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Ashford Hospitality Trust Inc Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from David Loeb - Robert W. Baird.

David Loeb - Robert W. Baird

First off, please pass on my best wishes to Kimo and his family, hope he makes a quick recovery and you have him back on the team soon.

Monty Bennett

Thank you, we will.

David Loeb - Robert W. Baird

On the dividend, I know you're going to discuss this in a month or so, but I wonder if you could give us a little bit of color (a) in what your thinking is (b) what you think the required distribution would likely be for this year, next year and how much the preferreds cover that.

Monty Bennett

How much of the preferreds cover that?

David Loeb - Robert W. Baird

Yes, in other words the distribution to the preferreds. How is that relative to your required distribution? In other words, are you covering most of your taxable income with the preferred distribution?

Monty Bennett

Let me take a stab at some of those questions, David. Generally taxable income, we don't see in anyway affecting decisions on our dividend, what we pay at the end of the quarter or the preferreds. So we've got enough room there that we've got full flexibility on what we want to do, because taxable income, as you know comes in significantly below the actual cash flow, so it's just not a factor in determining any and all of those.

David Loeb - Robert W. Baird

Just to clarify, Monty. Does that mean if you decided just as a scenario, that you wanted to have no common dividend, you can still pay all your preferreds, you'd be covering the taxable income?

Monty Bennett

I don't have that right here in front of me David, but I can tell you that based upon some information I looked at not too long ago, I think we have full flexibility. I can't say that, but it wouldn't have to be much. So we're in pretty good shape and also as you know, you can borrow some from one year to the next as far as meeting those retests and so within that framework, I'm pretty certain we've got full flexibility.

As far as the dividends in general, I think I mentioned it in my script about our policy has been in the past that we don't like to pay out more than we're making on a seasonally adjusted basis and the challenge we've got we'll roll out here to December, as we think about what we want to pay off in the fourth quarter and the guidance we give for the next year is what the future looks like. I'm sure, our peers and some of the real estate operating companies have guidance, it's all over the place about what RevPAR is, and another variable for us is what LIBOR's going to be now that's a benefit, but it's obviously a variable.

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