



News Release

PEBBLEBROOK HOTEL TRUST PROVIDES UPDATE ON FIRST QUARTER 2018 OUTLOOK

BETHESDA, MD, APRIL 12, 2018 -- Pebblebrook Hotel Trust (NYSE: PEB) (the "Company") today provided an update on its first quarter 2018 performance as compared to its outlook provided on February 22, 2018.

Based upon a preliminary review of operating and financial results, the Company has updated its first quarter 2018 outlook as follows:

| | New First Quarter 2018 Outlook as of April 12, 2018 | | Prior Outlook as of February 22, 2018 | | Variance to Prior Outlook | |
|---|---|---------|--|---------|------------------------------|--------|
| | Low | High | Low | High | Low | High |
| | (\$ in millions, except per share data) | | | | | |
| Net income | \$22.2 | \$23.7 | \$14.5 | \$17.5 | \$7.7 | \$6.2 |
| Same-Property RevPAR ⁽¹⁾ growth rate | (0.50%) | (0.25%) | (3.50%) | (1.50%) | 3.00% | 1.25% |
| Same-Property EBITDA ⁽¹⁾ | \$53.3 | \$54.8 | \$48.5 | \$51.5 | \$4.8 | \$3.3 |
| Adjusted EBITDA ⁽¹⁾ | \$57.0 | \$58.5 | \$47.1 | \$50.1 | \$9.9 | \$8.4 |
| Adjusted FFO per diluted share ⁽¹⁾ | \$0.63 | \$0.65 | \$0.51 | \$0.55 | \$0.12 | \$0.10 |

⁽¹⁾ See tables later in this press release for a description of same-property information and reconciliations from net income (loss) to non-GAAP financial measures, including Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA, Adjusted Funds from Operations ("FFO") and Adjusted FFO per share.

For the details as to which hotels are included in Same-Property Revenue Per Available Room ("RevPAR") and Same-Property EBITDA appearing in the table above and elsewhere in this press release, refer to the Same-Property Inclusion Reference Table later in this press release.

"We are encouraged by the improved business travel demand that we experienced during the first quarter, which was much stronger than expected," said Jon E. Bortz, Chairman, President and Chief Executive Officer of Pebblebrook Hotel Trust. "These positive business travel trends include increased short-term group and transient bookings, fewer cancellations, better group attendance and increased overall group spend, as well as solid demand from the leisure segment. These trends seem to be continuing into the second quarter."

If any of the foregoing estimates and assumptions prove to be inaccurate, actual results may vary, and could vary significantly, from the outlook estimates shown above. This update is based upon information available to the Company as of today and has not been audited.

About Pebblebrook Hotel Trust

Pebblebrook Hotel Trust is a publicly traded real estate investment trust (“REIT”) organized to opportunistically acquire and invest primarily in upper upscale, full-service hotels located in urban markets in major gateway cities. The Company owns 28 hotels, with a total of 6,973 guest rooms. The Company owns hotels located in 9 states and the District of Columbia, including: Los Angeles, California (Beverly Hills, Santa Monica and West Hollywood); San Diego, California; San Francisco, California; Washington, DC; Coral Gables, Florida; Naples, Florida; Buckhead, Georgia; Boston, Massachusetts; Minneapolis, Minnesota; Portland, Oregon; Philadelphia, Pennsylvania; Nashville, Tennessee; Columbia River Gorge, Washington; and Seattle, Washington. For more information, please visit us at www.pebblebrookhotels.com and follow us on Twitter 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: projections and forecasts of the Company’s net income, EBITDA, Adjusted FFO, Adjusted EBITDA and RevPAR, and the Company’s expenses, share count or other financial items; descriptions of the Company’s plans or objectives for future operations, acquisitions or services; forecasts of the Company’s future economic performance; 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, 2017. 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 April 12, 2018. The Company undertakes no duty to update the statements in this press release to conform the statements to actual results or changes in the Company’s expectations.

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

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

| | Three months ending March 31, 2018 | |
|---|---------------------------------------|----------------|
| | Low | High |
| Net income (loss) | \$ 22 | \$ 24 |
| Adjustments: | | |
| Depreciation and amortization | 25 | 25 |
| FFO | \$ 47 | \$ 49 |
| Distribution to preferred shareholders | (4) | (4) |
| FFO available to common share and unit holders | \$ 43 | \$ 45 |
| Non-cash ground rent | 1 | 1 |
| Gain on insurance settlements | (5) | (5) |
| Business interruption proceeds | 3 | 3 |
| Other | 2 | 2 |
| Adjusted FFO available to common share and unit holders | \$ 44 | \$ 45 |
| FFO per common share - diluted | \$ 0.62 | \$ 0.64 |
| Adjusted FFO per common share - diluted | \$ 0.63 | \$ 0.65 |
| Weighted-average number of fully diluted common shares and units | 69.4 | 69.4 |

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 financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP financial 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), excluding gains or losses from sales of properties, 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.

