



**HERSHA HOSPITALITY TRUST
CORPORATE GOVERNANCE COMPENDIUM**

Clear, concise corporate governance guidelines have become vital in today's business environment to foster sustained shareholder and consumer confidence. A strong corporate governance foundation will produce efficiency, provide guidance for future endeavors and contribute to our Company's goal of continuing to operate at the highest level of performance. To that end, we at Hersha have promulgated a comprehensive Corporate Governance Compendium. Our corporate governance program is meant to relay the openness and forward thinking posture our Company has always taken and intends to take far into the future. It is composed of the following components:

CORPORATE GOVERNANCE

1. Corporate Governance Guidelines
2. Company Code of Ethics/Conduct
3. Whistleblower Policy
4. Succession Plan
5. Committee Charters
6. Annual Disclosure Statement
7. Board Self-Evaluation/CEO Evaluation

**HERSHA HOSPITALITY TRUST
BOARD OF TRUSTEES
CORPORATE GOVERNANCE GUIDELINES**

1. Role of Board

Hersha's business activities are conducted by its employees, managers and corporate officers led by the chief executive officer ("CEO"), with oversight from the Board of Trustees. The Board selects the CEO and works in conjunction with the CEO to elect/appoint other corporate officers who are charged with managing the business of the company. The Board oversees, counsels and directs the corporate officers to ensure that the long-term interests of the company are being served. The Board and the corporate officers recognize that the long-term interests of the Company are advanced when they are responsive to the concerns of communities, customers, employees, public officials, shareholders and suppliers.

2. Board Responsibilities

The trustees are responsible for evaluating the CEO's performance.

The trustees are responsible for reviewing long-range business plans and monitoring performance relative to achievement of those plans.

The trustees are responsible for considering long-range strategic issues and risks to the company.

The trustees are responsible for approving policies of corporate conduct that promote and maintain the integrity of the Company.

The trustees' fiduciary duty is to exercise their business judgment in the best interests of Hersha Hospitality Trust shareholders.

3. Board Operations

The Board shall be governed by rules set forth in their bylaws, the Declaration of Trust, and the Hersha Corporate Governance Compendium

4. Number of Trustees

The Board size shall be within the limits prescribed by Hersha Hospitality Trust By-Laws, which currently provide that the Board may have no fewer than 3 and no more than 9 members.

5. Committees

The Board has established the following committees and sub-committees to assist the Board in pursuing its mission and responsibilities: (1) Audit (2) Risk (3) Compensation (4) Nominating and Corporate Governance and (5) Acquisition. The committees' charters, defining the rules and goals of these committees, can be viewed at our company's website.

6. Lead Trustee Concept

If the Chairman of the Board is a non-management trustee, then he will serve as "Lead Trustee." When the Chairman of the Board is a management trustee, the independent members of the Board will designate a non-management trustee as "Lead Trustee."

The Lead Trustee will chair executive sessions of the non-management trustees, will preside at all Board meetings at which the Chairman of the Board is not present, have the authority to call meetings of the Independent Trustees and have such other duties as the Board may determine.

7. Executive Sessions

The Board will hold executive sessions at least twice a year without the CEO or any other management trustees. The Lead Trustee shall preside over all such executive sessions.

8. Selection of Trustees

The Nominating Committee has the responsibility to identify potential candidates for Board membership and to make recommendations to the Board of a slate of trustee candidates to stand for election at the annual meeting of the Company's stockholders. The committee will seek to identify trustee candidates who: (i) have significant business or public experience that is relevant and beneficial to the Board and the Company, (ii) are willing and able to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a trustee, (iii) are committed to the long-term growth and profitability of the Company, (iv) are individuals of character and integrity, (v) are individuals with inquiring minds who are willing to speak their minds and challenge and stimulate management and (vi) represent the interests of the Company as a whole and not only the interests of a particular shareholder or group. The Nominating Committee shall evaluate incumbent trustees based on the same criteria, as well as their past performance on the Board.

9. Independence of Trustees

A majority of the trustees will be independent trustees, as independence is defined in the Declaration of Trust: Persons who are not officers, directors or employees of the trust, any lessee of the trust's or the partnership's properties or any underwriter or placement agent of the shares of beneficial interest of the trust that has been engaged by the Trust within the past three years, or any "affiliates."

