

# HERSHA

## Q2 2015 Supplemental Schedules

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## KEY PERFORMANCE INDICATORS

### Consolidated Hotels

(Recorded from date of acquisition)

(includes 47 hotels in both years)

(includes 47 hotels in both years)

	Three Months Ended			Year to Date as of		
	Jun-2015	Jun-2014	Variance	Jun-2015	Jun-2014	Variance
Rooms Available	629,406	604,554		1,249,596	1,183,845	
Rooms Occupied	552,536	523,721		1,042,010	963,492	
Occupancy	87.8%	86.6%	116 bps	83.4%	81.4%	200 bps
Average Daily Rate (ADR)	\$ 207.76	\$ 195.15	6.5%	\$ 192.66	\$ 181.23	6.3%
Revenue Per Available Room (RevPAR)	182.39	169.05	7.9%	160.65	147.50	8.9%
Room Revenues	\$ 114,797,289	\$ 102,202,138	\$ 12,595,151	\$ 200,749,699	\$ 174,617,191	\$ 26,132,508
Food & Beverage	7,239,995	5,304,077	1,935,918	12,543,872	9,328,993	3,214,879
Lease Income	714,155	692,769	21,386	1,378,652	1,406,737	(28,085)
Other Revenues	4,032,239	3,253,326	778,913	7,589,315	5,981,808	1,607,507
Total Revenues	\$ 126,783,678	\$ 111,452,310	\$ 15,331,368	\$ 222,261,538	\$ 191,334,729	\$ 30,926,809
GOP	\$ 66,785,869	\$ 58,121,554	\$ 8,664,315	\$ 108,108,929	\$ 92,062,260	\$ 16,046,669
GOP Margin	52.7%	52.1%		48.6%	48.1%	
GOP Margin Growth	0.5%			0.5%		
GOP Flow Through	56.5%			51.9%		
EBITDA	\$ 54,030,910	\$ 46,714,300	\$ 7,316,610	\$ 83,489,732	\$ 70,777,508	\$ 12,712,225
EBITDA Margin	42.6%	41.9%		37.6%	37.0%	
EBITDA Margin Growth	0.7%			0.6%		

### Comparable Hotels (1)

(includes 45 hotels in both years)

(includes 45 hotels in both years)

	Three Months Ended			Year to Date as of		
	Jun-2015	Jun-2014	Variance	Jun-2015	Jun-2014	Variance
Rooms Available	615,069	614,717		1,223,379	1,222,176	
Rooms Occupied	538,380	535,119		1,017,223	999,492	
Occupancy	87.5%	87.1%	48 bps	83.1%	81.8%	137 bps
Average Daily Rate (ADR)	\$ 205.86	\$ 195.66	5.2%	\$ 191.67	\$ 183.51	4.4%
Revenue Per Available Room (RevPAR)	180.19	170.33	5.8%	159.37	150.08	6.2%
Room Revenues	\$ 110,831,771	\$ 104,702,171	\$ 6,129,601	\$ 194,974,306	\$ 183,419,306	\$ 11,555,000
Food & Beverage	7,405,380	5,837,860	1,567,519	12,892,980	10,538,431	2,354,549
Lease Income	705,155	740,693	(35,537)	1,360,652	1,442,538	(81,886)
Other Revenues	3,990,526	3,451,107	539,419	7,537,053	6,715,420	821,633
Total Revenues	\$ 122,932,832	\$ 114,731,831	\$ 8,201,001	\$ 216,764,992	\$ 202,115,696	\$ 14,649,295
GOP	\$ 64,637,323	\$ 60,015,951	\$ 4,621,371	\$ 105,435,295	\$ 98,432,788	\$ 7,002,506
GOP Margin	52.6%	52.3%		48.6%	48.7%	
GOP Margin Growth	0.3%			-0.1%		
GOP Flow Through	56.4%			47.8%		
EBITDA	\$ 52,060,465	\$ 48,057,583	\$ 4,002,882	\$ 81,064,284	\$ 75,569,244	\$ 5,495,040
EBITDA Margin	42.3%	41.9%		37.4%	37.4%	
EBITDA Margin Growth	0.5%			0.0%		

(1) Comparable hotels include the full portfolio less properties not opened during the full period last year or this year. During Q2, the excluded properties are Hotel 373, Hilton Garden Inn Midtown East and Hampton Inn Pearl Street, all of which are in Manhattan. The following hotels are included in the comparable portfolio and include results as reported by the prior owners: Parrot Key Resort and St. Gregory Hotel.

