



Apple Hospitality REIT Reports Results of Operations for First Quarter 2017

RICHMOND, VA – May 4, 2017 – Apple Hospitality REIT, Inc. (NYSE: APLE) (the “Company” or “Apple Hospitality”) today announced results of operations for the first quarter of 2017.

Selected Statistical and Financial Data As of and For the Three Months Ended March 31 (Unaudited) (in thousands, except statistical and per share amounts)⁽¹⁾

	Three Months Ended		
	March 31,		
	2017	2016	% Change
Net income	\$ 34,365	\$ 34,686	(0.9%)
Net income per share	\$ 0.15	\$ 0.20	(25.0%)
Adjusted EBITDA	\$ 99,078	\$ 78,610	26.0%
Comparable Hotels Adjusted Hotel EBITDA	\$ 104,771	\$ 106,738	(1.8%)
Comparable Hotels Adjusted Hotel EBITDA Margin	36.2%	37.5%	(130 bps)
Modified funds from operations (MFFO)	\$ 86,881	\$ 69,314	25.3%
MFFO per share	\$ 0.39	\$ 0.40	(2.5%)
ADR (Actual)	\$ 133.39	\$ 133.16	0.2%
Occupancy (Actual)	74.4%	74.1%	0.4%
RevPAR (Actual)	\$ 99.27	\$ 98.66	0.6%
Comparable Hotels ADR	\$ 133.09	\$ 132.66	0.3%
Comparable Hotels Occupancy	74.4%	73.6%	1.1%
Comparable Hotels RevPAR	\$ 99.02	\$ 97.65	1.4%
Distributions paid	\$ 66,908	\$ 52,360	27.8%
Distributions paid per share	\$ 0.30	\$ 0.30	-
Total debt outstanding	\$ 1,404,079		
Total debt to total capitalization ⁽²⁾	24.8%		

(1) Explanations of and reconciliations to Net Income of Adjusted EBITDA, Comparable Hotels Adjusted Hotel EBITDA and MFFO are included below.

(2) Total debt outstanding divided by total debt outstanding plus equity market capitalization based on the Company’s closing share price at March 31, 2017, of \$19.10.

Comparable Hotels is defined as the 235 hotels owned by the Company as of March 31, 2017, that are held for use, and excludes the Dallas Hilton hotel that was sold in April 2017. 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.

Justin Knight, President and Chief Executive Officer, commented, “We are pleased with our results for the first quarter, which highlight the benefits of our broad geographic diversification. Comparable Hotels RevPAR grew by 1.4 percent, in line with our expectations, despite a 16 percent decline in Los Angeles, one of our largest markets, due to the outsized growth from the Porter Ranch gas leak in 2016. We continue to believe that our large, geographically diversified, upscale portfolio of Marriott and Hilton branded hotels and our strong, flexible balance sheet position us well as we continue throughout the year.”

Hotel Portfolio Overview

Apple Hospitality owns a highly diversified hotel portfolio, which helps insulate the revenue stream of the Company from regional economic dislocations that may occur from time to time. As of March 31, 2017, Apple Hospitality owned 236 hotels with 30,203 rooms, comprised of 116 Marriott® branded hotels and 120 Hilton® branded hotels, with locations in 87 markets throughout 33 states.

Transactional Activity

Acquisitions

The Company acquired the newly constructed 124-room Courtyard by Marriott® Fort Worth Historic Stockyards on February 2, 2017, for a purchase price of approximately \$18 million.

Effective September 1, 2016, Apple Hospitality completed its merger with Apple REIT Ten, Inc. ("Apple Ten"). The merger added 56 Marriott® and Hilton® branded primarily select service and extended stay hotels with 7,209 guestrooms to the Company's portfolio. As consideration in the merger, the Company issued approximately 49 million common shares and paid approximately \$94 million to the Apple Ten shareholders, and assumed approximately \$257 million of debt.

Dispositions

On April 20, 2017, Apple Hospitality completed the sale of its 224-room Hilton® hotel in Dallas, Texas, for a gross sales price of approximately \$56 million, including debt assumed by the buyer of approximately \$27 million. The estimated gain on sale of the Dallas Hilton® is approximately \$16 million, which will be recognized during the second quarter of 2017.

In April 2017, the Company entered into contracts for the sale of two properties in Columbus, Georgia, the SpringHill Suites by Marriott® and the TownePlace Suites by Marriott®, for a total gross sales price of approximately \$10 million. Due to the change in the anticipated hold period of each of these hotels, the Company recognized an impairment loss of approximately \$8 million during the first quarter of 2017, to adjust the bases of these properties to their estimated fair values. The sales remain subject to a number of conditions to closing and therefore there can be no assurance that a closing will occur. If closing conditions are met, these sales are expected to be completed within six months of March 31, 2017.

