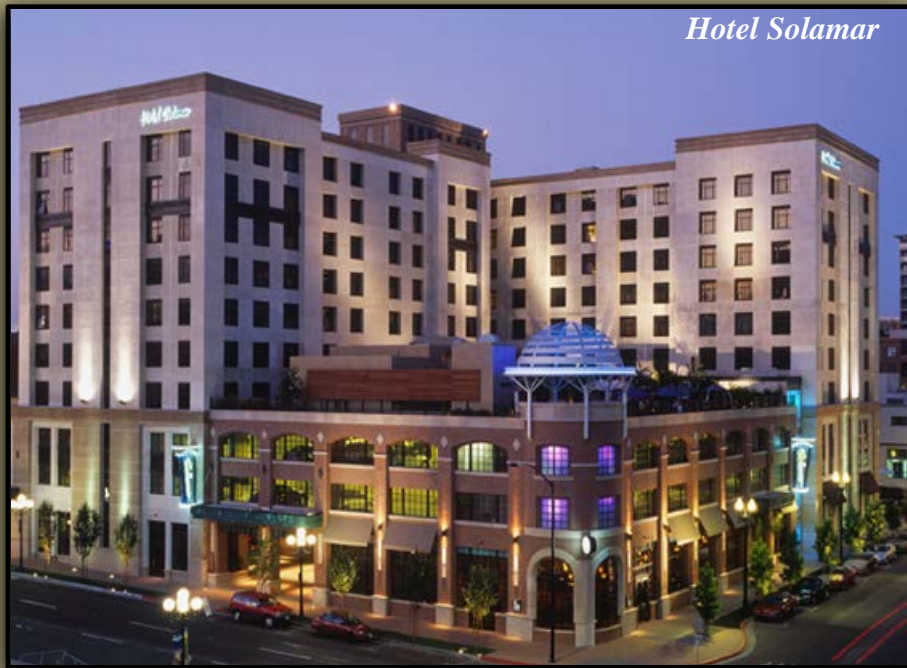




LA SALLE HOTEL PROPERTIES



LHO Basics



- Diversified high-quality portfolio within urban, resort and convention markets
- The Company owns 40 hotels and the mezzanine loans secured by two hotels in Santa Monica, CA
- Low leverage company focused on maintaining a conservative balance sheet
- Focused on long-term shareholder value
- \$3.9B total enterprise value

Investment Highlights

- Independent and brand diversification
- Heavy asset management focus with best-in-class EBITDA margins
- Acquisition strategy primarily focused on the top markets and the CBD within those markets
- Low-leverage capital structure
- Most management contracts are terminable at will
- Mission of providing best returns while seeking to minimize risk each step along the investment path



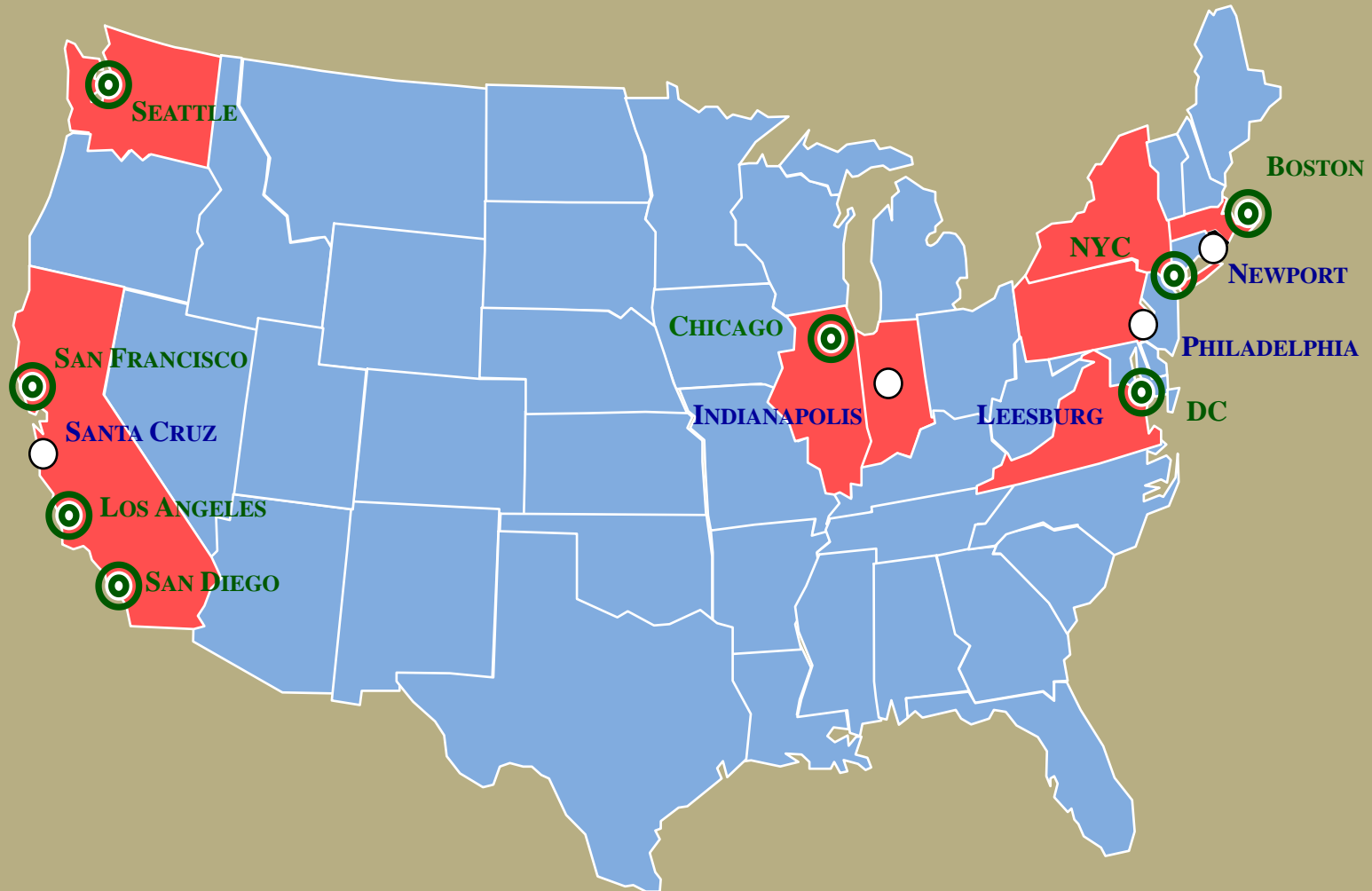
2012 Highlights

- Acquired Hotel Palomar, Washington DC in March, and in December acquired L' Auberge Del Mar in Del Mar CA and The Liberty Hotel in Boston MA, for a total of \$390.7MM
- Acquired Mezzanine Loan secured by Shutters on the Beach and Casa Del Mar Hotels in Santa Monica for \$67.4MM⁽¹⁾
- Raised \$273.1MM of common equity
- Raised dividend by 82% to \$0.20
- Redeemed \$166.8MM of preferred shares (average coupon of 7.8%)
- Closed on \$177.5MM seven-year unsecured term loan
 - Swapped to a fixed interest rate of 3.87%⁽²⁾
- Closed on \$300.0MM five-year unsecured term loan
 - Swapped to a fixed interest rate of 2.68%⁽²⁾
- Reduced the cost of debt from 5.2% in 2011 to 4.3% in 2012 and the cost of debt and preferred from 6.0% in 2011 to 4.9% in 2012

(1) Mezzanine Loan is secured by the equity interest in the entities which own the hotels.

(2) The interest rate on the term loan is fixed at the given percent when leverage is between 4 and 4.75 times.

