



News Release

PEBBLEBROOK HOTEL TRUST AND LASALLE HOTEL PROPERTIES TO HOST INVESTOR CALL TO DISCUSS STRATEGIC COMBINATION

BETHESDA, MD – SEPTEMBER 13, 2018 – Pebblebrook Hotel Trust (NYSE: PEB) (“Pebblebrook”) and LaSalle Hotel Properties (NYSE: LHO) (“LaSalle”) will host an investor call today, Thursday, September 13, 2018 at 9:00 a.m. ET., to discuss the pending strategic combination of Pebblebrook and LaSalle, which was announced on September 6, 2018. Under the terms of the merger agreement, Pebblebrook will acquire 100% of LaSalle’s outstanding common shares.

To participate in the conference call, please dial (877) 705-6003, or for participants outside the U.S., (201) 493-6725, approximately ten minutes before the call begins. Additionally, a live webcast of the call will be available at Pebblebrook’s investor relations website at investor.pebblebrookhotels.com. A replay of the conference call webcast will be archived and available online through the Investor Relations section of www.pebblebrookhotels.com.

The call will be hosted by Jon E. Bortz, Chairman, President and Chief Executive Officer of Pebblebrook, Michael D. Barnello, President and Chief Executive Officer of LaSalle, and Raymond D. Martz, Executive Vice President and Chief Financial Officer of Pebblebrook. A slide presentation for today’s investor call will be posted to investor.pebblebrookhotels.com at approximately 7:00 a.m. ET.

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. Pebblebrook owns 28 hotels, with a total of 6,973 guest rooms. Pebblebrook 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.

About LaSalle Hotel Properties

LaSalle Hotel Properties is a leading multi-operator real estate investment trust. LaSalle owns 41 properties, which are upscale, full-service hotels, totaling approximately 10,400 guest rooms in 11 markets in seven states and the District of Columbia. LaSalle focuses on owning, redeveloping and repositioning upscale, full service hotels located in urban, resort and convention markets. LaSalle Hotel Properties seeks to grow through strategic relationships with premier lodging groups, including Access Hotels & Resorts, Accor, Benchmark Hospitality, Davidson Hotel Company, Evolution Hospitality, HEI Hotels & Resorts, Highgate Hotels, Hilton, Hyatt Hotels Corporation, IHG, JRK Hotel Group, Inc., Marriott International, Noble House Hotels & Resorts, Outrigger Lodging Services, Provenance Hotels, Two Roads Hospitality, and Viceroy Hotel Group.

Additional Information about the Proposed Merger Transaction and Where to Find It

This communication relates to the proposed merger transaction pursuant to the terms of the Agreement and Plan of Merger, dated as of September 6, 2018, by and among Pebblebrook Hotel Trust, Pebblebrook Hotel, L.P., Ping Merger Sub, LLC, Ping Merger OP, LP, LaSalle Hotel Properties and LaSalle Hotel Operating Partnership, L.P. In connection with the proposed merger transaction, Pebblebrook expects to file with the United States Securities and Exchange Commission (the “SEC”) a registration statement on Form S-4 that will include a joint proxy statement of Pebblebrook and LaSalle that also constitutes a prospectus of Pebblebrook, which joint proxy statement/prospectus will be mailed or otherwise disseminated to Pebblebrook shareholders and LaSalle shareholders when it becomes available. Pebblebrook and LaSalle also plan to file other relevant documents with the SEC regarding the proposed merger transaction. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER TRANSACTION. You may obtain a free copy of the joint proxy statement/prospectus and other relevant documents (if and when they become available) filed by Pebblebrook or LaSalle with the SEC at the SEC’s website at www.sec.gov. Copies of the documents filed by Pebblebrook with the SEC will be available free of charge on Pebblebrook’s website at www.pebblebrookhotels.com or by contacting Pebblebrook’s Investor Relations at (240) 507-1330. Copies of the documents filed by LaSalle with the SEC will be available free of charge on LaSalle’s website at www.lasallehotels.com or by contacting LaSalle’s Investor Relations at (301) 941-1500.

Certain Information Regarding Participants

Pebblebrook and LaSalle and their respective trustees, 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 merger 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 in connection with Pebblebrook’s 2018 annual meeting of shareholders. You can find information about LaSalle’s executive officers and directors in LaSalle’s definitive proxy statement filed with the SEC on July 30, 2018 in connection with its 2018 special meeting of shareholders. Additional information regarding the interests of such potential participants will be included in the joint proxy statement/prospectus and other relevant documents filed with the SEC if and when they become available. You may obtain free copies of these documents from Pebblebrook or LaSalle using the sources indicated above.

No Offer or Solicitation

This communication 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 (the “Securities Act”).

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this communication that are not in the present or past tense or that discuss the expectations of Pebblebrook and/or LaSalle are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. These forward looking statements, which are based on current expectations, estimates and projections about the industry and markets in which Pebblebrook and LaSalle operate and beliefs of and assumptions made by Pebblebrook management and LaSalle management, involve uncertainties that could significantly affect the financial results of Pebblebrook or LaSalle or the combined company. Pebblebrook and LaSalle intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Words such as “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project” and variations of such words and similar expressions

are intended to identify such forward looking statements, which generally are not historical in nature. Such forward-looking statements may include, but are not limited to, statements about the anticipated benefits of the proposed merger transaction, including future financial and operating results, the attractiveness of the value to be received by LaSalle shareholders, the attractiveness of the value to be received by Pebblebrook and the combined company's plans, objectives, expectations and intentions and descriptions relating to these expectations.

All statements that address operating performance, events or developments that Pebblebrook and LaSalle expect or anticipate will occur in the future — including statements relating to expected synergies, improved liquidity and balance sheet strength — are forward looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although Pebblebrook and LaSalle believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, Pebblebrook and LaSalle can give no assurance that their expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) the outcome of any legal proceedings that may be instituted against the companies and others related to the proposed merger transaction, (ii) unanticipated difficulties or expenditures relating to the proposed merger transaction, the response of business partners and competitors to the announcement of the proposed merger transaction, and/or potential difficulties in employee retention as a result of the announcement and pendency of the proposed merger transaction, (iii) changes affecting the real estate industry and changes in financial markets, interest rates and foreign currency exchange rates, (iv) increased or unanticipated competition for the companies' properties, (v) risks associated with the hotel industry, including competition for guests and meetings from other hotels and alternative lodging companies, increases in wages, energy costs and other operating costs, potential unionization or union disruption, actual or threatened terrorist attacks, any type of flu or disease-related pandemic and downturns in general and local economic conditions, (vi) the availability and terms of financing and capital and the general volatility of securities markets, (vii) the companies' respective dependence on third-party managers of their respective hotels, including their inability to implement strategic business decisions directly, (viii) risks associated with the real estate industry, including environmental contamination and costs of complying with the Americans with Disabilities Act of 1990, as amended, and similar laws, (ix) the possible failure of the companies to maintain their respective qualifications as a REIT and the risk of changes in laws affecting REITs, (x) the possibility of uninsured losses, (xi) risks associated with redevelopment and repositioning projects, including delays and cost overruns, (xii) the risk of a material failure, inadequacy, interruption or security failure of the companies' or their respective hotel managers' information technology networks and systems, (xiii) risks associated with achieving expected revenue synergies or cost savings, (xiv) risks associated with the companies' ability to consummate the proposed merger transaction and the timing of the closing of the proposed merger transaction, and (xv) those additional risks and factors discussed in reports filed with the SEC by Pebblebrook and LaSalle from time to time, including those discussed under the heading "Risk Factors" in their respective most recently filed reports on Forms 10-K and 10-Q. Neither Pebblebrook nor LaSalle undertakes any duty to update any forward-looking statements appearing in this document.

