

The background image shows a two-story white building with a prominent front porch supported by columns. The building is surrounded by numerous palm trees and lush greenery. A large, abstract bronze statue is visible on the right side of the frame. The scene is set at dusk, with a pink and purple sky and interior lights of the building glowing. A paved walkway leads towards the building.

HERSHA

HOTELS AND RESORTS

*URBAN SELECT SERVICE TRANSACTION
INVESTOR PRESENTATION*

APRIL 2022

URBAN SELECT SERVICE TRANSACTION SUMMARY

Hersha Hospitality Trust (“Hersha”) Today Announced an Agreement to Sell the Company’s Non-Core Urban Select Service (“USS”) Portfolio for Gross Proceeds of \$505 million

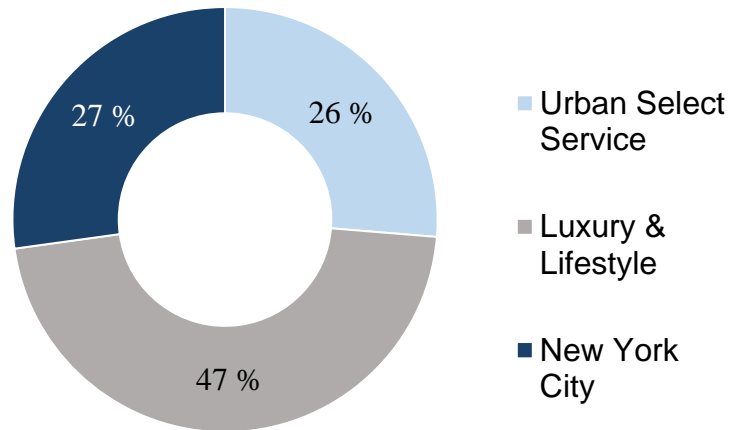
- **Accelerates Company’s transformation to resort, luxury lifestyle and destination-oriented assets**
 - ✓ Pro forma for the transaction, Hersha will own 26 hotels in six key destination markets across the U.S.
 - ✓ RevPAR based on 2019 performance will increase from ~\$206 to \$219 and total ADR will increase from ~\$247 to \$262
- **Provides immediate liquidity for significant debt repayment and eliminates near-term debt maturities**
 - ✓ Pro forma for ~\$460 – \$480mm of total debt repayment, the company anticipates recasting its existing credit facility which would eliminate debt maturities through 2024
- **Captures significant value for portfolio of high-quality assets, underscoring value in the remaining Company**
 - ✓ Transaction price implies a 7.3% cap rate on 2019A NOI and ~\$360K per key
 - ✓ The transaction is not subject to any financing conditions

Note: Balance sheet data as of 31-Mar-2022.

* 2019 figures adjusted for recently closed dispositions: Sheraton Wilmington, Courtyard San Diego, Residence Inn CG, HIEX Cambridge, Capitol Hill Hotel and Duane Street and the stabilization of assets under construction during 2019, including Sanctuary Beach, Pan Pacific, Parrott Key, The Cadillac Hotel and Hyatt House White Plains

ACCELERATES TRANSFORMATION TO URBAN & RESORT DESTINATION-ORIENTED PORTFOLIO

PREVIOUS HERSHA



OPERATIONAL OVERVIEW TODAY

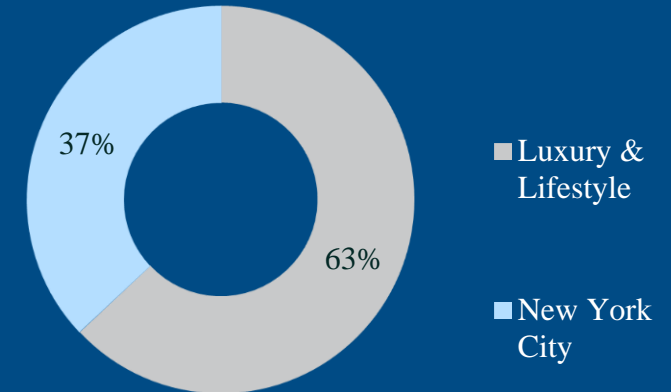
RevPAR: \$206

EBITDA / Key: ~\$32K

ADR: \$247

**Consolidated Net Debt:
\$1,043**

PRO FORMA HERSHA



PRO FORMA OPERATIONAL OVERVIEW

EBITDA: \$129mm

EBITDA / Key: ~\$33K

RevPAR: \$219

ADR: \$262

**Pro Forma Consolidated Net Debt:
~\$570 – \$600mm**

Note: Operational metrics based on 2019A Performance, Total Debt (Inc. Pref) as of 31-Mar-2022.

