

Ashford Hospitality Trust to Acquire 51-Hotel Portfolio for \$2.4 Billion

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Ashford to become one of the largest lodging REITs

Acquisition Highlights:

œ Comprised of 24 full-service, upper-upscale hotels and 27 premium select-service hotels in 31 markets across 18 states, the District of Columbia and Canada

œ Significantly diversifies Ashford's asset portfolio in terms of geography, brand and management company mix

œ Expands Ashford's exposure to upper-upscale assets in major metropolitan and coastal markets with above average RevPAR growth potential

œ Acquisition price implies a projected forward 12-month NOI cap rate of approximately 7.6% and an estimated forward EBITDA yield of 9.0%

œ Price per key of approximately \$215,000 for full service hotels and \$125,000 for select service hotels

œ Acquisition consideration is all cash with fully committed debt and preferred equity financing in place; Ashford's deleveraging plan includes asset sales, joint ventures and capital markets strategies

œ Ashford to become one of the largest lodging REITs

Ashford Hospitality Trust, Inc. (NYSE: AHT) announced it has signed definitive agreements to acquire a 51-hotel, 13,524-room (net after joint venture adjustment) hotel portfolio for approximately \$2.4 billion in cash (\$177,000 per key). This transaction is in connection with Morgan Stanley Real Estate's acquisition of CNL Hotels and Resorts, a public, non-listed hotel REIT for a combined cash consideration of \$20.50 per share. The transaction is expected to close in the second quarter of 2007. This transaction is subject to customary closing conditions including approval by the stockholders of CNL Hotels and Resorts.

With this transformational investment, Ashford will become one of the nation's largest lodging REITs and may benefit from: value added portfolio management strategies on a broader scale, enhanced access to accretive investments, greater access to capital markets, stronger brand relationships, increased interest from potential joint venture partners and institutional capital, improved terms with lenders and investment banks, and possible market multiple expansion with greater awareness of Ashford among investors. The portfolio will enhance Ashford's existing asset base with the addition of hotels such as: Marriott Seattle Waterfront, Marriott Legacy Center, Renaissance Tampa, Hyatt Regency Montreal, Hilton El Conquistador, Hilton Torrey Pines, Hilton Costa Mesa, and Capital Hilton.

Monty J. Bennett, President and CEO of Ashford Hospitality Trust, said, "This portfolio of well-located and strong-performing assets is one of the best hotel collections we've seen in the past decade, and we are extremely pleased to acquire it with a structure that is accretive to shareholders in the first year of ownership. The majority of these markets are experiencing sizable RevPAR gains, and we see this transaction as a continuation of our efforts to position Ashford's assets in the path of growth. This transaction gives us the opportunity to extend our proven investment and portfolio management strategies on a much larger platform."

Ashford was advised in the transaction by Wachovia Securities and Eastdil Secured. Wachovia Securities has provided Ashford with fully-committed debt and equity financing to close on the transaction.

Portfolio

The portfolio is comprised of full-service, upper-upscale hotels that account for 65% of trailing EBITDA and premium select-service hotels totaling 35% of trailing EBITDA. The 24 full-service, upper-upscale hotels contain 7,953 rooms with such brand names as Hilton, Embassy Suites, JW Marriott, Marriott, Doubletree, Renaissance and Hyatt. The balance of the portfolio, 27 premium select-service hotels totaling 5,571 rooms, features brands such as Courtyard by Marriott, Residence Inn by Marriott, SpringHill Suites by Marriott, Fairfield Inn by Marriott, TownePlace Suites by Marriott and Hampton Inn. The well maintained hotels in the portfolio have an average age of 14.5 years. For 2006, the portfolio's RevPAR was \$99.90, resulting in a portfolio wide RevPAR yield penetration of 116%. The trailing 12-month through November 2006 ADR of \$137 exceeds Ashford's portfolio by 14%. The trailing twelve month Gross Revenues for the portfolio equal \$681 million.

The transaction further concentrates Ashford's overall portfolio EBITDA in higher growth markets and solidifies its position in the upper-upscale and upscale chain segments with 60% upper-upscale, 34% upscale, 5% midscale and 1% luxury pro forma for the acquisition. Ashford's portfolio EBITDA by brand will include the industry's strongest performers with 50% in the Marriott brand family, 31% in Hilton, 8% in Hyatt and 6% in Starwood. Geographic diversification by EBITDA will be enhanced with 36% South Atlantic (including Washington, D.C.), 24% Pacific, 11% North Central, 11% South Central, 9% Mid-Atlantic, 7% Mountain, 1% New England and 1% Canada.

All but five of the 51 hotels are managed by their respective brands under long-term contracts. On a combined basis, Ashford will have a total of eight different property managers with the largest being Marriott at 44% of the overall portfolio EBITDA, Remington Hotels at 21%, Hilton at 18% and Hyatt at 8%. Eighteen hotels in the acquisition are owned in joint ventures with ownership interests ranging from 70% to 89%.

Transaction Pricing

At closing, the estimated forward NOI cap rate will be 7.6% and the EBITDA yield is expected to be 9.0% resulting in an 11.1x EBITDA multiple. On a trailing 12-month basis at the time of closing, the transaction's projected NOI cap rate is 7.0% with an EBITDA yield of 8.4% equating to an 11.9x EBITDA multiple. Assuming the proposed transaction financing, the acquisition is expected to add approximately \$0.35 per share in FFO (Funds from Operations) on an annualized basis in the first year.

Capital Structure

The transaction will be funded with a \$2.5 billion (including transaction costs) combination of existing debt and a financing package of debt and equity capital provided by Wachovia Securities. The Wachovia funding is comprised of 10-year and 5-year fixed-rate CMBS financing, variable-rate CMBS financing, a variable-rate term loan, and preferred equity. The proportional breakdown of each piece of capital funding implies an expected blended all-in cost of capital of approximately 6.3% and weighted average maturities of 7.7 years. In addition, Wachovia is providing a new \$150 million revolving credit facility.

Mr. Bennett, noted, 'We secured the funding for this transaction with favorable structures and rates. While short-term Ashford will have higher debt levels, we expect to achieve our targeted sub-60% debt level range within twelve months of closing through a combination of joint ventures, capital recycling and the appropriate use of the capital markets. We look forward to implementing strategies that we've used successfully on other portfolio transactions to create additional shareholder value on this transformational investment.'

Capital Expenditure Plan

Ashford expects to invest approximately \$55 million in owner funded capital improvements above the normal reserves for these assets in the first year to improve the physical product of the hotels and further enhance RevPAR yield penetration.

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