HERSHA HOSPITALITY TRUST
Form DEF 14A
April 18, 2019

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)

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(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

2019 PROXY STATEMENT

Dear Fellow Shareholders:

I hope you will join me and our Board of Trustees at our 2019 Annual Meeting of Shareholders on May 30, 2019 at the St. Gregory Hotel, 2033 M Street, N.W., Washington, DC 20036. The following pages contain the Notice of Annual Meeting and the Proxy Statement, which describes the business to be conducted at the meeting.

2018 was a transformative year for our Company. We completed our 24-month capital recycling campaign and executed on the last stages of our five-year strategic plan. In 2018, we started to reap significant benefit from the newly acquired hotels in our portfolio from the capital recycling campaign. The 7.3% total return on our common shares in 2018 was the highest and the only positive total return among our peers, who averaged a negative 19.3% total return. Our eight new hotels, which we believe will account for 24% of our earnings in 2019, outperformed the stabilized hotels in our portfolio by 750 basis points in 2018 and we expect them to continue to grow ahead of our stabilized hotels and the market as they ramp up. In addition to honing our portfolio's exposure to urban gateway markets and coastal destinations, these new hotels in Boston, Philadelphia, Miami and the West Coast produced 7.6% RevPar growth and 12.0% EBITDA growth in 2018.

We also completed a significant number of large renovations and capital enhancements during the past year. In 2018 we spent approximately $90 million to enhance and reposition many of our existing assets to bring their product offering up to the preferences and expectations of today's traveler. Despite interruption to our portfolio from these renovation enhancements and hotel closures in South Florida from Hurricane Irma, we were able to achieve our earnings targets, growing our comparable portfolio RevPAR 1.7% to $187.35, the highest year-end RevPAR figure in our history and amongst the highest in the entire lodging REIT sector. We outperformed the median RevPAR growth for our peer group in 2018 by 70 basis points and have outperformed the peer group by 310 basis points over the past 3 years.

In addition to driving core operating results, we capitalized on dislocation in the markets by repurchasing $10.8 million of our common shares further enhancing capital returned to our shareholders. Since 2014, we have repurchased over $241 million of our common shares, representing approximately 23% of our public float.

Following several years of well-timed dispositions, calculated acquisitions, and ROI-generating renovations, our collection of hotels is uniquely in tune with the tastes and preferences of today's traveler. We remain confident in the value of our portfolio, the markets where we are focused, and the overall EBITDA growth profile of our assets.

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 11.

Sincerely,

/s/ Jay H. Shah

Jay H. Shah
Chief Executive Officer and Trustee
April 18, 2019

HERSHA HOSPITALITY TRUST
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
THURSDAY, MAY 30, 2019
9:00 A.M. (EDT)
THE ST. GREGORY HOTEL
2033 M STREET, N.W.
WASHINGTON, DC 20036

Items of Business

1. To elect four 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 approve an amendment to the Hersha Hospitality Trust 2012 Equity Incentive Plan.
4. To ratify the appointment of KPMG LLP as the Company's independent auditors for the year ending December 31, 2019.
5. 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 were a holder of record of our Priority Class A common shares ("common shares"), at the close of business on March 29, 2019.

Proxy Materials

We are pleased to take advantage of the Securities and Exchange Commission (the "SEC") rule allowing companies to furnish proxy materials to shareholders over the Internet. We believe that this e-proxy process expedites shareholders' receipt of proxy materials, while setting a great precedent for our Company by keeping the costs down and reducing the environmental impact of our Annual Meeting. On or about April 18, 2019, we will begin mailing a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2018, how to vote over the Internet or how to request and return a proxy card by mail. Shareholders may request to receive a paper copy of the proxy materials and will subsequently be mailed the Proxy Statement, our annual report to shareholders accompanying our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, or the 2018 Annual Report, and a proxy card.

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 in the Notice of Internet Availability of Proxy Materials. Alternatively, if you received a printed copy of the proxy materials by mail, 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 at the Company’s principal executive office prior to May 30, 2019, (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 office 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 18, 2019

# PROXY STATEMENT

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE 2019 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 30, 2019:
The Notice of Annual Meeting of Shareholders, this proxy statement and the 2018 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.

Table of Contents

## PROXY SUMMARY

This proxy summary highlights information that 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. Please refer to our website, www.hersha.com, for additional information about the Company.

### Eligibility to Vote (page 11)

You can vote if you are a holder of record of our common shares as of the close of business on March 29, 2019.

### How to Cast Your Vote (page 11)

You can vote by any of the following methods:

- Internet: www.proxyvote.com until 11:59 P.M. EDT on May 29, 2019;
- Telephone: 1-800-690-6903 until 11:59 P.M. EDT on May 29, 2019; or
- Mail: If you received a printed copy of the proxy materials by mail, completing, signing and returning your proxy or voting instruction card.

To decrease both printing costs to the Company and the environmental impact of our annual proxy solicitation process, pursuant to rules adopted by the SEC, we have elected to furnish our proxy materials over the Internet to our shareholders by delivering a Notice of Internet Availability of Proxy Materials in the mail. Unless requested, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice of Internet Availability of Proxy Materials instructs you on how to access and review the Proxy Statement and our 2018 Annual Report over the Internet at www.proxyvote.com. The Notice of Internet Availability of Proxy Materials also instructs you on how you may submit your proxy over the Internet, or how you can request a full set of proxy materials, including a proxy card to return by mail. If you received a Notice of Internet Availability of Proxy Materials in the mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials provided in the Notice of Internet Availability of Proxy Materials.

### Corporate Governance of the Company (page 13)

We strive to observe and continue to implement best practices in Corporate Governance and we are committed to high ethical standards. The efficacy of our corporate governance begins with the Board of Trustees which sets the tone for our organization. The composition of our Board of Trustees is an important component of our Corporate Governance. When evaluating the composition of our Board of Trustees, board diversity and independence are considered along with each trustee's experience with corporate strategy initiatives and as a senior executive either at our company or at other public companies and their expertise in hospitality and real estate and with public companies.

The following highlights our board composition:

Corporate Governance highlights:

| | |
|---|---|
| Board Independence | -6 out of 8 of our trustees and trustee nominees are independent<br>-Our Chairman and CEO are the only management trustees<br>-Independent Lead Trustee (selected by the trustees) regularly convenes executive sessions of independent trustees to discuss certain matters without management trustees or management present |
| Board Composition and Committees | -The Nominating and Corporate Governance Committee leads the full Board in considering Board competencies and the identification and evaluation of trustee candidates<br>-We have four Board committees and one sub-committee - Acquisition, Audit (including Risk-Sub-Committee), Nominating and Corporate Governance, and Compensation<br>-All committees are composed entirely of independent trustees<br>-The Board and its committees and sub-committees conduct an annual self-assessment to review effectiveness |
| Board Diversity | -4 out of 8 of our trustees are women and minority board members |
| Leadership Structure | -Chairman of the Board separate from CEO<br>-Independent Lead Trustee, among other duties, convenes and chairs executive sessions of the independent trustees |
| Risk Oversight | -Our full Board is responsible for risk oversight, and has designated committees to have particular oversight of certain key risks<br>-Risk Sub-Committee established to promote active and focused discussion of risk and risk oversight, including risks related to cyber security<br>-Our Board oversees management as management fulfills its responsibilities for the assessment and mitigation of risks and for taking appropriate risks |

Corporate Governance highlights (continued):

| | |
|---|---|
| Open Communication | -We encourage open communication and strong working relationships among the Independent Lead Trustee, Chairman, CEO and other trustees<br>-Our trustees have access to management and employees |
| Trustee Stock Ownership | -Our independent trustees are required to own our common shares in an amount equal to five times the annual cash base retainer<br>-Our management trustees (CEO and Chairman) are required to own common stock in an amount equal to six times and four times their annual salary, respectively<br>-Comprehensive insider trading policy and prohibitions on hedging transactions |
| Accountability to Stockholders | -We use majority voting in uncontested director elections<br>-Shareholders have the power to amend the Bylaws<br>-We do not have a shareholder rights plan<br>-We have an annual advisory vote on executive compensation as opposed to every two or three years |

Environmental Social and Governance - EarthView Sustainable Hospitality (page 17)

We believe that the financial success of our shareholders and the positive growth of our company is fueled by an unwavering commitment to highly ethical and moral business practices. We are proud that fair dealing is at the foundation of all that we do. It is our goal to constantly reinforce the promotion of good citizenship and community involvement in the activities of our Company.

We embrace environmental and community stewardship as an integral part of maintaining and building a successful business. To put this vision into practice, in 2010 we conceptualized and developed a proprietary corporate program, EarthView®, that encompasses a triple bottom line approach to sustainability. Comprehensively, the program delivers environmental and conservation initiatives that positively impact a hotel operation's bottom line while simultaneously improving the well being of our guests, our employees, our communities, and our planet.

Our sustainability commitment has been recognized by the National Association of Real Estate Investment Trusts (“Nareit”). EarthView has repeatedly been awarded the prestigious “Leader in the Light” award amongst Lodging & Resort companies for superior portfolio wide energy use practices and sustainability initiatives. In 2018, Hersha also participated in the Global Real Estate Sustainability Benchmark (GRESB) for the seventh consecutive year and ranked in the top 10% of GRESB participants globally.

Hersha has been recognized for our approach to driving positive environmental and community impact, both on a local and global scale. Highlighted are a few of the accolades we have earned.

Board of Trustees (page 19)

| Name | Age | Occupation | Committee Memberships | Other Public Company Boards |
|---|---|---|---|---|
| Class II Trustee Nominees | | | | |
| Hasu P. Shah | 74 | Chairman of the Board of the Company | None | None |
| Jackson Hsieh | 58 | President and Chief Executive Officer, Spirit Realty Capital, Inc. | Acquisition<br>Audit<br>Compensation | Spirit Realty Capital, Inc. |
| Dianna F. Morgan | 67 | Former Senior Vice President, Walt Disney World Company | Risk Sub-Committee (Chair)<br>Audit<br>Compensation<br>Nominating & Corporate Governance | Chesapeake Utilities Corp.,<br>Marriott Vacations Worldwide Corp. |
| John M. Sabin | 64 | Executive Vice President and Chief Financial Officer, Revolution, LLC, Case Family Office, and The Case Foundation | Audit (Chair)<br>Acquisition<br>Compensation<br>Nominating & Corporate Governance | Condor Hospitality Trust, Inc. |

| Class I Trustees | | | | |
|---|---|---|---|---|
| Jay H. Shah | 50 | Chief Executive Officer of the Company | None | None |
| Thomas J. Hutchison III | 77 | Former CEO, CNL Hotel & Resorts and CNL Retirement Properties, Inc. | Compensation (Chair)<br>Acquisition<br>Audit<br>Risk Sub-Committee | Marriott Vacations Worldwide Corp. |
| Donald J. Landry | 70 | Lead Independent Trustee of the Company<br>Former CEO and President, Sunburst Hospitality, Inc. | Acquisition (Chair)<br>Audit<br>Risk Sub-Committee<br>Nominating & Corporate Governance | Condor Hospitality Trust, Inc. |
| Michael A. Leven | 81 | Former President and Chief Operating Officer, Las Vegas Sands Corp. | Nominating & Corporate Governance (Chair)<br>Acquisition<br>Compensation | None |

Executive Officers (page 27)

| Name | Age | Title |
| --- | --- | --- |
| Hasu P. Shah* | 74 | Chairman of the Board |
| Jay H. Shah* | 50 | Chief Executive Officer |
| Neil H. Shah* | 45 | President and Chief Operating Officer |
| Ashish R. Parikh* | 49 | Chief Financial Officer and Assistant Secretary |
| Michael R. Gillespie* | 46 | Chief Accounting Officer and Assistant Secretary |
| David L. Desfor | 58 | Treasurer and Corporate Secretary |

* Indicates the executive is a named executive officer ("NEO" or, collectively, "NEOs") of the Company.

Compensation Discussion and Analysis (page 38)

Changes to the Executive Compensation Program

At the Company's 2018 Annual Meeting of Shareholders, approximately 61% of the votes cast were in favor of the advisory vote to approve the Company's executive compensation. While the vote reflected continued support of the Company's executive compensation program, this level of support was a decline from the prior year (97.9% of votes cast in favor) and in the years before that. The 2018 results occurred even though the design of our incentive programs remained consistent year-over-year.

The Compensation Committee Chair and other members of the Compensation Committee directly engaged in shareholder outreach, reaching out to holders of more than 75% of our common shares. We held individual discussions with a majority of those we reached out to and we received feedback from shareholders who collectively owned approximately 40% of our outstanding common shares. The Compensation Committee carefully considered this feedback and implemented changes to our executive compensation program that are responsive to the views that we heard.

