

HERSHA HOSPITALITY TRUST
Form 424B5
May 02, 2012

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[TABLE OF CONTENTS](#)
[TABLE OF CONTENTS](#)

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated May 2, 2012

PROSPECTUS SUPPLEMENT
(To prospectus dated May 6, 2011)

22,000,000 Shares

Hersha Hospitality Trust

Class A Common Shares

Hersha Hospitality Trust is offering 22,000,000 Class A common shares. Our common shares trade on the New York Stock Exchange, or the NYSE, under the symbol "HT." On May 1, 2012, the last reported sale price of our common shares on the NYSE was \$5.81 per share.

Investing in our common shares involves risks. See "Risk Factors" beginning on page S-4 of this prospectus supplement and on page 2 of the accompanying prospectus, as well as under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

To the extent the underwriters sell more than 22,000,000 common shares, the underwriters have an option to purchase up to an additional 3,300,000 common shares from us at the public offering price less the underwriting discount, within 30 days from the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery on or about May _____, 2012.

Joint Book-Running Managers

BofA Merrill Lynch

Goldman, Sachs & Co.

Raymond James

UBS Investment Bank

The date of this prospectus supplement is May , 2012.

Table of Contents

TABLE OF CONTENTS

	Page
Prospectus Supplement	
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	<u>S-iii</u>
<u>FORWARD-LOOKING INFORMATION</u>	<u>S-iii</u>
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	<u>S-iv</u>
<u>WHERE YOU CAN OBTAIN MORE INFORMATION</u>	<u>S-v</u>
<u>SUMMARY</u>	<u>S-1</u>
<u>THE OFFERING</u>	<u>S-3</u>
<u>RISK FACTORS</u>	<u>S-4</u>
<u>USE OF PROCEEDS</u>	<u>S-5</u>
<u>CAPITALIZATION</u>	<u>S-6</u>
<u>ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS</u>	<u>S-7</u>
<u>UNDERWRITING (CONFLICTS OF INTEREST)</u>	<u>S-8</u>
<u>LEGAL MATTERS</u>	<u>S-14</u>
<u>EXPERTS</u>	<u>S-14</u>
<u>TRADE NAMES, LOGOS AND TRADEMARKS</u>	<u>S-14</u>
Prospectus	
<u>ABOUT THIS PROSPECTUS</u>	<u>ii</u>
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	<u>ii</u>
<u>WHERE YOU CAN OBTAIN MORE INFORMATION</u>	<u>iii</u>
<u>FORWARD-LOOKING STATEMENTS</u>	<u>iii</u>
<u>TRADE NAMES, LOGOS AND TRADEMARKS USED IN THIS PROSPECTUS</u>	<u>iv</u>
<u>THE COMPANY</u>	<u>1</u>
<u>RISK FACTORS</u>	<u>2</u>
<u>RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED SHARE DIVIDENDS</u>	<u>3</u>
<u>USE OF PROCEEDS</u>	<u>3</u>
<u>DESCRIPTION OF SHARES OF BENEFICIAL INTEREST</u>	<u>4</u>
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	<u>8</u>
<u>DESCRIPTION OF WARRANTS</u>	<u>11</u>
<u>DESCRIPTION OF UNITS</u>	<u>12</u>
<u>LEGAL OWNERSHIP OF SECURITIES</u>	<u>12</u>
<u>RESTRICTIONS ON OWNERSHIP AND TRANSFER</u>	<u>15</u>
<u>CERTAIN PROVISIONS OF MARYLAND LAW, OUR DECLARATION OF TRUST AND BYLAWS</u>	<u>17</u>
<u>PARTNERSHIP AGREEMENT</u>	<u>22</u>
<u>FEDERAL INCOME TAX CONSEQUENCES OF OUR STATUS AS A REIT</u>	<u>26</u>
<u>PLAN OF DISTRIBUTION</u>	<u>52</u>
<u>LEGAL MATTERS</u>	<u>54</u>
<u>EXPERTS</u>	<u>54</u>

Table of Contents

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by us. We have not, and the underwriters have not, authorized anyone to provide you with information that is different from or additional to that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front cover of this prospectus supplement or the date of the document containing the incorporated information, regardless of the time of delivery of this prospectus supplement, the accompanying prospectus or any sale of our common shares. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the offering and certain other matters relating to us and also adds to or updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Any statement herein or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in any subsequently filed document, which also is incorporated or deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus, including the information we have incorporated by reference, contain forward-looking statements within the meaning of the federal securities laws. These statements include statements about our plans, strategies and prospects and involve known and unknown risks that are difficult to predict. Our actual results, performance or achievements may differ materially from those expressed in or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "forecast," "potential," "continue," "likely," "will," "would" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. You should not place undue reliance on forward-looking statements. Factors that may cause our actual results to differ materially from our current expectations include, but are not limited to:

financing risks, including the risk of leverage and the corresponding risk of default on our mortgage loans and other debt and potential inability to refinance or extend the maturity of existing indebtedness;

the state of the U.S. economy generally or in specific geographic regions in which we operate, and the effect of general economic conditions on the U.S. lodging industry and our business in particular;

levels of spending in the business, travel and leisure industries, as well as consumer confidence;

declines in occupancy, average daily rate and revenue per available room and other hotel operating metrics;

hostilities, including future terrorist attacks, or fear of hostilities that affect travel;

financial condition of, and our relationships with, our joint venture partners, third-party property managers, franchisors and hospitality joint venture partners;

the degree and nature of our competition;

increased interest rates and operating costs;

risks associated with potential acquisitions, including the ability to ramp up and stabilize newly acquired hotels with limited or no operating history, and dispositions of hotel properties;

risks associated with our development loan portfolio, including the ability of borrowers to repay outstanding principal and accrued interest at maturity;

Table of Contents

availability of and our ability to retain qualified personnel;

our failure to maintain our qualification as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code;

changes in our business or investment strategy;

availability, terms and deployment of capital;

general volatility of the capital markets and the market price of our common shares;

environmental uncertainties and risks related to natural disasters;

changes in real estate and zoning laws and increases in real property tax rates; and

the factors referenced or incorporated by reference in this prospectus supplement, the accompanying prospectus and our Annual Report on Form 10-K for the year ended December 31, 2011 under the caption "Item 1A. Risk Factors."

These factors are not necessarily all of the important factors that could cause our actual results, performance or achievements to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors, many of which are beyond our control, also could harm our results, performance or achievements.

All forward-looking statements contained in this prospectus supplement and the accompanying prospectus, including the information we have incorporated by reference, are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made, and we do not undertake or assume any obligation to update publicly any of these statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or SEC, allows us to "incorporate by reference" into this prospectus supplement and the accompanying prospectus the information we file with the SEC, which means that we can disclose important business, financial and other information to you by referring you to other documents separately filed with the SEC. All information incorporated by reference is part of this prospectus supplement and the accompanying prospectus, unless and until that information is updated and superseded by any information incorporated later. We incorporate by reference the documents listed below that we have filed, or will file, with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2011;

our Quarterly Report on Form 10-Q for the period ended March 31, 2012;

the information contained in our definitive proxy statement on Schedule 14A filed with the SEC on April 20, 2012 and specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2011;

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our Current Reports on Form 8-K filed with the SEC on February 15, 2012, February 16, 2012 and February 28, 2012;

the description of our common shares contained in our Registration Statement on Form 8-A filed with the SEC on May 2, 2008 and any amendments or reports filed for the purpose of updating such description;

S-iv

Table of Contents

the description of our Series A preferred shares contained in our Registration Statement on Form 8-A filed with the SEC on May 2, 2008 and any amendments or reports filed for the purpose of updating such description;

the description of our Series B preferred shares contained in our Registration Statement on Form 8-A filed with the SEC on May 17, 2011 and any amendments or reports filed for the purpose of updating such description; and

all documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, from the date of this prospectus supplement to the date upon which the offering is terminated.

You may obtain copies of these filings (other than exhibits and schedules to such filings, unless such exhibits or schedules are specifically incorporated by reference into this prospectus supplement or the accompanying prospectus) at no cost, by requesting them from us by writing or telephoning us at: Hersha Hospitality Trust, 510 Walnut Street, 9th Floor, Philadelphia, Pennsylvania 19106, Telephone: (215) 238-1046, Attention: Ashish R. Parikh, Chief Financial Officer.

WHERE YOU CAN OBTAIN MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, proxy statements or other information we file with the SEC at its public reference room in Washington, D.C. (100 F Street, N.E., 20549). Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings are also available to the public on the internet, through a database maintained by the SEC at *www.sec.gov*. In addition, you can inspect and copy reports, proxy statements and other information concerning Hersha Hospitality Trust at the offices of the New York Stock Exchange, Inc., 86 Trinity Place, New York, New York 10006, on which our common shares (symbol: "HT") are listed.

