AMETEK INC/
Form 4
August 13, 2015

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
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(Print or Type Responses)

1. Name and Address of Reporting Person *
VARET ELIZEBETH R
(Last) (First) (Middle)

P.O. BOX 287440
(Street)

NEW YORK, NY 10128-7440
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AMETEK INC/ [AME]

3. Date of Earliest Transaction (Month/Day/Year)
08/13/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relat

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6. Indiv
_X_ For
___ Forr

Table I - Non-Derivative Securities Acquired, D

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.)

7315 Wisconsin Avenue, 1100 West
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	Nam
Common Shares of Beneficial Interest, $0.01 par value per share	New
7.875% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, $0.01 par value per share	New
8.00% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, $0.01 par value per share	New
6.50% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest, $0.01 par value per share	New

Securities registered pursuant to Section 12(g) of the Act:
None
Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. R
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
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securit
months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing re

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every I
posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter p
post such files). R Yes ¨ No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is n
best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 1
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small
accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer R

Non-accelerated filer o (do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes R
The aggregate market value of the 63,039,027 common shares of beneficial interest held by non-affiliates of the registrant was
York Stock Exchange for such common shares of beneficial interest as of June 30, 2014.
The number of common shares of beneficial interest outstanding as of February 16, 2015 was 71,715,415.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for its 2015 Annual Meeting of Shareholders (to be filed with the Securi
2015) 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 stat
Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amende
forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private
this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on ce
strategies and expectations, are generally identifiable by use of the words "may", "will", "should", "potential", "could", "seek",
"anticipate", "estimate", "project" or similar expressions. Forward-looking statements in this report include, among others, state
acquisition and development strategies, industry trends, estimated revenues and expenses, our ability to realize deferred tax ass
capital expenditures and our ability to obtain financing or raise capital). You should not rely on forward-looking statements sin
uncertainties and other factors that are, in some cases, beyond our control and which could materially affect actual results, perf
actual results to differ materially from current expectations include, but are not limited to:

- risks associated with the hotel industry, including competition, increases in employment costs, energy costs and other operatin
beyond our control including, without limitation, actual or threatened terrorist attacks, cyber attacks, any type of flu or disease-
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 directl
- risks associated with the real estate industry, including environmental contamination and costs of complying with the America
- interest rate increases;
- our possible failure to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended
REITs;
- the timing and availability of potential hotel acquisitions and our ability to identify and complete hotel acquisitions in accorda
- the possibility of uninsured losses;
- risks associated with redevelopment and repositioning projects, including delays and cost overruns; and
- the other factors discussed under the heading "Risk Factors" in 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
publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any chang
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 su
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, organized in October 2009 to opportunistically ac
in major U.S. cities, with an emphasis on the major gateway coastal markets. As of December 31, 2014, the Company owned in
with a total of 6,948 guest rooms and a 49% joint venture interest in six hotels with a total of 1,775 guest rooms (the "Manhatta
Substantially all of the Company's assets are held by, and all of the operations are conducted through, Pebblebrook Hotel, L.P.
general partner of the Operating Partnership. At December 31, 2014, the Company owned 99.7% of the common limited partne
("common units"). The remaining 0.3% of the common units are owned by the other limited partners of the Operating Partnersh
Code, it cannot operate the hotels it owns. Therefore, the Operating Partnership and its subsidiaries lease the hotel properties to
(collectively with its subsidiaries, "PHL"), the Company's taxable REIT subsidiary ("TRS"), which in turn engages third-party
is consolidated into the Company's financial statements.

Business Objectives and Strategies

Acquisitions/Investments

We invest in hotel properties located primarily in major U.S. cities, including Atlanta, Boston, Los Angeles, Miami, Minneapol
Monica, San Diego, San Francisco, Seattle and Washington, D.C., with an emphasis on major gateway urban markets. We belie
provide diverse sources of meeting and room night demand generators. In addition, we also opportunistically target investment
target markets, as well as in select destination resort markets such as south Florida and southern California. We focus on both b
"upper upscale" segment of the lodging industry. The full-service hotels on which we focus our investment activity generally h
and other amenities, as well as high levels of customer service. We believe that our target markets, including the major gateway
barriers-to-entry and that room-night demand and average daily rate ("ADR") growth of these types of hotels will likely continu
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-te
generators, competitive environment, property systems and physical condition and property financial performance. Specific acc
the following:

- premier locations, facilities and other competitive advantages not easily replicated;
- significant barriers-to-entry in the market, such as scarcity of development sites, regulatory hurdles, high per-room developmen
- 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 managemen
- 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, select-service hotels located in major U.S. urban, co
are likely to generate the most favorable returns on investment in the lodging industry. Nationally, new hotel supply growth re
continuing to exceed supply growth, causing industry occupancy levels to increase. However, supply growth has increased, pa
has become more available and fundamentals continue to strengthen. We believe that as transient and group travel increases, e
room-night demand, allowing hotel owners to grow occupancy and increase rates, thereby improving profitability. We believe
from growth in various customer segments, including business transient, leisure transient and group and convention room-nigh

We generally seek to enter into flexible management contracts, when possible, with third-party hotel management companies f
ability to replace operators and/or reposition properties, to the extent that we determine to do so and align our operators with ou
addition, we believe that flexible management contracts facilitate the sale of hotels, and we may seek to sell hotels opportunist
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
may acquire properties that require significant capital improvement, renovation or refurbishment. Over the long-term, we may
would benefit from significant redevelopment or expansion, including, for example, adding rooms, meeting facilities or other a

We may consider acquiring outstanding debt secured by a hotel or resort property from lenders and investors if we believe we
in the near-term. In connection with our acquisitions, generally we do not intend to originate any debt financing or purchase an
the underlying property. Additionally, we have invested, and may in the future, co-invest in hotels with third parties through pa
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 a
advising and making recommendations in all aspects of our hotels' operations, including property positioning and repositioning
analysis, physical design, renovation and capital improvements, guest experience and overall strategic direction. We believe w
intensive asset management strategies. Our executives and asset management team have significant experience in hotel operati
management initiatives.

We have developed strategic short- and long-term capital investment plans to enhance our hotels' profitability through the strat
renovations, technology upgrades and modifications, and energy efficiency improvements. We are also focused on revenue an
closely with our hotel operators to evaluate optimal market mix and pricing strategies, ensure quality staffing and appropriate n
minimize expenses and aggressively monitor and evaluate our hotels' operations and performance.

Financing Strategies

Over time, we intend to finance our long-term growth with issuances of common and preferred equity securities and debt finan
senior unsecured credit facility, term loans, mortgage debt secured by our hotel properties or leasehold interests under the grou
unsecured debt in the future.

We anticipate using our senior unsecured revolving credit facility, term loans, common and preferred equity issuances, and mo
well as for property redevelopments, return on investment initiatives and working capital requirements. Subject to market cond
the senior unsecured revolving credit facility from time to time with proceeds from periodic common and preferred equity issu
operations.

When purchasing hotel properties, we may issue limited partnership interests in our Operating Partnership as full or partial con
of tax deferral on the sale of a hotel or participate in the potential appreciation in value of our common shares. To date, we have
Operating Partnership to purchase hotel properties.

Competition

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

The hotel industry is highly competitive. Our hotels compete with other hotels for guests in our markets. Competitive factors in
affiliation, room rates, range of services, facilities and guest amenities or accommodations offered and quality of guest service.
operate includes competition from existing, newly renovated and newly developed hotels in the relevant segments. Competition
revenue per available room ("RevPAR") of our hotels, and thus our financial results, and may require us to provide additional a
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 cyc
mix at the hotels. Generally, our hotels have lower revenue, operating income and cash flow in the first quarter and higher reve
quarter.

Regulations

Our hotel properties are subject to various federal, state and local environmental laws. Under these laws, courts and governmen
a contaminated property, to clean up the property, even if we did not know of or were not responsible for the contamination. Th
at the time it became contaminated, and therefore it is possible we could incur these costs even after we sell a property. In addit
contamination can affect the value of a property and, therefore, an owner's ability to borrow using the property as collateral or t
courts and government agencies also have the authority to require that a person who sent waste to a waste disposal facility, such
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 con
while staying in a hotel may seek to recover damages if he or she suffers injury from the asbestos. Lastly, some of these enviro
conditions on various activities. An example would be laws that require a business using chemicals (such as swimming pool ch
and to 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
be material and could adversely affect the funds available for distribution to our shareholders. Prior to closing a property acquis
assessments, or ESAs, in order to attempt to identify potential environmental concerns at the properties. These assessments are
due diligence and generally include a physical site inspection, a review of relevant federal, state and local environmental and he
with appropriate site-related personnel, review of the property's chain of title and review of historic aerial photographs and othe
also conduct limited subsurface investigations and test for substances of concern where the results of the Phase I ESAs or other
our consultants recommend such procedures. However, these Phase I ESAs or other investigations may not reveal all environm
our business, assets, results of operations or liquidity and may not identify all potential environmental liabilities.

We believe that our hotels are in compliance, in all material respects, with all federal, state and local environmental ordinances
substances and other environmental matters, the violation of which could have a material adverse effect on us. We have not rec
of any

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material noncompliance, liability or claim relating to hazardous or toxic substances or other environmental matters in connectio

Our properties must comply with Title III of the Americans with Disabilities Act (the "ADA") to the extent that such properties
The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our propert
believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial cap
ADA. However, noncompliance with the ADA could result in litigation, retrofit costs and imposition of fines or an award of da
which we may acquire may not be in compliance with the requirements of the ADA, and we endeavor to identify such noncom
readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as

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
REIT taxable income that we currently distribute to our shareholders. A REIT is subject to numerous organizational and operat
the nature of our gross income and assets and specifying generally that we must distribute at least 90 percent of our REIT taxab
income tax on our taxable income at regular corporate rates if we fail to qualify as a REIT for federal income tax purposes in ar
100 percent of our REIT taxable income. We will also not be permitted to qualify for treatment as a REIT for federal income ta
which qualification is lost. Even if we continue to qualify as a REIT for federal income tax purposes, we will be subject to certa
taxes.
For us to qualify as a REIT under the Code, we cannot operate the hotels we own and acquire. Therefore, our Operating Partner
our TRS lessees who in turn engage third-party eligible independent contractors to manage our hotels. The properties owned by
lessee joint venture in which a wholly owned subsidiary of PHL owns a 49% interest. PHL is treated as a TRS for federal incon
taxation like other regular C corporations.

Employees
We currently employ 27 full-time employees. None of our employees is a member of a union; however, some employees of the
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 truste
corporate governance guidelines are available on our website. All reports that we have filed with the Securities and Exchange C
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
the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549-1090. Furt
reference room may be obtained by calling the SEC at 1-800-SEC-0330.
Item 1A. Risk Factors.
The following discussion concerns some of the risks associated with our business and should be considered carefully. These ris
whole. Additional risks and uncertainties not presently known to us may also materially and adversely affect our business opera
dividends to our shareholders. In connection with the forward-looking statements that appear in this Annual Report on Form 10
carefully review the section entitled “Forward-Looking Statements.”
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 our Chairman, President and Chief Executive Officer, as well as our other executive
their services, and our inability to quickly identify and hire suitable replacements, could have an adverse effect on our business
with shareholders, lenders, management companies, joint venture partners and other industry personnel.
Our returns could be negatively impacted if the third-party management companies that operate our hotels do not manage our h
Because federal income tax laws restrict REITs and their subsidiaries from operating or managing a hotel, we do not operate or
all of our hotel properties to subsidiaries that qualify as TRSs, under applicable REIT laws, and our TRS lessees retain third-pa
management contracts. Our cash flow from the hotels may be adversely affected if our managers fail to provide quality services
maintain a quality brand name. In addition, our managers or their affiliates may manage, and in some cases may own, invest in
hotels that compete with hotel properties that we own or acquire, which may result in conflicts of interest and decisions regardi
interests.
We do not have the authority to require any hotel property to be operated in a particular manner or to govern any particular asp
example, setting room rates). Thus, even if we believe our hotels are being operated inefficiently or in a manner that does not r
ADR, we cannot force the management company to change its method of operating our hotels. We generally will attempt to res
negotiations. However, if we are unable to reach satisfactory results through discussions and negotiations, we may choose to lit
dispute resolution. We can only seek redress if a management company violates the terms of the applicable management contra
remedies provided for under the terms of the management contract. Additionally, in the event that we need to replace any mana
the management contract to pay substantial termination fees and may experience significant disruptions at the affected 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 ri
in hotel operating expenses, which would adversely affect our TRS lessees' ability to pay rent due under the leases, including b
which may include an increase in minimum wages and health benefit costs; repair and maintenance expenses; property taxes; i
in these operating expenses can have a significant adverse impact on our financial condition, results of operations, the market p
distributions to our shareholders.
Our ability to make distributions to our shareholders is subject to fluctuations in our financial performance, operating results an
To qualify for taxation as a REIT, we are required to distribute at least 90 percent of our REIT taxable income (determined befo
net capital gains) each year to our shareholders and we generally expect to make distributions in excess of such amount. In the
unanticipated capital improvements to our hotel properties or other factors, we may be unable to declare or pay distributions to
distributions are in the sole discretion of our board of trustees which will consider, among other factors, our financial performa
and capital expenditure requirements. We cannot assure you that we will generate sufficient cash in order to fund distributions.
We invest primarily in the upper-upscale segment of the lodging market, which is highly competitive and generally subject to g
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, r
reservations systems, among many factors. There are many competitors in the upper-upscale segment, and many of these comp
financial resources than we have. This competition could reduce occupancy levels and RevPAR at our hotels. In addition, in pe
economic recession, profitability is adversely affected by the relatively high fixed costs of operating upper-upscale hotels.
Restrictive covenants in our management contracts could preclude us from taking actions with respect to the sale or refinancing
best interest.

We may enter into management contracts that contain some restrictive covenants or acquire properties subject to existing mana
seek, including management contracts that restrict our ability to terminate the contract or require us to pay significant terminati
contracts may restrict our ability to sell a property unless the purchaser is not a competitor of the manager and assumes the rela
conditions which may preclude us from taking actions that would otherwise be in our best interest or could cause us to incur su
Due to our concentration in hotel investments primarily in major gateway urban markets, a downturn in the lodging industry ge
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
markets) in which we operate, in particular, would have a material adverse effect on our financial condition, results of operatio
ability to make distributions to our shareholders.
Our joint venture investment and other joint venture investments that we may make in the future could be adversely affected by
reliance on our co-venturers' financial condition and disputes between us and our co-venturers.
We own an interest in a joint venture that owns six hotels in Manhattan. We share major decisions with our joint venture partne
debt of the joint venture, while non-recourse to us, is secured by first mortgages on the hotels owned by the joint venture and ar
equity investment in the joint venture. In addition, in order to maintain our ownership interest, we may need to invest additiona
refinancing of such debt, which would reduce the amount we have available to invest in additional acquisitions or capital impro
We may co-invest in hotels in the future with third parties through partnerships, joint ventures or other entities, acquiring non-c
property, partnership, joint venture or other entity. In this event, we would not be in a position to exercise sole decision-making
venture or other entity. Investments through partnerships, joint ventures, or other entities may, under certain circumstances, inv
including the possibility that partners or co-venturers might become bankrupt, fail to fund their share of required capital contrib
delay necessary decisions. Partners or co-venturers may have economic or other business interests or goals which are inconsiste
a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses o
partner or co-venturer would have full control over the partnership or joint venture. Disputes between us and partners or co-ven
increase our expenses and prevent our officers and/or trustees from focusing their time and effort on our business. Consequentl
might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain
third-party partners or co-venturers.
Our hotels operated under franchise agreements are subject to risks arising from adverse developments with respect to the franc
the franchise license.
Certain of our hotel properties operate under franchise agreements and we anticipate that some of the hotels we acquire in the f
therefore subject to the risks associated with concentrating hotel investments in several franchise brands, including reductions i
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
capital improvements. Franchisors periodically inspect hotel properties to ensure that we and our lessees and management com
TRS lessees or one of our third-party management companies to maintain these standards or other terms and conditions could r
franchise license is canceled due to our failure to make required improvements or to otherwise comply with its terms, we also r
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 proper
marketing support and centralized reservation system provided by

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the franchisor and adversely affect our revenues, financial condition, results of operations, the market price of our common sha
shareholders.
Debt service obligations could adversely affect our overall operating results, may require us to sell hotel properties, may jeopar
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
from operations will be insufficient to make required payments of principal and interest, our debt may increase our vulnerabilit
may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, and the terms of an
the debt being refinanced.
We have placed and will continue to place mortgages on certain of our hotel properties to secure debt. To the extent we cannot
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
obligations, we may have to accept unfavorable terms. Also, covenants applicable to debt could impair our planned investment
violate covenants relating to indebtedness, we could be required to repay all or a portion of our indebtedness before maturity at
for such repayment on attractive terms, if at all. In addition, future indebtedness agreements may require that we meet certain c
shareholders.
Higher interest rates could increase debt service requirements on any of our floating rate debt, including our senior unsecured r
available for distribution to our shareholders, as well as reduce funds available for our operations, future business opportunities
of interest rate protection - in the form of swap agreements, interest rate cap contracts or similar agreements that are consistent
"hedge" against the possible negative effects of interest rate fluctuations. However, such hedging incurs costs and we cannot as
adverse effects of interest rate increases or that counterparties under these agreement will honor their obligations thereunder. A
on which we borrow to be unfavorable.
Our senior executive officers have broad discretion to make investments, and they may make investments where the returns are
net operating losses.
Our senior executive officers have broad discretion, within the general investment criteria established by our board of trustees,
such investments. In addition, our investment policies may be revised from time to time at the discretion of our board of trustee
could result in investments that may not yield returns consistent with expectations.
The purchase 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 consumm
management. Furthermore, potential acquisitions require significant expense, including expenses for due diligence, legal fees a
consummate one or more of the transactions and fail to acquire any or all of these hotels, these expenses will not be offset by re
We may use a portion of the net proceeds from our public offerings to make distributions to our shareholders, which would, am
hotel properties and may reduce the returns on your investment in our common shares.
Prior to the time we have fully invested the net proceeds of our public offerings, we may fund distributions to our shareholders
would reduce the amount of cash we have available to invest in hotel properties and may reduce the returns on your investment
for distributions to shareholders could adversely affect our financial results. In addition, funding distributions from the net proc
capital to our shareholders, which would have the effect of reducing each shareholder's tax basis in our common shares.
If we cannot obtain financing, our growth will be limited.
To qualify for taxation as a REIT, we are required to distribute at least 90 percent of our REIT taxable income (determined befo
net capital gains) each year to our shareholders and we generally expect to make distributions in excess of such amount. As a re

redevelopment and development or other capital expenditures is and will continue to be limited. Although our business strategy
addition to our senior unsecured revolving credit facility) to fund acquisitions, redevelopment, development, return on investm
can be no assurance that we will be able to obtain such financing on favorable terms or at all. Events in the financial markets ha
may do so in the future, and, as a result, credit can become significantly more expensive and difficult to obtain, if available at a
effect on our ability to obtain financing on favorable terms, if at all, thereby increasing financing costs and/or requiring us to ac
significantly higher interest rates. If adverse conditions in the credit markets-in particular with respect to real estate or lodging i
could be materially and adversely affected. Our long-term ability to grow through investments in hotel properties will be limite
Our cash and cash equivalents are maintained in a limited number of financial institutions and the funds in those institutions ma
We maintain cash balances in a limited number of financial institutions. Our cash balances are generally in excess of federally i
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 activ
In order to avoid any actual or perceived conflicts of interest with our trustees, officers or employees, we have adopted a confli
the conflicts relating to our activities. Although under this policy any transaction, agreement or relationship in which any of our
have the approval of a majority of our disinterested trustees, there is no assurance that this policy will be adequate to address al
conflicts in a manner that is favorable to us.

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 b
As owners of hotel properties, we face potential claims, litigation and threatened litigation from guests, visitors to our properti
claims and proceedings are inherently uncertain and their costs and outcomes cannot be predicted with certainty. Regardless of
have an adverse impact on us because of the legal and other costs, diversion of management time and resources and other facto
maintain insurance covering some of these matters, it is possible that one or more claims, suits or proceedings may not be cove
judgments, fines and penalties that could adversely affect our business, consolidated financial position, results of operations or
Risks Related to Debt and Financing
Our existing indebtedness contains financial covenants that could limit our operations and our ability to make distributions to o
The credit agreement that governs our existing senior unsecured revolving credit facility and unsecured term loan facility conta
worth requirements, fixed charge coverage, debt ratios and other limitations that restrict our ability to make distributions or oth
substantially all of our assets and engage in mergers, consolidations and certain acquisitions without the consent of the lenders.
restrictions (including cash management provisions) that may under circumstances specified in the loan agreements prohibit ou
distributions or paying dividends, repaying loans to us or other subsidiaries or transferring any of their assets to us or another s
could result from, among other things, changes in our results of operations, the incurrence of additional debt or changes in gene
of our lenders to accelerate the timing of payments and could have a material adverse effect on our business, financial conditio
distributions to our shareholders. The terms of our debt may restrict our ability to engage in transactions that we believe would
Many of our existing mortgage debt agreements contain “cash trap” provisions that could limit our ability to make distributions
Many of our loan agreements contain cash trap provisions that may be triggered if the performance of the hotels securing the lo
triggered, substantially all of the profit generated by the hotel will be deposited directly into a lockbox account and then swept
lender. In

that event, cash would be distributed to us only after certain items are paid, including deposits into leasing and maintenance res
taxes, operating expenses and extraordinary capital expenditures and leasing expenses. This could adversely affect our liquidity
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 matu
maturity of these loans, assuming we do not have sufficient funds to repay the debt, we will need to refinance this debt. If the c
maturities, we would have a very difficult time refinancing debt or refinancing terms may be at substantially higher interest rate
our debt on acceptable terms, we may be forced to choose from a number of unfavorable options. These options include agreei
more of our unencumbered assets, selling one or more hotels at disadvantageous terms, including unattractive prices, or default
foreclose. Any one of these options could have a material adverse effect on our business, financial condition, results of operatio
shareholders.

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

All of our indebtedness for borrowed money, except our senior unsecured revolving credit facility and term loans, is secured by
leasehold interests under the ground leases on the applicable hotel. If we default on any of the secured loans, the applicable len
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
equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mort
recognize taxable income on foreclosure even though we did not receive any cash proceeds. As a result, we may then be requir
distributions to our shareholders. If this occurs, our financial condition, cash flow and ability to satisfy our other debt obligatio
affected.

