



**Hersha Hospitality Acquires Hampton Inn Washington, DC**

Company Release - 09/01/2010 16:01

PHILADELPHIA--(BUSINESS WIRE)-- **Hersha Hospitality Trust** (NYSE: HT), owner of select service and upscale hotels in major metropolitan markets, announced that it has purchased the 228 room Hampton Inn, Washington, D.C. for approximately \$73.0 million, or \$320,000 per key excluding closing costs. The institutional grade hotel was constructed in 2005 and is the only Hampton Inn located in the District of Columbia.

The Hampton Inn is centrally located on Massachusetts Avenue between Union Station and the White House, adjacent to the Washington, D.C. Convention Center complex and within walking distance of the National Mall. With the acquisition of this hotel, Hersha will own seven hotels in the Washington, D.C. region.

Jay H. Shah, Chief Executive Officer, stated, "Adding this urban hotel, located in one of the top global real estate markets, is another positive step in the execution of our long term strategy of increasing our presence in only the highest growth markets in the nation. Across the last ten years, Washington D.C.'s revenue per available room or RevPAR growth has been more than twice the national average and there is virtually no new hotel supply expected in the next three years in the downtown area. The acquisition is accretive and we are excited to be adding it to our portfolio early in this recovery cycle. We expect that we will benefit from the continued strength of the market and the opportunity to drive rates and expense improvements as we work to further increase the hotel's operating margins and performance over time."

The purchase price of \$73.0 million represents a forward capitalization rate of approximately 8.3% on the hotel's projected 2011 net operating income, and an unlevered IRR of approximately 11.7%. Hersha funded the purchase with cash and a draw on its revolving credit facility.

**About Hersha Hospitality**

Hersha Hospitality Trust is a self-advised real estate investment trust, which owns interests in 76 hotels, totaling 10,071 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.

Source: Hersha Hospitality Trust

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