



**RED LION®**  
HOTELS

October 16, 1998

## **Cavanaugh's Hospitality Corporation Announces Six (6) New Tenants in Company Owned Commercial Real Estate**

October, 16 1998 SPOKANE, WA -- Cavanaugh's Hospitality Corporation (NYSE:CVH) announced six (6) new leases in company owned commercial real estate which in their initial terms will add \$9.98 million of revenue to the Company, excluding the sublease of Travelers Property Casualty. G&B Real Estate Services, the Company's commercial real estate division, has leased approximately 10,000 square feet of retail and office space in Cavanaugh's on Fifth Avenue in downtown Seattle, Washington to The Northern Trust Bank (Nasdaq:NTRS). Northern Trust provides banking and trust services to customers through offices in nine states and five foreign countries and is headquartered in Chicago, Illinois. Northern Trust has in excess of \$25 billion dollars in assets. This will be their first Bank in the State of Washington.

Red Robin Restaurants and Starbucks Corporation (Nasdaq:SBUX) have leased approximately 8,600 square feet and 1,300 square feet of retail space respectively in the Company owned retail space in downtown Spokane Washington. The property is across the street from a \$110 million upscale retail and entertainment complex anchored by Nordstrom and AMC, which opens in August of 1999. There are over 130 Red Robin Gourmet Burgers & Spirits nation-wide. This non-franchised store will be owned and operated by Red Robin International. There are approximately 1,600 Starbucks stores nation-wide. Travelers Property Casualty (NYSE:TAP) has subleased approximately 38,000 square feet of Company owned office space in downtown Spokane formally occupied by Sallie Mae. Travelers also has the option, exercisable in early 1999, to lease an additional 27,000 square feet. Travelers Property Casualty is a leading provider of a broad range of insurance products and services for commercial markets. The company also is a leading provider of homeowners and auto insurance for consumers.

The Buckle (NYSE:BKE) and Magic Diamond Casino have leased approximately 3,000 square feet and 2,500 square feet respectively in Kalispell Center Mall, adjacent to Cavanaugh's Kalispell Center, in Kalispell, Montana. The Buckle is a specialty retailer of name brand casual apparel for young men and women. They operate over 200 stores nation-wide. The Magic Diamond Casino, which operates by license from the Montana State Department of Revenue, is expected to be a leading Kalispell area casino.

G&B Real Estate Services is the commercial real estate division of Cavanaugh's Hospitality Corporation and manages 590,000 square feet of Company owned commercial real estate and 3.1 million square feet of third party owned commercial real estate and 2,200 units of third party owned apartment and condominium properties. Cavanaugh's Hospitality Corporation serves the Northwest with 3,933 full service hotel rooms in 19 hotels (inclusive of the recently announced Olympia, Washington facility now under contract), including 47 restaurants and lounges and 196,900 square feet of meeting space. In addition, CVH provides entertainment services through G&B Select-a-Seat, a 20-outlet computerized ticket company, and G&B Presents, a Broadway and special event presenting company.

Statements in this release may be construed to be forward looking and are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward looking statements involve risks and uncertainties, including without limitation, risks relating to the operation and acquisition of hotels, the availability of capital to finance growth, and the historical cyclicity of the lodging industry, as well as the other matters disclosed in the documents filed by the Company with the Securities & Exchange Commission. SOURCE Cavanaugh's Hospitality Corporation.