* Current and PF Hersha Portfolio split based on number of keys

* EBITDA figures represent Hersha's 2019 property level EBITDA, adjusted for assets under construction in 2019 including Sanctuary Beach, Pan Pacific, Parrott Key, the Cadillac Hotel and Hyatt House White Plains

OVERVIEW OF TRANSACTION PORTFOLIO

Non-Core USS Portfolio Divestiture Details (Performance Metrics Based on 2019A)

USS Portfolio Asset List		Location		
1	Courtyard Brookline	Boston, MA	<i>Number of Keys: 1,403</i>	<i>Property Level Debt: \$75mm</i>
2	Hampton Inn - Philadelphia	Philadelphia, PA	<i>Tax Basis: \$282</i>	<i>EBITDA: ~\$41mm</i>
3	Hilton Garden Inn M Street	Washington D.C.	<i>RevPAR: \$170</i>	<i>EBITDA Margin: 42.5%</i>
4	Hampton Inn - Washington DC	Washington D.C.	<i>ADR: \$205</i>	<i>EBITDA Per Key: ~\$29K</i>
5	Courtyard Sunnyvale	Sunnyvale, CA	<i>Divesting Non-Core Assets Provides Opportunity to Focus Operations on EBITDA Generative and High-Growth Potential Portfolios</i>	
6	Courtyard Los Angeles Westside	Los Angeles, CA		
7	TownePlace Suites Sunnyvale	Sunnyvale, CA		
Urban Select Service Portfolio			<ul style="list-style-type: none"> ✓ Divesting non-core portfolio will substantially improve Hersha's operational metrics, significantly increasing pro forma ADR and RevPAR ✓ Allows management to focus operational efforts on more EBITDA generative portfolios like Luxury & Lifestyle, consistent with the Company's recent and ongoing transformation 	

URBAN SELECT SERVICE SALE KEY TRANSACTION METRICS

Sale Proceeds Expected to Strengthen Balance Sheet and Meaningfully Improve Pro Forma Leverage

USS Valuation Metrics (Based on Gross Proceeds of \$505mm)

Implied 2019A Cap Rate: 7.3%

(2019 NOI: \$36.9mm)

Price Per Key: \$360K

(Total Keys: 1,403)

Provides Significant Near-Term Liquidity for Corporate Debt Paydown

*Estimated Pro Forma Total
Debt Reduction:*

~\$460mm - \$480mm

*Total Available Net Proceeds
for Corporate Debt Paydown:*

~\$390 - \$410mm

Pro Forma Net Leverage:

4.9x – 5.1x

Source: Company provided information

* Leverage based on 2019A Cons. Adj. EBITDA, adjusted for recently closed dispositions: Sheraton Wilmington, Courtyard San Diego, Residence Inn CG, HIEX Cambridge, Capitol Hill Hotel, Duane Street and stabilization adjustments for assets under construction in 2019 including Sanctuary Beach, Pan Pacific, Parrott Key, the Cadillac Hotel and Hyatt House White Plains

TRANSACTION PROVIDES SIGNIFICANT NEAR-TERM LIQUIDITY FOR CORPORATE DEBT REPAYMENT

Transaction is Expected to Generate ~\$390 - \$410mm of Proceeds for Corporate Debt Paydown in Addition to ~\$75mm of Property Debt Associated with the USS Portfolio, Significantly Reducing Pro Forma Leverage

