAR on a year-over-year basis for the Company's 58 owned and operated (including owned but third-party managed hotels and including the Acquired Properties and properties acquired by the Corporation for the period beginning with their respective dates of acquisition and ending at the end of each period; and excluding the Westwood Marquis which was acquired on December 31, 1996), non-gaming hotels for the year ended December 31, 1996 and 1995:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
57 NON-GAMING HOTELS (EXCLUDING DALLAS PARK CENTRAL):	1996	1995
<S>	<C>	<C>
Occupancy rate	71.1%	72.6%
ADR	$92.54	$82.96
REVPAR	$65.76	$60.24
REVPAR % change	9.2%	

</TABLE>

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
41 UPSCALE HOTELS:	1996	1995
<S>	<C>	<C>
Occupancy rate	72.1%	72.4%
ADR	$99.63	$89.73
REVPAR	$71.79	$65.00
REVPAR % change	10.4%	

</TABLE>

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER

16 MIDSCALE/ECONOMY HOTELS (EXCLUDING DALLAS PARK CENTRAL):	31, 1996	1995
Occupancy rate	67.6%	73.2%
ADR	$66.52	$59.96
REVPAR	$45.00	$43.89
REVPAR % change	2.5%	

Management believes that increases in REVPAR resulted primarily from increases in demand due to continued favorable economic conditions which have resulted in increased business and leisure travel throughout the United States, while the supply of hotel rooms has not increased as rapidly, particularly in major urban locations. Revenue increases for the year were greatest at the recently acquired properties in Atlanta, New York, San Diego, Chicago, Philadelphia and Washington. REVPAR declined significantly at the Dallas Park Central which was virtually closed for renovation. REVPAR at the Harvey Hotel in Wichita, which is managed by a third-party, declined 10%.

Management believes that there are several important factors that have contributed to the improved profitability of hotel properties, including increased ADR and effective cost management. Because a substantial portion of the hotels' operating costs and expenses are generally fixed, the Company derives substantial operating leverage from increases in revenue. However, the Company's continued investment in full-service properties has led to a larger component of food and beverage revenue when compared to the same period last year. Consequently, gross margins for the year ended December 31, 1996, declined to 29% from 30% in the corresponding period in 1995.

During the year ended December 31, 1996, consistent with its business objective to capture the economic benefits otherwise retained by a third-party operator, the Company assumed management of a total of 29 hotels including 27 hotels acquired during the period and two properties acquired prior to January 1, 1996. Management believes that the assumption of direct control over the operations of these hotels will allow the Company to effectively use the experience of management to improve operations.

During the year ended December 31, 1996, the Company completed a $1.9 million renovation of the Riverside Inn in Portland, Oregon, and a $1.6 million renovation of the Terrace Garden Inn in Atlanta, Georgia. The $12 million renovation of the Dallas Park Central was substantially completed in 1996, and on January 15, 1997, the property was renamed the Radisson Hotel. Other hotels with significant renovations in progress at the end of the year include the Sheraton Colony Square in Atlanta, Georgia ($6.5 million total renovation), and the Westin in Washington, DC ($6.0 million total renovation). Both renovations are expected to be completed by June 1997. The renovation for the Meany Tower Hotel in Seattle, Washington, the Clarion Hotel at the San Francisco Airport, the Radisson Hotel in Gainesville, Florida, the Doral Inn, the Doral Tuscany, and the Doral Court in New York have also begun and should be completed in 1997 and 1998. In addition, the Boston Park Plaza's renovation is currently scheduled to begin in November 1997, during a seasonally weak period.

SEASONALITY AND DIVERSIFICATION

Demand is affected by normally recurring seasonal patterns. Generally the Company's portfolio of hotels as a whole has performed better in the second and third quarters due to decreased travel in the winter months. Further acquisitions may further affect the seasonality of the Company's current portfolio. The Company has continued to implement a business strategy of franchise and geographic diversification.

COMBINED LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW PROVIDED BY OPERATING ACTIVITIES

The principal source of cash to be used to fund the Company's operating expenses, interest expense, recurring capital expenditures and distribution payments by the Trust will be cash flow provided by operating activities. The Company anticipates that cash flow provided by operating activities will provide the necessary funds on a short and long term basis to meet operating cash requirements including all distributions to shareholders by the Trust. During the first quarter of 1996, the Trust paid a distribution of $0.31 per share (after giving effect to the three-for-two stock split in January 1997) for the fourth quarter of 1995. During the second quarter of 1996, the Trust paid a distribution of $0.31 per share (after giving effect to the three-for-two stock split in January 1997) for the quarter ending March 31, 1996. During the third quarter of 1996, the Trust paid a distribution of $0.33 per share (after giving effect to the three-for-two stock split in January 1997) for the quarter ended June 30, 1996. During the fourth quarter of 1996, the Trust paid a distribution of $0.33 per share (after giving effect to the three-for-two stock split in January 1997) for the quarter ended September 30, 1996, and declared a distribution of $0.39 per share (after giving effect to the three-for-two stock split in January 1997) for the quarter ended December 31, 1996. This distribution was paid on January 27, 1997.

CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES

The Company intends to finance the acquisition of additional hotel properties, hotel renovations and capital improvements and provide for general corporate purposes through the Lines of Credit, through additional lines of credit, and when market conditions warrant, to issue additional equity or debt securities.

In March 1996, the Realty Partnership entered into the Term Loan to fund the acquisition in March 1996 of the 257-room Midland Hotel in Chicago and, in April 1996, the amount of the Term Loan was increased to $94 million. The Term Loan is secured by nine properties of the Company on a cross-collateralized basis but is non-recourse to the Realty Partnership. As of December 31, 1996, the Realty Partnership had borrowed $94 million under the Term Loan, which accrues interest at a rate equal to the one, two, or three-month LIBOR, at the Company's option, plus (a) 1.95% for the first $24 million and (b) 1.75% for the balance of the Term Loan. The Term Loan becomes due in April 1997.

In July 1996, the maturity date of the Mortgage Facility, which is secured by six notes receivable, was extended from January 25, 1997, to July 25, 1997. As of December 31, 1996, Realty had borrowed $70.6 million under the Mortgage Facility.

In August 1996, the Company entered into the Goldman Facility for a one-year (extendible to 18 months) loan of up to $300 million to fund a portion of the acquisition cost of the HOD Portfolio and for general corporate purposes. The Goldman Facility bears interest at one-month LIBOR plus 1.75% (2.75% during the six month extension period) and is secured by interests in the Institutional Portfolio and the HOD Portfolio. At December 31, 1996, the Company had borrowed $140 million under the Goldman Facility.

On April 12, 1996, the Company completed a public offering of 3,000,000 Paired Shares at a net price to the Company of approximately $21.00 per share (after giving effect to the three-for-two stock split in January 1997). The net proceeds of approximately $62.4 million were used, in part, to fund the acquisition of the 442-room Clarion Hotel at the San Francisco Airport and the three Doubletree Guest Suite hotels located in Irving, Texas; Ft. Lauderdale, Florida; and Tampa, Florida (renamed a Westin).

On August 12, 1996, the Company completed a public offering of 15,000,000 Paired Shares (after giving effect to the three-for-two stock split in January 1997) and on August 23, 1996, the underwriter exercised its over-allotment option to purchase 1.2 million Paired Shares (after giving effect to the three-for-two stock split in January 1997). Net proceeds of approximately $367.2 million were used to fund the acquisition of the Institutional Portfolio and the balance was used to fund a portion of the acquisition of the HOD Portfolio. The remaining portion of the HOD Portfolio was funded through the Goldman Facility.

As previously discussed, during the year, the Company completed a $1.9 million renovation of the Portland Riverside Inn, in Portland, Oregon, and a $1.6 million renovation of the Terrace Garden Inn in Atlanta, Georgia.

The $12 million renovation of the Dallas Park Central was substantially completed in 1996, with completion expected in the first quarter of 1997. Other hotels with significant renovations in progress at the end of 1996, include the Sheraton Colony Square in Atlanta, Georgia; the Westin Hotel in Washington, DC; the Meany Tower Hotel in Seattle, Washington; the Clarion Hotel at the San Francisco Airport, the Radisson Hotel in Gainesville, Florida, the Doral Inn, Doral Tuscany and Doral Court in New York, New York. The Company expects to expend an aggregate of in excess of $100 million in 1997 including the hotels mentioned above. Major and minor renovations, expansions and upgrades of other hotels are also being contemplated. In addition, the Company intends to develop new hotels on a selective basis. Sources of capital for major renovations, expansions and upgrades of hotels as well as new construction are expected to be: (i) excess funds from operations, (ii) additional debt financing, and (iii) additional equity raised in the public and private markets.

As of the date this Joint Annual Report, since January 1, 1996, the Company has invested over $1.2 billion in hotel assets (including approximately $27.8 million in capital expenditures for the year ended December 31, 1996). As part of its investment strategy, the Company plans to acquire additional hotels. Future acquisitions are expected to be funded through further draws under the Lines of Credit, draws under new lines of credit, issuance of long-term debt on either a secured or unsecured basis, issuance of limited partnership units in the Realty Partnership and Operating Partnership exchangeable for Paired Shares and the issuance of additional equity or debt securities. The Company intends to incur additional indebtedness in a manner consistent with its policy of maintaining a Ratio of Debt-to-Total Market Capitalization of not more than 50%. On February 14, 1997, the Company issued 6,548,225 limited partnership units (valued for purposes of the transaction at approximately $215 million) exchangeable for Paired Shares and entered into a short term loan with The Prudential Insurance Company of America in the principal amount of $97.5 million (the "Prudential Loan") in order to partially fund the acquisition of the HEI Portfolio. As of the date of this Joint Annual Report, the Company had borrowed $72.0 million under the Prudential Loan, which bears interest at a rate of 7.0% and is due April 15, 1997. The Company may elect to extend the maturity date to May 14, 1997. Presently, the Company intends to make the election to extend the maturity date.

On February 20, 1997, the Company issued bonds in the principal amount of $39.5 million due October, 2013 (the "Tax Exempt Bonds"). The Tax Exempt Bonds bear interest at a rate of 6.5% with no principal amortization, were issued at a discount to yield 6.7% and are secured by two hotels of the Company located at the Philadelphia International Airport. Net proceeds from the Tax Exempt Bonds of approximately $37.6 million were used to partially fund the acquisition of the 578-room Days Inn in Chicago, Illinois.

As of December 31, 1996 the Company had approximately $479.6 million of debt outstanding. Approximately 93% of the Company's owned hotels were encumbered by debt. The majority of the debt encumbering these assets is subject to cross-collateralization and cross-default provisions. Although the Company's governing documents do not provide any limitations on the incurrence of indebtedness, management currently plans to maintain a Debt-to-Total Market Capitalization Ratio (defined as total debt outstanding divided by the sum of total debt outstanding and the fair market value of the Company's paired common shares on a fully diluted basis, after giving effect to the conversion of the Partnership units) of no more than 50%. During the year ended December 31, 1996, the Company's Debt-to-Total Market Capitalization Ratio did not exceed 50%.

Management of each of the Trust and of the Corporation believes that it will have access to capital resources sufficient to satisfy the cash requirements of each of the Trust and the Corporation and to expand and develop their business in accordance with their strategy for future growth.

FUNDS FROM OPERATIONS

Management believes that funds from operations ("FFO") is one measure of financial performance of an equity REIT such as the Trust. Combined FFO (as defined by the National Association of Real Estate

Investment Trusts)(1) for the year ended December 31, 1996, grew by 150% to $82.7 million, compared to combined FFO of $33.1 million for the corresponding period in 1995. The following table shows the calculation of historical combined FFO for the indicated periods:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1996	1995
	(IN THOUSANDS)	

<S>	<C>	<C>
Income before extraordinary item and minority interest	$36,112	$18,138
Real estate related depreciation and amortization, net of amortization of financing costs	51,197	14,799
Minority interest -- Boston Park Plaza	(2,121)	--
(Gain) loss on sales of hotel assets	(4,290)	125
Corporate relocation costs	1,850	--
Funds From Operations	$82,748	$33,062

</TABLE>

FFO includes $3.1 million and $3.3 million of interest income recognized in excess of the interest received on mortgage notes receivable (as a result of the notes having been purchased at a discount) for the years ended December 31, 1996 and 1995, respectively.

HISTORICAL RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

The following discussion and analysis of the historical results of operations for the years ended December 31, 1995 and 1994, give effect to transactions on the actual date they were consummated.

