







INVESTOR PRESENTATION

APPLE HOSPITALITY REIT

NOVEMBER 2021 • NYSE: APLE



RESIDENCE INN, BURBANK, CA

Certain statements made in this presentation are forward-looking statements, including statements regarding the impact to Apple Hospitality REIT, Inc.'s (the "Company," "Apple Hospitality," "Apple" or "APLE") business and financial condition from, and measures being taken in response to, the COVID-19 pandemic. These forward-looking statements include statements regarding our intent, belief or current expectations and are based on various assumptions. These statements involve substantial risks and uncertainties. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. Forward-looking statements may include, but are not limited to, statements regarding net asset value and potential trading prices. Words such as "anticipates," "believes," "expects," "estimates," "projects," "plans," "intends," "may," "will," "would," "outlook," "strategy," "targets," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Actual results or outcomes may differ materially from those contemplated by the forward-looking statement. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or reverse any forward-looking statement to reflect changed assumptions or the occurrence of unanticipated events or changes to future operating results, unless required to do so by law. Currently, one of the most significant factors that could cause actual outcomes to differ materially from the Company's forward-looking statements continues to be the adverse effect of COVID-19, including resurgences and variants, on the Company's business, financial performance and condition, operating results and cash flows, the real estate market and the hospitality industry specifically, and the global economy and financial markets generally. The significance, extent and duration of the continued impacts caused by the COVID-19 outbreak on the Company will depend on future developments, which are highly uncertain and cannot be predicted with confidence at this time, including the scope, severity and duration of the pandemic, the extent and effectiveness of the actions taken to contain the pandemic or mitigate its impact, the speed of the vaccine distribution, the efficacy, acceptance and availability of vaccines, the duration of associated immunity and efficacy of the vaccines against variants of COVID-19, the potential for additional hotel closures/consolidations that may be mandated or advisable, whether based on increased COVID-19 cases, new variants or other factors, the slowing or potential rollback of "reopenings" in certain states, and the direct and indirect economic effects of the pandemic and containment measures, among others. Moreover, investors are cautioned to interpret many of the risks identified under the section titled "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 as being heightened as a result of the ongoing and numerous adverse impacts of COVID-19. Additional factors include, but are not limited to, the ability of Apple Hospitality to effectively acquire and dispose of properties and redeploy proceeds; the ability of the Company to fund capital obligations; the ability of Apple Hospitality to successfully integrate recent and pending transactions and implement its operating strategy; changes in general political, economic and competitive conditions and specific market conditions; reduced business and leisure travel due to travel-related health concerns, including the widespread outbreak of COVID-19 or an increase in COVID-19 cases or any other infectious or contagious diseases in the U.S. or abroad; adverse changes in the real estate and real estate capital markets; financing risks; changes in interest rates; litigation risks; regulatory proceedings or inquiries; changes in laws or regulations or interpretations of current laws and regulations that impact Apple Hospitality's business, assets or classification as a real estate investment trust; or other risks detailed in filings made by Apple Hospitality with the Securities and Exchange Commission ("SEC"). Although Apple Hospitality believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore there can be no assurance that such statements included in this presentation will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by Apple Hospitality or any other person that the results or conditions described in such statements or the objectives and plans of Apple Hospitality will be achieved.

COVER PHOTOS: ALOFT, PORTLAND, ME; HILTON GARDEN INN, MEMPHIS, TN; HAMPTON INN & SUITES, ATLANTA, GA; HILTON GARDEN INN, DENVER, CO

COMPANY PROFILE & PROVEN INVESTMENT STRATEGY

APPLE HOSPITALITY REIT

Scale Ownership of Upscale, Rooms-Focused Hotels

216
HOTELS

28,235
GUEST ROOMS

99%
ROOMS-FOCUSED

Industry-Leading Brands and Operators

15
BRANDS

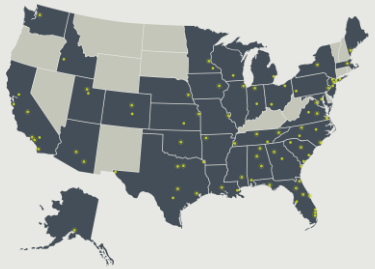
Hilton
Marriott INTERNATIONAL
HYATT

16
MANAGEMENT COMPANIES

Broad Geographic Diversification

35
STATES

85
MARKETS



Consistent Reinvestment(1)

5 yrs
AVERAGE EFFECTIVE AGE

4.3
AVERAGE TRIPADVISOR® RATING

Strong, Flexible Balance Sheet(2)

27%
NET TOTAL DEBT TO TOTAL CAPITALIZATION

187
HOTELS UNENCUMBERED

Note: Hotel portfolio statistics as of November 4, 2021. Market categorization based on STR designation.

(1) Average Effective Age represents years since hotels were built or last renovated. Average actual age of hotels is 14 years. The Tripadvisor® rating is based on lifetime scores for the Apple Hospitality portfolio of hotels through September 30, 2021.

(2) Net Total Debt to Total Capitalization calculation based on (as of September 30, 2021) total debt outstanding, net of cash and cash equivalents ("net total debt outstanding"), divided by net total debt outstanding plus equity market capitalization based on the Company's closing share price of $15.73 and outstanding common shares. Based on hotels owned as of September 30, 2021.

MANAGEMENT TEAM WITH DEEP INDUSTRY EXPERIENCE OVER MULTIPLE HOTEL CYCLES


HAMPTON INN & SUITES, CAPE CANAVERAL, FL


RESIDENCE INN, SEATTLE, WA


HOME2 SUITES, ATLANTA, GA

- Average executive tenure with the Apple REIT Companies is 14 years
- Established and operated 8 public hospitality REITs
- Raised and invested approximately $7 billion in hotel assets
- Purchased 443 hotels
- Purchased as many as 74 hotels in a single year through individual hotel and small portfolio transactions
- Managed over $925 million in CapEx and renovation spending
- Sold 4 REITs in 3 transactions totaling $2.7 billion
- Merged 3 REITs and listed Company on NYSE
- Completed $1.3 billion Apple REIT Ten merger
- Representation on over 30 brand and industry advisory boards and councils

APPLE HOSPITALITY REIT

MISSION

We are a leading real estate investment company committed to increasing shareholder value through the distribution of attractive dividends and long-term capital appreciation.

VALUES

Hospitality – We are thoughtful in our interactions with others and know that strong, caring relationships are the core of our industry.

Resolve – We are passionate about the work we do and are steadfast in our commitment to our shareholders.

Excellence – We are driven to succeed and improve through innovation and perseverance.

Integrity – We are trustworthy and accountable.

Teamwork – We support and empower one another, embracing diversity of opinion and background.

KEY TAKEAWAYS

APPLE HOSPITALITY REIT



EMBASSY SUITES, ANCHORAGE, AK

THIRD QUARTER 2021 PERFORMANCE UPDATE

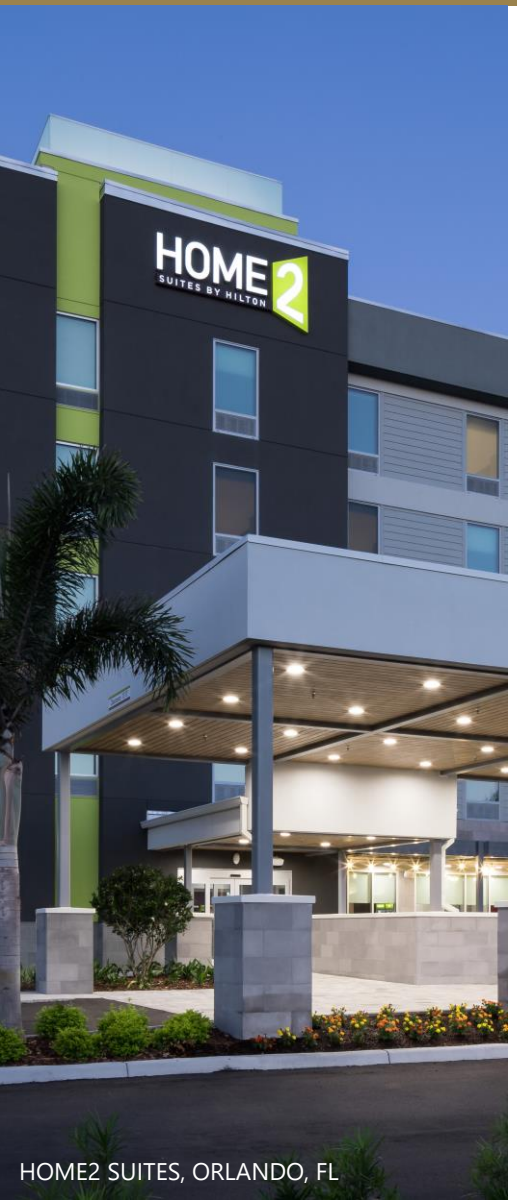
- Strongest quarterly operational results since beginning of pandemic with ADR exceeding third quarter 2019 ADR
- Performance driven by mix of leisure and business demand, consisting of both transient and small group bookings
- Adjusted Hotel EBITDA Margin of 38%, an increase of 40 bps over third quarter 2019 without full recovery to third quarter 2019 RevPAR
- Sold 20-hotel portfolio for $211 million, redeploying proceeds into newer, higher-returning assets
- During and subsequent to the third quarter, acquired four hotels for $186 million with four additional hotels under contract for $205 million
- Successfully exited the Extended Covenant Waiver Period, providing additional flexibility for strategic capital allocation

PORTFOLIO POSITIONED FOR OUTPERFORMANCE

- Select-service hotels franchised with industry-leading brands have proven appeal with broadest group of customers
- Broad geographic diversification provides exposure to wide variety of markets and demand generators
- Well positioned to benefit from increased business transient demand
- Not dependent on large group business
- Data-driven asset management team and industry-leading operators maximize property-level performance
- Strong rate growth and operational efficiencies create potential for margin expansion
- Well-maintained, institutional-quality portfolio with substantial long-term value
- Scale ownership of rooms-focused hotels minimizes G&A load per key and provides fixed cost efficiencies
- Limited near-term portfolio impact from new supply

BALANCE SHEET POISED FOR FUTURE GROWTH

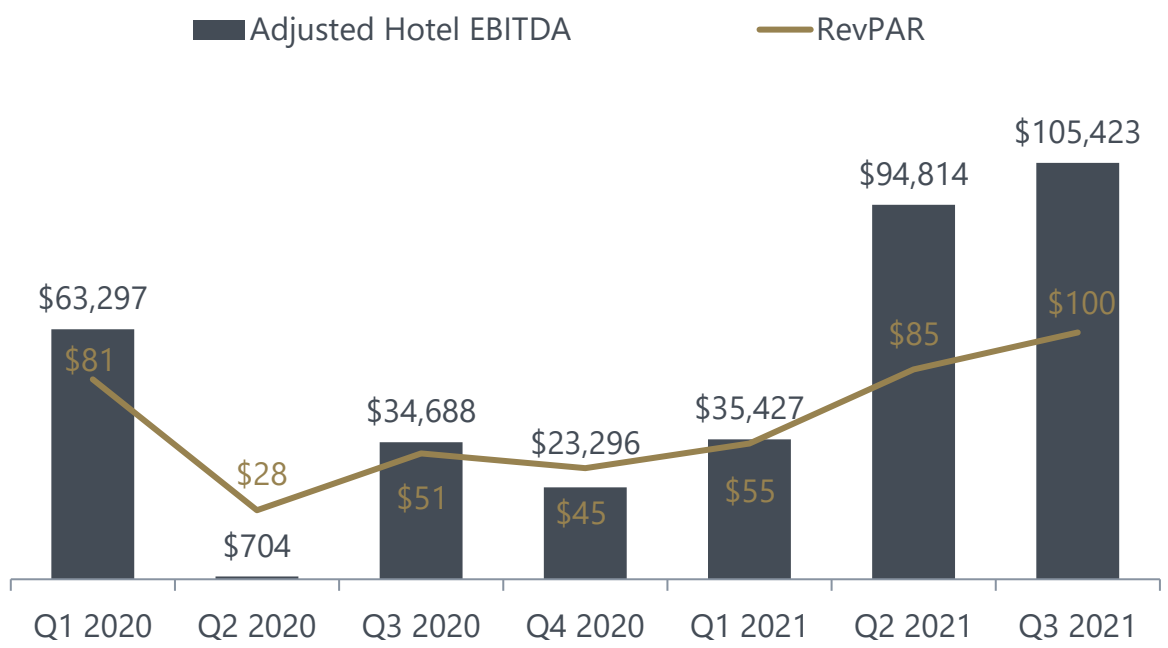
- Positive corporate cash flow preserves strength of balance sheet and equity value and bolsters liquidity
- Conservative capital structure with staggered maturities lowers capital costs
- Exiting the Extended Covenant Waiver Period provides enhanced flexibility for strategic capital allocation and lowers financing costs
- Poised to be acquisitive and optimize portfolio through opportunistic transactions



HOME2 SUITES, ORLANDO, FL

Strongest Quarterly Performance Since Onset of Pandemic

($ in thousands except statistical data)



Note: See explanation and reconciliation of Adjusted Hotel EBITDA to net income (loss) included in subsequent pages.

