

Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of Earliest Event Reported): September 26, 2019

PEBBLEBROOK HOTEL TRUST

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|---|
| Maryland | 001-34571 | 27-1055421 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

4747 Bethesda Avenue, Suite 1100

Bethesda, Maryland

20814

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (240) 507-1300

7315 Wisconsin Avenue, Suite 1100 West

Bethesda, Maryland

20814

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|---|--------------------------|--|
| Common Shares, \$0.01 par value per share | PEB | New York Stock Exchange |
| Series C Cumulative Redeemable Preferred Shares, \$0.01 par value | PEB-PC | New York Stock Exchange |
| Series D Cumulative Redeemable Preferred Shares, \$0.01 par value | PEB-PD | New York Stock Exchange |
| Series E Cumulative Redeemable Preferred Shares, \$0.01 par value | PEB-PE | New York Stock Exchange |
| Series F Cumulative Redeemable Preferred Shares, \$0.01 par value | PEB-PF | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

On September 26, 2019, Pebblebrook Hotel Trust (the “Company”) issued a press release announcing that it has completed the sale of the 82-room Hotel Madera located in Washington, D.C. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is hereby incorporated by reference herein.

On September 30, 2019, the Company issued a press release announcing that it is relocating its corporate headquarters to 4747 Bethesda Avenue, Suite 1100, Bethesda, MD 20814. A copy of the press release is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is hereby incorporated by reference herein.

Item 8.01. Other Events.

On September 26, 2019, subsidiaries of the Company completed the sale of Hotel Madera to an unaffiliated third party for a sales price of \$23.3 million. Net proceeds from the sale of Hotel Madera will be utilized for general business purposes, which may include reducing the Company’s outstanding debt.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|----------------------|--|
| 99.1 | Press release, issued September 26, 2019, regarding the sale of Hotel Madera. |
| 99.2 | Press release, issued September 30, 2019, regarding the corporate headquarters relocation. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PEBBLEBROOK HOTEL TRUST

September 30, 2019

By: /s/ Raymond D. Martz

Name: *Raymond D. Martz*

Title: *Executive Vice President, Chief Financial Officer, Treasurer and Secretary*

[\(Back To Top\)](#)

Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



7315 Wisconsin Avenue, Suite 1100 West, Bethesda, MD 20814
T: (240) 507-1300, F: (240) 396-5626
www.pebblebrookhotels.com

News Release

Pebblebrook Hotel Trust Completes Sale of Hotel Madera

Bethesda, MD, September 26, 2019 - Pebblebrook Hotel Trust (NYSE: PEB) (the "Company") today announced that it closed on the sale of the 82-room Hotel Madera in Washington, D.C. for \$23.3 million to a third party.

The sale price of \$23.3 million reflects a 14.3x EBITDA multiple and a 5.7% net operating income capitalization rate based on the hotel's operating performance for 2018. Based on the trailing 12-month period ended June 30, 2019, the contracted sales price reflects a 14.1x EBITDA multiple and a 5.9% net operating income capitalization rate.

Following the sale of Hotel Madera, the Company has completed a total of \$1.3 billion of asset sales as part of its strategic disposition plan, and year to date, the Company has completed a total of \$449.0 million of asset sales towards its goal of \$600.0 million, which reflects a 15.7x EBITDA multiple and a 5.5% net operating income capitalization rate based on the hotels' performance for 2018. The net operating income capitalization rates above are after an assumed annual capital reserve of 4.0% of total hotel revenues.

Proceeds from the sale of Hotel Madera will be utilized for general business purposes which may include reducing the Company's outstanding debt. As a result of this completed sale, the Company estimates its total net debt to trailing 12-month corporate EBITDA will be approximately 4.6 times at the end of the third quarter 2019.