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

We may acquire outstanding debt secured by a hotel or resort property from lenders and investors if we believe we can ultimate
underlying property in the near-term through foreclosure, deed-in-lieu of foreclosure or other means. However, if we do acquir
defenses to our foreclosure or other actions and we may not be successful in acquiring the underlying property on a timely basi
costs and experience significant delays in acquiring such properties, all of which could adversely affect our financial performa
investments. In addition, we may not earn a current return on such investments particularly if the loan that we acquire is in def

Risks Related to the Lodging Industry

Current 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, s
business and personal discretionary spending levels. Declines in corporate travel budgets and consumer demand due to adverse
GDP, risks affecting or reducing travel patterns, lower consumer confidence or adverse political conditions can lower the reve
the net operating profits of our TRS lessees to whom we lease our hotel properties. Another global economic downturn may lea
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 econom
our revenues and negatively affect our financial condition, results of operations, the market price of our common shares and ou

Our operating results and ability to make distributions to our shareholders may be adversely affected by various operating risks

Our hotel properties have different economic characteristics than many other real estate assets and a hotel REIT is structured di
lessees engage the hotel manager pursuant to a management

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contract and pay the manager a fee for managing the hotel. The TRS lessees receive all the operating profit or losses at the hote
for only a few nights at a time, so the rate and occupancy at each of our hotels changes every day. As a result, we may have hig
In addition, our hotel properties are subject to various operating risks common to the lodging industry, many of which are beyo

- competition from other hotel properties and non-hotel properties that provide nightly and short-term rentals in our markets;
- over-building of hotels in our markets, which could adversely affect occupancy and revenues at our hotel properties;
- dependence on business and commercial travelers and tourism;
- increases in energy costs, government taxes and fees, and other expenses affecting travel, which may affect travel patterns and 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, fiscal policies and zoning ordinances and the related costs of compliance with la
- adverse effects of international, national, regional and local economic and market conditions;
- unforeseen events beyond our control, such as terrorist attacks, cyber attacks, travel related health concerns including pandemic avian bird flu and SARS, political instability, regional hostilities, imposition of taxes or surcharges by regulatory authorities, tr including natural disasters such as hurricanes, tsunamis or earthquakes;
- 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 f
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
more risk than we can prudently manage. This competition may generally limit the number of suitable investment opportunities
able to acquire. This competition may also increase the bargaining power of property owners seeking to sell to us, making it mo
attractive terms.

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

The lodging industry is seasonal in nature. This seasonality can be expected to cause quarterly fluctuations in our revenues. Ou
factors outside our control, including weather conditions and poor economic factors. As a result, we may have to enter into sho
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, a
market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, n
affect lodging industry fundamentals, and over-building has the potential to exacerbate the negative impact of poor economic c
RevPAR, tend to increase when demand growth exceeds supply growth. A decline in lodging demand, or a continued growth in
deterioration in lodging industry fundamentals and returns that are substantially below expectations, or result in losses, which c

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financial condition, results of operations, the market price of our common shares and our ability to make distributions to our sh
Capital expenditure requirements at our properties may be costly and require us to incur debt, postpone improvements, reduce c
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 p
future will have an ongoing need for renovations and other capital improvements, including replacement, from time to time, of
any, of our hotel properties also require periodic capital improvements as a condition to our maintaining the franchise licenses.
annual amounts for capital improvements to our hotel properties. These capital improvements may give rise to the following ris

- possible environmental problems;
- construction cost overruns and delays;
- 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 im 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 mar
make distributions to our shareholders.

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

The increasing use of Internet travel intermediaries by consumers may reduce our revenues.

Some of our hotel rooms are booked through Internet travel intermediaries, such as Travelocity.com, Expedia.com and Pricelin
increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract conce
the hotels we own and acquire. Moreover, some of these Internet travel intermediaries are attempting to offer hotel rooms as a c
general indicators of quality (such as “three-star downtown hotel”), at the expense of brand identification or quality of product
will eventually develop brand loyalties to their reservations system rather than to lodging brands or properties. If the amount of
proves to be more significant than we expect, profitability may be lower than expected, and our financial condition, results of o
our ability to make distributions to our shareholders may be adversely affected.

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We may be adversely affected by increased use of business-related technology which may reduce the need for business-related
The increased use of teleconference and video-conference technology by businesses could result in decreased business travel as
multiple parties from different locations to participate at meetings without traveling to a centralized meeting location. To the ex
day-to-day business and the necessity for business-related travel decreases, hotel room demand may decrease and our financial
our common shares and our ability to make distributions to our shareholders may be adversely affected.
We and our hotel managers rely on information technology in our operations, and any material failure, inadequacy, interruption
business.
We and our hotel managers rely on information technology networks and systems, including the Internet, to process, transmit a
support a variety of business processes, including financial transactions and records, personal identifying information, reservati
our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software
processing, transmission and storage of confidential customer information, such as individually identifiable information, includ
Although we have taken steps to protect the security of our information systems and the data maintained in those systems, it is
be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable
Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can cr
disclosure of confidential information or theft of corporate funds. Any failure to maintain proper function, security and availabi
operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a material adverse effec
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 t
effect on the overall economy. The impact that terrorist attacks in the U.S. or elsewhere could have on domestic and internation
definitively determined, but any such attacks or the threat of such attacks could have a material adverse effect on our business,
our properties and our results of operations and financial condition.
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,
obtained for or by hotel owners. There are no assurances that coverage will remain available at reasonable rates. Various types
losses from terrorist activities, may not be insurable in whole or in part or may not be available on terms that we consider accep
In the event of a substantial loss, our insurance coverage may not be sufficient to cover the full market value or replacement co
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 a
that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property.
environmental considerations and other factors might also keep us from using insurance proceeds to replace or renovate a hotel
circumstances, the insurance proceeds we receive might be inadequate to restore our economic position on the damaged or dest
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 h
sellers. In general, the representations and warranties provided under the transaction agreements related to the sales of the hotel
transactions. While we will seek to require the sellers to indemnify us with respect to breaches of representations and warrantie
and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guar
losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses
associated with these hotels may exceed our expectations, and we may experience other unanticipated adverse effects, all of wh
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 o
Our hotel properties are subject to various federal, state and local environmental laws. Under these laws, courts and governmen
a contaminated property, to clean up the property, even if we did not know of or were not responsible for the contamination. Th
at the time it became contaminated, and therefore it is possible we could incur cleanup costs even after we sell some of the prop
environmental contamination can affect the value of a property and, therefore, an owner's ability to borrow funds using the prop
environmental laws, courts and government agencies also have the authority to require that a person who sent waste to a waste
pay for the clean-up of that facility if it becomes contaminated and threatens human health or the environment. A person that ar
treatment of a hazardous substance at a property owned by another may be liable for the costs of removal or remediation of haz
that property.

Furthermore, various court decisions have established that third parties may recover damages for injury caused by property con
while staying in a hotel may seek to recover damages if he or she suffers injury from the asbestos. Also, some of these environm
conditions on various activities. An example would be laws that require a business using chemicals (such as swimming pool ch
and to 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
be material and could adversely affect our financial condition, results of operations, the market price of our common shares and
As a result, we may become subject to material environmental liabilities. We can make no assurances that future laws or regula
or that the current environmental condition of our hotel properties will not be affected by the condition of the properties in the v
leaking underground storage tanks) or by third parties unrelated to us.

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 perso
in compliance with these requirements, a determination to the contrary could require removal of access barriers and non-compl
deficiencies, U.S. government fines or in 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
condition, results of operations, the market price of our common shares and our ability to make distributions to our shareholder

A delay in approving a budget and/or continuing appropriation legislation to fund the operations of the federal government, the
government, and other legislative changes could affect travel directly and indirectly and may thereby negatively impact our rev

The delay in approving a budget and continuing appropriation legislation to fund the operations of the federal government caus
activities during the fourth quarter of 2013. In addition, in April 2013, the Federal Aviation Administration announced the imp
resulting in flight delays throughout the United States until the U.S. Congress passed a bill suspending such furloughs. There ca
federal or state government agencies, or other efforts to reduce government expenditures or growth, will not occur in future per
meetings and conferences. The reduction in income from both businesses and federal government employees and the possibilit
adversely affect consumer confidence or may discourage both business and leisure travel, resulting in the deferral or cancellatio
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 change

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Because real estate investments are relatively illiquid, our ability to promptly sell one or more hotel properties for reasonable p
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 la
- the ongoing need for capital improvements, particularly in older structures;
- changes in operating expenses; and
- civil unrest, acts of God, including earthquakes, floods and other natural disasters, which may result in uninsured losses, and ac

We have acquired hotels, and may acquire additional hotels in the future, subject to ground leases or other leasehold interests. S
consent of the lessors. This consent requirement may make it more difficult or expensive to sell or finance the hotels subject to
We may decide to sell hotel properties in the future. We cannot predict whether we will be able to sell any hotel property for th
or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed t
hotel property.
We may be required to expend funds to correct defects or to make improvements before a hotel property can be sold. We canno
correct those defects or to make those improvements. In acquiring a hotel property, we may agree to lock-out provisions that m
period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that prope
our ability to respond to adverse changes in the performance of the hotel properties or a need for liquidity could adversely affec
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 incom
a manner that increases our state and local tax liabilities, we would have less cash available for distribution to our shareholders
affected.

We and our subsidiaries are subject to income tax and other taxes by states and localities in which we conduct business. Additi
property taxes in states and localities in which we own property, and our TRS lessees are and will continue to be subject to state
may seek additional sources of revenue to reduce budget deficits and otherwise improve their financial condition or provide mo
and property tax rates and/or amend their tax regimes to eliminate for state income tax purposes the favorable tax treatment RE
predict when or if any states or localities would make any such changes, or what form those changes would take. If states and lo
property or conduct material amounts of business make changes to their tax rates or tax regimes that increase our state and loca
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 environm
real property can face liability for environmental contamination created by the presence or discharge of hazardous substances o

- 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.

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Environmental laws also impose ongoing compliance requirements on owners and operators of real property. Environmental la
matters, including, but not limited to, asbestos-containing building materials, storage tanks, storm water and wastewater discha
wastes. Failure to comply with these laws could result in fines and penalties and/or expose us to third-party liability. Some of o
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, asbestos-containing building m
ACBMs be properly managed and maintained and may impose fines and penalties on building owners and operators for failure
properties may be adjacent or near other properties that have contained or currently contain storage tanks for the storage of petr
These operations create a potential for the release of petroleum products or other hazardous or toxic substances. Third parties m
or operators for property damage and/or personal injury associated with exposure to contaminants, including, but not limited to
and asbestos fibers.

We have obtained Phase I environmental site assessments ("ESAs") on our hotel properties and expect to do so for the hotel pr
evaluate information regarding the environmental condition of the surveyed property and surrounding properties based generall
publicly available databases. These assessments do not typically take into account all environmental issues including, but not li
presence of asbestos, lead-based paint, radon, wetlands or mold. As a result, these assessments may fail to reveal all environme
Material environmental conditions, liabilities or compliance concerns may arise after the ESAs and future laws, ordinances or r
environmental liability. We cannot assure you that costs of future environmental compliance will not affect our ability to make
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 w
discovery of material environmental liabilities at our properties could subject us to unanticipated significant costs, which could
available for distribution to our shareholders.

Our properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remed
When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moistur
over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been i
adverse health effects and symptoms, including allergic or other reactions. Some of our properties may contain microbial matte
significant mold at any of our properties could require us to undertake a costly remediation program to contain or remove the m
significant mold could expose us to liability from hotel guests, hotel employees and others if property damage or health concer

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 t
Our declaration of trust authorizes our board of trustees to issue up to 500,000,000 common shares and up to 100,000,000 prefe
without shareholder approval, amend our declaration of trust to increase the aggregate number of our shares or the number of s
to issue and to classify or reclassify any unissued common shares or preferred shares and to set the preferences, rights and othe
result, our board of trustees may authorize the issuance of additional shares or establish a series of common or preferred shares
change in control of our company, including transactions at a premium over the market price of our shares, even if shareholder

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

Certain provisions of the Maryland General Corporation Law (the "MGCL") applicable to Maryland real estate investment trus
making a proposal to acquire us or of impeding a change

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of control under circumstances that otherwise could provide our common shareholders with the opportunity to realize a premiu
including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and ar
who beneficially owns 10 percent or more of the voting power of our shares) or an affiliate of any interested shareholde
shareholder becomes an interested shareholder, and thereafter imposes special appraisal rights and special shareholder v

- “control share” provisions that provide that our “control shares” (defined as shares which, when aggregated with other shares c
exercise one of three increasing ranges of voting power in electing trustees) acquired in a “control share acquisition” (defined a
control of “control shares”) have no voting rights except to the extent approved by our shareholders by the affirmative vote of a
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 th
person is exempt from the business combination provisions of the MGCL, provided that the business combination is first appro
trustees who are not affiliates or associates of such persons). Pursuant to a provision in our bylaws, we have opted out of the co
board of trustees may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amend
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 wh
bylaws, to implement certain takeover defenses, such as a classified board, some of which we do not currently have. These prov
from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumsta
shareholders with the opportunity to realize a premium over the then current market price.

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

In order for us to qualify and remain qualified as a REIT, no more than 50 percent in value of our outstanding shares may be ow
individuals (as defined in the federal income tax laws to include various kinds of entities) during the last half of any taxable yea
of trust contains a share ownership limit. Generally, any of our shares owned by affiliated owners will be added together for pu

If anyone transfers our shares in a way that would violate the share ownership limit or prevent us from qualifying as a REIT un
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 who
ownership limit or we will consider the transfer to be null and void from the outset, and the intended transferee of those shares

Anyone who acquires our shares in violation of the share ownership limit or the other restrictions on transfer in our declaration
when the shares are redeemed or sold if the market price of our shares falls between the date of purchase and the date of redem

In addition, these ownership limitations may prevent an acquisition of control of us by a third party without our board of trustee
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 share
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 mann
interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In additio
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
Our declaration of trust authorizes us to indemnify our trustees and officers for actions taken by them in those capacities to the
bylaws require us to indemnify each trustee or officer, to the maximum extent permitted by Maryland law, in the defense of any
to be made, a party by reason of his or her service to us. In addition, we may be obligated to fund the defense costs incurred by
shareholders may have more limited rights against our trustees and officers than might otherwise exist absent the current provis
might exist with other companies.

Our declaration of trust contains provisions that make removal of our trustees difficult, which could make it difficult for our sh

Our declaration of trust provides that a trustee may be removed only for cause (as defined in our declaration of trust) and then o
votes entitled to be cast generally in the election of trustees. Our declaration of trust also provides that vacancies on our board o
remaining trustees in office, even if less than a quorum. These requirements prevent shareholders from removing trustees excep
from replacing trustees with their own nominees and may prevent a change in control of our company that is in the best interest

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

Our board of trustees determines our major policies, including policies and guidelines relating to our acquisitions, leverage, fin
shareholders. Our board may amend or revise these and other policies and guidelines from time to time without the vote or con
shareholders will have limited control over changes in our policies and those changes could adversely affect our financial cond
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 i
dividends. In addition, we may issue units in our operating partnership, which are redeemable on a one-for-one basis for our co
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 th
of our common shares to decline.

We have issued three series of preferred shares. In the future, we may increase our capital resources by making additional offer
senior or subordinated notes, classes of preferred shares and/or common shares. We will be able to issue additional common sh
unless shareholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on
liquidation, holders of our debt securities and preferred shares and lenders with respect to other borrowings will receive a distri
our common shares. Additional equity offerings could significantly dilute the holdings of our existing shareholders or reduce th
Holders of our common shares are not entitled to preemptive rights or other protections against dilution. Preferred shares and d
distributions or a preference on dividend or interest payments that could limit our ability to make a distribution to the holders o
securities will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, tim
shareholders bear the risk of our future securities issuances reducing the market price of our common shares and diluting their i

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

Our board of trustees has the authority to designate and issue preferred shares with liquidation, dividend and other rights that ar
December 31, 2014, 5,600,000 shares of our 7.875% Series A Cumulative Redeemable Preferred Shares (the "Series A Preferre
Cumulative Redeemable Preferred Shares (the "Series B Preferred Shares") and 5,000,000 shares of our 6.50% Series C Cumul
Preferred Shares") were issued and outstanding. The aggregate liquidation preference with respect to the outstanding preferred
dividends on our

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outstanding preferred shares are approximately $26.0 million. Holders of Series A Preferred Shares, Series B Preferred Shares
dividends before any dividends may be declared or set aside on our common shares. Upon our voluntary or involuntary liquida
made to holders of our common shares, holders of these preferred shares are entitled to receive a liquidation preference of $25.
This will reduce the remaining amount of our assets, if any, available to distribute to holders of our common shares. In additior
elect two additional trustees to our board of trustees whenever dividends on the preferred shares are in arrears in an aggregate a
whether or not consecutive.

The change of control conversion and redemption features of the Series A Preferred Shares, the Series B Preferred Shares and t
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 an
entity (or American Depositary Receipts representing such securities) are not listed on the New York Stock Exchange (the "NY
on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ, holders of Series A Prefer
Preferred Shares will have the right (unless, as provided in our declaration of trust, we have provided or provide notice of our e
some or all of their preferred shares into our common shares (or equivalent value of alternative consideration), and under these
redemption right to redeem such shares. Upon such a conversion, holders of Series A Preferred Shares will be limited to a maxi
2.3234 multiplied by the number of Series A Preferred Shares converted, holders of Series B Preferred Shares will be limited to
the 3.4483 multiplied by the number of Series B Preferred Shares converted and holders of Series C Preferred Shares will be lir
equal to the 2.0325 multiplied by the number of Series C Preferred Shares converted. In addition, those features of the Series A
the Series C Preferred Shares may have the effect of inhibiting a third party from making an acquisition proposal for our compa
control of our company under circumstances that otherwise could provide the holders of our common shares, Series A Preferred
Preferred Shares with the opportunity to realize a premium over the then-current market price or that shareholders may otherwi

We have entered into an agreement with each of our executive officers that requires us to make payments in the event the office
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 m
these officers and may prevent or deter a change of control of our company that would otherwise be in the interest of our sharel

If we fail to maintain an effective system of internal controls, we may not be able to accurately determine our financial results o
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
need improvement. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal controls o
auditors annually issue their own opinion on our internal controls over financial reporting. We cannot be certain that we will be
over our financial reporting and financial processes. Furthermore, as we grow our business, our internal controls will become m
resources to ensure our internal controls remain effective. If we or our independent auditors discover a material weakness, the d
reduce the market value of our common shares. Additionally, the existence of any material weakness or significant deficiency v
and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not b
significant deficiencies in a timely manner.

Federal Income Tax Risk Factors

Our failure to qualify, or to remain qualified, as a REIT would result in higher taxes and reduced cash available for distribution

We have elected to be taxed as a REIT for federal income tax purposes. However, qualification as a REIT involves the applicat
Code, for which only a limited number of judicial and administrative interpretations exist. Even an inadvertent or technical mis
qualification as a REIT depends on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership
Moreover, new tax legislation, administrative guidance or court decisions, in each instance potentially applicable with retroacti
for us to qualify as a REIT. If we were to fail to qualify as a REIT in any taxable year, we would be subject to federal income t
on our taxable income at regular corporate rates, and distributions to shareholders would not be deductible by us in computing
could be substantial and would reduce the amount of cash available for distribution to our shareholders, which in turn could ha
any reason, we failed to qualify as a REIT and we were not entitled to relief under certain Code provisions, we would be unabl
following the year during which we ceased to so qualify which would negatively impact the value of our shares.

Failure to make required distributions would subject us to tax, which would reduce the cash available for distribution to our sh

To qualify and maintain our qualification as a REIT, we must distribute to our shareholders each calendar year at least 90 perc
items of non-cash income), determined before the deduction for dividends paid and excluding any net capital gain. To the exte
requirement, but distribute less than 100 percent of our REIT taxable income, we will be subject to federal corporate income ta
incur a 4 percent nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than t

- 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 intende
to avoid both corporate income tax and the 4 percent nondeductible excise tax. However, there is no requirement that TRSs dis
or their shareholders.

Our REIT taxable income may substantially exceed our net income as determined based on U.S. generally accepted accounting
realized capital losses will be deducted in determining our U.S. GAAP net income, but may not be deductible in computing ou
the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to
that we regard as unfavorable in order to pay out enough of our REIT taxable income to satisfy the distribution requirement an
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
market price of our shares.

The Internal Revenue Service (the "IRS") has issued private letter rulings to other REITs treating certain distributions that are p
would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for federal income tax pu
taxpayers to whom they were issued, but we could request a similar ruling from the IRS. In addition, the IRS previously issued
REITs to make elective cash/share dividends, but that revenue procedure has expired. Accordingly, it is unclear whether and to
payable in cash and shares. Although we have no current intention of paying dividends in the form of our own shares, if in the
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
proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our sh
to certain non-U.S. shareholders, we may be required to withhold U.S. federal income tax with respect to such dividends, inclu
is payable in shares. If we pay dividends in our own shares and a significant number of our shareholders determine to sell our s
put downward pressure on the trading price of our shares.

