

ASHFORD HOSPITALITY TRUST INC

Form 424B2

September 16, 2010

Table of Contents

Filed pursuant to Rule 424(b)(2)
Registration No. 333-162750

PROSPECTUS SUPPLEMENT
(To prospectus dated January 25, 2010)

3,300,000 Shares

Ashford Hospitality Trust Inc.

**8.45% Series D Cumulative Preferred Stock
(Liquidation Preference \$25 per Share)**

We are offering 3,300,000 shares of our 8.45% Series D Cumulative Preferred Stock, par value \$.01 per share, referred to as our Series D Preferred Stock. This offering is a re-opening of our original issuance of Series D Preferred Stock, which occurred on July 11, 2007. As of the date of this prospectus supplement, there were 5,666,797 shares of Series D Preferred Stock outstanding.

We pay cumulative dividends on the Series D Preferred Stock in the amount of \$2.1125 per share each year, which is equivalent to 8.45% of the \$25.00 liquidation preference per share. Dividends on the Series D Preferred Stock are payable quarterly in arrears on or about the 15th day of January, April, July and October of each year. The first dividend on the Series D Preferred Stock sold in this offering is payable on October 15, 2010 and will be for a full quarter in the amount of \$0.528125 per share.

Generally, we may not redeem the Series D Preferred Stock before July 18, 2012, except to preserve our status as a real estate investment trust. On or after July 18, 2012, we may, at our option, redeem the Series D Preferred Stock, in whole or in part, by paying \$25.00 per share, plus any accrued and unpaid dividends to and including the date of redemption. Whenever both (i) the Series D Preferred Stock is not listed on the New York Stock Exchange, the NYSE Amex (formerly the American Stock Exchange) or the NASDAQ Global Market, or a successor to any such exchange, and (ii) we are not subject to the reporting requirements of the Securities Exchange Act of 1934, the rate at which dividends will accrue on the outstanding Series D Preferred Stock will increase to 9.45% of the liquidation preference per annum. In that event, we may redeem the Series D Preferred Stock, whether before or after July 18, 2012. Our Series D Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and is not convertible into any of our other securities. Investors in our Series D Preferred Stock generally have no voting rights but will have limited voting rights if we fail to pay dividends on our Series D Preferred Stock for six or more quarters (whether or not consecutive) and under certain other circumstances.

Our Series D Preferred Stock is subject to restrictions on ownership designed to preserve our qualification as a real estate investment trust. See *The Offering Ownership Limit* on page S-4 of this prospectus supplement, *Description of the Series D Preferred Stock Restrictions on Ownership* on page S-22 of this prospectus supplement, *Description of our Capital Stock Restrictions on Ownership and Transfer* on page 5 of the accompanying prospectus and *Description of our Preferred Stock Series D Preferred Stock* on page 13 of the accompanying prospectus for more information about these restrictions.

Our Series D Preferred Stock currently trades on the New York Stock Exchange under the symbol AHTPrD. On September 13, 2010, the last reported sale price of our Series D Preferred Stock was \$23.47 per share. The shares of Series D Preferred Stock sold in this offering are expected to be listed on the NYSE under the existing symbol.

Investing in our Series D Preferred Stock involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement and on page 12 of our Annual Report on Form 10-K for the year ended December 31, 2009.

| | Per share | Total |
|--|------------------|---------------|
| Public offering price(1) | \$ 23.178 | \$ 76,487,400 |
| Underwriting discounts and commissions | \$ 0.730107 | \$ 2,409,353 |
| Proceeds, before expenses, to us(1) | \$ 22.447893 | \$ 74,078,047 |

(1) Including accrued dividends.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the Series D Preferred Stock will be made by the underwriters on or about September 22, 2010.

Joint Book-Running Managers

UBS Investment Bank

Citi

Co-Managers

Barclays Capital

Deutsche Bank Securities

FBR Capital Markets

The date of this prospectus supplement is September 15, 2010.

TABLE OF CONTENTS

| | | |
|--|------------------------------|------|
| | Prospectus Supplement | |
| <u>Prospectus Supplement Summary</u> | | S-1 |
| <u>Risk Factors</u> | | S-5 |
| <u>Forward-Looking Statements</u> | | S-13 |
| <u>Use of Proceeds</u> | | S-14 |
| <u>Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends</u> | | S-15 |
| <u>Capitalization</u> | | S-16 |
| <u>Description of the Series D Preferred Stock</u> | | S-17 |
| <u>Additional Federal Income Tax Consequences</u> | | S-23 |
| <u>Underwriting</u> | | S-24 |
| <u>Legal Matters</u> | | S-26 |
| <u>Experts</u> | | S-26 |
| | Prospectus | |
| <u>Our Company</u> | | 1 |
| <u>Risk Factors</u> | | 2 |
| <u>About This Prospectus</u> | | 3 |
| <u>Forward-Looking Statements</u> | | 3 |
| <u>Use of Proceeds</u> | | 4 |
| <u>Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends</u> | | 4 |
| <u>Description of Our Capital Stock</u> | | 4 |
| <u>Description of Our Common Stock</u> | | 7 |
| <u>Description of Our Preferred Stock</u> | | 8 |
| <u>Description of Our Debt Securities</u> | | 14 |
| <u>Description of Our Warrants</u> | | 19 |
| <u>Description of Our Rights</u> | | 20 |
| <u>Book-Entry Securities</u> | | 20 |
| <u>Material Provisions of Maryland Law and of Our Charter and Bylaws</u> | | 22 |
| <u>Partnership Agreement</u> | | 25 |
| <u>Federal Income Tax Consequences of Our Status as a REIT</u> | | 30 |
| <u>Plan of Distribution</u> | | 59 |
| <u>Experts</u> | | 60 |
| <u>Legal Matters</u> | | 60 |
| <u>Where You Can Find More Information</u> | | 60 |
| <u>Incorporation of Information by Reference</u> | | 61 |

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus in making a decision about whether to invest in our Series D Preferred Stock. We have not, and the underwriters have not, authorized anyone to provide you with different or additional

information. We take no responsibility for, and can provide no assurance as to the reliability of, any different or inconsistent information. We are offering to sell, and seeking offers to buy, shares of our Series D Preferred Stock only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference is only accurate as of the respective dates which are specified in those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

Prospectus supplement summary

The following summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that is important to you. Before making a decision to invest in our Series D Preferred Stock, you should read carefully this entire prospectus supplement and the accompanying prospectus, including the sections entitled Risk Factors beginning on page S-5 of this prospectus supplement and on page 12 of our Annual Report on Form 10-K for the year ended December 31, 2009, as well as the documents incorporated by reference into the accompanying prospectus. This summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. All references to we, our and us in this prospectus supplement mean Ashford Hospitality Trust, Inc. and all entities owned or controlled by us except where it is made clear that the term means only the parent company. The term you refers to a prospective investor.

THE COMPANY

We are a Maryland corporation that was formed in May 2003 to invest in the hospitality industry at all levels of the capital structure. As of June 30, 2010, we owned 96 hotel properties directly and six hotel properties through majority-owned investments in joint ventures, with a total of 22,483 rooms, or 22,141 rooms if those attributable to joint venture partners are excluded. Our hotels are primarily operated under the widely recognized upper-upscale brands of Crown Plaza, Hilton, Hyatt, Marriott, Sheraton and Westin, and all of our hotel properties are located in the United States. As of June 30, 2010, we also owned mezzanine and first-mortgage loans receivable with a carrying value, net of impairments, of \$35.6 million. In addition, at June 30, 2010, we had a 25% ownership interest in a joint venture which had \$84.0 million of mezzanine loans and an 18% subordinated interest in a joint venture that was formed to hold a hotel property collateralizing a junior participation loan receivable that was foreclosed in March 2010.

Our current business strategy focuses on preserving capital, enhancing liquidity and continuing cost saving measures; however, our long-term investment strategies will continue to focus on the upscale and upper-upscale segments within the lodging industry. We believe that as hotel supply and demand and capital market cycles change, we will be able to shift our investment strategies to take advantage of lodging-related investment opportunities as they develop. During the recent economic crisis, we implemented numerous cost saving measures along with strategies to modify or extend our debt. We also repurchased shares of our common and preferred stock during a time that we believed the stock was undervalued. We are not currently pursuing a stock repurchase strategy, nor do we intend to do so in the near term based on current market conditions. Currently, we do not limit our acquisitions to any specific geographical market within the United States.

As the business cycle changes and the hotel markets improve, we intend to continue to invest in a variety of lodging-related assets based upon our evaluation of diverse market conditions including our cost of capital and the expected returns from those investments. These investments may include: (i) direct hotel investments; (ii) mezzanine financing through origination or acquisition in secondary markets; (iii) first-lien mortgage financing through origination or acquisition in secondary markets; and (iv) sale-leaseback transactions.

We are self-advised and own our lodging investments and conduct our business through Ashford Hospitality Limited Partnership, our operating partnership. We are the sole general partner of our operating partnership.

