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## Apple REIT Nine, Inc. (Filer) CIK: 0001418121

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Document And Entity Information	6 Months Ended	
	Jun. 30, 2011	Aug. 01, 2011
<b>Document and Entity Information [Abstract]</b>		
Entity Registrant Name	Apple REIT Nine, Inc.	
Document Type	10-Q	
Current Fiscal Year End Date	--12-31	
Entity Common Stock, Shares Outstanding		182,209,310
Amendment Flag	false	
Entity Central Index Key	0001418121	
Entity Current Reporting Status	Yes	
Entity Voluntary Filers	No	
Entity Filer Category	Non-accelerated Filer	
Entity Well-known Seasoned Issuer	No	
Document Period End Date	Jun. 30, 2011	
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q2	

Consolidated Balance Sheets (USD \$) In Thousands	Jun. 30, 2011	Dec. 31, 2010
<b>ASSETS</b>		
Investment in real estate, net of accumulated depreciation of \$73,638 and \$48,962, respectively	\$ 1,608,347	\$ 1,461,922
Cash and cash equivalents	67,691	224,108
Due from third party managers, net	16,318	8,260
Straight-line rent receivable	13,814	10,721
Other assets, net	42,922	40,931
<b>TOTAL ASSETS</b>	<b>1,749,092</b>	<b>1,745,942</b>
<b>LIABILITIES</b>		
Notes payable	125,608	99,649
Accounts payable and accrued expenses	11,616	12,254
<b>TOTAL LIABILITIES</b>	<b>137,224</b>	<b>111,903</b>
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, value issued	0	0
Common stock, no par value, authorized 400,000,000 shares; issued and outstanding 183,268,472 and 181,272,669 shares, respectively	1,809,741	1,787,213
Distributions greater than net income	(197,921)	(153,222)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,611,868</b>	<b>1,634,039</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,749,092</b>	<b>1,745,942</b>
<b>Series A Preferred Stock [Member]</b>		

SHAREHOLDERS' EQUITY		
Preferred stock, value issued	0	0
<b>SeriesB Convertible Preferred Stock [Member]</b>		
SHAREHOLDERS' EQUITY		
Preferred stock, value issued	\$ 48	\$ 48

Consolidated Balance Sheets (Parentheticals) (USD \$) In Thousands, except Share data	Jun. 30, 2011	Dec. 31, 2010
	Real estate accumulated depreciation (in Dollars)	\$ 73,638
Preferred stock, shares authorized	30,000,000	30,000,000
Preferred stock, shares issued	0	0
Preferred stock, shares outstanding	0	0
Common stock, shares authorized	400,000,000	400,000,000
Common stock, shares issued	183,268,472	181,272,669
Common stock, shares outstanding	183,268,472	181,272,669
Common stock, par value (in Dollars per share)	\$ 0	\$ 0
<b>Series A Preferred Stock [Member]</b>		
Preferred stock, shares authorized	400,000,000	400,000,000
Preferred stock, shares issued	183,268,472	181,272,669
Preferred stock, shares outstanding	183,268,472	181,272,669
Preferred stock, par value (in Dollars per share)	\$ 0	\$ 0
<b>SeriesB Convertible Preferred Stock [Member]</b>		
Preferred stock, shares authorized	480,000	480,000
Preferred stock, shares issued	480,000	480,000
Preferred stock, shares outstanding	480,000	480,000
Preferred stock, par value (in Dollars per share)	\$ 0	\$ 0

Consolidated Statements of Operations (USD \$) In Thousands, except Per Share data	3 Months Ended		6 Months Ended	
	Jun. 30, 2011	Jun. 30, 2010	Jun. 30, 2011	Jun. 30, 2010
<b>Revenues:</b>				
Room revenue	\$ 77,069	\$ 32,252	\$ 142,938	\$ 56,345
Other revenue	7,323	3,375	13,492	5,758
Total hotel revenue	84,392	35,627	156,430	62,103
Rental revenue	5,342	5,343	10,685	10,640
Total revenue	89,734	40,970	167,115	72,743
<b>Expenses:</b>				
Operating expense	21,120	9,726	39,325	17,315
Hotel administrative expense	6,355	2,708	12,013	4,892
Sales and marketing	7,040	3,080	13,193	5,477
Utilities	3,274	1,573	6,482	2,968
Repair and maintenance	3,215	1,543	6,048	2,775
Franchise fees	3,349	1,367	6,177	2,371
Management fees	2,750	1,129	5,155	1,947
Taxes, insurance and other	4,515	2,341	9,075	4,471
General and administrative	2,011	1,765	3,545	3,075
Acquisition related costs	1,733	3,349	4,348	5,500
Depreciation expense	12,778	6,851	24,676	12,549
Total expenses	68,140	35,432	130,037	63,340
Operating income	21,594	5,538	37,078	9,403
Interest expense, net	(1,198)	(220)	(1,733)	(304)
Net income	\$ 20,396	\$ 5,318	\$ 35,345	\$ 9,099
Basic and diluted net income per				

common share (in Dollars per share)	\$ 0.11	\$ 0.04	\$ 0.19	\$ 0.08
Weighted average common shares outstanding - basic and diluted (in Shares)	182,621	122,696	182,118	113,781

