

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K  
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): September 18, 2018**

**LASALLE HOTEL PROPERTIES**

**(Exact name of registrant as specified in its charter)**

**Maryland**  
**(State or other jurisdiction  
of incorporation)**

**1-14045**  
**(Commission  
File Number)**

**36-4219376**  
**(IRS Employer  
Identification No.)**

**7550 Wisconsin Avenue, 10th Floor  
Bethesda, Maryland 20814**  
**(Address of principal executive offices)**

**Registrant's telephone number, including area code: (301) 941-1500**

**Not Applicable**  
**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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#### **ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.**

On September 18, 2018, LaSalle Hotel Properties (the “Company” or “LaSalle”), LaSalle Hotel Operating Partnership, L.P. (the “Operating Partnership”), Pebblebrook Hotel Trust (“Parent” or “Pebblebrook”), Pebblebrook Hotel, L.P. (“Parent OP”), Ping Merger Sub, LLC (“Merger Sub”) and Ping Merger OP, LP (“Merger OP”), entered into an amendment (the “Amendment”) to the Agreement and Plan of Merger, dated as of September 6, 2018 (the “Merger Agreement”), by and among, the Company, the Operating Partnership, Parent, Parent OP, Merger Sub and Merger OP.

In connection with the execution of the Amendment, the Company and Parent evaluated the number of common shares that could be earned and vested under the Company’s outstanding performance-based share award agreements and reviewed the severance payments, including potential Section 280G tax gross-up payments, that would be payable to senior officers of the Company upon the closing under the Merger Agreement. In connection therewith, the Company and Parent also reviewed valuations of the Company’s non-compete agreements that were prepared by consultants of the Company, which estimated that such non-compete agreements could result in an estimated cost savings of approximately \$13 million to \$14 million to the combined company following the closing under the Merger Agreement. In consideration of the senior officers’ cooperation in coordination with the foregoing and in order to avoid uncertainty, the Company and Parent have agreed, and the Amendment provides, that, immediately prior to the merger effective time, each of the Company’s outstanding performance awards, including those held by the Company’s executive officers, will automatically become earned and vested with respect to 180% of the target number of common shares subject to such performance awards.

The foregoing summary is qualified in its entirety by reference to the Amendment, a copy of which is attached hereto as Exhibit 2.1 and is incorporated by reference herein.

#### **ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.**

On September 18, 2018, in connection with the execution of the Amendment, each of the Company’s executive officers, Michael D. Bamello, President and Chief Executive Officer, Kenneth G. Fuller, Executive Vice President, Chief Financial Officer, Secretary and Treasurer, and Alfred L. Young, Jr., Executive Vice President and Chief Operating Officer, signed a letter agreement with the Company consenting to the treatment of the outstanding performance-based share awards set forth in the Amendment. In addition, on September 18, 2018, Parent entered into side letter agreements with each of Messrs. Bamello and Young relating to the Section 280G tax gross-up provisions in their change in control severance agreements.

The foregoing summary is qualified in its entirety by reference to the performance-based share award letter agreements and side letter agreements, copies of which are attached hereto as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5 and are incorporated by reference herein.

#### **ITEM 7.01. REGULATION FD DISCLOSURE.**

On September 18, 2018, the Company and Parent issued a joint press release announcing that Parent has filed a preliminary joint proxy statement/prospectus as part of a registration statement on Form S-4 with the Securities and Exchange Commission (the “SEC”) in connection with the previously announced merger and other transactions contemplated by the Merger Agreement. A copy of such press release is furnished as Exhibit 99.1 to this report.

The information in Item 7.01 of this report, including the information in the press release attached as Exhibit 99.1 to this report, is furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Furthermore, the information in Item 7.01 of this report, including the information in the press release attached as Exhibit 99.1 to this report, shall not be deemed to be incorporated by reference in the filings of the registrant under the Securities Act of 1933, as amended.

