

LaSalle Hotel Properties
Form 425
September 19, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): September
17, 2018

PEBBLEBROOK HOTEL TRUST
(Exact name of registrant as specified in its charter)

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

7315 Wisconsin Avenue, 1100 West, Bethesda, Maryland	20814
_____ (Address of principal executive offices)	_____ (Zip Code)

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

Not Applicable
Former name or former address, if changed since last report

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

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

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

Emerging growth company

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

Item 1.01. Entry into a Material Definitive Agreement.

On September 18, 2018, Pebblebrook Hotel Trust (“Pebblebrook”), Pebblebrook Hotel, L.P. (“Parent OP”), Ping Merger Sub, LLC (“Merger Sub”), Ping Merger OP, LP (“Merger OP”), LaSalle Hotel Properties (“LaSalle”), LaSalle Hotel Operating Partnership, L.P. (“LaSalle OP”) entered into an amendment (“Amendment No. 1”) to the Agreement and Plan of Merger, dated as of September 6, 2018 (the “Merger Agreement”), by and among Pebblebrook, Pebblebrook OP, Merger Sub, Merger OP, LaSalle and LaSalle OP.

In connection with the execution of Amendment No. 1, Pebblebrook and LaSalle evaluated the number of common shares of beneficial interest, \$.01 par value per share, of LaSalle (“LaSalle Common Shares”) that could be earned and vested under LaSalle’s outstanding performance-based share award agreements and reviewed the severance payments that would be payable to senior officers of LaSalle upon completion of the mergers contemplated by the Merger Agreement. In connection therewith, Pebblebrook and LaSalle also reviewed a report prepared by consultants of LaSalle that provided a valuation of the non-compete agreements to which certain senior officers of LaSalle would be subject following termination of their employment with LaSalle upon completion of the mergers. On September 18, 2018 Mr. Michael D. Barnello, President and Chief Executive Officer of LaSalle, and Mr. Alfred L. Young, Jr., Executive Vice President and Chief Operating Officer of LaSalle, entered into side letter agreements with Pebblebrook pursuant to which Messrs. Barnello and Young accepted the valuation of their non-compete agreements which would result in a potential severance cost savings to the combined company following the mergers of approximately \$13 million to \$14 million. In consideration of the senior officers’ agreeing to accept the valuation report and in order to avoid uncertainty, Pebblebrook and LaSalle have agreed, and Amendment No. 1 provides, that, immediately prior to the company merger effective time, each of LaSalle’s outstanding performance awards, including those held by LaSalle’s executive officers, will automatically become earned and vested with respect to 180% of the target number of LaSalle Common Shares subject to such performance awards.

The foregoing summary is qualified in its entirety by reference to Amendment No. 1, a copy of which is filed as Exhibit 2.1 to this Current Report on Form 8-K and is hereby incorporated by reference herein.

Item 7.01. Regulation FD Disclosure.

On September 17, 2018, Pebblebrook issued a press release announcing that its Board of Trustees (the “Board”) has declared cash dividends per share of its common and preferred shares of beneficial interest.

On September 18, 2018, Pebblebrook and LaSalle issued a joint press release announcing that Pebblebrook has filed with the United States Securities and Exchange Commission (the “SEC”) a registration statement on Form S-4, which includes preliminary joint proxy statement/prospectus, in connection with the previously announced merger and other transactions contemplated by the Merger Agreement.

Copies of the press releases are furnished as Exhibits 99.1 and 99.2 to this Current Report on Form 8-K and are hereby incorporated by reference herein.

Item 8.01. Other Events.

On September 17, 2018, the Board declared a dividend of \$0.38 per share on Pebblebrook’s common shares of beneficial interest, \$0.01 par value per share (“Pebblebrook Common Shares”), for the quarter ending September 30, 2018 (the “Common Dividend”).

On September 17, 2018, the Board also declared a quarterly dividend of \$0.40625 per share on Pebblebrook’s 6.50% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 par value per share (“Series C Preferred Shares”), for the quarter ending September 30, 2018 (the “Series C Preferred Dividend”).

On September 17, 2018, the Board also declared a quarterly dividend of \$0.39844 per share on Pebblebrook’s 6.375% Series D Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 par value per share (“Series D Preferred Shares”), for the quarter ending September 30, 2018 (the “Series D Preferred Dividend”).

The Common Dividend is payable on October 15, 2018 to holders of record of Pebblebrook Common Shares as of the close of business on September 28, 2018 (the “Record Date”).

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The Series C Preferred Dividend is payable on October 15, 2018 to holders of record of Series C Preferred Shares as of the Record Date. The Series C Preferred Dividend represents a rate of 6.50% per annum of the \$25 per share liquidation preference (equivalent to \$1.625 per annum per share).

The Series D Preferred Dividend is payable on October 15, 2018 to holders of record of Series D Preferred Shares as of the Record Date. The Series D Preferred Dividend represents a rate of 6.375% per annum of the \$25 per share liquidation preference (equivalent to \$1.59375 per annum per share).

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
<u>2.1</u>	Amendment No.1 to the Agreement and Plan of Merger, by and among Pebblebrook Hotel Trust, Pebblebrook Hotel, L.P., Ping Merger Sub, LLC, Ping Merger OP, LP, LaSalle Hotel Properties and LaSalle Hotel Operating Partnership, L.P., dated as of September 18, 2018.
<u>99.1</u>	Press release, dated September 18, 2018, regarding the filing of a registration statement on Form S-4 (which includes a preliminary joint proxy statement/prospectus).
<u>99.2</u>	Press release, dated September 17, 2018, regarding the dividends declaration.

