UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____**

Commission File Number 001-37389

APPLE HOSPITALITY REIT, INC.

(Exact name of registrant as specified in its charter)

Virginia	**26-1379210**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
814 East Main Street **Richmond, Virginia**	**23219**
(Address of principal executive offices)	(Zip Code)

(804) 344-8121

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value	APLE	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	
Non-accelerated filer ☐	Smaller reporting company ☐	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of registrant's common shares outstanding as of October 26, 2026: 236,102,620

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2026 (unaudited)	December 31, 2025
Assets		
Investment in real estate, net of accumulated depreciation and amortization of $2,074,366 and $1,972,264, respectively	$ 4,660,396	$ 4,787,864
Assets held for sale	38,121	-
Cash and cash equivalents	42,674	8,515
Restricted cash-furniture, fixtures and other escrows	8,444	30,903
Due from third-party managers, net	61,915	32,952
Other assets, net	58,597	41,944
Total Assets	$ 4,870,147	$ 4,902,178
Liabilities		
Debt, net	$ 1,479,113	$ 1,538,584
Finance lease liabilities	110,610	111,094
Accounts payable and other liabilities	129,374	103,905
Total Liabilities	1,719,097	1,753,583
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 236,102,620 and 235,635,813 shares, respectively	4,725,135	4,719,900
Accumulated other comprehensive income	14,272	2,251
Accumulated distributions greater than net income	(1,588,357)	(1,573,556)
Total Shareholders' Equity	3,151,050	3,148,595
Total Liabilities and Shareholders' Equity	$ 4,870,147	$ 4,902,178

See notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues:				
Room	$ 362,027	$ 339,986	$ 1,031,858	$ 985,439
Food and beverage	16,724	15,734	51,467	49,419
Other	19,581	18,158	55,301	51,092
Total revenue	398,332	373,878	1,138,626	1,085,950
Expenses:				
Hotel operating expense:				
Operating	97,287	93,958	283,195	272,611
Hotel administrative	32,594	32,742	96,957	95,056
Sales and marketing	33,580	32,994	97,047	96,880
Utilities	15,642	14,928	41,517	39,251
Repair and maintenance	19,138	18,210	56,130	53,658
Franchise fees	19,064	16,659	54,284	48,287
Management fees	12,169	12,469	34,863	36,651
Total hotel operating expense	229,474	221,960	663,993	642,394
Property taxes, insurance and other	21,619	22,449	65,876	68,679
General and administrative	10,915	7,528	34,870	24,820
Impairment of depreciable real estate	4,317	5,724	6,636	5,724
Depreciation and amortization	49,809	48,100	148,998	144,063
Total expense	316,134	305,761	920,373	885,680
Gain on sale of real estate	-	4,380	112	7,937
Operating income	82,198	72,497	218,365	208,207
Interest and other expense, net	(21,467)	(21,375)	(62,356)	(61,735)
Income before income taxes	60,731	51,122	156,009	146,472
Income tax expense	(258)	(242)	(760)	(723)
Net income	$ 60,473	$ 50,880	$ 155,249	$ 145,749
Other comprehensive income (loss):				
Interest rate derivatives	5,883	(1,386)	12,021	(12,743)
Comprehensive income	$ 66,356	$ 49,494	$ 167,270	$ 133,006
Basic and diluted net income per common share	$ 0.26	$ 0.21	$ 0.66	$ 0.61
Weighted average common shares outstanding - basic and diluted	236,171	237,072	236,145	238,255

See notes to consolidated financial statements.

Apple Hospitality REIT, Inc.
Consolidated Statements of Shareholders' Equity
(Unaudited)
(in thousands, except per share data)

Three Months Ended September 30, 2026 and 2025

	Common Stock		Accumulated Other Comprehensive Income (Loss)	Accumulated Distributions Greater Than Net Income	Total
	Number of Shares	Amount			
Balance at June 30, 2026	236,083	$ 4,724,605	$ 8,389	$ (1,592,148)	$ 3,140,846
Share-based compensation, net of common shares surrendered to satisfy employee tax withholding requirements	8	502	-	-	502
Issuance of common shares, net	12	28	-	-	28
Interest rate derivatives	-	-	5,883	-	5,883
Net income	-	-	-	60,473	60,473
Distributions declared to shareholders ($0.24 per share)	-	-	-	(56,682)	(56,682)
Balance at September 30, 2026	236,103	$ 4,725,135	$ 14,272	$ (1,588,357)	$ 3,151,050
Balance at June 30, 2025	236,990	$ 4,735,003	$ 4,230	$ (1,540,448)	$ 3,198,785
Share-based compensation, net of common shares surrendered to satisfy employee tax withholding requirements	12	663	-	-	663
Equity issuance costs	-	(77)	-	-	(77)
Common shares repurchased	(170)	(2,039)	-	-	(2,039)
Interest rate derivatives	-	-	(1,386)	-	(1,386)
Net income	-	-	-	50,880	50,880
Distributions declared to shareholders ($0.24 per share)	-	-	-	(56,885)	(56,885)
Balance at September 30, 2025	236,832	$ 4,733,550	$ 2,844	$ (1,546,453)	$ 3,189,941

Nine Months Ended September 30, 2026 and 2025

	Common Stock		Accumulated Other Comprehensive Income (Loss)	Accumulated Distributions Greater Than Net Income	Total
	Number of Shares	Amount			
Balance at December 31, 2025	235,636	$ 4,719,900	$ 2,251	$ (1,573,556)	$ 3,148,595
Share-based compensation, net of common shares surrendered to satisfy employee tax withholding requirements	433	5,106	-	-	5,106
Issuance of common shares, net	34	129	-	-	129
Interest rate derivatives	-	-	12,021	-	12,021
Net income	-	-	-	155,249	155,249
Distributions declared to shareholders ($0.72 per share)	-	-	-	(170,050)	(170,050)
Balance at September 30, 2026	236,103	$ 4,725,135	$ 14,272	$ (1,588,357)	$ 3,151,050
Balance at December 31, 2024	239,766	$ 4,771,005	$ 15,587	$ (1,520,733)	$ 3,265,859
Share-based compensation, net of common shares surrendered to satisfy employee tax withholding requirements	599	8,256	-	-	8,256
Equity issuance costs	-	(482)	-	-	(482)
Common shares repurchased	(3,533)	(45,229)	-	-	(45,229)
Interest rate derivatives	-	-	(12,743)	-	(12,743)
Net income	-	-	-	145,749	145,749
Distributions declared to shareholders ($0.72 per share)	-	-	-	(171,469)	(171,469)
Balance at September 30, 2025	236,832	$ 4,733,550	$ 2,844	$ (1,546,453)	$ 3,189,941

See notes to consolidated financial statements.

Apple Hospitality REIT, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 155,249	$ 145,749
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	148,998	144,063
Impairment of depreciable real estate	6,636	5,724
Gain on sale of real estate	(112)	(7,937)
Other non-cash expenses, net	5,092	5,132
Changes in operating assets and liabilities:		
Increase in due from third-party managers, net	(28,963)	(18,320)
Increase in other assets, net	(3,207)	(1,513)
Increase in accounts payable and other liabilities	25,754	11,481
Net cash provided by operating activities	309,447	284,379
Cash flows from investing activities:		
Acquisition of hotel properties, net	-	(18,871)
Disbursements for potential acquisitions, net	(8)	(3,661)
Capital improvements	(66,706)	(58,809)
Net proceeds from sale of real estate	8,644	36,242
Net cash used in investing activities	(58,070)	(45,099)
Cash flows from financing activities:		
Net proceeds (disbursements) related to issuance of common shares	177	(422)
Repurchases of common shares	-	(45,229)
Common shares surrendered to satisfy employee withholding requirements	(1,907)	(3,275)
Distributions paid to common shareholders	(169,843)	(183,477)
Proceeds from revolving credit facility	89,100	173,000
Payments on revolving credit facility	(150,100)	(255,500)
Proceeds from term loans and senior notes	30,000	385,000
Payments on term loans and senior notes	-	(225,000)
Payments of mortgage debt and other loans	(24,003)	(39,071)
Principal payments on finance leases	(651)	(501)
Financing costs	(12,450)	(3,517)
Net cash used in financing activities	(239,677)	(197,992)
Net change in cash, cash equivalents and restricted cash	11,700	41,288
Cash, cash equivalents and restricted cash, beginning of period	39,418	44,067
Cash, cash equivalents and restricted cash, end of period	$ 51,118	$ 85,355
Supplemental cash flow information:		
Interest paid, net	$ 59,180	$ 59,895
Income taxes paid	$ 1,102	$ 1,009
Supplemental disclosure of noncash investing and financing activities:		
Accrued distribution to common shareholders	$ 18,874	$ 18,927
Accrued capital expenditures	$ 22,615	$ 4,576
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents, beginning of period	$ 8,515	$ 10,253
Restricted cash-furniture, fixtures and other escrows, beginning of period	30,903	33,814
Cash, cash equivalents and restricted cash, beginning of period	$ 39,418	$ 44,067
Cash and cash equivalents, end of period	$ 42,674	$ 50,290
Restricted cash-furniture, fixtures and other escrows, end of period	8,444	35,065
Cash, cash equivalents and restricted cash, end of period	$ 51,118	$ 85,355

See notes to consolidated financial statements.

Apple Hospitality REIT, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. Organization and Summary of Significant Accounting Policies

Organization

Apple Hospitality REIT, Inc., formed in November 2007 as a Virginia corporation, together with its wholly-owned subsidiaries (the "Company"), is a self-advised real estate investment trust ("REIT") that invests in income-producing real estate, primarily in the lodging sector, in the United States ("U.S."). The Company's fiscal year end is December 31. The Company has no foreign operations or assets, and its operating structure includes only one reportable segment. The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated. Although the Company has interests in potential variable interest entities through its purchase commitments, it is not the primary beneficiary as the Company does not have any elements of power in the decision-making process of these entities; therefore, the Company does not consolidate the entities. As of September 30, 2026, the Company owned 216 hotels with an aggregate of 29,459 guest rooms located in 37 states and the District of Columbia ("D.C."), including four hotels with 387 guest rooms classified as held for sale, which are expected to be sold in the fourth quarter of 2026. The Company's common shares are listed on the New York Stock Exchange ("NYSE") under the ticker symbol "APLE."

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include all of the information required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited financial statements should be read in conjunction with the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K"). Operating results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the twelve-month period ending December 31, 2026.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Net Income Per Common Share

Basic net income per common share is computed based upon the weighted average number of shares outstanding during the period. Diluted net income per common share is calculated after giving effect to all potential common shares that were dilutive and outstanding for the period. Basic and diluted net income per common share were the same for each of the periods presented.

Accounting Standards Recently Issued

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which focuses on improving the disclosures about a public business entity's amounts and types of expenses. The update mandates that an entity disclose the amounts of specific natural expense categories—such as purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion—within relevant expense captions presented on the face of the income statement. Additionally, an entity must disclose qualitative descriptions of the composition of any remaining expense not separately disaggregated and disclose the total amount of selling expenses, and in annual reporting periods, its definition of selling expenses. The new standard is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The amendments in this ASU may be applied prospectively by providing the revised disclosures for the period ending December 31, 2027 and continuing to provide the pre-ASU disclosures for the prior periods, or the amendments may be applied retrospectively by providing the revised disclosures for all periods presented. As of September 30, 2026, the Company has not adopted this ASU and is currently evaluating the impact of this ASU on the Company's consolidated financial statements and related disclosures.

2. Investment in Real Estate

The Company's investment in real estate consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Land	$ 833,315	$ 841,027
Building and improvements	5,091,600	5,137,909
Furniture, fixtures and equipment	656,558	649,910
Finance ground lease assets	102,084	102,084
Franchise fees	34,290	29,198
Construction in progress	16,915	-
	6,734,762	6,760,128
Less accumulated depreciation and amortization	(2,074,366)	(1,972,264)
Investment in real estate, net	$ 4,660,396	$ 4,787,864

As of September 30, 2026, the Company owned 216 hotels with an aggregate of 29,459 guest rooms located in 37 states and the District of Columbia, including four hotels with 387 guest rooms classified as held for sale, which are expected to be sold in the fourth quarter of 2026. The Company's hotel and guest room counts as of September 30, 2026 include its independent boutique hotel in New York, New York (the "New York Property"). On April 4, 2025, the Company recovered possession of this property and reinstated operations of the hotel's 209 guest rooms through a third-party manager engaged by the Company. Therefore, starting in April 2025, the New York Property was included in the Company's hotel and guest room counts. From May 2023 through March 2025, the Company classified the property as a "non-hotel property" and excluded it from hotel and guest room counts, as it was leased to a third-party hotel operator.

The Company leases all of its 216 hotels to its wholly-owned taxable REIT subsidiary (or a subsidiary thereof) under a master hotel lease agreement.

Acquisitions

The Company did not acquire any hotels during the nine months ended September 30, 2026. During the year ended December 31, 2025, the Company acquired two hotels. The following table sets forth the location, brand, manager, date acquired, number of guest rooms and gross purchase price, excluding transaction costs, for each property. All dollar amounts are in thousands.

City	State	Brand	Manager	Date Acquired	Guest Rooms	Gross Purchase Price
Tampa	FL	Homewood Suites	HHM	6/10/2025	126	$ 18,800
Nashville	TN	Motto	Chartwell	12/19/2025	260	98,183
					386	$ 116,983

During 2025, the Company utilized available cash, proceeds from the sales of properties, which included proceeds from two separate like-kind exchanges, in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended ("1031 Exchange"), and borrowings under its unsecured credit facilities to purchase the Tampa, Florida and Nashville, Tennessee hotels. The acquisitions of these properties were accounted for as acquisitions of asset groups, whereby costs incurred to effect the acquisitions (which were not significant) were capitalized as part of the cost of the assets acquired.

3. Assets Held for Sale and Dispositions

Assets Held for Sale

During the third quarter of 2026, the Company entered into three purchase and sale agreements with two unrelated parties to sell four hotels for an aggregate gross sales price of $50.3 million. Because the buyer under each contract made a non-refundable deposit, as of September 30, 2026, the Company classified the four hotels as assets held for sale on its consolidated balance sheet. As of September 30, 2026, three of the hotels were recorded at their respective carrying values, each of which was less than its contracted sales price, net of costs to sell. The fourth hotel held for sale was recorded at its estimated fair value less costs to sell, which was based on its contracted sales price, resulting in an impairment loss recognized during the third quarter of 2026, as described below. All four hotels are expected to be sold in the fourth quarter of 2026.