Capital Improvements

Apple Hospitality consistently reinvests in its hotels to maintain and enhance each property's relevance and competitive position within its respective market. During the three months ended March 31, 2017, the Company invested approximately \$13 million in capital expenditures for existing hotels. The Company plans to continue to reinvest in its hotels and anticipates investing an additional \$50 to \$60 million in capital improvements during the remainder of 2017, which includes various scheduled renovation projects for approximately 20 to 25 properties.

Balance Sheet

As of March 31, 2017, Apple Hospitality had approximately \$1.4 billion of total indebtedness with a current combined weighted average interest rate of approximately 3.3 percent for the remainder of 2017. Excluding unamortized debt issuance costs and fair value adjustments, the Company's total indebtedness is comprised of approximately \$462 million in property-level debt secured by 29 hotels, and \$942 million outstanding on its unsecured credit facilities. Apple Hospitality's undrawn capacity on its unsecured credit facilities at March 31, 2017 was approximately \$173 million. The Company's total debt to total capitalization at March 31, 2017 was approximately 25 percent, which provides Apple Hospitality with financial flexibility to fund capital requirements and pursue opportunities in the marketplace.

Shareholder Distributions

Apple Hospitality paid distributions of \$0.30 per common share during the three-month period ended March 31, 2017. Based on the Company's common share closing price of \$19.00 on May 2, 2017, the annualized distribution of \$1.20 per common share represents an annual yield of approximately 6.3 percent. The Company's Board of Directors, in consultation with management, will continue to regularly monitor the Company's distribution rate relative to the performance of its hotels, capital improvement needs, varying economic cycles, acquisitions, and dispositions. At its discretion, the Company's Board of Directors may make adjustments as determined to be prudent in relation to other cash requirements of the Company.

2017 Outlook

Apple Hospitality is providing its operational and financial outlook for 2017. This outlook, which is based on management's current view of both operating and economic fundamentals of the Company's existing portfolio of hotels, does not take into account any unanticipated developments in its business or changes in its operating environment, nor does it take into account any unannounced hotel acquisitions or dispositions. Comparable Hotels RevPAR Growth and Comparable Hotels Adjusted EBITDA Margin % guidance include properties acquired, including those acquired through the Apple Ten merger, as if the hotels were owned as of January 1, 2016, and exclude dispositions since January 1, 2016, and hotels under contract for disposition. For the full year 2017, the Company anticipates:

	2017 Guidance ⁽¹⁾	
	Low-End	High-End
Net income	\$209 Million	\$232 Million
Comparable Hotels RevPAR Growth	0.0%	2.0%
Comparable Hotels Adjusted EBITDA Margin %	37.3%	38.3%
Adjusted EBITDA	\$430 Million	\$450 Million

(1) Explanations of and reconciliations to Net income guidance of Adjusted EBITDA guidance are included below.

Earnings Call

The Company will host a quarterly conference call for investors and interested parties on Friday, May 5, 2017, at 10:00 a.m. Eastern Time. The conference call will be accessible by telephone and the Internet. To access the call, participants from within the U.S. should dial (877) 407-9039, and participants from outside the U.S. should dial (201) 689-8470. Participants may also access the call via live webcast by visiting the investor information section of the Company's website at ir.applehospitalityreit.com. A replay of the call will be available from approximately 1:00 p.m. Eastern Time on May 5, 2017, through midnight Eastern Time on May 19, 2017. To access the replay, the domestic dial-in number is (844) 512-2921, the international dial-in number is (412) 317-6671, and the passcode is 13659732. The archive of the webcast will be available on the Company's website for a limited time.

About Apple Hospitality REIT, Inc.

Apple Hospitality REIT, Inc. (NYSE: APLE) is a publicly traded real estate investment trust (REIT) that owns one of the largest portfolios of upscale, select service hotels in the United States. The Company's portfolio consists of 235 hotels, with approximately 30,000 guestrooms, diversified across the Hilton® and Marriott® families of brands with locations in urban, high-end suburban and developing markets throughout 33 states. For more information, please visit www.applehospitalityreit.com.

Apple Hospitality REIT 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”); Adjusted EBITDA (“Adjusted EBITDA”); and Adjusted Hotel EBITDA (“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, Adjusted EBITDA, 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, Adjusted EBITDA, and Adjusted Hotel EBITDA, as calculated by the Company, may not be comparable to FFO, MFFO, EBITDA, Adjusted EBITDA, 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. Reconciliations of these non-GAAP financial measures to Net Income (Loss) are provided in the following pages.

