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PEB PR H - PEBBLEBROOK HOTEL TRUST
10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	2143
CHANGES	414
DELETIONS	819
ADDITIONS	910

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2022** **December 31, 2023**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 001-34571

PEBBLEBROOK HOTEL TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State of Incorporation or Organization)

27-1055421

(I.R.S. Employer Identification No.)

4747 Bethesda Avenue, Suite 1100, Bethesda, Maryland

(Address of Principal Executive Offices)

20814

(Zip Code)

(240) 507-1300

(Registrant's telephone number, including area
code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares, \$0.01 par value per share	PEB	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
Series G Cumulative Redeemable Preferred Shares, \$0.01 par value	PEB-PG	New York Stock Exchange
Series H Cumulative Redeemable Preferred Shares, \$0.01 par value	PEB-PH	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, **or** a smaller reporting company, **or** an emerging growth company. See **definition the definitions** of "large accelerated filer," "accelerated filer" and filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The aggregate market value of the **129,544,221** **118,347,498** common shares of beneficial interest of the registrant held by non-affiliates of the registrant was **\$2.1 billion** **\$1.6 billion** based on the closing sale price on the New York Stock Exchange for such common shares of beneficial interest as of **June 30, 2022** **June 30, 2023**.

The number of common shares of beneficial interest outstanding as of **February 16, 2023** **February 14, 2024** was **125,982,790** **120,294,744**.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for its **2023** **2024** Annual Meeting of Shareholders (to be filed with the Securities and Exchange Commission on or before **April 30, 2023** **April 30, 2024**) are incorporated by reference into this Annual Report on Form 10-K in response to Part III, Items 10, 11, 12, 13 and 14.

Pebblebrook Hotel Trust

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FORWARD-LOOKING STATEMENTS

This report, together with other statements and information publicly disseminated by us, contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may", "will", "should", "potential", "could", "seek", "assume", "forecast", "believe", "expect", "intend", "anticipate", "estimate", "project" or similar expressions. Forward-looking statements in this report include, among others, statements about our business strategy, including acquisition and development strategies, industry trends, estimated revenues and expenses, estimated costs and durations of renovation or restoration projects, **timing and extent of debt refinancings**, estimated insurance recoveries, our ability to realize deferred tax assets and expected liquidity needs and sources (including capital expenditures and our ability to obtain financing or raise capital). You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and which could materially affect actual results, performance or achievements. These factors include, but are not limited to, the following:

- the COVID-19 pandemic has had, and may continue to have, a significant negative impact on our financial condition and operations, which **impacts may impact** our ability to obtain acceptable **financing to fund resulting reductions in cash from operations, financing**. The current and uncertain future impact of the COVID-19 pandemic, including its effect on the ability or desire of people to travel, is expected to continue to negatively affect our results, operations, outlooks, plans, goals, growth, reputation, cash flows, liquidity and share price;
- as a result of the COVID-19 pandemic, we suspended operations at most of our hotels and **resorts, resorts in March 2020**. Operations **have** recommenced **between May 2020 and July 2021** and are improving. However, if continued improvement is interrupted, we may become out of compliance with maintenance covenants in certain of our debt facilities;
- world events impacting the ability or desire of people to travel may lead to a decline in demand for hotels;
- risks associated with the hotel industry, including competition, changes in visa and other travel policies by the U.S. government making it less convenient, more difficult or less desirable for international travelers to enter the U.S., increases in employment costs, energy costs and other operating costs, or decreases in demand caused by events beyond our control, including, without limitation, actual or threatened terrorist attacks, natural disasters, **cyber attacks, cyber-attacks**, any type of flu or disease-related pandemic, or downturns in general and local economic conditions;
- the availability and terms of financing and capital and the general volatility of securities markets;
- our dependence on third-party managers of our hotels, including our inability to implement strategic business decisions directly;
- risks associated with the U.S. and global economies, the cyclical nature of hotel properties and the real estate industry, including environmental contamination and costs of complying with new or existing laws, including the Americans with Disabilities Act and similar laws;
- interest rate increases;
- our possible failure to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended ("the Code") and the risk of changes in laws affecting REITs;

- the timing and availability of potential hotel acquisitions, our ability to identify and complete hotel acquisitions and our ability to complete hotel dispositions in accordance with our business strategy;
- the possibility of uninsured losses;
- risks associated with redevelopment and repositioning projects, including delays and cost overruns; and
- the other factors discussed under *Risk Factors* in Part I, Item 1A of this Annual Report on Form 10-K.

Accordingly, there is no assurance that our expectations will be realized. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The "Company", "we" or "us" mean Pebblebrook Hotel Trust, a Maryland real estate investment trust, and one or more of its subsidiaries (including Pebblebrook Hotel, L.P., our operating partnership), or, as the context may require, Pebblebrook Hotel Trust only or Pebblebrook Hotel, L.P. only.

PART I

Item 1. Business.

General

Pebblebrook Hotel Trust is an internally managed hotel investment company, formed as a Maryland real estate investment trust in October 2009 to opportunistically acquire and invest in hotel properties located primarily in major United States cities and resort properties located near our primary target urban markets and select destination resort markets, with an emphasis on major gateway coastal markets. As of **December 31, 2022** **December 31, 2023**, the Company owned **interest interests** in **51** **46** hotels with a total of **12,756** **11,924** guest rooms.

Substantially all of the Company's assets are held by, and all of the Company's operations are conducted through, Pebblebrook Hotel, L.P. (our "Operating Partnership"). The Company is the sole general partner of the Operating Partnership. At **December 31, 2022** **December 31, 2023**, the Company owned 99.3% of the common limited partnership units issued by the Operating Partnership ("common units"). The remaining 0.7% of the common units are owned by the other limited partners of the Operating Partnership. For the Company to maintain its qualification as a REIT under the Code, it cannot operate the hotels it owns. Therefore, the Operating Partnership and its subsidiaries lease the hotel properties to subsidiaries of Pebblebrook Hotel Lessee, Inc. (collectively with its subsidiaries, "PHL"), our taxable REIT subsidiary ("TRS"), which in turn engage third-party eligible independent contractors to manage the hotels. PHL is consolidated into the Company's financial statements.

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") to be a global pandemic and the virus spread throughout the United States and the world. As a result of this pandemic and subsequent government mandates, health official recommendations, corporate policy changes and individuals' responses, hotel demand dramatically declined. Demand has since improved as a result of an increase in vaccinations and corresponding lifting of governmental restrictions and recommendations. See further discussion in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of this Annual Report on Form 10-K.

Business Objectives and Strategies

Acquisitions/Investments

We invest in hotel properties located primarily within major United States cities and resort properties located near our primary target urban markets and select destination resort markets, with an emphasis on major gateway coastal markets and leisure destinations. Our hotel properties are located in Boston, Massachusetts; Chicago, Illinois; Hollywood, Florida; Jekyll Island, Georgia; Key West, Florida; Los Angeles, California (Beverly Hills, Santa Monica, and West Hollywood); **Miami (Coral Gables), Florida**; Naples, Florida; Newport, Rhode Island; Portland, Oregon; San Diego, California; San Francisco, California; Santa Cruz, California; **Seattle, Washington**; Stevenson, Washington; and Washington, D.C. We believe these markets have barriers-to-entry and provide diverse sources of meeting and room night demand generators. In addition, we also opportunistically target investments in resort properties located near our primary urban target markets and select destination resort markets such as southern Florida and southern California. We focus on both branded and independent full-service hotels in the "upper-upscale" segment of the lodging industry. The full-service hotels on which we focus our investment activity generally have one or more restaurants, lounges, meeting facilities and other amenities, as well as high levels of customer service. We believe that our target markets, including the major gateway markets and leisure destinations, are characterized by barriers-to-entry and that room-night demand and average daily rate ("ADR") growth of these types of hotels and resorts will outperform the national average over the long-term, as they have in past cyclical recoveries and growth periods.

We perform and utilize extensive research to evaluate any target market and property, including a detailed review of the long-term economic outlook, trends in local demand generators, competitive environment, property systems and physical condition and property financial performance. Specific acquisition criteria may include, but are not limited to, the following:

- premier locations, facilities and other competitive advantages that are not easily replicated;
- barriers-to-entry in the market, such as scarcity of development sites, regulatory hurdles, high per-room development costs and long lead times for new development;
- acquisition prices at a discount to replacement cost;
- properties not subject to long-term management contracts with hotel management companies;
- potential return on investment initiatives, including redevelopment, rebranding, redesign, expansion and change of management;
- opportunities to implement value-added operational improvements; and
- strong demand growth characteristics supported by favorable demographic indicators.

We believe that upper-upscale, full-service hotels and resorts and upscale hotels located in major U.S. urban, convention and drive-to and destination resort markets are likely to generate some of the most favorable risk-adjusted returns in the lodging industry over the long-term. **As discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of this Annual Report on Form 10-K, the COVID-19 pandemic has materially disrupted hotel occupancy and daily rates, particularly in urban markets in which we have invested. Despite the dramatic decline in demand, revenue and operating income as a result of COVID-19 as well as uncertainty related to international travel restrictions and political factors, the successful vaccination distribution and effective therapeutics throughout the U.S. and the world have gradually allowed for a**

steady return to normalcy. We believe that portfolio diversification will allow us to benefit from growth in various customer segments, including business transient, leisure transient and group and convention room-night demand. We believe that hotel supply growth, following the delivery of current supply construction, will decline from the historical growth rate prior to the pandemic for the foreseeable future.

We generally seek to enter into flexible management contracts, when possible, with third-party hotel management companies for the operation of our hotels and resorts that provide us with the ability to replace operators and/or reposition properties, to the extent that we determine to do so and align our operators with our objective of maximizing our return on investment. In addition, we believe that flexible management contracts facilitate the sale of hotels, and we may seek to sell hotels opportunistically if we believe sales proceeds may be used to repay debt, **repurchase our shares** or invest in other hotel properties that offer more attractive risk-adjusted returns.

We may engage in full or partial redevelopment, renovation and repositioning of certain properties, as we seek to maximize the financial performance of our hotels and resorts. In addition, we may acquire properties that require significant capital improvement, renovation or refurbishment. We also may acquire hotel and resort properties that we believe would benefit from significant redevelopment or expansion, including, for example, adding guest rooms, meeting facilities or other amenities.

We may consider acquiring outstanding debt secured by a hotel or resort property from lenders and investors if we believe the returns will be attractive or if we can foreclose on or acquire ownership of the property in the near-term. In connection with our acquisitions, generally we do not, but we may choose to opportunistically, originate or purchase any debt financing or preferred equity. Additionally, we have co-invested, and may in the future co-invest, in hotels and debt with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for a property, partnership, joint venture or other entity.

Asset Management

While we do not operate our hotel properties, both our asset management team and our executive management team monitor and work cooperatively with our hotel managers by advising and making recommendations in all aspects of our hotels' operations, including property positioning and repositioning, revenue and expense management, operations analysis, physical design, renovation and capital improvements, guest experience and overall strategic direction. We believe we can add significant value to our portfolio through our intensive asset management strategies. Our executives and asset management team have significant experience in hotel operations and creating and implementing innovative asset management initiatives.

We have developed strategic short- and long-term capital investment plans to enhance our hotels' profitability through the strategic use of, among others, expansions, additions, renovations, technology upgrades and modifications, and energy efficiency improvements. We are also focused on revenue and expense management at our properties. We work closely with our hotel operators to evaluate optimal market mix and pricing strategies, ensure quality staffing and appropriate management focus, implement best practices to minimize expenses and aggressively monitor and evaluate our hotels' operations and performance.

Curator

In 2020, we We and **five** **four** industry-leading hotel operators **jointly launched** **are founding members of** Curator Hotel & Resort Collection, a collection of small brands and independent lifestyle hotels and resorts worldwide. Curator's distinct owner-centric platform offers an alternative for independent lifestyle hotels seeking to strengthen their performance, providing its members with best-in-class agreements, services and technology, while allowing members to retain their unique identities. We own a majority of the equity interests in Curator, which is consolidated in our consolidated financial statements.

Financing Strategies

Over time, we intend to finance our long-term growth with issuances of common and preferred equity securities and debt financings having staggered maturities. Our debt includes senior unsecured credit facilities, term loans, convertible debt, unsecured notes and mortgage debt secured by our hotel properties, and may in the future include other unsecured debt.

We anticipate using net proceeds from equity and debt offerings and property sales to fund future acquisitions as well as for property redevelopments, **return on investment** **return-on-investment** initiatives, **share repurchases** and working capital requirements. Subject to market conditions, we intend to repay amounts outstanding under our senior unsecured revolving credit facilities from time to time with proceeds from periodic common and preferred equity issuances, long-term debt financings, cash flows from operations and opportunistic or strategic dispositions.

When purchasing hotel properties, we may issue limited partnership interests in our Operating Partnership as full or partial consideration to sellers who may desire to take advantage of tax deferral on the sale of a hotel or participate in the potential appreciation in value of our common shares of beneficial interest, or common shares.

Competition

We compete for hotel investment opportunities with institutional investors, private equity investors, other REITs and numerous local, regional, national and international owners, including franchisors, in each of our target markets. Some of these entities have substantially greater financial resources than we do and may be able and willing to accept more risk than we can prudently manage. Competition generally may increase the bargaining power of property owners seeking to sell and reduce the number of suitable investment opportunities offered to us or purchased by us.

The hotel industry is highly competitive. Our hotels compete with other hotels and alternative lodging for guests in our markets. Competitive factors include, among others, location, convenience, brand affiliation, room rates, range of services, facilities and guest amenities or accommodations offered and quality of guest service. Competition in our hotels' markets includes competition from existing, newly renovated and newly developed hotels in the relevant segments. Competition can adversely affect our hotels' occupancy, ADR and room revenue per available room ("RevPAR"), and thus our financial results. We may be required to provide additional amenities, incur additional costs or make capital improvements that we otherwise might not choose to make, which may adversely affect our profitability.

Seasonality

Demand in the lodging industry is affected by recurring seasonal patterns which are greatly influenced by overall economic cycles, geographic locations, weather and customer mix at the hotels. Generally, our hotels have lower revenue, operating income and cash flow in the first quarter of each year and higher revenue, operating income and cash flow in the third quarter of each year. The historical trend was disrupted in 2020 and 2021 as a result of COVID-19, which directly adversely impacted demand, revenue and operating income. However, **most of** the properties in our portfolio **have** returned to normal historical seasonality trends in **2022** **2023**.

Regulations

Our hotel properties are subject to various federal, state and local environmental laws. Under these laws, courts and government agencies have the authority to require us, as an owner of a contaminated property, to clean up the property, even if we did not know of or were not responsible for the contamination. These laws also apply to persons who owned a property at the time it became contaminated, and therefore it is possible we could incur these costs even after we sell a property. In addition to the cleanup costs, environmental contamination can affect the value of a property and, therefore, an owner's ability to borrow using the property as collateral or to sell the property. Under environmental laws, courts and government agencies also have the authority to require that a person who sent waste to a waste disposal facility, such as a landfill or an incinerator, pay for the clean-up of that facility if it becomes contaminated and threatens human health or the environment.

Furthermore, various court decisions have established that third parties may recover damages for injury caused by property contamination. For instance, a person exposed to asbestos while staying in a hotel may seek to recover damages if they suffer injury from the asbestos. Lastly, some of these environmental laws restrict the use of a property or place conditions on various activities. An example would be laws requiring a business using chemicals (such as swimming pool chemicals at a hotel property) to manage them carefully and notify local officials that the chemicals are being used.

We could be responsible for any of the costs discussed above. The costs to clean up a contaminated property, to defend against a claim, or to comply with environmental laws could be material and could adversely affect the funds available for distribution to our shareholders. Prior to closing a property acquisition, we obtain Phase I environmental site assessments ("ESAs"), in order to attempt to identify potential environmental concerns at the properties. These assessments are carried out in accordance with an appropriate level of due diligence and generally include a physical site inspection, a review of relevant federal, state and local environmental and health agency database records, one or more interviews with appropriate site-related personnel, review of the property's chain of title and review of historical aerial photographs and other information on past uses of the property. We may also conduct limited subsurface investigations and test for substances of concern where the results of the Phase I ESAs or other information indicates possible contamination or where our consultants recommend such procedures. However, these Phase I ESAs or other investigations may not reveal all environmental costs that might have a material adverse effect on our business, assets, results of operations or liquidity and may not identify all potential environmental liabilities.

We believe that our hotels comply, in all material respects, with all federal, state and local environmental ordinances and regulations regarding hazardous or toxic substances and other environmental matters, the violation of which could have a material adverse effect on us. We have not received written notice from any governmental authority of any material noncompliance, liability or claim relating to hazardous or toxic substances or other environmental matters in connection with any of our properties.

Our properties must comply with Title III of the Americans with Disabilities Act (the "ADA") to the extent that such properties are "public accommodations" as defined by the ADA. The ADA may require the removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in litigation, retrofit costs and imposition of fines or an award of damages to private litigants. Additionally, properties that we may acquire may not comply with the requirements of the ADA, and we endeavor to identify such noncompliance prior to our acquisition. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and make alterations as appropriate in this respect.

Tax Status

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code. As a result, we generally are not subject to corporate federal income tax on that portion of our REIT taxable income that we currently distribute to our shareholders. A REIT is subject to numerous organizational and operational requirements, including requirements concerning the nature of our gross income and assets and specifying that we must distribute at least 90 percent of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding net capital gains) each year. We will be subject to U.S. federal income tax on our taxable income at regular corporate rates if we fail to qualify as a REIT for U.S. federal income tax purposes in any taxable year, or to the extent we distribute less than 100 percent of our REIT taxable income. We will also not be permitted to qualify for treatment as a REIT for U.S. federal income tax purposes for four years following the year during which qualification is lost. Even if we continue to qualify as a REIT for U.S. federal income tax purposes, we will be subject to certain state and local income, franchise and property taxes.

To maintain our qualification as a REIT under the Code, we cannot operate the hotels we own and acquire. Therefore, our Operating Partnership and its subsidiaries lease our hotel properties to our TRS lessees who in turn engage third-party eligible independent contractors to manage our hotels. The earnings of TRS lessees are subject to taxation like other regular C corporations.

Joint Venture

We hold a 99.99% controlling interest in The Liberty, a Luxury Collection Hotel, Boston. Since we hold a controlling interest, the joint venture has been consolidated in our financial statements. The 0.01% interest of the third-party partner is included in non-controlling interests in the consolidated balance sheets.

Human Capital

Our human capital management objectives are to attract, recruit, hire, develop and promote a highly talented, diverse workforce. We maintain strong corporate governance standards. We offer competitive compensation and benefits programs designed to create and maintain shareholder value and not encourage excessive risk-taking.

Inclusion, representation and diversity matter to us. We are committed to creating and maintaining a work environment of respect for all human beings regardless of race, gender identity, sexual orientation, accessibility needs, religion, political orientation, veteran status, and culture.

Creating a healthy environment for our employees is a top priority. We provide employees with standing desks, ergonomic desk chairs, a desk wellness series, and complimentary fitness center memberships. We are deeply committed to our community, through volunteering, donations, and sourcing locally, when available.

We currently employ 5860 full-time employees. None of our employees is a member of a union. However, some employees of the hotel managers at several of our hotels are currently represented by labor unions and are subject to collective bargaining agreements.

Available Information

Our Internet website is located at www.pebblebrookhotels.com. Copies of the charters of the committees of our board of trustees, our code of business conduct and ethics and our corporate governance guidelines are available on our website. All reports that we have filed with the United States Securities and Exchange Commission (the "SEC") including this Annual Report on Form 10-K and our current reports on Form 8-K, can be obtained free of charge from the SEC's website at www.sec.gov or through our website.

Item 1A. Risk Factors.

The following summary and discussion sets forth some of the risks associated with our business and should be considered carefully. These risks are interrelated and you should treat them as a whole. Additional risks and uncertainties not presently known to us may also materially and adversely affect our business operations, the value of our shares

and our ability to pay dividends to our shareholders. In connection with the forward-looking statements that appear in this Annual Report on Form 10-K, in these risk factors and elsewhere, you should carefully review the section titled “Forward-Looking Statements”.

Summary of Risk Factors

Risks Related to Our Business and Properties

- Risks related to the potential loss of our executive officers
- Risks related to third-party management companies
- Risks related to the purchase or sale of hotel properties
- Risks related to financing and use of financial institutions
- Risks related to financial performance
- Risks related to restrictive covenants
- Risks related to highly competitive markets and regional downturns
- Risks related to our TRS lessee structure
- Risks related to joint ventures and franchise agreements
- Risks related to investment decisions
- Risks related to conflicts of interest

Risks Related to Debt and Financing

- Risks related to debt service obligations
- Risks related to our existing indebtedness
- Risks related to “cash trap” provisions
- Risks related to refinancing or defaulting on debt
- Risks related to acquiring outstanding debt

Risks Related to the Lodging Industry

- Risks related to COVID-19 or other pandemics
- Risks related to hotel profitability
- Risks related to operations
- Risks related to competition for acquisitions
- Risks related to the seasonality and cyclical nature of the lodging industry
- Risks related to capital expenditure requirements
- Risks related to hotel and resort development
- Risks related to changing technology and its effects on the lodging industry and cyber-attacks
- Risks related to hotel personnel and unionization
- Risks related to terrorist attacks
- Risks related to natural disasters, climate change and other environmental factors and regulations
- Risks related to underinsurance or lack of insurance
- Risks related to unknown or contingent liabilities
- Risks related to compliance with federal law and other legislative changes
- Risks related to potential litigation

General Risks Related to the Real Estate Industry

- Risks related to illiquidity of real estate investments
- Risks related to changing tax regimes in states and localities in which we own property
- Risks related to liabilities under environmental laws

Risks Related to Our Organization and Structure

- Risks related to change of control
- Risks related to ownership limitations in our declaration of trust
- Risks related to actions against our trustees and officers

- Risks related to changes in major policies
 - Risks related to further issuances of securities
 - Risks related to future offerings of debt securities or preferred shares
 - Risks related to the rights of holders of common shares or preferred shares
 - Risks related to employment agreements with our executive officers
-
- Risks related to internal controls

U.S. Federal Income Tax Risk Factors

- Risks related to potential failures to qualify as a REIT, whether by us or by LaSalle prior to the merger
- Risks related to REIT requirements
- Risks related to distributions of REIT taxable income
- Risks related to our TRS and TRS lessees
- Risks related to our Operating Partnership
- Risks related to taxation on dividends
- Risks related to subsidiary REITs
- Risks related to revocation of our REIT qualification
- Risks related to share ownership restrictions
- Risks related to prohibited transactions tax
- Risks related to legislative or regulatory tax changes

Risks Related to Our Business and Properties

We depend on the efforts and expertise of our executive officers and would be adversely affected by the loss of their services.

We depend on the efforts and expertise of Jon E. Bortz, our Chairman **President** and Chief Executive Officer, and our two other executive officers, to execute our business strategy. The loss of their services, and our inability to quickly identify and hire suitable replacements could adversely affect our business activities, including, without limitation, relationships with shareholders, lenders, management companies and other industry personnel.

Our returns could be negatively impacted if the third-party management companies that operate our hotels do not manage our hotel properties effectively.

Because U.S. federal income tax laws restrict REITs and their subsidiaries from operating or managing a hotel, we do not operate or manage any of our hotel properties. Instead, we lease all of our hotel properties to subsidiaries that qualify as TRSS, under applicable REIT laws, and our TRS lessees retain third-party managers to operate our hotels pursuant to management contracts. Our cash flow from the hotels may be adversely affected if our managers fail to provide quality services and amenities or if they or their affiliates fail to maintain a quality brand name. In addition, our managers or their affiliates may manage, and in some cases may own, invest in or provide credit support or operating guarantees, to hotels that compete with hotel properties that we own or acquire, which may result in conflicts of interest and decisions regarding the operation of our hotels that are not in our best interests.

We do not have the authority to require any hotel property to be operated in a particular manner or to govern any particular aspect of the daily operations of any hotel property (for example, setting room rates). Thus, even if we believe our hotels are being operated inefficiently or in a manner that does not result in satisfactory occupancy rates, RevPAR and ADR, we cannot force the management company to change its method of operating our hotels. We generally will attempt to resolve issues with our managers through discussions and negotiations. However, if we are unable to reach satisfactory results through discussions and negotiations, we may choose to litigate the dispute or submit the matter to third-party dispute resolution. We can only seek redress if a management company violates the terms of the applicable management contract with a TRS lessee, and then only to the extent of the remedies provided for under the terms of the management contract. Additionally, in the event that we need to replace any management company, we may be required by the terms of the management contract to pay substantial termination fees and may experience significant disruptions at the affected hotels.

Due to our exclusive focus on hotels and resorts, and our concentration in hotel investments primarily in major gateway urban and resort markets, a downturn in the lodging industry generally or regional downturns in the markets in which we operate would adversely affect our operations and financial condition.

Our primary business is hotel-related. Therefore, a downturn in the lodging industry, in general, and the segments and markets (especially West Coast major gateway metropolitan markets) in which we operate, in particular, would have a material adverse effect on our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

If we cannot obtain financing, our growth will be limited.

To maintain our qualification as a REIT for U.S. federal income tax purposes, we are required to distribute at least 90 percent of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gains) each year to our shareholders and we generally expect to make distributions in excess of such amount. As a result, our ability to retain earnings to fund acquisitions, redevelopment and development or other capital expenditures is and will continue to be limited. Although our business strategy contemplates future access to debt financing (in addition to our senior unsecured revolving credit facilities, senior notes and term loans) to fund acquisitions, redevelopment, development, return on investment initiatives and working capital requirements, there can be no assurance that we will be able to obtain such financing on favorable terms or at all. Events in financial markets have adversely impacted the credit markets, and they may do so in the future, and, as a result, credit can become significantly more expensive and difficult to obtain, if available at all. Tightening credit markets may have an adverse effect on our ability to obtain financing on favorable terms, if at all, thereby increasing financing costs and/or requiring us to accept financing with increased restrictions and/or significantly higher interest rates. If adverse conditions in the credit markets – in particular with respect to real estate or lodging industry financing – materially deteriorate, our business could be materially and adversely affected.

Our ability to make distributions to our shareholders is subject to fluctuations in our financial performance, operating results and capital improvements requirements.

To maintain our qualification as a REIT for U.S. federal income tax purposes, we are required to distribute at least 90 percent of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gains) each year to our shareholders and we generally expect to make distributions in excess of such amount. In the event of downturns in our operating results, unanticipated capital improvements to our hotel properties or other factors, we may be unable to declare or pay distributions to our shareholders or may pay such distributions in a combination of cash and our common shares. The timing and amount of distributions are in the sole discretion of our board of trustees which will consider, among other factors, our financial performance, any debt service obligations, any debt covenants and capital expenditure requirements. We cannot assure you that we will generate sufficient cash in order to fund distributions.

We may pay taxable distributions in cash and our common shares, in which case shareholders may sell their common shares to pay tax on such distributions, placing downward pressure on the market price of our common shares.

We may distribute taxable distributions that are payable in cash and common shares at the election of each shareholder. If we made a taxable distribution payable in cash and common shares, taxable shareholders receiving such distributions will be required to include the full amount of the distribution as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, shareholders may be required to pay income tax with respect to such distributions in excess of the cash distributions received. If a U.S. shareholder sells the common shares that it receives as a distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our common shares at the time of the sale. Furthermore, with respect to certain non-U.S. shareholders, we may be required to withhold U.S. federal income tax with respect to such distributions, including in respect of all or a portion of such distribution that is payable in common shares. If we made a taxable distribution payable in cash and our common shares and a significant number of our shareholders determine to sell our common shares in order to pay taxes owed on distributions, it may put downward pressure on the trading price of our common shares.

Restrictive covenants in our management contracts could preclude us from taking actions with respect to the sale or refinancing of a hotel property that would otherwise be in our best interest.

We may enter into management contracts that contain some restrictive covenants or acquire properties subject to existing management contracts that do not allow the flexibility we seek, including management contracts that restrict our ability to terminate the contract or require us to pay significant termination fees. For example, the terms of some management contracts may restrict our ability to sell a property unless the purchaser is not a competitor of the manager and assumes the related management contract and meets specified other conditions which may preclude us from taking actions that would otherwise be in our best interest or could cause us to incur substantial expense.

We invest primarily in the upper-upscale segment of the lodging market, which is highly competitive and generally subject to greater volatility than most other market segments and could negatively affect our profitability.

The upper-upscale segment of the hotel business is highly competitive. Our hotel properties compete on the basis of location, room rates, quality, service levels, reputation and reservations systems, among many factors. There are many competitors in the upper-upscale segment, and many of these competitors may have substantially greater marketing and financial resources than we have. This competition could reduce occupancy levels and RevPAR at our hotels. In addition, in periods of weak demand, as may occur during a general economic recession, profitability is adversely affected by the relatively high fixed costs of operating upper-upscale hotels.

Our TRS lessee structure subjects us to the risk of increased hotel operating expenses.

Our leases with our TRS lessees require our TRS lessees to pay rent based in part on revenues from our hotels. Our operating risks include decreases in hotel revenues and increases in hotel operating expenses, which would adversely affect our TRS lessees' ability to pay rent due under the leases, including but not limited to increases in: wage and benefit costs, which may include an increase in minimum wages and health benefit costs; repair and maintenance expenses; property taxes; insurance costs; and other operating expenses. Increases in these operating expenses can have a significant adverse impact on our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

Our hotels operated under franchise agreements are subject to risks arising from adverse developments with respect to the franchise brand and to costs associated with maintaining the franchise license.

Certain of our hotel properties operate under franchise agreements and we anticipate that some of the hotels we acquire in the future will operate under franchise agreements. We are therefore subject to the risks associated with concentrating hotel investments in several franchise brands, including reductions in business following negative publicity related to one of the brands or the general decline of a brand.

Maintenance of franchise licenses for branded hotel properties is subject to franchisors' operating standards and other terms and conditions including the requirement to make certain capital improvements. Franchisors periodically inspect hotel properties to ensure that we and our lessees and management companies follow their standards. Failure by us, one of our TRS lessees or one of our third-party management companies to maintain these standards or other terms and conditions could result in a franchise license being canceled. If a franchise license is canceled due to our failure to make required improvements or to otherwise comply with its terms, we also may be liable to the franchisor for a termination payment, which varies by franchisor and by hotel property.

The loss of a franchise license could materially and adversely affect the operations and the underlying value of the hotel property because of the loss of associated name recognition, marketing support and centralized reservation system provided by the franchisor and adversely affect our revenues, financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

Any joint venture investments that we may make in the future could be adversely affected by our lack of sole decision-making authority, our reliance on our co-venturers' financial condition and disputes between us and our co-venturers.

We may co-invest in hotels in the future with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for a property, partnership, joint venture or other entity. In this event, we would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments through partnerships, joint ventures, or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt, fail to fund their share of required capital contributions, make dubious business decisions or block or delay necessary decisions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between us and partners or co-venturers may result in litigation or arbitration that

would increase our expenses and prevent our officers and/or trustees from focusing their time and effort on our business. Consequently, action by, or disputes with, partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers.

Our senior executive officers have broad discretion to make investments, and they may make investments where the returns are substantially below expectations or which result in net operating losses.

Our senior executive officers have broad discretion, within the general investment criteria established by our board of trustees, to invest our capital and to determine the timing of such investments. In addition, our investment policies may be revised from time to time at the discretion of our board of trustees, without a vote of our shareholders. Such discretion could result in investments that may not yield returns consistent with expectations.

Some of our hotels are subject to rights of first offer which may adversely affect our ability to sell those properties on favorable terms or at all.

We are subject to a franchisor's or operator's right of first offer, in some instances. These third-party rights may adversely affect our ability to timely dispose of these properties on favorable terms, or at all.

The purchase or sale of properties we put under contract may not be consummated.

From time to time, we enter into purchase and sale agreements for hotel properties. These transactions, whether or not consummated, require substantial time and attention from management. Furthermore, potential acquisitions and potential dispositions require significant expense, including expenses for due diligence, marketing, legal fees and related overhead. To the extent we do not consummate one or more of the transactions, these expenses will not be offset by revenues or proceeds from these properties or dispositions.

Our cash and cash equivalents are maintained in a limited number of financial institutions and the funds in those institutions may not be fully or federally insured.

We maintain cash balances in a limited number of financial institutions. Our cash balances are generally in excess of federally insured limits. The failure or collapse of one or more of these financial institutions may materially adversely affect our ability to recover our cash balances.

Our conflicts of interest policy may not adequately address all of the conflicts of interest that may arise with respect to our activities.

In order to avoid any actual or perceived conflicts of interest with our trustees, officers or employees, we have adopted a conflicts of interest policy to specifically address some of the potential conflicts relating to our activities. Although under this policy any transaction, agreement or relationship in which any of our trustees, officers or employees has an interest must have the approval of a majority of our disinterested trustees, there is no assurance that this policy will be adequate to address all of the conflicts that may arise or will address such conflicts in a manner that is favorable to us.

Risks Related to Debt and Financing

Debt service obligations could adversely affect our overall operating results, may require us to sell hotel properties, may jeopardize our qualification as a REIT and could adversely affect our ability to make distributions to our shareholders and the market price of our common shares.

Our business strategy includes the use of both secured and unsecured debt to finance long-term growth. Incurring debt subjects us to many risks, including the risks that our cash flow from operations will be insufficient to make required payments of principal and interest, our debt may increase our vulnerability to adverse economic and industry conditions, we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, and the terms of any refinancing will not be as favorable as the terms of the debt being refinanced.

We have placed and may in the future place mortgages on certain of our hotel properties to secure debt. To the extent we cannot meet any of our debt service obligations, we may be required to sell or we will risk losing to foreclosure some or all of our mortgaged hotel properties. If we are required to sell one or more of our hotel properties to meet debt service obligations, we may have to accept unfavorable terms. Also, covenants applicable to debt could impair our planned investment strategy and, if violated, result in a default. If we violate covenants relating to indebtedness, we could be required to repay all or a portion of our indebtedness before maturity at a time when we might be unable to arrange financing for such repayment on attractive terms, if at all. In addition, future indebtedness agreements may require that we meet certain covenant tests in order to make distributions to our shareholders.

Higher interest rates could increase debt service requirements on any of our floating rate debt, including our senior unsecured revolving credit facilities, and could reduce the amounts available for distribution to our shareholders, as well as reduce funds available for our operations, future business opportunities or other purposes. We have obtained, and we may in the future obtain, one or more forms of interest rate protection — in the form of swap agreements, interest rate cap contracts or similar agreements that are consistent with our intention to remain qualified as a REIT — to “hedge” against the possible negative effects of interest rate fluctuations. However, such hedging incurs costs and we cannot assure you that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honor their obligations thereunder. Adverse economic conditions could also cause the terms on which we borrow to be unfavorable.

Our existing indebtedness contains financial covenants that could limit our operations and our ability to make distributions to our shareholders.

The credit agreements that govern our existing senior unsecured revolving credit facilities and unsecured term loan facilities contain financial and operating covenants, such as net worth requirements, fixed charge coverage, debt ratios and other limitations that restrict our ability to make distributions or other payments to our stockholders, sell all or substantially all of our assets and engage in mergers, consolidations and certain acquisitions without the consent of the lenders. In addition, property-level debt we enter into in the future may contain restrictions (including cash management provisions) that may under circumstances specified in the loan agreements prohibit our subsidiaries that own our hotels from making distributions or paying dividends, repaying loans to us or other subsidiaries or transferring any of their assets to us or another subsidiary which could adversely affect our ability to make distributions to our shareholders. Failure to meet our financial covenants could result from, among other things, changes in our results of operations, the incurrence of additional debt or changes in general economic conditions. Such failures could cause one or more of our lenders to accelerate the timing of payments and could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our shareholders. The terms of our debt may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our shareholders.

Our existing mortgage loan agreements contain, and mortgage loan agreements we may enter into in the future may contain, “cash trap” provisions that could limit our ability to make distributions to our shareholders.

Our existing mortgage loan agreements contain, and mortgage loan agreements we may enter into in the future may contain, cash trap provisions that may be triggered if the performance of the hotels securing the loans declines below a threshold. If these provisions are triggered, substantially all of the profit generated by the hotel will be deposited directly into a lockbox account and then swept into a cash management account for the benefit of the lender. In that event, cash would be distributed to us only after certain items

are paid, including deposits into leasing and maintenance reserves and the payment of debt service, insurance, taxes, operating expenses and extraordinary capital expenditures and leasing expenses. This could adversely affect our liquidity and our ability to make distributions to our shareholders.

There is refinancing risk associated with our debt.

Our typical debt contains limited principal amortization; therefore, the vast majority of the principal must be repaid at the maturity of the loan in a so-called "balloon payment." At the maturity of these loans, assuming we do not have sufficient funds to repay the debt, we will need to refinance the debt. If the credit environment is constrained at the time of our debt maturities, we would have a very difficult time refinancing debt or refinancing terms may be at substantially higher interest rates and/or lower proceeds. If we are unable to refinance our debt on acceptable terms, we may be forced to choose from a number of unfavorable options. These options include agreeing to otherwise unfavorable financing terms on one or more of our unencumbered assets, selling one or more hotels at disadvantageous terms, including unattractive prices, or defaulting on the mortgage and permitting the lender to foreclose. Any one of these options could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our shareholders.

If we default on our secured debt, the lenders may foreclose on our hotels.

All of our indebtedness for borrowed money, except our senior unsecured revolving credit facility, term loans and senior unsecured notes, is secured by either single property first mortgage liens or leasehold interests under the ground leases on the applicable hotel. If we default on any of the secured loans, the applicable lender will be able to foreclose on the property pledged to secure the loan.

In addition to causing us to lose the property, a foreclosure may result in taxable income. Under the Code, a foreclosure would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure even though we did not receive any cash proceeds. As a result, we may then be required to identify and utilize other sources of cash for distributions to our shareholders. If this occurs, our financial condition, cash flow and ability to satisfy our other debt obligations or ability to pay distributions may be adversely affected.

Acquiring outstanding debt secured by a hotel or resort property may expose us to risks of costs and delays in acquiring the underlying property.