The table below details shareholders' feedback we received and the actions the Committee took to address investors' perspectives on our executive compensation program.

| WHAT WE HEARD | | HOW WE RESPONDED |
|---|---|---|
| The amount of pay tied to annual performance goals should have a smaller degree of emphasis, and consequently, the multi-year component of the LTIP should have a higher degree of emphasis. | à | We decreased the amount of compensation tied to the annual LTIP (eliminated this component) and made a larger portion of each executive's overall compensation opportunity (9% of CEO's and 6% of all other NEO's) tied to longer-term performance within the Multi-Year LTIP. 32% of CEO and 23% of all other NEO compensation is determined over a three year performance period. |
| Having duplicative metrics that are used to evaluate multiple components of pay should be avoided. | à | We eliminated any overlap of metrics across our annual incentive and multi-year incentive programs. |
| Individual/subjective performance goals should be limited in usage. | à | We eliminated individual/subjective goals. |
| More clarity is desired around individual performance achievements and performance targets that represent a decline between years. | à | We enhanced our disclosure around individual accomplishments, and where applicable going forward, will also provide additional context around the setting of performance targets to the extent such reflects a decline between years (none for 2018). |

The Committee is confident that these changes reflect our Board's ongoing commitment to shareholder engagement and responsiveness.

2018 Performance Highlights

Over 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. These initiatives were all focused on creating long-term shareholder value. In 2018, our shareholders reaped the benefits of these initiatives, enjoying a 7.3% total return which outperformed the average total return of our peers (which was negative 19.3%) by more than 2,600 basis points:

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Our outstanding total return was created by the impressive operating performance of our purpose-built, transformed portfolio. A few of our performance highlights for 2018 are summarized in the following table:
2018 Performance Highlights

| | |
|---|---|
| RevPAR Growth Outpaces Peer Median | Median RevPAR growth for the peer group in 2018 was 1.0% versus 1.7% for Hersha's comparable portfolio of hotels. Looking back 3 years, Hersha's annualized RevPAR growth was 4.8%, 310 basis points higher than the peer median of 1.7%. We have been able to achieve our above-average RevPAR basis despite allocating approximately $160M to renovations during this timeframe. |
| Portfolio Cluster Strategy Outperforms Competitor Landscape | In 2018, our strategy of clustering our portfolio led to notable outperformance in a majority of our core markets on an ADR and Occupancy-driven basis. Additionally, over 17 of the past 20 quarters, our Manhattan portfolio has outperformed the market in RevPAR growth. |
| 24-Month Capital Recycling Campaign Complete | In 2018, Hersha completed its 24-month capital recycling campaign, during which, the Company sold approximately $925 million of mature, stabilized hotels and successfully deferred $270 million of taxable gains with $857 million of accretive acquisitions. The sales were executed efficiently for an average 14.6x EBITDA multiple or 6.2% cap rate and we were able to achieve an unlevered 13.7% internal rate of return on these assets during our hold period. |
| Refinancing of New York City Joint Venture with Cindat Capital Management | The Company lowered its weighted average cost of borrowing within our existing joint venture with Cindat Capital Management, refinancing the debt on seven assets in Manhattan and recovering our initial $43.2 million in preferred interest investment in the venture. We initially sold this portfolio for $571 million in April 2016, generating a 16.8% unlevered IRR on our investment. In total we recouped approximately $485 million from the sale and subsequent financings and still retain a 30% interest in our seven-asset joint venture. |

Our long-term transformation into a lodging REIT focused on an urban transient customer has resulted in one of the highest exposures to coastal gateway markets in the United States amongst our hotel REIT peers.

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

Since the start of this 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, 2018:
(Table excludes certain hospitality REITs that the Company considers to be peers for executive compensation purposes that completed IPOs after January 1, 2009. Source: Publicly available information and SEC filings.)

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Executive Compensation (page 64)
The objectives of the Company’s executive compensation program are 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.

To further promote alignment with our shareholders, our program allows executives to elect awards earned under the Annual Cash Incentive program to be received in the form of equity. In 2018, our CEO and all other NEOs elected 100% of amounts earned under the Annual Cash Incentive program to be received in equity.

Our program consists of rigorous goals, is targeted towards outperformance, and aligns management with investors.

Say on Pay (page 74)
Our shareholders have supported our NEO compensation program each year it has been presented for approval. We responded to feedback from our shareholders with significant enhancements to the design of our 2019 compensation program. We are asking our shareholders to approve, on an advisory basis, the compensation of our NEOs.

Amendment to 2012 Equity Incentive Plan (Page 77)

We are asking our shareholders to approve an amendment to increase the number of shares available for issuance for awards made pursuant to our Amended and Restated 2012 Equity Incentive Plan ("2012 Equity Incentive Plan").

Ratification of Auditors (page 85)

We are asking our shareholders to ratify the selection of KPMG LLP as our independent registered public accounting firm for 2019.

Voting Proposals Summary

| Proposal Number | Page Number | Proposal | Unanimous Board Recommendation |
|---|---|---|---|
| PROPOSAL 1 | 19 | To elect four Class II Trustees to the Board of Trustees. | FOR - All Nominees |
| PROPOSAL 2 | 74 | To approve on an advisory basis the compensation of the Company's named executive officers. | FOR |
| PROPOSAL 3 | 77 | To approve an amendment to the Hersha Hospitality Trust 2012 Equity Incentive Plan | FOR |
| PROPOSAL 4 | 85 | To ratify the appointment of KPMG LLP as the Company's independent auditors for the year ending December 31, 2019 | FOR |

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 2019 annual meeting of shareholders to be held at the St. Gregory Hotel, 2033 M Street, N.W., Washington, DC 20036 at 9:00 a.m. (EDT) on May 30, 2019 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 Notice of Internet Availability of Proxy Materials is first being mailed, and the Company's proxy materials, including the notice of the annual meeting, this proxy statement, the proxy card and the 2018 annual report to shareholders, are first being made available to the Company's shareholders, on or about April 18, 2019.

#### Solicitation of Proxies

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. Although no proxy solicitor has been engaged at this time, we may determine it is necessary to employ an outside firm to assist in the solicitation process. If so, we will pay the proxy solicitor reasonable and customary fees. 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, if you receive a printed copy of the proxy materials by mail, 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 30, 2019, (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 29, 2019, and their legal proxy holders, are entitled to notice of, and to vote at, the annual meeting. On the record date, there were 39,213,269 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 votes entitled to be cast at the annual meeting 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 29, 2019, there were 39,213,269 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 for the proposal to approve an amendment to the Hersha Hospitality Trust 2012 Equity Incentive Plan.

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, 2019.

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, the proposal to approve an amendment to the Hersha Hospitality Trust 2012 Equity Incentive Plan and for the proposal to ratify the appointment of KPMG as the Company’s independent auditors for the fiscal year ending December 31, 2019, you may vote “for,” “against” or “abstain.” For purposes of these advisory votes, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

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, 2019 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 and the amendment to our 2012 Equity Incentive Plan. 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.

Householding

We are sending only a single Notice of Internet Availability of Proxy Materials to any household at which two or more shareholders reside if they share the same last name or we reasonably believe they are members of the same family, unless we have received instructions to the contrary from any shareholders at that address. This practice is known as "householding" and is permitted by rules adopted by the SEC. This practice reduces the volume of duplicate information received at your household and helps us to reduce costs and the environmental impact of our annual proxy solicitation process. We will deliver promptly, upon written request or oral request, a copy of the proxy materials, as applicable, to holders of our common shares as of the record date for the annual meeting, March 29, 2019. If you prefer to receive printed copies of our proxy materials, you may direct requests to the following address: Hersha Hospitality Trust, Attention: Corporate Secretary, 44 Hersha Drive, Harrisburg, Pennsylvania 17102. If you are a shareholder who receives multiple copies of our proxy materials, you may request householding by contacting us in the same manner and requesting a householding consent form.

## CORPORATE GOVERNANCE

We are committed to pursuing best corporate governance practices. We undertake initiatives to structure our corporate governance in a manner we believe closely aligns our interests with those of our shareholders.

### 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 has been honored by New York Stock Exchange Governance Services, a subsidiary of the New York Stock Exchange (“NYSE”), as the Independent Lead Director of the Year, in connection with its Governance, Risk and Compliance Leadership Awards. The Independent Lead Director of the Year Award is presented to an exemplary leader in governance, risk and compliance that has clearly demonstrated an unwavering commitment to independence, integrity, and leadership in governance at the board level. The Governance, Risk, and Compliance Leadership Awards underscore the role that corporate governance plays in shaping a company's success and a board's contribution to long-term value.

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 Board of Trustees met five times in 2018.

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 2018. Senior management attended each meeting. Messrs. Hutchison and Landry, both of whom serve on the Audit Committee, also serve on the Risk Sub-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, Hsieh, Landry, Leven and Sabin.

Code of Ethics, Code of Conduct, 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. In addition, our Code of Conduct provides our associates with guidance on our values and acceptable conduct. The Company makes available on its website, www.hersha.com, current copies of its corporate governance documents, including charters of the Audit (including the Risk Sub-Committee), Compensation, Nominating and Corporate Governance ("NCG") and Acquisition Committees, its Corporate Governance Guidelines, its Code of Ethics, and its Code of Conduct. 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 2020 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 considers diversity of race, ethnicity, gender, age, cultural background, professional experiences and expertise and education in evaluating trustee candidates for Board membership. We believe that considerations of diversity are, and will continue to be, an important component relating to the Board's composition as multiple and varied points of view contribute to a more effective decision-making process. Half of our trustees are women or minorities, placing us in the upper echelons of our industry in the area of board diversity. 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 2018.

Board Evaluation Process

The Board of Trustees and all of the Committees conduct a thorough self-assessment of their roles and responsibilities on an annual basis and utilize independent consultants from time to time to assist in this process. In 2018, the Board of Trustees utilized the Center for Board Excellence ("CBE") to help conduct a thorough evaluation of Board and Committee responsibilities and helped formulate an action plan to maximize the potential and efficacy of Board and Committee meetings. CBE designed and administered a questionnaire and performed one-on-one interviews and follow up with each Trustee. The information gathered by this process was aggregated, preserving anonymity of the respondents, and analyzed by CBE. CBE presented their analysis to the Board of Trustees and management.

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 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 all reports were filed on a timely basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE -
EARTHVIEW SUSTAINABLE HOSPITALITY

The Company embraces environmental and community stewardship as an integral part of maintaining and building a successful business. To best put this vision into practice, in 2010 the Company conceptualized and developed a proprietary corporate program, EarthView®, that encompasses a triple bottom line approach to sustainability. EarthView, the Company's formalized Environmental Management System, is wholly integrated into the Company's business and business strategy, and delivers initiatives that positively impact a hotel operation's bottom line while simultaneously improving the well being of guests, employees, communities, and the planet.

Financial Impact and Governance

In regards to financial impact and governance, the Company has:

- Formalized the Company's Environmental Management System, which reports directly to the CEO and CFO.
- Integrated the Environmental Management System into the Company's business and business strategy
- Reviewed prevalence of environmental and climate-related risks as part of the Company's enterprise risk assessment, which is reviewed by executives and Board members
- Created policies and trainings to guide associates on how to assert the protection of human rights, including but not limited to discrimination, harassment, forced labor, and human trafficking
- Proactively communicated our comprehensive whistleblower program and procedure for processing whistleblower reports - applicable to associates, suppliers, guests, and other third parties
- Proactively communicated our non-retaliation policy

Over the years, the Company has demonstrated that being active stewards of our environment and our communities makes good business sense. Through EarthView, the Company has been able to drive reductions in operating expenses and increase the value of its real-estate.

The Company's sustainability commitment has been recognized by Nareit. EarthView has repeatedly won the prestigious "Leader in the Light" award amongst Lodging & Resort companies for superior portfolio wide sustainability initiatives. For the seventh consecutive year, the Company has participated in GRESB and ranked in the top 10% of GRESB participants globally. Furthermore, EarthView was awarded the 2018 Adrian Award for Corporate Responsibility by the Hospitality Sales & Marketing Association International for the Company's environmental impact, employee relations, and community support. EarthView focuses on:

Driving Value & Experiences Through Innovation: EarthView capitalizes on innovative opportunities that create both operational savings and long-term value. Additionally, EarthView enhances guest experience offerings and demonstrates that hotels that participate in EarthView take a holistic approach to all aspects of the hotel experience.

Mitigating Risk: The impact of climate phenomenon including potential hurricanes, flooding, wildfires, and water stress are real climate risks that may have an impact on the Company's portfolio. To mitigate against the most material risks of climate change on the Company's portfolio, the Company regularly reviews the prevalence of environmental risks as part of the Company's enterprise risk assessment, reviewed by executives and Board members. Risk mitigation strategies include continuing to increase energy and water efficiency, reduce reliance on natural resources, and ensure all properties meet or exceed their region's building code. The Company also recognizes its role in further protecting human rights. As a result, the Company has policies and trainings in place to guide associates on how to assert the protection of human rights, including but not limited to discrimination, harassment, forced labor, and human trafficking.

Governance: Governance is conducted in a transparent, responsible manner, with full integrity, a constant commitment to ethical business practices, and reinforcement of good citizenship and community involvement. The Company's strong corporate governance foundation is key for continuing to perform at the highest level and drive growth - today and for years to come. The Company makes information regarding the performance of the EarthView program available to investors on the Company's website, www.hersha.com, including the Company's Corporate Governance Compendium, Code of Ethics, and Code of Conduct.

