Pebblebrook Hotel Trust
Historical Reporting Data
(Unaudited)

	First Quarter 2011	Second Quarter 2011	Third Quarter 2011	Fourth Quarter 2011	Full Year 2011	First Quarter 2012	Second Quarter 2012	Third Quarter 2012	Fourth Quarter 2012	Full Year 2012
Total Property Count at end of Period	9	14	20	20	20	20	21	24	25	25
Same-Property Occupancy	69%	79%	84%	77%	78%	74%	85%	87%	79%	81%
Increase/(Decrease)	*(1.4%)*	*(1.8%)*	*2.8%*	*6.3%*	*2.4%*	*6.0%*	*7.1%*	*2.5%*	*2.1%*	*4.2%*
Same-Property ADR	$176.33	$189.29	$211.19	$217.90	$203.31	$191.90	$219.57	$215.69	$224.32	$213.83
Increase/(Decrease)	*9.7%*	*8.7%*	*7.6%*	*6.1%*	*7.7%*	*2.3%*	*5.4%*	*3.7%*	*3.6%*	*3.8%*
Same-Property RevPAR	$120.27	$146.97	$177.32	$168.58	$158.75	$142.34	$186.32	$187.18	$177.93	$173.82
Increase/(Decrease)	*8.7%*	*6.6%*	*10.7%*	*12.8%*	*10.3%*	*8.4%*	*12.9%*	*6.3%*	*5.8%*	*8.1%*
Same-Property EBITDA	$ 8,023	$ 19,518	$ 29,571	$ 31,078	$ 88,330	$ 17,147	$ 35,943	$ 37,478	$ 36,039	$ 126,606
Increase/(Decrease)	*26.7%*	*8.2%*	*20.7%*	*39.1%*	*24.0%*	*29.0%*	*28.6%*	*15.8%*	*5.3%*	*17.4%*
Same-Property EBITDA Margin	*18.6%*	*27.1%*	*27.9%*	*28.4%*	*26.7%*	*18.4%*	*31.0%*	*31.0%*	27.5%	27.4%
Increase/(Decrease)	*273 bps*	*48 bps*	*264 bps*	*562 bps*	*318 bps*	*314 bps*	*461 bps*	*283 bps*	*42 bps*	*263 bps*
Adjusted EBITDA	**$ 6,395**	**$ 18,312**	**$ 26,454**	**$ 28,145**	**$ 79,306**	**$ 13,953**	**$ 32,913**	**$ 35,384**	**$ 31,904**	**$ 114,155**
Increase/(Decrease)	***5,598.9%***	***16,900.0%***	***522.2%***	***475.0%***	***789.0%***	***118.2%***	***79.7%***	***33.8%***	***13.4%***	***43.9%***
Adjusted FFO available to common share and unit holders	$ 3,352	$ 11,563	$ 17,459	$ 16,485	$ 48,858	$ 5,472	$ 20,088	$ 22,018	$ 18,537	$ 66,117
Increase/(Decrease)	*2,863.4%*	*7,657.5%*	*364.7%*	*333.7%*	*570.8%*	*63.2%*	*73.7%*	*26.1%*	*12.5%*	*35.3%*
Adjusted FFO per common share - diluted	**$ 0.08**	**$ 0.23**	**$ 0.34**	**$ 0.32**	**$ 1.00**	**$ 0.11**	**$ 0.37**	**$ 0.37**	**$ 0.30**	**$ 1.17**
Increase/(Decrease)	***900.0%***	***3,087.4%***	***209.1%***	***220.0%***	***300.0%***	***37.5%***	***60.9%***	***8.8%***	***(4.7%)***	***17.5%***

	First Quarter 2013	Second Quarter 2013	Third Quarter 2013	Fourth Quarter 2013	Full Year 2013	First Quarter 2014	Second Quarter 2014	Third Quarter 2014	Fourth Quarter 2014	Full Year 2014
Total Property Count at end of Period	26	26	28	29	29	29	30	31	35	35
Same-Property Occupancy	79%	86%	87%	80%	83%	80%	88%	90%	81%	85%
Increase/(Decrease)	*5.0%*	*1.5%*	*(0.1%)*	*0.9%*	*1.8%*	*1.4%*	*1.4%*	*2.6%*	*1.0%*	*1.6%*
Same-Property ADR	$201.89	$227.25	$232.85	$229.16	$223.27	$209.98	$239.89	$249.82	$237.43	$235.33
Increase/(Decrease)	*3.4%*	*4.4%*	*6.3%*	*4.3%*	*4.6%*	*7.0%*	*7.6%*	*8.5%*	*6.3%*	*7.4%*
Same-Property RevPAR	$159.96	$195.42	$202.10	$183.49	$185.50	$168.98	$210.40	$225.25	$193.42	$199.98
Increase/(Decrease)	*8.5%*	*6.0%*	*6.2%*	*5.2%*	*6.4%*	*8.5%*	*9.2%*	*11.4%*	*7.4%*	*9.2%*
Same-Property EBITDA	$ 25,679	$ 46,136	$ 47,261	$ 43,467	$ 162,543	$ 34,633	$ 57,429	$ 70,090	$ 57,278	$ 219,430
Increase/(Decrease)	*14.4%*	*8.8%*	*5.4%*	*9.8%*	*8.9%*	*19.9%*	*12.1%*	*21.0%*	*13.6%*	*16.4%*
Same-Property EBITDA Margin	21.0%	31.1%	30.9%	28.9%	28.3%	24.3%	33.7%	36.0%	31.7%	31.9%
Increase/(Decrease)	*157 bps*	*93 bps*	*11 bps*	*110 bps*	*88 bps*	*251 bps*	*178 bps*	*350 bps*	*254 bps*	*262 bps*
Adjusted EBITDA	**$ 21,986**	**$ 42,844**	**$ 44,423**	**$ 40,853**	**$ 150,103**	**$ 29,541**	**$ 53,256**	**$ 63,563**	**$ 50,944**	**$ 197,304**
Increase/(Decrease)	***57.6%***	***30.2%***	***25.5%***	***28.0%***	***31.5%***	***34.4%***	***24.3%***	***43.1%***	***24.7%***	***31.4%***
Adjusted FFO available to common share and unit holders	$ 12,013	$ 26,361	$ 28,310	$ 24,570	$ 91,252	$ 16,873	$ 35,985	$ 44,653	$ 32,568	$ 130,080
Increase/(Decrease)	*119.5%*	*31.2%*	*28.6%*	*32.5%*	*38.0%*	*40.5%*	*36.5%*	*57.7%*	*32.6%*	*42.6%*
Adjusted FFO per common share - diluted	**$ 0.20**	**$ 0.43**	**$ 0.46**	**$ 0.39**	**$ 1.47**	**$ 0.26**	**$ 0.56**	**$ 0.68**	**$ 0.46**	**$ 1.96**
Increase/(Decrease)	***81.8%***	***14.8%***	***24.3%***	***27.3%***	***24.9%***	***33.5%***	***29.9%***	***47.6%***	***17.9%***	***33.3%***

Notes:

This schedule of historical results reflects results as reported in of the the Company's quarter-end and year-end press releases for the respective period. These historical results include the impact of the Manhattan Collection. The results for the Manhattan Collection only include 49% of the results for the six properties to reflect the Company's 49% ownership interest in the hotels. These historical results for the respective periods may include information reflecting operational performance prior to the Company's ownership of the hotels.