Our TRS lessees increase our overall tax liability.
Our TRS lessees are subject to federal and state income tax on their taxable income, which consists of the revenues from the ho
operating expenses (including management fees) for such hotel properties and rent payments to us. Accordingly, although our c
in the operating income from our hotel properties in addition to receiving rent, that operating income is fully subject to income
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 ta
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
directly by a REIT, including gross operating income from hotel operations pursuant to hotel management contracts. Both the s
subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35 percent of the voting power or val
Overall, no more than 25 percent of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In add
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
transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.
Our TRSs are subject to applicable federal, foreign, state and local income tax on their taxable income, and their after-tax net in
required to be distributed to us. We believe that the aggregate value of the stock and securities of our TRSs is and will continue
assets (including our TRS stock and securities). Furthermore, we will monitor the value of our respective investments in our TR
ownership limitations. In addition, we will scrutinize all of our transactions with our TRSs to ensure that they are entered into o
percent excise tax described above. There can be no assurance, however, that we will be able to comply with the 25 percent lim
100 percent excise tax discussed above.
If the leases of our hotel properties to our TRS lessees are not respected as true leases for federal income tax purposes, we woul
higher taxes and have less cash available for distribution to our shareholders.
To qualify as a REIT, we must satisfy two gross income tests, under which specified percentages of our gross income must be d
property." Rents paid to our operating partnership by our TRS lessees pursuant to the lease of our hotel properties constitute su
rent to qualify as "rents from real property" for purposes of the gross income tests, the leases must be respected as true leases fo
service contracts, joint ventures or some other type of arrangement. If our leases are not respected as true leases for federal inco
If our Operating Partnership failed to qualify as a partnership for federal income tax purposes, we would cease to qualify as a R
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 federal income tax purposes. As a partners
income tax on its income. Instead, each of its partners, including us, is required to pay tax on its allocable share of the operating
however, that the IRS will not challenge its status as a partnership for federal income tax purposes, or that a court would not su
treating our operating partnership as a corporation for tax purposes, we would fail to meet the gross income tests and certain of
cease to qualify as a REIT. Also, the failure of our operating partnership to qualify as a partnership would cause it to become su
would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.
If our hotel managers do not qualify as "eligible independent contractors," we would fail to qualify as a REIT and would be sub
distribution to our shareholders.
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
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 o
management company that qualifies as an "eligible independent contractor." We believe that our TRSs qualify to be treated as
no assurance that the IRS will not challenge the status of a TRS for

federal income tax purposes or that a court would not sustain such a challenge. If the IRS were successful in disqualifying any
possible that we would fail to meet the asset tests applicable to REITs and substantially all of our income would fail to qualify
the asset or gross income tests, we would likely lose our REIT qualification for 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
management contract with our TRS lessees must qualify as an "eligible independent contractor" under the REIT rules in order
qualifying income for purposes of the REIT gross income tests. Among other requirements, in order to qualify as an eligible in
or through its shareholders, more than 35 percent of our outstanding shares, taking into account certain ownership attribution ru
purposes of these 35 percent thresholds are complex. Although we intend to monitor ownership of our shares by our hotel man
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 tax rate applicable to "qualified dividend income" payable to U.S. shareholders that are taxed at individual rates
generally are not eligible for the reduced rates. The more favorable rates applicable to regular corporate qualified dividends co
perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay
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 liabi
The REIT provisions of the Code substantially limit our ability to hedge our liabilities. Any income from a hedging transaction
price changes or currency fluctuations with respect to borrowings made or to be made to acquire or carry real estate assets does
percent or 95 percent gross income tests. To the extent that we enter into other types of hedging transactions, the income from
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 o
hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains
in interest rates than we would otherwise want to bear. In addition, losses in our TRSs will generally not provide any tax benef
taxable income in the TRSs.
Complying with REIT requirements may cause us to forego otherwise attractive business opportunities or liquidate otherwise a
To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the so
our assets, the amounts we distribute to our shareholders and the ownership of our shares. In order to meet these tests, we may
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 c
real estate assets. The remainder of our investment in securities (other than government securities and qualified real estate asse
the outstanding voting securities of any one issuer or more than 10 percent of the total value of the outstanding securities of an
percent of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities
value of our total assets can be represented by the securities of one or more TRSs. The Code provides that temporary investme
period of one year beginning on the date on which we receive the new capital will be considered qualified real estate assets for
comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of t
relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be require
actions could have the effect of reducing our income and amounts available for distribution to our shareholders.
If our subsidiary REIT failed to qualify as a REIT, we could be subject to higher taxes and could fail to remain qualified as a R
Our Operating Partnership owns 100% of the common shares of a subsidiary REIT that has elected to be taxed as a REIT unde
subject to the various REIT qualification requirements and other

limitations described herein that are applicable to us. If our subsidiary REIT were to fail to qualify as a REIT, then (i) the subsi
tax and (ii) our ownership of shares in such subsidiary REIT would cease to be a qualifying asset for purposes of the asset tests
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
ourselves of certain relief provisions. We have made a "protective" TRS election with respect to our subsidiary REIT and may
avoid such an outcome if our subsidiary REIT were not to qualify as a REIT, but there can be no assurance that such "protectiv
avoid the resulting adverse consequences to us. Moreover, even if the "protective" TRS election with respect to our subsidiary
the subsidiary REIT to qualify as a REIT, the subsidiary REIT would be subject to federal income tax and we cannot assure yo
not more than 25% of the value of our total assets may be represented by the securities of one or more TRSs. In this event, we
subsidiary REIT could avail itself of certain relief provisions.

The ability of our board of trustees to revoke our REIT qualification without shareholder approval may subject us to federal an
shareholders.

Our declaration of trust provides that our board of trustees may revoke or otherwise terminate our REIT election, without the a
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 federal in
be required to distribute most of our taxable income to our shareholders, which may have adverse consequences on our total re
common shares.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating fle
At any time, the federal income tax laws governing REITs or the administrative and judicial interpretations of those laws may
federal income tax law, regulation or administrative and judicial interpretation, or any amendment to any existing federal incon
interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect
adversely affected by any such change in, or any new, federal income tax law, regulation or administrative and judicial interpre

The share ownership restrictions of the Code for REITs and the 9.8 percent share ownership limit in our declaration of trust ma
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
issued and outstanding shares at any time during the last half of a taxable year. Attribution rules in the Code determine if any in
shares under this requirement. Additionally, at least 100 persons must beneficially own our shares during at least 335 days of e
tests, our declaration of trust restricts the acquisition and ownership of our shares.

Our declaration of trust, with certain exceptions, authorizes our trustees to take such actions as are necessary and desirable to p
by our board of trustees, our declaration of trust prohibits any person from beneficially or constructively owning more than 9.8
whichever is more restrictive) of any class or series of our shares. Our board of trustees may not grant an exemption from these
ownership in excess of 9.8 percent of the value of our outstanding shares would result in the termination of our qualification as
ownership will not apply, however, if our board of trustees determines that it is no longer in our best interest to continue to qua
These ownership limits could delay or prevent a transaction or a change in control that might involve a premium price for our s
shareholders.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease our headquarters located at 7315 Wisconsin Avenue, 1100 West, Bethesda, Maryland 20814.

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At December 31, 2014, we had 29 wholly owned hotels with a total of 6,948 guest rooms and a 49% equity interest in 6 hotels

The following table sets forth certain information about the hotels we wholly owned as of December 31, 2014, all of which are

Property	Date Acquired	L
1. DoubleTree by Hilton Hotel Bethesda-Washington DC[1]	June 4, 2010	B
2. Sir Francis Drake	June 22, 2010	S
3. InterContinental Buckhead Atlanta[1]	July 1, 2010	B
4. Hotel Monaco Washington DC[1][2]	September 9, 2010	W
5. The Grand Hotel Minneapolis	September 29, 2010	M
6. Skamania Lodge[1]	November 3, 2010	S
7. Le Meridien Delfina Santa Monica	November 19, 2010	S
8. Sofitel Philadelphia[1]	December 3, 2010	P
9. Argonaut Hotel[1][2]	February 16, 2011	S
10. The Westin Gaslamp Quarter San Diego[1]	April 6, 2011	S
11. Hotel Monaco Seattle	April 7, 2011	S
12. Mondrian Los Angeles	May 3, 2011	W
13. Viceroy Miami	May 26, 2011	M
14. W Boston	June 8, 2011	B
15. Hotel Zetta	April 4, 2012	S
16. Hotel Vintage Seattle	July 9, 2012	S
17. Hotel Vintage Plaza Portland	July 9, 2012	P
18. W Los Angeles - Westwood	August 23, 2012	L
19. Hotel Palomar San Francisco[1][3]	October 25, 2012	S
20. Embassy Suites San Diego Bay - Downtown[1]	January 29, 2013	S
21. The Redbury Hollywood	August 8, 2013	L
22. Hotel Modera[1]	August 28, 2013	P
23. Radisson Hotel Fisherman's Wharf[2]	December 9, 2013	S
24. Prescott Hotel[3]	May 22, 2014	S
25. The Nines, a Luxury Collection Hotel, Portland[1]	July 17, 2014	P
26. The Westin Colonnade Coral Gables	November 12, 2014	M
27. Hotel Palomar Los Angeles - Westwood[2]	November 20, 2014	L
28. Union Station Hotel, Autograph Collection[2]	December 10, 2014	N
29. Revere Hotel Boston Common	December 18, 2014	B
Total number of guest rooms		

[1] This property is subject to mortgage debt at December 31, 2014.
[2] This property is subject to a long-term ground lease.
[3] This property is subject to a long-term hotel lease.

The following table sets forth certain information about the six hotels we own through a 49% equity interest in the Manhattan C
Operating results for these hotels are included in our consolidated financial statements using the equity method.

Property	Date Acquired	L
1. Manhattan NYC [1]	July 29, 2011	N
2. Shelburne NYC [1]	July 29, 2011	N
3. Dumont NYC [1]	July 29, 2011	N
4. Fifty NYC [1]	July 29, 2011	N
5. Gardens NYC [1]	July 29, 2011	N
6. The Benjamin [1]	July 29, 2011	N
Total number of guest rooms		

[1] This property is subject to mortgage debt at December 31, 2014.

Hotel Managers and Hotel Management Agreements

We are a party to hotel management agreements with Davidson Hotels and Resorts, Denihan Hospitality Group, Destination Ho
InterContinental Hotels Group, Kimpton Hotels and Restaurants ("Kimpton"), Morgans Hotel Group, OLS Hotels and Resorts,
Hotel Group, Sofitel (Accor SA), Starwood Hotels and Resorts and Viceroy Hotel Group.

Our management agreements generally have the terms described below:

- Base Management Fees. Our management agreements generally provide for the payment of base management fees between 1.
determined in the agreements.

- Incentive Management and Other Fees. Some of our management agreements provide for the payment of incentive manageme
10% to 20% of net operating income above a specified return on project costs or as a percentage of net operating income above
management agreements provide for an incentive fee of the lesser of 1% of revenues or the amount by which net operating inco
agreements have a maximum incentive fee of 2.5% of revenue.

- Terms. The terms of our management agreements range from 5 years to 20 years not including renewals, and 5 years to 52 yea

- Ability to Terminate. Many of our management agreements are terminable at will by us upon payment of a termination fee and
of the agreements also provide us the ability to terminate based on failure to achieve defined operating performance thresholds
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
processing reservations, procuring inventories, supplies and services, hiring and firing employees and independent contractors
plans for the hotel.

- Executive Supervision and Management Services. Each manager supervises all managerial and other hotel employees, reviews
budgets and projections, and provides other administrative and accounting support services for the hotel. Under certain manage
key management personnel at the hotel.

- Chain Services. Our management agreements with major hotel franchisors require the managers to furnish chain services that
by such operators. Such services may, for example, include: the development and operation of computer systems and reservatio
marketing and sales services; human resources training services; and additional services as may from time to time be more effi
level.

- Working Capital. Our management agreements typically require us to maintain working capital for a hotel and to fund the cost are also responsible for providing funds to meet the cash needs for the hotel operations if at any time the funds available from t financial requirements of the hotel.

- Furniture, Fixtures and Equipment Replacements. We are required to invest in the hotels and to provide all the necessary furni hotels (including funding any required furniture, fixture and equipment replacements). Our management agreements generally list of furniture, fixtures and equipment to be acquired and certain routine capital repairs to be performed in the following year review and approval. To fund the furniture, fixtures and equipment replacements, a specified percentage of the gross revenues escrow account (typically 4%) or held by us, as owner.

- Building Alterations, Improvements and Renewals. Our management agreements generally require the managers to prepare an major capital repairs, alterations, improvements, renewals and replacements to the structural, mechanical, electrical, heating, ve transportation elements of the hotels. In addition to the foregoing, the management agreements generally provide that the mana improvements to the hotels as are required by reason of laws or regulations or, in the manager's reasonable judgment, to keep th condition.

- Sale of a Hotel. Certain of our management agreements limit our ability to sell, lease or otherwise transfer a hotel, unless the t and meets other specified conditions.

Franchise Agreements

We have franchise agreements for the following hotels: the DoubleTree by Hilton Bethesda-Washington DC; the Le Meridien Bay - Downtown; Radisson Hotel Fisherman's Wharf; The Nines, a Luxury Collection Hotel, Portland; The Westin Colonnade Collection. Pursuant to these franchise agreements, we pay franchise fees based on a percentage of gross room revenues, as we services. Franchise fees for room revenues are approximately four to five percent of gross room revenues. The franchise agreen

Property
DoubleTree by Hilton Bethesda-Washington DC
Le Meridien Delfina Santa Monica
Embassy Suites San Diego Bay - Downtown
Radisson Hotel Fisherman's Wharf
The Nines, a Luxury Collection Hotel, Portland
The Westin Colonnade Coral Gables
Union Station Hotel, Autograph Collection

Ground and Hotel Lease Agreements

The Hotel Monaco Washington DC and Argonaut Hotel are subject to long-term ground lease agreements that cover all of the l require us to make rental payments, based on the greater of a base rent or a percentage of gross hotel revenues and gross food a as defined in the agreements. The agreements also contain certain restrictions on modifications that can be made to the structure Both of these lease agreements expire in 2059.

The Hotel Palomar San Francisco is subject to a long-term hotel lease agreement that covers the hotel premises. The hotel lease on the greater of a base rent or a percentage of gross hotel revenues and gross food and beverage revenues in excess of certain t lease agreement expires in 2097.

The Radisson Hotel Fisherman's Wharf is subject to a long-term primary ground lease agreement and secondary sublease agree
retail suites of the property. Through 2016, the primary ground lease requires us to make base rental payments and percentage r
retail revenues attributed to guest rooms and retail space added to the hotel property in 1998. Beginning in 2017, the primary gr
total hotel, retail and parking revenues. The secondary sublease requires us to make rental payments based on hotel net income.
retail space in existence prior to the 1998 renovation. The primary ground lease expires in 2062. The secondary sublease expire
subject to the primary ground lease through its maturity in 2062.

The Prescott Hotel is subject to a long-term hotel lease for the right to use floors three through seven, the basement and the roo
160 guest rooms at the property. The hotel lease expires in 2059, with a one time extension option of 30 years. The Company is
$0.5 million, beginning in October 2017. The annual base rent is subject to a fixed increase every year during the remaining lea

The Palomar Los Angeles - Westwood is subject to a long-term ground lease agreement on the land underlying the hotel. The g
five-year extension options. The hotel is required to pay annual base rent of approximately $3.5 million through January 2017 a
increases at each five-year extension.

The Union Station Hotel, Autograph Collection is subject to a long-term ground lease agreement on the land underlying the hot
required to pay the greater of annual base rent of $0.1 million or annual real property taxes.

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 b
litigation nor, to our knowledge, is any litigation threatened against us, other than routine actions for negligence or other claims
course of business, some of which are expected to be covered by liability insurance and all of which collectively are not expect
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.” The following table sets forth,
per share and the cash dividends declared per share:

	2014		
	High	Low	Dividend
First Quarter	$ 35.09	$ 29.36	$ 0.23
Second Quarter	$ 37.12	$ 33.23	$ 0.23
Third Quarter	$ 39.17	$ 36.40	$ 0.23
Fourth Quarter	$ 46.88	$ 36.76	$ 0.23

The closing price per share of our common shares on December 31, 2014, as reported by the NYSE, was $45.63.

Shareholder Information

On February 16, 2015, there were 28 holders of record of our common shares. However, because the vast majority of our comm
behalf of shareholders, we believe that there are considerably more beneficial holders of our common shares than record holder

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The following graph provides a comparison of the cumulative total return on our common shares from December 31, 2009, to t
2014, with the cumulative total return on the Russell 2000 Index (the "Russell 2000 Index") and the FTSE National Associatio
(the "FTSE NAREIT Equity Index") for the same period. Total return values were calculated assuming a $100 investment on D
(i) our common shares, (ii) the Russell 2000 Index and (iii) the FTSE NAREIT Equity Index. The total return values do not inc
period.

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

Name	Value of Initial Investment at December 31, 2009	Value of Investment at December 31, 2010	Value of Investment at December 31, 2011	Value of Investme Decembe 2012
Pebblebrook Hotel Trust	$ 100.00	$ 92.85	$ 89.94	$ 110.60
Russell 2000 Index	$ 100.00	$ 126.81	$ 121.52	$ 141.43
FTSE NAREIT Equity Index	$ 100.00	$ 127.94	$ 138.55	$ 165.98

Distributions

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

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The declaration of distributions by our company is in the sole discretion of our board of trustees and depends on our actual cash
requirements for our hotels, the annual distributions requirements under the REIT provisions of the Code and such other factors
For income tax purposes, distributions paid per share were characterized as follows:

	2014			2013	
	Amount	%		Amount	%
Common Shares:					
Ordinary income	$ 0.9108	100.00	%	$ 0.6000	100.00
Capital gain	0.0000	0.00	%	0.0000	0.00
Return of capital	0.0000	0.00	%	0.0000	0.00
Total	$ 0.9108	100.00	%	$ 0.6000	100.00
Series A Preferred Shares:					
Ordinary income	$ 2.3948	100.00	%	$ 2.0349	100.00
Capital gain	0.0000	0.00	%	0.0000	0.00
Return of capital	0.0000	0.00	%	0.0000	0.00
Total	$ 2.3948	100.00	%	$ 2.0349	100.00
Series B Preferred Shares					
Ordinary income	$ 2.4328	100.00	%	$ 2.0672	100.00
Capital gain	0.0000	0.00	%	0.0000	0.00
Return of capital	0.0000	0.00	%	0.0000	0.00
Total	$ 2.4328	100.00	%	$ 2.0672	100.00
Series C Preferred Shares					
Ordinary income	$ 1.9767	100.00	%	$ 0.9890	100.00
Capital gain	0.0000	0.00	%	0.0000	0.00
Return of capital	0.0000	0.00	%	0.0000	0.00
Total	$ 1.9767	100.00	%	$ 0.9890	100.00

The common and preferred share distributions declared on December 15, 2012 and paid on January 15, 2013 were treated as 20

The common distribution declared on December 13, 2013 and paid on January 15, 2014 was treated as a 2014 distribution for t
$0.3517 of the Series A, Series B, and Series C, respectively, of the preferred share distributions declared on December 13, 201
distributions.

Of the common distribution declared on December 15, 2014 and paid on January 15, 2015, $0.1692 was treated as a 2015 distri
distributions declared on December 15, 2014 and paid on January 15, 2015, were treated as 2014 distributions for tax purposes.

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
as of December 31, 2014. See Note 8 to the accompanying consolidated financial statements for additional information regardi

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Plan Category	Number of s to be issued exercise of outstanding warrants anc
Equity compensation plans approved by security holders	—
Equity compensation plans not approved by security holders	—
Total	—

During the year ended December 31, 2014, certain of our employees chose to have us acquire an aggregate of 20,539 common common shares granted pursuant to share award agreements. The average price paid by the Company for these shares was $30.

Item 6. Selected Financial Data.

The following table includes selected historical financial information which has been derived from the audited consolidated fin be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" Supplementary Data" and all of the financial statements and notes included elsewhere in this Annual Report on Form 10-K.

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	For the year ended December 31,		
	2014	2013	2012
	(In thousands, except share and per-share data)		
Revenues:			
Room	$ 410,600	$ 321,630	$ 239,21
Food and beverage	148,114	136,531	117,752
Other operating	40,062	31,056	23,718
Total revenues	598,776	489,217	380,688
Expenses:			
Hotel operating expenses:			
Room	102,709	83,390	63,213
Food and beverage	104,843	100,244	86,369
Other direct	14,512	14,037	12,236
Other indirect	151,923	126,527	99,766
Total hotel operating expenses	373,987	324,198	261,584
Depreciation and amortization	68,324	55,570	42,794
Real estate taxes, personal property taxes, property insurance and ground rent	36,878	31,052	20,187
General and administrative	26,349	17,166	16,777
Hotel acquisition costs	1,973	3,376	2,234
Total operating expenses	507,511	431,362	343,576
Operating income (loss)	91,265	57,855	37,112
Interest income	2,529	2,620	224
Interest expense	(27,065)	(23,680)	(14,932
Other	—	—	—
Equity in earnings (loss) of joint venture	10,065	7,623	5,970
Income (loss) before income taxes	76,794	44,418	28,374
Income tax (expense) benefit	(3,251)	(1,226)	(1,866
Net income (loss)	73,543	43,192	26,508
Net income (loss) attributable to non-controlling interests	677	274	429
Net income (loss) attributable to the Company	72,866	42,918	26,079
Distributions to preferred shareholders	(25,079)	(22,953)	(17,825
Net income (loss) attributable to common shareholders	$ 47,787	$ 19,965	$ 8,254
Net income (loss) per share available to common shareholders, basic	$ 0.72	$ 0.32	$ 0.14
Net income (loss) per share available to common shareholders, diluted	$ 0.71	$ 0.32	$ 0.14
Weighted-average number of common shares, basic	65,646,712	61,498,389	55,806,5
Weighted-average number of common shares, diluted	66,264,118	61,836,741	55,955,4

	As of December 31,		
	2014	2013	2012
	(In thousands)		
Balance Sheet Data:			
Investment in hotel properties, net	$ 2,343,690	$ 1,717,611	$ 1,417,2
Investment in joint venture	258,828	260,304	283,011
Cash and cash equivalents	52,883	55,136	85,900
Total assets	2,770,484	2,116,931	1,846,16
Senior unsecured revolving credit facility	50,000	—	—
Term loan	300,000	100,000	100,000
Mortgage debt	493,987	454,247	368,508
Total shareholders' equity	1,781,091	1,473,339	1,312,95

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 note
Trust is a Maryland real estate investment trust that conducts its operations so as to qualify as a REIT under the Code. Substant
Pebblebrook Hotel, L.P. (our "Operating Partnership"), a Delaware limited partnership of which Pebblebrook Hotel Trust is the
"the Company", "we" or "our", to refer to Pebblebrook Hotel Trust and its subsidiaries, unless the context indicates otherwise.

Overview

The U.S. lodging industry continued to exhibit positive fundamentals through 2014. Growing demand from business travel, a h
international travel, combined with very limited new supply, resulted in 8.3% industry RevPAR growth. Our wholly owned sar
exceeded the industry's, as we benefited from our strategy of investing primarily in urban markets in major gateway cities and v
renovations and the asset management and best practice initiatives we have implemented throughout our portfolio. Moderate ec
deficits and government partisanship have created uncertainty among business and leisure travelers, however, U.S. employmen
transient travel, both business and leisure, and low supply growth have resulted in high occupancy levels in our markets, which
daily rates. We expect this to continue into 2015, and we believe that our properties have opportunities to continue to achieve s
long-term economic values.

