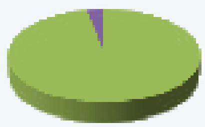
CLOSED REIT

Nontraded REIT Industry Review: Second Quarter 2014

Apple Hospitality REIT, Inc.

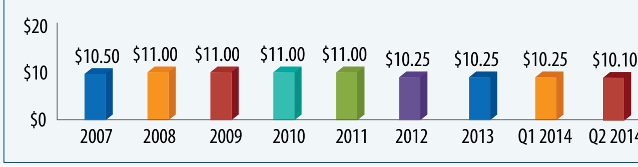
Total Assets........................... $3,831.4 Million
Real Estate Assets .... $3,709.3 Million
Cash .... $0.8 Million
Securities .... $0.0 Million
Other .... $121.3 Million



Initial Offering Date: ....April 25, 2008
Offering Close Date: .... December 9, 2010
Current Price per Share: $10.10
Reinvestment Price per Share: .... Suspended
Cumulative Capital Raised during Offering (including DRP).....................................$1,994.3 Million

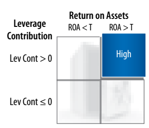
Cash to Total Assets Ratio: 0.0%
Asset Type: .... Hospitality
Number of Properties: 188
Square Feet / Units / Rooms / Acres: .... 23,489 Rooms
Occupancy: 81.0%
Weighted Average Lease Term Remaining:................ Not Applicable
LifeStage:... Liquidating
Investment Style: .... Core
Weighted Average Shares Outstanding: 373,889,000

Historical Price



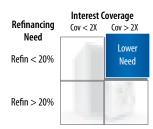
Performance Profiles

Operating Performance



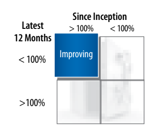
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

Financing Outlook



Interest coverage ratio exceeds the 2.0X benchmark and the REIT does not have over 20% of debt maturing within 2 years or at unhedged variable rates. The REIT does not face an immediate need to refinance a significant portion of its debt, and has sufficient earnings to cover interest expense.

Cumulative MFFO Payout



The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

Summary

The REIT's 12-month return on assets was 8.69%, well above the 10-Year Treasury Yield, and it has a positive leverage contribution with a debt ratio of ratio 18.4% and 5.3% average cost of debt. The REIT's interest coverage ratio was 5.6X for the last 12 months, and 18.2% of the REIT's debt matures in two years, with 10.9% at variable rates, suggesting some need for refinancing. The REIT's MFFO payout ratio was just below 100% as cash distributions (excluding DRP) were 98% of MFFO over the past 12 months, but 148% of estimated MFFO since inception.

Contact Information

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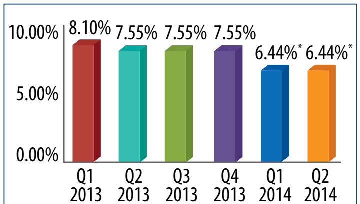
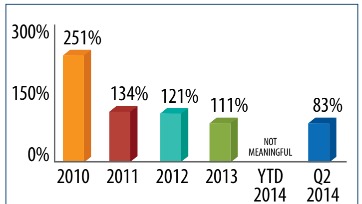
Historical Distribution



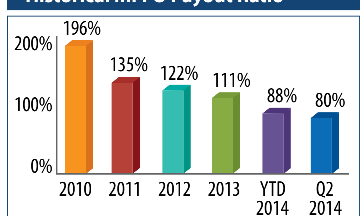
*See Notes

Historical FFO Payout Ratio



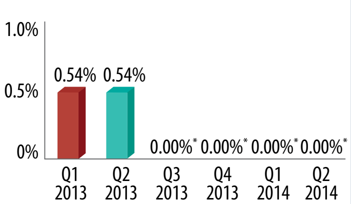
2014 YTD Dist. Paid:....$107,559,000
2014 YTD FFO:.................($216,000)

Historical MFFO Payout Ratio



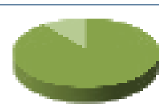
2014 YTD Dist. Paid:....$107,559,000
2014 YTD MFFO:..........$121,976,000
Company Reported MFFO – see notes

Redemptions



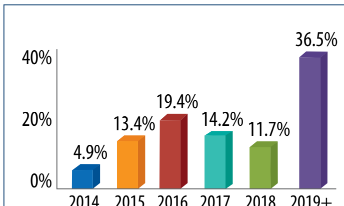
*Suspended

Debt Breakdown

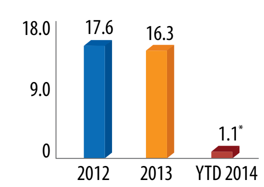


Debt to Total Assets Ratio:...............18.4%
Total: .... $704.5 Million
Fixed: .... $627.7 Million
Variable: .... $76.8 Million
Avg. Wtd. Rate: 5.31%
Loan Term: .... <1 – 9 yrs

Debt Repayment Schedule



Interest Coverage Ratio



*See Notes

Source of Distributions, Trends and Items of Note

- For the three months ended June 30, 2014 and 2013, the Company made distributions of $0.1650 and $0.2076 per common share for a total of $61.7 million and $37.9 million, respectively. For the six months ended June 30, 2014 and 2013, the Company made distributions of $0.3584 and $0.4151 per common share for a total of $107.6 million and $75.7 million, respectively. As contemplated by the Apple REIT Seven and Apple REIT Eight mergers, the annual distribution rate was reduced from $0.83025 per common share to $0.66 per common share, effective with the March 2014 distribution. The Company expects that the distribution will continue to be paid monthly.
- The REIT had a 6-month YTD loss of $49.7 million mainly due to the $117.1 million Series B convertible preferred share expense in Q1 2014 related to the merger. This caused the fall in the coverage ratio.
- With completion of the mergers, the company became self-advised and the existing advisory agreements between the company and Apple Nine Advisors and Apple Suites Group were terminated.
- With the completion of the mergers, the Company owned 188 hotels with an aggregate of 23,489 rooms in 33 states. This total included 34 Courtyard, 32 Hampton Inn, 31 Hilton Garden Inn, 25 Residence Inn and 24 Homewood Suites properties.
- The REIT's Cash to Total Assets ratio remained at 0% as of 2Q 2014 compared to 0% as of 2Q 2013.
- The REIT's Debt to Total Asset ratio increased to 18.4% as of 2Q 2014 compared to 12.1% as of 2Q 2013.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- Distributions during the three months ended June 30, 2014 totaled approximately $61.7 million and were paid at a monthly rate of $0.1650 per common share for the first two months of 2014 and $0.055 per common share for June 2014. For the same period the Company's net cash generated from operations was approximately $75.102 million.