



**RED LION®**  
HOTELS

April 27, 2000

## **WestCoast Hospitality Corporation Announces First Quarter Results; Revenues Increase 22.9%**

SPOKANE, WA – WestCoast Hospitality Corporation (NYSE:WEH) today reported results for the three months ended March 31, 2000. During the quarter, total revenues increased \$5.1 million, or 22.9%, from \$22.1 million in the first quarter of 1999 to \$27.2 million for the same period in 2000. EBITDA increased 17.9% during the period, from \$4.9 million in 1999 to \$5.7 million in 2000. One time costs associated with the integration of WestCoast Hotels, Inc., further development of the TicketsWest.com e-commerce strategy and increased interest rates and overall interest expenses during the quarter led to a decrease in Earnings Per Share to (\$.01), down from \$.04 in 1999. Total revenues under management, which includes revenues of third party owned hotels that are managed by the Company, increased 81.3% during the quarter, to \$47.7 million. The TicketsWest.com division posted the highest percentage growth among Company divisions, with a 109% increase in revenues during the quarter. “The first quarter of 2000 marked another first for the Company as it dramatically grew revenue and market penetration in several divisions,” said Donald K. Barbieri, the Company’s Chairman, President and CEO. “We are successfully integrating the acquisition of WestCoast Hotels, Inc., which brings our total portfolio of hotels we own, manage and franchise to 46.”

During the quarter, the Company began the process of integrating the WestCoast Hotels, Inc. acquisition. Non-recurring costs associated with this integration exceeded \$230,000 in the quarter. Most of these expenses have now terminated, although the Company expects some costs of integration to continue until June. During the second quarter, the Company will continue to prepare for the re-flagging of 18 Cavanaugh’s Hotels to the WestCoast flag, a transition that will happen on July 1 for the majority of the properties. The Company believes the further integration of the brands will increase market penetration and introduce new customers to what will be a brand spanning nine states throughout the West. EBITDA for the quarter was 21% of revenues compared to 21.9% in the prior year. If one time integration costs are taken out, EBITDA would have been 21.9%, the same as prior year. The increased interest expense is due primarily to the addition of the WestCoast Hotels Inc. acquisition. The average borrowing rate on the Company’s Revolving Credit Facility also increased to 8.9% at the end of the quarter, from 7.2% at the end of the first quarter in 1999, which equates to approximately \$483 thousand in additional interest cost from the increased borrowing rate.

“We are quite happy with the integration process so far,” said Barbieri. “We have also been pleased to find skilled employees in the former WestCoast Hotels, Inc. organization and have met with numerous franchisees who have given valuable suggestions and insights into extracting the maximum benefits of the brand. We will continue to work with these franchisees to find ways to introduce Cavanaugh’s customers to WestCoast Hotels and vice versa. Additionally, we are now in a position to start taking advantages of the cost savings associated with this acquisition.”

Pro forma RevPAR (Revenue Per Available Room) in the quarter for all owned, managed and franchised hotels increased 1.2%, to \$46.98. Due to room renovations in the first quarter of 1999, there were fewer rooms available during that period and while RevPAR increased 1.2%, during the quarter, pro forma hotel room revenue at all owned, managed and franchised hotels actually increased 3.3% to \$36.2 million. “The quarter started out extremely soft, as it did for the entire industry,” explained Thomas Barbieri, Executive Vice President, Hotel Operations. “Our year on year comparisons strengthened as the quarter went on, with March experiencing 6.3% RevPAR growth for all owned, managed and franchised hotels. This is encouraging as we enter the summer months, when we should begin realizing the benefits of our increased market penetration, and which is also our strongest season for hotel business.”