Forward-Looking Statements Disclaimer

Certain statements contained in this press release other than historical facts may be considered forward-looking statements. These forward-looking statements are predictions and generally can be identified by use of statements that include phrases such as “may,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “target,” “goal,” “plan,” “should,” “will,” “predict,” “potential,” “outlook,” “strategy,” and similar expressions that convey the uncertainty of future events or outcomes. Such statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of Apple Hospitality to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the ability of Apple Hospitality to effectively acquire and dispose of properties; the ability of Apple Hospitality to successfully integrate pending transactions and implement its operating strategy; changes in general political, economic and competitive conditions and specific market conditions; adverse changes in the real estate and real estate capital markets; financing risks; the outcome of current and future litigation, including any legal proceedings that have been or may be instituted against Apple Hospitality or others; regulatory proceedings or inquiries; and 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. 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 press release 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. In addition, Apple Hospitality’s qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code. Readers should carefully review Apple Hospitality’s financial statements and the notes thereto, as well as the risk factors described in Apple Hospitality’s filings with the Securities and Exchange Commission, including, but not limited to, in the section entitled “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. Any forward-looking statement that Apple Hospitality makes speaks only as of the date of such statement. Apple Hospitality undertakes no obligation to publicly update or revise any forward-looking statements or cautionary factors, as a result of new information, future events, or otherwise, except as required by law.

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For additional information or to receive press releases by email, visit www.applehospitalityreit.com.

Apple Hospitality REIT, Inc.
Consolidated Balance Sheets
(in thousands, except share data)

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
	(unaudited)	
Assets		
Investment in real estate, net of accumulated depreciation of \$601,055 and \$557,597, respectively	\$ 4,803,503	\$ 4,823,489
Assets held for sale	39,000	39,000
Restricted cash-furniture, fixtures and other escrows	27,309	29,425
Due from third party managers, net	57,692	31,460
Other assets, net	47,419	56,509
Total Assets	<u>\$ 4,974,923</u>	<u>\$ 4,979,883</u>
Liabilities		
Revolving credit facility	\$ 366,600	\$ 270,000
Term loans	571,197	570,934
Mortgage debt	465,043	497,029
Accounts payable and other liabilities	84,237	124,856
Total Liabilities	<u>1,487,077</u>	<u>1,462,819</u>
Shareholders' Equity		
Preferred stock, authorized 30,000,000 shares; none issued and outstanding	-	-
Common stock, no par value, authorized 800,000,000 shares; issued and outstanding 223,049,990 and 222,938,648 shares, respectively	4,454,992	4,453,205
Accumulated other comprehensive income	6,134	4,589
Distributions greater than net income	(973,280)	(940,730)
Total Shareholders' Equity	<u>3,487,846</u>	<u>3,517,064</u>
Total Liabilities and Shareholders' Equity	<u>\$ 4,974,923</u>	<u>\$ 4,979,883</u>

Note:
The Consolidated Balance Sheets and corresponding footnotes can be found in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

Apple Hospitality REIT, Inc.
Consolidated Statements of Operations and Comprehensive Income
(Unaudited) (in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2017	2016
Revenues:		
Room	\$ 269,393	\$ 206,150
Other	23,532	18,337
Total revenue	<u>292,925</u>	<u>224,487</u>
Expenses:		
Operating	75,154	56,829
Hotel administrative	24,836	18,198
Sales and marketing	24,109	18,019
Utilities	9,753	7,600
Repair and maintenance	11,916	9,084
Franchise fees	12,474	9,445
Management fees	10,212	8,037
Property taxes, insurance and other	16,927	12,452
Ground lease	2,816	2,466
General and administrative	6,754	4,828
Transaction and litigation costs	-	293
Loss on impairment of depreciable real estate assets	7,875	-
Depreciation	<u>43,767</u>	<u>33,484</u>
Total expenses	<u>246,593</u>	<u>180,735</u>
Operating income	46,332	43,752
Interest and other expense, net	<u>(11,717)</u>	<u>(8,803)</u>
Income before income taxes	34,615	34,949
Income tax expense	<u>(250)</u>	<u>(263)</u>
Net income	<u>\$ 34,365</u>	<u>\$ 34,686</u>
Other comprehensive income (loss):		
Interest rate derivatives	<u>1,545</u>	<u>(6,694)</u>
Comprehensive income	<u>\$ 35,910</u>	<u>\$ 27,992</u>
Basic and diluted net income per common share	<u>\$ 0.15</u>	<u>\$ 0.20</u>
Weighted average common shares outstanding - basic and diluted	223,047	174,666

Note:

The Consolidated Statements of Operations and Comprehensive Income and corresponding footnotes can be found in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

Apple Hospitality REIT, Inc.
Comparable Hotels Operating Metrics and Statistical Data
(Unaudited) (in thousands except statistical data)

