LaSalle Hotel Properties
Form DEF 14A
March 24, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

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Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
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¨ Soliciting Material Pursuant to §240.14a-12
LaSalle Hotel Properties
(Name of Registrant as Specified in its Charter)

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LASALLE HOTEL PROPERTIES
7550 Wisconsin Avenue, 10th Floor
Bethesda, Maryland 20814

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 4, 2017

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Shareholders (the "Annual Meeting") of LaSalle Hotel Properties (the "Company") will be held on Thursday, May 4, 2017 at 9:00 a.m., local time, at the Sofitel Washington, DC Lafayette Square, 806 15th Street NW, Washington, DC 20005, for the following purposes:

1. to elect seven trustees of the Company to serve until the 2018 Annual Meeting of Shareholders and until their successors are duly elected and qualified;
2. to ratify the appointment of the Company's independent registered public accountants for the year ending December 31, 2017;
3. to approve, by non-binding vote, executive compensation; and
4. to recommend, by non-binding vote, the frequency of executive compensation votes.

In addition, shareholders will consider and act upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof. Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which, by original or later adjournment, the Annual Meeting may be adjourned, or to which the Annual Meeting may be postponed.

The Board of Trustees has fixed the close of business on February 21, 2017 as the record date for determining the shareholders entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof. Only shareholders of record of the Company's common shares of beneficial interest, par value $0.01 per share, at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof.

Pursuant to rules promulgated by the Securities and Exchange Commission, the Company is providing access to its proxy materials over the Internet. On or about March 24, 2017, the Board of Trustees expects to mail the Company's shareholders either (i) a copy of the Proxy Statement, the accompanying proxy card, the Annual Report and the Notice of Internet Availability of Proxy Materials (the "Notice"), which will indicate how to access the Company's proxy materials on the Internet or (ii) the Notice only.

Whether or not you plan to attend the Annual Meeting, your vote is very important, and the Company encourages you to vote promptly. You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding all three methods of voting will be contained in the proxy card or Notice that you receive. If you execute a proxy by telephone, over the Internet or by mailing in a proxy card, but later decide to attend the Annual Meeting in person, or for any other reason desire to revoke your proxy, you may do so at any time before your proxy is voted.

By Order
of the
Board of
Trustees

Kenneth
G. Fuller
Secretary

Bethesda, Maryland

March 24, 2017

LASALLE HOTEL PROPERTIES
7550 Wisconsin Avenue, 10th Floor
Bethesda, Maryland 20814

PROXY STATEMENT

FOR THE 2017 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 4, 2017

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees of LaSalle Hotel Properties (the "Company") for use at the 2017 Annual Meeting of Shareholders (the "Annual Meeting") of the Company to be held at the Sofitel Washington, DC Lafayette Square, 806 15th Street NW, Washington, DC 20005, at 9:00 a.m. local time on Thursday, May 4, 2017, and at any adjournments or postponements thereof. At the Annual Meeting, shareholders will be asked:

1. to elect seven trustees of the Company to serve until the 2018 Annual Meeting of Shareholders and until their successors are duly elected and qualified;
2. to ratify the appointment of the Company's independent registered public accountants for the year ending December 31, 2017;
3. to approve, by non-binding vote, executive compensation; and
4. to recommend, by non-binding vote, the frequency of executive compensation votes.

In addition, shareholders will consider and act upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

Pursuant to rules promulgated by the Securities and Exchange Commission (the "SEC"), the Company is providing access to its proxy materials over the Internet. On or about March 24, 2017, the Board of Trustees expects to mail the Company's shareholders either (i) a copy of this Proxy Statement, including the Notice of Annual Meeting attached hereto, the accompanying proxy card, the Company's Annual Report and the Notice of Internet Availability of Proxy Materials (the "Notice") or (ii) the Notice only, each in connection with the solicitation of proxies by the Board of Trustees for use at the Annual Meeting and any adjournments or postponements thereof. On the date of mailing, the Company's proxy materials will be publicly available on the Internet according to the instructions provided in the Notice.

If you received the Notice by mail, you will not receive a printed copy of the proxy materials other than as described herein. Instead, the Notice will instruct you as to how you may access and review all of the important information contained in the proxy materials. The Notice will also instruct you as to how you may submit your proxy over the Internet or by telephone. If you received the Notice by mail and would like to receive a printed copy of the proxy materials, you should follow the instructions for requesting such materials included in the Notice.

Record Date

The Board of Trustees has fixed the close of business on February 21, 2017 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. Only shareholders of record of the Company's common shares of beneficial interest, par value $0.01 per share (the "Common Shares"), at the

close of business on the record date will be entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof. As of the record date, there were 113,077,441 Common Shares outstanding and entitled to vote at the Annual Meeting. Holders of Common Shares outstanding as of the close of business on the record date will be entitled to one vote for each Common Share held by them.

Quorum Requirements

The presence, in person or by proxy, of holders of at least a majority of the total number of outstanding Common Shares entitled to vote is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker "non-votes," or proxies from brokers or nominees indicating that such person has not received instructions from the beneficial owner or other person entitled to vote such shares on a particular matter with respect to which the broker or nominee does not have discretionary voting power, such as the election of trustees, are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business.

Special Note Regarding Shares Held in Broker Accounts

Important: Beneficial owners of shares held in broker accounts are advised that, if they do not timely provide instructions to their broker, pursuant to New York Stock Exchange ("NYSE") Rule 452, their shares will not be voted in connection with the election of trustees or the proposals on the Company's executive compensation. Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares.

Voting Procedures

Proposal 1 - Election of Trustees. The affirmative vote of a plurality of all of the votes cast at a meeting at which a quorum is present is required for the election of the seven nominees for trustee. For purposes of the election of trustees, abstentions and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote. The Company's bylaws, however, provide that any nominee for trustee elected in an uncontested election at an Annual Meeting of Shareholders must submit a written resignation offer to the Board of Trustees within two weeks after the Company's certification of the election results, if the nominee received a greater number of votes withheld from his or her election than votes for such election. The Nominating and Governance Committee (or a special committee of independent trustees) will then evaluate the best interests of the Company and its shareholders and recommend to the Board of Trustees the action to be taken with respect to any tendered resignation. Any trustee tendering a resignation offer to the Board of Trustees will not participate in the committee or Board consideration of whether to accept such resignation offer.

Proposal 2 - Appointment of the Independent Registered Public Accountants. The affirmative vote of a majority of all of the votes cast at a meeting at which a quorum is present is required to ratify the appointment of the Company's independent registered public accountants, which is considered a routine matter. For purposes of the vote on the ratification of the appointment of the Company's independent registered public accounts, abstentions will not be counted as votes cast and will have no effect on the result of the vote.

Proposal 3 - Advisory Vote on Executive Compensation. The affirmative vote of a majority of all of the votes cast at a meeting at which a quorum is present is required to approve, by non-binding vote, executive compensation. For purposes of the vote on executive compensation, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. Although the advisory vote on proposal 3 is non-binding, as provided by law, the Company's Board of Trustees will review the results of the vote and will take it into account in making a determination concerning executive compensation.

Proposal 4 - Advisory Vote on the Frequency of Executive Compensation Votes. The frequency of the advisory vote on executive compensation receiving the greatest number of votes (every one, two or three years) will be considered the frequency recommended by the shareholders. For purposes of the vote on the frequency of executive compensation votes, abstentions and broker non-votes will not be counted as votes cast and will have no

effect on the result of the vote. Although the advisory vote on proposal 4 is non-binding, as provided by law, the Company's Board of Trustees will review the results of the vote and will take it into account when making a determination concerning the frequency of executive compensation votes.

Shareholders of the Company are requested to direct their vote by telephone or the Internet as indicated in the Notice. Alternatively, shareholders may complete, sign, date and promptly return the proxy card that accompanied proxy materials that may have been mailed to the shareholder. Common Shares represented by a properly executed proxy received prior to the vote at the Annual Meeting and not revoked will be voted at the Annual Meeting as directed on the proxy. If a properly executed proxy is submitted (other than by an institution subject to NYSE Rule 452) and no instructions are given, the proxy will be voted FOR the election of the seven nominees for trustees of the Company named in this Proxy Statement, FOR ratification of the Audit Committee's appointment of the Company's independent registered public accountants for the year ending December 31, 2017, FOR the approval of executive compensation and FOR an advisory vote on executive compensation every year (box "1 year" on the proxy card). It is not anticipated that any matters other than those set forth in this Proxy Statement will be presented at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

A shareholder of record may revoke a proxy at any time before such proxy has been exercised by filing a written revocation with the Secretary of the Company at the address of the Company set forth above, by filing a duly executed proxy bearing a later date, by submitting another proxy by telephone or via the Internet that is later dated or by appearing in person and voting by ballot at the Annual Meeting. Any shareholder of record as of the Record Date attending the Annual Meeting may vote in person whether or not a proxy has been previously given, but the presence (without further action) of a shareholder at the Annual Meeting will not constitute revocation of a previously given proxy. If you have shares held by a broker, you must obtain a written proxy executed in your favor, from the broker holding your shares in order to vote your shares in person at the Annual Meeting.

The Company's Annual Report on Form 10-K for the year ended December 31, 2016, which includes financial statements for the year then ended, is available for review on the Internet according to the directions provided in the Notice and at the Company's website at www.lasallehotels.com. The Company's Annual Report on Form 10-K, however, is not part of the proxy solicitation material.

PROPOSAL 1:
ELECTION OF TRUSTEES

The Board of Trustees of the Company currently consists of seven members with trustees serving one-year terms and until their successors are duly elected and qualified. The term for each trustee expires at each Annual Meeting of Shareholders.

The Board of Trustees has nominated Michael D. Barnello, Denise M. Coll, Jeffrey T. Foland, Darryl Hartley-Leonard, Jeffrey L. Martin, Stuart L. Scott and Donald A. Washburn to serve as trustees until the 2018 Annual Meeting of Shareholders and until their successors are duly elected and qualified. Ms. Coll and Messrs. Barnello, Foland, Hartley-Leonard, Martin, Scott and Washburn are collectively referred to as the "Nominees." The Board of Trustees anticipates that each Nominee will serve, if elected, as a trustee. However, if any person nominated by the Board of Trustees is unable to accept election, the proxies will be voted for the election of such other person or persons as the Board of Trustees may recommend.

The Board of Trustees recommends a vote FOR each Nominee.

Information Regarding the Nominees

The following table and biographical descriptions set forth certain information with respect to each Nominee for election at the Annual Meeting. As a general matter, the Board considers each of its members particularly qualified to serve as a trustee given each member's senior executive management and professional public company experiences. The Board has identified specific attributes of each Nominee that the Board has determined qualify that person for service on the Board. In addition, the Board noted that each Nominee has received strong support from shareholders in recent years, with each trustee receiving affirmative votes from over 95% of the votes cast at an Annual Meeting of Shareholders in 2016, 2015 or 2014.

Name	Age	Trustee Since	Amount and Nature of Beneficial Ownership of Common Shares[1]		Percent of Common Shares[2]
Michael D. Barnello	51	2008	129,672		*
Denise M. Coll	63	2013	18,334		*
Jeffrey T. Foland	46	2012	12,720		*
Darryl Hartley-Leonard	71	1998	6,781	[3]	*
Jeffrey L. Martin	57	2016	—	[3]	*
Stuart L. Scott	78	1998	93,022	[3]	*
Donald A. Washburn	72	1998	63,671		*

* Represents less than one percent of outstanding Common Shares.

(1) Information has been determined as of March 10, 2017. For purposes of this table, a person is deemed to have "beneficial ownership" of the number of Common Shares which such person has the right to acquire within 60 days of March 10, 2017. None of the trustees has pledged any of their Common Shares as collateral.

(2) For purposes of computing the percentage of outstanding Common Shares held by each person, any Common Shares which such person has the right to acquire within 60 days of March 10, 2017 are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percent ownership of any other person.

(3) The number of Common Shares beneficially owned by the following persons does not include the number of Common Shares deferred as a portion or all of such trustees' annual retainer (as discussed in "—Trustee Compensation and Share Ownership Guidelines" below): Mr. Hartley-Leonard – 15,419; Mr. Martin – 1,280; and Mr. Scott – 73,920. Holders of Deferred Common Shares (as defined below) receive additional deferred shares in an amount equal to the amount of any dividends paid on the Common Shares exchangeable for the outstanding Deferred Common Shares, divided by the average closing price of the Common Shares on the NYSE during the 10 trading days preceding the first day on which the Common Shares begin trading without entitlement to the applicable dividend. The total number of Deferred Common Shares for each trustee discussed in this footnote 3 includes additional deferred shares acquired through dividend reinvestment through December 31, 2016.

4

Nominees for Election at the Annual Meeting

Michael D. Barnello was appointed President of the Company effective May 31, 2008 and Chief Executive Officer effective September 13, 2009. Mr. Barnello previously served as the Company's Chief Operating Officer, a position he has held since the Company's formation. Prior to his appointment as President, Mr. Barnello served as Executive Vice President of Acquisitions of the Company. He is also President of LaSalle Hotel Lessee, Inc. Mr. Barnello joined Jones Lang LaSalle in April 1995 as a Vice President. Prior to April 1995, Mr. Barnello was a Vice President with Strategic Realty Advisors, formerly known as VMS Realty Partners, where he was responsible for hotel asset management from 1990 to 1995. Concurrently, Mr. Barnello was a Vice President at Stone-Levy LLC, an affiliate of Strategic Realty Advisers, where he was responsible for hotel acquisitions. Mr. Barnello served as a director of Home Properties, Inc. (NYSE:HME) from 2013 to 2015. He holds a B.S. in Hotel Administration from the Cornell School of Hotel Administration.

The Board has determined that it is in the best interests of the Company and its shareholders for Mr. Barnello, in light of his day-to-day Company-specific operational experience and his significant hotel acquisition and management experience, to continue to serve as a trustee of the Board, subject to shareholder approval at the Annual Meeting.

Denise M. Coll served as President, North America Division of Starwood Hotels & Resorts Worldwide, Inc. (NYSE:HOT) ("Starwood"), leading Starwood's largest division with over 500 hotels, from December 2007 to March 2013. During her tenure, Ms. Coll successfully navigated Starwood's North American hotels through the economic downturn and oversaw substantial growth of Starwood's hotel footprint within North America. She also spearheaded the launch of two new brands, Aloft and Element. Ms. Coll has served on the Board of Directors of Enlivant since April 2014. Ms. Coll serves on the Board of Directors of the Big Sister Association of Greater Boston, the Board of Trustees of Simmons College, the Board of Directors of the University of Massachusetts Amherst Foundation, and the Board of Advisors of the University of Massachusetts School of Hotel & Travel Management. Ms. Coll holds a B.S. in hotel and travel management from the University of Massachusetts and an M.B.A. from Simmons College.

The Board has determined that it is in the best interests of the Company and its shareholders for Ms. Coll, in light of her expertise in the hospitality industry and her significant hotel operational experience, to continue to serve as a trustee of the Board, subject to shareholder approval at the Annual Meeting.

Jeffrey T. Foland served as Senior Executive Vice President and Chief Revenue Officer of Hertz Global Holdings, Inc. ("Hertz") from 2015 to 2017. Mr. Foland oversaw global car rental marketing, sales, pricing, and revenue functions for Hertz. Before joining Hertz in January 2015, Mr. Foland served as Executive Vice President and Chief Marketing and Strategy Officer and as Executive Vice President, Marketing, Technology and Strategy of United Airlines ("United"). Mr. Foland was responsible for all marketing and loyalty, technology, strategy and customer experience groups for United. This portfolio includes all of United's contact centers and Mileage Plus Holdings, LLC, which operates the loyalty program, credit card business, media sales and external partnerships related to the loyalty program currency. Mr. Foland also served as the Executive Vice President of Strategy, Technology and Business Development for United. He has also held roles as Executive Vice President and President of Mileage Plus Holdings, LLC and was the Senior Vice President of Worldwide Marketing and Sales, where he was responsible for all marketing, sales, contact centers, customer relations, eCommerce and distribution activities worldwide. Before joining United in 2005, Mr. Foland served as a principal at ZS Associates, a global sales and marketing consulting firm. He was responsible for consulting with sales organizations in more than a dozen industries and led large-scale sales and marketing transformation initiatives. Mr. Foland has also held positions in the automotive and aerospace industries. Mr. Foland serves on the board of trustees for the Field Museum. He holds a bachelor's degree in mechanical engineering from Purdue University and an M.B.A. from the University of Michigan.

The Board has determined that it is in the best interests of the Company and its shareholders for Mr. Foland, in light of his marketing experience and his knowledge and experience within the travel industry, to continue to serve as a trustee of the Board, subject to shareholder approval at the Annual Meeting.

Darryl Hartley-Leonard is a private investor. Mr. Hartley-Leonard was Chairman and CEO of PGI (an event production agency) from 1998 until 2005 and is a retired Chairman of the Board, President and Chief Executive/Chief Operating Officer of Hyatt Hotels Corporation. From 1997 to 2013, Mr. Hartley-Leonard served as a director of Jones Lang LaSalle Incorporated, a global real estate service company. Mr. Hartley-Leonard holds a B.A. from Blackpool Lancashire College of Lancaster University and an honorary doctorate of business administration from Johnson and Wales University.

The Board has determined that it is in the best interests of the Company and its shareholders for Mr. Hartley-Leonard, in light of his global commercial real estate experience and his senior hotel expertise, to continue to serve as a trustee of the Board, subject to shareholder approval at the Annual Meeting.

Jeffrey L. Martin currently serves as Executive Vice President of Operations of JetBlue Airways Corporation ("JetBlue"), where he is responsible for flight, technical and systems operations, safety, security, NextGen initiatives, and JetBlue University, the airline's training division. Mr. Martin oversees the safe and secure operation of the airline's daily flights and fleet of aircraft. Prior to joining JetBlue in March 2012, Mr. Martin served in various positions with Southwest Airlines from 1990 to 2012, most recently as Vice President - Operations Coordination. Mr. Martin is a veteran of the United States Air Force and holds a Bachelor of Science in Marketing from Pittsburgh State University.

The Board has determined that it is in the best interests of the Company and its shareholders for Mr. Martin, in light of his extensive operational, marketing and travel industry experience to continue to serve as a trustee of the Board, subject to shareholder approval at the Annual Meeting.

Stuart L. Scott is the Company's Chairman of the Board of Trustees. He was appointed to that position effective September 13, 2009. Mr. Scott was also Chairman of the Company's Board of Trustees from April 1998 to December 31, 2000. Mr. Scott was co-Chief Executive Officer of Jones Lang LaSalle and its predecessor entities from 1990 to 1992 and sole Chief Executive Officer from 1992 through 2001 and again for the year 2004. He retired from that firm at the end of 2004. Mr. Scott also served as Chairman of the Board of Directors of Jones Lang LaSalle and its predecessor entities from December 1992 through December 2001. Mr. Scott holds a B.A. from Hamilton College and a J.D. from the Northwestern University School of Law.

The Board has determined that it is in the best interests of the Company and its shareholders for Mr. Scott, in light of his commercial real estate and public company chairmanship experiences, to continue to serve as a trustee of the Board, subject to shareholder approval at the Annual Meeting. In addition, Mr. Scott brings significant executive management experience to the Board and historical perspective on the Company's origins and evolution, as Mr. Scott was a founder of the Company's predecessor at Jones Lang LaSalle.

