

News Release

PEBBLEBROOK HOTEL TRUST SUBMITS REVISED HIGHER OFFER TO ACQUIRE LASALLE HOTEL PROPERTIES

Offer Represents a Premium of 13% Over LaSalle's Sale Agreement with Blackstone

BETHESDA, MD, JUNE 11, 2018 – Pebblebrook Hotel Trust (NYSE: PEB) (“Pebblebrook”) today released an offer letter dated June 11, 2018 to the Board of Trustees of LaSalle Hotel Properties (NYSE: LHO) (“LaSalle”) in which Pebblebrook submitted a revised merger proposal for a strategic combination with LaSalle. This offer was unanimously approved by Pebblebrook's Board of Trustees.

The offer for 100% of LaSalle's outstanding common shares represents an implied price of \$37.80 per LaSalle common share based on a fixed exchange ratio of 0.92 Pebblebrook common share for each LaSalle common share and Pebblebrook's 5-day VWAP as of June 8, 2018.¹ The offer provides a premium of 13% over the \$33.50 per share price in LaSalle's agreement with Blackstone. Pebblebrook's offer takes into account the \$112 million cost of the termination fee LaSalle agreed to pay to Blackstone.

“The Board of Pebblebrook remains convinced that a strategic combination with LaSalle represents a value-maximizing opportunity for the shareholders of both LaSalle and Pebblebrook,” said Jon E. Bortz, Chairman, President and Chief Executive Officer of Pebblebrook Hotel Trust. “The performance of both LaSalle's and Pebblebrook's shares since LaSalle's May 21st announcement of its sale agreement with Blackstone at \$33.50 per share is evidence that the investment community and both LaSalle's and Pebblebrook's shareholders wholeheartedly agree with us. In fact, we are not aware of any listed equity REIT M&A transactions since 2006² in which a target has agreed to a cash offer at a discount of greater than 1% compared to a competing share or share/cash offer.”

Pebblebrook's offer provides LaSalle's common shareholders with the option for each share to elect to receive \$37.80 per share in cash instead of Pebblebrook shares, subject to a cap of 20% of LaSalle shares receiving cash and customary pro ration if the number of LaSalle holders electing to receive cash instead of stock is oversubscribed. The per share cash amount is fixed at \$37.80 and was calculated by multiplying the fixed exchange ratio of 0.92 and Pebblebrook's 5-day VWAP of \$41.09 as of June 8, 2018.

“Our offer is without a doubt a superior proposal to the sale agreement LaSalle executed with Blackstone,” Bortz continued. “It provides both immediate and long-term value for LaSalle shareholders who will be able to benefit from the improving industry fundamentals in this already strong travel environment. In addition, the stock consideration offers LaSalle's shareholders a more attractive opportunity from a tax perspective, and for those shareholders who want cash, the market has demonstrated that there is substantial liquidity at prices significantly above the Blackstone offer. We are encouraged by the overwhelmingly positive reaction from shareholders of both companies who recognize the upside potential of owning shares in a combined entity that will benefit from the growth and the meaningful operational and investment synergies that would result from bringing these two highly similar companies together. We strongly encourage LaSalle's Board of Trustees to accept this compelling higher offer and its unique opportunity to create the industry leader that shareholders so clearly desire.”

¹ Pebblebrook's 5-day VWAP of \$41.09 as of June 8, 2018.

² The only listed equity REIT M&A transaction since 2006 in which a lower cash offer was accepted compared to a competing stock and cash offer was Blackstone's acquisition of Equity Office Properties in 2007; Blackstone's offer represented a less than 1% discount to the competing stock/cash offer.

Raymond James and BofA Merrill Lynch are acting as financial advisors, Hunton Andrews Kurth LLP is acting as legal counsel and Okapi Partners LLC is serving as information agent to Pebblebrook in connection with the proposed transaction.

The full text of Pebblebrook's letter to LaSalle dated June 11, 2018 follows. A presentation with additional details regarding Pebblebrook's offer is available at investor.pebblebrookhotels.com.

Letter from Pebblebrook to LaSalle dated June 11, 2018

June 11, 2018

Board of Trustees
LaSalle Hotel Properties
7550 Wisconsin Avenue, 10th Floor
Bethesda, MD 20814

Ladies and Gentlemen,

The Board of Trustees of Pebblebrook Hotel Trust remains highly focused on a strategic combination of our company with LaSalle Hotel Properties. We are providing this revised higher offer today and urge you to objectively consider the merits and benefits to LaSalle shareholders of the strategic combination and accept our offer.

Our acquisition proposal is superior, by far, to the agreement LaSalle entered into with Blackstone. Under our proposal, LaSalle shareholders will receive consideration of substantially greater value today and will be able to participate in the value creation of the combined company in the future.

Offer and Form of Consideration: Our offer of a combination of shares and cash equals an implied price of \$37.80¹ based on a fixed exchange ratio of 0.92 Pebblebrook common share for each LaSalle common share. LaSalle shareholders will have the option for each share they own to elect either a) a fixed amount of \$37.80 in cash; or b) a fixed exchange ratio of 0.92 Pebblebrook share. A maximum of 20% of the outstanding LaSalle shares will receive cash and those electing cash will be subject to pro rata cutbacks in the event more than 20% of LaSalle shares elect cash. Our proposal takes into account the \$112 million termination fee agreed to in the current agreement with Blackstone.

- Our \$37.80¹ per share offer represents a premium of 13% to the current Blackstone agreement of \$33.50 per share.

Our offer clearly represents a superior value proposition to LaSalle shareholders and we urge you to exercise your fiduciary duty and termination rights and enter into a merger agreement with Pebblebrook to allow LaSalle shareholders the opportunity to approve our higher offer. We are not aware of any listed equity REIT M&A transaction since 2006 in which a target has agreed to a cash offer at a discount of greater than 1% compared to a competing share or share and cash offer.²

We are prepared to enter into a merger agreement essentially identical to the Blackstone agreement adapted merely to reflect our proposed merger terms. The key terms of our proposed agreement are set forth in the attached Exhibit A, and we are simultaneously sending you the full merger agreement under separate cover.

¹ Based on Pebblebrook's 5-day VWAP of \$41.09 as of June 8, 2018.

² The only listed equity REIT M&A transaction since 2006 in which a lower cash offer was accepted compared to a competing stock and cash offer was Blackstone's acquisition of Equity Office Properties in 2007; Blackstone's offer represented a less than 1% discount to the competing stock/cash offer.

Pebblebrook's track record of success as a public company and our significant knowledge of LaSalle's assets and markets make us the perfect and obvious strategic partner for LaSalle. Our plan is to retain the vast majority of LaSalle's non-executive employees and grow the value of the combined entity. LaSalle shareholders and employees will both have an opportunity to benefit from the materially higher current value of our proposal compared to the Blackstone price and the ability to participate in the future upside of our combined world-class portfolio.

It is clear that the value of our offer is substantially greater than the value of the Blackstone agreement. It is also clear that LaSalle shareholders expect to receive far more value for their shares than Blackstone's agreement will provide given that LaSalle shares have been trading at a significant premium to the \$33.50 per share offer price since the Blackstone deal was announced. In addition, any shareholders who wanted cash at \$33.50 per share have likely already received it as over 70 million of LaSalle's outstanding shares have traded since the Blackstone deal announcement, and all of them at prices above \$33.50 per share. Therefore, we request that you enter into discussions with us to finalize a merger agreement so that LaSalle shareholders can realize far greater value for their shares.

Sincerely yours,

Jon E. Bortz
Chairman, President & CEO
Pebblebrook Hotel Trust

Exhibit A

Summary of Key Terms of Non-Binding Proposed Combination of Pebblebrook Hotel Trust ("Pebblebrook") and LaSalle Hotel Properties ("LaSalle")

1. Merger Consideration (cash or shares; maximum of 20% of the outstanding LaSalle shares will receive cash):

- For each LaSalle common share held, each LaSalle shareholder may elect to receive:
 - \$37.80 in cash; or
 - a fixed exchange ratio of 0.92 Pebblebrook share
- A maximum of 20% of the outstanding LaSalle shares will receive cash and those electing cash will be subject to pro rata cutbacks in the event more than 20% of LaSalle shares elect cash
- Pebblebrook to exchange new preferred shares for LaSalle's existing preferred shares (with substantially identical terms)

2. Management:

- Pebblebrook senior executives to manage combined company

3. Financing Sources (no financing contingencies):

- Pebblebrook to assume or repay LaSalle's term loans and first mortgage loans

4. Due Diligence (no diligence contingencies):

- Proposal is not contingent on further due diligence

5. Representations, Warranties and Covenants (customary and reciprocal):

- Customary and reciprocal to both LaSalle and Pebblebrook

6. Break-up Fee:

- \$112.0 million

7. Pebblebrook Board Approval:

- Pebblebrook's Board of Trustees has approved the terms contained herein

8. Above terms subject to the following assumptions and conditions:

- Termination of the Blackstone agreement and concurrent execution of a definitive merger agreement
- No payments or vesting under change in control severance agreements for Pebblebrook's executive officers

This summary is non-binding and neither party shall be under any legal obligation with respect to a merger transaction unless and until each party executes a definitive merger agreement.

