Table of Contents

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, 2013

OR

☐ **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 333-186090

BRE SELECT HOTELS CORP

(Exact name of registrant as specified in its charter)

Delaware	**35-2464254**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
c/o Blackstone Real Estate Partners VII L.P. 345 Park Avenue New York, New York	
(Address of principal executive offices)	**10154 (Zip Code)**

(212) 583-5000
(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock, $0.01 par value per share	100
(Class)	*Outstanding at November 1, 2013*

Table of Contents

BRE Select Hotels Corp
FORM 10-Q
INDEX

This Form 10-Q includes references to certain trademarks or service marks. The SpringHill Suites® by Marriott, TownePlace Suites® by Marriott, Fairfield Inn® by Marriott, Courtyard® by Marriott, Residence Inn® by Marriott and Marriott Suites® trademarks are the property of Marriott International, Inc. or one of its affiliates. The Homewood Suites® by Hilton, Hilton Garden Inn®, Hampton Inn® and Hampton Inn & Suites® trademarks are the property of Hilton Worldwide, Inc. or one or more of its affiliates. For convenience, the applicable trademark or service mark symbol has been omitted for uses other than in this paragraph but will be deemed to be included wherever the above referenced terms are used.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

BRE SELECT HOTELS CORP
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	Successor September 30, 2013 (Unaudited)	Predecessor December 31, 2012
ASSETS		
Investment in real estate, net of accumulated depreciation of $9,854 and $216,910, respectively	$ 961,942	$ 729,108
Hotels held for sale	10,815	0
Cash and cash equivalents	34,852	0
Restricted cash	32,678	1,459
Due from third party manager, net	2,718	7,546
Prepaid expenses	2,353	199
Deferred financing costs, net	13,898	298
Goodwill	128,195	0
Other assets	3,224	1,760
TOTAL ASSETS	$1,190,675	$ 740,370
LIABILITIES		
Accounts payable and accrued expenses	$ 14,080	$ 7,306
Credit facility	0	34,470
Mortgages payable	617,953	23,947
Mezzanine loans	175,000	0
TOTAL LIABILITIES	807,033	65,723
7% Series A Cumulative Redeemable Preferred Stock, $1.90 initial liquidation preference; 120,000,000 shares authorized, 97,032,848 shares issued and outstanding at September 30, 2013; none authorized, issued and outstanding at December 31, 2012	183,825	0
SHAREHOLDERS' EQUITY		
Predecessor:		
Preferred stock, no par value; 15,000,000 shares authorized, none issued and outstanding at December 31, 2012	0	0
Series A preferred stock, no par value; 200,000,000 shares authorized, 91,226,580 shares issued and outstanding at December 31, 2012	0	0
Series B convertible preferred stock, no par value; 240,000 shares authorized, issued and outstanding at December 31, 2012	0	24
Common stock, no par value; 200,000,000 shares authorized, 91,226,580 shares issued and outstanding at December 31, 2012	0	899,958
Successor:		
Preferred stock, $0.0001 par value; 30,000,000 shares authorized, none issued and outstanding at September 30, 2013; none authorized, issued and outstanding at December 31, 2012	0	0
Common stock, $0.01 par value; 100,000 shares authorized, 100 shares issued and outstanding at September 30, 2013; 100 shares authorized, issued and outstanding at December 31, 2012	0	0
Additional paid-in capital	204,641	0
Distributions greater than net income	(4,824)	(225,335)
TOTAL SHAREHOLDERS EQUITY	199,817	674,647
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,190,675	$ 740,370

The accompanying notes are an integral part of these condensed consolidated financial statements.

BRE SELECT HOTELS CORP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands, except share data)

	Successor		Predecessor		
	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013	Period from January 1, through May 13, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Revenues:					
Room revenue	$ 69,451	$ 104,681	$ 82,063	$ 65,323	$ 178,677
Other revenue	4,324	6,655	6,212	4,105	12,291
Reimbursed expenses	0	0	2,838	1,899	5,698
Total revenue	73,775	111,336	91,113	71,327	196,666
Expenses:					
Operating expense	17,008	25,462	23,167	16,463	47,021
Hotel administrative expense	5,700	8,604	7,159	4,994	14,696
Sales and marketing	5,474	8,302	7,407	5,332	15,191
Utilities	2,792	4,028	3,188	2,713	7,050
Repair and maintenance	2,734	4,184	4,081	2,810	8,229
Franchise fees	3,478	5,206	3,716	2,929	8,029
Management fees	2,443	3,659	3,010	2,683	6,832
Taxes, insurance and other	3,292	5,258	4,457	3,088	9,305
General and administrative	832	1,721	2,828	1,818	5,235
Merger transaction costs	320	21,463	67,633	(13)	810
Reimbursed expenses	0	0	2,838	1,899	5,698
Depreciation expense	6,534	9,854	10,651	7,470	22,969
Total expenses	50,607	97,741	140,135	52,186	151,065
Operating income (loss)	23,168	13,595	(49,022)	19,141	45,601
Interest expense, net	(9,621)	(14,908)	(1,439)	(688)	(2,171)
Unrealized gain (loss) on derivatives	(208)	231	0	0	0
Income tax expense	(1,964)	(3,420)	(140)	(103)	(278)
Income (loss) from continuing operations	11,375	(4,502)	(50,601)	18,350	43,152
Income (loss) from discontinued operations	(455)	(322)	18	(144)	3
Net income (loss)	10,920	(4,824)	(50,583)	18,206	43,155
Accrued Series A Preferred Stock dividends	(3,231)	(6,139)	0	0	0
Net income (loss) available for common stockholders	$ 7,689	$ (10,963)	$ (50,583)	$ 18,206	$ 43,155
Basic and diluted net income (loss) per common share					
From continuing operations, after Series A Preferred Stock dividends	81,440.00	(106,410.00)	(0.55)	0.20	0.47
From discontinued operations	(4,550.00)	(3,220.00)	0.00	(0.00)	0.00
Total basic and diluted net income (loss) per common share available to common stockholders	$ 76,890.00	$ (109,630.00)	$ (0.55)	$ 0.20	$ 0.47
Weighted average common shares outstanding - basic and diluted	100	100	91,270,197	91,167,095	91,116,741

The accompanying notes are an integral part of these condensed consolidated financial statements.

BRE SELECT HOTELS CORP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Successor	Predecessor	
	Nine Months Ended September 30, 2013	Period from January 1, through May 13, 2013	Nine Months Ended September 30, 2012
Cash flows from operating activities:			
Net (loss) income	$ (4,824)	$ (50,583)	$ 43,155
Adjustments to reconcile net (loss) income to cash provided by operating activities:			
Depreciation	9,895	10,912	23,523
Estimated selling costs on assets held for sale	435	0	0
Fair value adjustment of interest rate cap	(231)	0	0
Amortization of deferred financing costs	1,986	93	162
Other non-cash expenses, net	(11)	2	41
Changes in operating assets and liabilities:			
Increase in cash restricted for operating expenses	(3,792)	0	0
Decrease (increase) in due from third party managers, net	4,718	(1,001)	(4,639)
Increase in prepaid expenses	(2,315)	0	0
Increase in other assets	(2,743)	(313)	(462)
Increase (decrease) in accounts payable and accrued expenses	6,446	(1,301)	2,666
Net cash provided by (used in) operating activities	9,564	(42,191)	64,446
Cash flows from investing activities:			
Capital improvements, net	(727)	(7,735)	(8,264)
Proceeds from sale of assets, net	0	5,866	0
Cash paid for business acquisition, net of cash acquired	(881,652)	0	0
Net (increase) decrease in cash restricted for property improvements	(27,689)	113	1,082
Net cash used in investing activities	(910,068)	(1,756)	(7,182)
Cash flows from financing activities:			
Net repayment of credit facility	(30,970)	(3,500)	(17,420)
Net proceeds from borrowings on mortgage payable and mezzanine loans	775,000	0	18,300
Payments of mortgage debt	(125)	(5,869)	(5,261)
Financing fees	(15,884)	0	(155)
Net proceeds related to issuance of Units	0	0	15,363
Redemptions of Units	0	0	(14,023)
Conversion of Series B convertible preferred stock	0	64,367	0
Net capital contribution from Sponsor	214,880	0	0
Merger costs related to issuance of Series A Preferred Stock	(1,223)	0	0
Distributions paid to Series A Preferred shareholders	(2,222)	0	0
Distributions paid to common shareholders	(4,100)	0	(54,100)
Net cash provided by (used in) financing activities	935,356	54,998	(57,296)
Net increase (decrease) in cash and cash equivalents	34,852	11,051	(32)
Cash and cash equivalents, beginning of period	0	0	32
Cash and cash equivalents, end of period	$ 34,852	$ 11,051	$ 0
Supplemental Cash Flow Information including Non-Cash Activities:			
Interest paid	$ 11,721	$ 933	$ 2,472
Income taxes paid	$ 1,247	$ 367	$ 399
Issuance of Series A Preferred Stock	$ 184,362	$ 0	$ 0

The accompanying notes are an integral part of these condensed consolidated financial statements.

BRE SELECT HOTELS CORP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Summary of Significant Accounting Policies

Organization

BRE Select Hotels Corp, together with its wholly owned subsidiaries (the "Company"), is a Delaware corporation that made an election, through the filing of Form 1120-REIT for 2012, to qualify as a real estate investment trust, or REIT, for federal income tax purposes beginning with the Company's short taxable year ended December 31, 2012. The Company was formed on November 28, 2012 to invest in income-producing real estate in the United States through the acquisition of Apple REIT Six, Inc. ("Apple Six") on behalf of BRE Select Holdings LP ("BRE Holdings"), a Delaware limited partnership and an affiliate of the Company. 100% of the common stock of the Company is owned by BRE Holdings, which is an affiliate of Blackstone Real Estate Partners VII L.P. ("Sponsor"). The acquisition of Apple Six was completed on May 14, 2013 ("Acquisition Date"). As of September 30, 2013, the Company owned 66 hotels located in 18 states with an aggregate of 7,651 rooms.

For purposes of this quarterly report on Form 10-Q, references to the Company for periods prior to the Acquisition Date shall be deemed to refer to Apple Six, unless the context indicates otherwise.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Company was determined to be the acquirer for accounting purposes and, therefore, the merger was accounted for using the acquisition method of accounting. Accordingly, the purchase price of the Merger (as defined below) has been allocated to the Company's assets and liabilities based upon their estimated fair values at the Acquisition Date. As used herein, the term "Predecessor" refers to the financial position and results of operations of Apple Six prior to the Acquisition Date. The term "Successor" refers to the financial position and results of operations of the Company on or after the Acquisition Date. Certain merger transaction costs incurred prior to May 14, 2013 by the Company are included in the Successor period, as that period represents the commencement of Successor operations. Prior to May 14, 2013, the Company had no revenues, and expenses were comprised solely of merger related costs. For accounting purposes, the preliminary purchase price allocation was applied on May 14, 2013.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principals generally accepted in the United States ("U.S. GAAP") for interim financial information and certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been omitted in accordance with standards for the preparation of interim financial statements. In the opinion of management, all adjustments (consisting of normal and recurring adjustments) necessary for a fair presentation have been included. These unaudited condensed consolidated financial statements should be read in conjunction with the financial information in the prospectus dated April 2, 2013 filed with the Securities and Exchange Commission (the "SEC") in accordance with Rule 424(b) of the Securities Act of 1933, as amended, on April 2, 2013. Operating results for the interim periods noted herein are not necessarily indicative of the results that may be expected for the twelve month period ending December 31, 2013.

Use of Estimates

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

Reclassifications

Certain amounts in Apple Six's 2012 consolidated financial statements have been reclassified to conform to the 2013 presentation. These reclassifications had no effect on previously reported net income or shareholders' equity.

Cash and Cash Equivalents

Cash and cash equivalents primarily consists of cash in banks. Cash equivalents consist of investments with maturities of three months or less at acquisition. The Company has deposits in excess of $250,000 within single financial institutions that are not insured by the Federal Deposit Insurance Corporation. The Company believes it mitigates this risk by depositing with major financial institutions.

Restricted Cash

Restricted cash consists of deposits held in escrow for the payment of certain required repairs, capital improvements, property taxes, insurance and ground rent pursuant to the terms of the Company's mortgages payable and mezzanine loans, as well as a repairs and improvements reserve required by the Marriott management agreements.

Due from Third Party Manager, net

Due from third party manager represents the working capital advanced to the hotel management companies for operation of the hotels, net of management fees payable.

Investment in Real Estate and Related Depreciation

Real estate is stated at cost, net of accumulated depreciation. Repair and maintenance costs are expensed as incurred while significant improvements, renovations, and replacements that extend the useful life of the real estate asset are capitalized and depreciated over the estimated useful lives. Depreciation is computed using the straight-line method over the average estimated useful lives of the assets, which are 39 years for buildings, 10 years for major improvements and three to seven years for furniture and equipment.

The Company considers expenditures to be capital in nature based on the following criteria: (1) for a single asset, the cost must be at least $500, including all normal and necessary costs to place the asset in service, and the useful life must be at least one year; (2) for group purchases of 10 or more identical assets, the unit cost for each asset must be at least $50, including all normal and necessary costs to place the asset in service, and the useful life must be at least one year; and (3) for major repairs to a single asset, the repair must be at least $2,500 and the useful life of the asset must be substantially extended.

Impairment of Investment in Real Estate

The Company records impairment losses on hotel properties used in operations if indicators of impairment are present, and the sum of the undiscounted cash flows estimated to be generated by the respective properties over their estimated remaining useful life, based on historical and industry data, is less than the properties' carrying amount. Indicators of impairment include: (1) a property with current or potential losses from operations, (2) when it becomes more likely than not that a property will be sold before the end of its previously estimated useful life or (3) when events, trends, contingencies or changes in circumstances indicate that a triggering event has occurred and an asset's carrying value may not be recoverable. The Company monitors its properties on an ongoing basis by analytically reviewing financial performance and considers each property individually for purposes of reviewing for indicators of impairment. As many indicators of impairment are subjective, such as general economic and market declines, the Company also prepares a quarterly recoverability analysis for each of its properties to assist with its evaluation of impairment indicators. The analysis compares each property's net book value to each property's estimated operating income using current operating results for each stabilized property and projected stabilized operating results based on the property's market for properties that recently opened, were recently renovated or experienced other short-term business disruption. Since the Acquisition involved an arm's length transaction between a willing buyer and seller and because there has been a brief passage of time between the Acquisition Date and this report date, no triggering events have occurred to indicate the asset carrying value will not be recoverable. If events or circumstances change, such as the operating performance of a property declines substantially for an extended period of time, the Company's carrying value for a particular property may not be recoverable and an impairment loss will be recorded. Impairment losses are measured as the difference between the asset's fair value and its carrying value.

Goodwill

Goodwill represents the excess of purchase price over fair value of assets acquired and liabilities assumed in business combinations, and is characterized by the intangible assets that do not qualify for separate recognition. In accordance with accounting guidance related to goodwill and other intangible assets, the Company performs its annual testing for impairment of goodwill during the fourth quarter of each year and in certain situations between those annual dates if indicators of impairment are present.

Hotels Held for Sale

The Company classifies assets as held for sale when the criteria specified under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360, Impairment or Disposal of Long-Lived Assets, are met. Specifically, the criteria followed by the Company includes (a) management commits to a plan to sell, (b) the asset is available for immediate sale in its present condition, (c) the Company initiates an active program to locate a buyer, (d) the sale is probable to be completed within one year, and (e) the Company is actively marketing the asset at a reasonable price in relation to its current fair value. The Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets that have been identified for sale is less than the net book value of the assets, an impairment charge is recorded.

Revenue Recognition

Revenue is recognized as earned, which is generally defined as the date upon which a guest occupies a room or utilizes the hotel's services.

Sales and Marketing Costs

Sales and marketing costs are expensed when incurred. These costs represent the expense for franchise advertising and reservations systems under the terms of the hotel management and franchise agreements and general and administrative expenses that are directly attributable to advertising and promotion.

Income Taxes

The Company made an election, through the filing of Form 1120-REIT for 2012, to qualify as a REIT under the Internal Revenue Code of 1986, as amended, beginning with the Company's short taxable year ended December 31, 2012. In order to qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it distribute at least 90% of its adjusted taxable income to its shareholders, subject to certain adjustments and excluding any net capital gain. The Company intends to adhere to these requirements to qualify for REIT status, and assuming it does qualify for taxation as a REIT, it will generally not be subject to federal income taxes to the extent it distributes substantially all of its taxable income to the Company's shareholders. However, the Company's the taxable REIT subsidiaries ("TRS") will generally be subject to federal, state, and local income taxes and the consolidated income tax provision includes those taxes.

Income (loss) from Discontinued Operations

Income (loss) from discontinued operations is computed in accordance with ASC 205-20, Discontinued Operations, which requires, among other things, that the primary assets and liabilities and the results of operations of the Company's real property that has been sold, or otherwise qualifies as held for sale, be classified as discontinued operations and segregated in the Company's condensed consolidated financial statements.

Income (loss) per Common Share (Predecessor)

Basic income (loss) per common share is computed based upon the weighted average number of shares outstanding during the period. Diluted income (loss) per common share is calculated after giving effect to all potential common shares that were dilutive and outstanding for the period. Series B convertible preferred shares were converted on May 13, 2013 in connection with the Merger (as defined below) and included in the weighted average common shares calculation for the applicable periods. There were no potential dilutive shares during the applicable periods, and as a result, basic and dilutive outstanding shares were the same.

Income (loss) per Common Share (Successor)

Basic income (loss) per common share is computed based upon the weighted average number of shares outstanding during the period. There are no potential common shares with a dilutive effect for the period from Acquisition Date through September 30, 2013. Therefore, basic and dilutive outstanding shares are the same.

