

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **1999-09-10**  
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([HTML Version](#) on [secdatabase.com](http://secdatabase.com))

### FILER

#### LASALLE HOTEL PROPERTIES

CIK: **1053532** | IRS No.: **364219376** | State of Incorporation: **MD** | Fiscal Year End: **1231**  
Type: **S-8** | Act: **33** | File No.: **333-86911** | Film No.: **99709697**  
SIC: **6500** Real estate

Mailing Address  
*1491 EYE STREET N W  
SUITE 900  
WASHINGTON DC 20005*

Business Address  
*1401 EYE STREET N W  
SUITE 900  
WASHINGTON DC 20005  
2126616161*

Registration No. 333-\_\_\_\_\_

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

-----  
FORM S-8  
REGISTRATION STATEMENT  
under  
THE SECURITIES ACT OF 1933  
-----

LASALLE HOTEL PROPERTIES  
(Exact name of registrant as specified in its charter)

Maryland

36-4219376

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer Identification No.)

1401 Eye Street, NW  
Suite 900  
Washington, D.C. 20005  
(202) 222-2600

(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

-----  
LaSalle Hotel Properties 1998 Share Option and Incentive Plan  
(Full title of the plan)  
-----

Jon E. Bortz  
President and Chief Executive Officer  
LaSalle Hotel Properties  
1401 Eye Street, NW  
Suite 900  
Washington, D.C. 20005  
(202) 222-2600

(Name, address, including zip code, and telephone number, including  
area code, of agent for service)

CALCULATION OF REGISTRATION FEE

<TABLE>  
<CAPTION>

Title of Securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
<S>	<C>	<C>	<C>	<C>
Common Stock, par value \$.01 per share.....	743,000 (1)	\$13.88 (2)	\$ 10,312,840 (3)	\$ 2,867 (4)

</TABLE>

- (1) Plus such additional number of shares as may be required by reason of the anti-dilution provisions of the LaSalle Hotel Properties 1998 Share Option and Incentive Plan.
- (2) Calculated pursuant to Rule 457(h) under the Securities Act of 1933, as amended (the "Securities Act").
- (3) Calculated pursuant to Rule 457(c) and (h) under the Securities Act based on the average of the high and low prices for the Common Stock reported on the New York Stock Exchange on September 7, 1999.
- (4) In accordance with Rule 457(h), the filing fee is based on the maximum number of the registrant's securities issuable under the LaSalle Hotel Properties 1998 Share Option and Incentive Plan that are covered by this Registration Statement.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The document(s) containing the information specified in Part I of Form S-8 will be sent or given to plan participants as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). Such documents and the documents incorporated by reference herein pursuant to Item 3 of Part II hereof, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

## PART II

### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

#### ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

LaSalle Hotel Properties (the "Company") hereby incorporates by reference the documents listed in (a), (b) and (c) below which have previously been filed with the Securities and Exchange Commission.

- (a) The Annual Report filed on Form 10-K for the fiscal year ended December 31, 1998.
- (b) The Quarterly Reports on Form 10-Q for the quarters ended March 31, 1999 and June 30, 1999.
- (c) The description of the Company's common shares contained in the section captioned "Shares of Beneficial Interest" in the Company's prospectus filed pursuant to Rule 424(b)(4) of the Securities Act as of April 24, 1998 as part of the Company's Registration Statement on Form S-11 (No. 333-45647).

In addition, all documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold shall be deemed to be incorporated by reference herein and to be part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

#### ITEM 4. DESCRIPTION OF SECURITIES.

Not Applicable.

#### ITEM 5. INTERESTS OF EXPERTS AND COUNSEL.

None.

#### ITEM 6. INDEMNIFICATION OF TRUSTEES AND OFFICERS.

The Company's officers and trustees are and will be indemnified under Maryland and Delaware law, the Declaration of Trust and Bylaws of the Company and the Partnership Agreement of the Operating Partnership against certain liabilities. The Declaration of the Trust of the Company requires it to indemnify its trustees and officers to the fullest extent permitted from time to time under Maryland law.

