

ASHFORD HOSPITALITY TRUST INC

Form 10-Q

August 07, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-31775

(Exact name of registrant as specified in its charter)

Maryland

86-1062192

(State or other jurisdiction of incorporation or organization)

(IRS employer identification number)

14185 Dallas Parkway, Suite 1100
Dallas, Texas

75254

(Address of principal executive offices)

(Zip code)

(972) 490-9600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$0.01 par value per share

67,818,732

ASHFORD HOSPITALITY TRUST, INC
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2009
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	June 30, 2009	December 31, 2008
		(Unaudited)
Assets		
Investments in hotel properties, net	\$ 3,509,856	\$ 3,568,215
Cash and cash equivalents	236,577	241,597
Restricted cash	67,283	69,806
Accounts receivable, net of allowance of \$467 and \$598, respectively	43,088	41,110
Inventories	3,281	3,341
Notes receivable	86,395	212,815
Investment in unconsolidated joint venture	19,888	19,122
Deferred costs, net	21,427	24,211
Prepaid expenses	17,818	12,903
Interest rate derivatives	77,657	88,603
Other assets	5,340	6,766
Intangible assets, net	3,033	3,077
Due from third-party hotel managers	49,127	48,116
Total assets	\$ 4,140,770	\$ 4,339,682
Liabilities and Equity		
Liabilities:		
Indebtedness	\$ 2,803,383	\$ 2,790,364
Capital leases payable	125	207
Accounts payable and accrued expenses	107,975	93,476
Dividends payable	5,527	6,285
Unfavorable management contract liabilities	19,821	20,950
Due to related parties	1,040	2,378
Due to third-party hotel managers	4,287	3,855
Other liabilities	7,981	8,124
Total liabilities	2,950,139	2,925,639
Commitments and contingencies (Note 14)		
Series B-1 cumulative convertible redeemable preferred stock, \$0.01 par value, 7,447,865 shares issued and outstanding	75,000	75,000
Redeemable noncontrolling interests in operating partnership	85,433	107,469
Equity:		
Shareholders' equity of the Company:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized	15	22

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Series A Cumulative Preferred Stock, 1,487,900 shares and 2,185,500 shares issued and outstanding at June 30, 2009 and December 31, 2008		
Series D Cumulative Preferred Stock, 5,666,797 shares and 6,394,347 shares issued and outstanding at June 30, 2009 and December 31, 2008	57	64
Common stock, \$0.01 par value, 200,000,000 shares authorized, 122,748,859 shares issued; 70,194,803 shares and 86,555,149 shares outstanding at June 30, 2009 and December 31, 2008	1,227	1,227
Additional paid-in capital	1,433,420	1,450,146
Accumulated other comprehensive loss	(771)	(860)
Accumulated deficit	(283,845)	(124,782)
Treasury stock, at cost, 52,554,056 and 36,193,710 shares at June 30, 2009 and December 31, 2008	(139,181)	(113,598)
Total shareholders' equity of the Company	1,010,922	1,212,219
Noncontrolling interests in consolidated joint ventures	19,276	19,355
Total equity	1,030,198	1,231,574
Total liabilities and equity	\$ 4,140,770	\$ 4,339,682

See Notes to Consolidated Financial Statements.

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ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	(Unaudited)			
Revenue				
Rooms	\$ 176,405	\$ 223,915	\$ 349,159	\$ 433,408
Food and beverage	47,850	63,410	95,234	122,009
Rental income from operating leases	1,405	1,526	2,594	2,873
Other	11,663	13,522	23,642	26,321
Total hotel revenue	237,323	302,373	470,629	584,611
Interest income from notes receivable	2,421	3,216	8,636	6,471
Asset management fees and other	205	921	379	1,443
Total revenue	239,949	306,510	479,644	592,525
Expenses				
Hotel operating expenses:				
Rooms	40,607	47,840	79,747	93,272
Food and beverage	33,527	43,196	67,535	84,769
Other expenses	76,151	86,903	150,880	172,786
Management fees	9,333	11,796	18,584	23,037
Total hotel operating expenses	159,618	189,735	316,746	373,864
Property taxes, insurance and other	16,189	16,234	30,579	30,858
Depreciation and amortization	38,573	39,013	79,992	81,999
Impairment charges	140,327		140,327	
Corporate general and administrative	6,911	8,365	13,757	16,069
Total expenses	361,618	253,347	581,401	502,790
Operating (loss) income	(121,669)	53,163	(101,757)	89,735
Equity in earnings of unconsolidated joint venture	617	1,287	1,221	1,813
Interest income	92	351	197	897
Other income	11,214	2,569	21,912	2,865
Interest expense and amortization of loan costs	(36,570)	(38,031)	(73,118)	(76,900)
Write-off of loan costs, premiums and exit fees			930	
Unrealized loss on derivatives	(37,723)	(55,438)	(19,691)	(51,389)
Loss from continuing operations before income taxes and redeemable noncontrolling interests	(184,039)	(36,099)	(170,306)	(32,979)
Income tax expense	(172)	(319)	(393)	(657)
Loss from continuing operations attributable to redeemable noncontrolling interests in operating	22,702	3,059	21,144	2,729