About Pebblebrook Hotel Trust

Pebblebrook Hotel Trust (NYSE: PEB) is a publicly traded real estate investment trust ("REIT") and the largest owner of urban and resort lifestyle hotels in the United States. The Company owns 57 hotels, totaling approximately 14,100 guest rooms across 16 urban and resort markets with a focus on the west coast gateway cities. For more information, visit www.pebblebrookhotels.com and follow us at @PebblebrookPEB.

This press release contains certain "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Reform Act of 1995. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "seek," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," "forecast," "continue," "assume," "plan," references to "outlook" or other similar words or expressions. Forward-looking statements are based on certain assumptions and can include future expectations, future plans and strategies, financial and operating projections and forecasts and other forward-looking information and estimates. Examples of forward-looking statements include the following: the Company's net debt and EBITDA; descriptions of the Company's plans; forecasts of the Company's future economic performance and its share of future markets; forecasts of hotel industry performance; and descriptions of assumptions underlying or relating to any of the foregoing expectations including assumptions regarding the timing of their occurrence. These forward-looking statements are subject to various risks and uncertainties, many of which are beyond the Company's control, which could

cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, the state of the U.S. economy and the supply of hotel properties, and other factors as are described in greater detail in the Company's filings with the Securities and Exchange Commission, including, without limitation, the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Unless legally required, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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

All information in this press release is as of September 26, 2019. The Company undertakes no duty to update the statements in this press release to conform the statements to actual results or changes in the Company's expectations.

###

Contacts:

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

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

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

| | | Twelve months ended December 31, 2018 |
|-------------------------------|----|---|
| Hotel net income | \$ | 0.8 |
| Adjustment: | | |
| Depreciation and amortization | | 0.8 |
| Hotel EBITDA | \$ | 1.6 |
| Adjustment: | | |
| Capital reserve | | (0.3) |
| Hotel Net Operating Income | \$ | 1.3 |

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

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

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

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

| | | <u>Twelve months ended June 30,</u> <u>2019</u> |
|-------------------------------|----|--|
| Hotel net income | \$ | 1.0 |
| Adjustment: | | |
| Depreciation and amortization | | 0.7 |
| Hotel EBITDA | \$ | <u>1.7</u> |
| Adjustment: | | |
| Capital reserve | | (0.3) |
| Hotel Net Operating Income | \$ | <u>1.4</u> |

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

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

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

Pebblebrook Hotel Trust
Historical Operating Data
(\$ in millions, except ADR and RevPAR)
(Unaudited)

Historical Operating Data:

| | First Quarter 2018 | Second Quarter 2018 | Third Quarter 2018 | Fourth Quarter 2018 | Full Year 2018 |
|---------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|---------------------------|
| Occupancy | 76% | 87% | 89% | 77% | 82% |
| ADR | \$238 | \$263 | \$262 | \$247 | \$253 |
| RevPAR | \$181 | \$229 | \$232 | \$192 | \$208 |
| Hotel Revenues | \$340.1 | \$424.1 | \$424.6 | \$371.1 | \$1,559.8 |
| Hotel EBITDA | \$95.6 | \$156.9 | \$155.1 | \$109.1 | \$516.8 |
| Hotel EBITDA Margin | 28.1% | 37.0% | 36.5% | 29.4% | 33.1% |

| | First Quarter 2019 | Second Quarter 2019 |
|---------------------|-------------------------------|--------------------------------|
| Occupancy | 76% | 87% |
| ADR | \$251 | \$268 |
| RevPAR | \$190 | \$232 |
| Hotel Revenues | \$355.8 | \$433.2 |
| Hotel EBITDA | \$98.4 | \$157.5 |
| Hotel EBITDA Margin | 27.7% | 36.3% |

These historical hotel operating results include information for all of the hotels the Company owned as of September 26, 2019. These historical operating results include periods prior to the Company's ownership of the hotels. The information above does not reflect the Company's corporate general and administrative expense, interest expense, property acquisition costs, depreciation and amortization, taxes and other expenses. Any differences are a result of rounding.

The information above has not been audited and has been presented only for comparison purposes.