We may acquire outstanding debt secured by a hotel or resort property from lenders and investors if we believe we can ultimately foreclose or otherwise acquire ownership of the underlying property in the near-term through foreclosure, deed-in-lieu of foreclosure or other means. However, if we do acquire such debt, borrowers may seek to assert various defenses to our foreclosure or other actions and we may not be successful in acquiring the underlying property on a timely basis, or at all, in which event we could incur significant costs and experience significant delays in acquiring such properties, all of which could adversely affect our financial performance and reduce our expected returns from such investments. In addition, we may not earn a current return on such investments particularly if the loan that we acquire is in default.

Risks Related to the Lodging Industry

The COVID-19 pandemic has had, and is expected to continue to have, a material adverse impact on our financial condition, results of operations, cash flows, liquidity and prospects. The current, and uncertain future, impact of the COVID-19 pandemic, including its effect on the ability or desire of people to travel for leisure or for business, is expected to continue to adversely impact our financial condition, results of operations, cash flows, liquidity and prospects.

The COVID-19 pandemic and federal, state and local government responses and restrictions thereto have significantly disrupted, and are expected to continue to significantly disrupt, our business. As a result of this pandemic and subsequent government mandates and health official recommendations and restrictions, hotel demand was nearly eliminated during the second quarter of 2020 and occupancy levels reached historic lows. While our operations have significantly improved, they are still below pre-pandemic levels overall, in some markets, and there can be no assurance that our operations will continue to improve or that our operations will not deteriorate again as a result of surges in the pandemic and government, business and individual responses. Certain states and cities, including those where our hotels are located, reacted to the pandemic by instituting quarantines, restrictions on travel, "shelter in place" rules, restrictions on the types of business that may continue to operate, and/or restrictions on the types of construction projects that may be reinstated. In response to the COVID-19 pandemic in 2020, we temporarily suspended operations at the vast majority of our hotels. However, by July 1, 2021, all The hotels reopened through the first half of the hotels whose 2021 and operations had been suspended due and occupancy began to the pandemic had been re-opened, with the exception of 1 Hotel San Francisco (formerly Hotel Vitale), whose operations remained suspended until the completion of its renovation increase through 2021 and repositioning in 2022. The majority of our hotels have returned to normal operations although some markets are running in a more limited capacity as compared to still recovering and have not yet reached pre-pandemic occupancy levels. Use of our cash during this period of lower demand and certain restrictive covenants of our credit agreements have reduced the amount of cash available for hotel capital expenditures, future business opportunities and other purposes, including distributions to our shareholders. To preserve liquidity, we have worked with our operators to significantly reduce staffing and expenses at our hotels, reduced the quarterly cash dividend on our common shares to \$0.01 per share and reduced planned capital expenditures, share. While we have taken steps returned to increase our positive cash position and preserve our financial flexibility, given the unprecedented impact of COVID-19 on the global market and our hotel operations, flows, we cannot assure you that these steps will prove to be sufficient or that our forecast or the assumptions we used to estimate our liquidity requirements will be correct.

We are unable to predict whether we will need again to suspend operations temporarily at any of our hotels as a result of the outbreak of new variants of COVID-19 and government, business and individual responses to such outbreaks. Travel advisories and restrictions may be continued or reinstituted due to the continued outbreak or a resurgent outbreak of COVID-19. Furthermore, even in absence of such restrictions, travel demand may remain weak for a significant period of time as individuals or businesses may fear or restrict traveling. We are unable to predict if and when occupancy and the average daily rates at our hotels will return to pre-pandemic levels. Additionally, our hotels may be negatively impacted by adverse changes in the economy, including higher unemployment rates, declines in income levels, loss of personal wealth and possibly a national and/or global recession resulting from the impact of COVID-19 or other pandemics. Declines in demand trends, occupancy and the average daily rates at our hotels may indicate that one or more of our hotels is impaired, which would adversely affect our financial condition and results of operations.

The COVID-19 pandemic may exacerbate many of the risks described in this Annual Report on Form 10-K and expose us to the following risks, among others:

- a complete or partial closure or re-closure of, or other operational issues at, one or more of our hotels, resulting from government, third-party hotel manager or franchisor action, which could materially adversely affect our operations;
- the postponement or cancellation of conferences, conventions, festivals, sporting events, public events and other group business that would have otherwise brought individuals to the areas in which our hotels are located, which has caused, and could continue to cause, a decrease in occupancy rates over a prolonged period of time and exacerbate the seasonal volatility at our hotels;

- a general decline of in-person business meetings and an increase in the use of teleconferencing and video-conferencing technology, which could cause a sustained shift away from business-related travel and have a material adverse effect on the overall demand for hotel rooms;
- a decrease in individuals' willingness to travel as a result of actual or perceived health risks or a decrease in consumer spending, which could affect the ability of our hotels to generate sufficient revenues to meet operating and other expenses in the short- and long-term;
- reduced economic activity impacting the businesses, financial condition and liquidity of our company or that of our third-party hotel managers or franchisors, which could result in us, the third-party hotel manager or the franchisor being unable to comply with operational and performance conditions under the applicable management and franchise agreements;
- reduced economic activity impacting the businesses, financial condition and liquidity of the retail and restaurant tenants located at certain of our hotels, which could cause one or more of such tenants to be unable to meet their obligations to us in full, or at all, to otherwise seek modifications of such obligations or to declare bankruptcy;
- severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions, which could make it difficult for us to access debt and equity capital on attractive terms, or at all, and adversely impact our ability to fund business activities and repay debt, including the notes, on a timely basis;
- the potential lack of funding, disruptions in the supply of materials or products or the inability of contractors to perform on a timely basis or at all, could cause delays in completing ongoing or future hotel renovations and capital improvements at our hotels;
- difficulties in sourcing and transporting materials or products necessary to operate our hotels, such as linens or cleaning supplies, and a decrease in the availability of adequate staffing at our hotels, which could impact our ability to provide our guests with the customary level of service provided at our hotels;
- our potential inability to renew or enter into new management agreements for our hotels on favorable terms, or at all, which could cause interruptions in the operations at certain hotels;
- a general decline in business activity and demand for real estate transactions, and more specifically, demand for hotel properties, which could adversely affect our ability or desire to make strategic acquisitions or dispositions;
- the potential negative impact on the health of our personnel, particularly if a significant number of our senior executive officers are impacted, which could result in a deterioration in our ability to ensure business continuity during a disruption;
- the limited access to our facilities, management, franchisors, support staff and professional advisors, which could decrease the effectiveness of our disclosure controls and procedures and internal controls over financial reporting, increase our susceptibility to security breaches, or hamper our ability to comply with regulatory obligations and lead to reputational harm and regulatory issues or fines;
- increased operating costs at our hotels due to enhanced cleaning and hygiene protocols required or recommended by major hotel brands, the Centers for Disease Control and Prevention, unions and state and local governments; and
- increased labor costs due to demands for higher wages due to health risks associated with working in hotels and requirements for more staff to implement cleaning protocols.

Economic conditions may reduce demand for hotel properties and adversely affect hotel profitability.

The performance of the lodging industry has historically been closely linked to the performance of the general economy and, specifically, growth in U.S. Gross Domestic Product ("GDP"). It is also sensitive to business and personal discretionary spending levels. Declines in corporate travel budgets and consumer demand due to adverse general economic conditions, such as declines in U.S. GDP, risks affecting or reducing travel patterns (such as governmental restrictions on in-bound international travel), lower consumer confidence or adverse political conditions can lower the revenues and profitability of hotel properties and therefore the net operating profits of our TRS lessees to whom we lease our hotel properties. Another domestic or global economic downturn may lead to a significant decline in demand for products and services provided by the lodging industry, lower occupancy levels and significantly reduced room rates.

We cannot predict the pace or duration of the global economic cycles or the cycles in the lodging industry. A period of economic weakness would likely have an adverse impact on our revenues and negatively affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

Our operating results and ability to make distributions to our shareholders may be adversely affected by various operating risks common to the lodging industry.

Our hotel properties have different economic characteristics than many other real estate assets and a hotel REIT is structured differently than many other types of REITs. Our TRS lessees engage hotel managers pursuant to management contracts and pay the managers fees for managing the hotels. The TRS lessees receive all the operating profit or losses of the hotels. Moreover, virtually all hotel guests stay at a hotel for only a few nights at a time, so the rate and occupancy at each of our hotels change daily. As a result, we may have highly volatile earnings.

In addition, our hotel properties are subject to various operating risks common to the lodging industry, many of which are beyond our control, including the following:

- competition from other hotel properties and non-hotel properties that provide nightly and short-term rentals in our markets;
- over building of new hotels in our markets, which could adversely affect occupancy and revenues at our hotel properties;
- dependence on business and commercial travelers, conventions and tourism;
- increases in energy costs, airplane fares, government taxes and fees, and other expenses affecting travel, which may affect travel patterns and reduce the number of business and commercial travelers and tourists;
- increases in operating costs due to inflation and other factors that may not be offset by increased room rates;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations (including minimum wage increases), fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;

- adverse effects of international, national, regional and local economic and market conditions;
- labor strikes or disruptions;
- unforeseen events beyond our control, such as terrorist attacks, cyber-attacks, travel-related health concerns and restrictions as a result of pandemics and epidemics such as H1N1 influenza (swine flu), avian bird flu, Zika virus, SARS, MERS and COVID-19 (coronavirus), political instability, regional hostilities, imposition of taxes or surcharges by regulatory authorities, travel-related accidents and unusual weather patterns, including natural disasters such as hurricanes, tsunamis or earthquakes;
- strength of the U.S. dollar which may reduce in-bound international travel and encourage out-bound international travel;
- adverse effects of a downturn in the lodging industry; and
- risks generally associated with the ownership of hotel properties and real estate, as we discuss in more detail below.

These factors could reduce the revenues and net operating profits of our TRS lessees, which in turn could adversely affect our financial condition, results of operations, the market price of our common shares, and our ability to make distributions to our shareholders.

Competition for acquisitions may reduce the number of properties we can acquire.

We compete for investment opportunities with entities that may have substantially greater financial and other resources than we have. These entities generally may be able to accept more risk than we can prudently manage. This competition may generally limit the number of suitable investment opportunities offered to us or the number of properties that we are able to acquire. This competition may also increase the bargaining power of property owners seeking to sell to us, making it more difficult for us to acquire new properties on attractive terms.

The seasonality of the lodging industry may cause fluctuations in our quarterly revenues that cause us to borrow money to fund distributions to our shareholders.

The lodging industry is seasonal in nature. This seasonality can be expected to cause quarterly fluctuations in our revenues. Our quarterly earnings may be adversely affected by factors outside our control, including weather conditions and poor economic factors. As a result, we may have to enter into short-term borrowings in certain quarters in order to offset these fluctuations in revenues and to make distributions to our shareholders.

The cyclical nature of the lodging industry may cause the returns from our investments to be less than we expect.

The lodging industry is highly cyclical in nature. Fluctuations in lodging demand and, therefore, hotel operating performance, are caused largely by general economic and local market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, new hotel room supply is an important factor that can affect lodging industry fundamentals, and over-building has the potential to exacerbate the negative impact of poor economic conditions. Room rates and occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. A decline in lodging demand, or a continued growth in lodging supply, could result in continued deterioration in lodging industry fundamentals and returns that are substantially below expectations, or result in losses, which could adversely affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

Capital expenditure requirements at our properties may be costly and require us to incur debt, postpone improvements, reduce distributions or otherwise adversely affect the results of our operations and the market price of our common shares.

Some of the hotel properties we acquire need renovations and capital improvements at the time of acquisition and all the hotel properties we have acquired and will acquire in the future will have an ongoing need for renovations and other capital improvements, including replacement, from time to time, of furniture, fixtures and equipment. The franchisors, if any, of our hotel properties also require periodic capital improvements as a condition to our maintaining the franchise licenses. In addition, our lenders often require that we set aside annual amounts for capital improvements to our hotel properties. These capital improvements may give rise to the following risks:

- possible environmental problems;
- construction cost overruns and delays, including those caused by supply chain disruptions;
- the possibility that revenues will be reduced while rooms or restaurants are out of service due to capital improvement projects;
- a possible shortage of available cash to fund capital improvements and the related possibility that financing for these capital improvements may not be available to us on attractive terms; and
- uncertainties as to market demand or a loss of market demand after capital improvements have begun.

The costs of renovations and capital improvements could adversely affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

Hotel and resort development and redevelopment is subject to timing, budgeting and other risks that may adversely affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

We may engage in hotel development and redevelopment if suitable opportunities arise. Hotel development and redevelopment involves a number of risks, including risks associated with:

- construction delays or cost overruns that may increase project costs;
- the receipt of zoning, occupancy and other required governmental permits and authorizations;
- development costs incurred for projects that are not pursued to completion;
- acts of God such as earthquakes, hurricanes, floods or fires that could adversely impact a project;
- the negative impact of construction on operating performance during and soon after the construction period;
- the ability to raise capital; and
- governmental restrictions on the nature or size of a project.

We cannot assure you that any development or redevelopment project will be completed on time or within budget. Our inability to complete a project on time or within budget could adversely affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

The increasing use by consumers of Internet travel intermediaries and alternative lodging marketplaces may reduce our revenues.

Some of our hotel rooms are booked through Internet travel intermediaries, such as Travelocity.com, Expedia.com, Booking.com and Priceline.com. As bookings through these intermediaries increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from the management companies that operate the hotels we own and acquire. Moreover, some of these Internet travel intermediaries attempt to offer hotel rooms as a commodity by increasing the importance of price and general quality indicators (such as “three-star downtown hotel”), at the expense of brand identification, quality of product or service. These intermediaries hope that consumers will eventually develop brand loyalties to their reservations system rather than to lodging brands or properties. Additional sources of competition, such as alternative lodging marketplaces like Airbnb, may, as they become more accepted, lead to a reduced demand for conventional hotel guest rooms and to an increased supply of lodging alternatives. If the amount of bookings made through Internet travel intermediaries or the use of alternative lodging marketplaces prove to be more significant than we expect, profitability may be lower than expected, and our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders may be adversely affected.

We may be adversely affected by increased use of business-related technology which may reduce the need for business-related travel.

The increased use of teleconference and video-conference technology by businesses, particularly given its widespread use and increased acceptance during the COVID-19 pandemic, which may lead to continued use after the pandemic, could result in decreased business travel as companies increase the use of technologies that allow multiple parties from different locations to participate at meetings without traveling to a centralized meeting location. To the extent that such technologies play an increased role in day-to-day business and the necessity for business-related travel decreases, hotel room demand may decrease and our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders may be adversely affected.

Our hotel managers and we rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

Our hotel managers and we rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and manage or support various business processes, including financial transactions and records, personal identifying information, reservations, billing and operating data. Our hotel managers and we purchase some of our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as individually identifiable information, including information relating to financial accounts. Recently, several hotels and hotel management companies have been subject to successful cyber-attacks, including those seeking guest credit card information or impacting the ability of our hotel managers to operate. Although we have taken steps to protect the security of our information systems and the data maintained in those systems, it is possible that our safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, ransomware, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information or theft of corporate funds and expose us to claims by guests whose personal information is accessed. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, delay or disrupt our financial reporting, damage our reputation, subject us to liability claims or regulatory penalties and have a material adverse effect on our business, financial condition and results of operations.

Many of our hotel managers carry cyber insurance policies to protect and offset a portion of potential costs incurred from a security breach. Additionally, we currently have cyber insurance policies to provide supplemental coverage above the coverage carried by our third-party managers. Despite various precautionary steps to protect our hotels from losses resulting from cyber-attacks, any cyber-attack occurrence could still result in losses at our properties, which could affect our results of operations. **We are not aware**

For more information regarding cybersecurity risk and our management of any cyber incidents that we believe to be material or that could have a material adverse effect it, see Part I, Item 1C of this Annual Report on our business, financial condition and results of operations.

Form 10-K.

We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ unionized labor.

Our third-party hotel managers are responsible for hiring and maintaining the labor force at our hotels. Although we do not directly employ or manage employees at our hotels, we are subject to risks associated with the employment of hotel personnel, particularly at those hotels with unionized labor. From time to time, strikes, lockouts, public demonstrations or other negative actions and publicity may disrupt hotel operations. In addition, we may be affected by shortages of qualified labor. If our managers cannot hire qualified labor for reasonable wages or at all, our indirect labor costs may rise and our hotel customers may not receive adequate service. We also may incur increased legal costs and indirect labor costs as a result of contract disputes or other events. The resolution of labor disputes or new or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Furthermore, collective bargaining agreements, negotiated between the hotel managers and labor unions, may limit the ability of the hotel managers to reduce the size of hotel workforces during economic downturns. We cannot control negotiations between hotel managers and labor unions. In addition, we believe that unions are generally becoming more aggressive about organizing workers at hotels in certain locations. Potential labor activities at these hotels could significantly increase the administrative, labor and legal expenses of the third-party management companies operating these hotels and reduce our profits. The unionization of additional employees at our hotels or increased labor shortages could have a material adverse effect on our business, financial condition and results of operations.

Terrorist attacks or changes in terror alert levels could adversely affect travel and hotel demand.

Previous terrorist attacks and subsequent terrorist alerts have adversely affected the U.S. travel and hospitality industries over the past several years, often disproportionately to the effect on the overall economy. The impact that terrorist attacks in the U.S. or elsewhere could have on domestic and international travel and our business in particular cannot be definitively determined, but any such attacks or the threat of such attacks could have a material adverse effect on our business, our ability to finance our business, our ability to insure our properties and our results of operations and financial condition.

We face risks associated with natural disasters and the direct and indirect physical effects of climate change, which may include more frequent and more severe storms, hurricanes, flooding, droughts and wildfires, any of which could have a material adverse effect on our hotel properties, operations, cash flows and

financing options.

We are subject to the risks associated with the direct and indirect physical effects of climate change, which can include more frequent and more severe storms, hurricanes, flooding, droughts, wildfires and power outages, any of which could have a material adverse effect on our hotels, operating results and cash flows. To the extent climate change causes changes in weather patterns, our markets, particularly our coastal markets, could experience increases in storm frequency and intensity and rising sea levels interrupting our operations and causing damage to our hotels. As a result, we could become subject to significant losses and repair costs that may not be fully covered by insurance. Our markets in more remote locations may experience prolonged variations in temperature or precipitation that may limit access to the water needed to operate our hotels or significantly increase energy costs, which may subject those hotels to additional regulatory burdens, such as limitations on water usage or stricter energy efficiency standards. Climate change also may affect our business by increasing the cost of (or even making unavailable) property insurance on terms we find acceptable in areas most vulnerable to such events, increasing operating costs at our hotels, such as the cost of water or energy, and requiring us to expend funds as we seek to mitigate, repair and protect our hotels against such risks. A tightening of credit markets for, or a reduction in the availability of capital to, borrowers whose assets are in areas that are particularly adversely affected by the effects of climate change may reduce our ability to obtain financing on favorable terms, or at all, thereby increasing financing costs and/or requiring us to accept financing with increased restrictions and/or significantly higher interest rates, which could have a material adverse effect on our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

We are subject to operational risks associated with complying with increased environmental-related regulations, aligning with investor requirements concerning environmental issues and meeting shifting consumer preferences with regard to the environment. In an effort to mitigate the impact of climate change, our hotels could become subject to increased governmental regulations mandating energy efficiency standards, the usage of sustainable energy sources and updated equipment specifications, which may require additional capital investments or increased operating costs. Climate change may also affect our business by causing a shift in consumer preferences for sustainable travel. Our hotels may be subject to additional costs to manage consumer expectations for sustainable buildings and hotel operations.

There can be no assurance that climate change will not have a material adverse effect on our hotels, operating results or cash flows.

Uninsured and underinsured losses could result in a loss of capital.

We maintain comprehensive property insurance on each of our hotel properties, including liability, fire and extended coverage, of the type and amount we believe are customarily obtained for or by hotel owners. There are no assurances that coverage will remain available at reasonable rates. Various types of catastrophic losses, like earthquakes and floods, and losses from terrorist activities, may not be insurable in whole or in part or may not be available on terms that we consider acceptable.

In the event of a substantial loss, our insurance coverage may not be sufficient to cover the full market value or replacement cost of our lost investment. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a hotel property, as well as the anticipated future revenue from the property. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep us from using insurance proceeds to replace or renovate a hotel after it has been damaged or destroyed. Under those circumstances, the insurance proceeds we receive might be inadequate to restore our economic position on the damaged or destroyed property.

Our hotels may be subject to unknown or contingent liabilities which could cause us to incur substantial costs.

The hotel properties that we own or may acquire are or may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the sales of the hotel properties may not survive the closing of the transactions. While we will seek to require the sellers to indemnify us with respect to breaches of representations and warranties that survive, such indemnification may be limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these hotels may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may adversely affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

Noncompliance with environmental laws and regulations could subject us to fines and liabilities which could adversely affect our operating results.

Our hotel properties are subject to various federal, state and local environmental laws. Under these laws, courts and government agencies have the authority to require us, as an owner of a contaminated property, to clean up the property, even if we did not know of or were not responsible for the contamination. These laws also apply to persons who owned a property at the time it became contaminated, and therefore it is possible we could incur cleanup costs even after we sell some of the properties we acquire. In addition to cleanup costs, environmental contamination can affect the value of a property and, therefore, an owner's ability to borrow funds using the property as collateral or to sell the property. Under environmental laws, courts and government agencies also have the authority to require that a person who sent waste to a waste disposal facility, such as a landfill or an incinerator, pay for the clean-up of that facility if it becomes contaminated and threatens human health or the environment. A person that arranges for the disposal or transports for disposal or treatment of a hazardous substance at a property owned by another may be liable for the costs of removal or remediation of hazardous substances released into the environment at that property.

Furthermore, various court decisions have established that third parties may recover damages for injury caused by property contamination. For instance, a person exposed to asbestos while staying in a hotel may seek to recover damages if they suffer injury from the asbestos. Also, some of these environmental laws restrict the use of a property or place conditions on various activities. An example would be laws requiring a business to use chemicals (such as swimming pool chemicals at a hotel property) to manage them carefully and notify local officials that the chemicals are being used.

We could be responsible for any of the costs discussed above. The costs to clean up a contaminated property, to defend against a claim, or to comply with environmental laws could be material and could adversely affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

As a result, we may become subject to material environmental liabilities. We can make no assurances that future laws or regulations will not impose material environmental liabilities or that the current environmental condition of our hotel properties will not be affected by the condition of the properties in the vicinity of our hotel properties (such as the presence of leaking underground storage tanks) or by third parties unrelated to us.

Our hotel properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor mold exposure has been increasing as exposure to mold may cause

various adverse health effects and symptoms, including allergic or other reactions. Some of our properties may contain microbial matter such as mold and mildew. The presence of significant mold at any of our hotel properties could require us to undertake a costly remediation program to contain or remove the mold from the affected property. The presence of significant mold could expose us to liability from hotel guests, hotel employees and others if property damage or health concerns arise.

Compliance with the Americans with Disabilities Act could require us to incur substantial costs.

Under the ADA, all public accommodations must meet various federal requirements related to access and use by disabled persons. While we believe that our hotels substantially comply with these requirements, a determination to the contrary could require removal of access barriers and non-compliance could result in litigation costs, costs to remediate deficiencies, U.S. government fines or damages to private litigants.

If we are required to make substantial modifications to our hotel properties, whether to comply with the ADA or other changes in governmental rules and regulations, our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders could be adversely affected.

The nature of the operations of our hotels exposes us to the risk of claims and litigation that may arise in the normal course of business.

As owners of hotel properties, we face potential claims, litigation and threatened litigation from guests, visitors to our properties, contractors, sub-contractors and others. These claims and proceedings are inherently uncertain and their costs and outcomes cannot be predicted with certainty. Regardless of their outcomes, such claims and legal proceedings can adversely impact us because of the legal and other costs, diversion of management time and resources and other factors. Although our hotel management companies and we maintain insurance covering some of these matters, it is possible that one or more claims, suits or proceedings may not be covered by insurance and could result in substantial costs, judgments, fines and penalties that could adversely affect our business, consolidated financial position, results of operations or cash flows.

A delay in approving a budget and/or continuing appropriation legislation to fund the operations of the federal government, failure to raise the borrowing limit for the federal government, and other legislative changes and governmental disruptions could affect travel directly and indirectly and may thereby negatively impact our revenues and cash available for distributions.

The delay in approving a budget and continuing appropriation legislation to fund the federal government's operations caused many federal agencies to cease or curtail some activities during the fourth quarter of 2013 and for an even longer period of time beginning in the fourth quarter of 2018. There can be no assurance that similar action or inaction by federal or state government agencies, or other efforts to reduce government expenditures or growth, will not occur again in future periods, resulting in difficulties and discouraging travel or meetings and conferences. The reduction in income from both businesses and federal government employees and the possibility of another federal government impasse may adversely affect consumer confidence or may discourage both business and leisure travel, resulting in the deferral or cancellation of travel and a negative effect on our group and transient revenues in the future. Such impacts could have a material adverse impact on our consolidated financial statements.

General Risks Related to the Real Estate Industry

Illiquidity of real estate investments could significantly impede our ability to sell hotels or otherwise respond to adverse changes in the performance of our hotel properties.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more hotel properties for reasonable prices in response to changing economic, financial and investment conditions will be limited. The real estate market is affected by many factors beyond our control, including:

- adverse changes in international, national, regional and local economic and market conditions;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- the ongoing need for capital improvements, particularly in older structures;
- changes in operating expenses; and
- civil unrest, acts of God, including earthquakes, floods, wildfires and other natural disasters, which may result in uninsured losses, and acts of war or terrorism.

We have acquired hotels, and may acquire additional hotels in the future, subject to ground leases or other leasehold interests. Sales of property subject to such leases may require the lessors' consent. This consent requirement may make selling or financing the hotels more difficult or expensive subject to ground leases or other leasehold interests.

We may decide to sell hotel properties in the future. We cannot predict whether we will be able to sell any hotel property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and close a hotel property sale.

We may be required to expend funds to correct defects or to make improvements before a hotel property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements. In acquiring a hotel property, we may agree to lock-out provisions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These factors and any others that would impede our ability to respond to adverse changes in the performance of the hotel properties or a need for liquidity could adversely affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

If states and localities in which we own material amounts of property or conduct material amounts of business raise their income and property tax rates or amend their tax regimes in a manner that increases our state and local tax liabilities, we would have less cash available for distribution to our shareholders and the market price of our shares could be adversely affected.

We and our subsidiaries are subject to income tax and other taxes by states and localities in which we conduct business. Additionally, we are and will continue to be subject to property taxes in states and localities in which we own property, and our TRS lessees are and will continue to be subject to federal, state and local corporate income tax. States and localities may seek additional sources of revenue to reduce budget deficits and otherwise improve their financial condition or provide more services, they may, among other steps, raise income and property tax rates and/or amend their tax regimes to eliminate for state income tax purposes the favorable tax treatment REITs enjoy for U.S. federal income tax purposes. We cannot predict when or if any states or localities would make any such changes, or what form those changes would take. If states and localities in which we own

material amounts of property or conduct material amounts of business make changes to their tax rates or tax regimes that increase our state and local tax liabilities, such increases would reduce the amount of cash available for distribution to our shareholders and could adversely affect the market price of our shares.

The costs of compliance with or liabilities under environmental laws could significantly reduce our profitability.

Operating expenses at our hotels could be higher than anticipated due to the cost of complying with existing or future environmental laws and regulations. In addition, an owner of real property can face liability for environmental contamination created by the presence or discharge of hazardous substances on the property. We may face liability regardless of:

- our lack of knowledge of the contamination;
- the timing of the contamination;
- the cause of the contamination; or
- the party responsible for the contamination of the property.

Environmental laws also impose ongoing compliance requirements on owners and operators of real property. Environmental laws potentially affecting us address a wide variety of matters, including, but not limited to, asbestos-containing building materials ("ACBMs"), storage tanks, storm water and wastewater discharges, lead-based paint, mold/mildew and hazardous wastes. Failure to comply with these laws could result in fines and penalties and/or expose us to third-party liability. Some of our properties may have conditions that are subject to these requirements, and we could be liable for such fines or penalties and/or liable to third parties.

Certain hotel properties we own or may own in the future may contain, or may have contained, ACBMs. Environmental laws require that ACBMs be properly managed and maintained and may impose fines and penalties on building owners and operators for failure to comply with these requirements. Also, certain properties may be adjacent or near other properties that have contained or currently contain storage tanks for the storage of petroleum products or other hazardous or toxic substances. These operations create a potential for the release of petroleum products or other hazardous or toxic substances. Third parties may be permitted by law to seek recovery from owners or operators for property damage and/or personal injury associated with exposure to contaminants, including, but not limited to, petroleum products, hazardous or toxic substances and asbestos fibers.

We have obtained Phase I ESAs on our hotel properties and expect to do so for hotel properties we acquire in the future. ESAs are intended to evaluate information regarding the environmental condition of the surveyed property and surrounding properties based generally on visual observations, interviews and certain publicly available databases. These assessments do not typically take into account all environmental issues including, but not limited to, testing of soil or groundwater or the possible presence of asbestos, lead-based paint, radon, wetlands or mold. As a result, these assessments may fail to reveal all environmental conditions, liabilities or compliance concerns. Material environmental conditions, liabilities or compliance concerns may arise after the ESAs and future laws, ordinances or regulations may impose material additional environmental liability. We cannot assure you that costs of future environmental compliance will not affect our ability to make distributions to our shareholders or that such costs or other remedial measures will not be material to us.

The presence of hazardous substances on a property may limit our ability to sell the property on favorable terms or at all, and we may incur substantial remediation costs. The discovery of material environmental liabilities at our properties could subject us to unanticipated significant costs, which could significantly reduce our profitability and the cash available for distribution to our shareholders.

Risks Related to Our Organization and Structure

Provisions of our declaration of trust may limit the ability of a third party to acquire control of us by authorizing our board of trustees to authorize issuances of additional securities.

Our declaration of trust authorizes our board of trustees to issue up to 500,000,000 common shares and up to 100,000,000 preferred shares. In addition, our board of trustees may, without shareholder approval, amend our declaration of trust to increase the aggregate number of our shares or the number of shares of any class or series that we have the authority to issue and to classify or reclassify any unissued common shares or preferred shares and to set the preferences, rights and other terms of the classified or reclassified shares. As a result, our board of trustees may authorize the issuance of additional shares or establish a series of common or preferred shares that may have the effect of delaying or preventing a change in control of our company, including transactions at a premium over the market price of our shares, even if shareholders believe that a change of control is in their interest.

Provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our board of trustees or shareholders to approve proposals to acquire our company or effect a change of control.

Certain provisions of the Maryland General Corporation Law (the "MGCL") applicable to Maryland real estate investment trusts may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide our common shareholders with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested shareholder" (defined generally as any person who beneficially owns 10 percent or more of the voting power of our shares) or an affiliate of any interested shareholder for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes special appraisal rights and special shareholder voting requirements on these combinations; and
- "control share" provisions that provide that our "control shares" (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing trustees) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of "control shares") have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

By resolution of our board of trustees, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our board of trustees (including a majority of trustees who are not affiliates or associates of such persons). Pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our board of trustees may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Additionally, Title 8, Subtitle 3 of the MGCL permits our board of trustees, without shareholder approval and regardless of what is currently provided in our declaration of trust or bylaws, to implement certain takeover defenses, such as a classified board. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our common shareholders with the opportunity to realize a premium over the then current market price. In October 2015, we opted out of the classified board provision of Title 8, Subtitle 3 of the MGCL and prohibited ourselves from opting back into that provision without prior approval of our shareholders.

The ownership limitations in our declaration of trust may restrict or prevent shareholders from engaging in certain transfers of our common shares.

To maintain our qualification as a REIT for U.S. federal income tax purposes, no more than 50 percent in value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the U.S. federal income tax laws to include various kinds of entities) during the last half of any taxable year. To assist us in maintaining our qualification as a REIT, our declaration of trust contains a share ownership limit. Generally, any of our shares owned by affiliated owners will be added together for purposes of the share ownership limit.

If anyone transfers our shares in a way that would violate the share ownership limit or prevent us from qualifying as a REIT under the U.S. federal income tax laws, those shares instead will be transferred to a trust for the benefit of a charitable beneficiary and will be either redeemed by us or sold to a person whose ownership of the shares will not violate the share ownership limit or we will consider the transfer to be null and void from the outset, and the intended transferee of those shares will be deemed never to have owned the shares. Anyone who acquires our shares in violation of the share ownership limit or the other restrictions on transfer in our declaration of trust bears the risk of suffering a financial loss when the shares are redeemed or sold if the market price of our shares falls between the date of purchase and the date of redemption or sale.

In addition, these ownership limitations may prevent an acquisition of control of us by a third party without our board of trustees' approval, even if our shareholders believe the change of control is in their interest.

Our rights and the rights of our shareholders to take action against our trustees and officers are limited, which could limit shareholders' recourse in the event of actions not in their best interests.

Under Maryland law, generally, a trustee's actions will be upheld if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our declaration of trust limits the liability of our trustees and officers to us and our shareholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the trustee or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our declaration of trust authorizes us to indemnify our trustees and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each trustee or officer, to the maximum extent permitted by Maryland law, in defense of any proceeding to which they are made, or threatened to be made, a party by reason of their service to us. In addition, we have entered into indemnification agreements with our officers and trustees and we may be obligated to fund the defense costs incurred by our trustees and officers. As a result, we and our shareholders may have more limited rights against our trustees and officers than might otherwise exist absent the current provisions in our declaration of trust and bylaws or that might exist with other companies.

Our declaration of trust contains provisions that make removal of our trustees difficult, making it difficult for our shareholders to effect changes to our management.

Our declaration of trust provides that a trustee may be removed only for cause (as defined in our declaration of trust) and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of trustees. Our declaration of trust also provides that vacancies on our board of trustees may be filled only by a majority of the remaining trustees in office, even if less than a quorum. These requirements prevent shareholders from removing trustees except for cause and with a substantial affirmative vote and from replacing trustees with their own nominees and may prevent a change in control of our company that is in the best interests of our shareholders.

The ability of our board of trustees to change our major policies without the consent of shareholders may not be in our shareholders' interest.

Our board of trustees determines our major policies, including policies and guidelines relating to our acquisitions, leverage, financing, growth, operations and distributions to shareholders. Our board of trustees may amend or revise these and other policies and guidelines from time to time without the vote or consent of our shareholders. Accordingly, our shareholders will have limited control over changes in our policies and those changes could adversely affect our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholders.

Further issuances of equity securities may be dilutive to current shareholders.

We expect to issue additional common shares or preferred shares to raise the capital necessary to finance hotel acquisitions or improvements, refinance debt or pay portions of future dividends. In addition, we may issue units in our Operating Partnership, which are redeemable on a one-for-one basis for our common shares, to acquire hotels. Such issuances could result in dilution of our shareholders' equity interests.

Future offerings of debt securities or preferred shares, which would be senior to our common shares upon liquidation and for the purpose of distributions, may cause the market price of our common shares to decline.

We have issued eight series of preferred shares, of which we have repurchased four and four remain outstanding, and three series of senior unsecured notes. In the future, we may increase our capital resources by making debt or equity securities offerings, including senior or subordinated notes, additional series of preferred shares and common shares. We will be able to issue additional common shares or preferred shares without shareholder approval, unless shareholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Upon liquidation, holders of our debt securities and preferred shares and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common shares. Additional equity offerings could significantly dilute the holdings of our existing shareholders or reduce the market price of our common shares, or both. Holders of our common shares are not entitled to preemptive rights or other protections against dilution. Preferred shares and debt, if issued, have a preference on liquidating distributions or a preference on dividend or interest payments that could limit our ability to make a distribution to the holders of our common shares. Because our decision to issue securities will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our shareholders bear the risk of our future securities issuances reducing the market price of our common shares and diluting their interest.

Holders of our outstanding preferred shares have dividend, liquidation and other rights that are senior to the rights of the holders of our common shares.

Our board of trustees has the authority to designate and issue preferred shares with liquidation, dividend and other rights that are senior to those of our common shares. As of December 31, 2022 December 31, 2023, 4,400,000 shares of our 6.375% Series E Cumulative Redeemable Preferred Shares (the "Series E Preferred Shares"), 6,000,000 shares of our 6.30% Series F Cumulative Redeemable Preferred Shares (the "Series F Preferred Shares"), 9,200,000 shares of our 6.375% Series G Cumulative Redeemable Preferred Shares (the "Series G Preferred Shares") and 9,000,000 8,000,000 shares of our 5.70% Series H Cumulative Redeemable Preferred Shares (the "Series H Preferred Shares") were issued and outstanding. The aggregate liquidation preference with respect to the outstanding preferred shares is approximately \$715.0 million \$690.0 million as of December 31, 2022 December 31, 2023, and aggregate annual dividends on our outstanding preferred shares of approximately \$44.0 million \$47.2 million. Holders of any of these preferred shares are entitled to cumulative dividends before any dividends may be declared or set aside on our common shares. Upon our voluntary or involuntary liquidation, dissolution or winding up, before any payment is made to holders of our common shares, holders of these preferred shares are entitled to receive a liquidation preference of \$25.00 per share plus any accrued and unpaid distributions. This will reduce the remaining amount of our assets, if any, available to distribute to holders of our common shares. In addition, holders of these preferred shares have the right to elect two additional trustees to our board of trustees whenever dividends on the preferred shares are in arrears for six or more quarterly dividends, whether or not consecutive.

The change of control conversion and redemption features of the Series E Preferred Shares, the Series F Preferred Shares, the Series G Preferred Shares and the Series H Preferred Shares may make it more difficult for a party to take over our company or discourage a party from taking over our company.