The net income (loss) per common share amounts previously reported on Form 10-Q for the three and six months ended June 30, 2013, did not appropriately reflect income (loss) available to common stockholders in accordance with ASC 260-10-45-11, Other Presentation Matters – Income Available to Common Stockholders and Preferred Dividends. Income (loss) available to common stockholders shall be computed by deducting both the dividends declared in the period on preferred stock (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned) from income from continuing operations and also from net income. As such, the corrected income (loss) per common share amounts for the three and six months ended June 30, 2013 are as follows:

	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013
Loss from continuing operations	$ (1,009)	$ (15,897)
Income from discontinued operations	152	152
Net loss	(857)	(15,745)
Accrued Series A Preferred Stock dividends	(2,907)	(2,907)
Net loss available for common stockholders	$ (3,764)	$ (18,652)
Basic and diluted net income (loss) per common share		
From continuing operations, after Series A Preferred Stock dividends	(39,160.00)	(188,040.00)
From discontinued operations	1,520.00	1,520.00
Total basic and diluted net loss per common share available to common stockholders	$(37,640.00)	$(186,520.00)
Weighted average common shares outstanding - basic and diluted	100	100

Management believes these adjusted amounts do not materially impact the interim financial statements as of and for the three and six months ended June 30, 2013 as previously reported on Form 10-Q with the SEC. Net income (loss) per common share has been appropriately presented in accordance with ASC 260 on the condensed consolidated statement of operations for the three and nine months ended September 30, 2013.

Segment Information

The principal business of the Company is the ownership of hotels. The Company does not distinguish or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes in accordance with U.S. GAAP. Further, all of the Company's operations and assets are located within the United States, and no hotel comprises more than 10% of total revenue earned by the Company.

Recently Issued Accounting Standards

In July 2012, the FASB issued Accounting Standards Updates ("ASU") No. 2012-02, Intangibles-Goodwill and Other (ASC Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. ASU No. 2012-02 amends the impairment test for indefinite-lived intangible assets by allowing companies to first assess qualitative factors to determine if it is more likely than not that an indefinite-lived intangible asset might be impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. The changes to the ASC as a result of this update are effective prospectively for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company has adopted this guidance and it did not have any material impact on its condensed consolidated financial statements.

2. Merger

On May 14, 2013, the Company completed its previously announced acquisition of Apple Six, pursuant to the Agreement and Plan of Merger, dated as of November 29, 2012 (the "Merger Agreement"), by and between the Company, BRE Holdings and Apple Six, pursuant to which Apple Six merged with and into the Company (the "Merger"). As a result of the Merger, the Company acquired 100% of the controlling interest of Apple Six. Each issued and outstanding common share and related Series A preferred share of Apple Six were exchanged for (i) $9.20 in cash and (ii) one share of 7% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") of the Company with an initial liquidation preference of $1.90 per share. The Merger was funded by a net cash contribution of $214.9 million indirectly made by the Sponsor and its affiliates, Series A Preferred Stock with an aggregate initial liquidation preference of $184.4 million, and $775.0 million of debt. In connection with these activities, the Company incurred $0.3 million and $21.5 million in merger transaction costs (excluding $1.2 million of equity issuance costs recognized as a reduction to the carrying value of the Series A Preferred Stock at Acquisition Date) for the three and nine months ended September 30, 2013, and the Predecessor incurred merger transaction costs of $67.6 million for the period from January 1, 2013 through May 13, 2013. These costs are reflected in merger transaction costs in the condensed consolidated statements of operations.

The Merger was accounted for using the purchase method of accounting in accordance with ASC 805, Business Combinations, and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the Acquisition Date. The Company engaged a third party valuation firm to assist in the determination of the fair values of tangible and intangible assets acquired. After the June 30, 2013 financial statements were issued, new information was provided to us by the third-party valuation firm and after considering the results of that report, we have estimated that the fair value of the investment in real estate should be increased by $63.2 million, offset by a decrease of $62.1 million to goodwill and $1.1 million to due from third party manager, net. The amount of additional depreciation expense that would have been booked in three months ended June 30, 2013 using the adjusted asset values was determined to be immaterial. The allocation of the purchase price is preliminary and may change upon final determination of the fair values of the assets acquired and liabilities assumed.

The following is a summary of the amounts (in thousands) assigned to the assets acquired and liabilities assumed by the Company in connection with the Merger:

Investment in real estate (including real estate held for sale)	$ 982,361
Goodwill	128,195
Cash	11,051
Restricted cash-furniture, fixtures and other escrows	1,197
Due from third party manager, net	7,436
Other assets	288
Credit facility	(30,970)
Mortgage debt	(18,078)
Accounts payable and accrued expenses	(4,115)
Ground lease	(300)
	$1,077,065

Goodwill recognized is deductible for tax purposes.

3. Investment in Real Estate, net

Investment in real estate, net as of September 30, 2013 and December 31, 2012 consisted of the following (in thousands):

	Successor September 30, 2013	Predecessor December 31, 2012
Land	$ 153,951	$ 107,736
Building and Improvements	793,485	752,736
Furniture, Fixtures and Equipment	24,360	82,503
Franchise Fees	0	3,043
	971,796	946,018
Less Accumulated Depreciation	(9,854)	(216,910)
Investment in Real Estate, net	$ 961,942	$ 729,108

4. Deferred Financing Costs

Deferred financing costs consist of amounts paid for direct and indirect costs associated with the origination of the mortgage and mezzanine loan agreements entered into at the time of the Merger and further discussed in Note 5. Such costs are amortized on a straight-line basis (which approximates the effective interest method) over the term of the related debt. Amortization of deferred financing costs totaled $1.3 million and $2.0 million for the three and nine months ended September 30, 2013, respectively, and is included in interest expense in the condensed consolidated statements of operations.

5. Mortgages Payable and Mezzanine Loans

On May 14, 2013, in connection with the acquisition of Apple Six pursuant to the Merger Agreement, certain indirect, wholly-owned subsidiaries of the Company (the “Mortgage Borrowers”) obtained a $600.0 million mortgage loan (the “Mortgage

Loan") from Citigroup Global Markets Realty Corp. and Bank of America, N.A. (collectively, the "Lenders"). The Mortgage Loan is secured by first-priority, cross-collateralized mortgage liens on 65 of the 66 properties owned or ground-leased by certain subsidiaries of the Company, all related personal property, reserves, a pledge of all income received by the Mortgage Borrowers with respect to the properties and a security interest in a cash management account.

Certain indirect, wholly-owned subsidiaries of the Company that own direct ownership interests in the Mortgage Borrowers (the "Mezzanine A Borrowers") obtained a $100.0 million loan (the "Mezzanine A Loan") from the Lenders. Certain other indirect, wholly-owned subsidiaries of the Company that own direct or indirect ownership interests in the Mortgage Borrowers (the "Mezzanine B Borrowers" and, together with the Mezzanine A Borrowers, the "Mezzanine Borrowers" and, together with the Mortgage Borrowers, the "Borrowers") obtained a $75.0 million loan (the "Mezzanine B Loan" and, together with the Mezzanine A Loan, the "Mezzanine Loans" and, together with the Mortgage Loan, the "Loans") from the Lenders. Each of the Mezzanine Loans is secured by first-priority, cross-collateralized pledges of the direct or indirect ownership interests of each of the Mezzanine Borrowers in the Mortgage Borrowers, all related personal property, reserves, a pledge of all income received by each of the Mezzanine Borrowers with respect to its direct or indirect ownership interests in the Mortgage Borrowers and a security interest in a cash management account.

Each portion of the collateral security of the Mezzanine Loans is cross-defaulted with the Mortgage Loan and each portion of the collateral security of the Mezzanine B Loan is cross-defaulted with the Mezzanine A Loan.

In addition to the payment of the cash consideration in the Merger, the proceeds from the Loans were used to repay Apple Six's credit facility with Wells Fargo Bank, N.A., to repay or redeem certain of Apple Six's mortgage debt, for other costs and expenses relating to the transactions in connection with the Merger Agreement and to establish reserves, including certain reserves required to be established under the terms of the Loans.

The initial interest rate of the Mortgage Loan is equal to the one-month London interbank offered rate for deposits, or LIBOR, plus a margin rate of approximately 3.34%. By amendments executed on July 8, 2013 and July 22, 2013, respectively, the Mortgage Borrowers and the Lenders assigned the principal balance of the Mortgage Loan among each of the six components of the Mortgage Loan and the Mortgage Borrowers and the Lenders assigned each of the six components of the Mortgage Loan with varying floating interest rates with an initial collective weighted average interest rate equal LIBOR plus a margin of approximately 3.34%. The initial interest rate of the Mezzanine A Loan is equal to the one-month LIBOR plus a margin rate of 5.75%. The initial interest rate of the Mezzanine B Loan is equal to the one-month LIBOR plus a margin rate of 6.95%. The Loans are scheduled to mature on May 9, 2016, with an option for the Borrowers to extend the initial term for two one-year extension terms, subject to certain conditions. In the event the Borrowers exercise the second one-year extension option, there will be a one-time increase in the applicable interest rate by 25 basis points for the last one-year extension period. The Loans are not subject to any mandatory amortization.

The Loans contain various representations and warranties, as well as certain financial, operating and other covenants that will among other things, limit the Company's ability to:

- incur additional secured or unsecured indebtedness;
- make cash distributions at any time that the debt yield, representing the quotient (expressed as a percentage) calculated by dividing the annualized net operating income of the properties subject to the Loans by the outstanding principal amount of the indebtedness under the Loans, is less than 8.75% or if there is a default continuing under any Mezzanine Loan (including the failure to make regularly scheduled debt service payments there under) until such time as the debt yield is equal to or greater than 9.00% or the Mezzanine Loan default has been cured;
- make investments or acquisitions;
- use assets as security in other transactions;
- sell assets (except that the Borrowers are permitted to sell assets so long as the debt yield is not reduced, subject to payment of applicable prepayment premiums and other property release requirements)
- guarantee other indebtedness; and
- consolidate, merge or transfer all or substantially all of the Company's assets.

Defaults under the Loans include, among other things, the failure to pay interest or principal when due, material misrepresentations, transfers of the underlying security for the Loans without any required consent from the applicable Lender, defaults under material agreements relating to the properties, including franchise and management agreements, bankruptcy of a Borrower or the Company, failure to maintain required insurance and a failure to observe other covenants under the Loans, in each case subject to any applicable cure rights.

The Loans are not prepayable during the first twelve months of the initial term of the Loans, except that each Borrower may prepay up to 15% of the Loan to which it is a party during such twelve month period and at any time thereafter without prepayment penalty or fee. The Borrowers may prepay the Loans, in whole or in part, at any time after the twelfth month of the initial term of the Loans, except that, if a prepayment is made at any time during the period from the thirteenth month through the eighteenth month of the initial term of the Loans and such prepayment, when aggregated with all other prepayments made by a

Borrower of the applicable Loan, exceeds 15% of the amount of the Loans funded to such Borrower, then such Borrower will pay to the Lenders an amount equal to the present value of the interest payable on the principal being prepaid for the period from the date of the prepayment through the eighteenth month of the initial term of the Loans. Any prepayment made after the eighteenth month of the initial term of the Loans may be made without any prepayment penalty or fee. Notwithstanding the foregoing, any prepayment of the Loans with casualty or condemnation proceeds or any prepayment to enable the Borrowers to remove a ground leased property as collateral security due to a default by a Borrower under the applicable ground lease will not be subject to any limitation on prepayment or any prepayment fee or penalty.

In addition, the applicable Borrowers for each Loan and the Company will have recourse liability under the Loans for certain matters typical of a transaction of this type, including, without limitation, relating to losses arising out of actions by the Borrowers, the Company, the Sponsor or their respective affiliates which constitute fraud, intentional misrepresentation, misappropriation of funds (including insurance proceeds), removal or disposal of any property after an event of default under the Loans, a material violation of the due on sale/encumbrance covenants set forth in the loan agreements, willful misconduct that results in waste to any property and any material modification or voluntary termination of a ground lease without the Lenders' prior written consent if required under the loan agreements. The applicable Borrowers for each Loan and the Company will also have recourse liability for the Loans in the event any security instrument or loan agreement is deemed a fraudulent conveyance or a preference, in the event of a voluntary or collusive involuntary bankruptcy of any Borrower or any operating lessee of the properties, in the event Borrower, the Company, the Sponsor or their respective affiliates consent to or join in the application for the appointment of a custodian, receiver, trustee or examiner of any Borrower, or the operating lessee of any of the properties or any property or any Borrower or any operating lessee of the properties making an assignment for the benefit of creditors.

As part of the Merger, the Company assumed an existing loan with a commercial lender secured by the Company's Fort Worth, Texas Residence Inn property. The loan matures on October 6, 2022 and carries a fixed interest rate of 4.73%. The outstanding principal balance as of September 30, 2013 was $18.0 million and included in mortgages payable in the condensed consolidated balance sheets. In addition, in conjunction with the Merger, Apple Six's unsecured credit facility of $31.0 million and mortgage loan of $5.6 million on the Hillsboro, Oregon Courtyard were paid in full and extinguished.

Future scheduled principal payments of debt obligations for the five years subsequent to September 30, 2013 and thereafter are as follows (in thousands):

	Mortgages Payable	Mezzanine Loans	Total
2013 (remaining months)	$ 98	$ 0	$ 98
2014	402	0	402
2015	421	0	421
2016	600,440	175,000	775,440
2017	464	0	464
Thereafter	16,128	0	16,128
Total	$617,953	$175,000	$792,953

6. Fair Value of Financial Instruments

In accordance with the authoritative guidance on fair value measurements and disclosures, the Company measures nonfinancial assets and liabilities subject to nonrecurring measurement and financial assets and liabilities subject to recurring measurement based on a hierarchy that prioritizes inputs to valuation techniques used to measure the fair value. Inputs used in determining fair value should be from the highest level available in the following hierarchy:

Level 1 — Inputs based on quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access.

Level 2 — Inputs based on quoted prices for similar assets or liabilities, quoted market prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3 — Inputs are unobservable for the asset or liability and typically based on an entity's own assumptions as there is little, if any, related market activity.

Determining estimated fair values of the Company's financial instruments such as mortgages payable requires considerable judgment to interpret market data. The market assumptions and/or estimation methodologies used may have a material effect on estimated fair value amounts. Accordingly, the estimates presented are not necessarily indicative of the amounts which these instruments could be purchased, sold, or settled. Carrying amounts and estimated fair values of financial instruments, for periods indicated, were as follows (in thousands):

	Successor		Predecessor	
	September 30, 2013		December 31, 2012	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets and liabilities carried at fair value:				
Interest rate caps	$ 662	$ 662	$ 0	$ 0
Financial assets not carried at fair value:				
Cash and cash equivalents	$ 34,852	$ 34,852	$ 0	$ 0
Restricted cash	$ 32,678	$ 32,678	$ 1,459	$ 1,459
Due from third party manager, net	$ 2,718	$ 2,718	$ 7,546	$ 7,546
Financial liabilities not carried at fair value:				
Accounts payable and accrued expenses	$ 14,080	$ 14,080	$ 7,306	$ 7,306
Credit facility	$ 0	$ 0	$34,470	$34,716
Mortgages payable	$617,953	$616,812	$23,947	$24,837
Mezzanine loans	$175,000	$175,000	$ 0	$ 0

Interest rate caps. The Company acquired three interest rate cap agreements, as required by the terms of its Loans, considered to be derivative instruments. Each agreement caps the interest rate on its mortgages payable and mezzanine loans obtained in connection with the Merger. The Company did not designate the derivative as hedges for accounting purposes and, accordingly, accounts for the interest rate caps at fair value in the accompanying condensed consolidated balance sheet in other assets with adjustments to fair value recorded in unrealized gain (loss) on derivatives in the condensed consolidated statements of operations. The interest rate caps were acquired at a cost of $431,000. Fair value is determined by using prevailing market data and incorporating proprietary models based on well recognized financial principals and reasonable estimates where applicable from a third party source. This is considered a Level 2 valuation technique.

Cash, cash equivalent and restricted cash. These financial assets bear interest at market rates and have maturities of less than 90 days. The carrying value approximates fair value due to the short-term nature of these assets. This is considered a Level 1 valuation technique.

Due from third party manager, accounts payable and accrued expenses. The carrying value of these financial instruments approximates their fair value due to the short-term nature of these financial instruments. This is considered a Level 1 valuation technique.

Credit facility, mortgages payable and mezzanine loans. For credit facility and fixed rate mortgage payable, fair value is calculated by discounting the future cash flows of each instrument at estimated market rates consistent with the maturity of the debt obligation with similar credit terms and credit characteristics. Market rates take into consideration general market conditions and maturity. This is considered a Level 3 valuation technique. Fair value of variable rate mortgage payables and mezzanine loans approximates carrying value due to the variable nature of the applicable interest rates.

7. Commitments and Contingencies

Legal Fees – In connection with the Merger, on November 29, 2012 Apple Six entered into a litigation cost sharing agreement with Apple REIT Seven, Inc., Apple REIT Eight, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. (the "other Apple REITs"). Pursuant to the litigation cost sharing agreement:

- The Company, as successor to Apple Six, will pay 20%, and the other parties to the litigation cost sharing agreement will pay 80%, of the fees and expenses of specified counsel or any other counsel, consultant or service provider jointly retained in connection with the Apple REIT class action litigation, incurred after November 29, 2012 in connection with the Apple REIT class action litigation. A description of this litigation is provided in Part II, Item 1 Legal Proceedings.

- The Company, as successor to Apple Six, will pay 25%, and the other parties to the litigation cost sharing agreement will pay 75%, of the fees and expenses of specified counsel or any other counsel, consultant or service provider jointly retained in connection with the SEC investigation, incurred after November 29, 2012 in connection with a SEC investigation discussed below. The SEC staff has been conducting a non-public investigation, which is focused principally on the adequacy of certain disclosures in the Apple Six's filings with the SEC beginning in 2008, as well as the Company's review of certain transactions involving the Company and the other Apple REIT Companies. The Company, as successor to Apple Six, intends to continue to cooperate with the SEC staff. The Company does not believe the issues raised by the SEC staff affect the accuracy of the Company's condensed consolidated financial statements in any material respect. At this time, the Company cannot predict the outcome of this investigation, nor can it predict the timing associated with the conclusion or resolution of this matter.

Franchise Agreements- As of September 30, 2013, the Company's hotel properties, other than the Courtyard in Myrtle Beach, South Carolina, the SpringHill Suites in Fort Worth, Texas and the Marriott in Redmond, Washington, (the "Marriott Managed Properties") are operated under franchise agreements between TRS and Marriott International, Inc. ("Marriott") or Hilton Hotels Corporation ("Hilton") or one of their respective affiliates. The franchise agreements for these hotels allow the properties to operate under the brand identified in the applicable franchise agreements. The management agreements for each of the Marriott Managed Properties allow the Marriott Managed Properties to operate under the brand identified therein. Pursuant to the franchise agreements, the Company pays a royalty fee, generally between 4.5% and 6.0% of room revenue, which is included in franchise fees in the condensed consolidated statements of operations. Program fees, which include additional fees for marketing, are included in sales and marketing expense, and central reservation system and other franchisor costs are included in operating expense in the condensed consolidated statements of operations.

