



October 29, 2018

**Property Management
City of Key West
525 Angela Street
Key West, FL 33040**

Re: Lease Agreement (as amended and assigned, the "Lease"), dated May 1, 2009, by and between City of Key West (the "City" or "you") and SMB Restaurant, LLC, as assigned to Sunset City, LLC ("Tenant") pursuant to an Assignment of Lease Agreement and Consent of Lessor dated August 19, 2013 and further evidenced by an Assignment and Assumption of Leases and Licenses dated August 27, 2013, with respect to the property and improvements located at 1405 Duval St, Key West, FL (the "Premises"), operated as the Southernmost Beach Café, which Lease will be replaced by that certain Lease Agreement dated August 21, 2018, by and between City and Tenant, commencing on May 1, 2019

City of Key West:

Tenant is owned and controlled indirectly by LaSalle Hotel Properties ("LaSalle"). The current ownership structure of Tenant is shown on Exhibit A attached hereto. On September 6, 2018, Pebblebrook Hotel Trust ("Pebblebrook") and LaSalle entered into a merger agreement (the "Merger Agreement") pursuant to which Pebblebrook will acquire 100% of LaSalle's outstanding common shares (the "Merger"). Upon completion of the Merger, LaSalle will no longer exist, but its wholly-owned subsidiary, LaSalle Hotel Operating Partnership, L.P. ("LaSalle OP"), will survive as a subsidiary of Pebblebrook, and all of the direct and indirect subsidiary companies of LaSalle OP, including Tenant, will survive and be maintained by Pebblebrook. The shareholders of LaSalle and Pebblebrook are expected to vote on the Merger on or about November 27, 2018 and the transaction is expected to close on November 30, 2018.

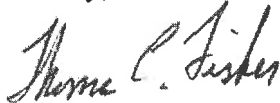
Following the Merger, Tenant will remain the lessee under the Lease, and the Lease and the Premises will remain unaffected. Pursuant to the Merger Agreement, the LaSalle shareholders may elect to sell for stock or cash consideration, and therefore, it is not currently known whether there will be a sale of a controlling interest in Tenant until the shareholder vote, and consequently we are uncertain whether the City's consent is required under Section 10 of the Lease. However, due to the anticipated timing of the shareholder vote and closing of the Merger, by your signature below, we are asking for your consent to the above-described assignment and transfer from LaSalle to Pebblebrook regardless of the outcome of the shareholder vote. Pebblebrook understands that it may be responsible, under Section 10 of the Lease, for a reasonable fee to be charged by the City in an amount not to exceed \$500.

October 29, 2018
Page 2

For your information and to provide you with more context about Pebblebrook, as a result of the Merger, Pebblebrook will become one of the largest owners of independent/lifestyle hotels in the United States and the third-largest lodging REIT by enterprise value estimated at approximately \$7.5 billion. For your convenience, Pebblebrook's address and contact information is: Pebblebrook Hotel Trust, 7315 Wisconsin Avenue, Suite 1100 West, Bethesda, MD 20814, Attn: Thomas C. Fisher, Executive Vice President and Chief Investment Officer, telephone: 240-507-1340, E-Mail: tfisher@pebblebrookhotels.com.

Feel free to contact Thomas C. Fisher with any questions. We appreciate your time and consideration.


Sincerely,



Thomas C. Fisher
Executive Vice President and Chief Investment Officer
Pebblebrook Hotel Trust

and

Sunset City, LLC

By: 
Name: Ian Gaum Gaum
Title: President

[Signatures continue on following page]

October 29, 2018
Page 3

[Signature page to letter dated October 29, 2018]

AGREED TO BY:

CITY OF KEY WEST

Craig Cates
Mayor

Date: _____

ATTEST:

Cheryl Smith, City Clerk

Date: _____

EXHIBIT A

TENANT OWNERSHIP

[Attached.]

ENTITY ORGANIZATIONAL CHART