Environmental Impact

In regards to environmental impact, the Company’s focus, as approved by senior management or the Board of Directors, is to:

- Remain committed to environmental protection, environmental awareness, reduction of greenhouse gas emissions through commitment to a science-based target, and reduction of waste
- Remain committed to the efficient use of natural resources and energy by ensuring its buildings operate efficiently, and striving for building certifications as the opportunity arises, such as LEED or EnergyStar
- Monitor the Company’s environmental performance and have data reviewed by third-party verifiers
- Regularly report on environmental issues and environmental management to our stakeholders, and consult with stakeholders on these environmental issues
- Comply with environmental regulation
- Train and raise employee awareness for the Company’s sustainability program and practices
- Conduct internal audits to ensure properties are adhering to standards of the Company’s sustainability program
- Expand the Company’s renewable energy mix to include additional on-site installations and explore off-site options to increase the Company’s mix of renewable energy.

Our environmental impact metrics and accomplishments can be found in Hersha’s EarthView Sustainability Report on our website www.hersha.com

The Company does not have any environmental controversies or incidents of non-compliance with any water quality or water quantity permits or standards. The use of conflict minerals is not material to the Company’s industry and business.

Reducing Environmental Impact: Responsible stewardship of resources through our supply chain is not only essential for the continuing growth of our business, but also imperative for the long-term health, safety, and prosperity of the planet. The Company will report 2018 environmental metrics aligned with the Green House Gas Protocol. Additionally, the Company has also committed to developing a science-based target for carbon emissions reduction within the next year.

Efficient Buildings & Operations: The Company has continued to implement projects that have reduced its environmental footprint. The Company remains committed to ensuring its buildings operate efficiently, and will strive to certify them as the opportunity arises.

Renewable Energy Strategy: The Company has installed on-site renewable energy in the form of a solar PV array at the Residence Inn Coconut Grove hotel. In coming years, the Company plans to expand its renewable energy mix to include additional on-site installations and explore off-site options to increase the Company’s mix of renewable energy.

Social Impact

In regards to social impact, the Company’s focus is to:

- Remain committed to our human rights, labor policies, anti-discrimination policy, anti-harassment policy, whistleblower program, non-retaliation policy, code of ethics (includes anti-bribery and anti-corruption), and other policies outlined in the Company’s Code of Conduct - available on our website www.hersha.com
- Provide policies and trainings to guide associates on how to assert the protection of human rights, including but not limited to discrimination, harassment, forced labor, and human trafficking
- Encourage and monitor the diversity of the Company’s workforce
- Collaborate with vendors and suppliers to uphold the Company’s Supplier Code of Conduct
- Provide associates with non-salary benefits to maintain a healthy work-life balance
- Regularly monitor employee satisfaction through engagement surveys and other feedback
- Regularly monitor and develop strategies for addressing occupational health and safety in the workplace

The Company has not suffered any major controversies linked to human rights, corruption, wages, or labor standards.

The Company strives to ensure its hotels are a positive force in their communities. The Company’s associates proactively serve their communities through charity walks, collecting donations for food drives, and mentoring students interested in the hospitality industry.

Our social impact metrics and accomplishments can be found in Hersha's EarthView Sustainability Report on our website www.hersha.com

Supporting Our Employees: The Company strives to facilitate a welcoming and inclusive environment, provide development opportunities, as well as actively demonstrate our genuine appreciation for associates.

Embracing Health & Wellness: The Company promotes the health and wellness of associates and guests. For associates, the Company strives to foster opportunities for social interaction and connection. For guests, the Company provides programs that enable them to maintain their daily wellness routines even while travelling through offerings including healthy locally-sourced food items and complimentary bike rentals at select locations.

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, Jackson Hsieh, 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 2021 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 eight currently serving trustees and one vacancy. At this time, the Board of Trustees has elected not to fill one of these openings and will continue to evaluate the composition of the Board. Shareholders are not being asked for proxies to fill this vacancy and proxies may only be voted for the nominees below. 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 four persons as Class II Trustees. Each Class II Trustee nominee currently is serving a two-year term expiring at the annual meeting. Each Class I trustee was elected at the 2018 annual meeting and is serving a two-year term expiring at the 2020 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

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| Hasu P. Shah<br>Chairman of the Board and<br>Class II Trustee Nominee<br>Age: 74<br>Trustee since May 1998<br>Committees Served:<br>None<br>Other Public Company Boards:<br>None | 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 and the Central Penn Business Journal Hall of Fame award 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 also received an honorary Doctorate of Public Service (DPS) Degree from Harrisburg Area Community College. Mr. Hasu Shah received a Bachelor's of Science degree in chemical engineering from Tennessee Technical University and obtained a Master's degree in public administration from Pennsylvania State University, which named him as a Fellow. He is an alumnus of the Owner and President's Management program at Harvard Business School. Mr. Hasu Shah is the 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.<br>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 35 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. |

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| Jackson Hsieh<br>Class II Trustee Nominee<br>Age: 58<br>Trustee since June 2017<br>Committees Served:<br>Acquisition<br>Audit<br>Compensation<br>NCG<br>Other Public Company Boards:<br>Spirit Realty Capital, Inc. | Mr. Hsieh has served as President and Chief Executive Officer of Spirit Realty Capital, Inc. since May of 2017. Mr. Hsieh joined Spirit Realty Capital in September of 2016, serving as its President and Chief Operating Officer. Prior to joining Spirit, Mr. Hsieh worked for Morgan Stanley, where he served as Managing Director and a Vice Chairman of Investment Banking, primarily focusing on the firm’s real estate clients. Prior to rejoining Morgan Stanley, Jackson was Vice Chairman and Sole/Co-Global Head of UBS’s Real Estate Investment Banking Group, managing a team of over 70 professionals in six offices worldwide. During his career, including a prior period at Morgan Stanley and tenures at Bankers Trust Company and Salomon Brothers, Inc., he served as senior lead banker on over $285 billion of real estate and lodging transactions. Mr. Hsieh is a graduate of the University of California at Berkeley and earned a Master’s degree from Harvard University.<br>The Board of Trustees has determined that Ms. Hsieh’s qualifications to serve on the Board of Trustees include his substantial experience in investment banking and the real estate and lodging industries. |
| Dianna F. Morgan<br>Class II Trustee Nominee<br>Age: 67<br>Trustee since April 2010<br>Committees Served:<br>Risk Sub-Committee (Chair)<br>Audit<br>Compensation<br>NCG<br>Other Public Company Boards:<br>Chesapeake Utilities Corp.<br>Marriott Vacations Worldwide Corp. | 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. Ms. Morgan currently serves on the Board of Directors of Chesapeake Utilities Corp., where she chairs the Compensation Committee, the Board of Directors of Marriott Vacations Worldwide Corporation, where she serves on the Compensation and Nominating and Governance Committees, and the Board of Directors of CNL Healthcare Properties II. She previously served on the Board of Directors and the Compensation and Audit Committees of CNL Hotels & Resorts, Inc. and the Board of Directors of CNL Bancshares, Inc. In addition, Ms. Morgan is the past Chair and is a former member of the Board of Trustees for the University of Florida. Ms. Morgan is a former member of the Board of Directors and past Chairman of Orlando Health and previously served as Chairman of the national board for the Children’s Miracle Network. Ms. Morgan received her Bachelor’s of Arts degree in organizational communications from Rollins College.<br>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. |

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| John M. Sabin<br>Class II Trustee Nominee<br>Age: 64<br>Trustee since June 2003<br>Committees Served:<br>Audit (Chair)<br>Acquisition<br>Compensation<br>NCG<br>Other Public Company Boards:<br>Condor Hospitality Trust, Inc. | Mr. Sabin is 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 joining Revolution, 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 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 Condor Hospitality Trust, Inc. from 2012 to the present). Mr. Sabin has received a Bachelors of Science degree in Accounting and in University Studies; a Master of Accountancy and a Master of 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.<br>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. |

| Class I Trustees | |
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| Jay H. Shah<br>Chief Executive Officer and<br>Class I Trustee<br>Age: 50<br>Trustee since January 2006<br>Committees Served:<br>None<br>Other Public Company Boards:<br>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's of Science degree from the Cornell University School of Hotel Administration, a Master's 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.<br>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 more than 25 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. |

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| Thomas J. Hutchison III<br>Class I Trustee<br>Age: 77<br>Trustee since September 2008<br>Committees Served:<br>Compensation (Chair)<br>Acquisition<br>Audit<br>Risk Sub-Committee<br>Other Public Company Boards:<br>Marriott Vacations Worldwide Corp. | 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. Mr. Hutchison also 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. Mr. Hutchison serves 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.<br>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. |

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| Donald J. Landry<br>Lead Independent Trustee and<br>Class I Trustee<br>Age: 70<br>Trustee since April 2001<br>Committees Served:<br>Acquisition (Chair)<br>Audit<br>Risk Sub-Committee<br>NCG<br>Other Public Company Boards:<br>Condor Hospitality Trust, 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. and has 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 Condor Hospitality Trust, Inc., where he is Chair of the Investment Committee and Nominating Committee. Mr. Landry currently serves on the corporate advisory boards of Unifocus, Campo Architects, First Hospitality Group, Windsor Capital Group and numerous nonprofit boards. NYSE Governance Services honored Mr. Landry as the 2015 Independent Lead Director of the Year, for his exemplary leadership in governance, risk and compliance in serving as the Company's Lead Independent Trustee. The honor recognizes his unwavering commitment to independence, integrity, and leadership in governance at the board level. 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's of Science degree from the University of New Orleans. Mr. Landry is a Certified Hotel Administrator.<br>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: 81
Trustee since May 2012
Committees Served:
- NCG (Chair)
- Acquisition
- Compensation

Other Public Company Boards:
- None

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 had been a director of the Las Vegas Sands Corp. and a member of the Board of Directors of Sands China Ltd., a subsidiary of Las Vegas Sands Corp, until he retired from those boards in April of 2017. Mr. Leven is currently the Chairman and Chief Executive Officer at Georgia Aquarium, Inc. a position held since January 1, 2016. Mr. Leven's celebrated career in the lodging industry includes his role as the president and chief operating officer of Holiday Inn Worldwide, president of Days Inn of America, and president of Americana Hotels. Mr. Leven was also 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. Mr. Leven has served as the Vice Chairman of the Marcus Foundation, Inc., a non-profit foundation and serves on many other non-profit boards. Mr. Leven served the Company 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.

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.

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<br>President and Chief Operating Officer<br>Age: 45 | 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 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 Masters in Business Administration 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<br>Chief Financial Officer and Assistant Secretary<br>Age: 49 | 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 Masters in Business Administration from The Stern School of Business at New York University (NYU) and a Bachelors in Business Administration 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, The Tisch Center at NYU, The Committee of Seventy, Philadelphia Real Estate Council, and a member of the Real Estate Capital Policy Advisory Committee of the Real Estate Roundtable. |

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|---|---|
| Michael R. Gillespie<br>Chief Accounting Officer and Assistant Secretary<br>Age: 46 | 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 publicly traded 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 Bachelor’s degree in accounting from Bloomsburg University of Pennsylvania. Mr. Gillespie is a licensed Certified Public Accountant. Mr. Gillespie is currently a board member and serves as an executive committee member of the Bloomsburg University Foundation. Mr. Gillespie a member of the Tax Policy Advisory Committee of the Real Estate Roundtable. |
| David L. Desfor<br>Treasurer and Corporate Secretary<br>Age: 58 | 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 five meetings during 2018. 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 2018, 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 2018 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

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|---|---|
| Members:<br>John M. Sabin (Chair)<br>Jackson Hsieh<br>Thomas J. Hutchison III<br>Donald J. Landry<br>Dianna F. Morgan<br><br>Meetings in 2018: 8 | 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.<br>In 2010, the Audit Committee established a Risk Sub-Committee, composed of members of the Audit Committee, to focus on oversight of the Company's enterprise risk management processes. Ms. Morgan is the chair of the Risk Sub-Committee and Messrs. Hutchison and Landry are members. The Risk Sub-Committee monitors the Company's assessment of enterprise risk, including risks related to cyber security and climate change, and regularly meets with members of management that oversee those risks to remain apprised of the Company's risk profile. The Risk Sub-Committee meet regularly to discuss planning, incident response and the Company's notification procedures. The Risk Sub-Committee met 4 times in 2018.<br>The Board of Trustees established 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. |

### Compensation Committee

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|---|---|
| Members:<br>Thomas J. Hutchison III (Chair)<br>Jackson Hsieh<br>Michael A. Leven<br>Dianna F. Morgan<br>John M. Sabin<br><br>Meetings in 2018: 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.<br>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 Internal Revenue 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

| | |
|---|---|
| Members:<br>Michael A. Leven (Chair)<br>Jackson Hsieh<br>Donald J. Landry<br>Dianna F. Morgan<br>John M. Sabin<br><br>Meetings in 2018: 4 | The NCG Committee is responsible for, among other things, assisting the Board in identifying individuals qualified to become Board members, recommending to the Board the trustee nominees to stand for election by our shareholders, recommending to the Board the trustees to serve on each of the Board's committees, and, in some cases, makes recommendations regarding 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.<br>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:<br>Donald J. Landry (Chair)<br>Jackson Hsieh<br>Thomas J. Hutchison III<br>Michael A. Leven<br>John M. Sabin<br><br>Meetings in 2018: 4 | 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.<br>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. |

## 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 2018. The Compensation Committee, based on the recommendations of FPL, approved the Company's 2018 compensation program for non-employee trustees, effective as of January 1, 2018.

