

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K/A

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### FILER

#### STARWOOD LODGING TRUST

CIK: **48595** | IRS No.: **520901263** | State of Incorporation: **MD** | Fiscal Year End: **1231**  
Type: **8-K/A** | Act: **34** | File No.: **001-06828** | Film No.: **97740330**  
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 Incorporation: **MD** | Fiscal Year End: **1231**  
Type: **8-K/A** | Act: **34** | File No.: **001-07959** | Film No.: **97740331**  
SIC: **6500** Real estate

Mailing Address  
2231 E CAMELBACK RD, 4TH  
FL  
SUITE 400  
PHOENIX 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 8-K/A

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 10, 1997

Commission File Number: 1-6828

STARWOOD LODGING  
TRUST

(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction  
of incorporation or organization)

52-0901263  
(I.R.S. employer identification no.)

2231 East Camelback Road., Suite 410  
Phoenix, Arizona 85016  
(Address of principal executive  
offices, including zip code)

(602) 852-3900  
(Registrant's telephone number,  
including area code)

Commission File Number: 1-7959

STARWOOD LODGING CORPORATION

(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction  
of incorporation or organization)

52-1193298  
(I.R.S. employer identification no.)

2231 East Camelback Road, Suite 400  
Phoenix, Arizona 85016  
(Address of principal executive  
offices, including zip code)

(602) 852-3900  
(Registrant's telephone number,  
including area code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On September 10, 1997, Starwood Lodging Trust (the "Trust") and Starwood Lodging Corporation (the "Corporation" and, together with the Trust, "Starwood Lodging" or the "Company"), whose shares are paired and trade together as a unit (NYSE:HOT) completed the acquisition of a portfolio of fifteen full-service hotels, including four golf courses (the "Flatley Portfolio"), from Flatley Co./Tara Hotels ("Flatley") for \$470 million of cash. The Company borrowed the cash under its \$1.2 billion unsecured revolving credit and term

loan facility which was arranged and structured by Bankers Trust Company, and co-arranged by Lehman Brothers with BankBoston and Bank of Montreal. The Company expects to continue to use the facilities acquired as hotels.

The portfolio consists of the 383-room Sheraton Tara Hotel in Parsippany, New Jersey, the 376-room Sheraton Tara Hotel in Braintree, Massachusetts, the 370-room Sheraton Tara Hotel in Framingham, Massachusetts, the 337-room Sheraton Tara Hotel in Nashua, New Hampshire, the 272-room Sheraton Tara Hotel in Newton, Massachusetts, the 220-room Sheraton Tara Hotel in South Portland, Maine, the 207-room Sheraton Tara Airport Hotel in Warwick, Rhode Island, the 119-room Sheraton Tara Lexington in Lexington, Massachusetts, the 442-room Tara Stamford Hotel in Stamford, Connecticut, the 367-room Tara's Ferncroft Conference Resort in Danvers, Massachusetts, the 261-room Tara's Cape Codder Hotel in Hyannis, Massachusetts, the 224-room Tara Hyannis Hotel & Resort in Hyannis, Massachusetts, the 200-room Merrimack Hotel and Conference Center in Merrimack, New Hampshire, the 194-room Wayfarer Inn in Bedford, New Hampshire, and the 280-room Colonial Hilton & Resort in Lynnfield, Massachusetts.

This Current Report on Form 8-K may contain statements which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include all statements that are not strictly historical including statements regarding the intent, belief or current expectations of Starwood Lodging, its Trustees, Directors or its officers with respect to the consummation of, the acquisition described in this Report. 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 factors, including, without limitation, real estate conditions, execution of hotel development programs, the purchase or development of a brand, completion of pending acquisitions including the completion of customary due diligence and closing conditions, changes in local or national economic conditions and other risks and uncertainties relating to real estate investments and the financing thereof, as more specifically described in the Starwood Lodging Annual Report on Form 10-K for the year ended December 31, 1996, and other filings with the Securities and Exchange Commission.

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ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

- (a) Financial Statements of Businesses to be Acquired. See Index to Financial Statements (page F -1).
- (b) Pro Forma Financial Information. See Index to Financial Statements (page F -1).

EXHIBITS.

- 2 Acquisition agreement
- 23 Consent of Coopers and Lybrand L.L.P.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

STARWOOD LODGING TRUST

STARWOOD LODGING CORPORATION

By: \_\_\_\_\_  
Ronald C. Brown  
Senior Vice President and  
Chief Financial Officer

By: \_\_\_\_\_  
Alan M. Schnaid  
Vice President and Corporate Controller  
Principal Accounting Officer

Date: December \_\_, 1997

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STARWOOD LODGING TRUST AND STARWOOD LODGING CORPORATION  
UNAUDITED COMBINED CONSOLIDATED PRO FORMA BALANCE SHEETS  
JUNE 30, 1997  
(in thousands)

<TABLE>  
<CAPTION>

	HISTORICAL STARWOOD LODGING COMBINED CONSOLIDATED	FLATLEY PORTFOLIO	PRO FORMA STARWOOD LODGING COMBINED CONSOLIDATED
	(A)	(B)	
<S>	<C>	<C>	<C>
ASSETS			
Hotel assets held for sale, net .....	\$ 21,637	\$ --	\$ 21,637
Hotel assets, net .....	1,624,340	452,077	2,076,417
	-----	-----	-----
	1,645,977	452,077	2,098,054
Mortgage notes receivable, net .....	80,053	--	80,053
Investments .....	440	--	440
	-----	-----	-----
Total real estate investments .....	1,726,470	452,077	2,178,547
Cash and cash equivalents .....	42,039	--	42,039
Accounts, interest and rent receivable .....	61,270	--	61,270
Notes receivable, net .....	2,744	--	2,744
Inventories, prepaid expenses and other assets .....	42,368	17,923	60,291
	-----	-----	-----
	\$ 1,874,891	\$ 470,000	\$ 2,344,891
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Collateralized notes payable and revolving lines of credit .....	\$ 568,037	\$ 470,000 (C)	\$ 1,038,037
Mortgage and other notes payable .....	139,356	--	139,356
Accounts payable and other liabilities .....	64,887	--	64,887
Distributions payable .....	22,745	--	22,745
	-----	-----	-----
	795,025	470,000	1,265,025
	-----	-----	-----
Commitments and contingencies.....			
MINORITY INTEREST .....	262,958	--	262,958
SHAREHOLDERS' EQUITY			
Trust shares of beneficial interest, \$.01 par value; authorized 100,000,000 shares; outstanding 45,550,000 .....	456	--	456
Corporation common stock, \$.01 par value; authorized 100,000,000 shares; outstanding 45,550,000 .....	456	--	456
Additional paid-in capital .....	1,091,757	--	1,091,757
Accumulated deficit .....	(275,761)	--	(275,761)
	-----	-----	-----

816,908	--	816,908
-----	-----	-----
\$ 1,874,891	\$ 470,000	\$ 2,344,891
=====	=====	=====

