

# HERSHA

## Q3 2016 Supplemental Schedules

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## KEY PERFORMANCE INDICATORS

### Consolidated Hotels

(Recorded from date of acquisition)

(includes 44 hotels in 2016 and 48 hotels in 2015)

(includes 52 hotels in 2016 and 48 hotels in 2015)

	Three Months Ended			Year to Date as of		
	Sep-2016	Sep-2015	Variance	Sep-2016	Sep-2015	Variance
Rooms Available	587,820	651,710		1,862,221	1,901,306	
Rooms Occupied	510,551	569,805		1,562,041	1,611,815	
Occupancy	86.9%	87.4%	-58 bps	83.9%	84.8%	-89 bps
Average Daily Rate (ADR)	\$ 205.81	\$ 199.45	3.2%	\$ 200.20	\$ 195.06	2.6%
Revenue Per Available Room (RevPAR)	178.76	174.38	2.5%	167.93	165.36	1.6%
Room Revenues	\$ 105,078,620	\$ 113,645,492	\$(8,566,872)	\$ 312,713,703	\$ 314,395,190	\$(1,681,487)
Food & Beverage	9,322,753	5,797,170	3,525,583	24,990,795	18,341,041	6,649,754
Lease Income	666,738	628,583	38,155	1,877,693	2,007,234	(129,542)
Other Revenues	5,219,917	4,206,090	1,013,828	14,750,486	11,795,405	2,955,081
Total Revenues	\$ 120,288,028	\$ 124,277,333	\$(3,989,305)	\$ 354,332,677	\$ 346,538,871	\$ 7,793,806
GOP	\$ 57,021,483	\$ 61,861,222	\$(4,839,738)	\$ 167,122,354	\$ 169,970,958	\$(2,848,603)
GOP Margin	47.4%	49.8%		47.2%	49.0%	
GOP Margin Growth	-2.4%			-1.9%		
GOP Flow Through	-121.3%			-136.5%		
EBITDA	\$ 45,357,140	\$ 48,202,756	\$(2,845,616)	\$ 129,560,525	\$ 131,695,114	\$(2,134,589)
EBITDA Margin	37.7%	38.8%		36.6%	38.0%	
EBITDA Margin Growth	-1.1%			-1.4%		

### Comparable Hotels (1)(2)

(includes 43 hotels in both years)

(includes 42 hotels in both years)

	Three Months Ended			Year to Date as of		
	Sep-2016	Sep-2015	Variance	Sep-2016	Sep-2015	Variance
Rooms Available	583,740	583,648		1,701,484	1,694,874	
Rooms Occupied	506,653	500,785		1,428,978	1,420,945	
Occupancy	86.8%	85.8%	99 bps	84.0%	83.8%	15 bps
Average Daily Rate (ADR)	\$ 207.29	\$ 202.75	2.2%	\$ 203.83	\$ 199.36	2.2%
Revenue Per Available Room (RevPAR)	179.92	173.97	3.4%	171.18	167.14	2.4%
Room Revenues	\$ 105,025,714	\$ 101,536,026	\$ 3,489,688	\$ 291,266,629	\$ 283,281,907	\$ 7,984,722
Food & Beverage	9,981,596	7,734,487	2,247,109	22,555,877	21,100,326	1,455,551
Lease Income	666,738	638,503	28,235	1,862,093	2,028,471	(166,379)
Other Revenues	5,237,342	4,694,931	542,412	14,418,043	13,164,270	1,253,773
Total Revenues	\$ 120,911,390	\$ 114,603,947	\$ 6,307,443	\$ 330,102,642	\$ 319,574,975	\$ 10,527,667
GOP	\$ 56,949,560	\$ 54,547,230	\$ 2,402,331	\$ 156,925,653	\$ 152,464,122	\$ 4,461,531
GOP Margin	47.1%	47.6%		47.5%	47.7%	
GOP Margin Growth	-0.5%			-0.2%		
GOP Flow Through	38.1%			42.4%		
EBITDA	\$ 45,329,782	\$ 42,721,571	\$ 2,608,212	\$ 122,981,216	\$ 119,118,490	\$ 3,862,726
EBITDA Margin	37.5%	37.3%		37.3%	37.3%	
EBITDA Margin Growth	0.2%			0.0%		

