

Q1 2014 Supplemental Schedules

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KEY PERFORMANCE INDICATORS

Consolidated Hotels

(includes 44 hotels in 2014 and 38 in 2013)

(Recorded from date of acquisition)

	Three Months Ended		
	Mar-2014	Mar-2013	Variance
Rooms Available	579,291	493,116	
Rooms Occupied	439,771	366,613	
Occupancy	75.9%	74.3%	157 bps
Average Daily Rate (ADR)	\$ 164.67	\$ 161.86	1.7%
Revenue Per Available Room (RevPAR)	125.01	120.34	3.9%
Room Revenues	\$ 72,415,053	\$ 59,339,572	\$ 13,075,481
Food & Beverage	4,024,916	2,964,639	1,060,276
Lease Income	713,968	733,597	(19,629)
Other Revenues	2,728,482	2,163,115	565,367
Total Revenues	\$ 79,882,418	\$ 65,200,924	\$ 14,681,495
GOP	\$ 33,930,569	\$ 27,360,189	\$ 6,570,380
GOP Margin	42.5%	42.0%	
GOP Margin Growth	0.5%		
GOP Flow Through	44.8%		
EBITDA	\$ 24,096,528	\$ 19,459,121	\$ 4,637,407
EBITDA Margin	30.2%	29.8%	
EBITDA Margin Growth	0.4%		

Consolidated Excluding Renovation Hotels ⁽¹⁾

(includes 39 hotels in 2014 and 38 in 2013)

(Recorded from date of acquisition)

	Three Months Ended		
	Mar-2014	Mar-2013	Variance
Rooms Available	512,151	426,426	
Rooms Occupied	399,352	318,024	
Occupancy	78.0%	74.6%	340 bps
Average Daily Rate (ADR)	\$ 163.70	\$ 160.52	2.0%
Revenue Per Available Room (RevPAR)	127.64	119.72	6.6%
Room Revenues	\$ 65,372,016	\$ 51,050,720	\$ 14,321,296
Food & Beverage	2,285,834	1,262,869	1,022,965
Lease Income	418,614	330,054	88,560
Other Revenues	2,396,495	1,737,155	659,339
Total Revenues	\$ 70,472,958	\$ 54,380,798	\$ 16,092,160
GOP	\$ 31,457,857	\$ 23,923,683	\$ 7,534,174
GOP Margin	44.6%	44.0%	
GOP Margin Growth	0.6%		
GOP Flow Through	46.8%		
EBITDA	\$ 22,856,982	\$ 17,190,090	\$ 5,666,892
EBITDA Margin	32.4%	31.6%	
EBITDA Margin Growth	0.8%		

(1) Excludes five hotels under renovation including Courtyard LA Westside, Capitol Hill Hotel, NU Hotel, Residence Inn Framingham, and The Rittenhouse.

KEY PERFORMANCE INDICATORS

Same Store Consolidated Hotels

(includes 36 hotels in both years)

(Recorded from date of acquisition)

	Three Months Ended		
	Mar-2014	Mar-2013	Variance
Rooms Available	470,430	469,806	
Rooms Occupied	352,329	346,980	
Occupancy	74.9%	73.9%	104 bps
Average Daily Rate (ADR)	\$ 152.19	\$ 157.37	-3.3%
Revenue Per Available Room (RevPAR)	113.98	116.23	-1.9%
Room Revenues	\$ 53,621,489	\$ 54,603,255	\$(981,767)
Food & Beverage	3,107,759	2,787,444	320,315
Lease Income	577,763	700,030	(122,266)
Other Revenues	1,683,150	1,848,580	(165,429)
Total Revenues	\$ 58,990,162	\$ 59,939,309	\$(949,147)
GOP	\$ 23,486,700	\$ 24,604,103	\$(1,117,403)
GOP Margin	39.8%	41.0%	
GOP Margin Growth	-1.2%		
GOP Flow Through	-117.7%		
EBITDA	\$ 15,795,653	\$ 17,319,131	\$(1,523,478)
EBITDA Margin	26.8%	28.9%	
EBITDA Margin Growth	-2.1%		

PRO FORMA KEY PERFORMANCE INDICATORS

Consolidated Hotels

Three Months Ended
Mar-2014

Pro Forma Consolidated Results

Rooms Available	572,991
Rooms Occupied	434,446
Occupancy	75.8%
Average Daily Rate (ADR)	\$165.13
Revenue Per Available Room (RevPAR)	\$125.21
Room Revenues	71,742,014
Food & Beverage	4,024,916
Lease Income	636,906
Other Revenues	2,725,241
Total Revenues	\$ 79,129,076
GOP	\$ 33,638,046
GOP Margin	42.5%
EBITDA	\$ 23,973,440
EBITDA Margin	30.3%

Note:

Pro Forma figures for the Three Months Ended reflect estimated results the Company would have achieved had the sale of Hotel 373 closed on January 1, 2014. Pro Forma figures do not include full quarter results for Hotel Milo (Hotel was formerly named Hotel Oceana.).