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## ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">2.1</a>	<a href="#">Amendment No. 1 to the Agreement and Plan of Merger, 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., dated as of September 18, 2018</a>
<a href="#">10.1</a>	<a href="#">Performance-based share award letter agreement with Michael D. Barnello, dated September 18, 2018</a>
<a href="#">10.2</a>	<a href="#">Performance-based share award letter agreement with Kenneth G. Fuller, dated September 18, 2018</a>
<a href="#">10.3</a>	<a href="#">Performance-based share award letter agreement with Alfred L. Young, Jr., dated September 18, 2018</a>
<a href="#">10.4</a>	<a href="#">Side letter agreement with Michael D. Barnello, dated September 18, 2018</a>
<a href="#">10.5</a>	<a href="#">Side letter agreement with Alfred L. Young, Jr., dated September 18, 2018</a>
<a href="#">99.1</a>	<a href="#">Press release, dated September 18, 2018</a>

The information contained in the press release attached as Exhibit 99.1 to this report shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Furthermore, the information contained in the press release attached as Exhibit 99.1 to this report shall not be deemed to be incorporated by reference in the filings of the registrant under the Securities Act of 1933, as amended.

### **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, as amended on September 18, 2018, by and among, LaSalle, the Operating Partnership, Pebblebrook, Parent OP, Merger Sub and Merger OP. In connection with the proposed merger transaction, on September 18, 2018, Pebblebrook filed with the SEC a registration statement on Form S-4 (which registration statement has not yet been declared effective) that included a preliminary joint proxy statement/prospectus of Pebblebrook and LaSalle that also constitutes a prospectus of Pebblebrook (which joint proxy statement/prospectus has not yet been declared effective). Pebblebrook and LaSalle also plan to file other relevant documents with the SEC regarding the proposed merger transaction. INVESTORS ARE URGED TO READ THE PRELIMINARY 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 preliminary 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](http://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](http://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](http://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 is included in the preliminary joint proxy statement/prospectus and will be included in 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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**AMENDMENT NO. 1  
TO THE  
AGREEMENT AND PLAN OF MERGER**

**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.**

**Dated as of September 18, 2018**

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THIS AMENDMENT NO. 1 TO THE AGREEMENT AND PLAN OF MERGER, dated as of September 18, 2018 (this “Amendment”), is entered into by and among Pebblebrook Hotel Trust, a Maryland real estate investment trust (“Parent”); Pebblebrook Hotel, L.P., a Delaware limited partnership (“Parent OP”); Ping Merger Sub, LLC, a Maryland limited liability company (“Merger Sub”); Ping Merger OP, LP, a Delaware limited partnership (“Merger OP” and, collectively with Parent, Parent OP and Merger Sub, the “Parent Parties”); LaSalle Hotel Properties, a Maryland real estate investment trust (the “Company”); and LaSalle Hotel Operating Partnership, L.P., a Delaware limited partnership and whose sole general partner is the Company (the “Operating Partnership” and, together with the Company, the “Company Parties”). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Agreement and Plan of Merger, dated as of September 6, 2018, by and among the Parent Parties and the Company Parties (the “Merger Agreement”).

WHEREAS, the Board of Trustees of the Company, on behalf of the Company and on behalf of the Company on behalf of the Operating Partnership, and each of the Parent Parties have approved this Amendment;

WHEREAS, the Board of Trustees of the Company recommends the approval of the Merger Agreement, as amended by this Amendment, and the Company Merger by the Company’s shareholders; and

WHEREAS, the parties have agreed to amend the Merger Agreement as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment of Section 2.10(b). Section 2.10(b) of the Merger Agreement is hereby amended and restated in its entirety to read as follows:

“(b) Treatment of Performance Shares. Immediately prior to the Company Merger Effective Time, each outstanding award of performance shares with respect to Company Common Shares (each, a “**Performance Award**”) granted pursuant to the Company Equity Incentive Plans shall automatically become earned and vested with respect to 180% of the target number of Company Common Shares subject to such Performance Award and thereafter shall be cancelled and, in exchange therefor, each holder of any such cancelled vested Performance Award shall cease to have any rights with respect thereto, except the right to receive, in consideration for the cancellation of such vested Performance Award, such number of earned and vested Company Common Shares, which shall be considered outstanding as of such time for all purposes of this Agreement, and the holders thereof shall only have the right to submit an Election in accordance with the applicable procedures set forth in Section 2.6 and to receive the Merger Consideration with respect to such Company Common Shares pursuant to Section 2.5(a) (less required withholdings as provided in Section 2.13). In addition, on the Closing Date, the Company shall pay each holder of a Performance Award an amount in cash equal to all accrued and unpaid cash dividends that would have been paid on such earned and vested Performance Awards as if they had been issued and outstanding from the date of grant up to, and including, the Company Merger Effective Time (less required withholdings as provided in Section 2.13).”

2. Amendment of Company Disclosure Schedule. Each of Part 2.10(b) of the Company Disclosure Schedule and Appendix 2.10(b) to the Company Disclosure Schedule is hereby deleted in its entirety.
3. References to the Merger Agreement. After giving effect to this Amendment, each reference in the Merger Agreement to “this Agreement”, “hereof”, “hereunder” or words of like import referring to the Merger Agreement shall refer to the Merger Agreement as amended by this Amendment and all references in the Disclosure Schedules to “the Agreement” and “the Merger Agreement” shall refer to the Merger Agreement as amended by this Amendment.
4. Construction. Except as expressly provided in this Amendment, all references in the Merger Agreement and the Disclosure Schedules to “the date hereof” and “the date of this Agreement” shall refer to September 6, 2018.
5. Other Miscellaneous Terms. The provisions of Article 8 (Miscellaneous Provisions) of the Merger Agreement shall apply *mutatis mutandis* to this Amendment, and to the Merger Agreement as modified by this Amendment, taken together as a single agreement, reflecting the terms therein as modified hereby.
6. No Further Amendment. Except as amended hereby, the Merger Agreement, shall remain in full force and effect.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date first above written.

**LASALLE HOTEL PROPERTIES**

By: /s/ Michael D. Barnello  
Name: Michael D. Barnello  
Title: President and Chief Executive Officer

**LASALLE HOTEL OPERATING PARTNERSHIP, L.P., by LASALLE HOTEL PROPERTIES, its general partner**

By: /s/ Michael D. Barnello  
Name: Michael D. Barnello  
Title: President and Chief Executive Officer

**PEBBLEBROOK HOTEL TRUST**

By: /s/ Jon E. Bortz  
Name: Jon E. Bortz  
Title: Chairman of the Board, President and Chief Executive Officer

**PEBBLEBROOK HOTEL, L.P., by PEBBLEBROOK HOTEL TRUST, its general partner**

By: /s/ Jon E. Bortz  
Name: Jon E. Bortz  
Title: Chairman of the Board, President and Chief Executive Officer

**PING MERGER SUB, LLC**

By: /s/ Jon E. Bortz  
Name: Jon E. Bortz  
Title: President and Chief Executive Officer

**PING MERGER OP, LP, by PING MERGER OP GP, LLC, its general partner**

By: /s/ Jon E. Bortz  
Name: Jon E. Bortz  
Title: President and Chief Executive Officer



**LaSalle Hotel Properties  
7550 Wisconsin Avenue, 10<sup>th</sup> Floor  
Bethesda, Maryland 20814**

September 18, 2018

Michael D. Barnello  
LaSalle Hotel Properties  
7550 Wisconsin Ave, 10<sup>th</sup> Floor  
Bethesda, Maryland 20814

Dear Mike,

We refer to those certain Performance-Based Share Award Agreements between you and LaSalle Hotel Properties (the “**Company**”) identified on Exhibit A attached to this letter (the “**Award Agreements**”). Capitalized terms used and not defined in this letter have the meanings ascribed by the Award Agreements.

