HERSHA HOSPITALITY TRUST
Form DEF 14A
April 17, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Hersha Hospitality Trust

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total Fee Paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

2015 PROXY STATEMENT

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Dear Fellow Shareholders:

I hope you will join me and our entire Board of Trustees at our 2015 Annual Meeting of Shareholders on May 21, 2015. The following pages contain the Notice of Annual Meeting and the Proxy Statement which describes the business to be conducted at the meeting.

Hersha Hospitality Trust delivered a total return to shareholders of 31% in 2014 which compares favorably to the RMZ REIT index return of 30%, the S&P index return of 14% and the Dow Jones Industrial Average return of 10%. In 2014, we completed our selective, disciplined and focused portfolio transformation into a pure play, urban transient lodging portfolio and, as a result, we anticipate our portfolio will benefit due to the placement of our hotels in some of the highest demand gateway markets in the United States.

Our efforts in transforming the portfolio and driving hotel operations has resulted in an 8.3% increase in our 2014 revenue per available room (RevPAR) to $155 compared to 2013, a record high for our company. When compared to 2013, our 2014 average daily rate (ADR) increased 4.5% to $188, while our 2014 average hotel occupancy increased 288 basis points to 82.6%. During the year, profitability improved with hotel EBITDA increasing approximately 26.4% to $157.4 million compared to 2013, while 2014 hotel EBITDA margins reached an impressive 37.7%.

We believe our company is very well positioned to continue to outperform in both the near and long-term. Thank you for your continued support of our company. Your vote is important to us and our business and you will find instructions on how to vote on page 8.

Sincerely,

/s/ Jay H. Shah

Jay H. Shah

Chief Executive Officer and Trustee

April 17, 2015

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HERSHA HOSPITALITY TRUST

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

THURSDAY, MAY 21, 2015

9:00 A.M. (EDT)

ONE WASHINGTON SQUARE

510 WALNUT STREET, NINTH FLOOR
PHILADELPHIA, PENNSYLVANIA 19106

Items of Business

1. To elect three Class II Trustees to the Board of Trustees.
2. To approve on an advisory basis the compensation of the Company's named executive officers.
3. To ratify the appointment of KPMG LLP as the Company's independent auditors.
4. To transact such other business as may properly come before the annual meeting and any adjournment or postponement thereof.

Record Date

You can vote if you are a shareholder of record at the close of business on March 31, 2015.

Annual Report

Our 2014 annual report to shareholders accompanies, but is not part of these proxy materials.

Your Vote is Important

It is important that your common shares are represented and voted at the annual meeting. You may authorize your proxy over the Internet or by telephone as described on the proxy card accompanying this notice and the attached proxy statement. Alternatively, you may authorize your proxy by signing and returning the proxy card in the enclosed envelope. You may revoke your proxy and vote in person at the annual meeting by (1) executing and submitting a later dated proxy card that is received prior to May 21, 2015, (2) subsequently authorizing a proxy over the Internet or by telephone, (3) sending a written revocation of your proxy to the Company's Corporate Secretary at its principal executive offices or (4) attending the annual meeting and voting in person.

By Order of the Board of Trustees,

/s/ David L. Desfor

David L. Desfor

Corporate Secretary

44 Hersha Drive
Harrisburg, Pennsylvania 17102
April 17, 2015

PROXY STATEMENT

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE 2015 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 21, 2015:

This proxy statement and the 2014 annual report to shareholders are available on Hersha Hospitality Trust's website, www.hersha.com, and at www.proxyvote.com. Information on or connected to these websites is not deemed to be a part of this proxy statement. The Company's proxy materials, including the notice of the annual meeting, the proxy statement, the proxy card and the 2014 annual report to shareholders, are first being mailed to the Company's shareholders on or about April 17, 2015.

Table of Contents

PROXY SUMMARY

This proxy summary highlights information which may be contained elsewhere in this proxy statement. This proxy summary does not contain all of the information that you should consider before authorizing your proxy, and you should read the entire proxy statement carefully before authorizing your proxy. Page references are supplied to help you find further information in this proxy statement. Unless the context otherwise indicates or requires, all references in this proxy statement to the terms "Hersha," "we," "us," "our," "our company" and "the Company" mean Hersha Hospitality Trust and its subsidiaries.

Eligibility to Vote (page 8)

You can vote if you are a shareholder of record as of the close of business on March 31, 2015.

How to Cast Your Vote (page 8)

You can vote by any of the following methods:

- Internet: www.proxyvote.com until 11:59 P.M. EDT on May 20, 2015
- Telephone: 1-800-690-6903 until 11:59 P.M. EDT on May 20, 2015; or
- Mail: Completing, signing and returning your proxy or voting instruction card.

Corporate Governance of the Company (page 10)

We strive to observe and continue to implement best practices.

Board of Trustees (page 12)

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Executive Officers (page 17)

Executive Compensation (page 45)

The objective of the Company's executive compensation program is to attract, retain and motivate experienced and talented executives who can maximize shareholder value, and is designed to closely align compensation paid to executives, including the Company's named executive officers ("NEOs"), with the Company's performance on both a short-term and long-term basis.

Compensation Discussion and Analysis (page 26)

What We Do	What We Do Not Do
The Company ties NEO pay to performance. For 2014, 79% of the NEOs pay potential was performance-based and at-risk. The Company sets clear goals for company performance and differentiates certain elements of compensation based on individual NEO achievement.	The Company has no contractual arrangements for guaranteed payouts (other than base salary which is only 21% of the NEOs pay potential). There are no guarantees in place for any potential changes to our NEOs base salaries, cash incentive payments, or equity awards.
The Company mitigates undue risk, including retention provisions, multiple performance targets, and robust Board and management processes to identify risk. The Company intends to clawback bonuses and other incentive-based and equity-based compensation when misconduct results in a financial restatement	The Company does not believe the executive compensation program creates risks that are reasonably likely to pose a material adverse impact to the Company.
The Company has reasonable post-employment and change in control provisions. The employment agreements with the NEOs generally provide for cash payments after a change in control only if NEO is also terminated without cause or voluntarily resigns for good reason within one year of the change in control (a double-trigger).	The Company does not have any tax gross-up provisions for any of the NEOs and maintains that it will not enter into an agreement with a new executive officer that includes a tax gross-up provision with respect to payments contingent upon a change in control.
The Compensation Committee benefits from its utilization of an independent compensation consulting firm. The reports prepared by the compensation consulting firm are used by the Compensation Committee to set executive compensation at levels that are intended to be competitive with the Company's industry peers.	The Company's compensation consulting firm does not provide any services to the Company or management.
The Company has adopted share ownership guidelines for the NEOs. In addition, the Company implemented requirements for the NEOs to hold shares granted for two years beyond vesting.	The Company has not used options or share appreciation rights and, if used, would not reprice these securities if they were underwater. The Company does not pay dividends on unvested performance shares.
	The Company does not have pension plans and does not provide perquisites to the NEOs.

The table below highlights our share performance:

(Represents total returns from January 26, 1999 through December 31, 2014. Source: Bloomberg and SNL Financial.)

Hersha Hospitality Trust is a hotel EBITDA margin leader in the lodging REIT sector. The following table highlights hotel EBITDA margins for the year ended December 31, 2014:

(Source: Publicly available information and SEC filings.)

Hotel EBITDA is a commonly used measure of performance in the hotel industry for a specific hotel or group of hotels. We believe Hotel EBITDA provides a more complete understanding of the operating results of the individual hotel or group of hotels. We calculate Hotel EBITDA by utilizing the total revenues generated from hotel operations less all operating expenses, property taxes, insurance and management fees, which calculation excludes Company expenses not specific to a hotel, such as corporate overhead. Because Hotel EBITDA is specific to individual hotels or groups of hotels and not to the Company as a whole, it is not directly comparable to any GAAP measure and should not be relied on as a measure of performance for our portfolio of hotels taken as a whole.

Hersha Hospitality Trust maintains leading Hotel EBITDA margins while achieving RevPAR that is in line with RevPAR generated by lodging REITs focused on the ownership of full service hotels. The table below illustrates the Company's RevPAR compared to the RevPAR of its peers:

(Source: Publicly available information and SEC filings)

The Company has significantly transformed itself over the long-term into a lodging REIT focused on an urban transient customer and, amongst its hotel REIT peers, has one of the highest exposures to coastal gateway markets in the United States.

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The following table highlights the historical transformation of the Company since its IPO in 1999:

Since the start of the last lodging cycle, Hersha Hospitality Trust has been a leader in RevPAR growth. The following table highlights the Company's compound annual growth rate in RevPAR compared to peers in the lodging REIT sector for the period beginning January 1, 2009 through December 31, 2014:

(Table excludes certain hospitality REITs that the Company considers to be peers for executive compensation purposes and completed IPOs after January 1, 2009. Source: Publicly available information and SEC filings.)

Say on Pay (page 53)

We are asking our shareholders to approve, on an advisory basis, the compensation of our NEOs for 2014.

Ratification of Auditors (page 59)

We are asking our shareholders to ratify the selection of KPMG, LLP as our independent registered public accounting firm for 2015.

Voting Proposals Summary

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PLEASE VOTE

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND THIS PROXY STATEMENT

THE PROXY SOLICITATION

This proxy statement is provided in connection with the solicitation of proxies by the Board of Trustees of Hersha Hospitality Trust for use at the 2015 annual meeting of shareholders to be held at One Washington Square, 510 Walnut Street, Ninth Floor, Philadelphia, Pennsylvania 19106 at 9:00 a.m. (EDT) on May 21, 2015 and at any adjournment or postponement thereof. The mailing address of the Company's principal executive office is 44 Hersha Drive, Harrisburg, Pennsylvania 17102. The Company's proxy materials, including the notice of the annual meeting, this proxy statement, the proxy card and the 2014 annual report to shareholders, are first being mailed to the Company's shareholders on or about April 17, 2015.