About Pebblebrook Hotel Trust

Pebblebrook Hotel Trust is a publicly traded real estate investment trust (“REIT”) organized to opportunistically acquire and invest primarily in upper upscale, full-service hotels located in urban markets in major gateway cities. The Company owns 28 hotels, with a total of 6,973 guest rooms. The Company owns hotels located in 9 states and the District of Columbia, including: Los Angeles, California (Beverly Hills, Santa Monica and West Hollywood); San Diego, California; San Francisco, California; Washington, DC; Coral Gables, Florida; Naples, Florida; Buckhead, Georgia; Boston, Massachusetts; Minneapolis, Minnesota; Portland, Oregon; Philadelphia, Pennsylvania; Nashville, Tennessee; Columbia River Gorge, Washington; and Seattle, Washington. For more information, please visit us at www.pebblebrookhotels.com and follow us on Twitter at @PebblebrookPEB.

ADDITIONAL INFORMATION

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. This communication relates to a proposal which Pebblebrook has made for a business combination transaction with LaSalle. In furtherance of this proposal and subject to future developments, Pebblebrook (and, if a negotiated transaction is agreed, LaSalle) may file one or more registration statements, proxy statements, tender or exchange offer statements, prospectuses or other documents with the United States Securities and Exchange Commission (the “SEC”). This communication is not a substitute for any proxy statement, registration statement, tender or exchange offer statement, prospectus or other document Pebblebrook or LaSalle may file with the SEC in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF PEBBLEBROOK AND LASALLE ARE URGED TO READ ANY SUCH PROXY STATEMENT, REGISTRATION STATEMENT, TENDER OR EXCHANGE OFFER STATEMENT, PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Any definitive proxy statement or prospectus (if and when available) will be delivered to shareholders of LaSalle or Pebblebrook, as applicable. Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by Pebblebrook through the website maintained by the SEC at <http://www.sec.gov>.

Pebblebrook or LaSalle and their respective trustees and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. You can find information about Pebblebrook’s executive officers and trustees in Pebblebrook’s definitive proxy statement filed with the SEC on April 27, 2018. You can find information about LaSalle’s executive officers and trustees in LaSalle’s definitive proxy statement filed with the SEC on March 22, 2018. Additional information regarding the interests of such potential participants will be included in one or more registration statements, proxy statements, tender or exchange offer statements or other documents filed with the SEC if and when they become available. You may obtain free copies of these documents using the sources indicated above.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Forward-Looking Statements

This communication may include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements regarding Pebblebrook’s offer to acquire LaSalle, its financing of the proposed transaction, its expected future performance (including expected results of operations and financial guidance), and the combined company’s future financial condition, operating results, strategy and plans. Forward-looking statements may be identified

by the use of the words “anticipates,” “expects,” “intends,” “plans,” “should,” “could,” “would,” “may,” “will,” “believes,” “estimates,” “potential,” “target,” “opportunity,” “tentative,” “positioning,” “designed,” “create,” “predict,” “project,” “seek,” “ongoing,” “upside,” “increases” or “continue” and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to numerous assumptions, risks and uncertainties that change over time and could cause actual results to differ materially from those described in the forward-looking statements. These assumptions, risks and uncertainties include, but are not limited to, assumptions, risks and uncertainties discussed in Pebblebrook’s most recent annual or quarterly report filed with the SEC and assumptions, risks and uncertainties relating to the proposed transaction, as detailed from time to time in Pebblebrook’s and LaSalle’s filings with the SEC, which factors are incorporated herein by reference. Important factors that could cause actual results to differ materially from the forward-looking statements made in this communication are set forth in other reports or documents that Pebblebrook may file from time to time with the SEC, and include, but are not limited to: (i) the ultimate outcome of any possible transaction between Pebblebrook and LaSalle, including the possibilities that LaSalle will reject a transaction with Pebblebrook, (ii) the ultimate outcome and results of integrating the operations of Pebblebrook and LaSalle if a transaction is consummated, (iii) the ability to obtain regulatory approvals and meet other closing conditions to any possible transaction, including the necessary shareholder approvals, and (iv) the risks and uncertainties detailed by LaSalle with respect to its business as described in its reports and documents filed with the SEC. All forward-looking statements attributable to Pebblebrook or any person acting on Pebblebrook’s behalf are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Pebblebrook undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this communication or to reflect actual outcomes.

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Contacts:

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Liz Zale, Pam Greene or Stephen Pettibone, Sard Verbinnen & Co - (212) 687-8080

Pat McHugh or Jon Einsidler, Okapi Partners - (212) 297-0720 or Toll Free: (855) 305-0855

*For additional information or to receive press releases via email, please visit our website at
www.pebblebrookhotels.com*



Pebblebrook Hotel Trust and LaSalle Hotel Properties
Merger Rationale and Benefits
June 11, 2018

Additional Information

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Superior Offer for LaSalle Shareholders

Pebblebrook's proposal is materially superior to LaSalle's current agreement with Blackstone. Pebblebrook's offer of cash and shares allows LaSalle shareholders to participate in the improving economic and hotel industry fundamentals, Pebblebrook's well-positioned portfolio and receive a substantially higher dividend

Price

- \$37.80 implied offer price based on a 0.92 fixed exchange ratio and PEB 5-day VWAP of \$41.09⁽¹⁾
- 13% above Blackstone's existing offer

Consideration

- Each LaSalle shareholder will elect consideration for each share of either
 - \$37.80 cash (fixed and will not fluctuate) ⁽²⁾; or
 - 0.92 PEB share (a fixed exchange ratio)
- Shares receiving cash consideration capped at 20% of total LHO shares outstanding
- If greater than 20% of shares elect cash, those shares electing cash will be subject to pro rata cutbacks and the remainder will receive 0.92 PEB share per LHO share
- Structure provides significant optionality with participation in upside and downside protection

Execution

- No financing contingency
- Merger agreement with essentially the same terms and materially higher consideration than current agreement with Blackstone
- Severance payments and equity award vesting related to change in control will be waived for all of Pebblebrook's senior officers
- Pebblebrook expects to maintain its current dividend of \$1.52 per share, which is a ~55% increase for LaSalle shareholders ⁽³⁾

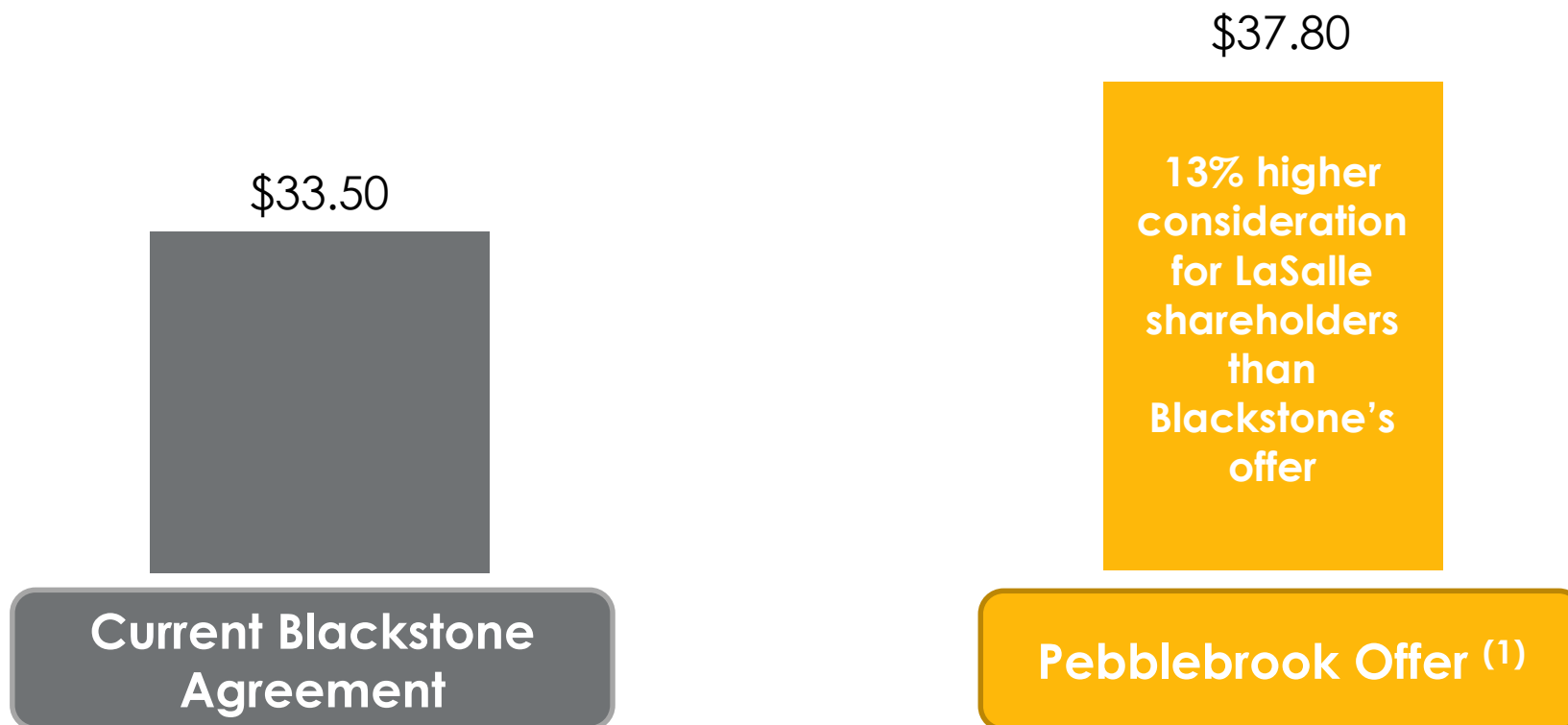
(1) Pebblebrook 5-day VWAP as of June 8, 2018