Dispositions

The Company sold one hotel, a 124-guest-room Hampton in Rochester, Minnesota, during the nine months ended September 30, 2026. The hotel was sold on April 15, 2026, to an unrelated party for a gross sales price of approximately $8.7 million, resulting in a gain on the sale of approximately $0.2 million, net of transaction costs, which is included in the Company's consolidated statement of operations for the nine months ended September 30, 2026. The hotel had a total carrying value of approximately $8.3 million at the time of the sale. During the year ended December 31, 2025, the Company sold seven hotels to five unrelated parties for a combined gross sales price of approximately $73.3 million, resulting in a combined gain on the sales of approximately $13.1 million, net of transaction costs, which was included in the Company's consolidated statement of operations for the year ended December 31, 2025. The seven hotels had a total carrying value of approximately $58.9 million at their respective times of sale. The following table lists the seven hotels sold in 2025:

City	State	Brand	Date Sold	Guest Rooms
Chattanooga	TN	Homewood Suites	2/12/2025	76
Indianapolis	IN	SpringHill Suites	3/19/2025	130
Houston	TX	Marriott	8/18/2025	206
Clovis	CA	Hampton	11/5/2025	86
Clovis	CA	Homewood Suites	11/5/2025	83
Cedar Rapids	IA	Hampton	11/25/2025	103
Cedar Rapids	IA	Homewood Suites	11/25/2025	95
Total				779

Excluding gains on sale of real estate, the Company's consolidated statements of operations include operating losses of approximately $2.5 million and $1.5 million for the nine months ended September 30, 2026 and 2025, respectively, relating to the results of operations of the 12 hotels noted above (the four hotels held for sale at September 30, 2026, one hotel sold in the first nine months of 2026 and the seven hotels sold in 2025) for the period of ownership. The sale of these properties does not represent a strategic shift that has, or will have, a major effect on the Company's operations and financial results; therefore, the operating results for the period of ownership of these properties are included in income from continuing operations for the three and nine months ended September 30, 2026 and 2025, as applicable. The net proceeds from the sale of the one hotel in April 2026 were used to repay amounts outstanding under the $650 million revolving credit facility, as defined in Note 4 below. A portion of the proceeds from the sale of the hotel in March 2025 was used to complete a 1031 Exchange for the acquisition of the Homewood Suites in Tampa, Florida, as discussed above in Note 2, which resulted in the deferral of taxable gains of approximately $2.4 million. Similarly, a portion of the proceeds from the sale of two hotels in the fourth quarter of 2025 was used to complete a 1031 Exchange for the acquisition of the Motto in Nashville, Tennessee, as discussed above in Note 2, which resulted in the deferral of taxable gains of approximately $4.0 million. The net proceeds from the sales of the remaining four hotels in 2025 were used for share repurchases and other general corporate purposes.

Hotel Sale Contracts and Impairment of Depreciable Real Estate

In September 2026, the Company entered into a purchase and sale agreement with an unrelated party to sell one hotel for a gross sales price of $8.3 million. The Company classified the hotel as held for sale as of September 30, 2026 and identified indicators of impairment in connection with the anticipated sale. As a result, the Company recognized an impairment loss of approximately $4.3 million in the third quarter of 2026 to adjust the carrying value of the hotel to its estimated fair value less costs to sell, which was based on the contracted sales price, a Level 2 input under the fair value hierarchy. During the second quarter of 2026, the Company designated another hotel for potential sale. The Company identified indicators of impairment in connection with the anticipated sale and determined that the carrying value of the hotel was not recoverable. As a result, the Company recognized an impairment loss of approximately $2.3 million in the second quarter of 2026 to adjust the carrying value of the hotel to its estimated fair value, which was based on the anticipated sales price, a Level 2 input under the fair value hierarchy.

In August 2025, the Company entered into a purchase and sale agreement with an unrelated party to sell two hotels for an aggregate gross sales price of $16.1 million. The Company classified the hotels as held for sale as of September 30, 2025 and identified indicators of impairment in connection with the anticipated sale. As a result, the Company recognized an aggregate impairment loss of approximately $5.7 million in the third quarter of 2025 to adjust the carrying values of the hotels to their respective estimated fair values less costs to sell, which were based on the contracted sales prices, Level 2 inputs under the fair value hierarchy. The Company completed the sale of the hotels in November 2025.

4. Debt

Summary

As of September 30, 2026 and December 31, 2025, the Company's debt consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Revolving credit facility	$ -	$ 61,000
Term loans and senior notes, net	1,319,243	1,293,841
Mortgage debt, net	159,870	183,743
Debt, net	$ 1,479,113	$ 1,538,584

The aggregate amounts of principal payable under the Company's total debt obligations as of September 30, 2026 (including the Revolving Credit Facility (if any) (as defined below), term loans, senior notes and mortgage debt), for the remainder of this fiscal year, each of the next four fiscal years and thereafter are as follows (in thousands):

2026 (October - December)	$ 50,646
2027	3,602
2028	34,066
2029	162,294
2030	460,016
Thereafter	779,638
	1,490,262
Unamortized debt issuance costs	(11,149)
Total	$ 1,479,113

The Company uses interest rate swaps to manage its interest rate risk on a portion of its variable-rate debt. Throughout the terms of these interest rate swaps, the Company pays a fixed rate of interest and receives a floating rate of interest equal to the annual Secured Overnight Financing Rate ("SOFR") for a one-month term ("one-month SOFR"). Prior to March 2026, nine out of the eleven swaps then outstanding also included an additional 0.10% SOFR spread adjustment. In March 2026, the Company amended the nine interest rate swaps to remove the 0.10% SOFR spread adjustment. Following the amendments and through September 30, 2026, all interest rate swaps received a floating rate of interest equal to the one-month SOFR with no additional spread adjustment. The swaps are designed to effectively fix the interest payments on variable-rate debt instruments. See Note 5 for more information on the interest rate swap agreements. The Company's total fixed-rate and variable-rate debt, after giving effect to its interest rate swaps in effect as of September 30, 2026 and December 31, 2025, is set forth below. All dollar amounts are in thousands.

	September 30, 2026	Percentage	December 31, 2025	Percentage
Fixed-rate debt [(1)]	$ 895,262	60%	$ 994,265	64%
Variable-rate debt	595,000	40%	551,000	36%
Total	$ 1,490,262		$ 1,545,265	
Weighted-average interest rate of debt	4.87%		4.70%	

(1) Fixed-rate debt includes the portion of variable-rate debt where the interest payments have been effectively fixed by interest rate swaps as of the respective balance sheet date. See Note 5 for more information on the interest rate swap agreements.

Credit Facilities

$1.3 Billion Credit Facility

Prior to the Company's debt refinancing in July 2026, the Company utilized an unsecured credit facility, entered into on July 25, 2022 (the "$1.2 billion credit facility"), comprised of (i) a revolving credit facility with a maximum borrowing capacity of $650 million with an initial maturity date of July 25, 2026 (the "$650 million revolving credit facility"), (ii) a $275 million term loan with a maturity date of July 25, 2027 and (iii) a $300 million term loan with a maturity date of January 31, 2028. On July 23, 2026, the Company amended and restated the credit agreement for its existing $1.2 billion credit facility, which among other things, extended the maturity dates and increased the borrowing capacity of the $650 million revolving credit facility by $50 million to $700 million, resulting in a total borrowing capacity of approximately $1.3 billion (the "$1.3 billion credit facility"). The $1.3 billion credit facility is comprised of (i) a $700 million revolving credit facility with a maturity date of July 24, 2030 (the "Revolving Credit Facility"), (ii) a $275 million term loan with a maturity date of July 24, 2031 and (iii) a $300 million term loan with a maturity date of January 23, 2032.

Subject to certain conditions, including covenant compliance and additional fees, the Revolving Credit Facility maturity date may be extended up to one year. The credit agreement for the $1.3 billion credit facility contains customary affirmative and negative covenants and events of default, which are substantially the same terms as the previous credit agreement for the $1.2 billion credit facility, except for certain changes to the financial covenants as described under "Credit Facilities Covenants" below. The Company may make voluntary prepayments in whole or in part, at any time. Interest payments on the $1.3 billion credit facility are due monthly, and the interest rate, subject to certain exceptions, is equal to an annual SOFR rate for the selected interest period plus a margin ranging from 1.35% to 2.30%, depending upon the specific loan and the Company's consolidated leverage ratio, as calculated under the terms of the amended and restated credit agreement. This reflects improved pricing within most pricing level categories as compared to the prior range of 1.35% to 2.25% under the $1.2 billion credit facility. The Company is also required to pay quarterly an unused facility fee at an annual rate of 0.20% or 0.25% on the unused portion of the Revolving Credit Facility, based on the amount of borrowings outstanding during the quarter. As of September 30, 2026, the Company had availability of approximately $699.5 million under the Revolving Credit Facility after taking into account a $0.5 million outstanding letter of credit.

$385 Million Term Loan Facility

On July 28, 2026, the Company entered into an amendment to its existing $385 million term loan facility to align the interest rate margin range with the amended $1.3 billion credit facility. The amendment modified the applicable margin to a range of 1.35% to 2.25%, depending on the Company's consolidated leverage ratio, as calculated under the terms of the amended credit agreement. This reflects improved pricing within most pricing level categories compared to a range of 1.35% to 2.20% prior to the amendment. The amount of the loan and the maturity date of July 31, 2030, remained unchanged.

$160 Million Term Loan Facility

On July 24, 2026, the Company amended and restated the credit agreement for its existing $130 million term loan facility, which increased the amount of the term loan facility to $160 million, with the additional $30 million funded at closing (the "$160 million term loan facility") and extended the maturity date to July 24, 2033. In connection with the seven-year maturity extension, the interest rate margin was increased, with interest rates on the $160 million term loan facility, subject to certain exceptions, generally payable monthly, equal to an annual rate of the one-month SOFR plus a margin ranging from 1.70% to 2.65%, depending on the Company's consolidated leverage ratio, as calculated under the terms of the amended and restated credit agreement, as compared to a range of 1.35% to 2.20% prior to the amendment and restatement. The credit agreement for the $160 million term loan facility contains customary affirmative and negative covenants and events of default. The Company may make voluntary prepayments, in whole or in part, at any time, subject to certain conditions, including the payment of certain prepayment premiums in the event that the loan is prepaid on or prior to the second anniversary of the closing date of the amended and restated credit agreement.

$85 Million Term Loan Facility

On July 24, 2026, the Company entered into an amendment to its existing $85 million term loan facility, which updated the interest rate margin to a range of 1.35% to 2.25%, depending on the Company's consolidated leverage ratio, as calculated under the terms of the amended credit agreement, as compared to a range of 1.70% to 2.55% prior to the amendment. The amount of the loan and maturity date of December 31, 2029, remained unchanged.

As of September 30, 2026 and December 31, 2025, the details of the Company's unsecured credit facilities were as set forth in the table below. All dollar amounts are in thousands.

	Interest Rate		Maturity Date	Outstanding Balance	
				September 30, 2026	December 31, 2025
Revolving credit facility [1] [2]	SOFR + 1.40% to 2.30%	[8]	7/24/2030 [9]	$ -	$ 61,000
Term loans and senior notes					
$275 million term loan [3]	SOFR + 1.35% to 2.25%	[8]	7/24/2031	275,000	275,000
$300 million term loan [4]	SOFR + 1.35% to 2.25%	[8]	1/23/2032	300,000	300,000
$385 million term loan [5]	SOFR + 1.35% to 2.25%		7/31/2030	385,000	385,000
$160 million term loan [6]	SOFR + 1.70% to 2.65%	[8]	7/24/2033	160,000	130,000
$85 million term loan [7]	SOFR + 1.35% to 2.25%	[8]	12/31/2029	85,000	85,000
$50 million senior notes	3.60% to 4.35%		3/31/2030	50,000	50,000
$75 million senior notes	4.88% to 5.63%		6/2/2029	75,000	75,000
Term loans and senior notes at stated value				1,330,000	1,300,000
Unamortized debt issuance costs				(10,757)	(6,159)
Term loans and senior notes, net				1,319,243	1,293,841
Credit facilities, net [1]				$ 1,319,243	$ 1,354,841
Weighted-average interest rate [10]				5.02%	4.83%

(1) Excludes unamortized debt issuance costs of approximately $5.9 million related to the Revolving Credit Facility as of September 30, 2026 and $0.8 million related to the $650 million revolving credit facility as of December 31, 2025, which are included in other assets, net in the Company's consolidated balance sheets.

(2) On July 23, 2026, as part of the amendment and restatement of the existing $1.2 billion credit facility, the borrowing capacity of the existing $650 million revolving credit facility was increased by $50 million to $700 million, the maturity date was extended to July 24, 2030 and the applicable interest rate margin was modified to a range of 1.40% to 2.30% from a range of 1.40% to 2.25%. See the "$1.3 Billion Credit Facility" section above for details.

(3) On July 23, 2026, as part of the amendment and restatement of the existing $1.2 billion credit facility, the maturity date of the existing $275 million term loan facility was extended to July 24, 2031 and the applicable interest rate margin was modified to a range of 1.35% to 2.25% from a range of 1.35% to 2.20%. See the "$1.3 Billion Credit Facility" section above for details.

(4) On July 23, 2026, as part of the amendment and restatement of the existing $1.2 billion credit facility, the maturity date of the existing $300 million term loan facility was extended to January 23, 2032 and the applicable interest rate margin was modified to a range of 1.35% to 2.25% from a range of 1.35% to 2.20%. See the "$1.3 Billion Credit Facility" section above for details.

(5) On July 28, 2026, the Company entered into an amendment of its existing $385 million term loan facility, which modified its applicable interest rate margin to a range of 1.35% to 2.25% from a range of 1.35% to 2.20%. See the "$385 Million Term Loan Facility" section above for details.

(6) On July 24, 2026, the Company amended and restated the credit agreement for its existing $130 million term loan facility, which increased the amount of the term loan facility by $30 million to $160 million, extended its maturity date to July 24, 2033 and modified its applicable interest rate margin to a range of 1.70% to 2.65% from a range of 1.35% to 2.20%. See the "$160 Million Term Loan Facility" section above for details.

(7) On July 24, 2026, the Company entered into an amendment of its existing $85 million term loan facility, which modified its applicable interest rate margin to a range of 1.35% to 2.25% from a range of 1.70% to 2.55%. See the "$85 Million Term Loan Facility" section above for details.

(8) In March 2026, the Company amended the terms of the $650 million revolving credit facility and each unsecured term loan, as applicable, to remove the 0.10% SOFR spread adjustment.

(9) The Revolving Credit Facility matures on July 24, 2030, but it can be extended up to one year, subject to certain conditions including covenant compliance and payment of additional fees.

(10) Interest rate represents the weighted-average effective annual interest rate at the balance sheet date which includes the effect of interest rate swaps in effect on $610.0 million and $685.0 million of the outstanding variable-rate debt as of September 30, 2026 and December 31, 2025, respectively. See Note 5 for more information on the interest rate swap agreements. The one-month SOFR on September 30, 2026 and December 31, 2025 was 3.91% and 3.69%, respectively.

For the unsecured credit facilities noted in the table above, the Company may make voluntary prepayments, in whole or in part, at any time, subject to certain conditions. Interest on the Revolving Credit Facility and the unsecured term loans, subject to certain exceptions, is generally payable monthly, with interest rates that have historically been equal to the one-month SOFR plus a 0.10% SOFR spread adjustment plus a margin (margin ranges shown in the table above), based upon the Company's consolidated leverage ratio, as calculated under the terms of each respective credit agreement. In March 2026, the Company amended the terms of the $650 million revolving credit facility and each unsecured term loan to remove the 0.10% SOFR spread adjustment, with the exception of the $385 million term loan facility, which did not include the 0.10% SOFR spread adjustment. Interest payments on the senior notes are due quarterly, and the interest rates, subject to certain exceptions, have a range of annual rates (shown in the table above) based on the Company's consolidated leverage ratio, as calculated under the terms of each respective note agreement.