	Three Months Ended		
	March 31,		
	2017	2016	% Change
Room revenue	\$ 266,735	\$ 262,733	1.5%
Other revenue	22,456	22,187	1.2%
Total revenue	289,191	284,920	1.5%
Total operating expenses	184,420	178,182	3.5%
Adjusted Hotel EBITDA	\$ 104,771	\$ 106,738	(1.8%)
Adjusted Hotel EBITDA Margin %	36.2%	37.5%	(130 bps)
ADR (Comparable Hotels)	\$ 133.09	\$ 132.66	0.3%
Occupancy (Comparable Hotels)	74.4%	73.6%	1.1%
RevPAR (Comparable Hotels)	\$ 99.02	\$ 97.65	1.4%
ADR (Actual)	\$ 133.39	\$ 133.16	0.2%
Occupancy (Actual)	74.4%	74.1%	0.4%
RevPAR (Actual)	\$ 99.27	\$ 98.66	0.6%

Reconciliation to Actual Results

Total Revenue (Actual)	\$ 292,925	\$ 224,487
Revenue from acquisitions prior to ownership	-	65,479
Revenue from dispositions	(3,687)	(5,143)
Lease revenue intangible amortization	(47)	97
Comparable Hotels Total Revenue	<u>\$ 289,191</u>	<u>\$ 284,920</u>
Adjusted Hotel EBITDA (AHEBITDA) (Actual)	\$ 105,832	\$ 83,438
AHEBITDA from acquisitions prior to ownership	-	24,494
AHEBITDA from dispositions	(1,061)	(1,194)
Comparable Hotels AHEBITDA	<u>\$ 104,771</u>	<u>\$ 106,738</u>

Note:
Comparable Hotels is defined as the 235 hotels owned by the Company as of March 31, 2017, that are held for use, and excludes the Dallas Hilton hotel that was sold in April 2017. 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.

Reconciliation of Net Income to Non-GAAP financial measures is included in the following pages.

Apple Hospitality REIT, Inc.
Comparable Hotels Quarterly Operating Metrics and Statistical Data
(Unaudited) (in thousands except statistical data)

	Three Months Ended							
	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017
Room revenue	\$ 285,907	\$ 287,714	\$ 246,492	\$ 262,733	\$ 303,305	\$ 296,647	\$ 253,823	\$ 266,735
Other revenue	24,425	22,939	23,654	22,187	24,501	23,563	23,563	22,456
Total revenue	<u>310,332</u>	<u>310,653</u>	<u>270,146</u>	<u>284,920</u>	<u>327,806</u>	<u>320,210</u>	<u>277,386</u>	<u>289,191</u>
Total operating expenses	<u>183,568</u>	<u>185,833</u>	<u>173,972</u>	<u>178,182</u>	<u>191,840</u>	<u>196,002</u>	<u>179,266</u>	<u>184,420</u>
Adjusted Hotel EBITDA	<u>\$ 126,764</u>	<u>\$ 124,820</u>	<u>\$ 96,174</u>	<u>\$ 106,738</u>	<u>\$ 135,966</u>	<u>\$ 124,208</u>	<u>\$ 98,120</u>	<u>\$ 104,771</u>
Adjusted Hotel EBITDA Margin %	40.8%	40.2%	35.6%	37.5%	41.5%	38.8%	35.4%	36.2%
ADR (Comparable Hotels)	\$ 131.47	\$ 132.53	\$ 126.59	\$ 132.66	\$ 137.08	\$ 134.79	\$ 127.71	\$ 133.09
Occupancy (Comparable Hotels)	81.7%	80.3%	71.7%	73.6%	81.9%	80.1%	72.4%	74.4%
RevPAR (Comparable Hotels)	\$ 107.46	\$ 106.47	\$ 90.73	\$ 97.65	\$ 112.27	\$ 108.03	\$ 92.43	\$ 99.02
ADR (Actual)	\$ 131.33	\$ 133.18	\$ 127.04	\$ 133.16	\$ 138.16	\$ 136.04	\$ 127.81	\$ 133.39
Occupancy (Actual)	81.8%	80.5%	71.9%	74.1%	82.2%	80.2%	72.4%	74.4%
RevPAR (Actual)	\$ 107.43	\$ 107.19	\$ 91.36	\$ 98.66	\$ 113.59	\$ 109.07	\$ 92.52	\$ 99.27
<u>Reconciliation to Actual Results</u>								
Total Revenue (Actual)	\$ 234,374	\$ 240,555	\$ 213,033	\$ 224,487	\$ 257,636	\$ 276,471	\$ 282,431	\$ 292,925
Revenue from acquisitions prior to ownership	81,734	75,548	62,799	65,479	76,234	49,452	-	-
Revenue from dispositions	(5,743)	(5,417)	(5,653)	(5,143)	(6,017)	(5,666)	(4,998)	(3,687)
Lease revenue intangible amortization	(33)	(33)	(33)	97	(47)	(47)	(47)	(47)
Comparable Hotels Total Revenue	<u>\$ 310,332</u>	<u>\$ 310,653</u>	<u>\$ 270,146</u>	<u>\$ 284,920</u>	<u>\$ 327,806</u>	<u>\$ 320,210</u>	<u>\$ 277,386</u>	<u>\$ 289,191</u>
Adjusted Hotel EBITDA (AHEBITDA) (Actual)	\$ 93,805	\$ 95,738	\$ 74,790	\$ 83,438	\$ 105,574	\$ 106,707	\$ 99,291	\$ 105,832
AHEBITDA from acquisitions prior to ownership	34,335	30,557	22,825	24,494	32,073	18,985	-	-
AHEBITDA from dispositions	(1,376)	(1,475)	(1,441)	(1,194)	(1,681)	(1,484)	(1,171)	(1,061)
Comparable Hotels AHEBITDA	<u>\$ 126,764</u>	<u>\$ 124,820</u>	<u>\$ 96,174</u>	<u>\$ 106,738</u>	<u>\$ 135,966</u>	<u>\$ 124,208</u>	<u>\$ 98,120</u>	<u>\$ 104,771</u>