Significant highlights of activities for the year ended December 31, 2014 are as follows:

•Acquisitions - We acquired six properties for purchase prices aggregating $626.8 million. The properties acquired were: Presc
Collection Hotel, Portland (July 17, 2014); The Westin Colonnade Coral Gables (November 12, 2014); a leasehold interest in t
20, 2014); a leasehold interest in the Union Station Hotel, Autograph Collection (December 10, 2014); and Revere Hotel Bosto

•Senior unsecured credit facilities - We amended and restated our senior unsecured credit agreement to increase the borrowing
an unsecured revolving credit facility and $300.0 million is an unsecured term loan facility. We also extended the maturity date
January 2020 for the term loan facility.

•Mortgage loans - We assumed three non-recourse mortgage loans totaling $50.7 million in conjunction with the purchase of T

•Unsecured term loan - We drew an additional $200.0 million under the unsecured term loan facility in December 2014.

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•Equity offerings - We issued 7.5 million common shares for proceeds of $292.4 million, net of underwriting discounts and off
Series C Preferred Shares for proceeds of $24.5 million, net of the underwriting discount and offering-related expenses.
•Renovations - We invested $52.6 million to reposition certain of our hotel properties in 2014. Renovations began or were com
Westwood, Embassy Suites San Diego Bay - Downtown, and Radisson Hotel Fisherman's Wharf.

Results of Operations

At December 31, 2014, 2013 and 2012, we had 29, 23 and 19 wholly owned properties and leasehold interests, respectively. Al
included in our results of operations during the respective periods since their dates of acquisition. Based on when a property wa
not comparable for the years ended December 31, 2014, 2013 and 2012. The properties listed in the table below are hereinafter
periods indicated and all other properties are considered and referred to as "comparable properties":

Property	Location	Acquisition Date
Hotel Zetta	San Francisco, CA	April 4, 2012
Hotel Vintage Seattle	Seattle, WA	July 9, 2012
Hotel Vintage Plaza Portland	Portland, OR	July 9, 2012
W Los Angeles - Westwood	Los Angeles , CA	August 23, 2012
Hotel Palomar San Francisco	San Francisco, CA	October 25, 2012
Embassy Suites San Diego Bay-Downtown	San Diego, CA	January 29, 2013
The Redbury Hotel	Hollywood, CA	August 8, 2013
Hotel Modera	Portland, OR	August 28, 2013
Radisson Hotel Fisherman's Wharf	San Francisco, CA	December 9, 2013
Prescott Hotel	San Francisco, CA	May 22, 2014
The Nines, a Luxury Collection Hotel, Portland	Portland, OR	July 17, 2014
The Westin Colonnade Coral Gables	Miami, FL	November 12, 2014
Hotel Palomar Los Angeles - Westwood	Los Angeles, CA	November 20, 2014
Union Station Hotel, Autograph Collection	Nashville, TN	December 10, 2014
Revere Hotel Boston Common	Boston, MA	December 18, 2014

Comparison of the year ended December 31, 2014 to the year ended December 31, 2013

Revenues — Total hotel revenues increased by $109.6 million, of which $28.6 million was from our comparable properties and
The increase from our comparable properties is primarily a result of increases in revenues from our West Coast properties as a
revenue from Hotel Zetta, which was closed for renovation in late 2012 and, after re-opening in March 2013, was ramping up t

Hotel operating expenses — Total hotel operating expenses increased by $49.8 million. The comparable properties contributed
increases resulting from increased revenues, partially offset by cost reduction initiatives, including closing and leasing restaura
Los Angeles and W Los Angeles-Westwood. The remaining $46.1 million of the increase was from the non-comparable proper

Depreciation and amortization — Depreciation and amortization expense increased by $12.8 million primarily due to the additi

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Real estate taxes, personal property taxes, property insurance and ground rent — Real estate taxes, personal property taxes, insu
primarily due to the 2013 and 2014 acquisitions, of which the Radisson Hotel Fisherman's Wharf, Prescott Hotel, Hotel Paloma
Hotel, Autograph Collection are subject to ground or hotel leases.
Corporate general and administrative — Corporate general and administrative expenses increased by $9.2 million primarily as
compensation costs. Corporate general and administrative expenses consist of employee compensation costs, legal and professi
expenses.
Hotel acquisition costs — Hotel acquisition costs decreased by $1.4 million primarily due to termination fees incurred with the
Downtown in January 2013 and transfer taxes related to the acquisition of the Radisson Hotel Fisherman's Wharf in December
Interest income — Interest income remained consistent with the prior period.
Interest expense — Interest expense increased by $3.4 million as a result of higher debt balances from mortgage assumptions in
Equity in earnings (losses) of joint venture — Equity in earnings of joint venture increased $2.4 million due to increases in reve
hotels.
Income tax (expense) benefit — Income tax expense increased $2.0 million due to higher net income at our TRS compared to t
Non-controlling interests — Non-controlling interests represent the allocation of income or loss of the Operating Partnership to
Non-controlling interests increased $0.4 million due to higher income allocation.
Distributions to preferred shareholders — Distributions to preferred shareholders increased $2.1 million as a result of the issuan
Comparison of the year ended December 31, 2013 to the year ended December 31, 2012
Revenues — Total hotel revenues increased by $108.5 million, of which $22.7 million was contributed by our comparable prop
non-comparable properties. The increase from our comparable properties is primarily a result of increases in revenues at InterC
Quarter San Diego, Argonaut Hotel, Sir Francis Drake, Hotel Monaco Seattle and Skamania Lodge as a result of increases in A
Hotel operating expenses — Total hotel operating expenses increased by $62.6 million. The comparable properties contributed
increases resulting from increased revenues, partially offset by cost reduction initiatives. The remaining $53.2 million of the inc
properties.
Depreciation and amortization — Depreciation and amortization expense increased by $12.8 million primarily due to the additi
Real estate taxes, personal property taxes, property insurance and ground rent — Real estate taxes, personal property taxes, insu
primarily due to the acquisition of the Hotel Palomar San Francisco on October 25, 2012, which we lease pursuant to a long-ter
Corporate general and administrative — Corporate general and administrative expenses increased by $0.4 million primarily as
compensation costs, which was offset by a decrease of $1.1 million from the management contract termination expense incurre
Bethesda-Washington DC. Corporate general and administrative expenses consist of employee compensation costs, legal and p
other expenses.
Hotel acquisition costs — Hotel acquisition costs increased by $1.1 million due to the acquisition costs incurred in connection w
Typically, hotel property acquisition costs consist of legal fees, other professional fees, transfer taxes and other direct costs asso
result, these costs are generally higher when more properties are acquired or when we have significant ongoing acquisition acti
Interest income — Interest income increased by $2.4 million as a result of interest income earned on the special loan to the Ma
made to the joint venture in December 2012.

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Interest expense — Interest expense increased by $8.7 million as a result of higher debt balances from mortgage assumptions i
Equity in earnings (losses) of joint venture — Equity in earnings of joint venture increased $1.7 million due to lower interest e
Income tax (expense) benefit — Income tax expense decreased $0.6 million as a result of a decrease in the taxable income of o
Non-controlling interests — Non-controlling interests represent the allocation of income or loss of our Operating Partnership t
were minimal changes to non-controlling interests during both periods.
Distributions to preferred shareholders — Distributions to preferred shareholders increased $5.1 million as a result of the issua
and April 12, 2013. There were no Series C Preferred Shares outstanding in 2012.

Hotel Operating Statistics

The following table represents the key same-property hotel operating statistics for our wholly owned hotels for the years ended

	For th
	2014
Total Wholly Owned Portfolio [1]	
Same-Property Occupancy	84.3
Same-Property ADR	$ 227
Same-Property RevPAR	$ 191

[1] This schedule of hotel results for the years ended December 31, 2014 and 2013 includes information from all of the hotels w
ownership interest in the Manhattan Collection for both 2014 and 2013. The hotel results for the years ended December 31, 201
we owned as of December 31, 2014, except for the Prescott Hotel and The Nines, a Luxury Collection Hotel, Portland for the f
Westin Colonnade Coral Gables for the first three quarters of both 2014 and 2013; and Palomar Los Angeles - Westwood, Uni
Boston Common for all of 2014 and 2013. These hotel results for the respective periods include information reflecting operatio
ownership of those hotels.

Non-GAAP Financial Measures

Non-GAAP financial measures are measures of our historical or future financial performance that are different from measures c
GAAP. We report FFO and EBITDA, which are non-GAAP financial measures that we believe are useful to investors as key m
We calculate FFO in accordance with standards established by the National Association of Real Estate Investment Trusts (NAR
accordance with GAAP), excluding real estate related depreciation and amortization, gains (losses) from sales of real estate, im
changes in accounting principles and adjustments for unconsolidated partnerships and joint ventures. Historical cost accounting
of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with mark
presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves.
depreciation and amortization including our share of the joint venture depreciation and amortization and gains (losses) from sal
cost accounting and which may be of lesser significance in evaluating current performance, we believe that FFO provides inves
operating performance.
The following table reconciles net income (loss) to FFO and FFO available to common share and unit holders for the year ende

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	For the year ended December	
	2014	2
Net income (loss)	$ 73,543	$
Adjustments:		
Depreciation and amortization	68,136	5
Depreciation and amortization from joint venture	9,025	8
FFO	$ 150,704	$
Distribution to preferred shareholders	(25,079)	(2
FFO available to common share and unit holders	$ 125,625	$

EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. We believe that EBITDA provide
operating performance, excluding the impact of our capital structure (primarily interest expense) and our asset base (primarily d
The following table reconciles net income (loss) to EBITDA for the year ended December 31, 2014, 2013, and 2012 (in thousa

	For the year ended
	2014
Net income (loss)	$ 73,543
Adjustments:	
Interest expense	27,065
Interest expense from joint venture	9,137
Income tax expense (benefit)	3,251
Depreciation and amortization	68,324
Depreciation and amortization from joint venture	9,025
EBITDA	$ 190,345

Neither FFO nor EBITDA represent cash generated from operating activities as determined by U.S. GAAP and neither should b
income (loss), as an indication of our financial performance, or to U.S. GAAP cash flow from operating activities, as a measure
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 as
judgment, and because they are important for understanding and evaluating our reported financial results. These judgments affe
our disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue an
different estimates or assumptions may result in materially different amounts reported in our financial statements.

Hotel Properties

Investment in Hotel Properties

Estimation and judgment is required to allocate the purchase price to elements of our acquired hotel properties. Upon acquisitio
value of the acquired land, land improvements, building, furniture, fixtures and equipment, identifiable intangible assets or liab
intangible assets or liabilities typically arise from contractual arrangements assumed in connection with the transaction, includi
an estimated market agreement at the acquisition date. We determine the acquisition-date fair values of all assets and assumed l
independent appraisers (e.g., discounted cash flow analysis) and that utilize appropriate discount and/or capitalization rates and

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information. Estimates of future cash flows are based on a number of factors including historical operating results, known and a
conditions. Acquisition costs are expensed as incurred.

Hotel renovations and/or replacements of assets that improve or extend the life of the asset are capitalized and depreciated over
equipment under capital leases are carried at the present value of the minimum lease payments. Repair and maintenance costs a

Held for Sale

We will classify a hotel as held for sale when a binding agreement to purchase the property has been signed under which the bu
nonrefundable cash, no significant financing contingencies exist, and the sale is expected to close within one year. If these crite
lower than the carrying amount of the hotel, we will record an impairment loss and will cease recording depreciation expense. V
operating results, as discontinued operations on the statements of operations and classify the assets and related liabilities as held

Depreciation and Amortization

Hotel properties are carried at cost and depreciated using the straight-line method over an estimated useful life of 10 to 40 years
improvements and one to 10 years for furniture, fixtures and equipment. Intangible assets arising from contractual arrangement

We are required to make subjective assessments as to the useful lives and classification of our properties for purposes of detern
each year with respect to the assets. These assessments may impact our results of operations.

Impairment

We review our investments in hotel properties for impairment whenever events or changes in circumstances indicate that the ca
recoverable. Events or circumstances that may cause a review include, but are not limited to, when a hotel property experiences
becomes more likely than not that a hotel property will be sold before the end of its useful life, adverse changes in the demand
or local economic conditions and/or new hotel construction in markets where the hotels are located. When such conditions exis
undiscounted future cash flows from operations and the proceeds from the ultimate disposition of a hotel exceed its carrying va
are less than the carrying amount of the asset, an adjustment to reduce the carrying amount to the related hotel's estimated fair n
recognized. In the evaluation of impairment of our hotel properties, we make many assumptions and estimates including projec
disposition, expected useful life and holding period, future required capital expenditures, and fair values, including consideratio
comparable selling prices. We will adjust our assumptions with respect to the remaining useful life of the hotel property when c
or it is more likely than not that the hotel property will be sold prior to its previously expected useful life.

Investment in Joint Venture

Judgment is required with respect to the consolidation of partnership and joint venture entities in terms of the evaluation of con
and privileges of the partners based on voting rights, as well as financial variable interests that are not controllable through voti
not control but for which we have the ability to exercise significant influence over operating and financial policies are accounte
employ the equity accounting method because we do not control the joint venture and are not the primary beneficiary of the joi
accounting guidance. We review the investment in our joint venture for impairment in each reporting period pursuant to the app
investment is impaired when its estimated fair value is less than the carrying amount of our investment and that impairment is o

Revenue Recognition

Revenue consists of amounts derived from hotel operations, including the sales of rooms, food and beverage and other ancillary
occupied and services have been rendered. For retail operations,

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revenue is recognized on a straight-line basis over the lives of the retail leases. These revenue sources are affected by condition
as competition from other hotels and businesses in similar markets.

Share-Based Compensation

We have adopted an equity incentive plan that provides for the grant of common share options, share awards, share appreciatio
awards. Equity-based compensation is measured at the fair value of the award on the date of grant and recognized as an expens
Share-based compensation awards that contain a performance condition are reviewed at least quarterly to assess the achieveme
expense will be adjusted when a change in the assessment of achievement of the specific performance condition level is determ
these awards is subjective and involves significant estimates and assumptions including expected volatility of our stock, expect
whether these awards will achieve parity with other operating partnership units or achieve performance thresholds. We believe
appropriate based on the information available to management at the time of grant.

Income Taxes

To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we
taxable income to our shareholders. As a REIT, we generally will not be subject to federal corporate income tax on that portion
shareholders. We may be subject to certain state and local taxes on our income and property, and to federal income and excise t
our wholly owned TRS, which leases our hotels from our Operating Partnership, is subject to federal and state income taxes. W
method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences
existing assets and liabilities and their respective tax bases. Valuation allowances are provided if, based upon the weight of the
or all of the deferred tax assets will not be realized.

Liquidity and Capital Resources

We expect to meet our short-term liquidity requirements through net cash provided by operations, existing cash balances and, i
unsecured revolving credit facility. We expect our existing cash balances and cash provided by operations will be adequate to f
dividends in accordance with the REIT requirements of the federal income tax laws.

We expect to meet our long-term liquidity requirements, such as hotel property acquisitions, property redevelopment, investme
payments and debt maturities, through the net proceeds from additional issuances of common shares, additional issuances of pr
interest in our operating partnership, secured and unsecured borrowings, and cash provided by operations. The success of our b
access additional capital through issuances of debt and equity securities, which is dependent on favorable market conditions.

We strive to maintain prudent debt leverage and intend to opportunistically enhance our capital position.

Senior Unsecured Credit Facility

On October 16, 2014, we amended and restated the credit agreement governing our unsecured revolving credit facility and unse
provides for a $300.0 million unsecured revolving credit facility and a $300.0 million unsecured term loan facility. The unsecu
with options to extend the maturity date to January 2020 and the unsecured term loan facility matures in January 2020. As of D
outstanding borrowings under the revolver and we had $300.0 million outstanding under the term loan facility (the "Term Loan
borrowing capacity under the credit agreement to up to $1.0 billion, subject to lender approval. We intend to repay indebtednes
facility from time to time out of cash flows from operations and from the net proceeds of issuances of additional equity and deb

Interest is paid on the periodic advances under the senior unsecured revolving credit facility at varying rates, based upon either
margin amount. The interest rate depends upon our leverage ratio pursuant to the provisions of the credit facility agreement. W
interest rates of the Term Loan. At December 31, 2014, we had interest rate swaps with an aggregate notional amount of $300.0

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million, and as a result, the Term Loan had a weighted-average effective interest rate of 2.83% through July 13, 2017 and a wei
July 13, 2017 through January 15, 2020, based on the Company's leverage ratio at December 31, 2014.

Debt Summary

Debt as of December 31, 2014 and December 31, 2013 consisted of the following (dollars in thousands):

	Interest Rate	Maturity Date
Senior unsecured revolving credit facility	Floating [1]	January 2019
Term loan	Floating[2]	January 2020
Mortgage loans		
The Nines, a Luxury Collection Hotel, Portland [3]	7.39%	March 2015
InterContinental Buckhead Atlanta	4.88%	January 2016
Skamania Lodge	5.44%	February 2016
DoubleTree by Hilton Bethesda-Washington DC	5.28%	February 2016
Embassy Suites San Diego Bay-Downtown	6.28%	June 2016
Hotel Modera	5.26%	July 2016
Monaco Washington DC	4.36%	February 2017
Argonaut Hotel	4.25%	March 2017
Sofitel Philadelphia	3.90%	June 2017
Hotel Palomar San Francisco	5.94%	September 2017
The Westin Gaslamp Quarter San Diego	3.69%	January 2020
Mortgage loans at stated value		
Mortgage loan premiums [4]		
Total mortgage loans		
Total debt		

[1] Borrowings bear interest at floating rates equal to, at our option, either (i) LIBOR plus an applicable margin or (ii) an Adjust
agreement) plus an applicable margin. We have two six-month extension options.

[2] Borrowings under our term loan facility bear interest at floating rates equal to, at our option, either (i) LIBOR plus an applic
margin. We entered into interest rate swaps to effectively fix the interest rates for the Term Loan. At December 31, 2014, we ha
amount of $300.0 million, and as a result, the Term Loan had a weighted-average effective interest rate of 2.83% through July
of 3.41% from July 13, 2017 through January 15, 2020, based on the Company's leverage ratio at December 31, 2014.

[3] The interest rate of 7.39% represents a weighted-average interest rate of the three non-recourse mortgage loans assumed in c
Collection Hotel, Portland. We intend to repay these mortgage loans through borrowings on our credit facilities upon maturity.

[4] Loan premiums on assumed mortgages recorded in purchase accounting for the Hotel Palomar San Francisco, Embassy Suit
Nines, a Luxury Collection Hotel, Portland as of December 31, 2014 and December 31, 2013.

Issuance of Shares of Beneficial Interest

On March 5, 2014, we entered into equity distribution agreements (collectively, the "Equity Distribution Agreements") with ea
Pierce, Fenner & Smith Incorporated and Raymond James & Associates, Inc. (collectively, the "Sales Agents"), providing for o
offering

price of up to $175.0 million from time to time, pursuant to a prospectus supplement we filed with the SEC on that same date, t
and/or principal (our "ATM program"). At the same time, we terminated our prior $170.0 million ATM program. For the year
common shares at an average price of $38.09 per share under our $175.0 million ATM program and raised $15.0 million, net o
million in common shares remained available for issuance under the $175.0 million ATM program.

On September 9, 2014, we issued and sold, in an underwritten public offering, 3,450,000 common shares at a price of $38.15 p
million, net of the underwriting discount.

On September 30, 2014, we issued and sold, in an underwritten public offering, 1,000,000 Series C Preferred Shares at a price
$24.5 million, net of the underwriting discount.

On October 30, 2014, we issued and sold, in an underwritten public offering, 3,680,000 common shares at a price of $39.77 pe
million, net of the underwriting discount.

We used the net proceeds of these sales, after offering-related expenses, to repay debt outstanding on our senior unsecured revo
hotel properties and for general corporate purposes.

Sources and Uses of Cash

Our principal sources of cash are cash from operations, borrowings under mortgage financings, draws on our credit facility and
Our principal uses of cash are asset acquisitions, debt service, capital investments, operating costs, corporate expenses and divi
Cash provided by Operations. Our cash provided by operating activities was $161.3 million for the year ended December 31, 2
activities of our 29 wholly owned hotels and cash distributions of $9.2 million from the Manhattan Collection joint venture. Ou
ended December 31, 2013 was $107.5 million and relates principally to the 23 wholly owned hotels and operating cash flow di
joint venture.

Cash used in Investing Activities. Our cash used in investing activities was $631.3 million for the year ended December 31, 20
$575.7 million, invested $52.6 million in improvements to our hotel properties, purchased $1.1 million of corporate equipment
insurance proceeds. During the year ended December 31, 2013, we used $246.0 million of cash, of which we used $230.8 milli
improvements to our hotel properties, received a net distribution of $26.3 million from the Manhattan Collection joint venture,
received $0.5 million in property insurance proceeds.

Cash provided by Financing Activities. Our cash provided by financing activities was $467.8 million for the year ended Decem
million common shares and 1.0 million Series C preferred shares for net proceeds totaling $316.9 million. We also borrowed $
$130.0 million from the revolving credit facility borrowings, borrowed $200.0 million under our term loan facility, repaid $9.1
distributions and paid $9.6 million in other transactions. For the year ended December 31, 2013, cash flows provided by financ
net proceeds of $175.6 million from the issuance and sale of 4.0 million Series C Preferred Shares and 2.7 million common sha
and the payment of $58.5 million in distributions.

Capital Investments

We maintain and intend to continue maintaining all of our hotels, including each hotel that we acquire in the future, in good rep
laws and regulations and when applicable, in accordance with the franchisor's standards and the agreed-upon requirements in o
investments will be administered by the hotel management companies. However, we maintain approval rights over the capital i
otherwise required from time to time.

From time to time, certain of our hotel properties may undergo renovations as a result of our decision to upgrade portions of th
restaurants, in order to better compete with other hotels in our markets. In addition, after we acquire a hotel property, we are of
there is one, to complete a property improvement plan ("PIP") in order to bring the hotel property up to the franchisor's or bran

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Generally, we expect to fund renovations and improvements with available cash, restricted cash, borrowings under our credit fa
offerings.

