ASHFORD
HOSPITALITY TRUST



# UBS Global Real Estate Conference

*November 2011*

# Safe Harbor

In keeping with the SEC's "Safe Harbor" guidelines, certain statements made during this presentation could be considered forward-looking and subject to certain risks and uncertainties that could cause results to differ materially from those projected. 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. Such forward-looking statements include, but are not limited to, our business and investment strategy, our understanding of our competition, current market trends and opportunities, projected operating results, and projected capital expenditures.

These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated including, without limitation: general volatility of the capital markets and the market price of our common stock; 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. These and other risk factors are more fully discussed in the Company's filings with the Securities and Exchange Commission.

EBITDA is defined as net income before interest, taxes, depreciation and amortization. EBITDA yield is defined as trailing twelve month EBITDA divided by the purchase price. EBITDA, FFO, AFFO, CAD and other terms are non-GAAP measures, reconciliations of which have been provided in prior earnings releases and filings with the SEC.

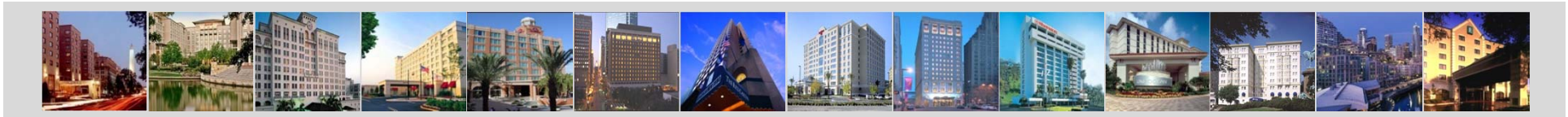
This overview is for informational purposes only and is not an offer to sell, or a solicitation of an offer to buy or sell, any securities of Ashford Hospitality Trust, Inc. and may not be relied upon in connection with the purchase or sale of any such security.





# ASHFORD OVERVIEW

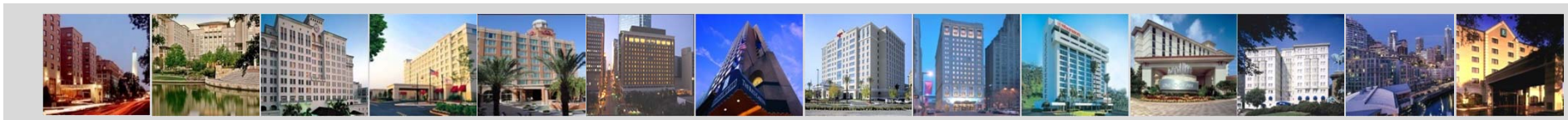




# Ashford Overview

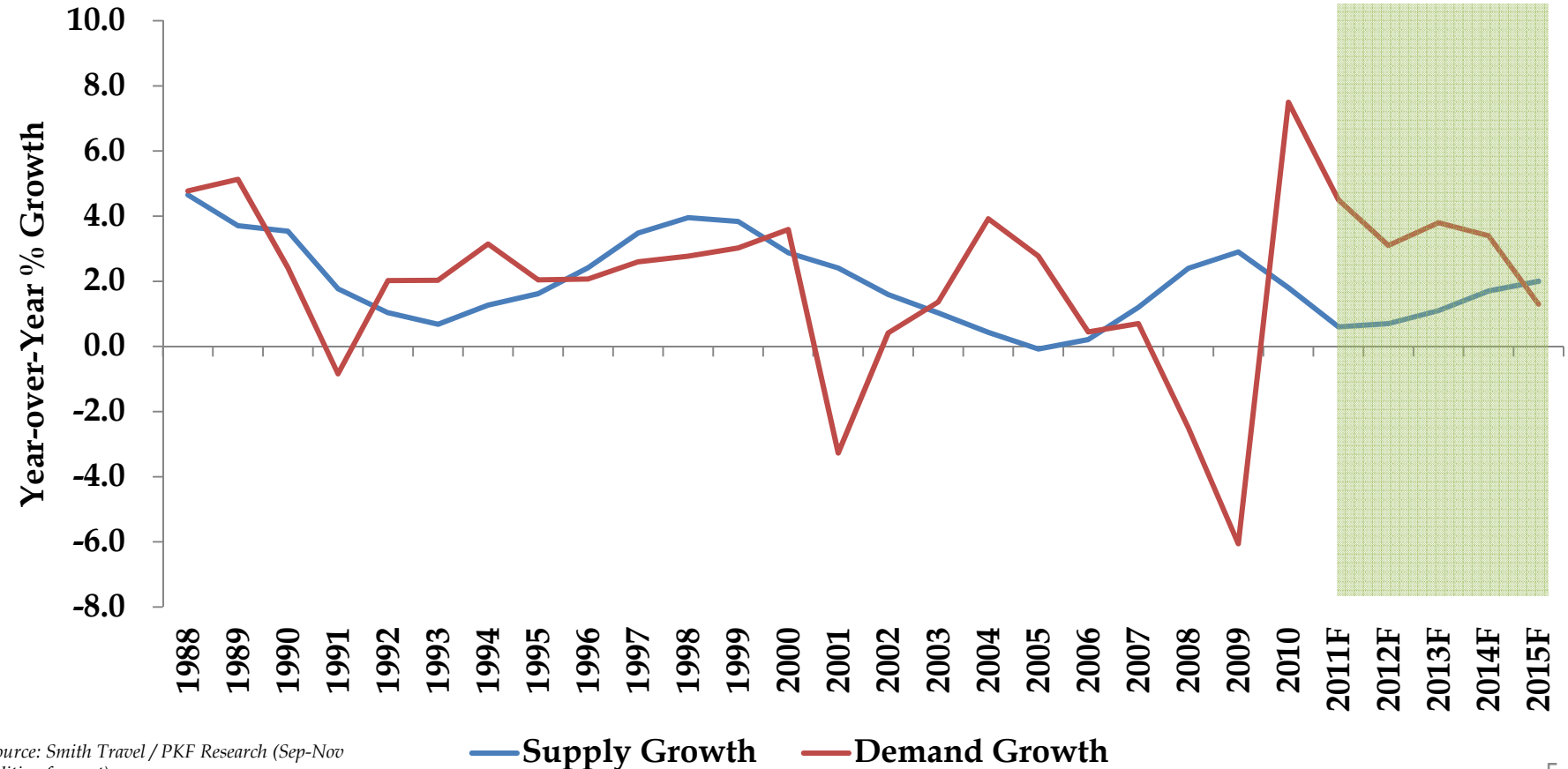
- Favorable macro market dynamics
- Focused portfolio, positioned for growth
- Proactive debt and equity capital market strategies
- Outperformance
- High insider ownership





# Attractive Supply/Demand Imbalance

- **Demand increase is currently expected to outpace supply increase through 2014**




*Source: Smith Travel / PKF Research (Sep-Nov Edition forecast)*

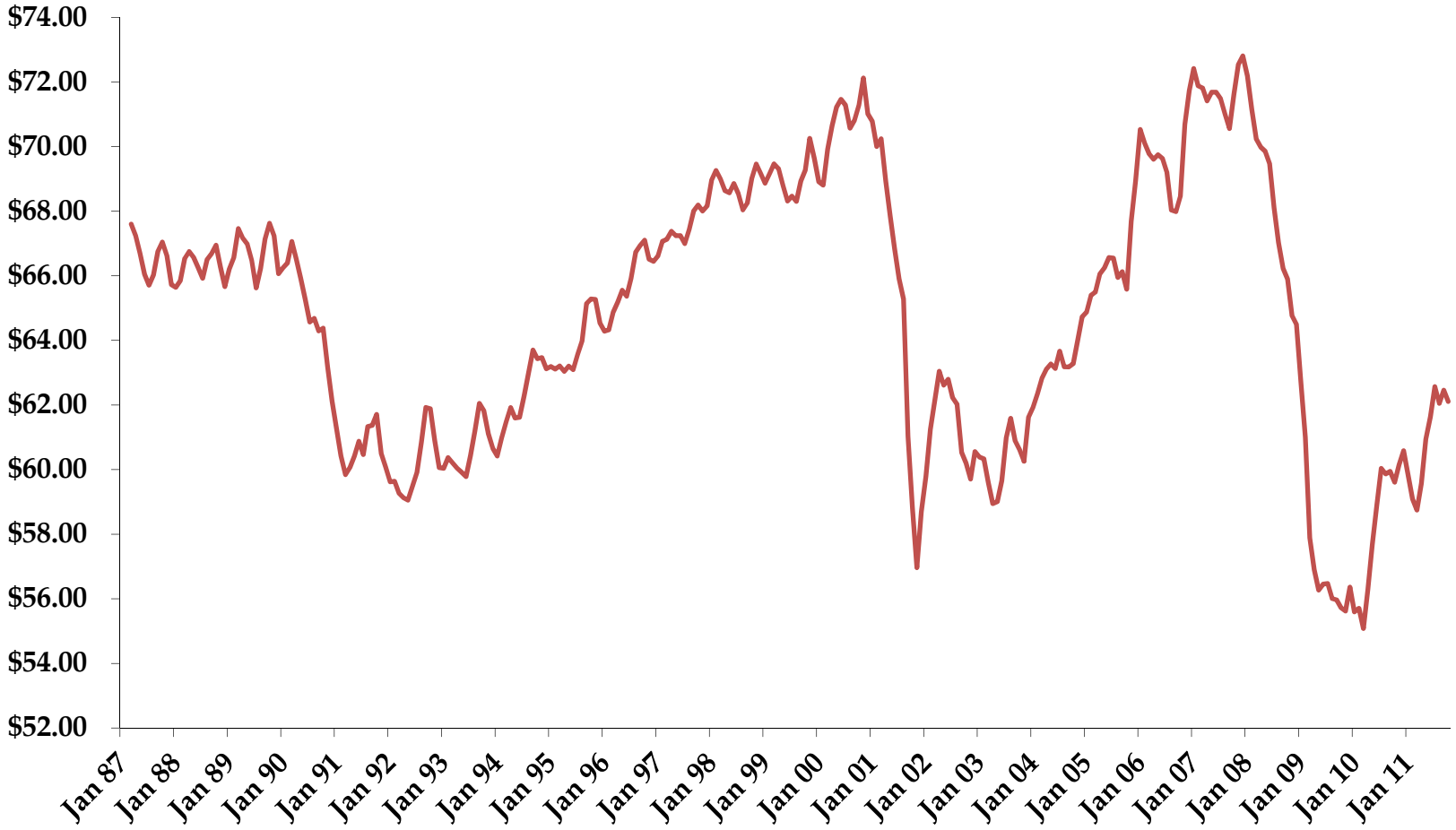




# Attractive Industry Fundamentals



## Trailing 3-Mo Avg Seasonally-Adjusted Real RevPAR (2011 $'s)

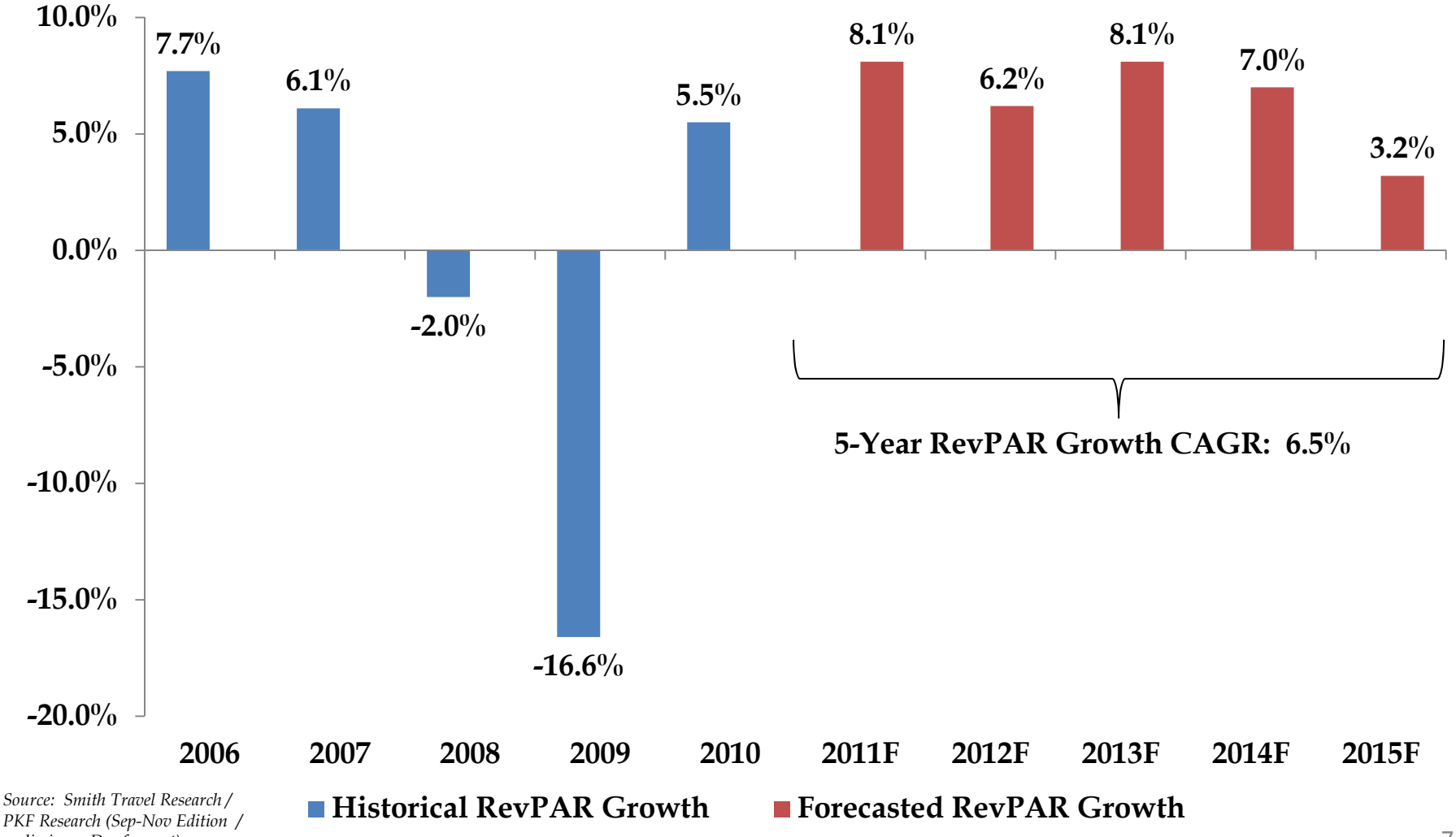



*Source: Smith Travel Research (non-seasonally adjusted nominal monthly figures)*





