

An aerial photograph of a coastal landscape. In the foreground, there are sand dunes with patches of low-lying green vegetation. The dunes lead down to a sandy beach. The ocean is visible with gentle waves breaking onto the shore. The sky is a clear, deep blue. The overall scene is serene and natural.

# HERSHA

## *INVESTOR PRESENTATION*

JANUARY 2023



THE RITTENHOUSE HOTEL

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HERSHA

*INVESTMENT  
THESIS*



# *INVESTMENT THESIS SUMMARY*

**TRANSFORMED PORTFOLIO FOCUSED ON LUXURY &  
LIFESTYLE ASSETS AND NEW YORK CITY**

**BEST-IN-CLASS HOTELS WITH DEMONSTRABLE PRIVATE  
MARKET VALUE, POSITIONED FOR OUTSIZED GROWTH**

**RIGHTSIZED BALANCE SHEET WITH NO MATERIAL  
MATURITIES THROUGH 2025**

**LONG-TERM MARGIN GROWTH**

**ALIGNED MANAGEMENT TEAM**



# *STRATEGIC DISPOSITIONS HIGHLIGHT PORTFOLIO VALUE*

- Our strategic dispositions have allowed us to significantly improve our leverage profile, reduce the weighted average cost of debt, reinstate our dividend and build up substantial cash reserves without diluting our shareholders
- In 2022 Hersha generated ~\$650 Million in gross proceeds from hotel sales
- In conjunction with its strategic dispositions, Hersha refinanced its corporate credit facility with no meaningful maturities through 2025
- Sale proceeds reduced our cumulative debt load by approximately \$500M and generated nearly \$120M in unrestricted cash
- Projected year-end balance of approximately \$220M cash on hand

Our most recent dispositions of the Pan Pacific Seattle and Hotel Milo Santa Barbara were executed at ~\$450K/ Key highlighting the significant disparity between the public and private market valuation of our portfolio



# *PORTFOLIO COMPOSITION LEVERED TOWARD RECOVERY*

## **URBAN MARKETS POISED FOR OUTSIZED GROWTH**

- Hersha's streamlined portfolio is comprised of best-in-class luxury and lifestyle offerings situated in high barrier-to-entry urban gateway markets and resort destinations and a purpose-built New York City cluster
- With 60% of our rooms located in urban gateway markets, Hersha is levered toward long runways in the recovery of the business transient, small group, and international travel segments
- The first half of 2023 is poised to compare extremely favorably to 2022 due to the impact of Omicron
- Management remains confident in NYC's market recovery and long-term success citing tremendous unlocked value and upside

Our fourth quarter urban portfolio RevPAR was on par with 2019, driven by nearly 20% ADR Growth resulting in EBITDA growth from 2019, a trend we expect to accelerate in 2023



# KEY 2022 COMPARABLE HERSHA METRICS

**\$296  
ADR**

**\$203  
RevPAR**

**~\$110M  
PROPERTY EBITDA**

**~32%  
EBITDA MARGIN**

**3,507  
Keys**

**6  
Key Markets**

Hersha Assets	Market	Room Count
<b>Luxury &amp; Lifestyle</b>		
1. The Envoy Boston Seaport	Boston	136
2. The Boxer Boston West End	Boston	80
3. Mystic Marriott Hotel & Spa	Boston	285
4. Sanctuary Beach Resort	California	60
5. The Ambrose Santa Monica	California	77
6. The Cadillac Hotel & Beach Club	Miami & Key West	357
7. Parrot Key Hotel & Villas	Miami & Key West	148
8. Ritz-Carlton - Coconut Grove	Miami & Key West	115
9. Winter Haven Hotel South Beach	Miami & Key West	70
10. Blue Moon Hotel South Beach	Miami & Key West	75
11. The Rittenhouse	Philadelphia	118
12. Philadelphia Westin	Philadelphia	294
13. Ritz-Carlton Georgetown	Washington D.C.	86
14. The St. Gregory Dupont Circle	Washington D.C.	156
15. Annapolis Waterfront Hotel	Washington D.C.	150
		<b>2,207</b>
<b>New York City</b>		
16. Hyatt Union Square	NYC	178
17. Hilton Garden Inn - Tribeca	NYC	151
18. Nu Hotel Brooklyn	NYC	93
19. Hilton Garden Inn - 52nd Street	NYC	206
20. Holiday Inn Express - 29th Street	NYC	228
21. Hampton Inn - Seaport	NYC	65
22. Hilton Garden Inn - JFK	NYC	192
23. Hyatt House - White Plains	New York Metro	187
		<b>1,300</b>