For the six months ended June 30, 2015 and 2014, properties excluded are Hotel 373, Hilton Garden Inn Midtown East and Hampton Inn Pearl Street, all of which are in Manhattan. The following hotels are included in the comparable portfolio and include results as reported by the prior owners: Hotel Milo, Parrot Key Resort and St. Gregory Hotel.

## PRO FORMA KEY PERFORMANCE INDICATORS

	Three Months Ended Jun-2015	Six Months Ended Jun-2015
	Pro Forma Consolidated Results	Pro Forma Consolidated Results
Rooms Available	641,186	1,275,326
Rooms Occupied	563,419	1,064,757
Occupancy	87.9%	83.5%
Average Daily Rate (ADR)	\$207.82	\$192.38
Revenue Per Available Room (RevPAR)	182.61	160.62
Room Revenues	117,089,643	204,840,159
Food & Beverage	7,513,707	13,120,351
Lease Income	714,155	1,378,652
Other Revenues	4,111,666	7,755,333
Total Revenues	\$ 129,429,171	\$ 227,094,495
GOP	\$ 68,270,684	\$ 110,501,944
GOP Margin	52.7%	48.7%
EBITDA	\$ 55,229,236	\$ 85,282,086
EBITDA Margin	42.7%	37.6%

**Note:**

Pro Forma figures for the Three and Six Months Ended reflect estimated results the Company would have achieved had the 2015 acquisition, in the table below, closed by the beginning of each reporting period.

2015 Acquisitions	
Hotel Name	Acquisition Date
St. Gregory Hotel	June 16, 2015

# TOTAL PORTFOLIO SUMMARY

	Name	Rooms	Year Opened/Complete Renovation	Acquisition Date	Debt Balance as of 6/30/2015	Ownership %	Hersha Preferred Equity Return
	<b>Marriott</b>						
1.	Mystic, CT	285	2001	08/09/2005	\$42,120	66.7%	8.50%
2.	Hartford, CT	409	2005	02/08/2006	\$44,297	15.0%	8.50%
	<b>Hilton</b>						
3.	Hartford, CT	393	2005	10/06/2005	\$7,000	8.8%	8.50%
	<b>Courtyard</b>						
4.	Alexandria, VA	203	2006	09/29/2006	\$23,217	100.0%	
5.	Brookline/Boston, MA	188	2003	06/16/2005	(*)	100.0%	
6.	South Boston, MA	164	2005	07/01/2005	\$12,948	50.0%	
7.	Los Angeles, CA	260	2008	05/19/2011	\$29,000	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%	
	<b>Hampton Inn</b>						
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	\$33,427	100.0%	
13.	Herald Square, Manhattan, NY	136	2005	04/01/2005	\$22,698	100.0%	
14.	Seaport, Manhattan, NY	65	2006	02/01/2007	\$17,730	(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%	
	<b>Residence Inn</b>						
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%	
	<b>Hyatt House</b>						
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%	
	<b>Hyatt Hotel</b>						
27.	Union Square, NY	178	2013	04/9/2013	\$55,750	100.0%	
	<b>Holiday Inn Express</b>						
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	\$7,429	50.0%	
31.	Chester, NY	80	2006	01/25/2007	\$6,210	100.0%	
32.	Madison Square Garden (29th St.), NY	228	2006	06/18/2012	\$53,325	(a)	100.0%
33.	Water Street, Manhattan, NY	112	2010	03/25/2011	(*)	100.0%	
	<b>Hilton Garden Inn</b>						
34.	JFK Airport, NY	192	2005	02/16/2006	\$19,544	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%	
	<b>Candlewood Suites</b>						
37.	Times Square, Manhattan, NY	188	2009	02/10/2010	(*)	100.0%	
	<b>Sheraton</b>						
38.	JFK Airport, NY	150	2008	06/13/2008	(*)	100.0%	
39.	Wilmington South, DE	192	2011	12/21/2010	(*)	100.0%	
	<b>Holiday Inn</b>						
40.	Wall Street, NY	113	2009	05/07/2010	(*)	100.0%	
	<b>Hawthorn Suites</b>						
41.	Franklin, MA	100	1999	04/25/2006	\$7,426	100.0%	
	<b>Hyatt Place</b>						
42.	Valley Forge, PA	129	2010	08/17/2010	(*)	100.0%	
	<b>Independent</b>						
43.	Duane Street Hotel, Manhattan, NY	43	2008	01/04/2008	\$9,260	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	\$25,000	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	2000	02/28/2014	\$24,363	100.0%	
51.	Parrot Key Resort, Key West, FL	148	2013	05/08/2014	(*)	100.0%	
52.	St. Gregory Hotel, Washington, DC	155	2014	06/16/2015	\$28,853	(a)	100.0%
	<b>TOTAL</b>	<b>8,414</b>					