		Hersha Today		USS Sale	Illustrative PF Hersha		
Illustrative Sources		(\$ in millions)	x 2019A EBITDA	Txn Adj.	(\$ in millions)	x 2019A EBITDA	
USS Portfolio Gross Proceeds	\$ 505	Total Mortgage Debt	\$ 306	2.0 x	\$(75)	\$ 230	2.0 x
Total Sources	\$ 505	Total Unsecured Debt	\$ 826	5.3 x	\$(392)	\$ 434	3.8 x
Illustrative Uses		Total Consolidated Debt	\$ 1,132	7.3 x	\$(468)	\$ 664	5.8 x
Mortgage Debt Repayment	\$ 75	(-) Cash and Cash Equivalents	\$(88)	(0.6)x	-	\$(88)	(0.8)x
Net Taxable Gain	22	Consolidated Net Debt	\$ 1,043	6.7 x		\$ 576	5.0 x
Total Corporate Debt Repayment	392	Existing Preferred Shares	\$ 368	2.4 x		\$ 368	3.2 x
Transaction Costs	15	Consolidated Net Debt (Incl. Pref)	\$ 1,411	9.1 x	\$(468)	\$ 944	8.2 x
Potential Total Uses	\$ 505	2019A Consolidated Adj. EBITDA	\$ 156	\$(41)	\$ 115		

Note: Balance sheet data as of 31-Mar-2022.

* 2019A Consolidated Adj. EBITDA adjusted for recently closed dispositions: Sheraton Wilmington, Courtyard San Diego, Residence Inn CG, HIEX Cambridge, Capitol Hill Hotel and Duane Street and stabilization adjustments for assets under construction in 2019 including Sanctuary Beach, Pan Pacific, Parrott Key, the Cadillac Hotel and Hyatt House White Plains

PRO FORMA PORTFOLIO WELL-POSITIONED FOR LONG-TERM SHAREHOLDER VALUE CREATION

Key Pro Forma Hersha Metrics (Performance Metrics Based on 2019)

Pro Forma Hersha Asset List	Market
Luxury & Lifestyle	
1 The Envoy	Boston
2 The Boxer	Boston
3 Mystic Marriott	Boston
4 The Rittenhouse	Philadelphia
5 Philadelphia Westin	Philadelphia
6 Annapolis Waterfront Hotel	D.C.
7 Ritz-Carlton Georgetown	D.C.
8 The St. Gregory Dupont Circle	D.C.
9 The Cadillac Hotel & Beach Club	Miami
10 Blue Moon Hotel South Beach	Miami
11 Winter Haven Hotel South Beach	Miami
12 Ritz-Carlton - Coconut Grove	Miami
13 Parrot Key Hotel & Villas	Miami
14 Pan Pacific Seattle	West Coast
15 Sanctuary Beach Resort	West Coast
16 The Hotel Milo, Santa Barbara	West Coast
17 The Ambrose Santa Monica	West Coast
Luxury & Lifestyle Portfolio	
New York City Portfolio	
18 Hyatt Union Square	NYC
19 Nu Hotel Brooklyn	NYC
20 Hilton Garden Inn - Tribeca	NYC
21 Hilton Garden Inn - 52nd Street	NYC
22 Holiday Inn Express - 29th Street	NYC
23 Hampton Inn - Seaport	NYC
24 Gate Hotel - JFK	NYC
25 Hilton Garden Inn - JFK	NYC
26 Hyatt House - White Plains	New York Metro
New York City Portfolio	

Number of Keys: 3,931

Number of Key Markets: 6

RevPAR: \$219

ADR: \$262

Property Level Debt: \$230mm

EBITDA: ~\$129mm

EBITDA Margin: 31.7%

EBITDA Per Key: ~\$33K

Clear Path Forward to Long-Term Shareholder Value Creation With Pro Forma Luxury & Lifestyle and NYC Portfolios

- ✓ Consistent with the Company's recent and ongoing transformation, the **transaction provides management the ability to focus its operational expertise on Hersha's highest EBITDA contributors in Luxury & Lifestyle portfolio**
- ✓ Reduction to pro forma leverage **strengthens Company's balance sheet and provides significant financial flexibility** to continue growing the Company's core portfolio
- ✓ **Management remains confident in the long-term success and overall NYC market recovery** and see a tremendous amount of unlocked value and upside in those assets

