

Property Information:

Acquisition Price: \$185.5M
(Resort \$150.5M + LaPlaya Beach Club \$35.0M)⁽¹⁾

Location: Naples, FL

Acquired: May 21, 2015

Rooms: 189

Type: Full-Service, Luxury Resort and Beach Club

Built: 1968

Last Renovated: 2002

(1) Approximately \$35M of value associated with the beach club; per room estimate of \$800K/room is the per room value associated with the value of the hotel portion, which excludes the club.

Property Highlights:

- 189 spacious guest rooms
- 6 acres and 600 feet of linear beachfront on the Gulf of Mexico
- Four F&B outlets: BALEEN Restaurant, Tiki Bar, Club Members' Private Dining Room and Beach Fire Pits (seasonal)
- 12,000 SF of indoor and outdoor meeting and event space
- Private Members Beach Club and private dining; access to LaPlaya Golf Course (not included in transaction)
- 4,500 SF SpaTerre
- Three outdoor pools, poolside cabanas, fitness center, watersport rentals, children's beach camp and boutique shop
- 310-space parking garage
- 23-slip marina

Market Highlights:

Market Overview:

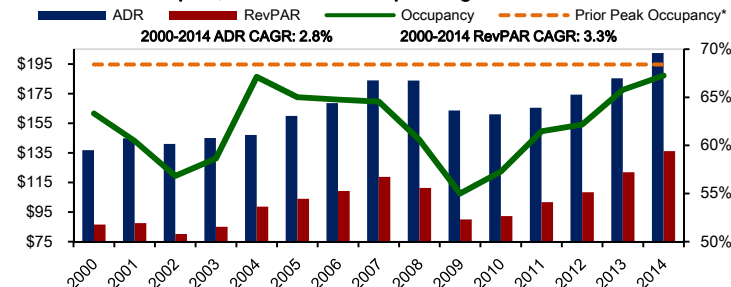
- Proven history of strong recovery from market downturns with a RevPAR compounded annual growth (CAGR) of 8.7% from 2003 to 2007 and a RevPAR CAGR of 8.6% from 2009 to 2014; 27-year supply CAGR of 1.3%
- Wide base of strong demand drivers including dozens of world-renowned golf courses, beaches and high-end retail shopping and dining
- Diverse employment base with notable concentrations in education, healthcare, medical supplies, biotechnology; home to Hertz Rental Cars international headquarters



Demand Generators:

- Beautiful beaches
- Tourism:
 - The weather
 - Championship golf courses
 - Waterside Shops
 - Fifth Avenue South Shopping District
 - Von Liebig Art Center
 - Gulfshore Playhouse
 - Cambier Park
- Strong economic drivers including tourism and high net-worth retirees, along with corporate growth in healthcare-related fields
- Proximate to Southwest Florida International Airport
- Affluent and highly educated population

Naples, FL Sub-Market Operating Performance



Source: Smith Travel Research
* Represents TTM peak occupancy for the Naples, FL sub-market in the prior cycle.

Historic Performance and Valuation:

Estimated Discount to Replacement Cost: N/A

2014 Occupancy: 77%

2014 ADR: \$337

Forward 12-Month Cap Rate (Projected EBITDA)⁽²⁾: 7.75% - 8.25%

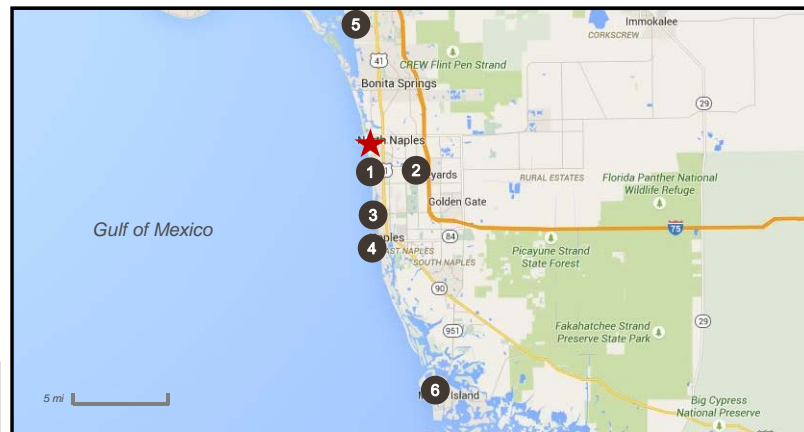
Forward 12-Month Cap Rate(Projected NOI)⁽²⁾: 6.75% - 7.25%

(2) 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").



Competitive Set:

Hotels	Map Marker	Rooms	Year Opened
LaPlaya Beach Resort & Club	★	189	1968
Ritz-Carlton Naples	1	450	1985
Ritz-Carlton Golf Resort Naples	2	295	2002
Naples Grande Beach Resort	3	474	1986
Edgewater Beach Hotel	4	125	1985
Hyatt Regency Coconut Point Resort & Spa	5	454	2001
Marco Beach Ocean Resort	6	91	2001
Total Comp Set (excluding LaPlaya Beach Resort)		1,889	



Investment Highlights:

Strengths

- Excellent physical barriers to entry
- Exceptional location on the beach
- Strong existing RevPAR and rate market share
- High demand, indoor and outdoor meeting and event space with spectacular views
- Fee Simple Transaction

Opportunities

- Improved cash flow through Pebblebrook asset management and best practices
- Benefits from upcoming renovation
- Further increase ADR as SW Florida continues to grow demand and push rates
- Unique beach club component with meaningfully greater profitability opportunity