

## News Release

### PEBBLEBROOK HOTEL TRUST ACQUIRES THE VICEROY MIAMI

**BETHESDA, MD, MAY 26, 2011** – Pebblebrook Hotel Trust (NYSE: PEB) (the “Company”) today announced that it has acquired the Viceroy Miami hotel for \$36.5 million. The 148-room, luxury, full-service hotel is located in downtown Miami, Florida, in the ICON Brickell complex. The property will continue to be managed by Viceroy Hotel Group (“Viceroy”).

“We are pleased to be acquiring the Viceroy Miami at an extremely attractive price and furthering the geographic diversification of our growing portfolio,” said Jon Bortz, Chairman and Chief Executive Officer of Pebblebrook Hotel Trust. “Miami has historically performed very well in recovery cycles and the distinctive quality and location of the Viceroy Miami creates a very strong investment opportunity for our company. The hotel benefits from its location within the ICON Brickell complex along Brickell Avenue, a high-end business district in Miami. This cosmopolitan area has redefined itself in recent years as the city’s work-play epicenter, with upscale residences, shops, restaurants, nightlife and entertainment, successfully creating a unique mix of corporate and leisure demand.”



The Miami metropolitan market has experienced unprecedented growth over the past two decades, benefitting from a healthy tourism industry that now attracts 38 million visitors annually from around the world, as well as the city’s strong connection to South America’s rapidly expanding business centers.

The Viceroy Miami is located along Brickell Avenue in Miami, Florida, in one of the three ICON Brickell towers overlooking the Miami skyline, Miami River and Biscayne Bay. The ICON Brickell is a ten-acre urban development that consists of three skyscraping towers, of which the North and South Towers include condominium residences, and the Viceroy Tower, which includes both condominiums and the Viceroy Miami hotel. Brickell Avenue is considered by many to be the “Wall Street of the South” and contains a large concentration of international financial institutions, along with some of the area’s most vibrant and prominent restaurants, nightlife and residences.

Recently constructed in 2009, the Viceroy Miami is a luxury hotel that features 148 stylishly appointed guest rooms designed by Kelly Wearstler. The hotel includes a unique array of amenities, including oversized guest rooms, each with its own convenience kitchen, flat screen HDTVs and Serra custom linens and robes, in addition to the three food and beverage outlets, full-service spa and distinctive meeting and event space.

The hotel’s three meal a day restaurant, Eos, offers a Mediterranean-inspired menu featuring bold flavors rooted in health and lightness and a decor combining classical lines with exotic finishes that create a “Miami-style” elegance. Cafe Icon, located in the south ICON Brickell tower, is a coffee and sandwich shop that provides service for hotel and residential guests. Club 50, sitting atop the 50-story Viceroy Tower, offers spectacular surrounding views of Miami and Biscayne Bay, as well as an Asian-inspired private pool and lounge area that provides a lighter-fare menu, innovative cocktails and quintessential Miami nightlife.

Hotel guests have access to the Spa at Viceroy Miami, which is located in the south ICON Brickell Tower. The Spa encompasses 28,000 square feet and includes a 5,000-square foot water lounge, 2,500-square foot state-of-the-art gym, juice bar, Redwood saunas and 10 spa treatment rooms. The hotel also offers over 4,000 square feet of meeting space spread across three rooms that provide views of the Miami River, Biscayne Bay and downtown Miami. In addition to the spa, guests also have access to the 15<sup>th</sup> floor two-acre outdoor park terrace that features a wading pool, thermal hot tub and Olympic-length lap and recreational infinity pool overlooking Biscayne Bay.

In 2010, during the early stage of ramp up from its prior year opening, the Viceroy Miami operated at 68% occupancy, with an ADR of \$183. During the next 12 months, the Company currently forecasts that the hotel will generate earnings before interest, taxes, depreciation and amortization (“EBITDA”) of \$2.4 to \$2.7 million and net operating income after capital reserves of \$1.7 to \$2.0 million.



