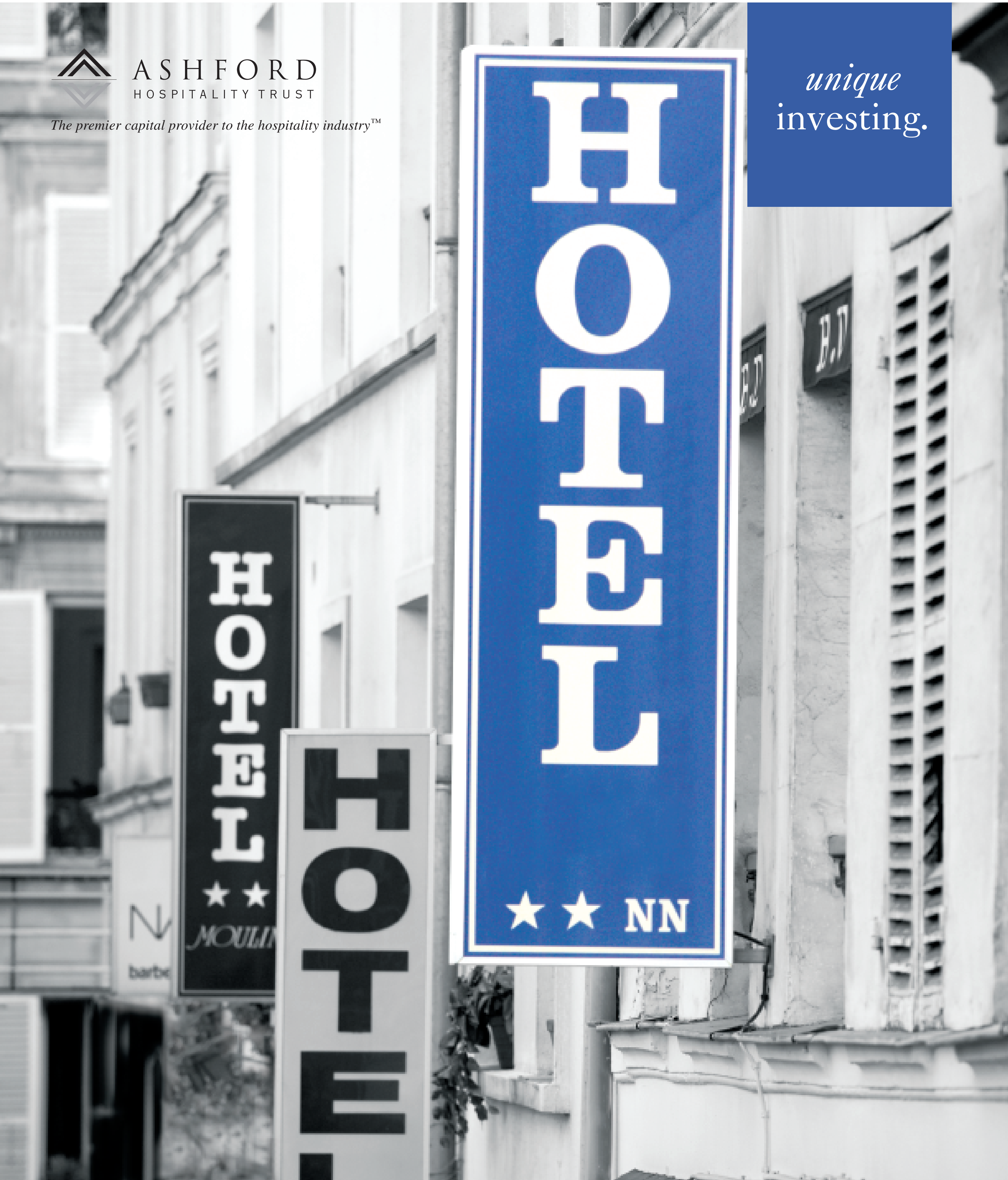
ASHFORD
HOSPITALITY TRUST

The premier capital provider to the hospitality industry™

unique investing.



ANNUAL REPORT 2004

unique hotel investing.

$784 million DIRECT HOTEL INVESTMENTS

ANNUAL REPORT 2004

THE BEST INVESTMENT ISN'T ALWAYS
THE OBVIOUS CHOICE.