TOTAL PORTFOLIO SUMMARY

	Name	Rooms	Year Opened/Complete Renovation	Acquisition Date	Debt Balance as of 03/31/2014 (\$ 000s)	Ownership %	Hersha Preferred Equity Return
Marriott							
1.	Mystic, CT	285	2001	08/09/2005	\$42,725	66.7%	8.50%
2.	Hartford, CT	409	2005	02/08/2006	\$45,000	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	\$23,664	100.0%	
5.	Brookline/Boston, MA	188	2003	06/16/2005	\$36,908	100.0%	
6.	Norwich, CT	144	1997	08/09/2005	\$8,659	66.7%	8.50%
7.	South Boston, MA	164	2005	07/01/2005	\$13,309	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	\$34,073	100.0%	
14.	Herald Square, Manhattan, NY	136	2005	04/01/2005	\$23,493	100.0%	
15.	Seaport, Manhattan, NY	65	2006	02/01/2007	\$18,210	(a) 100.0%	
16.	Pearl Street, Manhattan, NY	81	(b)	07/22/2011	\$0	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	\$10,397	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	\$7,675	50.0%	
32.	Chester, NY	80	2006	01/25/2007	\$6,340	100.0%	
33.	Madison Square Garden (29th St.), NY	228	2006	06/18/2012	\$55,313	(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	\$19,936	100.0%	
36.	Tribeca, Manhattan, NY	151	2009	05/01/2009	\$31,242	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	\$7,652	100.0%	
Independent							
42.	373 Fifth Avenue, Manhattan, NY	70	2007	06/01/2007	\$18,387	(c) 100.0%	
43.	Duane Street Hotel, Manhattan, NY	43	2008	01/04/2008	\$9,482	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	\$26,996	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 (d)	122	2001	02/28/2014	\$24,883	100.0%	
Hyatt Place							
51.	Valley Forge, PA	129	2010	08/17/2010	(*)	100.0%	
TOTAL		8,120					

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

(a) Debt balance reflects original issue premium or discount

(b) Property is a redevelopment project that is expected to be completed in 2014

(c) Asset sold on 4/30/2014

(d) Hotel was formerly named Hotel Oceana

PORTFOLIO STATISTICS - Q1 2014 ACTUALS

MARKETS				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA⁽¹⁾</u>
New York City	18	2,497	31%	34%
Miami	4	642	8%	22%
West Coast	6	1,061	13%	21%
Washington, DC	6	939	12%	11%
Boston	7	883	11%	7%
Philadelphia	3	495	6%	1%
Other	7	1,603	20%	4%
TOTAL	51	8,120	100%	100%

OWNERSHIP				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA⁽¹⁾</u>
100% Owned Assets	45	6,607	81%	98%
Unconsolidated JV Assets	6	1,513	19%	2%
TOTAL	51	8,120	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	7,405	91%	93%
Destination	3	571	7%	7%
Secondary	1	144	2%	0.3%
All Types	51	8,120	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	21	2,838	35%	37%
Upscale Transient	13	2,270	28%	36%
Upscale Extended Stay	11	1,439	18%	22%
Upper Upscale	6	1,573	19%	5%
All Segments	51	8,120	100%	100%

MANAGERS				
	<u>Hotels</u>	<u>Rooms</u>	<u>% of Total Rooms</u>	<u>% of Total EBITDA⁽¹⁾</u>
HHM Managed	45	6,607	81%	98%
Waterford Managed	4	1,231	15%	2%
Jiten Managed	2	282	3%	0.4%
TOTAL	51	8,120	100%	100%