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Merger Benefits Presentation
September 13, 2018

Transaction Overview

Strategic combination creates premier, best-in-class lodging REIT

Transaction Details

- Pebblebrook to acquire 100% of LaSalle's common shares in a ~\$5.2 billion cash/stock transaction¹
- Each LaSalle shareholder may elect to receive for each share owned
 - \$37.80 in cash (fixed and will not fluctuate); or
 - 0.92 PEB share (a fixed exchange ratio)
- A maximum of 30% of outstanding LaSalle common shares may be exchanged for cash, resulting in cash consideration to public holders of a maximum of 33%² of shares if greater than 33% of shares elect cash

Board and Management

- No changes to Pebblebrook's executive management team (CEO, CFO, and CIO) or board

Synergies & Financial Impact

- Estimated annual general and administrative cost synergies of \$18-\$20 million
- Immediately accretive to Adjusted FFO per share
- Near-term – upside potential from market tailwinds, redevelopments and renovations, and San Francisco recovery
- Intermediate-term (3 to 5 years) – EBITDA per key improvement opportunity (estimated \$20-35+ million of EBITDA) from select capital investments and best practice implementations

Pro Forma Portfolio Overview³

- 66 primarily upper-upscale and luxury independent, collection and major branded hotels and resorts
- 16 major urban markets in the U.S., with a greater presence in higher-growth U.S. markets
- 20 diverse best-in-class operators
- Approximately 60% unique independent, small brand and collection branded hotels – largest owner in U.S.

Timing & Approvals

- Expected closing late November / early December
- Requires shareholder approval of both companies (two-thirds of outstanding LaSalle shares and a majority of Pebblebrook shares voted), regulatory approval and customary closing conditions

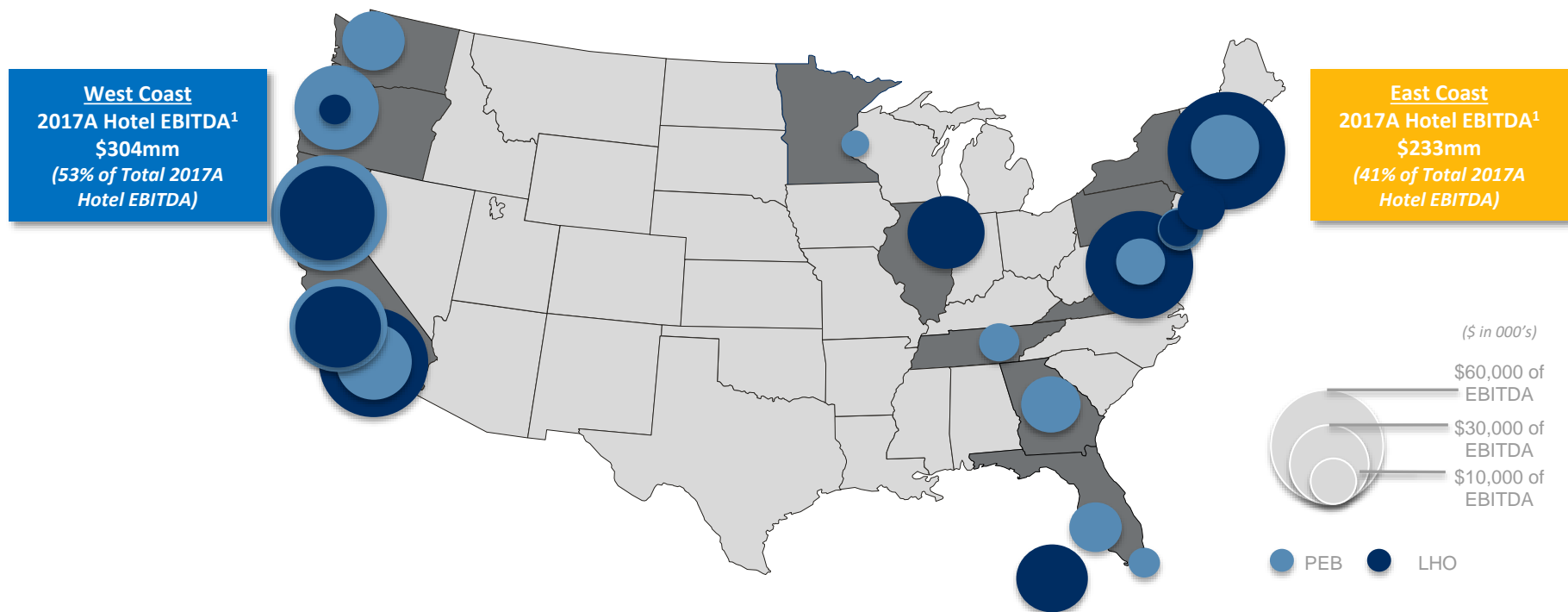
(1) Based on Pebblebrook price of \$38.49, assuming maximum aggregate cash consideration paid

(2) Pebblebrook cannot elect cash for its LHO shares, effectively allowing for up to ~33% of LaSalle shares (excluding shares held by Pebblebrook) to receive cash if elected

(3) Pro forma for the merger and asset sales under contract

Powerful Strategic Fit

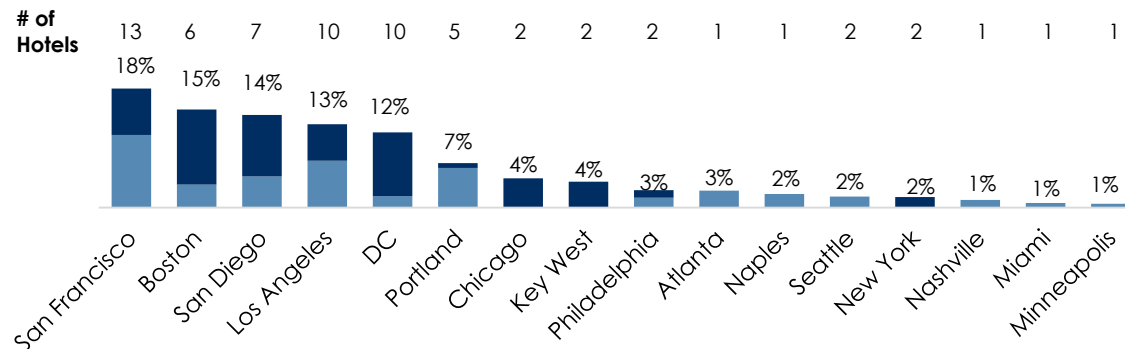
Combined company will have larger presence in higher-growth markets in the U.S. with improved geographic diversification