Management Agreements – As of September 30, 2013, each of the Company's 66 hotels are operated and managed, under separate management agreements, by affiliates of the following companies: Marriott, Stonebridge Realty Advisors, Inc. ("Stonebridge"), Western International ("Western"), Larry Blumberg & Associates ("LBA"), White Lodging Services Corporation ("White"), Inn Ventures, Inc. ("Inn Ventures"), or Interstate Hotels & Resorts, Inc. ("Interstate"). In connection with the Merger, the five hotels previously managed by affiliates of Hilton Worldwide, Inc. and the one hotel previously managed by Newport Hospitality Group, Inc. were converted to management by Interstate on May 14, 2013. The management agreements require the Company to pay a monthly fee calculated as a percentage of revenues, as well as annual incentive fees, if applicable, and are included in management fees in the condensed consolidated statements of operations. If the Company terminates a management agreement prior to its expiration, it may be liable for estimated management fees through the remaining term and liquidated damages. Additionally, the Company, from time to time, enters into management agreements to manage retail premises ancillary to its hotels.

Ground Leases – As of September 30, 2013, four of the Company's hotel properties had ground leases with remaining terms ranging from 3 to 20 years. Two properties, the Courtyard in Tuscaloosa, Alabama and the Fairfield Inn in Tuscaloosa, Alabama, are leased to the Company pursuant to a single ground lease. The ground lease for the Residence Inn in Pittsburgh, Pennsylvania originated at the time of the Merger and has a term of 20 years. Payments under this lease are payable to a subsidiary of the Company, and, therefore eliminated in consolidation and excluded from the table below. Each of the remaining three leases has the option for the Company to extend the lease. The Residence Inn in Portland, Oregon has a lease for parking space which is included in the table below. Ground lease expenses are included in taxes, insurance and other in the condensed consolidated statements of operations. The aggregate amounts of minimum lease payments under these lease agreements for the five years subsequent to September 30, 2013 and thereafter are as follows (in thousands):

	Amount
2013 (remaining months)	$ 65
2014	261
2015	267
2016	271
2017	238
Thereafter	4,267
Total	$5,369

8. 7% Series A Cumulative Redeemable Preferred Stock

In connection with the Merger, the Company issued 97,032,848 shares of Series A Preferred Stock. The terms of these shares provide the Company with the right to redeem such shares at any time for an amount equal to the liquidation preference, plus any accumulated and unpaid dividends. In addition, the terms of these shares include an option for a holder of such shares to require the Company to redeem all or a portion of such holder's shares on or after November 14, 2020 for an amount equal to the liquidation preference, plus any accumulated and unpaid dividends. The initial dividend rate on these shares is 7% per annum. The dividend rate will increase to 9% per annum if dividends are not paid in cash for more than six quarters, and to 11% per annum if they are not redeemed after the earlier of certain change of control events and May 14, 2018. Due to the option provided to the holders of these shares, such shares have been classified outside permanent shareholders' equity.

On September 30, 2013, BRE Holdings purchased approximately 2.0 million shares of the Series A Preferred Stock for $1.30 per share as part of a tender offer extended to all shareholders. The shares are currently held by BRE Holdings.

The initial liquidation preference of $1.90 per share will be subject to downward adjustment should net costs and payments relating to certain legacy litigation and regulatory matters exceed $3.5 million from the date of the Merger Agreement (November 29, 2012). The Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying amount of the Series A Preferred Stock to equal the redemption value at the end of each reporting period. As of September 30, 2013, the initial liquidation preference has not been adjusted.

On May 14, 2013, the Series A Preferred Stock was recorded on the balance sheet at the initial liquidation preference of $1.90 per share less $1.2 million of Merger costs attributed to the issuance of the shares.

On September 19, 2013, the Board of Directors of the Company declared a dividend for the Series A Preferred Stock of $0.0333 per share, payable on October 15, 2013 to shareholders of record on October 1, 2013.

9. Shareholders' Equity

The Company is authorized to issue 150,100,000 shares of capital stock pursuant to its Amended and Restated Certificate of Incorporation, consisting of (i) 100,000 shares of common stock, par value $0.01 per share, and (ii) 150,000,000 shares of preferred stock, par value $0.0001 per share.

Holders of the Company's common stock are entitled to one vote for each share of common stock held. At September 30, 2013 and December 31, 2012, there were 100 shares of common stock issued and outstanding.

Under the prior Amended and Restated Certificate of Incorporation, the authorized preferred stock of the Company included a series designated Series B Redeemable Preferred Stock ("Series B Preferred Stock"), of which 125 shares were authorized. The Company, at its option, was able to redeem shares of the Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price equal to $1,000 per share plus an amount equal to all accrued and unpaid dividends thereon to and including the dated fixed for redemption. Dividends on the Series B Preferred Stock were payable at the rate of 12% per annum of the total $1,000 per share. 113 shares of Series B Preferred Stock were issued on January 18, 2013 and were redeemed on May 10, 2013.

10. Income Taxes

The Company accounts for TRS income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The analysis utilized by the Company in determining the deferred tax valuation allowance involves considerable management judgment and assumptions. For the three and nine months ended September 30, 2013, the Company recorded $2.0 million and $3.4 million of income tax expense, respectively. Tax expense for the three and nine months ended September 30, 2013 is comprised of federal taxes and state taxes. A deferred tax asset of $2.2 million relating to temporary timing differences between the tax and financial statement recognition of certain expense items is included in other assets on the accompanying condensed consolidated balance sheets at September 30, 2013.

The Company's policy for interest and penalties, if any, on material uncertain tax positions recognized in the condensed consolidated financial statements is to classify these as interest expense and operating expense, respectively. As of September 30, 2013, the Company did not incur any material interest or penalties.

11. Related Party Transactions

Sponsor and its affiliates are in the business of making investments in companies and real estate assets and currently own, and may, from time to time acquire and hold, in each case, interests in businesses or assets that compete directly or indirectly with the Company. In addition, certain affiliates of the Sponsor own Hilton, which is, or owns, the franchisor of 27 of the hotels owned by the Company. In connection with Sponsor's and its affiliates business activities, Sponsor, BRE Holdings or any of their affiliates, including, without limitation, Hilton may from time to time enter into arrangements with the Company and its subsidiaries.

12. Hotels Held for Sale and Discontinued Operations

Based on the performance, location and capital requirements, the Company committed to a plan to sell the four properties identified below:

- Fairfield Inn - Birmingham, Alabama
- SpringHill Suites - Montgomery, Alabama
- Fairfield Inn - Orange Park, Florida
- SpringHill Suites - Savannah, Georgia

These hotels have been classified in the condensed consolidated financial statements as hotels held for sale of $10.8 million and are recorded at the anticipated sale proceeds less cost to sell at September 30, 2013. The results of operations for these properties are classified as income (loss) from discontinued operations. The results of operations for the three and nine months ended September 30, 2013 include a loss on the anticipated sale of $0.4 million representing the estimated selling costs. The estimated fair value is based on actual third party bids for the properties and other third party information which is considered a Level 2 measurement under the FASB's standard on Fair Value Measurements and Disclosures. The sale of the properties is expected to close by the second quarter of 2014.

The following table sets forth the operating results from discontinued operations for the Successor and Predecessor periods (in thousands):

	Successor		Predecessor		
	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013	Period from January 1, through May 13, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Total revenue	$ 1,313	$ 2,112	$ 1,856	$ 1,206	$ 3,994
Hotel operating expenses	1,048	1,598	1,408	1,033	3,006
Taxes, insurance and other	54	83	168	41	153
General and administrative	39	65	0	0	0
Depreciation expense	0	42	262	184	555
Interest expense	192	192	0	92	277
Income tax expense	0	19	0	0	0
Estimated selling costs	435	435	0	0	0
Income (loss) from discontinued operations	$ (455)	$ (322)	$ 18	$ (144)	$ 3

The Company allocates interest expense to discontinued operations and has included such interest expense in computing income (loss) from discontinued operations. The allocation method used took the loan release amounts for the discontinued operations, as a percentage of the outstanding principal, multiplied by interest expense for the period.

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

The following discussion and analysis should be read in conjunction with BRE Select Hotel Corp's prospectus dated April 2, 2013 filed with the Securities and Exchange Commission (the "SEC") in accordance with Rule 424(b) of the Securities Act of 1933, as amended (the "Securities Act"), on April 2, 2013 (the "Prospectus"), along with the notes accompanying the unaudited condensed consolidated financial statements contained herein. In this report, the terms "the Company," "we" or "our" refer to BRE Select Hotels Corp, together with its wholly-owned subsidiaries, and refer to Apple REIT Six, Inc. ("Apple Six") for the periods prior to the Merger (as defined below), unless the context indicates otherwise.

Forward-Looking Statements

This quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are typically identified by use of terms such as "may," "believe," "expect," "anticipate," "intend," "estimate," "project," "target," "goal," "plan," "should," "will," "predict," "potential," and similar expressions that convey the uncertainty of future events or outcomes. Such statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the ability of the Company to implement its operating strategy; the Company's ability to manage planned growth; changes in economic cycles; risks associated with the Company's indebtedness; financing risks; regulatory proceedings or inquiries; 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; competition within the hotel and real estate industry; risks associated with the Company's legal proceedings; and the factors discussed in the sections entitled "Risk Factors" in the Prospectus and in this report. 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 the 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 real estate investment trust ("REIT") involves the application of highly technical and complex provisions of the Internal Revenue Code. Readers should carefully review the Company's financial statements and the notes thereto, as well as the risk factors described in the Company's filings with SEC. Any forward-looking statement that the Company makes speaks only as of the date of this 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.

Overview

Certain merger transaction costs incurred prior to May 14, 2013 by the Company are included in the Successor period, as that period represents the commencement of Successor operations. Prior to May 14, 2013, the Company had no revenues, and expenses were comprised solely of merger related costs. Information presented as of September 30, 2013, and for the three and nine months ended September 30, 2013, represents that of the Successor. Information presented for the period from January 1, 2013 through May 13, 2013, and the three and nine months ended September 30, 2012 represents that of the Predecessor.

The Company was formed to invest in income-producing real estate in the United States through the acquisition of Apple Six. The Company intends to be treated as a REIT for federal income tax purposes. On May 14, 2013, the Company completed its previously announced acquisition of Apple Six pursuant to the Agreement and Plan of Merger, dated as of November 29, 2012 (the "Merger Agreement"), by and between the Company, BRE Holdings and Apple Six, pursuant to which Apple Six merged with and into the Company (the "Merger"). As of September 30, 2013, the Company owned 66 hotels located in 18 states with an aggregate of 7,651 rooms.

Hotel Operations

Along with the industry as a whole, we continue to experience improvements in both revenues and operating income as compared to the prior year. Although hotel performance can be influenced by many factors including local competition, local and general economic conditions in the United States and the performance of individual managers assigned to each hotel, performance of our hotels as compared to other hotels within their respective local markets, in general, continues to meet our expectations. We believe the remainder of 2013 and 2014 will offer attractive growth for both the hotel industry and our Company because of the expected increased demand versus available supply.

In evaluating financial condition and operating performance, the most important indicators that we focus on are: (1) revenue measurements, such as average occupancy, average daily rate ("ADR"), revenue per available room ("RevPAR"), and RevPAR Index, which compares an individual hotel's results to others in its local market, and (2) expenses, such as hotel operating expenses, general and administrative and other expenses described below.

The Company has committed to a plan to sell the Birmingham, Alabama Fairfield Inn, Montgomery, Alabama SpringHill Suites, Orange Park, Florida Fairfield Inn, and Savannah, Georgia SpringHill Suites, as it was determined that these properties no longer fit the Company's long-term strategic plan. The results of these properties have been included in discontinued operations and are not included in the summary below. The following is a summary of the Company's results from continuing operations:

(in thousands, except statistical data)	Successor		Predecessor	
	Three Months Ended September 30, 2013	Percent of Revenue	Three Months Ended September 30, 2012	Percent of Revenue
Total hotel revenue	$ 73,775	100%	$ 69,428	100%
Hotel operating expenses	39,629	54%	37,924	55%
Taxes, insurance and other expense	3,292	4%	3,088	4%
General and administrative expense	832	1%	1,818	3%
Merger transaction costs	320		(13)	
Depreciation	6,534		7,470	
Interest expense, net	9,621		688	
Unrealized loss on derivatives	208		0	
Income tax expense	1,964		103	
Number of hotels	62		62	
ADR	$ 129		$ 123	
Occupancy	80%		79%	
RevPAR	$ 103		$ 97	
RevPAR Index (1)	119		120	
Total rooms sold (2)	540,101		531,483	
Total rooms available (3)	675,924		671,588	

(in thousands, except statistical data)	Successor		Predecessor			
	Nine Months Ended September 30, 2013	Percent of Revenue	January 1, 2013 through May 13, 2013	Percent of Revenue	Nine Months Ended September 30, 2012	Percent of Revenue
Total hotel revenue	$ 111,336	100%	$ 88,275	100%	$ 190,968	100%
Hotel operating expenses	59,445	53%	51,728	59%	107,048	56%
Taxes, insurance and other expense	5,258	5%	4,457	5%	9,305	5%
General and administrative expense	1,721	2%	2,828	3%	5,235	3%
Merger transaction costs	21,463		67,633		810	
Depreciation	9,854		10,651		22,969	
Interest expense, net	14,908		1,439		2,171	
Unrealized gain on derivatives	(231)		0		0	
Income tax expense	3,420		140		278	
Number of hotels	62		62		62	
ADR	$ 127		$ 116		$ 118	
Occupancy	80%		73%		76%	
RevPAR	$ 102		$ 84		$ 89	
RevPAR Index (1)	119		121		122	
Total rooms sold (2)	825,971		709,621		1,517,921	
Total rooms available (3)	1,028,580		978,777		2,001,154	

(1) Calculated from data provided by Smith Travel Research, Inc. ®
(2) Represents the number of room nights sold during the period.
(3) Represents the number of rooms owned by the Company multiplied by the number of nights in the period.

Table of Contents

Hotels Owned

The following table summarizes the location, brand, manager and number of rooms for each of the 66 hotels the Company owned at September 30, 2013, all of which were acquired on May 14, 2013 in connection with the Merger described in Note 2 of the condensed consolidated financial statements.

City	State	Brand	Manager	Rooms
Birmingham	Alabama	Fairfield Inn	LBA	63
Dothan	Alabama	Courtyard	LBA	78
Dothan	Alabama	Hampton Inn & Suites	LBA	85
Huntsville	Alabama	Fairfield Inn	LBA	79
Huntsville	Alabama	Residence Inn	LBA	78
Montgomery	Alabama	SpringHill Suites	LBA	79
Tuscaloosa	Alabama	Courtyard	LBA	78
Tuscaloosa	Alabama	Fairfield Inn	LBA	63
Anchorage	Alaska	Hampton Inn	Stonebridge	101
Anchorage	Alaska	Hilton Garden Inn	Stonebridge	125
Anchorage	Alaska	Homewood Suites	Stonebridge	122
Phoenix	Arizona	Hampton Inn	Stonebridge	99
Arcadia	California	Hilton Garden Inn	Stonebridge	124
Arcadia	California	SpringHill Suites	Stonebridge	86
Bakersfield	California	Hilton Garden Inn	Interstate	120
Folsom	California	Hilton Garden Inn	Inn Ventures	100
Foothill Ranch	California	Hampton Inn	Stonebridge	84
Lake Forest	California	Hilton Garden Inn	Stonebridge	103
Milpitas	California	Hilton Garden Inn	Inn Ventures	161
Roseville	California	Hilton Garden Inn	Inn Ventures	131
San Francisco	California	Hilton Garden Inn	White	169
Boulder	Colorado	Marriott	White	157
Glendale	Colorado	Hampton Inn & Suites	Stonebridge	133
Lakewood	Colorado	Hampton Inn	Stonebridge	170
Farmington	Connecticut	Courtyard	White	119
Rocky Hill	Connecticut	Residence Inn	White	96
Wallingford	Connecticut	Homewood Suites	White	104
Clearwater	Florida	SpringHill Suites	LBA	79
Lake Mary	Florida	Courtyard	LBA	83
Lakeland	Florida	Residence Inn	LBA	78
Orange Park	Florida	Fairfield Inn	LBA	83
Panama City	Florida	Courtyard	LBA	84
Pensacola	Florida	Courtyard	LBA	90
Pensacola	Florida	Fairfield Inn	LBA	63
Pensacola	Florida	Hampton Inn & Suites	LBA	85
Tallahassee	Florida	Hilton Garden Inn	Interstate	99
Albany	Georgia	Courtyard	LBA	84
Columbus	Georgia	Residence Inn	LBA	78
Savannah	Georgia	SpringHill Suites	LBA	79
Valdosta	Georgia	Courtyard	LBA	84
Mt. Olive	New Jersey	Residence Inn	White	123
Somerset	New Jersey	Homewood Suites	White	123
Saratoga Springs	New York	Hilton Garden Inn	White	112
Roanoke Rapids	North Carolina	Hilton Garden Inn	Interstate	147
Hillsboro	Oregon	Courtyard	Inn Ventures	155
Hillsboro	Oregon	Residence Inn	Inn Ventures	122
Hillsboro	Oregon	TownePlace Suites	Inn Ventures	136
Portland	Oregon	Residence Inn	Inn Ventures	258
Pittsburgh	Pennsylvania	Residence Inn	White	156
Myrtle Beach	South Carolina	Courtyard	Marriott	135
Nashville	Tennessee	Homewood Suites	Interstate	121
Arlington	Texas	SpringHill Suites	Western	121
Arlington	Texas	TownePlace Suites	Western	94
Dallas	Texas	SpringHill Suites	Western	148
Ft. Worth	Texas	Homewood Suites	Interstate	137
Ft. Worth	Texas	Residence Inn	Western	149
Ft. Worth	Texas	SpringHill Suites	Marriott	145
Laredo	Texas	Homewood Suites	Western	105
Laredo	Texas	Residence Inn	Western	109
Las Colinas	Texas	TownePlace Suites	Western	135
McAllen	Texas	Hilton Garden Inn	Western	104
Fredericksburg	Virginia	Hilton Garden Inn	Interstate	148
Kent	Washington	TownePlace Suites	Inn Ventures	152
Mukilteo	Washington	TownePlace Suites	Inn Ventures	128
Redmond	Washington	Marriott	Marriott	262
Renton	Washington	Hilton Garden Inn	Inn Ventures	150

	7,651

Results of Operations

As of September 30, 2013, the Company owned 66 hotels located in 18 states with an aggregate of 7,651 rooms. Hotel performance is impacted by many factors, including the economic conditions in the areas we operate as well as the United States, generally. Although hampered by uncertainty regarding government spending, economic indicators in the United States have shown evidence of an economic recovery, which is currently having a positive impact on the lodging industry, including the Company. As a result, the Company's revenue and operating income improved in both the Successor and Predecessor periods in 2013 compared to the nine months ended September 30, 2012, and the Company expects continued improvement in revenue and operating income during the remainder of the year.