# PKF's Nominal US RevPAR Forecast




*Source: Smith Travel Research / PKF Research (Sep-Nov Edition / preliminary Dec forecast)*





# Ashford Snapshot

| Portfolio Statistics* | |
|---|---|
| Total Enterprise Value | $3.9 B |
| Total Gross Assets | $4.9 B |
| Peer Comparison | 2nd Largest |
| # of Hotels | 124 |
| # of Owned Rooms | 26,139 |
| # of Property Managers | 6 |
| $ ADR | $131.02 |
| $ RevPAR | $96.10 |
| RevPAR Growth % | 6.4% |

| Financial Statistics* | |
|---|---|
| Recent Share Price | $7.51 (11/21/11) |
| # Fully Diluted Shares | 84.3 M |
| Leverage Ratio | 59.4% |
| Debt Wtd. Avg. Maturity | 4.1 Years |
| Debt Wtd. Avg. Cost | 3.20% |
| Quarterly Dividend | $0.10 |
| Dividend Yield | 5.3% |
| TTM AFFO per Share | $1.86 |
| Cash on Hand | $180.9 M |

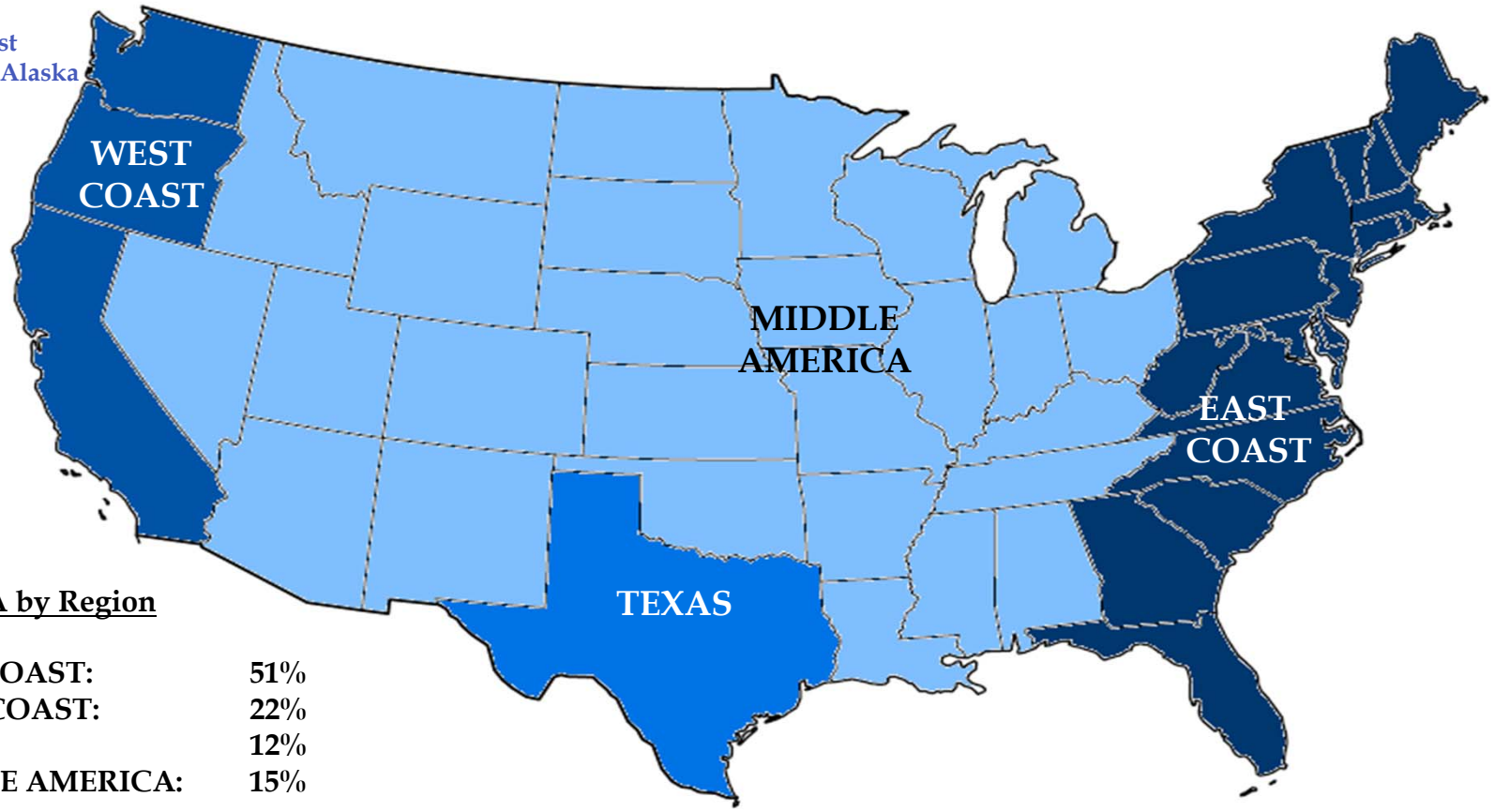
** As of September 30, 2011*





# Broad Geography

- Ashford's geographic footprint encompasses 29 states and Washington DC




**EBITDA by Region**

| | |
|---|---|
| EAST COAST: | 51% |
| WEST COAST: | 22% |
| TEXAS: | 12% |
| MIDDLE AMERICA: | 15% |

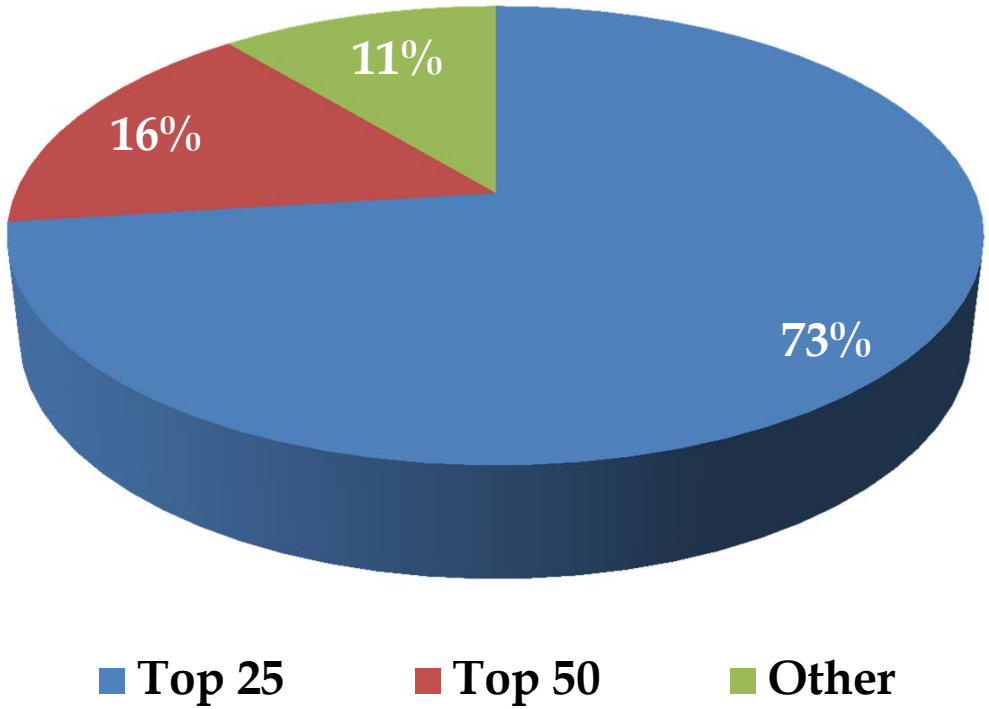




# MSA

- **The vast majority of Ashford's EBITDA comes from top 25 markets, with nearly 90% coming from top 50 markets**

***As % of TTM Q3 2011 EBITDA***



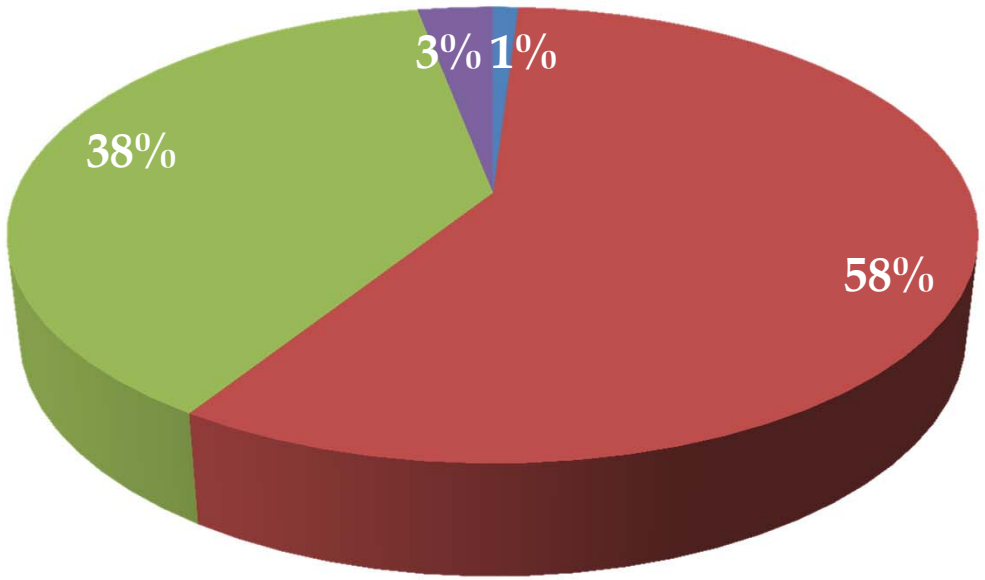




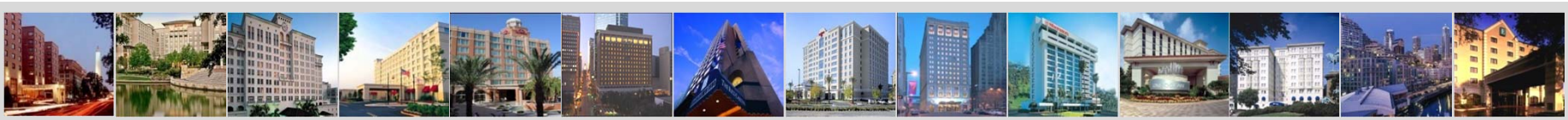

# Chain Scale

- **Approximately 96% of Ashford's EBITDA comes from upper upscale and upscale assets**