Credit Facilities Covenants

The credit agreements governing the unsecured credit facilities (collectively, the "credit agreements") contain customary affirmative and negative covenants, restrictions on certain investments and events of default. After giving effect to the July 2026 amendments, the credit agreements contain the following financial covenants, as of September 30, 2026 (capitalized terms not defined below are defined in the credit agreements):

- A ratio of Consolidated Total Indebtedness (net of the amount of unrestricted cash and cash equivalents in excess of $10.0 million) to Consolidated EBITDA ("Maximum Consolidated Leverage Ratio") of not more than 7.25 to 1.00;
- A ratio of Consolidated Secured Indebtedness to Consolidated Total Assets ("Maximum Secured Leverage Ratio") of not more than 45%;
- A ratio of Adjusted Consolidated EBITDA to Consolidated Fixed Charges ("Minimum Fixed Charge Coverage Ratio") of not less than 1.50 to 1.00 for the trailing four full quarters;
- A ratio of Unencumbered Adjusted NOI to Consolidated Implied Interest Expense for Consolidated Unsecured Indebtedness ("Minimum Unsecured Interest Coverage Ratio") of not less than 2.00 to 1.00 for the trailing four full quarters;
- A ratio of Consolidated Unsecured Indebtedness (net of the amount of unrestricted cash and cash equivalents in excess of $10.0 million) to Unencumbered Asset Value ("Maximum Unsecured Leverage Ratio") of not more than 60% (subject to a higher level in certain circumstances); and
- A ratio of Consolidated Secured Recourse Indebtedness to Consolidated Total Assets ("Maximum Secured Recourse Indebtedness") of not more than 10%.

In connection with the July 2026 amendment and restatement of the $1.2 billion credit facility, the financial covenants were modified as follows: (i) the 5% implied minimum interest rate floor previously used in calculating Consolidated Implied Interest Expense for the Minimum Unsecured Interest Coverage Ratio was removed, (ii) Consolidated Unsecured Indebtedness used in calculating the Maximum Unsecured Leverage Ratio was revised to be net of unrestricted cash and cash equivalents in excess of $10.0 million, and (iii) the Minimum Tangible Net Worth covenant was removed. In July 2026, the Company amended its other credit agreements to align their affirmative and negative covenants, restrictions on certain investments, and events of default, including the financial covenants described above, with those of the amended $1.3 billion credit facility. The Company was in compliance with the applicable covenants at September 30, 2026.

Mortgage Debt

As of September 30, 2026, the Company had approximately $160.3 million in outstanding mortgage debt secured by nine properties with maturity dates ranging from December 2026 to May 2038, and both stated interest rates and effective interest rates ranging from 3.40% to 4.22%. The loans generally provide for monthly payments of principal and interest on an amortized basis and defeasance or prepayment penalties if prepaid. The following table sets forth the hotel properties securing each loan, the interest rate, loan assumption or origination date, maturity date, the principal amount assumed or originated, and the outstanding balance prior to any debt issuance costs as of September 30, 2026 and December 31, 2025 for each of the Company's mortgage debt obligations. All dollar amounts are in thousands.

Location	Brand	Interest Rate	Loan Assumption or Origination Date	Maturity Date	Principal Assumed or Originated	Outstanding balance as of September 30, 2026	Outstanding balance as of December 31, 2025
Boise, ID	Hampton	4.37%	5/26/2016	6/11/2026[1]	24,000	$ -	$ 19,601
Burbank, CA	Courtyard	3.55%	11/3/2016	12/1/2026[2]	25,564	18,175	18,839
San Diego, CA	Courtyard	3.55%	11/3/2016	12/1/2026[2]	25,473	18,110	18,772
San Diego, CA	Hampton	3.55%	11/3/2016	12/1/2026[2]	18,963	13,482	13,975
Burbank, CA	SpringHill Suites	3.94%	3/9/2018	4/1/2028	28,470	21,810	22,498
Santa Ana, CA	Courtyard	3.94%	3/9/2018	4/1/2028	15,530	11,897	12,272
Richmond, VA	Courtyard	3.40%	2/12/2020	3/11/2030	14,950	12,915	13,174
Richmond, VA	Residence Inn	3.40%	2/12/2020	3/11/2030	14,950	12,915	13,174
Portland, ME	Residence Inn	3.43%	3/2/2020	3/1/2032	33,500	30,500	30,500
San Jose, CA	Homewood Suites	4.22%	12/22/2017	5/1/2038	30,000	20,458	21,460
					$ 231,400	160,262	184,265
Unamortized debt issuance costs						(392)	(522)
Total						$ 159,870	$ 183,743

(1) Loan was repaid in full on June 11, 2026.

(2) Loan was repaid in full on October 14, 2026.

5. Fair Value of Financial Instruments

Except as described below, the carrying value of the Company's financial instruments approximates fair value due to the short-term nature of these financial instruments.

Debt

The Company estimates the fair value of its debt by discounting the future cash flows of each instrument at estimated market rates consistent with the maturity of a debt obligation with similar credit terms and credit characteristics, which are Level 3 inputs under the fair value hierarchy. Market rates take into consideration general market conditions and maturity. As of September 30, 2026, both the carrying value and the estimated fair value of the Company's debt were approximately $1.5 billion. As of December 31, 2025, both the carrying value and estimated fair value of the Company's debt were approximately $1.5 billion. Both the carrying value and the estimated fair value of the Company's debt (as discussed above) are net of unamortized debt issuance costs related to term loans, senior notes and mortgage debt for each specific year.

Derivative Instruments

Currently, the Company uses interest rate swaps to manage its interest rate risk on variable-rate debt. Throughout the terms of these interest rate swaps, the Company pays a fixed rate of interest and receives a floating rate of interest equal to the one-month SOFR. Prior to March 2026, nine out of the eleven swaps then outstanding also included an additional 0.10% SOFR spread adjustment. In March 2026, the Company amended the nine interest rate swaps to remove the 0.10% SOFR spread adjustment. Following the amendments and through September 30, 2026, all interest rate swaps received a floating rate of interest equal to the one-month SOFR with no additional spread adjustment. The swaps are designed to effectively fix the interest payments on variable-rate debt instruments. These swap instruments are recorded at fair value and, if in an asset position, are included in other assets, net, and, if in a liability position, are included in accounts payable and other liabilities in the Company's consolidated balance sheets. The fair values of the Company's interest rate swap agreements are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts, which is considered a Level 2 measurement under the fair value hierarchy. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The following table sets forth information for each of the Company's interest rate swap agreements outstanding as of September 30, 2026 and December 31, 2025. All dollar amounts are in thousands.

					Fair Value Asset (Liability)	
Notional Amount at September 30, 2026	**Origination Date**	**Effective Date**	**Maturity Date**	**Swap Fixed Interest Rate**	**September 30, 2026**	**December 31, 2025**
Active interest rate swaps designated as cash flow hedges at September 30, 2026:						
$ 125,000	11/3/2023	11/3/2023	11/18/2026	4.41%	$ (78)	$ (1,061)
50,000	8/2/2024	8/2/2024	8/18/2027	3.53%	380	(196)
50,000	8/1/2024	8/5/2024	8/31/2027	3.74%	307	(373)
50,000	3/17/2023	3/20/2023	3/18/2028	3.40%	844	(133)
50,000	3/17/2023	3/20/2023	3/20/2028	3.39%	852	(144)
50,000	8/1/2024	8/5/2024	8/18/2028	3.65%	898	(491)
50,000	8/1/2025	8/1/2025	8/31/2028	3.38%	1,174	(114)
50,000	8/1/2025	8/1/2025	8/31/2028	3.38%	1,183	(117)
50,000	7/11/2024	7/18/2024	7/18/2029	3.86%	1,112	(890)
85,000	12/31/2019	12/31/2019	12/31/2029	1.77%	7,600	5,082
610,000					14,272	1,563
Matured interest rate swaps at September 30, 2026:						
75,000	8/21/2019	5/18/2021	5/18/2026	1.19%	-	688
$ 685,000					$ 14,272	$ 2,251

The Company assesses, both at inception and on an ongoing basis, the effectiveness of its qualifying cash flow hedges. As of September 30, 2026, all 10 active interest rate swap agreements listed above were designated as cash flow hedges. The change in the fair value of the Company's designated cash flow hedges is recorded to accumulated other comprehensive income, a component of shareholders' equity in the Company's consolidated balance sheets.

Amounts reported in accumulated other comprehensive income will be reclassified to interest and other expense, net, as interest payments are made or received on the Company's variable-rate derivatives. The Company estimates that approximately $5.6 million of net unrealized gains included in accumulated other comprehensive income at September 30, 2026 will be reclassified as a decrease to interest and other expense, net within the next 12 months.

The following table presents the effect of derivative instruments in cash flow hedging relationships in the Company's consolidated statements of operations and comprehensive income for the three and nine months ended September 30, 2026 and 2025 (in thousands):

	Net Unrealized Gain Recognized in Other Comprehensive Income (Loss)		Net Unrealized Gain Reclassified from Accumulated Other Comprehensive Income to Interest and Other Expense, net	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2026	2025	2026	2025
Interest rate derivatives in cash flow hedging relationships	$ 6,218	$ 457	$ 335	$ 1,843

	Net Unrealized Gain (Loss) Recognized in Other Comprehensive Income (Loss)		Net Unrealized Gain Reclassified from Accumulated Other Comprehensive Income to Interest and Other Expense, net	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest rate derivatives in cash flow hedging relationships	$ 13,665	$ (6,076)	$ 1,644	$ 6,667

6. Related Parties

The Company has engaged in, and is expected to continue to engage in, transactions with related parties. These transactions cannot be construed as being at arm's length, and the results of the Company's operations may have been different if these transactions were conducted with non-related parties. There have been no changes to the contracts and relationships discussed in the 2025 Form 10-K. Below is a summary of the significant related party relationships in effect during the nine months ended September 30, 2026 and 2025.

Glade M. Knight, Executive Chairman of the Company, owns Apple Realty Group, Inc. ("ARG"), which receives support services from the Company and reimburses the Company for the cost of these services as discussed below. Mr. Knight is also currently a partner and Chief Executive Officer of Energy 11 GP, LLC and Energy Resources 12 GP, LLC, which are the respective general partners of Energy 11, L.P. and Energy Resources 12, L.P., each of which receives support services from ARG.

The Company provides support services, including the use of the Company's employees and corporate office, to ARG and is reimbursed by ARG for the cost of these services. Under this cost sharing structure, amounts reimbursed to the Company include both compensation for personnel and office related costs (including office rent, utilities, office supplies, etc.) used by ARG. The amounts reimbursed to the Company are based on the actual costs of the services and a good faith estimate of the proportionate amount of time incurred by the Company's employees on behalf of ARG. Total reimbursed costs allocated by the Company to ARG for the nine months ended September 30, 2026 and 2025 totaled approximately $1.0 million and $0.9 million, respectively, and are recorded as a reduction to general and administrative expenses in the Company's consolidated statements of operations.

As part of the cost sharing arrangement, certain day-to-day transactions may result in amounts due to or from the Company and ARG. To efficiently manage cash disbursements, the Company or ARG may make payments for the other company. Under this cash management process, each company may advance or defer up to $1 million at any time. Each quarter, any outstanding amounts are settled between the companies. This process allows each company to minimize its cash on hand and reduces the cost for each company. The amounts outstanding at any point in time are not significant to either of the companies. As of September 30, 2026 and December 31, 2025, total amounts due from ARG for reimbursements under the cost sharing structure totaled approximately $0.4 million and $0.5 million, respectively, and are included in other assets, net in the Company's consolidated balance sheets.

The Company, through its wholly-owned subsidiary, Apple Air Holding, LLC, owns an aircraft used primarily for acquisition, asset management, renovation, investor, corporate and public relations and other business purposes. The aircraft may from time to time be leased to affiliates of the Company based on third-party rates. Lease activity was not significant during the reporting periods.

From time to time, the Company utilizes aircraft, owned by an entity that is owned by the Company's Executive Chairman, for acquisition, asset management, renovation, investor, corporate and public relations and other business purposes, and reimburses this

entity at third-party rates. Total costs incurred for the use of the aircraft during the nine months ended September 30, 2026 and 2025 were less than $0.1 million in each period and are included in general and administrative expenses in the Company's consolidated statements of operations.

7. Shareholders' Equity

Distributions

For the three and nine months ended September 30, 2026, the Company paid distributions of $0.24 and $0.72 per common share, respectively, for a total of $56.6 million and $169.8 million, respectively. During the three and nine months ended September 30, 2025, the Company paid distributions of $0.24 and $0.77 per common share, respectively, for a total of $56.8 million and $183.5 million, respectively. Additionally, in September 2026, the Company declared a monthly cash distribution of $0.08 per common share, totaling $18.9 million, which was recorded as a payable as of September 30, 2026 and paid on October 15, 2026. Distributions declared but not paid at the balance sheet date are included in accounts payable and other liabilities in the Company's consolidated balance sheets as of September 30, 2026 and December 31, 2025, respectively.

Issuance of Shares

On February 23, 2024, the Company entered into an equity distribution agreement pursuant to which the Company may sell, from time to time, up to an aggregate of $500 million of its common shares under an at-the-market offering program (the "ATM Program") under the Company's current shelf registration statement. The Company did not sell any common shares under the ATM Program during the three and nine months ended September 30, 2026 or during the year ended December 31, 2025. As of September 30, 2026, $500 million remained available for issuance under the ATM Program. The Company plans to use future net proceeds from the sale of shares under the ATM Program, or under a similar successor program, for general corporate purposes, which may include, among other things, acquisitions of additional properties, the repayment of outstanding indebtedness, capital expenditures, improvement of properties in its portfolio and working capital. The Company may also use the future net proceeds to acquire another REIT or other company that invests in income-producing properties.

Share Repurchases

In May 2026, the Company's Board of Directors approved a one-year extension of its existing share repurchase program, authorizing share repurchases up to an aggregate of $242.5 million (the "Share Repurchase Program"). The Share Repurchase Program may be suspended or terminated at any time by the Company and will end in July 2027 if not terminated or extended earlier. The Company previously entered into, and expects to continue to enter into, written trading plans as part of the Share Repurchase Program that provide for share repurchases in open market transactions that are intended to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company did not repurchase any common shares under the Share Repurchase Program during the three and nine months ended September 30, 2026. During the three months ended September 30, 2025, the Company purchased, under its Share Repurchase Program, approximately 0.2 million of its common shares at a weighted-average market purchase price of approximately $11.99 per common share for an aggregate purchase price, including commissions, of approximately $2.0 million, bringing the total share repurchases for the nine months ended September 30, 2025, to approximately 3.5 million common shares at a weighted-average market purchase price of approximately $12.79 per common share for an aggregate purchase price, including commissions, of approximately $45.2 million. Past purchases under the Share Repurchase Program have been funded, and the Company intends to fund future share repurchases, with cash on hand, proceeds from dispositions or availability under its unsecured credit facilities, subject to applicable restrictions under the Company's unsecured credit facilities (if any). The timing of share repurchases and the number of common shares to be purchased under the Share Repurchase Program will also depend upon prevailing market conditions, regulatory requirements and other factors. As of September 30, 2026, approximately $242.5 million remained available for purchase under the Share Repurchase Program.