HYATT REGENCY
ORANGE COUNTY
Anaheim, CA
DIRECT INVESTMENT

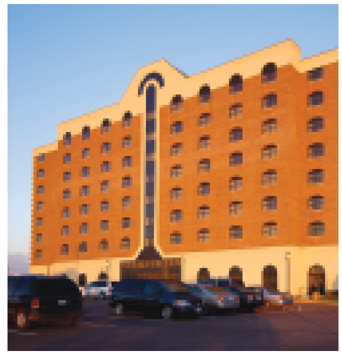
HOTEL TEATRO
Denver, CO
MEZZANINE INVESTMENT

Dear Fellow Shareholder – What a difference a year makes. At year end 2003, we had completed one full quarter of operations, closed approximately $94 million of equity and debt investments in addition to our initial six hotels, and were just getting our name recognized as an active buyer and lender. We were also one of the few companies predicting an historic growth period in hotel profitability and transaction volume.

Today, both Ashford and the lodging industry have exceeded expectations. We have completed a total of $880 million in attractive yielding debt and equity investments to date, with a portfolio of 68 hotels totaling over 14,500 rooms across 23 brands and seven independents. We were also proactive in structuring capital transactions to more closely time our funding needs with investment activity and capitalize on the lending market's low costs.

unique
hotel
lending.

$106 million
LOAN ORIGINATIONS
AND PURCHASES



NORTHLAND INN AND
CONFERENCE CENTER
Minneapolis, MN
MEZZANINE INVESTMENT

BLOOMINGTON COURTYARD
BY MARRIOTT
Bloomington, IN
DIRECT INVESTMENT

Total revenue for 2004 increased 176.6% to $116,925,000 from $42,279,000 for the combined year ended December 31, 2003. We reported net income of $64,000, or $0.00 per diluted share, for 2004 compared with a combined net loss of $3,920,000 in the prior year. Funds from operations (FFO) was $11,078,000, or $0.36 per diluted share, for 2004 compared with $653,000 for the combined prior year. Earnings before interest, income taxes, depreciation, and amortization (EBITDA) increased 334.1% to $23,909,000 for 2004 compared with $5,508,000 for the combined prior year. Results for 2004 included charges of $1.6 million, or $0.05 per diluted share, related to the write-off of loan costs.

The operational results in our portfolio also reflect significant year-over-year improvement. For our hotels not under renovation, we posted RevPAR increases in all four quarters, led by increases in both occupancy and ADR. This operational momentum culminated in a fourth quarter pro forma increase in RevPAR of 8.9% for our hotels not under renovation and a same property increase of 14.6% in hotel operating profit. For the year, pro forma hotel operating profit increased 6.4% over 2003.

We attribute these operating improvements to the skills of our hotel operators, which now total six different management companies, the underlying strength of our properties and their respective markets, and the benefits of property renovations we completed during the year. A total of 6 hotels were renovated or repositioned in 2004, another 12 hotel renovations are currently underway and an additional 8 hotels plan to start renovation in 2005. Although these renovations tend to add a little “noise” to our results during and shortly after completion, we have seen a significant improvement in RevPAR and operating profit at these renovated assets. Together with our incentivized management teams and intense focus on controlling operating costs, the benefits from these renovations provide a potent combination for continued improvement in 2005.

We are especially proud of our record of increasing dividends throughout 2004 and into the first quarter of 2005. Our quarterly dividend grew sequentially from $0.06 per share in the first quarter of 2004 to $0.15 per share in the fourth quarter of 2004. For the first quarter of 2005, we have already declared a quarterly dividend of $0.16 per share.

We maintain a unique investment strategy relative to our peers. We respond proactively to changes in the lodging and economic cycles by allocating our shareholders’ funds across the entire capital spectrum. At any given point in time, we will have a blend of diversified assets – by geography, brand, demand generators, price segment and capital structure position. We may have direct hotel investments, mezzanine loans, first mortgages or sale leasebacks in our portfolio. Many of our competitors in the hotel industry seek to be property aggregators in only one segment or

unique
perspective.

ALL SERVICE SEGMENTS. SPEED IN CLOSING AND DUE DILIGENCE. COMPETITIVE PRICING. FLEXIBILITY IN TERMS. We understand the motivation, the passion for hotels, and the desire to access capital at the right time and on the right terms. These advantages make Ashford *the premier capital provider to the hospitality industry.* ™

CROWNE PLAZA
BEVERLY HILLS
Los Angeles, CA
DIRECT INVESTMENT

SPRINGHILL SUITES BY MARRIOTT
Kennesaw, GA
DIRECT INVESTMENT

another. We see ourselves as more opportunistic, making us more likely to sell assets sooner, redeploying capital into more profitable areas, and finding unique ways to make money.