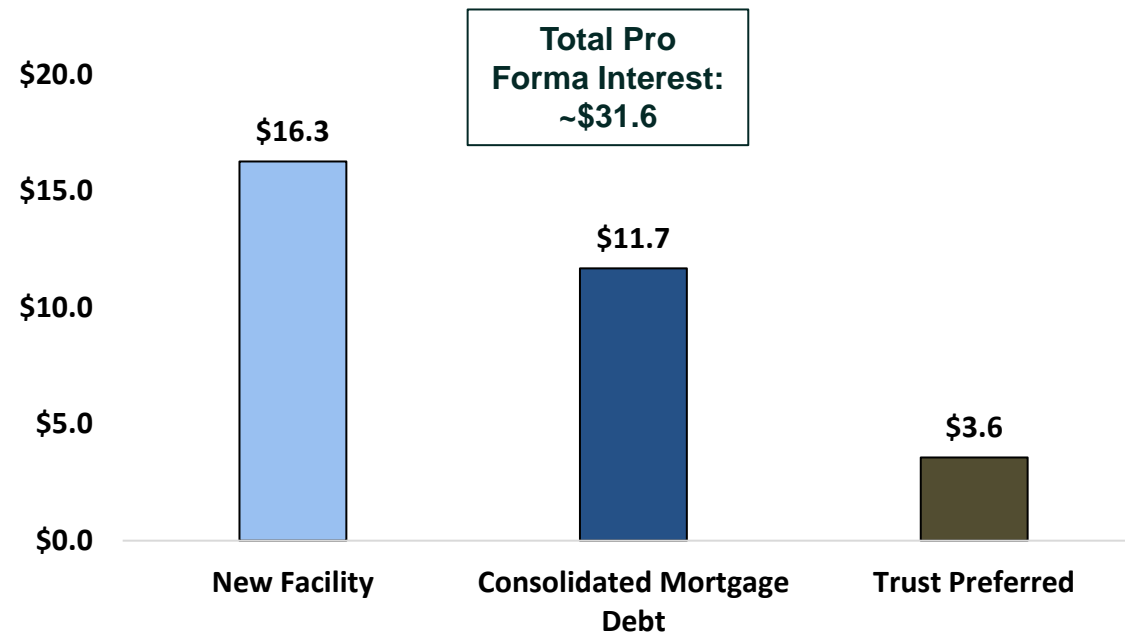
Note: Comparable excludes Hotel Milo, Pan Pacific, Gate JFK, the 7 Urban Select Service assets and 6 2021 dispositions from all periods as all asset sales have closed

# INTEREST SAVINGS

## HERSHA WILL REDUCE ANNUAL CASH INTEREST EXPENSE BY APPROXIMATELY \$20 MILLION AS A RESULT OF THE 2022 SALES AND ITS NEW CREDIT FACILITY

- The Company utilized an existing swap to hedge \$300M of the new \$400M term loan at a fixed rate of 3.93%. The remainder will float at SOFR + 250bps
- As a result of our swap 71% of our total debt is fixed
- Of the \$20M in cash interest savings, \$15M is the result of the paydown of the 9.5% Unsecured Notes