Consolidated Statements of Cash Flows (USD \$) In Thousands	6 Months Ended	
	Jun. 30, 2011	Jun. 30, 2010
<b>Cash flows from operating activities:</b>		
Net income	\$ 35,345	\$ 9,099
<b>Adjustments to reconcile net income to cash provided by operating activities:</b>		
Depreciation	24,676	12,549
Amortization of deferred financing costs, fair value adjustments and other non-cash expenses, net	277	186
Straight-line rental income	(3,093)	(3,011)
<b>Changes in operating assets and liabilities:</b>		
Increase in due from third party managers, net	(8,038)	(4,300)
Decrease in other assets, net	109	708
Increase in accounts payable and accrued expenses	1,076	429
Net cash provided by operating activities	50,352	15,660
<b>Cash flows used in investing activities:</b>		
Cash paid for acquisitions	(130,708)	(223,671)
Deposits and other disbursements for potential acquisitions, net	(5,848)	(1,363)
Capital improvements	(10,013)	(9,574)
Increase in capital improvement reserves	(1,014)	(69)
Net cash used in investing activities	(147,583)	(234,677)
<b>Cash flows from financing activities:</b>		
Net proceeds related to issuance of Units	29,406	357,551
Redemptions of Units	(7,166)	(3,144)
Distributions paid to common shareholders	(80,044)	(49,575)
Payments of notes payable	(975)	(466)
Deferred financing costs	(407)	(1)
Net cash (used in) provided by financing activities	(59,186)	304,365
Increase (decrease) in cash and cash equivalents	(156,417)	85,348
Cash and cash equivalents, beginning of period	224,108	272,913
Cash and cash equivalents, end of period	67,691	358,261
<b>Non-cash transactions:</b>		
Notes payable assumed in acquisitions	\$ 25,942	\$ 0

Basis of Presentation	6 Months Ended
	Jun. 30, 2011
Basis of Accounting [Text Block]	<p><b>1. Basis of Presentation</b></p> <p>The accompanying unaudited consolidated financial statements have</p>

been prepared in accordance with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include all of the information required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited financial statements should be read in conjunction with the Company's audited consolidated financial statements included in its 2010 Annual Report on Form 10-K. Operating results for the three and six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the twelve month period ending December 31, 2011.

General Information and Summary of Significant Accounting Policies	6 Months Ended
	Jun. 30, 2011
Nature Of Operations And Significant Accounting Policies [Text Block]	<p data-bbox="743 575 1572 606"><b>2. General Information and Summary of Significant Accounting Policies</b></p> <p data-bbox="781 667 927 699"><b><i>Organization</i></b></p> <p data-bbox="743 762 1576 1226">Apple REIT Nine, Inc., together with its wholly owned subsidiaries (the "Company"), is a Virginia corporation that has elected to be treated as a real estate investment trust ("REIT") for federal income tax purposes. The Company was formed to invest in income-producing real estate in the United States. Initial capitalization occurred on November 9, 2007, when 10 Units, each Unit consisting of one common share and one Series A preferred share, were purchased by Apple Nine Advisors, Inc. ("A9A") and 480,000 Series B convertible preferred shares were purchased by Glade M. Knight, the Company's Chairman and Chief Executive Officer. The Company began operations on July 31, 2008 when it purchased its first hotel. The Company concluded its best-efforts offering in December 2010. The Company's fiscal year end is December 31. The Company has no foreign operations or assets and its operating structure includes two segments, hotels and a ground lease. The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated.</p> <p data-bbox="743 1291 1539 1467">As of June 30, 2011, the Company owned 86 hotels located in 27 states with an aggregate of 10,982 rooms. The Company's real estate portfolio also included approximately 410 acres of land and improvements located on 111 sites in the Ft. Worth, Texas area (acquired in April 2009) that are being leased to a subsidiary of Chesapeake Energy Corporation ("Chesapeake") for the production of natural gas.</p> <p data-bbox="781 1530 1143 1562"><b><i>Significant Accounting Policies</i></b></p> <p data-bbox="781 1623 967 1654"><b><i>Use of Estimates</i></b></p> <p data-bbox="743 1715 1552 1860">The preparation of the financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.</p> <p data-bbox="781 1921 1099 1953"><b><i>Earnings Per Common Share</i></b></p>

Basic earnings per common share is computed based upon the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated after giving effect to all potential common shares that were dilutive and outstanding for the period. There were no potential common shares with a dilutive effect for the three and six months ended June 30, 2011 or 2010. As a result, basic and dilutive outstanding shares were the same. Series B convertible preferred shares are not included in earnings per common share calculations until such time that such shares are eligible to be converted to common shares.

Real Estate Investments	6 Months Ended						
	Jun. 30, 2011						
Real Estate Disclosure [Text Block]	<b>3. Real Estate Investments</b>						
	<u>Hotel Acquisitions</u>						
	<p>The Company acquired nine hotels during the first six months of 2011. The following table sets forth the location, brand, manager, date acquired, number of rooms and gross purchase price for each hotel. All dollar amounts are in thousands.</p>						
	<b>City</b>	<b>State</b>	<b>Brand</b>	<b>Manager</b>	<b>Date Acquired</b>	<b>Rooms</b>	<b>Gross Purchase Price</b>
	Mount Laurel	NJ	Homewood Suites	Tharaldson	1/11/2011	118	\$ 15,000
	West Orange	NJ	Courtyard	Tharaldson	1/11/2011	131	21,500
	Texarkana	TX	Hampton Inn & Suites	InterMountain	1/31/2011	81	9,100
	Fayetteville	NC	Home2 Suites	LBA	2/3/2011	118	11,397
	Manassas	VA	Residence Inn	Tharaldson	2/16/2011	107	14,900
	San Bernardino	CA	Residence Inn	Tharaldson	2/16/2011	95	13,600
	Dallas	TX	Hilton	Hilton	5/17/2011	224	42,000
	Santa Ana	CA	Courtyard	Dimension	5/23/2011	155	24,800
	Lafayette	LA	SpringHill Suites	LBA	6/23/2011	103	10,232
	<b>Total</b>					<b>1,132</b>	<b>\$ 162,529</b>