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For 2018, the compensation program included:

- Annual Retainer - Non-employee trustees received an annual retainer of $65,000.
- Lead Trustee and Committee Chair Fees - For service in the capacity of Lead Trustee or committee chairperson, non-employee trustees received an annual fee in the following amounts:

| | |
|---|---|
| Lead Trustee | $20,000 |
| Audit Committee Chair | $20,000 |
| Risk Sub-Committee Chair | $15,000 |
| Compensation Committee Chair | $20,000 |
| Nominating & Corporate Governance Chair | $15,000 |
| Acquisition Committee Chair | $15,000 |

- 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 amounts:

| | |
|---|---|
| Audit Committee | $10,000 |
| Risk Sub-Committee | $7,500 |
| Compensation Committee | $10,000 |
| Nominating & Corporate Governance | $7,500 |
| Acquisition Committee | $10,000 |

- 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 of approximately $45,000. 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.
- 2018 Multi-Year Share Based Compensation - On December 29, 2017, each non-employee trustee received 1,500 restricted common shares, 33% of which vested on December 31, 2018, 33% of which will vest on December 31, 2019, and the remainder of which will vest on December 31, 2020 (subject to continued service on the vesting date).

Non-employee trustees may make a voluntary election to receive any portion of the annual retainer 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 29, 2017, or $17.53 per share. An aggregate of 11,587 restricted common shares were issued on December 29, 2017 and vested during the year ended December 31, 2018.

Non-employee trustees may also 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. The number of common shares issued in lieu of cash payments was 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, 2018, or $20.03 per share. An aggregate of 6,552 common shares were issued on June 5, 2018 pursuant to the trustees' elections.

On June 5, 2018 and December 31, 2018, 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 $45,000. 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, 2018 and December 31, 2018 and then rounded to the nearest 100 common shares. The 20-day VWAP used for the grant on June 5, 2018 was $20.03, resulting in a grant of 2,200 fully vested common shares with a grant date fair value of $46,728 to Messrs. Hsieh, Hutchison, Landry, Leven and Sabin and Ms. Morgan. The 20-day VWAP used for the grant on December 31, 2018 was $17.95, resulting in a grant of 2,500 fully vested common shares with a grant date fair value of $43.850 to Messrs. Hsieh, Hutchison, Landry, Leven and Sabin and Ms. Morgan.
With a substantial component of Trustee compensation paid in the Company's equity, these programs promote Trustee alignment with shareholders. These programs and the elections made by our Trustees to receive equity in lieu of cash resulted in more than two thirds of all Trustee compensation in 2018 to be paid in equity.

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-employee trustees for the fiscal year ended December 31, 2018:

| Name | Fees Earned or Paid in Cash ($) | Stock Awards(1) ($) | Total ($) |
|---|---|---|---|
| Jackson Hsieh | 6,871 | 237,298 | 244,169 |
| Thomas J. Hutchison III | 7,803 | 273,746 | 281,549 |
| Donald J. Landry | 90,207 | 180,398 | 270,605 |
| Michael A. Leven | 110,112 | 116,888 | 227,000 |
| Dianna F. Morgan | 117,612 | 116,888 | 234,500 |
| John M. Sabin | 125,112 | 116,888 | 242,000 |

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

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, 2018:

| Name | Semi-Annual Share Grants (1) ($) | Multi-Year Share Award Grant (2) ($) | Shares Elected in Lieu of Cash Board Fees | | Total ($) |
|---|---|---|---|---|---|
| | | | Annual Retainer(3) ($) | Lead Trustee, Committee Chair, and Committee Membership(4) ($) | |
| Jackson Hsieh | 90,578 | 26,310 | 80,649 | 39,761 | 237,298 |
| Thomas J. Hutchison III | 90,578 | 26,310 | 80,649 | 76,209 | 273,746 |
| Donald J. Landry | 90,578 | 26,310 | 40,316 | 23,194 | 180,398 |
| Michael A. Leven | 90,578 | 26,310 | — | — | 116,888 |
| Dianna F. Morgan | 90,578 | 26,310 | — | — | 116,888 |
| John M. Sabin | 90,578 | 26,310 | — | — | 116,888 |

(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 5, 2018 equals the number of common shares granted (2,200 common shares) multiplied by the closing common share price of $21.24 on the NYSE on the date of the grant. The grant date fair value of the common shares granted on December 31, 2018 equals the number of common shares granted (2,500 common shares) multiplied by the closing common share price of $17.54 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 31, 2018 equals the number of common shares granted (1,500 restricted common shares) multiplied by the closing common share price of $17.54 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 cash retainer, otherwise payable in cash, computed in accordance with FASB ASC 718. The grant date fair value of the restricted common shares granted on December 29, 2017 equals the number of common shares granted multiplied by the closing common share price of $17.40 on the NYSE on the date of the grant. The following trustees received shares by making this election: Mr. Hsieh (4,635), Mr. Hutchison (4,635 shares) and Mr. Landry (2,317 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 Trustee, Committee Chair and Committee Membership fees, otherwise payable in cash, computed in accordance with FASB ASC 718. The grant date fair value of the common shares granted on June 5, 2018 equals the number of common shares granted multiplied by the closing common share price of $21.24 on the NYSE on the date of the grant. The following trustees received shares by making this election: Mr. Hsieh (1,872 shares), Mr. Hutchison (3,588 shares) and Mr. Landry (1,092 shares).

### Trustee Ownership Guidelines

Non-employee 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. For the purpose of these guidelines, a person shall be deemed to own all Company shares beneficially owned by such person within the meaning of the United States federal securities laws, including for these purposes preferred shares of the Company, common shares of the Company, operating partnership units (including LTIP Units) in Hersha Hospitality Limited Partnership and other securities issued by the Company or its subsidiaries that are exercisable for, convertible into or exchangeable for common shares of the Company.

### 2019 Compensation of Non-Employee Trustees

To establish the Company’s 2019 compensation program for non-employee trustees, FPL undertook a comprehensive evaluation of the Company’s board compensation, comparing the Company’s trustee compensation to the same peer group used to evaluate the Company’s compensation of its NEOs. This evaluation took into account individual trustee compensation as well as the aggregate fees paid to all non-employee trustees. The Compensation Committee, based on the recommendations of FPL, approved the Company’s 2019 compensation program for non-employee trustees, effective as of January 1, 2019. For 2019, there is no change to any compensation component from amounts payable under the 2018 compensation program.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth certain information, known by the Company as of March 29, 2019, regarding the beneficial ownership of the Company's common 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 29, 2019, there were 39,213,269 common 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. 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.

| Name of Beneficial Owner | Class A Common Shares Number of Shares/Units Beneficially Owned(1) | | Percentage of Class Beneficially Owned(2) |
|---|---|---|---|
| Hasu P. Shah | 484,980 | (3) | 1.2% |
| Jay H. Shah | 1,610,296 | (4) | 4.0% |
| Neil H. Shah | 1,540,790 | (5) | 3.8% |
| Ashish R. Parikh | 429,277 | | 1.1% |
| Michael R. Gillespie | 183,174 | | * |
| David L. Desfor | 54,676 | (6) | * |
| Jackson Hsieh | 21,333 | | * |
| Thomas J. Hutchison | 84,036 | | * |
| Donald J. Landry | 78,619 | | * |
| Michael A. Leven | 55,196 | | * |
| Dianna F. Morgan | 35,645 | | * |
| John M. Sabin | 43,662 | (7) | * |
| All executives officers, trustees, and trustee nominees as a group (12 persons) | 4,621,684 | | 11.8% |

* Represents less than one percent of the outstanding shares of the Class A common shares.

(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) 113,874 common shares issuable upon redemption of partnership units that are currently redeemable; and (ii) 198,284 common shares, all of which are held by Shree Associates, a family limited partnership that is controlled by Mr. Hasu Shah. Excludes: (i) 132,917 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) 114,334 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 disclosure 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) 89,889 common shares issuable upon redemption of partnership units that are currently redeemable; (ii) 75,000 common shares and 132,917 common shares issuable upon redemption of partnership units that are currently redeemable and which are held by the Jay and Susie Shah 2008 Family Trust, in which Mr. Hasu Shah is the trustee; and (iii) 182,574 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) 78,736 common shares issuable upon redemption of partnership units that are currently redeemable; (ii) 75,000 common shares and 114,334 common shares issuable upon redemption of partnership units that are currently redeemable and which are held by the Neil and Juhi Shah 2008 Family Trust, in which Mr. Hasu Shah is the trustee; and (iii) 208,054 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 52,976 common shares issuable upon redemption of partnership units held by Mr. Desfor.

(7) Includes 287 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 29, 2019, 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 five percent or more 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)]<br>55 East 52nd Street<br>New York, NY 10055 | 6,739,682 | 17.2% |
| Jennison Associates LLC[(3)]<br>466 Lexington Avenue<br>New York, NY 10017 | 3,399,335 | 8.7% |
| Prudential Financial, Inc.[(4)]<br>751 Broad Street<br>Newark, New Jersey, 07102-3777 | 4,007,250 | 10.2% |
| The Vanguard Group, Inc.[(5)]<br>100 Vanguard Blvd.<br>Malvern, Pennsylvania 19355 | 5,792,461 | 14.8% |
| Vanguard Specialized Funds - Vanguard REIT Index Fund[(6)]<br>100 Vanguard Blvd.<br>Malvern, Pennsylvania 19355 | 1,786,885 | 4.6% |

(1) Percentages are based on 39,213,269 common shares outstanding as of March 29, 2019.

(2) Information based solely on Amendment No.10 to a Schedule 13G filed with the SEC on January 30, 2019 by Blackrock, Inc. which has reported sole voting power over 6,533,242 common shares and sole dispositive power over 6,739,682 common shares.

(3) Information based solely on Amendment No.3 to a Schedule 13G filed with the SEC on February 1, 2019 by Jennison Associates LLC, which has reported sole voting power and shared dispositive power over 3,399,335.

(4) Information based solely on Amendment No. 5 to a Schedule 13G filed with the SEC on January 31, 2019 by Prudential Financial, Inc., which has reported sole voting and dispositive power over 56,225 common shares and shared voting and dispositive power over 4,007,250 common shares.

(5) Information based solely on Amendment No. 11 to a Schedule 13G filed with the SEC on February 11, 2019 by The Vanguard Group, Inc. The Vanguard Group Inc. has disclosed that is has sole voting power over 65,086 common shares, sole dispositive power over 5,706,617 common shares, shared voting power over 54,268 and shared dispositive power over 85,844 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 31,576 common shares and that Vanguard Investment Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 87,778 common shares.

(6) Information based solely on Amendment No. 7 to a Schedule 13G filed with the SEC on January 31, 2019 by Vanguard Specialized Funds - Vanguard REIT Index Fund which has reported sole voting power over 1,786,885 common shares.

## 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 2018 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)
Jackson Hsieh
Michael A. Leven
Dianna F. Morgan
April 18, 2019 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 2018, 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, 2018.

The NEOs for 2018 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 Assistant Secretary; and
- Michael R. Gillespie, the Company's Chief Accounting Officer and Assistant Secretary.

The NEOs named above were also NEOs in 2016 and 2017.

Investor Outreach and Changes to the 2019 Executive Compensation Program

At the Company's 2018 Annual Meeting of Shareholders, approximately 61% of the votes cast were in favor of the advisory vote to approve the Company's executive compensation. While the vote reflected continued support of the Company's executive compensation program, this level of support was a decline from results experienced in previous years. Even though the design of our incentive programs remained consistent year-over-year, the support we received in 2018 decreased when compared to the very high level of support we received in the past.

| Annual Meeting | Say on Pay Votes in Favor Executive Compensation |
|---|---|
| 2017 | 97.9% |
| 2016 | 99.4% |
| 2015 | 95.1% |
| 2014 | 94.3% |

In order to better understand our investors' views regarding our executive compensation programs, the Compensation Committee Chair and other members of the Compensation Committee, engaged in stockholder outreach. They reached out to holders of more than 75% of our common shares. In connection with this outreach, our Compensation Committee Chairman held individual discussions with a majority of those we reached out to and we received feedback from shareholders who collectively owned approximately 40% of our outstanding common shares. The Chairman of our Compensation Committee directly connected with these investors to discuss our executive pay and its alignment with performance, and to solicit feedback on our compensation program and practices.

The feedback we received in these meetings was shared with the entire Board. The Compensation Committee carefully considered this feedback and implemented changes to our executive compensation program that are responsive to the views that we heard.