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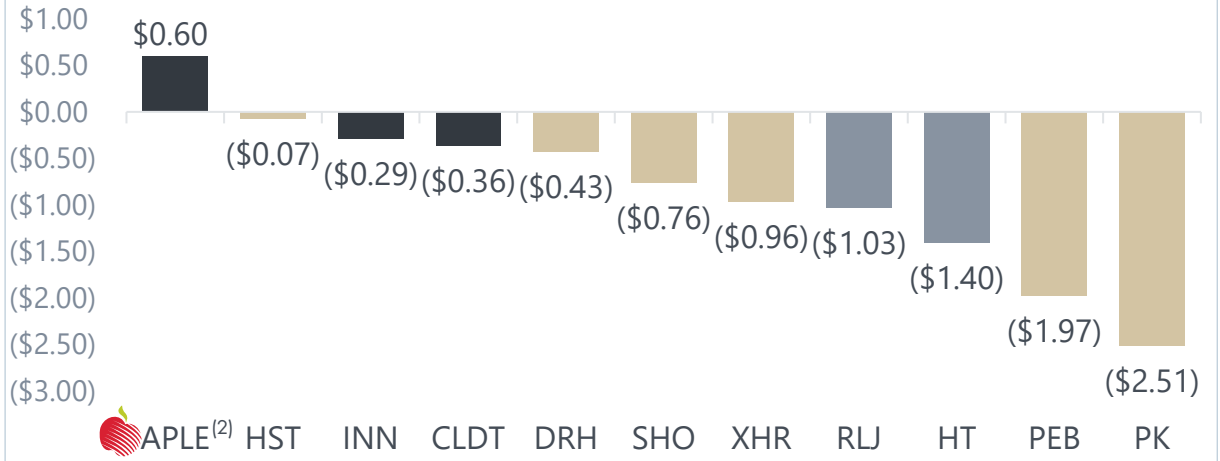
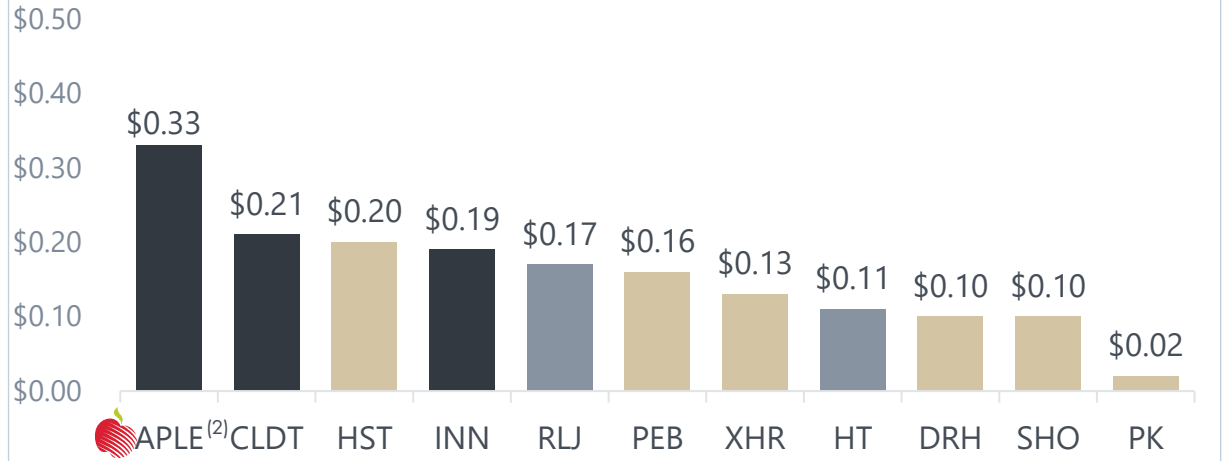
MFFO outperformance preserves balance sheet and equity value

MFFO/AFFO Per Share Since Onset of Pandemic(1)



Q3 2021 MFFO/AFFO Per Share



Upscale/Rooms-Focused | Upper Upscale/Full-Service | Upscale & Upper Upscale Combined

Source: Company filings. Assumptions may vary by company.

(1) MFFO/AFFO per share since onset of pandemic calculated as full year 2020 MFFO/AFFO per share less MFFO/AFFO per share for the three months ended March 31, 2020 plus MFFO/AFFO per share for the nine months ended September 30, 2021.

(2) Explanations of and reconciliations to net income (loss) determined in accordance with generally accepted accounting principles ("GAAP") of the Company's non-GAAP financial measures, including Modified Funds from Operations ("MFFO"), are included in the following pages.

PORTFOLIO POSITIONED FOR OUTPERFORMANCE

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COURTYARD, FORT WORTH, TX



HILTON GARDEN INN, SILVER SPRING, MD

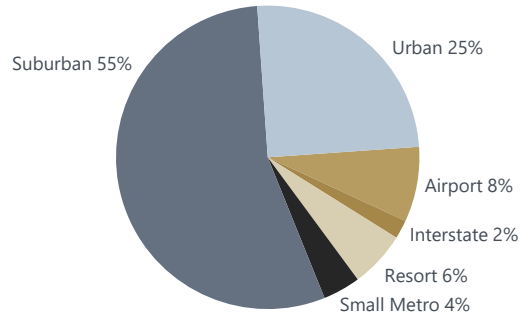

COURTYARD, COLLEGEVILLE, PA

Rooms-Focused Portfolio with Significant Extended Stay and Suite Product

Brand Type[1]	% of APLE Portfolio
Extended Stay	32%
Suite Product	22%
Other Select Service	44%
Full Service	2%

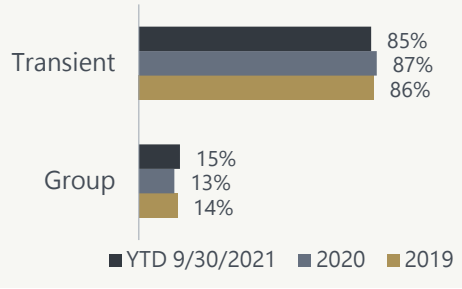
Portfolio Diversified Across Location Types

Location Type by Number of Guest Rooms



Not Dependent on Large Group Business

Rooms Sold Segmentation



Top 10 Markets by Q3 Comparable Hotels Adjusted Hotel EBITDA Contribution

	# of Hotels	% of Adjusted Hotel EBITDA
Portland, ME	3	6.3%
San Diego, CA	7	6.0%
Los Angeles, CA	8	5.7%
Norfolk/Virginia Beach, VA	4	5.0%
Orange County, CA	6	4.2%
Alaska	2	3.2%
Nashville, TN	5	3.1%
North Carolina East	4	3.1%
Seattle, WA	3	3.1%
Florida Panhandle	5	2.4%

Note: Hotel portfolio statistics as of November 4, 2021. Location and market categorization based on STR designation.

(1) Brand Type based on number of guest rooms. Extended Stay includes Residence Inn by Marriott, TownePlace Suites by Marriott, Home2 Suites by Hilton, Homewood Suites by Hilton and Hyatt House. Suite Product includes Fairfield Inn & Suites by Marriott, SpringHill Suites by Marriott, Embassy Suites by Hilton and Hampton Inn & Suites by Hilton. Other Select Service includes AC Hotels by Marriott, Aloft Hotels, Hampton Inn by Hilton, Hilton Garden Inn, Courtyard by Marriott, Fairfield Inn by Marriott, Hyatt Place and independent boutique hotels. Full Service includes Marriott.

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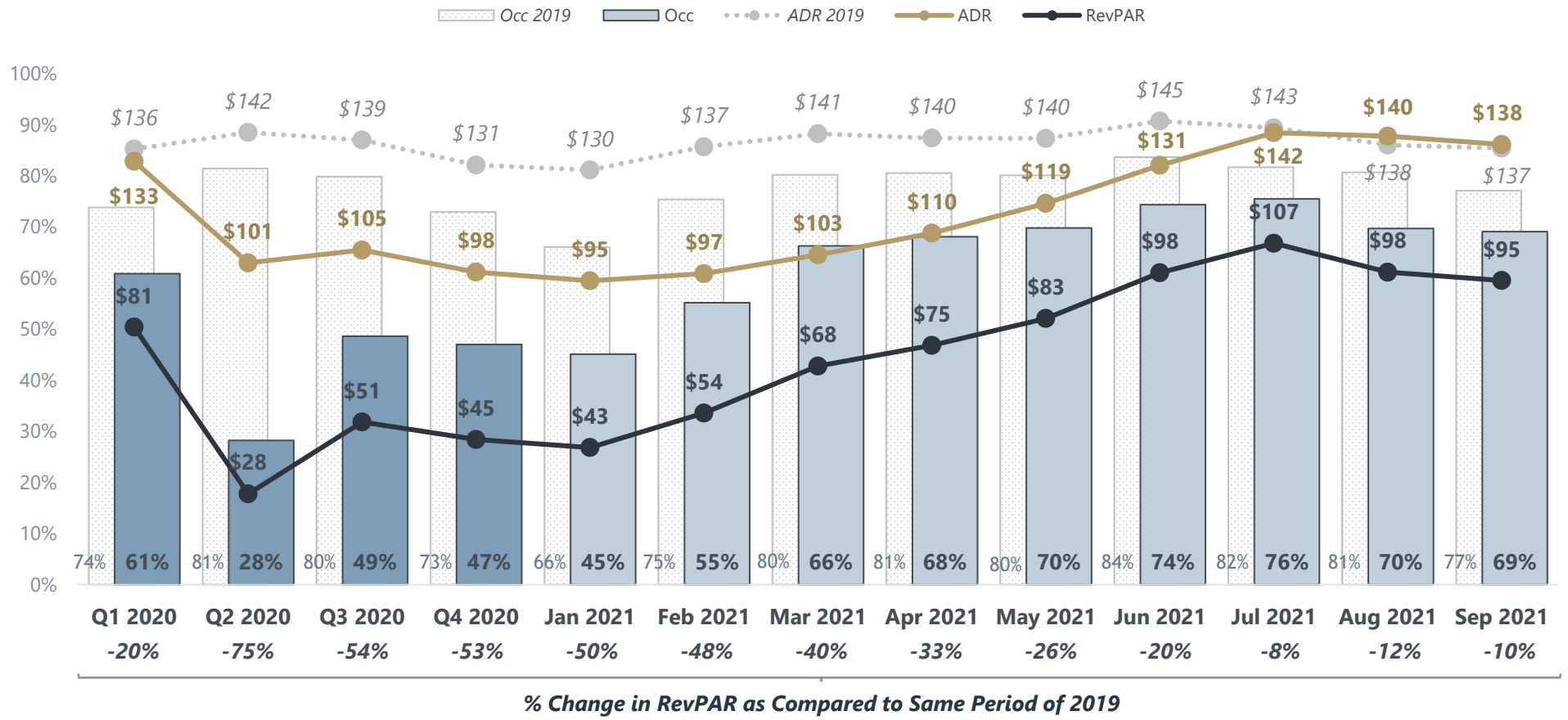
HAMPTON INN & SUITES, PHOENIX, AZ

Achieved corporate-level breakeven at approximately $50 RevPAR



Note: Corporate-level breakeven RevPAR is before capital expenditures and will fluctuate based on operational costs and the mix of occupancy and rate.

