

TO OUR SHAREHOLDERS

LaSalle Bank, N.A. (“LaSalle Bank”) is our stock transfer agent and dividend disbursing agent.

In cooperation with LaSalle Bank, we are pleased to offer our shareholders the LaSalle Hotel Properties (“LHO”) Dividend Reinvestment and Voluntary Cash Investment Plan described herein.

WHAT IS THE DIVIDEND REINVESTMENT AND VOLUNTARY CASH INVESTMENT PLAN?

As a LHO shareholder, you have the opportunity to invest your dividends in additional shares of LHO stock. LHO will pay all LaSalle Bank service charges (except for fees and commissions incurred in connection with a participant's termination of participation in the plan). LaSalle Bank will combine all your LHO dividends with those of other participating shareholders to purchase blocks of LHO stock on the open market. You may also, if you wish, send voluntary cash investments in amounts from \$100 to \$5,000 per month to supplement your dividend reinvestment purchasing power. All voluntary cash investment amounts must be received by LaSalle Bank 5 business days prior to an investment date. Voluntary cash investment amounts received less than 5 business days prior to an investment date will be retained by LaSalle Bank and applied on the next investment date. No interest will be paid on voluntary cash investments held by LaSalle Bank for the purchase of LHO shares. LHO shares will be purchased on the dividend payment date in January, May, August and November. In the remaining months, LHO stock will be purchased on the fifteenth day of the month. If the 15th day of the month falls on a weekend or holiday, the LHO stock will be purchased on the following business day.

WHAT ARE THE BENEFITS TO PARTICIPATING SHAREHOLDERS?

The LHO Dividend Reinvestment and Voluntary Cash Investment Plan Offers the shareholders the following benefits:

1. A convenient way of increasing ownership of LHO stock.
2. A compounding effect: shares purchased with reinvested dividends earn more dividends which in turn are reinvested.
3. Long-range benefits of dollar-cost averaging.
4. Your dividends and any voluntary cash investment amounts are fully invested. Dividends and voluntary cash investment amounts are credited on both full shares and any fractional shares.
5. LaSalle Bank, as your agent, will hold your shares purchased for safekeeping until termination of your participation in the plan or until you request share certificates to be issued to you.

6. Any shares you now own outside the plan or which you may acquire in the future outside of the plan may be deposited with LaSalle Bank for safekeeping.
7. Simplified record keeping.

HOW DOES THE PLAN WORK?

The plan is automatic once you have enrolled. LaSalle Bank, as your agent, receives dividends on all of your shares of LHO stock and also receives your voluntary cash investment amounts. Your dividends and any voluntary cash investment amounts are combined with those of other participants and LaSalle Bank will purchase full and fractional shares of LHO Stock to the extent possible. Shares purchased for you, including fractional shares carried to three decimal points, will be credited to your account.

Each dividend period, participants receive a detailed statement of their account showing the following information:

1. Dividends and/or any voluntary cash investment amounts received by LaSalle Bank.
2. Dividends on shares held in your reinvestment account.
3. Shares purchased for, or withdrawn from, your account.
4. Average price paid per share.
5. Number of full and fractional shares held for you by LaSalle Bank in your account.

THESE STATEMENTS ARE IMPORTANT AND SHOULD BE HELD FOR TAX AND OTHER RECORD KEEPING PURPOSES.

Included with your statement will be a remittance slip which must accompany any voluntary cash investment amount. This tear-off stub facilitates the prompt crediting of any voluntary cash investment amount to your account.

You may, from time to time, deposit with LaSalle Bank for safekeeping any share certificates of LHO held by you and acquired other than through the plan. LaSalle Bank, at no cost to you, will hold the shares you deposit and/or the shares acquired for you, until termination of your participation in the plan. This convenience protects against any loss, theft, or destruction of your stock certificates. However, certificates for full shares will be issued to you upon LaSalle Bank's receipt of your written request, or upon termination of your participation in the plan. You may terminate your participation in the plan at any time up to the record date of any dividend by writing to LaSalle Bank, N.A., Corporate Trust, PO Box 3319, South Hackensack, NJ 07606-1919, but notices received within 5 business days before the record date of a dividend may be delayed until all dividends related to such record date are reinvested. Upon termination, stock

certificates will be issued in your name or, upon your written request, the shares in your account will be sold for you. No certificates will be issued for fractional shares. Such fractional shares will be converted to cash on the basis of the prevailing market price of LHO stock and you will receive the proceeds in cash.

