

ASHFORD HOSPITALITY TRUST INC

Form 424B5

March 31, 2005

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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-114283

**PROSPECTUS SUPPLEMENT**

(To Prospectus dated September 15, 2004)

**5,000,000 Shares**

**Common Stock**

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We are offering 5,000,000 shares of our common stock. Our common stock is listed on the New York Stock Exchange under the symbol AHT. The last reported sale price of our common stock on March 30, 2005 was \$10.41 per share.

We will receive all of the net proceeds from the sale of our common stock.

Our common stock is subject to certain restrictions on ownership designed to preserve our qualification as a real estate investment trust for federal income tax purposes. See **Description of our Capital Stock** **Restrictions on Ownership and Transfer** on page 19 of the accompanying prospectus.

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**Investing in our common stock involves risks. See **Risk Factors** beginning on page S-4 of this prospectus supplement and on page 2 of the accompanying prospectus.**

	<b>Per Share</b>	<b>Total</b>
Public Offering Price	\$ 10.2500	\$ 51,250,000
Underwriting Discounts and Commissions	\$ 0.3345	\$ 1,672,500
Proceeds, before Expenses, to Us	\$ 9.9155	\$ 49,577,500

The underwriters expect to deliver the common stock to purchasers on or about April 5, 2005.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

We have granted to the underwriters the right to purchase within 30 days from the date of this prospectus supplement up to an additional 750,000 shares of common stock at the public offering price per share, less discounts and commissions, to cover over-allotments.

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**Wachovia Securities**  
**A.G. Edwards**

**Friedman Billings Ramsey**

**Legg Mason Wood Walker**  
Incorporated

**Stifel, Nicolaus & Company**  
Incorporated

The date of this prospectus supplement is March 31, 2005.

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## Prospectus

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You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. An offer to sell these securities will not be made in any jurisdiction where the offer and sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information we previously filed with the Securities and Exchange Commission and incorporated by reference, is only accurate as of the date on the front cover of this prospectus supplement or accompanying prospectus, as applicable. Our business, financial condition, results of operations and prospects may have changed since that date.

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**A WARNING ABOUT FORWARD-LOOKING STATEMENTS**

We make forward-looking statements in this prospectus supplement and the accompanying prospectus, and in the information incorporated by reference into this prospectus supplement and the accompanying prospectus, that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects are forward-looking by their nature:

- our business and investment strategy;
- our projected operating results;
- completion of any pending transactions;
- our ability to obtain future financing arrangements;
- our understanding of our competition;
- market trends;
- projected capital expenditures; and
- the impact of technology on our operations and business.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, results of operations, plans and objectives may vary materially from those expressed in our forward-looking statements. You should carefully consider this risk when you make an investment decision concerning our common stock. Additionally, the following factors could cause actual results to vary from our forward-looking statements:

- the factors discussed in this prospectus supplement and the accompanying prospectus, and in the information incorporated by reference into this prospectus supplement and the accompanying prospectus, including those set forth under the sections titled **Risk Factors** in this prospectus supplement and the accompanying prospectus;
- general volatility of the capital markets and the market price of our securities;
- changes in our business or investment strategy;
- availability, terms and deployment of capital;
- availability of qualified personnel;
- changes in our industry and the market in which we operate, interest rates or the general economy; and
- the degree and nature of our competition.

When we use the words *will likely result*, *may*, *anticipate*, *estimate*, *should*, *expect*, *believe*, *intend*, or similar expressions, we intend to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*The following summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that is important to you. Before making a decision to invest in our common stock, you should read carefully this entire prospectus supplement and the accompanying prospectus, including the sections entitled "Risk Factors" beginning on page S-4 of this prospectus supplement and on page 2 of the accompanying prospectus and the section entitled "Where You Can Find More Information" on page ii of the accompanying prospectus, as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. All references to we, our and us in this prospectus supplement means Ashford Hospitality Trust, Inc. and all entities owned or controlled by us except where it is made clear that the term means only the parent company. The term you refers to a prospective investor. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriters' over-allotment option is not exercised.*

**The Company**

We are a Maryland corporation that was formed in May 2003 to invest in the hospitality industry at all levels of the capital structure. Since our initial public offering in August 2003, we have acquired approximately \$880 million of hotel assets. Our portfolio includes 55 hotel properties containing 9,346 rooms, one office building and \$81 million of debt investments. Our hotel investments are currently focused on the upscale and upper-upscale lodging segments and are concentrated among Marriott, Hilton, Hyatt and Starwood brands.

Our business strategy is to target specific opportunities created by the current strengthening lodging market while retaining the flexibility to invest in the most attractive risk-reward opportunities as they develop in the lodging business cycle. Our target investments include (i) direct hotel investments; (ii) mezzanine financing through origination or through acquisition in secondary markets; (iii) first lien mortgage financing through origination or through acquisition in secondary markets; and (iv) sale-leaseback transactions.

We are self-advised and own our lodging investments and conduct our business through Ashford Hospitality Limited Partnership, our operating partnership. We are the sole general partner of our operating partnership.

We have elected to be treated as a real estate investment trust, or REIT, for federal income tax purposes. Our principal executive offices are located at 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. Our telephone number is (972) 490-9600. Our website is <http://www.ahtreit.com>. The contents of our website are not a part of this prospectus supplement or the accompanying prospectus. Our shares of common stock are traded on the New York Stock Exchange, or the NYSE, under the symbol AHT.

**Recent Developments**

**Series B Cumulative Convertible Redeemable Preferred Stock Purchase Agreement**

On December 27, 2004, we entered into a purchase agreement with Security Capital Preferred Growth Incorporated for the private placement of up to \$75.0 million of our Series B cumulative convertible redeemable preferred stock consisting of two tranches of \$20.0 million and \$55.0 million, and we entered into an amendment to the purchase agreement in February 2005. Under the first tranche, we sold \$10.0 million, or 993,049 shares, to Security Capital on December 30, 2004. We may sell the remaining \$10.0 million, or 993,049 shares, to Security Capital on or before June 30, 2005. Security Capital may require us to sell to them any shares remaining unsold in the first tranche on June 30, 2005. We may request the funding of any or all of the second tranche of \$55.0 million, on or before December 23, 2005.

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To the extent these shares remain unsold, Security Capital may require us to sell to them \$34.7 million, or 3,445,879 shares, on June 30, 2005 and any shares remaining unsold under the second tranche on December 23, 2005.

The first 5,162,000 shares issued pursuant to this agreement will be Series B-1 Preferred Stock, which is convertible, at the option of the holder, at any time into the number of shares of our common stock obtained by dividing \$10.07 by the conversion price then in effect. The initial conversion price is \$10.07 and is subject to certain specified adjustments. The remaining shares will be Series B-2 Preferred Stock, which will automatically convert into Series B-1 Preferred Stock upon stockholder approval as required by the applicable rules of the NYSE or board determination that such stockholder vote is not required. We will ask our stockholders to approve the issuance of Series B-1 Preferred Stock to Security Capital in lieu of issuing shares of Series B-2 Preferred Stock. The preferred dividend for the Series B preferred stock is set at the greater of \$0.14 per share or the prevailing common stock dividend plus, in the case of the Series B-2 Preferred Stock, an additional dividend of \$0.05015 per share beginning January 1, 2009.

Until no later than July 31, 2005, Security Capital has certain participation rights with respect to any sale of equity securities by us or our subsidiaries for consideration consisting solely of cash. These participation rights give Security Capital the right to purchase, upon the same terms and conditions as the other purchasers of such securities, up to 20% of the aggregate amount of securities issued, at a price equal to the price paid by the other purchasers, minus the amount of any underwriting discounts and commissions paid by us. Pursuant to this participation right and as a result of the public common stock offering we completed in January 2005, Security Capital has the right to acquire 2,070,000 shares of our common stock at \$9.139 per share on November 1, 2005. Security Capital must notify us if it intends to exercise this right on or before October 11, 2005. Security Capital has notified us that it does not intend to participate in this offering.

**Acquisition of Santa Fe Hilton**

On March 22, 2005, we acquired the 157 room Hilton Santa Fe in Santa Fe, New Mexico for a purchase price of \$18.2 million in cash.