OCCUPANCY APPROACHING 2019 LEVELS

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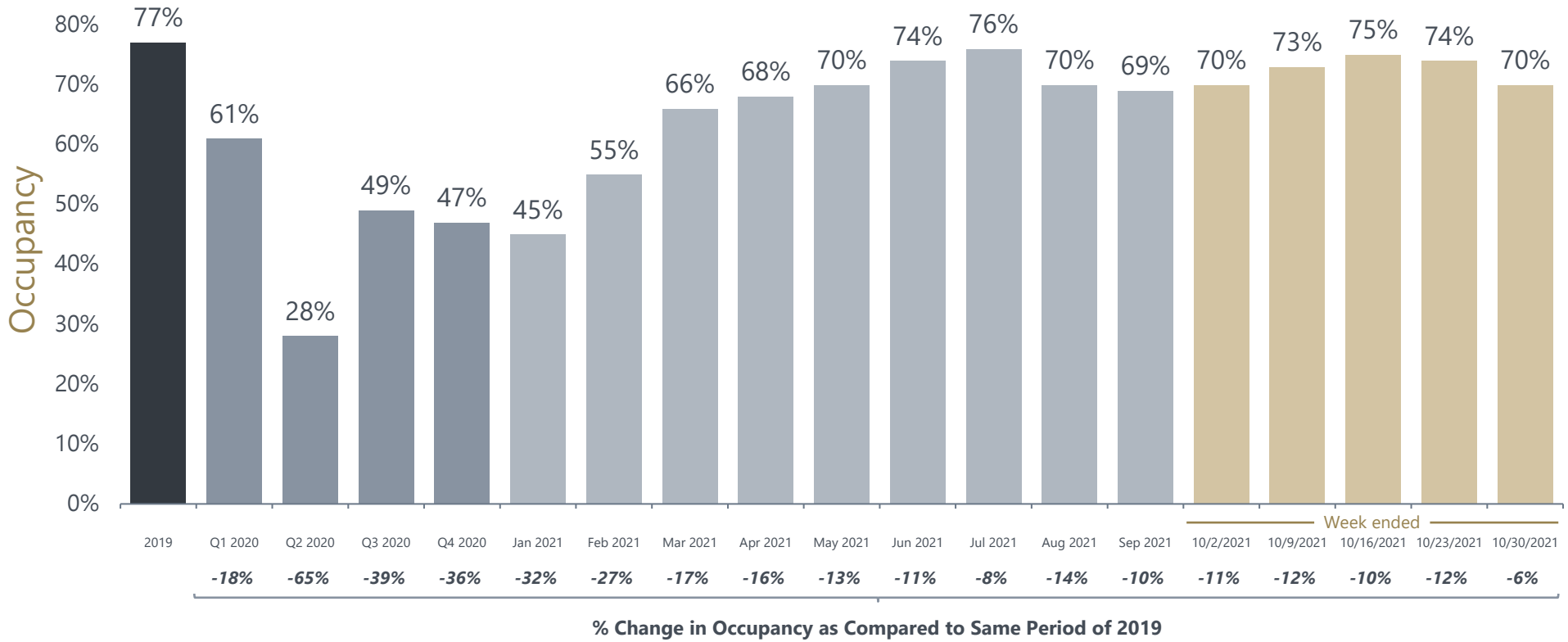
HOMEWOOD SUITES, DENTON, TX


HILTON GARDEN INN, RONKONKOMA, NY


HOMEWOOD SUITES, SAN JOSE, CA

Recent occupancy trends highlight strength of demand



Source: Weekly data provided by STR for hotels owned by the Company for the periods noted and may differ from actual results achieved.

WEEKDAY VS. WEEKEND OCCUPANCY

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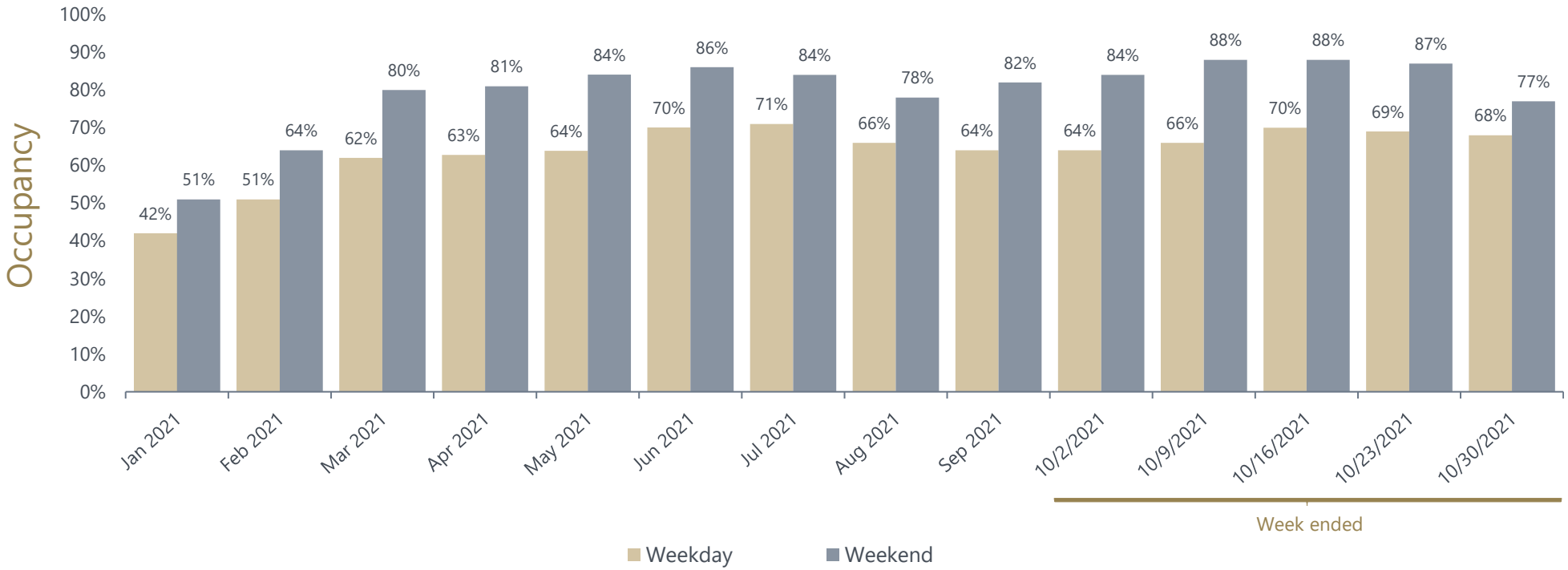
FAIRFIELD INN & SUITES, CHANDLER, AZ

Leisure travel continues to lead recovery
Weekday occupancy shows strength of business demand



Source: Data provided by STR for hotels owned by the Company for the periods noted, including all rooms available for consolidated hotels, and may differ from actual results achieved. Weekday occupancy includes Sunday through Thursday nights and weekend occupancy includes Friday and Saturday nights.

% OF HOTELS BY OCCUPANCY TIER

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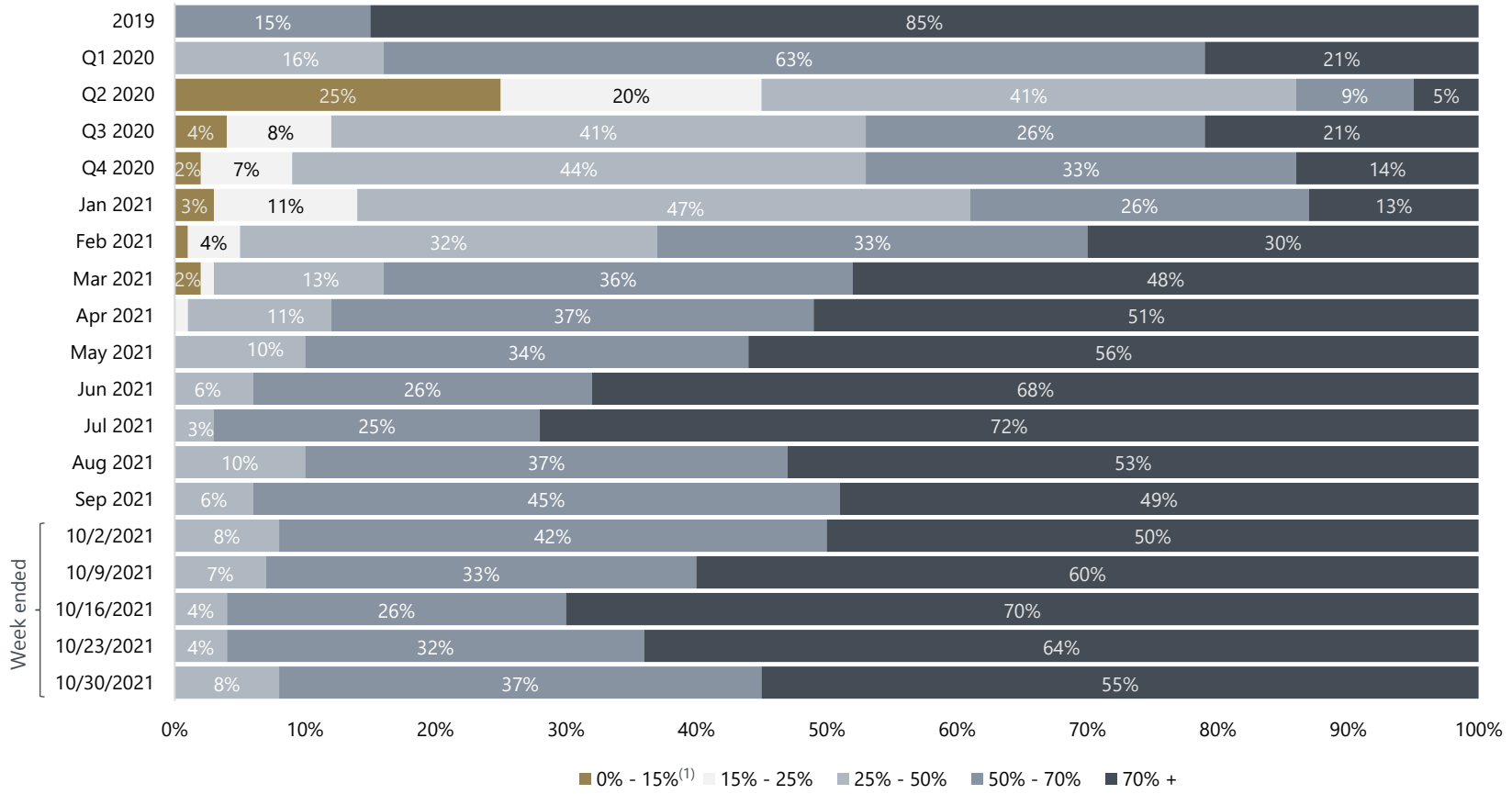
HAMPTON INN, SAN DIEGO, CA


HOMEWOOD SUITES, NEW ORLEANS, LA


HILTON GARDEN INN, DENVER, CO



Source: Weekly data provided by STR for hotels owned by the Company for the periods noted and may differ from actual results achieved.
(1) Consolidated hotels included in 0% - 15% occupancy tier.

ACHIEVED COST SAVINGS

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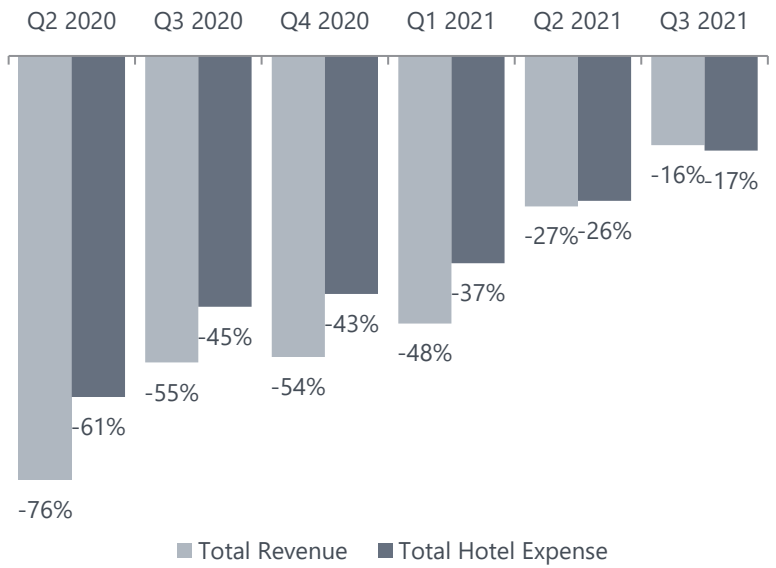
Demonstrated ability to adjust operating model and manage costs to maximize performance

Reductions in Total Hotel Expense and Total Revenue(1)



Expense Reduction Ratio(2)

Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	**Q3 2021**
0.80	**0.81**	**0.79**	**0.77**	**0.95**	**1.04**

Represents reduction in year-over-year total hotel expense for every 1% decline in year-over-year total revenue.

Key Areas of Focus

- ✓ Enhanced operational efficiencies
- ✓ Renegotiated vendor contracts
- ✓ Reduced amenities and services
- ✓ Benchmarked and optimized operating model at various occupancy levels

(1) Reductions for each quarter as compared to the same quarter of 2019. Total hotel expense includes total hotel operating expense plus property taxes, insurance and other expense.
(2) For each quarter, the expense reduction ratio measures the decline in total hotel expense as compared to the same period of 2019 divided by the decline in total revenue as compared to the same period of 2019.

OPPORTUNITY FOR LONG-TERM COST SAVINGS

APPLE HOSPITALITY REIT

The COVID-19 pandemic provided the unique opportunity to reevaluate the operating model to create additional operational efficiencies with a focus on evolving guest preferences.

APLE has a proven record of maximizing and improving operating margins across economic cycles and is positioned to further enhance its operating model through the recovery.