Solicitation of Proxies

The solicitation of proxies is being made primarily by the use of standard mail. The cost of preparing and mailing this proxy statement and accompanying proxy materials, and the cost of any supplementary proxy solicitations, which may be made by mail, telephone or personally by the Company's trustees, executive officers and employees, will be borne by the Company. No person is authorized to give any information or to make any representation not contained in this proxy statement and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. This proxy statement does not constitute the solicitation of a proxy, in any jurisdiction, from any person to whom it is unlawful to make such solicitation in such jurisdiction. The delivery of this proxy statement shall not, under any circumstances, imply that there has not been any change in the information set forth herein since the date of the proxy statement.

How To Vote; Revocability of Proxy

You may authorize your proxy over the Internet (at www.proxyvote.com), by telephone (at 1-800-690-6903) or by executing and returning the proxy card accompanying this proxy statement. Once you authorize a proxy, you may revoke that proxy by (1) executing and submitting a later-dated proxy card prior to May 21, 2015, (2) subsequently authorizing a proxy over the Internet or by telephone, (3) sending a written revocation of your proxy to the Company's Corporate Secretary at its principal executive offices, or (4) attending the annual meeting and voting in person.

Attending the annual meeting without submitting a new proxy or voting in person will not automatically revoke the prior authorization of your proxy. Only the last vote of a shareholder will be counted.

If you hold the Company's common shares in "street" name (i.e., through a bank, broker or other nominee), you will receive instructions from your bank, broker or nominee that you must follow in order to give them your voting instructions, or you may contact your nominee directly to request these instructions.

Shareholders Entitled To Vote

Only holders of record of the Company's common shares at the close of business on the record date, March 31, 2015, and their legal proxy holders, are entitled to notice of, and to vote at, the annual meeting. On the record date, there were 196,907,816 common shares outstanding. Each shareholder of record is entitled to one vote per common share. Cumulative voting is not permitted in the election of Class II Trustees.

Attending the Annual Meeting In Person

If you would like to attend the annual meeting in person, you will need to bring an account statement or other evidence acceptable to the Company of ownership of your common shares as of the close of business on the record date. If you hold common shares in "street" name and wish to vote in person at the annual meeting, you will need to contact your broker, bank or nominee and obtain a written proxy from them and bring it to the annual meeting.

Quorum

The Company's Bylaws provide that the holders of a majority of the outstanding common shares as of the close of business on the record date present in person or by proxy constitutes a quorum for the transaction of business at the annual meeting. As of March 31, 2015, there were 196,907,816 common shares outstanding.

Vote Required

The Company's Bylaws provide for the election of trustees in uncontested elections by a majority of the votes cast. Under this standard, a majority of the votes cast means the number of votes cast "for" a trustee's election exceeds the number of votes cast "against" that trustee's election. The Bylaws provide for the election of trustees by a plurality of the votes cast if the number of nominees exceeds the number of trustees to be elected (a contested election). The election of Class II Trustees at the annual meeting is uncontested. Therefore, in accordance with the Bylaws, Class II Trustee nominees will be elected at the annual meeting by a majority of the votes cast.

The affirmative vote of a majority of all of the votes cast at the annual meeting, if a quorum is present, is required for the proposal to approve, on an advisory basis, the compensation of the Company's NEOs.

The affirmative vote of a majority of all of the votes cast at the annual meeting, if a quorum is present, is required to ratify the appointment of KPMG LLP ("KPMG") as the Company's independent auditors for the fiscal year ending December 31, 2015.

How Votes Will Be Counted

In the election of Class II Trustees, you may vote "for," "against" or "abstain" with respect to each Class II Trustee nominee. For the proposal to approve, on an advisory basis, the compensation of the Company's named executive officers and for the proposal to ratify the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2015, you may vote "for," "against" or "abstain." Abstentions with respect to any proposal at the annual meeting will be counted as present and entitled to vote for purposes of determining the presence of quorum, but will not be counted as a vote cast on the proposal and therefore will not be counted in determining the outcome of the proposal.

If you hold your common shares in street name through a brokerage firm and you do not submit voting instructions to your broker, your broker may generally vote your common shares in its discretion on routine matters. However, a broker cannot vote common shares held in street name on non-routine matters unless the broker receives voting instructions from the street name holder. The proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 is considered routine under applicable rules, while each of the other items to be submitted for a vote of shareholders at the annual meeting is considered non-routine. Accordingly, if you hold your common shares in street name through a brokerage account and you do not submit voting instructions to your broker, your broker may exercise its discretion to vote your common shares on the proposal to ratify the appointment of KPMG, but will not be permitted to vote your common shares on any of the other items at the annual meeting. If your broker exercises this discretion, your common shares will be counted as present for the purpose of determining the presence of a quorum at the annual meeting and will be voted on the proposal to ratify the appointment of KPMG in the manner directed by your broker, but your common shares will constitute “broker non-votes” on each of the other items at the annual meeting, including the election of Class II Trustees. Broker non-votes will not be counted as a vote cast with respect to these other items and therefore will not be counted in determining the outcome of the items.

CORPORATE GOVERNANCE

Board Leadership Structure

Lead Independent Trustee - The Board of Trustees designates an independent, non-employee trustee to serve as the Lead Independent Trustee that presides over the regularly conducted executive sessions of the independent trustees. In addition to chairing all executive sessions of the independent trustees, the Lead Independent Trustee has the authority to call meetings of the independent trustees, presides at all meetings of the Board of Trustees at which the Chairman of the Board, the Chief Executive Officer and the President and Chief Operating Officer are not present, and has such other duties as the Board of Trustees may determine from time to time. The Board of Trustees has currently designated Mr. Landry as the Lead Independent Trustee. Mr. Landry is expected to continue serving in this capacity following the annual meeting. All interested parties may communicate with the Lead Independent Trustee by following the procedure described below under "—Communications with the Board of Trustees."

Chairman of the Board and Chief Executive Officer Separated - The Board of Trustees believes that it is in the best interests of the Company that the roles of Chief Executive Officer and Chairman of the Board of Trustees be separated in order for the individuals to focus on their primary roles. The Company's Chief Executive Officer is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while the Company's Chairman of the Board of Trustees provides guidance to the Company's Chief Executive Officer, presides over meetings of the full Board of Trustees and, together with the Lead Independent Trustee, sets the agenda for Board of Trustees meetings.

Board's Role in Risk Oversight

While the Board of Trustees believes it is the job of the Company's senior management to assess and manage the Company's exposure to risk, the Board of Trustees and its committees play an important role in the risk oversight of the Company. The Board of Trustees and its committees are involved in risk oversight through its direct decision-making authority with respect to significant matters and the oversight of management. The Board of Trustees (or the appropriate committee in the case of risks that are under the purview of a particular committee) administers its risk oversight function by receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal, regulatory, strategic and reputational risks, and from the chairs of the Audit Committee and the Compensation Committee. In addition, the Board of Trustees administers its risk oversight function through the required approval by the Board of Trustees (or a committee thereof) of significant transactions and other decisions, including, among others, acquisitions and dispositions of properties, new borrowings, significant capital expenditures, refinancing of existing indebtedness and the appointment and retention of the Company's senior management.

The Audit Committee has a Risk Sub-Committee to assist the Audit Committee and the Board of Trustees in developing guidelines and policies related to risk assessment and management which govern the process by which risk assessment and management is handled by the Company's senior management. The Risk Sub-Committee, which is chaired by Ms. Morgan, met four times in 2014. Senior management attended each meeting. Messrs. Hutchison and Landry, both of whom serve on the Audit Committee, also serve on the Risk Sub-Committee. At each meeting of the Audit Committee, Ms. Morgan reports to the full Audit Committee on the discussions and findings of the Risk Sub-Committee and makes recommendations to the Audit Committee regarding steps the Company's senior management has taken to monitor and control major financial and other risk exposures. In addition, as discussed under "Compensation Discussion and Analysis—Compensation-Related Risk" below, the Compensation Committee meets with senior management to discuss compensation-related risks.

Trustee Independence

A majority of the Board of Trustees is independent. The Board of Trustees has determined that the following trustees and trustee nominees are independent in accordance with the corporate governance standards of the NYSE: Ms. Morgan and Messrs. Hutchison, Landry, Leven and Sabin.

Code of Ethics and Policies on Corporate Governance

The Board of Trustees has adopted a Code of Ethics that applies to all of the Company's trustees, executive officers and employees. The Company makes available on its website, www.hersha.com, current copies of its corporate governance documents, including charters of the Audit, Compensation, Nominating and Corporate Governance ("NCG") and Acquisition Committees, its Corporate Governance Guidelines and its Code of Ethics. The Company will post any future changes to these corporate governance documents on its website and may not otherwise publicly file such changes. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from the Code of Ethics granted to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and other executive officers by posting such information on the Company's website.

Majority Voting For Trustees Elections

The Company's Bylaws provide for the election of trustees in uncontested elections by a majority of the votes cast. Under this standard, a majority of the votes cast means the number of votes cast "for" a trustee's election exceeds the number of votes cast "against" that trustee's election. The Bylaws provide for the election of trustees by a plurality of the votes cast if the number of nominees exceeds the number of trustees to be elected (a contested election).

The Company's Bylaws include a trustee resignation policy, establishing procedures under which any incumbent trustee who fails to receive a majority of the votes cast in an uncontested election will be required to tender his or her resignation to the Board of Trustees for consideration. As provided in the Bylaws, the Board of Trustees will act on any such resignation, taking into account the NCG Committee's recommendation, and publicly disclose (by a press release, a filing with the SEC or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the uncontested election results.

Trustee Nominating Process

The NCG Committee performs the functions of a nominating committee and will actively seek, screen and recommend trustee candidates for nomination by the Board of Trustees, consistent with criteria approved by the Board of Trustees, including, without limitation, strength of character, maturity of judgment, independence, expertise in the hospitality industry, experience as a senior executive or with corporate strategy initiatives generally, diversity and the extent to which the candidate would fill a present need on the Board of Trustees. The NCG Committee Charter describes the Committee's responsibilities, including seeking, screening and recommending trustee candidates for nomination by the Board of Trustees.