Geographic Diversification

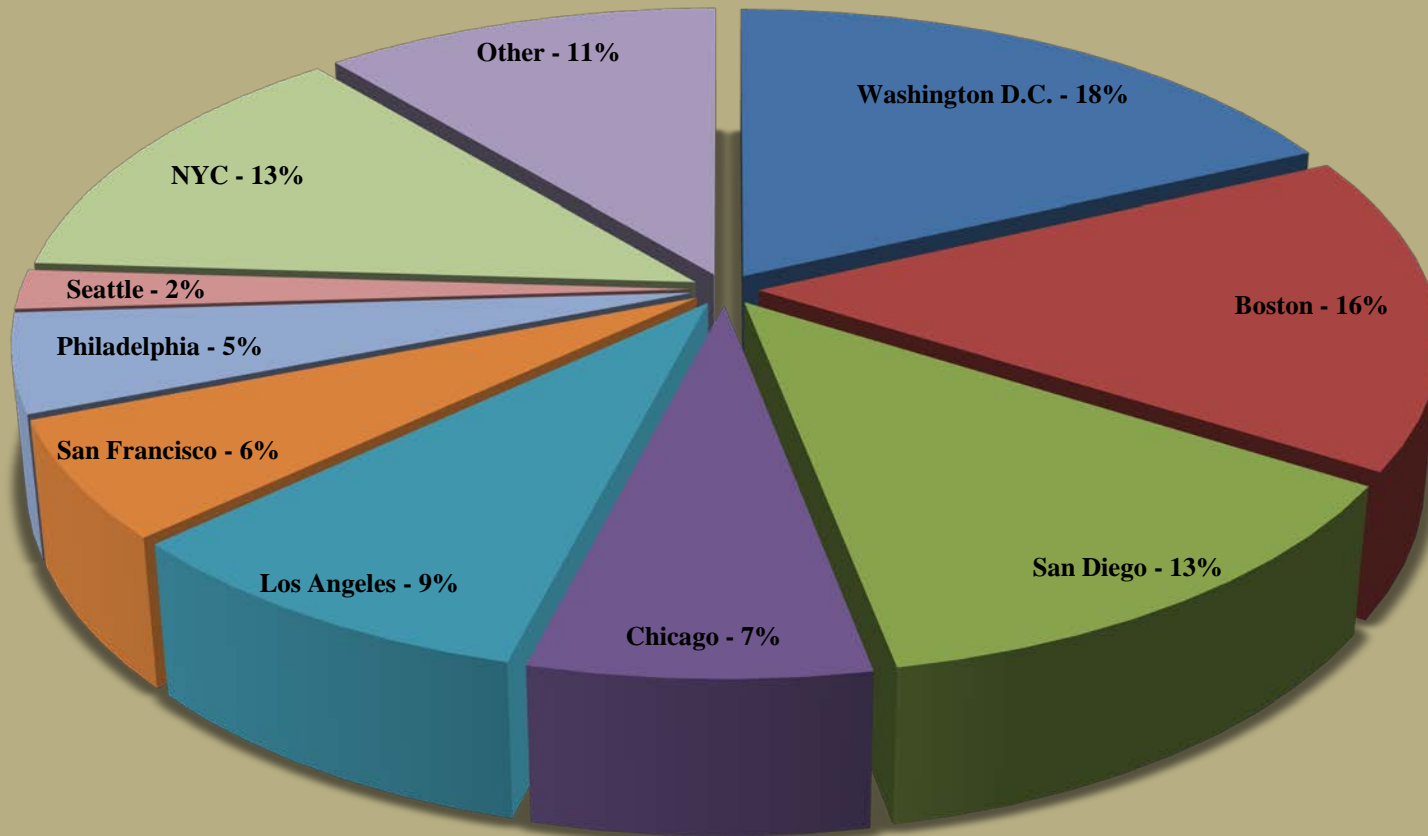


INTERESTS IN 42 HOTELS IN 13 MARKETS IN 9 STATES AND THE DISTRICT OF COLUMBIA

🎯 8 TARGET URBAN MARKETS

Major Market Diversification

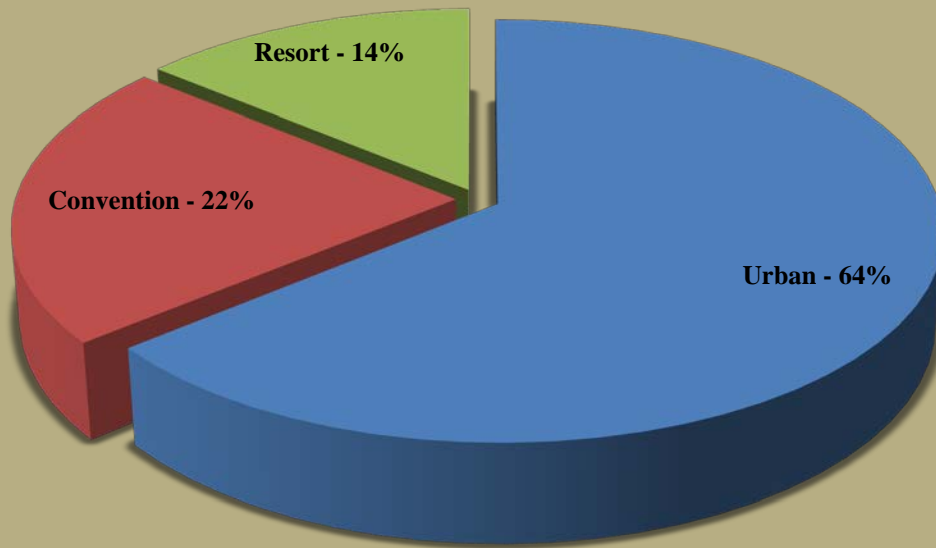
89% of the Company's EBITDA is located in 9 major markets.



Property EBITDA
 Trailing twelve months ended December 31, 2012

Note: Charts on pages 6, 7, 8, 9 and 42 represent the portfolio as of December 31, 2012. Hotel Palomar, L'Auberge, and Liberty EBITDA during prior ownership included for the trailing twelve months ended December 31, 2012.

Market Type Diversification



Property EBITDA

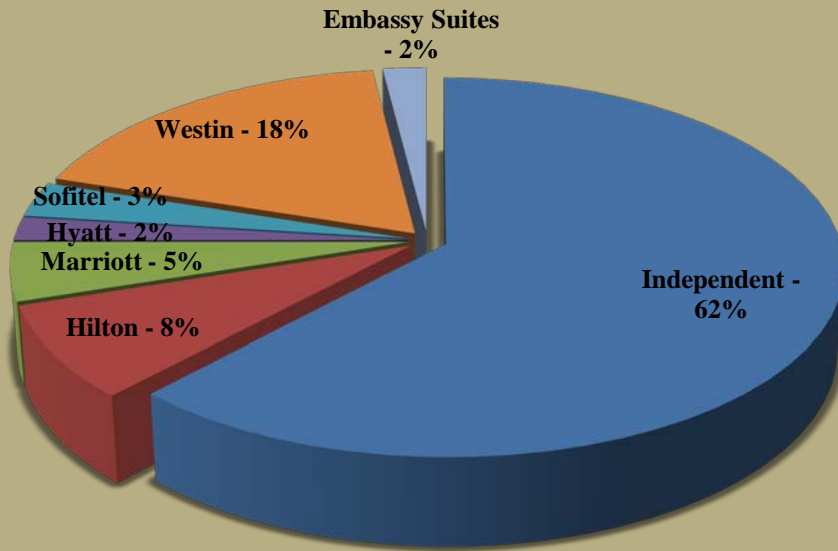
Trailing twelve months ended December 31, 2012