Donald A. Washburn is a private investor. Mr. Washburn is a retired Executive Vice President of Northwest Airlines, Inc. ("Northwest") and was the Chairman and President-Northwest Cargo, Inc. Mr. Washburn joined Northwest in 1990 and served in a number of capacities, including Executive Vice President-Customer Service and Operations. Prior to joining Northwest, Mr. Washburn was a Corporate Senior Vice President of Real Estate Acquisitions and Development for Marriott Corporation and most recently Executive Vice President and general manager of its Courtyard Hotel division. Mr. Washburn is the Chairman of the Board of Directors of Amedisys, Inc. In addition, Mr. Washburn serves as a member of the Board of Directors of The Greenbrier Companies, Inc. and Key Technology, Inc. Mr. Washburn serves as a private equity fund advisory board member of Spell Capital Fund IV. Mr. Washburn graduated from Loyola University of Chicago, Kellogg School of Management at Northwestern University and the Northwestern University Pritzker School of Law.

The Board has determined that it is in the best interests of the Company and its shareholders for Mr. Washburn, in light of his senior hotel and airline expertise and his significant board experience, to continue to serve as a trustee of the Board, subject to shareholder approval at the Annual Meeting.

Biographical Information of Executive Officers Who Are Not Trustees

Kenneth G. Fuller has served as Chief Financial Officer, Executive Vice President, Secretary and Treasurer of the Company since April 2016. From 2015 to 2016, Mr. Fuller served as the Founder, Owner and Principal of Vine Investment Partners, a real estate company focused on acquiring and developing multi-family residential properties and hotels. Prior to that, Mr. Fuller served in various positions for the Company from 2000 to 2015, including most recently as Treasurer. Mr. Fuller received his Bachelor of Science degree from the School of Hotel Administration at Cornell University. Mr. Fuller is 39 years old.

Alfred L. Young has served as Executive Vice President and Chief Operating Officer of the Company since November 3, 2009. From 2000 until mid-2007, Mr. Young worked for the Company initially as an Asset Manager and later as Vice President of Acquisitions. Since leaving the Company in 2007 and until his appointment as Chief Operating Officer, Mr. Young was Managing Director – Hospitality for Caribbean Property Group, or CPG. CPG is a diversified real estate company with a focus on investing in hotels, commercial office, and retail properties throughout Central America and the Caribbean. CPG and Goldman Sachs' Whitehall Street Real Estate Fund run the Caribbean Real Estate Opportunity Fund that was formed to invest in the greater Caribbean region and Central America. Mr. Young received an M.B.A. from George Mason University and a B.S. from Shepherd University. Mr. Young is 49 years old.

Trustee Compensation and Share Ownership Guidelines

2016 Trustee Compensation

For 2016, each trustee who was not an employee of or affiliated with the Company received an annual fee of $155,000. Prior to the beginning of each year, each trustee makes an election to receive the annual retainer fee all in Common Shares in lieu of cash, half in cash and half in Common Shares or less than half in cash and the remainder in Common Shares. In accordance with the 2014 Equity Incentive Plan and procedures adopted by the Company, each such trustee may also elect to defer the receipt of all or a portion of his or her Common Shares (the "Deferred Common Shares"). Payment of the annual retainer, whether in cash, Common Shares or Deferred Common Shares, is made in January of the calendar year following the year in which the trustees served on the Board of Trustees, unless a trustee elects to defer payment as described below. The number of Common Shares or Deferred Common Shares issued is determined by dividing the dollar amount each trustee elects to receive in the form of Common Shares or Deferred Common Shares by the average daily closing price of the Common Shares on the NYSE for the year ending December 31st of the calendar year in which the fees are earned. A trustee may elect to have any Deferred Common Shares paid: (i) in a single payment on January 31st of the calendar year following the year in which the trustee ceases to serve on the Board of Trustees or (ii) in five equal annual installments beginning on January 31st of the calendar year following the year in which the trustee ceases to serve on the Board of Trustees. A trustee may not elect to defer payment of any cash portion of his or her annual retainer. Holders of Deferred Common Shares receive additional deferred shares in an amount equal to the amount of any dividends paid on the Common Shares exchangeable for the outstanding Deferred Common Shares, divided by the average closing price of the Common Shares on the NYSE during the 10 trading days preceding the first day on which the Common Shares begin trading without entitlement to the applicable dividend.

For 2016, the Chairman of the Board of Trustees, who was not an employee of or affiliated with the Company, received an additional annual fee of $15,000, which was subject to the same cash, Common Shares or Deferred Common Shares elections described above. Additionally, the Chair of the Audit Committee and the Chair of the Compensation Committee each received an additional $15,000 in compensation, which was subject to the same cash, Common Shares or Deferred Common Shares elections described above. Trustees do not receive any additional compensation in any form for their service, including for attendance at Board or committee meetings or other equity grants. The Company reimburses trustees for out-of-pocket expenses incurred in connection with their service on the Board of Trustees. For the year ended December 31, 2016, the trustees who were not employees of the Company (all trustees other than Mr. Barnello) received the compensation for service shown in the table below. The Company records the total value of the compensation received by the trustees on its financial statements for the year in which the fees are earned.

7

Non-Executive Trustee 2016 Compensation

Name	Fees Earned or Paid in Cash	All Other Compensation (1)	Total
Denise M. Coll	$155,000 (2)	$ —	$155,000
Jeffrey T. Foland	170,000 (3)	—	170,000
Darryl Hartley-Leonard	170,000 (4)	26,609	196,609
Jeffrey L. Martin	32,186 (5)	—	32,186
William S. McCalmont	53,360 (6)	46,089	99,449
Stuart L. Scott	170,000 (7)	115,897	285,897
Donald A. Washburn	155,000 (8)	—	155,000

(1) Represents the value of dividends paid in 2016 on the Deferred Common Shares.

(2) Ms. Coll elected to receive all of her fees for service in the form of 6,165 Common Shares valued at a price of $25.1401 which is the average daily closing price of the Common Shares on the NYSE for the year ended December 31, 2016. The trustee has 18,334 Common Shares.

(3) Mr. Foland elected to receive half of his fees for service in the form of 3,381 Common Shares valued at a price of $25.1401 which is the average daily closing price of the Common Shares on the NYSE for the year ended December 31, 2016. The trustee has 12,720 Common Shares.

(4) Mr. Hartley-Leonard elected to receive half of his fees for service in the form of 3,381 Common Shares valued at a price of $25.1401, which is the average daily closing price of the Common Shares on the NYSE for the year ended December 31, 2016. The trustee has 6,781 Common Shares and 15,419 Deferred Common Shares.

(5) Mr. Martin was appointed to the Board of Trustees effective October 17, 2016. Mr. Martin elected to receive all of his fees for service in the form of 1,280 Deferred Common Shares valued at a price of $25.1401, which is the average daily closing price of the Common Shares on the NYSE for the year ended December 31, 2016. The trustee has 1,280 Deferred Common Shares.

(6) During 2016, Mr. McCalmont served as a trustee from January 1, 2016 until his retirement on May 5, 2016. Mr. McCalmont elected to receive half of his fees for service in the form of 1,061 Deferred Common Shares valued at a price of $25.1401, which is the average daily closing price of the Common Shares on the NYSE for the year ended December 31, 2016.

(7) Mr. Scott elected to receive all of his fees for service in the form of 6,762 Deferred Common Shares valued at a price of $25.1401, which is the average daily closing price of the Common Shares on the NYSE for the year ended December 31, 2016. The trustee has 93,022 Common Shares and 73,920

Deferred Common Shares.
(8) Mr. Washburn elected to receive half of his fees for service in the form of 3,083 Common Shares valued at a price of $25.1401, which is the average daily closing price of the Common Shares on the NYSE for the year ended December 31, 2016. The trustee has 63,671 Common Shares.

Share Ownership Guidelines

The Compensation Committee has established share ownership guidelines for trustees of the Company. The Compensation Committee believes that encouraging each trustee to maintain a meaningful ownership interest in the Company relative to his or her annual fees for service as a trustee is in the best interest of the Company and its shareholders. Under the guidelines, the Compensation Committee has recommended, and the Board of Trustees approved, that each trustee should own shares in the Company having a value equal to or greater than 250% of the trustee's total annual compensation, including fees for service as a committee chairperson. Deferred Common Shares and Common Shares subject to vesting or forfeiture count toward the recommended levels. New trustees have five years from the time of joining the Board of Trustees to meet the recommended levels. Once a trustee meets the share ownership guidelines, periodic market declines in the value of the Company's Common Shares will not adversely affect any previous determination by the Board of Trustees that the share ownership guidelines had been met by the trustee. On an annual basis, the Compensation Committee reviews compliance with the guidelines.

Corporate Governance Profile

The Company has structured its corporate governance in a manner the Company believes closely aligns its interests with those of the shareholders. Notable features of the Company's corporate governance structure include the following:

- the Board of Trustees is not classified; instead, each of the Company's trustees is subject to re-election annually;
- the Company's Chairman of the Board is an independent trustee;
- the Company's bylaws establish majority voting procedures with respect to the election of trustees;
- of the seven persons who serve on the Board of Trustees, the Board of Trustees has determined that six of the trustees, or 85.7%, satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act");
- all four members of the Audit Committee qualify as an "audit committee financial expert" as defined by the SEC;
- the Company has opted out of Section 3-803 of the Maryland unsolicited takeovers act of the Maryland General Corporation Law and, in the future, the Company may not opt back in to this provision without shareholder approval;
- the Company has opted out of the control share acquisition statute of the Maryland General Corporation Law;
- the Company does not have a shareholder rights plan;
- the Nominating and Governance Committee conducts an annual review of the performance of the Board as a whole, of each committee and of each individual trustee which is designed to, among other matters, identify areas in which the Board would be better served by adding new members with different skills, backgrounds or areas of experience;
- the Company's trustees and executive officers are subject to share ownership guidelines; and
- the Company's insider trading policy prohibits its officers, trustees and employees from engaging in hedging transactions with respect to the Company's securities, and pledging the Company's securities as collateral for loans or otherwise using the Company's securities to secure debt.

Board of Trustees and its Committees

The Company is currently managed under the direction of a seven-member Board of Trustees. Members of the Board are kept informed of the Company's business through discussions with the executive officers, by reviewing materials provided to them, by visiting the Company's properties and by participating in meetings of the Board and its committees. Six of the current trustees are independent of the Company's management. Currently, the Company's Chairman and Chief Executive Officer positions are not shared by the same person. Mr. Barnello serves as the Company's President and Chief Executive Officer and Mr. Scott, an independent trustee, serves as the Company's Chairman of the Board. In connection with the Board's succession plan for the Chairman and Chief Executive Officer Positions, the Board believed it to be most appropriate to separate these posts during the Chief Executive Officer transition process in 2009. In addition, Mr. Scott has significant chairmanship experience, including serving as Chairman of the Company from April 1998 through 2001. In the future, if the Chairman and Chief Executive Officer roles are not separated, the Board will consider the implementation of a lead independent

trustee position. From January 2009 until his appointment as Chairman of the Board in September 2009, Mr. Scott served as the Company's Lead Independent Trustee.

The Board of Trustees held 11 meetings during 2016 and each trustee attended at least 75% of the Board meetings and each trustee's respective committee meetings. The Company has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. The Board of Trustees does not have a policy with respect to trustees' attendance at Annual Meetings of Shareholders, and, because of the routine nature of the meeting and historical low levels of in-person shareholder participation, members of the Board of Trustees did not attend the 2016 Annual Meeting of Shareholders.

The Company's Board of Trustees takes an active and informed role in the Company's risk management policies and strategies. At least annually, the Company's executive officers, who are responsible for the Company's day-to-day risk management practices, present to the Board of Trustees a comprehensive report on the material risks to the Company, including credit risk, liquidity risk and operational risk. At that time, the management team also reviews with the Board of Trustees the Company's risk mitigation policies and strategies specific to each risk that is identified. If necessary, the Board of Trustees may delegate specific risk management tasks to management or an appropriate committee. Throughout the year, management monitors the Company's risk profile and, on a regular basis, updates the Board of Trustees as new material risks are identified or the aspects of a risk previously presented to the Board materially change. The Audit Committee also actively monitors risks to the Company throughout the year, and with the aid of management, identifies any additional risks that need to be elevated for the full Board's consideration.

Independence of Trustees

At least a majority of the Company's trustees and each member of the current committees of the Board of Trustees must meet the test of "independence" as defined by the NYSE. The NYSE standards provide that to qualify as an "independent" trustee, in addition to satisfying certain NYSE "bright-line" criteria relating to trustee independence, the Board of Trustees must annually affirmatively determine that a trustee has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

The Board of Trustees considered the relationships that certain trustees have with Jones Lang LaSalle and its affiliates (such as funds managed by Jones Lang LaSalle), and charitable contributions of the trustees. The Board of Trustees has determined that each of Ms. Coll and Messrs. Foland, Hartley-Leonard, Martin, Scott and Washburn satisfies the NYSE "bright-line" criteria and that none has any relationship with the Company either directly or indirectly that would affect such person's independence. Therefore, the Board of Trustees believes that each of these trustees is independent under the NYSE rules. The Board's Trustee Independence Standards can be found under "Corporate Governance" in the "Investor Relations" section of the Company's website at www.lasallehotels.com.

Committees of the Board of Trustees

The Company has three standing committees of the Board of Trustees that are described below and the members of the committees are identified in the following table.

Trustee	Audit Committee	Compensation Committee	Nominating and Governance Committee
Denise M. Coll	ü	ü	Chair
Jeffrey T. Foland		Chair	ü
Darryl Hartley-Leonard	Chair		
Jeffrey L. Martin	ü	ü	
Stuart L. Scott			
Donald A. Washburn	ü	ü	
Total Meetings Held in 2016	5	6	5

Audit Committee

The Audit Committee makes recommendations concerning the engagement of independent public accountants; reviews with the independent public accountants the plans and results of the audit engagement; approves professional services provided by the independent public accountants; reviews the independence of the independent public accountants and considers the range of audit and non-audit fees; reviews the Company's proposed responses to any comments of the SEC staff to the Company's periodic or current reports filed pursuant to the Exchange Act, and reviews the adequacy of the Company's internal accounting controls. Additionally, the Audit Committee is responsible for monitoring the Company's procedures for compliance with the rules for taxation as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The Board of Trustees has affirmatively determined that each Audit Committee member is independent as defined in Sections 303A.02 and 303A.07 of the listing standards of the NYSE and under the SEC rules for audit committees. The Board of Trustees has reviewed the Audit Committee members' service on audit committees of other public companies and has determined that such simultaneous service, if any, does not impair the members' ability to serve on the Company's Audit Committee. The Audit Committee has adopted a written audit committee charter which outlines certain specified responsibilities of the Audit Committee and complies with the rules of the SEC and the NYSE.

Compensation Committee

The Compensation Committee exercises all powers delegated to the Compensation Committee by the Board of Trustees in connection with compensation matters, including incentive compensation and benefit plans. In connection with those responsibilities, the Compensation Committee has the sole authority to retain and terminate compensation consultants employed by the Compensation Committee to help evaluate the Company's compensation programs. The Compensation Committee also has authority to grant awards under the Company's 2014 Equity Incentive Plan. Additionally, it is the Company's policy and procedure that any transaction involving any of its executive officers, trustees, trustee nominees, a 5% or greater shareholder or their immediate family members that the Company would be required to report pursuant to Item 404(a) of Regulation S-K promulgated by the SEC is subject to review and approval by the Compensation Committee. Item 404(a) requires disclosure of any transaction, since the beginning of the Company's last fiscal year, or any currently proposed transaction, in which the amount involved exceeds $120,000, and in which any of the related persons described above had or will have a direct or indirect material interest. The Company's corporate governance guidelines provide in writing that each member of the Board of Trustees will disclose any potential conflicts of interest to the Board and, if appropriate, refrain from voting on a matter in which the trustee may have a conflict. The Company's code of business conduct and ethics expressly prohibits the continuation of any conflict of interest by an employee, officer or trustee except under

guidelines approved by the Board of Trustees. In the event a conflict of interest arises, the Board of Trustees will review, among other things, the facts and circumstances of the conflict, the Company's applicable corporate governance policies, the effects of any potential waivers of those policies, applicable state law, and NYSE continued listing rules and regulations, and will consider the advice of counsel, before making any decisions regarding the conflict. The Board of Trustees has affirmatively determined that each member of the Compensation Committee is independent under the NYSE listing standards. In addition, all of the members of the Compensation Committee are "non-employee directors" within the meaning of Rule 16b-3 of the Exchange Act and "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

Nominating and Governance Committee

The Nominating and Governance Committee assists the Board of Trustees by identifying individuals qualified to become Board members; recommends to the Board of Trustees the trustee nominees for each Annual Meeting of Shareholders; recommends to the Board of Trustees the corporate governance guidelines applicable to the Company; leads the Board of Trustees in its annual review of the performance of the Board, all committees and each individual trustee; and recommends to the Board of Trustees the trustee nominees for each committee. The Board of Trustees has affirmatively determined that each member of the Nominating and Governance Committee is independent under the NYSE listing standards.

Policy on Majority Voting

The Company's bylaws establish majority voting procedures with respect to the election of trustees. Pursuant to the bylaw provisions, in an uncontested election of trustees, any nominee who receives a greater number of votes withheld from his or her election than votes for his or her election will, within two weeks following certification of the shareholder vote by the Company, submit a written resignation offer to the Board of Trustees for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee will consider the resignation offer and, within 60 days following certification by the Company of the shareholder vote at the election, will make a recommendation to the Board of Trustees concerning the acceptance or rejection of the resignation offer.

In determining its recommendation to the Board of Trustees, the Nominating and Governance Committee will consider all factors its members deem relevant, which may include:

- the stated reason or reasons why shareholders who cast withhold votes for the trustee did so;
- the qualifications of the trustee (including, for example, whether the trustee serves on the Audit Committee as an "audit committee financial expert" and whether there are one or more other trustees qualified, eligible and available to serve on the Audit Committee in such capacity); and
- whether the trustee's resignation from the Board of Trustees would be in the Company's best interests and the best interests of the Company's shareholders.

The Nominating and Governance Committee also will consider a range of possible alternatives concerning the trustee's resignation offer as the members of the Nominating and Governance Committee deem appropriate, which may include:

- acceptance of the resignation offer;
- rejection of the resignation offer; or
- rejection of the resignation offer coupled with a commitment to seek to address the underlying cause or causes of the majority-withheld vote.

Under the bylaw provisions, the Board of Trustees will take formal action on the recommendation no later than 90 days following certification of the shareholder vote by the Company. In considering the recommendation, the Board of Trustees will consider the information, factors and alternatives considered by the Nominating and Governance Committee and any additional information, factors and alternatives as the Board of Trustees deems relevant. Any trustee tendering a resignation offer will not participate in the Nominating and Governance Committee's or Board's consideration of whether to accept such resignation offer. If a majority of the members of the Nominating and Governance Committee were required to offer their resignations as described above, the independent trustees of the Board of Trustees who were not required to offer their resignations shall appoint a special committee to consider the resignation offers as described above.

The Company will publicly disclose, in a Current Report on Form 8-K filed with the SEC, the decision of the Board of Trustees. The Board of Trustees will also provide an explanation of the process by which the decision was made and, if applicable, its reason or reasons for rejecting the tendered resignation.

Nomination of Trustees

Before each Annual Meeting of Shareholders, the Nominating and Governance Committee considers the nomination of trustees whose term expires at the next Annual Meeting of Shareholders and also considers new candidates whenever there is a vacancy on the Board or whenever a vacancy is anticipated due to a change in the size or composition of the Board, a retirement of a trustee or for any other reasons. In addition to considering incumbent trustees, the Nominating and Governance Committee identifies trustee candidates based on recommendations from the trustees and executive officers.