APLE is well positioned to maximize efficiencies and further strengthen its operating margins:

- Operations of rooms-focused hotels are inherently efficient
- Ability to increase cross-utilization of managers and associates
- Optimizing labor management software already in place
- Scale to renegotiate vendor contracts
- Unparalleled access to performance data to analyze, benchmark and share best practices
- Active participants in redefining brand standards through meaningful representation on owner advisory councils

2021 Expense Reduction Ratio Target(1):

0.80 – 0.90

Represents targeted reduction in year-over-year total hotel expense for every 1% decline in year-over-year total revenue and assumes as revenue recovers, service and amenity offerings will evolve from the extreme reductions realized in 2020.

(1) Total hotel expense includes total hotel operating expense plus property taxes, insurance and other expense. The 2021 expense reduction ratio target measures the decline in total hotel expense in 2021 as compared to 2019 divided by the decline in total revenue in 2021 as compared to 2019.

PROVEN INVESTMENT STRATEGY

APPLE HOSPITALITY REIT

Concentrate on Upscale, rooms-focused hotels	• Efficient operating model yields higher margins • Low dependence on large group business strengthens position in current environment • Scale ownership minimizes relative G&A load and provides fixed cost efficiencies • Unparalleled access to data and operational expertise
Align with the best brands in the rooms-focused category	• Invested in Marriott®, Hilton® and Hyatt® branded hotels with broad consumer appeal which benefit from strong reservation systems and loyalty programs
Hire industry-leading operators and maximize performance through benchmarking and asset management	• Strong regional and national operators with unique management structure align owner and operator to maximize performance in all market environments • Analytical data-driven asset management maximizes property-level results • Strategic revenue management optimizes mix of business and maximizes bottom-line performance
Pursue broad geographic diversification	• Broad geographic diversification reduces portfolio volatility and provides exposure to a wide variety of demand generators
Enhance portfolio through accretive acquisitions, opportunistic dispositions and strategic reinvestment	• Well-maintained portfolio with average effective age of 5 years ensures competitiveness • Strategic acquisitions and dispositions optimize portfolio for long-term growth • Prudent capital allocation preserves balance sheet capacity for investments at optimal point in cycle
Maintain a strong, flexible balance sheet	• Strong balance sheet provides security through cycles • Positioned to pursue accretive opportunities • Conservative capital structure with staggered maturities lowers capital costs and preserves equity value

WHY BRANDED SELECT-SERVICE HOTELS?

APPLE HOSPITALITY REIT


SPRINGHILL SUITES, BURBANK, CA


HAMPTON INN & SUITES, MEMPHIS, TN


HOME2 SUITES, HUNTSVILLE, AL

Efficient Operating Model

- Total revenue primarily derived from rooms sold
- Ability to cross-utilize associates to maximize efficiencies
- High margins and low breakeven occupancy
- Fewer outlets to manage
- Less public space to sanitize and maintain
- Low dependence on large group business

Broad Consumer Appeal

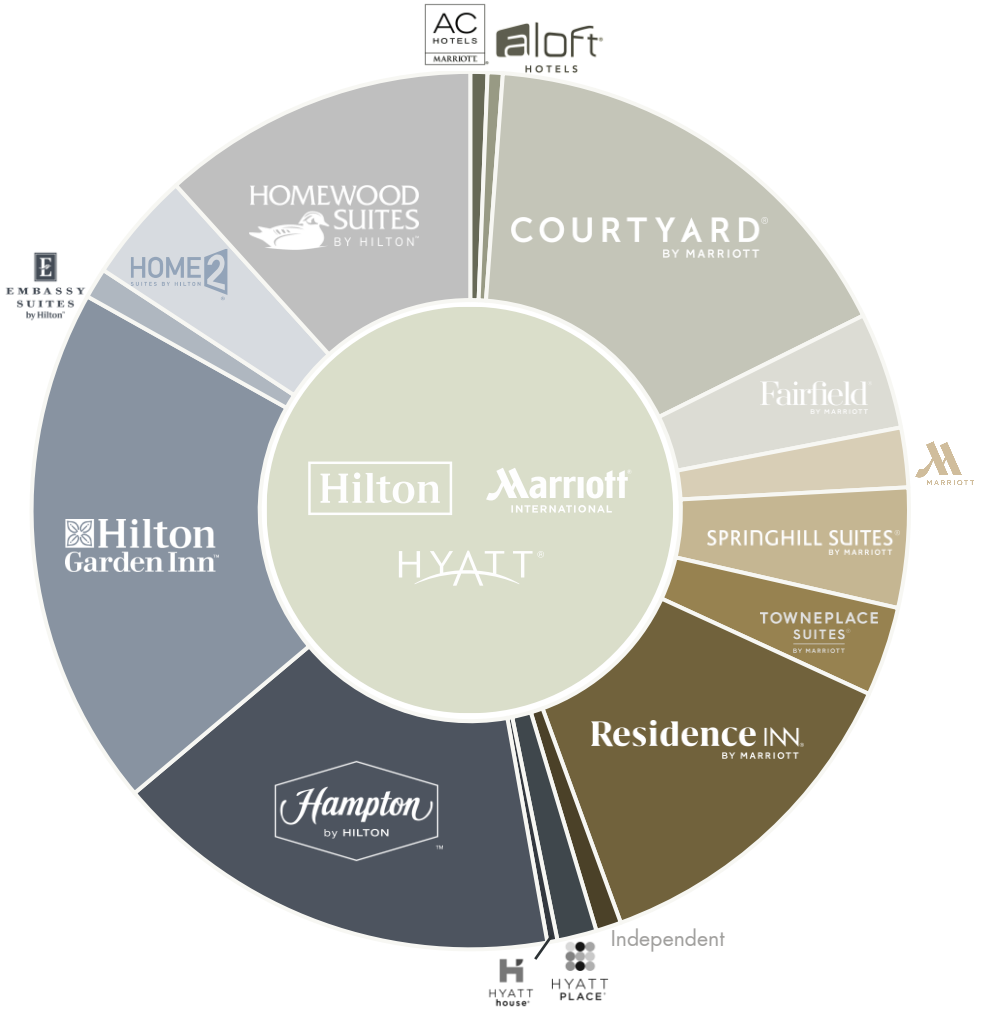
- High-quality hotels with strong value proposition for guests
- Product attractive to business and leisure travelers
- Award-winning service, innovative design and modern amenities
- Strong reservation systems and loyalty programs
- Global distribution creates strong consumer awareness

Maximize Shareholder Value

- Ability to optimize mix of business to drive RevPAR and EBITDA
- Lower volatility across economic cycles
- High margins drive overall profitability
- Lower long-term capital needs
- Institutional brands foster strong resale market, financing flexibility and investor confidence

APPLE HOSPITALITY REIT

Rooms-focused hotels with industry-leading brands have broad consumer appeal



Broad mix of demand generators, including:

- ✓ Business
- ✓ Leisure
- ✓ Government
- ✓ Military
- ✓ Construction
- ✓ Disaster Recovery
- ✓ Health Care
- ✓ Education
- ✓ Athletics
- ✓ First Responders
- ✓ Insurance
- ✓ Social

with limited dependence on large group business

Note: Hotel portfolio statistics as of November 4, 2021.

INDUSTRY-LEADING ASSET MANAGEMENT



SPRINGHILL SUITES, BURBANK, CA

Strategic Asset Management Approach

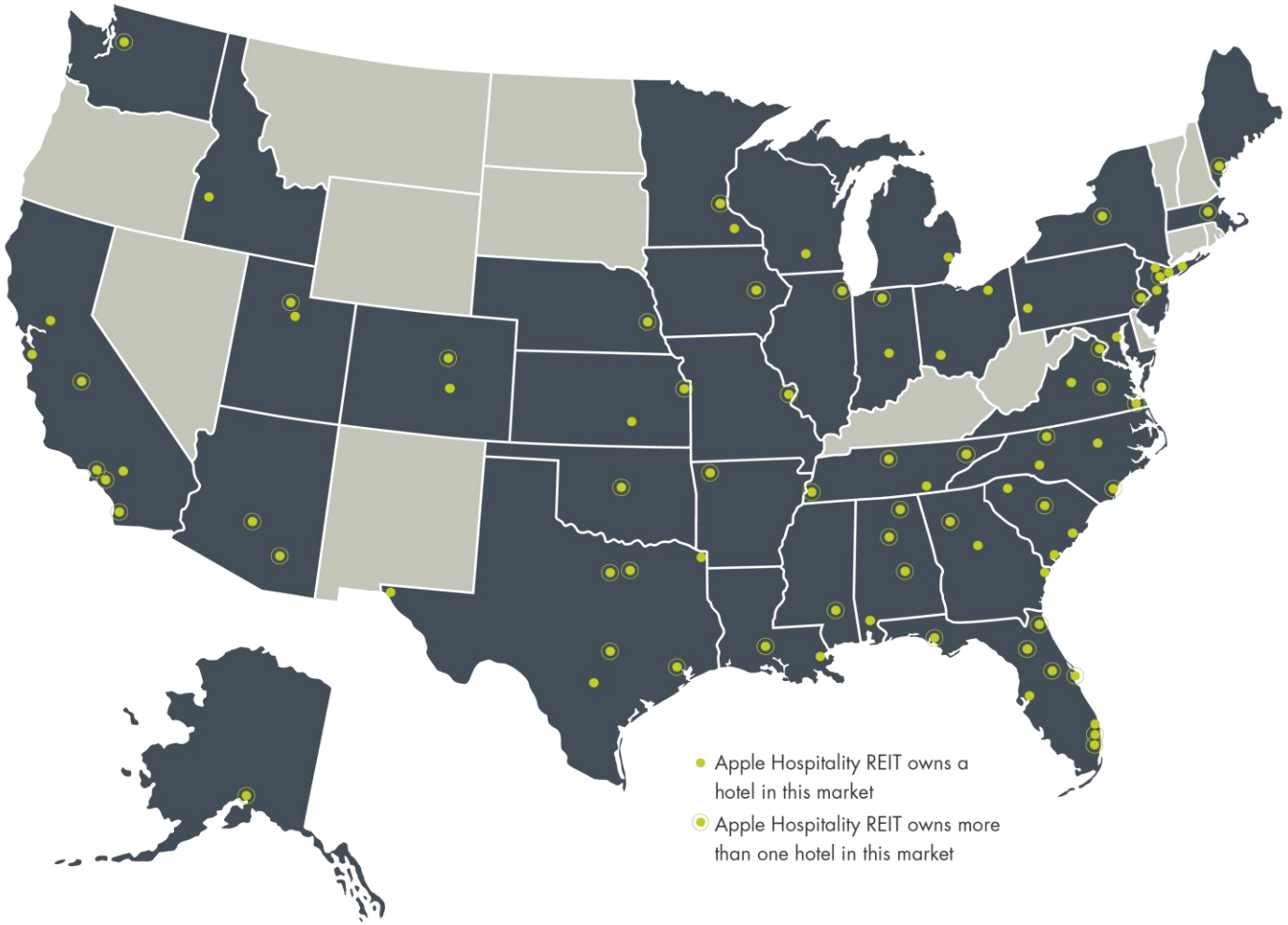
- Analytical, data-driven asset management to maximize property-level performance
- Scale to negotiate attractive national contracts
- Strategic revenue management to optimize mix of business and maximize bottom-line performance
- Strong regional and national third-party operators with readily terminable contracts and flexibility to align performance goals

Best-in-Class Operators

- 100% of Apple Hospitality's portfolio operated by third-party property managers
- 94% of hotels independent of brand management
- 16 operating companies provide a platform for comparative analytics and shared best practices
- 23% of operators' portfolios represented by Apple Hospitality on average, excluding brands

Note: Management company information as of September 30, 2021. Apple Hospitality hotel portfolio statistics as of November 4, 2021.

BROAD GEOGRAPHIC DIVERSIFICATION



Diversified Across 85 Markets

- ✓ Broad geographic diversification provides exposure to wide variety of demand generators
- ✓ Markets benefit from a mix of business and leisure demand
- ✓ Portfolio benefits from both large corporate negotiated and small and midmarket local negotiated business demand
- ✓ Low dependence on inbound international travel
- ✓ Unparalleled exposure to business-friendly markets leading the recovery and benefitting from population shifts

Note: Hotel locations as of November 4, 2021. Market categorization based on STR designation.

