HERSHA HOSPITALITY TRUST
Form 10-Q/A
March 14, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QA

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-14765

HERSHA HOSPITALITY TRUST
(Exact Name of Registrant as Specified in Its Charter)

MARYLAND	251811499
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

148 SHERATON DRIVE, BOX A NEW CUMBERLAND, PENNSYLVANIA	17070
(Address of Registrant's Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (717) 770-2405

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

As of September 30, 2002, the number of outstanding Priority Class A Common Shares of Beneficial Interest outstanding was 2,576,101.

HERSHA HOSPITALITY TRUST

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REPORT OF INDEPENDENT ACCOUNTANT

To the Shareholders and Board of Trustees of
Hersha Hospitality Trust
New Cumberland, Pennsylvania

We have reviewed the accompanying consolidated balance sheet of Hersha Hospitality Trust and Subsidiaries as of September 30, 2002, and the related consolidated statements of operations and consolidated statements of cash flows for the three and nine month periods ended September 30, 2002 and 2001. These consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended [not presented herein]; and in our report dated March 8, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2001, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

MOORE STEPHENS, P.C.
Certified Public Accountants.

New York, New York
November 1, 2002

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
[IN THOUSANDS, EXCEPT SHARE AMOUNTS]

	SEPTEMBER 30, 2002	DECEMBER 3 2001
ASSETS:	[UNAUDITED]	
Cash and cash equivalents	$ 75	$ 1
Investment in Hotel Properties, Net of Accumulated Depreciation	83,319	88,1
Escrow and Lease Deposits	1,560	1,6
Lease Payments Receivable - Related Party	4,140	2,3
Intangibles, Net of Accumulated Amortization	964	1,5
Due from Related Party	2,084	1,8
Other Assets	487	3
TOTAL ASSETS	$ 92,629	$ 96,0

LIABILITIES AND SHAREHOLDERS' EQUITY:		
Lines of Credit	$ 2,894	$ 7,0
Deposits Payable	1,000	1,0
Mortgages Payable	53,171	54,4
Dividends Payable	1,377	1,3
Due to Related Party	1,068	1,0
Accounts Payable and Accrued Expenses	617	4
TOTAL LIABILITIES	60,127	65,3
Minority Interest	21,037	20,4
Shareholders' Equity:		
Preferred Shares, $.01 par value, 10,000 Shares authorized, None Issued and Outstanding	--	
Common Shares - Priority Class A, $.01 Par Value, 50,000,000 Shares Authorized, 2,576,101 and 2,275,000 Shares Issued and Outstanding at September 30, 2002 and December 31, 2001, Respectively (Aggregate Liquidation Preference $15,457 and $13,650, Respectively)	26	
Common Shares - Class B, $.01 Par Value, 50,000,000 Shares Authorized, -0- Shares Issued and Outstanding at September 30, 2002 and December 31, 2001, Respectively	--	
Additional Paid-in Capital	13,679	11,9
Distributions in Excess of Net Earnings	(2,240)	(1,7
TOTAL SHAREHOLDERS' EQUITY	11,465	10,2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 92,629	$ 96,0

The Accompanying Notes Are an Integral Part of This Consolidated Financial Statement.

HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001 [UNAUDITED]
[IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS]

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDE SEPTEMBER 30,	
	2002	2001	2002	200
REVENUE:				

Percentage Lease Revenues - HHMLP	$ 3,741	$ 3,053	$ 9,235	$ 7
Percentage Lease Revenues - Other	700	700	2,100	2
Interest - Related Party	63	54	175	
Other Revenue	1	2	5	
TOTAL REVENUE	4,505	3,809	11,515	10
EXPENSES:				
Interest expense	1,189	1,195	3,666	3
Land Lease - Related Party	-	4	-	
Real Estate and Personal Property Taxes and Property Insurance	262	211	774	
(Gain) Loss on Disposition of Hotel Properties	-	-	-	
General and Administrative	95	131	454	
Depreciation and Amortization	1,002	988	3,078	3
TOTAL EXPENSES	2,548	2,529	7,972	7
INCOME BEFORE MINORITY INTEREST AND DISCONTINUED OPERATIONS	1,957	1,280	3,543	2
INCOME ALLOCATED TO MINORITY INTEREST	2,131	1,071	3,099	1
DISCONTINUED OPERATIONS (NOTE 6):				
Gain on Disposition of Hotel Properties	469	-	469	
Income from Discontinued Operations	2	25	2	
NET INCOME	$ 297	$ 234	$ 915	$
EARNINGS (LOSS) PER SHARE DATA:				
Basic and Diluted - before discontinued operations	$ (0.06)	$ 0.09	$ 0.18	$
Discontinued operations	$ 0.18	$ 0.01	$ 0.19	$
Basic and Diluted Earnings Per Common Share	$ 0.12	$ 0.10	$ 0.37	$
WEIGHTED AVERAGE SHARES:				
Basic and Diluted	2,576,101	2,275,000	2,500,381	2,275

The Accompanying Notes Are an Integral Part of This Consolidated Financial Statement.

HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2002 AND 2001[UNAUDITED]
[IN THOUSANDS, EXCEPT SHARE AMOUNTS]

	NINE MONTHS ENDED SEPT. 30,	
	2002	2001

OPERATING ACTIVITIES:		
Net Income	$ 915	$ 595
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,152	3,335
Income Allocated to Minority Interest	3,099	1,611
(Gain) Loss on Disposal of Real Estate	(469)	12
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Lease and Escrow Deposits	87	(237)
Lease Payments Receivable - Related Party	(1,764)	642
Other Assets	(159)	(281)
Due from Related Party	(200)	(628)
Increase (Decrease):		
Due to Related Parties	(25)	(500)
Accounts Payable and Accrued Expenses	199	(253)
Total Adjustments	3,920	3,701
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,835	4,296
INVESTING ACTIVITIES:		
Purchase of Hotel Property Assets	(3,735)	(4,333)
Sale of Hotel Property Assets	5,997	8,826
Purchase of Intangible Assets	-	(70)
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	2,262	4,423
FINANCING ACTIVITIES:		
Proceeds from Borrowings Under Line of Credit	10,465	3,984
Repayment of Borrowings Under Line of Credit	(14,629)	(6,400)
Borrowings from Mortgages Payable	-	-
Cash Received from Stock Sales	1,711	-
Principal Repayment of Mortgages Payable	(669)	491
Dividends Paid	(1,316)	(1,229)
Limited Partnership Unit Distributions Paid	(2,751)	(2,586)
Repayment of Related Party Loans		(2,958)
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	(7,189)	(8,698)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(92)	21
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	167	-
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 75	$ 21

The Accompanying Notes Are an Integral Part of This Consolidated Financial Statement.

HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2002 AND 2001 [UNAUDITED]
[IN THOUSANDS, EXCEPT SHARE AMOUNTS]

	NINE MONTHS ENDED SEPTEMBER 30, 2002	2001
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE PERIOD:		
Interest	$3,574	$4,139

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

As of January 1, 2001, we issued an additional 531,559 units of limited partnership interest in connection with the repricing of the Holiday Inn Express, Hershey, Hampton Inn, Carlisle, Holiday Inn Express, New Columbia and the Comfort Inn, Harrisburg. The total number of units outstanding as of January 1, 2001 was 4,972,555.

On April 1, 2001, we sold the Best Western, Indiana for $2,200 to some of our executive officers, trustees and their affiliates. In conjunction with this transaction, we received cash proceeds of $400 and redeemed 76,252 limited partnership units valued at $457. The buyer also assumed the outstanding mortgage balance of $1,342.

On May 1, 2001, we sold the Comfort Inn, Denver for $2,100 to an unrelated third party. Net of settlement fees and other costs, we received $1,868. In conjunction with this transaction, we received cash proceeds of $460 and have paid down the outstanding mortgage balance of $1,408 to Shreenathji Enterprises, Ltd., a related party.

On June 1, 2001, we sold the Comfort Inn, JFK for $7,000 to an unrelated third party. Net of settlement fees and other costs, we received cash proceeds of $6,613. Based upon the initial repricing formula, we issued an additional 175,538 limited partnership units in conjunction with this transaction.

