

For immediate release:

Denihan

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DENIHAN HOSPITALITY GROUP ACCELERATES PLANS FOR GROWTH

Proceeds from Pebblebrook Hotel Trust Partnership to Help Fuel Hotel Group's U.S. Expansion

New York – June 22, 2011 – Brooke Denihan Barrett and Patrick Denihan, owners and co-CEOs of Denihan Hospitality Group, today announced that they plan to accelerate their aggressive hotel growth strategy into key U.S. urban markets, utilizing proceeds from an equity partnership with Pebblebrook Hotel Trust (NYSE:PEB).

The capital investment, announced today by Pebblebrook and expected to close within 90 days, gives the real estate investment trust a 49% stake in six of Denihan's properties in prime New York City locations. Denihan will continue to manage the hotels.

Since acquiring the almost 50-year-old Denihan Hospitality Group from other family members in 2006, Denihan's and Barrett's long-term strategy has been to expand its capital relationships to help fuel growth of its upper upscale and luxury hotel portfolio.

After consolidating ownership, Barrett and Denihan executed a growth plan that has included acquiring The James Chicago and The James hotel brand, as well as expanding its presence into top U.S. markets -- including New York City, Chicago, Washington, D.C. and Miami. Most recently, Denihan has announced the opening of The James New York – SoHo as well as the addition of the Royal Palm Miami to its collection.

"We believe that current market conditions provide us with the ideal opportunity for growth," said Patrick Denihan. "We are well-positioned as a leading investor in the hospitality community to acquire additional hotels at below-replacement cost. We have a long track-record of redeveloping boutique assets into strongly performing hotels through our world-class operating platform."

The six-hotel, 1,730-room subset of the Denihan portfolio included in the Pebblebrook deal includes five properties operating under the Affinia Hotels brand, as well as the luxury independent, 209-room Benjamin located at Lexington Avenue and 50th Street. The additional assets – also located in Manhattan – that are owned and managed by Denihan include Affinia Shelburne and Affinia Dumont in Murray Hill; Affinia Gardens on the Upper East Side; Affinia 50 in Midtown Manhattan; and Affinia Manhattan, located on Seventh Avenue near Madison Square Garden.

Denihan and Barrett had been quietly shopping for a joint-venture partner for these properties for several months. While they had interest from several top hotel investment funds, according to Denihan, the Pebblebrook partnership was the right fit for both entities.

“We couldn’t have asked for a better or more like-minded partner,” Patrick Denihan added. “We are delighted to be collaborating with Pebblebrook, a company whose growth strategy and operational philosophy is very much aligned with our own. Its financial investment and confidence in these six assets is a testament to Denihan’s 50 years of strong performance in New York City, and will provide us with capital to fuel our expansion into other U.S. urban markets.”

“We are extremely excited to be partnering with Denihan,” said Jon Bortz, chairman and chief executive officer of Pebblebrook Hotel Trust. “They have a significant presence in the Manhattan market and their extensive knowledge and experience operating distinctive hotels gives us great confidence. We are eager to continue growing our relationship with them.”

Citigroup acted as the exclusive financial advisor to Denihan in the transaction.

About Denihan Hospitality Group

Denihan Hospitality Group is a privately-held, full-service hotel management and development company that owns and operates 13 boutique hotels in major urban markets in the U.S. Over the past 50 years, the Denihan family has built a world class lodging investment platform within the boutique hotel space, creating value by acquiring, repositioning and managing independent hotels. The Denihan portfolio includes properties operating under The James and Affinia Hotels brands, as well as Manhattan luxury independents, The Surrey and The Benjamin, and affiliates including the Royal Palm in Miami. The company’s uniquely guest-centric approach, refined through three generations of Denihan leadership, has made it an industry leader in hospitality, property and restaurant development, as well as hotel operations, management and marketing. More details can be found at www.denihan.com.

About Pebblebrook Hotel Trust

Pebblebrook Hotel Trust (NYSE: PEB) is a publicly traded real estate investment trust (“REIT”) organized to opportunistically acquire and invest primarily in upper upscale, full-service hotels located in large urban and resort markets with an emphasis on the major coastal cities. The company owns 14 hotels, totaling 3,814 guest rooms, in eight states and the District of Columbia, including 13 markets: Bethesda, Maryland; San Francisco, California; Buckhead, Georgia; Washington, DC; Minneapolis, Minnesota; Stevenson, Washington; Santa Monica, California; Philadelphia, Pennsylvania; San Diego, California; Seattle, Washington; West Hollywood, California; Miami, Florida; and Boston, Massachusetts. For more information, please visit www.pebblebrookhotels.com.

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