ASHFORD HOSPITALITY TRUST INC
Form 424B2
June 30, 2011

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

PROSPECTUS SUPPLEMENT
(To Prospectus dated January 25, 2010)

Ashford Hospitality Trust, Inc.

7,000,000 Shares

COMMON STOCK

We are offering 7,000,000 shares of our common stock to be sold in this offering.

Our common stock is subject to certain restrictions on ownership designed to preserve our qualification as a real estate investment trust for federal income tax purposes. See Description of our Capital Stock Restrictions on Ownership and Transfer on page 5 of the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol AHT. The last reported sales price of our common stock on June 28, 2011 was $13.01 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-3 of this prospectus supplement and on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2010.

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.

	Per Share	Total
Public offering price	$ 12.50000	$ 87,500,000
Underwriting discounts and commissions	$ 0.59375	$ 4,156,250
Proceeds, before expenses, to us	$ 11.90625	$ 83,343,750

We have granted to the underwriters the option to purchase within 30 days from the date of this prospectus supplement up to an additional 1,050,000 shares of common stock at the public offering price per share, less discounts and commissions, to cover over-allotments.

Delivery of the common stock will be made on or about July 5, 2011.

Morgan Stanley **Credit Suisse** **KeyBanc Capital Markets** **UBS Investment Bank**

Baird **FBR Capital Markets** **JMP Securities** **Citadel Securities** **Keefe, Bruyette & Woods**

The date of this prospectus supplement is June 29, 2011.

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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 common 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 common 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.

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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 common stock, you should read carefully this entire prospectus supplement and the accompanying prospectus, including the sections entitled Risk Factors beginning on page S-3 of this prospectus supplement and on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2010, 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 March 31, 2011, we owned 92 hotel properties directly and 33 hotel properties through majority-owned investments in joint ventures, which represents 28,858 total rooms, or 26,258 net rooms excluding those attributable to joint venture partners. Of these hotel properties, 28 are held in an unconsolidated joint venture in which we hold a 71.74% common equity interest and a $25.0 million preferred equity interest. Additionally, in March 2011, we acquired 96 units of hotel condominiums at WorldQuest Resort in Orlando, Florida. Our hotels are primarily operated under the widely recognized upper-upscale and upscale brands within the Hilton, Marriott, Starwood and Intercontinental chains, and all of our hotel properties are located in the United States. At March 31, 2011, we also wholly owned $20.9 million of mezzanine loan receivables.

Our long-term investment strategies continue to focus on the upscale and upper-upscale segments within the lodging industry, while our current key priorities and financial strategies include, among other things, proactive asset management, pursuing capital market activities to enhance long-term stockholder value, implementing selective capital improvements designed to increase profitability, and financing or refinancing hotels on competitive terms. 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. 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.

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.

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. Our shares of common stock are listed on the New York Stock Exchange, or the NYSE, under the symbol AHT.

Distributions

On June 15, 2011, our board of directors declared a quarterly cash dividend of $0.10 per diluted share of common stock for the second quarter ending June 30, 2011. The dividend, which equates to an annual rate of $0.40 per share, is payable on July 15, 2011, to stockholders of record as of June 30, 2011. Purchasers of common stock in this offering will not receive the cash dividend payable on July 15, 2011.

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THE OFFERING

Common stock offered	7,000,000 shares[(1)]
Common stock to be outstanding after this offering	67,957,147 shares[(2)]
Use of proceeds	We intend to use the net proceeds from the sale of the common stock first to repay the borrowings outstanding under our existing senior credit facility and the remaining net proceeds for general corporate purposes, including without limitation, financing future hotel related investments, capital expenditures and working capital or repayment of debt or other obligations. See Use of Proceeds on page S-4 of this prospectus supplement.
Risk factors	Investing in our common stock involves risks, including those described under the heading Risk Factors beginning on page S-3 of this prospectus supplement and on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2010.
NYSE symbol	AHT

(1) Excludes up to 1,050,000 shares of our common stock that we may issue and sell upon the exercise of the underwriters over-allotment option.
(2) Based on 60,957,147 shares outstanding on May 10, 2011. Excludes up to 1,050,000 shares of our common stock that we may issue and sell upon the exercise of the underwriters over-allotment option. Also excludes 16,316,498 shares of common stock potentially issuable, at the option of the company, upon the redemption of an equal number of outstanding units of limited partnership interest in our operating partnership, some of which remain subject to further vesting or earn-up requirements.