Any shares which may be issued in the future as a result of stock distributions or stock dividends on the shares held for you will be credited to your account.

HOW DO YOU VOTE SHARES PURCHASED THROUGH THE PLAN?

Prior to annual or special meetings of shareholders, LHO will mail a proxy form to you and will instruct LaSalle Bank to vote shares it holds as your agent in accordance with your instructions. As long as you hold shares of LHO, shares held for your account in the Plan will be included with the regular proxy. If you give no direction to LaSalle Bank, the shares will not be voted. You will also be mailed annual reports published by LHO.

If you own LHO stock in more than one account and receive more annual or other periodic reports than you need, you can eliminate duplicate copies by notifying LaSalle Bank in writing and specifying the account numbers for which such reports should be eliminated.

TAX TREATMENT

It is understood that the automatic reinvestment of dividends under the plan does not relieve the participant of any income tax which may be payable on such dividends. LaSalle Bank will report to each participant annually the amount and nature of dividends credited to the participant's account on Form 1099-DIV.

CAN I PUT ONLY PART OF MY LHO DIVIDENDS IN THE PLAN?

No. The plan can only accommodate all dividends from each participant in the plan for all shares registered in that name.

TERMINATION

A shareholder may terminate participation in the plan at any time by notifying LaSalle Bank in writing prior to the record date for the next dividend payment. LaSalle Bank's charge for termination is \$10.00 plus commissions. These fees will not be paid by LHO and will be paid by the terminating participant. After termination, LaSalle Bank will issue certificates in your name for full shares, convert fractional shares to cash on the basis of the prevailing market price, deduct the termination fee and commissions and remit the cash to you. Or, upon your written request, all full and fractional shares can be sold at the prevailing market price by LaSalle Bank, and the cash, net of the terminating fee and commissions, remitted to you.

HOW TO PARTICIPATE

To participate in the plan, complete the enclosed authorization form and mail it in the envelope provided to:

LaSalle Bank, N.A.
Corporate Trust
PO Box 3319
South Hackensack, NJ 07606-1919
1-888-313-0153

Your participation will begin with the next dividend payable after receipt of your authorization, provided it is received by LaSalle Bank on or before the record date (not the payment date) for the dividend. If the authorization is received after the record date, it will be necessary to delay your participation until the following dividend payment.

Agreement for Automatic Dividend Reinvestment Service

1. LaSalle Bank, N.A. (“LaSalle Bank”) as Agent for the shareholder (“Participant”) will establish in the name of the Participant an Automatic Dividend Reinvestment Account (“Account”) for the shares of LaSalle Hotel Properties (“LHO”) held in the same name and address by the Participant (the “Underlying Shares”) and covered by his or her authorization(s) and will from time to time apply: (i) all cash dividends on such shares held by the Participant; (ii) all voluntary cash payments made by the Participant as hereinafter provided in item 2 of this Agreement; and (iii) all cash dividends on any full or fractional shares acquired under this service to the purchase of common shares for the Participant’s Account. LaSalle Bank is authorized in its sole discretion to commingle the Participant’s funds with the funds of all other shareholders of LHO participating in this automatic dividend reinvestment service.

2. The Participant, may from time to time make additional voluntary cash payments to LaSalle Bank for credit to his or her Account of not less than one hundred dollars (\$100) or more than five thousand dollars (\$5,000) per month. No interest will be paid on optional cash payments held for the purchase of Plan shares. All optional cash payments must be received by LaSalle Bank within 5 business days from the investment date. All such payments shall be commingled by LaSalle Bank monthly and invested to purchase at least 100 shares of LHO common stock or such lesser number as LaSalle Bank shall deem practicable. Voluntary cash payments will be returned by mail to the Participant at the address shown on LaSalle Bank’s records pursuant to written notice requesting such return received by LaSalle Bank at least 48 hours prior to the investment of such voluntary cash payment.

Additional cash investments should be made payable to LaSalle Bank, N.A., drawn against United States banks and in United States dollars, and mailed directly to the address indicated on the remittance slip. Checks drawn against non-United States banks must have the United States currency imprinted on the check. *Additional Cash Investments sent to any other address will not be considered validly delivered.* In the event that any check is returned unpaid for any reason, LaSalle Bank will consider the request for investment of such money null and void and shall immediately remove from the Participant’s Account plan shares, if any, purchased upon the prior credit of such money. The Bank shall thereupon be entitled to sell these shares to satisfy any uncollected amounts. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of such uncollected amounts, the Bank shall be entitled to sell such additional shares from the Participant’s Account as are necessary to satisfy the uncollected balance.