For the year ended December 31, 2014, we invested $52.6 million in capital investments to reposition and improve the properti
million to $95.0 million in capital investments for our wholly owned hotels in 2015. In January 2015, we closed the Hotel Vint
approximately $10.0 million in its renovation, which we anticipate will be completed by late March 2015. We also expect to in
of Radisson Hotel Fisherman's Wharf and W Los Angeles - Westwood which we anticipate will be completed by late June 201

Contractual Obligations and Off-Balance Sheet Arrangements

The table below summarizes our contractual obligations as of December 31, 2014 and the effect such obligations are expected t
(in thousands):

	Payments due by period		
	Total	Less than 1 year	1 to 3 years
Mortgage loans (1)	$ 536,128	$ 82,322	$ 377,914
Term loan (2)	348,231	8,521	17,976
Borrowings under credit facility (3)	54,564	1,103	2,239
Hotel and ground leases (4)	748,057	6,839	13,749
Capital lease obligation	36,542	—	72
Purchase commitments (5)	8,805	8,805	—
Corporate office lease	4,110	180	745
Total	$ 1,736,437	$ 107,770	$ 412,695

(1) Amounts include principal and interest.

(2) Amounts include principal and interest. The Term Loan bears interest at a floating rate equal to LIBOR plus an applicable m
to effectively fix the interest rate for the Term Loan. At December 31, 2014, the Company had interest rate swaps with an ag
result, the Term Loan had a weighted-average effective interest rate of 2.83% through July 13, 2017 and a weighted-average
through January 15, 2020, based on the Company's leverage ratio at December 31, 2014.

(3) Amounts include principal and interest. Interest expense is calculated based on the weighted-average interest rate for all out
2014. It is assumed that the outstanding borrowings will be repaid upon maturity with fixed interest-only payments until the

(4) The long-term ground leases on the Monaco Washington DC and Argonaut Hotel provide for the greater of base or percenta
hotel lease on the Hotel Palomar San Francisco provides for base rent plus percentage rent, adjusted for CPI increases and c
leases on the Radisson Hotel Fisherman's Wharf provide for base plus percentage rent through 2016 and rent as a percentage
in the agreements, in 2017 and thereafter. The long-term hotel lease on the Prescott Hotel was determined to be both an oper
rental increase every year during the lease term. The long-term ground lease on the Hotel Palomar Los Angeles - Westwood
every five years. This lease has 19 five-year renewal options and the table assumes the exercise of all 19 renewal options. Th
Autograph Collection provides for annual base rent equal to the greater of $0.1 million or annual real property taxes. The tab
periods presented and does not include assumptions for CPI adjustments.

(5) Amounts represent purchase orders and contracts that have been executed for renovation projects at the properties. We are c
anticipate making similar arrangements in the future with the existing properties or any future properties that we may acquir

Off-Balance Sheet Arrangements – Joint Venture Indebtedness

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We have a 49% equity interest in the Manhattan Collection joint venture, which owns six properties in New York City that hav
exercise significant influence over, but do not control, the joint venture and therefore account for our investment in the joint ve

As of December 31, 2014, the joint venture had $460.0 million in first mortgage debt, consisting of a single $410.0 million loa
NYC) owned by the joint venture, a $50.0 million loan secured by the Dumont NYC and a $50.0 million unsecured special loa
fixed rate of 3.67% and requires interest-only payments through maturity on January 5, 2018. The $50.0 million secured loan b
and requires interest-only payments through maturity on May 1, 2018. In 2012, we provided the joint venture a $50.0 million u
July 4, 2018, the closing of any refinancing of the secured loan or the closing date of a portfolio sale (as defined in the loan agr
an annual fixed rate of 9.75% and requires interest-only payments through maturity. The unsecured special loan is pre-payable

The joint venture was in compliance with all of its debt covenants as of December 31, 2014. We are not guarantors of the joint
related to fraud or misapplication of funds.

Inflation

We rely on the performance of the hotels to increase revenues to keep pace with inflation. Generally, our hotel operators posses
group or corporate rates contractually committed to in advance, although competitive pressures may limit the ability of our ope
same rate.

Seasonality

Demand in the lodging industry is affected by recurring seasonal patterns which are greatly influenced by overall economic cyc
at the hotels. Generally, our hotels have lower revenue, operating income and cash flow in the first quarter of each year and hig
third quarter of each year.

Derivative Instruments

In the normal course of business, we are exposed to the effects of interest rate changes. We may enter into derivative instrumen
manage or hedge interest rate risk. Derivative instruments are subject to fair value reporting at each reporting date and the incre
(loss) or accumulated other comprehensive income (loss), based on the applicable hedge accounting guidance. Derivatives expo
non-performance by the counterparties under the terms of the interest rate hedge agreements. The Company believes it minimiz
creditworthy financial institutions.

Prior to amending and restating the credit facility agreement in October 2014, we had entered into interest rate swap agreement
to hedge the LIBOR on our borrowing under the term loan facility through July 13, 2017. Upon amending and restating the cre
million under the term loan facility, we entered into additional swap agreements to hedge the full $300.0 million Term Loan thr
31, 2014, we had interest rate swaps with an aggregate notional amount of $300.0 million, and, as a result, the Term Loan had a
through July 13, 2017 and a weighted-average effective interest rate of 3.41% from July 13, 2017 through January 15, 2020, ba
We have designated these pay-fixed, receive-floating interest rate swap derivatives as cash flow hedges. For the year ended De
loss recorded in accumulated other comprehensive income.

Item 7A. Quantitative and Qualitative Disclosures 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 a
by closely monitoring our variable rate debt and converting such debt to fixed rates when we deem such conversion advantage
swap agreements or other interest rate hedging contracts. While these agreements are intended to lessen the impact of rising int
other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreeme
underlying transactions will fail to qualify as highly effective cash flow hedges under guidance included in ASC 815 "Derivati

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The table below provides information about financial instruments that are sensitive to changes in interest rates, including mortg
obligations, the table presents scheduled maturities, including annual amortization of principal, and related weighted-average in
period (dollars in thousands).

	2015		2016		2017		2018		2019
Liabilities									
Fixed rate debt	$ 60,211		$ 203,269		$ 155,908		$ 2,366		$ 2,456
Average interest rate	6.96	%	5.48	%	4.45	%	3.69	%	3.69
Variable rate debt	$ —		$ —		$ —		$ —		$ 50,000
Average interest rate [(1)]	—	%	—	%	—	%	—	%	1.71
Total	$ 60,211		$ 203,269		$ 155,908		$ 2,366		$ 52,456

(1) Borrowings under our term loan facility bear interest at floating rates equal to, at our option, either (i) LIBOR plus an applic
margin. We entered into interest rate swaps to effectively fix the interest rates for the Term Loan. As of December 31, 2014, th
notional amount of $300.0 million, and, as a result, the Term Loan had a weighted-average effective interest rate of 2.83% thro
interest rate of 3.41% from July 13, 2017 through January 15, 2020, based on the Company's leverage ratio at December 31, 20

This table reflects indebtedness outstanding as of December 31, 2014 and does not reflect indebtedness, if any, incurred after th
fluctuations depends on the amount of indebtedness that bears interest at variable rates, the time at which the interest rate is adj
or refinance variable rate indebtedness and hedging strategies used to reduce the impact of any increases in rates. As of Decemb
mortgage debt was $503.9 million.

As of December 31, 2014, $50.0 million of the Company's aggregate indebtedness (6% of total indebtedness) was subject to va
under the unsecured term loan facility that have been effectively swapped into fixed rates.

Item 8. Consolidated Financial Statements and Supplementary Data.

See Financial Statements and index beginning on page F-1.

Item 9. Changes in and Disagreements With Accountants on Accounting Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financia
design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act as of the en
evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by
were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit unde
summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumula
timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

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Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term
Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer, w
internal control over financial reporting based on the original framework in Internal Control - Integrated Framework issued in 2
the Treadway Commission. Based on our evaluation under the framework in Internal Control - Integrated Framework, our man
financial reporting was effective as of December 31, 2014.

We acquired the The Nines, a Luxury Collection Hotel, Portland on July 17, 2014, The Westin Colonnade Coral Gables on Nov
Westwood on November 20, 2014, the Union Station Hotel, Autograph Collection on December 10, 2014, and the Revere Hote
excluded the hotel operations of these properties from our assessment of effectiveness of internal control over financial reportin
aggregate of hotel-level assets and liabilities of $8.1 million and $8.3 million, respectively, and hotel revenues and expenses of
and for the year ended December 31, 2014.

KPMG LLP, a registered independent accounting firm, has audited our consolidated financial statements included in this Annu
issued its report, included herein on page F-3, on the effectiveness of our internal control over financial reporting.

There was no change to our internal control over financial reporting during the fourth quarter ended December 31, 2014 that ha
materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

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 2015 Annual Mee

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to the Company's Proxy Statement for the 2015 Annual Mee

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 2015 Annual Mee

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 2015 Annual Mee

Item 14. Principal Accountant Fees and Services.

The information required by this item is incorporated by reference to the Company's Proxy Statement for the 2015 Annual Mee

PART IV

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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 through F-30.

2. Financial Statement Schedules

The following financial statement schedule is included herein on pages F-31 through F-33.

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 relate
information is included in the footnotes to the applicable financial statement and, therefore, have been omitted from this Item 1

3. Exhibits

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

Exhibit Number	Description of Exhibit
3.1	Declaration of Trust, as amended and supplemented, of the Registrant (incorporated by reference to Quarterly Report on Form 10-Q filed on October 23, 2014 (File No. 001-34571)).
3.2	Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration S July 13, 2010 (File No. 333-168078)).
3.3	Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P., datec (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on D 001-34571)).
3.4†	First Amendment to the Second Amended and Restated Agreement of Limited Partnership of Pebbl September 30, 2014.
10.1*	Pebblebrook Hotel Trust 2009 Equity Incentive Plan, as amended and restated (incorporated by refe Registrant's Quarterly Report on Form 10-Q filed on August 2, 2012 (File No. 001-34571)).
10.2*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Jon E. Bortz (incorp Exhibit 10.2 to the Registrant's Annual Report on Form 10-K filed on March 24, 2010 (File No. 001
10.3*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Raymond D. Martz Exhibit 10.3 to the Registrant's Annual Report on Form 10-K filed on March 24, 2010 (File No. 001
10.4*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Thomas C. Fisher (Exhibit 10.4 to the Registrant's Annual Report on Form 10-K filed on March 24, 2010 (File No. 001
10.5*	Form of Indemnification Agreement between Pebblebrook Hotel Trust and its officers and trustees (Exhibit 10.4 of Amendment No. 1 to the Registrant's Registration Statement on Form S-11/A, filed 2009 (File No. 333-162412)).
10.6*	Form of Share Award Agreement for officers and employees (incorporated by reference to Exhibit 1 Registrant's Registration Statement on Form S-11/A filed on November 25, 2009 (File No. 333-162 superseded by Exhibit 10.13 below).
10.10*	Form of Share Award Agreement for trustees (incorporated by reference to Exhibit 10.6 of Amendn Registration Statement on Form S-11/A filed on November 25, 2009 (File No. 333-162412)).
10.11*	Form of Share Award Agreement (Performance Vesting) for executive officers (incorporated by ref Registrant's Quarterly Report on Form 10-Q filed on April 26, 2012 (File No. 001-34571)).
10.12*	

Form of LTIP Unit Vesting Agreement (supersedes Exhibits 10.11, 10.12, and 10.13 to the Registra
filed on March 24, 2010 (File No. 001-34571)) (incorporated by reference to Exhibit 10.2 to the Reg
10-Q filed on April 26, 2012).

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10.13*	Form of Share Award Agreement for executive officers (supersedes Exhibit 10.5 of Amendment No Statement on Form S-11/A filed on November 25, 2009 (File No. 333-162412) and Exhibits 10.1, 1 Current Report on Form 8-K filed on March 16, 2010 (File No. 001-34571)) (incorporated by refere Registrant's Quarterly Report on Form 10-Q filed on April 26, 2012 (File No. 001-34571)).
10.14	Lease, dated December 1, 1999, by and between the United States of America, acting through the A and Tariff Building Associates, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's C September 13, 2010 (File No. 001-34571)).
10.15	Assignment and Assumption of GSA Lease, by and among the United States of America, acting by General Services and Authorized Representatives, Tariff Building Associates, L.P., and Jayhawk Ov reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on September 13, 20
10.16	Historical Lease, dated October 16, 2000, by and between the United States Department of the Inter through the Regional Director, Pacific West Region, an agency of the United States of America, anc (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on F 001-34571)).
10.17	Seventh Amendment to Historic Lease, dated February 6, 2001, by and between the United States D Park Service acting through the Regional Director, Pacific West Region, an agency of the United St Hotel Associates, L.P. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report 2011 (File No. 001-34571)).
10.18	Tenth Amendment to Historic Lease, dated December 9, 2008, by and between the United States De Park Service acting through the Regional Director, Pacific West Region, an agency of the United St Hotel Associates, L.P. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report 2011 (File No. 001-34571)).
10.19	Eleventh Amendment to Historic Lease, dated February 16, 2011, by and between the United States National Park Service acting through the Regional Director, Pacific West Region, an agency of the Wildcats Owner LLC. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report 2011 (File No. 001-34571)).
10.2	Assignment and Assumption of Historical Lease, by and among the United States Department of the acting through the Regional Director, Pacific West Region, an Agency of the United States of Amer L.P., and Wildcats Owner LLC. (incorporated by reference to Exhibit 10.5 to the Registrant's Curre February 22, 2011 (File No. 001-34571)).
10.21	Amended and Restated Credit Agreement, dated as of July 13, 2012, among Pebblebrook Hotel, L.F Trust, as the parent REIT and a guarantor, certain subsidiaries of the borrower, as guarantors, Bank administrative agent, and the other lenders party hereto (incorporated by reference to Exhibit 10.2 to on Form 10-Q filed on August 2, 2011 (File No. 001-34571)) (This agreement was amended and res 10.33 below).
10.22	Contribution Agreement by and among Denihan Ownership Company, LLC, Denihan Mezz Holdin Owner LLC, dated as of June 20, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant's on June 24, 2011 (File No. 001-34571)).
10.23	Form of Operating Agreement of DP Holding Company, LLC (incorporated by reference to Exhibit Report on Form 8-K filed on June 24, 2011 (File No. 001-34571)).
10.24	Second Amended and Restated Operating Agreement of DP Fee Holding Co., LLC, dated July 29, 2 the Registrant's Current Report on Form 8-K filed on August 4, 2011) (incorporated by reference to Current Report on Form 8-K/A filed on September 28, 2011 (File No. 001-34571)).
10.25	Amendment to Second Amended and Restated Operating Agreement of DP Fee Holding Co., LLC, (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K filed or No. 001-34571)).
10.26	Operating Agreement of DP Lease Holding, LLC, dated July 29, 2011 (incorporated by reference to Current Report on Form 8-K filed on August 4, 2011 (File No. 001-34571)).
10.27	

Loan Agreement, dated as of December 27, 2012, between Goldman Sachs Mortgage Company and
125 East 50th Street Co. LLC, 215 East 64th Street Co. LLC, 155 East 50th Street Co. LLC and 303
(incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K filed or
No. 001-34571)).

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10.28*	Form of LTIP Class B Unit Vesting Agreement (incorporated by reference to Exhibit 10.1 to the Re 8-K filed on December 17, 2013 (File No. 001-34571)).
10.29*	Form of Performance Unit Retention Award Agreement (incorporated by reference to Exhibit 10.2 t on Form 8-K filed on December 17, 2013 (File No. 001-34571)).
10.30*	Form of Performance Unit Award Agreement for Executive Officers (incorporated by reference to E Current Report on Form 8-K filed on February 10, 2014 (File No. 001-34571)).
10.31†	Agreement of Purchase and Sale by and among NWBR LLC, and Stuart Street Development LLC, a Owner LLC, as Buyer, dated as of October 7, 2014.
10.33†	Third Amended and Restated Credit Agreement, dated as of October 16, 2014, among Pebblebrook Pebblebrook Hotel Trust, as the parent REIT and a guarantor, certain subsidiaries of the Borrower, a N.A., as administrative agent, swing line lender and L/C issuer, and the other lenders party thereto (10.21 above).
12.1†	Statement of Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Dividends.
21.1†	List of Subsidiaries of the Registrant.
23.1†	Consent of KPMG LLP.
23.2†	Consent of PKF O’Connor Davies, A Division of O’Connor Davies, LLP.
31.1†	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant Sarbanes-Oxley Act of 2002.
31.2†	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant t Sarbanes-Oxley Act of 2002.
32.1††	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Act of 2002.
32.2††	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Act of 2002.
99.1†	Audited combined financial statements of DP Fee Holding Co., LLC and DP Lease Holding, LLC.
101.INS XBRL	Instance Document (1)
101.SCH XBRL	Taxonomy Extension Schema Document (1)
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document (1)
101.LAB XBRL	Taxonomy Extension Label Linkbase Document (1)
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document (1)
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document (1)

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* 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 (e Consolidated Balance Sheets; (ii) Consolidated Statements of Operations and Comprehensive Income; (iii) Consolidated Sta Cash Flows; and (v) Notes to Consolidated Financial Statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to b
duly authorized.

PEBBLEBROOK

Date: February 17, 2015

/s/ JON E. BORT
Jon E. Bortz
Chairman, Presid

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on b
dates indicated.

Signatures	Title
/s/ JON E. BORTZ Jon E. Bortz	Chairman, President and Chief Executive Officer (executive officer)
/s/ RAYMOND D. MARTZ Raymond D. Martz	Executive Vice President, Chief Financial Officer, Secretary (principal financial officer and principal officer)
/s/ CYDNEY C. DONNELL Cydney C. Donnell	Trustee
/s/ RON E. JACKSON Ron E. Jackson	Trustee
/s/ PHILLIP M. MILLER Phillip M. Miller	Trustee
/s/ MICHAEL J. SCHALL Michael J. Schall	Trustee
/s/ EARL E. WEBB Earl E. Webb	Trustee
/s/ LAURA H. WRIGHT Laura H. Wright	Trustee

PEBBLEBROOK HOTEL TRUST
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Reports of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Schedule III - Real Estate and Accumulated Depreciation

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Report of Independent Registered Public Accounting Firm

The Shareholders and Board of Trustees
Pebblebrook Hotel Trust:

We have audited the accompanying consolidated balance sheets of Pebblebrook Hotel Trust and subsidiaries (the Company) as consolidated statements of operations and comprehensive income, equity and cash flows for each of the years in the three-year our audits of the consolidated financial statements, we also have audited the financial statement schedule III. These consolidate are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financia our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and signific evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial posit December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year peri U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered i statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), P reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by th Treadway Commission (COSO), and our report dated February 17, 2015, expressed an unqualified opinion on the effectiveness financial reporting.

/s/ KPMG LLP

McLean, Virginia
February 17, 2015

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Report of Independent Registered Public Accounting Firm

The Shareholders and Board of Trustees
Pebblebrook Hotel Trust:

We have audited Pebblebrook Hotel Trust's (Pebblebrook) internal control over financial reporting as of December 31, 2014, ba
Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Pe
maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control ove
Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on Pebblebrook
our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States).
audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all mate
understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and eva
internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessa
provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliab
financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal co
and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transacti
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in acc
and that receipts and expenditures of the company are being made only in accordance with authorizations of management and d
assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that
statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, proj
periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of com
deteriorate.

In our opinion, Pebblebrook maintained, in all material respects, effective internal control over financial reporting as of Decem
Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (C

Management has excluded from its assessment of the effectiveness of internal control over financial reporting as of December 3
for the operations of five of the six hotels acquired in 2014 (acquisition dates July 17, 2014, November 12, 2014, November 20
comprising hotel level assets and liabilities of $8.1 million and $8.3 million, respectively, and hotel revenues and expenses of $
in the consolidated balance sheet and statement of operations and comprehensive income as of and for the year ended Decembe
reporting of Pebblebrook also excluded an evaluation of the internal control over financial reporting for these hotel level assets

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), th
Trust and subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of operations and comprehen
years in the three-year period ended December 31, 2014, and our report dated February 17, 2015, expressed an unqualified opin

/s/ KPMG LLP

McLean, Virginia
February 17, 2015

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Pebblebrook Hotel Trust
Consolidated Balance Sheets
(In thousands, except share data)

ASSETS
Investment in hotel properties, net
Investment in joint venture
Ground lease asset, net
Cash and cash equivalents
Restricted cash
Hotel receivables (net of allowance for doubtful accounts of $139 and $270, respectively)
Deferred financing costs, net
Prepaid expenses and other assets
Total assets
LIABILITIES AND EQUITY
Senior unsecured revolving credit facility
Term loan
Mortgage debt (including mortgage loan premium of $4,026 and $5,888, respectively)
Accounts payable and accrued expenses
Advance deposits
Accrued interest
Distribution payable
Total liabilities
Commitments and contingencies (Note 11)
Shareholders' equity:
Preferred shares of beneficial interest, $.01 par value (liquidation preference $350,000 at December 31, 2014 and $325,000 at December 31, 2013), 100,000,000 shares authorized; 14,000,000 shares issued and outstanding at December 31, 2014 and 13,000,000 shares issued and outstanding at December 31, 2013
Common shares of beneficial interest, $.01 par value, 500,000,000 shares authorized; 71,553,481 issued and outstanding at December 31, 2014 and 63,709,628 issued and outstanding at December 31, 2013
Additional paid-in capital
Accumulated other comprehensive income (loss)
Distributions in excess of retained earnings
Total shareholders' equity
Non-controlling interests
Total equity
Total liabilities and equity
The accompanying notes are an integral part of these financial statements.

