



News Release

PEBBLEBROOK HOTEL TRUST FILES INVESTOR PRESENTATION

Urges Shareholders to Vote AGAINST the LaSalle-Blackstone Merger on the GOLD Proxy Card

BETHESDA, MD, AUGUST 10, 2018 – Pebblebrook Hotel Trust (NYSE: PEB) (“Pebblebrook”) today filed an investor presentation with the U.S. Securities and Exchange Commission in connection with its opposition to LaSalle Hotel Properties’ (NYSE: LHO) (“LaSalle”) merger agreement with BRE Landmark L.P. (“BRE”), an affiliate of the Blackstone Group L.P. (NYSE: BX) (together with BRE, “Blackstone”).

“We continue to strongly oppose LaSalle’s “take-under” agreement with Blackstone, and today publicly released a presentation outlining our rationale in detail so that LaSalle shareholders can arm themselves with the facts in advance of the vote,” said Jon E. Bortz, Chairman, President and Chief Executive Officer of Pebblebrook Hotel Trust. “It is clear to us that the LaSalle Board has run a flawed process and has so far failed its shareholders in arriving at its decision to support a transaction that represents an egregious transfer of shareholder value to Blackstone. This “Never Pebblebrook” stance that led to their rejection of our clearly superior offer is unacceptable. By voting the GOLD Card AGAINST the proposals, you are sending a message to the LaSalle Board that you do not support this take-under, and believe there should be a better outcome for shareholders: to engage with us and enter into a value-maximizing agreement.”

Pebblebrook’s July 20, 2018 superior offer for a strategic combination with LaSalle remains outstanding, and will continue to remain outstanding for a reasonable time after shareholders reject the Blackstone deal. When the LaSalle Board terminates that agreement, Pebblebrook is prepared to move forward with its offer immediately.

The presentation can be accessed by visiting the Investor Relations section of Pebblebrook’s website, investor.pebblebrookhotels.com or by clicking [here](#).

PEBBLEBROOK URGES SHAREHOLDERS TO MAKE SURE THEIR VOICES ARE HEARD AT THE SEPTEMBER 6TH MEETING BY VOTING AGAINST THE PROPOSED TAKE-UNDER TRANSACTION ON THE GOLD PROXY CARD

VOTING INSTRUCTIONS: VOTE THE GOLD PROXY CARD

To vote “AGAINST” the BRE Proposal, the Payout Proposal and the Adjournment Proposal at the Special Meeting, please follow these instructions.

We urge you to vote in advance of the meeting by signing and dating the GOLD proxy card and returning it using the postage-paid envelope mailed to you.

Vote by Mail

If you hold LaSalle Common Shares directly in your name as a shareholder of record, please complete, sign and date the GOLD proxy card and return it promptly in the postage-paid envelope.

To be able to vote your LaSalle Common Shares in accordance with your instructions at the Special Meeting, please send us your proxy as soon as possible. You may vote your LaSalle Common Shares without submitting a proxy to us if you vote in person or submit a proxy to LaSalle.

If you hold LaSalle Common Shares in “street name,” meaning through a broker, bank, nominee or other holder of record, to vote by mail, you will need to sign, date and mark the voting instruction form provided by your broker, bank, nominee or other holder of record with the proxy materials mailed to you and return it in the postage-paid return envelope provided. Your broker, bank, nominee or other holder of record must receive your voting instruction form in sufficient time to vote your shares.

Vote in Person

If you hold LaSalle Common Shares directly in your name as a shareholder of record, you may vote in person at the Special Meeting on September 6. Shareholders of record also may be represented by another person at the Special Meeting by executing a proper proxy designating that person in writing.

However, **if you hold LaSalle Common Shares in “street name,” meaning through a broker, bank, nominee or other holder of record**, you must obtain a legal proxy from that institution in order to vote your LaSalle Common Shares at the Special Meeting. To request a legal proxy, please contact your broker, bank, nominee or other holder of record.

Vote by Telephone

If **you hold LaSalle Common Shares in “street name,” meaning through a broker, bank, nominee or other holder of record**, locate the Control Number located in the box on your GOLD Voting Instruction Form, dial 1 (800) 454-8683 and follow the voting instructions.

Vote by the Internet

If you hold LaSalle Common Shares in “street name,” meaning through a broker, bank, nominee or other holder of record, locate the Control Number located in the box on your GOLD Voting Instruction Form, go to www.Proxyvote.com to vote.

For Additional Information

Okapi Partners LLC, or Okapi, is assisting Pebblebrook with its efforts to solicit proxies. If you have any questions concerning Pebblebrook’s Definitive Proxy Statement or to request a proxy card, please contact: Okapi Partners LLC 1212 Avenue of the Americas, 24th Floor
New York, NY 10036
(212) 297-0720
Shareholders may call toll free: (855) 305-0855
E-mail: info@okapipartners.com

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 SEC. This communication is not a substitute for any proxy statement, registration statement, tender or exchange offer

statement, prospectus or another 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.

In connection with the proposed merger transaction between LaSalle and affiliates of Blackstone, which Pebblebrook opposes (the "Proposed BRE Merger"), LaSalle filed a definitive proxy statement with the SEC on July 30, 2018 (the "LaSalle Proxy Statement"). On July 30, 2018, Pebblebrook filed a definitive proxy statement with the SEC in opposition that proposed merger transaction (the "Pebblebrook Proxy Statement"). This communication is not a substitute for the LaSalle Proxy Statement or the Pebblebrook Proxy Statement or for any other document that LaSalle or Pebblebrook have filed or may file with the SEC or send to LaSalle shareholders in connection with the Proposed BRE Merger. BEFORE MAKING ANY VOTING DECISION, INVESTORS AND SECURITY HOLDERS OF LASALLE ARE URGED TO READ THE LASALLE PROXY STATEMENT, THE PEBBLEBROOK PROXY STATEMENT AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT PEBBLEBROOK, LASALLE, THE PROPOSED BRE MERGER AND RELATED MATTERS. Investors and security holders are able to obtain free copies of the LaSalle Proxy Statement, the Pebblebrook Proxy Statement and other documents filed by LaSalle or Pebblebrook with the SEC through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed by LaSalle with the SEC are also available free of charge on LaSalle's website at www.lasallehotels.com, or by contacting LaSalle's Investor Relations Department at (301) 941-1500. Copies of the documents filed by Pebblebrook with the SEC are also available free of charge on Pebblebrook's website at www.pebblebrookhotels.com, or by contacting Pebblebrook's Investor Relations at (240) 507-1330. LaSalle and its trustees and certain of its executive officers may be considered participants in the solicitation of proxies from LaSalle's shareholders with respect to the Proposed BRE Merger under the rules of the SEC. Information about the trustees and executive officers of LaSalle is set forth in LaSalle's Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 20, 2018, LaSalle's proxy statement for its 2018 annual meeting of shareholders, which was filed with the SEC on March 22, 2018, and in subsequent documents filed by LaSalle with the SEC. Additional information regarding persons who may be deemed participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, is included in the LaSalle Proxy Statement and may be included in other relevant materials to be filed with the SEC. Pebblebrook and its 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 BRE Merger. 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 may obtain free copies of this document as described 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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For additional information or to receive press releases via email, please visit our website at www.pebblebrookhotels.com



Pebblebrook Hotel Trust
Delivering Superior Value to LaSalle Hotel Properties Shareholders
August 2018

Executive Summary

Pebblebrook is committed to completing the most logical strategic combination in the hotel REIT sector

- **LaSalle's Board rejected a viable, available and superior alternative to accept a Blackstone take-under**
 - Pebblebrook's offer represents a 7.9% premium⁽¹⁾ to the Blackstone take-under – differential of this magnitude is unprecedented in listed equity REIT M&A
 - Pebblebrook's offer is attractive relative to street expectations, representing a substantial premium to LaSalle's unaffected close, consensus NAV, consensus price target and to Blackstone's take-under
 - Pebblebrook's offer provides upside potential via the ability to participate in accelerating lodging fundamentals with best-in-class leadership from Pebblebrook and downside protection via fixed cash component. LaSalle shareholders will benefit from increased dividend income and a non-taxable exchange of shares
 - Pebblebrook is committed to closing the transaction ASAP – estimated closing within 90 days of signing a definitive agreement
 - 100% of LaSalle shares traded after the LaSalle/Blackstone deal announcement have traded above the \$33.50 deal price, indicating shareholders' displeasure with that deal price and their view of the higher value of Pebblebrook's offer

(1) Based on a fixed exchange ratio of 0.92 and Pebblebrook price of \$38.86, which is PEB's 30-day VWAP as of August 8, 2018

Executive Summary (Cont.)

Pebblebrook is committed to completing the most logical strategic combination in the hotel REIT sector

- **LaSalle's Board ran a flawed process and has not acted in the best interests of shareholders**
 - No special committee of independent trustees or advisors established to ensure an impartial evaluation of alternatives
 - Conflicted CEO in "gatekeeper" role, controlling communication and making independent trustees inaccessible
 - Clear bias against Pebblebrook demonstrated in interactions with Pebblebrook, including demands for unusual terms and inconsistent public statements

- **The troubling behaviors have continued since signing the Blackstone agreement**
 - Continued justification of Blackstone's cash take-under that remains materially below both current trading levels and the Pebblebrook cash/stock offer
 - Ignored the clearly communicated desire of many institutional shareholders who have urged the LaSalle Board publicly and privately to accept the Pebblebrook offer
 - Repeatedly rejected Pebblebrook's increased offers because they "could not reasonably be expected to lead to, a 'Superior Proposal'" ***without even talking to Pebblebrook at all***

Pebblebrook's Superior Proposal



Superior Proposal for LaSalle Shareholders Remains Outstanding

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

Price

- \$36.16 implied offer price based on a 0.92 fixed exchange ratio and PEB's 30-day VWAP of \$38.86⁽¹⁾
- 7.9% above Blackstone's existing take-under proposal

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

- Expected closing within 90 days following execution of merger agreement
- Certainty of closing and 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⁾
- More tax efficient transaction for LaSalle shareholders compared to all-cash offer

Note: \$36.16 offer price is based on the blended consideration of 20% cash and 80% stock

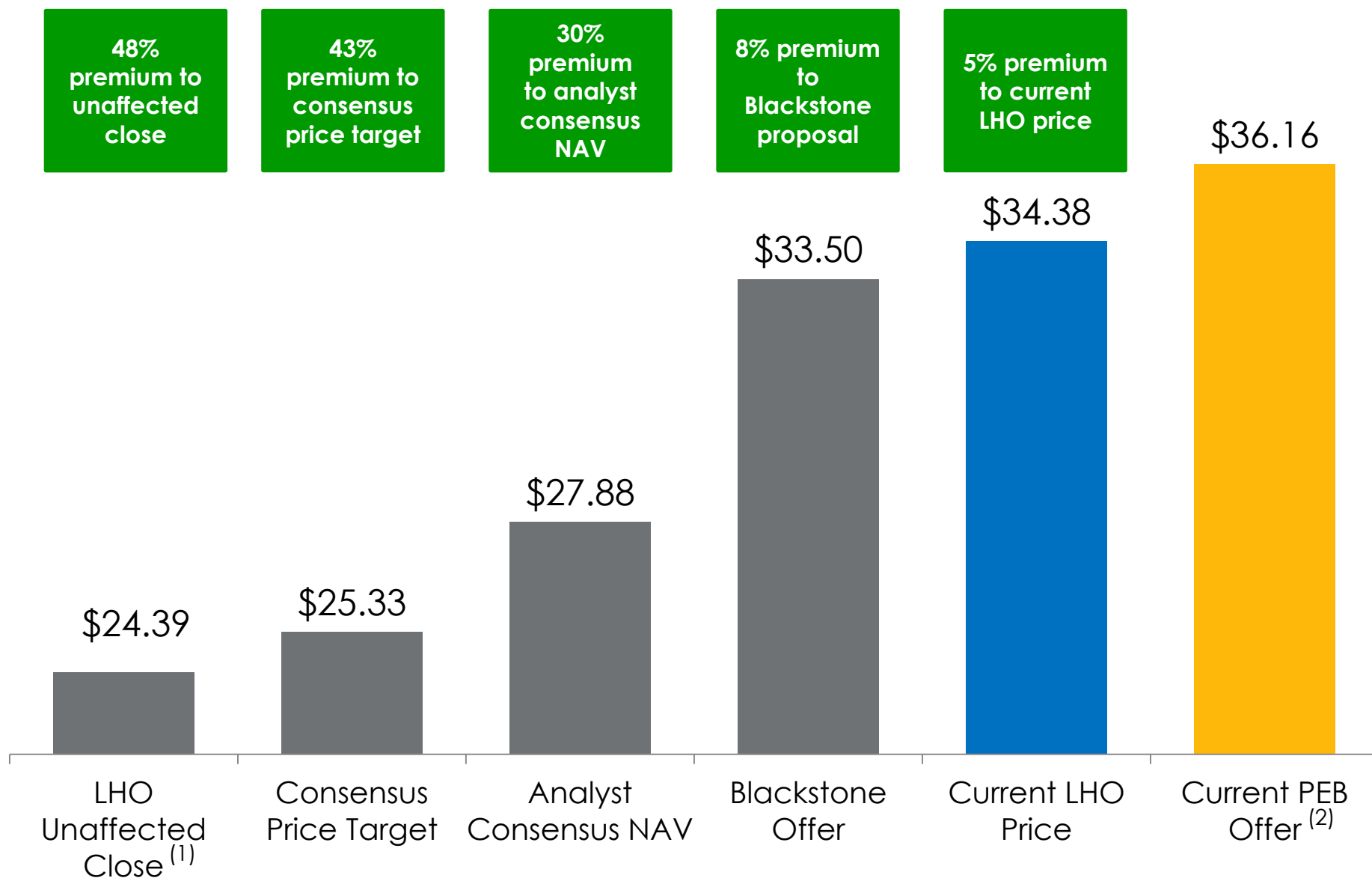
(1) As of August 8, 2018

(2) Cash consideration fixed and will not fluctuate

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

Significant Premium to Unaffected Metrics and Blackstone Take-Under

Pebblebrook's offer represents a significant premium to LaSalle's unaffected prices, analyst consensus NAV and price targets, Blackstone's proposal, and LaSalle's current price