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We have elected to be treated as a real estate investment trust, or REIT, for federal income tax purposes. Our principal executive offices are located at 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. Our telephone number is (972) 490-9600. Our website is <http://www.ahtreit.com>. The contents of our website are not a part of this prospectus supplement or the accompanying prospectus.

S-1

Table of Contents

The offering

The Issuer

Ashford Hospitality Trust, Inc.

Securities Offered

3,300,000 shares of 8.45% Series D Cumulative Preferred Stock, which are a further issuance of, form a single series with and have the same terms as our outstanding shares of Series D Preferred Stock.

Series D Preferred Stock to be outstanding after this offering

8,966,797 shares of 8.45% Series D Cumulative Preferred Stock.

Dividends

Dividends on the Series D Preferred Stock are cumulative and are payable quarterly, when and as declared, at the rate of 8.45% of the \$25.00 liquidation preference per year (equivalent to an annual dividend rate of \$2.1125 per share). However, during any period of time that both (i) the Series D Preferred Stock is not listed on the New York Stock Exchange, or NYSE, the NYSE Amex (formerly the American Stock Exchange), or the NASDAQ Global Market, or NASDAQ, or listed on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ, and (ii) we are not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and any shares of Series D Preferred Stock are outstanding, the rate at which cash dividends will accrue on the Series D Preferred Stock will increase to a rate of 9.45% of the \$25.00 per share liquidation preference per year (equivalent to an annual dividend rate of \$2.3625 per share). Dividends will be payable quarterly on the 15th day of January, April, July and October of each year, or if such day is not a business day, the next succeeding business day. The first dividend on the Series D Preferred Stock sold in this offering is payable on October 15, 2010 and will be for a full quarter (in the amount of \$0.528125 per share).

Liquidation Preference

If we liquidate, dissolve or windup our operations, the holders of our Series D Preferred Stock will have a right to receive \$25.00 per share, plus an amount equal to accumulated, accrued and unpaid dividends (whether or not declared) to the date of payment, before any payment is made to the holders of our common stock or any of our other equity securities ranking junior to the Series D Preferred Stock. The rights of the holders of the Series D Preferred Stock to receive the liquidation preference will be subject to the rights of holders of our debt, holders of any equity securities senior in liquidation preference to the Series D Preferred Stock and the proportionate rights of holders of each other series or class of our equity securities ranked on a parity with the Series D Preferred Stock, including our Series A Cumulative Preferred Stock and Series B-1 Cumulative Convertible Redeemable Preferred Stock.

Special Optional Redemption

If at any time both (i) the Series D Preferred Stock is not listed on the NYSE, NYSE Amex or NASDAQ or listed on an exchange that is a successor to the NYSE, NYSE Amex or

S-2

Table of Contents

NASDAQ and (ii) we are no longer subject to the reporting requirements of the Exchange Act but the Series D Preferred Stock is still outstanding, then the Series D Preferred Stock will be redeemable at our option, in whole but not in part, within 90 days of the date upon which the shares cease to be listed or quoted and we cease to be subject to the reporting requirements of the Exchange Act. In such event, the shares of Series D Preferred Stock will be redeemable for a cash redemption price of \$25.00 per share plus accrued and unpaid dividends, if any, to the redemption date.

Optional Redemption

On and after July 18, 2012, we may redeem the Series D Preferred Stock for cash at our option, in whole or from time to time in part, at a redemption price of \$25.00 per share, plus accrued and unpaid dividends, if any, to the redemption date. Except with respect to the special optional redemption described above, and in certain limited circumstances relating to the ownership limitation necessary to preserve our qualification as a REIT, the Series D Preferred Stock will not be redeemable prior to July 18, 2012.

Maturity

The Series D Preferred Stock has no stated maturity date and is not subject to mandatory redemption or any sinking fund. We are not required to set aside funds to redeem the Series D Preferred Stock. Accordingly, the Series D Preferred Stock will remain outstanding indefinitely unless we decide to redeem the shares at our option.

Ranking

The Series D Preferred Stock ranks senior to our common stock and future junior securities, equal with each series of our outstanding preferred stock (our Series A Cumulative Preferred Stock and Series B-1 Cumulative Convertible Redeemable Preferred Stock) and with any future parity securities and junior to future senior securities and to all our existing and future indebtedness, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up.

Voting Rights

Holders of Series D Preferred Stock generally have no voting rights except as required by law. However, whenever dividends on the Series D Preferred Stock are in arrears for six or more quarterly periods (whether or not consecutive), the holders of such shares (voting together as a single class with all other shares of any class or series of shares ranking on a parity with the Series D Preferred Stock which are entitled to similar voting rights, if any) will be entitled to vote for the election of two additional directors to serve on our board of directors until all dividends in arrears on outstanding Series D Preferred Stock have been paid or declared and set apart for payment. In addition, the issuance of future senior stock or certain charter amendments, whether by merger, consolidation or business combination or otherwise, materially adversely affecting the rights of holders of Series D Preferred Stock cannot be made without the affirmative vote of holders of at least 66 $\frac{2}{3}$ % of the outstanding Series D Preferred Stock and shares of any class or

Table of Contents

series of stock ranking on a parity with the Series D Preferred Stock which are entitled to similar voting rights, if any, voting as a single class.

Ownership Limit

Subject to certain exceptions, no person may own, directly or indirectly, more than 9.8% (in value or number of shares, whichever is more restrictive) of the outstanding shares of our Series D Preferred Stock, unless our board of directors grants a waiver of such limitation.

Information Rights

During any period that both (i) the Series D Preferred Stock is not listed on the NYSE, NYSE Amex or NASDAQ, or listed on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ, and (ii) we are not subject to the reporting requirements of the Exchange Act, and any Series D Preferred Stock is outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series D Preferred Stock copies of the annual reports and quarterly reports that we would have been required to file with the SEC, pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required), and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the Series D Preferred Stock. We will mail (or otherwise provide) the reports to the holders of Series D Preferred Stock within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.

Listing

Our Series D Preferred Stock currently trades on the NYSE under the symbol AHTPrD. The shares of Series D Preferred Stock sold in this offering are expected to be listed on the NYSE under the existing symbol.

Conversion

The Series D Preferred Stock is not convertible into or exchangeable for any of our other securities or property.

Use of Proceeds

We intend to use the net proceeds from the sale of the Series D Preferred Stock to repay a portion of our outstanding borrowings under our existing senior credit facility, although we may also use a portion of the net proceeds to redeem a portion of our Series B-1 Cumulative Convertible Redeemable Preferred Stock, referred to as the Series B-1 Preferred Stock, all of the shares of which are currently held by Security Capital Preferred Growth Incorporated, or for other general corporate purposes. See Use of Proceeds on page S-14 of this prospectus supplement.

Settlement

Delivery of the shares of Series D Preferred Stock will be made against payment therefor on or about September 22, 2010.

Risk Factors

See Risk Factors beginning on page S-5 of this prospectus supplement and on page 12 of our Annual Report on Form 10-K for the year ended December 31, 2009 for risks that you should consider before purchasing shares of our Series D Preferred Stock.

S-4

Table of Contents

Risk factors

An investment in the Series D Preferred Stock involves various risks, including those described below and in our Annual Report on Form 10-K for the year ended December 31, 2009. Prospective investors should carefully consider such risk factors, together with all of the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus in determining whether to purchase the Series D Preferred Stock offered hereby.

Our Series D Preferred Stock is subordinate to our debt, and your interests could be diluted by the issuance of additional preferred stock, including additional Series D Preferred Stock, and by other transactions.

The Series D Preferred Stock is subordinate to all of our existing and future debt. Our future debt may include restrictions on our ability to pay dividends to preferred stockholders. Our charter currently authorizes the issuance of up to 50,000,000 shares of preferred stock in one or more series. The issuance of additional preferred stock on parity with or senior to the Series D Preferred Stock would dilute the interests of the holders of the Series D Preferred Stock, and any issuance of preferred stock senior to the Series D Preferred Stock or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series D Preferred Stock. Other than the increase in the dividend that may occur in a circumstance described under Description of the Series D Preferred Stock Dividends below, none of the provisions relating to the Series D Preferred Stock contains any provisions affording the holders of the Series D Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, that might adversely affect the holders of the Series D Preferred Stock, so long as the rights of the holders of the Series D Preferred Stock are not materially and adversely affected.

As a holder of Series D Preferred Stock you have extremely limited voting rights.

Your voting rights as a holder of Series D Preferred Stock will be limited. Shares of our common stock and shares of our Series B-1 Preferred Stock are the only classes carrying full voting rights. Voting rights for holders of Series D Preferred Stock exist primarily with respect to adverse changes in the terms of the Series D Preferred Stock, the creation of additional classes or series of preferred stock that are senior to the Series D Preferred Stock and our failure to pay dividends on the Series D Preferred Stock.

Listing on the NYSE does not guarantee a market for our Series D Preferred Stock, and the market price and trading volume of our Series D Preferred Stock may fluctuate significantly.