COMBINED FUNDS FROM OPERATIONS

Management believes that FFO is one measure of financial performance of an equity REIT such as the Trust. Combined FFO for the year ended December 31, 1995, grew by 379% to $33.1 million on combined revenues of $161.7 million, compared to combined FFO of $6.9 million on combined revenues of $114.0 million for the comparable period in 1994. The following table shows the calculation of historical combined FFO for the indicated periods:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1995	1994
	(IN THOUSANDS)	
<S>	<C>	<C>
Income before minority interest and extraordinary items	$18,138	$(4,663)
Shareholder litigation expense	--	2,648
Provision for loss	--	759
Real estate related depreciation and amortization, net of amortization of financing costs	14,799	8,161
Loss on sales of hotel assets	125	
Funds From Operations	$33,062	$ 6,905

</TABLE>

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(1) With respect to the presentation of FFO, management elected early adoption of the "new definition" as recommended in the March 1995 NAREIT White Paper on FFO beginning January 1, 1995. Management and industry analysts generally consider funds from operations to be one measure of the financial performance of an equity REIT that provides a relevant basis for comparison among REIT's and it is presented to assist investors in analyzing the performance of the Company. FFO is defined as income before minority interest (computed in accordance with generally accepted accounting principles), excluding gains (losses) from debt restructuring and sales of property, and real estate related depreciation and amortization (excluding amortization of financing costs). FFO does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs. FFO should not be considered an alternative to net income as an indication of the Company's financial performance or as an alternative to cash flows from operating activities as a measure of liquidity.

THE TRUST

Net income for the Trust for the year ended December 31, 1995, was $10.7 million as compared to a loss of $3.5 million in the prior year. Rents from the Corporation, which are primarily based on hotel revenues, increased $9.8 million to $26.7 million for the year ended December 31, 1995, as compared to the corresponding period in 1994. The increase was primarily the result of rents earned by the Realty Partnership on four hotels contributed by the Starwood Partners to the Realty Partnership and the Operating Partnership effective January 1, 1995, and seven additional hotels acquired during the year ended December 31, 1995. The four contributed hotels (the Doubletree Hotel in Rancho Bernardo, California; Capitol Hill Suites in Washington, DC; the Harvey Wichita in Wichita, Kansas; and the French Quarter Suites in Lexington, Kentucky) and the seven hotels acquired during the year accounted for increased rents of $9.5 million for the year. In addition, rents earned by the Trust from continuously owned properties leased by the Corporation increased $838,000. These increases were offset by a decrease in rents of $543,000 resulting from the sale of hotels in Austin, Texas (May 1994), Brunswick, Georgia (August 1994), New Port Richey, Florida (August 1994), Fayetteville, North Carolina (November 1994) and Jacksonville, Florida (November 1994).

Interest from the Corporation increased by $3.0 million to $4.8 million for the year ended December 31, 1995, as compared to the corresponding period in 1994. The increase in interest income resulted primarily from (i) interest on the intercompany mortgage note relating to the Doral Inn from September 20, 1995, to the end of the year; (ii) interest on unsecured notes from the Corporation having an average balance of $11.1 million and bearing interest at prime plus two percent for the year ended December 31, 1995, (a moratorium on the payment of interest on such unsecured notes was in effect throughout 1994); and (iii) interest on the first mortgage of the Milwaukee Marriott Hotel (then owned by a partnership of which the Operating Partnership was the sole general partner) which was purchased by the Realty Partnership in July 1995.

Interest from mortgage and other notes amounted to $10.8 million for the year ended December 31, 1995, as compared to $1.5 million for the corresponding period in 1994. The increase primarily resulted from the contribution of notes receivable by the Starwood Partners to the Realty Partnership in the Reorganization, together with interest earned on the mortgage note receivable relating to the Westin Hotel in Washington, D.C., purchased in September 1995.

Other income for the year ended December 31, 1995, of $1.1 million resulted primarily from the retention of a $500,000 deposit related to the proposed sale of Bourbon Street and the receipt of $289,000 and $48,000 of proceeds relating to land comprising part of the King 8 and Bourbon Street, respectively, which was transferred pursuant to eminent domain proceedings.

The Trust and the Corporation evaluate the carrying values of each of their hotel assets and compare these values to the net book values of the hotel assets. For hotel assets not held for sale, the expected undiscounted future cash flows of the assets (generally over a six-year period), are compared to the net book value of the assets. If the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value is charged to current earnings. When an asset is identified by management as held for sale, the Company discontinues depreciation and estimates the fair value of such assets. If in management's opinion the fair value of a hotel asset which has been identified for sale is less than the net book value of the asset, a reserve for loss is established. Fair value is determined based upon the discounted cash flow of the properties at rates deemed reasonable for the type of property and prevailing market conditions, and, if appropriate, current estimated net sales proceeds from pending offers. A gain or loss is recorded to the extent the amounts ultimately received differ from the adjusted book values of the hotel assets. Gains on sales of hotel assets are recognized at the time the hotel assets are sold provided there is reasonable assurance of the collectibility of the sales price and any future activities to be performed by the Company relating to the hotel assets sold are insignificant.

Based on the foregoing methodology, a provision for loss in the amount of $759,000 was recorded in 1994.

Interest expense decreased by $3.8 million to $12.4 million for the year ended December 31, 1995, as compared to the corresponding period in 1994. The decrease was due to the repayment of approximately $206.5 million of existing indebtedness following the completion of a public offering on July 6, 1995, of

17,681,250 Paired Shares (after giving effect to the three-for-two stock split in January 1997) at a price of $15.33 per Paired Share, which raised approximately $245.7 million in net proceeds and to the retiring of mortgage notes in 1995, which were secured by the Embassy Suites Hotel in Phoenix, Arizona, and the Bay Valley Resort in Bay City, Michigan, and was partially offset by the assumption of additional notes payable by the Realty Partnership in the Reorganization, three of which were also repaid during 1995.

Depreciation and amortization expense increased by $3.8 million for the year ended December 31, 1995, as compared to the corresponding period in 1994, principally due to the above mentioned property contributions and acquisitions and to the amortization of reorganization and financing costs which were partially offset by the above mentioned property sales.

Administrative and general expenses for the year ended December 31, 1995 increased $856,000 to $2.4 million reflecting increased payroll costs due to the growth of the Trust and costs incurred relating to the potential acquisition of hotels which ultimately were not acquired.

Minority interest represents the interest of the Starwood Partners in the Realty Partnership for the year ended December 31, 1995.

During 1995, the Trust recognized an extraordinary loss of $2.2 million net of minority interests of $163,000 relating to two items:

(a) An extraordinary loss before minority interest of $3.6 million due to the early extinguishment of debt in respect of a loan agreement which was terminated during the year; and

(b) An extraordinary gain before minority interest of $1.3 million relating to the reversal of outstanding amounts accrued in 1993, due to the early extinguishment of debt.

THE CORPORATION

Hotel revenues increased by $38.6 million for the year ended December 31, 1995, as compared to the corresponding period in 1994. The addition of the four contributed properties and the seven acquired properties as discussed above resulted in increases in hotel revenues of $42.2 million for the year ended December 31, 1995. This increase was offset by the hotel sales discussed above resulting in decreased revenues of $7.2 million. The remaining increase of $3.6 million for the year ended December 31, 1995, is attributable to other continuously owned properties.

Gaming revenues for the year ended December 31, 1995, as compared to the year ended December 31, 1994, decreased by $1.1 million to $26.9 million.

Included in other income for the year ended December 31, 1995, is $800,000 received by the Corporation as a result of the termination of management contracts in connection with the settlement of certain shareholder actions against former officers of Starwood Lodging (see Item 3 of Part I).

Administrative and general expenses increased by $653,000 for the year ended December 31, 1995, as compared to the corresponding period in 1994. The increase was primarily the result of increases in payroll costs due to the Corporation's growth.

Depreciation and amortization expense increased by $3.5 million for the year ended December 31, 1995, as compared to the corresponding period in 1994. The increase was primarily the result of the hotels contributed by Starwood Capital in connection with the Reorganization and those hotels acquired by Starwood Lodging and amortization of Reorganization costs as discussed above.

Minority interest represents the interest of the Starwood Partners in the Operating Partnership for the year ended December 31, 1995.

For information with respect to rent and interest paid to the Trust during the years ended December 31, 1995 and 1994, see "The Trust" immediately above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and supplementary data required by this Item are included in Item 14 of this Joint Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

N/A

PART III

ITEM 10. TRUSTEES, DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS.

TRUSTEES AND EXECUTIVE OFFICERS OF THE TRUST

The following table sets forth, for each of the members of the Trust's Board of Trustees as of the date of this Joint Annual Report, the class of Trustees to which such Trustee has been elected, the name and age of such Trustee, the principal occupation or employment of such Trustee during the past five years and the principal business of such Trustee's employer, other directorships held by such Trustee and the year in which such Trustee first became a Trustee of the Trust.

<TABLE>
<CAPTION>

NAME AND AGE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE	TRUSTEE SINCE
<S>	<C>	<C>
TRUSTEES WHOSE TERMS EXPIRE AT THE 1997 ANNUAL MEETING		
Bruce W. Duncan (45)..........	President and Chief Executive Officer of The Cadillac Fairview Corporation Limited since December 1995. From October 1994 to December 1995, President of Blakely Capital, Inc., a private firm focusing on investments in real estate and telecommunications. From 1992 to April 1994, Mr. Duncan was President and Co-Chief Executive Officer of JMB Institutional Realty Corporation and from 1984 to 1991 Executive Vice President of JMB Realty Corporation.	August 1995
Daniel H. Stern (36)..........	President of Ziff Brothers Investments, L.L.C., a diversified New York based investment management firm. Prior to co-founding Ziff Brothers Investments in December 1992, Mr. Stern was the Co-Managing Director of William A.M. Burden & Co., a private investment management firm where he was responsible for asset allocation and investment policy. Mr. Stern is a member of the Board of Directors of Westin Hotel Company and a Trustee of Big Apple Circus.	August 1995

</TABLE>

<TABLE>
<CAPTION>

NAME AND AGE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE	TRUSTEE SINCE
<S>	<C>	<C>
Barry S. Sternlicht (36)......	Chairman and Chief Executive Officer of the Trust. He is founder and General Manager of Starwood Capital Group, L.L.C., (and co-founder of its predecessor entities in 1991) and has been the President and CEO of Starwood Capital Group, L.P. since its formation in 1991. Mr. Sternlicht is currently a member of the Management Committee of SLC Operating Limited Partnership and, upon receipt of Gaming Approval, a director of the Corporation, is a Trustee of each of Equity Residential Properties Trust, a multi-family REIT, and Angeles Participating Mortgage Trust, a REIT, and a director of Westin Hotel Company and U.S. Franchise Systems. Mr. Sternlicht is on the Board of Governors of NAREIT and is a member of the Urban Land Institute and of the National Multi-Family Housing Council. Mr. Sternlicht is a member of the Board of Directors of the Council for Christian and Jewish Understanding, is a member of the	December 1994

	Young Presidents Organization and is on the Board of Directors of Junior Achievement for Fairfield County, Connecticut.	
TRUSTEES WHOSE TERMS EXPIRE AT 1998 ANNUAL MEETING		
Madison F. Grose (43).........	Executive Vice President, Managing Director and General Counsel of Starwood Capital Group, L.L.C. (and its predecessor entities) since July 1992. From November 1983 through June 1992, he was a Partner in the law firm of Pircher, Nichols & Meeks. Mr. Grose is currently a Trustee of Angeles Participating Mortgage Trust.	December 1994
William E. Simms (52).........	President of the Risk Management Product Services Group, Transamerica Life Companies and a member of its board of directors. Over the past 24 years, he has held various other management positions with that company. He is active in civic organizations; he is Chairman of the Charlotte-Mecklenburg County Urban League and the Charlotte-Mecklenburg Arts and Science Council, and he is a member of the board of directors of the Mecklenburg County United Way and the Mecklenburg Hospital Authority. He is part owner of the Carolina Panthers National Football League team. Mr. Simms is a director of NationsBank N.A.	August 1995

</TABLE>

<TABLE>
<CAPTION>

NAME AND AGE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE	TRUSTEE SINCE
<S>	<C>	<C>
Gary M. Mendell (40)..........	President of Starwood Lodging Trust since February 1997. Prior to joining the Trust, Mr. Mendell co-founded HEI Hotels, L.L.C., a hotel operating company based in Westport Connecticut, which specializes in the management and ownership of full-service hotels, and served as its Chief Executive Officer, Chairman and President from 1985 through February 1997.	February 1997
TRUSTEES WHOSE TERMS EXPIRE AT 1999 ANNUAL MEETING		
Steven R. Goldman (35)........	Senior Vice President of the Trust since September 1996. Mr. Goldman served as Senior Vice President of the Corporation from March 1995 to September 1996 and as a member of the Management Committee of SLC Operating Limited Partnership from December 1994 to September 1996. Mr. Goldman was a Vice President of Starwood Capital Group, L.P. (predecessor of Starwood Capital Group, L.L.C.), specializing in hotel acquisitions and hotel asset management, from August 1993 to February 1995. From 1990 to 1993, he was Senior Development Manager of Disney Development Company, the real estate investment development and management division of Walt Disney Company.	September 1996
Stephen R. Quazzo (37)........	Managing Director and co-founder of Transwestern Investment Company, L.L.C., a real estate principal investment firm, since March 1996. Prior thereto Mr. Quazzo was President of Equity Institutional Investors, Inc. a subsidiary of Equity Group Investments, Inc., a Chicago based holding company controlled by Samuel Zell. Mr. Quazzo is an advisory board member of City Year Chicago, is a member of the Pension Real	August 1995