</TABLE>

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STARWOOD LODGING TRUST  
UNAUDITED CONSOLIDATED PRO FORMA BALANCE SHEETS  
JUNE 30, 1997  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	HISTORICAL STARWOOD LODGING CONSOLIDATED	FLATLEY PORTFOLIO	PRO FORMA STARWOOD LODGING CONSOLIDATED
	(A)	(B)	
<S>	<C>	<C>	<C>
ASSETS			
Hotel assets held for sale, net .....	\$ 19,851	\$ --	\$ 19,851
Hotel assets, net .....	1,511,145	452,077	1,963,222
	-----	-----	-----
	1,530,996	452,077	1,983,073
Mortgage notes receivable, net .....	80,053	--	80,053
Mortgage notes receivable - Corporation .....	89,930	--	89,930
Investments .....	440	--	440
	-----	-----	-----
Total real estate investments .....	1,701,419	452,077	2,153,496
Cash and cash equivalents .....	4,324	--	4,324
Rent and interest receivable .....	12,805	--	12,805
Notes receivable, net .....	1,980	--	1,980
Notes receivable - Corporation .....	50,310	--	50,310
Prepaid expenses and other assets .....	12,889	17,923	30,812
	-----	-----	-----
	\$ 1,783,727	\$ 470,000	\$ 2,253,727
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Collateralized notes payable and revolving lines of credit.....	\$ 568,037	\$ 470,000 (C)	\$ 1,038,037
Mortgage and other notes payable .....	137,913	--	137,913
Accounts payable and other liabilities .....	21,760	--	21,760
Distributions payable .....	22,646	--	22,646
	-----	-----	-----
	750,356	470,000	1,220,356
	-----	-----	-----
Commitments and contingencies .....	--	--	--
MINORITY INTEREST .....	251,977	--	251,977
	-----	-----	-----
SHAREHOLDERS' EQUITY			
Trust shares of beneficial interest, \$.01 par value; authorized 100,000,000 shares; outstanding 45,550,000 .....	456	--	456
Additional paid-in capital .....	977,212	--	977,212
Accumulated deficit .....	(196,274)	--	(196,274)
	-----	-----	-----
	781,394	--	781,394
	-----	-----	-----
	\$ 1,783,727	\$ 470,000	\$ 2,253,727
	=====	=====	=====

</TABLE>

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STARWOOD LODGING CORPORATION  
UNAUDITED CONSOLIDATED PRO FORMA BALANCE SHEETS  
JUNE 30, 1997  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	HISTORICAL STARWOOD LODGING CONSOLIDATED ----- (A) <C>	FLATLEY PORTFOLIO ----- (B) <C>	PRO FORMA STARWOOD LODGING CONSOLIDATED ----- <C>
ASSETS			
Hotel assets held for sale, net .....	\$ 1,786	\$ --	\$ 1,786
Hotel assets, net .....	113,195	--	113,195
	-----	-----	-----
Total real estate investments .....	114,981	--	114,981
Cash and cash equivalents .....	37,715	--	37,715
Accounts and interest receivable .....	48,465	--	48,465
Notes receivable, net .....	764	--	764
Inventories, prepaid expenses and other assets .....	29,479	--	29,479
	-----	-----	-----
	\$ 231,404	\$ --	\$ 231,404
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Mortgage and other notes payable .....	\$ 1,443	\$ --	\$ 1,443
Accounts payable and other liabilities .....	43,127	--	43,127
Mortgage notes payable - Trust .....	89,930	--	89,930
Notes payable - Trust .....	50,310	--	50,310
Distributions payable .....	99	--	99
	-----	-----	-----
	184,909	--	184,909
	-----	-----	-----
Commitments and contingencies .....	--	--	--
MINORITY INTEREST .....	10,981	--	10,981
	-----	-----	-----
SHAREHOLDERS' EQUITY			
Corporation common stock, \$.01 par value; authorized 100,000,000 shares; outstanding 45,550,000 .....	456	--	456
Additional paid-in capital .....	114,545	--	114,545
Accumulated deficit .....	(79,487)	--	(79,487)
	-----	-----	-----
	35,514	--	35,514
	-----	-----	-----
	\$ 231,404	\$ --	\$ 231,404
	=====	=====	=====

</TABLE>

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STARWOOD LODGING TRUST AND  
STARWOOD LODGING CORPORATION

NOTES TO THE UNAUDITED COMBINED CONSOLIDATED AND  
SEPARATE CONSOLIDATED PRO FORMA BALANCE SHEETS  
AT JUNE 30, 1997

NOTE 1. BASIS OF PRESENTATION

(A) The Trust and the Corporation have unilateral control of SLT Realty Limited Partnership ("Realty") and SLC Operating Limited Partnership ("Operating" and, together with Realty the "Partnerships"), respectively, and therefore, the historical financial statements of Realty and Operating are consolidated with those of the Trust and the Corporation. Unless the context otherwise requires, all references herein to the "Company" refer to the Trust and the Corporation, and all references to the "Trust" and the "Corporation" include the Trust and the Corporation and those entities respectively owned or controlled by the Trust or the Corporation, including Realty and Operating.

NOTE 2. ACQUIRED PROPERTIES

(B) On September 10, 1997 the Company completed the acquisition of fifteen hotel properties containing 4,252 full-service hotel rooms (the "Flatley Portfolio") from Flatley Co./Tara Hotels ("Flatley"). The Flatley Portfolio consists of:

<TABLE>  
<CAPTION>

NAME	CITY	STATE	TOTAL ROOMS
----	----	-----	-----
<S>	<C>	<C>	<C>
Sheraton Tara Hotel	Parsippany	NJ	383
Sheraton Tara Hotel	Braintree	MA	376
Sheraton Tara Hotel	Framingham	MA	370
Sheraton Tara Hotel	Nashua	NH	337
Sheraton Tara Hotel (1)	Newton	MA	272
Sheraton Tara Hotel	South Portland	ME	220
Sheraton Tara Airport Hotel	Warwick	RI	207
Sheraton Tara Lexington	Lexington	MA	119
Tara Stamford Hotel	Stamford	CT	442
Tara's Ferncroft Conference Resort	Danvers	MA	367
Tara's Cape Codder Hotel	Hyannis	MA	261
Tara Hyannis Hotel & Resort	Hyannis	MA	224
Merrimack Hotel and Conference Center	Merrimack	NH	200
Wayfarer Inn	Bedford	NH	194
Colonial Hilton & Resort	Lynnfield	MA	280
			-----
			4,252
			=====

</TABLE>

(1) Represents an operating lease.

(C) Represents the \$470 million cash consideration for the Flatley Portfolio, drawn from an existing line of credit.

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STARWOOD LODGING TRUST AND  
STARWOOD LODGING CORPORATION

PRO FORMA COMBINED CONSOLIDATED AND  
SEPARATE CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND THE  
YEAR ENDED DECEMBER 31, 1996  
(UNAUDITED)

The following Unaudited Combined Consolidated and Separate Consolidated Pro Forma Statements of Operations for the six months ended June 30, 1997 and the twelve months ended December 31, 1996 give effect to the acquisition of the Flatley Portfolio as of the beginning of the periods presented. The pro forma information is based upon historical information and does not purport to present what actual results would have been had such transactions, in fact, occurred at the beginning of each period presented, or to project results for any future period. Historical Starwood Lodging Trust and Starwood Lodging Corporation results are for the six months ended June 30, 1997 and the twelve months ended December 31, 1996. The historical Flatley results are for the six months ended June 30, 1997 and the twelve months ended December 31, 1996.

Historical Starwood Lodging Trust and Starwood Lodging Corporation results include the results of the properties acquired in 1996 (the Westin in Washington, D.C. - acquired on January 4, a 58.2% interest in the Boston Park Plaza in Boston, Massachusetts - acquired on January 24, the Doubletree Guest Suites DFW Airport in Irving, Texas, the Doubletree Guest Suites in Ft. Lauderdale, Florida and the Westin Hotel in Tampa, Florida - all three acquired on April 26, the Midland Hotel in Chicago, Illinois - acquired on March 22, the Clarion Hotel - San Francisco Airport in Milbrae, California - acquired on April 25, the Doubletree Guest Suites in Philadelphia, Pennsylvania - acquired on June 3, the Days Inn in Philadelphia, Pennsylvania - acquired on July 1, a portfolio of eight hotels owned by an institution consisting of the Ritz Carlton in Kansas City, Missouri, the Ritz Carlton in Philadelphia, Pennsylvania, the Westin Hotel in Waltham, Massachusetts, the Westin LAX in Los Angeles, California, the Westin Horton Plaza in San Diego, California, the Westin Hotel Concourse in Atlanta, Georgia, the Doubletree Grand at Mall of America in Bloomington, Minnesota and the Wyndham Hotel in Ft. Lauderdale, Florida - all acquired on August 12, a portfolio of nine hotels owned by Hotels of Distinction Ventures, Inc. consisting of the Hotel Park Tucson in Tucson, Arizona, the Embassy Suites in Palm Desert, California, the Marque in Atlanta, Georgia, the Arlington Park Hilton in Arlington Heights, Illinois, the Sheraton Needham in Needham, Massachusetts, the Sheraton Minneapolis Metrodome in Minneapolis, Minnesota, the Embassy Suites in St Louis, Missouri, the Radisson Marque in Winston-Salem, North Carolina and the Allentown Hilton in Allentown,