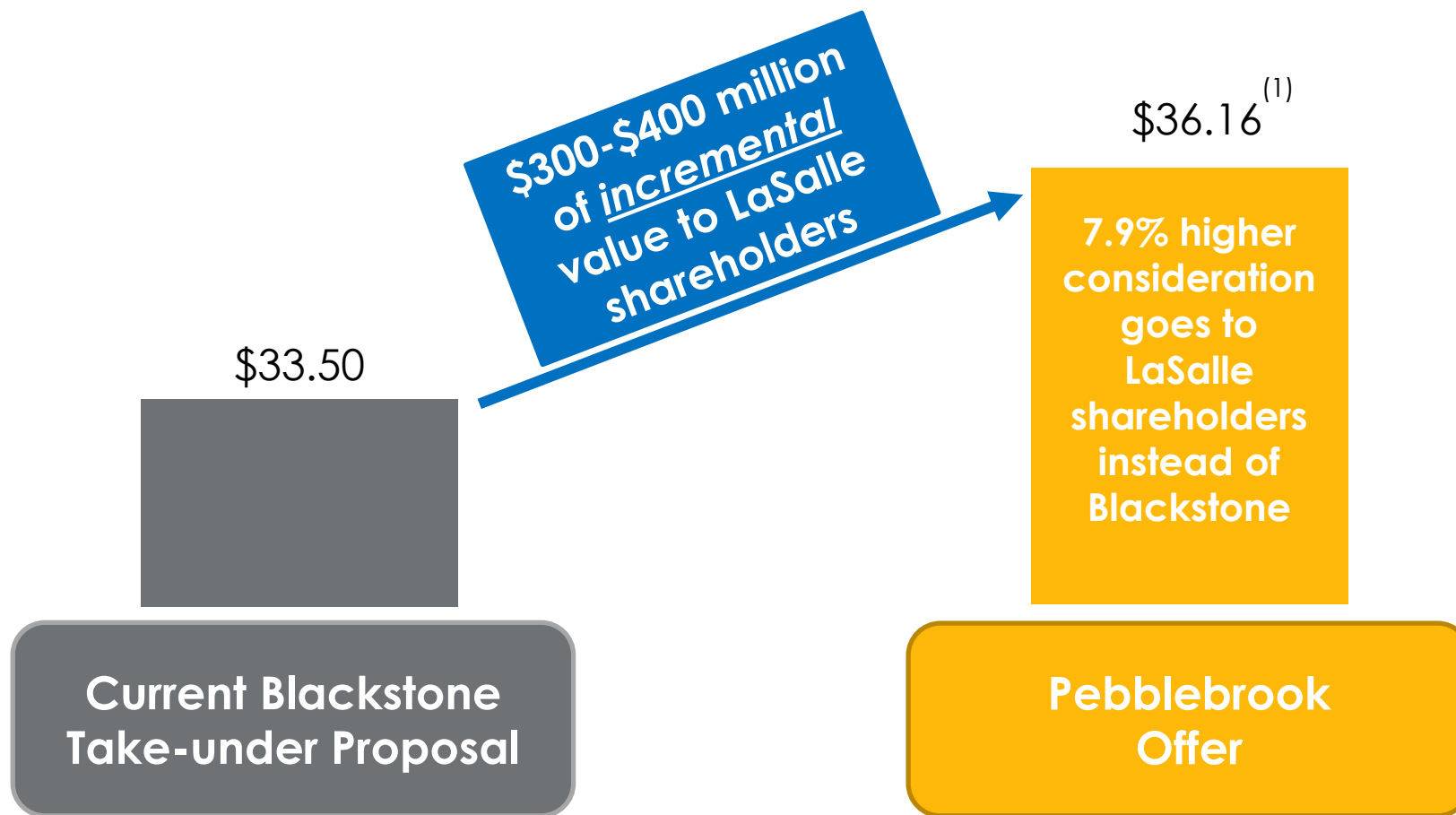
Note: \$36.16 offer price is based on the blended consideration of 20% cash and 80% stock; Analyst Consensus NAV and Price Target Estimates are as of the unaffected close date of March 27, 2018

(1) Based on ex-dividend price of \$24.39 as of March 27, 2018

(2) Based on a fixed exchange ratio of 0.92 and Pebblebrook price of \$38.86, which is PEB's 30-day VWAP as of August 8, 2018

Pebblebrook Offers Materially Higher Consideration

LaSalle Board could give \$300-\$400 million more in value to shareholders instead of to Blackstone



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

Note: \$36.16 offer price is based on the blended consideration of 20% cash and 80% stock

(1) Based on a fixed exchange ratio of 0.92 and Pebblebrook price of \$38.86, which is PEB's 30-day VWAP as of August 8, 2018

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

Higher Offer with Upside Potential and Downside Protection

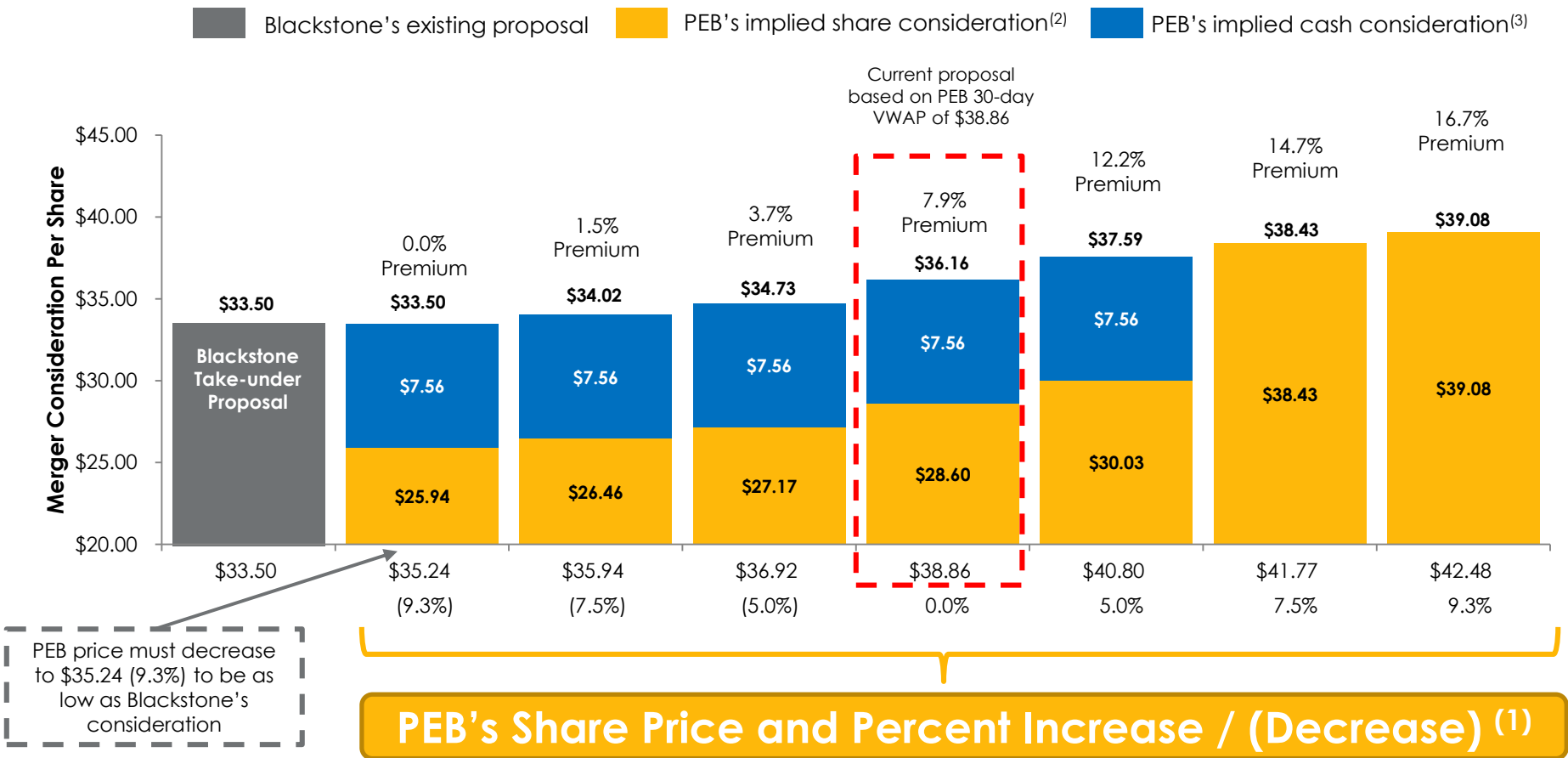
Pebblebrook offers superior value to LaSalle shareholders and provides them with upside participation and downside protection

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

Total consideration of \$36.16 per share⁽¹⁾, a 7.9% premium to Blackstone's take-under proposal

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 in aggregate



Note: Table displays average consideration per share, assuming a position of 5 or more shares. \$36.16 offer price is based on the blended consideration of 20% cash and 80% stock

(1) Based on a fixed exchange ratio of 0.92 and Pebblebrook price of \$38.86, which is PEB's 30-day VWAP as of August 8, 2018

(2) Assumes all LHO shares elect 0.92 PEB shares if PEB stock increases above \$41.09

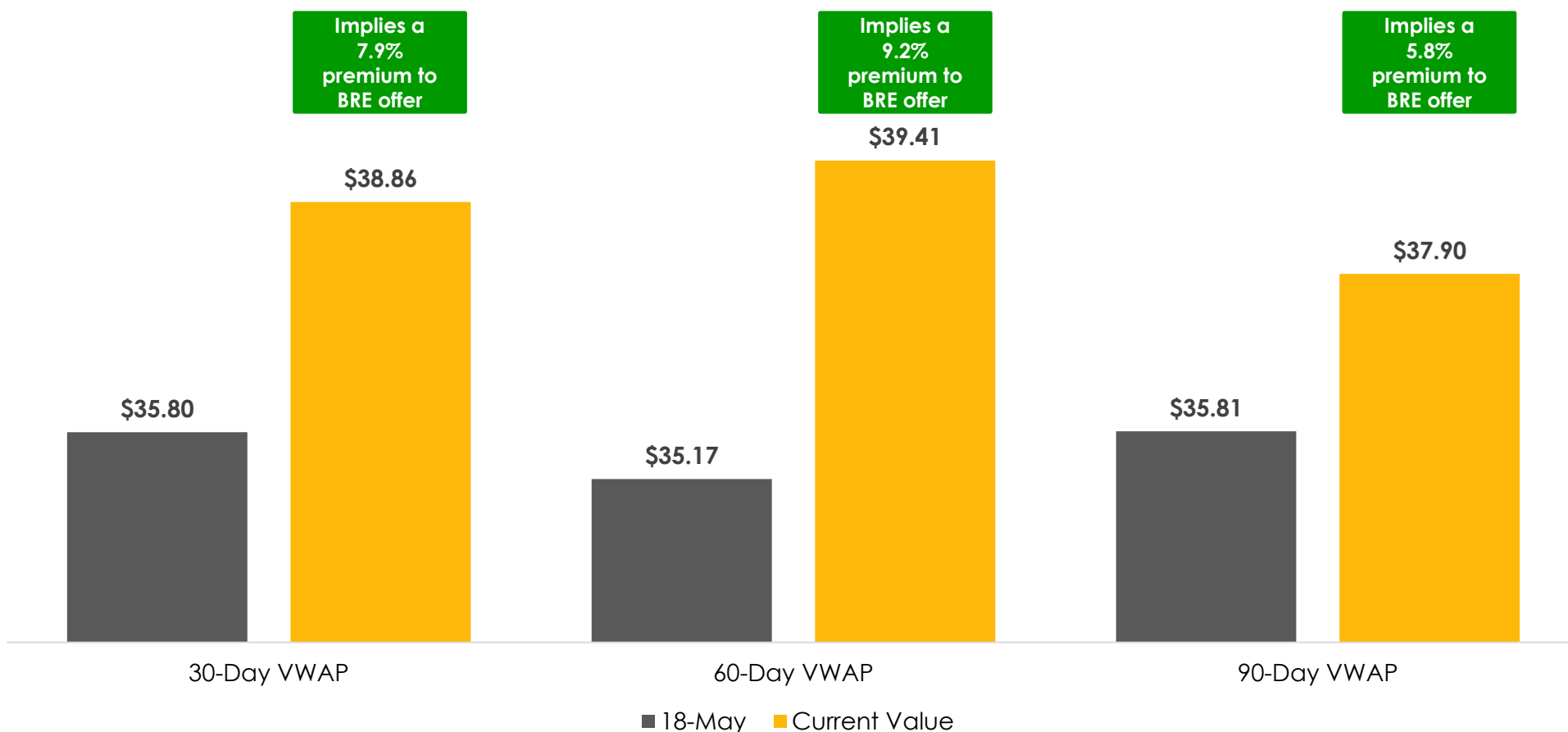
(3) Assumes all LHO shares vote for cash if PEB stock falls below \$41.09 and pro rated to 20% maximum cash cap

Pebblebrook's Long-Term VWAPs Continue to Increase

Pebblebrook's 30-, 60- and 90-day VWAPs have increased since LaSalle's signing of the Blackstone take-under on May 20, 2018 – each implying a substantial premium to the current \$33.50 per share agreement

“Although the exchange ratio last proposed by Pebblebrook resulted in an implied price of \$35.89 per share for 100% of our outstanding common shares based on Pebblebrook's closing price of \$39.01 on May 18, 2018, representatives of Citi and Goldman Sachs reviewed with our board of trustees that based on 30-, 60- and 90-day volume weighted average share prices, the implied consideration of Pebblebrook's last proposal was less than \$33.50 per Company common share.”
 - LHO Proxy filed 7/30/2018, p.60

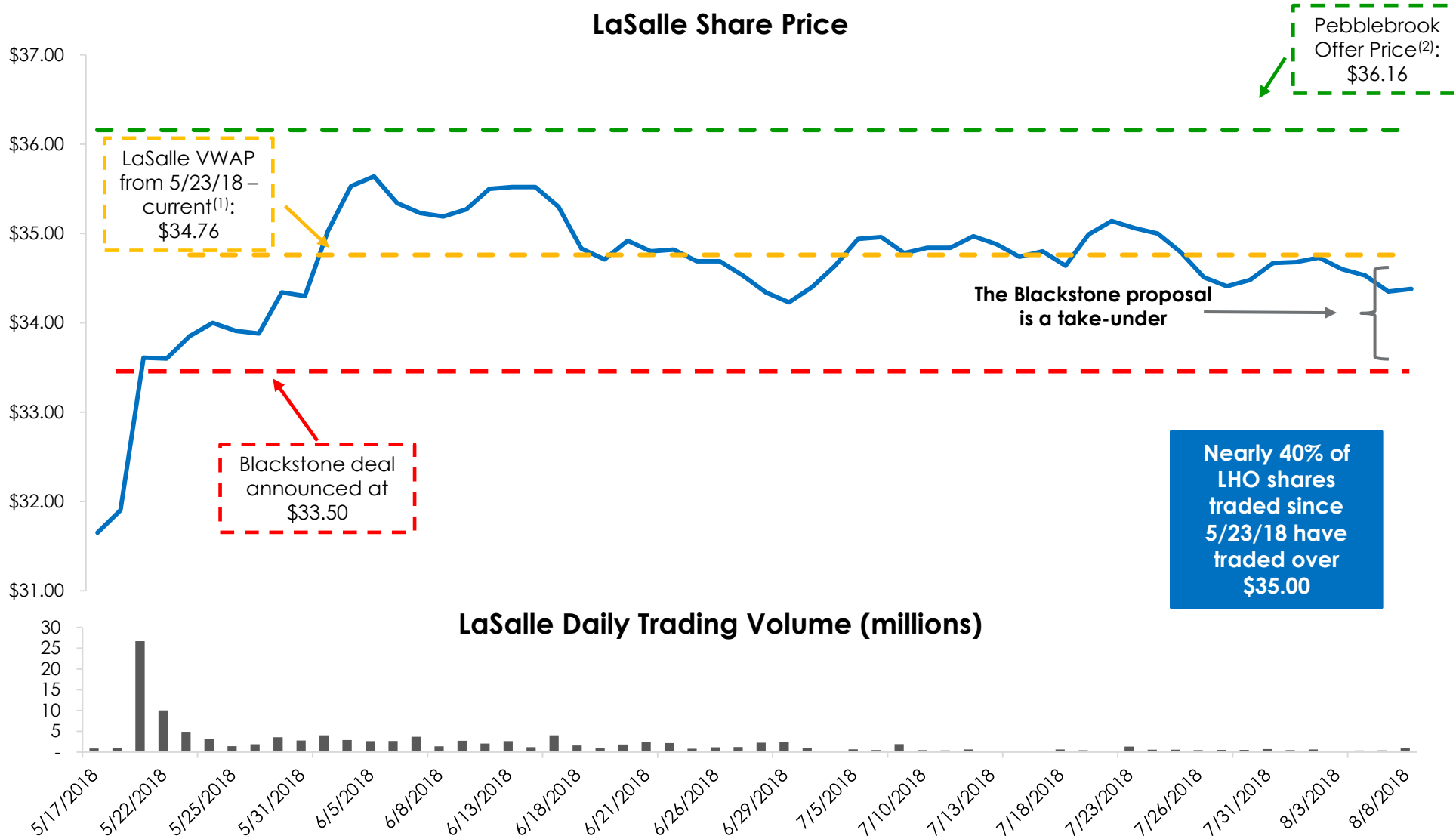
Why hasn't the LaSalle board determined that the Pebblebrook offer is superior now that those long term VWAPs are well above the Blackstone proposal?