Revenues

The Company's principal source of revenue is hotel revenue, consisting of room and other related revenue. For the three months ended September 30, 2013 and 2012, the Company had total hotel revenue from continuing operations of $73.8 million and $69.4 million, respectively. Total hotel revenue from continuing operations was $111.3 million for the period from May 14, 2013 through September 30, 2013, and $88.3 million for the period from January 1, 2013 through May 13, 2013, as compared to $191.0 million for the nine months ended September 30, 2012. For the three months ended September 30, 2013 and 2012, the hotels achieved average occupancy of 80% and 79%, ADR of $129 and $123 and RevPAR of $103 and $97. The hotels achieved occupancy of 80% and 73%, ADR of $127 and $116 and RevPAR of $102 and $84 for the period from May 14, 2013 through September 30, 2013 and January 1, 2013 through May 13, 2013, respectively. This compares to occupancy, ADR and RevPAR of 76%, $118 and $89, respectively, for the nine months ended September 30, 2012. ADR is calculated as room revenue divided by number of rooms sold, and RevPAR is calculated as occupancy multiplied by ADR.

Increases in demand and continued room rate improvements led to the improved results in the current year compared to 2012. Our hotels continue to be leaders in their respective markets, with higher occupancy percentage and ADR compared to our competitors.

Expenses

Hotel operating expenses consist of direct room expense, hotel administrative expense, sales and marketing expense, utilities expense, repair and maintenance expense, franchise fees and management fees. For the three months ended September 30, 2013 and 2012, hotel operating expenses from continuing operations totaled $39.6 million and $37.9 million, respectively, representing 54% and 55% of total hotel revenue. Hotel operating expenses from continuing operations totaled $59.4 million and $51.7 million, respectively, representing 53% and 59% of total hotel revenue for the periods from May 14, 2013 through September 30, 2013 and January 1, 2013 through May 13, 2013. This compares to hotel operating expenses of $107.0 million, representing 56% of total hotel revenue, for the nine months ended September 30, 2012.

Results for the three months ended September 30, 2013, as well as the periods from May 14, 2013 through September 30, 2013 and January 1, 2013 through May 13, 2013 reflect the impact of the increases in revenues and the Company's efforts to control costs. Certain operating costs such as management costs, certain utility costs and minimum supply and maintenance costs are relatively fixed in nature. The Company has been successful in reducing, relative to revenue increases, certain labor costs, hotel supply costs, maintenance costs and utilities by monitoring and sharing utilization data across its hotels and management companies. Although operating expenses will increase as occupancy and revenue increases, the Company has and expects to continue to work with its management companies to reduce costs as a percentage of revenue where possible while maintaining quality service levels at each property.

Taxes, insurance, and other expenses from continuing operations for the three months ended September 30, 2013 and 2012 were $3.3 million and $3.1 million, or 4% and 4% of total hotel revenue, respectively. Taxes, insurance, and other expenses from continuing operations were $5.3 million and $4.5 million, or 5% and 5% of total hotel revenue for the periods from May 14, 2013 through September 30, 2013 and January 1, 2013 through May 13, 2013, respectively. This compares to taxes, insurance, and other operating expenses from continuing operations of $9.3 million, or 5% of total hotel revenue, for the nine months ended September 30, 2012.

Property taxes have increased in 2013 as the economy has continued to improve and localities reassessed property values accordingly. Also, 2013 insurance rates have increased modestly, largely because of overall insurance industry losses following world-wide catastrophic acts of mother nature.

General and administrative expense from continuing operations for the three months ended September 30, 2013 and 2012 was $0.8 million and $1.8 million, or 1% and 3% of total hotel revenue, respectively. General and administrative expense from continuing operations was $1.7 million and $2.8 million, or 2% and 3% of total hotel revenue for the periods from May 14, 2013 through September 30, 2013 and January 1, 2013 through May 13, 2013, respectively. This compares to general and administrative expense from continuing operations of $5.2 million, or 3% of total hotel revenue, for the nine months ended September 30, 2012.

The principal components of general and administrative expense are advisory fees and expenses, legal fees, accounting fees, and reporting expenses. Legal fees primarily relate to legacy matters of the Predecessor and its litigation cost sharing agreement with the other Apple REITs. See Part II, Item 1 Legal Proceedings for further details. General and administrative expense has trended downward since the Merger due to lower overhead costs for the Successor as compared to the Predecessor.

Merger transaction costs were $0.3 million and $0 for the three months ended September 30, 2013 and 2012, respectively. Merger transaction costs were $21.5 million and $67.6 million for the periods from January 1, 2013 through June 30, 2013 (Successor) and January 1, 2013 through May 13, 2013 (Predecessor), respectively, compared to $0.8 million for the nine months ended September 30, 2012.

Costs incurred during 2013 were in connection with the Merger discussed herein, and comprised primarily of legal and other professional services fees. Costs incurred during the nine months ended September 30, 2012 were associated with Apple REIT Six's evaluation of a potential consolidation transaction of the other Apple REITs. In May 2012, it was determined by the boards of directors of Apple REIT Six and the other Apple REITs not to move forward with the potential consolidation transaction at that time.

Depreciation expense from continuing operations for the three months ended September 30, 2013 and 2012 was $6.5 million and $7.5 million, respectively. Depreciation expense from continuing operations was $9.9 million and $10.7 million for the periods from May 14, 2013 through September 30, 2013 and January 1, 2013 through May 13, 2013, respectively, compared to $23.0 million for the nine months ended September 30, 2012.

Interest expense, net for the three months ended September 30, 2013 and 2012 was $9.6 million and $0.7 million, respectively. Interest expense, net was $14.9 million and $1.4 million for the periods from May 14, 2013 through September 30, 2013 and January 1, 2013 through May 13, 2013, respectively, compared to $2.2 million for the nine months ended September 30, 2012.

Interest expense increased due to the mortgage and mezzanine loans obtained in connection with the Merger, partly offset by the payoff of the line of credit and the mortgage payable on the Hillsboro Courtyard. As of September 30, 2013, the Company had total debt outstanding of $793.0 million compared to $58.6 million at September 30, 2012. The Company capitalized interest of approximately $0 and $0.2 million for the period from May 14, 2013 through September 30, 2013 and January 1, 2013 through May 13, 2013, compared to $45,000 for the nine months ended September 30, 2012 in conjunction with hotel renovations.

Liquidity and Capital Resources

Operating cash flow from the properties owned is the Company's principal source of liquidity. The Company anticipates that cash flow from operations will be adequate to meet its anticipated liquidity requirements, including debt service, capital improvements, and dividends on the 7% Series A Cumulative Redeemable Preferred Shares.

To qualify as a REIT, the Company is required to distribute at least 90% of its ordinary income. Prior to the execution of the Merger Agreement, distributions were paid by the Predecessor at a monthly rate of $0.066 per common share. Total distributions by the Predecessor in the first nine months of 2012 were $54.1 million and were paid monthly at a rate of $0.066 per common share. No distributions were made by the Predecessor in 2013 per the terms of the Merger Agreement.

On July 15, 2013, the Company paid a dividend for the Series A Preferred Stock of $0.0229 per share to shareholders of record on July 1, 2013. On September 19, 2013, the Board of Directors of the Company declared a dividend for the Series A Preferred Stock of $0.0333 per share, payable on October 15, 2013 to shareholders of record on October 1, 2013.

The Company has on-going capital commitments to fund its capital improvements. The Company is required, under all of the hotel franchise agreements and under its loan agreements, to make available for the repair, replacement and refurbishing of furniture, fixtures, and equipment a percentage of gross revenues provided that such amount may be used for the Company's capital expenditures with respect to the hotels. Pursuant to the loan agreement described in Note 5, at closing the Company was required to deposit $15.0 million into a restricted cash account to fund required capital improvements. In addition, for a thirty-six month period thereafter, the Company must deposit in a lender escrow an amount equal to the sum of: (i) $0.4 million and (ii) 4% of total revenue, excluding revenue from the Marriott managed hotels. These funds can then be used for capital enhancements to the properties. Based on current projections of revenue for the ensuing twelve months, the total funds reserved and/or expected to be used for capital expenditures for the twelve months is approximately $15.0 million.

Impact of Inflation

Operators of hotels, in general, possess the ability to adjust room rates daily to reflect the effects of inflation. Competitive pressures may, however, limit the operators' ability to raise room rates. Currently the Company is not experiencing any material impact from inflation.

Business Interruption

Being in the real estate industry, the Company's financial position and results of operation are exposed to natural disasters. Although management believes there is 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 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, if necessary, any available other financing sources to make distributions.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's Chief Executive Officer and the Company's Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Form 10-Q. Based upon that evaluation, the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded that, as of September 30, 2013, the Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

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

Apple Six was party to certain legal matters at the time of its acquisition by the Company. Following completion of its acquisition of Apple Six, the Company as the surviving corporation in the merger, became involved in these legacy matters. The initial liquidation preference of $1.90 per share of Series A Preferred Stock is subject to downward adjustment should net costs and payments relating to certain litigation and regulatory legacy matters exceed $3.5 million, including the litigation described below and the SEC investigation referenced in Note 7 to the condensed consolidated financial statements of this report. As of September 30, 2013, the initial liquidation preference has not been adjusted.

On December 13, 2011, the United States District Court for the Eastern District of New York ordered that three putative class actions, *Kronberg, et al. v. David Lerner Associates, Inc., et al., Kowalski v. Apple REIT Ten, Inc., et al., and Leff v. Apple REIT Ten, Inc., et al.*, be consolidated and amended the caption of the consolidated matter to be *In re Apple REITs Litigation*. The District Court also appointed lead plaintiffs and lead counsel for the consolidated action and ordered lead plaintiffs to file and serve a consolidated complaint by February 17, 2012. Apple Six was previously named as a party in the *Kronberg, et al. v. David Lerner Associates, Inc. et al.* class action lawsuit, which was filed on June 20, 2011.

On February 17, 2012, lead plaintiffs and lead counsel in the *In re Apple REITs Litigation*, Civil Action No. 1:11-cv-02919-KAM-JO, filed an amended consolidated complaint in the United States District Court for the Eastern District of New York against Apple Six, Apple Suites Realty Group, Inc., Apple Eight Advisors, Inc., Apple Nine Advisors, Inc., Apple Ten Advisors, Inc., Apple Fund Management, LLC, Apple REIT Seven, Inc., Apple REIT Eight, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc., their directors and certain officers, and David Lerner Associates, Inc. ("David Lerner Associates") and David Lerner. Apple REIT Seven, Inc., Apple REIT Eight, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. are collectively referred to as "other Apple REIT companies." The consolidated complaint, purportedly brought on behalf of all purchasers of units in Apple Six and the other Apple REIT companies, or those who otherwise acquired these units that were offered and sold to them by David Lerner Associates or its affiliates and on behalf of subclasses of shareholders in New Jersey, New York, Connecticut and Florida, asserts claims under Sections 11, 12 and 15 of the Securities Act of 1933. The consolidated complaint also asserts claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, negligence, and unjust enrichment, and claims for violation of the securities laws of Connecticut and Florida. The complaint seeks, among other things, certification of a putative nationwide class and the state subclasses, damages, rescission of share purchases and other costs and expenses.

On February 16, 2012, one shareholder of Apple Six and Apple REIT Seven, Inc., filed a putative class action lawsuit captioned *Laurie Brody v. David Lerner Associates, Inc., et al.*, Case No. 1:12-cv-782-ERK-RER, in the United States District Court for the Eastern District of New York against Apple Six, Apple REIT Seven, Inc., Glade M. Knight, Apple Suites Realty Group, Inc., David Lerner Associates, and certain executives of David Lerner Associates. The complaint, purportedly brought on behalf of all purchasers of units of Apple Six and Apple REIT Seven, Inc., or those who otherwise acquired these units, asserts claims for breach of fiduciary duty and aiding and abetting breach of fiduciary duty, unjust enrichment, negligence, breach of written or implied contract (against the David Lerner Associates defendants only), and for violation of New Jersey's state securities laws. On March 13, 2012, by order of the court, *Laurie Brody v. David Lerner Associates, Inc., et al.* was consolidated into the *In re Apple REITs Litigation*.

On April 18, 2012, Apple Six and the other Apple REIT companies served a motion to dismiss the consolidated complaint in the *In re Apple REITs Litigation.* Apple Six and the other Apple REIT companies accompanied their motion to dismiss the consolidated complaint with a memorandum of law in support of their motion to dismiss the consolidated complaint.

On April 3, 2013, the motion to dismiss the consolidated complaint in the *In re Apple REITs Litigation* was granted in full with prejudice. On April 12, 2013, plaintiffs filed a notice of appeal in the Apple REIT class action litigation. On July 26, 2013, plaintiffs filed a brief in support of their appeal. On October 25, 2013, defendants filed a brief opposing plaintiffs' appeal. The Company believes that any claims against it are without merit, and it intends to continue to defend against them vigorously. At this time, the Company cannot reasonably predict the outcome of these proceedings or provide a reasonable estimate of the possible loss or range of loss due to these proceedings.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the section entitled "Risk Factors" in the Prospectus, which could materially affect the Company's business, financial condition or future results. The risks described in the Prospectus are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial also may adversely affect its business, financial condition and/or operating results. There have been no material changes to the risk factors disclosed in the Prospectus.

Item 5. Other Information

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRSHRA"), which added Section 13(r) of the Exchange Act, the Company hereby incorporates by reference herein Exhibit 99.1 of this report, which includes disclosures publicly filed and/or provided to The Blackstone Group L.P., an affiliate of the Company's Sponsor, by Travelport Limited, which may be considered the Company's affiliate.

Item 6. Exhibits

Exhibit Number	Description of Documents
10.1	Joinder Agreement and Amendment to Loan Agreement and Loan Documents made as of September 3, 2013 by BRE Select Hotels Southeast LLC, in favor of U.S. Bank National Association, as Trustee for the Registered Holders of CGBAM Commercial Mortgage Trust, Commercial Mortgage Pass-Through Certificates, Series 2013-BREH and acknowledged and agreed by BRE Select Hotels Properties LLC, BRE Select Hotels Tuscaloosa LLC, BRE Select Hotels Redmond LLC, BRE Select Hotels AZ LLC, and BRE Select Hotels Clearwater LLC, BRE Select Hotels TX L.P. and BRE Select Hotels NC L.P., as Borrowers, BRE Select Hotels Operating LLC, as Operating Lessee, Blackstone Real Estate Partners VII L.P., Blackstone Real Estate Partners VII.TE.1 L.P., Blackstone Real Estate Partners VII.TE.2 L.P., Blackstone Real Estate Partners VII.TE.3 L.P., Blackstone Real Estate Partners VII.TE.4 L.P., Blackstone Real Estate Partners VII.TE.5 L.P., Blackstone Real Estate Partners VII.TE.6 L.P., Blackstone Real Estate Partners VII.TE.7 L.P., Blackstone Real Estate Partners VII.TE.8 L.P. and Blackstone Real Estate Partners VII.F L.P., as Guarantor, and BRE Select Hotels Corp, as Indemnitor.*
10.2	Pledge and Security Agreement (Mezzanine A Loan) dated as of September 3, 2013 by BRE Select Hotels Mezz 1A LLC, as Pledgor, in favor of Principal Life Insurance Company, Commonwealth Annuity and Life Insurance Company, Fidelity Securities Fund: Fidelity Real Estate Income Fund, Fidelity Securities Fund: Fidelity Series Real Estate Income Fund, Fidelity Salem Street Trust: Fidelity Strategic Real Return Fund and BSSF ARH Holding, LLC, collectively, as Lender.*
31.1	Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
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.**
99.1	Section 13(r) Disclosure.*
101	The following materials from BRE Select Hotels Corp's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) related notes to these financial statements, tagged as blocks of text and in detail.**

* Filed herewith
** Furnished herewith

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.

BRE SELECT HOTELS CORP

Date: November 13, 2013

By: /S/ WILLIAM J. STEIN

William J. Stein
Chief Executive Officer and
Senior Managing Director
(Principal Executive Officer)

Date: November 13, 2013

By: /S/ BRIAN KIM

Brian Kim
Chief Financial Officer, Vice President and
Managing Director
(Principal Financial and Accounting Officer)

Exhibit 10.1

JOINDER AGREEMENT AND AMENDMENT TO
LOAN AGREEMENT AND LOAN DOCUMENTS

THIS JOINDER AGREEMENT AND AMENDMENT TO LOAN AGREEMENT AND LOAN DOCUMENTS (this "**Joinder**") is made as of this 3rd day of September, 2013 by BRE SELECT HOTELS SOUTHEAST LLC, a Delaware limited liability company, having a principal place of business at c/o Blackstone Real Estate Advisors VII L.P., 345 Park Avenue, New York, New York 10154 (collectively, with its successors and assigns, the "**Joinder Party**") in favor of U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE FOR THE REGISTERED HOLDERS OF CGBAM COMMERCIAL MORTGAGE TRUST, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2013-BREH (together with its successors and assigns, "**Lender**") and acknowledged and agreed as set forth below by BRE Select Hotels Properties LLC, BRE Select Hotels Tuscaloosa LLC, BRE Select Hotels Redmond LLC, BRE Select Hotels AZ LLC, and BRE Select Hotels Clearwater LLC, each a Delaware limited liability company, and BRE Select Hotels TX L.P., BRE Select Hotels NC L.P., each a Delaware limited partnership (together with their successors and assigns, each, an "**Individual Borrower**" and, collectively, "**Borrower**"), BRE Select Hotels Operating LLC, a Delaware limited liability company (together with its successor and assigns, "**Operating Lessee**"), Blackstone Real Estate Partners VII L.P., Blackstone Real Estate Partners VII.TE.1 L.P., Blackstone Real Estate Partners VII.TE.2 L.P., Blackstone Real Estate Partners VII.TE.3 L.P., Blackstone Real Estate Partners VII.TE.4 L.P., Blackstone Real Estate Partners VII.TE.5 L.P., Blackstone Real Estate Partners VII.TE.6 L.P., Blackstone Real Estate Partners VII.TE.7 L.P., Blackstone Real Estate Partners VII.TE.8 L.P., and Blackstone Real Estate Partners VII.F L.P., each a Delaware limited partnership (individually or collectively as the context requires, "**Guarantor**"), and BRE Select Hotels Corp, a Delaware corporation ("**Indemnitor**").