***As % of TTM Q3 2011 EBITDA***



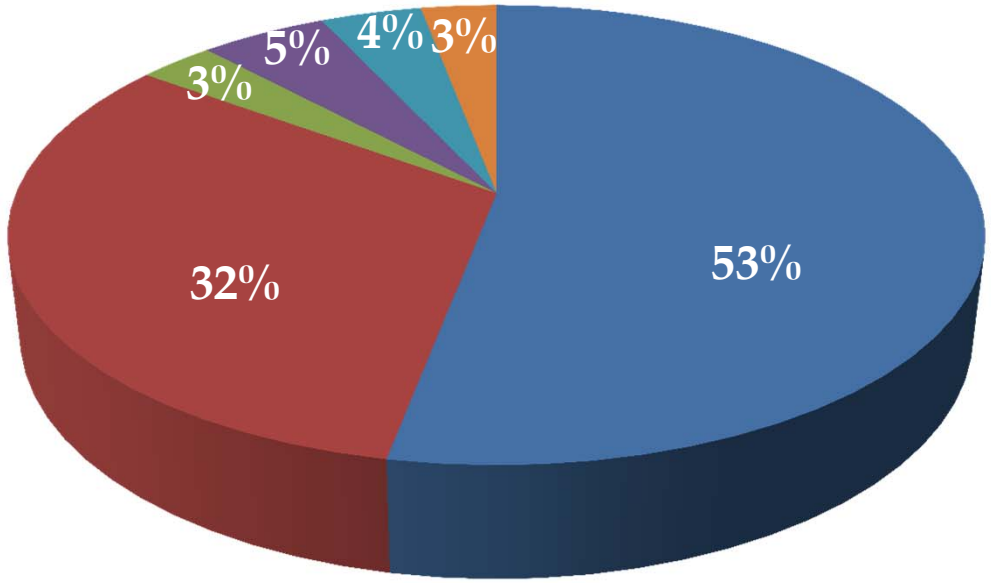


# Brand Family

- 85% of Ashford's EBITDA comes from Marriott and Hilton branded assets

***As % of TTM Q3 2011 EBITDA***

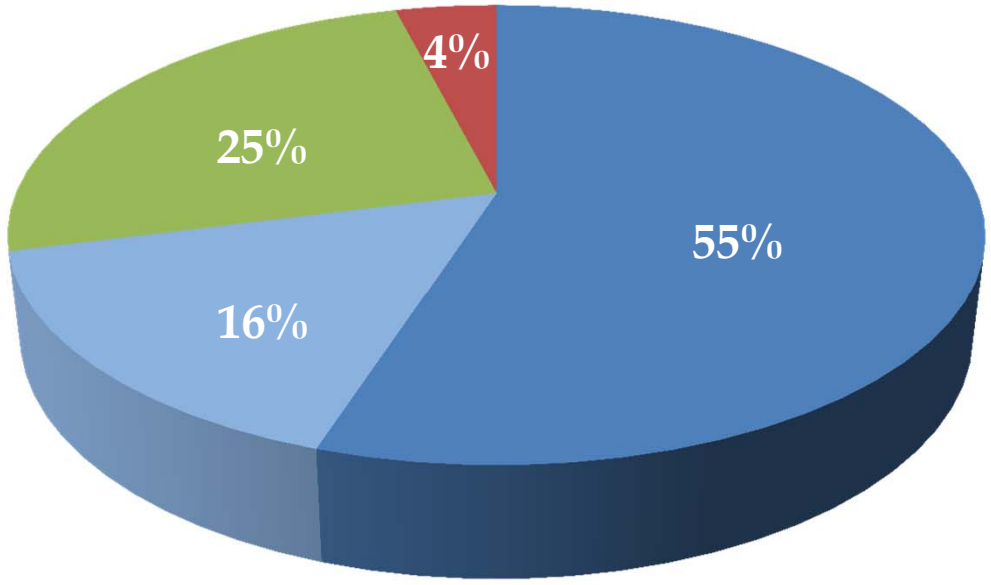







# Transient vs. Group vs. Contract

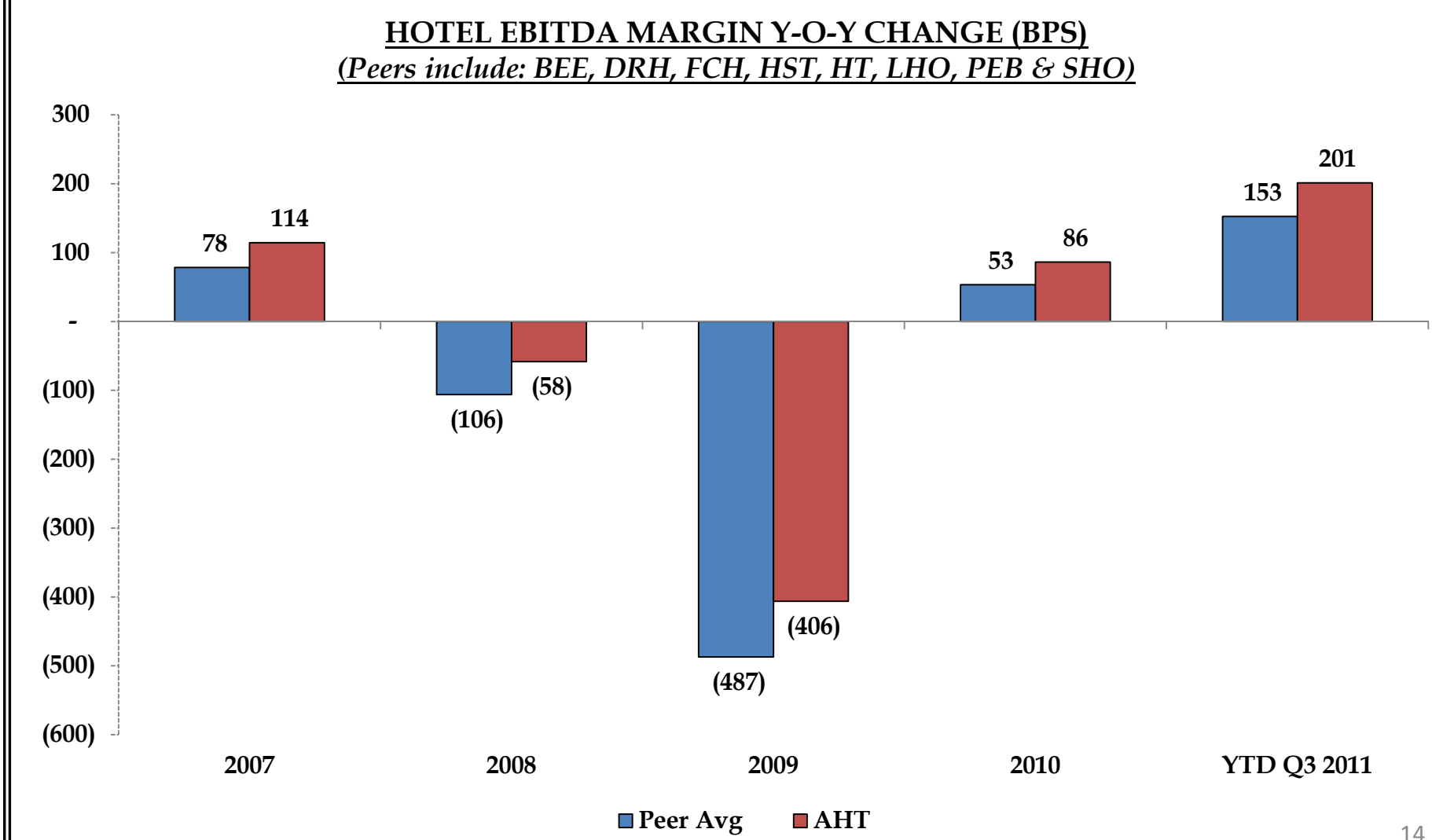
- Our customers are predominantly transient, with a strong emphasis on corporate business



