

Chesapeake Lodging Trust  
Form 8-K/A  
May 05, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K/A**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 17, 2010

**CHESAPEAKE LODGING TRUST**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction

of incorporation)

**001-34572**  
(Commission

File Number)

**27-0372343**  
(IRS Employer

Identification No.)

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**1997 Annapolis Exchange Parkway, Suite 410**

**Annapolis, MD**  
(Address of principal executive offices)

**21401**  
(Zip Code)

**Registrant's telephone number, including area code: (410) 972-4140**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

This Form 8-K/A amends and supplements the registrant's Form 8-K, as filed on March 18, 2010, to include the historical financial statements and pro forma financial information required by Item 9.01(a) and (b).

**Item 9.01. Financial Statements and Exhibits.**

(a) Financial statements of businesses acquired.

Hyatt Regency Boston

Independent Auditors' Report

Statements of Assets and Liabilities as of December 31, 2009 and 2008

Statements of Revenues and Expenses for the periods from February 17, 2009 through December 31, 2009 and January 1, 2009 through February 16, 2009, and for the year ended December 31, 2008

Statements of Net Assets for the periods from February 17, 2009 through December 31, 2009 and January 1, 2009 through February 16, 2009, and for the year ended December 31, 2008

Statements of Cash Flows for the periods from February 17, 2009 through December 31, 2009 and January 1, 2009 through February 16, 2009, and for the year ended December 31, 2008

Notes to Financial Statements

(b) Pro forma financial information.

Chesapeake Lodging Trust

Unaudited Pro Forma Consolidated Balance Sheet as of December 31, 2009

Unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2009

(d) Exhibits.

Incorporated by reference to the Exhibit Index filed herewith and incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 5, 2010

**CHESAPEAKE LODGING TRUST**

By: /s/ Graham J. Wootten  
Graham J. Wootten  
Senior Vice President and Chief Accounting Officer

**Exhibit Index**

**Exhibit**

<b>Number</b>	<b>Exhibit Description</b>
23.1	Consent of Ernst & Young LLP

Report of Independent Auditors

To the Owners of Hyatt Regency Boston

We have audited the accompanying statements of assets and liabilities of Hyatt Regency Boston (the Hotel) as of December 31, 2009 and 2008, and the related statements of revenues and expenses, changes in net assets, and cash flows for the periods from February 17, 2009 through December 31, 2009 and January 1, 2009 through February 16, 2009, and for the year ended December 31, 2008. These financial statements are the responsibility of the Hotel's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Hotel's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hotel's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hyatt Regency Boston as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the periods from February 17, 2009 through December 31, 2009 and January 1, 2009 through February 16, 2009, and for the year ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

April 28, 2010

Hyatt Regency Boston

Statements of Assets and Liabilities

	December 31, 2009	Predecessor December 31, 2008
<b>Assets</b>		
Property and equipment, net	\$ 94,131,625	\$ 72,047,478
Cash	79,176	704,571
Restricted cash		4,588,734
Accounts receivable, less allowance for doubtful accounts of \$65,267 and \$141,585 in 2009 and 2008, respectively	2,057,230	2,120,155
Inventories	79,021	83,027
Prepaid expenses and other assets	276,146	385,304
Acquired lease rights, net	13,430,000	15,138,816
<b>Total assets</b>	<b>\$ 110,053,198</b>	<b>\$ 95,068,085</b>
<b>Liabilities and net assets</b>		
Accounts payable	\$ 679,908	\$ 734,078
Due to affiliate	190,082	
Accrued expenses and other liabilities	1,676,839	1,561,035
<b>Total liabilities</b>	<b>2,546,829</b>	<b>2,295,113</b>
<b>Net assets</b>	<b>107,506,369</b>	<b>92,772,972</b>
<b>Total liabilities and net assets</b>	<b>\$ 110,053,198</b>	<b>\$ 95,068,085</b>

See accompanying notes.

Hyatt Regency Boston

Statements of Revenues and Expenses

		Predecessor	
	February 17, 2009 through December 31, 2009	January 1, 2009 through February 16, 2009	Year Ended December 31, 2008
Departmental revenues:			
Rooms	\$ 22,091,613	\$ 2,028,686	\$ 29,066,738
Food and beverage	7,529,238	663,808	9,680,515
Other	838,502	204,886	1,023,971
Total departmental revenues	30,459,353	2,897,380	39,771,224
Departmental expenses:			
Rooms	5,540,418	612,208	6,471,566
Food and beverage	5,023,400	572,450	6,287,377
Other	549,840	87,384	712,408
Total departmental expenses	11,113,658	1,272,042	13,471,351
Operating expenses:			
Administrative and general	2,357,385	317,865	2,960,067
Marketing and sales	1,676,446	288,393	2,433,887
Depreciation	3,747,351	662,086	4,490,204
Amortization	170,000	26,747	213,976
Property operation and maintenance	1,113,047	167,713	1,269,613
Utilities	1,379,761	296,379	1,693,879
Management fee	913,781	71,465	1,374,335
Real estate and other property taxes	2,090,708	555,715	2,084,354
Rent	23,529	3,235	23,745
Insurance	170,660	106,760	278,641
Total operating expenses	13,642,668	2,496,358	16,822,701
Interest income		4,071	91,062
Net income (loss)	\$ 5,703,027	\$ (866,949)	\$ 9,568,234

See accompanying notes.



