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**From:** Parker Lewis [PL@haymancapital.com]  
**Sent:** 8/7/2015 2:01:46 PM  
**To:** J. Kyle Bass [k@haymancapital.com]; Andy Jent [aj@haymancapital.com]  
**CC:** Henry Becker [HB@haymancapital.com]; Brandon Osmon [bo@haymancapital.com]; Jeff Cate [jc@haymancapital.com]  
**Subject:** Apple Hospitality REIT Earnings  
**Attachments:** image001.jpg; image002.png; image003.png

Below are notes from Apple's earnings release; summary of call notes and earnings are below; it appears that the same-store comps performed well in the quarter. Average room rates and occupancy both improved; that being said, I do not think there is much risk to being short for our horizon because 1) market views on growth should be limited given where average daily rates/occupancy rates currently stand and 2) this is primarily still owned by retail investors seeking liquidity which should react / trade in sympathy following a UDF event.

Relevant notes from Apple Hospitality REIT's earnings call (APLE)

- \* Comparable hotel properties performing well (average daily rate up 5%, occupancy up 1% Y-o-Y to 82%)
- \* Company has view that we are in the "maturing" stage of a cycle (based on demand and occupancy)
- \* Company's Buyback \$17.80 average thus far (through July 31, had only acquired 186,000 shares or \$3.3 million)
- \* Have a target of NAV range which guides buyback
- \* Buyback Set to be more aggressive when get further below NAV range
- \* In market every day since July 31 buying back stock
- \* Tender at \$19 was below Company's view of NAV which gives sense of view of NAV range
- \* Balance sheet could be used to pursue acquisitions
- \* Apple Ten could be an attractive acquisition target but Apple Ten has an independent Board and Board has not yet begun to pursue alternatives; if it does, Apple Hospitality REIT does not have any first right to the Apple Ten asset
- \* Houston hotel properties located near energy concentrated areas down 4-15%

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