RECITALS

A. Pursuant to that certain Loan Agreement dated as of May 14, 2013 (as the same has been and may be amended, restated, replaced, or otherwise modified from time to time, the "**Loan Agreement**"), by and among Borrower, Operating Lessee, CITIGROUP GLOBAL MARKETS REALTY CORP., a New York corporation ("**Citi**") and BANK OF AMERICA, N.A., a national banking association, ("**BOA**" and together with Citi and each of their successors and assigns, collectively, "**Original Lender**"), Original Lender made a loan to Borrower in the original principal amount of $600,000,000 as evidenced by (i) that certain Promissory Note A-1, dated May 14, 2013 made by Borrower in favor of Citi in the original principal amount of $300,000,000.00 (as the same may be amended, restated, replaced or otherwise modified from time to time, the "**A-1 Note**"), (ii) that certain Promissory Note A-2, dated May 14, 2013 made by Borrower in favor of BOA in the original principal amount of $300,000,000.00 (as the same may be amended, restated, replaced or otherwise modified from time to time, the "**A-2 Note**"; together with the A-1 Note, the "**Notes**"), (iii) those certain Fee and Leasehold Mortgage, Assignment of Leases and Rents, Fixture Filing and Security Agreements more specifically set forth on **Schedule I** attached hereto (as each may be amended, restated, replaced or otherwise modified from time to time, collectively, the "**Security Agreements**") and (iv) the other Loan Documents (as such term is defined in the Loan Agreement). Capitalized terms used in this Joinder and not otherwise defined in this Joinder shall have the meaning ascribed to such terms as set forth in the Loan Agreement.

B. Lender is the current holder of the Loan and Wells Fargo, National Association ("**Servicer**") is the master servicer of the Loan and services the Loan on behalf of Lender.

C. Borrower is the owner and holder of all of the Properties.

D. On the date hereof, BRE Select Hotels Properties LLC, an Individual Borrower, intends to transfer and convey to Joinder Party, all of its right title and interest in and to those certain Properties set forth on **Exhibit A** attached hereto (the "**Transferred Properties**") and Joinder Party intends to become a borrower under the Loan (the "**Transaction**").

E. The Transaction is a permitted transaction pursuant to the provisions of Section 5.2.10(i) of the Loan Agreement provided certain conditions set forth therein are satisfied.

NOW THEREFORE, in consideration of the covenants and consideration set forth herein and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged:

I. **Joinder to Loan Agreement**. Without relieving Borrower of its obligations and liabilities under the Loan Agreement, effective as of the date hereof, Joinder Party joins in and agrees to be bound by all of the terms and provisions of the Loan Agreement and in each instance become a party to the Loan Agreement as a Borrower thereunder with the same effect as if it was an original signatory to the Loan Agreement. All obligations of Borrower and Joinder Party shall be joint and several. Joinder Party hereby expressly assumes all obligations and liabilities of a Borrower under the Loan Agreement.

II. **Joinder to Note**. Without relieving Borrower of any of its obligations and liabilities under the Note, effective as of the date hereof, Joinder Party joins in and agrees to be bound by all of the terms and provisions of the Note and in each instance become a party to the Note as a Borrower thereunder with the same effect as if it was an original signatory to the Note. All obligations of Borrower and Joinder Party pursuant to the Note shall be joint and several. Joinder Party hereby expressly assumes all obligations and liabilities of a Borrower under the Note.

III. **Joinder to Loan Documents**. Without relieving Borrower of any of its obligations and liabilities under the other Loan Documents, effective as of the date hereof, Joinder Party joins in and agrees to be bound by all of the terms and provisions of the Loan Documents, including, without limitation, the Security Agreements, and in each instance become a party to the Loan Documents as a Borrower thereunder with the same effect as if it was the original signatory to the Loan Documents. All obligations of Borrower and Joinder Party pursuant to the Loan Documents shall be joint and several. Joinder Party hereby expressly assumes all obligations and liabilities of a Borrower under the Loan Documents.

IV. **Amendment to Loan Agreement**. Schedule X of the Loan Agreement is hereby deleted therefrom in its entirety and Schedule II hereto is hereby inserted therein in lieu thereof.

V. **Representations**.

A. Joinder Party represents and warrants to Lender that Joinder Party has actual knowledge of all terms and conditions of the Loan Documents, and agrees that, Lender has no obligation or duty to provide any information to Joinder Party regarding the terms and conditions of the Loan Documents. Borrower hereby represents and warrants to Lender, as of the date hereof, that each of the representations and warranties of the set forth in Sections 4.1.1, 4.1.2, 4.1.3, 4.1.5, 4.1.6, 4.1.7, 4.1.9, 4.1.15, 4.1.30, 4.1.34, 4.1.35, and 4.1.36 (and with respect to Section 4.1.29, with respect to the Loan Documents as amended and assumed through the date hereof) of the Loan Agreement are true, correct and complete with respect to Joinder Party as though given as of the date hereof.

B. Each of Borrower, Joinder Party, Guarantor and Indemnitor represents and warrants to Lender that: (i) this Joinder and the other documents executed in connection with the Transaction by such entity have been duly executed and delivered and constitute the legal, valid and binding obligations of such entity, enforceable against such entity in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights, or by the application of the rules of equity; (ii) the execution and delivery of this Joinder and the other documents executed in connection herewith by such entity, and the performance of its respective obligations hereunder and thereunder, and the consummation of the transactions contemplated hereunder, (A) have been duly authorized by all requisite organizational action on the part of such entity and will not violate any provision of any applicable legal requirements, decree, order, injunction or demand of any court or other governmental authority applicable to such entity, or any organizational document of such entity and (B) do not require any consent, approval, authorization or order of any court, governmental authority or any other Person, other than for those which have already been obtained by such entity prior to the date hereof.

C. Each of Borrower, Joinder Party, Guarantor and Indemnitor hereby further represents and warrants to Lender that no consent to the Transaction is required by any Governmental Authority or required under any agreement to which Borrower, Joinder Party, Guarantor or Indemnitor is a party or to which the Transferred Properties, including, without limitation, under the Operating Lease, any Lease, operating agreement, mortgage or deed of trust (other than the Loan Documents) are subject, or if any such consent is required, that it has obtained all such consents and delivered copies of the same to Lender.

VI. **Waivers**. To the fullest extent permitted by applicable law, Joinder Party hereby waives all rights and defenses of sureties, guarantors, accommodation parties and/or co-makers and agrees that its obligations under this Joinder shall be primary, absolute and unconditional, and that its obligations under this Joinder shall be unaffected by any of such rights or defenses, including:

A. the unenforceability of any Loan Document against Borrower and/or any guarantor;

B. any release or other action or inaction taken by Lender with respect to the collateral, the Loan, Borrower, and/or any guarantor, whether or not the same may impair or destroy any subrogation rights of Joinder Party, or constitute a legal or equitable discharge of any surety or indemnitor;

C. the existence of any collateral or other security for the Loan, and any requirement that Lender pursue any of such collateral or other security, or pursue any remedies it may have against Borrower and/or any guarantor;

D. any requirement that Lender provide notice to or obtain Joinder Party's consent to any modification, increase, extension or other amendment of the Loan, including the guaranteed obligations, unless such notice or consent is required by the terms of the Loan Documents;

E. any right of subrogation (until payment in full of the Loan, including the guaranteed obligations, and the expiration of any applicable preference period and statute of limitations for fraudulent conveyance claims);

F. any defense based on any statute of limitations;

G. any payment to Lender if such payment is held to be a preference or fraudulent conveyance under bankruptcy laws or Lender is otherwise required to refund such payment to any party; and

H. any voluntary or involuntary bankruptcy, receivership, insolvency, reorganization or similar proceeding affecting Borrower or any of its assets.

VII. **Agreements**. Joinder Party further represents, warrants and agrees that:

A. The obligations under this Joinder are enforceable against it and are not now subject to any defenses, offsets or counterclaims;

B. The provisions of this Joinder are for the benefit of Lender and its successors and assigns;

C. Unless otherwise provided in the Loan Documents, without notice to or consent of Joinder Party and without affecting the obligations of Joinder Party hereunder, Lender shall have the right to (i) renew, modify, extend or accelerate the Loan, (ii) pursue some or all of its remedies against Borrower or Joinder Party, (iii) add, release or substitute any collateral for the Loan or party obligated thereunder, and (iv) release Borrower, any guarantor or Joinder Party from liability (in each of clause (i) through (iv)), as permitted by and in accordance with the terms of the Loan Agreement);

D. To the maximum extent permitted by law, Joinder Party hereby knowingly, voluntarily and intentionally waives the right to a trial by jury in respect of any litigation based hereon in the manner set forth in Section 10.7 of the Loan Agreement. This waiver is a material inducement to Lender to enter into this Joinder.

VIII. **Governing Law**. The parties hereto agree that this Joinder shall be governed by Section 10.3 of the Loan Agreement.

IX. **Notices**. Notices to Joinder Party under this Joinder or any Loan Document shall be made in accordance with Section 10.6 of the Loan Agreement. All notices to be given to Lender pursuant to this Joinder or any other Loan Documents shall be addressed as follows:

U.S. Bank National Association, as Trustee for the Registered Holders of
CGBAM Commercial Mortgage Trust, Commercial Mortgage Pass-Through
Certificates, Series 2013-BREH
c/o Wells Fargo Bank, N.A.
Duke Energy Center
550 S Tryon Street, 14th Floor
Charlotte, NC 28202
MAC D1086-120
Attention: Mike Benner, Vice President-Structured Asset Management

With a copy to:

Joseph B. Heil
Dechert LLP
One Maritime Plaza
Suite 2300
San Francisco, CA 94111
fax: +1.415.262.4555

X. **Exculpation**. The provisions of Section 9.4 of the Loan Agreement are hereby incorporated by reference into this Joinder to the same extent and with the same force as if fully set forth herein.

XI. **Ratification of Loan Documents**.

A. Borrower Ratification of Loan Documents. By their signatures below, each Individual Borrower and each of their respective successors hereby agrees and consents to this Joinder and ratifies and confirms all of the terms and provisions set forth in each of the Loan Documents to which they are a party it being understood that the representations and warranties of each Borrower are not being updated except as specifically provided in Section V hereof (as each of the Loan Documents are amended or otherwise modified on the date hereof by this Joinder), and each agrees that their respective obligations and liabilities under such agreements shall continue without impairment or limitation by reason of this

Joinder. Neither the Transaction nor anything contained herein shall limit, impair, terminate or revoke the obligations of Borrower under the Loan Documents, and such obligations shall continue in full force and effect in accordance with the respective terms and provisions of the Loan Documents. Borrower hereby ratifies and agrees to pay when due all sums due or to become due or owing under the Notes, the Security Agreements, the Loan Agreement or the other Loan Documents and shall hereafter perform all of its obligations under and be bound by all of the provisions of the Loan Documents and hereby ratifies and reaffirms all of its obligations and liabilities under the Notes, the Security Agreements, the Loan Agreement and the other Loan Documents. Borrower has no offsets or defenses to its obligations under the Loan Documents and to the extent Borrower would be deemed to have any such offsets or defenses as of the date hereof, Borrower hereby knowingly waives and relinquishes such offsets or defenses.

B. Operating Lessee Ratification of Loan Documents. By its signature below, Operating Lessee and its successors hereby agrees and consents to this Joinder and ratifies and confirms all of the terms and provisions set forth in each of the Loan Documents to which it is a party (as each of the Loan Documents are amended or otherwise modified on the date hereof by this Joinder), and agrees that its respective obligations and liabilities under such agreements shall continue without impairment or limitation by reason of this Joinder. Neither the Transaction nor anything contained herein shall limit, impair, terminate or revoke the obligations of Operating Lessee under the Loan Agreement and each of the other Loan Documents to which it is a Party, and such obligations shall continue in full force and effect in accordance with the respective terms and provisions of the Loan Documents. Operating Lessee shall hereafter perform all of its obligations under and be bound by all of the provisions of the Loan Agreement and each of the other Loan Documents to which it is a Party and hereby ratifies and reaffirms all of its obligations and liabilities under the Loan Agreement and each of the other Loan Documents to which it is a Party. Operating Lessee has no offsets or defenses to its obligations under the Loan Agreement and each of the other Loan Documents to which it is a Party and to the extent Operating Lessee would be deemed to have any such offsets or defenses as of the date hereof, Operating Lessee hereby knowingly waives and relinquishes such offsets or defenses.

XII. **Ratification of Guaranty**. By their signatures below, each Guarantor and each of their respective successors hereby agrees and consents to this Joinder and ratifies and confirms all of the terms and provisions set forth in the Guaranty and each of the other Loan Documents to which they are a party (as each of the Loan Documents are amended or otherwise modified on the date hereof by this Joinder), and each agrees that their respective obligations and liabilities under such agreements shall continue without impairment or limitation by reason of this Joinder. Neither the Transaction nor anything contained herein shall limit, impair, terminate or revoke the obligations of each Guarantor under the Guaranty and each of the other Loan Documents to which they are a party, and such obligations shall continue in full force and effect in accordance with the respective terms and provisions of the Loan Documents. Each Guarantor shall hereafter perform all

of its obligations under and be bound by all of the provisions of the Guaranty and each of the other Loan Documents to which they are a Party and hereby ratifies and reaffirms all of its obligations and liabilities under the Guaranty and each of the other Loan Documents to which they are a Party. Each Guarantor has no offsets or defenses to its obligations under the Guaranty and each of the other Loan Documents to which they are a party and to the extent Guarantor would be deemed to have any such offsets or defenses as of the date hereof, Guarantor hereby knowingly waives and relinquishes such offsets or defenses.

XIII. **Ratification of Indemnitor Guaranty**. By its signature below, Indemnitor and its successors hereby agrees and consents to this Joinder and ratifies and confirms all of the terms and provisions set forth in the Indemnitor Guaranty and each of the other Loan Documents to which it is a party (as each of the Loan Documents are amended or otherwise modified on the date hereof by this Joinder), and agrees that its obligations and liabilities under such agreements shall continue without impairment or limitation by reason of this Joinder. Neither the Transaction nor anything contained herein shall limit, impair, terminate or revoke the obligations of Indemnitor under the Indemnitor Guaranty and each of the other Loan Documents to which it is a party, and such obligations shall continue in full force and effect in accordance with the respective terms and provisions of the Loan Documents. Indemnitor shall hereafter perform all of its obligations under and be bound by all of the provisions of the Indemnitor Guaranty and each of the other Loan Documents to which it is a Party and hereby ratifies and reaffirms all of its obligations and liabilities under the Indemnitor Guaranty and each of the other Loan Documents to which it is a Party. Indemnitor has no offsets or defenses to its obligations under the Indemnitor Guaranty and each of the other Loan Documents to which it is a party and to the extent Indemnitor would be deemed to have any such offsets or defenses as of the date hereof, Indemnitor hereby knowingly waives and relinquishes such offsets or defenses.

XIV. **Costs and Expenses**. The following fees, costs and expenses charged or incurred by Lender in connection with the Transaction, this Joinder and the transactions contemplated hereunder shall be the obligations of Borrower and other Loan Parties: (i) actual out of pocket attorney's fees incurred by Lender's counsel or Servicer's counsel; (ii) any mortgage, intangible and like taxes which may be due and payable on account of the Transaction or the Loan; (iii) any title insurance premiums or costs for endorsements, if any, required by Lender; (iv) all related costs and expenses incurred by Lender.

XV. **Definitions**. All references to the term (i) "Loan Agreement" contained in any of the Loan Documents shall be deemed to refer to the Loan Agreement as amended by this Joinder; and (ii) "Loan Documents" contained in the Loan Agreement shall be deemed to refer to the Loan Documents as amended by this Joinder.

XVI. **Successors**. This Joinder shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

XVII. **Obligations**. Except as modified and amended by this Joinder, the Loan Agreement and the respective obligations of Lender, Borrower and Guarantor thereunder and in respect of the Loan shall remain unmodified and in full force and effect.

XVIII. **Counterparts**. This Joinder may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to be duly executed by their duly authorized representatives, all as of the day and year first above written.

JOINDER PARTY:

BRE SELECT HOTELS SOUTHEAST LLC,
a Delaware limited liability company

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and Vice President

ACKNOWLEDGED AND AGREED:

BORROWER:

BRE SELECT HOTELS PROPERTIES LLC,
a Delaware limited liability company

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and Vice President

BRE SELECT HOTELS TUSCALOOSA LLC,
a Delaware limited liability company

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and Vice President

BRE SELECT HOTELS REDMOND LLC,
a Delaware limited liability company

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and Vice President

BRE SELECT HOTELS AZ LLC,
a Delaware limited liability company

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and Vice President

[Signatures Continue onto Following Page]

BRE SELECT HOTELS TX L.P.,
a Delaware limited partnership

By: BRE Select Hotels TX GP LLC,
a Delaware limited liability company,
its general partner

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and
Vice President

BRE SELECT HOTELS NC L.P.,
a Delaware limited partnership

By: BRE Select Hotels NC GP LLC;
a Delaware limited liability company,
its general partner

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and
Vice President

BRE SELECT HOTELS CLEARWATER LLC,
a Delaware limited liability company

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and Vice President

OPERATING LESSEE:

BRE SELECT HOTELS OPERATING LLC,
a Delaware limited liability company

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and Vice President

LENDER:

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE FOR THE REGISTERED HOLDERS OF CGBAM COMMERCIAL MORTGAGE TRUST, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2013-BREH

By: Wells Fargo Bank, N.A. as Servicer, pursuant to the Pooling and Servicing Agreement dated as of July 9, 2013

By: /s/ Michael Benver
Name: Michael Benver
Title: Vice President

The undersigned hereby acknowledges and agrees to Section XII of this Joinder Agreement and acknowledges the Amendment to Loan Agreement and Other Loan Documents.