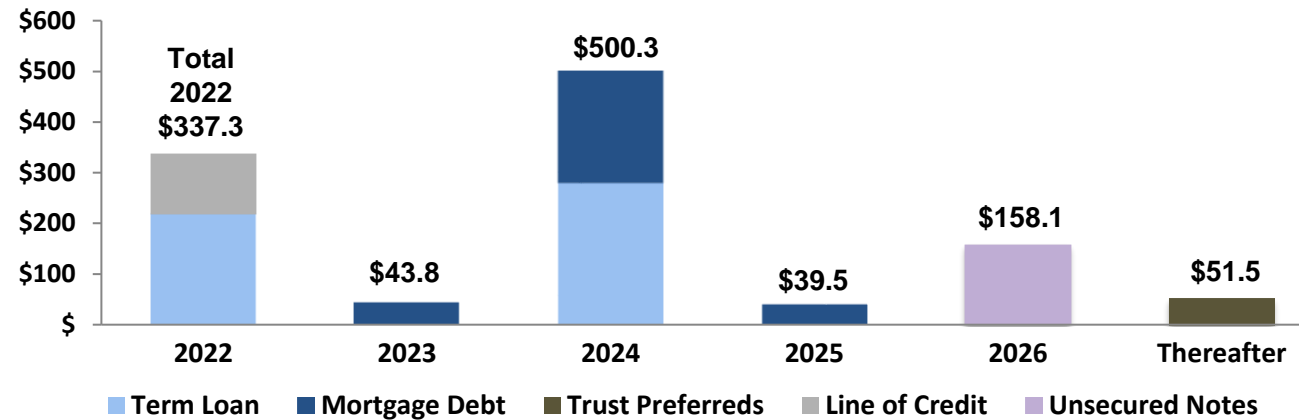
*Annual Cash Interest Pro Forma*



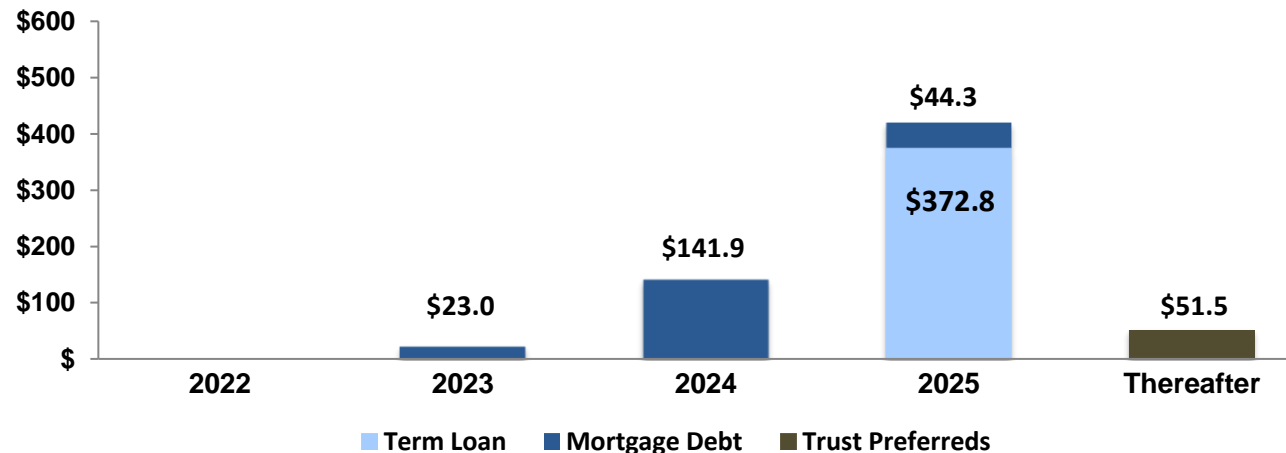
# BALANCE SHEET IMPACT – CONSOLIDATED DEBT MATURITIES

HERSHA HAS SIMPLIFIED AND EXTENDED ITS DEBT MATURITIES UNDER ITS NEW CREDIT FACILITY

AS OF 6/30/2022



PRO FORMA FOR ASSET  
SALES AND CREDIT  
FACILITY REFINANCING





# *LONG-TERM MARGIN GROWTH*

## **PROPERTY-LEVEL MEASURES TO CONTROL OPERATING EXPENSES**

- Continued robust rate integrity in conjunction with sustainable changes in the operating model will enhance long-term margin growth
- Q3 Comparable EBITDA margin of 30% represented margin growth of 170 basis points to 2019
- Q4 Comparable EBITDA margin of 33% represented margin growth of 210 basis points to 2019
- In 2023, the portfolio will continue to significantly exceed 2019 ADR and will drive additional rate growth as occupancy recovers
- Changes in housekeeping protocols, reduction in in-room items, and breakfast amenities should lead to a similar cost per occupied room despite wage growth
- Utilizing more tech-enabled solutions such as mobile check-in and concierge services, as well as smartphone ordering systems at food & beverage outlets

# 15-20%

Average full-time employee headcount reduction versus pre-COVID-19 pandemic levels

# 15-20%

ADR growth in our core markets is allowing us to offset wage growth and other inflationary pressures

# 150-250 bps

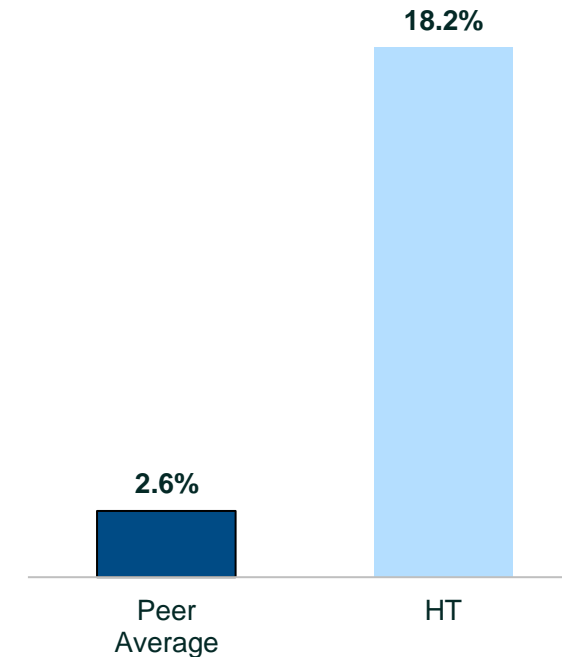
Sustainable long-term margin savings from 2019 are projected in 2023. HT achieved 210 bps of EBITDA margin growth from 2019 in Q4 2022.

# ALIGNED AND EXPERIENCED MANAGEMENT TEAM

## UNIQUE MANAGEMENT STRUCTURE & EXPERTISE

- HHM manages 21 of HT's 23 hotels\*
- Aligned owner/operator strategy leads to timely, portfolio-wide implementation of revenue and expense management adjustments that drive EBITDA
- Proven track record of hotel & portfolio repositioning and capital recycling
- Base management fee and pooled incentive management fee structure drives focus on the entire portfolio
- Assets unencumbered of management contracts increases liquidity and pricing for asset sales
- Management team has unique experience across development, operations, mezzanine financing, off-shore JVs, PE partnerships and M&A totaling over \$5B across 3 cycles in public markets