EFFECTIVE PORTFOLIO MANAGEMENT & STRATEGIC GROWTH

APPLE HOSPITALITY REIT

Our objective is to maximize long-term shareholder value
through opportunistic dispositions and accretive acquisitions
that improve the overall age, diversification and growth trajectory of our portfolio

Opportunistic Dispositions

- Reduce exposure to lower growth markets
- Dispose of hotels where strong operating efficiencies are harder to obtain
- Optimize capital reinvestment program through dispositions that effectively manage near- and long-term CapEx needs based on return on investment

+

Accretive Acquisitions

- Invest in hotels and markets with greater growth potential
- Acquire young assets in strong RevPAR markets with attractive cost structures that further enhance operating margins and long-term return on investment
- Grow portfolio when conditions are right

=

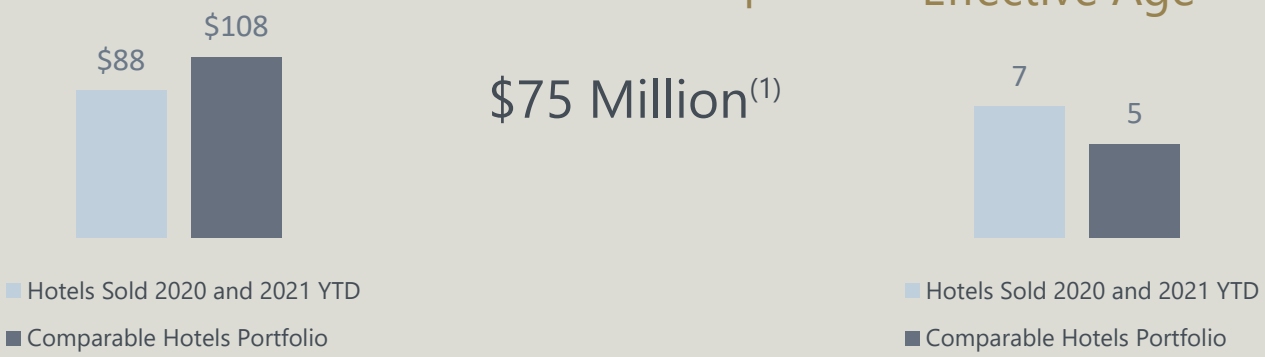
Strategic Growth

Earnings growth through portfolio optimization enhances long-term shareholder returns

OPPORTUNISTIC DISPOSITIONS

Value is created through the strategic and timely disposition of assets and the redeployment of proceeds into newer, higher-returning assets

2019 RevPAR



Total Estimated Near-Term CapEx

$75 Million[1]

Average Effective Age[2]

26

Hotels sold in 2020 and 2021 YTD for combined total sales price of

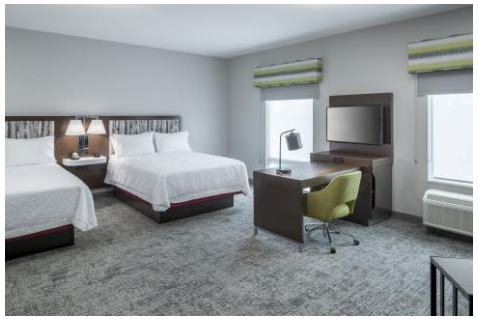
$290 million[3]

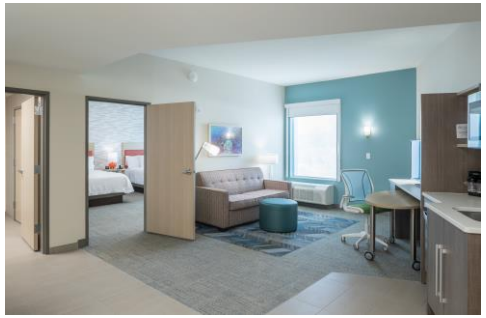
Note: As of September 30, 2021.
(1) Based on buyers' anticipated near-term capital reinvestment estimates.
(2) Average Effective Age represents years since hotels were built or last renovated.
(3) Complete list of hotels sold included in appendix.

ACCRETIVE ACQUISITIONS

APPLE HOSPITALITY REIT













- Purchased in April 2020, following completion of construction(1)
- 116-room Hampton Inn & Suites® and 108-room Home2 Suites®
- Total price: $46.7 million or approximately $208,000 per key
- Forward commitment with trusted developer
- Primary demand generators:
  - Aerospace and Defense
  - Government
  - University
  - Shipping
  - Cruise Port
  - Leisure

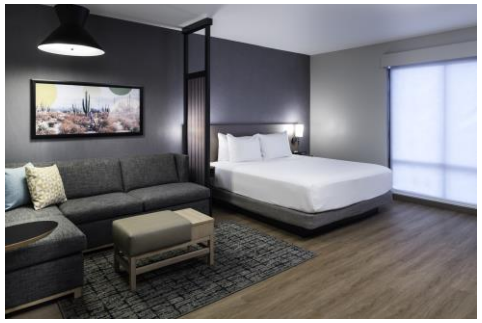
HAMPTON INN & SUITES AND HOME2 SUITES
CAPE CANAVERAL CRUISE PORT

(1) Contract entered into prior to 2020.

ACCRETIVE ACQUISITIONS

APPLE HOSPITALITY REIT











HYATT HOUSE & HYATT PLACE
TEMPE/PHOENIX/UNIVERSITY



- Purchased in August 2020, following completion of construction(1)
- 105-room Hyatt House® and 154-room Hyatt Place®
- Total price: $64.6 million or approximately $249,000 per key
- Forward commitment with trusted developer
- Primary demand generators:
  - Arizona State University
  - Novus Innovation Corridor
  - Technology
  - Construction
  - Business Services

(1) Contract entered into prior to 2020.

ACCRETIVE ACQUISITIONS

APPLE HOSPITALITY REIT













- Purchased in February 2021, following completion of construction(1)
- 176 rooms
- Total price: $49.6 million or approximately $282,000 per key
- Forward commitment with trusted developer
- Primary demand generators:
  - University of Wisconsin
  - Government
  - Insurance
  - Biotech
  - Manufacturing
  - Telecommunications
  - Technology
  - Leisure

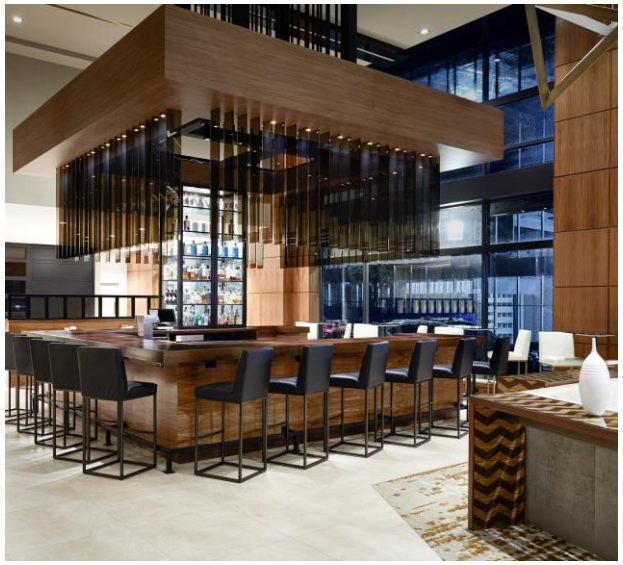
HILTON GARDEN INN MADISON DOWNTOWN

Hilton Garden Inn

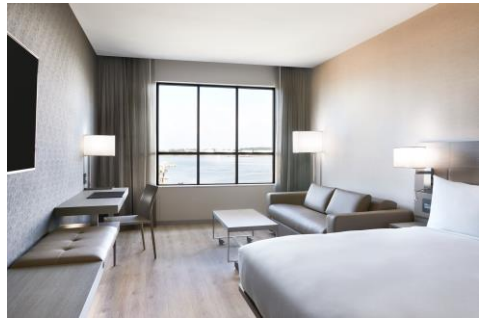
(1) Contract entered into prior to 2020.

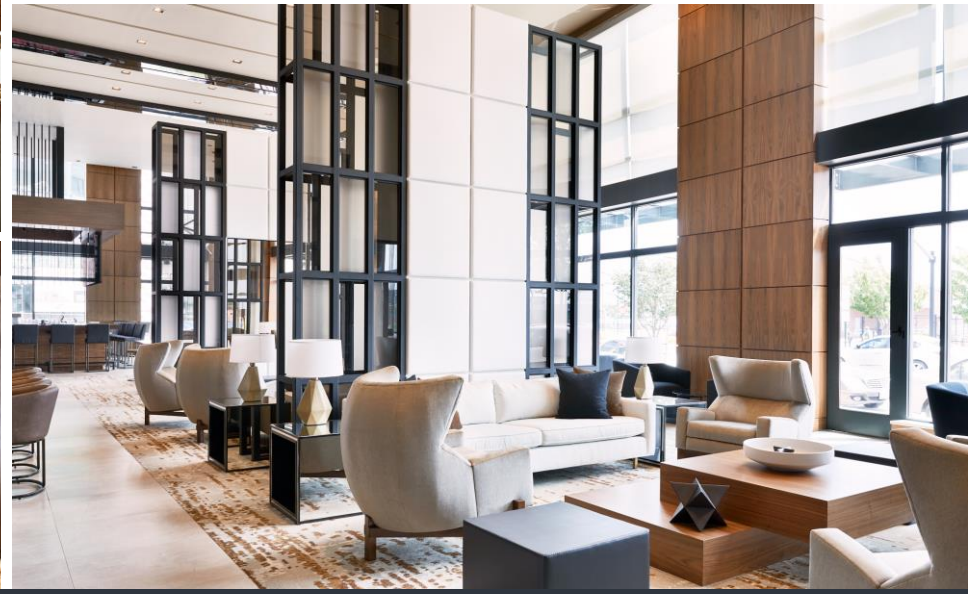
ACCRETIVE ACQUISITIONS

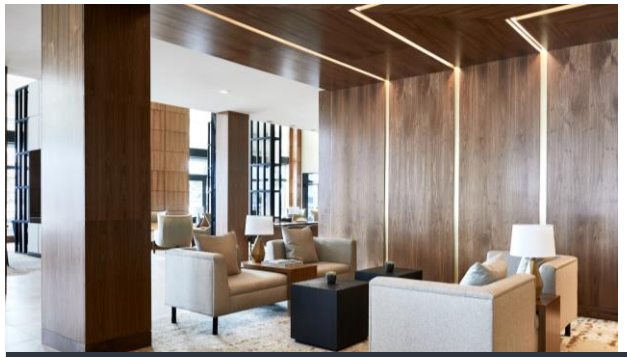
APPLE HOSPITALITY REIT













AC HOTEL PORTLAND DOWNTOWN/WATERFRONT, ME

- Purchased in August 2021; hotel opened in July 2018
- 178 rooms
- Total price: $66.8 million or approximately $375,000 per key
- Primary demand generators:
  - Leisure
  - Government
  - Professional and Business Services
  - Manufacturing
  - Trade
  - Health Care

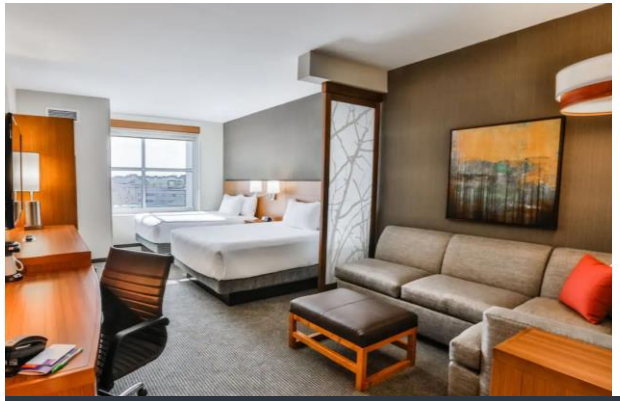
ACCRETIVE ACQUISITIONS

APPLE HOSPITALITY REIT



- Purchased in September 2021; hotel opened in December 2018
- 130 rooms
- Total price: $30.0 million or approximately $231,000 per key
- Primary demand generators:
  - Leisure
  - Distribution and Logistics
  - Manufacturing
  - Technology
  - New Ventures and Startups
  - Health Care







HYATT PLACE GREENVILLE DOWNTOWN, SC

HYATT PLACE

ACCRETIVE ACQUISITIONS

APPLE HOSPITALITY REIT













ALOFT PORTLAND, ME

- Purchased in September 2021 following completion of construction
- 157 rooms
- Total price: $51.2 million or approximately $326,000 per key
- Primary demand generators:
  - Leisure
  - Government
  - Professional and Business Services
  - Manufacturing
  - Trade
  - Health Care

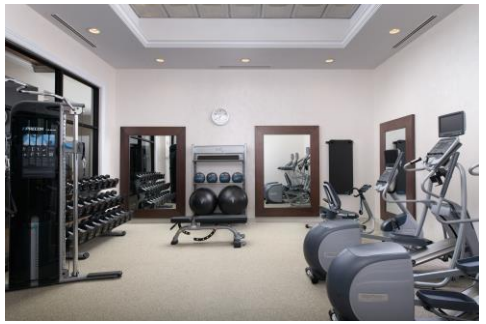
ACCRETIVE ACQUISITIONS

APPLE HOSPITALITY REIT



- Purchased in October 2021; opened January 2019
- 150 rooms
- Total price: $38.0 million or approximately $253,000 per key
- Primary demand generators:
  - Leisure
  - Agriculture
  - Manufacturing
  - Government
  - Technology
  - Professional and Business Services
  - Health Care











HILTON GARDEN INN MEMPHIS DOWNTOWN

Hilton Garden Inn

ACQUISITIONS UNDER CONTRACT



HILTON GARDEN INN FORT WORTH MEDICAL CENTER[1]

- Anticipate closing in Q4 2021; opened April 2012
- 157 rooms
- Total price: $29.5 million or approximately $188,000 per key
- Primary demand generators:
  - Health Care
  - Texas Christian University
  - Leisure
  - Will Rogers Memorial Center
  - Defense/Aerospace
  - Manufacturing
  - Professional and Business Services

(1) There are a number of conditions to closing that have not yet been satisfied and there can be no assurance that a closing on this hotel will occur under the outstanding purchase agreement.