8. Compensation Plans

The Company annually establishes an incentive compensation plan for its executive management team, which is approved by the Compensation Committee. Under the incentive compensation plan for 2026 (the "2026 Incentive Plan"), participants are eligible to receive incentive compensation based on the achievement of certain 2026 performance measures, with one-half (50%) of incentive compensation based on operational metrics and performance goals and one-half (50%) of incentive compensation based on shareholder return metrics. With respect to the shareholder return metrics, 75% of the target will be based on shareholder return relative to a peer group and 25% will be based on total shareholder return metrics over one-year, two-year, and three-year periods. With respect to the operational metrics and performance goals, 75% of the operational performance target will be based on the following metrics: Comparable Hotels RevPAR growth, Comparable Hotels Adjusted Hotel EBITDA margin, Adjusted EBITDAre and Modified Funds from Operations per share, equally weighted at 18.75% (non-GAAP financial measures are defined elsewhere within this Quarterly Report on Form 10-Q). The remaining 25% of the operational performance target will be based on the management of balance sheet maturities and allocation of capital to drive shareholder returns. As of September 30, 2026, the range of remaining potential aggregate payouts under the 2026 Incentive Plan was $0 - $28.0 million. Based on performance through

September 30, 2026, the Company has accrued approximately $13.4 million as a liability for remaining potential executive incentive compensation payments under the 2026 Incentive Plan, which is included in accounts payable and other liabilities in the Company's consolidated balance sheet as of September 30, 2026. Compensation expense recognized by the Company related to executive incentive compensation under the 2026 Incentive Plan is included in general and administrative expenses in the Company's consolidated statement of operations and totaled approximately $4.4 million and $14.0 million for the three and nine months ended September 30, 2026, respectively. Approximately 25% of target awards under the 2026 Incentive Plan, if any, will be paid in cash, and 75% will be issued in common shares under the Company's 2024 Omnibus Incentive Plan, approximately two-thirds of which will be unrestricted and one-third of which will vest in December 2027.

Under the incentive compensation plan for 2025 (the "2025 Incentive Plan"), the Company recorded approximately $1.1 million and $5.5 million, respectively, for executive incentive compensation in general and administrative expenses in its consolidated statement of operations for the three and nine months ended September 30, 2025.

Share-Based Compensation Awards

The following table sets forth information pertaining to the executive share-based compensation issued under the 2025 Incentive Plan and the incentive plan for 2024 (the "2024 Incentive Plan").

	2025 Incentive Plan	**2024 Incentive Plan**
Period common shares issued	First Quarter 2026	First Quarter 2025
Common shares earned under each incentive plan	496,996	766,601
Common shares surrendered on issuance date to satisfy tax withholding obligations	128,757	221,309
Common shares earned and issued under each incentive plan, net of common shares surrendered on issuance date to satisfy tax withholding obligations	368,239	545,292
Average of the high and low stock price on issuance date	$12.10	$14.48
Total share-based compensation earned, including the surrendered shares (in millions)	$6.0[(1)]	$11.1[(2)]
Of the total common shares earned and issued, total common shares unrestricted at time of issuance	175,519	302,438
Of the total common shares earned and issued, total common shares restricted at time of issuance	192,720	242,854
Restricted common shares vesting date	December 11, 2026[(3)]	December 12, 2025
Common shares surrendered on vesting date to satisfy tax withholding requirements resulting from vesting of restricted common shares	7,074[(3)]	102,615

(1) Of the total 2025 executive share-based compensation, approximately $4.8 million was recorded as a liability as of December 31, 2025 and is included in accounts payable and other liabilities in the Company's consolidated balance sheet at December 31, 2025. Another $1.1 million, which is subject to vesting on December 11, 2026 and excludes any restricted shares forfeited or vested prior to that date, will be recognized as share-based compensation expense proportionately throughout 2026. For the three and nine months ended September 30, 2026, the Company recognized approximately $0.3 million and $0.9 million, respectively, of share-based compensation expense related to restricted share awards.

(2) Of the total 2024 executive share-based compensation, approximately $1.8 million, which vested on December 12, 2025, was recognized as share-based compensation expense proportionately throughout 2025. For the three and nine months ended September 30, 2025, the Company recognized approximately $0.4 million and $1.3 million, respectively, of share-based compensation expense related to restricted share awards.

(3) On June 16, 2026, 15,686 of the 192,720 restricted common shares earned and issued under the 2025 Incentive Plan vested early pursuant to a plan-provided vesting event, of which 7,074 common shares were surrendered on the vesting date to satisfy tax withholding requirements. The remaining 177,034 restricted common shares earned and issued under the 2025 Incentive Plan are subject to vesting on December 11, 2026.

9. Reportable Segments

The Company owns hotel properties throughout the U.S. that generate guest room rental, food and beverage, and other property-related income. There are no foreign operations from which the Company derives revenues and no assets are held in a foreign country. There are no material concentrations of 10% or more of total revenues allocated to a single customer for the reporting periods presented. The Chief Operating Decision Maker ("CODM") separately evaluates the performance, allocates capital resources and manages the overall operating and investing strategy of each of its hotel properties individually; therefore, the Company considers each hotel to be an operating segment. However, because each hotel is not individually significant, serves a similar class and mix of business and leisure customers, has similar economic characteristics and risks, facilities, and services, utilizes similar methods to distribute its products and services through third-party management companies, and is subject to similar regulatory environments, the properties have been combined into a single operating segment for reporting purposes. The CODM, who is the Chief Executive Officer of the Company, assesses the performance of each operating segment on a monthly basis using adjusted hotel earnings (loss) before interest expense, income taxes and depreciation and amortization ("Adjusted Hotel EBITDA"), the measure by which the CODM makes day-to-day operating decisions, compares actual results with budgeted and prior year results, invests in capital improvements, and performs competitive analysis of the Company's operating performance against industry peers.

Adjusted Hotel EBITDA, presented herein, is calculated as EBITDA from hotel operations with further exclusions as noted below. 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 further excludes the following items that are not reflective of its ongoing operating performance or not incurred in the normal course of business, and thus not utilized in the CODM's analysis to allocate resources and assess operating performance of the Company's business:

- gains and losses from the sale of certain real estate assets (including gains and losses from change in control);
- real estate related impairments;
- non-cash straight-line operating ground lease expense;
- actual corporate-level general and administrative expense for the Company, including share-based compensation expense; and
- operating results from the non-hotel property, prior to recovering possession on April 4, 2025.

The Company believes Adjusted Hotel EBITDA provides useful supplemental information to investors regarding operating performance, and it is used by management to measure the performance of the Company's hotels and the effectiveness of the operators of the hotels.

The following table reconciles the Company's single reportable segment Adjusted Hotel EBITDA to GAAP net income for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Total revenue	$ 398,332	$ 373,878	$ 1,138,626	$ 1,085,950
Less:				
Significant hotel operating expenses				
Operating	97,287	93,958	283,195	272,611
Hotel administrative	32,594	32,742	96,957	95,056
Sales and marketing	33,580	32,994	97,047	96,880
Utilities	15,642	14,928	41,517	39,251
Repair and maintenance	19,138	18,210	56,130	53,658
Franchise fees	19,064	16,659	54,284	48,287
Management fees	12,169	12,469	34,863	36,651
Total significant hotel operating expenses	229,474	221,960	663,993	642,394
Property taxes, insurance & other	21,619	22,449	65,876	68,679
Other segment items [(1)]	(130)	(133)	(393)	(1,060)
Adjusted Hotel EBITDA	**147,369**	**129,602**	**409,150**	**375,937**
General and administrative	(10,915)	(7,528)	(34,870)	(24,820)
Impairment of depreciable real estate	(4,317)	(5,724)	(6,636)	(5,724)
Depreciation and amortization	(49,809)	(48,100)	(148,998)	(144,063)
Gain on sale of real estate	-	4,380	112	7,937
Other segment items [(1)]	(130)	(133)	(393)	(1,060)
Interest expense, net	(21,467)	(21,375)	(62,356)	(61,735)
Income tax expense	(258)	(242)	(760)	(723)
Net income	**$ 60,473**	**$ 50,880**	**$ 155,249**	**$ 145,749**

(1) Includes operating results of the New York Property when classified as a non-hotel property through March 2025. On April 4, 2025, the Company recovered possession of the New York Property and reinstated operations of the hotel's 209 guest rooms through a third-party manager engaged by the Company. Additionally, for the three and nine months ended September 30, 2026 and 2025, expenses relating to amortization of favorable and unfavorable operating leases and non-cash straight-line operating ground lease expense are included. These items have been included for the purpose of ensuring their exclusion from Adjusted Hotel EBITDA, as they do not reflect the underlying operating performance of the Company's hotels.

Disclosure of the reportable segment's revenue and profit or loss is included in the Company's consolidated statements of operations and comprehensive income; its assets are presented in the consolidated balance sheets; and its significant noncash items are provided in its consolidated statements of cash flows, all within this Quarterly Report on Form 10-Q. For the nine months ended September 30, 2026 and 2025, the Company invested approximately $57.8 million and $49.6 million in capital expenditures, respectively.

10. Contract Commitments

Purchase Contract Commitments

As of September 30, 2026, the Company had one outstanding contract, which was entered into during the third quarter of 2025, for the potential purchase of a hotel in Anchorage, Alaska for an expected fixed purchase price of approximately $65.5 million. The hotel is under development as a 160-guest-room AC Hotel and is currently planned to be completed and opened for business in the fourth quarter of 2027. As of September 30, 2026, a $2.0 million contract deposit (refundable if the seller does not meet its obligations under the contract) had been paid. If the closing occurs, the Company plans to utilize its available cash or borrowings, including borrowings under its unsecured credit facilities available at closing, to purchase the hotel under contract. Although the Company is working towards acquiring this hotel, there are a number of conditions to closing that have not yet been satisfied, and there can be no assurance that closing on this hotel will occur under the outstanding purchase contract. If the seller meets all of the conditions to closing, the Company is obligated to specifically perform under the purchase contract and acquire this hotel. As this hotel is under development, at this time, the seller has not met all of the conditions to closing.

Development Project

During the third quarter of 2025, the Company entered into a fixed-price contract with a third party to develop a dual-branded property, consisting of an AC Hotel and a Residence Inn, on Company-owned land in Las Vegas, Nevada, adjacent to its existing SpringHill Suites. The Company expects to spend a total of approximately $143.7 million to develop the AC Hotel and Residence Inn, which are currently planned to be completed and opened for business in the third quarter of 2028. Upon completion, the AC Hotel and Residence Inn are expected to contain approximately 237 and 160 guest rooms, respectively. As of September 30, 2026, the Company has capitalized $16.9 million related to the construction of the AC Hotel and Residence Inn, with such costs included in investment in real estate, net and accounts payable and other liabilities in the Company's consolidated balance sheet. Additionally, the Company has paid $1.6 million in refundable (if the contracted third-party developer does not meet its obligation under the contract) deposits.

11. Subsequent Events

On October 14, 2026, the Company paid $49.6 million to repay in full a mortgage loan secured by three of its properties. The Company funded the repayment with cash on hand, including proceeds from the July 2026 increase in its $160 million term loan facility and cash flow from operations. See Note 4 for additional information concerning this transaction.

On October 15, 2026, the Company paid approximately $18.9 million, or $0.08 per common share, in distributions to shareholders of record as of September 30, 2026.

On October 19, 2026, the Company declared a monthly cash distribution of $0.08 per common share. The distribution is payable on November 16, 2026, to shareholders of record as of October 30, 2026.

In October 2026, the Company entered into a purchase and sale agreement with an unrelated party for the sale of one hotel for a gross sales price of approximately $21.5 million. The Company expects to complete the sale of this hotel in the fourth quarter of 2026. There are many conditions to closing on the sale of this hotel that have not yet been satisfied, and there can be no assurance that closing on the sale of this hotel will occur under the outstanding purchase and sale agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), 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 Apple Hospitality REIT, Inc. and its wholly-owned subsidiaries (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 and redeploy proceeds; the anticipated timing and frequency of shareholder distributions; the ability of the Company to fund capital obligations; 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 (including the potential effects of tariffs, inflation or a recessionary environment); reduced business and leisure travel due to geopolitical uncertainty, including terrorism and acts of war; travel-related health concerns, including widespread outbreaks of infectious or contagious diseases in the U.S.; inclement weather conditions, including natural disasters such as hurricanes, earthquakes and wildfires; government shutdowns, airline strikes or equipment failures, or other disruptions; adverse changes in the real estate and real estate capital markets; financing risks; changes in interest rates; 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 Quarterly Report 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 of 1986, as amended (the "Code"). Readers should carefully review the risk factors described in the Company's filings with the Securities and Exchange Commission ("SEC"), including but not limited to those discussed in the section titled "Risk Factors" in the 2025 Form 10-K. Any forward-looking statement that the Company makes speaks only as of the date of this Quarterly Report. 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.

The following discussion and analysis should be read in conjunction with the Company's Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, as well as the information contained in the 2025 Form 10-K.

Overview

The Company is a Virginia corporation that has elected to be treated as a REIT for U.S. federal income tax purposes. The Company is self-advised and invests in income-producing real estate, primarily in the lodging sector, in the U.S. As of September 30, 2026, the Company owned 216 hotels with an aggregate of 29,459 guest rooms located in urban, high-end suburban and developing markets throughout 37 states and the District of Columbia, including four hotels with 387 guest rooms classified as held for sale, which are expected to be sold in the fourth quarter of 2026. Substantially all of the Company's hotels operate under Marriott or Hilton brands. As of September 30, 2026, the hotels were operated and managed under separate management agreements with 15 hotel management companies, none of which are affiliated with the Company. The Company's common shares are listed on the NYSE under the ticker symbol "APLE."

Recent Hotel Portfolio Activities

The Company continually monitors market conditions and attempts to maximize shareholder value by investing in properties that it believes provide superior value over the long term. Consistent with this strategy and the Company's focus on investing in rooms-focused hotels, as of September 30, 2026, the Company had one outstanding contract, which was entered into during the third quarter of 2025, for the potential purchase of a hotel in Anchorage, Alaska for an expected fixed purchase price of approximately $65.5 million. The hotel is under development as a 160-guest-room AC Hotel and is currently planned to be completed and opened for business in the fourth quarter of 2027. As of September 30, 2026, a $2.0 million contract deposit (refundable if the seller does not meet its obligations under the contract) had been paid. If the closing occurs, the Company plans to utilize its available cash or borrowings, including borrowings under its unsecured credit facilities available at closing, to purchase the hotel under contract. Although the Company is working towards acquiring this hotel, there are a number of conditions to closing that have not yet been

satisfied, and there can be no assurance that closing on this hotel will occur under the outstanding purchase contract. If the seller meets all of the conditions to closing, the Company is obligated to specifically perform under the purchase contract and acquire this hotel. As this hotel is under development, at this time, the seller has not met all of the conditions to closing.

As of September 30, 2026, the Company had one outstanding development project. During the third quarter of 2025, the Company entered into a fixed-price contract with a third party to develop a dual-branded property, consisting of an AC Hotel and a Residence Inn, on Company-owned land in Las Vegas, Nevada, adjacent to its existing SpringHill Suites. The Company expects to spend a total of approximately $143.7 million to develop the AC Hotel and Residence Inn, which are currently planned to be completed and opened for business in the third quarter of 2028. Upon completion, the AC Hotel and Residence Inn are expected to contain approximately 237 and 160 guest rooms, respectively. As of September 30, 2026, the Company has capitalized $16.9 million related to the construction of the AC Hotel and Residence Inn.