## INSIDER OWNERSHIP





HERSHA

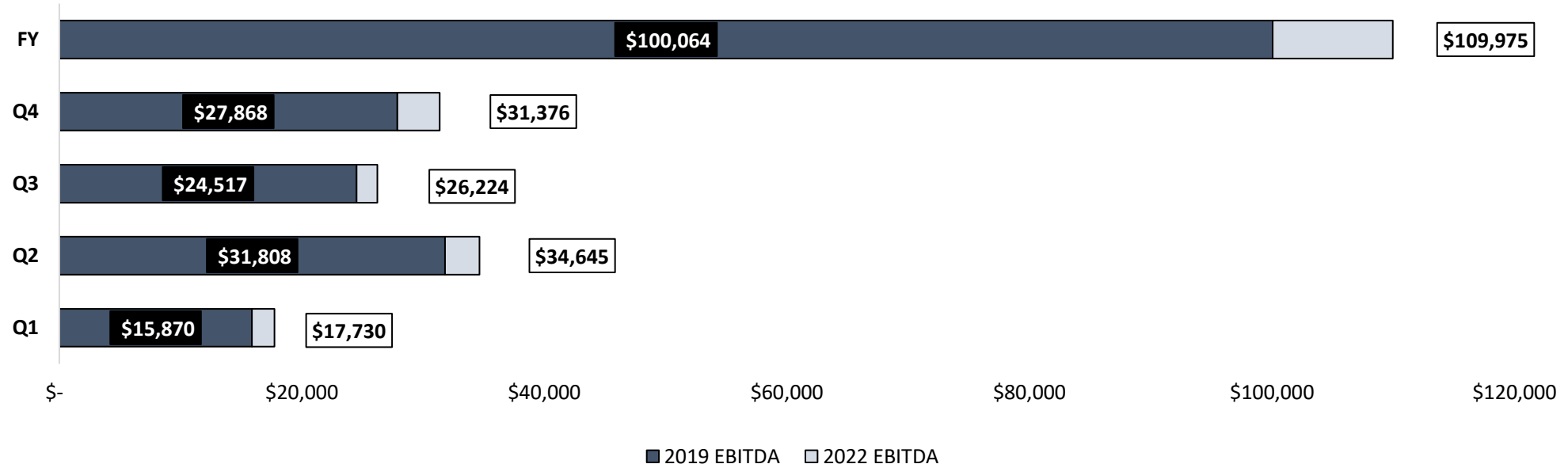
*LODGING  
RECOVERY*

# STREAMLINED PORTFOLIO EXCEEDS PRE-COVID PROFITABILITY

## OUR PRO FORMA PORTFOLIO GENERATED ~10% MORE EBITDA IN 2022 THAN IN 2019

- Early year EBITDA generation was driven entirely by the robust performance of our resort markets as our Urban gateway markets were in the nascent stages of recovery
- Q4 Resort EBITDA of \$11.8M exceeded 2019 by 34%
- Q4 Comparable Urban EBITDA of \$19.6M exceeded 2019 by 2.7% a trend we anticipate accelerating in 2023

### Comparable Portfolio EBITDA Production

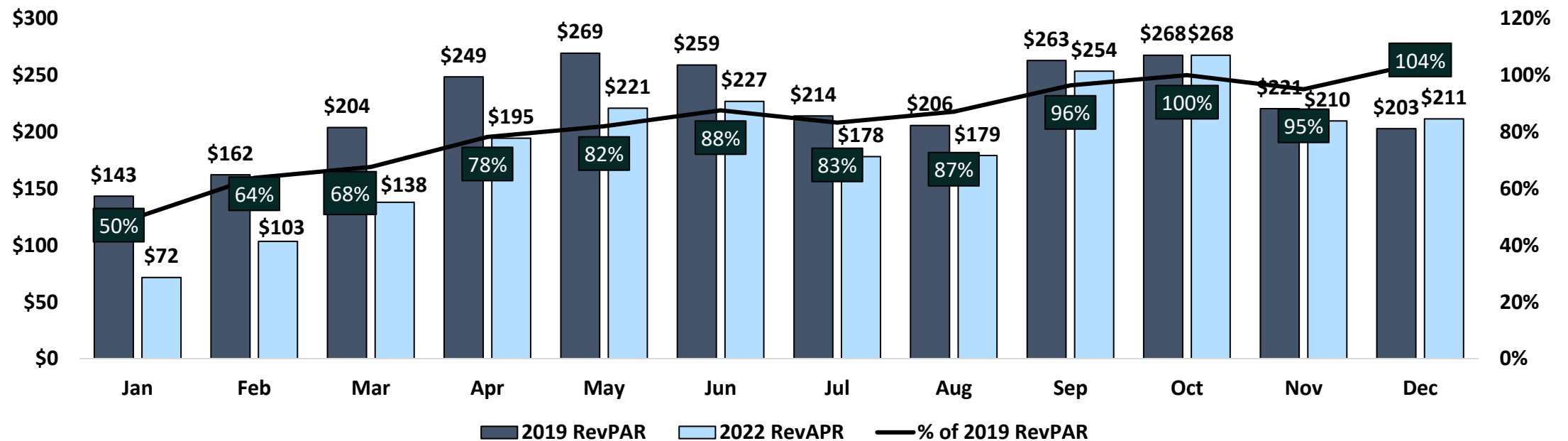


# PORTFOLIO COMPOSITION LEVERED TOWARD URBAN RECOVERY

## DECEMBER– URBAN PORTFOLIO SURPASSES PRE-COVID REVPAR

- Driven by strong ADR growth Comparable Urban December RevPAR was 104% of December 2019
- ADR growth improved from 17.5% in October to 24.4% in December for the Comparable Urban Portfolio vs 2019
- New York, Boston, and Washington DC. all experienced RevPAR growth in Q4 compared to 2019