The market determines the trading price for the Series D Preferred Stock and may be influenced by many factors, including our history of paying dividends on the Series D Preferred Stock, variations in our financial results, the market for similar securities, investors' perceptions of us, our issuance of additional preferred equity or indebtedness and general economic, industry, interest rate and market conditions. Because the Series D Preferred Stock carries a fixed dividend rate, its value in the secondary market will be influenced by changes in interest rates and will tend to move inversely to such changes. In particular, an increase in market interest rates will result in higher yields on other financial instruments and may lead purchasers of Series D Preferred Stock to demand a higher yield on the price paid for the Series D Preferred Stock, which could adversely affect the market price of the Series D Preferred Stock. Historically, the daily trading volume of the Series D Preferred Stock has been lower than the trading volume of many other securities. As a result, investors who desire to liquidate substantial holdings of the Series D Preferred Stock at a single point in time may find that they are unable to dispose of their shares in the market without causing a substantial decline in the market price of such shares.

Table of Contents

Risk factors

The current financial crisis and general economic slowdown has harmed the operating performance of the hotel industry generally. If these or similar events continue or occur again in the future, our operating and financial results may be harmed by declines in occupancy, average daily room rates and/or other operating revenues.

The performance of the lodging industry has traditionally been closely linked with the performance of the general economy and, specifically, growth in the U.S. gross domestic product. A majority of our hotels are classified as upper upscale. In an economic downturn, these types of hotels may be more susceptible to a decrease in revenue, as compared to hotels in other categories that have lower or higher room rates. This characteristic may result from the fact that upscale and upper upscale hotels generally target business and high-end leisure travelers. In periods of economic difficulties, business and leisure travelers may seek to reduce travel costs by limiting travel or seeking to reduce costs on their trips. Likewise, the volatility in the credit and equity markets and the economic recession will continue to have an adverse effect on our business.

We are subject to various risks related to our use of, and dependence on, debt.

As of June 30, 2010, we had aggregate borrowings of approximately \$2.8 billion outstanding, including \$913.6 million of variable interest rate debt. The interest we pay on variable-rate debt increases as interest rates increase, which may decrease cash available for distribution to stockholders. We are also subject to the risk that we may not be able to meet our debt service obligations or refinance our debt as it becomes due. If we do not meet our debt service obligations, we risk the loss of some or all of our assets to foreclosure. Changes in economic conditions or our financial results or prospects could (i) result in higher interest rates on variable-rate debt, (ii) reduce the availability of debt financing generally or debt financing at favorable rates, (iii) reduce cash available for distribution to stockholders, (iv) increase the risk that we could be forced to liquidate assets to repay debt, any of which could have a material adverse effect on us, and (v) create other hazardous situations for the Company.

Our debt agreements contain financial and other covenants. If we violate covenants in any debt agreements, including as a result of impairments of our hotel or mezzanine loan assets, we could be required to repay all or a portion of our indebtedness before maturity at a time when we might be unable to arrange financing for such repayment on attractive terms, if at all. Violations of certain debt covenants may also prohibit us from borrowing unused amounts under our lines of credit, even if repayment of some or all the borrowings is not required. In any event, financial covenants under our current or future debt obligations could impair our planned business strategies by limiting our ability to borrow beyond certain amounts or for certain purposes. Our governing instruments do not contain any limitation on our ability to incur indebtedness.

We have voluntarily elected to cease making payments on the mortgages securing three of our hotels, and we may voluntarily elect to cease making payments on additional mortgages in the future, which could reduce the number of hotels we own as well as our revenues and could affect our ability to raise equity or debt financing in the future or violate covenants in our debt agreements.

We have recently undertaken a series of actions to manage the sources and uses of our funds in an effort to navigate through challenging market conditions while still pursuing opportunities that can create long-term shareholder value. In this effort, we have attempted to proactively address value and cash flow deficits among certain of our mortgaged hotels, with a goal of enhancing shareholder value through loan amendments, or in certain instances, consensual transfers of hotel properties to the lenders in satisfaction of the related debt, some of which will likely result in

impairment charges. The loans secured by these hotels, subject to certain customary exceptions, were non-recourse to us. We may continue to proactively address value and cash flow deficits in a similar manner as necessary and appropriate.

Table of Contents

Risk factors

We have elected to cease making payments on the mortgages securing certain of our hotel properties. In December 2009, after fully cooperating with the servicer for a consensual foreclosure or deed in lieu of foreclosure, we agreed to transfer possession and control of the Hyatt Regency Dearborn to a receiver. In March 2010, we elected to cease making payments on a \$5.8 million mortgage note payable maturing in January 2011, which is secured by a hotel property in Manchester, Connecticut. Since that date, the loan has been transferred to a special servicer. Additionally, in September 2010, we successfully negotiated a consensual transfer of the Westin O Hare hotel to the related lender. In each of these instances, the hotel was not generating sufficient cash flow to cover its debt service and was not expected to generate sufficient cash flow to cover its debt service for the foreseeable future. These and any similar transfers reduce our assets and debt, could have an adverse effect on our ability to raise equity or debt capital in the future or increase the cost of such capital or violate covenants in other debt agreements.

In addition to the foregoing loans, we had approximately \$2.4 billion of mortgage debt outstanding as of June 30, 2010. We may face issues with these loans or with other loans or borrowings that we incur in the future, some of which issues may be beyond our control, including our ability to service payment obligations from the cash flow of the applicable hotel or the inability to refinance existing debt at the applicable maturity date. In such event, we may elect to default on the applicable loan and, as a result, the lenders would have the right to exercise various remedies under the loan documents, which would include foreclosure on the applicable hotels. Any such defaults, whether voluntary or involuntary, could result in a default under our other debt or otherwise have an adverse effect on our business, results of operations or financial condition.

We may be unable to generate sufficient revenue from operations to pay our operating expenses and to pay dividends to the holders of our Series D Preferred Stock or other stock. Currently, our credit facility limits us from paying dividends if we do not meet certain covenants.

As a REIT, we are generally required to distribute at least 90% of our net taxable income each year, excluding net capital gains, to our stockholders. Our ability to make distributions may be adversely affected by the risk factors described herein. We cannot assure you that we will be able to make distributions in the future. In the event of continued or future downturns in our operating results and financial performance, unanticipated capital improvements to our hotels or declines in the value of our mortgage portfolio, we may be unable to declare or pay distributions to our stockholders to the extent provided by the terms of the Series D Preferred Stock or our other preferred stock or the extent required to maintain our REIT qualification. The timing and amount of such distributions will be in the sole discretion of our Board of Directors, which will consider, among other factors, our financial performance, debt service obligations, applicable debt covenants and capital expenditure requirements.

We have engaged in and may continue to engage in derivative transactions, which can limit our gains and expose us to losses.

We have entered into and may continue to enter into hedging transactions to (i) attempt to take advantage of changes in prevailing interest rates, (ii) protect our portfolio of mortgage assets from interest rate fluctuations, (iii) protect us from the effects of interest rate fluctuations on floating-rate debt, or (iv) preserve net cash flow. Our hedging transactions may include entering into interest rate swap agreements, interest rate cap or floor agreements or floor and corridor agreements and purchasing or selling futures contracts, purchasing put and call options on securities or securities underlying futures contracts, or entering into forward rate agreements. Hedging activities may not have the desired beneficial impact on our results of operations or financial condition. No hedging activity can completely insulate us from the risks inherent in our business.

S-7

Table of Contents

Risk factors

Moreover, interest rate hedging could fail to protect us or adversely affect us because, among other things:

- Ø Available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought.
- Ø The duration of the hedge may not match the duration of the related liability.
- Ø The party owing money in the hedging transaction may default on its obligation to pay.
- Ø The credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction.
- Ø The value of derivatives used for hedging may be adjusted from time to time in accordance with generally accepted accounting rules to reflect changes in fair value; downward adjustments, or mark-to-market losses, would reduce our stockholders equity.
- Ø The hedge may have a margin call.

Hedging involves both risks and costs, including transaction costs, which may reduce our overall returns on our investments. These costs increase as the period covered by the hedging relationship increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to stockholders. We generally intend to hedge to the extent management determines it is in our best interest given the cost of such hedging transactions as compared to the potential economic returns or protections offered. The REIT qualification rules may limit our ability to enter into hedging transactions by requiring us to limit our income and assets from hedges. If we are unable to hedge effectively because of the REIT rules, we will face greater interest rate exposure than may be commercially prudent.

If LIBOR rates do not act in the manner or to the extent we have anticipated, we may not generate expected cash flow from our flooridor and corridor derivative transactions, which may adversely affect us.