The hotel will continue to be managed by the Viceroy Hotel Group, which has managed the hotel since its opening in 2009.

“We are delighted to be working with Pebblebrook Hotel Trust at the Viceroy Miami,” said Viceroy Hotel Group’s Brad Korzen. “The hotel continues to show excellent growth potential and we look forward to future success at the Viceroy Miami working closely with Pebblebrook Hotel Trust. This is the second property that Pebblebrook has acquired from our portfolio and we look forward to a continued great partnership.”

“We’re excited to further expand our relationship with the Viceroy Hotel Group through our acquisition of the Viceroy Miami. We’re confident that their operational expertise will continue to make the Viceroy Miami a sought after destination in the Miami marketplace,” continued Mr. Bortz.

The Company expects to incur approximately \$0.5 million of costs related to the acquisition of this hotel that will be expensed as incurred.

The Viceroy Miami marks the thirteenth acquisition for the Company, comprising over \$1.0 billion of invested capital since completing its initial public offering in December 2009.

The Company has previously announced a signed agreement to purchase one other hotel:

- \$89.5 million for the W Boston in Boston, Massachusetts.

Closing for this hotel is subject to customary closing requirements and conditions. Accordingly, the Company can give no assurance that the transaction will be consummated on the terms initially disclosed or at all.

#### **About Pebblebrook Hotel Trust**

Pebblebrook Hotel Trust is a publicly traded real estate investment trust (“REIT”) organized to opportunistically acquire and invest primarily in upper upscale, full-service hotels located in large urban and resort markets with an emphasis on the major coastal cities. The company owns 13 hotels, totaling 3,428 guest rooms, in six states and the District of Columbia, including 12 markets: Bethesda, Maryland; San Francisco, California; Buckhead, Georgia; Washington, DC; Minneapolis, Minnesota; Stevenson, Washington; Santa Monica, California; Philadelphia, Pennsylvania; San Diego, California; Seattle, Washington; West Hollywood, California; and Miami, Florida. For more information, please visit [www.pebblebrookhotels.com](http://www.pebblebrookhotels.com).

[Click here to visit the Viceroy Miami hotel website](#)

## About Viceroy Hotel Group

Viceroy Hotel Group delivers one-of-a-kind lifestyle experiences that bring together provocative design and intuitive service in sought-after locations. The current portfolio of managed properties includes two luxury brands, Viceroy and The Tides. Viceroy Hotels & Resorts exemplify a passion for authentic, visionary design and personalized service. Signature Viceroy amenities and services created for the brand’s diverse business and leisure guests include dynamic dining venues featuring world-class culinary talents and destination spas specializing in health, fitness and beauty. Current Viceroy properties include hotels and resorts in Santa Monica, Palm Springs, Miami, Anguilla and Snowmass, Colorado with forthcoming openings in Beverly Hills (in what is currently L’Ermitage Beverly Hills), the Maldives and Sowwah Island in Abu Dhabi. The Tides brand offers chic beachfront backdrops that inspire reconnection through cultural experiences delivered with style and spirit. Every Tides destination interprets indigenous cultural elements, expressed in each property’s décor, cuisine, and spa. The Tides collection includes hotels and resorts in Miami’s South Beach, Mexico’s Riviera Maya and Zihuatanejo, as well as upcoming developments on St. Lucia in the Caribbean, which is currently operating as Jalousie Plantation. The Urban Retreat Collection includes Avalon Hotel in Beverly Hills, Maison 140 in Beverly Hills, and Sheraton Delfina in Santa Monica.