	Estate Association (PREA) and serves on the Commercial and Retail Council of the Urban Land Institute (ULI).	
Roger S. Pratt (44)..........	Managing Director and Senior Portfolio Manager of Prudential Real Estate Investors. Since January 1992, Mr. Pratt has been the portfolio manager for PRISA II, a real estate fund managed by Prudential Real Estate Investors for pension fund clients. Mr. Pratt has been with Prudential for fifteen years, serving in a variety of roles in development, asset management, hotel management and administration. Mr. Pratt is a member of the American Institute of Certified Planners and serves on the Multi-Family Council of the Urban Land Institute.	February 1997

</TABLE>

The following table includes certain information with respect to the current executive officers of the Trust other than Messrs. Sternlicht, Mendell, and Goldman:

NAME	AGE	POSITION(S) WITH THE TRUST
Ronald C. Brown...............	42	Senior Vice President and Chief Financial Officer

Ronald C. Brown. Mr. Brown has been Senior Vice President and Chief Financial Officer of the Trust since July 1995. Prior to joining the Trust, Mr. Brown was President of Sonoran Hotel Advisors, L.L.C., a hotel REIT advisory firm from August 1994 to July 1995. From December 1993 to August 1994, Mr. Brown was President of Doubletree Corporation, a public hotel operating company. From December 1990 to December 1993, Mr. Brown was Executive Vice President -- Finance & Planning and CFO and then from April 1992, Chairman and CEO of Doubletree Hotels Corporation. From March 1988 to April 1992, Mr. Brown was Vice President -- Finance & Accounting and CFO, and then Executive Vice President and CFO for Canadian Pacific Hotels Corporation, a hotel operating company.

The executive officers of the Trust serve at the pleasure of the Board of Trustees. There is no family relationship among any of the Trustees or executive officers of the Trust.

DIRECTORS AND EXECUTIVE OFFICERS OF THE CORPORATION

The current Board of Directors of the Corporation consists of Earle F. Jones, Bruce M. Ford, and Graeme W. Henderson. In addition, the stockholders of the Corporation have elected Mr. Sternlicht and Daniel W. Yih, Jean-Marc Chapus, Eric A. Danziger, Michael A. Leven and Jonathan D. Eilian as directors of the Corporation to take office upon the receipt of necessary regulatory approvals from the Nevada Gaming Authorities ("Gaming Approval"). Gaming Approval is expected to be received by the end of 1997. Messrs. Henderson and Ford have indicated their intention to resign from the Board of Directors of the Corporation when the required Gaming Approval is received.

Pending receipt of any required Gaming Approval, the current Directors of the Corporation are continuing as such and the Operating Partnership is being managed by a management committee (the "Management Committee") consisting of the current Directors of the Corporation as well as the additional persons elected to take office upon receipt of any required Gaming Approval. While awaiting Gaming Approval, the Corporation's existing management and Board of Directors will be responsible for the operation and control of the gaming assets of the Corporation, and the other Management Committee members will be prohibited from any influence or control of the gaming assets.

The following table sets forth, for each of the current members of the Corporation's Board of Directors as of the date of this Joint Annual Report, the name and age of such Director, the principal occupation or employment of such Director during the past five years and the principal business of such

Director's employer, other directorships held by such Director and the year in which such Director first became a Director of the Corporation. The terms of each of such Directors will expire at the 1998 Annual Meeting.

<TABLE>
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NAME AND AGE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE	DIRECTOR SINCE
<S>	<C>	<C>
Bruce M. Ford (57)...........	President of FST and Associates and President of F.K.B. Management Corporation, hotel and restaurant management companies, since 1988. Member of Gibson 25 Associates, LLC, a hotel developer, since March 1995. President of Ford Management Corporation, a hotel/motel management and development company since June 1988. Prior to that time, Mr. Ford was Senior Vice President of Operations of Ramada Inns.	September 1983

</TABLE>

<TABLE>
<CAPTION>

NAME AND AGE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE	DIRECTOR SINCE
<S>	<C>	<C>
Graeme W. Henderson (63)......	Chairman of the Trust from July 1989 to December 1994 and Trustee of the Trust from September 1986 to December 1994. He has been a private investor since January 1990. Prior to January 1990, Mr. Henderson was President of Henderson Consulting, Inc., a private financial consulting firm. Mr. Henderson has been President of Capstan, Inc. (formerly Seymour, Inc.), a manufacturer of machine tool controls, since 1982. Mr. Henderson is currently a director of Capital Southwest Corporation.	September 1986
Earle F. Jones (70)..........	Mr. Jones is the Chairman of the Board of Directors of the Corporation since February 1989. He is Co-Chairman since 1988 of MMI Hotel Group, a hotel company. From 1967 to 1968, Mr. Jones was President of the International Association of Holiday Inns and served two terms as a director. Mr. Jones is a Trustee and Chairman of Communications Improvement Trust, whose beneficiaries are public broadcasting and Tougaloo College Trust, a member of the Board of Trustees for Millsaps College and the Catholic Foundation and Co-Chairman of the Mississippi Olympic Committee. Mr. Jones is a general partner of Orlando Plaza Suite Hotel, Ltd-A which filed a petition under Chapter 11 of the U.S. Bankruptcy Code in May 1996. An order confirming the debtor's plan of reorganization was issued by the court on January 27, 1997.	September 1985

</TABLE>

The following table sets forth, for each of the current members of the Management Committee (other than Messrs. Ford, Henderson, and Jones) who will become Directors of the Corporation upon receipt of any required Gaming Approval, the name and age of such member, the principal occupation or employment of such member during the past five years and the principal business of such member's employer, other directorships held by such member and the year in which such member first became a member of the Management Committee.

<TABLE>
<CAPTION>

NAME AND AGE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE	MEMBER OF MANAGEMENT COMMITTEE SINCE

<S> <C> <C>

MEMBERS WHOSE TERMS EXPIRE AT THE 1997 ANNUAL MEETING		
Jonathan D. Eilian (29)..........	Managing Director of Starwood Capital Group, L.L.C. (and a senior executive of its predecessor entities) since its formation in September 1991. Prior to being a founding member of Starwood Capital, Mr. Eilian served as an Associate for JMB Realty Corporation, a real estate investment firm, and for The Palmer Group, L.P., a private investment firm specializing in corporate acquisitions.	August 1995

</TABLE>

<TABLE>
<CAPTION>

NAME AND AGE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE	MEMBER OF MANAGEMENT COMMITTEE SINCE
<S>	<C>	<C>
Barry S. Sternlicht (36).........	Chairman and Chief Executive Officer of the Trust. He is founder and General Manager of Starwood Capital Group, L.L.C., (and co-founder of its predecessor entities in 1991) and has been the President and CEO of Starwood Capital Group, L.P. since its formation. Mr. Sternlicht is currently a Trustee of the Trust, a Trustee of each of Equity Residential Properties Trust, a multi- family REIT, and Angeles Participating Mortgage Trust, a REIT, and is a director of each of Westin Hotel Company and U.S. Franchise Systems. Mr. Sternlicht is on the Board of Governors of NAREIT and is a member of the Urban Land Institute and of the National Multi-Family Housing Council. Mr. Sternlicht is a member of the Board of Directors of the Council for Christian and Jewish Understanding, is a member of the Young Presidents Organization and is on the Board of Directors of Junior Achievement for Fairfield County, Connecticut.	December 1994
MEMBER WHOSE TERM EXPIRES AT THE 1998 ANNUAL MEETING		
Daniel W. Yih (38)...............	A general partner of Chilmark Partners, L.P. since June 1995. Mr. Yih served as interim Chief Financial Officer of Midway Airlines (from September 1995 to December 1995), President of Merco-Savory, Inc., a manufacturer of food preparation equipment (from March 1995 to June 1995) and as a senior executive of Welbilt Corporation (from September 1993 to March 1995).	August 1995
MEMBERS WHOSE TERMS EXPIRE AT THE 1999 ANNUAL MEETING		
Jean-Marc Chapus (37)...........	Managing Director and Portfolio Manager of Trust Company of the West since March 1995. Prior to that time he was a Managing Director and Principal of Crescent Capital Corporation with primary responsibility for the firm's private lending and private placement activities.	August 1995
Eric A. Danziger (42)...........	President and Chief Executive Officer of the Corporation since July 1996. Mr. Danziger has been in the hotel industry for over 26 years. Prior to joining the Corporation, he served as the Executive Vice President of Wyndham Hotel Corporation and President of Wyndham Hotels and Resorts Division from August 1990 to June 1996.	September 1996

</TABLE>

<TABLE>
<CAPTION>

NAME AND AGE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE	MEMBER OF MANAGEMENT COMMITTEE SINCE
Michael A. Leven (59)...........	President and Chief Executive Officer of U.S. Franchise Systems, a hotel franchising and development company, since October 1995. From November 1990 to September 1995, Mr. Leven was President and Chief Operating Officer of Holiday Inn Worldwide. Mr. Leven is a director of U.S. Franchise Systems. Mr. Leven is also a member of the Board of Governors of the American Red Cross and a Trustee of National Realty Trust.	August 1995

</TABLE>

The following table includes certain information with respect to each of the Corporation's current executive officers other than Mr. Danziger:

<TABLE>
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NAME	AGE	POSITION(S) WITH THE CORPORATION
Theodore W. Darnall..............	39	Executive Vice President and Chief Operating Officer
Alan M. Schnaid..................	30	Vice President and Corporate Controller

</TABLE>

Theodore W. Darnall. Mr. Darnall has served as the Executive Vice President and Chief Operating Officer of the Corporation since April 1996. Prior to joining the Corporation, Mr. Darnall served as the Senior Vice President -- Operations of Interstate Hotel Company from August 1995 to April 1996. From 1989 to August 1995, Mr. Darnall served as the Regional Vice President -- Operations of Interstate Hotel Company.

Alan M. Schnaid. Mr. Schnaid has been with the Corporation since August 1994 and has been a Vice President since July 1996 and Corporate Controller since February 1996. He is a Certified Public Accountant. Mr. Schnaid was employed by Mazars and Company, an international accounting firm from January 1993 to August 1994 and by Kenneth Leventhal and Company, a national real estate accounting firm from January 1991 to January 1993.

The executive officers of the Corporation serve at the pleasure of the Board of Directors. There is no family relationship among any of the Directors or executive officers of the Corporation.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION

THE TRUST

The following table provides certain summary information concerning the compensation paid for the fiscal years ended December 31, 1996, 1995 and 1994 to the Trust's Chief Executive Officer and each other executive officer of the Trust whose total compensation for 1996 exceeded $100,000 for services rendered in all capacities to the Trust.

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

		ANNUAL COMPENSATION		RESTRICTED	LONG-TERM COMPENSATION	
	YEAR	SALARY($)	BONUS($)	STOCK AWARD(S)($)	SECURITIES UNDERLYING OPTIONS/SARS(#)(1)(2)	COMPENSATION($)
Barry S. Sternlicht.....	1996	181,252	250,000	956,250(3)	1,554,000	
Chairman and Chief	1995	91,667	150,000		625,500	

Executive Officer						
Jeffrey C. Lapin(4).....	1996	281,250			7,500	75,000(5)
President and Chief	1995	199,167	75,000		110,500	
Operating Officer	1994	190,000	75,000		3,000(6)	

</TABLE>

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<CAPTION>

		ANNUAL COMPENSATION		RESTRICTED STOCK	LONG-TERM COMPENSATION	
	YEAR	SALARY($)	BONUS($)	AWARD(S)($)	SECURITIES UNDERLYING OPTIONS/SARS(#)(1)(2)	COMPENSATION($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ronald C. Brown.........	1996	175,000	100,000	540,000(7)	85,500	187,513(8)
Senior Vice President and Chief Financial Officer	1995	66,666	65,000		82,500	
Steven R. Goldman(9)....	1996	43,750	75,000	900,000(10)	90,000	58,862(11)
Senior Vice President						

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(1) For information with respect to these options, see "Option Exercises and Holdings" below.

(2) Adjusted for three-for-two stock split which occurred in January 1997.