For its existing portfolio, the Company monitors each property's profitability, market conditions and capital requirements and attempts to maximize shareholder value by disposing of properties when it believes that superior value can be provided from the sale of the property. As a result, during the nine months ended September 30, 2026, the Company sold one hotel to an unrelated party for a gross sales price of approximately $8.7 million, resulting in a gain on the sale of approximately $0.2 million, net of transaction costs. The Company used the net proceeds from the sale to repay amounts outstanding under the $650 million revolving credit facility. In addition, during the three months ended September 30, 2026, the Company entered into three purchase and sale agreements with two unrelated parties to sell four hotels for an aggregate gross sales price of $50.3 million. Because the buyer under each contract made a non-refundable deposit, as of September 30, 2026, the Company classified the four hotels as assets held for sale on its consolidated balance sheet. As of September 30, 2026, three of the hotels were recorded at their respective carrying values, each of which was less than its contracted sales price, net of costs to sell. The fourth hotel held for sale was recorded at its estimated fair value less costs to sell, which was based on the contracted sales price, resulting in an impairment loss recognized during the third quarter of 2026. All four hotels are expected to be sold in the fourth quarter of 2026. Subsequent to the end of the quarter, in October 2026, the Company entered into a purchase and sale agreement with an unrelated party for the sale of one hotel for a gross sales price of approximately $21.5 million. The Company expects to complete the sale of this hotel in the fourth quarter of 2026. There are many conditions to closing on the sale of this hotel that have not yet been satisfied, and there can be no assurance that closing on the sale of this hotel will occur under the outstanding purchase and sale agreement.

See Note 3 titled "Assets Held for Sale and Dispositions" and Note 10 titled "Contract Commitments" in the Company's Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, for additional information concerning these transactions.

As of September 30, 2026, the Company's New York Property was included in the Company's hotel and guest room counts. On April 4, 2025, the Company recovered possession of this property and reinstated operations of the hotel's 209 guest rooms through a third-party manager engaged by the Company. Therefore, starting in April 2025, the New York Property was included in the Company's hotel and guest room counts. From May 2023 through March 2025, the Company classified the property as a "non-hotel property" and excluded it from hotel and guest room counts, as it was leased to a third-party hotel operator.

Hotel Operations

As of September 30, 2026, the Company owned 216 hotels, including four hotels classified as held for sale, with a total of 29,459 guest rooms as compared to 220 hotels with a total of 29,687 guest rooms as of September 30, 2025. Results of operations are included only for the period of ownership for hotels acquired or disposed of during the current reporting period and the prior year. During the nine months ended September 30, 2026, the Company did not acquire any properties and sold one property on April 15, 2026. During the nine months ended September 30, 2025, the Company acquired one existing hotel on June 10, 2025, and sold three properties, including one property sold on February 12, 2025, one property sold on March 19, 2025, and one property sold on August 18, 2025. On April 4, 2025, the Company recovered possession from a third-party hotel operator and reinstated operations of its 209-guest-room New York Property through a third-party manager engaged by the Company.

Management Company Transitions

The Company continually evaluates the performance of each property and may transfer management responsibilities to a different third-party manager to improve operational efficiency and maximize asset value. In markets or regions where the Company owns multiple properties, it may consolidate hotels under specific third-party managers to leverage regional expertise, gain operating efficiencies, and enhance overall portfolio performance. In 2025, the Company transitioned the management responsibilities for nine hotels to different third-party management companies with which it already had existing management agreements for other properties, a portion of which involved transitions from hotels previously managed by affiliates of Marriott to management companies unaffiliated with Marriott, Hilton, or Hyatt. In January 2026, the Company transitioned the remaining nine hotels managed by affiliates of Marriott, as of December 31, 2025, to separate management companies that are not affiliated with Marriott, Hilton or

Hyatt. Effective October 1, 2026, the Company transitioned the management responsibilities of one hotel to a new third-party management company.

Operating Results

In evaluating financial condition and operating performance, the most important indicators on which the Company focuses are revenue measurements, such as average occupancy, average daily rate ("ADR") and revenue per available room ("RevPAR"), and expenses, such as hotel operating expenses, general and administrative expenses and other expenses described below. RevPAR and operating results may be impacted by regional and local economies and local regulations as well as changes in lodging demand due to macroeconomic factors including inflationary or deflationary pressures, changes in energy costs, economic expansion or a recessionary environment.

The following is a summary of the results from operations of the Company's hotels for their respective periods of ownership by the Company:

	Three Months Ended September 30,					Nine Months Ended September 30,				
(in thousands, except statistical data)	**2026**	**Percent of Revenue**	**2025**	**Percent of Revenue**	**Percent Change**	**2026**	**Percent of Revenue**	**2025**	**Percent of Revenue**	**Percent Change**
Total revenue	$ 398,332	100.0%	$ 373,878	100.0%	6.5%	$ 1,138,626	100.0%	$ 1,085,950	100.0%	4.9%
Hotel operating expense	229,474	57.6%	221,960	59.4%	3.4%	663,993	58.3%	642,394	59.2%	3.4%
Property taxes, insurance and other expense	21,619	5.4%	22,449	6.0%	-3.7%	65,876	5.8%	68,679	6.3%	-4.1%
General and administrative expense	10,915	2.7%	7,528	2.0%	45.0%	34,870	3.1%	24,820	2.3%	40.5%
Impairment of depreciable real estate	4,317		5,724		-24.6%	6,636		5,724		15.9%
Depreciation and amortization expense	49,809		48,100		3.6%	148,998		144,063		3.4%
Gain on sale of real estate	-		4,380		n/a	112		7,937		-98.6%
Interest and other expense, net	21,467		21,375		0.4%	62,356		61,735		1.0%
Income tax expense	258		242		6.6%	760		723		5.1%
Net income	60,473		50,880		18.9%	155,249		145,749		6.5%
Adjusted Hotel EBITDA [(1)]	147,369		129,602		13.7%	409,150		375,937		8.8%
Number of hotels owned at end of period	216		220		-1.8%	216		220		-1.8%
ADR	$ 170.25		$ 162.70		4.6%	$ 166.04		$ 161.00		3.1%
Occupancy	78.5%		76.2%		3.0%	77.2%		75.3%		2.5%
RevPAR	$ 133.58		$ 124.03		7.7%	$ 128.10		$ 121.28		5.6%

(1) See reconciliation of Adjusted Hotel EBITDA to net income in "Non-GAAP Financial Measures" below.

Comparable Hotels Operating Results

The following table reflects certain operating statistics for the Company's 212 hotels owned and held for use as of September 30, 2026 ("Comparable Hotels"). The Company defines metrics from Comparable Hotels as results generated by the 212 hotels owned and held for use as of the end of the reporting period. For the hotels acquired during the reporting periods shown, the Company has included, as applicable, results of those hotels for periods prior to the Company's ownership using information provided by the properties' prior owners at the time of acquisition and not adjusted by the Company. For dispositions and assets held for sale, results have been excluded for the Company's period of ownership.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Percent Change	2026	2025	Percent Change
ADR	$ 170.53	$ 163.45	4.3%	$ 166.38	$ 161.82	2.8%
Occupancy	78.3%	76.2%	2.8%	77.1%	75.4%	2.3%
RevPAR	$ 133.60	$ 124.55	7.3%	$ 128.24	$ 122.00	5.1%

Same Store Operating Results

The following table reflects certain operating statistics for the 209 hotels owned and held for use by the Company as of January 1, 2025 and during the entirety of the reporting periods being compared, excluding the New York Property ("Same Store Hotels").

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Percent Change	2026	2025	Percent Change
ADR	$ 169.74	$ 163.22	4.0%	$ 165.71	$ 161.63	2.5%
Occupancy	78.5%	76.1%	3.2%	77.3%	75.3%	2.7%
RevPAR	$ 133.26	$ 124.28	7.2%	$ 128.04	$ 121.77	5.1%

As discussed above, hotel performance is impacted by many factors, including the economic conditions in the U.S. as well as each individual locality. The Company's Comparable Hotels and Same Store Hotels revenue and operating results increased for the three and nine months ended September 30, 2026, compared to the same periods in 2025, reflecting broad-based improvement in both business and leisure travel demand beyond the impact of prior-year headwinds, including reduced government travel following the current administration's efforts to curtail government spending and broader U.S. macroeconomic uncertainty in 2025. Additionally, the 2026 FIFA World Cup events hosted in the U.S. drove incremental short-term demand and average daily rates across a number of markets during the months of June and July. The Company expects RevPAR to continue to show improvement as compared to 2025 for the remainder of the year. Based on performance through the third quarter, the Company currently expects full-year 2026 RevPAR to exceed 2025 levels, assuming no material changes in the macroeconomic environment.

Revenues

The Company's principal source of revenue is hotel revenue consisting of room, food and beverage, and other related revenue. For the three months ended September 30, 2026 and 2025, the Company had total revenue of $398.3 million and $373.9 million, respectively. For the nine months ended September 30, 2026 and 2025, the Company had total revenue of $1.1 billion in each respective period. For the three months ended September 30, 2026 and 2025, respectively, Comparable Hotels achieved combined average occupancy of 78.3% and 76.2%, ADR of $170.53 and $163.45, and RevPAR of $133.60 and $124.55. For the nine months ended September 30, 2026 and 2025, respectively, Comparable Hotels achieved combined average occupancy of 77.1% and 75.4%, ADR of $166.38 and $161.82, and RevPAR of $128.24 and $122.00. ADR is calculated as room revenue divided by the number of rooms sold, and RevPAR is calculated as occupancy multiplied by ADR.

Compared to the same periods in 2025, during the three and nine months ended September 30, 2026, respectively, the Company's Comparable Hotels ADR increased by 4.3% and 2.8%, while occupancy increased by 2.8% and 2.3%, resulting in an increase in RevPAR of 7.3% and 5.1%. Revenue increased for the three and nine months ended September 30, 2026 compared to the same periods in 2025, reflecting improved demand beyond the impact of prior-year headwinds, including reduced government travel following the current administration's efforts to curtail government spending and broader U.S. macroeconomic uncertainty in 2025. Revenue growth for the third quarter of 2026 was further driven by markets that hosted FIFA World Cup events in July, as well as broad-based RevPAR improvement across the portfolio throughout the quarter, including markets that did not host FIFA World Cup events, reflecting growth in both business and leisure travel demand. Markets with significantly above-average growth in the third quarter of 2026, compared to the same period in 2025, for the Company included Anchorage, Chicago, Dallas, Pittsburgh, Richmond, San Diego, South Bend and Washington, D.C. For the remainder of 2026, the Company expects RevPAR to exceed 2025 levels for its Comparable Hotels, which is consistent with broader expectations for applicable industry chain scale averages assuming the current

macroeconomic environment continues. Future revenues could be negatively impacted by, among other things, historical seasonal trends, deterioration of consumer sentiment, a recessionary macroeconomic environment, inflationary pressures, reduced government travel or continued geopolitical uncertainty.

Hotel Operating Expense

Hotel operating expense consists of direct room operating expense, hotel administrative expense, sales and marketing expense, utilities expense, repair and maintenance expense, franchise fees and management fees. Hotel operating expense for the three months ended September 30, 2026 and 2025 totaled $229.5 million and $222.0 million, respectively, or 57.6% and 59.4% of total revenue for the respective periods. For the nine months ended September 30, 2026 and 2025, hotel operating expense totaled $664.0 million and $642.4 million, respectively, or 58.3% and 59.2% of total revenue for the respective periods. The increases in hotel operating expense for the three and nine months ended September 30, 2026, as compared to the same periods in 2025, were primarily driven by higher occupancy levels, which resulted in increased variable operating expenses, including labor and maintenance costs. Utilities expense increased due to a combination of increased occupancy and increases in overall utility rates. Additionally, ongoing inflationary pressures across the broader economy contributed to the increase in operational costs for these periods. While total payroll costs reflect a competitive labor market, wage growth has moderated. For the remainder of 2026, the Company anticipates a similar operating expense environment. The Company continues to monitor and support its management companies' efforts to realize operational efficiencies and mitigate the impact of various cost pressures while responding effectively to changes in guest preferences and the overall operating environment to maximize operational efficiency.

Property Taxes, Insurance and Other Expense

Property taxes, insurance and other expense for the three months ended September 30, 2026 and 2025 was $21.6 million and $22.4 million, respectively, or 5.4% and 6.0% of total revenue for the respective periods. For the nine months ended September 30, 2026 and 2025, property taxes, insurance and other expense totaled $65.9 million and $68.7 million, respectively, or 5.8% and 6.3% of total revenue for the respective periods. The decreases in property taxes, insurance and other expense for the three and nine months ended September 30, 2026, as compared to the same periods in 2025, were primarily due to decreases in property insurance premiums and successful appeals of real estate tax assessments from prior periods in certain jurisdictions. The Company will continue to proactively pursue tax assessment appeals in certain jurisdictions in an attempt to minimize tax increases, as warranted.

General and Administrative Expense

General and administrative expense for the three months ended September 30, 2026 and 2025 was $10.9 million and $7.5 million, respectively, or 2.7% and 2.0% of total revenue for the respective periods. For the nine months ended September 30, 2026 and 2025, general and administrative expense was $34.9 million and $24.8 million, respectively, or 3.1% and 2.3% of total revenue for the respective periods. The principal components of general and administrative expense are corporate payroll and related benefit costs, executive incentive compensation, legal fees, accounting fees and reporting expenses. The increases in general and administrative expense for the three and nine months ended September 30, 2026, as compared to the same periods in 2025, were primarily due to increased accruals based on anticipated operating performance under the Company's executive incentive compensation plan.

Impairment of Depreciable Real Estate

Impairment of depreciable real estate expense was approximately $4.3 million and $6.6 million for the three and nine months ended September 30, 2026, respectively, related to two properties the Company identified for potential sale, one in the second quarter and one in the third quarter of 2026. See Note 3 titled "Assets Held for Sale and Dispositions" in the Company's Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, for additional information concerning these impairment losses.

Depreciation and Amortization Expense

Depreciation and amortization expense for the three months ended September 30, 2026 and 2025 was $49.8 million and $48.1 million, respectively. For the nine months ended September 30, 2026 and 2025, depreciation and amortization expense was $149.0 million and $144.1 million, respectively. Depreciation and amortization expense primarily represents expense of the Company's hotel buildings and related improvements, and associated personal property (furniture, fixtures, and equipment) for the respective periods of ownership. The increases of approximately $1.7 million and $4.9 million for the three and nine months ended September 30, 2026, respectively, as compared to the same periods in 2025, were primarily due to renovations completed throughout 2025 and the first three quarters of 2026, as well as the acquisition of two hotels in the second and fourth quarters of 2025 totaling approximately $117.0 million, partially offset by the disposition of eight hotels in 2025 and 2026 with a combined carrying value of approximately $67.2 million at their respective times of sale.

Interest and Other Expense, net

Interest and other expense, net, for the three months ended September 30, 2026 and 2025 was $21.5 million and $21.4 million, respectively. For the nine months ended September 30, 2026 and 2025, interest and other expense, net, was $62.4 million and $61.7 million, respectively, and was net of approximately $1.0 million of capitalized interest associated with renovation projects for each respective period.