Upon the occurrence of a change of control (as defined in our declaration of trust) as the result of which our common shares and the common securities of the acquiring or surviving entity (or American Depositary Receipts representing such securities) are not listed on the New York Stock Exchange (the "NYSE"), the NYSE American LLC or Nasdaq or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American LLC or Nasdaq, holders of Series E Preferred Shares, Series F Preferred Shares, Series G Preferred Shares or Series H Preferred Shares will have the right (unless, as provided in our declaration of trust, we have provided or provide notice of our election to redeem the applicable series) to convert some or all of their preferred shares into our common shares (or equivalent value of alternative consideration), and under these circumstances we will also have a special optional redemption right to redeem such shares. Upon such a conversion, holders of Series E Preferred Shares will be limited to a maximum number of our common shares equal to 1.9372 multiplied by the number of Series E Preferred Shares converted, holders of Series F Preferred Shares will be limited to a maximum number of our common shares equal to 2.0649 multiplied by the number of Series F Preferred Shares converted, holders of Series G Preferred Shares will be limited to a maximum number of our common shares equal to 2.1231 multiplied by the number of Series G Preferred Shares converted and holders of Series H Preferred Shares will be limited to a maximum number of our common shares equal to 2.2311 multiplied by the number of Series H Preferred Shares converted. In addition, those features of the Series E Preferred Shares, Series F Preferred Shares, Series G Preferred Shares and Series H Preferred Shares may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change of control of our company under circumstances that otherwise could provide the holders of our common shares, Series E Preferred Shares, Series F Preferred Shares, Series G Preferred Shares or Series H Preferred Shares with the opportunity to realize a premium over the then-current market price or that shareholders may otherwise believe is in their best interests.

We have entered into an agreement with each of our executive officers that requires us to make payments in the event the officer's employment is terminated by us without cause, by the officer for good reason or under certain circumstances following a change of control of our company.

The agreements that we have entered into with our executive officers provide benefits under certain circumstances that could make it more difficult or expensive for us to terminate these officers and may prevent or deter a change of control of our company that would otherwise be in the interest of our shareholders.

If we fail to maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our shareholders could lose confidence in our financial results, which could harm our business and the value of our common shares.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We may in the future discover areas of our internal controls that need improvement. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal controls over financial reporting and have our independent auditors annually issue their own opinion on our internal controls over financial reporting. We cannot be certain that we will be successful in maintaining adequate internal controls over our financial reporting and financial processes. Furthermore, as we grow our business, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective. If we or our independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market value of our common shares. Additionally, the existence of any material weakness or significant deficiency would require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner.

U.S. Federal Income Tax Risk Factors

Our failure to maintain our qualification as a REIT would result in higher taxes and reduced cash available for distribution to our shareholders.

We have elected to be taxed as a REIT for U.S. federal income tax purposes. However, qualification as a REIT involves the application of highly technical and complex provisions of the Code, for which only a limited number of judicial and administrative interpretations exist. Even an inadvertent or technical mistake could jeopardize our REIT qualification. Our qualification as a REIT depends on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis.

Moreover, new tax legislation, administrative guidance or court decisions, in each instance potentially applicable with retroactive effect, could make it more difficult or impossible for us to maintain our qualification as a REIT. If we were to fail to qualify as a REIT in any taxable year, we would be subject to U.S. federal income tax on our taxable income at regular corporate rates, and distributions to shareholders would not be deductible by us in computing our taxable income. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our shareholders, which in turn could have an adverse impact on the value of our shares. If, for any reason, we ceased to qualify as a REIT and we were not entitled to relief under certain Code provisions, we would be unable to elect REIT status for the four taxable years following the year during which we ceased to so qualify which would negatively impact the value of our shares.

In addition, if we fail to maintain our qualification as a REIT, we will no longer be required to make distributions to shareholders, and all distributions to shareholders will be subject to tax as dividend income to the extent of our current and accumulated earnings and profits. As a result of all these factors, our failure to maintain our qualification as a REIT could impair our ability to execute our business and growth strategies, as well as make it more difficult for us to raise capital and service our indebtedness.

We could face adverse tax consequences if LaSalle failed to qualify as a REIT prior to the merger.

In connection with the closing of the merger, we received an opinion of counsel to the effect that LaSalle qualified as a REIT for U.S. federal income tax purposes through the time of the merger. However, we did not request a ruling from the IRS that LaSalle qualified as a REIT. Notwithstanding the opinion of counsel, if the IRS successfully challenged

LaSalle's REIT status prior to the merger, we could face adverse tax consequences, including:

- succeeding to LaSalle's liability for U.S. federal income taxes at regular corporate rates for the periods in which LaSalle failed to qualify as a REIT (without regard to the deduction for dividends paid for such periods);
- succeeding to any built-in gain on LaSalle's assets, for which we could be liable for U.S. federal income tax at regular corporate rates, if we were to recognize such gain in the five-year period following the merger; and
- succeeding to LaSalle's earnings and profits accumulated during the periods in which LaSalle failed to qualify as a REIT, which we would be required to distribute to our shareholders in order to satisfy the REIT distribution requirements and avoid the imposition of any excise tax.

As a result, we would have less cash available for operations and distributions to our shareholders, which could require us to raise capital on unfavorable terms or pay deficiency dividends.

Complying with REIT requirements may cause us to forego otherwise attractive business opportunities or liquidate otherwise attractive investments.

To maintain our qualification as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our shareholders and the ownership of our shares. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance.

In particular, we must ensure that at the end of each calendar quarter, at least 75 percent of the value of our assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investment in securities (other than government securities and qualified real estate assets) generally cannot include more than 10 percent of the outstanding voting securities of any one issuer or more than 10 percent of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 percent of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, no more than 20 percent of the value of our total assets can be represented by the securities of one or more TRSs and no more than 25 percent of our assets can be represented by debt of "publicly offered REITs" (i.e., REITs that are required to file annual and periodic reports with the SEC under the Exchange Act) that is not secured by real property or interests in real property. The Code provides that temporary investments of new capital in stock or debt instruments for the one-year period beginning on the date on which we receive the new capital will be considered qualified real estate assets for purposes of the above requirements. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our shareholders.

To maintain our qualification as a REIT and avoid corporate income tax and excise tax, we must distribute annually a certain percentage of our REIT taxable income, which could require us to raise capital on terms or sell properties at prices or at times that are unfavorable.

To maintain our qualification as a REIT, we must distribute to our shareholders each calendar year at least 90 percent of our REIT taxable income (including certain items of non-cash income), determined without regard to the deduction for dividends paid and excluding any net capital gain. To the extent that we satisfy the 90 percent distribution requirement, but distribute less than 100 percent of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed income. In addition, we will incur a 4 percent nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than the sum of:

- 85 percent of our REIT ordinary income for that year;
- 95 percent of our REIT capital gain net income for that year; and
- any undistributed REIT taxable income from prior years.

We have distributed, and we intend to continue to distribute, our REIT taxable income to our shareholders in a manner intended to satisfy the 90 percent distribution requirement and to avoid both corporate income tax and the 4 percent nondeductible excise tax. However, there is no requirement that TRSs distribute their after tax net income to their parent REIT or their shareholders.

Our REIT taxable income may substantially exceed our net income as determined based on U.S. generally accepted accounting principles ("U.S. GAAP"), because, for example, realized capital losses will be deducted in determining our U.S. GAAP net income, but may not be deductible in computing our REIT taxable income. Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow or raise capital on terms or sell properties at prices or at times that we regard as unfavorable in order to distribute enough of our REIT taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4 percent nondeductible excise tax in a particular year.

We may pay taxable dividends partly in shares and partly in cash, in which case shareholders may sell our shares to pay tax on such dividends, placing downward pressure on the market price of our shares.

We may pay taxable dividends partly in shares and partly in cash. Under IRS Revenue Procedure 2017-45, as a publicly offered REIT, as long as at least 20 percent of the total dividend is available in cash and certain other requirements are satisfied, the IRS will treat the share distribution as a dividend (to the extent applicable rules treat such distribution as being made out of our earnings and profits). This threshold has been temporarily reduced in the past and may be reduced in the future by IRS guidance. Although we have no current intention of paying dividends in the form of our own shares, if in the future we choose to pay dividends in our own shares, our shareholders may be required to pay tax in excess of the cash that they receive. If a U.S. shareholder sells the shares that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our shares at the time of the sale. Furthermore, with respect to certain non-U.S. shareholders, we may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in shares. If we pay dividends in our own shares and a significant number of our shareholders sell our shares in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our shares.

Our TRS lessees increase our overall tax liability.

Our TRS lessees are subject to U.S. federal and state income tax on their taxable income, which consists of the revenues from the hotel properties leased by our TRS lessees, net of the operating expenses (including management fees) for such hotel properties and rent payments to us. In certain circumstances, the ability of our TRS lessees to

deduct interest expense may be limited. Accordingly, although our ownership of our TRS lessees allows us to participate in the operating income from our hotel properties in addition to receiving rent, that operating income is fully subject to income tax. The after-tax net income of our TRS lessees is available for distribution to us.

Our ownership of our TRSs is limited and our transactions with our TRSs will cause us to be subject to a 100 percent penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

A REIT may own up to 100 percent of the stock of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT, including gross operating income from hotel operations pursuant to hotel management contracts. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35 percent of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 20 percent of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100 percent excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

Our TRSs are subject to applicable U.S. federal, state and local income tax on their taxable income, and their after-tax net income will be available for distribution to us, but is not required to be distributed to us. We believe that the aggregate value of the stock and securities of our TRSs is and will continue to be less than 20 percent of the value of our total assets (including our TRS stock and securities). Furthermore, we will monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with TRS ownership limitations. In addition, we will scrutinize all of our transactions with our TRSs to ensure that they are entered into on arm's-length terms to avoid incurring the 100 percent excise tax described above. There can be no assurance, however, that we will be able to comply with the TRS ownership limitation discussed above or to avoid application of the 100 percent excise tax discussed above.

If the leases of our hotel properties to our TRS lessees are not respected as true leases for U.S. federal income tax purposes, we would fail to qualify as a REIT and would be subject to higher taxes and have less cash available for distribution to our shareholders.

To maintain our qualification as a REIT, we must satisfy two gross income tests, under which specified percentages of our gross income must be derived from certain sources, such as "rents from real property." Rents paid to our Operating Partnership by our TRS lessees pursuant to the lease of our hotel properties constitute substantially all of our gross income. In order for such rent to qualify as "rents from real property" for purposes of the gross income tests, the leases must be respected as true leases for U.S. federal income tax purposes and not be treated as service contracts, joint ventures or some other type of arrangement. If our leases are not respected as true leases for U.S. federal income tax purposes, we would fail to qualify as a REIT.

If our Operating Partnership failed to qualify as a partnership for U.S. federal income tax purposes, we would cease to qualify as a REIT and would be subject to higher taxes and have less cash available for distribution to our shareholders and suffer other adverse consequences.

We believe that our Operating Partnership qualifies to be treated as a partnership for U.S. federal income tax purposes. As a partnership, our Operating Partnership generally is not subject to U.S. federal income tax on its income. Instead, each of its partners, including us, is required to pay tax on its allocable share of our Operating Partnership's income. No assurance can be provided, however, that the IRS will not challenge its status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our Operating Partnership as a corporation for tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, cease to qualify as a REIT. Also, the failure of our Operating Partnership to qualify as a partnership would cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

If our TRSs fail to qualify as TRSs for U.S. federal income tax purposes or our hotel managers do not qualify as "eligible independent contractors," we would fail to qualify as a REIT.

Rent paid by a lessee that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. We lease all of our hotels to our TRS lessees. So long as any TRS lessee qualifies as a TRS, it will not be treated as a "related party tenant" with respect to our properties that are managed by an independent hotel management company that qualifies as an "eligible independent contractor." We believe that our TRSs qualify to be treated as TRSs for U.S. federal income tax purposes, but there can be no assurance that the IRS will not challenge the status of a TRS for U.S. federal income tax purposes or that a court would not sustain such a challenge. If the IRS were successful in disqualifying any of our TRS lessee from treatment as a TRS, it is possible that we would fail to meet the asset tests applicable to REITs and substantially all of our income would fail to qualify for the gross income tests. If we failed to meet either the asset or gross income tests, we would likely lose our REIT qualification for U.S. federal income tax purposes.

Additionally, if our hotel managers do not qualify as "eligible independent contractors," we will fail to qualify as a REIT. Each of the hotel management companies that enter into a management contract with our TRS lessees must qualify as an "eligible independent contractor" under the REIT rules in order for the rent paid to us by our TRS lessees to be qualifying income for purposes of the REIT gross income tests. Among other requirements, in order to qualify as an eligible independent contractor a manager must not own, directly or through its shareholders, more than 35 percent of our outstanding shares, taking into account certain ownership attribution rules. The ownership attribution rules that apply for purposes of these 35 percent thresholds are complex. Although we intend to monitor ownership of our shares by our hotel managers and their owners, there can be no assurance that these ownership levels will not be exceeded.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to qualified dividend income payable to certain non-corporate U.S. shareholders is 20 percent. Dividends payable by REITs, however, generally are not eligible for the reduced qualified dividend rates. For taxable years beginning before January 1, 2026, non-corporate taxpayers may deduct up to 20 percent of certain pass-through business income, including "qualified REIT dividends" (generally, dividends received by a REIT shareholder that are not designated as capital gain dividends or qualified dividend income), subject to certain limitations, resulting in an effective maximum U.S. federal income tax rate of 29.6 percent on such income. Although the reduced U.S. federal income tax rate applicable to qualified dividend income does not adversely affect the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends and the reduced corporate tax rate could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our shares.

Complying with REIT requirements may limit our ability to hedge our liabilities effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our liabilities. Any income from a properly identified hedging transaction we enter into to manage risk of interest rate changes, price changes or currency fluctuations with respect to borrowings made or to be made to acquire or carry real estate assets does not constitute "gross income" for purposes of the 75 percent or 95 percent gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is

likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRSs will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRSs.

If our subsidiary REITs failed to qualify as REITs, we could be subject to higher taxes and could fail to remain qualified as REITs.

Our Operating Partnership owns 100 percent of the common shares of our subsidiary REITs that have elected to be taxed as REITs under the U.S. federal income tax laws. Our subsidiary REITs are subject to the various REIT qualification requirements and other limitations described herein that are applicable to us. If either of our subsidiary REITs were to fail to qualify as a REIT, then (i) such subsidiary REIT would become subject to U.S. federal income tax and (ii) our ownership of shares in such subsidiary REIT would cease to be a qualifying asset for purposes of the asset tests applicable to REITs. If our subsidiary REITs were to fail to qualify as a REIT, it is possible that we would fail certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions. We have made "protective" TRS elections with respect to each of our subsidiary REITs and may implement other protective arrangements intended to avoid such an outcome if our subsidiary REITs were not to qualify as a REIT, but there can be no assurance that such "protective" elections and other arrangements will be effective to avoid the resulting adverse consequences to us. Moreover, even if the "protective" TRS elections were to be effective in the event of the failure of our subsidiary REITs to maintain their qualifications as REITs, such subsidiary REITs would be subject to U.S. federal income tax and we cannot assure you that we would not fail to satisfy the requirement that not more than 20 percent of the value of our total assets may be represented by the securities of one or more TRSs. In this event, we would fail to qualify as a REIT unless we or such subsidiary REITs could avail ourselves or themselves of certain relief provisions.

The ability of our board of trustees to revoke our REIT qualification without shareholder approval may subject us to U.S. federal and state income tax and reduce distributions to our shareholders.

Our declaration of trust provides that our board of trustees may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our shareholders, which may have adverse consequences on our total return to our shareholders and on the market price of our common shares.

The share ownership restrictions of the Code for REITs and the 9.8 percent share ownership limit in our declaration of trust may inhibit market activity in our shares and restrict our business combination opportunities.

In order to qualify as a REIT for each taxable year, five or fewer individuals, as defined in the Code, may not own, actually or constructively, more than 50 percent in value of our issued and outstanding shares at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity actually or constructively owns our shares under this requirement. Additionally, at least 100 persons must beneficially own our shares during at least 335 days of each taxable year. To help insure that we meet these tests, our declaration of trust restricts the acquisition and ownership of our shares.

Our declaration of trust, with certain exceptions, authorizes our board of trustees to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of trustees, our declaration of trust prohibits any person from beneficially or constructively owning more than 9.8 percent (measured by value or number of shares, whichever is more restrictive) of any class or series of our shares. Our board of trustees may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of 9.8 percent of the value of our outstanding shares would result in the termination of REIT status. These restrictions on transferability and ownership will not apply, however, if our board of trustees determines that it is no longer in our best interest to continue to qualify as a REIT.

These ownership limits could delay or prevent a transaction or a change in control that might involve a premium price for our shares or otherwise be in the best interest of the shareholders.

The prohibited transactions tax may limit our ability to engage in transactions, including dispositions of assets that would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100 percent tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of real property or may conduct such sales through a TRS.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce the tax benefits of our REIT structure compared to non-REIT corporations, reduce our operating flexibility and reduce the market price of our shares.

At any time, the U.S. federal income tax laws governing REITs or the administrative and judicial interpretations of those laws may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative and judicial interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative or judicial interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We cannot predict the long-term effect of any future law changes on REITs and their shareholders generally. We and our shareholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative and judicial interpretation.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

We have identified cybersecurity risk as one of our key enterprise risks. One of our Co-Presidents is responsible for managing cybersecurity risk. They develop mitigation strategies and implement controls to reduce the likelihood of a cybersecurity incident occurring and to reduce the impact of such an incident should it occur. At least annually, they report on this risk and their mitigation work to the Audit Committee of our Board of Trustees, which is the committee that has primary responsibility for overseeing our enterprise risk management program and is composed solely of independent trustees. The Audit Committee reviews and discusses all of our key enterprise risks, including cybersecurity risk, and the enterprise risk management program itself. The chair of the Audit Committee may, at their discretion, report to the Chairman of the Board or the full Board of Trustees regarding any aspect of the program or risks.

As of December 31, 2023, no risk from cybersecurity threats, including as a result of any previous cybersecurity incident, has materially affected our business, results of operations or financial condition. Although we have invested in the protection of our data and information systems and the monitoring of our systems on an ongoing basis, such efforts may not in the future prevent material compromises to our information systems, including those that could have a material adverse effect on our business. We maintain cybersecurity insurance coverage to mitigate our financial exposure to certain incidents, and we consult with external advisors regarding opportunities and enhancements to strengthen our policies and practices.

We have elected to outsource our information technology function to a third-party managed service provider, or the MSP, that specializes in fully managed information technology services and fully managed cybersecurity. The MSP is responsible for managing all of our hosted services, all of the computer and computer-related hardware and software we use, and all onsite and offsite backups. The MSP also provides managed security services designed to prevent cybersecurity threats, to identify and remediate vulnerabilities, to monitor systems 24/7, to protect data and systems, to detect potential intrusions and cybersecurity incidents, to quarantine systems should they be compromised, and to recover from business interruptions or other disasters. The MSP follows the NIST Cybersecurity Framework, developed by the National Institute of Standards and Technology of the U.S. Department of Commerce, to measure the maturity of the services it provides to us and its other clients.

The MSP and we developed a cybersecurity incident response plan that sets forth roles and responsibilities for the identification, assessment, triage, communication and resolution of cybersecurity incidents.

In addition, the MSP performs facility and system penetration tests, compromise assessments and security maturity assessments of our corporate and operational networks. In collaboration with the MSP, we maintain a comprehensive cybersecurity training program to help our personnel identify and assist in mitigating cybersecurity risks. Our executive officers and employees participate in annual training with additional issue-specific training as needed.

While we have control, through our contract with the MSP, over our information systems, we do not have control over the information systems of our hotel managers, which are the third-party operators of our hotels and resorts, or of our franchisors. Although we set clear expectations of our hotel managers and franchisors, we rely on our hotel managers and franchisors for managing their cybersecurity risk. We conduct surveys of our hotel managers and franchisors to assess their cybersecurity risk management programs and procedures, to identify gaps and request remediation and to understand our risk exposure. Many of our hotel managers and franchisors carry cyber insurance policies to protect and offset a portion of potential costs incurred from a security breach. Additionally, we currently have cyber insurance policies to provide supplemental coverage above the coverage carried by our hotel managers and franchisors.

For additional information about cybersecurity risk, see "Item 1A. Risk Factors—Our hotel managers and we rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business."

Item 2. Properties.

We lease office space to use as our headquarters located at 4747 Bethesda Avenue, Suite 1100, Bethesda, Maryland 20814.

As of **December 31, 2022** December 31, 2023, we owned interests in **51** 46 hotels with a total of **12,756** 11,924 guest rooms, all of which are consolidated in our financial statements. The following table sets forth certain information about our hotels.

		Date		Location		Number of Guest Rooms	
Property		Acquired					
Property		Date		Location		Number of Guest Rooms	
Property		Acquired					
1.	L'Auberge	November 30, 2018	Del Mar, CA	121	1.	L'Auberge Del Mar	121
1.	Del Mar Hotel	November 30, 2018	Del Mar, CA	121	2.	Hotel Palomar Los Angeles Beverly Hills	264
2.	Palomar Los Angeles	November 20, 2014	Los Angeles, CA	264	3.	W Los Angeles - West Beverly Hills	297
2.	Beverly Hills	November 20, 2014	Los Angeles, CA	264	4.	Chamberlain West Hollywood Hotel	115
3.	W Los Angeles - West Beverly Hills	August 23, 2012	Los Angeles, CA	297	5.	Hotel Ziggy	108
3.	Chamberlain West Hollywood	November 30, 2018	West Hollywood, CA	115			
4.	Hotel Ziggy (Grafton on Sunset)	November 30, 2018	West Hollywood, CA	108			
5.	Sunset	November 30, 2018	CA	108			

6.	6.	Le Parc Suite Hotel	November 30, 2018	West Hollywood, CA	154	6.	Le Parc at Melrose	November 30, 2018	West Hollywood, CA	154
7.	7.	Mondrian Los Angeles	May 3, 2011	West Hollywood, CA	236	7.	Mondrian Los Angeles	May 3, 2011	West Hollywood, CA	236
8.	8.	Montrose West Hollywood	November 30, 2018	West Hollywood, CA	133	8.	Montrose at Beverly Hills	November 30, 2018	West Hollywood, CA	133
9.	9.	Le Méridien Delfina Santa Monica	November 19, 2010	Santa Monica, CA	310	9.	Le Méridien Delfina Santa Monica	November 19, 2010	Santa Monica, CA	315
10.	10.	Viceroy Santa Monica Hotel	November 30, 2018	Santa Monica, CA	169	10.	Viceroy Santa Monica Hotel	November 30, 2018	Santa Monica, CA	169
11.	11.	Embassy Suites San Diego Bay - Downtown	January 29, 2013	San Diego, CA	341	11.	Embassy Suites San Diego Bay - Downtown	January 29, 2013	San Diego, CA	341
12.	12.	Hilton San Diego Gaslamp Quarter	November 30, 2018	San Diego, CA	286	12.	Hilton San Diego Gaslamp Quarter	November 30, 2018	San Diego, CA	286
13.	13.	Paradise Point Resort & Spa	November 30, 2018	San Diego, CA	462	13.	Paradise Point Resort & Spa	November 30, 2018	San Diego, CA	462
14.	14.	San Diego Mission Bay Resort	November 30, 2018	San Diego, CA	357	14.	San Diego Mission Bay Resort	November 30, 2018	San Diego, CA	357
15.	15.	Solamar Hotel	November 30, 2018	San Diego, CA	235	15.	Margaritaville Hotel San Diego Gaslamp Quarter	November 30, 2018	San Diego, CA	235
16.	16.	The Westin San Diego Gaslamp Quarter	April 6, 2011	San Diego, CA	450	16.	The Westin San Diego Gaslamp Quarter	April 6, 2011	San Diego, CA	450
17.	17.	Estancia La Jolla Hotel & Spa	December 1, 2021	La Jolla, CA	210	17.	Estancia La Jolla Hotel & Spa	December 1, 2021	La Jolla, CA	210
18.	18.	Argonaut Hotel	February 16, 2011	San Francisco, CA	252	18.	Argonaut Hotel	February 16, 2011	San Francisco, CA	252
19.	19.	Harbor Court Hotel San Francisco	November 30, 2018	San Francisco, CA	131	19.	Harbor Court Hotel San Francisco	November 30, 2018	San Francisco, CA	131
20.	20.	1 Hotel San Francisco (formerly Hotel Vitale)	November 30, 2018	San Francisco, CA	200	20.	1 Hotel San Francisco	November 30, 2018	San Francisco, CA	200
21.	21.	Hotel Zelos San Francisco	October 25, 2012	San Francisco, CA	202	21.	Hotel Zelos San Francisco	October 25, 2012	San Francisco, CA	202
22.	22.	Hotel Zephyr Fisherman's Wharf	December 9, 2013	San Francisco, CA	361	22.	Hotel Zephyr Fisherman's Wharf	December 9, 2013	San Francisco, CA	361
23.	23.	Hotel Zeppelin San Francisco	May 22, 2014	San Francisco, CA	196	23.	Hotel Zeppelin San Francisco	May 22, 2014	San Francisco, CA	196

	Hotel Zetta San Francisco	San Francisco, CA	April 4, 2012	24. Hotel Zetta San Francisco	April 4, 2012	San Francisco, CA	116
24.	Hotel Zoe Fisherman's Wharf	San Francisco, CA	June 11, 2015	25. Chaminade Resort & Spa	November 30, 2018	Santa Cruz, CA	156
25.	Chaminade Resort & Spa	Santa Cruz, CA	November 30, 2018	26. George Hotel	November 30, 2018	Washington, DC	139
26.	George Hotel	Washington, DC	November 30, 2018	27. Hotel Monaco Washington DC	September 9, 2010	Washington, DC	184
27.	Hotel Monaco Washington DC	Washington, DC	September 9, 2010	28. Hotel Zena Washington DC	November 30, 2018	Washington, DC	191
28.	Hotel Zena Washington DC	Washington, DC	November 30, 2018	29. Viceroy Washington DC	November 30, 2018	Washington, DC	178
29.	Viceroy Washington DC	Washington, DC	November 30, 2018	30. Southernmost Beach Resort	November 30, 2018	Key West, FL	296
30.	Southernmost Beach Resort	Key West, FL	November 30, 2018	31. The Marker Key West Harbor Resort	November 30, 2018	Key West, FL	96
31.	The Marker Key West Harbor Resort	Key West, FL	November 30, 2018	32. Margaritaville Hollywood Beach Resort	September 23, 2021	Hollywood, FL	369
32.	Margaritaville Hollywood Beach Resort	Hollywood, FL	September 23, 2021	33. Inn on Fifth	May 11, 2022	Naples, FL	119
33.	Inn on Fifth	Naples, FL	May 11, 2022	34. LaPlaya Beach Resort & Club	May 21, 2015	Naples, FL	189
34.	LaPlaya Beach Resort & Club	Naples, FL	May 21, 2015	35. Jekyll Island Club Resort	July 22, 2021	Jekyll Island, GA	200
35.	Jekyll Island Club Resort	Jekyll Island, GA	July 22, 2021	36. Hotel Chicago Downtown, Autograph Collection	November 30, 2018	Chicago, IL	354
36.	Hotel Chicago Downtown, Autograph Collection	Chicago, IL	November 30, 2018	37. The Westin Michigan Avenue Chicago	November 30, 2018	Chicago, IL	752
37.	The Westin Michigan Avenue Chicago	Chicago, IL	November 30, 2018	38. Hyatt Regency Boston Harbor	November 30, 2018	Boston, MA	270
38.	Hyatt Regency Boston Harbor	Boston, MA	November 30, 2018	39. Revere Hotel Boston Common	December 18, 2014	Boston, MA	356
39.	Revere Hotel Boston Common	Boston, MA	December 18, 2014	40. The Liberty, a Luxury Collection Hotel, Boston	November 30, 2018	Boston, MA	298
40.	The Liberty, a Luxury Collection Hotel, Boston	Boston, MA	November 30, 2018	41. The Westin Copley Place, Boston	November 30, 2018	Boston, MA	803
41.	The Westin Copley Place, Boston	Boston, MA	November 30, 2018				

- **Ability to Terminate.** The majority of our management agreements are terminable at will by us upon payment of a termination fee and some are terminable upon sale of the property. Most of the agreements also provide us the ability to terminate based on failure to achieve defined operating performance thresholds. Termination fees range from zero to up to **six three** times the annual base management and incentive management fees, depending on the agreement and the reason for termination.
- **Operational Services.** Each manager has exclusive authority to supervise, direct and control the day-to-day hotel operation and management including establishing all room rates, processing reservations, procuring inventories, supplies and services, hiring and firing employees and independent contractors and preparing public relations, publicity and marketing plans for the hotel.
- **Executive Supervision and Management Services.** Each manager supervises all managerial and other hotel employees, reviews hotel operation and maintenance, prepares reports, budgets and projections, and provides other administrative and accounting support services for the hotel. Under certain management agreements, we have approval rights over the hiring of certain key management personnel at the hotel.
- **Chain Services.** Our management agreements with major hotel franchisors require the managers to furnish chain services that are generally made available to other hotels managed by such operators. Such services may, for example, include: the development and operation of computer systems and reservation services; management and administrative services; marketing and sales services; human resources training services; and additional services as may from time to time be more efficiently performed on a national, regional or group level.
- **Working Capital.** Our management agreements typically require us to maintain working capital for a hotel and to fund the cost of supplies such as linens and other similar items. We are also responsible for providing funds to meet the cash needs for the hotel operations if the funds available from the hotel operations are insufficient to meet the financial requirements of the hotel.
- **Furniture, Fixtures and Equipment Replacements.** We are required to invest in the hotels and to provide all the necessary furniture, fixtures and equipment for the operation of the hotels (including funding any required furniture, fixture and equipment replacements). Our management agreements generally provide that once a year the managers will prepare a list of furniture, fixtures and equipment to be acquired and certain routine capital repairs to be performed in the following year and an estimate of funds that are necessary for our review and approval. To fund the furniture, fixtures and equipment replacements, a specified percentage of the gross revenues of each hotel (typically 4.0%) is either deposited by the manager with our funds or out of the property's cash flow in an escrow account or held by us, as owner.
- **Building Alterations, Improvements and Renewals.** Our management agreements generally require the managers to prepare an annual estimate of the expenditures necessary for major capital repairs, alterations, improvements, renewals and replacements to the structural, mechanical, electrical, heating, ventilating, air conditioning, plumbing and vertical transportation elements of the hotels. In addition to the foregoing, the management agreements generally provide that the managers may propose such changes, alterations and improvements to the hotels as are required by reason of laws or regulations or, in the manager's reasonable judgment, to keep the hotels in a safe, competitive and efficient operating condition.
- **Sale of a Hotel.** Certain of our management agreements limit our ability to sell, lease or otherwise transfer a hotel, unless the transferee assumes the related management agreement and meets other specified conditions.

Franchise and Sub-License Agreements

We have franchise and sub-license agreements for certain of our hotels. Pursuant to these agreements, we pay franchise or sub-license fees based on a percentage of gross room revenues, as well as certain other fees for marketing and reservations services. Franchise or sub-license fees for room revenues are approximately 1% to **5% 6%** of gross room revenues. Some of these agreements provide us with termination rights. The agreements for the respective hotels expire as follows:

Property	Expiration Date
Embassy Suites San Diego Bay - Downtown	January 2028
Margaritaville Hollywood Beach Resort	July 2028
Le Méridien Delfina Santa Monica	September 2033
The Nines, a Luxury Collection Hotel, Portland	October 2033
Hotel Chicago Downtown, Autograph Collection	February 2034
The Liberty, a Luxury Collection Hotel, Boston	January 2036
Margaritaville Hotel Colonnade Coral Gables, Autograph Collection San Diego Gaslamp Quarter	April 2039 August 2038
Hilton San Diego Gaslamp Quarter	June 2041
Hyatt Regency Boston Harbor	December 2042
Paradise Point Resort & Spa	15th anniversary after hotel is re-branded as a Margaritaville
Solamar Hotel	15th anniversary after hotel is re-branded as a Margaritaville

Item 3. Legal Proceedings.

The nature of the operations of our hotels exposes the hotels and us to the risk of claims and litigation in the normal course of business. We are not presently subject to any material litigation nor, to our knowledge, is any litigation threatened against us, other than routine actions for negligence or other claims and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance and all of which collectively are not expected to have a material adverse effect on our liquidity, results of operations or our financial condition.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common shares began trading on the NYSE on December 9, 2009 under the symbol "PEB".

Shareholder Information

On February 16, 2023 February 14, 2024, there were 8072 holders of record of our common shares. However, because the vast majority of our common shares are held by brokers and other institutions on behalf of shareholders, we believe that there are considerably more beneficial holders of our common shares than record holders.

The following graph provides a comparison of the cumulative total return on our common shares from December 31, 2017 December 31, 2018, to the NYSE closing price per share on December 31, 2022 December 31, 2023, with the cumulative total return on the Russell 2000 Index (the "Russell 2000") and the FTSE Nareit Equity REITs Index (the "FTSE Nareit Equity REITs") for the same period. Total return values were calculated assuming a \$100 investment on December 31, 2017 December 31, 2018 with reinvestment of all dividends in (i) our common shares, (ii) the Russell 2000 and (iii) the FTSE Nareit Equity REITs. The total return values do not include any dividends declared, but not paid, during the period.



The actual returns shown on the graph above are as follows:

Value of Initial Investment at December 31,								Value of Initial Investment at December 31,							
Name	Name	2017	2018	2019	2020	2021	2022	Name	2018	2019	2020	2021		2022	2023
Pebblebrook	Pebblebrook														
Hotel Trust	Hotel Trust	\$100.00	\$79.50	\$ 79.41	\$ 55.86	\$ 66.58	\$ 39.95								
Russell	Russell														
2000	2000	\$100.00	\$88.97	\$111.65	\$133.90	\$153.70	\$122.25								
FTSE Nareit	FTSE Nareit														
Equity	Equity														
REITs	REITs	\$100.00	\$95.94	\$123.42	\$117.15	\$165.51	\$124.27								

Distributions

Distributions to the extent of our current and accumulated earnings and profits for federal income tax purposes generally will be taxable to a shareholder as ordinary income. Distributions in excess of current and accumulated earnings and profits generally will be treated as a nontaxable reduction of the shareholder's basis in their shares, to the extent thereof, and thereafter as a taxable capital gain. Distributions that are treated as a reduction of the shareholder's basis in their shares will increase the amount of gain, or reduce the amount of loss, recognized upon the sale of their shares.

The declaration of distributions by our company is in the sole discretion of our board of trustees and depends on our actual cash flow, financial condition, capital expenditure requirements for our hotels, the annual distributions requirements under the REIT provisions of the Code and such other factors as our board of trustees deems relevant.

Securities Authorized for Issuance Under Equity Compensation Plan

The following table sets forth information regarding securities authorized for issuance under our equity compensation plan, our 2009 Equity Incentive Plan, as amended and restated, as of December 31, 2022 December 31, 2023. See Note 8. Share-Based Compensation Plan to our consolidated financial statements included in Part IV, Item 15 of this Annual Report on Form 10-K for additional information regarding our 2009 Equity Incentive Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	—	—	1,718,2481,499,388
Equity compensation plans not approved by security holders	—	—	—
Total	—	—	1,718,2481,499,388

During the year ended December 31, 2022 December 31, 2023, certain of our employees chose to have us acquire from such employees an aggregate of 49,787122,140 common shares to pay taxes due upon vesting of restricted common shares granted pursuant to share award agreements. The average price paid by the Company for these shares was \$22.37\$13.96 per share.

Issuer Purchases of Equity Securities

Common Shares

Period	Total Number of Shares		Total Number of Shares		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
	Purchased	Average Price Paid Per Share	Purchased as Part of Publicly Announced Plans or Programs		

October 1, 2022 - October 31, 2022	—	\$	—	—	\$	—
November 1, 2022 - November 30, 2022	2,540,523	\$	15.39	2,540,523	\$	—
December 1, 2022 - December 31, 2022	2,019,316	\$	15.11	2,019,316	\$	—
Total	4,559,839	\$	15.27	4,559,839	\$	87,009,731

Period	Total Number of Shares		Average Price Paid Per Share	Total Number of Shares		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾ (in millions)
	Purchased			Purchased as Part of Publicly Announced Plans or Programs		
October 1, 2023 - October 31, 2023	—	\$	—	—	\$	—
November 1, 2023 - November 30, 2023	—	\$	—	—	\$	—
December 1, 2023 - December 31, 2023	—	\$	—	—	\$	—
Total	—	\$	—	—	\$	146.0

(1) On February 22, 2016 February 17, 2023, we announced that our board Board of trustees Trustees authorized a share repurchase program of up to \$150.0 million of our outstanding common shares. On July 17, 2017, we announced that our board of trustees authorized a new This \$150.0 million share repurchase program of up to \$100.0 million commenced in June 2023, upon the completion of our outstanding common shares. This prior \$100.0 million share repurchase program commenced upon the completion of the \$150.0 million share repurchase program, which begun in 2017. Under these programs, our current program, we may repurchase common shares from time to time in transactions on the open market or by private agreement. We may suspend or discontinue this program at any time. In December 2022, we completed the \$150.0 million share repurchase program and commenced the \$100.0 million share repurchase program. As of December 31, 2022 December 31, 2023, \$87.0 million \$146.0 million of common shares remained available for repurchase under the \$100.0 million share repurchase this program.

5.70% Series H Cumulative Redeemable Preferred Shares

Period	Total Number of Shares		Average Price Paid Per Share ⁽¹⁾	Total Number of Shares		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
	Purchased ⁽¹⁾			Purchased as Part of Publicly Announced Plans or Programs		
October 1, 2022 - October 31, 2022	—	\$	—	—	\$	—
November 1, 2022 - November 30, 2022	—	\$	—	—	\$	—
December 1, 2022 - December 31, 2022	1,000,000	\$	16.00	—	\$	—
Total	1,000,000	\$	16.00	—	\$	—

Period	Total Number of Shares		Average Price Paid Per Share	Total Number of Shares		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾ (in millions)
	Purchased			Purchased as Part of Publicly Announced Plans or Programs		
October 1, 2023 - October 31, 2023	—	\$	—	—	\$	—
November 1, 2023 - November 30, 2023	1,000,000	\$	15.79	1,000,000	\$	—
December 1, 2023 - December 31, 2023	—	\$	—	—	\$	—
Total	1,000,000	\$	15.79	1,000,000	\$	84.2

(1) On December 27, 2022 February 17, 2023, we repurchased 1.0 million our Board of Trustees authorized a share repurchase program of up to \$100.0 million of our outstanding preferred shares. Under this program we may repurchase up to an aggregate of \$100.0 million of our 6.375% Series E Cumulative Redeemable Preferred Shares, 6.30% Series F Cumulative Redeemable Preferred Shares, 6.375% Series G Cumulative Redeemable Preferred Shares and 5.70% Series H Cumulative Redeemable Preferred Shares from time to time in transactions on the open market or by private agreement. We may suspend or discontinue this program at the any time. As of December 31, 2023, \$84.2 million of preferred shares remained available for repurchase price of \$16.00 per share pursuant to a private agreement following an unsolicited inquiry made to us. The repurchase was not made through a publicly announced under this program.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report. Pebblebrook Hotel Trust is a Maryland real estate investment trust that conducts its operations so as to qualify as a REIT under the Code. Substantially all of the operations are conducted through Pebblebrook Hotel, L.P. (our "Operating Partnership"), a Delaware limited partnership of which Pebblebrook Hotel Trust is the sole general partner. In this report, we use the terms "the Company", "we" or "our", to refer to Pebblebrook Hotel Trust and its subsidiaries, unless the context indicates otherwise.