The Declaration of Trust of the Company authorizes it, to the maximum extent permitted by Maryland law, to obligate itself to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any present or former trustee or officer or (b) any individual who, while a trustee of the Company and at the request of the Company, serves or has served as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her status as a present or former trustee or officer of the Company. The Bylaws of the Company obligate it, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any present or former trustee or officer who is made party to the proceeding by reason of his service in that capacity or (b) any individual who, while a trustee or officer of the Company and at the request of the Company, serves or has served another real estate investment trust, corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a trustee, director, officer or partner of such real estate investment trust, corporation, partnership,

joint venture, trust, employee benefit plan or other enterprise and who is made party to the proceeding by reason of his service in that capacity, against any claim or liability to which he may become subject by reason of such status. The Declaration of Trust and Bylaws also permit the Company to indemnify and advance expenses to any person who served as a predecessor of the Company in any of the capacities described above and to any employee or agent of the Company or a predecessor of the Company. The Bylaws require the Company to indemnify a trustee or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity.

Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland ("Title 8") permits a Maryland real estate investment trust to indemnify and advance expenses to its trustees, officer, employees and agents to the same extent as permitted by the Maryland General Corporation Law, as amended from time to time (the "MGCL"), for directors and officers of Maryland corporations. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation. In accordance with the MGCL, the Bylaws of the Company require it, as a condition to advance expenses, to obtain (a) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws and (b) a written statement by or on his behalf to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not Applicable.

ITEM 8. EXHIBITS

- 4(a)\* Articles of Amendment and Restatement of Declaration of Trust of the Company.
  - 4(b)\* Bylaws of the Company.
  - 4(c) LaSalle Hotel Properties 1998 Share Option and Incentive Plan, as amended through September 9, 1999.
  - 5 Opinion of Brown & Wood LLP.
  - 23(a) Consent of Brown & Wood LLP (included as part of Exhibit 5).
  - 23(b) Consent of KPMG LLP.
  - 24 Power of Attorney (included on page 6).
- \* Previously filed as an exhibit to Registration Statement on Form S-11 (No. 333-45647) and incorporated herein by reference.

ITEM 9. UNDERTAKINGS

The undersigned registrants hereby undertake:

(a)(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however that paragraphs (a) (1) (i) and (a) (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referred to in Item 6 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, LaSalle Hotel Properties certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the District of Columbia, on the 9th day of September, 1999.

LASALLE HOTEL PROPERTIES

By: /s/ Hans S. Weger

-----

Hans S. Weger  
Executive Vice President, Treasurer and  
Chief Financial Officer (Authorized Officer  
and Principal Financial and Accounting  
Officer)

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of LaSalle Hotel Properties hereby severally constitute Jon E. Bortz, Hans S. Weger and Stuart L. Scott, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Registration Statement filed herewith and any and all amendments to said Registration Statement, and generally to do all such things in our names and in our capacities as officers and directors to enable LaSalle Hotel Properties to comply with the provisions of the Securities Act of 1933, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to

said Registration Statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

Signature -----	Title -----	Date ----
<S>	<C>	<C>
/s/ Jon E. Bortz ----- Jon E. Bortz	President, Chief Executive Officer and Trustee  (Principal Executive Officer)	September 9, 1999
/s/ Hans S. Weger ----- Hans S. Weger	Executive Vice President, Treasurer and Chief Financial Officer  (Authorized Officer and Principal Financial and Accounting Officer)	September 9, 1999
/s/ Stuart L. Scott ----- Stuart L. Scott	Chairman of the Board of Trustees	September 9, 1999
/s/ Darryl Hartley-Leonard ----- Darryl Hartley-Leonard	Trustee	September 9, 1999
/s/ George F. Little, II ----- George F. Little, II	Trustee	September 9, 1999
/s/ Donald S. Perkins ----- Donald S. Perkins	Trustee	September 9, 1999
/s/ Shimon Topor ----- Shimon Topor	Trustee	September 9, 1999
----- Donald A. Washburn	Trustee	

</TABLE>

EXHIBIT INDEX

<TABLE>

<CAPTION>

Exhibit No. <S>	Description <C>	Page <C>
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4 (c)	LaSalle Hotel Properties 1998 Share Option and Incentive Plan, as amended through September 9, 1999.	8
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\* Previously filed as an exhibit to Registration Statement on Form S-11 (No. 333-45647) and incorporated herein by reference.

