

Hospitality Properties Trust

HPT
LISTED
NYSE

First Quarter 2012

Supplemental Operating and Financial Data



All amounts in this report are unaudited.

Royal Sonesta Hotel Boston, Cambridge, MA.
Guest Rooms: 400.

TABLE OF CONTENTS

PAGE/EXHIBIT

**CORPORATE INFORMATION**

Company Profile	6
Investor Information	7,8
Research Coverage	9
	10

FINANCIAL INFORMATION

	11
Key Financial Data	12,13
Condensed Consolidated Balance Sheets	14
Condensed Consolidated Statements of Income	15
Notes to Condensed Consolidated Statements of Income	16
Condensed Consolidated Statements of Cash Flows	17
Segment Information	18
Debt Summary	19
Debt Maturity Schedule	20
Leverage Ratios, Coverage Ratios and Public Debt Covenants	21
FF&E Reserve Escrows	22
Acquisition and Disposition Information Since January 1, 2012	23

PORTFOLIO INFORMATION

	24
Summary of Operating Agreements	25, 26
Portfolio by Operating Agreement, Manager and Brand	27
Operating Statistics by Hotel Operating Agreement	28
Coverage by Operating Agreement	29

EXHIBITS

	30
Calculation of EBITDA	A
Calculation of Funds from Operations (FFO) and Normalized FFO	B



WARNING CONCERNING FORWARD LOOKING STATEMENTS

THIS SUPPLEMENTAL PRESENTATION OF OPERATING AND FINANCIAL DATA REPORT CONTAINS STATEMENTS WHICH CONSTITUTE FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER SECURITIES LAWS. ALSO, WHENEVER WE USE WORDS SUCH AS "BELIEVE", "EXPECT", "ANTICIPATE", "INTEND", "PLAN", "ESTIMATE", OR SIMILAR EXPRESSIONS, WE ARE MAKING FORWARD LOOKING STATEMENTS. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON OUR PRESENT INTENT, BELIEFS OR EXPECTATIONS, BUT FORWARD LOOKING STATEMENTS ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR. FORWARD LOOKING STATEMENTS IN THIS REPORT RELATE TO VARIOUS ASPECTS OF OUR BUSINESS, INCLUDING:

- OUR HOTEL MANAGERS' OR TENANTS' ABILITIES TO PAY THE FULL CONTRACTUAL AMOUNTS OR ANY LESSER AMOUNTS OF RETURNS OR RENTS DUE TO US,
- THE ABILITY OF TRAVELCENTERS OF AMERICA LLC, OR TA, TO PAY CURRENT AND DEFERRED RENT AMOUNTS DUE TO US,
- OUR ABILITY TO OBTAIN AND MAINTAIN QUALIFIED MANAGERS AND TENANTS FOR OUR HOTELS AND TRAVEL CENTERS ON SATISFACTORY TERMS,
- OUR ABILITY TO PAY DISTRIBUTIONS AND THE AMOUNT OF SUCH DISTRIBUTIONS,
- OUR ABILITY TO RAISE EQUITY OR DEBT CAPITAL,
- OUR INTENT TO REFURBISH OR MAKE IMPROVEMENTS TO CERTAIN OF OUR PROPERTIES,
- THE FUTURE AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY,
- OUR ABILITY TO PAY INTEREST ON AND PRINCIPAL OF OUR DEBT,
- OUR POLICIES AND PLANS REGARDING INVESTMENTS AND FINANCINGS,
- OUR TAX STATUS AS A REAL ESTATE INVESTMENT TRUST, OR REIT,
- OUR ABILITY TO PURCHASE ADDITIONAL PROPERTIES,
- OUR PLANS TO PURSUE THE SALE OF CERTAIN HOTELS,
- OUR PLANS TO REBRAND CERTAIN HOTELS, AND
- OTHER MATTERS.

OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTAINED IN OUR FORWARD LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS. FACTORS THAT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR FORWARD LOOKING STATEMENTS AND UPON OUR BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION, FUNDS FROM OPERATIONS, NORMALIZED FUNDS FROM OPERATIONS, CASH AVAILABLE FOR DISTRIBUTION, CASH FLOWS, LIQUIDITY AND PROSPECTS INCLUDE, BUT ARE NOT LIMITED TO:

- THE IMPACT OF CHANGES IN THE ECONOMY AND THE CAPITAL MARKETS ON US AND OUR TENANTS AND HOTEL MANAGERS,
- LIMITATIONS IMPOSED ON OUR BUSINESS AND OUR ABILITY TO SATISFY COMPLEX RULES IN ORDER FOR US TO QUALIFY AS A REIT FOR U.S. FEDERAL INCOME TAX PURPOSES,
- COMPLIANCE WITH, AND CHANGES TO, FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS AFFECTING THE REAL ESTATE, HOTEL, TRANSPORTATION AND TRAVEL CENTER INDUSTRIES, ACCOUNTING RULES, TAX RATES AND SIMILAR MATTERS,
- COMPETITION WITHIN THE REAL ESTATE INDUSTRY OR THOSE INDUSTRIES IN WHICH OUR TENANTS AND HOTEL MANAGERS OPERATE,



- ACTS OF TERRORISM, OUTBREAKS OF SO CALLED PANDEMICS OR OTHER MANMADE OR NATURAL DISASTERS BEYOND OUR CONTROL, AND
- ACTUAL AND POTENTIAL CONFLICTS OF INTEREST WITH OUR MANAGING TRUSTEES, TA, SONESTA INTERNATIONAL HOTELS CORPORATION, OR SONESTA, AND REIT MANAGEMENT & RESEARCH LLC, OR RMR, AND THEIR RELATED PERSONS AND ENTITIES.

FOR EXAMPLE:

- OUR ABILITY TO MAKE FUTURE DISTRIBUTIONS DEPENDS UPON A NUMBER OF FACTORS INCLUDING OUR EARNINGS. WE MAY BE UNABLE TO MAINTAIN OUR CURRENT RATE OF DISTRIBUTIONS ON OUR COMMON OR PREFERRED SHARES AND FUTURE DISTRIBUTIONS MAY BE SUSPENDED OR PAID AT A LESSER RATE THAN THE DISTRIBUTIONS WE NOW PAY,
- WE MAY BE UNABLE TO REPAY OUR DEBT OBLIGATIONS WHEN THEY BECOME DUE,
- CONTINUED AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY IS SUBJECT TO OUR SATISFYING CERTAIN FINANCIAL COVENANTS AND MEETING OTHER CUSTOMARY CONDITIONS,
- THE SECURITY DEPOSITS WHICH WE HOLD ARE NOT IN SEGREGATED CASH ACCOUNTS OR OTHERWISE SEPARATE FROM OUR OTHER ASSETS AND LIABILITIES. ACCORDINGLY, WHEN WE RECORD INCOME BY REDUCING OUR SECURITY DEPOSIT LIABILITIES, WE DO NOT RECEIVE ANY ADDITIONAL CASH PAYMENT. BECAUSE WE DO NOT RECEIVE ANY ADDITIONAL CASH PAYMENT AND BECAUSE THE AMOUNT OF THE SECURITY DEPOSITS AVAILABLE FOR FUTURE USE IS REDUCED AS WE APPLY SECURITY DEPOSITS TO COVER PAYMENT SHORTFALLS, THE FAILURE OF OUR TENANTS OR MANAGERS TO PAY MINIMUM RETURNS OR RENTS DUE TO US MAY REDUCE OUR CASH FLOWS AND OUR ABILITY TO PAY DISTRIBUTIONS TO SHAREHOLDERS,
- WE EXPECT THAT, WHILE THE SECURITY DEPOSIT FOR OUR MARRIOTT NO. 234 AGREEMENT IS EXHAUSTED, MARRIOTT INTERNATIONAL, INC., OR MARRIOTT, WILL PAY US UP TO 90% OF OUR MINIMUM RETURNS UNDER A LIMITED GUARANTY. THIS STATEMENT IMPLIES MARRIOTT WILL BE ABLE AND WILLING TO FULFILL ITS OBLIGATION UNDER THIS GUARANTY, AND THAT SHORTFALLS WILL NOT EXCEED THE GUARANTY CAP. FURTHER, THIS LIMITED GUARANTY EXPIRES ON DECEMBER 31, 2017. WE CAN PROVIDE NO ASSURANCE WITH REGARD TO MARRIOTT'S FUTURE ACTIONS OR THE FUTURE PERFORMANCE OF OUR MARRIOTT HOTELS,
- WE EXPECT THAT INTERCONTINENTAL HOTELS GROUP, PLC, OR INTERCONTINENTAL, WILL CONTINUE TO PAY US THE NET CASH FLOWS FROM OPERATIONS OF THE HOTELS INCLUDED IN OUR MANAGEMENT AGREEMENT AND THAT WE WILL UTILIZE THE SECURITY DEPOSIT WE HOLD FOR ANY PAYMENT SHORTFALLS. HOWEVER, THE SECURITY DEPOSIT WE HOLD IS FOR A LIMITED AMOUNT AND WE CAN PROVIDE NO ASSURANCE THAT THE SECURITY DEPOSIT WILL BE ADEQUATE TO COVER FUTURE PAYMENT SHORTFALLS,
- HOTEL ROOM DEMAND AND TRUCKING ACTIVITY VOLUME ARE OFTEN A REFLECTION OF THE GENERAL ECONOMIC ACTIVITY IN THE COUNTRY. IF ECONOMIC ACTIVITY IN THE COUNTRY DECLINES, HOTEL ROOM DEMAND AND TRUCKING ACTIVITY VOLUME MAY DECLINE AND THE OPERATING RESULTS OF OUR HOTELS AND TRAVELCENTERS MAY DECLINE, THE FINANCIAL RESULTS OF OUR HOTEL OPERATORS AND TENANTS MAY SUFFER AND THESE OPERATORS AND TENANTS MAY BE UNABLE TO PAY OUR RETURNS OR RENTS. ALSO, CONTINUED DEPRESSED HOTEL OPERATING RESULTS FOR EXTENDED PERIODS MAY RESULT IN THE GUARANTORS OF OUR MINIMUM RETURNS OR RENTS DUE FROM CERTAIN OF OUR HOTELS BECOMING UNABLE OR UNWILLING TO MEET THEIR OBLIGATIONS OR THEIR GUARANTEES AND SECURITY DEPOSITS MAY BE EXHAUSTED,