The purchase price for these properties, net of debt assumed, was funded with cash on hand. The Company assumed approximately \$25.9 million of debt during the first six months of 2011, in connection with the hotels acquired in Texarkana and Dallas, Texas. The Company also used cash on hand to pay approximately \$3.8 million in acquisition related costs, including \$3.3 million, representing 2% of the gross purchase price for these properties, as a brokerage commission to Apple Suites Realty Group, Inc. ("ASRG"), 100% owned by Glade M. Knight, the Company's Chairman and Chief Executive Officer, and approximately \$0.5 million in other acquisition related costs, including title, legal and other related costs. These costs are included in acquisition related costs in the Company's consolidated statements of operations for the six months ended June 30, 2011.

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

No goodwill was recorded in connection with any of the acquisitions.

Additionally, during March 2011, the Company completed the construction of a SpringHill Suites hotel located in Alexandria, Virginia which opened for business on March 28, 2011. The hotel contains 155 guest rooms and is managed by Marriott. The total investment in the property is approximately \$25.2 million. The Company also incurred approximately \$0.5 million in pre-opening costs which is included in acquisition related costs in the Company's consolidated statements of operations for the six months ended June 30, 2011.

As of June 30, 2011, the Company owned 86 hotels, located in 27 states, consisting of the following:

Brand	Total by Brand	Number of Rooms
Hampton Inn	21	2,528
Hilton Garden Inn	17	2,364
Courtyard	13	1,689
Homewood Suites	7	735
Fairfield Inn	5	613
TownePlace Suites	3	329
Residence Inn	8	874
SpringHill Suites	7	986
Marriott	1	206

Embassy Suites	2	316
Home2 Suites	1	118
Hilton	1	224

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	86	10,982
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Land and Land Improvements

As of June 30, 2011 the Company owned approximately 410 acres of land and land improvements located on 111 sites in the Ft. Worth, Texas area that are being leased to Chesapeake for the production of natural gas. Chesapeake is a publicly held company that is traded on the New York Stock Exchange.

Total Real Estate Investments

At June 30, 2011 the Company's investment in real estate consisted of the following (in thousands):

Land	\$	187,798
Land Improvements		95,983
Building and Improvements		1,293,553
Furniture, Fixtures and Equipment		99,426
Franchise Fees		4,527
Construction in Progress		698
		<hr/> 1,681,985
Less Accumulated Depreciation		(73,638)
		<hr/> Investment in real estate, net \$1,608,347

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Potential Acquisitions and Construction Projects

As of June 30, 2011, the Company had outstanding contracts for the potential purchase of three additional hotels for a total purchase price of

\$51.2 million. All three hotels are under construction and should be completed over the next 12 months, at which time closing is expected. Although the Company is working towards acquiring these hotels, there are many conditions to closing that have not yet been satisfied and there can be no assurance that closings will occur under the outstanding purchase contracts. The Company does not plan to enter into contracts for the acquisition or construction of any additional hotels other than the ones discussed below. The following table summarizes the location, brand, number of rooms, refundable (if the seller does not meet its obligations under the contract) contract deposits paid, and gross purchase price for each of the contracts. All dollar amounts are in thousands.

Location (a)	Brand	Rooms	Deposits Paid	Gross Purchase Price
Tucson, AZ	TownePlace Suites	124	\$ 3,963	\$ 15,852 (b)
El Paso, TX	Hilton Garden Inn	145	4,993	19,974 (b)
Nashville, TN	Home2 Suites	110	1,500	15,400
		379	\$ 10,456	\$ 51,226

(a) The hotels are currently under construction. The table shows the expected number of rooms upon hotel completion and the expected franchise. Assuming all conditions to closing are met the purchase of the hotels should close within the next 12 months from June 30, 2011.

(b) If the seller meets all of the conditions to closing, the Company is obligated to specifically perform under the contract. As the properties are under construction, at this time, the seller has not met all of the conditions to closing.

As there can be no assurance that all conditions to closing will be satisfied, the Company includes deposits paid for hotels under contract in other assets, net in the Company's consolidated balance sheets, and in deposits and other disbursements for potential acquisitions in the Company's consolidated statements of cash flows. It is anticipated that the purchase price for the outstanding contracts will be funded with cash on hand if a closing occurs.