[Click here to visit the Viceroy Hotel Group website](#)

*This press release contains certain “forward-looking” statements relating to, among other things, potential property acquisitions, hotel EBITDA, hotel net operating income after capital reserves, acquisitions costs and projected demand. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may,” “will,” “should,” “potential,” “intend,” “expect,” “seek,” “anticipate,” “estimate,” “approximately,” “believe,” “could,” “project,” “predict,” “forecast,” “continue,” “plan” or other similar words or expressions. Forward-looking statements are based on certain assumptions and can include future expectations, future plans and strategies, financial and operating projections or other forward-looking information. Examples of forward-looking statements include the following: projections of hotel-level EBITDA and net operating income after capital reserves; projections of acquisition costs; descriptions of the Company’s plans or objectives for future operations, acquisitions or services; forecasts of future economic performance and potential increases in average daily rate, occupancy and room demand; and descriptions of assumptions underlying or relating to any of the foregoing expectations regarding the timing of their occurrence. These forward-looking statements are subject to various risks and uncertainties, many of which are beyond the Company’s control, which could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, the state of the U.S. economy, supply and demand in the hotel industry and other factors as are described in greater detail in the Company’s filings with the Securities and Exchange Commission (“SEC”), including, without limitation, the Company’s Annual Report on Form 10-K for the year ended December 31, 2010. Unless legally required, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.*

*For further information about the Company’s business and financial results, please refer to the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors”*

sections of the Company's SEC filings, including, but not limited to, its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, copies of which may be obtained at the Investor Relations section of the Company's website at [www.pebblebrookhotels.com](http://www.pebblebrookhotels.com) and at [www.sec.gov](http://www.sec.gov).

All information in this release is as of May 26, 2011. The Company undertakes no duty to update the statements in this release to conform the statements to actual results or changes in the Company's expectations. The Company assumes no responsibility for the contents or accuracy of the information on any of the non-Company websites mentioned herein, which are included solely for ease of reference.

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For additional information or to receive press releases via email, please visit our website at [www.pebblebrookhotels.com](http://www.pebblebrookhotels.com)

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**Pebblebrook Hotel Trust**  
**Viceroy Miami**  
**Reconciliation of Hotel Net Income to Hotel EBITDA and Hotel Net Operating Income**  
**12-Month Forecast**  
*(Unaudited, in millions)*

	Range	
	Low	High
Hotel net income	\$1.2	\$1.5
Adjustment:		
Depreciation and amortization <sup>(1)</sup>	1.2	1.2
Hotel EBITDA	\$2.4	\$2.7
Adjustment:		
Capital reserve	(0.7)	(0.7)
Hotel Net Operating Income	\$1.7	\$2.0

(1) Depreciation and amortization has been estimated based on a preliminary purchase price allocation. A change, if any, in the allocation will affect the amount of depreciation and amortization and the resulting change may be material.

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

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

*The Company's presentation of the hotel's forecasted EBITDA and forecasted net operating income after capital reserves should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the hotel's financial performance. The table above is a reconciliation of the hotel's forecasted EBITDA and net operating income after capital reserves calculations to net income in accordance with GAAP.*

**Pebblebrook Hotel Trust**  
**Historical Hotel Pro Forma Operating Data**  
*(In thousands)*  
*(Unaudited)*

**Historical Operating Data**

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Full Year</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
Pro forma Occupancy	70.2%	79.5%	79.7%	70.6%	<b>75.0%</b>
Pro forma ADR	\$169.21	\$173.68	\$176.35	\$177.23	<b>\$174.21</b>
Pro forma RevPAR	\$117.15	\$136.68	\$139.22	\$123.56	<b>\$129.20</b>
Pro forma Hotel Revenues	\$61,483	\$71,053	\$71,223	\$67,648	<b>\$271,407</b>
Pro forma Hotel EBITDA	\$10,877	\$17,698	\$16,673	\$13,534	<b>\$58,782</b>
	<b>First Quarter</b>				
	<b>2011</b>				
Pro forma Occupancy	69.0%				
Pro forma ADR	\$183.50				
Pro forma RevPAR	\$125.15				
Pro forma Hotel Revenues	\$65,834				
Pro forma Hotel EBITDA	\$12,207				