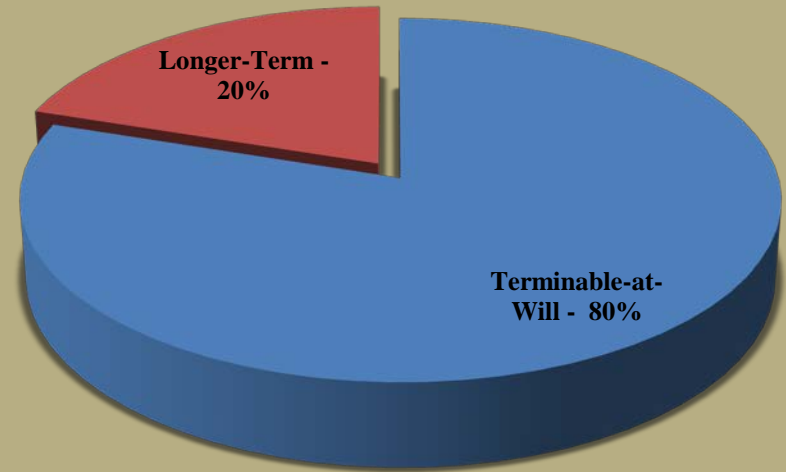
Westin Copley Place

Portfolio Diversification

Brand/Independent Diversification



Terminable-at-Will vs. Longer-Term Management Agreements

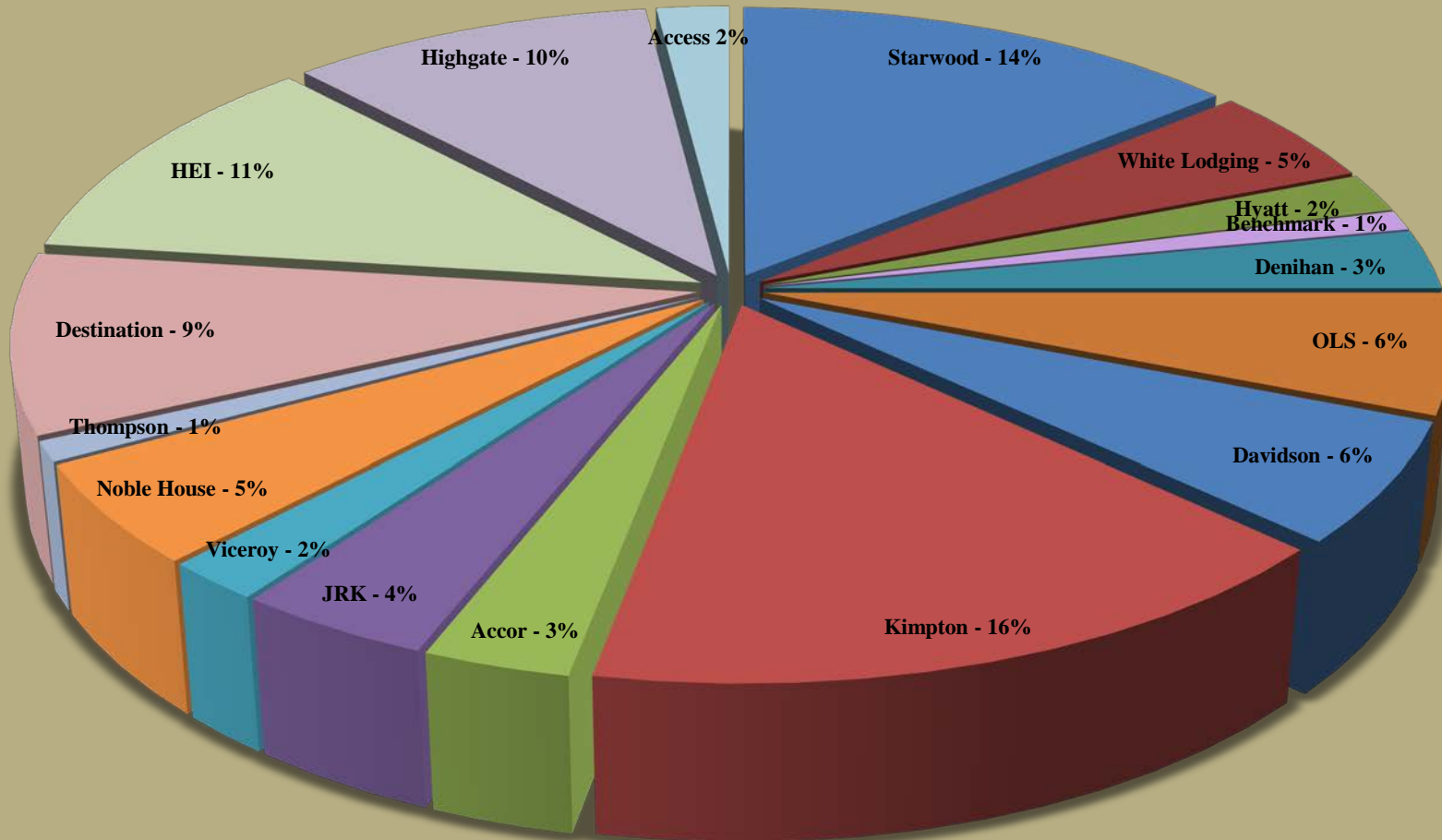


Property EBITDA

Trailing twelve months ended December 31, 2012

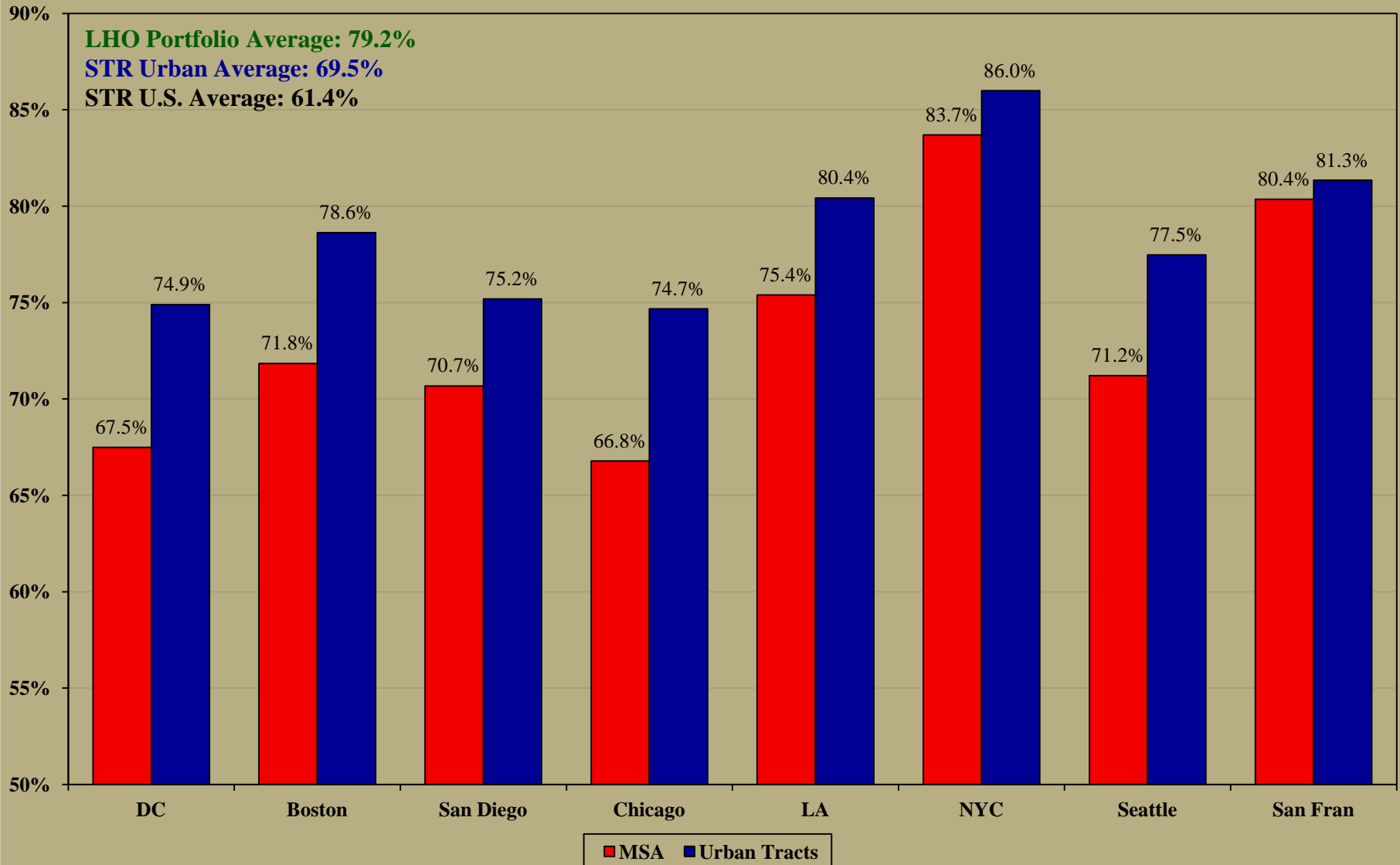
Operator Diversification

Utilizing multiple unaffiliated operators provides best practices and access to acquisition opportunities.



Property EBITDA
Trailing twelve months ended December 31, 2012

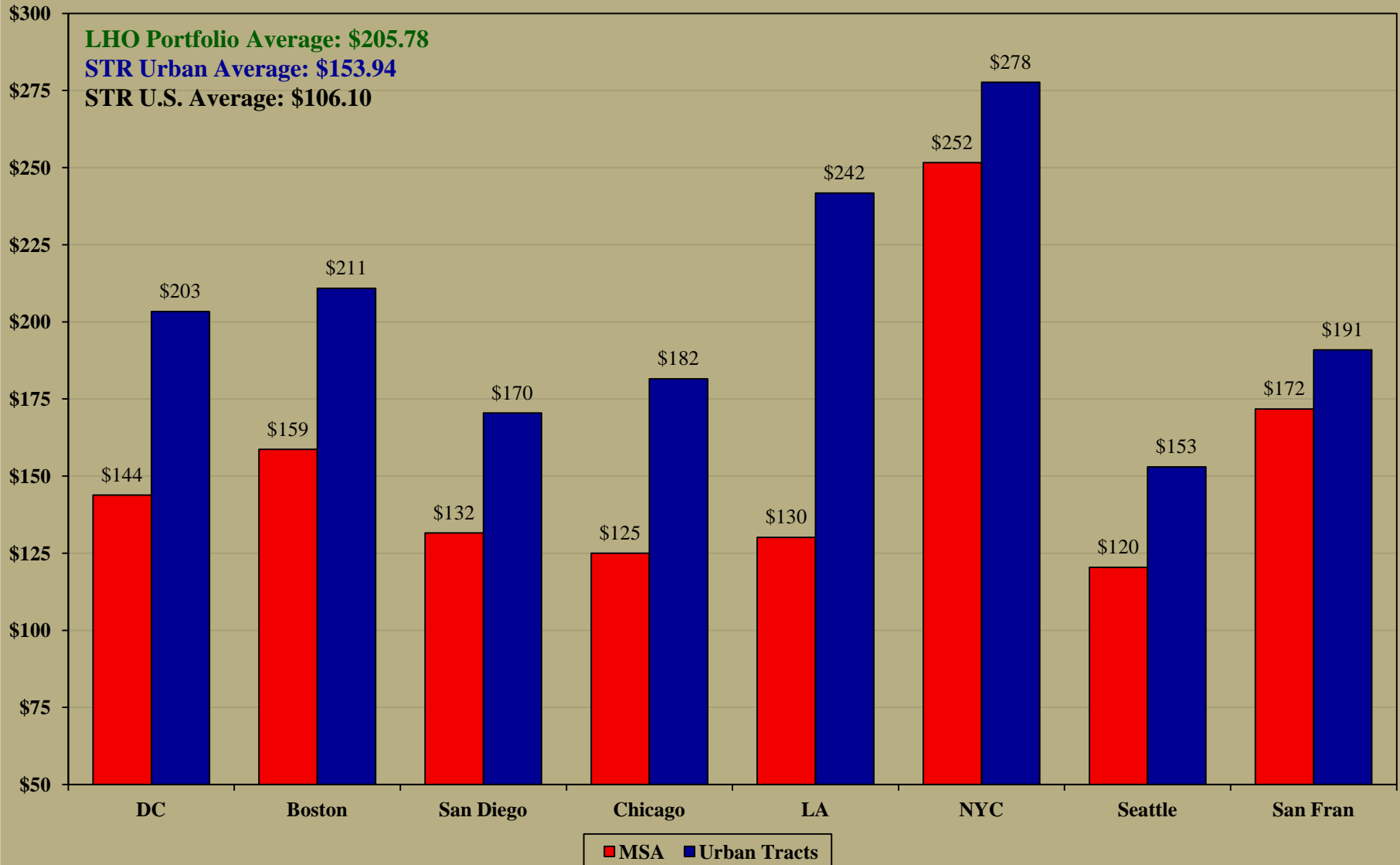
Occupancy Comparison – LHO’s Urban Focus vs. MSA



Source: Smith Travel Research.

Note: LA Urban Tract reflects Hollywood/Beverly Hills/City of Santa Monica. Data reflects trailing twelve months ended December 31, 2012.

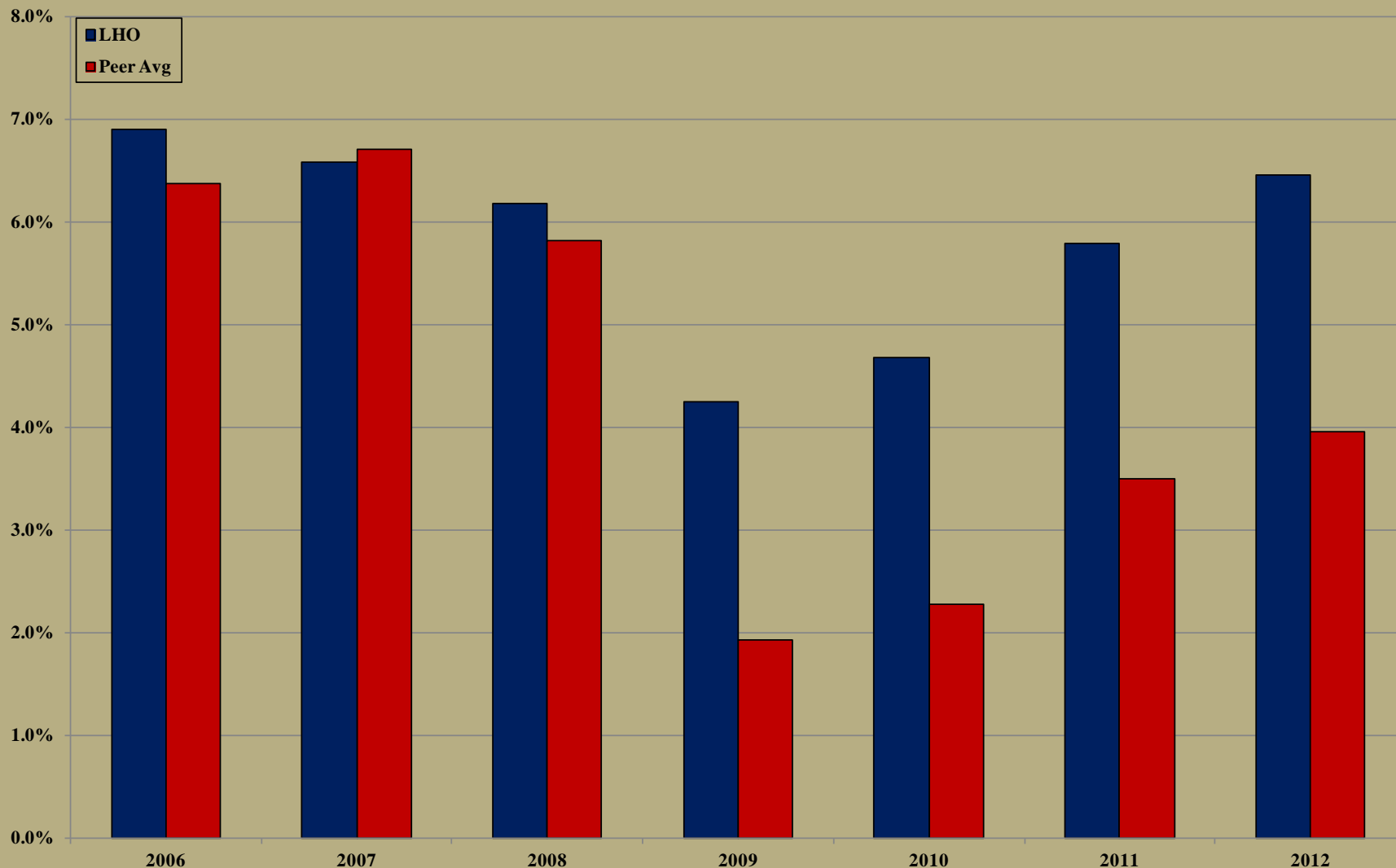
ADR Comparison – LHO’s Urban Focus vs. MSA



Source: Smith Travel Research.