(2) Cash consideration fixed and will not fluctuate. \$37.80 is based on a 0.92 exchange ratio and PEB's 5-day VWAP as of June 8, 2018

(3) Based on a fixed exchange ratio of 0.92 and LaSalle's current quarterly dividend per share of \$0.225, or \$0.90 annualized

Materially Higher Consideration

13% higher consideration today, with the option for cash or continued ownership in a premier lodging REIT and ability to participate in the future performance of the combined company



We are not aware of any listed equity REIT M&A transaction since 2006 in which a target has agreed to a cash offer at a discount of greater than 1% compared to a competing share or share and cash offer (2)

(1) Based on Pebblebrook's 5-day VWAP as of June 8, 2018 and a 0.92 fixed exchange ratio

(2) The only listed equity REIT M&A transaction since 2006 in which a lower cash offer was accepted compared to a competing share or share and cash offer was Blackstone's acquisition of Equity Office Properties in 2007; Blackstone's offer represented a less than 1% discount to the competing stock/cash offer

Higher Offer Today with Upside Potential and Downside Protection

Our proposal offers superior value today to LaSalle shareholders and provides them with upside participation and downside protection

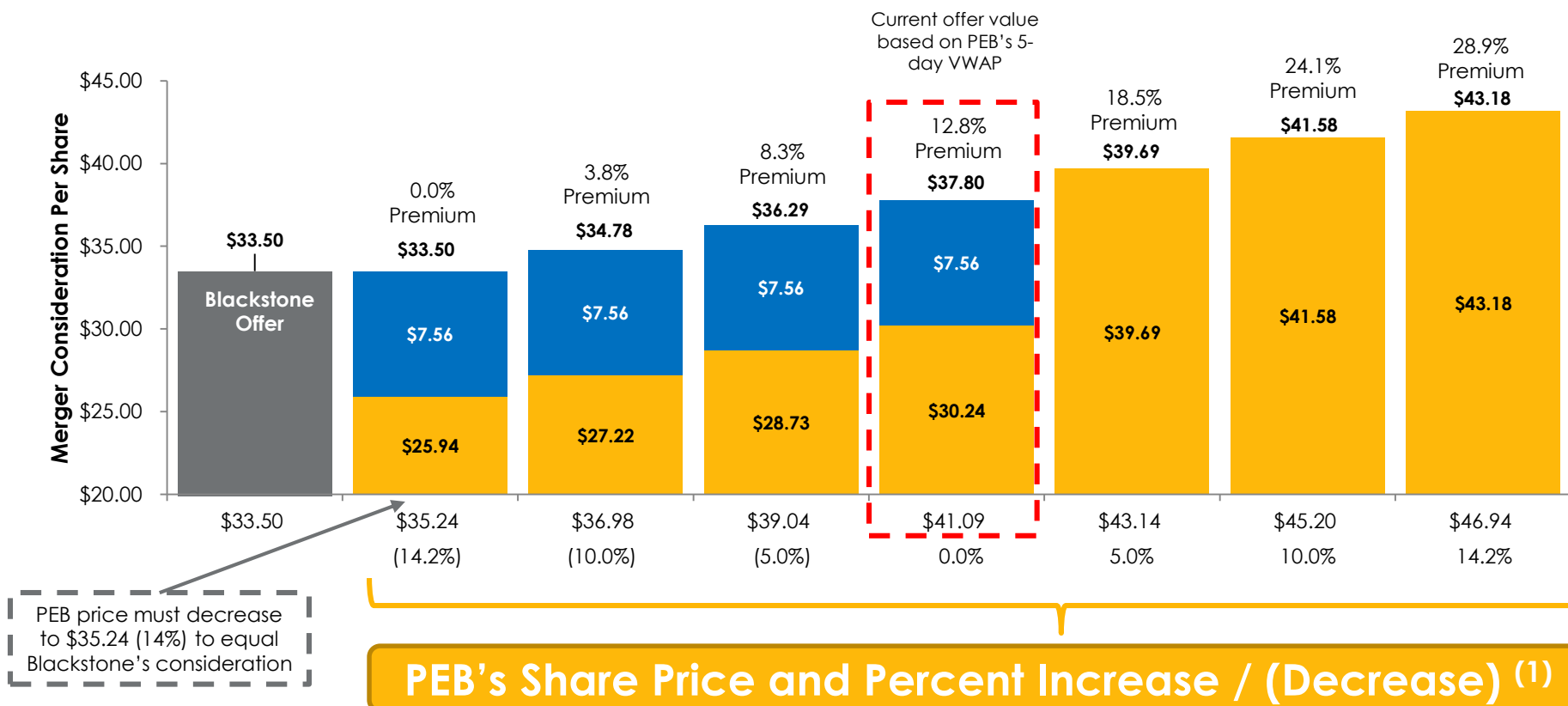
- ✓ **Superior Value Today**
- ✓ **Upside Participation**
- ✓ **Downside Protection**

Total consideration of \$37.80 per share, a 13% premium to Blackstone offer

Ability for implied value of consideration to increase with PEB price appreciation

Fixed cash consideration of \$37.80 for a maximum of 20% of LHO shares

Blackstone's existing offer
 PEB's implied share consideration ⁽²⁾
 PEB's implied cash consideration ⁽³⁾



Note: Table displays average consideration per share, assuming a position of 5 or more shares

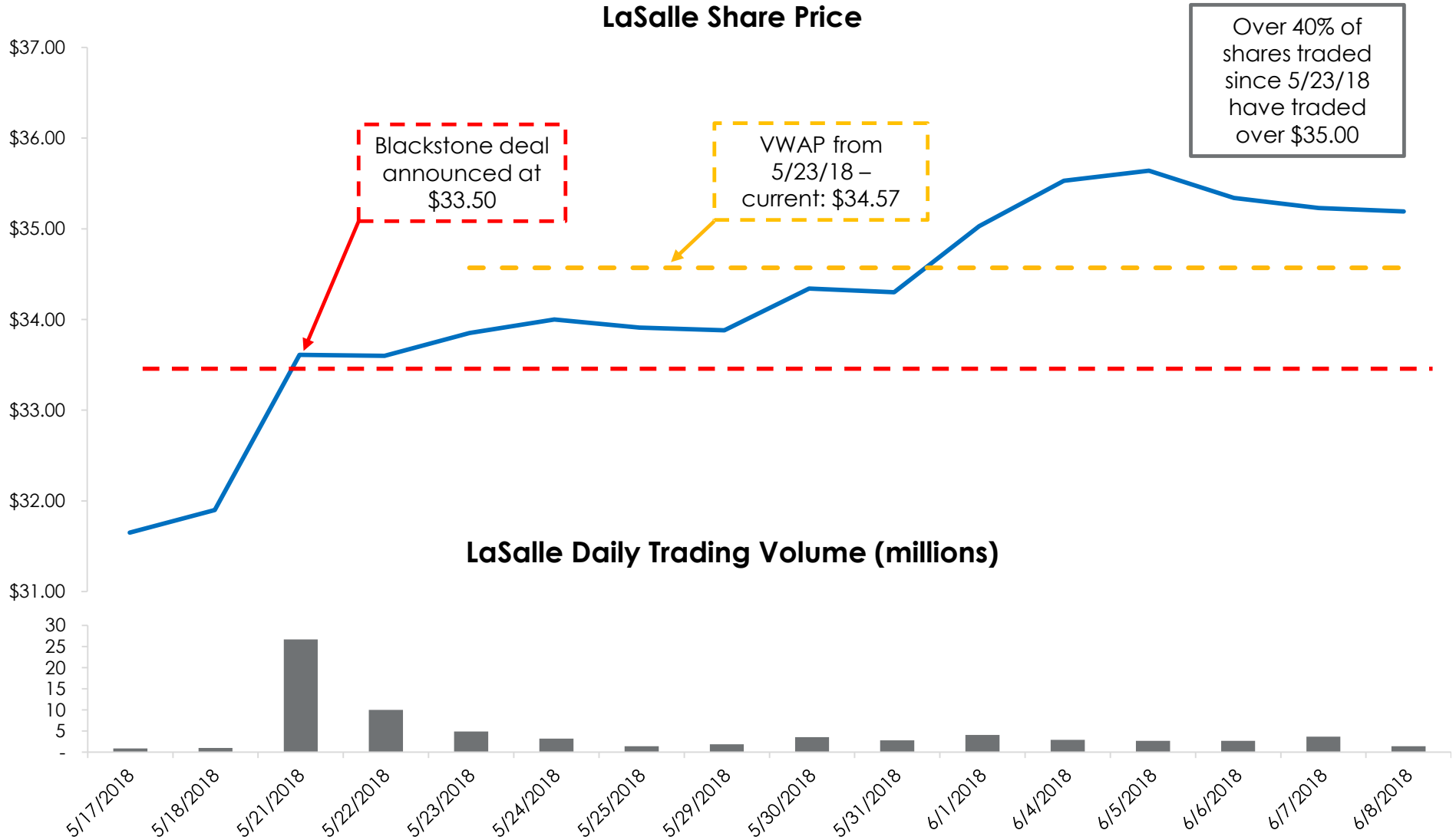
(1) Based on Pebblebrook's 5-Day VWAP as of June 8, 2018 and a 0.92 fixed exchange ratio