(3) At December 31, 1996, Mr. Sternlicht had restricted stock awards of 45,000 Paired Shares (after giving effect to the three-for-two stock split in January 1997) with a value of $1,653,750. Mr. Sternlicht's restricted stock awards are in the form of two warrants to purchase 22,500 Paired Shares each at an exercise price of $0.67 per Paired Share (after giving effect to the three-for-two stock split in January 1997). One warrant was exercisable immediately (the "1996 Warrant") and one became exercisable on January 1, 1997 (the "1997 Warrant"). Any Paired Shares purchased upon exercise of such a warrant will vest ratably over the balance of the year in which the warrant first became exercisable, to the extent Mr. Sternlicht has not theretofore resigned or been discharged for "cause." Exercise of the 1997 Warrant is also subject to the condition that Mr. Sternlicht not have previously resigned or been discharged for "cause." All Paired Shares purchased upon exercise of either the 1996 Warrant or the 1997 Warrant are non-transferable prior to February 21, 1998. Dividends will be paid with respect to the Paired Shares but not the warrants subject to such restricted stock awards. Mr. Sternlicht also has an economic interest in the restricted stock award granted by the Trust to Starwood Capital. See "-- Compensation Committee Interlocks and Insider Participation."

(4) Mr. Lapin resigned as an officer of the Trust in June 1996.

(5) Amount shown reflects cash paid for severance.

(6) Adjusted for one-for-six reverse stock split which occurred in June 1995.

(7) At December 31, 1996, Mr. Brown had a restricted stock award of 22,500 Paired Shares (after giving effect to the three-for-two stock split in January 1997), with a value of $826,875. Such restricted stock award vests as to one-third of such amount on August 12, 1997, as to an additional one-third of such amount on August 12, 1998, and as to the remaining amount on August 12, 1999. Dividends will be paid with respect to the Paired Shares subject to such restricted stock award.

(8) Amount shown reflects $163,963 for taxable relocation reimbursement and $23,550 for dividends on restricted Paired Shares which were not vested at December 31, 1996.

(9) Mr. Goldman became an officer of the Trust in September 1996. Prior to September 1996, Mr. Goldman was an officer of the Corporation. During 1996, the Corporation paid Mr. Goldman $131,250 in salary, a bonus of $25,000 and $24,500 for dividends on restricted Paired Shares which were not vested at December 31, 1996.

(10) At December 31, 1996, Mr. Goldman had a restricted stock award of 37,500

Paired Shares (after giving effect to the three-for-two stock split in January 1997), with a value of $1,378,125. Such restricted stock award vests as to one-third of such amount on August 12, 1997 as to an additional one-third of such amount on August 12, 1998, and as to the remaining amount on August 12, 1999. Dividends will be paid with respect to the Paired Shares subject to such restricted stock award.

(11) Amount shown reflects $44,112 for taxable relocation reimbursement and $14,750 for dividends on restricted Paired Shares which were not vested at December 31, 1996.

THE CORPORATION

The following table provides certain summary information concerning the compensation paid for the fiscal years ended December 31, 1996, 1995 and 1994, to the Corporation's Chief Executive Officer and each other executive officer of the Corporation whose total compensation for 1996 exceeded $100,000 for services rendered in all capacities to the Corporation.

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION	
	YEAR	SALARY($)	BONUS($)	RESTRICTED STOCK AWARD($)	SECURITIES UNDERLYING OPTIONS/SARs(#)(1)(2)	COMPENSATION($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Eric A. Danziger(3)....... President and Chief Executive Officer	1996	175,711	150,000	2,371,954(4)	300,000	306,212(5)
Theodore W. Darnall(6).... Executive Vice President and Chief Operating Officer	1996	191,790	137,500	1,033,946(7)	150,000	89,154(8)
Steven R. Goldman(9)......	1996	131,250	25,000			24,500(10)
Senior Vice President	1995	114,583	75,000		69,000	19,800(11)
Alan M. Schnaid(12).......	1996	85,228	22,500		9,750	69,918(13)
Vice President	1995	55,000	8,500		6,750	
	1994	18,205	2,000			

</TABLE>

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(1) For information with respect to these options, see "Options Exercises and Holdings" below.
(2) Adjusted for three-for-two stock split which occurred January 1997.
(3) Mr. Danziger became an officer of the Corporation in July 1996.
(4) At December 31, 1996, Mr. Danziger had a restricted stock award of 100,222 Paired Shares (after giving effect to the three-for-two stock split in January 1997), with a value of $3,683,158. Such restricted stock award vests as to one-third of such amount on July 8, 1997, as to an additional one-third of such amount on July 8, 1998, and as to the remaining amount on July 8, 1999. Dividends will be paid with respect to the Paired Shares subject to such restricted stock award.
(5) Amount shown reflects $201,312 for taxable relocation reimbursement and $104,900 for dividends on restricted Paired Shares which were not vested at December 31, 1996.
(6) Mr. Darnall became an officer of the Corporation in April 1996.
(7) At December 31, 1996, Mr. Darnall had a restricted stock award of 45,283 Paired Shares (after giving effect to the three-for-two stock split in January 1997), with a value of $1,664,150. Such restricted stock award vests as to one-third of such amount on May 9, 1997, as to an additional one-third of such amount on May 9, 1998, and as to the remaining amount on May 9, 1999. Dividends will be paid with respect to the Paired Shares subject to such restricted stock award.
(8) Amount shown reflects $41,758 for taxable relocation reimbursement and $47,396 for dividends on restricted Paired Shares which were not vested at December 31, 1996.
(9) Mr. Goldman resigned as an officer of the Corporation in September 1996, at which time he became an officer of the Trust. During 1996, the Trust paid Mr. Goldman $43,750 in salary, a bonus of $75,000, $14,750 for dividends on restricted Paired Shares which were not vested at December 31, 1996, and

$44,112 for taxable relocation reimbursement.

(10) Amount shown reflects $24,500 for dividends on restricted Paired Shares which were not vested at December 31, 1996.

(11) Amount shown reflects cash paid by the Corporation for housing allowance.

(12) Mr. Schnaid joined the Corporation in August 1994.

(13) Amount shown reflects $46,635 for relocation allowance and $23,303 for taxable relocation reimbursement.

OPTION GRANTS

The following table shows, as to each executive officer of the Trust and the Corporation named in the Summary Compensation Tables above, information concerning the options granted to that officer during the year ended December 31, 1996.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

INDIVIDUAL GRANTS

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/ SARS GRANTED(#)(1)	% OF TOTAL OPTIONS/ SARS GRANTED TO EMPLOYEES IN LAST FISCAL YEAR	EXERCISE PRICE ($/SH)(2)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM 5%($)	10%($)
Barry S. Sternlicht.........	120,000(3)	4.25	22.00	April 30, 2006	1,522,843	3,786,484
	9,000(4)	0.32	24.25	June 30, 2006	128,712	321,561
	975,000(5)	34.5	23.92	August 12, 2006	13,965,995	35,008,635
	450,000(6)	15.9	23.92	August 12, 2006	6,445,844	16,157,832

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/ SARS GRANTED(#)(1)	% OF TOTAL OPTIONS/ SARS GRANTED TO EMPLOYEES IN LAST FISCAL YEAR	EXERCISE PRICE ($/SH)(2)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM 5%($)	10%($)
Ronald C. Brown......	48,000(3)	1.70	22.00	April 30, 2006	609,137	1,514,594
	37,500(6)	1.33	23.92	August 12, 2006	537,154	1,346,486
Steven R. Goldman....	52,500(3)	1.86	22.00	April 30, 2006	666,244	1,656,587
	37,500(6)	1.33	23.92	August 12, 2006	537,154	1,346,486
Eric A. Danziger.....	187,500(7)	6.64	24.50	June 27, 2006	2,706,211	6,759,347
	112,500(6)	3.98	23.92	August 12, 2006	1,611,461	4,039,458
Theodore W. Darnall............	75,000(8)	2.66	22.08	April 26, 2006	953,972	2,371,272
	75,000(6)	2.66	23.92	August 12, 2006	1,074,307	2,692,972
Alan M. Schnaid......	9,750(9)	0.35	22.00	April 30, 2006	123,731	307,652
Jeffrey C. Lapin.....	7,500(10)	0.27	25.58	June 14, 2006	112,504	280,719

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(1) Adjusted for three-for-two stock split which occurred in January 1997.

(2) The per Paired Share exercise prices are equal to the fair market value of a Paired Share on the date the option as adjusted for a three-for-two stock split which occurred in January 1997.

(3) Options will become exercisable as to one-third of the amount granted on April 30, 1997, as to an additional one-third of the amount granted on April 30, 1998 and as to the remaining amount granted on April 30, 1999. Performance Awards were also granted to Messrs. Brown and Goldman relating

to the Paired Shares subject to these Paired Options. Such Performance Awards provide for cash payments equal to the dividends and distributions on such number of Paired Shares subject to the Paired Options during the period commencing August 12, 1996, and ending on the later of the exercise of the related Paired Option and August 12, 2001, conditioned upon the satisfaction of certain performance measures.

(4) Options were immediately exercisable.

(5) Options will become exercisable as to one-third of the amount granted on August 12, 1997, as to an additional one-third of the amount granted on August 12, 1998, and as to the remaining amount granted on August 12, 1999. Performance Awards were also granted relating to the Paired Shares subject to these Paired Options. Such Performance Awards provide for cash payments equal to the dividends and distributions on such number of Paired Shares subject to the Paired Options during the period commencing August 12, 1996, and ending on the later of the exercise of the related Paired Option and August 12, 2001, conditioned upon the satisfaction of certain performance measures

(6) Options will become exercisable over five years as follows: as to one-fourth of the amount on August 12, 1998, as to an additional one-fourth of the amount on each of August 12, 1999, and August 12, 2000, and as to the remaining amount on August 12, 2001. Performance Awards were also granted relating to the Paired Shares subject to these Paired Options. Such Performance Awards provide for cash payments equal to the dividends and distributions on such number of Paired Shares subject to the Paired Options during the period commencing August 12, 1996, and ending on the later of the exercise of the related Paired Option and August 12, 2001, conditioned upon the satisfaction of certain performance measures.

(7) Options will become exercisable as to one-third of the amount granted on June 27, 1997, as to an additional one-third of the amount granted on June 27, 1998, and as to the remaining amount granted on June 27, 1999. Performance Awards were also granted relating to the Paired Shares subject to these Paired Options. Such Performance Awards provide for cash payments equal to the dividends and distributions on such number of Paired Shares subject to the Paired Options during the period commencing August 12, 1996, and ending on the later of the exercise of the related Paired Option and August 12, 2001, conditioned upon the satisfaction of certain performance measures.

(8) Options will become exercisable as to one-third of the amount granted on April 26, 1997, as to an additional one-third of the amount granted on April 26, 1998, and as to the remaining amount granted on April 26, 1999. Performance Awards were also granted relating to the Paired Shares subject to these Paired Options. Such Performance Awards provide for cash payments equal to the dividends and distributions on such number of Paired Shares subject to the Paired Options during the period commencing August 12, 1996, and ending on the later of the exercise of the related Paired Option and August 12, 2001, conditioned upon the satisfaction of certain performance measures.

(9) Options will become exercisable as to one-third of the amount granted on April 30, 1997, as to an additional one-third of the amount granted on April 30, 1998, and as to the remaining amount granted on April 30, 1999.

(10) Two-thirds of the amount granted were exercisable upon granting and the remaining amount became exercisable on January 31, 1997.

OPTION EXERCISES AND HOLDINGS

The following table provides information with respect to the options held as of December 31, 1996, by the executive officers of the Trust and the executive officers of the Corporation named in the Summary Compensation Tables above.

AGGREGATED OPTION/SAR EXERCISED IN 1996
AND DECEMBER 31, 1996, OPTION VALUES

<TABLE>
<CAPTION>

	NUMBER OF SHARES UNDERLYING UNEXERCISED	VALUE OF THE UNEXERCISED IN-THE-MONEY

NAME	SHARES ACQUIRED ON EXERCISE(#)(1)	VALUE REALIZED ($)	OPTIONS/SARS AT FISCAL YEAR-END(#)(1)		OPTIONS/SARS AT FISCAL YEAR-END($)(2)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Barry S. Sternlicht......			223,500	1,956,000	4,668,387	28,526,769
Jeffrey C. Lapin.........	31,707	610,003	35,960	46,833	689,826	1,053,198
Ronald C. Brown..........			27,499	140,500	559,075	2,292,853
Steven R. Goldman........			28,999	130,000	616,154	2,090,181
Eric A. Danziger.........			0	300,000	0	3,689,588
Theodore W. Darnall......			0	150,000	0	2,037,000
Alan M. Schnaid..........	2,250	33,188	0	14,250	0	237,767

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(1) Adjusted for three-for-two stock split which occurred in January 1997.