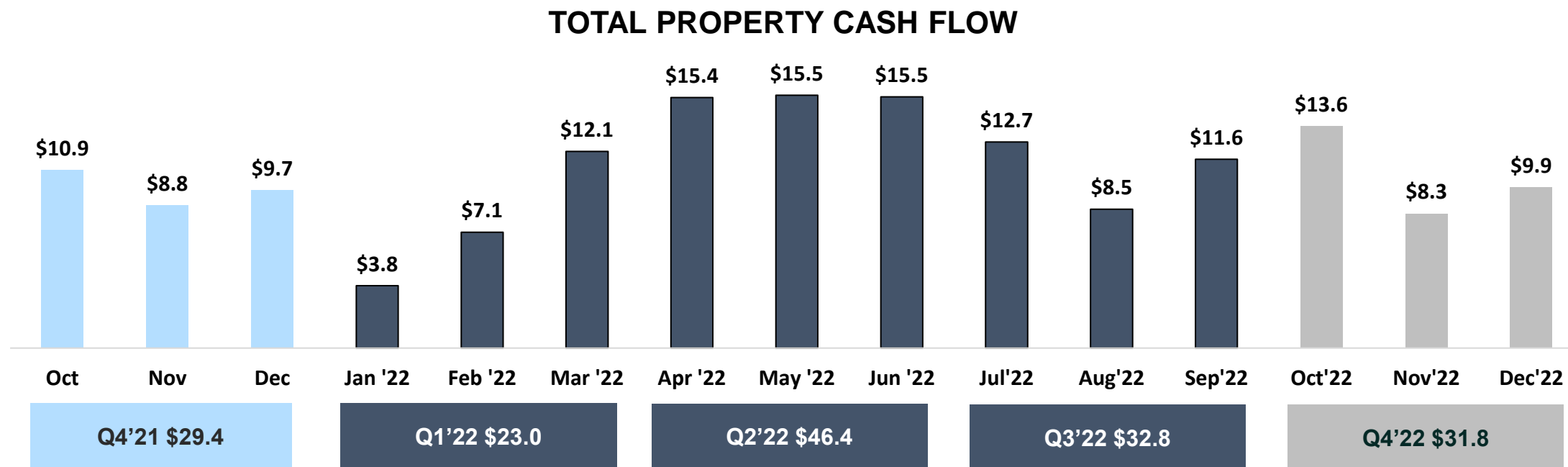
### 2022 COMPARABLE URBAN REVPAR VS 2019



# CONTINUED PROPERTY CASH FLOW GROWTH

## STABILIZED CASH FLOW GROWTH CONTINUED THROUGH 2022

- Third Quarter property cash flow production remained strong with August and September 2022 reflecting the closing of the sale of 6 of the USS-7 properties
- Fourth Quarter Property Cash production surpassed Q4'21 despite sale of USS-7, Hotel Milo and Pan Pacific



# 2022 MONTHLY COMPARABLE PORTFOLIO STATISTICS

Comparable Portfolio excludes USS 7, Hotel Milo Santa Barbara, Pan Pacific Seattle and Gate JFK\*

