

**Property Information:**

Acquisition Price: \$47.5M (\$273K per room)  
 Location: Portland, OR  
 Acquired: August 28, 2013  
 Rooms: 174  
 Type: Upper Upscale, Full-Service  
 Built: 1962  
 Last Renovated: 2008

**Historic Performance and Valuation:**

Estimated Discount to Replacement Cost: 15% - 20%  
 2012 Occupancy: 79%  
 2012 ADR: \$135  
 Forward 12-Month Cap Rate (Projected EBITDA)<sup>(1)</sup>: 8.1% - 9.1%  
 Forward 12-Month Cap Rate (Projected NOI)<sup>(1)</sup>: 7.3% - 8.3%

(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:**

- 174 well-appointed guest rooms
- Comprehensive \$13.0M (\$75K / key) renovation and repositioning completed in 2008
- Nel Centro (leased restaurant), serving classic Italian cuisine for breakfast, lunch (brunch on weekends) and dinner daily
- 2,000 square feet of meeting space in three meeting rooms and an additional 600 square feet in two private dining rooms
- Full-service business center and sundry shop
- Valet parking in 72 underground hotel parking spaces



**Market Highlights:**

**Market Overview:**

- Proven history of strong recovery from market downturns with a RevPAR compounded annual growth (CAGR) of 12.0% from 2003 to 2007 and a RevPAR CAGR of 8.8% from 2009 to 2012. Downtown Portland's 78% TTM July occupancy rate is above the market's historical peak.
- Diversified demand base, provided by corporate, convention, and leisure-based guests, drove RevPAR growth for six consecutive years into 2008
- Downtown Portland offers over 10 million square feet of Class "A" office space
- Highly diverse employment base with notable concentrations in the clean tech/environmental, active wear, software and manufacturing industries

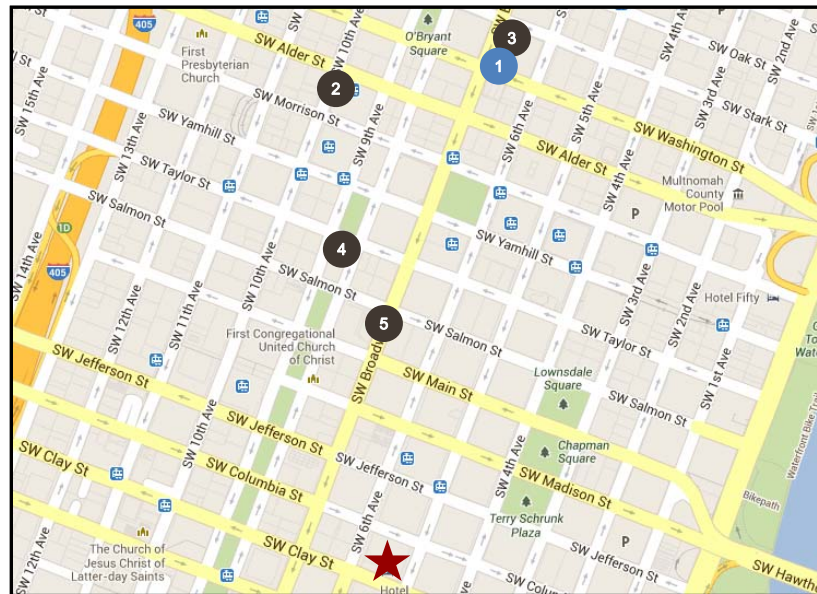
**Demand Generators:**

- Oregon Convention Center, the largest convention center in the Pacific Northwest
- Tourism:
  - Tom McCall Waterfront Park
  - Pioneer Courthouse Square
  - Forest Park
  - Japanese Garden in the West Hills
  - Columbia River Gorge
  - Oregon Zoo
  - Portland Center for Performing Arts
  - Tryon Creek State Natural Areas
  - International Rose Test Garden
  - Pearl District
  - Portland Art Museum
- Strong growing corporate environment with Fortune 500 companies Intel, Nike and Precision Castparts Corporation
- Highly regarded public transportation

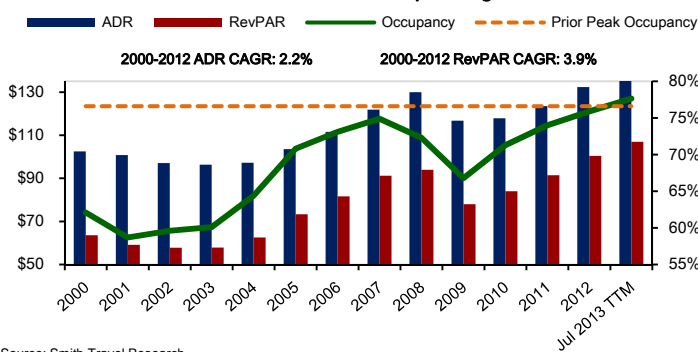


**Competitive Set:**

Hotels	Map Marker	Rooms	Year Opened
<b>Hotel Modera</b>	★	<b>174</b>	<b>1962</b>
Kimpton Hotel Vintage Plaza (PEB Owned)	1	117	1894
Governor Hotel	2	100	1909
Hotel Lucia	3	127	1908
The Portland Paramount Hotel	4	154	2000
Heathman Hotel @ Salmon	5	150	1927
<b>Total Comp Set (excluding the Hotel Modera)</b>		<b>648</b>	



**Portland Downtown Sub-Market Operating Performance**



**Investment Highlights:**

**Strengths**

- Excellent location in West Coast gateway market
- Strong market with above prior peak occupancy and excellent supply / demand fundamentals
- High barriers to entry
- Historically strong operating performance with consistently strong operating metrics
- Significant discount to replacement cost

**Opportunities**

- Limited new supply in pipeline
- New property manager (OLS Hotels & Resorts)
- Significantly increase ADR
- Improved cash flow through Pebblebrook asset management and best practices