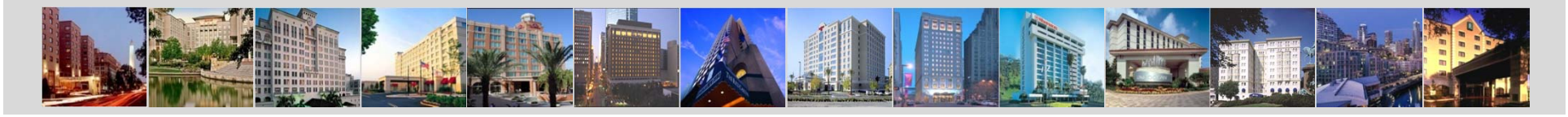




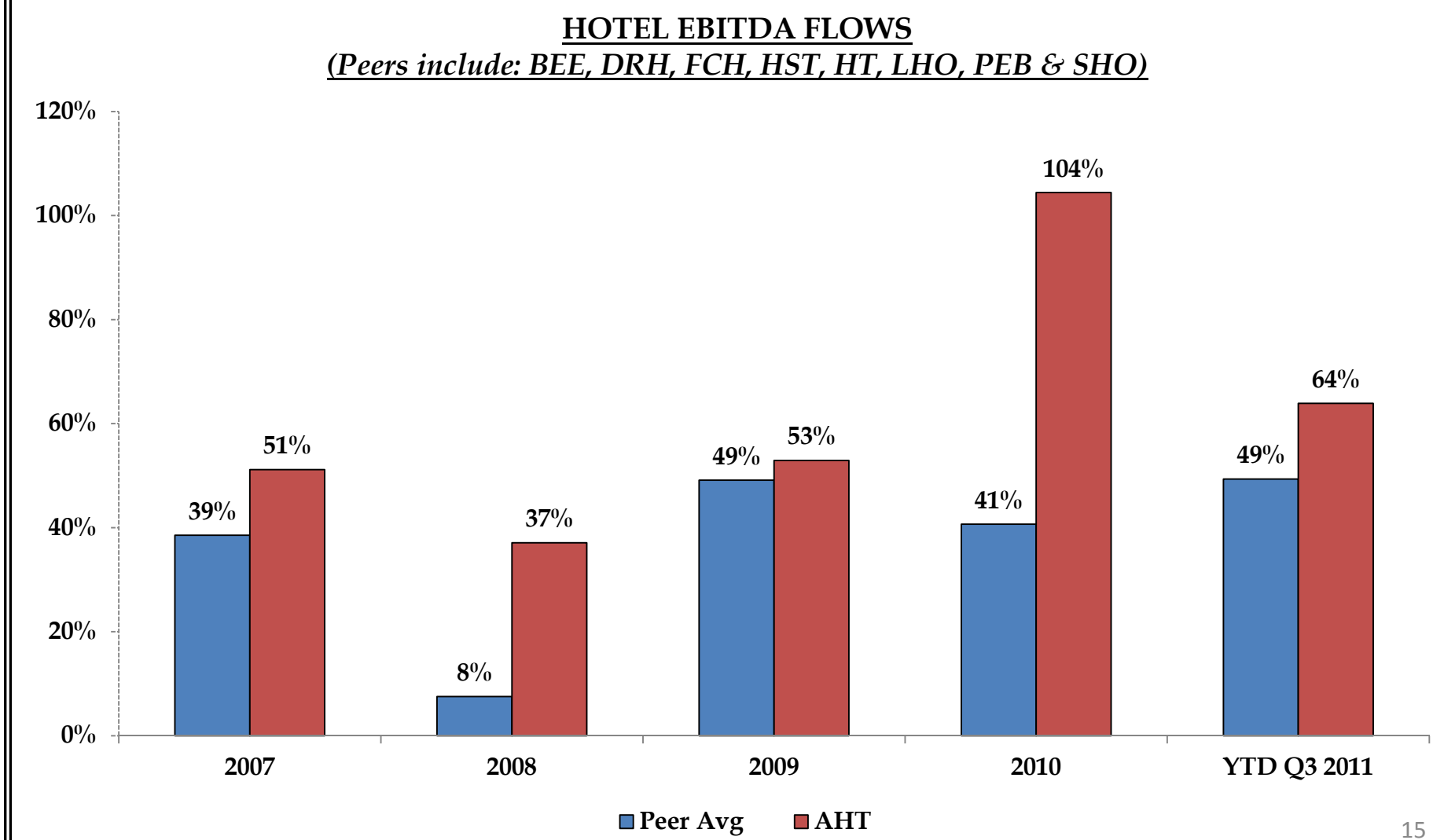

# Hotel EBITDA Margin Change Comparison





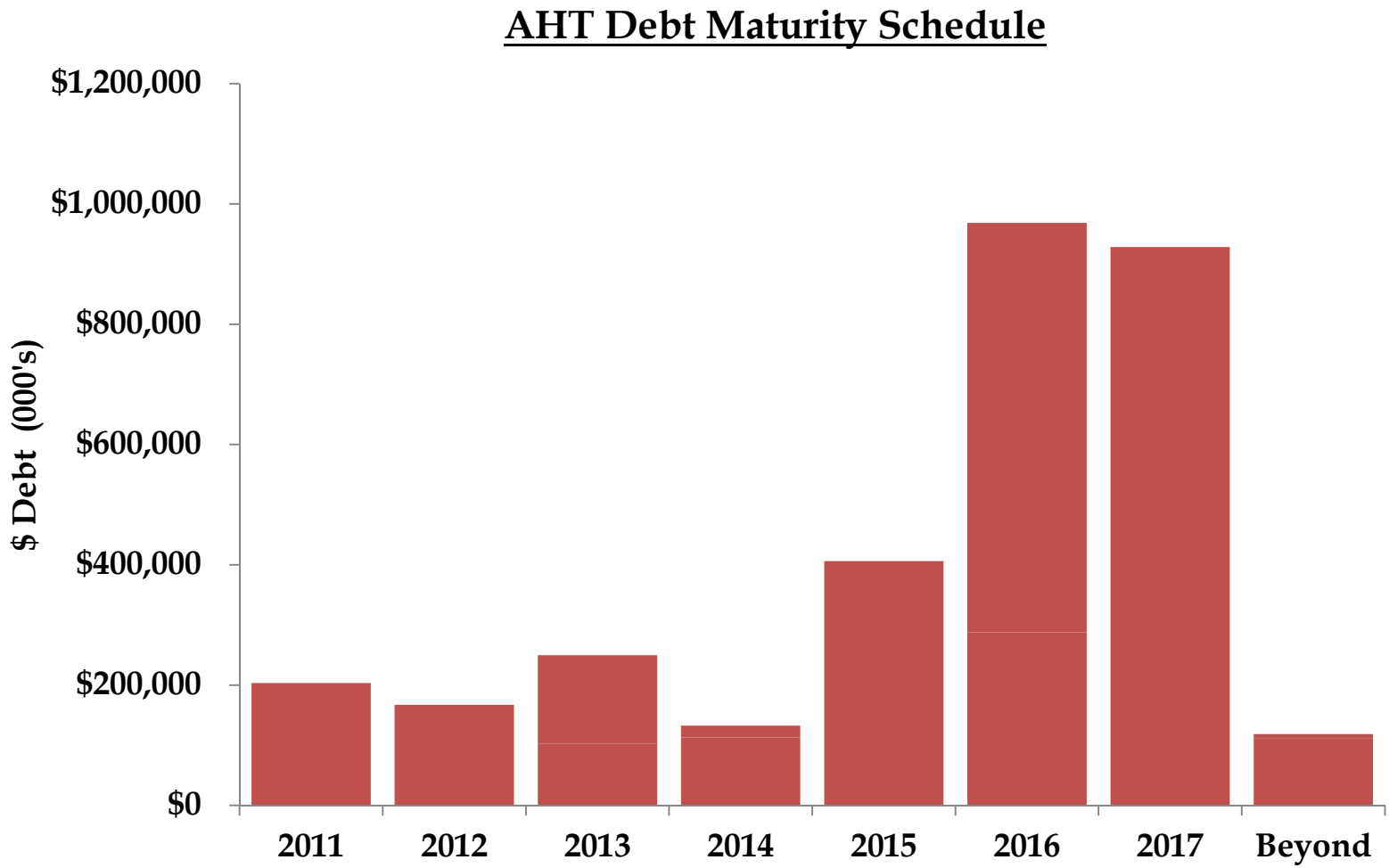
# Hotel EBITDA Flows Comparison







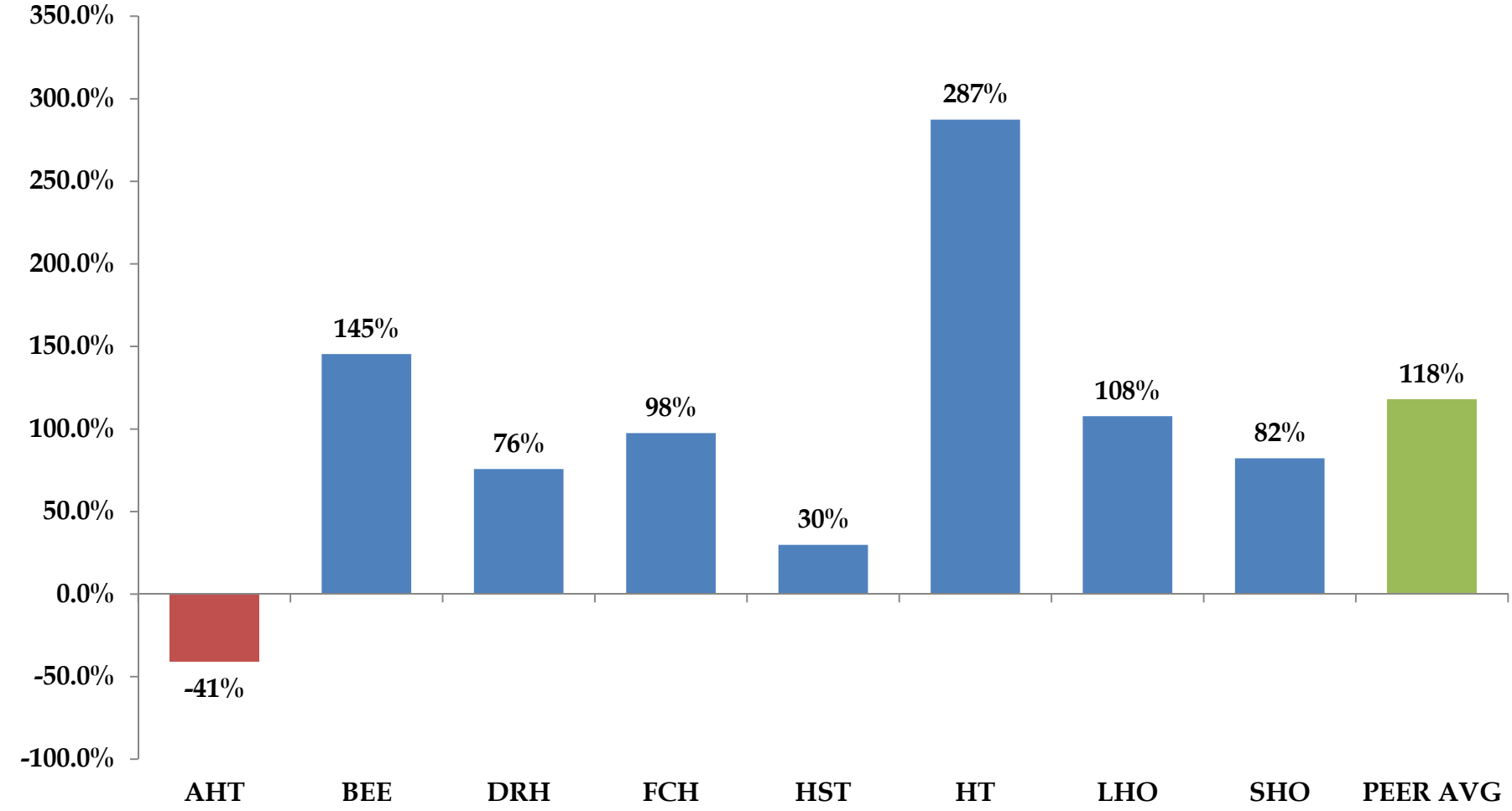

# Debt Maturity Schedule








# Significantly Reduced Share Count

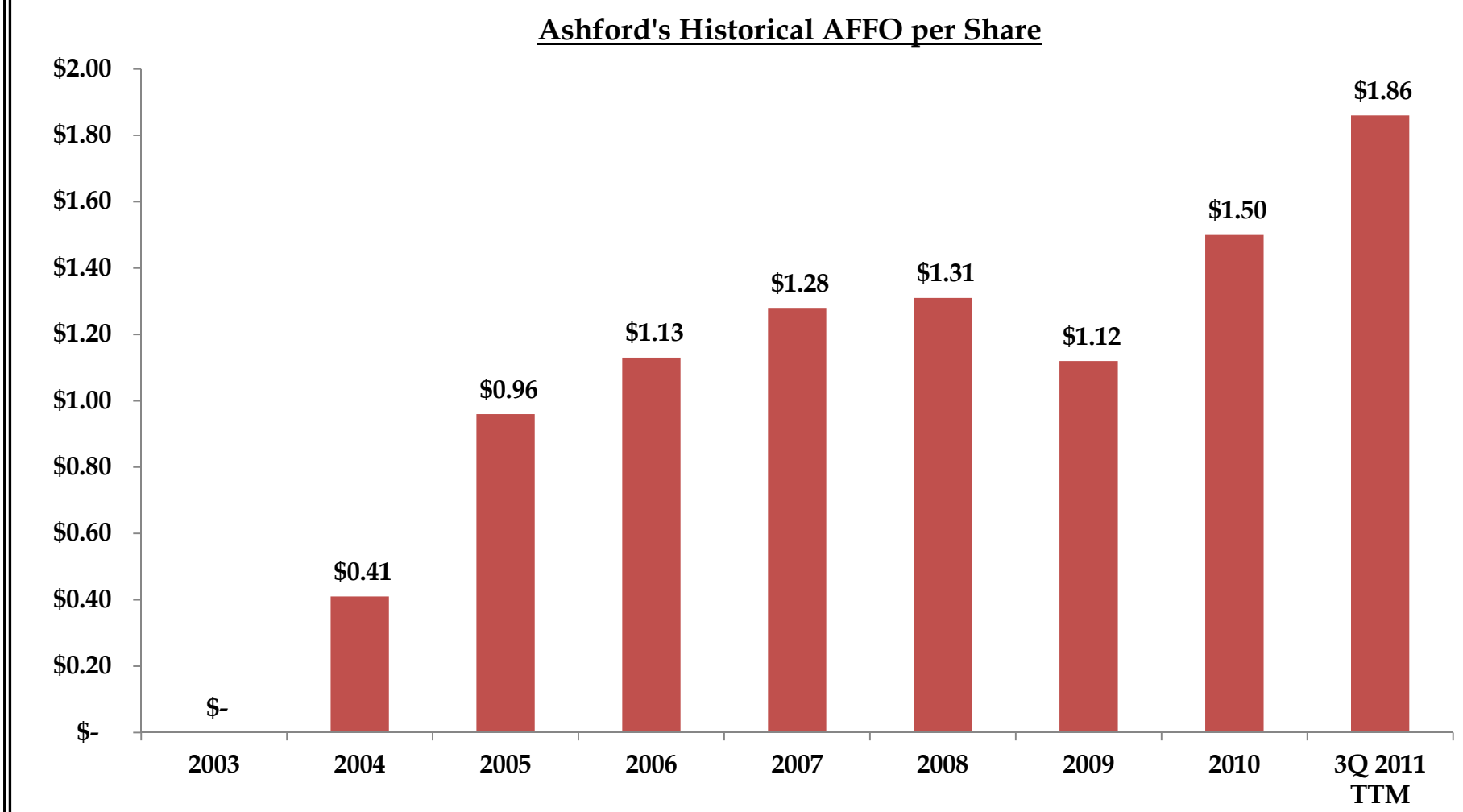



*Source: SNL, Company Filings & Street Research.*





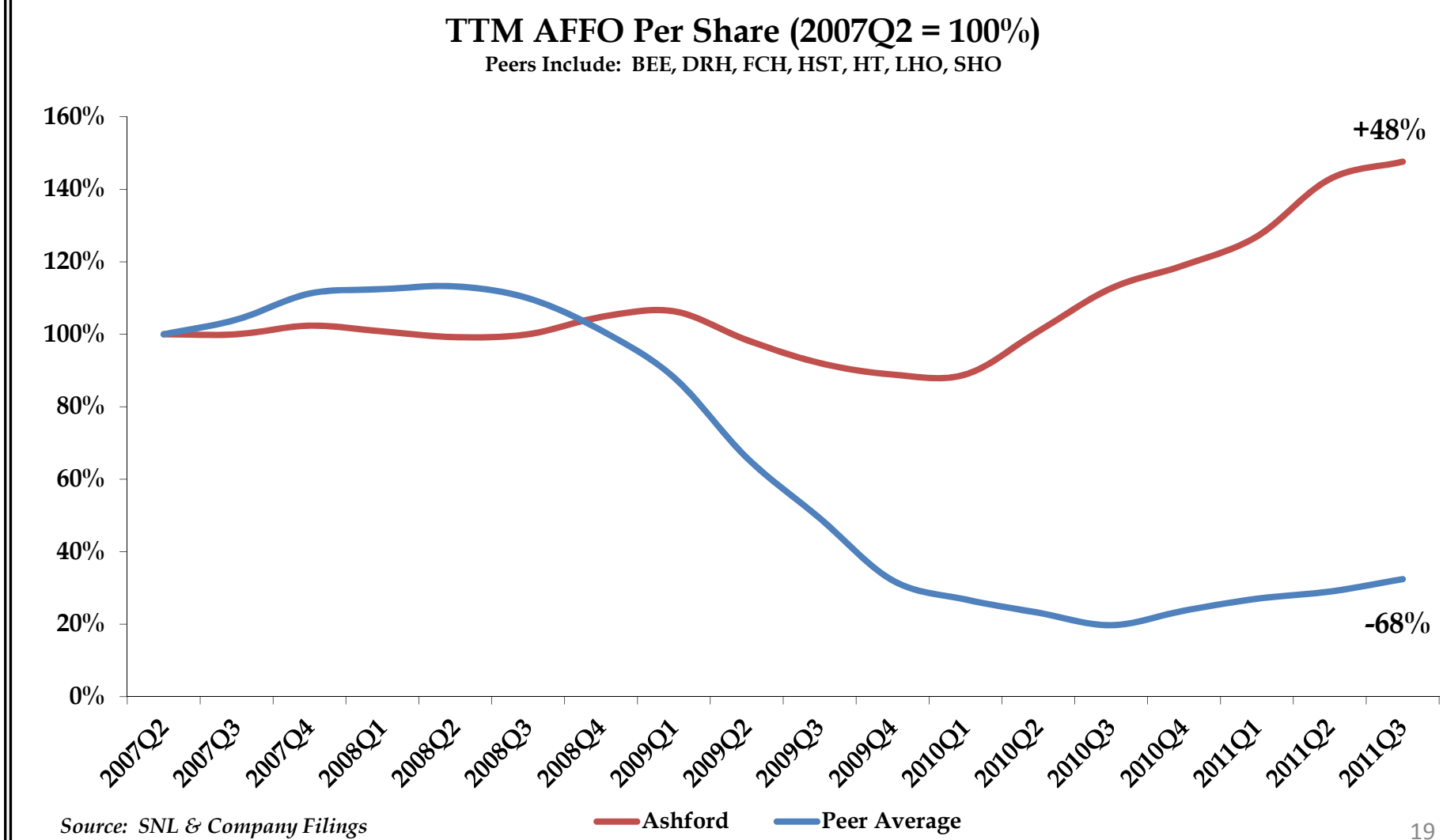
# Consistent Earnings Growth








# AFFO per Share Outperformance




*Source: SNL & Company Filings*

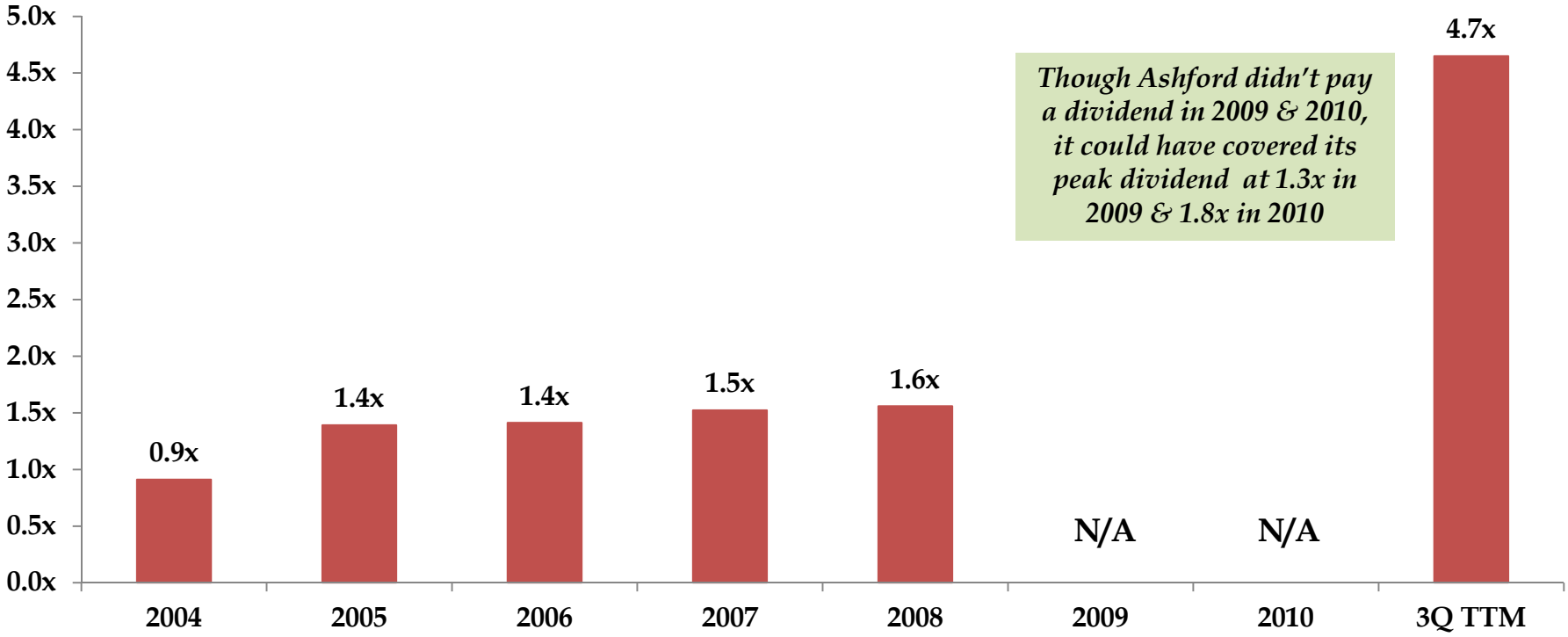




# Reinstated Dividend w/ Growth Potential

- Given the material reduction in our common share count, Ashford is well positioned to cover and potentially grow its dividend

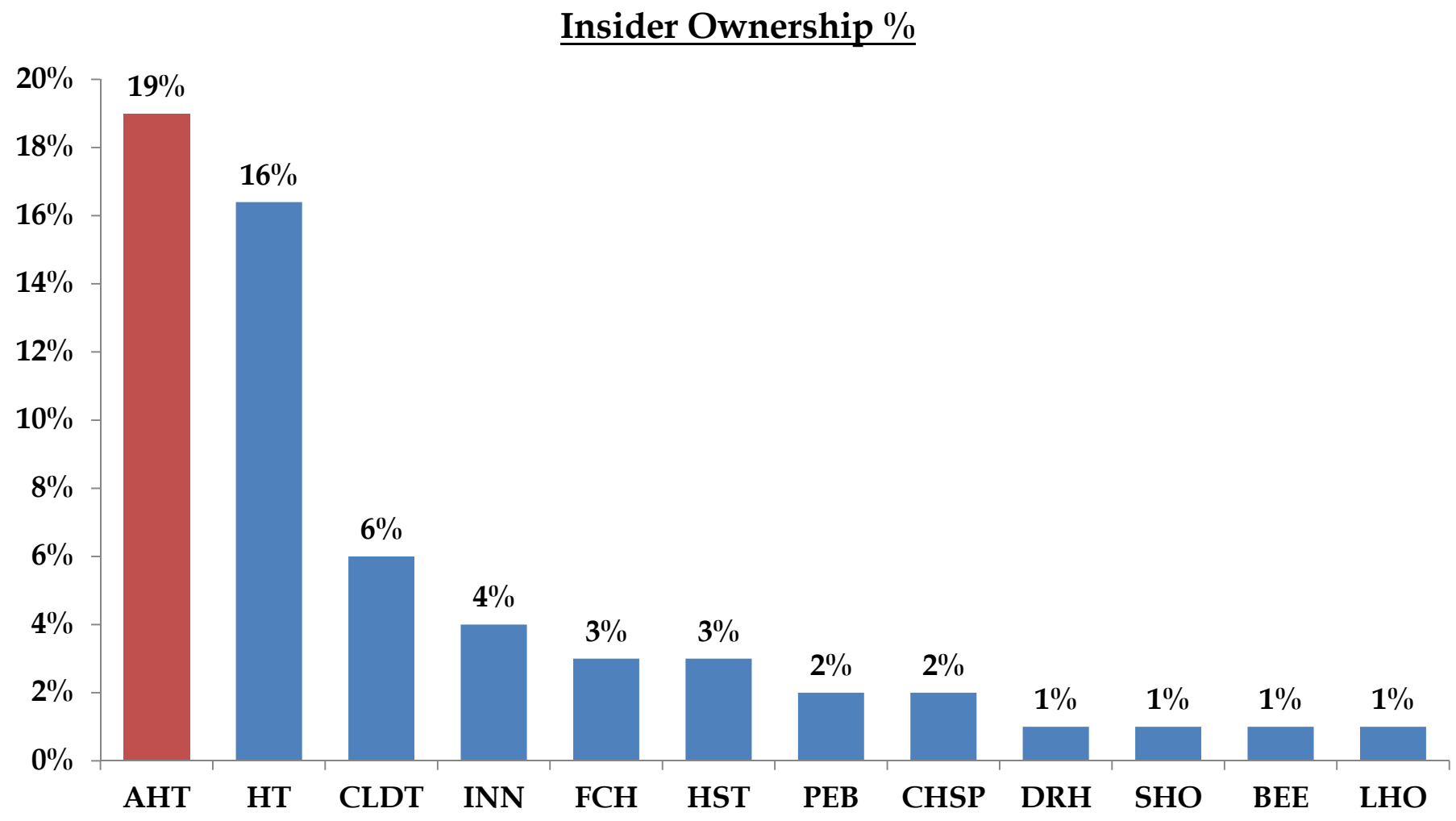
**AFFO Per Share / Dividend Coverage**








# Most Highly-Aligned Management Team




*Source: 2011 Proxy Filings*

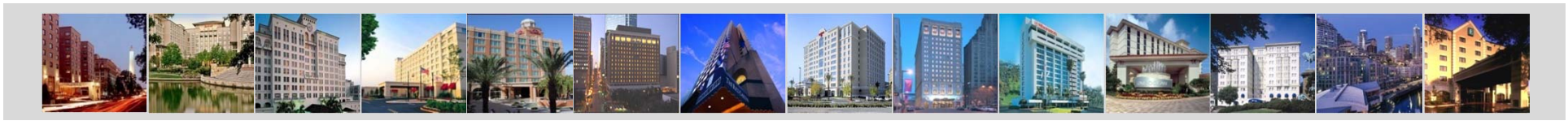




# Ashford Overview

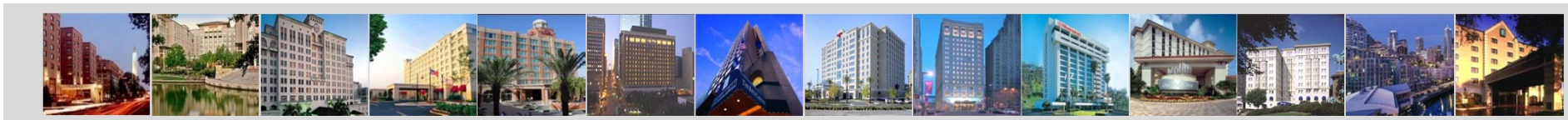
- Favorable macro market dynamics
