

ASHFORD HOSPITALITY TRUST INC

Form DEF 14A

April 07, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Ashford Hospitality Trust, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- x No fee required.
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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 4, 2004

To the stockholders of
ASHFORD HOSPITALITY TRUST, INC.:

The annual meeting of stockholders of Ashford Hospitality Trust, Inc., a Maryland corporation, will be held at the Embassy Suites Hotel, 14021 Noel Road, Dallas, Texas on May 4, 2004 beginning at 10:00 a.m., Central time, for the following purposes:

- (i) To elect seven directors to hold office until the next annual meeting of stockholders and until their successors are elected and qualified;
- (ii) To ratify the appointment of Ernst & Young LLP, a national public accounting firm, as our independent auditors for the fiscal year ending December 31, 2004; and
- (iii) To transact any other business that may properly come before the annual meeting of stockholders or any adjournment of the annual meeting.

Stockholders of record at the close of business on March 15, 2004 will be entitled to notice of and to vote at the annual meeting of stockholders. **It is important that your shares be represented at the annual meeting of stockholders regardless of the size of your holdings.** Whether or not you plan to attend the annual meeting of stockholders in person, please vote your shares by signing, dating and returning the enclosed proxy card as promptly as possible. A postage-paid envelope is enclosed if you wish to vote your shares by mail. If you hold shares in your own name as a holder of record and vote your shares by mail prior to the annual meeting of stockholders, you may revoke your proxy by any one of the methods described herein if you choose to vote in person at the annual meeting of stockholders. Voting promptly saves us the expense of a second mailing.

By order of the board of directors,

DAVID A. BROOKS

Secretary

14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254
April 7, 2004

ASHFORD HOSPITALITY TRUST, INC.

**14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254**

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 4, 2004

This proxy statement, together with the enclosed proxy, is solicited by and on behalf of the board of directors of Ashford Hospitality Trust, Inc., a Maryland corporation, for use at the annual meeting of stockholders to be held at the Embassy Suites Hotel, 14021 Noel Road, Dallas, Texas on May 4, 2004 beginning at 10:00 a.m., Central time. The board of directors is requesting that you allow your shares to be represented and voted at the annual meeting of stockholders by the proxies named on the enclosed proxy card. We, our, us, and Ashford each refers to Ashford Hospitality Trust, Inc. This proxy statement and accompanying proxy will first be mailed to stockholders on or about April 7, 2004.

At the annual meeting of stockholders, action will be taken to elect seven directors to hold office until the next annual meeting of stockholders and until their successors are elected and qualified, to ratify the appointment of Ernst & Young LLP, a national public accounting firm, as our independent auditors for the fiscal year ending December 31, 2004 and to transact any other business that may properly come before the annual meeting of stockholders or any adjournment of the annual meeting.

FORWARD-LOOKING STATEMENTS

Certain statements and assumptions in this proxy statement contain or are based upon forward-looking information and are being made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties. When we use the words will likely result, may, anticipate, estimate, should, expect, believe, intend, or similar expressions, we intend to identify forward-looking statements. Such forward-looking statements include, but are not limited to, our business and investment strategy, our understanding of our competition, current market trends and opportunities, and projected capital expenditures. Such statements are subject to numerous assumptions and uncertainties, many of which are outside of our control.

These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated, including, without limitation: general volatility of the capital markets and the market price of our common stock; changes in our business or investment strategy; availability, terms and deployment of capital; availability of qualified personnel; changes in our industry and the market in which we operate, interest rates or the general economy; and the degree and nature of our competition. These and other risk factors are more fully discussed in the section entitled Risk Factors in our Registration Statement on Form S-11, as amended (File Number 333-105277), and from time to time, in Ashford's other filings with the Securities and Exchange Commission.

The forward-looking statements included in this proxy statement are only made as of the date of this proxy statement. Investors should not place undue reliance on these forward-looking statements. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or circumstances, changes in expectations or otherwise.

GENERAL INFORMATION ABOUT VOTING

Solicitation of Proxies

The enclosed proxy is solicited by and on behalf of our board of directors. The expense of soliciting proxies for the annual meeting of stockholders, including the cost of mailing, will be borne by us. We also intend to request persons holding Common shares in their name or custody, or in the name of a nominee, to send proxy materials to their principals and request authority for the execution of the proxies, and we will reimburse such persons for their expense in doing so. We will also use the proxy solicitation services of Corporate Communications Inc. For such services, we will pay a fee that is not expected to exceed \$1,000 plus out-of-pocket expenses.

Voting Securities

Our only outstanding voting equity securities are our Common shares. Each Common share entitles the holder to one vote. As of March 15, 2004 there were outstanding and entitled to vote 25,800,447 Common shares. Only stockholders of record at the close of business on March 15, 2004 are entitled to vote at the annual meeting of stockholders or any adjournment of the annual meeting.

Voting

If you hold your Common shares in your own name as a holder of record, you may instruct the proxies to vote your Common shares by signing, dating and mailing the proxy card in the postage-paid envelope provided. You may also vote your Common shares in person at the annual meeting of stockholders.

If your Common shares are held on your behalf by a broker, bank or other nominee, you will receive instructions from them that you must follow to have your Common shares voted at the annual meeting of stockholders.

Counting of Votes

A quorum will be present if the holders of a majority of the outstanding shares entitled to vote are present, in person or by proxy, at the annual meeting of stockholders. If you have returned valid proxy instructions or if you hold your shares in your own name as a holder of record and attend the annual meeting of stockholders in person, your shares will be counted for the purpose of determining whether there is a quorum. If a quorum is not present, the annual meeting of stockholders may be adjourned by the vote of a majority of the shares represented at the annual meeting until a quorum has been obtained.

