

Q2 2014 Supplemental Schedules

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KEY PERFORMANCE INDICATORS

Consolidated Hotels (Recorded from date of acquisition)	<i>(includes 47 hotels in CY and 41 in PY)</i>			<i>(includes 47 hotels in CY and 41 in PY)</i>		
	Three Months Ended			Year to Date as of		
	Jun-2014	Jun-2013	Variance	Jun-2014	Jun-2013	Variance
Rooms Available	604,554	531,161		1,183,845	1,024,277	
Rooms Occupied	523,721	442,323		963,492	808,936	
Occupancy	86.6%	83.3%	335 bps	81.4%	79.0%	241 bps
Average Daily Rate (ADR)	\$ 195.15	\$ 187.64	4.0%	\$ 181.23	\$ 175.96	3.0%
Revenue Per Available Room (RevPAR)	169.05	156.26	8.2%	147.50	138.96	6.1%
Room Revenues	\$ 102,202,138	\$ 82,999,015	\$ 19,203,123	\$ 174,617,191	\$ 142,338,587	\$ 32,278,604
Food & Beverage	5,304,077	4,372,363	931,714	9,328,993	7,337,003	1,991,991
Lease Income	681,182	755,030	(73,848)	1,395,149	1,488,627	(93,478)
Other Revenues	3,264,914	2,021,382	1,243,531	5,993,396	4,184,497	1,808,898
Total Revenues	\$ 111,452,310	\$ 90,147,790	\$ 21,304,520	\$ 191,334,729	\$ 155,348,714	\$ 35,986,015
GOP	\$ 58,121,554	\$ 46,160,528	\$ 11,961,026	\$ 92,062,260	\$ 73,520,717	\$ 18,541,543
GOP Margin	52.1%	51.2%		48.1%	47.3%	
GOP Margin Growth	0.9%			0.8%		
GOP Flow Through	56.1%			51.5%		
EBITDA	\$ 46,675,714	\$ 37,201,757	\$ 9,473,958	\$ 70,782,379	\$ 56,660,878	\$ 14,121,501
EBITDA Margin	41.9%	41.3%		37.0%	36.5%	
EBITDA Margin Growth	0.6%			0.5%		

Comparable Hotels ⁽¹⁾	<i>(includes 42 hotels in both years)</i>			<i>(includes 42 hotels in both years)</i>		
	Three Months Ended			Year to Date as of		
	Jun-2014	Jun-2013	Variance	Jun-2014	Jun-2013	Variance
Rooms Available	574,222	565,335		1,141,631	1,124,151	
Rooms Occupied	498,060	474,863		931,185	894,112	
Occupancy	86.7%	84.0%	274 bps	81.6%	79.5%	203 bps
Average Daily Rate (ADR)	\$ 190.41	\$ 184.44	3.2%	\$ 179.65	\$ 176.09	2.0%
Revenue Per Available Room (RevPAR)	165.15	154.93	6.6%	146.53	140.05	4.6%
Room Revenues	\$ 94,834,330	\$ 87,585,122	\$ 7,249,209	\$ 167,285,301	\$ 157,441,612	\$ 9,843,689
Food & Beverage	5,346,809	4,971,001	375,808	9,596,582	8,513,045	1,083,537
Lease Income	656,373	771,186	(114,813)	1,293,279	1,539,053	(245,774)
Other Revenues	3,243,717	2,760,596	483,120	6,341,277	5,883,695	457,583
Total Revenues	\$ 104,081,229	\$ 96,087,905	\$ 7,993,325	\$ 184,516,440	\$ 173,377,406	\$ 11,139,034
GOP	\$ 54,405,640	\$ 49,316,545	\$ 5,089,095	\$ 90,188,886	\$ 83,176,163	\$ 7,012,723
GOP Margin	52.3%	51.3%		48.9%	48.0%	
GOP Margin Growth	0.9%			0.9%		
GOP Flow Through	63.7%			63.0%		
EBITDA	\$ 43,649,488	\$ 39,390,877	\$ 4,258,611	\$ 69,612,127	\$ 64,088,298	\$ 5,523,829
EBITDA Margin	41.9%	41.0%		37.7%	37.0%	
EBITDA Margin Growth	0.9%			0.8%		