*These historical hotel operating results include results from the hotels the Company owned as of May 26, 2011 including: DoubleTree by Hilton Bethesda-Washington DC, Sir Francis Drake, InterContinental Buckhead, Hotel Monaco Washington DC, Skamania Lodge, Sheraton Delfina, Sofitel Philadelphia, Argonaut Hotel, The Westin Gaslamp Quarter, Hotel Monaco Seattle, Mondrian Los Angeles and Viceroy Miami. This schedule excludes The Grand Hotel Minneapolis. These historical operating results include results for periods prior to the Company's ownership of the hotels. The Company expects to include historical operating results for The Grand Hotel Minneapolis after the Company has owned the hotel for one year.*

*The data above is not audited, has been presented only for comparison purposes and is subject to change.*

**Property Information:**

Acquisition Price: \$36.5M (\$247K per room)  
 Location: Miami, FL  
 Acquired: May 26, 2011  
 Rooms: 148  
 Type: Luxury, Full-Service  
 Built: 2009

**Historic Performance and Valuation:**

Estimated Discount to Replacement Cost (post-renovation): 50%  
 2010 Occupancy: 68%  
 2010 ADR: \$183  
 Forward 12-Month Cap Rate (Projected EBITDA)<sup>(1)</sup>: 7.2% - 8.1%  
 Forward 12-Month Cap Rate (Projected NOI)<sup>(1)</sup>: 5.1% - 6.0%

(1) Based on previously disclosed forecasted net operating income after capital reserves ("NOI") and previously disclosed forecasted hotel earnings before interest, taxes, depreciation and amortization ("EBITDA"). Forward cap rate is based on a \$33.5 million investment after accounting for the \$3.0 million capital contribution from the seller.

**Property Highlights:**

- 148 well-appointed guest rooms that include flat screen HDTVs, convenience kitchens and Sferra custom linens and robes designed by Kelly Wearstler.
- Exclusive downtown Miami ICON Brickell resort location.
- Club 50 is a 117-seat indoor/outdoor bar and lounge located on the 50<sup>th</sup> floor.
- Eos is a Mediterranean-inspired, three-meal-a-day restaurant with indoor/outdoor seating.
- Café Icon is a coffee and sandwich shop that provides service to the pool area.
- Spa at Viceroy Miami is a full-service, 28,000-SF spa featuring a 2,500-SF gym, 5,000-SF water lounge, 10 spa treatment rooms, juice bar and Redwood saunas.
- Over 4,000 SF of meeting space spread across three rooms with Miami River, Biscayne Bay and city views.
- Onsite valet and 40 onsite parking spaces dedicated to the hotel.



**Market Highlights:**

**Market Overview:**

- Miami's metro area is the 9<sup>th</sup> most populous in the U.S.
- The Miami Downtown-North market achieved a compounded annual RevPAR growth rate of 15.2% during the last recovery cycle from 2003 and 2007.
- In 2009, a UBS study of 73 world cities ranked Miami as the richest city in the United States and the fifth-richest in the world in terms of purchasing power.