On June 1, 2001, we purchased the Mainstay Suites and Sleep Inn in King of Prussia from some of our executive officers, trustees and their affiliates. We purchased these assets for $9,445 plus settlement costs and leased them to Hersha Hospitality Management, LP ("HHMLP"). In conjunction with this transaction, we assumed the mortgage indebtedness of $6,738, assumed $1,000 of related party debt and funded the remainder of the proceeds of $1,768 from our available cash and outstanding line of credit.

On November 1, 2001, we purchased the Holiday Inn Express hotel located in Long Island City, New York. We purchased this asset for $8,500 plus settlement costs of approximately $100 and leased it to HHMLP. In conjunction with this transaction, we assumed the mortgage indebtedness of approximately $5,445, assumed $1,000 of related party debt, issued additional units for $459 and paid cash of approximately $1,600.

On November 1, 2001, we sold the Comfort Inn, McHenry, MD to some of our executive officers, trustees and their affiliates for approximately $1,800, including the assumption of approximately $1,180 in indebtedness, redemption of 55,175 limited partnership units valued at approximately $331 and cash proceeds of approximately $300.

On November 1, 2001, we sold the Comfort Inn, Riverfront, Harrisburg, PA to some of our executive officers, trustees and their affiliates for $3,400 net of selling costs, including the assumption of approximately $2,500 in indebtedness and approximately $900 in cash.

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HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2002 AND 2001 [UNAUDITED]
[IN THOUSANDS, EXCEPT SHARE AMOUNTS]
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On November 1, 2001, we sold the Holiday Inn, Milesburg, PA to a third party owner operator for approximately $4,700 less broker fees, settlement and transfer costs of $617. Net of these fees and expenses we received cash proceeds of $3,926 and paid down a related party loan receivable of $157.

As of January 1, 2002, we issued an aggregate of 333,541 additional operating partnership units in connection with the re-pricing of the Holiday Inn Express & Suites, Harrisburg, the Hampton Inn, Danville and the Hampton Inn & Suites, Hershey, Pennsylvania. The total number of units outstanding as of January 1, 2002 was 5,099,722.

The Board of Trustees approved the purchase of the Mainstay Suites, Frederick, Maryland, on February 27, 2002 to be effective January 1, 2002. We purchased this asset for $5,500 plus settlement costs of approximately $21 and leased it to HHMLP. In conjunction with this transaction, we assumed mortgage indebtedness of approximately $3,100, assumed $800 of related party debt, and paid cash of approximately $1,600. The financial position and results of operations related to the Mainstay Suites, Frederick, Maryland are included as of January 1, 2002.

Further, on February 27, 2002, the Board of Trustees also approved the sale of the Sleep Inn, Corapolis, Pennsylvania to some of our executive officers, trustees and their affiliates to be effective as of January 1, 2002. We sold this asset for $5,500, including the assumption of approximately $3,500 in indebtedness and the redemption of 327,038 limited partnership units valued at approximately $2,000. We initially purchased this property from these executive officers, trustees and their affiliates as of October 1, 2000 for $5,500, including 327,038 limited partnership units. This transaction has been accounted for as of January 1, 2002.

During the quarter ended March 31, 2002, we issued an additional 300,000 Priority Class A Common Shares. We received gross proceeds of $1,800. We received net proceeds of $1,700 after selling and offering expenses.

On September 26, 2002, we sold the Clarion Suites, Philadelphia, PA to a third party owner operator for $6,300 less transfer costs that are estimated at $93. In order to complete the sale of this hotel, the Company is currently carrying $200 of seller financing that is due and payable on October 1, 2003. This financing was completed at an interest rate of 10%. The remaining proceeds from the sale were utilized to payoff $5,997 of the Company's line of credit balance.

The quarterly dividend distribution pertaining to the Class A Priority Common Shares and limited partnership units for the second quarter ended June 30, 2002 was paid on July 26, 2002, at the rate of $0.18 per share, which represents an annualized rate of $0.72 per annum.

The Accompanying Notes Are an Integral Part of This Consolidated Financial Statement.

HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]
[IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS]

[1] ORGANIZATION AND BASIS OF FINANCIAL PRESENTATION

Hersha Hospitality Trust was formed in May 1998 to acquire equity interests in ten existing hotel properties. We are a self-administered, Maryland real estate investment trust for federal income tax purposes. On January 26, 1999, we completed an initial public offering of 2,275,000 shares of $.01 par value Priority Class A Common Shares. The offering price per share was $6, resulting in gross proceeds of $13,650. Net of underwriters discount and offering expenses, we received proceeds of $11,991. During the quarter ended March 31, 2002, we issued 300,000 shares of $.01 par value Priority Class A Common Shares. The offering price per share was $6, resulting in gross proceeds of $1,800. Net of selling and offering expenses, we received proceeds of $1,700.

Upon completion of the initial public offering, we contributed substantially all of the net proceeds to Hersha Hospitality Limited Partnership [the "Partnership"] in exchange for a 36.1% general partnership interest in the Partnership. The Partnership used these proceeds to acquire an equity interest in ten hotels [the "Initial Hotels"] through subsidiary partnerships, and to retire certain indebtedness relating to these hotels. The Partnership acquired these hotels in exchange for (i) units of limited partnership interest in the Partnership which are redeemable, subject to certain limitations, for an aggregate of 4,032,431 Priority Class B Common Shares, with a value of approximately $24,200 based on the initial public offering, and (ii) the assumption of approximately $23,300 of indebtedness of which approximately $6,100 was repaid immediately after the acquisition of the hotels. Hasu P. Shah, K. D. Patel, Kiran Patel and Neil Shah (certain of our executive officers and trustees) and their affiliates [the "Hersha Affiliates"] received units of limited partnership interests in the Partnership aggregating a 63.9% equity interest in the Partnership. The Partnership owns a 99% limited partnership interest and Hersha Hospitality, LLC ["HHLLC"], a Virginia limited liability company, owns a 1% general partnership interest in the subsidiary partnerships. The Partnership is the sole member of HHLLC.

We instituted a dividend reinvestment plan ["DRIP"] for our Priority Class A Common Shares on February 13, 2002. Our DRIP provides holders of our Priority Class A Common Shares with a convenient method of purchasing additional priority common shares without payment of any brokerage commission or service charges. Any holder of record of priority common shares is eligible to participate in the plan. Participants in the plan may have cash dividends on all or a portion of their priority common shares automatically reinvested.

The purchase price of the priority common shares purchased with reinvested cash dividends will be at a price equal to 95% of the "average market price," which means the average of the close prices of our priority common shares as reported by the American Stock Exchange for each of the five (5) trading days immediately preceding the investment date as of which such purchase is made. Shareholders who do not elect to participate in the plan will continue to receive cash dividends on shares registered in their names.

As of September 30, 2002 we had issued an additional 1,101 Priority Class A Common Shares pursuant to the DRIP. Of the total dividends payable of $464 at September 30, 2002, we paid a cash dividend of $459 and issued an additional 726 shares on October 17, 2002.

We lease 14 of our hotel facilities to Hersha Hospitality Management, LP, ["HHMLP"], a limited partnership owned by certain members of the Hersha Affiliates. HHMLP operates and leases the hotel properties pursuant to separate percentage lease agreements that provide for initial fixed rents or percentage rents based on the revenues of the hotels. The hotels are located principally in the Mid-Atlantic region of the United States. We have also entered into percentage leases with Noble Investment Group, Ltd. ["Noble"], an independent third party management company, to lease and manage four hotels in the metropolitan Atlanta market.

Since the completion of the initial public offering, we have issued an additional 173,539 units of limited partnership interest in connection with the acquisition of the Hampton Inn, Danville, PA and 76,555 units in connection with the acquisition of the Holiday Inn Express, Long Island City. We also issued an additional 1,275,662 units of limited partnership interest in connection with the final settlement of the purchase prices of several hotels and redeemed 458,465 units of limited partnership interest in connection with the sale of certain hotels. The total number of units of limited partnership interest outstanding as of September 30, 2002 and September 30, 2001, was 5,099,722 and 5,071,840, respectively.