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

(a) Debt balance reflects original issue premium or discount

**PORTFOLIO STATISTICS - Q2 2015 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	29%	42%
West Coast	6	1,061	13%	13%
Boston	7	883	10%	12%
Washington, DC	7	1,094	13%	11%
Miami & Key West	5	790	9%	9%
Philadelphia	3	495	6%	7%
Other	7	1,618	19%	6%
<b>TOTAL</b>	<b>52</b>	<b>8,414</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	47	7,045	84%	96%
Unconsolidated JV Assets	5	1,369	16%	4%
<b>TOTAL</b>	<b>52</b>	<b>8,414</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	48	7,695	91%	92%
Destination	4	719	9%	8%
<b>TOTAL</b>	<b>52</b>	<b>8,414</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>
Upper Midscale	20	2,768	33%	40%
Upscale Transient	14	2,486	30%	32%
Upper Upscale / Luxury	7	1,721	20%	15%
Upscale Extended Stay	11	1,439	17%	13%
<b>TOTAL</b>	<b>52</b>	<b>8,414</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	46	6,897	82%	89%
Waterford Managed	3	1,087	13%	1%
Jiten Managed	2	282	3%	1%
Northwood Hospitality	1	148	2%	9%
<b>TOTAL</b>	<b>52</b>	<b>8,414</b>	<b>100%</b>	<b>100%</b>

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

(2) This asset is the Parrot Key Resort. The property is HHM managed as of July 1, 2015.

**MORTGAGES AND NOTES PAYABLE**

<b>Consolidated Properties</b>	<b>6/30/2015 Fixed Rate Balance</b>	<b>Capped or Fixed Rate</b>	<b>6/30/2015 Floating Rate Balance</b>	<b>Floating Rate</b>	<b>Maturity</b>
Hilton Garden Inn, Midtown East, NY	\$45,000,000	4.05%			05/2017
Courtyard - Los Angeles, CA	\$29,000,000	4.10%			09/2017
Courtyard - Miami Beach, FL	\$60,000,000	4.32%			07/2016
Hotel Milo - Santa Barbara, CA	\$24,363,217	4.40%			04/2023
Duane Street Hotel - Manhattan, NY	\$9,259,777	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	\$6,210,159	5.63%			03/2017
Hilton Garden Inn - JFK Airport, NY	\$19,543,505	5.82%			04/2017
Hampton Inn - Herald Square, NY	\$22,697,629	6.09%			05/2016
Hampton Inn - Chelsea, NY	\$33,427,057	6.24%			10/2016
Courtyard - Alexandria, VA	\$23,216,677	6.25%			10/2016
St. Gregory - Washington, DC <i>Original Issue Premium: St. Gregory - Washington, DC</i>	\$25,803,667 \$3,049,754	6.30% na			09/2021 na
Hampton Inn - Seaport, NY <i>Original Issue Premium: Hampton Inn - Seaport, NY</i>	\$17,613,679 \$116,403	6.36% na			10/2016 na
Hawthorn Suites - Franklin, MA	\$7,425,940	6.40%			05/2016
Holiday Inn Express - Madison Square Garden (29th St), NY <i>Original Issue Premium: Holiday Inn Express - Madison Square Garden (29th St), NY</i>	\$52,289,113 \$1,035,455	6.50% na			11/2016 na
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 + 3.0%	06/2035
Trust Preferred Tranche II			\$25,774,000	LIBOR + 3.0%	05/2035
Sub-Total	<u>\$478,230,033</u>		<u>178,798,000</u>		
<b>Total Consolidated Mortgage Debt</b>	<b><u>\$657,028,033</u></b>				
<b>Unconsolidated Joint Ventures</b>					
Courtyard - South Boston, MA	\$12,947,795	5.75%			06/2016
Holiday Inn Express - South Boston, MA	\$7,429,002	4.25%			06/2027
Marriott - Mystic, CT	\$42,120,283	6.24%			08/2017
Marriott - Hartford, CT	\$44,296,997	5.57%			03/2024
Hilton - Hartford, CT	\$7,000,000	2.68%			08/2030
<b>Total Unconsolidated Joint Venture Debt</b>	<b><u>\$113,794,076</u></b>				