Note: Figures represent property level performance based on 2019A. 2019A EBITDA adjusted for the stabilization of assets under construction in 2019, including Sanctuary Beach, Pan Pacific, Parrott Key, The Cadillac Hotel and Hyatt House White Plains

PRO FORMA HERSHA PORTFOLIO OVERVIEW

Pro Forma Hersha Wholly-Owned Portfolio Overview



26
HOTELS



3,931
ROOMS



\$262
ADR



\$219
REVPAR



~\$33K
EBITDA/KEY



31.7%
EBITDA MARGIN

LUXURY & LIFESTYLE PORTFOLIO

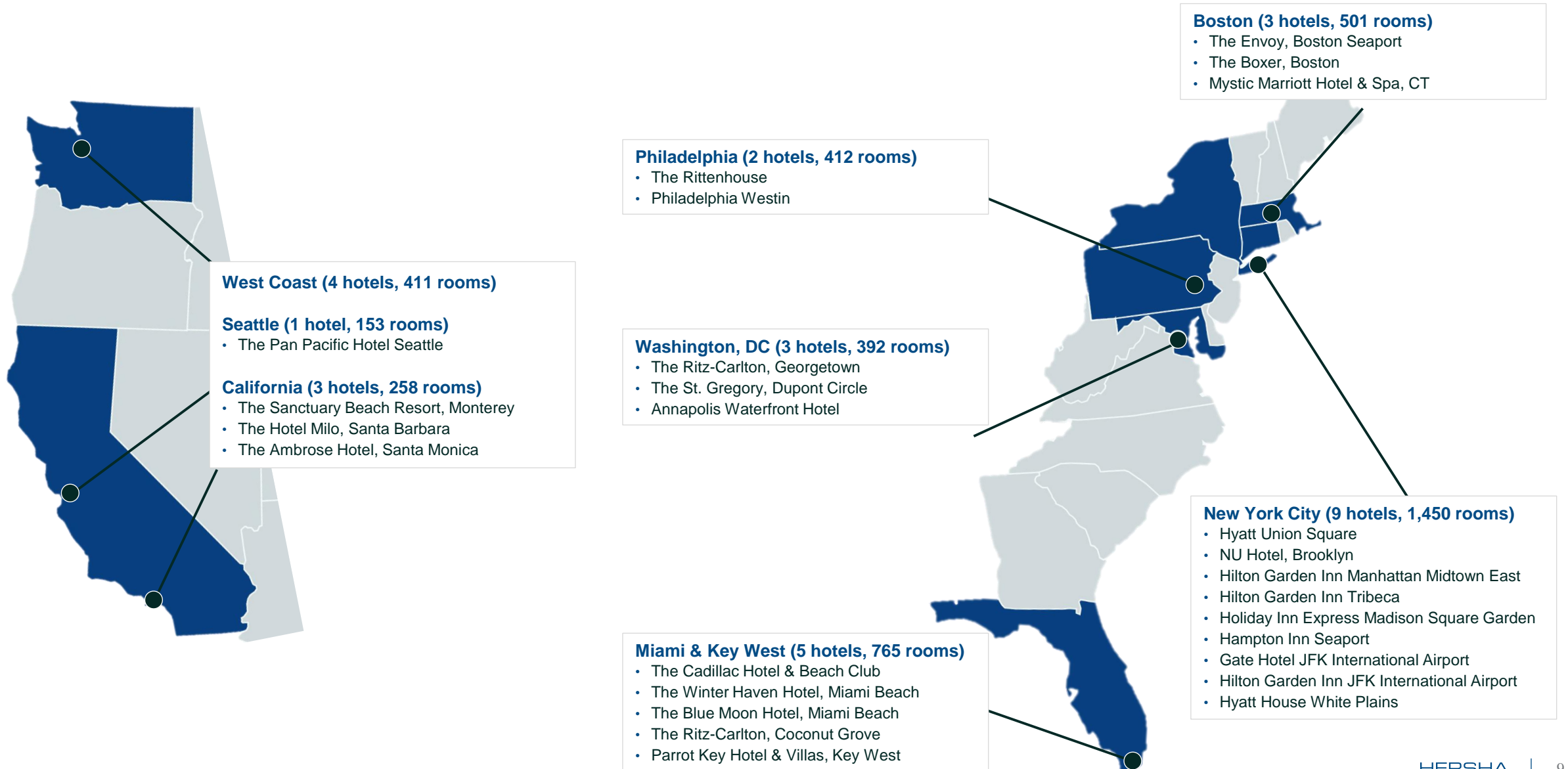
ADR	\$ 288
RevPAR	\$ 225
EBITDA	\$ 85mm
EBITDA Margin	29.7%
EBITDA/Key	\$ 34,405
Hotels	17
Room Count (% Total Rooms)	2,481 (63%)

