

Hersha Hospitality Trust Agrees to Acquire Seven Upscale Extended-Stay Hotels for \$169 Million

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Hotels Converted to the Global Hyatt System

Hersha Hospitality Trust (AMEX: HT), a real estate investment trust (REIT), which owns interests in 59 nationally franchised, upper-upscale, upscale and midscale limited service and extended-stay hotels, today announced that the Company has signed a definitive agreement to purchase seven extended-stay Hyatt Summerfield Suites hotels with a total of 1,005 suites from LodgeWorks, L.P. for approximately \$169 million. The Company anticipates spending an additional approximately \$2.5 million for capital improvements. LodgeWorks will continue to manage the hotels and bear any additional costs for brand compliance.

Mr. Jay H. Shah, Chief Executive Officer, commented, 'We could not pass up this transaction for many reasons, but foremost it is projected to be accretive to our earnings in 2007, as we were able to acquire these assets at favorable cap rates and at prices below replacement cost in these key markets. Extended-stay hotels, which we believe better weather market cycles and offer high absolute RevPAR, will become more than 35% of our portfolio, post closing of the transaction. We are also pleased to be able to begin a relationship with LodgeWorks, our fifth independent management company, the pioneer of the extended-stay segment, and a leading developer and manager in northern California and other key markets. This transaction is very complementary to our existing upscale extended-stay portfolio.'

The Hyatt Summerfield Suites transaction includes four hotels in the Company's core Northeast and Mid-Atlantic markets comprising of a 159-suite property in White Plains, New York, a 128-suite property in Bridgewater, New Jersey, a 140-suite property in Gaithersburg, Maryland and a 144-suite property in Charlotte, North Carolina. Additionally, the Company will enter into two new markets with the purchase of a 164-suite property in Scottsdale, Arizona and two northern California hotels, near San Francisco, including a 142-suite property in Pleasant Hill/Walnut Creek and a 128-suite property in Pleasanton, California.

The purchase of the Northern California and Scottsdale, Arizona hotels marks the Company's diversification into new markets that demonstrate high barriers to entry and rate premiums similar to the Company's core Northeast and Mid-Atlantic portfolio.

Mr. Shah added, 'Although the hotels had initially been underwritten without the benefits of a top-tier brand, the new relationship with Hyatt is expected to provide substantial rate and occupancy upside to these assets. These properties represent the embodiment of Hyatt's new brand for the upscale extended-stay segment - the extended-stay model combined with urban design and lifestyle elements. Additionally, these assets already attain a premium rate versus Residence Inn and Homewood Suites in their markets. Combined with Hyatt's brand launch, frequent stay program, and enhanced food and beverage offerings, these assets may grow at an even faster rate than their high growth sub-markets.'

The purchase of the seven hotels will be financed with an interest only 10-year first mortgage for \$120 million, bearing interest at approximately 5.5% per annum and available cash on hand, including the Company's proceeds from the recently completed sale of its four Atlanta hotels.

The transaction is expected to be closed by the end of the first quarter 2007.

Closing of this acquisition is subject to customary closing conditions, including completion of due diligence, obtaining financing and consent from the franchisor (or other third parties). There can be no assurances that Hersha will be able to close this transaction in the timeframe contemplated, on the proposed terms, or at all.

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