The charter of the NCG Committee provides that the NCG Committee will consider shareholder recommendations for trustee candidates. Shareholders should submit any such recommendations for consideration by the NCG Committee through the method described under "—Communications with the Board of Trustees" below. In addition, in accordance with the Company's Bylaws, any shareholder of record entitled to vote for the election of trustees at the applicable meeting of shareholders may nominate persons for election to the Board of Trustees if such shareholder complies with the notice procedures set forth in the Bylaws and summarized in "—Shareholder Proposals and Nominations for the 2015 Annual Meeting" below. Trustee candidates submitted by our shareholders will be evaluated by the NCG Committee on the same basis as any other trustee.

The NCG Committee does not have a formal policy with respect to diversity; however, the Board of Trustees and the NCG Committee believe that it is important that the trustee candidates represent key and diverse skill sets. The NCG Committee evaluates each candidate's qualifications to serve as a member of the Board of Trustees based on his or her skills and characteristics, as well as the composition of the board as a whole. In addition, the NCG Committee will evaluate a candidate's independence and diversity, age, skills and experience in the context of the board's needs. In addition to considering incumbent trustees, the NCG Committee identifies trustee candidates based on recommendations from the trustees, shareholders, management and others. The NCG Committee may in the future engage the services of third-party search firms to assist in identifying or evaluating trustee candidates. No such firm was engaged in 2014.

Communications with the Board of Trustees

Shareholders and other interested parties who wish to communicate with the Board of Trustees or any of its committees may do so by writing to the Lead Independent Trustee, Board of Trustees of Hersha Hospitality Trust, c/o Corporate Secretary, 44 Hersha Drive, Harrisburg, Pennsylvania 17102. The Corporate Secretary will review all communications received. All communications that relate to matters that are within the scope of the responsibilities of the Board of Trustees and its committees are to be forwarded to the Lead Independent Trustee. Communications that relate to matters that are within the scope of responsibility of one of the Board committees are also to be forwarded to the Chairperson of the appropriate committee. Solicitations, junk mail and obviously frivolous or inappropriate communications are not to be forwarded, but will be made available to any non-management trustee who wishes to review them.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company’s trustees, executive officers and persons who own more than 10% of any registered class of the Company’s equity securities (“10% Holders”) to report their ownership of common shares and any changes in ownership to the SEC. These persons are also required by SEC regulations to furnish the Company with copies of these reports. Based solely on a review of the copies of such reports received by the Company and on written representations from certain reporting persons that no reports were required, or if required, such reports were filed on a timely basis for those persons, the Company believes that the only filing deficiencies under Section 16(a) by the Company’s trustees and executive officers in the year ended December 31, 2014 are as follows: one late filing by Thomas J. Hutchison, III, a trustee, with respect to one transaction, one late filing by Jay H. Shah, a trustee and our chief executive officer, with respect to one transaction, and one late filing by Neil H. Shah, our president and chief operating officer, with respect to one transaction.

PROPOSAL ONE: ELECTION OF CLASS ii TRUSTEES

The Board of Trustees, upon the recommendation of the Nominating and Corporate Governance Committee, nominated Hasu P. Shah, Dianna F. Morgan, and John M. Sabin for election at the annual meeting as Class II Trustees. Each of these nominees currently is serving as a Class II Trustee. If elected, these individuals will serve as Class II Trustees until the 2017 annual meeting of shareholders and until their successors are duly elected and qualified.

Unless you direct otherwise in the proxy card accompanying this proxy statement, the persons named as proxies will vote your proxy for all of the nominees named above. If any nominee becomes unavailable or unwilling to serve as a Class II Trustee, the persons named as proxies in the accompanying proxy card will vote your proxy for an alternate nominee that has been nominated by the Board of Trustees. Alternatively, the Board of Trustees may reduce the size of the Board of Trustees and the number of nominees standing for election as Class II Trustees at the annual meeting. Proxies will only be voted for the nominees named above or their alternates. Each nominee for election to the Board of Trustees as a Class II Trustee has indicated that he or she is willing to serve if elected. The Board of Trustees has no reason to doubt that any nominee for election will be unable or unwilling to serve if elected.

The Board of Trustees unanimously recommends a vote “FOR” each of the nominees for election as a Class II Trustee.

BOARD OF TRUSTEES and executive officers

The Board of Trustees consists of nine trusteeships with seven currently serving trustees and two vacancies. At this time, the Board of Trustees has elected not to fill these openings and will continue to evaluate the composition of the Board. The Company's Declaration of Trust divides the Board of Trustees into two classes, as nearly equal in number as possible. At the annual meeting, shareholders are voting to elect three persons as Class II Trustees. Each Class II Trustee currently is serving a two-year term expiring at the annual meeting. Each Class I trustee was elected at the 2014 annual meeting and is serving a two-year term expiring at the 2016 annual meeting of shareholders. Generally, one full class of trustees is elected by the shareholders of the Company at each annual meeting.

The following pages include biographical information for each of our Class II Trustee Nominees and Class I Trustees, including their qualifications to serve on our board of trustees.

Class II Trustee Nominees

and Class II Trustee Nominee	his decades of experience building the Company, which he took public in 1999. Over the past 30 years he has developed, owned or managed over 50 hotels across the Eastern United States. With over three decades of lodging industry experience, Mr. Hasu Shah has developed a broad network of hotel industry contacts and relationships, including relationships with hotel owners, operators, project managers, contractors, franchisors, lenders, and other key industry participants.
70	
May 1998	
None	
None	

Hasu P. Shah Chairman of the Board and Class II Trustee Nominee Age: 70 Trustee since May 1998 Committees Served	Mr. Hasu Shah has been the Chairman of the Board and a Class II Trustee since the Company's inception in May 1998 and was the Company's Chief Executive Officer until his retirement in 2005. Mr. Hasu Shah began his career in lodging with the purchase of a single hotel in Harrisburg, Pennsylvania in 1984. In the last 30 years, he has developed, owned, or managed over 50 hotels across the Eastern United States and started real estate related businesses in general construction, purchasing, and hotel management. He has been recognized for both his business accomplishments and his philanthropic endeavors, including the Entrepreneur of the Year award given by Ernst & Young LLP. He also received an honorary Doctorate of Public Service (DPS) Degree from Harrisburg Area Community College. He was presented with the Hall of Fame award by Central Penn Business Journal for lifetime achievements in both business and philanthropy. Mr. Hasu Shah and his wife, Hersha, are active members of the local community and remain involved with charitable initiatives in India. In 2010, he was honorably bestowed with the National United Way Tocqueville Society award, the highest honor given for philanthropic work across the country. Mr. Hasu Shah has been an active Rotarian for nearly 25 years and continues to serve as a trustee of several community service and spiritual organizations including Vraj Hindu Temple and the India Heritage Research Foundation. He received a bachelors of science degree in chemical engineering from Tennessee Technical University and obtained a masters degree in public administration from Pennsylvania State University, which named him as a Fellow. Mr. Hasu Shah is also an alumnus of the Owner and President's Management program at Harvard Business School. Mr. Hasu Shah is the

None	father of Jay H. Shah, the Company's Chief Executive Officer and Class I Trustee, and Neil H. Shah, the Company's President and Chief Operating Officer.
Other Public Company Boards: None	The Board of Trustees has determined that Mr. Hasu Shah's qualifications to serve on the Board of Trustees include his extensive experience in the lodging industry, including his role as our former Chief Executive Officer and his decades of experience building the Company, which he took public in 1999. Over the past 30 years he has developed, owned or managed over 50 hotels across the Eastern United States. With over three decades of lodging industry experience, Mr. Hasu Shah has developed a broad network of hotel industry contacts and relationships, including relationships with hotel owners, operators, project managers, contractors, franchisors, lenders, and other key industry participants.

Dianna F. Morgan Class II Trustee Nominee Age: 63 Trustee since April 2010 Committees Served Audit Committee Risk Sub-Committee (Chair) Compensation Committee NCG Committee Other Public Company Boards: Chesapeake Utilities Corp. Marriott Vacations Worldwide Corporation	Ms. Morgan retired in 2001 from a long career with the Walt Disney World Company, where she served as Senior Vice President of Public Affairs and Human Resources. She also oversaw the Disney Institute — a recognized leader in experiential training, leadership development, benchmarking and cultural change for business professionals around the world. In addition, Ms. Morgan is the past Chair and is a past member of the Board of Trustees for the University of Florida. Ms. Morgan currently serves on the Board of Directors of Chesapeake Utilities Corp., where she is a member of the Compensation Committee, the Board of Directors of CNL Bancshares, Inc., and the Board of Directors of Marriott Vacations Worldwide Corporation. Ms. Morgan previously served on the Board of Directors and the Audit Committee of CNL Hotels & Resorts, Inc. Ms. Morgan is a member of the Board of Directors of Orlando Health and serves on the national board for the Children's Miracle Network, where she had formerly served as Chair. Ms. Morgan received her Bachelor of Arts degree in organizational communications from Rollins College. The Board of Trustees has determined that Ms. Morgan's experience serving as a board member of both private and public companies, her previous experience overseeing the Disney Institute and her prior service as a senior manager at Walt Disney World Company provide her with extensive knowledge of innovation and customer service, a solid foundation in media relations, risk management, and government relations and "best practice" expertise in human capital and the customer experience.
John M. Sabin Class II Trustee Nominee Age: 60 Trustee since June 2003 Committees Served Acquisition Committee Audit Committee (Chair) Compensation Committee NCG Committee Other Public Company Boards: Supertel Hospitality, Inc.	Since May 2011 Mr. Sabin has been the Executive Vice President and Chief Financial Officer of Revolution LLC as well as the Chief Financial Officer of The Stephen Case Foundation and the Case Family Office. Prior to May 2011, he was the Chief Financial Officer and General Counsel of Phoenix Health Systems, Inc., a private healthcare information technology outsourcing and consulting firm. Mr. Sabin was the Chief Financial Officer, General Counsel and Secretary of NovaScreen Biosciences Corporation, a private bioinformatics and contract research biotech company (acquired by Caliper Life Sciences). Mr. Sabin has also served as a finance executive with Hudson Hotels Corporation, Vistana, Inc., Choice Hotels International, Inc., Manor Care, Inc. and Marriott International, Inc., all of which were public companies at the time of his service. Mr. Sabin has had experience in commercial leasing with a national law firm, real estate transactions with national hospitality and health care firms, commercial real estate financing, IPOs, as well as experience as an audit committee and board member of several other public companies (including Supertel Hospitality, Inc. from 2012 to the present). Mr. Sabin has received Bachelor of Science degrees in Accounting and in University Studies; a Masters of Accountancy and a Masters in Business Administration from Brigham Young University, and he also received a Juris Doctor from the J. Reuben Clark Law School at Brigham Young University. Mr. Sabin is a licensed CPA and is admitted to the bar in several states. Mr. Sabin's qualifications to serve on the Board of Trustees include his substantial hospitality industry experience, as well as his substantial legal, finance and accounting experience. His service as both General Counsel and Chief Financial Officer of various companies provides the Board of Trustees with valuable insights with respect to finance, accounting, legal and corporate governance matters. He also has prior public company experience as a Chief Financial Officer and finance executive, as well as a director or trustee.

