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

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Cover	Document And Entity Information	
	9 Months Ended	
Document And Entity Information	Sep. 30, 2011	Nov. 01, 2011
Financial Statements		
Notes to Financial Statements		
All Reports		
<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		182,029,493
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	Sep. 30, 2011	
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q3	

Consolidated Balance Sheets (USD \$) In Thousands	Sep. 30, 2011	Dec. 31, 2010
<b>ASSETS</b>		
Investment in real estate, net of accumulated depreciation of \$80,550 and \$48,962, respectively	\$ 1,454,865	\$ 1,461,922
Real estate held for sale	157,020	0
Cash and cash equivalents	61,402	224,108
Due from third party managers, net	13,968	8,260
Straight-line rent receivable	0	10,721
Other assets, net	43,126	40,931
<b>TOTAL ASSETS</b>	<b>1,730,381</b>	<b>1,745,942</b>
<b>LIABILITIES</b>		
Notes payable	124,880	99,649
Accounts payable and accrued expenses	13,828	12,254
<b>TOTAL LIABILITIES</b>	<b>138,708</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 183,114,246 and 181,272,669 shares, respectively	1,808,981	1,787,213
Distributions greater than net income	(217,356)	(153,222)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,591,673</b>	<b>1,634,039</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,730,381</b>	<b>1,745,942</b>
<b>Series A Preferred Stock [Member]</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, value issued	0	0
<b>Series B Convertible Preferred Stock [Member]</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, value issued	\$ 48	\$ 48

Consolidated Balance Sheets (Parentheticals) (USD \$) In Thousands, except Share data	Sep. 30, 2011	Dec. 31, 2010
	Real estate accumulated depreciation (in Dollars)	\$ 80,550
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	183,114,246	181,272,669
Common stock, shares outstanding	183,114,246	181,272,669
<b>Series A Preferred Stock [Member]</b>		
Preferred stock, shares authorized	400,000,000	400,000,000
Preferred stock, shares issued	183,114,246	181,272,669
Preferred stock, shares outstanding	183,114,246	181,272,669
<b>Series B 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

Consolidated Statements of Operations (USD \$) In Thousands, except Per Share data	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
<b>Revenues:</b>				
Room revenue	\$ 78,302	\$ 40,028	\$ 221,240	\$ 96,373
Other revenue	7,366	3,754	20,858	9,512
Total revenue	85,668	43,782	242,098	105,885
<b>Expenses:</b>				
Operating expense	21,992	11,845	61,317	29,160
Hotel administrative expense	6,500	3,215	18,513	8,107
Sales and marketing	7,086	3,688	20,279	9,165
Utilities	4,105	2,283	10,587	5,251
Repair and maintenance	3,302	1,819	9,350	4,594
Franchise fees	3,461	1,749	9,638	4,120
Management fees	2,935	1,473	8,090	3,420
Taxes, insurance and other	5,204	2,219	14,226	6,637
General and administrative	1,753	1,425	5,298	4,500
Acquisition related costs	75	4,626	4,423	10,126
Depreciation expense	12,311	7,334	35,787	18,725
Total expenses	68,724	41,676	197,508	103,805
Operating income	16,944	2,106	44,590	2,080
Interest expense, net	(1,310)	(263)	(3,043)	(567)
Income from continuing operations	15,634	1,843	41,547	1,513
Income from discontinued operations	5,128	4,716	14,560	14,145
Net income	\$ 20,762	\$ 6,559	\$ 56,107	\$ 15,658
<b>Basic and diluted net income per common share</b>				
From continuing operations (in Dollars per share)	\$ 0.08	\$ 0.02	\$ 0.23	\$ 0.02
From discontinued operations (in Dollars per share)	\$ 0.03	\$ 0.03	\$ 0.08	\$ 0.11
Total basic and diluted net income per common share (in Dollars per share)	\$ 0.11	\$ 0.05	\$ 0.31	\$ 0.13
Weighted average common shares outstanding - basic and diluted (in Shares)	182,769	144,264	182,337	124,054

Consolidated Statements of Cash Flows (USD \$) In Thousands	9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
<b>Cash flows from operating activities:</b>		
Net income	\$ 56,107	\$ 15,658
<b>Adjustments to reconcile net income to cash provided by operating activities:</b>		
Depreciation, including discontinued operations	37,187	20,483
Amortization of deferred financing costs, fair value adjustments and other non-	316	229