Pennsylvania - all acquired on August 16 except for the Sheraton Minneapolis Metrodome which closed on September 5, the Princeton Marriott in Princeton, New Jersey - acquired on August 29, the Doral Court and Doral Tuscany both in New York,

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New York - acquired on September 19, and a 93.5% interest in the Westwood Marquis Hotel & Gardens in Westwood, California - acquired on December 31) and the properties acquired in 1997 (the Deerfield Beach Hilton in Deerfield Beach, Florida - acquired on January 8, the Radisson Denver South in Denver, Colorado - acquired on January 17, the Embassy Suites Hotel in Atlanta, Georgia, the BWI Airport Marriott in Baltimore, Maryland, the Charleston Hilton North in Charleston, South Carolina, the Holiday Inn Crowne Plaza Edison in Edison, New Jersey, the Courtyard by Marriott Crystal City in Arlington, Virginia, the Novi Hilton in Novi, Michigan, the Omni Waterside Hotel in Norfolk, Virginia, the Park Ridge Hotel in King of Prussia, Pennsylvania, the Sheraton Hotel in Long Beach, California, and the Sonoma County Hilton in Santa Rosa, California - all acquired on February 14, the Days Inn Lake Shore Drive in Chicago, Illinois - acquired February 21, the Hermitage Suites Hotel in Nashville, Tennessee - acquired on March 11, the Hotel De La Poste in New Orleans - acquired on March 12, the San Diego Marriott Suites in San Diego, California - acquired on April 3, the Tremont Hotel in Chicago, Illinois - acquired on April 4, the Raphael Hotel in Chicago, Illinois - acquired May 7, and the Stamford Sheraton in Stamford, Connecticut - acquired on June 9) from their respective dates of acquisition.

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STARWOOD LODGING TRUST AND STARWOOD LODGING CORPORATION  
UNAUDITED COMBINED CONSOLIDATED PRO FORMA STATEMENTS OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 1997  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	HISTORICAL STARWOOD LODGING COMBINED CONSOLIDATED	FLATLEY PORTFOLIO	PRO FORMA ADJUSTMENTS	PRO FORMA STARWOOD LODGING COMBINED CONSOLIDATED
	(A)	(B)		
<S>	<C>	<C>	<C>	<C>
REVENUE				
Hotel .....	\$ 376,795	\$ 75,999	\$ --	\$ 452,794
Gaming .....	7,727	--	--	7,727
Interest from mortgage and other notes .....	7,213	--	--	7,213
Rent from leased hotel properties and income from investments .....	441	--	--	441
Management fees and other income .....	4,196	--	--	4,196
Gain (loss) on sales of real estate investments .....	(504)	--	--	(504)
	-----	-----	-----	-----
	395,868	75,999	--	471,867
	-----	-----	-----	-----
EXPENSES				
Hotel operations .....	260,474	56,154	(1,893) (C)	314,735
Gaming operations .....	8,248	--	--	8,248
Interest .....	23,311	--	17,390 (E)	40,701
Depreciation and amortization .....	54,387	--	12,689 (F)	67,076
Administrative and general .....	13,548	--	--	13,548
	-----	-----	-----	-----
	359,968	56,154	28,186	444,308
	-----	-----	-----	-----
Income (loss) before minority interest .....	35,900	\$ 19,845	\$ (28,186)	27,559
		=====	=====	
Minority interest (G) .....	9,891			8,102
	-----			-----
Net income .....	\$ 26,009			\$ 19,457
	=====			=====
Net income per share (H) .....	\$ 0.56			\$ 0.42
	=====			=====
Weighted average number of Paired Shares .....	46,063			46,063
	=====			=====

</TABLE>



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STARWOOD LODGING TRUST  
 UNAUDITED CONSOLIDATED PRO FORMA STATEMENTS OF OPERATIONS  
 FOR THE SIX MONTHS ENDED JUNE 30, 1997  
 (in thousands)

<TABLE>  
 <CAPTION>

	HISTORICAL STARWOOD LODGING TRUST CONSOLIDATED	FLATLEY PORTFOLIO	PRO FORMA ADJUSTMENTS	PRO FORMA STARWOOD LODGING TRUST CONSOLIDATED
	(A)	(B)	<C>	<C>
<S>	<C>	<C>	<C>	<C>
REVENUE				
Rents from Corporation .....	\$ 95,505	\$ --	\$ 20,079 (D)	\$ 115,584
Interest from Corporation .....	5,290	--	--	5,290
Interest from mortgage and other notes .....	7,213	--	--	7,213
Rent from leased hotel properties and income from investments .....	441	--	--	441
Other income .....	1,551	--	--	1,551
Gain (loss) on sale of real estate investments	--	--	--	--
	110,000	--	20,079	130,079
EXPENSES				
Interest .....	23,260	--	17,390 (E)	40,650
Depreciation and amortization .....	42,801	--	12,689 (F)	55,490
Administrative and general .....	5,117	--	--	5,117
	71,178	--	30,079	101,257
Income (loss) before minority interest .....	38,822	\$ --	(\$ 10,000)	28,822
Minority interest (G) .....	9,760			7,615
Net income .....	\$ 29,062			\$ 21,207
Net income per share (H) .....	\$ 0.63			\$ 0.46
Weighted average number of shares .....	46,063			46,063

</TABLE>

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STARWOOD LODGING CORPORATION  
 UNAUDITED CONSOLIDATED PRO FORMA STATEMENTS OF OPERATIONS  
 FOR THE SIX MONTHS ENDED JUNE 30, 1997  
 (in thousands)

<TABLE>  
 <CAPTION>

	HISTORICAL STARWOOD LODGING CORPORATION CONSOLIDATED	FLATLEY PORTFOLIO	PRO FORMA ADJUSTMENTS	PRO FORMA STARWOOD LODGING CORPORATION CONSOLIDATED
	(A)	(B)	<C>	<C>
<S>	<C>	<C>	<C>	<C>
REVENUE				
Hotel .....	\$ 376,795	\$ 75,999	\$ --	\$ 452,794
Gaming .....	7,727	--	--	7,727
Management fees and other income .....	2,645	--	--	2,645
Gain (loss) on sales of real estate investments....	(504)	--	--	(504)
	386,663	75,999	--	462,662
EXPENSES				
Hotel operations .....	260,474	56,154	(1,893) (C)	314,735
Gaming operations .....	8,248	--	--	8,248
Rent - Trust .....	95,505	--	20,079 (D)	115,584
Interest - Trust .....	5,290	--	--	5,290

Interest .....	51	--	--	51
Depreciation and amortization .....	11,586	--	--	11,586
Administrative and general .....	8,431	--	--	8,431
	-----	-----	-----	-----
	389,585	56,154	18,186	463,925
	-----	-----	-----	-----
Income (loss) before minority interest .....	(2,922)	\$ 19,845	(\$ 18,186)	(1,263)
		=====	=====	
Minority interest (G) .....	131			487
	-----			-----
Net loss .....	(\$ 3,053)			(\$ 1,750)
	=====			=====
Net loss per share (H) .....	(\$ 0.07)			(\$ 0.04)
	=====			=====
Weighted average number of shares .....	46,063			46,063
	=====			=====

