

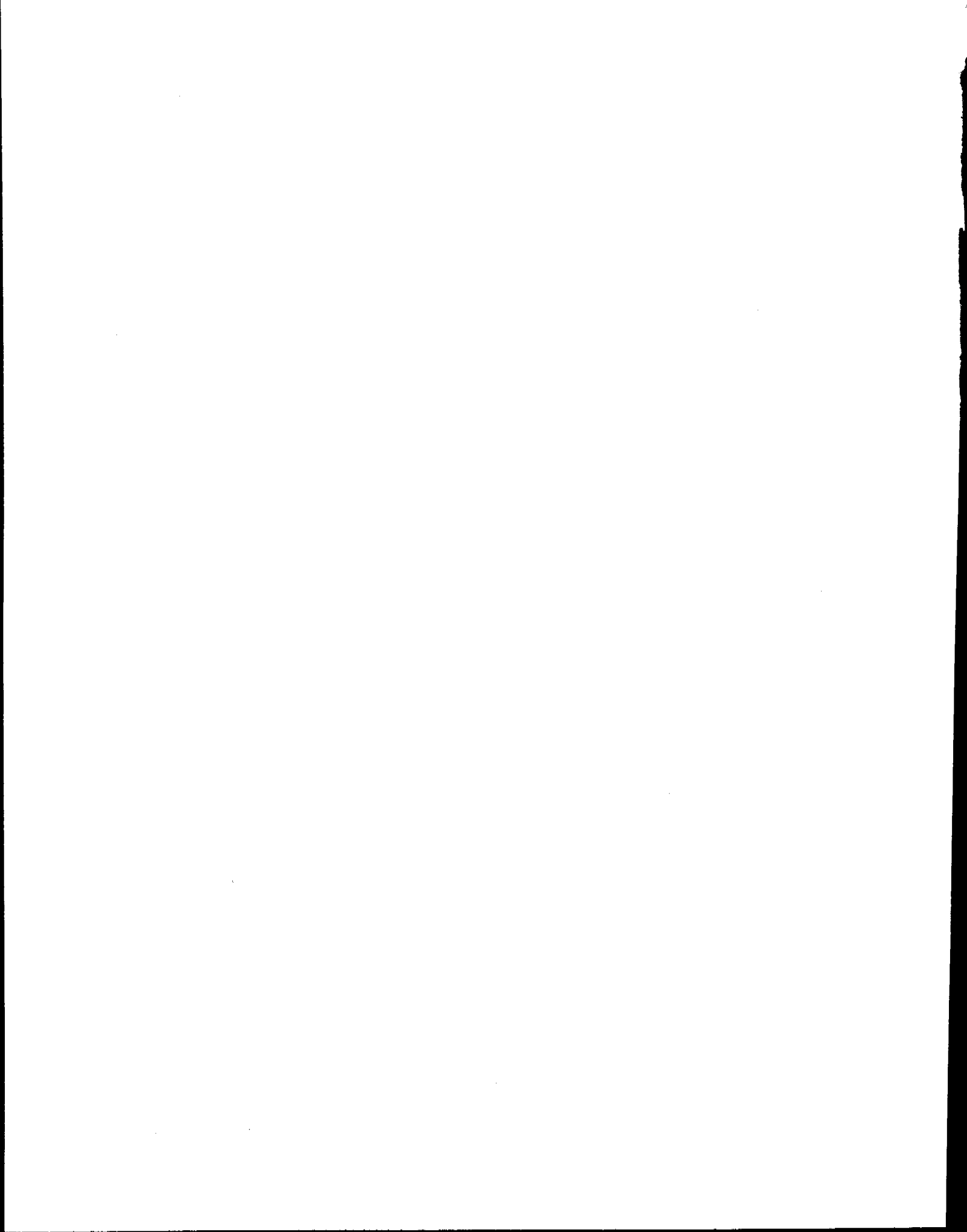
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Capitol Research Division
SNL Financial
1-800-969-4121

HUMPHREY HOSPITALITY TRUST, INC.

A LIMITED – SERVICE LODGING REAL ESTATE INVESTMENT TRUST

2003 ANNUAL REPORT



HUMPHREY HOSPITALITY TRUST, INC. is a self-advised real estate investment trust specializing in limited-servicing lodging. The Company's common stock trades on the Nasdaq National Market system under the symbol HUMP.

April 15, 2004

Fellow Shareholders:

What a difference a year can make!