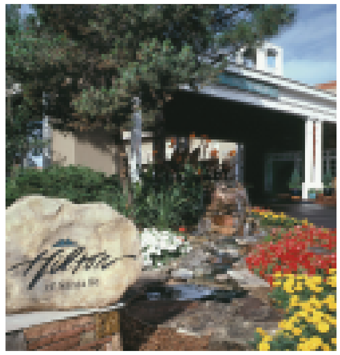
Consistent with this investment philosophy, our portfolio is purposefully and distinctly diversified. The equity component of our portfolio, comprised solely of direct hotel investments, accounts for approximately 90% of our investments. The portfolio consists of 55 hotels totaling over 9,300 rooms across 18 brands and four independents. Of this amount, over 78% is in the full service segment, 18% in the select service segment, and 4% in the extended stay segment. Approximately 62% of our rooms are Hilton, Marriott, Starwood, or Hyatt branded with the rest being a variety of other brands. The portfolio consists of some of the highest forecasted RevPAR growth segments with 43% in the upper-upscale chain segment and 38% in upscale.

While there are many highlights in 2004, there are several that demonstrate Ashford's creativity, capital deployment acumen and growing market presence. The $15 million whole loan origination on the Hotel Teatro in Denver, Colorado, is one such transaction as we were able to subsequently sell off a $10 million loan and retain the higher-yielding mezzanine loan of $5 million. We also acquired the $81 million, 654-room Hyatt Orange County in Anaheim, California, which was recently renovated in order to recapture market share. At year end, we announced our largest acquisition – a 21-hotel portfolio comprised of 4,094 rooms across nine brands and three independents. Along with this acquisition, we also announced our intent to pursue strategic alternatives, such as a possible sale or repositioning, for eight non-core hotels in this portfolio.

Despite the fact that the greater proportion of our investments is currently comprised of direct hotel investments, hotel debt remains a strategic component of our platform. Market awareness of our lending program continues to grow, and Ashford is now recognized as a leading provider of hotel mezzanine debt. As with our direct hotel strategy, we are selective with our investments. The loan portfolio currently totals $82 million and is yielding in excess of 13% unleveraged. The portfolio consists of 13 different hotels containing over 5,200 rooms across five different brands and three independents. As the lodging market continues to improve, we expect that first mortgage opportunities and even some sale-leaseback transactions could be more likely.

To support our growth in 2004 and beyond, we completed a number of transactions that enhanced the flexibility of our capital structure and reduced our borrowing costs. Among these, the most significant were a $210 million term loan secured by 25 properties, arranging a $75 million Series B Preferred Stock commitment, restructuring our $60 million credit facility, completing the sale of 2.3 million shares of

VICEROY HOTEL
Santa Monica, CA
MEZZANINE INVESTMENT



HILTON SANTA FE
Santa Fe, NM
DIRECT INVESTMENT

8.55% Series A Preferred Stock for net proceeds of $55 million, and placing a $45.6 million secured revolving credit facility for our mezzanine lending program. Subsequent to the end of the year, we completed a follow-on offering of 10.35 million shares of Common Stock that raised net proceeds of $94.3 million.

We have significant buying power capacity, considering that we have a number of properties unencumbered, a sizable cash position at year end, $65 million of unfunded proceeds from the Series B Preferred Stock facility, and $19 million of Common Stock available for sale resulting from a participation right.

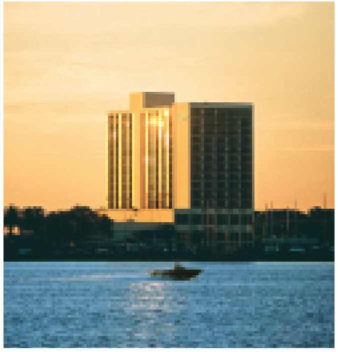
Ashford is already off to a strong investment pace in 2005. The high-profile mezzanine loan origination of $8 million for the Viceroy Santa Monica in Santa Monica, California, the acquisition of the Hilton Santa Fe in Santa Fe, New Mexico, for $18.2 million, and the completion of the $250 million 21-hotel portfolio are just the start of what we expect will be another active year for our company. Our pipeline of new investments remains significant in size as we continue to source attractive yielding and value appreciation opportunities. We have not pinpointed an exact investment target for 2005, but we would be surprised if our total investment volume did not exceed several hundred million dollars in addition to the acquisitions already announced to date.

As we had predicted over a year ago, we are now at the stage in the lodging business cycle where acquisition opportunities should be more prevalent and RevPAR growth should be robust. With our increasing ability to invest at all levels of the capital structure and our growing presence in the lodging investment and lending communities, we believe Ashford is uniquely positioned to outpace this expected growth in the industry.

I look forward to reporting our progress to you during 2005.