We also make available through our website, *www.hersha.com*, our annual, quarterly and current reports and proxy statements, including amendments to those reports and proxy statements filed or furnished pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the SEC. The information available on or through our website is not, and shall not be deemed to be, a part of this prospectus supplement and the accompanying prospectus or incorporated into any other filings we make with the SEC.

Table of Contents

SUMMARY

The information below is a summary of the more detailed information included elsewhere in, or incorporated by reference in, this prospectus supplement. You should read carefully the following summary in conjunction with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference. This summary is not complete and does not contain all of the information you should consider before purchasing our common shares. You should carefully read the "Risk Factors" section beginning on page S-4 of this prospectus supplement and on page 2 of the accompanying prospectus, as well as under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, to determine whether an investment in our common shares is appropriate for you.

Unless the context otherwise requires, references in this prospectus supplement to: "our company," "we," "us" and "our" mean Hersha Hospitality Trust and its consolidated subsidiaries, including Hersha Hospitality Limited Partnership, taken as a whole; "HHLP" and "our operating partnership" mean Hersha Hospitality Limited Partnership; "common shares" mean our Class A common shares of beneficial interest, par value \$.01 per share; and "you" refers to a potential investor in the securities described in this prospectus supplement.

Unless otherwise indicated, the information in this prospectus supplement assumes: (i) the common shares to be sold in this offering are sold at a public offering price per share of \$5.81, which was the last reported price of our common shares on the NYSE on May 1, 2012; and (ii) no exercise by the underwriters of their option to purchase up to an additional 3,300,000 common shares.

Hersha Hospitality Trust

Hersha Hospitality Trust is a self-advised Maryland statutory real estate investment trust that was organized in May 1998 and completed its initial public offering in January 1999. Our common shares are traded on the New York Stock Exchange, or NYSE, under the symbol "HT." Our 8.00% Series A cumulative redeemable preferred shares of beneficial interest are traded on the NYSE under the symbol "HT PRA." Our 8.00% Series B cumulative redeemable preferred shares of beneficial interest are traded on the NYSE under the symbol "HT PRB."

We invest primarily in institutional grade hotels in central business districts, primary suburban office markets and stable destination and secondary markets in the Northeastern United States and select markets in Florida and on the West Coast. Our primary strategy is to continue to acquire high quality, upscale, mid-scale and extended-stay hotels in metropolitan markets with high barriers to entry in the Northeastern United States and other markets with similar characteristics. We believe there is significant room for growth in our core urban markets as average daily rates in these markets remain below peak levels. We have operated and intend to continue to operate so as to qualify as a REIT for federal income tax purposes.

We seek to identify acquisition candidates located in markets with economic, demographic and supply dynamics favorable to hotel owners and operators. Through our extensive due diligence process, we select those acquisition targets where we believe selective capital improvements and intensive management will increase the hotel's ability to attract key demand segments, enhance hotel operations and increase long-term value. As of March 31, 2012, we owned 67 limited and full service hotels, including 12 limited and full service hotels owned through joint venture investments. These 67 hotels, with a total of 9,598 rooms, are located in Arizona, California, Connecticut, Delaware, Florida, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island and Virginia. Our hotels operate under leading brands. In addition, some of our hotels operate as independent boutique hotels.

We are structured as an umbrella partnership REIT, or UPREIT, and we own our hotels through our operating partnership, Hersha Hospitality Limited Partnership, for which we serve as the sole general partner. As of March 31, 2012, we owned an approximate 96.0% partnership interest,

Table of Contents

including the sole general partnership interest, in our operating partnership. Our hotels are operated by hotel management companies that qualify as "eligible independent contractors" under the Code, including Hersha Hospitality Management L.P., or HHMLP, a private management company owned in part by certain of our trustees and executive officers and other unaffiliated third party investors. We lease our wholly-owned hotels to 44 New England Management Company, or 44 New England, a taxable REIT subsidiary, or TRS, wholly-owned by our operating partnership, or another TRS wholly-owned by our operating partnership. Each of the hotels that we own through a joint venture investment is leased to another TRS that is owned by the respective joint venture or an entity owned in part by 44 New England.

Our principal executive office is located at 44 Hersha Drive, Harrisburg, Pennsylvania 17102. Our telephone number is (717) 236-4400. Our website address is www.hersha.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus supplement or the accompanying prospectus.

Recent Developments

As we previously disclosed in our filings with the SEC, on August 18, 2011, we and certain of our subsidiaries and joint ventures in which we own an interest (the "Sellers") entered into two separate master purchase and sale agreements with SOF-VIII U.S. Hotel Co-Invest Holdings, L.P. ("SOF VIII"), pursuant to which the Sellers agreed to sell and SOF VIII agreed to purchase 18 of our non-core hotel properties. On February 23, 2012, the Sellers closed on the sale of 14 of these non-core hotel properties. The closing, with respect to the remaining four non-core hotel properties, which we expect to occur before the end of May 2012, remains subject to receipt of third party consents. However, no assurance can be given that the closing for any or all of these four remaining non-core hotel properties will occur by such date or at all. SOF VIII is an affiliate of the Starwood Capital Group, which owns an approximately 49.9% interest in HHMLP, which is the third party manager of 55 of our hotels and in which certain of our officers and trustees own an interest.

On April 19, 2012, we entered into a purchase and sale agreement to acquire the 80-room Bulfinch Hotel located in Boston's central business district for a contractual purchase price of \$18.2 million, or \$228,000 per hotel room. Following completion of the acquisition, which we expect to occur before the end of May 2012, we plan to complete approximately \$2.5 million of capital improvements at this hotel to upgrade guest rooms and improve the food and beverage platform. We anticipate funding the purchase price and the capital improvements with cash on hand or borrowings drawn on our \$250 million senior secured revolving credit facility, or the revolving credit facility. We expect the hotel will be unencumbered, operated independently and managed by HHMLP. Completion of this acquisition is subject to customary closing conditions, and we cannot assure you that it will be completed on the terms described above, or at all.

In March 2012, we acquired an interest in a mixed-use building in Philadelphia, PA, which includes a condominium interest in the 111-room Rittenhouse Hotel and 44,000 square feet of retail and office space. The hotel includes 8,500 square feet of meeting space and 100 underground parking spaces. We also acquired a fee interest in an adjacent stand-alone parking garage with 300 parking spaces. The total purchase price for the tangible and intangible assets of the hotel, office space, retail space and parking garage was approximately \$42.0 million. Including the renovations we anticipate undertaking, our underwritten value of the hotel portion of this property is approximately \$23.9 million, or \$215,000 per hotel room. We determined the value of the hotel portion of this property by subtracting from the total purchase price our underwritten value of the retail space, office space and parking garage of approximately \$20.3 million, which we determined using prevailing market cap rates for similar assets, and by adding our anticipated renovation expenditures. The property opened in 1989 and is a member of The Leading Hotels of the World and a AAA Five Diamond independent hotel.

Since 2008, we have acquired 23 hotels, including two hotels that we are under contract to purchase, for an aggregate purchase price of approximately \$926.5 million at an average price of approximately \$275,000 per hotel room.

Table of Contents

THE OFFERING

Common shares offered by us	22,000,000 shares
Total common shares outstanding upon completion of this offering ⁽¹⁾	196,340,530 shares (or 199,640,530 shares if the underwriters exercise their option to purchase additional shares in full)
Use of proceeds	<p>We expect to receive approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase additional shares) in estimated net proceeds from the sale of our common shares in this offering after deducting the underwriting discount and estimated expenses of this offering payable by us.</p> <p>We will contribute all of the net proceeds to our operating partnership in exchange for additional limited partnership units. Our operating partnership intends to use the net proceeds of this offering to reduce indebtedness outstanding under the revolving credit facility and for general corporate purposes.</p>
Risk Factors	<p>Investing in our common shares involves risks. See "Risk Factors" beginning on page S-4 of this prospectus supplement and on page 2 of the accompanying prospectus, as well as under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.</p>

(1) The number of common shares outstanding upon completion of this offering is based on 174,340,530 common shares outstanding as of April 30, 2012. The number of common shares outstanding upon completion of this offering excludes: (i) up to 7,257,506 common shares issuable upon redemption of outstanding limited partnership units in our operating partnership owned by management, trustees and other contributors of properties to our operating partnership, which limited partnership units are currently redeemable; and (ii) up to 5,665,360 common shares reserved for future issuance pursuant to our 2012 Equity Incentive Plan.

Table of Contents

RISK FACTORS

Investing in our common shares involves risk. Before making a decision to invest in our common shares, you should carefully consider the risks described below and those described in "Risk Factors" beginning on page 2 of the accompanying prospectus, as well as under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. These risks and uncertainties are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. See "Incorporation of Certain Documents by Reference" and "Where You Can Obtain More Information" above.