Note:
Comparable Hotels is defined as the 235 hotels owned by the Company as of March 31, 2017, that are held for use, and excludes the Dallas Hilton hotel that was sold in April 2017. 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.

Reconciliation of Net Income to Non-GAAP financial measures is included in the following pages.

Apple Hospitality REIT, Inc.
Reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA and Adjusted Hotel EBITDA
(Unaudited) (in thousands)

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.

The Company considers the exclusion or inclusion of certain additional items from EBITDA (Adjusted EBITDA) useful, including (i) the exclusion of transaction and litigation costs, gains or losses from sales of real estate, and the loss on impairment of depreciable real estate assets, as these items do not represent ongoing operations, and (ii) the exclusion of non-cash straight-line ground lease expense, as this expense does not reflect the underlying performance of the related hotels.

The Company further excludes actual corporate-level general and administrative expense for the Company from Adjusted EBITDA (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.

The following table reconciles the Company's GAAP net income (loss) to EBITDA, Adjusted EBITDA and Adjusted Hotel EBITDA on a quarterly basis from June 30, 2015, through March 31, 2017.

	Three Months Ended							
	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017
Net income (loss)	\$ 44,245	\$ 46,968	\$ (17,792)	\$ 34,686	\$ 54,718	\$ 13,694	\$ 41,554	\$ 34,365
Depreciation	31,135	32,351	33,244	33,484	33,824	37,343	43,512	43,767
Amortization of favorable and unfavorable leases, net	133	133	133	262	119	132	161	165
Interest and other expense, net	7,226	9,302	8,867	8,803	9,560	10,156	11,507	11,717
Income tax (benefit) expense	422	138	26	263	360	(7)	(185)	250
EBITDA	83,161	88,892	24,478	77,498	98,581	61,318	96,549	90,264
Transaction and litigation costs	5,825	842	(710)	293	1,116	36,452	(2,872)	-
Loss on sale of real estate	271	-	72	-	-	-	153	-
Loss on impairment of depreciable real estate assets	-	-	45,000	-	-	5,471	-	7,875
Non-cash straight-line ground lease expense	849	829	819	819	817	843	940	939
Adjusted EBITDA	<u>\$ 90,106</u>	<u>\$ 90,563</u>	<u>\$ 69,659</u>	<u>\$ 78,610</u>	<u>\$ 100,514</u>	<u>\$ 104,084</u>	<u>\$ 94,770</u>	<u>\$ 99,078</u>
General and administrative expense	3,699	5,175	5,131	4,828	5,060	2,623	4,521	6,754
Adjusted Hotel EBITDA	<u>\$ 93,805</u>	<u>\$ 95,738</u>	<u>\$ 74,790</u>	<u>\$ 83,438</u>	<u>\$ 105,574</u>	<u>\$ 106,707</u>	<u>\$ 99,291</u>	<u>\$ 105,832</u>

Apple Hospitality REIT, Inc.
2017 Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA
(Unaudited) (in thousands)

The guidance of Net Income, EBITDA and Adjusted EBITDA, are forward-looking statements and are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause actual results and performance to differ materially from those expressed or implied by these forecasts. Although the Company believes the expectations reflected in the forecasts are based upon reasonable assumptions, there can be no assurance that the expectations will be achieved or that the results will not be materially different. Risks that may affect these assumptions and forecasts include, but are not limited to the following: changes in political, economic, competitive and specific market conditions; the amount and timing of acquisitions and dispositions of hotel properties; the level of capital expenditures may change significantly, which will directly affect the level of depreciation expense, interest expense and net income; the amount and timing of debt repayments may change significantly based on market conditions, which will directly affect the level of interest expense and net income; the amount and timing of transactions involving shares of the Company's common stock may change based on market conditions; and other risks and uncertainties associated with the Company's business described herein and in filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

