

HERSHA HOSPITALITY TRUST
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HERSHA HOSPITALITY TRUST

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HERSHA HOSPITALITY TRUST ANNOUNCES

SECOND QUARTER 2015 RESULTS

- Comparable Portfolio RevPAR Growth of 5.8% -
- Consolidated Portfolio RevPAR Growth of 7.9% -
- Hotel EBITDA Growth of 15.7% -
- Repurchases 1.5 Million Common Shares for \$37.6 Million -
- Increases 2015 RevPAR and Earnings Expectations -

Philadelphia, PA, July 28, 2015 -- Hersha Hospitality Trust (NYSE: HT) (“Hersha” or the “Company”), owner of upscale hotels in urban gateway markets, today announced results for the second quarter ended June 30, 2015.

Second Quarter 2015 Financial Results

Adjusted Funds from Operations (“AFFO”) in second quarter 2015 increased \$4.2 million to \$38.8 million, compared to \$34.6 million in second quarter 2014. The Company’s weighted average diluted common shares and units of limited partnership interest in Hersha Hospitality Limited Partnership (“OP Units”) outstanding were approximately 50.9 million as of June 30, 2015, compared to approximately 51.8 million as of June 30, 2014. AFFO per diluted common share and OP Unit was \$0.76 in second quarter 2015, compared to \$0.67 per diluted common share and OP Unit reported in second quarter 2014. All data presented in this press release gives effect to the 1-for-4 reverse share split with regards to share counts and per share data. An explanation of certain non-GAAP financial measures used in this press release, including, among others, AFFO and Adjusted EBITDA, as well as reconciliations of those non-GAAP financial measures, is included at the end of this press release.

Mr. Jay H. Shah, Hersha’s Chief Executive Officer, stated, “Our portfolio, concentrated in coastal gateway markets delivered 7.9% RevPAR growth in the second quarter. Other than New York City, each of our major markets delivered double-digit RevPAR growth, driving a 15.7% increase in Hotel EBITDA to \$54.0 million. Our portfolio in Manhattan outperformed the market by 50 basis points, marking our sixth straight quarter of outperforming Manhattan market trends. Operating fundamentals in Manhattan improved sequentially, with the

portfolio delivering 2.4% RevPAR growth in June. This improvement, along with our results in July, provides confidence for a stronger back half of 2015.”

Mr. Shah continued, “In June, we acquired the high-quality, well-located St. Gregory Hotel in Washington, DC’s Dupont Circle for \$57.0 million. The 155-room, independent hotel is immediately accretive to our portfolio’s RevPAR and EBITDA growth, and will benefit from our pricing and positioning strategies. The acquisition of the St. Gregory reflects our confidence in Washington, DC as evolving private and public sector demand drivers provide excellent prospects for meaningful RevPAR growth. We also continued to take advantage of the dislocation in our stock, and repurchased \$37.6 million of our shares in the second quarter. To date in 2015, we have repurchased \$50.2 million of common shares, representing approximately 4.0% of our float. While equity prices have rebounded from June 2015 lows, we stand ready to prudently utilize our repurchase program moving forward, especially in times of market volatility, or when our shares are undervalued.”

Second Quarter 2015 Operating Results

During second quarter 2015, revenue per available room (“RevPAR”) at the Company’s 47 consolidated hotels as of June 30, 2015, compared to 47 hotels as of June 30, 2014, increased 7.9% to \$182.39. The Company’s average daily rate (“ADR”) for the consolidated hotel portfolio increased 6.5% to \$207.76, while occupancy increased 116 basis points to 87.8%. Hotel EBITDA margins for the consolidated hotel portfolio increased 70 basis points to 42.6%, with Hotel EBITDA increasing 15.7%, or \$7.3 million, to \$54.0 million.

During second quarter 2015, RevPAR at the Company’s 45 comparable hotels as of June 30, 2015 increased 5.8% to \$180.19. The Company’s ADR for the comparable hotel portfolio increased 5.2% to \$205.86, while occupancy increased 48 basis points to 87.5%. Hotel EBITDA margins for the comparable hotel portfolio increased 50 basis points to 42.3%.

The Company’s best performing market during the second quarter was the West Coast, which reported 16.3% RevPAR growth. The Company’s Washington, DC, Boston and South Florida portfolios reported 14.6%, 11.7% and 10.2% RevPAR growth, respectively.

New York City and Manhattan

The New York City hotel portfolio, which includes the five boroughs, consisted of 17 hotels as of June 30, 2015. For second quarter 2015, the Company’s comparable New York City hotel portfolio (15 hotels) recorded a 1.4% decrease in RevPAR to \$225.17, as ADR fell 60 basis points to \$239.18 and occupancy decreased 76 basis points to 94.1%.

The Manhattan hotel portfolio consisted of 14 hotels as of June 30, 2015. For second quarter 2015, the Company’s comparable Manhattan hotel portfolio (12 hotels) achieved 94.6% occupancy, outperforming the wider market, but down 70 basis points versus second quarter 2014. RevPAR declined 1.7% to \$240.15, while ADR decreased 1.0% to \$253.85.

Overall, Manhattan trailing 12 month occupancy has exceeded 85.0% for 37 consecutive months. The city’s preeminence as a financial, cultural, and technological hub, combined with increasing residual real estate and land value, provides the Company confidence from a long-term operational and investment perspective.