(1) Comparable hotels include the full portfolio less properties not opened during the full period last year or this year. Those properties are Hyatt Union Square, Holiday Inn Express Water Street, Hilton Garden Inn 52nd Street, Hampton Inn Pearl Street, and Hotel 373. The following hotels are included in the comparable portfolio and include results as reported by the prior owners: Courtyard San Diego, Residence Inn Coconut Grove, Winter Haven Hotel, Blue Moon Hotel, Hotel Milo, and Parrot Key Hotel & Resort.

PRO FORMA KEY PERFORMANCE INDICATORS

Consolidated Hotels

	Three Months Ended June 2014	Six Months Ended June 2014
	Pro Forma Consolidated Results	Pro Forma Consolidated Results
Rooms Available	609,882	1,209,691
Rooms Occupied	528,724	987,170
Occupancy	86.7%	81.6%
Average Daily Rate (ADR)	\$196.07	\$183.60
Revenue Per Available Room (RevPAR)	\$169.98	\$149.83
Room Revenues	103,669,230	181,248,436
Food & Beverage	5,420,691	9,714,062
Lease Income	681,182	1,395,149
Other Revenues	3,405,537	6,597,867
Total Revenues	\$ 113,176,639	\$ 198,955,514
GOP	\$ 59,222,734	\$ 96,930,699
GOP Margin	52.3%	48.7%
EBITDA	\$ 47,614,047	\$ 74,695,558
EBITDA Margin	42.1%	37.5%

Note:
Pro Forma figures for the Three and Six Months Ended reflect estimated results the Company would have achieved had each 2014 acquisition after December 31, 2013, in the table below, closed by January 1, 2014.

