March 17, 2024

NYSE: **APLE**

TheStreet Quant Ratings

APPLE HOSPITALITY REIT INC

BUY						HOLD			SELL						
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F

BUY | RATING SINCE 08/12/2022 | TARGET PRICE $18.83

Annual Dividend Rate	Annual Dividend Yield	Beta	Market Capitalization	52-Week Range	Price as of 3/14/2024
$1.01	**6.19%**	**1.09**	**$3.9 Billion**	**$13.66-$17.90**	**$16.30**

Sector: **Real Estate, Rental and Leasing** | Industry Group: **Lessors of Real Estate**

APLE BUSINESS DESCRIPTION

Apple Hospitality REIT, Inc. (NYSE: APLE) is a publicly traded real estate investment trust ("REIT") that owns one of the largest and most diverse portfolios of upscale, rooms-focused hotels in the United States.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-6.38	5.57	2.88

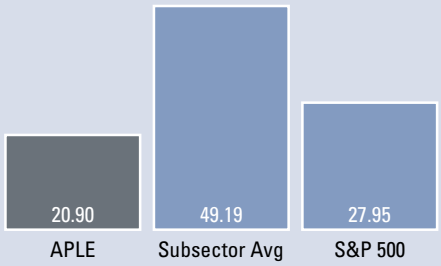
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	4.45	8.50	30.70
Net Income	798.14	22.57	44.62
EPS	800.00	21.87	44.43

RETURN ON EQUITY (%)

	APLE	Subsector Avg	S&P 500
Q4 2023	5.34	14.16	17.66
Q4 2022	4.56	16.00	19.00
Q4 2021	0.60	14.96	18.28

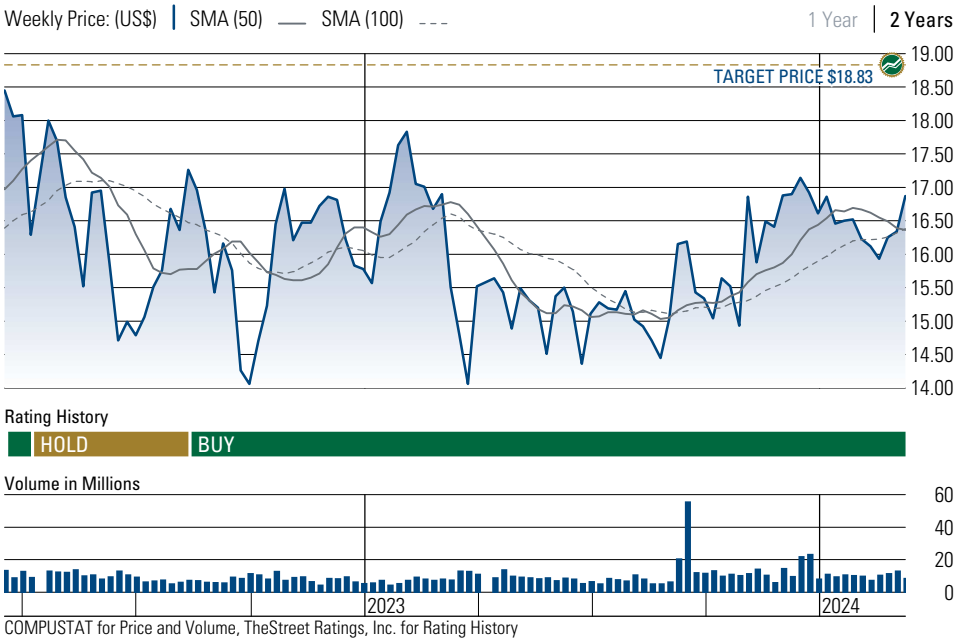
P/E COMPARISON



EPS ANALYSIS[1] ($)

NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate APPLE HOSPITALITY REIT INC (APLE) a BUY. This is driven by a few notable strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its impressive record of earnings per share growth, compelling growth in net income, revenue growth, largely solid financial position with reasonable debt levels by most measures and reasonable valuation levels. We feel its strengths outweigh the fact that the company shows low profit margins.

HIGHLIGHTS

APPLE HOSPITALITY REIT INC reported significant earnings per share improvement in the most recent quarter compared to the same quarter a year ago. The company has demonstrated a pattern of positive earnings per share growth over the past two years. We feel that this trend should continue. During the past fiscal year, APPLE HOSPITALITY REIT INC increased its bottom line by earning $0.78 versus $0.64 in the prior year. This year, the market expects an improvement in earnings ($0.85 versus $0.78).

The net income growth from the same quarter one year ago has significantly exceeded that of the S&P 500 and the Real Estate subsector. The net income increased by 798.1% when compared to the same quarter one year prior, rising from $2.31 million to $20.77 million.

Despite its growing revenue, the company underperformed as compared with the subsector average of 11.3%. Since the same quarter one year prior, revenues slightly increased by 4.5%. This growth in revenue appears to have trickled down to the company's bottom line, improving the earnings per share.

The current debt-to-equity ratio, 0.45, is low and is below the subsector average, implying that there has been successful management of debt levels.