Interest expense related to the Company's debt instruments for the three and nine months ended September 30, 2026 remained relatively unchanged compared to the same periods of 2025 as a result of higher average borrowings associated with variable-rate debt, offset by lower average interest rates on the Company's variable-rate debt and lower average borrowings associated with fixed-rate debt. The Company anticipates interest expense for the remainder of 2026 will be relatively similar to the interest expense for the same period of 2025. The proportion of variable-rate debt that is fixed by interest rate swaps was lower over the nine months ended September 30, 2026 compared to the same period of 2025, as the Company had one interest rate swap in effect on $75.0 million of variable-rate debt mature during the first three quarters of 2026 and three interest rate swaps in effect on $150.0 million of variable-rate debt mature during 2025. However, this was partially offset as the Company entered into two new interest rate swaps in effect on $100.0 million of variable-rate debt during the third quarter of 2025, but at higher fixed rates than the swap agreements that expired.

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 Funds from Operations ("MFFO"), Earnings Before Interest, Income Taxes, Depreciation and Amortization ("EBITDA"), Earnings Before Interest, Income Taxes, Depreciation and Amortization for Real Estate ("EBITDAre"), Adjusted 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.

FFO and MFFO

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 (loss) (computed in accordance with 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, non-cash straight-line operating ground lease expense and share-based compensation 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. In addition, MFFO is a component of a key compensation measure of operational performance within the 2026 Incentive Plan.

The following table reconciles the Company's GAAP net income to FFO and MFFO for the three and nine months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 60,473	$ 50,880	$ 155,249	$ 145,749
Depreciation of real estate owned	49,041	47,341	146,650	141,784
Gain on sale of real estate	-	(4,380)	(112)	(7,937)
Impairment of depreciable real estate	4,317	5,724	6,636	5,724
Funds from operations	113,831	99,565	308,423	285,320
Amortization of finance ground lease assets	759	759	2,278	2,278
Amortization of favorable and unfavorable operating leases, net	102	102	306	306
Non-cash straight-line operating ground lease expense	28	31	87	95
Share-based compensation expense [(1)]	3,230	1,264	10,509	5,736
Modified funds from operations	$ 117,950	$ 101,721	$ 321,603	$ 293,735

(1) Effective January 1, 2026, in calculating MFFO, the Company began to exclude share-based compensation expense, as it represents a non-cash transaction, consistent with the MFFO presentation of the majority of other public lodging REITs. Prior year results have been updated to conform with the current year presentation.

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 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 and share-based compensation expense from EBITDAre useful, as these expenses do not reflect the underlying performance of the related hotels (Adjusted EBITDAre).

The Company further excludes corporate expense, defined as actual corporate-level general and administrative expense, excluding share-based compensation expense, for the Company as well as Adjusted EBITDAre from the non-hotel property (the New York Property) 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 it is used by management to measure the performance of the Company's hotels and the effectiveness of the operators of the hotels. In addition, Adjusted EBITDAre and Adjusted Hotel EBITDA are both components of key compensation measures of operational performance within the 2026 Incentive Plan.

The following table reconciles the Company's GAAP net income to EBITDA, EBITDAre, Adjusted EBITDAre and Adjusted Hotel EBITDA for the three and nine months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 60,473	$ 50,880	$ 155,249	$ 145,749
Depreciation and amortization	49,809	48,100	148,998	144,063
Amortization of favorable and unfavorable operating leases, net	102	102	306	306
Interest and other expense, net	21,467	21,375	62,356	61,735
Income tax expense	258	242	760	723
EBITDA	132,109	120,699	367,669	352,576
Gain on sale of real estate	-	(4,380)	(112)	(7,937)
Impairment of depreciable real estate	4,317	5,724	6,636	5,724
EBITDAre	136,426	122,043	374,193	350,363
Non-cash straight-line operating ground lease expense	28	31	87	95
Share-based compensation expense [1]	3,230	1,264	10,509	5,736
Adjusted EBITDAre	139,684	123,338	384,789	356,194
Corporate expense	7,685	6,264	24,361	19,084
Adjusted EBITDAre from non-hotel property [2]	-	-	-	659
Adjusted Hotel EBITDA	$ 147,369	$ 129,602	$ 409,150	$ 375,937

(1) Effective January 1, 2026, in calculating Adjusted EBITDAre, the Company began to exclude share-based compensation expense, as it represents a non-cash transaction and the add back to net income is consistent with the calculation of Adjusted EBITDA for the Company's financial covenant ratios under its credit facilities and consistent with the presentation of Adjusted EBITDA for the majority of other public lodging REITs. Prior year results have been updated to conform with the current year presentation.

(2) Non-hotel property consists of the results of the New York Property that was leased to a third-party hotel operator before possession was recovered and operations reinstated through a third-party manager on April 4, 2025. This property's Adjusted EBITDAre results are not included in Adjusted Hotel EBITDA beginning with the second half of 2023 through the first quarter of 2025.

Hotels Owned

As of September 30, 2026, the Company owned 216 hotels with an aggregate of 29,459 guest rooms located in 37 states and the District of Columbia, including four hotels with 387 guest rooms classified as held for sale, which are expected to be sold in the fourth quarter of 2026. The following tables summarize the number of hotels and guest rooms by brand and by state:

Number of Hotels and Guest Rooms by Brand

Brand	Number of Hotels	Number of Guest Rooms
Hilton Garden Inn	39	5,476
Courtyard	34	4,892
Hampton	33	4,518
Residence Inn	30	3,695
Homewood Suites	27	3,163
Fairfield	10	1,213
Home2 Suites	10	1,146
SpringHill Suites	8	1,333
TownePlace Suites	8	834
Embassy Suites	4	770
AC Hotels	4	702
Hyatt Place	3	411
Hyatt House	2	264
Marriott	1	413
Motto	1	260
Independent	1	212
Aloft Hotels	1	157
Total	216	29,459

Number of Hotels and Guest Rooms by State

State	Number of Hotels	Number of Guest Rooms
Alabama	13	1,246
Alaska	2	304
Arizona	13	1,776
California	24	3,553
Colorado	4	567
Florida	23	2,970
Georgia	5	585
Idaho	1	186
Illinois	7	1,255
Indiana	3	349
Iowa	1	103
Kansas	2	230
Kentucky	1	156
Louisiana	3	422
Maine	3	514
Maryland	2	233
Massachusetts	3	330
Michigan	1	148
Minnesota	2	281
Mississippi	2	168
Missouri	4	544
Nebraska	4	621
Nevada	1	300
New Jersey	5	629
New York	4	558
North Carolina	7	799
Ohio	3	406
Oklahoma	4	545
Oregon	1	243
Pennsylvania	4	525
South Carolina	5	590
Tennessee	10	1,424
Texas	25	3,005
Utah	6	919
Virginia	11	1,667
Washington	4	636
Wisconsin	2	438
Washington, D.C.	1	234
Total	216	29,459

The following table summarizes the location, brand, manager, date acquired or completed and number of guest rooms for each of the 216 hotels that the Company owned as of September 30, 2026. As noted below, as of September 30, 2026, 14 of the Company's properties are subject to ground leases and nine of its hotels are encumbered by mortgage debt.

City	State	Brand	Manager	Date Acquired or Completed	Guest Rooms	
Anchorage	AK	Embassy Suites	InnVentures	4/30/2010	169	
Anchorage	AK	Home2 Suites	InnVentures	12/1/2017	135	
Auburn	AL	Hilton Garden Inn	LBA	3/1/2014	101	
Birmingham	AL	Courtyard	LBA	3/1/2014	84	
Birmingham	AL	Hilton Garden Inn	LBA	9/12/2017	104	
Birmingham	AL	Home2 Suites	LBA	9/12/2017	106	
Birmingham	AL	Homewood Suites	McKibbon	3/1/2014	95	
Dothan	AL	Hilton Garden Inn	LBA	6/1/2009	104	
Dothan	AL	Residence Inn	LBA	3/1/2014	84	
Huntsville	AL	Hampton	LBA	9/1/2016	98	
Huntsville	AL	Hilton Garden Inn	LBA	3/1/2014	101	
Huntsville	AL	Home2 Suites	LBA	9/1/2016	77	
Huntsville	AL	Homewood Suites	LBA	3/1/2014	107	
Mobile	AL	Hampton	McKibbon	9/1/2016	101	(1)
Prattville	AL	Courtyard	LBA	3/1/2014	84	
Chandler	AZ	Courtyard	North Central	11/2/2010	150	
Chandler	AZ	Fairfield	North Central	11/2/2010	110	
Phoenix	AZ	Courtyard	North Central	11/2/2010	164	
Phoenix	AZ	Hampton	North Central	9/1/2016	125	(1)
Phoenix	AZ	Hampton	North Central	5/2/2018	210	
Phoenix	AZ	Homewood Suites	North Central	9/1/2016	134	(1)
Phoenix	AZ	Residence Inn	North Central	11/2/2010	129	
Scottsdale	AZ	Hilton Garden Inn	North Central	9/1/2016	122	
Tempe	AZ	Hyatt House	Crestline	8/13/2020	105	(1)
Tempe	AZ	Hyatt Place	Crestline	8/13/2020	154	(1)
Tucson	AZ	Hilton Garden Inn	Western	7/31/2008	125	
Tucson	AZ	Residence Inn	Western	3/1/2014	124	
Tucson	AZ	TownePlace Suites	Western	10/6/2011	124	
Agoura Hills	CA	Homewood Suites	Dimension	3/1/2014	125	
Burbank	CA	Courtyard	Huntington	8/11/2015	190	(2)
Burbank	CA	Residence Inn	Huntington	3/1/2014	166	
Burbank	CA	SpringHill Suites	Huntington	7/13/2015	170	(2)
Cypress	CA	Courtyard	Dimension	3/1/2014	180	
Cypress	CA	Hampton	Dimension	6/29/2015	110	
Oceanside	CA	Courtyard	Huntington	9/1/2016	142	
Oceanside	CA	Residence Inn	Huntington	3/1/2014	125	
Rancho Bernardo/San Diego	CA	Courtyard	InnVentures	3/1/2014	210	
Sacramento	CA	Hilton Garden Inn	Dimension	3/1/2014	153	
San Bernardino	CA	Residence Inn	InnVentures	2/16/2011	95	
San Diego	CA	Courtyard	Huntington	9/1/2015	245	(2)
San Diego	CA	Hampton	Dimension	3/1/2014	177	(2)
San Diego	CA	Hilton Garden Inn	InnVentures	3/1/2014	200	
San Diego	CA	Residence Inn	Dimension	3/1/2014	122	
San Jose	CA	Homewood Suites	Dimension	3/1/2014	140	(2)
San Juan Capistrano	CA	Residence Inn	Dimension	9/1/2016	130	(1)
Santa Ana	CA	Courtyard	Dimension	5/23/2011	155	(2)

City	State	Brand	Manager	Date Acquired or Completed	Guest Rooms	
Santa Clarita	CA	Courtyard	Dimension	9/24/2008	140	
Santa Clarita	CA	Fairfield	Dimension	10/29/2008	66	(3)
Santa Clarita	CA	Hampton	Dimension	10/29/2008	128	(3)
Santa Clarita	CA	Residence Inn	Dimension	10/29/2008	90	(3)
Tustin	CA	Fairfield	Huntington	9/1/2016	145	
Tustin	CA	Residence Inn	Huntington	9/1/2016	149	
Colorado Springs	CO	Hampton	Chartwell	9/1/2016	101	
Denver	CO	Hilton Garden Inn	InnVentures	9/1/2016	221	
Highlands Ranch	CO	Hilton Garden Inn	Dimension	3/1/2014	128	
Highlands Ranch	CO	Residence Inn	Dimension	3/1/2014	117	
Boca Raton	FL	Hilton Garden Inn	Dimension	9/1/2016	149	
Cape Canaveral	FL	Hampton	LBA	4/30/2020	116	
Cape Canaveral	FL	Homewood Suites	LBA	9/1/2016	153	
Cape Canaveral	FL	Home2 Suites	LBA	4/30/2020	108	
Fort Lauderdale	FL	Hampton	Dimension	6/23/2015	156	
Fort Lauderdale	FL	Residence Inn	LBA	9/1/2016	156	
Gainesville	FL	Hilton Garden Inn	McKibbon	9/1/2016	104	
Gainesville	FL	Homewood Suites	McKibbon	9/1/2016	103	
Jacksonville	FL	Homewood Suites	McKibbon	3/1/2014	119	
Jacksonville	FL	Hyatt Place	Crestline	12/7/2018	127	
Miami	FL	Courtyard	Dimension	3/1/2014	118	(1)
Miami	FL	Hampton	HHM	4/9/2010	121	
Miami	FL	Homewood Suites	Dimension	3/1/2014	162	
Orlando	FL	Fairfield	Crestline	7/1/2009	200	
Orlando	FL	Home2 Suites	LBA	3/19/2019	128	
Orlando	FL	SpringHill Suites	Crestline	7/1/2009	200	
Panama City	FL	Hampton	LBA	3/12/2009	95	
Panama City	FL	TownePlace Suites	LBA	1/19/2010	103	
Pensacola	FL	TownePlace Suites	McKibbon	9/1/2016	97	
Tallahassee	FL	Fairfield	LBA	9/1/2016	97	
Tallahassee	FL	Hilton Garden Inn	LBA	3/1/2014	85	(1)
Tampa	FL	Embassy Suites	HHM	11/2/2010	147	
Tampa	FL	Homewood Suites	HHM	6/10/2025	126	
Atlanta/Downtown	GA	Hampton	McKibbon	2/5/2018	119	
Atlanta/Perimeter Dunwoody	GA	Hampton	LBA	6/28/2018	132	
Atlanta	GA	Home2 Suites	McKibbon	7/1/2016	128	
Macon	GA	Hilton Garden Inn	LBA	3/1/2014	101	(1)
Savannah	GA	Hilton Garden Inn	Newport	3/1/2014	105	(1)
Davenport	IA	Hampton	Chartwell	9/1/2016	103	(3)
Boise	ID	Hampton	Raymond	4/30/2010	186	
Des Plaines	IL	Hilton Garden Inn	Raymond	9/1/2016	253	
Hoffman Estates	IL	Hilton Garden Inn	HHM	9/1/2016	184	
Mettawa	IL	Hilton Garden Inn	HHM	11/2/2010	170	
Mettawa	IL	Residence Inn	HHM	11/2/2010	130	
Rosemont	IL	Hampton	Raymond	9/1/2016	158	
Skokie	IL	Hampton	Raymond	9/1/2016	225	
Warrenville	IL	Hilton Garden Inn	HHM	11/2/2010	135	
Merrillville	IN	Hilton Garden Inn	HHM	9/1/2016	124	