On October 14, 2009, the Company entered into a ground lease for approximately one acre of land located in downtown Richmond, Virginia. The lease terminates on December 31, 2098, subject to the Company's right to exercise two renewal periods of ten years each. The Company intends to use the land to build a Courtyard and Residence Inn. Under the terms of the lease the Company has a "Study Period" to determine the viability of the hotels. The Company can terminate the lease for any reason during the

Study Period, which originally ended in April 2010, and was extended to August 2011. After the Study Period, the lease continues to be subject to various conditions, including but not limited to obtaining various permits, licenses, zoning variances and franchise approvals. If any of these conditions are not met the Company has the right to terminate the lease at any time. Rent payments are not required until the Company decides to begin construction on the hotels. Annual rent under the lease is \$300,000 with adjustments throughout the lease term based on the Consumer Price Index. As there are many conditions to beginning construction on the hotels, there are no assurances that the Company will construct the hotels or continue the lease.

On June 29, 2011, the Company terminated a purchase contract for a hotel located in Jacksonville, North Carolina. The hotel had a purchase price of \$7.8 million, and contained 79 guest rooms. In connection with the termination of this contract, the initial deposit of \$125,000 was repaid to the Company.

Notes Payable	6 Months Ended							
	Jun. 30, 2011							
Debt Disclosure [Text Block]	<b>4. Notes Payable</b>							
	<p>During the first six months of 2011, the Company assumed approximately \$25.9 million of debt secured by first mortgage notes on the Texarkana, Texas Hampton Inn &amp; Suites and Dallas, Texas Hilton properties. Prior to 2011, the Company assumed approximately \$100.3 million in debt in connection with the acquisition of 12 hotel properties. The following table summarizes the hotel location, interest rate, maturity date and the principal amount assumed associated with each note payable outstanding as of June 30, 2011 and December 31, 2010. All dollar amounts are in thousands.</p>							
						Outstanding Outstanding balance as balance as of of		
	<b>Location</b>	<b>Brand</b>	<b>Interest Rate (1)</b>	<b>Acquisition Date</b>	<b>Maturity Date</b>	<b>Principal Assumed</b>	<b>June 30, 2011</b>	<b>December 31, 2010</b>
	Lewisville, TX	Hilton Garden Inn	0.00%	10/16/2008	12/31/2016	\$ 3,750	\$ 3,750	\$ 3,750
	Duncanville, TX	Hilton Garden Inn	5.88%	10/21/2008	5/11/2017	13,966	13,458	13,560
	Allen, TX	Hilton Garden Inn	5.37%	10/31/2008	10/11/2015	10,787	10,305	10,401
	Bristol, VA	Courtyard	6.59%	11/7/2008	8/1/2016	9,767	9,447	9,514
	Round Rock, TX	Hampton Inn	5.95%	3/6/2009	5/1/2016	4,175	3,967	4,017
	Austin, TX	Homewood Suites	5.99%	4/14/2009	3/1/2016	7,556	7,189	7,279
	Austin, TX	Hampton Inn	5.95%	4/14/2009	3/1/2016	7,553	7,184	7,274

Rogers, AR	Hampton Inn	5.20%	8/31/2010	9/1/2015	8,337	8,206	8,286
St. Louis, MO	Hampton Inn	5.30%	8/31/2010	9/1/2015	13,915	13,700	13,831
Kansas City, MO	Hampton Inn	5.45%	8/31/2010	10/1/2015	6,517	6,420	6,479
Philadelphia (Malvern), PA	Courtyard	6.50%	11/30/2010	10/1/2032(2)	7,894	7,797	7,880
Irving, TX	Homewood Suites	5.83%	12/29/2010	4/11/2017	6,052	5,982	6,041
Texarkana, TX	Hampton Inn & Suites	6.90%	1/31/2011	7/8/2016	4,954	4,926	—
Dallas, TX	Hilton	6.63%	5/17/2011	6/6/2015	20,988	20,948	—
					\$ 126,211	\$ 123,279	\$ 98,312

(1) These rates are the rates per the loan agreement. At acquisition, the Company adjusted the interest rates on these loans to market rates and is amortizing the adjustments to interest expense over the life of the loan.

(2) Outstanding principal balance is callable by lender or prepayable by the Company beginning on October 1, 2016, and every five years thereafter until maturity, subject to certain conditions.

The Company estimates the fair value of its debt by discounting the future cash flows of each instrument at estimated market rates consistent with the maturity of the debt obligation with similar credit terms and credit characteristics. Market rates take into consideration general market conditions and maturity. As of June 30, 2011, the carrying value and estimated fair value of the Company's debt was \$125.6 million and \$128.3 million. As of December 31, 2010, the carrying value and estimated fair value of the Company's debt was \$99.6 million and \$98.7 million. The carrying value of the Company's other financial instruments approximates fair value due to the short-term nature of these financial instruments.

Related Parties	6 Months Ended
	Jun. 30, 2011
Related Party Transactions Disclosure [Text Block]	<p><b>5. Related Parties</b></p> <p>The Company has, and is expected to continue to engage in, significant transactions with related parties. These transactions cannot be construed to be at arm's length and the results of the Company's operations may be different if these transactions were conducted with non-related parties. The Company's independent members of the Board of Directors oversee and annually review the Company's related party relationships (which include the relationships discussed in this section) and are required to</p>

approve any significant modifications to the contracts, as well as any new significant related party transactions. During the first six months of 2011, there were no changes to the contracts discussed in this section and the Board of Directors approved the assignment of the contract discussed below. The Board of Directors is not required to approve each individual transaction that falls under the related party relationships. However, under the direction of the Board of Directors, at least one member of the Company's senior management team approves each related party transaction.

