

**Property Information:**

**Acquisition Price:** \$137.0M (\$578K per room)  
**Location:** West Hollywood, CA  
**Acquired:** May 3, 2011  
**Rooms:** 237  
**Type:** Luxury, Full-Service  
**Built / Converted / Renovated:** 1959 / 1996 / 2008

**Property Highlights:**

- 237 luxurious guest rooms, including flat screen HDTVs, down duvets and pillows, Egyptian cotton linens, rainfall showers and floor-to-ceiling windows offering stunning views of the Hollywood Hills, Los Angeles or the pool
- Comprehensive \$39M (\$165K / key) renovation completed in 3Q 2008
- SkyBar is an immensely popular bar destination renowned for its "scene" and provides an open air, ivy-covered pavilion adjacent to the pool and outdoor living room
- Asia de Cuba, an innovative Asian-Latin fusion restaurant, offers 3 meals a day with indoor and outdoor seating. ADCB is the bar located in the lobby
- Agua Spa features a wide variety of upscale massage, skin care and body treatments as well as a full-service salon
- The meeting space consists of a 756 SF meeting room and a 510 SF executive boardroom
- 24-hour fitness center features state-of-the-art fitness equipment
- Full-service business center and on-site valet parking

**Market Highlights:**

**Market Overview:**

- West Hollywood is a 1.9 square mile city bounded by Beverly Hills, Hollywood, Los Angeles and the Santa Monica Mountains, and is home to premier shopping, dining and entertainment
- The Hollywood-Beverly Hills market has achieved a compounded annual RevPAR growth of 3.5% during the 20-year period between 1990 and 2010
- The Hollywood-Beverly Hills market has experienced extremely constrained supply growth, with a 20-year compounded annual growth rate in supply of just 0.2%
- Los Angeles is the second-most visited city by overseas visitors and attracts over 25 million total visitors annually

**Demand Generators:**

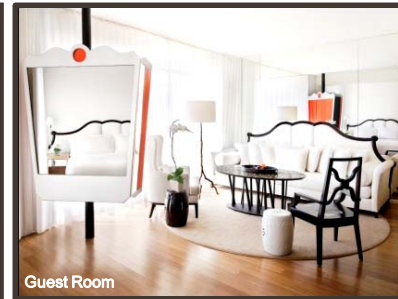
- Entertainment industries, including movie, music and commercial production, award shows, TV studio tapings and live audiences
- Fashion industry and Pacific design center
- Sports, music and entertainment venues
  - 6 professional sports teams, including the LA Dodgers, LA Lakers, LA Kings, LA Clippers, LA Galaxy and LA Sparks
  - Kodak Theatre, Hollywood Bowl
  - Pantages Theater and Staples Center
- World-class nightlife
- Superlative dining
- Museums and cultural landmarks
  - The Getty Center and Griffith Observatory
- Theme parks
  - Disneyland, Disney's California Adventure, Six Flags Magic Mountain and Hurricane Harbor and Universal Studios Hollywood
- 23 Fortune 500 companies headquartered in the Los Angeles area
- Los Angeles Convention Center
- LA Live Sport and Entertainment District



**Historic Performance and Valuation:**

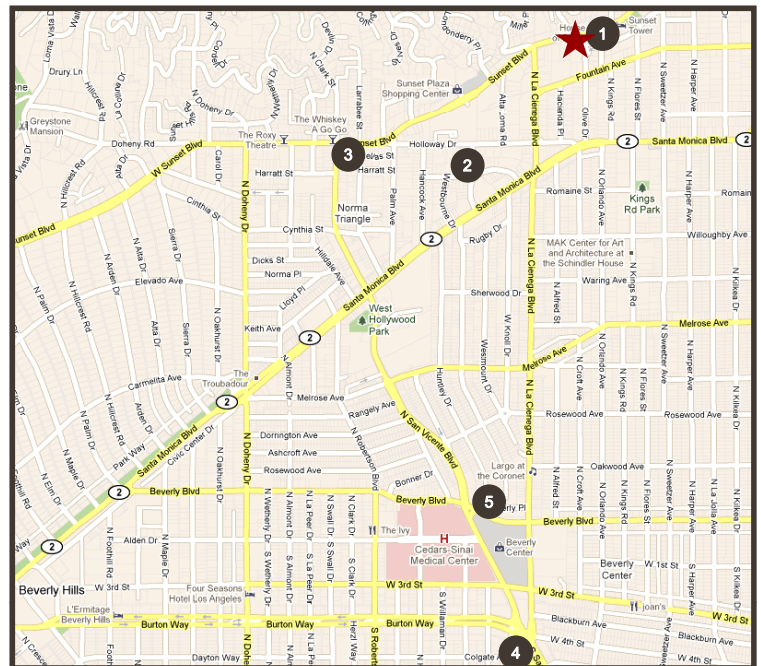
**Estimated Discount to Replacement Cost (post-renovation):** 20% -25%  
**2010 Occupancy:** 71%  
**2010 ADR:** \$257  
**Forward 12-Month Cap Rate (Projected EBITDA)<sup>(1)</sup>:** 6.6% - 7.1%  
**Forward 12-Month Cap Rate (Projected NOI)<sup>(1)</sup>:** 5.6% - 6.1%

(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")

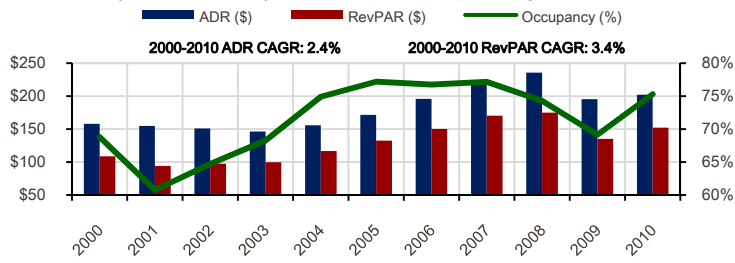


**Competitive Set:**

Hotels	Map Marker	Rooms	Year Opened
<b>Mondrian Los Angeles</b>	★	<b>237</b>	<b>1959</b>
Andaz West Hollywood	1	238	1967
The Chamberlain West Hollywood	2	113	1980
London West Hollywood	3	200	1984
Luxury Collection SLS at Beverly Hills	4	297	1991
Sofitel Los Angeles	5	295	1988
<b>Total (excluding Mondrian Los Angeles)</b>		<b>1,143</b>	



**Hollywood – Beverly Hills Sub-Market Operating Performance**



**Investment Highlights:**

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| <p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Recently renovated signature product</li> <li>• Superior Sunset Boulevard location</li> <li>• First-rate corporate accounts</li> <li>• Strong destination restaurant and bar venues and associated revenue</li> <li>• Premier hotel name recognition</li> <li>• Stable market with excellent long-term supply and demand fundamentals</li> </ul> | <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Continued upside from recently completed \$39.0M (\$165K / key) hotel renovation</li> <li>• Limited new supply in the pipeline</li> <li>• Attractive rebounding hotel fundamentals</li> <li>• Improved cash flow through Pebblebrook asset management and best practices</li> </ul> |
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