RISK FACTORS

Investing in our common stock involves various risks, including those described in our Annual Report on Form 10-K for the year ended December 31, 2010. 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 common stock offered hereby.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated therein by reference, together with other statements and information publicly disseminated by us, 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 Securities Exchange Act of 1934, as amended, 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:

- our business and investment strategy;
- our projected operating results;
- our entry into (including the terms and conditions of) any proposed transactions or completion of any pending transactions;
- our expected liquidity needs and sources (including capital expenditures and our ability to obtain financing or raise capital);
- our understanding of our competition;
- market and industry trends;
- projected revenues and expenses; and
- 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 common stock. Additionally, the following factors could cause actual results to vary from our forward-looking statements:

- the factors discussed in this prospectus supplement, the accompanying prospectus and in the information incorporated therein 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;

general volatility of the capital markets and the market price of our securities;

changes in our business or investment strategy;

availability, terms and deployment of capital;

our acquisition and disposition of properties and of joint venture interests and capital expenditures made and expenses incurred by us in connection with our acquisition and disposition activity;

impairment charges taken related to changes in market values of our properties, as well as those related to our disposition activity;

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.

When we use the words will likely result, may, anticipate, estimate, should, expect, believe, intend, or s 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, 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 common stock offered hereby (after deducting the underwriting discounts and commissions and our estimated offering expenses) will be approximately $83.1 million, or approximately $95.6 million if the underwriters over-allotment option is exercised in full. We intend to use the net proceeds first to repay borrowings outstanding under our senior credit facility and the remaining net proceeds for general corporate purposes, including, without limitation, financing future hotel related investments, capital expenditures and working capital or repayment of other debt or obligations.

The outstanding borrowings under our senior credit facility bear interest at a rate of LIBOR plus between 2.75% and 3.5% per annum, depending on our current loan-to-value ratio and matures in April 2012. As of the date of this prospectus supplement, we had $50.0 million of outstanding indebtedness under that facility, bearing interest at a rate of 3.69% per annum.

Affiliates of Credit Suisse Securities (USA) LLC, KeyBanc Capital Markets Inc. and UBS Securities LLC act as lenders under our existing senior credit facility. As described above, a portion of the net proceeds of this offering will be used to repay borrowings outstanding under our senior credit facility, which proceeds will be received by such affiliates of the underwriters through the repayment of those borrowings.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2011 (i) on an actual basis, (ii) on a pro-forma basis giving effect to (a) the net effect of all pay-downs and draws on our senior credit facility since March 31, 2011, (b) the issuance by us of 3,350,000 shares of Series E cumulative preferred stock pursuant to a prospectus supplement which was filed with the Commission pursuant to Rule 424(b)(2) on April 14, 2011 and the repurchase of all of the outstanding Series B-1 preferred stock with the proceeds of such offering, (c) grants of shares of our common stock under our stock incentive plan since March 31, 2011 and (iii) on a pro-forma basis, as adjusted to give effect to the consummation of this offering and the use of the net proceeds therefrom (assuming the application of net proceeds of $50.0 million to repay borrowings outstanding 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 Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC and incorporated by reference in the accompanying prospectus.

	March 31, 2011		
	Actual	**Pro-Forma**	**Pro-Forma as Adjusted**
		(in thousands) (unaudited)	
Debt:			
Indebtedness	$ 2,444,610	$ 2,449,610	$ 2,399,610
Commitments and Contingencies:			
Preferred stock, $0.01 par value:			
Series B-1 Cumulative Convertible Redeemable Preferred Stock, 7,247,865 shares issued and outstanding at March 31, 2011, no shares outstanding, pro forma or as adjusted	72,986		
Redeemable noncontrolling interests in operating partnership	142,998	142,998	142,998
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	15
Series D Cumulative Preferred Stock 8,966,797 shares issued and outstanding	90	90	90
Series E Cumulative Redeemable Preferred Stock, no shares issued and outstanding at March 31, 2011; 3,350,000 shares issued and outstanding, pro forma and pro forma as adjusted		34	34
Common Stock, $0.01 par value, 200,000,000 shares authorized; 123,503,893 shares issued and 59,403,816 shares outstanding at March 31, 2011; 124,896,765 issued, pro forma and pro forma as adjusted; 61,030,857 shares outstanding pro forma; and 68,030,857 shares outstanding pro forma as adjusted	1,235	1,249	1,249
Additional paid-in capital	1,556,040	1,653,481	1,710,648
Accumulated other comprehensive loss	(411)	(411)	(411)