LASALLE HOTEL PROPERTIES  
1998 SHARE OPTION AND INCENTIVE PLAN

As Amended Through September 9, 1999

1. Purpose. The purpose of this Plan is to attract and retain qualified key employees of, and consultants and other service providers to, LaSalle Hotel Properties (the "Company"), its Subsidiaries (if any) and its Advisors, to provide such persons with appropriate incentives, and to provide an interest in the Company to certain members of the Board of Trustees of the Company. The Company has adopted the Plan effective as of April 22, 1998, subject to the approval of the Company's shareholders, and unless extended by amendment in accordance with the terms of the Plan, no Option Rights, Appreciation Rights or Restricted Shares will be granted hereunder after the tenth anniversary of such effective date.

2. Definitions. As used in this Plan,

"Advisor" means LaSalle Hotel Advisors, Inc. and any successor or other entity that provides asset management and advisory services to the Company for a fee.

"Appreciation Right" means a right granted pursuant to Section 5 of this Plan, including a Free-standing Appreciation Right and a Tandem Appreciation Right.

"Base Price" means the price to be used as the basis for determining the Spread upon the exercise of a Free-standing Appreciation Right.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the Compensation Committee of the Board of Directors, as described in Section 12(a) of this Plan, or, in the absence of a Compensation Committee, the full Board.

"Common Shares" means (i) shares of the Common Shares of Beneficial Interest of the Company and (ii) any security into which Common Shares may be converted by reason of any transaction or event of the type referred to in Section 8 of this Plan.

"Date of Grant" means the date specified by the Committee on which a grant of Option Rights or Appreciation Rights or a grant or sale of Restricted Shares shall become effective, which shall not be earlier than the date on which the Committee takes action with respect thereto.

"Free-standing Appreciation Right" means an Appreciation Right granted pursuant to Section 5 of this Plan that is not granted in tandem with an Option Right or similar right.

"Incentive Stock Option" means an Option Right that is intended to qualify as an "incentive stock option" under Section 422 of the Code or any successor provision thereto.

"Market Value per Share" means the fair market value of the Common Shares as determined by the Committee from time to time.

"Nonqualified Option" means an Option Right that is not intended to qualify as a Tax-qualified Option.

"Optionee" means the person so designated in an agreement evidencing an outstanding Option Right.

"Option Price" means the purchase price payable upon the exercise of an Option Right.

"Option Right" means the right to purchase Common Shares from the Company upon the exercise of a Nonqualified Option or a Tax-qualified Option granted pursuant to Section 4 of this Plan.

"Participant" means a person who is selected by the Committee (or its delegate) to receive benefits under this Plan and (i) is at that time a key employee of, or a consultant or service provider to, the Company, any Subsidiary or any Advisor, or (ii) has agreed to commence serving in any such capacity.

"Reload Option Rights" means additional Option Rights automatically granted to an Optionee upon the exercise of Option Rights pursuant to Section 4(f) of this Plan.

"Restricted Shares" means Common Shares granted or sold pursuant to Section 6 of this Plan as to which neither the substantial risk of forfeiture nor the restrictions on transfer referred to in Section 6 hereof has expired.

"Rule 16b-3" means Rule 16b-3, as promulgated and amended from time to time by the Securities and Exchange Commission under the Securities Exchange Act of 1934, or any successor rule to the same effect.

"Spread" means, in the case of a Free-standing Appreciation Right, the amount by which the Market Value per Share on the date when the



Appreciation Right is exercised exceeds the Base Price specified therein or, in the case of a Tandem Appreciation Right, the amount by which the Market Value per Share on the date when the Appreciation Right is exercised exceeds the Option Price specified in the related Option Right.