The affirmative vote of a plurality of the Common shares cast at the annual meeting of stockholders is required to elect each nominee to our board of directors. The affirmative vote of a majority of all the votes cast on each issue is required to ratify the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2004. For any other matter, unless otherwise required by Maryland or other applicable law, the affirmative vote of a majority of the Common shares cast at the annual meeting of stockholders is required to approve the matter.

Abstentions will have no effect on the outcome in the election of our board of directors, ratification of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2004 or any other matter for which the required vote is a majority of the votes cast.

If you sign and return your proxy card without giving specific voting instructions, your shares will be voted FOR the nominees to our board of directors and FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2004.

Broker non-votes occur when a broker, bank or other nominee holding Common shares in street name votes the Common shares on some matters but not others. We will treat broker non-votes as (i) Common shares that are present and entitled to vote for quorum purposes, and (ii) votes not cast in the election of directors and ratification of the appointment of Ernst & Young LLP as our independent auditors for the year

ending December 31, 2004. Accordingly, broker non-votes will have no effect on the outcome in the election of our board of directors and ratification of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2004.

Right to Revoke Proxy

If you hold Common shares in your own name as a holder of record, you may revoke your proxy instructions through any of the following methods:

notify our Secretary in writing before your Common shares have been voted at the annual meeting of stockholders;

sign, date and mail a new proxy card to Equiserve, L.P.; or

attend the annual meeting of stockholders and vote your Common shares in person.

You must meet the same deadline when revoking your proxy as when voting your proxy. See the Voting section of this proxy statement for more information.

If Common shares are held on your behalf by a broker, bank or other nominee, you must contact them to receive instructions as to how you may revoke your proxy instructions.

Multiple Stockholders Sharing the Same Address

The Securities and Exchange Commission (the SEC) rules allow for the delivery of a single copy of an annual report and proxy statement to any household at which two or more stockholders reside, if it is believed the stockholders are members of the same family. Duplicate account mailings will be eliminated by allowing stockholders to consent to such elimination, or through implied consent if a stockholder does not request continuation of duplicate mailings. Depending upon the practices of your broker, bank or other nominee, you may need to contact them directly to discontinue duplicate mailings to your household. If you wish to revoke your consent to householding, you must contact your broker, bank or other nominee.

If you hold Common shares in your own name as a holder of record, householding will not apply to your shares.

If you wish to request extra copies free of charge of any annual report, proxy statement or information statement, please send your request to Ashford Hospitality Trust, Inc., Attention: Stockholder Relations, 14185 Dallas Parkway, Suite 1100, Dallas, Texas, 75254. You can also obtain copies from our web site at www.ahtreit.com.

PROPOSAL NUMBER ONE ELECTION OF DIRECTORS

One of the purposes of the annual meeting of stockholders is to elect directors to hold office until the next annual meeting of stockholders and until their successors have been elected and qualified. Set forth below are the names, principal occupations, committee memberships, ages, directorships held with other companies, and other biographical data for the nominees for director, as well as the month and year each nominee was first elected as one of our directors. Also set forth below is the beneficial ownership of our Common shares as of March 15, 2004 for each nominee. This beneficial ownership figure does not necessarily demonstrate the nominee's individual ownership. For discussion of beneficial ownership, see the Security Ownership of Management and Certain Beneficial Owners section of this proxy statement. If any nominee becomes unable to stand for election as a director, an event that our board of directors does not presently expect, the proxy will be voted for a replacement nominee if one is designated by our board of directors.

The board of directors recommends a vote FOR all nominees.

Nominees for Director
ARCHIE BENNETT, JR.

*Chairman of the Board,
Ashford Hospitality Trust, Inc.*

Director since May, 2003

Common shares beneficially owned

Age 66

3,077,052

Mr. Archie Bennett, Jr. was elected to the board of directors in May 2003 and has served as the Chairman of the board of directors since that time. He has served as the Chairman of the board of directors of Remington Hotel Corporation since its formation in 1992 and continues to do so. Mr. Bennett started in the hotel industry in 1968. Since that time, he has been involved with hundreds of hotel properties. Mr. Bennett was a founding member of the Industry Real Estate Finance Advisory Council (IREFAC) of the American Hotel & Motel Association and served as its chairman for two separate terms.

MONTGOMERY J. BENNETT

*President and Chief Executive Officer,
Ashford Hospitality Trust, Inc.*

Director since May, 2003

Common shares beneficially owned

Age 38

3,091,152

Mr. Montgomery Bennett was elected to the board of directors in May 2003 and continues to serve as the President and Chief Executive Officer since that time. Mr. Bennett also serves as the President and Chief Executive Officer of Remington Hotel Corporation. Mr. Bennett joined Remington Hotel Corporation in 1992 and has served as its President since 1997. He has also served in several other key positions at Remington Hotel Corporation, such as Executive Vice President, Director of Information Systems, General Manager, and Operations Director. Mr. Montgomery Bennett is the son of Mr. Archie Bennett, Jr.

MARTIN L. EDELMAN

*Of Counsel,
Paul, Hastings, Janofsky & Walker LLP*

Chairman: Nominating/ Corporate Governance Committee

Director since August, 2003

Common shares beneficially owned by

Mr. Edelman or members of his family

Age 62

230,647

Since 2000, Mr. Edelman has served as Of Counsel to Paul, Hastings, Janofsky & Walker LLP. From 1972 to 2000, he served as a partner at Battle Fowler LLP. Mr. Edelman has been a real estate advisor to Quantum Realty Partners/ Soros Real Estate Partners and is one of the managing partners of GSR Hotel Portfolio and Grupo Chartwell de Mexico, privately-owned hotel companies. He is a director of Cendant Incorporated, Arcadia Realty, and Capital Trust.