(2) Assumes all LHO shares elect 0.92 PEB shares if PEB stock increases above the current 5-day VWAP

(3) Assumes all LHO shares vote for cash if PEB stock falls below the current 5-day VWAP and pro rated to 20% maximum cash cap

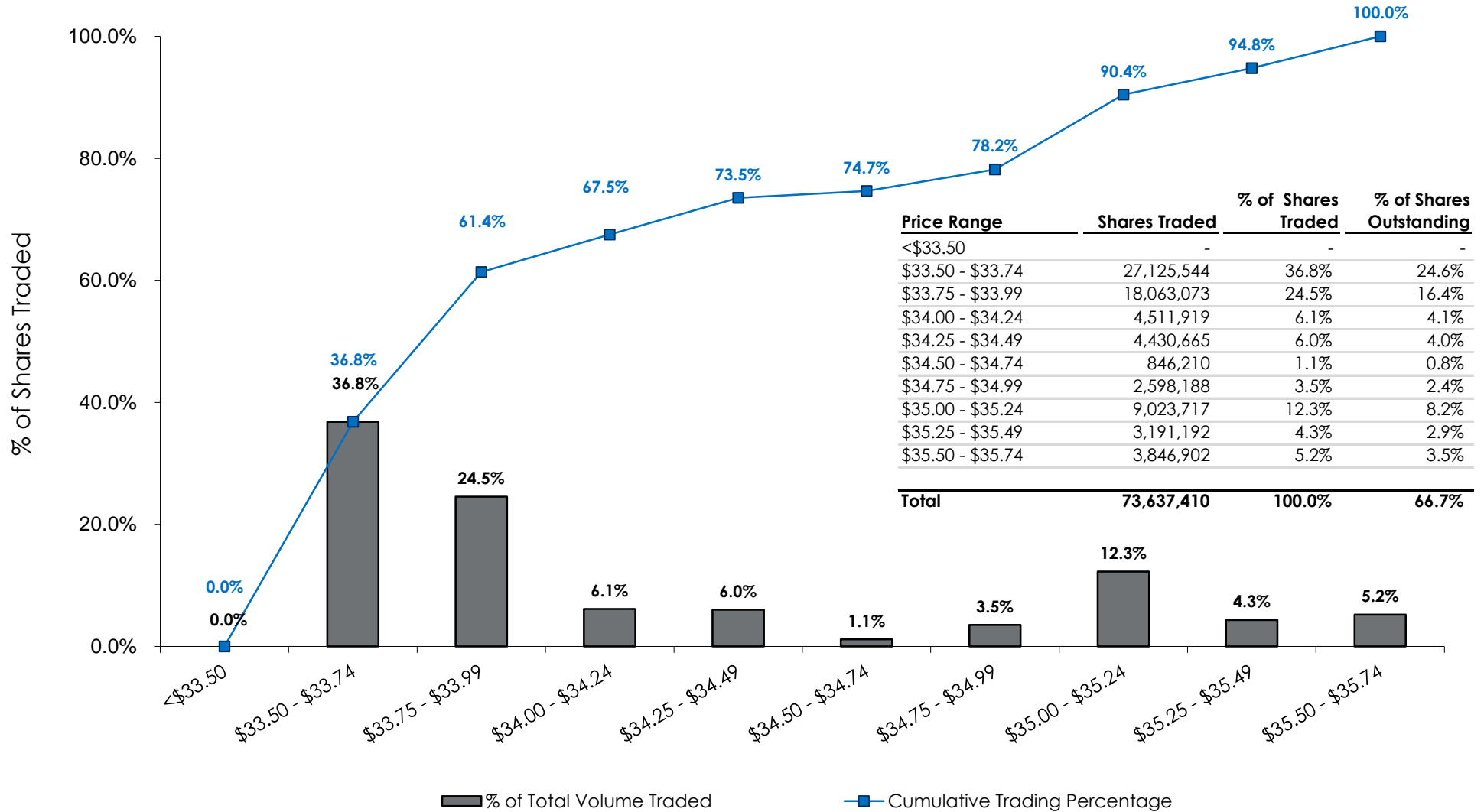
LaSalle Shares Have Traded Above Blackstone's Offer Price

100% of LaSalle shares traded after the Blackstone deal announcement have traded above the \$33.50 deal price and the share price has increased over that time as well - investors clearly believe a higher deal price for LaSalle is warranted



LaSalle Shareholders Expect Higher Value Than Blackstone's Price

Since the Blackstone deal announcement, over 73 million shares of LHO have traded, all over \$33.50, providing ample liquidity for any LHO shareholders that wanted cash to exit



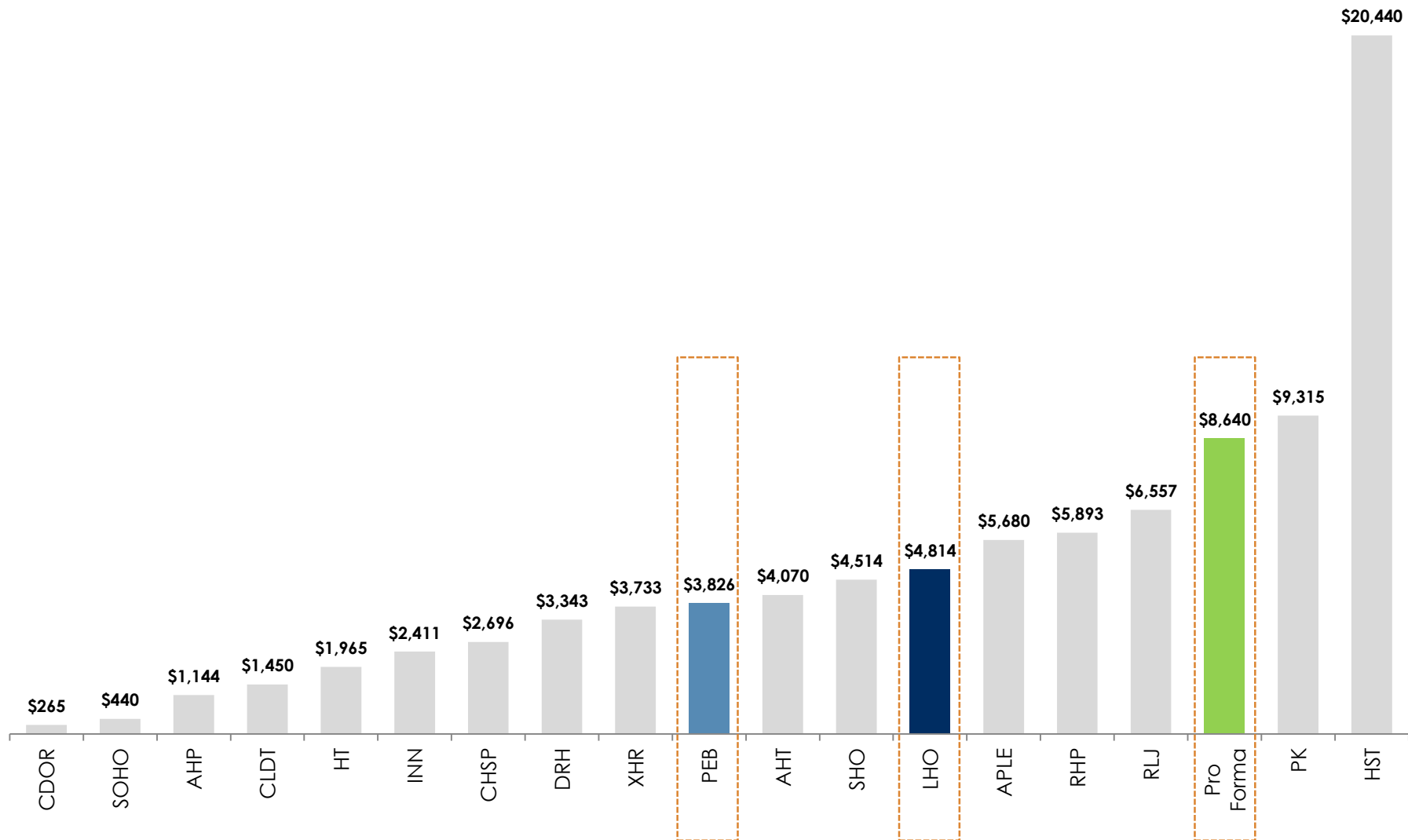
Compelling Opportunity to Create Shareholder Value