Accumulated deficit	(531,547)	(549,257)	(549,257)
Treasury stock, at cost, 64,100,077 shares at March 31, 2011; 63,865,908 shares pro forma; and 56,865,908 shares pro forma as adjusted	(191,578)	(190,525)	(164,598)
Noncontrolling interests in consolidated joint ventures	14,860	14,860	14,860
Total Equity	848,704	929,536	1,012,630
Total Capitalization	$ 3,509,298	3,522,144	3,555,238

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ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

Tax Legislation

Recently enacted legislation imposes a U.S. withholding tax at a 30% rate on dividends and proceeds of sale in respect of our shares received by U.S. holders (as defined under the heading Federal Income Tax Consequences of Our Status as a REIT Taxation of Taxable U.S. Holders in the accompanying prospectus) who own their shares through foreign accounts or foreign intermediaries and certain non-U.S. holders (as defined under the heading Federal Income Tax Consequences of Our Status as a REIT Taxation of Non-U.S. Holders in the accompanying prospectus) if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. If payment of withholding taxes is required, non-U.S. holders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect to such dividends and proceeds will be required to seek a refund from the IRS to obtain the benefit of such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld. These new withholding rules are generally effective for payments made after December 31, 2012.

For taxable years beginning after December 31, 2012, recently 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.

The first paragraph set forth under the heading Federal Income Tax Consequences of Our Status as a REIT Taxation of Taxable U.S. Holders Taxation of Taxable U.S. Holders of Stock in the accompanying prospectus is restated in its entirety as follows:

As long as we qualify as a REIT, (1) a taxable U.S. holder of our stock must report as ordinary income distributions that are made out of our current or accumulated earnings and profits and that we do not designate as capital gain dividends, and (2) a corporate U.S. holder of our stock will not qualify for the dividends received deduction generally available to corporations. In addition, dividends paid to a U.S. holder generally will not qualify for the 15% tax rate (through 2012, as extended by recently enacted legislation) for qualified dividend income. Without future congressional action, the maximum tax rate on qualified dividend income will move to 39.6% in 2013. Qualified dividend income generally includes dividends from most U.S. corporations but does not generally include REIT dividends. As a result, our ordinary REIT dividends generally will continue to be taxed at the higher tax rate applicable to ordinary income. Currently, the highest marginal individual income tax rate on ordinary income is 35%. However, the 15% tax rate for qualified dividend income will apply to our ordinary REIT dividends, if any, that are (1) attributable to dividends received by us from non-REIT corporations, such as our TRS entities, and (2) attributable to income upon which we have paid corporate income tax (e.g., to the extent that we distribute less than 100% of our taxable income). In general, to qualify for the reduced tax rate on qualified dividend income, a stockholder must hold our stock for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which our stock becomes ex-dividend.

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UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated as of the date of this prospectus supplement, the underwriters named below, for whom Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC, KeyBanc Capital Markets Inc. and UBS Securities LLC are acting as representatives and joint book-running managers, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares of our common stock indicated below:

Name	**Number of Shares**
Morgan Stanley & Co. LLC	1,575,000
Credit Suisse Securities (USA) LLC	1,575,000
KeyBanc Capital Markets Inc.	1,575,000
UBS Securities LLC	1,575,000
Robert W. Baird & Co. Incorporated	175,000
FBR Capital Markets & Co.	175,000
JMP Securities LLC	175,000
Citadel Securities LLC	87,500
Keefe, Bruyette & Woods, Inc.	87,500
Total	7,000,000

The underwriting agreement provides that the obligations of the several underwriters to purchase the shares of common stock offered by this prospectus supplement are subject to approval of legal matters by counsel and to certain other conditions. The underwriters are obligated to purchase all of the shares of common stock offered by this prospectus supplement (other than those covered by the over-allotment option described below), if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount from such offering price not to exceed $0.35625 per share. After the initial offering of the shares of common stock, the underwriters may change the offering price and the other selling terms.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 1,050,000 additional shares of our common stock at the public offering price listed on the cover page of this prospectus supplement, less underwriting discounts and commissions. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter will become obligated to purchase a number of additional shares approximately proportionate to that underwriter s initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters over-allotment option.

		Total Fees	
	Fee per Share	**Without Exercise of Over-Allotment Option**	**With Full Exercise of Over-Allotment Option**
Discounts and commissions paid by us	$ 0.59375	$ 4,156,250	$ 4,779,688

The expenses of the offering, not including the underwriting discounts and commissions, are estimated at $250,000 and are payable by us.