W.D. MINAMI

*President,
Billy Casper Golf Management, Inc.*

Member: Audit Committee

Director since August, 2003

Common shares beneficially owned

Age 47

7,500

Mr. Minami serves as President of Billy Casper Golf Management, Inc. From 2001 until 2002, Mr. Minami served as President of Charles E. Smith Residential. From 1997 to 2001, Mr. Minami worked for Charles E. Smith Residential Realty Inc., a NYSE-listed real estate investment trust, initially as Chief Financial Officer, then as Chief Operating Officer, and beginning in 2001, as President. Prior to 1997, Mr. Minami served in various financial service capacities for numerous entities, including Ascent Entertainment Group, Comsat Corporation, Oxford Realty Services Corporation and Satellite Business Systems.

W. MICHAEL MURPHY

*Executive Vice President,
First Fidelity Mortgage Corporation*

Chairman: Compensation Committee
Member: Audit and Nominating/Corporate
Governance Committee

Director since August, 2003
Common shares beneficially owned 7,000
Age 58

Mr. Murphy serves as Executive Vice President of the First Fidelity Mortgage Corporation. From 1998 to 2002 Mr. Murphy served as the Senior Vice President and Chief Development Officer of ResortQuest International, Inc., a public, NYSE-listed company. Prior to joining ResortQuest, from 1995 to 1997, he was President of Footprints International, a company involved in the planning and development of environmentally friendly hotel properties. From 1994 to 1996, Mr. Murphy was a Senior Managing Director of Geller & Co., a Chicago-based hotel advisory and asset management firm. Mr. Murphy has twice been Co-Chairman of IREFAC.

PHILIP S. PAYNE

*Chairman of the Board and
Chief Financial Officer,
BNP Residential Properties, Inc.*

Chairman: Audit Committee
Member: Compensation Committee

Director since August, 2003
Common shares beneficially owned 10,000
Age 52

Mr. Payne is currently Chairman of the Board and Chief Financial Officer of BNP Residential Properties, Inc., an AMEX-listed real estate investment trust. Mr. Payne joined BT Venture Corporation, which was subsequently purchased by BNP Residential Properties, Inc., in 1990 as Vice President of Capital Market Activities and became Executive Vice President and Chief Financial Officer in January 1993. He was named Treasurer in April 1995, a director in December 1997, and elected Chairman in 2004. From 1987 to 1990 he was a principal in Payne Knowles Investment Group, a financial planning firm. Mr. Payne maintains his license to practice law in Virginia.

CHARLES P. TOPPINO

*Executive Vice President,
Secured Capital Corp.*

Member: Compensation Committee

Director since August, 2003
Common shares beneficially owned 10,100
Age 45

Since 1992, Mr. Toppino has served as the Executive Vice President, founder and principal of Secured Capital Corp., a real estate investment bank.

BOARD OF DIRECTORS AND COMMITTEE MEMBERSHIP

Our business is managed through the oversight and direction of our board of directors. Members of our board of directors are kept informed of our business through discussions with our Chairman of the board of directors, Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of our board of directors and its committees.

During the year ended December 31, 2003, our board of directors held three regular meetings and three special meetings. All directors standing for re-election attended, in person or by telephone, at least 75 percent of all meetings of our board of directors and committees on which such director served.

Board Member Independence

Section 303A.02 Independence Tests of the NYSE Listed Company Manual describes the requirements for a director to be deemed independent by the NYSE, including the requirement of an affirmative determination by our board of directors that the director has no material relationship with us that would impair independence. The portion of our board of director's Corporate Governance Guidelines addressing director independence is attached to this proxy statement as Annex I, and the full text of the Guidelines can be found in the Investor Relations section of our website at www.ahtreit.com by clicking INVESTOR

RELATIONS, then CORPORATE GOVERNANCE, and then Corporate Governance Guidelines. Pursuant to the Guidelines, the board of directors, taking into consideration the assessment of the Nominating/ Corporate Governance Committee, determined if each director had a material relationship with us that would impair their independence and that each director met the NYSE independence requirements. Our board of directors has affirmatively determined that, with the exception of Messrs. Archie Bennett, Jr. and Montgomery J. Bennett who are our Chairman of the board of directors and Chief Executive Officer, respectively, all of the directors nominated for election at the annual meeting are independent of Ashford and its management under the standards set forth in the Corporate Governance Guidelines and the NYSE listing requirements. Therefore, our board of directors is comprised of a majority of independent directors, as required in Section 303A.01 of the NYSE Listed Company Manual. Any reference to an independent director herein infers compliance with the NYSE independence tests.

Board Committees and Meetings

The current standing committees of our board of directors are the Audit Committee, the Compensation Committee and the Nominating/ Corporate Governance Committee. Each of these committees has a written charter approved by our board of directors. A copy of each charter can be found in the Investor Relations section of our website at www.ahltreit.com by clicking INVESTOR RELATIONS and then CORPORATE GOVERNANCE. Additionally, a copy of the charter for the Audit Committee is attached as Annex II. The members of the committees are identified in the table below, and a description of the principal responsibilities of each committee follows.

	Audit	Compensation	Nominating/ Corporate Governance
Archie Bennett, Jr.			
Montgomery J. Bennett			
Martin L. Edelman			Chair
W.D. Minami	X		
W. Michael Murphy	X	Chair	X
Philip S. Payne	Chair	X	
Charles P. Toppino		X	

The *Audit Committee*, composed of three independent directors, met four times during 2003. This committee's purpose is to provide assistance to our board of directors in fulfilling their oversight responsibilities relating to:

- The integrity of our financial statements;
- Our compliance with legal and regulatory requirements;
- The independent auditor's qualifications and independence; and
- The performance of our internal audit function and independent auditors.

Our board of directors has determined that Mr. Payne is an audit committee financial expert, as defined in the applicable rules and regulations of the Securities Exchange Act of 1934, as amended.

