



## Full-Cycle Events Post March 31, 2013

### Apple REIT Six, Inc.

Apple REIT SIX became effective with the SEC on April 23, 2004, and operations began on May 28, 2004 when the company acquired its first hotel. The Company concluded its best-efforts offering of Units (one common share and one Series A preferred share) at \$11.00 per unit March 3, 2006, having raised approximately \$1 billion.

On November 29, 2012, the Company entered into a merger agreement to be acquired by BRE Select Hotels, an affiliate of Blackstone Real Estate Partners VII L.P. The terms were for each outstanding Unit to receive consideration with a stated value of \$11.10 per unit consisting of \$9.20 in cash and one share of 7% cumulative redeemable preferred stock of BRE Select Hotels with a liquidation preference of \$1.90 per share. The new preferred shares can be redeemed 7-½ years following issuance with a cumulative dividend rate of 7% per share. The dividend rate on the new preferred shares will increase to 11% per share if they are not redeemed within 5 years following issuance.

At a special meeting of shareholders on May 9, 2013, shareholders approved the proposed merger by a vote of 67.8 million shares for, 1.9 million against and 0.3 million abstaining. On May 14, the Company announced the closing of a merger with BRE Select Hotels Corp. The total transaction value of the merger was \$1.1 billion.

### Key Highlights

- Fundraising time – 23 months
- Closed period prior to merger – 86 months
- Total – 9 years, 2 months

Shareholders received cash of \$9.20 per unit and one share of 7% cumulative redeemable preferred stock with a liquidation preference of \$1.90 per share, for a total consideration of \$11.10 per unit. Shareholders originally paid \$11.00 per unit and had received a distribution at the rate of 7.2% since 3Q 2011 and 7.0% from 2Q 2010 to 2Q 2011. Over the life of the REIT, distribution yields ranged from 8% in 2Q 2004 to 8.2% beginning 1Q 2008, and were paid until 1Q 2013.

Since inception of the program through December 31, 2012, the Company redeemed approximately 18.3 million Units representing \$200.5 million. In 4Q 2012, only 2.9% of

redemption requests were fulfilled, at an average price of \$10.98. For 2012, 3.5% of redemption requests were fulfilled.

This full-cycle event was the sixth for Apple REIT companies. Cornerstone Realty Income Trust was the first, in 1997. Apple Suites went full-cycle in 2003 after 42 months. Apple Residential Income Trust (2005), Apple Hospitality Two (2007), and Apple Hospitality Five (2007) also experienced full-cycle events.

### Other Actions

- Glade M. Knight, the Company's Chairman and CEO, was issued 240,000 Series B convertible preferred shares. Each Series B convertible preferred share is convertible into 24.17104 common shares for a total cash consideration of \$51.8 million as of the merger.
- The Company was a party to an advisory agreement with Apple Six Advisors, Inc. which provides management services to the Company. For the three months ended March 31, 2013, Apple Six Advisors received \$0.6 million in advisory fees from Apple REIT Six, \$2.5 million in 2012.
- The Company has incurred legal fees for its share of costs related to an SEC investigation of approximately \$0.2 million in 1Q 2013.
- The Company incurred \$669,000 of merger transaction costs in 1Q 2013, \$4.037 million in 2012 and \$562,000 in 2011.

### Property Portfolio

- As of March 31, 2013 the Company owned a portfolio of 66 hotels in 18 states with a total of 7,658 rooms.
- The hotels had an average daily rate (ADR) of \$113 in 1Q 2013 vs. \$110 1Q 2012, and RevPAR of \$79 in 1Q 2013 vs. \$77 in 1Q 2012.
- Occupancy rates at the REIT's hotels were 70% in 1Q 2013 vs. 70% 1Q 2012.

### Additional Nontraded REITs currently managed by Apple include:

- Apple REIT Seven (formed 2005, owns 51 hotels)
- Apple REIT Eight (formed 2007, owns 51 hotels)
- Apple REIT Nine (formed 2007, owns 89 hotels)
- Apple REIT Ten (formed 2011, owned 34 hotels as of 1Q 2013)