
Section 1: 8-K (FORM 8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 22, 2019

APPLE HOSPITALITY REIT, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

001-37389
(Commission File Number)

26-1379210
(I.R.S. Employer
Identification Number)

814 East Main Street, Richmond, Virginia
(Address of principal executive offices)

23219
(Zip Code)

(804) 344-8121
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Apple Hospitality REIT, Inc. (which is referred to below as the “Company”) is filing this report in accordance with Items 5.02, 8.01 and 9.01 of Form 8-K.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Executive Leadership Transition Plan

On March 22, 2019, Kristian M. Gathright informed the Company that she plans to retire from her role as Executive Vice President and Chief Operating Officer of the Company during the first quarter of 2020. In addition, on March 22, 2019, Bryan F. Peery, Executive Vice President and Chief Financial Officer of the Company, informed the Company that he plans to retire from all positions he holds with the Company during the first quarter of 2020. Mrs. Gathright and Mr. Peery will continue to serve in their respective capacities with the Company until their retirement dates. There were no disagreements between the Company and each of Mrs. Gathright and Mr. Peery on any matter relating to the Company’s operations, policies or practices. The Company is working with an executive search firm, with a focus on external candidates, for a successor Chief Financial Officer. The Company will utilize the depth of its existing team and the new Chief Financial Officer to transition the responsibilities of Mrs. Gathright and Mr. Peery. Mrs. Gathright and Mr. Peery plan to remain with the Company over the next year to assist with an orderly transition and ensure an efficient and seamless integration of the new structure.

In addition, on March 22, 2019, the Board of Directors (the “Board”) of the Company increased the size of the Board from eight to nine directors and appointed Mrs. Gathright to serve as a member of the Board until the 2019 annual meeting of shareholders, each effective immediately.

Mrs. Gathright has served as Executive Vice President and Chief Operating Officer for the Company since its inception. In addition, Mrs. Gathright held various senior management positions with each of Apple Suites, Inc., Apple Hospitality Two, Inc., Apple Hospitality Five, Inc., Apple REIT Six, Inc., Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Ten, Inc. from inception until they were sold to a third party or merged with the Company. Prior to her service with these companies, Mrs. Gathright served as Assistant Vice President and Investor Relations Manager for Cornerstone Realty Income Trust, Inc., a REIT that owned and operated apartment communities in Virginia, North Carolina, South Carolina, Georgia and Texas. She also worked as an Asset Manager and Regional Controller of the Northern Region Operations for United Dominion Realty Trust, Inc., a REIT, and began her career with Ernst & Young LLP. Mrs. Gathright serves on the Board of Directors of the American Hotel and Lodging Association, as President of the Courtyard Franchise Advisory Council, and on the distribution advisory councils for Marriott and Hilton. Mrs. Gathright holds a Bachelor of Science degree, Graduate with Distinction, in Accounting from the McIntire School of Commerce at the University of Virginia, Charlottesville, Virginia. The Board of Directors believes her extensive hotel industry experience provides her with the skills and qualifications to serve as a director.

Mrs. Gathright will not receive compensation for her service as a director of the Company until her planned retirement from her role as Executive Vice President and Chief Operating Officer of the Company.

Amendment to Executive Severance Pay Plan

On March 22, 2019, the Compensation Committee of the Board and the Board approved an amendment (the “Amendment”) to the Apple Hospitality REIT, Inc. Executive Severance Pay Plan (the “Severance Plan”) to increase the severance multiple used in determining the cash severance payment from two and one-half (2 1/2) times to three (3) times the sum of (x) the executive’s Annual Bonus as defined in the Severance Plan and (y) the executive’s annualized base salary based on the highest monthly base salary paid or payable in any month of the 12-month period immediately preceding the month in which the Change in Control (as defined in the Severance Plan) occurred. Except as set forth in the Amendment, all other terms of the Severance Plan shall remain in full force and effect. Payment under the Severance Plan does not apply to retirement or resignation by an Executive Officer without Good Reason as defined in the Severance Plan.