2014 Acquisitions	
Hotel Name	Acquisition Date
Hotel Milo	February 28, 2014
Parrot Key Resort	May 7, 2014

TOTAL PORTFOLIO SUMMARY

	Name	Rooms	Year Opened/Complete Renovation	Acquisition Date	Debt Balance as of 06/30/2014 (\$ 000s)	Ownership %	Hersha Preferred Equity Return
Marriott							
1.	Mystic, CT	285	2001	08/09/2005	\$42,612	66.7%	8.50%
2.	Hartford, CT	409	2005	02/08/2006	\$44,867	15.0%	8.50%
Hilton							
3.	Hartford, CT	393	2005	10/06/2005	\$7,000	8.8%	8.50%
Courtyard							
4.	Alexandria, VA	203	2006	09/29/2006	\$23,580	100.0%	
5.	Brookline/Boston, MA	188	2003	06/16/2005	\$36,760	100.0%	
6.	Norwich, CT	144	1997	08/09/2005	\$8,621	66.7%	8.50%
7.	South Boston, MA	164	2005	07/01/2005	\$13,240	50.0%	
8.	Los Angeles, CA	260	2008	05/19/2011	\$30,000	100.0%	
9.	Miami Beach Oceanfront, FL	357	2004	11/16/2011	\$60,000	100.0%	
10.	San Diego, CA	245	1999	05/30/2013	(*)	100.0%	
Hampton Inn							
11.	Times Square, Manhattan, NY	184	2009	02/10/2010	(*)	100.0%	
12.	Philadelphia, PA	250	2001	02/15/2006	(*)	100.0%	
13.	Chelsea, Manhattan, NY	144	2003	08/29/2003	\$33,951	100.0%	
14.	Herald Square, Manhattan, NY	136	2005	04/01/2005	\$23,341	100.0%	
15.	Seaport, Manhattan, NY	65	2006	02/01/2007	\$18,118 (a)	100.0%	
16.	Pearl Street, Manhattan, NY	81	2014	07/22/2011	(*)	100.0%	
17.	Washington, DC	228	2005	09/01/2010	(*)	100.0%	
Residence Inn							
18.	Tysons Corner, VA	96	1984	02/02/2006	\$0	100.0%	
19.	Framingham, MA	125	2000	03/26/2004	(*)	100.0%	
20.	Coconut Grove, FL	140	2000	06/12/2013	(*)	100.0%	
21.	Greenbelt, MD	120	2002	07/16/2004	\$10,305	100.0%	
22.	Norwood, MA	96	2006	07/27/2006	(*)	100.0%	
Hyatt House							
23.	White Plains, NY	159	2000	12/28/2006	\$33,030	100.0%	
24.	Gaithersburg, MD	140	1998	12/28/2006	\$13,720	100.0%	
25.	Pleasant Hill, CA	142	2003	12/28/2006	\$20,160	100.0%	
26.	Pleasanton, CA	128	1998	12/28/2006	\$14,490	100.0%	
27.	Scottsdale, AZ	164	1999	12/28/2006	\$16,778	100.0%	
Hyatt Hotel							
28.	Union Square, NY	178	2013	04/9/2013	\$55,000	100.0%	
Holiday Inn Express							
29.	Times Square, Manhattan, NY	210	2009	02/10/2010	(*)	100.0%	
30.	Cambridge, MA	112	1997	05/03/2006	(*)	100.0%	
31.	South Boston, MA	118	1998	10/07/2005	\$7,628	50.0%	
32.	Chester, NY	80	2006	01/25/2007	\$6,315	100.0%	
33.	Madison Square Garden (29th St.), NY	228	2006	06/18/2012	\$54,926 (a)	100.0%	
34.	Water Street, Manhattan, NY	112	2010	03/25/2011	(*)	100.0%	
Hilton Garden Inn							
35.	JFK Airport, NY	192	2005	02/16/2006	\$19,862	100.0%	
36.	Tribeca, Manhattan, NY	151	2009	05/01/2009	\$31,179	100.0%	
37.	Midtown East, Manhattan, NY	205	2014	05/27/2014	\$45,000	100.0%	
Candlewood Suites							
38.	Times Square, Manhattan, NY	188	2009	02/10/2010	(*)	100.0%	
Sheraton							
39.	JFK Airport, NY	150	2008	06/13/2008	(*)	100.0%	
40.	Wilmington South, DE	192	2011	12/21/2010	(*)	100.0%	
Holiday Inn							
41.	Wall Street, NY	113	2009	05/07/2010	(*)	100.0%	
Hawthorn Suites							
42.	Franklin, MA	100	1999	04/25/2006	\$7,609	100.0%	
Independent							
43.	Duane Street Hotel, Manhattan, NY	43	2008	01/04/2008	\$9,440	100.0%	
44.	nu Hotel, Brooklyn, NY	93	2008	01/14/2008	(*)	100.0%	
45.	Capitol Hill Hotel, Washington, DC	152	2007	04/15/2011	\$26,881	100.0%	
46.	Rittenhouse Hotel, Philadelphia, PA	116	2004	03/01/2012	(*)	100.0%	
47.	The Boxer, Boston, MA	80	2004	05/07/2012	(*)	100.0%	
48.	Winter Haven, FL	70	2013	12/20/2013	(*)	100.0%	
49.	Blue Moon Hotel, FL	75	2013	12/20/2013	(*)	100.0%	
50.	Hotel Milo, Santa Barbara, CA	122	2001	02/28/2014	\$24,783 (b)	100.0%	
51.	Parrot Key Resort, Key West, FL	148	2013	05/07/2014	(*)	100.0%	
Hyatt Place							
52.	Valley Forge, PA	129	2010	08/17/2010	(*)	100.0%	
TOTAL		8,403					

(*) Property is considered borrowing base asset for the Company's credit facility

(a) Debt balance reflects original issue premium or discount

(b) Hotel was formerly named Hotel Oceana

PORTFOLIO STATISTICS - Q2 2014 ACTUALS

MARKETS				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA⁽¹⁾</u>
New York City	17	2,473	29%	45%
Boston	7	883	11%	12%
West Coast	6	1,061	13%	11%
Washington, DC	6	939	11%	11%
Miami & Key West	5	790	9%	9%
Philadelphia	3	495	6%	5%
Other	8	1,762	21%	7%
TOTAL	52	8,403	100%	100%