- **Combined company creates the premier, best-in-class lodging REIT portfolio**
 - 69 primarily upper-upscale and luxury independent and branded hotels and resorts
 - Located in or near the key urban markets in the United States
 - Well-diversified by brand and management company, including a significant number of unique market-leading independent and branded hotels
 - Significant exposure to major west coast cities with strong long-term growth and high barriers-to-entry
- **Creates clear industry leader with benefits from additional scale**
 - Third largest lodging REIT by Enterprise Value and the largest owner of independent / lifestyle hotels
 - Enhanced liquidity for shareholders as a result of the larger shareholder base and increased equity market capitalization
- **Fresh and proven asset management approach and strategies on LaSalle assets**
 - Opportunity to improve EBITDA per key for LaSalle's hotels to in-line with Pebblebrook's EBITDA per key
 - Pebblebrook's 2018E EBITDA per key is ~\$5k per key higher than LaSalle's 2018E EBITDA per key (~\$2.5K in 2017 and ~\$4.0k in 2016)
 - Closing the EBITDA per key gap on LaSalle's 10,452 keys would create significant EBITDA enhancement
- **Similarities in assets and management strategies create significant opportunities for synergies**
 - Increased influence and negotiating strength with management companies and brands
 - Clustered assets and properties operated by common management companies in select markets create revenue enhancement opportunities and reduced expenses from synergies
 - Combined portfolio to benefit from best practices from both companies
- **Stronger financial profile and dividend with lower cost of capital**
 - Strong balance sheet with increased flexibility and access to capital markets
 - Robust cash flow with increased and more stable dividend to LaSalle shareholders
 - Potential for lower cost debt and preferred equity, with clear path to public investment grade debt opportunities
- **Strong widespread support from public investment community**
 - Proposed combination has significant support from research community and shareholder base of each company
 - Potential for higher implied EBITDA multiple post-merger, providing the combined company with a competitive advantage for future acquisitions

Creating an Industry Leader

A combination of PEB and LHO will create the largest owner of independent hotels, the third largest company in the lodging REIT sector as measured by enterprise value and the second largest by equity market cap

Enterprise Value

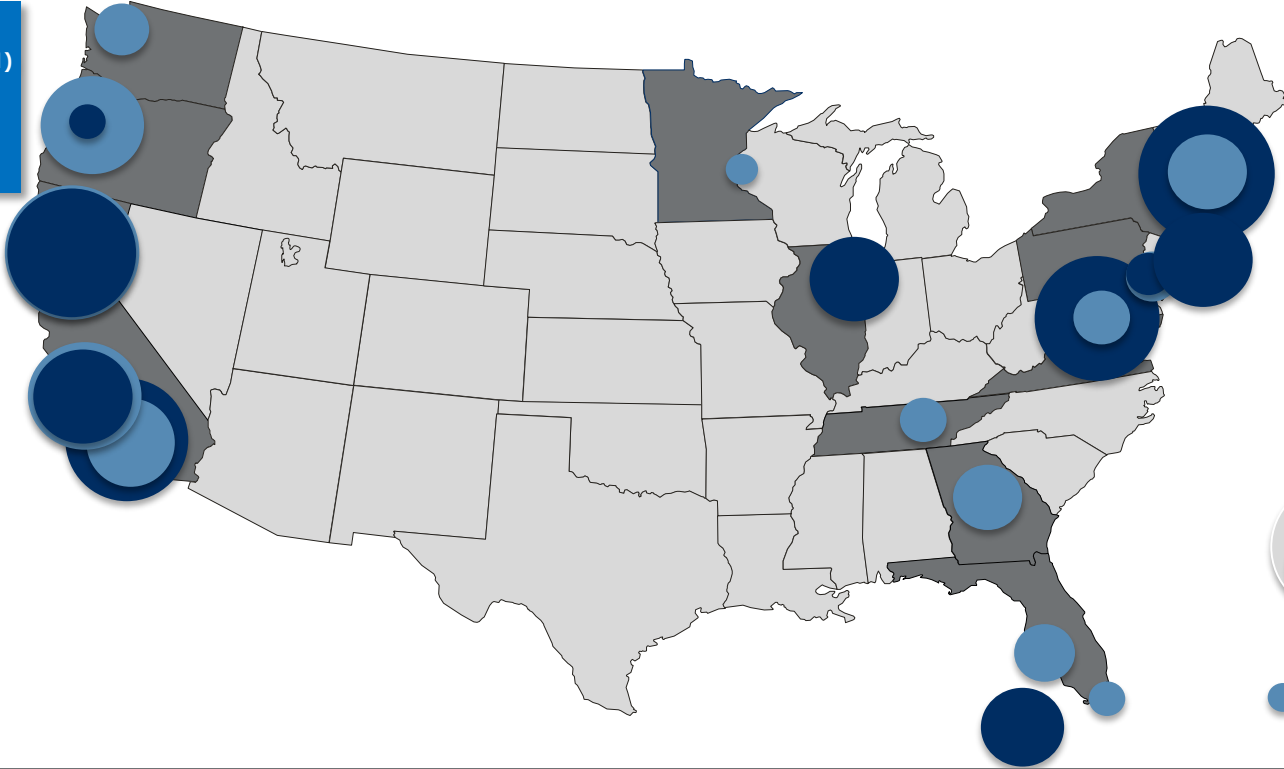


Powerful Strategic Fit

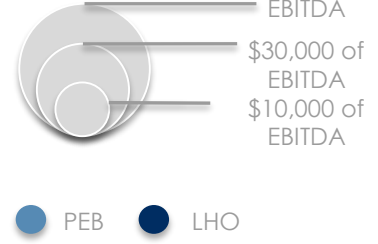
Combined company will have greater presence in higher growth markets in the U.S. and will improve the geographic diversification of LaSalle's portfolio while reducing relative exposure to lower growth markets

West Coast
 2017A Hotel EBITDA ⁽¹⁾
 \$323mm
 (53% of Total 2017A
 Hotel EBITDA)

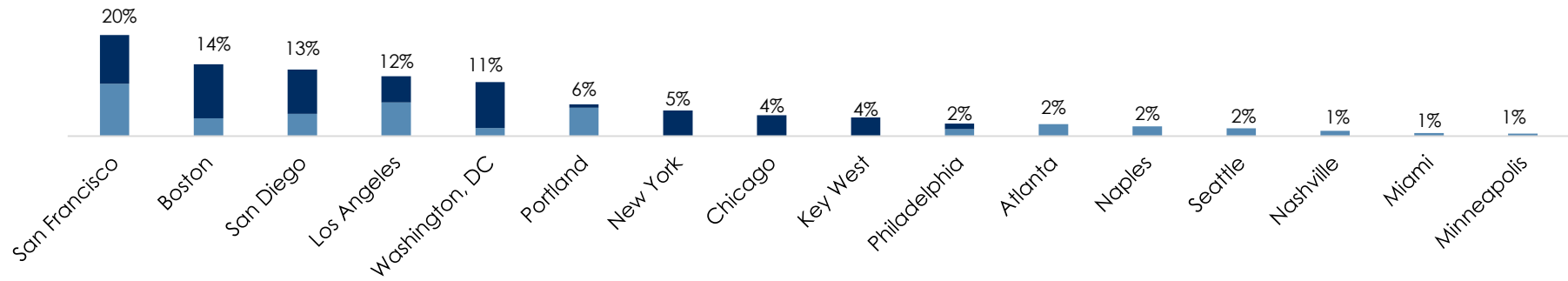
East Coast
 2017A Hotel EBITDA ⁽¹⁾
 \$252mm
 (41% of Total 2017A
 Hotel EBITDA)



(\$ in 000's)
 \$60,000 of EBITDA
 \$30,000 of EBITDA
 \$10,000 of EBITDA



Top Markets (By % of 2017A Hotel EBITDA ⁽¹⁾)



(1) Pro forma based on Company filings

Well-Diversified Portfolio with Strong West Coast Presence

Combined company will benefit from improved geographic and operator diversification

Geographic Diversification (% of 2017A Hotel EBITDA⁽¹⁾)