Source: Factset and Bloomberg
 Note: Current values are as of August 8, 2018

No Legitimate Rationale For Shareholders to Accept the Blackstone Take-Under

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 – LaSalle’s shareholders clearly believe the higher price offered by Pebblebrook for LaSalle is more desirable



Sources: SNL and Bloomberg

(1) As of August 8, 2018

(2) Based on a fixed exchange ratio of 0.92 and Pebblebrook price of \$38.86, which is PEB’s 30-day VWAP as of August 8, 2018

Upside Potential for LaSalle Shareholders

Pebblebrook's offer provides LaSalle shareholders with significant long-term upside potential

- Pebblebrook is led by a proven management team with deep industry experience, a stellar reputation among the shareholder community, and personal knowledge of many of LaSalle's assets. Under the leadership of Jon Bortz, the former Chairman and CEO of LaSalle, Pebblebrook has generated industry-leading returns since its inception, outperforming LaSalle by 47%⁽¹⁾
- Pebblebrook and LaSalle have tremendous similarities including property quality, geography, markets, operators and brands
- Combination would create clear industry leader of high-quality independent and branded hotels that would greatly benefit shareholders of both companies
- Meaningful opportunity to create shareholder value via synergies and improvement of LaSalle hotel EBITDA by Pebblebrook management
- LaSalle shareholders also benefit from Pebblebrook's accelerated growth outlook in 2019
- Strong shareholder and analyst support for Pebblebrook and LaSalle strategic combination is an affirmation of the long-term potential, further evidenced by the many letters from institutional LaSalle shareholders sent to LaSalle's Board in support of Pebblebrook's offer and consistent trading above Blackstone \$33.50 per share take-under agreement

(1) Total return from PEB's IPO on 12/8/2009 – 3/27/2018 (unaffected close)

Pebblebrook Management Delivers Strong Total Shareholder Returns

Companies led by Jon Bortz have historically traded at premium multiples and outperformed the peer group and industry averages

LaSalle Performance Under Jon Bortz

	Absolute Performance:	
	From IPO to Jon Bortz Departure ⁽¹⁾	LHO Relative Outperformance
LaSalle Hotel Properties	96.5%	-
Russell 2000	42.0%	54.5%
S&P 500	13.5%	83.0%
SNL U.S. REIT Hotel	(40.5%)	137.0%
Lodging Peers⁽²⁾	(45.4%)	141.9%

Pebblebrook Performance Under Jon Bortz

	LTM		Trailing 5 Years		Since PEB IPO ⁽³⁾	
	Performance	PEB vs	Performance	PEB vs	Performance	PEB vs
Pebblebrook Hotel Trust	24.8%	-	55.8%	-	111.8%	-
Chesapeake Lodging Trust	21.1%	3.7%	49.3%	6.6%	96.2%	15.6%
Host Hotels & Resorts	6.2%	18.6%	29.9%	25.9%	125.2%	(13.4%)
Lodging Peers⁽⁴⁾	4.2%	20.5%	39.0%	16.8%	95.6%	16.3%
Sunstone Hotel Investors	3.5%	21.3%	52.6%	3.2%	125.3%	(13.4%)
SNL U.S. REIT Hotel	2.1%	22.7%	38.2%	17.6%	138.9%	(27.1%)
DiamondRock Hospitality	(2.6%)	27.3%	35.4%	20.4%	66.0%	45.9%
LaSalle Hotel Properties	(7.0%)	31.8%	28.1%	27.8%	65.2%	46.6%

Source: SNL

Note: Trailing 5 Year and LTM performance is as of 3/27/2018 (unaffected close); Total return includes reinvested dividends

(1) Total return from LHO's IPO on 4/23/1998 until Jon's last day as CEO on 9/13/2009

(2) Lodging Peers include: HST and FCH

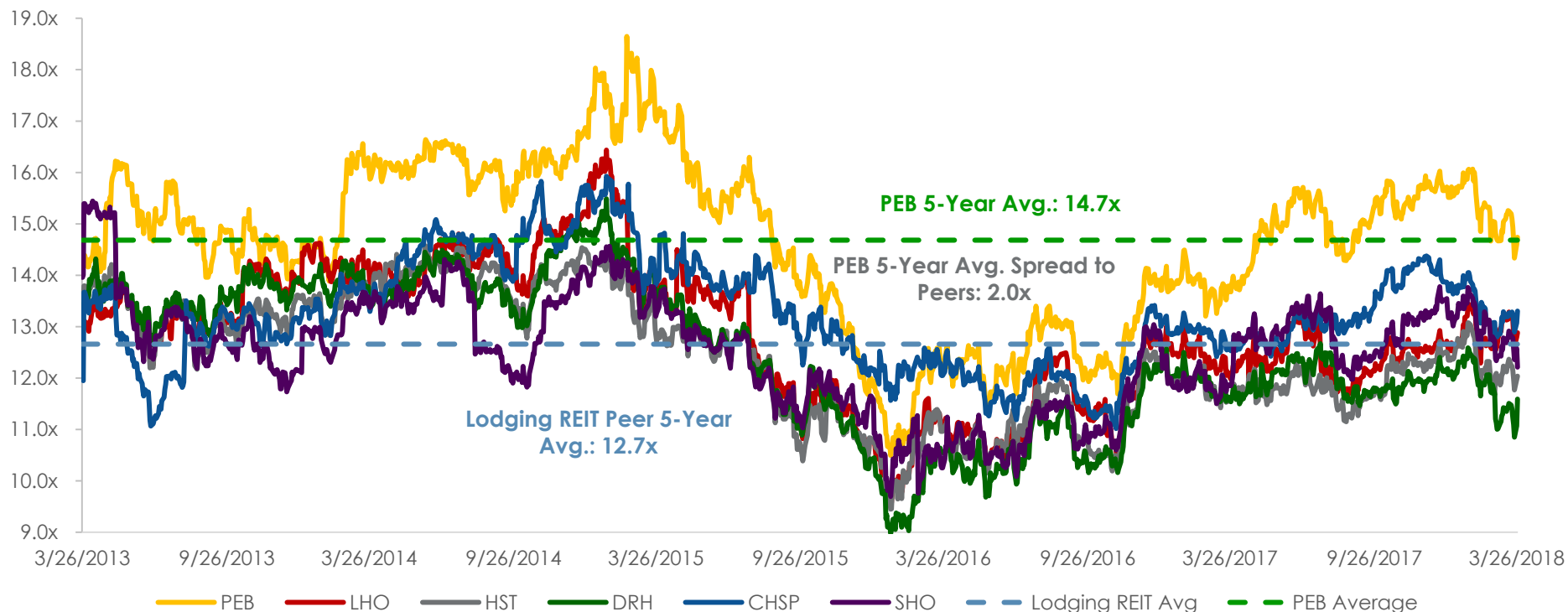
(3) Total return from PEB's IPO on 12/8/2009 – 3/27/2018 (unaffected close)

(4) Lodging Peers include HST, SHO, DRH, CHSP, and LHO

Pebblebrook Consistently Trades at a Premium Multiple

PEB has traded at a premium to its lodging REIT peers, providing a consistent cost of capital advantage and making its stock a valuable currency

Historical NTM EBITDA Multiple Summary									
	5-Year Avg.	3-Year Avg.	1-Year Avg.	6-Month Avg.	3-Month Avg.	2018 YTD Avg.	2018E Multiple ⁽¹⁾	2019E Multiple ⁽¹⁾	Total Return ⁽²⁾
PEB	14.7x	14.0x	15.1x	15.5x	15.3x	15.3x	14.7x	14.2x	55.8%
SHO	12.5x	12.0x	12.9x	13.0x	13.0x	13.0x	12.2x	11.9x	52.6%
CHSP	13.3x	12.9x	13.3x	13.7x	13.4x	13.4x	13.3x	12.7x	49.3%
DRH	12.4x	11.5x	11.9x	11.9x	11.8x	11.8x	11.6x	11.5x	35.4%
HST	12.4x	11.6x	12.0x	12.3x	12.3x	12.3x	12.0x	11.8x	29.9%
LHO	12.9x	12.1x	12.5x	12.7x	12.9x	12.9x	12.9x	12.5x	28.1%
Lodging REIT Peers	12.7x	12.0x	12.5x	12.7x	12.6x	12.6x	12.3x	12.0x	39.0%
PEB Spread to Lodging REIT Peers	2.0x	2.0x	2.6x	2.7x	2.7x	2.7x	2.5x	2.2x	16.8%



Source: Company filings, FactSet, and SNL. Market data as of March 27, 2018.

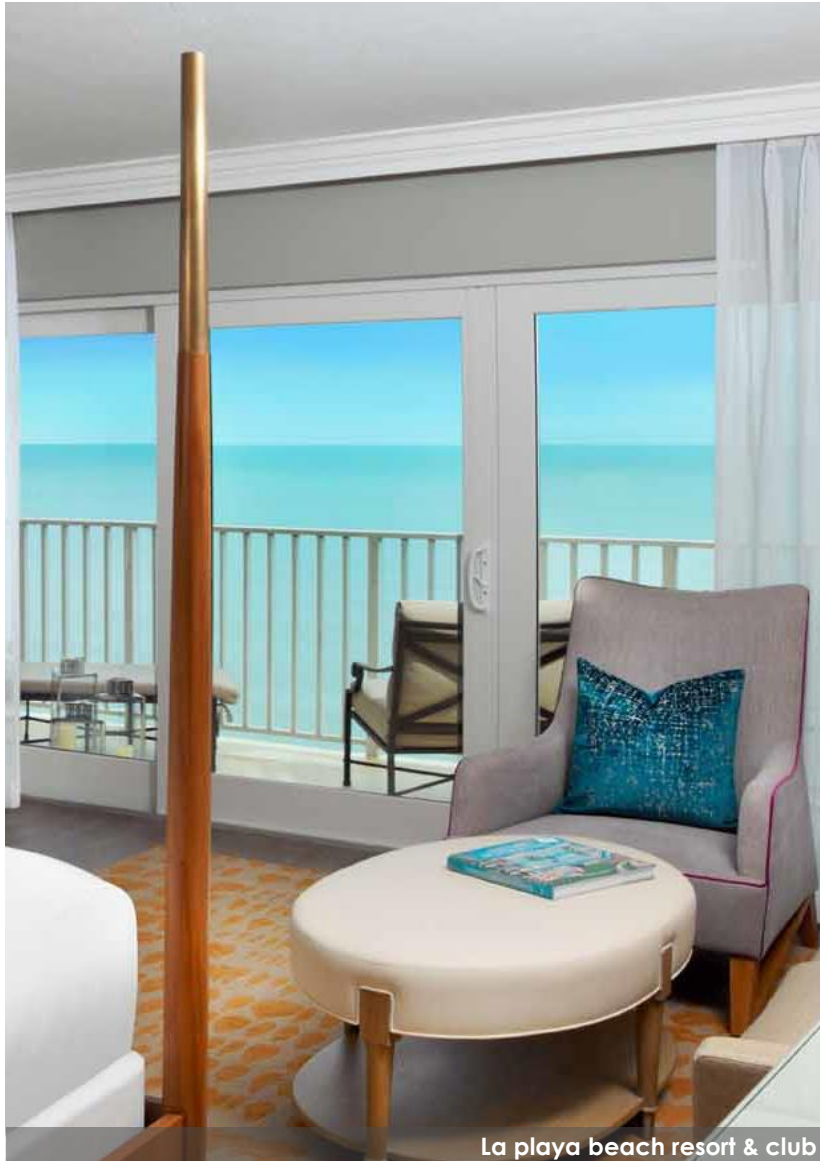
Note: Lodging REIT Peers include CHSP, DRH, HST and SHO

(1) Based on consensus estimates of 2018 or 2019 (as applicable) EBITDA as of March 27, 2018