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[2] SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION - Percentage lease income is recognized when earned from the Lessee under the agreements from the date of acquisition of each hotel property. Contingent rent is recognized when the contingency is met. Lease income is recognized under fixed rent agreements ratably over the lease term. All leases between us and the lessees are operating leases.

We recognize lease revenue for interim and annual reporting purposes on an accrual basis pursuant to the terms of the respective percentage leases and on an interim basis in accordance with the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 101 "Revenue Recognition in Financial Statements." Under the provisions of SAB 101, which we adopted in the fourth quarter of 2000, a portion of our percentage lease revenues, which historically were recognized in the first, second, and third quarters, are deferred and recognized in the fourth quarter. The adoption of SAB 101 impacts the interim reporting of revenues related to our leases, but has no impact on its interim cash flow or year-end results of operations.

MINORITY INTEREST - Minority interest in the Partnership represents the limited partners proportionate share of the equity of the Partnership. Income is allocated to minority interest based on weighted average percentage ownership throughout the year.

EARNINGS PER COMMON SHARE - We compute earnings per share in accordance with Statement of Financial Accounting Standards ["SFAS"] No. 128, "Earnings Per Share."

INCOME TAXES - We qualify as a real estate investment trust under Section 856

and 860 of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been reflected in the financial statements.

IMPAIRMENT OF LONG LIVED ASSETS - We review the carrying value of each hotel property in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144 to determine if circumstances exist indicating an impairment in the carrying value of the investment in the hotel property or if depreciation periods should be modified. Long-lived assets are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. We perform undiscounted cash flow analyses to determine if impairment exists. If an impairment is determined to exist, any related impairment loss is calculated based on fair value. Hotel properties held for sale are presented at the lower of carrying amount or fair value less cost to sell.

RECENT ACCOUNTING PRONOUNCEMENTS - On April 30, 2002, the Financial Accounting Standards Board (FASB) issued Statement No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections.

Statement 145 rescinds Statement 4, which required all gains and losses from extinguishments of debt to be aggregated and, if material, classified as an extraordinary item, net of any income tax effect. As a result, the criteria in Opinion No. 30 will now be used to classify those gains and losses. Statement 64 amended Statement 4 and is no longer necessary because Statement 4 has been rescinded.

Statement 145 amended Statement 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. This amendment is consistent with the FASB's goal of requiring similar accounting treatment for transactions that have similar economic effects.

This Statement also makes technical corrections to existing pronouncements. While those corrections are not substantive in nature, in some instances, they may change accounting practice.

In June 2002 the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities."

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[2] SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

The Company expects that the adoption of the new statements will not have a significant impact on its financial statements. It is not possible to quantify the impact until the newly issued statements have been studied.

On August 15, 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 will be effective for financial statements

issued for fiscal years beginning after June 15, 2002. An entity shall recognize the cumulative effect of adoption of SFAS No. 143 as a change in accounting principle. We are not currently affected by this Statement's requirements.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets", collectively referred to as the "Standards". SFAS No. 141 supersedes Accounting Principles Board Opinion ("APB") No. 16, "Business Combinations". SFAS No. 141 (1) requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001; (2) provides specific criteria for the initial recognition and measurement of intangible assets apart from goodwill; and (3) requires that unamortized negative goodwill be written off immediately as an extraordinary gain. SFAS No. 142 supersedes APB 17, "Intangible Assets," and is effective for fiscal years beginning after December 15, 2001.

SFAS No. 142 primarily addresses the accounting for goodwill and intangible assets subsequent to their initial recognition. SFAS No. 142 (1) prohibits the amortization of goodwill and indefinite-lived intangible assets; (2) requires testing of goodwill and indefinite-lived intangible assets on an annual basis for impairment (and more frequently if the occurrence of an event or circumstance indicates an impairment); (3) requires that reporting units be identified for the purpose of assessing potential future impairments of goodwill; and (4) removes the forty-year limitation on the amortization period of intangible assets that have finite lives. The provisions of the Standards also apply to equity-method investments made both before and after June 30, 2001. SFAS No. 141 requires that the unamortized deferred credit, related to an excess over cost arising from an investment acquired prior to July 1, 2001, accounted for using the equity method (equity-method negative goodwill), must be written-off immediately and recognized as the cumulative effect of a change in accounting principle. Equity-method negative goodwill arising from equity investments made after June 30, 2001 must be written-off immediately and recorded as an extraordinary gain. We adopted SFAS No. 142 on January 1, 2002. Going forward, we will test goodwill for impairment annually or more frequently if the occurrence of an event or circumstance indicate potential impairment.

Non-amortization of goodwill during the current three and nine months ended September 30, 2002 had a non-material impact on our net income, basic earnings per share and diluted earnings per share.

[3] COMMITMENTS AND CONTINGENCIES AND RELATED PARTY TRANSACTIONS

The Priority Class A Common Shares have priority as to the payment of dividends until dividends equal $0.72 per share on a cumulative basis and shares equally in additional dividends after the Class B Common Shares have received $0.72 per share in each annual period. The Priority Class A Common Shares carry a liquidation preference of $6.00 per share plus unpaid dividends and votes with the Class B Common Shares on a one vote per share basis. The Priority period of the Class A Shares will commence on the date of the closing of the initial public offering and end on the earlier of (i) five years after the initial public offering of the Priority Common Shares, or (ii) the date

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[3] COMMITMENTS AND CONTINGENCIES AND RELATED PARTY TRANSACTIONS [CONTINUED]

that is 15 trading days after we send notice to the holders of the Priority Common Shares, provided that the closing bid price of the Priority Common Shares is at least $7 on each trading day during such 15-day period.

Pursuant to the Hersha Hospitality Limited Partnership agreement, the limited partners have certain redemption rights that enable them to cause the partnership to redeem their units of limited partnership interest in exchange for Class B Common Shares or for cash at our election. In the event the Class B Common Shares are converted into Priority Class A Common Shares prior to redemption of the units, the units will be redeemable for Priority Class A Common Shares. If we do not exercise our option to redeem the units for Class B Common Shares, then the limited partner may make a written demand that we redeem the units for Class B Common Shares. These redemption rights may be exercised by the limited partners. At September 30, 2002 and September 30, 2001, the aggregate number of Class B Common Shares issuable to the limited partners upon exercise of the redemption rights is 5,099,722 and 5,071,840, respectively. The number of shares issuable upon exercise of the redemption rights will be adjusted upon the occurrence of stock splits, mergers, consolidation or similar pro rata share transactions, that otherwise would have the effect of diluting the ownership interest of the limited partners or our shareholders.

We are the sole general partner in the Partnership, which is the sole general partner in the Subsidiary Partnerships and, as such, are liable for all recourse debt of the Partnership to the extent not paid by the subsidiary partnerships. In the opinion of management, we do not anticipate any losses as a result of our obligations as general partner.

In conjunction with the initial public offering, we acquired the Initial Hotels and entered into percentage lease agreements with HHMLP. We have acquired twelve properties from the Hersha Affiliates that were subsequently leased to HHMLP and acquired four properties from Noble that were leased back to Noble, subsequent to our public offering. Under the percentage leases, the Partnership is obligated to pay the costs of certain capital improvements, real estate and personal property taxes and property insurance, and to make available to the lessee an amount equal to 4% [6% for some hotels] of room revenues per quarter, on a cumulative basis, for the periodic replacement or refurbishment of furniture, fixtures and equipment at these hotels. HHMLP historically has purchased and may continue to purchase a portion of this furniture, fixtures and equipment from Hersha Hotel Supply Company ["Hersha Supply"], an entity owned and controlled by the Hersha Affiliates. For the nine-month period ended September 30, 2002 and the year ended December 31, 2001, HHMLP purchased furniture, fixtures and equipment from Hersha Supply for an aggregate of approximately $521 and $666, respectively.

We have entered into percentage leases relating to 14 hotels with HHMLP. Each percentage lease has an initial non-cancelable term of five years. All, but not less than all, of the percentage leases for these 14 hotels may be extended for an additional five-year term at HHMLP's option. At the end of the first extended term, HHMLP, at its option, may extend some or all of the percentage leases for these hotels for an additional five-year term. Pursuant to the terms of the percentage leases, HHMLP is required to pay either initial fixed rent, base rent or percentage rent and certain other additional charges and is entitled to all profits from the operations of the hotels after the payment of certain specified operating expenses.