Note: LA Urban Tract reflects Hollywood/Beverly Hills/City of Santa Monica. Data reflects trailing twelve months ended December 31, 2012.

Return on Investment Capital: AFFO/Debt & Equity

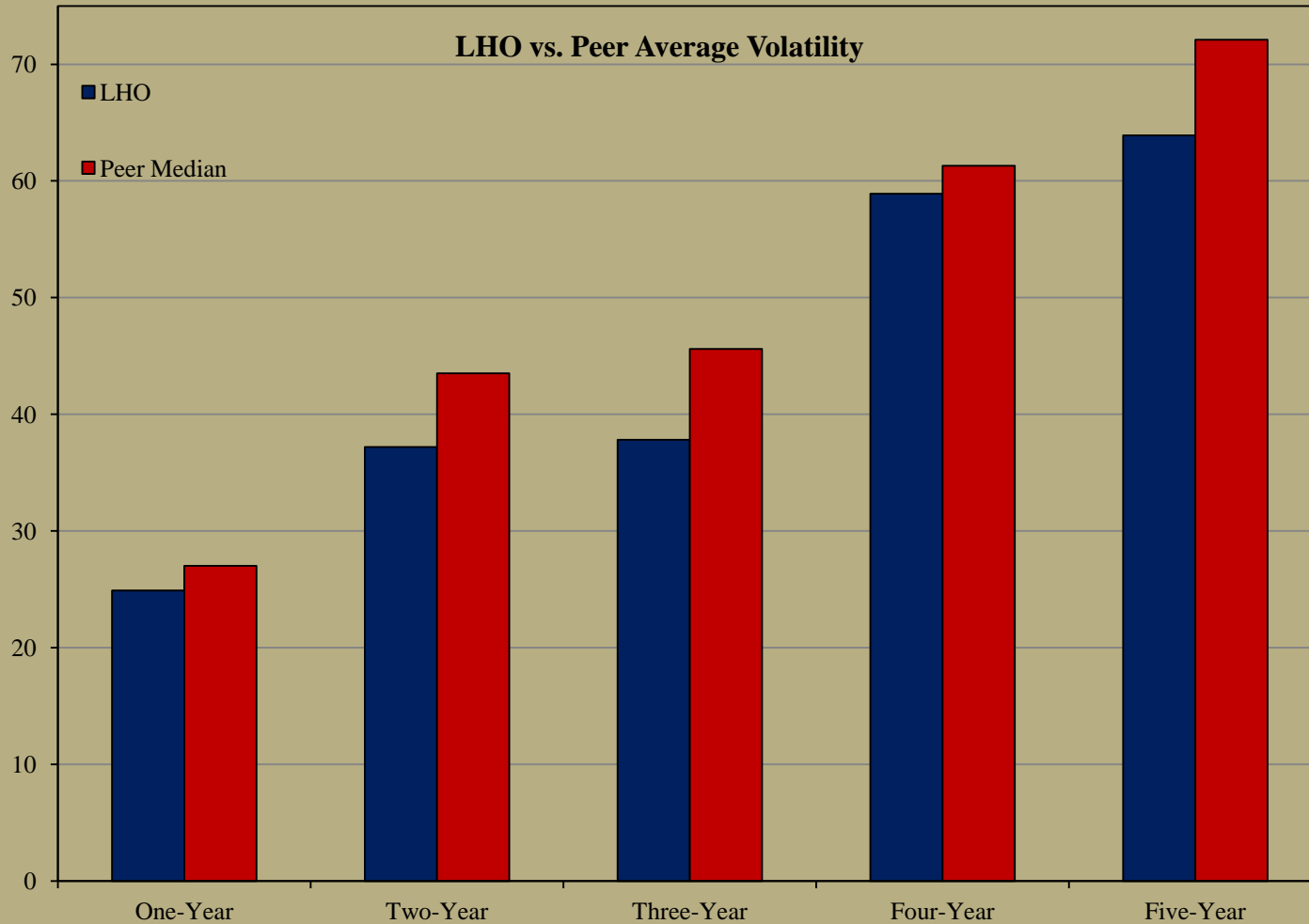


LHO Rank	3	4	3	2	1	1	2
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Source: Company Reports

Note: Peers include HST, BEE, AHT, SHO, DRH, FCH.

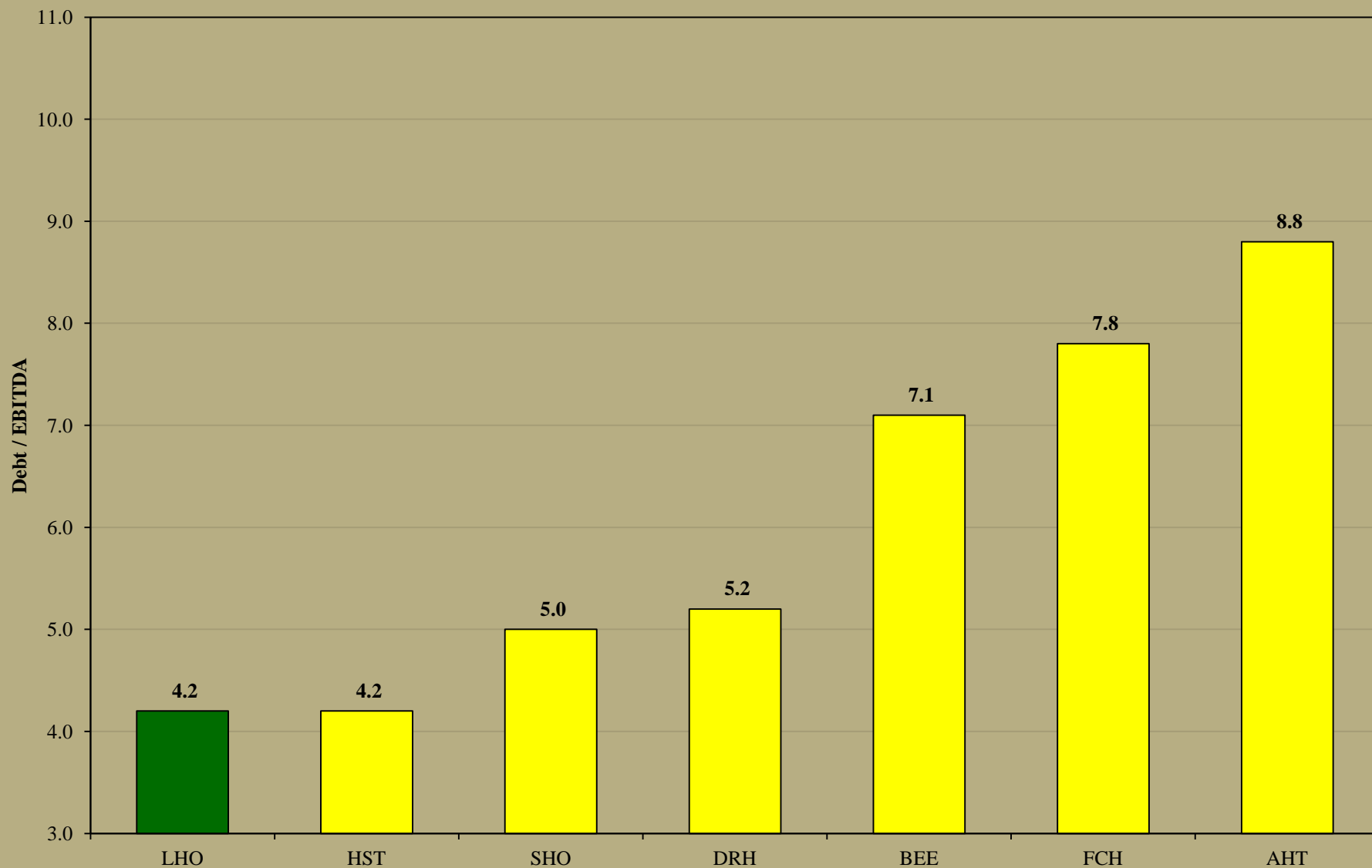
Volatility Comparison



Source: Towers Watson.

Note: Peers include HST, BEE, AHT, SHO, DRH, FCH. Returns as of 12/31/2012.