The foregoing summary is not complete and is qualified in its entirety by reference to the copy of the Amendment, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

David P. Buckley Separation Agreement

As previously announced, on January 23, 2019, David P. Buckley, Executive Vice President and Chief Legal Officer of the Company, informed the Company that he plans to retire from all positions he holds with the Company effective as of April 15, 2019. On March 22, 2019, in anticipation of his retirement, the Company and Mr. Buckley entered into a separation and general release agreement (the "Separation Agreement") providing for certain benefits in connection with his retirement from the Company. Pursuant to the Separation Agreement, effective April 15, 2019, Mr. Buckley will resign as Executive Vice President and Chief Legal Officer of the Company, as well as from all of the offices, directorships, appointments and other positions he holds with the Company and its subsidiaries and affiliates. Under the terms of the Separation Agreement, subject to Mr. Buckley not revoking the Separation Agreement during the seven-day revocation period beginning on the date he signs the Separation Agreement, the Company has agreed to provide or cause to be provided the following benefits to Mr. Buckley: (i) a lump sum payment of \$500,000, less applicable taxes and withholdings, and (ii) vesting of all of the shares of restricted stock granted to Mr. Buckley by the Company, which are outstanding and unvested as of immediately prior to his resignation. Mr. Buckley also agreed (i) to not serve on the board of directors or similar body of a lodging-oriented real estate investment company that competes with the Company in the United States for a period of two years from and after April 15, 2019 and (ii) to a general release and waiver of claims against the Company, its subsidiaries, affiliates and employees. Mr. Buckley's decision to resign is not due to any disagreements between the Company and Mr. Buckley on any matter relating to the Company's operations, policies or practices. The foregoing summary is not complete and is qualified in its entirety by reference to the copy of the Separation Agreement, which is attached hereto as Exhibit 10.2 and is incorporated herein by reference.

Item 8.01. Other Events.

On March 25, 2019, the Company issued a press release announcing the appointment of Mrs. Gathright to the Board and the anticipated retirement of Mrs. Gathright and Mr. Peery as officers of the Company. A copy of the press release is attached hereto as Exhibit 99.1 and the information set forth therein is incorporated herein by reference.

Forward Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are typically 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 the Company 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 the Company to effectively acquire and dispose of properties; the ability of the Company 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; litigation risks; regulatory proceedings or inquiries; and changes in laws or regulations or interpretations of current laws and regulations that impact the Company's business, assets or classification as a real estate investment trust ("REIT"). Although the Company 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 Form 8-K 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 the Company or any other person that the results or conditions described in such statements or the objectives and plans of the Company will be achieved. In addition, the Company's qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code. Readers should carefully review the Company's financial statements and the notes thereto, as well as the risk factors described in the Company's filings with the Securities and Exchange Commission, including, but not limited to, those discussed in the section titled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Any forward-looking statement that the Company makes speaks only as of the date of this Form 8-K. The Company 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 [First Amendment to Apple Hospitality REIT, Inc. Executive Severance Pay Plan.](#)
- 10.2 [Separation Agreement and General Release, dated as of March 22, 2019, by and between Apple Hospitality REIT, Inc. and David P. Buckley.](#)
- 99.1 [Press Release dated March 25, 2019.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Apple Hospitality REIT, Inc.

By: /s/ Justin G. Knight
Justin G. Knight
President and Chief Executive Officer

March 27, 2019

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Section 2: EX-10.1 (EXHIBIT 10.1)

Exhibit 10.1

FIRST AMENDMENT TO THE APPLE HOSPITALITY REIT, INC. EXECUTIVE SEVERANCE PAY PLAN

The Apple Hospitality REIT, Inc. Executive Severance Pay Plan (the “Plan”) is hereby amended, effective as of March 22, 2019, as set forth below. All capitalized terms used but not defined in this First Amendment shall have the meanings ascribed to such terms in the Plan.

1. Section 2.9 of the Plan is hereby deleted and replaced in its entirety with the following:

“Executive or Participant” means the persons holding one or more of the officer positions with the Company listed on Appendix A, or any other person or position designated by the Committee to be eligible to participate in this Plan. The Committee may modify Appendix A from time to time, in its sole discretion.

2. Section 4.1(a)(iii) of the Plan is hereby deleted and replaced in its entirety with the following:

(iii) an amount equal to three (3) times the sum of the Executive’s Annual Base Salary and the Annual Bonus.

3. Article V (Certain Limitations on Payments by the Company) is hereby deleted and replaced in its entirety with the following:

Notwithstanding anything in the Plan to the contrary, if any payment which an Executive has the right to receive from the Company or any affiliated entity or any payment or benefits under any plan maintained by the Company or any affiliated entity (collectively, the “Payments”) would otherwise constitute an “excess parachute payment” (as defined in Code Section 280G), the Payments shall be reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax, but only if, by reason of such reduction, the net after-tax benefit received by the Executive shall exceed the net after-tax benefit that would be received by the Executive if no such reduction was made. The Company shall apply the limitations of Code Section 280G, and regulations thereunder, in good faith using the interpretation that is most likely to avoid the imposition of the excise tax on the Employee and ensures the deductibility of payments by the Company.