	Occ (%)	Occ Growth* (Bps)	ADR (\$)	ADR Growth*	RevPAR (\$)	RevPAR Growth*	Room Revenue (\$ 000's)	EBITDA (\$ 000's)	EBITDA Growth*	GOP Margin	GOP Margin Growth*	EBITDA Margin	EBITDA Margin Growth*
Jan-22	48.7%	(2,540)	233.70	16.5%	113.84	-23.4%	12,377	2,493	-2.4%	27.7%	2.3%	15.1%	3.3%
Feb-22	62.8%	(1,636)	269.22	21.7%	169.13	-3.4%	16,608	5,977	36.9%	41.6%	9.8%	28.4%	9.3%
Mar-22	66.2%	(1,803)	293.72	19.2%	194.47	-6.3%	21,143	9,260	3.5%	46.3%	5.6%	34.2%	4.0%
<b>Q1</b>	<b>59.1%</b>	<b>(2,005)</b>	<b>268.59</b>	<b>20.0%</b>	<b>158.82</b>	<b>-10.4%</b>	<b>50,127</b>	<b>17,730</b>	<b>11.7%</b>	<b>40.0%</b>	<b>6.5%</b>	<b>27.4%</b>	<b>6.0%</b>
Apr-22	73.6%	(1,246)	313.23	18.9%	230.57	1.7%	24,258	11,834	15.0%	49.2%	5.6%	37.9%	4.6%
May-22	69.3%	(1,308)	321.49	16.9%	222.86	-1.6%	24,228	11,823	8.2%	46.8%	4.2%	37.1%	3.7%
Jun-22	75.0%	(893)	299.17	12.9%	224.35	0.9%	23,604	10,988	3.7%	45.5%	1.4%	35.9%	1.7%
<b>Q2</b>	<b>72.6%</b>	<b>(1,151)</b>	<b>311.13</b>	<b>16.2%</b>	<b>225.89</b>	<b>0.3%</b>	<b>72,091</b>	<b>34,645</b>	<b>8.9%</b>	<b>47.2%</b>	<b>3.8%</b>	<b>36.9%</b>	<b>3.4%</b>
Jul-22	72.7%	(1,174)	274.03	15.2%	199.14	-0.8%	21,650	8,818	11.8%	42.3%	3.5%	31.5%	3.8%
Aug-22	71.4%	(1,182)	269.29	16.5%	192.28	-0.1%	20,904	7,485	1.7%	38.0%	-0.4%	27.2%	0.4%
Sep-22	71.5%	(822)	315.53	17.1%	225.48	5.0%	23,722	9,921	7.0%	43.7%	1.5%	31.9%	0.8%
<b>Q3</b>	<b>71.8%</b>	<b>(1,062)</b>	<b>285.90</b>	<b>16.4%</b>	<b>205.42</b>	<b>1.4%</b>	<b>66,276</b>	<b>26,224</b>	<b>7.0%</b>	<b>41.5%</b>	<b>1.6%</b>	<b>30.3%</b>	<b>1.7%</b>
Oct-22	75.0%	(1,024)	331.41	23.5%	248.71	8.7%	27,039	13,618	24.9%	48.5%	4.2%	39.1%	5.1%
Nov-22	70.6%	(1,313)	289.69	21.3%	204.44	2.3%	21,509	8,362	5.9%	39.4%	-0.4%	28.9%	0.5%
Dec-22	68.0%	(1,019)	312.56	19.2%	212.57	3.7%	23,110	9,395	3.6%	40.2%	-0.3%	30.3%	0.1%
<b>Q4</b>	<b>71.2%</b>	<b>(1,117)</b>	<b>311.86</b>	<b>21.5%</b>	<b>222.10</b>	<b>5.1%</b>	<b>71,658</b>	<b>31,376</b>	<b>12.6%</b>	<b>43.0%</b>	<b>1.4%</b>	<b>33.1%</b>	<b>2.1%</b>
<b>FY 2022</b>	<b>68.7%</b>	<b>(1,330)</b>	<b>295.65</b>	<b>18.8%</b>	<b>203.24</b>	<b>-0.5%</b>	<b>260,152</b>	<b>109,975</b>	<b>9.9%</b>	<b>43.2%</b>	<b>3.3%</b>	<b>32.4%</b>	<b>3.3%</b>

\* Comparable portfolio includes 23 hotels and excludes Hotel Milo, Pan Pacific, Gate JFK, the 7 Urban Select Service assets and 6 2021 dispositions from all periods as all asset sales have closed

\*\* All growth figures compared to the same period 2019

# 2019 MONTHLY COMPARABLE PORTFOLIO STATISTICS

Comparable Portfolio excludes USS 7, Hotel Milo Santa Barbara, Pan Pacific Seattle and Gate JFK\*

	Occ	ADR (\$)	RevPAR (\$)	Room Revenue (\$ 000's)	EBITDA (\$ 000's)	GOP Margin	EBITDA Margin
Jan-19	74.1%	200.64	148.71	16,162	2,555	25.4%	11.8%
Feb-19	79.2%	221.20	175.16	17,195	4,366	31.8%	19.1%
Mar-19	84.2%	246.36	207.54	22,557	8,949	40.7%	30.2%
<b>Q1</b>	<b>79.2%</b>	<b>223.79</b>	<b>177.20</b>	<b>55,914</b>	<b>15,870</b>	<b>33.5%</b>	<b>21.4%</b>
Apr-19	86.1%	263.54	226.81	23,856	10,288	43.6%	33.3%
May-19	82.4%	274.93	226.55	24,622	10,924	42.7%	33.3%
Jun-19	83.9%	264.93	222.33	23,385	10,596	44.1%	34.2%
<b>Q2</b>	<b>84.1%</b>	<b>267.80</b>	<b>225.24</b>	<b>71,863</b>	<b>31,808</b>	<b>43.4%</b>	<b>33.6%</b>
Jul-19	84.4%	237.86	200.79	21,823	7,886	38.8%	27.8%
Aug-19	83.2%	231.23	192.44	20,919	7,360	38.4%	26.8%
Sep-19	79.7%	269.46	214.71	22,590	9,271	42.3%	31.1%
<b>Q3</b>	<b>82.5%</b>	<b>245.56</b>	<b>202.52</b>	<b>65,332</b>	<b>24,517</b>	<b>39.9%</b>	<b>28.6%</b>
Oct-19	85.3%	268.27	228.79	24,873	10,902	44.3%	34.0%
Nov-19	83.7%	238.85	199.93	21,035	7,899	39.8%	28.4%
Dec-19	78.9%	262.21	206.87	22,292	9,067	40.5%	30.2%
<b>Q4</b>	<b>82.6%</b>	<b>256.58</b>	<b>212.01</b>	<b>68,200</b>	<b>27,868</b>	<b>41.6%</b>	<b>31.0%</b>
<b>FY 2019</b>	<b>82.1%</b>	<b>248.85</b>	<b>204.33</b>	<b>261,310</b>	<b>100,064</b>	<b>39.9%</b>	<b>29.1%</b>