The table below details shareholders' feedback we received during our engagements with them and the actions the Compensation Committee took to address investors' perspectives on our executive compensation program. The Compensation Committee is confident that these changes reflect our Board's ongoing commitment to shareholder engagement and responsiveness.

| WHAT WE HEARD | | HOW WE RESPONDED |
|---|---|---|
| The amount of pay tied to annual performance goals should have a smaller degree of emphasis, and consequently, the multi-year component of the LTIP should have a higher degree of emphasis. | à | We decreased the amount of compensation tied to the annual LTIP (eliminated this component) and made a larger portion of each executive's overall compensation opportunity (9% of CEO's and 6% of all other NEO's) tied to longer-term performance within the Multi-Year LTIP. 32% of CEO and 23% of all other NEO compensation is determined over a three year performance period. |
| Having duplicative metrics that are used to evaluate multiple components of pay should be avoided. | à | We eliminated any overlap of metrics across our annual incentive and multi-year incentive programs. |
| Individual/subjective performance goals should be limited in usage. | à | We eliminated individual/subjective goals. |
| More clarity is desired around individual performance achievements and performance targets that represent a decline between years. | à | We enhanced our disclosure around individual accomplishments, and where applicable going forward, will also provide additional context around the setting of performance targets |

to the extent such reflects a decline between years (none for 2018).

The following table summarizes the modifications made to enhance our executive compensation program and further promote alignment with our shareholders.

SUMMARY OF MODIFICATIONS

ANNUAL CASH INCENTIVE PROGRAM (ANNUAL CIP) - CASH/EQUITY MIX AND METRICS

| | | |
|---|---|---|
| Objective: | To eliminate the subjective, individual-specific performance metrics and simplify the overall structure of Hersha's compensation program, while continuing to align executive pay with shareholders by maintaining an equity component. | |
| | HISTORICALLY…(Annual CIP) | GOING FORWARD…(STIP) |
| AWARD COMPOSITION | 100% Cash | 50% Cash*/50% Equity |
| METRICS AND WEIGHTINGS | 30% AFFO per share | 25% AFFO per share |
| | 30% Absolute EBITDA | 25% Absolute EBITDA |
| | 20% Fixed charge coverage ratio | 25% Fixed charge coverage ratio |
| | | 25% Absolute RevPAR growth |
| | 20% Individual-specific performance objectives | Eliminated ALL subjective, individual-specific performance objectives |

*Executives may elect to receive the cash portion of the annual incentive award in equity, and will receive a 25% premium if such election is made

| ANNUAL LONG-TERM EQUITY INCENTIVES (ANNUAL EIP) - ELIMINATED | | |
|---|---|---|
| Objective: | To eliminate the overlap in metrics with the multi-year long-term incentive program, simplify the overall structure of Hersha's compensation program, decrease the emphasis on annual performance and consequently increase the amount of pay tied to multi-year performance, and eliminate the subjective, individual-specific performance metrics. | |
| | HISTORICALLY… | GOING FORWARD… |
| AWARD COMPOSITION | 100% Equity | Eliminated (shifted to multi-year) |
| METRICS AND WEIGHTINGS | 40% Absolute RevPAR growth | Eliminated (Included in STIP) |
| | 40% Relative RevPAR growth vs. Peer Group median | Eliminated (Included in multi-year; measured over 3 year period) |
| | 20% Individual-specific performance objectives | Eliminated |

Going forward, and in order to simplify our compensation framework and more closely align with peers, our executive compensation structure will contain only three compensation elements (as opposed to previously containing four) which are: 1) Base Salary, 2) Short-Term Incentive Program (“STIP”), and 3) Long Term Incentive Program (“LTIP”).

2019 COMPENSATION COMPONENTS

| | Element | Objective | Key Features |
|---|---|---|---|
| Fixed Compensation | Base Salary | Provides the NEOs with a basic level of financial security and promotes the Compensation Committee's objectives by attracting and retaining top talent | Assessed based on NEO's responsibilities and performance |
| Variable Compensation | Short-Term Incentive Program | Rewards achievement of annual goals and objectives and provides at-risk, comprehensive opportunities to earn additional compensation linked to company-wide performance | • Awarded 50% in cash and 50% in equity<br>• 100% of our short-term incentive program award is based on corporate performance (25% AFFO per share, 25% Absolute EBITDA, 25% Fixed Charge Coverage Ratio, and 25% Absolute RevPAR Growth) |
| | Long-Term Incentive Program | Encourage actions for long-term shareholder value by incentivizing long-term performance and aligning the interests of the NEOs and the shareholders | • 75% of our long-term incentive (LTIP) awards are based on three-year absolute total return to shareholders and total return relative to peers.<br>• We must outperform our peers to earn at a target level. • If we do not deliver at least 10% total return over a three-year period, 37.5% of the award is forfeited<br>• 25% of our LTIP awards are based on three-year RevPAR growth relative to peers |

Amounts earned under the STIP are awarded 50% in cash and 50% in equity. The STIP is measured on an annual basis and includes the objective metrics used in our former Annual CIP but eliminates individual-specific performance objectives. Executives may elect to receive the cash portion of the STIP in equity, which will be restricted and subject forfeiture during a vesting period subsequent to issuance of the award. Elections to receive the cash portion in equity must be made by the end of the first quarter of the program year, at least nine months before the end of the performance period. Executive will receive a 25% premium for amounts elected in equity, if any.

Our former Annual EIP component has been eliminated going forward to both simplify our compensation program and avoid any duplication in annual incentives. The Absolute RevPAR growth metric is now included in the STIP and RevPAR growth relative to our peers measured on an annual basis, along with individual-specific performance objectives, have been eliminated.

We continue to utilize a robust LTIP (formerly our Multi-Year Equity Incentive Program or "MYEIP") which is measured over a three-year period and amounts earned are awarded 100% in equity. Consistent with our former MYEIP, the LTIP includes relative and absolute metrics based on total return to shareholders. We must outperform our peers to earn at a target level, and if we do not at least deliver an 10% total return for investors over a three-year period, 37.5% of the award is forfeited.

In addition to restructuring the elements of our executive compensation program, an effort was made to increase the portion of compensation potential from short-term to long-term and metrics that are primarily focused on total return to shareholders. Going forward, 32% (compared to 23% under our previous program) of the CEO's target compensation potential is dependent upon long-term metrics primarily focused on total return to shareholders. For the other NEOs, 23% (compared to 17% under our previous program) of target compensation potential is dependent upon long-term metrics primarily focused on total return to shareholders.

The redesigned 2019 compensation program simplifies our incentive compensation structure, eliminates individual-specific performance metrics, and places greater emphasis on long-term total return to shareholders. The redesigned 2019 compensation program retains an emphasis on performance-based at-risk compensation, with 83% of CEO target compensation potential and 77% of all other NEOs target compensation potential dependent on the

Company's performance.

Executive Summary

The objectives of the Company's executive compensation program are 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.

Our program consists of rigorous goals, is targeted towards outperformance, and aligns management with investors. Our short term and long-term incentives are tied 100% to performance.

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 2018, 83% of the CEOs' and 78% of the other NEOs' target 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 17% of the CEO's and 22% of the other NEOs' target 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 sets clear goals for company performance and differentiates certain elements of compensation based on individual NEO achievement. 100% of at-risk compensation is payable only upon the achievement of specific performance metrics and individual achievement. | The Company does not issue equity compensation that is at-risk merely due to time-based vesting. Rather 100% of at-risk compensation is dependent upon specific performance metrics and individual achievement. Once earned, equity awards are subject to time-vesting requirements to promote retention. |
| The Company mitigates undue risk, including retention provisions, multiple performance targets, and robust Board and management processes to identify risk. The Company will clawback bonuses and other incentive-based and equity-based compensation when misconduct results in a financial restatement. | The Compensation Committee does not believe the executive compensation program creates risks that are reasonably likely to pose a material adverse impact to the Company. |

| WHAT WE DO | WHAT WE DO NOT DO |
| --- | --- |
| 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 the 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 other 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. If used, the Company would not reprice these securities if they were underwater. The Company does not pay dividends on unvested performance shares. |
| Only customary perquisites, such as health and insurance benefits, are provided. Perquisites represent only a small portion of the total NEO compensation. | The Company does not have deferred compensation or pension plans and does not provide perquisites to the NEOs that would be considered significant or extraordinary. |
| The Compensation Committee establishes rigorous metrics for the NEOs and attempts to tie pay for performance on various company specific metrics and total shareholder returns. | |

Pay-for-Performance

While we have made substantial enhancements to our compensation programs for 2019 in response to investor outreach and feedback we received, the following is a description of our legacy program that was put in place prior to last year's shareholder vote and our subsequent outreach. Pay-for-performance has always been and continues to be an important cornerstone of the Company's compensation philosophy. Consistent with this focus, the Company's legacy executive compensation program included annual cash incentives ("Annual CIP"), annual equity incentives ("Annual EIP") and multi-year equity incentives ("Multi-Year EIP").

The design of our legacy compensation program resulted in almost 83% of our CEO compensation and 79% of the compensation of all other NEOs being performance based (at risk):

ANNUAL CIP - For 2018, all of the NEOs other than the Company's Chairman, Mr. Hasu Shah, participated in the Annual CIP program. Eighty percent (80%) of the potential cash incentive was based on the achievement of company-wide operational and financial goals, including the achievement of adjusted funds from operations (“AFFO”) targets, Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) targets and fixed charge coverage ratio targets. The remaining 20% of the potential cash incentive was based on the achievement by each NEO of individual-specific operational and strategic goals. These individual-specific operational and strategic goals were eliminated from the design of the 2019 program.

ANNUAL EIP AND MULTI-YEAR EIP - For 2018, annual and multi-year equity incentives were provided under the Annual EIP and the Multi-Year EIPs. If earned, the awards are settled in the form of common shares issued by the Company or LTIP Units issued by the Company’s operating partnership. The Annual EIP was eliminated from the design of 2019 program as described above.

Under the Annual EIP, performance was measured based on the Company’s achievement of absolute and relative RevPAR growth. In addition, the Compensation Committee had discretion under the Annual EIP 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. These discretionary awards were eliminated from the design of the 2019 program.

Under the 2016, 2017 and 2018 Multi-Year EIPs, performance was measured based on the Company’s achievement of absolute total shareholder return and total shareholder return relative to a predetermined peer group, as well as RevPAR growth relative to a predetermined peer group, over a three-year period.

STIP and Legacy Annual CIP Equity Election

The Compensation Committee has adopted a policy that allows the NEOs to elect to receive cash awards, if any, under the STIP and the legacy 2018 Annual CIP in LTIP Units or cash. For payments elected in LTIP Units, the NEO received a 25% premium. LTIP Units issued are subject to a two-year vesting period from the end of the performance period and are subject to forfeiture. For 2018, each NEO had elected to receive 100% of any payouts earned under the Annual CIP in LTIP Units. For the second straight year, the only cash compensation received by the NEOs was base salary. As a result, 84% of CEO potential compensation and 80% of all other NEO potential compensation is paid in equity:

TOTAL COMPENSATION

BEFORE Annual CIP Equity election  AFTER Annual CIP Equity election

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Shareholder Interest Alignment

We believe that our STIP and LTIP under our redesigned 2019 compensation program (as well as the legacy Annual EIP, Multi-Year EIPs, and Annual CIP payouts elected to be paid in equity under the 2018 program), 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 equity award potential (including Annual CIP awards elected in equity) accounting for almost 84% of the total compensation program for our CEO and 80% of the total compensation program of our other NEOs. All equity awards granted to the NEOs in 2018 were in the form of restricted equity that, once earned based on prior performance, subsequently vest over time and are required to be owned for a minimum of one year after the vesting date and therefore have a significant retention element. 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-employee trustees, within three years of becoming a trustee, to own Company shares equal in value to at least five times the annual cash retainer paid to non-employee 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; and
- additional pledges of Company shares by Trustees and NEOs are prohibited.

2018 Performance Highlights

Over 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. Beginning in 2016, we embarked on a capital recycling campaign to enhance the quality and growth profile of our assets. This purpose-driven asset recycling strategy focused on selling older, slower growth assets requiring substantial near-term capital expenditures and purchasing younger, higher growth hotels with significantly greater RevPAR and EBITDA per Key in the country's most notable MSA's and resort markets.

| | Acquisitions | Dispositions | Variance |
|---|---|---|---|
| RevPAR | $195 | $154 | 27% |
| RevPAR Growth | 5.5% | 1.7% | 3.1x |
| EBITDA Growth | 8.0% | 2.3% | 3.4x |
| EBITDA Per Key | $31,900 | $23,100 | 38% |
| Wtd. Avg. Cap Rate | 6.0-8.0% | 6.2% | Ramping EBITDA |
| Age | 3 | 12 | 75% Younger |

In 2018, the Courtyard by Marriott and Parrot Key Hotel were taken offline for the majority of the year to fully reposition and renovate the assets following damage from Hurricane Irma. The Courtyard was converted to the Cadillac Hotel & Beach Club an Autograph Collection Hotel following a holistic renovation including all guest rooms, food & beverage outlets and meetings spaces, the lobby, both pools and all landscaping. At the Parrot Key, in addition to remediation work, the Company accelerated planned renovations to fully upgrade all guest rooms and villas, the lobby, all four pools and the implementation of a full-service restaurant and bar. The Company also took measures to strengthen the hotel in preparation for any future potential weather events including the renovation and reinforcement of the retaining seawall.