Under the terms of the Agreement and Plan of Merger, by and among the Company, LaSalle Hotel Operating Partnership, L.P., Pebblebrook Hotel Trust (“**Parent**”), Pebblebrook Hotel, L.P., Ping Merger Sub, LLC and Ping Merger OP, LP, dated as of September 6, 2018, as amended on September 18, 2018 (as the same may be amended from time to time, the “**Merger Agreement**”), the Company and Parent agreed that the total number of Common Shares that will become earned and vested pursuant to the Award Agreements in connection with the Company Merger (as defined in the Merger Agreement) shall equal 180% of the Target Amount.

Notwithstanding anything contained in the Award Agreements to the contrary, by signing this letter you are agreeing to fix the number of Common Shares to be earned and awarded under the Award Agreements at 180% of the Target Amount, which is an aggregate of 357,140 Common Shares, which may be more or less than the number of Common Shares that would have been earned pursuant to the Award Agreements but for the amendment to the Merger Agreement and this letter agreement, in accordance with the terms of the Merger Agreement.

This letter agreement will become effective immediately and shall automatically terminate upon termination of the Merger Agreement for any reason. Except for the modification described in this letter, all other terms and conditions of the Award Agreements, as in effect on the date hereof, shall remain unchanged.

LASALLE HOTEL PROPERTIES

/s/ Kenneth G. Fuller  
Name: Kenneth G. Fuller  
Title: Chief Financial Officer

AGREED AND ACCEPTED:

/s/ Michael D. Barnello  
Name: Michael D. Barnello

Date: September 18, 2018

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Exhibit A

Performance-Based Share Award Agreement, dated March 18, 2016 (Target Amount-26,213 Common Shares; Measuring Period January 1, 2016 to December 31, 2018)

Performance-Based Share Award Agreement, dated March 18, 2016 (Target Amount-26,213 Common Shares; Measuring Period July 1, 2016 to June 30, 2019)

Performance-Based Share Award Agreement, dated March 23, 2017 (Target Amount-34,103 Common Shares; Measuring Period January 1, 2017 to December 31, 2019)

Performance-Based Share Award Agreement, dated March 23, 2017 (Target Amount-34,102 Common Shares; Measuring Period July 1, 2017 to June 30, 2020)

Performance-Based Share Award Agreement, dated March 21, 2018 (Target Amount-38,890 Common Shares; Measuring Period January 1, 2018 to December 31, 2020)

Performance-Based Share Award Agreement, dated March 21, 2018 (Target Amount-38,890 Common Shares; Measuring Period July 1, 2018 to June 30, 2021)

**LaSalle Hotel Properties  
7550 Wisconsin Avenue, 10<sup>th</sup> Floor  
Bethesda, Maryland 20814**

September 18, 2018

Kenneth G. Fuller  
LaSalle Hotel Properties  
7550 Wisconsin Ave, 10<sup>th</sup> Floor  
Bethesda, Maryland 20814

Dear Ken,

We refer to those certain Performance-Based Share Award Agreements between you and LaSalle Hotel Properties (the “**Company**”) identified on Exhibit A attached to this letter (the “**Award Agreements**”). Capitalized terms used and not defined in this letter have the meanings ascribed by the Award Agreements.

Under the terms of the Agreement and Plan of Merger, by and among the Company, LaSalle Hotel Operating Partnership, L.P., Pebblebrook Hotel Trust (“**Parent**”), Pebblebrook Hotel, L.P., Ping Merger Sub, LLC and Ping Merger OP, LP, dated as of September 6, 2018, as amended on September 18, 2018 (as the same may be amended from time to time, the “**Merger Agreement**”), the Company and Parent agreed that the total number of Common Shares that will become earned and vested pursuant to the Award Agreements in connection with the Company Merger (as defined in the Merger Agreement) shall equal 180% of the Target Amount.