"Subsidiary" means a corporation, partnership, joint venture, unincorporated association or other entity in which the Company has a direct or indirect ownership or other equity interest; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation in which the Company owns or controls directly or indirectly more than 50% of the total combined voting power represented by all classes of stock issued by such corporation at the time of the grant.

"Tandem Appreciation Right" means an Appreciation Right granted pursuant to Section 5 of this Plan that is granted in tandem with an Option Right or any similar right granted under any other plan of the Company.

"Tax-qualified Option" means an Option Right that is intended to qualify under particular provisions of the Code, including without limitation an Incentive Stock Option.

### 3. Shares Available under the Plan.

(a) Subject to adjustment as provided in Section 8 of this Plan, the number of Common Shares which may be (i) issued or transferred upon the exercise of Option Rights or Appreciation Rights, or (ii) awarded as Restricted Shares and released from substantial risk of forfeiture thereof, shall not in the aggregate exceed 1.5 million Common Shares, which may be Common Shares of original issuance or Common Shares held in treasury or a combination thereof. For the purposes of this Section 3(a):

(i) Upon payment in cash of the benefit provided by any award granted under this Plan, any Common Shares that were covered by that award shall again be available for issuance or transfer hereunder.

(ii) Upon the full or partial payment of any Option Price by the transfer to the Company of Common Shares or upon satisfaction of tax withholding obligations in connection with any such exercise or any other payment made or benefit realized under this Plan by the transfer or relinquishment of Common Shares, there shall be deemed to have been issued or transferred under this Plan only the net number of Common Shares actually issued or transferred by the Company less the number of Common Shares so transferred or relinquished.

(b) Notwithstanding anything in Section 3(a) hereof, or elsewhere in this Plan, to the contrary, the aggregate number of Common Shares actually issued or transferred by the Company upon the exercise of Incentive Stock Options shall not exceed the total number of Common Shares first specified in Section 3(a) hereof.

(c) Notwithstanding any other provision of this Plan to the contrary, no Participant shall be granted Option Rights and Appreciation Rights, in the aggregate, for more than 100,000 Common Shares during any calendar year, subject to adjustment as provided in Section 8 of this Plan.

(d) Notwithstanding any other provision of this Plan to the contrary, no Participant shall be granted Restricted Shares for more than 100,000 Common Shares during any calendar year, subject to adjustment as provided in Section 8 of this Plan.

4. Option Rights. The Committee may from time to time authorize grants to Participants of options to purchase Common Shares upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Each grant shall specify the number of Common Shares to which it pertains.

(b) Each grant shall specify an Option Price per Common Share, which may be equal to or greater or less than the Market Value per Share on the Date of Grant.

(c) Each grant shall specify the form of consideration to be paid in satisfaction of the Option Price and the manner of payment of such consideration, which may include (i) cash in the form of currency or check or other cash equivalent acceptable to the Company, (ii) nonforfeitable, unrestricted Common Shares, which are already owned by the Optionee, (iii) any other legal consideration that the Committee may deem appropriate, including without limitation any form of consideration authorized under Section 4(d) below, on such basis as the Committee may determine in accordance with this Plan and (iv) any combination of the foregoing.

(d) Any grant of a Nonqualified Option may provide that payment of the Option Price may also be made in whole or in part in the form of Restricted Shares or other Common Shares that are subject to risk of forfeiture or restrictions on transfer. Unless otherwise determined by the Committee on or after the Date of Grant, whenever any Option Price is paid in whole or in part by means of any of the forms of consideration specified in this Section 4(d), the Common Shares received by the Optionee upon the exercise of the Nonqualified Option shall be subject to the same risks of forfeiture or restrictions on transfer as those that applied to the consideration surrendered by the Optionee; provided, however, that such risks of forfeiture and restrictions on transfer shall apply only to the same number of Common Shares received by the Optionee as applied to the forfeitable or restricted Common Shares surrendered by the Optionee.