cash expenses, net		
Straight-line rental income	(4,625)	(4,557)
<b>Changes in operating assets and liabilities:</b>		
Increase in due from third party managers, net	(5,689)	(4,451)
Decrease (increase) in other assets, net	(464)	667
Increase in accounts payable and accrued expenses	3,605	2,884
Net cash provided by operating activities	86,437	30,913
<b>Cash flows used in investing activities:</b>		
Cash paid for acquisitions, net	(129,260)	(376,510)
Deposits and other disbursements for potential acquisitions, net	(5,913)	(11,941)
Capital improvements	(12,482)	(15,353)
Decrease (increase) in capital improvement reserves	(744)	1,764
Investment in other assets	0	(5,439)
Net cash used in investing activities	(148,399)	(407,479)
<b>Cash flows from financing activities:</b>		
Net proceeds related to issuance of Units	44,750	602,555
Redemptions of Units	(23,269)	(5,351)
Distributions paid to common shareholders	(120,241)	(80,963)
Payments of notes payable	(1,574)	(737)
Deferred financing costs	(410)	(378)
Net cash (used in) provided by financing activities	(100,744)	515,126
Increase (decrease) in cash and cash equivalents	(162,706)	138,560
Cash and cash equivalents, beginning of period	224,108	272,913
Cash and cash equivalents, end of period	61,402	411,473
<b>Non-cash transactions:</b>		
Notes payable assumed in acquisitions	\$ 25,942	\$ 28,769

Basis of Presentation	9 Months Ended
	Sep. 30, 2011
Basis of Accounting [Text Block]	<p><b>1. Basis of Presentation</b></p> <p>The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include all of the information required by 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 nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the twelve month period ending December 31, 2011.</p>

General Information and Summary of Significant Accounting Policies	9 Months Ended
	Sep. 30, 2011
Nature Of Operations And Significant Accounting Policies [Text Block]	<p><b>2. General Information and Summary of Significant Accounting Policies</b></p> <p><b>Organization</b></p> <p>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</p>

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 beginning with the third quarter 2011 its operating structure includes only one segment. The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated. As of September 30, 2011, the Company owned 86 hotels located in 27 states with an aggregate of 10,982 rooms.

As of September 30, 2011 the Company held for sale approximately 406 acres of land and land improvements located on 110 sites in the Ft. Worth, Texas area (acquired in April 2009) that are being leased to Chesapeake Energy Corporation ("Chesapeake") for the production of natural gas (the "110 parcels"). Chesapeake is a publicly held company that is traded on the New York Stock Exchange. In August 2011, the Company entered into a contract for the potential sale of all 110 parcels for a total purchase price of \$198.4 million. The operating results related to the 110 parcels have been included in discontinued operations.

### **Significant Accounting Policies**

#### *Use of Estimates*

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.

#### *Earnings Per Common Share*

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 nine months ended September 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	9 Months Ended						
	Sep. 30, 2011						
Real Estate Disclosure [Text Block]	<b>3. Real Estate Investments</b>						
	The Company acquired nine hotels during the first nine 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.						
	<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
Total					1,132	\$ 162,529

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 nine months of 2011, in connection with the hotels acquired in Texarkana and Dallas, Texas. The Company also used cash on hand to pay approximately \$3.9 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 \$0.6 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 nine months ended September 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 \$24.9 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 nine months ended September 30, 2011.

As of September 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
	86	10,982

Total Real Estate Investments

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

Land	\$ 135,103
Building and Improvements	1,294,475
Furniture, Fixtures and Equipment	100,590
Franchise Fees	4,527
Construction in Progress	720
	1,535,415
Less Accumulated Depreciation	(80,550)
Investment in real estate, net	\$1,454,865

Potential Acquisitions and Construction Projects

As of September 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 within the next 9-12 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	1,440	15,400
		379	\$ 10,396	\$ 51,226

(a) The hotels are currently under construction. The table shows the expected number of rooms upon hotel completion and the expected franchise. The Company closed on the Tucson, Arizona hotel in October 2011. Assuming all conditions to closing are met the purchase of the El Paso, Texas and Nashville, Tennessee hotels should close within the next 9-12 months from September 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. The lease continues to be subject to various conditions that have not been completed, 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	9 Months Ended						
	Sep. 30, 2011						
Debt Disclosure [Text Block]	<b>4. Notes Payable</b>						
	<p>During the first nine 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 September 30, 2011 and December 31, 2010. All dollar amounts are in thousands.</p>						
						Outstanding balance as of September 30, 2011	Outstanding balance as of December 31, 2010
	<b>Location</b>	<b>Brand</b>	<b>Interest Rate (1)</b>	<b>Acquisition Date</b>	<b>Maturity Date</b>	<b>Principal Assumed</b>	
		Hilton					