Overview

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") Our hotel portfolio continued to be a global pandemic and the virus spread throughout the United States and the world. As a result recover in 2023 with strong growth in occupancy at many of this pandemic and subsequent government mandates, health official recommendations, corporate policy changes and individual responses, hotel demand dramatically declined and we implemented significant cost controls, salary reductions and the temporary suspension of operations at 47 of our urban properties, especially our properties in 2020, along Washington, D.C. and San Francisco, which had trailed the recovery in other markets and our resort properties. We have observed continued stable demand from both the business and leisure segments. We believe 2024 will continue this trend and anticipate positive benefits from a robust convention calendar in many urban markets, including San Diego, Washington, D.C., Boston and Chicago. International inbound travel is expected to continue to recover. Our LaPlaya Beach Resort & Club, which was closed in 2022 due to Hurricane Ian, has been substantially restored. Two of the resort buildings were fully operational for most of 2023 and the final resort building, the Beach House, is expected to be substantially completed by the end of this month. We have agreed to a partial business interruption insurance settlement with other actions our insurance company during 2023 and will continue to improve liquidity. All work with our insurance company through full completion of our properties reopened in 2021 with the exception of 1 Hotel San Francisco (formerly Hotel Vitale), whose operations remained suspended until the completion of its renovations and repositioning in June 2022. Demand has significantly improved throughout 2022 led by strong leisure travel demand with a significant improvement in business travel compared to 2021. Recent inflation and the expectation of future inflation have caused labor, capital and other costs to increase and the reaction by the Federal Reserve to rapidly and substantially increase interest rates has created economic uncertainty and significant concerns and risk of an economic downturn, softening or recession. insurance claim.

During 2022, we acquired Inn on Fifth in Naples, Florida and Newport Harbor Island Resort (formerly Gurney's Newport Resort & Marina) in Newport, Rhode Island for a gross purchase price of \$330.0 million and 2023, we sold four five hotels and two retail components of our hotels in separate transactions for an aggregate sales prices price of \$260.9 million. In addition, as of December 31, 2022 we have entered into an agreement to sell The Heathman Hotel in Portland, Oregon for \$45.0 million, however, no assurances can be given that the sale will be completed on these terms or at all.

On October 13, 2022, we refinanced our senior unsecured revolving credit facility and all of the term loans. Our new \$2.0 billion credit facility provides for a \$650.0 million senior unsecured revolving credit facility and three \$460.0 million unsecured term loan facilities totaling \$1.38 billion, \$330.8 million.

During the fourth quarter of 2022, 2023, we repurchased 4,559,839 6,498,901 common shares for an aggregate purchase price of \$69.6 \$91.0 million, or an average of \$14.01 per share, and 1,000,000 preferred shares for an aggregate purchase price of \$15.8 million, or an average of \$15.79 per share, under our existing common and preferred share repurchase programs. In addition, following an unsolicited private inquiry,

During 2023, we repurchased 1,000,000 shares repaid \$71.1 million of outstanding 5.70% Series H Cumulative Redeemable Preferred Shares for \$16.0 million debt, which was a discount to their \$25.0 million liquidation value. includes of \$47.6 million of senior unsecured notes and \$23.5 million of mortgage loans.

In September 2022, our LaPlaya Beach Resort & Club sustained damage as a result January 2024, we extended the maturity date of Hurricane Ian \$356.7 million borrowed under Term Loan 2024 to January 2028. We also repaid \$60.0 million outstanding on Term Loan 2024 and closed. We have continued \$50.0 million outstanding on the Term Loan 2025 with available cash. The remaining \$43.3 million of Term Loan 2024 that was not extended will continue to make progress completing significant repairs and rebuilding at the property. The resort will be reopened mature in stages through the middle of 2023. The first building reopened for guests in January 2023.

October 2024.

While we do not operate our hotel properties, both our asset management team and our executive management team monitor and work cooperatively with our hotel managers by advising and making recommendations in all aspects of our hotels' operations, including property positioning and repositioning, revenue and expense management, operations analysis, physical design, renovation and capital improvements, guest experience and overall strategic direction. Through these efforts, we seek to improve property efficiencies, lower costs, maximize revenues and enhance property operating margins, which we expect will enhance returns to our shareholders.

Key Indicators of Financial Condition and Operating Performance

We measure hotel results of operations and the operating performance of our business by evaluating financial and non-financial metrics such as room revenue per available room ("RevPAR"); total revenue per available room ("Total RevPAR"); average daily rate ("ADR"); occupancy rate ("Occupancy"); funds from operations ("FFO"); earnings before interest, income taxes, depreciation and amortization ("EBITDA"); and EBITDA for real estate ("EBITDAre"). We evaluate individual hotel and company-wide performance with comparisons to budgets, prior periods and competing properties. ADR, occupancy and RevPAR may be impacted by macroeconomic factors as well as regional and local economies and events. See *Non-GAAP Financial Measures* for further discussion of FFO, EBITDA and EBITDAre.

Hotel Operating Statistics

The following table represents the key same-property hotel operating statistics for our hotels for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

For the year ended		December 31,		For the year ended December 31,	
2023		2023		2022	
For the year ended		December 31,			
2022		2021			
Same-Property					
Occupancy					
Same-Property					
Occupancy					
Same-Property	Same-Property				
Occupancy	Occupancy	62.6 %	43.0 %	67.7 %	63.1 %

Same-Property	Same-Property		
ADR	ADR	\$ 308.00	\$268.23
Same-Property	Same-Property		
RevPAR	RevPAR	\$ 192.83	\$115.44
Same-Property	Same-Property		
Total	Total		
RevPAR	RevPAR	\$ 294.49	\$178.40

The above table of hotel operating statistics includes information from all hotels owned as of **December 31, 2022** **December 31, 2023**, except for **1 Hotel San Francisco** (formerly Hotel Vitale) for 2022 and 2021 due to its closure for renovation from the third quarter of 2021 to the second quarter of 2022, Inn on Fifth for the first quarter of 2022 and 2021 due to its acquisition on May 11, 2022, Newport Harbor Island Resort (formerly Gurney's Newport Resort & Marina) for the first and the second quarters of 2022 and 2021 due to its acquisition on June 23, 2022 and LaPlaya Beach Resort & Club for the fourth quarter of 2022 and 2021 due to its closure following Hurricane Ian. Additionally, the schedule excludes The Marker Ian, 1 Hotel San Francisco for the first and second third quarters only due to its closure for redevelopment and Newport Harbor Island Resort for the fourth quarters quarter only due to its ongoing redevelopment. The above table of 2022 hotel operating statistics also includes Hotel Monaco Seattle and 2021 Hotel Vintage Seattle for the first quarter only due to their sales in May 2023, Retail at The Westin Michigan Avenue Chicago for the first quarter only due to its sale on June 28, 2022, Sofitel Philadelphia at Rittenhouse Square in March 2023, Hotel Zoe Fisherman's Wharf for the first, second and third and fourth quarters of 2022 and 2021 only due to its sale on August 2, 2022, in November 2023, and Marina City Retail at Hotel Spero Chicago Downtown, Autograph Collection for the first, second and third and fourth quarters of 2022 and 2021 only due to its sale on August 25, 2022 and Hotel Vintage Portland for the third and fourth quarters of 2022 and 2021 due to its sale on September 14, 2022, in December 2023.

Results of Operations

This section includes comparisons of certain 2023 financial information to the same information for 2022. Year-to-year comparisons of the 2022 financial information to the same information for 2021. Year-to-year comparisons of the 2021 financial information to the same information for 2020 are contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended **December 31, 2021** **December 31, 2022** filed with the SEC on **February 22, 2022** **February 21, 2023**.

At **December 31, 2022** **December 31, 2023** and **2021, 2022**, our consolidated financial statements included the operations of **51** **46** and **53** **51** hotel properties, respectively, which have been included in our results of operations during the respective periods since their dates of acquisition or through their dates of disposition. Based on when a property was acquired or disposed, operating results for certain properties are not comparable for the years ended **December 31, 2022** **December 31, 2023** and **2021, 2022**. The properties listed in the table below are hereinafter referred to as "non-comparable properties" for the periods indicated and all other properties are referred to as "comparable properties":

Property	Location	Disposition Date
Sir Francis Drake	San Francisco, CA	April 1, 2021
The Roger New York	New York, NY	June 10, 2021
Villa Florence San Francisco on Union Square	San Francisco, CA	September 9, 2021
The Marker San Francisco	San Francisco, CA	June 28, 2022
Sofitel Philadelphia at Rittenhouse Square	Philadelphia, PA	August 2, 2022
Hotel Spero	San Francisco, CA	August 25, 2022
Hotel Vintage Portland	Portland, OR	September 14, 2022
The Heathman Hotel	Portland, OR	February 22, 2023
Retail at The Westin Michigan Avenue Chicago	Chicago, IL	March 17, 2023
Hotel Colonnade Coral Gables	Coral Gables, FL	March 28, 2023
Hotel Monaco Seattle	Seattle, WA	May 9, 2023
Hotel Vintage Seattle	Seattle, WA	May 24, 2023
Hotel Zoe Fisherman's Wharf	San Francisco, CA	November 14, 2023
Marina City Retail at Hotel Chicago Downtown, Autograph Collection	Chicago, IL	December 21, 2023
Property	Location	Acquisition Date
Jekyll Island Club Resort	Jekyll Island, GA	July 22, 2021
Margaritaville Hollywood Beach Resort	Hollywood, FL	September 23, 2021
Estancia La Jolla Hotel & Spa	La Jolla, CA	December 1, 2021
Inn on Fifth	Naples, FL	May 11, 2022
Newport Harbor Island Resort (formerly Gurney's Newport Resort & Marina)	Newport, RI	June 23, 2022

Comparison of the year ended **December 31, 2022** **December 31, 2023** to the year ended **December 31, 2021** **December 31, 2022**

Revenues — Total revenues increased by **\$658.8 million** **\$28.1 million**, of which **\$157.9 million** was due to non-comparable includes a **\$63.3 million** increase at our comparable properties and the balance was primarily due to an increase in leisure and business travel as well as a significant increase in 2022. In addition, several of our hotels remained

temporarily suspended throughout revenue at 1 Hotel San Francisco, which was under renovation through June 2022 and began ramping up operations in the first third quarter of 2021, 2022. These increases were partially offset by a \$35.2 million decrease due to our non-comparable properties as well as a significant decrease in revenue at LaPlaya Beach Resort & Club, which was closed in September 2022 as a result of Hurricane Ian and was partially reopened in 2023.

Hotel operating expenses — Total hotel operating expenses increased by \$386.9 million, \$57.6 million as a result of an increase in staffing, wages and benefits to accommodate occupancy increases, particularly at our urban properties, as well as an increase in hotel operating expenses at 1 Hotel San Francisco, which \$93.9 million was closed most of the first and second quarters of 2022 for renovations. Our overall increase in hotel operating expenses was partially offset by a \$27.1 million decrease due to our non-comparable properties, and the balance was primarily due to resuming operations at our comparable properties and returning demand in 2022. properties.

Depreciation and amortization — Depreciation and amortization expense increased by \$15.3 million \$1.1 million primarily due to our property acquisitions redevelopment and renovation activities at Margaritaville Hotel San Diego Gaslamp Quarter and Estancia La Jolla Hotel & Spa which commenced in 2021 and 2022, offset by a decrease in depreciation from the properties sold in 2021 and 2022.

Real estate taxes, personal property taxes, property insurance and ground rent — Real estate taxes, personal property taxes, property insurance and ground rent increased decreased by \$14.5 million \$1.5 million primarily due to an a \$9.3 million decrease in real estate taxes as a result of tax appeals and lower tax assessments. This decrease was partially offset by a \$5.9 million increase at our three non-comparable properties acquired in 2021. property insurance due to higher insurance premium assessments and a \$1.9 million increase in ground rent on ground leases whose rent is based on a percentage of revenues.

General and administrative — General and administrative expense increased by \$1.0 million \$5.6 million primarily due to an increase in professional fees and employee compensation expense, offset by a decrease in legal fees. expense. General and administrative expense consists expenses consist of employee compensation costs, legal and professional fees, insurance and other expenses.

Impairment and other losses — We recognized an impairment loss of \$81.8 million in 2023 related to three hotels and other losses one retail component of \$89.9 million a hotel property. We recognized an impairment loss of \$89.6 million in 2022 related to three properties hotels as well as an impairment related to damage caused by Hurricane Ian at LaPlaya Beach Resort & Club in Naples, Florida and Southernmost Beach Resort in Key West, Florida. We recognized an impairment loss of \$14.9 million in 2021 related to one hotel.

Gain on sale of hotel properties — We recognized a gain on sale of \$6.2 million related \$30.4 million primarily due to the sales of Sofitel Philadelphia Rittenhouse Square five hotels and Hotel Vintage Portland two retail components of our hotels in 2022, 2023. We recognized a gain on sale of \$64.7 million in 2021 \$6.2 million primarily due to the sale sales of Sir Francis Drake, four hotels in 2022.

Business interruption insurance income — We recognized business interruption insurance income of \$33.0 million in 2023 related to a partial settlement with the insurance carriers for lost income at LaPlaya Beach Resort & Club.

Other operating expenses — Other operating expenses increased by \$3.1 million \$7.3 million primarily due to an increase in pre-opening expenses payroll and hotel management transition costs, claims administration costs at LaPlaya Beach Resort & Club for which reimbursement from insurance policies is uncertain.

Interest expense — Interest expense increased by \$3.4 million \$15.7 million as a result of higher interest rates on floating rate debt.

Other — Other increased by \$3.7 million due to the refinancing costs incurred an increase in conjunction with the refinancing of our senior unsecured credit facility interest income earned on October 13, 2022. excess cash.

Non-controlling interests — Non-controlling interests represent the allocation of income or loss of the Operating Partnership to third-party common OP unit holders and to the preferred OP unit holders. In 2022, this amount includes \$3.0 million in preferred distributions to the holders of Series Z Preferred Units which were issued in May 2022.

Distributions to preferred shareholders — Distributions to preferred shareholders increased decreased by \$1.4 million as a result of the issuance of the Series G Preferred Shares and Series H Preferred Shares in May 2021 and July 2021, respectively, being outstanding for all of 2022.

Redemption of preferred shares — Redemption of preferred shares in 2022 relates to the repurchase redemption of one million of our 5.70% Series H Preferred Shares for a repurchase amount below the carrying value, net of issuance costs of the shares redeemed. The Company redeemed the Series C and Series D Cumulative Redeemable Preferred Shares in August 2021 at the carrying value December 2022 and therefore the redemption of preferred shares one million of our 5.70% Series H Cumulative Redeemable Preferred Shares in 2021 represented the issuance costs associated with the shares redeemed. These costs are included in the determination of net income (loss) attributable to common shareholders. November 2023.

Non-GAAP Financial Measures

Non-GAAP financial measures are measures of our historical or future financial performance that are different from measures calculated and presented in accordance with U.S. GAAP. We report FFO, EBITDA and EBITDAre, which are non-GAAP financial measures that we believe are useful to investors as key measures of our operating performance.

We calculate FFO in accordance with standards established by Nareit, formerly known as the National Association of Real Estate Investment Trusts, which defines FFO as net income (calculated in accordance with U.S. GAAP), excluding real estate related depreciation and amortization, gains (losses) from sales of real estate, impairments of real estate assets (including impairment of real estate related joint ventures), the cumulative effect of changes in accounting principles and adjustments for unconsolidated partnerships and joint ventures. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, most industry investors consider presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. By excluding the effect of real estate related depreciation and amortization including our share of the joint venture depreciation and amortization, gains (losses) from sales of real estate and impairments of real estate assets (including impairment of real estate related joint ventures), all of which are based on historical cost accounting and which may be of lesser significance in evaluating current performance, we believe that FFO provides investors a useful financial measure to evaluate our operating performance.

The following table reconciles net income (loss) to FFO and FFO available to common share and unit holders for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 (in thousands):

		For the year ended December 31,			For the year ended December 31,		
		2022	2021	2020	2023	2022	2021
Net income (loss)	Net income (loss)	\$ (84,981)	\$ (186,372)	\$ (392,593)			
Adjustments:	Adjustments:						
Real estate depreciation and amortization	Real estate depreciation and amortization	239,231	223,813	224,124			
(Gain) loss on sale of hotel properties		(6,194)	(64,729)	(117,401)			
Impairment loss	Impairment loss	89,633	14,856	74,556			
FFO	FFO	\$ 237,689	\$ (12,432)	\$ (211,314)			
Distribution to preferred shareholders and unit holders	Distribution to preferred shareholders and unit holders	(48,049)	(42,105)	(32,556)			
Redemption of preferred shares	Redemption of preferred shares	8,186	(8,055)	—			
FFO available to common share and unit holders	FFO available to common share and unit holders	\$ 197,826	\$ (62,592)	\$ (243,870)			

EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. The white paper issued by Nareit entitled "Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate" defines EBITDAre as net income or loss (computed in accordance with U.S. GAAP), excluding interest expense, income tax, depreciation and amortization, gains or losses on the disposition of depreciated property (including gains or losses on change of control), impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate, and after comparable adjustments for our portion of these items related to unconsolidated affiliates. We believe that EBITDA and EBITDAre provide investors useful financial measures to evaluate our operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization).

The following table reconciles net income (loss) to EBITDA and EBITDAre for the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020** **2021** (in thousands):

		For the year ended December 31,			For the year ended December 31,		
		2022	2021	2020	2023	2022	2021
Net income (loss)	Net income (loss)	\$ (84,981)	\$ (186,372)	\$ (392,593)			
Adjustments:	Adjustments:						
Interest expense	Interest expense						
Interest expense	Interest expense	99,988	96,633	104,098			
Income tax expense (benefit)	Income tax expense (benefit)	277	61	(3,697)			

Depreciation and amortization	Depreciation and amortization	239,583	224,251	224,560
EBITDA	EBITDA	\$254,867	\$ 134,573	\$ (67,632)
(Gain) loss on sale of hotel properties	(Gain) loss on sale of hotel properties	(6,194)	(64,729)	(117,401)
Impairment loss	Impairment loss	89,633	14,856	74,556
EBITDAre	EBITDAre	\$338,306	\$ 84,700	\$(110,477)

FFO, EBITDA and EBITDAre do not represent cash generated from operating activities as determined by U.S. GAAP and should not be considered as alternatives to U.S. GAAP net income (loss), as indications of our financial performance, or to U.S. GAAP cash flow from operating activities, as measures of liquidity. In addition, FFO, EBITDA and EBITDAre are not indicative of funds available to fund cash needs, including the ability to make cash distributions.

Critical Accounting Policies

We consider these policies critical because they require estimates about matters that are inherently uncertain, involve various assumptions and require significant management judgment, and because they are important for understanding and evaluating our reported financial results. These judgments affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Applying different estimates or assumptions may result in materially different amounts reported in our financial statements.

Investment in Hotel Properties

Estimation and judgment are required to determine the fair values of our acquired hotel properties. Upon acquiring a business or hotel property, we measure and recognize the fair value of the acquired land, land improvements, building, furniture, fixtures and equipment, identifiable intangible assets or liabilities, other assets and assumed liabilities. Identifiable intangible assets or liabilities typically arise from contractual arrangements assumed in connection with the transaction, including terms that are above or below market compared to an estimated market agreement at the acquisition date. We determine the acquisition-date fair values of all assets and assumed liabilities using a combination of the market, cost and income approaches. These valuation methodologies are based on significant Level 2 and Level 3 inputs in the fair value hierarchy, such as estimates of future income growth, capitalization rates, discount rates, capital expenditures and cash flow projections, including hotel revenues and net operating income, at the respective hotel properties. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions. Transaction costs are expensed for acquisitions that are considered business combinations and capitalized for asset acquisitions.

Impairment

We review our investments in hotel properties for impairment whenever events or changes in circumstances indicate that the carrying value of the hotel properties may not be recoverable. Events or circumstances that may cause a review include, but are not limited to, when a hotel property experiences a current or projected loss from operations, when it becomes more likely than not that a hotel property will be sold before the end of its useful life, adverse changes in the demand for lodging at the properties due to declining national or local economic conditions and/or new hotel construction in markets where the hotels are located. When such conditions exist, we perform an analysis to determine if the estimated undiscounted future cash flows from operations and the proceeds from the ultimate disposition of a hotel exceed its carrying value. If the estimated undiscounted future cash flows are less than the carrying amount of the asset, an adjustment to reduce the carrying amount to the related hotel's estimated fair market value is recorded and an impairment loss recognized. In the evaluation of impairment of our hotel properties, we make many assumptions and estimates including projected cash flows both from operations and eventual disposition, expected useful life and holding period, future required capital expenditures, and fair values, including consideration of capitalization rates, discount rates, and comparable selling prices. We will adjust our assumptions with respect to the remaining useful life of the hotel property when circumstances change, such as an expiring ground lease or it is more likely than not that the hotel property will be sold prior to its previously expected useful life.

New Accounting Pronouncements

See *Note 2. Summary of Significant Accounting Policies* to our consolidated financial statements included in Part IV, Item 15 of this Annual Report on Form 10-K for recently issued accounting pronouncements that may affect us.

Liquidity and Capital Resources

Our primary sources of liquidity are cash provided by our operations, borrowings under our credit facilities, net proceeds from equity and debt offerings, and net proceeds from property sales. Our primary cash requirements in the short term (i.e., those requiring cash on or before **January 1, 2024** **December 31, 2024**) will be to fund property lease obligations, interest and current principal on debt, capital improvements, dividends on common and preferred shares, and working capital of our property operations. We believe our cash and cash equivalents, restricted cash and the amount available on our senior unsecured revolving credit facility, which totaled **\$689.7 million** **\$830.0 million** as of **December 31, 2022** **December 31, 2023**, along with cash generated from ongoing operations will be sufficient to satisfy our short-term cash requirements. As of **December 31, 2022** **December 31, 2023** we had no off-balance sheet arrangements.

In order to maintain our qualification as a REIT, we must pay dividends to our shareholders of at least 90% of our taxable income. As a result of this requirement, we cannot rely on retained earnings to fund long-term liquidity requirements such as hotel property acquisitions, redevelopments and repayments of long-term debt. As such, we expect to continue to raise capital through equity and debt offerings to fund our growth.

Our material cash requirements include the following contractual and other obligations.

Debt

Our outstanding debt consisted of floating- and fixed-rate unsecured term loans, convertible senior notes, senior unsecured notes and mortgage loans with varying maturities. Our total debt had an aggregate face value of **\$2.4 billion** **\$2.3 billion** as of **December 31, 2022** **December 31, 2023**, as summarized **below**, **below**:

	December 31, 2022 2023	
	(in thousands)	
Revolving credit facilities	\$	—
Term loans		1,380,000
Convertible senior notes		750,000
Senior unsecured notes		50,000 2,400
Mortgage loans		220,985 197,497
Total debt at face value	\$	2,400,985 2,329,897

For further discussion on the components of our debt, see *Note 5. Debt* to our consolidated financial statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

On January 3, 2024, the Company entered into the First Amendment to the Fifth Amended and Restated Credit Agreement ("Credit Agreement") which extended the maturity date of \$356.7 million borrowed under Term Loan 2024 to January 2028. In connection with the extension, the Company also repaid \$60.0 million of its outstanding Term Loan 2024 obligation with available cash. The remaining \$43.3 million of Term Loan 2024's balance will continue to mature in October 2024 and will be paid with available cash or borrowings under the revolving credit facility at maturity. On January 3, 2024, the Company also repaid \$50.0 million of its outstanding Term Loan 2025 obligation with available cash.

We have the option to extend certain of our current debt maturities with the payment of extension fees. Assuming we exercise all extension options available in our debt agreements and after adjusting for the aforementioned January 2024 term loan extension and repayments, we expect that future principal and interest payments associated with our remaining debt obligations outstanding as of December 31, 2022 December 31, 2023 will be \$2.7 billion \$2.6 billion through their maturity, with \$49.6 million \$45.2 million of principal and \$93.0 million \$102.4 million of interest payable on or before January 1, 2024 December 31, 2024. We intend to pay amounts due with available cash, borrowings under our revolving credit facility, proceeds from property sales and/or refinance with long term long-term debt.

We are in compliance with all covenants governed by of our existing credit facilities, term loan and senior note facilities. debt covenants.

Our mortgage loans contain customary provisions regarding events of default, as well as customary cash management, cash trap and lockbox provisions. Cash trap provisions may be triggered if the hotel's performance is below a certain threshold. Once triggered, all of the cash flow generated by the hotel is deposited directly into lockbox accounts and then swept into cash management accounts for the benefit of our lender. As of December 31, 2022 December 31, 2023, none of the mortgage loans were in a cash trap.

Hotel, ground and finance lease obligations

Our properties that are subject to hotel, ground or finance leases, as noted in *Note 11. Commitment and Contingencies* to our consolidated financial statements included in Part IV, Item 15 of this Annual Report on Form 10-K, may require minimum fixed rent payments, percentage rent payments based on a percentage of revenues in excess of certain thresholds or rent payments equal to the greater of a minimum fixed rent or percentage rent. Minimum fixed rent may be adjusted annually by increases in consumer price index ("CPI") and may be subject to minimum and maximum increases.

Future fixed minimum payments associated with our hotel, ground and finance leases total \$1.8 billion as of December 31, 2022 December 31, 2023, with \$20.8 million \$21.5 million payable on or before December 31, 2023 December 31, 2024.

Purchase commitments

As of December 31, 2022 December 31, 2023, we had \$5.5 million \$15.4 million of outstanding purchase commitments, all of which will be paid on or before December 31, 2023 December 31, 2024. These purchase commitments represent outstanding purchase orders and contracts that have been executed for capital and renovation projects at our properties. See *Capital Investments* for discussion on planned capital investments.

Preferred dividends and Series Z preferred operating partnership units

We expect to pay aggregate annual dividends and distributions of approximately \$48.6 million \$47.2 million on our outstanding Series E, Series F, Series G and Series H Cumulative Redeemable Preferred Shares and Series Z Cumulative Perpetual Preferred Units on or before December 31, 2023 December 31, 2024 and in future years until the shares/units are redeemed. For further discussion on our preferred shares and preferred units, see *Note 7. Equity* to our consolidated financial statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Sources and Uses of Cash

Our principal sources of cash are cash from operations, draws on our credit facilities, net proceeds from equity and debt offerings, and net proceeds from property sales. Our principal uses of cash are asset acquisitions, debt service payments, the redemption of equity securities, capital investments, operating costs, corporate expenses and dividends.

Operating Activities. Our net cash provided by operating activities was \$236.2 million for the year ended December 31, 2023 and \$278.7 million for the year ended December 31, 2022 and \$70.8 million for the year ended December 31, 2021. Fluctuations in our net cash provided by operating activities are primarily the result of changes in hotel revenues, operating cash requirements and corporate expenses. The increase decrease in cash provided by operations in 2022 2023 as compared to 2021 2022 is primarily due to the resumption disposition of operations at our hotels five hotel properties and continued improvement in travel demand. In addition, the operations at several two retail components of our hotels were temporarily suspended throughout the first quarter of 2021 but were operating hotel properties in 2022, 2023.

Investing Activities. Our net cash used in provided by (used in) investing activities was \$109.4 million \$142.0 million for the year ended December 31, 2022 December 31, 2023 and \$81.6 million \$(109.4) million for the year ended December 31, 2021 December 31, 2022. Fluctuations in our net cash used in provided by (used in) investing activities are primarily the result of acquisition and disposition activities, as well as capital improvements and additions to our properties.

- During the year ended December 31, 2023, we invested \$200.6 million in improvements to our hotel properties, received \$314.9 million from the sale of five hotel properties and two retail components of our hotel properties and received \$30.2 million in property insurance proceeds.
- During the year ended December 31, 2022, we invested \$116.7 million in improvements to our hotel properties, received \$248.9 million from the sale of four hotel properties and purchased two hotel properties using cash of \$247.2 million.

- During the year ended December 31, 2021, we invested \$83.8 million in improvements to our hotel properties, received \$255.9 million from the sale of three hotel properties and purchased three hotel properties using cash of \$253.5 million \$247.2 million.

Financing Activities. Our net cash used in financing activities was \$236.8 million for the year ended December 31, 2023 and \$209.3 million for the year ended December 31, 2022 and \$33.3 million for the year ended December 31, 2021. Fluctuations in our net cash used in financing activities are primarily the result of our issuance and repurchase of debt and equity securities and distributions paid on our preferred and common shares.

- During the year ended December 31, 2023, we borrowed and repaid \$10.0 million of revolving credit facility borrowings, borrowed \$140.0 million and repaid \$211.1 million in other debt, repurchased \$92.8 million and \$15.8 million of common shares and preferred shares, respectively, through our common and preferred share repurchase programs, and paid \$53.6 million in preferred and common distributions.
- During the year ended December 31, 2022, we borrowed and repaid \$190.2 million of revolving credit facility borrowings, repaid borrowed and borrowed repaid \$1.4 billion in other debt, repurchased \$70.7 million of common shares through our common share repurchase program, paid \$52.7 million in preferred and common distributions, used \$16.0 million to redeem one million Series H Preferred Shares and paid \$12.4 million in financing fees.
- During the year ended December 31, 2021, we received gross proceeds of \$480.0 million from the issuance of our Series G and Series H Preferred Shares, which was partially offset by the payment \$15.9 million in offering costs, received proceeds from the issuance of convertible notes and other debt of \$268.6 million, repaid \$392.2 million in other debt and \$40.0 million of revolving credit facilities borrowings, used \$250.0 million to redeem all our Series C and Series D Preferred Shares, paid \$44.7 million in preferred and common distributions, purchased \$21.0 million in Capped Call Transactions and paid \$14.5 million in financing fees.

Capital Investments

We maintain and intend to continue maintaining all of our hotels in good repair and condition, in conformity with applicable laws and regulations, in accordance with franchisor standards when applicable and in accordance with agreed-upon requirements in our management agreements. Routine capital investments will be administered by the hotel management companies. However, we maintain approval rights over the capital investments as part of the annual budget process and as otherwise required from time to time.

Certain of our hotel properties may undergo renovations as a result of our decision to upgrade portions of the hotels, such as guest rooms, meeting space and restaurants, in order to better compete with other hotels in our markets. In addition, after we acquire a hotel property, we are often required by the franchisor or brand manager, if any, to complete a property improvement plan ("PIP") in order to bring the hotel property up to the franchisor's or brand's standards. Generally, we expect to fund renovations and improvements with available cash, restricted cash, borrowings under our credit facility or proceeds from new debt or equity offerings.

For the year ended December 31, 2022 December 31, 2023, we invested \$116.7 million \$200.6 million in capital investments to reposition and improve our properties, including the renovations of 1 Newport Harbor Island Resort, Margaritaville Hotel San Francisco (formerly Diego Gaslamp Quarter, Estancia La Jolla Hotel Vitale), Hotel Ziggy (formerly Grafton on Sunset) & Spa, Jekyll Island Club Resort, Hilton San Diego Gaslamp Quarter and Skamania Lodge. Lodge, as well as capital expenditures related to the repair and remediation of LaPlaya Beach Resort & Club and Southernmost Beach Resort, which were damaged by Hurricane Ian.

Depending on market conditions, and in some instances subject to approval from governmental authorities, we expect to invest an additional \$145.0 million \$85.0 million to \$155.0 million \$90.0 million in capital investments in 2023, 2024, which includes normal hotel capital refurbishments, return of investment projects and major capital projects. We have the following significant capital projects that are expected to be completed in 2023 or 2024:

- \$25.0 49.0 million comprehensive redevelopment and renovation of Hilton San Diego Gaslamp Quarter, Newport Harbor Island Resort, which commenced in 2022 2023 and is expected to be completed in the second quarter of 2023; 2024;
- \$27.0 26.0 million comprehensive redevelopment and repositioning of Solamar Hotel into Margaritaville Hotel San Diego Gaslamp Quarter, which commenced in 2022 and is expected to be completed in the second quarter of 2023;
- \$20.0 million to \$22.0 million comprehensive renovation at Jekyll Island Club Resort, which commenced in 2022 and is expected to be completed in the second quarter of 2023;
- \$20.0 million to \$25.0 million comprehensive renovation of Estancia La Jolla Hotel & Spa, which commenced in 2022 and is expected to be completed in the second quarter of 2024; and
- \$11.0 20.0 million first phase of a multi-phase master plan at Skamania Lodge, which commenced in 2022 and is expected to be completed in the third second quarter of 2023; 2024.

Common Share Repurchase Programs, Preferred Share Repurchase Program and ATM Program

Common Share Repurchase Programs

On February 22, 2016 July 27, 2017, we announced that our Board of Trustees authorized a share repurchase program of up to \$150.0 million \$100.0 million of our outstanding common shares. Under this program, we could repurchase common shares from time to time in transactions on the Company's open market or by private agreement. During the year ended December 31, 2023, we repurchased \$87.0 million of common shares under this program, and as of December 31, 2023, no common shares remained available for repurchase under this program.

On February 17, 2023, our Board of Trustees authorized a share repurchase program of up to \$150.0 million of our outstanding common shares. Under this program, we may repurchase common shares from time to time in transactions on the open market or by private agreement. We may suspend or discontinue this program at any time. Upon repurchase Common shares repurchased by the Company common shares cease to be outstanding and become authorized but unissued common shares. For During the year ended December 31, 2022 December 31, 2023, the Company made \$56.6 million in repurchases we repurchased \$4.0 million of common shares under this program, and as of December 31, 2022 December 31, 2023, no common shares remained available for repurchase under this program.

On July 27, 2017, we announced that our Board of Trustees authorized a new share repurchase program of up to \$100.0 million of the Company's outstanding common shares. Under this program, we may repurchase common shares from time to time in transactions on the open market or by private agreement. We may suspend or discontinue this program at any time. For the year ended December 31, 2022, the Company made \$13.0 million in repurchases under this program and, as of December 31, 2022, \$87.0 \$146.0 million of common shares remained available for repurchase under this program.

On February 21, 2023 During the year ended December 31, 2023, we announced that our Board of Trustees authorized a new share repurchase program of up to \$150.0 million of the Company's outstanding common shares. Under this program, we may repurchase repurchased 6,498,901 common shares from time to time in transactions on under the open market 2017 and 2023 repurchase programs, for an aggregate purchase price of \$91.0 million, or by private agreement. This \$150.0 million common share repurchase program will commence upon the completion an average of the Company's \$100.0 million common share repurchase program, under which approximately \$74.0 million of common shares remained available for repurchase as of February 21, 2023. \$14.01 per share.

The timing, manner, price and amount of any repurchases under the 2023 program will be determined by us in our discretion and will depend on a variety of factors, including legal requirements, price, liquidity and economic considerations, and market conditions. The program does not require us to repurchase any specific number of common shares. The program does not have an expiration date and may be suspended, modified or discontinued at any time.

Preferred Share Repurchase Program

On February 21, 2023 February 17, 2023, we announced that our Board of Trustees approved a repurchase program of up to \$100.0 million of our outstanding preferred shares (the "Preferred Share Repurchase Program"). Under the terms of the program, we may repurchase up to an aggregate of \$100.0 million of our 6.375% Series E Cumulative Redeemable Preferred Shares, 6.30%

Series F Cumulative Redeemable Preferred Shares, 6.375% Series G Cumulative Redeemable Preferred Shares and 5.70% Series H Cumulative Redeemable Preferred Shares from time to time in transactions on the open market or by private agreement. The aggregate liquidation value As of our December 31, 2023, \$84.2 million of preferred shares that may be remained available for repurchase under this program.

During the year ended December 31, 2023, we repurchased pursuant to the 1,000,000 of Series H Preferred Shares Repurchase Program, as under this repurchase program, for an aggregate purchase price of February 21, 2023, was \$715.0 million. \$15.8 million, or an average of approximately \$15.79 per share.

The timing, manner, price and amount of any repurchases will be determined by us in our discretion and will depend on a variety of factors, including legal requirements, price, liquidity and economic considerations, and market conditions. The program does not require us to repurchase any specific number of preferred shares. Preferred Shares. The program does not have an expiration date and may be suspended, modified or discontinued at any time.

ATM Program

On April 29, 2021, we filed a prospectus supplement with the SEC to sell up to \$200.0 million of common shares under an "at the market" offering program (the "ATM program"). On February 21, 2023, the ATM program expired. No common shares were issued or sold under the ATM program during the year ended December 31, 2022. As of December 31, 2022, \$200.0 million of common shares remained available for issuance under the ATM program.

Inflation

We rely on the performance of the hotels to increase revenues to keep pace with inflation. Generally, our hotel operators possess the ability to adjust room rates daily, except for group or corporate rates contractually committed to in advance, although competitive pressures may limit the ability of our operators to raise rates faster than inflation or even at the same rate.

Seasonality

For discussion on the seasonality of our hotels' operations, see Part I, Item 1 of this Annual Report on Form 10-K.

Derivative Instruments

In the normal course of business, we are exposed to the effects of interest rate changes. We may enter into derivative instruments including interest rate swaps, caps and collars to manage or hedge interest rate risk. Derivative instruments are subject to fair value reporting at each reporting date and the increase or decrease in fair value is recorded in net income (loss) or accumulated other comprehensive income (loss), based on the applicable hedge accounting guidance. Derivatives expose the Company to credit risk in the event of non-performance by the counter parties under the terms of the interest rate hedge agreements. We believe we minimize the credit risk by transacting with major credit-worthy financial institutions.