(e) Any grant may, if there is then a public market for the Common Shares, provide for deferred payment of the Option Price from the proceeds of sale through a broker of some or all of the Common Shares to which the exercise relates.

(f) Any grant may provide for the automatic grant to the Optionee of Reload Option Rights upon the exercise of Option Rights, including Reload Option Rights, for Common Shares or any other noncash consideration authorized under Sections 4(c) and (d) above; provided, however, that the term of any Reload Option Right shall not extend beyond the term of the Option Right originally exercised.

(g) Notwithstanding any provision of this Plan to the contrary, when granting Option Rights with respect to the employees of, or consultants to, an Advisor, the Committee may (i) make individual grants to each such employee and consultant, and/or (ii) make aggregate grants to such Advisor and delegate to the compensation committee, board of directors, general partner or other appropriate management representative of the Advisor the authority to determine the specific allocation and recipients of such grants.

(h) Successive grants may be made to the same Optionee regardless of whether any Option Rights previously granted to the Optionee remain unexercised.

(i) Each grant shall specify the period or periods of continuous employment of, or continuous performance of services by, the Optionee that are necessary before the Option Rights or installments thereof shall become exercisable, and any grant may provide for the earlier exercise of the Option Rights in the event of a change in control of the Company or other similar transaction or event.

(j) Option Rights granted pursuant to this Section 4 may be Nonqualified Options or Tax-qualified Options or combinations thereof.

(k) Any grant of an Option Right may provide for the payment to the Optionee of dividend equivalents thereon in cash or Common Shares on a current, deferred or contingent basis, or the Committee may provide that any dividend equivalents shall be credited against the Option Price.

(l) No Option Right granted pursuant to this Section 4 may be exercised more than 10 years from the Date of Grant.

(m) Each grant shall be evidenced by an agreement, which shall be executed on behalf of the Company by any officer thereof and delivered to and accepted by the Optionee and shall contain such terms and provisions as the Committee may determine consistent with this Plan.

5. Appreciation Rights. The Committee may also authorize grants to Participants of Appreciation Rights. An Appreciation Right shall be a right of the Participant to receive from the Company an amount, which shall be determined by the Committee and shall be expressed as a percentage (not exceeding 100%) of the Spread at the time of the exercise of an Appreciation Right. Any grant of Appreciation Rights under this Plan shall be upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Any grant may specify that the amount payable upon the exercise of an Appreciation Right may be paid by the Company in cash, Common Shares or any combination thereof and may either (i) grant to the Participant or reserve to the Committee the right to elect among those alternatives or (ii) preclude the right of the Participant to receive and the Company to issue Common Shares or other equity securities in lieu of cash.

(b) Any grant may specify that the amount payable upon the exercise of an Appreciation Right shall not exceed a maximum specified by the Committee on the Date of Grant.

(c) Any grant may specify (i) a waiting period or periods before Appreciation Rights shall become exercisable and (ii) permissible dates or periods on or during which Appreciation Rights shall be exercisable.

(d) Notwithstanding any provision of this Plan to the contrary, when granting Appreciation Rights with respect to the employees of, or consultants to, an Advisor, the Committee may (i) make individual grants to each such employee and consultant, and/or (ii) make aggregate grants to such Advisor and delegate to the compensation committee, board of directors, general partner or other appropriate management representative of the Advisor the authority to determine the specific allocation and recipients of such grants.

(e) Any grant may specify that an Appreciation Right may be exercised only in the event of a change in control of the Company or other similar transaction or event.

(f) Any grant may provide for the payment to the Participant of dividend equivalents thereon in cash or Common Shares on a current, deferred or contingent basis.

(g) Each grant shall be evidenced by an agreement, which shall be executed on behalf of the Company by any officer thereof and delivered to and accepted by the Optionee and shall describe the subject Appreciation Rights, identify any related Option Rights, state that the Appreciation Rights are subject to all of the terms and conditions of this Plan and contain such other terms and provisions as the Committee may determine consistent with this Plan.