The TicketsWest.com division revenues increased 109% during the quarter, from \$678 thousand in 1999 to \$1.4 million in the first quarter of 2000, while maintaining profitability. These results include elimination of inter company revenues and expenses which would have added over \$300 thousand to the revenues and expenses for the quarter. Highlights of the quarter included the conclusion of the Broadway Millennium Season in Spokane, Washington with 32 sell out performances of Phantom of the Opera. Also, development on the TicketsWest.com Internet portal enabled new personalization features that include receiving weekly updates, via email, of entertainment events that meet each person’s specified preference. The conversion of the Company’s Fastixx ticketing operation in Portland, Oregon onto the Company’s ticketing application software will take place in the second quarter, and will position all Company ticketing operations onto one platform. This will not only simplify operations, but also will provide a great amount of additional content on the TicketsWest.com Internet portal.

“We continued to invest in the infrastructure of our TicketsWest.com division during the quarter,” said Jack Lucas, Vice President of TicketsWest.com. “We believe our ticketing and Internet distribution system enhancements will allow us to compete

against anyone in the industry, and with our content continually increasing, we are positioning ourselves to compete extremely effectively.”

Also during the quarter, the Company began formalizing an operating structure that clearly defines the four main business segments the Company now operates, with the addition of the Franchise, Central Services and Development division. The four main segments now includes Hotels and Restaurants, which encompasses operations of both owned and managed hotels, but excluding any revenue associated directly with the brand and franchising or central services, which falls under the second business segment, Franchise, Central Services and Development. The third segment, TicketsWest.com, includes the ticketing and call center operations as well as event presentation and operations associated with the TicketsWest.com ticketing portal. The fourth business segment is the Real Estate Division. This division includes real estate services of management, leasing, and ownership.

“Historically, the first quarter has always been our lowest performance quarter because of the seasonality of our markets,” said Barbieri. “Given the integration costs, infrastructure improvements and operational changes experienced during the quarter, I’m extremely pleased to see our good cost controls which allowed us to maintain margins. We now intend to take this model forward so we can realize the synergies and efficiencies we are creating through a much larger brand that gives us an expanded customer base to whom we can sell our products. These efficiencies are now just beginning to be realized, and during the quarter the new Franchise, Central Services and Development division implemented an enhanced property and liability insurance program, and negotiated a number of new service contracts for our owned, managed and franchised properties. We should begin realizing these benefits in the upcoming quarters.”

WestCoast Hospitality Corporation serves the western United States with 8,766 hotel rooms in 46 hotels. WestCoast provides entertainment services through TicketsWest.com™, which encompasses computerized ticketing operations in Washington, Oregon, Idaho, Montana and Colorado, and aggregates content for travel and entertainment that is sold in real-time at its www.TicketsWest.com website. TicketsWest.com™ also includes WestCoast Entertainment, formerly Cavanaugh’s Entertainment, a Broadway and special event presenting company. G&B Real Estate Services is the real estate division of WestCoast Hospitality Corporation and owns 590,000 square feet of commercial real estate and manages 3.4 million square feet of Company and third party owned commercial real estate, and 2,000 units of third party owned apartment and condominium properties.

This release contains forward looking statements which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including those concerning the future products and activities of the Company. Investors are cautioned that all forward looking statements involve risks and uncertainties, including without limitation, risks relating to the operation of hotels, the availability of capital to finance growth, disruptions in service due to construction, the historical cyclical nature of the lodging industry, the integration of acquisitions, including WestCoast Hotels, the early development stage of the Company’s TicketsWest.com™ product and its dependence on increased ticket sales, the unpredictability and potential fluctuations in future revenues and operating results, as well as the other matters discussed under the headings “business” and “risk factors” in the Company’s annual report on Form 10K for the 1999 fiscal year and other matters disclosed in the documents filed by the Company with the Securities and Exchange Commission. The Company’s actual results could differ materially from these statements. SOURCE: Cavanaugh’s Hospitality Corporation (“Company”).