Market	PEB		LHO		Combined	
	\$	%	\$	%	\$	%
San Francisco	63.2	24.7%	59.0	16.6%	122.2	20.0%
Boston	21.8	8.5%	65.1	18.4%	86.9	14.2%
San Diego	27.1	10.6%	53.4	15.1%	80.5	13.2%
Los Angeles	40.7	15.9%	31.6	8.9%	72.3	11.9%
Washington, DC	9.9	3.9%	55.4	15.6%	65.3	10.7%
Portland	34.3	13.4%	4.3	1.2%	38.6	6.3%
New York	-	-	31.2	8.8%	31.2	5.1%
Chicago	-	-	25.4	7.2%	25.4	4.2%
Key West	-	-	22.5	6.3%	22.5	3.7%
Philadelphia	8.6	3.4%	6.6	1.9%	15.2	2.5%
Atlanta	14.7	5.7%	-	-	14.7	2.4%
Naples	11.8	4.6%	-	-	11.8	1.9%
Seattle	9.6	3.8%	-	-	9.6	1.6%
Nashville	6.7	2.6%	-	-	6.7	1.1%
Miami	4.0	1.6%	-	-	4.0	0.7%
Minneapolis	3.3	1.3%	-	-	3.3	0.5%
Total	\$255.7	100.0%	\$354.4	100.0%	\$610.1	100.0%
Outperform Market Total	\$144.0	56.3%	\$90.6	25.6%	\$234.6	38.5%

Operator Diversification (% of 2017A Hotel EBITDA⁽¹⁾)

Operator	PEB		LHO		Combined	
	\$	%	\$	%	\$	%
Kimpton	\$46.7	18.3%	\$48.5	13.7%	\$95.2	15.6%
Marriott	36.7	14.4%	44.6	12.6%	81.3	13.3%
Highgate	-	-	63.3	17.9%	63.3	10.4%
Two Roads	9.0	3.5%	53.6	15.1%	62.6	10.3%
HEI	11.1	4.3%	37.9	10.7%	49.0	8.0%
Viceroy	32.4	12.7%	7.0	2.0%	39.4	6.5%
Noble House	27.1	10.6%	8.8	2.5%	35.9	5.9%
OLS	-	-	29.6	8.4%	29.6	4.9%
Davidson	17.1	6.7%	11.1	3.1%	28.2	4.6%
Sage	27.9	10.9%	-	-	27.9	4.6%
Accor	8.6	3.4%	10.3	2.9%	18.9	3.1%
InterContinental	14.7	5.7%	-	-	14.7	2.4%
Pyramid	12.6	4.9%	-	-	12.6	2.1%
sbe	11.8	4.6%	-	-	11.8	1.9%
Hyatt	-	-	10.8	3.0%	10.8	1.8%
Evolution	-	-	7.7	2.2%	7.7	1.3%
JRK	-	-	6.1	1.7%	6.1	1.0%
Access	-	-	5.7	1.6%	5.7	0.9%
Benchmark	-	-	5.2	1.5%	5.2	0.9%
Provenance	-	-	4.3	1.2%	4.3	0.7%
Total	\$255.7	100.0%	\$354.4	100.0%	\$610.1	100.0%

 Expected to outperform U.S. industry in near term

LHO Standalone	West Coast – 42%	East Coast – 51%
Pro Forma	West Coast – 53%	East Coast – 41%

 No manager overlap

Independent – 65%	Branded – 35%
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Meaningful Opportunity for Synergies

By LaSalle strategically combining with Pebblebrook, LaSalle shareholders will benefit from synergies in the combined company and participate in future upside by remaining invested

▪ **Operational synergies**

- More efficient corporate overhead from combination. Corporate G&A spread over larger property and EBITDA base
- Additional operating improvements through the cross-utilization of the combined best practice programs with a broader stable of best in class management companies. Post-merger, only 8 of the 20 management companies cross manage for both LaSalle and Pebblebrook
- Revenue enhancing and expense reduction opportunities with shared operators in markets including Santa Monica (Viceroy) and Washington DC (Kimpton)

▪ **Informational synergies**

- Additional properties in key urban markets provide information synergies to allow more hotels in that market to work together. Post-merger, the company will own multiple hotels in San Francisco (13 hotels), Washington DC (10), West Hollywood / Beverly Hills (9), San Diego (7), Boston (6), and Portland (4)
- Benefit from additional benchmarking with more similar / comparable properties
- Enhanced ability to target corporate and leisure groups with additional properties in several markets including San Francisco, Boston, West Hollywood, Santa Monica, Washington DC, San Diego and Portland

▪ **Potential corporate operating synergies**

- Greater importance to and influence with major brands and operators
- Greater importance to and influence with OTAs

▪ **Investment synergies**

- Lower cost of capital – equity and debt
- Benefit from larger size and stronger balance sheet in pursuing new investment or acquisition opportunities
- More flexibility with balance sheet, property dispositions, stock repurchases, public/private arbitrage due to larger size

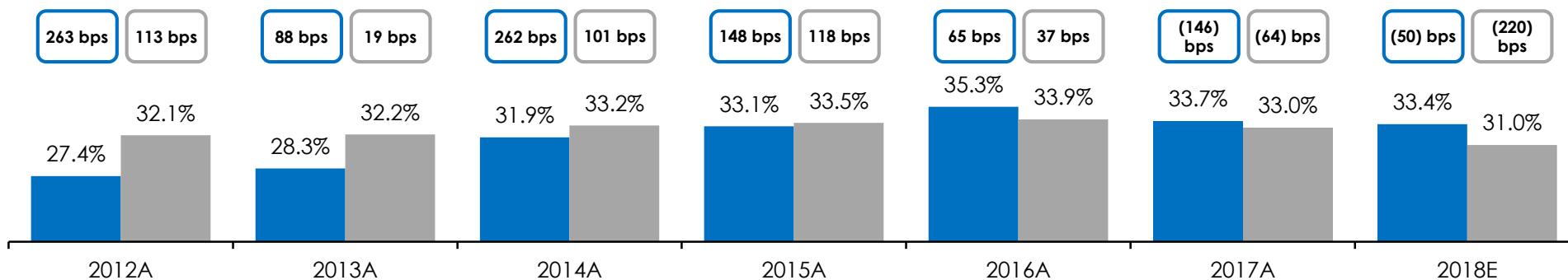
Significant Opportunity to Improve Hotel EBITDA

Pebblebrook has significantly outperformed LaSalle on Hotel EBITDA Margin growth and Hotel EBITDA per key over the past 5 years

Same-Property Hotel EBITDA Margin ⁽¹⁾

Agg. Margin Improv.	PEB	LHO	PEB Outperformance
2012A - 2017A	630 bps	90 bps	540 bps
2012A - 2018E	591 bps	(110) bps	701 bps

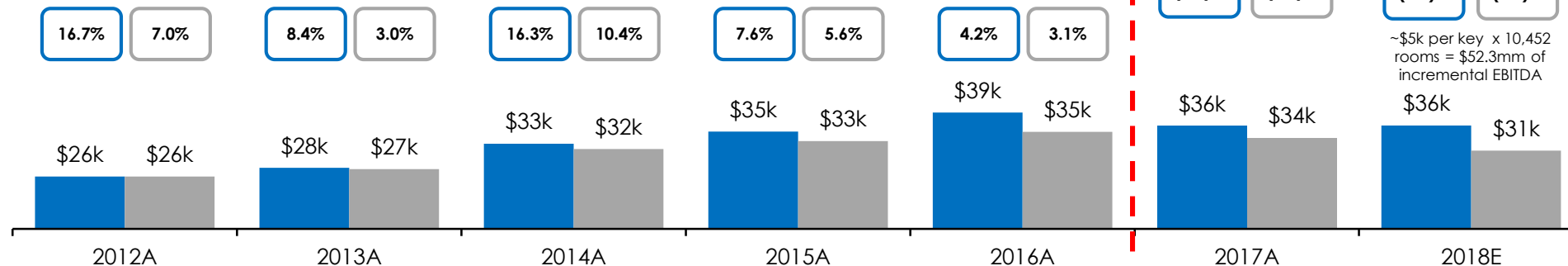
YoY Same-Property Improvement ⁽²⁾



Same-Property Hotel EBITDA per Key ⁽¹⁾

CAGR	PEB	LHO	PEB Outperformance
2012A - 2017A	7.3%	5.3%	197 bps
2012A - 2018E	5.9%	3.2%	271 bps

YoY Same-Property Improvement ⁽²⁾



Opportunity to improve LaSalle's EBITDA per key based on PEB's proven asset management approach and strategy