(h) Regarding Tandem Appreciation Rights only: Each grant shall provide that a Tandem Appreciation Right may be exercised only (i) at a time when the related Option Right (or any similar right granted under any other plan of the Company) is also exercisable and the Spread is positive and (ii) by surrender of the related Option Right (or such other right) for cancellation.

(i) Regarding Free-standing Appreciation Rights only:

(i) Each grant shall specify in respect of each

Free-standing Appreciation Right a Base Price per Common Share, which shall be equal to or greater than the Market Value per Share on the Date of Grant;

(ii) Successive grants may be made to the same Participant regardless of whether any Free-standing Appreciation Rights previously granted to the Participant remain unexercised;

(iii) Each grant shall specify the period or periods of continuous employment of, or continuous performance of services by, the Participant that are necessary before the Free-standing Appreciation Rights or installments thereof shall become exercisable; and any grant may provide for the earlier exercise of the Free-standing Appreciation Rights in the event of a change in control of the Company or other similar transaction or event; and

(iv) No Free-standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

6. Restricted Shares. The Committee may also authorize grants or sales to Participants of Restricted Shares upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Each grant or sale shall constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to dividend, voting and other ownership rights, subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

(b) Each grant or sale may be made without additional consideration from the Participant or in consideration of a payment by the Participant that is less than the Market Value per Share on the Date of Grant.

(c) Each grant or sale shall provide that the Restricted Shares covered thereby shall be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Committee on the Date of Grant, and any grant or sale may provide for the earlier termination of such period in the event of a change in control of the Company or other similar transaction or event.

(d) Each grant or sale shall provide that, during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares shall be prohibited or restricted in the manner and to the extent prescribed by the Committee on the Date of Grant. Such restrictions may include without limitation rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee.

(e) Notwithstanding any provision of this Plan to the contrary, when granting or offering sales of Restricted Shares with respect to the employees of, or consultants to, an Advisor, the Committee may (i) make

individual grants or offers to each such employee and consultant, and/or (ii) make aggregate grants or offers to such Advisor and delegate to the compensation committee, board of directors, general partner or other appropriate management representative of the Advisor the authority to determine the specific allocation and recipients of such grants or offers.

(f) Any grant or sale may require that any or all dividends or other distributions paid on the Restricted Shares during the period of such restrictions be automatically sequestered and reinvested on an immediate or deferred basis in additional Common Shares, which may be subject to the same restrictions as the underlying award or such other restrictions as the Committee may determine.

(g) Each grant or sale shall be evidenced by an agreement, which shall be executed on behalf of the Company by an officer thereof and delivered to and accepted by the Participant and shall contain such terms and provisions as the Committee may determine consistent with this Plan. Unless otherwise directed by the Committee, all certificates representing Restricted Shares, together with a stock power that shall be endorsed in blank by the Participant with respect to the Restricted Shares, shall be held in custody by the Company until all restrictions thereon lapse.

#### 7. Transferability.

(a) No Option Right, Appreciation Right or other derivative security (as that term is used in Rule 16b-3) granted under this Plan may be transferred by a Participant except by will or the laws of descent and distribution. Option Rights and Appreciation Rights granted under this Plan may not be exercised during a Participant's lifetime except by the Participant or, in the event of the Participant's legal incapacity, by his guardian or legal representative acting in a fiduciary capacity on behalf of the Participant under state law and court supervision. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide for the transferability of particular awards under this Plan so long as such provisions will not disqualify the exemption for other awards under Rule 16b-3, if such Rule is then applicable to awards under the Plan.

(b) Any grant made under this Plan may provide that all or any part of the Common Shares that are to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, or are no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 6 of this Plan, shall be subject to further restrictions upon transfer.