Pebblebrook Hotel Trust
Strategic Disposition Program Summary
(Unaudited)

| | <u>Date of disposition</u> | <u>Sales price (\$ in millions)</u> | <u>EBITDA multiple</u> | <u>Net operating capitalization rate</u> | <u>Sales price per key (\$ in thousands)</u> |
|---|----------------------------|-------------------------------------|------------------------|--|--|
| Hotel dispositions: | | | | | |
| Park Central San Francisco and Park Central New York / WestHouse New York | 11/30/2018 | \$ 715.0 | 16.5x | 5.1% | \$ 443 |
| Gild Hall, New York | 11/30/2018 | 38.8 | 15.8x | 5.3% | 298 |
| Embassy Suites Philadelphia Center City | 11/30/2018 | 67.0 | 11.0x | 8.1% | 233 |
| The Grand Hotel Minneapolis | 12/4/2018 | 30.0 | 8.5x | 10.4% | 214 |
| The Liaison Capitol Hill | 2/14/2019 | 111.0 | 16.9x | 4.9% | 324 |
| Hotel Palomar Washington, DC | 2/22/2019 | 141.5 | 14.9x | 5.9% | 422 |
| Onyx Hotel | 5/29/2019 | 58.3 | 15.3x | 5.9% | 521 |
| Hotel Amarano Burbank | 7/16/2019 | 72.9 | 15.8x | 5.7% | 552 |
| Rouge Hotel | 9/12/2019 | 42.0 | 17.4x | 5.0% | 307 |
| Hotel Madera | 9/26/2019 | 23.3 | 14.3x | 5.7% | 284 |
| Total / Average | | \$ 1,300 | 15.5x | 5.54% | \$ 392 |
| Total / Average (Completed in 2019) | | \$ 449 | 15.7x | 5.53% | \$ 394 |

The EBITDA multiple and net operating capitalization rate are based on the applicable hotel's estimated trailing twelve-month operating performance for 2018. The net operating income capitalization rate is based on an assumed annual capital reserve of 4.0% of total hotel revenues. The EBITDA Multiple and net operating capitalization rate for Hotel Amarano Burbank reflect an estimated adjustment for the annualized impact of real estate taxes for California's Proposition 13 because the Company believes the adjusted hotel results for this period provide investors and analysts with an understanding of the hotel-level operating performance.

These hotel results for the respective periods may include information reflecting operational performance prior to the Company's ownership of the hotels. Any differences are a result of rounding.

[\(Back To Top\)](#)

Section 3: EX-99.2 (EXHIBIT 99.2)



4747 Bethesda Avenue, Suite 1100, Bethesda, MD 20814
T: (240) 507-1300, F: (240) 396-5626
www.pebblebrookhotels.com

News Release

Pebblebrook Hotel Trust Announces Relocation of Corporate Offices

Bethesda, MD, September 30, 2019 - Pebblebrook Hotel Trust (NYSE: PEB) (the "Company") today announced that it is relocating its corporate headquarters to 4747 Bethesda Avenue, Suite 1100, Bethesda, MD 20814.

"We're thrilled to bring our two office locations together, following last year's corporate acquisition," said Jon E. Bortz, Chairman, President and Chief Executive Officer of Pebblebrook Hotel Trust. "Since the closing of the acquisition on November 30, 2018, we have made tremendous progress in bringing together our teams and systems. The relocation of our corporate headquarters marks the final step in fully integrating our Pebblebrook community as we continue to build on the success we've achieved to date."

About Pebblebrook Hotel Trust

Pebblebrook Hotel Trust (NYSE: PEB) is a publicly traded real estate investment trust ("REIT") and the largest owner of urban and resort lifestyle hotels in the United States. The Company owns 57 hotels, totaling approximately 14,100 guest rooms across 16 urban and resort markets with a focus on the west coast gateway cities. For more information, visit www.pebblebrookhotels.com and follow us at @PebblebrookPEB.

###

Contacts:

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

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

[\(Back To Top\)](#)