The Company has a contract with ASRG, to acquire and dispose of real estate assets for the Company. A fee of 2% of the gross purchase price or gross sale price in addition to certain reimbursable expenses is paid to ASRG for these services. As of June 30, 2011, payments to ASRG for fees under the terms of this contract have totaled approximately \$32.4 million since inception. Of this amount, the Company incurred \$3.3 million and \$4.5 million for the six months ended June 30, 2011 and 2010, respectively, which is included in acquisition related costs in the Company's consolidated statements of operations.

The Company is party to an advisory agreement with A9A, pursuant to which A9A provides management services to the Company. An annual fee ranging from 0.1% to 0.25% of total equity proceeds received by the Company, in addition to certain reimbursable expenses, are payable for these services. Total advisory fees incurred by the Company under the advisory agreement are included in general and administrative expenses and totaled approximately \$1.0 million and \$623,000 for the six months ended June 30, 2011 and 2010, respectively.

In addition to the fees payable to ASRG and A9A, the Company reimbursed A9A or ASRG or paid directly to Apple REIT Six, Inc. ("AR6") on behalf of A9A or ASRG approximately \$1.0 million for both the six months ended June 30, 2011 and 2010. The expenses reimbursed are approximately \$0.2 million and \$0.6 million respectively, for costs reimbursed under the contract with ASRG and approximately \$0.8 million and \$0.4 million respectively of costs reimbursed under the contract with A9A. The costs are included in general and administrative expenses and are for the Company's proportionate share of the staffing and related costs provided by AR6. The advisors are staffed with personnel of AR6. AR6 provides similar staffing for Apple Six Advisors, Inc. ("A6A"), Apple Seven Advisors, Inc. ("A7A"), Apple Eight Advisors, Inc. ("A8A") and Apple Ten Advisors, Inc. ("A10A"). A6A, A7A, A8A and A10A provide management services to, respectively, AR6, Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Ten, Inc. Although there is a potential conflict on time allocation of employees due to the fact that a senior manager, officer or staff member will provide services to more than one company, the Company believes that the executives and staff compensation sharing arrangement allows the companies to share costs yet attract and retain superior executives and staff. The cost sharing structure also allows each entity to maintain a much more cost effective structure than having separate staffing arrangements. Amounts reimbursed to AR6 include both compensation for personnel and "overhead" (office rent, utilities, benefits, office supplies, etc.) utilized by the companies. The allocation of costs from AR6 is made by the management of the several REITs and is reviewed at least annually by the Compensation Committees of the several REITs. In making the allocation, management and the Compensation Committee, consider all relevant facts related to the Company's level of business activity and the extent to which the Company requires the services of particular personnel of AR6. Such payments are based on the actual costs of the services and are not based on formal record keeping regarding the time these personnel devote to the Company, but are based on a good faith estimate by the employee and/or his or her supervisor of the time devoted by the employee to the Company. As part of this arrangement, the day to day transactions may result in amounts due to or from the noted related parties.

To efficiently manage cash disbursements, the individual companies may make payments for any or all of the related companies. The amounts due to or from the related individual companies are reimbursed or collected and are not significant in amount.

ASRG and A9A are 100% owned by Glade M. Knight, Chairman and Chief Executive Officer of the Company. Mr. Knight is also Chairman and Chief Executive Officer of AR6, Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Ten, Inc. Members of the Company's Board of Directors are also on the Board of Directors of AR6, Apple REIT Seven, Inc., and Apple REIT Eight, Inc.

Included in other assets, net on the Company's consolidated balance sheet is a 24% equity investment in Apple Air Holding, LLC ("Apple Air"). The other members of Apple Air are Apple REIT Six, Inc., Apple REIT Seven, Inc. and Apple REIT Eight, Inc. Through its equity investment the Company has access to Apple Air's aircraft for acquisition, asset management and renovation purposes. The Company's equity investment was approximately \$2.2 million at both June 30, 2011 and December 31, 2010. The Company has recorded its share of income and losses of the entity under the equity method of accounting and adjusted its investment in Apple Air accordingly. For the six months ended June 30, 2011 and 2010, the Company recorded a loss of approximately \$90,000 and \$213,000 in each period, as its share of the net loss of Apple Air, which primarily relates to the depreciation of the aircraft, and is included in general and administrative expense in the Company's consolidated statements of operations. Apple Air owned two aircraft during 2010, but reduced its ownership to one aircraft during the first quarter of 2011.

Due to the significant discount offered by the original lender, in October 2010, the Company purchased a mortgage note with an outstanding balance of approximately \$11.3 million for a total purchase price of approximately \$10.8 million from an unrelated third party. The note balance net of unamortized discount is included in other assets, net on the Company's consolidated balance sheet and totaled \$11.0 million as of June 30, 2011. The interest rate on this mortgage is a variable rate based on the 3-month LIBOR, and as is currently 4.9%. The note requires monthly payments of principal and interest and matures on February 1, 2012. The borrower on the note is Apple Eight SPE Columbia, Inc., an indirect wholly owned subsidiary of Apple REIT Eight, Inc. and the note is secured by a Hilton Garden Inn hotel located in Columbia, South Carolina. Total interest income recorded by the Company for the three and six months ended June 30, 2011 was approximately \$0.2 million and \$0.4 million.