Financing

As of June 30, 2015, the Company maintained significant financial flexibility with approximately \$28.2 million of cash and cash equivalents, and approximately \$121.5 million of capacity from the Company's \$250 million revolving line of credit provided under the Company's \$500 million credit facility. As of June 30, 2015, 66.0% of the Company's consolidated debt was fixed rate debt or effectively fixed through interest rate swaps and caps. The Company's total consolidated debt had a weighted average interest rate of approximately 4.08% and a weighted average life-to-maturity of approximately 3.7 years assuming no extension options are exercised.

During second quarter 2015, the Company refinanced the outstanding mortgage debt at Hyatt Union Square within a favorable financing environment. The new \$55.8 million loan, priced at 30-day LIBOR plus 230 basis points and maturing in June 2019, will result in annual cost savings of approximately \$1.0 million.

Acquisitions

In June, the Company purchased the 155-room St. Gregory Hotel & Suites in Washington, DC for \$57.0 million. Based on the Company's underwriting assumptions, the purchase price reflects a forward economic capitalization rate and EBITDA multiple of 7.0% and 12.9x, respectively. The acquisition of the St. Gregory was funded with cash on hand and with proceeds from the Company's \$250 million revolving line of credit under its \$500 million senior unsecured credit facility. The acquisition also included the assumption of \$25.8 million in mortgage debt that matures in September 2021.

The St. Gregory, which joined Hersha's growing portfolio of independent hotels, is situated in Washington, DC's DuPont Circle neighborhood at 21st and M Street NW, proximate to Downtown and the West End.

1-for-4 Reverse Share Split

On June 1, 2015, the Company announced a reverse share split of its issued and outstanding common shares and common units of limited partnership interest and LTIP units at a ratio of 1-for-4. The reverse share split took effect after the market close on June 22, 2015.

Accordingly, every four issued and outstanding common shares were combined into one common share. Since the reverse stock split took effect, and as of July 27, 2015, the Company's average daily trading volume has increased approximately 43.0%, while price performance has increased 1.0% compared to a 3.0% decline in the SNL US Hotel REIT Index.

Share Repurchase Activity

During the second quarter, the Company repurchased approximately 1.5 million outstanding common shares for \$37.6 million at a weighted average price of \$25.60 per share. To date in 2015, the Company has repurchased approximately 2.0 million common shares for an aggregate repurchase price of \$50.2 million, representing approximately 4.0% of common shares outstanding. The Company will continue to consider further repurchases during periods of share price volatility.

Dividends

Hersha paid a dividend of \$0.50 per Series B Preferred Share and \$0.4297 per Series C Preferred Share for the second quarter 2015. The preferred share dividends were paid July 15, 2015 to holders of record as of July 1, 2015.

The Company's second quarter dividend, paid on July 15, 2015 to the holders of record of common shares on the close of business on June 30, 2015, was adjusted to \$0.28 per common share (reflecting four times the previously announced second quarter dividend of \$0.07 per common share to reflect the reverse share split).

Net Income/Loss

Net income applicable to common shareholders was \$15.6 million, or \$0.32 per diluted common share, in the second quarter 2015 compared to net income applicable to common shareholders of \$53.3 million, or \$1.06 per diluted common share, in second quarter 2014.

2015 Outlook

The Company is updating operating and financial expectations for 2015 for the Company's consolidated and comparable portfolios. These expectations build in the Company's year to date performance, acquisitions and capital markets activity, and assume operating and economic fundamentals remain unchanged. The updated expectations also assume no additional acquisitions, dispositions or capital market activities. Based on management's current outlook and assumptions, the Company's 2015 operating expectations are as follows:

(\$'s in millions except per share amounts(1))	Previous 2015 Outlook		Updated 2015 Outlook	
	Low	High	Low	High
Net Income	\$27.00	\$31.00	\$27.00	\$31.00
Net Income per diluted share	\$0.52	\$0.60	\$0.55	\$0.63
Consolidated RevPAR Growth	6.00%	8.00%	6.50%	8.50%
Consolidated EBITDA Margin Growth	75 bps	125 bps	75 bps	125 bps
Comparable Property RevPAR Growth	5.00%	6.00%	5.50%	6.50%
Comparable Property EBITDA Margin Growth	50 bps	100 bps	50 bps	100 bps
Adjusted EBITDA	\$176.00	\$180.00	\$178.00	\$182.00
Adjusted FFO	\$116.00	\$120.00	\$116.00	\$120.00
Adjusted FFO per diluted share and unit	\$2.24	\$2.32	\$2.28	\$2.36

(1) Per share data reflects 1-for-4 Reverse Share Split Effective June 22, 2015

Second Quarter 2015 Conference Call

The Company will host a conference call to discuss these results at 9:00 a.m. Eastern Time on Wednesday, July 29, 2015. A live webcast of the conference call will be available on the Company's website at www.hersha.com. The conference call can be accessed by dialing 1-888-401-4669 or 1-719-325-2463 for international participants. A replay of the call will be available from 12:00 p.m. Eastern Time on Wednesday, July 29, 2015, through midnight Eastern Time on Wednesday, August 12, 2015. The replay can be accessed by dialing 1-877-870-5176 or 1-858-384-5517 for international participants. The passcode for the call and the replay is 1237399. A replay of the webcast will be available on the Company's website for a limited time.

About Hersha Hospitality Trust

Hersha Hospitality Trust (HT) is a self-advised real estate investment trust in the hospitality sector, which owns and operates high quality upscale hotels in urban gateway markets. The Company's 52 hotels totaling 8,414 rooms are located in New York, Boston, Philadelphia, Washington, DC, Miami and select markets on t