3. The purchase of shares by LaSalle Bank for the Participant under this service may be made on any securities exchange where such shares are traded, in the over-the-counter market, or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as LaSalle Bank may determine in its sole discretion. The price at which LaSalle Bank shall be deemed to have acquired shares for the Participant’s Account shall be the average price of any shares purchased by LaSalle Bank with the proceeds of any single dividend payment by LHO, together with any voluntary payments being concurrently applied to such purchase, or with the proceeds of any voluntary additional cash payments being invested at a time other than concurrently with a cash dividend. Pursuant to instruction from the Participant, LaSalle Bank shall promptly sell any full shares that it holds for the participant and shall send the net proceeds to the Participant. LaSalle Bank shall promptly advise the participant of the purchase or sale price. LaSalle Bank shall have no responsibility at any time as to the value of LHO shares acquired for the Participant’s Account. It is understood that government regulation may from time to time inhibit LaSalle Bank’s ability to purchase or sell shares or may require the temporary curtailment or suspension of purchases under this service. LaSalle Bank shall have no liability

in connection with any inability to purchase shares, or the timing of any purchases.

4. Following each investment, LaSalle Bank will confirm to the Participant as soon as practicable the shares purchased on his or her behalf, the account to which such purchases are applicable and the total shares held on behalf of the Participant in such Account.

5. No certificate will be issued to a Participant for shares in his or her Account unless he or she so requests in writing or unless the Account is terminated as hereinafter provided in Items 9 and 14 of this agreement. The Participant may request that certificates for full shares credited to his or her Account be sent to him or her after the shares have been purchased. All such requests shall be in writing and directed to LaSalle Bank. A Participant may furnish separate written instructions to LaSalle Bank each time he or she wants certificates issued. No certificate for fractional shares will be issued notwithstanding any request therefor, but dividends on a fractional interest in shares will be credited to the appropriate Account of the Participant.

6. A service charge of ten dollars (\$10.00) plus commissions will be charged and applied to the Participant’s Account in the event of termination by the Participant. LaSalle Bank may also charge for safekeeping and other services performed by it at the request of the Participant and not provided for herein.

7. It is understood that the automatic investment of dividends under this program does not relieve the Participant of any income tax which may be payable on such dividends. LaSalle Bank will report to each Participant the amount of dividends credited to his or her Account.

8. Shares held by the plan hereunder will be voted in the same manner as a Participant votes the Underlying Shares in any proxy returned to LHO prior to a meeting of shareholders or in accordance with the participant’s expressed written direction to LHO as received by LaSalle Bank. In the absence of any direction, such shares will not be voted. If the Participant has no Underlying Shares, LaSalle bank shall forward to the participant promptly upon receipt, all proxies, proxy statements, notices of meetings or proceedings affecting the Participant’s shares held hereunder.

9. A Participant may terminate this Account prior to any dividend record date by giving written notice of termination directed to LaSalle Bank, but the effectiveness of any such notice received less than 5 business days prior to a record date may be delayed until after dividends paid for such record date have been credited to this Account and invested per this Agreement. A Participant in his or her request for termination may elect to receive either share certificates or cash, for all the full shares in the Account. If he or she elects cash, LaSalle Bank will sell such shares and send the net proceeds to him or her. No Participant shall have the authority or power to direct the date or sales price at which plan shares may be sold. *Requests to sell plan shares must indicate the number of shares to be sold and not the dollar amount to be attained.* Any request that does not clearly indicate the number of plan shares to be sold will be returned to the Participant with no action taken. Participants selling shares should be aware that prices may fluctuate during the period between a request for a sale, receipt by the Bank of the request, and ultimate sale in the open market within ten business days after receipt. The Participant will bear the risk of a price change. A check for the proceeds from the sale of plan shares will be mailed only after settlement of funds from the brokerage firm. The settlement date is three (3) business days after the sale of shares. In every case of termination, fractional interests in shares accumulated in the Participant’s Account and not otherwise aggregated and sold will be paid in cash at the then current market price. If no election is made in the request for termination, certificates representing all full shares held in the Participant’s Account will be issued. LaSalle Bank may terminate the Participant’s Account immediately upon sending written notice to the Participant at his or her last know address as