Future sales of our common shares or securities convertible into or exchangeable or exercisable for our common shares could depress the market price of our common shares.

We cannot predict whether future sales of our common shares or securities convertible into or exchangeable or exercisable for our common shares or the availability of these securities for resale in the open market will decrease the market price of our common shares. Sales of a substantial number of these securities in the public market, including sales in connection with the redemption of units of limited partnership interest in our operating partnership or the perception that these sales might occur, may cause the market price of our common shares to decline and you could lose all or a portion of your investment. For example, immediately prior to this offering, Real Estate Investment Group L.P., or REIG, and IRSA Inversiones y Representaciones Sociedad Anónima, or IRSA, which controls REIG, and their affiliates beneficially own approximately 18.1 million common shares, which they may determine to sell at any time or from time to time, subject to applicable federal and securities laws.

Future issuances of our common shares or other securities convertible into or exchangeable or exercisable for our common shares, including, without limitation, partnership units in our operating partnership in connection with property, portfolio or business acquisitions and issuances of equity-based awards to participants in our 2012 Equity Incentive Plan, could have an adverse effect on the market price of our common shares. Future issuances of these securities also could be adversely affect the terms upon which we obtain additional capital through the sale of equity securities. In addition, future sales or other issuances of our common shares may be dilutive to existing shareholders.

Table of Contents

USE OF PROCEEDS

We expect to receive approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase additional shares in full) in estimated net proceeds from the sale of our common shares in this offering after deducting the underwriting discount and estimated expenses of this offering payable by us.

As required by the partnership agreement of our operating partnership, we will contribute all of the net proceeds to our operating partnership in exchange for additional limited partnership units. Our operating partnership intends to use the net proceeds of this offering to reduce indebtedness outstanding under the revolving credit facility and for general corporate purposes. As of May 1, 2012, the outstanding principal balance under the revolving credit facility was approximately \$112.8 million and the weighted average interest rate on these borrowings was 4.63% at such date. Borrowings drawn on the revolving credit facility were used to acquire hotel properties, complete capital improvements and for working capital purposes.

Borrowings drawn on the revolving credit facility accrue interest, at our discretion, at an annual rate equal to either the prime rate (as defined in the credit agreement) plus a margin ranging from 1.50% to 1.75% or the LIBOR rate (as defined in the credit agreement) plus a margin ranging from 3.50% to 3.75%. All borrowings drawn on the revolving credit facility must be repaid on or prior to November 5, 2013. Affiliates of certain of the underwriters are lenders under the revolving credit facility and will receive a portion of the net proceeds from this offering. See "Underwriting (Conflicts of Interest)." In addition, we may use the net proceeds of this offering for general corporate purposes, including future acquisitions and the repayment of indebtedness (other than as described above).

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of March 31, 2012: (i) on an actual basis; and (ii) on an as adjusted basis, to give effect to the anticipated sale of 22,000,000 common shares in this offering at an assumed public offering price of \$5.81 per share, which was the last reported sale price of our common shares on the NYSE on May 1, 2012, after deducting the underwriting discount and estimated expenses of this offering payable by us, and the expected use of the net proceeds from this offering as described under "Use of Proceeds." The following table does not reflect acquisitions or dispositions that have occurred since March 31, 2012, including, but not limited to, the acquisitions and dispositions referred to above under the caption "Summary Recent Developments," which transactions are expected to close before the end of May 2012.

	As of March 31, 2012	
	Actual	As Adjusted
	(dollars in thousands)	
Cash	\$ 25,821	\$ 60,761
Debt:		
Line of credit	87,667	
Mortgages payable	697,789	697,789
Liabilities related to hotel assets held for sale	18,993	18,993
Total debt	804,449	716,782
Redeemable noncontrolling interests	16,732	16,732
Shareholders' equity:		
Preferred shares: 8.00% Series A, par value \$.01 per share, 29,000,000 shares authorized, 2,400,000 shares issued and outstanding (aggregate liquidation preference \$60,000) at March 31, 2012	24	24
Preferred shares: 8.00% Series B, par value \$.01 per share, 4,600,000 shares authorized, 4,600,000 shares issued and outstanding (aggregate liquidation preference \$115,000) at March 31, 2012	46	46
Common shares: Class A, par value \$.01 per share, 300,000,000 shares authorized, 173,299,736 shares issued and outstanding, actual, and 195,299,736 shares issued and outstanding as adjusted at March 31, 2012 ⁽¹⁾	1,733	1,953
Common shares: Class B, par value \$.01 per share, 1,000,000 shares authorized, no shares issued and outstanding		
Accumulated other comprehensive loss	(1,124)	(1,124)
Additional paid-in capital	1,042,467	1,164,854
Distributions in excess of net income	(332,045)	(332,045)
Total shareholders' equity	711,101	833,708
Total noncontrolling interests	16,335	16,335
Total equity	727,436	850,043
Total capitalization	\$ 1,548,617	\$ 1,583,557

(1)

Does not include: (i) up to 3,300,000 common shares that may be issued by us upon exercise of the underwriters' option to purchase additional shares; (ii) up to 7,257,506 common shares issuable upon redemption of outstanding limited partnership units in our operating partnership; (iii) an aggregate of 1,040,794 common shares issued subsequent to March 31, 2012; and (v) up to 5,665,360 common shares reserved for future issuance pursuant to our 2012 Equity Incentive Plan.

The information set forth above should be read in conjunction with the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

Table of Contents

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain additional federal income tax considerations with respect to the ownership of our common shares. This summary supplements and should be read together with "Federal Income Tax Consequences of Our Status as a REIT" beginning on page 26 of the accompanying prospectus.

Taxation of Taxable U.S. Shareholders

For taxable years beginning after December 31, 2013, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our common shares received by U.S. shareholders who own their common shares through foreign accounts or foreign intermediaries if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed, for taxable years beginning after December 31, 2014, on proceeds from the sale of our common shares received by U.S. shareholders who own their common shares through foreign accounts or foreign intermediaries. We will not pay any additional amounts in respect of any amounts withheld.

Taxation of Non-U.S. Shareholders

For taxable years beginning after December 31, 2013, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our common shares received by certain non-U.S. shareholders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed, for taxable years beginning after December 31, 2014, on proceeds from the sale of our common shares received by certain non-U.S. shareholders. If payment of withholding taxes is required, non-U.S. shareholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect of such dividends and proceeds will be required to seek a refund from the Internal Revenue Service to obtain the benefit of such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld.

Table of Contents**UNDERWRITING (CONFLICTS OF INTEREST)**

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co., Raymond James & Associates, Inc. and UBS Securities LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us, our operating partnership and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of our common shares set forth opposite its name below.

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Goldman, Sachs & Co.	
Raymond James & Associates, Inc.	
UBS Securities LLC	
Total	22,000,000

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all 22,000,000 of the common shares sold under the underwriting agreement if any of these common shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the common shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the common shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the common shares to the public at the public offering price set forth on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of \$ _____ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the underwriting discount we are to pay to the underwriters in connection with this offering. This amount is shown assuming both no exercise and full exercise by the underwriters of their option to purchase additional shares.

	<u>Per Share</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	\$	\$	\$
Underwriting discount	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

The expenses of the offering, not including the underwriting discount, are estimated at \$100,000 and are payable by us.

Table of Contents

Option Shares

To the extent the underwriters sell more than 22,000,000 common shares, the underwriters have an option to purchase up to an additional 3,300,000 common shares from us at the public offering price less the underwriting discount, within 30 days from the date of this prospectus supplement. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional common shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers, our trustees, and REIG have entered into lock-up agreements with the underwriters. Under these agreements, subject to certain permitted exceptions, including, among others, an exception that permits us to issue common shares pursuant to our 2012 Equity Incentive Plan to participants in that plan, we and each of these persons may not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, sell, offer to sell, contract or agree to sell, hedge or otherwise dispose of, directly or indirectly, any of our common shares or securities convertible into or exchangeable or exercisable for common shares during the period from the date of this prospectus supplement continuing through the date 30 days after the date of this prospectus supplement. Merrill Lynch, Pierce, Fenner & Smith Incorporated, in its sole discretion, may permit early release of our common shares subject to the restrictions detailed above prior to the expiration of the 30-day lock up period and without public notice. The 30-day lock up period may be extended for up to 15 calendar days plus three business days under certain circumstances where we announce or pre-announce earnings or material news or a material event within 15 calendar days plus three business days prior to, or approximately 16 days after, the termination of the 30-day lock up period.

New York Stock Exchange Listing

Our common shares are listed on the NYSE under the symbol "HT."