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Hyatt Regency Boston

## Statements of Net Assets

### Predecessor

Balance, January 1, 2008	\$ 96,977,989
Net income	9,568,234
(Distributions to) contributions from owners, net	(13,773,251)

Balance, December 31, 2008	92,772,972
Net loss	(866,949)
(Distributions to) contributions from owners, net	(510,448)

Balance, February 16, 2009	\$ 91,395,575
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### Hyatt

Balance, February 17, 2009	\$ 110,044,669
Net income	5,703,027
(Distributions to) contributions from owners, net	(8,241,327)

Balance, December 31, 2009	\$ 107,506,369
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*See accompanying notes.*

## Hyatt Regency Boston

## Statements of Cash Flows

	February 17, 2009 through December 31, 2009	Predecessor January 1, 2009 through February 16, 2009	Year Ended December 31, 2008
<b>Cash flows from operating activities</b>			
Net income (loss)	\$ 5,703,027	\$ (866,949)	\$ 9,568,234
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	3,747,351	662,086	4,490,204
Amortization	170,000	26,747	213,976
Provision for doubtful accounts	108,019	2,000	90,326
Changes in operating assets and liabilities:			
Accounts receivable	(315,403)	268,307	1,267,187
Inventories	3,410	598	11,315
Prepaid expenses and other assets	367,676	(258,516)	(146,990)
Accounts payable	(76,669)	22,497	(506,178)
Accrued expenses and other liabilities	(344,504)	557,674	(277,851)
Due to/from affiliate	92,715		51,954
Net cash provided by operating activities	9,455,622	414,444	14,762,177
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	(1,603,591)	(13,636)	(1,339,953)
Net cash used in investing activities	(1,603,591)	(13,636)	(1,339,953)
<b>Cash flows from financing activities</b>			
Restricted cash		(126,459)	(1,027,779)
(Distributions to) contributions from owners, net	(8,241,327)	(510,448)	(13,773,251)
Net cash used in financing activities	(8,241,327)	(636,907)	(14,801,030)
Net decrease in cash	(389,296)	(236,099)	(1,378,806)
Cash, beginning of period	468,472	704,571	2,083,377
Cash, end of period	\$ 79,176	\$ 468,472	\$ 704,571

See accompanying notes.

Hyatt Regency Boston

Notes to Financial Statements

December 31, 2009

## **1. Organization and Presentation**

### **Organization**

The Hyatt Regency Boston (the Hotel) is a 498-room business hotel located in Boston, Massachusetts. The Hotel is owned by Boston Hotel Company, L.L.C., a subsidiary of Hyatt Hotels Corporation (collectively, Hyatt), during the period from February 17, 2009 to December 31, 2009 and by the BRE/Swiss L.L.C., a subsidiary of Host Hotels & Resorts, L.P. (collectively, Host) during the period from January 1, 2009 through February 16, 2009 and for the year ended December 31, 2008. Host is commonly referred to as the Predecessor. As a result of the purchase of the Hotel, Hyatt recorded certain of the Hotel's assets and liabilities on a basis different from the Predecessor. As a result of the purchase, the Predecessor financial statements are not comparable to Hyatt.

On March 18, 2010, Hyatt entered into a purchase agreement with Chesapeake Lodging Trust for the sale of the Hotel for \$112,000,000.

The Hotel was managed and operated by Hyatt during 2009 and 2008.

### **Basis of Presentation**

The accompanying financial statements have been prepared for purposes of enabling Chesapeake Lodging Trust to comply with certain requirements of the Securities and Exchange Commission. The financial statements as of December 31, 2009 and 2008 and for the periods from February 17, 2009 through December 31, 2009 and January 1, 2009 through February 16, 2009, and for the year ended December 31, 2008, include assets, liabilities and results of operations of the Hotel and not the limited liability company that owned the Hotel during the respective periods.

Hyatt Regency Boston

Notes to Financial Statements (continued)

**1. Organization and Presentation (continued)**

On February 17, 2009, Hyatt purchased the Hotel from Host for a purchase price of \$110,000,000. The purchase price including closing cost and purchase price adjustments was allocated to the net assets purchased based on their approximate fair market value as follows:

Building	\$ 89,531,611
Furniture, fixture and equipment	6,743,774
Intangible asset	13,600,000
Receivables	1,849,846
Other current assets	726,253
Fair value of assets acquired	112,451,484
Fair value of liabilities assumed	(2,875,287)
Total purchase price	109,576,197
Less: Cash	(468,472)
Net purchase price	\$ 109,107,725

Hyatt Regency Boston

Notes to Financial Statements (continued)

**1. Organization and Presentation (continued)**

The following presents the balance sheets of the Predecessor on a historical cost basis immediately before the sale and of the Hotel after the sale, reflecting initial capitalization and the payment of cash at the time of sale.

	<b>Predecessor February 16, 2009</b>	<b>Successor February 17, 2009</b>
<b>Assets</b>		
Property and equipment, net	<b>\$ 71,399,029</b>	\$ 96,275,385
Cash	<b>468,472</b>	468,472
Restricted cash	<b>4,715,193</b>	
Accounts receivable, net	<b>1,849,846</b>	1,849,846
Inventories	<b>82,431</b>	82,431
Prepaid expenses and other assets	<b>643,822</b>	643,822
Intangible asset, net	<b>15,112,069</b>	13,600,000
<b>Total assets</b>	<b>\$ 94,270,862</b>	\$