OWNERSHIP				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA⁽¹⁾</u>
100% Owned Assets	46	6,890	82%	96%
Unconsolidated JV Assets	6	1,513	18%	4%
TOTAL	52	8,403	100%	100%

HOTELS BY DESTINATION				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA⁽¹⁾</u>
Major Metro	47	7,540	90%	93%
Destination	4	719	9%	6%
Secondary	1	144	2%	0.4%
All Types	52	8,403	100%	100%

HOTELS BY SEGMENT TYPE				
	<u>Properties</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA⁽¹⁾</u>
Upper Midscale	20	2,768	33%	45%
Upscale Transient	14	2,475	29%	31%
Upscale Extended Stay	11	1,439	17%	12%
Upper Upscale / Luxury	7	1,721	20%	12%
All Segments	52	8,403	100%	100%

MANAGERS				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA⁽¹⁾</u>
HHM Managed	45	6,742	80%	93%
Waterford Managed	4	1,231	15%	2%
Jiten Managed	2	282	3%	1.8%
Northwood Hospitality	1	148	2%	2.2%
TOTAL	52	8,403	100%	100%

(1) Reflects the Company's pro rata share of EBITDA based upon ownership interest.

MORTGAGES AND NOTES PAYABLE

	6/30/2014	Capped or	6/30/2014		
	Fixed Rate	Fixed	Floating Rate		
Consolidated Properties	Balance	Rate	Balance	Rate	Maturity
Capitol Hill Hotel - Washington DC	\$26,880,545	3.79%			02/2015
Courtyard - Miami Beach, FL	\$60,000,000	4.32%			07/2016
Courtyard - Los Angeles, CA	\$30,000,000	4.10%			09/2017
Hotel Milo - Santa Barbara, CA ⁽¹⁾	\$24,783,378	4.40%			04/2023
Courtyard - Brookline, MA	\$36,760,405	5.35%			07/2015
Duane Street Hotel - Manhattan, NY	\$9,439,767	5.43%			01/2017
Hyatt House - White Plains, NY	\$33,030,000	5.59%			01/2017
Hyatt House - Gaithersburg, MD	\$13,720,000	5.59%			01/2017
Hyatt House - Pleasant Hill, CA	\$20,160,000	5.59%			01/2017
Hyatt House - Pleasanton, CA	\$14,490,000	5.59%			01/2017
Hyatt House - Scottsdale, AZ	\$16,778,000	5.59%			01/2017
Holiday Inn Express - Chester, NY	\$6,315,448	5.63%			03/2017
Hilton Garden Inn - JFK Airport, NY	\$19,861,772	5.82%			04/2017
Hampton Inn - Herald Square, NY	\$23,340,929	6.09%			04/2016
Hampton Inn - Chelsea, NY	\$33,951,067	6.24%			10/2016
Residence Inn - Greenbelt, MD	\$10,305,154	6.25%			10/2014
Courtyard - Alexandria, VA	\$23,579,952	6.25%			10/2016
Hampton Inn - Seaport, NY	\$17,906,284	6.36%			10/2016
Original Issue Premium: Hampton Inn - Seaport, NY	\$211,538	na			na
Hawthorn Suites - Franklin, MA	\$7,609,323	6.40%			05/2016
Holiday Inn Express - Madison Square Garden (29th St), NY	\$53,111,101	6.50%			11/2016
Original Issue Premium: Holiday Inn Express - Madison Square Garden (29th St), NY	\$1,815,369	na			na
Hilton Garden Inn, Tribeca, NY	\$31,178,828	8.25%			02/2015
Hilton Garden Inn, Midtown East, NY			\$45,000,000	LIBOR + 2.90%	05/2017
Hyatt - Union Square, NY			\$55,000,000	LIBOR + 4.19%	04/2016
Trust Preferred Tranche I			\$25,774,000	LIBOR + 3.0%	06/2035
Trust Preferred Tranche II			\$25,774,000	LIBOR + 3.0%	05/2035
Sub-Total	\$515,228,860		\$151,548,000		
Total Consolidated Mortgage Debt	\$666,776,860				
Unconsolidated Joint Ventures					
Courtyard - Norwich, CT	\$8,620,949	5.63%			08/2015
Courtyard - South Boston, MA	\$13,240,482	5.75%			06/2016
Marriott - Mystic, CT	\$42,612,049	6.24%			08/2017
HIEXP - South Boston	\$7,627,585	4.25%			06/2027
Marriott - Hartford, CT	\$44,867,468	5.57%			03/2024
Hilton - Hartford, CT			\$7,000,000	LIBOR + 0.20%	08/2030
Sub-Total	\$116,968,534		\$7,000,000		
Total Unconsolidated Joint Venture Debt	\$123,968,534				