Price Stabilization and Short Positions

Until the distribution of our common shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common shares. However, the representatives may engage in transactions that stabilize the price of our common shares, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common shares in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of common shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional common shares in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing common shares in the open market. In determining the source of common shares to close out the covered short position, the underwriters will consider, among other things, the price of common shares available for purchase in the open market as compared to the price at which they may purchase common shares through the option to purchase additional shares. "Naked" short sales are sales in excess of the option to purchase additional shares. The underwriters must close out any naked short position by purchasing common shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing

Table of Contents

transactions consist of various bids for or purchases of common shares made by the underwriters in the open market prior to the completion of the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in the market price of our common shares. As a result, the price of our common shares may be higher than the price that might otherwise exist in the open market.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common shares. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Offer, Sale and Distribution of Shares

In connection with the offering, the underwriters may distribute the prospectus supplement and the accompanying prospectus by electronic means, such as e-mail. In addition, the underwriters may facilitate Internet distribution for this offering to certain of their Internet subscription customers. The underwriters may allocate a limited number of common shares for sale to their online brokerage customers. An electronic prospectus supplement and accompanying prospectus may be available on an Internet web site maintained by any of the underwriters. Other than the prospectus supplement and accompanying prospectus in electronic format, the information on any of the underwriters' web sites is not part of this prospectus supplement and accompanying prospectus.

Conflict of Interest

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking, financial advisory and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Banking affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Raymond James & Associates, Inc. and UBS Securities LLC are lenders under the revolving credit facility. A portion of the net proceeds from this offering will be used to repay indebtedness outstanding under the revolving credit facility. See "Use of Proceeds." More than 5% of the net proceeds will be used to repay indebtedness outstanding under the revolving credit facility to banking affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Raymond James & Associates, Inc. and UBS Securities LLC, three of the underwriters. Nonetheless, the appointment of a qualified independent underwriter is not necessary in connection with this offering because, under FINRA Rule 5121, REITs are excluded from that requirement.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of

Table of Contents

such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no offer of shares may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (A) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive, and (B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

Table of Contents

For the purpose of the above provisions, the expression "an offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Hong Kong

This prospectus has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The securities will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the securities are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust

Table of Contents

(where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the securities under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Notice to Prospective Investors in Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Table of Contents

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Hunton & Williams LLP. In addition, the summaries of legal matters contained in the section of the accompanying prospectus under the heading "Federal Income Tax Consequences of Our Status as a REIT" and in the section of this prospectus supplement under the heading "Additional Federal Income Tax Considerations" are based on the opinion of Hunton & Williams LLP. Certain legal matters in connection with this offering will be passed upon for the underwriters by Clifford Chance US LLP. Clifford Chance US LLP may rely upon the opinion of Hunton & Williams LLP with respect to matters of the laws of the Commonwealth of Virginia and the State of Maryland.

EXPERTS

The consolidated financial statements of Hersha Hospitality Trust as of December 31, 2011 and 2010, and for each of the years in the three-year period ended December 31, 2011, and related financial statement schedule, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2011 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

TRADE NAMES, LOGOS AND TRADEMARKS

The following updates certain information appearing in the accompanying prospectus. "Hyatt Place" and "Hyatt House" are trademarks of Hyatt Corporation or one of its affiliates. All references below to "Hyatt" mean Hyatt Corporation and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

PROSPECTUS

HERSHA HOSPITALITY TRUST

**Common Shares
Preferred Shares
Depository Shares
Warrants
Units**

Hersha Hospitality Trust intends to offer and sell, from time to time, in one or more series or classes, the securities described in this prospectus. The securities may be offered separately or together in any combination and as separate series. We will provide the specific terms of any securities we may offer in a supplement to this prospectus. You should read carefully this prospectus and any accompanying prospectus supplement before deciding to invest in these securities.

We may offer and sell these securities through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. If any underwriters, dealers or agents are involved in the sale of any securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them will be set forth or will be calculable from the information set forth in the accompanying prospectus supplement.

Our common shares are listed on the New York Stock Exchange, or the NYSE, under the symbol "HT." The closing sale price of our common shares on the NYSE on May 5, 2011, was \$5.90 per share.

Investing in our securities involves risks. Before making a decision to invest in our securities, you should carefully consider the risks described in this prospectus and any accompanying prospectus supplement, as well as the risks described under the section entitled "Risk Factors" included in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents filed by us with the Securities and Exchange Commission.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 6, 2011

TABLE OF CONTENTS

	Page
<u>About This Prospectus</u>	<u>ii</u>
<u>Incorporation of Certain Documents By Reference</u>	<u>ii</u>
<u>Where You Can Obtain More Information</u>	<u>iii</u>
<u>Forward-Looking Statements</u>	<u>iii</u>
<u>Trade Names, Logos and Trademarks Used In This Prospectus</u>	<u>iv</u>
<u>The Company</u>	<u>1</u>
<u>Risk Factors</u>	<u>2</u>
<u>Ratio of Earnings to Combined Fixed Charges and Preferred Share Dividends</u>	<u>3</u>
<u>Use of Proceeds</u>	<u>3</u>
<u>Description of Shares of Beneficial Interest</u>	<u>4</u>
<u>Description of Depositary Shares</u>	<u>8</u>
<u>Description of Warrants</u>	<u>11</u>
<u>Description of Units</u>	<u>12</u>
<u>Legal Ownership of Securities</u>	<u>12</u>
<u>Restrictions on Ownership and Transfer</u>	<u>15</u>
<u>Certain Provisions of Maryland Law, Our Declaration of Trust and Bylaws</u>	<u>17</u>
<u>Partnership Agreement</u>	<u>22</u>
<u>Federal Income Tax Consequences of Our Status as a REIT</u>	<u>26</u>
<u>Plan of Distribution</u>	<u>52</u>
<u>Legal Matters</u>	<u>54</u>
<u>Experts</u>	<u>54</u>

You should rely only on the information contained or incorporated by reference in this prospectus and the accompanying prospectus supplements. We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. You must not rely on any unauthorized information or representation. We are offering to sell only the securities described in this prospectus and the accompanying prospectus supplement only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information in this prospectus and the accompanying prospectus supplement is accurate only as of the date on the front of the document and that any information incorporated by reference is accurate only as of the date of the document containing the incorporated information. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a "shelf" registration statement that we have filed with the Securities and Exchange Commission, or the SEC. By using a shelf registration statement, we may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus. The exhibits to our registration statement and documents incorporated by reference contain the full text of certain contracts and other important documents that we have summarized in this prospectus or that we may summarize in a prospectus supplement. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement and the exhibits and other documents can be obtained from the SEC as indicated under the sections entitled "Where You Can Find More Information" and "Incorporation of Certain Documents By Reference."

This prospectus only provides you with a general description of the securities we may offer, which is not meant to be a complete description of each security. Each time we sell securities, we will provide a prospectus supplement that contains specific information about the terms of those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read carefully both this prospectus and any prospectus supplement together with the additional information described under the sections entitled "Where You Can Find More Information" and "Incorporation of Certain Documents By Reference."

Unless the context otherwise requires, references in this prospectus and any prospectus supplement to: (i) "our company," "we," "us" and "our" mean Hersha Hospitality Trust and its subsidiaries, including Hersha Hospitality Limited Partnership, our operating partnership; (ii) "common shares" mean our Priority Class A common shares of beneficial interest, \$0.01 par value per share; and (iii) "preferred shares" mean our preferred shares of beneficial interest, \$0.01 par value per share.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus the information we file with the SEC, which means that we can disclose important business, financial and other information to you by referring you to other documents separately filed with the SEC. All information incorporated by reference is part of this prospectus from the date we file that document, unless and until that information is updated and superseded by the information contained in this prospectus or any information incorporated later. We incorporate by reference the documents listed below that we have filed, or will file, with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2010;

the information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2010 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 18, 2011;

our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011;

our Current Report on Form 8-K filed with the SEC on February 24, 2011;

the description of our common shares contained in our Registration Statement on Form 8-A filed with the SEC on May 2, 2008 and any amendments or reports filed for the purpose of updating such description; and

the description of our 8.0% Series A cumulative redeemable preferred shares of beneficial interest, or Series A preferred shares, contained in our Registration Statement on Form 8-A filed with the SEC on May 2, 2008 and any amendments or reports filed for the purpose of updating such description.

In addition, all documents subsequently filed by us with the SEC pursuant to Sections 13(a), 13(c) 14 or 15(d) of the Exchange Act on or after the date of this prospectus and prior to the date upon which the offering of the securities covered by this prospectus is terminated will be deemed to be incorporated by reference into

Table of Contents

this prospectus and will automatically update and supersede the information in this prospectus, the accompanying prospectus supplement and any previously filed documents. You may obtain copies of these filings (other than exhibits and schedules to such filings, unless such exhibits or schedules are specifically incorporated by reference into this prospectus or any accompanying prospectus supplement) at no cost, by requesting them from us by writing or telephoning us at: Hersha Hospitality Trust, 501 Walnut Street, 9th Floor, Philadelphia, Pennsylvania 19106, Telephone: (215) 238 1046, Attention: Ashish R. Parikh, Chief Financial Officer.