- SINCE ITS FORMATION, TA HAS NOT PRODUCED CONSISTENT OPERATING PROFITS. IF THE CURRENT LEVELS OF COMMERCIAL ACTIVITY IN THE COUNTRY DECLINE, IF THE PRICE OF DIESEL FUEL INCREASES SIGNIFICANTLY OR FOR VARIOUS OTHER REASONS, TA MAY BECOME UNABLE TO PAY CURRENT AND DEFERRED RENTS DUE TO US,
- OUR ABILITY TO GROW OUR BUSINESS AND INCREASE OUR DISTRIBUTIONS DEPENDS IN LARGE PART UPON OUR ABILITY TO BUY PROPERTIES THAT GENERATE RETURNS WHICH EXCEED OUR CAPITAL COSTS. WE MAY BE UNABLE TO IDENTIFY PROPERTIES THAT WE WANT TO ACQUIRE OR TO NEGOTIATE ACCEPTABLE PURCHASE PRICES, ACQUISITION FINANCING OR CONTRACT TERMS FOR NEW PROPERTIES,
- WE HAVE ENTERED INTO AN AGREEMENT TO SELL ONE HOTEL THAT IS CURRENTLY MANAGED BY MARRIOTT IN ST. LOUIS, MO. THIS TRANSACTION IS SUBJECT TO VARIOUS TERMS AND CONDITIONS TYPICAL OF COMMERCIAL REAL ESTATE TRANSACTIONS. THESE TERMS AND CONDITIONS MAY NOT BE MET. AS A RESULT, THIS TRANSACTION MAY BE DELAYED OR MAY NOT OCCUR,
- THIS SUPPLEMENTAL OPERATING AND FINANCIAL DATA DISCUSSES THE INTEREST TO BE PAID ON DRAWINGS UNDER THE TERM LOAN. HOWEVER, ACTUAL ANNUAL COSTS UNDER THE TERM LOAN WILL BE HIGHER THAN LIBOR PLUS A PREMIUM BECAUSE OF OTHER FEES AND EXPENSES ASSOCIATED WITH THE TERM LOAN,
- WE ARE CONSIDERING REBRANDING CERTAIN HOTELS. IN FACT, WE MAY BE UNABLE TO REBRAND ANY OF THESE HOTELS OR MAY INCUR SIGNIFICANT COSTS TO REBRAND THEM, AND
- WE BELIEVE THAT OUR CONTINUING RELATIONSHIPS WITH TA, RMR, SONESTA, AFFILIATES INSURANCE COMPANY, OR AIC, AND THEIR AFFILIATED RELATED PERSONS AND ENTITIES MAY BENEFIT US AND PROVIDE US WITH ADVANTAGES IN OPERATING AND GROWING OUR BUSINESS. IN FACT, THE ADVANTAGES WE BELIEVE WE MAY REALIZE FROM THESE RELATIONSHIPS MAY NOT MATERIALIZE.

THESE RESULTS COULD OCCUR DUE TO MANY DIFFERENT CIRCUMSTANCES, SOME OF WHICH ARE BEYOND OUR CONTROL.

THE INFORMATION CONTAINED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, OR SEC, INCLUDING UNDER "RISK FACTORS" IN OUR PERIODIC REPORTS, OR INCORPORATED THEREIN, IDENTIFIES OTHER IMPORTANT FACTORS THAT COULD CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN OR IMPLIED BY OUR FORWARD LOOKING STATEMENTS. OUR FILINGS WITH THE SEC ARE AVAILABLE AT THE SEC'S WEBSITE AT WWW.SEC.GOV.

YOU SHOULD NOT PLACE UNDUE RELIANCE UPON OUR FORWARD LOOKING STATEMENTS.

EXCEPT AS REQUIRED BY LAW, WE DO NOT INTEND TO UPDATE OR CHANGE ANY FORWARD LOOKING STATEMENTS AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

CORPORATE INFORMATION



*Courtyard by Marriott, Bellevue, WA.
Guest Rooms: 152.*



COMPANY PROFILE

The Company:

Hospitality Properties Trust, or HPT, we, or us, is a real estate investment trust, or REIT. As of March 31, 2012, we owned or leased 290 hotels and 185 travel centers located in 44 states, Puerto Rico and Canada. Our properties are operated by other companies under long term management or lease agreements. We are the only investment grade rated, publicly owned hospitality REIT in the country and we are currently included in a number of financial indices, including the S&P MidCap 400 Index, the Russell 1000 Index, the MSCI U.S. REIT Index, the FTSE EPRA/NAREIT United States Index and the S&P REIT Composite Index.

Management:

HPT is managed by Reit Management & Research LLC, or RMR. RMR was founded in 1986 to manage public investments in real estate. As of March 31, 2012, RMR managed a large portfolio of publicly owned real estate, including approximately 1,600 properties, located in 46 states, Washington, D.C., Puerto Rico, Ontario, Canada and Australia. RMR has approximately 740 employees in its headquarters and regional offices located throughout the U.S. In addition to managing HPT, RMR also manages CommonWealth REIT, a publicly traded REIT that primarily owns office and industrial properties, Senior Housing Properties Trust, or SNH, a publicly traded REIT that primarily owns healthcare, senior living and medical office buildings, Government Properties Income Trust, a publicly traded REIT that primarily owns buildings majority leased to government tenants located throughout the U.S. and Select Income REIT, a publicly traded REIT that is focused on owning and investing in net leased, single tenant properties. RMR also provides management services to Five Star Quality Care, Inc., a healthcare services company which is a tenant of SNH and to TravelCenters of America LLC, or TA, a publicly traded operator of travel centers, which is our largest tenant. An affiliate of RMR, Sonesta International Hotels Corporation, is one of our hotel managers; and another affiliate of RMR, RMR Advisors, Inc., is the investment manager of a publicly owned mutual fund, which principally invests in securities of unaffiliated real estate companies. The public companies managed by RMR and its affiliates had combined total gross assets of approximately \$21 billion as of March 31, 2012. We believe that being managed by RMR is a competitive advantage for HPT because RMR provides us with a depth and quality of management and experience which may be unequalled in the real estate industry. We also believe RMR provides management services to HPT at costs that are lower than we would have to pay for similar quality services.

Strategy:

Our business strategy is to maintain and grow a portfolio of hotels and travel centers operated by qualified managers and tenants. Our properties are generally managed or leased under long term agreements that provide us cash flows in the form of returns and rents. We also seek to participate in operating improvements at our properties by charging rent increases based upon percentages of gross revenue increases at our properties and by participating in hotel profits in excess of the minimum returns due to us at our managed hotels. Generally, we prefer to include multiple properties in one lease or management contract because we believe a single operating agreement for multiple properties in diverse locations enhances the stability of our cash flows. When we buy individual properties we usually add those properties to a combination lease or management agreement for other properties that we own. We have in the past considered investing in other types of properties as well as other strategic initiatives and we may consider and make such investments in the future. We believe we have a conservative capital structure and we limit the amount of debt financing we use. We do not have any off balance sheet investments in real estate entities.

Stock Exchange Listing:

New York Stock Exchange

Trading Symbols:

Common Shares -- HPT
Preferred Shares Series C -- HPT PC
Preferred Shares Series D -- HPT PD

Corporate Headquarters:

Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458-1634
(t) (617) 964-8389
(f) (617) 969-5730

Senior Unsecured Debt Ratings:

Standard & Poor's -- BBB-
Moody's -- Baa2

COMPANY PROFILE



Portfolio Data by Manager (as of 3/31/12) (\$ in 000s):

Manager	Number of Properties	Number of Rooms/ Suites	Percent of Number of Rooms/ Suites	Investment ⁽¹⁾	Percent of Total Investment	Annualized Minimum Return / Rent	Percent of Total Minimum Return / Rent
InterContinental ⁽²⁾	130	19,892	46%	\$ 1,856,048	27%	\$ 159,044	28%
Marriott International ⁽³⁾	125	17,920	41%	1,749,554	25%	178,456	30%
Hyatt	22	2,724	6%	301,942	4%	22,037	4%
Carlson	11	2,096	5%	202,251	3%	12,920	2%
Sonesta ^{(4) (5)}	2	883	2%	150,979	2%	12,041	2%
TA ⁽⁶⁾	185	N/A	N/A	2,635,496	39%	206,410	34%
Total	475	43,515	100%	\$ 6,896,270	100%	\$ 590,908	100%

Operating Statistics by Operating Agreement (as of 3/31/12) (\$ in 000s):

Operating Agreement	Number of Properties	Number of Rooms/ Suites ⁽¹⁾	Annualized Minimum Return / Rent	Percent of Total Minimum Return / Rent	Coverage ⁽⁷⁾		RevPAR Change ⁽⁸⁾	
					Q1	LTM	Q1	LTM
InterContinental ⁽²⁾	130	19,892	\$ 159,044	28%	0.68x	0.82x	-4.2%	3.6%
Marriott (no. 1)	53	7,610	67,567	11%	0.76x	0.85x	5.1%	8.3%
Marriott (no. 234) ⁽³⁾	71	9,954	101,140	17%	0.53x	0.73x	1.1%	6.3%
Marriott (no. 5)	1	356	9,749	2%	0.37x	0.53x	0.7%	13.7%
Hyatt	22	2,724	22,037	4%	0.68x	0.78x	1.0%	3.5%
Carlson	11	2,096	12,920	2%	0.73x	0.66x	7.0%	10.4%
Sonesta (no. 1) ⁽⁴⁾	1	400	9,600	2%	-0.03x	0.63x	49.3%	12.7%
Sonesta (no. 2) ⁽⁵⁾	1	483	2,441	0%	4.33x	3.02x	22.5%	13.2%
TA (no. 1) ⁽⁶⁾	145	N/A	150,221	25%	1.29x	1.70x	N/A	N/A
TA (no. 2)	40	N/A	56,189	9%	1.39x	1.68x	N/A	N/A
Total / Average	475	43,515	\$ 590,908	100%			0.4%	5.9%

- (1) Represents historical cost of properties plus capital improvements funded by us and excludes impairment writedowns and capital improvements made from FF&E reserves funded from hotel operations.
- (2) We have the option to pursue the sale or rebranding of up to 42 hotels in this agreement. The information provided in this table includes these 42 hotels. In February and April 2012, we notified InterContinental that we plan to remove four of these hotels from the InterContinental agreement. On April 23, 2012, we entered into a management agreement with Sonesta for one of these hotels, which was converted to the Sonesta brand and management on April 27, 2012. We currently expect to convert the other three hotels to the Sonesta brand and management for inclusion with our Sonesta No. 1 agreement in the second quarter of 2012. Our annual minimum returns due under this InterContinental agreement will decrease by a total of \$9,923 if and when these four hotels are removed. In April 2012, we agreed to retain three of the remaining 38 hotels in this InterContinental agreement. We continue to evaluate plans to rebrand the remaining 35 hotels, including possible conversion of certain hotels to the Sonesta brand and management.
- (3) We had previously identified 21 hotels included in this agreement for potential sale. The information provided in this table includes these 21 hotels. In February 2012, we entered an agreement to sell our Marriott branded hotel in St. Louis, Missouri, which we currently expect to close in the second quarter of 2012. In March 2012, we withdrew the remaining 20 hotels from sale consideration and are in discussions with Marriott about retaining these hotels in the agreement.
- (4) Represents the Royal Sonesta Hotel Boston in Cambridge, Massachusetts. Payment to us of our minimum return under this agreement is subject to available cash flow after payment of hotel operating expenses, including certain management fees. As described in note 2 above, one hotel was added in April 2012 and we expect three additional hotels to be added to this agreement in the second quarter of 2012.
- (5) Represents the Royal Sonesta Hotel in New Orleans, Louisiana. We lease this hotel from a third party. Payment to us of our minimum return under this management agreement is subject to available cash flow after payment of hotel operating expenses, including a 3% base management fee and rent under the lease. Annual rent payable by us under the lease is calculated as 75% of the sum of the net profit of the hotel (hotel revenues less hotel operating expenses, including the 3% base management fee), less capital expenditures made during the lease year.
- (6) The minimum rent amount presented for the TA No. 1 lease includes approximately \$5,126 of ground rent due to us from TA.
- (7) We define coverage as combined total property level revenues minus all property level expenses which are not subordinated to minimum returns and minimum rent payments to us and the required FF&E reserve contributions, if any, divided by the minimum return or minimum rent payments due to us. TA rent coverage ratios have been calculated based upon the contractual rent amounts in place during the periods presented. Effective July 1, 2011 through December 31, 2013, InterContinental is not required to make FF&E reserve contributions under the terms of the operating agreement. The coverage amounts for InterContinental provided have been calculated without a deduction for FF&E reserve contributions for periods subsequent to June 30, 2011. The Sonesta No. 1 and No. 2 agreements do not require FF&E reserve contributions and the coverage amounts provided have been calculated without a deduction for FF&E reserve contributions. Coverage amounts for our Sonesta No. 1 and No. 2 agreements include data for periods prior to our ownership.
- (8) RevPAR is defined as hotel room revenue per day per available room. RevPAR change is the RevPAR percentage change in the periods ended March 31, 2012 over the comparable year earlier periods. RevPar amounts for our Sonesta No. 1 and Sonesta No. 2 agreements includes data for periods prior to our ownership.