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We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

Subject to limited exceptions, each of our executive officers and directors has agreed not to, directly or indirectly: (i) 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 for the purchase or sale of, or otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock, or (iii) demand registration of shares of our common stock with the Securities and Exchange Commission, or SEC, for a period of 45 days after the date of this prospectus supplement without the prior written consent of the representatives of the underwriters. This consent may be given at any time without public notice.

Notwithstanding the foregoing, if, subject to certain exceptions, (i) during the last 17 days of the 45-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 45-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 45-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.

Pursuant to the underwriting agreement, we have entered into a similar 45-day agreement with the underwriters, which agreement also includes restrictions on the filing of any registration statement with the SEC relating to an offering of common stock or securities convertible into or exercisable or exchangeable for common stock without the prior written consent of the representatives of the underwriters. However, we may issue common stock upon redemption of outstanding units in our operating partnership, and we may issue common stock and options under our current stock incentive plan.

There are no agreements between the underwriters and any of these persons releasing them from these lock-up agreements prior to the expiration of the 45-day period. The foregoing agreements will not apply, however, to the offer and sale by one of our executive officers of shares of our common stock pursuant to an existing Rule 10b5-1 plan.

In connection with the offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions.

Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriters option to purchase additional shares of common stock from us in the offering. The underwriters may close out any covered short position by either exercising the option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which it may purchase shares through the over-allotment option.

Naked short sales are any sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. 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 the shares in the open market prior to the completion of the offering.

Stabilizing transactions consist of various bids for or purchases of our common stock made by the underwriters in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of our common stock. Additionally, these purchases may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

This prospectus supplement and the accompanying prospectus in electronic format are being made available on internet web sites maintained by the underwriters. Other than this prospectus supplement and the accompanying

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prospectus in electronic format, the information on the underwriters web sites and any information contained in any other web site maintained by an underwriter is not part of this prospectus supplement and the accompanying prospectus or the registration statement of which this prospectus supplement and the accompanying prospectus form a part.

Affiliates of Credit Suisse Securities (USA) LLC, KeyBanc Capital Markets Inc. and UBS Securities LLC act as lenders under our existing senior credit facility. As described in Use of Proceeds above, a portion of the net proceeds from this offering will be used to repay borrowings outstanding under our senior credit facility, which proceeds will be received by such affiliates of the underwriters. Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, the ordinary course of their business activities, the underwriters and their 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. Such investment and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Our common stock currently trades on the NYSE under the symbol AHT. The shares of common stock sold in this offering are listed for trading on the NYSE under the existing symbol.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State it has not made and will not make an offer of shares of our common stock to the public in that Member State, except that it may, with effect from and including such date, make an offer of shares of our common stock to the public in that Member State:

(a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or

(c) at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an offer of shares of our common stock to the public in relation to any shares of our common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe the shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in that Member State.

United Kingdom

Each underwriter has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of such Act does not apply to us and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any shares of our common stock in, from or otherwise involving the United Kingdom.

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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 DLA Piper LLP (US). Certain Maryland law matters in connection with this offering will be passed upon for us by Hogan Lovells US LLP. Andrews Kurth LLP and DLA Piper LLP (US) 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, 2010 (including schedules appearing therein), and the effectiveness of Ashford Hospitality Trust, Inc. and subsidiaries internal control over financial reporting as of December 31, 2010, 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 and schedules are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The audited historical financial statements of the Highland Hospitality Hotels included in our Current Report on Form 8-K/A, filed on April 6, 2011, have been incorporated by reference into the accompanying prospectus in reliance on the report of PricewaterhouseCoopers LLP, independent certified public accountants, given on the authority of said firm as experts in auditing and accounting, which reports are also incorporated by reference into the accompanying prospectus.

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PROSPECTUS

$500,000,000

COMMON STOCK

PREFERRED STOCK

DEBT SECURITIES

WARRANTS

RIGHTS

Under this prospectus, we may offer, from time to time, in one or more series or classes, the securities described in this prospectus. The total offering price of securities described in this prospectus will not exceed $500,000,000.

We will provide the specific terms of any securities we may offer in a supplement to this prospectus. You should carefully read this prospectus and any applicable prospectus supplement before deciding to invest in these securities. Our common stock is listed on the New York Stock Exchange under the symbol AHT.

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. The prospectus describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered will be described in a supplement to this prospectus.

Investing in our securities involves risks. See Risk Factors on page 2 for information regarding risks associated with an investment in our securities.

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

The date of this prospectus is January 25, 2010.

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