WHERE YOU CAN OBTAIN MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance with those requirements, file reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information, as well as the registration statement and the exhibits and schedules thereto, can be inspected at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials may be obtained at prescribed rates. Information about the operation of the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC's website is *www.sec.gov*. Copies of these documents may be available on our website at *www.hersha.com*. Our website and the information contained therein or connected thereto are not incorporated into this prospectus or any amendment or supplement to this prospectus.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the securities offered by this prospectus. This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, certain parts of which are omitted in accordance with the SEC's rules and regulations. For further information about us and the securities, we refer you to the registration statement and to such exhibits and schedules. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C. as well as through the SEC's website. Please be aware that statements in this prospectus referring to a contract or other document are summaries and you should refer to the exhibits that are part of the registration statement for a copy of the contract or document.

FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement, including the information incorporated by reference in this prospectus and any accompanying prospectus supplement, contain forward-looking statements within the meaning of the federal securities laws. These statements include statements about our plans, strategies and prospects and involve known and unknown risks that are difficult to predict. Therefore, our actual results, performance or achievements may differ materially from those expressed in or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "forecast," "potential," "continue," "likely," "will," "would" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. You should not place undue reliance on forward-looking statements. Factors that may cause our actual results to differ materially from our current expectations include, but are not limited to:

financing risks, including the risk of leverage and the corresponding risk of default on our mortgage loans and other debt and potential inability to refinance or extend the maturity of existing indebtedness;

national, regional and local economic conditions;

levels of spending in the business, travel and leisure industries, as well as consumer confidence;

declines in occupancy, average daily rate and revenue per available room and other hotel operating metrics;

Table of Contents

hostilities, including future terrorist attacks, or fear of hostilities that affect travel;

financial condition of, and our relationships with, our joint venture partners, third-party property managers, franchisors and hospitality joint venture partners;

the degree and nature of our competition;

increased interest rates and operating costs;

risks associated with potential acquisitions, including the ability to ramp up and stabilize newly acquired hotels with limited or no operating history, and dispositions of hotel properties;

risks associated with our development loan portfolio, including the ability of borrowers to repay outstanding principal and accrued interest at maturity;

availability of and our ability to retain qualified personnel;

our failure to maintain our qualification as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code;

changes in our business or investment strategy;

availability, terms and deployment of capital;

general volatility of the capital markets and the market price of our common shares;

environmental uncertainties and risks related to natural disasters;

changes in real estate and zoning laws and increases in real property tax rates; and

the factors referenced or incorporated by reference in this prospectus and any prospectus supplement, as well as the factors described under the section entitled "Risk Factors" included in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents filed by us with the SEC.

These factors are not necessarily all of the important factors that could cause our actual results, performance or achievements to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors, many of which are beyond our control, also could harm our results, performance or achievements.

All forward-looking statements contained in this prospectus and any accompanying prospectus supplement, including the information incorporated by reference in this prospectus and any accompanying prospectus supplement, are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made, and we do not undertake or assume any obligation to update publicly any of these statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more

forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

TRADE NAMES, LOGOS AND TRADEMARKS

All brand and trade names, logos or trademarks contained, or referred to, in this prospectus and any accompanying prospectus supplement, as well as any document incorporated by reference in this prospectus and any accompanying prospectus supplement, are the properties of their respective owners. These references shall not in any way be construed as participation by, or endorsement of, the offering of any of our securities by any of our franchisors or managers.

"Residence Inn by Marriott," "Courtyard by Marriott," "SpringHill Suites by Marriott," "Fairfield Inn by Marriott" and "TownePlace Suites by Marriott" are registered trademarks of Marriott International, Inc. or one of its affiliates. All references below to "Marriott" mean Marriott International, Inc. and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

Table of Contents

"Hilton," "Hilton Hotels," "Hilton Garden Inn" and "Hampton Inn" are registered trademarks of Hilton Worldwide or one of its affiliates. All references below to "Hilton" mean Hilton Worldwide and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

"Hyatt Place" and "Hyatt Summerfield Suites" are registered trademarks of Hyatt Corporation or one of its affiliates. All references below to "Hyatt" mean Hyatt Corporation and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

"Sheraton Hotels" is a registered trademark of Starwood Hotels & Resorts Worldwide, Inc. or one of its affiliates. All references below to "Starwood" mean Starwood Hotels & Resorts Worldwide, Inc. and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

"Candlewood Suites," "Holiday Inn," "Holiday Inn Express" and "Holiday Inn Express Hotel and Suites" are registered trademarks of InterContinental Hotels Group or one of its affiliates. All references below to "InterContinental" mean InterContinental Hotels Group and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

"Comfort Inn" is a registered trademark of Choice Hotels International, Inc. or one of its affiliates. All references below to "Choice" mean Choice Hotels International, Inc. and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

"Hawthorn Suites by Wyndham" is a registered trademark of Wyndham Hotels and Resorts, LLC or one of its affiliates. All references below to "Wyndham" mean Wyndham Hotels and Resorts, LLC and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

None of Marriott, Hilton, Hyatt, Starwood, InterContinental, Choice or Wyndham is responsible for the content of this prospectus and any accompanying prospectus supplement, as well as the information incorporated by reference in this prospectus and any accompanying prospectus supplement, whether relating to hotel information, operating information, financial information, its relationship with us or otherwise. None of Marriott, Hilton, Hyatt, Starwood, InterContinental, Choice or Wyndham is involved in any way, whether as an "issuer" or "underwriter" or otherwise, in the offering by us of the securities covered by this prospectus and any accompanying prospectus supplement. None of Marriott, Hilton, Hyatt, Starwood, InterContinental, Choice or Wyndham has expressed any approval or disapproval regarding the offering of securities pursuant to this prospectus and any accompanying prospectus supplement, and the grant by any of them of any franchise or other rights to us shall not be construed as any expression of approval or disapproval. None of Marriott, Hilton, Hyatt, Starwood, InterContinental, Choice or Wyndham has assumed, and none shall have, any liability in connection with the offering of securities contemplated by this prospectus and any accompanying prospectus supplement.

Table of Contents

THE COMPANY

Hersha Hospitality Trust is a self-advised, Maryland statutory real estate investment trust that was organized in 1998. We completed our initial public offering in January 1999. Our common shares are traded on the NYSE under the symbol "HT." Our Series A preferred shares are traded on the NYSE under the symbol "HT PRA." We invest primarily in institutional grade hotels in central business districts, primary suburban office markets and stable destination and secondary markets in the Northeastern United States and select markets on the West Coast. Our primary strategy is to continue to acquire high quality, upscale, mid-scale and extended-stay hotels in metropolitan markets with high barriers to entry in the Northeastern United States and other markets with similar characteristics. We are structured as a real estate investment trust for federal income tax purposes, or a REIT.

We own our hotels and our joint venture investments through our operating partnership, for which we serve as general partner. Our hotels are managed by qualified independent management companies, including, among others, Hersha Hospitality Management, L.P., or HHMLP, a private management company owned by certain of our trustees, officers and other third party investors. We lease all of our wholly-owned hotels either to 44 New England Management Company, or 44 New England, our wholly-owned taxable REIT subsidiary, or TRS, or to another wholly-owned TRS. Each of the hotels that we own through a joint venture investment is leased to another TRS that is owned by the respective joint venture or an entity owned in part by 44 New England.

Our principal executive office is located at 44 Hersha Drive, Harrisburg, Pennsylvania 17102. Our telephone number is (717) 236-4400.

Table of Contents

RISK FACTORS

Investing in our securities involves a high degree of risk. Before making a decision to invest in our securities, you should carefully consider the risks described in this prospectus and any accompanying prospectus supplement, as well as the risks described under the section entitled "Risk Factors" included in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents filed by us with the SEC. These risks and uncertainties are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. See "Incorporation of Certain Documents by Reference" and "Where You Can Obtain More Information" above.

We may change our distribution policy in the future.

In the past we have reduced the quarterly distribution paid to our shareholders, and we may reduce the quarterly distribution paid to our shareholders in the future. The decision to declare and pay distributions on our common shares in the future, as well as the timing, amount and composition of any such future distributions, will be at the sole discretion of our board of trustees and will depend on our earnings, funds from operations, liquidity, financial condition, capital requirements, contractual prohibitions or other limitations under our indebtedness and preferred shares, the annual distribution requirements under the REIT provisions of the Code, state law and such other factors as our board of trustees deems relevant. Any change in our distribution policy could have a material adverse effect on the market price of our common shares.

