



Edgar Filing: Pebblebrook Hotel Trust - Form 10-Q

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

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

Class	Outstanding at April 23, 2012
Common shares of beneficial interest (\$0.01 par value per share)	52,484,196

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

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

1. Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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Revenue consists of amounts derived from hotel operations, including the sales of rooms, food and beverage, and other ancillary amenities. Revenue is recognized when rooms are occupied and services have been rendered. The Company collects sales, use, occupancy and similar taxes at its hotels which are presented on a net basis on the statement of operations.

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Furniture, fixtures and equipment	92,972	86,138	
Investment in hotel properties	\$1,179,379	\$1,163,552	
Less: Accumulated depreciation	(45,528	) (36,068	)
Investment in hotel properties, net	\$1,133,851	\$1,127,484	

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obtained a \$47.0 million first-mortgage loan secured by the Company's leasehold interest under the ground lease on the Argonaut hotel. The loan has a term of five years, bears interest at 4.25% and requires monthly principal and interest payments of \$0.3 million.

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At March 31, 2012 and December 31, 2011, the Company had \$8.8 million and \$9.5 million, respectively, in restricted

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repositioning of the hotel, including all guestrooms, public areas and the restaurant.

We continue to employ our asset management initiatives at our hotels. While we do not operate our hotel properties, both our asset management team and our executive management team monitor and work cooperatively with our hotel managers in

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Depreciation and amortization — Depreciation and amortization expense increased by approximately \$4.9 million primarily as a result of the additional five hotels we acquired after March 31, 2011.







million, which consisted of \$125.0 million of proceeds received from our offering of Series A preferred shares which were offset by \$4.0 million in offering-related costs, and \$67.0 million of proceeds received from the mortgage debt placed on the Skamania Lodge and DoubleTree by Hilton Bethesda-Washington DC hotels. We also paid \$4.9 million in distributions during the quarter.

Capital Investments

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

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

For the three months ended March 31, 2012, we invested \$17.0 million in capital investments to reposition and improve the properties we own. We expect to invest approximately \$30 million to \$40 million in capital investments through the remainder of 2012.



Item 3. Quantitative and Qualitative Disclosures about Market Risk.  
Interest Rate Sensitivity









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**SIGNATURE**

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

Date: April 26, 2012

PEBBLEBROOK HOTEL TRUST

/s/ JON E. BORTZ

Jon E. Bortz

Chairman, President and Chief Executive  
Officer

