

HERSHA HOSPITALITY TRUST  
Form DEF 14A  
April 24, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to (S)240.14a-12

**Hersha Hospitality Trust**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total Fee Paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

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Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:
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**Hersha Hospitality Trust**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 25, 2006**

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To the shareholders of  
HERSHA HOSPITALITY TRUST

The annual meeting of the shareholders (the "Annual Meeting") of Hersha Hospitality Trust (the "Company"), will be held at the Penn Mutual Towers, 510 Walnut Street, 9th floor, Philadelphia, Pennsylvania 19106 on May 25, 2006, at 9:00 a.m. Eastern Standard Time, for the following purposes:

- (1) To elect Class I Trustees to serve until the Annual Meeting of shareholders in 2007; and
- (2) Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm to serve for 2006; and
- (3) To transact such other business as may properly come before the Annual Meeting and any adjournments thereof.

Only shareholders of the Company of record as of the close of business on March 31, 2006, will be entitled to notice of, and to vote at, the Annual Meeting and any adjournments thereof.

There is enclosed, as a part of this Notice, a Proxy Statement that contains further information regarding the Annual Meeting and the nominees for election to the Board of Trustees of the Company.

In order that your shares may be represented at the Annual Meeting, you are urged to promptly complete, sign, date and return the accompanying Proxy in the enclosed envelope, whether or not you plan to attend the Annual Meeting. If you attend the Annual Meeting in person, you may vote personally on all matters brought before the Annual Meeting even if you have previously returned your proxy.

BY ORDER OF THE BOARD OF TRUSTEES

Kiran P. Patel  
*Secretary*

148 Sheraton Drive  
New Cumberland, Pennsylvania 17070  
April 25, 2006

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**HERSHA HOSPITALITY TRUST**

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**PROXY STATEMENT  
ANNUAL MEETING OF SHAREHOLDERS  
To Be Held May 25, 2006**

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**GENERAL INFORMATION**

This Proxy Statement is provided in connection with the solicitation of proxies by the Board of Trustees of Hersha Hospitality Trust (the “Company”) for use at the annual meeting of shareholders to be held on May 25, 2006 (“Annual Meeting”) and at any adjournments thereof. The mailing address of the principal executive offices of the Company is 148 Sheraton Drive, Box A, New Cumberland, Pennsylvania 17070. This Proxy Statement and the Proxy Form, Notice of Meeting and the Company’s annual report to shareholders, all enclosed herewith, are first being mailed to the shareholders of the Company on or about March 31, 2006.

**THE PROXY**

The solicitation of proxies is being made primarily by the use of standard mail. The cost of preparing and mailing this Proxy Statement and accompanying material, and the cost of any supplementary solicitations, which may be made by mail, telephone or personally by employees of the Company, will be borne by the Company. The shareholder giving the proxy has the power to revoke it by delivering written notice of such revocation to the Secretary of the Company prior to the Annual Meeting or by attending the meeting and voting in person. The proxy will be voted as specified by the shareholder in the spaces provided on the Proxy Form or, if no specification is made, it will be voted for the election of all of the nominees as trustees. In voting by proxy in regard to the election of the trustees, shareholders may vote in favor of the nominees, withhold their votes as to the nominees or withhold their votes as to a specific nominee.

No person is authorized to give any information or to make any representation not contained in this Proxy Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Proxy Statement does not constitute the solicitation of a proxy, in any jurisdiction, from any person to whom it is unlawful to make such solicitation in such jurisdiction. The delivery of this Proxy Statement shall not, under any circumstances, imply that there has not been any change in the information set forth herein since the date of the Proxy Statement.

Each outstanding common share of beneficial interest, \$.01 par value (a “Common Share”), is entitled to one vote. Cumulative voting is not permitted. Only shareholders of record at the close of business on March 31, 2006 will be entitled to notice of and to vote at the Annual Meeting and at any adjournments thereof. At the close of business on March 31, 2006, the Company had outstanding 20,379,463 Common Shares.

No specific provisions of the Company’s Declaration of Trust or Bylaws address the issue of abstentions or broker non-votes. Brokers holding shares for beneficial owners must vote those shares according to the specific instructions they receive from the owners. However, brokers or nominees holding shares for a beneficial owner may not have discretionary voting power and may not have received voting instructions from the beneficial owner with respect to voting on certain proposals. In such cases, absent specific voting instructions from the beneficial owner, the broker may not vote on these proposals. This results in what is known as a “broker non-vote.” A “broker non-vote” has the effect

of a negative vote when a majority of the shares outstanding and entitled to vote is required for approval of a proposal, and “broker non-votes” will not be counted as votes cast but will be counted for the purpose of determining the existence of a quorum. Because the election of trustees is a routine matter for which specific instructions from beneficial owners will not be required, no “broker non-votes” will arise in the context of the election of trustees.

