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HERSHA HOSPITALITY TRUST
Form DEF 14A
April 22, 2004

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 [X]
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 Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
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4) Date Filed:

HERSHA HOSPITALITY TRUST

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 27, 2004

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 Hampton Inn Hotel at 501 West Edgar Road, Linden NJ on Thursday, May 27, 2004, at 10:00 a.m., Eastern Standard Time, for the following purposes:

- (1) To elect Class I Trustees to serve until the Annual Meeting of shareholders in 2006;
- (2) To approve the Hersha 2004 Equity Incentive Plan; 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, 2004, 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 20, 2004

HERSHA HOSPITALITY TRUST

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PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 27, 2004

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 27, 2004 ("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 April 20, 2004.

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. In voting by proxy in regard to the Hersha 2004 Equity Incentive Plan, shareholders may vote in favor of or against the plan.

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, 2004 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, 2004, the Company had outstanding 13,571,665 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

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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. However, broker non-votes and abstentions will be equivalent to votes against the 2004 Equity Incentive Plan.

REPORTS OF BENEFICIAL OWNERSHIP

Under federal securities laws, the Company's trustees and executive officers are required to report their ownership of Common Shares and any changes in ownership to the Securities and Exchange Commission (the "SEC"). These persons are also required by SEC regulations to furnish the Company with copies of these reports. Based solely on a review of the copies of such reports received by it, or written representations from certain reporting persons that no reports were required for those persons, the following reports required by Section 16(a) of the Exchange Act during 2003 were not timely filed:

Trustee or Officer -----	Description -----
Jay H. Shah (President and Chief Operating Officer)	Mr. Jay Shah failed to file a Form 3 upon becoming President and Chief Operating Officer as of September 3, 2003.
K.D. Patel (Trustee)	Mr. K.D. Patel failed to timely file a Form 4 reporting his redemption for of 362,197 units of limited partnership in our operating partnership as of October 22, 2003. This Form 4 was filed on January 5, 2004.
Nayana Gandhi (former owner of more than 10% of common shares)	Ms. Gandhi failed to file a Form 4 reporting her redemption for cash of 281,148 units of limited partnership in our operating partnership as of October 22, 2003. As of that date, Ms. Gandhi no longer owns more than 10% of our outstanding common shares.

OWNERSHIP OF THE COMPANY'S PRIORITY 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 18, 2004. 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 18, 2004 was 13,571,665. This table assumes that all limited partnership units held by such person or group of persons are redeemed for common shares or, in the case of CNL, exchanged 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. Limited partnership units generally are not redeemable for common shares until at least one year following the issuance of such units.

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NAME OF BENEFICIAL OWNER -----	NUMBER OF SHARES -----	PERCENT OF CLASS -----
PERSONS BELIEVED TO OWN IN EXCESS OF 5% OF COMMON SHARES		
CNL Hospitality Partners, L.P. (1) CNL Center at City Commons 450 South Orange Avenue Orlando, Florida 32801-3336	4,008,601	22.80%

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NAME OF BENEFICIAL OWNER -----	NUMBER OF SHARES -----	PERCENT OF CLASS -----
Deutsche Bank AG and RREEF America, L.L.C.(2) Taunusanlage 12, D-60325 Frankfurt am Main Federal Republic of Germany	1,281,500	9.44%
Security Capital Research & Management Incorporated (3) 11 South LaSalle Street, 2nd Floor, Chicago, Illinois 60603	831,300	6.13%
Delaware Management Holdings(4) 2005 Market Street Philadelphia PA 19103	797,800	5.88%
K.G. Redding & Associates, LLC (5) One North Wacker Drive, Suite 4343 Chicago, IL 60606-2841	1,645,100	12.12%
OFFICERS AND TRUSTEES:		
Hasu P. Shah(6)	243,837	1.76%
Neil H. Shah(6)	690,905	4.84%
Jay H. Shah(6)	742,719	5.19%
K.D. Patel(6)	282,393	2.04%
Kiran P. Patel(6)	46,969	*
David L. Desfor(7)	90,786	*
Ashish R. Parikh	2,500	*
John M. Sabin	500	*
Thomas S. Capello	7,400	*
Donald J. Landry	-	-
Michael A. Leven	2,500	*
William Lehr Jr.	1,610	*
Shreenathji Enterprises, Ltd.(6)(8)	15,454	*
TOTAL FOR ALL OFFICERS AND TRUSTEES (12 PERSONS) (9):	2,127,573	13.46%