The year ended December 31, 2003 was indeed a year of great improvement for both our economy and our Company. We started the year with many positive factors in place for an economic recovery—historically low interest rates, ample monetary liquidity, a highly stimulative fiscal policy—offset somewhat by the start of the war against Iraq. As our apparent quick victory in Iraq unfolded, both our stock markets and the economy breathed a sigh of relief and began a torrid improvement.

The positive trend in these psychologically important areas gradually spilled over into the lodging industry and resulted in a much needed boost in our industry's performance. Starting in mid-year 2003, we began to see consistent increases in overall comparative room revenues, and with the continuation of the trend into 2004, we now have a sense of optimism for perhaps an even better year of revenue growth in 2004.

We are particularly encouraged by our fourth quarter 2003 results, with a 2.4% increase in revenue per available room ("RevPar") being driven by gains in both occupancy and average daily rate ("ADR"). While we have not seen this trend universally among our properties, with several of our Midwest hotels still not showing any consistent improvement in room revenues, the momentum of our combined portfolio is clearly growing stronger.

Fortunately, there is a logical explanation for the inconsistency in our markets, and a reason for hope. The success of our Midwest hotel portfolio has consistently been influenced by the success of the industrial and agricultural sectors of our economy, and historically, these sectors have lagged in their recovery when compared to the more service oriented economy in the eastern United States. With improvements in the lodging industry typically lagging about two quarters behind positive changes in the gross domestic product ("GDP"), and a 4.1% improvement in the GDP of the United States having already occurred during 2003, we believe there is good reason to expect our Midwest hotel portfolio will show more improvement in the months ahead.

Despite the positive growth trends that have occurred in our portfolio, we have continued to execute on our strategy of accelerating the reduction of debt through the sale of non-core or under-performing assets. During 2003, we sold seven additional properties for a net gain of \$1,052,000, and cumulatively, have sold 18 hotels since first beginning the restructuring of our company in late 2001. This series of hotel dispositions has allowed us to reduce outstanding debt by approximately one third (33%), from a high of \$116 million at December 31, 2001 to a more manageable \$78 million at December 31, 2003.

A continued emphasis on the disposition of non-core assets has paid big returns thus far. The Company has successfully reduced its debt to investment ratio from a peak of 63.3% in 2001, to a conservative 46.2% at year end 2003, and has simultaneously reduced its

interest expense to a level that has more than compensated for the loss of operating profits from hotels that have been sold. These factors, combined with improving hotel revenues and a marked reduction in general and administrative costs, have contributed to a 17% increase in the Company's funds from operations ("FFO") during 2003.

Given our success in reducing the Company's debt obligations to a reasonable level, and the overall positive outlook for the lodging industry, our dispositions strategy has evolved from being a mission critical program to a discretionary initiative. Nevertheless, we will continue in our efforts to sell non-core, under-performing properties. The proactive disposition of these properties will help ensure our portfolio is continuously poised for long-term growth, and at some point, these sales will also provide the Company with the resources necessary to once again acquire or develop new hotels.

Our concerns for the future are ironically tied to some of the very factors we previously cited as being cause for celebration. While low interest rates have directly influenced the return of a robust economy, the low cost of funds has also served to improve the feasibility of new hotels, and increase the availability of funds for their construction. This situation has the potential to curtail what could otherwise be a significant recovery for the industry, especially given that average annual occupancy rates have not climbed back above 60%, and that new supply may outpace new demand over the next few years.

An improving economy may also translate to marked increases in hotel operating costs, including new guest amenities mandated by each of the hotel franchise companies seeking to remain competitive. We will continue to work closely with our management company to ensure the careful control of hotel operating costs, and the maximization of hotel revenues, all in an effort to stay ahead of the competitive pressures that are building in each of our hotel markets.