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

	For the year ended December 31,		
	2014		2013
Revenues:			
Room	$ 410,600		$ 321,630
Food and beverage	148,114		136,531
Other operating	40,062		31,056
Total revenues	598,776		489,217
Expenses:			
Hotel operating expenses:			
Room	102,709		83,390
Food and beverage	104,843		100,244
Other direct	14,512		14,037
Other indirect	151,923		126,527
Total hotel operating expenses	373,987		324,198
Depreciation and amortization	68,324		55,570
Real estate taxes, personal property taxes, property insurance, and ground rent	36,878		31,052
General and administrative	26,349		17,166
Hotel acquisition costs	1,973		3,376
Total operating expenses	507,511		431,362
Operating income (loss)	91,265		57,855
Interest income	2,529		2,620
Interest expense	(27,065	)	(23,680
Equity in earnings (loss) of joint venture	10,065		7,623
Income (loss) before income taxes	76,794		44,418
Income tax (expense) benefit	(3,251	)	(1,226
Net income (loss)	73,543		43,192
Net income (loss) attributable to non-controlling interests	677		274
Net income (loss) attributable to the Company	72,866		42,918
Distributions to preferred shareholders	(25,079	)	(22,953
Net income (loss) attributable to common shareholders	$ 47,787		$ 19,965
Net income (loss) per share available to common shareholders, basic	$ 0.72		$ 0.32
Net income (loss) per share available to common shareholders, diluted	$ 0.71		$ 0.32
Weighted-average number of common shares, basic	65,646,712		61,498,389
Weighted-average number of common shares, diluted	66,264,118		61,836,741

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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,	
	2014	2013
Comprehensive Income:		
Net income (loss)	$ 73,543	$ 43,192
Other comprehensive income (loss):		
Unrealized gain (loss) on derivative instruments	(1,427)	1,386
Comprehensive income (loss)	72,116	44,578
Comprehensive income (loss) attributable to non-controlling interests	665	287
Comprehensive income (loss) attributable to the Company	$ 71,451	$ 44,291

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

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Pebblebrook Hotel Trust
Consolidated Statements of Equity
(In thousands, except share data)

	Preferred Shares		Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Distrib in Exce Retaine Earning
	Shares	Amount	Shares	Amount			
Balance at December 31, 2011	9,000,000	$ 90	50,769,024	$ 508	$ 1,142,905	$ —	$ (30,25
Issuance of shares, net of offering costs	—	—	9,694,087	97	214,774	—	—
Issuance of common shares for Board of Trustee compensation	—	—	10,361	—	199	—	—
Repurchase of common shares	—	—	(15,706)	—	(321)	—	—
Share-based compensation	—	—	52,789	1	2,635	—	—
Distributions on common shares/units	—	—	—	—	—	—	(27,800
Distributions on preferred shares	—	—	—	—	—	—	(17,825
Redemption of non-controlling interest LTIP units	—	—	444,535	4	2,157	—	—
Other comprehensive income (loss):							
Unrealized gain (loss) on derivative instruments	—	—	—	—	—	(300)	—
Net income (loss)	—	—	—	—	—	—	26,079
Balance at December 31, 2012	9,000,000	$ 90	60,955,090	$ 610	$ 1,362,349	$ (300)	$ (49,79
Issuance of shares, net of offering costs	4,000,000	40	2,701,893	27	175,508	—	—
Issuance of common shares for Board of Trustee compensation	—	—	9,097	—	207	—	—
Repurchase of common shares	—	—	(21,644)	—	(523)	—	—
Share-based compensation	—	—	65,192	—	3,597	—	—
Distributions on common shares/units	—	—	—	—	—	—	(39,819
Distributions on preferred shares	—	—	—	—	—	—	(22,953
Redemption of non-controlling interest LTIP units	—	—	—	—	—	—	—
Other comprehensive income (loss):							
Unrealized gain (loss) on derivative instruments	—	—	—	—	—	1,386	—
Net income (loss)	—	—	—	—	—	—	42,918
Balance at December 31, 2013	13,000,000	$ 130	63,709,628	$ 637	$ 1,541,138	$ 1,086	$ (69,65

Issuance of shares, net of offering costs	1,000,000	10	7,530,000	75	316,825	—	—

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Issuance of common shares for Board of Trustee compensation	—	—	13,793	—	421	—	—
Repurchase of common shares	—	—	(20,539)	—	(632)	—	—
Share-based compensation	—	—	62,498	1	9,085	—	—
Distributions on common shares/units	—	—	—	—	—	—	(62,2
Distributions on preferred shares	—	—	—	—	—	—	(25,0
Redemption of non-controlling interest LTIP units	—	—	258,101	3	(2,098)	—	—
Other comprehensive income (loss):							
Unrealized gain (loss) on derivative instruments	—	—	—	—	—	(1,427)	—
Net income (loss)	—	—	—	—	—	—	72,86
Balance at December 31, 2014	14,000,000	$ 140	71,553,481	$ 716	$ 1,864,739	$ (341)	$ (84

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

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Pebblebrook Hotel Trust
Consolidated Statements of Cash Flows
(In thousands)

	For the year ended December		
	2014		2
Operating activities:			
Net income (loss)	$ 73,543		$
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	68,324		5
Share-based compensation	11,695		5
Amortization of deferred financing costs and mortgage loan premiums	(604	)	(2
Non-cash ground rent	2,252		3
Equity in (earnings) loss from joint venture	(7,676	)	(5
Other	407		8
Changes in assets and liabilities:			
Restricted cash, net	71		(1
Hotel receivables	(3,544	)	(3
Prepaid expenses and other assets	(3,763	)	(3
Distributions from joint venture	9,152		1
Accounts payable and accrued expenses	10,598		8
Advance deposits	829		3
Net cash provided by (used in) operating activities	161,284		1
Investing activities:			
Acquisition of hotel properties	(575,748	)	(2
Improvements and additions to hotel properties	(52,553	)	(3
Distribution from (investment in) joint venture, net	—		2
Deposit on hotel properties	—		—
Acquisition of note receivable	(3,020	)	—
Purchase of corporate office equipment, software, and furniture	(1,146	)	(3
Restricted cash, net	28		(3
Property insurance proceeds	1,113		4
Net cash provided by (used in) investing activities	(631,326	)	(2
Financing activities:			
Gross proceeds from issuance of common shares	293,211		7
Gross proceeds from issuance of preferred shares	25,000		1
Payment of offering costs — common and preferred shares	(1,301	)	(3
Payment of deferred financing costs	(3,696	)	(6
Borrowings under senior revolving credit facility	180,000		—
Repayments under senior revolving credit facility	(130,000	)	—
Borrowings under term loan facility	200,000		—
Proceeds from mortgage debt	—		—
Repayments of mortgage debt	(9,123	)	(8
Repurchase of common shares	(632	)	(5
Redemption of non-controlling interests	(5,231	)	—
Distributions — common shares/units	(55,708	)	(3
Distributions — preferred shares	(24,731	)	(2
Net cash provided by (used in) financing activities	467,789		1

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Pebblebrook Hotel Trust
Consolidated Statements of Cash Flows
(In thousands)

Net change in cash and cash equivalents	(2,253	)	(3
Cash and cash equivalents, beginning of year	55,136		8
Cash and cash equivalents, end of year	$ 52,883		$

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

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PEBBLEBROOK HOTEL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOTE 1. ORGANIZATION

Pebblebrook Hotel Trust (the "Company") was formed as a Maryland real estate investment trust in October 2009 to opportuni
primarily in major United States cities, with an emphasis on major gateway coastal markets.

As of December 31, 2014, the Company owned interests in 35 hotels, including 29 wholly owned hotels with a total of 6,948 g
hotels with a total of 1,775 guest rooms. The hotels are located in the following markets: Atlanta (Buckhead), Georgia; Bethesc
California; Los Angeles, California; Miami, Florida; Minneapolis, Minnesota; Nashville, Tennessee; New York, New York; Ph
Diego, California; San Francisco, California; Santa Monica, California; Seattle, Washington; Stevenson, Washington; Washing
Westwood, California.

Substantially all of the Company's assets are held by, and all of the operations are conducted through, Pebblebrook Hotel, L.P.
general partner of the Operating Partnership. At December 31, 2014, the Company owned 99.7% of the common limited partne
("common units"). The remaining 0.3% of the common units are owned by the other limited partners of the Operating Partnersh
investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), it cannot operate the hotels it ov
subsidiaries lease the hotel properties to subsidiaries of Pebblebrook Hotel Lessee, Inc. (collectively with its subsidiaries, "PHL
in turn engages third-party eligible independent contractors to manage the hotels. PHL is consolidated into the Company's fina

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
include all of the accounts of the Company and its subsidiaries and are presented in accordance with U.S. GAAP. All significar
eliminated in consolidation. Investments in entities in which the Company does not control, but has the ability to exercise signi
are accounted for under the equity method.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assump
liabilities, disclosure of contingent assets and liabilities, and revenues and expenses. These estimates are prepared using manag
and expected events and economic conditions. Actual results could differ from these estimates.

Risks and Uncertainties

The state of the overall economy can significantly impact hotel operational performance and thus, impact the Company's financ
significant decline in operational performance, it may affect the Company's ability to make distributions to our shareholders an

Fair Value Measurements

A fair value measurement is based on the assumptions that market participants would use in pricing an asset or liability in an or
measuring fair value are as follows:

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
model-derived valuations whose inputs are observable.
3. Level 3 – Model-derived valuations with unobservable inputs.

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In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for
value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.
The Company's financial instruments include cash and cash equivalents, restricted cash, accounts payable and accrued expense
of these assets and liabilities approximate fair value. See Note 6 for disclosures on the fair value of debt and derivative instrum
Investment in Hotel Properties
Upon acquisition of hotel properties, the Company allocates the purchase price based on the fair value of the acquired land, lan
equipment, identifiable intangible assets or liabilities, other assets and assumed liabilities. Identifiable intangible assets or liabi
connection with the transaction, including terms that are above or below market compared to an estimated market agreement at
assets and assumed liabilities are determined based on replacement costs, appraised values, and estimated fair values using met
and that use appropriate discount and/or capitalization rates and available market information.
Acquisition costs are expensed as incurred.
Hotel renovations and replacements of assets that improve or extend the life of the asset are recorded at cost and depreciated ov
equipment under capital leases are recorded at the present value of the minimum lease payments. Repair and maintenance costs
Hotel properties are recorded at cost and depreciated using the straight-line method over an estimated useful life of 10 to 40 yea
improvements and 1 to 10 years for furniture, fixtures and equipment. Leasehold improvements are amortized over the shorter
assets. Intangible assets arising from contractual arrangements are typically amortized over the life of the contract. The Compa
useful lives and classification of properties for purposes of determining the amount of depreciation expense to reflect each year
impact the Company's results of operations.
The Company reviews its investments in hotel properties for impairment whenever events or changes in circumstances indicate
be recoverable. Events or circumstances that may cause a review include, but are not limited to, when a hotel property experien
it becomes more likely than not that a hotel property will be sold before the end of its useful life, adverse changes in the deman
or local economic conditions and/or new hotel construction in markets where the hotels are located. When such conditions exis
the estimated undiscounted future cash flows from operations and the proceeds from the ultimate disposition of a hotel exceed
cash flows are less than the carrying value of the asset, an adjustment to reduce the carrying value to the related hotel's estimat
recognized. In the evaluation of impairment of its hotel properties, the Company makes many assumptions and estimates inclu
eventual disposition, expected useful life and holding period, future required capital expenditures, and fair values, including co
comparable selling prices. The Company will adjust its assumptions with respect to the remaining useful life of the hotel prope
not that the hotel property will be sold prior to its previously expected useful life.
The Company will classify a hotel as held for sale when a binding agreement to sell the property has been signed under which
nonrefundable cash, no significant financing contingencies exist, and the sale is expected to close within one year. If these crite
lower than the carrying value of the hotel, the Company will record an impairment loss and will cease recording depreciation e
together with the related operating results, as continuing operations on the statements of operations and classify the assets and
See "Recent Accounting Standards" below.
Investment in Joint Venture
The Company reviews its investment in joint venture for impairment annually or at interim periods if events or circumstances i
investment is impaired when its estimated fair value is less than the carrying amount of the investment and that impairment is o

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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 Co
conjunction with the purchase of a hotel to determine if the terms are over or under market compared to an estimated market ag
assets or over market contract liabilities are recorded at the acquisition date and amortized using the straight-line method over t
amortize intangible assets with indefinite useful lives, but review these assets for impairment annually or at interim periods if e
impaired.
Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions and short-term liquid investmen
The Company maintains cash and cash equivalents balances in excess of insured limits with various financial institutions. This
concentrations of credit risk. The Company performs periodic evaluations of the credit quality of these financial institutions.
Restricted Cash
Restricted cash primarily consists of reserves for replacement of furniture and fixtures and cash held in escrow pursuant to lend
insurance.
Prepaid Expenses and Other Assets
The Company's prepaid expenses and other assets consist of prepaid real estate taxes, prepaid insurance, deposits on hotel acqu
corporate office equipment and furniture.
Deferred Financing Costs
Financing costs are recorded at cost and consist of loan fees and other costs incurred in connection with obtaining debt. Amorti
method, which approximates the effective interest method over the remaining life of the debt, and is included in interest expens
operations.
Derivative Instruments
In the normal course of business, the Company is exposed to the effects of interest rate changes. The Company may enter into d
caps and collars to manage or hedge interest rate risk. Derivative instruments are recorded at fair value on the balance sheet dat
of hedging instruments are reported in other comprehensive income (loss) and are subsequently reclassified into earnings in the
earnings. Ineffective portions of changes in the fair value of a cash flow hedge are recognized as increases or decreases to inter
Revenue Recognition
Revenue consists of amounts derived from hotel operations, including the sales of rooms, food and beverage, and other ancillar
occupied and services have been rendered. For retail operations, revenue is recognized on a straight-line basis over the lives of
occupancy and similar taxes at its hotels which are presented on a net basis on the statement of operations. Accounts receivable
who occupy hotel rooms and utilize hotel services. The Company maintains an allowance for doubtful accounts sufficient to co
Income Taxes
To qualify as a REIT for federal income tax purposes, the Company must meet a number of organizational and operational requ
distribute at least 90 percent of its adjusted taxable income to its shareholders. As a REIT, the Company generally is not subjec
taxable income that is currently distributed to shareholders. The Company is subject to certain state and local taxes on its incom
on its undistributed taxable income. In addition, PHL, which leases the Company’s hotels from the Operating Partnership, is su
accounts for income taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for
between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Valuation allo
available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

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Share-based Compensation

The Company has adopted an equity incentive plan that provides for the grant of common share options, share awards, share ap
equity-based awards. Equity-based compensation is measured at the fair value of the award on the date of grant and recognized
period. Share-based compensation awards that contain a performance condition are reviewed at least quarterly to assess the ach
expense will be adjusted when a change in the assessment of achievement of the specific performance condition level is determ
these awards is subjective and involves significant estimates and assumptions including expected volatility of the Company's sh
assumptions of whether these awards will achieve parity with other operating partnership units or achieve performance threshol

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing the net income (loss) attributable to common shareholders by the we
for the period. Diluted EPS is computed by dividing net income (loss) attributable to common shareholders as adjusted for dilu
common shares outstanding plus dilutive securities. Any anti-dilutive securities are excluded from the diluted per-share calcula

Comprehensive Income

The purpose of reporting comprehensive income is to report a measure of all changes in equity of an entity that result from reco
period other than transactions with owners in their capacity as owners. Comprehensive income consists of all components of in
is excluded from net income. For the years ended December 31, 2014, 2013 and 2012, comprehensive income (loss) was $72.1
respectively. As of December 31, 2014 and 2013, the Company's accumulated other comprehensive income (loss) was $(0.3) m

Recent Accounting Standards

On April 10, 2014, the FASB issued ASU 2014-08 Reporting Discontinued Operations and Disclosures of Disposals of Compo
determining which disposals are presented as discontinued operations and modifies related disclosure requirements. This standa
December 15, 2014 and for interim periods within those fiscal years with early adoption permitted. The Company has early ado
this ASU, the Company anticipates that the majority of property sales will not be classified as discontinued operations.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to re
be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition
The new standard will be effective for the Company on January 1, 2017. Early adoption is not permitted. The standard permits
transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements a
selected a transition method nor has it determined the effect of the standard on its financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Go
interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial sta
determining when and how to disclose going concern uncertainties in the financial statements. Certain disclosures will be requi
entity's ability to continue as a going concern. This guidance will be effective for the Company on January 1, 2017 and will no
results of operations or cash flows.

NOTE 3. ACQUISITION OF HOTEL PROPERTIES

On May 22, 2014, the Company acquired the 160-room Prescott Hotel located in San Francisco, California for $49.0 million. In
of $1.3 million. The transaction included a fee simple acquisition of 96 guest rooms in one building and a leasehold interest acc
building. In connection with the acquisition of the leasehold interest, the Company assumed a long-term hotel lease with an una
time extension option of 30 years. The Company is required to pay annual base rent of approximately $0.5 million, beginning i
fixed increase

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every year during the remaining lease term. This transaction was funded with available cash and borrowings under the Compan
hotel will continue to be managed by Kimpton Hotel & Restaurant Group, LLC. The purchase price was allocated as follows: $
improvements, $1.1 million to furniture and fixtures, and $3.7 million to below (above) market rate contracts and other intangi

As noted above, the Prescott Hotel is subject to a long-term hotel lease of 64 rooms located in an adjacent attached building. Th
assumed was determined to be a capital lease under the criteria in ASC 840 - Leases. At acquisition, the Company recorded a c
leasehold interest, based on the estimated fair value of the payments for the remaining term, and is included in accounts payabl
capital asset of $12.2 million based on an estimated fair value for the right to use the leased property, which is included in inve
consolidated balance sheets.

On July 17, 2014, the Company acquired the 331-room The Nines, a Luxury Collection Hotel, Portland located in Portland, Or
with $76.3 million of borrowings under the Company's senior unsecured revolving credit facility and the assumption of three n
hotel will continue to be managed by Sage Hospitality. The purchase price was allocated as follows: $18.5 million to land, $92
to furniture and fixtures, and $7.1 million to below (above) market rate contracts and other intangibles.

In conjunction with the acquisition of The Nines, a Luxury Collection Hotel, Portland, the Company indemnified certain tax cr
related expenses such investors will incur if the Company were to repay the three mortgage loans before March 5, 2015 or enga
Markets Tax Credit program. Owning and operating a hotel is not one of those prohibited businesses. The potential indemnifica
(plus interest, penalties and related expenses) and will expire on March 5, 2015, which is the end of the New Markets Tax Cred
requirements and because compliance with them is within the Company’s control, the Company believes that the likelihood tha
indemnity is remote.

On November 12, 2014, the Company acquired the 157-room The Westin Colonnade Coral Gables located in Miami, Florida f
available cash and the hotel will continue to be managed by Davidson Hotel and Resorts. The purchase price was allocated as f
and improvements, $1.3 million to furniture and fixtures, and $0.3 million to below (above) market rate contracts and other int

On November 20, 2014, the Company acquired a leasehold interest in the 264-room Hotel Palomar Los Angeles - Westwood l
connection with the acquisition of the leasehold interest, the Company assumed a long-term ground lease with an unaffiliated t
five-year extension options. The Company is required to pay annual base rent of approximately $3.5 million and is adjusted fo
five-year extension. The acquisition was funded with available cash and the hotel will continue to be managed by Kimpton Ho
allocated as follows: $90.7 million to building and improvements, $1.5 million to furniture and fixtures, and $(13.5) million to
intangibles.

On December 10, 2014, the Company acquired a leasehold interest in the 125-room Union Station Hotel, Autograph Collectio
connection with the acquisition of the leasehold interest, the Company assumed a long-term ground lease with an unaffiliated t
required to pay the greater of annual base rent of $0.1 million or taxes on real property. The acquisition was funded with availa
manage the hotel. The purchase price was allocated as follows: $37.8 million to building and improvements, $6.8 million to fu
market rate contracts and other intangibles. This allocation is preliminary because the Company is still in process of finalizing

On December 18, 2014, the Company acquired the 356-room Revere Hotel Boston Common located in Boston, Massachusetts
available cash and borrowings under the Company's credit agreement. The purchase price was allocated as follows: $41.9 milli
improvements, and $10.6 million to furniture and fixtures.
The following unaudited pro forma financial information presents the results of operations of the Company for the years ended
in 2014 and 2013 were acquired on January 1, 2013 and 2012,

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respectively. The following hotels' pro forma results are included in the pro forma table below: Embassy Suites San Diego Bay
Hotel Fisherman's Wharf; Prescott Hotel; The Nines, a Luxury Collection Hotel, Portland; The Westin Colonnade Coral Gables
Station Hotel, Autograph Collection; and Revere Hotel Boston Common. The pro forma results below exclude acquisition cost
December 31, 2014 and 2013, respectively. The unaudited pro forma results have been prepared for comparative purposes only
results of operations that would have actually occurred had these transactions occurred or the future results of operations (in tho

	F 2 (U
Total revenues	$
Operating income (loss)	1
Net income (loss) attributable to common shareholders	6
Net income (loss) per share available to common shareholders — basic	$
Net income (loss) per share available to common shareholders — diluted	$

For the year ended December 31, 2014, the Company's consolidated statements of operations included $34.3 million of revenue
related to the operations of the Prescott Hotel, The Nines, a Luxury Collection Hotel, Portland, The Westin Colonnade Coral G
Station Hotel, Autograph Collection, and Revere Hotel Boston Common.

NOTE 4. INVESTMENT IN HOTEL PROPERTIES

Investment in hotel properties as of December 31, 2014 and December 31, 2013 consisted of the following (in thousands):

Land
Buildings and improvements
Furniture, fixtures and equipment
Construction in progress
Investment in hotel properties
Less: Accumulated depreciation
Investment in hotel properties, net

As of December 31, 2014, buildings and improvements include capital lease asset of $12.2 million and accumulated depreciatio
$0.2 million. Depreciation of capital lease asset is included in depreciation and amortization expense in the accompanying cons
income for all periods presented.

NOTE 5. INVESTMENT IN JOINT VENTURE

On July 29, 2011, the Company acquired a 49% interest in a joint venture (the "Manhattan Collection joint venture"), which ov
transaction valued the six hotels at approximately $908.0 million (subject to working capital and similar adjustments). The Con
method.

In conjunction with the joint venture's refinancing in 2012, the Company provided the joint venture a $50.0 million unsecured s
2018, the closing of any refinancing of the secured loan or the closing date of a portfolio sale (as defined in the loan agreement
annual fixed rate of 9.75% and requires interest-only payments through maturity. The unsecured special loan is pre-payable by
loan to the joint venture is included in the investment in joint venture on the consolidated balance sheets. Interest income is rec
pro-rata portion of the special loan and related interest income is eliminated.

