

For Immediate Release

HERSHA HOSPITALITY TRUST ACQUIRES SEATTLE'S PAN PACIFIC HOTEL

PHILADELPHIA, PA — February 22, 2017 -- Hersha Hospitality Trust (NYSE: HT, "Hersha" or the "Company"), owner of upscale hotels in urban gateway markets, announced the Company acquired the 153-room Pan Pacific Hotel in Seattle, WA for \$79.0 million.

The Pan Pacific Hotel is part of the *2200 Westlake* mixed-use project, which was developed by Seattle-based Vulcan Inc. in 2006. The property is located at the gateway to South Lake Union, Seattle's fastest growing neighborhood, where Vulcan has developed 6.3 million square feet of office, biotech, residential, and retail and hospitality projects since 2004.

"The Pan Pacific Hotel was one of our most pioneering projects," said Ada M. Healey, Vice President of Real Estate at Vulcan Inc. "It helped put South Lake Union on the map and was a key asset that helped attract numerous tenants and investment to the neighborhood."

"We are pleased to enter the dynamic Seattle market with the Pan Pacific Hotel. Greater Seattle is home to iconic Fortune 500 companies, such as Amazon, Costco, Microsoft and Starbucks, and boasts one of the country's fastest growing economies, reporting the second highest annual GDP growth rate among major MSAs at 4.1% from 2010 - 2015. The Pan Pacific's prominent location as the closest independent lifestyle hotel to Amazon positions the hotel to be the property of choice for the new-economy businesses in the burgeoning South Lake Union submarket. South Lake Union has become the most desirable neighborhood in Seattle, with transformational office, retail and residential development all adjacent to the hotel. Today, the city has approximately 46 million square feet of office space with an additional 6 million square feet under construction, and more than 14 million square feet in various stages of entitlement. The Pan Pacific's superior location, luxury amenities, and well-appointed meeting space, combined with the submarket's embedded corporate and leisure demand provide meaningful upside. We expect to leverage the expertise garnered at our other independent lifestyle hotels to add to the success of The Pan Pacific. Working with Vulcan, Seattle's most respected and innovative real estate developer, gave us comfort as we enter one of the best real estate markets in the United States. We are appreciative of Vulcan's professionalism and support and look forward to becoming part of the vibrant Seattle community," stated Mr. Jay H. Shah, Hersha's Chief Executive Officer.

The Pan Pacific Hotel is exceptionally located at the corner of Denny Way and Westlake Avenue, across the street from Amazon's global headquarters, at the North end of Seattle's CBD, the epicenter of the city's growth over the past several years. Amazon occupies 8.5 million square feet of commercial space proximate to the hotel, with plans to build an additional 3.5 million square feet by 2020. Additional companies and institutions contributing to South Lake Union's unprecedented growth include Facebook, Google, Expedia, Microsoft, The Bill & Melinda Gates Foundation, The Fred Hutchinson Cancer Research Center, The University of Washington School of Medicine, and The Allen Institute. The hotel is also within walking distance to Seattle's leisure attractions, including The Space Needle, The Museum of Pop Culture and Chihuly Garden and Glass.

The luxury lifestyle *Forbes* Four Star, AAA Four-Diamond Pan Pacific Hotel opened in 2006 as part of *2200 Westlake*, a mixed-use development with 260 luxury condominiums anchored by a very successful, new generation Whole Foods. The hotel's 153 rooms, of which 20% are premium suites, feature four fixture baths including separate glass showers and oversized bathtubs. The hotel's amenities also include a 3-

meal restaurant, 9,100 square feet of meeting space, an outdoor veranda, a fitness center with an indoor whirlpool spa, locker rooms and sauna and 60 designated parking spaces. HHM, which manages 2 hotels in Seattle, will operate the hotel as an independent property, and is expected to reprogram and elevate the hotel's food and beverage offering and service delivery.

Hersha intends to engage in a tax-deferred reverse like-kind exchange with respect to the Company's acquisition of The Pan Pacific, and the expected disposition of the suburban West Coast portfolio of 3 Hyatt Houses anticipated to close in July 2017. The disposition of the suburban West Coast portfolio is forecast to generate approximately \$65 million in taxable gains, which will be deferred by the acquisition of The Pan Pacific. The suburban West Coast portfolio sale is subject to customary closing conditions, with no assurance that this transaction will close within the expected time frame, or at all.

Hersha Hospitality Trust (HT) is a self-advised real estate investment trust in the hospitality sector, which owns and operates high quality upscale hotels in urban gateway markets. The Company's 53 hotels totaling 7,943 rooms are located in New York, Washington, DC, Boston, Philadelphia, Miami and select markets on the West Coast. The Company's common shares are traded on The New York Stock Exchange under the ticker "HT".

About Vulcan Real Estate: Seattle-based [Vulcan Real Estate](#) directs all real-estate investment activities for Vulcan Inc., a Paul G. Allen company. Through strategic acquisitions and innovative development, Vulcan Real Estate has created a diversified portfolio of high-performing quality assets including office, life sciences, residential and mixed-use projects. The company's integrated team of real estate professionals offers a full range of development and portfolio management services from site selection and urban planning to build-to-suit construction, leasing, financing and asset repositioning. Its real estate model is based on quality, sustainable development that builds new value across the entire community. Since 2000, Vulcan Real Estate has delivered \$3 billion in assets in 32 projects comprising 8 million square feet and 1,555 residential units. Eighty percent of the development projects have occurred in South Lake Union, renowned as one of the largest urban redevelopment projects in the country. The company also has a near-term development pipeline of 13 projects, including 2.6 million square feet and 1,870 residential units.

Forward Looking Statement

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those reflected in the forward-looking statement, including, without limitation, the Company's ability to implement its business strategies for The Pan Pacific Hotel on the terms and timing it expects, the Company's forecasts of performance and future yields for The Pan Pacific Hotel, the Company's expectations for the long-term performance of the Seattle market and the risks associated with a lack of market knowledge or understanding of the local economy, ability to forge new business relationships and lack of experience with local government and permitting procedures when entering a new market. For a description of these factors, please review the information under the heading "Risk Factors" included in Hersha Hospitality Trust's filings with the U.S. Securities and Exchange Commission Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent reports filed by the Company with the Securities and Exchange Commission from time to time.

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