We have future lease commitments from HHMLP through June 2006. Minimum future rental income under these non-cancelable operating leases at September 30, 2002, is as follows:

December 31, 2002	$ 1,980

December 31, 2003	6,770
December 31, 2004	4,049
December 31, 2005	2,759
December 31, 2006	1,821
Thereafter	561
TOTAL	$17,940

We have entered into percentage leases relating to four hotels with Noble. Each percentage lease has an initial non-cancelable term of three years. All, but not less than all, of the percentage leases for these four hotels may be

[3] COMMITMENTS AND CONTINGENCIES AND RELATED PARTY TRANSACTIONS [CONTINUED]

extended for an additional three-year term at Noble's option. At the end of the first extended term, we or Noble may extend all, but not less than all, of the percentage leases for these hotels for an additional three-year term. Pursuant to the terms of the percentage leases, Noble is required to pay either initial fixed rent or percentage rent and certain other additional charges and is entitled to all profits from the operations of the hotels after the payment of certain specified operating expenses.

We have future lease commitments from Noble through May 19, 2003. Minimum future rental income under these non-cancelable operating leases at September 30, 2002, is as follows:

December 31, 2002	$ 700
December 31, 2003	946
Thereafer	0
TOTAL	$1,646

For the period January 1, 2002 through September 30, 2002, we earned initial fixed rents of $4,585 and earned percentage rents of $6,915. For the period January 1, 2001 through September 30, 2001, we earned initial fixed rents of $5,247 and earned percentage rents of $5,467.

The hotel properties are operated under franchise agreements assumed by the lessee that have 10 to 20 year lives but may be terminated by either the franchisee or franchisor on certain anniversary dates specified in the agreements. The agreements require annual payments for franchise royalties, reservation, and advertising services, which are calculated as a percentage of gross room revenues. These fees are paid by our lessees.

We have acquired, and expect to acquire in the future, from affiliates of certain of our executive officers and trustees, newly-developed or newly-renovated hotels that do not have an operating history that would allow us

to make purchase price decisions based on historical performance. In buying these hotels, we have utilized, and expect to continue to utilize, a "re-pricing" methodology that, in effect, adjusts the initial purchase price for the hotel, one or two years after we initially purchase the hotel, based on the actual operating performance of the hotel during the previous twelve months. All purchase price adjustments are approved by a majority of our independent trustees.

The initial purchase price for each of these hotels was based upon management's projections of the hotel's performance for one or two years following our purchase. The leases for these hotels provide for fixed initial rent for the one- or two-year adjustment period that provides us with a 12% annual yield on the initial purchase price, net of certain expenses. At the end of the one or two-year period, we calculate a value for the hotel, based on the actual net income during the previous twelve months, net of certain expenses, such that it would have yielded a 12% return. We then apply the percentage rent formula to the hotel's historical revenues for the previous twelve months on a pro forma basis. If the pro forma percentage rent formula would not have yielded a pro forma annual return to us of 11.5% to 12.5% based on this calculated value, this value is adjusted either upward or downward to produce a pro forma return of either 11.5% or 12.5%, as applicable. If this final purchase price is higher than the initial purchase price, then the seller of the hotel will receive consideration in an amount equal to the increase in price. If the final purchase price is lower than the initial purchase price, then the sellers of the hotel will return to us consideration in an amount equal to the difference. Any purchase price adjustment will be made either in operating partnership units or cash as determined by our Board of Trustees, including the independent trustees. Any operating partnership units issued by us or returned to us as a result of the purchase price adjustment historically have been valued at $6.00 per unit. Any future adjustments will be based upon a value per unit approved by our Board of Trustees, including our independent trustees. The sellers are entitled to receive quarterly distributions on the operating partnership units prior to the units being returned to us in connection with a downward purchase price adjustment.

[3] COMMITMENTS AND CONTINGENCIES AND RELATED PARTY TRANSACTIONS [CONTINUED]

Before we implemented the current pricing methodology in December 2000, our pricing methodology provided for repricing of a hotel if there was any variance from our initial forecasted 12% return. We repriced three hotels under this previous pricing methodology. As of January 1, 2000, the purchase prices for the Holiday Inn, Milesburg, Comfort Inn, Denver and the Holiday Inn Express, Riverfront were adjusted based upon the financial results of these hotels and their respective cash flows, the properties were repriced at higher aggregate values of $588, $471 and $351, respectively. Based upon the $6.00 offering price, some of our executive officers, trustees and their affiliates received an additional 98,050, 78,427 and 58,549 units of limited partnership interest for the three hotels, respectively. These hotels gave rise to an additional investment in hotel properties of $485, $388 and $290, respectively.

Some of our executive officers, trustees and their affiliates and the

independent trustees have revised the return criteria upon which the repricings are to occur going forward. The revised pricing methodology has been established in order to ensure that we receive a minimum return of 11.5% and a maximum return of 12.5% based upon audited results for the property and the pre-established percentage lease formulas.

We have acquired five hotels, since the commencement of operations, for prices that will be adjusted on either December 31, 2002, 2003 or 2004.

Based upon this revised repricing formula, the purchase prices for the Hampton Inn, Carlisle, Comfort Inn, West Hanover, Holiday Inn Express, New Columbia, and Holiday Inn Express, Hershey were adjusted based upon the financial results of the hotels for the twelve months ended December 31, 2000. Based upon the financial results of these hotels and their respective cash flows, the properties were repriced at higher aggregate values of $1,083, $694, $200 and $1,212, respectively. Based upon the $6.00 offering price, some of our executive officers, trustees and their affiliates received an additional 180,566, 115,657, 33,370 and 201,966 units of limited partnership interest for the four hotels, respectively. These hotels gave rise to an additional investment in hotel properties of $1,017, $651, $188 and $1,137, respectively. We also issued 175,538 operating partnership units at a value equal to approximately $1,000 in connection with the repricing of the Comfort Inn, Jamaica, New York located at John F. Kennedy International Airport prior to its sale in June 2001.

The purchase prices for the Holiday Inn Express and Suites, Harrisburg, Hampton Inn, Danville, and Hampton Inn and Suites, Hershey were adjusted based upon the financial results of the hotels for the twelve months ended December 31, 2001. Based upon the financial results of these hotels and their respective cash flows, the properties were repriced at higher aggregate values of $880, $1,086 and $35, respectively. Based upon the $6.00 offering price, some of our executive officers, trustees and their affiliates received an additional 146,649, 181,049 and 5,843 units of limited partnership interest for the three hotels, respectively. These hotels gave rise to an additional investment in hotel properties of $808, $997 and $32, respectively.

On February 27, 2002, the Board of Trustees approved the purchase of the Mainstay Suites, Frederick, effective as of January 1, 2002, based upon an agreed upon procedures report to be completed by an independent third party accounting firm. Upon receipt of this report, the Board of Trustees certified the transaction on May 15, 2002. We purchased this asset for $5,500 plus settlement costs of approximately $21 and leased it to HHMLP. In conjunction with this transaction, we assumed mortgage indebtedness of approximately $3,100, assumed $800 of related party debt, and paid cash of approximately $1,600. The consideration for this transaction and all applicable revenue and expense recognition has been accounted for as of January 1, 2002.

On February 27, 2002, the Board of Trustees approved the sale of the Sleep Inn, Corapolis, Pennsylvania to some of our executive officers, trustees and their affiliates for $5,500, including the assumption of approximately $3,500 in indebtedness and the redemption of 327,038 limited partnership units valued at approximately $2,000. We initially purchased this property from these executive officers, trustees and their affiliates as of October 1, 2000 for $5,500 including 327,038 limited partnership units. The sale of the Sleep Inn, Corapolis, Pennsylvania was approved effective as of January 1, 2002, based upon an agreed upon procedures report to be completed by an independent third party accounting firm. Upon receipt of this report, the Board of Trustees certified the transaction on May 15,

HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[UNAUDITED]
[IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS]

[3] COMMITMENTS AND CONTINGENCIES AND RELATED PARTY TRANSACTIONS [CONTINUED]

2002. The consideration for this transaction and all applicable revenue and expense recognition has been accounted for as of January 1, 2002.