The Nominating and Governance Committee evaluates annually the effectiveness of the Board as a whole and of each individual trustee and identifies any areas in which the Board would be better served by adding new members with different skills, backgrounds or areas of experience. The Board of Trustees considers trustee candidates based on a number of factors including: (1) whether the Board member will be "independent," as such term is defined by the NYSE listing standards; (2) whether the candidate possesses the highest personal and professional ethics, integrity and values; (3) whether the candidate has an inquisitive and objective perspective, practical wisdom and mature judgment; and (4) whether the candidate provides a diversity of viewpoints, background, experience and demographics as compared to the current members of the Board. Candidates are also evaluated on their understanding of the Company's business and willingness to devote adequate time to carrying out their duties. The Nominating and Governance Committee monitors the mix of skills, experience and background to assure that the Board has the necessary composition to effectively perform its oversight function. As noted immediately above, diversity characteristics of a candidate are just one of several factors considered by the Nominating and Governance Committee when evaluating trustee candidates. A candidate will neither be included nor excluded from consideration solely based on his or her diversity traits. The Nominating and Governance Committee conducts regular reviews of current trustees in light of the considerations described above and their past contributions to the Board. The Board reviews the effectiveness of its trustee candidate nominating policies annually.

The Nominating and Governance Committee will consider appropriate nominees for trustees whose names are submitted in writing by a shareholder of the Company. Trustee candidates submitted by the Company's shareholders will be evaluated by the Nominating and Governance Committee on the same basis as any other trustee candidates. Nominations must be addressed to LaSalle Hotel Properties, 7550 Wisconsin Avenue, 10th Floor, Bethesda, Maryland 20814, Attn: Kenneth G. Fuller, Corporate Secretary, indicating the nominee's qualifications and other relevant biographical information and providing confirmation of the nominee's consent to serve as trustee, if elected. In order to be considered for the next annual election of trustees, any such written request must comply with the requirements set forth in the bylaws of the Company and below under "Other Matters—Shareholder Proposals."

Non-Management Trustee Executive Sessions

As required by the rules of the NYSE, the non-management trustees of the Board of Trustees regularly meet in scheduled executive sessions, without management present. These executive sessions generally follow after each meeting of the Board, each meeting of the Audit Committee, each meeting of the Compensation Committee and each meeting of the Nominating and Governance Committee. In 2016, the non-management trustees of the Board of Trustees, the members of the Audit Committee, the members of the Compensation Committee and the members of the Nominating and Governance Committee each met in executive session without management present at least four times. Pursuant to a resolution of the Board of Trustees, the independent Chairman of the Board of Trustees presides over each executive session of the Board . The current Chairman of the Board is Mr. Scott, who is an independent trustee. Executive sessions of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee are presided over by the respective Chairperson of each committee.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee is or has served as an officer of the Company or any of its subsidiaries. None of the Company's executive officers currently serves, or in the past three years has served, as a member of the board of directors or compensation committee of another entity that has one or more executive officers serving on the Board of Trustees or the Compensation Committee. No member of the Compensation Committee has any other business relationship or affiliation with the Company or any of its subsidiaries (other than his or her service as a trustee).

Committee Charters, Corporate Governance Guidelines and Code of Business Conduct and Ethics

Each committee of the Board of Trustees has a written charter approved by the respective committee and the Board of Trustees. The Company also has adopted a code of business conduct and ethics that applies to all Company employees and each member of the Company's Board of Trustees. A copy of each charter, the Company's code of business conduct and ethics, the Company's corporate governance guidelines and the Trustee Independence Standards can be found under "Corporate Governance" in the "Investor Relations" section of the Company's website at www.lasallehotels.com. Within the time period required by the SEC, the Company will disclose on its website any amendment to the code of business conduct and ethics and any waiver applicable to any executive officer, trustee or senior financial officer of any provision of the code of business conduct and ethics that would otherwise be required to be disclosed under the rules of the SEC or NYSE.

Communication with the Board of Trustees, the Independent Chairman and the Audit Committee

The Company's Board of Trustees may be contacted by any party via mail at the address listed below.

Board of Trustees
LaSalle Hotel Properties
7550 Wisconsin Avenue, 10th Floor
Bethesda, Maryland 20814

As discussed above, the Company's independent Chairman of the Board presides over non-management trustee executive sessions. The current Chairman of the Board is Stuart L. Scott. Mr. Scott can be contacted by any party via mail at the address listed below.

Chairman
Board of Trustees
LaSalle Hotel Properties
7550 Wisconsin Avenue, 10th Floor
Bethesda, Maryland 20814

The Audit Committee has adopted confidential, anonymous processes for anyone to send communications to the Audit Committee with concerns or complaints concerning the Company's regulatory compliance, accounting, audit or internal controls issues. The Audit Committee can be contacted by any party via mail at the address listed below.

Chairman
Audit Committee
LaSalle Hotel Properties
7550 Wisconsin Avenue, 10th Floor
Bethesda, Maryland 20814

Alternatively, anyone may call the Company's whistleblower hotline toll-free at 800-211-4304.

Relevant communications are distributed to the Board, or to any individual trustee or trustees, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board of Trustees has requested that certain items that are unrelated to the duties and responsibilities of the Board should be excluded or redirected, as appropriate, such as business solicitations or advertisements, junk mail and mass mailings, resumes and other forms of job inquiries, spam and surveys. In addition, material that is unduly hostile, threatening, potentially illegal or similarly unsuitable will be excluded; however, any communication that is excluded will be made available to any trustee upon request.

PROPOSAL 2:
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee of the Board of Trustees of the Company has selected the accounting firm of KPMG LLP to serve as independent registered public accountants of the Company for the year ending December 31, 2017, and the Board of Trustees is asking shareholders to ratify this appointment. Although current law, rules and regulations, as well as the Audit Committee charter, require the Company's independent auditor to be engaged, retained and supervised by the Audit Committee, the Board of Trustees considers the selection of the independent auditor to be an important matter of shareholder concern and is submitting the selection of KPMG LLP for ratification by shareholders as a matter of good corporate practice. KPMG LLP has served as the Company's independent registered public accountants since the Company's formation in January 1998 and is considered by management of the Company to be well qualified.

Fee Disclosure

The following is a summary of the fees billed to the Company by KPMG LLP for professional services rendered for the years ended December 31, 2016 and December 31, 2015:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Audit Fees	$1,281,419	$1,164,434
Audit-Related Fees	—	—
Tax Fees	654,889	591,247
All Other Fees	—	—
Total	$1,936,308	$1,755,681

Audit Fees

Audit fees consist of fees billed for professional services rendered for the audit of the Company's consolidated financial statements (including property-level audits and an audit of LaSalle Hotel Lessee, Inc., the Company's taxable REIT subsidiary), review of the interim consolidated financial statements included in quarterly reports, review of registration statements and the preparation of comfort letters, and services that are normally provided by KPMG LLP in connection with statutory and regulatory filings or engagements. Audit fees also include fees for professional services rendered for the audit of the effectiveness of internal control over financial reporting.

Audit-Related Fees

Audit-related fees consist of fees billed for professional services in connection with acquisitions and dispositions, and other audit or attest services.

Tax Fees

Tax fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal and state tax compliance and acquisitions and dispositions tax planning.

All Other Fees

All other fees consist of fees for products and services other than services described under "Audit Fees," "Audit-Related Fees" and "Tax Fees."

KPMG LLP did not perform any services for the Company during years ended December 31, 2016 and 2015 other than services described under “Audit Fees” and “Tax Fees.”

Pre-Approval Policy

The Audit Committee or its Chairperson pre-approves all services rendered by the Company’s independent registered public accountants. All of the fees paid to KPMG LLP that are described above were approved by the Audit Committee or its Chairperson.

A representative of KPMG LLP will be present at the Annual Meeting, will be given the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

The Audit Committee has considered whether (and has determined that) the provision by KPMG LLP of the services described under “Tax Fees” is compatible with maintaining KPMG LLP’s independence from management and the Company.

The Board of Trustees recommends a vote FOR the ratification of the appointment of the independent registered public accountants.

AUDIT COMMITTEE REPORT

The following is a report by the Company's Audit Committee regarding the responsibilities and functions of the Audit Committee.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Trustees, in accordance with the charter of the Audit Committee. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, and discussed with management the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee also reviewed and discussed with management the Company's year-end earnings release and script for year-end earnings teleconferences.

The Audit Committee reviewed with the independent registered public accountants, who are responsible for expressing an opinion on the conformity of the Company's audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. In addition, the Audit Committee has discussed with the independent registered public accountants the auditors' independence, the matters required to be discussed by Statement on Auditing Standards No. 61, as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and discussed and received the written disclosures and the letter from the independent registered public accountants required by the Public Company Accounting Oversight Board regarding in the independent auditors' communications with the Audit Committee concerning independence.

The Audit Committee discussed with the Company's independent registered public accountants the overall scope and plans for their audit. The Audit Committee meets at least five times per year with the independent registered public accountants, with and without management present, to discuss the results of their audit, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting. The Audit Committee holds meetings with management prior to the filing of each of the Company's Quarterly Reports on Form 10-Q with the SEC and the release to the public of its quarterly earnings, and reviews and discusses with management the Company's Quarterly Reports on Form 10-Q and its quarterly earnings releases and scripts for quarterly earnings teleconferences.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Trustees (and the Board has approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the SEC.

The Audit Committee is also responsible for monitoring the Company's procedures for compliance with the rules for taxation as a REIT under the Internal Revenue Code.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting. Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent registered public accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that KPMG LLP is in fact "independent."

The Audit Committee has adopted a written charter that outlines certain specified responsibilities of the Audit Committee and complies with the rules of the SEC and the NYSE. The Audit Committee held five meetings during 2016.

Each of the Audit Committee members is independent as defined by the NYSE listing standards and each member is financially literate. In addition, the Board of Trustees has identified each of Ms. Coll and Messrs. Hartley-Leonard, Martin and Washburn as an Audit Committee "financial expert" within the meaning of the SEC rules.

Submitted by the Audit Committee of the Board of Trustees
Darryl Hartley-Leonard (Chair)
Denise M. Coll
Jeffrey L. Martin
Donald A. Washburn

COMPENSATION COMMITTEE REPORT

The following is a report by the Company's Compensation Committee regarding the Company's executive officer compensation program.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement ("CD&A") with management of the Company. Based on the Compensation Committee's review of the CD&A and the Committee's discussions of the CD&A with management, the Compensation Committee recommended to the Board of Trustees (and the Board has approved) that the CD&A be included in the Company's Proxy Statement on Schedule 14A prepared in connection with the Annual Meeting.

Submitted by the Compensation Committee of the Board of Trustees
Jeffrey T. Foland (Chair)
Denise M. Coll
Jeffrey L. Martin
Donald A. Washburn

EXECUTIVE OFFICER COMPENSATION

Compensation Discussion and Analysis

Executive Compensation Program

The Company's executive compensation program is designed to reward performance, to attract and retain world-class talent and to align compensation with the long-term interests of the Company's shareholders. The table below highlights the Company's current executive compensation practices – both the practices the Company believes drive performance (left column) and the practices the Company has not implemented because it does not believe they would serve the shareholders' long-term interests (right column).

The Company's Executive Compensation Practices	Executive Compensation Practices the Company Has Not Implemented
The Company ties pay to performance. A substantial portion of executive pay is not guaranteed. The Company sets clear goals for company performance and differentiates certain elements of compensation based on individual achievement.	The Company does not have employment contracts for the Named Executive Officers. Annual cash incentive bonuses are not guaranteed.
The Company mitigates undue risk, including utilizing caps on annual cash incentive bonuses under certain circumstances, retention provisions, multiple performance targets, and robust Board and management processes to identify risk.	The Company does not believe the executive compensation program creates risks that are reasonably likely to pose a material adverse impact to the Company.
The Company has reasonable post-employment and change in control provisions. The Company's severance agreements with the Named Executive Officers (as defined below) generally provide for cash payments after a change in control only if an employee is also terminated within one year of the change in control (a double-trigger).	The Company has adopted a policy that it will not enter into an agreement with a new executive officer that includes a tax gross-up provision with respect to payments contingent upon a change in control.
The Compensation Committee benefits from its utilization of an independent compensation consulting firm. The reports prepared by the compensation consulting firm are used by the Compensation Committee to set executive compensation at levels that are competitive with the Company's industry peers.	The Company's compensation consulting firm does not provide any other services to the Company.
The Named Executive Officers do not receive dividends on unearned performance-based restricted shares.	The Company does not reprice underwater share options. The exercise price of share options and the base price of share appreciation rights may not be less than 100% of the grant date fair market value of a Common Share.
The Company provides only modest perquisites that have a sound benefit to the Company's business.	The Company does not have pension plans.
The Company has adopted share ownership guidelines for the Named Executive Officers.	The Company's 2014 Equity Incentive Plan prohibits share recycling of share options and share appreciation rights.

Principles and Objectives of the Executive Officer Compensation Program

The Company's primary objectives are to provide income to its shareholders through increases in distributable cash flow and to increase long-term total returns to shareholders through appreciation in the value of its Common Shares. The following table summarizes the primary components and rationale of the Company's compensation philosophy and the pay elements that support that philosophy.

Philosophy Component	Rationale/Commentary	Pay Element
Compensation should reinforce business objectives and Company values	The Company strives to provide a rewarding and professionally challenging work environment for its executive officers. The Company believes that executive officers who are motivated and challenged by their duties are more likely to achieve the individual and corporate performance goals designed by the Compensation Committee. The Company's executive compensation package should reflect this work environment and performance expectations.	All elements (salary, annual cash incentive bonus, equity incentive compensation, health and welfare benefits)
Key executive officers should be retained	The primary purpose of the Company's executive compensation program has been and is to achieve the Company's business objectives by attracting, retaining and motivating talented executive officers by providing incentives and economic security.	All elements
Compensation should align interests of executive officers with shareholders	The Company's executive compensation is designed to reward favorable total shareholder returns, both in an absolute amount and relative to the Company's peers, taking into consideration the Company's competitive position within the real estate industry and each executive's long-term career contributions to the Company.	Equity incentive compensation
A significant amount of compensation for top executive officers should be based on performance	Performance-based pay aligns the interest of management with the Company's shareholders. Performance-based compensation motivates and rewards individual efforts and Company success. Approximately 50% to 60% of the executive officers' targeted compensation is linked to individual or company performance. The performance-based percentage of actual compensation increases as performance improves and decreases as performance declines. If the Company has poor relative performance and/or poor total shareholder returns, the executive officers will receive reduced incentive compensation and reduced total compensation. The executive officers have an opportunity, in the event of superior relative performance and superior total shareholder returns, to earn overall compensation packages greater than the compensation that would otherwise be paid.	Merit salary increases, annual cash incentive bonuses and equity incentive compensation
Compensation should be competitive	To attract and reduce the risk of losing the services of valuable managers but avoid the expense of excessive pay, compensation should be competitive. The Compensation Committee, with the help of outside advisors, assesses the competitiveness of the Company's compensation to its executive officers by comparison to compensation of executive officers at other public real estate companies. The Compensation Committee has regularly retained the services of Willis Towers Watson, an independent human resources and compensation consulting firm, to report on current market data regarding executive officer pay levels and incentive programs. Willis Towers Watson provided the Compensation Committee with current compensation information, based on then available proxy statement data and other publicly filed data, in September 2016. Willis Towers Watson also reported on trends in the compensation of public REIT executive officers.	All elements

21

Role of the Compensation Committee

The Compensation Committee determines compensation for Messrs. Barnello, Fuller and Young and Bruce A. Riggins (the "Named Executive Officers"). Mr. Riggins' employment with the Company ended in April 2016; however, pursuant to SEC rules, he is considered a Named Executive Officer for 2016 and his 2016 compensation is discussed in this Proxy Statement. The Compensation Committee consists of four trustees, Denise M. Coll, Jeffrey T. Foland (Chair), Jeffrey L. Martin and Donald A. Washburn. The Compensation Committee exercises independent discretion in respect of executive compensation matters, including the retention or termination of any compensation consultant. The Compensation Committee may not delegate its primary responsibility of overseeing executive officer compensation but may delegate to management the administrative aspects of the Company's compensation plans that do not involve the setting of compensation levels for the Named Executive Officers. As part of the executive compensation determination process, the Compensation Committee seeks input from the trustees who are not on the Compensation Committee and the Chief Executive Officer whose recommendations are evaluated along with all other compensation data gathered by the Compensation Committee, including the Willis Towers Watson studies described below. Moreover, each year the Compensation Committee prepares a list of management business objectives ("MBOs") in cooperation with the Named Executive Officers for the upcoming year. MBOs are used to determine 25% of each Named Executive Officer's annual target cash incentive bonus (discussed below). MBOs vary from year to year and may consist of matters such as working with hotel managers to implement cost savings at target levels; evaluating alternative financing and acquisition structures; evaluating and pursuing acquisition and growth opportunities; effectively executing material financial, accounting, compliance and communication responsibilities; and developing long-term strategic plans for specific hotel properties. The MBOs focus, in part, on enhancing the return from, and value of, the Company's hotels. The final MBOs are approved by the Board of Trustees. On a quarterly basis, the Named Executive Officers provide the Compensation Committee with status reports on their success in achieving the MBOs.

Compensation for fiscal year 2016 for each of the Named Executive Officers was determined by the Compensation Committee based on a review of incentive compensation and total compensation paid by the Company to each Named Executive Officer in prior years, publicly-disclosed compensation packages of executives of other public lodging and real estate companies and the Company's performance both nominally and as compared to other public lodging REITs. During 2016, the Compensation Committee engaged, and met with, Willis Towers Watson and directed Willis Towers Watson to conduct industry compensation surveys. The resulting Willis Towers Watson reports presented to the Compensation Committee focused on industry comparisons, based on the sample groups described below, of total compensation and its components, base salary and incentive compensation, which consisted of cash bonuses and equity awards. The reports also updated the Compensation Committee on current public REIT compensation trends. The Compensation Committee also considered other matters, including the realized value of previously granted equity awards, and the total compensation payable under different scenarios such as change in control of the Company or termination of the Named Executive Officers' employment. With respect to incentive compensation, the Compensation Committee considered the number of time-based restricted shares that were vested, the number of performance-based restricted shares that were unearned and the number of time-based restricted shares that were outstanding but unvested.

Compensation Committee Consideration of the 2016 Vote on Executive Compensation

In determining the Company's executive compensation program for 2016, the Compensation Committee generally considered the results of the 2016 advisory vote on executive compensation presented in the Company's 2016 proxy statement. The Compensation Committee noted more than 96% of the votes cast approved the compensation of the Named Executive Officers as described in the Company's 2016 proxy statement. The Compensation Committee considered these voting results as supportive of the Compensation Committee's general executive compensation practices.

Company Performance and Executive Compensation

In 2016, the Company continued to manage its assets aggressively, invest responsibly and opportunistically, and maintain a conservative balance sheet. The Company's teams delivered attractive revenue per available room ("RevPAR") growth and hotel earnings before interest, tax, depreciation and amortization ("EBITDA") margins and invested wisely in the Company's existing assets.

Highlights from 2016 include:

- RevPAR growth for the full year 2016 was 2.5 percent and hotel EBITDA margins for the full year 2016 increased 37 basis points to 33.9 percent, compared to the same period in 2015;
- the Company completed renovations at the Chaminade Resort and Conference Center, Gild Hall, Mason & Rook Hotel (formerly Hotel Helix), Hotel Solamar, Hotel Amarano Burbank, The Liberty Hotel, Lansdowne Resort, Hotel Palomar, Washington, DC, and the second phase of the guestrooms at Westin Michigan Avenue;
- the Company sold its junior mezzanine loan secured by equity interests in Shutters on the Beach and Casa Del Mar, in Santa Monica for $80 million (par value);
- the Company sold the Indianapolis Marriott Downtown for $165 million, generating a 13.7 percent unleveraged internal rate of return;
- the Company paid a quarterly dividend of $.045 per share for an annualized rate of $1.80 per diluted share, which represents a 5.9 percent yield on the Company's closing share price as of December 30, 2016; and
- the Company maintained ratios of general and administrative expenses to both total revenues and average assets well below most of its lodging REIT peers.

