Hospitality Properties Trust announces 2007 Third Quarter Results

Hospitality Properties Trust (NYSE: HPT) announces its results of operations for the quarter and nine months ended September 30, 2007.

Net income for the quarter ended September 30, 2007

Net income available for common shareholders per diluted share (in thousands, except per share data)

Funds from operations (FFO) for the quarter ended September 30, 2007, were $103.0 million, or $0.47 per share. This compared to FFO for the quarter ended September 30, 2006, of $77.0 million, or $0.40 per share.

The weighted average number of common shares outstanding (diluted) for October and 3 Q 2006 for the quarter ended September 30, 2007 and 2006, respectively

Net income for the nine months ended September 30, 2007

Net income available for common shareholders per diluted share (in thousands, except per share data)

Funds from operations (FFO) for the nine months ended September 30, 2007, were $276.1 million, or $1.26 per share. This compared to FFO for the nine months ended September 30, 2006, of $206.1 million, or $1.08 per share.

The weighted average number of common shares outstanding (diluted) for October and 3 Q 2006 for the nine months ended September 30, 2007 and 2006, respectively

Acquisitions and investments

For the quarter ended September 30, 2007 compared to the same period in 2006, revenue was variable rent, or RevPAR, increasing 3.1% to $105.38, an average daily rate, or ADR, increased 4.7% to $136.55 and occupancy increased 1.1 percentage points to 76.9%.

For the nine months ended September 30, 2007 compared to the same period in 2006, RevPAR increased by 4.7% to $97.85, ADR increased 4.5% to $130.77 and occupancy decreased 0 percentage points to 74.8%.

Investing Activities

On July 26, 2007, HPT sold 30 Continental Plaza hotel for approximately $85 million and recognized a gain of $8.7 million.

Financing Activities

On September 24, 2007, HPT issued 5500000 shares of its 7% series I cumulative redeemable preferred shares, par value $0.01 per share, in a public offering. Net proceeds from the offering (liquidation preference $137.5 million after underwriting and other offering expenses) were used to repay a portion of the revolving credit facility.

Conference Call

On Wednesday, November 7, 2007, at 11:00 a.m. Eastern Time, 2007 Morning, (prepared remarks and follow-up Q&A) and Thursday, November 8, 2007, at 1:00 p.m. Eastern Time, 2007 Afternoon (follow-up Q&A only), Senior Management will host a conference call to discuss the results for the third quarter and nine months ended September 30, 2007.

To participate in the conference call, please dial 1-800-230-1074 (Domestic) or 612-234-9960 (International) at the time of the call. Please allow 5 minutes to ensure that all lines are open. Participants should ask to be placed into the Hospitality Properties Trust call. The call will be hosted by Mr. Barry Portnoy, President and Chief Financial Officer of the Trustees of the Company and Mr. Mike Fisher, Director of Investor Relations.

A live audio webcast of the conference call will also be available to listen only mode on the Company's web site, which is located at www.hpt.com. Participants wishing to access the webcast should visit the Company's web site where there is a link to the webcast. The conference webcast will be available for playing on HPT's web site for 30 days from its date and time. The conference call will be available for playing on HPT's web site for 30 days from its date and time.

Supplemental Information

A copy of HPT's Third Quarter 2007 Supplemental Operating and Financial Data is available for download at HPT's web site, www.hpt.com.

Hospitality Properties Trust is a real estate investment trust, or REIT, which owns 370 hotels and 186 travel centers located in 43 states, Puerto Rico and Canada. Its headquarters is in Newton, Massachusetts.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands, except per share data)