	Year Ended December 31, 2017	
	Low-End	High-End
Net income	\$ 209,000	\$ 232,000
Depreciation	175,800	174,300
Amortization of favorable and unfavorable leases, net	625	625
Interest and other expense, net	48,000	46,000
Income tax expense	1,000	1,500
EBITDA	434,425	454,425
Gain on sale of real estate	(16,000)	(16,000)
Loss on impairment of depreciable real estate assets	7,875	7,875
Non-cash straight-line ground lease expense	3,700	3,700
Adjusted EBITDA	<u>\$ 430,000</u>	<u>\$ 450,000</u>

Apple Hospitality REIT, Inc.
Reconciliation of Net Income to FFO and MFFO
(Unaudited) (in thousands)

The Company calculates and presents FFO in accordance with standards established by the National Association of Real Estate Investment Trusts (“NAREIT”), which defines FFO as net income (computed in accordance with generally accepted accounting principles (“GAAP”)), excluding gains or losses from sales of real estate, extraordinary items as defined by GAAP, the cumulative effect of changes in accounting principles, plus real estate related depreciation, amortization and impairments, and adjustments for unconsolidated partnerships and joint ventures. 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 further adjusts FFO (MFFO) for certain additional items that are not in NAREIT’s definition of FFO, including: (i) the exclusion of transaction and litigation costs, as these costs do not represent ongoing operations, and (ii) the exclusion of non-cash straight-line ground lease expense, as this expense does 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.

The following table reconciles the Company’s GAAP net income to FFO and MFFO for the three months ended March 31, 2017 and 2016.

	Three Months Ended	
	March 31,	
	2017	2016
Net income	\$ 34,365	\$ 34,686
Depreciation of real estate owned	43,537	33,254
Loss on impairment of depreciable real estate assets	7,875	-
Amortization of favorable and unfavorable leases, net	165	262
Funds from operations	85,942	68,202
Transaction and litigation costs	-	293
Non-cash straight-line ground lease expense	939	819
Modified funds from operations	<u>\$ 86,881</u>	<u>\$ 69,314</u>

Apple Hospitality REIT, Inc.
Debt Summary
(Unaudited) (\$ in thousands)
March 31, 2017

	April 1 - December 31, 2017	2018	2019	2020	2021	Thereafter	Total	Fair Market Value
Total debt:								
Maturities	\$ 8,325	\$ 11,620	\$ 398,879	\$ 451,758	\$ 95,928	\$ 437,569	\$ 1,404,079	\$ 1,398,136
Average interest rates	3.3%	3.3%	3.4%	3.7%	4.0%	4.0%		
Variable rate debt:								
Maturities	\$ -	\$ -	\$ 366,600	\$ 425,000	\$ 50,000	\$ 100,000	\$ 941,600	\$ 942,547
Average interest rates (1)	2.8%	2.8%	2.8%	2.9%	3.0%	3.1%		
Fixed rate debt:								
Maturities	\$ 8,325	\$ 11,620	\$ 32,279	\$ 26,758	\$ 45,928	\$ 337,569	\$ 462,479	\$ 455,589
Average interest rates	4.5%	4.5%	4.5%	4.5%	4.4%	4.3%		

(1) The average interest rate gives effect to interest rate swaps, as applicable.

Note: See further information on the Company's indebtedness in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

Apple Hospitality REIT, Inc.
Comparable Hotels Operating Metrics Top 20 Markets⁽¹⁾
Three Months ended March 31
(Unaudited)