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## OWNERSHIP OF THE COMPANY'S COMMON SHARES

### Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of common shares by (i) each shareholder known by us to beneficially own more than five percent of our common shares, (ii) each of our trustees and executive officers, and (iii) all of our trustees and executive officers as a group, each as of March 31, 2006. Unless otherwise indicated, all shares are owned directly, and the indicated person has sole voting and investment power. The number of outstanding common shares at March 31, 2006 was 20,379,463. This table assumes that all limited partnership units held by such person or group of persons are redeemed for common shares. The total number of shares outstanding used in calculating the percentage assumes that none of the limited partnership units held by other persons are redeemed for common shares.

Name of Beneficial Owner	Number of Common Shares	Percent of Class
<b>Persons Believed to Own In Excess of 5% of Common Shares</b>		
Deutsche Bank AG and RREEF America, L.L.C.(1) Taunusanlage 12, D-60325 Frankfurt am Main Federal Republic of Germany	3,073,000	15.08%
Kensington Investment Group, Inc. (2) 4 Orinda Way, Suite 200C Orinda, CA 94563	2,388,500	11.72%
Delaware Management Holdings (3) 2005 Market Street Philadelphia PA 19103	1,832,900	8.99%
Teachers Insurance and Annuity Association of America(4) 730 Third Avenue New York, NY 10017	1,096,783	5.38%
<b>Officers and Trustees:</b>		
Hasu P. Shah(5)	334,600	1.62%
Jay H. Shah(6)	920,435	4.33%
Neil H. Shah(7)	872,379	4.11%
K.D. Patel(8)	420,729	2.02%
Kiran P. Patel(9)	161,563	*
David L. Desfor(10)	125,391	*
Ashish R. Parikh(11)	24,079	*
John M. Sabin	1,919	*
Thomas S. Capello	5,819	*
Donald J. Landry	2,919	*
Michael A. Leven	4,919	*
William Lehr Jr.	3,029	*
Shreenathji Enterprises, Ltd. (12)	15,454	*
<b>Total for all officers and trustees (12 persons)(13):</b>	<b>2,893,235(14)</b>	<b>12.52%</b>

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- \* Less than 1%
- (1) Based solely on Amendment No. 4 to Schedule 13G filed on February 8, 2006.
  - (2) Based solely on Schedule 13G filed on February 9, 2006.
  - (3) Based solely on Amendment No. 2 to Schedule 13G filed on February 9, 2006.

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- (4) Based solely on Schedule 13G filed on February 13, 2006.
- (5) Includes 286,600 limited partnership units in HHLP and 10,000 restricted shares, all or some of which may not be vested. Includes common shares owned by Shree Associates, a family limited partnership controlled by Hasu P. Shah.
- (6) Includes 894,035 limited partnership units in HHLP and 25,000 restricted shares, all or some of which may not be vested.
- (7) Includes 855,379 limited partnership units in HHLP and 15,000 restricted shares, all or some of which may not be vested.
- (8) Includes 410,729 limited partnership units in HHLP.
- (9) Includes 150,563 limited partnership units in HHLP and 1,000 restricted shares, all or some of which may not be vested.
- (10) Includes 118,591 limited partnership units in HHLP and 5,000 restricted shares, all or some of which may not be vested.
- (11) Includes 6,579 limited partnership units in HHLP and 15,000 restricted shares, all or some of which may not be vested.
- (12) Shreenathji Enterprises, Ltd. (“SEL”) is a limited partnership owned by Hasu P. Shah (27%), Kiran P. Patel (13%), Bharat C. Mehta (15%), Kanti D. Patel (15%), Jay H. Shah (15%) and Neil H. Shah (15%). SEL acquired these limited partnership units in HHLP in exchange for contributions of hotel properties to the Partnership.
- (13) Includes the limited partnership units in HHLP owned by Shreenathji Enterprises, Ltd.
- (14) Includes 2,737,930 limited partnership units in HHLP and 71,000 restricted shares, all or some of which may not be vested.

### BOARD OF TRUSTEES AND EXECUTIVE OFFICERS

Certain information regarding the Company’s trustees and executive officers is set forth below.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Hasu P. Shah (Class II)	61	Chairman of the Board and Trustee
Jay H. Shah (Class I)	37	Chief Executive Officer and Trustee
Neil H. Shah	32	President and Chief Operating Officer
Ashish R. Parikh	36	Chief Financial Officer
Michael R. Gillespie	33	Chief Accounting Officer
Kiran P. Patel	56	Corporate Secretary
David L. Desfor	44	Treasurer
K.D. Patel (Class II)	62	Trustee
John M. Sabin (Class II)	51	Independent Trustee
Michael A. Leven (Class II)	68	Independent Trustee
William Lehr, Jr. (Class I)	65	Independent Trustee