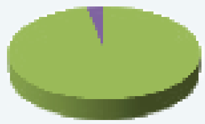
Nontraded REIT Industry Review: First Quarter 2014

CLOSED REIT

BlueVault PARTNERS, LLC

Apple Hospitality REIT, Inc.

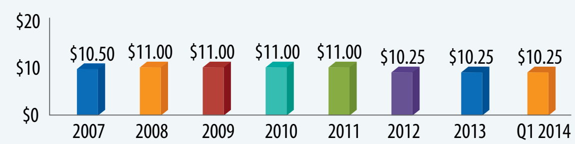
Total Assets........................... $3,845.6 Million
Real Estate Assets .... $3,772.3 Million
Cash .... $0.0 Million
Securities .... $0.0 Million
Other .... $123.4 Million



Cash to Total Assets Ratio: 0.0%
Asset Type: .... Hospitality
Number of Properties: 188
Square Feet / Units / Rooms / Acres: .... 23,489 Rooms
Occupancy: 74.0%
Weighted Average Lease Term Remaining:................ Not Applicable
LifeStage:... Liquidating
Investment Style: .... Core
Weighted Average Shares Outstanding: 248,665,000

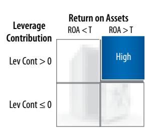
Initial Offering Date: ....April 25, 2008
Offering Close Date: .... December 9, 2010
Current Price per Share: $10.25
Reinvestment Price per Share: .... Suspended
Cumulative Capital Raised during Offering (including DRP).....................................$1,994.3 Million

Historical Price



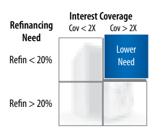
Performance Profiles

Operating Performance



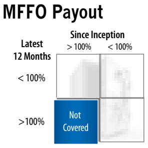
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

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 7.50%, well above the 10-Year Treasury Yield, each with a slightly positive leverage contribution with a debt ratio of ratio 18.3% and 5.31% average cost of debt. The REIT's interest coverage ratio is high at 15.7X for last 12 months, and 19.9% of the REIT's debt matures in two years, with 7.2% at variable rates, suggesting some need for refinancing. The REIT has an MFFO payout ratio well above 100% as cash distributions (excluding DRP) were 104% of MFFO over the past 12 months and 159% of MFFO since inception. This suggests that cash distribution rates in the future must be funded by additional borrowing, which was the case in 1Q 2014.

Contact Information

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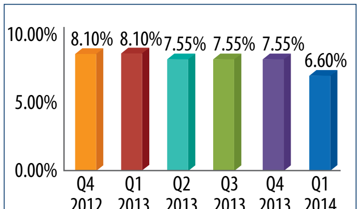
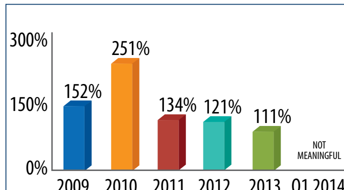
Historical Distribution

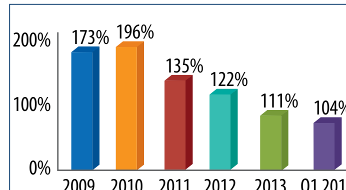


Historical FFO Payout Ratio



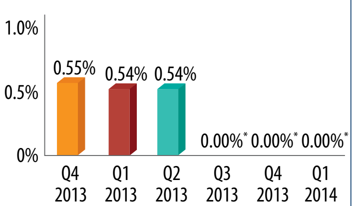
2014 YTD Dist. Paid:......$45,866,000
2014 YTD FFO:.............($74,903,000)