**Acquisition of 21-Hotel Portfolio**

On March 16, 2005, we acquired a 21-property, 4,094-room hotel portfolio from entities controlled by affiliates of the Fisher Brothers, the Gordon Getty Trust and George Soros, collectively as majority partners, and certain members of our senior management team, as minority partners (in total, members of our senior management team owned approximately 22% of the selling entities). The total consideration for this portfolio was \$250.0 million, consisting of \$35.5 million in cash, \$50.3 million in units of limited partnership interest in our operating partnership and the assumption of \$164.2 million in debt. We have been evaluating strategic alternatives for eight of the smaller hotels, which we refer to as non-core hotels, that contribute a relatively small portion of the net operating income to the portfolio. We currently have contracts for the sale of three of the hotels and letters of intent related to the sale of the five remaining non-core hotels. The remaining 13 hotel assets in the portfolio, which we refer to as the core hotels, are full service, upscale and upper-upscale hotels located in key markets across the United States.

**Dividend Declarations**

On March 15, 2005, we announced a quarterly cash dividend of \$0.5344 per fully diluted share of our 8.55% Series A Cumulative Preferred Stock for the first quarter ending March 31, 2005. The dividend is payable on April 15, 2005, to Series A preferred stockholders of record as of March 31, 2005, and represents the regular quarterly preferred dividend for our Series A Preferred Stock.

On March 9, 2005, we announced a quarterly cash dividend of \$0.16 per fully diluted share of our common stock for the first quarter ending March 31, 2005. The dividend is payable on April 15, 2005, to stockholders of record as of March 31, 2005. Investors in this offering will not receive this dividend.

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**Origination of Viceroy Santa Monica Hotel Mezzanine Loan**

On February 9, 2005, we originated an \$8.0 million two-year mezzanine note receivable on the 163 room Viceroy Santa Monica, a luxury boutique hotel in Santa Monica, California. The mezzanine note receivable bears an interest rate of LIBOR plus 9.125%, and matures in February 2007.

**This Offering**

Issuer	Ashford Hospitality Trust, Inc.
Common Stock to be Offered	5,000,000 shares(1)
Common Stock to be outstanding after this offering	41,532,847 shares(1)
New York Stock Exchange symbol	AHT
Use of Proceeds	We intend to use the net proceeds from the sale of the common stock for general corporate purposes which may include the acquisition of additional hotel investments.

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(1) Excludes up to 750,000 shares of our common stock that we may issue and sell upon the exercise of the underwriters' over-allotment option.

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**RISK FACTORS**

*An investment in our common stock involves various risks, including those described below and in the accompanying prospectus. Prospective investors should carefully consider such risk factors, together with all of the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus, in determining whether to purchase the common stock offered hereby.*

***We may be unable to invest the net proceeds raised in this offering on acceptable terms or at all, which would harm our financial conditions and operating results.***

We will receive approximately \$49.3 million of net proceeds from this offering, which will be available for future real estate investments that satisfy our investment criteria, for repayment of debt and for general corporate purposes. Until we identify real estate investments consistent with our investment criteria, we intend to invest that portion of the net offering proceeds in money market funds. We cannot assure you that we will be able to identify real estate investments that meet our investment criteria, that we will be successful in completing any investment we identify or that any investment we complete using the net proceeds of this offering will produce a return on our investment. Moreover, because we have not identified any specific future investments at the time of this offering, we will have broad authority to invest the excess net proceeds of this offering in any real estate investments that we may identify in the future.



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**USE OF PROCEEDS**

We expect that the net proceeds to us from this offering (after deducting underwriting discounts and commissions and estimated offering expenses) will be approximately \$49.3 million (\$56.7 million if the underwriters' over-allotment option is exercised in full). We intend to use the net proceeds from this offering for general corporate purposes, which may include the acquisition of additional hotel investments.

In the ordinary course of our business, we continually evaluate hotel properties for possible acquisition by us or in regard to the possibility of our making mezzanine loans relating to hotel properties. At any given time, we may be a party to one or more non-binding letters of intent or conditional purchase agreements with respect to these possible acquisitions or loans and may be in various stages of due diligence and underwriting as part of our evaluations. As of the date of this prospectus supplement, we were party to non-binding letters of intent or had conditional commitments with respect to acquisitions and loans in an aggregate amount of approximately \$500 million. Consummation of any potential transaction is necessarily subject to significant outstanding conditions, including satisfactory completion of our due diligence or, in the case of letters of intent, the negotiation of definitive purchase or loan agreements. As a result, we can make no assurance that any such transaction will be completed, or, if completed, what the terms or timing of the transaction will be.

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The following table sets forth our capitalization as of December 31, 2004 on a historical basis and as adjusted to give effect to (i) the acquisition of the 22 hotel properties we have acquired since December 31, 2004; (ii) the consummation of the 10,350,000 share common stock offering we completed in January 2005; (iii) the issuance of 372,400 shares of restricted common stock under our 2003 Stock Incentive Plan in March 2005; (iv) prepayments and additional draws we have made under our credit facilities since December 31, 2004; and (v) the consummation of this offering at an offering price of \$10.25 per share.

	<b>December 31, 2004</b> <b>(unaudited)</b>		
	<b>Actual</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma As Adjusted</b>
<b>Debt:</b>			
Notes payable	\$ 300,754,194	\$ 149,511,711 (1)	\$441,528,922
		17,235,955 (2)	
		(6,955,000)(3)	
		(15,498,080)(4)	
		(3,519,858)(5)	
Capital leases payable	312,584		312,584
<b>Redeemable Preferred Stock:</b>			
Series B-1 Cumulative Convertible Redeemable Preferred Stock, 993,049 shares issued and outstanding	9,980,529		9,980,529
Series B-2 Cumulative Convertible Redeemable Preferred Stock, no shares issued or outstanding			
<b>Stockholders equity:</b>			
Common Stock, \$.01 par value per share, 200,000,000 shares authorized, 25,810,447 issued and outstanding, 41,532,847 issued and outstanding as adjusted	\$ 258,104	103,500 (6)	415,328
		3,724 (7)	
		50,000 (8)	
8.55% Series A Cumulative Preferred Stock, 2,300,000 shares issued and outstanding	23,000		23,000
Additional paid in capital	234,993,015	94,327,928 (6)	382,283,615
		3,735,172 (7)	
		51,200,000 (8)	
		(1,972,500)(8)	
Unearned compensation	(3,959,468)	(3,738,896)(7)	(7,698,364)
Accumulated other comprehensive income	554,592		554,592
Accumulated deficit	(13,177,461)		(13,177,461)
<b>Total capitalization</b>	<b>\$ 529,739,089</b>	<b>\$ 284,483,656</b>	<b>\$ 814,222,745</b>

(1) On March 16, 2005, we acquired a 21-property hotel portfolio. In connection with this acquisition, we assumed \$164.2 million of mortgage debt, of which we immediately repaid \$14.7 million.

(2) In January, 2005, we used proceeds from our January 2005 common stock offering to pay down our Merrill Lynch credit facility by \$17.8 million. In March 2005, we drew an additional \$15 million against this facility for working capital purposes and an additional \$20 million in connection with the acquisition of the Hilton Santa Fe property.

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- (3) In January, 2005, we used proceeds from our January 2005 common stock offering to repay a \$7.0 million mortgage note secured by two of our hotel properties.
- (4) In January, 2005, we used proceeds from our January 2005 common stock offering to repay a \$15.5 million mortgage note secured by one of our hotel properties.
- (5) In January, 2005, we used proceeds from a partial payoff of one of our mezzanine loans to pay down our CapitalSource revolving credit facility by approximately \$214,000, and in March 2005 we used proceeds from an additional partial payoff of one of our mezzanine loans to pay down this facility by an additional \$3.3 million.
- (6) On January 20, 2005, we completed a public common stock offering of 10,350,000 shares of our common stock.
- (7) On March 24, 2005, the compensation committee of our board of directors approved the issuances of 372,400 shares of restricted common stock under our 2003 Stock Incentive Plan.
- (8) Reflects the consummation of this offering at an offering price of \$10.25 per share, net of underwriting discounts and commissions and other expenses.

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**OUR COMPANY**

**Overview**

We are a Maryland corporation that was formed in May 2003 to invest in the hospitality industry at all levels of the capital structure. Since our initial public offering in August 2003, we have acquired approximately \$880 million of hotel assets. Our portfolio includes 55 hotel properties containing 9,346 rooms, one office building and \$81 million of debt investments. Our hotel investments are currently focused on the upscale and upper upscale lodging segments and are concentrated among Marriott, Hilton, Hyatt and Starwood brands.