#### 8. Adjustments.

(a) The Committee may make or provide for such adjustments in the number of Common Shares covered by outstanding Option Rights, Appreciation Rights and Restricted Shares granted hereunder, the Option Prices per Common Share or Base Prices per Common Share applicable to any such Option Rights and Appreciation Rights, and the kind of shares (including shares of another



issuer) covered thereby, as the Committee may in good faith determine to be equitably required in order to prevent dilution or expansion of the rights of Participants that otherwise would result from (i) any stock dividend, stock split, combination of shares, recapitalization or similar change in the capital structure of the Company or (ii) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of warrants or other rights to purchase securities or any other corporate transaction or event having an effect similar to any of the foregoing. In the event of any such transaction or event, the Committee may provide in substitution for any or all outstanding awards under this Plan such alternative consideration as it may in good faith determine to be equitable under the circumstances and may require in connection therewith the surrender of all awards so replaced. Moreover, the Committee may on or after the Date of Grant provide in the agreement evidencing any award under this Plan that the holder of the award may elect to receive an equivalent award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect, or the Committee may provide that the holder will automatically be entitled to receive such an equivalent award. The Committee may also make or provide for such adjustments in the maximum numbers of Common Shares specified in Section 3 of this Plan as the Committee may in good faith determine to be appropriate in order to reflect any transaction or event described in this Section 8.

(b) If another corporation is merged into the Company or the Company otherwise acquires another corporation, the Committee may elect to assume under this Plan any or all outstanding stock options or other awards granted by such corporation under any stock option or other plan adopted by it prior to such acquisition. Such assumptions shall be on such terms and conditions as the Committee may determine; provided, however, that the awards as so assumed do not contain any terms, conditions or rights that are inconsistent with the terms of this Plan. Unless otherwise determined by the Committee, such awards shall not be taken into account for purposes of the limitations contained in Section 3 of this Plan.

9. Fractional Shares. The Company shall not be required to issue any fractional Common Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement thereof in cash.

10. Withholding Taxes. To the extent that the Company, any Subsidiary or any Advisor is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company, such Subsidiary or such Advisor (as applicable) for the withholding are insufficient, it shall be a condition to the receipt of any such payment or the realization of any such benefit that the Participant or such other person make arrangements satisfactory to the Company, such Subsidiary or such Advisor (as applicable) for payment of the balance of any taxes required to be withheld. At the discretion of the Committee, any such arrangements may without limitation include voluntary or mandatory relinquishment of a portion of any such payment or benefit or the surrender of outstanding Common Shares. The Company, such Subsidiary or such

Advisor (as applicable) and any Participant or such other person may also make similar arrangements with respect to the payment of any taxes with respect to which withholding is not required.

11. Certain Terminations of Employment or Service, Hardship, and Approved Leaves of Absence. Notwithstanding any other provision of this Plan to the contrary, in the event of the termination of employment or service by reason of death, disability or retirement, termination of employment or service to enter public or military service with the consent of the Company, any Subsidiary or any Advisor (as applicable), or leave of absence approved by the Company, such Subsidiary or such Advisor (as applicable), or in the event of the hardship or other special circumstances, of a Participant who holds an Option Right or Appreciation Right that is not immediately and fully exercisable, or any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, the Committee may take any action that it deems to be equitable under the circumstances or in the best interests of the Company, such Subsidiary or such Advisor (as applicable), including without limitation waiving or modifying any limitation or requirement with respect to any award under this Plan.

12. Administration of the Plan.

(a) This Plan shall be administered by the Compensation Committee of the Board, which shall be composed of not less than two members of the Board, or, in the absence of a Compensation Committee, by the full Board. At any time that awards under the Plan are subject to Rule 16b-3, each member of the Compensation Committee shall be a "non-employee director" within the meaning of such Rule. In addition, at any time that the Company is subject to Section 162(m) of the Code, each member of the Compensation Committee shall be an "outside director" within the meaning of such Section. A majority of the Committee shall constitute a quorum, and the acts of the members of the Committee who are present at any meeting thereof at which a quorum is present, or acts unanimously approved by the members of the Committee in writing, shall be the acts of the Committee.