(2) Value is defined as the market price of the Paired Shares at December 31, 1996, less the exercise price of the option. The average of the high and low market prices of the Paired Shares at December 31, 1996, was $36.58 as adjusted for a three-for-two stock split which occurred in January 1997.

COMPENSATION OF TRUSTEES AND DIRECTORS

Each Trustee or Director who is not also an employee of the Trust or the Corporation, respectively, is entitled to annual trustee's fees of $25,000 per annum (the "Annual Fee") and is reimbursed for any out-of-pocket expenses incurred in attending meetings of the Board of Trustees or the Board of Directors. Commencing January 1, 1997, at least 50% of the Annual Fee will be payable in Paired Shares (or a greater percentage at the election of the Trustee or Director). On June 30, 1996, each non-employee Trustee and Director received a Paired Option to purchase 9,000 Paired Shares at an exercise price of $24.25 per Paired Share (the fair market value of a Paired Share on that date, after giving effect to the three-for-two stock split in January 1997). On June 30 of each year, commencing June 30, 1997, each non-employee Trustee or Director will also receive a Paired Option to purchase 4,500 Paired Shares at an exercise price per Paired Share equal to fair market value on the date of grant. The Chairman of each Board receives an additional fee of $2,500 per year. In addition, each non-employee Trustee or Director receives a fee of $750 for each meeting in which he participates (or, in the case of telephonic meetings, $500) and a fee of $500 for each committee meeting in which he participates ($1,000 per meeting for committee chairmen).

EMPLOYMENT AND COMPENSATION AGREEMENTS WITH EXECUTIVE OFFICERS

Eric A. Danziger and the Corporation entered into an agreement dated as of June 27, 1996, pursuant to which Mr. Danziger was employed as President and Chief Executive Officer of the Corporation at an annual salary of $365,000 and was guaranteed a minimum bonus of $150,000 for 1996. Mr. Danziger also received a Paired Option to purchase 187,500 Paired Shares exercisable at $24.50 per Paired Share (after giving effect to the three-for-two stock split in January 1997) (the fair market value on the date of grant), which vests in three equal annual increments from the date of grant and a Restricted Stock Award of 100,222 Paired Shares (after giving effect to the three-for-two stock split in January 1997) which also vests in three equal annual increments. Mr. Danziger also received relocation expenses in connection with moving his residence from Dallas, Texas to Phoenix, Arizona, and in connection therewith also received a one-year non-interest bearing loan from the Corporation for $150,000 secured by a second mortgage on his new residence in Phoenix,

Arizona. Mr. Danziger's employment is terminable by the Corporation or Mr. Danziger with or without cause. In the event his employment is terminated by the Corporation without cause or by Mr. Danziger in the event the Corporation assigns to him duties inappropriate for his position or reduces his responsibilities, then Mr. Danziger is entitled to a severance package of one year's base salary, the immediate vesting of all outstanding Paired Options and Paired Shares subject to Restricted Stock Awards and company-paid medical benefits for 12 months.

Theodore W. Darnall and the Corporation entered into an employment agreement dated as of April 19, 1996, pursuant to which Mr. Darnall was employed as Executive Vice President and Chief Operating Officer of the Corporation at an annual salary of $275,000 and was guaranteed a minimum bonus of $137,500 for

1996. Mr. Darnall also received a Paired Option to purchase 75,000 Paired Shares exercisable at $22.08 per Paired Share (after giving effect to the three-for-two stock split in January 1997) (the fair market value on the date of grant), which vests in three equal annual increments from the date of grant and a Restricted Stock Award of 45,284 Paired Shares (after giving effect to the three-for-two stock split in January 1997) which also vests in three equal annual increments. Mr. Darnall also received relocation expenses in connection with moving his residence from Pittsburgh, Pennsylvania to Phoenix, Arizona, and in connection therewith received a non-interest bearing bridge loan of $250,000 secured by a second mortgage on his new residence in Phoenix, Arizona. The bridge loan will mature as to $100,000 upon the sale of Mr. Darnall's home in Pittsburgh, and the balance upon termination of his employment with the Corporation. Mr. Darnall's employment is terminable by the Corporation with or without cause. In the event his employment is terminated by the Corporation without cause or by Mr. Darnall due to breach by the Corporation, then Mr. Darnall is entitled to a severance package of one year's base salary, the immediate vesting of all outstanding Paired Options and Paired Shares subject to Restricted Stock Awards and company-paid medical benefits for 12 months.

In addition, Steven R. Goldman and Ronald C. Brown each entered into employment agreements with the Trust each dated as of February 4, 1997, at an annual salary of $200,000 each. Each such agreement is terminable at will, and if terminated by the Trust without cause or by the executive for breach by the Trust, entitles the executive to a severance package of one year's base salary and the immediate vesting of all outstanding Paired Options and Paired Shares subject to Restricted Stock Awards and medical benefits at the Trust's expense for 12 months.

The Trust had an employment agreement with Mr. Lapin which provided that he would receive an annual salary in 1996 of $225,000. Mr. Lapin's employment agreement was terminated in connection with the Separation Agreement referenced below. Under the terms of his employment agreement Mr. Lapin was entitled to an annual bonus of not less than $75,000 and was granted Paired Options to purchase 62,500 Paired Shares at an exercise price equal to $11.00 per Paired Share (after giving effect to the three-for-two stock split in January 1997) (the fair market value of a Paired Share on the date of grant) which would vest at a rate no longer than the most rapid rate of vesting of Paired Options granted to any other executive during the term of his employment agreement. Mr. Lapin also was eligible to participate in all employee benefit plans and fringe benefits, if any, the Trust made available to its other executive officers. Mr. Lapin could terminate his employment for "Good Reason" as defined in his employment agreement including an assignment of duties inconsistent with his position, a substantial alteration of his responsibilities, a breach of the agreement by the Trust, removal from office without cause (as defined), relocation of the Trust's principal executive offices, a change in the composition of 51% of the Trustees, a decision by the Board of Trustees that the Trust shall merge, sell or dispose of all or substantially all of its assets, dissolve or liquidate, or the failure of Mr. Lapin to be a member of the Board of Trustees other than for cause (as defined). If Mr. Lapin so terminated his employment, he was entitled to receive a lump sum payment equal to the base salary and bonuses that would have been payable had he continued to be employed for the remainder of the term of the employment agreement, and all fringe benefits to which he would have been entitled through the remainder of the term of the employment agreement (other than Paired Options or stock loans not granted prior to the date of termination).

Pursuant to Mr. Lapin's employment agreement, the Trust loaned $250,000 to Mr. Lapin in 1995. The loan has a term of 10 years, bears interest at the lowest applicable rate prescribed by section 1274(d) of the Code and is unsecured. Mr. Lapin will have the right at any time to repay up to 50% of the loan (plus 50% of accrued interest and any collection costs) by delivering Paired Shares for credit at the rate of $7.67 per Paired

Share (after giving effect to the three-for-two stock split in January 1997) (which is one-half of the price to the public per Paired Share in the June 1995 public offering of Paired Shares by the Trust and the Corporation).

The Trust entered into a Separation Agreement dated as of June 18, 1996 (the "Separation Agreement") with Mr. Lapin in connection with his resignation as President and Chief Operating Officer of the Trust. The Trust agreed to conditionally forgive, after one year, $150,000 of the $250,000 loan from the Trust described above. The Trust also agreed to immediately vest, in part, the Paired Options held by Mr. Lapin and to grant him an additional Paired Option to purchase 7,500 Paired Shares exercisable at $25.25 (after giving effect to the three-for-two stock split in January 1997), which vested as to two-thirds of such amount on his termination date and as to the remaining amount on January 31, 1997, and upon exercise of the Paired Options, to pay to Mr. Lapin the difference between $11.00 (after giving effect to the three-for-two stock split in January, 1997) and the lower of the exercise price and the then market value of a Paired Share. All Paired Options held by Mr. Lapin were amended to the extent required to permit them to be exercised for their full maximum term. Mr. Lapin agreed to render consulting services for 18 months for which he will be paid $235,000, and the Trust also agreed to pay Mr. Lapin a fee of up to $250,000 in connection with the sale within 18 months of the King 8 owned by the Trust in Las Vegas, Nevada. The Trust paid a fee of $250,000 to Mr. Lapin in connection with the sale of that property. Mr. Lapin agreed that for 3 years he would not participate or be involved with others in any tender or exchange offer, proxy contest or solicitation or purchase or be part of a group which purchases in excess of 4.9% of the outstanding Paired Shares.

Based in part on the recommendations of the Trust Compensation Committee, the Board of Trustees of the Trust made decisions with respect to the compensation of the Trust's executive officers. Based in part on the recommendations of the Corporation Compensation Committee, the Board of Directors and the Management Committee made decisions with respect to the compensation of the Corporation's executive officers.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 1996 and early 1997, the Compensation Committee of the Trust (the "Trust Compensation Committee") was comprised of Messrs. Sternlicht, Grose and Simms. Based on informal discussions, the Trust Compensation Committee made recommendations to the Trust's Board of Trustees regarding the compensation of the Trust's executive officers (other than with respect to Mr. Sternlicht, as to which Messrs. Sternlicht and Grose recused themselves). Based in part on the recommendations of the Trust Compensation Committee, the Board of Trustees of the Trust made decisions with respect to the compensation of the Trust's executive officers. Messrs. Sternlicht and Goldman, who are executive officers of the Trust and members of the Board of Trustees of the Trust, did not participate in the discussion or voting at the meetings related to their own compensation. Mr. Grose did not participate in the discussion or voting at the meeting relating to Mr. Sternlicht's compensation.

During 1996 and early 1997, the Compensation Committee of the Board of Directors and Management Committee (the "Corporation Compensation Committee") was made up of Messrs. Sternlicht, Jones and Chapus. The Corporation Compensation Committee met informally during 1996 and early 1997 to discuss the compensation of the Corporation's executive officers. Based in part on the recommendations of the Corporation Compensation Committee, the Board of Directors and the Management Committee made decisions with respect to the compensation of the Corporation's executive officers. Mr. Danzinger did not participate in the discussion or voting at the meeting relating to his own compensation.

In connection with the acquisition of the Institutional Portfolio in August 1996, the Trust granted Starwood Capital a one-time Restricted Stock Award of 250,870 Paired Shares (after giving effect to the three-for-two stock split in January 1997).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

CERTAIN BENEFICIAL OWNERS

To the knowledge of the Trust and the Corporation, no person owns beneficially 5% or more of the Paired Shares, except as follows:

<TABLE>
<CAPTION>

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT BENEFICIALLY OWNED	PERCENT OF CLASS(1)
<S>	<C>	<C>
FMR Corp. .... 82 Devonshire Street Boston, MA 02109	4,796,483(2)	11.2%(2)

Starwood Capital Group, L.L.C., its affiliated entities and Barry S. Sternlicht..................................... Three Pickwick Plaza, Suite 250 Greenwich, CT 06830	3,736,998(3)	8.0%(3)
Prudential Real Estate Investors......................... 8 Campus Drive, 4th Floor Parsippany, NJ 07054	3,736,998(4)	8.0%(4)
Ziff Investment Management, L.L.C., Ziff Investors Partnership, L.P. II, their affiliated entities and Daniel Stern............... 153 East 53rd Street, 43rd Floor New York, NY 10022	2,302,819(5)	5.4%(5)

</TABLE>

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(1) Based on the number of Paired Shares outstanding on February 28, 1997.

(2) Based on information contained in Schedule 13F-E dated February 11, 1997, and after giving effect to the three-for-two stock split in January 1997, FMR Corp. holds 4,796,483 Paired Shares on behalf of various distinct entities. Based on additional information provided to Starwood Lodging, no one of such entities, directly or by attribution, holds in excess of 8.0% of the outstanding Paired Shares.

