

Q4 2014 Supplemental Schedules

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KEY PERFORMANCE INDICATORS

Consolidated Hotels

(Recorded from date of acquisition)

(includes 46 hotels in CY and 43 in PY)

(includes 47 hotels in CY and 43 in PY)

	Three Months Ended			Year to Date as of		
	Dec-2014	Dec-2013	Variance	Dec-2014	Dec-2013	Variance
Rooms Available	633,935	568,500		2,451,660	2,159,497	
Rooms Occupied	515,705	446,857		2,025,710	1,722,095	
Occupancy	81.3%	78.6%	275 bps	82.6%	79.7%	288 bps
Average Daily Rate (ADR)	\$ 198.37	\$ 189.05	4.9%	\$ 187.82	\$ 179.70	4.5%
Revenue Per Available Room (RevPAR)	161.37	148.60	8.6%	155.19	143.30	8.3%
Room Revenues	\$ 102,298,464	\$ 84,477,340	\$ 17,821,124	\$ 380,461,215	\$ 309,452,442	\$ 71,008,773
Food & Beverage	5,938,400	4,601,005	1,337,395	20,213,608	15,908,999	4,304,609
Lease Income	735,039	668,634	66,405	2,914,102	2,880,393	33,708
Other Revenues	3,887,853	2,262,130	1,625,723	13,498,610	9,280,078	4,218,533
Total Revenues	\$ 112,859,756	\$ 92,009,110	\$ 20,850,646	\$ 417,087,535	\$ 337,521,912	\$ 79,565,623
GOP	\$ 55,406,966	\$ 44,491,692	\$ 10,915,274	\$ 203,246,276	\$ 161,138,767	\$ 42,107,509
GOP Margin	49.1%	48.4%		48.7%	47.7%	
GOP Margin Growth	0.7%			1.0%		
GOP Flow Through	52.3%			52.9%		
EBITDA	\$ 42,936,280	\$ 34,550,558	\$ 8,385,722	\$ 157,399,850	\$ 124,510,862	\$ 32,888,988
EBITDA Margin	38.0%	37.6%		37.7%	36.9%	
EBITDA Margin Growth	0.5%			0.8%		

Comparable Hotels (1)

(Owned for the entire reporting period)

(includes 44 hotels in both years)

(includes 42 hotels in both years)

	Three Months Ended			Year to Date as of		
	Dec-2014	Dec-2013	Variance	Dec-2014	Dec-2013	Variance
Rooms Available	607,531	598,411		2,303,278	2,267,662	
Rooms Occupied	490,591	472,590		1,896,788	1,816,106	
Occupancy	80.8%	79.0%	178 bps	82.4%	80.1%	226 bps
Average Daily Rate (ADR)	\$ 195.91	\$ 189.50	3.4%	\$ 183.02	\$ 177.44	3.1%
Revenue Per Available Room (RevPAR)	158.20	149.66	5.7%	150.72	142.10	6.1%
Room Revenues	\$ 96,111,335	\$ 89,556,032	\$ 6,555,303	\$ 347,142,032	\$ 322,245,420	\$ 24,896,612
Food & Beverage	5,811,266	4,941,191	870,074	20,164,537	17,811,844	2,352,693
Lease Income	726,039	672,757	53,282	2,641,761	2,971,555	(329,794)
Other Revenues	3,775,731	2,814,122	961,608	13,413,923	11,916,319	1,497,605
Total Revenues	\$ 106,424,371	\$ 97,984,103	\$ 8,440,267	\$ 383,362,253	\$ 354,945,138	\$ 28,417,115
GOP	\$ 51,847,339	\$ 47,595,878	\$ 4,251,461	\$ 187,044,687	\$ 170,916,526	\$ 16,128,161
GOP Margin	48.7%	48.6%		48.8%	48.2%	
GOP Margin Growth	0.1%			0.6%		
GOP Flow Through	50.4%			56.8%		
EBITDA	\$ 39,845,675	\$ 36,889,740	\$ 2,955,935	\$ 144,885,878	\$ 131,623,806	\$ 13,262,072
EBITDA Margin	37.4%	37.6%		37.8%	37.1%	
EBITDA Margin Growth	-0.2%			0.7%		

(1) Comparable hotels include the full portfolio less properties not opened during the full period last year or this year. During Q4, the excluded properties are Hilton Garden Inn Midtown East and Hampton Inn Pearl Street, both in Manhattan. Year to date, the excluded properties are Hotel 373, Holiday Inn Express Water Street, Hyatt Union Square, Hilton Garden Inn Midtown East, and Hampton Inn Pearl Street. 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 and Resort.