INVESTOR INFORMATION



Board of Trustees

Barry M. Portnoy
Managing Trustee

Adam D. Portnoy
Managing Trustee

Bruce M. Gans, M.D.
Independent Trustee

William A. Lamkin
Independent Trustee

John L. Harrington
Independent Trustee

Senior Management

John G. Murray
President and Chief Operating Officer

Mark L. Kleifges
Treasurer and Chief Financial Officer

Ethan S. Bornstein
Senior Vice President

Contact Information

Investor Relations

Hospitality Properties Trust
Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458-1634
(t) (617) 964-8389
(f) (617) 969-5730
(email) info@hptreit.com
(website) www.hptreit.com

Inquiries

Financial inquiries should be directed to Mark L. Kleifges, Treasurer and Chief Financial Officer, at (617) 964-8389 or mkleifges@reitmr.com.

Investor and media inquiries should be directed to Timothy A. Bonang, Vice President of Investor Relations, at (617) 796-8232 or tbonang@hptreit.com.



RESEARCH COVERAGE

Equity Research Coverage

Baird

David Loeb
(414) 765-7063

Janney Montgomery Scott

Daniel Donlan
(215) 665-6476

Keefe, Bruyette & Woods

Smedes Rose
(212) 887-3696

RBC

Mike Salinsky
(216) 378-7627

Stifel Nicolaus

Rod Petrik
(410) 454-4131

Wells Fargo Securities

Jeffrey Donnelly
(617) 603-4262

Debt Research Coverage

Credit Suisse

John Giordano
(212) 538-4935

Wells Fargo Securities

Thierry Perrein
(704) 715-8455

Rating Agencies

Moody's Investors Service

Maria Maslovsky
(212) 553-4831

Standard and Poor's

Beth Campbell
(212) 438-2415

HPT is followed by the analysts and its publicly held debt is rated by the rating agencies listed above. Please note that any opinions, estimates or forecasts regarding HPT's performance made by these analysts or agencies do not represent opinions, forecasts or predictions of HPT or its management. HPT does not by its reference above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts or agencies.

FINANCIAL INFORMATION



*Staybridge Suites, Houston, TX.
Guest Rooms: 93.*



KEY FINANCIAL DATA

(dollar and share amounts in thousands, except per share data)

	As of and For the Three Months Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
Shares Outstanding:					
Common shares outstanding (at end of period)	123,555	123,522	123,522	123,454	123,444
Weighted average common shares outstanding - basic and diluted ⁽¹⁾	123,523	123,522	123,465	123,450	123,444
Common Share Data:					
Price at end of period	\$ 26.47	\$ 22.98	\$ 21.23	\$ 24.25	\$ 23.15
High during period	\$ 26.71	\$ 24.65	\$ 25.74	\$ 24.84	\$ 25.94
Low during period	\$ 22.89	\$ 19.22	\$ 19.00	\$ 21.48	\$ 21.79
Annualized dividends declared per share during the period	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80
Annualized dividend yield (at end of period)	6.8%	7.8%	8.5%	7.4%	7.8%
Annualized Normalized FFO multiple (at end of period) ⁽²⁾	8.5x	7.3x	6.7x	6.8x	7.0x
Selected Balance Sheet Data:					
Total assets	\$ 5,478,024	\$ 5,133,573	\$ 5,111,069	\$ 5,147,505	\$ 5,169,082
Total liabilities	\$ 2,502,504	\$ 2,334,271	\$ 2,288,777	\$ 2,305,980	\$ 2,312,958
Gross book value of real estate	\$ 6,414,776	\$ 6,136,096	\$ 6,072,715	\$ 5,995,455	\$ 6,130,936
Total debt / gross book value of real estate	35.8%	34.5%	34.3%	35.3%	34.8%
Market Capitalization:					
Total debt (book value)	\$ 2,296,753	\$ 2,115,714	\$ 2,080,988	\$ 2,118,267	\$ 2,135,551
Plus: market value of preferred shares (at end of period)	610,996	404,566	399,770	403,149	397,255
Plus: market value of common shares (at end of period)	3,270,501	2,838,536	2,622,372	2,993,760	2,857,729
Total market capitalization	\$ 6,178,250	\$ 5,358,816	\$ 5,103,130	\$ 5,515,176	\$ 5,390,535
Total debt / total market capitalization	37.2%	39.5%	40.8%	38.4%	39.6%
Book Capitalization:					
Total debt	\$ 2,296,753	\$ 2,115,714	\$ 2,080,988	\$ 2,118,267	\$ 2,135,551
Plus: total shareholders' equity	2,975,520	2,799,302	2,822,292	2,841,525	2,856,124
Total book capitalization	\$ 5,272,273	\$ 4,915,016	\$ 4,903,280	\$ 4,959,792	\$ 4,991,675
Total debt / total book capitalization	43.6%	43.0%	42.4%	42.7%	42.8%

(1) We had no outstanding dilutive common share equivalents during the periods presented.

(2) See Exhibit B for the calculation of Funds From Operations, or FFO, and Normalized FFO and for a reconciliation of those amounts to net income determined in accordance with U.S. generally accepted accounting principles, or GAAP.



KEY FINANCIAL DATA

(dollar and share amounts in thousands, except per share data)

	As of and For the Three Months Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
<u>Selected Income Statement Data:</u>					
Total revenues	\$ 301,420	\$ 295,851	\$ 318,689	\$ 313,809	\$ 281,984
EBITDA ⁽¹⁾	\$ 142,297	\$ 138,490	\$ 139,639	\$ 151,260	\$ 143,574
Net income available for common shareholders	\$ 28,816	\$ 30,748	\$ 40,061	\$ 44,173	\$ 45,578
Normalized FFO available for common shareholders ⁽²⁾	\$ 96,381	\$ 96,779	\$ 98,035	\$ 110,224	\$ 102,433
Common distributions declared	\$ 55,600	\$ 55,585	\$ 55,585	\$ 55,554	\$ 55,550
<u>Per Share Data:</u>					
Net income available for common shareholders	\$ 0.23	\$ 0.25	\$ 0.32	\$ 0.36	\$ 0.37
Normalized FFO available for common shareholders ⁽²⁾	\$ 0.78	\$ 0.78	\$ 0.79	\$ 0.89	\$ 0.83
Common distributions declared	\$ 0.45	\$ 0.45	\$ 0.45	\$ 0.45	\$ 0.45
Normalized FFO payout ratio	57.7%	57.4%	56.7%	50.4%	54.2%
<u>Coverage Ratios:</u>					
EBITDA ⁽¹⁾ / interest expense	4.2x	4.1x	4.2x	4.5x	4.3x
EBITDA ⁽¹⁾ / interest expense and preferred distributions	3.1x	3.3x	3.4x	3.7x	3.5x
Total Debt / Annualized EBITDA ⁽¹⁾	4.0x	3.8x	3.7x	3.5x	3.7x

(1) See Exhibit A for the calculation of EBITDA and for a reconciliation of these amounts to net income determined in accordance with GAAP.

(2) See Exhibit B for the calculation of FFO and Normalized FFO and for a reconciliation of those amounts to net income determined in accordance with GAAP.



CONDENSED CONSOLIDATED BALANCE SHEETS

(dollar amounts in thousands, except share data)

	As of March 31, 2012	As of December 31, 2011
ASSETS		
Real estate properties, at cost		
Land	\$ 1,415,880	\$ 1,360,773
Buildings, improvements and equipment	4,998,896	4,879,908
	6,414,776	6,240,681
Accumulated depreciation	(1,392,603)	(1,367,868)
	5,022,173	4,872,813
Property held for sale	18,440	18,440
Cash and cash equivalents	148,211	8,303
Restricted cash (FF&E reserve escrow)	59,644	50,196
Other assets, net	229,556	183,821
	<u>\$ 5,478,024</u>	<u>\$ 5,133,573</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unsecured revolving credit facility	\$ -	\$ 149,000
Unsecured term loan	400,000	-
Senior notes, net of discounts	1,888,275	1,887,891
Convertible senior notes, net of discounts	8,478	78,823
Security deposits	90,168	106,422
Accounts payable and other liabilities	104,629	103,668
Due to related persons	3,121	3,713
Dividends payable	7,833	4,754
Total liabilities	<u>2,502,504</u>	<u>2,334,271</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred shares of beneficial interest; no par value;		
100,000,000 shares authorized:		
Series B preferred shares; 8 7/8% cumulative redeemable;		
zero and 3,450,000 shares issued and outstanding, respectively,		
aggregate liquidation preference \$86,250	-	83,306
Series C preferred shares; 7% cumulative redeemable;		
12,700,000 shares issued and outstanding, aggregate		
liquidation preference \$317,500	306,833	306,833
Series D preferred shares; 7 1/8% cumulative redeemable;		
11,600,000 and zero shares issued and outstanding, respectively,		
aggregate liquidation preference \$290,000	280,108	-
Common shares of beneficial interest, \$.01 par value;		
200,000,000 shares authorized; 123,554,667 and 123,521,535 shares		
issued and outstanding, respectively	1,236	1,235
Additional paid in capital	3,464,411	3,463,534
Cumulative net income	2,272,957	2,232,953
Cumulative other comprehensive income	6,912	1,605
Cumulative preferred distributions	(224,469)	(213,281)
Cumulative common distributions	(3,132,468)	(3,076,883)
Total shareholders' equity	<u>2,975,520</u>	<u>2,799,302</u>
	<u>\$ 5,478,024</u>	<u>\$ 5,133,573</u>



CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except per share data)

	For the Three Months Ended	
	3/31/2012	3/31/2011
Revenues:		
Hotel operating revenues ⁽¹⁾	\$ 224,985	\$ 197,537
Rental income ⁽¹⁾	73,260	79,533
FF&E reserve income ⁽²⁾	3,175	4,914
Total revenues	301,420	281,984
Expenses:		
Hotel operating expenses ⁽¹⁾	150,021	129,753
Depreciation and amortization	61,363	56,314
General and administrative	10,522	9,264
Acquisition related costs ⁽³⁾	1,060	-
Loss on asset impairment ⁽⁴⁾	889	-
Total expenses	223,855	195,331
Operating income	77,565	86,653
Interest income	66	29
Interest expense (including amortization of deferred financing costs and debt discounts of \$1,578 and \$1,501, respectively)	(34,092)	(33,339)
Equity in earnings of an investee	45	37
Income before income taxes	43,584	53,380
Income tax expense	(636)	(332)
Net income	42,948	53,048
Excess of liquidation preference over carrying value of preferred shares redeemed ⁽⁵⁾	(2,944)	-
Preferred distributions	(11,188)	(7,470)
Net income available for common shareholders	\$ 28,816	\$ 45,578
Weighted average common shares outstanding	123,523	123,444
Basic and diluted net income per common share:		
Net income available for common shareholders	\$ 0.23	\$ 0.37

See notes to condensed consolidated statements of income on page 16.



NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

- (1) At March 31, 2012, we owned or leased 290 hotels; 234 of these hotels are leased by us to our taxable REIT subsidiaries and managed by hotel operating companies, one hotel is leased by one of our taxable REIT subsidiaries from a third party and managed by a hotel operating company and 55 are leased to third parties. At March 31, 2012, we also owned 185 travel centers that are leased to a travel center operating company under two lease agreements. Our Condensed Consolidated Statements of Income include hotel operating revenues and expenses of managed hotels and rental income from our leased hotels and travel centers. Certain of our managed hotel portfolios had net operating results that were, in the aggregate, \$28,655 and \$25,057, less than the minimum returns due to us in the three months ended March 31, 2012 and 2011, respectively. When the shortfalls are funded by the managers of these hotels under the terms of our operating agreements, we reflect such fundings (including security deposit applications) in our Condensed Consolidated Statements of Income as a reduction of hotel operating expenses. The reduction to operating expenses was \$24,594 and \$25,057 in the three months ended March 31, 2012 and 2011, respectively. The \$4,061 of shortfalls not funded by managers during the three months ended March 31, 2012 represents the unguaranteed portion of our minimum returns from Marriott and from Sonesta.
- (2) Various percentages of total sales at certain of our hotels are escrowed as reserves for future renovations or refurbishment or FF&E reserve escrows. We own all the FF&E reserve escrows for our hotels. We report deposits by our third party tenants into the escrow accounts as FF&E reserve income. We do not report the amounts which are escrowed as FF&E reserves for our managed hotels as FF&E reserve income.
- (3) Represents costs associated with our January 2012 acquisition of the entities that own or lease two Royal Sonesta Hotels.
- (4) We recorded an \$889 loss on asset impairment in the first quarter of 2012 in connection with our decision to remove 20 Marriott branded hotels from held for sale status.
- (5) On February 13, 2012, we redeemed all of our outstanding Series B Preferred Shares at their liquidation preference of \$25 per share, plus accumulated and unpaid distributions. The liquidation preference of the redeemed shares exceeded our carrying amount for the redeemed shares as of the date of redemption by \$2,944, and we reduced net income available to common shareholders for the three months ended March 31, 2012, by that excess amount.



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the Three Months Ended	
	3/31/2012	3/31/2011
Cash flows from operating activities:		
Net income	\$ 42,948	\$ 53,048
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	61,363	56,314
Amortization of deferred financing costs and debt discounts as interest	1,578	1,501
Straight line rental income	(354)	(1,216)
Security deposits applied to payment shortfalls	(16,250)	(16,704)
FF&E reserve income and deposits	(7,865)	(14,767)
Loss on asset impairment	889	-
Equity in earnings of an investee	(45)	(37)
Other non-cash (income) expense, net	170	(628)
Change in assets and liabilities:		
Increase in other assets	(7,841)	(1,898)
Decrease in accounts payable and other liabilities	(13,010)	(19,179)
Increase (decrease) in due to related persons	(545)	59
Cash provided by operating activities	61,038	56,493
Cash flows from investing activities:		
Real estate acquisitions	(150,500)	-
Real estate improvements	(50,205)	-
FF&E reserve fundings	(25,502)	(5,854)
Cash used in investing activities	(226,207)	(5,854)
Cash flows from financing activities:		
Proceeds from issuance of preferred shares, net	280,108	-
Proceeds from unsecured term loan	400,000	-
Redemption of preferred shares	(86,250)	-
Repurchase of convertible senior notes	(70,576)	-
Repayment of mortgage note	-	(3,383)
Borrowings under revolving credit facility	378,000	60,000
Repayments of revolving credit facility	(527,000)	(33,000)
Deferred financing costs incurred	(2,432)	-
Distributions to preferred shareholders	(11,188)	(7,470)
Distributions to common shareholders	(55,585)	(55,550)
Cash provided by (used in) financing activities	305,077	(39,403)
Increase in cash and cash equivalents	139,908	11,236
Cash and cash equivalents at beginning of period	8,303	4,882
Cash and cash equivalents at end of period	\$ 148,211	\$ 16,118
Supplemental cash flow information:		
Cash paid for interest	\$ 54,938	\$ 54,419
Cash paid for income taxes	140	104
Non-cash investing activities:		
Property managers' deposits in FF&E reserve	\$ 7,133	\$ 12,309
Property managers' purchases with FF&E reserve	(28,187)	(38,865)
Non-cash financing activities:		
Issuance of common shares	\$ 878	-



SEGMENT INFORMATION

(in thousands)

	For the Three Months Ended March 31, 2012			
	Hotels	Travel Centers	Corporate	Consolidated
Hotel operating revenues	\$ 224,985	\$ -	\$ -	\$ 224,985
Rental income	21,942	51,318	-	73,260
FF&E reserve income	3,175	-	-	3,175
Total revenues	250,102	51,318	-	301,420
Hotel operating expenses	150,021	-	-	150,021
Depreciation and amortization	39,958	21,405	-	61,363
General and administrative	-	-	10,522	10,522
Acquisition related costs	1,060	-	-	1,060
Loss on asset impairment	889	-	-	889
Total expenses	191,928	21,405	10,522	223,855
Operating income (loss)	58,174	29,913	(10,522)	77,565
Interest income	-	-	66	66
Interest expense	-	-	(34,092)	(34,092)
Equity in earnings of an investee	-	-	45	45
Income (loss) before income taxes	58,174	29,913	(44,503)	43,584
Income tax expense	-	-	(636)	(636)
Net income (loss)	\$ 58,174	\$ 29,913	\$ (45,139)	\$ 42,948
As of March 31, 2012				
	Hotels	Travel Centers	Corporate	Consolidated
Total assets	\$ 3,109,296	\$ 2,200,682	\$ 168,046	\$ 5,478,024
For the Three Months Ended March 31, 2011				
	Hotels	Travel Centers	Corporate	Consolidated
Hotel operating revenues	\$ 197,537	\$ -	\$ -	\$ 197,537
Rental income	29,701	49,832	-	79,533
FF&E reserve income	4,914	-	-	4,914
Total revenues	232,152	49,832	-	281,984
Hotel operating expenses	129,753	-	-	129,753
Depreciation and amortization	36,463	19,851	-	56,314
General and administrative	-	-	9,264	9,264
Total expenses	166,216	19,851	9,264	195,331
Operating income (loss)	65,936	29,981	(9,264)	86,653
Interest income	-	-	29	29
Interest expense	-	-	(33,339)	(33,339)
Equity in earnings of an investee	-	-	37	37
Income (loss) before income taxes	65,936	29,981	(42,537)	53,380
Income tax expense	-	-	(332)	(332)
Net income (loss)	\$ 65,936	\$ 29,981	\$ (42,869)	\$ 53,048
As of December 31, 2011				
	Hotels	Travel Centers	Corporate	Consolidated
Total assets	\$ 2,905,065	\$ 2,202,199	\$ 26,309	\$ 5,133,573



DEBT SUMMARY

(dollars in thousands)

	Interest Rate	Principal Balance	Maturity Date	Years to Maturity
Unsecured Debt:				
<u>Unsecured Floating Rate Debt</u>				
Revolving credit facility (LIBOR + 130 bps) ⁽¹⁾	-	-	09/07/15	3.4
Unsecured term loan (LIBOR + 145 bps) ⁽²⁾	1.700%	400,000	03/13/17	5.0
	<u>1.700%</u>	<u>\$ 400,000</u>		<u>5.0</u>
<u>Unsecured Fixed Rate Debt</u>				
Senior notes due 2012	6.850%	100,829	07/15/12 ⁽³⁾	0.3
Senior notes due 2013	6.750%	287,000	02/15/13	0.9
Senior notes due 2014	7.875%	300,000	08/15/14	2.4
Senior notes due 2015	5.125%	280,000	02/15/15	2.9
Senior notes due 2016	6.300%	275,000	06/15/16	4.2
Senior notes due 2017	5.625%	300,000	03/15/17	5.0
Senior notes due 2018	6.700%	350,000	01/15/18	5.8
Convertible senior notes due 2027	3.800%	8,478	03/15/27 ⁽⁴⁾	15.0
Total / weighted average unsecured fixed rate debt	<u>6.429%</u>	<u>\$ 1,901,307</u>		<u>3.5</u>
Weighted average unsecured floating rate debt / total	1.700%	400,000		3.4
Weighted average unsecured fixed rate debt / total	<u>6.429%</u>	<u>1,901,307</u>		<u>3.5</u>
Weighted average debt / total	<u>5.607%</u>	<u>\$ 2,301,307</u>		<u>3.5</u>

(1) We had no amounts outstanding on our \$750,000 unsecured revolving credit facility at March 31, 2012. Interest on drawings under our revolving credit facility is at LIBOR plus 130 basis points, subject to adjustment for changes to our senior unsecured debt ratings. Subject to meeting certain conditions and payment of a fee, we may extend the maturity date to September 7, 2016.

(2) On March 12, 2012, we entered into a five year \$400,000 unsecured term loan. The loan bears interest at LIBOR plus 145 basis points, subject to adjustment for changes to our senior unsecured debt ratings; the interest rate listed above is as of March 31, 2012. We may prepay the term loan without penalty at any time.

(3) On April 11, 2012, we redeemed these notes at par plus accrued interest.

(4) On March 20, 2012, we repurchased \$70,576 of our 3.8% convertible senior notes due 2027 which were tendered by the holders thereof for repurchase by us. The convertible senior notes that remain outstanding are convertible, if certain conditions are met (including certain changes in control), into cash equal to the principal amount of the notes and, to the extent the market price of our common shares exceeds the initial exchange price of \$50.50 per share, subject to adjustment, either cash or our common shares at our option with a value based on such excess amount. Holders of our outstanding convertible senior notes may require us to repurchase all or a portion of the notes on March 15, 2017 and March 15, 2022.



DEBT MATURITY SCHEDULE

(dollars in thousands)

Year	Unsecured Floating Rate Debt	Unsecured Fixed Rate Debt	Total
2012	\$ -	\$ 100,829 ⁽³⁾	\$ 100,829
2013	-	287,000	287,000
2014	-	300,000	300,000
2015	- ⁽¹⁾	280,000	280,000
2016	-	275,000	275,000
2017	400,000 ⁽²⁾	300,000	700,000
2018	-	350,000	350,000
2027	-	8,478 ⁽⁴⁾	8,478
	<u>\$ 400,000</u>	<u>\$ 1,901,307</u>	<u>\$ 2,301,307</u>

- (1) We had no amounts outstanding on our \$750,000 unsecured revolving credit facility at March 31, 2012, which matures on September 7, 2015. Subject to meeting certain conditions and payment of a fee, we may extend the maturity date to September 7, 2016.
- (2) On March 12, 2012, we entered into a five year \$400,000 unsecured term loan. We may prepay the term loan without penalty at any time.
- (3) On April 11, 2012, we redeemed these notes at par plus accrued interest.
- (4) On March 20, 2012, we repurchased \$70,576 of our 3.8% convertible senior notes due 2027 which were tendered by the holders thereof for repurchase by us. The convertible senior notes that remain outstanding are convertible, if certain conditions are met (including certain changes in control), into cash equal to the principal amount of the notes and, to the extent the market price of our common shares exceeds the initial exchange price of \$50.50 per share, subject to adjustment, either cash or our common shares at our option with a value based on such excess amount. Holders of our outstanding convertible senior notes may require us to repurchase all or a portion of the notes on March 15, 2017 and March 15, 2022.