The Company also evaluates its performance by reviewing Adjusted FFO because it believes that adjusting 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 FFO, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts FFO for the following items, which may occur in any period, and refers to this measure as 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.
- Gain on insurance settlements: The Company excludes the gain on insurance settlements because the Company believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company and its hotels.
- Business interruption proceeds: The Company includes business interruption proceeds because the Company believes that including these proceeds reflects the underlying financial performance of the Company and its hotels.
- Other: The Company excludes other expenses, which include hotel acquisition and disposition costs, management/franchise contract transition costs, interest expense adjustment for acquired liabilities, capital lease adjustment, non-cash amortization of acquired intangibles and estimated hurricane related repairs and cleanup costs, because the Company believes that including these non-cash adjustments in 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 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.

Any differences are a result of rounding.

Pebblebrook Hotel Trust
Reconciliation of Outlook of Net Income (Loss) to EBITDA and Adjusted EBITDA
(\$ in millions)
(Unaudited)

| | Three months ending March 31, 2018 | |
|---|---------------------------------------|--------------|
| | Low | High |
| Net income (loss) | \$ 22 | \$ 24 |
| Adjustments: | | |
| Interest expense and income tax expense | 9 | 9 |
| Depreciation and amortization | 25 | 25 |
| EBITDA | \$ 56 | \$ 58 |
| Non-cash ground rent | 1 | 1 |
| Gain on insurance settlements | (5) | (5) |
| Business interruption proceeds | 3 | 3 |
| Other | 2 | 2 |
| Adjusted EBITDA | \$ 57 | \$ 59 |

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 financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP financial 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.

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 because it believes that adjusting EBITDA 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, when combined with the primary GAAP presentation of net income (loss), more completely describes the Company's operating performance. The Company adjusts EBITDA for the following items, which may occur in any period, and refers to this measure as Adjusted EBITDA:

- 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.
- Gain on insurance settlements: The Company excludes the gain on insurance settlements because the Company believes that including these non-cash adjustments in FFO does not reflect the underlying financial performance of the Company and its hotels.
- Business interruption proceeds: The Company includes business interruption proceeds because the Company believes that including these proceeds reflects the underlying financial performance of the Company and its hotels.
- Other: The Company excludes other expenses, which include hotel acquisition and disposition costs, management/franchise contract transition costs, non-cash amortization of acquired intangibles and estimated hurricane related repairs and cleanup costs, because the Company believes that including these non-cash adjustments in EBITDA does not reflect the underlying financial performance of the Company and its hotels.

The Company's presentation of 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.

Any differences are a result of rounding.

Pebblebrook Hotel Trust
Same-Property Inclusion Reference Table

| Hotels | Q1 | Q2 | Q3 | Q4 |
|---|-----------|-----------|-----------|-----------|
| Sir Francis Drake | X | X | X | X |
| InterContinental Buckhead Atlanta | X | X | X | X |
| Hotel Monaco Washington DC | X | X | X | X |
| The Grand Hotel Minneapolis | X | X | X | X |
| Skamania Lodge | X | X | X | X |
| Le Méridien Delfina Santa Monica | X | X | X | X |
| Sofitel Philadelphia | X | X | X | X |
| Argonaut Hotel | X | X | X | X |
| The Westin San Diego Gaslamp Quarter | X | X | X | X |
| Hotel Monaco Seattle | X | X | X | X |
| Mondrian Los Angeles | X | X | X | X |
| W Boston | X | X | X | X |
| Hotel Zetta San Francisco | X | X | X | X |
| Hotel Vintage Seattle | X | X | X | X |
| Hotel Vintage Portland | X | X | X | X |
| W Los Angeles - West Beverly Hills | X | X | X | X |
| Hotel Zelos San Francisco | X | X | X | X |
| Embassy Suites San Diego Bay - Downtown | X | X | X | X |
| Hotel Modera | X | X | X | X |
| Hotel Zephyr Fisherman's Wharf | X | X | X | X |
| Hotel Zeppelin San Francisco | X | X | X | X |
| The Nines, a Luxury Collection Hotel, Portland | X | X | X | X |
| Hotel Colonnade Coral Gables, a Tribute Portfolio Hotel | X | X | X | X |
| Hotel Palomar Los Angeles Beverly Hills | X | X | X | X |
| Union Station Hotel Nashville, Autograph Collection | X | X | X | X |
| Revere Hotel Boston Common | X | X | X | X |
| LaPlaya Beach Resort & Club | X | X | | |
| Hotel Zoe Fisherman's Wharf | X | X | X | X |

Notes:

A property marked with an "X" in a specific quarter denotes that the same-property operating results of that property are included in the Same-Property information provided elsewhere in this news release.

The Company's first quarter Same-Property RevPAR Growth and Same-Property EBITDA include all of the hotels the Company owned as of March 31, 2018. Operating statistics and financial results may include periods prior to the Company's ownership of the hotels.