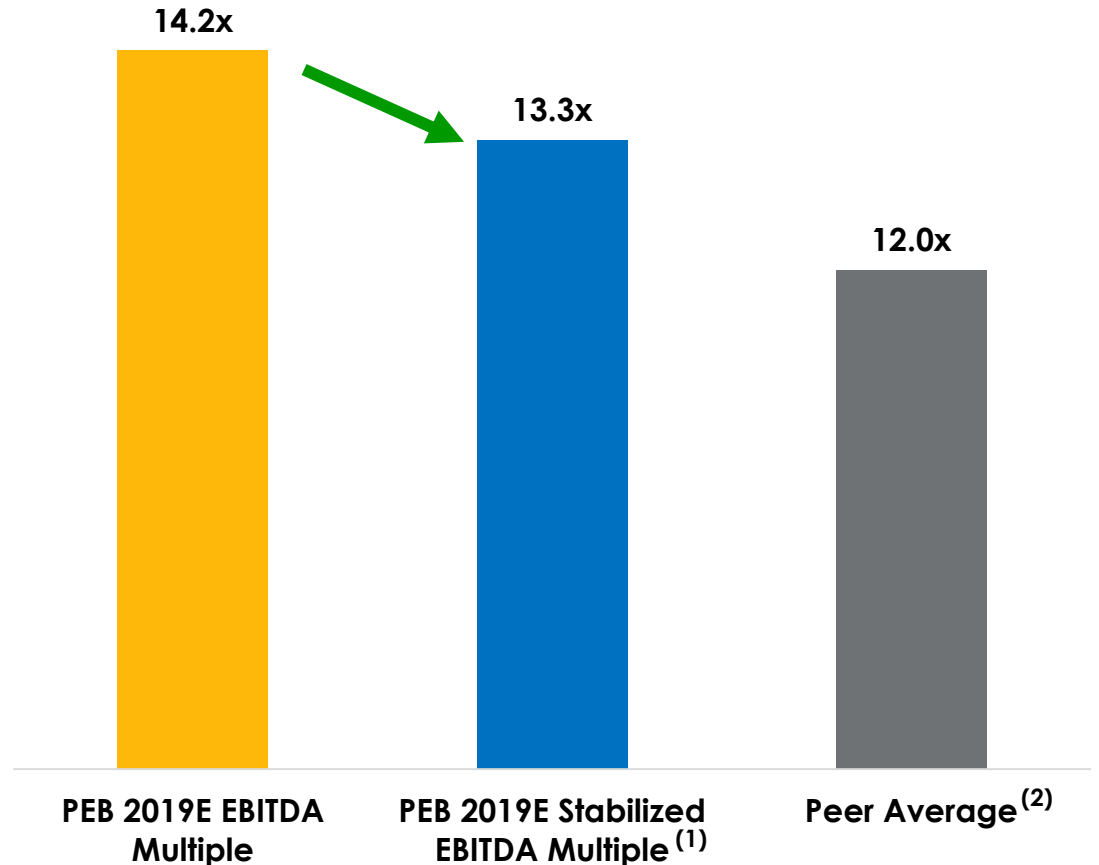
(2) Trailing 5-year return as of March 27, 2018; includes reinvested dividends

Temporary One-Time Event Impacts on Slightly Elevated EBITDA Multiple

Pebblebrook's EBITDA is depressed due to SF Moscone Center renovation and our 25% concentration in that market, significant property redevelopments causing disruption and the impact of Hurricane Irma. This temporary dislocation is causing a slightly elevated multiple vs historical averages



Pebblebrook 2019E Stabilized EBITDA Multiple spread to peers: 1.3x
Pebblebrook 5-year avg. NTM EBITDA Multiple spread to peers: 2.0x
 Based on 2019E Stabilized EBITDA⁽¹⁾, a normalization of Pebblebrook's multiple spread to peers could generate \$220 million of incremental value



Source: FactSet and SNL. Market data as of March 27, 2018.

Based on consensus estimates of 2019 (as applicable) EBITDA as of March 27, 2018

(1) Stabilized EBITDA takes into account SF RevPAR growth, disruption from renovations and hurricanes, and other one-time events

(2) Peers include CHSP, DRH, HST and SHO

Compelling Opportunity to Create Shareholder Value

- **Create 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
- **Create the 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 higher than LaSalle's (~\$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 higher 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 and higher 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 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

Opportunity to Participate in Improving Industry Performance

Pebblebrook and its lodging REIT peers are benefiting from 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
- Smith Travel Research and PwC have also increased 2018 outlooks, forecasting stronger growth in occupancy, ADR and RevPAR
- From a strategic combination of LaSalle with Pebblebrook, LaSalle shareholders will receive considerable value today and future upside through an investment in a larger, more diversified company that will be well-positioned to capitalize on the strong market environment and company-specific opportunities
- LaSalle is experiencing improving trends as well and commented in their Q2 2018 Earnings Release that “second quarter results exceeded our expectations, as the industry and our portfolio benefitted from strong lodging demand”

	2018 FY Outlook at 4Q17		Most Recent 2018 FY Outlook		Increase	
	RevPAR	FFO	RevPAR	FFO	RevPAR	FFO
PEB	0.50%	\$2.54	0.75%	\$2.61	0.25%	\$0.08
CHSP	4.00%	2.38	4.00%	2.33	-	(0.05)
DRH	1.00%	0.99	2.00%	1.01	1.00%	0.03
HST	1.50%	1.65	2.13%	1.74	0.63%	0.09
LHO	(2.00%)	2.06	(0.75%)	2.18	1.25%	0.12
SHO	1.00%	1.10	1.50%	1.11	0.50%	0.00

	2018 FY RevPAR Outlook		
	at 4Q17	Most Recent	Increase
STR	2.7%	2.9%	0.2%
PwC	2.5%	3.0%	0.5%

Committed to Completing the Merger of Pebblebrook and LaSalle

- ✓ **Pebblebrook owns 9.8% of LaSalle (approximately \$370 million⁽¹⁾ in LaSalle shares) –**
Pebblebrook is the largest active investor in LaSalle
- ✓ Committed to doing what is necessary to ensure LaSalle shareholders get their full value as opposed to Blackstone's take-under which represents a discount to both LaSalle's current share price and Pebblebrook's offer price
- ✓ Pebblebrook is prepared to sign a definitive agreement immediately and would expect to close in less than 90 days
- ✓ Pebblebrook has bank financing in place for the cash portion of the offer with a bridge loan commitment from BAML
- ✓ Shareholder support for merger as evidenced by significant PEB stock price increase on the day our proposal became public⁽²⁾ (+4.6%) and continued strong trading levels of PEB stock

A Flawed Process by LaSalle



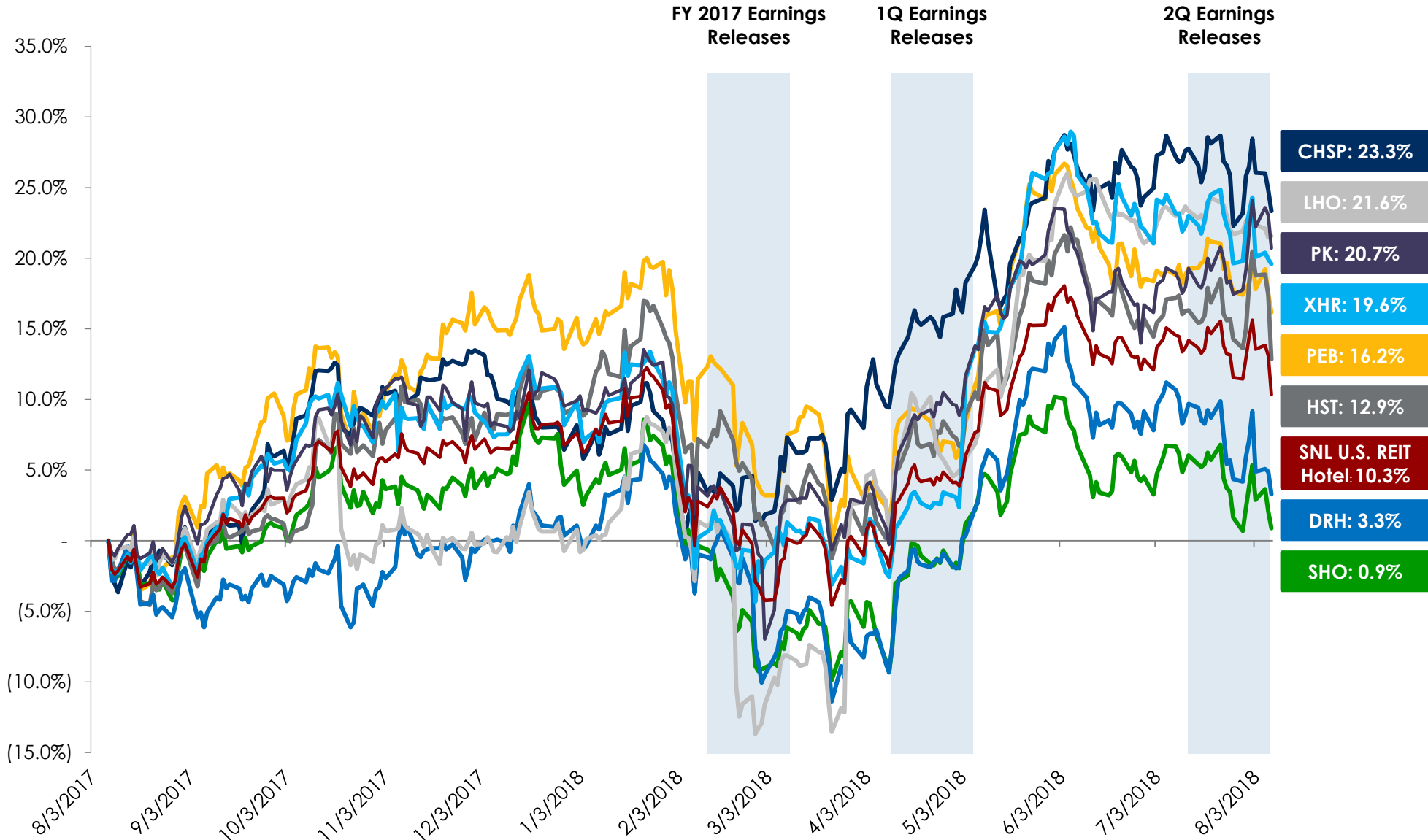
LaSalle's Flawed Process

LaSalle's process has been flawed since the beginning

- **Entrenched CEO and long-tenured Board members** set the stage for a flawed process
 - 3 trustees, including the chairman, have been on the Board since the LaSalle IPO over 20 years ago
- **No formation of a special committee**, despite clear conflicts of interest of LaSalle management and Pebblebrook and institutional shareholders repeatedly raising such conflicts
- **Conflicted CEO** designated as point-person for all communications regarding Pebblebrook, despite Pebblebrook's clear statement that he would not be part of the go-forward entity following a combination
- **LaSalle's Board depriving shareholders of long-term value** by accepting a significantly discounted fixed, all-cash offer in the face of improving lodging industry fundamentals
- **LaSalle Chairman and independent trustees refused to meet with Pebblebrook** to discuss benefits of combining the two companies
- **LaSalle demonstrated a clear and strong bias against Pebblebrook**
- **LaSalle has rejected multiple offers from Pebblebrook subsequent to the Blackstone agreement without engaging with Pebblebrook at all**

Improving Industry Fundamentals Favor Equity-Based Offers

LaSalle's Board accepted a significantly discounted fixed, all-cash offer in the face of improving lodging fundamentals



LaSalle Board Acted Outside of REIT Precedent

Collars (even symmetrical collars) are not typical and do not provide practical protection when the target is publicly listed

Goodwin Insights, Trends in Public REIT M&A 2012-2017

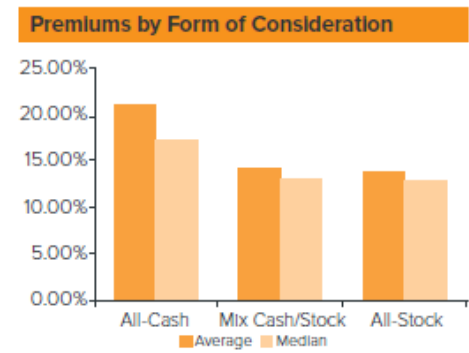
closing to account for changes in the value of the buyer's stock, subject to a collar. Collars such as these are uncommon in typical REIT public-to-public transactions since buyer and target stock prices will generally begin trading in unison after announcement of a deal so the collar provides little to no practical protection. We note that in each of the four surveyed transactions with a collar, the target was a non-traded REIT and, thus, did not have publicly traded stock that could trade in a tracking pattern to the buyer's stock.

- One transaction, an all-cash deal, provided for additional cash to be added to the merger consideration if buyer delayed the closing more than six months from announcement in order to effect a sale of the target's management business. This was a unique situation and is not indicative of a trend towards this sort of provision.
- Another unique transaction provided for a level of price protection by providing target a termination right if either the cash portion of the consideration exceeded 40%, or if the 20-day average price of the buyer's stock declined by 15% or more of the RMZ.
- Two deals (one mix cash/stock, one cash) were structured as asset deals followed by a liquidation of the target, and a third deal (all-cash) involved the establishment of a liquidating trust that sold a portfolio of undesired assets over time and distributed the proceeds to the target stockholders. In these cases, the proceeds to target shareholders were estimated and the ultimate amount paid depended upon the level of winding-up expenses incurred by the target.
- Two of the mortgage REIT transactions provided for adjustments to the consideration depending on changes in book value between signing and closing.
- A cash NTR deal mimicked a private acquisition construct through providing for closing adjustments and a contingent value right under certain circumstances.

2. PREMIUMS. Of the deals surveyed in which the target was a listed company (i.e., excluding non-traded REITs)²,

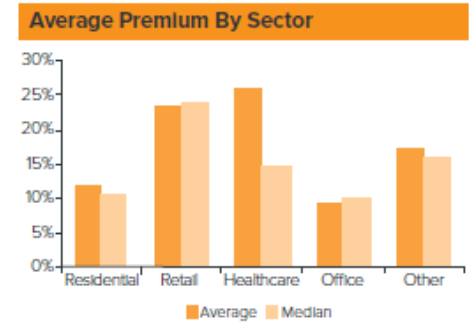
² Non-traded REITs do not, by definition, have a daily trading price that can be used to calculate whether a premium has been paid, although they are periodically required to disclose per share valuations.
³ For purposes of these calculations, the value of the consideration at public announcement was compared to the closing price of the target stock on the day immediately preceding announcement, unless the parties disclosed a specific, earlier, unaffected price date, for example, in the event of public rumors of a deal that caused the stock prices to change.

the average premium to the unaffected share price was 16.4% and the median premium to unaffected share price was 13.3%³, as follows:



As evident in the table above, premiums logically tend to decrease when stock is included as a component of the merger consideration, with the highest premiums coming in all-cash go-private transactions and the lowest premiums coming in all stock so-called "merger of equal" transactions. When shareholders are exchanging their shares for all cash in a "no tomorrow" transaction, buyers will pay as robust a premium as the market will bear in exchange for capturing all future upside in the target business. Conversely, when shareholders are receiving shares in the combined company, which will almost always be a larger and more diverse company, buyers have less of a compelling reason to provide target shareholders with a robust up-front premium because they will receive the future economic benefits of the combined enterprise.

The table below sets forth the average and median premiums by sector during the surveyed period:



LaSalle Board accepted unprecedented discount for all-cash offer according to Goodwin Procter, LaSalle's legal counsel

Cash premiums are higher than stock deal premiums because in stock deals there is opportunity for upside participation

Why Isn't LaSalle's Board Focused on Maximizing Value?