In an effort to take advantage of declining LIBOR rates, we entered into a series of interest rate derivatives, referred to as flooridors and corridors beginning in December 2008. The interest rate flooridor combines two interest rate floors, structured such that the purchaser simultaneously buys an interest rate floor at a strike rate X and sells an interest rate floor at a lower strike rate Y. The purchaser of the flooridor is paid when the underlying interest rate index (for example, LIBOR) resets below strike rate X during the term of the flooridor. Unlike a standard floor, the flooridor limits the benefit the purchaser can receive as the related interest rate index falls. Once the underlying index falls below strike Y, the sold floor partially offsets the purchased floor. The interest rate corridor involves purchasing of an interest rate cap at one strike rate X and selling an interest rate cap with a higher strike rate Y. The purchaser of the corridor is paid when the underlying interest rate index resets above the strike rate X during the term of the corridor. The Company is not currently a party to any corridor derivative transaction. If LIBOR rates do not change in the manner or to the extent we have anticipated, we may not generate the cash flow we have anticipated from our flooridor and corridor derivatives, which may adversely affect us, including by impairing our ability to service our debt obligations, comply with financial covenants or make anticipated capital investments in our hotels.

The assets associated with certain of our derivative transactions do not constitute qualified REIT assets and the related income will not constitute qualified REIT income. Significant fluctuations in the value of such assets or the related income could jeopardize our REIT qualification or result in additional tax liabilities.

We have entered into certain derivative transactions to protect against interest rate risks not specifically associated with debt incurred to acquire qualified REIT assets. The REIT provisions of the Internal

Table of Contents

Risk factors

Revenue Code, limit our income and assets in each year from such derivative transactions. Failure to comply with the asset or income limitation within the REIT provisions of the Internal Revenue Code could result in penalty taxes or loss of our REIT qualification. If we elect to contribute the non-qualifying derivatives into a taxable REIT subsidiary to preserve our REIT qualification, such an action would result in any income from such transactions being subject to federal income taxation.

If the current economic downturn continues and the underlying hotel properties supporting our mezzanine loan portfolio are unable to generate enough cash flows for the scheduled payments, there is a possibility that our remaining mezzanine loan portfolio could be written off in its entirety, which may adversely affect our operating results.

When we implemented our mezzanine loan investment strategy, we generally performed the underwriting stress test based on worst case scenarios similar to what the hotel industry experienced during the downturn following the events of September 11, 2001. However, the magnitude of the current economic downturn far exceeded our underwriting sensitivity. As a result, we have recorded impairment charges with respect to our mezzanine loan portfolio of approximately \$148.7 million in 2009, and if the current economic downturn continues, we may record additional impairment charges to this portfolio equal to as much as the remaining balance of our mezzanine loan portfolio of \$56.7 million (including the 25% interest in a mezzanine loan joint venture) as of June 30, 2010. If such a write-off were to occur, it would impact our interest income by up to \$4.0 million annually.

We face the risk that we may not be able to sell any hotel properties we decide to sell on favorable terms.

We may decide to sell one or more of our hotel properties from time to time for a variety of reasons. We cannot assure you that we will be able to sell any of the properties we decide to sell on favorable terms or that any such properties will not be sold at a loss.

Continued significant impairment charges related to our mezzanine loan portfolio could result in our failure to satisfy certain financial ratios, which could trigger additional rights for the holder of our Series B-1 Preferred Stock.

Our Series B-1 preferred stockholder has certain contractual rights in the event we are unable to satisfy certain financial ratios, and such inability remains uncured for more than 120 days. The end of the 120 day cure period, without a cure or waiver, would severely restrict our ability to operate our company without triggering a covenant violation. Specifically, we would be restricted from issuing preferred securities, incurring additional debt or purchasing or leasing real property without triggering a covenant violation under the articles supplementary governing the Series B-1 Preferred Stock.

The impairment charges incurred in the second quarter of 2009 resulted in an adjusted EBITDA calculation that could have prevented us from satisfying one financial ratio. As a result, without a cure or waiver, we may have been obligated to restrict operations beginning in the third quarter of 2009 or risk triggering a covenant violation. However, Security Capital Preferred Growth Incorporated, the sole holder of our Series B-1 Preferred Stock, reviewed the specific impairment charges and agreed to exclude the impairment charges incurred in the second, third and fourth quarters of 2009 as they impact the financial ratio calculations for the affected periods. If we incur additional impairment charges, there is no assurance that Security Capital will grant a similar waiver in the future.

If a covenant violation does occur and we have not redeemed all of our outstanding Series B-1 Preferred Stock, we will be obligated to pay an additional \$0.05015 per share quarterly dividend on our Series B-1 Preferred Stock (approximately \$374,000 aggregate increase per quarter), and the Series B-1 Preferred Stockholder will gain the right to appoint two board members.

S-9

Table of Contents

Risk factors

Complying with REIT requirements may limit our ability to hedge effectively.

The REIT provisions of the Internal Revenue Code may limit our ability to hedge mortgage securities and related borrowings by requiring us to limit our income and assets in each year from certain hedges, together with any other income not generated from qualified real estate assets, to no more than 25% of our gross income. In addition, we must limit our aggregate income from nonqualified hedging transactions, from our provision of services, and from other non-qualifying sources to no more than 5% of our annual gross income. As a result, we may have to limit our use of advantageous hedging techniques. This could result in greater risks associated with changes in interest rates than we would otherwise want to incur. However, for transactions occurring after July 30, 2008 that we enter into to protect against interest rate risks on debt incurred to acquire qualified REIT assets and for which we identify as hedges for tax purposes, any associated hedging income is excluded from the 95% income test and the 75% income test applicable to a REIT. If we were to violate the 25% or 5% limitations, we may have to pay a penalty tax equal to the amount of income in excess of those limitations multiplied by a fraction intended to reflect our profitability. If we fail to satisfy the REIT gross income tests, unless our failure was due to reasonable cause and not due to willful neglect, we could lose out REIT status for federal income tax purposes.

We may be subject to taxes in the event our leases are held not to be on an arm's-length basis.

In the event that leases between us and our taxable REIT subsidiaries are held not to be on an arm's-length basis, we or our taxable REIT subsidiaries could be subject to taxes, and adjustments to the rents could cause us to fail to meet certain REIT income tests. In determining amounts payable by our taxable REIT subsidiaries under our leases, we engaged an accounting firm to prepare a transfer pricing study to ascertain whether the lease terms we established were on an arm's-length basis. The transfer pricing study concluded that the lease terms were consistent with arm's-length terms as required by applicable Treasury Regulations. In 2010, the Internal Revenue Service, or the IRS, audited a taxable REIT subsidiary of ours that leases two of our hotel properties, and recently issued a notice of proposed adjustment that reduced the amount of rent we charged to the taxable REIT subsidiary. We own a 75% interest in the hotel properties and the taxable REIT subsidiary at issue. We disagree with the IRS position, and intend to appeal the proposed adjustment. If the IRS were to prevail in its proposed adjustment, however, our taxable REIT subsidiary would owe approximately \$1.1 million additional U.S. federal income taxes plus possible additional state income taxes, or we could be subject to a 100% excise tax on our share of the amount by which the rent was held to be greater than the arm's-length rate. In addition, if the IRS were to successfully challenge the terms of our leases with any of our taxable REIT subsidiaries for 2007 and later years, we or our taxable REIT subsidiaries could owe additional taxes and we could be required to pay penalty taxes if the effect of such challenges were to cause us to fail to meet certain REIT income tests, which could materially adversely affect us and holders of our Series D Preferred Stock. See "Federal Income Tax Consequences of Our Status as a REIT" and "Taxation of Our Company" in the accompanying prospectus.

In addition to the risks described above, investors should consider the risks described in our Annual Report on Form 10-K for the year ended December 31, 2009, that are not included above. Those other risk factors are highlighted below.

Ø *Our lenders may have suffered losses related to the weakening economy and may not be able to fund our borrowings.*

Ø

Our stock repurchase program could increase the volatility of the price of our common stock and utilizes our current cash on hand.

Ø *Our long-term business strategy depends on our continued growth. We may be unable to return to a period of business growth, which may adversely affect our operating results.*

Table of Contents

Risk factors

- Ø *If we are able to return to a period of business growth, we may be unable to identify additional investments that meet our investment criteria or to acquire the properties we have under contract.*
- Ø *Conflicts of interest could result in our management acting other than in our stockholders' best interest.*
- Ø *Tax indemnification obligations that apply in the event that we sell certain properties could limit our operating flexibility.*
- Ø *Hotel franchise requirements could adversely affect distributions to our stockholders.*
- Ø *Our investments are concentrated in particular segments of a single industry.*
- Ø *We rely on third party property managers, including Remington Lodging, to operate our hotels and for a significant majority of our cash flow.*
- Ø *If we cannot obtain additional financing, our growth will be limited.*
- Ø *We compete with other hotels for guests. We also face competition for acquisitions and sales of lodging properties and of desirable mortgage investments.*
- Ø *Future terrorist attacks similar in nature to the events of September 11, 2001 may negatively affect the performance of our properties, the hotel industry in general, and our future results of operations and financial condition.*
- Ø *We may not be able to sell our investments on favorable terms.*
- Ø *We are subject to general risks associated with operating hotels.*
- Ø *We may have to make significant capital expenditures to maintain our lodging properties.*
- Ø *The hotel business is seasonal, which affects our results of operations from quarter to quarter.*
- Ø *Our hotel investments may be subject to risks relating to potential terrorist activity.*
- Ø *Our development activities may be more costly than we have anticipated.*
- Ø *Mortgage investments that are not United States government insured involve risk of loss.*
- Ø *We invest in non-recourse loans, which will limit our recovery to the value of the mortgaged property.*
- Ø *Investment yields affect our decision whether to originate or purchase investments and the price offered for such investments.*
- Ø *Volatility of values of mortgaged properties may adversely affect our mortgage loans.*