**WestCoast Hospitality Corporation**  
**Summary Statements of Operations**

*(unaudited)*

*(in thousands except EPS and hotel statistics)*

	<b>Three months ended March 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>F/Y 00</b>	<b>F/Y 99</b>		
Revenues under Management <sup>1</sup>	\$ 47,695	\$ 26,309	\$ 21,386	81.3%
Revenues:				
Hotels & Restaurants	\$ 22,507	\$ 18,980	\$ 3,527	18.6%
Franchise, Central Services and Development	896		896	
TicketsWest.com	1,416	678	738	109.1%
Real Estate Division	2,317	2,366	(49)	-2.1%
Corporate Services	73	124	(51)	-41.9%
<b>Total Revenues</b>	<b>27,209</b>	<b>22,148</b>	<b>5,061</b>	<b>22.9%</b>
Operating Expenses:				
Hotels & Restaurants	18,385	15,317	3,068	20.0%
Franchise, Central Services and Development	249		249	
TicketsWest.com	1,114	330	784	237.5%
Real Estate Division	1,096	1,130	(34)	-3.1%
Corporate Services	43	59	(16)	-26.3%
Depreciation and Amortization				
Hotel Division	1,888	1,461	427	29.3%
Franchise, Central Services and Development	100	0	100	
TicketsWest.com	75	17	58	344.6%
Real Estate Division	326	334	(8)	-2.6%
Corporate	169	119	50	41.6%
<b>Total Direct Expenses</b>	<b>23,445</b>	<b>18,767</b>	<b>4,678</b>	<b>24.9%</b>
Undistributed Corporate Expenses:	600	461	139	30.5%
<b>Total Expenses</b>	<b>24,045</b>	<b>19,228</b>	<b>4,817</b>	<b>25.1%</b>
Operating Income	3,164	2,920	244	8.3%
Other Income (Expense):				
Interest Expense	(3,514)	(2,280)	1,234	54.1%
Interest Income	52	55	(3)	-6.3%
Other Income	3	5	(2)	-39.9%
Equity in Investments	7	0	7	
Minority Interest in Partnerships	59	50	9	16.9%
Income (Loss) Before Inc Taxes	(229)	750	(979)	-130.5%
Income Tax Provision (Benefit)	(82)	255	(337)	-132.3%
Net Income (Loss) Before Extraordinary Item and Cumulative Effect of Change in Acctg Principle	(147)	495	(642)	-129.6%
Extraordinary Expense, net of taxes		10	(10)	
Cum Effect Change Acctg Principle, net of taxes		133	(133)	
<b>Net Income (Loss)</b>	<b>\$ (147)</b>	<b>\$ 352</b>	<b>\$ (499)</b>	<b>-141.7%</b>
<b>EBITDA</b>	<b>\$ 5,722</b>	<b>\$ 4,851</b>	<b>\$ 871</b>	<b>17.9%</b>
<b>EBITDA % of Revenues</b>	<b>21.0%</b>	<b>21.9%</b>		<b>-0.9%</b>
Weighted Shares of Stock Outstanding	12,932,525	12,660,847	271,678	
Weighted OP Units Outstanding	295,965	395,965	(100,000)	
Total OP and Stock Shares Outstanding	13,228,490	13,056,812	171,678	

<sup>1</sup> Excludes \$ 1,000 Real Estate Division Extraordinary Expense

Income (Loss) Per Share Before Extraordinary Item and Cumulative Effect Change in Acctg Principle	\$	(0.01)	\$	0.04	\$	(0.05)
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<sup>1</sup>Includes WestCoast Hospitality Corporation revenues  
and revenues of third party owned properties under  
Company management.

**WestCoast Hospitality Corporation**  
**Summary Statements of Operations**

*(unaudited)*  
*Pro Forma Hotel Statistics*

**Three months ended March 31,**

	<b>FY 00</b>	<b>FY 99</b>	<b>\$ Change</b>	<b>% Change</b>
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Hotel Statistics:

Combined (Owned, Managed and Franchised)

Occupancy		56.3%		56.6%				-0.3%
Average Daily Rate	\$	83.51	\$	82.10	\$	1.41		1.7%
REVPAR	\$	46.98	\$	46.44	\$	0.54		1.2%
Room Revenue	\$	36,172,606	\$	35,021,251	\$	1,151,356		3.3%