\*Comparable portfolio includes 23 hotels and excludes Hotel Milo, Pan Pacific, Gate JFK, the 7 Urban Select Service assets and 6 2021 dispositions from all periods as all asset sales have closed



HERSHA

# *CORE MARKET DRIVERS*



# *NYC: SUPPLY DETERIORATING MEANINGFULLY*

## **HOTEL CLOSURES ON THE RISE**

- Publicly announced closures have amounted to approximately 10,000 keys, representing ~10% of total hotel room supply in Manhattan.<sup>(1)</sup>
- Hersha's suite of select-service, fee-simple hotels in New York City are franchise managed utilizing flexible operating models resulting in lower breakeven levels and higher margin potential than competing portfolios

## **SPECIAL PERMIT FOR NEW HOTEL CONSTRUCTION**

- On December 9, 2021, City Council approved the amendment to require special permits for new hotels and expansions in zoning districts throughout the city where hotel construction is permitted as-of-right
- The timeline to obtain a special permit for new construction is estimated to take approximately 24 months
- No new hotels have been built in light manufacturing zones since 2018, when the city started requiring special permits in those areas<sup>(2)</sup>

Expect net NYC supply to decline approximately 1-2% in the next several years as a result of permanent hotel closures and increased zoning restrictions for hotel development coupled with a more difficult construction financing market. Reduced net supply could lead to outsized ADR and RevPAR growth through the recovery in the years to come

# NYC: PAST RECOVERIES SHOW EARNINGS POTENTIAL

## NEW YORK CITY DEMONSTRATES HIGH GROWTH FOLLOWING DEMAND SHOCKS, PROVING ITS RESILIENCY

- After September 11<sup>th</sup>: recovery accelerated in 2003 and 2004, supported by **lower supply**, 20% RevPAR growth in 2004 was followed by double-digit ADR and RevPAR growth three years thereafter
- After the Great Financial Crisis: sharp rebound in 2010, with mid-single digit RevPAR growth in the next two years as hotel values accelerated despite **~10% new supply**
- Rates have already outpaced the post-GFC recovery as our comparable New York portfolio drove **ADR growth of 15% in October** compared to 2019. We expect this trend to continue through the fourth quarter and accelerate as occupancy returns, and as net supply growth remains low.

## WE BELIEVE OUR PURPOSE-BUILT NEW YORK CITY CLUSTER COUPLED WITH OUR UNIQUE OPERATING MODEL SETS US UP FOR LASTING SUCCESS IN THE CITY

### POST-SEPTEMBER 11TH<sup>(1)</sup>

	OCC Growth %	ADR Growth %	RevPAR Growth %
2001	-10.7%	-12.1%	-21.5%
2002	0.7%	-5.1%	-4.5%
2003	1.3%	-2.4%	-1.1%
<b>2004</b>	<b>9.0%</b>	<b>11.0%</b>	<b>21.0%</b>
2005	2.4%	15.5%	18.3%
2006	-0.5%	14.8%	14.2%
2007	1.1%	12.1%	13.4%

<sup>(1)</sup>STR

### POST-GREAT FINANCIAL CRISIS<sup>(1)</sup>

	OCC Growth %	ADR Growth %	RevPAR Growth %
2008	-1.1%	2.8%	1.7%
2009	-5.0%	-22.6%	-26.5%
<b>2010</b>	<b>4.4%</b>	<b>8.5%</b>	<b>13.3%</b>
2011	-0.4%	5.4%	5.4%
2012	3.3%	2.5%	5.5%
2013	0.8%	3.0%	3.8%
2014	0.6%	2.1%	2.7%



# *MIAMI LONG-TERM GROWTH DRIVERS*

## **CORPORATE GROWTH**

- Florida was the fastest-growing state in 2022, with an estimated population growth of 1.9% according to a new report from the U.S. Census Bureau.
- Corporate office development in Coconut Grove, Brickell, Coral Gables, Wynwood, and Downtown is resulting in leading financial firms to open offices in the area
- Miami was recently labeled as the city with the 2nd highest growth economy in the country and among the most significant in terms of job creation. Median household income has increased by nearly 20% in a decade
- The newly redeveloped CocoWalk features 160,000 square feet of bespoke retail and Class A office space drawing interest from investment firms relocating from the Northeast

## **TRANSPORTATION & INFRASTRUCTURE DEVELOPMENT**

- Miami International Airport has witnessed increased routes to and from Latin American countries, while domestic carriers such as American, Jet Blue, and Frontier have announced plans to increase services
- Brightline train line from Miami to Ft Lauderdale and Palm Beach; service to Orlando is being developed
- Port infrastructure and dredging aiding shipping and international trade

South Florida is experiencing a surge in permanent residents and corporate relocations driven by business-friendly regulatory environment, no personal income tax, and an attractive climate



# *CADILLAC & PARROT KEY REPOSITIONING DELIVERING RESULTS*

## **ROI-GENERATING CONVERSIONS**

- In 2018, we converted the Cadillac Hotel & Beach Club to an Autograph Collection Hotel including a full renovation of all guest rooms, F&B outlets, meeting spaces, the lobby, both pools and all landscaping
- We holistically renovated the Parrot Key Hotel & Villas in 2018 including all guest rooms & villas, the lobby, all four pools, and our award-winning landscaping