Company Performance Relative to its Peer Group

The Compensation Committee feels that the compensation levels of the Named Executive Officers reflects the Company's strong performance relative to its six lodging REIT peers as shown in greater detail in the tables below.

Leverage. The Company operates at a significantly lower leverage level than many of its peers, as measured by the ratio of total indebtedness to EBITDA. The following table compares the Company's leverage ratio to the Company's peer group as of December 31, 2016:

Note: Consists of Ashford Hospitality Trust, Inc. ("AHT"), DiamondRock Hospitality Company ("DRH"), FelCor Lodging Trust Incorporated ("FCH"), Pebblebrook Hotel Trust ("PEB"), Sunstone Hotel Investors, Inc. ("SHO"), and Host Hotels & Resorts, Inc. ("HST"). Leverage ratio defined as debt / LTM EBITDA. HST, DRH, PEB, FCH, and AHT reflect reported Q4'16 company reported numbers. SHO is estimated based on pro forma debt balance, pro forma cash balance, and 2016 adjusted EBITDA. LHO reflects Q4'16 bank covenant debt to EBITDA, as adjusted to include all cash on hand.

Operating Performance. For each of the last five years, the Company's hotel EBITDA margins were ranked first or second among all six of its peers.

Hotel EBITDA Margin Comparison (1)

	2016	2015	2014	2013	2012
PEB	35.3%	33.1%	31.9%	28.3%	27.4%
AHT	32.9	32.4	31.7	30.7	31.6
DRH	31.8	31.0	29.5	26.6	27.2
SHO	30.5	30.8	30.2	28.4	28.9
FCH	30.3	29.8	28.1	25.8	24.9
HST	27.8	27.0	26.8	25.5	24.0
Peer Average	31.4	30.7	29.7	27.6	27.3
LHO	33.9	33.5	33.2	32.2	32.1
Variance to Peer Average	8.0%	9.1%	11.8%	16.7%	17.6%
LHO Ranking	2	1	1	1	1

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(1) Source: Company reports.

Please refer to Appendix A attached hereto for a detailed discussion of the Company's use of EBITDA and hotel EBITDA and reconciliations of EBITDA and hotel EBITDA to net income (loss), a measurement computed in accordance with U.S. generally accepted accounting principles ("GAAP").

Executive Compensation Relative to the Peer Group

In September 2016, Willis Towers Watson prepared a report for the Compensation Committee comparing the Company's compensation of the Named Executive Officers to that of: (i) a sample of 20 public real estate companies, spanning industry subsectors and asset classes but which were comparable to the Company in total enterprise value (which is the Company's total equity plus total debt); and (ii) a group of six public lodging REITs. The members of the peer groups are noted below.

Group of 20 Public Real Estate Companies	
Ashford Hospitality Trust, Inc.	Mid-America Apartment Communities, Inc.
Corporate Office Properties Trust	National Retail Properties, Inc.
DiamondRock Hospitality Company	Pebblebrook Hotel Trust
Equity One, Inc.	Piedmont Office Realty Trust, Inc.
Extra Space Storage Inc.	Post Properties, Inc.
FelCor Lodging Trust Incorporated	PS Business Parks, Inc.
Highwoods Properties, Inc.	RLJ Lodging Trust
Kilroy Realty Corporation	Sunstone Hotel Investors, Inc.
Lexington Realty Trust	Tanger Factory Outlet Centers, Inc.
Mack-Cali Realty Corporation	Washington Real Estate Investment Trust
Publicly-Traded Lodging REITs [(1)]	
Ashford Hospitality Trust, Inc.	Pebblebrook Hotel Trust
DiamondRock Hospitality Company	RLJ Lodging Trust
FelCor Lodging Trust Incorporated	Sunstone Hotel Investors, Inc.

(1) The Company does not include Host Hotels & Resorts, Inc. in its peer group of public lodging REITs for executive compensation purposes due to its size and the level of its executive compensation.

The Willis Towers Watson report included the following compensation components for the sample of public lodging REITs and other real estate companies: (a) base salary, (b) target total cash compensation, (c) long-term incentives and (d) target total direct compensation. The compensation of the Company's Named Executive Officers was determined by the Compensation Committee in the context of the comparison and reviews contained in the report, but the Compensation Committee did not seek to set compensation of the Named Executive Officers to a particular percentile of the peer compensation or any single component thereof, such as base salary, total cash compensation, incentive compensation or total direct compensation. Instead, the Compensation Committee reviewed the compensation information to inform itself of the compensation amounts paid by the Company's competitors to their executive officers and therefore required for executive officer recruitment and retention.

Based on the September 2016 Willis Towers Watson report, below is a summary of the total compensation for each Named Executive Officer (excluding the value of any one-time awards) compared to the Company's peer group of six public lodging REITs:

	LaSalle v. Market Median	LaSalle v. Market 75th Percentile
Chief Executive Officer	-18%	-25%
Chief Financial Officer	-37%	-45%
Chief Operating Officer	-17%	-30%

While the Compensation Committee did not seek to set compensation of the Named Executive Officers to a particular percentile of the peer compensation, based on the Company's consistent outperformance relative to its peers, the Compensation Committee considered the median compensation values of both its peer groups of lodging REITs and public real estate companies in establishing the Named Executive Officer compensation. In the

Compensation Committee's view, the Company was receiving outstanding value by compensating its Named Executive Officers at levels below the median levels of executive compensation paid by the Company's peers, as evidenced by fact that the Company's performance over various periods was generally stronger than the median performance of its peers. Moreover, the Company's performance was associated with both reduced risk as a result of the Company's relatively lower leverage ratio and a more stable and consistent share price.

Components and Criteria of Executive Compensation

The Compensation Committee believes that each Named Executive Officer's overall compensation should be (i) payable over a longer period than one year, (ii) depend on a planned budget approved by the trustees, (iii) depend on the Company's performance relative to other REITs, (iv) depend on total compensation paid by REITs similar to the Company, either by size or by industry (in this case, the lodging REIT industry) and (v) depend on the Company's total shareholder return. The Compensation Committee believes that a significant portion of each Named Executive Officers' total compensation should be directly linked to the Company's relative performance and its total shareholder return. If the Company has poor relative performance and/or poor total shareholder return, the Named Executive Officers will receive reduced incentive compensation and reduced total compensation. In return, the Named Executive Officers have an opportunity, in the event of superior relative performance and superior total shareholder return, to earn overall compensation packages greater than established target amounts and the compensation historically paid.

The Compensation Committee imposed nominal limits on certain aspects of the incentive compensation to help control unexpected levels of overall compensation to the Named Executive Officers as a result of extraordinary Company performance and total shareholder return and to maintain aggregate compensation at a level that is reasonable for the Company's overall size and cost structure. The Compensation Committee and the Board of Trustees retain the discretion to exceed the limits.

The Company pays annual base salaries at a competitive level compared to its peers, which is based on a review of the annual base salaries paid to the executive officers of the companies listed under "— Peer Groups." The Company pays annual cash incentive bonuses — the amount of which depends on management's achievement of the applicable MBOs and the Company's funds from operations ("FFO") and Return on Invested Capital (as defined below) performance relative to specific competitors— to encourage the Named Executive Officers to pursue strategies that, to an appropriate degree, will benefit the Company in the near and long term. The Company pays time-based and performance-based long-term equity incentive compensation to encourage the Named Executive Officers to pursue strategies that will create value for the Company's shareholders over the long term and to promote continuity of management by retaining the Named Executive Officers.

The Committee seeks to have approximately half of overall executive compensation be paid in the form of annual base salary and target annual cash incentive bonus, and approximately half in the form of long-term equity incentive awards. For the Named Executive Officers, approximately 25% of their overall compensation is annual base salary, approximately 25% is in the form of the target annual cash incentive bonus, approximately 20% is in the form of time-based restricted share awards and approximately 30% is in the form of performance-based restricted share awards.

The Compensation Committee had previously determined that executive compensation for fiscal year 2016 primarily would consist of (i) annual cash base salary, (ii) annual cash incentive bonus, (iii) restricted share awards, subject to time-based forfeiture provisions and (iv) performance-based restricted share awards, the earned amount of which would depend on Company performance over a three-year period.

The following narrative discusses the components of historical fiscal year 2016 compensation.

Base Salary

Base salary is the only predictable form of annual cash compensation to the Named Executive Officers, and the Compensation Committee believes base salary is an important element of total compensation for that reason. The Compensation Committee believes that base salary should be commensurate with each Named Executive

Officer's position and experience, subject to annual adjustments based on market conditions, peer group analysis and individual contributions and performance.

For 2016, the base salary of each of the Named Executive Officers was based on the following qualitative and quantitative factors:

- an assessment of the scope of the Named Executive Officer's responsibilities and leadership and individual role within the executive management team;
- the Named Executive Officer's contributions to the Company;
- the Named Executive Officer's expertise and experience within the industry;
- the competitive market compensation paid to executive officers in similar positions at the previously-described peer groups; and
- the Company's overall financial and business performance.

Individual Performance. While specific quantitative benchmarks are considered when making determinations about performance incentives and targets related to the annual cash incentive bonus and long-term equity awards (as described elsewhere in this Proxy Statement), base salary determinations are more heavily weighted by the Compensation Committee's qualitative assessments of the Named Executive Officers. The Compensation Committee annually reviews each Named Executive Officer's individual responsibilities and leadership attributes, as well as his role and contributions to the Company during the last year. Among other matters, the Compensation Committee considers the performance of employees managed by each Named Executive Officer; the asset management strategies proposed or implemented by each Named Executive Officer to improve hotel performance; the status of the Company's hotel acquisition pipeline, as applicable; the Company's execution on short- and long-term strategic initiatives for which each Named Executive Officer is responsible; and the Company's compliance with applicable laws and regulations to the extent within each Named Executive Officer's responsibility. Because of the historical success of the Named Executive Officers during the last ten years, the Compensation Committee considers each Named Executive Officer's individual contribution to that team, and the base salary needed to retain the members of that team into the future.

In addition, a tool by which the Compensation Committee measures a Named Executive Officer's performance is his progress with respect to his MBOs, which, as described above are prepared in cooperation with the Named Executive Officers by the Compensation Committee each year. Quarterly progress reports with respect to the MBOs provide the Compensation Committee with a regular update on the Named Executive Officer's performance. As noted elsewhere in this Proxy Statement, MBOs are primarily used to determine the annual cash incentive bonus, but MBOs also influence the Compensation Committee's determination of base salaries.

The Compensation Committee solicits the observations of the Chief Executive Officer with respect to the performance of the other Named Executive Officers, especially as to day-to-day responsibilities and intra-company leadership qualities and growth.

With respect to the Named Executive Officer's expertise and experience within the industry, the Committee considers involvement in industry or trade groups such as NAREIT, as well as awards or other recognition by industry or trade groups or other industry participants.

Peer Group Comparison. In addition to evaluating individual responsibilities, leadership and contributions to the Company, the Compensation Committee also considers the market compensation paid to executive officers in similar positions at the Company's previously-described peer groups. As of September 2016, the Willis Towers Watson report indicated that, compared to executive officers in similar positions at the public lodging REITs deemed comparable, the Company's Chief Executive Officer was receiving a base salary approximately 6% above the 75th percentile, the Company's Chief Financial Officer was receiving a base salary approximately 10% below the 75th

percentile, and the Company's Chief Operating Officer was receiving a base salary approximately 2% below the 75th percentile.

The 2016 base salary compensation paid to the Company's Named Executive Officers was determined by the Compensation Committee in the context of the foregoing comparison and reviews, but the Compensation Committee did not seek to set base salary of the Named Executive Officers to a particular percentile of the base salary paid by the peer companies to their officers. Instead, the Compensation Committee reviewed the salary information to inform itself of the salary levels paid by the Company's competitors and therefore required for executive officer recruitment or retention.

Company Performance. The Compensation Committee also considers the financial and business performance of the Company in an absolute sense and relative to its peers. When evaluating the Company's financial and business performance, the Compensation Committee does not focus on any one particular performance measure or target but does consider, in addition to the Company's FFO performance, the Company's total return (defined as the increase in the market price of the Company's Common Shares plus dividends declared thereon and assuming such dividends are reinvested into the Company's Common Shares) over various periods. For example, from the Company's initial public offering in 1998 through December 2016, the Company's total shareholder return was 323.3%, which is the highest total return of any publicly-traded lodging REIT and outperformed each of the S&P 500, the Russell 2000 Index, the Dow Jones Industrial Average and the NASDAQ Composite Index during that period.

While the Compensation Committee placed greater weight on the Company's performance over the long term, as discussed above, the Compensation Committee did consider the Company's total return over shorter-term time horizons. The Compensation Committee reviewed the Company's total return as described below and again determined that the Company's performance was excellent. For the year ended December 31, 2016, the Company's total shareholder return was 30.0%, and over a three-year period (2014-2016), the Company's total return was 16.5%.

As was the case with the base salary peer group comparisons, the Company's performance compared to its peers identified above was one of several factors considered by the Compensation Committee in determining the 2016 base salary compensation of the Company's Named Executive Officers. The Compensation Committee did not, however, seek to match base salary of the Named Executive Officers to a percentile that corresponded to the above performance percentages.

Annual Cash Incentive Bonus

The annual cash incentive bonus program is intended to compensate the Company's Named Executive Officers for achieving the Company's annual financial goals at both the corporate and hotel levels, as well as implementing long-term plans and strategies. The annual cash incentive bonus program is based on performance and responsibility level rather than on the basis of seniority, tenure or other entitlement. This performance-based program encourages the Company's officers to continually improve their capabilities to deliver short- and long-term business results. The Compensation Committee set the Named Executive Officer target annual cash incentive bonuses so that they are competitive with bonuses paid to executive officers in similar positions and with similar responsibilities at companies in the Company's previously-described peer groups. The annual cash incentive bonus for a fiscal year is typically paid in March of the following year, when audited financial statements for such fiscal year become available for both the Company and other publicly-traded lodging REITs.

The Compensation Committee emphasizes the importance of incentive cash compensation (the annual cash incentive bonus program) as a component of total compensation for the Named Executive Officers. This component of the Company's compensation program is an investment in high quality, successful employees who can improve the operational performance of the existing portfolio and generate new business opportunities and investments that create value for shareholders.

The annual cash incentive bonus is the product of the Named Executive Officer's annual target bonus (which is a percentage of his annual base salary) and a formula number. Depending on the achievement of the predetermined targets, the actual annual cash incentive bonus may be less than or greater than the target bonus, subject to limitations. Recognizing the need to remain competitive, the Compensation Committee set the maximum annual cash incentive bonus at 200% of target levels for 2016, which was unchanged from 2015. The Compensation Committee's consideration of the competitiveness of the target levels included:

- the Company's need to retain its experienced executive officers;
- the target cash compensation excluding base salary for executive officers at other publicly-traded real estate companies (as described in the September 2016 report by Willis Towers Watson); and
- the overall target cash compensation including base salary for executive officers at other publicly-traded real estate companies (also as described in the September 2016 report by Willis Towers Watson).

As described below, the formula number consists of three components. At the Compensation Committee's discretion, it may allocate greater weight to any of the three components than the proportions stated below, and it may pay bonuses exceeding 200% of the target bonus.

The annual cash incentive bonus formula number consists of the following three components: (i) 25% of each target annual cash incentive bonus is based on management's achievement of the MBOs, as determined in the discretion of the Compensation Committee; (ii) 50% of each target annual cash incentive bonus is based on the Company's adjusted FFO per share performance ("Comparable FFO") relative to a budget scale approved annually by the Board of Trustees; and (iii) 25% of each target annual cash incentive bonus is based upon the Company's published adjusted FFO divided by the average book value of long-term indebtedness plus total equity, including common and preferred equity ("Return on Invested Capital"), relative to the Return on Invested Capital of a pre-selected peer group. Greater or less than the nominal amount may be awarded pursuant to any of the components, and caps and limitations apply.

Management Business Objectives. Twenty-five percent of each target annual cash incentive bonus is nominally based on management's achievement of the MBOs. Achievement of the MBOs for a given fiscal year is determined for the executive officers as a group and not on an individual officer basis. Similarly, achievement is considered in totality of the MBOs and, in some cases, requires a subjective analysis of the goals rather than a mathematical measurement of performance. In addition, even in the case of MBOs that are amenable to objective measurement, achievement is not necessarily a pass or fail construct. For example, the Compensation Committee may consider how much progress was made toward meeting an objective performance standard or by how much a standard was surpassed. Accordingly, overall achievement of the MBOs is a reasoned judgment made by the Compensation Committee based on the facts and circumstances prevailing at the time of the determination and including conversations among the executive officers and the Compensation Committee. The percentage points available to be earned under the MBO component of the bonus program range from 0% to 50%. For fiscal year 2016, the Compensation Committee considered the overall achievement of all of the MBOs taken together and awarded 25% under this component.

The table below describes the MBOs for 2016, including the considerations that the Compensation Committee considered in analyzing the MBOs:

2016 MBO	Compensation Committee Considerations
Continue to evaluate investments in both target and potential new markets (taking into account the state of the current economic environment) and pursue opportunities as appropriate, including utilization of equity as financially prudent. Evaluate repurchasing shares as an alternative to acquiring hotels.	While the Company reviewed offering memorandums on many properties across the country, given the macro and micro lodging trends coupled with pricing expectations, the Company was not an active bidder in 2016 for any assets.
Review portfolio for disposition opportunities and have discussions with brokers regarding valuation for potential sales candidates.	The Company sold the Indianapolis Marriott Downtown for $165 million, and the mezzanine loan secured by equity interests in Shutters on the Beach and Casa Del Mar for $80 million (par value). The Company is in various stages of disposition on other assets as well, some of which may or may not result in a transaction.
Effectively execute all material financial, accounting, audit, compliance and communication responsibilities. Review the performance of the hotels with the Board and keep Board informed of any issues promptly as they arise.	There were no issues with closing the Company's books and preparing financial statements for each of the four quarters in 2016; there were no audit differences; there were no identified material weaknesses in internal control over financial reporting; the Board was kept apprised through Chief Executive Officer updates and Board meetings.
Work with the Company's management companies and property level executive teams to focus on maximizing revenues as well as controlling operating expenses and look for methods to improve EBITDA margins where appropriate.	The Company continues to work with all of its management companies to share best practices. For the full year 2016, RevPAR increased 2.5 percent and hotel EBITDA margins increased 37 basis points compared to the same period in 2015.
Maintain compliance with all unsecured and secured debt related covenants on a quarter to quarter basis.	The Company was in compliance with all debt covenants in the first, second, third and fourth quarters of 2016.
Evaluate the redemption of the $68.8 million of outstanding 7.5% Series H Cumulative Redeemable Preferred Shares.	The Company will continue to evaluate the option to redeem the $68.8 million of outstanding 7.5% Series H Cumulative Redeemable Preferred Shares that is currently redeemable.
Refinance mortgages on the Westin Michigan Avenue ($131.3 million), Indianapolis Marriott Downtown ($96.1 million) and The Roger ($58.9 million).	The mortgage payoffs were pre-funded with excess proceeds of the $555 million term loan completed in November 2015 and the mortgages were paid off in the first quarter of 2016.