Top 20 Markets	# of Hotels	Occupancy			ADR			RevPAR			% of Adjusted Hotel EBITDA
		Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017
Top 20 Markets											
Phoenix, AZ	8	81.9%	80.0%	2.4%	\$162.10	\$157.34	3.0%	\$132.79	\$125.86	5.5%	6.3%
Los Angeles/Long Beach, CA	8	87.5%	94.2%	(7.1)%	\$160.59	\$178.33	(9.9)%	\$140.58	\$167.96	(16.3)%	6.2%
San Diego, CA	7	80.3%	74.4%	7.9%	\$149.53	\$142.56	4.9%	\$120.00	\$106.07	13.1%	5.6%
Anaheim/Santa Ana, CA	6	85.2%	85.6%	(0.4)%	\$147.66	\$142.79	3.4%	\$125.77	\$122.17	3.0%	4.4%
Dallas, TX	9	75.5%	77.4%	(2.5)%	\$121.91	\$121.32	0.5%	\$92.07	\$93.94	(2.0)%	3.8%
Nashville, TN	5	74.0%	82.2%	(9.9)%	\$162.33	\$160.96	0.9%	\$120.17	\$132.26	(9.1)%	3.4%
Richmond/Petersburg, VA	4	73.0%	69.2%	5.4%	\$149.93	\$146.13	2.6%	\$109.38	\$101.10	8.2%	3.2%
Austin, TX	7	77.0%	77.1%	(0.1)%	\$132.88	\$135.51	(1.9)%	\$102.32	\$104.49	(2.1)%	3.1%
Fort Lauderdale, FL	3	89.2%	90.1%	(0.9)%	\$180.67	\$181.36	(0.4)%	\$161.22	\$163.39	(1.3)%	2.9%
Miami/Hialeah, FL	3	88.2%	90.6%	(2.6)%	\$177.14	\$193.70	(8.6)%	\$156.31	\$175.48	(10.9)%	2.7%
Seattle, WA	3	75.2%	75.0%	0.2%	\$169.63	\$157.73	7.5%	\$127.52	\$118.30	7.8%	2.2%
Houston, TX	6	66.8%	64.3%	3.9%	\$124.93	\$131.44	(4.9)%	\$83.41	\$84.46	(1.2)%	2.2%
Orlando, FL	3	88.5%	92.5%	(4.4)%	\$133.16	\$127.27	4.6%	\$117.82	\$117.76	0.0%	2.0%
Washington, DC-MD-VA	5	61.7%	65.5%	(5.8)%	\$134.49	\$125.24	7.4%	\$83.03	\$82.08	1.2%	2.0%
Oklahoma City, OK	4	76.1%	77.0%	(1.1)%	\$133.68	\$134.19	(0.4)%	\$101.78	\$103.29	(1.5)%	1.9%
Denver, CO	3	73.2%	68.5%	6.9%	\$140.39	\$141.20	(0.6)%	\$102.81	\$96.76	6.3%	1.8%
Chicago, IL	8	62.9%	60.0%	5.0%	\$114.91	\$119.22	(3.6)%	\$72.32	\$71.49	1.2%	1.8%
Fort Worth/Arlington, TX	5	72.4%	81.1%	(10.8)%	\$129.06	\$122.15	5.7%	\$93.38	\$99.12	(5.8)%	1.7%
Idaho	2	77.2%	76.0%	1.6%	\$125.42	\$119.95	4.6%	\$96.84	\$91.13	6.3%	1.6%
Tucson, AZ	3	88.2%	89.2%	(1.2)%	\$120.68	\$112.95	6.8%	\$106.43	\$100.80	5.6%	1.6%
Top 20 Markets	102	76.6%	77.0%	(0.5)%	\$143.10	\$143.07	0.0%	\$109.62	\$110.17	(0.5)%	60.4%
All Other Markets	133	72.3%	70.2%	2.9%	\$122.72	\$121.36	1.1%	\$88.67	\$85.26	4.0%	39.6%
Total Portfolio	235	74.4%	73.6%	1.1%	\$133.09	\$132.66	0.3%	\$99.02	\$97.65	1.4%	100.0%

(1) Based on Comparable Hotels Adjusted Hotel EBITDA contribution.

Note: Market categorization is based on STR, Inc. designation.

Apple Hospitality REIT, Inc.
Comparable Hotels Operating Metrics by Region
Three Months ended March 31
(Unaudited)

Region	# of Hotels	Occupancy			ADR			RevPAR			% of Adjusted Hotel EBITDA
		Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017
STR Region											
East North Central	15	64.8%	62.7%	3.3%	\$118.21	\$120.15	(1.6)%	\$76.62	\$75.36	1.7%	4.1%
East South Central	27	73.5%	72.9%	0.9%	\$123.12	\$123.63	(0.4)%	\$90.52	\$90.07	0.5%	8.6%
Middle Atlantic	12	69.7%	67.9%	2.7%	\$142.24	\$149.90	(5.1)%	\$99.21	\$101.84	(2.6)%	1.8%
Mountain	19	79.6%	77.1%	3.2%	\$140.54	\$135.59	3.6%	\$111.88	\$104.55	7.0%	12.4%
New England	4	61.4%	69.6%	(11.7)%	\$126.26	\$126.16	0.1%	\$77.57	\$87.81	(11.7)%	0.9%
Pacific	32	82.6%	81.3%	1.6%	\$154.71	\$155.23	(0.3)%	\$127.81	\$126.27	1.2%	22.5%
South Atlantic	63	75.3%	74.9%	0.5%	\$131.97	\$130.20	1.4%	\$99.39	\$97.53	1.9%	27.5%
West North Central	17	69.6%	66.4%	4.9%	\$117.07	\$116.17	0.8%	\$81.48	\$77.10	5.7%	4.8%
West South Central	46	72.5%	73.3%	(1.2)%	\$124.82	\$124.41	0.3%	\$90.45	\$91.23	(0.9)%	17.4%
Total Portfolio	235	74.4%	73.6%	1.1%	\$133.09	\$132.66	0.3%	\$99.02	\$97.65	1.4%	100.0%

Note: Region categorization is based on STR, Inc. designation.