~\$5k per key x 10,452 rooms = \$52.3mm of incremental EBITDA

Source: Public filings. LHO base

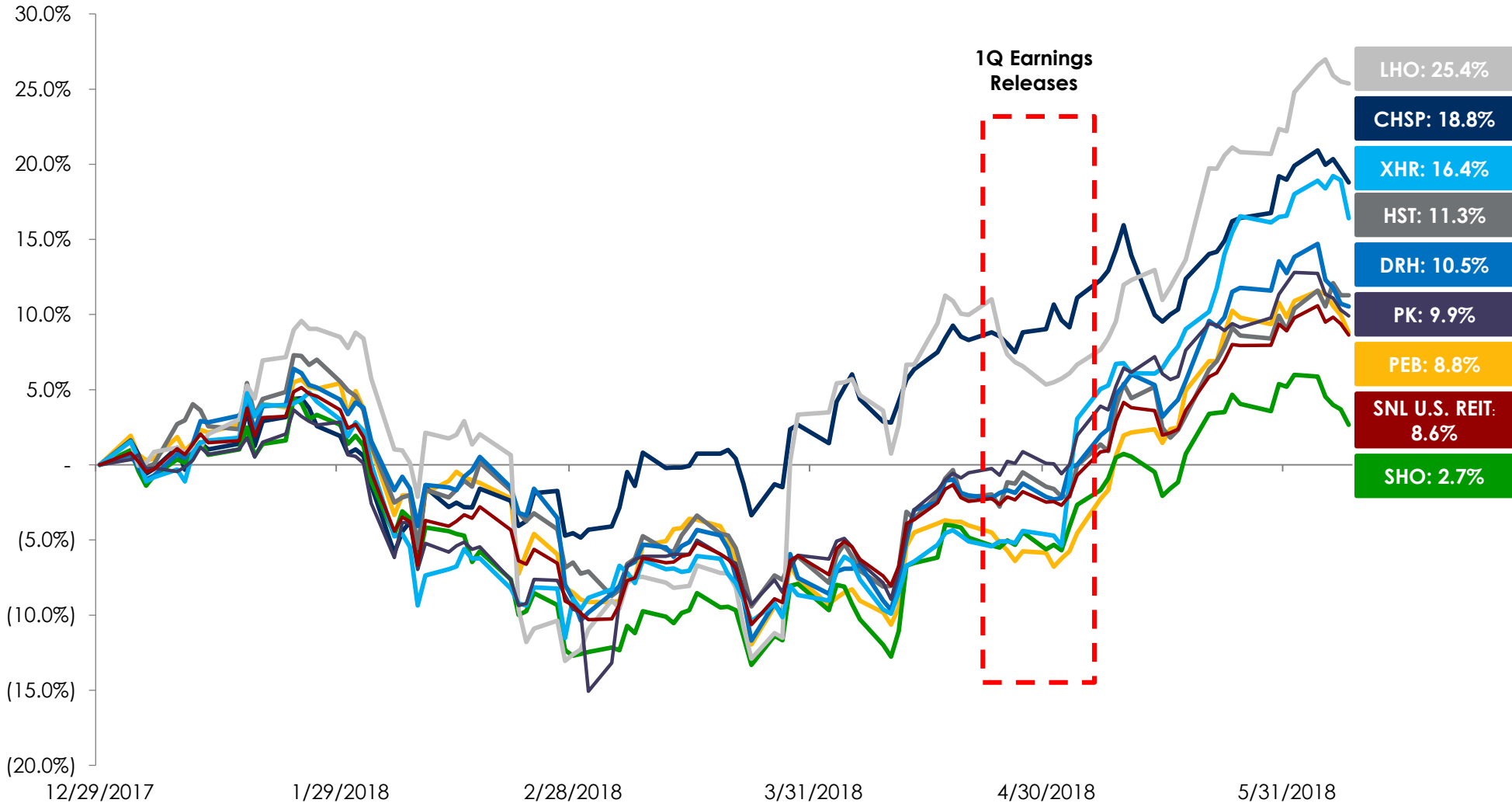
Note: 2018E represents the midpoint of PEB guidance as of April 26, 2018 and midpoint of LHO Guidance as of May 10, 2018.

(1) For PEB, based on properties defined in the Same-Property Inclusion Reference Table in each earnings release. For LHO, Hotel EBITDA margin based on the disclosed figure on the first page of each earnings release and Hotel EBITDA per Key based on the FFO and EBITDA reconciliation in each earnings release and number of keys at the end of the period. LHO 2017A figures exclude Key West and 2018E Hotel EBITDA based on a midpoint of guidance of 31.0% Hotel EBITDA margin and \$1,053.5mm Hotel Revenue as of May 10, 2018.

(2) Margin improvement figures based on reported year over year Hotel EBITDA margin improvement. Hotel EBITDA per Key growth based on year-over-year growth of the comparable asset pool as reported each year.

Improving Industry Fundamentals Result in Strong Lodging REIT Performance

Pebblebrook and its lodging REIT peers have traded up significantly throughout 2018 as lodging fundamentals have performed above expectations and management teams have become more optimistic about the operating environment in 2018 and 2019



Opportunity to Participate in Improving Industry Performance

Pebblebrook and its lodging REIT peers are beneficiaries of a strong economy and the lodging sector is poised to continue outperforming

- The lodging industry has experienced improving fundamentals and a more stable travel environment
- As a result, lodging REIT peers have recently increased their outlooks for 2018 and are more optimistic about the future
- By strategically combining with Pebblebrook, LaSalle shareholders will receive considerable value today and future upside through an investment in a larger, more diversified company that is well-positioned to capitalize on the strong market environment and company specific opportunities

	2018 FY Outlook at 4Q17		2018 FY Outlook at 1Q18		Increase	
	RevPAR	FFO	RevPAR	FFO	RevPAR	FFO
PEB	0.50%	\$2.54	0.75%	\$2.63	0.25%	\$0.09
CHSP	4.00%	2.38	4.00%	2.38	-	-
SHO	1.00%	1.10	1.25%	1.12	0.25%	0.01
HST	1.50%	1.65	2.00%	1.70	0.50%	0.05
DRH	1.00%	0.99	2.00%	1.03	1.00%	0.05
LHO	(2.00%)	2.06	(0.75%)	2.18	1.25%	0.12

LaSalle Management is Recently Bullish on the Lodging Cycle

LaSalle management is very optimistic about industry fundamentals following 1Q18 results – the combined company will benefit from strong industry tailwinds, making PEB share ownership more attractive than cash

LaSalle Q1 2018 Earnings Call May 10, 2018

“There are a number of promising market and performance drivers positively impacting our business.”

“Our positivity is bolstered by the best quarter New York market has had in 5 years, the start of the ramp-up in demand in San Francisco, and the strong overall performance in our urban markets in March and April.”

“We have a uniquely positioned portfolio with significant upside in prime, high-barrier-to-entry urban and resort markets.”

“As we move forward in the second quarter and the full year, the picture is much brighter. Before diving into more detail, I want to express that we appreciate that we need to do a better job ensuring shareholders and analysts understand the value that we see in our portfolio in the market. Our updated outlook and the color provided today attempt to do just that and help the financial community better understand how we’re seeing the market and our properties. And I’m encouraged by the strength we’re seeing throughout the portfolio.”

“We’re pleased with our results this quarter, which meaningfully exceeded our own expectations.”

“Looking specifically in San Francisco, the ramp-up has already started, and Q2 is looking great. For our assets in San Francisco, we’ve a few brand-new properties that just debuted, and by early January 2019, 5 of our 6 assets in the market will be fully renovated. While 2018 pace is certainly strong for our San Francisco hotels at plus 20, we’re even more bullish about 2019 with the pace up 50%.”

“We’re already seeing San Francisco pivot, and we believe its performance will improve in the second and third quarters.”

“...the citywide bookings are super strong in San Francisco. It should play out to be the strongest major market in the country next year. So we feel very bullish about San Francisco, which we -- that hasn't really wavered, really, in years.”

Pebblebrook Management is Also Bullish on the Lodging Cycle

Pebblebrook believes its portfolio is well-positioned to capitalize on strong industry trends, and the combined company would continue to outperform for shareholders

PEB Q1 2018 Earnings Call April 27, 2018

"2018 has started out very well for the industry and for Pebblebrook. We've finally begun to see healthy signs of improvements in business travel. Last quarter, we talked about some early signs of business travel improving. And since our call in mid-February, we've seen those early indications broaden out through most of our markets and to a majority of our properties."

"When we look at the industry data, we see corroborating evidence of improving business travel trends."

"With the better-than-expected first quarter behind us, we're increasingly optimistic about the potential for the continued improvement in travel, including business travel, and the benefits that will accrue to our performance should that come to pass. We're positioned well for the rest of the year and for 2019."

"Given the continuing strength of the economy, the passage of the new federal tax bill and significant projected increases for corporate profits in 2018, it shouldn't come as a surprise that corporate travel is improving."

"Many of our properties and markets performed better in Q1 than we expected. Better-performing markets included West L.A., San Francisco and San Diego on the West Coast, and Philadelphia, Buckhead, South Florida and Boston on the East Coast. And Boston was better even with the 3 Nor'easters that hit 3 weeks in a row in March. Even more encouraging in our portfolio was that there really were no markets that performed worse than we expected."

Wall Street Supports the Combination of PEB and LHO

“We don’t see the LHO platform (65% independent/non-branded) as a logical combination with anyone other than PEB (57% independent).