Comparable FFO Compared to Budget FFO. Fifty percent of each target annual cash incentive bonus is nominally based on the Company's Comparable FFO relative to a budget scale. The budget scale for fiscal year 2016 approved by the Board of Trustees and the Compensation Committee was based on a budget goal of $2.93 per outstanding Common Share. The Compensation Committee determined that the Company's Comparable FFO and the budget goal would be calculated to eliminate the effect of (i) income taxes, (ii) transaction expenses related to acquisitions, dispositions and financings, (iii) pre-opening costs, (iv) other non-recurring items, and (v) the dispositions of the mezzanine loan and the Indianapolis Marriott Downtown during 2016.

The percentage points available to be earned under the budget FFO component of the bonus program range from 0% to 100%. Pursuant to the budget FFO component of the bonus program, if Comparable FFO equaled budget FFO, the targeted 50 percentage points would be earned. In general, for every percentage point by which the Comparable FFO is greater than or less than the budget FFO, four percentage points are added or subtracted, respectively, from the targeted 50 percentage points. For example, if budget FFO were $1.00 and Comparable FFO were $0.875, or 12.5% below budget FFO, then none of the potential 50 percentage points of the bonus component would be awarded. As another example, if Comparable FFO were $1.02 and budget FFO were $1.00, or 2.0% above budget FFO, then eight percentage points would be added to the targeted 50 percentage points, and an amount equal to 58% of the target bonus would be awarded pursuant to this component. For fiscal year 2016, the Compensation Committee determined the Company's Comparable FFO was $3.02, or 3% greater than budget FFO.

Relative Return on Invested Capital. Twenty-five percent of each target annual cash incentive bonus is nominally based upon the Company's Return on Invested Capital relative to the Return on Invested Capital of six publicly-traded lodging REITs. Return on Invested Capital will be calculated based on each company's published adjusted FFO divided by the average book value of long-term indebtedness plus total equity, including common and preferred equity, per each company's audited year-end balance sheets as filed with the SEC.

The percentage points available to be earned under the Return on Invested Capital component of the bonus program range from 0% to 50%. Bonus achievement will be based on the following performance rankings:

- if the Company is ranked first or second among the companies in the peer group based on its Return on Invested Capital, 200% of the target 25 percentage points of this bonus component would be earned;
- if the Company is ranked third among the companies in the peer group based on its Return on Invested Capital, 150% of the target 25 percentage points of this bonus component would be earned;
- if the Company is ranked fourth among the companies in the peer group based on its Return on Invested Capital, 100% of the target 25 percentage points of this bonus component would be earned; and
- if the Company is ranked fifth, sixth or seventh among the companies in the peer group based on its Return on Invested Capital, none of the target 25 percentage points of this bonus component would be earned.

For fiscal year 2016, the peer group consisted of the following six publicly-traded lodging REITs: Ashford Hospitality Trust, Inc., DiamondRock Hospitality Company, FelCor Lodging Trust Incorporated, Pebblebrook Hotel Trust, Sunstone Hotel Investors, Inc. and Host Hotels & Resorts, Inc.

The Company's Return on Invested Capital was 9.0% in 2016, which ranked second among the companies in the peer group.

Calculation of the Bonus. The target bonus for Mr. Barnello for 2016 was approximately 132% of his annual base salary, or $1,098,000. The target bonus for Mr. Fuller for 2016 was approximately 63% of his annual base salary, or $250,000. The target bonus for Mr. Young for 2016 was approximately 75% of his annual base salary, or $390,000. With respect to the specific formula components for 2016, the following were achieved: (i) the MBOs, as determined by the Compensation Committee (25% of the target of 25% for this component); (ii) per-share Comparable FFO in excess of the budget goal established by the Compensation Committee (62% of the target of 50% for this component) and (iii) the Company's Return on Invested Capital compared to the Return on Invested Capital of the applicable peer group (50% of the target of 25% for this component). Taken together, the sum of these components equals 137%.

Long-Term Equity Incentive Awards

Overview. The 2014 Equity Incentive Plan allows for long-term incentives to Named Executive Officers and key employees of, and consultants and other service providers to, the Company, its subsidiaries and advisors through grants of option rights, appreciation rights and restricted share awards. Awards granted to Named Executive Officers and other employees under the incentive plan are designed to provide those grantees with an incentive to promote the long-term success of the Company in line with the shareholders' interests. The awards align the Named Executive Officers' interests with the interests of shareholders by providing each Named Executive Officer with an ownership interest in the Company and a stake in the Company's success. The 2014 Equity Incentive Plan is administered by the Compensation Committee, which has the discretion to determine those individuals or entities to whom awards will be granted, the number of shares subject to such rights and awards and other terms and conditions of the option rights, appreciation rights and restricted share awards. Each such award may have a vesting period that is tied to continued service to the Company or a specifically identified set of performance measures.

March 2016 Awards. The Compensation Committee considered a number of factors in determining the March 2016 awards, including:

- the fact that equity awards constituted an integral component of the Company's compensation philosophies described above, particularly that equity awards align the interests of the officers with those of the Company's shareholders and that a significant portion of compensation should be based on performance;
- the amount of target cash compensation of the officers for fiscal year 2016;
- the effect on the Company's operating results on cash and non-cash compensation;
- the total potential compensation to the officers if performance measurements were achieved at maximum thresholds;
- the long-term incentives and target and actual total direct compensation for executive officers at other publicly-traded real estate companies (as described in the September 2016 report by Willis Towers Watson); and
- the other factors discussed above under "—Base Salary," including the Company's historical performance.

The March 2016 awards consisted of (i) immediate awards of restricted shares subject to time-based vesting and (ii) agreements to award performance-based restricted shares where the award amount is not determined until the end of a three-year measuring period. The Committee refers to the group of awards described in (ii) as performance-based restricted share awards.

The March 2016 long-term equity incentive awards described in subsection (i) of the paragraph immediately above included 34,964 time-based restricted shares to Mr. Barnello, 13,007 time-based restricted shares to Mr. Riggins, and 16,786 time-based restricted shares to Mr. Young. Each award vests approximately one-third of the awarded amount on January 1, 2017, 2018 and 2019. All of the award shares are issued and outstanding as of the grant date (March 18, 2016), and the awardee is entitled to receive dividends as declared and paid on the shares and to vote the shares from the date of grant.

The Compensation Committee also approved the performance-based restricted share awards for Messrs. Barnello, Riggins, and Young as an additional long-term incentive designed to further align their interests with that of the shareholders. Pursuant to the March 2016 performance-based restricted share awards, Mr. Barnello is eligible to receive a target amount of 52,426 shares, Mr. Riggins is eligible to receive a target amount of 19,610 shares and Mr. Young is eligible to receive a target amount of 25,139 shares. One-half of the actual amount of the award will be determined on January 1, 2019 and will depend on the Return on Invested Capital of the Company and the total

return of the Company's Common Shares over a three-year period beginning with the closing price of the Company's Common Shares on December 31, 2015, and ending with the closing price of the Company's Common Shares on December 31, 2018. One-half of the actual amount of the award will be determined on July 1, 2019 and will depend on the Return on Invested Capital of the Company and the total return of the Company's Common Shares over a three-year period beginning with the closing price of the Company's Common Shares on June 30, 2016, and ending with the closing price of the Company's Common Shares on June 30, 2019. Each officer may actually receive as few as zero shares and as many as twice the target shares. For information regarding Mr. Riggins' separation arrangement with the Company, see "Departure of Chief Financial Officer" below.

The terms of the awards are as follows:

- One-third of the award will be based on the Company's Return on Invested Capital compared to the Return on Invested Capital of the companies in a designated peer group of the Company. One-third of the award will be based on the Company's total return compared to the total return of companies in a designated peer group of the Company and included in the NAREIT Equity Index. One-third of the award will be based on the amount of the Company's total return compared to a Board-established total return goal.
- "Return on Invested Capital" is calculated as each company's published adjusted FFO divided by the average book value of long-term indebtedness plus total equity, including common and preferred equity.
- "Total return" is as calculated by the NAREIT Equity Index and is the increase in the market price of a company's common shares plus dividends declared thereon and assuming such dividends are reinvested.
- After the actual amount of the award is determined (or earned) on January 1, 2019 or July 1, 2019, as applicable, the earned shares will be fully vested and generally transferable.
- Dividends will be deemed to have accrued on all of the earned shares during the measuring period until the determination date. Such accrued dividends on earned shares will be paid to the awardee on the determination date. Thereafter, the awardee is entitled to receive dividends as declared and paid on the earned shares and to vote the shares.

The tables below provide additional detail on the thresholds for the performance criteria and the corresponding percentage earned for such criteria. For example, with respect to the Company's Return on Invested Capital and total return compared to its peers, the Company must rank at least fourth within its peer group for the awardee to earn any of their target shares in the first or second performance category. In addition, the Compensation Committee established a threshold total return over a three-year period of 15.76%, which is based on a 5% compounded annual total return, for the awardee to earn any of their target shares in the third performance category.

For fiscal year 2016, the peer group consisted of the following six publicly-traded lodging REITs: Ashford Hospitality Trust, Inc., DiamondRock Hospitality Company, FelCor Lodging Trust Incorporated, Pebblebrook Hotel Trust, Sunstone Hotel Investors, Inc. and Host Hotels & Resorts, Inc.

Actual performance will be calculated to an exact percent (rounded to the nearest 1/100th), so the payment for each criterion is on a continuum between the threshold amount and target amount or between the target amount and maximum amount, as applicable.

Table 1: Return on Invested Capital vs. Peer Group

	Percentile of Performance [1]			
		Threshold / Target		Maximum
	Fifth, Sixth or Seventh (Least Return on Invested Capital)	Fourth	Third	First (Greatest Return on Invested Capital) or Second
Peer Group	0% earned	100% earned	150% earned	200% earned

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(1) If there are seven other companies in the peer group at the time of measurement, the percentage of Common Shares earned for ranking fifth will be 50%.

Table 2: Total Return vs. Peer Group

	Percentile of Performance			
		Threshold / Target		Maximum
	Fifth, Sixth or Seventh (Least Total Return)	Fourth	Third	First (Greatest Total Return) or Second
Peer Group	0% earned	100% earned	150% earned	200% earned

_____

(1) If there are seven other companies in the peer group at the time of measurement, the percentage of Common Shares earned for ranking fifth will be 50%.

Table 3: Total Return vs. Committee-Established Goals

	Total Three-Year Return Performance			
		Threshold	Target	Maximum
	Less than 15.76%	15.76% [1]	25.97% [2]	Greater than or Equal to 40.49% [3]
Company total return	0% earned	50% earned	100% earned	200% earned

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(1) Based on a 5% compounded annual total return.

(2) Based on a 8% compounded annual total return.

(3) Based on an 12% compounded annual total return.

April 2016 Awards. In connection with his appointment in April 2016, Mr. Fuller was granted 10,526 time-based restricted shares, which vest approximately one-third of the awarded amount on January 1, 2017, 2018 and 2019. All of the award shares are issued and outstanding as of the grant date (April 25, 2016), and Mr. Fuller is entitled to receive dividends as declared and paid on the shares and to vote the shares from the date of grant. In addition, Mr. Fuller is eligible to receive a target amount of 12,632 performance-based restricted shares. The terms and conditions of Mr. Fuller's award of performance-based restricted shares are the same as those for the March 2016 awards described above.

Additional Award Provisions. The Company's performance-based restricted share award agreements with the Named Executive Officers include a provision that accelerates the measuring period in the event of a change in control of the Company. As a condition to the acceleration of the earning period, each Named Executive Officer agreed to a 12-month limited non-compete with the Company that restricts such officer from participating in any business operation primarily engaged in owning (as compared to, for example, franchising or managing) luxury or

upscale hotels in urban, resort or convention markets in the United States. In the event that any of the Named Executive Officers breaches the limited non-competition provisions, the Named Executive Officer must pay to the Company an amount equal to the market value of that portion of the performance-based restricted share award earned as a result of the change in control. The 12-month period commences at the time of the change in control, and market value is the market value at the time of the change in control.

Other Benefits

In addition, consistent with the philosophy of the Compensation Committee to establish individual- and Company-based performance measures, the Compensation Committee will continue to maintain competitive benefits and perquisites for Named Executive Officers; however, the Compensation Committee does not view benefits and perquisites for officers as a key component of the Company's compensation program and their total value remains a small percentage of each Named Executive Officer's base salary. The Compensation Committee may revise, amend or add to the Named Executive Officer's benefits and perquisites if it deems it advisable.

Other Factors Considered by the Compensation Committee

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code places a $1 million limit on the amount of compensation that may be deducted annually by the Company on its tax return with respect to each of its chief executive officer and the other three most highly compensated executives (other than its chief financial officer). In general, compensation that qualifies as "performance-based" under Section 162(m) is not subject to this limit. Each of the Company's 1998 Share Option and Incentive Plan, 2009 Equity Incentive Plan and 2014 Equity Incentive Plan is designed so that performance-based restricted share awards granted under the respective plans can be exempt from the compensation deduction limitation described above. In addition, each of the Company's 2009 Equity Incentive Plan and 2014 Equity Incentive Plan is designed so that share options and share appreciation rights granted under the respective plans can be exempt from the compensation deduction limitation described above. Time-based restricted share awards are subject to the compensation deduction limitation. The Compensation Committee generally seeks to preserve the federal income tax deductibility of compensation paid by the Company. However, in order to maintain flexibility and the ability to compensate the Named Executive Officers in a manner designed to promote the Company's corporate goals, including retaining and providing incentives for the Named Executive Officers, the Compensation Committee has not adopted a policy that all compensation must be deductible.

Payments Upon Termination of a Named Executive Officer and Vesting of Equity Awards Upon a Change in Control of the Company

The Company previously entered into change in control severance agreements with each of Messrs. Barnello, Fuller and Young to provide benefits to each in the event his employment is terminated in certain circumstances. The Compensation Committee reviews the terms of the severance agreements annually. Because each Named Executive Officer's severance payment is derived from his annual base salary and other annual incentive compensation, the effect on severance payments is one of the factors considered by the Compensation Committee when annually reviewing the Named Executive Officer's total compensation and severance agreement terms.

The agreement with each Named Executive Officer provides that the Named Executive Officer, upon 15 days prior written notice to the Company, may terminate his employment for "good reason." In addition, each agreement provides that upon the termination of such Named Executive Officer either by the Company without "cause" or by the Named Executive Officer for "good reason" within one year of a change in control of the Company, the Named Executive Officer will be entitled to the severance payments and benefits detailed under "Termination Payment Tables." As noted at the beginning of this CD&A, one of the Company's executive compensation philosophies is the retention of key executive officers. The Compensation Committee believes that the terms of the severance agreements described above, including the events triggering severance payments, are

competitive with the Company's peer group and promote stability among its Named Executive Officers which is important to the Company's overall performance.

In addition, the Compensation Committee considers the effect of accelerated vesting of certain equity awards upon a termination of a Named Executive Officer or a change in control of the Company. The Compensation Committee reviewed the terms of the restricted share award agreements, including the immediate vesting of time-based restricted shares upon a change in control of the Company or upon a Named Executive Officer's termination without cause. The Compensation Committee also reviewed the terms of the performance-based restricted share award agreements. The Compensation Committee believes that the terms of the share award agreements are competitive with the Company's peer group and promote stability among its Named Executive Officers which is important to the Company's overall performance. For more information on the vesting terms of the Named Executive Officer's restricted shares, see "Severance Agreements, Equity Award Vesting and Other Termination Policies—Vesting of Long-Term Equity Incentive Awards."

Departure of Chief Financial Officer

On March 28, 2016, the Company and Mr. Riggins, the Company's former Executive Vice President, Chief Financial Officer, Secretary and Treasurer, agreed that Mr. Riggins' employment with the Company would terminate no later than April 29, 2016. Pursuant to the terms and conditions of his change in control severance agreement and the several time-based and performance-based restricted share award agreements, Mr. Riggins received a severance package from the Company, including (i) a pro-rated annual cash incentive bonus for January 1, 2016 through April 29, 2016 of $143,935, (ii) a lump sum severance payment in the amount of one year's base salary of $451,000 and six months of the average annual cash incentive bonuses for fiscal years 2013, 2014 and 2015 of $215,902, (iii) payment of "COBRA" premiums for continuation of health and dental plan coverage for one year and continuation of disability and life insurance benefits for one year or the payment of the premiums therefor, (iv) accelerated vesting of outstanding restricted shares with an aggregate value of approximately $702,989 pursuant to Mr. Riggins' outstanding time-based restricted share awards, and (v) accelerated awarding and immediate vesting of performance-based restricted shares with a value of approximately $512,442 pursuant to Mr. Riggins' outstanding performance-based restricted share award agreements and $72,238 in related accrued dividends.

Management Share Ownership Guidelines

The Compensation Committee has established the share ownership guidelines for the Named Executive Officers. The Compensation Committee believes that encouraging the Named Executive Officers to maintain a meaningful ownership interest in the Company relative to their annual base salaries aligns the interest of management with the Company's shareholders and demonstrates to the investment community that the Named Executive Officers are personally committed to the Company's continued financial success. Pursuant to the guidelines, the Compensation Committee recommends that each of the Named Executive Officers should own Common Shares having an aggregate value equal to or greater than the multiple of his base salary as shown in the following table:

Position	Multiple
Chief Executive Officer	5x Base Salary
Chief Financial Officer	3x Base Salary
Chief Operating Officer	3x Base Salary

Restricted shares that remain subject to time vesting issued pursuant to the 1998 Share Option and Incentive Plan, the 2009 Equity Incentive Plan or the 2014 Equity Incentive Plan count toward the suggested share ownership guidelines. Performance-based restricted share awards that have not been earned will not count toward the recommended levels. Each new named executive officer will have five years from the date of such officer's promotion or the date of joining the Company to attain the recommended level of share ownership. Once a named executive officer meets the share ownership guidelines, periodic market declines in the value of the Company's Common Shares will not adversely affect any previous determination by the Board of Trustees that the share

ownership guidelines had been met by the named executive officer. On an annual basis, the Compensation Committee reviews compliance with the guidelines.

Prohibition Against Hedging and Pledging

The Company's insider trading policy prohibits the Company's officers, trustees and employees and their respective family members from, among other prohibited activities, engaging in short-term or speculative transactions in the Company's securities or in other transactions in the Company's securities that may lead to inadvertent violations of insider trading laws. The insider trading policy also prohibits the Company's officers, trustees and employees and their respective family members from engaging in short sales of the Company's securities and transactions in publicly traded options on the Company's securities, such as puts, calls and other derivative securities, on an exchange or in any other market. In addition, the Company's insider trading policy prohibits officers, trustees and employees from purchasing the Company's securities on margin or holding the Company's securities in a margin account or otherwise pledging the Company's securities as collateral for loans.

EXECUTIVE OFFICER COMPENSATION TABLES

Summary Compensation Table

The following table sets forth the information required by Item 402 of Regulation S-K promulgated by the SEC. The amounts shown represent the compensation paid to the Named Executive Officers for the year shown as consideration for services rendered to the Company.

With respect to long-term equity incentive awards, the dollar amounts indicated in the table below under "Share Awards" are the aggregate grant date fair value of awards computed in accordance with Financial Accounting Standards Board's Accounting Standards Codification 718, Compensation - Stock Compensation ("FASB ASC Topic 718"). With respect to performance-based restricted share awards, the dollar value computed is based on the probable outcome of the performance conditions as of the grant date of the award.

