



News Release

PEBBLEBROOK HOTEL TRUST PROVIDES UPDATE ON PROPERTY SALES AND STRATEGIC PROPERTY REDEVELOPMENT PLAN

BETHESDA, MD, JUNE 3, 2019 – Pebblebrook Hotel Trust (NYSE: PEB) (the “Company”) today announced that it executed a contract to sell the 132-room Hotel Amarano Burbank in Los Angeles, California for approximately \$72.9 million to a third party.

The contracted sale price reflects a 15.8x EBITDA multiple and a 5.7% net operating income capitalization rate (after an assumed annual capital reserve of 4.0% of total hotel revenues) based on the hotel’s operating performance for 2018. Based on the trailing 12-month period ended March 2019, the contracted sales price reflects a 16.9x EBITDA multiple and a 5.3% net operating income capitalization rate (after an assumed annual capital reserve of 4.0% of total hotel revenues). Both the EBITDA multiples and net operating income capitalization rates are adjusted for the estimated annualized impact of real estate taxes for California’s Proposition 13.

The sale of Hotel Amarano Burbank is subject to normal closing conditions, and the Company offers no assurances that this sale will be completed on these terms, or at all. The Company is targeting to complete the sale in the third quarter of 2019 and continues to be encouraged with pricing levels and overall buyer interest in the investment markets. Following the completion of the sale, the Company’s estimated total net debt to trailing 12-month corporate EBITDA ratio will decline to approximately 4.6 times.

The Company also continues to make progress on its strategic property redevelopment plan and provided the following updates:

- **Mason & Rook Hotel:** On July 1, 2019, Viceroy Hotels & Resorts will become the third-party operator of this 178-room upper-upscale hotel in downtown Washington, D.C. Following the completion of a comprehensive property renovation and improvement program by early 2020, the hotel will become Viceroy Hotel Washington, D.C., a part of the luxury Viceroy Hotels & Resorts brand family; and
- **Donovan Hotel:** On July 1, 2019, Viceroy Hotel & Resorts will become the third-party operator of this 193-room upper-upscale hotel in downtown Washington, D.C. The Company plans to reconcept, redevelop and relaunch this hotel as part of the “Unofficial Z Collection” in 2020.

“We are very excited to bring Viceroy to Washington, D.C. to manage these two unique lifestyle hotels, which have so much upside potential,” noted Jon E. Bortz, Chairman, President and Chief Executive Officer of Pebblebrook Hotel Trust. “We expect that Viceroy will generate significant long-term revenue improvement and increased operating efficiencies at both of these hotels, given their extensive experience operating urban lifestyle hotels including Viceroy Santa Monica, Hotel Zeppelin, Hotel Zelos and Hotel Zetta for our company. In addition to bringing the luxury Viceroy brand to D.C., we are also excited to create our first ‘Unofficial Z Collection’ hotel on the east coast following the comprehensive and transformative redevelopment and renovation of Donovan Hotel.”

About Pebblebrook Hotel Trust

Pebblebrook Hotel Trust (NYSE: PEB) is a publicly traded real estate investment trust (“REIT”) and the largest owner of urban and resort lifestyle hotels in the United States. The Company owns 60 hotels, totaling approximately 14,500 guest rooms across 16 urban and resort markets with a focus on the west coast gateway cities. For more information, visit www.pebblebrookhotels.com and follow us at @PebblebrookPEB.

For further information about the Company’s business and financial results, please refer to the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” sections of the Company’s SEC filings, including, but not limited to, its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, copies of which may be obtained at the Investor Relations section of the Company’s website at www.pebblebrookhotels.com.

This press release contains certain “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Reform Act of 1995. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may,” “will,” “should,” “potential,” “intend,” “expect,” “seek,” “anticipate,” “estimate,” “approximately,” “believe,” “could,” “project,” “predict,” “forecast,” “continue,” “assume,” “plan,” references to “outlook” or other similar words or expressions. Forward-looking statements are based on certain assumptions and can include future expectations, future plans and strategies, financial and operating projections and forecasts and other forward-looking information and estimates. Examples of forward-looking statements include the following: the Company’s net debt and EBITDA; descriptions of the Company’s plans; forecasts of the Company’s future economic performance and its share of future markets; forecasts of hotel industry performance; and descriptions of assumptions underlying or relating to any of the foregoing expectations including assumptions regarding the timing of their occurrence. These forward-looking statements are subject to various risks and uncertainties, many of which are beyond the Company’s control, which could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, the state of the U.S. economy and the supply of hotel properties, and other factors as are described in greater detail in the Company’s filings with the Securities and Exchange Commission, including, without limitation, the Company’s Annual Report on Form 10-K for the year ended December 31, 2018. Unless legally required, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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All information in this press release is as of June 3, 2019. The Company undertakes no duty to update the statements in this press release to conform the statements to actual results or changes in the Company’s expectations.

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Contacts:

Raymond D. Martz, Chief Financial Officer, Pebblebrook Hotel Trust - (240) 507-1330

For additional information or to receive press releases via email, please visit our website at www.pebblebrookhotels.com

Pebblebrook Hotel Trust
Amarano Hotel Burbank
Reconciliation of Hotel Net Income to Hotel EBITDA and Hotel Net Operating Income
Trailing Twelve Months
(Unaudited, in millions)

	Twelve months ended December 31, 2018
Hotel net income	\$2.7
Adjustment:	
Depreciation and amortization	1.9
Hotel EBITDA	\$4.6
Adjustment:	
Capital reserve	(0.4)
Hotel Net Operating Income	\$4.1

This press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) rules. These measures are not in accordance with, or an alternative to, measures prepared in accordance with U.S. generally accepted accounting principles, or GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the hotel's results of operations determined in accordance with GAAP.

The Company has presented trailing twelve-month hotel EBITDA and trailing twelve-month hotel net operating income after capital reserves and an estimated adjustment for the annualized impact of real estate taxes for California's Proposition 13 because it believes these measures provide investors and analysts with an understanding of the hotel-level operating performance. These non-GAAP measures do not represent amounts available for management's discretionary use, because of needed capital replacement or expansion, debt service obligations or other commitments and uncertainties, nor are they indicative of funds available to fund the Company's cash needs, including its ability to make distributions.

The Company's presentation of the hotel's trailing twelve-month EBITDA and trailing twelve-month net operating income after capital reserves should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the hotel's financial performance. The table above is a reconciliation of the hotel's trailing twelve-month EBITDA and net operating income after capital reserves calculations to net income in accordance with GAAP. Any differences are a result of rounding.

Pebblebrook Hotel Trust
Amarano Hotel Burbank
Reconciliation of Hotel Net Income to Hotel EBITDA and Hotel Net Operating Income
Trailing Twelve Months
(Unaudited, in millions)

	Twelve months ended March 31, 2019
Hotel net income	\$2.4
Adjustment:	
Depreciation and amortization	1.9
Hotel EBITDA	\$4.3
Adjustment:	
Capital reserve	(0.4)
Hotel Net Operating Income	\$3.9

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