PRO FORMA KEY PERFORMANCE INDICATORS

Twelve Months Ended Dec-2014

Pro Forma Consolidated Results

Rooms Available	2,477,506
Rooms Occupied	2,049,388
Occupancy	82.7%
Average Daily Rate (ADR)	\$188.88
Revenue Per Available Room (RevPAR)	156.24
Room Revenues	387,092,460
Food & Beverage	20,598,677
Lease Income	2,914,102
Other Revenues	14,103,082
Total Revenues	\$ 424,708,320
GOP	\$ 208,114,714
GOP Margin	49.0%
EBITDA	\$ 161,313,028
EBITDA Margin	38.0%

Note:

Pro Forma figures for the Twelve Months Ended December 2014 reflect estimated results the Company would have achieved had each 2014 acquisition, in the table below, closed by the beginning of the reporting period. There is no difference in pro forma vs. actual results for the Three Months Ended December 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 12/31/2014	Ownership %	Hersha Preferred Equity Return
Marriott							
1.	Mystic, CT	285	2001	08/09/2005	\$42,337	66.7%	8.50%
2.	Hartford, CT	409	2005	02/08/2006	\$44,590	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	\$23,403	100.0%	
5.	Brookline/Boston, MA	188	2003	06/16/2005	\$36,453	100.0%	
6.	South Boston, MA	164	2005	07/01/2005	\$13,097	50.0%	
7.	Los Angeles, CA	260	2008	05/19/2011	\$30,000	100.0%	
8.	Miami Beach Oceanfront, FL	357	2004	11/16/2011	\$60,000	100.0%	
9.	San Diego, CA	245	1999	05/30/2013	(*)	100.0%	
Hampton Inn							
10.	Times Square, Manhattan, NY	184	2009	02/10/2010	(*)	100.0%	
11.	Philadelphia, PA	250	2001	02/15/2006	(*)	100.0%	
12.	Chelsea, Manhattan, NY	144	2003	08/29/2003	\$33,696	100.0%	
13.	Herald Square, Manhattan, NY	136	2005	04/01/2005	\$23,026	100.0%	
14.	Seaport, Manhattan, NY	65	2006	02/01/2007	\$17,928	(a) 100.0%	
15.	Pearl Street, Manhattan, NY	81	2014	07/22/2011	(*)	100.0%	
16.	Washington, DC	228	2005	09/01/2010	(*)	100.0%	
Residence Inn							
17.	Tysons Corner, VA	96	1984	02/02/2006	\$0	100.0%	
18.	Framingham, MA	125	2000	03/26/2004	(*)	100.0%	
19.	Coconut Grove, FL	140	2000	06/12/2013	(*)	100.0%	
20.	Greenbelt, MD	120	2002	07/16/2004	(*)	100.0%	
21.	Norwood, MA	96	2006	07/27/2006	(*)	100.0%	
Hyatt House							
22.	White Plains, NY	159	2000	12/28/2006	\$33,030	100.0%	
23.	Gaithersburg, MD	140	1998	12/28/2006	\$13,720	100.0%	
24.	Pleasant Hill, CA	142	2003	12/28/2006	\$20,160	100.0%	
25.	Pleasanton, CA	128	1998	12/28/2006	\$14,490	100.0%	
26.	Scottsdale, AZ	164	1999	12/28/2006	\$16,778	100.0%	
Hyatt Hotel							
27.	Union Square, NY	178	2013	04/9/2013	\$55,000	100.0%	
Holiday Inn Express							
28.	Times Square, Manhattan, NY	210	2009	02/10/2010	(*)	100.0%	
29.	Cambridge, MA	112	1997	05/03/2006	(*)	100.0%	
30.	South Boston, MA	118	1998	10/07/2005	\$7,530	50.0%	
31.	Chester, NY	80	2006	01/25/2007	\$6,264	100.0%	
32.	Madison Square Garden (29th St.), NY	228	2006	06/18/2012	\$54,132	(a) 100.0%	
33.	Water Street, Manhattan, NY	112	2010	03/25/2011	(*)	100.0%	
Hilton Garden Inn							
34.	JFK Airport, NY	192	2005	02/16/2006	\$19,707	100.0%	
35.	Tribeca, Manhattan, NY	151	2009	05/01/2009	\$46,500	100.0%	
36.	Midtown East, Manhattan, NY	205	2014	05/27/2014	\$45,000	100.0%	
Candlewood Suites							
37.	Times Square, Manhattan, NY	188	2009	02/10/2010	(*)	100.0%	
Sheraton							
38.	JFK Airport, NY	150	2008	06/13/2008	(*)	100.0%	
39.	Wilmington South, DE	192	2011	12/21/2010	(*)	100.0%	
Holiday Inn							
40.	Wall Street, NY	113	2009	05/07/2010	(*)	100.0%	
Hawthorn Suites							
41.	Franklin, MA	100	1999	04/25/2006	\$7,520	100.0%	
Independent							
42.	Duane Street Hotel, Manhattan, NY	43	2008	01/04/2008	\$9,352	100.0%	
43.	nu Hotel, Brooklyn, NY	93	2008	01/14/2008	(*)	100.0%	
44.	Capitol Hill Hotel, Washington, DC	152	2007	04/15/2011	\$26,639	100.0%	
45.	Rittenhouse Hotel, Philadelphia, PA	116	2004	03/01/2012	(*)	100.0%	
46.	The Boxer, Boston, MA	80	2004	05/07/2012	(*)	100.0%	
47.	Winter Haven, FL	70	2013	12/20/2013	(*)	100.0%	
48.	Blue Moon Hotel, FL	75	2013	12/20/2013	(*)	100.0%	
49.	Hotel Milo, Santa Barbara, CA	122	2000	02/28/2014	\$24,577	100.0%	
50.	Parrot Key Resort, Key West, FL	148	2013	05/08/2014	(*)	100.0%	
Hyatt Place							
51.	Valley Forge, PA	129	2010	08/17/2010	(*)	100.0%	
TOTAL		8,259					