As of December 31, 2022 December 31, 2023, we have interest rate swap agreements with an aggregate notional amount of \$1.0 billion \$1.2 billion to hedge variable interest rates on our unsecured term loans, loans and a mortgage loan. We have designated these pay-fixed, receive-floating interest rate swap derivatives as cash flow hedges. For a further discussion of our derivative instruments see Note 5, Debt, to our consolidated financial statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about About Market Risk.

Interest Rate Sensitivity

We are exposed to market risk from changes in interest rates. We seek to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs by closely monitoring our variable rate debt and converting such debt to fixed rates when we deem such conversion advantageous. From time to time, we may enter into interest rate swap agreements or other interest rate hedging contracts. While these agreements are intended to lessen the impact of rising interest rates, they also expose us to the risks that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly effective cash flow hedges under guidance included in ASC 815 "Derivatives and Hedging."

The table below provides information about financial instruments that are sensitive to changes in interest rates, including senior notes, term loans, mortgage loans and credit facilities. For debt obligations, the table presents scheduled maturities, including annual amortization of principal, and related weighted-average interest rates for the debt maturing in each specified period (dollars in thousands).

		2023	2024	2025	2026	2027	Thereafter	Total							
		2024							2024	2025	2026	2027	2028	Thereafter	Total
Liabilities	Liabilities														
	Fixed rate debt (1)														
	Fixed rate debt (1)														

PART III

Item 10. Trustees, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference to the Company's Proxy Statement for the 2023 2024 Annual Meeting of Shareholders.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to the Company's Proxy Statement for the 2023 2024 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

The information required by this item is incorporated by reference to the Company's Proxy Statement for the 2023 2024 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions, and Trustee Independence.

The information required by this item is incorporated by reference to the Company's Proxy Statement for the 2023 2024 Annual Meeting of Shareholders.

Item 14. Principal Accountant Fees and Services.

Our independent registered public accounting firm is KPMG LLP, McLean, VA, Auditor Firm ID: 185.

The information required by this item is incorporated by reference to the Company's Proxy Statement for the 2023 2024 Annual Meeting of Shareholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. Financial Statements

Included herein on pages F-1 F-1 through F-34. F-34.

2. Financial Statement Schedules

The following financial statement schedule is included herein on pages F-35 F-35 through F-38. F-38.

Schedule III--Real Estate and Accumulated Depreciation

All other schedules for which provision is made in Regulation S-X are either not required to be included herein under the related instructions or are inapplicable or the related information is included in the footnotes to the applicable financial statement and, therefore, have been omitted from this Item 15.

3. Exhibits

The following exhibits are filed or furnished, as the case may be, as part of this Annual Report on Form 10-K:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1	Declaration of Trust of Pebblebrook Hotel Trust, as amended and supplemented through July 23, 2021 (incorporated by reference to Exhibit 3.1 to Pebblebrook Hotel Trust's Quarterly Report on Form 10-Q filed with the SEC on July 29, 2021 (File No. 001-34571)).
3.2	Amended and Restated Bylaws of Pebblebrook Hotel Trust, as amended and restated on February 17, 2023 (incorporated by reference to Exhibit 3.2 3.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on November 14, 2016 February 24, 2023 (File No. 001-34571 001-34571)).
3.3	First Amendment to Amended and Restated Bylaws of Pebblebrook Hotel Trust (incorporated by reference to Exhibit 3.2 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on July 21, 2017 (File No. 001-34571)).
3.4	Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P., dated as of December 13, 2013 (incorporated by reference to Exhibit 3.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on December 17, 2013 (File No. 001-34571)).
3.5 3.4	First Amendment to the Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P., dated as of September 30, 2014 (incorporated by reference to Exhibit 3.4 to Pebblebrook Hotel Trust's Annual Report on Form 10-K 10-K filed with the SEC on February 17, 2015 (File No. 001-34571 001-34571)).
3.6 3.5	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P., dated as of June 8, 2016 (incorporated by reference to Exhibit 3.5 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on June 8, 2016 (File No. 001-34571)).
3.7 3.6	Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P., dated as of November 30, 2018 (incorporated by reference to Exhibit 3.3 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on December 3, 2018 (File No. 001-34571)).
3.8 3.7	Fourth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P., dated as of May 12, 2021 (incorporated by reference to Exhibit 3.2 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on May 12, 2021 (File No. 001-34571)).
3.9 3.8	Fifth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P. dated July 23, 2021 (incorporated by reference to Exhibit 3.2 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on July 27, 2021 (File No. 001 34571 001-34571)).
3.10 3.9	Sixth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P., dated as of May 11, 2022 (incorporated by reference to Exhibit 3.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on May 12, 2022 (File No. 001 34571 001-34571)).
4.1†	Description of the Registrant's Securities.
4.2	Indenture, dated December 15, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on December 16, 2020 (File No. 001-34571)).
4.3	First Supplemental Indenture, dated December 15, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.2 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on December 16, 2020 (File No. 001-34571)).
10.1*	Pebblebrook Hotel Trust 2009 Equity Incentive Plan, as amended and restated effective July 10, 2012 (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Quarterly Report on Form 10-Q filed with the SEC on August 2, 2012 (File No. 001-34571)).
10.2*	Amendment No. 1 to the Pebblebrook Hotel Trust 2009 Equity Incentive Plan, as amended and restated effective July 10, 2012, effective July 7, 2016 (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Quarterly Report on Form 10-Q filed with the SEC on July 25, 2016 (File No. 001-34571)).
10.3*	Amendment No. 2 to the Pebblebrook Hotel Trust 2009 Equity Incentive Plan, as amended and restated effective July 10, 2012, effective February 15, 2017 (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on February 22, 2017 (File No. 001-34571)).
10.4*	Amendment No. 3 to the Pebblebrook Hotel Trust 2009 Equity Incentive Plan, as amended and restated effective July 10, 2012, effective May 19, 2021 (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on May 21, 2021 (File No. 001-34571)).
10.5*	Amendment No. 4 to the Pebblebrook Hotel Trust 2009 Equity Incentive Plan, as amended and restated effective July 10, 2012, effective May 16, 2022 (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on May 16, 2022 (File No. 001 34571 001-34571)).
10.6* 10.6*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Jon E. Bortz (incorporated by reference to Exhibit 10.2 to Pebblebrook Hotel Trust's Annual Report on Form 10-K filed with the SEC on March 24, 2010 (File No. 001-34571)).
10.7* 10.7*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Raymond D. Martz (incorporated by reference to Exhibit 10.3 to Pebblebrook Hotel Trust's Annual Report on Form 10-K filed with the SEC on March 24, 2010 (File No. 001-34571)).
10.8* 10.8*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Thomas C. Fisher (incorporated by reference to Exhibit 10.4 to Pebblebrook Hotel Trust's Annual Report on Form 10-K filed with the SEC on March 24, 2010 (File No. 001-34571)).
10.9* 10.9*	Form of Indemnification Agreement between Pebblebrook Hotel Trust and its officers and trustees (incorporated by reference to Exhibit 10.4 of Amendment No. 1 to Pebblebrook Hotel Trust's Registration Statement on Form S-11/A filed with the SEC on November 10, 2009 (File No. 333-162412)).
10.10* 10.10*	Form of Share Award Agreement for trustees (incorporated by reference to Exhibit 10.6 of Amendment No. 2 to Pebblebrook Hotel Trust's Registration Statement on Form S-11/A filed with the SEC on November 25, 2009 (File No. 333-162412)).
10.11* 10.11*	Form of LTIP Unit Vesting Agreement (incorporated by reference to Exhibit 10.2 to Pebblebrook Hotel Trust's Quarterly Report on Form 10-Q filed with the SEC on April 26, 2012 (File No. 001-34571)).
10.12* 10.12*	Form of Performance Unit Retention Award Agreement (incorporated by reference to Exhibit 10.2 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on December 17, 2013 (File No. 001-34571)).
10.13 10.13	Fifth Amended and Restated Credit Agreement, dated as of October 13, 2022, among Pebblebrook Hotel, L.P., as the borrower, Pebblebrook Hotel Trust, as the parent REIT and a guarantor, certain subsidiaries of the borrower, as guarantors, Bank of America, N.A., as administrative agent and L/C issuer, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on October 14, 2022 (File No. 001-34571)).

**Note Purchase
and Guarantee
Agreement,
dated
November 12,
2015, by and
among
Pebblebrook
Hotel Trust,
Pebblebrook
Hotel, L.P.,**

	Massachusetts Mutual Life Insurance Company, MassMutual Asia Limited, Allianz Life Insurance Company of North America and The Guardian Life Insurance Company of America (incorporated by reference to Exhibit 10.33 to Pebblebrook Hotel Trust's Annual Report on Form 10-K filed with the SEC on February 22, 2016 (File No. 001-34571)).
10.14	First Amendment to Note Purchase Fifth Amended Restated Credit Agreement, dated as of November 12, 2015 January 3, 2024, among Pebblebrook Hotel, Trust, Pebblebrook Hotel, L.P., Massachusetts Mutual Life Insurance Company, MassMutual Asia Limited, Allianz Life Insurance Company of North America and The Guardian Life Insurance Company of America, dated as of October 13, 2017 (incorporated by reference to Exhibit 10.27 to Pebblebrook Hotel Trust's Annual Report on Form 10-K filed with the SEC on February 22, 2018 (File No. 001-34571)).
10.15	Second Amendment to Note Purchase Agreement, dated as of November 12, 2015, among borrower, Pebblebrook Hotel Trust, Pebblebrook Hotel, L.P., Massachusetts Mutual Life Insurance Company, MassMutual Asia Limited, Allianz Life Insurance Company as the parent REIT and a guarantor, certain subsidiaries of North America and The Guardian Life Insurance Company the borrower, as guarantors, Bank of America, dated N.A., as of June 29, 2020 (incorporated by reference to Exhibit 10.5 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with administrative agent and L/C issuer, and the SEC on July 2, 2020 (File No. 001-34571)).
10.16	Third Amendment to Note Purchase Agreement, dated as of November 12, 2015, among Pebblebrook Hotel Trust, Pebblebrook Hotel, L.P., Massachusetts Mutual Life Insurance Company, MassMutual Asia Limited, Allianz Life Insurance Company of North America and The Guardian Life Insurance Company of America, dated as of December 10, 2020 (incorporated by reference to Exhibit 10.5 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on December 16, 2020 (File No. 001-34571)).
10.17	Fourth Amendment to Note Purchase Agreement, dated as of November 12, 2015, among Pebblebrook Hotel Trust, Pebblebrook Hotel, L.P., Massachusetts Mutual Life Insurance Company, MassMutual Asia Limited, Allianz Life Insurance Company of North America and The Guardian Life Insurance Company of America, dated as of February 18, 2021 (incorporated by reference to Exhibit 10.4 to Pebblebrook Hotel Trust's Quarterly Report on Form 10-Q filed with the SEC on April 29, 2021 (File No. 001-34571)).
10.18	Fifth Amendment to Note Purchase Agreement, dated as of November 12, 2015, among Pebblebrook Hotel Trust, Pebblebrook Hotel, L.P., Massachusetts Mutual Life Insurance Company, MassMutual Asia Limited, Allianz Life Insurance Company of North America and The Guardian Life Insurance Company of America, dated as of December 9, 2021 (incorporated by reference to Exhibit 10.6 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on December 14, 2021 (File No. 001-34571)).
10.19	Loan Agreement, dated as of May 8, 2019, among JPMorgan Chase Bank, National Association, Deutsche Bank AG, New York Branch, and MVHF, LLC other lenders party thereto (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on September 29, 2021 January 4, 2024 (File No. 001-34571)).
10.20	Form of Share Award Agreement (time-based vesting) for Executive Officers (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on February 16, 2018 (File No. 001-34571)).
10.21* 10.15*	Form of Performance Unit Award Agreement for Executive Officers (incorporated by reference to Exhibit 10.2 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on February 16, 2018 (File No. 001-34571)).
10.22* 10.16*	Form of Performance Unit Award Agreement for Executive Officers (incorporated by reference to Exhibit 10.1 to Pebblebrook Hotel Trust's Current Report on Form 8-K filed with the SEC on February 24, 2023 (File No. 001-34571)).
10.23* 10.17*	Form of LTIP Class B Unit Vesting Agreement – retention award (incorporated by reference to Exhibit 10.6 to Pebblebrook Hotel Trust's Quarterly Report on Form 10-Q filed with the SEC on April 29, 2021 (File No. 001-34571)).
10.18*	List of Subsidiaries of Pebblebrook Hotel Trust.
21.1†	Consent of KPMG LLP.
23.1†	Certification of Chief Executive Officer pursuant to Rule 302(a)(4)(v)(B)(i)-(iv), as adopted pursuant to Section 303 of the Securities Exchange Act of 2002.

31.1†	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1††	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2††	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1†	Clawback Policy.
101.INS	XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. ⁽¹⁾
101.SCH	Inline XBRL Taxonomy Extension Schema Document ⁽¹⁾
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document ⁽¹⁾
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document ⁽¹⁾
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document ⁽¹⁾
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document ⁽¹⁾
104	Cover Page Interactive Data File (embedded within the Inline XBRL document) ⁽¹⁾

* Management agreement or compensatory plan or arrangement

† Filed herewith.

†† Furnished herewith.

⁽¹⁾ Submitted electronically herewith. Attached as Exhibit 101 to this report are the following documents formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations and Comprehensive Income; (iii) Consolidated Statements of Equity; (iv) Consolidated Statements of Cash Flows; (v) Notes to Consolidated Financial Statements; and (vi) Cover Page (in connection with Exhibit 104).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PEBBLEBROOK HOTEL TRUST

Date: February 21, 2023 2024

/s/ JON E. BORTZ

Jon E. Bortz

Chairman **President** and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JON E. BORTZ</u> Jon E. Bortz	Chief Executive Officer and Chairman of the Board President and Chief Executive Officer (principal executive officer)	February 21, 2023 2024
<u>/s/ RAYMOND D. MARTZ</u> Raymond D. Martz	Executive Vice President, Co-President, Chief Financial Officer, Treasurer and Secretary (principal financial officer and principal accounting officer)	February 21, 2023 2024
<u>/s/ CYDNEY C. DONNELL</u> Cydney C. Donnell	Trustee	February 21, 2023 2024
<u>/s/ RON E. JACKSON</u> Ron E. Jackson	Trustee	February 21, 2023 2024
<u>/s/ PHILLIP M. MILLER</u> Phillip M. Miller	Trustee	February 21, 2023 2024
<u>/s/ MICHAEL J. SCHALL</u> Michael J. Schall	Trustee	February 21, 2023 2024
<u>/s/ BONNY W. SIMI</u> Bonny W. Simi	Trustee	February 21, 2023 2024
<u>/s/ EARL E. WEBB</u> Earl E. Webb	Trustee	February 21, 2023 2024

**PEBBLEBROOK HOTEL TRUST
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees
Pebblebrook Hotel Trust:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Pebblebrook Hotel Trust and subsidiaries (the Company) as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations and comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring

Organizations of the Treadway Commission, and our report dated February 21, 2023 February 21, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 5 to the consolidated financial statements, the Company has changed its method of accounting for convertible debt as of January 1, 2021 due to the adoption of ASU 2020-06.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of estimated holding periods for investments in hotel properties

As discussed in Notes 2 and 4 to the consolidated financial statements, the Company reviews its investments in hotel properties for impairment whenever events or changes in circumstances indicate that the carrying value of the hotel properties may not be recoverable. Investment in hotel properties, net of accumulated depreciation was 96% \$5,491 million, or 94% of total assets as of December 31, 2022 December 31, 2023.

We identified the assessment of the estimated holding periods for hotel properties as a critical audit matter. A high degree of subjective and complex auditor judgment was required to assess the events or changes in circumstances used by the Company to evaluate the estimated holding periods. A shortened estimated holding period could indicate a potential impairment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of internal controls related to the Company's determination of the estimated holding periods for hotel properties. We evaluated the relevant events or changes in circumstances that the Company used to evaluate its estimated holding periods by:

- inspecting documents, such as meeting minutes of the board of trustees, to assess the likelihood that a property will be sold significantly before the end of its previously estimated holding periods
- reading certain publicly available information to identify information regarding potential sales of the Company's hotel properties
- inquiring of Company officials, including those in the organization who are responsible for, and have authority over, disposition activities
- obtaining representations from the Company regarding the status of potential plans to dispose of hotel properties.

/s/ KPMG LLP

We have served as the Company's auditor since 2009.

McLean, Virginia
February 21, 2023 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees
Pebblebrook Hotel Trust:

Opinion on Internal Control Over Financial Reporting

We have audited Pebblebrook Hotel Trust and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 December 31, 2023 and 2021 2022, the related consolidated statements of operations and comprehensive income, equity, and cash flows for

each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, and the related notes and financial statement schedule III (collectively, the consolidated financial statements), and our report dated **February 21, 2023** **February 21, 2024** expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Inn on Fifth and Newport Harbor Island Resort during 2022, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, Inn on Fifth and Newport Harbor Island Resort's internal control over financial reporting associated with total assets of \$2.8 million and total revenues of \$35.8 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Inn on Fifth and Newport Harbor Island Resort.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

McLean, Virginia
February 21, **2023** **2024**

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Pebblebrook Hotel Trust
Consolidated Balance Sheets
(in thousands, except share and per-share data)

		December 31, 2022	December 31, 2021	
		December 31, 2023		
		December 31, 2023		
		December 31, 2023		December 31, 2022
ASSETS	ASSETS			
Investment in hotel properties, net				
Investment in hotel properties, net				
Investment in hotel properties, net	Investment in hotel properties, net	\$5,874,876	\$6,079,333	
Hotel held for sale	Hotel held for sale	44,861	—	
Cash and cash equivalents	Cash and cash equivalents	41,040	58,518	
Restricted cash	Restricted cash	11,229	33,729	

Hotel receivables (net of allowance for doubtful accounts of \$431 and \$1,142, respectively)	45,258	37,045
Hotel receivables (net of allowance for doubtful accounts of \$689 and \$431, respectively)		
Prepaid expenses and other assets	Prepaid expenses and other assets	116,276 52,565
Total assets	Total assets	\$6,133,540 \$6,261,190
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY	

Debt

Debt	Debt	\$2,387,293	\$2,441,888
Accounts payable, accrued expenses and other liabilities	Accounts payable, accrued expenses and other liabilities	250,518	250,584
Lease liabilities - operating leases	Lease liabilities - operating leases	320,402	319,426
Deferred revenues	Deferred revenues	73,603	69,064
Accrued interest	Accrued interest	4,535	4,567
Liabilities related to hotel held for sale	Liabilities related to hotel held for sale	428	—
Distribution payable	Distribution payable	12,218	11,756
Total liabilities	Total liabilities	3,048,997	3,097,285

Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)	
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Shareholders' equity:	Shareholders' equity:		
Preferred shares of beneficial interest, \$.01 par value (liquidation preference \$715,000 and \$740,000 at December 31, 2022 and December 31, 2021, respectively), 100,000,000 shares authorized; 28,600,000 shares issued and outstanding at December 31, 2022 and 29,600,000 shares issued and outstanding at December 31, 2021	286	296	
Common shares of beneficial interest, \$.01 par value, 500,000,000 shares authorized; 126,345,293 shares issued and outstanding at December 31, 2022 and 130,813,750 shares issued and outstanding at December 31, 2021	1,263	1,308	

Preferred shares of beneficial interest, \$.01 par value (liquidation preference \$690,000 and \$715,000 at December 31, 2023 and December 31, 2022, respectively), 100,000,000 shares authorized; 27,600,000 shares issued and outstanding at December 31, 2023 and 28,600,000 shares issued and outstanding at December 31, 2022

Preferred shares of beneficial interest, \$.01 par value (liquidation preference \$690,000 and \$715,000 at December 31, 2023 and December 31, 2022, respectively), 100,000,000 shares authorized; 27,600,000 shares issued and outstanding at December 31, 2023 and 28,600,000 shares issued and outstanding at December 31, 2022

Preferred shares of beneficial interest, \$.01 par value (liquidation preference \$690,000 and \$715,000 at December 31, 2023 and December 31, 2022, respectively), 100,000,000 shares authorized; 27,600,000 shares issued and outstanding at December 31, 2023 and 28,600,000 shares issued and outstanding at December 31, 2022

Common shares of beneficial interest, \$.01 par value, 500,000,000 shares authorized; 120,191,349 shares issued and outstanding at December 31, 2023 and 126,345,293 shares issued and outstanding at December 31, 2022

Additional paid-in capital	Additional paid-in capital	4,182,359	4,268,042
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)	35,724	(19,442)
Distributions in excess of retained earnings	Distributions in excess of retained earnings	(1,223,117)	(1,094,023)
Total shareholders' equity	Total shareholders' equity	2,996,515	3,156,181
Non-controlling interests	Non-controlling interests	88,028	7,724
Total equity	Total equity	3,084,543	3,163,905
Total liabilities and equity	Total liabilities and equity	\$6,133,540	\$6,261,190

The accompanying notes are an integral part of these financial statements.

Pebblebrook Hotel Trust
Consolidated Statements of Operations and Comprehensive Income
(in thousands, except share and per-share data)

		For the year ended December 31,			For the year ended December 31,		
		2022	2021	2020	2023	2022	2021
Revenues:	Revenues:						
Room	Room						
Room	Room						
Room	Room	\$ 910,936	\$ 483,191	\$ 287,439			
Food and beverage	Food and beverage	346,702	157,848	95,892			
Other operating	Other operating	134,253	92,005	59,557			
Total revenues	Total revenues	1,391,891	733,044	442,888			
Expenses:	Expenses:						
Hotel operating expenses:	Hotel operating expenses:						
Hotel operating expenses:	Hotel operating expenses:						
Room	Room						
Room	Room						
Room	Room	225,992	127,105	91,771			
Food and beverage	Food and beverage	243,543	111,928	77,698			
Other direct and indirect	Other direct and indirect	413,939	257,547	209,957			
Total hotel operating expenses	Total hotel operating expenses	883,474	496,580	379,426			
Depreciation and amortization	Depreciation and amortization	239,583	224,251	224,560			
Real estate taxes, personal property taxes, property insurance, and ground rent	Real estate taxes, personal property taxes, property insurance, and ground rent	126,134	111,675	114,333			
General and administrative	General and administrative	39,187	38,166	45,158			
Transaction costs		430	100	10,544			
Impairment and other losses		89,882	14,856	74,556			
(Gain) loss on sale of hotel properties		(6,194)	(64,729)	(117,401)			
Impairment							
Impairment							
Impairment							
Gain on sale of hotel properties							
Business interruption insurance income							

Other operating expenses	Other operating expenses	4,673	1,936	4,421
Total operating expenses	Total operating expenses	1,377,169	822,835	735,597
Operating income (loss)	Operating income (loss)	14,722	(89,791)	(292,709)
Interest expense	Interest expense	(99,988)	(96,633)	(104,098)
Other	Other	562	113	517
Income (loss) before income taxes	Income (loss) before income taxes	(84,704)	(186,311)	(396,290)
Income tax (expense) benefit	Income tax (expense) benefit	(277)	(61)	3,697
Net income (loss)	Net income (loss)	(84,981)	(186,372)	(392,593)
Net income (loss) attributable to non-controlling interests	Net income (loss) attributable to non-controlling interests	2,190	(1,514)	(864)
Net income (loss) attributable to the Company	Net income (loss) attributable to the Company	(87,171)	(184,858)	(391,729)
Distributions to preferred shareholders	Distributions to preferred shareholders	(45,074)	(42,105)	(32,556)
Redemption of preferred shares	Redemption of preferred shares	8,186	(8,055)	—
Net income (loss) attributable to common shareholders	Net income (loss) attributable to common shareholders	\$ (124,059)	\$ (235,018)	\$ (424,285)
Net income (loss) per share available to common shareholders, basic	Net income (loss) per share available to common shareholders, basic	\$ (0.95)	\$ (1.80)	\$ (3.25)
Net income (loss) per share available to common shareholders, diluted	Net income (loss) per share available to common shareholders, diluted	\$ (0.95)	\$ (1.80)	\$ (3.25)
Weighted-average number of common shares, basic	Weighted-average number of common shares, basic	130,453,944	130,804,354	130,610,015
Weighted-average number of common shares, diluted	Weighted-average number of common shares, diluted	130,453,944	130,804,354	130,610,015

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Pebblebrook Hotel Trust
Consolidated Statements of Operations and Comprehensive Income - Continued
(in thousands, except share and per-share data)

		For the year ended December 31,		
		2022	2021	2020
		For the year ended December 31,		
		For the year ended December 31,		
		For the year ended December 31,		
	2023	2023	2022	2021
Comprehensive Income:	Comprehensive Income:			
Comprehensive Income:				
Comprehensive Income:				
Net income (loss)				
Net income (loss)				
Net income (loss)	Net income (loss)	\$(84,981)	\$(186,372)	\$(392,593)
Other comprehensive income (loss):	Other comprehensive income (loss):			
Change in fair value of derivative instruments				
Change in fair value of derivative instruments				
Change in fair value of derivative instruments	Change in fair value of derivative instruments	55,479	15,289	(63,861)
Amounts reclassified from other comprehensive income	Amounts reclassified from other comprehensive income	52	25,210	28,505
Comprehensive income (loss)	Comprehensive income (loss)	(29,450)	(145,873)	(427,949)
Comprehensive income (loss) attributable to non-controlling interests	Comprehensive income (loss) attributable to non-controlling interests	2,555	(1,251)	(934)
Comprehensive income (loss) attributable to the Company	Comprehensive income (loss) attributable to the Company	\$(32,005)	\$(144,622)	\$(427,015)

The accompanying notes are an integral part of these financial statements.

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	Preferred Shares		Common Shares	
	Shares	Amount	Shares	Amount
Balance at December 31, 2019 December 31, 2020	20,400,000	\$ 204	130,484,956 130,673,300	\$ 1,305 1,307
Redemption of preferred shares	(10,000,000)	(100)	—	—
Issuance of shares, net of offering costs	19,200,000	192	—	—
Issuance of common shares for Board of Trustees compensation	—	—	23,528 27,711	1
Repurchase of common shares	—	—	(47,507) (38,310)	(1)
Share-based compensation	—	—	103,083 151,049	1
Distributions on common shares/units	—	—	—	—
Distributions on preferred shares	—	—	—	—
Redemption Cumulative effect adjustment from adoption of non-controlling interest LTIP units new accounting standard	—	—	109,240	1
Equity component of convertible senior notes	—	(113,099)	—	(113,099)
Purchases of capped calls in connection with convertible senior notes	—	—	—	—
Other adjustment	—	—	—	—
Other comprehensive income (loss):				
Change in fair value of derivative instruments	—	—	—	—
Amounts reclassified from other comprehensive income	—	—	—	—
Net income (loss)	—	—	—	—
Balance at December 31, 2020 December 31, 2021	29,600,000 20,400,000	\$ 204 296	130,673,300 130,813,750	\$ 1

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For the year ended December 31, 2021										
Preferred Shares		Common Shares		Additional		Accumulated		Distributions		Non-Controlling Interests
Shares	Amount	Shares	Amount	Paid-In Capital	Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity	Shareholders' Equity	Equity	
Balance at December 31, 2020	20,400,000 \$ 204	130,673,300 \$ 1,307		\$4,169,870	\$ (60,071)	\$ (853,973)	\$ 3,257,337	\$ 6,989	\$3,264,326	
For the year ended December 31, 2022										
For the year ended December 31, 2022										
For the year ended December 31, 2022										
Preferred Shares		Common Shares		Additional		Accumulated		Distributions		Non-Controlling Interests
Shares	Amount	Shares	Amount	Paid-In Capital	Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity	Shareholders' Equity	Equity	
Balance at December 31, 2021	(10,000,000) (100)	—	—	(241,845)	—	(8,055)	(250,000)	—	(250,000)	
Redemption of preferred shares	19,200,000 192	—	—	463,862	—	—	464,054	—	464,054	
Issuance of shares, net of offering costs										
Issuance of operating partnership units										

Issuance of common shares for Board of Trustees compensation	Issuance of common shares for Board of Trustees compensation	—	—	27,711	1	515	—	—	516	—	516
Repurchase of common shares	Repurchase of common shares	—	—	(38,310)	(1)	(719)	—	—	(720)	—	(720)
Share-based compensation	Share-based compensation	—	—	151,049	1	10,433	—	—	10,434	2,445	12,879
Distributions on common shares/units	Distributions on common shares/units	—	—	—	—	—	—	(5,032)	(5,032)	(66)	(5,098)
Distributions on preferred shares		—	—	—	—	—	—	(42,105)	(42,105)	—	(42,105)
Cumulative effect adjustment from adoption of new accounting standard		—	—	—	—	(113,099)	—	—	(113,099)	—	(113,099)
Purchases of capped calls in connection with convertible senior notes		—	—	—	—	(20,975)	—	—	(20,975)	—	(20,975)
Other adjustment		—	—	—	—	—	393	—	393	(393)	—
Distributions on preferred shares/units											
Other comprehensive income (loss):	Other comprehensive income (loss):										
Change in fair value of derivative instruments											
Change in fair value of derivative instruments											
Change in fair value of derivative instruments	Change in fair value of derivative instruments	—	—	—	—	—	15,026	—	15,026	263	15,289
Amounts reclassified from other comprehensive income	Amounts reclassified from other comprehensive income	—	—	—	—	—	25,210	—	25,210	—	25,210
Net income (loss)	Net income (loss)	—	—	—	—	—	—	(184,858)	(184,858)	(1,514)	(186,372)
Balance at December 31, 2021		29,600,000	\$ 296	130,813,750	\$ 1,308	\$ 4,268,042	\$ (19,442)	\$ (1,094,023)	\$ 3,156,181	\$ 7,724	\$ 3,163,905
Balance at December 31, 2022											
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Balance at December 31, 2022											
Balance at December 31, 2022											
Balance at December 31, 2022											
Redemption of preferred shares											
Redemption of non-controlling interest OP units											
For the year ended December 31, 2022											
		Preferred Shares		Common Shares		Accumulated		Distributions			
Issuance of common shares for Board of Trustees compensation						Additional Paid-In Capital	Other Comprehensive Income (Loss)	in Excess of Retained Earnings	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
		Shares	Amount	Shares	Amount	Additional Paid-In Capital	Other Comprehensive Income (Loss)	in Excess of Retained Earnings	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
Balance at December 31, 2021		29,600,000	\$ 296	130,813,750	\$ 1,308						
Redemption of preferred shares		(1,000,000)	(10)	—	—	(24,176)	—	8,186	(16,000)	—	(16,000)
Issuance of shares, net of offering costs		—	—	—	—	(123)	—	—	(123)	—	(123)
Issuance of operating partnership units		—	—	—	—	—	—	—	—	78,000	78,000
Issuance of common shares for Board of Trustees compensation											
Issuance of common shares for Board of Trustees compensation	Issuance of common shares for Board of Trustees compensation	—	—	33,866	1	737	—	—	738	—	738
Repurchase of common shares	Repurchase of common shares	—	—	(4,609,626)	(47)	(70,677)	—	—	(70,724)	—	(70,724)
Share-based compensation	Share-based compensation	—	—	107,303	1	8,556	—	—	8,557	2,793	11,350
Distributions on common shares/units	Distributions on common shares/units	—	—	—	—	—	—	(5,035)	(5,035)	(69)	(5,104)
Distributions on preferred shares/units	Distributions on preferred shares/units	—	—	—	—	—	—	(45,074)	(45,074)	(2,975)	(48,049)
Other comprehensive income (loss):	Other comprehensive income (loss):										
Change in fair value of derivative instruments	Change in fair value of derivative instruments	—	—	—	—	—	55,114	—	55,114	365	55,479
Change in fair value of derivative instruments											
Change in fair value of derivative instruments											
Amounts reclassified from other comprehensive income	Amounts reclassified from other comprehensive income	—	—	—	—	—	52	—	52	—	52
Net income (loss)	Net income (loss)	—	—	—	—	—	—	(87,171)	(87,171)	2,190	(84,981)
Balance at December 31, 2022		28,600,000	\$ 286	126,345,293	\$ 1,263	\$ 4,182,359	\$ 35,724	\$ (1,223,117)	\$ 2,996,515	\$ 88,028	\$ 3,084,543

Balance at
December 31,
2023

The accompanying notes are an integral part of these financial statements.

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Operating activities:

Net income (loss)

Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:

Depreciation and amortization

Share-based compensation

Amortization of deferred financing costs, non-cash interest and other amortization

(Gain) loss Gain on sale of hotel properties

Impairment and other losses

Non-cash ground rent

Other adjustments

Changes in assets and liabilities:

Hotel receivables

Prepaid expenses and other assets

Accounts payable and accrued expenses

Deferred revenues

Net cash provided by (used in) operating activities

Investing activities:

Improvements and additions to hotel properties

Proceeds from sales of hotel properties

Acquisition of hotel properties

Property insurance proceeds

Other investing activities

Net cash provided by (used in) investing activities

Financing activities:

Gross proceeds from issuance of preferred shares

Payment of offering costs — common and preferred shares

Payment of deferred financing costs

Borrowings under revolving credit facilities

Repayments under revolving credit facilities

Proceeds from debt

Repayments of debt

Purchases of capped calls for convertible senior notes

Repurchases of common shares

Redemption of preferred shares

Distributions — common shares/units

Distributions — preferred shares/units

Repayments of refundable membership deposits Other financing activities

Net cash provided by (used in) financing activities
Net change in cash and cash equivalents and restricted cash
Cash and cash equivalents and restricted cash, beginning of year
Cash and cash equivalents and restricted cash, end of year

The accompanying notes are an integral part of these financial statements.

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Note 1. Organization

Pebblebrook Hotel Trust (the "Company") is an internally managed hotel investment company, formed as a Maryland real estate investment trust in October 2009 to opportunistic

As of **December 31, 2022** **December 31, 2023**, the Company owned interests in **51****46** hotels with a total of **12,756****11,924** guest rooms. The hotel properties are located in: Boston San Francisco, California; Santa Cruz, California; Seattle, Washington; Stevenson, Washington; and Washington, D.C.

Substantially all of the Company's assets are held by, and all of the Company's operations are conducted through, Pebblebrook Hotel, L.P. (the "Operating Partnership"). The Con owned by the other limited partners of the Operating Partnership. For the Company to maintain its qualification as a real estate investment trust ("REIT") under the Internal Revenue C which in turn engage third-party eligible independent contractors to manage the hotels. PHL is consolidated into the Company's financial statements.

COVID-19 Update

The COVID-19 pandemic, which began in early 2020, has had a significant negative impact on the Company's operations and financial results. Results have substantially improve There continues to be significant uncertainty regarding the trends and outlook as a result of new variants and individual and government responses.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Company and its subsidiaries are separate legal entities and maintain records and books of account separate and apart from each other. The consolidated financial statemen consolidation. Investments in entities that the Company does not control, but over which the Company has the ability to exercise significant influence regarding operating and financia

Certain reclassifications have been made to the prior period's financial statements to conform to the current year presentation.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets an

Risks and Uncertainties

The state of the overall economy can significantly impact hotel operational performance and thus the Company's financial position. It is uncertain what the future affects of the CO debt or meet other financial obligations.

Fair Value Measurements

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A fair value measurement is based on the assumptions that market participants would use in pricing an asset or liability in an orderly transaction. The hierarchy for inputs used in

1. Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 – Inputs include quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are no

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3. Level 3 – Model-derived valuations with unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level within which the fair

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts payable and accrued expenses. Due to their short maturities, the carrying amo

Investment in Hotel Properties

Upon acquiring a business or hotel property, the Company measures and recognizes the fair value of the acquired land, land improvements, building, furniture, fixtures and equip market agreement at the acquisition date. Acquisition-date fair values of assets and assumed liabilities are determined using a combination of the market, cost and income approach income, at the respective hotel properties.

Transaction costs related to business combinations are expensed as incurred and included on the consolidated statements of operations and comprehensive income. Transaction

Hotel renovations and replacements of assets that improve or extend the life of the asset are recorded at cost and depreciated over their estimated useful lives. Furniture, fixtures and equipment are recorded at cost and depreciated using the straight-line method over an estimated useful life of 10 to 40 years for buildings, land improvements, and building improvements. The Company is required to make subjective assessments as to the useful lives and classification of properties for purposes of determining the amount of depreciation expense.

The Company reviews its investments in hotel properties for impairment whenever events or changes in circumstances indicate that the carrying value of the hotel properties may be impaired. If the carrying value of the asset, an adjustment to reduce the carrying value to the related hotel's estimated fair market value is recorded and an impairment loss is recognized. In making such determination, the Company considers various factors, including consideration of expected terminal capitalization rates, discount rates, and comparable selling prices. The Company will adjust its assumptions with respect to the relevant factors.

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The Company will classify a hotel as held for sale and will cease recording depreciation expense when a binding agreement to sell the property has been signed under which the sale is probable and the carrying value of the hotel, the Company will record an impairment loss. The Company will classify the loss, together with the related operating results, as continuing or discontinued operations.

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Intangible Assets and Liabilities

Intangible assets or liabilities are recorded on non-market contracts assumed as part of the acquisition of certain hotels. The Company reviews the terms of agreements assumed and amortizes intangible assets using the straight-line method over the term of the agreement. The Company does not amortize intangible assets with indefinite useful lives, but reviews these assets for impairment annually or more frequently if events or changes in circumstances indicate that an impairment may exist.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions and short-term liquid investments with an original maturity of three months or less. Cash equivalents are held in highly liquid investments.

Restricted Cash

Restricted cash primarily consists of reserves for replacement of furniture and fixtures, cash held in escrow pursuant to certain lender or hotel management agreement requirements, and cash held in escrow for other purposes.

Prepaid Expenses and Other Assets

The Company's prepaid expenses and other assets consist of prepaid real estate taxes, prepaid insurance, inventories, over or under market leases, and corporate office equipment.

Derivative Instruments

In the normal course of business, the Company is exposed to the effects of interest rate changes. The Company may enter into derivative instruments including interest rate swaps, forward rate agreements, and interest rate options to manage its interest rate risk in the period that the hedged forecasted transaction affects earnings.

Revenue Recognition

Revenue consists of amounts derived from hotel operations, including the sales of rooms, food and beverage, and other ancillary services. Room revenue is recognized over the period over the time period that goods or services are provided to the customer. Certain ancillary services are provided by third parties and the Company assesses whether it is the principal in the transaction. Revenue from food and beverage services require an upfront deposit which is recorded as deferred revenues (or contract liabilities) and recognized once the performance obligations are satisfied.