2017 Key Operating Metrics

	PEB	LHO ²
Hotels	28	41
RevPAR	\$207	\$204
Hotel EBITDA per key (\$000s)	\$36.4	\$33.6
Hotel EBITDA margin	33.7%	33.0%

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



Source: Q4 2017 Earnings Releases: for PEB, based on properties defined in the Same-Property Inclusion Reference Table in its Q4 2017 Earnings Release.

(1) Hotel EBITDA is combined pro forma for sale of LaSalle properties currently under contract for sale to a third-party buyer

(2) Operating metrics shown are before any asset sales and figures exclude Key West

Pro Forma Company Detail – Immediately Following Merger

Combined company will be the third-largest lodging REIT as measured by enterprise value and the largest owner of independent and lifestyle hotels, providing greater access to capital markets

Pebblebrook

LaSalle

Pro Forma^{1,2}
70% Shares / 30% Cash

Pro Forma¹
100% Shares

Capitalization

Shares & Units Outstanding

69M

111M

131M

162M

Equity Market Capitalization

\$2.7B

\$3.9B

\$5.0B

\$6.2B

Net Debt

\$1.2B

\$0.9B

\$2.9B

\$1.6B

Total Preferred Shares

\$250M

\$260M

\$510M

\$510M

Enterprise Value

\$4.1B

\$5.0B

\$8.5B

\$8.4B

Leverage

Fixed Charge Coverage

4.0x

5.9x

3.7x

5.6x

Net Debt / EBITDA

4.9x

2.8x

5.5x

3.1x

Net Debt / Enterprise Value

29%

17%

34%

20%

Note: metrics based on prices as of September 5, 2018 (last close prior to merger announcement); stand-alone net debt/EBITDA and fixed charge coverage based on the midpoint of most recent 2018E guidance

(1) Pro Forma for estimated \$10-16 million of incremental Hotel EBITDA (as compared to LaSalle's implied 2018E Hotel EBITDA midpoint from its 1Q18 Earnings Release of approximately \$327 million), \$18-20 million in G&A Synergies, \$10 million of estimated incremental Prop 13 expense and \$715 million in asset sales under contract which will reduce hotel EBITDA by \$42-43M

(2) Pebblebrook cannot elect cash for its LHO shares, effectively allowing for up to ~33% of LaSalle shares (excluding shares held by Pebblebrook) to receive cash if elected

Meaningful Opportunity for Synergies

Strategic combination allows shareholders to benefit from synergies in the combined company and participate in future upside

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
- 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 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 (12 hotels), Washington DC (10), West Los Angeles (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 Los Angeles, 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) and other partners

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

Unique Investment and Upside Opportunity



Poised for strong relative growth in 2019 and 2020 driven by 18% San Francisco concentration

Significant upside across a majority of the portfolio from prior, recent and current redevelopments and repositionings, as well as tailwind expected following end of one-time impact of Marriott and IHG integration disruption

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

Benefits and upside to be realized from additional redevelopment and capital reinvestment projects at certain legacy LaSalle hotels

Management's strong track record of delivering superior total returns



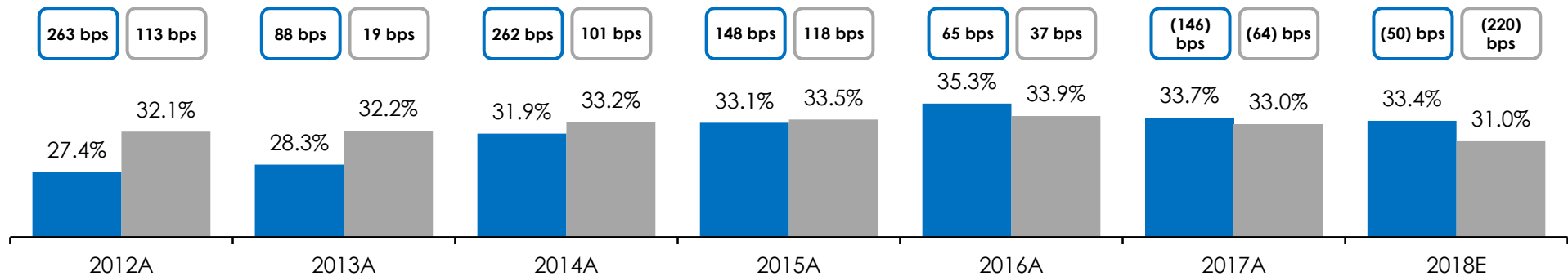
Significant Opportunity to Improve Hotel EBITDA

Pebblebrook can create value by improving upon LaSalle's Hotel EBITDA Margin and Hotel EBITDA per key over the next 3 to 5 years

Same-Property Hotel EBITDA Margin¹

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

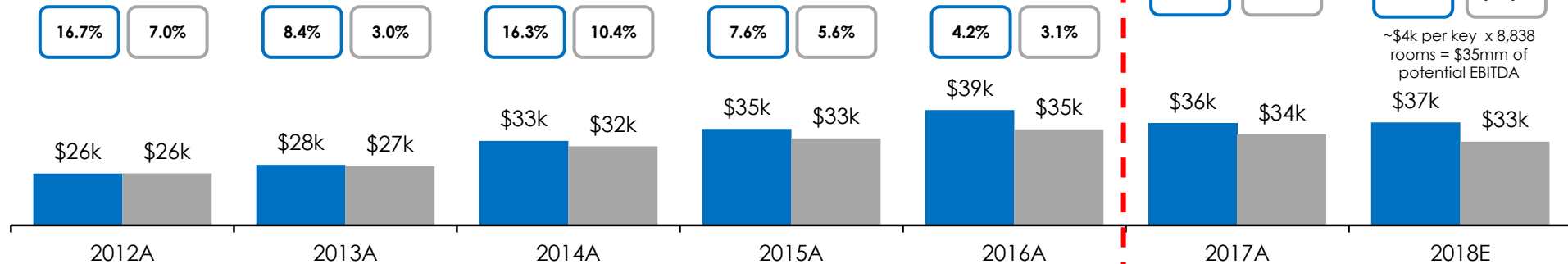
YoY Same-Property Improvement²



Same-Property Hotel EBITDA per Key¹

CAGR	PEB	LHO	PEB Outperformance
2012A - 2017A	7.1%	5.6%	151 bps
2012A - 2018E	6.0%	3.9%	207 bps

YoY Same-Property Improvement²



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

~\$4k per key x 8,838 rooms = \$35mm of potential EBITDA

Source: Public filings

Note: For PEB 2018E represents the midpoint of PEB guidance as of July 25, 2018. For LHO 2018E same-property hotel EBITDA margin represents the 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; LHO 2018E Hotel EBITDA based on Pebblebrook Management estimate of \$340 million

(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.