ACQUISITIONS UNDER CONTRACT

APPLE HOSPITALITY REIT



HOMEWOOD SUITES FORT WORTH MEDICAL CENTER[1]

HOMEWOOD SUITES BY HILTON

- Anticipate closing in Q4 2021; opened June 2013
- 112 rooms
- Total price: $21.5 million or approximately $192,000 per key
- Primary demand generators:
  - Health Care
  - Texas Christian University
  - Leisure
  - Will Rogers Memorial Center
  - Defense/Aerospace
  - Manufacturing
  - Professional and Business Services

(1) There are a number of conditions to closing that have not yet been satisfied and there can be no assurance that a closing on this hotel will occur under the outstanding purchase agreement.

ACQUISITIONS UNDER CONTRACT



HAMPTON INN & SUITES PORTLAND-PEARL DISTRICT, OR[1]

- Anticipate closing in Q4 2021; opened September 2017
- 243 rooms
- Total price: $75.0 million or approximately $309,000 per key
- Primary demand generators:
  - Leisure
  - Technology
  - Manufacturing
  - Consumer Goods
  - Banking
  - Trade
  - Professional and Business Services
  - Health Care
  - Education

(1) There are a number of conditions to closing that have not yet been satisfied and there can be no assurance that a closing on this hotel will occur under the outstanding purchase agreement.

ACQUISITIONS UNDER CONTRACT

APPLE HOSPITALITY REIT



EMBASSY SUITES MADISON, WI[1]

EMBASSY SUITES by Hilton

- Hotel to be constructed with anticipated completion of construction late 2023
- 260 rooms[2]
- Anticipated gross purchase price: $78.6 million or approximately $302,000 per key
- Forward commitment with trusted developer
- Primary demand generators:
  - University of Wisconsin
  - Government
  - Insurance
  - Biotech
  - Manufacturing
  - Telecommunications
  - Technology
  - Leisure

(1) There are a number of conditions to closing that have not yet been satisfied and there can be no assurance that a closing on this hotel will occur under the outstanding purchase agreement.
(2) Hotel is to be constructed. Number of rooms represents number of rooms expected upon completion.

OVER 20-YEAR TRACK RECORD OF HOTEL TRANSACTIONS

APPLE HOSPITALITY REIT



COURTYARD, KIRKLAND, WA

Apple REIT Companies Transaction History

1999 – November 4, 2021

443
TOTAL HOTELS ACQUIRED

227
TOTAL HOTELS SOLD

216
CURRENT PORTFOLIO

4
REITS SOLD IN 3 TRANSACTIONS

4
REITS MERGED TO FORM CURRENT APLE

Having purchased as many as
74 hotels
in a single year through individual hotel and small portfolio transactions, Apple has the experience to meaningfully grow the portfolio

Note: Hotel transactions by the various Apple REIT Companies since the first hospitality REIT in 1999. In 2014, Apple REIT Seven, Inc. and Apple REIT Eight, Inc. merged into Apple REIT Nine, Inc. and the company was renamed Apple Hospitality REIT, Inc. In 2016, Apple REIT Ten, Inc. merged into Apple Hospitality REIT, Inc.

WELL-MAINTAINED PORTFOLIO

APPLE HOSPITALITY REIT


COURTYARD, CHARLOTTESVILLE, VA


HOMEWOOD SUITES, MT. LAUREL, NJ


HILTON GARDEN INN, DOTHAN, AL

Consistent reinvestment enhances long-term value and leads to traveler satisfaction outperformance

4.3 out of 5.00
weighted average Tripadvisor® rating(1)

5 Years

Quality portfolio with average effective age of 5 years.(2)
93% of APLE's hotels were built or renovated in last 8 years.

Upscale and Upper Midscale Reinvestment Statistics(3)	
Average Annual Spend as % of Revenue	5.5%
Average % of Hotels Renovated Annually	11.0%
Average % of Room Nights Out of Service for Renovations	< 1.0%
Cumulative Spend	$545 million

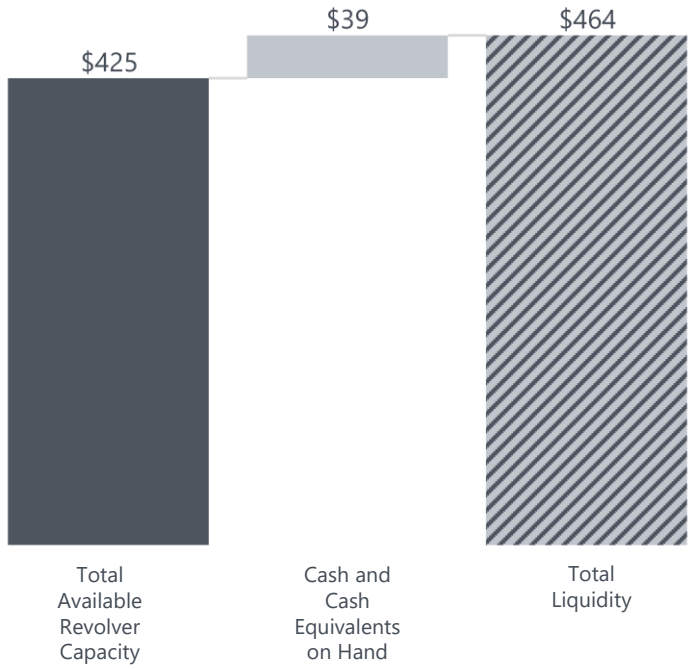
(1) The Tripadvisor® rating is based on lifetime scores for the Apple Hospitality portfolio of hotels through September 30, 2021.
(2) Average Effective Age represents years since hotels were built or last renovated. Average actual age of hotels is 14 years.
(3) Statistics based on all Upscale and Upper Midscale hotels owned by the Company, Apple REIT Seven, Inc., Apple REIT Eight, Inc., or Apple REIT Ten, Inc. for the period owned. Statistics based on the period 2011 – 2020.

STRONG BALANCE SHEET & LIQUIDITY POSITION

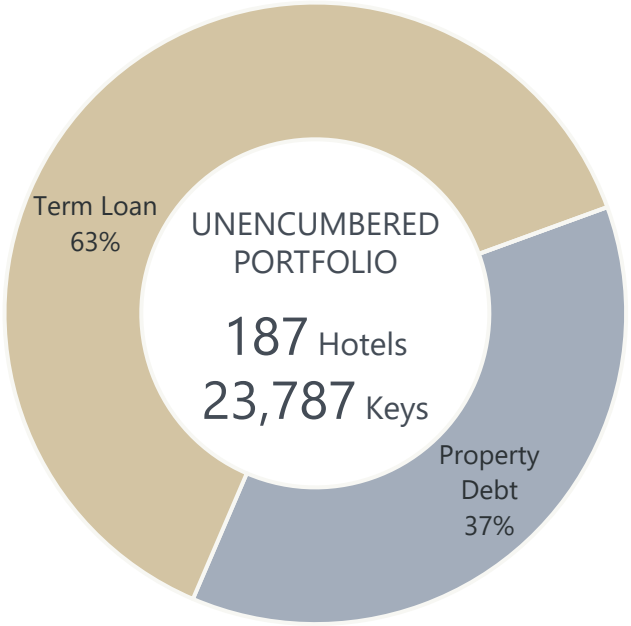
APPLE HOSPITALITY REIT

Total Liquidity (1)

($ in millions)

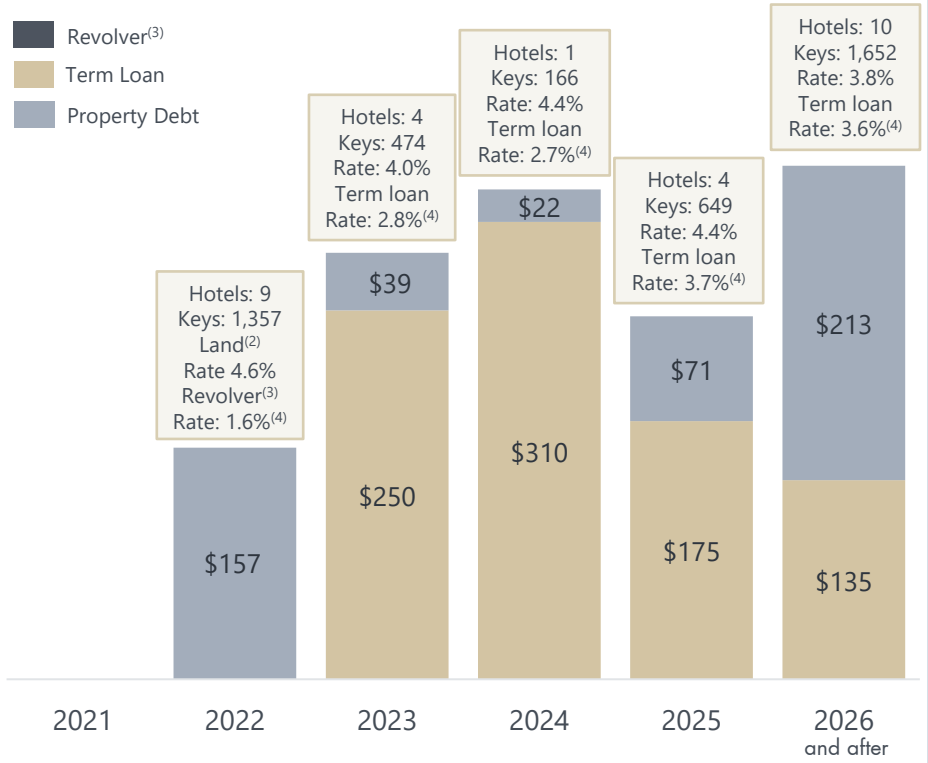


Debt Composition(1)



Debt Maturity Schedule (1)

($ in millions)



Low debt and staggered maturities facilitate agile balance sheet strategy

(1) Based on balances and hotels owned as of September 30, 2021, excluding unamortized fair value adjustment of assumed debt and unamortized debt issuance costs. Excludes yearly amortization.

(2) Includes the $56 million one-year note payable to the seller for the purchase of the fee interest in the land at the Company's Residence Inn in Seattle, Washington, which was previously held under a finance ground lease.

(3) Maturity date of July 2022 may be extended up to one year if certain criteria are met at the time of extension. No outstanding balance on the Company's Revolver as of September 30, 2021.

(4) Interest rate includes effect of interest rate swaps and LIBOR rate in effect at September 30, 2021, and represents post waiver period reduction in financing costs, effective July 29, 2021.

EXITED EXTENDED COVENANT WAIVER PERIOD



HILTON GARDEN INN, SACRAMENTO, CA

The Company's operational outperformance and strong balance sheet allowed **early exit of the Extended Covenant Waiver Period in July 2021**, providing greater flexibility for strategic allocation of capital

By exiting the Extended Covenant Waiver Period, the Company achieved:

- ✓ Greater flexibility for acquisitions, capital expenditures, shareholder distributions and use of proceeds from the sale of property or common shares of the Company
- ✓ Lower financing costs
- ✓ Covenants measured on an annualized basis(1)
- ✓ Certain covenants temporarily modified to less restrictive levels

Note: See further information on the Company's indebtedness and amendments to its unsecured credit facilities in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, and related public filings.

(1) Following the Extended Covenant Waiver Period, the calculation of the existing financial covenants for the first four quarters tested will continue to be annualized to the extent the period from the first day of the fiscal quarter during which the covenant testing resumes through the most recently ended fiscal quarter is not at least four fiscal quarters from the end of the Extended Covenant Waiver Period.