</TABLE>

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STARWOOD LODGING TRUST AND STARWOOD LODGING CORPORATION  
UNAUDITED COMBINED CONSOLIDATED PRO FORMA STATEMENTS OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 1996  
(in thousands)

<TABLE>  
<CAPTION>

	HISTORICAL STARWOOD LODGING COMBINED CONSOLIDATED	FLATLEY PORTFOLIO	PRO FORMA ADJUSTMENTS	PRO FORMA STARWOOD LODGING COMBINED CONSOLIDATED
	(A)	(B)		
<S>	<C>	<C>	<C>	<C>
REVENUE				
Hotel .....	\$ 385,110	\$ 158,220	\$ --	\$ 543,330
Gaming .....	23,630	--	--	23,630
Interest from mortgage and other notes .....	11,262	--	--	11,262
Rent from leased hotel properties and income from investments .....	822	--	--	822
Management fees and other income .....	3,424	--	--	3,424
Gain (loss) on sales of real estate investments.....	4,290	--	--	4,290
	-----	-----	-----	-----
	428,538	158,220	--	586,758
	-----	-----	-----	-----
EXPENSES				
Hotel operations .....	275,015	114,786	(3,950) (C)	385,851
Gaming operations .....	21,834	--	--	21,834
Interest .....	23,337	--	34,780 (E)	58,117
Depreciation and amortization .....	55,745	--	25,379 (F)	81,124
Administrative and general .....	16,495	--	--	16,495
	-----	-----	-----	-----
	392,426	114,786	56,209	563,421
	-----	-----	-----	-----
Income (loss) before minority interest .....	36,112	\$ 43,434	(\$ 56,209)	23,337
		=====	=====	
Minority interest (G) .....	10,238			7,293
	-----			-----
Income from operations .....	\$ 25,874			\$ 16,044
	=====			=====
Income from operations per share (H) .....	\$ 0.87			\$ 0.54
	=====			=====
Weighted average number of Paired Shares .....	29,884			29,884
	=====			=====

</TABLE>

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STARWOOD LODGING TRUST  
UNAUDITED CONSOLIDATED PRO FORMA STATEMENTS OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 1996  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	HISTORICAL STARWOOD LODGING TRUST CONSOLIDATED	FLATLEY PORTFOLIO	PRO FORMA ADJUSTMENTS	PRO FORMA STARWOOD LODGING TRUST CONSOLIDATED
<S>	(A)	(B)	<C>	<C>
REVENUE				
Rents from Corporation .....	\$ 87,593	\$ -	\$ 44,582 (D)	\$ 132,175
Interest from Corporation .....	9,084	-	-	9,084
Interest from mortgage and other notes .....	11,262	-	-	11,262
Rent from leased hotel properties and income from investments .....	822	-	-	822
Other income .....	2,008	-	-	2,008
Gain (loss) on sale of real estate investments .....	4,290	-	-	4,290
	-----	-----	-----	-----
	115,059	-	44,582	159,641
	-----	-----	-----	-----
EXPENSES				
Interest .....	23,088	-	34,780 (E)	57,868
Depreciation and amortization .....	42,517	-	25,379 (F)	67,896
Administrative and general .....	4,134	-	-	4,134
	-----	-----	-----	-----
	69,739	-	60,159	129,898
	-----	-----	-----	-----
Income (loss) before minority interest .....	45,320	\$ -	\$ ( 15,577)	29,743
		=====	=====	
Minority interest (G) .....	11,731			8,140
	-----			-----
Net income .....	\$ 33,589			\$ 21,603
	=====			=====
Net income (H) .....	\$ 1.12			\$ 0.72
	=====			=====
Weighted average number of shares	29,884			29,884
	=====			=====

</TABLE>

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STARWOOD LODGING CORPORATION  
UNAUDITED CONSOLIDATED PRO FORMA STATEMENTS OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 1996  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	HISTORICAL STARWOOD LODGING CORPORATION CONSOLIDATED	FLATLEY PORTFOLIO	PRO FORMA ADJUSTMENTS	PRO FORMA STARWOOD LODGING CORPORATION CONSOLIDATED
<S>	(A)	(B)	<C>	<C>
REVENUE				
Hotel .....	\$ 385,110	\$ 158,220	\$ --	\$ 543,330
Gaming .....	23,630	--	--	23,630
Management fees and other income .....	1,416	--	--	1,416
	-----	-----	-----	-----
	410,156	158,220	--	568,376
	-----	-----	-----	-----
EXPENSES				
Hotel operations .....	275,015	114,786	(3,950) (C)	385,851
Gaming operations .....	21,834	--	--	21,834
Rent - Trust .....	87,593	--	44,582 (D)	132,175
Interest - Trust .....	9,084	--	--	9,084
Interest .....	249	--	--	249
Depreciation and amortization .....	13,228	--	--	13,228
Administrative and general .....	12,361	--	--	12,361
	-----	-----	-----	-----
	419,364	114,786	40,632	574,782
	-----	-----	-----	-----
Income (loss) before minority interest ....	(9,208)	\$ 43,434	\$ (40,632)	(6,406)
		=====	=====	
Minority interest (G) .....	(1,493)			(847)
	-----			-----
Loss from operations .....	\$ (7,715)			\$ (5,559)
	=====			=====
Loss from operations per share (H) .....	\$ (0.26)			\$ (0.19)

</TABLE>

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STARWOOD LODGING TRUST AND  
STARWOOD LODGING CORPORATION

NOTES TO THE UNAUDITED COMBINED CONSOLIDATED AND  
SEPARATE CONSOLIDATED PRO FORMA STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND THE  
YEAR ENDED DECEMBER 31, 1996

NOTE 1. BASIS OF PRESENTATION

The Trust and the Corporation have unilateral control of SLT Realty Limited Partnership ("Realty") and SLC Operating Limited Partnership ("Operating" and, together with Realty the "Partnerships"), respectively, and therefore, the historical financial statements of Realty and Operating are consolidated with those of the Trust and the Corporation. Unless the context otherwise requires, all references herein to the "Company" refer to the Trust and the Corporation, and all references to the "Trust" and the "Corporation" include the Trust and the Corporation and those entities respectively owned or controlled by the Trust or the Corporation, including Realty and Operating.

NOTE 2. PRO FORMA ADJUSTMENTS

- (A) Reflects the historical statements of operations of the Company. Operations for properties sold or pending sale are not considered material to the pro forma presentation.
- (B) Reflects the historical statements of operations before interest and depreciation expense (reflecting the Company's cost basis) in the Flatley Portfolio.

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Listed below are the effects each acquired hotel had on the Combined Pro Forma Statements of Operations for the six months ended June 30, 1997 and the year ended December 31, 1996 (in thousands):

SIX MONTHS ENDED JUNE 30, 1997

<TABLE>  
<CAPTION>

HOTEL	REVENUES	EXPENSES	EBITDA
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Sheraton Tara Hotel (Parsippany) .....	\$ 10,917	\$ 6,866	\$ 4,051
Sheraton Tara Hotel (Braintree) .....	8,771	6,289	2,482
Sheraton Tara Hotel (Framingham) .....	7,638	5,369	2,269
Sheraton Tara Hotel (Nashua) .....	4,462	3,595	867
Sheraton Tara Hotel (Newton) .....	4,448	3,403	1,045
Sheraton Tara Hotel (South Portland) .....	3,023	2,420	603
Sheraton Tara Airport Hotel.....	2,873	2,227	646
Sheraton Tara Lexington .....	2,615	1,911	704
Tara Stamford Hotel .....	6,709	4,766	1,943
Tara's Ferncroft Conference Resort .....	7,322	4,963	2,359
Tara's Cape Codder Hotel .....	2,453	2,121	332
Tara Hyannis Hotel & Resort.....	3,765	3,366	399
Merrimack Hotel and Conference Center .....	1,078	1,317	(239)
Wayfarer Inn .....	3,057	2,631	426
Colonial Hilton & Resort .....	6,868	4,910	1,958
Totals .....	\$ 75,999	\$ 56,154	\$ 19,845