2019 Upside Opportunities

Combined company will have opportunities to quickly realize upside in 2019 as renovations in the portfolio are completed and the Marriott / Starwood and IHG / Kimpton integrations have been further solidified

2019 Upside Opportunities	Estimated Hotel EBITDA
Marriott / IHG Integration Disruption	\$8M
2018 Pebblebrook Renovation Disruption	\$6M
2018 LaSalle Renovation Disruption	\$5M
LaPlaya Hurricane Remediation ¹	–
Total	\$19M

Additional 2019 Upside Opportunities

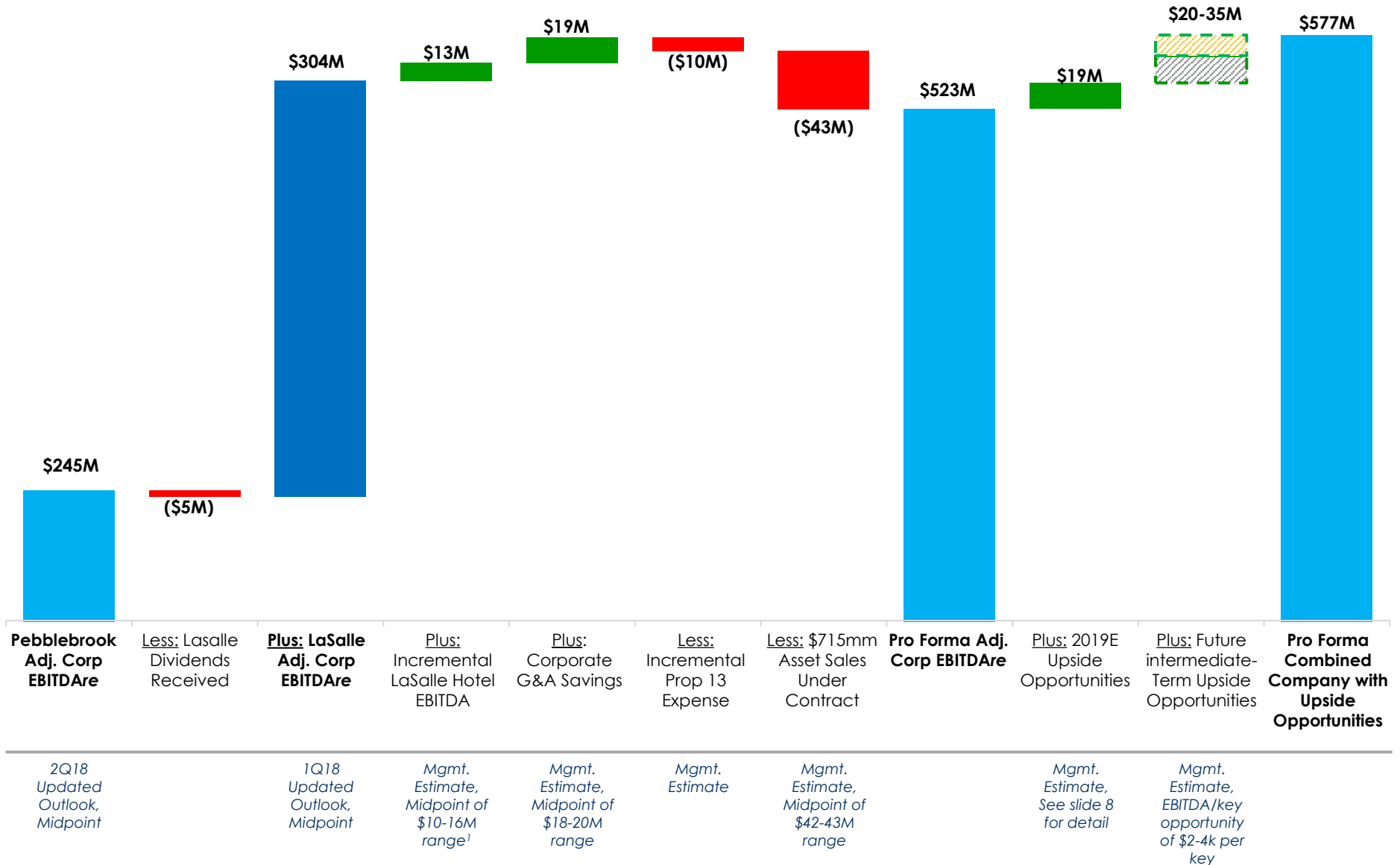
- **Record convention calendar in San Francisco following Moscone Center expansion**
- **Renovation upside from 2017 / 2018 / 2019 renovations:**
 - Modera Portland
 - Mondrian Los Angeles
 - W Boston
 - Sir Francis Drake
 - Hotel Zelos San Francisco
 - LaPlaya Naples
 - Westin Copley Place Boston
 - Chamberlain West Hollywood
 - Harbor Court San Francisco
 - Spero San Francisco
 - Montrose West Hollywood
 - Palomar Beverly Hills
 - Union Station Nashville
 - Hotel Zoe Fisherman's Wharf
 - Hotel Zeppelin San Francisco
 - The Heathman Portland
 - Colonnade Coral Gables
 - Revere Boston Common
 - Villa Florence
 - Sofitel Philadelphia
 - Skamania Lodge
 - Hilton San Diego Resort
 - Paradise Point Resort San Diego

Note: Based on Pebblebrook and LaSalle Management Estimates

(1) 2018 Business Interruption income of \$1.9 million recorded in 2018 to offset lost Hotel EBITDA

Adjusted Corporate EBITDA Bridge

Combined company to generate ~\$523 million of Adjusted Corporate EBITDA on a run rate basis pro forma for 2018 and potential for an additional \$40-55 million of incremental EBITDA from upside opportunities