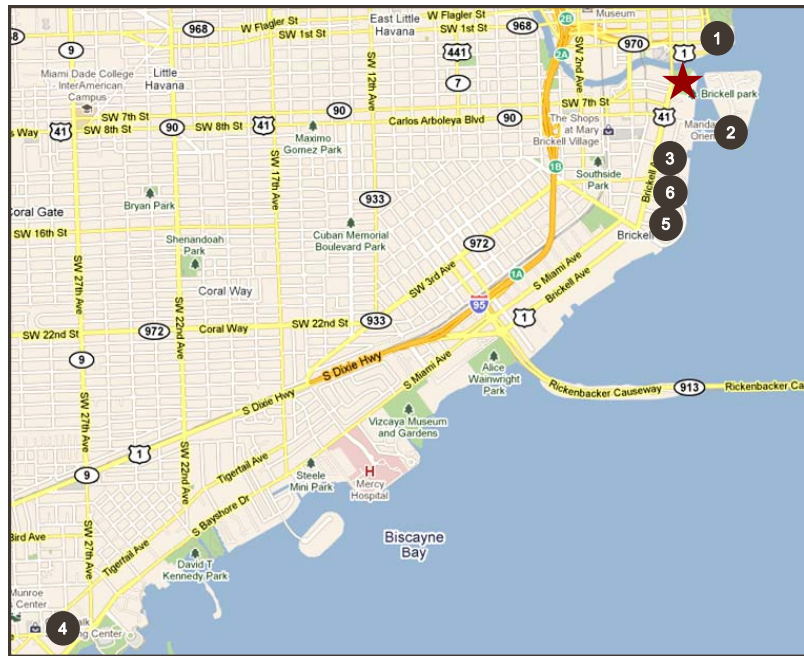
**Demand Generators:**

- Miami is a major international business, commerce and finance presence:
  - Largest concentration of international banks in the U.S.
- Strong corporate environment:
  - Burger King
  - Greenberg Traurig
  - Akerman Senterfitt
  - Holland & Knight
  - Bacardi
  - Vector Group
  - Telefonica USA
  - Royal Caribbean
- Port of Miami had a record 4.2 million passengers in 2010 and is one of the busiest cargo ports in the U.S.
- Premier tourism destination for national and international travelers
- First-class sports, music entertainment and culture
  - 5 professional sports teams: Miami Heat, Florida Marlins, Miami Dolphins, Florida Panthers and Miami FC
- Miami International Airport is the largest gateway between the U.S. and Latin America

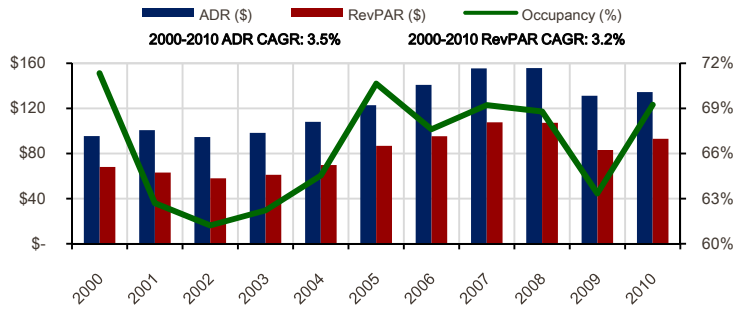


**Competitive Set:**

Hotels	Map Marker	Rooms	Year Opened
<b>Viceroy Miami</b>	★	<b>148</b>	<b>2009</b>
InterContinental Hotel Miami at Miami Center	1	641	1982
Mandarin Oriental Miami	2	326	2000
JW Marriott Hotel Miami	3	296	2000
Ritz-Carlton Coconut Grove	4	115	2002
Four Seasons Hotel Miami	5	221	2003
Conrad Miami	6	308	2004
<b>Total (excluding the Viceroy Miami)</b>		<b>1,907</b>	



**Miami Downtown-North Sub-Market Operating Performance**



**Investment Highlights:**

**Strengths**

- Significant discount-to-replacement cost
- Premier Miami Brickell Financial District location on the water in the high-profile ICON Brickell development
- Recently built high-quality product
- Minimal capital expenditure needs

**Opportunities**

- Strong upside from operations that have yet to stabilize since the hotel's completion
- Ancillary revenue sources
- Rental management program
- Improved cash flow through Pebblebrook asset management and best practices

This summary information sheet contains certain "forward-looking" statements relating to, among other things, hotel EBITDA and hotel net operating income after capital reserves. The forward-looking statements made are based on our beliefs, assumptions and expectations of future performance, taking into account all information currently available to us. Actual results could differ materially from the forward-looking statements made on this summary information sheet. When we use the words "projected," "expected," "planned" and "estimated" or other similar expressions, we are identifying forward-looking statements. The forward-looking statements on this summary information sheet are subject to the safe harbor of the Private Securities Litigation Reform Act of 1995. All information on this sheet is as of May 26, 2011. We undertake no duty to update the information to conform to actual results or changes in our expectations. For additional information, please visit our website at www.pebblebrookhotels.com.