</TABLE>

YEAR ENDED DECEMBER 31, 1996

<TABLE>

<CAPTION>

HOTEL	REVENUES	EXPENSES	EBITDA
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Sheraton Tara Hotel (Parsippany) .....	\$ 19,134	\$ 12,724	\$ 6,410
Sheraton Tara Hotel (Braintree) .....	17,672	13,077	4,595
Sheraton Tara Hotel (Framingham) .....	15,472	10,901	4,571
Sheraton Tara Hotel (Nashua) .....	10,211	7,972	2,239
Sheraton Tara Hotel (Newton) .....	8,518	6,065	2,453
Sheraton Tara Hotel (South Portland) .....	6,529	4,806	1,723
Sheraton Tara Airport Hotel .....	5,909	4,641	1,268
Sheraton Tara Lexington .....	5,202	3,856	1,346
Tara Stamford Hotel .....	13,760	9,814	3,946
Tara's Ferncroft Conference Resort .....	16,599	11,077	5,522
Tara's Cape Codder Hotel .....	5,505	4,434	1,071
Tara Hyannis Hotel & Resort .....	8,822	6,943	1,879
Merrimack Hotel and Conference Center .....	2,586	2,888	(302)
Wayfarer Inn .....	7,411	5,542	1,869
Colonial Hilton & Resort .....	14,890	10,046	4,844
Totals .....	\$158,220	\$114,786	\$ 43,434

</TABLE>

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Additional information related to the Flatley Portfolio hotels is as follows:

<TABLE>

<CAPTION>

For the Year Ended December 31,

Hotel	ADR (\$)			Occupancy (%)			REVPAR (\$)		
	1996	1995	1994	1996	1995	1994	1996	1995	1994
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sheraton Tara Hotel (Parsippany)	101.57	93.32	91.46	71.7	67.7	66.3	72.81	63.18	60.64
Sheraton Tara Hotel (Braintree)	108.52	97.79	91.98	79.0	71.3	72.5	85.77	69.72	66.69
Sheraton Tara Hotel (Framingham)	94.60	89.99	86.89	66.8	57.3	59.2	63.18	51.56	51.44
Sheraton Tara Hotel (Nashua)	76.33	69.91	67.96	59.2	61.5	59.1	45.20	42.99	40.16
Sheraton Tara Hotel (Newton)	101.27	97.47	90.02	70.1	66.8	72.0	70.95	65.11	64.81
Sheraton Tara Hotel (South Portland)	84.94	78.38	75.66	61.5	66.6	65.2	52.22	52.20	49.33
Sheraton Tara Airport Hotel	75.96	73.01	69.33	76.2	69.2	75.6	57.86	50.52	52.41
Sheraton Tara Lexington	105.58	95.52	89.52	72.1	69.2	70.5	76.09	63.11	66.10
Tara Stamford Hotel	87.98	79.12	72.92	67.6	60.4	60.1	59.45	47.79	43.82
Tara's Ferncroft Conference Resort	92.93	84.25	79.78	57.5	57.0	54.5	53.46	48.02	43.48
Tara's Cape Codder Hotel	84.65	86.26	78.09	43.8	40.3	46.1	37.03	34.76	36.00
Tara Hyannis Hotel & Resort	102.59	101.54	94.16	58.0	57.8	63.2	59.47	58.69	59.51
Merrimack Hotel and Conference Ctr	65.71	N/A	N/A	31.8	N/A	N/A	20.88	N/A	N/A
Wayfarer Inn	82.05	76.01	70.61	65.5	64.3	67.0	53.77	48.87	47.31
Colonial Hilton & Resort	95.65	88.29	83.89	66.0	62.0	61.5	63.12	54.74	51.59

</TABLE>

N/A = Not available.

(C) Reflects the elimination of fees paid by the Flatley Portfolio hotels to Flatley for corporate overhead allocated to the Flatley Portfolio hotels.

(D) The Trust intends to lease to the Corporation the Flatley Portfolio hotels under leases that provide for annual base or minimum rents plus contingent or percentage rents based on the gross revenue of the properties and are accounted for as operating leases.

- (E) Reflects the addition of interest expense at the Company's current weighted average borrowing rate (7.4%) on the \$470 million pro forma debt assuming draw down to acquire the Flatley Portfolio as of January 1, 1996.
- (F) Reflects depreciation and amortization expense on the Company's basis in the Flatley Portfolio hotels. The Company's basis is based on preliminary allocations between real estate and leasehold values.
- (G) Reflects Starwood Capital's and other partners' minority interests in the income of the Partnerships.
- (H) Net income (loss) per paired share has been computed using the weighted average number of paired shares and equivalent paired shares outstanding. All paired share information has been adjusted to reflect a 3-for-2 stock split effective January 27, 1997.

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REPORT OF INDEPENDENT ACCOUNTANTS  
-----

To the Investors and Shareholders  
of Starwood Lodging Trust & Starwood Lodging Corporation

We have audited the accompanying combined balance sheet of The Flatley Hotels (described in Note 1) as of December 31, 1996, and the related combined statements of revenues over expenses and equity (deficit), and cash flows for the year then ended. These combined financial statements are the responsibility of the management of the Flatley Hotels. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Flatley Hotels as of December 31, 1996, and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Phoenix, Arizona  
August 29, 1997, except for  
Note 9 for which the date is  
September 10, 1997

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THE FLATLEY HOTELS  
COMBINED BALANCE SHEETS  
-----

<TABLE>  
<CAPTION>

December 31, 1996	June 30, 1997 (Unaudited)
----------------------	------------------------------

<S>	A S S E T S:	<C>	<C>
Investments in hotel properties, at cost:			
Land		\$ 25,977,000	\$ 25,987,000
Buildings and improvements		201,004,000	202,448,000
Furniture and equipment		80,793,000	85,648,000
		-----	-----
		307,774,000	314,083,000
Accumulated depreciation		(135,978,000)	(141,018,000)
		-----	-----
Net investment in hotel properties		171,796,000	173,065,000
Cash		3,930,000	4,747,000
Receivables, net of allowance of \$122,000 and \$188,000 at December 31, 1996 and June 30, 1997, respectively		5,864,000	6,502,000
Prepaid expenses and other assets, net		7,003,000	6,476,000
		-----	-----
Total assets		\$ 188,593,000	\$ 190,790,000
		=====	=====
LIABILITIES AND EQUITY (DEFICIT):			
Accounts payable, trade		\$ 4,510,000	\$ 2,368,000
Due to affiliate		81,235,000	79,692,000
Accrued expenses		4,722,000	6,691,000
Self-insurance reserves		6,372,000	5,349,000
Notes payable		147,080,000	143,288,000
		-----	-----
Total liabilities		243,919,000	237,388,000
Commitments and contingencies			
Equity (deficit)		(55,326,000)	(46,598,000)
		-----	-----
Total liabilities and deficit		\$ 188,593,000	\$ 190,790,000
		=====	=====

</TABLE>

The accompanying notes are an integral part of these combined financial statements.

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THE FLATLEY HOTELS

COMBINED STATEMENT OF REVENUES OVER EXPENSES AND EQUITY (DEFICIT)

<S>	Year Ended December 31, 1996	Six Months Ended June 30, 1997 (Unaudited)
<CAPTION>	<C>	<C>
Revenues:		
Room revenue	\$ 93,991,000	\$46,313,000
Food and beverage revenue	45,967,000	21,813,000
Other revenue	18,262,000	7,873,000
	-----	-----
Total revenue	158,220,000	75,999,000
Expenses:		
Property operating costs and expenses	20,196,000	10,168,000
Food and beverage	35,880,000	17,304,000
Other	17,641,000	8,542,000
Selling, general and administrative	29,019,000	14,660,000
Real estate and personal property taxes, and insurance	4,410,000	1,831,000
Franchise and reservation fees	3,690,000	1,756,000

Management fees	3,950,000	1,893,000
Interest expense	12,540,000	5,582,000
Depreciation and amortization	11,104,000	5,535,000
	-----	-----
Total expenses	138,430,000	67,271,000
	-----	-----
Excess of revenues over expenses before extraordinary item	19,790,000	8,728,000
Extraordinary item due to early extinguishment of debt	394,000	
	-----	-----
Excess of revenues over expenses	20,184,000	8,728,000
Deficit at beginning of period	75,510,000	55,326,000
	-----	-----
Deficit at end of period	\$ 55,326,000	\$46,598,000
	=====	=====

</TABLE>

The accompanying notes are an integral part of these combined financial statements.