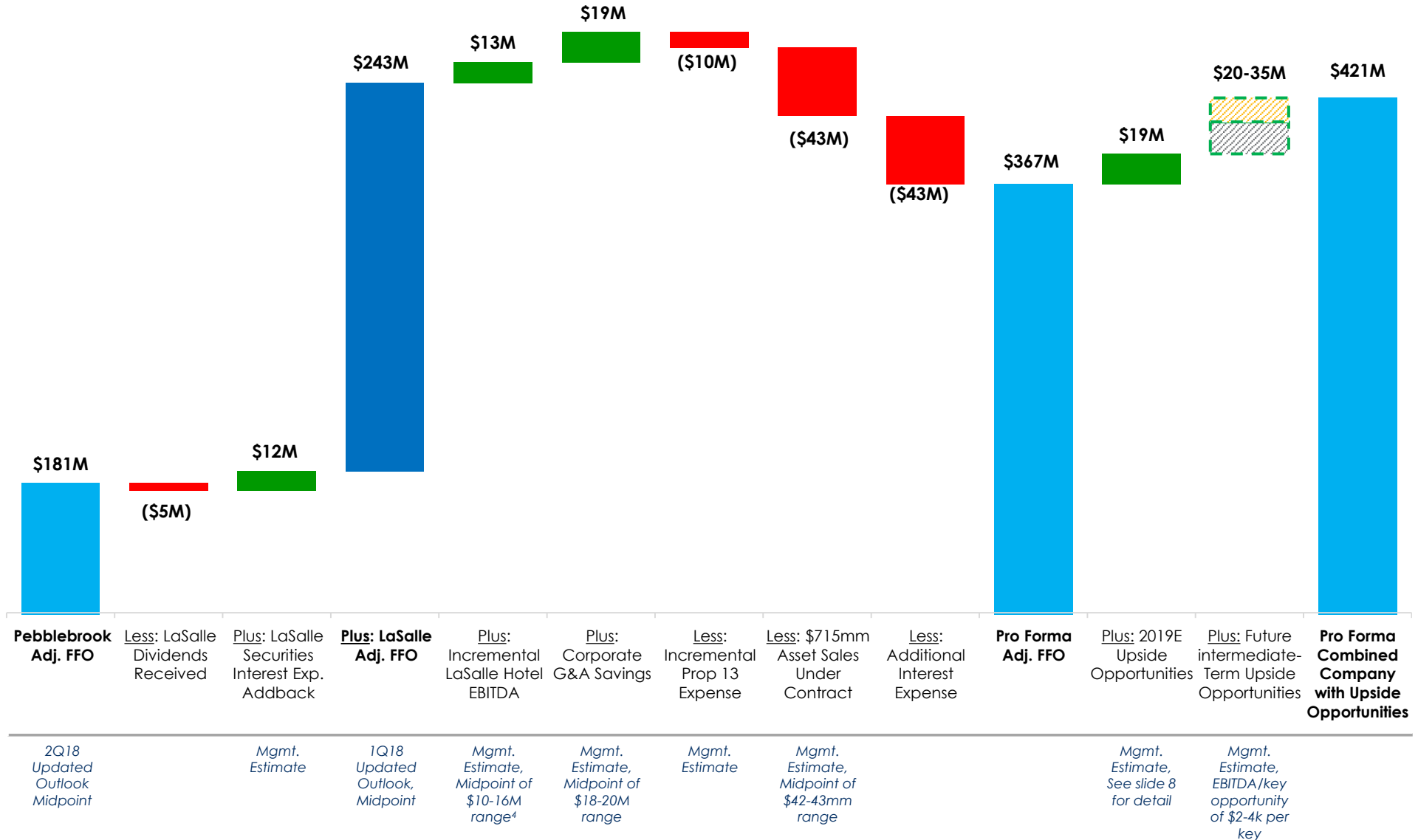


Assumptions:

(1) Based on Pebblebrook Management estimated Hotel EBITDA for LaSalle of \$337-\$343 million compared to LaSalle's implied 2018E Hotel EBITDA midpoint from its 1Q18 Earnings Release of approximately \$327 million

Adjusted FFO Bridge

~\$0.18-\$0.20 of estimated incremental annual Adjusted FFO per share, as compared to most recently provided guidance range^{1,2,3}



Assumptions:

- (1) Assumes maximum cash election and based on leverage of 5.5x at closing
- (2) Range based on ranges of Hotel EBITDA, G&A savings and EBITDA range for asset sales under contract; does not include 2019E upside opportunities and future intermediate-term upside opportunities
- (3) Based on Pebblebrook's most recently provided 2018E Adjusted FFO Per Share Outlook of \$2.56 - \$2.66 per share
- (4) Based on Pebblebrook Management estimated Hotel EBITDA for LaSalle of \$337-\$343 million compared to LaSalle's implied 2018E Hotel EBITDA midpoint from its 1Q18 Earnings Release of approximately \$327 million

Merger is Immediately Accretive to NAV

Management's internal NAV estimate demonstrates an approximate 3% to 18% premium to Pebblebrook's current share price or an approximately 40 bps to 90 bps difference on the NOI cap rate

Estimated Pro forma¹ Valuation (\$38.00 - \$43.50)

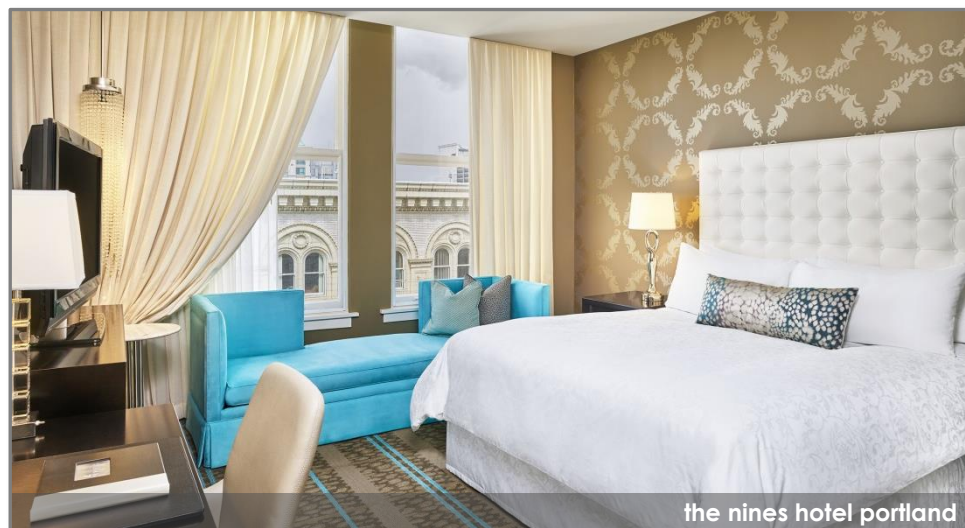
	Low	Mid	High
Enterprise Value	\$8.4	\$8.7	\$9.1
Net Debt	(2.9)	(2.9)	(2.9)
Preferred Equity	(0.5)	(0.5)	(0.5)
NAV	\$5.0	\$5.3	\$5.7
Shares Outstanding (in millions)	131	131	131
NAV Per Share	\$38.00	\$40.75	\$43.50
NOI Cap Rate	6.00%	5.75%	5.50%

PEB Public Valuation (\$37.00)