Historical MFFO Payout Ratio



2014 YTD Dist. Paid:......$45,866,000
2014 YTD MFFO:............$44,264,000
Company Reported MFFO – see notes

Redemptions

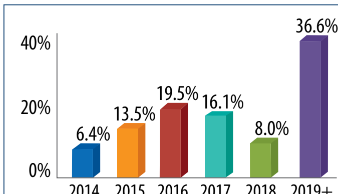


*Suspended

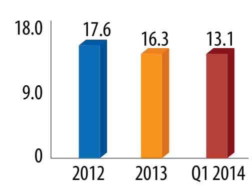
Debt Breakdown

Debt to Total Assets Ratio:...............18.3%
Total: .... $703.9 Million
Fixed: .... $653.4 Million
Variable: .... $50.5 Million
Avg. Wtd. Rate: 5.31%
Loan Term: .... <1 – 9 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- On February 12, 2014, the SEC entered into settlement agreements with Apple REIT Six, Apple REIT Seven, Apple REIT Eight, Apple Hospitality REIT, Inc., formerly known as Apple REIT Nine, Inc., (the "Other REITs"), their respective advisory companies (for the purposes of this discussion, the "Advisors"), Chief Executive Officer and Chairman Glade M. Knight, and Chief Financial Officer Bryan F. Peery. The order provides that Mr. Knight and Mr. Peery each violated Rule 13a-14 of the Exchange Act based on the officer certifications they provided in their respective roles as Chief Executive Officer and Chief Financial Officer for the Other REITs. The order requires the Other REITs, the Advisors, Mr. Knight and Mr. Peery to cease and desist from committing or causing any such violations in the future, and requires the Advisors, Mr. Knight and Mr. Peery to pay civil penalties. Mr. Knight agreed to pay a penalty of $125,000 and Mr. Peery agreed to pay a penalty of $50,000. The order had no impact on the financial statements for the Other REITs.
- With an effective date of March 1, 2014, the Company completed its previously announced mergers with Apple REIT Seven, Inc. and Apple REIT Eight, Inc. Under the terms of the Merger Agreement, upon completion of the A7 and A8 mergers, the Company's common shares totaling 182,784,131 prior to the mergers remain outstanding. In addition, Each issued and outstanding unit of Apple Seven (consisting of one Apple Seven common share together with one Apple Seven Series A preferred share) was converted into one (the "Apple Seven exchange ratio") common share of the Company, or a total of approximately 90,613,633 common shares, and each issued and outstanding Series B convertible preferred share of Apple Seven was converted into a number of the Company's common shares equal to 24.17104 multiplied by the Apple Seven exchange ratio, or a total of 5,801,050 common shares; and Each issued and outstanding unit of Apple Eight (consisting of one Apple Eight common share together with one Apple Eight Series A preferred share) was converted into 0.85 (the "Apple Eight exchange ratio") common share of the Company, or a total of approximately 78,319,004 common shares, and each issued and outstanding Series B convertible preferred share of Apple Eight was converted into a number of the Company's common shares equal to 24.17104 multiplied by the Apple Eight exchange ratio, or a total of 4,930,892 common shares.
- As contemplated in the Merger Agreement, in connection with completion of the mergers, the Company became self-advised and the existing advisory agreements between the Company and Apple Nine Advisors, Inc. and Apple Suites Realty Group, Inc. were terminated. The termination of the advisory agreements resulted in the conversion of each issued and outstanding Series B convertible preferred share of the Company into 24.17104 common shares of the Company, or a total of 11,602,099 common shares. As a result of the conversion, all of the Company's Series A preferred shares were terminated. Approval of the A7 and A8 mergers by each company's respective shareholders will result in the recognition of an expense related to the conversion of the Company's Series B convertible preferred shares into common shares in the first quarter of 2014. Although the final estimate of fair value may vary from these estimates, the Company's preliminary estimate of the fair value of $9.00 to $11.00 per common share would result in an expense ranging from approximately $104 million to $128 million, and will be recognized as an expense in the first quarter of 2014 in the Company's statement of operations.
- The REIT's Cash to Total Assets ratio remained constant at 0% for 1Q 2014 and 1Q 2013.
- The REIT's Debt to Total Asset ratio increased to 18.3% as of 1Q 2014 compared to 11.4% as of 1Q 2013.
- The company calculated and reported MFFO on May 29, 2014 in an 8-K. Transaction costs of $2.11 million were included related to the acquisition of Apple REITs 7 and 8. Blue Vault Partners did not make any adjustments
- Distributions during the three months ended March 31, 2014 totaled approximately $45.9 million and were paid at a monthly rate of $0.0691875 per common share for the first two months of 2014 and $0.055 per common share for March 2014. For the same period the Company's net cash generated from operations was approximately $22.9 million. This shortfall includes a return of capital and was funded by cash on hand and borrowings on its credit facility.