

**Property Information:**

**Acquisition Price:** \$30.5M (\$261k per room)  
**Location:** Portland, OR  
**Acquired:** July 9, 2012  
**Rooms:** 117  
**Type:** Full-Service  
**Built:** 1894

**Historic Performance and Valuation:**

**Estimated Discount to Replacement Cost:** 30% - 35%  
**2011 Occupancy:** 87%  
**2011 ADR:** \$145  
**Forward 12-Month Cap Rate (Projected EBITDA)<sup>(1)</sup>:** 7.0% - 8.6%  
**Forward 12-Month Cap Rate (Projected NOI)<sup>(1)</sup>:** 5.4% - 7.0%

(1) Based on previously disclosed forecasted net operating income after capital reserves ("NOI") and previously disclosed forecasted hotel earnings before interest, taxes, depreciation and amortization ("EBITDA").

**Property Highlights:**

- 117 uniquely styled AAA four-diamond guest rooms, with each guest room dedicated to a local winery or vineyard
- Comprehensive \$3.7M (\$32k / key) renovation completed in 2008
- Award-winning Pazzo Ristorante, serving regional Italian cuisine for breakfast, lunch (brunch on weekends) and dinner daily
- 4,800 square feet of meeting space in eight flexible meeting rooms
- Business Center
- Fitness Center
- In-room spa services
- Valet parking



**Market Highlights:**

**Market Overview:**

- Proven history of strong recovery from market downturns with a compounded annual RevPAR growth of 12.0% from 2003 to 2007
- Diversified demand base, provided by corporate, convention, and leisure-based guests, drove RevPAR growth for six consecutive years into 2008
- Downtown Portland offers over 10 million square feet of Class "A" office space
- Highly diverse employment base with notable concentrations in the clean tech/environmental, active wear, software and manufacturing industries

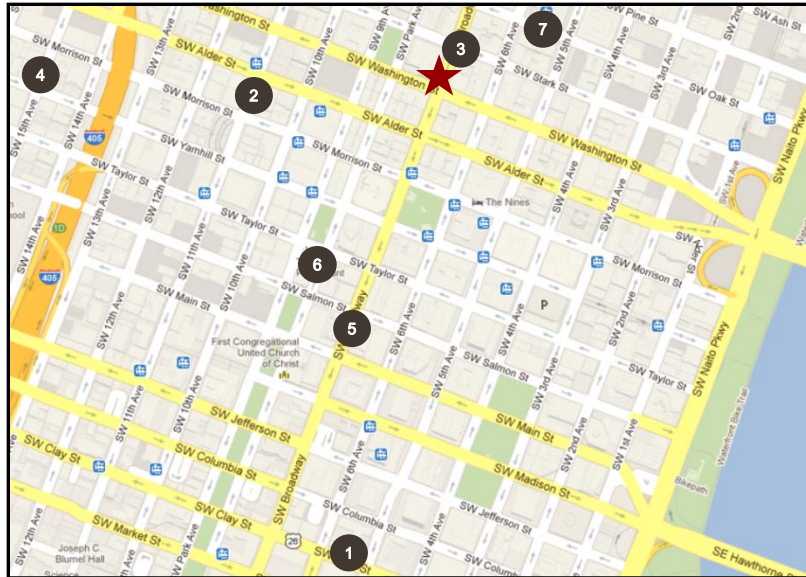
**Demand Generators:**

- Oregon Convention Center, the largest convention center in the Pacific Northwest
- Tourism:
  - Tom McCall Waterfront Park
  - Pioneer Courthouse Square
  - Forest Park
  - Japanese Garden in the West Hills
  - Classical Chinese Garden in Old Town
  - Oregon Zoo
  - Portland Center for Performing Arts
  - Tryon Creek State Natural Areas, an Oregon State Park
  - International Rose Test Garden
- Strong growing corporate environment
  - Portland is home to two Fortune 500 companies, Nike and Precision Castparts Corporation
- Highly regarded public transportation

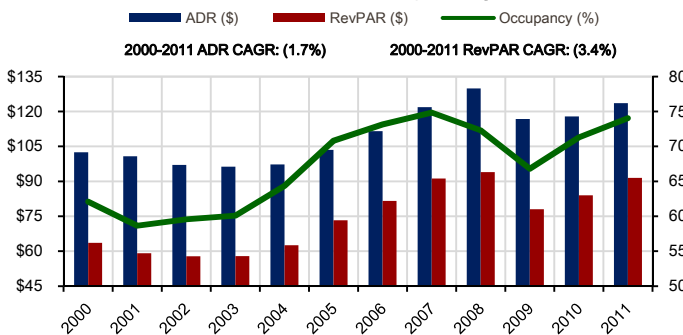


**Competitive Set:**

Hotels	Map Marker	Rooms	Year Opened
<b>Hotel Vintage Plaza</b>	★	<b>117</b>	<b>1894</b>
Hotel Modera	1	174	1962
Governor Hotel	2	100	1909
Hotel Lucia	3	127	1908
Hotel deLuxe	4	130	1912
Heathman Hotel at Salmon	5	150	1927
The Paramount Hotel	6	154	2000
Courtyard Portland City Center	7	256	2009
<b>Total (including the Hotel Vintage Plaza)</b>		<b>1,208</b>	



**Portland Downtown Sub-Market Operating Performance**



**Investment Highlights:**

**Strengths**

- Premier location in international gateway market
- High barriers to entry
- RevPAR and ADR leader among competitive set, with 2011 RevPAR penetration index of 123%
- Minimal capital expenditure needs
- Significant discount to replacement cost

**Opportunities**

- No new imminent supply in pipeline
- Improved cash flow through Pebblebrook asset management and best practices