(3) Based on information in Amendment No. 2 to Schedule 13D dated December 31, 1996, filed by Starwood Capital, Starwood Capital Group, L.L.C., Barry S. Sternlicht and the following Starwood Partners; BSS Capital Partners, L.P., Sternlicht Holdings II, Inc., Harveywood Hotel Investors, L.P., Starwood Hotel Investors II-L.P., Firebird Consolidated Partners, L.P., and Starwood Opportunity Fund II, L.P., ("SOFI-II"). After giving effect to the three-for-two stock split in January 1997, Mr. Sternlicht has sole power to vote and dispose of 45,000 Paired Shares beneficially owned by him. After giving effect to the three-for-two stock split in January 1997 SOFI-II owns 74,899 Paired Shares beneficially; SOFI-II and Mr. Sternlicht have the power to vote and dispose of the Paired Shares owned by SOFI-II. After giving effect to the three-for-two stock split in January 1997, Starwood Capital Group, L.L.C., beneficially owns 225,783 Paired Shares subject to a Restricted Stock Award; Starwood Capital Group, L.L.C., and Mr. Sternlicht have the power to vote and dispose of the Paired Shares owned by Starwood Capital Group L.L.C., After giving effect to the three-for-two stock split in January 1997, Mr. Sternlicht holds, directly or through trusts created by him for the benefit of members of his family, units in the Realty Partnership and the Operating Partnership which are, subject to the 8.0% Paired Share ownership limit, exchangeable for an aggregate of 508,120 Paired Shares. After giving effect to the three-for-two stock split in January 1997, Starwood Partners hold units in the Realty Partnership and the Operating Partnership which are, subject to the 8.0% Paired Share ownership limit, exchangeable for an aggregate of 3,102,492 Paired Shares. After giving effect to the three-for-two stock split in January 1997, Mr. Sternlicht also beneficially owns 22,500 Paired Shares which are subject to the terms of a Restricted Stock Award in the form of a warrant that he exercised in February 1996, and which may not be transferred prior to February 1998, an additional 22,500 Paired Shares which are subject to the terms of Restricted Stock Award in the form of a warrant that became exercisable on January 1, 1997, and which may not be transferred prior to February 1998 and 263,499 Paired Shares subject to presently exercisable

Paired Options. Such Amendment No. 2 to Schedule 13D reports that because of the 8.0% ownership limit, the Starwood Partners cannot beneficially own more than 8.0% of the outstanding Paired Shares. The amount beneficially owned and the percent of class calculated assumes that Starwood Capital Group, L.L.C., its affiliated entities and Barry Sternlicht exchange units for Paired Shares to the maximum extent permitted within the ownership limit provisions; provided, however, that prior to receipt of any required Gaming Approval, Starwood Capital's ownership of Paired Shares may not exceed 4.9% of the outstanding Paired Shares.

(4) Based on information in Schedule 13D dated February 14, 1997, filed by Prudential Insurance Company of America ("Prudential"), Prudential has sole voting and dispositive power over 2,775,000 Paired Shares beneficially owned by Prudential on behalf of Prudential Property Investment Separate Account II ("PRISA II") and sole voting and dispositive power over 4,500 Paired Shares beneficially owned by Prudential on behalf of Prudential Diversified Investment Strategies. Prudential also has sole voting and dispositive power

over units in the Realty Partnership and the Operating Partnership beneficially owned by Prudential on behalf of PRISA II which are, subject to the 8.0% Paired Share ownership limit, exchangeable for an aggregate of 1,754,037 Paired Shares.

(5) Based on information in Schedule 13D, dated January 10, 1997, filed by Ziff Investment Management, L.L.C. ("ZIM"), and Ziff Investors Partnership, L.P. II ("ZIPII"), and after giving effect to the three-for-two stock split in January 1997, 25,087 Paired Shares are held by SIV Holdings, L.L.C. ("SIV"), a Delaware limited liability company owned by ZIPII and ZIM. SIV has sole voting and dispositive power with respect to these Paired Shares. After giving effect to the three-for-two stock split in January 1997, ZIPII holds units in the Realty Partnership and the Operating Partnership which are exchangeable for an aggregate of 2,259,732 Paired Shares. Such Schedule 13D reports that DHS Holdings L.L.C. ("DHS"), investment general partner of ZIPII, may be deemed to control ZIPII, and that Daniel Stern, a trustee of Starwood Lodging Trust, is the majority owner of DHS. After giving effect to the three-for-two stock split in January 1997, Mr. Stern beneficially owns 18,000 Paired Shares subject to presently exercisable Paired Options.

TRUSTEES AND OFFICERS OF THE TRUST

The following table sets forth the beneficial ownership of the Paired Shares as of February 28, 1997, after giving effect to the three-for-two stock split in January 1997, by each Trustee and each executive officer of the Trust named in the Summary Cash Compensation Table included in Item 11 hereof who owns Paired Shares and by all Trustees and executive officers of the Trust as a group. Except as otherwise provided below, each beneficial owner has sole voting and investment power with respect to all Paired Shares beneficially owned.

<TABLE>
<CAPTION>

NAME OF BENEFICIAL OWNER	AMOUNT BENEFICIALLY OWNED	PERCENT OF CLASS(1)
<S>	<C>	<C>
Ronald C. Brown	67,499(2)	(3)
Bruce W. Duncan	23,499(4)	(3)
Steven R. Goldman	109,615(5)	(3)
Madison F. Grose	97,104(6)	(3)
Jeffrey C. Lapin	52,290(7)	(3)
Gary M. Mendell	635,612(8)	1.5%
Roger S. Pratt	3,736,998(9)	8.0%
Stephen R. Quazzo	19,447(10)	(3)
William E. Simms	9,000(11)	(3)
Daniel H. Stern	2,302,819(12)	5.4%
Barry S. Sternlicht	3,736,998(13)	8.0%
All Trustees and officers as a group	10,790,881(14)	21.4%

</TABLE>

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(1) Based on the number of Paired Shares outstanding on February 28, 1997, including the exchange of units for Paired Shares as discussed in Notes (9) and (13) below.

(2) Includes 22,500 Paired Shares subject to a Restricted Stock Award and 43,499 Paired Shares subject to presently exercisable options.

(3) Less than 1%.

(4) Includes 18,000 Paired Shares subject to presently exercisable options.

(5) Includes 37,500 Paired Shares subject to a Restricted Stock Award and 46,499 Paired Shares subject to presently exercisable options and units in the Realty Partnership and the Operating Partnership which are exchangeable for 22,616 Paired Shares.

(6) Includes 50,500 Paired Shares subject to presently exercisable options and units in the Realty Partnership and the Operating Partnership which are exchangeable for 43,004 Paired Shares. Does not include units in the Realty Partnership and Operating Partnership exchangeable for 27,726 Paired Shares, which are owned by a irrevocable trust for the benefit of members of Mr. Grose's family.

(7) Includes 49,041 Paired Shares subject to presently exercisable options and 3,249 Paired Shares owned in a pension plan of which Mr. Lapin is sole trustee and beneficiary. Mr. Lapin's business address is 8439 Sunset Boulevard, West Hollywood, California 90069.

(8) Includes 36,078 units in the Realty Partnership and the Operating Partnership held by Mr. Mendell directly and 505,778 units in the Realty Partnership and the Operating Partnership held by a trust of which Mr. Mendell is settlor and over which he exercises some investment control, and 93,756 units of SLC Operating Limited Partnership, all of which are exchangeable for Paired Shares.

(9) See Note (4) under "Certain Beneficial Owners" above. Includes 2,775,000 Paired Shares and units in the Realty Partnership and the Operating Partnership which are held by Prudential on behalf of PRISA II and which are, subject to the 8.0% Paired Shares ownership limit, exchangeable for 1,754,037 Paired Shares. By virtue of his investment control over PRISA II, Mr. Pratt has an indirect pecuniary interest in these units and Paired Shares. The amount beneficially owned and the percent of class calculated assumes Mr. Pratt exchanges units for Paired Shares to the maximum extent permitted within the ownership limit provision.

(10) Includes 18,000 Paired Shares subject to presently exercisable options and 397 Paired Shares owned by Mr. Quazzo's wife.

(11) Includes 9,000 Paired Shares subject to presently exercisable options.

(12) See Note (5) under "Certain Beneficial Owners" above. Includes 18,000 Paired Shares subject to presently exercisable options and 25,087 Paired Shares indirectly beneficially owned by Ziff Investors Partnership L.P. II ("ZIPII"), one of whose general partners, DHS Holdings, L.L.C., is controlled by Mr. Stern. By virtue of his control of ZIPII, Mr. Stern also has an indirect pecuniary interest in units in the Realty Partnership and the Operating Partnership which are exchangeable for 2,259,732 Paired Shares.

(13) See Note (3) under "Certain Beneficial Owners" above. Includes 263,499 Paired Shares subject to presently exercisable options and units in the Realty Partnership and the Operating Partnership which are, subject to the 8.0% Paired Share ownership limit, exchangeable for 3,610,612 Paired Shares. The amount beneficially owned and the percent of class calculated assumes that Mr. Sternlicht exchanges units for Paired Shares to the maximum extent permitted within the ownership limit provision. By virtue of his service as both a Trustee of the Trust and a Director of the Corporation, Mr. Sternlicht's Paired Options, Paired Shares and Realty and Operating Partnership Units are listed and totaled both here and below.

(14) Includes 516,037 Paired Shares that may be acquired upon the exercise of presently exercisable options, and 8,325,613 Paired Shares issuable upon exchange of units of the Realty Partnership and the Operating Partnership, subject to the 8.0% Paired Share ownership limit (see Notes (9) and (13) above).

DIRECTORS AND OFFICERS OF THE CORPORATION.

The following table sets forth the beneficial ownership of Paired Shares as of February 28, 1997, after giving effect to the three-for-two stock split in January 1997, by each Director and each executive officer of

the Corporation named in the Summary Cash Compensation Table included in Item 11 hereof who owns Paired Shares and by all Directors and executive officers of the Corporation as a group. Except as otherwise provided below, each beneficial owner has sole voting and investment power with respect to all Paired Shares beneficially owned.

<TABLE>
<CAPTION>

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENT OF CLASS(1)
<S>	<C>	<C>
Jean-Marc Chapus	19,500(2)	(3)
Eric A. Danziger	100,222(4)	(3)

Theodore W. Darnall	71,782(5)	(3)
Jonathan D. Eilian	53,500(6)	(3)
Bruce M. Ford	19,832(7)	(3)
Graeme W. Henderson	20,232(8)	(3)
Earle F. Jones	26,998(9)	(3)
Michael A. Leven	18,000(10)	(3)
Alan M. Schnaid	3,249(11)	(3)
Barry S. Sternlicht	3,736,998(12)	8.0%
Daniel W. Yih	21,111(13)	(3)
All Directors and officers as a group	4,091,424(14)	8.8%

</TABLE>

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(1) Based on the number of Paired Shares outstanding on February 28, 1997, including the exchange of units as described in Note (12) below.

(2) Includes 18,000 Paired Shares subject to presently exercisable options.

(3) Less than 1%.

(4) Includes 100,222 Paired Shares subject to a Restricted Stock Award.

(5) Includes 45,283 Paired Shares subject to a Restricted Stock Award and 24,999 Paired Shares subject to presently exercisable options.

(6) Includes 50,500 Paired Shares subject to presently exercisable options.

(7) Includes 18,000 Paired Shares subject to presently exercisable options and 85 Paired Shares owned by Mr. Ford's wife.

(8) Includes 18,000 Paired Shares subject to presently exercisable options.

(9) Includes 18,000 Paired Shares subject to presently exercisable options.

(10) Includes 18,000 Paired Shares subject to presently exercisable options.

(11) Includes 3,249 Paired Shares subject to presently exercisable options.

(12) See Note (3) under "Certain Beneficial Owners" above. Includes 263,499 Paired Shares subject to presently exercisable options and units in the Realty Partnership and the Operating Partnership which are, subject to the 8.0% Paired Share ownership limit, exchangeable for 3,610,612 Paired Shares. The amount beneficially owned and the percent of class calculated assumes that Mr. Sternlicht exchanges units for Paired Shares to the maximum extent permitted within the ownership limit provision. By virtue of his service as both a Trustee of the Trust and a Director of the Corporation, Mr. Sternlicht's Paired Options, Paired Shares and Realty and Operating Partnership Units are listed and totaled both here and above.

(13) Includes 18,000 Paired Shares subject to presently exercisable options.

(14) Includes 450,248 Paired Shares that may be acquired upon the exercise of presently exercisable options, and 3,610,612 Paired Shares issuable upon exchange of units of the Realty Partnership and the Operating Partnership, subject to the 8.0% Paired Share ownership limit (see Note (12) above).

COMPLIANCE WITH THE REPORTING REQUIREMENTS OF SECTION 16(a).

Section 16(a) of the Exchange Act requires Starwood Lodging's Trustees, Directors and executive officers, and persons who own more than ten percent of a registered class of Starwood Lodging's equity securities, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Paired Shares and other equity securities of Starwood Lodging. Trustees, Directors, officers and greater than ten percent shareholders are required to furnish Starwood Lodging with copies of all Section 16(a) forms they file.