The information above is being presented only for comparison purposes. Any differences are a result of rounding. A reconciliation of each period's non-GAAP measures can be found on the "Financial Information" page of the Investor Relations section of the Company's website.

Pebblebrook Hotel Trust
Historical Reporting Data
(Unaudited)

	First Quarter 2015	Second Quarter 2015
Total Property Count at end of Period	35	37
Same-Property Occupancy	79%	87%
Increase/(Decrease)	*(2.5%)*	*(0.9%)*
Same-Property ADR	$222.54	$249.31
Increase/(Decrease)	*6.3%*	*4.8%*
Same-Property RevPAR	$174.71	$217.23
Increase/(Decrease)	*3.6%*	*3.8%*
Same-Property EBITDA	$ 46,240	$ 77,771
Increase/(Decrease)	*10.9%*	*10.6%*
Same-Property EBITDA Margin	26.0%	36.0%
Increase/(Decrease)	*168 bps*	*236 bps*
Adjusted EBITDA	**$ 38,812**	**$ 74,005**
Increase/(Decrease)	***31.4%***	***39.0%***
Adjusted FFO available to common share and unit holders	$ 24,368	$ 51,996
Increase/(Decrease)	*44.4%*	*44.5%*
Adjusted FFO per common share - diluted	**$ 0.34**	**$ 0.72**
Increase/(Decrease)	***30.8%***	***28.6%***

Notes:

This schedule of historical results reflects results as reported in of the the Company's quarter-end and year-end press releases for the respective period. These historical results include the impact of the Manhattan Collection. The results for the Manhattan Collection only include 49% of the results for the six properties to reflect the Company's 49% ownership interest in the hotels. These historical results for the respective periods may include information reflecting operational performance prior to the Company's ownership of the hotels.

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Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) Attributable to Common Shareholders to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA

(In thousands, except share and per-share data)

(Unaudited)

	Three months ended March 31, 2011	Three months ended March 31, 2010
Net loss attributable to common shareholders	$ (3,591)	$ (599)
Depreciation and amortization	4,767	-
FFO	**$ 1,176**	**$ (599)**
Hotel acquisition costs	1,726	85
Ground lease amortization	55	-
Amortization of LTIP units	395	393
Adjusted FFO	**$ 3,352**	**$ (121)**
FFO per common share - basic and diluted	$ 0.03	$ (0.03)
Adjusted FFO per common share - basic and diluted	$ 0.08	$ (0.01)

	Three months ended March 31, 2011	Three months ended March 31, 2010
Net loss attributable to common shareholders	$ (3,591)	$ (599)
Interest expense	2,856	-
Income tax (benefit)	(390)	-
Depreciation and amortization	4,797	5
Distributions to preferred shareholders	547	-
EBITDA	**$ 4,219**	**$ (594)**
Hotel acquisition costs	1,726	85
Ground lease amortization	55	-
Amortization of LTIP units	395	393
Adjusted EBITDA	**$ 6,395**	**$ (116)**

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Funds from Operations - Funds from operations ("FFO") represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Income Taxes, and Depreciation and Amortization ("EBITDA") - We believe that EBITDA provides investors a useful financial measure to evaluate our operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company's presentation of FFO in accordance with the NAREIT white paper and EBITDA, or as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Non-Cash Ground Rent: The Company excludes the non-cash amortization expense of the Company's ground lease asset.
- Acquisition Costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financials performance of the Company and its hotels.
- Amortization of LTIP Units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) Attributable to Common Shareholders to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
(In thousands, except share and per-share data)
(Unaudited)

	Three months ended June 30, 2011	Three months ended June 30, 2010
Net income (loss) attributable to common shareholders	$ 1,753	$ (3,814)
Depreciation and amortization	7,560	205
Non-controlling interests	85	-
FFO	**$ 9,398**	**$ (3,609)**
Hotel acquisition costs	1,715	3,061
Ground lease amortization	55	-
Amortization of LTIP units	395	395
Adjusted FFO	**$ 11,563**	**$ (153)**
FFO per common share - basic	$ 0.19	$ (0.18)
FFO per common share - diluted	$ 0.18	$ (0.18)
Adjusted FFO per common share - basic	$ 0.23	$ (0.01)
Adjusted FFO per common share - diluted	$ 0.23	$ (0.01)

	Three months ended June 30, 2011	Three months ended June 30, 2010
Net income (loss) attributable to common shareholders	$ 1,753	$ (3,814)
Interest expense	3,446	-
Income tax expense (benefit)	810	26
Depreciation and amortization	7,592	223
Non-controlling interests	85	-
Distributions to preferred shareholders	2,461	-
EBITDA	**$ 16,147**	**$ (3,565)**
Hotel acquisition costs	1,715	3,061
Ground lease amortization	55	-
Amortization of LTIP units	395	395
Adjusted EBITDA	**$ 18,312**	**$ (109)**

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Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - We believe that EBITDA provides investors a useful financial measure to evaluate our operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

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Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) Attributable to Common Shareholders to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA

(In thousands, except share and per-share data)

(Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010
Net income (loss) attributable to common shareholders	$ 2,825	$ (308)
Depreciation and amortization	8,999	2,005
Depreciation and amortization from unconsolidated entities	1,169	-
Non-controlling interests	114	-
FFO	**$ 13,107**	**$ 1,697**
Hotel acquisition costs	3,903	1,665
Ground lease amortization	54	-
Amortization of LTIP units	395	395
Adjusted FFO	**$ 17,459**	**$ 3,757**
FFO per common share - basic	$ 0.25	$ 0.05
FFO per common share - diluted	$ 0.25	$ 0.05
Adjusted FFO per common share - basic	$ 0.34	$ 0.11
Adjusted FFO per common share - diluted	$ 0.34	$ 0.11