Our current investment strategy is to target specific opportunities created by the current strengthening lodging market, while retaining the flexibility to invest in the most attractive risk-reward opportunities as they develop in the lodging business cycle. We believe that the U.S. economy is currently in an expansion phase and that the underlying cash flows of hotels will continue to improve due to favorable supply/demand dynamics. We believe that our current investment policies, particularly our current focus on the upscale and upper-upscale lodging segments, will allow us to participate in the continued improvement in performance within the lodging industry. However, we also believe that as supply, demand and capital market cycles change, we will be able to shift our investment strategies to take advantage of newly-created lodging investment opportunities as they develop. Currently, we do not focus our acquisitions on any specific geographical market. While our current investment strategies are well defined, our board of directors may change our investment policies at any time without stockholder approval.

We are self-advised and own our lodging investments and conduct our business through Ashford Hospitality Limited Partnership, our operating partnership. We are the sole general partner of our operating partnership.

We have elected to be treated as a real estate investment trust, or REIT, for federal income tax purposes. Because of limitations imposed on REITs in operating hotel properties, third-party managers manage each of our hotel properties. Remington Lodging & Hospitality, L.P., or Remington Lodging, is our primary property manager, managing 36 of our 55 existing hotel properties. Our remaining 19 hotel properties are managed by management companies unaffiliated with us. Remington Lodging is wholly owned by Mr. Archie Bennett, our Chairman, and Mr. Montgomery J. Bennett, our President and Chief Executive Officer. With the exception of Douglas Kessler, our Chief Operating Officer, all members of our senior management team worked together at Remington Hotel Corporation, an affiliate of Remington Lodging, and related entities, since 1992.

We currently have 25 full-time employees. The employees perform directly or through our operating partnership various acquisition, development, redevelopment, and corporate management functions. All persons employed in the day-to-day operation of our hotels are employees of the management companies engaged by our lessees, and are not our employees.

**Our Business Strategy**

We intend to continue to invest in a variety of lodging-related assets based upon our evaluation of diverse market conditions. These investments may include: (i) direct hotel investments; (ii) mezzanine financing through origination or through acquisition in secondary markets; (iii) first lien mortgage financing through origination or through acquisition in secondary markets; and (iv) sale-leaseback transactions.

Our strategy is designed to take advantage of current lodging industry conditions and to adjust to changes in market conditions over time. In the current market, we believe we can continue to purchase assets at discounts to previous trading ranges or replacement costs and acquire or originate debt positions with attractive relative yields. Over time, our assessment of market conditions will determine asset

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reallocation strategies. While we seek to capitalize on favorable market fundamentals, conditions beyond our control may have an impact on overall profitability and on the investment returns.

Our business strategy of combining lodging-related equity and debt investments seeks, among other things, to:

capitalize on both current yield and price appreciation, while simultaneously offering diversification of types of assets within the hospitality industry;

vary investments across an array of hospitality assets to take advantage of market cycles for each asset class; and

offer an attractive liquidity alternative to asset sales (through structure and tax deferral) and traditional financing (due to rate, structure, loan-to-value and asset class).

Our investment strategy primarily targets limited and full service hotels in primary, secondary and resort markets throughout the United States. To take full advantage of current and future investment opportunities in the lodging industry, we will invest according to the asset allocation strategies described below. Due to ongoing changes in market conditions we will continually evaluate the appropriateness of our investment strategies, and our board of directors may change any or all of these strategies at any time.

### **Investments in Real Estate or Interests in Real Estate**

**Direct Hotel Investments.** In connection with our initial public offering, we acquired six hotel properties. Since then, we have acquired 49 additional hotel properties, which represents a total investment of approximately \$797 million. In selecting the hotels that we have acquired since our initial public offering, we have targeted hotels that either offer a high current return or have the opportunity to increase in value through repositioning, capital investments, market based recovery or improved management practices. We intend to continue acquiring existing hotels and, under appropriate market conditions, may develop new hotels. Our direct hotel acquisition strategy will follow similar investment criteria and will seek to achieve both current income and income from appreciation. Our direct hotel investments represent approximately 91% of our total investments.

**Sale-Leaseback Transactions.** To date, we have not participated in any sale-leaseback transactions. However, if the lodging industry fundamentals shift such that sale-leaseback transactions become more attractive investments, we intend to purchase hotels and lease them back to their existing hotel owners.

### **Investments in Financial Assets**

**Mezzanine Financing.** Since the date of our initial public offering, we have acquired or originated eight subordinated loans, also known as mezzanine loans, representing a total investment of approximately \$81 million. These loans are secured by junior mortgages on hotels or pledges of equity interests in entities owning hotels and, in one instance, by a junior participation in a first mortgage. We expect the current yield, on a risk-adjusted basis, on each of these mezzanine loans to provide attractive returns. The loans we have acquired or originated relate to upscale or full service hotels that we believe require no significant near-term capital expenditures, have reputable managers and are located in good or emerging sub-markets.

We intend to continue to acquire or originate mezzanine loans. Mezzanine loans that we may acquire in the future may be secured by individual assets as well as cross-collateralized portfolios of assets. Although these types of loans generally have greater repayment risks than first mortgages due to the subordinated nature of the loans, we have a disciplined approach in underwriting the value of the asset. We expect this asset class to provide us with attractive yields and potentially allow us to participate in the improving economics of the underlying hotel. In addition, subject to restrictions applicable to REITs, we may acquire or originate corporate-level mezzanine loans on an unsecured basis. Our mezzanine loans represent approximately 9% of our total investments.

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***First Mortgage Financing.*** We have originated one first mortgage which was subsequently sold and one junior participation in a first mortgage, which we refer to as a mezzanine loan throughout this prospectus supplement. As interest rates increase and the dynamics in the hotel industry make first mortgage investments more attractive, we intend to acquire, potentially at a discount to par, or originate loans secured by first priority mortgages on hotels. We may be subject to certain state-imposed licensing regulations related to commercial mortgage lenders, with which we intend to comply. However, because we are not a bank or a federally chartered lending institution, we are not subject to the state and federal regulatory constraints imposed on such entities. Also, because we do not currently intend to securitize our assets, we expect to be able to offer more flexible terms than commercial lenders who contribute loans to securitized mortgage pools. We anticipate that this asset class will provide us with stable, attractive current yields.

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Presented in the table below is certain information regarding our existing hotel portfolio.

<b>Hotel Property</b>	<b>Location</b>	<b>Year Built/ Renovated</b>	<b>Rooms</b>
<b><i>Properties Acquired upon Completion of our IPO:</i></b>			
Embassy Suites	Austin, TX	1998	150
Embassy Suites	Dallas, TX	1998	150
Embassy Suites	Herndon, VA	1998	150
Embassy Suites	Las Vegas, NV	1999	220
Radisson Hotel	Covington, KY	1972/2000	236
Radisson Hotel	Holtsville, NY	1989/2001	188
<b><i>Properties Acquired since Completion of our IPO:</i></b>			
Courtyard by Marriott	Bloomington, IN	1996	117
Courtyard by Marriott	Columbus, IN	1998	90
Courtyard by Marriott	Louisville, KY	2002	150
Crowne Plaza	Key West, FL	1925/2001	160
Crowne Plaza	Beverly Hills, CA	1973/2001	260
Doubletree Guest Suites	Columbus, OH	1985	194
Doubletree Guest Suites	Dayton, OH	1987	137
Embassy Suites	Flagstaff, AZ	1988	119
Embassy Suites	Phoenix, AZ	1981	229
Embassy Suites	Syracuse, NY	1990	215
Embassy Suites	Houston, TX	1989/1996	150
Embassy Suites and Admiralty Office Building	Palm Beach Gardens, FL	1989/1996	160
Fairfield Inn & Suites	Kennesaw, GA	1996	87
Fairfield Inn by Marriott	Evansville, IN	1995	110
Fairfield Inn by Marriott	Princeton, IN	1998	73
Hampton Inn	Lawrenceville, GA	1997	86
Hampton Inn	Evansville, IN	1991	141
Hampton Inn	Terre Haute, IN	2000	112
Hampton Inn	Horse Cave, KY	1998	101
Hampton Inn Mall of Georgia	Buford, GA	2000	92
Hilton	St. Petersburg, FL	1971/2004	333
Hilton Clear Lake	Houston, TX	1985/2000	243
Hilton Garden Inn	Jacksonville, FL	1999	119
Hilton Santa Fe	Santa Fe, NM	1971/2004	157
Historic Inns	Annapolis, MD	1748/2004	124
Homewood Suites	Mobile, AL	1998	86
Hyatt Regency	Anaheim, CA	1984/2001	654
Marriott Residence Inn	Lake Buena Vista, FL	2001	210
Radisson	Rockland, MA	1988/2001	127
Radisson	Milford, MA	1985/2004	173
Radisson	Ft. Worth, TX	1920/2004	517
Radisson Airport	Indianapolis, IN	1962/2001	259