On September 26, 2002, we sold the Clarion Suites, Philadelphia, PA to a third party owner operator for $6,300 less transfer costs that are estimated at $93. In order to complete the sale of this hotel, the Company is currently carrying $200 of seller financing that is due and payable on October 1, 2003. This financing was completed at an interest rate of 10%. The remaining proceeds from the sale were utilized to payoff $5,997 in mortgage indebtedness.

On January 26, 1999, we executed an administrative services agreement with HHMLP to provide accounting and securities reporting services for the Company. We have revised some of the terms of this administrative services agreement since its original execution. Per the revised terms of the administrative services agreement, we pay HHMLP a fixed fee of $80 plus $10 per property (prorated from the time of acquisition) for each hotel added to our portfolio. HHMLP has reduced the administrative services fee by $75 pursuant to the revised repricing methodology discussed above. As of September 30, 2002 and 2001, $131 and $133 has been charged to operations, respectively.

We have approved the lending of up to $3,000 to certain of our executive officers and trustees and their affiliates to construct hotels and related improvements on specific hotel projects at an interest rate of 12.0%. As of September 30, 2002 and 2001, certain of our executive officers and trustees and their affiliates owed us $2,000 and $1,800, respectively. Interest income from these advances was $171 and $52 for the nine months ended September 30, 2002 and 2001, respectively.

Our Due from Related Party balance was $2,084 as of September 30, 2002. The September 30, 2002 balance consisted primarily of $2,000 of development line funding, as mentioned above. The remainder of the balance of approximately $84 consisted primarily of outstanding payments related to property acquisitions and dispositions between the related parties and interest receivable.

We borrowed certain funds from Shreenathji Enterprises, Ltd. ("SEL"), an affiliated company, during the nine months ended September 30, 2002 and 2001. Our total borrowings outstanding from SEL at September 30, 2002 and 2001 were $1,024 and $1,059. We borrow from SEL at PRIME + 1.50%, per annum. We incurred related party interest expense of $46 and $17 for the nine month period ended September 30, 2002 and 2001, respectively.

[4] DEBT

Debt is comprised of the following at September 30, 2002 and December 31, 2001:

	9/30/02	12/31/01
Mortgages Payable	$ 53,171	$ 54,477
Revolving Credit Facility	2,894	7,058
Total Long Term Debt	$ 56,065	$ 61,535

======== =========

Substantially all of our long-term debt is collateralized by property and equipment and in certain situations is personally guaranteed by the Hersha Affiliates. During March 2000, we completed a portfolio refinancing of $22,050 with Lehman Brothers Bank. We have repaid $15,450 of mortgages payable and $2,000 of related party debt with proceeds from the refinancing. The remainder of the funds was utilized for acquisition of hotel properties and general corporate purposes. These funds are collateralized by seven of our hotel properties.

Outstanding borrowings under the refinancing bear interest at a annual interest rate of 8.94% and have a total loan amortization period of 23.5 years. The first eighteen months of the loan period is structured to be interest only financing with no principal payoff during the period. We have incurred one-time early prepayment penalties of $107 in connection with the portfolio refinancing.

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HERSHA HOSPITALITY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[UNAUDITED]
[IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS]

[5] EARNINGS PER SHARE

	THREE MONTHS ENDED		NINE
	SEPT. 30, 2002	SEPT. 30, 2001	SEPT. 3 2002
Income before Minority Interest and Discontinued operations	$ 1,957	$ 1,280	$ 3,
Add: Discontinued Operations	471	25	
Less: Income Attributable to Minority Interest	2,131	1,071	3,
NET INCOME FOR BASIC AND DILUTED EARNINGS PER SHARE	$ 297	$ 234	$
Weighted Average Shares for Basic and Diluted Earnings Per Share	2,576,101	2,275,000	2,500,

Options to purchase 534,000 shares of Class B common shares for the nine months ended September 30, 2002 and September 30, 2001, respectively, were outstanding but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive. Additionally, limited partnership units convertible into 5,099,722 and 5,071,840 shares of common stock on September 30, 2002 and 2001, respectively, as well as income allocated to these units of approximately $3,099 and $1,611 for the nine months then ended were not included in the computation of diluted earnings per share as the effect would have been antidilutive.

[6] DISCONTINUED OPERATIONS

On February 27, 2002, the Board of Trustees approved the sale of the Sleep Inn, Corapolis, Pennsylvania to some of our executive officers, trustees and their affiliates for $5,500, including the assumption of approximately $3,500 in indebtedness and the cancellation of 327,038 limited partnership units valued at approximately $2,000. We initially purchased this property from these executive officers, trustees and their affiliates as of October 1, 2000 for $5,500 including 327,038 limited partnership units. The sale of the Sleep Inn, Corapolis, Pennsylvania was approved effective as of January 1, 2002, based upon an agreed upon procedures report to be completed by an independent third party accounting firm. Upon receipt of this report, the Board of Trustees certified the transaction on May 15, 2002. The consideration for this transaction and all applicable revenue and expense recognition has been accounted for as of January 1, 2002. We did not recognize any gain or loss on the sale of this asset.

Total revenues related to the asset of $210 and $630 and income from discontinued operations of $11 and $45 for the three and nine months ended September 30, 2001, respectively are included in discontinued operations.

On September 26, 2002, we sold the Clarion Suites, Philadelphia, PA to a third party owner operator for $6,300 less transfer costs that are estimated at $93. In order to complete the sale of this hotel, the Company is currently carrying $200 of seller financing that is due and payable on October 1, 2003. This financing was completed at an interest rate of 10%. The remaining proceeds from the sale were utilized to payoff $5,997 of the Company's line of credit balance.

[6] DISCONTINUED OPERATIONS [CONTINUED]

Total revenues related to the asset of $165 and $528 and income from discontinued operations of $2 and $18 for the three and nine months ended September 30, 2002, respectively are included in discontinued operations. We recognized a gain of $469 in the third quarter of 2002 on the sale of the property. Total revenues related to the asset of $185 and $560 and income from discontinued operations of $14 and $7 for the three and nine months ended September 30, 2001, respectively are included in discontinued operations.

[7] UNAUDITED INTERIM INFORMATION

The accompanying financial statements have been prepared in accordance with the instructions to Form 10-Q and accordingly, do not include all of the disclosures normally required by generally accepted accounting principles. The financial information has been prepared in accordance with our customary accounting practices. In the opinion of management, the information presented reflects all adjustments [consisting of normal recurring accruals] considered necessary for a fair presentation of our financial position as of September 30, 2002, and the results of our operations for the interim periods presented. The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. The unaudited financial statements should be read in conjunction with the

financial statements and footnotes thereto included in Hersha Hospitality Trust's Annual Report on Form 10-K for the year ended December 31, 2001.

[8] SUBSEQUENT EVENTS

On October 1, 2002, we purchased the Doubletree Club hotel located at the JFK International Airport in Jamaica, New York. We purchased this asset for $11,500 and leased it to Hersha Hospitality Management, LP. In conjunction with this transaction, we assumed the mortgage and lease indebtedness of approximately $8,700, assumed $1,000 of related party debt, and issued a note payable for $1,800.

The quarterly dividend pertaining to the third quarter of 2002 was paid on October 18, 2002 at the rate of $0.18 per share, which represents an annualized rate of $0.72 per annum.

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REPORT OF INDEPENDENT ACCOUNTANT

To the Partners of
Hersha Hospitality Management L.P.
New Cumberland, Pennsylvania

We have reviewed the accompanying balance sheet of Hersha Hospitality Management L.P. as of September 30, 2002, and the related statements of operations for the three and nine months ended September 30, 2002 and 2001 and statements of cash flows for the nine months ended September 30, 2002 and 2001. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Hersha Hospitality Management L.P., as of December 31, 2001, and the related statements of operations, partners' capital, and cash flows for the year then ended [not presented herein]; and in our report dated March 8, 2002, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2001, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

MOORE STEPHENS, P.C.
Certified Public Accountants.