Notwithstanding anything contained in the Award Agreements to the contrary, by signing this letter you are agreeing to fix the number of Common Shares to be earned and awarded under the Award Agreements at 180% of the Target Amount, which is an aggregate of 100,487 Common Shares, which may be more or less than the number of Common Shares that would have been earned pursuant to the Award Agreements but for the amendment to the Merger Agreement and this letter agreement, in accordance with the terms of the Merger Agreement.

This letter agreement will become effective immediately and shall automatically terminate upon termination of the Merger Agreement for any reason. Except for the modification described in this letter, all other terms and conditions of the Award Agreements, as in effect on the date hereof, shall remain unchanged.

LASALLE HOTEL PROPERTIES

/s/ Michael D. Barnello  
Name: Michael D. Barnello  
Title: President and Chief Executive Officer

AGREED AND ACCEPTED:

/s/ Kenneth G. Fuller  
Name: Kenneth G. Fuller

Date: September 18, 2018

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Exhibit A

Performance-Based Share Award Agreement, dated April 25, 2016 (Target Amount-6,316 Common Shares; Measuring Period January 1, 2016 to December 31, 2018)

Performance-Based Share Award Agreement, dated April 25, 2016 (Target Amount-6,315 Common Shares; Measuring Period July 1, 2016 to June 30, 2019)

Performance-Based Share Award Agreement, dated March 23, 2017 (Target Amount-7,751 Common Shares; Measuring Period January 1, 2017 to December 31, 2019)

Performance-Based Share Award Agreement, dated March 23, 2017 (Target Amount-7,750 Common Shares; Measuring Period July 1, 2017 to June 30, 2020)

Performance-Based Share Award Agreement, dated March 21, 2018 (Target Amount-13,847 Common Shares; Measuring Period January 1, 2018 to December 31, 2020)

Performance-Based Share Award Agreement, dated March 21, 2018 (Target Amount-13,847 Common Shares; Measuring Period July 1, 2018 to June 30, 2021)

**LaSalle Hotel Properties  
7550 Wisconsin Avenue, 10<sup>th</sup> Floor  
Bethesda, Maryland 20814**

September 18, 2018

Alfred L. Young, Jr.  
LaSalle Hotel Properties  
7550 Wisconsin Ave, 10<sup>th</sup> Floor  
Bethesda, Maryland 20814

Dear Al,

We refer to those certain Performance-Based Share Award Agreements between you and LaSalle Hotel Properties (the “**Company**”) identified on Exhibit A attached to this letter (the “**Award Agreements**”). Capitalized terms used and not defined in this letter have the meanings ascribed by the Award Agreements.

Under the terms of the Agreement and Plan of Merger, by and among the Company, LaSalle Hotel Operating Partnership, L.P., Pebblebrook Hotel Trust (“**Parent**”), Pebblebrook Hotel, L.P., Ping Merger Sub, LLC and Ping Merger OP, LP, dated as of September 6, 2018, as amended on September 18, 2018 (as the same may be amended from time to time, the “**Merger Agreement**”), the Company and Parent agreed that the total number of Common Shares that will become earned and vested pursuant to the Award Agreements in connection with the Company Merger (as defined in the Merger Agreement) shall equal 180% of the Target Amount.

Notwithstanding anything contained in the Award Agreements to the contrary, by signing this letter you are agreeing to fix the number of Common Shares to be earned and awarded under the Award Agreements at 180% of the Target Amount, which is an aggregate of 169,337 Common Shares, which may be more or less than the number of Common Shares that would have been earned pursuant to the Award Agreements but for the amendment to the Merger Agreement and this letter agreement, in accordance with the terms of the Merger Agreement.