The *Compensation Committee*, composed of three independent directors, met one time during 2003. This committee's purpose is to:

- Discharge the board of director's responsibilities relating to compensation of the executives of Ashford;
- Produce an annual report on executive compensation for inclusion in the our proxy statement; and
- Oversee and advise the board of directors on the adoption of policies that govern our compensation programs, including stock and benefit plans.

The *Nominating/ Corporate Governance Committee*, composed of two independent directors, met one time during 2003. This committee's purpose is to:

Identify individuals qualified to become members of our board of directors;

Recommend that our board of directors select the director nominees for the next annual meeting of stockholders;

Identify and recommend candidates to fill vacancies occurring between annual stockholder meetings; and

Develop and implement Ashford's Corporate Governance Guidelines of Ashford Hospitality Trust, Inc.

Board Member Compensation

Each of our independent directors who does not serve as the chairman of one of our committees is paid a director's fee of \$20,000 per year. Each director who serves as a committee chairman, other than the chairman of our Audit Committee, is paid a director's fee of \$25,000. The director who serves as the chairman of our Audit Committee is paid a director's fee of \$35,000 per year. Each director is also paid a fee of \$2,000 for each board of directors or committee meeting that he or she attends, except that the chairman of each committee is paid a fee of \$3,000 for each committee meeting that he or she attends. Each director is also be paid a fee of \$500 for each telephone board or committee meeting that he or she attends. In addition, we reimburse all directors for reasonable out-of-pocket expenses incurred in connection with their services on the board of directors.

Our 2003 stock plan provides for grants of restricted stock to independent directors. As an inducement to the directors to agree to serve on our board, on the date of our initial public offering, each of our independent directors received restricted stock grants of 5,000 shares of our common stock, which shares have fully vested. Additionally, we granted 10,500 shares of common stock to our Chairman in March 2004 based, in part, on his leadership role on the Board during 2003.

On the date of the first meeting of the board of directors following each annual meeting of stockholders at which an independent director is reelected to our board of directors, such independent director will receive additional restricted stock grants of 2,000 shares of our common stock. These restricted stock grants will be fully vested immediately.

Non-Compete Agreement

We entered into a non-competes agreement with Mr. Archie Bennett, Jr. in August 2003. The non-competes agreement provides for Mr. Bennett to serve as our Chairman. The non-competes agreement has an initial term ending December 31, 2006 and is subject to automatic one-year extensions thereafter, in each case, unless either party provides at least six months' notice of non-renewal. Mr. Bennett's non-competes agreement allows him to continue to act as Chairman of Remington Hotel and Remington Lodging provided his duties for Remington Hotel do not materially interfere with his duties to us.

The non-competes agreement provides for, among other provisions:

an annual director's fee of \$200,000, of which \$25,000 may be paid in the form of shares of our common stock, at the discretion of our compensation committee;

director's and officer's liability insurance coverage; and

participation in other incentive, savings and retirement plans, in the discretion of our compensation committee.

OUR CORPORATE GOVERNANCE PRINCIPLES

Our policies and practices reflect corporate governance initiatives that are compliant with the listing requirements of the New York Stock Exchange (the NYSE) and the corporate governance requirements of the Sarbanes-Oxley Act of 2002. We maintain a corporate governance section on our website which includes key information about our corporate governance initiatives including our Board of Director Guidelines, charters for the committees of our board of directors, our Code of Business Conduct and Ethics and our Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The corporate governance section can be found on our website at www.ahltreit.com by clicking INVESTOR RELATIONS and then CORPORATE GOVERNANCE.

Each director should, to the best of his ability, perform the duties of a director, including the duties as a member of a committee of our board of directors in good faith; in our best interests and our stockholders; and with the care that an ordinarily prudent person in a like position would use under similar circumstances. This duty of care includes the obligation to make, or cause to be made, an inquiry when, but only when, the circumstances would alert a reasonable director to the need thereof. Directors are expected to attend all meetings of our board of directors and meetings of committees on which they serve. Directors are also expected to attend the annual meeting of stockholders.

Our Nominating/ Corporate Governance Committee is responsible for seeking, considering and recommending to the board the board of directors qualified candidates for election as directors and recommending a slate of nominees for election as directors at the annual meeting of stockholders. It also periodically prepares and submits to the board for adoption the Nominating/ Corporate Governance Committee's selection criteria for director nominees. Before recommending an incumbent, replacement or additional director, our Nominating/ Corporate Governance Committee reviews his or her qualifications, including personal and professional integrity, capability, judgment, availability to serve, conflicts of interest, ability to act on behalf of shareholders and other relevant factors. It reviews and makes recommendations on matters involving general operation of the board of directors and our corporate governance, and it annually recommends to the board of directors nominees for each committee of the board. In addition, our Nominating/ Corporate Governance Committee annually facilitates the assessment of the board of directors' performance as a whole and of the individual directors and reports thereon to the board. Our Nominating/ Corporate Governance Committee has the sole authority to retain and terminate any search firm to be used to identify director candidates. Stockholders wishing to recommend director candidates for consideration by the committee can do so by writing to our secretary at our corporate headquarters in Dallas, Texas, giving the candidate's name, biographical data and qualifications. The secretary will, in turn, deliver any stockholder recommendations for director candidates prepared in accordance with our bylaws to the nominating/corporate governance committee. Any such recommendation must be accompanied by a written statement from the individual of his or her consent to be named as a candidate and, if nominated and elected, to serve as director. The Nominating/ Corporate Governance Committee will consider candidates recommended by stockholders provided stockholders follow, when submitting recommendations, the procedures set forth below in the Stockholder Procedures for Recommending Candidate for Director section of this proxy statement. The Nominating/ Corporate Governance Committee evaluates a candidate using the minimum criteria set forth above without regard to who nominated the candidate.

