Apple REIT Eight, Inc.

Editor's Note: Apple REITs 6 through 9 are very similar in structure and performance. As a result, many similarities will be seen in the discussion of each individual REIT.

Apple REIT Eight was declared effective by the SEC in 2007 and invests in hotels and other income–producing real estate in the United States. As of the end of 2011, the REIT had $935.7 million in assets in 51 hotels totaling 5,910 rooms. The REIT closed to new investments in April 2008. As such, the REIT is in the Maturing LifeStage of Closed REITs that is marked by a refinement of the portfolio through dispositions, strategic acquisitions and debt. The investment style of this REIT is considered to be "Core," which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low volatility in asset values.

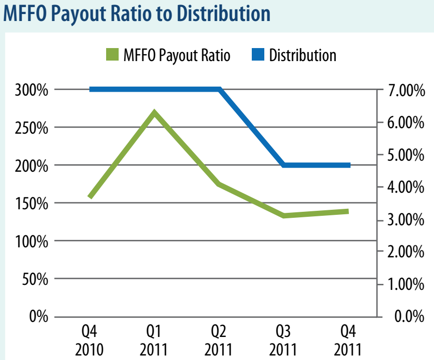
Key Highlights
- In August 2011, it was announced that a merger of Apple REITs 6 through 9 was being considered as a possible precursor to listing on a public exchange.
- The REIT holds no cash and has a modest debt ratio. Future capital needs can be funded from borrowings on its line of credit unless they are substantial.
- A loss of $450,000 was taken related to the ownership in Apple Air and its trading in two jets for one new jet.
- The Company, its directors, and certain officers are currently subject to a legal complaint that seeks, among other things, certification of a putative nationwide class and the state subclasses, damages, rescission of share purchases, and other costs and expenses.

Capital Stack Review
- Debt – With a debt ratio of 25.2%, the REIT has an above median usage of debt compared with REITs in the Liquidating LifeStage. 66.0% of the REIT's debt is fixed rate.
- Debt Maturity – 51.7% of the Company's debt matures in 2016 or later.
- Loan Activity – The company has two separate lines of credit totaling $95 million that mature in April and October 2012.
- Cash on Hand – The REIT had no cash on hand on its balance sheet as of December 31, 2011.

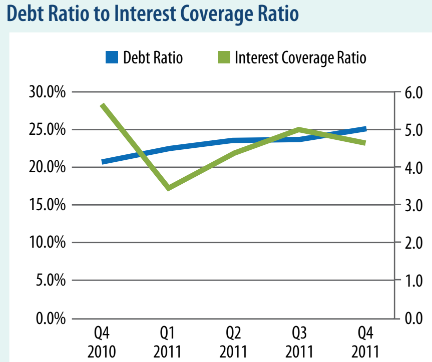
Metrics
- Distribution – The REIT reduced its distribution to 5.0% from 7.0% in the second quarter.
- Distribution Source – $45.4 million of the $62.0 million of distributions declared was paid from cash flow with the balance paid from borrowing.
- MFFO Payout Ratio – 140% for the year ended 2011, down from 158% at year-end 2010.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 4.7x EBIDTA reflects the modest debt ratio in the REIT.
- Impairments – None reported

Real Estate
- Acquisitions – No acquisitions were made in 2011
- Occupancy – The Company reported 72% up from 70% in 2010. This compares with an industry average as of 60.1% as of December 31, 2011.*
- ADR (Average Daily Rate) – The Company reported $113 compared to $112 in 2010. This compares with $101.64 for the industry as of December 31, 2011.*
- RevPAR (Revenue per Available Room) – The Company reported $82 versus $79 in 2010. This compares with an industry average of $61.06 as of December 31, 2011.*
- Expenses – 57% of total hotel revenue in 2011 compared to 60% in 2010.
- Dispositions – None reported.
- Diversification – 51 hotels located across 19 states with 13 franchises. 11% of total hotel revenue comes from the Renaissance Hotel in New York.

MFFO Payout Ratio to Distribution



Debt Ratio to Interest Coverage Ratio



*As reported by Smith Travel Research.