- Ø *Mezzanine loans involve greater risks of loss than senior loans secured by income-producing properties.*
- Ø *Mortgage debt obligations expose us to increased risk of property losses, which could harm our financial condition, cash flow, and ability to satisfy our other debt obligations and pay dividends.*
- Ø *Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.*
- Ø *The costs of compliance with or liabilities under environmental laws may harm our operating results.*
- Ø *Our properties and the properties underlying our mortgage loans may contain or develop harmful mold or other environmental dangers, which could lead to liability for adverse health effects and costs of remediating the problem.*
- Ø *Compliance with the Americans with Disabilities Act and fire, safety, and other regulations may require us or our borrowers to make unintended expenditures that adversely impact our operating results.*
- Ø *We may experience uninsured or underinsured losses.*

S-11

Table of Contents

Risk factors

- Ø *If we do not qualify as a REIT, we will be subject to tax as a regular corporation and could face substantial tax liability.*
- Ø *Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.*
- Ø *Complying with REIT requirements may cause us to forego otherwise attractive opportunities.*
- Ø *Complying with REIT requirements may limit our ability to hedge effectively.*
- Ø *Complying with REIT requirements may force us to liquidate otherwise attractive investments.*
- Ø *Complying with REIT requirements may force us to borrow to make distributions to stockholders.*
- Ø *We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our securities.*
- Ø *Your investment in our securities has various federal, state, and local income tax risks that could affect the value of your investment.*
- Ø *There are no assurances of our ability to make distributions in the future.*
- Ø *Failure to maintain an exemption from the Investment Company Act would adversely affect our results of operations.*
- Ø *Our charter does not permit ownership in excess of 9.8% of our capital stock, and attempts to acquire our capital stock in excess of the 9.8% limit without approval from our Board of Directors are void.*
- Ø *Because provisions contained in Maryland law and our charter may have an anti-takeover effect, investors may be prevented from receiving a control premium for their shares.*
- Ø *Offerings of debt securities, which would be senior to our common stock and any preferred stock upon liquidation, or equity securities, which would dilute our existing stockholders' holdings could be senior to our common stock for the purposes of dividend distributions, may adversely affect the market price of our common stock and any preferred stock.*
- Ø *Securities eligible for future sale may have adverse effects on the market price of our securities.*
- Ø *We depend on key personnel with long-standing business relationships. The loss of key personnel could threaten our ability to operate our business successfully.*
- Ø *An increase in market interest rates may have an adverse effect on the market price of our securities.*
- Ø *Our major policies, including our policies and practices with respect to investments, financing, growth, debt capitalization, and REIT qualification and distributions, are determined by our Board of Directors. Although we*

have no present intention to do so, our Board of Directors may amend or revise these and other policies from time to time without a vote of our stockholders. Accordingly, our stockholders will have limited control over changes in our policies and the changes could harm our business, results of operations, and share price.

Table of Contents

Forward-looking statements

This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference, together with other statements and information publicly disseminated by our company, contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended or the Securities Act, and Section 21E of the Exchange Act, that are subject to risks and uncertainties. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects are forward-looking by their nature:

- Ø our business and investment strategy;
- Ø our projected operating results;
- Ø completion of any pending transactions;
- Ø expected liquidity needs and sources (including capital expenditures and our ability to obtain financing or raise capital);
- Ø our understanding of our competition;
- Ø market and industry trends;
- Ø projected revenues and expenses; and
- Ø the impact of technology on our operations and business.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, results of operations, plans and objectives may vary materially from those expressed in our forward-looking statements. You should carefully consider this risk when you make an investment decision concerning our Series D Preferred Stock. Additionally, the following factors could cause actual results to vary from our forward-looking statements:

- Ø the factors discussed in this prospectus supplement, the accompanying prospectus and in the information incorporated herein by reference, including those set forth under the sections in such documents titled Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, Business and Properties:
- Ø general volatility of the capital markets and the market price of our securities;
- Ø changes in our business or investment strategy;
- Ø availability, terms and deployment of capital;

- Ø availability of qualified personnel;
- Ø changes in our industry and the market in which we operate, interest rates or the general economy; and
- Ø the degree and nature of our competition.

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. You should not place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date of this prospectus supplement or as of the date they are made, as applicable,

S-13

Table of Contents

and except as otherwise required by federal securities laws, we are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of proceeds

We expect that the net proceeds to us from the sale of the Series D Preferred Stock offered hereby (after deducting the underwriting discounts and commissions and our estimated offering expenses) will be \$73,953,047. We intend to use the net proceeds to repay a portion of our outstanding borrowings under our existing senior credit facility, although we may also use a portion of the net proceeds to redeem a portion of our outstanding Series B-1 Preferred Stock or for other general corporate purposes.

The outstanding borrowings under our existing senior credit facility to be repaid with the net proceeds of this offering, bear interest at a rate of LIBOR plus between 2.75% and 3.5% per annum, depending on our current loan-to-value ratio. Our senior credit facility matures in April 2011, although we may, and expect to, extend the maturity date of that facility to April 2012. As of the date of this prospectus supplement, we had \$155 million of outstanding indebtedness under that facility, bearing interest at a rate the rate of 3.26% per annum.

An affiliate of UBS Securities LLC acts as a lender under our existing senior credit facility. As described above, we intend to use the net proceeds of this offering to repay borrowings outstanding under our senior credit facility, and such affiliate of UBS Securities LLC therefore may receive a portion of the net proceeds from this offering through the repayment of those borrowings.

We currently have 7,447,865 shares of Series B-1 Preferred Stock outstanding. We are required to pay the Series B-1 Preferred Stock holders cumulative quarterly cash dividends of \$0.14 per share, which equates to a 5.561% annual return on the liquidation value of the Series B-1 Preferred Stock. At any time if our quarterly common stock dividend is greater than \$0.14 per share, the Series B-1 Preferred Stock holders would be entitled to receive a quarterly dividend per share equal to that paid to the common stockholders. We may elect to use all or a portion of the proceeds of this offering to redeem our Series B-1 Preferred Stock. We have the right to redeem all or a portion of the outstanding Series B-1 Preferred Stock at any time for a redemption price of \$10.07 per share plus all accumulated, accrued and unpaid dividends through the redemption date. To effect such redemption, we must give the Series B-1 Preferred Stockholder not less than 30 days advance written notice. The aggregate redemption price if we elect to redeem all outstanding Series B-1 Preferred Stock will be approximately \$75.0 million before accrued and unpaid dividends. Holders of the Series B-1 Preferred Stock may elect to convert their shares into shares of our common stock at any time, including after we give notice of redemption, at a conversion price of \$10.07 per share, compared to the closing price of our common stock on the NYSE as of September 13, 2010 of \$9.01 per share. We do not have the right to redeem the common stock into which the Series B-1 may be converted.

Table of Contents

Ratios of earnings to combined fixed charges and preferred stock dividends

The following table sets forth our historical ratio of earnings to combined fixed charges and preferred stock dividends, as adjusted for discontinued operations and other matters as described below for each of the periods indicated:

| | Six months ended | | Year ended December 31, | | | |
|---|---------------------------------|-------------|--------------------------------|-------------|-------------|-------------|
| | June 30, 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Ratio of earnings to combined fixed charges and preferred stock dividends | 1.15 | * | 1.36 | * | 1.29 | * |

* For these periods, earnings were less than fixed charges and preferred stock dividends, and the coverage deficiency was approximately \$292,958,000 for the year ended December 31, 2009, \$25,029,000 for the year ended December 31, 2007 and \$7,650,000 for the year ended December 31, 2005.

For purposes of computing the ratio of earnings to combined fixed charges and preferred stock dividends and the amount of coverage deficiency, earnings are computed as pre-tax income from continuing operations before equity method earnings or losses from equity investees plus: (a) fixed charges less preferred unit distribution requirements included in fixed charges but not deducted in the determination of earnings, as adjusted for discontinued operations, and (b) distributed income of equity investees. Fixed charges consist of (a) interest expenses as no interest was capitalized in the periods presented, (b) amortization of debt issuance costs, discount or premium, (c) the interest component of rent expense, and (d) preferred dividends requirements of a majority-owned subsidiary.

S-15

Table of Contents

Capitalization

The following table sets forth our capitalization as of June 30, 2010 on a historical basis and as adjusted to give effect to the consummation of this offering and the use of the net proceeds therefrom (assuming the application of estimated net proceeds of approximately \$73,953,000 (after our offering expenses) to repay outstanding borrowings under our senior credit facility).