(1) Hotel was formerly named Hotel Oceana.

ACQUISITION & DISPOSITION ACTIVITY AS OF 6/30/2014

2014 Acquisition Activity

As of 6/30/2014 (\$ Thousands)						
Name	Rooms	Year Opened/ Complete Renovation	Acquisition Date	Purchase Price	Debt Balance as of 06/30/2014	Ownership %
Hotel Milo Santa Barbara, CA ⁽¹⁾	122	2001	02/28/2014	\$41,928	\$24,783	100.0%
Parrot Key Resort, Key West, FL	148	2013	05/07/2014	\$100,000	\$0	100.0%
Hilton Garden Inn, Midtown East, Manhattan, NY	205	2014	05/27/2014	\$112,285	\$45,000	100.0%
Total	475			\$254,213	\$69,783	

Hilton Garden Inn, Midtown East, Manhattan, NY - Acquisition Cost Bridge to Book Value

(\$ Millions)

Initial Purchase Price	\$74.0
Gain on Acquisition	\$13.6
Development Loan Recovery	\$22.5
Closing Costs	\$2.2
Total	\$112.3

2014 Disposition Activity

As of 6/30/2014 (\$ Thousands)				
Name	Rooms	Disposition Date	Disposition Price	Ownership %
Non-Core Portfolio ⁽²⁾	489	2/12/2014 & 2/25/2014	\$58,400	100.0%
373 Fifth Avenue, Manhattan, NY	70	04/30/2014	\$37,000	100.0%
Total	559		\$95,400	

(1) Hotel was formerly named Hotel Oceana.

(2) We closed on the sale of the final 4 of 16 assets previously identified as our non-core portfolio.

RECENT REFINANCING ACTIVITY

HOTEL	Current Loan	Rate	Maturity	Lender	Previous Loan	Rate	Maturity	Lender
Duane Street Hotel - Manhattan, NY	\$9.5 mm	Swapped at 5.43% through maturity date	02/01/2019 ⁽¹⁾	Wells Fargo	\$15.0 mm	7.15%	02/01/2018	Wells Fargo
HT Corporate Credit Line & Term Loan	\$500.0 mm ⁽²⁾	Credit Line is LIBOR + 1.70% to 2.45% based on applicable Debt / EBITDA ratio \$150M of the Term loan is fixed at 3.21% ⁽⁵⁾ , Remaining \$100M of Term loan is LIBOR + 1.60% to 2.35% based on applicable Debt / EBITDA ratio	2/28/2019 ⁽¹⁾⁽³⁾	Bank Group	\$400.0 mm ⁽⁴⁾	LIBOR + 1.75% to 2.65% based on applicable Debt / EBITDA ratio Term loan is fixed at 3.21% ⁽⁵⁾	11/5/2016 11/5/2017 ⁽⁶⁾	Bank Group
Courtyard - Los Angeles, CA	\$30.0 mm	4.1% until 9/29/2015 Beginning 9/29/2015, LIBOR + 3.0%, subject to a 0.75% LIBOR Floor. \$5.0 million earnout potential.	09/29/2018 ⁽¹⁾	National Bank	\$30.0 mm	4.95%	09/29/2015	National Bank

(1) Maturity Date assumes exercise of all extension options.