This letter agreement will become effective immediately and shall automatically terminate upon termination of the Merger Agreement for any reason. Except for the modification described in this letter, all other terms and conditions of the Award Agreements, as in effect on the date hereof, shall remain unchanged.

LASALLE HOTEL PROPERTIES

/s/ Michael D. Barnello  
Name: Michael D. Barnello  
Title: President and Chief Executive Officer

AGREED AND ACCEPTED:

/s/ Alfred L. Young, Jr.  
Name: Alfred L. Young, Jr.

Date: September 18, 2018

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Exhibit A

Performance-Based Share Award Agreement, dated March 18, 2016 (Target Amount-12,570 Common Shares; Measuring Period January 1, 2016 to December 31, 2018)

Performance-Based Share Award Agreement, dated March 18, 2016 (Target Amount-12,569 Common Shares; Measuring Period July 1, 2016 to June 30, 2019)

Performance-Based Share Award Agreement, dated March 23, 2017 (Target Amount-16,104 Common Shares; Measuring Period January 1, 2017 to December 31, 2019)

Performance-Based Share Award Agreement, dated March 23, 2017 (Target Amount-16,104 Common Shares; Measuring Period July 1, 2017 to June 30, 2020)

Performance-Based Share Award Agreement, dated March 21, 2018 (Target Amount-18,365 Common Shares; Measuring Period January 1, 2018 to December 31, 2020)

Performance-Based Share Award Agreement, dated March 21, 2018 (Target Amount-18,364 Common Shares; Measuring Period July 1, 2018 to June 30, 2021)

**Pebblebrook Hotel Trust**  
**7315 Wisconsin Avenue, Suite 1100 West**  
**Bethesda, Maryland 20814**

September 18, 2018

Michael D. Barnello  
c/o LaSalle Hotel Properties  
7550 Wisconsin Ave, 10<sup>th</sup> Floor  
Bethesda, Maryland 20814

Re: Additional Payment Guarantee

Dear Mike,

Reference is made to that certain Amended and Restated Change in Control Severance Agreement dated as of October 19, 2009 (as amended, restated, supplement or modified, the "CIC Severance Agreement") by and between LaSalle Hotel Properties, a Maryland real estate investment trust (together with its successors and assigns permitted under the CIC Severance Agreement, the "Company"), and Michael D. Barnello ("you"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the CIC Severance Agreement.

You are expected to receive payments under your CIC Severance Agreement and in connection with previously granted equity awards of the Company, each in connection with the transactions contemplated by the Agreement and Plan of Merger, by and among, the Company, LaSalle Hotel Operating Partnership, L.P., Pebblebrook Hotel Trust ("Parent"), Pebblebrook Hotel, L.P., Ping Merger Sub, LLC and Ping Merger OP, LP, dated as of September 6, 2018, as amended on September 18, 2018 (as the same may be amended from time to time, the "Merger Agreement"). In connection with the execution of the Merger Agreement, the Company retained KPMG LLP ("KPMG") to prepare an analysis taking into account a valuation of restrictive covenants to which you will be subject following termination of your employment with the Company, and a copy of such draft report dated September 14, 2018, using an assumed change in control date of November 30, 2018, is attached as Exhibit A hereto (the "KPMG Report").

Section 16 of your CIC Severance Agreement contains a provision obligating the Company to make payment to you of the Additional Amount within 30 days of each written request made by you. Based on the analysis and valuation set forth in the KPMG Report the Company and Parent have determined that the Additional Amount may be reduced or eliminated. Actual results at the time of the Closing (as defined in the Merger Agreement) may differ. The purpose of this letter is to confirm our agreement with you that you will not dispute the analysis and valuation set forth in the KPMG Report and that the determination of your "tax counsel" under Section 16 of your CIC Severance Agreement will be made consistent with Scenario 2 in the KPMG Report. The foregoing agreement was made by you in consideration of the benefits (from this agreement) which will be realized by the shareholders of Parent following the Merger (as defined in the Merger Agreement), to provide certainty to the Company and its executives, and for other good and valuable consideration, the receipt of which is hereby acknowledged and agreed.