## **SIGNIFICANT EBITDA GENERATION**

- At prior peak in 2015, the Cadillac and Parrot Key generated \$9.5 million and \$7.8 million in EBITDA, respectively
- In 2022, the Cadillac and Parrot Key generated \$12.1 million and \$10.6 million in EBITDA, respectively
- Based on current projections, both hotels are on target to achieve our expected post renovation ROI's and combine to achieve approximately \$25 million in EBITDA generation upon stabilization
- As the lodging recovery continues to take shape across the next few years we anticipate continued meaningful EBITDA contribution from these assets as they ramp towards stabilization

Following a combined ~\$74 million spent renovating the Cadillac Hotel & Beach Club on Miami Beach and Parrot Key Hotel & Villas in Key West, the hotels are ramping in the early stages of the recovery



HERSHA

*SUSTAINABILITY*

# SUSTAINABILITY & FINANCIAL IMPACT



- Hersha's EarthView® program is an industry-leading sustainability program implemented across our portfolio
- Founded in 2010, EarthView was strategically created to positively impact our hotels' bottom lines while simultaneously improving the well-being of our guests, associates, communities, and planet
- Aligned with investors' growing interest in material environmental, social, and governance (ESG) topics
- In 2021, we further integrated ESG performance into our governance structure through the addition of a board-level Risk & ESG Subcommittee
- Hersha is a widely recognized sector leader in ESG practices
  - Ranked #1 in GRESB's Public Disclosure among U.S. Hotel peer set in 2022 for the third consecutive year
  - Awarded in Newsweek's 2020 & 2021 list of America's Most Responsible Companies based on ESG practices
  - 4-Time winner of NAREIT's Leader in the Light Award for superior sustainability practices
  - 31% of portfolio awarded a third-party building certification such as LEED, ENERGY STAR, or ISO 14001



## Financial Impact

**\$22 Million**

in savings since inception from energy and water efficiency projects implemented across our portfolio

**1.7 year**

average payback period for our efficiency investments

**\$2 Million**

from additional energy savings protocols implemented in 2020 and 2021

# ENVIRONMENTAL IMPACT

- Our buildings and operations run efficiently through the implementation of initiatives that reduce our energy and water usage
  - LED Lighting: More efficient than incandescent and fluorescent lighting, installed at 100% of our hotels
  - Guestroom Energy Management Systems (EMS): Programmed to reduce energy consumption while rooms are unoccupied, saving our hotels 25-30% in guestroom heating and cooling costs
  - Laundry Water Reuse Systems: Reduces water consumption from laundry cycles by 70-80%
- We have committed to reaching net-zero greenhouse gas emissions by 2050 and have set a near-term emissions target verified by the Science-Based Targets initiative in line with a 1.5°C future
- Our clean energy & transportation strategy includes the expansion of electric vehicle charging infrastructure



The Ambrose Hotel, Santa Monica, CA, the first LEED –EB hotel certification in the nation



Electric Vehicle Charging Stations installed at our Rittenhouse Hotel, Philadelphia, PA

## Environmental Impact



**51%** absolute reduction in greenhouse gas emissions 2021 vs 2010  
**3%** like-for-like increase 2021 vs 2020



**22%** reduction in energy usage per SF 2021 vs 2010  
**5%** like-for-like increase 2021 vs 2020



**17%** reduction in water usage per SF 2021 vs 2010  
**13%** like-for-like increase 2021 vs 2020



**33%** diversion rate in 2021

## Resiliency

- We recognize climate phenomenon may have an impact on our portfolio and regularly review the prevalence of environmental risk
- Average NOAA Flood Risk Hazard Score of Hersha portfolio (1-10, 1=low risk) is **1.3** vs 2.8 average risk for US Lodging REITs\*

# SOCIAL AND GOVERNANCE

- Social
  - Diversity & Inclusion is one of our core commitments outlined in our Code of Conduct. We are signatories of the CEO Action Pledge
  - Through a strong presence in our communities, we help to drive positive change on a local and global scale
  - Health & Wellness is reflected in our Rest Assured™ program, service offerings, and associate protocols
- Governance
  - A strong corporate governance foundation is essential to our company's goal of continuing to operate at the highest level of performance
  - Our Board-level Risk & ESG Subcommittee promotes active and focused discussion of risk and risk oversight, including on environmental and social issues
  - Executive remuneration tied to ESG performance metrics



CEO **ACT!ON** FOR  
DIVERSITY & INCLUSION

## Social Metrics



**20,300**

hours volunteered in local communities since 2015



**32,200+**

people provided with access to clean water for 21 years since 2015



**583,000**

new bars of soap sent to developing nations since 2011



**39%**

of our workforce identifies as women

## Governance Metrics

- Board Independence: 6 out of 8 Board Members are Independent Trustees
- Board Diversity: 50% Female and Minority Board Members
- Leadership Structure: Separate Board Chair and CEO
- Strong Alignment: Short-term and long-term incentives 100% based on performance

# *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

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