LEVERAGE RATIOS, COVERAGE RATIOS AND PUBLIC DEBT COVENANTS

	As of and For the Three Months Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
<u>Leverage Ratios:</u>					
Total debt / total assets	41.9%	41.2%	40.7%	41.2%	41.3%
Total debt / gross book value of real estate	35.8%	34.5%	34.3%	35.3%	34.8%
Total debt / total market capitalization	37.2%	39.5%	40.8%	38.4%	39.6%
Total debt / total book capitalization	43.6%	43.0%	42.4%	42.7%	42.8%
Secured debt / total assets	0.0%	0.0%	0.0%	0.0%	0.0%
Variable rate debt / total debt	17.4%	7.0%	5.5%	7.2%	8.0%
<u>Coverage Ratios:</u>					
EBITDA ⁽¹⁾ / interest expense	4.2x	4.1x	4.2x	4.5x	4.3x
EBITDA ⁽¹⁾ / interest expense and preferred distributions	3.1x	3.3x	3.4x	3.7x	3.5x
Total debt / annualized EBITDA ⁽¹⁾	4.0x	3.8x	3.7x	3.5x	3.7x
<u>Public Debt Covenants:</u> ⁽²⁾					
Total debt / adjusted total assets - allowable maximum 60.0%	33.4%	32.3%	32.1%	32.8%	33.2%
Secured debt / adjusted total assets - allowable maximum 40.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Consolidated income available for debt service / debt service - required minimum 1.50x	4.05x	4.05x	4.07x	4.18x	4.02x
Total unencumbered assets to unsecured debt - required minimum 150% / 200%	299.2%	310.0%	311.5%	305.3%	301.6%

(1) See Exhibit A for the calculation of EBITDA and for a reconciliation of these amounts to net income determined in accordance with GAAP.

(2) Adjusted total assets and unencumbered assets include original cost of real estate assets and acquisition costs less impairment writedowns and exclude depreciation and amortization, accounts receivable and intangible assets. Consolidated income available for debt service is earnings from operations excluding interest expense, depreciation and amortization, loss on asset impairment, unrealized appreciation on assets held for sale, gains and losses on extinguishment of debt, gains and losses on sales of property and amortization of deferred charges. Debt service excludes non-cash interest related to our convertible senior notes.



FF&E RESERVE ESCROWS ⁽¹⁾

(dollars in thousands)

	For the Three Months Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
FF&E reserves (beginning of period)	\$ 50,196	\$ 41,747	\$ 51,686	\$ 59,919	\$ 80,621
Manager deposits	12,133	8,337	15,229	14,959	12,309
HPT fundings ⁽²⁾ :					
Marriott No. 1	102	8,116	4,890	680	3,452
Marriott No. 234	25,400	5,000	-	-	2,402
Hotel improvements	(28,187)	(13,004)	(30,058)	(23,872)	(38,865)
FF&E reserves (end of period)	<u>\$ 59,644</u>	<u>\$ 50,196</u>	<u>\$ 41,747</u>	<u>\$ 51,686</u>	<u>\$ 59,919</u>

- (1) With the exception of our Sonesta agreements, each of our hotel operating agreements requires the deposit of a percentage of gross hotel revenues into escrows to fund FF&E reserves. For recently built or renovated hotels, this requirement may be deferred for a period. Effective July 1, 2011 through December 31, 2013, InterContinental is not required to make FF&E reserve contributions under the terms of the agreement entered in July 2011. We own all the FF&E reserve escrows for our hotels.
- (2) Represents FF&E reserve deposits not funded by hotel operations, but separately funded by us. The operating agreements for our hotels generally provide that, if necessary, we will provide FF&E funding in excess of escrowed reserves. To the extent we make such fundings, our contractual annual minimum returns or rents generally increase by a percentage of the amounts we fund.



ACQUISITION AND DISPOSITION INFORMATION SINCE JANUARY 1, 2012

(dollars in thousands)

ACQUISITIONS:

Date Acquired	Properties	Brand	Location	Number of Rooms / Suites	Operating Agreement	Purchase Price	Purchase Price per Room / Suite
1/31/12	1	Royal Sonesta	Cambridge, MA	400	Sonesta (No. 1)	\$ 120,000	\$ 300
1/31/12	1 ⁽¹⁾	Royal Sonesta	New Orleans, LA	483	Sonesta (No. 2)	30,500	63
Total	2			883		\$ 150,500	\$ 170

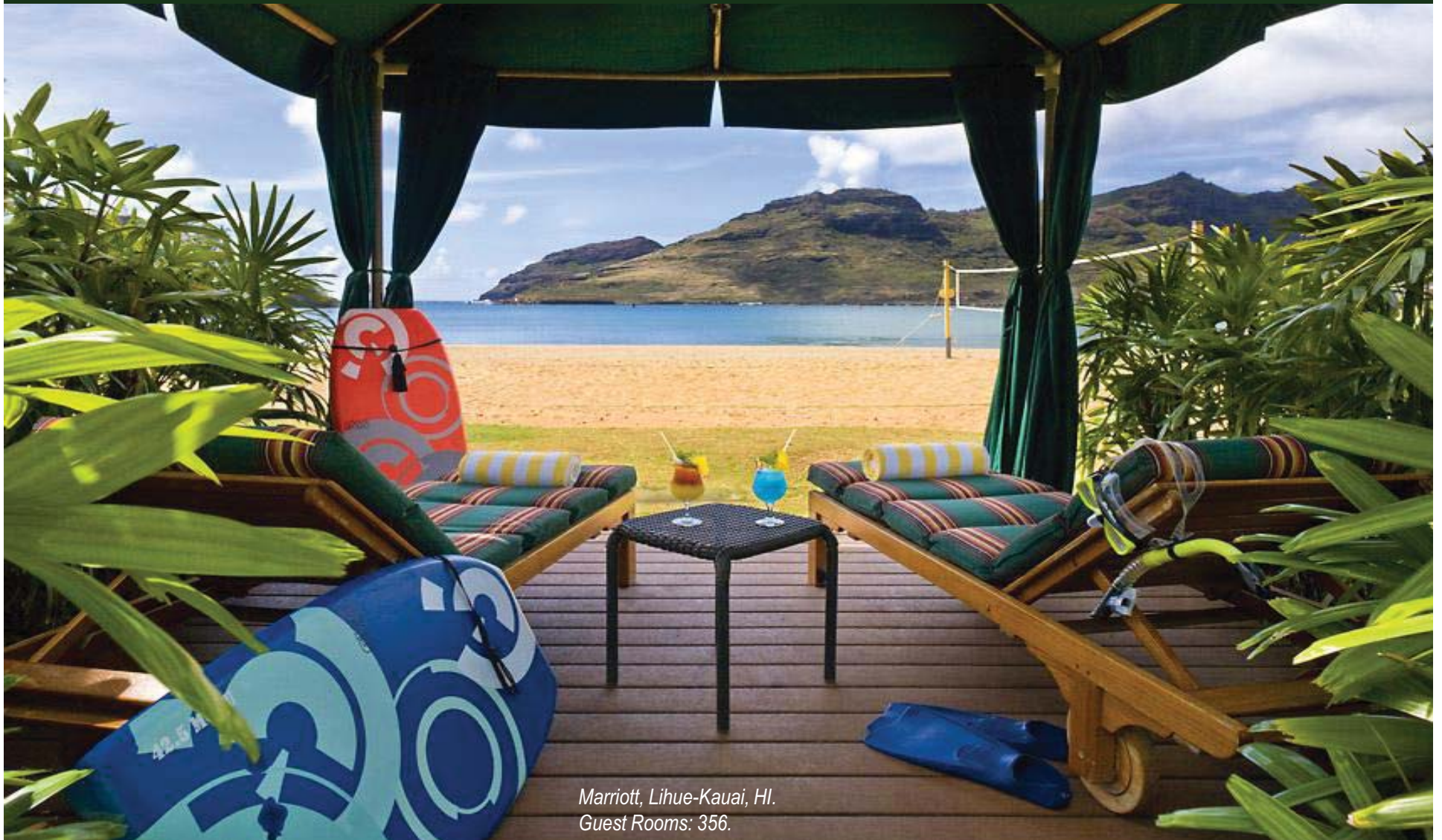
(1) Represents the acquisition of a leasehold interest. See page 26 for further information regarding this lease.

DISPOSITIONS:

Date Disposed	Properties	Brand	Location	Number of Rooms / Suites	Operating Agreement	Sales Price	Sales Price per Room / Suite
------------------	------------	-------	----------	--------------------------------	------------------------	----------------	------------------------------------

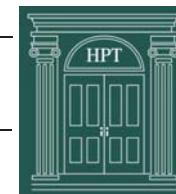
There were no dispositions during the three months ended March 31, 2012. On February 10, 2012, we entered an agreement to sell our Marriott branded hotel in St. Louis, MO. We expect to complete this sale in the second quarter of 2012.

OPERATING AGREEMENTS AND PORTFOLIO INFORMATION



*Marriott, Lihue-Kauai, HI.
Guest Rooms: 356.*

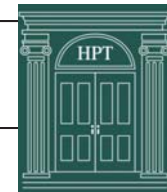
SUMMARY OF OPERATING AGREEMENTS

(as of March 31, 2012)
(dollars in thousands)

Operating Agreement	Marriott (No. 1)	Marriott (No. 234)	Marriott (No. 5)	InterContinental	Hyatt
Number of Properties	53	71 ⁽¹⁾	1	130 ⁽²⁾	22
Number of Rooms / Suites	7,610	9,954	356	19,892	2,724
Property Brands	Courtyard by Marriott®	Marriott® / Residence Inn by Marriott® / Courtyard by Marriott® / TownePlace Suites by Marriott® / SpringHill Suites by Marriott®	Marriott®	Staybridge Suites® / Candlewood Suites® / InterContinental® / Crowne Plaza® / Holiday Inn®	Hyatt Place®
Number of States	24	24	1	31 plus Ontario and Puerto Rico	14
Tenant	Subsidiary of Host Hotels & Resorts	Our TRS	Subsidiary of Marriott International	Our TRS and a subsidiary of InterContinental	Our TRS
Manager	Subsidiary of Marriott International	Subsidiaries of Marriott International	Subsidiary of Marriott International	Subsidiaries of InterContinental	Subsidiary of Hyatt
Investment ⁽³⁾	\$677,050	\$982,426	\$90,078	\$1,856,048	\$301,942
End of Current Term	2012	2025	2019	2036	2030
Renewal Options ⁽⁴⁾	3 for 12 years each ⁽⁵⁾	2 for 10 years each	4 for 15 years each	2 for 15 years each	2 for 15 years each
Annual Minimum Return / Minimum Rent ⁽⁶⁾	\$67,567	\$101,140	\$9,749 ⁽⁷⁾	\$159,044	\$22,037
Additional Return	--	62.5% of excess cash flow ⁽⁸⁾	--	\$14,423; 50% of excess cash flow ⁽⁹⁾	50% of cash flow in excess of minimum return ⁽¹⁰⁾
Percentage Rent	5% of revenues above 1994/95 revenues ⁽¹¹⁾	--	--	--	--
Security Deposit	\$50,540	-- ⁽¹²⁾	--	\$39,570 ⁽¹³⁾	--
Other Security Features	HPT controlled lockbox with minimum balance maintenance requirement, tenant minimum net worth requirement	Limited guaranty provided by Marriott ⁽¹⁴⁾	Marriott guaranty	--	Limited guaranty provided by Hyatt, parent minimum networth requirement ⁽¹⁵⁾