From 2016 to 2018, the Company also invested approximately $100 million on capital projects, significantly enhancing the remainder of our stabilized portfolio in highly valued real estate markets catering to the preferences and expectations of the modern global and domestic traveler.

These initiatives were all focused on creating long-term shareholder value. In 2018, our shareholders reaped the benefits of these initiatives, enjoying a 7.3% total return which outperformed the average total return of our peers (which was negative 19.3%) by more than 2,600 basis points:

The following table provides a summary of key performance highlights for 2018:
2018 Performance Highlights

| | |
|---|---|
| RevPAR Growth Outpaces Peer Median | Median RevPAR growth for the peer group in 2018 was 1.0% versus 1.7% for Hersha's comparable portfolio of hotels. Looking back 3 years, Hersha's annualized RevPAR growth was 4.8%, 310 basis points higher than the peer median of 1.7%. We have been able to achieve our above-average RevPAR basis despite allocating approximately $160M to renovations during this timeframe. |
| Portfolio Cluster Strategy Outperforms Competitor Landscape | In 2018, our strategy of clustering our portfolio led to notable outperformance in a majority of our core markets on an ADR and Occupancy-driven basis. Additionally, over 17 of the past 20 quarters, our Manhattan portfolio has outperformed the market in RevPAR growth. |
| 24-Month Capital Recycling Campaign Complete | In 2018, Hersha completed its 24-month capital recycling campaign, during which, the Company sold approximately $925 million of mature, stabilized hotels and successfully deferred $270 million of taxable gains with $857 million of accretive acquisitions. The sales were executed efficiently for an average 14.6x EBITDA multiple or 6.2% cap rate and we were able to achieve an unlevered 13.7% internal rate of return on these assets during our hold period. |
| Refinancing of New York City Joint Venture with Cindat Capital Management | The Company lowered its weighted average cost of borrowing within our existing joint venture with Cindat Capital Management, refinancing the debt on seven assets in Manhattan and recovering our initial $43.2 million in preferred interest investment in the venture. We initially sold this portfolio for $571 million in April 2016, generating a 16.8% unlevered IRR on our investment. In total we recouped approximately $485 million from the sale and subsequent financings and still retain a 30% interest in our seven-asset joint venture. |

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.
- Pay competitively-The Compensation Committee sets target compensation to be competitive with its peer group. We set "maximum" objectives that if achieved may place the compensation paid to the NEOs above the median compared to the peer group.

Compensation Objectives

In designing the executive compensation programs for the NEOs, the objectives are to:

- drive superior business and financial performance by designing programs that motivate the NEOs to achieve or exceed goals within their control;
- attract, retain and motivate the right people in the right job by rewarding NEOs that perform at a high level;
- align the long-term interests of the NEOs and the shareholders by building significant ownership of common shares into our annual and multi-year equity incentive programs;
- focus on long-term results, such as total shareholder return; and
- create a balanced executive compensation program that utilizes elements that discourage excessive risk taking.

Independent Compensation Consultant

The Compensation Committee engaged FPL during 2018 as its independent compensation consultant. FPL advised the Compensation Committee on the design of the Company's executive compensation program for 2018 and did extensive work with the Compensation Committee Chairman to create the re-design of the Executive compensation program for 2019. FPL also provided the Compensation Committee with information on executive compensation trends, best practices and advice for potential improvements to the Company's executive compensation program. In addition, FPL advised the Compensation Committee on the design of the compensation program for the Company's non-employee trustees.

FPL does no work for management, receives no compensation from the Company other than for its work in advising the Compensation Committee and maintains no other economic relationships with the Company or any of its affiliates. From time to time, FPL receives input from the Company's Chief Executive Officer regarding the Company's strategic goals and the manner in which the executive compensation program should support these goals.

Process for Determining Executive Compensation

The Compensation Committee structures executive compensation for the NEOs so that total targeted annual compensation opportunities are competitive with comparable positions at companies considered to be the Company's peers. The Compensation Committee intends for the level of compensation for the NEOs to be competitive with the compensation offered by publicly held companies that are comparable to the Company with regard to size (based on total assets and market capitalization) and industry focus (publicly trading lodging companies, including REITs). The Compensation Committee believes this allows the Company to successfully attract and retain the high quality executive talent critical to the Company's long-term success.

In setting executive compensation for the NEOs in 2018, the Compensation Committee considered levels of compensation paid by the following group of publicly traded lodging REIT companies (“2018 Peer Group”):

| Company Name | Total Assets | 2018 Total Capitalization | Total Room Count | Number of Properties | Number of Employees |
|---|---|---|---|---|---|
| Apple Hospitality REIT, Inc. | $4,928,672 | 4,606 | 30,812 | 241 | 62 |
| Chatham Lodging Trust | $1,439,709 | 1,406 | 18,783 | 137 | 7 |
| Chesapeake Lodging Trust | $1,909,077 | 2,219 | 6,279 | 20 | 13 |
| DiamondRock Hospitality Company | $3,197,580 | 2,842 | 10,091 | 31 | 31 |
| LaSalle Hotel Properties | $3,814,941 | 4,585 | 10,450 | 41 | 36 |
| Pebblebrook Hotel Trust | $6,978,348 | 7,016 | 14,600 | 61 | 50 |
| RLJ Lodging Trust | $6,005,097 | 5,454 | 28,766 | 151 | 84 |
| Summit Hotel Properties, Inc. | $2,222,297 | 2,217 | 11,659 | 77 | 57 |
| Sunstone Hotel Investors, Inc. | $3,972,833 | 4,211 | 10,780 | 21 | 48 |
| Xenia Hotels & Resorts, Inc. | $3,170,087 | 3,117 | 11,165 | 40 | 51 |
| | | | | | |
| 25th Percentile | $2,459,245 | 2,375 | 10,533 | 33 | 32 |
| Median | $3,506,261 | 3,664 | 11,412 | 51 | 49 |
| 75th Percentile | $4,689,712 | $4,601 | 17,737 | 122 | 56 |
| | | | | | |
| Hersha Hospitality Trust | $2,138,630 | $2,221 | 7,644 | 48 | 54 |

Source: S&P Global; as of December 31, 2018.

The Compensation Committee, with input from FPL and from management, annually reviews the companies included in the peer group. Accordingly, the Compensation Committee may add or eliminate companies based on factors the Compensation Committee deems relevant. The primary criteria evaluated in the selection of the peer group include similarity of business strategy, scope of operations, total market capitalization and total assets. The Compensation Committee excluded certain lodging-focused, self-managed equity REITs with dissimilar business strategies or that were larger and smaller than the companies named above in terms of scope of operations, total assets and market capitalization, such as Host Hotels & Resorts, Inc., and Condor Hospitality Trust, Inc.

Based on information provided to the Compensation Committee by FPL, the Compensation Committee determined that the total targeted annual compensation opportunity for each of the NEOs was competitive compared to the 2018 Peer Group.

The following table shows each element of the total annual compensation for 2017 for each NEO compared to the same information for the 2018 Peer Group:

| Executive | Benchmark | Base Salary | Non-Equity Incentive | Equity Incentive | Total Annual Compensation |
|---|---|---|---|---|---|
| Hasu P. Shah | Chairman | 3rd of 3 | 3rd of 3 | 2nd of 3 | 2nd of 3 |
| Jay H. Shah | CEO | 5th of 11 | 11th of 11 | 1st of 11 | 6th of 11 |
| Neil H. Shah | COO | 1st of 9 | 9th of 9 | 1st of 9 | 1st of 9 |
| Ashish R. Parikh | CFO | 3rd of 11 | 11th of 11 | 1st of 11 | 2nd of 11 |
| Michael R. Gillespie | CAO | 2nd of 3 | 3rd of 3 | 1st of 3 | 2nd of 3 |

Although the Compensation Committee seeks to provide total targeted annual compensation opportunities that approximate the 50th percentile of the 2018 Peer Group, the Compensation Committee does not rely exclusively on the 2018 Peer Group data in establishing target levels of compensation and does not have a rigid or formulaic process with regard to using peer data to set target levels of compensation (for example, assigning specific weights or values to each member of the 2018 Peer Group). Instead, the Compensation Committee uses the 2018 Peer Group data as one of many tools to assist the Compensation Committee. Survey information provided by FPL to

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the Compensation Committee assists the Compensation Committee in confirming the validity of the market competitiveness of the Company's executive compensation program and provides broader context to the 2018 Peer Group data, as well as provide data for positions where data for the 2018 Peer Group is not available from public filings with the SEC. In setting total target annual compensation opportunities for each NEO, the Compensation Committee considers the following factors:

- the competitive data (2018 Peer Group and survey data), focusing on the median of the data as a starting point;
- each NEO's past and continuing performance;
- each NEO's scope of responsibility and impact on the Company's performance and contribution to its long-term success;
- internal equity (i.e., an NEO's compensation levels relative to his or her peers, direct reports and supervisors);
- the Chief Executive Officer's recommendations for the other NEOs; and
- the views of the members of the Compensation Committee and the other members of the Board of Trustees on individual contribution based upon routine interaction with the NEOs on corporate and public reporting matters.

In making executive compensation determinations, the Compensation Committee generally considers the results of the most recent shareholder advisory vote on executive compensation. In summary, the Compensation Committee's process for setting total targeted annual compensation opportunities employs a flexible approach that responds to and adjusts for the evolving business environment. The Compensation Committee believes this approach permits the Company to respond to dynamics in the market for executive talent and provides the Company with flexibility in maintaining and enhancing the NEOs' engagement, focus, motivation and enthusiasm for the Company's long-term growth and sustained shareholder value.

Each of the NEOs' performance is evaluated in light of the Company's overall performance (as described in greater detail below) and non-financial goals and strategic objectives approved by the Compensation Committee and the Board of Trustees. For 2018, the Compensation Committee believed annual base salary and benefits when added to the potential variability of the annual cash and equity incentive programs and the multi-year equity incentive program provided an appropriate mix of financial security, risk and reward.

Dual Role Structure

Consistent with past practice, the Compensation Committee considers the dual roles that Mr. Neil Shah, President and Chief Operating Officer, serves for the Company in establishing his compensation. Mr. Neil Shah has been and is currently the President and Chief Operating Officer of the Company and continues to serve as the Chief Investment Officer and Head of Asset Management. These roles are typically performed by multiple executive level individuals. The Compensation Committee has worked with FPL, our Compensation Consultant, to put together a pay structure for Mr. Neil Shah that incorporates these additional duties and the leadership role that Mr. Neil Shah serves in these dual roles. The Compensation Committee believes that the overall compensation for Mr. Neil Shah is commensurate for the dual roles that he serves within the Company.

In addition, the Compensation Committee considers the compensation of Mr. Neil Shah as a part of a broader analysis of the aggregate pay level of our NEOs to ensure that, on a total pay basis across our executive team, it is appropriate when compared to our peers.

Interaction with Management

Our Compensation Committee regularly meets in executive sessions without management present. Our Chief Executive Officer, considering each of the performance factors outlined below under "-Components of Executive Compensation," annually reviews the compensation for each NEO, other than himself, and makes recommendations to the Compensation Committee regarding any proposed adjustments. Recommendations, if any, for interim modifications to salaries are also based on the factors outlined above and are made by the Chief Executive Officer to the Compensation Committee. Final compensation decisions are ultimately made in the sole discretion of the Compensation Committee.

## Components of Executive Compensation

In 2018, the components of executive compensation consisted of the following:

- base salary;
- annual cash incentives;
- long-term equity incentives (annual and multi-year); and
- benefits.

### Base Salary

Base salary provides the NEOs with a basic level of financial security and promotes the Compensation Committee's objectives by attracting and retaining top talent. Base salary increases for the Company's Chief Executive Officer are determined by the Compensation Committee and approved by the Board of Trustees. Base salary increases for the other NEOs are recommended by the Company's Chief Executive Officer and are subject to review and approval by the Compensation Committee.

To align with the market data provided for the 2018 Peer Group, the Compensation Committee increased base salaries of the NEOs by 3.0% in the aggregate with individual increases ranging between 2.0% and 3.4%. The Compensation Committee was satisfied that each NEO's base salary for 2018 was reasonable and appropriate based on each NEO's responsibilities and performance.

Base salaries for the NEOs for 2017 and 2018 are as follows:

| | 2017 Base Salary | 2018 Base Salary | Increase over 2017 ($) | (%) |
|---|---|---|---|---|
| Hasu P. Shah | $250,000 | $255,000 | $5,000 | 2.0% |
| Jay H. Shah | $750,000 | $770,000 | $20,000 | 2.7% |
| Neil H. Shah | $725,000 | $750,000 | $25,000 | 3.4% |
| Ashish R. Parikh | $475,000 | $490,000 | $15,000 | 3.2% |
| Michael R. Gillespie | $325,000 | $335,000 | $10,000 | 3.1% |

### Annual Cash Incentive Program ("Annual CIP")

The purpose of the Annual CIP is to reward achievement of annual goals and objectives and provide at-risk, comprehensive pay opportunities linked primarily to company-wide performance and, to a lesser extent, individual performance. Each year, management proposes and the Compensation Committee evaluates and finalizes the annual goals and objectives, which are subsequently approved by the Board of Trustees. By using goals and objectives thoroughly reviewed by the Board of Trustees, the Compensation Committee rewards participants for achieving performance levels that management has identified and the Board of Trustees are critical to creating and sustaining long-term shareholder value.

