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Pebblebrook Hotel Trust
Form 10-Q
July 24, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2014

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 27-1055421
(State of Incorporation (I.R.S. Employer
or Organization) Identification No.)

2 Bethesda Metro Center, Suite 1530 20814
Bethesda, Maryland (Zip Code)
(Address of Principal Executive Offices)
(240) 507-1300
(Registrant’s telephone number, including area code)

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. R Yes “ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). R 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. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer “
Non-accelerated filer “ (do not check if a smaller reporting company) Smaller reporting company”

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 21, 2014
Common shares of beneficial interest (\$0.01 par value per share)	63,895,085

Pebblebrook Hotel Trust
TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements.	<u>3</u>
Consolidated Balance Sheets - June 30, 2014 (unaudited) and December 31, 2013	<u>3</u>
Consolidated Statements of Operations and Comprehensive Income (unaudited) - Three and six months ended June 30, 2014 and 2013	<u>4</u>
Consolidated Statements of Equity (unaudited) - Six months ended June 30, 2014 and 2013	<u>6</u>
Consolidated Statements of Cash Flows (unaudited) - Six months ended June 30, 2014 and 2013	<u>7</u>
Notes to Consolidated Financial Statements (unaudited)	<u>8</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.	<u>22</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	<u>30</u>
Item 4. Controls and Procedures.	<u>30</u>
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings.	<u>31</u>
Item 1A. Risk Factors.	<u>31</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.	<u>31</u>
Item 3. Defaults Upon Senior Securities.	<u>31</u>
Item 4. Mine Safety Disclosures.	<u>31</u>
Item 5. Other Information.	<u>31</u>
Item 6. Exhibits.	<u>31</u>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Pebblebrook Hotel Trust

Consolidated Balance Sheets

(In thousands, except share data)

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Investment in hotel properties, net	\$1,764,615	\$1,717,611
Investment in joint venture	258,334	260,304
Ground lease asset, net	23,403	19,217
Cash and cash equivalents	38,477	55,136
Restricted cash	15,274	16,482
Hotel receivables (net of allowance for doubtful accounts of \$158 and \$270, respectively)	23,227	16,850
Deferred financing costs, net	3,882	4,736
Prepaid expenses and other assets	33,372	26,595
Total assets	\$2,160,584	\$2,116,931
LIABILITIES AND EQUITY		
Senior unsecured revolving credit facility	\$36,000	\$—
Term loan	100,000	100,000
Mortgage debt (including mortgage loan premium of \$4,812 and \$5,888, respectively)	448,654	454,247
Accounts payable and accrued expenses	79,313	61,428
Advance deposits	10,347	8,432
Accrued interest	1,910	1,945
Distribution payable	20,674	15,795
Total liabilities	696,898	641,847
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred shares of beneficial interest, \$.01 par value (liquidation preference of \$325,000 and \$325,000 at June 30, 2014 and December 31, 2013), 100,000,000 shares authorized; 13,000,000 shares issued and outstanding at June 30, 2014 and 13,000,000 issued and outstanding at December 31, 2013	130	130
Common shares of beneficial interest, \$.01 par value, 500,000,000 shares authorized; 63,764,929 issued and outstanding at June 30, 2014 and 63,709,628 issued and outstanding at December 31, 2013	638	637
Additional paid-in capital	1,544,163	1,541,138
Accumulated other comprehensive income (loss)	508	1,086
Distributions in excess of retained earnings	(84,814)	(69,652)
Total shareholders' equity	1,460,625	1,473,339
Non-controlling interests	3,061	1,745
Total equity	1,463,686	1,475,084
Total liabilities and equity	\$2,160,584	\$2,116,931

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

Table of Contents

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

	For the three months ended June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Revenues:				
Room	\$102,384	\$83,400	\$185,953	\$150,539
Food and beverage	35,417	35,228	67,865	66,391
Other operating	9,653	7,673	19,348	14,285
Total revenues	147,454	126,301	273,166	231,215
Expenses:				
Hotel operating expenses:				
Room	24,859	20,847	47,754	39,705
Food and beverage	25,156	25,417	48,966	49,475
Other direct	3,654	3,449	7,125	6,725
Other indirect	36,343	31,412	70,759	60,264
Total hotel operating expenses	90,012	81,125	174,604	156,169
Depreciation and amortization	16,230	13,565	32,118	26,776
Real estate taxes, personal property taxes, property insurance, and ground rent	9,000	8,396	17,308	14,909
General and administrative	5,591	4,246	11,738	8,585
Hotel acquisition costs	236	241	521	