You should read the information included in the table below in conjunction with our consolidated financial statements and the related notes included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, filed with the SEC and incorporated by reference in this prospectus supplement and the accompanying prospectus.

| | June 30, 2010 | |
|--|---------------------------------------|---------------------|
| | Actual | As adjusted |
| | (in thousands) (unaudited) | |
| Debt: | | |
| Indebtedness | \$ 2,769,024 | \$ 2,695,071 |
| Preferred stock, \$0.01 par value: | | |
| Series B-1 Cumulative Convertible Redeemable Preferred Stock, 7,447,865 shares issued and outstanding | 75,000 | 75,000 |
| Redeemable noncontrolling interests in operating partnership | 102,771 | 102,771 |
| Equity: | | |
| Preferred stock, \$0.01 par value, 50,000,000 shares authorized: | | |
| Series A Cumulative Preferred Stock, 1,487,900 shares issued and outstanding | 15 | 15 |
| Series D Cumulative Preferred Stock for the actual column, 5,666,797 shares previously issued and outstanding and, for the as adjusted column 8,966,797 shares issued and outstanding, including the 3,300,000 shares being offered hereby | 57 | 90 |
| Common Stock, \$0.01 par value, 200,000,000 shares authorized, 123,026,246 shares issued and 51,137,900 shares outstanding at June 30, 2010 | 1,230 | 1,230 |
| Additional paid-in capital | 1,439,819 | 1,513,739 |
| Accumulated other comprehensive loss | (908) | (908) |
| Accumulated deficit | (431,428) | (431,428) |
| Treasury stock, at cost, 71,888,346 shares at June 30, 2010 | (228,296) | (228,296) |
| Noncontrolling interests in consolidated joint ventures | 17,357 | 17,357 |
| Total Equity | 797,846 | 871,799 |
| Total Capitalization | \$ 3,744,641 | \$ 3,744,641 |

Table of Contents

Description of the Series D preferred stock

The following summary of the terms and provisions of the Series D Preferred Stock does not purport to be complete and is qualified in its entirety by reference to our charter and the articles supplementary establishing the Series D Preferred Stock, each of which is an exhibit to the registration statement of which this prospectus supplement is a part. This description of the particular terms of the Series D Preferred Stock supplements, and to the extent inconsistent therewith, supersedes, the description of the general terms and provisions of the Series D Preferred Stock set forth in the accompanying prospectus.

GENERAL

We are authorized to issue up to 50 million shares of preferred stock from time to time, in one or more series or classes, with such designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption, in each case, if any, as are permitted by Maryland law and as our board of directors may determine prior to issuance thereof by adoption of articles supplementary to our charter without any further vote or action by our stockholders. See Description of Our Preferred Stock in the accompanying prospectus.

On June 2, 2007, our board of directors adopted resolutions establishing the terms of the Series D Preferred Stock consisting of 8,000,000 shares. The board of directors also adopted articles supplementary to our charter establishing the number and fixing the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption of the Series D Preferred Stock. We subsequently repurchased 2,333,203 shares of the Series D Preferred Stock and such shares were restored to the status of authorized but unissued preferred stock, without discretion as to class or series. As of the date of this prospectus supplement, 5,666,797 shares of Series D Preferred Stock are outstanding.

Prior to the completion of this offering, our board of directors will adopt resolutions to classify and designate additional shares of authorized, but unissued, preferred stock as Series D Preferred Stock and to authorize the issuance thereof. The Series D Preferred Stock currently outstanding is listed on the NYSE under the symbol AHTPrD, and the additional shares sold in this offering are expected to be listed under the existing symbol, will have the same CUSIP number as the currently outstanding shares of Series D Preferred Stock, and will trade interchangeably with the currently outstanding shares of Series D Preferred Stock immediately upon settlement.

RANKING

The Series D Preferred Stock ranks, with respect to dividend rights and rights upon liquidation, dissolution or winding up of our company, (i) prior or senior to any class or series of our common stock and any other class or series of equity securities, if the holders of Series D Preferred Stock are entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series; (ii) on a parity with each of our outstanding series of preferred stock (our Series A Cumulative Preferred Stock and our Series B-1 Cumulative Convertible Redeemable Preferred Stock) and any other class or series of our equity securities issued in the future if, pursuant to the specific terms of such class or series of equity securities, the holders of such class or series of equity securities and the Series D Preferred Stock are entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over

the other; (iii) junior to any class or series of our equity securities if, pursuant to the specific terms of such class or series, the holders of such class or series are entitled to the receipt of dividends or amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of the Series D Preferred Stock; and (iv) junior to all

S-17

Table of Contents

of our existing and future indebtedness. The term equity securities does not include convertible debt securities, which will rank senior to the Series D Preferred Stock prior to conversion.

We will contribute the proceeds from the sale of the Series D Preferred Stock from this offering to our operating partnership in exchange for preferred partnership units in our operating partnership having the same rights and preferences as the Series D Preferred Stock, referred to as Series D Preferred Units. Our operating partnership will be required to make all required distributions on the Series D Preferred Units prior to any distribution of cash or assets to the holders of common partnership units or to the holders of any other equity interest of our operating partnership, except for any other series of preferred units ranking on a parity with the Series D Preferred Units as to distributions and liquidation, except for any preferred units ranking senior to the Series D Preferred Units as to distributions and liquidations that we may issue and except for dividends required to enable us to maintain our qualification as a REIT.

DIVIDENDS

Holders of Series D Preferred Stock are entitled to receive, when and as authorized by our board of directors and declared by us, out of funds legally available for payment, cash dividends at the rate of 8.45% per year on the \$25.00 liquidation preference (equivalent to \$2.1125 per year per share); provided, however, that during any period of time that both (i) the Series D Preferred Stock is not listed on the NYSE, NYSE Amex, or NASDAQ, or listed on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ, and (ii) we are not subject to the reporting requirements of the Exchange Act, and any shares of Series D Preferred Stock are outstanding, the rate at which cash dividends will accrue on the Series D Preferred Stock will increase to 9.45% of the \$25.00 per share liquidation preference per year (equivalent to an annual dividend rate of \$2.3625 per share), which we refer to as the Special Distribution. Such dividends will be cumulative from the date of original issuance, or, with respect to the Special Distribution, if applicable, from the date following the date on which both (i) the Series D Preferred Stock is not listed on the NYSE, NYSE Amex or NASDAQ, or is not listed on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ, and (ii) we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, whether or not in any dividend period or periods (x) such dividends shall be declared, (y) there shall be funds legally available for the payment of such dividends or (z) any agreement prohibits our payment of such dividends, and shall be payable quarterly on the 15th day of January, April, July and October of each year (or, if not a business day, the next succeeding business day). The first dividend on the Series D Preferred Stock sold in this offering will be paid on October 15, 2010, and will be for a full quarter and in the amount of \$0.528125. Any dividend payable on the Series D Preferred Stock for any partial dividend period will be computed on the basis of twelve 30-day months and a 360-day year. Dividends will be payable in arrears to holders of record as they appear on our records at the close of business on the last day of each of March, June, September and December, as the case may be, immediately preceding the applicable dividend payment date. Holders of Series D Preferred Stock will not be entitled to receive any dividends in excess of cumulative dividends on the Series D Preferred Stock. No interest will be paid in respect of any dividend payment or payments on the Series D Preferred Stock that may be in arrears. The Special Distribution, if applicable, shall cease to accrue on the date following the earlier of (i) the listing of the Series D Preferred Stock on the NYSE, NYSE Amex or NASDAQ, or listing on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ, or (ii) we become subject to the reporting requirements of the Exchange Act.

When dividends are not paid in full upon the Series D Preferred Stock or any other class or series of parity stock, or a sum sufficient for such payment is not set apart, all dividends declared upon the Series D Preferred Stock and any other class or series of parity stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Series D Preferred Stock and accumulated, accrued and unpaid on such parity stock. Except as set forth in the

S-18

Table of Contents

preceding sentence, unless dividends on the Series D Preferred Stock equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid, or declared and a sum sufficient for the payment thereof set apart for such payment for all past dividend periods, no dividends shall be declared or paid or set aside for payment by us with respect to any class or series of parity stock. Unless full cumulative dividends on the Series D Preferred Stock have been paid or declared and set apart for payment for all past dividend periods, no dividends (other than dividends paid in shares junior in rank to the Series D Preferred Stock or options, warrants or rights to subscribe for or purchase such junior stock) shall be declared or paid or set apart for payment by us with respect to any junior stock, nor shall any junior stock or parity stock be redeemed, purchased or otherwise acquired (except for purposes of an employee benefit plan) for any consideration, or any monies be paid to or made available for a sinking fund for the redemption of any junior stock or parity stock (except by conversion or exchange for junior stock, or options, warrants or rights to subscribe for or purchase junior stock), nor shall any other cash or property be paid or distributed to or for the benefit of holders of junior stock. Notwithstanding the foregoing, we shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or distribution on any parity or junior stock or (ii) redeeming, purchasing or otherwise acquiring any parity or junior stock, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary to maintain our qualification as a REIT.