Notwithstanding the foregoing, Parent hereby confirms its obligations pursuant to Section 16 of your CIC Severance Agreement following the Closing (as defined in the Merger Agreement), and Parent shall pay the Additional Amount, if required under Section 16 of your CIC Severance Agreement and the KPMG Report, and/or upon a determination by the Internal Revenue Service that your liability for tax under Section 4999 of the Internal Revenue Code is greater than the amount, if any, shown in the KPMG Report, to you within 30 days of your written request for payment of such amount.

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The foregoing shall be contingent upon occurrence of the Closing (as defined in the Merger Agreement) and shall be null and void in the event the Closing does not occur.

Sincerely,

PEBBLEBROOK HOTEL TRUST

/s/ Raymond D. Martz  
Name: Raymond D. Martz  
Title: Chief Financial Officer

**Acknowledged & Agreed:**

/s/ Michael D. Barnello  
Michael D. Barnello

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**Exhibit A**

**KPMG Report**

**Pebblebrook Hotel Trust**  
**7315 Wisconsin Avenue, Suite 1100 West**  
**Bethesda, Maryland 20814**

September 18, 2018

Alfred L. Young, Jr.  
c/o LaSalle Hotel Properties  
7550 Wisconsin Ave, 10<sup>th</sup> Floor  
Bethesda, Maryland 20814

Re: Additional Payment Guarantee

Dear Al,

Reference is made to that certain Change in Control Severance Agreement dated as of November 3, 2009 (as amended, restated, supplement or modified, the "CIC Severance Agreement") by and between LaSalle Hotel Properties, a Maryland real estate investment trust (together with its successors and assigns permitted under the CIC Severance Agreement, the "Company"), and Alfred L. Young, Jr. ("you"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the CIC Severance Agreement.

You are expected to receive payments under your CIC Severance Agreement and in connection with previously granted equity awards of the Company, each in connection with the transactions contemplated by the Agreement and Plan of Merger, by and among, the Company, LaSalle Hotel Operating Partnership, L.P., Pebblebrook Hotel Trust ("Parent"), Pebblebrook Hotel, L.P., Ping Merger Sub, LLC and Ping Merger OP, LP, dated as of September 6, 2018, as amended on September 18, 2018 (as the same may be amended from time to time, the "Merger Agreement"). In connection with the execution of the Merger Agreement, the Company retained KPMG LLP ("KPMG") to prepare an analysis taking into account a valuation of restrictive covenants to which you will be subject following termination of your employment with the Company, and a copy of such draft report dated September 14, 2018, using an assumed change in control date of November 30, 2018, is attached as Exhibit A hereto (the "KPMG Report").

Section 16 of your CIC Severance Agreement contains a provision obligating the Company to make payment to you of the Additional Amount within 30 days of each written request made by you. Based on the analysis and valuation set forth in the KPMG Report the Company and Parent have determined that the Additional Amount may be reduced or eliminated. Actual results at the time of the Closing (as defined in the Merger Agreement) may differ. The purpose of this letter is to confirm our agreement with you that you will not dispute the analysis and valuation set forth in the KPMG Report and that the determination of your "tax counsel" under Section 16 of your CIC Severance Agreement will be made consistent with Scenario 2 in the KPMG Report. The foregoing agreement was made by you in consideration of the benefits (from this agreement) which will be realized by the shareholders of Parent following the Merger (as defined in the Merger Agreement), to provide certainty to the Company and its executives, and for other good and valuable consideration, the receipt of which is hereby acknowledged and agreed.