PEB...is familiar with the company’s assets and operational platform—a clear benefit, in our view.

Generally speaking, we think a \$5-\$6bn equity cap hotel REIT appeals to a wider range of investors compared to either company on a standalone basis (\$2-\$3bn).”

Deutsche Bank, March 28, 2018

“In our view the best explanation of the strategic merits of a PEB-LHO combination can be found within the letter(s) PEB itself has sent to the LHO Board. Among the major points, we briefly mention here: Significant overlap in asset type & quality, geography, operating philosophy, etc.; increased trading liquidity in what would become the second largest lodging REIT by equity cap; corporate G&A synergies; increased balance sheet capacity, including potential sources of capital unavailable to either company currently (e.g., public investment grade debt).”

Evercore ISI, April 2, 2018

“In our opinion, this combination would create significant synergies and owner power...”

PEB and LHO have very similar portfolio orientations -- upper upscale/ luxury hotels, largely urban, boutique, heavily independent, and coastal foci. PEB's current CEO Jon Bortz was the former CEO of LHO and we believe PEB's leadership is highly capable to provide value to LHO's portfolio with a relatively easy transition.”

Suntrust Robinson Humphrey, March 28, 2018

“We view PEB’s proposed offer to acquire LHO as a potentially positive outcome for both sets of shareholders. PEB shareholders would benefit from a modestly accretive deal and a larger portfolio (which increases asset recycling opportunities) while LHO shareholders would get access to a higher-multiple platform.”

Barclays, March 28, 2018

“Strategically, the deal makes sense, bringing together two similar portfolios in terms of price point (Upper-Upscale hotels), geographic footprint (urban-focused in gateway cities), and quality (primarily nonbranded boutique hotels).”

Green Street Advisors, April 24, 2018

Merger Opportunity Conclusions

Combined company creates the premier, best-in-class lodging REIT

Creates clear industry leader with synergistic benefits from additional scale across a portfolio of similar assets

Pebblebrook's creative asset management approach and strategies provide significant opportunities for EBITDA growth

Stronger financial profile and dividend with lower cost of capital

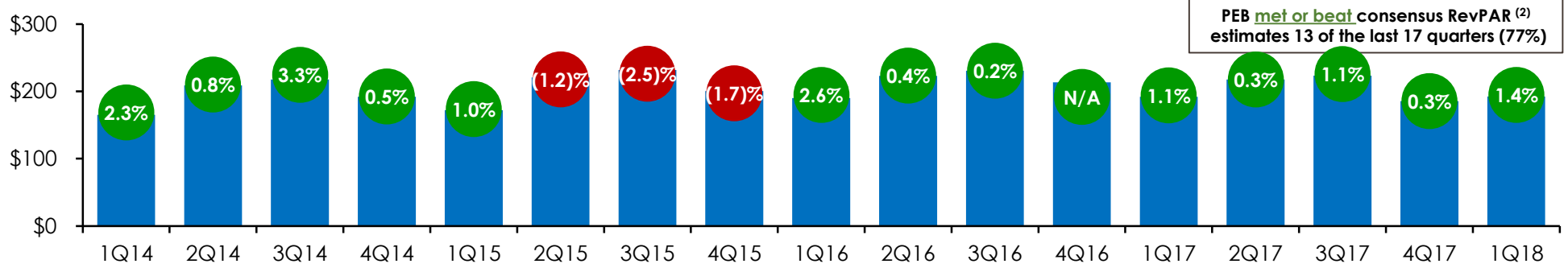
Widespread support from public investment community

Appendix

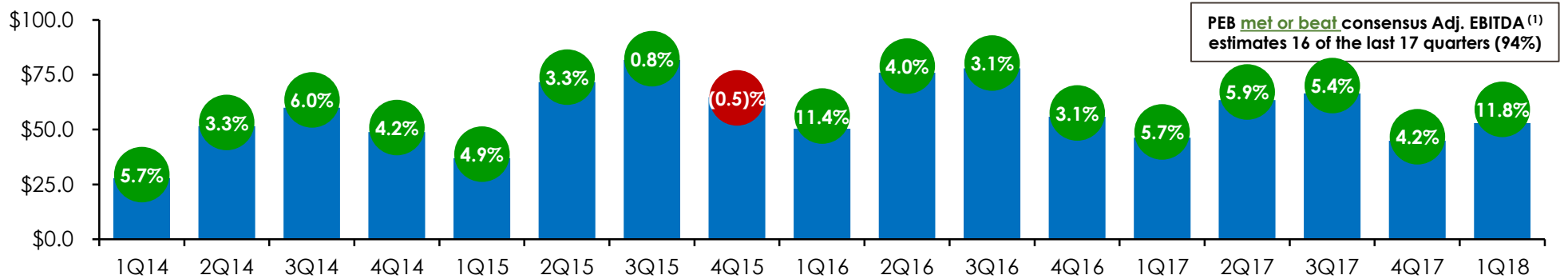


Pebblebrook Consistently Meets or Beats Wall St. Consensus Estimates

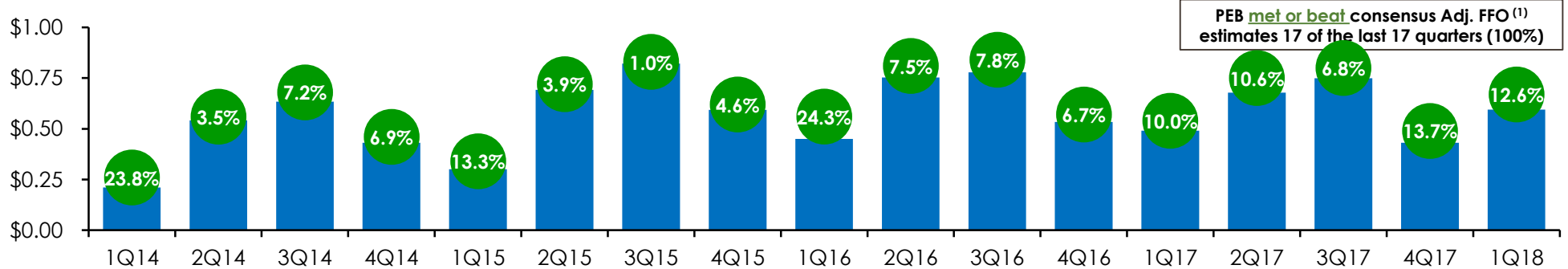
PEB RevPAR vs. Wall St. Consensus ⁽¹⁾



PEB Adjusted EBITDA vs. Wall St. Consensus ⁽¹⁾



PEB Adjusted FFO per Share vs. Wall St. Consensus ⁽¹⁾



■ Consensus Estimate
 ● Met or Beat
 ● Missed

Source: FactSet as of June 8, 2018.

1) Based on consensus RevPAR, EBITDA, and FFO estimates for each respective period per FactSet.

2) 1Q18 RevPAR based on consensus same property RevPAR

Pebblebrook Long Term Growth

Pebblebrook has achieved the highest Adjusted FFO per share growth and Total Returns compared to its peers since 2011, demonstrating consistent outperformance

Company	Adjusted FFO per Share Growth							CAGR
	2011	2012	2013	2014	2015	2016	2017	
PEB	300.0%	17.0%	25.6%	33.3%	27.6%	11.2%	(7.6%)	17.0%
CHSP	54.2%	45.0%	10.6%	10.7%	12.2%	8.1%	(9.2%)	11.8%
HST	24.3%	19.6%	19.1%	14.5%	2.7%	9.7%	0.0%	10.7%
DRH	(1.6%)	25.8%	(9.0%)	22.5%	16.1%	1.0%	(2.0%)	8.3%
LHO	11.3%	32.5%	10.6%	12.2%	9.7%	2.5%	(14.8%)	7.8%
SHO	52.6%	16.1%	(7.9%)	25.8%	12.0%	(7.6%)	0.8%	5.8%
Peer Average	28.2%	27.8%	4.7%	17.1%	10.5%	2.7%	(5.0%)	8.9%

Company	Total Returns							2011-2017
	2011	2012	2013	2014	2015	2016	2017	
PEB	(3.1%)	22.9%	36.3%	51.9%	(36.5%)	12.3%	30.8%	12.6%
CHSP	(13.3%)	41.4%	26.5%	53.1%	(28.8%)	9.7%	11.5%	11.0%
SHO	(21.1%)	31.3%	26.1%	27.2%	(15.4%)	27.9%	13.3%	10.7%
LHO	(6.6%)	7.7%	25.9%	36.4%	(34.3%)	30.0%	(2.0%)	5.4%
HST	(16.5%)	8.1%	27.3%	26.5%	(32.5%)	29.3%	10.2%	4.9%
DRH	(16.9%)	(3.5%)	32.8%	32.8%	(32.3%)	25.8%	2.4%	3.0%
Peer Average	(14.9%)	17.0%	27.7%	35.2%	(28.7%)	24.5%	7.1%	7.0%





NYSE: PEB