New York, New York

November 1, 2002

HERSHA HOSPITALITY MANAGEMENT, L.P.
BALANCE SHEETS
[IN THOUSANDS]

	SEPTEMBER 30, 2002	DECEMBER 31, 2001
	[UNAUDITED]	
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 49	$ 222
Accounts Receivable, less allowance for doubtful accounts of $144 and $230 at September 30, 2002 and December 31, 2001, respectively	694	698
Prepaid Expenses	12	34
Due from Related Party - HHLP	96	63
Due from Related Parties	1,518	1,097
Other Assets	800	252
Assets of Discontinued Operations	373	-
TOTAL CURRENT ASSETS	3,542	2,366
FRANCHISE LICENSES [NET OF ACCUMULATED AMORTIZATION OF $180 AND $149 AT SEPTEMBER 30, 2002 AND DECEMBER 31, 2001, RESPECTIVELY]	239	293
PROPERTY AND EQUIPMENT	883	1,079
CONSTRUCTION IN PROGRESS	-	8
TOTAL ASSETS	$ 4,664	$ 3,746
LIABILITIES AND PARTNERS' CAPITAL:		
CURRENT LIABILITIES:		
Accounts Payable	$ 829	$ 1,278
Accrued Expenses	556	268
Due to Related Party - HHLP	-	310
Lease Payments Payable - Related Party - HHLP	3,906	2,376
Liabilities of Discontinued Operations	71	-
TOTAL CURRENT LIABILITIES	5,362	4,232
COMMITMENTS	-	-
PARTNERS' CAPITAL	(698)	(486)
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$ 4,664	$ 3,746

The Accompanying Notes Are an Integral Part of This Financial Statement.

HERSHA HOSPITALITY MANAGEMENT, L.P.
STATEMENTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2002 AND 2001 [UNAUDITED]
[IN THOUSANDS]

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
REVENUES FROM HOTEL OPERATIONS				
Room Revenue	$7,888	$7,484	$18,930	$19,595
Restaurant Revenue	506	485	1,730	1,244
Other Revenue	706	441	1,296	1,233
TOTAL REVENUES FROM HOTEL OPERATIONS	$9,100	$8,410	$21,956	$22,072
EXPENSES:				
Hotel Operating Expenses	2,871	2,926	7,349	8,073
Restaurant Operating Expenses	459	463	1,400	1,113
Advertising and Marketing	472	570	1,513	1,475
Bad Debts (Recoveries)	-	100	-	110
Depreciation and Amortization	61	58	184	168
General and Administrative	1,282	874	3,563	2,822
General and Admin. - Related Parties	-	-	-	434
Lease Expense - HHLP	2,765	2,564	8,329	7,793
Lease Expense - Other Related Parties	-	353	-	353
TOTAL EXPENSES	$7,910	$7,908	$22,338	$22,341
Income (Loss) before Discontinued operations	$1,190	$ 502	$ (382)	$ (269)
Income (Loss) from Discontinued operations	$ 32	$ 49	$ 42	$ (57)
NET INCOME (LOSS)	$1,222	$ 551	$ (340)	$ (326)

The Accompanying Notes Are an Integral Part of This Financial Statement.

HERSHA HOSPITALITY MANAGEMENT, L.P.
STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2002 AND 2001 [UNAUDITED]
[IN THOUSANDS]

	SEPTEMBER 30, 2002	SEPTEMBER 30, 2001
OPERATING ACTIVITIES:		
Net Income (Loss)	$ (340)	$(326)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	191	178
Allowance for Doubtful Accounts	-	-
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	4	(315)
Prepaid Expenses	22	(140)
Other Assets	(548)	(14)
Due from Related Parties	(376)	490
Assets of Discontinued Operations	(373)	-
Increase (Decrease):		
Accounts Payable	(449)	(248)
Accounts Payable - Related Party	-	(60)
Lease Payments Payable - HHLP	1,530	(622)
Due to Related Parties	(310)	902
Accrued Expenses	288	279
Other Liabilities	-	(6)
Liabilities of Discontinued Operations	71	-
Total Adjustments	50	444
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(290)	118
INVESTING ACTIVITIES		
Property and Equipment	(11)	(31)
Franchise Licenses	-	(43)
NET CASH (USED) IN INVESTING ACTIVITIES	(11)	(74)
FINANCING ACTIVITIES		
Partner's Capital Contribution	128	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	128	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(173)	44
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	222	623
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 49	$ 667

The Accompanying Notes Are an Integral Part of This Financial Statement.

HERSHA HOSPITALITY MANAGEMENT, L.P.
NOTES TO FINANCIAL STATEMENTS [UNAUDITED]
[IN THOUSANDS]

[1] ORGANIZATION

Hersha Hospitality Management, L.P., ["HHMLP" or the "Lessee"], was organized under the laws of the State of Pennsylvania in May 1998 to lease and operate existing hotel properties from Hersha Hospitality Limited Partnership ["HHLP" or the "Partnership"]. The Lessee is owned by Mr. Hasu P. Shah and certain of our other executive officers, trustees and their affiliates, some of whom have ownership interests in the Partnership. We also manage certain other properties owned by some of our executive officers, trustees and their affiliates that are not owned by the Partnership as well as certain properties owned by unaffiliated third parties. HHMLP commenced operations on January 1, 1999 and as of September 30, 2002 leased 14 hotel properties from the Partnership.

[2] COMMITMENTS AND CONTINGENCIES

We have assumed the rights and obligations under the terms of existing franchise licenses relating to the hotels upon acquisition of the hotels by the partnership. The franchise licenses generally specify certain management, operational, accounting, reporting and marketing standards and procedures with which the franchisee must comply and provide for annual franchise fees based upon percentages of gross room revenues.

We have entered into percentage lease agreements ["Percentage Leases"] with HHLP. Each Percentage Lease has an initial non-cancelable term of five years and may be extended for an additional five-year term at our option. Pursuant to the terms of the Percentage Leases, we are required to pay the greater of the base rent or the percentage rent for hotels with established operating histories. The base rent is 6.5 percent of the purchase price assigned to each hotel. The percentage rent for each hotel is comprised of (i) a percentage of room revenues up to a certain threshold amount for each hotel up to which we receive a certain percentage of room revenues as a component of percentage rent, (ii) a percentage of room revenues in excess of the threshold amount, but not more than a certain incentive threshold amount for each hotel in excess of the threshold amount up to which we receive a certain percentage of the room revenues in excess of the threshold amount as a component of percentage rent (iii) a percentage for room revenues in excess of the incentive threshold amount and (iv) a percentage of revenues other than room revenues. For hotels with limited operating histories, the leases provide for the payment of an initial fixed rent for certain periods as specified in the leases and the greater of base rent or percentage rent thereafter. The leases commenced on January 26, 1999.

Minimum future lease payments due during the non-cancellable portion of the leases as of September 30, 2002 is as follows:

December 31, 2002	$1,980
December 31, 2003	6,770
December 31, 2004	4,049
December 31, 2005	2,759
December 31, 2006	1,821
Thereafter	561
TOTAL	$17,940

On January 26, 1999, we executed an administrative services agreement with HHMLP to provide accounting and securities reporting services for the Company. We have revised some of the terms of this administrative services agreement since its original execution. Per the revised terms of the administrative services

agreement, we pay HHMLP a fixed fee of $80 plus $10 per property (prorated from the time of acquisition) for each hotel added to our portfolio. HHMLP has reduced the administrative services fee by $75 pursuant to the revised repricing methodology discussed above. As of September 30, 2002 and 2001, $131 and $133 has been charged to operations, respectively.

[2] COMMITMENTS AND CONTINGENCIES [CONTINUED]

For the nine months ended September 30, 2002 and 2001 we incurred lease expense of $8,857 and $8,401, respectively. As of September 30, 2002 and 2001 the amount due to the Partnership for lease payments was $3,906 and $2,235, respectively.

[3] DISCONTINUED OPERATIONS

On September 26, 2002, Hersha Hospitality Limited Partnership ("HHLP") sold the Clarion Suites, Philadelphia, PA to a third party owner operator for $6,300 less transfer costs that are estimated at $93. We have terminated the lease with HHLP as of this date without any fees or penalties incurred by either party.

