



Ashford Hospitality Trust Invests in 23.9% IRR High Yield Hotel Portfolio Mezzanine Loan

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Ashford Hospitality Trust, Inc. (NYSE: AHT) today announced that it has acquired a mezzanine loan participation secured by interests in 681 extended-stay hotels recently purchased by affiliates of Lightstone Group and Arbor Realty Trust. Funding for the acquisition is being provided by ongoing asset sales.

The loan participation, which is part of a \$400 million mezzanine loan tranche, was acquired for \$98.4 million, and at a significant discount to par. Ashford's investment is priced to yield approximately 23.9% based upon the purchase price discount to par and the forward LIBOR curve through the final maturity of the loan. The loan initially matures in June 2009, has three one-year extension options and can be prepaid at anytime. Financing on the portfolio includes \$6 billion in first mortgage and mezzanine financing senior to Ashford's position, \$1 billion in mezzanine financing junior to Ashford's position, and \$600 million in equity which is also junior to Ashford's position. Based on trailing 12-month net cash flow from the portfolio, the debt service coverage ratio at closing through Ashford's position is approximately 1.63x, and Ashford's investment in the capital structure is approximately 75% to 80% loan to cost, or \$82,142 per key.

Commenting on the announcement, Monty J. Bennett, President and CEO of Ashford Hospitality Trust, stated, "The continued sale of assets has enabled us to re-allocate capital to very attractive opportunities such as debt reductions, share repurchases and mezzanine loans. This participation in the Extended Stay Hotels portfolio at a sizable discount to par offers an exceptional return for an investment well into the capital stack with strong sponsorship, significant geographic diversification and the premier extended-stay brands."

The loan portfolio includes 681 limited-service assets with 75,825 rooms located across 44 states and Canada. The brands include Extended Stay Deluxe, Extended Stay America, Homestead Studio Suites, StudioPlus, Wellesley Inn and Suites and Crossland. Extended Stay America, Homestead Studio Suites and Extended Stay Deluxe account for 600 of the hotels.

Ashford Hospitality Trust is a self-administered real estate investment trust focused on investing in the hospitality industry across all segments and at all levels of the capital structure, including direct hotel investments, first mortgages, mezzanine loans and sale-leaseback transactions.

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