
HERSHA
Investor Presentation

Hersha Today

- The Company's unique portfolio provides a combination of
  - High Absolute RevPAR
  - Sector Leading Margins
  - Long-Term Residual Real Estate Appreciation
  - Income Growth and Dividend Safety

- HT owns 55 high quality, rooms-oriented, transient hotels in Boston, New York, Washington, DC, Philadelphia, Miami and California
  - HT's portfolio has been assembled, pruned, and polished over the past 5 years, and is positioned to generate significant free cash flow growth moving forward

Boston

The Envoy

Washington, DC

The Ritz-Carlton Georgetown

Miami

The Cadillac, Courtyard Miami Beach

California

Courtyard Los Angeles Westside

Best-in-Class Capabilities

The Company's expertise and capabilities are best-in-class

Management

- Third lodging cycle together as a C-level management team, with a 17-year track record of meaningful outperformance
- Consistent RevPAR outperformance in HT's six gateways, with sustained EBITDA growth and sector leading margins

Capital Allocation

- Since 2012, HT has sold approximately $1.26 billion of stabilized hotels, recycling capital into accretive share repurchases and higher growth acquisitions
- Across the last 3 years, free cash flow growth has enabled the Company to repurchase $186.6 million[1] of stock, representing 16.6% of shares outstanding, while increasing the common dividend by 17%

Balance Sheet

- Fortified balance sheet with a $1.0 billion senior unsecured credit facility
- New $200.0 million term loan addresses 2016 and 2017 debt maturities
- $192.5 million 6.5% Series D Preferred Shares further optimizes balance sheet, providing additional flexibility to execute business plan

Acquisitions

- Since 2012, HT has invested $1.0 billion and established new asset clusters in Miami, Southern and Northern California, as well as existing markets, including New York City, Washington, DC and Boston; these new asset clusters account for more than one-third of HT's current EBITDA
- Clustered hotels in markets where the Company has long-term conviction provides immediate operational advantage and crucial local knowledge to drive outperformance and deal flow

[1] As of September 9, 2016

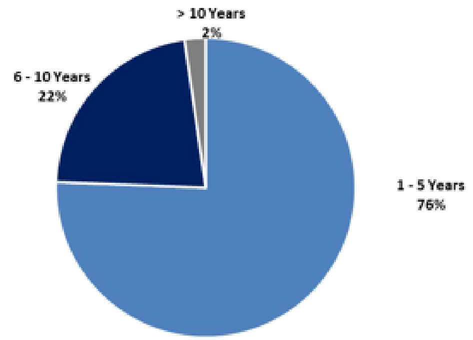
Balanced Portfolio

- Young, purpose-built hotels designed for today's tastes and preferences minimizes capital expenditures and EBITDA disruption

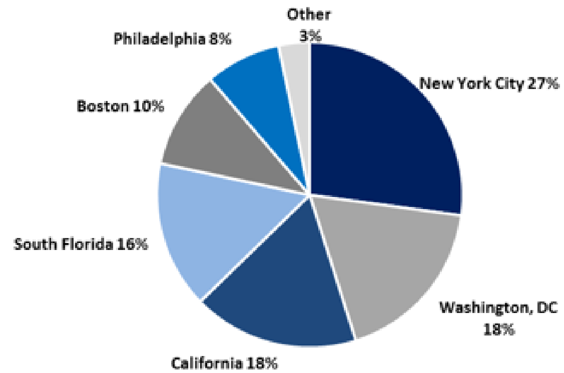
- HT's unencumbered portfolio, franchised with category-killing brands, enables intense revenue management and complete alignment with operators

- Upscale and Independent lifestyle hotels are the highest growth sectors in Hospitality

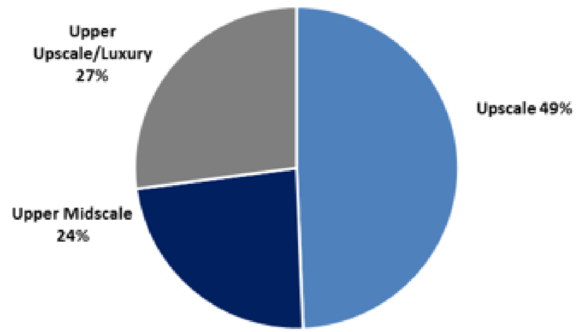
% of FY 2016 EBITDA by Age



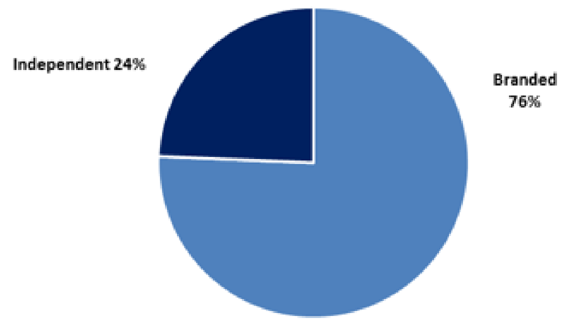
% of FY 2016 EBITDA by Market[(1)]