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THE FLATLEY HOTELS  
COMBINED STATEMENT OF CASH FLOWS  
-----

<TABLE>  
<CAPTION>

	Year Ended December 31, 1996	Six Months Ended June 30, 1997 (Unaudited)
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 20,184,000	\$ 8,728,000
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	11,104,000	5,535,000
Changes in assets and liabilities:		
Receivables, net	(997,000)	(638,000)
Prepaid expenses and other assets	(804,000)	359,000
Accounts payable, trade	(28,000)	(2,142,000)
Due to affiliate	(7,951,000)	(1,543,000)
Self-insurance reserves	(560,000)	(1,022,000)
Accrued expenses	946,000	1,969,000
	-----	-----
Net cash provided by operating activities	21,894,000	11,246,000
	-----	-----
Cash flows from investing activities:		
Acquisition, improvements and additions to hotel properties	(7,323,000)	(6,424,000)
	-----	-----
Net cash used in investing activities	(7,323,000)	(6,424,000)
	-----	-----
Cash flows from financing activities:		
Principal payments on notes payable	(18,091,000)	(3,792,000)
Proceeds from borrowings	5,000,000	
Loan Fees	(297,000)	(213,000)
	-----	-----
Net cash used in financing activities	(13,388,000)	(4,005,000)
	-----	-----
Net change in cash	1,183,000	817,000
Cash, beginning of period	2,747,000	3,930,000
	-----	-----



Cash, end of period	\$ 3,930,000	\$ 4,747,000
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ 11,793,000	\$ 5,370,000
	=====	=====

</TABLE>

The accompanying notes are an integral part of these combined financial statements.

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THE FLATLEY HOTELS

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Organization And Basis Of Presentation:

The accompanying combined financial statements of the fifteen hotels (collectively, the "Flatley Hotels" or the "Hotels") listed below have been presented on a combined basis because the properties are wholly owned by Thomas J. Flatley dba the Flatley Company ("Flatley") as of December 31, 1996 with the exception of the general partnership interest in the Tara Cape Codder, Hyannis and the Sheraton, Newton, which Flatley leases (Note 4) and are expected to be the subject of a business combination with Starwood Lodging Trust (the "Company"), a Maryland real estate investment trust. The Company has qualified as a REIT and does not pay federal income taxes. Accordingly, the combined financial statements do not include a provision for income taxes.

The Hotels consist of fifteen full service hotels located in the northeastern portion of the United States, as follows:

<TABLE>  
<CAPTION>

Type	Location	# Of Rooms
----	-----	-----
<S>	<C>	<C>
Sheraton	Braintree, MA	376
Sheraton	South Portland, ME	220
Sheraton	Warwick, RI	207
Hilton	Lynnfield, MA	280
Sheraton	Nashua, NH	337
Tara	Stamford, CT	442
Sheraton	Parsippany, NJ	383
Sheraton	Lexington, MA	119
Sheraton	Framingham, MA	370
Tara	Hyannis, MA	224
Tara-Cape Codder	Hyannis, MA	261
Merrimack Hotel and Conference Center	Merrimack, NH	200
Tara	Bedford, NH	194
Sheraton	Newton, MA	272
Tara	Danvers, MA	367

</TABLE>

The accompanying unaudited financial statements for the six month period ended June 30, 1997 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, such financial statements reflect all adjustments considered necessary for a fair presentation of the interim combined financial statements and all such adjustments are of a normal, recurring nature.

All intercompany transactions have been eliminated in the combined financial statements.

Continued

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THE FLATLEY HOTELS

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

-----

2. Summary Of Significant Accounting Policies:

Investment In Hotel Properties:

The Hotels are stated at cost. Depreciation is computed using the straight-line method based upon the following estimated useful lives:

	Years -----
Buildings and improvements	31
Furniture and fixtures	7

Management periodically reviews the hotel property to determine if its carrying costs will be recovered from future operations and, accordingly, whether a reduction in carrying value should be recorded. No such reductions have occurred in 1996.

Maintenance and repairs are charged to operations as incurred; major renewals and betterments are capitalized. Upon the sale or disposition, the asset and related accumulated depreciation are removed from the accounts, and the gain or loss is included in operations.

Inventories:

Inventories, consisting predominantly of food and beverage, are stated at the lower of cost (generally first-in, first-out) or market and are included in prepaid expenses and other assets.

Prepaid Expenses And Other Assets:

Prepaid expenses consist primarily of prepaid insurance. Other assets consist primarily of deferred loan fees which are recorded at cost and amortized using the interest method over the related loan period and costs associated with the purchase of a hotel operating lease, which are amortized on a straight-line basis over the remaining lease term. Also included in other assets are inventories, as described above. Preopening costs are expensed as incurred.

Amortization expense for the year ended December 31, 1996 and the six months ended June 30, 1997 is \$1,048,000 and \$380,000 (unaudited), respectively.

Continued

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THE FLATLEY HOTELS

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

-----

2. Summary Of Significant Accounting Policies, Continued:

Revenue Recognition:

Revenue is recognized as earned. Earned is generally defined as the date upon which a guest occupies a room and/or utilizes the Hotel's services. Ongoing credit evaluations are performed and potential credit losses are expensed at the time the accounts receivable is estimated to be uncollectible. Historically, credit losses have not been material to the Hotels' results of operations.

Other revenue includes green fees, golf course and health club memberships, rental income and other incidental hotel revenue.

Use Of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Of Financial Instruments And Concentrations Of Credit Risk:

The following disclosure of estimated fair value was determined by available market information and appropriate valuation methodologies. However, considerable judgment is necessary to interpret market data and develop the related estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying values of the Hotels' notes payable approximate fair value at December 31, 1996 as the related interest rates are either variable or in line with market rates.

At December 31, 1996, the Hotels had amounts in banks that were in excess of federally-insured amounts.

Continued

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THE FLATLEY HOTELS

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

3. Notes Payable:

Notes payable consist of the following at December 31, 1996:

<TABLE>  
<CAPTION>

Description -----	Balance -----
<S>	<C>
Note payable with monthly principal and interest payments at an interest rate of 7.89%(e) at December 31, 1996 and a maturity of April 30, 1997(a), allocated to and collateralized by the following properties:	
Sheraton Braintree, MA	\$15,520,000
Sheraton Nashua, NH	9,504,000
	\$25,024,000
Note payable at an interest rate of 7.68%(b) at December 31, 1996 and a maturity of April 2, 1998(c), allocated to and collateralized by the following properties:	
Sheraton South Portland, ME	\$ 7,008,000
Sheraton Newton, MA	6,500,000
Tara Bedford, NH	5,200,000
Tara Hyannis, MA	13,508,000
Sheraton Lexington, MA	6,000,000
	38,216,000 (g)
Note payable with monthly principal and interest payments at an interest rate of 8.14%(e) at December 31, 1996 and a maturity of September 1, 1997(d), collateralized by the Sheraton Warwick, R.I.	7,942,000
Note payable with monthly principal and interest payments at an interest rate of 6.63%(e) at December 31, 1996 and a maturity of July 27, 1997(d), collateralized by the Hilton Wakefield, MA	8,447,000
Note payable with monthly principal and interest payments at an interest rate of 7.65%(b) at December 31, 1996 and a maturity of May 1, 1999, collateralized by the Tara Stamford, CT	12,393,000
Note payable with monthly principal and interest payments at an interest rate of 7.66%(f) at December 31, 1996 and a maturity of March 1, 1997, extended to March 1, 1998, collateralized by the Sheraton Parsippany, NJ	27,200,000

</TABLE>

Continued

## THE FLATLEY HOTELS

## NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

## 3. Notes Payable, Continued:

<TABLE>		
<CAPTION>		
Description		Balance
-----		-----
<S>		<C>
Note payable with monthly principal and interest payments at an interest rate of 7.53%(e) at December 31, 1996 and a maturity of October 31, 2001, collateralized by the Cape Codder Hyannis, MA		4,958,000
Note payable with monthly principal and interest payments at an interest rate of 7.15%(e) at December 31, 1996 and a maturity of October 27, 1997, collateralized by the Tara Danvers, MA		22,900,000
		-----
Total notes payable		\$147,080,000
		=====

&lt;/TABLE&gt;

(a) Note was extended to April 30, 1998.