The Compensation Committee believes the Annual CIP provides the NEOs other than Mr. Hasu Shah, who has not historically participated in the program, with an incentive to excel at their individual job function and area of expertise in a manner that contributes to overall Company-wide performance, and further aligns the financial interests of the participating NEOs with those of shareholders. The selected performance criteria include Company-wide performance goals and specific performance goals related to the job function of each participating NEO.

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Key features of the Annual CIP include the following:

- a primary emphasis on (1) sustained Company-wide financial growth as measured by such metrics as AFFO per share, an EBITDA multiple, and (2) financial flexibility and balance sheet strength as measured by a fixed charge coverage ratio;
- a structured approach to determine awards by measuring against pre-established metrics; and
- the recognition of individual leadership achievements and contributions of participants by making a portion of the award subject to individual-specific performance goals.

The Compensation Committee, in conjunction with the Chief Executive Officer, reviewed the annual cash incentive awards. Annual cash incentive awards were based on an evaluation of the performance, level of responsibility and leadership of the named executive officer in relation to overall corporate results.

For 2018, the Compensation Committee established the following mix of Company performance measures for the Annual CIP:

| Pay Element | Weightings | Metrics | Hurdles | |
|---|---|---|---|---|
| 2018 Annual CIP | 30% | AFFO per share | Threshold:<br>Target:<br>Maximum: | $2.08<br>$2.15<br>$2.25 |
| | 30% | Absolute EBITDA | Threshold:<br>Target:<br>Maximum: | $168m<br>$172m<br>$176m |
| | 20% | Fixed charge coverage ratio | Threshold:<br>Target:<br>Maximum: | 2.25x<br>2.35x<br>2.50x |
| | 20% | Defined objectives | Threshold:<br>Target:<br>Maximum: | N/A<br>N/A<br>N/A |

The Compensation Committee believes AFFO per share, an EBITDA multiple and a fixed charge coverage ratio are appropriate and effective measures of annual Company-wide performance. These performance measures were chosen because they strike a balance between maximizing AFFO per share in the short-term and driving a premium multiple for our shares while maintaining long-term value with a lower risk balance sheet. The threshold level for each performance measure was set based on a level of performance that was believed at the time to be achievable in order to motivate and retain the participating NEOs. The target level for each performance measure was set based on a level of performance that was believed at the time to be aggressive, but obtainable. The maximum level for each performance measure was set based on a level of performance that was believed to be realizable, but only as a result of exceptional performance.

The Compensation Committee chose several of the performance targets described above to align the Annual CIP with the Company's 2018 goals and objectives as established by management and the Board of Trustees but also changed one of the metrics. In 2018, EBITDA Multiple was replaced by Adjusted EBITDA for the Annual CIP. The Compensation Committee believes that Adjusted EBITDA is a better indicator of profitability for the Company and structured management's incentives accordingly. The Compensation Committee established rigorous metrics for the Management team in 2018 and none of the target metrics were below the metrics established for 2017 or 2017 actual financial results. The Company recorded 2017 Adjusted EBITDA of $167.4 million and the Compensation Committee established a Target metric of $172.0 million in 2018. In a period of tepid RevPAR growth, rising operating expenses and increased property taxes most of the industry peers and analysts forecasted negative Absolute EBITDA in 2018. The Target Adjusted EBITDA increase of 2.75% was even more difficult to achieve due to the closure of two of the Company's largest assets in 2017 due to damage from Hurricane Irma. These two assets generated approximately 10% of the Company's Adjusted EBITDA in 2017 and were forecast to generate less than 1% of the Company's Adjusted EBITDA in 2018. The Compensation Committee continues to utilize rigorous goals to established proper alignment between pay and performance for the executive management team. The Compensation Committee chose the relative weights of the performance measures based on the Compensation Committee's desire to emphasize financial results while maintaining a focus on non-financial initiatives.

AFFO per share: The Company achieved AFFO per share of $2.20 in 2018 which was 102% of the target hurdle resulting in target performance.

(1) AFFO per share is determined by calculating funds from operations ("FFO") applicable to common shares and partnership units in accordance with the December 2018 Financial Standards White Paper of the National Association of Real Estate Investment Trusts ("NAREIT"), which the Company refers to as the "White Paper." The White Paper defines FFO as net income (loss) (computed in accordance with GAAP) excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by an entity. Management's interpretation of the NAREIT definition is that noncontrolling interest in net income (loss) should be added back to (deducted from) net income (loss) as part of reconciling net income (loss) to FFO. Management calculated AFFO, which reflects FFO in accordance with the NAREIT definition further adjusted by: (i) adding back write-offs of deferred financing costs on debt extinguishment, both for consolidated and unconsolidated properties; (ii) adding back amortization of deferred financing costs; (iii) making adjustments for the amortization of original issue discount/premium; (iv) adding back non-cash stock expense; (v) adding back acquisition and terminated transaction expenses, as well as accruals for contingent consideration on acquisitions ; (vi) adding back FFO attributed to the Company's partners in consolidated joint ventures; (vii) making adjustments to ground lease payments, which are required by GAAP to be amortized on a straight-line basis over the term of the lease, to reflect the actual lease payment; and (viii) state and local tax expense related to the reassessment of prior period assessments.

EBITDA: The Company achieved absolute EBITDA of $174 million which was 101% of the target performance hurdle resulting in incentive earned at the target level.

(1) Consolidated adjusted earnings before income tax, depreciation and amortization ("Adjusted EBITDA"). The Company's interpretation of Adjusted EBITDA is that EBITDA derived from its investment in unconsolidated joint ventures should be added back to net income (loss) as part of reconciling net income (loss) to Adjusted EBITDA. In addition, Adjusted EBITDA is adjusted to (i) add back write-offs of deferred financing costs on debt extinguishment, both for consolidated and unconsolidated properties; (ii) adding back non-cash stock expense; (iii) adding back impairment related expenses; (iv) adding back acquisition and terminated transaction expenses, as well as accruals for contingent consideration on acquisitions; (v) making adjustments to ground lease payments, which are required by GAAP to be amortized on a straight-line basis over the term of the lease, to reflect the actual lease payment; and (vi) state and local tax expense related to the reassessment of prior period assessments.

Fixed Charge Coverage Ratio: The Company's Fixed Charge Coverage Ratio for 2018 was 2.40x, 102% of the target performance hurdle resulting in incentive earned at the target level.

(1) Calculated as (i) consolidated adjusted earnings before income tax, depreciation and amortization ("Adjusted EBITDA"), divided by (i) the sum of (A) interest expense, plus (B) preferred share distributions. The Company's interpretation of Adjusted EBITDA is that EBITDA derived from its investment in unconsolidated joint ventures should be added back to net income (loss) as part of reconciling net income (loss) to Adjusted EBITDA. In addition, Adjusted EBITDA is adjusted to (i) add back write-offs of deferred financing costs on debt extinguishment, both for consolidated and unconsolidated properties; (ii) adding back non-cash stock expense; (iii) adding back impairment related expenses; (iv) adding back acquisition and terminated transaction expenses, as well as accruals for contingent consideration on acquisitions; (v) making adjustments to ground lease payments, which are required by GAAP to be amortized on a straight-line basis over the term of the lease, to reflect the actual lease payment; and (vi) state and local tax expense related to the reassessment of prior period assessments.

Individual Specific Performance Objectives: Under the re-design of the 2019 executive compensation program, individual specific performance objectives have been eliminated. For 2018, the Compensation Committee utilized the individual-specific performance objectives which were similar to the objectives used for the 2017 program for purposes of the Annual CIP. The participating NEOs satisfied these individual-specific performance objectives.

Under the 2018 Annual CIP each of the participating NEOs was awarded the target cash payment under the AFFO per share metric, the absolute EBITDA metric, and the fixed charge coverage ratio metric and achieved the maximum cash payment under the individual performance-specific objectives.

The following table indicates the amounts the participating NEOs may earn for threshold, target and maximum performance and the amount of the cash bonuses that were earned:

| | Threshold (as a % of 2018 base salary) | Target (as a % of 2018 base salary) | Maximum (as a % of 2018 base salary) | Actual Bonus Earned (as a % of 2018 base salary) | (in dollars) |
|---|---|---|---|---|---|
| Jay H. Shah | 100% | 150% | 200% | 160% | $1,232,000 |
| Neil H. Shah | 100% | 150% | 200% | 160% | $1,200,000 |
| Ashish R. Parikh | 75% | 125% | 175% | 135% | $661,500 |
| Michael R. Gillespie | 50% | 100% | 125% | 105% | $351,750 |

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The Compensation Committee has adopted a policy that allows the NEOs to elect to receive payouts, if any, under the 2018 Annual CIP in LTIP Units or cash. For payments elected in LTIP Units, the NEO receives a 25% premium. LTIP Units issued are subject to a two-year vesting period from the end of the performance period. For 2018, each NEO had elected to receive 100% of any payouts earned under the Annual CIP in LTIP Units. As a result, the Compensation Committee approved the following LTIP Units for the NEOs in March 2019: Mr. Jay H. Shah, 85,793 LTIP Units; Mr. Neil H. Shah, 83,565 LTIP Units; Mr. Parikh; 46,065 LTIP Units; and Mr. Gillespie, 24,495 LTIP Units. The LTIP Units awarded were determined by dividing the sum of the dollar amount of the award under the Annual CIP and the 25% premium by $17.95, the per share volume weighted average trading price of the Company's common shares on the NYSE for the 20 trading days prior to and including December 31, 2018. The awards issued to the NEOs pursuant to the Annual CIP vest on December 31, 2020.

Long-Term Equity Incentive Programs

The Compensation Committee believes it is important to provide the NEOs with equity incentives to promote retention, incent sustainable growth and long-term value creation, and to further align the interests of the NEOs with those of shareholders by exposing the NEOs to stock price changes during the performance and vesting periods. Awards under the long-term equity incentive programs are both "performance based" and "time based." Prior to the re-design of the 2019 executive compensation program, the Compensation Committee used a mix of long-term equity incentives that include one and three year performance periods. The multi-year long-term incentive programs ("Multi-Year EIPs") had a three-year performance period followed by a one-year vesting period for awards issued under the programs. The annual long term equity incentive programs ("Annual EIPs") had a one-year performance period followed by a three-year vesting period for awards issued under the programs. In 2019, the Long-Term Incentive Program consist of 100% equity awards and will be measured over a three-year performance period followed by a one-year vesting period for awards earned. The long term equity incentive programs measured over a one-year performance period has been eliminated in 2019.

The following illustrates the legacy Multi-Year EIPs and Annual EIPs as well as the re-designed 2019 LTIP program:

(1) Awards can be earned under the Multi-Year EIP programs and the 2019 LTIP program based on the achievement of determined levels of Absolute Total Shareholder Return ("TSR") (37.5% of the potential award), TSR relative to the Company's peers (37.5% of the potential award), and RevPAR growth relative to the Company's peers (25.0% of the potential award).

(2) The Annual EIP program was eliminated as part of the re-design of the 2019 executive compensation program. Awards were earned under the Annual EIP programs based on the achievement of determined levels of Absolute RevPAR growth (40% of the potential award), RevPAR growth relative to the Company's peers (40% of the potential award), and subjective factors determined by the Compensation Committee (20% of the potential award).

Annual Long-Term Equity Incentive Program for 2018 ("Annual EIP")

The Compensation Committee adopted the Annual EIP for the NEOs, pursuant to which the NEOs were eligible to earn equity awards in the form of stock awards, performance share awards or LTIP Units. The Company had to achieve certain financial performance during the performance period in order for 80% of the award to be earned.

The remaining portion of the award was granted at the discretion of the Compensation Committee based on its assessment of company and individual performance without regard to pre-defined performance criteria. Under the re-design of the 2019 executive compensation program, the Annual EIP, including awards based on individual specific performance objectives, has been eliminated. Equity securities granted for awards earned are subject to vesting over a four-year period that begins on the first day of the performance period. The following table summarizes the threshold, target and maximum levels of performance for the Annual EIP in relation to the RevPAR performance goals:

| Pay Element | Weightings | Metrics | Hurdles |
|---|---|---|---|
| 2018 Annual EIP | 40% | Absolute RevPAR growth | Threshold: 1.0%<br>Target: 2.0%<br>Maximum: 3.0% |
| | 40% | Relative RevPAR growth vs. Peer Group median | Threshold: +20 bps<br>Target: +40 bps<br>Maximum: +60 bps |
| | 20% | Individual-specific performance objectives | Threshold: N/A<br>Target: N/A<br>Maximum: N/A |

The Company's actual 2018 absolute RevPAR growth was 1.7%, exceeding the threshold payout hurdle but below target. The Company's 2018 RevPAR growth was above the Peer Group median RevPAR growth by 66bps, exceeding the maximum payout hurdle of 60bps. In assessing the individual-specific performance objectives of the Annual EIP, the Compensation Committee considered, in general, 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. The Compensation Committee believes that the NEOs performance in 2018 transformed and positioned the Company for continued growth in 2019.