To Starwood Lodging's knowledge, based solely on a review of the copies of such reports furnished to Starwood Lodging and written representations that no other reports were required, during the fiscal year ended December 31, 1996, all Section 16(a) filing requirements applicable to its Trustees, Directors, officers and greater than ten percent beneficial owners were complied with; except that one report that should have been filed on Form 4, covering one transaction involving the transfer of Paired Shares to a trust, was filed instead on a timely Form 5 by Mr. Duncan, a Trustee of the Trust.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

1995 REORGANIZATION

Pursuant to the Reorganization, the Starwood Partners contributed certain assets to the Realty Partnership and the Operating Partnership effective as of January 1, 1995. The Reorganization was approved by the shareholders of the Trust and the stockholders of the Corporation at meetings held on December 15, 1994. The limited partnership interests of the Realty Partnership and the Operating Partnership held by Starwood Capital are exchangeable on a one-for-one basis for Paired Shares. See Item 1, "1995 Reorganization" and Item 12 "Security Ownership of Certain Beneficial Owners and Management" of this Joint Annual Report.

Barry S. Sternlicht, the founder, President and Chief Executive Officer and General Manager of Starwood Capital is also the Chairman and Chief Executive Officer of the Trust and a Trustee of the Trust, is a member of the Management Committee of the Operating Partnership and has been elected as a Director of the Corporation to take office upon the receipt of any required Gaming Approval. In addition, Madison Grose, a Trustee of the Trust, is a Managing Director and the General Counsel of Starwood Capital and Jonathan Eilian, who is a member of the Management Committee of the Operating Partnership and has been elected as a Director of the Corporation to take office upon the receipt of any required Gaming Approval, is a founding member and Managing Director of Starwood Capital.

CERTAIN ARRANGEMENTS WITH STARWOOD CAPITAL

Starwood Capital and Starwood Lodging have agreed that, subject to approval by the independent Trustees or Directors, as appropriate, Starwood Capital will be reimbursed for out-of-pocket cost and expenses for any services provided to Starwood Lodging. Starwood Capital will also be reimbursed for its internal cost (including allocation of overhead) for services provided to Starwood Lodging, provided that, where such costs are currently expensed by Starwood Lodging, such reimbursement may not exceed $250,000 for the twelve months ending June 30, 1996. In connection with the acquisition of the Institutional Portfolio in August 1996, the Trust granted Starwood Capital a one-time Restricted Stock Award of 250,870 Paired Shares (after giving effect to the three-for-two stock split in January 1997) (an approximate value of $6 million). During 1996, in addition to the one-time Restricted Stock Award, Starwood Lodging reimbursed Starwood Capital for $414,000 of internal costs, of which $226,000 related to 1995. Effective August 12, 1996, Starwood Lodging's reimbursement arrangement with Starwood Capital was changed so as to eliminate reimbursements for internal costs of Starwood Capital for any services of senior management of Starwood Capital (subject to the same annual limitation of $250,000 as set forth above for services of employees of Starwood Capital other than such senior management) and after one year, for any services of any employee of Starwood Capital.

In connection with the Reorganization, Starwood Capital agreed (the "Starwood Capital Noncompete") that it would not compete within the United States directly or indirectly with SLT Realty Limited Partnership or SLC Operating Limited Partnership and would present to the Partnerships all acquisitions of (i) fee or

ground interests or other equity interests in hotels in the United States and (ii) debt interests in hotels in the United States where it is anticipated that the equity will be acquired by the debt holder within one year from the acquisition of such debt. During the term of the Starwood Noncompete, Starwood Capital was not to acquire any such interest. The term of the Starwood Noncompete is until the later of July 1998 or the time at which no officer, director, general partner or employee of Starwood Capital is on either the Board of Trustees of the Trust or the Board of Directors of the Corporation (subject to exception for certain reorganizations, mergers or other combination transactions with unaffiliated parties).

WESTIN AGREEMENT

Starwood Capital owns an interest in the Westin Hotel Company and certain affiliates ("Westin"), which own equity interests in domestic and international hotels and which manage, franchise or represent hotels worldwide. The Trust and the Corporation have entered into an agreement with Westin pursuant to which Westin has agreed that during the period in which an officer, director, general partner or employee of Starwood Capital is on either the Board of Trustees or the Board of Directors, and Starwood Capital co-controls Westin, Westin will not acquire or seek to acquire United States hotel equity interests, other than certain specified acquisitions, including, without limitation, minority equity investments made in connection with Westin's acquisition of a management contract. The Trust and the Corporation have each recently waived the foregoing restriction to the extent applicable with respect to a hotel property in the U.S. Virgin Islands. The Trust and the Corporation have agreed that under certain circumstances if Westin is prohibited from consummating an opportunity which was not being independently pursued by the Trust and the Corporation prior to such prohibition, the Trust and the Corporation will not pursue such opportunity for 270 days after such prohibition. During 1996 Westin made an interest-free loan to the Company of $2.8 million to cover the costs associated with converting five hotels to Westins.

MANAGEMENT OBLIGATIONS OF WESTERN HOST

In connection with the settlement of shareholder litigation, Messrs. Ronald A. Young and John F. Rothman caused each of the Western Host Partnerships (other than Western Host Santa Maria Partners) to terminate management obligations with the Corporation's subsidiary, Western Host, Inc. ("Western Host"); with respect to that partnership's hotel, indemnified the Corporation and Western Host against all claims that might be made against Western Host in connection with its status as a general partner of Western Host Santa Maria Partners, Western Host Pasadena Partners and Western Host San Francisco Partners or in connection with any fact or circumstance occurring since January 1, 1993 with respect to any of the Western Host hotels, and delivered to the Corporation an irrevocable letter of credit in the amount of $800,000. Western Host agreed to accept the termination of its management obligations with respect to the Western Host hotels and has drawn on the letter of credit for the full $800,000. In addition, $120,000 of the management fees and all costs and amounts advanced to the partnerships which were payable to Western Host were paid in full settlement of such amounts due at December 31, 1993.

Messrs. Young and Rothman also agreed to be responsible for a percentage of any retroactive adjustments in worker's compensation insurance premiums. Starwood Lodging paid $167,041 for retroactive worker's compensation insurance premiums and sought reimbursement from Messrs. Young and Rothman of their share of that amount (approximately an aggregate of $56,000). In October 1995, the Corporation commenced litigation against Messrs. Young and Rothman to collect such amounts (Starwood Lodging Corporation Corp. v. Ronald A. Young et al., San Diego Superior Court Case No. 693822). In April 1996, the Corporation settled such litigation and released Messrs. Young and Rothman and their respective affiliates with respect to premiums paid in 1995 in exchange for the payment of $40,655, including $5,000 in attorneys' fees.

ROSS AGREEMENT

In November, 1994, Starwood Capital entered into the Ross Agreement in settlement of the threatened litigation by Ross and provided for an assignment to Starwood Capital of Ross's claims. See Item 3 "Legal Proceedings" of this Joint Annual Report.

EMPLOYMENT AGREEMENTS WITH EXECUTIVE OFFICERS

For information with respect to the employment agreements of Messrs. Danziger, Darnall, Goldman and Brown, see Item 11 "Employment Agreements with Executive Officers" of this Joint Annual Report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(A) DOCUMENTS FILED.

FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The financial statements and financial statements schedules listed in the Index to Financial Statements and Financial Statements Schedules following the signature pages hereof are filed as part of this Joint Annual Report.

<TABLE>
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EXHIBIT NO.	DESCRIPTION OF EXHIBIT
2.1	Formation Agreement dated as of November 11, 1994 among the Trust, the Corporation, Starwood Capital and the Starwood Partners (incorporated by reference to Exhibit 2 to the Trust's and the Corporation's Joint Current Report on Form 8-K dated November 16, 1994).(2)
2.2	Form of Amendment No. 1 to Formation Agreement among the Trust, the Corporation and the Starwood Partners (incorporated by reference to Exhibit 10.23 to the Trust's and the Corporation's Registration Statement on Form S-2 filed with the Securities and Exchange Commission (Registration Nos. 33-59155 and 33-59155-01) (the "S-2 Registration Statement")).
3.1	Amended and Restated Declaration of Trust of the Trust dated June 6, 1988, as amended (incorporated by reference to Exhibit 3A to the Trust's and the Corporation's Joint Current Report on Form 8-K dated January 31, 1995).
3.2	Amendment and Restatement of Articles of Incorporation of the Corporation (incorporated by reference to Exhibit 3B to the Trust's and the Corporation's Joint Current Report on Form 8-K dated January 31, 1995).
3.3	Trustees' Regulations of the Trust, as amended (incorporated by reference to Exhibit 3.3 to the Trust's and the Corporation's Joint Annual Report on Form 10-K for the year ended December 31, 1994 (the "1994 Form 10-K")).
3.4	By-laws of the Corporation, as amended (incorporated by reference to Exhibit 3.4 to the 1994 Form 10-K).
4.1	Pairing Agreement dated June 25, 1986, between the Trust and the Corporation, as amended (incorporated by reference to Exhibit 4.1 to the 1994 Form 10-K).
4.2	Amendment No. 1 to the Pairing Agreement dated as of February 1, 1995 between the Trust and the Corporation (incorporated by reference to Exhibit 4.2 to the Trust's and the Corporation's Joint Annual Report on Form 10-K for the year ended December 31, 1995 (the "1995 Form 10-K")).
4.3	Form of Warrant Agreement dated as of September 16, 1986, between the Trust and City National Bank ("CNB") (incorporated by reference to Exhibit 4.3 to the Trust's and the Corporation's Registration Statement on Form S4 (the "S-4 Registration Statement") filed with the Securities and Exchange Commission (the "SEC") on August 1, 1986 (Registration No. 33-7694)).
4.4	Form of Warrant Agreement dated as of September 16, 1986, between the Corporation and CNB (incorporated by reference to Exhibit 4.3A to the S-4 Registration Statement).
10.1	Incentive and Non-Qualified Share Option Plan (1986) of the Trust (incorporated by reference to Exhibit 10.8 to the Trust and the Corporation's Joint Annual Report on Form 10-K for the year ended August 31, 1986 (the "1986 Form 10-K")).(3)
10.2	Corporation Stock Non-Qualified Stock Option Plan (1986) of the Trust (incorporated by reference to Exhibit 10.9 to the 1986 Form 10-K).(3)

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.3	Stock Option Plan (1986) of the Corporation (incorporated by reference to Exhibit 10.10 to the 1986 Form 10-K).(3)
10.4	Trust Shares Option Plan (1986) of the Corporation (incorporated by reference to Exhibit 10.11 to the 1986 Form 10-K).(3)
10.5	1995 Share Option Plan of the Trust (incorporated by reference to Exhibit 10.5 to the 1995 Form 10-K).(3)
10.6	1995 Share Option Plan of the Corporation (incorporated by reference to Exhibit 10.6 to the 1995 Form 10-K).(3)
10.7	Starwood Lodging Trust 1995 Long-Term Incentive Plan (Amended and Restated as of August 12, 1996) (incorporated by reference to Exhibit A to the Trust's and the Corporation's Joint Proxy Statement dated November 25, 1996 (the "1996 Proxy")).(3)
10.8	Starwood Lodging Corporation 1995 Long-Term Incentive Plan (Amended and Restated as of August 12, 1996) (incorporated by reference to Exhibit B to the 1996 Proxy).(3)
10.9	Form of Indemnification Agreement and Amendment No. 1 to Indemnification Agreement between the Trust and each of Messrs. Barry S. Sternlicht, Jeffrey C. Lapin, Jonathan Eilian, Michael W. Mooney, Bruce M. Ford, Madison F. Grose, Bruce W. Duncan, Steven R. Quazzo, William E. Simms, Daniel H. Stern, Steven R. Goldman, Gary M. Mendell, Roger S. Pratt and Ronald C. Brown (incorporated by reference to Exhibit 10.7 to the 1995 Form 10-K).(3)
10.10	Form of Indemnification Agreement and Amendment No. 1 to Indemnification Agreement between the Corporation and each of Messrs. Earle F. Jones, Kevin E. Mallory, Bruce M. Ford, Steven R. Goldman, Graeme W. Henderson, Barry S. Sternlicht, Jean-Marc Chapus, Jonathan Eilian, Michael A. Leven, Daniel W. Yih, Eric A.