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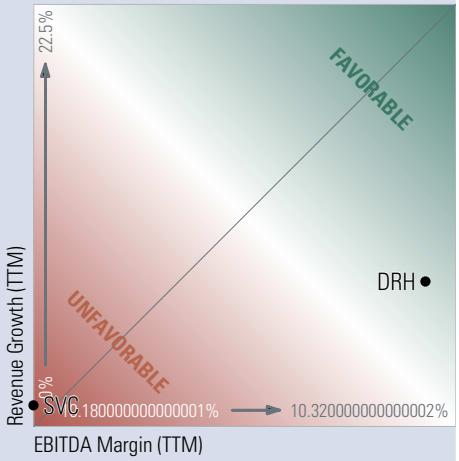
PEER GROUP ANALYSIS

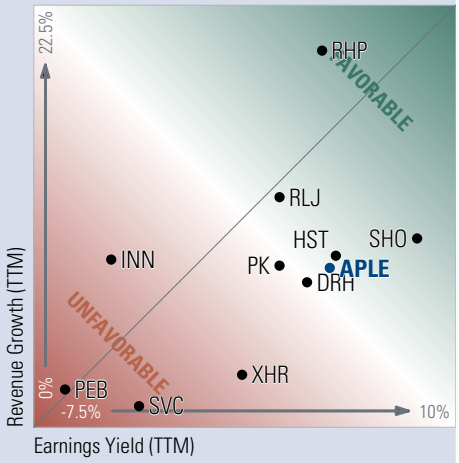
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between $891.7 Million and $14.5 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between 1.1% and 20.1%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

APPLE HOSPITALITY REIT INC falls within the Real Estate, Rental and Leasing sector and the Lessors of Real Estate industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Lessors of Nonresidential Buildings (except Miniwarehouses) .

TheStreet Quant Ratings is currently tracking 264 companies in the Real Estate, Rental and Leasing sector that total around $1,566 billion in market capitalization as well as $417 billion in annual sales.

The Real Estate subsector accounts for 77.9% of those revenues.

Industries in the Real Estate subsector group establishments primarily engaged in renting or leasing real estate to others; managing real estate for others; selling, buying, or renting real estate for others; and providing other real estate related services, such as appraisal services. This subsector includes equity real estate investment trusts (REITs) primarily engaged in leasing buildings, dwellings, or other real estate property to others.

PEER GROUP: Real Estate

Ticker	Company Name	Recent Price ($)	Market Cap ($M)	Price/ Earnings	Net Sales TTM ($M)	Net Income TTM ($M)
APLE	**APPLE HOSPITALITY REIT INC**	**16.30**	**3,937**	**20.90**	**1,343.80**	**177.49**
INN	SUMMIT HOTEL PROPERTIES INC	6.31	892	NM	737.82	-9.49
RHP	RYMAN HOSPITALITY PPTYS INC	116.17	6,937	22.43	2,162.25	311.22
PK	PARK HOTELS & RESORTS	17.03	3,585	37.02	2,747.00	97.00
PEB	PEBBLEBROOK HOTEL TRUST	15.67	2,461	NM	1,419.95	-78.02
SHO	SUNSTONE HOTEL INVESTORS IN	11.07	2,435	11.90	992.79	206.71
RLJ	RLJ LODGING TRUST	11.87	2,171	37.09	1,345.74	76.41
DRH	DIAMONDROCK HOSPITALITY CO	9.38	2,094	26.06	1,077.43	86.34
XHR	XENIA HOTELS & RESORTS INC	14.84	1,512	87.29	1,025.44	19.14
HST	HOST HOTELS & RESORTS INC	20.67	14,544	19.88	5,392.00	740.00
SVC	SERVICE PROPERTIES TRUST	6.39	1,059	NM	1,890.46	-32.78

The peer group comparison is based on Major Real Estate companies of comparable size.

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APPLE HOSPITALITY REIT INC

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COMPANY DESCRIPTION

Apple Hospitality REIT, Inc. (NYSE: APLE) is a publicly traded real estate investment trust ("REIT") that owns one of the largest and most diverse portfolios of upscale, rooms-focused hotels in the United States. Apple Hospitality's portfolio consists of 223 hotels with more than 29,400 guest rooms located in 87 markets throughout 37 states as well as one property leased to third parties. Concentrated with industry-leading brands, the Company's hotel portfolio consists of 99 Marriott-branded hotels, 119 Hilton-branded hotels and five Hyatt-branded hotels.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of APLE shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	4.5 out of 5 stars	★	★	★	★	½
Measures the growth of both the company's income statement and cash flow. On this factor, APLE has a growth score better than 80% of the stocks we rate.		weak				strong
Total Return	3.0 out of 5 stars	★	★	★	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 50% of the companies we cover.		weak				strong
Efficiency	3.0 out of 5 stars	★	★	★	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 50% of the companies we review.		weak				strong
Price volatility	4.5 out of 5 stars	★	★	★	★	½
Measures the volatility of the company's stock price historically. The stock is less volatile than 80% of the stocks we monitor.		weak				strong
Solvency	4.5 out of 5 stars	★	★	★	★	½
Measures the solvency of the company based on several ratios. The company is more solvent than 80% of the companies we analyze.		weak				strong
Income	5.0 out of 5 stars	★	★	★	★	★
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 90% of the companies we track.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e.how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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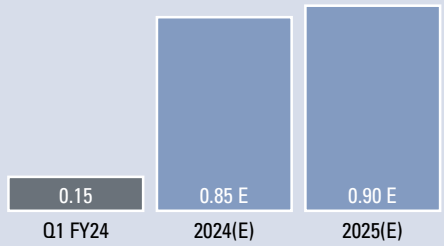
Consensus EPS Estimates[2] ($)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q4 FY23	Q4 FY22
Net Sales ($mil)	312.46	299.12
EBITDA ($mil)	NA	NA
EBIT ($mil)	38.91	17.49
Net Income ($mil)	20.77	2.31

BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. ($mil)	43.62	43.51
Total Assets ($mil)	4,937.30	4,772.71
Total Debt ($mil)	1,494.83	1,490.10
Equity ($mil)	3,323.98	3,178.40

PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	34.55%	27.64%
EBITDA Margin	NA	NA
Operating Margin	12.45%	5.85%
Sales Turnover	0.27	0.26
Return on Assets	3.59%	3.03%
Return on Equity	5.34%	4.56%

DEBT

	Q4 FY23	Q4 FY22
Current Ratio	NA	NA
Debt/Capital	0.31	0.32
Interest Expense	NA	-2.07
Interest Coverage	NA	-8.46

SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	242	229
Div / share	0.29	0.39
EPS	0.09	0.01
Book value / share	13.76	13.90
Institutional Own %	NA	NA
Avg Daily Volume	2,386,959	2,356,413

2 Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

APPLE HOSPITALITY REIT INC's gross profit margin for the fourth quarter of its fiscal year 2023 has significantly increased when compared to the same period a year ago. The company has grown its sales and net income during the past quarter when compared with the same quarter a year ago, and although its growth in net income has outpaced the subsector average, its revenue growth has not.

At the same time, stockholders' equity ("net worth") has remained virtually unchanged only increasing by 4.58% from the same quarter last year.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

TheStreet Quant Ratings

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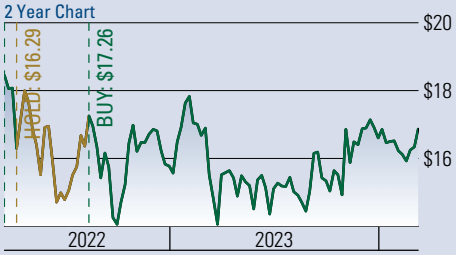
RATINGS HISTORY

Our rating for APPLE HOSPITALITY REIT INC has not changed since 8/12/2022. As of 3/14/2024, the stock was trading at a price of $16.30 which is 8.9% below its 52-week high of $17.90 and 19.3% above its 52-week low of $13.66.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
8/12/22	$17.26	Upgrade	Hold	Buy
4/8/22	$16.29	Downgrade	Buy	Hold
3/14/22	$17.84	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

31.74% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.61% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.64% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

BUY. The current P/E ratio indicates a significant discount compared to an average of 49.19 for the Real Estate subsector and a discount compared to the S&P 500 average of 27.95. For additional comparison, its price-to-book ratio of 1.18 indicates a significant discount versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 6.43. The price-to-sales ratio is above the S&P 500 average, but well below the subsector average. Upon assessment of these and other key valuation criteria, APPLE HOSPITALITY REIT INC proves to trade at a discount to investment alternatives.

Price/Earnings

1 | 2 | 3 | 4 | **5**
premium — discount

APLE 20.90 **Peers 49.19**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- APLE is trading at a significant discount to its peers.

Price/CashFlow

1 | 2 | 3 | 4 | **5**
premium — discount

APLE 9.87 **Peers 18.58**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- APLE is trading at a significant discount to its peers.

Price/Projected Earnings

1 | 2 | 3 | 4 | **5**
premium — discount

APLE 18.11 **Peers 40.04**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- APLE is trading at a significant discount to its peers.

Price to Earnings/Growth

1 | 2 | 3 | 4 | **5**
premium — discount

APLE 2.01 **Peers 5.86**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- APLE trades at a significant discount to its peers.

Price/Book

1 | 2 | 3 | 4 | **5**
premium — discount

APLE 1.18 **Peers 6.43**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- APLE is trading at a significant discount to its peers.

Earnings Growth

1 | 2 | 3 | 4 | **5**
lower — higher

APLE 21.87 **Peers -7.55**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- APLE is expected to have an earnings growth rate that significantly exceeds its peers.

Price/Sales

1 | 2 | 3 | 4 | **5**
premium — discount

APLE 2.93 **Peers 7.79**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- APLE is trading at a significant discount to its subsector on this measurement.

Sales Growth

1 | 2 | 3 | 4 | 5
lower — higher

APLE 8.50 **Peers 11.68**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- APLE significantly trails its peers on the basis of sales growth.

NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.