	Three months ended September 30, 2011	Three months ended September 30, 2010
Net income (loss) attributable to common shareholders	$ 2,825	$ (308)
Interest expense	3,775	471
Interest expense from unconsolidated entities	2,364	-
Income tax expense (benefit)	(81)	(3)
Depreciation and amortization	9,037	2,032
Depreciation and amortization from unconsolidated entities	1,169	-
Non-controlling interests	114	-
Distributions to preferred shareholders	2,899	-
EBITDA	**$ 22,102**	**$ 2,192**
Hotel acquisition costs	3,903	1,665
Ground lease amortization	54	-
Amortization of LTIP units	395	395
Adjusted EBITDA	**$ 26,454**	**$ 4,252**

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Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) Attributable to Common Shareholders to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
(In thousands, except share and per-share data)
(Unaudited)

	Three months ended December 31,		Year ended December 31,	
	2011	**2010**	**2011**	**2010**
Net income (loss) attributable to common shareholders	$ 3,456	$ (1,921)	$ 4,443	$ (6,642)
Depreciation and amortization	9,482	3,488	30,807	5,698
Depreciation and amortization from joint ventures	2,762	-	3,931	-
Non-controlling interests	144	-	343	-
FFO	**$ 15,844**	**$ 1,567**	**$ 39,524**	**$ (944)**
Hotel acquisition costs	16	1,770	3,392	6,581
Reorganization costs from joint ventures	176	-	4,144	-
Ground lease amortization	55	69	219	69
Amortization of LTIP units	394	395	1,579	1,577
Adjusted FFO	**$ 16,485**	**$ 3,801**	**$ 48,858**	**$ 7,283**
FFO per common share - basic	$ 0.31	$ 0.04	$ 0.81	$ (0.03)
FFO per common share - diluted	$ 0.31	$ 0.04	$ 0.81	$ (0.03)
Adjusted FFO per common share - basic	$ 0.32	$ 0.10	$ 1.00	$ 0.25
Adjusted FFO per common share - diluted	$ 0.32	$ 0.10	$ 1.00	$ 0.25
Weighted-average number of basic common shares and units	51,694,728	39,811,451	48,850,299	28,669,851
Weighted-average number of fully diluted common shares and units	51,710,507	39,821,579	48,895,406	28,716,106

	Three months ended December 31,		Year ended December 31,	
	2011	**2010**	**2011**	**2010**
Net income (loss) attributable to common shareholders	$ 3,456	$ (1,921)	$ 4,443	$ (6,642)
Interest expense	3,576	1,169	13,653	1,640
Interest expense from joint ventures	3,316	-	5,680	-
Income tax expense (benefit)	225	(103)	564	(80)
Depreciation and amortization	9,519	3,516	30,945	5,776
Depreciation and amortization from joint ventures	2,762	-	3,931	-
Non-controlling interests	144	-	343	-
Distributions to preferred shareholders	4,506	-	10,413	-
EBITDA	**$ 27,504**	**$ 2,661**	**$ 69,972**	**$ 694**
Hotel acquisition costs	16	1,770	3,392	6,581
Reorganization costs from joint ventures	176	-	4,144	-
Ground lease amortization	55	69	219	69
Amortization of LTIP units	394	395	1,579	1,577
Adjusted EBITDA	**$ 28,145**	**$ 4,895**	**$ 79,306**	**$ 8,921**

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Funds from Operations - Funds from operations ("FFO") represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company's presentation of FFO in accordance with the NAREIT white paper and EBITDA, or as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Non-Cash Ground Rent: The Company excludes the non-cash amortization expense of the Company's ground lease asset.
- Acquisition Costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of LTIP Units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Reorganization costs from joint ventures: The Company excludes reorganization costs from joint venture expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) Attributable to Common Shareholders to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
(In thousands, except share and per-share data)
(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Net income (loss) attributable to common shareholders	$ (7,247)	$ (3,591)
Depreciation and amortization	9,651	4,767
Depreciation and amortization from joint venture	2,427	-
Non-controlling interests	(46)	-
FFO	**$ 4,785**	**$ 1,176**
Hotel acquisition costs	238	1,726
Ground lease amortization	54	55
Amortization of LTIP units	395	395
Adjusted FFO	**$ 5,472**	**$ 3,352**
FFO per common share - basic	$ 0.09	$ 0.03
FFO per common share - diluted	$ 0.09	$ 0.03
Adjusted FFO per common share - basic	$ 0.11	$ 0.08
Adjusted FFO per common share - diluted	$ 0.11	$ 0.08
Weighted-average number of basic common shares and units	51,939,003	39,827,551
Weighted-average number of fully diluted common shares and units	51,994,380	39,862,746

	Three months ended March 31, 2012	Three months ended March 31, 2011
Net income (loss) attributable to common shareholders	$ (7,247)	$ (3,591)
Interest expense	3,257	2,856
Interest expense from joint venture	3,313	-
Income tax expense (benefit)	(2,583)	(390)
Depreciation and amortization	9,689	4,797
Depreciation and amortization from joint venture	2,427	-
Non-controlling interests	(46)	-
Distributions to preferred shareholders	4,456	547
EBITDA	**$ 13,266**	**$ 4,219**
Hotel acquisition costs	238	1,726
Ground lease amortization	54	55
Amortization of LTIP units	395	395
Adjusted EBITDA	**$ 13,953**	**$ 6,395**

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Funds from Operations - Funds from operations (“FFO”) represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company's presentation of FFO in accordance with the NAREIT white paper and EBITDA, or as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Non-Cash Ground Rent: The Company excludes the non-cash amortization expense of the Company's ground lease asset.
- Acquisition Costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of LTIP Units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
(In thousands, except share and per share data)
(Unaudited)

	Three months ended June 30, 2012	Three months ended June 30, 2011
Net income (loss)	$ 10,027	$ 4,299
Adjustments:		
Depreciation and amortization	9,959	7,560
Depreciation and amortization from joint venture	2,437	-
FFO	**$ 22,423**	**$ 11,859**
Distribution to preferred shareholders	$ (4,457)	$ (2,461)
FFO available to common share and unit holders	**$ 17,966**	**$ 9,398**
Hotel acquisition costs	588	1,715
Ground lease amortization	54	55
Amortization of LTIP units	395	395
Management contract termination costs	1,085	-
Adjusted FFO available to common share and unit holders	**$ 20,088**	**$ 11,563**
FFO per common share - basic	$ 0.33	$ 0.18
FFO per common share - diluted	$ 0.33	$ 0.18
Adjusted FFO per common share - basic	$ 0.37	$ 0.23
Adjusted FFO per common share - diluted	$ 0.37	$ 0.23
Weighted-average number of basic common shares and units	53,837,294	51,122,771
Weighted-average number of fully diluted common shares and units	53,856,961	51,134,797

