



ASHFORD
HOSPITALITY TRUST

The premier capital provider to the hospitality industry™

**NAREIT Conference
June 2005**

SAFE HARBOR

In keeping with the SEC's "Safe Harbor" guidelines, certain statements made during this presentation could be considered forward-looking and subject to certain risks and uncertainties that could cause results to differ materially from those projected. When we use the words "will likely result," "may," "anticipate," "estimate," "should," "expect," "believe," "intend," or similar expressions, we intend to identify forward-looking statements. Such forward-looking statements include, but are not limited to, our business and investment strategy, our understanding of our competition, current market trends and opportunities, projected operating results, and projected capital expenditures.

These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated including, without limitation: general volatility of the capital markets and the market price of our common stock; changes in our business or investment strategy; availability, terms and deployment of capital; availability of qualified personnel; changes in our industry and the market in which we operate, interest rates or the general economy, and the degree and nature of our competition. These and other risk factors are more fully discussed in the Company's filings with the Securities and Exchange Commission.

KEY ASHFORD HIGHLIGHTS

- ◆ **Diversified investment strategy - 77 hotel properties and \$98 million of debt investments**
- ◆ **Management alignment of interests with 17% ownership and a history of value creation**
- ◆ **\$1.4 billion invested or committed since inception**
- ◆ **Focus on upscale and upper-upscale segments**
- ◆ **Strong hotel brands and diversification - focus on Hilton, Marriott, Starwood, and Hyatt brands**
- ◆ **Significant internal and external growth prospects**
- ◆ **Attractive, above average dividend yield**

MISSION STATEMENT

To maximize shareholder returns throughout the peaks and the troughs of all lodging cycles via:

- ◆ Diversified equity and debt investments
- ◆ Portfolio allocation strategy that capitalizes on changing market opportunities



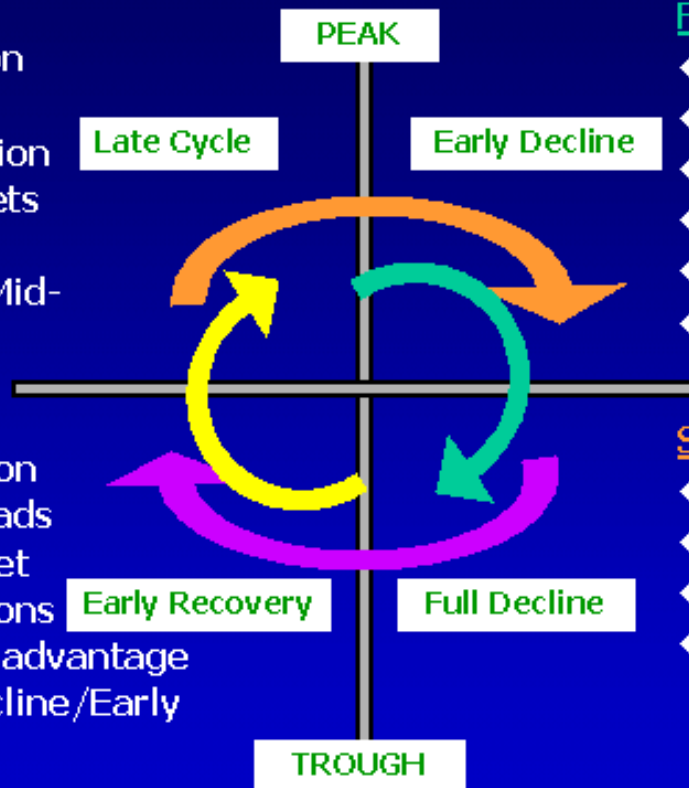
CYCLICAL ASSET ALLOCATION STRATEGY

HOTEL OWNERSHIP

- ◆ 60-90% allocation
- ◆ Current yield
- ◆ Capital appreciation
- ◆ Undervalued assets
- ◆ Reposition
- ◆ Timing: Trough/Mid-Stage Recovery

MEZZANINE

- ◆ 10-40% allocation
- ◆ Wide index spreads
- ◆ Inefficient market
- ◆ Foreclosure options
- ◆ LTV competitive advantage
- ◆ Timing: Late Decline/Early Recovery