- (1) We had previously identified 21 hotels included in this agreement for potential sale. The information provided in this table includes these 21 hotels. In February 2012, we entered an agreement to sell our Marriott branded hotel in St. Louis, Missouri, which we currently expect to close in the second quarter of 2012. In March 2012, we withdrew the remaining 20 hotels from sale consideration and are in discussions with Marriott about retaining these hotels in the Marriott No. 234 agreement.
- (2) We have the option to pursue the sale or rebranding of up to 42 hotels in this agreement. The information provided in this table includes these 42 hotels. In February and April 2012, we notified InterContinental that we plan to remove four of these hotels from the InterContinental agreement. On April 23, 2012, we entered into a management agreement with Sonesta for one of these hotels, which was converted to the Sonesta brand and management on April 27, 2012. We currently expect to convert the other three hotels to the Sonesta brand and management for inclusion with our Sonesta No. 1 agreement in the second quarter of 2012. Our annual minimum returns due under this agreement will decrease by a total of \$9,923 if and when these four hotels are removed. In April 2012, we agreed to retain three of the remaining 38 hotels in this agreement. We continue to evaluate plans to rebrand the remaining 35 hotels, including possible conversion of certain hotels to the Sonesta brand and management.
- (3) Represents historical cost of properties plus capital improvements funded by us and excludes impairment writedowns and capital improvements made from FF&E reserves funded from hotel operations.
- (4) Renewal options may be exercised by the manager or tenant for all, but not less than all, of the properties within each combination of properties.
- (5) In November 2010, Host Hotels & Resorts, Inc., or Host, notified us that it will not exercise its renewal option at the end of the current lease term. Assuming no default by Host, upon expiration of the agreement on December 31, 2012, we expect to return the \$50,540 security deposit to Host, to lease the hotels to one of our taxable REIT subsidiaries, or TRSs, and to continue the existing hotel brand and management agreements with Marriott. In June 2011, Marriott provided notice to us that it intends to exercise its option to renew these management agreements for an additional 12 years to 2024. The renewal options presented are Marriott's options related to its management agreement.
- (6) Each management agreement or lease provides for payment to us of an annual minimum return or minimum rent, respectively. Management fees are generally subordinated to these minimum payment amounts and certain minimum payments are subject to full or limited guarantees.
- (7) The rent payable to us under the lease is subject to annual adjustment based upon the consumer price index.
- (8) This management agreement provides for payment to us of 62.5% of available cash flow after payment of hotel operating expenses, funding of the FF&E reserve, payment of our minimum return, payment of certain management fees, and replenishment of the security deposit.
- (9) This management agreement provides for an annual additional return payment to us of the amount stated to the extent of available cash flow after payment of hotel operating expenses, funding of the FF&E reserve, payment of our minimum return, payment of certain management fees and replenishment and expansion of the security deposit. In addition, the agreement provides for payment to us of 50% of the available cash flow after payment to us of the annual additional return amount. These amounts are not guaranteed or secured by deposits.
- (10) This management agreement provides for payment to us of 50% of available cash flow after payment of operating expenses, funding the FF&E reserve, payment of our minimum return and reimbursement to the managers of working capital and guaranty advances, if any.
- (11) This lease agreement provides for payment to us of percentage rent based on increases in total sales over base year levels.
- (12) The original amount of this security deposit was \$64,700. As of March 31, 2012, we have fully exhausted this security deposit covering shortfalls in payments of our minimum return.
- (13) The original amount of this security deposit was \$73,872. As of March 31, 2012, we have applied \$34,302 of the security deposit to cover deficiencies in the minimum returns and rent paid by InterContinental for this agreement. As of March 31, 2012, the balance of this security deposit was \$39,570.
- (14) As of March 31, 2012, the available Marriott guaranty was \$23,950.
- (15) As of March 31, 2012, the available Hyatt Hotels Corporation guaranty was \$19,277.

SUMMARY OF OPERATING AGREEMENTS

(as of March 31, 2012)
(dollars in thousands)

Operating Agreement	Carlson	Sonesta (No. 1) ⁽¹⁾	Sonesta (No. 2) ⁽²⁾	TA (No. 1)	TA (No. 2)	Total / Range / Average (all investments)
Number of Properties	11	1	1	145	40	475
Number of Rooms / Suites	2,096	400	483	--	--	43,515
Property Brands	Radisson Hotels & Resorts® / Park Plaza® Hotels & Resorts / Country Inn & Suites by Carlson SM	Royal Sonesta®	Royal Sonesta®	TravelCenters of America®	Petro Stopping Centers®	17 Brands
Number of States	7	1	1	39	25	44 plus Ontario and Puerto Rico
Tenant	Our TRS	Our TRS	Our TRS	Subsidiary of TA	Subsidiary of TA	5 Tenants
Manager	Subsidiary of Carlson	Subsidiary of Sonesta	Subsidiary of Sonesta	TA	TA	6 Managers
Investment ⁽³⁾	\$202,251	\$120,039	\$30,940	\$1,906,123	\$729,373	\$6,896,270
End of Current Term	2030	2037	2024	2022	2024	2012-2037
Renewal Options ⁽⁴⁾	2 for 15 years each	2 for 15 years each	N/A	N/A	2 for 15 years each	--
Annual Minimum Return / Minimum Rent	\$12,920 ⁽⁵⁾	\$9,600 ⁽⁶⁾	\$2,441 ⁽⁷⁾	\$150,221 ⁽⁵⁾⁽⁸⁾	\$56,189 ⁽⁵⁾	\$590,908
Additional Return	50% of cash flow in excess of minimum return ⁽⁹⁾	80% of cash flow in excess of minimum return ⁽¹⁰⁾	-- ⁽⁷⁾	--	--	\$14,423
Percentage Rent	--	--	--	3% of non-fuel revenues and 0.3% of fuel revenues above 2011 revenues ⁽¹¹⁾	3% of non-fuel revenues and 0.3% of fuel revenues above 2012 revenues ⁽¹¹⁾	--
Security Deposit	--	--	--	--	--	\$90,110
Other Security Features	Limited guaranty provided by Carlson; parent minimum net worth requirement ⁽¹²⁾	--	--	TA guaranty ⁽¹³⁾	TA guaranty ⁽¹³⁾	--

(1) Represents the Royal Sonesta Hotel Boston in Cambridge, Massachusetts. As described in footnote 4 on page 8 and footnote 2 on page 25, one hotel was added in April 2012 and we expect three additional hotels to be added to this agreement in the second quarter of 2012.

(2) Represents the Royal Sonesta Hotel in New Orleans, Louisiana. We lease this hotel from a third party.

(3) Represents historical cost of properties plus capital improvements funded by us and excludes impairment writedowns and capital improvements made from FF&E reserves funded from hotel operations, if any.

(4) Renewal options may be exercised by the manager or tenant for all, but not less than all, of the properties within each combination of properties.

(5) This management agreement or lease provides for payment to us of an annual minimum return or minimum rent, respectively. Management fees are generally subordinated to these minimum payment amounts and certain minimum payments are subject to full or limited guarantees.

(6) Payment to us of our minimum return under this management agreement is subject to available cash flow after payment of operating expenses, including certain management fees. We have no guarantee or security deposit from Sonesta. The management agreement may be terminated if 75% of the minimum return is not paid for certain periods.

(7) Payment to us of our minimum return under this management agreement is subject to available cash flow after payment of operating expenses, including a 3% base management fee and rent under the lease. We have no guarantee or security deposit from Sonesta. Annual rent payable by us under the lease is calculated as 75% of the sum of the net profit of the hotel (hotel revenues less hotel operating expenses, including the 3% base management fee), less capital expenditures made during the lease year. The management agreement may be terminated if 75% of the minimum return is not paid for certain periods.

(8) The amounts presented for the TA No. 1 lease include approximately \$5,126 of ground rent due to us from TA.

(9) This management agreement provides for payment to us of 50% of available cash flow after payment of hotel operating expenses, funding of the FF&E reserve, payment of our minimum return and reimbursement to the managers of working capital and guaranty advances, if any.

(10) This management agreement provides for payment to us of 80% of available cash flow after payment hotel operating expenses, a base management fee to Sonesta, our minimum returns and reimbursement of operating loss or working capital advances, if any.

(11) This lease agreement provides for payment to us of percentage rent based on increases in total sales over base year levels.

(12) As of March 31, 2012, the available Carlson Hotels Worldwide guaranty was \$24,727.

(13) The TA guaranty is unlimited.

PORTFOLIO BY OPERATING AGREEMENT, MANAGER AND BRAND

(as of March 31, 2012)
(dollars in thousands)



	Number of Properties	Percent of Number of Properties	Number of Rooms / Suites	Percent of Number of Rooms / Suites	Investment ⁽¹⁾	Percent of Investment	Investment per Room / Suite	Annual Minimum Return / Rent	Percent of Minimum Return / Rent
By Operating Agreement									
InterContinental ⁽²⁾	130	28%	19,892	46%	\$ 1,856,048	27%	\$ 93	\$ 159,044	28%
Marriott (no. 1)	53	11%	7,610	17%	677,050	10%	89	67,567	11%
Marriott (no. 234) ⁽³⁾	71	15%	9,954	23%	982,426	14%	99	101,140	17%
Marriott (no. 5)	1	-	356	1%	90,078	1%	253	9,749	2%
Hyatt	22	5%	2,724	6%	301,942	4%	111	22,037	4%
Carlson	11	2%	2,096	5%	202,251	3%	96	12,920	2%
Sonesta (no. 1) ⁽⁴⁾	1	0%	400	1%	120,039	2%	300	9,600	2%
Sonesta (no. 2) ⁽⁵⁾	1	0%	483	1%	30,940	0%	64	2,441	0%
TA (no. 1) ⁽⁶⁾	145	31%	N/A	N/A	1,906,123	28%	N/A	150,221	25%
TA (no. 2)	40	8%	N/A	N/A	729,373	11%	N/A	56,189	9%
Total	475	100%	43,515	100%	\$ 6,896,270	100%	\$ 98	\$ 590,908	100%
By Manager:									
InterContinental ⁽²⁾	130	28%	19,892	46%	\$ 1,856,048	27%	\$ 93	\$ 159,044	28%
Marriott International ⁽³⁾	125	27%	17,920	41%	1,749,554	25%	98	178,456	30%
Hyatt	22	5%	2,724	6%	301,942	4%	111	22,037	4%
Carlson	11	2%	2,096	5%	202,251	3%	96	12,920	2%
Sonesta ⁽⁴⁾⁽⁵⁾	2	0%	883	2%	150,979	2%	171	12,041	2%
TA ⁽⁶⁾	185	38%	N/A	N/A	2,635,496	39%	N/A	206,410	34%
Total	475	100%	43,515	100%	\$ 6,896,270	100%	\$ 98	\$ 590,908	100%
By Brand:									
Candlewood Suites [®]	76	16%	9,220	21%	\$ 637,421	9%	\$ 69		
Country Inn & Suites by Carlson SM	5	1%	753	2%	75,054	1%	100		
Courtyard by Marriott [®]	71	15%	10,281	24%	945,118	14%	92		
Crowne Plaza [®]	12	3%	4,401	10%	395,001	6%	90		
Holiday Inn [®]	2	0%	454	1%	22,724	0%	50		
Hyatt Place TM	22	5%	2,724	6%	301,942	4%	111		
InterContinental [®]	5	1%	1,479	3%	301,547	4%	204		
Marriott Hotels [®]	3	1%	1,349	3%	161,263	2%	120		
Park Plaza [®] Hotels & Resorts	1	0%	209	0%	11,042	0%	53		
Radisson Hotels & Resorts [®]	5	1%	1,134	3%	116,155	2%	102		
Residence Inn by Marriott [®]	37	8%	4,695	11%	511,938	7%	109		
Royal Sonesta [®]	2	0%	883	2%	150,979	2%	171		
SpringHill Suites by Marriott [®]	2	0%	264	1%	21,753	0%	82		
Staybridge Suites [®]	35	7%	4,338	10%	499,355	8%	115		
TownePlace Suites by Marriott [®]	12	3%	1,331	3%	109,482	2%	82		
TravelCenters of America [®]	145	31%	N/A	N/A	1,906,123	28%	N/A		
Petro Stopping Centers [®]	40	8%	N/A	N/A	729,373	11%	N/A		
Total	475	100%	43,515	100%	\$ 6,896,270	100%	\$ 98		