Sincerely,

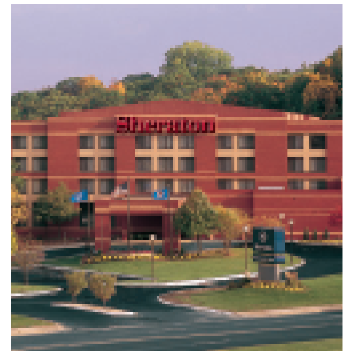
MONTY J. BENNETT
President and Chief Executive Officer



HILTON HOUSTON/NASA CLEARLAKE
Houston, TX
DIRECT INVESTMENT

THE WESTIN WESTMINSTER
Westminster, CO
MEZZANINE LOAN

EMBASSY SUITES –
BOSTON LOGAN AIRPORT
Boston, MA
MEZZANINE LOAN



SHERATON MINNEAPOLIS WEST
Minnetonka, MN
DIRECT INVESTMENT

CURRENT PORTFOLIO *(as of March 31, 2005)*

DIRECT HOTEL INVESTMENTS

Best Western Dallas *Dallas, Texas*
Courtyard by Marriott *Bloomington, Indiana*
Courtyard by Marriott Columbus Tipton Lakes *Columbus, Indiana*
Courtyard by Marriott Louisville Airport *Louisville, Kentucky*
Crowne Plaza Beverly Hills *Los Angeles, California*
Crowne Plaza La Concha *Key West, Florida*
Doubletree Guest Suites *Columbus, Ohio*
Doubletree Guest Suites – Dayton/Miamisburg *Dayton, Ohio*
Embassy Suites *Austin, Texas*
Embassy Suites *Dallas, Texas*
Embassy Suites *Flagstaff, Arizona*
Embassy Suites *Las Vegas, Nevada*
Embassy Suites *Syracuse, New York*
Embassy Suites – Dulles Airport *Herndon, Virginia*
Embassy Suites – Houston Galleria *Houston, Texas*
Embassy Suites – Phoenix Airport *Phoenix, Arizona*
Embassy Suites – West Palm Beach *West Palm Beach, Florida*
Fairfield Inn & Suites by Marriott *Kennesaw, Georgia*
Fairfield Inn by Marriott *Princeton, Indiana*
Fairfield Inn by Marriott Evansville West *Evansville, Indiana*
Gull Wing Suites *South Yarmouth, Massachusetts*
Hampton Inn *Lawrenceville, Georgia*
Hampton Inn *Buford, Georgia*
Hampton Inn *Evansville, Indiana*
Hampton Inn *Terre Haute, Indiana*
Hampton Inn *Horse Cave, Kentucky*
Hilton Garden Inn *Jacksonville, Florida*
Hilton Houston/NASA Clearlake *Houston, Texas*
Hilton Santa Fe *Santa Fe, New Mexico*
Hilton St. Petersburg Bayfront *St. Petersburg, Florida*
Historic Inns *Annapolis, Maryland*
Holiday Inn *Coral Gables, Florida*
Homewood Suites *Mobile, Alabama*
Howard Johnson *Commack, New York*
Howard Johnson Westbury *Westbury, New York*
Hyatt Regency Orange County *Anaheim, California*
Inn on the Square *Falmouth, Massachusetts*
Radisson Hotel Boston/South Shore *Rockland, Massachusetts*
Radisson Hotel Milford *Milford, Massachusetts*
Radisson Hotel Cincinnati Riverfront *Covington, Kentucky*
Radisson Hotel City Centre Indianapolis *Indianapolis, Indiana*
Radisson Hotel Indianapolis Airport *Indianapolis, Indiana*
Radisson Hotel MacArthur Airport *Holtsville, New York*
Radisson Plaza Hotel Fort Worth *Ft. Worth, Texas*
Ramada Inn & Conference Center *Warner Robbins, Georgia*
Ramada Inn Hyannis - Cape Cod *Hyannis, Massachusetts*
Residence Inn by Marriott Evansville East *Evansville, Indiana*
Residence Inn by Marriott Lake Buena Vista *Lake Buena Vista, Florida*
Sea Turtle Inn *Atlantic Beach, Florida*
Sheraton Bucks County *Bucks County, Pennsylvania*
Sheraton Minneapolis West *Minnetonka, Minnesota*
SpringHill Suites by Marriott *Buford, Georgia*
SpringHill Suites by Marriott *Jacksonville, Florida*
SpringHill Suites by Marriott *Kennesaw, Georgia*
SpringHill Suites by Marriott – BWI Airport *Baltimore, Maryland*