FIRST MORTGAGE

- ◆ 0-10% allocation
- ◆ Stable returns
- ◆ High volume
- ◆ Counter cyclical
- ◆ Discount to par
- ◆ Timing: Peak/Early Decline

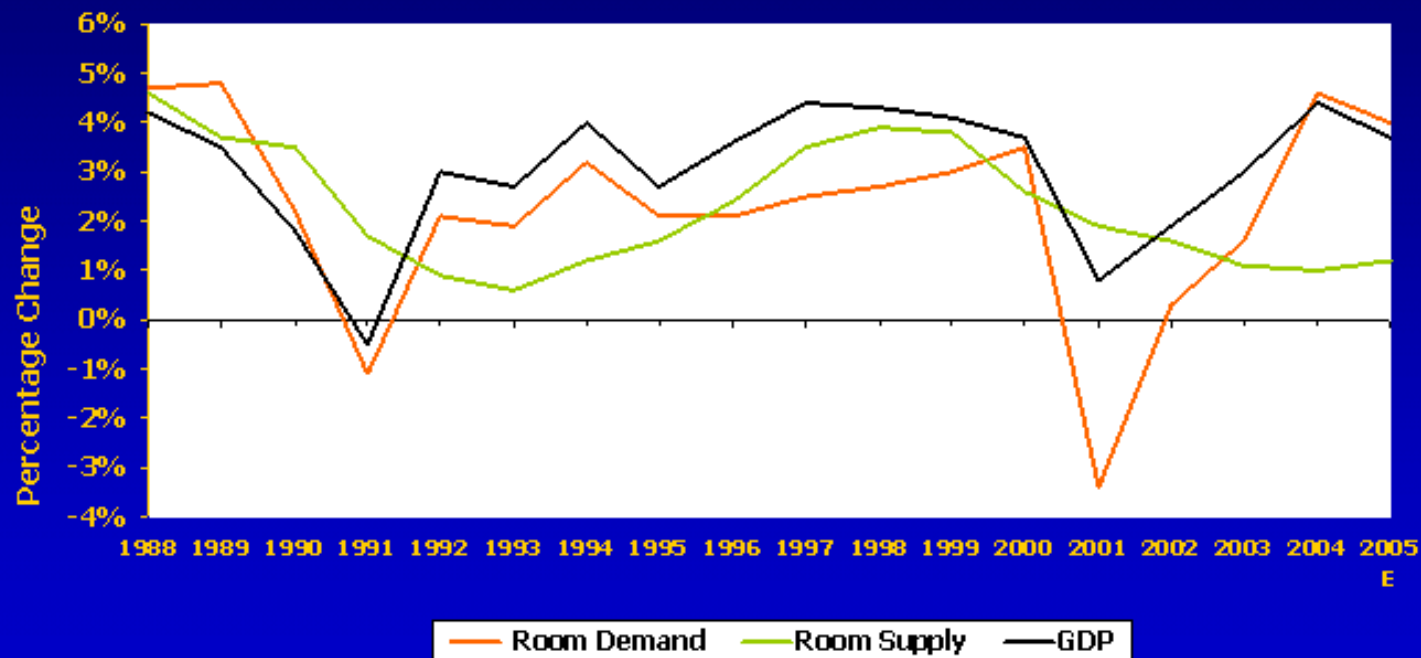
SALE-LEASEBACK

- ◆ 0-10% allocation
- ◆ Stable returns
- ◆ Participation
- ◆ Timing: Late Recovery/Mid-Stage Decline

LODGING MARKET / ECONOMIC RECOVERY

TTM through April 2005, Room Demand up 3.7%; Room Supply up 0.6%

Yearly % Change in U.S. Hotel Room Demand Growth, Room Supply Growth, & U.S. GDP Growth