Our board of directors does not prohibit its members from serving on boards and/or committees of other organizations, and our board of directors has not adopted guidelines limiting such activities. The Nominating/ Corporate Governance Committee and our board of directors will take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations for inclusion in the slate of directors to be submitted to stockholders for election at the annual meeting of stockholders.

None of the directors on the Compensation Committee, or any of our executive officers will serve as a member of a board of directors or any compensation committee of any entity that has one or more executive officers serving as a member of our board of directors.

Upon attaining the age of 75 and annually thereafter, a director will tender a letter of proposed retirement from our board of directors to the chairperson of our Nominating/ Corporate Governance Committee. Our Nominating/ Corporate Governance Committee will review the director's continuation on our board of directors, and recommends to the board whether, in light of all the circumstances, our board should accept such proposed retirement or request that the director continue to serve.

If the Chief Executive Officer resigns from his position with Ashford, he will tender to our board of directors a letter of proposed resignation from the board. Our Nominating/ Corporate Governance Committee will review the director's continuation on our board of directors, and recommend to the board whether, in light of all the circumstances, our board of directors should accept such proposed resignation or request that the director continue to serve.

When a director's principal occupation or business association changes substantially from the position he held when originally invited to join our board of directors, the director will tender a letter of proposed resignation from the board to the chairperson of our Nominating/ Corporate Governance Committee. Our Nominating/ Corporate Governance Committee will review the director's continuation on our board of directors, and recommend to the board whether, in light of all the circumstances, the board should accept such proposed resignation or request that the director continue to serve.

OTHER GOVERNANCE INFORMATION

Stockholder Procedures for Recommending Candidate for Director

Stockholders who wish to recommend individuals for consideration by the Nominating/ Corporate Governance Committee to become nominees for election to our board of directors may do so by submitting a written recommendation to our Secretary at 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. For the committee to consider a candidate, submissions must include sufficient biographical information concerning the recommended individual, including age, employment history, a description of each employer's business that includes employer names and phone numbers, affirmation of whether such individual can read and understand basic financial statements and a list of board memberships the candidate holds, if any. The secretary will, in turn, deliver any stockholder recommendations for director candidates prepared in accordance with our bylaws to our Nominating/ Corporate Governance Committee. The recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the board of directors and to serve if elected by the stockholders. Once a reasonably complete recommendation is received by our Nominating/ Corporate Governance Committee, a questionnaire will be delivered to the recommended candidate which will request additional information regarding the recommended candidate's independence, qualifications and other information that would assist our Nominating/ Corporate Governance Committee in evaluating the recommended candidate, as well as certain information that must be disclosed about the candidate in our proxy statement, if nominated. The recommended candidate must return the questionnaire within the time frame provided to be considered for nomination by our Nominating/ Corporate Governance Committee. Recommendations received by December 8, 2004 will be considered for candidacy at the 2005 annual meeting of stockholders. Recommendations received after December 8, 2004 will be considered for candidacy at the 2006 annual meeting of stockholders.

Stockholder Communication with our Board of Directors

Stockholders who wish to contact any of our directors either individually or as a group may do so by writing to them c/o David A. Brooks, Corporate Secretary, Ashford Hospitality Trust, Inc., 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. Stockholder letters are screened by company personnel based on criteria established and maintained by our Nominating/ Corporate Governance Committee, which includes filtering out improper or irrelevant topics such as solicitations.

Executive Sessions of Non-Management Directors

Our board of directors will have at least two regularly scheduled meetings per year for the non-management directors without management present. At these executive sessions, the non-management directors will review strategic issues for our board of directors consideration, including future agendas, the flow of information to directors, management progression and succession, and our corporate governance guidelines. The non-management directors have determined that the chairman of our Nominating/ Corporate Governance Committee, currently Mr. Edelman, will preside at such meetings. The presiding director is responsible for advising the Chief Executive Officer of decisions reached and suggestions made at these sessions. The presiding director may have other duties as determined by the directors. These executive sessions shall also constitute meetings of our Nominating/ Corporate Governance Committee, with any non-management directors who are not members of such committee attending by invitation. Stockholders may communicate with the presiding director or non-management directors as a group by utilizing the communication process identified in the Stockholder Communication with our Board of Directors section of this proxy statement. If non-management directors include a director that is not an independent director, then at least one of the scheduled executive sessions should include only independent directors.

Director Orientation and Continuing Education

Our board of directors and senior management conduct a comprehensive orientation process for new directors to become familiar with our vision, strategic direction, core values including ethics, financial matters, corporate governance practices and other key policies and practices through a review of background material and meetings with senior management. Our board of directors also recognizes the importance of continuing education for directors and is committed to provide such education in order to improve both our board of directors and its committees performance. Senior management will assist in identifying and advising our directors about opportunities for continuing education, including conferences provided by independent third parties.

EXECUTIVE OFFICERS

The following table shows the names and ages of our Chairman and each of our current executive officers and the positions held by each individual. A description of the business experience of each for at least the past five years follows the table.

	Age	Title
Archie Bennett, Jr.	66	Chairman
Montgomery J. Bennett	38	President and Chief Executive Officer
Douglas A. Kessler	43	Chief Operating Officer
David A. Brooks	44	Chief Legal Officer and Secretary
David J. Kimichik	43	Chief Financial Officer and Treasurer

For a description of the business experience of Messrs. Archie Bennett, Jr. and Montgomery Bennett, see the Election of Directors section of this proxy statement.