Our lines of credit contain restrictive covenants which may limit, among other things, our ability to pay dividends or make other restricted payments. Other indebtedness that we may incur in the future may contain financial or other covenants more restrictive than those applicable to our existing lines of credit.

No dividends on Series D Preferred Stock shall be authorized by our board of directors or declared or paid or set apart for payment at such time as the terms and provisions of any agreement, including any agreement relating to our indebtedness, prohibit such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law.

If, for any taxable year, we elect to designate as capital gain dividends (as defined in Section 857 of the Internal Revenue Code) any portion of the dividends (as determined for federal income tax purposes) paid or made available for the year to holders of all classes of capital stock, then the portion of the capital gains amount that shall be allocable to the holders of Series D Preferred Stock shall be the amount that the total dividends (as determined for federal income tax purposes) paid or made available to the holders of the Series D Preferred Stock for the year bears to the total dividends. We may elect to retain and pay income tax on our net long-term capital gains. In such a case, the holders of Series D Preferred Stock would include in income an appropriate share of our undistributed long-term capital gains, as designated by us.

In determining whether a distribution (other than upon voluntary or involuntary liquidation, dissolution or winding up of our company), by dividend, redemption or otherwise, is permitted, amounts that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the liquidation preference of the Series D Preferred Stock (as discussed below) will not be added to our total liabilities.

LIQUIDATION PREFERENCE

Upon any voluntary or involuntary liquidation, dissolution or winding up of our company, before any payment or distribution shall be made to or set apart for the holders of any junior stock, the holders of Series D Preferred Stock shall be entitled to receive a liquidation preference of \$25.00 per share, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to the date of final distribution to such holders.

Until the holders of the Series D Preferred Stock have been paid the liquidation preference in full, plus an amount equal to all accumulated, accrued and unpaid

Table of Contents

dividends (whether or not earned or declared) to the date of final distribution to such holders, no payment shall be made to any holder of junior stock upon the liquidation, dissolution or winding up of our company. If upon any liquidation, dissolution or winding up of our company, our assets, or proceeds thereof, distributable among the holders of Series D Preferred Stock shall be insufficient to pay in full the above described preferential amount and liquidating payments on any other shares of any class or series of parity stock, then such assets, or the proceeds thereof, shall be distributed among the holders of Series D Preferred Stock and any such other parity stock ratably in the same proportion as the respective amounts that would be payable on such Series D Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. Our voluntary or involuntary liquidation, dissolution or winding up shall not include our consolidation or merger with or into one or more entities, a sale or transfer of all or substantially all of our assets or a statutory stock exchange.

Upon any liquidation, dissolution or winding up of our company, after payment of the liquidating distribution shall have been made in full to the holders of Series D Preferred Stock as described above, the holders of the Series D Preferred Stock will have no right or claim to our remaining assets.

SPECIAL OPTIONAL REDEMPTION

If at any time both, (i) the Series D Preferred Stock ceases to be listed on the NYSE, NYSE Amex or NASDAQ, or listed on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ and (ii) we cease to be subject to the reporting requirement of the Exchange Act, but the Series D Preferred Stock is still outstanding, then the Series D Preferred Stock will be redeemable at our option, in whole but not in part, within 90 days of the date upon which the shares cease to be listed or quoted and we cease to be subject to the reporting requirements of the Exchange Act. In such event, the shares of Series D Preferred Stock will be redeemable for a cash redemption price of \$25.00 per share plus accrued and unpaid dividends, if any, to the redemption date.

OPTIONAL REDEMPTION

Except with respect to the special optional redemption described above and in certain limited circumstances relating to our maintenance of our ability to qualify as a REIT as described in Restrictions on Ownership, we cannot redeem the Series D Preferred Stock prior to July 18, 2012. On and after July 18, 2012, we may redeem the Series D Preferred Stock, in whole or from time to time in part, at a cash redemption price of \$25.00 per share plus all accrued and unpaid dividends to the date fixed for redemption. The redemption date shall be selected by us and shall not be less than 30 days nor more than 60 days after the date we send notice of redemption. If full cumulative dividends on all outstanding shares of Series D Preferred Stock have not been paid or declared and set apart for payment, no Series D Preferred Stock may be redeemed unless all outstanding Series D Preferred Stock are simultaneously redeemed; provided, however, that we shall not be prevented from purchasing Series D Preferred Stock pursuant to our charter or otherwise in order to ensure that we remain qualified as a REIT for federal income tax purposes. Additionally, unless full cumulative dividends on all outstanding shares of Series D Preferred Stock have been paid or declared and set apart for payment, we may not purchase or otherwise acquire directly or indirectly for any consideration, nor shall any monies be paid to or made available for a sinking fund for the redemption of, any shares of Series D Preferred Stock (except by conversion into or exchange for junior stock); provided, however, that we shall not be prevented from purchasing Series D Preferred Stock pursuant to our charter or otherwise in order to ensure that we remain qualified as a REIT for federal income tax purposes.

Notice of redemption of the Series D Preferred Stock shall be mailed to each holder of record of the shares to be redeemed by first class mail, postage prepaid at such holder's address as the same appears on our stock records. Any

notice which was mailed as described above shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. In addition to any information required by law or by the applicable rules of the exchange upon which the Series D

Table of Contents

Preferred Stock may be listed or admitted to trading, each notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series D Preferred Stock to be redeemed; and (iv) the place or places where certificates for such shares of Series D Preferred Stock are to be surrendered for cash. Any such redemption may be made conditional on such factors as may be determined by our board of directors and as set forth in the notice of redemption. From and after the redemption date, dividends on the Series D Preferred Stock to be redeemed will cease to accrue, such shares shall no longer be deemed to be outstanding and all rights of the holders thereof shall cease (except the right to receive the cash payable upon such redemption).

The Series D Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption provisions except as provided under Restrictions on Ownership.

Subject to applicable law and the limitation on purchases when dividends on the Series D Preferred Stock are in arrears, we may, at any time and from time to time, purchase Series D Preferred Stock in the open market, by tender or by private agreement.

Any shares of Series D Preferred Stock redeemed, purchased or otherwise acquired by us in any manner whatsoever shall become our authorized but unissued and unclassified preferred stock and may be reissued or reclassified by us in accordance with the applicable provisions of our charter.

VOTING RIGHTS

Holders of the Series D Preferred Stock will not have any voting rights, except as set forth below.

If and whenever dividends on any shares of Series D Preferred Stock or any series or class of parity stock shall be in arrears for six or more quarterly periods (whether or not consecutive), the number of directors then constituting our board of directors shall be increased by two and the holders of such Series D Preferred Stock (voting together as a single class with all other parity stock of any other class or series which is entitled to similar voting rights) will be entitled to vote for the election of the two additional directors at any annual meeting of shareholders or at a special meeting of the holders of the Series D Preferred Stock and of any other voting preferred stock called for that purpose. We must call such special meeting upon the request of the holders of record of 10% or more of the Series D Preferred Stock. Whenever dividends in arrears on outstanding Series D Preferred Stock and any other voting preferred stock shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series D Preferred Stock to elect such additional two directors shall cease and the terms of office of such directors shall terminate and the number of directors constituting the board of directors shall be reduced accordingly.

The affirmative vote or consent of at least 66²/₃% of the votes entitled to be cast by the holders of the outstanding shares of Series D Preferred Stock and the holders of all other classes or series of preferred stock entitled to vote on such matters, voting as a single class, in addition to any other vote required by the charter or Maryland law, will be required to: (i) authorize the creation of, the increase in the authorized amount of, or the issuance of any shares of any class of stock ranking senior to the Series D Preferred Stock or any security convertible into shares of any class of such senior stock or (ii) amend, alter or repeal any provision of, or add any provision to, our charter, including the articles supplementary establishing the Series D Preferred Stock, whether by merger, consolidation or other business combination or otherwise, if such action would materially adversely affect the voting powers, rights or preferences of the holders of the Series D Preferred Stock. Neither (i) an amendment of our charter to authorize, create, or increase the authorized amount of junior stock or any shares of any class of parity stock, including additional Series D

Preferred Stock nor (ii) any merger, consolidation or other business combination, so long as the Series D Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that upon the occurrence of such event, we may not be the surviving entity, shall be deemed to materially adversely affect the powers, rights or preferences

S-21

Table of Contents

of the holders of Series D Preferred Stock. No such vote of the holders of Series D Preferred Stock as described above shall be required if provision is made to redeem all Series D Preferred Stock at or prior to the time such amendment, alteration or repeal is to take effect, or when the issuance of any such shares or convertible securities is to be made, as the case may be.

With respect to the exercise of the above described voting rights, each share of Series D Preferred Stock shall have one vote per share, except that when any other class or series of preferred stock shall have the right to vote with the Series D Preferred Stock as a single class, then the Series D Preferred Stock and such other class or series shall have one vote per \$25.00 of stated liquidation preference.

CONVERSION

The Series D Preferred Stock is not convertible into or exchangeable for any of our other securities or property.