- Focused portfolio, positioned for growth
- Proactive debt and equity capital market strategies
- Outperformance
- High insider ownership





# HIGHLAND TRANSACTION UPDATE





# Highland Portfolio



Hilton Parsippany



Renaissance Palm Springs



The Melrose – Washington, DC




Marriott DFW Airport




Hyatt Regency Wind Watch




Marriott Plaza San Antonio




Boston Back Bay Hilton



Hilton Tampa Westshore



Renaissance Nashville



Marriott Sugar Land



Hyatt Regency Savannah




Ritz-Carlton Atlanta




Westin Princeton



Renaissance Portsmouth




The Silversmith - Chicago





# Highland Transaction Summary

Transformational 28-hotel, $1.3 billion acquisition with 8,084 rooms

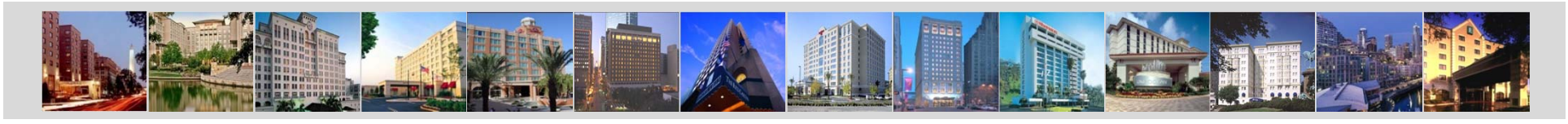
Primarily upper-upscale and luxury full-service assets

Expands Ashford's presence in key markets (Washington D.C and NY/NJ) and into new markets (Boston and Nashville)

Significant growth potential with affiliate manager Remington taking over management of 17 hotels

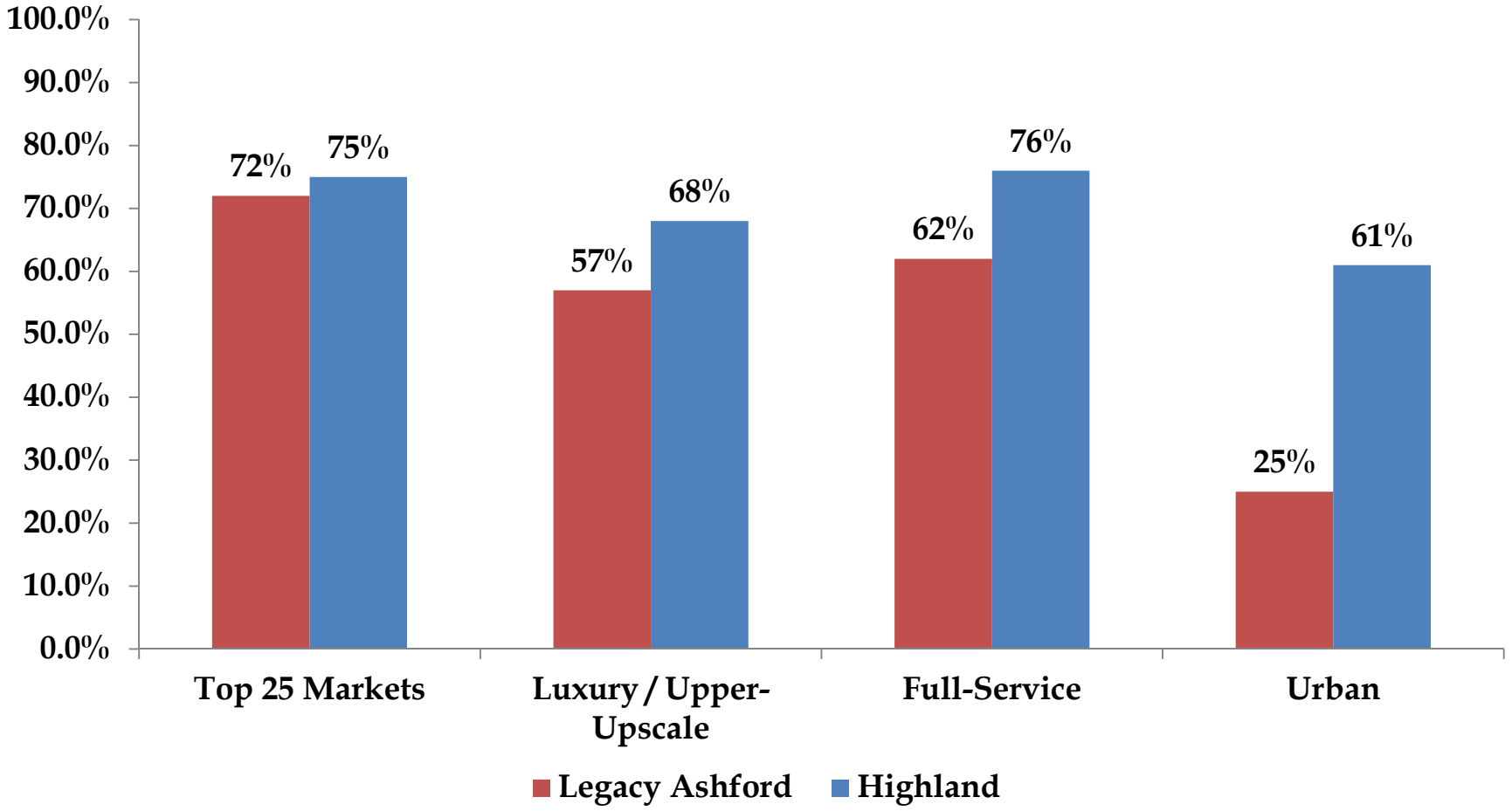
2010 EBITDA flows of 18% vs. AHT's of 104% and NOI 36% below peak