## ACQUISITION ACTIVITY AS OF 6/30/2015

### 2015 Acquisition Activity

As of 6/30/2015 (\$ Thousands)						
Name	Rooms	Year Opened/ Complete Renovation	Acquisition Date	Purchase Price	Debt Balance as of 6/30/2015	Ownership %
St. Gregory Hotel, Washington, DC*	155	2014	06/16/2015	\$57,000	\$28,853	100.0%
Total	155			\$57,000	\$28,853	

\*Debt Balance includes an original issue mortgage premium of \$3,050

## RECENT REFINANCING ACTIVITY

HOTEL	Current Loan	Rate	Maturity	Lender	Previous Loan	Rate	Maturity	Lender
Hyatt Union Square - Manhattan, NY	\$55.75 mm	LIBOR + 2.30%	6/9/2019	European Bank	\$55.0 mm	LIBOR + 4.19%	04/01/2016	European Bank
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 <sup>(1)</sup>	National Bank	\$15.0 mm	7.15%	02/01/2018	National Bank
HT Corporate Credit Line & Term Loan	\$500.0 mm <sup>(2)</sup>	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% <sup>(5)</sup> , Remaining \$100M of Term loan is LIBOR + 1.60% to 2.35% based on applicable Debt / EBITDA ratio	2/28/2019 <sup>(1)(3)</sup>	Bank Group	\$400.0 mm <sup>(4)</sup>	LIBOR + 1.75% to 2.65% based on applicable Debt / EBITDA ratio Term loan is fixed at 3.21% <sup>(5)</sup>	11/5/2016   11/5/2017 <sup>(6)</sup>	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 <sup>(1)</sup>	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, 2015

(\$ Thousands)

	<u>June 30, 2015</u>
<b>Cash</b>	<b>\$28,161</b>
Unsecured Term Loan	250,000
Revolving Line of Credit	128,500
Mortgages and Notes Payable - Consolidated Assets	605,480
Mortgages Payable - HT Portion of Unconsolidated JV Assets	45,543
Trust Preferred Securities	51,548
<b>Total Debt</b>	<b>1,081,071</b>
Series B Preferred Shares	115,000
Series C Preferred Shares	75,000
Operating Partnership and LTIP Units (2,328,276 @ \$25.64)*	59,697
Class A Common Shares (47,769,899 @ \$25.64)*	1,224,820
<b>Total Equity</b>	<b>1,474,517</b>
<b>ENTERPRISE VALUE</b>	<b>\$2,527,427</b>

\* Stock price and share counts as of June 30, 2015

## 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%	
<b>THREE MONTHS ENDED JUNE 30, 2015</b>				
Joint Venture Net Income	\$ 612	\$ 675	\$ 891	\$ 2,178
<b>Hotel Cash Available for Distribution</b>				
Hotel EBITDA	\$ 851	\$ 1,100	\$ 3,402	\$ 5,353
Debt Service	(131)	(281)	(1,609)	(2,021)
CapEx Reserve & Other	(83)	(104)	(712)	(899)
Cash Available for Distribution	<u>\$ 637</u>	<u>\$ 715</u>	<u>\$ 1,081</u>	<u>\$ 2,433</u>
<b>EBITDA</b>				
Hersha Net Income (Loss) from Unconsolidated JV	\$ 289	\$ 315	\$ (78)	\$ 526
<b>Addback:</b>				
Step up and Outside Basis Amortization	18	22	81	121
Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	119	213	3,339	3,671
Hersha EBITDA from Unconsolidated JV	<u>\$ 426</u>	<u>\$ 550</u>	<u>\$ 3,342</u>	<u>\$ 4,318</u>
<b>SIX MONTHS ENDED JUNE 30, 2015</b>				
Joint Venture Net Income	\$ 469	\$ 500	\$ 119	\$ 1,088
<b>Hotel Cash Available for Distribution</b>				
Hotel EBITDA	\$ 947	\$ 1,338	\$ 5,140	\$ 7,425
Debt Service	(263)	(564)	(3,271)	(4,098)
CapEx Reserve & Other	(131)	(122)	(1,308)	(1,561)
Cash Available for Distribution	<u>\$ 553</u>	<u>\$ 652</u>	<u>\$ 561</u>	<u>\$ 1,766</u>
<b>EBITDA</b>				
Hersha Net Income (Loss) from Unconsolidated JV	\$ 198	\$ 207	\$ (153)	\$ 252
<b>Addback:</b>				
Step up and Outside Basis Amortization	37	43	161	241
Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	239	419	5,026	5,684
Hersha EBITDA from Unconsolidated JV	<u>\$ 474</u>	<u>\$ 669</u>	<u>\$ 5,034</u>	<u>\$ 6,177</u>