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**NORTHAMPTON GROUP INC. ANNOUNCES INTENTION TO COMBINE FORCES WITH SILVER HOTEL GROUP AND FORM A NEW REAL ESTATE INVESTMENT TRUST**

**Toronto, Ontario** – October 13, 2006 – Northampton Group Inc. (“**NGI**” or the “**Company**”) (TSX Venture: NHG, NHG.DB) announced that its Board of Directors has unanimously approved a reorganization transaction that will see NGI combine forces with Silver Hotel Group to form a new real estate investment trust (the “**Reorganization**”). Silver Hotel Group is NGI’s most significant joint venture partner and one of the largest privately owned hotel investment, development, and management companies in Canada. The Reorganization will bring together NGI and Silver Hotel Group, two of Canada’s leading hoteliers.

“This is an exciting day for NGI’s shareholders and for the evolution of the Company. The Reorganization will allow shareholders to directly participate in the strong operating cash flows generated by our business and pursue exciting new growth opportunities with Silver Hotel Group,” stated Vinod Patel, Chief Executive Officer of NGI.

“We are very pleased to be combining forces with NGI, and look forward to a prosperous future working together to build the new REIT with NGI,” stated Deepak Ruparell, President of Silver Hotel Group.

Silver Hotel Group and other joint venture owners of hotels in which NGI has an interest are in the process of finalizing negotiations with NGI whereby NGI and Silver Hotel Group will combine forces to form the REIT. The REIT will consolidate ownership interests held jointly by NGI and Silver Hotel Group. The REIT will also acquire one hotel currently owned solely by Silver Hotel Group (Four Points Mississauga Meadowvale) and the interests held by third parties in certain of NGI’s subsidiary companies.

Following completion of the Reorganization, the REIT will own a portfolio of 17 hotel properties previously owned and operated by NGI and Silver Hotel Group. The REIT will have the benefit of an internal executive management team that has extensive experience in the hotel industry. This management team will consist of executives from both NGI (Vinod Patel and Narendra Patel) and Silver Hotel Group (Deepak Ruparell). The consolidation of NGI’s and Silver Hotel Group’s management teams will provide the REIT with the depth and breadth of experience necessary to oversee the operation of the REIT’s hotel properties, organically grow the business, and integrate acquisitions.

NGI intends to submit the Reorganization for approval of its shareholders at a special meeting of shareholders expected to be held in December 2006 in Toronto. A Management Proxy Circular for the meeting, which will provide full details of the proposed Reorganization, will be mailed to shareholders in connection with the meeting.

## **Reasons for the Reorganization**

Management of NGI and its Board of Directors strongly believe that the combination with Silver Hotel Group and the formation of a real estate investment trust structure will benefit both the Company and its shareholders. Among other things, the proposed reorganization is expected to provide investors with greater liquidity and the opportunity to participate directly in the REIT's cash flow in the form of monthly distributions.

Some of the reasons for undertaking the Reorganization include:

- through the combination of NGI's existing management team with that of Silver Hotel Group, led by Deepak Ruparell, the REIT will have a highly capable management team with a significant depth of experience in the hotel industry;
- monthly cash distributions by the REIT are anticipated to provide an attractive return to unitholders without impairing the REIT's ability to sustain its existing assets and finance capital expenditures;
- NGI expects that the REIT will achieve a lower cost of capital, enhanced liquidity, and improved access to capital markets to finance internal growth and make acquisitions that are not currently available to NGI under its existing structure; and
- the Reorganization will result in a more efficient organizational structure through the consolidation of NGI's and Silver Hotel Group's hotel portfolios so that following the completion of the Reorganization, substantially all of such interests and properties will be wholly owned by the REIT.

## **Process and Approvals**

The Reorganization is subject to a number of conditions, including, but not limited to, the satisfactory finalization of negotiations with Silver Hotel Group and other joint venture and subsidiary partners, the approval of the Ontario Superior Court of Justice, the approval of the TSX Venture Exchange, the approval of shareholders of the Company on a majority of the minority basis, and certain other regulatory approvals. If the Reorganization is approved by shareholders, the REIT intends to conduct a public offering, the proceeds of which would be used to consolidate the hotel portfolios of NGI and Silver Hotel Group and, in part, to satisfy the cash election by shareholders under the Reorganization.

Although the timing of the completion of the Reorganization process cannot be predicted with certainty, management anticipates that the Reorganization will be completed in December 2006. There can be no assurance at this time that all approvals and consents required or desirable to effect the Reorganization will be obtained within that time frame, or at all, and, accordingly, there can be no assurance that the Reorganization will be completed.

## **About Northampton Group**

Northampton Group Inc. is an integrated Canadian hotelier with ownership and management interests in 2,064 rooms in 16 hotels. The hotels are operated under internationally recognized franchise brands such as Comfort Inn®, Holiday Inn/Express®, Quality Suites/Inn®, Country

Inn®, Four Points Sheraton®, Radisson®, Ramada®, and Best Western®. Focused on creating the best return for all stakeholders, Northampton Group Inc.'s proven, market-sensitive strategy is to acquire or build hotels that provide superior overnight accommodation in the mid-price market. Northampton Group Inc. has demonstrated that it excels in this sector, offering services that exceed expectations while still posting industry-leading margins. Northampton Group Inc. won *Hotelier Magazine's* Top Growth award for fiscal 2003 and 2004, in addition to consistently winning franchisor and local business awards for all of its hotels. Northampton Group Inc. trades on the TSX Venture Exchange under the symbols NHG and NHG.DB.

### **About Silver Hotel Group**

Silver Hotel Group is one of the largest privately owned hotel investment, development, and management companies in Canada. The Group has been an active participant in the hospitality industry in North America for over 30 years. Silver Hotel Group has focused on and excelled in all areas involving hotel investments, including single assets, portfolio acquisitions, note sales, and development. Silver Hotel Group's extensive market knowledge, in-depth management expertise, and diverse brand relations combined with its core management practices and strategic approaches optimize hotel performance and values. Silver Hotel Group's current portfolio includes 16 hotels located in Canada and the U.S., and ranges from internationally branded full and select service hotels to independent boutique hotels.

This press release contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to NGI's future outlook and anticipated events or results and may include statements regarding the future financial position, property acquisition strategies and opportunities, business strategy, financial results, and plans and objectives. In some cases, forward-looking information can be identified by terms such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, or be achieved. In particular, statements regarding NGI's intention to convert into a real estate investment trust constitute forward-looking statements. Forward-looking information is subject to certain factors, including risks and uncertainties, that could cause actual results to differ materially from what NGI currently expects and there can be no assurance that such statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements. NGI's conversion into a real estate investment trust will be subject to and conditional upon, among other things, shareholder, regulatory, and court approvals and third-party consents, some or all of which conditions are beyond the control of NGI; there can be no assurance that such a conversion will occur or will occur within a particular time frame.

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