MEZZANINE & FIRST MORTGAGE INVESTMENTS

Adam's Mark Hotel *Denver, Colorado*
Embassy Suites – Boston Logan Airport *Boston, Massachusetts*
Hilton Times Square *New York City, New York*
Hotel Teatro *Denver, Colorado*
Northland Inn and Executive Conference Center *Minneapolis, Minnesota*
Viceroy Hotel *Santa Monica, California*
The Westin Westminster *Westminster, Colorado*
Wyndham Bel Age *West Hollywood, California*
Wyndham Burlington *Burlington, Vermont*
Wyndham Buttes Resort *Tempe, Arizona*
Wyndham Emerald Plaza *San Diego, California*
Wyndham Franklin Plaza *Philadelphia, Pennsylvania*
Wyndham NW Chicago *Itasca, Illinois*

DIRECTORS AND OFFICERS

OFFICERS

Monty J. Bennett
President and Chief Executive Officer

Douglas A. Kessler
Chief Operating Officer and Head of Acquisitions

David A. Brooks
Chief Legal Officer and Head of Transactions

David J. Kimichik
Chief Financial Officer and Head of Asset Management

Mark L. Nunneley
Chief Accounting Officer

DIRECTORS

Archie Bennett, Jr.
Chairman of the Board of Directors

Monty J. Bennett
President and Chief Executive Officer

Martin L. Edelman
Of Counsel - Paul, Hastings, Janofsky & Walker LLP

W.D. Minami
President - Billy Casper Golf

W. Michael Murphy
Executive Vice President -
First Fidelity Mortgage Corporation

Philip S. Payne
Chairman of the Board and Chief Financial Officer -
BNP Residential Properties

Charles P. Toppino
Executive Vice President,
Founder and Principal - Secured Capital Corp.

CORPORATE OFFICE

Ashford Hospitality Trust, Inc.
14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254
Telephone: (972) 490-9600
www.ahtreit.com

REGISTRAR AND TRANSFER AGENT

EquiServe, L.P.
Boston, Massachusetts

INDEPENDENT AUDITORS

Ernst & Young LLP
Dallas, Texas

LEGAL COUNSEL

Andrews Kurth LLP
Dallas, Texas

FORM 10-K AND QUARTERLY REPORTS/INVESTOR CONTACT

A copy of the Ashford Hospitality Trust Form 10-K Report for fiscal 2004, filed with the Securities and Exchange Commission, is included with this report. Additional copies of the report are available from the Company. Requests for these items and other investor contacts should be directed to Doug Kessler, COO & Head of Acquisitions, at the Company's corporate office or on the Internet at www.ahtreit.com.

CERTIFICATIONS BY MANAGEMENT

As required by the NYSE listing standards, Montgomery J. Bennett, our Chief Executive Officer, certified on June 3, 2004, that he was not aware of any violation by the Company of NYSE corporate governance listing standards. The certifications required by Section 302 of the Sarbanes-Oxley Act were filed with the SEC on March 16, 2005, as an exhibit to our Annual Report on Form 10-K.

ANNUAL MEETING

The annual meeting of shareholders will be held on May 3, 2005, at 10:00 a.m. (local time) at the Embassy Suites near the Galleria - Dallas, Texas. Shareholders of record as of the close of business on March 11, 2005, will be entitled to vote at this meeting.

COMMON STOCK AND DIVIDEND INFORMATION

The common stock of Ashford Hospitality Trust is traded on the New York Stock Exchange under the symbol AHT. The table below sets forth for the indicated periods the high and low sales prices for our common stock, as traded on that exchange, since our inception. At March 11, 2005, there were approximately 9,500 shareholders based on the number of record holders of the Company's common stock and an estimate of the number of individual participants represented by security position listings.

2004	HIGH	LOW
First Quarter	$ 10.52	$ 9.10
Second Quarter	$ 10.50	$ 8.10
Third Quarter	$ 9.55	$ 8.35
Fourth Quarter	$ 11.09	$ 9.25

2003	HIGH	LOW
August 29, 2003 (inception) through September 30, 2003	$ 9.50	$ 8.85
Fourth Quarter	$ 9.80	$ 8.97

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the federal securities laws. Ashford Hospitality Trust, Inc. (the "Company" or "we" or "our") cautions investors that any forward-looking statements presented herein, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions at that time. Throughout this report, words such as "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result," and other similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We caution investors that while forward-looking statements reflect our good faith beliefs at the time they are made, such statements are not guarantees of future performance and are impacted by actual events that occur after such statements are made. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events, or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, those discussed in our Annual Report on Form 10-K under the heading "Risk Factors." These risks and uncertainties continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment where new risk factors emerge from time to time. It is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

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