	Three months ended June 30, 2012	Three months ended June 30, 2011
Net income (loss)	$ 10,027	$ 4,299
Adjustments:		
Interest expense	3,465	3,446
Interest expense from joint venture	3,198	-
Income tax expense (benefit)	1,666	810
Depreciation and amortization	9,998	7,592
Depreciation and amortization from joint venture	2,437	-
EBITDA	**$ 30,791**	**$ 16,147**
Hotel acquisition costs	588	1,715
Ground lease amortization	54	55
Amortization of LTIP units	395	395
Management contract termination costs	1,085	-
Adjusted EBITDA	**$ 32,913**	**$ 18,312**

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Funds from Operations - Funds from operations ("FFO") represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

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The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Non-Cash Ground Rent: The Company excludes the non-cash amortization expense of the Company's ground lease asset.
- Acquisition Costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of LTIP Units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management contract termination costs: The Company excludes one-time management contract termination costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
(In thousands, except share and per share data)
(Unaudited)

	Three months ended September 30, 2012	Three months ended September 30, 2011
Net income (loss)	$ 12,105	$ 5,838
Adjustments:		
Depreciation and amortization	11,015	8,999
Depreciation and amortization from joint venture	2,469	1,169
FFO	**$ 25,589**	**$ 16,006**
Distribution to preferred shareholders	$ (4,456)	$ (2,899)
FFO available to common share and unit holders	**$ 21,133**	**$ 13,107**
Hotel acquisition costs	514	3,903
Ground lease amortization	55	54
Amortization of LTIP units	395	395
Management contract termination costs	(79)	-
Adjusted FFO available to common share and unit holders	**$ 22,018**	**$ 17,459**
FFO per common share - basic	$ 0.35	$ 0.25
FFO per common share - diluted	$ 0.35	$ 0.25
Adjusted FFO per common share - basic	$ 0.37	$ 0.34
Adjusted FFO per common share - diluted	$ 0.37	$ 0.34
Weighted-average number of basic common shares and units	59,643,154	51,700,454
Weighted-average number of fully diluted common shares and units	59,689,433	51,700,454

	Three months ended September 30, 2012	Three months ended September 30, 2011
Net income (loss)	$ 12,105	$ 5,838
Adjustments:		
Interest expense	3,949	3,775
Interest expense from joint venture	3,164	2,364
Income tax expense (benefit)	1,757	(81)
Depreciation and amortization	11,055	9,037
Depreciation and amortization from joint venture	2,469	1,169
EBITDA	**$ 34,499**	**$ 22,102**
Hotel acquisition costs	514	3,903
Ground lease amortization	55	54
Amortization of LTIP units	395	395
Management contract termination costs	(79)	-
Adjusted EBITDA	**$ 35,384**	**$ 26,454**

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Funds from Operations - Funds from operations ("FFO") represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Non-Cash Ground Rent: The Company excludes the non-cash amortization expense of the Company's ground lease asset.
- Acquisition Costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of LTIP Units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management contract termination costs: The Company excludes one-time management contract termination costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
($ in thousands, except per share data)
(Unaudited)

	Three months ended December 31, 2012	Three months ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011
Net income	$ 7,213	$ 8,106	$ 26,508	$ 15,199
Adjustments:				
Depreciation and amortization	12,012	9,482	42,638	30,807
Depreciation and amortization from joint venture	2,523	2,762	9,856	3,931
FFO	**$ 21,748**	**$ 20,350**	**$ 79,002**	**$ 49,937**
Distribution to preferred shareholders	$ (4,456)	$ (4,506)	$ (17,825)	$ (10,413)
FFO available to common share and unit holders	**$ 17,292**	**$ 15,844**	**$ 61,177**	**$ 39,524**
Hotel acquisition costs	894	16	2,234	3,392
Reorganization costs from joint venture	-	176	-	4,144
Ground lease amortization	55	55	219	219
Amortization of LTIP units	395	394	1,579	1,579
Management contract termination costs	-	-	1,007	-
Interest expense adjustment for above market loan	(99)	-	(99)	-
Adjusted FFO available to common share and unit holders	**$ 18,537**	**$ 16,485**	**$ 66,117**	**$ 48,858**
FFO per common share - basic	$ 0.28	$ 0.31	$ 1.09	$ 0.81
FFO per common share - diluted	$ 0.28	$ 0.31	$ 1.09	$ 0.81
Adjusted FFO per common share - basic	$ 0.30	$ 0.32	$ 1.18	$ 1.00
Adjusted FFO per common share - diluted	$ 0.30	$ 0.32	$ 1.17	$ 1.00
Weighted-average number of basic common shares and units	60,891,495	51,694,728	56,187,652	48,850,299
Weighted-average number of fully diluted common shares and units	61,001,105	51,710,507	56,336,606	48,895,406

	Three months ended December 31, 2012	Three months ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011
Net income	$ 7,213	$ 8,106	$ 26,508	$ 15,199
Adjustments:				
Interest expense	4,261	3,576	14,932	13,653
Interest expense from joint venture	3,485	3,316	13,160	5,680
Income tax expense (benefit)	1,026	225	1,866	564
Depreciation and amortization	12,052	9,519	42,794	30,945
Depreciation and amortization from joint venture	2,523	2,762	9,856	3,931
EBITDA	**$ 30,560**	**$ 27,504**	**$ 109,116**	**$ 69,972**
Hotel acquisition costs	894	16	2,234	3,392
Reorganization costs from joint venture	-	176	-	4,144
Ground lease amortization	55	55	219	219
Amortization of LTIP units	395	394	1,579	1,579
Management contract termination costs	-	-	1,007	-
Adjusted EBITDA	**$ 31,904**	**$ 28,145**	**$ 114,155**	**$ 79,306**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations - Funds from operations ("FFO") represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Ground lease amortization: The Company excludes the non-cash amortization expense of the Company's ground lease asset.
- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Reorganization costs from joint venture: The Company excludes reorganization costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management contract termination costs: The Company excludes one-time management contract termination costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
($ in thousands, except per share data)
(Unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
Net income (loss)	$ (246)	$ (2,837)
Adjustments:		
Depreciation and amortization	13,169	9,651
Depreciation and amortization from joint venture	2,606	2,427
FFO	**$ 15,529**	**$ 9,241**
Distribution to preferred shareholders	$ (4,668)	$ (4,456)
FFO available to common share and unit holders	**$ 10,861**	**$ 4,785**
Hotel acquisition costs	920	238
Ground lease amortization	22	54
Amortization of LTIP units	395	395
Management contract transition costs	197	-
Interest expense adjustment for above market loan	(382)	-
Adjusted FFO available to common share and unit holders	**$ 12,013**	**$ 5,472**
FFO per common share - basic	$ 0.18	$ 0.09
FFO per common share - diluted	$ 0.18	$ 0.09
Adjusted FFO per common share - basic	$ 0.20	$ 0.11
Adjusted FFO per common share - diluted	$ 0.20	$ 0.11
Weighted-average number of basic common shares and units	61,377,305	51,939,003
Weighted-average number of fully diluted common shares and units	61,507,435	51,994,380