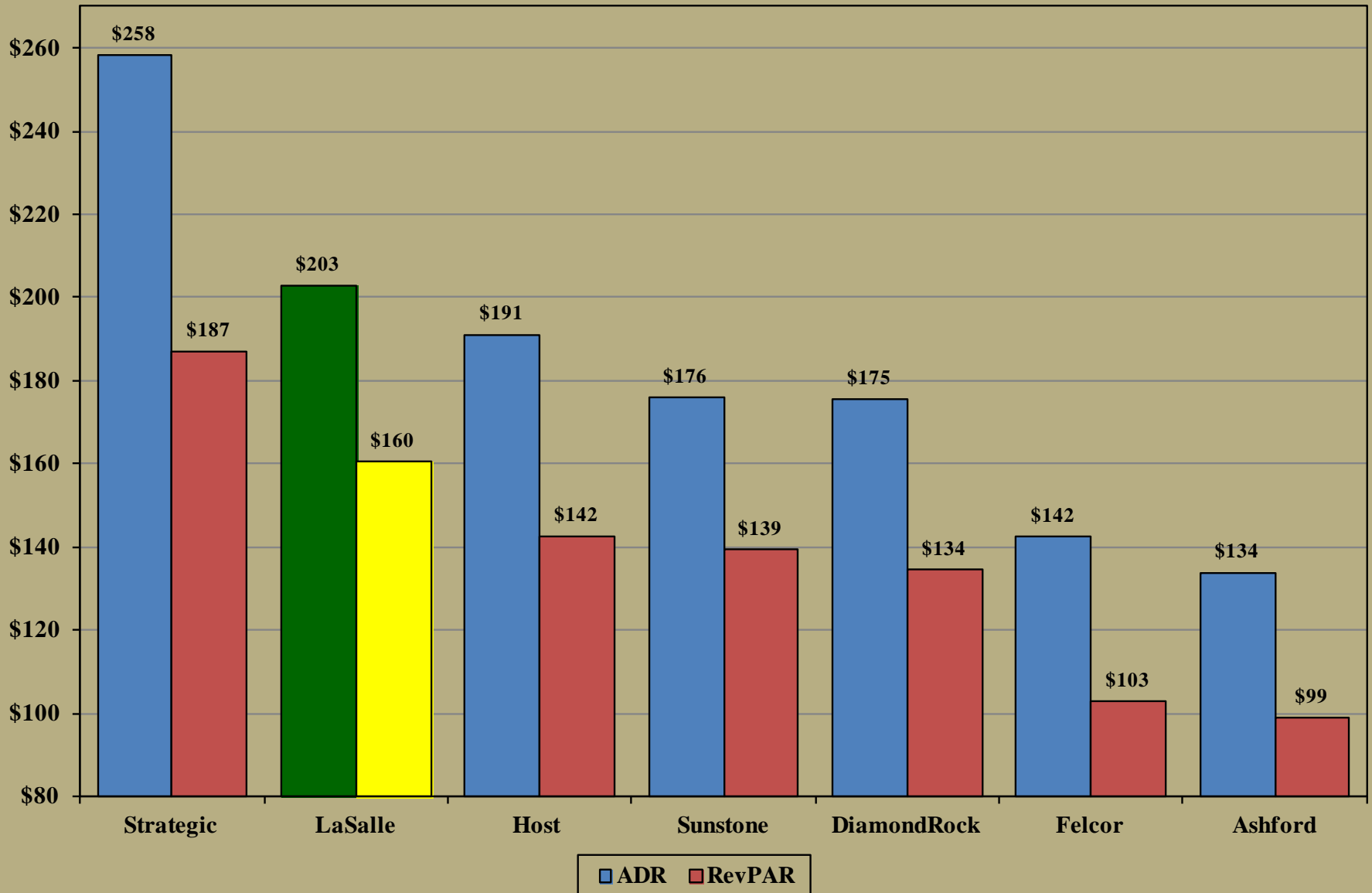
Leverage Comparison



Note: Leverage ratio defined as debt / LTM EBITDA. HST, DRH, BEE, SHO, FCH, and AHT reflect reported Q4'12 net debt and EBITDA. LHO reflects Q4'12 bank covenant debt to EBITDA.

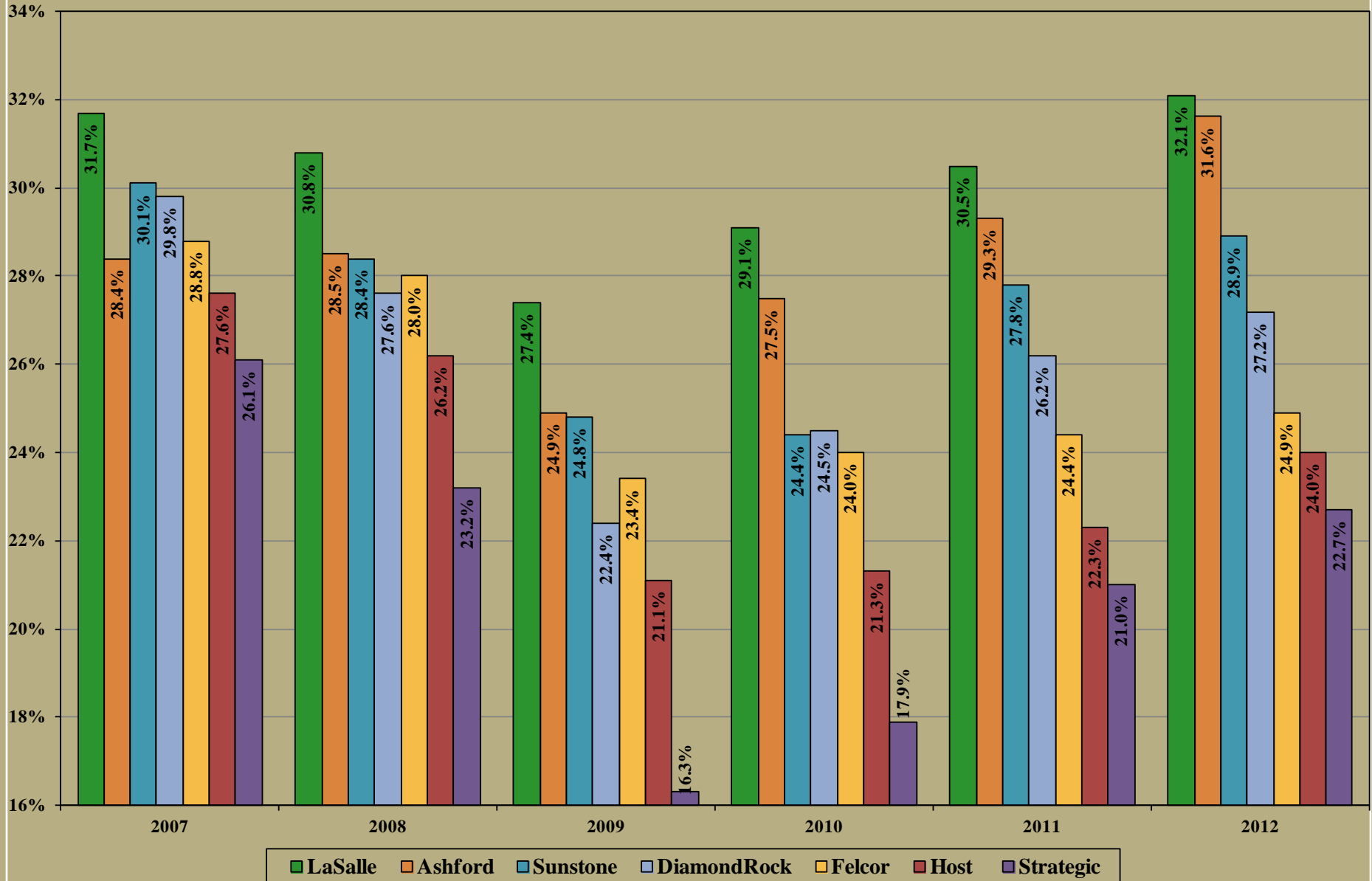
Peer ADR & RevPAR Comparison

ADR & RevPAR of Portfolio for YTD 12/31/12



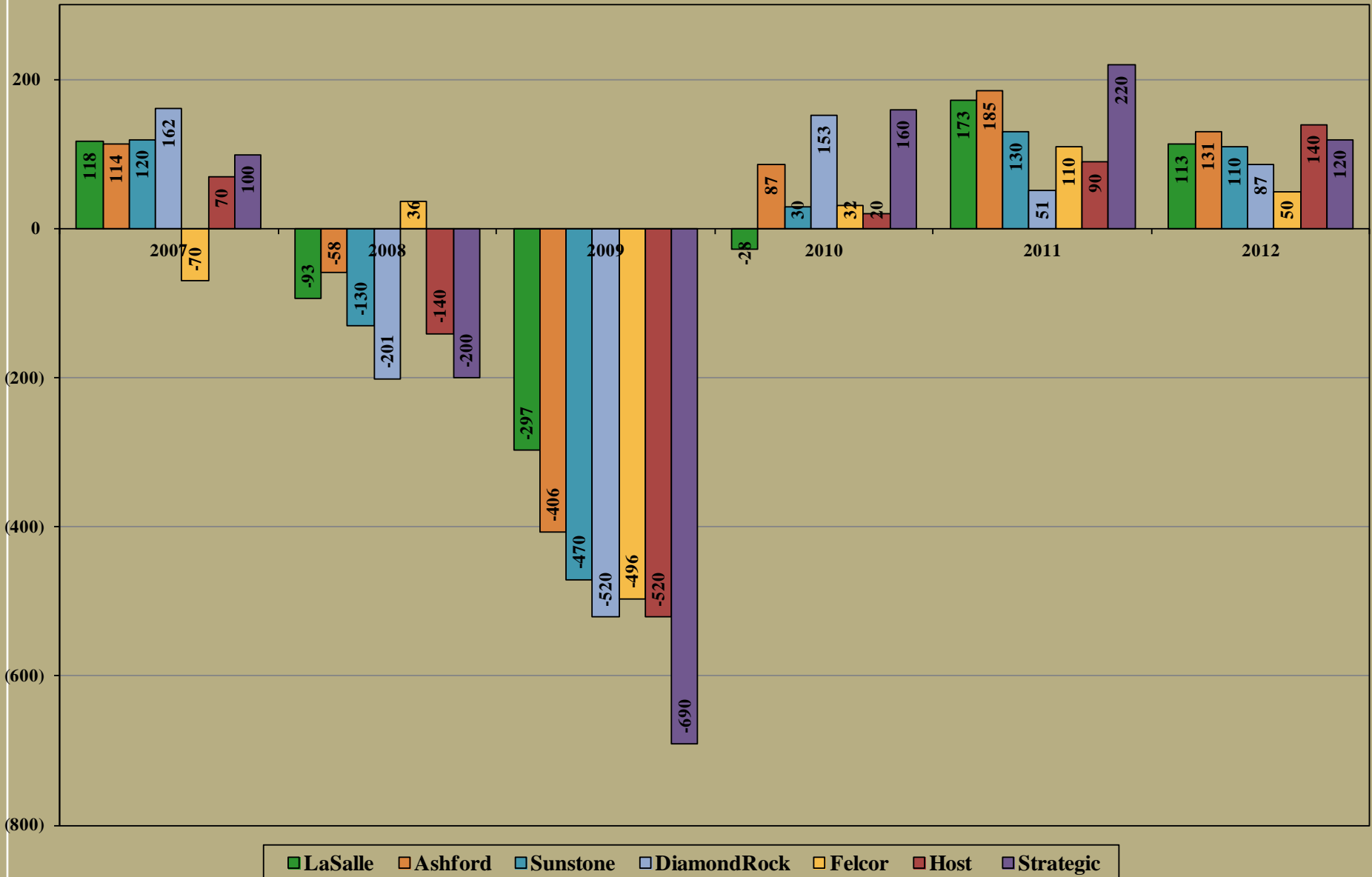
Source: Company Reports.

