

Property Information:

Acquisition Price: \$84.0M (\$333K per room)
 Location: Fisherman's Wharf, San Francisco, CA
 Acquired: February 16, 2011
 Rooms: 252
 Type: Upper-Upscale, Full-Service
 Built: 1907
 Converted to a Hotel: 2003

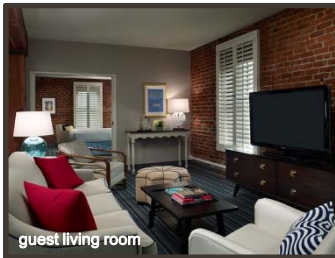
Property Amenities:

- 252 guest rooms with views of the Golden Gate Bridge, Alcatraz Island, San Francisco Bay and the Transamerica Pyramid building
- Over 8,000 SF of meeting space, including the 4,200 SF Golden Gate Ballroom and the 1,800 SF Maritime Room
- Blue Mermaid Chowder House and Bar – a three-meal-a-day restaurant featuring fresh seafood fare
- Fitness center and full-service business center
- 3,700 square feet of retail space, including: Starbucks, Ben & Jerry's Homemade Ice Cream, Blazing Saddles Bike Rentals and Tours and Winery Collective Tasting Room

Market Highlights:

Market Overview:

- Fisherman's Wharf is one of the most prominent tourist destinations in the US with numerous attractions, entertainment, dining and shopping
- Proven history of double-digit RevPAR growth in recovery cycles
- San Francisco is the fifth most populous region in the nation and the second most populous in California
- Highly educated population with array of top-tier educational institutions including Stanford University, San Francisco and UC Berkeley
- Excellent transportation infrastructure, with three international airports, a modern network of highways and an efficient public transportation system



Demand Generators:

- Tourism: Fisherman's Wharf
 - Ghirardelli Square
 - Alcatraz Island
 - Anchorage Square
 - PIER 39
 - Maritime National Historic Park
- The Moscone Convention Center
- Airports: Three international airports
- Financial Center – Significant amount of multinational corporations in San Francisco
- High Technology – Silicon Valley
- Biotechnology – World leader in biotech investment
- San Francisco has varied environmental demand generators leading to a diverse tourism base:
 - Pacific Ocean
 - Mountains
 - San Francisco Bay
 - National Parks
 - Napa Valley

Historic Performance:

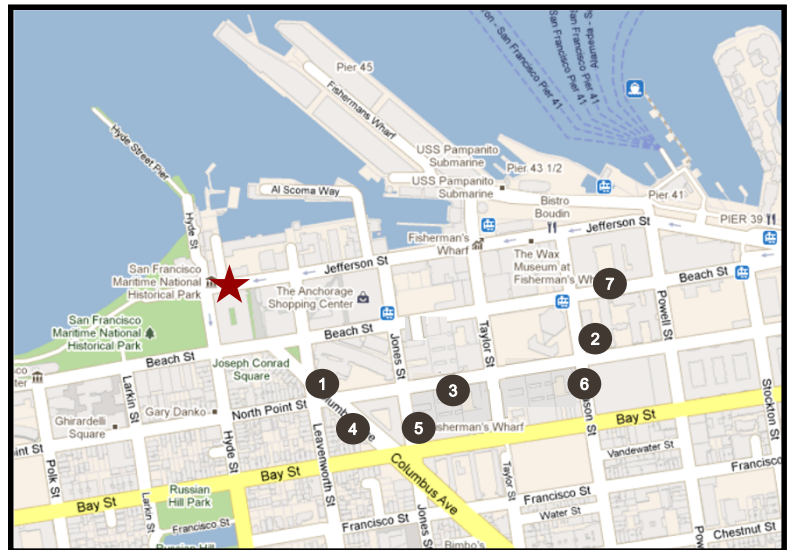
2011 EBITDA (under renovation) ⁽¹⁾ :	\$6.5M
2012 EBITDA ⁽¹⁾ :	\$8.5M
2011 EBITDA Yield ⁽¹⁾ :	7.4%
2012 EBITDA Yield ⁽¹⁾ :	9.5%

(1) Estimated discount to replacement cost at time of acquisition; EBITDA based on previously disclosed hotel earnings before interest, taxes, depreciation and amortization ("EBITDA"); EBITDA Yield reflects certain capital investments made by Pebblebrook as of year-end 2011 and year-end 2012.



Competitive Set:

Hotels	Map Marker	Rooms	Year Opened
Argonaut Hotel	★	252	2003
Holiday Inn San Francisco Fisherman's Wharf	1	585	1970
Sheraton Hotel Fisherman's Wharf	2	531	1975
Hyatt at Fisherman's Wharf	3	313	1990
Marriott San Francisco Fisherman's Wharf	4	285	1984
Hilton San Francisco Fisherman's Wharf	5	234	1980
Best Western Tuscan Inn at Fisherman's Wharf	6	221	1990
Radisson Fisherman's Wharf	7	355	1969
Total (excluding Argonaut Hotel)		2,524	



Investment Highlights:

Strengths

- Attractive Fisherman's Wharf location
- ADR, Occupancy and RevPAR market leader
- Irreplaceable asset and historic registered landmark
- Excellent physical condition
- A+ location in truly world class city
- Extremely high barriers to entry
- International gateway market

Opportunities

- Recently completed soft-goods renovation
- No new hotel supply under construction
- Improved cash flow through asset management
- Proximity to growth from Asia

San Francisco - Nob Hill / Wharf Sub-Market Operating Performance