	Three months ended March 31, 2013	Three months ended March 31, 2012
Net income (loss)	$ (246)	$ (2,837)
Adjustments:		
Interest expense	5,458	3,257
Interest expense from joint venture	2,021	3,313
Income tax expense (benefit)	(2,598)	(2,583)
Depreciation and amortization	13,211	9,689
Depreciation and amortization from joint venture	2,606	2,427
EBITDA	**$ 20,452**	**$ 13,266**
Hotel acquisition costs	920	238
Ground lease amortization	22	54
Amortization of LTIP units	395	395
Management contract transition costs	197	-
Adjusted EBITDA	**$ 21,986**	**$ 13,953**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations - Funds from operations ("FFO") represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Ground lease amortization: The Company excludes the non-cash amortization expense of the Company's ground lease asset.
- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Reorganization costs from joint venture: The Company excludes reorganization costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management contract termination costs: The Company excludes one-time management contract termination costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
($ in thousands, except per share data)
(Unaudited)

	Three months ended June 30, 2013	Three months ended June 30, 2012
Net income (loss)	$ 14,931	$ 10,027
Adjustments:		
Depreciation and amortization	13,522	9,959
Depreciation and amortization from joint venture	2,148	2,437
FFO	**$ 30,601**	**$ 22,423**
Distribution to preferred shareholders	$ (6,104)	$ (4,457)
FFO available to common share and unit holders	**$ 24,497**	**$ 17,966**
Hotel acquisition costs	241	588
Non-cash ground rent	1,718	54
Amortization of LTIP units	395	395
Management contract transition costs	-	1,085
Interest expense adjustment for above market loan	(490)	-
Adjusted FFO available to common share and unit holders	**$ 26,361**	**$ 20,088**
FFO per common share - basic	$ 0.40	$ 0.33
FFO per common share - diluted	$ 0.40	$ 0.33
Adjusted FFO per common share - basic	$ 0.43	$ 0.37
Adjusted FFO per common share - diluted	$ 0.43	$ 0.37
Weighted-average number of basic common shares and units	61,463,879	53,837,294
Weighted-average number of fully diluted common shares and units	61,577,505	53,856,961

	Three months ended June 30, 2013	Three months ended June 30, 2012
Net income (loss)	$ 14,931	$ 10,027
Adjustments:		
Interest expense	5,925	3,465
Interest expense from joint venture	2,274	3,198
Income tax expense (benefit)	1,647	1,666
Depreciation and amortization	13,565	9,998
Depreciation and amortization from joint venture	2,148	2,437
EBITDA	**$ 40,490**	**$ 30,791**
Hotel acquisition costs	241	588
Non-cash ground rent	1,718	54
Amortization of LTIP units	395	395
Management contract transition costs	-	1,085
Adjusted EBITDA	**$ 42,844**	**$ 32,913**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations - Funds from operations ("FFO") represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straightline rent impact from a ground lease.
- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Reorganization costs from joint venture: The Company excludes reorganization costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management contract termination costs: The Company excludes one-time management contract termination costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
($ in thousands, except per share data)
(Unaudited)

	Three months ended September 30, 2013	Three months ended September 30, 2012
Net income (loss)	$ 17,527	$ 12,105
Adjustments:		
Depreciation and amortization	13,928	11,015
Depreciation and amortization from joint venture	2,022	2,469
FFO	**$ 33,477**	**$ 25,589**
Distribution to preferred shareholders	$ (6,100)	$ (4,456)
FFO available to common share and unit holders	**$ 27,377**	**$ 21,133**
Hotel acquisition costs	268	514
Non-cash ground rent	665	55
Amortization of LTIP units	395	395
Management/franchise contract transition costs	107	(79)
Interest expense adjustment for above market loan	(502)	-
Adjusted FFO available to common share and unit holders	**$ 28,310**	**$ 22,018**
FFO per common share - basic	$ 0.44	$ 0.35
FFO per common share - diluted	$ 0.44	$ 0.35
Adjusted FFO per common share - basic	$ 0.46	$ 0.37
Adjusted FFO per common share - diluted	$ 0.46	$ 0.37
Weighted-average number of basic common shares and units	61,560,633	59,643,154
Weighted-average number of fully diluted common shares and units	61,728,972	59,689,433

	Three months ended September 30, 2013	Three months ended September 30, 2012
Net income (loss)	$ 17,527	$ 12,105
Adjustments:		
Interest expense	6,074	3,949
Interest expense from joint venture	2,306	3,164
Income tax expense (benefit)	1,088	1,757
Depreciation and amortization	13,971	11,055
Depreciation and amortization from joint venture	2,022	2,469
EBITDA	**$ 42,988**	**$ 34,499**
Hotel acquisition costs	268	514
Non-cash ground rent	665	55
Amortization of LTIP units	395	395
Management/franchise contract transition costs	107	(79)
Adjusted EBITDA	**$ 44,423**	**$ 35,384**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations - Funds from operations (“FFO”) represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Reorganization costs from joint venture: The Company excludes reorganization costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management/franchise contract transition costs: The Company excludes one-time management and/or franchise contract transition costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
($ in thousands, except per share data)
(Unaudited)