Hotel EBITDA Margin Comparison



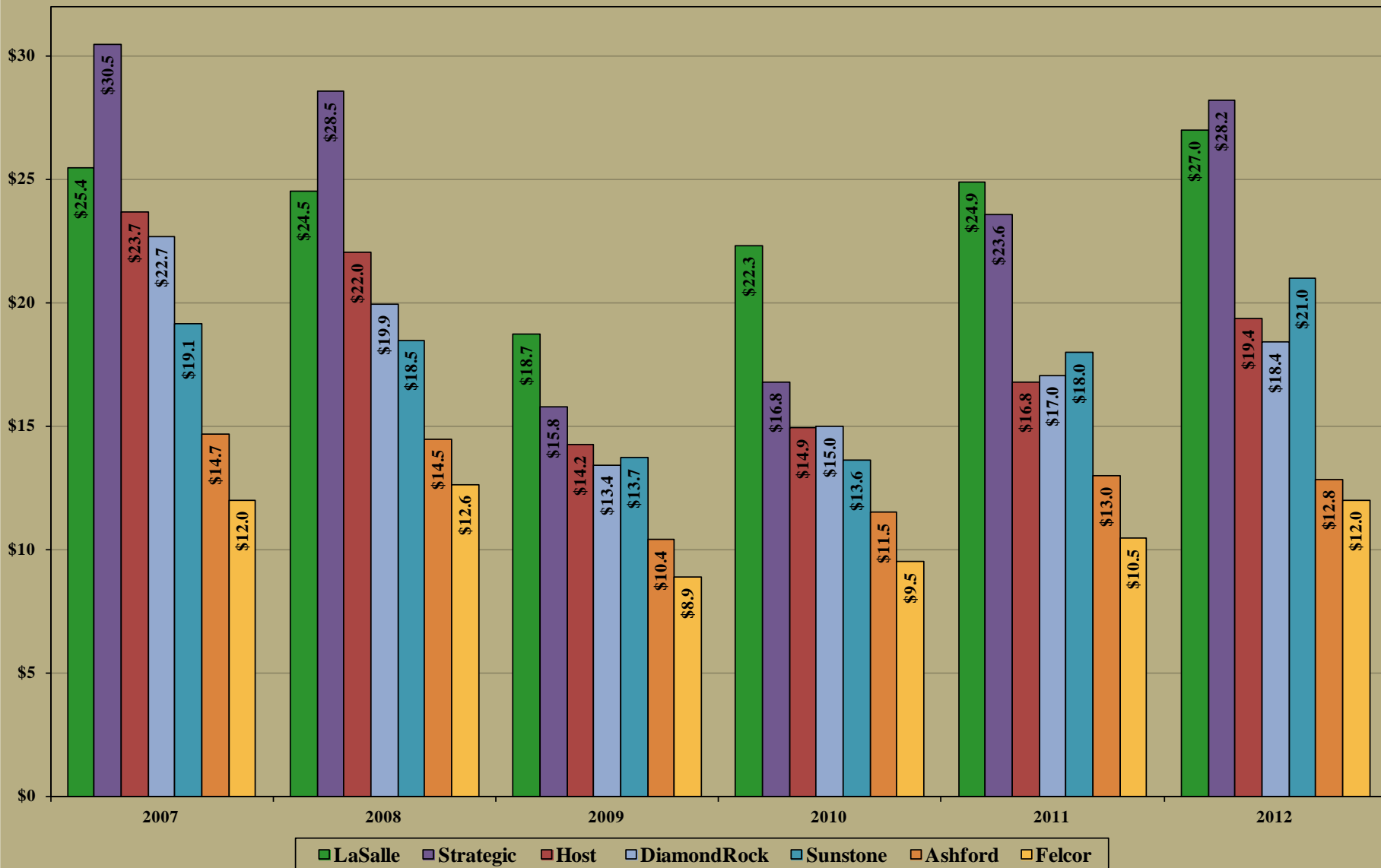
Source: Company Reports.

Hotel EBITDA Margin Change Comparison



Source: Company Reports.

Hotel EBITDA per Room Comparison



Source: Company Reports.

Acquisitions Overview



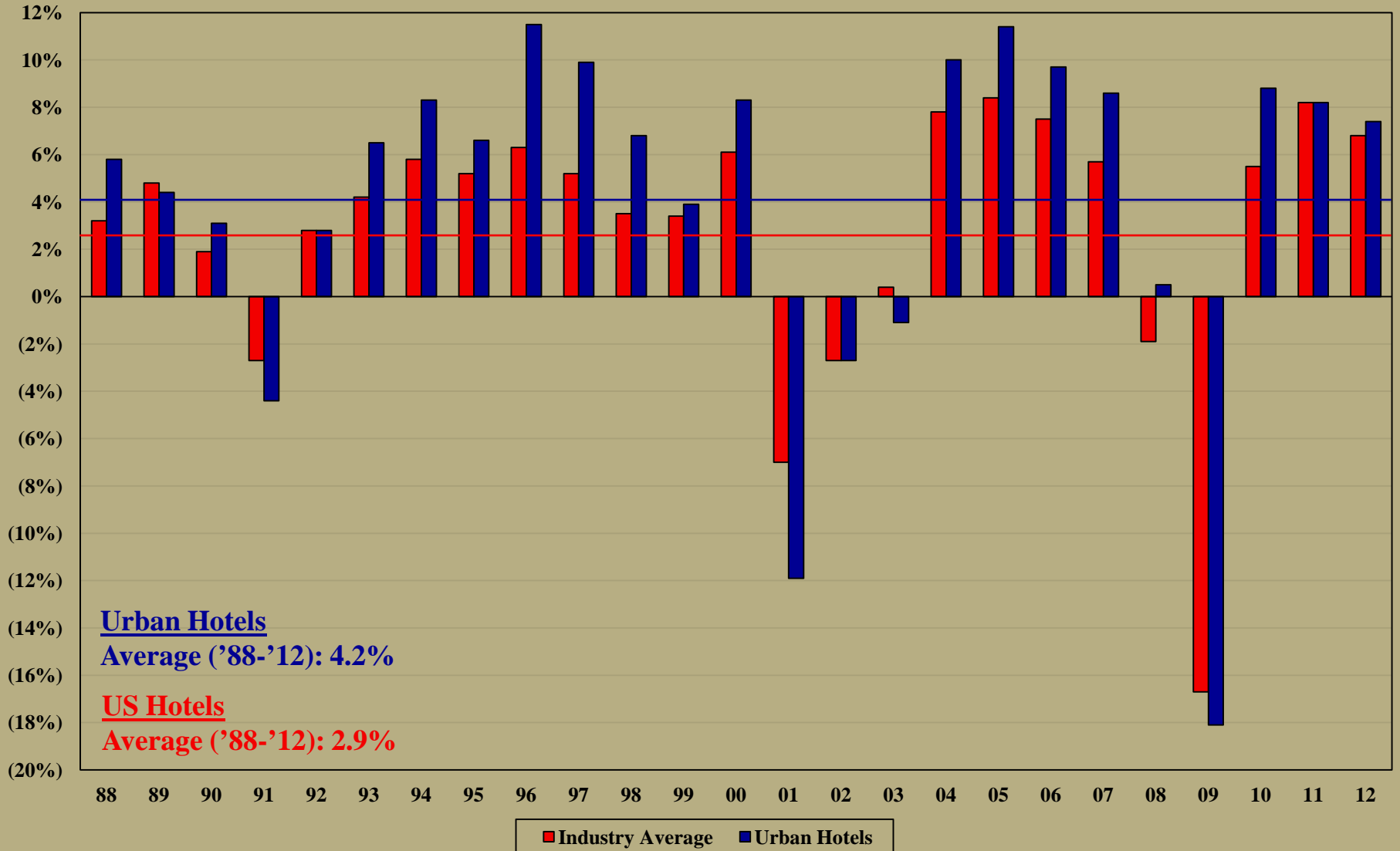
External Investment Strategy

- High barrier-to-entry urban, convention and resort
- Focus on urban tracts of 8 institutional-quality major markets – superior long-term performance
- Research driven
- Value added



Urban RevPAR Growth Comparison

Urban hotels consistently outperform with average RevPAR growth approximately 49% higher than the industry.



Acquisition Summary – 2010 through 2012

<u>Acquisition</u>	<u>Market</u>	<u>Purchase Price</u>	<u>Number of Rooms</u>	<u>Date Acquired</u>
Sofitel Washington DC	Washington, DC	\$95.0MM	237	March 1, 2010
Hotel Monaco San Francisco	San Francisco, CA	\$68.5MM	201	September 1, 2010
Westin Philadelphia	Philadelphia, PA	\$145.0MM	294	September 1, 2010
Embassy Suites Center City	Philadelphia, PA	\$79.0MM	288	September 1, 2010
Hotel Roger Williams	New York, NY	\$90.0MM	193	October 6, 2010
Chamberlain West Hollywood	West Hollywood, CA	\$38.5MM	113	December 6, 2010
Viceroy Santa Monica	Santa Monica, CA	\$80.1MM	162	March 16, 2011
Villa Florence	San Francisco, CA	\$67.1MM	182	October 5, 2011
Park Central	New York, NY	\$396.2MM	934	December 29, 2011
Hotel Palomar Washington DC	Washington, DC	\$143.8MM	335	March 8, 2012
Mezzanine Loan On Shutters on the Beach/Casa Del Mar	Santa Monica, CA	\$67.4MM	198/129	July 13, 2012
L'Auberge Del Mar	Del Mar, CA	\$76.9MM	120	December 6, 2012
The Liberty Hotel	Boston, MA	\$170.0MM	298	December 28, 2012
Total⁽¹⁾		<u>\$1,450.1MM</u>	<u>3,357</u>	

(1) Totals do not include Shutters on the Beach and Casa Del Mar.