- (1) Represents historical cost of properties plus capital improvements funded by us and excludes impairment writedowns and capital improvements made from FF&E reserves funded from hotel operations, if any.
- (2) We have the option to pursue the sale or rebranding of up to 42 hotels in this agreement. The information provided in this table includes these 42 hotels. In February and April 2012, we notified InterContinental that we plan to remove four of these hotels from the InterContinental agreement. On April 23, 2012, we entered into a management agreement with Sonesta for one of these hotels, which was converted to the Sonesta brand and management on April 27, 2012. We currently expect to convert the other three hotels to the Sonesta brand and management for inclusion in our Sonesta No. 1 agreement in the second quarter of 2012. Our annual minimum returns due under this agreement will decrease by a total of \$9,923 if and when these four hotels are removed. In April 2012, we agreed to retain three of the remaining 38 hotels in this agreement. We continue to evaluate plans to rebrand the remaining 35 hotels, including possible conversion of certain hotels to the Sonesta brand and management.
- (3) We had previously identified 21 hotels included in this agreement for potential sale. The information provided in this table includes these 21 hotels. In February 2012, we entered an agreement to sell our Marriott branded hotel in St. Louis, Missouri, which we currently expect to close in the second quarter of 2012. In March 2012, we withdrew the remaining 20 hotels from sale consideration and are in discussions with Marriott about retaining these hotels in the Marriott No. 234 agreement.
- (4) Represents the Royal Sonesta Hotel Boston in Cambridge, Massachusetts. Payment to us of our minimum return under this agreement is subject to available cash flow after payment of operating expenses, including certain management fees. As described in note 2 above, one hotel was added in April 2012 and we expect three additional hotels to be added to this agreement in the second quarter of 2012.
- (5) Represents the Royal Sonesta Hotel in New Orleans, Louisiana. We lease this hotel from a third party. Payment to us of our minimum return under this management agreement is subject to available cash flow after payment of operating expenses, including a 3% base management fee and rent under the lease. Annual rent payable by us under the lease is calculated as 75% of the sum of the net profit of the hotel (hotel revenues less hotel operating expenses, including the 3% base management fee), less capital expenditures made during the lease year.
- (6) The amounts presented for the TA No. 1 lease include approximately \$5,126 of ground rent due to us from TA.



OPERATING STATISTICS BY HOTEL OPERATING AGREEMENT

(as of March 31, 2012)

	No. of Rooms /	First Quarter ⁽¹⁾			
	<u>Hotels</u>	<u>Suites</u>	<u>2012</u>	<u>2011</u>	<u>Change</u>
<u>ADR</u>					
InterContinental ⁽²⁾	130	19,892	\$ 90.74	\$ 85.15	6.6%
Marriott (no. 1)	53	7,610	112.21	108.57	3.4%
Marriott (no. 234) ⁽³⁾	71	9,954	103.39	100.49	2.9%
Marriott (no. 5)	1	356	209.98	208.05	0.9%
Hyatt	22	2,724	94.02	90.25	4.2%
Carlson	11	2,096	92.67	88.82	4.3%
Sonesta No. 1 ^{(4) (6)}	1	400	143.65	129.28	11.1%
Sonesta No. 2 ^{(5) (6)}	1	483	231.39	190.84	21.2%
All hotels	290	43,515	\$ 100.88	\$ 95.23	5.9%
<u>OCCUPANCY</u>					
InterContinental ⁽²⁾	130	19,892	64.7%	72.0%	-7.3 pts
Marriott (no. 1)	53	7,610	60.6%	59.6%	1.0 pts
Marriott (no. 234) ⁽³⁾	71	9,954	62.6%	63.7%	-1.1 pts
Marriott (no. 5)	1	356	82.6%	82.8%	-0.2 pts
Hyatt	22	2,724	70.8%	73.0%	-2.2 pts
Carlson	11	2,096	63.3%	61.7%	1.6 pts
Sonesta (no. 1) ^{(4) (6)}	1	400	62.2%	46.3%	15.9 pts
Sonesta (no. 2) ^{(5) (6)}	1	483	77.8%	77.0%	0.8 pts
All hotels	290	43,515	64.1%	67.6%	-3.5 pts
<u>RevPAR</u>					
InterContinental ⁽²⁾	130	19,892	\$ 58.71	\$ 61.31	-4.2%
Marriott (no. 1)	53	7,610	68.00	64.71	5.1%
Marriott (no. 234) ⁽³⁾	71	9,954	64.72	64.01	1.1%
Marriott (no. 5)	1	356	173.44	172.27	0.7%
Hyatt	22	2,724	66.57	65.88	1.0%
Carlson	11	2,096	58.66	54.80	7.0%
Sonesta (no. 1) ^{(4) (6)}	1	400	89.35	59.86	49.3%
Sonesta (no. 2) ^{(5) (6)}	1	483	180.02	146.95	22.5%
All hotels	290	43,515	\$ 64.66	\$ 64.38	0.4%

- (1) Includes data for the calendar periods indicated, except for our Marriott branded hotels, which include data for comparable fiscal periods.
- (2) We have the option to pursue the sale or rebranding of up to 42 hotels in this agreement. The information provided in this table includes these 42 hotels. In February and April 2012, we notified InterContinental that we plan to remove four of these hotels from the InterContinental agreement. On April 23, 2012, we entered into a management agreement with Sonesta for one of these hotels, which was converted to the Sonesta brand and management on April 27, 2012. We currently expect to convert the other three hotels to the Sonesta brand and management for inclusion with our Sonesta No. 1 agreement in the second quarter of 2012. Our annual minimum returns due under this agreement will decrease by a total of \$9,923 if and when these four hotels are removed. In April 2012, we agreed to retain three of the remaining 38 hotels in this agreement. We continue to evaluate plans to rebrand the remaining 35 hotels, including possible conversion of certain hotels to the Sonesta brand and management.
- (3) We had previously identified 21 hotels included in this agreement for potential sale. The information provided in this table includes these 21 hotels. In February 2012, we entered an agreement to sell our Marriott branded hotel in St. Louis, Missouri, which we currently expect to close in the second quarter of 2012. In March 2012, we withdrew the remaining 20 hotels from sale consideration and are in discussions with Marriott about retaining these hotels in the Marriott No. 234 agreement.
- (4) Represents the Royal Sonesta Hotel Boston in Cambridge, Massachusetts. As described in note 2 above, one hotel was added in April 2012 and we currently expect three additional hotels to be added to this agreement in the second quarter of 2012.
- (5) Represents the Royal Sonesta Hotel in New Orleans, Louisiana. We lease this hotel from a third party.
- (6) Includes data for periods prior to our ownership.

"ADR" is average daily rate; "RevPAR" is revenue per day per available room. All operating data presented are based upon the operating results provided by our managers and tenants for the indicated periods. We have not independently verified our managers' or tenants' operating data.



COVERAGE BY OPERATING AGREEMENT ⁽¹⁾

(as of March 31, 2012)

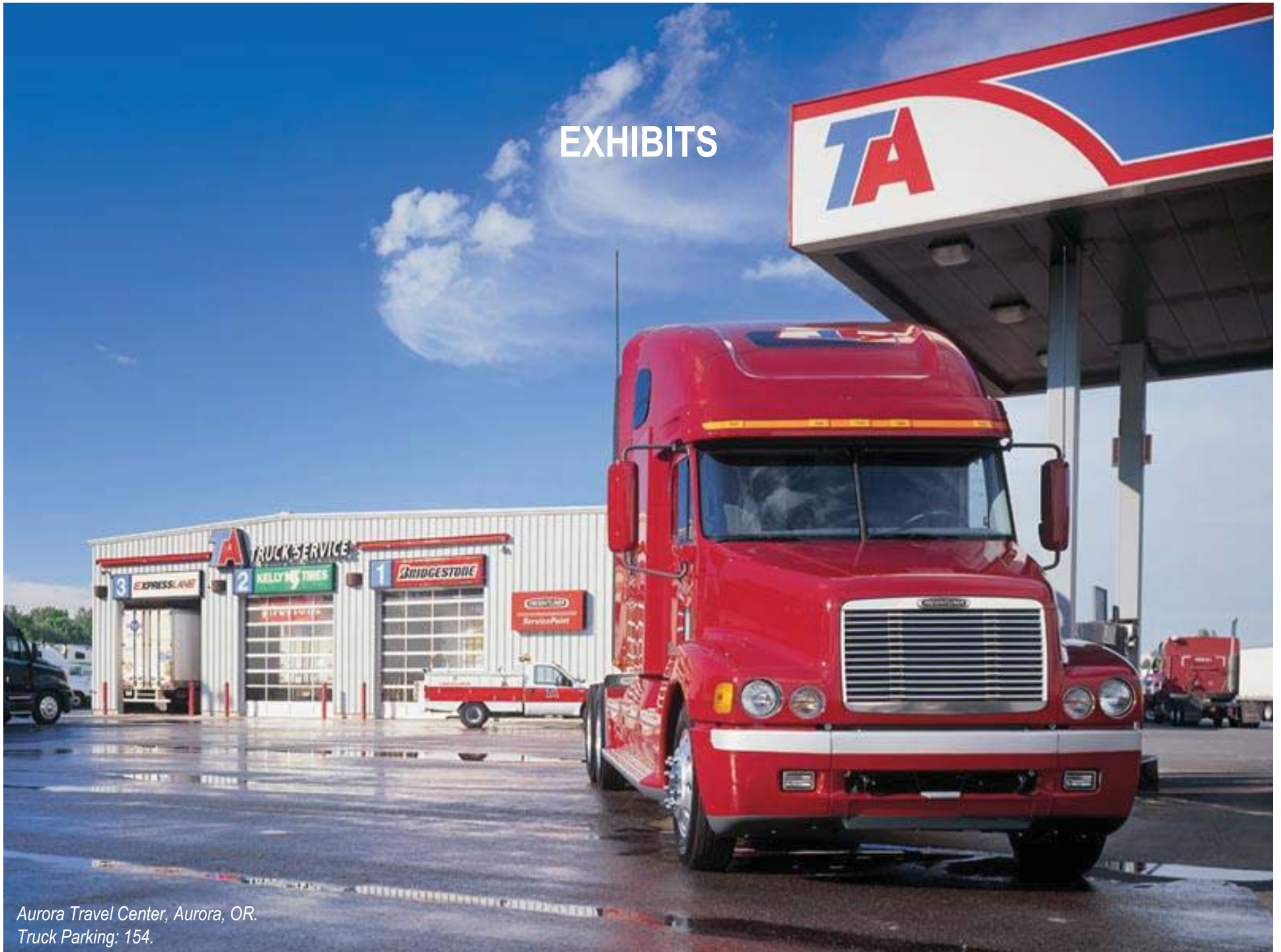
Operating Agreement	For the Twelve Months Ended ⁽²⁾				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
InterContinental ^{(3) (4)}	0.82x	0.83x	0.79x	0.71x	0.68x
Marriott (no. 1)	0.85x	0.81x	0.75x	0.73x	0.73x
Marriott (no. 234) ⁽⁵⁾	0.73x	0.73x	0.69x	0.67x	0.65x
Marriott (no. 5)	0.53x	0.50x	0.46x	0.35x	0.22x
Hyatt	0.78x	0.81x	0.82x	0.80x	0.75x
Carlson	0.66x	0.64x	0.68x	0.63x	0.61x
Sonesta (no. 1) ^{(6) (8)}	0.63x	0.52x	0.44x	0.45x	0.44x
Sonesta (no. 2) ^{(7) (8)}	3.02x	2.86x	2.60x	1.62x	1.72x
TA (no. 1) ⁽⁹⁾	1.70x	1.69x	1.55x	1.47x	1.38x
TA (no. 2) ⁽⁹⁾	1.68x	1.63x	1.47x	1.38x	1.26x