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Class I Trustees

and Class I Trustee None None	20 years of lodging and real estate experience and has developed a broad network of hotel industry contacts at leadership levels, including institutional investors, lenders, developers, brokers, franchisors and operators. His experience includes serving as the Company's President and Chief Operating Officer.
Jay H. Shah Chief Executive Officer and Class I Trustee Age: 46 Trustee since January 2006 Committees Served: None Other Public Company Boards: None	Mr. Jay Shah has been Chief Executive Officer and a trustee since 2006. Prior thereto, he had served as the Company's President and Chief Operating Officer. Mr. Jay Shah was a principal in the law firm of Shah & Byler, LLP, which he founded in 1997. Previously he was a consultant with Coopers & Lybrand LLP, served the late Senator John Heinz on Capitol Hill, and was employed by the Philadelphia District Attorney's office and two Philadelphia-based law firms. Mr. Jay Shah received a bachelor of science degree from the Cornell University School of Hotel Administration, a masters degree from the Temple University School of Business Management and a law degree from Temple University School of Law. Mr. Jay Shah serves on the Board of Temple University and on the Urban Land Institute's Hospitality Development Council. Mr. Jay Shah is the son of Hasu P. Shah, the Company's Chairman of the Board and Class II Trustee Nominee, and the brother of Neil H. Shah, the Company's President and Chief Operating Officer.

The Board of Trustees has determined that Mr. Jay Shah's qualifications to serve on the Board of Trustees include his extensive experience in the lodging and real estate industry and his experience negotiating and structuring real estate transactions and real estate-related joint ventures, including in his role as a former practicing real estate attorney. Mr. Jay Shah has 20 years of lodging and real estate experience and has developed a broad network of hotel industry contacts at leadership levels, including institutional investors, lenders, developers, brokers, franchisors and operators. His experience includes serving as the Company's President and Chief Operating Officer.

Thomas J. Hutchison III

Class I Trustee

Age: 73

Trustee since September 2008

Committees Served
Acquisition Committee
Audit Committee
Risk Sub-Committee
Compensation Committee (Chair)

Other Public Company Boards:
Marriott Vacations Worldwide Corporation

Mr. Hutchison was the Chief Executive Officer of CNL Hotels & Resorts, Inc. ("CNL Hotels"), a real estate investment trust that owned hotels and resort properties through April 2007. During that same time period, Mr. Hutchison held various other executive officer positions with companies affiliated with CNL Hotels, including but not limited to President and Chief Executive Officer of CNL Hotel Investors, Inc. and Chief Executive Officer of CNL Income Properties, Inc. Since April 2007, Mr. Hutchison has served as a consultant with Hutchison Advisors, Inc., a real estate services company, and he has served as Chairman of Legacy Healthcare Advisors, LLC, a specialized real estate services group. Mr. Hutchison serves on the Board of Directors of Marriott Vacations Worldwide Corporation, where he is a member of that board's Audit and Nominating and Corporate Governance committees and serves as Chair of that board's Compensation Committee. Mr. Hutchison also serves on the Board of Directors of Target Healthcare REIT Ltd., a company traded on the London Stock Exchange. Mr. Hutchison is currently a director for KSL Capital Partners LLC, U.S. Chamber of Commerce, and The Trinity Forum Europe. Mr. Hutchison was formerly a director for ING DIRECT USA and ClubCorp, Inc. He is a member of The Real Estate Roundtable, Leadership Council for Communities in Schools, Advisory Council of the Erickson School of Aging Studies and serves on the Advisory Editorial Board of GlobalHotelNetwork.com. Additionally, he serves as a senior advisor to various service industry public companies. Mr. Hutchison attended Purdue University and the University of Maryland Business School.

Mr. Hutchison's qualifications to serve on the Board of Trustees include his substantial experience in the real estate and lodging industries combined with his extensive leadership experience as a Chief Executive Officer of several SEC reporting REITs, including CNL Hotels.

Donald J. Landry Lead Independent Trustee and Class I Trustee Age: 66 Trustee since April 2001 Committees Served Acquisition Committee (Chair) Audit Committee Risk Sub-Committee NCG Committee Other Public Company Boards: Supertel Hospitality, Inc.	Mr. Landry is president and owner of Top Ten, an independent hospitality industry consulting company, a position he has held since 2002. Mr. Landry has over 45 years of lodging and hospitality experience in a variety of leadership positions. Mr. Landry was the Chief Executive Officer, President and Vice Chairman of Sunburst Hospitality Inc. Mr. Landry has also served as President of Choice Hotels International, Inc., Manor Care Hotel Division and Richfield Hotel Management. Mr. Landry serves on the Board of Directors of Supertel Hospitality, Inc., where he is Chair of the Investment Committee. Mr. Landry currently serves on the corporate advisory boards of Unifocus, Campo Architects, Quantum Leap Advertising, Windsor Capital Group and numerous nonprofit boards. Mr. Landry is a frequent guest lecturer and serves on the board of the University of New Orleans' School of Hospitality, Restaurant and Tourism. Mr. Landry holds a bachelor of science degree from the University of New Orleans, which awarded him Alumnus of the Year in 1999. Mr. Landry is a Certified Hotel Administrator. The Board of Trustees has determined that Mr. Landry's qualifications to serve on the Board of Trustees include his 40 years of experience in the lodging and real estate industries, including his roles as Chief Executive Officer, President and Vice Chairman of Sunburst Hospitality Inc. and President of Choice Hotels International, Inc., Manor Care Hotel Division and Richfield Hotel Management.
Michael A. Leven Class I Trustee Age: 77 Trustee since May 2012 Committees Served Acquisition Committee Compensation	Until his retirement in December of 2014, Mr. Leven was the President and Chief Operating Officer of the Las Vegas Sands Corp., a position he held since March 2009, and Secretary, a position held since June 2010. Mr. Leven has been a director of the Las Vegas Sands Corp. since August 2004 and serves as a member of the Board of Directors of Sands China Ltd., a subsidiary of Las Vegas Sands Corp. Mr. Leven is currently the Chairman and Chief Executive Officer at Georgia Aquarium, Inc. a position held since January 1, 2015. Prior to joining Las Vegas Sands Corp. in March of 2009, Mr. Leven served as the Chief Executive Officer of the Georgia Aquarium from September 2008. Prior to that Mr. Leven was the Vice Chairman of the Marcus Foundation, Inc., a non-profit foundation. Mr. Leven was the Chairman, Chief Executive Officer and President of U.S. Franchise Systems, Inc., the company he founded in 1995 that developed and franchised the Microtel Inns & Suites and Hawthorn Suites hotel brands. He was previously the president and chief operating officer of Holiday Inn Worldwide, president of Days Inn of America, and president of Americana Hotels. Mr. Leven serves on many other non-profit boards. Mr. Leven served as a Class II Trustee from May 2001 through March 2010 and as a trustee emeritus from March 2010 through May 2012, at which time he was reelected as a Class I trustee by the Company's shareholders.

Committee NCG Committee (Chair) Other Public Company Boards: Las Vegas Sands Corp.	The Board of Trustees has determined that Mr. Leven's qualifications to serve on the Board of Trustees include his extensive experience in the hospitality industry, including as an executive officer and director of the Las Vegas Sands Corp. and his past employment in leadership positions with various other hospitality companies.

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Executive Officers

In addition to Hasu P. Shah, the Company's executive Chairman of the Board and a nominee for election as a Class II Trustee, and Jay H. Shah, the Company's Chief Executive Officer and a Class I Trustee, whose biographical information appears above, the Company's executive officers include:

Neil H. Shah President and Chief Operating Officer Age: 41	Mr. Neil H. Shah has served as the Company's President and Chief Operating Officer since 2006. Mr. Shah has led the Company's hotel acquisitions, development, and asset management platforms since 2000. Prior to Hersha, Mr. Shah served as a Director and Consultant with The Advisory Board Company and the Corporate Executive Board, strategy research firms based in Washington D.C. Mr. Shah has also worked with the Phipps Foundation in New York City contributing to urban renewal projects in New York City. Mr. Shah earned a Bachelor of Arts in Political Science and a Bachelor of Science in Management both with honors from the University of Pennsylvania and the Wharton School. He earned his MBA from the Harvard Business School. He serves on the Board of Trustees for the National Constitution Center, the Corporate Council of the Barnes Foundation, and is a research sponsor at the Wharton Real Estate Center in Philadelphia. He is also a member of the Board of Directors of the Educational Foundation Institute and the Institutional Real Estate Finance Advisory Council (IREFAC) of the American Hotel & Lodging Association. Mr. Shah is an active supporter of the United Way Worldwide and a Tocqueville Society member. Mr. Shah is the son of Hasu P. Shah, the Company's Chairman of the Board and Class II Trustee Nominee, and brother of Jay H. Shah, the Company's Chief Executive Officer and Class I Trustee.
Ashish R. Parikh Chief Financial Officer and Assistant Secretary Age: 45	Mr. Parikh has been the Company's Chief Financial Officer since 1999. Prior to joining the Company, Mr. Parikh was an Assistant Vice President in the Mergers and Acquisition Group for Fleet Financial Group where he developed valuable expertise in numerous forms of capital raising activities including leveraged buyouts, bank syndications and venture financing. Mr. Parikh has also been employed by Tyco International, Ltd. and practiced as a Certified Public Accountant with Ernst & Young LLP. Mr. Parikh received his M.B.A. from The Stern School of Business at New York University (NYU) and a B.B.A. from the University of Massachusetts at Amherst. Mr. Parikh is currently a board member of the Center for Real Estate Finance at NYU's Stern School of Business, Philadelphia Real Estate Council, the Urban Affairs Coalition and a member of the Real Estate Capital Policy Advisory Committee of the Real Estate Roundtable.
Michael R. Gillespie Chief Accounting Officer, Controller, and Assistant Secretary Age: 42	Mr. Gillespie has served as the Company's Chief Accounting Officer since 2005. Prior to joining Hersha Hospitality Trust, Mr. Gillespie was Manager of Financial Policy & Controls for Tyco Electronics Corporation, a global manufacturer of electronic components where he played a key role in developing the company's Sarbanes-Oxley compliance program. He has also been a Senior Manager in the Audit and Assurance Practice at KPMG, LLP and Experienced Manager in the Audit and Business Advisory Practice at Arthur Andersen LLP. Mr. Gillespie received his business administration bachelors degree in accounting from Bloomsburg University of Pennsylvania. Mr. Gillespie is a licensed Certified Public Accountant. Mr. Gillespie is currently a board member of the United Way of the Capital Region, the Bloomsburg University Foundation, and the Foundation for Enhancing Communities and is a member of the Tax Policy Advisory Committee of the Real Estate Roundtable.