(1) The following hotels are included in the comparable portfolio for the time period "Three Months Ended", and include results as reported by the prior owners: St. Gregory Hotel - Washington, DC (Acquired 6/16/2015), TownePlace Suites - Sunnyvale, CA (Acquired 8/25/2015), Ritz Carlton Georgetown - Washington, DC (Acquired 12/29/2015), Sanctuary Resort - Monterey, CA (Acquired 1/28/2016), Hilton Garden Inn M Street - Washington, DC (Acquired 3/9/2016), **The Envoy**, Boston, MA (Acquired 7/21/2016). For the "Nine Months Ended" time period, The Envoy is excluded as the hotel was not opened for this full period in 2015.

(2) The following dispositions are excluded from the comparable portfolio: Cindat Joint Venture New York City Portfolio (Sold 4/29/2016), Hyatt Place, Valley Forge, PA (Sold 5/3/2016), Hawthorn Suites, Franklin, MA (Sold 9/7/2016).

# TOTAL PORTFOLIO SUMMARY

	Name	Rooms	Year Opened/Complete Renovation	Acquisition Date	Debt Balance as of 9/30/2016	Ownership %	Hersha Preferred Equity Return
<b>Ritz-Carlton</b>							
1.	Georgetown, DC	86	2014	12/29/2015	(*)	100.0%	
<b>Marriott</b>							
2.	Mystic, CT	285	2001	08/09/2005	\$41,473	66.7%	8.50%
3.	Hartford, CT	409	2005	02/08/2006	\$43,549	15.0%	8.50%
<b>Hilton</b>							
4.	Hartford, CT	393	2005	10/06/2005	\$6,300	8.8%	8.50%
<b>Courtyard</b>							
5.	Alexandria, VA	203	2006	09/29/2006	(*)	100.0%	
6.	Brookline/Boston, MA	188	2003	06/16/2005	(*)	100.0%	
7.	South Boston, MA	164	2005	07/01/2005	\$15,000	50.0%	
8.	Los Angeles, CA	260	2008	05/19/2011	\$35,000	100.0%	
9.	Miami Beach Oceanfront, FL	357	2004	11/16/2011	(*)	100.0%	
10.	San Diego, CA	245	1999	05/30/2013	(*)	100.0%	
<b>Hampton Inn</b>							
11.	Times Square, Manhattan, NY	184	2009	04/29/2016	(b)	30.0%	
12.	Philadelphia, PA	250	2001	02/15/2006	(*)	100.0%	
13.	Chelsea, Manhattan, NY	144	2003	04/29/2016	(b)	30.0%	
14.	Herald Square, Manhattan, NY	136	2005	04/29/2016	(b)	30.0%	
15.	Seaport, Manhattan, NY	65	2006	02/01/2007	(*)	100.0%	
16.	Pearl Street, Manhattan, NY	81	2014	07/22/2011	(*)	100.0%	
17.	Washington, DC	228	2005	09/01/2010	(*)	100.0%	
<b>Residence Inn</b>							
18.	Tysons Corner, VA	96	1984	02/02/2006	(*)	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	(*)	100.0%	
22.	Norwood, MA	96	2006	07/27/2006	(*)	100.0%	
<b>Hyatt House</b>							
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%	
<b>Hyatt</b>							
28.	Union Square, NY	178	2013	04/09/2013	\$55,750	100.0%	
<b>Holiday Inn Express</b>							
29.	Times Square, Manhattan, NY	210	2009	04/29/2016	(b)	30.0%	
30.	Cambridge, MA	112	1997	05/03/2006	(*)	100.0%	
31.	South Boston, MA	118	1998	10/07/2005	\$7,170	50.0%	
32.	Chester, NY	80	2006	01/25/2007	\$6,072	100.0%	
33.	Madison Square Garden (29th St.), NY	228	2006	06/18/2012	(*)	100.0%	
34.	Water Street, Manhattan, NY	112	2010	04/29/2016	(b)	30.0%	
<b>Hilton Garden Inn</b>							
35.	JFK Airport, NY	192	2005	02/16/2006	\$19,124	100.0%	
36.	Tribeca, Manhattan, NY	151	2009	05/01/2009	\$46,500	100.0%	
37.	Midtown East, Manhattan, NY	205	2014	05/27/2014	\$44,550	100.0%	
38.	M Street, Washington, DC	238	2014	03/09/2016	(*)	100.0%	
<b>Candlewood Suites</b>							
39.	Times Square, Manhattan, NY	188	2009	04/29/2016	(b)	30.0%	
<b>Sheraton</b>							
40.	JFK Airport, NY	150	2008	06/13/2008	(*)	100.0%	
41.	Wilmington South, DE	192	2011	12/21/2010	(*)	100.0%	
<b>Holiday Inn</b>							
42.	Wall Street, NY	113	2009	04/29/2016	(b)	30.0%	
<b>TownePlace Suites</b>							
43.	Sunnyvale, CA	94	2003	08/25/2015	(*)	100.0%	
<b>Independent</b>							
44.	Duane Street Hotel, Manhattan, NY	43	2008	01/04/2008	\$9,023	100.0%	
45.	nu Hotel, Brooklyn, NY	93	2008	01/14/2008	(*)	100.0%	
46.	Capitol Hill Hotel, Washington, DC	152	2007	04/15/2011	\$25,000	100.0%	
47.	Rittenhouse Hotel, Philadelphia, PA	116	2004	03/01/2012	(*)	100.0%	
48.	The Boxer, Boston, MA	80	2004	05/07/2012	(*)	100.0%	
49.	Winter Haven, FL	70	2013	12/20/2013	(*)	100.0%	
50.	Blue Moon Hotel, FL	75	2013	12/20/2013	(*)	100.0%	
51.	Hotel Milo, Santa Barbara, CA	122	2000	02/28/2014	\$23,816	100.0%	
52.	Parrot Key Resort, Key West, FL	148	2013	05/08/2014	(*)	100.0%	
53.	Sanctuary Resort, Monterey Bay, CA	60	2014	01/28/2016	\$14,746 (a)	100.0%	
54.	St. Gregory Hotel, Washington, DC	155	2014	06/16/2015	\$27,500 (a)	100.0%	
55.	The Envoy, Boston, MA	136	2015	07/21/2016	(*)	100.0%	
<b>TOTAL</b>		<b>8,799</b>					