# Portfolio Upgrade

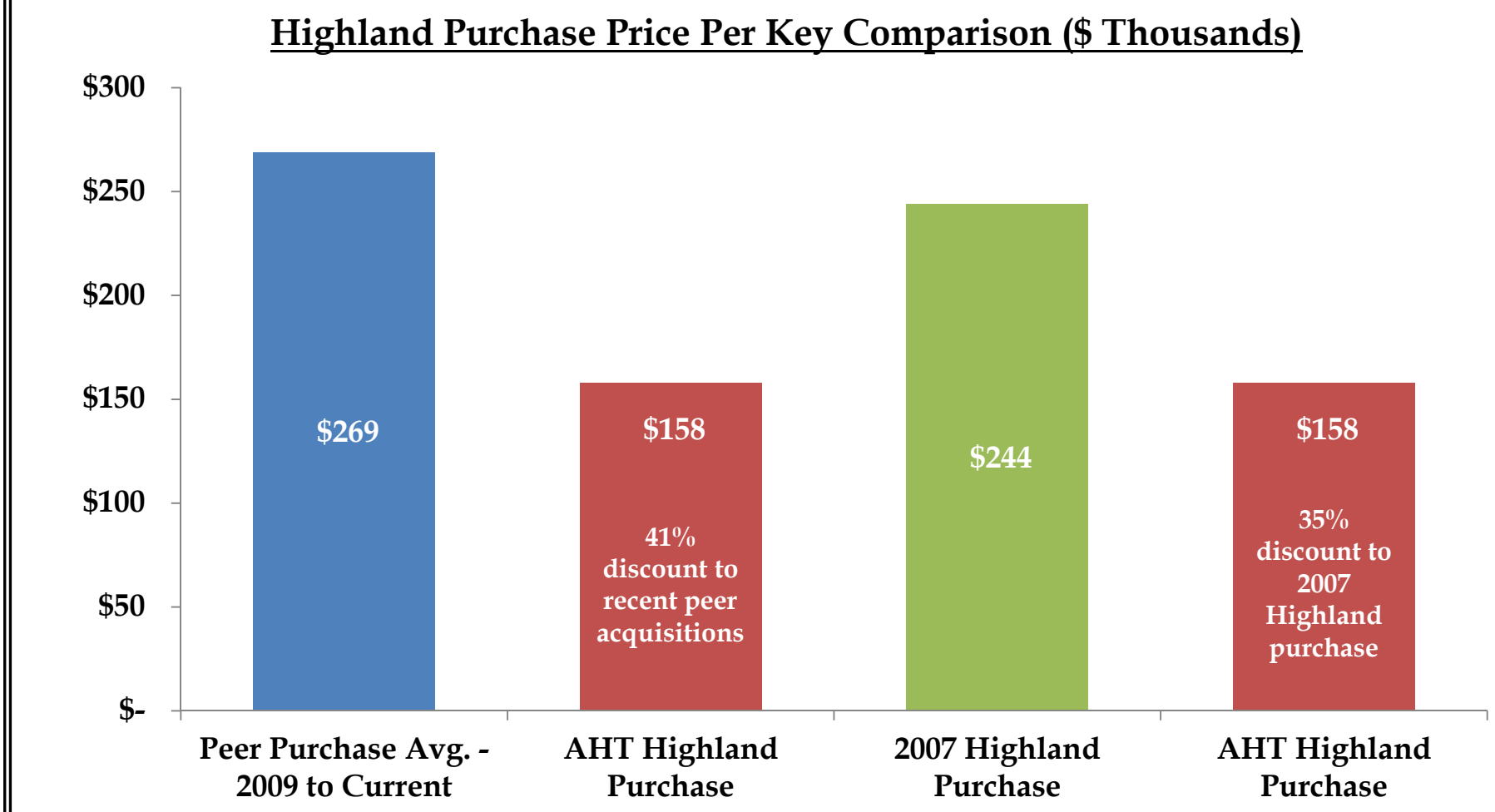
## Legacy Ashford vs. Highland EBITDA Concentration (TTM Q3 '11)








# Price Per Key Comparison

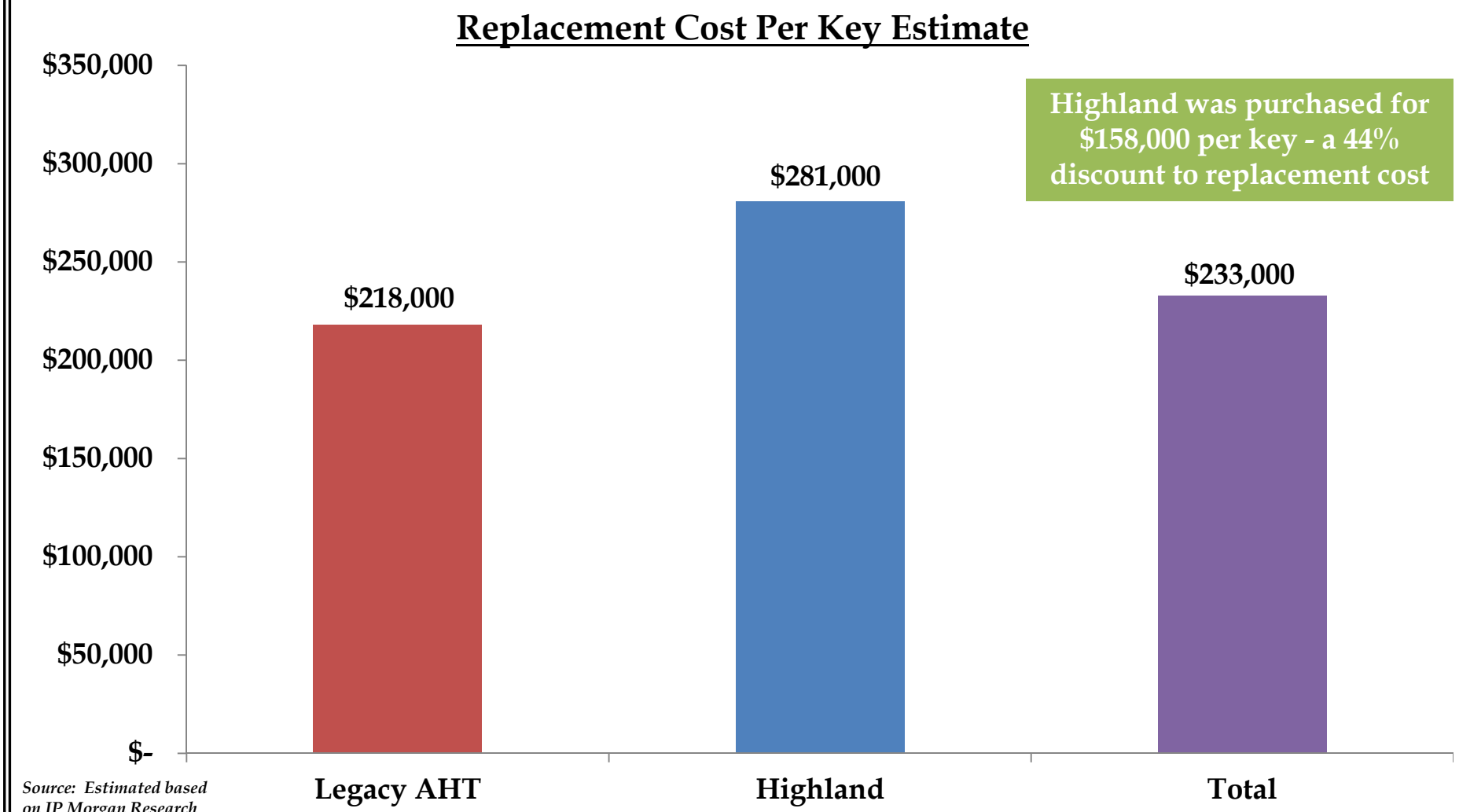



*Source: Real Capital Analytics & company filings.*



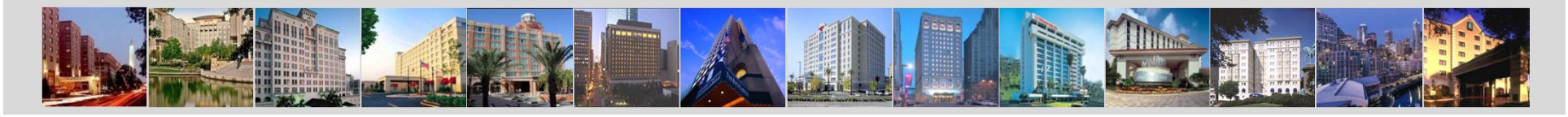


# Replacement Cost per Key




*Source: Estimated based on JP Morgan Research Report*





# Highland Operational Goals

- When we took over the portfolio there were <u>two primary operational goals</u>:

**Put cost structures in place to achieve maximum operating flow throughs**

- The portfolio was seriously neglected when we took over
- We felt confident that the Remington-managed properties were going to put in significant cost cuts
- We also wanted to see significant improvement in the brand-managed properties even though no manager change was occurring

**Improve the non-brand managed properties RevPAR Yield Index**

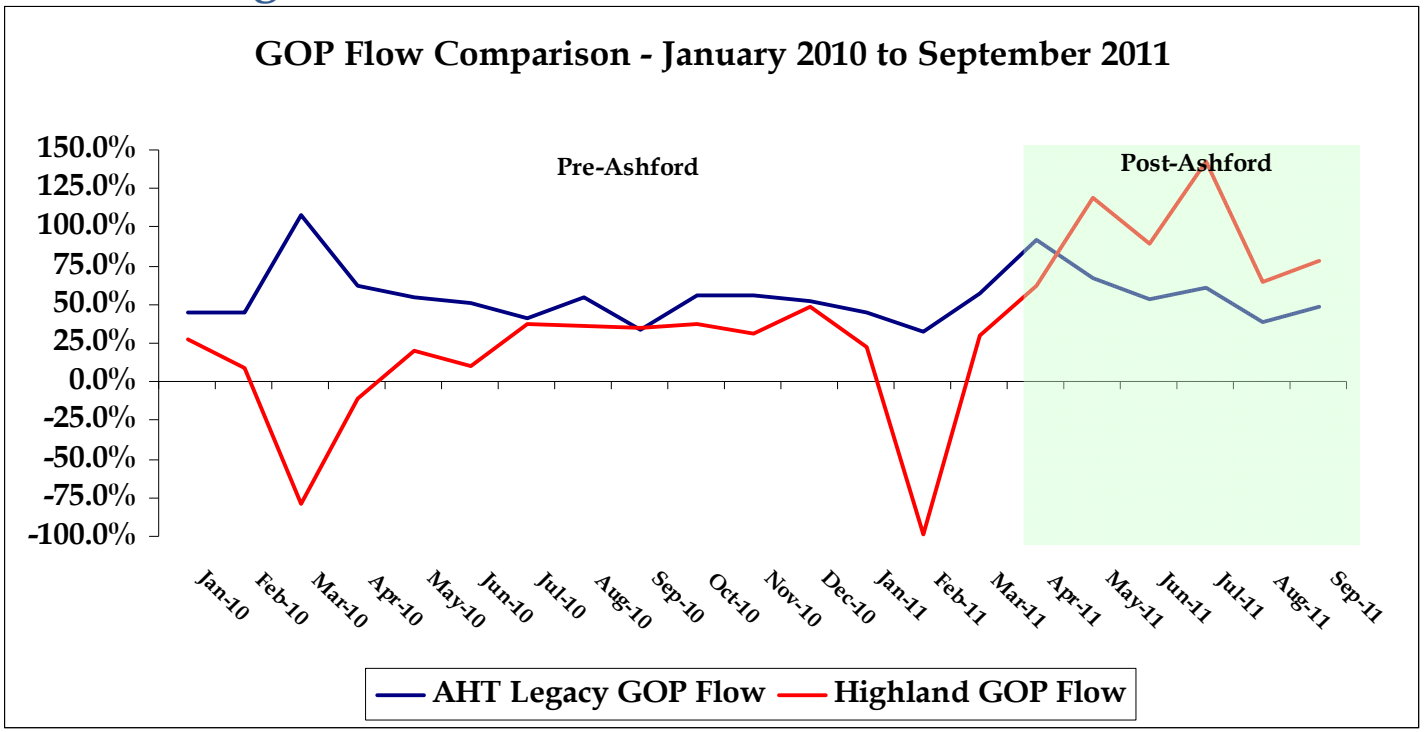
- The sales forces of the non-brand managed properties were decimated
- Remington had to fill nearly 2 dozen sales positions across the portfolio
- Our expectation was to see positive RevPAR yield growth sometime in the 4Q '11 or 1Q '12





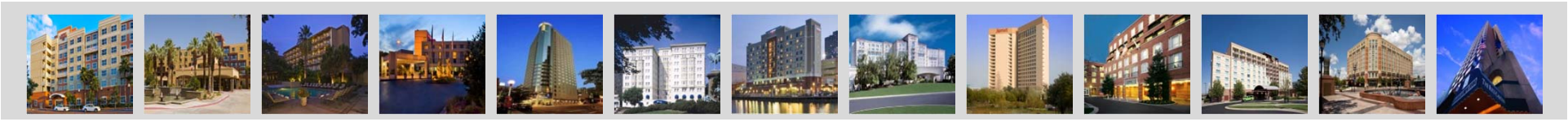
# Highland Portfolio - GOP Flow Comparison

- Ashford's Asset Management and Remington's combined expertise have enabled our legacy portfolio to outperform while Highland consistently lagged benchmark goals until we took over in March 2011




| GOP Flow | 2010 | 1st Qtr 2011 | 2nd Qtr 2011 | 3rd Qtr 2011 |
|---|---|---|---|---|
| | 0.2% | 8.8% | 94.6% | 78.6% |