The facts and circumstances have changed substantially since LaSalle's acceptance of the Blackstone agreement, addressing the LaSalle Board's concerns regarding a transaction with Pebblebrook – LaSalle appears more focused on justifying an inferior deal instead of maximizing value

LaSalle Concern

Each Concern Has Been Addressed

Timing

- Pebblebrook intends to close within 90 days of signing a definitive agreement – given LaSalle has already wasted significant time by accepting an inferior offer that shareholders are likely to vote down, LaSalle should immediately enter into a definitive agreement with Pebblebrook to maximize shareholder value

Downside Protection

- Pebblebrook has fixed the cash consideration feature of its offer at \$37.80 per share for up to 20% of the aggregate shares, significantly anchoring the value of Pebblebrook's superior offer
- LaSalle's legal counsel clearly stated in its recently published survey of trends in public REIT M&A that collars are uncommon in typical REIT public-to-public transactions because collars provide little to no practical protection. During the survey period, collars were used in only four transactions and in each case the target was a non-traded REIT which could not provide shareholders with liquidity options between signing and closing⁽¹⁾

Recent Trading Averages

- At the time LaSalle signed its take-under agreement (5/20/2018), Pebblebrook's 30-, 60- and 90-day VWAPs did not reflect the market's enthusiasm regarding lodging sector fundamentals following first quarter earnings releases at the end of April and early May
- Pebblebrook's closing price, 5- and 10-day VWAPs did reflect these improving trends and represented significant premiums to the Blackstone take-under agreement
- Pebblebrook's long-term VWAPs are now reflective of the improving sector fundamentals – Pebblebrook's 30-, 60- and 90-day VWAPs have increased 8.6%, 12.1% and 5.9%, respectively, and each implies a substantial premium to the Blackstone take-under

Pebblebrook Trades at a Premium EBITDA Multiple Compared to the Sector

- Pebblebrook's premium multiple has been awarded by investors for consistently strong performance over an extended period of time and open and transparent shareholder relations and is not a short-term anomaly
- Over the last 5-years, Pebblebrook has consistently traded at a premium to its peers, providing a consistent cost of capital advantage
- Pebblebrook's 2019 Stabilized EBITDA Multiple is currently at a discount to its historical multiple premium

Break-Up Fee

- Pebblebrook has factored the \$112 million Blackstone break-up fee into its offer
- Break-up fee is more than offset by anticipated G&A savings of \$20 million and potential ~\$50 million of incremental EBITDA⁽²⁾ in LaSalle's portfolio, which could amount to ~\$1 billion of incremental shareholder value⁽³⁾

(1) See page 21 of this presentation for an excerpt of the survey "Goodwin Insights, Trends in Public REIT M&A 2012-2017"

(2) See page 35 of this presentation

(3) Assumes \$70 million of EBITDA (\$20 million from G&A savings and \$50 million from operational improvements) valued at 14-15x

LaSalle's Bias Against Pebblebrook

LaSalle demonstrated a clear and strong bias against Pebblebrook

- Lack of communication from LaSalle and unusually long time periods with no response following communications (private and public) from Pebblebrook
- Off-market terms demanded of Pebblebrook in NDA designed to stop Pebblebrook from communicating with its shareholders for extended periods of time (e.g. 18 months for standstill)
- Off-market terms demanded of Pebblebrook in merger negotiations (e.g. collar for a public-public REIT M&A deal)
- Refusal to negotiate with Pebblebrook while negotiating with Blackstone immediately prior to acceptance of its take-under proposal
- Unprecedented discount to an available offer accepted by LaSalle Board and then reaffirmed twice despite changed facts and circumstances
- Inconsistent statements in LaSalle Proxy vs private statements and recent investor presentation
- LaSalle Board has disregarded overwhelming and clearly communicated support for Pebblebrook offer from LaSalle's own shareholders

Timeline of Events

Pebblebrook attempts to negotiate privately to avoid publicly putting LaSalle in play

Pebblebrook sends letter to LaSalle proposing merger:
0.8655 exchange ratio
100% stock
(\$29.37 implied offer price)

March 6



Pebblebrook sends follow-up letter requesting response to March 6 proposal

March 20



LaSalle rejects Pebblebrook's March 6 Proposal

March 22



Pebblebrook publicly announces March 6 proposal, LaSalle publicly rejects offer

March 28



LaSalle provides confidentiality agreement with an unacceptable 18-month standstill and gag order

April 5 – May 1



Pebblebrook privately sends revised proposal to LaSalle:
0.8944 exchange ratio
Up to 15% cash
(\$30.60 implied offer price)

April 13



Pebblebrook publicly announces revised merger proposal with key terms; LaSalle announces it will review

April 16



Pebblebrook sends revised increased proposal to LaSalle:
0.9085 exchange ratio
Up to 20% cash
(\$32.48 implied offer price)

April 20



Pebblebrook publicly announces final proposal to LaSalle; LaSalle announces it will review

April 24



Pebblebrook signs a confidentiality agreement on reasonable terms and enters LaSalle's auction process

May 5



Pebblebrook enters final discussions with LaSalle and submits its offer:
0.9085 exchange ratio
Up to 20% cash
(\$34.41 implied offer price)

May 16



Pebblebrook improves its offer – receives no response from LaSalle:
0.92 exchange ratio
up to 20% cash
(\$35.05 implied offer price)

May 19



LaSalle announces merger with Blackstone at \$33.50 per share in cash

May 21



Timeline of Events (Cont.)

Pebblebrook publicly announces revised merger offer:
0.92 exchange ratio, up to 20% cash fixed at \$37.80 (13% premium to the Blackstone agreement).
Pebblebrook also disclosed a presentation relating to the merits of the merger. LaSalle announces it will review (\$37.80 implied offer price)

June 11



LaSalle determines that Pebblebrook's June 11 proposal "does not constitute, and could not reasonably be expected to lead to, a 'Superior Proposal'"

June 18



Pebblebrook filed Proxy Statement in preliminary form with the SEC

Pebblebrook sends letter to LaSalle and reiterates its June 11 proposal. LaSalle sets record date for Special Meeting and confirms it received the letter (\$36.40 implied offer price)

LaSalle determines that Pebblebrook's proposal "does not constitute, and could not reasonably be expected to lead to, a 'Superior Proposal'" and reaffirms its recommendation in support of the BRE Merger Agreement. Pebblebrook files Proxy Statement with the SEC

July 10



July 20



July 30



LaSalle's Inconsistent Statements

LaSalle agrees the Pebblebrook offer is superior to standalone after conducting a strategic review

"...Based on the discussion at this meeting and previous board and transactions committee meetings, **our board of trustees concluded that both Blackstone's and Pebblebrook's revised proposals would, if consummated, provide greater certainty of value (and less risk) to our shareholders relative to the potential trading price of the Company shares** over a longer period after accounting for the long-term risks to our business resulting from operational execution risk and evolving industry dynamics."

– LaSalle Proxy Statement filed July 30, 2018, p. 55

LaSalle threatens to conduct another strategic review if the Blackstone deal is not approved, attempting to scare shareholders into voting for the Blackstone proposal

"FACT If the deal is not approved, the LaSalle Board will conduct a thorough review of the Company's strategic opportunities, including continuing to operate LaSalle as a standalone company; reviewing results of the business's operations; evaluating the 2019 outlook and updating the Company's 5-year plan; and analyzing the current state of the lodging sector and the economy generally."

– LaSalle Investor Presentation filed August 6, 2018, p. 19

LaSalle's Inconsistent Statements (Cont.)

LaSalle was bullish on the lodging cycle on its Q1 2018 Earnings Call on 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."

LaSalle was bearish on lodging cycle in its Proxy Statement filed July 30, 2018

"The risks and uncertainties of remaining as an independent public company and being able to expand our portfolio through acquisitions and development, including, among other things, the cyclical nature of the lodging industry and the advanced stage of the lodging industry's current economic recovery cycle, the risk of a slowdown of the economy, expected increases in the interest rates which could increase the cost of debt, the increase in supply in the lodging industry, which over time could drive down both hotel occupancy and room rates, and the challenges of acquiring assets on an accretive basis to expand the portfolio in light of the intensely competitive environment and strong price appreciation for luxury, upper upscale and upscale hotels in our core markets."

- LaSalle Proxy Statement filed July 30, 2018, p. 67

LaSalle was again positive on lodging trends in its Q2 2018 Earnings Release on August 9, 2018

"Our second quarter results exceeded our expectations, as the industry and our portfolio benefitted from strong lodging demand."

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

Wall Street Supports the Combination of PEB and LHO (Cont.)

“We continue to view a PEB/LHO merger as an ideal outcome for both groups of shareholders... PEB’s proposal offers a significant premium (with the 20% cash portion fixed at \$37.80) that cannot be ignored. In addition, PEB’s 12-18 month outlook is appealing given its exposure to San Francisco (20% of EBITDA PF for an LHO deal), which should give LHO shareholders plenty of time to profitably monetize PEB shares if they prefer cash. Finally, if a PEB/LHO merger were to occur, PEB would immediately become a net seller of assets, likely at accretive multiples, which should further support PEB’s share price.”

Barclays, June 11, 2018

“For LaSalle Shareholders, The Cost of That Certainty Is Likely Too High. Pebblebrook’s offer provides a significant premium to Blackstone’s... If we use our \$44 12-month price target for PEB shares, the value of the PEB bid is in the range of \$40, depending on whether shareholders elect cash or shares. For our PEB price target, we are using our 2019 per-share FFO estimate of \$2.98 and a target multiple of 15.2x, which is in line with the company’s historical average multiple.”

BTIG, June 19, 2018

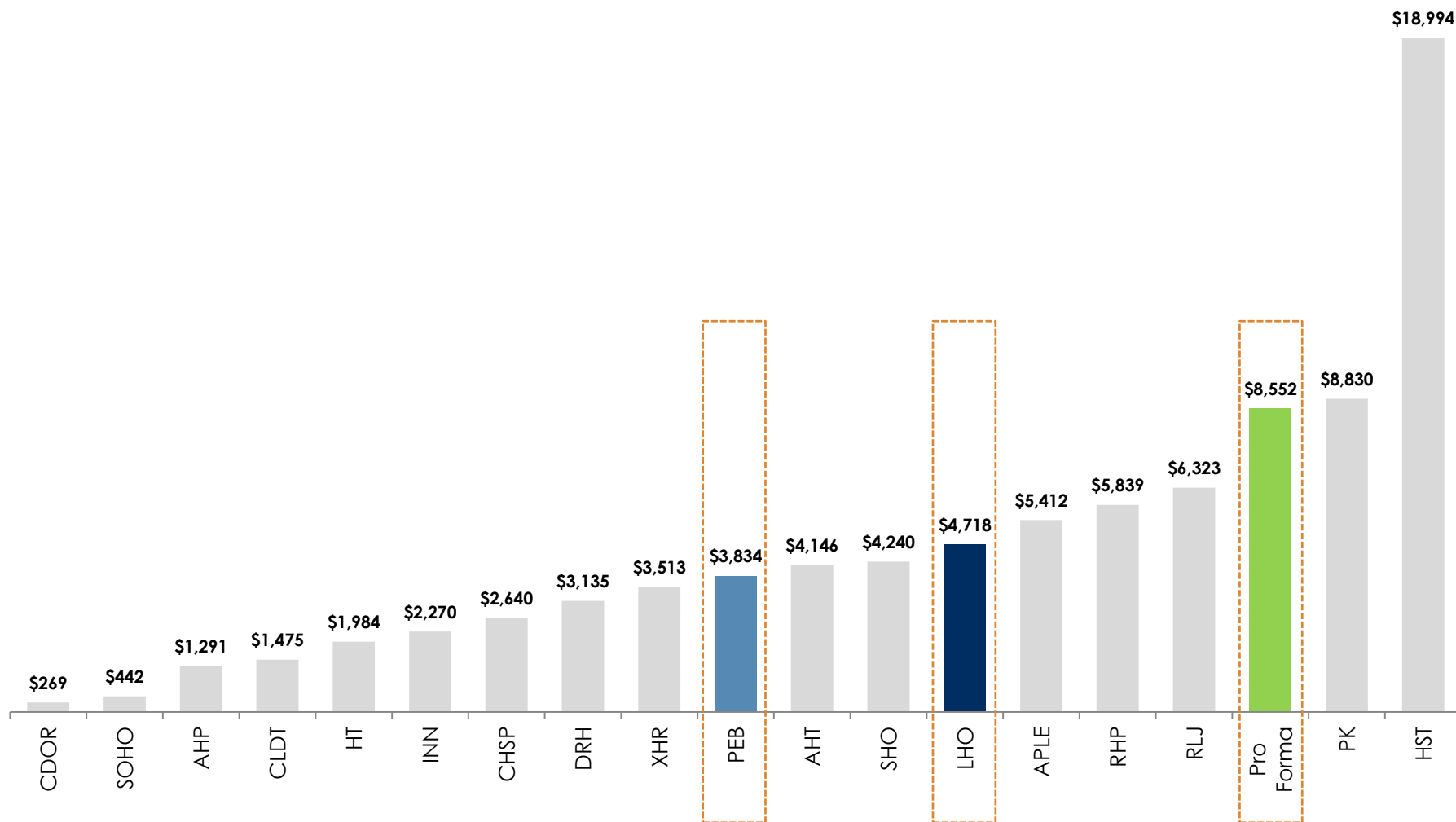
Appendix A: Overview of Pebblebrook Proposal