% of FY 2016 EBITDA by Segmentation

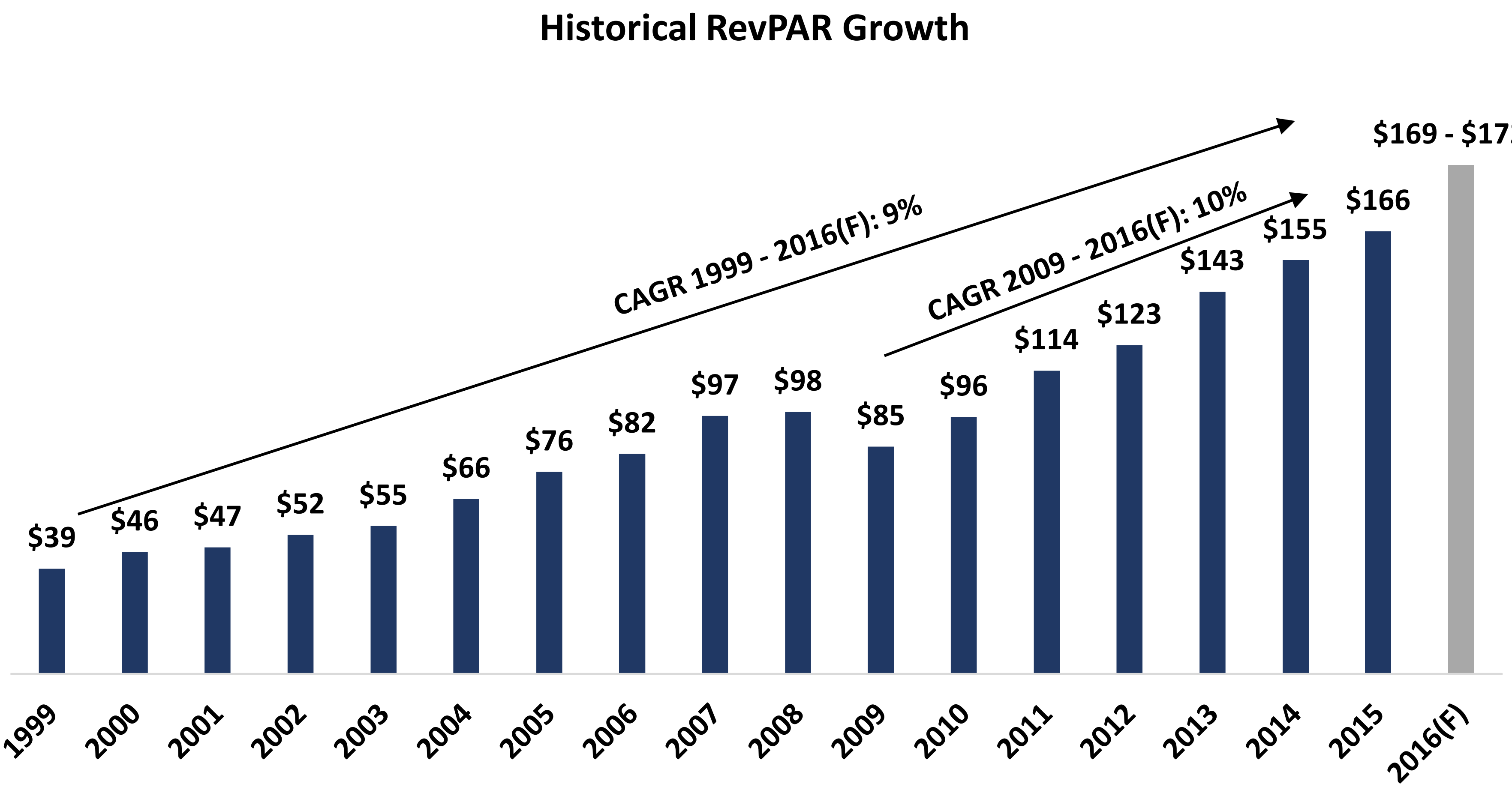


% of FY 2016 EBITDA Branded vs. Independent



(1) Reflects Consolidated EBITDA post 7-hotel portfolio sale to Cindat, and suburban property dispositions

Premium RevPAR Growth Across Cycles



*FY 2016(F) consolidated RevPAR includes Cindat 7-pack through 4/30/2016, while excluding these assets thereafter

Note: RevPAR based on total portfolio results prior to 2006. RevPAR based on consolidated portfolio results from 2006-2016(F)

Portfolio Recycling

- In addition to the Cindat sale and disposition of the Hyatt Place King of Prussia, HT has sold or is under contract to sell 8 suburban hotels for $240.9 million, or $223,000 per key
  - The sales price for the 8 hotels reflect a blended economic capitalization rate of 8.0% based on TTM net operating income as of July 2016, and a blended hotel EBITDA multiple of 11.3x
  - The sales are expected to generate $155 million to $165 million in net proceeds after debt repayment of approximately $75 million*
  - The Company is selling the 8 hotels at an 45.4% premium to the Company's blended purchase price of $165.7 million, or $154,000 per key
  - The 8 hotels reported TTM RevPAR of $123.57 as of July 2016 vs. $177.51 for the remainder of the portfolio
- HT has and will continue to deploy sales proceeds to repurchase shares and acquire higher growth hotels
  - The Company has reduced net leverage by $107.1 million in 2016
  - The Company has repurchased $43.4 million of common shares in 2016, representing 5.2% of the float
  - The Company has acquired 3 properties for $258.4 million in 2016

*Debt balance as of 6/30/2016

HT Sells JV Interest in 7 Manhattan Hotels

- HT closed on its joint venture with Cindat Capital Management Limited ("Cindat") for 7 of the Company's hotels in Manhattan for a total purchase price of $571.4 million, or $526,000 per key
  - The joint venture is structured with Cindat as the preferred joint venture partner holding a 70.0% ownership stake, while HT retains a 30.0% equity interest
  - The sale reduces HT's consolidated EBITDA exposure in New York City from approximately 43.0% in 2015 to 28.0% in 2016
- The purchase price including closing costs represented a trailing 5.4% economic capitalization rate and an EBITDA multiple of 16.8x based on 2015 results for these assets
  - HT sold the 7 hotels at an 81.0% premium to the Company's blended purchase price of $316.1 million, or $291,000 per key
- HT received $375 million in net proceeds from the sale
  - HT maintained a $43.2 million preferred equity investment in the JV earning a 9.0% cumulative return, with the potential to sell this tranche to an unaffiliated third party investor