4. Appendix A of the Plan is hereby deleted and replaced in its entirety with Appendix A attached hereto.

5. All other terms and conditions of the Plan shall be unchanged and remain in full force and effect.

This First Amendment was duly adopted and approved by the Board of Directors of Apple Hospitality REIT, Inc. on the date first written above, and shall be effective as of such date.

Apple Hospitality REIT, Inc.

/s/ Bryan F. Peery
Bryan F. Peery
Executive Vice President and
Chief Financial Officer

Appendix A

Any position that includes any of the following titles at the Apple Hospitality REIT, Inc. level:

Executive Chairman of the Board
Chief Executive Officer
President
Executive Vice President

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Section 3: EX-10.2 (EXHIBIT 10.2)

Exhibit 10.2

March 22, 2019

David P. Buckley
814 East Main Street
Richmond, Virginia 23219

Dear Dave,

On behalf of Apple Hospitality REIT, Inc., a Virginia corporation (the “Company”), I am pleased to present you with this letter agreement (this “Agreement”) in connection with your planned retirement from the Company.

As you previously communicated to us, on April 15, 2019 (the “Separation Date”), you will resign from your position as Executive Vice President and Chief Legal Officer of the Company, as well as all of the offices, directorships, appointments, and other positions you hold with the Company and all of its parents, subsidiaries, and affiliates. You will continue to receive (or have received) your salary, benefits, and other regular compensation until the Separation Date. You will receive your final paycheck in the amount of \$19,523 plus benefits on April 15, 2019. You acknowledge that, as of the date you sign this Agreement, you have been paid all compensation owed (other than your final paycheck if you have not yet received it).

Additionally, if you sign and do not revoke this Agreement within the time period set forth below, the Company will provide or cause to be provided the following benefits to you: (1) a lump sum payment of \$500,000, less applicable taxes and withholdings, which will be paid to you within sixty (60) days following the Separation Date; and (2) all of the shares of Restricted Stock granted to you by the Company, which are outstanding and unvested as of immediately prior to the Separation Date, will become fully vested as of the Separation Date. You acknowledge that your entitlement to receive these benefits (the “Additional Benefits”) is subject to your execution and non-revocation of this Agreement within the time period set forth below, and that you are not entitled to the Additional Benefits absent your execution and non-revocation of this Agreement. You acknowledge that once you have received the Additional Benefits, you are not entitled to and will not seek any additional compensation for your service as an employee of the Company.

In exchange for the Additional Benefits, you agree, on behalf of yourself and all others who could assert a claim on your behalf, to release the Company and all of its parents, subsidiaries, affiliates, and employees, from any and all claims, whether known or unknown, arising out of or in connection with any event occurring or existing on or before the date you sign this Agreement, including claims under federal, state, or local law, and including claims under the Age Discrimination in Employment Act (“ADEA”). You also agree to assist the Company with transition of your responsibilities and to comply with other reasonable post-employment requests. This Agreement does not, however, prohibit you from engaging in activities that may not be prohibited by private agreement, such as filing a charge with the U.S. Equal Employment Opportunity Commission or similar agency (but you may not recover remuneration for filing such a charge) or reporting possible violations of law to a governmental agency or self-regulatory organization as a whistleblower or taking other actions protected under federal or state whistleblower law (including receiving a whistleblower award). In addition, nothing in this Agreement shall be construed as a waiver of any right you may have to indemnification under the charter or bylaws of the Company or any coverage provided by the Company’s Directors and Officers insurance.

You further agree that for two (2) years after the Separation Date, you will not serve on a board of directors (or similar governing body) of a lodging-oriented real estate investment company that competes with the Company in the United States of America, where your service to such body does not involve practicing law. For the avoidance of doubt, nothing in the prior sentence is intended to restrict you from practicing law.