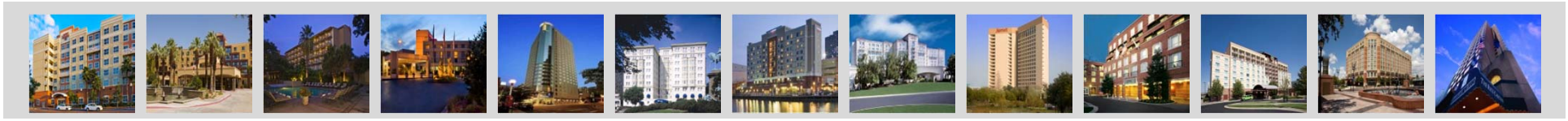




# Highland Portfolio - Year Over Year Comparisons

| | GOP Margin Change BPS | GOP Flow |
|---|---|---|
| 1st Quarter | <95> Pre-Ashford | 8.8% Pre-Ashford |
| 2nd Quarter | 218 Post-Ashford | 94.6% Post-Ashford |
| 3rd Quarter | 280 Post-Ashford | 78.6% Post-Ashford |

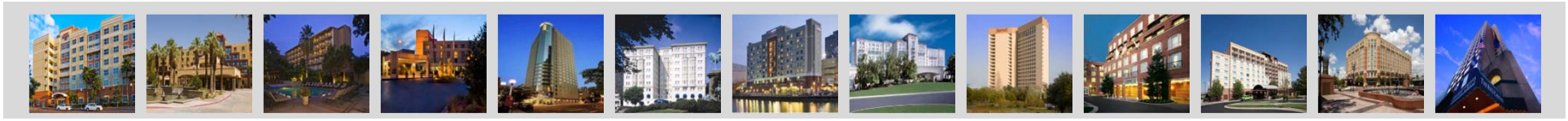




# Highland Portfolio – Performance by Manager

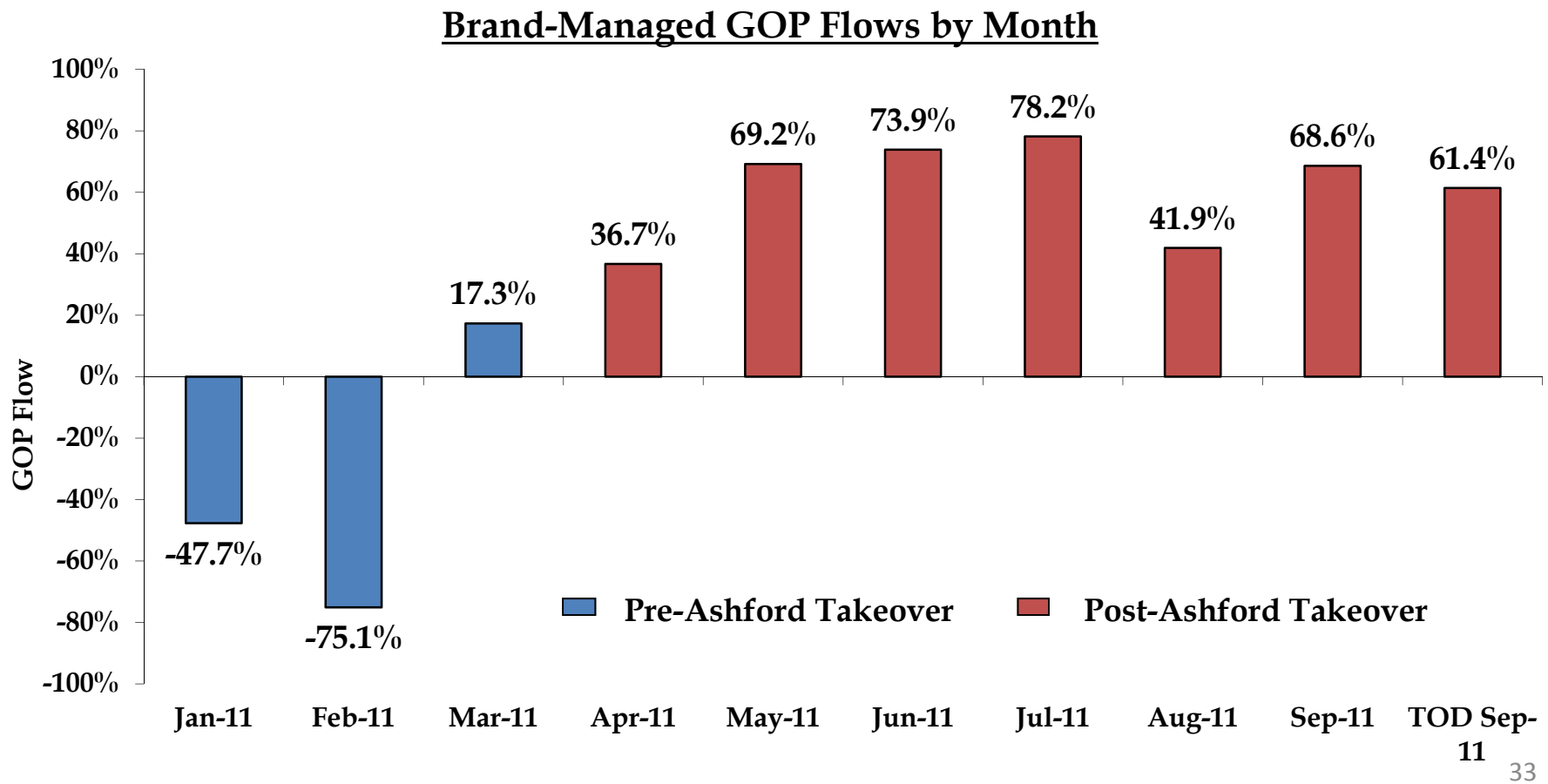
| | GOP Margin Change BPS | GOP Flow |
|---|---|---|
| 3rd Quarter | 366 Remington | 93.3% Remington |
| 3rd Quarter | 199 Non-Remington | 58.7% Non-Remington |



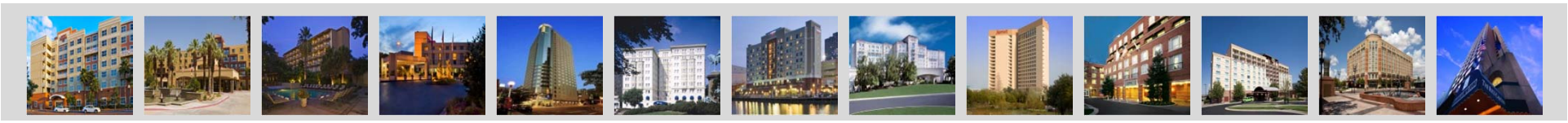


# Highland Portfolio - GOP Flow Comparison

- **Brand-managed properties have also shown significant flow improvement due to Ashford asset management expertise**





# Case Study – Crowne Plaza Ravinia




| Financial Statistics | TOD 2011 |
|---|---|
| ADR Growth | 3.1% |
| Occupancy Growth | -4.2% |
| RevPAR Growth | -1.2% |
| GOP Margin Improvement | 775 bps |
| GOP Flow | 238% |
| Comp Set Rank | 5 of 8 |

- Eliminated 6 managerial/supervisory positions
- Despite RevPAR decrease, banquet and catering sales are up significantly (~ $1.0m) due to aggressive selling efforts
- Since takeover, property has achieved $567K GOP $ surplus over AHT metric despite 1.2% RevPAR decline

| Definite Bookings | 2011 | 2012 |
|---|---|---|
| At Takeover | <21%> | <28%> |
| As of 11/04/11 | <4%> | 23% |





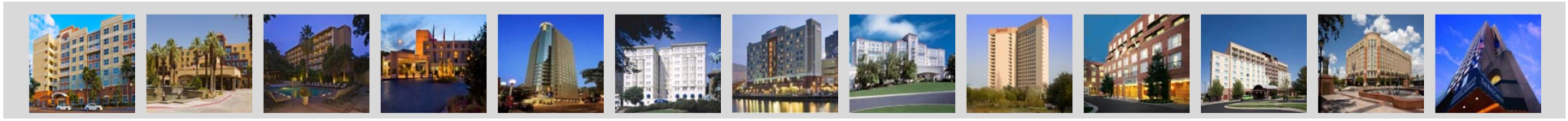
# Case Study – Hyatt Savannah



| Financial Statistics | TOD 2011 |
|---|---|
| ADR Growth | -4.5% |
| Occupancy Growth | -0.6% |
| RevPAR Growth | -3.9% |
| GOP Margin Improvement | 7 bps |
| GOP Flow | 67.9% |
| Comp Set Rank | 1 of 6 |

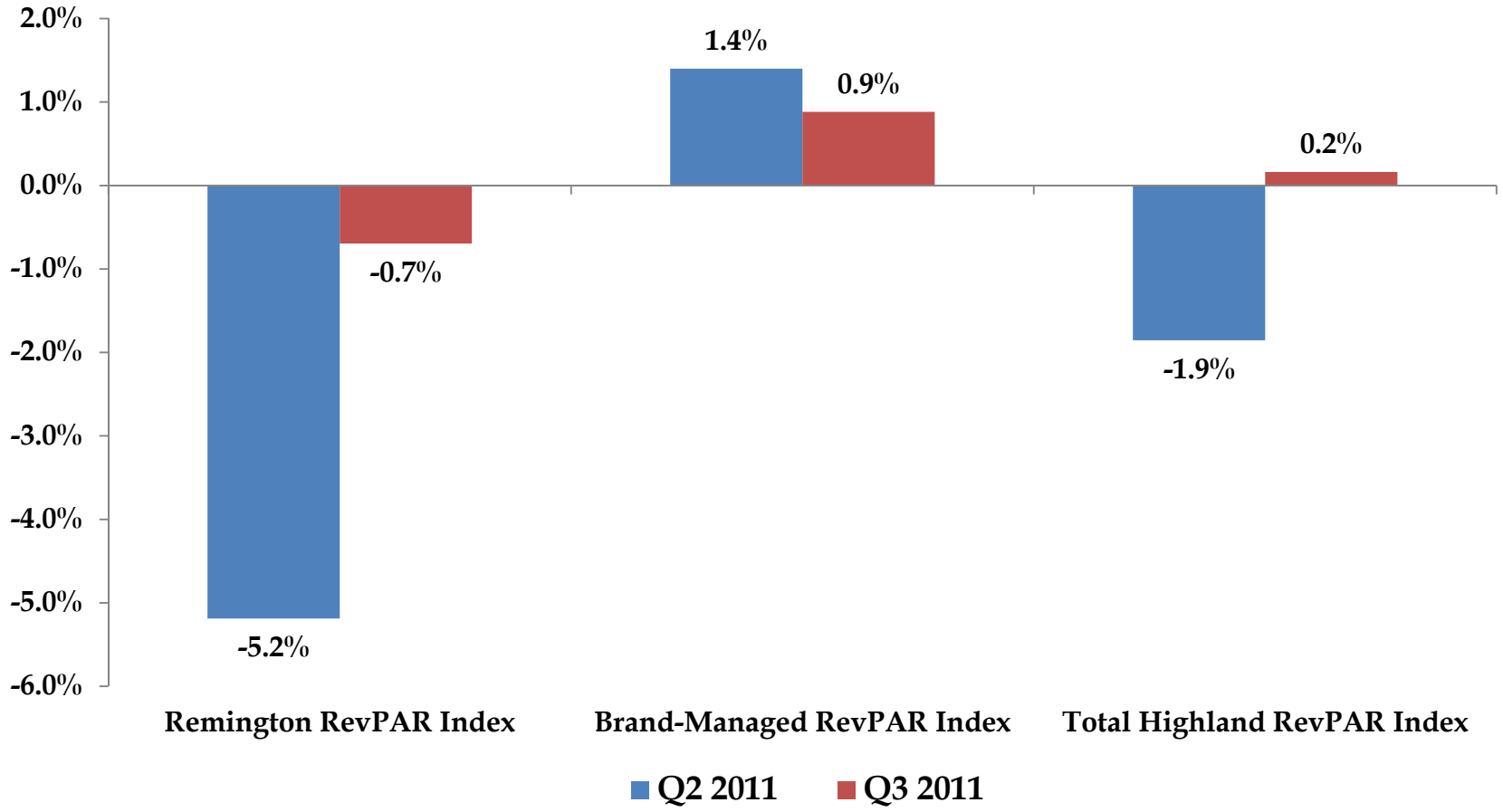
- Since takeover, property has achieved $74K GOP $ surplus over AHT metric despite -2.9% revenue decline
- Asset Management team in collaboration with Hyatt has identified ~$375K annualized savings
  - Eliminated 5 supervisory/management positions since takeover
  - Increased usage of contract labor
- For the month of October, property has achieved 133.7% GOP flow with 745 bps GOP margin improvement



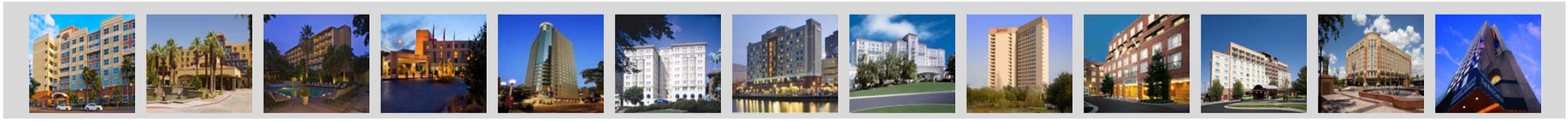


# Remington RevPAR Index Improvement

- RevPAR for Remington-managed properties is improving sooner than expected and is beginning to more closely match brand-managed properties