GUARANTOR:

BLACKSTONE REAL ESTATE PARTNERS VII L.P., a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited
liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

BLACKSTONE REAL ESTATE PARTNERS VII.TE.1 L.P., a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited
liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

[Signatures Continue onto Following Page]

BLACKSTONE REAL ESTATE PARTNERS VII.TE.2 L.P., a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

BLACKSTONE REAL ESTATE PARTNERS VII.TE.3 L.P., a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

BLACKSTONE REAL ESTATE PARTNERS VII.TE.4 L.P., a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

[Signatures Continue onto Following Page]

BLACKSTONE REAL ESTATE PARTNERS VII.TE.5 L.P., a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

BLACKSTONE REAL ESTATE PARTNERS VII.TE.6 L.P., a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

BLACKSTONE REAL ESTATE PARTNERS VII.TE.7 L.P., a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

[Signatures Continue onto Following Page]

BLACKSTONE REAL ESTATE PARTNERS VII.TE.8 L.P.,
a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited
liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

BLACKSTONE REAL ESTATE PARTNERS VII.F L.P.,
a Delaware limited partnership

By: Blackstone Real Estate Associates VII L.P.,
a Delaware limited partnership,
its general partner

By: BREA VII L.L.C., a Delaware limited
liability company, its general partner

By: /s/ Tyler Henritze
Name: Tyler Henritze
Title: Senior Managing Director

The undersigned hereby acknowledges and agrees to Section XIII of this Joinder Agreement and acknowledges the Amendment to Loan Agreement and Other Loan Documents.

INDEMNITOR:

BRE SELECT HOTELS CORP,
a Delaware corporation

By: /s/ Brian Kim
Name: Brian Kim
Title: Chief Financial Officer, Vice President and Managing Director

Exhibit 10.2

PLEDGE AND SECURITY AGREEMENT (MEZZANINE A LOAN)

Dated as of September 3, 2013

among

BRE Select Hotels Mezz 1A LLC, as Pledgor

And

PRINCIPAL LIFE INSURANCE COMPANY,

and

COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY,

and

FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND,

and

FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND,

and

FIDELITY SALEM STREET TRUST: FIDELITY STRATEGIC REAL RETURN FUND,

and

BSSF ARH HOLDING, LLC
collectively, as Lender

PLEDGE AND SECURITY AGREEMENT (MEZZANINE A LOAN)

PLEDGE AND SECURITY AGREEMENT (MEZZANINE A LOAN) (this "**Agreement**"), dated as of September 3, 2013, made by **BRE Select Hotels Mezz 1A LLC,** with an address at c/o Blackstone Real Estate Advisors VII L.P., 345 Park Avenue, New York, New York 10154 ("**Pledgor**"), in favor of PRINCIPAL LIFE INSURANCE COMPANY, having an address at c/o Principal Real Estate Investors, 801 Grand Avenue, Des Moines, Iowa 50392, COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY, having an address at 132 Turnpike Road, Suite 210, Southborough, Massachusetts 01772, FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND, having an address at c/o Fidelity Management & Research Company, 245 Summer Street, 13th Floor, Boston, Massachusetts 02210, FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND, having an address at c/o Fidelity Management & Research Company, 245 Summer Street, 13th Floor, Boston, Massachusetts 02210, FIDELITY SALEM STREET TRUST: FIDELITY STRATEGIC REAL RETURN FUND, c/o Fidelity Management & Research Company, 245 Summer Street, 13th Floor, Boston, Massachusetts 02210 and BSSF ARH HOLDING, LLC having an address at c/o The Blackstone Group, 345 Park Avenue, New York, New York 10154 (together with their respective successors and assigns, "**Lender**").

RECITALS

WHEREAS, Citigroup Global Markets Realty Corp., a New York corporation, having an address at 388 Greenwich Street, 19th Floor, New York, New York 10013 ("**Citi**"), and Bank of America, N.A., a national banking association, having an address at One Bryant Park, New York, New York 10036 ("**BOA**") Citi and BOA, collectively, "Original **Mortgage Lender**") made a mortgage loan (the "**Mortgage Loan**") to the entities listed on Schedule B attached hereto (with their successors and assigns, each a "**Mortgage Borrower**" and together with New Borrower, collectively, "**Mortgage Borrowers**") pursuant to that certain Loan Agreement among Mortgage Borrower, Original Mortgage Lender and BRE Select Hotels Operating LLC, a Delaware limited liability company, dated as of May 14, 2013 (as amended, supplemented or otherwise modified from time to time, the "**Mortgage Loan Agreement**"), which Mortgage Loan is evidenced by that certain Note (as defined in the Mortgage Loan Agreement) and secured by, among other things, the liens and security interests of certain mortgages and deeds of trust (as the same may hereafter be amended, modified, restated, renewed or replaced, collectively, the "**Security Instruments**") on, among other things, the real property and other collateral as more fully described in the Security Instruments;

WHEREAS, certain of the real property and other collateral described in the Security Instruments have been transferred to BRE Select Hotels Southeast LLC (together with its successors and assigns "**New Mortgage Borrower**") pursuant to the provisions of 5.2.10(i) of the Loan Agreement (the "**Permitted Transfer**") and in connection with the Permitted Transfer New Borrower has executed and delivered that certain Joinder Agreement and Amendment to Loan Agreement and Loan Documents, between New Mortgage Borrower, U.S. National Bank, as trustee for the Registered Holders of CGBAM Commercial Mortgage Trust 2013-BREH , as successor in interest to the Original Mortgage Lender (together with its successors and assigns, the "**Mortgage Lender**") and the other parties thereto, dated as of the date hereof (the "**Joinder**");

WHEREAS, Pledgor is the legal and beneficial owner of 100% issued and outstanding limited liability company interests in New Mortgage Borrower; and

WHEREAS, in connection with the Permitted Transfer, Pledgor is required to execute and deliver this Agreement to Lender;

NOW, THEREFORE, in consideration of the premises and to induce Lender to make its loan under the Loan Agreement, Pledgor hereby agrees with Lender as follows:

1. **Defined Terms**. As used in this Agreement, the following terms have the meanings set forth in or incorporated by reference below:

"**Agreement**" means this Pledge and Security Agreement (Mezzanine A Loan), as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Article 8 Matter**" has the meaning ascribed to such term in Section 19(b) hereof.

"**Borrower**" means, collectively, BRE Select Hotels Mezz 1A LLC, a Delaware limited liability company and BRE Select Hotels Mezz 1B LLC, a Delaware limited liability company.

"**Cash Management Agreement**" has the meaning ascribed to such term in the Loan Agreement.

"**Code**" means the Uniform Commercial Code from time to time in effect in the State of New York or, as the context may require, the State of Delaware, or, as the context may require, in effect in the State or States in which any Collateral is located.

"**Collateral**" means the Pledged Collateral and all Proceeds thereof.

"**Debt**" has the meaning ascribed to such term in the Loan Agreement.

"**Issuer**" has the meaning ascribed to such term in Section 6(b) hereof.

"**Lender**" has the meaning ascribed to such term in the introductory paragraph.

"**Loan**" has the meaning ascribed to such term in the Recitals.

"Loan Agreement" means that certain Mezzanine A Loan Agreement dated as of May 14, 2013 between Pledgor, BRE Select Hotels Mezz 1B LLC, a Delaware limited liability company (together with Pledgor, collectively, the "**Mezzanine A Borrower**") and Citi and BOA, as Mezzanine A Lender, as the same was assigned by Citi and BOA to the Lenders and amended by that First Amendment to Mezzanine A Loan Agreement and Other Loan Documents among Lender and Mezzanine A Borrower, and as same may be further amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Loan Documents**" means the Note, the Loan Agreement, this Agreement, the Cash Management Agreement, the UCC-1 Financing Statements and the other documents and instruments entered into in connection with the Loan.

"**Mortgage Borrower**" and "**Mortgage Borrowers**" each has the meaning ascribed to such term in the Recitals.

"**Mortgage Lender**" has the meaning ascribed to such term in the Recitals.

"**Mortgage Loan**" has the meaning ascribed to such term in the Recitals.

"**Mortgage Loan Agreement**" has the meaning ascribed to such term in the Recitals.

"**Note**" has the meaning ascribed to such term in the Loan Agreement.

"**Pledged Collateral**" has the meaning ascribed to such term in Section 2 of this Agreement.

"**Pledged Securities**" means the limited liability company interests of Pledgor in New Mortgage Borrower listed on Schedule C hereto, together with all certificates evidencing ownership of such interests, and all claims, powers, privileges, benefits, remedies, voting rights, options or rights of any nature whatsoever which currently exist or may be issued or granted by New Mortgage Borrower to Pledgor while this Agreement is in effect.

"**Pledgor**" has the meaning ascribed to such term in the introductory paragraph.

"**Proceeds**" means all "proceeds" as such term is defined in Section 9-102(a)(64) of the Code in effect in the State of New York on the date hereof, and, in any event, shall include, without limitation, all dividends or other income from the Pledged Securities, collections thereon or distributions with respect thereto, and all of Pledgor's right, title and interest in all distributions, monies, fees and compensation payable with respect to the Pledged Securities, as well as (i) all contract rights, general intangibles, claims, powers, privileges, benefits and remedies of Pledgor relating to the foregoing and (ii) all cash or non-cash proceeds of any of the foregoing.

"**Security Instruments**" has the meaning ascribed to such term in the Recitals.

"**Special Damages**" has the meaning ascribed to such term in Section 18(j) hereof.

Terms used herein but not otherwise defined herein shall have the respective meanings ascribed to them in the Loan Agreement.

(i) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, schedule and exhibit references are to this Agreement unless otherwise specified.

(ii) The word "including" when used in this Agreement shall be deemed to be followed by the words "but not limited to."

2. **Pledge; Grant of Security Interest**. Pledgor hereby pledges and grants to Lender, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Debt, a first priority security interest in all of Pledgor's right, title and interest to and under, in each case, whether now owned or existing, or hereafter acquired or arising in the following (collectively, the "**Pledged Collateral**"):

(a) all Pledged Securities;

(b) all securities, security certificates, moneys or property representing the Pledged Securities, or representing dividends or interest on any of the Pledged Securities, or representing a distribution in respect of the Pledged Securities, or resulting from a split-up, revision, reclassification or other like change of the Pledged Securities or otherwise received in exchange therefor, and any subscription warrants, rights or options issued to the holders of, or otherwise in respect of, the Pledged Securities;

(c) all right, title and interest of Pledgor in, to and under any policy of insurance payable by reason of loss or damage to the Pledged Securities and any other Collateral;

(d) all "accounts", "general intangibles", "instruments" and "investment property" (in each case as defined in the Code) constituting or relating to the foregoing; and

(e) all Proceeds of any of the foregoing property of Pledgor (including, without limitation, any proceeds of insurance thereon, all "accounts", "general intangibles", "instruments" and "investment property", in each case as defined in the Code, constituting or relating to the foregoing).

3. **Certificates**. Concurrently with the execution and delivery of this Agreement, Pledgor shall deliver to Lender each original certificate evidencing the Pledged Securities (which certificates shall constitute "security certificates" (as defined in the Code)), together with an undated limited liability company membership, stock or limited partnership power covering each such certificate duly executed in blank.

4. **Representations and Warranties**. Each Pledgor represents and warrants as of the date hereof that:

(a) no authorization, consent of or notice to any other Person (including, without limitation, any member, owner, partner or creditor of Pledgor and/or Issuer) that has not been obtained, is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement including, without limitation, the assignment and transfer by Pledgor of any of the Pledged Collateral to Lender or the subsequent transfer thereof by Lender pursuant to the terms hereof;

(b) all of the certificates representing the Pledged Securities have been duly and validly issued and are fully paid and nonassessable;

(c) the Pledged Securities in each case constitute all the issued and outstanding limited liability company, limited partnership interests and shares of stock, as the case may be, in the Issuer;

(d) Each Pledgor is the record and beneficial owner of, and has good title to, the related Pledged Securities set forth on Schedule C attached hereto opposite the name of such Pledgor in each case free and clear of any and all Liens or options in favor of, or claims of, any other Person, except the Lien created by this Agreement, and the Pledged Securities have not previously been assigned, sold, transferred, pledged or encumbered (except pursuant to this Agreement);

(e) upon delivery to Lender of the limited liability company, stock and limited partnership certificates, as applicable, evidencing the Pledged Securities and the filing of UCC-1s, to the extent required by law, the Lien granted pursuant to this Agreement will constitute a valid, perfected first priority Lien on the Pledged Securities, enforceable as such against all creditors of Pledgor and any Persons purporting to purchase any Pledged Securities from Pledgor, free from any adverse claim;

(f) upon the filing of the UCC-1 financing statements referred to in Section 12 of this Agreement with the Delaware Secretary of State, the Lien granted pursuant to this Agreement will constitute a valid, perfected, first priority Lien on the Collateral (other than the Pledged Securities and related Proceeds) in such jurisdictions, enforceable as such against all creditors of Pledgor and any Persons purporting to purchase any such other Collateral from Pledgor;

(g) the principal place of business and chief executive office of Pledgor is located at c/o Blackstone Real Estate Advisors VII L.P., 345 Park Avenue, New York, New York 10154;

(h) the exact name of each Pledgor is, and at all times has been, as set forth on Schedule A to this Agreement;

(i) each Pledgor is, and at all times has been, organized exclusively under the laws of the State of Delaware;

(j) there currently exist no certificates, instruments or writings representing the Pledged Securities other than the certificates delivered to Lender and to the extent that in the future there exist any such certificates, instruments or writings, Pledgor shall deliver all such certificates, instruments or writings to Lender together with the undated limited liability company membership powers, stock powers and limited partnership powers executed in blank; and

(k) The Pledged Securities (i) are "securities" (within the meaning of Sections 8-102(a)(15) and 8-103 of the Code), (ii) are "financial assets" (within the meaning of Section 8-102(a)(9) of the Code) and (iii) are not credited to a "securities account" (within the meaning of Section 8-501(a) of the Code). The operating agreements of each Issuer and the certificates evidencing the Pledged Securities each states that the Pledged Securities are "securities" as such term is defined in Article 8 of the UCC as in effect in the State of Delaware.

5. **Covenants**. Each Pledgor covenants and agrees with Lender that, from and after the date of this Agreement until the Debt (exclusive of any indemnification or other obligations which are expressly stated in any of the Loan Documents to survive satisfaction of the Note) is paid in full:

(a) If Pledgor shall, as a result of its ownership of the Pledged Securities, become entitled to receive or shall receive any limited liability company interest certificate, stock certificate or limited partnership interest certificate, as applicable (including, without limitation, any certificate representing a dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights, whether in addition to, in substitution of, as a conversion of, or in exchange for any of the Pledged Securities, or otherwise in respect thereof, such Pledgor shall accept the same as Lender's agent, hold the same in trust for Lender and deliver the same forthwith to Lender in the exact form received, duly endorsed by such Pledgor to Lender, if required, together with an undated limited liability company power, stock power or limited partnership power, as applicable, covering such certificate duly executed in blank and with, if Lender so requests, signature guaranteed, to be held by Lender hereunder as additional security for the Debt. Any sums paid upon or in respect of the Pledged Securities upon the liquidation or dissolution of any Issuer shall be paid over to Lender to be held by it hereunder as additional security for the Debt and distributed in accordance with the provisions of the Loan Agreement and the Cash Management Agreement, and in case any distribution of capital shall be made on or in respect of the Pledged Securities or any property shall be distributed upon or with respect to the Pledged Securities pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall be delivered to Lender to be held by it, subject to the terms hereof and the provisions of the Loan Agreement, as additional security for the Debt and distributed in accordance with the provisions of the Loan Agreement and the Cash Management Agreement. If any sums of money or property so paid or distributed in respect of the Pledged Securities shall be received by any Pledgor, such Pledgor shall deliver the same forthwith to Lender and, until such money or property is paid or delivered to Lender, hold such money or property in trust for Lender, segregated from other funds of Pledgor, as additional security for the Debt.

(b) Without the prior written consent of Lender, Pledgor shall not, directly or indirectly (i) except as expressly permitted in the Loan Agreement, vote to enable, or take any other action to permit any Issuer to issue any additional limited liability company, partnership interests or shares of stock, as applicable, or to issue any other securities convertible into or granting the right to purchase or exchange for any limited liability company, partnership interests or shares of stock, as applicable, in any Issuer, (ii) except as permitted by the Loan Agreement, sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Collateral, or (iii) create, incur, authorize or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Collateral, or any interest therein, except for the Lien provided for by this Agreement. Pledgor will not create, incur or permit to exist, will defend, at its sole cost and expense, the Collateral against, and will take all such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than the Liens created hereby, and will defend, at its sole cost and expense, the right, title and interest of Lender in, to and under the Collateral against the claims and demands of all Persons whomsoever.

(c) At any time and from time to time, upon the written request of Lender, and at the sole expense of Pledgor, Pledgor shall promptly and duly give, execute, deliver, file and/or record such further instruments and documents and take such further actions as Lender may reasonably request for the purposes of obtaining, creating, perfecting, validating or preserving the full benefits of this Agreement and of the rights and powers herein granted including, without limitation, filing UCC financing or continuation statements, provided that the amount of the Debt or the obligations of Pledgor hereunder shall not be increased thereby. Pledgor hereby authorizes Lender to file any such financing statement or continuation statement without the signature of Pledgor to the extent permitted by law. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note, other instrument or chattel paper, such note, instrument or chattel paper shall be promptly delivered to Lender, duly endorsed in a manner satisfactory to Lender, to be held as Collateral pursuant to this Agreement.

(d) Pledgor will furnish to Lender from time to time statements and schedules further identifying and describing the Pledged Securities and such other reports in connection with the Pledged Securities as Lender may reasonably request, all in reasonable detail.