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David L. Desfor Treasurer and Corporate Secretary Age: 54	Mr. Desfor has served as the Company’s Treasurer since December 2002 and as Corporate Secretary since April 2007. Previously, Mr. Desfor gained lodging experience as a principal and comptroller of lodging organizations. Mr. Desfor previously co-founded and served as President of a hotel management company focused on conference centers and full service hotels. Mr. Desfor earned his undergraduate degree from East Stroudsburg University in Hotel Administration.

Meetings of the Board of Trustees

The Company’s business is managed under the general direction of the Board of Trustees as provided by the Company’s Bylaws and Maryland law. The Board of Trustees holds regular quarterly meetings during the Company’s fiscal year and holds additional meetings as needed in the ordinary course of business. The Board of Trustees held a total of twelve meetings during 2014. Each of the trustees attended at least 75% of the aggregate of (i) the total number of the meetings of the Board of Trustees and (ii) the total number of meetings of all committees of the Board on which the trustee then served.

Executive Sessions

The Company believes that it is important to promote open discussion among the independent trustees, and it schedules regular executive sessions in which those trustees meet without management and non-independent trustee participation. In 2014, the independent trustees met in executive session four times. Mr. Landry, who has been designated by the Board of Trustees as Lead Independent Trustee, chairs these executive sessions of the independent trustees.

Trustee Attendance at the Annual Meeting

The Board of Trustees has adopted a policy regarding trustee attendance at the annual meeting which specifies that all trustees should attend the annual meeting. All of the trustees that served on the Board of Trustees at the time of the 2014 annual meeting of shareholders were in attendance.

Committees of the Board of Trustees

The Board of Trustees presently has an Audit Committee, Compensation Committee, Acquisition Committee and a Nominating and Corporate Governance (NCG) Committee. In addition, the Audit Committee established the Risk Sub-Committee to focus on oversight of the Company's risk management processes. The Board of Trustees may, from time to time, form other committees as circumstances warrant. These committees have authority and responsibility as delegated by the Board of Trustees.

Audit Committee

M. Sabin (Chair) Thomas J. Hutchison III Donald J. Landry Dianna F. Morgan	www.hersha.com. The current members of the Audit Committee all meet the NYSE's and the SEC's standards of independence as currently in effect. The Board of Trustees has determined that Mr. Sabin is an "audit committee financial expert" as that term is defined in the rules promulgated by the SEC pursuant to the Sarbanes-Oxley Act of 2002. The Board of Trustees has also determined that each of the members of the Audit Committee is financially literate, as such term is interpreted by the Board of Trustees. For more information, please see "The Audit Committee Report" below.

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Members: John M. Sabin (Chair) Thomas J. Hutchison III Donald J. Landry Dianna F. Morgan Meetings in 2014: 10	The Audit Committee is responsible for engaging the Company's independent auditors, reviewing with the independent auditors the plans and results of the audit engagement, approving professional services provided by the independent auditors, reviewing the independence and qualifications of the independent auditors, considering the range of audit and non-audit fees and reviewing the adequacy of the Company's internal accounting controls. The Board of Trustees established in the Audit Committee in accordance with Section 3(a)(58)(A) of the Exchange Act and has adopted a written charter for the Audit Committee, a current copy of which is available on the Company's website, www.hersha.com. The current members of the Audit Committee all meet the NYSE's and the SEC's standards of independence as currently in effect. The Board of Trustees has determined that Mr. Sabin is an "audit committee financial expert" as that term is defined in the rules promulgated by the SEC pursuant to the Sarbanes-Oxley Act of 2002. The Board of Trustees has also determined that each of the members of the Audit Committee is financially literate, as such term is interpreted by the Board of Trustees. For more information, please see "The Audit Committee Report" below.

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Compensation Committee

Members: Thomas J. Hutchison III (Chair) Michael A. Leven Dianna F. Morgan John M. Sabin Meetings in 2014: 5	The Compensation Committee makes recommendations to the Board of Trustees with regard to compensation for the Company's executive officers and administers the Company's equity incentive plan. Subject to applicable law, the Compensation Committee may form and delegate its authority to subcommittees or executive officers when appropriate. At its meetings, the Compensation Committee discussed relevant topics regarding executive compensation and established a formal compensation plan for all officers and trustees. The Board of Trustees has adopted a written charter for the Compensation Committee, a current copy of which is available on the Company's website, www.hersha.com. The current members of the Compensation Committee all meet the NYSE's standards of independence as currently in effect. All of the members of the Compensation Committee are "non-employee" trustees within the meaning of Section 162(m) of the Code of 1986, as amended (the "Code"), and the applicable rules of the SEC and are "non-employee" trustees for the purposes of Rule 16b-3 under the Exchange Act. For more information about the Compensation Committee, please see the "Compensation Discussion and Analysis" below.

Nominating and Corporate Governance (NCG) Committee

(Chair) Donald J. Landry Dianna F. Morgan John M. Sabin	www.hersha.com. The current members of the NCG Committee all meet the NYSE's standards of independence as currently in effect .

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Members: Michael A. Leven (Chair) Donald J. Landry Dianna F. Morgan John M. Sabin Meetings in 2014: 4	The NCG Committee recommends candidates for election as trustees and, in some cases, the election of officers. The NCG Committee also develops and recommends to the Board of Trustees a set of corporate governance guidelines and annually reviews these guidelines, considers questions of possible conflicts of interest of trustees and executive officers and remains informed about existing and new corporate governance standards mandated by the SEC and the NYSE. The NCG Committee also evaluates the performance of the Board of Trustees and all of the Committees on an annual basis. The Board of Trustees has adopted a written charter for the NCG Committee, a current copy of which is available on the Company's website, www.hersha.com. The current members of the NCG Committee all meet the NYSE's standards of independence as currently in effect .

Acquisition Committee

Members: Donald J. Landry (Chair)	The Acquisition Committee establishes guidelines for acquisitions and dispositions to be presented to the Board of Trustees and leads the Board in its review of potential acquisitions and dispositions presented by management. The Acquisition Committee makes recommendations to the Board and senior management regarding potential acquisitions and dispositions and reviews due diligence reports prepared by management conducted on all potential acquisitions.

Thomas J. Hutchison III Michael A. Leven John M. Sabin Meetings in 2014: 5	The Board of Trustees has adopted a written charter for the Acquisition Committee, a current copy of which is available on the Company's website, www.hersha.com. The current members of the Acquisition Committee all meet the NYSE's standards of independence as currently in effect.

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Trustee COMPENSATION

Compensation of Non-Employee Trustees

The Board of Trustees believes that competitive compensation arrangements are necessary to attract and retain qualified non-employee trustees. The Compensation Committee has determined that any executive officer who serves on the Board of Trustees will not receive any fees for service on the Board of Trustees. The key components of our current trustee compensation program are annual retainer, fees for committee membership, annual share grants and restricted share grants, and additional compensation to committee chairs and the Lead Independent Trustee.

As discussed in “Compensation Discussion and Analysis— Independent Compensation Consultant” below, the Compensation Committee engaged FPL Associates L.P. (“FPL”) as its compensation consultant to assist it in reviewing and determining, among other things, the compensation paid to non-employee trustees in 2014. The Compensation Committee, based on the recommendations of FPL, approved the Company’s 2014 compensation program for non-management trustees, effective as of January 1, 2014. For 2014, the compensation program included:

· Annual Retainer – Non-employee trustees received an annual retainer of $50,000.
· Lead Director and Committee Chair Fees – For service in the capacity of Lead Director or committee chairperson, non-employee trustees received an annual fee in the following amount:

· Committee Membership Fees – For service as a member of the Board’s committees, non-employee trustees, including committee chairpersons, received a fee in the following annual amount:

· Annual Share Based Compensation – Each of the Company’s non-employee trustees received a semi-annual grant of common shares, each equal to a value to approximately $30,000. The number of shares issued for each fully vested grant was determined based on the per share volume weighted average trading price (“VWAP”) of the Company’s common shares on the NYSE for the 20 trading days prior to the grant date.
· 2014 Multi-Year Share Based Compensation – On December 27, 2013, each non-employee trustee received 2,000 restricted common shares, 33% of which vested on December 31, 2014, 33% of which will vest on December 31, 2015, and the remainder of which will vest on December 31, 2016 (subject to continued service on the vesting date).

Trustees may make a voluntary election to receive any portion of the annual retainer, lead director and committee chair fees, and committee membership fees in the form of common equity valued at a 25% premium to the cash that would have been received. The number of common shares issued in lieu of cash payments for the annual retainer was determined based on the per share VWAP of the Company’s common shares on the NYSE for the 20 trading days prior to December 27, 2013, or $5.59 per share. An aggregate of 39,133 common shares were issued on December 27, 2013 and vested during the year ended December 31, 2014.

