



**Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review**

In preparing its financial results for the quarter and year ended December 31, 2004, Hersha Hospitality Trust ("Hersha") concluded that there were accounting errors during the 2004 fiscal year that are being corrected in the fourth quarter. Certain of these adjustments impacted the previously filed financial results for the quarters ending March 31, June 30 and September 30, 2004.

The more significant adjustments to the quarterly financial statements included the following:

- additional lease expense related to the amortization of payments under a ground lease at one of its properties on a straight line basis;
- additional depreciation expense related to the recognition of this expense over the proper asset life assigned to certain equipment acquired during the fiscal year;
- properly recognize asset management revenue from a joint venture during each quarter rather than at the end of the fiscal year;
  - adjustments to certain prepaid expenses to properly match the appropriate periods of benefit;
  - additional expense accruals for income taxes not recognized during each quarter; and
- a loss on an interest rate swap during the fourth fiscal quarter that actually related to the third fiscal quarter.

Hersha will include the restated results for the applicable quarters and additional detail in its Annual Report on Form 10-K for the year ended December 31, 2004, which will be filed no later than March 16, 2005. In the interim, investors should no longer rely on the financial statements currently on file with the SEC in Hersha's Forms 10-Q for the applicable quarters.

On March 4, 2005 Hersha's senior management discussed the matter disclosed in this report with the Company's independent accountant.

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**SIGNATURE**

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**

Date: March 10, 2005

By: Ashish R. Parikh  
Ashish R. Parikh  
Chief Financial Officer

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