Mr. Kessler has served as our Chief Operating Officer and Head of Acquisitions since May, 2003. From July of 2002 until August, 2003, Mr. Kessler served as the managing director/chief investment officer of Remington Hotel Corporation. Prior to joining Remington Hotel Corporation in 2002, from 1993 to 2002, Mr. Kessler was employed at Goldman Sachs Whitehall Real Estate Funds, where he assisted in the management of more than \$11 billion of real estate (including \$6 billion of hospitality investments) involving over 20 operating partner platforms worldwide. During his nine years at Whitehall, Mr. Kessler served on the boards or executive committees of several lodging companies, including Westin Hotels and Resorts and Strategic Hotel Capital. Mr. Kessler co-led the formation of Goldman Sachs real estate investment management operations in France.

Mr. Brooks has served as our Chief Legal Officer and Head of Transactions since May, 2003. He served as Executive Vice President and General Counsel for Remington Hotel Corporation and Ashford Financial Corporation from January, 1992 until August, 2003. Prior to joining Remington Hotel Corporation, Mr. Brooks served as a partner with the law firm of Sheinfeld, Maley & Kay.

Mr. Kimichik has served as our Chief Financial Officer since May, 2003. Mr. Kimichik has been associated with the Remington Hotel Corporation principals for the past 20 years and was President of Ashford Financial Corporation, an affiliate of ours, from 1992 until August, 2003. Mr. Kimichik previously served as Executive Vice President of Mariner Hotel Corporation, an affiliate of Remington Hotel Corporation, in which capacity he administered all corporate activities, including business development, financial management and operations.

EXECUTIVE COMPENSATION

Our direction and policies are established by our board of directors and implemented by our Chief Executive Officer. The Summary Compensation Table below shows certain compensation information for our Chief Executive Officer and four other most highly compensated executive officers, for services rendered in all capacities during the year ended December 31, 2003.

Summary Compensation Table

	Year	Annual Compensation		Long-Term Compensation
		Salary	Bonus	Restricted Stock Awards
Archie Bennett, Jr. Chairman	2003	\$ 67,692(1)	0	1,990,602(2)
Montgomery J. Bennett President and Chief Executive Officer	2003	149,044(1)	141,667(1)	1,990,602(2)
Douglas A. Kessler Chief Operating Officer	2003	106,736(1)	75,000(1)	947,079(2)
David A. Brooks Chief Legal Officer and Secretary	2003	93,198(1)	52,000(1)	343,656(2)
David J. Kimichik Chief Financial Officer and Treasurer	2003	88,000(1)	52,000(1)	645,345(2)

(1) Represents salaries, bonuses or, in the case of Mr. Archie Bennett, director's fees, for the period August 29, 2003 (the date of our initial public offering) through December 31, 2003.

(2) Shares of restricted common stock were issued upon the completion of our initial public offering and will vest 1/3 annually beginning with the first anniversary of our initial public offering. Because the awards noted above were issued as of the date of our initial public offering, the value of the awards described above is based on the initial public offering price of our common stock.

Employment Agreements

In addition to the non-compete agreement with our Chairman described above under Board of Directors and Committee Membership Non-Compete Agreement, we entered into employment agreements with each of Messrs. Montgomery Bennett, Kessler, Brooks and Kimichik in August, 2003. The employment agreements provide for Mr. Bennett to serve as our President and Chief Executive Officer, Mr. Kessler to serve as our Chief Operating Officer, Mr. Brooks to serve as our Chief Legal Officer and Secretary and Mr. Kimichik to serve as our Chief Financial Officer and Treasurer. These employment agreements require Messrs. Kessler, Brooks and Kimichik to devote substantially full-time attention and time to our affairs, but also permit them to devote time to their outside business interests consistent with past practice. Mr. Bennett's employment agreement allows him to continue to act as Chief Executive Officer and President of Remington

Hotel and to act as an executive officer of the general partner of Remington Lodging, provided his duties for Remington Hotel and Remington Lodging do not materially interfere with his duties to us.

Each of the employment agreements has an initial term ending December 31, 2006 (December 31, 2007 in the case of Mr. Bennett) and is subject to automatic one-year renewals at the end of the initial term, unless either party provides at least six months' notice of non-renewal.

The employment agreements provide for:

An annual base salary of \$425,000 for Mr. Bennett, \$300,000 for Mr. Kessler, \$260,000 for Mr. Brooks and \$260,000 for Mr. Kimichik, subject to increase in accordance with our normal executive compensation practices;

Eligibility for annual cash performance bonuses under our incentive bonus plans;

Director's and officer's liability insurance coverage;

Participation in other incentive, savings and retirement plans applicable generally to our senior executives; and

Medical and other group welfare plan coverage and fringe benefits provided to our senior executives.

Mr. Bennett's annual bonus will range from 75% to 125% of his base salary, and will be at least 75% of his base salary for the four years of his employment term. Mr. Kessler's annual bonus will range from 50% to 100% of his base salary, and will be at least 50% of his base salary for the first three years of his employment term. Mr. Brooks' annual bonus will range from 30% to 90% of his base salary, and will be at least 30% of his base salary for the first three years of his employment term. Mr. Kimichik's annual bonus will range from 30% to 90% of his base salary, and will be at least 30% of his base salary for the first three years of his employment term.

In addition:

Mr. Bennett was granted 221,178 shares of our common stock (valued at \$1,990,602, at the initial public offering price of our common stock);

Mr. Kessler was granted 105,231 shares of our common stock (valued at \$947,079, at the initial public offering price of our common stock);

Mr. Brooks was granted 38,184 shares of our common stock (valued at \$343,656, at the initial public offering price of our common stock); and

Mr. Kimichik was granted 71,705 shares of our common stock (valued at \$645,345, at the initial public offering price of our common stock).

The restricted stock granted to each of our executive officers vests in equal annual installments on each of the first three anniversaries of the initial public offering of our common stock. The actual number of shares of restricted stock granted to these four executive officers was equal, in the aggregate, to 1.4% of the fully-diluted shares of common stock outstanding after completion of the initial public offering of our common stock, excluding the 65,024 shares issued to the underwriters but including shares sold upon any exercise of the underwriters' over-allotment option.

