

Property Information:

| | |
|--------------------|-------------------------------------|
| Acquisition Price: | \$122.0M (\$552K per room) |
| Location: | Fisherman's Wharf San Francisco, CA |
| Acquired: | June 11, 2015 |
| Rooms: | 221 |
| Type: | Upper-UpSCALE, Full-Service |
| Built: | 1990 |
| Last Renovated: | 2012/2017 |

Property Highlights:

- 221 boutique guestrooms, including 12 suites
- Property underwent a full \$17.0M redevelopment and repositioning and was relaunched as Hotel Zoe Fisherman's Wharf in Q2 2017
- Pescatore, featuring contemporary Italian cuisine, three meals/day, and seating for up to 84 guests not including the seasonal outdoor patio
- 2,000 square feet of meeting and event space
- Open-air garden, central courtyard
- Access to 24-hour fitness facility
- Valet parking in the subterranean, 69-space parking garage

Market Highlights:

Market Overview:

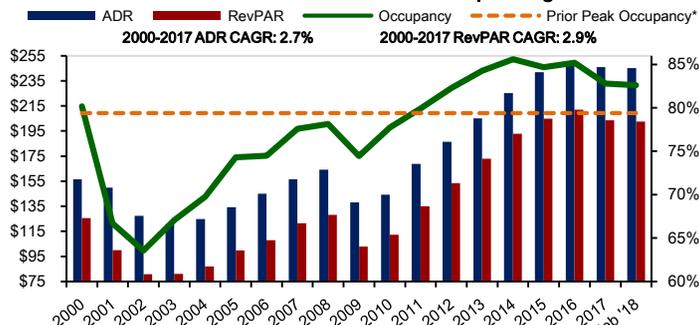
- Established history of strong recovery from market downturns with a RevPAR compounded annual growth (CAGR) of 10.7% from 2003 to 2007 and a RevPAR CAGR of 8.9% and Supply CAGR of (-0.4%) from 2009 to 2017
- Major West Coast gateway market benefitting from fast-growing international Asian markets, leisure travelers and the robust technology sector
- Diverse economic base with demand driven by corporate, leisure, and convention group travelers
- 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*
- *Anchorage Square* - *PIER 39*
- *Golden Gate Park* - *The Cannery*
- *Powell/Mason Cable Car Line*
- The Moscone Convention Center (renovation to be complete in 2018)
- Airports: 3 international airports
- Financial Center – Significant amount of multinational corporations in San Francisco
- Strong technology sector
- Multiple sports teams and venues
- San Francisco has varied environmental demand generators leading to a diverse tourism base:
- *Pacific Ocean* - *Mountains*
- *San Francisco Bay* - *National Parks*
- *Napa Valley*

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.

Historic Performance and Valuation:

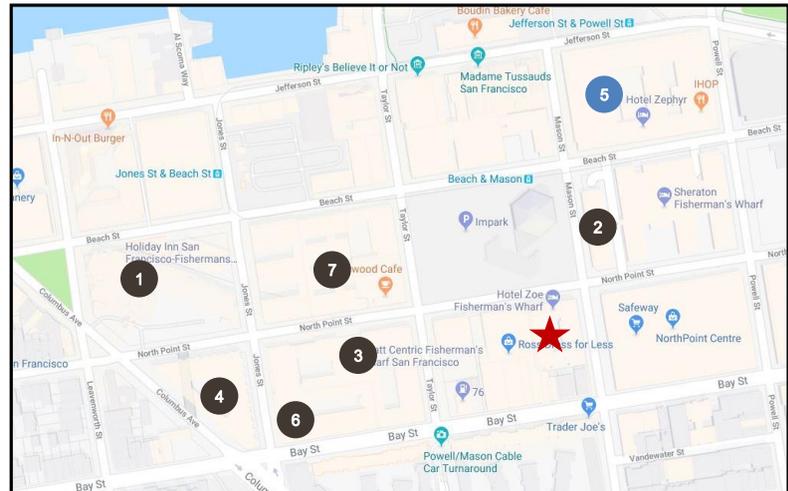
| | | | |
|---|-------|---|-------|
| 2016 Occupancy: | 89% | 2017 Occupancy⁽²⁾: | 65% |
| 2016 ADR: | \$228 | 2017 ADR⁽²⁾: | \$210 |
| 2016 EBITDA Yield⁽¹⁾: | 6.1% | 2017 EBITDA Yield^(1,2): | 2.6% |

(1) Based on previously disclosed earnings before interest, taxes, depreciation and amortization ("EBITDA"); EBITDA Yield includes all capital investments made by Pebblebrook as of year-end 2017 and 2016, respectively.
(2) Hotel performance was significantly impacted by comprehensive renovation completed in 2017.



Competitive Set:

| Hotels | Map Marker | Rooms | Year Opened |
|--|------------|--------------|-------------|
| Hotel Zoe Fisherman's Wharf | ★ | 221 | 1990 |
| Holiday Inn San Francisco Fisherman's Wharf | 1 | 585 | 1970 |
| Sheraton Hotel Fisherman's Wharf | 2 | 531 | 1975 |
| Hyatt Fisherman's Wharf | 3 | 316 | 1990 |
| Marriott San Francisco Fisherman's Wharf | 4 | 285 | 1984 |
| Hotel Zephyr Fisherman's Wharf (<i>PEB Owned</i>) | 5 | 361 | 1969 |
| Pier 2620 Hotel Fisherman's Wharf | 6 | 233 | 1980 |
| Holiday Inn Express & Suites Fisherman's Wharf | 7 | 252 | 2001 |
| Total (excluding Hotel Zoe Fisherman's Wharf) | | 2,563 | |



Investment Highlights:

Strengths

- Premier location in the heart of Fisherman's Wharf
- Key U.S. gateway market, the financial, economic and cultural center of the West
- Extremely high barriers to entry
- New and significant economic drivers
- Fisherman's Wharf is a world-renowned destination
- Attractive national and international destination

Opportunities

- Comprehensive renovation and repositioning will allow property to drive rates
- \$500 million Moscone Convention Center renovation to expand usable space by 42%
- No new supply under construction in Fisherman's Wharf
- Pebblebrook asset management and best practices to improve cash flow