

HERSHA HOSPITALITY TRUST
Form 10-Q
May 09, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008

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: 001-14765

HERSHA HOSPITALITY TRUST
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of Incorporation or
Organization)

251811499
(I.R.S. Employer Identification No.)

44 Hersha Drive
Harrisburg, Pennsylvania
(Address of Registrant's Principal Executive
Offices)

17102
(Zip Code)

Registrant's telephone number, including area code: (717) 236-4400

Indicate by check mark whether the registrant (i) 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 (ii) has been subject to such filing requirements for the past 90 days.

Yes No

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

Edgar Filing: HERSHA HOSPITALITY TRUST - Form 10-Q

Large accelerated filer	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Small reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of March 31, 2008, the number of Priority Class A Common Shares of Beneficial Interest outstanding was 41,208,543.

1

Hersha Hospitality Trust
Table of Contents for Quarterly Report on Form 10-Q

Item No.		Page
PART I. FINANCIAL INFORMATION		
Item 1.	<u>Financial Statements.</u>	3
	<u>Consolidated Balance Sheets as of March 31, 2008 [Unaudited] and December 31, 2007</u>	3
	<u>Consolidated Statements of Operations for the Three Months Ended March 31, 2008 and 2007 [Unaudited]</u>	4
	<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2008 and 2007 [Unaudited]</u>	6
	<u>Notes to the Consolidated Financial Statements</u>	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	27
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk.</u>	33
Item 4.	<u>Controls and Procedures.</u>	34
PART II. OTHER INFORMATION		
Item 1.	<u>Legal Proceedings.</u>	35
Item 1A.	<u>Risk Factors.</u>	35
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	35
Item 3.	<u>Default Upon Senior Securities.</u>	35
Item 4.	<u>Submission of Matters to a Vote of Security Holders.</u>	35
Item 5.	<u>Other Information.</u>	35
Item 6.	<u>Exhibits.</u>	36

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF
MARCH 31, 2008 [UNAUDITED] AND DECEMBER 31, 2007
[IN THOUSANDS, EXCEPT SHARE AMOUNTS]

	March 31, 2008	December 31, 2007
Assets:		
Investment in Hotel Properties, net of Accumulated Depreciation	\$ 930,589	\$ 893,297
Investment in Joint Ventures	49,798	51,851
Development Loans Receivable	71,024	58,183
Cash and Cash Equivalents	12,608	12,327
Escrow Deposits	12,848	13,706
Hotel Accounts Receivable, net of allowance for doubtful accounts of \$38 and \$47	9,556	7,165
Deferred Costs, net of Accumulated Amortization of \$3,684 and \$3,252	7,847	8,048
Due from Related Parties	2,374	1,256
Intangible Assets, net of Accumulated Amortization of \$818 and \$764	5,578	5,619
Other Assets	16,529	16,155
Total Assets	\$ 1,118,751	\$ 1,067,607
Liabilities and Shareholders' Equity:		
Line of Credit	\$ 74,100	\$ 43,700
Mortgages and Notes Payable, net of unamortized discount of \$70 and \$72	647,867	619,308
Accounts Payable, Accrued Expenses and Other Liabilities	17,311	17,728
Dividends and Distributions Payable	9,688	9,688
Due to Related Parties	1,497	2,025
Total Liabilities	750,463	692,449
Minority Interests:		
Common Units	\$ 46,308	\$ 42,845
Interest in Consolidated Joint Ventures	1,408	1,908
Total Minority Interests	47,716	44,753
Shareholders' Equity:		
Preferred Shares - 8% Series A, \$.01 Par Value, 29,000,000 Shares Authorized, 2,400,000 Shares Issued and Outstanding (Aggregate Liquidation Preference \$60,000)	24	24
Common Shares - Class A, \$.01 Par Value, 80,000,000 Shares Authorized, 41,208,543 and 41,203,612 Shares Issued and Outstanding at March 31, 2008 and December 31, 2007, respectively	412	412
Common Shares - Class B, \$.01 Par Value, 1,000,000 Shares Authorized, None Issued and Outstanding	-	-
Accumulated Other Comprehensive Income	(260)	(23)

Edgar Filing: HERSHA HOSPITALITY TRUST - Form 10-Q

Additional Paid-in Capital	399,028	397,127
Distributions in Excess of Net Income	(78,632)	(67,135)
Total Shareholders' Equity	320,572	330,405
Total Liabilities and Shareholders' Equity	\$ 1,118,751	\$ 1,067,607

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

Table of Contents

HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE
 THREE MONTHS ENDED MARCH 31, 2008 AND 2007 [UNAUDITED]
 [IN THOUSANDS, EXCEPT SHARE/UNIT AND PER SHARE AMOUNTS]

	2008	2007
Revenue:		
Hotel Operating Revenues	\$ 51,919	\$ 44,799
Interest Income from Development Loans	2,020	1,303
Land Lease Revenue	1,334	1,088
Hotel Lease Revenue	137	137
Other Revenues	252	142
Total Revenues	55,662	47,469
Operating Expenses:		
Hotel Operating Expenses	32,432	28,114
Hotel Ground Rent	226	249
Land Lease Expense	749	614
Real Estate and Personal Property Taxes and Property Insurance	3,182	