The market price of our securities could be volatile and could decline, resulting in a substantial or complete loss of your investment in our securities.

The stock markets have experienced significant price and volume fluctuations. As a result, the market price of our securities could be similarly volatile, and investors in our securities may experience a decrease in the value of their investments, including decreases unrelated to our operating performance or prospects. The market price of our securities could be subject to wide fluctuations in response to a number of factors, including:

our operating performance and the performance of other similar companies;

actual or anticipated differences in our operating results;

changes in our revenues or earnings estimates or recommendations by securities analysts;

publication of research reports about us or our industry by securities analysts;

additions and departures of key personnel;

strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments that adversely affect us or our industry;

speculation in the press or investment community;

actions by institutional shareholders;

changes in accounting principles;

terrorist acts; and

general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

Table of Contents***Future sales of our common shares or securities convertible into or exchangeable or exercisable for our common shares could depress the market price of our common shares.***

We cannot predict whether future sales of our common shares or securities convertible into or exchangeable or exercisable for our common shares or the availability of these securities for resale in the open market will decrease the market price of our common shares. Sales of a substantial number of these securities in the public market, including sales upon the redemption of operating partnership units held by the limited partners of our operating partnership (other than us and our subsidiaries) or the perception that these sales might occur, may cause the market price of our common shares to decline and you could lose all or a portion of your investment.

Future issuances of our common shares or other securities convertible into or exchangeable or exercisable for our common shares, including, without limitation, operating partnership units in connection with property, portfolio or business acquisitions and issuances of equity-based awards to participants in our equity incentive plans, could have an adverse effect on the market price of our common shares. Future issuances of these securities also could adversely affect the terms upon which we obtain additional capital through the sale of equity securities. In addition, future sales or issuances of our common shares may be dilutive to existing shareholders.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED SHARE DIVIDENDS

The following table sets forth the ratio of earnings to combined fixed charges and preferred share dividends on our outstanding Series A preferred shares for the three months ended March 31, 2011 and for each of the last five fiscal years.

	Three Months Ended	Year Ended December 31,				
	March 31, 2011	2010	2009	2008	2007	2006
Ratio of earnings to combined fixed charges and preferred share dividends	*	*	*	*	1.24	1.08

*

For the three months ended March 31, 2011, combined fixed charges and preferred share dividends exceeded earnings by approximately \$14.8 million. For the year ended December 31, 2010, combined fixed charges and preferred share dividends exceeded earnings by approximately \$24.8 million. For the year ended December 31, 2009, combined fixed charges and preferred share dividends exceeded earnings by approximately \$8.0 million. For the year ended December 31, 2008, combined fixed charges and preferred share dividends exceeded earnings by approximately \$15.3 million.

The ratio of earnings to combined fixed charges and preferred share dividends was computed by dividing earnings by the sum of fixed charges and preferred share dividends. For these purposes, earnings have been calculated by adding pre-tax income or loss from continuing operations (before income or loss from equity investees), fixed charges (excluding interest capitalized), amortization of capitalized interest, extraordinary items and preferred share dividends. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of line of credit fees and amortization of interest rate caps and swap agreements. Preferred share dividends consist of the amount of pre-tax earnings that is required to pay the dividends on our outstanding preferred shares.

USE OF PROCEEDS

We will contribute the net proceeds of any sale of securities pursuant to this prospectus to our operating partnership in exchange for additional operating partnership units. As will be more fully described in an accompanying prospectus supplement, we expect our operating partnership will use the net proceeds from the sale of the securities for general corporate purposes, including, but not limited to, repaying existing indebtedness, acquiring or developing additional hotel properties, and renovating, expanding and improving our existing hotel properties.

Table of Contents

DESCRIPTION OF SHARES OF BENEFICIAL INTEREST

The following descriptions of the material terms of our shares of beneficial interest are only a summary and are subject to, and qualified in their entirety by reference to, the more complete descriptions of the shares in the following documents: (a) our amended and restated declaration of trust, including the applicable articles supplementary, or our declaration of trust, and (b) our amended and restated bylaws, or our bylaws, copies of which are exhibits to the registration statement of which this prospectus is a part. Please note that in this section entitled "Description of Shares of Beneficial Interest," references to "we," "our" and "us" refer only to Hersha Hospitality Trust and not to its subsidiaries or our operating partnership unless the context requires otherwise.

Overview

Our declaration of trust, provides that we may issue up to 300,000,000 Class A common shares of beneficial interest, \$0.01 par value per share, 1,000,000 Class B common shares of beneficial interest, \$0.01 par value per share, and 29,000,000 preferred shares of beneficial interest, \$0.01 par value per share. As of March 31, 2011, 169,751,195 Class A common shares were issued and outstanding, no Class B common shares were issued and outstanding and 2,400,000 Series A preferred shares were issued and outstanding.

Our common shares currently trade on the NYSE under the symbol "HT," and our Series A preferred shares currently trade on the NYSE under the symbol "HT PRA." The transfer agent for these shares is American Stock Transfer & Trust Company. Our common shares and our Series A preferred shares are subject to certain restrictions on ownership and transfer which were adopted for the purpose of enabling us to preserve our status as a REIT. For a description of these restrictions, see "Restrictions on Ownership and Transfer" below.

As permitted by the Maryland statute governing real estate investment trusts formed under the laws of that state, which is referred to as the Maryland REIT Law, our declaration of trust contains a provision permitting our board of trustees, without any action by our shareholders, to amend our declaration of trust to increase or decrease the aggregate number of shares of beneficial interest or the number of shares of any class of shares of beneficial interest that we have authority to issue. Maryland law and our declaration of trust provide that none of our shareholders is personally liable for any of our debts, claims, demands, judgments or obligations solely by reason of that shareholder's status as a shareholder.

Common Shares

The common shares being offered pursuant to this prospectus, upon issuance against full payment of the applicable purchase price, will be duly authorized, validly issued, fully paid and nonassessable.

Voting Rights of Common Shares

Subject to the provisions of our declaration of trust regarding the restrictions on the transfer and ownership of shares of beneficial interest, each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders, including the election of trustees. Except as may be provided with respect to any other class or series of our shares of beneficial interest, including our Series A preferred shares, only holders of our common shares possess voting rights. There is no cumulative voting in the election of trustees, which means that, subject to certain voting rights of our Series A preferred shares, the holders of a plurality of the outstanding common shares, voting as a single class, can elect all of the trustees then standing for election.

Under the Maryland REIT Law, a real estate investment trust's declaration of trust may permit the trustees by a two-thirds vote to amend the declaration of trust from time to time to qualify as a REIT under the Code without the affirmative vote or written consent of the shareholders. Our declaration of trust permits such action by a majority vote of the trustees. See "Certain Provisions of Maryland Law, Our Declaration of Trust and Bylaws" below for more information about voting rights of owners of our common shares.

Table of Contents

Dividends, Liquidation and Other Rights

Holders of our common shares are entitled to receive dividends when authorized by our board of trustees out of assets legally available for the payment of dividends. They also are entitled to share ratably in our assets legally available for distribution to our shareholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our shares that may be created and to the provisions of our declaration of trust regarding restrictions on transfer of our shares.

The holders of our common shares have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and, except for the preemptive rights granted to Real Estate Investment Group, LP, or REIG and its affiliates, which are described below, have no preemptive rights to subscribe for any additional common shares. Subject to the restrictions on transfer of shares contained in our declaration of trust and to the ability of the board of trustees to create common shares with differing voting rights, all common shares will have equal dividend, liquidation and other rights.

Pursuant to an investor rights and option agreement, REIG and certain of its affiliates have preemptive rights. These preemptive rights allow REIG and certain of its affiliates to purchase additional common shares in order to maintain their beneficial ownership percentage of our common shares.

Preferred Shares

We may offer and sell preferred shares from time to time, in one or more series (including additional Series A preferred shares), as authorized by our board of trustees. The preferred shares being offered by this prospectus, upon issuance against payment of the full purchase price, will be duly authorized, validly issued, fully paid and nonassessable. Our declaration of trust authorizes our board of trustees to classify any unissued preferred shares and to reclassify any previously classified but unissued preferred shares of any series from time to time in one or more series, as authorized by our board of trustees. Prior to issuance of shares of each series, our board of trustees is required by the Maryland REIT Law and our declaration of trust to set for each such series, subject to the provisions of our declaration of trust regarding the restriction on ownership and transfer of shares of beneficial interest, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such series. Our board of trustees could authorize the issuance of preferred shares with terms and conditions that could have the effect of delaying, deterring or preventing a transaction or a change in control that might involve a premium price for holders of common shares or otherwise be in their best interest.