	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Net income (loss)	$ 10,980	$ 7,213	$ 43,192	$ 26,508
Adjustments:				
Depreciation and amortization	14,779	12,012	55,398	42,638
Depreciation and amortization from joint venture	2,117	2,523	8,892	9,856
FFO	**$ 27,876**	**$ 21,748**	**$ 107,482**	**$ 79,002**
Distribution to preferred shareholders	$ (6,081)	$ (4,456)	$ (22,953)	$ (17,825)
FFO available to common share and unit holders	**$ 21,795**	**$ 17,292**	**$ 84,529**	**$ 61,177**
Hotel acquisition costs	1,947	894	3,376	2,234
Non-cash ground rent	723	55	3,128	219
Amortization of Class A LTIP units	395	395	1,579	1,579
Management/franchise contract transition costs	254	-	558	1,007
Interest expense adjustment for above market loan	(544)	(99)	(1,918)	(99)
Adjusted FFO available to common share and unit holders	**$ 24,570**	**$ 18,537**	**$ 91,252**	**$ 66,117**
FFO per common share - basic	$ 0.35	$ 0.28	$ 1.37	$ 1.09
FFO per common share - diluted	$ 0.34	$ 0.28	$ 1.36	$ 1.09
Adjusted FFO per common share - basic	$ 0.39	$ 0.30	$ 1.47	$ 1.18
Adjusted FFO per common share - diluted	$ 0.39	$ 0.30	$ 1.47	$ 1.17
Weighted-average number of basic common shares and units	63,147,593	60,891,495	61,891,308	56,187,652
Weighted-average number of fully diluted common shares and units	63,493,191	61,001,105	62,229,660	56,336,606

	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Net income (loss)	$ 10,980	$ 7,213	$ 43,192	$ 26,508
Adjustments:				
Interest expense	6,223	4,261	23,680	14,932
Interest expense from joint venture	2,302	3,485	8,902	13,160
Income tax expense (benefit)	1,089	1,026	1,226	1,866
Depreciation and amortization	14,823	12,052	55,570	42,794
Depreciation and amortization from joint venture	2,117	2,523	8,892	9,856
EBITDA	**$ 37,534**	**$ 30,560**	**$ 141,462**	**$ 109,116**
Hotel acquisition costs	1,947	894	3,376	2,234
Non-cash ground rent	723	55	3,128	219
Amortization of Class A LTIP units	395	395	1,579	1,579
Management/franchise contract transition costs	254	-	558	1,007
Adjusted EBITDA	**$ 40,853**	**$ 31,904**	**$ 150,103**	**$ 114,155**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations - Funds from operations ("FFO") represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Amortization of Class A LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management/franchise contract transition costs: The Company excludes one-time management and/or franchise contract transition costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
($ in thousands, except per share data)

(Unaudited)

	Three months ended March 31, 2014	Three months ended March 31, 2013
Net income (loss)	$ 4,121	$ (246)
Adjustments:		
Depreciation and amortization	15,844	13,169
Depreciation and amortization from joint venture	2,211	2,606
FFO	**$ 22,176**	**$ 15,529**
Distribution to preferred shareholders	$ (6,081)	$ (4,668)
FFO available to common share and unit holders	**$ 16,095**	**$ 10,861**
Hotel acquisition costs	285	920
Non-cash ground rent	453	22
Amortization of Class A LTIP units	395	395
Management/franchise contract transition costs	99	197
Interest expense adjustment for above market loan	(538)	(382)
Non-cash retail rent	84	-
Adjusted FFO available to common share and unit holders	**$ 16,873**	**$ 12,013**
FFO per common share - basic	$ 0.25	$ 0.18
FFO per common share - diluted	$ 0.25	$ 0.18
Adjusted FFO per common share - basic	$ 0.26	$ 0.20
Adjusted FFO per common share - diluted	$ 0.26	$ 0.20
Weighted-average number of basic common shares and units	64,370,921	61,377,305
Weighted-average number of fully diluted common shares and units	64,715,883	61,507,435

	Three months ended March 31, 2014	Three months ended March 31, 2013
Net income (loss)	$ 4,121	$ (246)
Adjustments:		
Interest expense	6,075	5,458
Interest expense from joint venture	2,264	2,021
Income tax expense (benefit)	(2,334)	(2,598)
Depreciation and amortization	15,888	13,211
Depreciation and amortization from joint venture	2,211	2,606
EBITDA	**$ 28,225**	**$ 20,452**
Hotel acquisition costs	285	920
Non-cash ground rent	453	22
Amortization of Class A LTIP units	395	395
Management/franchise contract transition costs	99	197
Non-cash retail rent	84	-
Adjusted EBITDA	**$ 29,541**	**$ 21,986**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations ("FFO") - FFO represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Amortization of Class A LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management/franchise contract transition costs: The Company excludes one-time management and/or franchise contract transition costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Non-cash retail rent: The Company excludes the non-cash retail rent expense, which is primarily made up of the above/below market rental income adjustments.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
($ in thousands, except per share data)

(Unaudited)

	Three months ended June 30, 2014	Three months ended June 30, 2013
Net income (loss)	$ 22,893	$ 14,931
Adjustments:		
Depreciation and amortization	16,186	13,522
Depreciation and amortization from joint venture	2,240	2,148
FFO	**$ 41,319**	**$ 30,601**
Distribution to preferred shareholders	$ (6,082)	$ (6,104)
FFO available to common share and unit holders	**$ 35,237**	**$ 24,497**
Hotel acquisition costs	236	241
Non-cash ground rent	572	1,718
Amortization of Class A LTIP units	395	395
Management/franchise contract transition costs	(28)	-
Interest expense adjustment for above market loan	(538)	(490)
Capital lease adjustment	40	-
Amortization of favorable and unfavorable leases	71	-
Adjusted FFO available to common share and unit holders	**$ 35,985**	**$ 26,361**
FFO per common share - basic	$ 0.55	$ 0.40
FFO per common share - diluted	$ 0.54	$ 0.40
Adjusted FFO per common share - basic	$ 0.56	$ 0.43
Adjusted FFO per common share - diluted	$ 0.56	$ 0.43
Weighted-average number of basic common shares and units	64,372,920	61,463,879
Weighted-average number of fully diluted common shares and units	64,733,048	61,577,505

	Three months ended June 30, 2014	Three months ended June 30, 2013
Net income (loss)	$ 22,893	$ 14,931
Adjustments:		
Interest expense	6,256	5,925
Interest expense from joint venture	2,270	2,274
Income tax expense (benefit)	2,121	1,647
Depreciation and amortization	16,230	13,565
Depreciation and amortization from joint venture	2,240	2,148
EBITDA	**$ 52,010**	**$ 40,490**
Hotel acquisition costs	236	241
Non-cash ground rent	572	1,718
Amortization of Class A LTIP units	395	395
Management/franchise contract transition costs	(28)	-
Amortization of favorable and unfavorable leases	71	-
Adjusted EBITDA	**$ 53,256**	**$ 42,844**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations ("FFO") - FFO represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Amortization of Class A LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management/franchise contract transition costs: The Company excludes one-time management and/or franchise contract transition costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Amortization of favorable and unfavorable leases: The Company excludes the amortization of the favorable and unfavorable retail lease assets and liabilities recorded in conjucntion with hotel property acquisitions because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Capital lease adjustment: The Company excludes the effect of non-cash interest expense from capital leases because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust

Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA

($ in thousands, except per share data)

(Unaudited)

	Three months ended September 30, 2014	Three months ended September 30, 2013
Net income (loss)	$ 30,439	$ 17,527
Adjustments:		
Depreciation and amortization	17,353	13,928
Depreciation and amortization from joint venture	2,269	2,022
FFO	**$ 50,061**	**$ 33,477**
Distribution to preferred shareholders	$ (6,428)	$ (6,100)
FFO available to common share and unit holders	**$ 43,633**	**$ 27,377**
Hotel acquisition costs	475	268
Non-cash ground rent	620	665
Amortization of Class A LTIP units	395	395
Management/franchise contract transition costs	-	107
Interest expense adjustment for above market loan	(827)	(502)
Capital lease adjustment	122	-
Non-cash amortization of acquired intangibles	235	-
Adjusted FFO available to common share and unit holders	**$ 44,653**	**$ 28,310**
FFO per common share - basic	$ 0.67	$ 0.44
FFO per common share - diluted	$ 0.66	$ 0.44
Adjusted FFO per common share - basic	$ 0.68	$ 0.46
Adjusted FFO per common share - diluted	$ 0.68	$ 0.46
Weighted-average number of basic common shares and units	65,467,485	61,560,633
Weighted-average number of fully diluted common shares and units	65,954,179	61,728,972

	Three months ended September 30, 2014	Three months ended September 30, 2013
Net income (loss)	$ 30,439	$ 17,527
Adjustments:		
Interest expense	7,278	6,074
Interest expense from joint venture	2,302	2,306
Income tax expense (benefit)	2,154	1,088
Depreciation and amortization	17,396	13,971
Depreciation and amortization from joint venture	2,269	2,022
EBITDA	**$ 61,838**	**$ 42,988**
Hotel acquisition costs	475	268
Non-cash ground rent	620	665
Amortization of Class A LTIP units	395	395
Management/franchise contract transition costs	-	107
Non-cash amortization of acquired intangibles	235	-
Adjusted EBITDA	**$ 63,563**	**$ 44,423**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations ("FFO") - FFO represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Amortization of Class A LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management/franchise contract transition costs: The Company excludes one-time management and/or franchise contract transition costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Capital lease adjustment: The Company excludes the effect of non-cash interest expense from capital leases because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Non-cash amortization of acquired intangibles: The Company excludes the non-cash amortization of acquired intangibles, which includes but is not limited to the amortization of favorable and unfavorable leases and above/below market real estate tax reduction agreements because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The table above is a reconciliation of the Company's FFO and EBITDA calculations to net income in accordance with GAAP.

Pebblebrook Hotel Trust

Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA

($ in thousands, except per share data)

(Unaudited)

	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Net income (loss)	$ 16,090	$ 10,980	$ 73,543	$ 43,192
Adjustments:				
Depreciation and amortization	18,753	14,779	68,136	55,398
Depreciation and amortization from joint venture	2,304	2,117	9,025	8,892
FFO	**$ 37,147**	**$ 27,876**	**$ 150,704**	**$ 107,482**
Distribution to preferred shareholders	$ (6,488)	$ (6,081)	$ (25,079)	$ (22,953)
FFO available to common share and unit holders	**$ 30,659**	**$ 21,795**	**$ 125,625**	**$ 84,529**
Hotel acquisition costs	977	1,947	1,973	3,376
Non-cash ground rent	608	723	2,252	3,128
Amortization of Class A LTIP units	321	395	1,506	1,579
Management/franchise contract transition costs	508	254	580	558
Interest expense adjustment for above market loan	(886)	(544)	(2,790)	(1,918)
Capital lease adjustment	123	-	286	-
Non-cash amortization of acquired intangibles	258	-	648	-
Adjusted FFO available to common share and unit holders	**$ 32,568**	**$ 24,570**	**$ 130,080**	**$ 91,252**
FFO per common share - basic	$ 0.44	$ 0.35	$ 1.91	$ 1.37
FFO per common share - diluted	$ 0.43	$ 0.34	$ 1.89	$ 1.36
Adjusted FFO per common share - basic	$ 0.46	$ 0.39	$ 1.97	$ 1.47
Adjusted FFO per common share - diluted	$ 0.46	$ 0.39	$ 1.96	$ 1.47
Weighted-average number of basic common shares and units	70,374,443	63,147,593	65,883,063	61,891,308
Weighted-average number of fully diluted common shares and units	71,029,481	63,493,191	66,500,469	62,229,660

	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Net income (loss)	$ 16,090	$ 10,980	$ 73,543	$ 43,192
Adjustments:				
Interest expense	7,456	6,223	27,065	23,680
Interest expense from joint venture	2,302	2,302	9,137	8,902
Income tax expense (benefit)	1,310	1,089	3,251	1,226
Depreciation and amortization	18,810	14,823	68,324	55,570
Depreciation and amortization from joint venture	2,304	2,117	9,025	8,892
EBITDA	**$ 48,272**	**$ 37,534**	**$ 190,345**	**$ 141,462**
Hotel acquisition costs	977	1,947	1,973	3,376
Non-cash ground rent	608	723	2,252	3,128
Amortization of Class A LTIP units	321	395	1,506	1,579
Management/franchise contract transition costs	508	254	580	558
Non-cash amortization of acquired intangibles	258	-	648	-
Adjusted EBITDA	**$ 50,944**	**$ 40,853**	**$ 197,304**	**$ 150,103**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules.

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Funds from Operations ("FFO") - FFO represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the Company's operating performance without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Amortization of Class A LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management/franchise contract transition costs: The Company excludes one-time management and/or franchise contract transition costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Capital lease adjustment: The Company excludes the effect of non-cash interest expense from capital leases because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Non-cash amortization of acquired intangibles: The Company excludes the non-cash amortization of acquired intangibles, which includes but is not limited to the amortization of favorable and unfavorable leases and above/below market real estate tax reduction agreements because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity.