Accretive Portfolio Recycling

- The Company’s NY transaction and suburban hotel dispositions provide flexibility for accretive investments in Northern California, Washington, DC and Boston
  - Reduces exposure to Manhattan, which will remain a challenging market over the next 12-to-24 months
  - Refines geographic mix to urban gateway and destination markets
  - Upgrades portfolio quality with young, higher RevPAR and EBITDA per key hotels
  - Attractive trade in terms of stabilized yield

	HT 2015-2016 Replacement Assets	Cindat Portfolio Sale	Suburban West Coast & DC Portfolio	Suburban Boston Portfolio
Hotels	6	7	5	3
Price ($000)	$393,200	$571,400	$185,000	$55,900
Rooms	769	1,087	757	321
Price/key ($000)	$511	$526	$244	$174
Yield*	8.7%	5.4%	8.0%	8.2%
Occ	80.3%	91.2%	78.5%	77.2%
ADR	$261.22	$212.24	$165.04	$141.97
RevPAR	$209.79	$193.47	$129.51	$109.54
EBITDA/key ($000)	$31	$29	$21	$16
Average Age (yrs)	3.6	8.3	14.4	14.3

Occ, ADR, RevPAR and EBITDA/key are TTM as of 7/31/2016

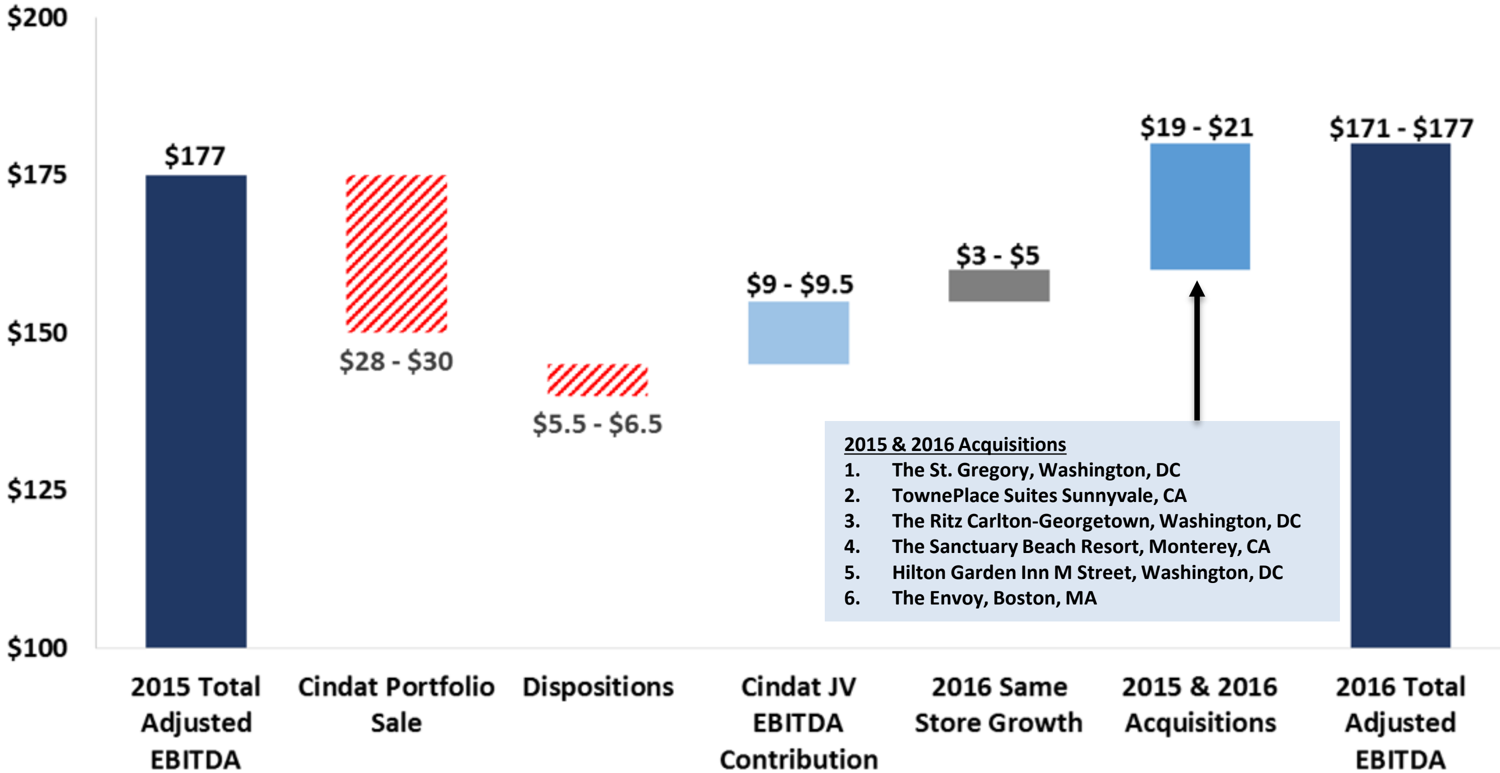
*HT 2015-2016 Replacement Assets forecast stabilized yield; Cindat Portfolio per FY 2015 results; Suburban portfolios TTM as of 7/31/2016