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<b>Hotel Property</b>	<b>Location</b>	<b>Year Built/ Renovated</b>	<b>Rooms</b>
Radisson City Center	Indianapolis, IN	1968/2000	371
Residence Inn	Evansville, IN	1998	78
Sea Turtle Inn	Atlantic Beach, FL	1972/2000	193
Sheraton	Minnetonka, MN	1985/2000	222
Sheraton Bucks County	Langhorne, PA	1986	187
SpringHill Suites by Marriott	Baltimore, MD	2001	133
SpringHill Suites by Marriott	Kennesaw, GA	2001	90
SpringHill Suites by Marriott	Buford, GA	2001	96
SpringHill Suites by Marriott	Jacksonville, FL	2000	102
Subtotal			8,351
<b><i>Non-Core Hotel Properties*</i></b>			
Best Western	Dallas, TX	1981/2002	70
Gull Wing Suites	South Yarmouth, MA	1988	136
Holiday Inn	Coral Gables, FL	1971/2001	168
Howard Johnson	Commack, NY	1964/1999	109
Howard Johnson	Westbury, NY	1967/1994	80
Inn on the Square	Falmouth, MA	1987/2001	72
Ramada Inn Regency	Hyannis, MA	1982/2000	196
Ramada Inn	Warner Robins, GA	1983/1996	164
Subtotal			995
<b>Total</b>			<b>9,346</b>

\* We have been evaluating strategic alternatives for eight of the smaller hotels in our portfolio, which we refer to as non-core hotels that contribute a relatively small portion of the net operating income to our portfolio. We currently have contracts for the sale of the Best Western in Dallas, Texas, the Ramada Inn Regency in Hyannis, Massachusetts and the Ramada Inn in Warner Robins, Georgia and letters of intent related to the sale of the remaining five non-core hotels.

We own each of these hotels in fee simple, except for (i) the Radisson Hotel in Covington, Kentucky, which we own part in fee simple and part pursuant to a ground lease which expires in 2070 (including all extensions); (ii) the Doubletree Guest Suites in Columbus, Ohio, which has been built on an air rights lease above the parking garage which expires in 2045; (iii) the Radisson in Fort Worth, Texas, which we own pursuant to a ground lease which expires in 2040 (including all extensions); (iv) the Radisson Airport in Indianapolis, Indiana, which we own pursuant to a ground lease which expires in 2034 (including all extensions); (v) the Howard Johnson in Westbury, New York, which we own part in fee simple and part in a sub-leasehold interest pursuant to a sub-ground lease which expires in 2014 (including all extensions); and (vi) the Crowne Plaza in Key West, Florida, which we own pursuant to a ground lease which expires in 2084 (including all extensions).



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Presented in the table below is certain information regarding our existing loan portfolio as of the date of this prospectus supplement.

<b>Property</b>	<b>Location</b>	<b>Origination or Acquisition Date</b>	<b>Loan Balance</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
Hilton Times Square	New York, NY	November 26, 2003	\$ 9,887,302	LIBOR + 900 bps 2% LIBOR floor	August 2006, with two one-year extension options(1)
Adam s Mark	Denver, CO	January 23, 2004	15,000,000	LIBOR + 900 bps	January 2006, with three one-year extension options(2)
6 Wyndham-owned hotels(3)	5 states	March 4, 2004	10,719,880	LIBOR + 870 bps 2.5% LIBOR floor	July 2005, with three one-year extension options(4)
Embassy Suites	Boston, MA	March 19, 2004	15,000,000	LIBOR + 1025 bps 1.75% LIBOR floor	April 2007, with two one-year extension options(5)
Northland Inn & Conference Center	Brooklyn Park, MN	March 24, 2004	6,862,723	greater of 12% or LIBOR + 1000 bps 2% LIBOR floor	January 2006(6)
Westin	Westminster, CO	September 10, 2004	11,000,000	14%	September 1, 2011(7)
Hotel Teatro	Denver, CO	September 20, 2004	5,000,000	LIBOR + 1135 bps	October 2006(8)
Viceroy Santa Monica	Santa Monica, CA	February 9, 2005	8,000,000	LIBOR + 912.5 bps	February 2007(9)
<b>Total</b>			<b>\$81,469,905</b>		

- (1) Interest only payments until August 2004, with amortization thereafter based on a 25-year repayment schedule. The terms of the loan prohibit prepayment through August 2004, and thereafter the loan may be prepaid subject to decreasing prepayment premiums until February 2006, when no prepayment premium is payable.
- (2) Interest only payments for the first two years, with amortization during the second and third extension periods based on a 25-year repayment schedule. The terms of the loan prohibit prepayment before December 2004, and thereafter the loan may be prepaid subject to decreasing prepayment premiums until September 2005, when no prepayment premium is available.
- (3) Includes five Wyndham hotels and one Radisson Hotel.
- (4) Prepayment terms are based on a 25-year repayment schedule, and the terms of the loan prohibit prepayment until July 2005, except for designated sale properties.
- (5) Interest only payments through maturity. The terms of the loan prohibit prepayment through September 2005.
- (6) Interest only payments through maturity. At maturity, an additional payment will be due to reflect an accrual rate that is the greater of 15% or LIBOR plus 1300 basis points (2% LIBOR floor).
- (7) Interest will accrue for the first two years at the rate of 14% per annum, but payments due during this time will be equal to an interest only payment at the rate of 12% per annum, unless cash flow supports the payment of the interest only payments at the rate of 14% per annum.

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Following the second anniversary, through maturity, interest only payments at the rate of 14% per annum will be due.

- (8) Interest only payments through maturity.
- (9) Interest only payments through maturity. The terms of the loan prohibit prepayment through September 2006.

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**ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES OF OUR STATUS AS A REIT**

The following discussion addresses certain new developments under United States federal income tax law that could affect the purchase, ownership and disposition of our common stock. Investors should consult the discussion in the accompanying prospectus under the heading *Federal Income Tax Consequences of Our Status as a REIT* for a more detailed summary of the United States federal income tax consequences of the purchase, ownership and disposition of the common stock.

***The American Jobs Creation Act of 2004.*** On October 22, 2004, President Bush signed into law the American Jobs Creation Act of 2004 (the *Jobs Act*). In general, starting with our 2005 taxable year, the Jobs Act will modify the REIT income tests, asset tests and other requirements for maintaining REIT qualification. In addition, the Jobs Act will affect the treatment of non-U.S. stockholders. The Jobs Act also contains a number of relief provisions that make it easier for REITs to satisfy some of the REIT income and asset tests, while other relief provisions enable REITs to prevent terminations of their REIT status due to inadvertent violations of some of the technical REIT requirements. As with any new legislation, there may be some uncertainties regarding the particular application of the new provisions.

***REIT Asset Tests.*** A REIT may not hold more than 10% of the value of the outstanding securities of a single issuer. The Jobs Act expands significantly the number and nature of securities that are no longer subject to testing under the 10% value test. See *Federal Income Tax Consequences of Our Status as a REIT Asset Tests* in the prospectus. Thus, in addition to *straight debt*, the 10% value test will not apply to (A) any loan made to an individual or an estate, (B) certain rental agreements in which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT), (C) any obligation to pay rents from real property, (D) securities issued by certain governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity, (E) any security issued by another REIT and (F) any other arrangement that, as determined by the IRS, is excepted from the definition of a security. The Jobs Act also modifies the definition of *straight debt* effective for taxable years beginning after December 31, 2000, to provide that certain contingency features do not result in an obligation failing to qualify as *straight debt*. The Jobs Act does, however, limit the definition of *straight debt* by providing that no securities issued by a corporation or partnership shall qualify as *straight debt* if the REIT (or a taxable REIT subsidiary in which the REIT owns a greater than 50% interest, as measured by vote or value) owns non-*straight debt* securities of such issuer that represent more than 1% of the total value of all securities of such issuer.

The Jobs Act provides that, for taxable years beginning after December 31, 2000, certain debt instruments issued by a partnership that do not qualify as *straight debt* are not subject to testing under the 10% value test to the extent of the REIT's interest as a partner in that partnership. In addition, such debt instruments are completely excluded from testing under the 10% value test if at least 75% of the partnership's gross income (excluding income from *prohibited transactions*) consists of income described in the 75% gross income test discussed under *Federal Income Tax Consequences of Our Status as a REIT Income Tests* in the accompanying prospectus.