	Quarter ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
Revenues:				
Hotel operating revenues (1)	$604,773	$566,122	$1,611,222	$1,504,182
Minimum rent (1)	47,845	46,500	143,614	92,000
Percentage rent (1)	1,000	1,000	3,000	2,000
Business management and leasing fees	2,000	2,000	6,000	6,000
Total revenues	655,618	615,622	1,763,836	1,604,182
Expenses:				
Hotel operating expenses (1)	573,623	538,988	1,515,313	1,404,778
Interest expense, including amortization of deferred financing costs and debt premium, net of debt discount amortization	29,852	29,992	102,203	92,352
Depreciation and amortization	47,247	46,380	140,273	101,192
General and administrative	14,000	14,000	42,000	42,000
Total expenses	664,722	629,360	1,799,789	1,640,322
Income from continuing operations	(9,104)	(13,738)	(35,953)	(36,140)
Equity in earnings of unconsolidated entities	1,000	1,000	3,000	3,000
Gain on sale of properties	8,700	—	8,700	—
Income before income tax expense and minority interest	(404)	(12,738)	(24,253)	(33,140)
Income tax expense	(1,000)	(1,000)	(3,000)	(3,000)
Minority interest in income of TRS	(1,000)	(1,000)	(3,000)	(3,000)
Net income (loss)	$(2,404)	$(14,738)	$(30,253)	$(39,140)
Net income (loss) per common share - basic	$(0.01)	$(0.09)	$(0.18)	$(0.24)
Net income (loss) per common share - diluted	$(0.01)	$(0.09)	$(0.18)	$(0.24)
Weighted average common shares outstanding - basic	215,277	161,511	215,277	161,511
Weighted average common shares outstanding - diluted	215,277	161,511	215,277	161,511
Net income (loss) basis:				
Income from continuing operations	$ (0.01)	$ (0.09)	$ (0.17)	$ (0.24)
Income from discontinued operations	$ 0.04	$ 0.00	$ 0.04	$ 0.00
Net income (loss)	$ (0.01)	$ (0.09)	$ (0.13)	$ (0.24)
Income from continuing operations	$ (0.01)	$ (0.09)	$ (0.17)	$ (0.24)
Income from discontinued operations	$ 0.04	$ 0.00	$ 0.04	$ 0.00
Net income (loss)	$ (0.01)	$ (0.09)	$ (0.13)	$ (0.24)
(1) Reclassified to discontinued operations in accordance with SFAS 144				

(1) At September 30, 2007, gross investment in hotels was reduced from prior conditions because of a reclassification of certain properties to assets held and used in operations. Our consolidated statements of income for the quarter and nine months ended September 30, 2007 also reflect the following changes compared to the prior year: (a) Hotel operating revenues and hotel operating expenses were lower as a result of our sale of 30 Continental Plaza hotel in July 2007 and recognition of a $8.7 million gain on the sale of 30 Continental Plaza hotel; (b) Minimum rent increased because of the sale-leaseback transaction with Marriott International, Inc. (MI) and the HPT/MI Strategic Alliance which occurred in the fourth quarter of 2006 and the first quarter of 2007; (c) Interest expense increased because of the issuance of 7.125% Senior Notes due 2013 in the fourth quarter of 2006 and the HPT/MI Strategic Alliance which occurred in the fourth quarter of 2006 and the first quarter of 2007. Through July 26, 2007, we had a revolving credit facility which bore floating interest rates based on LIBOR. We used the net proceeds from the offering of our 7% series I cumulative redeemable preferred shares, par value $0.01 per share, in a public offering, to repay a portion of our revolving credit facility. We also repaid the entire amount of our revolving credit facility with the proceeds from our sale of our 7.125% Senior Notes due 2013 and borrowings under our revolving credit facility; (d) Depreciation and amortization increased because of the sale-leaseback transaction with MI and the HPT/MI Strategic Alliance which occurred in the fourth quarter of 2006 and the first quarter of 2007; (e) We recognized the entirety of our equity in earnings of unconsolidated entities in accordance with GAAP and SFAS 144; and (f) Our income tax expense and minority interest in income of TRS increased because of the sale of 30 Continental Plaza hotel, Sales Center, Alpharetta, Georgia and Sales Center, Bloomington, Minnesota, which were owned by our wholly owned taxable REIT subsidiary (TRS) and were sold to Marriott International, Inc. (MI) in the fourth quarter of 2006 and the first quarter of 2007. Through July 26, 2007, we had a revolving credit facility which bore floating interest rates based on LIBOR. We used the net proceeds from the offering of our 7% series I cumulative redeemable preferred shares, par value $0.01 per share, in a public offering, to repay a portion of our revolving credit facility. We also repaid the entire amount of our revolving credit facility with the proceeds from our sale of our 7.125% Senior Notes due 2013 and borrowings under our revolving credit facility; (g) Depreciation and amortization increased because of the sale-leaseback transaction with MI and the HPT/MI Strategic Alliance which occurred in the fourth quarter of 2006 and the first quarter of 2007; (h) We recognized the entirety of our equity in earnings of unconsolidated entities in accordance with GAAP and SFAS 144; and (i) Our income tax expense and minority interest in income of TRS increased because of the sale of 30 Continental Plaza hotel, Sales Center, Alpharetta, Georgia and Sales Center, Bloomington, Minnesota, which were owned by our wholly owned taxable REIT subsidiary (TRS) and were sold to Marriott International, Inc. (MI) in the fourth quarter of 2006 and the first quarter of 2007.