Note: HT 2015-2016 Replacement Assets include The Envoy, Hilton Garden Inn M Street, Sanctuary Beach Resort, Ritz-Carlton Georgetown, TownePlace Suites Sunnyvale and the St. Gregory Hotel

2016 Outlook - HT

- The Company's updated FY 2016 EBITDA guidance reflects the sale of 7 New York City hotels to Cindat, the disposition of suburban hotels and the acquisition of the Envoy Hotel in Boston

- Recently acquired hotels in California, Washington, DC and Boston are expected to contribute significant EBITDA in 2016



The Envoy Hotel

- In July, HT acquired the fee simple 136-room Envoy Hotel in Boston for $112.5 million or approximately $827,000 per key
  - The Company forecasts a stabilized economic capitalization rate and EBITDA multiple of 8.0% and 12.0x, respectively

- The Envoy opened in June 2015, quickly establishing itself as one of the best new hotels in Boston
  - *USA Today* named The Envoy the 'Best New Hotel in America', *Forbes* selected The Envoy as the 'Best New Hotel in Boston', while AAA gave the hotel its 4-Diamond designation

- At a 6.3% forward economic capitalization rate, the acquisition is accretive compared to the Cindat transaction's 5.4% economic capitalization rate
  - The Envoy acquisition fulfilled $59.0 million of deferred taxable gains from the Cindat transaction

The Envoy Hotel

- The Envoy is in Boston's Innovation District, straddling downtown Boston and the Seaport
  - The hotel is proximate to significant and diverse corporate demand in the city's Financial District, the 516,000 sq. ft. Boston Convention & Exhibition Center, and the U.S. Federal Courthouse
  - The hotel is also within walking distance to Boston Common, Faneuil Hall, the North End, South Station and only 3 miles from Logan International Airport
- Boston's business ecosystem, talent pool, and global connectivity have made the Seaport a destination for global corporations
  - Companies such as GE, Vertex Pharmaceuticals, State Street, Fidelity Investments, PWC, and Battery Ventures, among others, have re-located to the Seaport

California and Washington, DC Acquisitions

- **Northern California**
  - In January 2016, HT acquired the fee simple 60-room Sanctuary Beach Resort on Monterey Bay
  - The property requires no significant or disruptive capital expenditures to drive market share or EBITDA growth
  - In August 2015, HT acquired the 94-room TownPlace Suites Sunnyvale for $27.7 million
- **Washington, DC**
  - In March 2016, HT closed on the fee simple 238-room Hilton Garden Inn M Street for $106.5 million, or $447,500 per key
  - In December 2015, HT acquired the fee interest in the 86-room Ritz-Carlton Georgetown for $50.0 million, or $581,400 per key
  - In June 2015, HT acquired the 155-room St. Gregory Hotel for $57.0 million, or $368,000 per key


The Sanctuary Beach Resort


The Ritz-Carlton Georgetown


Hilton Garden Inn M Street


HERSHA
HT Markets
HEALTH FROM SUNSHINE IN
MIAMI-BEACH
Capa City
MIAMI BEACH
MIAMI BEACH MIAMI BEACH
Cadillac

A Clustered Portfolio in High Barrier Markets

Boston (8 hotels, 1,019 rooms)
The Envoy
The Boxer Boston
Courtyard by Marriott Brookline
Holiday Inn Express Cambridge
Courtyard by Marriott South Boston*
Holiday Inn Express South Boston*
*Residence Inn Framingham***
*Residence Inn Norwood***

Washington, DC (9 hotels, 1,418 rooms)
The Ritz-Carlton Georgetown
The St. Gregory Hotel
The Capitol Hill Hotel
Hilton Garden Inn M Street
Hampton Inn Washington DC
Residence Inn Tysons Corner
Hyatt House Gaithersburg
*Courtyard by Marriott Alexandria***
*Residence Inn Greenbelt***

New York City (19 hotels, 2,712 rooms)
Hyatt Union Square
The Duane Street Hotel, Tribeca
The NU Hotel, Brooklyn
Hilton Garden Inn Manhattan Midtown East
Hilton Garden Inn Tribeca
Holiday Inn Express Manhattan
Hampton Inn Downtown Financial District
Hampton Inn Seaport
Holiday Inn Express Times Square South*
Candlewood Suites Times Square South*
Hampton Inn Manhattan/Times Square South*
Hampton Inn Madison Square Garden*
Hampton Inn Chelsea*
Holiday Inn Wall Street*
Holiday Inn Express Water Street*
Sheraton Hotel JFK International Airport
Hilton Garden Inn JFK International Airport
Hyatt House White Plains
Holiday Inn Express Chester

Northern California
(4 hotels, 424 rooms)
The Sanctuary Beach Resort
TownePlace Suites Sunnyvale
*Hyatt House Pleasant Hill***
*Hyatt House Pleasanton***

Santa Barbara
(1 hotel, 122 rooms)
The Hotel Milo Oceanfront

Los Angeles (1 hotel, 260 rooms)
Courtyard by Marriott
Los Angeles Westside

San Diego (1 hotel, 245 rooms)
Courtyard by Marriott
Downtown San Diego

Scottsdale (1 hotel, 164 rooms)
*Hyatt House Scottsdale***

Miami & Key West (5 hotels, 790 rooms)
The Blue Moon Hotel, Miami Beach
The Winter Haven Hotel, Miami Beach
The Cadillac Courtyard Miami Beach
Residence Inn Miami Coconut Grove
The Parrot Key Hotel & Resort, Key West

Philadelphia (3 hotels, 558 rooms)
The Rittenhouse
Hampton Inn Center City/Convention Center
Sheraton Wilmington South

*Unconsolidated Joint Ventures
***Under contract to sell*
Note: Map excludes HT's 3 unconsolidated joint venture properties within the Mystic JV

California

- HT's California cluster delivered 7.4% RevPAR growth, and 110 basis points of EBITDA margin expansion in Q2 2016
- In FY 2016, the California market is expected to contribute 18.0% of consolidated EBITDA(1), with fundamentals supported by strong demand growth, and new hotel supply constrained by the high cost of land, and the lengthy entitlement process
- The San Francisco, Los Angeles and San Diego markets are forecast to increase RevPAR by 7.9%, 7.6% and 8.1%, respectively, in 2016(2)

California Portfolio	
1	The Sanctuary Beach Resort
2	The Hotel Milo
3	Courtyard by Marriott Westside Los Angeles
4	Courtyard by Marriott Downtown San Diego
5	TownePlace Suites Sunnyvale
6	*Hyatt House Pleasant Hill***
7	*Hyatt House Pleasanton***
8	*Hyatt House Scottsdale***

The Sanctuary Beach Resort

The Hotel Milo

(1) Post New York City 7-Hotel Portfolio Sale to Cindat and disposition of suburban hotels
(2 CBRE Hotels May – March 2016
**Under contract to sell

Washington, DC

- HT's Washington, DC cluster delivered 6.1% RevPAR growth, and EBITDA margins of 42.8% in Q2 2016
- In FY 2016, the Washington, DC market is expected to contribute 18.0% of consolidated EBITDA[(1)]
- The Washington, DC market is forecast to increase RevPAR by 4.2% in 2016[(2)]

Washington, DC Portfolio	
1	The Ritz-Carlton Georgetown
2	The St. Gregory Hotel
3	The Capitol Hill Hotel
4	Hilton Garden Inn M Street
5	Hampton Inn Washington, DC
6	Residence Inn Tysons Corner
7	Hyatt House Gaithersburg
8	*Courtyard by Marriott Alexandria***
9	*Residence Inn Greenbelt***

The Ritz-Carlton Georgetown

The Capitol Hill Hotel

(1) Post New York City 7-Hotel Portfolio Sale to Cindat and disposition of suburban hotels
(2 CBRE Hotels June – August 2016
**Under contract to sell

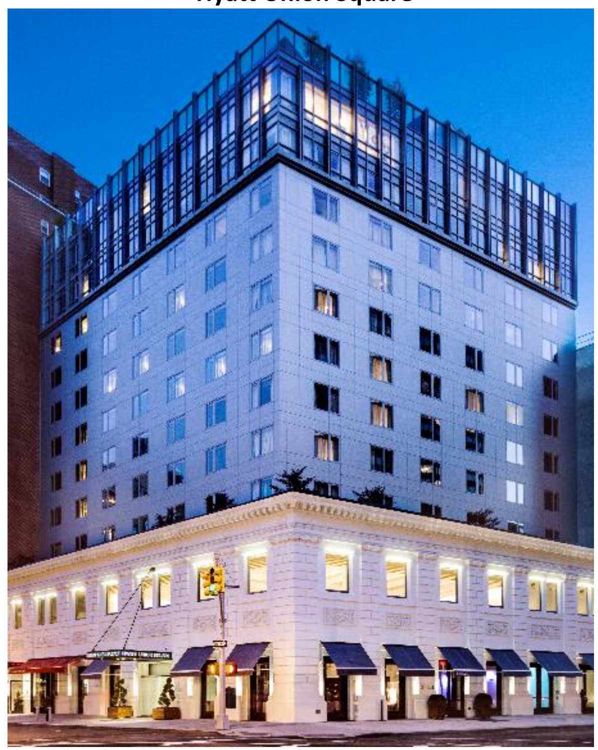
Manhattan

- HT's Manhattan cluster reported a 5.5% RevPAR decline in Q2 2016, negatively impacted by the delivery of new supply
    - In FY 2016, the market is expected to contribute 27.0% of consolidated EBITDA[1]
    - Post-Cindat closing, HT continues to fully own 10 high quality, well-located hotels in diverse submarkets that are preferred by corporate and leisure transient travelers
- The market is forecasting a 1.3% RevPAR decline in 2016[2]

Manhattan Portfolio	
1	Hyatt Union Square New York
2	The Duane Street Hotel, Tribeca
3	Hilton Garden Inn 52nd Street
4	Hilton Garden Inn Tribeca
5	Holiday Inn Express Manhattan
6	Hampton Inn Downtown Financial District
7	Hampton Inn Seaport

The Duane Street Hotel, Tribeca

Hyatt Union Square



[1] Post New York City 7-Hotel Portfolio Sale to Cindat and disposition of suburban hotels
[2] HVS May 2016

Boston

- HT's Boston cluster reported RevPAR growth of 0.4% in Q2 2016 and EBITDA margins of 50.4%
- In FY 2016, the Boston market is expected to contribute 10.0% of consolidated EBITDA[(1)]
- The Boston market is forecast to increase RevPAR by 3.0% in 2016[(2)]

Boston Portfolio	
1	The Envoy
2	The Boxer
3	Courtyard by Marriott Brookline
4	Holiday Inn Express Cambridge
5	*Residence Inn Framingham***
6	*Residence Inn Norwood***

The Boxer

Courtyard by Marriott Brookline

[(1)] Post New York City 7-Hotel Portfolio Sale to Cindat and disposition of suburban hotels
[(2] CBRE Hotels June – August 2016
**Under contract to sell

South Florida

- HT’s South Florida reported 1.4% RevPAR growth in Q2 2016 and 70 bps of margin improvement
- In FY 2016, the South Florida market is expected to contribute 16.0% of consolidated EBITDA(1)
- The South Florida market is forecast to decrease RevPAR by 2.9% in 2016(2)

South Florida Portfolio	
1	The Blue Moon Hotel
2	The Winter Haven Hotel
3	The Cadillac, Courtyard Miami Beach
4	Residence Inn Miami Coconut Grove
5	The Parrot Key Hotel & Resort

The Blue Moon Hotel

The Cadillac, Courtyard Miami Beach

(1) Post New York City 7-Hotel Portfolio Sale to Cindat and disposition of suburban hotels
(2 CBRE Hotels June – August 2016

Philadelphia

- HT's Philadelphia cluster delivered 8.8% RevPAR growth in Q2 2016
- In FY 2016, the Philadelphia market is expected to contribute 8.0% of consolidated EBITDA[(1)]
- The Philadelphia market is forecast to increase RevPAR by 1.1% in 2016[(2)]

Philadelphia Portfolio	
1	The Rittenhouse
2	Hampton Inn Center City/Convention Center
3	Sheraton Wilmington South

Hampton Inn Center City/Convention Center

The Rittenhouse

[(1)] Post New York City 7-Hotel Portfolio Sale to Cindat and disposition of suburban hotels
[(2] CBRE Hotels June – August 2016


HERSHA
Financial Performance and Outlook

Free Cash Flow Generation

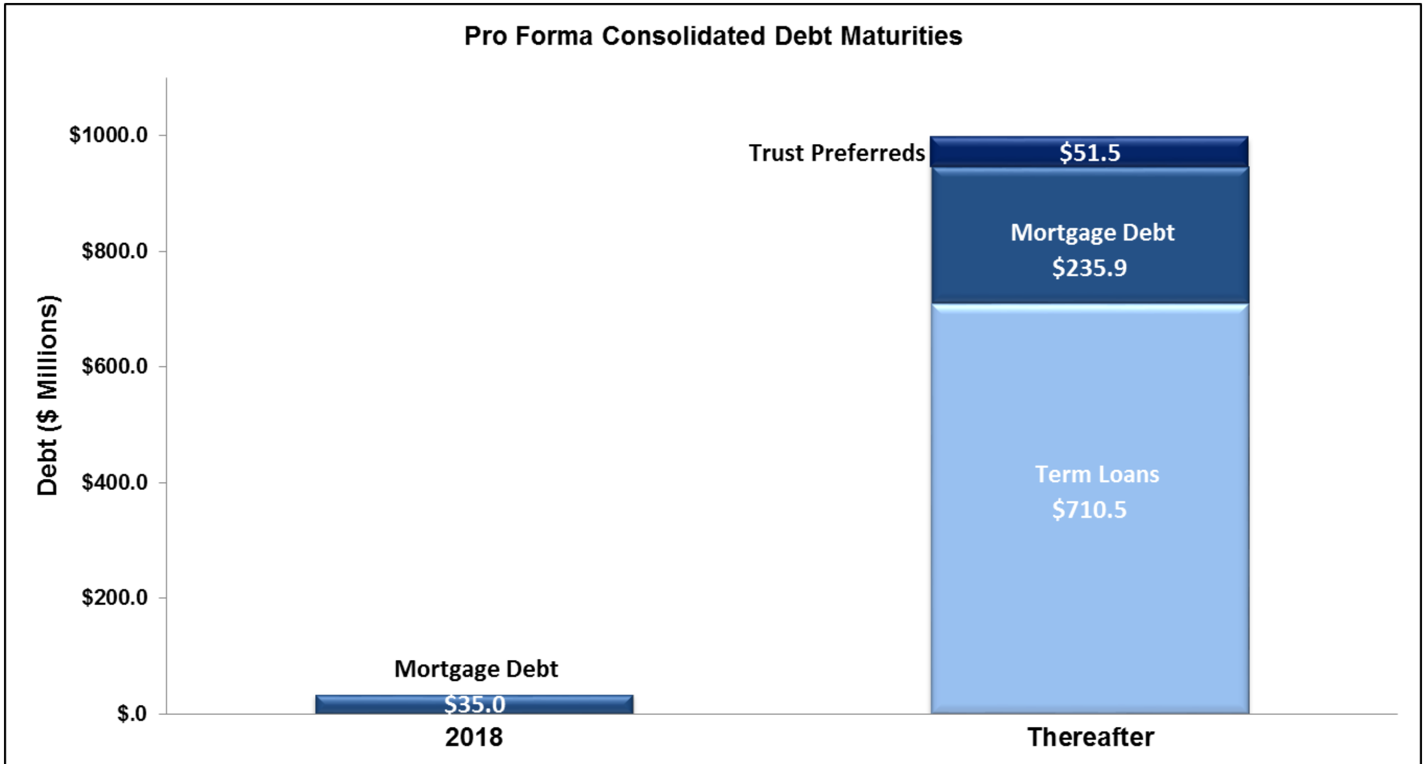
- HT's capex requirements are among the lowest in the sector
- AFFO per share increased 18.7% in 2015, and has grown at a 10.1% CAGR since 2010
- HT's FY 2016 dividend payout ratio is forecast at 47% of AFFO per share

	2016F	
	Low	**High**
Total Adjusted EBITDA	$171	$177
Debt Service[1]	($45)	($45)
Consolidated Capex Spend	($25)	($27)
Free Cash Flow before Dividend Payments	**$101**	**$105**

[1] Debt service reflects projected interest expense and scheduled principal amortization

HT Debt Maturities

- The Company's new $200.0 million Term Loan addresses 2016 and 2017 debt maturities, saving approximately $7.0 million in interest expense on a full-year pro forma basis