Name and Principal Position	Year	Salary	Bonus	Share Awards [1]	Non-Equity Incentive Plan Compensation	All Other Compensation		Total
Michael D. Barnello President and Chief Executive Officer	2016	$831,000	$ —	$2,164,748	$ 1,504,260	$ 508,213	[4]	$5,008,221
	2015	815,000	—	2,084,249	1,388,040	464,351		4,751,640
	2014	815,000	—	2,059,283	1,515,520	532,978		4,922,781
Kenneth G. Fuller [2]	2016	274,359	200,000	536,973	234,884	34,661	[5]	1,280,877
Executive Vice President, Chief Financial Officer, Secretary and Treasurer	2015	—	—	—	—	—		—
	2014	—	—	—	—	—		—
Bruce A. Riggins [3]	2016	450,333	—	807,932	—	952,892	[6]	1,911,157
Executive Vice President, Chief Financial Officer, Secretary and Treasurer	2015	441,292	—	777,927	408,930	138,357		1,766,506
	2014	425,000	—	776,502	451,400	65,964		1,718,866

Alfred L. Young	2016	521,000	—	1,038,536	534,300	202,619	[7] 2,296,455
Executive Vice President and Chief Operating Officer	2015	510,167	—	1,000,550	494,070	188,156	2,192,943
	2014	491,000	—	998,489	544,640	85,752	2,119,881

(1) For more information regarding the Company's assumptions made in the valuation of time-based restricted share awards and performance-based restricted share awards, see note 7 to the financial statements included in the Company's Form 10-K for the period ended December 31, 2016.

The value of performance-based restricted share awards granted in 2016 for Messrs. Barnello, Fuller and Young was $1,317,990, $300,010 and $631,994, respectively, assuming that on the grant date of the awards, the target level of performance was probable and the target value of the awards would be earned. The table below shows the dollar value of performance-based restricted share awards for each of Messrs. Barnello, Fuller and Young assuming that on the grant date of the awards, the highest level of performance was probable and the maximum value of the awards would be earned. The value of the performance-based restricted share awards are dependent on the Company's performance over a three-year period and there is no assurance that the target or maximum value of the awards will be earned.

	Maximum Value of Performance-Based Restricted Share Awards Assuming Highest Performance Level		
	Barnello	Fuller	Young
2016	$2,635,979	$600,020	$1,263,989
2015	2,583,870	—	1,239,928
2014	2,460,004	—	1,191,977

In connection with Mr. Riggins' separation from the Company in April 2016, (i) all of his outstanding time-based restricted shares with an aggregate value of approximately $702,989 vested immediately on May 6, 2016 pursuant to the terms of the several time-based restricted share agreements, and (ii) a pro-rated amount of his outstanding performance-based restricted shares with an aggregate value of approximately $512,442 were earned and immediately vested on May 9, 2016 pursuant to the several performance-based restricted share agreements. All of the time-based restricted share agreements and performance-based restricted share agreements provided for acceleration of vesting; the awards were not modified in connection with the separation. The grant date fair values of these awards have been reported in the Share Awards column of the Company's Summary Compensation Tables for 2012 through 2016. The severance payments made to Mr. Riggins pursuant to his change in control severance agreement or otherwise are described in more detail above under "Departure of Chief Financial Officer."

(2) Mr. Fuller's employment began on April 25, 2016. The amount shown in the "Bonus" column is the one-time signing bonus of $200,000 paid in connection with his appointment in April 2016 and the amount shown in the "Non-Equity Incentive Plan Compensation" column is a pro-rated annual cash incentive bonus for the period from April 25, 2016 to December 31, 2016.

(3) Mr. Riggins' employment ended on April 29, 2016. For more information about Mr. Riggins' separation arrangement with the Company, see "Departure of Chief Financial Officer" above.

(4) "All Other Compensation" consists of (i) $1,629 in Company-paid life insurance premiums, (ii) $3,213 in Company-paid long-term disability insurance premiums, (iii) $10,600 in employer matching contributions to the Company's 401(k), (iv) $25,000 in employer matching charitable contributions, (v) $463,919 in dividends earned on unvested restricted shares, and (vi) $3,852 in Board recommended executive health program.

(5) "All Other Compensation" consists of (i) $344 in Company-paid life insurance premiums, (ii) $6,000 in employer matching contributions to the Company's 401(k), (iii) $15,000 in employer matching charitable contributions, (iv) $9,473 in dividends earned on unvested restricted shares, and (v) $3,844 in Board recommended executive health program.

(6) "All Other Compensation" consists of (i) $203 in Company-paid life insurance premiums, (ii) $10,600 in employer matching contributions to the Company's 401(k), (iii) $59,014 in dividends earned on unvested restricted shares, (iv) $810,837 cash severance payment, and (v) $72,238 in dividends earned on accelerated performance-based restricted shares. The severance payments made to Mr. Riggins pursuant to his change in control severance agreement or otherwise are described in more detail above under "Departure of Chief Financial Officer."

(7) "All Other Compensation" consists of (i) $810 in Company-paid life insurance premiums, (ii) $10,600 in employer matching contributions to the Company's 401(k), (iii) $7,450 in employer matching charitable contributions, (iv) $179,915 in dividends earned on unvested restricted shares, and (v) $3,844 in Board recommended executive health program.

2016 Grants of Plan-Based Awards

The following table sets forth information with respect to plan-based awards granted in 2016 to the Named Executive Officers. The dollar amounts indicated under "Grant Date Fair Value" is the full fair value of each restricted share award computed in accordance with FASB ASC Topic 718, which, with respect to the value of performance-based restricted share awards, is based on the probable outcome of the performance conditions as of the grant date of the award.

Name	Date of Grant	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards (in number of shares)[2]			All Other Share Awards: Number of Shares[3]	Grant Date Fair Value
		Threshold	Target	Maximum	Threshold	Target	Maximum		
Michael D. Barnello									
Annual Cash Incentive Bonus		$0	$1,098,000	$2,196,000					
Time-Based	March 18, 2016							34,964	$878,995
Performance-Based	March 18, 2016				13,107	26,213	52,426		633,920
Performance-Based	March 18, 2016				13,106	26,213	52,426		651,833
Kenneth G. Fuller									
Annual Cash Incentive Bonus		0	171,448	342,896					
Time-Based	April 25, 2016							10,526	249,993
Performance-Based	April 25, 2016				3,158	6,316	12,632		138,933
Performance-Based	April 25, 2016				3,158	6,316	12,632		148,047
Bruce A. Riggins[4]									
Annual Cash Incentive Bonus		0	323,000	646,000					
Time-Based	March 18, 2016							13,007	326,996
Performance-Based	March 18, 2016				4,902	9,805	19,610		237,119
Performance-Based	March 18, 2016				4,903	9,805	19,610		243,818
Alfred L. Young									
Annual Cash Incentive Bonus		0	390,000	780,000					
Time-Based	March 18, 2016							16,786	422,000
Performance-Based	March 18, 2016				6,284	12,569	25,138		303,962
Performance-Based	March 18, 2016				6,285	12,570	25,140		312,574

(1) For the year ended December 31, 2016, the Compensation Committee approved annual cash incentive bonuses for Messrs. Barnello, Fuller and Young of $1,504,260, $234,884 and $534,300, respectively. Mr. Fuller's annual cash incentive bonus was pro-rated for the period from April 25, 2016 to December 31, 2016.

(2) One-half of the actual amount of the award will be determined on January 1, 2019 and will depend on the Return on Invested Capital of the Company and the total return of the Company's Common Shares over a three-year period beginning with the closing price of the Company's Common Shares on December 31, 2015, and ending with the closing price of the Company's Common Shares on December 31, 2018. One-half of the actual amount of the award will be determined on July 1, 2019 and will depend on the Return on Invested Capital of the Company and the total return of the Company's Common Shares over a three-year period beginning with the closing price of the Company's Common Shares on June 30, 2016, and ending with the closing price of the Company's Common Shares on June 30, 2019. For more information regarding the performance criteria for these awards, see "Executive Officer Compensation—Compensation Discussion and Analysis—Components and Criteria of Executive Compensation—Long-Term Equity Incentive Awards."

(3) These shares will vest annually in three equal installments beginning January 1, 2017. For additional information, see "Executive Officer Compensation—Compensation Discussion and Analysis—Components and Criteria of Executive Compensation—Long-Term Equity Incentive Awards."

(4) Pursuant to the terms and conditions of his change in control severance agreement and the several time-based and performance-based restricted share award agreements, Mr. Riggins received a severance package from the Company, including (i) a pro-rated annual cash incentive bonus for January 1, 2016 through April 29, 2016 of $143,935, and (ii) the awarding and/or vesting of restricted shares pursuant to Mr. Riggins' several time-based and performance-based restricted share agreements. The severance payments made to Mr. Riggins pursuant to his change in control severance agreement or otherwise are described in more detail above under "Departure of Chief Financial Officer."

2016 Share Options and Share Vesting

The Company has not granted share option awards to any of the executive officers since 2001 or any of the trustees since 2002. All share options previously issued have vested and have been exercised. The Named Executive Officers did not exercise any options during 2016. The following table sets forth information with respect to the vesting of restricted shares by the Named Executive Officers during 2016:

			Option Awards		Share Awards	
Name	Vesting Date	Closing Market Price	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Michael D. Barnello	January 1, 2016	$ 25.16	—	$ —	51,931	$ 1,306,584
	February 29, 2016	$ 24.35	—	—	19,828	482,812
	August 8, 2016	$ 27.77	—	—	28,838	800,831
Bruce A. Riggins	January 1, 2016	$ 25.16	—	—	18,867	474,694
	February 29, 2016	$ 24.35	—	—	7,483	182,211
	May 6, 2016	$ 24.55 (1)	—	—	28,635	702,989
	May 9, 2016	$ 24.77 (2)	—	—	20,688	512,442
Alfred L. Young	January 1, 2016	$ 25.16	—	—	24,947	627,667
	February 29, 2016	$ 24.35	—	—	9,615	234,125
	August 8, 2016	$ 27.77	—	—	13,986	388,391

(1) Represents the vesting of outstanding time-based restricted shares in accordance with the applicable award agreements in connection with Mr. Riggins' separation from the Company in April 2016. The severance payments made to Mr. Riggins pursuant to his change in control severance agreement or otherwise are described in more detail above under "Departure of Chief Financial Officer."

(2) Represents the awarding and immediate vesting of outstanding performance-based restricted shares in accordance with the applicable award agreements in connection with Mr. Riggins' separation from the Company in April 2016. The severance payments made to Mr. Riggins pursuant to his change in control severance agreement or otherwise are described in more detail above under "Departure of Chief Financial Officer."

Outstanding Equity Awards at Fiscal Year-End 2016

The following table sets forth information with respect to outstanding equity awards held by the Named Executive Officers as of December 31, 2016. No option awards were outstanding for the Named Executive Officers as of December 31, 2016. The aggregate dollar values indicated in the table below for equity incentive plan awards are the market or payout values and not the FASB ASC Topic 718 values or the compensation expense recognized by the Company on its financial statements for fiscal year 2016 with respect to its long-term equity incentive plan awards. In addition, the number of unearned shares that have not vested for the equity incentive plan awards are the threshold amounts or target amounts, as applicable, that may be earned pursuant to the awards. For more information regarding the threshold, target and maximum amounts with respect to plan-based restricted share awards granted in 2016, see "—2016 Grants of Plan-Based Awards."

	Share Awards			
Name	Number of Shares That Have Not Vested [3]	Market Value of Shares That Have Not Vested [1]	Equity Incentive Plan Awards: Number of Unearned Shares or Other Rights That Have Not Vested (Unearned Performance-Based Restricted Shares)[4]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Other Rights That Have Not Vested (Unearned Performance-Based Restricted Shares)[2]
Michael D. Barnello	128,492	$3,915,151	96,836	$ 2,950,593
Kenneth G. Fuller	10,526	320,727	6,316	192,449
Alfred L. Young	37,293	1,136,318	34,599	1,054,232

(1) Based on the Company's Common Share closing price of $30.47 on December 30, 2016.

(2) Based on the Company's Common Share closing price of $30.47 on December 30, 2016 and assumes that the Named Executive Officers earn the threshold amounts or target amounts, as applicable, of performance-based restricted share awards. See footnote 4 below.

(3) The following table summarizes the portion of restricted share awards (time-based restricted shares and earned performance-based restricted shares) that remain unvested as of December 31, 2016. The table also provides information about the applicable vesting periods.

		Number of Restricted Shares Granted to Named Executive Officers			
Grant Date	Closing Market Price	Michael D. Barnello	Kenneth G. Fuller	Alfred L. Young	Common Shares Vesting Periods
May 31, 2008	$ 32.82	50,000	—	—	50,000 shares vest on June 30, 2017
January 26, 2012	$ 27.06	20,144	—	9,232	Awards vest in three equal periods beginning on January 1, 2015; Shares shown vest on January 1, 2017
March 20, 2014	$ 31.82	8,590	—	4,169	Awards vest in three equal periods beginning on January 1, 2015; Shares shown vest on January 1, 2017
March 19, 2015	$ 38.84	14,794	—	7,106	Awards vest in three equal periods beginning on January 1, 2016; Shares shown vest in equal installments on January 1, 2017 and 2018

March 18, 2016	$ 25.14	34,964	—	16,786	Awards vest in three equal periods beginning on January 1, 2017; Shares shown vest in equal installments on January 1, 2017, 2018 and 2019
April 25, 2016	$ 23.75	—	10,526	—	Award vests in three equal periods beginning on January 1, 2017; Shares shown vest in equal installments on January 1, 2017, 2018 and 2019

The following table summarizes the performance-based restricted share awards (at target amounts for awards in 2014 (January tranche) and at threshold amounts for awards in 2008, 2014 (July tranche), 2015 and 2016) for which a portion of the Common Shares remain unearned as of December 31, 2016. The table also provides information about the applicable vesting periods, assuming the performance-based restricted shares are earned at the conclusion of the applicable measuring period. (4)

		Number of Performance-Based Restricted Shares Granted to Named Executive Officers			
Grant Date	Closing Market Price	Michael D. Barnello	Kenneth G. Fuller	Alfred L. Young	Vesting Periods
May 31, 2008	$32.82	25,000	—	—	25,000 shares immediately vest, if earned, on July 1, 2017
March 20, 2014	$31.82	19,327	—	9,365	Common Shares immediately vest, if earned, on January 1, 2017
March 20, 2014	$31.82	9,664	—	4,683	Common Shares immediately vest, if earned, on July 1, 2017
March 19, 2015	$38.84	8,316	—	3,991	Common Shares immediately vest, if earned, on January 1, 2018
March 19, 2015	$38.84	8,316	—	3,991	Common Shares immediately vest, if earned, on July 1, 2018
March 18, 2016	$25.14	13,107	—	6,284	Common Shares immediately vest, if earned, on January 1, 2019
March 18, 2016	$25.14	13,106	—	6,285	Common Shares immediately vest, if earned, on July 1, 2019
April 25, 2016	$23.75	—	3,158	—	Common Shares immediately vest, if earned, on January 1, 2019
April 25, 2016	$23.75	—	3,158	—	Common Shares immediately vest, if earned, on July 1, 2019

Equity Compensation Plan Information

The following table summarizes information, as of December 31, 2016, relating to equity compensation plans of the Company pursuant to which grants of options, restricted shares, restricted share units or other rights to acquire shares may be granted from time to time.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders[1]	109,283 [2]	None [3]	2,599,920 [4]
Equity compensation plans not approved by security holders	None	None	None
Total	109,283	None	2,599,920

(1) The 2009 Equity Incentive Plan and the 2014 Equity Incentive Plan.

(2) 109,283 Deferred Common Shares.

(3) Deferred Common Shares have no exercise price.

(4) Of the remaining number of securities available for future issuance under the equity compensation plans, 214,770 shares are reserved for future issuance under the 2009 Equity Incentive Plan for outstanding performance-based restricted share awards in accordance with the terms of the applicable award agreements, 278,844 shares are reserved for future issuance under the 2014 Equity Incentive Plan for outstanding performance-based restricted share awards in accordance with the terms of the applicable award agreements and 2,385,150 shares are available for future issuance under the 2014 Equity Incentive Plan.

43

SEVERANCE AGREEMENTS, EQUITY AWARD VESTING AND OTHER TERMINATION POLICIES

Severance Agreements

The Company previously entered into an agreement with each of its Named Executive Officers to provide benefits to each in the event his employment is terminated in certain circumstances. The Compensation Committee believes that such severance agreements are in the best interests of the Company and its shareholders to ensure the continued employment and dedication of the Named Executive Officers by diminishing the inevitable distraction of such employees created by the personal uncertainties and risks associated with a potential change in control. Providing critical employees with defined compensation and benefits arrangements upon a change in control may help ensure that such employees' compensation and benefits expectations will be satisfied. The Compensation Committee also believes that these arrangements are important as a recruitment and retention device and that many companies with which the Company competes for executive talent have customarily had similar arrangements in place for their senior employees.

The Compensation Committee reviews the terms of the severance agreements annually. As described in more detail below, because each Named Executive Officer's severance payment is derived from his annual base salary and other annual incentive compensation, the effect on severance payments is one of the factors considered by the Compensation Committee when annually reviewing the Named Executive Officer's total compensation and severance agreement terms. The terms of Mr. Riggins' severance agreement are not described below as his agreement terminated in April 2016. The payments made to him pursuant to the agreement or otherwise are described above under "Departure of Chief Financial Officer."

Severance Agreement of Mr. Barnello

Mr. Barnello's amended and restated change in control severance agreement became effective on October 19, 2009 for an initial term of three years; provided, however, that each term is automatically extended at the end of such term for a successive one-year term unless, not less than six months prior to the termination of the then existing term, the Board of Trustees provides notice to Mr. Barnello of its intent not to extend the term further. Mr. Barnello may terminate the agreement prior to the expiration of the term as described below.

Termination in Connection with a Change in Control

Upon 30 days' prior written notice to the Company, Mr. Barnello may terminate his employment for "good reason." The agreement provides that upon the termination of Mr. Barnello either by the Company without "cause" or by Mr. Barnello for "good reason" within one year of a change in control of the Company, Mr. Barnello will be entitled to the following severance payments and benefits:

- annual base salary, annual cash incentive bonus and accrued vacation time earned but not paid to the date of termination;
- a lump sum cash payment equal to the product of three times the sum of (x) Mr. Barnello's then current annual base salary, plus (y) the average of the annual cash incentive bonuses paid to Mr. Barnello with respect to the three most recent fiscal years ending before the date of termination; and
- such other or additional benefits, if any, as are provided under applicable plans, programs and/or arrangements of the Company (including accelerated vesting of equity awards as discussed below under "—Vesting of Long-Term Equity Incentive Awards").

Termination without Cause

If Mr. Barnello is terminated without "cause" and not in connection with or within one year of a change in control of the Company, Mr. Barnello will be entitled to the following severance payments and benefits:

- annual base salary, annual cash incentive bonus and accrued vacation time earned but not paid to the date of termination;
- a lump sum cash payment equal to the sum of (x) Mr. Barnello's then current annual base salary, plus (y) the average of the annual cash incentive bonuses paid to Mr. Barnello with respect to the three most recent fiscal years ending before the date of termination; and
- such other or additional benefits, if any, as are provided under applicable plans, programs and/or arrangements of the Company (including accelerated vesting of equity awards as discussed below under "—Vesting of Long-Term Equity Incentive Awards").

Termination with Cause or without Good Reason

If Mr. Barnello is terminated with "cause" or if Mr. Barnello voluntarily terminates his employment without "good reason," Mr. Barnello will be entitled to the following severance payments and benefits:

- annual base salary, annual cash incentive bonus and accrued vacation time earned but not paid to the date of termination; and
- such other or additional benefits, if any, as are provided under applicable plans, programs and/or arrangements of the Company.