Starting with our 2005 taxable year, we will be less likely to lose our status as a REIT if we have more than 5% of our total assets in the securities of one issuer or if we hold more than 10% (by vote or by value) of the securities of any one issuer (determined each quarter). First, if (i) the value of the assets causing us to violate the 5% or 10% tests does not exceed the lesser of (A) 1% of the value of our assets at the end of the quarter in which the violation occurs, or (B) \$10,000,000, and (ii) if we cure the violation either by disposing of such assets within six months of the end of the quarter in which we identify the failure or by otherwise satisfying the 5% and 10% tests within such time period, then we will not lose our REIT status. Second, if the value of the assets that cause the violation exceeds the lesser of the 1% or \$10,000,000 threshold, then we will still maintain our REIT status provided (i) our failure to satisfy the 5% or 10% tests was due to reasonable cause and not due to willful neglect, (ii) we file a schedule with the IRS describing the assets causing the violation, (iii) we cure the violation either by disposing of the assets within six months of the end of the quarter in which we identify the failure or by otherwise satisfying the

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5% and 10% tests within such time period and (iv) we pay a penalty tax. The penalty tax is equal to the greater of (A) \$50,000 or (B) the product derived by multiplying the highest federal corporate income tax rate by the net income generated by the non-qualifying assets during the period of the failure. This second rule also applies if less than 75% of our total assets are represented by real estate or if more than 20% of our total assets are represented by the securities of one or more taxable REIT subsidiaries.

**REIT Gross Income Tests.** The Jobs Act excludes from the 95% REIT income test any income arising from clearly identified hedging transactions that are entered into by the REIT in the normal course of business, either directly or through certain subsidiary entities, to manage the risk of interest rate movements, price changes, or currency fluctuations with respect to borrowings or obligations incurred or to be incurred by the REIT to acquire or carry real estate assets. In general, for a hedging transaction to be clearly identified, (A) the transaction must be identified as a hedging transaction before the end of the day on which it is entered into, and (B) the items or risks being hedged must be identified substantially contemporaneously with the hedging transaction, meaning that the identification of the items or risks being hedged must generally occur within 35 days after the date the transaction is entered into.

Prior to the Jobs Act, if less than 95% of our gross income was from certain passive sources (for example, rents, interests and dividends) but we otherwise avoided disqualification as a REIT, then we were subject to a penalty tax based on the amount by which 90% of our gross income exceeded our gross income from such passive sources. Starting with our 2005 taxable year, if less than 95% of our gross income is from certain passive sources but we satisfy all other requirements to continue to qualify as a REIT, then we will be subject to a penalty tax based on the amount by which 95% of our gross income exceeds our gross income from such passive sources.

**Other REIT Qualification Tests.** Starting with our 2005 taxable year, if we fail to satisfy one or more requirements for REIT qualification other than the gross income tests and asset tests due to reasonable cause and not willful neglect, then we may still qualify as a REIT provided we pay a penalty tax of \$50,000 for each failure.

We cannot predict whether we will be able to take advantage of these relief provisions if we fail to satisfy any income test, asset test or other REIT qualification test.

**Treatment of non-U.S. Stockholders.** Under the Foreign Investment in Real Property Tax Act of 1980 ( FIRPTA ), capital gain dividends attributable to gain from the sale or exchange of United States real property interests are taxable to our non-U.S. stockholders as if such capital gain dividends were effectively connected with a U.S. business. For taxable years beginning after October 22, 2004, capital gain dividends paid to a non-U.S. stockholder with respect to our common stock (so long as our common stock is regularly traded on an established securities market in the U.S.) are not subject to FIRPTA if the non-U.S. stockholder has not owned more than 5% of our common stock at any time during the taxable year in which the dividend is received. Instead, such capital gain dividends will be treated as ordinary dividends, subject to withholding at a 30% rate or lower rate applicable under an income tax treaty.

INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE IMPACT OF THE JOBS ACT ON THE CONSEQUENCES OF ACQUIRING, HOLDING AND DISPOSING OF OUR SHARES.

**Table of Contents****UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom Wachovia Capital Markets, LLC and Friedman, Billings, Ramsey & Co., Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares of common stock indicated below:

<b>Underwriters</b>	<b>Number of Shares</b>
Wachovia Capital Markets, LLC	1,500,000
Friedman, Billings, Ramsey & Co., Inc.	1,500,000
A.G. Edwards & Sons, Inc.	800,000
Legg Mason Wood Walker, Incorporated	800,000
Stifel, Nicolaus & Company, Incorporated	400,000
Total	5,000,000

The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the common stock offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are severally obligated to take and pay for all common stock offered hereby (other than those covered by the underwriters' over-allotment option described below) if any such common stock is taken.

The underwriters initially propose to offer the common stock directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at a price that represents a concession not in excess of \$0.21 per share below the public offering price. Any underwriters may allow, and such dealers may re-allow, a concession not in excess of \$0.10 per share to other underwriters or to certain dealers. After the initial offering of the common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an aggregate of 750,000 additional shares of common stock at the public offering price set forth on the cover page hereof, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the common stock offered hereby. To the extent such option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of common stock as the number set forth next to such underwriter's name in the preceding table bears to the total number of shares of common stock set forth next to the names of all underwriters in the preceding table.

The following table shows the per share and total underwriter discounts and commissions to be paid to the underwriters by us. These amounts are shown assuming no exercise and full exercise of the underwriters' option to purchase common stock, as described above.

	<b>Total</b>		
	<b>Per Share</b>	<b>No Exercise of Option</b>	<b>Full Exercise of Option</b>
Public offering price	\$ 10.2500	\$ 51,250,000	\$ 58,937,500
Underwriting discounts and commissions	\$ 0.3345	\$ 1,672,500	\$ 1,923,375
Proceeds, before expenses, to us	\$ 9.9155	\$ 49,577,500	\$ 57,014,125

We estimate that the total expenses of the offering, excluding the underwriting discounts and commissions, will be approximately \$300,000.

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In connection with this offering, the underwriters may purchase and sell common stock in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions.

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An over-allotment involves syndicate sales of common stock in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of some bids or purchases of common stock made for the purpose of preventing or slowing a decline in the market price of the common stock while the offering is in progress. In addition, the underwriters may impose penalty bids, under which they may reclaim the selling concession from a syndicate member when the common stock originally sold by that syndicate member is purchased in a stabilizing transaction or syndicate covering transaction to cover syndicate short positions.

Similar to other purchase transactions, these activities may have the effect of raising or maintaining the market price of the common stock or preventing or slowing a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. These transactions may be effected on the NYSE, the over-the-counter market or otherwise.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Each of our executive officers and directors has agreed, for a period of 45 days from the date hereof, subject to certain exceptions, not to sell or otherwise dispose of any shares of common stock or any securities convertible into or exchangeable for shares of common stock owned by such executive officer or director, including any interests in the operating partnership, without the prior written consent of Wachovia Capital Markets, LLC and Friedman, Billings, Ramsey & Co., Inc. We have also agreed that for a period of 45 days from the date hereof, we will not, without the prior written consent of Wachovia Capital Markets, LLC and Friedman, Billings, Ramsey & Co., Inc. directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any shares of our common stock or any securities that are substantially similar to our common stock, including, but not limited to, any securities that are convertible into or exchangeable for, or that represent the right to receive our common stock, but excluding shares of our common stock or our Series B-1 or Series B-2 Preferred Stock which we may sell to Security Capital pursuant to the terms of our purchase agreement with them.

The underwriters or their affiliates from time to time provide and may in the future provide investment banking, commercial banking and financial advisory services to us, for which they have received and may receive customary compensation. An affiliate of Wachovia Capital Markets, LLC is a participating lender under our \$60.0 million secured credit facility.

We expect that delivery of the common stock will be made against payment therefor on or about April 5, 2005, which will be the third business day following the date of pricing of the shares of common stock offered hereby. Under Rule 15c6-1 of the Securities and Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise at the time of the transaction. Accordingly, purchasers who wish to trade the shares of common stock on or before April 5, 2005 will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisor.

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**LEGAL MATTERS**

Certain legal matters in connection with this offering will be passed upon for us by Andrews Kurth LLP, Dallas, Texas. In addition, the description of federal income tax consequences contained in the section of this prospectus supplement entitled "Additional Federal Income Tax Consequences of Our Status as a REIT" and in the section of the accompanying prospectus entitled "Federal Income Tax Consequences of Our Status as a REIT" is based on the opinion of Andrews Kurth LLP. Certain legal matters related to the offering will be passed upon for the underwriters by Alston & Bird LLP, Raleigh, North Carolina. Certain Maryland law matters in connection with this offering will be passed upon for us by Hogan & Hartson L.L.P., Baltimore, Maryland. Andrews Kurth LLP and Alston & Bird LLP will rely on the opinion of Hogan & Hartson L.L.P. as to all matters of Maryland law.