The employment agreements provide that, if an executive's employment is terminated by the executive for "good reason" or after a change of control (each as defined in the applicable employment agreement), or by us without cause during the initial term of his employment agreement, the executive will be entitled to accrued and unpaid salary to the date of such termination and any unpaid incentive bonus from the prior year plus the following severance payments and benefits, subject to his execution and non-revocation of a general release of claims:

a lump-sum cash payment equal to two times (three times in the case of Mr. Bennett) of the sum of his then-current annual base salary plus average bonus over the prior three years;

pro-rated payment of the incentive bonus;

all restricted stock held by such executive will become fully vested; and

health benefits for one year (18 months in the case of Mr. Bennett) following the executive's termination of employment at the same cost to the executive as in effect immediately preceding such termination, subject to reduction to the extent that the executive receives comparable benefits from a subsequent employer.

If the executive is terminated by us without cause after the initial term of his employment agreement or we do not renew his agreement, then the executive will receive all of the benefits above except that his lump sum cash payment will be equal to one times the sum of his then-current annual base salary plus his average bonus over the prior three years.

In addition, if the severance payment to any executive is deemed to be a golden parachute payment under § 280G of the Internal Revenue Code of 1986, as amended, then such executive would also be entitled to a tax gross-up payment to cover his excise tax liability under § 280G.

Each employment agreement also provides that the executive or his estate will be entitled to certain severance benefits in the event of his death or disability.

Mr. Bennett's employment agreement also contains standard confidentiality, non-compete and non-solicitation provisions. The confidentiality provisions apply during the term of the employment agreement and for a period of two years thereafter. The non-compete and non-solicitation provisions apply during the term of his employment agreement, and if Mr. Bennett resigns without cause, for a period of one year thereafter, or if Mr. Bennett is removed for cause (as defined in his employment agreement), for a period of 18 months thereafter. In the case of Mr. Bennett's resignation without cause, in consideration for his non-compete, Mr. Bennett will receive a cash payment, to be paid in equal monthly installments during the one-year non-compete period, equal to the sum of his then-current annual base salary plus average bonus over the prior three years. Mr. Bennett's non-compete period will terminate if Remington Lodging terminates our exclusivity rights under the mutual exclusivity agreement between Remington Lodging and us.

The other executives' employment agreements also contain standard confidentiality, non-compete and non-solicitation provisions. The non-compete and non-solicitation provisions apply during the terms of their employment agreement, and if any of them resigns without cause during the initial three-year term of his agreement, for a period of one year thereafter. In the case of such executive's resignation without cause, in consideration for his non-compete, he will receive a cash payment, to be paid in equal monthly installments during the one-year non-compete period, equal to the sum of his then-current annual base salary, plus average bonus over the prior three years. In the event either Mr. Kessler, Mr. Brooks or Mr. Kimichik's employment is terminated for cause (as defined in the respective employment agreement), or he resigns without cause after the initial three-year term of his employment agreement, he will not be subject to a non-compete and will not be entitled to any cash payment other than accrued and unpaid base salary to the date of his separation from us.

EQUITY COMPENSATION PLANS

The following table summarizes the total number of outstanding securities in each of our equity compensation plans and the number of securities remaining for future issuance, as well as the weighted-average exercise price of all outstanding securities as of December 31, 2003.

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by stockholders:	None	N/A	817,364
Equity compensation plans not approved by stockholders:	None	N/A	-0-
Total	None	N/A	817,364

COMPENSATION COMMITTEE

Compensation for our executive officers is administered under the direction of our Compensation Committee. In their role as our administrator of compensation programs, our Compensation Committee approves the compensation arrangements of all executives.

The following is our Compensation Committee's report in its role as reviewer of our executive pay programs on 2003 compensation practices for our executive officers. The report and the performance graph that appears immediately after such report shall not be deemed to be soliciting material or to be filed with the SEC under the Securities Act of 1933 or the Securities Exchange Act of 1934 or incorporated by reference in any document so filed.

COMPENSATION COMMITTEE REPORT**Executive Compensation Program Philosophy**

The philosophy behind Ashford's executive compensation programs is to attract, motivate and retain the executives needed in order to maximize the creation of long-term stockholder value. The Compensation Committee (the "Committee") believes that the uniqueness of Ashford's business, its strategic direction and the required caliber of employees needed to execute its strategy require that compensation be determined based on the following factors:

Responsibilities within Ashford.

Completion of individual business objectives (which objectives may vary greatly from person to person).

Overall performance of Ashford.

Contributions toward executing the business strategy of Ashford.

The Committee believes that each of the above factors is important when determining compensation levels. No specific weighting or formula regarding such factors is used in determining compensation.

2003 Compensation for Executive Officers

For 2003, the primary components of Ashford's executive's compensation consist of: (i) base salaries; (ii) annual bonuses; and (iii) other executive programs and benefits. Each element is described in more detail below.

Base Salaries

The Chief Executive Officer, utilizing the above factors, reviews base salaries annually and makes recommendations to the Committee. Any interim modifications to salaries are also based on the above factors and recommendations are made to the Committee.

Annual Bonuses

The employment agreements for each of the executive officers provide for a minimum annual bonus during the terms of the respective agreements but allow for increased bonuses based on the level of accomplishment of management and performance objectives as established by the Board or the Committee. Each of the employment agreements also provides for a maximum incentive bonus, which can be no more than 100% of base salary for our Chief Operating Officer and 90% of base salary for our Chief Financial Officer and our Chief Legal Officer. Each of the executive officers received a bonus for the 2003 fiscal year in the mid-range of the minimum and maximum bonus numbers set forth in their respective employment agreements, pro rated from the date we completed our initial public offering through December 31, 2003. In making its determination as to the level of bonuses paid to the executive officers, the compensation committee did not consider any specific performance criteria or predetermined formulas but rather reviewed the accomplishments of management in the short time period from the completion of the initial public offering and year-end. Ashford acquired nine properties and one mezzanine loan in a four month period and continued to pursue its short and long-term goals in connection with full deployment of the proceeds from the initial public offering.