The prospectus supplement governing the offering of any preferred shares will describe the specific terms of such securities, including:

the title and stated value of the preferred shares;

the number of preferred shares offered and the offering price of the preferred shares;

the dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation of any of those terms that apply to the preferred shares;

the date from which dividends on the preferred shares will accumulate, if applicable;

the terms and amount of a sinking fund, if any, for the purchase or redemption of the preferred shares;

the redemption rights, including conditions and the redemption price(s), if applicable, of the preferred shares;

any listing of the preferred shares on any securities exchange;

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the terms and conditions, if applicable, upon which the preferred shares will be convertible into common shares or any of our other securities, including the conversion price or rate (or manner of calculation thereof);

Table of Contents

the relative ranking and preference of the preferred shares as to dividend rights and rights upon liquidation, dissolution or the winding up of our affairs;

any limitations on issuance of any series of preferred shares ranking senior to or on a parity with that series of preferred shares as to dividend rights and rights upon liquidation, dissolution or the winding up of our affairs;

the procedures for any auction and remarketing, if any, for the preferred shares;

any other specific terms, preferences, rights, limitations or restrictions of the preferred shares;

a discussion of any additional federal income tax consequences applicable to the preferred shares; and

any limitations on direct or beneficial ownership and restrictions on transfer in addition to those described in "Restrictions on Ownership and Transfer," in each case as may be appropriate to preserve our status as a real estate investment trust.

The terms of any preferred shares we issue through this prospectus will be set forth in an articles supplementary or amendment to our declaration of trust. We will file the articles supplementary or amendment as an exhibit to the registration statement that includes this prospectus, or as an exhibit to a filing with the SEC that is incorporated by reference into this prospectus. The description of preferred shares in any prospectus supplement will not describe all of the terms of the preferred shares in detail. You should read the applicable articles supplementary or amendment to our declaration of trust for a complete description of all of the terms.

Rank

Unless otherwise indicated in the accompanying prospectus supplement, the preferred shares offered through that supplement will, with respect to dividend rights and rights upon our liquidation, dissolution or winding up, rank:

senior to all classes or series of our common shares, and to all other equity securities ranking junior to those preferred shares; and

on a parity with all of our equity securities ranking on a parity with the preferred shares; and junior to all of our equity securities ranking senior to the preferred shares.

The term "equity securities" does not include convertible debt securities.

Dividends

Subject to any preferential rights of any outstanding shares or series of shares, including the Series A preferred shares, and to the provisions of our declaration of trust regarding ownership of shares in excess of the ownership limitation described below under "Restrictions on Ownership and Transfer," our preferred shareholders are entitled to receive dividends, when and as authorized by our board of trustees, out of legally available funds.

Redemption

If we provide for a redemption right in a prospectus supplement, the preferred shares offered through that supplement will be subject to mandatory redemption or redemption at our option, in whole or in part, in each case upon the terms, at the times and at the redemption prices set forth in that supplement.

Liquidation Preference

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As to any preferred shares offered through this prospectus, the applicable supplement shall provide that, upon the voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of those preferred shares shall receive, before any distribution or payment shall be made to the holders of any other class or series of shares ranking junior to those preferred shares in our distribution of assets upon any

Table of Contents

liquidation, dissolution or winding up, and after payment or provision for payment of our debts and other liabilities, out of our assets legally available for distribution to shareholders, liquidating distributions in the amount of any liquidation preference per share (set forth in the applicable supplement), plus an amount, if applicable, equal to all distributions accrued and unpaid thereon (not including any accumulation in respect of unpaid distributions for prior distribution periods if those preferred shares do not have a cumulative distribution). After payment of the full amount of the liquidating distributions to which they are entitled, the holders of those preferred shares will have no right or claim to any of our remaining assets. In the event that, upon our voluntary or involuntary liquidation, dissolution or winding up, the legally available assets are insufficient to pay the amount of the liquidating distributions on all of those outstanding preferred shares and the corresponding amounts payable on all of our shares of other classes or series of equity security ranking on a parity with those preferred shares in the distribution of assets upon liquidation, dissolution or winding up, then the holders of those preferred shares and all other such classes or series of equity security shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

If the liquidating distributions are made in full to all holders of preferred shares entitled to receive those distributions prior to any other classes or series of equity security ranking junior to the preferred shares upon our liquidation, dissolution or winding up, then our remaining assets shall be distributed among the holders of those junior classes or series of equity shares, in each case according to their respective rights and preferences and their respective number of shares.

The liquidation preference is not indicative of the price at which the preferred shares will actually trade on or after the date of issuance.

Voting Rights

Unless otherwise indicated in the applicable supplement, holders of our preferred shares will not have any voting rights, except as may be required by applicable law or any applicable rules and regulations of the NYSE.

Conversion Rights

The terms and conditions, if any, upon which any series of preferred shares is convertible into common shares will be set forth in the prospectus supplement relating to the offering of those preferred shares. These terms typically will include:

the number of common shares into which the preferred shares are convertible;

the conversion price (or manner of calculation thereof);

the conversion period;

provisions as to whether conversion will be at the option of the holders of the preferred shares or at our option;

the events requiring an adjustment of the conversion price; and

provisions affecting conversion in the event of the redemption of that series of preferred shares.

Series A Preferred Shares

The Series A preferred shares generally provide for the following rights, preferences and obligations:

Dividend Rights. The Series A preferred shares accrue a cumulative cash dividend at an annual rate of 8.00% on the \$25.00 per share liquidation preference, equivalent to a fixed annual amount of \$2.00 per share per year.

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Liquidation Rights. Upon any voluntary or involuntary liquidation, dissolution or winding up of our company, the holders of Series A preferred shares will be entitled to receive a liquidation preference of

Table of Contents

\$25.00 per share, plus an amount equal to all accrued and unpaid dividends to the date of payment, before any payment or distribution will be made or set aside for holders of any junior shares, including our common shares.

Redemption Provisions. The Series A preferred shares are not redeemable prior to August 5, 2010, except in certain limited circumstances relating to our ability to qualify as a REIT. The Series A preferred shares may be redeemed for cash at our option, in whole or in part, at any time and from time to time, at a redemption price equal to \$25.00 per share plus an amount equal to all accrued and unpaid dividends to and including the date fixed for redemption. The Series A preferred shares have no stated maturity and are not subject to any sinking fund or mandatory redemption provisions.

Voting Rights. Holders of Series A preferred shares generally have no voting rights, except as required by law. However, if we fail to pay dividends on any Series A preferred shares for six or more quarterly periods, whether or not consecutive, the holders of the Series A preferred shares will be entitled to elect two directors to serve on our board of trustees until all dividends accumulated on the Series A preferred shares have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. In addition, the issuance of senior shares or certain changes to the terms of the Series A preferred shares that would be materially adverse to the rights of holders of Series A preferred shares cannot be made without the affirmative vote of holders of at least 66²/₃% of the outstanding Series A preferred shares and shares of any class or series of shares ranking on a parity with the Series A preferred shares which are entitled to similar voting rights, if any, voting as a single class.

Conversion and Preemptive Rights. The Series A preferred shares are not convertible or exchangeable for any of our other securities or property, and holders of our Series A preferred shares have no preemptive rights to subscribe for any securities of our company.

For additional information regarding our Series A preferred shares, see our Registration Statement on Form 8-A filed with the SEC on May 2, 2008. See "Where You Can Obtain More Information."

Classification or Reclassification of Common Shares or Preferred Shares

Our declaration of trust authorizes our board of trustees to classify or reclassify any unissued common shares or preferred shares into one or more classes or series of shares of beneficial interest by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of such new class or series of shares of beneficial interest.

DESCRIPTION OF DEPOSITARY SHARES

We may, at our option, elect to offer depositary shares rather than full preferred shares. Each depositary share will represent ownership and entitlement to all rights and preferences of a fraction of a preferred share of a specified series (including dividend, redemption, liquidation and voting rights). We will specify the applicable fraction in a prospectus supplement governing the offering of any depositary shares. We will deposit with a depositary named in a prospectus supplement governing the offering of any depositary shares the preferred shares represented by the depositary shares, under a deposit agreement, among us, the depositary and the holders from time to time of the certificates evidencing depositary shares, or depositary receipts. Depositary receipts will be delivered to those persons purchasing depositary shares in the offering. The depositary will be the transfer agent, registrar and dividend disbursing agent for the depositary shares.

Dividends and Distributions

The depositary will distribute all cash dividends or other cash distributions received in respect of the series of preferred shares represented by the depositary shares to the record holders of depositary receipts in proportion to the number of depositary shares owned by the holders on the relevant record date, which will be the same date as the record date fixed by us for the applicable series of preferred shares. The depositary, however, will distribute only such amount as can be distributed without attributing to any depositary share a

Table of Contents

fraction of one cent, and any balance not so distributed will be added to and treated as part of the next sum received by the depositary for distribution to record holders of depositary receipts then outstanding.