**EXPERTS**

The consolidated balance sheets of Ashford Hospitality Trust, Inc. as of December 31, 2004 and 2003 and the company's consolidated statements of operations, owners' equity, and cash flows for the year ended December 31, 2004 and for the period from August 29, 2003 (inception) to December 31, 2003, and the combined statements of operations, owner's equity, and cash flows of the predecessor for the period from January 1, 2003 to August 28, 2003, and the year ended December 31, 2002, incorporated by reference into this prospectus supplement and the accompanying prospectus have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report, which is also incorporated by reference into this prospectus supplement and accompanying prospectus, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The combined historical summaries of revenue and direct operating expenses of the Hilton Garden Inn in Jacksonville, Florida, SpringHill Suites by Marriott in Jacksonville, Florida, Homewood Suites in Mobile, Alabama and Hampton Inn in Atlanta/Lawrenceville, Georgia, incorporated by reference into this prospectus supplement and the accompanying prospectus, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports, which are also incorporated by reference into this prospectus supplement and the accompanying prospectus, and are included in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The historical summaries of revenue and direct operating expenses of Marriott Residence Inn in Lake Buena Vista, Florida, Sea Turtle Inn in Atlantic Beach, Florida, Sheraton Bucks County Hotel and adjacent office complex in Philadelphia, Pennsylvania and SpringHill Suites by Marriott in Baltimore, Maryland, incorporated by reference into this prospectus supplement and the accompanying prospectus, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports, which are also incorporated by reference into this prospectus supplement and the accompanying prospectus, and are included in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The combined historical summary of revenue and direct operating expenses of Hampton Inn in Buford, Georgia, SpringHill Suites by Marriott in Buford, Georgia, Fairfield Inn & Suites in Kennesaw, Georgia and SpringHill Suites by Marriott in Kennesaw, Georgia, incorporated by reference into this prospectus supplement and the accompanying prospectus, have been audited by Holland Shipes Vann, P.C., independent auditors, as set forth in their report, which is also incorporated by reference into this prospectus supplement and the accompanying prospectus, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The combined historical summary of revenue and direct operating expenses of Hampton Inn in Evansville, Indiana, Hampton Inn in Terre Haute, Indiana, Hampton Inn in Horse Cave, Kentucky, Fairfield Inn in Evansville, Indiana, Fairfield Inn in Princeton, Indiana, Courtyard by Marriott in Bloomington, Indiana, Courtyard by Marriott in Columbus, Indiana, Courtyard by Marriott in Louisville, Kentucky, and Residence Inn in Evansville, Indiana, incorporated by reference into this prospectus supplement and the accompanying prospectus, have been audited by Holland Shipes Vann, P.C.,



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independent auditors, as set forth in their report, which is also incorporated by reference into this prospectus supplement and the accompanying prospectus, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The historical summary of revenue and direct operating expenses of Hyatt Regency Orange County, in Anaheim, California, incorporated by reference into this prospectus supplement and the accompanying prospectus, has been audited by Holland Shipes Vann, P.C., independent auditors, as set forth in their report, which is also incorporated by reference into this prospectus supplement and the accompanying prospectus, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The combined historical summaries of revenue and direct operating expenses of Historic Inns in Annapolis, Maryland, Holiday Inn in Coral Gables, Florida, Inn on the Square in Falmouth, Massachusetts, Ramada Regency Inn in Hyannis, Massachusetts, Crowne Plaza in Key West, Florida, Sheraton in Minnetonka, Minnesota, Radisson in Rockland, Massachusetts, Gull Wing Suites in South Yarmouth, Massachusetts, Ramada Inn in Warner Robbins, Georgia, Best Western in Dallas, Texas, Radisson in Ft. Worth, Texas, Crowne Plaza in Los Angeles, California, Radisson Airport in Indianapolis, Indiana, Radisson City Center in Indianapolis, Indiana, Radisson in Milford, Massachusetts, Embassy Suites in Houston, Texas, Nassau Bay Hilton in Nassau Bay, Texas, Hilton in St. Petersburg, Florida, Embassy Suites and Admiralty Office Building in Palm Beach, Florida, Howard Johnson in Commack, New York and Howard Johnson in Westbury, New York, incorporated by reference into this prospectus supplement and the accompanying prospectus, have been audited by Berdon LLP, independent auditors, as set forth in their report, which is also incorporated by reference into this prospectus supplement and the accompanying prospectus, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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**PROSPECTUS**

**\$350,000,000**

**COMMON STOCK**

**PREFERRED STOCK**

**DEBT SECURITIES**

**WARRANTS**

Ashford Hospitality Trust, Inc. intends to offer and sell from time to time the debt and equity securities described in this prospectus, which may include the issuance and sale of up to 2,400,000 shares of common stock from time to time through Brinson Patrick Securities Corporation, as sales manager. In connection with the sale of common stock on our behalf, the sales manager will be deemed to be an underwriter with in the meaning of the Securities Act of 1933, as amended, and the compensation of the sales manager may be deemed to be underwriting commissions or discounts. The total offering price of the securities described in this prospectus will not exceed \$350,000,000 in the aggregate.

We will provide the specific terms of any securities we may offer in a supplement to this prospectus. You should carefully read this prospectus and any applicable prospectus supplement before deciding to invest in these securities.

Our common stock is listed on the New York Stock Exchange under the symbol AHT. We may make any sales of our common shares under this prospectus, if any, on or through the facilities of the New York Stock Exchange, to or through a market maker, or to or through an electronic communications network, at market prices prevailing at the time of sale, or in any other manner permitted by law (including, without limitation, privately negotiated transactions). On August 30, 2004, the last reported sale price of our common stock as reported was \$8.62 per share.

The securities may be offered directly, through agents designated by us from time to time, or through underwriters or dealers.

**Investing in our securities involves risks. See Risk Factors beginning on page 2 of this prospectus to read about risks you should consider before buying our securities.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is September 15, 2004.

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. An offer to sell these securities will not be made in any jurisdiction where the offer and sale is not permitted. You should assume that the information appearing in this prospectus, as well as information we previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a shelf registration statement. We may sell, from time to time, in one or more offerings, any combinations of the securities described in this prospectus. This prospectus only provides you with a general description of the securities we may offer. Each time we sell securities under this prospectus, we will provide a prospectus supplement that contains specific information about the terms of the securities. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information**.

The total dollar amount of the securities sold under this prospectus will not exceed \$350,000,000.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy any materials that we file with the SEC without charge at the public reference room of the Securities and Exchange Commission, 450 Fifth Street, N.W., Room 1024, Washington, DC 20549. Information about the operation of the public reference room may be obtained by calling the Securities and Exchange Commission at 1-800-SEC-0300. Also, the SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding issuers, including Ashford, that file electronically with the SEC. The public can obtain any documents that we file with the SEC at [www.sec.gov](http://www.sec.gov).

We also make available free of charge on or through our internet website ([www.ahtreit.com](http://www.ahtreit.com)) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company and our securities, reference is made to the registration statement, including the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document referred to in this prospectus are not necessarily complete and, where that contract is an exhibit to the registration statement, each statement is qualified in all respects by reference to the exhibit to which the reference relates.

**INCORPORATION OF INFORMATION BY REFERENCE**

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to other documents that we file with the SEC. These incorporated documents contain important business and financial information about us that is not included in or delivered with this prospectus. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the SEC will update and supersede this information.

We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, until the offering of securities covered by this prospectus is complete:

our Annual Report on Form 10-K for the year ended December 31, 2003;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004; and

our Current Reports on Form 8-K, filed with the SEC on October 31, 2003, January 28, 2004, February 26, 2004, March 16, 2004, March 24, 2004 (filed pursuant to Items 2 and 7), June 21, 2004, August 5, 2004 (pursuant to Items 2 and 7), September 9, 2004 (pursuant to Items 2.01 and 2.03) and September 13, 2004 (pursuant to Item 8.01), and our amendments to our Current Reports on Form 8-K/ A, filed with the SEC on January 14, 2004, April 12, 2004 and August 19, 2004.