During the first quarter of 2011, the Company entered into an assignment of contract with ASRG to become the purchaser of a newly constructed Home2 Suites by Hilton located in Fayetteville, North Carolina for a total purchase price of \$11.4 million. ASRG entered into the assigned contract on December 11, 2009. There was no consideration paid to ASRG for this assignment, other than the reimbursement of the deposits previously made by ASRG totaling \$2,500. There was no profit for ASRG in the assignment. The Company purchased this hotel on February 3, 2011.

Shareholders' Equity	6 Months Ended
	Jun. 30, 2011
Stockholders' Equity Note Disclosure [Text Block]	<b>6. Shareholders' Equity</b>

#### *Unit Redemption Program*

The Company has a Unit Redemption Program to provide limited interim liquidity to its shareholders who have held their Units for at least one year. Shareholders may request redemption of Units for a purchase price equal to 92% of the price paid per Unit if the Units have been owned for less than three years, or 100% of the price paid per Unit if the Units have been owned more than three years. The maximum number of Units that may be redeemed in any given year is three percent of the weighted average number of Units outstanding during the 12-month period immediately prior to the date of redemption. The Company reserves the right to change the purchase price of redemptions, reject any request for redemption, or otherwise amend the terms of, suspend, or terminate the Unit Redemption Program. During the six months ended June 30, 2011 and 2010, the Company redeemed approximately 697,000 Units and 307,000 Units in the amount of \$7.2 million and \$3.1 million under the program. Since inception of the program through June 30, 2011, the Company has redeemed 1.7 million Units representing \$17.2 million. Through June 30, 2011, the Company has redeemed 100% of the requested redemptions.

#### *Dividend Reinvestment Plan*

In December 2010, the Company instituted a Dividend Reinvestment Plan for its shareholders. The plan provides a way to increase shareholder investment in the Company by reinvesting dividends to purchase additional Units of the Company. The uses of the proceeds from this plan may include purchasing Units under the Company's Unit Redemption Program, enhancing properties, satisfying financing obligations and other expenses, increasing working capital, funding various corporate operations, and acquiring hotels. The Company has registered 20.0 million Units for potential issuance under the plan. During the first six months of 2011, 2.7 million Units were issued under the plan representing \$29.6 million. No Units were issued under the plan as of December 31, 2010.

#### *Distributions*

The Company's annual distribution rate as of June 30, 2011 was \$0.88 per common share, payable monthly. For the three months ended June 30, 2011 and 2010, the Company made distributions of \$0.22 per common share for a total of \$40.1 million and \$26.8 million. For the six months ended June 30, 2011 and 2010, the Company made distributions of \$0.44 per common share for a total of \$80.0 million and \$49.6 million.

Industry Segments	6 Months Ended
	Jun. 30, 2011
Segment Reporting Disclosure [Text Block]	<b>7. Industry Segments</b> <p>The Company has two reportable segments: hotel investments and real estate leased under a long-term triple-net lease. The Company owns extended-stay and limited service hotel properties throughout the United States that generate rental and other property related income. The Company separately evaluates the performance of each of its hotel properties. However, because each of the hotels has similar economic characteristics, facilities, and services, and each hotel is not individually significant, the properties have been aggregated into a single operating segment. In addition,</p>

the Company owns approximately 410 acres of land and land improvements on 111 sites in the Ft. Worth, Texas area (acquired in April 2009) that is leased to a tenant for the production of natural gas. Under the ground lease, the Company receives monthly rental payments. Prior to the acquisition of the land in Ft. Worth, Texas, the Company's only reportable segment was hotel investments. The Company does not allocate corporate-level accounts to its operating segments, including corporate general and administrative expenses, non-operating interest income and interest expense. The following table summarizes the results of operations and assets for each segment for the three and six months ending June 30, 2011 and 2010. Dollar amounts are in thousands.

**For the three months ended June 30, 2011**

	<b>Hotels</b>	<b>Ground Lease</b>	<b>Corporate</b>	<b>Consolidated</b>
Total revenue	\$84,392	\$ 5,342	\$ —	\$ 89,734
Operating expenses	51,592	26	—	51,618
Acquisition related costs	1,733	—	—	1,733
Depreciation expense	12,178	600	—	12,778
General and administrative	—	—	2,011	2,011
Operating income/(loss)	18,889	4,716	(2,011)	21,594
Interest income	—	—	394	394
Interest expense	(1,592)	—	—	(1,592)
Net income/(loss)	\$17,297	\$ 4,716	\$ (1,617)	\$ 20,396

**For the six months ended June 30, 2011**

	<b>Hotels</b>	<b>Ground Lease</b>	<b>Corporate</b>	<b>Consolidated</b>
Total revenue	\$ 156,430	\$ 10,685	\$ —	\$ 167,115
Operating expenses	97,415	53	—	97,468
Acquisition related costs	4,348	—	—	4,348

Depreciation expense	23,476	1,200	—	24,676
General and administrative	—	—	3,545	3,545
Operating income/(loss)	31,191	9,432	(3,545)	37,078
Interest income	—	—	905	905
Interest expense	(2,638)	—	—	(2,638)
Net income/(loss)	\$ 28,553	\$ 9,432	\$ (2,640)	\$ 35,345

Total assets as of June 30, 2011	\$1,494,720	\$157,101	\$ 97,271	\$ 1,749,092
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**For the three months ended June 30, 2010**