(b) At any time, the rate of interest is that declared by Bank of America Illinois at Chicago, Illinois.

(c) Note includes two options, each to extend an additional 12 months with a fee.

(d) Notes were extended until close of sale of the Hotels (see note 9).

(e) Variable rates are elected by the borrower generally based upon LIBOR or prime plus a stated spread.

(f) At any time, the prime commercial lending rate as announced by The Chase Manhattan Bank in New York City, New York.

(g) This amount is the aggregate loan amount that is evidenced by the five individually listed notes. The aggregate loan requires a monthly principal payment, but does not specify a methodology for allocation of such principal/payments.

Continued

## THE FLATLEY HOTELS

## NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

## 3. Notes Payable, Continued:

Aggregate principal payments for the Hotel's notes payable as of December 31, 1996 are due as follows:

<TABLE>		
<S>		<C>
1997		\$ 44,979,000
1998		86,570,000
1999		11,323,000
2000		250,000
2001		3,958,000
		-----
		\$147,080,000

=====

</TABLE>

The majority of the notes payable are under master agreements ("Agreements") which include certain other properties owned by Flatley. These Agreements require Flatley to maintain a specified maximum ratio of outstanding principal balance to valuation of each property and a maximum ratio of net operating income to projected principal and interest payments. The Agreements also require Flatley to maintain a specified minimum tangible net worth, liquid assets and annual cash flow.

4. Operating Leases As Lessor And Lessee:

The Company leases, as lessor, retail space, health clubs, and other personal property at the hotel properties under operating leases for terms of one to ten years with renewal options of two to twenty years. Three leases consist of monthly rents of 15% of the tenant's monthly gross revenue. Two leases consist of monthly base rents of \$8,000 and \$25,000 plus 5% and 15% of annual gross revenues in excess of \$360,000 and \$1,500,000, respectively. The remaining leases consist of fixed monthly rents ranging from \$685 to \$8,333. Future minimum rental receipts under the leases are as follows:

<TABLE>

<S>	<C>
1997	\$ 842,000
1998	773,000
1999	727,000
2000	673,000
2001 and thereafter	635,000
	-----
	\$3,650,000
	=====

</TABLE>

Continued

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

4. Operating Leases As Lessor And Capital Leases As Lessee, Continued:

Rental income for the year ended December 31, 1996, including additional percentage rents was approximately \$894,000 from fixed rentals and \$347,000 from contingent rentals.

Flatley leases the Sheraton Tara Newton, MA under an operating lease that expires in July 1999 with an option to renew for an additional ten years. Rent consists of a base rent of approximately \$475,000 per year (adjusted for changes in the Consumer Price Index), plus 1% of gross hotel revenue greater than \$1,000,000 plus 43% of net income. The lease requires Flatley to perform normal maintenance and pay real estate taxes and normal operating costs associated with the property.

Future minimum operating lease payments under the lease are as follows:

<TABLE>

<S>	<C>
1997	\$488,000
1998	488,000
	-----
Total	\$976,000
	=====

</TABLE>

Rental expense for the year ended December 31, 1996 was approximately \$545,000 consisting of approximately \$475,000 in base rent and \$70,000 in contingent rent.

5. Real Estate Tax Abatements:

During the year ended December 31, 1996 and the six months ended June 30, 1997, the Hotels received approximately \$521,000 and \$533,000 (unaudited), respectively, in real estate tax abatements. Such amounts are included as an offset to real estate taxes in the respective income statements.

6. Related Party Transactions:

Due to affiliates includes amounts payable to the corporate office of the Flatley Company for certain operating and capital expenditures that are paid for on behalf of the hotel property.

Cash in the amount of \$3,635,000 was held by an affiliate at December 31, 1996.

The Flatley Company allocates certain corporate expenditures to the individual hotels in the form of a management fee that ranges from 2.5% to 3% of hotel revenues.

Continued

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THE FLATLEY HOTELS

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

7. Defined Contribution Plan:

The Company offers a 401(k) plan to all employees working greater than 1,000 hours per year and who have been employed greater than one year. The employees voluntarily contribute to the plan at 1% to 16% of pre- or post-tax salary. The Company matches up to 20% of the first 5% of the employee contribution. For 1996, the matching contribution was approximately \$126,000.

8. Commitments And Contingencies:

Franchise Agreements:

Nine of the fifteen hotel properties owned by the Company 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 a percentage of gross room revenue (ranging from 1% to 5%) 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 durations ranging from two to ten years but generally may be terminated upon prior notice after two to five 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 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 a controlling portion of the franchisee under the relevant Franchise Agreement.

## THE FLATLEY HOTELS

## NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

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## 8. Commitments And Contingencies, Continued:

## Self-Insurance:

Flatley is self-insured for workers' compensation, in certain states, and general liability claims. Accrual for loss incidences are made based upon the Hotels' claims experience. Due to uncertainties inherent in the claims process, actual losses could differ from accrued amounts.

## Environmental Matters:

Phase 1 environmental assessments have been prepared for each of the Hotels. These environmental assessments have shown that some of the Hotels have asbestos and storage tanks that need to be removed. In addition, Phase 2 environmental assessments are needed for certain hotel properties.

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

## 9. Subsequent Events:

Flatley sold the Hotels to Starwood Lodging Trust on September 10, 1997 for approximately \$470,000,000 in cash.

## AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment") is entered into and dated as of August 4, 1997, by and among Mr. Thomas J. Flatley, individually; Thomas J. Flatley and John J. Roche, as Trustees of Hyannis-1992 Realty Trust, a Massachusetts nominee trust; Tara Hotel Management Co. LLC, a Massachusetts limited liability company; John S. Flatley, as Trustee; and Gregory D. Stoye, as Trustee (each a "Seller" and collectively the "Sellers"), and SLT Realty Limited Partnership, a Delaware limited partnership ("SLT Realty"), and SLC Operating Limited Partnership, a Delaware limited partnership ("SLC Operating"; SLT Realty and SLC Operating are referred to collectively herein as the "Buyer").

## PRELIMINARY STATEMENT

A. Sellers and Buyer entered into that certain Purchase and Sale Agreement, dated July 18, 1997 (the "Agreement"), for the purchase and sale of certain hotel properties as described therein.

B. Sellers and Buyer desire to amend certain terms and conditions of the Agreement.

C. Initial capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Agreement.

NOW, THEREFORE, for the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Estoppel and Consent for Ground Lease and Ancillary Leases.  
Subparagraph 5.04(p) of the Agreement is hereby amended by adding at the end thereof the following:

"Sellers shall use commercially reasonable efforts, subject to the terms and conditions of Section 7.04 of this Agreement, to obtain an estoppel certificate from the lessor under the Ground Lease and

Ancillary Leases in favor of Buyer dated no more than ninety (90) days prior to Closing substantially in the form attached hereto as Exhibit S and made a part hereof."