(e) Except as expressly permitted in the Loan Agreement, Pledgor will not, unless (i) it shall have given fifteen (15) days' prior written notice to such effect to Lender and (ii) all action reasonably necessary to protect and perfect the Liens and security interests intended to be created hereunder with respect to the Pledged Securities shall have been taken, (A) change the location of its chief executive office or principal place of business from that specified in Section 4(g) hereof, or (B) change its name, identity or corporate organization, or (C) reorganize or reincorporate under the laws of another jurisdiction.

(f) Borrower shall pay, and save Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement excluding any income or franchise taxes imposed on Lender.

(g) The Pledged Securities (i) shall continue to be "securities" (within the meaning of Sections 8-102(a)(15) and 8-103 of the Code), (ii) shall continue to be "financial assets" (within the meaning of Section 8-102(a)(9) of the Code) and (iii) shall not be credited to a "securities account" (within the meaning of Section 8-501(a) of the Code). The operating agreements of each Issuer and the certificates evidencing the Pledged Securities each shall at all times state that the Pledged Securities are "securities" as such term is defined in Article 8 of the UCC as is in effect in the State of Delaware.

6. **Certain Understandings of Parties; Control of Pledged Collateral; Registration of Pledge, Etc**.

(a) The parties acknowledge and agree that all of the Pledged Securities are "certificated", are "securities" governed by Article 8 of the Code and, during the term of this Agreement, the Pledged Securities are and will be deemed securities and certificated securities under Article 8 and Article 9 of the Code, including without limitation, Section 8-103(c) of the Code. Pledgor covenants and agrees that (A) the Pledged Securities are not and will not be dealt in or traded on securities exchanges or securities markets and (B) the Pledged Securities are not and will not be investment company securities within the meaning of Section 8-103 of the Code, and (C) the Pledged Securities constitute "certificated securities" within the meaning of Section 8-102(a)(14) of the Code.

(b) Notwithstanding the foregoing, to better assure the perfection of the security interest of Lender in the Pledged Securities concurrently with the execution and delivery of this Agreement, and subsequently from time to time upon Lender's written request following Lender's transfer of all or any portion of the Loan, Pledgor shall send written instructions in the form of Exhibit A hereto to the issuer thereof (each, an "**Issuer**"), and shall cause the Issuer to, and the Issuer shall, deliver to Lender the Confirmation Statement and Instruction Agreement in the form of Exhibit B hereto pursuant to which the Issuer will confirm that it has registered the pledge effected by this Agreement on its books and agrees to comply with the instructions of Lender in respect of the Pledged Securities without further consent of Pledgor or any other Person. Notwithstanding anything in this paragraph, neither the written instructions nor the Confirmation Statement and Instruction Agreement shall be construed as expanding the rights of Lender to give instructions with respect to the Pledged Collateral beyond such rights set forth in this Agreement.

(c) Concurrently with the execution and delivery of this Agreement, Pledgor shall deliver to Lender all of the certificates evidencing the Pledged Securities, together with the undated limited liability company membership powers, stock powers and limited partnership powers, as applicable, executed in blank with, if Lender so requests, signature guaranteed.

7. **Cash Dividends; Voting Rights**. Subject to Section 8 (relating to the application of distributions to pay the Debt) and the provisions of the Loan Agreement and the Cash Management Agreement, and unless an Event of Default shall have occurred and be continuing, Pledgor shall be permitted to receive all limited liability company, stock and limited partnership interest distributions or cash dividends, as applicable, paid in the normal course of business of the Issuers and to exercise all voting and limited liability company, partnership interests and shares of stock, as applicable, with respect to the Pledged Securities, provided that no vote shall be cast or right exercised or other action taken which, in Lender's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Loan Agreement, the Note, this Agreement or any other Loan Documents.

8. **Rights of Lender**.

(a) If an Event of Default shall occur and be continuing, Lender shall have the right to receive any and all income, cash dividends, distributions, proceeds or other property received or paid in respect of the Pledged Securities and the other Collateral and make application thereof to the Debt, in such order as Lender, in its sole discretion, may elect, in accordance with the Loan Documents. If an Event of Default shall occur and be continuing, then all such Pledged Securities at Lender's option, shall be registered in the name of Lender or its nominee (if not already so registered), and Lender or its nominee may thereafter exercise (i) all voting, and limited liability company, partnership interests and shares of stock and other rights, as applicable, of Pledgor pertaining to the Pledged Securities, including, without limitation, all rights to control the Issuers (including the right to remove and/or replace directors and managers) pursuant to and in accordance with such voting and beneficial interests and other rights of Pledgor or as set forth in the organizational documents of the Pledged Securities and (ii) any and all rights of conversion, exchange, and subscription and any other rights, privileges or options pertaining to such Pledged Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the organizational structure of any Issuer, or upon the exercise by Pledgor or Lender of any right, privilege or option pertaining to such Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine), all without liability except to account for property actually received by it, but Lender shall have no duty to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(b) The rights of Lender under this Agreement shall not be conditioned or contingent upon the pursuit by Lender of any right or remedy against Pledgor or against any other Person which may be or become liable in respect of all or any part of the Debt or against any other security therefor, guarantee thereof or right of offset with respect thereto. Lender shall not be liable for any failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so, nor shall it be under any obligation to sell or otherwise dispose of any Collateral upon the request of Pledgor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof.

(c) Upon satisfaction in full of the Debt and payment of all amounts owed on the Note, Lender's rights under this Agreement shall automatically terminate and Lender, at Pledgor's cost and expense, shall execute and deliver to Pledgor, or shall authorize Pledgor to file, UCC 3 termination statements or similar documents and agreements to terminate all of Lender's rights under this Agreement and all other Loan Documents and upon request, Lender shall deliver the certificates evidencing the Pledged Securities and any limited liability powers, limited partnership powers or stock powers, as applicable, to Pledgor.

(d) Pledgor also authorizes Lender, at any time and from time to time, to execute, in connection with the sale provided for in Sections 9 or 10 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(e) The powers conferred on Lender hereunder are solely to protect Lender's interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or Lenders shall be responsible to Pledgor for any act or failure to act hereunder, except for its or their gross negligence or willful misconduct.

(f) If Pledgor fails to perform or comply with any of its agreements contained herein and Lender, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of Lender incurred in connection with such performance or compliance, together with interest at the Default Rate if such expenses are not paid on demand, shall be payable by Borrower to Lender on demand and shall constitute obligations secured hereby.

9. **Remedies**. If an Event of Default shall occur and be continuing, Lender may, in addition to all other rights and remedies granted in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Debt:

(a) exercise all rights and remedies of a secured party under the Code (whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if Lender were the sole and absolute owner thereof (and Pledgor agrees to take all such action as may be appropriate to give effect to such right);

(b) make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral; and

(c) in its discretion, in its name or in the name of Pledgor or otherwise, demand, sue for, collect, direct payment of or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so.

Without limiting the generality of the foregoing, Lender, upon the occurrence and during the continuance of an Event of Default, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below or otherwise required hereby) to or upon Pledgor, Issuers or any other Person (all and each of which demands, presentments, protests, advertisements and notices, or other defenses, are hereby waived to the extent permitted under applicable law), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, assign, give option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, in the over-the-counter market, at any exchange, broker's board or office of Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best in its sole discretion, for cash or on credit or for future delivery without assumption of any credit risk. Lender shall have the right, without notice or publication, to adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and any such sale may be made at any time or place to which the same may be adjourned without further notice. Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption of Pledgor, which right or equity of redemption is hereby waived or released. Lender shall apply any Proceeds from time to time held by it and the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of Lender hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Debt, in such order as Lender may elect, and only after such application and after the payment by Lender of any other amount required by any provision of law, including, without limitation, Sections 9-610 and 9-615 of the Code, shall Lender be required to account for the surplus, if any, to Pledgor. To the extent permitted by applicable law, Pledgor waives all claims, damages and demands it may acquire against Lender arising out of the exercise by Lender of any of its rights hereunder, except for any claims, damages and demands it may have against Lender arising from the willful misconduct or gross negligence of Lender or its affiliates, or any agents or employees of the foregoing. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition.

The rights, powers, privileges and remedies of Lender under this Agreement are cumulative and shall be in addition to all rights, powers, privileges and remedies available to Lender at law or in equity. All such rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the rights of Lender hereunder.

10. **Private Sales**. (a) Pledgor recognizes that Lender may be unable to effect a public sale of any or all of the Pledged Securities, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Pledgor acknowledges and agrees that any such private sale may result in prices and other terms less favorable to Lender than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of being a private sale. Lender shall be under no obligation to delay a sale of any of the Pledged Securities for the period of time necessary to permit Issuer or Pledgor to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if Issuers or Pledgor would agree to do so.

(b) Pledgor further shall use its best efforts to do or cause to be done all such other acts as may be reasonably necessary to make any sale or sales of all or any portion of the Pledged Securities pursuant to this Section 10 valid and binding and in compliance with any and all other requirements of applicable law. Pledgor further agrees that a breach of any of the covenants contained in this Section 10 will cause irreparable injury to Lender, that Lender has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 10 shall be specifically enforceable against Pledgor, and Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing under the Loan Agreement.

(c) Lender shall not incur any liability as a result of the sale of any Collateral, or any part thereof, at any private sale conducted in a commercially reasonable manner, it being agreed that some or all of the Collateral is or may be of one or more types that threaten to decline speedily in value and that are not customarily sold in a recognized market. Pledgor hereby waives any claims against Lender arising by reason of the fact that the price at which any of the Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Debt, even if Lender accepts the first offer received and does not offer any Collateral to more than one offeree, provided that Lender has acted in a commercially reasonable manner in conducting such private sale.

(d) The Code states that the Lender is able to purchase the Pledged Securities only if they are sold at a public sale. Lender has advised Pledgor that Securities and Exchange Commission staff personnel have issued various No-Action Letters describing procedures which, in the view of the Securities and Exchange Commission staff, permit a foreclosure sale of

securities to occur in a manner that is public for purposes of Article 9 of the Code, yet not public for purposes of Section 4(2) of the Securities Act of 1933. The Code permits Pledgor to agree on the standards for determining whether Lender has complied with its obligations under Article 9. Pursuant to the Code, Pledgor specifically agrees (x) that it shall not raise any objection to Lender's purchase of the Pledged Securities (through bidding on the obligations or otherwise) and (y) that a foreclosure sale conducted in conformity with the principles set forth in the No-Action Letters (i) shall be considered to be a "public" sale for purposes of the Code; (ii) will be considered commercially reasonable notwithstanding that the Lender has not registered or sought to register the Pledged Securities under the Securities Laws, even if Pledgor or Issuer agrees to pay all costs of the registration process; and (iii) shall be considered to be commercially reasonable notwithstanding that the Lender purchases the Pledged Securities at such a sale.

(e) Pledgor agrees that Lender shall not have any general duty or obligation to make any effort to obtain or pay any particular price for any Pledged Securities sold by Lender pursuant to this Agreement. Lender, may, in its sole discretion, among other things, accept the first offer received, or decide to approach or not to approach any potential purchasers. Without in any way limiting Lender's right to conduct a foreclosure sale in any manner which is considered commercially reasonable, Pledgor hereby agrees that any foreclosure sale conducted in accordance with the following provisions shall be considered a commercially reasonable sale and hereby irrevocably waives any right to contest any such sale:

(i) Lender conducts the foreclosure sale in the State of New York,

(ii) The foreclosure sale is conducted in accordance with the laws of the State of New York,

(iii) Not more than ten (10) days before, and not less than five (5) days in advance of the foreclosure sale, Lender notifies Pledgor at the address set forth herein of the time and place of such foreclosure sale,

(iv) The foreclosure sale is conducted by an auctioneer licensed in the State of New York and is conducted in front of the New York Supreme Court located in New York City or such other New York State Court having jurisdiction over the Collateral on any Business Day between the hours of 9 a.m. and 5 p.m.,

(v) The notice of the date, time and location of the foreclosure sale is published in the New York Times or Wall Street Journal (or if the New York Times and Wall Street Journal are no longer publishing, such other newspaper widely circulated in New York, New York) for seven (7) consecutive days prior to the date of the foreclosure sale, and

(vi) Lender sends notification of the foreclosure sale to all secured parties identified as a result of a search of the UCC financings statements in the filing offices located in the State of Delaware conducted not later than twenty (20) days and not earlier than thirty (30) days before such notification date.

11. **Limitation on Duties Regarding Collateral**. Lender's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as Lender deals with similar securities and property for its own account. Neither Lender nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Pledgor or otherwise.

12. **Financing Statements; Other Documents**. Pledgor hereby authorizes Lender to file UCC-1 financing statements with respect to the Collateral, including, without limitation, one or more financing statements describing the collateral covered thereby as "all assets or personal property of the debtor" or words of similar effect. Pledgor agrees to deliver any other document or instrument which Lender may reasonably request with respect to the Collateral for the purposes of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted. Without limiting the generality of the foregoing, each Pledgor hereby authorizes the filing of financing statements (and amendments of financing statements and continuation statements) that name the Pledgor as debtor and the Lender as secured party and that cover all personal property or all assets of the Pledgor. Each Pledgor also hereby ratifies the filing of any such financing statements (or amendments of financing statements or continuation statements) that were filed prior to the execution hereof.

13. **Attorney-in-Fact**. Without limiting any rights or powers granted by this Agreement to Lender, upon the occurrence and during the continuance of an Event of Default, Lender is hereby appointed, which appointment as attorney-in-fact is irrevocable and coupled with an interest, the attorney-in-fact of each Pledgor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which Lender may deem necessary or advisable during the continuance of an Event of Default to accomplish the purposes hereof including, without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings that the Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Lender, with respect to any of the Collateral; and

(d) to execute, in connection with the sale provided for in Sections 9 or 10, any endorsement, assignments, or other instruments of conveyance or transfer with respect to the Collateral.

If so requested by Lender, each Pledgor shall ratify and confirm any such sale or transfer by executing and delivering to Lender at Pledgor's expense all proper deeds, bills of sale, instruments of assignment, conveyance of transfer and releases as may be designated in any such request. Following the repayment of the Debt, Lender shall execute such documentation as is reasonable and customary to evidence the termination of the power to act as attorney-in-fact for Pledgor.

14. **Additional Covenants of Pledgor Relating to Affirmative Covenants of Issuers**. Each Pledgor covenants and agrees with Lender that, from and after the date of this Agreement until the Debt (exclusive of any indemnification or other obligations which are expressly stated in any of the Loan Documents to survive satisfaction of the Note) is paid in full, (i) such Pledgor shall take and shall cause each Issuer to take any and all actions either necessary or reasonably requested by Lender to ensure complete compliance with Section 5.1 of the Mortgage Loan Agreement, (ii) each Issuer shall take such actions as are required by or to comply with the terms of the Mortgage Loan Documents, in each case, applicable to it, and shall not take any actions that violate any such documents, and (iii) the Issuers shall not apply amounts disbursed to the Issuers pursuant to the requirements of the Mortgage Loan in a manner contrary to the requirements of the Mortgage Loan Documents.

15. **Additional Covenants of Pledgor Relating to Negative Covenants of Issuers**. Each Pledgor covenants and agrees with Lender that, from and after the date of this Agreement until the Debt (exclusive of any indemnification or other obligations which are expressly stated in any of the Loan Documents to survive satisfaction of the Note) is paid in full, such Pledgor shall take and shall cause each Issuer to take any action to ensure compliance with Section 5.2 of the Mortgage Loan Agreement.

16. **Non-Recourse**. The provisions of Section 9.4 of the Loan Agreement are hereby incorporated by reference into this Agreement as to the liability of Pledgor hereunder to the same extent and with the same force as if fully set forth herein.

17. **Intentionally Omitted**.

18. **Miscellaneous**.

(a) **Severability**. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(b) **Headings**. The headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

(c) **No Waiver; Cumulative Remedies**. Lender shall not by any act (except by a written instrument pursuant to Section 18(d)), delay, indulge, omit or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Lender would otherwise have on any future occasion. The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights, remedies, powers or privileges provided by law.

(d) **Waivers and Amendments; Successors and Assigns**. None of the terms or provisions of this Agreement may be waived, amended, or otherwise modified except by a written instrument executed by the party against which enforcement of such waiver, amendment, or modification is sought. This Agreement shall be binding upon and shall inure to the benefit of Pledgor and the respective permitted successors and assigns of Pledgor and shall inure to the benefit of Lender and its successors and assigns; provided no Pledgor shall have any right to assign its rights hereunder, and any attempted assignment by a Pledgor shall be null and void. The rights of Lender under this Agreement shall automatically be transferred to any permitted transferee to which Lender transfers the Note and Loan Agreement.

(e) **Notices**. All notices, consents, approvals and requests required or permitted hereunder shall be delivered in accordance with Section 10.6 of the Loan Agreement and the following:

If to Pledgor:	c/o Blackstone Real Estate Advisors VII L.P. 345 Park Avenue New York, New York 10154 Attention: William J. Stein and Judy Turchin Facsimile No.: (212) 583-5849
with a copy to:	Simpson Thacher & Bartlett LLP 425 Lexington Avenue New York, New York 10017 Attention: Gregory J. Ressa, Esq. Facsimile No.: (212) 455-2502

(f) **Governing Law**.

(i) **THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY PLEDGOR AND ACCEPTED BY LENDER IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE NOTE SECURED HEREBY WERE DISBURSED FROM THE STATE OF NEW YORK,**

WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, PLEDGOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE, AND THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(ii) **ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR PLEDGOR ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND PLEDGOR WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND PLEDGOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. PLEDGOR DOES HEREBY DESIGNATE AND APPOINT:**

Corporation Service Company
80 State Street
Albany, New York 12207

AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO PLEDGOR IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON PLEDGOR IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. PLEDGOR (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT

ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

(g) **Agents**. Lender may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for their actions except for the gross negligence or willful misconduct of any such agents or attorneys-in-fact selected by it in good faith.

(h) **Irrevocable Authorization and Instruction to Issuers**. Pledgor hereby authorizes and instructs each Issuer and any servicer of the Loan to comply with any instruction received by it from Lender in writing that (i) states that an Event of Default has occurred and is continuing and (ii) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from Pledgor, and Pledgor agrees that each Issuer and any servicer shall be fully protected in so complying.