Non-employee trustees may make a voluntary election to receive any portion of the fees received for committee membership, and service as Lead Independent Trustee or a committee or sub-committee chair in the form of common equity valued at a 25% premium to the cash that would have been received, with the number of common shares issued in lieu of cash payments determined based on the per share VWAP of the Company's common shares on the NYSE for the 20 trading days prior to June 1, 2014, or $6.19 per share. An aggregate of 23,475 common shares were issued on June 23, 2014 pursuant to the trustees' elections.

On June 23, 2014 and December 30, 2014, the Company's non-employee trustees received semi-annual grants of fully vested common shares that were issued under the Company's 2012 Equity Incentive Plan. Each grant had a value equal to approximately $30,000. To determine the number of common shares subject to each grant, the dollar amount of the grant was divided by the VWAP for the Company's common shares for a 20-trading day period prior to June 1, 2014 and December 30, 2014 and then rounded to the nearest 100 common shares. The 20-day VWAP used for the grant on June 23, 2014 was $6.19, resulting in a grant of 4,800 fully vested common shares with a grant date fair value of $31,200 to Messrs. Hutchison, Landry, Leven and Sabin and Ms. Morgan. The 20-day VWAP used for the grant on December 30, 2014 was $7.29, resulting in a grant of 4,100 fully vested common shares with a grant date fair value of $29,725 to Messrs. Hutchison, Landry, Leven and Sabin and Ms. Morgan.

The Company reimburses all trustees for their reasonable out-of-pocket expenses incurred in connection with their service on the Board of Trustees.

The following table presents information relating to compensation of the non-management trustees for the fiscal year ended December 31, 2014:

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1) ($)	Total ($)
Thomas J. Hutchison III	3,779	204,005	207,784
Donald J. Landry	58,631	147,918	206,549
Michael A. Leven	3,779	184,310	188,089
Dianna F. Morgan	95,983	75,425	171,408
Kiran P. Patel (2)	3,779	62,949	66,728
John M. Sabin	105,983	75,425	181,408

(1) See table below for additional disclosure of stock awards issued to non-management trustees.

(2) Mr. Patel resigned from the Board of Trustees effective as of April 11, 2014.

The following table presents information relating to stock awards included in the compensation of the non-management trustees for the fiscal year ended December 31, 2014:

			Shares Elected in Lieu of Cash Board Fees			
Name	Semi-Annual Share Grants (1) ($)	Multi-Year Share Award Grant (2) ($)	Annual Retainer(3) ($)	Lead Director and Committee Chair(4) ($)	Committee Membership(5) ($)	Total ($)
Thomas J. Hutchison III	60,925	14,500	62,949	19,689	45,942	204,005
Donald J. Landry	60,925	14,500	31,472	19,689	21,333	147,918
Michael A. Leven	60,925	14,500	62,949	13,124	32,812	184,310
Dianna F. Morgan	60,925	14,500	-	-	-	75,425
Kiran P. Patel	-	-	62,949	-	-	62,949
John M. Sabin	60,925	14,500	-	-	-	75,425

(1) Represents the aggregate grant date fair value of semi-annual share grants computed in accordance with FASB ASC 718. Common shares granted pursuant to these awards are fully vested on the grant date. The grant date fair value of the common shares granted on June 23, 2014 equals the number of common shares granted (4,800 common shares) multiplied by the closing common share price of $6.50 on the NYSE on the date of the grant. The grant date fair value of the common shares granted on December 30, 2014 equals the number of common shares granted (4,100 common shares) multiplied by the closing common share price of $7.25 on the NYSE on the date of the grant.

(2) Represents the aggregate grant date fair value of multi-year share awards computed in accordance with FASB ASC 718. The grant date fair value of the restricted common shares granted on December 30, 2014 equals the number of common shares granted (2,000 restricted common shares) multiplied by the closing common share price of $7.25 on the NYSE on the date of the grant.

(3) Represents the aggregate grant date fair value of shares elected to be received in lieu of all or a portion of a trustee's annual retainer computed in accordance with FASB ASC 718. The grant date fair value of the restricted common shares granted on December 27, 2013 equals the number of common shares granted multiplied by the closing common share price of $5.63 on the NYSE on the date of the grant. The following trustees received shares by making this election: Mr. Hutchison (11,181 shares), Mr. Landry (5,590 shares), Mr. Leven (11,181 shares), and Mr. Patel (11,181 shares).

(4) Represents the aggregate grant date fair value of shares elected to be received in lieu of all or a portion of a trustee's Lead Director, Committee Chair fees computed in accordance with FASB ASC 718. The grant date fair value of the common shares granted on June 23, 2014 equals the number of common shares granted multiplied by the closing common share price of $6.50 on the NYSE on the date of the grant. The following trustees received shares by making this election: Mr. Hutchison (3,029 shares), Mr. Landry (3,029 shares), and Mr. Leven (2,019 shares).

(5) Represents the aggregate grant date fair value of shares elected to be received in lieu of all or a portion of a trustee's meeting attendance fees computed in accordance with FASB ASC 718. The grant date fair value of the common shares granted on June 23, 2014 equals the number of common shares granted multiplied by the closing common share price of $6.50 on the NYSE on the date of the grant. The following trustees received shares by

making this election: Mr. Hutchison (7,068 shares), Mr. Landry (3,282 shares) and Mr. Leven (5,048 shares).

Trustee Ownership Guidelines

Non-management Trustees are required to maintain share ownership of at least five times their annual retainer and have three years from the date they are appointed to comply with share ownership guidelines.

2015 Compensation of Non-Employee Trustees

For 2015, the annual retainer, lead director and committee chair fees, committee membership fees, and multi-year share based compensation will remain unchanged from 2014 levels. Annual share based will increase from $60,000 to $67,000.

Security Ownership of Management

The following table sets forth certain information, known by the Company as of March 31, 2015, regarding the beneficial ownership of the Company's common shares and the Company's Series C preferred shares by (i) each of the Company's trustees and trustee nominees, (ii) each of the Company's named executive officers and (iii) the Company's trustees and executive officers as a group.

At March 31, 2015, there were 196,907,816 common shares outstanding, 2,400,000 Series B preferred shares outstanding, and 3,000,000 Series C preferred shares outstanding. Except as set forth in the footnotes to the table below, each of the individuals identified in the table has sole voting and investment power over the common shares and Series C preferred shares beneficially owned by that person. No person named in the table below beneficially owns any of the Company's Series B preferred shares. The address for each of the Company's trustees, trustee nominees and named executive officers is c/o Hersha Hospitality Trust, 44 Hersha Drive, Harrisburg, Pennsylvania 17102.

	Class A Common Shares			Series C Preferred Shares		
Name of Beneficial Owner	Number of Shares/Units Beneficially Owned(1)		Percentage of Class Beneficially Owned(2)	Number of Shares Beneficially Owned		Percentage of Class Beneficially Owned
Hasu P. Shah	1,422,036	(3)	*	-		-
Jay H. Shah	4,101,703	(4)	2.1%	-		-
Neil H. Shah	3,770,235	(5)	1.9%	-		-
Ashish R. Parikh	680,654		*	-		-
Michael R. Gillespie	245,395		*	-		-
David L. Desfor	218,700	(6)	*	-		-
Thomas J. Hutchison	322,560	(7)	*	-		-
Donald J. Landry	173,502		*	-		-
Michael A. Leven	135,587		*	20,000	(8)	*
Dianna F. Morgan	57,380		*	-		-
John M. Sabin	89,024	(9)	*	-		-
All executives officers, trustees, and trustee nominees as a group (11 persons)	11,216,776		5.7%	20,000		*

*Represents less than one percent of the outstanding shares of the class of securities indicated in the table above.

(1) Includes the total number of common shares issuable upon redemption of partnership units and LTIP Units in Hersha Hospitality Limited Partnership, the Company's operating partnership subsidiary (the "Operating Partnership" or "HHLP"). Subject to certain restrictions, LTIP Units are convertible into an equivalent number of partnership units. Partnership units are redeemable by the holder for cash, or at the Company's option, an

equivalent number of common shares.

(2) The total number of common shares outstanding used in calculating the percentage ownership of each person assumes that the partnership units and LTIP Units held by such person, directly or indirectly, are redeemed for common shares and none of the partnership units and LTIP Units held by other persons are redeemed for common shares, notwithstanding that not all of the LTIP Units have vested to date.

(3) Includes: (i) 455,496 common shares issuable upon redemption of partnership units that are currently redeemable; and (ii) 69,130 common shares, all of which are held by Shree Associates, a family limited partnership that is controlled by Mr. Hasu Shah. Excludes: (i) 474,834 common shares issuable upon the redemption of partnership units that are currently

redeemable and held by the Jay and Susie Shah 2008 Family Trust, in which Mr. Hasu Shah is the trustee; and (ii) 407,362 common shares issuable upon the redemption of partnership units that are currently redeemable and held by the Neil and Juhi Shah 2008 Family Trust, in which Mr. Hasu Shah is the trustee. Mr. Hasu Shah disclaims beneficial ownership of the common shares issuable upon the redemption of partnership units and the partnership units held by the two family trusts for which he is the trustee, and this report shall not be deemed an admission that Mr. Hasu Shah is the beneficial owner of these common shares or partnership units for purposes of Section 16 or for any other purpose.

(4) Includes: (i) 359,355 common shares issuable upon redemption of partnership units that are currently redeemable; (ii) 531,668 common shares issuable upon redemption of partnership units that are currently redeemable and held by the Jay and Susie Shah 2008 Family Trust, in which Mr. Hasu Shah is the trustee; and (iii) 760,804 common shares issuable upon redemption of partnership units that are currently redeemable and held by the Hasu and Hersha Shah 2004 Trust FBO Jay H. Shah, in which the trustee is an unaffiliated third party. The partnership units held by the Hasu and Hersha Shah 2004 Trust FBO Jay H. Shah have been pledged as security to a third party.

(5) Includes: (i) 314,944 common shares issuable upon redemption of partnership units that are currently redeemable; (ii) 457,336 common shares issuable upon redemption of partnership units that are currently redeemable and held by the Neil and Juhi Shah 2008 Family Trust, in which Mr. Hasu Shah is the trustee; and (iii) 832,215 common shares issuable upon redemption of partnership units that are currently redeemable and held by the Hasu and Hersha Shah 2004 Trust FBO Neil H. Shah, in which the trustee is an unaffiliated third party. The partnership units held by the Hasu and Hersha Shah 2004 Trust FBO Neil H. Shah have been pledged as security to a third party.