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

(a) Debt balance reflects original issue premium or discount

(b) Portfolio debt for these seven properties reflect the Cindat Hersha Joint Venture - \$330MM Senior and Mezzanine debt balance

**PORTFOLIO STATISTICS - Q3 2016 ACTUALS**

MARKETS				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA<sup>(1)</sup></u>
New York City	17	2,473	28%	28%
West Coast	8	1,215	14%	21%
Boston	8	1,019	12%	18%
Washington, DC	9	1,418	16%	14%
Miami & Key West	5	790	9%	7%
Philadelphia	2	366	4%	5%
Other	6	1,518	17%	7%
<b>TOTAL</b>	<b>55</b>	<b>8,799</b>	<b>100%</b>	<b>100%</b>

OWNERSHIP				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA<sup>(1)</sup></u>
100% Owned Assets	43	6,343	72%	90%
Unconsolidated JV Assets	12	2,456	28%	10%
<b>TOTAL</b>	<b>55</b>	<b>8,799</b>	<b>100%</b>	<b>100%</b>

HOTELS BY DESTINATION				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA<sup>(1)</sup></u>
Major Metro	50	8,020	91%	90%
Destination	5	779	9%	10%
<b>TOTAL</b>	<b>55</b>	<b>8,799</b>	<b>100%</b>	<b>100%</b>

HOTELS BY SEGMENT TYPE				
	<u>Properties</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA<sup>(1)</sup></u>
Upscale Transient	15	2,610	30%	38%
Upper Midscale	17	2,479	28%	28%
Upper Upscale / Luxury	13	2,400	27%	20%
Upscale Extended Stay	10	1,310	15%	14%
<b>TOTAL</b>	<b>55</b>	<b>8,799</b>	<b>100%</b>	<b>100%</b>