	Danziger and Alan M. Schnaid (incorporated by reference to Exhibit 10.8 to the 1995 Form 10-K).(3)
10.11	Form of Indemnification Agreement dated as of February 3, 1992, between the Corporation and each of Messrs. Ronald A. Young, Graeme W. Henderson, Bruce M. Ford, Earle M. Jones and William H. Ling (incorporated by reference to Exhibit 10.30 to the Trust's and the Corporation's Joint Annual Report on Form 10-K for the year ended December 31, 1991).(3)
10.12	Executive Employment Agreement dated as of January 31, 1995, between the Trust and Jeffrey C. Lapin (incorporated by reference to Exhibit 10.12 to the 1994 Form 10-K).(3)
10.13	Separation Agreement between the Trust and Jeffrey C. Lapin dated June 18, 1996 (incorporated by reference to Exhibit 10.5 to the Trust's and the Corporation's Joint Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (the "Second Quarter 10-Q")).(3)
10.14	Employment Agreement between the Corporation and Theodore W. Darnall dated April 19, 1996 (incorporated by reference to Exhibit 10.3 to the Second Quarter 10-Q).(3)
10.15	Employment Agreement between the Corporation and Eric A. Danziger dated June 27, 1996 (incorporated by reference to Exhibit 10.4 to the Second Quarter 10-Q).(3)
10.16	Form of Amended and Restated Lease Agreement entered into as of January 1, 1993, between the Trust as Lessor and the Corporation (or a subsidiary) as Lessee (incorporated by reference to Exhibit 10.19 to the Trust's and the Corporation's Joint Annual Report on Form 10-K for the year ended December 31, 1992).
10.17	Exchange Rights Agreement dated as of January 1, 1995 among the Trust, the Corporation, the Realty Partnership, the Operating Partnership and the Starwood Partners (incorporated by reference to Exhibit 2B to the Trust's and the Corporation's Joint Current Report on Form 8-K dated January 31, 1995).
10.18	Exchange Rights Agreement dated June 3, 1996 (incorporated by reference to Exhibit 10.1 to the Second Quarter 10-Q).
10.19	Registration Rights Agreement dated as of January 1, 1995 among the Trust, the Corporation and Starwood Capital (incorporated by reference to Exhibit 2C to the Trust's and the Corporation's Joint Current Report on Form 8-K dated January 31, 1995).

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EXHIBIT NO.	DESCRIPTION OF EXHIBIT
<C>	<S>
10.20	Registration Rights Agreement dated June 3, 1996 (incorporated by reference to Exhibit 10.2 to the Second Quarter 10-Q).
10.21	Amended and Restated Limited Partnership Agreement for the Realty Partnership among the Trust and the Starwood Partners dated as of December 15, 1994 (incorporated by reference to Exhibit 10.21 to the S-2 Registration Statement.
10.22	Amendment to the Amended and Restated Limited Partnership Agreement for the Realty Partnership among the Trust and the Starwood Partners dated as of May 14, 1996.
10.23	Amended and Restated Limited Partnership Agreement for the Operating Partnership among the Corporation and the Starwood Partners dated as of December 15, 1994 (incorporated by reference to Exhibit 10.22 to the S-2 Registration Statement).
10.24	Amendment to the Amended and Restated Limited Partnership Agreement for the Operating Partnership among the Corporation and the Starwood Partners dated as of May 14, 1996.
10.25	Mortgage Loan Funding Facility Agreement, dated as of July 25, 1995, among the Realty Partnership and SLT Realty Company, LLC, as the borrower, and Lehman Commercial Paper, Inc., as lender, together with Amendment No. 1 thereto, dated as of October 30, 1995 (incorporated by reference to Exhibit 10.16 to the 1995 Form 10-K).
10.26	Collateral Substitution Agreement, dated as of January 4, 1996, between the Realty Partnership and SLT Realty Company, LLC, as borrower, and Lehman Commercial Paper, Inc., as lender (incorporated by reference to Exhibit 10.17 to the 1995 Form 10-K).
10.27	Amended and Restated Line of Credit Agreement, dated as of October 25, 1995, among the Trust and the Realty Partnership, as borrower, and Bankers Trust Company, as collateral agent, and Lehman Brothers Holdings, Inc., d/b/a Lehman Capital, a division of Lehman Brothers Holdings, Inc., individually and as agent, together with First Amendment thereto, dated as of January 3, 1996 and effective as of October 25, 1995 (incorporated by reference to Exhibit 10.18 to the 1995 Form 10-K).
10.28	Form of Westin/HOT Agreement among W&S Hotel L.L.C., W&S Hotel Holding Corp., Westin Hotel Company, the Realty Partnership, the Operating Partnership, WHWE L.L.C. and Woodstar Limited Partnership (incorporated by reference to Exhibit 10.24 to the S-2 Registration Statement).
10.29	Asset Purchase Agreement dated as of May 3, 1996 (effective May 14, 1996)

	(incorporated by reference to Exhibit 10.6 to the Second Quarter 10-Q).
10.30	Asset Purchase Agreement dated as of March 25, 1996 (effective July 3, 1996) (incorporated by reference to Exhibit 10.7 to the Second Quarter 10-Q).
10.31	Amended and Restated Loan Agreement dated as of April 26, 1996, among the Realty Partnership, CP Hotel Realty Limited Partnership, Midland Building Corporation, the Trust and Lehman Brothers Holdings, Inc., d/b/a Lehman Capital, a division of Lehman Brothers Holdings, Inc.
10.32	Letter dated July 16, 1996 from Lehman Brothers Holdings, Inc. agreeing to extension of the Mortgage Facility to July, 1997.
10.33	Loan agreement, dated as of August 16, 1996, between the SLT Realty Limited Partnership and Starwood Lodging Trust, as the borrower, and Goldman Sachs Mortgage Company, as the lender.
10.34	Mortgage and Security Agreement dated May 22, 1996 made by Saunstar Land Co., LLC, as Fee Mortgagor and Saunstar Operating Co., LLC, as Leasehold Mortgagor to Life Insurance Company of Georgia.

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EXHIBIT NO.	DESCRIPTION OF EXHIBIT
<C>	<S>
10.35	Loan agreement dated as of September 19, 1996 by and among the Sumitomo Trust and Banking Co., LTD, as lender and Emstar Realty LLC, as borrower and Starwood Lodging Trust, Starwood Lodging Corporation and SLT Realty Limited Partnership, as guarantors.
21.	Subsidiaries of the Corporation.

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ENTITY	STATE OF INCORPORATION/ORGANIZATION
<S>	<C>
Alstar Operating LLC....................................	New York
Columbus Operators, Inc.................................	Ohio
Emstar Operating LLC....................................	New York
Hotel Investors Corporation of Nevada...................	Nevada
Hotel Investors of Arizona, Inc.........................	Arizona
Hotel Investors of Michigan, Inc........................	Michigan
Hotel Investors of Nebraska, Inc........................	Nebraska
Hotel Investors of Virginia, Inc........................	Virginia
Lyntex Properties, Inc..................................	Delaware
Midland Building Corporation............................	Illinois
Midland Holding Corporation.............................	Illinois
Midland Hotel Corporation...............................	Illinois
Milwaukee Brookfield LP.................................	Wisconsin
Moorland Hotel LP.......................................	Wisconsin
Omaha Operators, Inc....................................	Maryland
Operating Philadelphia LLC..............................	Delaware
Saunstar Operating Co. LLC..............................	Delaware
Scoops, Inc...	Kansas
SLC Allentown LLC.......................................	Delaware
SLC Arlington LLC.......................................	Delaware
SLC Atlanta II LLC......................................	Delaware
SLC Atlanta LLC...	Delaware
SLC Bloomington LLC.....................................	Delaware
SLC Calverton LP..	Delaware
SLC Dania LLC...	Delaware
SLC Kansas City LLC.....................................	Delaware
SLC Los Angeles LLC.....................................	Delaware
SLC Minneapolis LLC.....................................	Delaware
SLC Needham LLC...	Delaware
SLC Operating LP..	Delaware
SLC Palm Desert LLC.....................................	Delaware
SLC San Diego LLC.......................................	Delaware
SLC St. Louis LLC.......................................	Delaware
SLC Tucson LLC..	Delaware
SLC Waltham LLC...	Delaware
SLC Westwood Operating LLC..............................	Delaware
SLC Winston-Salem LLC...................................	Delaware
Western Host, Inc.......................................	California

</TABLE>

22. Subsidiaries of the Trust.

ENTITY	STATE OF INCORPORATION/ORGANIZATION
Alstar Realty LLC	New York
CP Hotel Realty LP	Maryland
Emstar Realty LLC	Delaware
Omaha Hotel Venture LP	Maryland
Saunstar Land Co. LLC	Delaware
SLT Allentown LLC	Delaware
SLT Arlington LLC	Delaware
SLT Bloomington LLC	Delaware
SLT Dania LLC	Delaware
SLT Financing Partnership LLC	Delaware
SLT Kansas City LLC	Delaware
SLT Los Angeles LLC	Delaware
SLT Minneapolis LLC	Delaware
SLT Palm Desert LLC	Delaware
SLT Philadelphia LLC	Delaware
SLT Realty Co. LLC	Delaware
SLT Realty LP	Delaware
SLT San Diego LLC	Delaware
SLT St Louis LLC	Delaware
SLT Tucson LLC	Delaware
SLT Westwood Realty LLC	Delaware
SLT Winston-Salem LLC	Delaware
Starlex LLC	Delaware
Starwood Atlanta II LLC	Delaware
Starwood Atlanta LLC	Delaware
Starwood Needham LLC	Delaware
Starwood Waltham LLC	Delaware

23.1 Consent of Coopers & Lybrand L.L.P.

23.2 Consent of Deloitte & Touche LLP

27. Financial Data Schedule.

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(2) The Securities and Exchange Commission file numbers of all filings made pursuant to the Securities Act of 1934, as amended, and referenced herein are: 1-6828 (Starwood Lodging Trust) and 1-7959 (Starwood Lodging Corporation).

(3) Management contract or compensatory plan or arrangement required to be filed as an exhibit hereto pursuant to Item 14(c) of Form 10-K.

(b) Reports on Form 8-K.

During the fourth quarter of 1996, the Trust and the Corporation filed the following Joint Current Report on Form 8-K:

The Trust and Corporation filed a Joint Current Report on Form 8-K on December 5, 1996, to report a three-for-two stock split in the form of a 50% stock dividend effective January 27, 1997.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

STARWOOD LODGING TRUST
(Registrant)

By: /s/ RONALD C. BROWN

Ronald C. Brown, Senior Vice President

Date: December , 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ BARRY S. STERNLICHT Barry S. Sternlicht	Chairman, Chief Executive Officer and Trustee (Principal Executive Officer)	December , 1997
/s/ GARY M. MENDELL Gary M. Mendell	President and Trustee	December , 1997
/s/ RONALD C. BROWN Ronald C. Brown	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	December , 1997
/s/ STEVEN R. GOLDMAN Steven R. Goldman	Senior Vice President and Trustee	December , 1997
/s/ BRUCE W. DUNCAN Bruce W. Duncan	Trustee	December , 1997
/s/ MADISON F. GROSE Madison F. Grose	Trustee	December , 1997
/s/ ROGER S. PRATT Roger S. Pratt	Trustee	December , 1997
/s/ STEPHEN R. QUAZZO Stephen R. Quazzo	Trustee	December , 1997
/s/ WILLIAM E. SIMMS William E. Simms	Trustee	December , 1997
/s/ DANIEL H. STERN Daniel H. Stern	Trustee	December , 1997

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

STARWOOD LODGING CORPORATION
(Registrant)

Date: December , 1997

By: /s/ ALAN M. SCHNAID

Alan M. Schnaid, Vice President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ EARLE F. JONES Earle F. Jones	Chairman of the Board of Directors and Director	December , 1997
/s/ ERIC A. DANZIGER Eric A. Danziger	President and Chief Executive Officer (Principal Executive Officer and Director)	December , 1997
/s/ THEODORE W. DARNALL Theodore W. Darnall	Executive Vice President and Chief Operating Officer	December , 1997
/s/ ALAN M. SCHNAID Alan M. Schnaid	Vice President and Corporate Controller (Principal Accounting Officer)	December , 1997
/s/ JEAN-MARC CHAPUS Jean-Marc Chapus	Director	December , 1997
/s/ JONATHAN D. EILIAN Jonathan D. Eilian	Director	December , 1997
/s/ GRAEME W. HENDERSON Graeme W. Henderson	Director	December , 1997
/s/ MICHAEL A. LEVEN Michael A. Leven	Director	December , 1997
/s/ BARRY S. STERNLICHT Barry S. Sternlicht	Director	December , 1997
/s/ DANIEL W. YIH Daniel W. Yih	Director	December , 1997

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Starwood Lodging Trust and Starwood Lodging Corporation (the "Company") on Forms S-3 (File No. 333-13411 and 333-13325) of our report dated February 21, 1997 on our audits of the separate and combined financial statements of the Company as of December 31, 1996 and 1995 and for the years ended December 31, 1996 and 1995, which report is included in the Company's Annual Report on Form 10-K.

Coopers & Lybrand L.L.P.

Phoenix, Arizona

December 17, 1997

Exhibit 23.2

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-13325 and 333-13411 on Form S-3 and Registration Statement No. 333-02721 on Form S-8 of Starwood Lodging Trust and Starwood Lodging Corporation (the "Companies") of our report dated March 24, 1995 appearing in this Annual Report on Form 10-K/A2 of the Companies for the year ended December 31, 1996.

Deloitte & Touche LLP
December 16, 1997