Apple Hospitality REIT, Inc.
Comparable Hotels Operating Metrics by Location
Three Months ended March 31
(Unaudited)

Location	# of Hotels	Occupancy			ADR			RevPAR			% of Adjusted Hotel EBITDA
		Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017
STR Location											
Airport	16	80.4%	80.1%	0.4%	\$135.95	\$134.40	1.2%	\$109.32	\$107.64	1.6%	7.4%
Interstate	8	66.8%	67.6%	(1.2)%	\$109.36	\$111.33	(1.8)%	\$73.01	\$75.23	(3.0)%	2.2%
Resort	9	78.4%	77.1%	1.6%	\$145.84	\$143.40	1.7%	\$114.28	\$110.54	3.4%	5.3%
Small Metro/Town	19	72.2%	71.1%	1.4%	\$122.84	\$119.99	2.4%	\$88.66	\$85.37	3.8%	6.5%
Suburban	148	74.0%	73.0%	1.5%	\$129.42	\$130.64	(0.9)%	\$95.81	\$95.32	0.5%	59.2%
Urban	35	74.6%	74.6%	0.1%	\$148.04	\$144.14	2.7%	\$110.50	\$107.49	2.8%	19.4%
Total Portfolio	235	74.4%	73.6%	1.1%	\$133.09	\$132.66	0.3%	\$99.02	\$97.65	1.4%	100.0%

Note: Location categorization is based on STR, Inc. designation.

Apple Hospitality REIT, Inc.
Comparable Hotels Operating Metrics by Chain Scale
Three Months ended March 31
(Unaudited)

Chain Scale/Brand	# of Hotels	Occupancy			ADR			RevPAR			% of Adjusted Hotel EBITDA
		Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017	Q1 2016	% Change	Q1 2017
Upscale											
Courtyard	40	70.6%	70.6%	(0.0)%	\$135.73	\$137.42	(1.2)%	\$95.80	\$97.01	(1.3)%	18.9%
Hilton Garden Inn	41	72.2%	71.9%	0.4%	\$132.84	\$131.60	0.9%	\$95.92	\$94.62	1.4%	18.5%
Homewood Suites	34	79.3%	79.1%	0.2%	\$140.19	\$140.22	(0.0)%	\$111.18	\$110.98	0.2%	14.5%
Residence Inn	32	78.4%	77.0%	1.9%	\$142.53	\$141.10	1.0%	\$111.78	\$108.61	2.9%	15.7%
SpringHill Suites	17	74.2%	73.5%	0.9%	\$118.88	\$117.99	0.7%	\$88.15	\$86.74	1.6%	6.8%
Upscale Total	164	74.4%	73.9%	0.6%	\$135.29	\$134.97	0.2%	\$100.65	\$99.79	0.9%	74.4%
Upper Midscale											
Fairfield Inn/Fairfield Inn & Suites	11	79.0%	77.9%	1.5%	\$121.45	\$119.25	1.9%	\$96.01	\$92.87	3.4%	4.2%
Hampton	36	73.2%	72.1%	1.6%	\$128.00	\$128.68	(0.5)%	\$93.76	\$92.75	1.1%	13.1%
Home2 Suites	6	80.8%	80.8%	(0.0)%	\$122.37	\$117.25	4.4%	\$98.87	\$94.76	4.3%	2.4%
TownePlace Suites	12	74.5%	73.8%	0.9%	\$103.45	\$99.32	4.2%	\$77.05	\$73.30	5.1%	3.3%
Upper Midscale Total	65	75.1%	74.0%	1.5%	\$122.45	\$121.35	0.9%	\$91.96	\$89.79	2.4%	23.0%
Upper Upscale											
Embassy Suites	2	83.8%	74.9%	11.9%	\$162.40	\$160.13	1.4%	\$136.10	\$119.90	13.5%	1.3%
Marriott	3	63.0%	61.5%	2.5%	\$149.22	\$147.45	1.2%	\$94.07	\$90.67	3.7%	2.9%
Renaissance	1	86.6%	79.6%	8.8%	\$184.12	\$206.98	(11.0)%	\$159.45	\$164.72	(3.2)%	(1.6)%
Upper Upscale Total	6	70.9%	67.0%	5.9%	\$158.63	\$160.51	(1.2)%	\$112.43	\$107.48	4.6%	2.6%
Total Portfolio	235	74.4%	73.6%	1.1%	\$133.09	\$132.66	0.3%	\$99.02	\$97.65	1.4%	100.0%

Note: Chain scale categorization is based on STR, Inc. designation.