Pursuant to the ADEA, you acknowledge and understand that you (1) have read and understand this Agreement and sign it voluntarily and without coercion; (2) are being advised to consult an attorney prior to signing this Agreement and have had a full opportunity to do so; (3) have twenty-one (21) calendar days from the date you received this Agreement to consider, sign, and return the Agreement to Bryan Peery,

and if you sign before the end of the twenty-one (21) day period, you have done so voluntarily; and (4) have seven (7) calendar days after signing this Agreement to revoke it by providing written notice of revocation to Bryan Peery no later than 11:59 p.m. on the seventh calendar day after you signed this Agreement. You further understand that if you revoke this Agreement, it is null and void and of no force or effect on either you or the Company. This Agreement is not effective or enforceable until after the seven (7) day period expires without revocation.

This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia. It may be executed in counterparts, and electronic signatures will suffice as original signatures. This Agreement (together with your resignation letter and the award agreements applicable to any vested or unvested equity awards) is the entire agreement between you and the Company as to its subject matter.

Dave, I thank you for your service and dedication to the Company and wish you the best in your retirement.

Sincerely,

/s/ Bryan Peery

Bryan Peery

Accepted and Agreed

/s/ David P. Buckley

David P. Buckley

March 22, 2019

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Section 4: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

Apple Hospitality REIT Announces Executive Leadership Transition Plan

Chief Operating Officer Krissy Gathright to join Board of Directors; expected to retire from COO role in 2020

Chief Financial Officer Bryan Peery expected to retire in 2020

RICHMOND, Va. (March 25, 2019) – Apple Hospitality REIT, Inc. (NYSE: APLE) (the “Company” or “Apple Hospitality”) announced today that the Company’s Board of Directors has appointed Kristian Gathright to the Board of Directors, effective March 22, 2019, and that Mrs. Gathright plans to retire from her role with the Company as Executive Vice President and Chief Operating Officer in the first quarter of 2020. The Company also announced today that Executive Vice President and Chief Financial Officer Bryan Peery intends to retire from the Company in the first quarter of 2020.

Apple Hospitality is working with an executive search firm, with a focus on external candidates, for a successor Chief Financial Officer. The Company will utilize the depth of its existing team and the new Chief Financial Officer to transition the responsibilities of Mrs. Gathright and Mr. Peery. Mrs. Gathright and Mr. Peery plan to remain with the Company over the next year to assist with an orderly transition and ensure an efficient and seamless integration of the new structure.

Justin Knight, the Company’s President and Chief Executive Officer, noted, “I cannot thank Krissy and Bryan enough for their dedication to the Apple REIT Companies and our shareholders throughout their careers, and we greatly appreciate their ongoing commitment to the Company during this transition. Their ability to produce results and develop Apple Hospitality and our team has been exceptional. I am excited Krissy has joined our Board of Directors, where we will continue to benefit from her outstanding industry knowledge and strategic expertise. Krissy and Bryan have been instrumental in making Apple Hospitality what it is today, and while I will miss my daily interactions with each of them upon their departures, we have an incredible team that I am confident will continue to drive the Company’s success.”

Mrs. Gathright was the first employee of the Apple REIT Companies, which began in 1999. She has played a vital role in the Companies’ growth and accomplishments, and through her leadership, passion and diligence, has made Apple Hospitality a leader in operational excellence and efficiency. In conjunction with her role with the Company, she has developed outstanding industry knowledge and experience through her involvement with brands, operators and organizations that support the hotel industry. Mrs. Gathright’s appointment to the Apple Hospitality Board of Directors increases its size from eight to nine members. She will stand for election as a Board-recommended nominee at the 2019

Annual Meeting of Shareholders. Her anticipated retirement in 2020 is not expected to impact her status as a Board member. Mrs. Gathright also serves on the Board of Directors of the American Hotel and Lodging Association, as President of the Courtyard Franchise Advisory Council, and on the distribution advisory councils for Marriott and Hilton. She holds a Bachelor of Science degree, Graduate with Distinction, in Accounting from the McIntire School of Commerce at the University of Virginia.

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 and most diverse portfolios of upscale, rooms-focused hotels in the United States. Apple Hospitality's portfolio consists of 243 hotels with more than 31,000 guest rooms located in 88 markets throughout 34 states. Franchised with industry-leading brands, the Company's portfolio comprises 114 Marriott-branded hotels, 128 Hilton-branded hotels and one Hyatt-branded hotel. For more information, please visit www.applehospitalityreit.com.

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 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; litigation risks; 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 titled “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018. 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.

Contact:

Apple Hospitality REIT, Inc.
Kelly Clarke, Vice President, Investor Relations
804-727-6321
kclarke@applereit.com

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

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