	Hotels	Ground Lease	Corporate	Consolidated
Total revenue	\$35,627	\$ 5,343	\$ —	\$ 40,970
Operating expenses	23,440	27	—	23,467
Acquisition related costs	3,349	—	—	3,349
Depreciation expense	6,251	600	—	6,851
General and administrative	—	—	1,765	1,765
Operating income/(loss)	2,587	4,716	(1,765)	5,538
Interest income	—	—	400	400
Interest expense	(620)	—	—	(620)
Net income/(loss)	\$ 1,967	\$ 4,716	\$ (1,365)	\$ 5,318

For the six months ended June 30, 2010				
	Hotels	Ground Lease	Corporate	Consolidated
Total revenue	\$ 62,103	\$ 10,640	\$ —	\$ 72,743
Operating expenses	42,162	54	—	42,216
Acquisition related costs	5,500	—	—	5,500
Depreciation expense	11,391	1,158	—	12,549
General and administrative	—	—	3,075	3,075
Operating income/(loss)	3,050	9,428	(3,075)	9,403
Interest income	—	—	836	836
Interest expense	(1,140)	—	—	(1,140)
Net income/(loss)	\$ 1,910	\$ 9,428	\$ (2,239)	\$ 9,099
Total assets as of June 30, 2010	\$778,133	\$153,315	\$ 364,284	\$ 1,295,732

Rental Revenue	6 Months Ended Jun. 30, 2011
Leases of Lessor Disclosure [Text Block]	<p><b>8. Rental Revenue</b></p> <p>The Company has approximately 410 acres of land and improvements located on 111 sites in Ft. Worth, Texas area that are being leased to a subsidiary of Chesapeake for the production of natural gas. Chesapeake is the second-largest independent producer of natural gas in the United States and guarantor of the lease. The lease has an initial term of 40 years from its commencement date of April 2009, with five renewal options of five years each, exercisable by the tenant. Rental payments are fixed and have determinable rent increases during the initial lease term and reset to market during the first year of the renewal period. Rental payments are required to be made monthly in advance. Under the lease, the tenant is responsible for</p>

all operating costs associated with the land including, maintenance, insurance, property taxes, environmental, zoning, permitting, etc. and the tenant is required to maintain the land in good condition. The lease is classified as an operating lease and rental income is recognized on a straight line basis over the initial term of the lease. Rental revenue includes \$1.5 million of adjustments to record rent on the straight line basis for both the three months ended June 30, 2011 and 2010, and \$3.1 million and \$3.0 million of adjustments to record rent on the straight line basis for the six months ended June 30, 2011 and 2010. Straight line rental receivable totaled \$13.8 million and \$10.7 million as of June 30, 2011 and December 31, 2010, respectively.

As of June 30, 2011, the carrying value of the leased properties totaled \$157.1 million and represents approximately 9% of the Company's total assets. The rental income generated from the leased properties represents approximately 6% of the Company's total revenue for the six months ended June 30, 2011. If the tenant does not perform under the lease, the Company would be subject to market conditions at the time of default. Therefore, the return on the investment in the real estate could be less than if the tenant performs under the lease.

Pro Forma Information (unaudited)	6 Months Ended			
	Jun. 30, 2011			
Business Combination Disclosure [Text Block]	<b>9. Pro Forma Information (unaudited)</b>			
	<p>The following unaudited pro forma information for the three and six months ended June 30, 2011 and 2010 is presented as if the acquisitions of the Company's hotels acquired after December 31, 2009, had occurred on the latter of January 1, 2010 or the opening date of the hotel. The pro forma information does not purport to represent what the Company's results of operations would actually have been if such transactions, in fact, had occurred on these applicable dates, nor does it purport to represent the results of operations for future periods. Amounts are in thousands, except per share data.</p>			
	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
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Total revenues	\$91,300	\$75,117	\$173,051	\$145,681
Net income	21,526	13,994	38,999	5,791
Net income per share - basic and diluted	\$ 0.12	\$ 0.09	\$ 0.21	\$ 0.04
	<p>The pro forma information reflects adjustments for actual revenues and expenses of the 52 hotels acquired during 2010 and 2011 for the respective period prior to acquisition by the Company. Net income has been adjusted as follows: (1) interest income and expense have been adjusted to</p>			

reflect the reduction in cash and cash equivalents required to fund the acquisitions; (2) interest expense related to prior owners' debt which was not assumed has been eliminated; (3) depreciation has been adjusted based on the Company's basis in the hotels; and (4) transaction costs have been adjusted for the acquisition of existing businesses.