The Company recognizes revenue related to nonrefundable membership initiation fees and refundable membership initiation deposits over the expected life of an active membership. The present value of the refund obligation is recorded as a membership initiation deposit liability in the consolidated balance sheets and is recognized as revenue over the expected life of an active membership.

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Certain of the Company's hotels have retail spaces, restaurants or other spaces which the Company leases to third parties. Lease revenue is recognized on a straight-line basis over the term of the lease.

The Company collects sales, use, occupancy and similar taxes at its hotels which are presented on a net basis on the consolidated statements of operations and comprehensive income.

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Income Taxes

To qualify as a REIT for federal income tax purposes, the Company must meet a number of organizational and operational requirements, including a requirement that it currently or annually distribute at least 90% of its taxable income that is currently distributed to shareholders. The Company is subject to certain state and local taxes on its income and property, and to federal income and excise taxes on its income. The Company's tax expense is based on the consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Valuation allowances are provided for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Share-based Compensation

The Company has adopted an equity incentive plan that provides for the grant of common share options, share awards, share appreciation rights, performance units and other equity-based awards. Compensation expense will be adjusted when a change in the assessment of achievement of the specific performance conditions for these awards will achieve parity with other operating partnership units or achieve performance thresholds.

Earnings Per Share

Hotel Property Name			
The Heathman Hotel			
Retail at The Westin Michigan Avenue Chicago			
Hotel Colonnade Coral Gables			
Hotel Monaco Seattle			
Hotel Vintage Seattle			
Hotel Zoe Fisherman's Wharf			
Marina City Retail at Hotel Chicago Downtown, Autograph Collection			
2023 Total			
The Marker San Francisco			
Sofitel Philadelphia at Rittenhouse Square			
Hotel Spero			
Hotel Vintage Portland			
2022 Total			
Sir Francis Drake			
The Roger New York			
Villa Florence San Francisco on Union Square			
2021 Total			
For the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the accompanying consolidated statements of operations and comprehensive income in			
The sales of the hotel properties described above did not represent a strategic shift that had a major effect on the Company's operations and financial results, and therefore, did not			
Held for Sale			
As of December 31, 2023, no properties were designated as held for sale by the Company. As of December 31, 2022, the Company had entered into an agreement to sell The Heathman Hotel. The Company has classified the assets and liabilities related to this hotel as assets and liabilities held for sale in the accompanying consolidated balance sheets and ceased depreciating the assets. The As noted above, the Company			
Note 4. Investment in Hotel Properties			
Investment in hotel properties as of December 31, 2022 December 31, 2023 and 2021 2022 consisted of the following (in thousands):			
		December 31, 2022	December 31, 2021
	December 31, 2023		December 31, 2023
Land	Land	\$ 897,756	\$ 926,330
Buildings and improvements	Buildings and improvements	5,170,976	5,197,816
Furniture, fixtures and equipment	Furniture, fixtures and equipment	504,518	535,607
Finance lease asset	Finance lease asset	91,181	91,181
Construction in progress	Construction in progress	11,961	15,869
		\$6,676,392	\$6,766,803
	\$		
Right-of-use asset, operating leases	Right-of-use asset, operating leases	370,383	378,939
Investment in hotel properties	Investment in hotel properties	\$7,046,775	\$7,145,742
Less: Accumulated depreciation	Less: Accumulated depreciation	(1,171,899)	(1,066,409)

Investment in hotel properties, net	Investment in hotel properties, net		
		\$5,874,876	\$6,079,333

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Hurricane Ian

On September 27, 2022, LaPlaya Beach Resort and LaPlaya Beach & Club ("LaPlaya") and Inn on Fifth, both located in Naples, Florida, and Southernmost Beach Resort, located from the damage and remained closed. In 2023, LaPlaya began to reopen in stages as the buildings and facilities were repaired. The Company expects LaPlaya's remediation and re

The Company's insurance policies provide coverage for property damage, business interruption and reimbursement for other costs that were incurred relating to damages sustained in 2023 and 2022, the Company recognized an aggregate impairment loss of \$7.9 million zero and \$7.9 million, respectively, for the damage to LaPlaya and Southernmost Beach Resort expenses in the Company's accompanying Company's consolidated statement statements of operations and comprehensive income. The Company recorded a receivable for costs in the settlement of the property and business interruption claims.

Impairment

The Company reviews its investment in hotel properties for impairment whenever events or circumstances indicate potential impairment. The Company periodically adjusts its estimates of properties for recoverability. Based on

For the analyses performed, for the year years ended December 31, 2022 December 31, 2023, 2022, and 2021, the Company recognized an impairment loss losses of \$81.8 million inputs under authoritative guidance for fair value measurements using purchase and sale agreements and information from marketing efforts for these properties. For the year ended information from marketing efforts for this property. For the year ended December 31, 2020, the Company recognized an impairment loss of \$74.6 million related to three properties as

Right-of-use Assets and Lease Liabilities

The Company recognized right-of-use assets and related liabilities related to its ground leases, all of which are operating leases. When the rate implicit in the lease could not be determined, additional information about the ground leases.

The right-of-use assets and liabilities are amortized to ground rent expense over the term of the underlying lease agreements. As of December 31, 2023, the Company's lease liabilities as of December 31, 2021, the Company's lease liabilities consisted of operating lease liabilities of \$319.4 million and financing lease liabilities of \$42.0 million. The financing lease liabilities are included in

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Note 5. Debt

In 2021, the Company amended the agreements governing its credit facilities, term loan facilities and senior notes to, among other things, waive financial covenants until the second

On October 13, 2022, the Company entered into the Fifth Amended and Restated Credit Agreement with Bank of America, N.A., as administrative agent and certain other agents cash on hand were used to repay the outstanding balances on the prior term loans. The Company incurred \$7.4 million in costs related to the refinancing which were recorded in interest

On January 3, 2024, the Company entered into the First Amendment to the Credit Agreement which extended the maturity date of \$356.7 million borrowed under Term Loan 2024 cash or borrowings under the revolving credit facility at maturity. On January 3, 2024, the Company also repaid \$50.0 million of its outstanding Term Loan 2025 obligation with available

The Company's debt consisted of the following as of December 31, 2022 December 31, 2023 and 2021 2022 (dollars in thousands):

				Balance Outstanding as of		Interest Rate at December 31, 2023
				December 31, 2022	December 31, 2021	
Revolving credit facilities	Revolving credit facilities	Interest Rate at December 31, 2022	Maturity Date			
Senior unsecured credit facility	Senior unsecured credit facility	(1) (2)				
		-	October 2026	\$ —	\$ —	
Senior unsecured credit facility						
Senior unsecured credit facility						
PHL unsecured credit facility	PHL unsecured credit facility	(1)				
		-	October 2026	—	—	

Revolving credit facilities	Revolving credit facilities			\$	—	\$	—
Unsecured term loans	Unsecured term loans						
Unsecured term loans							
Unsecured term loans							
Term Loan 2024							
Term Loan 2024							
Term Loan 2024	Term Loan 2024	(1)					
		4.84%	October 2024	460,000	—		
Term Loan 2025	Term Loan 2025	(1)					
		3.59%	October 2025	460,000	—		
Term Loan 2027	Term Loan 2027	(1)					
		3.19%	October 2027	460,000	—		
First Term Loan	-		January 2023	—	26,000		
First Term Loan Extended	-		March 2024	—	274,000		
Second Term Loan	-		April 2022	—	26,327		
Fourth Term Loan	-		October 2024	—	110,000		
Sixth Term Loan Tranche 2021 Extended	-		November 2022	—	82,071		
Sixth Term Loan Tranche 2022	-		November 2022	—	114,670		
Sixth Term Loan Tranche 2023	-		November 2023	—	400,000		
Sixth Term Loan Tranche 2024	-		January 2024	—	400,000		
Term loan principal	Term loan principal			\$1,380,000	\$1,433,068		
Convertible senior notes principal	Convertible senior notes principal	1.75%	December 2026	\$ 750,000	\$ 750,000		
Convertible senior notes principal							
Convertible senior notes principal							
Senior unsecured notes	Senior unsecured notes						
Senior unsecured notes							
Senior unsecured notes							
Series A Notes							
Series A Notes							
Series A Notes	Series A Notes	(3)	December 2023	47,600	47,600		
Series B Notes	Series B Notes		December 2025	2,400	2,400		
Senior unsecured notes principal	Senior unsecured notes principal			\$ 50,000	\$ 50,000		
Mortgage loans	Mortgage loans						
Mortgage loans							
Mortgage loans							
Margaritaville Hollywood Beach Resort							

Margaritaville Hollywood Beach Resort					
Margaritaville	Margaritaville	(4)			
Hollywood	Hollywood				
Beach	Beach				
Resort	Resort	6.69%	May 2023	161,500	161,500
Estancia La	Estancia La				
Jolla Hotel & Spa	Jolla Hotel & Spa	5.07%	September 2028	59,485	61,373
Mortgage loans principal	Mortgage loans principal			\$ 220,985	\$ 222,873
Total debt principal	Total debt principal			\$ 2,400,985	\$ 2,455,941
Unamortized debt premiums, discount and deferred financing costs, net	Unamortized debt premiums, discount and deferred financing costs, net			(13,692)	(14,053)
Debt, Net	Debt, Net			\$ 2,387,293	\$ 2,441,888

- (1) Borrowings bear interest at floating rates. Interest rate at December 31, 2022 December 31, 2023 gives effect to interest rate hedges.
- (2) The Company has the option to extend the maturity date of October 13, 2026 for up to two six-month periods, pursuant to certain terms and conditions and payment of an extension fee, for a maximum maturity date of O
- (3) The Company intends to pay paid off the Series A Notes using available cash.
- (4) This loan was refinanced during the third quarter of 2023 and now bears interest at a floating rate equal to daily SOFR plus of 3.75%. The interest rate at December 31, 2023 gives effect to an interest rate swap. The Cor
- (5) On January 3, 2024, the Company entered into the First Amendment to the Credit Agreement which extended the maturity date of \$356.7 million borrowed under Term Loan 2024 to January 2028. In connection with the
- (6) In April 2022, On January 3, 2024, the Company exercised repaid \$50.0 million of its option to extend the maturity date to May 2023. The loan bears interest at a floating rate equal to one-month LIBOR plus a weight

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Unsecured Revolving Credit Facilities

The \$650.0 million senior unsecured revolving credit facility provided for in the Credit Agreement matures in October 2026 and provides for two six-month extension options, subje 0.10% (the "SOFR Adjustment") plus a margin that is based upon the Company's leverage ratio or (ii) the Base Rate (as defined by the Credit Agreement) plus a margin that is based Company had no outstanding borrowings, \$12.6 million \$13.6 million of outstanding letters of credit and a borrowing capacity of \$637.4 million \$636.4 million remaining on its senior ur covenants, including a maximum leverage ratio, a minimum fixed charge coverage ratio and a maximum percentage of secured debt to total asset value.

Under the terms of the credit agreement for the senior unsecured revolving credit facility, Credit Agreement, one or more standby letters of credit, up to a maximum aggregate out leverage ratio. Any outstanding standby letters of credit reduce the available borrowings on the senior unsecured revolving credit facility by a corresponding amount. Standby letters o

The As of December 31, 2023, the Company also has a \$20.0 million unsecured revolving credit facility (the "PHL Credit Facility") to be used for PHL's working capital and genera Borrowings on the PHL Credit Facility bear interest at a rate per annum equal to, at the option of the Company, (i) SOFR plus the SOFR Adjustment plus a margin that is based upon the Company's senior unsecured revolving credit facility. As of December 31, 2022 December 31, 2023, the Company had no borrowings under the PHL Credit Facility and had \$20.0

As of December 31, 2022 December 31, 2023, the Company was in compliance with all debt covenants of the credit agreements that govern the unsecured revolving credit faciliti

Unsecured Term Loan Facilities

The three \$460.0 million term loans provided for in the Credit Agreement mature in October 2024, October 2025 and October 2027, respectively, respectively as of December 31, 2027) and \$356.7 million in January 2028 (Term Loan 2024). The term loans bear interest at a rate per annum equal to, at the option of the Company, (i) SOFR plus the SOFR Adjust 0.40% to 1.45% for Base Rate-based loans, depending on the Company's leverage ratio. The term loans are subject to the debt covenants in the Credit Agreement. As of December,

The Company entered into interest rate swap agreements to fix the SOFR rate on a portion of these unsecured term loan facilities. See Derivative and Hedging Activities for furth

Convertible Senior Notes

In December 2020, the Company issued \$500.0 million aggregate principal amount of 1.75% Convertible Senior Notes due December 2026 (the "Convertible Notes"). The net prc

In February 2021, the Company issued an additional \$250.0 million aggregate principal amount of Convertible Notes. These additional Convertible Notes were sold at a 5.5% prei

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The Convertible Notes are governed by an indenture (the "Base Indenture") between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee. The Conv million and \$12.7 million for the years ended December 31, 2022 and 2021, respectively.

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The Company separated the Convertible Notes issued in December 2020 into liability and equity components. The initial carrying amount of the liability component was \$386.1 m deducting the fair value of the liability component from the principal amount of such the Convertible Notes, or \$113.9 million. \$113.9 million. The amount recorded in equity was not sul with no portion recorded in equity. The Company also ceased recording non-cash interest expense associated with the amortization of the debt discount.

Prior to June 15, 2026, the Convertible Notes will be convertible upon certain circumstances. On and after June 15, 2026, holders may convert any of their Convertible Notes into represents an initial conversion price of approximately \$25.47 per share. The conversion rate is subject to adjustment in certain circumstances. As of December 31, 2022 December 3

The Company may redeem for cash all or a portion of the Convertible Notes, at its option, on or after December 20, 2023 upon certain circumstances. The redemption price will b

In connection with the Convertible Notes issuances, the Company entered into privately negotiated capped call transactions (the "Capped Call Transactions") with certain of the u shares underlying the Convertible Notes. The Capped Call Transactions are expected generally to reduce the potential dilution to holders of common shares upon conversion of the C Capped Call Transactions is \$33.0225 per share. The cost of the Capped Call Transactions entered into in December 2020 and February 2021 was \$38.3 million and \$21.0 million, re

Senior Unsecured Notes

The Company has \$47.6 million of senior unsecured notes outstanding bearing a fixed interest rate of 4.70% per annum and maturing in December 2023 (the "Series A Notes") a unsecured revolving credit facility. As of December 31, 2022 December 31, 2023, the Company was in compliance with all such debt covenants.

Mortgage Loans

On September 23, 2021, the Company assumed a \$161.5 million loan secured by a first-lien mortgage on the leasehold interest of Margaritaville Hollywood Beach Resort ("Marga average spread of 2.37% 3.75%. In April 2022, the Company exercised its option This loan matures on September 7, 2026 and may be extended for up to extend the maturity date to agreement, certain terms and conditions and payment of extension fees.

On December 1, 2021, the Company assumed a \$61.7 million loan secured by a first-lien mortgage on the leasehold interest of Estancia La Jolla Hotel & Spa ("Estancia"). The lo

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The Company's mortgage loans associated with Margaritaville and Estancia are non-recourse to the Company except for customary carve-outs to the general non-recourse liabili the hotel is deposited directly into lockbox accounts and then swept into cash management accounts for the benefit of our lender. These properties are not in a cash trap and no even

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Interest Expense

The components of the Company's interest expense consisted of the following for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021 (in thous

		For the year ended December		
		31,		
		2022	2021	2020
		For the year ended		
		December 31,		
		2023		
		2023		2022
Unsecured revolving credit facilities	Unsecured revolving credit facilities	\$ 2,531	\$ 2,092	\$ 10,210
Unsecured term loan facilities	Unsecured term loan facilities	52,355	61,529	72,642

Convertible senior notes	Convertible senior notes	13,125	12,662	365
Senior unsecured notes	Senior unsecured notes	2,525	3,562	4,792
Mortgage debt	Mortgage debt	9,788	1,375	—
Amortization of deferred financing fees, (premiums) and discounts	Amortization of deferred financing fees, (premiums) and discounts	16,465	9,741	7,296
Other	Other	3,199	5,672	8,793
Total interest expense	Total interest expense	\$ 99,988	\$96,633	\$104,098

Fair Value

The Company estimates the fair value of its fixed rate debt by discounting the future cash flows of each instrument at estimated market rates, taking into consideration general market conditions. As of **December 31, 2023** and **2021**, 2022 was **\$700.5 million**, \$686.3 million and **\$747.8 million**, \$700.5 million, respectively.

Future Minimum Principal Payments

As of **December 31, 2022**, **December 31, 2023**, the future minimum principal payments for the Company's debt, assuming all extension options available in the Company's debt agreements are as follows:

2023		
2024		2024
2025		2025
2026		2026
2027		2027
Thereafter		
2028		
Total debt principle payments		
Total debt principle payments		
Total debt principle payments		Total debt principle payments
Deferred financing costs, net		Deferred financing costs, net
Debt premium (discount), net		
Total debt		Total debt
Total debt		
Total debt		

Derivative and Hedging Activities

The Company enters into interest rate swap agreements to hedge against interest rate fluctuations. All of the Company's interest rate swaps are cash flow hedges. All unrealized gains and losses on these derivatives are recorded in other comprehensive income (loss).

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The Company's interest rate swaps at **December 31, 2022**, **December 31, 2023** and **2021**, 2022 consisted of the following, by maturity date (dollars in thousands):

Aggregate Notional
Value as of
Aggregate
Notional
Value as of

Hedge		Interest Rate Range	Maturity	December		Hedge Type	Interest Rate Range	
Type	Type	(SOFR) ⁽¹⁾		31, 2022	31, 2021		(SOFR) ⁽¹⁾	
Swap-	Swap-							
cash	cash		January					
flow	flow	—	2022	\$	—	\$	180,000	
Swap-	Swap-							
cash	cash							
flow	flow	—	April 2022		—		100,000	
Swap-	Swap-							
cash	cash	0.05% -	January					
flow	flow	0.07%	2023	200,000	200,000			
Swap-	Swap-							
cash	cash	1.84% -	November					
flow	flow	1.87%	2023	250,000	250,000			
Swap-	Swap-							
cash	cash	2.47% -	January					
flow	flow	2.50%	2024	300,000	300,000			
Swap-	Swap-							
cash	cash	1.33% -	February					
flow	flow	1.36%	2026	290,000	290,000			
Swap-	Swap-							
cash	cash							
flow	flow							
Total	Total			\$ 1,040,000	\$ 1,320,000			

(1) Table of In October 2022, the Company transitioned from LIBOR-based interest rates to SOFR-based interest rates for its interest rate swap agreements. There are no other substan

The Company records all derivative instruments at fair value in the accompanying consolidated balance sheets. Fair values of interest rate swaps and caps are determined using future interest rates derived from observable market interest rate curves (Overnight Index Swap curves) and volatilities (Level 2 inputs). Derivatives expose the Company to credit risk creditworthy financial institutions.

As of December 31, 2022 December 31, 2023, the Company's derivative instruments were in an asset position with an aggregate fair value of \$36.0 \$24.5 million. None of the Cor accompanying consolidated balance sheets. The Company expects approximately \$23.2 million \$18.2 million will be reclassified from accumulated other comprehensive income (loss,

Note 6. Revenue

The Company presents revenue on a disaggregated basis in the accompanying consolidated statements of operations and comprehensive income. The following table presents r

		For the year ended December 31,		
		2022	2021	2020
		For the year ended December 31,		
		2023	2023	2022
San Diego, CA	San Diego, CA	\$ 303,701	\$ 165,977	\$ 96,071
Boston, MA				
Southern	Southern			
Florida/Georgia	Florida/Georgia	271,167	166,310	76,971
Boston, MA		243,861	124,440	63,356
Los Angeles, CA	Los Angeles, CA	168,310	94,275	51,664
San Francisco, CA	San Francisco, CA	116,022	43,601	66,896
Portland, OR	Portland, OR	87,625	53,978	27,174
Chicago, IL	Chicago, IL	68,402	27,279	15,604
Other ⁽¹⁾		63,071	28,608	27,453

Washington, D.C.	Washington, D.C.	51,937	20,630	12,739
Seattle, WA	Seattle, WA	17,795	7,946	4,960
		<u>\$1,391,891</u>	<u>\$733,044</u>	<u>\$442,888</u>
Other ⁽¹⁾				
		<u>\$</u>		

(1) Other includes: Nashville, TN, New York, NY, Philadelphia, PA, Newport, RI and Santa Cruz, CA.

Payments from customers are primarily made when services are provided. Due to the short-term nature of the Company's contracts and the almost simultaneous receipt of payments from customers, the Company's accounts receivable are not subject to significant credit risk.

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Note 7. Equity

Common Shares

The Company is authorized to issue up to 500,000,000 common shares. Each outstanding common share entitles the holder to one vote on each matter submitted to a vote of shareholders. During the fourth quarter of 2022, the Company repurchased 4,559,839 common shares for an aggregate purchase price of \$69.6 million, or an average of approximately \$15.27 per share. Common Share Repurchase Programs

On February 22, 2016, the Company announced that the Company's Board of Trustees authorized a share repurchase program of up to \$150.0 million. \$150.0 million of common shares were repurchased under this program. As of December 31, 2022, no common shares remained available for repurchase under this program.

On July 27, 2017, the Company's Board of Trustees authorized a share repurchase program of up to \$100.0 million of common shares. Under this program, the Company could repurchase up to \$100.0 million of common shares. As of December 31, 2022, \$87.0 million of common shares remained available for repurchase under this program.

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On February 17, 2023, the Company's Board of Trustees authorized a share repurchase program of up to \$150.0 million of common shares. Under this program, the Company may repurchase up to \$150.0 million of common shares and become authorized but unissued common shares. For the year ended December 31, 2022, the Company repurchased \$56.6 million of common shares. As of December 31, 2023, \$146.0 million of common shares remained available for repurchase under this program.

On July 27, 2017, the Company announced that the Board of Trustees authorized a new share repurchase program of up to \$100.0 million of common shares. Under this program, the Company could repurchase up to \$100.0 million of common shares. As of December 31, 2022, \$87.0 million of common shares remained available for repurchase under this program.

On February 21, 2023, the Company announced that our Board of Trustees authorized a new share repurchase program of up to \$150.0 million of common shares. Under this program, the Company could repurchase up to \$150.0 million of common shares or by private agreement. As of December 31, 2023, an average of approximately \$14.01 per share.

ATM Program

On April 29, 2021, the Company filed a prospectus supplement with the SEC to sell up to \$200.0 million of common shares under an "at the market" offering program (the "ATM program").

Common Dividends

The Company declared the following dividends on common shares/units for the year ended December 31, 2022 and December 31, 2023:

Dividend per Share/Unit		For the Quarter
\$	0.01	March 31, 2023
\$	0.01	June 30, 2023
\$	0.01	September 30, 2023
\$	0.01	December 31, 2023

Preferred Shares

The Company is authorized to issue up to 100,000,000 preferred shares of beneficial interest, \$0.01 par value per share ("preferred shares").

In May 2021, the Company issued 9,200,000 6.375% Series G Cumulative Redeemable Preferred Shares at a public offering price of \$25.00 per share for net proceeds of \$222.6 million.

In August 2021, the Company redeemed all outstanding shares of 6.50% Series C Cumulative Redeemable Preferred Shares and 6.375% Series D Cumulative Redeemable Preferred Shares.

On December 27, 2022, the Company repurchased 1,000,000 5.70% Series H Cumulative Redeemable Preferred Shares at a privately negotiated price of \$16.00 per share. The repurchase was accounted for as a redemption of common shares on the Company's basic and diluted earnings per share.

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The following Preferred Shares were outstanding as of December 31, 2022 and December 31, 2023:

On May 11, 2022, in connection with the acquisition of Inn on Fifth in Naples, Florida, the Company issued 16,291 OP units in the Operating Partnership.

As of **December 31, 2022** December 31, 2023 and **2021**, 2022, the Operating Partnership had **149,896** 16,291 and **133,605** 149,896 OP units, respectively, held by third parties, e

As of **December 31, 2022** December 31, 2023, the Operating Partnership had two classes of long-term incentive partnership units ("LTIP units"), LTIP Class A units and LTIP Clas

On February 18, 2021, the Board of Trustees granted 600,097 LTIP Class B units to executive officers of the Company. These LTIP units will vest ratably on January 1, 2023, 202

On February 17, 2023, the Board of Trustees granted 131,276 LTIP Class B units to its executive officers. These LTIP units will vest ratably on January 1, 2024, 2025 and 2026, c

As of December 31, 2023, the Operating Partnership had 858,484 LTIP units outstanding, of which 277,136 LTIP units have vested. As of December 31, 2022 and 2021., the Ope

for redemption as described above.

Non-controlling Interest of Preferred Units in Operating Partnership

On May 11, 2022, in connection with the acquisition of Inn on Fifth, in Naples, Florida, the Company issued 3,104,400 preferred units in the Operating Partnership, designated as Units are entitled to receive quarterly distributions at an annual rate of 6.0% of the liquidation preference value of \$25.00 per share.

At any time, holders of Series Z Preferred Units may elect to convert some or all of their units into any other series of the Operating Partnership's preferred units outstanding at the anniversary of their issuance, the Company may redeem the Series Z Preferred Units for cash, common shares having an equivalent value or preferred shares on a one-for-one basis

As of **December 31, 2022** December 31, 2023, the Operating Partnership had 3,104,400 Series Z Preferred Units outstanding.

Note 8. Share-Based Compensation Plan

Available Shares

The Company maintains the 2009 Equity Incentive Plan, as amended and restated (as amended, the "Plan"), to attract and retain independent trustees, executive officers and other Trustees, generally over three to five years. The Company pays or accrues for dividends on share-based awards. All **outstanding** share awards are subject to full or partial accelerated

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As of **December 31, 2022** December 31, 2023, there were **1,718,248** 1,499,388 common shares available for issuance under the Plan.

Service Condition Share Awards

From time to time, the Company awards restricted common shares under the Plan to members of the Board of Trustees, officers and employees. These shares generally vest over

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The following table provides a summary of service condition restricted share activity as of December 31, 2022: **for the years ended December 31, 2023, 2022 and 2021:**

			Weighted- Average Grant Date
	Shares		Fair Value
Unvested at January			
1, 2020	149,179	\$	33.37
Granted	390,242	\$	23.62
Vested	(72,824)	\$	33.13
Forfeited	(6,787)	\$	27.68
Cancelled	(217,083)	\$	25.53
Unvested at			
December 31, 2020	242,727	\$	24.94

Shares		Shares	
Unvested			
at			
January			
1, 2021			
Granted	Granted	415,531	\$ 22.69
Vested	Vested	(81,591)	\$ 30.41
Forfeited	Forfeited	(9,236)	\$ 23.37

Unvested	Unvested			
at	at			
December	December			
31, 2021	31, 2021	567,431	\$	22.53
Granted	Granted	143,795	\$	21.72
Vested	Vested	(107,303)	\$	26.23
Forfeited	Forfeited	(36,606)	\$	22.80
Unvested	Unvested			
at	at			
December	December			
31, 2022	31, 2022	567,317	\$	21.60
Granted				
Vested				
Forfeited				
Unvested				
at				
December				
31, 2023				

The fair value of each of these service condition restricted share awards is determined based on the closing price of the Company's common shares on the grant date and compe

For the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020**, **2021**, the Company recognized approximately **\$3.8 million** **\$3.5 million**, **\$4.1 million** **\$3.8 million** unrecognized share-based compensation expense related to unvested restricted shares. The unrecognized share-based compensation expense is expected to be recognized over th

Performance-Based Equity Awards

On February 15, 2017, the Board of Trustees approved a target award of 81,939 performance-based equity awards to officers and employees of the Company. In January 2020, t January 1, 2017 through December 31, 2019.

On February 14, 2018, the Board of Trustees approved a target award of 78,918 performance-based equity awards to officers and employees of the Company. In January 2021, r through December 31, 2020.

On February 13, 2019, the Board of Trustees approved a target award of 126,891 performance-based equity awards to officers and employees of the Company. In January 2022, through December 31, 2021.

On February 12, 2020, the Board of Trustees approved a target award of 161,777 performance-based equity awards to officers and employees of the Company. These **In January** the **two** performance criteria defined in the award agreements for the period of performance from January 1, 2020 through December 31, 2022.

On February 18, 2021, the Board of Trustees approved a target award of 189,348 performance-based equity awards to officers and employees of the Company. These awards wi December 31, 2023.

On May 16, 2022, the Board of Trustees approved a target award of 175,898 performance-based equity awards to officers and employees of the Company. These awards will ves December 31, 2024.

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On February 17, 2023, the Board of Trustees approved a target award of 314,235 performance-based equity awards to officers and employees of the Company. These awards wi **December 31, 2025**.

The grant date fair value of the performance awards, with market conditions, were determined using a Monte Carlo simulation method with the following assumptions (dollars in m

		Grant Date						
Performance	Performance	Percentage	Fair Value					
Award Grant	Award Grant	of Total	by		Interest	Dividend		
Date	Date	Award	Component	Volatility	Rate	Yield	Performance Award Grant Date	
February 15, 2017								
	Relative and							
	Absolute							
	Total							
	Shareholder	65.00% /						
	Return	35.00%	\$2.7	28.00%	1.27%	5.60%		
February 14, February 14,								
2018	2018							

	Relative and Absolute Total Shareholder Return	65.00% / 35.00%	\$3.5	28.00%	2.37%	4.70%
	Relative and Absolute Total Shareholder Return					
	Relative and Absolute Total Shareholder Return					
	Relative and Absolute Total Shareholder Return					
February 13, 2019	February 13, 2019					
	Relative and Absolute Total Shareholder Return	65.00% / 35.00%	\$4.5	26.00%	2.52%	4.20%
February 13, 2019	February 13, 2019					
	Relative and Absolute Total Shareholder Return					
	Relative and Absolute Total Shareholder Return					
	Relative and Absolute Total Shareholder Return					
February 12, 2020	February 12, 2020					
	Relative Total Shareholder Return	100.00%	\$4.9	23.40%	1.41%	—%
February 12, 2020	February 12, 2020					
	Relative Total Shareholder Return					

Relative							
Total							
Shareholder							
Return							
Relative							
Total							
Shareholder							
Return							
February 18, 2021	February 18, 2021						
Relative							
Total							
Shareholder							
Return	100.00%	\$6.0	56.00%	0.19%	—%		
February 18, 2021	February 18, 2021						
Relative							
Total							
Shareholder							
Return							
Relative							
Total							
Shareholder							
Return							
Relative							
Total							
Shareholder							
Return							
May 16, 2022	May 16, 2022						
May 16, 2022	May 16, 2022						
May 16, 2022	May 16, 2022						
Relative							
Total							
Shareholder							
Return							
Relative							
Total							
Shareholder							
Return							
Relative							
Total							
Shareholder							
Return							
Relative							
Total							
Shareholder							
Return	100.00%	\$5.3	58.70%	2.72%	—%		
February 17, 2023	February 17, 2023						
February 17, 2023	February 17, 2023						
February 17, 2023	February 17, 2023						
Relative and							
Absolute							
Total							
Shareholder							
Return							

Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series D Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series E Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series F Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series G Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series H Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Of the common distribution declared on December 16, 2019 and paid on January 15, 2020, \$0.3800 was treated as a 2019 distribution for tax purposes. The preferred share distr	
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Common Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series C Preferred Shares:	

Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series D Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series E Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series F Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series G Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$
Series H Preferred Shares:	
Ordinary non-qualified income	\$
Qualified dividend	
Capital gain	
Return of capital	
Total	\$

Of the common distribution declared on December 15, 2020 and paid on January 15, 2021, \$0.0100 was treated as a 2021 distribution for tax purposes. The preferred share distributions were treated as 2021 distributions for tax purposes.

The common and preferred distributions declared on December 15, 2021 and paid on January 18, 2022 were treated as 2022 distributions for tax purposes.

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The common and preferred distributions declared on December 15, 2022 and paid on January 17, 2023 were treated as 2022 distributions for tax purposes.

The common and preferred distributions declared on December 15, 2023 and paid on January 16, 2024 will be treated as 2022 2023 distributions for tax purposes.

The Company's provision (benefit) for income taxes consists of the following (in thousands):

For the year ended December		
31,		
2022	2021	2020

For the year ended December
31,

2023		2023			2022
Federal	Federal				
Current					
Current					
Current	Current	\$ 253	\$ —	\$	(127)
Deferred	Deferred	—	—		(6,266)
State and local	State and local				
Current	Current	24	61		668
Current					
Current					
Deferred	Deferred	—	—		2,028
Income tax expense	Income tax expense				
(benefit)	(benefit)	\$ 277	\$ 61	\$	(3,697)
A reconciliation of the statutory federal tax expense (benefit) to the Company's income tax expense (benefit) is as follows (in thousands):					
For the year ended December 31,					
		2022	2021	2020	
For the year ended December 31,					
2023		2023		2022	
Statutory federal tax expense	Statutory federal tax expense				
(benefit)	(benefit)	\$ 17,906	\$ (38,251)	\$	(72,098)
State income tax expense	State income tax expense				
(benefit), net of federal tax expense	(benefit), net of federal tax expense				
(benefit)	(benefit)	4	(6,990)		(5,046)
REIT income not subject to tax	REIT income not subject to tax				
(17,402)	(17,402)	22,235	53,311		
Change in valuation allowance	Change in valuation allowance				
(495)	(495)	23,077	20,056		
Other	Other	264	(10)		80
Income tax expense	Income tax expense				
(benefit), net	(benefit), net	\$ 277	\$ 61	\$	(3,697)
The Company has provided a valuation allowance against its federal and state deferred tax asset at December 31, 2022 December 31, 2023 and 2021 2022 due to the uncertainty					
The significant components of the Company's deferred tax assets as of December 31, 2022 December 31, 2023 and 2021 2022 consisted of the following (in thousands):					

		December 31, 2022	December 31, 2021		
December 31, 2023				December 31, 2023	
Deferred Tax Assets:	Deferred Tax Assets:				
Net operating loss carryover	Net operating loss carryover				
Net operating loss carryover	Net operating loss carryover				
Net operating loss carryover	Net operating loss carryover				
Net operating loss carryover	Net operating loss carryover				
State taxes and other	State taxes and other	\$ 38,822	\$ 41,109		
Depreciation	Depreciation	193	418		
Total deferred tax asset before valuation allowance	Total deferred tax asset before valuation allowance	\$ 42,086	\$ 43,997		
Valuation allowance	Valuation allowance	(42,086)	(43,997)		
Deferred tax asset net of valuation allowance	Deferred tax asset net of valuation allowance	\$ —	\$ —		

As of **December 31, 2022**, **December 31, 2023** and **2021**, **2022**, the Company had no material unrecognized tax benefits. As a policy, the Company recognizes penalties and interest subject to examination by federal, state and local jurisdictions, where applicable. As of **December 31, 2022**, **December 31, 2023** and **2021**, **2022**, the statute of limitations remains open.

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Note 10. Earnings Per Share

The following is a reconciliation of basic and diluted earnings per common share (in thousands, except share and per-share data):

		For the year ended December 31,				
		2022	2021	2020	2023	
Numerator:	Numerator:					
Net income (loss) attributable to common shareholders	Net income (loss) attributable to common shareholders	\$ (124,059)	\$ (235,018)	\$ (424,285)		
Net income (loss) attributable to common shareholders	Net income (loss) attributable to common shareholders					
Less: dividends paid on unvested share-based compensation	Less: dividends paid on unvested share-based compensation	(45)	(47)	(8)		

Reserve Funds

Certain of the Company's agreements with its hotel managers, franchisors, ground lessors and lenders have provisions for the Company to provide funds, typically 4.0% of hotel r

Restricted Cash

At December 31, 2022 December 31, 2023 and 2021, 2022, the Company had \$11.2 million \$9.9 million and \$33.7 \$11.2 million, respectively, in restricted cash, which consisted o

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Hotel, Ground and Finance Leases

As of December 31, 2022 December 31, 2023, the following hotels were subject to leases as follows:

Lease Properties

- Restaurant at Southernmost Beach Resort
- Paradise Point Resort & Spa
- Hotel Monaco Washington DC
- Argonaut Hotel
- Hotel Zephyr Fisherman's Wharf
- Viceroy Santa Monica Hotel
- Estancia La Jolla Hotel & Spa
- San Diego Mission Bay Resort
- 1 Hotel San Francisco (formerly Hotel Vitale)
- Hyatt Regency Boston Harbor
- The Westin Copley Place, Boston
- The Liberty, a Luxury Collection Hotel, Boston
- Jekyll Island Club Resort and Restaurant
- Hotel Zelos San Francisco
- Hotel Palomar Los Angeles Beverly Hills
- Margaritaville Hollywood Beach Resort
- Hotel Zeppelin San Francisco
- Harbor Court Hotel San Francisco

- (1) The expiration date assumes the exercise of a 14-year extension option.
- (2) No payments are required through maturity.
- (3) The expiration date assumes the exercise of all 19 five-year extension options.
- (4) The expiration date assumes the exercise of a 30-year extension option.

The Company's leases may require minimum fixed rent payments, percentage rent payments based on a percentage of revenues in excess of certain thresholds or rent payments made to the hotel structures due to their status as national historic landmarks.