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

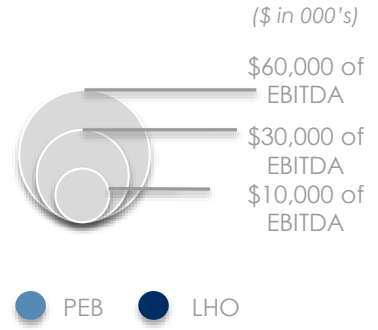
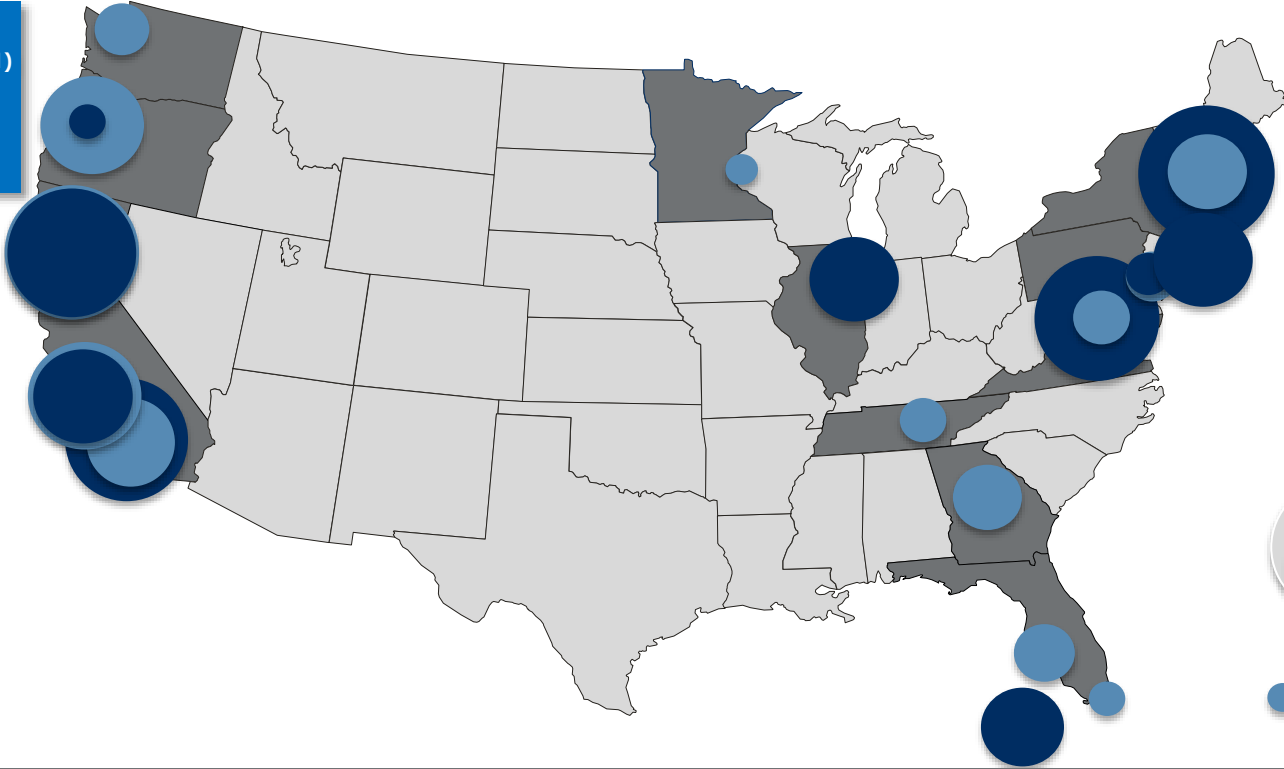


Powerful Strategic Fit

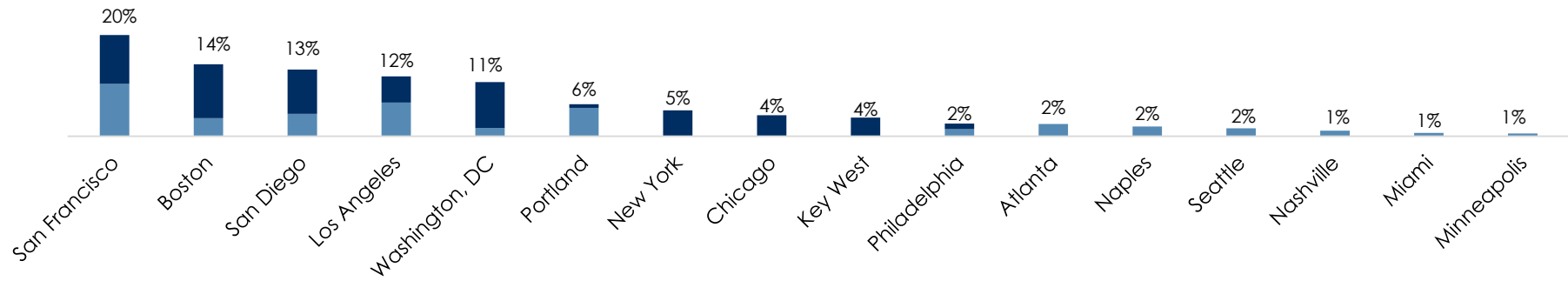
Combined company will have greater presence in higher-growth markets in the U.S. and will improve the geographic diversification of LaSalle's portfolio while reducing relative exposure to lower-growth markets

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)



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



(1) Pro forma based on Pebblebrook and LaSalle filings

Well-Diversified Portfolio with Strong West Coast Presence

Combined company should 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

Through a strategic combination between LaSalle and Pebblebrook, LaSalle shareholders are expected to 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 will 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 informational synergies to allow more hotels in those markets 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 (online travel agencies)

▪ **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

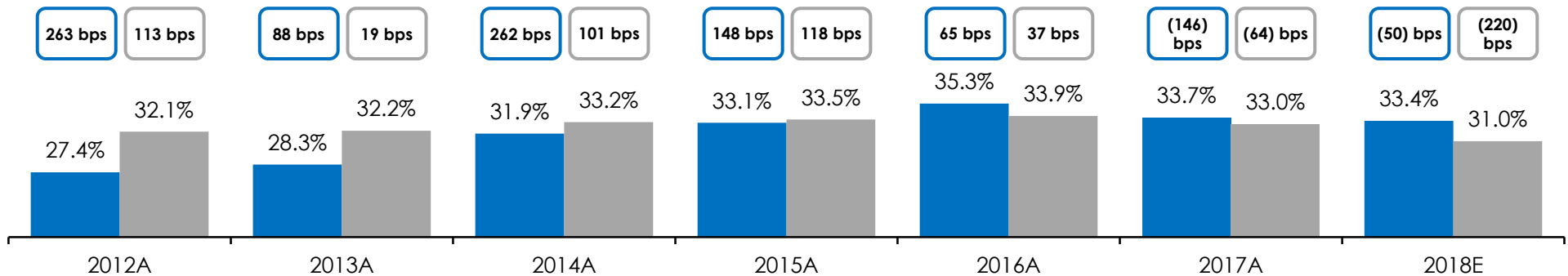
Significant Opportunity to Improve Hotel EBITDA

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

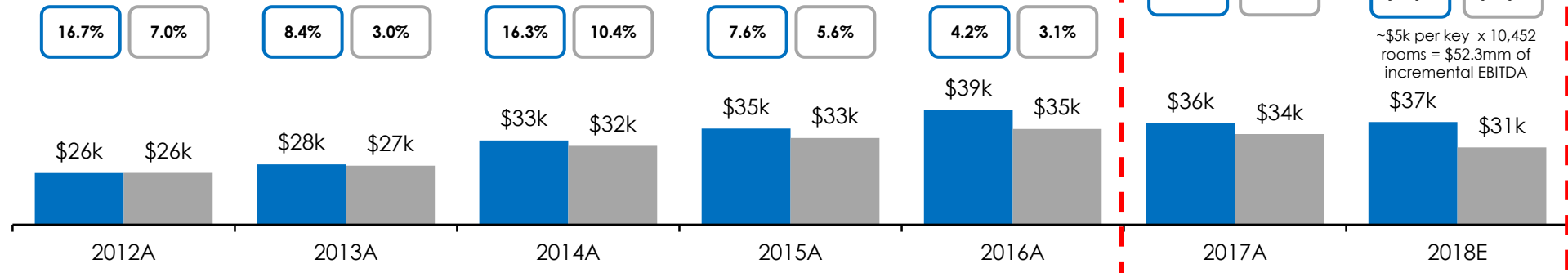
YoY Same-Property Improvement ⁽²⁾



Same-Property Hotel EBITDA per Key ⁽¹⁾

CAGR	PEB	LHO	PEB Outperformance
2012A - 2017A	7.1%	5.6%	151 bps
2012A - 2018E	6.0%	3.2%	276 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

Note: 2018E represents the midpoint of PEB guidance as of July 25, 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; 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.

Pebblebrook Provides Opportunity for Outsized Growth

Analysts are projecting outsized growth for Pebblebrook relative to its lodging REIT peers

	2018E		2019E		2020E		CAGR	
	EBITDA	FFO	EBITDA	FFO	EBITDA	FFO	EBITDA	FFO
PEB	\$246.8	\$2.64	\$252.9	\$2.78	\$254.8	\$2.77	1.6%	2.4%
CHSP	176.5	2.34	185.6	2.52	NA	NA	NA	NA
DRH	259.9	1.01	267.3	1.02	251.7	0.95	(1.6%)	(3.0%)
HST	1,540.2	1.72	1,557.4	1.76	1,513.5	1.75	(0.9%)	0.9%
LHO	309.8	2.25	323.0	2.37	318.8	2.34	1.4%	2.0%
SHO	323.9	1.12	333.3	1.17	327.6	1.13	0.6%	0.4%

	Current Price	30-Day VWAP	Consensus Price Target	Consensus Price Target vs	
				Current Price	30-Day VWAP
PEB	\$38.02	\$38.86	\$40.56	6.7%	4.4%
CHSP	31.39	32.11	29.86	(4.9%)	(7.0%)
DRH	11.62	12.08	12.33	6.1%	2.1%
HST	20.55	21.20	21.65	5.4%	2.1%
LHO	34.38	34.65	32.41	(5.7%)	(6.5%)
SHO	16.04	16.58	16.17	0.8%	(2.5%)

Pebblebrook Management is Bullish on the Lodging Cycle

Pebblebrook believes its portfolio is well-positioned to capitalize on strong industry trends, and expects the combined company to continue Pebblebrook's outperformance for shareholders

PEB Q2 2018 Earnings Call July 26, 2018

“Overall demand growth accelerated in the second quarter from the first quarter as the healthy signs of improvements in group and transient travel that we saw late in the first quarter continued throughout the second quarter and certainly seem to be a trend at this point.”

“Leisure travel continues to be strong and data published by tourism economics indicates that international inbound travel has turned positive.”

“With demand exceeding supply growth this year and occupancy levels rising from record levels, we're seeing industry RevPAR growth accelerate from last year's rate of growth.”

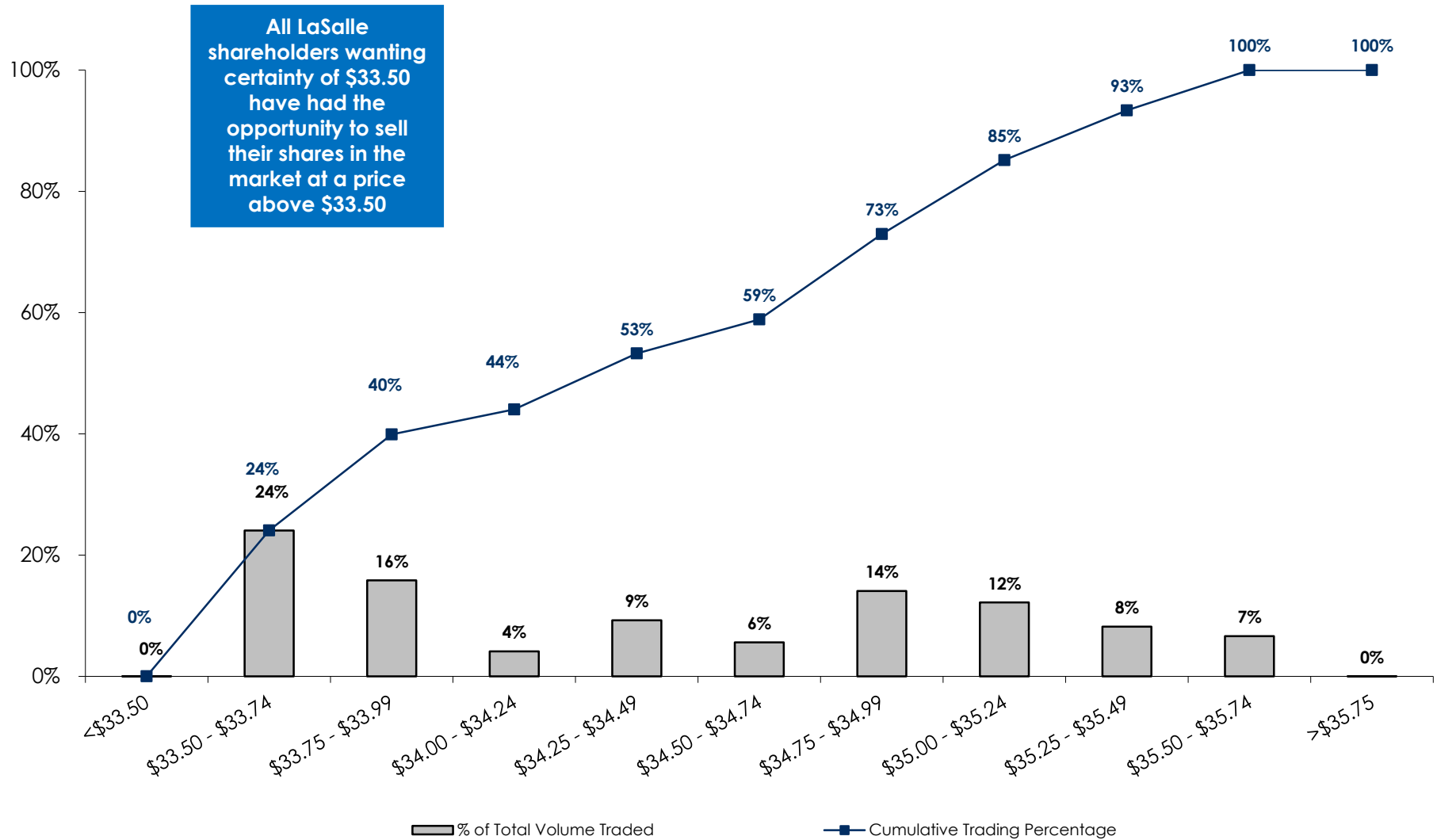
“Overall, it's clear that positive momentum continues for the lodging industry.”

“If we look at the weekday industry statistics in the second quarter, we see the clear presence of improving business travel. Weekday RevPAR increased a strong 4.3% in the second quarter accelerating from 3.9% in the first quarter and 3.6% on a trailing 12-month basis.”

“With pace for the rest of 2018 ahead in a positive way and with economic and travel trends very favorable, we're optimistic about the second half of this year.”

LaSalle Shareholders Expect Higher Value Than Blackstone's Take-Under

Since the Blackstone deal announcement, over 117 million shares of LHO have traded – 100% over \$33.50 – providing ample liquidity for any LaSalle shareholders that wanted cash and certainty of \$33.50 to exit



Appendix B: Pebblebrook Overview



Pebblebrook – An Industry Market Leader



Poised for strong relative growth in 2019 and 2020 driven by 25% San Francisco concentration

Hotels in higher long-term growth, high barrier-to-entry major west coast cities represent approximately 70% of hotel EBITDA

High-quality portfolio in outstanding physical condition with purest major gateway city concentration that outperforms the industry over the long term

Significant upside across a majority of the portfolio from prior, recent and current redevelopments and repositionings

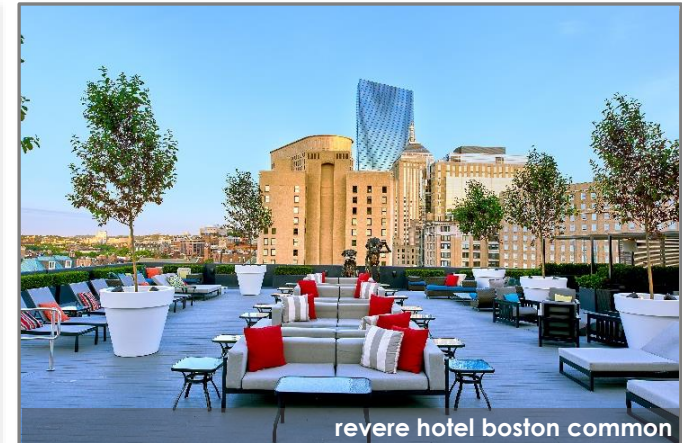
Strong track record of delivering superior total returns



hotel monaco washington dc



hotel palomar los angeles beverly hills



revere hotel boston common

Pebblebrook Provides Experienced and Proven Leadership

Leading hotel management team with deep industry experience and an excellent long-term track record

Jon E. Bortz

*Chairman,
President and
Chief Executive
Officer*

- **Founder of Pebblebrook Hotel Trust**
- **Founder, Former Chairman of the Board and Chief Executive Officer of LaSalle Hotel Properties (NYSE: LHO) from its IPO in 1998 through August 2009; Chairman of the Board of LHO from 2001 to 2009**
- **Founder and Former President of Jones Lang LaSalle's Hotel Investment Group**
- **Led transactions totaling over \$6.5 billion in asset value, including overseeing 82 hotel acquisitions**

Raymond D. Martz

*Executive Vice
President and
Chief Financial
Officer*

- **Founder of Pebblebrook Hotel Trust**
- **Former Chief Financial Officer of Phillips Edison and Eagle Hospitality Properties (NYSE: EHP)**
- **Former Treasurer at LaSalle Hotel Properties (NYSE: LHO)**
- **Led over \$8.8 billion of capital markets transactions**

Thomas C. Fisher

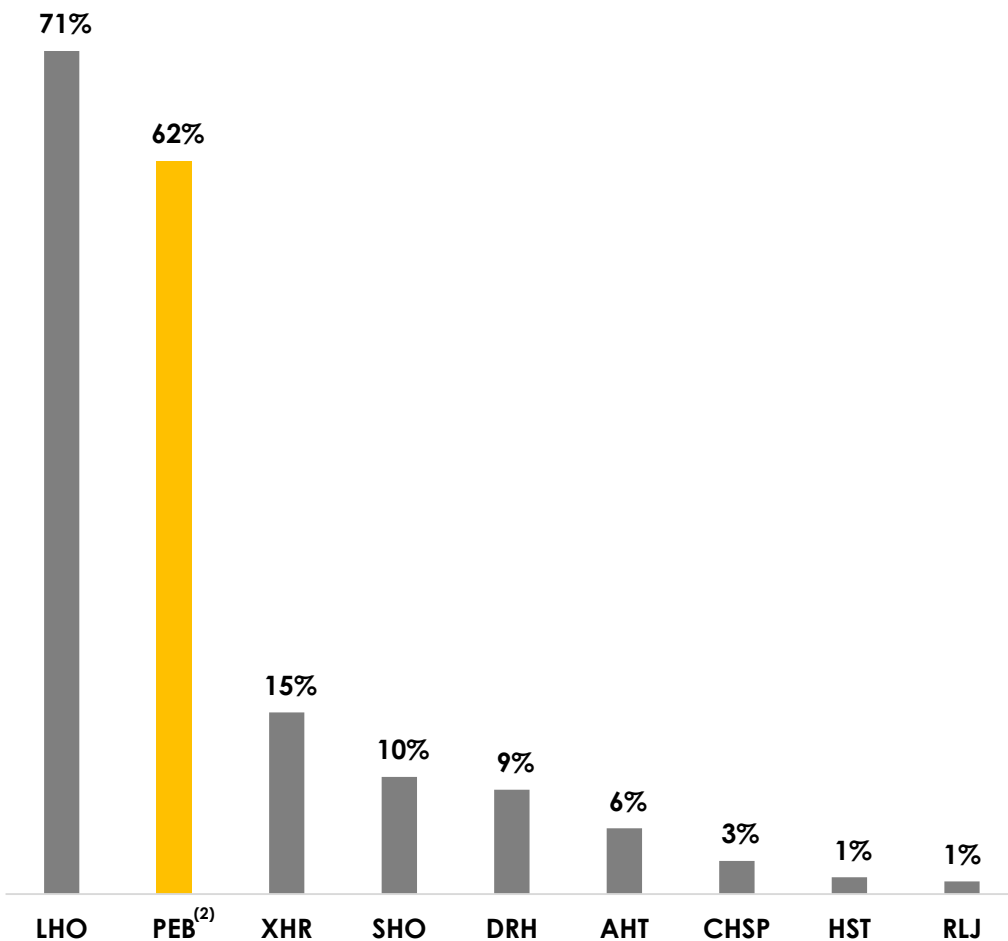
*Executive Vice
President and
Chief Investment
Officer*

- **Former Managing Director of Americas for Jones Lang LaSalle Hotels**
- **Executed over \$9.1 billion in hotel transactions**
- **Led 37 hotel acquisitions totaling over \$3.1 billion at Pebblebrook Hotel Trust**

Competitive Advantage Through Management and Major Brand Flexibility

Hotels unencumbered by major brand/management typically sell for a 15%+ premium to encumbered properties due to a broader and deeper buyer pool; in addition, independent hotels have a lower expense load than branded properties, which reduces operating risk, especially in a downturn

Non-Branded/Independently Managed Hotels (% of Rooms)



2017 Pebblebrook Performance⁽¹⁾

	Independent Hotels	Collection Brand Hotels	Major Brand Hotels
Occupancy	83.3%	86.3%	87.1%
ADR	\$249.16	\$243.42	\$242.95
RevPAR	\$207.48	\$210.15	\$211.53
EBITDA/Key	\$39.4	\$39.9	\$36.0
EBITDA Margin	37.0%	31.9%	33.3%



Sources: Company filings

Note: Only reflects each company's hotel rooms in the United States.

(1) Includes all hotels the Company owned as of April 26, 2018, excluding the following hotels under significant redevelopment in 2017: Revere Hotel Boston Common, LaPlaya Beach Resort & Club, Hotel Zoe San Francisco and Hotel Palomar Los Angeles Beverly Hills.

(2) Includes all hotels the Company owned as of April 26, 2018.

Redevelopment and Operational Efficiency Value Creation

Major redevelopments and operating efficiency implementation through year-end 2017 projected to assist in producing \$67.2M of Incremental Hotel EBITDA at a 23% Implied Yield

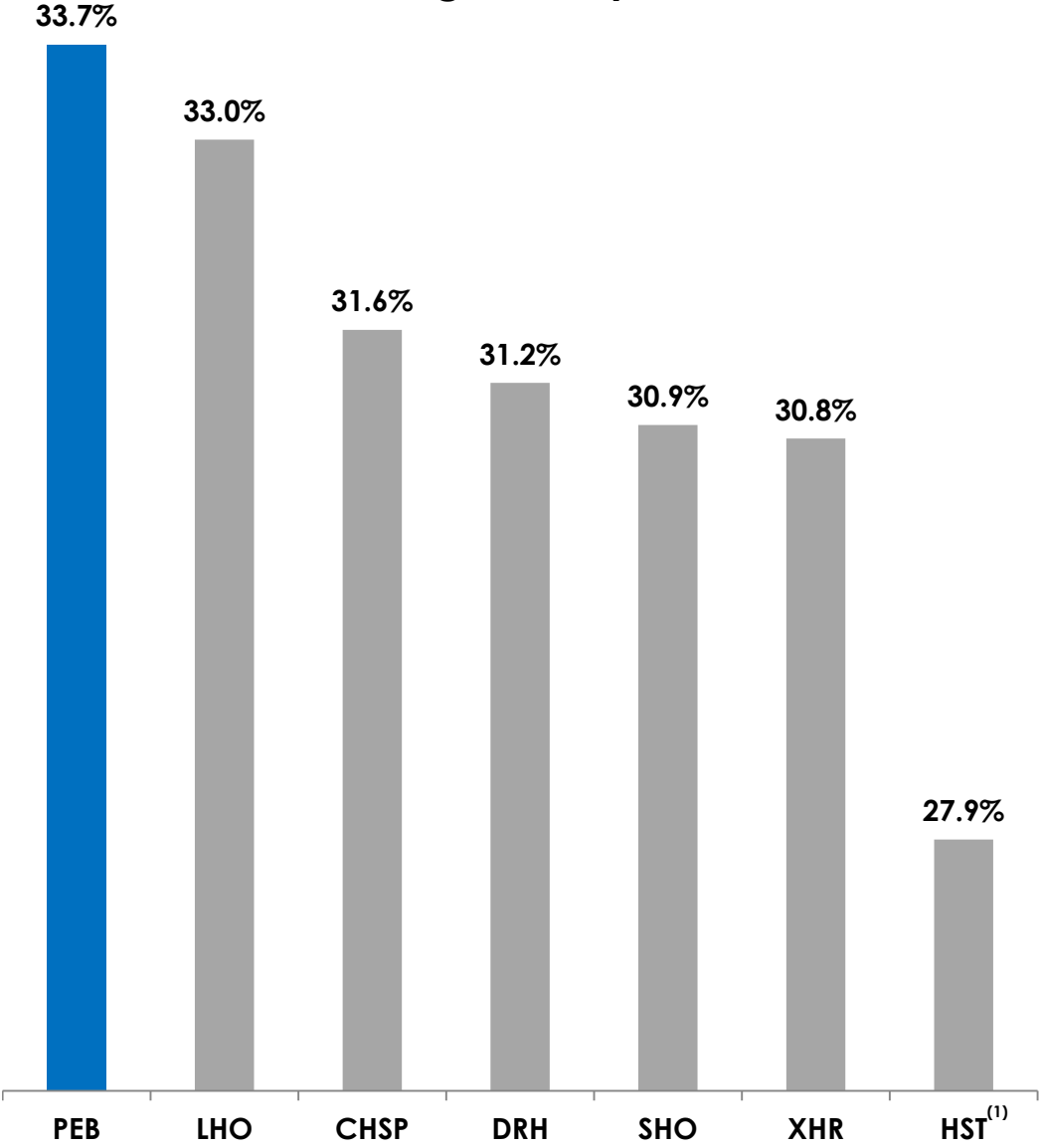
Redev. Year	Hotels Under Redevelopment	Capital Invested	Year 1		Year 3	
			Incremental Hotel EBITDA	Implied Hotel EBITDA Yield	Incremental Hotel EBITDA	Implied Hotel EBITDA Yield
2011	Sir Francis Drake Grand Hotel Minneapolis	\$14.4	\$5.9	41%	\$12.9	89%
2012	Westin San Diego Gaslamp Quarter Hotel Monaco Seattle Le Méridien Delfina Santa Monica	37.8	8.6	23%	17.1	45%
2013	Hotel Zetta San Francisco	13.4	4.9	36%	5.0	38%
2014	Hotel Vintage Seattle Hotel Zelos San Francisco	11.5	3.8	33%	3.7	32%
2015	Hotel Vintage Portland W Los Angeles – West Beverly Hills Hotel Zephyr Fisherman's Wharf	68.5	7.5	11%	8.5 ⁽¹⁾	12%
2016	Hotel Zeppelin San Francisco Hotel Colonnade Goral Gables Hotel Monaco Washington DC Union Station Hotel Nashville	78.0	5.8	7%	10.5 ⁽¹⁾	13%
2017	Revere Hotel Boston Common Hotel Palomar Los Angeles Beverly Hills LaPlaya Beach Resort & Club Hotel Zoe Fisherman's Wharf	69.5	3.0	4%	9.5 ⁽¹⁾	14%
Total		\$293.1	\$39.5	14%	\$67.2	23%

Note: Dollars in millions.

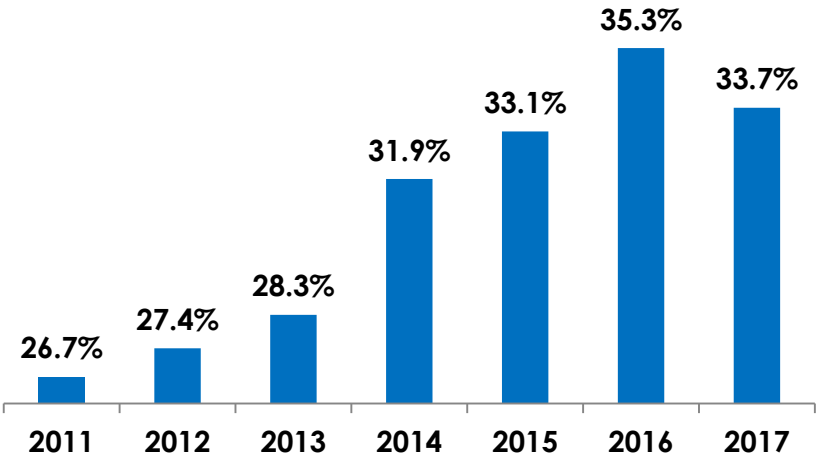
(1) Year 3 Incremental Hotel EBITDA reflects current Pebblebrook projections.

Relentless Focus on Operating Efficiency Drives Margin Improvement

2017 Same-Property Hotel EBITDA Margin Comparison



Pebblebrook Historical Same-Property Hotel EBITDA Margin



Source: Company filings
 (1) Hotel EBITDA Margin for HST includes international properties.