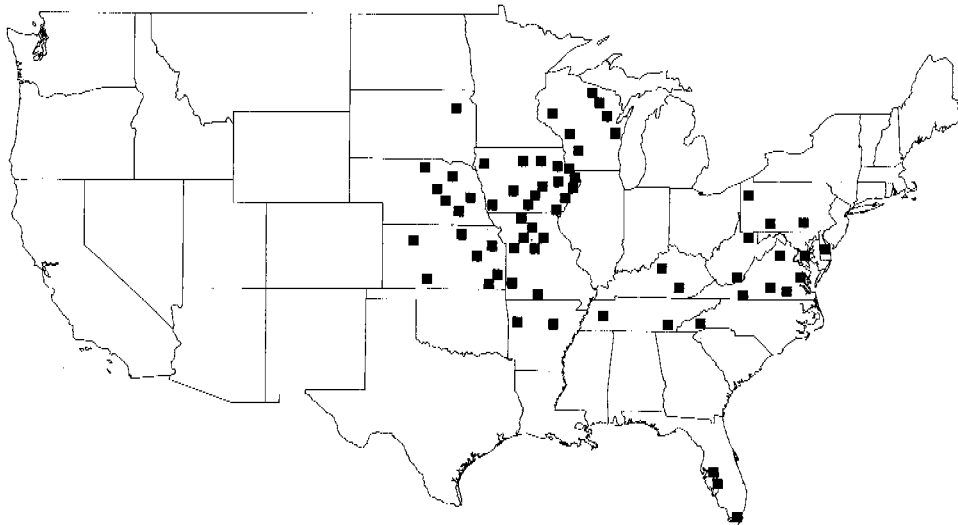
The resumption of dividend payments to our shareholders was a turning point for the Company during 2003, and we anticipate the ability to continue dividend payments over the year ahead barring any unforeseen fallout in the economy, or the lodging industry. Given the still infant stage of our recovery, and that of the lodging industry, we will maintain our current dividend policy of only paying out 100% of taxable income. We believe this is prudent, particularly given the volatility of our industry over the past few years.

We remain committed to carefully managing your investment in Humphrey Hospitality Trust and wish to once again thank you for your continued support of our Company.



George R. Whitemore
President and Chief Executive Officer

THE COMPANY OWNS 73 PROPERTIES WITH APPROXIMATELY 4,900 ROOMS IN 16 STATES IN THE MIDWESTERN AND EASTERN U.S.



■ Hotel Properties

PORTFOLIO

Humphrey Hospitality Trust's portfolio includes:

- Best Western Suites
- Comfort Inn
- Comfort Suites
- Days Inn
- Hampton Inn
- Holiday Inn Express
- Ramada Limited
- Shoney's Inn
- Super 8

CORPORATE HEADQUARTERS

7170 Riverwood Drive
Columbia, MD 21046

WEBSITE

www.humphreychospitality.com

EXECUTIVE OFFICERS

George R. Whittemore
President, Chief Executive Officer, and Director
Humphrey Hospitality Trust, Inc.

Michael M. Schurer
Chief Financial Officer, Treasurer and Secretary
Humphrey Hospitality Trust, Inc.

BOARD OF DIRECTORS

George R. Whittemore
President, Chief Executive Officer, and Director
Humphrey Hospitality Trust, Inc.

Paul J. Schulte
Chairman
Humphrey Hospitality Trust, Inc.

James I. Humphrey, Jr.
Director
Humphrey Hospitality Trust, Inc.

Steve H. Borgmann
Director
Humphrey Hospitality Trust, Inc.

Joseph Caggiano
Past Vice Chairman Emeritus
Bozell, Jacobs, Kenyon & Eckhardt, Inc.

Loren Steele
Vice Chairman and Chief Executive Officer
The Rivett Group, L. L. C.

Jeffery M. Zwerdling
Managing Partner
Zwerdling, & Oppleman

Allen L. Dayton
Chairman
Video Service of America and
Southern Improvement Company

CERTIFIED PUBLIC ACCOUNTANTS

KPMG LLP
Baltimore, MD

STOCK TRANSFER AGENT

Wachovia Bank, N.A.
Shareholder Services Group
1525 West W.T. Harris Blvd. 3C3
Charlotte, NC 28262-1153
800.829.8432

ANNUAL MEETING

The annual meeting of shareholders will be held on Thursday, May 27, 2004 at 10:00 a.m., local time, at the Doubletree Hotel at 1616 Dodge Street, Omaha, Nebraska 68102.

FORM 10-K

Additional copies of Humphrey Hospitality's Form 10-K Annual Report for 2003 may be requested through the Company's website or by contacting the Investor Relations department.

STOCK EXCHANGE LISTING

Humphrey Hospitality's common stock is listed on the Nasdaq National Market system under the symbol HUMP.

INVESTOR RELATIONS

7170 Riverwood Drive
Columbia, MD 21046
443.259.4924

MANAGEMENT COMPANY OFFICES

Humphrey Hospitality Management, Inc. ("HHM")
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443.259.4900



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A wholly owned subsidiary of HHM
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Norfolk, NE 68702
402.371.2520





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