The Company records expense on a straight-line basis for leases that provide for minimum rental payments that increase in pre-established amounts over the remaining terms of

The components of ground rent expense for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 are as follows (in thousands):

		For the year ended		
		December 31,		
		2022	2021	2020
		For the year ended		
		December 31,		
		2023	2023	
		2022		
Fixed	Fixed			
ground	ground			
rent	rent	\$18,538	\$16,825	\$17,220
Variable	Variable			
ground	ground			
rent	rent	18,931	9,616	4,924
Total	Total			
ground	ground			
rent	rent	\$37,469	\$26,441	\$22,144

Future maturities of lease liabilities for the Company's operating leases at December 31, 2022 December 31, 2023 were as follows (in thousands):	
2023	
2024	2024
2025	2025
2026	2026
2027	2027
2028	
Thereafter	Thereafter
Total lease payments	Total lease payments
Less: Imputed interest	Less: Imputed interest
Present value of lease liabilities	Present value of lease liabilities

Litigation

The nature of the operations of hotels exposes the Company's hotels, the Company and the Operating Partnership to the risk of claims and litigation in the normal course of their

Note 12. Supplemental Information to Statements of Cash Flows

(in thousands)	
(in thousands)	
For the year ended December 31,	
	2023
Interest paid, net of capitalized interest	
Interest paid, net of capitalized interest	
Interest capitalized	
Income taxes paid (refunded)	
Non-Cash Investing and Financing Activities:	
Non-Cash Investing and Financing Activities:	
Convertible debt discount adjustment	
Convertible debt discount adjustment	
Convertible debt discount adjustment	
Distributions payable on common shares/units	

Distributions payable on preferred shares/units	Distributions payable on preferred shares/units	\$10,902	\$ 10,219	\$ 7,558	
Issuance of common shares for Board of Trustees compensation	Issuance of common shares for Board of Trustees compensation	\$ 738	\$ 516	\$ 637	
Issuance of common shares for executive and employee bonuses	Issuance of common shares for executive and employee bonuses	\$ —	\$ 1,446	\$ —	
Issuance of common shares for LTIP units redemption	Issuance of common shares for LTIP units redemption	\$ —	\$ —	\$ 2,831	
Issuance of common units in connection with hotel acquisition	Issuance of common units in connection with hotel acquisition	\$ 390	\$ —	\$ —	
Issuance of preferred units in connection with hotel acquisition	Issuance of preferred units in connection with hotel acquisition	\$77,610	\$ —	\$ —	
Accrued additions and improvements to hotel properties	Accrued additions and improvements to hotel properties	\$ (2,759)	\$ 3,110	\$ 9,164	
Right of use assets obtained in exchange for lease liabilities	Right of use assets obtained in exchange for lease liabilities	\$ 1,005	\$ 65,599	\$ —	
Write-off of fully depreciated building, furniture and equipment	Write-off of fully depreciated building, furniture and equipment	\$72,532	\$ —	\$ —	
Write-off of deferred financing costs	Write-off of deferred financing costs	\$19,595	\$ 6,574	\$ 1,979	

Write-off of fully depreciated building, furniture, fixtures and equipment

Write-off of fully depreciated building, furniture, fixtures and equipment

Write-off of fully amortized deferred financing costs

Mortgage loans assumed in connection with acquisition of hotel properties with acquisition of hotel properties

Below (above) market contracts assumed in connection with acquisition of hotel properties with acquisition of hotel properties

Note 13. Subsequent Events

The Company repurchased an aggregate of 897,565 318,269 of its common shares at an average price of \$14.49 \$15.71 per share subsequent to December 31, 2022 December

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As of December 31, 2023		(in thousands)	
		Initial Costs	Gross Amount at End of Year
		Initial Costs	
		Initial Costs	
		Initial Costs	
Description			
Description			

		Cost Capitalized															Encumbrances	Land	
		Furniture, Subsequent Fixtures to																	
		Furniture, Subsequent Fixtures to																	
		Furniture, Subsequent Fixtures to																	
Description	Description	Encumbrances	Land	Improvements	Equipment	(1)	Land	Improvements	Equipment	Total	Depreciation	Value	Construction	Acquisition	Depreciation	Life		Encumbrances	Land
Hotel Monaco Washington DC	Hotel Monaco Washington DC	\$ —	\$ —	\$ 60,630	\$ 2,441	\$ 23,027	\$ —	\$ 78,736	\$ 7,362	\$ 86,098	\$ 32,622	\$ 53,476	1839	9/9/2010	3-40 years	Hotel Monaco Washington DC	\$ —	\$ —	\$ —
Skamania Lodge	Skamania Lodge	—	7,130	44,987	3,523	34,944	11,494	69,612	9,478	90,584	27,668	62,916	1993	11/3/2010	3-40 years	Skamania Lodge	—	7,130	
Le Meridien Delfina Santa Monica	Le Meridien Delfina Santa Monica	—	18,784	81,580	2,295	15,180	18,784	95,308	3,747	117,839	34,056	83,783	1972	11/19/2010	3-40 years	Le Meridien Delfina Santa Monica	—	18,784	
Argonaut Hotel	Argonaut Hotel	—	—	79,492	4,247	2,688	—	84,010	2,417	86,427	28,101	58,326	1907	2/16/2011	3-40 years	Argonaut Hotel	—	—	
The Westin San Diego Gaslamp Quarter	The Westin San Diego Gaslamp Quarter	—	25,537	86,089	6,850	32,528	25,537	116,523	8,944	151,004	41,700	109,304	1987	4/6/2011	1-40 years	The Westin San Diego Gaslamp Quarter	—	25,537	
Hotel Monaco Seattle	Hotel Monaco Seattle	—	10,105	38,888	2,073	7,514	10,105	45,764	2,711	58,580	16,970	41,610	1969	4/7/2011	3-40 years				
Mondrian Los Angeles	Mondrian Los Angeles	—	20,306	110,283	6,091	24,533	20,306	129,252	11,655	161,213	47,505	113,708	1959	5/3/2011	3-40 years	Mondrian Los Angeles	—	20,306	
W Boston	W Boston	—	19,453	63,893	5,887	16,883	19,453	76,709	9,954	106,116	30,178	75,938	2009	6/8/2011	2-40 years	W Boston	—	19,453	
Hotel Zetta San Francisco	Hotel Zetta San Francisco	—	7,294	22,166	290	17,894	7,294	35,450	4,900	47,644	15,498	32,146	1913	4/4/2012	3-40 years	Hotel Zetta San Francisco	—	7,294	
Hotel Vintage Seattle	Hotel Vintage Seattle	—	8,170	23,557	706	8,986	8,170	29,941	3,308	41,419	12,577	28,842	1922	7/9/2012	3-40 years				
W Los Angeles - West Beverly Hills	W Los Angeles - West Beverly Hills	—	24,403	93,203	3,600	32,687	24,403	119,381	10,109	153,893	44,418	109,475	1969	8/23/2012	3-40 years	W Los Angeles - West Beverly Hills	—	24,403	
Hotel Zelos San Francisco	Hotel Zelos San Francisco	—	—	63,430	3,780	13,529	—	74,755	5,984	80,739	25,417	55,322	1907	10/25/2012	3-40 years	Hotel Zelos San Francisco	—	—	
Embassy Suites San Diego Bay - Downtown	Embassy Suites San Diego Bay - Downtown	—	20,103	90,162	6,881	36,771	20,103	117,926	15,888	153,917	45,514	108,403	1988	1/29/2013	3-40 years	Embassy Suites San Diego Bay - Downtown	—	20,103	
The Hotel Zags	The Hotel Zags	—	8,215	37,874	1,500	7,931	8,215	43,708	3,597	55,520	13,965	41,555	1962	8/28/2013	3-40 years	The Hotel Zags	—	8,215	
Hotel Zephyr Fisherman's Wharf	Hotel Zephyr Fisherman's Wharf	—	—	116,445	3,550	41,347	—	153,733	7,609	161,342	50,420	110,922	1964	12/9/2013	3-40 years	Hotel Zephyr Fisherman's Wharf	—	—	
Hotel Zeppelin San Francisco	Hotel Zeppelin San Francisco	—	12,561	43,665	1,094	37,500	12,561	76,157	6,102	94,820	29,240	65,580	1913	5/22/2014	1-45 years	Hotel Zeppelin San Francisco	—	12,561	

The Nines, a Luxury Collection Hotel, Portland	The Nines, a Luxury Collection Hotel, Portland	—	18,493	92,339	8,757	14,337	18,493	99,258	16,175	133,926	36,118	97,808	1909	7/17/2014	3-40 years	The Nines, a Luxury Collection Hotel, Portland	—	18,493
Hotel Colonnade Coral Gables, Autograph Collection		—	12,108	46,317	1,271	19,875	12,122	59,954	7,495	79,571	21,620	57,951	1989	11/12/2014	2-40 years			
Hotel Palomar Los Angeles Beverly Hills	Hotel Palomar Los Angeles Beverly Hills	—	—	90,675	1,500	15,021	—	100,652	6,544	107,196	27,713	79,483	1972	11/20/2014	3-40 years	Hotel Palomar Los Angeles Beverly Hills	—	—
Revere Hotel Boston Common	Revere Hotel Boston Common	—	41,857	207,817	10,596	(39,966)	17,367	184,069	18,868	220,304	59,579	160,725	1972	12/18/2014	3-40 years	Revere Hotel Boston Common	—	41,857
LaPlaya Beach Resort & Club	LaPlaya Beach Resort & Club	—	112,575	82,117	6,733	10,375	112,575	92,498	6,727	211,800	26,253	185,547	1968	5/21/2015	3-40 years	LaPlaya Beach Resort & Club	—	112,575
																1 Hotel San Francisco	—	
																Chaminade Resort & Spa	—	
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As of December 31, 2023																		
(in thousands)																		
Initial Costs			Gross Amount at End of Year															
Initial Costs																		
Initial Costs																		
Initial Costs																		
			Cost Capitalized															
			Furniture, Subsequent															
			Furniture, Subsequent															
			Year of															
Description	Description	Encumbrances	Land	Improvements	Equipment	(a)	Land	Improvements	Equipment	Total	Depreciation	Net Book Value	Original Construction	Date of Acquisition	Depreciation Life			
Hotel Zoe Fisherman's Wharf		—	29,125	90,323	2,500	16,987	29,125	105,221	4,589	138,935	26,339	112,596	1990	6/11/2015	2-40 years			
1 Hotel San Francisco		—	—	105,693	3,896	38,458	—	133,733	14,314	148,047	19,992	128,055	2005	11/30/2018	3-40 years			
Chaminade Resort & Spa		—	22,590	37,114	6,009	17,151	22,590	51,531	8,743	82,864	12,524	70,340	1985	11/30/2018	3-40 years			
Description																		
Description																		
Encumbrances																		

Harbor Court Hotel San Francisco	Harbor Court Hotel San Francisco	—	—	79,009	6,190	1,800	—	80,072	6,927	86,999	12,204	74,795	1926/1991	11/30/2018	3-40 years	Harbor Court Hotel San Francisco	—
Viceroy Santa Monica Hotel	Viceroy Santa Monica Hotel	—	—	91,442	5,257	16,460	—	103,005	10,154	113,159	17,793	95,366	1967/2002	11/30/2018	3-40 years	Viceroy Santa Monica Hotel	—
Le Parc Suite Hotel	Le Parc Suite Hotel	—	17,876	65,515	2,496	12,816	17,876	74,740	6,087	98,703	12,769	85,934	1970	11/30/2018	3-40 years	Le Parc Suite Hotel	—
Montrose West Hollywood	Montrose West Hollywood	—	16,842	58,729	6,499	2,616	16,842	59,981	7,863	84,686	10,558	74,128	1976	11/30/2018	3-40 years	Montrose West Hollywood	—
Chamberlain West Hollywood Hotel	Chamberlain West Hollywood Hotel	—	14,462	43,157	5,983	1,989	14,462	44,418	6,711	65,591	8,439	57,152	1970/2005	11/30/2018	3-40 years	Chamberlain West Hollywood Hotel	—
Hotel Ziggy	Hotel Ziggy	—	12,440	36,932	3,951	6,797	12,440	41,991	5,689	60,120	8,621	51,499	1954	11/30/2018	3-40 years	Hotel Ziggy	—
The Westin Copley Place, Boston	The Westin Copley Place, Boston	—	—	291,754	35,780	9,287	—	298,049	38,772	336,821	52,437	284,384	1983	11/30/2018	3-40 years	The Westin Copley Place, Boston	—
The Liberty, a Luxury Collection Hotel, Boston	The Liberty, a Luxury Collection Hotel, Boston	—	—	195,797	15,126	5,091	—	198,691	17,323	216,014	30,084	185,930	1851/2007	11/30/2018	3-40 years	The Liberty, a Luxury Collection Hotel, Boston	—
Hyatt Regency Boston Harbor	Hyatt Regency Boston Harbor	—	—	122,344	6,862	8,527	—	130,261	7,472	137,733	19,874	117,859	1993	11/30/2018	3-40 years	Hyatt Regency Boston Harbor	—
George Hotel	George Hotel	—	15,373	65,529	4,489	744	15,373	65,927	4,835	86,135	11,315	74,820	1928	11/30/2018	3-40 years	George Hotel	—
Viceroy Washington DC	Viceroy Washington DC	—	18,686	60,927	2,838	9,647	18,686	66,997	6,415	92,098	11,468	80,630	1962	11/30/2018	3-40 years	Viceroy Washington DC	—
Hotel Zena Washington DC	Hotel Zena Washington DC	—	19,035	60,402	2,066	28,568	19,035	85,209	5,827	110,071	12,701	97,370	1972	11/30/2018	3-40 years	Hotel Zena Washington DC	—
Paradise Point Resort & Spa	Paradise Point Resort & Spa	—	—	199,304	22,032	13,161	85	207,158	27,254	234,497	36,789	197,708	1962	11/30/2018	3-40 years	Paradise Point Resort & Spa	—
Hilton San Diego Gaslamp Quarter	Hilton San Diego Gaslamp Quarter	—	33,017	131,926	7,741	12,388	33,017	139,806	12,249	185,072	21,928	163,144	2000	11/30/2018	3-40 years	Hilton San Diego Gaslamp Quarter	—
Solamar Hotel	Solamar Hotel	—	—	74,768	8,830	37,713	23,472	82,569	15,270	121,311	16,016	105,295	2005	11/30/2018	3-40 years		—
Margaritaville Hotel San Diego Gaslamp Quarter	Margaritaville Hotel San Diego Gaslamp Quarter															Margaritaville Hotel San Diego Gaslamp Quarter	—
L'Auberge Del Mar	L'Auberge Del Mar	—	33,304	92,297	5,393	14,212	33,316	102,867	9,023	145,206	15,347	129,859	1989	11/30/2018	3-40 years	L'Auberge Del Mar	—
San Diego Mission Bay Resort	San Diego Mission Bay Resort	—	—	80,733	9,458	27,278	30	99,872	17,567	117,469	22,938	94,531	1962	11/30/2018	3-40 years	San Diego Mission Bay Resort	—

Inn on Fifth	Inn on Fifth	—	50,503	95,826	7,989	997	50,503	96,537	8,275	155,315	2,638	152,677	1960	5/11/2022	3-40 years	Inn on Fifth
Newport Harbor Island Resort	Newport Harbor Island Resort	—	43,287	118,227	12,817	1,011	43,287	118,790	13,265	175,342	3,048	172,294	1969	6/23/2022		3-40 years
			<u>\$ 220,985</u>	<u>\$908,295</u>	<u>\$4,787,504</u>	<u>\$348,408</u>	<u>\$685,174</u>	<u>\$909,462</u>	<u>\$5,296,003</u>	<u>\$523,916</u>	<u>\$6,729,381</u>	<u>\$1,180,434</u>	<u>\$5,548,947</u>			
			\$													
			=													

- (1) Disposals are reflected as reductions to cost capitalized subsequent to acquisition acquisition.
- (2) Encumbrance on Margaritaville Hollywood Beach Resort is presented at face value, which excludes an unamortized loan discount and deferred financing costs of \$1.6 million and \$0.3 million, respectively, \$2.1 million a
- (3) Encumbrance on Estancia La Jolla Hotel & Spa is presented at face value, which excludes unamortized deferred financing costs of \$0.1 million \$0.2 million at December 31, 2022 December 31, 2023.

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Reconciliation of Real Estate and Accumulated Depreciation:

Reconciliation of Real Estate:

Balance at December 31, 2019

Capital expenditures

Disposal of Assets

Other

Balance at December 31, 2020

Acquisitions

Capital expenditures

Disposal of Assets

Other

Balance at December 31, 2021

Acquisitions

Capital expenditures

Disposal of Assets

Other

Balance at December 31, 2022

Capital expenditures

Disposal of Assets

Other

Balance at December 31, 2023

Reconciliation of Accumulated Depreciation:

Balance at December 31, 2019

Depreciation

Disposal of Assets

Balance at December 31, 2020

Depreciation

Disposal of Assets

Balance at December 31, 2021

Depreciation

Disposal of Assets

Balance at December 31, 2022

Depreciation

Disposal of Assets

Balance at December 31, 2023

The aggregate cost of properties for federal income tax purposes is approximately \$6.4 billion \$6.0 billion as of December 31, 2022 December 31, 2023.

As of **December 31, 2022** **December 31, 2023**, Pebblebrook Hotel Trust, which is referred to herein is Pebblebrook, the Company, we, our or us, had five classes of securities

- (i) common shares of beneficial interest, \$0.01 par value per share, or common shares, of which there were **126,345,293** **120,191,349** outstanding, listed on the New York Stock Exchange;
- (ii) 6.375% Series E Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 par value per share, or the Series E Preferred Shares, of which there were 4,400,000 shares outstanding;
- (iii) 6.3% Series F Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 par value per share, or the Series F Preferred Shares, of which there were 6,000,000 shares outstanding;
- (iv) 6.375% Series G Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 par value per share, or the Series G Preferred Shares, of which there were 9,200,000 shares outstanding;
- (v) 5.70% Series H Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 par value per share, or the Series H Preferred Shares, of which there were **9,000,000** shares outstanding.

Although the following summary describes the material terms of our shares of beneficial interest, and each class or series thereof, it is not a complete description of the Maryland law, our bylaws, the MRL and the MGCL. We have incorporated by reference our declaration of trust and bylaws as exhibits to the Annual Report on Form 10-K with which this exhibit is filed.

All Classes and Series of Shares of Beneficial Interest

General

Our declaration of trust provides that we may issue up to 500,000,000 common shares and 100,000,000 preferred shares of beneficial interest, \$0.01 par value per share, or 100,000,000 shares of beneficial interest.

Under Maryland law, shareholders are not personally liable for the obligations of a real estate investment trust solely as a result of their status as shareholders.

The transfer agent, registrar and distribution disbursement agent for each class or series of our outstanding shares of beneficial interest is Equiniti Trust Company.

Restrictions on Ownership and Transfer

For us to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, our shares of beneficial interest must be beneficially owned by 100 or more persons. If more than 100 persons own our shares, they must be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an annual report is required to be filed).

Our declaration of trust, subject to certain exceptions, contains restrictions on the ownership and transfer of our shares that are intended to assist us in complying with these requirements. If we are unable to comply with these requirements, we may be required to terminate our operations as a REIT.

Our declaration of trust also prohibits any person from (i) beneficially owning shares of beneficial interest to the extent that such beneficial ownership would result in our being beneficially owned by less than 100 persons (determined under the principles of Section 856(a)(5) of the Code), (ii) beneficially or constructively owning our shares of beneficial interest to the extent that such beneficial or constructive ownership would result in our being beneficially owned by less than 100 persons (determined under the principles of Section 856(a)(5) of the Code), (iii) beneficially or constructively owning our shares of beneficial interest if such ownership or transfer would otherwise cause us to fail to qualify as a REIT under the Code, including, but not limited to, if such ownership or transfer would result in our being beneficially owned by less than 100 persons (determined under the principles of Section 856(a)(5) of the Code), or (iv) beneficially or constructively owning our shares of beneficial interest if such ownership or transfer would otherwise cause us to fail to qualify as a REIT under the Code, including, but not limited to, if such ownership or transfer would result in our being beneficially owned by less than 100 persons (determined under the principles of Section 856(a)(5) of the Code). The foregoing restrictions on ownership and transfer will not apply if our board of trustees determines that it is no longer in our best interests to attempt to qualify, or

Our board of trustees, in its sole discretion, may prospectively or retroactively exempt a person from certain of the limits described in the paragraph above and may establish such other limitations as it may deem appropriate. Our board of trustees may not grant such an exemption to any person if such exemption would result in our failing to qualify as a REIT. Our board of trustees may also, in its sole discretion, modify or waive any of the restrictions described in the paragraph above.

Any attempted transfer of our shares of beneficial interest which, if effective, would violate any of the restrictions described above will result in the number of shares causing the transfer to be void *ab initio*. In either case, the proposed transferee will not acquire any rights in such shares. The automatic transfer will be deemed to be a transfer of ownership of any shares held in the trust, will have no rights to dividends or other distributions and will have no rights to vote or other rights attributable to the shares held in the trust.

shares have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any distribution authorized but unpaid will be paid when due to the trustee. Any dividend (i) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action

Within 20 days of receiving notice from us that shares of beneficial interest have been transferred to the trust, the trustee will sell the shares to a person designated by the trust for the charitable beneficiary as follows. The proposed transferee will receive the lesser of (i) the price paid by the proposed transferee for the shares in the transaction that resulted in such transfer (the Market Price of the shares on the trading day immediately preceding the day of the event causing the shares to be held in the trust and (ii) the price received by the proposed transferee and are owed by the proposed transferee to the trustee. Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If the shares that exceeds the amount he or she was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, shares of beneficial interest held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price paid by the proposed transferee for the shares in the transaction that resulted in such transfer (the Market Price of the shares on the trading day immediately preceding the day of the event causing the shares to be held in the trust) and (ii) the market price Market Price on the date we, or our designee, accept the offer, which we may reduce or increase at our discretion. If shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and the charitable beneficiary and any dividends or other distributions in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary.

If a transfer to a charitable trust, as described above, would be ineffective for any reason to prevent a violation of a restriction, the transfer that would have resulted in such violation shall be deemed to have been made to the charitable beneficiary.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our shares of beneficial interest, within 30 days of the date of the filing of this prospectus, shall provide us with such additional information as we may request in order to determine the effect, if any, of his or her beneficial ownership on our status as a REIT under the Code. We may request such information from time to time. We may also request such information from time to time to determine such compliance.

These ownership limitations could delay, defer or prevent a transaction or a change in control that might involve a premium price for our shares or otherwise be in the best interests of our shareholders.

Power to Increase Authorized Shares and Issue Additional Shares of Beneficial Interest

Our board of trustees has the power to amend our declaration of trust from time to time without shareholder approval to increase or decrease the aggregate number of authorized shares of beneficial interest, to issue such classified or reclassified shares. Subject to the limited rights of holders of the Series E Preferred Shares, Series F Preferred Shares, Series G Preferred Shares and Series H Preferred Shares, our board of trustees may take any further action by the shareholders, unless shareholder consent is required by applicable law or the rules of any shares exchange or automated quotation system on which the securities are listed.

Common Shares of Beneficial Interest

All outstanding common shares are duly authorized, fully paid and nonassessable and are listed on the NYSE under the symbol "PEB." Subject to the preferential rights of any series of shares, the common shares shall participate ratably in the assets of Pebblebrook legally available for distribution to its shareholders in liquidation.

Subject to the provisions of our declaration of trust regarding the restrictions on transfer of shares, and except as may be otherwise specified therein, with respect to any class of shares, the holders of common shares shall possess the exclusive voting power. There is no cumulative voting in the election of the board of trustees, which means that the holders of a majority of the outstanding common shares shall elect all members of the board of trustees.

Holders of common shares have no preference, conversion, exchange, sinking fund or redemption rights, have no preemptive rights to subscribe for any securities of Pebblebrook and are not entitled to exercise appraisal rights. Subject to the provisions of our declaration of trust regarding the restrictions on transfer of shares, the common shares will have equal rights with the preferred shares in the assets of Pebblebrook legally available for distribution to its shareholders in liquidation.

Under the MRL, a Maryland trust generally cannot dissolve, amend its declaration of trust, merge, convert, sell all or substantially all of its assets, engage in a share exchange or other transaction that would result in the termination of the trust (the votes entitled to be cast on the matter) is set forth in the real estate investment trust's declaration of trust. Except for certain amendments to their declaration of trust relating to the termination of the trust, the trust may not be amended without the approval of the shareholders. However, Maryland law permits a trust to transfer all or substantially all of its assets without the approval of the shareholders to one or more persons if all of the equity holders of the trust consent to the transfer.

Our declaration of trust authorizes our board of trustees to reclassify any unissued common shares into other classes or series of shares and to establish the number of shares of each class or series.

Preferred Shares of Beneficial Interest

6.375% Series E Cumulative Redeemable Preferred Shares of Beneficial Interest

General. The outstanding Series E Preferred Shares are validly issued, fully paid and nonassessable and are listed on the NYSE under the symbol "PEB-PE." Our board of Interest," terms that are defined in this section have such meanings in this section only.

Ranking. The Series E Preferred Shares will rank, with respect to distribution rights and rights upon our liquidation, dissolution or winding-up:

- senior to all classes or series of common shares, and to any other class or series of shares expressly designated as ranking junior to the Series E Preferred Shares;
- on parity with any class or series of shares expressly designated as ranking on parity with the Series E Preferred Shares, including the Series F Preferred Shares, the Series
- junior to any other class or series of shares expressly designated as ranking senior to the Series E Preferred Shares.

Distribution Rate and Payment Date. Holders of the Series E Preferred Shares will be entitled to receive cumulative cash distributions on the Series E Preferred Shares from annual amount of \$1.59375 per share). Distributions on the Series E Preferred Shares will accrue whether or not Pebblebrook has earnings, whether or not there are funds legally av

Liquidation Preference. In the event of a liquidation, dissolution or winding up, holders of the Series E Preferred Shares will have the right to receive \$25.00 per share, plus . The rights of holders of Series E Preferred Shares to receive their liquidation preference will be subject to the proportionate rights of any other class or series of shares ranking on par

Optional Redemption. The Series E Preferred Shares are redeemable at our option, in whole or in part at any time or from time to time, for cash at a redemption price of \$25.00 per share. If cash paid or an amount in cash sufficient for the payment thereof is set apart, no Series E Preferred Shares may be redeemed unless all outstanding Series E Preferred Shares are simulte basis. basis or by lot.

Special Optional Redemption. Upon the occurrence of a change of control (as defined in our declaration of trust), Pebblebrook may, at its option, redeem the Series E Preferred Shares. If Pebblebrook exercises any of its redemption rights relating to the Series E Preferred Shares (whether its optional redemption right or its special optional redemption right), the holders

No Maturity, Sinking Fund or Mandatory Redemption. The Series E Preferred Shares do not have a stated maturity date and Pebblebrook will not be required to redeem the Series E Preferred Shares. If holders exercise their conversion right, such holders decide to convert the Series E Preferred Shares into common shares. The Series E Preferred Shares are not subject to any sinking fund.

Voting Rights. Holders of the Series E Preferred Shares generally have no voting rights. However, if Pebblebrook is in arrears on distributions on the Series E Preferred Shares (whether such distributions are and are exercisable) will be entitled to vote at a special meeting called upon the written request of at least 10% of such holders or at the next annual meeting of shareholders and each holder declared authorized and a sum sufficient for the payment thereof set aside for payment. In addition, Pebblebrook may not make certain material and adverse changes to the terms of the Series E Preferred Shares together (such series voting separately as a single class).

Conversion. Upon the occurrence of a change of control, each holder of Series E Preferred Shares will have the right (unless, prior to the change of control conversion date or control conversion date, into a number of shares of common shares per Series E Preferred Share to be converted equal to the lesser of:

- the quotient obtained by dividing (i) the sum of (x) the \$25.00 liquidation preference per Series E Preferred Share to be converted, plus (y) the amount of any accrued and unpaid distributions in which case no additional amount for such accrued and unpaid distribution will be included in such sum), by (ii) the common share price (as defined below) (we refer to such quotient as the "Share Cap");
- 1.9372 (the "Share Cap");

subject, in each case, to provisions for the receipt of alternative consideration as described in our declaration of trust.

The common share price shall be (i) if the consideration to be received in the change of control by holders of common shares is solely cash, the amount of cash consideration divided by the number of common shares outstanding on the date of the change of control.

If, prior to the change of control conversion date, Pebblebrook has provided or provides a redemption notice, whether pursuant to its special optional redemption right in connection with the change of control conversion date, for redemption that have been tendered for conversion will be redeemed on the related date of redemption instead of converted on the change of control conversion date.

Except as provided above in connection with a change of control, the Series E Preferred Shares are not convertible into or exchangeable for any other securities or property.

Notwithstanding any other provision of the Series E Preferred Shares, no holder of the Series E Preferred Shares will be entitled to convert any Series E Preferred Shares into

6.3% Series F Cumulative Redeemable Preferred Shares of Beneficial Interest

Ranking. The Series F Preferred Shares will rank, with respect to distribution rights and rights upon our liquidation, dissolution or winding-up:

- senior to all classes or series of common shares, and to any other class or series of shares expressly designated as ranking junior to the Series F Preferred Shares;
- on parity with any class or series of shares expressly designated as ranking on parity with the Series F Preferred Shares, including the Series E Preferred Shares, the Series
- junior to any other class or series of shares expressly designated as ranking senior to the Series F Preferred Shares.

Optional Redemption. The Series F Preferred Shares may be redeemed at our option, in whole or in part at any time or from time to time, for cash at a redemption price of \$ paid or an amount in cash sufficient for the payment thereof is set apart, no Series F Preferred Shares may be redeemed unless all outstanding Series F Preferred Shares are simultaneously, basis, basis or by lot.

No Maturity, Sinking Fund or Mandatory Redemption. The Series F Preferred Shares do not have a stated maturity date and Pebblebrook will not be required to redeem the conversion right, such holders decide to convert the Series F Preferred Shares into common shares. The Series F Preferred Shares are not subject to any sinking fund.

Voting Rights. Holders of the Series F Preferred Shares generally have no voting rights. However, if Pebblebrook is in arrears on distributions on the Series F Preferred Shares (and are exercisable) will be entitled to vote at a special meeting called upon the written request of at least 10% of such holders or at the next annual meeting of shareholders and each declared **authorized** and a sum sufficient for the payment thereof set aside for payment. In addition, Pebblebrook may not make certain material and adverse changes to the terms of the Series F Preferred Shares (together **as a single class**).

Conversion. Upon the occurrence of a change of control, each holder of Series F Preferred Shares will have the right (unless, prior to the change of control conversion date control conversion date, into a number of shares of common shares per share of the Series F Preferred Shares to be converted equal to the lesser of:

- the quotient obtained by dividing (i) the sum of (x) the \$25.00 liquidation preference per Series F Preferred Share to be converted, plus (y) the amount of any accrued and unpaid dividends (in which case no additional amount for such accrued and unpaid distribution will be included in such sum), by (ii) the common share price (as defined below) (we refer to such quotient as the "Share Cap");
- 2.0649 (the "Share Cap");

subject, in each case, to provisions for the receipt of alternative consideration as described in our declaration of trust.

The common share price shall be (i) if the consideration to be received in the change of control by holders of common shares is solely cash, the amount of cash consideration divided by the number of common shares outstanding on the date of the change of control.

If, prior to the change of control conversion date, Pebblebrook has provided or provides a redemption notice, whether pursuant to its special optional redemption right in connection with the Series F Preferred Shares, for redemption that have been tendered for conversion will be redeemed on the related date of redemption instead of converted on the change of control conversion date.

Except as provided above in connection with a change of control, the Series F Preferred Shares are not convertible into or exchangeable for any other securities or property.

Restrictions on Ownership and Transfer. For information regarding restrictions on ownership and transfer of the Series F Preferred Shares, see "All Classes and Series of Securities" of our prospectus supplement dated July 1, 2024, and "Of trust."

Notwithstanding any other provision of the Series F Preferred Shares, no holder of the Series F Preferred Shares will be entitled to convert any Series F Preferred Shares into common shares.

6.375% Series G Cumulative Redeemable Preferred Shares

General. The outstanding Series G Preferred Shares are validly issued, fully paid and nonassessable and are listed on the NYSE under the symbol "PEB-PG." Our board of directors has the authority to issue additional Series G Preferred Shares. The term "Parity Preferred Shares" means the Series E Preferred Shares, the Series F Preferred Shares, the Series H Preferred Shares and any other of our future equity securities that we may later authorize or issue that by their terms are entitled to parity with the Series G Preferred Shares in the payment of distributions and the distribution of assets in the event of our liquidation, dissolution or winding up.

Ranking. The Series G Preferred Shares rank senior to our common shares and to any other of our future equity securities that we may later authorize or issue that by their terms are entitled to parity with the Series G Preferred Shares in the payment of distributions and the distribution of assets in the event of our liquidation, dissolution or winding up. The Series G Preferred Shares rank junior to any equity securities that we may later authorize or issue that by their terms are entitled to seniority over the Series G Preferred Shares. Any convertible debt securities that we may issue are not convertible into common shares or any other equity securities.

Distributions. Holders of the Series G Preferred Shares will be entitled to receive, when and as authorized by our board of trustees, out of assets legally available for the payment of distributions, cumulative from and including the original date of issuance and be payable quarterly in arrears on the 15th day of January, April, July and October of each year (or, if not on a business day, on the next business day following the applicable distribution payment date, which will be the first day of the calendar month in which the applicable distribution payment date falls, or such other date as our board of trustees may determine).

Our board of trustees will not authorize, and we will not pay, any distributions on the Series G Preferred Shares or set apart assets for the payment of distributions if the terms of our declaration of trust or the Series G Preferred Shares restrict or prohibit the payment or setting aside of assets is restricted or prohibited by law. We are and may in the future become a party to agreements that restrict or prevent the payment of distributions on the Series G Preferred Shares.

covenants requiring us to maintain specified levels of net worth or assets) or direct. We do not believe that these restrictions currently have any adverse impact on our ability to pay di

Notwithstanding the foregoing, distributions on the Series G Preferred Shares will accrue whether or not we have earnings, whether or not there are assets legally available for cumulative distributions as described above. All of our distributions on Series G Preferred Shares, including any capital gain distributions, will be credited to the previously accrued dis

We will not declare or pay any distributions, or set apart any assets for the payment of distributions (other than in common shares or other shares ranking junior to the Series G Preferred Shares) or any other shares that rank on a parity with or junior to the Series G Preferred Shares as to distributions or upon liquidation, unless we also have declared and either paid or set apart for redemption, purchase or other acquisition of shares under incentive, benefit or share purchase plans for officers, trustees or employees or others performing or providing similar servi

If we do not declare and either pay or set apart for payment the full cumulative distributions on the Series G Preferred Shares and all shares that rank on a parity with Series G Preferred Shares, we will not be deemed to have liquidated. In the event our assets are insufficient to pay the full cumulative distributions on those shares.

Liquidation Rights. In the event of our liquidation, dissolution or winding up, the holders of the Series G Preferred Shares will be entitled to be paid out of our assets legally available for payment. Holders of Series G Preferred Shares will be entitled to receive this liquidating distribution before we distribute any assets to holders of our common shares or any other shares. Written notice will be given to each holder of Series G Preferred Shares of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. At the time of our liquidation, substantially all of our property or business, or engage in a statutory share exchange, we will not be deemed to have liquidated. In the event our assets are insufficient to pay the full liquidating distribution otherwise received.

Redemption. We may not redeem the Series G Preferred Shares prior to May 13, 2026, except as described below under “— Special Optional Redemption” and “— Restriction on Redemption.” We will not make any redemption of Series G Preferred Shares until we have made all unpaid distributions to, but not including, the date of redemption. Unless full cumulative distributions on all Series G Preferred Shares shall have been or contemporaneously are authorized, the foregoing restriction does not prevent Pebblebrook from taking action necessary to preserve its status as a REIT.

We will give notice of redemption by mail to each holder of Series G Preferred Shares a Change of record of Control, we may, at our option, redeem the Series G Preferred Shares. If, prior to the Change of Control Conversion Date, we have provided or provide notice of redemption or any defect in the notice or in its mailing will not be cured

- the redemption date;
- the redemption price;
- the number of Series G Preferred Shares to be redeemed;
- which such notice of redemption relates will not have the place or places where the certificates for the conversion right described below under “— Conversion Rights” and such other information as may be required by law;
- that distributions on the Series G Preferred Shares to will instead be redeemed will cease to accrue on in accordance with such redemption date. notice.

If we redeem fewer than all of the Series G Preferred Shares, the notice of redemption mailed to each shareholder will also specify the number of Series G Preferred Shares to be redeemed.

If we have given a notice of redemption and have set apart sufficient assets for the redemption in trust for the benefit of the holders of the Series G Preferred Shares called for redemption, the Series G Preferred Shares will retain their right to receive the redemption price for their shares and any accrued and unpaid distributions to, but not including, the redemption date.

The holders of Series G Preferred Shares at the close of business on a distribution record date will be entitled to receive the distribution payable with respect to the Series G Preferred Shares not in arrears, on Series G Preferred Shares to be redeemed.

The Series G Preferred Shares have no stated maturity and will not be subject to any sinking fund or mandatory redemption provisions, except as provided under “— Restriction on Redemption.”

Subject to applicable law, we may purchase Series G Preferred Shares in the open market, by tender or by private agreement. We are permitted to return any Series G Preferred Shares to the issuer.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, redeem the Series G Preferred Shares, in whole or in part and within 120 days after the date of the Change of Control. With respect to the Series G Preferred Shares (whether pursuant to our optional redemption right or our special optional redemption right), the holders of Series G Preferred Shares to be redeemed will be entitled to receive the redemption price for their shares and any accrued and unpaid distributions to, but not including, the redemption date.

We will mail to you, if you are a record holder of Series G Preferred Shares, a notice of redemption no fewer than 30 days nor more than 60 days before the redemption date. If the notice is defective or not given. Each notice will state the following:

- the redemption date;
- the redemption price;
- the number of Series G Preferred Shares to be redeemed;
- the place or places where the certificates for the Series G Preferred Shares are to be surrendered for payment, to the extent such shares are certificated;
- that the Series G Preferred Shares are being redeemed pursuant to our special optional redemption right in connection with the occurrence of a Change of Control and a brief description of the Change of Control.

- that the holders of the Series G Preferred Shares to which the notice relates will not be able to tender such Series G Preferred Shares for conversion in connection with the C
- that distributions on the Series G Preferred Shares to be redeemed will cease to accrue on such redemption date.

If we redeem fewer than all of the Series G Preferred Shares, the notice of redemption mailed to each shareholder will also specify the number of Series G Preferred Shares t

If we have given a notice of redemption and have set apart sufficient assets for the redemption in trust for the benefit of the holders of the Series G Preferred Shares called fo Preferred Shares will retain their right to receive the redemption price for their shares and any accrued and unpaid distributions to, but not including, the redemption date.

The holders of Series G Preferred Shares at the close of business on a distribution record date will be entitled to receive the distribution payable with respect to the Series G Preferred Shares not in arrears, on Series G Preferred Shares to be redeemed.