If a distribution is other than in cash, the depositary will distribute property it receives to the record holders of depositary receipts entitled thereto, in proportion, as nearly as may be practicable, to the number of depositary shares owned by the holders on the relevant record date, unless the depositary determines (after consultation with us) that it is not feasible to make such distribution, in which case the depositary may (with our approval) adopt any other method for such distribution as it deems equitable and appropriate, including the sale of such property (at such place or places and upon such terms as it may deem equitable and appropriate) and distribution of the net proceeds from such sale to the holders.

Withdrawal of Preferred Shares

Upon surrender of depositary receipts at the principal office of the depositary and payment of any unpaid amount due the depositary, and subject to the terms of the deposit agreement, the owner of the depositary shares evidenced by the depositary receipts is entitled to delivery of the number of whole preferred shares and all money and other property, if any, represented by such depositary shares. Fractional preferred shares will not be issued. If the depositary receipts delivered by the holder evidence a number of depositary shares in excess of the number of depositary shares representing the number of whole preferred shares to be withdrawn, the depositary will deliver to such holder at the same time a new depositary receipt evidencing such excess number of depositary shares. Holders of preferred shares thus withdrawn will not thereafter be entitled to deposit such shares under the deposit agreement or to receive depositary receipts evidencing depositary shares therefor.

Liquidation Preference

In the event of the liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, the holders of each depositary share will be entitled to the fraction of the liquidation preference accorded each share of the applicable series of preferred shares as set forth in the prospectus supplement.

Redemption

If the series of preferred shares represented by the applicable series of depositary shares is redeemable, such depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption, in whole or in part, of preferred shares held by the depositary. Whenever we redeem any preferred shares held by the depositary, the depositary will redeem as of the same redemption date the corresponding number of depositary shares representing the preferred shares so redeemed. The depositary will mail the notice of redemption promptly upon receipt of such notice from us and not less than 30 nor more than 90 days prior to the date fixed for redemption of the preferred shares and the depositary shares to the record holders of the depositary receipts.

Voting Rights

Promptly upon receipt of notice of any meeting at which the holders of the series of preferred shares represented by the applicable series of depositary shares are entitled to vote, the depositary will mail the information contained in such notice of meeting to the record holders of the depositary receipts as of the record date for such meeting. Each record holder of depositary receipts will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the number of preferred shares represented by that record holder's depositary shares. The depositary will, to the extent practicable, vote the preferred shares represented by the depositary shares in accordance with the instructions, and we will agree to take all action which may be deemed necessary by the depositary in order to enable the depositary to do so. The depositary will abstain from voting any of the preferred shares to the extent that it does not receive specific instructions from the holders of depositary receipts. The depositary will not be responsible for any failure to carry out any instruction to vote so long as any such action or inaction is in good faith and does not result from negligence or willful misconduct of the depositary.

Table of Contents

Conversion Rights

If we specify in a prospectus supplement governing any depositary shares that the depositary shares are convertible into our common shares or any of our other securities or property, the holders of depositary receipts may surrender them to the depositary with written instructions to instruct us to cause the conversion of the preferred shares represented by the depositary shares evidenced by such depositary receipts into whole shares of common shares or other shares of our preferred shares. Upon receipt of such instructions and any amounts payable related to the conversion, we will cause the conversion of the depositary shares using the same procedures as those provided for delivery of preferred shares to effect the conversion. If the depositary shares evidenced by depositary receipt are to be converted in part only, a new depositary receipt or receipts will be issued for any depositary shares not to be converted. We will not issue fractional shares of our common shares upon conversion, and if such conversion would result in a fractional share being issued, we will pay an amount in cash equal to the value of the fractional interest based upon the closing price of our common shares on the last business day prior to the conversion.

Amendment and Termination of Deposit Agreement

We and the depositary may agree from time to time to amend the form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement between us and the depositary. However, the holders of at least a majority of the depositary shares then outstanding must approve any amendment that materially and adversely alters the rights of those holders (other than any change in fees). No amendment may impair the right, subject to the terms of the deposit agreement, of any owner of any depositary shares to surrender the depositary receipt evidencing the depositary shares with instructions to the depositary to deliver to the holder of preferred shares and all money and other property, if any, represented thereby, except in order to comply with mandatory provisions of applicable law.

We will be permitted to terminate the deposit agreement upon not less than 30 days' prior written notice to the depositary if (i) the termination is necessary to preserve our qualification as a REIT under the Code or (ii) a majority of each series of preferred shares affected by the termination consents to it, at which time the depositary will be required to deliver or make available to each holder of depositary receipts, upon surrender of the depositary receipts held by each holder, that number of whole or fractional preferred shares as are represented by the depositary shares evidenced by those depositary receipts together with any other property held by such depositary with respect to those depositary receipts. We will agree that if we terminate the deposit agreement to preserve our qualification as a REIT under the Code, then we will use our best efforts to list the preferred shares issued upon surrender of the related depositary shares on a national securities exchange. In addition, the deposit agreement will automatically terminate if (i) all outstanding depositary shares under the agreement have been redeemed, (ii) there has been a final distribution in respect of the related preferred shares in connection with any liquidation, dissolution or winding up of Hersha Hospitality Trust and such distribution shall have been distributed to the holders of depositary receipts evidencing the depositary shares representing the preferred shares or (iii) each preferred share has been converted into shares of Hersha Hospitality Trust not so represented by depositary shares.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will pay charges of the depositary in connection with the initial deposit of the preferred shares, the initial issuance of the depositary shares, the redemption of the preferred shares and all withdrawals of preferred shares by owners of depositary shares. Holders of depositary receipts will pay transfer, income and other taxes and governmental charges and certain other charges specified in the deposit agreement to be for their accounts. In certain circumstances, the depositary may refuse to transfer depositary shares, may withhold dividends and distributions and may sell the depositary shares evidenced by such depositary receipt if the charges are not paid.

Table of Contents

Miscellaneous

The depositary will forward to the holders of depositary receipts all reports and communications from us that we deliver to the depositary and that we are required to furnish to the holders of the preferred shares. In addition, the depositary will make available for inspection by holders of depositary receipts at the principal office of the depositary, and at such other places as it may from time to time deem advisable, any reports and communications it receives from us in its capacity as the holder of preferred shares. Neither we nor the depositary assumes any obligation, nor will we be subject to any liability under the deposit agreement, to holders of depositary receipts other than for either of our negligence or willful misconduct. Neither we nor the depositary will be liable if either of us is prevented or delayed by law or any circumstance beyond our respective control in performing our respective obligations under the deposit agreement. Ours and the depositary's obligations under the deposit agreement will be limited to performance in good faith of our respective duties thereunder, and neither of us will be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or preferred shares unless satisfactory indemnity is furnished. We and the depositary may rely on written advice of counsel or accountants, on information provided by holders of the depositary receipts or other persons believed in good faith to be competent to give such information and on documents believed to be genuine and to have been signed or presented by the proper party or parties. In the event the depositary shall receive conflicting claims, requests or instructions from any holders of depositary receipts, on the one hand, and we, on the other hand, the depositary shall be entitled to act on such claims, requests or instructions received from us.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering to us notice of its election to do so, and we may at any time remove the depositary. Any such resignation or removal will take effect upon the appointment of a successor depositary and its acceptance of such appointment. Any successor depositary must be appointed within 60 days after delivery of the notice for resignation or removal and must be a bank or trust company having its principal office in the United States of America and having a combined capital and surplus of at least \$150,000,000.

Restrictions on Ownership and Transfer

In order to enable us to preserve our status as a REIT, we may take certain actions to restrict ownership and transfer of our outstanding securities, including any depositary shares. The prospectus supplement related to the offering of any depositary shares will specify any additional ownership limitation relating to the warrants being offered thereby. For a description of these restrictions, see "Restrictions on Ownership and Transfer" below.

DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of common shares or preferred shares. Warrants may be issued independently or together with any securities and may be attached to or separate from the securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent specified in the prospectus supplement governing the offering of any warrants.

The agent for warrants will act solely for us in connection with warrants of the series and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The prospectus supplement governing the issuance of any series of warrants will include specific terms relating to the offering, including, if applicable:

the title of the warrants;

the aggregate number of warrants;

the price or prices at which the warrants will be issued;

Table of Contents

the currencies in which the price or prices of the warrants may be payable;

the designation, amount and terms of the offered securities purchasable upon exercise of the warrants;

the designation and terms of the other offered securities, if any, with which the warrants are issued and the number of warrants issued with the security;

if applicable, the date on and after which the warrants and the offered securities purchasable upon exercise of the warrants will be separately transferable;

the price or prices at which, and currency or currencies in which, the offered securities purchasable upon exercise of the warrants may be purchased;

the date on which the right to exercise the warrants shall commence and the date on which