Severance Agreement of Mr. Young

The change in control severance agreement entered into by Mr. Young became effective on November 3, 2009, for an initial term of three years; provided, however, that the term is automatically extended at the end of such term for a successive one-year term unless, not less than six months prior to the termination of the then existing term, the Board of Trustees provides notice to Mr. Young of its intent not to extend the term further. Mr. Young may terminate the agreement prior to the expiration of the term as described below.

Termination in Connection with a Change in Control

Upon 30 days' prior written notice to the Company, Mr. Young may terminate his employment for "good reason." The agreement provides that upon the termination of Mr. Young either by the Company without "cause" or by Mr. Young for "good reason" within one year of a change in control of the Company, Mr. Young will be entitled to the following severance payments and benefits:

- annual base salary, annual cash incentive bonus and accrued vacation time earned but not paid to the date of termination;
- a lump sum cash payment equal to the product of two times the sum of (x) Mr. Young's then current annual base salary, plus (y) the average of the annual cash incentive bonuses paid to Mr. Young with respect to the three most recent fiscal years ending before the date of termination; and
- such other or additional benefits, if any, as are provided under applicable plans, programs and/or arrangements of the Company (including accelerated vesting of equity awards as discussed below under "—Vesting of Long-Term Equity Incentive Awards").

Termination without Cause

If Mr. Young is terminated without "cause" and not in connection with or within one year of a change in control of the Company, Mr. Young will be entitled to the following severance payments and benefits:

- annual base salary, annual cash incentive bonus and accrued vacation time earned but not paid to the date of termination;
- a lump sum cash payment equal to the sum of (x) Mr. Young's then current annual base salary, plus (y) one half of the average of the annual cash incentive bonuses paid to Mr. Young with respect to the three most recent fiscal years ending before the date of termination; and
- such other or additional benefits, if any, as are provided under applicable plans, programs and/or arrangements of the Company (including accelerated vesting of equity awards as discussed below under "—Vesting of Long-Term Equity Incentive Awards").

Termination with Cause or without Good Reason

If Mr. Young is terminated with "cause" or Mr. Young voluntarily terminates his employment without "good reason," Mr. Young will be entitled to the following severance payments and benefits:

- his annual base salary, annual cash incentive bonus and accrued vacation time earned but not paid to the date of termination; and
- such other or additional benefits, if any, as are provided under applicable plans, programs and/or arrangements of the Company.

Severance Agreement of Mr. Fuller

Mr. Fuller's change in control severance agreement became effective on April 25, 2016. The terms and conditions of Mr. Fuller's agreement are the same as those for Mr. Young described above, except that Mr. Fuller's agreement does not include the provision providing for the tax gross-up payment described below.

Other Key Severance Agreement Terms

As a condition of any severance payment and related benefits described above, each of Messrs. Barnello, Fuller and Young has agreed to a general release of any and all claims relating to the Named Executive Officer's employment. In addition, each has agreed, for a one-year period, not to solicit, hire or recruit employees or trustees of the Company either directly or indirectly for his own account or for another party.

Under the terms of each of their severance agreements, Messrs. Barnello and Young are entitled to a tax gross-up payment under certain conditions in the event that their employment is terminated in connection with a change in control. The tax gross-up payment reinforces the purpose of the severance agreements, which is to incentivize critical employees to remain at the Company by providing them with a guaranteed level of financial protection upon loss of employment and alleviating their concerns about their own continued employment prior to or following a change in control. The Company has adopted a policy that it will not enter into an agreement with a new executive officer that includes a tax gross-up provision with respect to payments contingent upon a change in control.

Below are a list of terms and their meanings as defined in each Named Executive Officer's severance agreement:

- "Cause" shall mean that the Board concludes, in good faith and after reasonable investigation, that:
  - the Named Executive Officer is accused of engaging in conduct which is a felony under the laws of the United States or any state or political subdivision thereof;
  - the Named Executive Officer Executive engaged in conduct relating to the Company constituting material breach of fiduciary duty, willful misconduct (including acts of employment discrimination or sexual harassment) or fraud;
  - the Named Executive Officer breached the non-solicitation covenant contained in his severance agreement in any material respect; or
  - the Named Executive Officer materially failed to follow a proper directive of the Board (or, with respect to Messrs. Young and Fuller, the Chief Executive Officer) of the Company within the scope of the Named Executive Officer's duties (which shall be capable of being performed by the Named Executive Officer with reasonable effort) after written notice from the Board (or, with respect to Messrs. Young and Fuller, the Chief Executive Officer) specifying the performance required and the Named Executive Officer's failure to perform within 30 days after such notice. No act, or failure to act, on the Named Executive Officer's part shall be deemed "willful" unless done, or omitted to be done, by the Named Executive Officer not in good faith or if the result thereof would be unethical or illegal.
- "Change in Control" shall mean a change in control of the Company which will be deemed to have occurred after the date hereof if:
  - any "person" as such term is used in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof except that such term shall not include (A) the Company or any of its subsidiaries, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its affiliates, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, (D) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of the Company's Common Shares, or (E) any person or group as used in Rule 13d-1(b) under the Exchange Act, is or becomes the Beneficial Owner, as such term is defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power or Common Shares of the Company;
  - during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, and any new trustee (other than (A) a trustee designated by a person who has entered into an agreement with the Company to effect a transaction described in these bullets or (B) a trustee whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of trustees of the Company) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the trustees then still in office who either were trustees at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, more than 50% of the combined voting power and Common Shares of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction having a similar effect) other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, more than 50% of the combined voting power and Common Shares of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Common Shares of the Company immediately prior to such sale.

- "Good Reason" shall mean the occurrence, without the Named Executive Officer's prior written consent, of any of the following in connection with or within one year after a Change in Control:

any material reduction of the Named Executive Officer's base salary or target bonus as a percentage of base salary;

any material adverse change in the Named Executive Officer's duties or responsibilities, including assignment of duties inconsistent with his position, significant adverse alteration of the nature or status of responsibilities or the conditions of employment or any material diminution in authority, duties, or responsibilities, including, without limitation, any such material adverse change that results from a transaction pursuant to which the Company ceases to be a public reporting lodging REIT;

a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Named Executive Officer is required to report including, without limitation, any material diminution that results from a transaction pursuant to which the Company ceases to be a public reporting lodging REIT; and

the relocation of the Named Executive Officer's principal place of performance outside of the Washington, D.C. metropolitan area.

Vesting of Long-Term Equity Incentive Awards

The terms of the time-based restricted share award agreements granted to the Named Executive Officers generally provide that:

- Upon a change in control of the Company, the unvested shares vest.
- Upon termination of the Named Executive Officer's employment with the Company by the Company without cause, the unvested shares vest.
- Upon termination of the Named Executive Officer's employment with the Company because of the Named Executive Officer's death or disability, the unvested shares vest.

- Upon termination of the Named Executive Officer's employment with the Company by the Company for cause, the unvested shares are forfeited.

The time-based restricted share award agreements do not provide, in the absence of a change in control of the Company, for acceleration of the unvested shares in the event the Named Executive Officer terminates his employment with the Company, for any reason other than death, disability or, under certain conditions, retirement.

The terms of the performance-based restricted share award agreements granted to the Named Executive Officers generally provide that:

- In the event of a Named Executive Officer's death or disability during the "earning" period of the award agreement (which is generally a designated three-year period specified at the time the award is granted), his performance-based restricted share awards will be measured early, as of the date of death or disability (with the measuring period and cumulative return goals reduced accordingly), and all earned shares and deferred dividends thereon will vest immediately and be paid promptly thereafter, except that the number of shares subject to the award will be reduced pro rata, based on the amount of time elapsed in the measuring period compared to the full, original measuring period.
- In the event of a change in control in the Company during the earning period of the award agreement, the award will be measured as of the date of the change in control (with the measuring period and cumulative return goals reduced accordingly) and all earned shares and deferred dividends thereon will vest immediately and be paid promptly thereafter. The amount of the awards will not be pro rated as in the case of death or disability.
- In the event the Company terminates a Named Executive Officer's employment with the Company for cause, or the Named Executive Officer terminates his employment with the Company without good reason, all unearned or unvested shares under the award agreement are forfeited.
- In the event that the Company terminates a Named Executive Officer's employment with the Company without cause, or a Named Executive Officer terminates his employment with the Company for good reason, the performance-award will be measured early, as of the date of termination (with the measuring period and cumulative return goals reduced accordingly), and all earned shares and deferred dividends thereon shall vest immediately and be paid promptly thereafter, except that the number of shares subject to the award will be reduced pro rata, based on the amount of time elapsed in the measuring period compared to the full, original measuring period.

For purposes of the time-based and performance-based restricted share award agreements, the definitions of "cause," "good reason" and "change in control" are similar but not identical to the definitions contained in the severance agreements of the Named Executive Officers. For example, the definition of "good reason" for purposes of the award agreements does not include any requirement of a change in control. In addition, the definition of "change in control" for purposes of the award agreements includes mergers and consolidations where the outstanding securities of the Company represent less than 75% of the combined voting power of the Company or surviving entity after the merger or consolidation and includes a sale of substantially all of the assets of the Company to an entity in which the Company's shareholders own less than 75% of the combined voting power in substantially the same proportions as their Company ownership before the sale.

Retirement Policy

Since January 2007, the Company has had a retirement policy for Named Executive Officers. The policy is designed to reward years of dedication and service to the Company. Under the policy, all previously-granted equity awards to a Named Executive Officer who is at least 60 years old and who has served the Company at least 20 years

will immediately vest. Performance-based awards will be measured as of the retirement date (with the measuring period and cumulative return goals reduced accordingly).
None of the Company's Named Executive Officers has met the age or service requirements to be eligible for benefits under this policy.

CHANGE OF CONTROL AND TERMINATION PAYMENT TABLES

The tables on the following pages indicate the cash amounts, accelerated vesting and other payments and benefits that the Named Executive Officers would be entitled to under various circumstances pursuant to the terms of the 1998 Share Option and Incentive Plan, the 2009 Equity Incentive Plan, the 2014 Equity Incentive Plan, the agreements governing awards made under the 1998 Share Option and Incentive Plan, the 2009 Equity Incentive Plan and the 2014 Equity Incentive Plan, the change in control severance agreements of the Named Executive Officers and the Company's retirement policies. In all cases, each Named Executive Officer is entitled to a cash payment consisting of his salary, bonus and cash equivalent of vacation time earned but not paid as of the termination date. Each of the following tables assumes that the change in control or separation, as applicable, occurred on December 31, 2016.

Michael D. Barnello—President and Chief Executive Officer

Payments Upon Termination Without Change in Control

	Termination by Company With Cause	Termination by Company Without Cause	Termination by Employee With Good Reason	Termination by Employee Without Good Reason
Cash Payment	$ 0	$2,285,587	$0	$ 0
Cash Payment for Time-Based Restricted Shares	0	3,915,151	0	0
Cash Payment for Performance-Based Restricted Shares	0	3,999,561	3,999,561	0
Dividends Awarded on Restricted Shares[1]	0	520,128	520,128	0
Excise Tax Gross-Up Payments	0	0	0	0
TOTAL	$ 0	$10,720,427	$4,519,689	$ 0

(1) Dividends are awarded only with respect to the earned performance-based restricted shares.

Payments Upon Change in Control and Termination With Change in Control

	Accelerated Vesting Upon a Change in Control	Termination by Company With Cause	Termination by Company Without Cause	Termination by Employee With Good Reason	Termination by Employee Without Good Reason
Cash Payment	$0	$ 0	$6,856,760	$6,856,760	$ 0
Cash Payment for Time-Based Restricted Shares	3,915,151	0	3,915,151	3,915,151	0
Cash Payment for Performance-Based Restricted Shares	6,896,776	0	6,896,776	6,896,776	0
Dividends Awarded on Restricted Shares[1]	745,144	0	745,144	745,144	0
Excise Tax Gross-Up Payments[2]	0	0	0	0	0
TOTAL	$11,557,071	$ 0	$18,413,831	$18,413,831	$ 0

(1) Dividends are awarded only with respect to the earned performance-based restricted shares.

(2) Represents a payment by the Company to each Named Executive Officer in an amount equal to the federal excise tax on qualifying termination compensation plus all federal, state and local income taxes payable with respect to the excise tax payment.

Payments With or Without Change in Control

	Death[1]	Disability	Retirement
Cash Payment	$0	$0	$ 0
Cash Payment for Time-Based Restricted Shares	3,915,151	3,915,151	0
Cash Payment for Performance-Based Restricted Shares	3,999,561	3,999,561	0
Dividends Awarded on Restricted Shares[2]	520,128	520,128	0
Excise Tax Gross-Up Payments	0	0	0
TOTAL	$8,434,840	$8,434,840	$ 0

(1) Each Named Executive Officer receives benefits per life insurance policies and disability policies.
(2) Dividends are awarded only with respect to the earned performance-based restricted shares.

Kenneth G. Fuller —Executive Vice President, Chief Financial Officer, Secretary and Treasurer

Payments Upon Termination Without Change in Control

	Termination by Company With Cause	Termination by Company Without Cause	Termination by Employee With Good Reason	Termination by Employee Without Good Reason
Cash Payment	$ 0	$525,000	$ 0	$ 0
Cash Payment for Time-Based Restricted Shares	0	320,727	0	0
Cash Payment for Performance-Based Restricted Shares	0	171,921	171,921	0
Dividends Awarded on Restricted Shares[1]	0	10,156	10,156	0
TOTAL	$ 0	$1,027,804	$ 182,077	$ 0

(1) Dividends are awarded only with respect to the earned performance-based restricted shares.

Payments Upon Change in Control and Termination With Change in Control

	Accelerated Vesting Upon a Change in Control	Termination by Company With Cause	Termination by Company Without Cause	Termination by Employee With Good Reason	Termination by Employee Without Good Reason
Cash Payment	$0	$ 0	$1,300,000	$1,300,000	$ 0
Cash Payment for Time-Based Restricted Shares	320,727	0	320,727	320,727	0
Cash Payment for Performance-Based Restricted Shares	692,815	0	692,815	692,815	0
Dividends Awarded on Restricted Shares(1)	40,928	0	40,928	40,928	0
TOTAL	$1,054,470	$ 0	$2,354,470	$2,354,470	$ 0

(1) Dividends are awarded only with respect to the earned performance-based restricted shares.

Payments With or Without Change in Control

	Death[1]	Disability	Retirement
Cash Payment	$0	$0	$ 0
Cash Payment for Time-Based Restricted Shares	320,727	320,727	0
Cash Payment for Performance-Based Restricted Shares	171,921	171,921	0
Dividends Awarded on Restricted Shares[2]	10,156	10,156	0
TOTAL	$502,804	$502,804	$ 0

(1) Each Named Executive Officer receives benefits per life insurance policies and disability policies.

(2) Dividends are awarded only with respect to the earned performance-based restricted shares.

Alfred L. Young—Executive Vice President and Chief Operating Officer

Payments Upon Termination Without Change in Control

	Termination by Company With Cause	Termination by Company Without Cause	Termination by Employee With Good Reason	Termination by Employee Without Good Reason
Cash Payment	$ 0	$781,656	$0	$ 0
Cash Payment for Time-based Restricted Shares	0	1,136,318	0	0
Cash Payment for Performance-based Restricted Shares	0	1,249,165	1,249,165	0
Dividends Awarded on Restricted Shares[1]	0	155,735	155,735	0
Excise Tax Gross-Up Payments	0	0	0	0
TOTAL	$ 0	$3,322,874	$1,404,900	$ 0

(1) Dividends are awarded only with respect to the earned performance-based restricted shares.

Payments Upon a Change in Control and Termination With Change in Control

	Accelerated Vesting	Termination by	Termination by	Termination by	Termination by

	Upon a Change in Control	Company With Cause	Company Without Cause	Employee With Good Reason	Employee Without Good Reason
Cash Payment	$0	$ 0	$2,084,623	$2,084,623	$ 0
Cash Payment for Time-based Restricted Shares	1,136,318	0	1,136,318	1,136,318	0
Cash Payment for Performance-based Restricted Shares	2,503,973	0	2,503,973	2,503,973	0
Dividends Awarded on Restricted Shares[1]	244,780	0	244,780	244,780	0
Excise Tax Gross-Up Payments[2]	0	0	1,943,815	1,943,815	0
TOTAL	$3,885,071	$ 0	$7,913,509	$7,913,509	$ 0

(1) Dividends are awarded only with respect to the earned performance-based restricted shares.
(2) Represents a payment by the Company to each Named Executive Officer in an amount equal to the federal excise tax on qualifying termination compensation plus all federal, state and local income taxes payable with respect to the excise tax payment.

Payments With or Without Change in Control

	Death[1]	Disability	Retirement
Cash Payment	$0	$0	$ 0
Cash Payment for Time-based Restricted Shares	1,136,318	1,136,318	0
Cash Payment for Performance-based Restricted Shares	1,249,165	1,249,165	0
Dividends Awarded on Restricted Shares[2]	155,735	155,735	0
Excise Tax Gross-Up Payments	0	0	0
TOTAL	$2,541,218	$2,541,218	$ 0

(1) Each Named Executive Officer receives benefits per life insurance policies and disability policies.
(2) Dividends are awarded only with respect to the earned performance-based restricted shares.

CASH STAY BONUS FOLLOWING A CHANGE IN CONTROL

If a Named Executive Officer remains employed by the Company on the first anniversary of a change in control event, the Named Executive Officer is entitled to receive a lump sum cash stay bonus. For Mr. Barnello, the cash stay bonus is equal to the sum of Mr. Barnello's base salary plus the average of the annual cash bonuses paid to Mr. Barnello with respect to the three most recent fiscal years. As of December 31, 2016, based on Mr. Barnello's 2016 base salary and his average annual cash incentive bonus paid for 2013, 2014 and 2015, Mr. Barnello's cash stay bonus would be equal to $2,285,587.

For Mr. Fuller, the cash stay bonus is equal to one half of the sum of (x) his annualized base salary, plus (y) the target amount of his annual cash incentive bonus for 2016. As of December 31, 2016, based on Mr. Fuller's annualized 2016 base salary and his target annual cash incentive bonus for 2016, Mr. Fuller's cash stay bonus would equal $325,000.

For Mr. Young, the cash stay bonus is equal to one half of the sum of (x) his base salary, plus (y) the average of the annual cash incentive bonuses paid to Mr. Young with respect to the three most recent fiscal years. As of December 31, 2016, based on Mr. Young's 2016 base salary and his average annual cash incentive bonus paid for 2013, 2014 and 2015, Mr. Young's cash stay bonus would be equal to $521,156.

PROPOSAL 3:
ADVISORY (NON-BINDING) VOTE
ON EXECUTIVE COMPENSATION

Section 14A(a)(1) of the Exchange Act generally requires each public company to include in its proxy statement a separate resolution subject to a non-binding shareholder vote to approve the compensation of the company's named executive officers, as disclosed in its proxy statement pursuant to Item 402 of Regulation S-K, not less frequently than once every three years. This is commonly known as a "say-on-pay" proposal or resolution.

Accordingly, the Company is presenting the following proposal, which gives you as a shareholder the opportunity to endorse or not endorse the Company's executive compensation program for the Named Executive Officers by voting for or against the following resolution.

"—RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Company's Proxy Statement for the 2017 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the other related disclosure."

While this vote is advisory and not binding on the Company, it will provide information to the Company and the Compensation Committee regarding shareholder sentiment about the Company's executive compensation philosophy, policies and practices, which the Compensation Committee will be able to consider when determining executive compensation for the remainder of 2017 and beyond.