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

MORTGAGES AND NOTES PAYABLE

	3/31/2014	Capped or	3/31/2014		Maturity
	Fixed Rate	Fixed	Floating Rate	Floating	
Consolidated Properties	Balance	Rate	Balance	Rate	
Capitol Hill Hotel - Washington DC	\$26,995,590	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⁾	\$24,883,279	4.40%			04/2023
Courtyard - Brookline, MA	\$36,908,344	5.35%			07/2015
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	\$6,340,116	5.63%			03/2017
Hilton Garden Inn - JFK Airport, NY	\$19,936,081	5.82%			04/2017
Hampton Inn - Herald Square, NY	\$23,492,747	6.09%			04/2016
Hampton Inn - Chelsea, NY	\$34,072,639	6.24%			10/2016
Residence Inn - Greenbelt, MD	\$10,396,851	6.25%			10/2014
Courtyard - Alexandria, VA	\$23,664,217	6.25%			10/2016
Hampton Inn - Seaport, NY	\$17,974,204	6.36%			10/2016
<i>Original Issue Premium: Hampton Inn - Seaport, NY</i>	\$235,585	na			na
Hawthorn Suites - Franklin, MA	\$7,652,345	6.40%			05/2016
Holiday Inn Express - Madison Square Garden (29th St), NY	\$53,301,219	6.50%			11/2016
<i>Original Issue Premium: Holiday Inn Express - Madison Square Garden (29th St), NY</i>	\$2,011,656	na			na
Duane Street Hotel - Manhattan, NY	\$9,482,185	5.43%			01/2017
Hilton Garden Inn, Tribeca, NY	\$31,241,803	8.25%			02/2015
Hotel 373 - Manhattan, NY ⁽²⁾			\$18,386,536	LIBOR + 3.85%	06/2017
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	\$516,766,861		\$124,934,536		
Total Consolidated Mortgage Debt	\$641,701,397				
Unconsolidated Joint Ventures					
Courtyard - Norwich, CT	\$8,658,961	5.63%			08/2015
Courtyard - South Boston, MA	\$13,309,469	5.75%			06/2016
Marriott - Mystic, CT	\$42,724,765	6.24%			08/2017
HIEXP - South Boston	\$7,675,241	4.25%			06/2027
Marriott - Hartford, CT ⁽³⁾	\$45,000,000	5.57%			03/2024
Hilton - Hartford, CT			\$7,000,000	LIBOR + 0.20%	08/2030
Sub-Total	\$117,368,436		\$7,000,000		
Total Unconsolidated Joint Venture Debt	\$124,368,436				

(1) Hotel was formerly named Hotel Oceana.

(2) Asset sold on 4/30/2014.

(3) The debt was refinanced with a new lender at \$45 million.

ACQUISITION & DISPOSITION ACTIVITY AS OF 3/31/2014

2013 Acquisition Activity

As of 3/31/2014 (\$ Thousands)						
Name	Rooms	Year Opened/ Complete Renovation	Acquisition Date	Purchase Price	Debt Balance as of 03/31/2014	Ownership %
Hotel Milo Santa Barbara, CA ⁽¹⁾	122	2001	02/28/2014	\$41,928	\$24,883	100.0%

2013 Disposition Activity

As of 3/31/2014 (\$ Thousands)				
Name	Rooms	Disposition Date	Disposition Price	Ownership %
Non-Core Portfolio ⁽²⁾	489	2/12/2014 & 2/25/2014	\$58,400	100.0%

(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
Holiday Inn Express - South Boston, MA	\$8.0 mm	Fixed at 4.25% for 5 years and then floating thereafter at FHLB rate + 3.0% with floor of 4.25%	06/01/2027	Regional Bank	\$6.5 mm	6.75%	02/01/2015	Regional Bank
Courtyard - Miami Beach Oceanfront	\$60.0 mm	Swapped at 4.32% through maturity date	07/01/2017 ⁽¹⁾	National Bank	\$30.0 mm	6.73%	06/01/2012	National Bank
Capitol Hill Hotel - Washington DC	\$27.5 mm	3.79%	02/01/2017 ⁽¹⁾	National Bank	\$32.5 mm	5.81%	02/01/2012	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 both 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

March 31, 2014

(\$ Thousands)

	<u>March 31, 2014</u>
Cash	\$24,312
Unsecured Term Loan	150,000
Revolving Line of Credit	23,000
Mortgages and Notes Payable - Consolidated Assets	571,767
Liabilities Related to Assets Held for Sale	18,387
Mortgages Payable - HT Portion of Unconsolidated JV Assets	52,131
Trust Preferred Securities	51,548
Total Debt	866,833
Series B Preferred Shares	115,000
Series C Preferred Shares	75,000
Operating Partnership Units (6,914,716 @ \$5.83)*	40,313
Class A Common Shares (200,622,708 @ \$5.83)*	1,169,630
Total Equity	1,399,943
ENTERPRISE VALUE	\$2,242,464

* Stock price and share counts as of March 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 MARCH 31, 2014				
Joint Venture Net Loss	\$ (205)	\$ (287)	\$ (6,019)	\$ (6,511)
Hotel Cash Available for Distribution				
Hotel EBITDA	\$ 34	\$ 132	\$ 1,741	\$ 1,907
Debt Service	(132)	(283)	(2,018)	(2,433)
CapEx Reserve & Other	(43)	(38)	(607)	(688)
Cash Available for Distribution	<u>\$ (141)</u>	<u>\$ (189)</u>	<u>\$ (884)</u>	<u>\$ (1,214)</u>
EBITDA				
Hersha Net Loss from Unconsolidated JV	\$ (121)	\$ (164)	\$ (135)	\$ (420)
Addback:				
Step up and Outside Basis Amortization	19	21	103	143
Adjustment for interest in interest expense, depreciation and amortization of unconsolidated joint venture	119	209	1,725	2,053
Hersha EBITDA from Unconsolidated JV	<u>\$ 17</u>	<u>\$ 66</u>	<u>\$ 1,693</u>	<u>\$ 1,776</u>