Total revenues related to the asset of $485 and $1,586 and income from discontinued operations of $32 and $42 for the three and nine months ended September 30, 2002, respectively are included in discontinued operations. Total revenues related to the asset of $537 and $1,668 and income (loss) from discontinued operations of $49 and $(57) for the three and nine months ended September 30, 2001, respectively are included in discontinued operations.

[4] UNAUDITED INTERIM INFORMATION

The accompanying financial statements have been prepared in accordance with the instructions to Form 10-Q and accordingly, do not include all of the disclosures normally required by generally accepted accounting principles. The financial information has been prepared in accordance with the Lessee's customary accounting practices. In the opinion of management, the information presented reflects all adjustments [consisting of normal recurring accruals] considered necessary for a fair presentation of our financial position as of September 30, 2002 and the results of our operations for the interim periods presented. The results of operations for the nine months ended September 30, 2002, are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. The unaudited financial statements should be read in conjunction with the financial statements and footnotes thereto included in Hersha Hospitality Trust's Annual Report on Form 10-K for the year ended December 31, 2001.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

All statements contained in this section that are not historical facts are based on current expectations. This includes statements regarding our 2002 anticipated revenues, expenses and returns, and future capital requirements. Words such as "believes", "expects", "anticipates", "intends", "plans" and "estimates" and variations of such words and similar words also identify forward-looking statements. Such statements are forward-looking in nature and involve a number of risks and uncertainties, including the risks described under the caption "Risk Factors" in our registration statement on Form S-11 (File No. 333-56087). Our actual results may differ materially. We caution you not to place undue reliance on any such forward-looking statements. We assume no obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances.

Hersha Hospitality Trust was formed in May 1998 to own initially ten hotels in Pennsylvania and to continue the hotel acquisition and development strategies of Hasu P. Shah, Chairman of the board of trustees and Chief Executive Officer of our Company. We are a self-advised Maryland real estate investment trust for federal income tax purposes.

We completed an initial public offering of two million of our Class A Priority Common Shares at $6.00 per share and commenced operations on January 26, 1999. On February 5, 1999, we sold an additional 275,000 Class A Priority Common Shares pursuant to an over allotment option granted to the underwriter in our initial public offering. During the quarter ended March 31, 2002, we sold an additional 300,000 Class A Priority Common Shares. Our Priority Class A Common Shares are traded on the American Stock Exchange under the symbol "HT."

We contributed substantially all of the net proceeds from our initial public offering to our operating partnership subsidiary, Hersha Hospitality Limited Partnership, of which we are the sole general partner. We currently own a 33.6% partnership interest in that partnership. With the proceeds of our initial public offering, we caused the partnership to acquire ten hotels in exchange for (i) 4,032,431 subordinated units of limited partnership interest in the partnership that are redeemable for the same number of Class B Common Shares with a value of approximately $24,200 based on the initial public offering price, and (ii) the assumption of approximately $23,300 of indebtedness of which approximately $6,100 was repaid immediately after the acquisition of the hotels.

Since the completion of the initial public offering, we have issued an additional 173,539 units of limited partnership interest in connection with the acquisition of the Hampton Inn, Danville, PA and 76,555 units in connection with the acquisition of the Holiday Inn Express, Long Island City. We have also issued an additional 1,275,662 units of limited partnership interest in connection with final settlement of the purchase prices of several hotels and have redeemed 458,465 units of limited partnership interest in connection with the sale of certain hotels. The total number of units of limited partnership interest outstanding as of September 30, 2002 and 2001 was 5,099,722 and 5,071,840, respectively.

We have acquired five hotels, since the commencement of operations, for prices that will be adjusted at either December 31, 2002, 2003 or 2004.

The initial purchase price for each of these hotels was based upon management's projections of the hotel's performance for one or two years following our purchase. The leases for these hotels provide for fixed initial rent for the one or two-year adjustment period that provides us with a 12% annual yield on the initial purchase price, net of certain expenses. At the end

of the one or two-year period, we calculate a value for the hotel, based on the actual net income during the previous twelve months, net of certain expenses, such that it would have yielded a 12% return. We then apply the percentage rent formula to the hotel's historical revenues for the previous twelve months on a pro forma basis. If the pro forma percentage rent formula would not have

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yielded a pro forma annual return to us of 11.5% to 12.5% based on this calculated value, this value is adjusted either upward or downward to produce a pro forma return of either 11.5% or 12.5%, as applicable. If this final purchase price is higher than the initial purchase price, then the seller of the hotel will receive consideration in an amount equal to the increase in price. If the final purchase price is lower than the initial purchase price, then the sellers of the hotel will return to us consideration in an amount equal to the difference. Any purchase price adjustment will be made either in operating partnership units or cash as determined by our Board of Trustees, including the independent trustees. Any operating partnership units issued by us or returned to us as a result of the purchase price adjustment historically have been valued at $6.00 per unit. Any future adjustments will be based upon a value per unit approved by our Board of Trustees, including our independent trustees. The sellers are entitled to receive quarterly distributions on the operating partnership units prior to the units being returned to us in connection with a downward purchase price adjustment.

On February 27, 2002, the Board of Trustees approved the purchase of the Mainstay Suites, Frederick, effective as of January 1, 2002, based upon an agreed upon procedures report to be completed by an independent third party accounting firm. Upon receipt of this report, the Board of Trustees certified the transaction on May 15, 2002. We purchased this asset for $5,500 plus settlement costs of approximately $21 and leased it to HHMLP. In conjunction with this transaction, we assumed mortgage indebtedness of approximately $3,100, assumed $800 of related party debt, and paid cash of approximately $1,600. The consideration for this transaction and all applicable revenue and expense recognition has been accounted for as of January 1, 2002.

On February 27, 2002, the Board of Trustees approved the sale of the Sleep Inn, Corapolis, Pennsylvania to some of our executive officers, trustees and their affiliates for $5,500, including the assumption of approximately $3,500 in indebtedness and the redemption of 327,038 limited partnership units valued at approximately $2,000. We initially purchased this property from these executive officers, trustees and their affiliates as of October 1, 2000 for $5,500 including 327,038 limited partnership units. The sale of the Sleep Inn, Corapolis, Pennsylvania was approved effective as of January 1, 2002, based upon an agreed upon procedures report to be completed by an independent third party accounting firm. Upon receipt of this report, the Board of Trustees certified the transaction on May 15, 2002. The consideration for this transaction and all applicable revenue and expense recognition has been accounted for as of January 1, 2002.

As of November 1, 2002, we owned five Hampton Inn hotels, one Hampton Inn & Suites hotel, one Holiday Inn hotel, one Holiday Inn Express and Suites hotel, four Holiday Inn Express hotels, one Comfort Inn hotel, one Comfort Suites hotel, two Mainstay Suites hotels, one Sleep Inn hotel and one Doubletree Club hotel, which contain an aggregate of 1,594 rooms.

RESULTS OF OPERATIONS, NINE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO SEPTEMBER 30, 2001 ($'s in thousands)

Our revenues for the nine months ended September 30, 2002 and 2001, substantially consisted of percentage lease revenues recognized pursuant to the percentage leases. Percentage lease revenues during the nine month period ended September 30, 2002 were $11,335 an increase of $1,391, or 14.0%, as compared to percentage lease revenues of $9,944 for the same period during 2001. The improvement in lease revenues is primarily attributable to additional percentage lease revenues derived from the Holiday Inn New Cumberland, Hampton Inn & Suites, Hershey and other existing properties and from a full nine months of operations at the Mainstay Suites and Sleep Inn, King of Prussia that was acquired on June 1, 2001.

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Net income increased by $320 or 53.8% to $915, for the nine months ended September 30, 2002 as compared to net income of $595 for the same period during 2001. The increase in net income is primarily attributable to an increase in percentage lease revenues in addition to a decrease in interest expense and depreciation expense and a gain of $469 on the sale of the Clarion Suites, Philadelphia, PA. Net income was offset by an increased income allocation to the Minority Interest holders to $3,099 from $1,611 for the same period during 2001.

HHMLP's room revenues from the hotels decreased by $665, or 3.4%, to $18,930 for the nine months ended September 30, 2002, as compared to $19,595 for the same period in 2001. This decrease in revenues is primarily attributable to a decrease in the number of hotel properties leased and managed during the period. Room revenues were slightly offset by an increase in occupancies from 58.7% to 63.0% and an increase in revenues per available room from $44.29 to $50.66.