(2) At September 30, 2007, we had 215,277,000 common shares outstanding and 5,500,000 preferred shares outstanding. Our common shares are listed on the New York Stock Exchange under the symbol "HPT". Our 7% series I cumulative redeemable preferred shares are listed on the New York Stock Exchange under the symbol "HPT PRI".

(3) Our consolidated balance sheets reflect the following changes from the prior year: (a) Our investment in hotels increased because of the sale-leaseback transaction with MI and the HPT/MI Strategic Alliance which occurred in the fourth quarter of 2006 and the first quarter of 2007; (b) We recognized the entirety of our equity in earnings of unconsolidated entities in accordance with GAAP and SFAS 144; (c) Our cash and cash equivalents increased because of the issuance of our 7% series I cumulative redeemable preferred shares, par value $0.01 per share, in a public offering, the proceeds from our sale of our 7.125% Senior Notes due 2013 and borrowings under our revolving credit facility; (d) Our revolving credit facility and notes payable increased because of the issuance of our 7.125% Senior Notes due 2013 and borrowings under our revolving credit facility; (e) Our shareholders' equity increased because of the issuance of our 7% series I cumulative redeemable preferred shares, par value $0.01 per share, in a public offering, net of our sale of 30 Continental Plaza hotel, Sales Center, Alpharetta, Georgia and Sales Center, Bloomington, Minnesota, which were owned by our wholly owned taxable REIT subsidiary (TRS) and were sold to Marriott International, Inc. (MI) in the fourth quarter of 2006 and the first quarter of 2007; and (f) Our shareholders' equity increased because of our net income for the quarter and nine months ended September 30, 2007.

CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2007	December 31, 2006
ASSETS		
Real estate properties, at cost:		
Land	$ 1,515,725	$ 1,384,195
Buildings, improvements and equipment	5,710,797	5,207,209
	7,226,522	6,591,404
Accumulated depreciation	1,244,435	1,102,227
	5,982,087	5,489,177
Land held for development	1,244,347	1,202,701
Cash and cash equivalents	4,597	102,266
Restricted cash and cash escrow deposits	12,000	12,000
Other assets, net	1,000,000	1,000,000
	$ 8,243,031	$ 7,807,144
LIABILITIES AND SHAREHOLDERS' EQUITY		
Revolving credit facility	$ 137,000	$ —
Notes payable, net	2,000,000	1,700,000
Accounts payable and accrued liabilities	170,000	—
Security deposits	10,000	10,000
Accrued interest	102,000	102,000
Due to affiliates	12,000	12,000
Other liabilities	14,000	14,000
Total liabilities	2,445,000	1,838,000
Shareholders' and partnerships' equity:		
Preferred shares of beneficial interest, par value $0.01 per share; 200,000,000 shares authorized; 5,500,000 shares issued and outstanding, liquidation preference $25.00 per share	55,000	55,000
Common shares of beneficial interest, par value $0.01 per share; 200,000,000 shares authorized; 215,277,000 shares issued and outstanding, respectively, liquidation preference $25.00 per share	2,152,000	—
Additional paid-in capital	3,000,000	3,000,000
Cumulative net income	1,000,000	1,000,000
Cumulative distributions	(1,000,000)	(1,000,000)
Cumulative other comprehensive income	1,000,000	1,000,000
Total shareholders' equity	$ 5,797,000	$ 5,969,000
	$ 8,243,000	$ 7,807,000

Hospitality Properties Trust
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