shown on LaSalle Bank’s records of the Account. In every case of termination, the Participant’s interest in fractional shares will be adjusted in cash based on the market price of LHO common shares on the date the termination becomes effective as determined by LaSalle Bank, and uninvested voluntary cash contributions credited to the Participant’s Account will be distributed in cash. LaSalle Bank shall terminate the Participant’s Account upon receipt of written notice of the Participant’s death or adjudication of incompetency, provided, however, that in the event of such notice, LaSalle Bank shall retain all payments received and/or shares in the Participant’s Account until the Participant’s legal representative shall have been appointed and furnish proof satisfactory to LaSalle Bank of his or her right to receive such payments and/or shares.

10. It is understood that any share dividends or split shares distributed by LHO on shares held by LaSalle Bank for the Participant will be credited to the Participant’s appropriate Account. In the event that LHO makes available to its shareholders rights to purchase additional shares, debentures or other securities, LaSalle Bank will sell such rights accorded to shares held by LaSalle Bank for Participants and invest the resulting funds in LHO common shares prior to or with the next regular cash dividend. LaSalle bank may in its sole discretion hold the shares of all Participants together in its name or in the name of its nominee. In the event the Participant desires to personally exercise any rights which may accrue from time to time to his or her shares, the Participant must request distribution of certificates as provided for in Item 5 of this Agreement prior to the time such rights occur.

11. LaSalle Bank shall not be liable hereunder for any act or failure to act, including without limitation any claim of liability (i) arising out of failure to terminate the Participant’s Account upon such Participant’s death or adjudication of incompetency, and (ii) with respect to the prices at which shares are purchased or sold for a Participant’s Account.

12. The Participant shall have no right to draw checks or drafts against the Account or to give instructions to LaSalle Bank in respect of any share or cash held therein except as expressly provided herein.

13. The Participant agrees to notify LaSalle Bank promptly in writing of any change of address. Notices to the Participant may be given by LaSalle Bank by letter addressed to the Participant at his or her last known address as reflected by the records of LaSalle Bank.

14. This Agreement may be amended, terminated, modified or supplemented at any time by LaSalle Bank on 30 days’ prior written notice to the Participant mailed to the Participant at his or her last known address as reflected by the records of LaSalle Bank.

15. This agreement and the Account established hereunder for the Participant shall be governed by and construed in accordance with the laws of the State of Illinois and the rules and regulations of the Securities and Exchange Commission as they may be changed or amended from time to time.



A Simple Way to
Increase Your
Holdings in LHO

LaSalle Hotel Properties

Dividend Reinvestment and Stock Purchase Plan THIS IS NOT A PROXY

Instructions: To invest dividends (as well as voluntary cash payments), check item 1. To invest only voluntary cash payments, check item 2 and indicate the amount enclosed. Regardless of the manner of participation chosen, all dividends on shares held in the undersigned's Plan Account will be invested in accordance with the Plan.

1. **Designation of Dividends to be Invested.** I/we hereby authorize LaSalle Hotel Properties (the "Corporation") to pay to LaSalle Bank N.A. ("LaSalle Bank") the cash dividends payable per quarter on the shares of the Corporation's Common Stock registered in my/our name. Such dividends together with any voluntary cash payments I/we will be invested in accordance with the Corporation's Dividend Reinvestment and Stock Purchase Plan (the "Plan").

2. **Voluntary Cash Payments Only.** I/we want to participate in the Plan by investing only voluntary cash payments (\$_____ enclosed).

The undersigned has received the Dividend Reinvestment and Voluntary Cash Investment Plan pamphlet describing the Plan, including the terms and conditions thereof.

The undersigned hereby appoints LaSalle Bank as the undersigned's agent under the Plan and directs LaSalle Bank to cause to be invested all amounts received from the Corporation or from the undersigned, including dividends to be paid on shares held in the undersigned's Plan Account, in shares of the Corporation's Common Stock in accordance with the Plan.

Signature of Stockholder (1) _____ Social Security Number on Stock Acct. _____

Signature of Stockholder (2) _____ Date _____

Signature of Shareholder(s) required. If stock is registered jointly, both stockholders must sign. Signature must be exactly as it appears on certificate.