(6) Includes 211,900 common shares issuable upon redemption of partnership units held by Mr. Desfor.

(7) Includes 80,000 common shares that are held by Mr. Hutchison's wife and with respect to which he shares voting and investment power.

(8) Includes 10,000 shares held by Mr. Leven and 10,000 shares held by the Michael and Andrea Leven Family Foundation, for which Mr. Leven is the trustee.

(9) Includes 1,150 common shares that are held indirectly by Mr. Sabin's wife and with respect to which he shares voting and investment power.

OWNERSHIP OF EQUITY SECURITIES OF THE COMPANY

The following table sets forth certain information as of March 31, 2015, with respect to each person (including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) who is known to the Company to be the beneficial owner of more than five percent of the Company's common shares.

Name and Address of Beneficial Owner	Common shares Number of Common Shares Beneficially Owned	Percent of Class(1)
BlackRock Inc.(2) 40 East 52nd Street New York, New York 10022	15,272,082	7.8%
GRS Advisors, LLC(3) 900 N. Michigan Avenue, Suite 1450 Chicago, Illinois, 60611	12,533,042	6.4%
Prudential Financial, Inc.(4) 751 Broad Street Newark, New Jersey, 07102-3777	14,531,779	7.4%
Vanguard Group(5) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	27,483,621	14.0%
Vanguard Specialized Funds - Vanguard REIT Index Fund(6) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	14,909,494	7.6%

(1) Percentages are based on 196,907,816 common shares outstanding as of March 31, 2015.

(2) Information based solely on Amendment No. 5 to a Schedule 13G filed with the SEC on January 26, 2015 by Blackrock, Inc. which has reported sole voting power over 14,745,765 common shares and sole dispositive power over 15,272,082 common shares.

(3) Information based solely on a Schedule 13D filed with the SEC on May 21, 2014 by GRS Advisor, LLC., Michael A. Elrad, Norman S. Geller, and Barry A. Malkin which has reported shared voting and dispositive power over 12,533,042 common shares.

(4) Information based solely on a Schedule 13G filed with the SEC on February 13, 2015 by Prudential Financial, Inc., which has reported sole voting and dispositive power over 1,908,712 common shares and shared voting and dispositive power over 12,623,067 common shares.

(5) Information based solely on Amendment No. 7 to a Schedule 13G filed with the SEC on February 10, 2015 by The Vanguard Group, Inc. The Vanguard Group Inc. has disclosed that is has sole voting power over 518,263 common shares, sole dispositive power over 27,187,718 common shares and shared dispositive power over

295,903 common shares. The Vanguard Group, Inc. has reported that Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 262,803 common shares and that Vanguard Investment Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 288,560 common shares.

(6) Information based solely on Amendment No. 3 to a Schedule 13G filed with the SEC on February 6, 2015 by Vanguard Specialized Funds – Vanguard REIT Index Fund.

COMPENSATION COMMITTEE REPORT

Review of Compensation Discussion and Analysis

The Compensation Committee has reviewed and discussed the CD&A contained in this proxy statement with management and, based on such review and discussion, the Compensation Committee recommends to the Board of Trustees that it be included in this proxy statement

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee were an officer or employee of the Company or any of its subsidiaries during 2014 or any prior period. No executive officer of the Company served as a member of the compensation committee or as a director of any company where an executive officer of such company is a member of the Compensation Committee or is a trustee of the Company.

The Company's regular filings with the SEC and its trustees' and executive officers' filings under Section 16(a) of the Exchange Act are also available on the Company's website.

COMPENSATION COMMITTEE,

Thomas J. Hutchison III (Chair)
Michael A. Leven
Dianna F. Morgan
April 17, 2015 John M. Sabin

COMPENSATION DISCUSSION AND ANALYSIS

This section of the proxy statement explains the type and amount of compensation provided to the Company's NEOs in 2014, as well as the principles and processes that the Compensation Committee of the Board of Trustees follows in determining such compensation. The NEOs consist of the Company's Chief Executive Officer, the Company's Chief Financial Officer and the Company's three other most highly paid executive officers as of December 31, 2014.

The NEOs for 2014 are as follows:

- Hasu P. Shah, the Company's Chairman of the Board;
- Jay H. Shah, the Company's Chief Executive Officer;
- Neil H. Shah, the Company's President and Chief Operating Officer;
- Ashish R. Parikh, the Company's Chief Financial Officer; and
- Michael R. Gillespie, the Company's Chief Accounting Officer

The NEOs named above were also NEOs in 2012 and 2013.

Investor Outreach

At its 2014 annual shareholder meeting, shareholders overwhelmingly supported the Company's executive compensation program, with approximately 94% of the shareholders entitled to vote at the 2014 annual shareholders meeting approving, on an advisory basis, the compensation earned by the NEOs in 2013. The Compensation Committee viewed the advisory vote in favor of the Company's executive compensation as a validation of its compensation philosophy, including its emphasis on pay-for-performance and equity based compensation.

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As it has done in the past, the Compensation Committee, together with certain members of management, embarked on a shareholder outreach effort meeting with several institutional investors with significant ownership interests in the Company's common shares. These meetings were led by Thomas J. Hutchison III, the Compensation Committee Chair. Input on executive compensation issues, the results of the advisory vote on executive compensation at the 2014 annual shareholders meeting, governance matters and Company performance was provided. The feedback that the Company received through this communicative process was beneficial and insightful. These meetings highlighted for the Compensation Committee that the majority of the investors we met with strongly support the executive compensation program structure and believe it is well designed. These investors felt the changes to the 2014 executive compensation program described below in "-Enhancements to the Named Executive Officers Compensation Programs" further improved alignment of the NEOs interests with the interests of the Company's shareholders.

Enhancements to Named Executive Officers Compensation Programs

Historically, the Company's executive compensation programs have included robust stock ownership guidelines, minimum holding periods for shares received as compensation, absence of tax gross-up provision for any of the NEO's, and double triggers for change in control payments. In addition the Company intends to clawback all or a portion of incentive compensation when an executive is found to have engaged in misconduct that results in a restatement. Investors were also supportive of the degree to which the Company's NEO compensation programs are based on the achievement of performance metrics that drive our business success.

For 2014, the Compensation Committee kept base salaries and the range of incentive compensation the same as 2013 levels.

In addition, in response to discussions we engaged in with certain large institutional shareholders, the Compensation Committee adopted enhancements to our NEO compensation programs for 2014 which lessened the subjective component of our incentive compensation in favor of additional performance-based metrics, absolute total shareholder returns and relative total shareholder returns. For our Annual Equity Incentive Plan, the allocation of potential performance-based compensation to individual goals, a subjective component of the program, was cut in half, from 40% in 2013 to 20% in 2014. In addition, a portion of the allocation of potential compensation within the Multi-Year Long Term Incentive Plan was shifted from the Company's absolute total shareholder return metric to a metric that evaluates the Company's total shareholder return performance relative to its peers.

Presented below is a summary of the changes to the Company's annual and long-term incentive plans for 2014.

Annual Long Term Incentive Plan (ALTIP)

	2014 Weighting	Prior Weighting
RevPAR Growth (Absolute)	40.0%	30.0%
RevPAR Growth (Relative to Peers)	40.0%	30.0%
Individual Goals	20.0%	40.0%
Total Potential	100.0%	100.0%

Multi-Year Long Term Incentive Plan (MYLTIP)

	2014 Weighting	Prior Weighting

TSR (Absolute)	37.5%	50.0%
TSR (Relative to Peers)	37.5%	25.0%
RevPAR Growth (Relative to Peers)	25.0%	25.0%
Total Potential	100.0%	100.0%

Executive Summary

The Company is a self-advised real estate investment trust that, as of March 31, 2015, owns interests in 51 hotels in major urban gateway markets including New York, Washington D.C., Boston, Philadelphia, Los Angeles and Miami totaling 8,259 rooms. The Company's primary strategy is to continue to acquire and operate high quality, upscale hotels in metropolitan markets with high barriers to entry in the Northeastern United States, South Florida, select West Coast markets and other markets with similar characteristics.

The objective of the Company's executive compensation program is to attract, retain and motivate experienced and talented executives who can help maximize shareholder value. The Company believes that a significant portion of the compensation paid to executive officers should be closely aligned with the Company's performance on both a short-term and long-term basis. In addition, a significant portion of compensation should be in the form of the Company's common shares to more fully align the interests of the Company's executives and its shareholders and to mitigate any risks associated with pay-for-performance components of our compensation program.