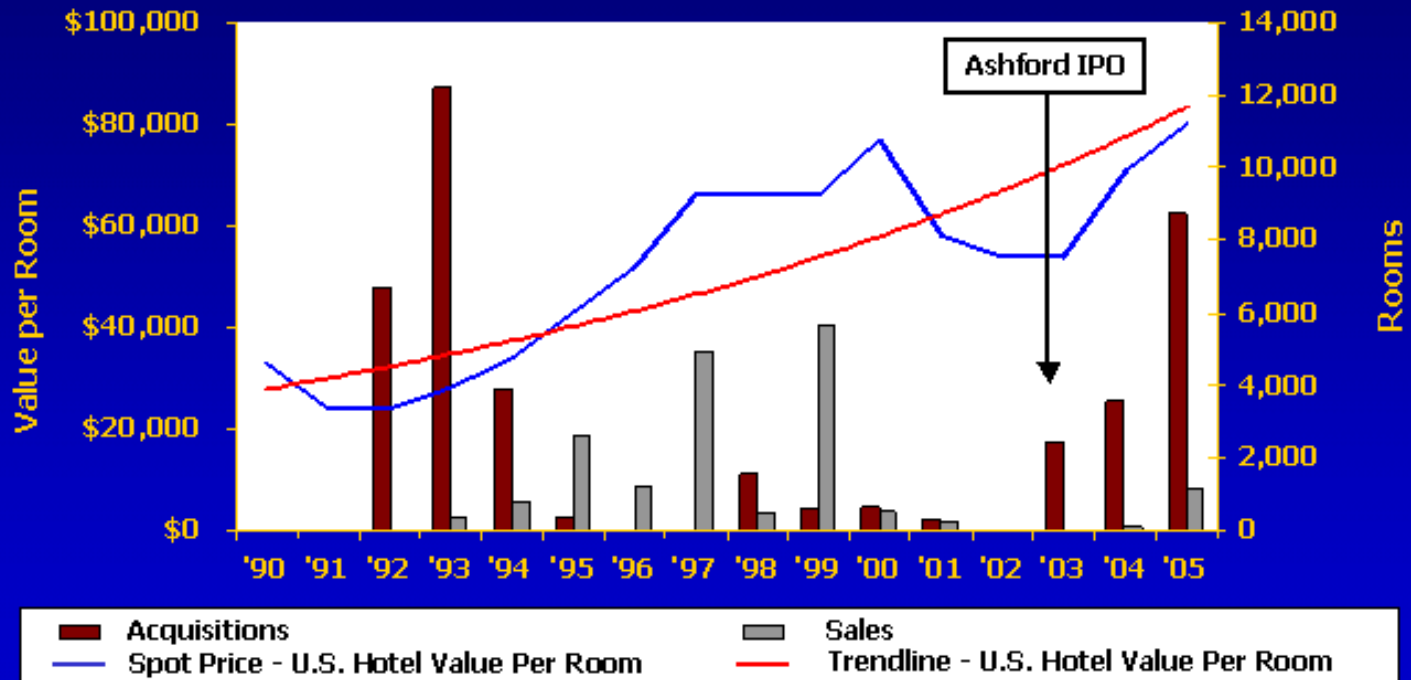
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Source: Smith Travel Research, PricewaterhouseCoopers