MANAGERS				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA<sup>(1)</sup></u>
HHM Managed	50	7,629	87%	97%
Jiten Managed	2	282	3%	2%
Marriott Managed	1	86	1%	1%
Waterford Managed	2	802	9%	0.5%
<b>TOTAL</b>	<b>55</b>	<b>8,799</b>	<b>100%</b>	<b>100%</b>

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

**MORTGAGES AND NOTES PAYABLE**

<b>Consolidated Properties</b>	<b>9/30/2016 Fixed Rate Balance</b>	<b>Capped or Fixed Rate</b>	<b>9/30/2016 Floating Rate Balance</b>	<b>Floating Rate</b>	<b>Maturity</b>
Hilton Garden Inn, Midtown East, NY	\$44,550,000	4.05%			05/2017
Hotel Milo - Santa Barbara, CA	\$23,816,189	4.40%			04/2023
Sanctuary Beach Resort, Monterey Bay, CA <i>Original Issue Premium: Sanctuary Resort, Monterey Bay, CA</i>	\$14,700,000 \$46,250	5.05% na			02/2024 na
Duane Street Hotel - Manhattan, NY	\$9,022,855	5.43%			02/2017
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	\$6,071,523	5.63%			03/2017
Hilton Garden Inn - JFK Airport, NY	\$19,123,917	5.82%			04/2017
St. Gregory - Washington, DC <i>Original Issue Premium: St. Gregory - Washington, DC</i>	\$25,102,949 \$2,396,626	6.30% na			09/2021 na
Courtyard - Los Angeles, CA			\$35,000,000	LIBOR + 3.00%	09/2017
Capitol Hill Hotel - Washington DC			\$25,000,000	LIBOR + 2.25%	01/2018
Hilton Garden Inn, Tribeca, NY			\$46,500,000	LIBOR + 2.30%	11/2019
Hyatt - Union Square, NY			\$55,750,000	LIBOR + 2.30%	06/2019
Trust Preferred Tranche I			\$25,774,000	LIBOR + 3.00%	06/2035
Trust Preferred Tranche II			\$25,774,000	LIBOR + 3.00%	05/2035
Sub-Total	\$243,008,310		\$213,798,000		
<b>Total Consolidated Mortgage Debt</b>	<b>\$456,806,310</b>				
<b>Unconsolidated Joint Ventures</b>					
Courtyard - South Boston, MA	\$15,000,000	3.14%			05/2021
Holiday Inn Express - South Boston, MA	\$7,169,961	4.25%			06/2027
Marriott - Mystic, CT	\$41,473,114	6.24%			08/2017
Marriott - Hartford, CT	\$43,549,193	5.57%			03/2024
Hilton - Hartford, CT	\$6,300,000	2.68%			08/2030
Cindat Hersha - Senior Loan			\$280,000,000	LIBOR + 2.45%	05/2019
Cindat Hersha - Mezzanine Loan			\$50,000,000	LIBOR + 9.00%	05/2019
Sub-Total	\$113,492,268		\$330,000,000		
<b>Total Unconsolidated Joint Venture Debt</b>	<b>\$443,492,268</b>				

## ACQUISITION & DISPOSITION ACTIVITY AS OF 9/30/2016

### 2016 Acquisition Activity

As of 9/30/2016 (\$ Thousands)						
Name	Rooms	Year Opened/ Complete Renovation	Acquisition Date	Purchase Price	Debt Balance as of 9/30/2016	Ownership %
Sanctuary Resort, Monterey Bay, CA*	60	2000	01/28/2016	\$39,425	\$14,746	100.0%
Hilton Garden Inn, M Street, Washington, DC	238	2014	03/09/2016	\$106,500	\$0	100.0%
The Envoy, Boston, MA	136	2015	07/21/2016	\$112,500	\$0	100.0%
Total	434			\$258,425	\$14,746	

\*Debt Balance includes an original issue mortgage premium of \$50

### 2016 Disposition Activity

As of 9/30/2016 (\$ Thousands)			
Name	Rooms	Disposition Date	Disposition Price
Hilton & IHG Branded NYC Properties (7)*	1,087	04/29/2016	\$571,400
Hyatt Place, King of Prussia, PA	129	05/03/2016	\$13,000
Hawthorn Suites, Franklin, MA	100	09/07/2016	\$8,900
Total	1,316		\$593,300