The Liberty Hotel



- Excellent location within one of our eight target markets
- Located in the Beacon Hill neighborhood of Boston
- Originally constructed as the Charles Street Jail
- 298 guestrooms, including 10 suites
- Features 5 food and beverage outlets including CLINK, Alibi and Scampo
- 8,400 square feet of meeting space

L'Auberge Del Mar

- Located in Del Mar, California
- Excellent location overlooking the Pacific Ocean
- 120 guestrooms, including 8 suites
- Food and beverage outlets include 128-seat Kitchen 1540, Blue Bar, and Waterfall Terrace
- 16,500 square feet of meeting and function space
- 5,000 square foot Spa L'Auberge



Shutters on the Beach / Casa Del Mar – Mezzanine Loan

- Excellent opportunity to acquire a performing loan at a strong yield of 10.4%
- Mezzanine Loan Purchase Price: \$67.4MM (94% of \$72.0MM Par Value)
- Located in Santa Monica, California
- Iconic assets in a strong market with limited capital requirements
- Shutters on the Beach
 - 198 guestrooms, including 15 suites
- Casa del Mar
 - 129 guestrooms, including 3 suites

Shutters on the Beach



Casa Del Mar



Hotel Palomar Washington DC



- Excellent location within one of our eight target markets
- Located one block away from Dupont Circle and Embassy Row
- 335 guestrooms, including 26 suites
- Urbana Restaurant and Wine Bar seats 173
- 11,000 square feet of meeting space

Park Central Hotel

- Located in midtown New York City
- Excellent location three blocks south of Columbus Circle and Central Park
- 934 guestrooms, including 20 suites
- Food and beverage outlets include 88-seat Cityhouse and 50-seat Bar Bella
- 14,000 square feet of meeting space
- 4,800 square feet of retail space



Villa Florence

- Located in the heart of the Union Square district in San Francisco
- Excellent location in one of our eight target markets
- 182 guestrooms, including 23 suites
- Two food and beverage outlets including 200-seat Kuleto's and 24-seat Bar Norcini
- 1,600 square feet of meeting space



Viceroy Santa Monica



- Premier location in one of the strongest US hotel submarkets
- Located on Ocean Avenue, across the street from Santa Monica Beach
- 162 guestrooms, including 18 suites
- Food and Beverage outlets include 176-seat Whist restaurant and 86-seat Cameo Bar
- “Top 100 Hotels in the US and Canada” by *Travel + Leisure* in 2009

Chamberlain West Hollywood

- Located in the heart of West Hollywood
- Excellent location in one of our eight target markets
- 113 guestrooms, all suites
- Suites average over 500 square feet, include private balcony, fireplace
- Bistro at Chamberlain serves as a three-meal food and beverage outlet



Hotel Roger Williams

- Located in midtown New York City
- Excellent location in one of our eight target markets
- 193 guestrooms, including 17 with private landscaped terraces
- Lounge Roger Williams serves as a three-meal food and beverage outlet
- 1,300 square feet of meeting space



Hotel Monaco San Francisco



- Excellent location within one of our eight target markets
- Located two blocks from Union Square
- 201 guestrooms, including 35 suites
- Food and beverage outlets include 190-seat Grand Café and 88-seat Grand Café Bar
- 9,000 square feet of meeting space

Westin Philadelphia

- Strategic and central location within one of the strongest US hotel markets
- Part of Liberty Place mixed-use development located near Rittenhouse Square
- 294 guestrooms, including 19 suites
- Three food and beverage outlets including 77-seat Winthorpe and Valentine, 34-seat Winthorpe and Valentine Bar, and the Lobby Lounge
- 17,000 square feet of meeting space



Sofitel Washington, DC Lafayette Square

- Excellent location within one of our eight target markets
- Located two blocks from the White House
- 237 guestrooms, including 17 suites
- Two food and beverage outlets including 70-seat iCi Urban Bistro and 60-seat LeBar lounge
- 5,500 square feet of meeting space



Capital Investments



Westin Michigan Avenue

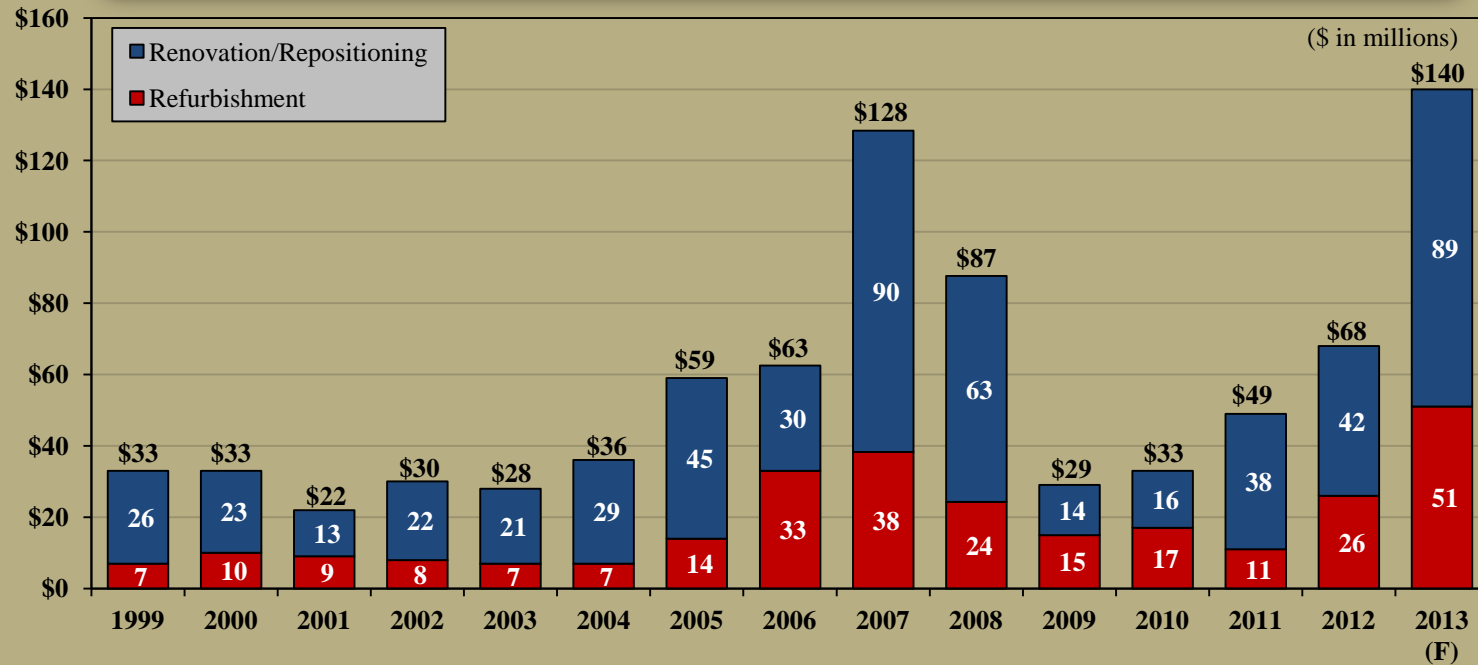
Park Central Hotel Renovation

- Split into two hotels in 2013: Park Central and WestHouse (Separate entrance on 55th)
- Commenced January 2013
- Continuing through at least the third quarter of 2013, and possibly into the fourth quarter of 2013
- 761 rooms in the main hotel: Park Central
- 173 rooms upgraded for the premium hotel: WestHouse

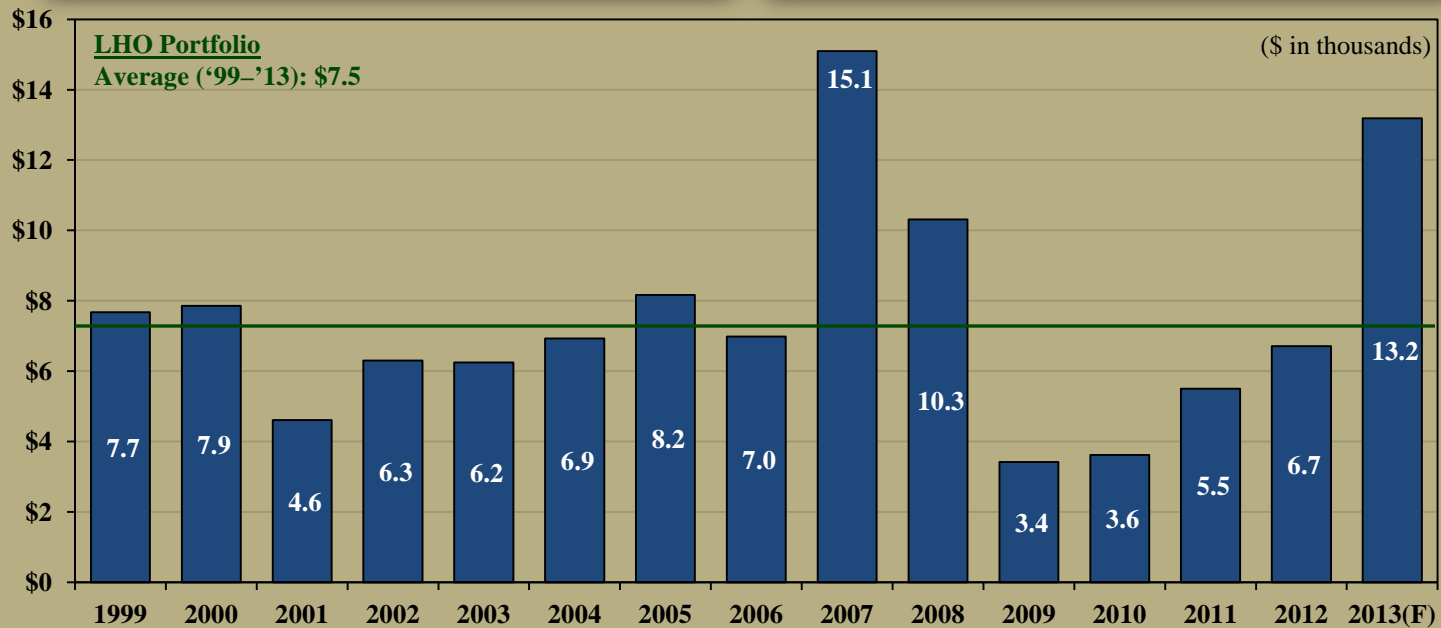


	2012
	ADR
STR Market Manhattan	\$277.68
STR Market Times Square	\$275.42
Park Central Hotel	\$221.14

Capital Investments



Capital Investments per Room



Note: A portion of 2012 capital will be carried over into 2013.