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As of December 31, 2014, the joint venture reported $474.1 million in total assets, which represents the basis of the hotels prior
liabilities and members' deficit include $460.0 million in existing first mortgage debt and a $50.0 million unsecured special loa
of the joint venture except for limited customary carve-outs related to fraud or misapplication of funds.
At the time of the Company’s investment, the estimated fair value of the hotel properties owned by the Manhattan Collection jo
difference between the Company’s investment in the joint venture and the Company’s proportionate 49% interest in these depre
the estimated life of the underlying assets and recognized as a component of equity in earnings (loss) of joint venture (referred
The summarized results of operations of the Company’s investment in the Manhattan Collection joint venture for the years end
below (in thousands):

	For the year ended December		
	2014		2
Revenues	$ 185,609		$
Total expenses	169,683		1
Net income (loss)	$ 15,926		$
Company’s 49% interest of net income (loss)	7,804		5
Basis adjustment	(128	)	(
Special loan interest income elimination	2,389		2
Equity in earnings (loss) in joint venture	$ 10,065		$

The Company classifies the distributions from its joint venture in the statements of cash flows based upon an evaluation of the
For example, distributions from cash generated by property operations are classified as cash flows from operating activities, wh
sales are classified as cash flows from investing activities.

NOTE 6. DEBT

Senior Unsecured Revolving Credit Facility

On October 16, 2014, the Company amended and restated the credit agreement that governs the Company's senior unsecured re
term loan facility to increase the aggregate borrowing capacity to $600.0 million. The credit agreement provides for a $300.0 m
million unsecured term loan facility. The unsecured revolving credit facility matures in January 2019 with options to extend the
loan facility matures in January 2020. The Company has the ability to increase the aggregate borrowing capacity under the cred
approval. Borrowings on the revolving credit facility bear interest at LIBOR plus 1.55% to 2.30%, depending on the Company'
to pay an unused commitment fee at an annual rate of 0.20% or 0.30% of the unused portion of the revolving credit facility, dep
credit agreement contains certain financial covenants, including a maximum leverage ratio, a minimum fixed charge coverage r
total asset value. As of December 31, 2014 and December 31, 2013, the Company had $50.0 million and no outstanding borrov
As of December 31, 2014, the Company was in compliance with the credit agreement debt covenants. For the years ended Dece
incurred unused commitment fees of $0.7 million, $0.7 million and $0.9 million, respectively.

Unsecured Term Loan Facility

The amended and restated credit agreement described above expanded the size of the unsecured term loan facility from $100.0
term loan facility's maturity to January 15, 2020. In connection with entering into the amended and restated credit agreement, th
term loan were canceled and a new note evidencing $100.0 million term loan under the larger facility was executed. On Decem
$200.0 million available under the term loan facility (together with the $100.0 million term loan, the “Term Loan”).

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Borrowings under the unsecured term loan facility bear interest at a variable LIBOR plus 1.50% to 2.25%, depending on the Co
interest rate swaps to effectively fix the LIBOR rate (see “Derivative and Hedging Activities” below).

Derivative and Hedging Activities

The Company enters into interest rate swap agreements to hedge against interest rate fluctuations. Unrealized gains and losses o
reported in other comprehensive income (loss) and are subsequently reclassified into earnings in the period that the hedged fore
portions of changes in the fair value of a cash flow hedge are recognized as interest expense.

Prior to amending and restating the credit facility agreement in October 2014, the Company had entered into interest rate swap
$100.0 million to hedge the LIBOR on its borrowing under the term loan facility through July 13, 2017. Upon amending and re
additional $200.0 million under the term loan facility, the Company entered into additional swap agreements to hedge the full $
January 15, 2020. As of December 31, 2014, the Company had interest rate swaps with an aggregate notional amount of $300.0
weighted-average effective interest rate of 2.83% through July 13, 2017 and a weighted-average effective interest rate of 3.41%
on the Company’s leverage ratio at December 31, 2014.

The Company records all derivative instruments at fair value in the consolidated balance sheets. Fair values of interest rate swa
methodology of netting the discounted future fixed cash receipts/payments and the discounted expected variable cash payments
of projected receipts and payments on the swaps are based on an expectation of future interest rates derived from observable ma
curves) and volatilities (level 2 inputs). Derivatives expose the Company to credit risk in the event of non-performance by the c
agreements. The Company believes it minimizes the credit risk by transacting with major creditworthy financial institutions.

As of December 31, 2014, the Company's derivative instruments are in both asset and liability positions, with aggregate asset a
respectively, in the accompanying consolidated balance sheets. For the year ended December 31, 2014, there was $1.4 million
comprehensive income. During the years ended December 31, 2014 and 2013, the Company reclassified $0.6 million and $0.5
comprehensive income to net income (loss) and to interest expense. The Company expects approximately $3.0 million will be r
income to net income (loss) in the next 12 months.

Mortgage Debt

Each of the Company’s mortgage loans is secured by a first mortgage lien or by leasehold interests under the ground lease on th
to the Company except for customary carve-outs such as fraud or misapplication of funds.

In conjunction with the acquisition of The Nines, a Luxury Collection Hotel, Portland, the Company assumed three non-recour
the property. The three loans are scheduled to mature on March 5, 2015, bear interest at a weighted-average rate of 7.39% and r
As the weighted-average interest rate of the loans were above market for loans with comparable terms, the Company recorded a
a reduction of interest expense over the remaining term.

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Debt Summary

Debt as of December 31, 2014 and December 31, 2013 consisted of the following (dollars in thousands):

	Interest Rate	Maturity Date
Senior unsecured revolving credit facility	Floating [(1)]	January 2019
Term loan	Floating [(2)]	January 2020
Mortgage loans		
The Nines, a Luxury Collection Hotel, Portland [(3)]	7.39%	March 2015
InterContinental Buckhead Atlanta	4.88%	January 2016
Skamania Lodge	5.44%	February 2016
DoubleTree by Hilton Bethesda-Washington DC	5.28%	February 2016
Embassy Suites San Diego Bay-Downtown	6.28%	June 2016
Hotel Modera	5.26%	July 2016
Monaco Washington DC	4.36%	February 2017
Argonaut Hotel	4.25%	March 2017
Sofitel Philadelphia	3.90%	June 2017
Hotel Palomar San Francisco	5.94%	September 2017
The Westin Gaslamp Quarter San Diego	3.69%	January 2020
Mortgage loans at stated value		
Mortgage loan premiums [(4)]		
Total mortgage loans		
Total debt		

[(1)] Borrowings bear interest at floating rates equal to, at our option, either (i) LIBOR plus an applicable margin or (ii) an Adjust agreement) plus an applicable margin. The Company has two six-month extension options.

[(2)] Borrowings under our term loan facility bear interest at floating rates equal to, at our option, either (i) LIBOR plus an applic margin. We entered into interest rate swaps to effectively fix the interest rate for the Term Loan. At December 31, 2014, the Co notional amount of $300.0 million, and, as a result, the Term Loan had a weighted-average effective interest rate of 2.83% thro interest rate of 3.41% from July 13, 2017 through January 15, 2020, based on the Company’s leverage ratio at December 31, 20

[(3)] The interest rate of 7.39% represents a weighted-average interest rate of the three non-recourse mortgage loans assumed in c Collection Hotel, Portland. The Company intends to repay these mortgage loans through borrowings on its credit facilities upon

[(4)] Loan premiums on assumed mortgages recorded in purchase accounting for the Hotel Palomar San Francisco, Embassy Suit Nines, a Luxury Collection Hotel, Portland.

The Company estimates the fair value of its fixed rate debt by discounting the future cash flows of each instrument at estimated conditions and maturity of the debt with similar credit terms and is classified within level 2 of the fair value hierarchy. The esti December 31, 2014 and 2013 was $503.9 million and $460.9 million, respectively. The carrying value of the Company's variab The Company was in compliance with all debt covenants as of December 31, 2014.

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Future scheduled debt principal payments for the Company's mortgage debt and the Term Loan as of December 31, 2014 are as
2015
2016
2017
2018
2019
Thereafter
Total debt principal payments
Premium on mortgage debt
Total debt
NOTE 7. EQUITY
Common Shares
The Company is authorized to issue up to 500,000,000 common shares of beneficial interest, $.01 par value per share (“commo
holder to one vote on each matter submitted to a vote of shareholders. Holders of the Company’s common shares are entitled to
board of trustees.
On March 5, 2014, the Company filed a prospectus supplement with the SEC to sell up to $175.0 million in common shares un
program"). At the same time, the Company terminated its prior $170.0 million ATM program. During the year ended Decembe
shares at an average price of $38.09 per share under its $175.0 million ATM program and raised $15.0 million, net of commiss
common shares remained available for issuance under the $175.0 million ATM program.
On September 9, 2014, the Company issued 3,450,000 common shares at a price of $38.15 per share in an underwritten public
underwriting discount.
On October 30, 2014, the Company issued 3,680,000 common shares at a price of $39.77 per share in an underwritten public o
underwriting discount.
Common Dividends
The Company declared the following dividends on common shares/units for the year ended December 31, 2014:

Dividend per Share/Unit	For the quarter ended	Record Date
$ 0.23	March 31, 2014	March 31, 2014
$ 0.23	June 30, 2014	June 30, 2014
$ 0.23	September 30, 2014	September 30, 2014
$ 0.23	December 31, 2014	December 31, 2014

Preferred Shares
The Company is authorized to issue up to 100,000,000 preferred shares of beneficial interest, $.01 par value per share (“preferr
On September 30, 2014, the Company issued 1,000,000 of its 6.50% Series C Cumulative Redeemable Preferred Shares ("Serie
per share, for a total of $24.5 million of proceeds, net of the underwriting discount.
As of December 31, 2014, the Company had 5,600,000 of its 7.875% Series A Cumulative Redeemable Preferred Shares ("Seri
B Cumulative Redeemable Preferred Shares ("Series B Preferred Shares") and 5,000,000 of its Series C Preferred Shares outsta
5,600,000 Series A Preferred Shares, 3,400,000 Series B Preferred Shares and 4,000,000 Series C Preferred Shares outstanding

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The Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares (collectively, the “Preferred Shares”) ra
and on parity with each other with respect to payment of distributions. The Preferred Shares are cumulative redeemable preferr
subject to mandatory redemption. The Company may not redeem the Series A Preferred Shares, Series B Preferred Shares or Se
September 21, 2016, and March 18, 2018, respectively, except in limited circumstances relating to the Company’s continuing q
those dates, the Company may, at its option, redeem the applicable Preferred Shares, in whole or from time to time in part, by p
accrued and unpaid distributions through the date of redemption. Upon the occurrence of a change of control, as defined in the
Company’s common shares and the common securities of the acquiring or surviving entity are not listed on the New York Stoc
successor exchanges, the Company may, at its option, redeem the Preferred Shares in whole or in part within 120 days followin
plus any accrued and unpaid distributions through the date of redemption. If the Company does not exercise its right to redeem
holders of the Preferred Shares have the right to convert some or all of their shares into a number of the Company’s common sh
The share cap on each Series A Preferred Share is 2.3234 common shares, each Series B Preferred Share is 3.4483 common sha
common shares.

Preferred Dividends

The Company declared the following dividends on preferred shares for the year ended December 31, 2014:

Security Type	Dividend per Share/Unit	For the quarter ended	Record Date
7.875% Series A	$ 0.49	March 31, 2014	March 31, 2014
7.875% Series A	$ 0.49	June 30, 2014	June 30, 2014
7.875% Series A	$ 0.49	September 30, 2014	September 30, 2
7.875% Series A	$ 0.49	December 31, 2014	December 31, 2
8.00% Series B	$ 0.50	March 31, 2014	March 31, 2014
8.00% Series B	$ 0.50	June 30, 2014	June 30, 2014
8.00% Series B	$ 0.50	September 30, 2014	September 30, 2
8.00% Series B	$ 0.50	December 31, 2014	December 31, 2
6.50% Series C	$ 0.41	March 31, 2014	March 31, 2014
6.50% Series C	$ 0.41	June 30, 2014	June 30, 2014
6.50% Series C	$ 0.41	September 30, 2014	September 30, 2
6.50% Series C	$ 0.41	December 31, 2014	December 31, 2

Non-controlling Interest of Common Units in Operating Partnership

Holders of Operating Partnership units have certain redemption rights that enable the unit holders to cause the Operating Partne
Company’s option, cash per unit equal to the market price of the Company’s common shares at the time of redemption or for th
The number of shares issuable upon exercise of the redemption rights will be adjusted upon the occurrence of share splits, merg
transactions, which otherwise would have the effect of diluting the ownership interests of the Operating Partnership's limited pa
As of December 31, 2014 and 2013, the Operating Partnership had 236,351 and 607,991 long-term incentive partnership units (
LTIP units outstanding at December 31, 2014, none had vested. Only vested LTIP units may be converted to common units of t
tendered for redemption as described above. On December 31, 2014, 258,101 LTIP units were redeemed for the same number o
redeemed for $5.2 million in cash.

NOTE 8. SHARE-BASED COMPENSATION

The Company maintains the 2009 Equity Incentive Plan, as amended and restated (the "Plan"), to attract and retain independen
and service providers. The Plan provides for the grant of options to purchase common shares, share awards, share appreciation
awards. Share awards under the Plan vest over a period determined by the Board of Trustees, generally over three to five years,

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certain awards vesting over periods of up to six years. The Company pays or accrues for dividends on share-based awards. All
vesting upon a change in control and upon death or disability or certain other employment termination events as set forth in the
were 940,270 common shares available for issuance under the Plan.

Service Condition Share Awards

From time to time, the Company awards restricted shares under the Plan to members of the Board of Trustees, officers and emp
years based on continued service or employment.

The following table provides a summary of service condition restricted share activity as of December 31, 2014:

Unvested at January 1, 2012
Granted
Vested
Forfeited
Unvested at December 31, 2012
Granted
Vested
Forfeited
Unvested at December 31, 2013
Granted
Vested
Forfeited
Unvested at December 31, 2014

The fair value of each of these service condition restricted share awards is determined based on the closing price of the Compar
compensation expense is recognized on a straight-line basis over the vesting period. For the years ended December 31, 2014, 2
$1.4 million, $1.5 million and $1.5 million, respectively, of share-based compensation expense related to these service conditio
operations. As of December 31, 2014, there was $2.1 million of total unrecognized share-based compensation expense related t
share-based compensation expense is expected to be recognized over the weighted-average remaining vesting period of 2.7 yea

Performance-Based Equity Awards

On February 8, 2012, the Board of Trustees approved a target award of 72,056 performance-based equity awards to officers and
January 1, 2015. The actual number of common shares that ultimately vest will range from 0% to 200% of the target award (ex
management employees which have no maximum) and will be determined in 2015 based on three performance criteria as defin
from January 1, 2012 through December 31, 2014.

On January 30, 2013, the Board of Trustees approved a target award of 72,118 performance-based equity awards to officers and
January 1, 2016. The actual number of common shares that ultimately vest will range from 0% to 200% of the target award (ex
management employees which have no maximum) and will be determined in 2016 based on three performance criteria as defin
from January 1, 2013 through December 31, 2015.

On December 13, 2013, the Board of Trustees approved a target award of 252,088 performance-based equity awards to officers
ratably on January 1, 2016, 2017, 2018, 2019 and 2020. The actual number of common shares that ultimately vest will range fr
determined on each vesting date based upon the two performance criteria as defined in the agreements for the period of perform
applicable vesting date.

On February 4, 2014, the Board of Trustees approved a target award of 66,483 performance-based equity awards to officers and
January 1, 2017. The actual number of common shares that

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ultimately vest will range from 0% to 200% of the target award (except for 12,261 target awards to non-executive management
determined in 2017 based on three performance criteria as defined in the agreements for the period of performance from Januar
The grant date fair value of the performance awards were determined using a Monte Carlo simulation method with the followin

Performance Award Grant Date	Percentage of Total Award	Grant Date Fair Value by Component ($ in millions)	Volatility
February 8, 2012			
Relative Total Shareholder Return[1]	30.00%	$0.7	33.00%
Absolute Total Shareholder Return [1]	30.00%	$0.6	33.00%
EBITDA Comparison [2]	40.00%	$0.7	33.00%
January 30, 2013			
Relative Total Shareholder Return [1]	30.00%	$0.7	31.00%
Absolute Total Shareholder Return [1]	30.00%	$0.5	31.00%
EBITDA Comparison [2]	40.00%	$0.7	31.00%
December 13, 2013			
Relative Total Shareholder Return [1]	50.00%	$4.7	29.00%
Absolute Total Shareholder Return [1]	50.00%	$2.9	29.00%
February 4, 2014			
Relative Total Shareholder Return [1]	30.00%	$0.7	29.00%
Absolute Total Shareholder Return [1]	30.00%	$0.5	29.00%
EBITDA Comparison [2]	40.00%	$0.8	29.00%

[1] The Relative Total Shareholder Return and Absolute Total Shareholder Return components are market conditions as defined
[2] The EBITDA Comparison component is a performance condition as defined by ASC 718, and therefore, compensation expe
each reporting date to determine whether achievement of the target performance condition is probable, and the accrual of comp

Dividends on unvested performance-based equity awards accrue over the vesting period and will be paid on the actual number
The Company recognizes compensation expense on a straight-line basis through the vesting date. As of December 31, 2014, th
compensation expense related to these performance-based equity awards which will be recognized over the weighted-average r
ended December 31, 2014, 2013 and 2012, the Company recognized $7.7 million, $2.1 million and $1.1 million, respectively, i
Long-Term Incentive Partnership Units
LTIP units, which are also referred to as profits interest units, may be issued to eligible participants for the performance of serv
LTIP units are a class of partnership unit in the Operating Partnership and receive, whether vested or not, the same per-unit pro
Operating Partnership, which equal per-share distributions on common shares. LTIP units are allocated their pro-rata share of th

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Company's net income (loss). Vested LTIP units may be converted by the holder, at any time, into an equal number of common
possess all of the rights and interests of a common Operating Partnership unit, including the right to redeem the common Opera
Company or cash, at the option of the Operating Partnership.
As of December 31, 2014, the Operating Partnership had two classes of LTIP units, LTIP Class A and LTIP Class B units, all o
LTIP Class A units were granted to executives of the Company concurrent with completion of the Company's initial public offe
on each of the first five anniversaries of their dates of grant and were valued at $8.50 per LTIP unit at the date of grant using a
On December 13, 2013, the Board of Trustees approved a grant of 226,882 LTIP Class B units to executive officers of the Com
vesting in five equal installments beginning January 1, 2016 and ending on January 1, 2020. The fair value of each award was c
common shares on the grant date of $29.19 per unit. The aggregate grant date fair value of the LTIP Class B units was $6.6 mil
On December 31, 2014, the Company was notified that the LTIP unit holders had elected to redeem 371,640 vested LTIP units
election, on December 31, 2014, 258,101 vested LTIP units were redeemed for common shares and 113,539 vested LTIP units
of December 31, 2014, the Company had 236,351 LTIP units outstanding, none of which had vested. All LTIP units will vest u
For the years ended December 31, 2014, 2013 and 2012, the Company recognized $2.6 million, $1.6 million and $1.6 million,
of December 31, 2014, there was $5.5 million of total unrecognized share-based compensation expense related to LTIP units. T
is expected to be recognized over the weighted-average remaining vesting period of 2.5 years. The aggregate expense related to
in the Company’s consolidated balance sheets.

NOTE 9. INCOME TAXES

The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Code. To qualify as a REIT, the Compa
operational requirements, including a requirement that it currently distribute at least 90% of its adjusted taxable income to its sh
adhere to these requirements and maintain the Company's qualification for taxation as a REIT. As a REIT, the Company genera
that portion of its taxable income that is currently distributed to shareholders. However, as a REIT, the Company is still subject
property, and to federal income and excise taxes on its undistributed taxable income. In addition, taxable income from non-REI
subsidiaries is subject to federal, state and local income taxes. PHL is a TRS of the Company and as such is required to pay fed
For federal income tax purposes, the cash distributions paid to the Company’s common shareholders and preferred shareholder
capital (generally non-taxable) or capital gains. Tax law permits certain characterization of distributions which could result in d
distribution amounts.

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The following characterizes distributions paid per common share of beneficial interest and preferred share on a tax basis for the

	2014			2013	
	Amount	%		Amount	%
Common Shares:					
Ordinary income	$ 0.9108	100.00	%	$ 0.6000	100.00
Capital gain	0.0000	0.00	%	0.0000	0.00
Return of capital	0.0000	0.00	%	0.0000	0.00
Total	$ 0.9108	100.00	%	$ 0.6000	100.00
Series A Preferred Shares:					
Ordinary income	$ 2.3948	100.00	%	$ 2.0349	100.00
Capital gain	0.0000	0.00	%	0.0000	0.00
Return of capital	0.0000	0.00	%	0.0000	0.00
Total	$ 2.3948	100.00	%	$ 2.0349	100.00
Series B Preferred Shares					
Ordinary income	$ 2.4328	100.00	%	$ 2.0672	100.00
Capital gain	0.0000	0.00	%	0.0000	0.00
Return of capital	0.0000	0.00	%	0.0000	0.00
Total	$ 2.4328	100.00	%	$ 2.0672	100.00
Series C Preferred Shares					
Ordinary income	$ 1.9767	100.00	%	$ 0.9890	100.00
Capital gain	0.0000	0.00	%	0.0000	0.00
Return of capital	0.0000	0.00	%	0.0000	0.00
Total	$ 1.9767	100.00	%	$ 0.9890	100.00

The common and preferred share distributions declared on December 15, 2012 and paid on January 15, 2013 were treated as 20
The common distribution declared on December 13, 2013 and paid on January 15, 2014 was treated as a 2014 distribution for t
$0.3517 of the Series A, Series B, and Series C, respectively, of the preferred share distributions declared on December 13, 201
distributions.
Of the common distribution declared on December 15, 2014 and paid on January 15, 2015, $0.1692 was treated as a 2015 distr
distributions declared on December 15, 2014 and paid on January 15, 2015, were treated as 2014 distributions for tax purposes.
For the years ended December 31, 2014, 2013, and 2012, the Operating Partnership income tax expense was $0.2 million, $0.2
The Company's TRS, PHL, is subject to federal and state corporate income taxes at statutory tax rates. PHL has an estimated co
for the year ended December 31, 2014.

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

	For the year e
	2014
Federal	
Current	$ 2,121
Deferred	317
State and local	
Current	555
Deferred	25
Income tax expense (benefit)	$ 3,018

A reconciliation of the statutory federal tax expense (benefit) to the Company's income tax expense (benefit) for PHL is as follo

	For the year end
	2014
Statutory federal tax expense (benefit)	$ 2,561
State income tax expense (benefit), net of federal tax (benefit) expense	457
Income tax expense (benefit)	$ 3,018

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of bu federal, state and local jurisdictions, where applicable. As of December 31, 2014 and December 31, 2013, the statute of limitati years dating back to 2011 and 2010, respectively.