AMENDMENTS TO UNSECURED CREDIT FACILITIES

APPLE HOSPITALITY REIT

Less restrictive covenant terms following the waiver period

	ORIGINAL TERMS		ENHANCED TERMS						
	Testing begins	Threshold	Through Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Beyond
Maximum Consolidated Leverage Ratio	Q2 2021	6.5x	Waived	8.5x	8.5x	8.0x	8.0x	7.5x	6.5x
Maximum Unsecured Leverage Ratio	Q2 2021	60%	Waived	65%	65%	60%			
Minimum Fixed Charge Coverage Ratio	Q2 2021	1.5x	Waived	1.05x	1.25x	1.50x			
Minimum Unsecured Interest Coverage Ratio	Q2 2021	2.0x	Waived	1.25x	1.50x	1.75x	2.0x		

Following the Extended Covenant Waiver Period, covenants measured on an annualized basis.
Annualization will build each subsequent quarter until calculation is based on a trailing four quarter period.

Note: See further information on the Company's indebtedness and amendments to its unsecured credit facilities in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, and related public filings.



ESG INITIATIVES

RESIDENCE INN, SAN JUAN CAPISTRANO, CA

SUSTAINABILITY INITIATIVES

APPLE HOSPITALITY REIT



RESIDENCE INN, TUSTIN, CA

The Company has in place an **Environmental Policy** and a **Vendor Code of Conduct.**

A **formal energy management program** was established in 2018 to ensure that energy, water and waste management are a priority not only within the Company, but also with our management companies and brands.

Apple Hospitality Key Metrics for 2020[1]

Approximately **19 Million** Square Feet

212,000 MWh Energy Consumption

11.3 Total kWh per Square Foot

98% Portfolio Enrolled in ENERGY STAR® Program

713,000 Kgals Water Consumption

8,200 Non-Recycled Waste in Tons

16% Diversion Rate

With 11.3 total kWh per square foot in 2020 as compared to an average of 29.0 total kWh per square foot reported by full-service REITs in 2019, the rooms-focused hotels we invest in are more operationally and environmentally efficient than full-service hotels.[2]

Average utility costs per occupied room

Full-Service Hotels[3]	$9.16
Limited-Service Hotels[3][4]	$5.07
APLE[3]	$4.78

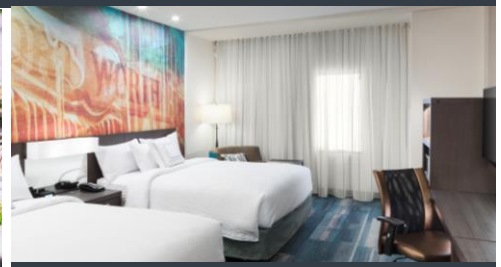
Apple Hospitality is committed to enhancing and incorporating sustainability opportunities into our investment and asset management strategies, with a focus on minimizing our environmental impact through reductions in energy and water consumption and through improvements in waste management.



LED Lighting


Energy Management Systems

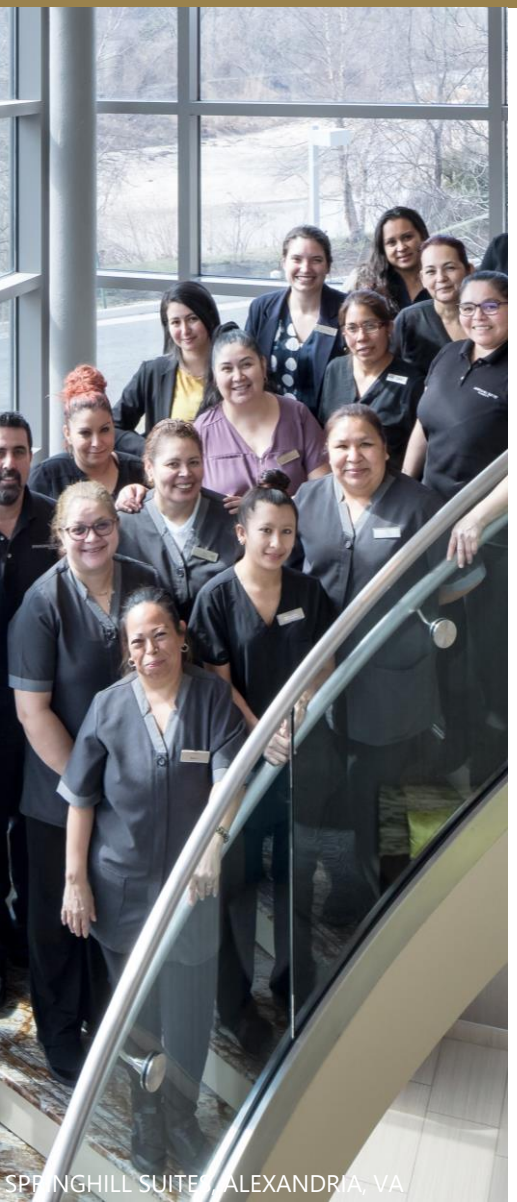

Smart Irrigation Systems


Energy & Water Conservation Guidelines

(1) Statistics are based on the Company's rooms-focused hotels owned as of December 31, 2020.
(2) Includes average of total kWh per square foot as reported for 2019 by DRH, HST, PK, PEB, SHO and XHR.
(3) Full-Service Hotels and Limited-Service Hotels based on 2019 data from U.S. Hotels HOST Almanac published by STR Analytics in 2020. APLE data based on 2019 actual results for all hotels owned in 2019. The Company's average 2020 total utility cost of $6.65 per occupied room represents a 39% increase from 2019. The COVID-19 pandemic significantly impacted occupancy levels beginning in March 2020, and as a result, total utility costs for the Company decreased on an absolute basis in 2020 as compared to 2019. The cost structure and efficient nature of the Company's primarily rooms-focused hotels allows them to operate cost effectively even at very low occupancy levels, and the Company worked to keep its hotels open despite low occupancy levels. The Company utilized energy management systems to minimize utility usage on unused floors, however, minimum utility usage is required for the protection of the Company's assets and utility costs per occupied room increased due to the drop in occupancy driven by the COVID-19 pandemic. In general, energy, water and waste metrics were materially impacted by declines in occupancy in 2020.
(4) Average Upscale and Upper-Midscale Class.

SOCIAL RESPONSIBILITY

APPLE HOSPITALITY REIT


SPRINGHILL SUITES, ALEXANDRIA, VA

Key Metrics for Apple Hospitality since 2017

We are thoughtful in our interactions with others and know that strong, caring relationships are the core of our industry.

Apple Gives, an employee-led charitable organization, was formed in 2017 to expand our impact and further advance the achievement of our corporate philanthropic goals.

480+
HOURS VOLUNTEERED
BY APPLE HOSPITALITY EMPLOYEES

90+
NON-PROFIT ORGANIZATIONS HELPED
BY APPLE HOSPITALITY

The Company has in place a **Health, Safety and Well-Being Policy, a Human Rights Policy and a Vendor Code of Conduct**.

Apple Hospitality is committed to diversity, equity and inclusion and our CEO has taken the **CEO Action for Diversity & Inclusion™** pledge.

Apple Hospitality REIT has always been firmly committed to strengthening communities through charitable giving, by volunteering our time and talents, and by participating in the many philanthropic programs important to our employees and leaders within our industry, including our brands, the American Hotel & Lodging Association (AHLA) and our third-party management companies. We are dedicated to making a positive impact throughout our Company, the hotel industry, our local communities and the many communities our hotels serve.


Local Community Outreach

Hilton HYATT SERVE360

Brand Initiatives


Management Companies

AHLA
AMERICAN HOTEL & LODGING ASSOCIATION

Industry Involvement

GOVERNANCE


HILTON GARDEN INN, BIRMINGHAM, AL

Alignment with the best interests of our shareholders is at the forefront of our values.

Corporate Governance Aligns with Shareholders

- Audit, Compensation and Corporate Governance Committees are independent
- Regular executive sessions of independent directors
- De-staggered Board allows for annual elections of directors
- Required resignation of an incumbent director not receiving majority of votes cast in election
- 77% of executive target compensation is incentive based, with 50% based on shareholder returns
- Required share ownership of:
  - 5 times base salary for CEO,
  - 3 times base salary for other executive officers, and
  - 2 times base cash compensation for directors
- Opted out of Virginia law requiring super majority vote for specified transactions

Board of Directors with Effective Experience

Glade M. Knight – Executive Chairman
Founder, Apple Hospitality REIT; Former Chairman/CEO, Cornerstone Realty NYSE:TCR

Justin G. Knight – Director
Chief Executive Officer, Apple Hospitality REIT

Kristian M. Gathright – Director
Former Executive Vice President & Chief Operating Officer, Apple Hospitality REIT

Glenn W. Bunting – Director
President, GB Corporation

Jon A. Fosheim – Lead Independent Director
Co-founder, Green Street Advisors

Blythe J. McGarvie – Director
Founder and Former Chief Executive Officer, Leadership for International Finance

Daryl A. Nickel – Director
Former Executive Vice President Lodging Development, Marriott® International

L. Hugh Redd – Director
Former Senior Vice President & Chief Financial Officer, General Dynamics

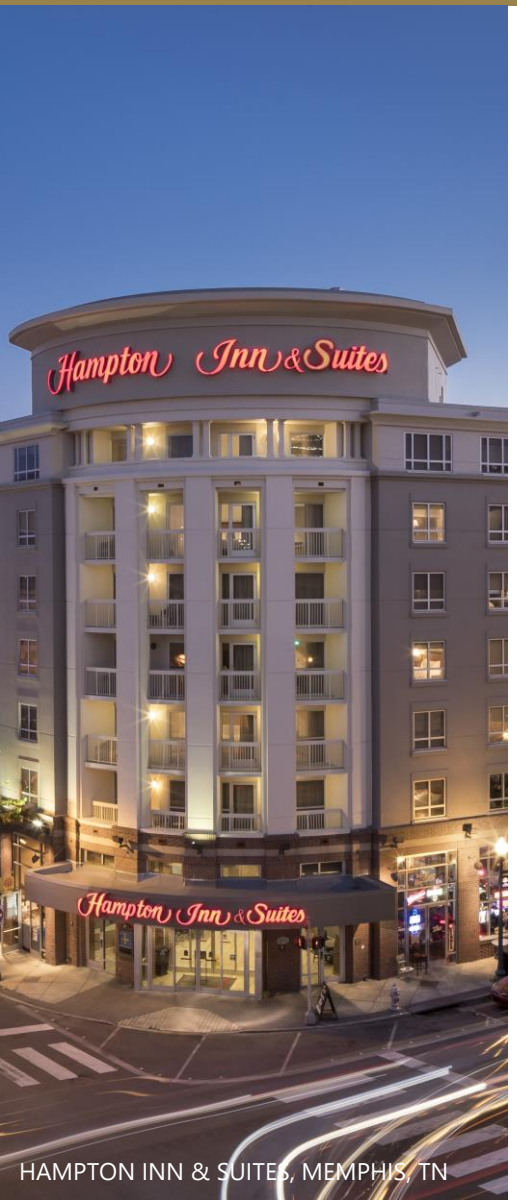
Howard E. Woolley – Director
President, Howard Woolley Group, LLC



APPENDIX

COURTYARD, SANTA ANA, CA

APPLE HOSPITALITY REIT



HAMPTON INN & SUITES, MEMPHIS, TN

Q3 2021 Performance at a Glance

($ in thousands except statistical data)

	Three Months Ended September 30,				
	2021	2020	2019	% CHANGE to 2020	% CHANGE to 2019
RevPAR	$100.14	$50.94	$111.17	96.6%	(9.9%)
Total Revenue	$277,164	$148,826	$331,722	86.2%	(16.4%)
Adjusted Hotel EBITDA	$105,423	$34,688	$124,596	203.9%	(15.4%)
Adjusted Hotel EBITDA Margin %	38.0%	23.3%	37.6%	1,470 bps	40 bps

Note: See explanation and reconciliation of Adjusted Hotel EBITDA to net income (loss) included in subsequent pages.