Recent Renovations

<u>Hotel</u>	<u>Renovation</u>	<u>Completion Date</u>
Westin Michigan Ave	Meeting Space	March 2012
Amarano Burbank	Addition of 33 Guestrooms, Public Spac	April 2012
Le Parc	Guestrooms	April 2012
Roger Williams	Guestrooms, Public Space	June 2012
Le Montrose	Guestrooms	July 2012
Hotel Deca	Guestrooms	February 2013
Hotel Monaco	Guestrooms	February 2013
Hotel Madera	Guestrooms	March 2013



Hotel Monaco



Hotel Deca



The Roger

Balance Sheet Overview



Balance Sheet



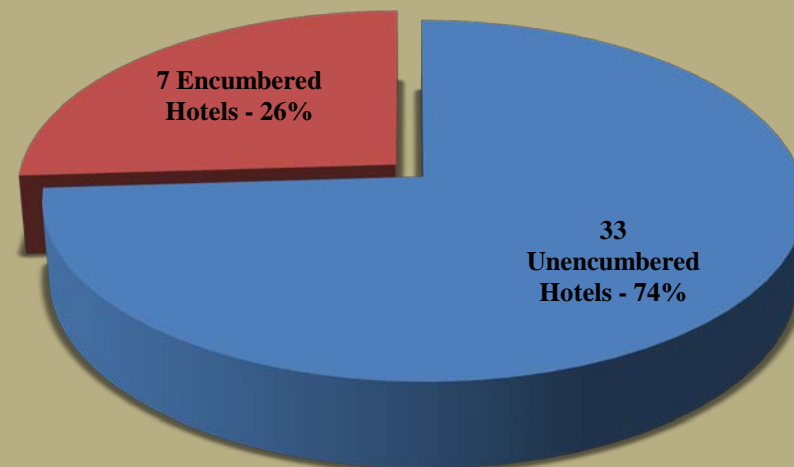
- Keep financial leverage low on high operating leverage businesses
- Stagger debt maturities to lower risk
- Utilize combination of fixed and floating rate debt
- Closed on seven-year unsecured term loan at fixed rate of 3.87% in May
- Closed on five-year unsecured term loan at very attractive fixed rate of 2.68% in August
- Reduced the cost of debt from 5.2% in 2011 to 4.3% in 2012 and the cost of debt and preferred from 6.0% in 2011 to 4.9% in 2012

Balance Sheet

	As of 12/31/12	
	<u>Amount</u>	<u>%</u>
Variable Rate Debt ⁽¹⁾	\$195.5	5%
Fixed Rate Debt ⁽²⁾	<u>1,056.6</u>	<u>27%</u>
Total Debt	\$1,252.1	32%
Preferred Equity	\$227.5	5%
Common Equity ⁽³⁾	<u>\$2,430.9</u>	<u>62%</u>
Total Enterprise Value	<u>\$3,910.5</u>	<u>100%</u>

Leverage Ratio	4.2x
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Property Level Debt



Property EBITDA

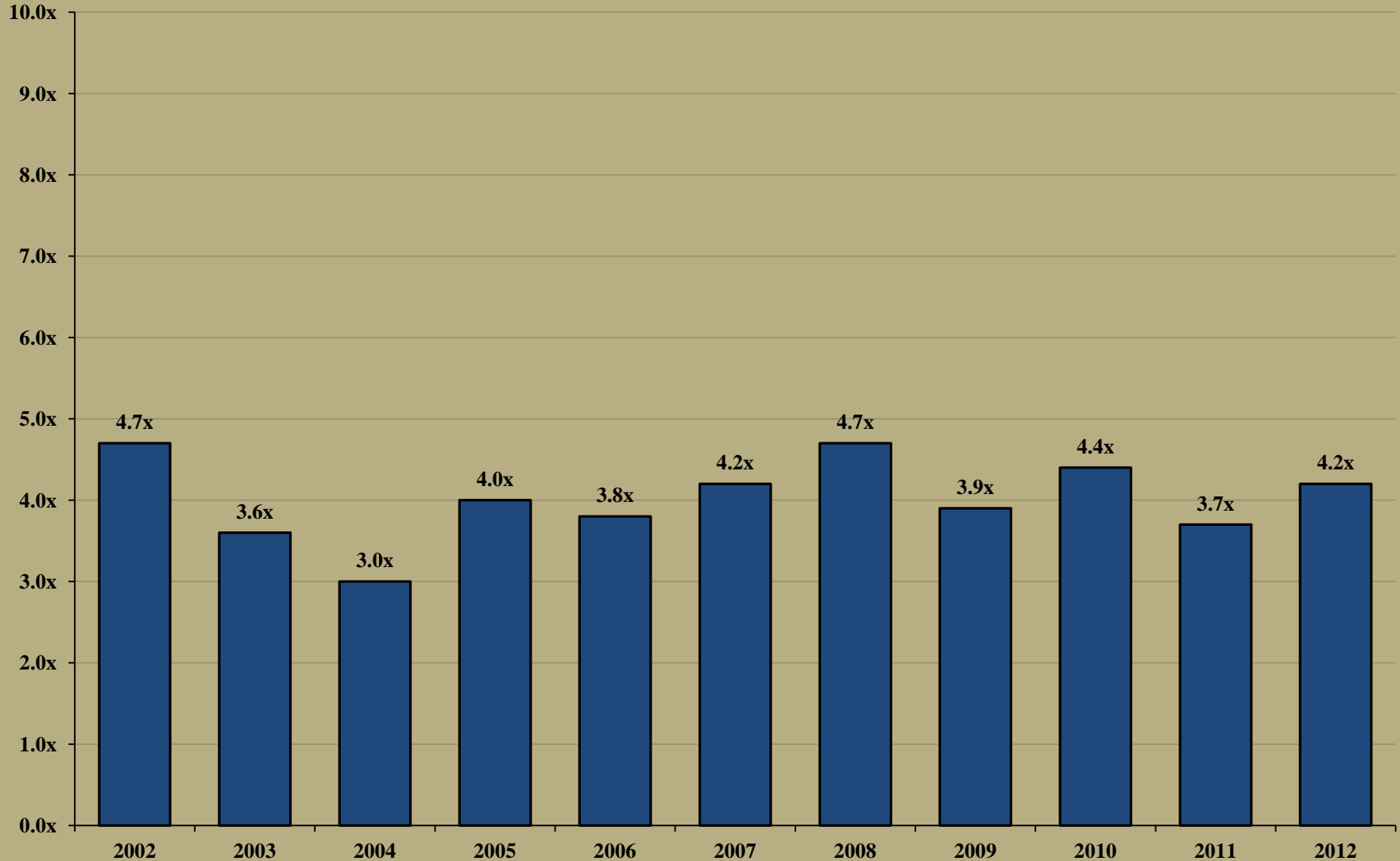
Trailing twelve months ended December 31, 2012

Notes:

- (1) Weighted average interest rate for variable rate debt is 2.2% as of December 31, 2012.
- (2) Weighted average interest rate for fixed rate debt is 4.5% as of December 31, 2012.
- (3) Based on market value of 95.7MM shares and units at \$25.39 on February 28, 2013.

Consistent Low Leverage over the Past Decade

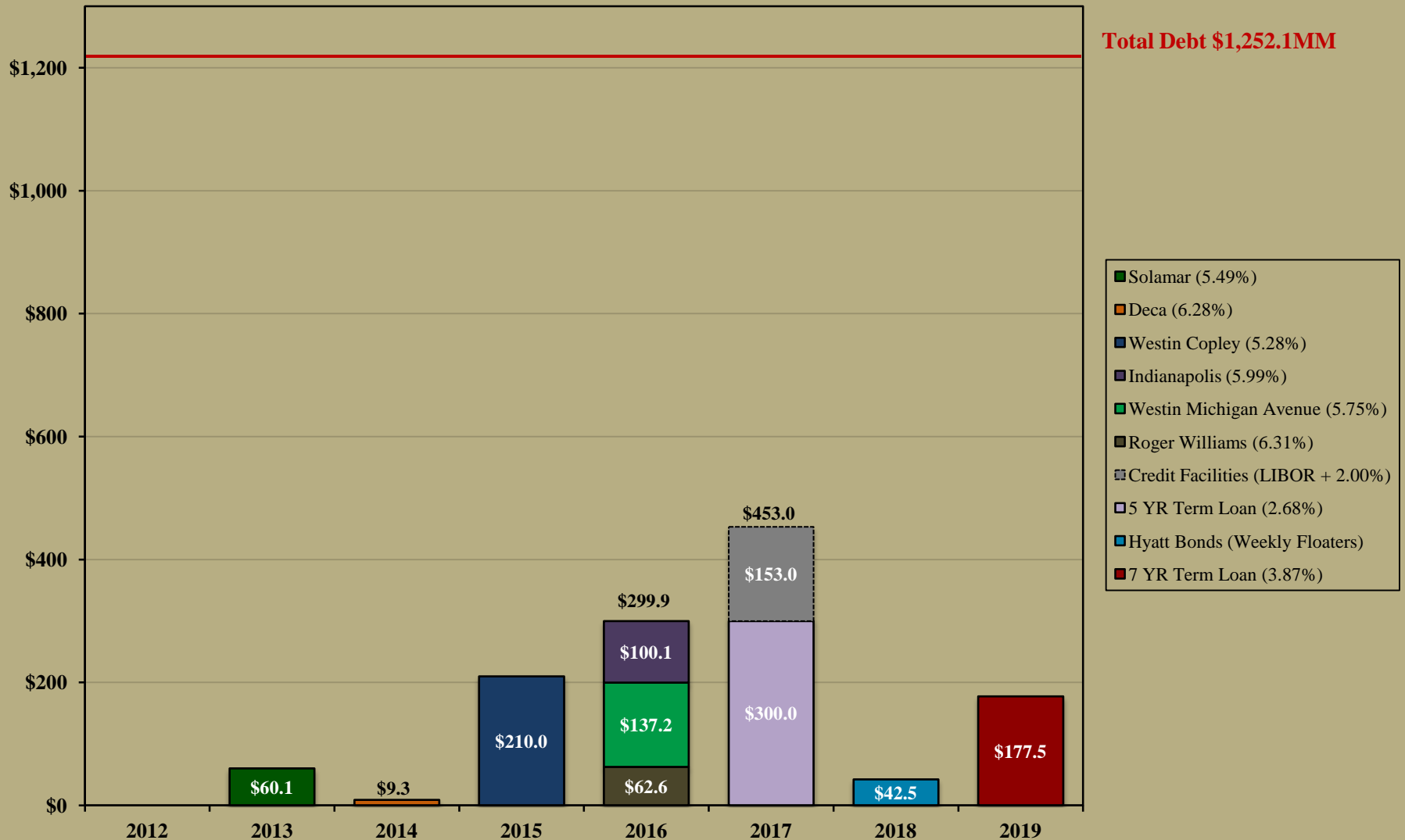
Covenant Total Debt / EBITDA



Note: Ratios per the historical Credit Facility covenants.

Debt Maturities

(\$ in millions)



Note: Unsecured Credit Facilities mature in 2017 and reflect balance of \$153.0MM as of December 31, 2012. Total capacity of Senior Unsecured Credit Facility and LHL Credit Facility is \$775.0MM. Numbers may not foot due to differences caused by rounding.

Conclusion

- Independent and brand diversification
- Heavy asset management focus with best-in-class EBITDA margins
- Acquisition strategy primarily focused on the top markets and the CBD within those markets
- Low-leverage capital structure
- Most management contracts are terminable at will
- Mission of providing best returns while seeking to minimize risk each step along the investment path





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