

Property Information:

| | |
|---------------------|---------------------------|
| Acquisition Price: | \$32.5M (\$262k per room) |
| Location: | Seattle, WA |
| Acquired: | July 9, 2012 |
| Rooms: | 124 |
| Type: | Full-Service |
| Built: | 1922 |
| Converted to Hotel: | 1992 |

Historic Performance and Valuation:

| | |
|---|-------------|
| Estimated Discount to Replacement Cost: | 25% - 30% |
| 2011 Occupancy: | 88% |
| 2011 ADR: | \$146 |
| Forward 12-Month Cap Rate (Projected EBITDA) ⁽¹⁾ : | 7.2% - 8.7% |
| Forward 12-Month Cap Rate (Projected NOI) ⁽¹⁾ : | 6.0% - 7.5% |

(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:

- 124 distinctively styled AAA four-diamond guest rooms with each guest room dedicated to a Washington State winemaker
- Award-winning Tulio Ristorante, a cozy Italian restaurant that serves breakfast, lunch (brunch on weekends) and dinner daily
- 1,000 square feet of meeting space, including 700 square feet in "Soloio," a private event room
- On-site valet parking in the three-level, 66-space parking structure
- Business center
- Fitness center
- In-room spa services



Market Highlights:

Market Overview:

- Proven history of strong recovery from market downturns with a compounded annual RevPAR growth of 9.5% from 2003 to 2007
- Downtown Seattle has over 33 million square feet of office space
- Most populous city in the northwest United States
- Highly diverse employment base with notable concentrations in the technology, industrial and service industries

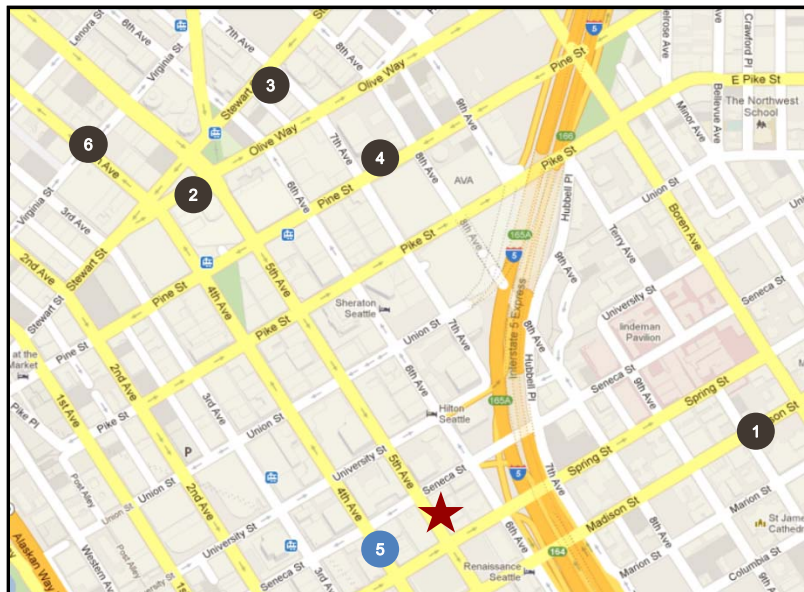


Demand Generators:

- Strong corporate environment with three Fortune 500 companies
 - Headquarters of Amazon.com, Nordstrom and Starbucks
 - Five of Seattle's largest and highest-quality office towers within 5 blocks of the hotel
- Washington State Convention Center
- Tourism:
 - Pike Place Market
 - Seattle Waterfront
 - Seattle Aquarium
 - Seattle Art Museum
 - Olympic Sculpture Park
 - Pioneer Square
 - Woodland Park Zoo
 - Seattle Center
- Home of the Seattle Mariners, Seattle Seahawks and Seattle Storm
- Port and cruise ship terminals
- Seattle-Tacoma International Airport, gateway airport to Asia

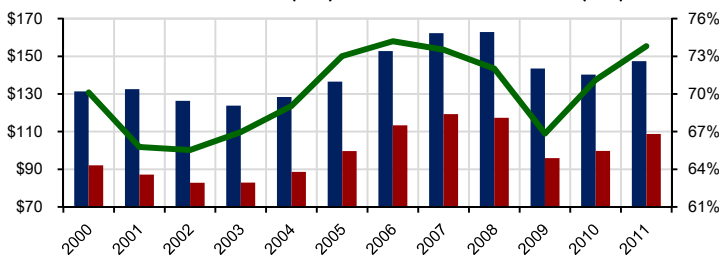
Competitive Set:

| Hotels | Map Marker | Rooms | Year Opened |
|---|------------|------------|-------------|
| Hotel Vintage Park | ★ | 124 | 1992 |
| Sorrento Hotel | 1 | 76 | 1908 |
| Mayflower Park Hotel | 2 | 160 | 1927 |
| Hotel Max | 3 | 163 | 1935 |
| The Paramount Hotel | 4 | 146 | 1996 |
| Hotel Monaco Seattle (Owned by Pebblebrook) | 5 | 189 | 1997 |
| Hotel Andra | 6 | 119 | 1926 |
| Total (including the Hotel Vintage Park) | | 977 | |



Seattle Downtown Sub-Market Operating Performance

ADR (\$) RevPAR (\$) Occupancy (%)
2000-2011 ADR CAGR: (1.1%) 2000-2011 RevPAR CAGR: (1.5%)



Investment Highlights:

Strengths

- Premier location in growing international gateway market nearing peak hotel occupancies
- High barriers to entry
- Consistently high occupancy (above 77% for the last decade)
- Destination food and beverage outlet, Tulio Ristorante
- Significant discount to replacement cost

Opportunities

- Upside from property renovation in Q1 2014
- Operating synergies and marketing opportunities with Hotel Monaco Seattle
- Expansion of Washington State Convention Center
- Improved cash flow through Pebblebrook asset management and best practices