MANAGEMENT TRACK RECORD

Demonstrated expertise in creating value throughout cycles

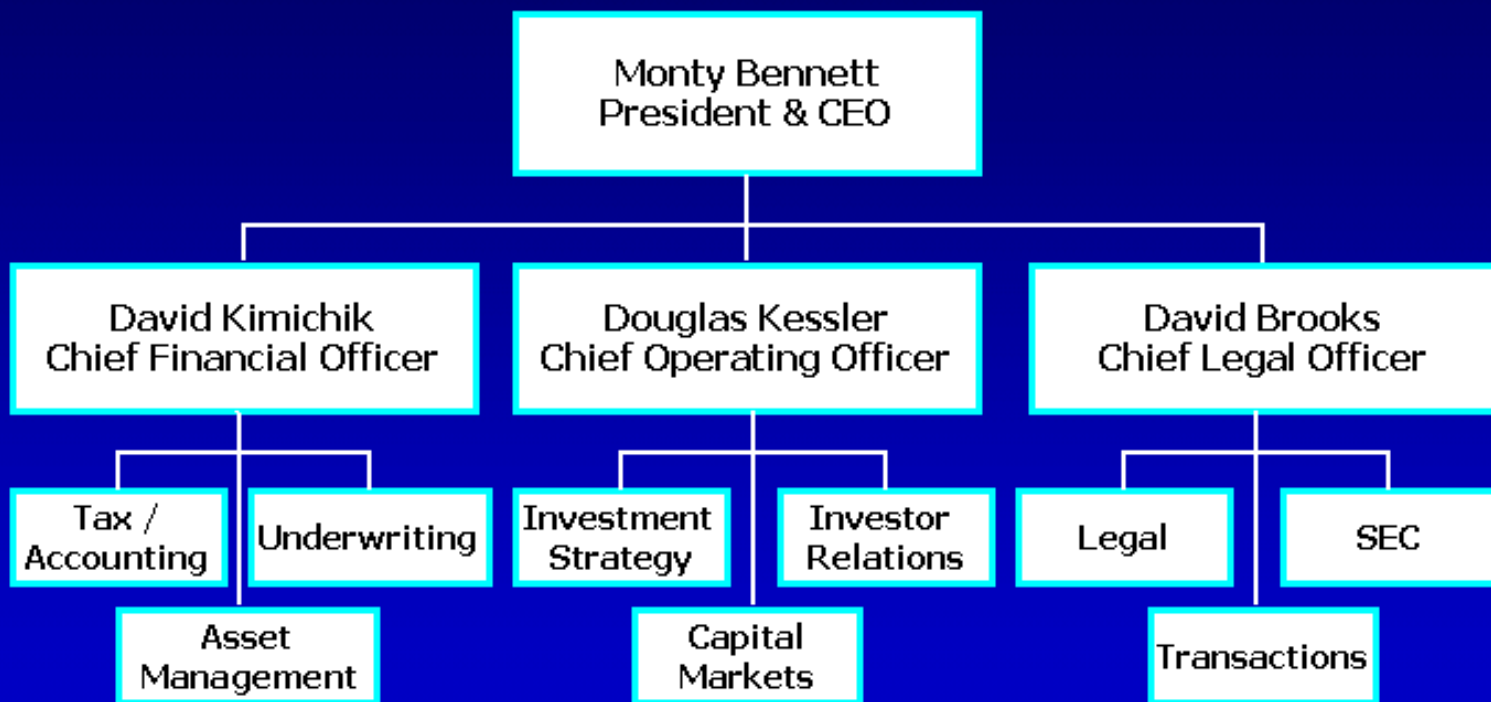
Yearly Change in U.S. Per Room Value vs. Management Purchases/Sales



Source: HVS International, Ashford Hospitality Trust

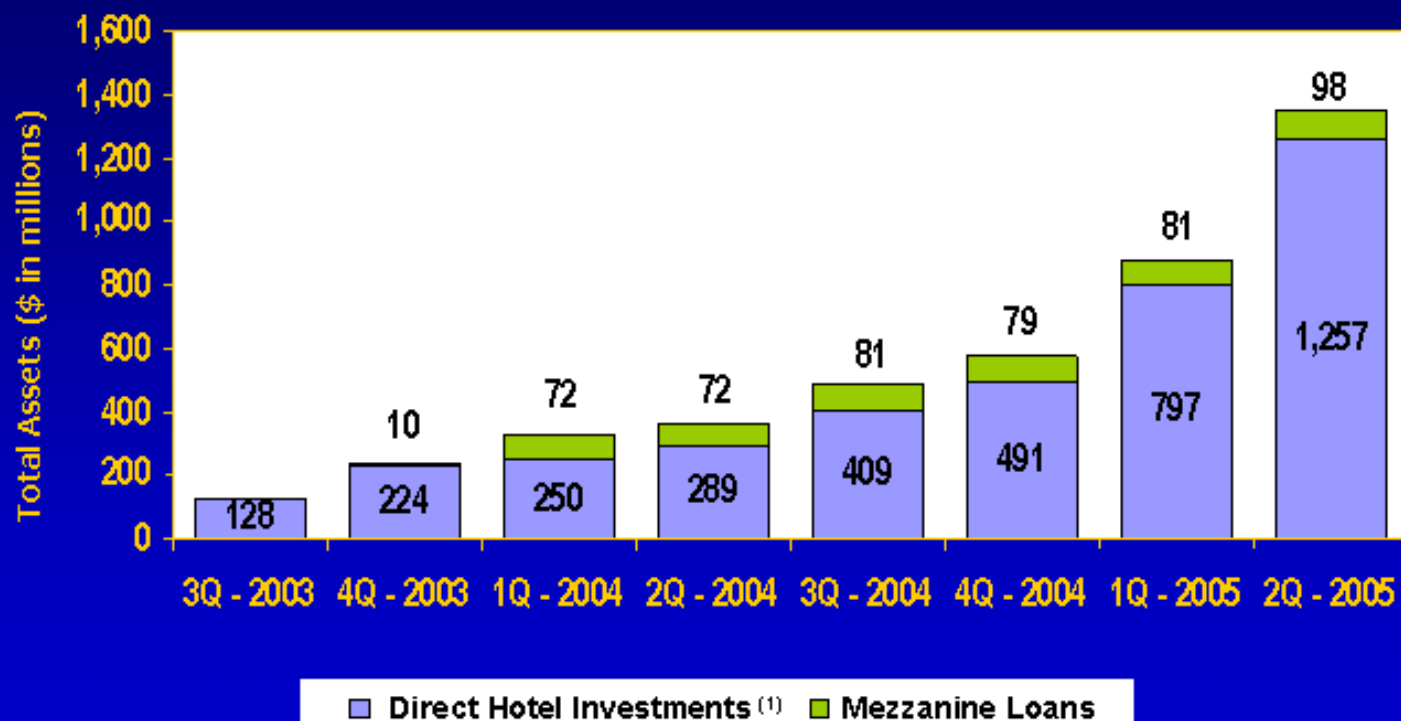
MANAGEMENT TEAM

High insider ownership of 17%



INVESTMENT PACE

Demonstrated ability to consistently invest capital with average quarterly investments of over \$175 million since IPO



¹ Includes capital expenditures and \$465 million announced acquisition

ACHIEVING TARGET INVESTMENT RETURNS

	<u>Direct Hotel Investments</u> ⁽¹⁾	<u>Mezzanine Loans</u> ⁽²⁾
Targeted Asset Yields	9.5-10.5%	11.0-12.0%
Closed Deals ⁽³⁾		
Sheraton Bucks County	13.2%	
Hilton/Marriott Select Service Portfolio	12.6%	
Embassy Suites/Doubletree Portfolio	11.4%	
FGSB Hotel Portfolio	11.2%	
Hilton/Marriott Select Service Portfolio	10.6%	
Hilton/Marriott Select Service Portfolio	10.5%	
Residence Inn - LBV	10.3%	
Sea Turtle Inn	9.9%	
CNL Hotel Portfolio	9.7%	
SpringHill Suites BWI Airport	9.7%	
Hilton Santa Fe	8.1%	
Hyatt Orange County	8.0%	
Northland Inn & Conference Center ⁽⁴⁾		15.0%
Westin Westminster		14.0%
Hyatt Penn's Landing		14.0%
Hotel Teatro		13.7%
Embassy Suites Anaheim		12.8%
Embassy Suites Logan Airport		12.0%
Viceroy Hotel		11.7%
Mixed Portfolio		11.2%
Hilton Times Square		11.0%
Adam's Mark Denver		10.1%
Weighted Average Yield	10.3%	12.1%
Total Portfolio Weighted Average Yield	10.5%	

¹ Hotel yields are based on TTM EBITDA, excluding planned CAPEX; includes announced \$465 million acquisition