City	State	Brand	Manager	Date Acquired or Completed	Guest Rooms	
Mishawaka	IN	Residence Inn	HHM	11/2/2010	106	
South Bend	IN	Fairfield	HHM	9/1/2016	119	
Overland Park	KS	Fairfield	Raymond	3/1/2014	110	
Overland Park	KS	Residence Inn	Raymond	3/1/2014	120	
Louisville	KY	AC Hotels	Concord	10/25/2022	156	
Lafayette	LA	Hilton Garden Inn	LBA	7/30/2010	153	(1)
Lafayette	LA	SpringHill Suites	LBA	6/23/2011	103	
New Orleans	LA	Homewood Suites	Dimension	3/1/2014	166	
Marlborough	MA	Residence Inn	Crestline	3/1/2014	112	
Westford	MA	Hampton	Crestline	3/1/2014	110	
Westford	MA	Residence Inn	Crestline	3/1/2014	108	
Annapolis	MD	Hilton Garden Inn	Crestline	3/1/2014	126	
Silver Spring	MD	Hilton Garden Inn	Crestline	7/30/2010	107	
Portland	ME	AC Hotels	Crestline	8/20/2021	178	
Portland	ME	Aloft Hotels	Crestline	9/10/2021	157	
Portland	ME	Residence Inn	Crestline	10/13/2017	179	(2)
Novi	MI	Hilton Garden Inn	HHM	11/2/2010	148	
Maple Grove	MN	Hilton Garden Inn	North Central	9/1/2016	121	
St. Paul	MN	Hampton	Raymond	3/4/2019	160	
Kansas City	MO	Hampton	Raymond	8/31/2010	122	
Kansas City	MO	Residence Inn	Raymond	3/1/2014	106	
St. Louis	MO	Hampton	Raymond	8/31/2010	190	
St. Louis	MO	Hampton	Raymond	4/30/2010	126	
Hattiesburg	MS	Courtyard	LBA	3/1/2014	84	
Hattiesburg	MS	Residence Inn	LBA	12/11/2008	84	
Carolina Beach	NC	Courtyard	Crestline	3/1/2014	144	
Charlotte	NC	Fairfield	Newport	9/1/2016	94	
Durham	NC	Homewood Suites	McKibbon	12/4/2008	122	
Fayetteville	NC	Home2 Suites	LBA	2/3/2011	118	
Jacksonville	NC	Home2 Suites	LBA	9/1/2016	105	
Wilmington	NC	Fairfield	Crestline	3/1/2014	122	
Winston-Salem	NC	Hampton	McKibbon	9/1/2016	94	
Omaha	NE	Courtyard	HHM	3/1/2014	181	
Omaha	NE	Hampton	HHM	9/1/2016	139	
Omaha	NE	Hilton Garden Inn	HHM	9/1/2016	178	
Omaha	NE	Homewood Suites	HHM	9/1/2016	123	
Cranford	NJ	Homewood Suites	Dimension	3/1/2014	108	
Mahwah	NJ	Homewood Suites	Dimension	3/1/2014	110	
Mount Laurel	NJ	Homewood Suites	Newport	1/11/2011	118	
Somerset	NJ	Courtyard	Newport	3/1/2014	162	(1)
West Orange	NJ	Courtyard	Newport	1/11/2011	131	
Las Vegas	NV	SpringHill Suites	Highgate	12/27/2023	300	
Islip/Ronkonkoma	NY	Hilton Garden Inn	Crestline	3/1/2014	166	
New York	NY	Independent	Highgate	3/1/2014	212	(1)
Syracuse	NY	Courtyard	Crestline	10/16/2015	102	
Syracuse	NY	Residence Inn	Crestline	10/16/2015	78	
Cleveland	OH	Courtyard	Concord	6/30/2023	154	
Mason	OH	Hilton Garden Inn	Raymond	9/1/2016	110	

City	State	Brand	Manager	Date Acquired or Completed	Guest Rooms	
Twinsburg	OH	Hilton Garden Inn	Concord	10/7/2008	142	
Oklahoma City	OK	Hampton	Raymond	5/28/2010	200	
Oklahoma City	OK	Hilton Garden Inn	Raymond	9/1/2016	155	
Oklahoma City	OK	Homewood Suites	Raymond	9/1/2016	100	
Oklahoma City (West)	OK	Homewood Suites	Chartwell	9/1/2016	90	
Portland	OR	Hampton	Raymond	11/17/2021	243	
Collegeville/Philadelphia	PA	Courtyard	Newport	11/15/2010	132	
Malvern/Philadelphia	PA	Courtyard	Newport	11/30/2010	127	
Pittsburgh	PA	AC Hotels	Concord	10/25/2022	134	
Pittsburgh	PA	Hampton	Newport	12/31/2008	132	
Charleston	SC	Home2 Suites	LBA	9/1/2016	122	
Columbia	SC	Hilton Garden Inn	Newport	3/1/2014	143	
Columbia	SC	TownePlace Suites	Newport	9/1/2016	91	
Greenville	SC	Hyatt Place	Crestline	9/1/2021	130	(4)
Hilton Head	SC	Hilton Garden Inn	McKibbon	3/1/2014	104	
Franklin	TN	Courtyard	Chartwell	9/1/2016	126	
Franklin	TN	Residence Inn	Chartwell	9/1/2016	124	
Knoxville	TN	Homewood Suites	McKibbon	9/1/2016	103	
Knoxville	TN	SpringHill Suites	McKibbon	9/1/2016	103	
Memphis	TN	Hampton	Crestline	2/5/2018	144	
Memphis	TN	Hilton Garden Inn	Crestline	10/28/2021	150	
Nashville	TN	Motto	Chartwell	12/19/2025	260	
Nashville	TN	Hilton Garden Inn	Dimension	9/30/2010	194	
Nashville	TN	Home2 Suites	Dimension	5/31/2012	119	
Nashville	TN	TownePlace Suites	Chartwell	9/1/2016	101	
Addison	TX	SpringHill Suites	Western	3/1/2014	159	
Arlington	TX	Hampton	Western	12/1/2010	98	
Austin	TX	Courtyard	Dimension	11/2/2010	145	
Austin	TX	Fairfield	Dimension	11/2/2010	150	
Austin	TX	Hampton	Dimension	4/14/2009	124	
Austin	TX	Homewood Suites	Dimension	4/14/2009	97	
Austin/Round Rock	TX	Hampton	Dimension	3/6/2009	94	
Austin/Round Rock	TX	Homewood Suites	Dimension	9/1/2016	115	
Dallas	TX	Homewood Suites	Western	9/1/2016	130	
Denton	TX	Homewood Suites	Chartwell	9/1/2016	107	
El Paso	TX	Homewood Suites	Western	3/1/2014	114	
Fort Worth	TX	Courtyard	LBA	2/2/2017	124	
Fort Worth	TX	Hilton Garden Inn	Raymond	11/17/2021	157	
Fort Worth	TX	Homewood Suites	Raymond	11/17/2021	112	
Fort Worth	TX	TownePlace Suites	Western	7/19/2010	140	
Frisco	TX	Hilton Garden Inn	Western	12/31/2008	102	
Grapevine	TX	Hilton Garden Inn	Western	9/24/2010	110	
Houston	TX	Courtyard	LBA	9/1/2016	124	
Houston	TX	Residence Inn	Western	3/1/2014	129	
Houston	TX	Residence Inn	Western	9/1/2016	120	
Lewisville	TX	Hilton Garden Inn	Western	10/16/2008	165	
San Antonio	TX	TownePlace Suites	Western	3/1/2014	106	
Shenandoah	TX	Courtyard	LBA	9/1/2016	124	

City	State	Brand	Manager	Date Acquired or Completed	Guest Rooms	
Stafford	TX	Homewood Suites	Western	3/1/2014	78	
Texarkana	TX	Hampton	Western	1/31/2011	81	
Provo	UT	Residence Inn	North Central	3/1/2014	114	
Salt Lake City	UT	Courtyard	North Central	10/11/2023	175	
Salt Lake City	UT	Hyatt House	North Central	10/11/2023	159	
Salt Lake City	UT	Residence Inn	North Central	10/20/2017	136	
Salt Lake City	UT	SpringHill Suites	North Central	11/2/2010	143	
South Jordan	UT	Embassy Suites	HHM	11/21/2023	192	
Alexandria	VA	Courtyard	HHM	3/1/2014	178	
Alexandria	VA	SpringHill Suites	HHM	3/28/2011	155	
Charlottesville	VA	Courtyard	Crestline	3/1/2014	139	
Manassas	VA	Residence Inn	Crestline	2/16/2011	107	
Richmond	VA	Courtyard	White Lodging	12/8/2014	135	(2)
Richmond	VA	Marriott	White Lodging	3/1/2014	413	(1)
Richmond	VA	Residence Inn	White Lodging	12/8/2014	75	(2)
Suffolk	VA	Courtyard	Crestline	3/1/2014	92	
Suffolk	VA	TownePlace Suites	Crestline	3/1/2014	72	
Virginia Beach	VA	Courtyard	Crestline	3/1/2014	141	
Virginia Beach	VA	Courtyard	Crestline	3/1/2014	160	
Kirkland	WA	Courtyard	InnVentures	3/1/2014	150	
Renton	WA	Residence Inn	InnVentures	10/18/2023	146	
Seattle	WA	Residence Inn	InnVentures	3/1/2014	234	
Tukwila	WA	Homewood Suites	Dimension	3/1/2014	106	
Madison	WI	Hilton Garden Inn	Raymond	2/18/2021	176	
Madison	WI	Embassy Suites	Raymond	6/20/2024	262	
Washington, D.C.	-	AC Hotels	HHM	3/25/2024	234	
Total					29,459	

(1) Property is subject to a ground lease.
(2) Hotel is encumbered by a mortgage.
(3) Hotels are classified as held for sale as of September 30, 2026, and are expected to be sold in the fourth quarter of 2026.
(4) Manager is as of September 30, 2026. Effective October 1, 2026, management responsibility of this property was transferred from Crestline to Auro Hotels Management, LLC ("Auro").

Related Parties

The Company has engaged in, and is expected to continue to engage in, transactions with related parties. These transactions cannot be construed as being at arm's length, and the results of the Company's operations may have been different if these transactions were conducted with non-related parties. See Note 6 titled "Related Parties" in the Company's Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, for additional information concerning the Company's related party transactions.

Liquidity and Capital Resources

Capital Resources

The Company's principal short-term sources of liquidity are the operating cash flows generated from the Company's properties and availability under its Revolving Credit Facility. Over the long term, the Company may receive proceeds from strategic additional secured and unsecured debt financing, dispositions of its hotel properties and offerings of the Company's common shares, including pursuant to the ATM Program. Macroeconomic pressures, including inflation, increases in interest rates and general market uncertainty, could impact the Company's ability to raise debt or equity capital to fund long-term liquidity requirements in a cost-effective manner.

As of September 30, 2026, the Company had $1.5 billion of total outstanding debt consisting of $160.3 million of mortgage debt and $1.3 billion outstanding under its unsecured credit facilities, excluding unamortized debt issuance costs. As of September 30, 2026, the Company had available corporate cash on hand of approximately $42.7 million, and unused borrowing capacity under its Revolving Credit Facility of approximately $699.5 million after taking into account a $0.5 million outstanding letter of credit.

The credit agreements governing the unsecured credit facilities contain customary affirmative and negative covenants and events of default. As of September 30, 2026, the covenants included, among others, maximum debt limits, minimum interest and fixed charge coverage ratios, and restrictions on certain investments. The Company was in compliance with the applicable covenants as of September 30, 2026.

On July 23, 2026, the Company amended and restated the credit agreement for its existing $1.2 billion credit facility, extending the maturity dates and increasing the borrowing capacity of the existing $650 million revolving credit facility by $50 million to $700 million, resulting in a total borrowing capacity of approximately $1.3 billion. The amended and restated credit agreement extended the maturity dates, modified certain financial covenants and changed the interest rate margin range to 1.35% to 2.30% as compared to a range of 1.35% to 2.25% prior to the amendment and restatement. The Company also entered into conforming amendments for its other unsecured credit facilities to align with the revised financial covenants.

On July 28, 2026, the Company entered into an amendment to its existing $385 million term loan facility which updated the interest rate margin to a range of 1.35% to 2.25% as compared to a range of 1.35% to 2.20% prior to the amendment.

On July 24, 2026, the Company amended and restated the credit agreement for its existing $130 million term loan facility, which increased the amount of the term loan facility to $160 million, with the additional $30 million funded at closing, extended the maturity date seven years to July 24, 2033 and, as a result of the longer tenor, changed the interest rate margin range to 1.70% to 2.65% as compared to a range of 1.35% to 2.20% prior to the amendment and restatement.

On July 24, 2026, the Company entered into an amendment to its existing $85 million term loan facility which updated the interest rate margin to a range of 1.35% to 2.25% as compared to a range of 1.70% to 2.55% prior to the amendment.

See Note 4 titled “Debt” in the Company’s Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, for details regarding the Company’s debt agreements as of September 30, 2026.

The Company has a universal shelf registration statement on Form S-3 (No. 333-285184) that was automatically effective upon filing on February 25, 2025. The Company may offer an indeterminate number or amount, as the case may be, of (1) common shares, no par value per share; (2) preferred shares, no par value per share; (3) depository shares representing the Company’s preferred shares; (4) warrants exercisable for the Company’s common shares, preferred shares or depository shares representing preferred shares; (5) rights to purchase common shares; and (6) unsecured senior or subordinate debt securities, all of which may be issued from time to time on a delayed or continuous basis pursuant to Rule 415 under the Securities Act.

On February 23, 2024, the Company entered into an equity distribution agreement pursuant to which the Company may sell, from time to time, up to an aggregate of $500 million of its common shares under the ATM Program. No common shares were sold under the Company’s ATM Program during the three and nine months ended September 30, 2026 or during the year ended December 31, 2025. As of September 30, 2026, $500 million remained available for issuance under the ATM Program. The Company plans to use future net proceeds from the sale of shares under the ATM Program, or under a similar successor program, for general corporate purposes, which may include, among other things, acquisitions of additional properties, the repayment of outstanding indebtedness, capital expenditures, improvement of properties in its portfolio and working capital. The Company may also use the future net proceeds to acquire another REIT or other company that invests in income-producing properties. Future offerings will depend on a variety of factors to be determined by the Company, including market conditions, the trading price of the Company’s common shares and opportunities for uses of any proceeds.

Capital Uses

The Company anticipates that cash flow from operations, availability under its Revolving Credit Facility, additional borrowings, and proceeds from hotel dispositions and equity offerings will be adequate to meet its anticipated liquidity requirements, including required distributions to shareholders, share repurchases, capital improvements, debt service, hotel acquisitions, lease commitments, and cash management activities.

Distributions

The Company generally must distribute annually at least 90% of its REIT taxable income, subject to certain adjustments and excluding any net capital gain, in order to maintain its REIT status. On September 17, 2026, the Company declared a monthly cash distribution of $0.08 per common share, paid on October 15, 2026, to shareholders of record as of September 30, 2026. For the three and nine months ended September 30, 2026, the Company paid distributions of $0.24 and $0.72 per common share, respectively, for a

total of $56.6 million and $169.8 million, respectively. Subsequent to quarter end, on October 19, 2026, the Company declared a monthly cash distribution of $0.08 per common share, payable on November 16, 2026, to shareholders of record as of October 30, 2026.