Pebblebrook Has Maintained Impressive RevPAR Growth

Asset and market purchase decisions, capital allocation and property redevelopment have led to Pebblebrook's superior operating performance

Company	Historical RevPAR Growth						
	2011	2012	2013	2014	2015	2016	2017
PEB	10.3%	8.1%	6.4%	9.2%	3.3%	2.7%	(2.2%)
CHSP	9.1%	8.8%	5.1%	5.9%	5.7%	2.3%	(2.4%)
AHT	6.5%	5.2%	2.6%	9.9%	6.5%	3.2%	3.9%
SHO	7.2%	5.6%	4.5%	6.8%	5.6%	1.3%	3.6%
HST	6.1%	6.4%	5.8%	5.7%	3.8%	2.7%	1.3%
DRH	6.3%	5.3%	1.4%	11.6%	4.7%	(0.2%)	2.5%
LHO	6.2%	4.6%	2.8%	8.8%	1.4%	2.5%	(1.8%)



hotel monaco washington dc

Pebblebrook Has Created Long-Term Shareholder Value

Pebblebrook has demonstrated consistent outperformance, with the highest Adjusted FFO per share growth and Total Shareholder Return since 2011 compared to its peers

Adjusted FFO per Share Growth								
Company	2011	2012	2013	2014	2015	2016	2017	CAGR
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%
AHT	24.0%	(19.9%)	(16.8%)	(15.3%)	37.1%	4.9%	(9.3%)	(5.0%)

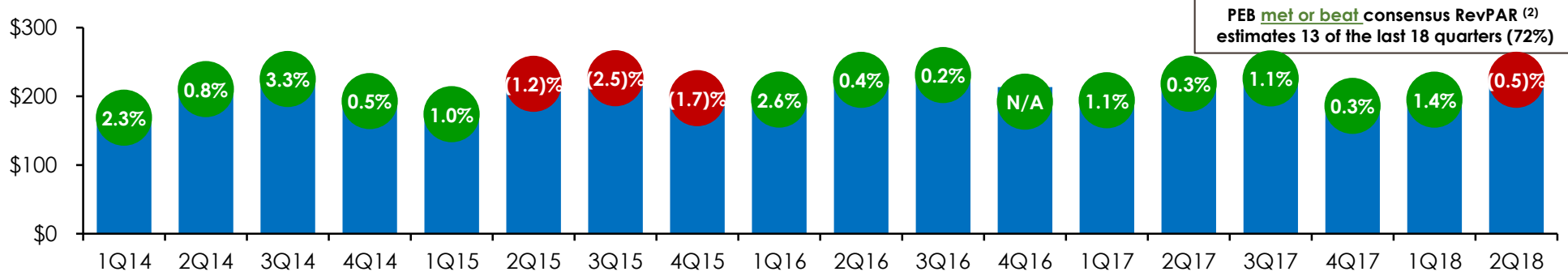
Total Shareholder Returns								2011-2017
Company	2011	2012	2013	2014	2015	2016	2017	
PEB	(3.1%)	22.9%	36.3%	51.9%	(36.5%)	12.3%	30.8%	12.6%
CHSP	(13.3%)	41.4%	26.5%	53.1%	(28.8%)	9.7%	11.5%	11.0%
SHO	(21.1%)	31.3%	26.1%	27.2%	(15.4%)	27.9%	13.3%	10.7%
AHT	(13.5%)	37.9%	22.7%	40.0%	(31.2%)	33.1%	(6.7%)	8.3%
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%



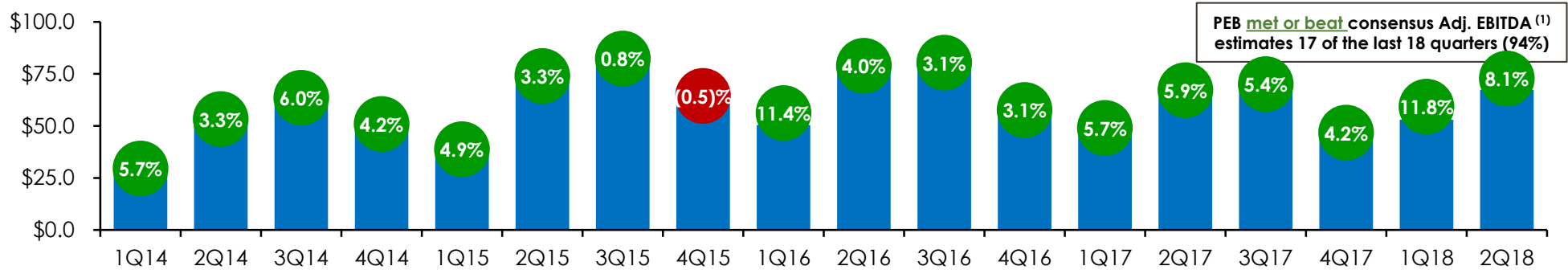
the nines hotel portland

Pebblebrook Consistently Meets or Beats Wall St. Consensus Estimates

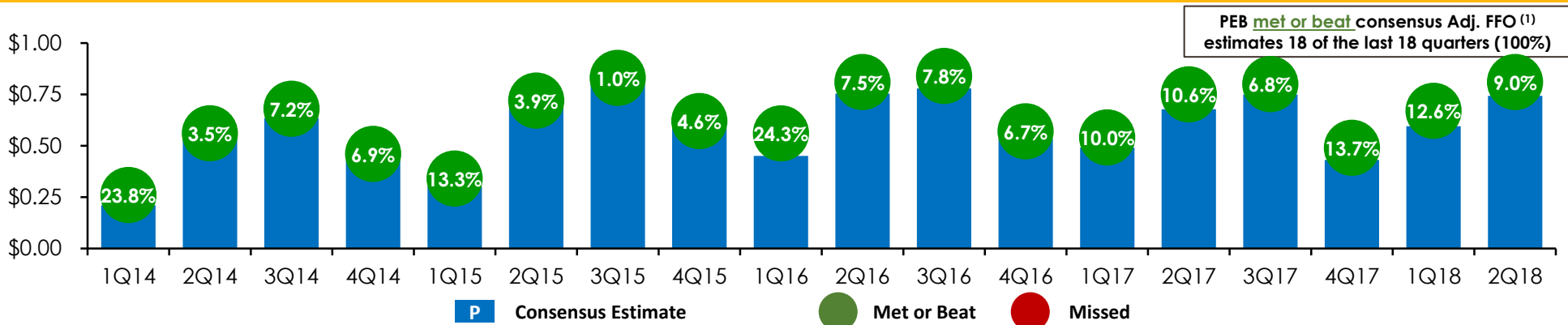
PEB RevPAR vs. Wall St. Consensus ⁽¹⁾



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



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



Source: FactSet as of June 8, 2018.

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

2) 1Q18 and 2Q18 RevPAR based on consensus same property RevPAR

Pebblebrook-LaSalle Merger Opportunity Conclusions

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 and vocal support from investment community

Goodwin Insights, Trends in Public REIT M&A 2012-2017

Our review included findings and commentary on the following:

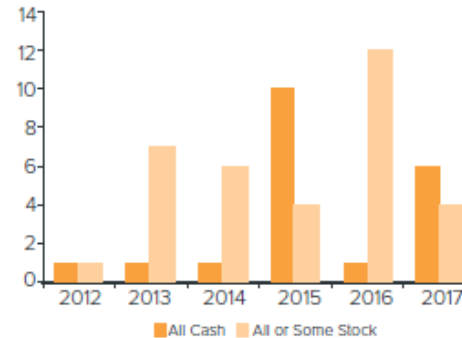
1. Form of Consideration
2. Premiums
3. Structure and Other Tax Considerations
4. Treatment of Dividends
5. Deal Protection Provisions
6. Go-Shops and Window Shops
7. Conditions to Closing
8. Termination Fees; Expenses
9. Remedies
10. Post-Signing Litigation

1. FORM OF CONSIDERATION One of the first questions in every M&A transaction is the amount and form of the consideration to be paid to the common shareholders of the target. Of the REIT transactions announced in the 2012-2017 period, 20 (37.0%) were all-cash, 21 (38.9%) were all-stock and 13 (24.0%) were mixed cash-and-stock¹. This means that approximately 65% of the time, buyers used public stock as acquisition currency, in whole or part. To be sure, the form of agreed consideration is typically heavily influenced by market conditions. For example, in the 2005–2007 time frame, low interest rates and availability of cheap debt drove a take-private boom characterized by highly-leveraged buyers making all-cash offers. Many publicly-traded REITs during that period believed that they were effectively priced out of the M&A market due to their unwillingness to incur higher leverage ratios to finance all-cash acquisitions at prevailing prices. Conversely, the past seven years have witnessed a shift to more strategic deals involving public REITs as more active participants on the buy-side. This trend has been compounded by the perceived discount to NAV at which many public REITs have traded during much of the 2012-2017 period. An uptick in cash deals is likely to be accompanied by a reversion of public REIT prices to their historic means at or near NAV.

The chart below illustrates the number of cash deals vs. those with all or some stock announced during the surveyed period.

¹ Mixed cash stock deals include those in which each shareholder receives a fixed bundle of cash and stock as well as cash/stock election deals in which individual shareholders can elect, subject to certain overall limits, whether to receive cash or stock or a mix thereof.

Number of Deals by Form of Consideration



Although the winds have generally shifted in favor of strategic deals – for example, 2016 saw 14 announced public REIT transactions and all but one of them had a stock component – the significant overall percentage of recent deals involving a mix of stock and cash (as above, 13 of 34 or approximately 38.2% of all deals with a stock component) signal that sellers remain interested in taking at least some money off the table to monetize their investments in the event of a sale. Including a cash component can benefit buyers as well in the form of reduced dilution.

The vast majority of transactions over the survey period provided for a “fixed basket” of consideration to target shareholders, whether stock, cash or a combination of both. The amount and form of consideration was determined when the merger agreement was signed and neither could be altered after that point. The “fixed basket” approach provides certainty to all parties on what consideration will be paid, but does not provide flexibility to address post-signing developments or account for differences in what individual shareholders want. A minority of transactions, however, did vary from the “fixed basket” format:

- Four of the mixed stock and cash transactions were cash/stock election deals that permitted each target shareholder to elect whether to receive cash, stock or a combination thereof, subject in each case to an aggregate limit on cash consideration (e.g., up to 20% of outstanding company shares could elect cash), payable pro rata to holders who elected cash when the elections exceeded the threshold;
- Four of the transactions involving a stock component included provisions for adjusting the exchange ratio at

2

Goodwin Insights, Trends in Public REIT M&A 2012-2017

Collars (even symmetrical collars) are not typical and do not provide practical protection when the target is publicly listed

closing to account for changes in the value of the buyer's stock, subject to a collar. Collars such as these are uncommon in typical REIT public-to-public transactions since buyer and target stock prices will generally begin trading in unison after announcement of a deal so the collar provides little to no practical protection. We note that in each of the four surveyed transactions with a collar, the target was a non-traded REIT and, thus, did not have publicly traded stock that could trade in a tracking pattern to the buyer's stock.

- One transaction, an all-cash deal, provided for additional cash to be added to the merger consideration if buyer delayed the closing more than six months from announcement in order to effect a sale of the target's management business. This was a unique situation and is not indicative of a trend towards this sort of provision.
- Another unique transaction provided for a level of price protection by providing target a termination right if either the cash portion of the consideration exceeded 40%, or if the 20-day average price of the buyer's stock declined by 15% or more of the RMZ.
- Two deals (one mix cash/stock, one cash) were structured as asset deals followed by a liquidation of the target, and a third deal (all-cash) involved the establishment of a liquidating trust that sold a portfolio of undesired assets over time and distributed the proceeds to the target stockholders. In these cases, the proceeds to target shareholders were estimated and the ultimate amount paid depended upon the level of winding-up expenses incurred by the target.
- Two of the mortgage REIT transactions provided for adjustments to the consideration depending on changes in book value between signing and closing.
- A cash NTR deal mimicked a private acquisition construct through providing for closing adjustments and a contingent value right under certain circumstances.

2. PREMIUMS. Of the deals surveyed in which the target was a listed company (i.e., excluding non-traded REITs)²,

² Non-traded REITs do not, by definition, have a daily trading price that can be used to calculate whether a premium has been paid, although they are periodically required to disclose per share valuations.

³ For purposes of these calculations, the value of the consideration at public announcement was compared to the closing price of the target stock on the day immediately preceding announcement, unless the parties disclosed a specific, earlier, unaffected price date, for example, in the event of public rumors of a deal that caused the stock prices to change.

the average premium to the unaffected share price was 18.4% and the median premium to unaffected share price was 13.3%³, as follows:

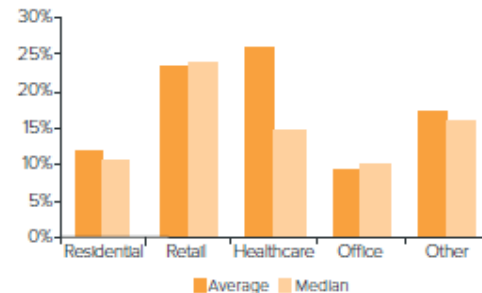
Premiums by Form of Consideration



As evident in the table above, premiums logically tend to decrease when stock is included as a component of the merger consideration, with the highest premiums coming in all-cash go-private transactions and the lowest premiums coming in all stock so-called "merger of equal" transactions. When shareholders are exchanging their shares for all cash in a "no tomorrow" transaction, buyers will pay as robust a premium as the market will bear in exchange for capturing all future upside in the target business. Conversely, when shareholders are receiving shares in the combined company, which will almost always be a larger and more diverse company, buyers have less of a compelling reason to provide target shareholders with a robust up-front premium because they will receive the future economic benefits of the combined enterprise.

The table below sets forth the average and median premiums by sector during the surveyed period:

Average Premium By Sector



LaSalle Board accepted unprecedented discount for all-cash offer

Cash premiums are higher than stock deal premiums because in stock deals there is opportunity for upside participation

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 Hotel Trust ("Pebblebrook") has made for a business combination transaction with LaSalle Hotel Properties ("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.

In connection with the proposed merger transaction between LaSalle and affiliates of Blackstone, which Pebblebrook opposes (the "Proposed BRE Merger"), LaSalle filed a definitive proxy statement with the SEC on July 30, 2018 (the "LaSalle Proxy Statement"). On July 30, 2018, Pebblebrook filed a definitive proxy statement with the SEC in opposition that proposed merger transaction (the "Pebblebrook Proxy Statement"). This communication is not a substitute for the LaSalle Proxy Statement or the Pebblebrook Proxy Statement or for any other document that LaSalle or Pebblebrook have filed or may file with the SEC or send to LaSalle shareholders in connection with the Proposed BRE Merger. BEFORE MAKING ANY VOTING DECISION, INVESTORS AND SECURITY HOLDERS OF LASALLE ARE URGED TO READ THE LASALLE PROXY STATEMENT, THE PEBBLEBROOK PROXY STATEMENT AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT PEBBLEBROOK, LASALLE, THE PROPOSED BRE MERGER AND RELATED MATTERS. Investors and security holders are able to obtain free copies of the LaSalle Proxy Statement, the Pebblebrook Proxy Statement and other documents filed by LaSalle or Pebblebrook with the SEC through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed by LaSalle with the SEC are also available free of charge on LaSalle's website at www.lasallehotels.com, or by contacting LaSalle's Investor Relations Department at (301) 941-1500. Copies of the documents filed by Pebblebrook with the SEC are also available free of charge on Pebblebrook's website at www.pebblebrookhotels.com, or by contacting Pebblebrook's Investor Relations at (240) 507-1330. LaSalle and its trustees and certain of its executive officers may be considered participants in the solicitation of proxies from LaSalle's shareholders with respect to the Proposed BRE Merger under the rules of the SEC. Information about the trustees and executive officers of LaSalle is set forth in LaSalle's Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 20, 2018, LaSalle's proxy statement for its 2018 annual meeting of shareholders, which was filed with the SEC on March 22, 2018, and in subsequent documents filed by LaSalle with the SEC. Additional information regarding persons who may be deemed participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, is included in the LaSalle Proxy Statement and may be included in other relevant materials to be filed with the SEC. Pebblebrook and its 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 BRE Merger. 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 may obtain free copies of this document as described 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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