Notwithstanding the foregoing, Parent hereby confirms its obligations pursuant to Section 16 of your CIC Severance Agreement following the Closing (as defined in the Merger Agreement), and Parent shall pay the Additional Amount, if required under Section 16 of your CIC Severance Agreement and the KPMG Report, and/or upon a determination by the Internal Revenue Service that your liability for tax under Section 4999 of the Internal Revenue Code is greater than the amount, if any, shown in the KPMG Report, to you within 30 days of your written request for payment of such amount.

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The foregoing shall be contingent upon occurrence of the Closing (as defined in the Merger Agreement) and shall be null and void in the event the Closing does not occur.

Sincerely,

PEBBLEBROOK HOTEL TRUST

/s/ Raymond D. Martz  
Name: Raymond D. Martz  
Title: Chief Financial Officer

**Acknowledged & Agreed:**

/s/ Alfred L. Young, Jr.  
Alfred L. Young, Jr.

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**Exhibit A**

**KPMG Report**




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## News Release

### **Pebblebrook Hotel Trust Files Registration Statement on Form S-4 with Preliminary Joint Proxy Statement/Prospectus in Connection with Proposed Merger with LaSalle Hotel Properties**

**Bethesda, MD, September 18, 2018** - Pebblebrook Hotel Trust (NYSE: PEB) ("Pebblebrook") and LaSalle Hotel Properties (NYSE: LHO) ("LaSalle") announced today that Pebblebrook has filed a preliminary joint proxy statement/prospectus as part of a registration statement on Form S-4 with the U.S. Securities and Exchange Commission ("SEC") in connection with Pebblebrook's proposed merger with LaSalle.

While the registration statement has not yet become effective and the information contained therein is subject to change, it provides important information about Pebblebrook's proposed merger with LaSalle. Once the registration statement has been declared effective by the SEC, the final joint proxy statement/prospectus will be mailed to shareholders of Pebblebrook and of LaSalle prior to shareholder votes on the proposed merger. Pebblebrook and LaSalle both anticipate holding special meetings in the fourth quarter of 2018.

As previously announced on September 6, 2018, Pebblebrook has entered into a definitive merger agreement to acquire 100% of LaSalle's outstanding common shares. Under the terms of the merger agreement, for each LaSalle common share owned, each LaSalle shareholder may elect to receive either a fixed amount of \$37.80 in cash or a fixed exchange ratio of 0.92 Pebblebrook common share. A maximum of 30% of the outstanding LaSalle common shares may elect to receive cash (and elections of cash will be subject to pro rata cutbacks if holders of more than 30% of the outstanding LaSalle common shares elect cash).

The transaction, which is subject to customary closing conditions, including approval by LaSalle shareholders and Pebblebrook shareholders, is expected to close in the fourth quarter of 2018.

The registration statement on Form S-4, which includes the preliminary joint proxy statement/prospectus, is available on the SEC's EDGAR system on [www.sec.gov](http://www.sec.gov) and in the Investor Relations section of Pebblebrook's website at [investor.pebblebrookhotels.com](http://investor.pebblebrookhotels.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](http://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

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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, as amended on September 18, 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, on September 18, 2018, Pebblebrook filed with the Securities and Exchange Commission ("SEC") a registration statement on Form S-4 that included a preliminary joint proxy statement/prospectus 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](http://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](http://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](http://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

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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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**Pebblebrook Contacts:**

Jon E. Bortz, Chairman and Chief Executive Officer, Pebblebrook Hotel Trust - (240) 507-1300

Raymond D. Martz, Executive Vice President and Chief Financial Officer - (240) 507-1330

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

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

**LaSalle Contacts:**

Kenneth G. Fuller, EVP and Chief Financial Officer, LaSalle Hotel Properties - (301) 941-1500

Max D. Leinweber, VP, Finance & Asset Management, LaSalle Hotel Properties - (301) 941-1500

Bob Marese, MacKenzie Partners, Inc. - (212) 929-5405

Meaghan Repko or Andrew Siegel, Joele Frank, Wilkinson Brimmer Katcher - (212) 355-4449