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 Decemb	
	2014	
Numerator:		
Net income (loss) attributable to common shareholders	$ 47,787	
Less: dividends paid on unvested share-based compensation	(459	)
Undistributed earnings attributable to share-based compensation	—	
Net income (loss) available to common shareholders	$ 47,328	
Denominator:		
Weighted-average number of common shares — basic	65,646,712	
Effect of dilutive share-based compensation	617,406	
Weighted-average number of common shares — diluted	66,264,118	
Net income (loss) per share available to common shareholders — basic	$ 0.72	
Net income (loss) per share available to common shareholders — diluted	$ 0.71	

The LTIP units held by the non-controlling interest holders have been excluded from the denominator of the diluted earnings p since the limited partners' share of income (loss) would also be added or subtracted to derive net income (loss) available to com

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NOTE 11. COMMITMENTS AND CONTINGENCIES

Management Agreements

The Company’s hotel properties are operated pursuant to management agreements with various management companies. The i
from five years to 20 years, not including renewals, and five years to 52 years, including renewals. Many of the Company’s ma
Company upon paying a termination fee and some are terminable by the Company upon sale of the property, with, in some cas
agreements also provide the Company the ability to terminate based on failure to achieve defined operating performance thresh
times the annual base management and incentive management fees, depending on the agreement and the reason for termination
are non-terminable except upon the manager’s breach of a material representation or the manager’s failure to meet performanc
The management agreements require the payment of a base management fee generally between 1.5% and 4% of hotel revenues
management companies are also eligible to receive an incentive management fee if hotel operating income, cash flows or other
exceed certain performance thresholds. The incentive management fee is generally calculated as a percentage of hotel operatin
return on its investment in the hotel. For the years ended December 31, 2014, 2013 and 2012, combined base and incentive ma
$11.5 million, respectively. Base and incentive management fees are included in other indirect expenses in the Company's cons
income.

Reserve Funds

Certain of the Company’s agreements with its hotel managers, franchisors and lenders have provisions for the Company to pro
to cover the cost of (a) certain non-routine repairs and maintenance to the hotels and (b) replacements and renewals to the hote

Restricted Cash

At December 31, 2014 and 2013, the Company had $16.4 million and $16.5 million, respectively, in restricted cash, which con
fixtures or reserves to pay for real estate taxes or property insurance under certain hotel management agreements or loan agree
changes in restricted cash caused by changes in required reserves for real estate taxes or property insurance are shown as opera
changes in required reserves for furniture and fixtures replacement are shown as investing activities.

Ground and Hotel Leases

The Hotel Monaco Washington DC is subject to a long-term ground lease agreement on the land underlying the hotel. The grou
the greater of an annual base rent of $0.2 million or a percentage of gross hotel revenues and gross food and beverage revenues
agreement. The lease contains certain restrictions on modifications that can be made to the hotel structure due to its status as a
The Argonaut Hotel is subject to a long-term ground lease agreement on the land underlying the hotel. The ground lease expire
annual base rent of $1.3 million or a percentage of rooms revenues, food and beverage revenues and other department revenue
agreement. The lease contains certain restrictions on modifications that can be made to the structure due to its status as a natio

The Hotel Palomar San Francisco is subject to a long-term hotel lease for the right to use the ground floor lobby area and floor
The hotel lease expires in 2097. The hotel is required to pay annual base rent and a percentage rent, which is based on gross ho
certain thresholds, as defined in the lease agreement.

The Radisson Hotel Fisherman's Wharf is subject to both a long-term primary ground lease and a secondary sublease. The prim
base rental payments of $0.1 million and percentage rental payments based on 5% of hotel revenues and 7.5% of retail revenue
the hotel property in 1998. Beginning in 2017, the primary ground lease requires the hotel to pay percentage rent based on 6%
parking revenues. The primary ground lease expires in 2062. The secondary sublease

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requires the hotel to make rental payments based on hotel net income, as defined in the agreement, related to the rooms and reta
secondary sublease expires in April 2016 at which time the hotel will only be subject to the primary ground lease through its m

The Prescott Hotel is subject to a long-term hotel lease for the right to use floors three through seven, the basement and the roo
160 guest rooms at the property. The hotel lease expires in 2059, with a one time extension option of 30 years. The Company is
$0.5 million, beginning in October 2017. The annual base rent is subject to a fixed increase every year during the remaining lea
lease assumed was determined to be a capital lease.

The Palomar Los Angeles - Westwood is subject to a long-term ground lease agreement on the land underlying the hotel. The g
five-year extension options. The hotel is required to pay annual base rent of approximately $3.5 million through January 2017 a
index ("CPI") increases at each five-year extension.

The Union Station Hotel, Autograph Collection is subject to a long-term ground lease agreement on the land underlying the hot
required to pay the greater of annual base rent of $0.1 million or annual real property taxes.

The ground leases and Hotel Palomar hotel lease are considered operating leases. The Company records expense on a straight-l
payments that increase in pre-established amounts over the remaining terms of the leases. Ground rent expense was $8.9 millio
December 31, 2014, 2013 and 2012, respectively. Ground rent expense is included in real estate taxes, personal property taxes,
consolidated statements of operations and comprehensive income.

Future minimum annual rental payments, including capital lease payments, assuming fixed rent for all periods and excludes per
December 31, 2014 (in thousands):

2015	$ 7,019
2016	7,240
2017	7,326
2018	7,744
2019	7,807
Thereafter	751,572
Total	$ 788,708

Litigation

The nature of the operations of hotels exposes the Company's hotels, the Company and the Operating Partnership to the risk of
business. The Company has insurance to cover certain potential material losses. The Company is not presently subject to any m
any material litigation threatened against the Company.

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NOTE 12. SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS

	For the year ended Decem 2014 (in thousands)
Interest paid, net of capitalized interest	$ 26,945
Interest capitalized	$ —
Income taxes paid	$ 3,049
Non-Cash Investing and Financing Activities:	
Distributions payable on common shares/units	$ 17,743
Distributions payable on preferred shares	$ 5,550
Issuance of common shares for Board of Trustees compensation	$ 421
Mortgage loans assumed in connection with acquisition	$ 50,725
Below (above) market rate contracts assumed in connection with acquisition	$ 15,375
Capital lease obligation assumed in connection with acquisition	$ 10,758
Deposit applied to purchase price of acquisition	$ —
Accrued additions and improvements to hotel properties	$ 6,537
Write off of fully depreciated furniture, fixtures and equipment	$ 4,446
Write off of deferred financing costs	$ 2,258

For the years ended December 31, 2014, 2013 and 2012, the Company redeemed 258,101, 0 and 444,535 LTIP units for the sar

NOTE 13. SUBSEQUENT EVENTS

On February 11, 2015, the Board of Trustees granted awards of an aggregate of 40,507 service condition restricted common sh
executive officers and employees of the Company. These awards will vest over three to five years. The actual number of comm
equity awards will be determined in early 2018 and will be based on certain performance criteria stipulated in the agreements fo
2017.

NOTE 14. QUARTERLY OPERATING RESULTS (UNAUDITED)

The Company's unaudited consolidated quarterly operating data for the years ended December 31, 2014 and 2013 (in thousands
management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of quarterly results have
opinion, however, that quarterly operating data for hotel properties are not indicative of results to be achieved in succeeding qu

	Year Ended December 31, 201	
	First Quarter	Second (
Total revenues	$ 125,712	$ 147,45
Net income (loss)	4,121	22,893
Net income (loss) attributable to the Company	4,078	22,673
Net income (loss) attributable to common shareholders	(2,003)	16,591
Net income (loss) per share available to common shareholders, basic and diluted	$ (0.03)	$ 0.26

	Year Ended December 31, 201	
	First Quarter	Second (
Total revenues	$ 104,914	$ 126,30
Net income (loss)	(246)	14,931
Net income (loss) attributable to the Company	(248)	14,834
Net income (loss) attributable to common shareholders	(4,916)	8,730
Net income (loss) per share available to common shareholders, basic and diluted	$ (0.08)	$ 0.14

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Pebblebrook Hotel Trust
Schedule III--Real Estate and Accumulated Depreciation
As of December 31, 2014
(In thousands)

		Initial Costs				Gross Amount at End of Year				
Description	Encumb-rances	Land	Building and Improvements	Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition (1)	Land	Building and Improvements	Furniture, Fixtures and Equipment	Total	Accumu Deprecia
DoubleTree by Hilton Hotel Bethesda-Washington DC	$ 34,575	$ 10,065	$ 53,000	$ 4,035	$ 7,579	$ 10,065	$ 57,466	$ 7,148	$ 74,679	$ 10,943
Sir Francis Drake Hotel	—	22,500	60,547	6,953	17,223	22,500	70,974	13,749	$ 107,223	16,124
InterContinental Buckhead Hotel	49,320	25,000	68,844	11,000	9,739	25,000	72,826	16,757	$ 114,583	17,947
Monaco Washington DC	43,756	—	60,630	2,441	5,690	—	64,545	4,216	$ 68,761	9,089
The Grand Hotel Minneapolis	—	4,950	26,616	300	9,353	4,950	32,718	3,551	$ 41,219	5,669
Skamania Lodge	29,308	7,129	44,987	3,523	5,190	7,130	47,793	5,906	$ 60,829	8,074
Le Meridien Delfina Santa Monica Hotel	—	18,784	81,580	2,295	11,352	18,784	87,320	7,907	$ 114,011	12,777
Sofitel Philadelphia Hotel	46,968	18,000	64,256	4,639	6,984	18,000	68,107	7,772	$ 93,879	10,743
Argonaut Hotel	44,006	—	79,492	4,247	5,125	—	82,023	6,841	$ 88,864	11,490
The Westin Gaslamp Quarter San Diego	77,155	25,537	86,089	6,850	17,185	25,537	101,698	8,426	$ 135,661	14,110
Monaco Seattle	—	10,105	38,888	2,073	6,766	10,105	41,931	5,796	$ 57,832	6,725
Mondrian Los Angeles	—	20,306	110,283	6,091	8,361	20,306	114,731	10,004	$ 145,041	14,911
Viceroy Miami	—	8,368	24,246	3,723	2,780	8,368	25,153	5,596	$ 39,117	5,610
W Boston	—	19,453	63,893	5,887	3,497	19,453	65,765	7,512	$ 92,730	10,536
Hotel Zetta	—	7,294	22,166	290	14,805	7,294	33,454	3,807	$ 44,555	3,462
Hotel Vintage Seattle	—	8,170	23,557	706	6,584	8,170	28,001	2,846	$ 39,017	2,174
Hotel Vintage Plaza Portland	—	6,222	23,012	1,093	8,310	6,222	27,896	4,519	$ 38,637	2,600
W Los Angeles - Westwood	—	24,403	93,203	3,600	14,955	24,403	102,038	9,720	$ 136,161	7,807
Hotel Palomar San Francisco (2)	26,461	—	63,430	3,780	6,920	—	67,996	6,134	$ 74,130	6,087
Embassy Suites San Diego Bay-Downtown (3)	64,462	20,103	90,162	6,881	8,471	20,103	97,344	8,170	$ 125,617	6,882
The Redbury Hollywood	—	8,057	24,833	1,000	949	8,057	25,513	1,269	$ 34,839	1,112

Hotel Modera (4)	23,225	8,215	37,874	1,500	1,086	8,214	38,445	2,016	$ 48,675	2,051
Radisson Hotel Fisherman's Wharf	—	—	116,445	3,550	8,182	—	119,575	8,602	$ 128,177	4,449
Prescott Hotel	—	12,561	43,665	1,094	193	12,561	43,768	1,184	$ 57,513	743
The Nines, a Luxury Collection Hotel, Portland (5)	50,725	18,493	92,339	8,757	132	18,493	92,415	8,813	$ 119,721	1,631

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Pebblebrook Hotel Trust
Schedule III--Real Estate and Accumulated Depreciation
As of December 31, 2014
(In thousands)

		Initial Costs				Gross Amount at End of Year				
Description	Encumb-rances	Land	Building and Improvements	Furniture, Fixtures and Equipment	Costs Capitalized Subsequent to Acquisition (1)	Land	Building and Improvements	Furniture, Fixtures and Equipment	Total	Accumula Depreciat
The Westin Colonnade Coral Gables	—	12,108	46,317	1,271	20	12,108	46,317	1,291	$59,716	184
Hotel Palomar Los Angeles - Westwood	—	—	90,675	1,500	—	—	90,675	1,500	$92,175	283
Union Station Hotel, Autograph Collection	—	—	37,803	6,833	—	—	37,803	6,833	$44,636	114
Revere Hotel Boston Common	—	41,857	207,817	10,596	2	41,857	207,817	10,598	$260,272	253
	$489,961	$357,680	$1,876,649	$116,508	$187,433	$357,680	$1,992,107	$188,483	$2,538,270	$194,580

(1) Disposals are reflected as reductions to cost capitalized subsequent to acquisition.
(2) Encumbrance on the Hotel Palomar San Francisco is presented at face value, which excludes loan premium of $1.4 million a
(3) Encumbrance on the Embassy Suites San Diego Bay-Downtown is presented at face value, which excludes loan premium of
(4) Encumbrance on the Hotel Modera is presented at face value, which excludes loan premium of $0.3 million at December 31
(5) Encumbrance on the The Nines, a Luxury Collection Hotel, Portland is presented at face value, which excludes loan premiur

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Pebblebrook Hotel Trust
Schedule III--Real Estate and Accumulated Depreciation-Continued
As of December 31, 2014
(In thousands)
Reconciliation of Real Estate and Accumulated Depreciation:
Reconciliation of Real Estate:
Balance at December 31, 2011
Acquisitions
Capital Expenditures
Balance at December 31, 2012
Acquisitions
Capital Expenditures
Disposal of Assets
Balance at December 31, 2013
Acquisitions
Capital Expenditures
Disposal of Assets
Balance at December 31, 2014

Reconciliation of Accumulated Depreciation:
Balance at December 31, 2011
Depreciation
Balance at December 31, 2012
Depreciation
Disposal of Assets
Balance at December 31, 2013
Depreciation
Disposal of Assets
Balance at December 31, 2014

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EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1	Declaration of Trust, as amended and supplemented, of the Registrant (incorporated by reference to Quarterly Report on Form 10-Q filed on October 23, 2014 (File No. 001-34571)).
3.2	Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration S July 13, 2010 (File No. 333-168078)).
3.3	Second Amended and Restated Agreement of Limited Partnership of Pebblebrook Hotel, L.P., datec (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on De 001-34571)).
3.4†	First Amendment to the Second Amended and Restated Agreement of Limited Partnership of Pebbl September 30, 2014.
10.1*	Pebblebrook Hotel Trust 2009 Equity Incentive Plan, as amended and restated (incorporated by refe Registrant's Quarterly Report on Form 10-Q filed on August 2, 2012 (File No. 001-34571)).
10.2*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Jon E. Bortz (incorp Exhibit 10.2 to the Registrant's Annual Report on Form 10-K filed on March 24, 2010 (File No. 001
10.3*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Raymond D. Martz Exhibit 10.3 to the Registrant's Annual Report on Form 10-K filed on March 24, 2010 (File No. 001
10.4*	Change in Control Severance Agreement between Pebblebrook Hotel Trust and Thomas C. Fisher (Exhibit 10.4 to the Registrant's Annual Report on Form 10-K filed on March 24, 2010 (File No. 001
10.5*	Form of Indemnification Agreement between Pebblebrook Hotel Trust and its officers and trustees (Exhibit 10.4 of Amendment No. 1 to the Registrant's Registration Statement on Form S-11/A, filed 2009 (File No. 333-162412)).
10.6*	Form of Share Award Agreement for officers and employees (incorporated by reference to Exhibit 1 Registrant's Registration Statement on Form S-11/A filed on November 25, 2009 (File No. 333-162 superseded by Exhibit 10.13 below).
10.10*	Form of Share Award Agreement for trustees (incorporated by reference to Exhibit 10.6 of Amendn Registration Statement on Form S-11/A filed on November 25, 2009 (File No. 333-162412)).
10.11*	Form of Share Award Agreement (Performance Vesting) for executive officers (incorporated by ref Registrant's Quarterly Report on Form 10-Q filed on April 26, 2012 (File No. 001-34571)).
10.12*	Form of LTIP Unit Vesting Agreement (supersedes Exhibits 10.11, 10.12, and 10.13 to the Registra filed on March 24, 2010 (File No. 001-34571)) (incorporated by reference to Exhibit 10.2 to the Reg 10-Q filed on April 26, 2012).
10.13*	Form of Share Award Agreement for executive officers (supersedes Exhibit 10.5 of Amendment No Statement on Form S-11/A filed on November 25, 2009 (File No. 333-162412) and Exhibits 10.1, 1 Current Report on Form 8-K filed on March 16, 2010 (File No. 001-34571)) (incorporated by refere Registrant's Quarterly Report on Form 10-Q filed on April 26, 2012 (File No. 001-34571)).
10.14	Lease, dated December 1, 1999, by and between the United States of America, acting through the A and Tariff Building Associates, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's C September 13, 2010 (File No. 001-34571)).
10.15	Assignment and Assumption of GSA Lease, by and among the United States of America, acting by General Services and Authorized Representatives, Tariff Building Associates, L.P., and Jayhawk Ov reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on September 13, 20
10.16	Historical Lease, dated October 16, 2000, by and between the United States Department of the Inter through the Regional Director, Pacific West Region, an agency of the United States of America, and (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on F 001-34571)).

10.17	Seventh Amendment to Historic Lease, dated February 6, 2001, by and between the United States D Park Service acting through the Regional Director, Pacific West Region, an agency of the United St Hotel Associates, L.P. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report 2011 (File No. 001-34571)).
10.18	Tenth Amendment to Historic Lease, dated December 9, 2008, by and between the United States De Park Service acting through the Regional Director, Pacific West Region, an agency of the United St Hotel Associates, L.P. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report 2011 (File No. 001-34571)).
10.19	Eleventh Amendment to Historic Lease, dated February 16, 2011, by and between the United States National Park Service acting through the Regional Director, Pacific West Region, an agency of the Wildcats Owner LLC. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report 2011 (File No. 001-34571)).
10.2	Assignment and Assumption of Historical Lease, by and among the United States Department of the acting through the Regional Director, Pacific West Region, an Agency of the United States of Amer L.P., and Wildcats Owner LLC. (incorporated by reference to Exhibit 10.5 to the Registrant's Curre February 22, 2011 (File No. 001-34571)).
10.21	Amended and Restated Credit Agreement, dated as of July 13, 2012, among Pebblebrook Hotel, L.P Trust, as the parent REIT and a guarantor, certain subsidiaries of the borrower, as guarantors, Bank administrative agent, and the other lenders party hereto (incorporated by reference to Exhibit 10.2 to on Form 10-Q filed on August 2, 2011 (File No. 001-34571)) (This agreement was amended and res 10.33 below).
10.22	Contribution Agreement by and among Denihan Ownership Company, LLC, Denihan Mezz Holdin Owner LLC, dated as of June 20, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant's on June 24, 2011 (File No. 001-34571)).
10.23	Form of Operating Agreement of DP Holding Company, LLC (incorporated by reference to Exhibit Report on Form 8-K filed on June 24, 2011 (File No. 001-34571)).
10.24	Second Amended and Restated Operating Agreement of DP Fee Holding Co., LLC, dated July 29, 2 the Registrant's Current Report on Form 8-K filed on August 4, 2011) (incorporated by reference to Current Report on Form 8-K/A filed on September 28, 2011 (File No. 001-34571)).
10.25	Amendment to Second Amended and Restated Operating Agreement of DP Fee Holding Co., LLC, (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K filed or No. 001-34571)).
10.26	Operating Agreement of DP Lease Holding, LLC, dated July 29, 2011 (incorporated by reference to Current Report on Form 8-K filed on August 4, 2011 (File No. 001-34571)).
10.27	Loan Agreement, dated as of December 27, 2012, between Goldman Sachs Mortgage Company and 125 East 50th Street Co. LLC, 215 East 64th Street Co. LLC, 155 East 50th Street Co. LLC and 303 (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K filed or No. 001-34571)).
10.28*	Form of LTIP Class B Unit Vesting Agreement (incorporated by reference to Exhibit 10.1 to the Re 8-K filed on December 17, 2013 (File No. 001-34571)).
10.29*	Form of Performance Unit Retention Award Agreement (incorporated by reference to Exhibit 10.2 t on Form 8-K filed on December 17, 2013 (File No. 001-34571)).
10.30*	Form of Performance Unit Award Agreement for Executive Officers (incorporated by reference to E Current Report on Form 8-K filed on February 10, 2014 (File No. 001-34571)).
10.31†	Agreement of Purchase and Sale by and among NWBR LLC, and Stuart Street Development LLC, a Owner LLC, as Buyer, dated as of October 7, 2014.
10.33†	Third Amended and Restated Credit Agreement, dated as of October 16, 2014, among Pebblebrook Pebblebrook Hotel Trust, as the parent REIT and a guarantor, certain subsidiaries of the Borrower, a

	N.A., as administrative agent, swing line lender and L/C issuer, and the other lenders party thereto (10.21 above).
12.1†	Statement of Computation of Ratios of Earnings Fixed Charges and Earnings to Combined Fixed Cl Dividends.

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21.1†	List of Subsidiaries of the Registrant.
23.1†	Consent of KPMG LLP.
23.2†	Consent of PKF O'Connor Davies, A Division of O'Connor Davies, LLP.
31.1†	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant Sarbanes-Oxley Act of 2002.
31.2†	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant t Sarbanes-Oxley Act of 2002.
32.1††	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Act of 2002.
32.2††	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Act of 2002.
99.1†	Audited combined financial statements of DP Fee Holding Co., LLC and DP Lease Holding, LLC.
101.INS XBRL	Instance Document [(1)]
101.SCH XBRL	Taxonomy Extension Schema Document [(1)]
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document [(1)]
101.LAB XBRL	Taxonomy Extension Label Linkbase Document [(1)]
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document [(1)]
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document [(1)]

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* 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 (e Consolidated Balance Sheets; (ii) Consolidated Statements of Operations and Comprehensive Income; (iii) Consolidated Sta Cash Flows; and (v) Notes to Consolidated Financial Statements.