(2) Total of \$500 million is comprised of \$250 million line of credit and \$250 million term loan.

(3) Line of credit has one one-year extension option (maturity: 2/28/2019).

(4) Total of \$400 million is comprised of \$250 million line of credit and \$150 million term loan.

(5) There was a swap conducted on two portions of the term loan. This loan has \$100M fixed at 3.195%, and an additional \$50M is fixed at 3.25%. The weighted interest rate is 3.21%.

(6) Line of credit had one one-year extension option (maturity: 11/5/2016), and the term loan had two one-year extension options (maturity: 11/5/2017).

ENTERPRISE VALUE

June 30, 2014

(\$ Thousands)

	<u>June 30, 2014</u>
Cash	\$29,191
Unsecured Term Loan	250,000
Revolving Line of Credit	27,000
Mortgages and Notes Payable - Consolidated Assets	615,229
Mortgages Payable - HT Portion of Unconsolidated JV Assets	51,953
Trust Preferred Securities	51,548
Total Debt	995,730
Series B Preferred Shares	115,000
Series C Preferred Shares	75,000
Operating Partnership Units (6,914,716 @ \$6.71)*	46,398
Class A Common Shares (200,676,750 @ \$6.71)*	1,346,541
Total Equity	1,582,939
ENTERPRISE VALUE	\$2,549,477

* Stock price and share counts as of June 30, 2014

UNCONSOLIDATED JOINT VENTURE EBITDA

(in thousands)

	Holiday Inn Express South Boston	Courtyard South Boston	Mystic Partners	TOTAL
Hersha Ownership	50.0%	50.0%	(66.7%,15%, 8.8%)	
Hersha Participating Preferred %	N/A	N/A	8.5%	
THREE MONTHS ENDED JUNE 30, 2014				
Joint Venture Net Income	\$ 447	\$ 669	\$ 698	\$ 1,814
Hotel Cash Available for Distribution				
Hotel EBITDA	\$ 685	\$ 1,088	\$ 3,379	\$ 5,152
Debt Service	(131)	(281)	(1,341)	(1,753)
CapEx Reserve & Other	(70)	(80)	(729)	(879)
Cash Available for Distribution	<u>\$ 484</u>	<u>\$ 727</u>	<u>\$ 1,309</u>	<u>\$ 2,520</u>
EBITDA				
Hersha Net Income (Loss) from Unconsolidated JV	\$ 205	\$ 312	\$ (98)	\$ 419
Addback:				
Step up and Outside Basis Amortization	18	22	112	152
Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	120	210	3,304	3,634
Hersha EBITDA from Unconsolidated JV	<u>\$ 343</u>	<u>\$ 544</u>	<u>\$ 3,318</u>	<u>\$ 4,205</u>
SIX MONTHS ENDED JUNE 30, 2014				
Joint Venture Net Income	\$ 242	\$ 382	\$ (5,321)	\$ (4,697)
Hotel Cash Available for Distribution				
Hotel EBITDA	\$ 719	\$ 1,220	\$ 5,121	\$ 7,060
Debt Service	(263)	(564)	(3,359)	(4,186)
CapEx Reserve & Other	(113)	(118)	(1,336)	(1,567)
Cash Available for Distribution	<u>\$ 343</u>	<u>\$ 538</u>	<u>\$ 425</u>	<u>\$ 1,306</u>
EBITDA				
Hersha Net Income (Loss) from Unconsolidated JV	\$ 84	\$ 148	\$ (233)	\$ (1)
Addback:				
Step up and Outside Basis Amortization	37	43	215	295
Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	239	419	5,029	5,687
Hersha EBITDA from Unconsolidated JV	<u>\$ 360</u>	<u>\$ 610</u>	<u>\$ 5,011</u>	<u>\$ 5,981</u>