

Property Information:

Acquisition Price: \$132.0M
(Approximately \$215K - \$230K⁽¹⁾ per room)

Location: San Francisco, CA
Acquired: December 9, 2013
Rooms: 361
Type: Urban, Upscale
Built / Expanded: 1964 / 1999
Last Renovated: 2015

(1) Approximately \$50M - \$56M of value associated with the 44,000 square feet of rentable retail space; per room estimate is the per room value associated with the hotel based on the aforementioned range.

Property Highlights:

- 361 stylish, waterfront guest rooms and suites
- \$32.0M renovation and repositioning complete in Q2 2015
- 20 retail units, totaling 44,000 rentable square feet of premier ground level retail space
- The Yard, an interactive, newly designed courtyard space featuring dynamic games and unique fire pits
- 235 structured parking spaces
- Newly renovated fitness center

Market Highlights:

Market Overview:

- The Nob Hill/Wharf tract has a proven history of strong recovery from market downturns with a RevPAR compounded annual growth rate (CAGR) of 10.7% from 2003 to 2007 and 13.4% from 2009 to 2014
- The Nob Hill/Wharf tract's 85.5% TTM May 2015 occupancy rate is above the market's all-time historical peak
- Major west coast gateway market benefitting from fast-growing Asian markets and leisure traveler segment
- Diverse economic base with strong component of growth industries

Demand Generators:

- Tourism: - Fisherman's Wharf
- Ghirardelli Square - Alcatraz
- Anchorage Square - PIER 39
- Golden Gate Park - The Cannery
- Powell/Mason Cable Car Line
- The Moscone Convention Center
- Airports: three international airports
- Financial Center – Significant amount of multinational corporations in San Francisco
- High Technology – San Francisco and 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



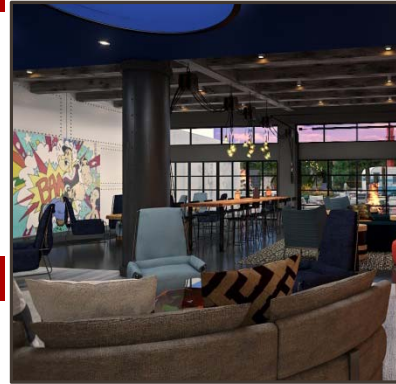
Performance and Valuation Outlook:

Estimated Discount to Replacement Cost (at acquisition): 35% - 45%

2014 EBITDA: \$12.1M

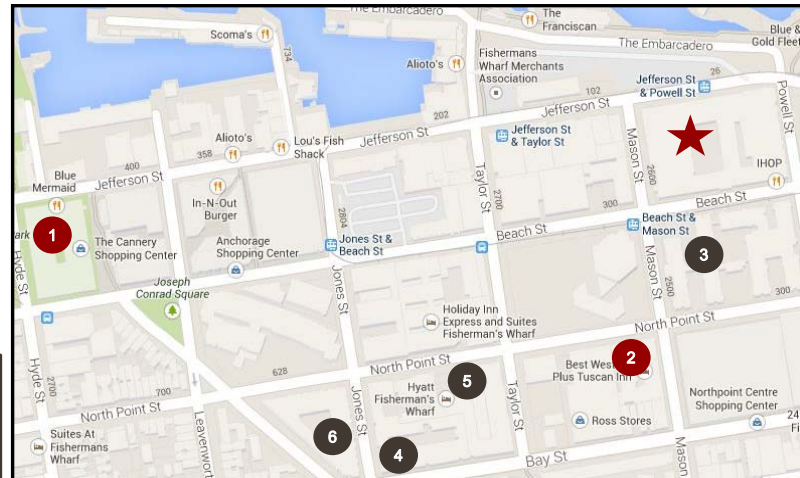
2014 EBITDA Yield⁽²⁾: 8.6%

(2) Based on previously disclosed forecasted hotel earnings before interest, taxes, depreciation and amortization ("EBITDA"); EBITDA Yield includes all capital investments made by Pebblebrook as of year-end 2014.



Competitive Set:

Hotels	Map Marker	Rooms	Year Opened
Hotel Zephyr Fisherman's Wharf	★	361	1964
Argonaut Hotel (PEB Owned)	1	252	2003
The Tuscan Fisherman's Wharf (PEB Owned)	2	221	1990
Sheraton Fisherman's Wharf	3	531	1975
Pier 2620 Hotel Fisherman's Wharf	4	233	1980
Hyatt Fisherman's Wharf	5	313	1990
Marriott San Francisco Fisherman's Wharf	6	285	1984
Total Comp Set (excluding Hotel Zephyr)		1,474	



Investment Highlights:

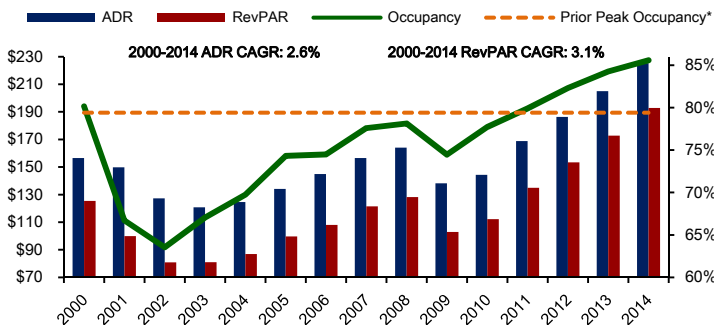
Strengths

- Excellent Fisherman's Wharf location in a key U.S. gateway market
- Attractive national and international destination
- Extremely high barriers to entry
- Diversified income stream, including stable retail and parking income
- New and significant economic drivers

Opportunities

- Renovation and repositioning recently completed; should significantly increase ADR penetration
- No new supply under construction in Fisherman's Wharf
- Proximity to growth from Asia
- Improved cash flow through Pebblebrook asset management and best practices

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



Source: Smith Travel Research
* Represents TTM peak occupancy for the San Francisco - Nob Hill / Wharf sub-market in the prior cycle.