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

(a) Debt balance reflects original issue premium or discount

PORTFOLIO STATISTICS - Q4 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	30%	53%
West Coast	6	1,061	13%	11%
Boston	7	883	11%	10%
Washington, DC	6	939	11%	7%
Miami & Key West	5	790	10%	10%
Philadelphia	3	495	6%	3%
Other	7	1,618	20%	6%
TOTAL	51	8,259	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	83%	97%
Unconsolidated JV Assets	5	1,369	17%	3%
TOTAL	51	8,259	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	91%	92%
Destination	4	719	9%	8%
TOTAL	51	8,259	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	34%	43%
Upscale Transient	13	2,331	28%	33%
Upper Upscale / Luxury	7	1,721	21%	14%
Upscale Extended Stay	11	1,439	17%	10%
TOTAL	51	8,259	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	82%	92%
Waterford Managed	3	1,087	13%	2%
Jiten Managed	2	282	3%	1%
Northwood Hospitality	1	148	2%	5%
TOTAL	51	8,259	100%	100%

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

MORTGAGES AND NOTES PAYABLE

Consolidated Properties	12/31/2014 Fixed Rate Balance	Capped or Fixed Rate	12/31/2014 Floating Rate Balance	Floating Rate	Maturity
Capitol Hill Hotel - Washington DC	\$26,638,939	3.79%			01/2015 (1)
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	\$24,577,140	4.40%			04/2023
Courtyard - Brookline, MA	\$36,452,910	5.35%			07/2015
Duane Street Hotel - Manhattan, NY	\$9,351,715	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	\$6,264,043	5.63%			03/2017
Hilton Garden Inn - JFK Airport, NY	\$19,706,575	5.82%			04/2017
Hampton Inn - Herald Square, NY	\$23,026,178	6.09%			05/2016
Hampton Inn - Chelsea, NY	\$33,696,120	6.24%			10/2016
Courtyard - Alexandria, VA	\$23,403,219	6.25%			10/2016
Hampton Inn - Seaport, NY	\$17,763,907	6.36%			10/2016
<i>Original Issue Premium: Hampton Inn - Seaport, NY</i>	\$163,756	na			na
Hawthorn Suites - Franklin, MA	\$7,519,785	6.40%			05/2016
Holiday Inn Express - Madison Square Garden (29th St), NY	\$52,711,625	6.50%			11/2016
<i>Original Issue Premium: Holiday Inn Express - Madison Square Garden (29th St), NY</i>	\$1,420,675	na			na
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
Hilton Garden Inn, Tribeca, NY			\$46,500,000	LIBOR + 2.30%	11/2019
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	<u>\$470,874,588</u>		<u>198,048,000.00</u>		
Total Consolidated Mortgage Debt	<u>\$668,922,588</u>				
Unconsolidated Joint Ventures					
Courtyard - South Boston, MA	\$13,097,314	5.75%			06/2016
Holiday Inn Express - South Boston, MA	\$7,529,807	4.25%			06/2027
Marriott - Mystic, CT	\$42,336,930	6.24%			08/2017
Marriott - Hartford, CT	\$44,589,703	5.57%			03/2024
Hilton - Hartford, CT	\$7,000,000	2.68%			08/2030
Total Unconsolidated Joint Venture Debt	<u>\$114,553,754</u>				

(1) The Capitol Hill Hotel was refinanced as of January 30, 2015.