Pebblebrook Hotel Trust

Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA

($ in thousands, except per share data)

(Unaudited)

	Three months ended March 31, 2015		Three months ended March 31, 2014	
Net income (loss)	$	7,170	$	4,121
Adjustments:				
Depreciation and amortization		21,262		15,844
Depreciation and amortization from joint venture		2,158		2,211
FFO	**$**	**30,590**	**$**	**22,176**
Distribution to preferred shareholders	$	(6,488)	$	(6,081)
FFO available to common share and unit holders	**$**	**24,102**	**$**	**16,095**
Hotel acquisition costs		131		285
Non-cash ground rent		595		453
Amortization of Class A LTIP units		2		395
Management/franchise contract transition costs		(57)		99
Interest expense adjustment for above market loan		(830)		(538)
Capital lease adjustment		125		-
Non-cash amortization of acquired intangibles		300		84
Adjusted FFO available to common share and unit holders	**$**	**24,368**	**$**	**16,873**
FFO per common share - basic	$	0.34	$	0.25
FFO per common share - diluted	$	0.33	$	0.25
Adjusted FFO per common share - basic	$	0.34	$	0.26
Adjusted FFO per common share - diluted	$	0.34	$	0.26
Weighted-average number of basic common shares and units		71,910,020		64,370,921
Weighted-average number of fully diluted common shares and units		72,682,580		64,715,883

	Three months ended March 31, 2015		Three months ended March 31, 2014	
Net income (loss)	$	7,170	$	4,121
Adjustments:				
Interest expense		8,321		6,075
Interest expense from joint venture		2,256		2,264
Income tax expense (benefit)		(3,389)		(2,334)
Depreciation and amortization		21,325		15,888
Depreciation and amortization from joint venture		2,158		2,211
EBITDA	**$**	**37,841**	**$**	**28,225**
Hotel acquisition costs		131		285
Non-cash ground rent		595		453
Amortization of Class A LTIP units		2		395
Management/franchise contract transition costs		(57)		99
Non-cash amortization of acquired intangibles		300		84
Adjusted EBITDA	**$**	**38,812**	**$**	**29,541**

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Funds from Operations ("FFO") - FFO represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the Company's operating performance without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Amortization of Class A LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management/franchise contract transition costs: The Company excludes one-time management and/or franchise contract transition costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Capital lease adjustment: The Company excludes the effect of non-cash interest expense from capital leases because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Non-cash amortization of acquired intangibles: The Company excludes the non-cash amortization of acquired intangibles, which includes but is not limited to the amortization of favorable and unfavorable leases and above/below market real estate tax reduction agreements because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity.

Pebblebrook Hotel Trust
Reconciliation of Net Income (Loss) to FFO, EBITDA, Adjusted FFO and Adjusted EBITDA
($ in thousands, except per share data)

(Unaudited)

	Three months ended June 30, 2015	Three months ended June 30, 2014
Net income (loss)	$ 26,583	$ 22,893
Adjustments:		
Depreciation and amortization	24,828	16,186
Depreciation and amortization from joint venture	2,100	2,240
FFO	**$ 53,511**	**$ 41,319**
Distribution to preferred shareholders	$ (6,487)	$ (6,082)
FFO available to common share and unit holders	**$ 47,024**	**$ 35,237**
Hotel acquisition costs	4,334	236
Non-cash ground rent	595	572
Amortization of Class A LTIP units	-	395
Management/franchise contract transition costs	149	(28)
Interest expense adjustment for above market loan	(538)	(538)
Capital lease adjustment	126	40
Non-cash amortization of acquired intangibles	306	71
Adjusted FFO available to common share and unit holders	**$ 51,996**	**$ 35,985**
FFO per common share - basic	$ 0.65	$ 0.55
FFO per common share - diluted	$ 0.65	$ 0.54
Adjusted FFO per common share - basic	$ 0.72	$ 0.56
Adjusted FFO per common share - diluted	$ 0.72	$ 0.56
Weighted-average number of basic common shares and units	71,971,480	64,372,920
Weighted-average number of fully diluted common shares and units	72,662,303	64,733,048

	Three months ended June 30, 2015	Three months ended June 30, 2014
Net income (loss)	$ 26,583	$ 22,893
Adjustments:		
Interest expense	9,256	6,256
Interest expense from joint venture	2,278	2,270
Income tax expense (benefit)	3,519	2,121
Depreciation and amortization	24,885	16,230
Depreciation and amortization from joint venture	2,100	2,240
EBITDA	**$ 68,621**	**$ 52,010**
Hotel acquisition costs	4,334	236
Non-cash ground rent	595	572
Amortization of Class A LTIP units	-	395
Management/franchise contract transition costs	149	(28)
Non-cash amortization of acquired intangibles	306	71
Adjusted EBITDA	**$ 74,005**	**$ 53,256**

To supplement the Company's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), 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 GAAP and may be different from similarly titled 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 Company's results of operations determined in accordance with GAAP.

Funds from Operations ("FFO") - FFO represents net income (computed in accordance with GAAP), plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships. The Company considers FFO a useful measure of performance for an equity REIT because it facilitates an understanding of the Company's operating performance without giving effect to real estate depreciation and amortization, which assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to that of other REITs. Further, FFO does 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 is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA") - The Company believes that EBITDA provides investors a useful financial measure to evaluate its operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The Company also evaluates its performance by reviewing Adjusted EBITDA and Adjusted FFO, because it believes that adjusting EBITDA and FFO to exclude certain recurring and non-recurring items described below provides useful supplemental information regarding the Company's ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA and FFO for the following items, which may occur in any period, and refers to these measures as Adjusted EBITDA and Adjusted FFO:

- Hotel acquisition costs: The Company excludes acquisition transaction costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Non-cash ground rent: The Company excludes the non-cash ground rent expense, which is primarily made up of the straight-line rent impact from a ground lease.
- Amortization of Class A LTIP units: The Company excludes the non-cash amortization of LTIP Units expensed during the period.
- Management/franchise contract transition costs: The Company excludes one-time management and/or franchise contract transition costs expensed during the period because it believes that including these costs in EBITDA and FFO does not reflect the underlying financial performance of the Company and its hotels.
- Interest expense adjustment for above-market loans: The Company excludes interest expense adjustment for above-market loans assumed in connection with acquisitions, because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Capital lease adjustment: The Company excludes the effect of non-cash interest expense from capital leases because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.
- Non-cash amortization of acquired intangibles: The Company excludes the non-cash amortization of acquired intangibles, which includes but is not limited to the amortization of favorable and unfavorable leases and above/below market real estate tax reduction agreements because it believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company.

The Company's presentation of FFO in accordance with the NAREIT White Paper and EBITDA, and as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity.