

## Seeking Alpha $\alpha$

# Ashford Hospitality Trust, Inc. Q1 2008 Earnings Call Transcript

## Question-and-Answer Session

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### Operator

(Operator Instructions) Your first question comes from William Truelove – UBS.

### William Truelove – UBS

The question off the dividend coverage, are you happy with where the dividend coverage stands now, and B, what additional leverage do you think you could pull the chart and improve the dividend coverage, especially as it relates to going forward, and the ROI cap-ex?

### Monty Bennett

This is Monty, I'll take a stab at it, and if you want to take a stab at it as well.

We always want the dividend coverage to be more, and so I don't think we can ever say that we're happy with where it is, because we want it to continue to increase. Generally, we like, as our dividend increases over the years, we'd like our coverage to increase beyond that. So, we're going to continue to look at ways to increase coverage just because, and why not. We think it's good for our shareholders.

As far as additional things that we can do, we think that we're good on the swap side, the financial side. On the income side, as we take assets and we sell them, direct hotel investments and put more money into Mezzanine loans that has a couple of effects. Number one, it will typically immediately increase our coverage, because the cap. rates we sell assets for compared to where we can put Mezz money out.

That creates an imbalance of interest there, a spread increase, which will increase the dividend, and then the volatility of that income stream going forward over the next 12 months will be lower with a Mezz loan than it will be with owning an asset. So that's something that we can continue to do, and our continuing to do.

Then over on the asset side with the hotels themselves, we've got three levels of contingency plans per asset, about what we can do to enhance incremental revenues, but mostly contain costs, and each one of our hotels is at a different stage of that plan based upon their individual revenue levels. And, we're constantly adjusting those, and in almost every case, I think in every case, we're moving deeper into contingency plans.

We haven't gotten to a point where if we've reached, say, level two, we're ready to pull it back to level one or not enter the contingency plan at all as we just want to be cautious [inaudible], and we

continue to do some of these other things that these guys mentioned about locking in insurance for two years.

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