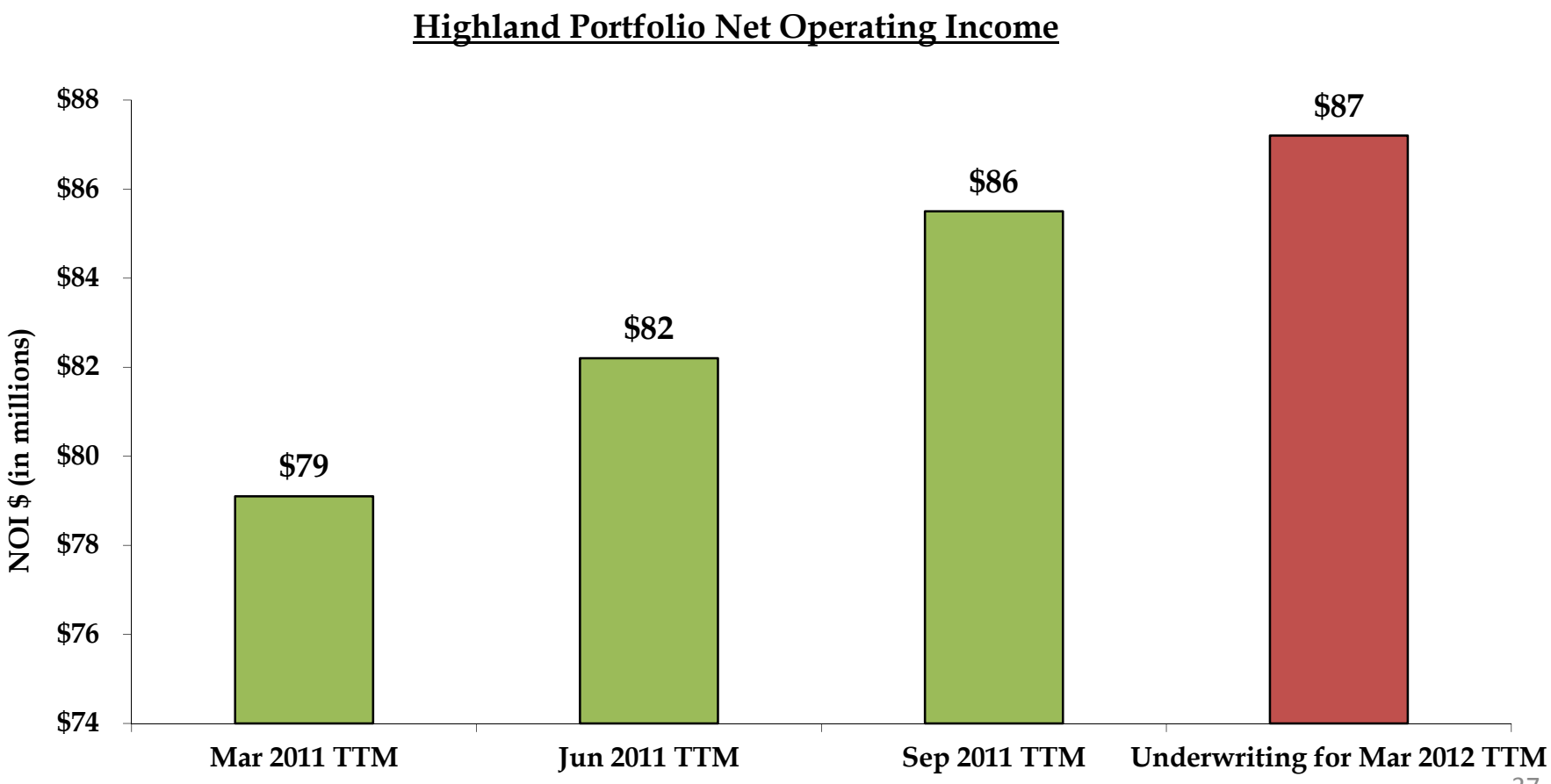




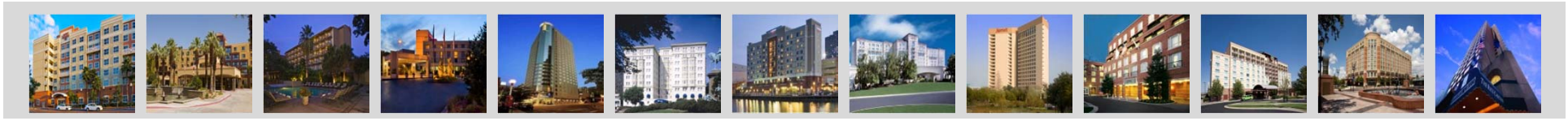



# Highland Portfolio NOI

- **Highland NOI is exceeding expectations, currently at 88% of first 12 months underwriting growth in only six months' time**

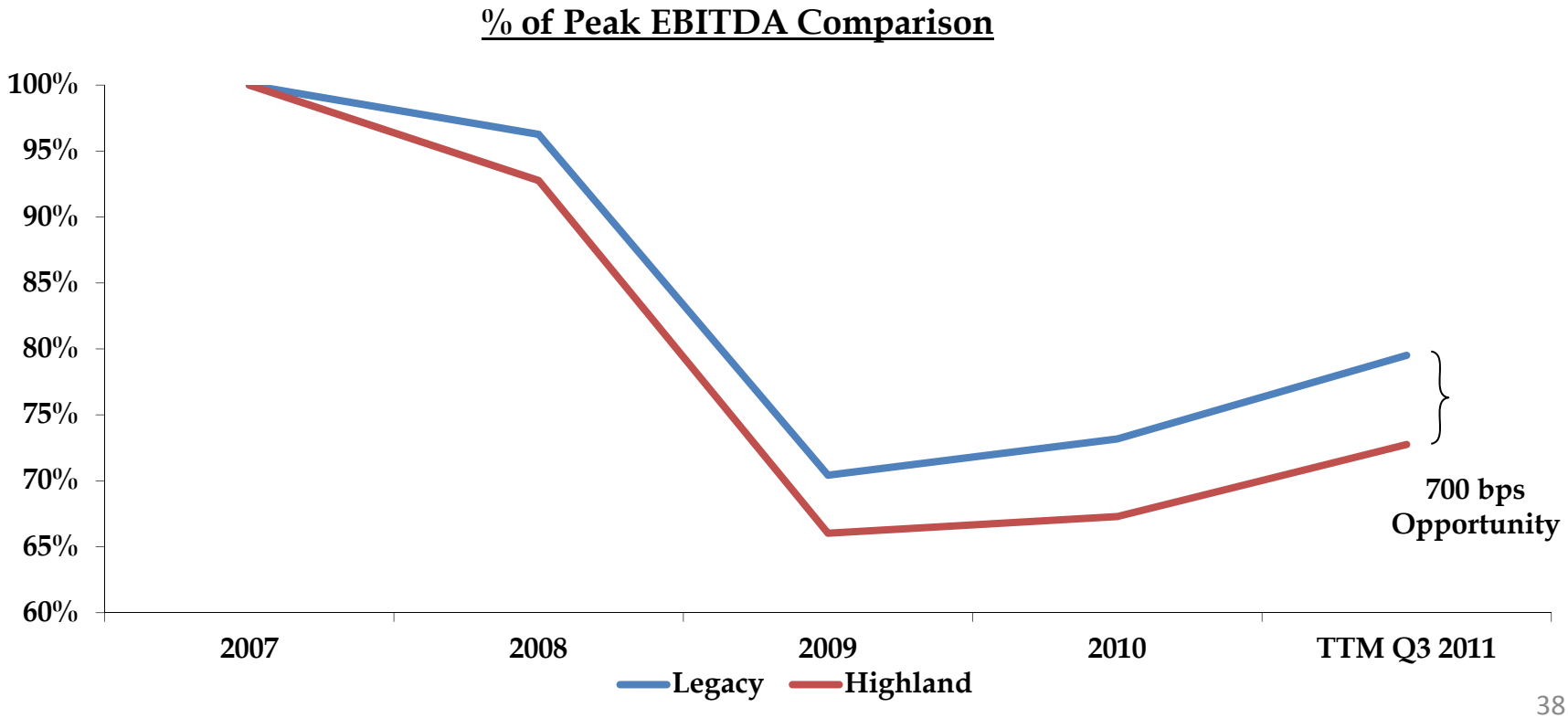




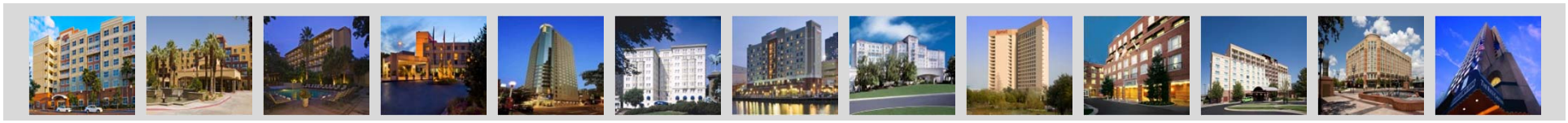



# Significant Operational Upside

- If Highland's EBITDA was the same % of its peak level as our legacy portfolio, its EBITDA would be almost $10 million higher
- This would equate to about an additional $1.40 in share price at a 12x EBITDA multiple



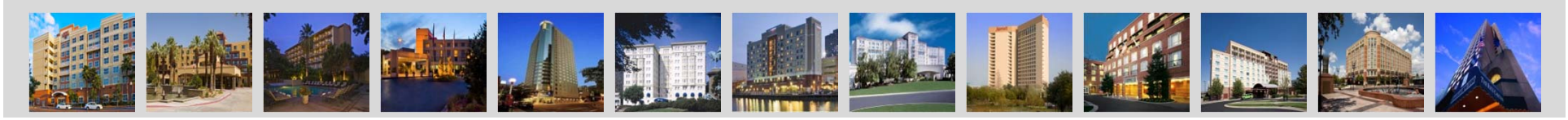


# Key Capex Renovations

| Property | Project | Scheduled Start Date | Budget |
|---|---|---|---|
| Courtyard Denver | Lobby Bistro | Completed in Q2'11 | $875,000 |
| Hyatt Windwatch | Exterior Façade | In progress | $1,400,000 |
| Marriott Omaha | Lobby & Restaurant | Early November | $1,350,000 |
| The Churchill | Lobby & Restaurant | Mid-November | $871,000 |
| The Melrose | Guestrooms & Public Space | Late-November | $8,050,000 |
| Courtyard Savannah | Guestrooms & Bistro Lobby | Early-December | $2,475,000 |
| Marriott San Antonio | Guestrooms & Corridors | Mid-December | $3,815,000 |
| Courtyard Boston Tremont | HVAC | January-February | $5,781,000 |
| Hilton Boston Back Bay | 66 Guestrooms & Meeting Space | February | $2,160,000 |
| Ritz-Carlton Atlanta | Meeting Space | February | $757,000 |
| HGI Virginia Beach | Guestrooms & Corridor | Q1 2012 | $2,000,000 |
| The Silversmith | Guestrooms & Public Space | Q2 2012 | $5,000,000 |
| Marriott DFW | Restaurant Renovation | On Hold for Repositioning | $750,000 |





# Case Study – CY Denver Lobby Bistro







| GSS Lobby Rankings | | |
|---|---|---|
| 2009 | Pre-Renovation | 510 out of 780 |
| 2010 | Pre-Renovation | 560 out of 808 |
| 1H 2011 | During Renovation | 771 out of 818 |
| 2H 2011 | Post-Renovation | 263 out of 819 |

- Courtyard Bistro Lobby renovation was completed in Q2 2011
- Lobby GSS scores improved greatly from previous years
- Q3 2011 RevPAR index was up to 108.7 from 104.5 in Q3 2010





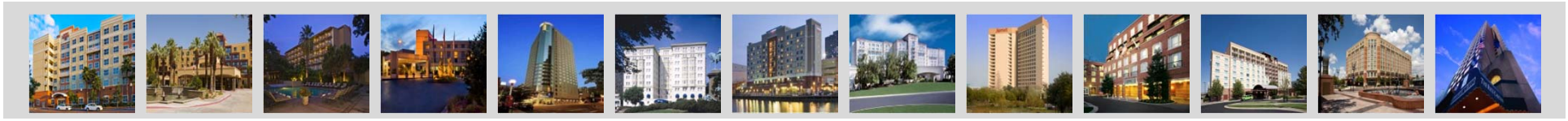
# Case Study – Melrose Hotel



| Financial Statistics | TTM Q3 2011 |
|---|---|
| ADR | $161.29 |
| Occupancy | 75.9% |
| RevPAR | $122.45 |
| NOI | $3.6m |
| Peak NOI (2007) | $6.2m |
| RevPAR Index | 84.7% |
| Comp Set Rank | 7 of 7 |

- Last renovation in 2002
- RevPAR Index dropped from 101.4% in 2007 to 83.6% YTD September 2011
- Location on Pennsylvania Ave. adjacent to Georgetown and 8 blocks from White House and National Mall
- Over sized rooms of average 425 sq. ft. with 35 suites
- Good curb appeal despite current condition
- Underutilized street-level restaurant and bar space
- Planned $8.1m renovation to address all aspects of hotel





# Highland Transaction Conclusion

We purchased a remarkable portfolio for nearly half of its replacement cost and materially below what our peers are paying for assets

We have made significant progress in achieving operational flow throughs and pushing RevPAR yield index

In only six months' time our asset management group has managed to achieve nearly 90% of its 1st year NOI target

The Highland portfolio is off its peak substantially more than our legacy portfolio, providing us with additional upside

Our strategic capex will help realize additional upside potential





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*November 2011*