	Mid
Enterprise Value	\$3.7
Net Debt ²	(0.8)
Preferred Equity	(0.3)
Equity Market Capitalization	\$2.6
Shares Outstanding (in millions)	69
Current Share Price	\$37.00
NOI Cap Rate	6.4%

Comparison to PEB Public Valuation

	Low	Mid	High
NAV Per Share	3%	10%	18%
NOI Cap Rate	(40 bps)	(65 bps)	(90 bps)



Assets Under Contract to Sell at Closing

An agreement has been executed to sell three of LaSalle's hotels at closing for \$715 million, with proceeds used to repay debt to decrease leverage of the combined company

- Pebblebrook has three LaSalle hotels under contract with hard money deposits to be sold at closing:
 - Park Central – New York
 - WestHouse – New York
 - Park Central – San Francisco
- The three hotels have a combined estimated 2018 EBITDA range of \$42-43 million
- The hotels have a contracted sales price of \$715 million
 - Sale price economic cap rate of 5.0%¹
 - \$443K per key (1,614 keys)

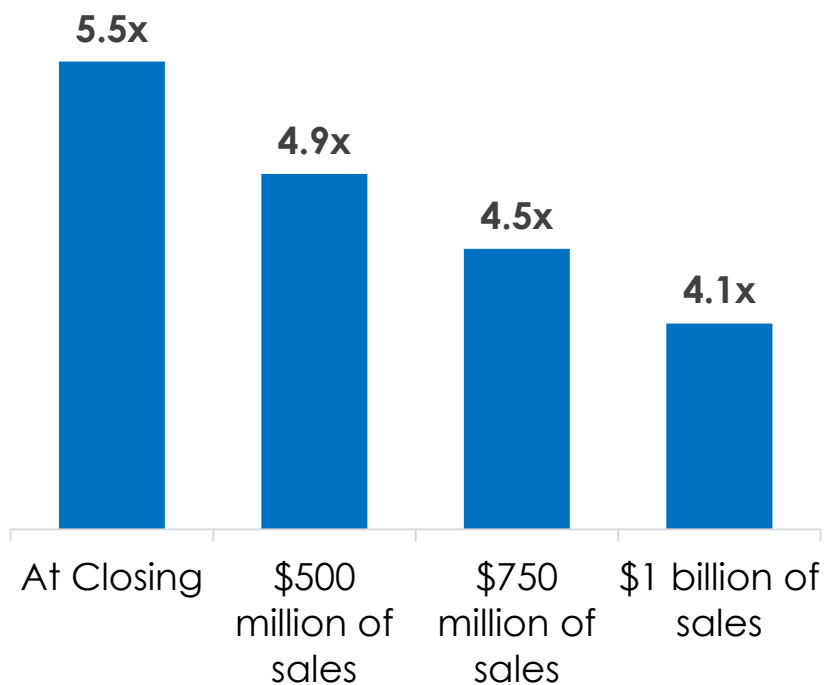


Pebblebrook Plans to Decrease Leverage Through Additional Property Sales

Pebblebrook intends to reduce leverage through opportunistic asset sales of \$500 million to \$1 billion within the next 6-12 months following the completion of the merger

- The hotel transaction market remains very healthy with a robust amount of equity and debt available for high quality hotels such as those to be offered for sale by the company
- Pebblebrook expects it will be able to execute on its strategic disposition program within the next 6-12 months (if not sooner) to reduce the company's overall leverage while also allowing it to reduce or eliminate its exposure to less desirable properties or markets

Net Debt / EBITDA ^{1,2}



Net Debt / EBITDA & Adj. FFO Accretion Sensitivities ^{1,3}

Cap Rate	Additional Asset Sales			
	No Addit'l Sales	\$500 Million	\$750 Million	\$1 Billion
5.00%	5.5x / \$0.19	4.9x / \$0.16	4.5x / \$0.13	4.1x / \$0.09
5.25%	5.5x / \$0.19	4.9x / \$0.15	4.5x / \$0.11	4.1x / \$0.07
5.50%	5.5x / \$0.19	4.9x / \$0.14	4.5x / \$0.09	4.1x / \$0.05
5.75%	5.5x / \$0.19	4.9x / \$0.13	4.5x / \$0.08	4.2x / \$0.02

(1) Assumes max election of cash; asset sales are in addition to the \$715 million under contract and anticipated at the closing of the merger

(2) Assumes additional assets are sold at a 5.5% cap rate

(3) Accretion is relative to the midpoint of Pebblebrook's most recent Adj. FFO per share outlook of \$2.56-2.66; assumes Pebblebrook assumes all of LaSalle's outstanding term loans

Pro Forma Balance Sheet

Pebblebrook plans to refinance and originate new term loans and other unsecured credit facilities at the time of closing to ensure its pro forma balance sheet is strong and fitting of a larger overall company, with laddered maturities

Pro Forma Company

Pebblebrook LaSalle Combined¹

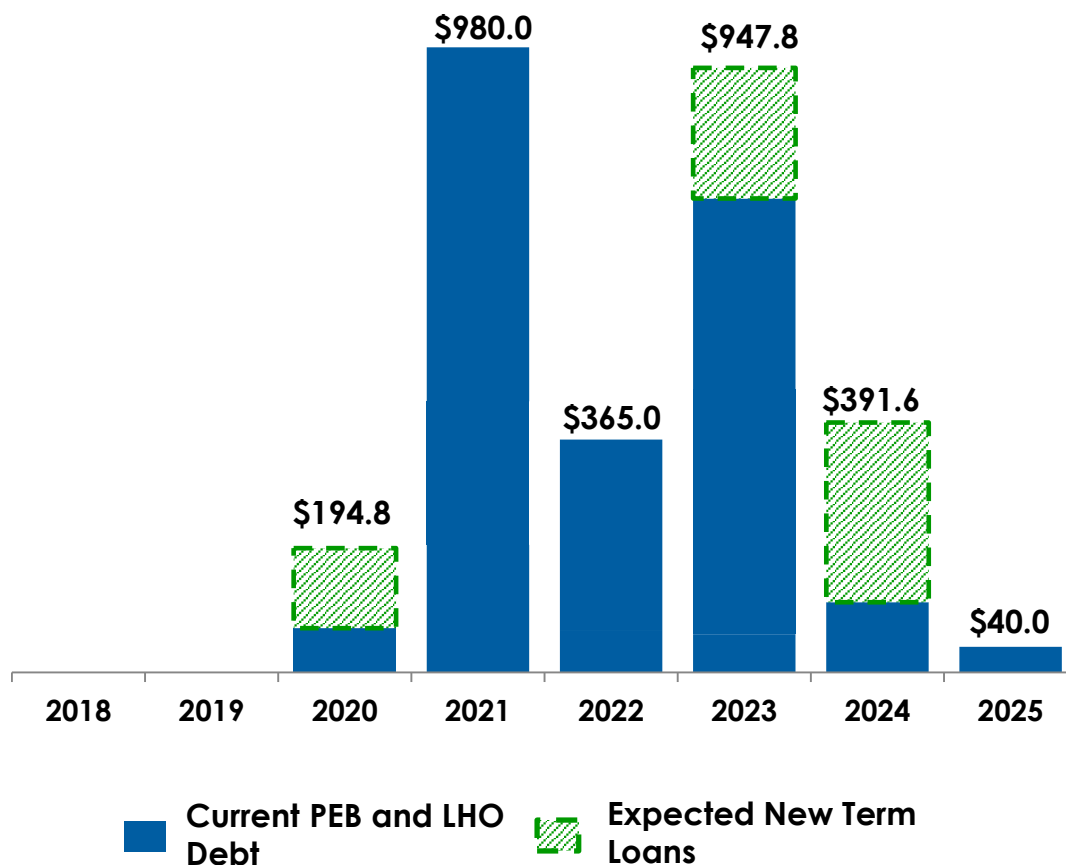
Hotels	28	41	66
Rooms	6,973	10,452	15,811
Gross Investment in Real Estate	\$2.9 billion	\$4.8 billion	\$6.9 billion
Debt	\$1.2 billion	\$1.1 billion	\$2.9 billion
Preferred	\$250 million	\$260 million	\$510 million

