

*For Immediate Release*

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## **HERSHA HOSPITALITY INCREASES HOTEL OWNERSHIP IN MANHATTAN BY ACQUIRING HOLIDAY INN AT WALL STREET**

Philadelphia, PA, May 11, 2010 - Hersha Hospitality Trust (NYSE: HT), owner of select service and upscale hotels in major metropolitan markets, announced that it has purchased the Holiday Inn at Wall Street in New York City for approximately \$34.8 million, or \$308,000 per key, including closing costs and fees. The prior owner converted the 113-room hotel, which also includes a lobby-level restaurant that is leased to a third party, to a Holiday Inn in April 2010.

“This acquisition is another step in growing our New York City portfolio with an immediately accretive asset that has a growth rate higher than our existing portfolio. The hotel, which is located in the heart of New York’s financial district across the street from the Federal Reserve and three blocks from the New York Stock Exchange, was opened only a year ago and was previously operated as an independent hotel,” commented Jay H. Shah, Chief Executive Officer. “Both the newly developed, ramp up nature of the asset and its recent affiliation with one of the leading full service brands in the world will lead to very strong RevPar and EBITDA growth at this asset in the coming years. This acquisition demonstrates the benefits we are still accruing from our development loan program and its off-market acquisition opportunities, and at the same time reduces our overall development loan exposure as we focus on our core markets and our operations.”

The hotel was acquired from a third party developer through an equity swap on the outstanding development loan balance of \$7.84 million, the issuance of 200,000 limited partnership units in Hersha Hospitality Limited Partnership and approximately \$26.0 million of cash. This fee simple hotel is being purchased unencumbered by debt and is managed by Hersha Hospitality Management, L.P.

The total purchase price represents an initial economic capitalization rate of 8% and an expected stabilized capitalization rate of 11%.

### **About Hersha Hospitality**

Hersha Hospitality Trust is a self-advised real estate investment trust, which owns interests in 77 hotels, totaling 9,951 rooms, primarily along the Northeast Corridor from Boston to Washington D.C. Hersha also owns hotels in Northern California and Scottsdale, Arizona. Hersha focuses on upscale, mid-scale and extended stay hotels in major metropolitan markets.

## **Forward Looking Statement**

Certain statements in this press release, including the statement related to the newly acquired hotel's potential for growth in cash flows, are forward-looking statements within the meaning of the federal securities laws, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. For a description of these factors, please review the information under the heading "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2009 filed with the U.S. Securities and Exchange Commission.

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