Legal Proceedings and Related Matters	6 Months Ended
	Jun. 30, 2011
Legal Matters and Contingencies [Text Block]	<p><b>10. Legal Proceedings and Related Matters</b></p> <p>The term the “Apple REIT Companies” means Apple REIT Six, Inc. Apple REIT Seven, Inc., Apple REIT Eight, Inc., the Company and Apple REIT Ten, Inc.</p> <p>On June 17, 2011, one shareholder of the Company filed a putative class action captioned <i>Nancy Kowalski v. Apple REIT Ten, Inc., et al</i>, Case No. 1:11-cv-2919, in the United States District Court for the Eastern District of New York against the Company, its directors and certain of its officers, Apple REIT Ten, Inc., its directors and certain of its officers, and David Lerner Associates, Inc. and David Lerner. The complaint, purportedly brought on behalf of all purchasers of Units in the Company and Apple REIT Ten Inc. from June 16, 2008 through and including June 17, 2011, asserts claims under Sections 11, 12 and 15 of the Securities Act of 1933 and seeks, among other things, certification of the class, damages, rescission of share purchases and other costs and expenses. The complaint alleges, among other things, that: (1) the registration statements and prospectuses of the Company and Apple REIT Ten, Inc. failed to disclose material information concerning the value of the Units of the prior Apple REIT companies, (2) the operations and investment model implemented by the Company and Apple REIT Ten, Inc. are determined to lose investors' capital, and (3) David Lerner Associates, Inc. solicited purchases of the Company and Apple REIT Ten, Inc. by means of false and misleading statements concerning the distributions paid by prior Apple REIT companies. The Company believes that these claims against the Company and its officers and directors are without merit, and the Company intends 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, if any.</p> <p>On June 20, 2011, two shareholders of the Apple REIT companies filed a putative class action captioned <i>Kronberg et al. v. David Lerner Associates Inc., et al</i>, Case No. 2:11-cv-03558, in the United States District Court for the District of New Jersey against David Lerner Associates, Inc. and certain of its officers, and the Apple REIT companies and Glade M. Knight. The complaint, purportedly brought on behalf of purchasers of Units in the Apple REIT companies, asserts claims and seeks, among other things, certification of the class, compensatory, special and general damages, and other costs and expenses. The complaint alleges, among other things, that: (1) David Lerner Associates, Inc. made false and misleading misrepresentations about (a) the value of the Units of the Apple REIT companies, (b) previous distribution payments made by the Apple REIT companies, and (c) the operations of the Apple REIT companies, (2) the significant risks associated with the illiquid investment in the Apple REIT companies were not properly disclosed to investors, and (3) under the various agency agreements between David Lerner Associates, Inc. and the Apple REIT Companies, the Apple REIT Companies and Glade M. Knight are responsible for the actions and representations of David Lerner Associates, Inc. and its certain officers regarding the sale of Units of the Apple REIT Companies. The Company believes that these claims against the Apple REIT</p>

Companies and Glade M. Knight are without merit, and the Company intends 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, if any.

On June 28, 2011, a shareholder of the Company and Apple REIT Ten, Inc. filed a putative class action lawsuit captioned *Marvin Leff v. Apple REIT Ten, Inc., et al*, Case No. 2:11-cv-03094, in the United States District Court for the Eastern District of New York against the Company, its directors and certain of its officers, Apple REIT Ten, Inc., its directors and certain of its officers, and David Lerner Associates, Inc. and David Lerner. The complaint, purportedly brought on behalf of all purchasers of Units in the Company and Apple REIT Ten, Inc. from June 17, 2008 through and including June 28, 2011, asserts claims under Sections 11, 12 and 15 of the Securities Act of 1933 and seeks, among other things, certification of the class, damages, rescission of share purchases and other costs and expenses. The complaint alleges, among other things, that: (1) the registration statements and prospectuses of the Company and Apple REIT Ten, Inc. failed to disclose material information concerning the value of the Units of the prior Apple REIT Companies, and (2) David Lerner Associates, Inc. solicited purchases of the Company and Apple REIT Ten, Inc. by means of false and misleading statements concerning the distributions paid by prior Apple REIT Companies. The Company believes that these claims against the Company and its officers and directors are without merit, and the Company intends 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, if any.

On May 27, 2011, the Financial Industry Regulatory Authority (“FINRA”) filed a complaint against David Lerner Associates, Inc., related to its sales practices relative to the Units of Apple REIT Ten, Inc. David Lerner Associates, Inc. was also the sole distributor (managing dealer) of the Company. The Company is unaffiliated with David Lerner Associates, Inc.; however, the Company relies upon it for the administration of the Units. The Company intends on cooperating with regulatory or governmental inquiries.

Subsequent Events	6 Months Ended
	Jun. 30, 2011
Subsequent Events [Text Block]	<p><b>11. Subsequent Events</b></p> <p>In July 2011, the Company declared and paid approximately \$13.4 million or \$0.073334 per outstanding common share, in distributions to its common shareholders, of which \$5.3 million or 484,000 Units were reinvested under the Company’s Dividend Reinvestment Plan.</p> <p>In July 2011, under the guidelines of the Company’s Unit Redemption Program, the Company redeemed approximately 1.5 million Units in the amount of \$16.0 million under its Unit Redemption Program. As contemplated in the Program, the Company redeemed Units on a pro-rata basis, whereby a percentage of each requested redemption was fulfilled at the discretion of the Company’s Board of Directors. The redemption was approximately 41% of the requested redemption amount.</p> <p>In July 2011, the Company agreed to sell back to Chesapeake one of the 111 sites originally purchased from Chesapeake and release Chesapeake from their associated lease obligation. The sales price for the site was \$1.4</p>

million, which approximates the net book value of the site. The Company earned and received rental income for the period held totaling approximately \$310,000.

In August 2011, the Company entered into a contract for the potential sale of its 110 parcels of land and improvements located in the Ft. Worth, Texas area for a total purchase price of \$198.4 million. Although the purchaser is not affiliated with the Company, a partner of the purchaser is also a member of the Board of Directors of Apple REIT Ten, Inc.

**Apple REIT Nine, Inc. (Filer) CIK: 0001418121 (see all company filings)**

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