Operating Agreement	For the Three Months Ended ⁽²⁾				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
InterContinental ^{(3) (4)}	0.68x	0.70x	0.97x	0.95x	0.70x
Marriott (no. 1)	0.76x	0.72x	0.96x	0.99x	0.62x
Marriott (no. 234) ⁽⁵⁾	0.53x	0.71x	0.82x	0.86x	0.54x
Marriott (no. 5)	0.37x	0.26x	0.91x	0.58x	0.27x
Hyatt	0.68x	0.61x	0.84x	1.00x	0.78x
Carlson	0.73x	0.30x	0.93x	0.69x	0.63x
Sonesta (no. 1) ^{(6) (8)}	-0.03x	0.67x	0.88x	1.00x	-0.47x
Sonesta (no. 2) ^{(7) (8)}	4.33x	1.39x	2.81x	3.56x	3.66x
TA (no. 1) ⁽⁹⁾	1.29x	1.55x	1.99x	2.00x	1.21x
TA (no. 2) ⁽⁹⁾	1.39x	1.52x	1.89x	1.90x	1.17x

- (1) We define coverage as combined total property level revenues minus all property level expenses which are not subordinated to minimum return and minimum lease payments contractually due to us and the required FF&E reserve contributions (which data is provided to us by our managers or tenants), divided by the minimum return or minimum rent payments due to us.
- (2) Includes data for the calendar periods indicated, except for our Marriott branded hotels, which include data for comparable fiscal periods.
- (3) We have the option to pursue the sale or rebranding of up to 42 hotels in this agreement. The information provided in this table includes these 42 hotels. In February and April 2012, we notified InterContinental that we plan to remove four of these hotels from the InterContinental agreement. On April 23, 2012, we entered into a management agreement with Sonesta for one of these hotels, which was converted to the Sonesta brand and management on April 27, 2012. We currently expect to convert the other three hotels to the Sonesta brand and management for inclusion with our Sonesta No. 1 agreement in the second quarter of 2012. Our annual minimum returns due under this agreement will decrease by a total of \$9,923 if and when these four hotels are removed. In April 2012, we agreed to retain three of the remaining 38 hotels in this agreement. We continue to evaluate plans to rebrand the remaining 35 hotels, including possible conversion of certain hotels to the Sonesta brand and management.
- (4) Effective July 1, 2011 through December 31, 2013, InterContinental is not required to make FF&E reserve contributions under the terms of the agreement entered in July 2011. The coverage amounts for InterContinental provided have been calculated without a deduction for FF&E reserve contributions for periods subsequent to June 30, 2011.
- (5) We had previously identified 21 hotels included in this agreement for potential sale. The information provided in this table includes these 21 hotels. In February 2012, we entered an agreement to sell our Marriott branded hotel in St. Louis, Missouri, which we currently expect to close in the second quarter of 2012. In March 2012, we withdrew the remaining 20 hotels from sale consideration and are in discussions with Marriott about retaining these hotels in the Marriott No. 234 agreement.
- (6) Represents the Royal Sonesta Hotel Boston in Cambridge, Massachusetts. Payment to us of our minimum return under this agreement is subject to available cash flow after payment of operating expenses, including certain management fees. As described in note 3 above, one hotel was added in April 2012 and we expect three additional hotels to be added to this agreement in the second quarter of 2012. FF&E reserve contributions are not required under the terms of this management agreement. The coverage amounts provided have been calculated without a deduction for FF&E reserve contributions.
- (7) Represents the Royal Sonesta Hotel in New Orleans, Louisiana. We lease this hotel from a third party. Payment to us of our minimum return under this management agreement is subject to available cash flow after payment of operating expenses, including a 3% base management fee and rent under the lease. Annual rent payable by us under the lease is calculated as 75% of the sum of the net profit of the hotel (hotel revenues less hotel operating expenses, including the 3% base management fee), less capital expenditures made during the lease year. FF&E reserve contributions are not required under the terms of this management agreement. The coverage amounts provided have been calculated without a deduction for FF&E reserve contributions.
- (8) Includes data for periods prior to our ownership.
- (9) The TA rent coverage ratios provided in this table have been calculated based upon the contractual rent amounts in place during the periods presented.

All operating data presented are based upon the operating results provided by our managers and tenants for the indicated periods. We have not independently verified our managers' or tenants' operating data.

EXHIBITS



Aurora Travel Center, Aurora, OR.
Truck Parking: 154.



EXHIBIT A

CALCULATION OF EBITDA

(in thousands)

	For the Three Months Ended	
	3/31/2012	3/31/2011
Net income	\$ 42,948	\$ 53,048
Plus: Interest expense	34,092	33,339
Depreciation and amortization	61,363	56,314
Deferred percentage rent ⁽¹⁾	1,309	541
Income tax expense	636	332
Acquisition related costs ⁽²⁾	1,060	-
Loss on asset impairment ⁽³⁾	889	-
EBITDA	<u>\$ 142,297</u>	<u>\$ 143,574</u>

- (1) In calculating net income, we recognize percentage rental income received for the first, second and third quarters in the fourth quarter, which is when all contingencies are met and the income is earned. Although we defer recognition of this revenue until the fourth quarter for purposes of calculating net income, we include these amounts in the calculation of EBITDA for each quarter of the year. The fourth quarter EBITDA calculation excludes the amounts recognized during the first three quarters.
- (2) Represents costs associated with our January 2012 acquisition of the entities that own or lease two Royal Sonesta Hotels.
- (3) We recorded an \$889 loss on asset impairment in the first quarter of 2012 in connection with our decision to remove 20 Marriott branded hotels from held for sale status.

We calculate EBITDA as shown above. We consider EBITDA to be an appropriate measure of our performance along with net income, operating income and cash flow from operating, investing and financing activities. We believe that EBITDA provides useful information to investors because by excluding the effects of certain historical amounts, such as interest, depreciation and amortization expense, EBITDA can facilitate a comparison of current operating performance with our past operating performance. EBITDA does not represent cash generated by operating activities in accordance with GAAP and should not be considered an alternative to net income, operating income or cash flow from operating activities as a measure of financial performance or liquidity. This measure should be considered in conjunction with net income, operating income, net income available for common shareholders and cash flow from operating activities as presented in our Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Cash Flows. Other REITs and real estate companies may calculate EBITDA differently than us.

CALCULATION OF FUNDS FROM OPERATIONS (FFO) AND NORMALIZED FFO

(in thousands, except per share data)

	For the Three Months Ended	
	3/31/2012	3/31/2011
Net income available for common shareholders	\$ 28,816	\$ 45,578
Add: Depreciation and amortization	61,363	56,314
Loss on asset impairment ⁽¹⁾	889	-
FFO	91,068	101,892
Add: Deferred percentage rent ⁽²⁾	1,309	541
Acquisition related costs ⁽³⁾	1,060	-
Excess of liquidation preference over carrying value of preferred shares redeemed ⁽⁴⁾	2,944	-
Normalized FFO available for common shareholders	\$ 96,381	\$ 102,433
Weighted average shares outstanding	123,523	123,444
Net income available for common shareholders per share	\$ 0.23	\$ 0.37
FFO available for common shareholders per share	\$ 0.74	\$ 0.83
Normalized FFO available for common shareholders per share	\$ 0.78	\$ 0.83

- (1) We recorded an \$889 loss on asset impairment in the first quarter of 2012 in connection with our decision to remove 20 Marriott branded hotels from held for sale status.
- (2) In calculating net income, we recognize percentage rental income received for the first, second and third quarters in the fourth quarter, which is when all contingencies are met and the income is earned. Although we defer recognition of this revenue until the fourth quarter for purposes of calculating net income, we include these estimated amounts in the calculation of Normalized FFO for each quarter of the year. The fourth quarter Normalized FFO calculation excludes the amounts recognized during the first three quarters.
- (3) Represents costs associated with our January 2012 acquisition of the entities that own or lease two Royal Sonesta Hotels.
- (4) On February 13, 2012, we redeemed all of our outstanding Series B Preferred Shares at their liquidation preference of \$25 per share, plus accumulated and unpaid dividends. The \$2,944 excess of the liquidation preference amount of the redeemed shares over their carrying amount was deducted from net income to determine net income available to common shareholders.

We calculate FFO and Normalized FFO as shown above. FFO is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or NAREIT, which is net income, calculated in accordance with GAAP, excluding any gain or loss on sale of properties and impairment of assets, plus real estate depreciation and amortization. Our calculation of Normalized FFO differs from NAREIT's definition of FFO because we include estimated percentage rent in the period it relates to versus when it is recognized as income in accordance with GAAP and excludes the excess of liquidation preference over carrying value of preferred shares and acquisition related costs. We consider FFO and Normalized FFO to be appropriate measures of performance for a REIT, along with net income, operating income and cash flow from operating, investing and financing activities. We believe that FFO and Normalized FFO provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation expense, FFO and Normalized FFO can facilitate a comparison of operating performances between periods. FFO and Normalized FFO are among the factors considered by our Board of Trustees when determining the amount of distributions to our shareholders. Other factors include, but are not limited to, requirements to maintain our status as a REIT, limitations in our revolving credit facility, term loan and public debt covenants, the availability of debt and equity capital to us and our expectation of our future capital requirements and operating performance. FFO and Normalized FFO do not represent cash generated by operating activities in accordance with GAAP and should not be considered as alternatives to net income operating income, or cash flow from operating activities, determined in accordance with GAAP, or as indicators of our financial performance or liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. We believe FFO and Normalized FFO may facilitate an understanding of our consolidated historical operating results. These measures should be considered in conjunction with net income, operating income, net income available for common shareholders and cash flow from operating activities as presented in our Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Cash Flows. Other REITs and real estate companies may calculate FFO and Normalized FFO differently than us.



EXHIBIT B