² Mezzanine yields are based on initial yields

³ Includes only assets acquired post IPO

⁴ Northland Inn reflects the accrual rate

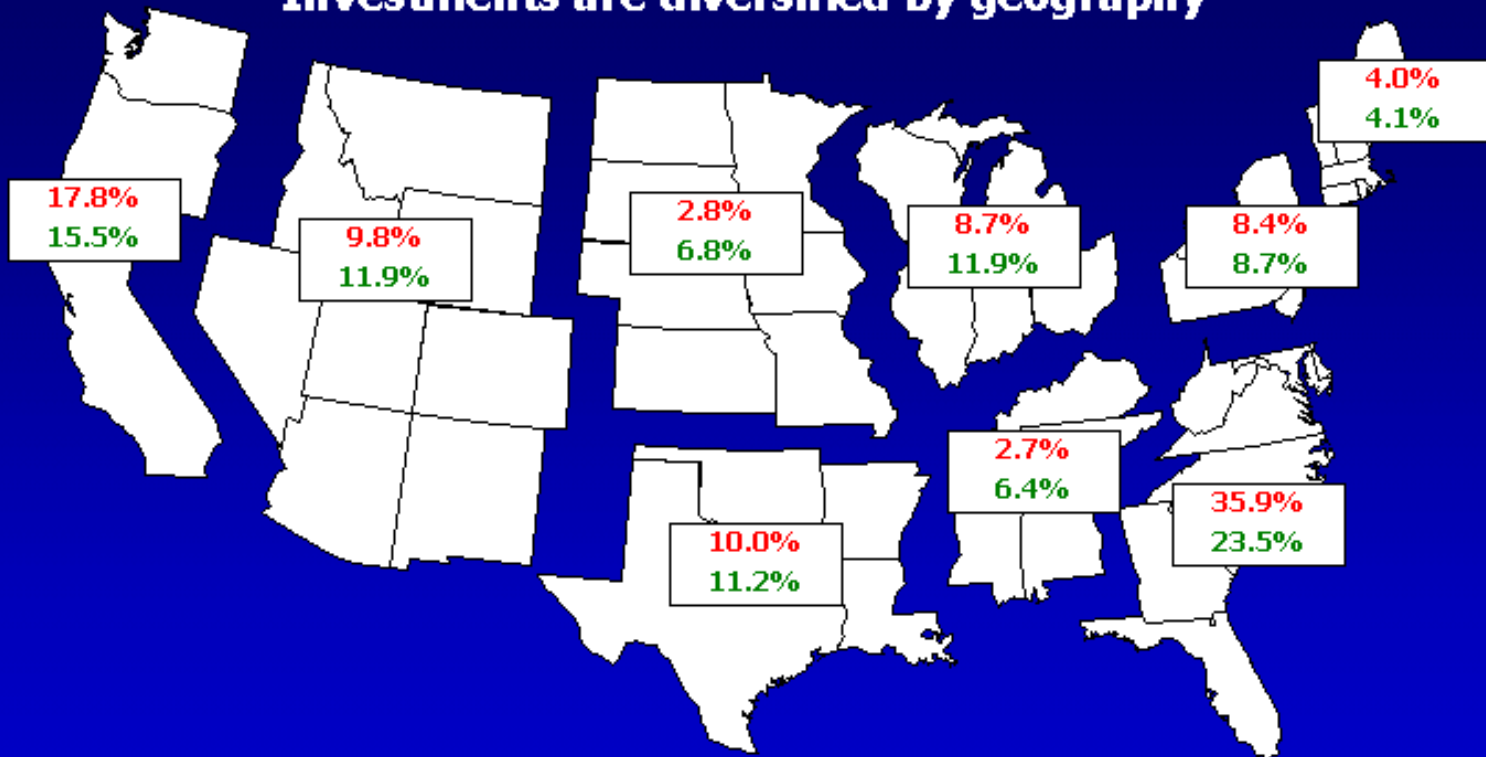
CNL PORTFOLIO ACQUISITION

- ◆ **30-Hotel portfolio with 4,328 rooms to be acquired for \$465 million**
- ◆ **Attractive TTM NOI cap rate of 8.5%**
- ◆ **Portfolio consists of select service Marriott branded and managed hotels in 27 markets across 16 states**
- ◆ **Increases brand and geographic diversification**
- ◆ **Favorable 10-yr debt financing at a fixed rate of 5.32%**



REGIONAL DISTRIBUTION

Investments are diversified by geography*



■ Represents % of Ashford's total portfolio by cost basis

■ Represents % of total U.S. hotel rooms in each region per Smith Travel Research