Long-Term Incentives

The Committee believes that Ashford's key employees should have an ongoing stake in the long-term success of the business. The Committee also believes that key employees should have a considerable portion of their total compensation paid in the form of stock. This element of the total compensation program is intended to align the executive's interest to that of Ashford stockholders through the granting of stock options, restricted stock and other incentive-based awards. The same factors that are used in determining other elements of compensation are used in determining long-term incentive grants. No such grants were made during 2003 since the date of our initial public offering; however, the Committee did grant 26,200 shares of common stock to executive officers and 9,100 shares of common stock to other key employees in March 2004, based, in part, on the performance of these executive officers and employees during 2003. All such shares will vest in equal annual installments on each of the first three anniversaries of the date of issuance.

Other Executive Programs and Benefits

Ashford maintains an Employee Savings Incentive Plan (ESIP). Under the ESIP, Ashford matches 25% of a participant's contribution to the ESIP, up to 10% of such participant's base salary.

2003 Compensation for the Chief Executive Officer

The same philosophies described above for executive compensation were used by the Committee to set the compensation of our Chief Executive Officer, Mr. Montgomery Bennett.

Base Salary

Mr. Bennett is compensated pursuant to an employment agreement entered into in August, 2003. Mr. Bennett's employment agreement provides for an annual base salary of \$425,000, subject to increase in

accordance with our normal executive compensation practices. For 2004, the Committee recommended to the board of directors and the board approved a base salary of \$425,000 for Mr. Bennett.

Annual Bonus

The employment agreement for Mr. Bennett provides for a minimum annual bonus during the term of the agreement but allows for an increased annual bonus based on the level of accomplishment of management and performance objectives as established by the Board or the Committee. Mr. Bennett's employment agreement also provides for a maximum incentive bonus, which can be no more than 125% of his base salary. Mr. Bennett received a bonus for the 2003 fiscal year in the mid-range of the minimum and maximum bonus numbers set forth in his employment agreement, pro rated from the date Ashford completed its initial public offering through December 31, 2003. In making its determination as to the level of bonuses paid, the compensation committee did not consider any specific performance criteria or predetermined formulas but rather reviewed the accomplishments of management in the short time period from the completion of the initial public offering and year-end and Mr. Bennett's leadership efforts during this time. Ashford acquired nine properties and one mezzanine loan in a four month period and continued to pursue its short and long-term goals in connection with full deployment of the proceeds from the initial public offering.

Long-Term Incentives

No grants were made in 2003 since the date of our initial public offering; however, the Committee did grant 24,600 shares of common stock to Mr. Bennett in March 2004, based, in part, on his performance during 2003. All such shares will vest in equal annual installments on each of the first three anniversaries of the date of issuance.

Deductibility of Executive Compensation Pursuant to Section 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally precludes a publicly-held corporation from a federal income tax deduction for a taxable year for compensation in excess of \$1 million paid to the Chief Executive Officer or any of the four other most highly compensated executive officers. Exceptions are made for, among other things, qualified performance-based compensation. Qualified performance-based compensation means compensation paid solely on account of attainment of objective performance goals, provided that (i) performance goals are established by a compensation committee consisting solely of two or more outside directors, (ii) the material terms of the performance-based compensation are disclosed to and approved by a separate stockholder vote prior to payment, and (iii) prior to payment, the Committee certifies that the performance goals were attained and other material terms were satisfied. The Committee intends, to the extent feasible and where it believes it is in the best interests of Ashford and its stockholders, to attempt to qualify executive compensation as tax deductible; however, the Committee does not intend to allow this tax provision to negatively affect the Committee's development and execution of effective compensation plans. The Committee intends to maintain the flexibility to take actions it considers to be in the best interests of Ashford and its stockholders.

Conclusion

Executive compensation at Ashford is subject to considerable focus by the Committee, the board of directors and management. The Committee believes that Ashford's compensation programs and other benefits produce a strong attraction and motivation for Ashford's executive officers and help align their interests with the interests of Ashford's stockholders.

COMPENSATION COMMITTEE

W. Michael Murphy, *Chairman*
Philip S. Payne
Charles P. Toppino

PERFORMANCE GRAPH

Set forth below is a line graph comparing the percentage change in the cumulative total stockholder return on our Common shares, with the cumulative total return of the S&P 500 Stock Index, the NAREIT Mortgage Index and the NAREIT Lodging Resort Index for the period August 29, 2003, the date of our initial public offering, through December 31, 2003, assuming the investment of \$100 on August 29, 2003 in stock or index-including reinvestment of dividends. The NAREIT Lodging Resorts Index is not a published index; however, we believe the companies included in this index provide a representative example of enterprises in the lodging resort line of business in which we engage. Stockholders who wish to request a list of companies in the NAREIT Lodging Resorts Index may send written requests to Ashford Hospitality Trust, Inc., Attention: Stockholder Relations, 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. The stock price performance shown on the graph is not necessarily indicative of future price performance.

COMPARISON OF 4 MONTH CUMULATIVE TOTAL RETURN*

**AMONG ASHFORD HOSPITALITY TRUST, INC., THE S&P 500 INDEX,
THE NAREIT MORTGAGE INDEX AND THE NAREIT LODGING RESORTS INDEX**

	8/03	9/03	10/03	11/03	12/03
Ashford Hospitality Trust, Inc.	\$ 100.00	\$ 99.67	\$ 101.67	\$ 105.56	\$ 104.33
S&P 500	\$ 100.00	\$ 98.94			