\*Properties were contributed to a joint venture with Cindat Capital Management, in which Hersha Hospitality Trust retained a 30% common equity interest

## ENTERPRISE VALUE

September 30, 2016

(\$ Thousands)

	<u>September 30, 2016</u>
<b>Cash</b>	<b>\$135,960</b>
Unsecured Term Loan*	612,520
Revolving Line of Credit	0
Mortgages and Notes Payable - Consolidated Assets*	402,815
Mortgages Payable - HT Portion of Unconsolidated JV Assets*	144,834
Trust Preferred Securities*	51,548
<b>Total Debt</b>	<b>1,211,717</b>
Series C Preferred Shares	75,000
Series D Preferred Shares	192,500
Operating Partnership and LTIP Units (2,613,546 @ \$18.02)**	47,096
Class A Common Shares (41,917,238 @ \$18.02)**	755,349
<b>Total Equity</b>	<b>1,069,945</b>
<b>ENTERPRISE VALUE</b>	<b>\$2,145,702</b>

\* Excludes unamortized deferring financing costs and unamortized premiums

\*\* Stock price and share counts as of September 30, 2016

## UNCONSOLIDATED JOINT VENTURE EBITDA

(in thousands)

	Holiday Inn Express South Boston	Courtyard South Boston	Mystic Partners	Cindat Hersha JV	TOTAL
Ownership	50.0%	50.0%	66.7%,15%, 8.8%	30.0%	
Hersha Participating Preferred %	N/A	N/A	8.5%	N/A*	
<b>THREE MONTHS ENDED SEPTEMBER 30, 2016</b>					
Joint Venture Net Income	\$ 427	\$ 817	\$ 749	\$ 1,616	\$ 3,609
<b>Hotel Cash Available for Distribution</b>					
Hotel EBITDA	\$ 615	\$ 1,154	\$ 3,390	\$ 8,588	\$ 13,747
Debt Service	(132)	(115)	(2,034)	(3,328)	(5,609)
CapEx Reserve & Other	(100)	(106)	(657)	(854)	(1,717)
Cash Available for Distribution	\$ 383	\$ 933	\$ 699	\$ 4,406	\$ 6,421
<b>EBITDA</b>					
Hersha Net Income (Loss) from Unconsolidated JV	\$ 195	\$ 406	\$ (81)	\$ (4,237)	\$ (3,717)
<b>Addback:</b>					
Step up and Outside Basis Amortization	19	2	86	(329)	(222)
Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	93	169	1,078	7,824	9,164
Hersha EBITDA from Unconsolidated JV	\$ 307	\$ 577	\$ 1,083	\$ 3,258	\$ 5,225
<b>NINE MONTHS ENDED SEPTEMBER 30, 2016</b>					
Joint Venture Net Income	\$ 1,076	\$ 1,474	\$ 1,019	\$ 2,119	\$ 5,688
<b>Hotel Cash Available for Distribution</b>					
Hotel EBITDA	\$ 1,658	\$ 2,649	\$ 8,924	\$ 15,286	\$ 28,517
Debt Service	(394)	(616)	(5,258)	(5,547)	(11,815)
CapEx Reserve & Other	(230)	(257)	(1,978)	37	(2,428)
Cash Available for Distribution	\$ 1,034	\$ 1,776	\$ 1,687	\$ 9,776	\$ 14,273
<b>EBITDA</b>					
Hersha Net Income (Loss) from Unconsolidated JV	\$ 482	\$ 692	\$ (239)	\$ (3,345)	\$ (2,410)
<b>Addback:</b>					
Step up and Outside Basis Amortization	56	45	256	(550)	(193)
Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	291	588	6,492	9,632	17,003
Hersha EBITDA from Unconsolidated JV	\$ 829	\$ 1,325	\$ 6,509	\$ 5,737	\$ 14,400

\* Our joint venture partner maintains a \$142,000 senior common equity interest in the Cindat Hersha JV. In addition to our junior common equity interest, Hersha has a \$43,193, 9% preferred equity interest in the Cindat Hersha JV.