* Includes capital expenditures & announced \$465 million acquisition

QUALITY BRAND REPRESENTATION

71% of rooms are Hilton & Marriott brands*

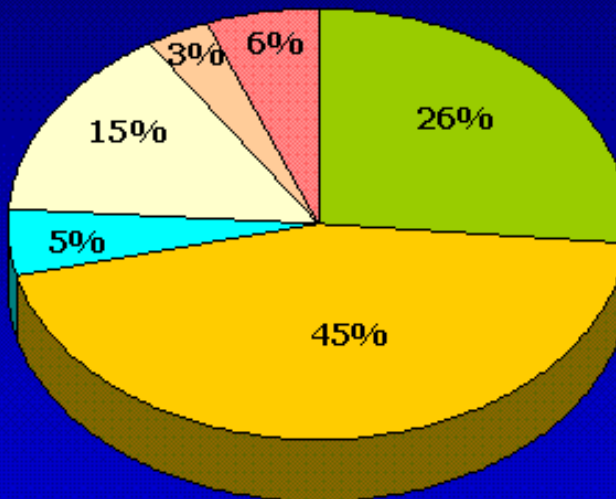
Hilton Brands



Other Brands & Independents



Room Breakdown - By Brand Family



■ Hilton ■ Marriott ■ Hyatt
■ Radisson ■ Starwood ■ Other

Marriott Brands



Starwood Brands



Hyatt Brands



* Includes announced \$465 million acquisition

PORTFOLIO GROWTH

Owned hotel portfolio is well positioned for RevPAR growth

Segment	Compound Annual RevPAR Growth Rate ⁽¹⁾	% of AHT's Rooms ⁽²⁾
Luxury	8.7%	
Upper Upscale	8.6%	31%
Upscale	6.7%	57%
Midscale without F&B	4.7%	12%
Midscale with F&B	5.5%	
Economy	4.9%	
Total U.S. - All Segments	6.8%	

¹ Reflects the PWC forecasted compound annual growth rate in RevPAR for 2005 - 2006

² Direct hotel investments; includes announced \$465 million acquisition

PORTFOLIO GROWTH

Internal Growth Strategy:

- ◆ Drive RevPAR gains at owned hotels, primarily through rate
- ◆ Benefit from recently completed and current renovations
- ◆ Continue to invest capital and upgrade owned hotel portfolio
- ◆ Dispose of non-core, lower yielding assets and redeploy capital

External Growth Strategy:

- ◆ Pursue attractive widely marketed and “off-market” acquisition and lending opportunities
- ◆ Focus on acquisitions and debt investments that are immediately accretive to earnings

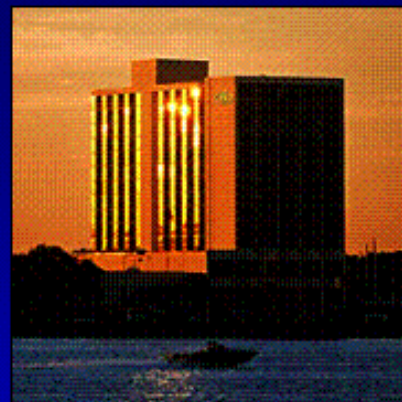
HOTEL ACQUISITION - CASE STUDY

FGSB Portfolio - \$250 million acquisition

- ◆ 21-Hotel portfolio with 4,094 rooms acquired for \$250 million
- ◆ Acquired at attractive yields:

	<u>Total Portfolio</u>	<u>Core Portfolio</u>
TTM Cap Rate	9.30%	10.50%
TTM EBITDA Yield	11.20%	12.40%
Price Per Key	\$61,065	\$69,055

- ◆ Core Portfolio consists of 13 upper-upscale and upscale full-service hotels in major markets
- ◆ 8 non-core hotels either sold or under contract for sale
- ◆ Significant OP units taken by affiliates of Fisher Brothers, Gordon Getty Trust, George Soros, and Ashford Management
- ◆ Accretive to earnings



DEBT INVESTMENT - CASE STUDY

Hotel Teatro - \$5 million mezzanine loan

- ◆ 111-room luxury, boutique hotel in downtown Denver
- ◆ Located across the street from the Denver Center for Performing Arts
- ◆ Initially approached by owners for development financing of proposed hotel across the street; ultimately funded re-finance of existing hotel
- ◆ Originated \$10 million mortgage and \$5 million mezzanine loan at a blended spread of 565 over LIBOR
- ◆ Sold first mortgage and retained mezzanine loan at a spread of 1,135 over LIBOR
- ◆ Creative structuring resulted in attractive pricing for the 50-74% tranche of the capital structure