The Company's current annual distribution rate, payable monthly, is $0.96 per common share. As it has done historically, due to seasonality, the Company may use its Revolving Credit Facility to maintain the consistency of the monthly distribution rate, taking into consideration any acquisitions, dispositions, capital improvements and economic cycles. While management currently expects monthly cash distributions to continue at $0.08 per common share, any distribution will be subject to approval by the Company's Board of Directors, and there can be no assurance of the classification, timing or duration of distributions at any particular distribution rate. The Board of Directors monitors the Company's distribution rate relative to the performance of its hotels on an ongoing basis and may make adjustments to the distribution rate as determined to be prudent in relation to other cash requirements of the Company or to the extent required to maintain the Company's REIT status. If cash flows from operations and the Revolving Credit Facility are not adequate to meet liquidity requirements, the Company may utilize additional financing sources to make distributions. Although the Company has relatively low levels of debt, there can be no assurance it will be successful with this strategy, and it may need to reduce its distributions to minimum levels required to maintain its qualification as a REIT. If the Company were unable to extend its maturing debt in future periods or if it were to default on its debt, it may be unable to make distributions.

Share Repurchases

In May 2026, the Company's Board of Directors approved a one-year extension of its existing Share Repurchase Program, authorizing share repurchases up to an aggregate of $242.5 million. The Share Repurchase Program may be suspended or terminated at any time by the Company and will end in July 2027 if not terminated or extended earlier. The Company previously entered into, and expects to continue to enter into, written trading plans as part of the Share Repurchase Program that provide for share repurchases in open market transactions that are intended to comply with Rule 10b5-1 under the Exchange Act. The Company did not repurchase any common shares under the Share Repurchase Program during the three and nine months ended September 30, 2026. During the nine months ended September 30, 2025, the Company purchased, under its Share Repurchase Program, approximately 3.5 million of its common shares at a weighted-average market purchase price of approximately $12.79 per common share for an aggregate purchase price, including commissions, of approximately $45.2 million. Past purchases under the Share Repurchase Program have been funded, and the Company intends to fund future share repurchases, with cash on hand, proceeds from dispositions or availability under its unsecured credit facilities, subject to applicable restrictions under the Company's unsecured credit facilities (if any). The timing of share repurchases and the number of common shares to be purchased under the Share Repurchase Program will also depend upon prevailing market conditions, regulatory requirements and other factors. As of September 30, 2026, approximately $242.5 million remained available for purchase under the Share Repurchase Program.

Capital Improvements

Management routinely monitors the condition and operations of its hotels and plans renovations and other improvements as it deems prudent. The Company is committed to maintaining and enhancing each property's competitive position in its market. The Company has invested in and plans to continue to reinvest in its hotels. Under certain loan agreements, the Company is required to place in escrow funds for the repair, replacement and refurbishment of furniture, fixtures, and equipment at the applicable hotels, based on a percentage of the hotel's gross revenues, to be used for capital expenditures with respect to those hotels. As of September 30, 2026, the Company held approximately $5.4 million in reserves related to these properties. During the nine months ended September 30, 2026, the Company invested approximately $57.8 million in capital expenditures. The Company anticipates spending approximately $85 million to $95 million during 2026, which includes various comprehensive renovation projects for approximately 18 properties. The Company's expectations reflect its ongoing prioritization and management of its overall capital spending to keep its hotels competitive, while weighing larger investments toward the highest return opportunities. Estimates of future capital expenditures are subject to change, and inflationary pressures, supply chain disruptions, tariffs, or other factors could result in additional cost increases or delays to anticipated projects.

As of September 30, 2026, the Company had one outstanding development project. During the third quarter of 2025, the Company entered into a fixed-price contract with a third party to develop a dual-branded property, consisting of an AC Hotel and a Residence Inn, on Company-owned land in Las Vegas, Nevada, adjacent to its existing SpringHill Suites. The Company expects to spend a total of approximately $143.7 million to develop the AC Hotel and Residence Inn, which are currently planned to be completed and opened for business in the third quarter of 2028. As of September 30, 2026, the Company has capitalized $16.9 million related to the construction of the AC Hotel and Residence Inn.

Upcoming Debt Maturities and Debt Service Payments

As of September 30, 2026, the Company had approximately $124.6 million of principal and interest payments due on its debt over the next 12 months. This amount includes $49.6 million that the Company paid on October 14, 2026 to repay in full a mortgage

loan secured by three of its properties. The Company funded the repayment with cash on hand, including proceeds from the July 2026 increase in its $160 million term loan facility and cash flow from operations.

Interest expense related to the Company's unsecured credit facilities over the next 12 months is expected to be similar to the previous 12 months, with lower expected borrowings, offset by higher expected average interest rates. The average proportion of variable-rate debt that is fixed by interest rate swaps is expected to be lower over the next 12 months compared to the nine months ended September 30, 2026. The Company has one interest rate swap in effect on $125.0 million of variable-rate debt that will mature in the fourth quarter of 2026 and two interest rate swaps in effect on $100.0 million of variable-rate debt that will mature in the third quarter of 2027. If the Company replaces expiring interest rate swaps in the current interest rate environment with new agreements, the Company anticipates those new agreements to generally be at higher rates than the expiring swap agreements. See Note 4 titled "Debt" and Note 5 titled "Fair Value of Financial Instruments" in the Company's Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, for more detail regarding future maturities of the Company's debt instruments and interest rate swap agreements as of September 30, 2026.

Purchase Contract Commitments

As of September 30, 2026, the Company had one outstanding contract, which was entered into during the third quarter of 2025, for the potential purchase of a hotel in Anchorage, Alaska for an expected fixed purchase price of approximately $65.5 million. The hotel is under development as a 160-guest-room AC Hotel and is currently planned to be completed and opened for business in the fourth quarter of 2027. As of September 30, 2026, a $2.0 million contract deposit (refundable if the seller does not meet its obligations under the contract) had been paid. If the closing occurs, the Company plans to utilize its available cash or borrowings, including borrowings under its unsecured credit facilities available at closing, to purchase the hotel under contract. Although the Company is working towards acquiring this hotel, there are a number of conditions to closing that have not yet been satisfied, and there can be no assurance that closing on this hotel will occur under the outstanding purchase contract. If the seller meets all of the conditions to closing, the Company is obligated to specifically perform under the purchase contract and acquire this hotel. As this hotel is under development, at this time, the seller has not met all of the conditions to closing.

As mentioned in the "Capital Improvements" section above, during the third quarter of 2025, the Company entered into a fixed-price contract with a third party to develop a dual-branded property, consisting of an AC Hotel and a Residence Inn, on Company-owned land in Las Vegas, Nevada, adjacent to its existing SpringHill Suites. See Note 10 titled "Contract Commitments" in the Company's Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, for more detail regarding this development project.

Cash Management Activities

As part of the cost sharing arrangements discussed in Note 6 titled "Related Parties" in the Company's Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, certain day-to-day transactions may result in amounts due to or from the Company and ARG. To efficiently manage cash disbursements, the Company or ARG may make payments for the other company. Under the cash management process, each company may advance or defer up to $1 million at any time. Each quarter, any outstanding amounts are settled between the companies. This process allows each company to minimize its cash on hand and reduces the cost for each company. The amounts outstanding at any point in time are not significant to either of the companies.

Impact of Inflation

The Company relies on the performance of its hotels and the ability of its hotel operators to increase revenue to keep pace with inflation. Hotel operators, in general, possess the ability to adjust room rates daily to reflect the effects of inflation on the Company's operating expenses. However, competitive pressures and other factors could limit the operators' ability to raise room rates and, as a result, the Company may not be able to offset such increased operating expenses with increases in revenue. Additionally, tariff-induced inflation and increases in fuel and transportation costs could increase certain operating and renovation costs, as some supplies, furniture, fixtures and equipment and construction materials are imported, as well as negatively impact leisure travel by reducing the discretionary income of consumers.

Business Interruption

Being in the real estate industry, the Company is exposed to natural disasters on both a local and regional scale. Although management believes the Company has adequate insurance to cover this exposure, there can be no assurance that such events will not have a material adverse effect on the Company's financial position or results of operations.

Seasonality

The hotel industry historically has been seasonal in nature. Seasonal variations in occupancy at the Company's hotels may cause quarterly fluctuations in its revenues. Generally, occupancy rates and hotel revenues for the Company's hotels are greater in the second and third quarters than in the first and fourth quarters. To the extent that cash flow from operations is insufficient during any quarter due to temporary or seasonal fluctuations in revenue, the Company expects to utilize cash on hand or available financing sources to meet cash requirements.

Critical Accounting Policies and Estimates

The preparation of the Company's financial statements in accordance with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Company's financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in the Company's Unaudited Consolidated Financial Statements and Notes thereto. The Company has discussed those policies and estimates that it believes are critical and require the use of complex judgment in their application in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission on February 23, 2026. There have been no material changes to the Company's critical accounting policies or the methods or assumptions applied.

Subsequent Events

On October 14, 2026, the Company paid $49.6 million to repay in full a mortgage loan secured by three of its properties. The Company funded the repayment with cash on hand, including proceeds from the July 2026 increase in its $160 million term loan facility and cash flow from operations. See Note 4 for additional information concerning this transaction.

On October 15, 2026, the Company paid approximately $18.9 million, or $0.08 per common share, in distributions to shareholders of record as of September 30, 2026.

On October 19, 2026, the Company declared a monthly cash distribution of $0.08 per common share. The distribution is payable on November 16, 2026, to shareholders of record as of October 30, 2026.

In October 2026, the Company entered into a purchase and sale agreement with an unrelated party for the sale of one hotel for a gross sales price of approximately $21.5 million. The Company expects to complete the sale of this hotel in the fourth quarter of 2026. There are many conditions to closing on the sale of this hotel that have not yet been satisfied, and there can be no assurance that closing on the sale of this hotel will occur under the outstanding purchase and sale agreement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2026, the Company's financial instruments were not exposed to significant market risk due to foreign currency exchange risk, commodity price risk or equity price risk. However, the Company is exposed to interest rate risk due to possible changes in short-term interest rates as it invests its cash or borrows on its Revolving Credit Facility and due to the portion of its variable-rate debt that is not fixed by interest rate swaps. As of September 30, 2026, after giving effect to interest rate swaps, as described below, approximately $595.0 million, or approximately 40% of the Company's total debt outstanding, was subject to variable interest rates. Based on the Company's variable-rate debt outstanding as of September 30, 2026, every 100 basis point change in interest rates will impact the Company's annual net income by approximately $6.0 million, all other factors remaining the same. With the exception of interest rate swap transactions, the Company has not engaged in transactions in derivative financial instruments or derivative commodity instruments.

As of September 30, 2026, the Company's variable-rate debt consisted of its unsecured credit facilities, including $1.2 billion of term loans. Currently, the Company uses interest rate swaps to manage its interest rate risk on a portion of its variable-rate debt. As of September 30, 2026, the Company had 10 interest rate swap agreements that effectively fix the interest payments on approximately $610.0 million of the Company's variable-rate debt outstanding with swap maturity dates ranging from November 2026 to December 2029. Under the terms of the Company's interest rate swaps, the Company pays a fixed rate of interest and receives a floating rate of interest equal to the annual rate of the one-month SOFR. See Note 5 titled "Fair Value of Financial Instruments" in the Company's Unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q, for a description of the Company's interest rate swaps as of September 30, 2026.

In addition to its variable-rate debt and interest rate swaps discussed above, the Company has assumed or originated fixed interest rate mortgages payable to lenders under permanent financing arrangements as well as two fixed-rate senior notes facilities totaling $125 million. The following table summarizes the annual maturities and average interest rates of the Company's mortgage debt and borrowings outstanding under its unsecured credit facilities at September 30, 2026. All dollar amounts are in thousands.

	October 1 - December 31, 2026	2027	2028	2029	2030	Thereafter	Total	Fair Market Value
Total debt:								
Maturities	$ 50,646	$ 3,602	$ 34,066	$ 162,294	$ 460,016	$ 779,638	$ 1,490,262	$ 1,466,808
Average interest rates [(1)]	4.9%	4.9%	5.0%	5.1%	5.2%	5.2%		
Variable-rate debt:								
Maturities	$ -	$ -	$ -	$ 85,000	$ 385,000	$ 735,000	$ 1,205,000	$ 1,205,000
Average interest rates [(1)]	5.1%	5.0%	5.1%	5.2%	5.3%	5.3%		
Fixed-rate debt:								
Maturities	$ 50,646	$ 3,602	$ 34,066	$ 77,294	$ 75,016	$ 44,638	$ 285,262	$ 261,808
Average interest rates	4.0%	4.1%	4.1%	3.9%	3.6%	3.7%		

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

Item 4. Controls and Procedures

The Company's senior management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation process, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2026. There have been no changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is or may be a party to various legal proceedings that arise in the ordinary course of business. The Company is not currently involved in any litigation nor, to management's knowledge, is any litigation threatened against the Company where the outcome would, in management's judgment based on information currently available to the Company, have a material adverse effect on the Company's consolidated financial position or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company did not repurchase any of its common shares during the third quarter of 2026.

Item 5. Other Information

Trading Arrangements

No director or officer of the Company adopted, terminated or modified a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K, during the three months ended September 30, 2026.

Item 6. Exhibits

Exhibit Number	Description of Documents
3.1	Amended and Restated Articles of Incorporation of the Company, as amended (Incorporated by reference to Exhibit 3.1 to the Company's quarterly report on Form 10-Q (SEC File No. 001-37389) filed August 6, 2018)
3.2	Third Amended and Restated Bylaws of the Company (Incorporated by reference to Exhibit 3.2 to the Company's quarterly report on Form 10-Q (SEC File No. 001-37389) filed May 18, 2020)
10.1	Fourth Amended and Restated Credit Agreement dated as of July 23, 2026, by and among the Company, as borrower, certain subsidiaries of the Company, as guarantors, Bank of America, N.A., as Administrative Agent and the lenders party thereto (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K (SEC File No. 001-37389) filed July 28, 2026)
31.1	Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **(FILED HEREWITH)**
31.2	Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **(FILED HEREWITH)**
32.1	Certification of the Company's Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **(FURNISHED HEREWITH)**
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2026 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations and Comprehensive Income, (iii) the Consolidated Statements of Shareholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) related notes to these financial statements, tagged as blocks of text and in detail **(FILED HEREWITH)**
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, formatted as Inline XBRL and contained in Exhibit 101

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 thereunto duly authorized.

Apple Hospitality REIT, Inc.

By: /s/ Justin G. Knight Date: November 5, 2026

Justin G. Knight,
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Elizabeth S. Perkins Date: November 5, 2026

Elizabeth S. Perkins,
Chief Financial Officer
(Principal Financial and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Justin G. Knight, certify that:

1. I have reviewed this report on Form 10-Q of Apple Hospitality REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ Justin G. Knight

Justin G. Knight
Chief Executive Officer
Apple Hospitality REIT, Inc.

Exhibit 31.2

CERTIFICATION

I, Elizabeth S. Perkins, certify that:

1. I have reviewed this report on Form 10-Q of Apple Hospitality REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ Elizabeth S. Perkins

Elizabeth S. Perkins
Chief Financial Officer
Apple Hospitality REIT, Inc.

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Apple Hospitality REIT, Inc., (the "Company") on Form 10-Q for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of September 30, 2026 and for the period then ended.

Apple Hospitality REIT, Inc.

/s/ Justin G. Knight

Justin G. Knight
Chief Executive Officer

/s/ Elizabeth S. Perkins

Elizabeth S. Perkins
Chief Financial Officer

Date: November 5, 2026