Additional Information about the Proposed Merger Transaction and Where to Find It

This communication relates to the proposed merger transaction pursuant to the terms of the Agreement and Plan of Merger, dated as of September 6, 2018, as amended on September 18, 2018, by and among Pebblebrook, the Operating Partnership, Merger Sub, Merger OP, LaSalle and LaSalle Hotel OP. In connection with the proposed merger transaction, on September 18, 2018 Pebblebrook filed with the SEC a registration statement on Form S-4 (which has not yet been declared effective) that includes a preliminary joint proxy statement of Pebblebrook and LaSalle that also constitutes a prospectus of Pebblebrook, which preliminary joint proxy statement/prospectus, after being filed in definitive form by Pebblebrook will be mailed or otherwise disseminated to Pebblebrook shareholders and LaSalle shareholders when it becomes available. Pebblebrook and LaSalle also plan to file other relevant documents with the SEC regarding the proposed merger transaction. **INVESTORS ARE URGED TO READ THE PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER TRANSACTION.** You may obtain a free copy of the preliminary joint proxy statement/prospectus and other relevant documents (if and when they become available) filed by Pebblebrook or LaSalle with the SEC at the SEC's website at www.sec.gov. Copies of the documents filed by Pebblebrook with the SEC will be available free of charge on Pebblebrook's website at www.pebblebrookhotels.com or by contacting Pebblebrook's Investor Relations at (240) 507-1330. Copies of the documents filed by LaSalle with the SEC will be available free of charge on LaSalle's website at www.lasallehotels.com or by contacting LaSalle's Investor Relations at (301) 941-1500.

Certain Information Regarding Participants

Pebblebrook and LaSalle and their respective trustees, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed merger transaction. You can find information about Pebblebrook's executive officers and trustees in Pebblebrook's definitive proxy statement filed with the SEC on April 27, 2018 in connection with Pebblebrook's 2018 annual meeting of shareholders. You can find information about LaSalle's executive officers and directors in LaSalle's definitive proxy statement filed with the SEC on July 30, 2018 in connection with its 2018 special meeting of shareholders. Additional information regarding the interests of such potential participants is included in the preliminary joint proxy statement/prospectus and will be included in other relevant documents filed with the SEC if and when they become available. You may obtain free copies of these documents from Pebblebrook or LaSalle using the sources indicated above.

No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended (the "Securities Act").

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this communication that are not in the present or past tense or that discuss the expectations of Pebblebrook and/or LaSalle are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. These forward looking statements, which are based on

current expectations, estimates and projections about the industry and markets in which Pebblebrook and LaSalle operate and beliefs of and assumptions made by Pebblebrook management and LaSalle management, involve uncertainties that could significantly affect the financial results of Pebblebrook or LaSalle or the combined company. Pebblebrook and LaSalle 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. Words such as “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project” and variations of such words and similar expressions are intended to identify such forward looking statements, which generally are not historical in nature. Such forward-looking statements may include, but are not limited to, statements about the anticipated benefits of the proposed merger transaction, including future financial and operating results, the attractiveness of the value to be received by LaSalle shareholders, the attractiveness of the value to be received by Pebblebrook and the combined company’s plans, objectives, expectations and intentions and descriptions relating to these expectations. Other forward-looking statements relate to the payment of the dividends set forth under Item 8.01 above.

All statements that address operating performance, events or developments that Pebblebrook and LaSalle expect or anticipate will occur in the future - including statements relating to expected synergies, improved liquidity and balance sheet strength - are forward looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although Pebblebrook and LaSalle believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, Pebblebrook and LaSalle can give no assurance that their expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) the outcome of any legal proceedings that may be instituted against the companies and others related to the proposed merger transaction, (ii) unanticipated difficulties or expenditures relating to the proposed merger transaction, the response of business partners and competitors to the announcement of the proposed merger transaction, and/or potential difficulties in employee retention as a result of the announcement and pendency of the proposed merger transaction, (iii) changes affecting the real estate industry and changes in financial markets, interest rates and foreign currency exchange rates, (iv) increased or unanticipated competition for the companies’ properties, (v) risks associated with the hotel industry, including competition for guests and meetings from other hotels and alternative lodging companies, increases in wages, energy costs and other operating costs, potential unionization or union disruption, actual or threatened terrorist attacks, any type of flu or disease-related pandemic and downturns in general and local economic conditions, (vi) the availability and terms of financing and capital and the general volatility of securities markets, (vii) the companies’ respective dependence on third-party managers of their respective hotels, including their inability to implement strategic business decisions directly, (viii) risks associated with the real estate industry, including environmental contamination and costs of complying with the Americans with Disabilities Act of 1990, as amended, and similar laws, (ix) the possible failure of the companies to maintain their respective qualifications as a REIT and the risk of changes in laws affecting REITs, (x) the possibility of uninsured losses, (xi) risks associated with redevelopment and repositioning projects, including delays and cost overruns, (xii) the risk of a material failure, inadequacy, interruption or security failure of the companies’ or their respective hotel managers’ information technology networks and systems, (xiii) risks associated with achieving expected revenue synergies or cost savings, (xiv) risks associated with the companies’ ability to consummate the proposed merger transaction and the timing of the closing of the proposed merger transaction, and (xv) those additional risks and factors discussed in reports filed with the SEC by Pebblebrook and LaSalle from time to time, including those discussed under the heading “Risk Factors” in their respective most recently filed reports on Forms 10-K and 10-Q. Neither Pebblebrook nor LaSalle undertakes any duty to update any forward-looking statements appearing in this document.

SIGNATURES

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

PEBBLEBROOK HOTEL TRUST

September 19, 2018 By: /s/ Raymond D. Martz

Name: Raymond D. Martz

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