DEBT MATURITIES

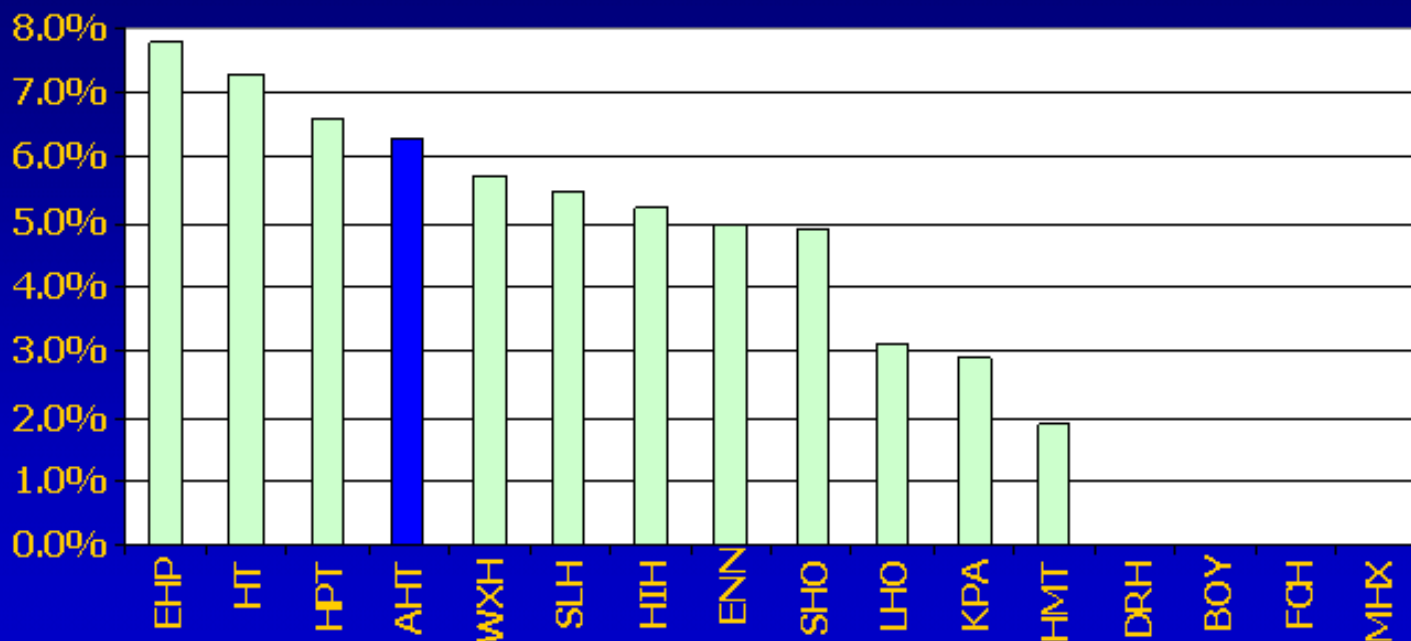
- ◆ Approximately 94% of debt is hedged, capped, or fixed
- ◆ Weighted average cost of debt is 5.5%
- ◆ Weighted average debt maturity is 6.9 years

<u>Year</u>	<u>Amount⁽¹⁾ (\$ in millions)</u>	<u>% of Total</u>
2005	-	0.0%
2006	6.3	0.8%
2007	-	0.0%
2008	111.7	14.1%
2009	262.2	33.0%
2010	31.4	4.0%
2011	11.8	1.5%
<u>Thereafter</u>	<u>370.0</u>	<u>46.6%</u>
Total	793.3	100.0%

¹ Assumes extension options are exercised; includes \$370 million financing for announced \$465 million acquisition

GROWING DIVIDEND

Quarterly dividend of \$0.16 per share reflects a partially invested portfolio and results in 4th highest yield among Hotel REITs (1)



¹ Based on annualized dividend yield as of 5/31/2005

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