The following table summarizes our compensation philosophy:

Philosophy Component	Rationale/Commentary	Pay Element
Compensation should reinforce business objectives and Company values	The Company strives to provide a rewarding and professionally challenging work environment for its executive officers. The Company believes that executive officers who are motivated and challenged by their duties are more likely to achieve the individual and corporate performance goals designed by the Compensation Committee. The Company's executive compensation package should reflect this work environment and performance expectations.	All elements (salary, annual cash incentive, equity incentive compensation)
Key executive officers should be retained	The primary purpose of the Company's executive compensation program has been, and is, to achieve the Company's business objectives by attracting, retaining and motivating talented executive officers by providing incentives and economic security.	Equity incentive compensation
Compensation should align interests of executive officers with shareholders	The Company's executive compensation is designed to reward favorable total shareholder returns, both in an absolute amount and relative to the Company's peers, taking into consideration the Company's competitive position within the real estate industry and each executive's long-term career contributions to the Company.	Equity incentive compensation
A significant amount of compensation for top executive officers should be based on performance	Performance-based pay aligns the interest of management with the Company's shareholders. Performance-based compensation motivates and rewards individual efforts and Company success. Approximately 75% of the NEOs targeted aggregate compensation is linked to Company specific or individual performance metrics. The performance-based percentage of actual compensation increases as performance improves and decreases as performance declines. If the Company has poor absolute or relative performance, the executive officers will receive reduced incentive compensation and reduced total compensation.	Salary increases, annual cash incentive bonuses and equity incentive compensation

Philosophy Component	Rationale/Commentary	Pay Element
Compensation should be competitive	To attract and reduce the risk of losing the services of valuable executive talent but avoid the expense of excessive pay, compensation should be competitive. The Compensation Committee, with the help of independent compensation consultant, assesses the competitiveness of the Company's compensation program for each of its executive officers by comparison to compensation of executive officers at other public real estate companies. The Compensation Committee has regularly retained the services of FPL, an independent human resources and compensation consulting firm, to report on current market data regarding executive officer pay levels and incentive programs. FPL typically obtains data for its reports from publicly-available proxy statements and other public filings with the SEC.	All elements

The following table summarizes certain aspects of our pay practices:

What We Do	What We Do Not Do
The Company ties NEO pay to performance. For 2014, 79% of the NEOs pay potential was performance-based and at-risk. The Company sets clear goals for company performance and differentiates certain elements of compensation based on individual NEO achievement.	The Company has no contractual arrangements for minimum or guaranteed payouts (other than base salary which is only 21% of the NEOs pay potential). There are no guarantees in place for any potential changes to our NEOs base salaries, cash incentive payments, or equity awards.
The Company mitigates undue risk, including retention provisions, multiple performance targets, and robust Board and management processes to identify risk. The Company intends to clawback bonuses and other incentive-based and equity-based compensation when misconduct results in a financial restatement.	The Company does not believe the executive compensation program creates risks that are reasonably likely to pose a material adverse impact to the Company.
The Company has reasonable post-employment and change in control provisions. The employment agreements with the NEOs generally provide for cash payments after a change in control only if NEO is also terminated without cause or voluntarily resigns for good reason within one year of the change in control (a double-trigger).	The Company does not have any tax gross-up provisions for any of the NEOs and maintains that it will not enter into an agreement with a new executive officer that includes a tax gross-up provision with respect to payments contingent upon a change in control.
The Compensation Committee benefits from its utilization of an independent compensation consulting firm. The reports prepared by the compensation consulting firm are used by the Compensation Committee to set executive compensation at levels that are intended to be competitive with the Company's industry peers.	The Company's compensation consulting firm does not provide any services to the Company or management.
The Company has adopted share ownership guidelines for the NEOs. In addition, the Company implemented requirements for the NEOs to hold shares granted for two years beyond vesting.	The Company has not used options or share appreciation rights and, if used, would not reprice these securities if they were underwater. The Company does not pay dividends on unvested performance shares.

What We Do	What We Do Not Do
	The Company does not have pension plans and does not provide perquisites to the NEOs.

Pay-for-Performance

Pay-for-performance is an important component of the Company's compensation philosophy. Consistent with this focus, the Company's executive compensation program includes annual cash incentives, annual equity incentives and multi-year equity incentives.

Annual cash incentives are provided under the Company's annual cash incentive program ("Annual CIP") to all of the NEOs other than the Company's Chairman, Mr. Hasu Shah. The purpose of the program is to reward achievement of annual goals and objectives and to provide at-risk, comprehensive opportunities to earn additional cash compensation linked primarily to company-wide and, to a lesser extent, individual NEO performance. Eighty percent of the potential cash incentive is based on the achievement of company-wide operational and financial goals, including the achievement of adjusted funds from operations ("AFFO") targets, AFFO multiple targets and fixed charge coverage ratio targets. The remaining 20% of the potential cash incentive is based on the achievement by each NEO of individual-specific operational and strategic goals.

Annual and multi-year equity incentives are provided under the Company's annual long-term incentive program (the "Annual LTIP") and its multi-year long-term incentive programs (the "Multi-Year LTIPs"). If earned, the awards will be settled in the form of common shares issued by the Company or LTIP Units issued by the Company's operating partnership.

The Company must achieve certain financial performance goals during the performance period in order for Annual LTIP awards to be earned by the NEOs. Under the Annual LTIP, performance is measured based on the Company's achievement of absolute and relative RevPAR growth. In addition, the Compensation Committee has discretion under the Annual LTIP to grant equity awards to the NEOs based on how the NEOs individually and as a group effected transactions that continued the transformation of the Company's portfolio and continued to strengthen the Company's financial position.

Under the 2013 and 2014 Multi-Year LTIPs, performance is measured based on the Company's achievement of RevPAR growth relative to a predetermined peer group, absolute total shareholder return, and total shareholder return relative to a predetermined peer group over a three year period.

During the past several years, the Company has been focused on transforming its portfolio through strategic acquisitions and dispositions, improving its balance sheet and strategically accessing capital markets. Accomplishments in the year ended December 31, 2014 include, among other things, the following:

- Delivered a total return of 31% to our shareholders in 2014 compared to the MSCI US REIT Index (RMZ) of 30%, the Dow Jones Industrial Average return of 10% and the S&P 500 Index return of 14%. We returned capital to our shareholders through a repurchase of 2.6 million shares at a weighted average cost of $5.80, which was 21% below our closing price on December 31, 2014, and increased the per share dividend payable on the common shares by 16.7%.

· Completed the Company’s selective, disciplined and focused transformation into a pure play, urban transient portfolio, improving RevPAR quality, putting us squarely in line with full service peers, while maintaining Hotel EBITDA margins that were, on average, 800 basis points higher than the full service component of our peer set.

- Opened the Hilton Garden Inn 52nd Street in May 2014, which is strategically positioned to leverage the multiple demand generators in New York City's Midtown East sub-markets.

- Completed construction of the Hampton Inn at 32 Pearl Street in lower Manhattan, bringing a close to the Company's major development projects at an ideal point in the lodging cycle, allowing the Company to reap the benefit of these investments through the remainder of the cycle. The Hampton Inn at 32 Pearl Street is well positioned to enjoy the significant demand generators in lower Manhattan's financial district.

- Entered the highly competitive Key West market, which achieves one of the highest RevPARs in the country, with the acquisition of the Parrot Key Resort, further expanding its presence in south Florida.

- Continued penetration into the southern California market with the acquisition and repositioning of the 122 room Hotel Milo in Santa Barbara.

- Took advantage of premiums placed on Manhattan real estate with the disposition of Hotel 373 at a substantial gain and effectively recycled capital by investing in assets in the higher growth southern California and south Florida markets.

- Achieved hotel EBITDA margins for the consolidated hotel portfolio that we believe, according to publicly available information, significantly exceeded the median for the 2014 Peer Group identified in "—Process for Determining Executive Compensation" below.

- Achieved consolidated portfolio RevPAR growth of 8.3% consisting of average daily rate ("ADR") growth of 4.5% and occupancy growth of 288 basis points.

- Achieved AFFO per common share and common unit of limited partnership interest ("partnership unit") in excess of the high amounts described under "–Components of Executive Compensation – Annual Cash Incentive Program."

- Completed $11.3 million of renovation and return on investment projects at 8 hotel properties and invested an additional $15.4 million in significant re-developments to better position the Company for the continuing upswing in the lodging cycle.

- Enhanced our $500 million credit facility, which is expandable to $850 million, providing the Company with greater financial flexibility, extended debt maturities and a reduced weighted average cost of debt.

Based on these and other measures specified in the Annual CIP and the Annual LTIP, the Company awarded the NEOs the performance-based compensation more fully described below under "—Annual Cash Incentive Program" and "—Annual Long-Term Incentive Program for 2014."

Shareholder Interest Alignment

We believe that our Annual LTIP and Multi-Year LTIPs further enhance long-term shareholder value by incentivizing long-term performance and aligning the interests of the NEOs and the shareholders. In addition, paying a significant portion of an NEO's compensation in the form of restricted equity awards mitigates potential risks associated with pay-for-performance elements of compensation and is a helpful tool in retaining senior executives. Therefore, equity is a key component of the Company's executive compensation program, with annual equity awards ranging between 33% and 73% of the total compensation paid to or earned by the NEOs in 2014. All equity awards granted to the NEOs in 2014 were in the form of restricted equity that, once earned based on prior performance, subsequently vest over time and therefore have a retention element once such awards have been earned. Before these awards are earned, as described above, significant value is at risk for the NEOs.

As described under "—Stock Ownership Guidelines" below, the Company has formal stock ownership guidelines that require:

- the Company's non-management trustees to own Company shares equal in value to at least five times the annual cash retainer paid to non-management trustees;
- the Company's executive officers to own Company shares equal in value to a multiple of such executive's base salary as follows: Chairman of the Board (4 times); Chief Executive Officer (6 times); President and Chief Operating Officer (6 times); Chief Financial Officer (3 times); and Chief Accounting Officer and all other executive officers (1 times); and
- the Company's executive officers to own Company shares received from vesting of share awards for a minimum of one year after the vesting date.

For purposes of these guidelines, units of limited partnership interest issued by the Company's operating partnership are considered "Company Shares."

Compensation and Corporate Governance

The Compensation Committee believes that solid corporate governance should be reinforced through the Company's executive compensation programs and has adopted the following policies with regard to share ownership and compensation that are intended to promote good corporate governance:

- hedging of Company shares is prohibited.
  - if the Company is required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting under federal securities law, the Company will "clawback" any bonus or other incentive-based or equity-based compensation received by the NEOs from the Company during the twelve month period following the first issuance or filing of the financial statements that are required to be restated and any profits realized from the sale of the Company's securities during such twelve month period.
- additional pledges of Company shares by Trustees and NEOs are prohibited.

Compensation Principles

The Compensation Committee designs and oversees the Company's compensation policies and approves compensation for the NEOs. Each year, the Compensation Committee's goal is to create an executive compensation program for the NEOs that is linked to the creation of shareholder value. To accomplish this goal, the executive compensation program for the NEOs is designed to:

- Support the Company's business strategy—The Compensation Committee seeks to align executive compensation programs for the NEOs with business strategies focused on long-term growth and sustained shareholder value. The programs are designed to motivate the NEOs to overcome challenges and exceed company goals.
- Pay for performance—The Compensation Committee places a large portion of the NEOs' pay "at risk" and dependent upon the achievement of specific corporate and individual performance goals. The Company pays higher compensation when goals are exceeded and lower compensation when goals are not met.