(b) The interpretation and construction by the Committee of any provision of this Plan or any agreement, notification or document evidencing the grant of Option Rights, Appreciation Rights or Restricted Shares, and any determination by the Committee pursuant to any provision of this Plan or any such agreement, notification or document, shall be final and conclusive. No member of the Committee shall be liable for any such action taken or determination made in good faith.

13. Amendments and Other Matters.

(a) This Plan may be amended from time to time by the Committee; provided, however, that except as expressly authorized by this Plan, no such amendment shall cause this Plan to cease to satisfy any applicable condition of Rule 16b-3 or cause any award under the Plan to cease to qualify for any applicable exception to Section 162(m) of the Code, without the further approval of the stockholders of the Company.



(b) With the concurrence of the affected Participant, the Committee may cancel any agreement evidencing Option Rights or any other award granted under this Plan. In the event of any such cancellation, the Committee may authorize the granting of new Option Rights or other awards hereunder, which may or may not cover the same number of Common Shares as had been covered by the cancelled Option Rights or other award, at such Option Price, in such manner and subject to such other terms, conditions and discretion as would have been permitted under this Plan had the cancelled Option Rights or other award not been granted.

(c) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company, any Subsidiary or any Advisor to the Participant.

(d) This Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company, any Subsidiary or any Advisor and shall not interfere in any way with any right that the Company, such Subsidiary or such Advisor (as applicable) would otherwise have to terminate any Participant's employment or other service at any time.

(e) To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as a Tax-qualified Option from so qualifying, any such provision shall be null and void with respect to any such Option Right; provided, however, that any such provision shall remain in effect with respect to other Option Rights, and there shall be no further effect on any provision of this Plan.

(f) Any award that may be made pursuant to an amendment to this Plan that shall have been adopted without the approval of the stockholders of the Company shall be null and void if it is subsequently determined that such approval was required under the terms of the Plan or applicable law.

(g) Unless otherwise determined by the Committee, this Plan is intended to comply with Rule 16b-3 at all times that awards hereunder are subject to such Rule.

Brown & Wood LLP  
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September 9, 1999

LaSalle Hotel Properties  
1401 Eye Street, NW  
Suite 900  
Washington, D.C. 20005

Dear Sirs:

We have acted as counsel for LaSalle Hotel Properties, a Maryland real estate investment trust (the "Company"), in connection with the proposed filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended, of a Registration Statement on Form S-8 (the "Registration Statement") for the purpose of registering 743,000 common shares, par value \$.01 per share (the "Common Shares ") of LaSalle Hotel Properties. In such capacity, we have examined the Articles of Amendment and Restatement of the Declaration of Trust and Bylaws of the Company, the LaSalle Hotel Properties 1998 Share Option and Incentive Plan, as amended through September 9, 1999 (the "Plan"), and such other documents of the Company as we have deemed necessary or appropriate for the purposes of the opinion expressed herein.

Based upon the foregoing, we advise you that, in our opinion when the Common Shares to be issued pursuant to the Plan have been issued and paid for in accordance with the terms of the Plan and the Registration Statement, such shares will be legally issued, fully paid and nonassessable.

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name wherever appearing in the Registration Statement and any amendment thereto.

Very truly yours,

/s/ Brown & Wood LLP

Consent of Independent Accountants

The Board of Trustees  
LaSalle Hotel Properties:

We consent to incorporation by reference in this Registration Statement on Form S-8 of LaSalle Hotel Properties of our report dated January 18, 1999 relating to the consolidated balance sheet of LaSalle Hotel Properties as of December 31, 1998 and the related consolidated statements of operations, shareholders' equity, and cash flows for the period from April 29, 1998 (inception) through December 31, 1998 and the related financial statement schedule and our report dated March 17, 1999 relating to the balance sheet of LaSalle Hotel Lessee, Inc. as of December 31, 1998 and the related statements of operations, stockholders' equity (deficit), and cash flows for the period from April 29, 1998 (inception) through December 31, 1998, which reports appear in the December 31, 1998 annual report on Form 10-K of LaSalle Hotel Properties.

/s/ KPMG LLP

Chicago, Illinois

September 9, 1999