NEW YORK CITY

ADR	\$ 223
RevPAR	\$ 208
EBITDA	\$ 44mm
EBITDA Margin	36.5%
EBITDA/Key	\$ 30,167
Hotels	9
Room Count (% Total Rooms)	1,450 (37%)

*Figures represent property level results based on 2019A, adjusted for the stabilization of assets under construction in 2019, including Sanctuary Beach, Pan Pacific, Parrott Key, Cadillac Hotel and the Hyatt House White Plains

BI-COASTAL PORTFOLIO, CLUSTERED FOR ADVANTAGE



FORWARD LOOKING STATEMENTS

Certain matters within this presentation are discussed using “forward-looking statements,” including those with regard to the potential future impact of COVID-19, within the meaning of the safe harbor provisions of the private securities litigation reform act of 1995, section 27A of the securities act of 1933, as amended, and section 21E of the securities exchange act of 1934, as amended. One of the most significant factors is the ongoing impact of the current outbreak of COVID-19 on the united states, regional and global economies, the broader financial markets, the company’s customers and employees, governmental responses thereto and the operation changes the company has and may implement in response thereto. The current outbreak of COVID-19 has also impacted, and is likely to continue to impact, directly or indirectly, many of the other important factors below. These forward-looking statements may include statements related to, among other things: assumptions regarding the impact to international and domestic business and leisure travel pertaining to any pandemic or outbreak of disease, including COVID-19, the uncertainty and economic impact of pandemics, epidemics or other public health emergencies or fear of such events, such as the recent outbreak of COVID-19, the impact of and changes to various government programs, including in response to COVID-19, the efficacy of any treatment for COVID-19, the company’s access to capital on the terms and timing the company expects, the restoration of public confidence in domestic and international travel, permanent structural changes in demand for conference centers by business and leisure clientele, the economic growth, labor markets, real estate values, lodging fundamentals, corporate travel, and the economic vibrancy of our target markets, the company’s ability to grow operating cash flow, the company’s ability to match or outperform its competitors’ performance, the ability of the company’s hotels to achieve stabilized or projected revenue, cap rates or EBITDA multiples consistent with our expectations, the stability of the lodging industry and the markets in which the company’s hotel properties are located, the company’s ability to generate internal and external growth, and the company’s ability to increase margins, including hotel EBITDA margins. Certain statements contained in this presentation, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements within the meaning of the federal securities laws and as such are based upon the company’s current beliefs as to the outcome and timing of future events. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” and words of similar import. Such forward-looking statements relate to future events, the company’s plans, strategies, prospects and future financial performance, and involve known and unknown risks that are difficult to predict, uncertainties and other factors which may cause the company’s actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statement. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the company’s current beliefs, expectations and assumptions regarding the future of its business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the company’s control. The company’s actual results and financial condition may differ materially from those indicated in the forward-looking statements contained in this presentation. Therefore, you should not rely on any of these forward-looking statements. For a description of factors that may cause the company’s actual results or performance to differ from its forward-looking statements, please review the information under the heading “risk factors” included in the company’s most recent annual report on form 10-K and subsequent quarterly reports on form 10-Q filed by the company with the securities and exchange commission (“SEC”) and other documents filed by the company with the SEC from time to time

HERSHA