10. Board Advisors

The Board members and its committees (consistent with their respective charters) may retain their own advisors as they determine necessary to carry out their responsibilities.

11. Board Access to Employees

The Board members shall have complete and open access to CEO, Chief Operating Officer, Chief Financial Officer, Chief Accounting Officer and Staff Counsel, Board members who wish to have access to other members of management should coordinate such access through one of the foregoing

12. Board Compensation

The Compensation Committee, pursuant to the Trust By-Laws and their own charter, will evaluate the Board compensation policy and recommend changes as needed to the full Board.

13. Corporate Governance Guidelines Revision

From time to time the Board and the corporate officers will revisit, revise and update the corporate governance guidelines in consultation with company counsel and any other personnel they believe will assist in the refinement of said guidelines.

14. Board Self-Evaluation

The Corporate Governance Committee will once a year conduct a self-evaluation assessment as outlined in the Self-Evaluation portion of the Corporate Governance Compendium. They will report their findings and recommendations to the Board.

15. CEO Performance Review

The non-management trustees should evaluate the CEO annually. This evaluation will be administered and communicated by the Corporate Governance Committee.

16. Ethics

The Hersha Hospitality Code of Ethics applies to all Trustees, officers and employees. A complete version of the Code can found on our website as a part of the Corporate Governance Compendium.

17. Conflict of Interests

Each trustee will complete an Annual Disclosure Statement which will be reviewed by the Corporate Governance Committee to ensure that outside affiliations and memberships do not present a conflict of interests.

18. Term Limits

The Board does not believe that it should establish term limits. While term limits could help assure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contributions of Trustees who have been able to develop, over a period of years, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. In addition, fresh ideas and viewpoints can and will be obtained and implemented without sacrificing the aforementioned advantages.

19. Retirement/Resignation Policy

Management directors are expected to submit a letter of notice at the time of retirement from active employment with the Company, or when resigning from a top management position in the Company. At the discretion of the Board, such former officer may be asked to continue as a Board member. Non-management directors are expected to submit a letter of notice under the following circumstances: (a) whenever the director's affiliation or position of principal employment changes to something incompatible with the Board's duties and responsibilities after election to the Board; (b) whenever the health or physical condition of a director would prevent him or her from satisfactorily fulfilling the responsibilities of the position; or (c) whenever the non-management director's affiliation with another entity creates an interlocking directorate or other potential conflict with the Company's business. In the event that the proposed letter of resignation is not accepted, the director's tenure will continue.

20. Succession Plan

The trustees working in conjunction with the corporate officers have developed and will continually update a succession plan to prepare for various planned vacancies and transitions, as well as for emergencies that may occur.

21. Trustee Orientation and Continuing Education

Management shall develop an orientation program for all new trustees, which orientation program will provide information with respect to, among other things, (i) the legal obligations of trustees, and (ii) the history, organizational structure and business of the Company. The full Board, with input from management, will consider what continuing education programs may be appropriate for members of the Board.

22. Share Ownership and Retention Guidelines

To further align the interests of Hersha's trustees and executive officers with the interests of shareholders, the Board has established minimum share ownership guidelines that apply to all non-management trustees and members of senior management. Non-management trustees are required to own Hersha shares (including for these purposes common shares of Hersha, operating partnership units in Hersha Hospitality Limited Partnership and other securities issued by Hersha or its subsidiaries that are exercisable for, convertible into or exchangeable for common shares of Hersha) equal in value to at least five times the annual cash retainer paid to non-management trustees. Non-management trustees are expected to achieve this minimum ownership within three years of becoming a trustee.

The Board has also established minimum share ownership guidelines for executive officers of Hersha. Hersha's executive officers are required to own Hersha shares (including for these purposes common shares of Hersha, operating partnership units in Hersha Hospitality Limited Partnership and other securities issued by Hersha or its subsidiaries that are exercisable for, convertible into or exchangeable for common shares of Hersha) equal in value to a multiple of such executive's base salary as follows: Chief Executive Officer -- 6 times; Chairman of the Board -- 4 times; President and Chief Operating Officer -- 6 times; Chief Financial Officer -- 3 times; and Chief Accounting Officer and other named executive officers -- 1 times. Executives are expected to achieve this minimum ownership within three years of assuming their positions.

For the purpose of these guidelines, a person shall be deemed to own all Hersha shares beneficially owned by such person within the meaning of the United States federal securities laws.