Pro Forma Ratio Highlights

	Current Pro Forma	Target
Fixed Charge Ratio	4.0x	3.7x >3.0x
Net Debt/EBITDA Ratio	4.9x	5.5x ~4.0x

Pro Forma Debt Maturities²

(\$ in millions)



Note: PEB current debt maturities current as of July 25, 2018; Assumes maximum cash election

(1) Pro Forma for sale of three LaSalle hotels under contract with third-party buyer to be sold at closing

(2) Debt maturities are subject to change based on final term loan allocations, the cash/share election and additional property sales

Dividend Update

- Pebblebrook expects to keep paying its current annualized dividend of \$1.52 per share
- Pebblebrook will pay a stub dividend to existing Pebblebrook holders prior to merger closing
 - First dividend post-closing will be pro-rated from merger closing to end of quarter
- LaSalle shareholders will not receive any LaSalle dividends prior to merger consummation unless required to maintain REIT status (which is not anticipated), in which case the merger consideration will be reduced ratably by the dividend amount
- If the merger closes after December 31, 2018 then LaSalle shareholders will be entitled to a stub dividend pre-close equal to the pro rata annualized \$0.90 per share LaSalle dividend for each day from January 1, 2019 until closing

Illustrative example if merger closing occurred on December 15, 2018¹

<u>Shareholder</u>	Dividends Earned Per Share			
	<u>Jul 1 - Sep 30</u>	<u>Oct 1 - Dec 15</u>	Merger Closing	<u>Dec 16 - Dec 31</u>
PEB	\$0.38	\$0.32		\$0.06
LHO	-	-		\$0.06 ²

(1) Based on the Pebblebrook current quarterly dividend of \$0.38/share if authorized by the Pebblebrook board

(2) Dividend is for every share of PEB that LHO shareholders own post-merger

Anticipated Merger Closing Schedule

- **Week of September 17**
 - File draft joint proxy and S-4
- **Week of October 22**
 - File definitive joint proxy and S-4
- **Late November / early December**
 - Hold respective shareholder meetings
 - Close Merger



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

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

Appendix: Non-GAAP Reconciliation

Pebblebrook Hotel Trust
Reconciliation of Outlook of Net Income (Loss) to EBITDAre and Adjusted EBITDAre
(\$ in millions)
(Unaudited)

	Year ending December 31, 2018		
	Low	Mid	High
Net income (loss)	\$ 112	\$ 116	\$ 119
Adjustments:			
Interest expense and income tax expense	49	49	49
Depreciation and amortization	101	101	101
EBITDAre	\$ 262	\$ 266	\$ 269
Non-cash ground rent	2	2	2
Gain on insurance settlement	(13)	(13)	(13)
Business interruption proceeds	5	5	5
Unrealized gain on investment	(20)	(20)	(20)
Other	6	6	6
Adjusted EBITDAre	\$ 242	\$ 245	\$ 249

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes certain non-GAAP financial measures as defined under Securities and Exchange Commission ("SEC") rules.

These measures are not in accordance with, or an alternative to, measures prepared in accordance with GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations determined in accordance with GAAP.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

Earnings before Interest, Taxes, and Depreciation and Amortization for Real Estate ("EBITDAre") - The Company believes that EBITDAre provides investors a useful financial measure to evaluate its operating performance, and the Company presents EBITDAre in accordance with the National Association of Real Estate Investment Trusts ("Nareit") guidelines, as defined in its September 2017 white paper "Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate." EBITDAre adjusts EBITDA for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDAre: (1) gains or losses of on the disposition of depreciated property, including gains or losses on change of control; (2) impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate; and (3) adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates.

The Company also evaluates its performance by reviewing Adjusted EBITDAre because it believes that adjusting EBITDAre to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDAre, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDAre for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDAre:

- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Gain on insurance settlement: The Company excludes the gain on insurance settlement because the Company believes that including this adjustment in EBITDAre does not reflect the underlying financial performance of the Company and its hotels.
- Business interruption proceeds: The Company includes business interruption proceeds because the Company believes that including these proceeds reflects the underlying financial performance of the Company and its hotels.
- Unrealized gain on investment: The Company excludes the unrealized gain on investment because the Company believes that including this adjustment in EBITDAre does not reflect the underlying financial performance of the Company and its hotels.
- Other: The Company excludes other expenses, which include hotel acquisition and disposition costs, management/franchise contract transition costs, non-cash amortization of acquired intangibles and estimated hurricane related repairs and cleanup costs because the Company believes that including these non-cash adjustments in EBITDAre does not reflect the underlying financial performance of the Company and its hotels.

The Company's presentation of EBITDAre, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity.

Any differences are a result of rounding.

Appendix: Non-GAAP Reconciliation Continued

Pebblebrook Hotel Trust
Reconciliation of Outlook of Net Income (Loss) to FFO and Adjusted FFO
(\$ in millions, except per share data)
(Unaudited)

	Year ending December 31, 2018		
	Low	Mid	High
Net income (loss)	\$ 112	\$ 116	\$ 119
Adjustments:			
Depreciation and amortization	101	101	101
FFO	\$ 213	\$ 216	\$ 220
Distribution to preferred shareholders	(16)	(16)	(16)
FFO available to common share and unit holders	\$ 197	\$ 200	\$ 204
Non-cash ground rent	2	2	2
Gain on insurance settlement	(13)	(13)	(13)
Business interruption proceeds	5	5	5
Unrealized gain on investment	(20)	(20)	(20)
Other	7	7	7
Adjusted FFO available to common share and unit holders	\$ 178	\$ 181	\$ 185

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes certain non-GAAP financial measures as defined under Securities and Exchange Commission ("SEC") rules.