INFORMATION RIGHTS

During any period where we are required to pay a Special Distribution, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series D Preferred Stock as their names and addresses appear in our record books and without cost to such holders, copies of the annual reports and quarterly reports that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required), and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the Series D Preferred Stock. We will mail (or otherwise provide) the reports to the holders of Series D Preferred Stock within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.

RESTRICTIONS ON OWNERSHIP

For us to maintain our qualification as a REIT, our shares of capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (or during a proportionate part of a shorter taxable year). Also, not more than 50% in value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year. Furthermore, if any stockholder or group of stockholders of any lessee of our hotels, owns, actually or constructively, 10% or more of our shares of capital stock, such lessee could become a related-party tenant of ours, which likely would result in the loss of our qualification as a REIT. To ensure that we will comply with those share ownership rules, our charter contains provisions that restrict the ownership and transfer of our shares of capital stock. With certain exceptions, our charter prohibits direct or constructive ownership by any person of more than 9.8% (in value or number of shares, whichever is more restrictive) of the outstanding shares of our common stock, or, with respect to any class or series of shares of preferred stock, 9.8% (in value or number of shares, whichever is more restrictive) of the outstanding shares of such class or series of preferred stock, including the Series D Preferred Stock. See [Description of our Capital Stock Restrictions on Ownership and Transfer](#) in the accompanying prospectus for additional discussion.

Table of Contents

Additional federal income tax consequences

WITHHOLDING PAYMENTS TO FOREIGN FINANCIAL ENTITIES AND OTHER FOREIGN ENTITIES

Under recently enacted legislation, certain foreign financial institutions, investment funds and other non-U.S. persons are subject to information reporting requirements with respect to their direct and indirect U.S. shareholders and/or U.S. accountholders. A 30% withholding tax would be imposed on certain payments that are made after December 31, 2012 to a non-U.S. person that is subject to such requirements and fails to comply with those requirements. Such payments would include our dividends and the gross proceeds from the sale or other disposition of our Series D Preferred Stock. We urge non-U.S. holders, as defined in the accompanying prospectus under Federal Income Tax Consequences of Our Status as a REIT Taxation of Non-U.S. Holders, to consult their tax advisors regarding the possible implications of this legislation on their investment in our Series D Preferred Stock.

FUTURE TAX ON NET INVESTMENT INCOME OF CERTAIN PERSONS

For taxable years beginning after December 31, 2012, newly enacted legislation is scheduled to impose a 3.8% tax on the net investment income of certain individuals, and on the undistributed net investment income of certain estates and trusts. Among other items, net investment income generally includes gross income from interest, dividends and net gains from certain property sales, less certain deductions. Prospective investors are urged to consult with their tax advisors regarding the possible implications of the legislation in their particular circumstances.

Table of Contents

Underwriting

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom UBS Securities LLC and Citigroup Global Markets Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to the underwriters, the number of shares of our Series D Preferred Stock indicated in the table below:

| Name | Number of shares |
|-------------------------------|-------------------------|
| UBS Securities LLC | 1,155,000 |
| Citigroup Global Markets Inc. | 1,155,000 |
| Barclays Capital Inc. | 330,000 |
| Deutsche Bank Securities Inc. | 330,000 |
| FBR Capital Markets & Co. | 330,000 |
| Total | 3,300,000 |

The underwriters are offering the shares of our Series D Preferred Stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Series D Preferred Stock offered by us pursuant to this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of Series D Preferred Stock offered by us pursuant to this prospectus supplement if any such shares are taken.

The underwriters initially propose to offer the shares of our Series D Preferred Stock directly to the public at the public offering price listed on the cover page of this prospectus supplement, and to dealers at that price less a concession not in excess of \$0.50 per share. The underwriters may allow, and these dealers may re-allow, a concession of not more than \$0.45 per share to other dealers. After the initial offering of our Series D Preferred Stock, the offering price and other selling terms may from time to time be varied by the representative.

DISCOUNTS AND COMMISSIONS

The following table shows the per share and total underwriting discount to be paid by us in connection with this offering.

| | Per share | Total |
|---|------------------|--------------|
| Underwriting discounts and commissions paid by us | \$ 0.730107 | \$ 2,409,353 |

The expenses of this offering payable by us, not including the underwriting discount, are estimated to be approximately \$125,000, which includes legal, accounting and printing costs.

LOCK-UP AGREEMENTS

Pursuant to the underwriting agreement, we have agreed that subject to certain exceptions we will not, during the period beginning on the date of this prospectus supplement and ending 60 days thereafter, without the prior written consent of the representatives on behalf of the underwriters:

Ø offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise dispose of or transfer, directly or indirectly, any additional shares of Series D Preferred Stock or securities similar to or ranking on par with or senior to the Series D Preferred Stock or any securities convertible into or

S-24

Table of Contents

Underwriting

exercisable or exchangeable for Series D Preferred Stock or such similar, parity or senior securities, including preferred units in our operating partnership;

- Ø enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Series D Preferred Stock or such similar, parity or senior securities; or
- Ø file any registration statement with the SEC relating to the offering of Series D Preferred Stock or such similar, parity or senior securities or securities convertible into or exercisable or exchangeable for Series D Preferred Stock or such similar, parity or senior securities.

Notwithstanding the foregoing, if, subject to certain exceptions, (i) during the last 17 days of the 60-day restricted period we issue an earnings release or material news or a material event relating to us occurs, or (ii) prior to the expiration of the 60-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 60-day period, the above restrictions continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or event.

The representatives have informed us that they do not have a present intent or arrangement to release us from these lock-up provisions. Any release will be considered on a case-by-case basis. The factors that the representatives may consider in deciding whether to release the securities may include the length of time before the lockup expires, the number of shares of preferred stock or other securities involved, the reason for the requested release, market conditions, the trading price of our Series D Preferred Stock, and historical trading volumes of our Series D Preferred Stock.

The underwriters have informed us that in order to facilitate this offering of our Series D Preferred Stock they may engage in transactions that stabilize, maintain or otherwise affect the price of the Series D Preferred Stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. In this offering, because we have not granted the underwriters an over-allotment option to purchase additional shares, any such short position will be a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. The underwriters have informed us that a naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our Series D Preferred Stock in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize the price of our Series D Preferred Stock, the underwriters may bid for, and purchase, shares of our Series D Preferred Stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing our Series D Preferred Stock in this offering, if the underwriting syndicate repurchases previously distributed shares of our Series D Preferred Stock to cover underwriting syndicate short positions or to stabilize the price of our Series D Preferred Stock. Any of these activities may stabilize or maintain the market price of our Series D Preferred Stock above independent market levels. The underwriters are not required to engage in these activities and may end any of these activities at any time.

OTHER RELATIONSHIPS

Certain of the underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Some of the underwriters or their

affiliates from time to time perform investment banking and other financial services for us and our affiliates for which they receive advisory or transaction fees, as applicable, plus out-of-pocket expenses, of the nature and in amounts customary in the industry for these financial services. The lenders under our senior credit facility include an affiliate of UBS Securities LLC, one of the underwriters participating in this offering. We may use a portion of the proceeds from

S-25

Table of Contents

Underwriting

this offering to reduce our current borrowings under our senior credit facility, which proceeds would be received by such affiliate of UBS Securities LLC. We have in the past obtained long-term mortgage financings on our owned property investments from certain of the underwriters or their affiliates, and we expect to continue to do so in the future. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the issuer.

LISTING ON THE NEW YORK STOCK EXCHANGE

Our Series D Preferred Stock currently trades on the New York Stock Exchange under the symbol AHTPrD. The shares of Series D Preferred Stock sold in this offering are expected to be listed on the NYSE under the existing symbol.

INDEMNIFICATION OF THE UNDERWRITERS

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in connection with such liabilities.

Legal matters

Certain legal matters in connection with this offering will be passed upon for us by Andrews Kurth LLP, Dallas, Texas. In addition, the description of federal income tax consequences contained in the section of this prospectus supplement entitled Additional Federal Income Tax Consequences and the section in the accompanying prospectus entitled Federal Income Tax Consequences of Our Status as a REIT is based on the opinion of Andrews Kurth LLP. Certain legal matters related to the offering will be passed upon for the underwriters by Clifford Chance US LLP, New York, New York. Certain Maryland law matters in connection with this offering will be passed upon for us by Hogan Lovells US LLP, Baltimore, Maryland. Andrews Kurth LLP and Clifford Chance US LLP will rely on the opinion of Hogan Lovells US LLP as to certain matters of Maryland law.

Experts

The consolidated financial statements of Ashford Hospitality Trust, Inc. and subsidiaries included in its Annual Report on Form 10-K for the year ended December 31, 2009 (including schedules appearing therein), and the effectiveness of Ashford Hospitality Trust, Inc. and subsidiaries internal control over financial reporting as of December 31, 2009, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

Table of Contents

PROSPECTUS

\$500,000,000

COMMON STOCK

PREFERRED STOCK

DEBT SECURITIES

WARRANTS

RIGHTS

Under this prospectus, we may offer, from time to time, in on