As a result of these contributions and the performance with respect to the relative RevPAR growth performance measure established under the Annual EIP, the Compensation Committee approved the following awards for the NEOs in March 2019:

| NEO | Dollar Value of Possible Equity Awards (Threshold to Maximum)(1) | Dollar Amount of Annual EIP Awards (Actual Performance)(1) | Number of Restricted LTIP Units Awarded(2) |
|---|---|---|---|
| Hasu P. Shah | $382,500 to $510,000 | $459,000 | 25,571 |
| Jay H. Shah | $1,347,500 to $1,732,500 | $1,578,500 | 87,939 |
| Neil H. Shah | $1,312,500 to $1,687,500 | $1,537,500 | 85,655 |
| Ashish R. Parikh | $490,000 to $857,500 | $710,500 | 39,582 |
| Michael R. Gillespie | $251,250 to $418,750 | $351,750 | 19,596 |

(1) Threshold amounts presented as an aggregate of the threshold amounts achievable for each component/metric.

(2) Determined by dividing the dollar amount of the award under the Annual EIP by $17.95, the per share volume weighted average trading price of the Company's common shares on the NYSE for the 20 trading days prior to and including December 31, 2018. The awards issued to the NEOs pursuant to the Annual EIP vest as follows: 25% on the date of grant and 25% on each of December 31, 2019, 2020 and 2021.

Multi-Year Long-Term Equity Incentive Programs ("Multi-Year EIPs")

In 2016, 2017 and 2018, the Compensation Committee adopted multi-year long-term incentive programs ("2016 Multi-Year EIP," "2017 Multi-Year EIP," and "2018 Multi-Year EIP," collectively the "Multi-Year EIPs") and granted awards pursuant to the programs to the NEOs. The awards pursuant to the Multi-Year EIPs consisted of agreements to issue equity awards where the number of awards issued is not determined until the end of a three-year performance period. The 2016 Multi-Year EIP commenced on January 1, 2016 and ended on December 31, 2018. The 2017 Multi-Year EIP commenced on January 1, 2017 and ends on December 31, 2019, and the 2018 Multi-Year EIP commenced January 1, 2018 and ends on December 31, 2020.

Once the Compensation Committee determines the awards have been earned and the equity underlying the awards has been issued, one-half of the equity awards will remain subject to time-based forfeiture provisions. Common shares, LTIP Units or a combination of common shares and LTIP Units may be used to settle awards under the programs, if the awards are earned based on the metrics described below. Any equity awards pursuant to the programs will be made under the Company's 2012 Equity Incentive Plan or any other equity incentive plan approved by the Company's shareholders.

The following table summarizes the metrics used to determine awards issued under the Multi-Year EIPs:

| Pay Element | Weightings | Metrics | Hurdles | |
|---|---|---|---|---|
| Multi-Year EIPs | 37.5% | Absolute TSR | Threshold:<br>Target:<br>Maximum: | 10.0%<br>12.0%<br>14.0% |
| | 37.5% | Relative TSR vs. Peer Group(1) median | Threshold:<br>Target:<br>Maximum: | -150bps<br>+50bps<br>+250bps |
| | 25.0% | Relative RevPAR vs. Peer Group(1) median | Threshold:<br>Target:<br>Maximum: | +25bps<br>+50bps<br>+75bps |

(1) Relative TSR and Relative RevPar performance is determined by comparing the performance of the 2016 Peer Group for the 2016 Multi-Year EIP, the 2017 Peer Group for the 2017 Multi-Year EIP, and the 2018 Peer Group for the 2018 Peer Group over the same performance period.

Actual performance for the Absolute TSR and Relative TSR vs. Peer Group median metrics were below threshold performance and, as such, no amounts were paid for those components under the 2016 Multi-Year EIP. Actual performance for the Relative RevPAR vs. Peer Group median was in excess of the maximum hurdle and the Compensation Committee determined the maximum payout was warranted for this component of the 2016 Multi-Year EIP. As a result, the Compensation Committee approved the following awards for the NEOs in March 2019:

| NEO | Dollar Value of Possible Equity Awards | Dollar Amount of Multi-Year EIP Awarded(1) | Number of Restricted LTIP Units Awarded(2) | Distributions on LTIP Units Awarded(2) |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| | (Threshold to Maximum)(1) | | | |
| Hasu P. Shah | $225,000 to $375,000 | $93,750 | 4,186 | $16,074 |
| Jay H. Shah | $600,000 to $1,000,000 | $250,000 | 11,161 | $42,858 |
| Neil H. Shah | $600,000 to $1,000,000 | $250,000 | 11,161 | $42,858 |
| Ashish R. Parikh | $225,000 to $375,000 | $93,750 | 4,186 | $16,074 |
| Michael R. Gillespie | $71,250 to $118,750 | $29,688 | 1,326 | $5,092 |

(1) Threshold amounts presented as an aggregate of the threshold amounts achievable for each component/metric. As noted, failure to achieve Absolute and Relative TSR at or above a threshold level resulted in no payout for that component of the Multi-Year EIP awards and the dollar amount of Multi-Year EIP awards earned was less than the aggregate threshold potential.

(2) Determined by dividing the dollar amount of the award under the Multi-Year EIP by $22.40, the per share volume weighted average trading price of the Company's common shares on the NYSE for the 20 trading days prior to and including December 31, 2015. The awards issued to the NEOs pursuant to the Multi-Year EIP vest as follows: 50% on the date of issuance and 50% on December 31, 2019.

Performance under the 2016 Multi-Year EIP resulted in payout to the CEO and all other NEOs that equaled 31.25% of the target compensation for the program.

The equity awards issuable pursuant to the 2017 Multi-Year EIP and the 2018 Multi-Year EIP will be determined and issued to the NEOs in the first quarter of 2020 and 2021, respectively, if earned. The number of shares or units awarded pursuant to the programs will be based on a specified dollar amount for each NEO divided by the 20-day volume weighted average closing price of the Company's common shares on the New York Stock Exchange as of December 31, 2016 and December 31, 2017, respectively.

The following table sets forth the potential equity awards for each of the 2018 Multi-Year EIP and 2017 Multi-Year EIP, in terms of dollar value, that each NEO may earn for each program:

| NEO | Dollar Value of Possible Equity Awards 2018 and 2017 Multi-Year EIP |
|---|---|
| Hasu P. Shah | $300,000 to $450,000 |
| Jay H. Shah | $800,000 to $1,200,000 |
| Neil H. Shah | $800,000 to $1,200,000 |
| Ashish R. Parikh | $300,000 to $450,000 |
| Michael R. Gillespie | $100,000 to $150,000 |

Benefits

Benefits are established based upon an assessment of competitive market factors and a determination of what is required to attract and retain talent, as well as provide long-term financial security to the Company's employees and their families. The Compensation Committee periodically considers benefit levels based on competitive influences, as well as the cost of the programs to the Company relative to the value to employees. The Company's primary benefits for executive officers include participation in the Company's health, dental and vision plans on the same basis as any other employee. Except as described in this paragraph, the Company does not provide NEOs with other benefits or perquisites.

Contractual Arrangements

The Company has entered into employment agreements with Hasu P. Shah, Jay H. Shah, Neil H. Shah, Ashish R. Parikh and Michael R. Gillespie. The terms of these employment agreements include provisions related to payments to be made to the officers for events related to changes of control of the Company. These employment agreements are described under “Executive Compensation - Agreements with Executive Officers and Potential Payments Upon Termination or Change-in-Control” below. The Compensation Committee believes it is appropriate for the Company to have an employment agreement with the executive officers to support stable and highly competent management on a long-term basis.

The Compensation Committee believes that the employment agreements serve the interests of the Company and its shareholders by ensuring that if a hostile or friendly change of control is ever under consideration, its executives will be able to advise the Board of Trustees about the potential transaction in the best interests of shareholders, without being unduly influenced by personal considerations, such as fear of the economic consequences of losing their jobs as a result of a change of control. The change of control provisions of the employment agreements include so-called double triggers, which mean that benefits become available to executives under the agreements only upon a change of control followed by termination of the executive without cause or resignation by the executive for good reason. The Compensation Committee believes that a double trigger appropriately protects the legitimate interests in employment security without unduly burdening the Company or shareholder value.

Stock Ownership Guidelines

To further align the interests of the Company’s trustees and executive officers with the interests of our shareholders, the Board has established minimum share ownership guidelines that apply to all non-management trustees and named executive officers. Non-employee trustees are required to own Company shares equal in value to at least five times the annual cash retainer paid to non-management trustees. In addition, the Company’s executive officers are required 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 named executive officers: 1 times.

All trustees and executives are expected to achieve this minimum ownership within three years of assuming the relevant positions with the Company. For the purpose of these guidelines, a person shall be deemed to own all Company shares beneficially owned by such person within the meaning of the United States federal securities laws, including for these purposes preferred shares of the Company, common shares of the Company, operating partnership units (including LTIP Units) in Hersha Hospitality Limited Partnership and other securities issued by the Company or its subsidiaries that are exercisable for, convertible into or exchangeable for common shares of the Company.

Compensation-Related Risk

The Compensation Committee oversees the compensation policies and plans for all employees. The Company’s senior management, at the request of the Compensation Committee, has assessed the Company’s compensation programs and has concluded that they do not create risks that are reasonably likely to have a material adverse effect on the Company.

As part of its annual risk assessment, the Company’s senior management, with oversight from Risk Sub-Committee of the Audit Committee, analyzed whether the Company’s compensation policies and practices, including non-executive officer compensation practices, could reasonably have a material adverse effect on the Company. This assessment focused primarily on the design of the Company compensation programs and practices for executive officers and employees as it relates to the business risks that the Company faces. Specifically, management considered the fact that employees, other than the NEOs who participate in the executive compensation program described in this proxy statement, receive only a small percentage of their total compensation in the form of variable, performance-based compensation. Further, performance-based compensation to executive officers is primarily in the form of equity awards, which the Company believes encourages actions for long term shareholder value, rather than short term risk-taking that could materially and adversely affect the Company’s business. The Company’s senior management also considered the active role played by the Compensation Committee and the overall design of the executive compensation program, which the Company's senior management believes encourages an appropriate level of risk taking, creates long-term shareholder value and avoids unnecessary or excessive levels of enterprise risk.

In addition, the Company's senior management discussed its assessment of the Company's compensation practices and programs and whether those practices and programs create risks that could reasonably be expected to have a material adverse effect on the Company. Based on its assessment, the Company's senior management has concluded that the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

Upon completion of the risk assessment, the Company's senior management reported its findings to the Compensation Committee and discussed with the Compensation Committee those findings in light of the disclosure requirements under applicable SEC rules.



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EXECUTIVE COMPENSATION

Summary Compensation Table for 2018

The following table presents information relating to total compensation of the NEOs for the fiscal year ended December 31, 2018:

| Name and Principal Position | Year | Salary | Stock Awards[1] Award Amount | Stock Awards[1] Premium for Share Election | Non-Equity Incentive Plan Compensation [2] | All Other Compensation [3] | Total |
|---|---|---|---|---|---|---|---|
| Hasu P. Shah | 2018 | $255,000 | $748,596 | $— | $ — | $ 4,061 | $1,007,657 |
| Chairman of the Board of Trustees | 2017 | 250,000 | 702,905 | — | — | 4,061 | 956,966 |
| | 2016 | 242,000 | 454,147 | — | — | 4,040 | 700,187 |
| Jay H. Shah | 2018 | $770,000 | $3,583,723 | $312,274 | $ — | $ 5,446 | $4,671,443 |
| Chief Executive Officer | 2017 | 750,000 | 3,616,069 | 346,866 | — | 5,446 | 4,718,381 |
| | 2016 | 732,000 | 1,389,197 | — | 1,354,200 | 5,446 | 3,480,843 |
| Neil H. Shah | 2018 | $750,000 | $3,510,611 | $304,170 | $ — | $ 23,462 | $4,588,243 |
| President and Chief Operating Officer | 2017 | 725,000 | 3,513,565 | 335,302 | — | 23,462 | 4,597,329 |
| | 2016 | 706,000 | 1,360,957 | — | 1,306,100 | 23,462 | 3,396,519 |
| Ashish R. Parikh | 2018 | $490,000 | $1,662,294 | $167,670 | $ — | $ 23,462 | $2,343,426 |
| Chief Financial Officer | 2017 | 475,000 | 1,794,152 | 189,986 | — | 23,462 | 2,482,600 |
| | 2016 | 460,000 | 542,572 | — | 655,500 | 23,462 | 1,681,534 |
| Michael R. Gillespie | 2018 | $335,000 | $799,336 | $89,160 | | | |