(i) **Counterparts**. This Agreement may be executed in any number of counterparts and all the counterparts taken together shall be deemed to constitute one and the same instrument.

(j) **WAIVER OF JURY TRIAL, DAMAGES, JURISDICTION. PLEDGOR AND LENDER EACH HEREBY AGREES TO WAIVE ITS RIGHTS TO A JURY TRIAL ON ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR ANY DEALINGS BETWEEN PLEDGOR AND LENDER. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. PLEDGOR AND LENDER EACH ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO LENDER TO ENTER INTO A BUSINESS RELATIONSHIP WITH PLEDGOR. PLEDGOR REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH WAIVER IS KNOWINGLY AND VOLUNTARILY GIVEN FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED, EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, REPLACEMENTS, REAFFIRMATIONS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, OR ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

WITH RESPECT TO ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, PLEDGOR SHALL AND HEREBY DOES SUBMIT TO THE NON EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF NEW YORK (AND ANY APPELLATE COURTS TAKING APPEALS THEREFROM). PLEDGOR HEREBY WAIVES AND AGREES NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, (A) THAT IT IS NOT SUBJECT TO SUCH JURISDICTION OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN THOSE COURTS OR THAT THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY NOT BE ENFORCED IN OR BY THOSE COURTS OR THAT IT IS EXEMPT OR IMMUNE FROM EXECUTION, (B) THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR (C) THAT THE VENUE OF THE ACTION, SUIT OR PROCEEDING IS IMPROPER. IN THE EVENT ANY SUCH ACTION, SUIT, PROCEEDING OR LITIGATION IS COMMENCED, PLEDGOR AGREES THAT SERVICE OF PROCESS MAY BE MADE, AND PERSONAL JURISDICTION OVER PLEDGOR OBTAINED, BY SERVICE OF A COPY OF THE SUMMONS, COMPLAINT AND OTHER PLEADINGS REQUIRED TO COMMENCE SUCH LITIGATION UPON PLEDGOR AT THE ADDRESS OF PLEDGOR AND TO THE ATTENTION OF SUCH PERSON AS SET FORTH IN THIS SECTION 18.

No claim may be made by Pledgor against Lender, its affiliates and its respective directors, officers, employees, or attorneys for any special, indirect or consequential damages ("**Special Damages**") in respect of any breach or wrongful conduct (whether the claim therefor is based on contract, tort or duty imposed by law) in connection with, arising out of, or in any way related to the transactions contemplated or relationship established by this Agreement or the other Loan Documents, or any act, omission or event occurring in connection herewith or therewith; and to the fullest extent permitted by law Pledgor hereby waives, releases and agrees not to sue upon any such claim for Special Damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(k) **Acknowledgment and Consent**. Pledgor shall cause each Issuer to execute and deliver to Lender an Acknowledgment and Consent with respect to this Agreement in the form of Exhibit C attached hereto, respectively, in connection with the execution and delivery of this Agreement.

(l) **Joint and Several Liability**. If Pledgor consists of one or more person or party, the obligations and liabilities of each such person or party hereunder shall be joint and several.

19. **Irrevocable Proxy**. (a) Solely with respect to Article 8 Matters (hereinafter defined), Pledgor hereby irrevocably grants and appoints Lender, from the date of this Agreement until the termination of this Agreement in accordance with its terms, as Pledgor's true and lawful proxy, for and in Pledgor's name, place and stead to vote the Pledged Securities, whether directly or indirectly, beneficially or of record, now owned or hereafter acquired, with respect to Article 8 Matters. The proxy granted and appointed in this Section 19(a) shall include the right to sign Pledgor's name to any consent, certificate or other document relating to an Article 8 Matter and the Pledged Securities that applicable law may permit or require, to cause the Pledged Securities to be voted in accordance with the preceding sentence. Pledgor hereby represents and warrants that there are no other proxies and powers of attorney with respect to an Article 8 Matter and the Pledged Securities that Pledgor may have granted or appointed. Other than as permitted herein or in the Loan Agreement, Pledgor will not give a subsequent proxy or power of attorney or enter into any other voting agreement with respect to the Pledged Securities with respect to any Article 8 Matter and any attempt to do so with respect to an Article 8 Matter shall be void and of no effect.

(b) As used herein, "**Article 8 Matter**" means any action, decision, determination or election by Issuers or their member(s) that its membership interests or other equity interests, or any of them, cease to be, a "security" as defined in and governed by Article 8 of the Code, and all other matters directly related to any such action, decision, determination or election.

(c) The proxies and powers granted by Pledgor pursuant to this Agreement are coupled with an interest and are given to secure the performance of the Pledgor's obligations.

[SIGNATURES COMMENCE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date set forth above.

PLEDGOR:

BRE SELECT HOTELS MEZZ 1A LLC,
a Delaware limited liability company

By: /s/ Brian Kim
Name: Brian Kim
Title: Managing Director and Vice President

LENDER:

PRINCIPAL LIFE INSURANCE COMPANY

By: PRINCIPAL REAL ESTATE
INVESTORS, LLC, a Delaware limited
liability company, its authorized signatory

By: /s/ Matthew J. Stump
Name: Matthew J. Stump
Title: Commercial Mortgage Servicer-Portfolio

By: /s/ Darin L. Benningedorf
Name: Darin L. Benningedorf
Title: Assistant Managing Director
Special Servicing

[Signatures Continue on Following Page]

LENDER:

COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY

By: /s/ Gilles Dellaert
Name: Gilles Dellaert
Title: Authorized Signatory

[Signatures Continue on Following Page]

LENDER:

FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND

By: /s/ Adrien Deberghes
Name: Adrien Deberghes
Title: Deputy Treasurer

FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND

By: /s/ Adrien Deberghes
Name: Adrien Deberghes
Title: Deputy Treasurer

FIDELITY SALEM STREET TRUST: FIDELITY STRATEGIC REAL RETURN FUND

By: /s/ Adrien Deberghes
Name: Adrien Deberghes
Title: Deputy Treasurer

[Signatures Continue on Following Page]

LENDER:

BSSF ARH HOLDING, LLC

By: /s/ Randall Rothschild
Name: Randall Rothschild
Title: Managing Director

SCHEDULE A

PLEDGOR

(i) BRE Select Hotels Mezz 1A LLC;

SCHEDULE B

MORTGAGE BORROWERS

(ii) BRE Select Hotels Clearwater LLC;

(iii) BRE Select Hotels NC L.P.;

(iv) BRE Select Hotels Properties LLC;

(v) BRE Select Hotels Redmond LLC;

(vi) BRE Select Hotels Tuscaloosa LLC;

(vii) BRE Select Hotels TX L.P.; and

(viii) BRE Select Hotels AZ LLC.

SCHEDULE C
To Pledge Agreement

DESCRIPTION OF PLEDGED SECURITIES

Owner	Issuer	Limited Liability Company Interests or Partnership Interests	Percentage of Interests
BRE Select Hotels Mezz 1A LLC	BRE Select Hotels Southeast LLC	Limited liability company interests	100%

EXHIBIT A

FORM OF INSTRUCTION TO REGISTER PLEDGE
FOR ISSUER

[_____], 2013

To: [_____]

In accordance with the requirements of that certain Pledge and Security Agreement (Mezzanine A Loan), dated as the date hereof (as amended, supplemented or otherwise modified from time to time, the "**Pledge Agreement**"), between **PRINCIPAL LIFE INSURANCE COMPANY**, **COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY**, **FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND**, **FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND**, **FIDELITY SALEM STREET TRUST: FIDELITY STRATEGIC REAL RETURN FUND**, and **BSSF ARH HOLDING, LLC** (together with their successors and assigns, each, a "**Co-Lender**" and, collectively, "**Lender**") and **BRE SELECT HOTELS MEZZ 1A LLC**, a Delaware limited liability company (the "**Pledgor**") (defined terms used herein as therein defined), you are hereby instructed, notwithstanding your and our understanding that the limited liability company interests, partnership interests and shares of stock described below are a "security" under the Uniform Commercial Code, as a precaution in the event that such interest was nevertheless held not to be a security and to better assure the perfection of the security interest of Lender in such interests, to register the pledge of the following interests in the name of Lender as follows:

The 100% limited liability company interests or partnership interests of the undersigned in the applicable Issuers (each, an "**Issuer**" and collectively, the "**Issuers**") as listed on Schedule C to the Pledge Agreement including without limitation all of the following property now owned or at any time hereafter acquired by Pledgor or in which Pledgor now has or at any time in the future may acquire any right, title or interest:

(a) all additional limited liability company or partnership interests or shares of stock of, or other equity interests in, the Issuers and options, warrants, and other rights hereafter acquired by Pledgor in respect of such limited liability company interests, partnership interests, shares of stock or other equity interests, as applicable (whether in connection with any capital increase, recapitalization, reclassification, or reorganization of the Issuers or otherwise) (all such limited liability company interests, partnership interests, shares of stock and other equity interests, including those described on Schedule C to the Pledge Agreement, and all such options, warrants and other rights being hereinafter collectively referred to as the "**Pledged Securities**");

(b) all certificates, instruments, or other writings representing or evidencing the Pledged Securities, and all accounts and general intangibles arising out of, or in connection with, the Pledged Securities;

(c) any and all moneys or property due and to become due to Pledgor nor or in the future in respect of the Pledged Securities, or to which Pledgor may now or in the future be entitled to in its capacity as a member of each of the Issuers, whether by way of a dividend, distribution, return of capital, or otherwise;

(d) all other claims which Pledgor now has or may in the future acquire in its capacity as a member of each of the Issuers against the Issuer and its property;

(e) all rights of Pledgor under the operating agreements of the Issuers (and all other agreements, if any, to which Pledgor is a party from time to time which relate to its ownership of the Pledged Securities), including, without limitation, all voting and consent rights of Pledgor arising thereunder or otherwise in connection with Pledgor's ownership of the Pledged Securities; and

(f) to the extent not otherwise included, all Proceeds of any or all of the foregoing.

You are hereby further authorized and instructed to execute and deliver to Lender a Confirmation Statement and Instruction Agreement, substantially in the form of Exhibit B to the Pledge Agreement and, to the extent provided more fully therein, to comply with the instructions of Lender in respect of the Pledged Collateral without further consent of, or notice to, the undersigned. Notwithstanding anything in this paragraph, this instruction shall not be construed as expanding the rights of Lender to give instructions with respect to the Pledged Collateral beyond such rights set forth in the Pledge Agreement.

Very truly yours,

BRE SELECT HOTELS MEZZ 1A LLC, a
Delaware limited liability company

By: _____
Name: Brian Kim
Title: Managing Director and Vice President

Exhibit A

LENDER:

PRINCIPAL LIFE INSURANCE COMPANY

By: _____
Name:
Title:

COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY

By: _____
Name:
Title:

FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND

By: _____
Name:
Title:

FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND

By: _____
Name:
Title:

Exhibit A

FIDELITY SALEM STREET TRUST:
FIDELITY STRATEGIC REAL RETURN FUND

By: _____
Name:
Title:

BSSF ARH HOLDING, LLC

By: _____
Name:
Title:

Exhibit A

EXHIBIT B

FORM OF CONFIRMATION STATEMENT AND INSTRUCTION AGREEMENT FOR ISSUER

[_____], 2013

To: [_____]
[_____]
[_____]

Pursuant to the requirements of that certain Pledge and Security Agreement (Mezzanine A Loan) dated the date hereof (as amended, supplements or otherwise modified from time to time, the "**Pledge Agreement**"), between **PRINCIPAL LIFE INSURANCE COMPANY**, **COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY**, **FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND**, **FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND**, **FIDELITY SALEM STREET TRUST: FIDELITY STRATEGIC REAL RETURN FUND**, and **BSSF ARH HOLDING, LLC** (together with their successors and assigns, each, a "**Co-Lender**" and, collectively, "**Lender**"), and **BRE SELECT HOTELS MEZZ 1A LLC**, a Delaware limited liability company (the "**Pledgor**") (defined terms used herein as therein defined), this Confirmation Statement and Instruction Agreement relates to those limited liability company and partnership interests and shares of stock (the "**Pledged Securities**"), as further described on Schedule C to the Pledge Agreement, issued by those limited liability companies and limited partnerships listed on Schedule C to the Pledge Agreement (each, an "**Issuer**" and collectively, the "**Issuers**").

The Pledged Securities are not (i) "investment company securities" (within the meaning of Section 8-103 of the Code) or (ii) dealt in or traded on securities exchanges or in securities markets.

The Pledged Securities are "securities" (within the meaning of Sections 8-102(a)(15) and 8-103 of the Code), and therefore, for purposes of perfecting the security interest of Lender therein, the Issuers agree as follows:

On the date hereof: (i) the registered owner of 100% of the limited liability company interests of BRE Select Hotels Southeast LLC is BRE Select Hotels Mezz 1A LLC.

The registered pledgee of the Pledged Securities is:

PRINCIPAL LIFE INSURANCE COMPANY
Taxpayer I.D. Number: [_____]

COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY
Taxpayer I.D. Number: [_____]

FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND
Taxpayer I.D. Number: [_____]

FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND
Taxpayer I.D. Number: [_____]

FIDELITY SALEM STREET TRUST: FIDELITY STRATEGIC REAL RETURN FUND
Taxpayer I.D. Number: [_____]

BSSF ARH HOLDING, LLC
Taxpayer I.D. Number: [_____]

There are no liens of the undersigned on the Pledged Securities or any adverse claims thereto for which the Issuers have a duty under Section 8-403 of the Code other than the liens of Lender. The Issuers have by book-entry registered the Pledged Securities in the name of the registered pledgee on or before [_____], 2013. No other pledge is currently registered on the books and records of the Issuer with respect to the Pledged Securities.

Until the Debt is paid in full, the Issuers agree to: (i) comply with the instructions of Lender sent in accordance with Section 17(h) of the Pledge Agreement, without any further consent from Pledgor or any other Person, in respect of the Pledged Securities; and (ii) disregard any request made by Pledgor or any other Person which contravenes such instructions of Lender with respect to the Pledged Securities. Notwithstanding anything in this paragraph, this Confirmation Statement and Instruction Agreement shall not be construed as expanding the rights of Lender to give instructions with respect to the Pledged Securities beyond such rights set forth in the Pledge Agreement.

Dated: [_____], 2013

[Signatures follow on the next Page]

Very truly yours,

BRE SELECT HOTELS SOUTHEAST LLC, a
Delaware limited liability company

By: _____
Name: Brian Kim
Title: Managing Director and Vice President

[Signatures continue on next Page]

Exhibit B

ACKNOWLEDGED AND AGREED:

PRINCIPAL LIFE INSURANCE COMPANY

By: _____
Name:
Title:

COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY

By: _____
Name:
Title:

FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND

By: _____
Name:
Title:

FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND

By: _____
Name:
Title:

Exhibit B

FIDELITY SALEM STREET TRUST: FIDELITY STRATEGIC REAL RETURN FUND

By: _____
Name:
Title:

BSSF ARH HOLDING, LLC

By: _____
Name:
Title:

Exhibit B

EXHIBIT C

FORM OF ACKNOWLEDGMENT AND CONSENT

Issuer hereby acknowledges receipt of a copy of the Pledge and Security Agreement (Mezzanine A Loan) (the "**Pledge Agreement**") dated as of [_____], 2013 made by BRE Select Hotels Mezz 1A, LLC, a Delaware limited liability company (the "**Pledgor**") in favor of **PRINCIPAL LIFE INSURANCE COMPANY**, **COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY**, **FIDELITY SECURITIES FUND: FIDELITY REAL ESTATE INCOME FUND**, **FIDELITY SECURITIES FUND: FIDELITY SERIES REAL ESTATE INCOME FUND**, **FIDELITY SALEM STREET TRUST: FIDELITY STRATEGIC REAL RETURN FUND**, and **BSSF ARH HOLDING, LLC** (together with their successors and assigns, collectively, "**Lender**"), and agrees that Pledgor is bound thereby. Issuer agrees to notify Lender promptly in writing of the occurrence of any of the events described in Section 5(a) of the Pledge Agreement.

Dated as of [_____], 2013

ISSUER:

BRE SELECT HOTELS SOUTHEAST LLC, a Delaware limited liability company

By: _____
Name: Brian Kim
Title: Managing Director and Vice President

Exhibit 31.1

CERTIFICATION

I, William J. Stein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BRE Select Hotels Corp;

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 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)) 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) 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

    c) 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 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 13, 2013

/S/ WILLIAM J. STEIN

William J. Stein,
Chief Executive Officer and
Senior Managing Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Brian Kim, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BRE Select Hotels Corp;

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 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)) 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) 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

    c) 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 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 13, 2013

/S/ BRIAN KIM

Brian Kim,
Chief Financial Officer, Vice President and
Managing Director
(Principal Financial and Principal Accounting Officer)

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 BRE Select Hotels Corp (the "Company") on Form 10-Q for the quarter ending September 30, 2013 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.

Date: November 13, 2013

/S/ WILLIAM J. STEIN

William J. Stein
Chief Executive Officer and
Senior Managing Director
(Principal Executive Officer)

Date: November 13, 2013

/S/ BRIAN KIM

Brian Kim
Chief Financial Officer, Vice President and
Managing Director
(Principal Financial and Accounting Officer)

Exhibit 99.1

Section 13(r) Disclosure

Travelport Limited, which may be considered our affiliate, included the disclosure reproduced below in its Form 10-Q for the fiscal quarter ended September 30, 2013. We have not independently verified or participated in the preparation of this disclosure.

"The following activities are disclosed as required by Section 13(r)(1)(D)(iii) of the Exchange Act.

As part of our global business in the travel industry, we provide certain passenger travel related GDS and Airline IT Solutions services to Iran Air. We also provide certain Airline IT Solutions services to Iran Air Tours. All of these services are either exempt from applicable sanctions prohibitions pursuant to a statutory exemption in the International Emergency Economic Powers Act permitting transactions ordinarily incident to travel or, to the extent not otherwise exempt, specifically licensed by the U.S. Office of Foreign Assets Control ("OFAC"). Subject to any changes in the exempt/licensed status of such activities, we intend to continue these business activities, which are directly related to and promote the arrangement of travel for individuals.

The gross revenue and net profit attributable to these activities in the quarter ended September 30, 2013 were approximately $164,000 and $122,000, respectively."