The Lessee maintains the ability to borrow funds from related entities, partners and shareholders. The Lessee's borrowing costs range from 8.5% on short-term loans to 10.5% on longer term loans.

The following table shows certain other information for the periods indicated.

	NINE MONTHS ENDED SEPTEMBER 30, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2001
Occupancy rate	63.0%	58.7%
ADR	$ 80.44	$ 75.43
REVPAR	$ 50.66	$ 44.29
Room revenue	20,357,036	21,115,384
Room nights available	401,866	476,806
Room nights occupied	253,073	279,951

RESULTS OF OPERATIONS, THREE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO SEPTEMBER 30, 2001 ($'S IN THOUSANDS)

Our revenues for the three months ended September 30, 2002 and 2001, substantially consisted of percentage lease revenues recognized pursuant to the percentage leases. Percentage lease revenues during the three month period ended September 30, 2002 were $4,441 an increase of $688, or 18.3%, as compared to percentage lease revenues of $3,753 for the same period during 2001.

The improvement in lease revenues is primarily attributable to additional percentage lease revenues derived from the Holiday Inn New Cumberland, Hampton Inn & Suites, Hershey and other existing properties.

Lease revenues were slightly higher for several properties due to the methodology change in percentage lease revenue recognition versus straight-line revenue recognition. The Holiday Inn Express and Suites, Harrisburg, Hampton Inn, Danville and Hampton Inn & Suites, Hershey were repriced on January 1, 2002. These properties now receive percentage lease revenues based upon a percentage lease formula. During each quarter of the fiscal year ended December 31, 2001, all of these properties received an equivalent amount of fixed lease revenues although the properties were seasonal in nature. Due to the seasonality of the hotels that were repriced, we will receive a higher portion of the total lease payments during the second and third quarters and lower lease revenues during the first and fourth quarters.

Net income increased by $63 or 26.9% to $297, for the three months ended September 30, 2002 as compared to net income of $234 for the same period during 2001. The increase in net income is primarily attributable to higher percentage lease revenues as described above, and decreased interest expense. The increase

in net income was also attributable to a gain of $469 attributable to the sale of the Clarion Suites, Philadelphia, PA. Net income was offset by an increased income allocation to the Minority Interest holders to $2,131 from $1,071 for the same period during 2001.

HHMLP's room revenues from the hotels increased by $404, or 4.3%, to $7,888 for the three months ended September 30, 2002, as compared to $7,484 for the same period in 2001.

This increase in revenues is primarily attributable to an increase in occupancies from 66.4% to 70.1% and a increase in revenues per available room from $54.07 to $64.13.

HHMLP maintains the ability to borrow funds from related entities, partners and shareholders. The Lessee's borrowing costs range from 8.5% on short-term loans to 10.5% on longer term loans.

The following table shows certain other information for the periods indicated.

	THREE MONTHS ENDED SEPTEMBER 30, 2002	THREE MONTHS ENDED SEPTEMBER 30, 2001
Occupancy rate	70.1%	66.4%
ADR	$ 90.36	$ 81.46
REVPAR	$ 64.13	$ 54.07
Room revenue	8,337,088	7,993,149
Room nights available	129,996	147,842
Room nights occupied	92,266	98,120

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of cash to meet our cash requirements, including distributions to shareholders, is our share of the Partnership's cash flow. The Partnership's principal source of revenue is rent payments under the percentage leases with HHMLP and Noble. The lessee's obligations under the leases are unsecured. The lessee's ability to make rent payments, and our liquidity, including our ability to make distributions to common shareholders, is dependent on the lessee's ability to generate sufficient cash flow from the operation of the hotels.

We note that industry analysts and investors use Funds From Operations ("FFO") as a tool to compare equity REIT performance. In accordance with the resolution adopted by the Board of Governors of the National Association of Real Estate Investments Trusts ("NAREIT"), FFO represents net income (loss) (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from debt restructuring or sales of property, plus depreciation, and after adjustments for unconsolidated partnerships and joint ventures. FFO was $6,697 in the nine months ended September 30, 2002, which is an increase of $1,144, or 20.6 % over FFO in the comparable period in 2001, which was $5,553. The increase in FFO can be attributed to increased lease revenues and decreased interest expense costs as mentioned above.

FFO presented herein is not necessarily comparable to FFO presented by other real estate companies due to the fact that not all real estate companies use the same definition. However, our FFO is comparable to the FFO of the real estate companies that use the current definition of NAREIT.

We expect to meet our short-term liquidity requirements generally through net cash provided by operations, existing cash balances and, if necessary, short-term borrowings under a secured line of credit. We believe that our net cash provided by operations will be adequate to fund both operating requirements and payment of dividends by us in accordance with REIT requirements.

We expect to meet our long-term liquidity requirements, such as scheduled debt maturities and property acquisitions, through long-term secured and unsecured borrowing, the issuance of additional equity securities of the Company, or, in connection with acquisitions of hotel properties, issuance of Units in the Partnership.

We intend to make additional investments in hotel properties and may incur, or cause the Partnership to incur, indebtedness to make such investments or to meet distribution requirements imposed on a REIT under the Internal Revenue Code to the extent that working capital and cash flow from our investments are insufficient to make such distributions. Our policy is to limit consolidated indebtedness to less than 67% of the total purchase prices paid by us for the hotels in which we have invested. However, our organizational documents do not limit the amount of indebtedness that we may incur and our board of trustees may modify the debt policy at any time without shareholder approval.

The hotel business is seasonal, with hotel revenue generally greater in the second and third quarters than in the first and fourth quarters. To the extent that cash flow from operating activities is insufficient to provide all of the estimated quarterly distributions, we anticipate that we will be able to fund any such deficit from future working capital.

INFLATION

Operators of hotels in general possess the ability to adjust room rates quickly. However, competitive pressures may limit the lessee's ability to raise room rates in the face of inflation, and annual increases in average daily rates have failed to keep pace with inflation.

SEASONALITY

Our hotels' operations historically have been seasonal in nature, reflecting higher occupancy rates during the second and third quarters. This seasonality can be expected to cause fluctuations in our quarterly lease revenue to the extent that we receive percentage rent.

SUBSEQUENT EVENTS

On October 1, 2002, we purchased the Doubletree Club hotel located at the JFK International Airport in Jamaica, New York. We purchased this asset for $11,500 and leased it to Hersha Hospitality Management, LP. In conjunction with this transaction, we assumed the mortgage and lease indebtedness of approximately $8,700, assumed $1,000 of related party debt, and issued a note payable for $1,800.

The quarterly dividend pertaining to the third quarter of 2002 was paid on October 18, 2002 at the rate of $0.18 per share and represents an annualized rate of $0.72 per annum.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to the general instructions to Item 305 of Regulation S-K, the quantitative and qualitative disclosures called for by this Item 3 and by Rule 305 of Regulation S-K are inapplicable to our Company at this time.

ITEM 4. CONTROLS AND PROCEDURES

Within the 90 days prior to the filing date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, Hasu P. Shah, and Chief Financial Officer, Ashish R. Parikh, of the effectiveness of the

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design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 under the Securities Exchange Act of 1934. Based upon that evaluation, the Company's Chief Executive Officer, Hasu P. Shah, and Chief Financial Officer, Ashish R. Parikh, concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

Since the date of the evaluation, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

None.

(b) REPORTS ON FORM 8-K

We filed a report on Form 8-K on August 14, 2002 under Item 9 in order to file the certifications required under Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HERSHA HOSPITALITY TRUST

November 14, 2002

/s/ Ashish R. Parikh

Ashish R. Parikh
Chief Financial Officer

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CHIEF EXECUTIVE OFFICER CERTIFICATION FOR FORM 10-Q

I, Hasu P. Shah, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hersha Hospitality Trust;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its

consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Hasu P. Shah

Hasu P. Shah
Chief Executive Officer

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CHIEF FINANCIAL OFFICER CERTIFICATION FOR FORM 10-Q

I, Ashish R. Parikh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hersha Hospitality Trust;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Ashish R. Parikh

Ashish R. Parikh
Chief Financial Officer