2. Estoppel Certificate for Air Space Lease. Sellers shall use commercially reasonable efforts, subject to the terms and conditions of Section 7.04 of the Agreement, to cause the lessor under the Ground Lease to obtain an estoppel certificate from the Massachusetts Turnpike Authority, as lessor under that certain Lease of Premises, dated April 1, 1968, and recorded in Middlesex County (South) Registry of Deeds in Book 11489, page 170, as amended (the "Air Space Lease"), dated no more than ninety (90) days prior to Closing, certifying: (i) the name of the person or entity

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which is the tenant under the Air Space Lease: (ii) that the Air Space lease is in full force and effect: and (iii) that no default exists, and no event has occurred or circumstance exists which, with the delivery of notice or passage of time, would constitute a default under the Air Space Lease.

3. Notice of Lease for Shop Premises. Sellers shall use commercially reasonable efforts, subject to the terms and conditions of Section 7.04 of the Agreement, to obtain a Notice of Lease for the Ancillary Lease listed as Item No. 1 in Schedule 1.01(a) to the Agreement in substantially the same form as the Notice of Lease for the Ground Lease as recorded in Middlesex South Registry of Deeds in Book 11582, page 137.

4. Legal Descriptions. Sellers agree to amend the legal descriptions in Schedule 1.01(c) of the Agreement if necessary to make such legal description consistent with the Surveys and the other terms and conditions of the Agreement. Seller shall not unreasonably withhold its consent to the replacement of the legal description for the Newton Sheraton in Schedule 1.01(c) of the Agreement with an appropriate revised legal description.

5. Additional Corporation. Schedule 1.01(b) of the Agreement is hereby amended by adding as Item No. 3 thereto the "Park Central East Lake Management Corp., a New Jersey corporation." Seller shall deliver all of their right, title and interest in and to such shares if Seller can locate any documentation evidencing the same.

6. Termination of Management Agreements. Sellers and Manager agree to enter into a termination and release agreement at or prior to Closing in form and substance reasonably acceptable to Buyer terminating each of the Management Agreements for the Hotels and releasing all parties from any further obligations thereunder, and further agree that no fees or any other amounts shall be payable to Sellers or Manager by Buyer in connection with such termination.

7. Compliance with ADA Letters. Sellers agree to continue to perform the work presently being performed by Sellers and scheduled to be completed prior to the Closing Date as required under the ADA compliance letters referenced in Schedule 4.01(n) of the Agreement (the "ADA Work"), as amended by any waiver or determinations by appropriate governmental authorities that any matters referred to therein are in compliance with ADA requirements, at no cost or expense to Buyer prior to Closing; provided that related ADA compliance work (excluding the ADA Work) not completed by Closing shall be completed by Buyer at Buyer's cost and expense. Sellers agree that notwithstanding anything to the contrary in the Agreement, the matters included in such ADA compliance letters may be taken into account in the determination of whether (i) a Due Diligence Material Adverse Effect has occurred under this Agreement during the Due Diligence Period (except to the extent Seller has performed or committed to perform the work required to remediate the same prior to Closing) or (ii) a Material Adverse Effect has occurred at the time of Closing under this Agreement (except to the extent Seller has performed the work required to remediate the same prior to the Closing).

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8. Repair of Roofs. Sellers acknowledge that in connection with Buyer's inspection of the Hotels during the Initial Inspection Period, Law Engineering ("Law") has determined that certain repairs are needed with respect to the roofs for the Braintree Sheraton, Framingham Sheraton, Nashua Sheraton, Newton Sheraton, Stamford Tara and Lexington Sheraton Hotels (the "Defective Roofs"). Sellers agree to perform and complete, or cause to be performed and completed, the repair of each of the Defective Roofs to the extent necessary to eliminate any current leaks, in a good and workmanlike manner (the "Repair Work"), free and clear of all liens and encumbrances, as soon as reasonably possible after the date hereof. Upon completion of the Repair Work for each of the Defective Roofs, Seller promptly shall provide written notice to Buyer of such completion (the "Completion Notice"), and Buyer shall have the right to have Law inspect the Repair Work within ten (10) business days after receipt of such Completion Notice to determine whether the Repair Work for the Defective Roofs identified in the Completion Notice is satisfactory to eliminate such



leaks.

9. Closing Date. Section 5.01 of the Agreement is hereby deleted, and replaced with the following:

5.01 Time and Place for Closing. Subject to the satisfaction of each of the conditions precedent herein set forth, the Closing shall take place at 10:00 a.m. Eastern Time on September 15, 1997, at the offices of Bingham, Dana & Gould LLP, 150 Federal Street, Boston, Massachusetts, by means of a so-called "New York-style" closing, with the concurrent delivery of all Closing Documents and the payment of the Purchase Price in full; provided, however, that Buyer shall have the right to change the date of Closing to any Business Day prior to September 15, 1997, but no earlier than September 2, 1997, by providing five (5) days advance written notice to Sellers. In the event that any condition precedent to the obligations of Buyer to close hereunder has not been satisfied or waived in writing prior to the date set for Closing, Buyer may, in its sole discretion, extend the date set for Closing from time to time for up to thirty (30) days or for such longer period of time as Sellers and Buyer may agree, during which Buyer may (i) cure such condition(s) or (ii) pay an amount to Sellers to cure such condition(s), provided that as a condition precedent to Buyer extending the Closing, (i) Buyer shall make an additional deposit in the amount of \$5,000,000 (the "Extension Deposit") with the Escrow Agent to be held in accordance with the Earnest Money Escrow Agreement, and (ii) Buyer shall waive any matters which exist as of September 15, 1997 (or earlier date if so elected by Buyer) for the purpose of determining whether a Material Adverse Effect has occurred at Closing. In no event shall the date for Closing be extended beyond October 31, 1997 (the "Outside Closing Date"). The date on which the transactions herein contemplated shall be consummated is herein referred to as the "Closing Date" and the transactions occurring at that time are herein referred to as "Closing."

10. No Further Amendments. Except as expressly set forth herein, the Agreement is not otherwise amended, and shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on their behalf as of the day and year first above written.

SELLERS:

/s/ Thomas J. Flatley  
-----  
Thomas J. Flatley

TARA HOTEL MANAGEMENT CO. LLC

By: /s/ Thomas J. Flatley  
-----  
Name: Thomas J. Flatley  
-----  
Title: Member  
-----

/s/ Thomas J. Flatley  
-----  
Thomas J. Flatley, as Trustee of Hyannis-1992  
Realty Trust and not individually

/s/ John J. Roche  
-----  
John J. Roche, as Trustee of Hyannis-1992  
Realty Trust and not individually

/s/ John S. Flatley  
-----  
John S. Flatley, as Trustee and not individually

/s/ Gregory D. Stoyle

-----  
Gregory D. Stoyle, as Trustee and not  
individually

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BUYER:

SLT REALTY LIMITED PARTNERSHIP,  
a Delaware limited partnership

By: Starwood Lodging Trust,  
a Maryland real estate investment trust  
Its: General Partner

By: /s/ Steven R. Goldman

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Name: Steven R. Goldman  
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Title: SVP  
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SLC OPERATING LIMITED PARTNERSHIP,  
a Delaware limited partnership

By: Starwood Lodging Corporation,  
a Maryland corporation  
Its: General Partner

By: /s/ Joseph Love

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Name: Joseph Love  
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Title: VP  
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## 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 Form S-3 (File Nos. 333-13411 and 333-13325) of our report dated August 29, 1997 (except for note 9 for which the date is September 10, 1997) on the combined financial statements of the Flatley Hotels as of and for the year ended December 31, 1996, which report is included in this report on Form 8-K/A.

Coopers & Lybrand L.L.P.

Phoenix, Arizona  
December 16, 1997