6.0% of Total Debt is CMBS Debt
The Company's secured and unsecured debt is fully pre-payable outside of CMBS debt

* Chart above is Pro Forma, which reflects HT's new $200 million Term Loan, and subsequent pay down of 2016 and 2017 debt maturities; Excludes OID/OIP

Capitalization

$ Millions	Pro Forma Capitalization as of 6/30/2016
Share Price as of 9/9/2016	$18.18
Common Shares & Restricted Stock (millions)	42.8
LP Units (millions)	2.2
Shares + Units	45.1
Equity Market Capitalization	**$819.3**
Mortgages & Notes Payable	545.2
Unsecured Term Loan	508.6
Line of Credit	-
Total Consolidated Debt	$1,053.8
Preferred Stock Series C	75.0
Preferred Stock Series D	192.5
Total Consolidated Debt + Preferred Equity	$1,321.3
Consolidated Equity & Debt Capitalization	**$2,140.6**
HT Pro Rata Share of Unconsolidated Joint Venture Debt	145.0
Preferred Equity to Unconsolidated Joint Venture	43.2
Total Capitalization	**$2,328.8**
Cash & Cash Equivalents	170.6
Deposits	15.9
Total Enterprise Value (TEV)	**$2,142.3**

Net Consolidated Debt / TEV	**40.5%**
Net Consolidated Debt + Pref / TEV	**53.0%**
Net Consolidated Debt / 2016 EBITDA [1]	**4.9x**
Net Consolidated Debt + Pref / 2016 EBITDA [1]	**6.5x**
2016 EBITDA / 2016 Interest Expense [1]	**4.0x**

Note: Pro Forma capitalization reflects adjustments in Cash & Cash Equivalents for the Envoy Hotel acquisition and the Suburban Boston 2-Hotel Portfolio sale
[1] EBITDA reflects consensus estimates. Net Consolidated Debt = Consolidated Debt less Cash & Cash Equivalents and Deposits


HERSHA
Relevant Lodging Topics

International Demand

- International visitation remains a long-term driver of lodging demand in the U.S., and is forecast to reach 90.3 million by 2020[1], equivalent to a 3.1% CAGR from 2015 - 2020
  - As of May 2016, total international passengers increased 5.7% in HT's major markets, led by Boston, Los Angeles and New York City
  - In Boston, Logan International Airport has added non-stop flights to Oslo, Dusseldorf, London Gatwick and Copenhagen, while Emirates and Hainan Airlines have added second non-stop flights to Dubai and Beijing, respectively
  - Airlift in Miami remains strong, with new direct flights from Austria, Manchester, England, and the first non-stop service from the Middle East to the State of Florida (Doha-to-Miami with Qatar Airways)
- HT's operator alignment, and revenue management expertise allows the Company to quickly and efficiently target specific countries and channels based on demand and changing travel patterns
- HT has not witnessed a material impact on international demand, but has experienced pricing pressure as a result of the stronger U.S. dollar

[1] International Trade Administration (ITA), October 26, 2015

Airbnb: Increasing Enforcement Momentum

- Major cities in the U.S. are enacting legislation to eliminate illegal listings on home-sharing sites such as Airbnb
  - In June 2016, the New York State Legislature passed a Bill outlining the enforcement of illegal short-term rentals; the Bill is awaiting Gov. Cuomo's signature
    - While it has been illegal to rent a unit for less than 30 days in New York City since 2010, there was no enforcement framework
    - Not only will it be illegal to rent a unit for shorter than 30 days, it will also be illegal to advertise the rental of that unit on home sharing platforms such as Airbnb
    - The new legislation provides an enforcement framework through the Mayor's Office of Special Enforcement, and is expected to materially deter hosts from advertising units on Airbnb
  - In June 2016, the San Francisco Board of Supervisors passed a bill requiring home-sharing services to remove listings not registered with the city's Office of Short-Term Rentals
    - Hosts can now only register one property
    - The property must be their primary residence
    - The Bill places a 90-day per year limit on the number of days guests can stay when the resident host is away
  - The Los Angeles City Planning Commission has drafted an ordinance that would require hosts to pay a hotel tax, turn over rental information, and limit the number of days they host guests to 120 days per year
- Conclusion: Airbnb will no longer have free reign to operate without oversight in major urban centers, and should not be viewed as the material disruptor feared by industry pundits


HERSHA
New York City

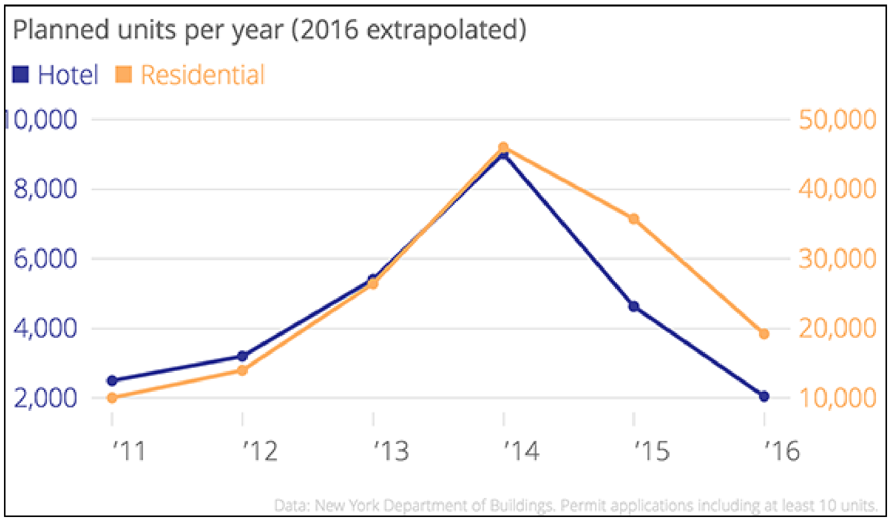
Manhattan Demand – Diversified and Expanding