partnership

Loss from continuing operations	(161,509)	(33,359)	(149,555)	(30,907)
Income from discontinued operations attributable to controlling interests		9,572		13,372
Net loss	(161,509)	(23,787)	(149,555)	(17,535)
Loss (income) from consolidated joint ventures attributable to noncontrolling interests	450	(2,717)	153	(2,784)
Net loss attributable to the Company	(161,059)	(26,504)	(149,402)	(20,319)
Preferred dividends	(4,831)	(7,018)	(9,661)	(14,036)
Net loss attributable to common shareholders	\$ (165,890)	\$ (33,522)	\$ (159,063)	\$ (34,355)
Income (loss) per share basic and diluted:				
Loss from continuing operations attributable to common shareholders	\$ (2.34)	\$ (0.36)	\$ (2.10)	\$ (0.40)
Income from discontinued operations attributable to common shareholders		0.08		0.11
Net loss attributable to common shareholders	\$ (2.34)	\$ (0.28)	\$ (2.10)	\$ (0.29)
Weighted average common shares outstanding basic and diluted	70,882	118,911	75,685	118,870
Dividends declared per common share	\$	0.21	\$	0.42
Amounts attributable to common shareholders:				
Loss from continuing operations, net of tax	\$ (161,059)	\$ (36,076)	\$ (149,402)	\$ (33,691)
Income from discontinued operations, net of tax		9,572		13,372
Preferred dividends	(4,831)	(7,018)	(9,661)	(14,036)
Net loss attributable to common shareholders	\$ (165,890)	\$ (33,522)	\$ (159,063)	\$ (34,355)

See Notes to Consolidated Financial Statements.

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ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
				(Unaudited)
Net loss	\$ (161,509)	\$ (23,787)	\$ (149,555)	\$ (17,535)
Other comprehensive income (loss), net of tax:				
Change in unrealized loss on derivatives	199	21	55	14
Reclassification to interest expense	30	15	60	21
Foreign currency translation adjustments		10		(126)
Total other comprehensive income (loss)	229	46	115	(91)
Comprehensive loss	(161,280)	(23,741)	(149,440)	(17,626)
Comprehensive loss (income) attributable to noncontrolling interests in consolidated joint ventures	414	(2,717)	127	(2,784)
Comprehensive loss attributable to the Company	\$ (160,866)	\$ (26,458)	\$ (149,313)	\$ (20,410)

See Notes to Consolidated Financial Statements.

Contributions

Controlling

Interests

Contributions to

Controlling

Interests

-

(233)

Balance at

September 30, 2009

1,488

\$ 15

5,667

\$ 57

122,749

\$ 1,227

\$ 1,433,420

\$ (283,845)

\$ (771)

(52,554)

\$ (139,181)

\$ 19,276

\$ 1,030

See Notes to Consolidated Financial Statements.

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ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended	
	June 30	
	2009	2008
	(Unaudited)	
Cash Flows from Operating Activities		
Net loss	\$ (149,555)	\$ (17,535)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Net loss attributable to redeemable noncontrolling interests in operating partnership.	(21,144)	(1,594)
Depreciation and amortization	79,992	87,529
Impairment charges	140,327	
Equity in earnings of unconsolidated joint venture	(1,221)	(1,813)
Distributions of earnings from unconsolidated joint venture	455	
Income from derivatives	(21,924)	(2,865)
Gain on sales of properties		(6,903)
Amortization of discounts, deferred loan costs and deferred income on notes receivable	(3,042)	(671)
Amortization of loan costs and write-off of loan costs, premiums and exit fees	4,042	3,509
Write-off of loan costs, premiums and exit fees, net	(930)	(1,347)
Unrealized loss on derivatives	19,691	51,389
Stock-based compensation	2,757	