These measures are not in accordance with, or an alternative to, measures prepared in accordance with GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations determined in accordance with GAAP.

Funds from Operations ("FFO") - FFO represents net income (computed in accordance with GAAP), excluding gains or losses from sales of properties, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the Company's operating performance without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of Nareit in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments and uncertainties, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

The Company also evaluates its performance by reviewing Adjusted FFO because it believes that adjusting FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts FFO for the following items, which may occur in any period, and refers to this measure as Adjusted FFO:

- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Gain on insurance settlement: The Company excludes the gain on insurance settlement because the Company believes that including this adjustment in FFO does not reflect the underlying financial performance of the Company and its hotels.
- Business interruption proceeds: The Company includes business interruption proceeds because the Company believes that including these proceeds reflects the underlying financial performance of the Company and its hotels.
- Unrealized gain on investment: The Company excludes the unrealized gain on investment because the Company believes that including this adjustment in FFO does not reflect the underlying financial performance of the Company and its hotels.
- Other: The Company excludes other expenses, which include hotel acquisition and disposition costs, management/franchise contract transition costs, interest expense adjustment for acquired liabilities, capital lease adjustment, non-cash amortization of acquired intangibles and estimated hurricane related repairs and cleanup costs because the Company believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company and its hotels.

The Company's presentation of FFO in accordance with the Nareit White Paper, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity.

Any differences are a result of rounding.

Additional Information

Additional Information about the Proposed Merger Transaction and Where to Find It

This communication relates to the proposed merger transaction pursuant to the terms of the Agreement and Plan of Merger, dated as of September 6, 2018, by and among Pebblebrook Hotel Trust, Pebblebrook Hotel, L.P., Ping Merger Sub, LLC, Ping Merger OP, LP, LaSalle Hotel Properties and LaSalle Hotel Operating Partnership, L.P. In connection with the proposed merger transaction, Pebblebrook expects to file with the United States Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that will include a joint proxy statement of Pebblebrook and LaSalle that also constitutes a prospectus of Pebblebrook, which joint proxy statement/prospectus will be mailed or otherwise disseminated to Pebblebrook shareholders and LaSalle shareholders when it becomes available. Pebblebrook and LaSalle also plan to file other relevant documents with the SEC regarding the proposed merger transaction. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER TRANSACTION. You may obtain a free copy of the joint proxy statement/prospectus and other relevant documents (if and when they become available) filed by Pebblebrook or LaSalle with the SEC at the SEC's website at www.sec.gov. Copies of the documents filed by Pebblebrook with the SEC will be available free of charge on Pebblebrook's website at www.pebblebrookhotels.com or by contacting Pebblebrook's Investor Relations at (240) 507-1330. Copies of the documents filed by LaSalle with the SEC will be available free of charge on LaSalle's website at www.lasallehotels.com or by contacting LaSalle's Investor Relations at (301) 941-1500.

Certain Information Regarding Participants

Pebblebrook and LaSalle and their respective trustees, 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 merger 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 in connection with Pebblebrook's 2018 annual meeting of shareholders. You can find information about LaSalle's executive officers and directors in LaSalle's definitive proxy statement filed with the SEC on July 30, 2018 in connection with its 2018 special meeting of shareholders. Additional information regarding the interests of such potential participants will be included in the joint proxy statement/prospectus and other relevant documents filed with the SEC if and when they become available. You may obtain free copies of these documents from Pebblebrook or LaSalle using the sources indicated above.

No Offer or Solicitation

This communication 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 (the "Securities Act").

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this communication that are not in the present or past tense or that discuss the expectations of Pebblebrook and/or LaSalle are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. These forward looking statements, which are based on current expectations, estimates and projections about the industry and markets in which Pebblebrook and LaSalle operate and beliefs of and assumptions made by Pebblebrook management and LaSalle management, involve uncertainties that could significantly affect the financial results of Pebblebrook or LaSalle or the combined company. Pebblebrook and LaSalle intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Words such as "believe," "expect," "intend," "anticipate," "estimate," "project" and variations of such words and similar expressions are intended to identify such forward looking statements, which generally are not historical in nature. Such forward-looking statements may include, but are not limited to, statements about the anticipated benefits of the proposed merger transaction, including future financial and operating results, the attractiveness of the value to be received by LaSalle shareholders, the attractiveness of the value to be received by Pebblebrook and the combined company's plans, objectives, expectations and intentions and descriptions relating to these expectations.

All statements that address operating performance, events or developments that Pebblebrook and LaSalle expect or anticipate will occur in the future — including statements relating to expected synergies, improved liquidity and balance sheet strength — are forward looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although Pebblebrook and LaSalle believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, Pebblebrook and LaSalle can give no assurance that their expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) the outcome of any legal proceedings that may be instituted against the companies and others related to the proposed merger transaction, (ii) unanticipated difficulties or expenditures relating to the proposed merger transaction, the response of business partners and competitors to the announcement of the proposed merger transaction, and/or potential difficulties in employee retention as a result of the announcement and pendency of the proposed merger transaction, (iii) changes affecting the real estate industry and changes in financial markets, interest rates and foreign currency exchange rates, (iv) increased or unanticipated competition for the companies' properties, (v) risks associated with the hotel industry, including competition for guests and meetings from other hotels and alternative lodging companies, increases in wages, energy costs and other operating costs, potential unionization or union disruption, actual or threatened terrorist attacks, any type of flu or disease-related pandemic and downturns in general and local economic conditions, (vi) the availability and terms of financing and capital and the general volatility of securities markets, (vii) the companies' respective dependence on third-party managers of their respective hotels, including their inability to implement strategic business decisions directly, (viii) risks associated with the real estate industry, including environmental contamination and costs of complying with the Americans with Disabilities Act of 1990, as amended, and similar laws, (ix) the possible failure of the companies to maintain their respective qualifications as a REIT and the risk of changes in laws affecting REITs, (x) the possibility of uninsured losses, (xi) risks associated with redevelopment and repositioning projects, including delays and cost overruns, (xii) the risk of a material failure, inadequacy, interruption or security failure of the companies' or their respective hotel managers' information technology networks and systems, (xiii) risks associated with achieving expected revenue synergies or cost savings, (xiv) risks associated with the companies' ability to consummate the proposed merger transaction and the timing of the closing of the proposed merger transaction, and (xv) those additional risks and factors discussed in reports filed with the SEC by Pebblebrook and LaSalle from time to time, including those discussed under the heading "Risk Factors" in their respective most recently filed reports on Forms 10-K and 10-Q. Neither Pebblebrook nor LaSalle undertakes any duty to update any forward-looking statements appearing in this document.

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