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You may obtain copies of these documents at no cost by requesting them from us in writing at the following address:

Investor Relations  
Ashford Hospitality Trust, Inc.  
14185 Dallas Parkway, Suite 1100  
Dallas, Texas 75254  
(972) 490-9600.

**A WARNING ABOUT FORWARD-LOOKING STATEMENTS**

We make forward-looking statements in this prospectus, and in the information incorporated by reference into it, that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects are forward-looking by their nature:

- our business and investment strategy;
- our projected operating results;
- completion of any pending transactions;
- our ability to obtain future financing arrangements;
- our understanding of our competition;
- market trends;
- projected capital expenditures; and
- the impact of technology on our operations and business.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider this risk when you make an investment decision concerning our securities. Additionally, the following factors could cause actual results to vary from our forward-looking statements:

- the factors discussed in this prospectus, and in the information incorporated by reference into it, including those set forth under the section titled Risk Factors;
- general volatility of the capital markets and the market price of our securities;
- changes in our business or investment strategy;
- availability, terms and deployment of capital;
- availability of qualified personnel;
- changes in our industry and the market in which we operate, interest rates or the general economy; and
- the degree and nature of our competition.

When we use the words will likely result, may, anticipate, estimate, should, expect, believe, intend, or similar expressions, we identify forward-looking statements. You should not place undue reliance on these forward-looking statements. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



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**OUR COMPANY**

We are a Maryland corporation that was formed in May 2003 to take advantage of the existing and developing investment opportunities in the lodging industry. These diverse lodging investment opportunities may result from inefficiencies related to market illiquidity, supply/demand imbalances and general business cycles. We target specific opportunities created by the current recovering lodging market while retaining the flexibility to invest in the most attractive risk-reward opportunities as they develop in the lodging business cycle. To our knowledge, we are one of the few publicly traded REITs exclusively focused on investing in the hospitality industry at all levels of the capital structure and across all segments where pricing, yield and capital appreciation advantages may exist.

We currently own 32 hotel properties in 13 states with 4,441 rooms and have mezzanine loan receivables of approximately \$75.6 million. We are self-advised and own our lodging investments and conduct our business through Ashford Hospitality Limited Partnership, our operating partnership. We currently own an 80.9% interest in our operating partnership. The remaining 19.1% is owned by limited partners who received units in connection with the acquisition of certain of our assets. The substantial majority of these limited partnership units are owned by certain of our executives, employees and employees of our affiliates. We are the sole general partner of our operating partnership.

We have elected to be treated as a real estate investment trust, or REIT, for federal income tax purposes. Because of limitations imposed on REITs in operating hotel properties, third-party managers manage each of our hotel properties. Remington Lodging & Hospitality, L.P., or Remington Lodging, is our primary property manager, managing 14 of our 32 hotel properties. Remington Lodging is wholly owned by Mr. Archie Bennett, our Chairman, and Mr. Montgomery J. Bennett, our President and Chief Executive Officer. Our remaining 18 hotel properties are managed by management companies unaffiliated with us.

We currently have 23 full-time employees. The employees perform directly or through our operating partnership various acquisition, development, redevelopment, and corporate management functions. All persons employed in the day-to-day operation of our hotels are employees of the management companies engaged by our lessees, and are not our employees.

Our principal executive offices are located at 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. Our telephone number is (972) 490-9600. Our website is <http://www.ahltreit.com>. The contents of our website are not a part of this prospectus.

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**RISK FACTORS**

*An investment in our securities involves various risks. You should carefully consider the following risk factors in conjunction with the other information contained in this prospectus before purchasing our securities. The risks discussed in this prospectus can adversely affect our business, liquidity, operating results, prospects and financial condition. This could cause the market price of our securities to decline and could cause you to lose all or part of your investment. The risk factors described below are not the only risks that may affect us. Additional risks and uncertainties not presently known to us also may adversely affect our business, liquidity, operating results, prospects and financial condition.*

**Risks Related to Our Business**

***Our business strategy depends on our continued growth. We may fail to integrate recent and additional investments into our operations or otherwise manage our planned growth, which may adversely affect our operating results.***

Our business plan contemplates a period of continued growth in the next several years. We cannot assure you that we will be able to adapt our management, administrative, accounting and operational systems, or hire and retain sufficient operational staff to successfully integrate our recent investments into our portfolio and manage any future acquisitions of additional assets without operating disruptions or unanticipated costs. Acquisition of any additional portfolio of properties or mortgages would generate additional operating expenses that we will be required to pay. As we acquire additional assets, we will be subject to the operational risks associated with owning new lodging properties. Our failure to integrate successfully our recent acquisitions as well as any future acquisitions into our portfolio could have a material adverse effect on our results of operations and financial condition and our ability to pay dividends to stockholders.

***We may be unable to identify additional real estate investments that meet our investment criteria or to acquire the properties we have under contract.***

We cannot assure you that we will be able to identify real estate investments that meet our investment criteria, that we will be successful in completing any investment we identify or that any investment we complete will produce a return on our investment. Moreover, we will have broad authority to invest in any real estate investments that we may identify in the future. We also cannot assure you that we will acquire the properties we currently have under firm purchase contracts or that the acquisition terms we have negotiated will not change.

***Conflicts of interest could result in our management acting other than in our stockholders' best interest.***

Conflicts of interest relating to Remington Hotel Corporation and Remington Lodging may lead to management decisions that are not in the stockholders' best interest. The Chairman of our board of directors, Mr. Archie Bennett, Jr., serves as the Chairman of the board of directors of Remington Hotel, and our Chief Executive Officer and President, Mr. Montgomery Bennett serves as the Chief Executive Officer and President of Remington Hotel. Messrs. Archie and Montgomery Bennett own 100% of Remington Hotel. Remington Lodging, which is also 100% owned by Messrs. Archie and Montgomery Bennett, manages 14 of our 32 properties and provides related services and provides property management services and project development services. Additionally, Messrs. Archie and Montgomery Bennett own minority interests in several lodging properties not transferred to our operating partnership in connection with our initial public offering.

Messrs. Archie and Montgomery Bennett's ownership interests in and management obligations to Remington Hotel and Remington Lodging present them with conflicts of interest in making management decisions related to the commercial arrangements between us and Remington Lodging and will reduce the time and effort they each spend managing us. Our board of directors has adopted a policy that requires all management decisions relating to the management agreements with Remington Lodging be approved by a majority or, in certain circumstances, all of our independent directors.



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Holders of units in our operating partnership, including members of our management team, may suffer adverse tax consequences upon our sale of certain properties. Therefore, holders of units, either directly or indirectly, including Messrs. Archie and Montgomery Bennett, Mr. David Brooks, our Chief Legal Officer, Mr. Mark Nunneley, our Chief Accounting Officer, and Mr. Martin L. Edelman (or his family members), one of our directors, may have different objectives regarding the appropriate pricing and timing of a property's sale. These officers and directors of ours may influence us not to sell or refinance certain properties, even if such sale or refinancing might be financially advantageous to our stockholders, or to enter into tax deferred exchanges with the proceeds of such sales when such a reinvestment might not otherwise be in our best interest.

In addition, we agreed to indemnify the contributors of the properties contributed to us in exchange for operating partnership units in connection with our initial public offering, including (indirectly) Messrs. Archie and Montgomery Bennett, Brooks and Nunneley and Edelman (or his family members), against the income tax they may incur if we dispose of any of these properties. Because of this indemnification, our indemnified management team members may make decisions about selling any of these properties that are not in our stockholders' best interest.

We are a party to a master hotel management agreement and an exclusivity agreement with Remington Lodging. Of our 32 hotels, 14 are currently managed by Remington Lodging. The management agreement describes the terms of Remington Lodging's management of the 14 hotels, as well as any future hotels we may acquire that will be managed by Remington. If we terminate the management agreement as to any of our hotels that are subject to the management agreement, we will be required to pay Remington Lodging a substantial termination fee. For example, if we were to terminate the management agreement with respect to all 14 of our hotels that are currently being managed by Remington Lodging because we elected to sell those hotels, the fee would be approximately \$10.5 million. The exclusivity agreement requires us to engage Remington Lodging, unless our independent directors either (i) unanimously vote to hire a different manager or developer, or (ii) by a majority vote, elect not to engage Remington Lodging because they have determined that special circumstances exist or that, based on Remington Lodging's prior performance, another manager or developer could perform the duties materially better. As the sole owners of Remington Lodging, which would receive any development, management and management termination fees payable by us under the management agreement, Messrs. Archie and Montgomery Bennett may influence our decisions to sell a hotel or acquire or develop a hotel when it is not in the best interests of our stockholders to do so.