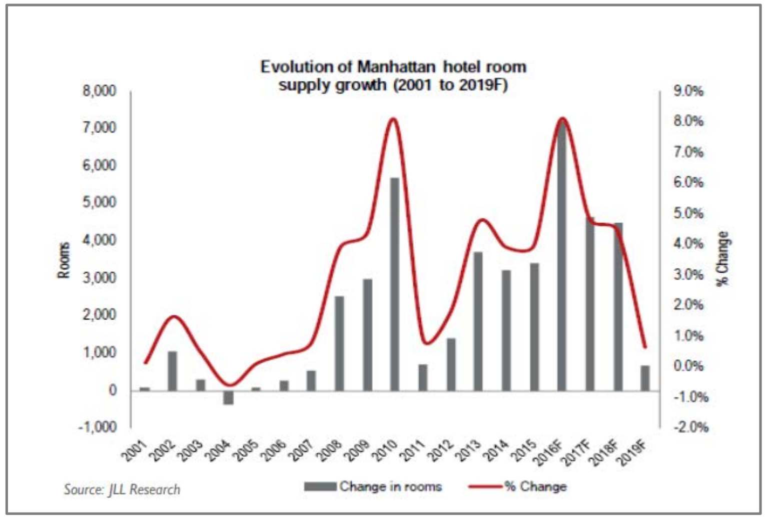
- The number of occupied hotel rooms has increased from 21.6 million in 1999 to 35.6 million in 2015, a CAGR of 3.6%[1]
- Over 12.2 million sq. ft. of commercial space will be delivered over the next year in Manhattan, the largest volume in over 30 years
  - In 2016, the New York City Building Congress anticipates overall construction spending exceeding $40.0 billion for the first time in the city's history, after increasing 10.0% to $39.0 billion in 2015
  - According to Cushman & Wakefield, there are more than 45 companies seeking at least 100,000 sq. ft. of office space in Manhattan, with companies such as BlackRock, Deutsche Bank and Samsung each seeking over 1.0 million sq. ft.
- Visitation to New York City rose 3.0% in 2015 to a record 58.3 million, and is expected to reach 59.7 million in 2016[2]
- Additional demand generators include Hudson Yards, the largest private real estate development in the U.S., the continued transformation of Lower Manhattan, and the expansion of other Midtown corridors

(1) Cushman & Wakefield
(2) NYC and Company

Manhattan Supply – Permit Pipeline

- Permit applications for hotel projects have declined materially since 2014
- Hotel developers submitted permit applications for only 6 new hotel projects (totaling 512 units) across the city through March 2016, accelerating a downward trend that began in 2014
- As a result, new hotel room delivery is expected to significantly decline beginning in 2017 through 2019

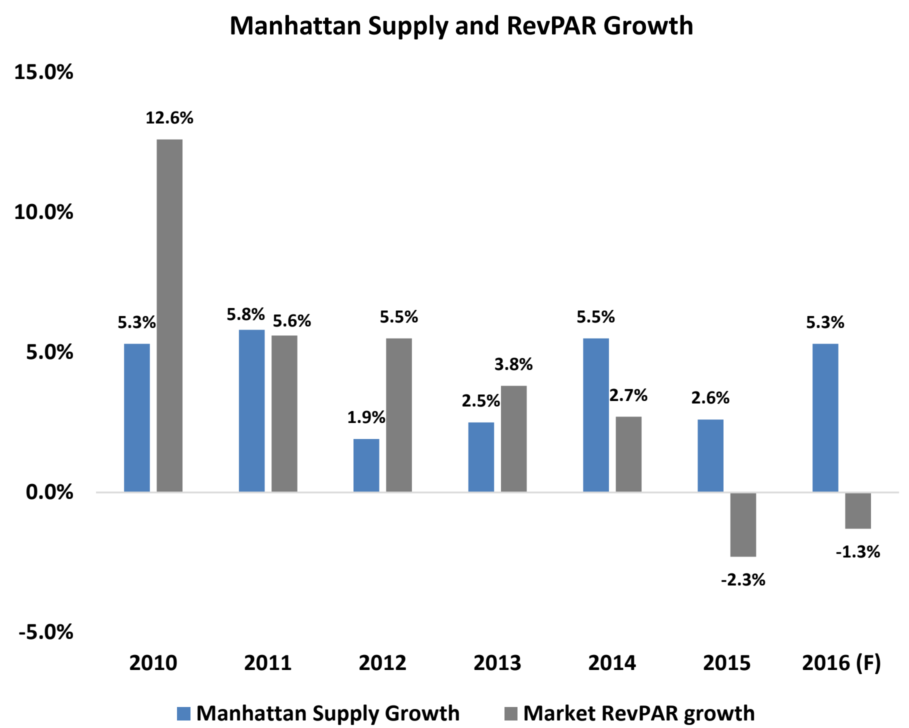




Manhattan Supply – Expect Delays

Expect new supply deliveries in Manhattan to be lower than projected

- Manhattan experienced supply growth of 2.6% in 2015, and has averaged 3.9% growth from 2010 – 2015[(1)]
  - Manhattan RevPAR has averaged 4.7% growth over the same period
- Hersha estimates new supply growth of 5.3% in 2016 and 2.8% in 2017



[(1)] STR; 2016(F) reflects HT's internal estimates per June 2016 site visits with 2016 (F) Manhattan RevPAR growth per HVS May 2016