RECONCILIATION OF NET INCOME (LOSS) TO EBITDA, EBITDAre, ADJUSTED EBITDAre AND ADJUSTED HOTEL EBITDA

APPLE HOSPITALITY REIT

THE FOLLOWING TABLE RECONCILES THE COMPANY'S GAAP NET INCOME (LOSS) TO EBITDA, EBITDAre, ADJUSTED EBITDAre AND ADJUSTED HOTEL EBITDA ON A QUARTERLY BASIS FROM MARCH 31, 2019 THROUGH SEPTEMBER 30, 2021
(Unaudited) (in thousands)

	Three Months Ended										
	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Net income (loss)	$ 38,151	$ 62,090	$ 46,223	$ 25,453	$ (2,769)	$ (78,243)	$ (40,948)	$ (51,247)	$ (46,435)	$ 20,283	$ 31,759
Depreciation and amortization	47,950	48,109	47,887	49,294	49,522	49,897	50,171	50,196	48,710	46,386	44,217
Amortization of favorable and unfavorable operating leases, net	31	31	31	31	101	101	103	137	98	98	98
Interest and other expense, net	15,494	15,857	14,759	15,081	15,566	18,386	18,531	18,352	18,513	18,618	15,977
Income tax expense	206	156	143	174	146	58	61	67	108	87	114
EBITDA	101,832	126,243	109,043	90,033	62,566	(9,801)	27,918	17,505	20,994	85,472	92,165
(Gain) loss on sale of real estate	(1,213)	161	-	(3,969)	(8,839)	54	-	(2,069)	(4,484)	864	(44)
Loss on impairment of depreciable real estate assets	-	-	6,467	-	-	4,382	-	715	10,754	-	-
EBITDAre	100,619	126,404	115,510	86,064	53,727	(5,365)	27,918	16,151	27,264	86,336	92,121
Non-cash straight-line operating ground lease expense	48	47	47	46	47	44	44	45	44	43	41
Adjusted EBITDAre	$ 100,667	$ 126,451	$ 115,557	$ 86,110	$ 53,774	$ (5,321)	$ 27,962	$ 16,196	$ 27,308	$ 86,379	$ 92,162
General and administrative expense	8,137	8,308	9,039	10,726	9,523	6,025	6,726	7,100	8,119	8,435	13,261
Adjusted Hotel EBITDA	$ 108,804	$ 134,759	$ 124,596	$ 96,836	$ 63,297	$ 704	$ 34,688	$ 23,296	$ 35,427	$ 94,814	$ 105,423

Note: The Consolidated Statements of Operations and Comprehensive Income (Loss) and corresponding footnotes can be found in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, and Annual Report on Form 10-K for the year ended December 31, 2020.

RECONCILIATION OF NET INCOME (LOSS) TO FFO AND MFFO

APPLE HOSPITALITY REIT

THE FOLLOWING TABLE RECONCILES THE COMPANY'S GAAP NET INCOME (LOSS) TO FFO and MFFO
ON A QUARTERLY BASIS FROM March 31, 2020 THROUGH SEPTEMBER 30, 2021
(Unaudited) (in thousands, except per share amounts)

	Three Months Ended						
	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Net income (loss)	$ (2,769)	$ (78,243)	$ (40,948)	$ (51,247)	$ (46,435)	$ 20,283	$ 31,759
Depreciation of real estate owned	47,668	48,044	48,307	48,327	47,088	44,764	43,028
(Gain) loss on sale of real estate	(8,839)	54	-	(2,069)	(4,484)	864	(44)
Loss on impairment of depreciable real estate assets	-	4,382	-	715	10,754	-	-
Funds from operations	36,060	(25,763)	7,359	(4,274)	6,923	65,911	74,743
Amortization of finance ground lease assets	1,602	1,602	1,612	1,617	1,617	1,618	1,183
Amortization of favorable and unfavorable operating leases, net	101	101	103	137	98	98	98
Non-cash straight-line operating ground lease expense	47	44	44	45	44	43	41
Modified funds from operations	$ 37,810	$ (24,016)	$ 9,118	$ (2,475)	$ 8,682	$ 67,670	$ 76,065
Modified funds from operations per common share	$ 0.17	$ (0.11)	$ 0.04	$ (0.01)	$ 0.04	$ 0.30	$ 0.33
Weighted average common shares outstanding – basic and diluted	224,294	223,278	223,293	223,316	223,733	224,772	228,436

Note: The Consolidated Statements of Operations and Comprehensive Income (Loss) and corresponding footnotes can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, and Quarterly Report on Form 10-Q for the quarter ended September 30, 2021.

DISPOSITIONS 2020 AND 2021 YTD

APPLE HOSPITALITY REIT

Hotels Sold in 2020 and 2021 YTD

Brand	Location	Rooms	Age at Time of Sale	Date Sold	Sales Price
SpringHill Suites	Sanford, FL	105	20 yrs	January 2020	$13.0 million
SpringHill Suites	Boise, ID	230	25 yrs	February 2020	$32.0 million
Hampton Inn & Suites	Tulare, CA	86	12 yrs	December 2020	$10.3 million
Homewood Suites	Charlotte, NC	118	30 yrs	February 2021	$10.3 million
Homewood Suites	Memphis, TN	140	31 yrs	March 2021	$8.0 million
SpringHill Suites	Overland Park, KS	102	23 yrs	April 2021	$5.3 million
Hilton Garden Inn	Montgomery, AL	97	18 yrs		
Homewood Suites	Montgomery, AL	91	17 yrs		
Residence Inn	Rogers, AR	88	18 yrs		
Courtyard	Phoenix, AZ	127	13 yrs		
Courtyard	Lakeland, FL	78	21 yrs		
Fairfield Inn & Suites	Albany, GA	87	11 yrs		
Hilton Garden Inn	Schaumburg, IL	166	13 yrs		
SpringHill Suites	Andover, MA	136	20 yrs		
Residence Inn	Fayetteville, NC	92	15 yrs		
Residence Inn	Greenville, SC	78	23 yrs		
Hampton Inn & Suites	Jackson, TN	85	14 yrs	July 2021	$211.0 million
Courtyard	Johnson City, TN	90	12 yrs		
Hampton Inn & Suites	Allen, TX	103	15 yrs		
Hilton Garden Inn	Allen, TX	150	19 yrs		
Residence Inn	Beaumont, TX	133	13 yrs		
Hampton Inn & Suites	Burleson/Fort Worth, TX	88	13 yrs		
Hilton Garden Inn	El Paso, TX	145	10 yrs		
Homewood Suites	Irving, TX	77	15 yrs		
SpringHill Suites	Richmond, VA	103	13 yrs		
SpringHill Suites	Vancouver, WA	119	14 yrs		
Total		***2,914***	***Avg age 17 yrs***		***$289.9 million***

20-hotel portfolio sale

Note: As of November 4, 2021.

ACQUISITIONS 2020 AND 2021 YTD AND HOTELS UNDER CONTRACT

APPLE HOSPITALITY REIT

Hotels Acquired in 2020 and 2021 YTD

Brand	Location	Rooms	Date Opened	Date Acquired	Purchase Price
Hampton Inn & Suites[1][2]	Cape Canaveral, FL	116	April 2020	April 2020	$46.7 million
Home2 Suites[1][2]	Cape Canaveral, FL	108	April 2020	April 2020	
Hyatt House[1][2]	Tempe, AZ	105	August 2020	August 2020	$64.6 million
Hyatt Place[1][2]	Tempe, AZ	154	August 2020	August 2020	
Hilton Garden Inn[2]	Madison, WI	176	February 2021	February 2021	$49.6 million
AC Hotels	Portland, ME	178	July 2018	August 2021	$66.8 million
Hyatt Place	Greenville, SC	130	December 2018	September 2021	$30.0 million
Aloft	Portland, ME	157	September 2021	September 2021	$51.2 million
Hilton Garden Inn	Memphis, TN	150	January 2019	October 2021	$38.0 million
Total		***1,274***			***$346.9 million***

Hotels Under Contract for Purchase[3]

Brand	Location	Rooms	Date Opened	Anticipated Acquisition Date	Purchase Price
Embassy Suites[4]	Madison, WI	260	To be Constructed	Late 2023	$78.6 million
Hilton Garden Inn	Fort Worth, TX	157	April 2012	Q4 2021	$29.5 million
Homewood Suites	Fort Worth, TX	112	June 2013	Q4 2021	$21.5 million
Hampton Inn & Suites	Portland, OR	243	September 2017	Q4 2021	$75.0 million
Total		***772***			***$204.6 million***

(1) These two hotels comprise a dual-branded property at one location.
(2) Contract entered into prior to 2020.
(3) There are a number of conditions to closing that have not yet been satisfied and there can be no assurance that closings on these hotels will occur under the outstanding purchase agreements.
(4) Number of rooms represents number of rooms expected upon completion.

DEFINITIONS



HYATT PLACE, JACKSONVILLE, FL

Non-GAAP Financial Measures

The Company considers the following non-GAAP financial measures useful to investors as key supplemental measures of its operating performance: Funds from Operations ("FFO"); Modified FFO ("MFFO"); Earnings Before Interest, Income Taxes, Depreciation and Amortization ("EBITDA"); Earnings Before Interest, Income Taxes, Depreciation and Amortization for Real Estate ("EBITDAre"); Adjusted EBITDAre; and Adjusted Hotel EBITDA. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income (loss), cash flow from operations or any other operating GAAP measure. FFO, MFFO, EBITDA, EBITDAre, Adjusted EBITDAre and Adjusted Hotel EBITDA are not necessarily indicative of funds available to fund the Company's cash needs, including its ability to make cash distributions. Although FFO, MFFO, EBITDA, EBITDAre, Adjusted EBITDAre and Adjusted Hotel EBITDA, as calculated by the Company, may not be comparable to FFO, MFFO, EBITDA, EBITDAre, Adjusted EBITDAre and Adjusted Hotel EBITDA, as reported by other companies that do not define such terms exactly as the Company defines such terms, the Company believes these supplemental measures are useful to investors when comparing the Company's results between periods and with other REITs.

EBITDA, EBITDAre, Adjusted EBITDAre and Adjusted Hotel EBITDA

EBITDA is a commonly used measure of performance in many industries and is defined as net income (loss) excluding interest, income taxes, depreciation and amortization. The Company believes EBITDA is useful to investors because it helps the Company and its investors evaluate the ongoing operating performance of the Company by removing the impact of its capital structure (primarily interest expense) and its asset base (primarily depreciation and amortization). In addition, certain covenants included in the agreements governing the Company's indebtedness use EBITDA, as defined in the specific credit agreement, as a measure of financial compliance.

In addition to EBITDA, the Company also calculates and presents EBITDAre in accordance with standards established by the National Association of Real Estate Investment Trusts ("Nareit"), which defines EBITDAre as EBITDA, excluding gains and losses from the sale of certain real estate assets (including gains and losses from change in control), plus real estate related impairments, and adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates. The Company presents EBITDAre because it believes that it provides further useful information to investors in comparing its operating performance between periods and between REITs that report EBITDAre using the Nareit definition.

The Company also considers the exclusion of non-cash straight-line operating ground lease expense from EBITDAre useful, as this expense does not reflect the underlying performance of the related hotels (Adjusted EBITDAre).

The Company further excludes actual corporate-level general and administrative expense for the Company from Adjusted EBITDAre (Adjusted Hotel EBITDA) to isolate property-level operational performance over which the Company's hotel operators have direct control. The Company believes Adjusted Hotel EBITDA provides useful supplemental information to investors regarding operating performance and is used by management to measure the performance of the Company's hotels and effectiveness of the operators of the hotels.

DEFINITIONS CONTINUED



RESIDENCE INN, BURBANK, CA

FFO and MFFO

The Company calculates and presents FFO in accordance with standards established by Nareit, which defines FFO as net income (loss) (computed in accordance with generally accepted accounting principles ("GAAP")), excluding gains and losses from the sale of certain real estate assets (including gains and losses from change in control), extraordinary items as defined by GAAP, and the cumulative effect of changes in accounting principles, plus real estate related depreciation, amortization and impairments, and adjustments for unconsolidated affiliates. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, most real estate industry investors consider FFO to be helpful in evaluating a real estate company's operations. The Company further believes that by excluding the effects of these items, FFO is useful to investors in comparing its operating performance between periods and between REITs that report FFO using the Nareit definition. FFO as presented by the Company is applicable only to its common shareholders, but does not represent an amount that accrues directly to common shareholders.

The Company calculates MFFO by further adjusting FFO for the exclusion of amortization of finance ground lease assets, amortization of favorable and unfavorable operating leases, net and non-cash straight-line operating ground lease expense, as these expenses do not reflect the underlying performance of the related hotels. The Company presents MFFO when evaluating its performance because it believes that it provides further useful supplemental information to investors regarding its ongoing operating performance.

COMPARABLE HOTELS

Comparable Hotels is defined as the 215 hotels owned by the Company as of September 30, 2021. For hotels acquired during the periods noted, the Company has included, as applicable, results of those hotels for periods prior to the Company's ownership, and for dispositions, results have been excluded for the Company's period of ownership. Results for periods prior to the Company's ownership have not been included in the Company's actual Consolidated Financial Statements and are included only for comparison purposes. Results included for periods prior to the Company's ownership are based on information from the prior owner of each hotel and have not been audited or adjusted.

SAME STORE HOTELS

Same Store Hotels is defined as the 207 hotels owned by the Company as of January 1, 2020 and during the entirety of the periods being compared. This information has not been audited.

TRADEMARK INFORMATION



HOMEWOOD SUITES, OMAHA, NE

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