

Hersha Hospitality Trust Announces Recent New York City and Connecticut Transactions

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Hersha Hospitality Trust (AMEX: HT), owner of nationally franchised premium full service and limited service hotels, today announced several transactions in the metro New York City market. On June 1, the Company finalized the acquisition of the newly opened 70-room Hotel 373, located at 373 Fifth Avenue at 35th Street, in midtown Manhattan for \$28.0 million.

The hotel will be managed by Hersha Hospitality Management, L.P. As part of the transaction, Hersha will buy the lease of the Starbucks Coffee Company store located on the ground floor of the property on Fifth Avenue at 35th Street for an additional \$6.0 million. The lease for the store is on a triple-net basis. The purchase price includes the assumption of \$22.0 million in debt and the issuance of 1.0 million limited partnership units of Hersha Hospitality Limited Partnership.

The Company has also made several investments in its development financing program. Hersha purchased two land parcels in Brooklyn, New York for \$11.3 million, which will be used for an all suite hotel development, and issued a \$15.0 million mezzanine loan for a select service hotel in Lower Manhattan. Each investment provides a first right of offer on the completed hotel developments. The land purchases and mezzanine loan were funded through the repayment of other development loans.

Jay H. Shah, Chief Executive Officer, commented, 'We are pleased to be able to grow our presence in New York City through these very financially solid transactions. The Hotel 373 is in a prime midtown spot with very strong revenue per available room. Moreover, we've added an additional young property to our portfolio. With a right of first offer on two more New York City hotels, we expect to maintain our status of having one of the youngest and most attractively located portfolios of any hotel REIT. The purchase of the land parcels are financially beneficial with one having already been leased to a developer with a 10.0% yield, on a triple-net basis. Above all, the transactions demonstrate the added value of our proprietary pipeline of attractive New York City opportunities.'

Separately, on July 1, Hersha completed the purchase of the 134-room Holiday Inn-Norwich, Connecticut for \$16.1 million, including the assumption of \$8.2 million in debt. The remainder of the purchase price was funded with the issuance of Hersha Hospitality Limited Partnership units. The recently redeveloped select service hotel includes 10,900 square of meeting space and a restaurant leased to a successful restaurateur. It is conveniently located near Pfizer Inc.'s Global Research and Development headquarters, the U.S. Coast Guard Academy and the Foxwoods and Mohegan Sun casinos. The hotel re-opened in 2007 after a \$4.5 million repositioning.

Mr. Shah concluded, 'The two hotel purchases mark the third and fourth transactions in 2007 whereby the seller of the property has accepted our Limited Partnership units as consideration. We believe this demonstrates a strong vote of confidence in our strategy. The mezzanine loan and the purchase of the land parcels demonstrate how we are able to quickly replace the cash flows from the pay down of our development loans thereby reducing the dilution from paydowns of the development loans. The loan payoffs have also eliminated the need to take on additional leverage or issue additional equity for these purchases.'

About Hersha Hospitality Trust

Hersha Hospitality Trust is a self-advised real estate investment trust, which owns interests in 73 hotels totaling 9,395 rooms, primarily along the Northeast Corridor from Boston to Washington DC. The Company also owns hotels in Northern California and Scottsdale, Arizona.

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