A "Change of Control" is when, after the original issuance of the Series G Preferred Shares, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, of 10% or more of the common shares of the Company, or the acquisition of such ownership by any person, including any syndicate or group, through the exercise of options, warrants, convertible securities or other rights (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or not);
- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or ADRs representing such securities) that are convertible into common securities of the Company.

Conversion Rights. Upon the occurrence of a Change of Control, each holder of Series G Preferred Shares will have the right, unless, prior to the Change of Control Conversion Right") on the Change of Control Conversion Date into a number of our common shares per Series G Preferred Share (the "Common Share Conversion Consideration") equal to

- the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid distributions to, but not including, the Change of Control Conversion Date and unpaid distribution will be included in this sum) by (ii) the Common Share Price; and
- 2.1231 (i.e., the Share Cap), subject to the adjustments described below.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common shares), subdivisions or combinations of our common shares (including any combination thereof) or any Share Split by (ii) a fraction, the numerator of which is the number of our common shares outstanding after giving effect to such Share Split and the denominator of which is the number of our common shares outstanding immediately prior to the effective time of the Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of our common shares (or equivalent Alternative Conversion Consideration) shall be adjusted for any Share Splits on the same basis as the corresponding adjustment to the Share Cap and for additional issuances of Series G Preferred Shares, if any.

In the case of a Change of Control pursuant to which our common shares will be converted into cash, securities or other property or assets (including any combination thereof), the number of common shares to be converted shall be the number of common shares that such holder held a number of our common shares equal to the Common Share Conversion Consideration immediately prior to the effective time of the Change of Control.

Whenever distributions on the Series G Preferred Shares are due but unpaid for six or more quarterly periods, whether or not consecutive (a "Preferred Distribution Default"), exercisable, will be entitled to vote for the election of two additional trustees to serve on our board of trustees (the "Preferred Shares Trustees") at a special meeting called by the board at an annual or special meeting of shareholders, and at each subsequent annual or special meeting of shareholders until all distributions accumulated on the Series G Preferred Shares for

If and when all accumulated distributions in arrears on the Series G Preferred Shares shall have been paid in full or authorized and declared and set apart for payment in full, for payment in full on all other classes or series of Parity Preferred Shares upon which like voting rights have been conferred and are exercisable, the term of office of each Preferred Shareholder shall be the voting rights set forth as described in this section (voting together as a single class with all other classes or series of Parity Preferred Shares upon which like voting rights have been conferred) and the holders of record of a majority of the outstanding Series G Preferred Shares when they have the voting rights set forth in this section (voting together as a single class with all other classes or series of Parity Preferred Shares upon which like voting rights have been conferred).

So long as any Series G Preferred Shares remain outstanding, we shall not, without the affirmative vote of the holders of at least two-thirds of the Series G Preferred Shares (or, if the Series G Preferred Shares are convertible into or evidencing the right to purchase any other class or series of Parity Preferred Shares, the right to purchase any such shares), reclassify any authorized shares of our company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, provided, however, that with respect to the occurrence of any event set forth in (ii) above, so long as (a) the Series G Preferred Shares remain outstanding with the terms thereof materially and adversely affect the rights, privileges or voting powers of the holders of the Series G Preferred Shares. In addition, any increase in the amount of authorized Series G Preferred Shares, or the winding up of our company, shall not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the Series G Preferred Shares.

In any matter in which the Series G Preferred Shares are entitled to vote, each Series G Preferred Share will be entitled to one vote. If the holders of Series G Preferred Shares have one vote for each \$25.00 of liquidation preference.

Information Rights. During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any Series G Preferred Shareholder is not required to file Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to the Exchange Act, the Series G Preferred Shares will be entitled to receive such reports within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.

Restrictions on Ownership and Transfer. For information regarding restrictions on ownership and transfer of the Series G Preferred Shares, see "All Classes and Series of Shares" in our Charter.

Notwithstanding any other provision of the Series G Preferred Shares, no holder of the Series G Preferred Shares will be entitled to convert any Series G Preferred Shares into any other class or series of Parity Preferred Shares.

Preemptive Rights. No holders of the Series G Preferred Shares shall, as the holders, have any preemptive rights to purchase or subscribe for our common shares or any other class or series of Parity Preferred Shares.

5.70% Series H Cumulative Redeemable Preferred Shares

General. The outstanding Series H Preferred Shares are validly issued, fully paid and nonassessable and are listed on the NYSE under the symbol "PEB-PH." Our board of directors may, from time to time, issue additional Series H Preferred Shares, and any such Series H Preferred Shares shall be entitled to the same rights and preferences as the Series H Preferred Shares then outstanding.

Ranking. The Series H Preferred Shares rank senior to our common shares and to any other of our future equity securities that we may later authorize or issue that by their terms are entitled to payment of distributions and the distribution of assets in the event of our liquidation, dissolution or winding up. The Series H Preferred Shares rank junior to any equity securities that we may later authorize or issue that by their terms are entitled to payment of distributions and the distribution of assets in the event of our liquidation, dissolution or winding up. Any convertible debt securities that we may issue are not entitled to payment of distributions and the distribution of assets in the event of our liquidation, dissolution or winding up.

Distributions. Holders of the Series H Preferred Shares will be entitled to receive, when and as authorized by our board of trustees, out of assets legally available for the payment of dividends, cumulative from and including the original date of issuance and be payable quarterly in arrears on the 15th day of January, April, July and October of each year (or, if not on a business day, the next business day thereafter).

Our board of trustees will not authorize, and we will not pay, any distributions on the Series H Preferred Shares or set apart assets for the payment of distributions if the terms payment or setting aside of assets is restricted or prohibited by law. We are and may in the future become a party to agreements that restrict or prevent the payment of distributions or covenants requiring us to maintain specified levels of net worth or assets) or direct. We do not believe that these restrictions currently have any adverse impact on our ability to pay di

[illegible]

If we do not declare and either pay or set apart for payment the full cumulative distributions on the Series H Preferred Shares and all shares that rank on a parity with Series H, we will pay or set apart for payment the full cumulative distributions on those shares.

Liquidation Rights. In the event of our liquidation, dissolution or winding up, the holders of the Series H Preferred Shares will be entitled to be paid out of our assets legally available for distribution in full before any assets are distributed to holders of our common shares or any other shares of the Company. Holders of Series H Preferred Shares will be entitled to receive this liquidating distribution before we distribute any assets to holders of our common shares or any other shares of the Company. Written notice will be given to each holder of Series H Preferred Shares of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the Series H Preferred Shares, if any, we will distribute the remaining assets, if any, to holders of our common shares or any other shares of the Company. If we are sold or otherwise disposed of, and we do not substantially all of our property or business, or engage in a statutory share exchange, we will not be deemed to have liquidated. In the event our assets are insufficient to pay the full liquidation amount, the holders of Series H Preferred Shares will not be entitled to any assets or other consideration, and the holders of our common shares or any other shares of the Company will be entitled to receive the assets or other consideration, if any, that we have or otherwise received.

Redemption. We may not redeem the Series H Preferred Shares prior to July 27, 2026, except as described below under “— Special Optional Redemption” and “— Restriction on Dividend Payments.” We may not make any dividend or other unpaid distributions to, but not including, the date of redemption. Unless full cumulative distributions on all Series H Preferred Shares shall have been or contemporaneously are authorized, the foregoing restriction does not prevent Pebblebrook from taking action necessary to preserve its status as a REIT.

We will give notice *Special Optional Redemption*. Upon the occurrence of redemption by mail to each holder, a Change of record of Control, we may, at our option, redeem the of redemption. If, prior to the Change of Control Conversion Date, we have provided or provide notice of redemption or any defect in with respect to the notice or in its mailing will not

- the redemption date;
- the redemption price;
- the number of holders of Series H Preferred Shares to be redeemed;
- which such notice of redemption relates will not have the place or places where the certificates for the conversion right described below under “— Conversion Rights” and such
- that distributions on the Series H Preferred Shares to will instead be redeemed will cease to accrue on in accordance with such redemption date, notice.

If we redeem fewer than all of the Series H Preferred Shares, the notice of redemption mailed to each shareholder will also specify the number of Series H Preferred Shares to

If we have given a notice of redemption and have set apart sufficient assets for the redemption in trust for the benefit of the holders of the Series H Preferred Shares called for redemption, the Series H Preferred Shares will retain their right to receive the redemption price for their shares and any accrued and unpaid distributions to, but not including, the redemption date.

The holders of Series H Preferred Shares at the close of business on a distribution record date will be entitled to receive the distribution payable with respect to the Series H Preferred Shares, not in arrears, on Series H Preferred Shares to be redeemed.

The Series H Preferred Shares have no stated maturity and will not be subject to any sinking fund or mandatory redemption provisions, except as provided under “— Restricti

Subject to applicable law, we may purchase Series H Preferred Shares in the open market, by tender or by private agreement. We are permitted to return any Series H Preferred

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, redeem the Series H Preferred Shares, in whole or in part on, or within 1 redemption with respect to the Series H Preferred Shares (whether pursuant to our optional redemption right or our special optional redemption right), the holders of Series H Preferred

We will mail to you, if you are a record holder of Series H Preferred Shares, a notice of redemption no fewer than 30 days nor more than 60 days before the redemption date. defective or not given. Each notice will state the following:

- the redemption date;
- the redemption price;

- the number of Series H Preferred Shares to be redeemed;
- the place or places where the certificates for the Series H Preferred Shares are to be surrendered for payment, to the extent such shares are certificated;
- that the Series H Preferred Shares are being redeemed pursuant to our special optional redemption right in connection with the occurrence of a Change of Control and a brief description of the Change of Control;
- that the holders of the Series H Preferred Shares to which the notice relates will not be able to tender such Series H Preferred Shares for conversion in connection with the Change of Control;
- that distributions on the Series H Preferred Shares to be redeemed will cease to accrue on such redemption date.

If we redeem fewer than all of the Series H Preferred Shares, the notice of redemption mailed to each shareholder will also specify the number of Series H Preferred Shares to be redeemed.

If we have given a notice of redemption and have set apart sufficient assets for the redemption in trust for the benefit of the holders of the Series H Preferred Shares called for redemption, the Series H Preferred Shares will retain their right to receive the redemption price for their shares and any accrued and unpaid distributions to, but not including, the redemption date.

The holders of Series H Preferred Shares at the close of business on a distribution record date will be entitled to receive the distribution payable with respect to the Series H Preferred Shares not in arrears, on Series H Preferred Shares to be redeemed.

A "Change of Control" is when, after the original issuance of the Series H Preferred Shares, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, of 10% or more of the total number of shares of our common stock, or
- the election of trustees (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or not), or
- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or ADRs representing such securities) that is listed on a national securities exchange.

Conversion Rights. Upon the occurrence of a Change of Control, each holder of Series H Preferred Shares will have the right, unless, prior to the Change of Control Conversion Date, we have elected to convert the Series H Preferred Shares into a number of our common shares per Series H Preferred Share (the "Common Share Conversion Consideration") equal to the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid distributions to, but not including, the Change of Control Conversion Date, by (ii) the Common Share Price; and

- the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid distributions to, but not including, the Change of Control Conversion Date, by (ii) the Common Share Price; and
- 2.2311 (i.e., the Share Cap), subject to the adjustments described below.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common shares), subdivisions or combinations of our common shares, or any reverse share split, or any Share Split by (i) a fraction, the numerator of which is the number of our common shares outstanding after giving effect to such Share Split and the denominator of which is the number of our common shares outstanding immediately prior to the Share Split;

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of our common shares (or equivalent Alternative Conversion Consideration) shall be adjusted for any Share Splits on the same basis as the corresponding adjustment to the Share Cap and for additional issuances of Series H Preferred Shares, if any.

In the case of a Change of Control pursuant to which our common shares will be converted into cash, securities or other property or assets (including any combination thereof), the holder of Series H Preferred Shares who, immediately prior to the effective time of the Change of Control, had such holder held a number of our common shares equal to the Common Share Conversion Consideration immediately prior to the effective time of the Change of Control shall be entitled to receive the cash, securities or other property or assets (including any combination thereof) in which our common shares are converted.

If the holders of our common shares have the opportunity to elect the form of consideration to be received in the Change of Control, the consideration that the holders of the S subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

We will not issue fractional common shares upon the conversion of the Series H Preferred Shares. Instead, we will pay the cash value of such fractional shares.

Within 15 days following the occurrence of a Change of Control, we will provide to holders of Series H Preferred Shares a notice of occurrence of the Change of Control that c

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of Series H Preferred Shares may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Share Price;
- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem all or any portion of the Series H Preferred Shares, the h
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per Series H Preferred Share;
- the name and address of the paying agent and the conversion agent; and
- the procedures that the holders of Series H Preferred Shares must follow to exercise the Change of Control Conversion Right.

We will issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are no day following any date on which we provide the notice described above to the holders of Series H Preferred Shares.

To exercise the Change of Control Conversion Right, a holder of Series H Preferred Shares will be required to deliver, on or before the close of business on the Change of Co

- the relevant Change of Control Conversion Date;
- the number of Series H Preferred Shares to be converted; and

- that the Series H Preferred Shares are to be converted pursuant to the applicable provisions of the Series H Preferred Shares.

The "Change of Control Conversion Date" is the date the Series H Preferred Shares are to be converted, which will be a business day that is no fewer than 20 days nor more

The "Common Share Price" will be: (i) the amount of cash consideration per common share, if the consideration to be received in the Change of Control by the holders of our Control by the holders of our common shares is other than solely cash.

Holders of Series H Preferred Shares may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal deliv

- the number of withdrawn Series H Preferred Shares;
- if certificated Series H Preferred Shares have been issued, the certificate numbers of the withdrawn Series H Preferred Shares; and
- the number of Series H Preferred Shares, if any, which remain subject to the conversion notice.

Notwithstanding the foregoing, if the Series H Preferred Shares are held in global form, the conversion notice and/or the notice of withdrawal, as applicable, must comply with

Series H Preferred Shares as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdr redeem such Series H Preferred Shares, whether pursuant to our optional redemption right or our special optional redemption right. If we elect to redeem Series H Preferred Shares t share, plus any accrued and unpaid distributions thereon to, but not including, the redemption date.

We will deliver amounts owing upon conversion no later than the third business day following the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all federal and state securities laws and stock exchange rules in connection w receipt of such common shares would cause such holder (or any other person) to exceed the share ownership limits contained in our declaration of trust unless we provide an exempt

These Change of Control conversion and redemption features may discourage a party from taking over our company or make it more difficult for a party to take over our company.

Except as provided above in connection with a Change of Control, the Series H Preferred Shares are not convertible into or exchangeable for any other securities or property.

Voting Rights. Holders of Series H Preferred Shares have no voting rights, except as set forth below.

Whenever distributions on the Series H Preferred Shares are due but unpaid for six or more quarterly periods, whether or not consecutive (a "Preferred Distribution Default"), exercisable, will be entitled to vote for the election of two additional trustees to serve on our board of trustees (the "Preferred Shares Trustees") at a special meeting called by the holder at an annual or special meeting of shareholders, and at each subsequent annual or special meeting of shareholders until all distributions accumulated on the Series H Preferred Shares for the six quarterly periods preceding the Preferred Distribution Default have been paid in full.

If and when all accumulated distributions in arrears on the Series H Preferred Shares shall have been paid in full, the holders of the Series H Preferred Shares shall be divested of all voting rights. If and when all accumulated distributions in arrears on the Series H Preferred Shares shall have been paid in full, the term of office of each Preferred Shares Trustee so elected shall terminate. Any Preferred Shares Trustee may be removed at any time by the affirmative vote of a majority of the holders of the Series H Preferred Shares (or any other classes or series of Parity Preferred Shares upon which like voting rights have been conferred and are exercisable). So long as a Preferred Distribution Default shall continue, a holder of Series H Preferred Shares shall vote together with the holders of the Series H Preferred Shares (or any other classes or series of Parity Preferred Shares upon which like voting rights have been conferred and are exercisable) as a single class with all other classes or series of Parity Preferred Shares upon which like voting rights have been conferred and are exercisable.

So long as any Series H Preferred Shares remain outstanding, we shall not, without the affirmative vote of the holders of at least two-thirds of the Series H Preferred Shares then outstanding, reclassify any authorized shares of our company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any shares of our company, or otherwise take any action that would, in any manner, materially and adversely affect the rights, privileges or voting powers of the holders of the Series H Preferred Shares. In addition, any increase in the amount of authorized Series H Preferred Shares, or any winding up of our company, shall not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the Series H Preferred Shares.

In any matter in which the Series H Preferred Shares are entitled to vote, each Series H Preferred Share will be entitled to one vote. If the holders of Series H Preferred Shares have one vote for each \$25.00 of liquidation preference.

Information Rights. During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any Series H Preferred Shares are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, we shall file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to Section 13 or 15(d) of the Exchange Act, our annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to Section 13 or 15(d) of the Exchange Act, within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.

Restrictions on Ownership and Transfer. For information regarding restrictions on ownership and transfer of the Series H Preferred Shares, see "All Classes and Series of Shares."

Notwithstanding any other provision of the Series H Preferred Shares, no holder of the Series H Preferred Shares will be entitled to convert any Series H Preferred Shares into common shares.

Preemptive Rights. No holders of the Series H Preferred Shares shall, as the holders, have any preemptive rights to purchase or subscribe for our common shares or any other securities.

Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws

Number of Trustees; Vacancies

Our declaration of trust and bylaws provide that the number of our trustees may be established, increased or decreased by our board of trustees but may not be less than the number of trustees required by the laws of the State of Maryland. In setting the terms of any class or series of shares of beneficial interest, any and all vacancies on our board of trustees may be filled only by the affirmative vote of a majority of the trustees then in office.

Each of our trustees will be elected by our shareholders to serve for a one-year term and until his or her successor is duly elected and qualified. A majority of all votes cast will constitute a majority of the trustees to be elected. The presence in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast at a meeting constitutes a quorum.

Removal of Trustees

Our declaration of trust provides that, subject to the rights of holders of any class or series of preferred shares, a trustee may be removed only for "cause," and then only by the affirmative vote of a majority of the holders of the Series H Preferred Shares.

Business Combinations

Under certain provisions of the MGCL applicable to Maryland real estate investment trusts, certain "business combinations," including a merger, consolidation, statutory share power of the real estate investment trust's outstanding voting shares or an affiliate or associate of the real estate investment trust who, at any time within the two-year period prior to the recent date on which the interested shareholder becomes an interested shareholder. Thereafter, any such business combination must be recommended by the board of trustees of such shares of beneficial interest in the real estate investment trust other than shares held by the interested shareholder with whom (or with whose affiliate) the business combination is to be made by the interested shareholder for its shares. Under the MGCL, a person is not an "interested shareholder" if the board of trustees approved in advance the transaction by which the person

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a board of trustees prior to the time that the interested shareholder

Pursuant to the statute, our board of trustees has by resolution exempted business combinations between us and any other person from these provisions of the MGCL, providing for business combinations. However, our board of trustees may repeal or modify this resolution at any time in the future, in which case the applicable provisions of this statute will become applicable to us.

Control Share Acquisitions

The MGCL provides that holders of "control shares" of a Maryland real estate investment trust acquired in a "control share acquisition" have no voting rights with respect to the exercise of the voting power of such shares in the election of trustees: (1) the acquirer, (2) an officer of the real estate investment trust or (3) an employee of the real estate investment trust of a revocable proxy), would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power:

- one-tenth or more but less than one-third,
- one-third or more but less than a majority, or
- a majority or more of all voting power.

Control shares do not include shares that the acquirer is then entitled to vote as a result of having previously obtained shareholder approval or shares acquired directly from the

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an announcement to present the question at any shareholders' meeting.

If voting rights are not approved at the meeting or if the acquirer does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions in the case of shareholders at which the voting rights of such shares are considered and not approved or, if no such meeting is held, as of the date of the last control share acquisition by the acquirer, the value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to (1) shares acquired directly from the Company, (2) shares acquired in a merger, consolidation, or share exchange if we

Our bylaws contain a provision exempting from the control share acquisition statute any acquisition by any person of our shares of beneficial interest. There is no assurance that

Proxy Access

Our bylaws permit a shareholder, or group of no more than 20 shareholders, owning at least 3% of our outstanding common shares continuously for at least the prior three years to present a nominee for election to our office as of the last day on which notice of a nomination may be delivered pursuant to our bylaws, or if such amount is not a whole number, the closest whole number below 20%. The

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland real estate investment trust with a class of equity securities registered under the Securities Exchange Act of 1934 (as amended)

- a classified board;
- a two-thirds vote requirement for removing a trustee;
- a requirement that the number of trustees be fixed only by vote of the trustees;
- a requirement that a vacancy on the board be filled only by the remaining trustees and, if the board is classified, for the remainder of the full term of the class of trustees in which the vacancy occurs;
- a majority requirement for the calling of a shareholder-requested special meeting of shareholders.

Pursuant to our declaration of trust, we have elected to be subject to the provision of Subtitle 8 that requires that vacancies on our board may be filled only by the remaining trustees. We have also elected, on the matter for the removal of any trustee from the board, which removal will be allowed only for cause, (2) vest in the board the exclusive power to fix the number of trusteeships and

Meetings of Shareholders

Pursuant to our declaration of trust and bylaws, a meeting of our shareholders for the purpose of the election of trustees and the transaction of any business will be held annu

Extraordinary Transactions

Under the MRL, a Maryland trust generally cannot dissolve, merge, convert, sell all or substantially all of its assets, engage in a statutory share exchange or engage in similar (less than a majority of all of the votes entitled to be cast on the matter) is set forth in the real estate investment trust's declaration of trust. Our declaration of trust provides that any of more persons if all of the equity interests of the person or persons are owned, directly or indirectly, by the trust. In addition, operating assets may be held by a trust's subsidiaries and

Amendment to Our Declaration of Trust and Bylaws

Under the MRL, a Maryland real estate investment trust generally cannot amend its declaration of trust unless advised by its board of trustees and approved by the affirmative

Except for certain amendments to their declaration of trust relating to the removal of trustees and the vote required for certain amendments, our declaration of trust provides that

Our board of trustees has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws except that our bylaws may be altered or repealed in accordance with our bylaws and who is, at the time such notice is delivered to us and as of such meeting, an Eligible Shareholder (as defined in our bylaws), and (b) any

Our Termination

Our declaration of trust provides for us to have a perpetual existence. Our termination must be approved by a majority of our entire board of trustees and the affirmative vote of

Advance Notice of Trustee Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of shareholders, nominations of individuals for election to our board of trustees at an annual meeting and the proposal of resolutions by shareholders entitled to vote at the annual meeting, at the time of giving of notice and at the time of the annual meeting (and any postponement or adjournment thereof), who is entitled to nominate or propose resolutions must be made no later than 5:00 p.m., Eastern Time, on the 120th day before the first anniversary of the date of our proxy statement for the preceding year's annual meeting.

With respect to special meetings of shareholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election at the record date set by the board of trustees for the purpose of determining shareholders entitled to vote at the special meeting, at the time of giving of notice provided for in our bylaws, must be received by our secretary not earlier than the 120th day prior to such special meeting or later than 5:00 p.m., Eastern Time, on the later of the 90th day before the special meeting or the

Exclusive Forum

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the federal district court for the District of Maryland, shall be the sole and exclusive forum for the resolution of all disputes between us and our shareholders, officers or other employees to us or to our shareholders, (c) any action asserting a claim against us or any of our present or former trustees, officers or other employees arising out of or from the securities of the Company, including any claim for damages or other relief, shall be brought in the federal district court for the District of Maryland.

Indemnification and Limitation of Trustees' and Officers' Liability

Maryland law permits a Maryland real estate investment trust to include in its declaration of trust a provision eliminating the liability of its trustees and officers to the real estate. Our declaration of trust limits the liability of our trustees and officers for monetary damages to the maximum extent permitted under Maryland law.

Maryland law permits a Maryland real estate investment trust to indemnify and advance expenses to its trustees and officers to the same extent as permitted for directors and he or she is made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate concealment; or
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Under the MGCL, a Maryland corporation may not indemnify a director or officer in a suit by or on behalf of the corporation in which the director or officer was adjudged liable though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification

In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon its receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; a
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined th

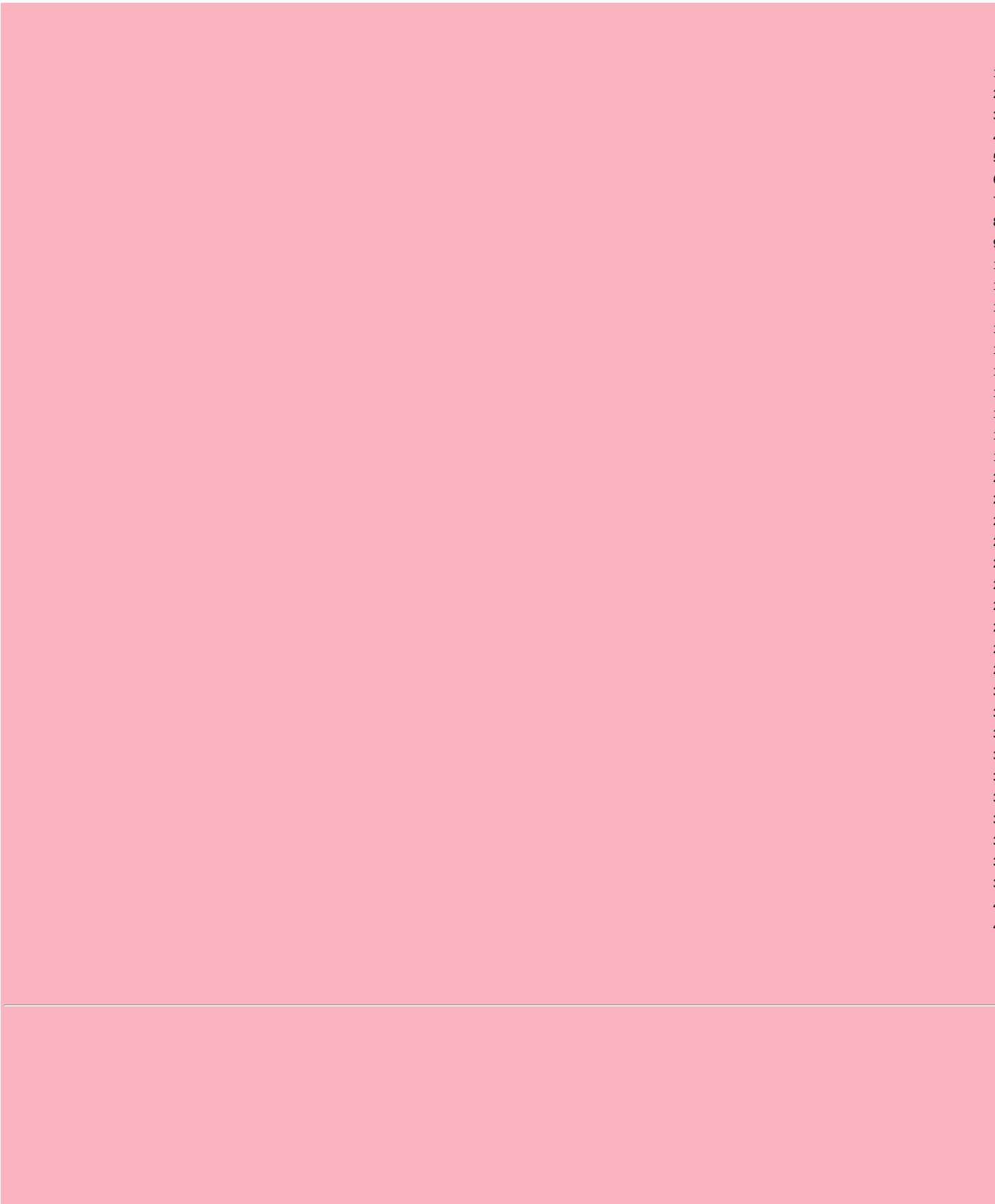
Our declaration of trust authorizes us to obligate ourselves and our bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indem

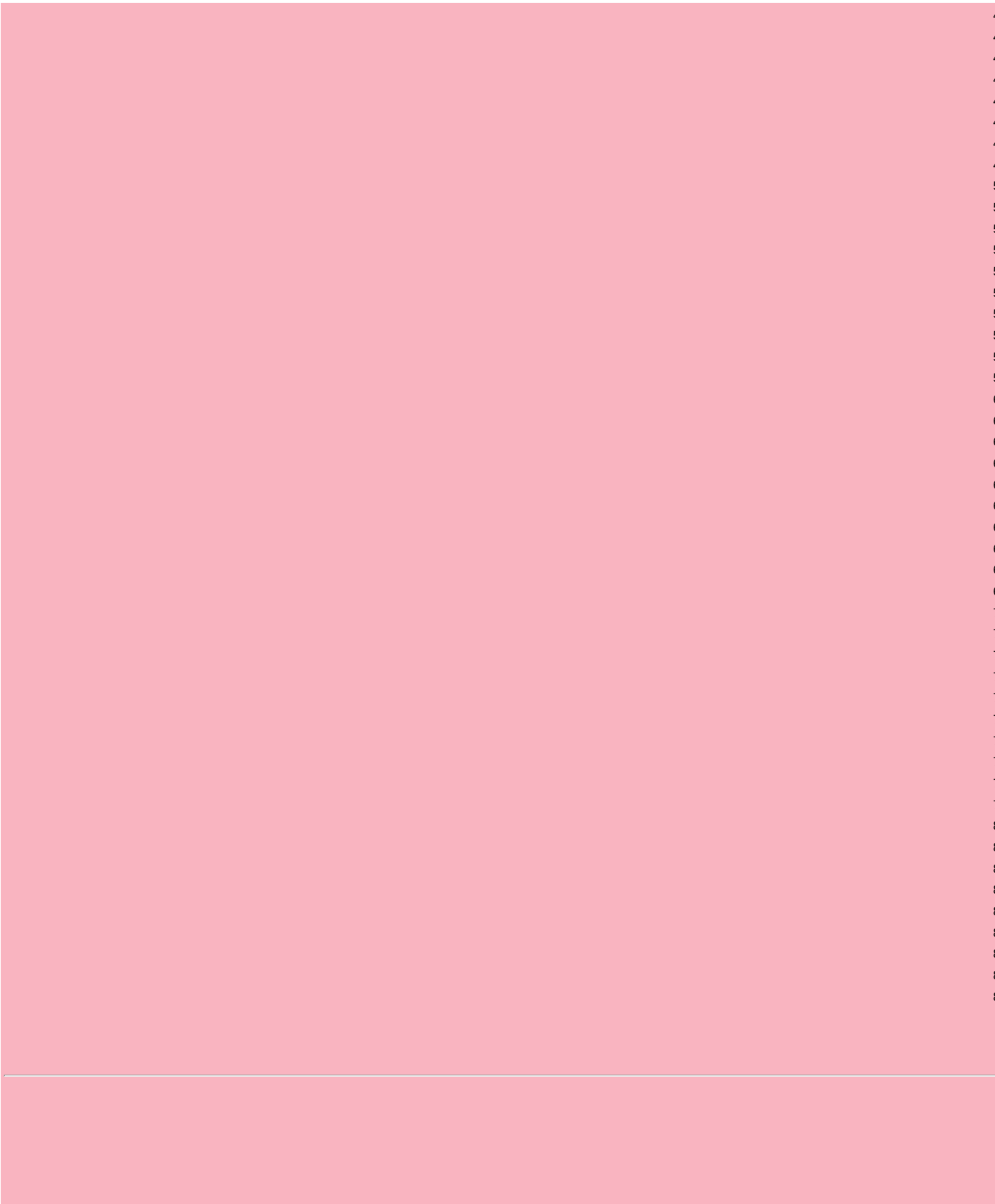
- present or former trustee or officer; or
- any individual who, while a trustee or officer of us and at our request, serves or has served as a trustee, director, officer, partner, member, manager, employee, or agent of a
- who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity from. Our declaration of trust and bylaws also

We have entered into indemnification agreements with each of our executive officers and trustees that provide for indemnification to the maximum extent permitted by Maryla

REIT Qualification

Our declaration of trust provides that our board of trustees may revoke or otherwise terminate our REIT election, without approval of our shareholders, if it determines that it is









We consent to the incorporation by reference in the registration statements (No. 333-236577) on Form S-3 and (Nos. 333-163628, 333-186324, 333-214345 and 333-256379) on Form S-3 of the consolidated financial statements of Pebblebrook Hotel Trust contained in the registration statements.

Our report dated February 21, 2023 February 21, 2024, on the consolidated financial statements refers to a change in the method of accounting for convertible instruments debt effect.

/s/ KPMG LLP

McLean, Virginia
February 21, 2023 2024

I, Jon E. Bortz, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pebblebrook Hotel Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made,
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, r

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15c-15) and I have designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that the registrant's disclosure controls and procedures are effective in ensuring that the registrant complies with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the SEC.
- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that the registrant complies with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the SEC.
- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance that the registrant's financial statements are prepared in accordance with GAAP.
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures.
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal year ending December 31, 2023).
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's audit committee, the registrant's board of directors, or the registrant's governing body, all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record and report its financial data in accordance with GAAP and any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record and report its financial data in accordance with GAAP.
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2023 2024

I, Raymond D. Martz, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pebblebrook Hotel Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods indicated in the report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15c-15) and I have designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that the registrant's disclosure controls and procedures are effective in ensuring that the registrant complies with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the SEC.
- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that the registrant complies with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the SEC.
- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance that the registrant's financial statements are prepared in accordance with GAAP.
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures.
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal year ending December 31, 2023).
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's audit committee, the registrant's board of directors, or the registrant's governing body, all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record and report its financial data in accordance with GAAP and any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record and report its financial data in accordance with GAAP.
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2023 2024

In connection with the Annual Report of Pebblebrook Hotel Trust (the "Company") on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023** as filed with the

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, **2023** **2024**

In connection with the Annual Report of Pebblebrook Hotel Trust (the "Company") on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023** as filed with the Securities Exchange Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, **2023** **2024**

Introduction

The board of trustees (the "**Board**") of Pebblebrook Hotel Trust (the "**Company**") believes that it is in the best interests of the Company to maintain a clawback policy for the recoupment of incentive-based compensation erroneously awarded to the Company's executive officers and all other employees whose award agreements require them to comply with and supplement, but not limit or constrain, any statutory or regulatory right or obligation of the Company to recover compensation from them (as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act).

1. Definitions. Capitalized terms in this Policy have the following meanings:

(a) **"Accounting Restatement"** means an accounting restatement required to be prepared by the Company due to the material noncompliance with the SEC's rules regarding the preparation of financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period; (ii) a retrospective revision to reportable segment information due to a change in the structure of the Company's internal organization; (iii) a reversal of reverse share splits, share dividends or other changes in capital structure.

(b) **"Committee"** means the Compensation Committee of the Board or, at the Board's sole discretion, the Board.

(c) **"Covered Individual"** is defined in Section 3 of this Policy.

(d) **"Erroneously Awarded Compensation"** means the amount of Incentive Compensation that was Received that exceeds the amount of Incentive Compensation that would have been Received by the Covered Individual or by the Company on the Covered Individual's behalf. For Incentive Compensation based on total shareholder return or Company's total shareholder return, the amount of Erroneously Awarded Compensation shall be based on a reasonable estimate by the Committee of the effect of the Accounting Restatement on the share price or total shareholder return upon which the Incentive Compensation was based.

(e) **"Financial Reporting Measures"** means (i) measures that are determined and presented in accordance with the accounting principles used in the preparation of the Company's financial statements made with the SEC), (ii) Company share price and (iii) Company total shareholder return.

(f) **"Incentive Compensation"** means a Covered Individual's cash bonus awarded under the Company's annual incentive plan and any equity-based compensation awarded under the Company's equity incentive plan.

(g) **"Look-Back Period"** means the three completed fiscal years immediately preceding the earlier of: (i) the date the Board, a committee of the Board or a duly authorized officer of the Company directs the Company to prepare an Accounting Restatement. In addition, if there is a change of control of the Company, the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

(h) **"NYSE"** means the New York Stock Exchange and any successor stock exchange or quotation system operated by the New York Stock Exchange.

(i) **"Manual"** means the NYSE Listed Company Manual.

(j) **"Received"** means the receipt of Incentive Compensation, which is deemed by this Policy to have occurred in the fiscal year during which the Incentive Compensation is awarded.

(k) **"SEC"** means the United States Securities and Exchange Commission.

2. Administration.

This Policy shall be administered by the Committee.

3. Covered Individuals.

This Policy applies to the Company's current and former executive officers (as determined by the Board in accordance with Section 10D of the Exchange Act) and any individual who is a Covered Individual at the time of the Accounting Restatement ("Covered Individual").

4. Recoupment; Accounting Restatement.

Subject to the terms of this Policy and the requirements of Section 303A.14 of the Manual, in the event the Company is required to prepare an Accounting Restatement, then the Company shall recoup the Incentive Compensation Received by the Covered Individual.

5. Committee Discretion.

The Committee may, in determining appropriate remedial action, take into account the financial cost of penalties or punishments imposed by third parties, such as law enforcement agencies or regulatory bodies.

6. Enforcement and Impracticability.

The Committee shall recover any Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Committee in accordance with the timeline within which the Covered Individual must respond, (ii) to the extent the Covered Individual does not intend to comply with such recoupment efforts, the Covered Individual disagrees with the Covered Individual's assertions, then the Committee must respond to the Covered Individual in writing detailing such reasons within the 15 business days from the

7. Method of Recoupment.

The Committee will determine, in its sole discretion, the method for recouping the Erroneously Awarded Compensation pursuant to this Policy, and subject to the requirement that establishing a deferred repayment plan or set-off against current or future compensation otherwise payable to the Covered Individual; cancelling outstanding vested or unvested equity

8. No Indemnification and No Reimbursement of Insurance Premiums.

The Company shall neither indemnify any Covered Individual against or for the loss of any Erroneously Awarded Compensation nor pay or reimburse any Covered Individual for the

9. Interpretation.

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. It is intended

10. Amendment; Termination.

The Committee, in its discretion, may at any time amend or amend and restate this Policy and shall suspend, amend or terminate this Policy as the Committee deems necessary.

11. Other Recoupment Rights.

The Board intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement or similar agreement of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any

12. Successors.

This Policy shall be binding and enforceable against each Covered Individual and each Covered Individual's beneficiaries, heirs, executors, administrators or other legal representatives

As amended and restated by the Board on July 20, 2023.

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