In addition, Ashford Financial Corporation contributed to us asset management and consulting agreements that relate to management and consulting services that Ashford Financial Corporation agreed to perform for hotel property managers with respect to certain identified hotel properties. Ashford Financial Corporation is 100% owned by Messrs. Archie and Montgomery Bennett. The agreements provide for annual payments to us, as the assignee of Ashford Financial Corporation, in consideration for our performance of certain asset management and consulting services. These services relate to 27 hotel properties managed by eight management companies. The exact amount of the consideration due to us is contingent upon the revenue generated by the hotels underlying the asset management and consulting agreements. Ashford Financial Corporation has guaranteed a minimum payment to us of \$1.2 million per year, subject to adjustments based on the consumer price index, for five years beginning on the date of our initial public offering. If any property underlying any asset management and consulting agreement is sold at any time, we will no longer derive any income from such property, and the amount of income we receive under the applicable asset management and consulting agreement will be decreased. Any sale or related decrease in income, however, will not affect the amount guaranteed by Ashford Financial Corporation under its guaranty.

Each of the eight management companies is either owned 100% by Messrs. Archie and Montgomery Bennett, or is a wholly-owned subsidiary of Remington Hotel Corporation, which is owned 100% by Messrs. Archie and Montgomery Bennett. Messrs. Archie and Montgomery Bennett also have a minority ownership interest in the hotel properties benefiting from the services provided pursuant to the asset management and consulting agreements. Although they do not own a controlling interest in such properties, Messrs. Archie and Montgomery Bennett may benefit from a future sale of the properties.

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***Tax indemnification obligations that apply in the event that we sell certain properties could limit our operating flexibility.***

If we dispose of any of the five properties that were contributed to us in exchange for units in our operating partnership in connection with our initial public offering, we may be obligated to indemnify the contributors, in which Messrs. Archie and Monty Bennett have substantial ownership interests, against the tax consequences of the sale. We have agreed to pay a contributor's tax liability if we dispose of a property contributed by the contributor in a taxable transaction before the earlier of:

10 years after the contribution of such property, and

the date on which the contributor no longer owns, in the aggregate, at least 25% of the units we issued to the contributor at the time of its contribution of property to our operating partnership.

This tax indemnity will be equal to the amount of the federal and state income tax liability the contributor incurs with respect to the gain allocated to the contributor. The terms of the contribution agreements also require us to gross up the tax indemnity payment for the amount of income taxes due as a result of the tax indemnity payment. While the tax indemnities do not contractually limit our ability to conduct our business in the way we desire, we are less likely to sell any of the contributed properties in a taxable transaction during the indemnity period. Instead, we would either hold the property for the entire indemnity period or seek to transfer the property in a tax-deferred like-kind exchange. In addition, a condemnation of one of our properties could trigger our tax indemnification obligations.

In addition, under the tax indemnification agreements, we have agreed for a period of 10 years to use commercially reasonable efforts to maintain non-recourse mortgage indebtedness in the amount of at least \$16.0 million, which will allow the contributors to defer recognition of gain in connection with the contribution of the Las Vegas hotel property as part of our formation.

Additionally, we are prohibited from selling or transferring the Sea Turtle Inn in Atlantic Beach, Florida until April 1, 2007 if, as a result, the entity from whom we acquired the property would recognize gain for federal tax purposes. If we sell or transfer this property after April 1, 2007, but prior to April 1, 2009, and the sale or transfer results in the entity that sold us the property having to recognize gain for federal tax purposes, we must pay \$180,000 to that entity. However, this amount will be reduced by \$7,500 for each passing month from April 1, 2007 until April 1, 2009.

***Hotel franchise requirements could adversely affect distributions to our stockholders.***

We must comply with operating standards and terms and conditions imposed by the franchisors of the hotel brands under which our hotels operate. The franchisors periodically inspect their licensed hotels to confirm adherence to their operating standards. The failure of a hotel to maintain standards could result in the loss or cancellation of a franchise license. With respect to operational standards, we rely on our property managers to conform to such standards. The franchisors may also require us to make certain capital improvements to maintain the hotel in accordance with system standards, the cost of which can be substantial. It is possible that a franchisor could condition the continuation of a franchise on the completion of capital improvements that our management or board of directors determines are too expensive or otherwise not economically feasible in light of general economic conditions or the operating results or prospects of the affected hotel. In that event, our management or board of directors may elect to allow the franchise to lapse or be terminated which could result in a change in brand franchising or operation of the hotel as an independent hotel.

In addition, when the term of a franchise expires, the franchisor has no obligation to issue a new franchise. The loss of a franchise could have a material adverse effect on the operations or the underlying value of the affected hotel because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor. The loss of a franchise could also have a material adverse effect on cash available for distribution to stockholders.

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***Future terrorist attacks similar in nature to the events of September 11, 2001 may negatively affect the performance of our properties and the hotel industry and may negatively affect our future results of operations and financial condition.***

The terrorist attacks of September 11, 2001, their after-effects and the resulting U.S.-led military action in Iraq substantially reduced business and leisure travel throughout the United States and hotel industry revenue per available room, or RevPAR, generally during the period following September 11, 2001. We cannot predict the extent to which additional terrorist attacks, acts of war or similar events may occur in the future or how such events would directly or indirectly impact the hotel industry or our operating results. Future terrorist attacks, acts of war or similar events could have further material adverse effects on the hotel industry at large and our operations in particular.

***Our investments will be concentrated in particular segments of a single industry.***

Our entire business is hotel related. Our current investment strategy is to acquire or develop mid to upscale hotels, acquire first mortgages on hotel properties, invest in other mortgage-related instruments such as mezzanine loans to hotel owners and operators and participate in hotel sale-leaseback transactions. Adverse conditions in the hotel industry will have a material adverse effect on our operating and investment revenues and cash available for distribution to our stockholders.

***We rely on third party property managers, especially Remington Lodging, to operate our hotels and for a significant majority of our cash flow.***

For us to continue to qualify as a REIT, third parties must operate our hotels. A REIT may lease its hotels to taxable REIT subsidiaries in which the REIT can own up to a 100% interest. A taxable REIT subsidiary, or TRS, pays corporate level income tax and may retain any after-tax income. A REIT must satisfy certain conditions to use the TRS structure. One of those conditions is that the TRS must hire, to manage the hotels, an eligible independent contractor ( EIC ) that is actively engaged in the trade or business of managing hotels for parties other than the REIT. An EIC cannot (i) own more than 35% of the REIT, (ii) be owned more than 35% by persons owning more than 35% of the REIT or (iii) provide any income to the REIT (i.e., the EIC cannot pay fees to the REIT, and the REIT cannot own any debt or equity securities of the EIC).

Accordingly, while we may lease hotels to a TRS that we own, the TRS must engage a third-party operator to manage the hotels and our ability to direct and control how our hotels are operated is less than if we were able to manage our hotels directly. We have entered into a management agreement with Remington Lodging, which is owned 100% by Messrs. Archie and Montgomery Bennett, to manage 14 of our 32 lodging properties, and we have hired unaffiliated third party property managers to manage the remaining 18 properties we currently own. We do not supervise any of the property managers or their respective personnel on a day-to-day basis, and we cannot assure you that the property managers will manage our properties in a manner that is consistent with their respective obligations under the applicable management agreement or our obligations under our hotel franchise agreements. We also cannot assure you that our property managers will not be negligent in their performance, will not engage in other criminal or fraudulent activity, or will not otherwise default on their respective management obligations to us. If any of the foregoing occurs, our relationships with the franchisors may be damaged and we may then be in breach of the franchise agreement, and we could incur liabilities resulting from loss or injury to our property or to persons at our properties, any of which could have a material adverse effect on our operating results and financial condition, as well as our ability to pay dividends to stockholders.

***If we cannot obtain additional financing, our growth will be limited.***

We are required to distribute to our stockholders at least 90% of our taxable income, excluding net capital gain, each year to continue to qualify as a REIT. As a result, our retained earnings available to fund acquisitions, development or other capital expenditures are nominal. After utilizing the proceeds of this offering, we will rely upon the availability of additional debt or equity capital to fund these activities. Our long-

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term ability to grow through acquisitions or development of hotel-related assets will be limited if we cannot obtain additional financing. Market conditions may make it difficult to obtain financing, and we cannot assure you that we will be able to obtain additional debt or equity financing or that we will be able to obtain it on favorable terms.

*We may be unable to generate sufficient revenue from operations to pay our operating expenses and to pay*