As described in detail under the heading "Executive Officer Compensation" above, the Company seeks to closely align the interests of its executive officers with the interests of its shareholders. The Company's compensation programs are designed to reward the executive officers for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total shareholder return, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. Following is a summary of some of the primary components and rationale of the Company's compensation philosophy.

Compensation should reinforce business objectives and Company values. The Company strives to provide a rewarding and professionally challenging work environment for its executive officers. The Company believes that executive officers who are motivated and challenged by their duties are more likely to achieve the individual and corporate performance goals designed by the Compensation Committee. The Company's executive compensation package should reflect this work environment and performance expectations. Key executive officers should be retained. The primary purpose of the Company's executive compensation program has been and is to achieve the Company's business objectives by attracting, retaining and motivating talented executive officers by providing incentives and economic security.

Compensation should align interests of executive officers with shareholders. The Company's executive compensation is designed to reward favorable total shareholder returns, both in an absolute amount and relative to peers of the Company, taking into consideration the Company's competitive position within the real estate industry and each executive's long-term career contributions to the Company.

A significant amount of compensation for top executive officers should be based on performance. Performance-based pay aligns the interest of management with the Company's shareholders. Performance-based compensation motivates and rewards individual efforts and Company success. Approximately 50% to 60% of the executive officer's targeted compensation is linked to individual or company performance.

Compensation should be competitive. To attract and reduce the risk of losing the services of valuable managers but avoid the expense of excessive pay, compensation should be competitive. The Compensation Committee, with the help of outside advisors, assesses the competitiveness of the Company's compensation to its executive officers by comparison to compensation of executive officers at other public companies. The Compensation Committee has regularly retained the services of Willis Towers Watson, an independent human

resources and compensation consulting firm, to report on current market trends and provide market data for the compensation of the Named Executive Officers.

Share ownership guidelines align interests of executive officers with shareholders. The Compensation Committee has established share ownership guidelines for the Named Executive Officers. The Compensation Committee believes that requiring the executive officers to maintain a meaningful ownership interest in the Company relative to their annual base salaries encourages the executive officers to act in a manner that creates value for the Company's shareholders.

The Board of Trustees recommends a vote FOR the approval of the compensation of the Company's Names Executive Officers as disclosed in this Proxy Statement.

PROPOSAL 4:
ADVISORY (NON-BINDING) VOTE
ON THE FREQUENCY OF EXECUTIVE COMPENSATION VOTES

In addition to the advisory approval of the Company's executive compensation program, the Company is also presenting the following proposal, which gives you as a shareholder the opportunity to inform the Company as to how often you wish the Company to include a proposal, similar to Proposal 3, in the Company's proxy statement. While the Company's Board of Trustees intends to carefully consider the shareholder vote resulting from the proposal, the final vote will not be binding on the Company and is advisory in nature.

"—RESOLVED, that the shareholders determine, on an advisory basis, whether the preferred frequency of an advisory vote on the executive compensation of the Company's Named Executive Officers as set forth in the Company's Proxy Statement for the 2017 Annual meeting of Shareholders should be every year, every two years, or every three years."

The Board of Trustees believes that the Company's current executive compensation program directly links executive compensation to the Company's financial performance and aligns the interests of its executive officers with those of its shareholders. The Board of Trustees has determined that an advisory vote on executive compensation every year is the best approach for the Company based on a number of considerations, including the following:

- annual votes will allow shareholders to provide the Company with their direct input on the compensation philosophy, policies and practices as disclosed in the proxy statement every year;
- annual votes are consistent with Company policies of engaging in discussions with the Company's shareholders on corporate governance matters and executive compensation philosophy, policies and practices; and
- less frequent votes could allow an unpopular pay practice to continue too long without timely feedback.

The Board of Trustees believes that giving its shareholders the right to cast an advisory vote every year on the Company's executive compensation program is a good corporate governance practice and is in the best interests of its shareholders.

The Board of Trustees recommends a vote FOR the option of once every year (box "1 year" on the proxy card) as the preferred frequency for advisory votes on executive compensation.

PRINCIPAL AND MANAGEMENT SHAREHOLDERS

The following table sets forth the beneficial ownership of Common Shares for (i) each shareholder of the Company that is known to the Company to be the beneficial owner of more than 5.0% of the Company's Common Shares based upon filings made with the SEC, (ii) each Named Executive Officer of the Company and (iii) the trustees and the Named Executive Officers of the Company as a group. Beneficial ownership of the Named Executive Officers, and the Named Executive Officers and the trustees as a group is reported below as of March 10, 2017. Beneficial ownership for the 5.0% or greater holders of the Company's Common Shares is reported below as of December 31, 2016. None of the Named Executive Officers has pledged any of their Common Shares as collateral. Share ownership of the trustees of the Company appears under the heading "Information Regarding the Nominees" on page 4 of this Proxy Statement.

	Common Shares Beneficially Owned[1]	
Name of Beneficial Owner	Number	Percent of Total
BlackRock, Inc.[2]	13,734,932	12.10
LaSalle Investment Management Securities, LLC[3]	5,979,062	5.29
The Vanguard Group — 23-1945930[4]	17,857,535	15.79
Vanguard Specialized Funds — Vanguard REIT Index Fund — 23-2834924[5]	8,585,513	7.59
Wellington Management Group LLP/Wellington Group Holdings LLP/Wellington Investment Advisors Holdings LLP/Wellington Management Company	9,183,366	8.12

LLP[6]		
Michael D. Barnello[7]	129,672	*
Kenneth G. Fuller[7]	9,048	*
Alfred L. Young[7]	93,498	*
All trustees and the executive officers, as a group (9 persons)[8]	426,746	*

* Represents less than one percent of class.
(1) The number of Common Shares beneficially owned is reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities.
(2) As reflected in a statement on Schedule 13G/A filed by BlackRock, Inc. ("BlackRock") with the SEC on January 12, 2017. Based on information contained in the Schedule 13G/A, BlackRock, in its capacity as the parent holding company of several subsidiaries, is deemed to have the sole power to vote or to direct the vote with respect to 13,466,279 Common Shares and is

deemed to have the sole power to dispose or to direct the disposition with respect to 13,734,932 Common Shares. BlackRock Fund Advisors, a subsidiary of BlackRock, beneficially owns 5% or more of the Common Shares outstanding. BlackRock has its principal business office at 55 East 52nd Street, New York, New York 10055.
(3) As reflected in a statement on Schedule 13G filed by LaSalle Investment Management Securities, LLC ("LaSalle") with the SEC on February 14, 2017. Based on information contained in the Schedule 13G, LaSalle, in its capacity as an investment adviser, is

deemed to have the sole power to vote or direct the vote with respect to 349,820 Common Shares and is deemed to have the sole power to dispose or to direct the disposition with respect to 5,629,242 Common Shares. LaSalle has its principal business office at 100 East Pratt Street, Baltimore, Maryland 21202.

(4) As reflected in a statement on Schedule 13G/A filed by The Vanguard Group - 23-1945930 ("Vanguard") with the SEC on February 10, 2017. Based on information contained in the Schedule 13G/A, Vanguard, in its capacity as an investment adviser, is deemed to have the sole power to vote

or direct the vote with respect to 274,673 Common Shares, the shared power to vote or direct the vote with respect to 132,508 Common Shares, the sole power to dispose or to direct the disposition with respect to 17,600,856 Common Shares and the shared power to dispose or direct the disposition with respect to 256,679 Common Shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 124,171 Common Shares or less than one percent of the Common Shares outstanding as a result of its serving as investment manager of

collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 283,010 Common Shares or less than one percent of the Common Shares outstanding as a result of its serving as investment manager of Australian investment offerings. Vanguard has its principal business office at 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

(5) As reflected in a statement on Schedule 13G/A filed by Vanguard Specialized Funds – Vanguard REIT Index Fund – 23-2834924 ("Vanguard Funds") with the SEC on

February 13, 2017. Based on information contained in the Schedule 13G/A, Vanguard Funds, in its capacity as an investment company, is deemed to have the sole power to vote or to direct the vote with respect to 8,585,513 Common Shares. Vanguard Funds has its principal business office at 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

(6) As reflected in a statement on Schedule 13G filed by Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP, and Wellington Management Company LLP (collectively, “Wellington”)

with the SEC on February 9, 2017. Based on information contained in the Schedule 13G, (i) each of Wellington Management Group LLP, Wellington Group Holdings LLP, and Wellington Investment Advisors Holdings LLP, in its capacity as a parent holding company, are deemed to have the shared power to vote or direct the vote with respect to 6,573,602 Common Shares and the shared power to dispose or direct the disposition with respect to 9,183,366 Common Shares, and (ii) Wellington Management Company LLP, in its capacity as an investment adviser, is deemed to have the shared power to vote or direct the vote

with respect to 6,345,108 Common Shares and the shared power to dispose or direct the disposition with respect to 8,680,327 Common Shares. Wellington has its principal business office at c/o Wellington Management Company LLP, 280 Congress Street, Boston, Massachusetts 02210.

(7) The business address for this shareholder is 7550 Wisconsin Avenue, 10th Floor, Bethesda, Maryland 20814.

(8) For more information regarding the share ownership of the Company's trustees, see the table appearing on page 4 of this Proxy Statement. The business address for the trustees is 7550

Wisconsin
Avenue, 10th
Floor,
Bethesda,
Maryland
20814.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's officers and trustees, and persons who own more than 10% of a registered class of the Company's equity securities ("10% Holders"), to file reports of ownership and changes in ownership with the SEC. Officers, trustees and 10% Holders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms that they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company, or written representations from reporting persons that all reportable transactions were reported, the Company believes that during the fiscal year ended December 31, 2016 the officers, trustees and 10% Holders timely filed all reports they were required to file under Section 16(a).

OTHER MATTERS

Solicitation of Proxies

The cost of solicitation of proxies will be paid by the Company. The trustees, officers and employees of the Company may solicit proxies personally or by telephone without additional compensation for such activities. The Company will also request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send appropriate solicitation materials to such beneficial owners. The Company will reimburse such holders for their reasonable expenses. No arrangements or contracts have been made with any solicitors as of the date of this Proxy Statement, although the Company reserves the right to engage solicitors if it deems them necessary. Such solicitations may be made by mail, telephone, facsimile, e-mail or personal interviews.

Delivery of Materials to Households

The SEC has adopted rules that permit companies and intermediaries, such as a broker, bank or other agent, to implement a delivery procedure called "householding." Under this procedure, multiple shareholders who reside at the same address may receive a single copy of the Company's proxy materials, unless the affected shareholder has provided the Company with contrary instructions. This procedure provides extra convenience for shareholders and cost savings for companies.

The Company and some brokers, banks or other agents may be householding the Company's proxy materials. A single Notice and, if applicable, a single set of the proxy materials, including this Proxy Statement, including the Notice of Annual Meeting attached hereto, the accompanying proxy card, the Company's Annual Report and the Notice, will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker, bank or other agent that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If you wish to revoke your consent to householding, you must contact your broker, bank or other nominee. If you are receiving multiple copies of the Notice and, if applicable, the proxy materials, you may be able to request householding by contacting your broker, bank or other nominee.

Upon written or oral request, the Company will promptly deliver a separate copy of the Notice and, if applicable, a single set of the proxy materials, to any shareholder free of charge at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice and, if applicable, the proxy materials, you may send a written request to LaSalle Hotel Properties, 7550 Wisconsin Avenue, 10th Floor, Bethesda, Maryland 20814, Attn: Kenneth G. Fuller, Corporate Secretary. You can also contact your broker, bank or other nominee to make a similar request. In addition, if you are receiving multiple copies of the Notice and, if applicable, the proxy materials, you can request householding by contacting the Company's Corporate Secretary in the same manner.

Shareholder Proposals

Shareholder proposals intended to be presented at the 2018 Annual Meeting of Shareholders must be received by the Secretary of the Company no later than November 24, 2017 in order to be considered for inclusion in the Company's Proxy Statement relating to the 2018 meeting pursuant to Rule 14a-8 under the Exchange Act ("Rule 14a-8").

For a proposal of a shareholder to be presented at the Company's 2018 Annual Meeting of Shareholders, other than a shareholder proposal included in the Company's Proxy Statement pursuant to Rule 14a-8, it must be received at the principal executive offices of the Company no earlier than the close of business on February 3, 2018, and on or before March 5, 2018. If the 2018 Annual Meeting of Shareholders is scheduled to take place before April 4, 2018 or after July 3, 2018, then notice must be delivered not earlier than the close of business on the 90th day prior to the 2018 Annual Meeting of Shareholders and not later than the close of business on the later of the 60th day prior to the 2018 Annual Meeting of Shareholders or the tenth day following the day on which public announcement of the date of the 2018 Annual Meeting of Shareholders is first made by the Company. Any such proposal should be mailed to: LaSalle Hotel Properties, 7550 Wisconsin Avenue, 10th Floor, Bethesda, Maryland 20814, Attn: Kenneth G. Fuller, Corporate Secretary.

Additional Matters

The Board of Trustees does not know of any matters other than those described in this Proxy Statement that will be presented for action at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the best judgment of the proxy holders.

By Order
of the
Board of
Trustees

Kenneth
G. Fuller
Secretary

Bethesda, Maryland
March 24, 2017

APPENDIX A
LASALLE HOTEL PROPERTIES
EBITDA
(in thousands)
(unaudited)

	For the year ended December 31,				
	2016	2015	2014	2013	2012
Net income attributable to common shareholders	$234,575	$123,383	$197,561	$70,984	$45,146
Interest expense	43,775	54,333	56,628	57,516	52,896
Loss from extinguishment of debt	—	831	2,487	—	—
Income tax expense (benefit)	5,784	(1,292)	2,306	470	9,062
Depreciation and amortization	192,322	180,855	155,035	143,991	124,363
Noncontrolling interests:					
Noncontrolling interests in consolidated entities	17	16	16	17	—
Noncontrolling interests of common units in Operating Partnership	337	261	636	303	281
Distributions to preferred shareholders	18,206	12,169	14,333	17,385	21,733
EBITDA	$495,016	$370,556	$429,002	$290,666	$253,481
Corporate expense	33,642	43,857	36,270	39,744	33,984
Interest and other income	(10,342)	(10,930)	(8,685)	(16,340)	(9,212)
Gain on sale of properties less costs associated with sale of note receivable	(104,478)	—	(93,205)	—	—
Mezzanine loan discount amortization	—	—	(986)	(2,524)	(1,074)
Non-cash ground rent	1,890	1,943	1,820	1,305	454
Pro forma hotel level adjustments, (net) [1]	(13,231)	(4,164)	(8,077)	(1,082)	(2,818)
Hotel EBITDA [2]	$402,497	$401,262	$356,139	$311,769	$274,815

(1) Pro forma to include the results of operations of certain hotels under previous ownership acquired during the periods presented and exclude the results of operations of (i) any hotels sold during the periods presented, (ii) the Marker Waterfront Resort, which opened for business in December 2014, for 2014 and 2015, and (iii) the Mason & Rook Hotel for the period the hotel was closed for renovation during the fourth quarter of 2015 through the first quarter of 2016 and the comparable periods in 2015 and 2016. Results for the hotels for periods prior to the Company's ownership were provided by prior owners and have not been adjusted by the Company or audited by its auditors.

(2) Represents the Company's hotel EBITDA as reported in each respective year.

LASALLE HOTEL PROPERTIES
Historical Hotel Operational Data—Pro Forma
(in thousands)
(unaudited)

	For the year ended December 31,				
	2016	2015	2014	2013	2012
Revenues:					
Room	$849,131	$840,557	$758,958	$666,633	$592,785
Food and beverage	247,983	273,484	243,968	238,502	208,935
Other	89,756	83,355	71,314	62,662	53,629
Total hotel revenues	1,186,870	1,197,396	1,074,240	967,797	855,349
Expenses:					
Room	222,506	214,072	194,026	170,405	149,772
Food and beverage	173,475	189,230	175,337	165,727	148,892
Other direct	16,096	17,139	22,672	21,961	20,195
General and administrative	84,769	100,291	85,294	76,636	66,862
Information and telecommunications systems [1]	17,145	—	—	—	—
Sales and marketing	81,900	82,996	67,712	63,298	56,109
Management fees	38,906	39,439	35,939	32,830	29,192
Property operations and maintenance	38,448	39,137	36,068	33,483	30,532
Energy and utilities	27,715	30,120	28,251	25,846	23,442
Property taxes	57,025	57,966	51,136	48,174	40,491
Other fixed expenses	26,388	25,744	21,666	17,668	15,047
Total hotel expenses	784,373	796,134	718,101	656,028	580,534
Hotel EBITDA [2]	$402,497	$401,262	$356,139	$311,769	$274,815
Hotel EBITDA Margin [3]	33.9 %	33.5 %	33.2 %	32.2 %	32.1 %

(1) Effective 2016, expense presented to conform with the new eleventh edition of the Uniform System of Accounts for the Lodging Industry. Prior periods not restated.

(2) Represents the Company's hotel EBITDA as reported in each respective year. Hotel EBITDA is presented on a pro forma basis to include the results of operations of certain hotels under previous ownership acquired during the periods presented and exclude the results of operations of (i) any hotels sold during the periods presented, (ii) the Marker Waterfront Resort, which opened for business in December 2014, for 2014 and 2015, and (iii) the Mason & Rook Hotel for the period the hotel was closed for renovation during the fourth quarter of 2015 through the first quarter of 2016 and the comparable periods in 2015 and 2016. Results for the hotels for periods prior to the Company's ownership were provided by prior owners and have not been adjusted by the Company or audited by its auditors.

(3) Hotel EBITDA margin is calculated by dividing hotel EBITDA for the period by the total hotel revenues for the period.

Non-GAAP Financial Measures

EBITDA and Hotel EBITDA

The Company considers the non-GAAP measures of EBITDA and hotel EBITDA to be key supplemental measures of the Company's performance and should be considered along with, but not as alternatives to, net income or loss as a measure of the Company's operating performance. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, most real estate industry investors consider EBITDA and hotel EBITDA to be helpful in evaluating a real estate company's operations.

The Company believes that excluding the effect of non-operating expenses and non-cash charges, and the portion of these items related to unconsolidated entities, all of which are also based on historical cost accounting and may be of limited significance in evaluating current performance, can help eliminate the accounting effects of depreciation and amortization, and financing decisions and facilitate comparisons of core operating profitability between periods and between REITs, even though EBITDA also does not represent an amount that accrues directly to common shareholders.

With respect to hotel EBITDA, the Company believes that excluding the effect of corporate-level expenses, non-cash items, and the portion of these items related to unconsolidated entities, provides a more complete understanding of the operating results over which individual hotels and operators have direct control. The Company believes property-level results provide investors with supplemental information on the ongoing operational performance of the Company's hotels and effectiveness of the third-party management companies operating the Company's business on a property-level basis.

EBITDA and hotel EBITDA do not represent cash generated from operating activities determined by GAAP and should not be considered as alternatives to net income or loss, cash flows from operations or any other operating performance measure prescribed by GAAP. EBITDA and hotel EBITDA are not measures of the Company's liquidity, nor are EBITDA and hotel EBITDA indicative of funds available to fund the Company's cash needs, including its ability to make cash distributions. These measurements do not reflect cash expenditures for long-term assets and other items that have been and will be incurred. EBITDA and hotel EBITDA may include funds that may not be available for management's discretionary use due to functional requirements to conserve funds for capital expenditures, property acquisitions, and other commitments and uncertainties. To compensate for this, management considers the impact of these excluded items to the extent they are material to operating decisions or the evaluation of the Company's operating performance.