ACQUISITION & DISPOSITION ACTIVITY AS OF 12/31/2014

2014 Acquisition Activity

As of 12/31/2014 (\$ Thousands)						
Name	Rooms	Year Opened/ Complete Renovation	Acquisition Date	Purchase Price	Debt Balance as of 12/31/2014	Ownership %
Hotel Milo Santa Barbara, CA ⁽¹⁾	122	2001	02/28/2014	\$41,928	\$24,577	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	\$69,577	

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 12/31/2014 (\$ 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
Hilton Garden Inn - Tribeca, Manhattan, NY	\$46.5 mm	LIBOR + 2.30%	11/13/2019	National Bank	\$32.0 mm	8.25%	02/01/2015	Mortgage REIT
Capitol Hill Hotel - Washington, DC	\$25.0 mm	LIBOR + 2.25%	01/30/2018	National Bank	\$27.5 mm	3.79%	01/31/2015	National Bank
Duane Street Hotel - Manhattan, NY	\$9.5 mm	Swapped at 5.43% through maturity date	02/01/2019 ⁽¹⁾	National Bank	\$15.0 mm	7.15%	02/01/2018	National Bank
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

December 31, 2014

(\$ Thousands)

	<u>December 31, 2014</u>
Cash	\$21,675
Unsecured Term Loan	250,000
Revolving Line of Credit	0
Mortgages and Notes Payable - Consolidated Assets	617,375
Mortgages Payable - HT Portion of Unconsolidated JV Assets	45,857
Trust Preferred Securities	51,548
Total Debt	964,780
Series B Preferred Shares	115,000
Series C Preferred Shares	75,000
Operating Partnership and LTIP Units (8,797,736 @ \$7.03)*	61,848
Class A Common Shares (198,835,083 @ \$7.03)*	1,397,811
Total Equity	1,649,659
ENTERPRISE VALUE	\$2,592,763

* Stock price and share counts as of December 31, 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 DECEMBER 31, 2014				
Joint Venture Net Income	\$ 207	\$ 287	\$ 292	\$ 786
Hotel Cash Available for Distribution				
Hotel EBITDA	\$ 448	\$ 704	\$ 2,781	\$ 3,933
Debt Service	(132)	(285)	(1,604)	(2,021)
CapEx Reserve & Other	(64)	(78)	(666)	(808)
Cash Available for Distribution	<u>\$ 252</u>	<u>\$ 341</u>	<u>\$ 511</u>	<u>\$ 1,104</u>
EBITDA				
Hersha Net Income (Loss) from Unconsolidated JV	\$ 86	\$ 122	\$ (121)	\$ 87
Addback:				
Step up and Outside Basis Amortization Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	18 120	22 208	103 2,747	143 3,075
Hersha EBITDA from Unconsolidated JV	<u>\$ 224</u>	<u>\$ 352</u>	<u>\$ 2,729</u>	<u>\$ 3,305</u>
YEAR ENDED DECEMBER 31, 2014				
Joint Venture Net Income (Loss)	\$ 962	\$ 1,375	\$ (1,508)	\$ 829
Hotel Cash Available for Distribution				
Hotel EBITDA	\$ 1,919	\$ 3,048	\$ 11,107	\$ 16,074
Debt Service	(526)	(1,132)	(6,730)	(8,388)
CapEx Reserve & Other	(261)	(292)	(2,715)	(3,268)
Cash Available for Distribution	<u>\$ 1,132</u>	<u>\$ 1,624</u>	<u>\$ 1,662</u>	<u>\$ 4,418</u>
EBITDA				
Hersha Net Income (Loss) from Unconsolidated JV	\$ 407	\$ 602	\$ (316)	\$ 693
Addback:				
Step up and Outside Basis Amortization Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	74 479	86 836	410 10,809	570 12,124
Hersha EBITDA from Unconsolidated JV	<u>\$ 960</u>	<u>\$ 1,524</u>	<u>\$ 10,903</u>	<u>\$ 13,387</u>