Lewisville, TX	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	13,408	13,560
Allen, TX	Hilton Garden Inn	5.37%	10/31/2008	10/11/2015	10,787	10,257	10,401
Bristol, VA	Courtyard	6.59%	11/7/2008	8/1/2016	9,767	9,415	9,514
Round Rock, TX	Hampton Inn	5.95%	3/6/2009	5/1/2016	4,175	3,943	4,017
Austin, TX	Homewood Suites	5.99%	4/14/2009	3/1/2016	7,556	7,144	7,279
Austin, TX	Hampton Inn	5.95%	4/14/2009	3/1/2016	7,553	7,139	7,274
Rogers, AR	Hampton Inn	5.20%	8/31/2010	9/1/2015	8,337	8,167	8,286
St. Louis, MO	Hampton Inn	5.30%	8/31/2010	9/1/2015	13,915	13,635	13,831
Kansas City, MO	Hampton Inn	5.45%	8/31/2010	10/1/2015	6,517	6,391	6,479
Philadelphia (Malvern), PA	Courtyard	6.50%	11/30/2010	10/1/2032(2)	7,894	7,754	7,880
Irving, TX	Homewood Suites	5.83%	12/29/2010	4/11/2017	6,052	5,947	6,041
Texarkana, TX	Hampton Inn & Suites	6.90%	1/31/2011	7/8/2016	4,954	4,910	—
Dallas, TX	Hilton	6.63%	5/17/2011	6/6/2015	20,988	20,820	—
					\$ 126,211	\$ 122,680	\$ 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 September 30, 2011, the carrying value and estimated fair value of the Company's debt was \$124.9 million and \$124.0 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.

9 Months Ended

Related Parties	Sep. 30, 2011
Related Party Transactions Disclosure [Text Block]	<p data-bbox="651 128 829 153"><b>5. Related Parties</b></p> <p data-bbox="651 212 1586 516">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 approve any significant modifications to the contracts, as well as any new significant related party transactions. During the first nine 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.</p> <p data-bbox="651 575 1586 751">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 September 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 \$8.1 million for the nine months ended September 30, 2011 and 2010, respectively, which is included in acquisition related costs in the Company's consolidated statements of operations.</p> <p data-bbox="651 810 1586 961">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 \$1.5 million and \$1.0 million for the nine months ended September 30, 2011 and 2010, respectively.</p> <p data-bbox="651 1020 1586 1913">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 \$1.6 million and \$1.5 million for the nine months ended September 30, 2011 and 2010. The expenses reimbursed are approximately \$200,000 and \$900,000 respectively, for costs reimbursed under the contract with ASRG and approximately \$1.4 million and \$600,000 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"), Apple Ten Advisors, Inc. ("A10A"), ASRG and Apple Six Realty Group, Inc. ("A6RG"). A6A, A7A, A8A and A10A provide management services to, respectively, AR6, Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Ten, Inc. A6RG provides brokerage services for AR6. 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 staff utilized by the Company receives its direction and management for staffing and compensation from the advisory companies (A6A, A7A, A8A, A9A, A10A, ASRG and A6RG) each of which is wholly owned by Glade M. Knight. Since the employees of AR6 may also perform services for the advisors, individuals, including executive officers, have received and may receive payments directly from the advisors. 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.</p> <p data-bbox="716 1965 1520 1990">ASRG and A9A are 100% owned by Glade M. Knight, Chairman and Chief Executive</p>

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 \$2.1 million and \$2.2 million as of September 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 nine months ended September 30, 2011 and 2010, the Company recorded a loss of approximately \$145,000 and \$343,000 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 September 30, 2011. The interest rate on this mortgage is a variable rate based on the 3-month LIBOR, and as is currently 5.0%. 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 nine months ended September 30, 2011 was approximately \$0.2 million and \$0.7 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.

The Company has incurred legal fees associated with the Legal Proceedings and Related Matters discussed below. The Company also incurs other professional fees such as accounting and auditing and reporting. These fees are included in general and administrative expense in the Company's consolidated statements of operations. To be cost effective, these services received by the Company are shared as applicable across the other Apple REIT Companies (Apple REIT Six, Inc., Apple REIT Seven, Inc., Apple REIT Eight, Inc., and Apple REIT Ten, Inc.). The professionals cannot always specifically identify their fees for one company therefore management allocates these costs across the companies that benefit from the services.

Shareholders' Equity	9 Months Ended
	Sep. 30, 2011
Stockholders' Equity Note Disclosure [Text Block]	<p><b>6. Shareholders' Equity</b></p> <p><i>Unit Redemption Program</i></p> <p>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 five 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 nine months ended September 30, 2011 and 2010, the Company redeemed approximately 2.2 million Units and 520,000 Units in the amount of \$23.3 million and \$5.4 million under the program. Since inception of the program through September 30, 2011, the Company has redeemed 3.2 million Units</p>

representing \$33.3 million. As contemplated in the program, beginning with the July 2011 redemption, the scheduled redemption date for the third quarter of 2011, the Company redeemed Units on a pro-rata basis. Prior to July 2011, the Company had redeemed 100% of redemption requests. The following is a summary of the 2011 Unit redemptions:

Redemption Date	Requested Unit Redemptions	Units Redeemed	Redemption Requests Not Redeemed
January 2011	318,891	318,891	—
April 2011	378,367	378,367	—
July 2011	3,785,039	1,549,058	2,235,981

#### *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 nine months of 2011, 4.1 million Units were issued under the plan representing approximately \$45.0 million. No Units were issued under the plan as of December 31, 2010.

#### *Distributions*

The Company's annual distribution rate as of September 30, 2011 was \$0.88 per common share, payable monthly. For the three months ended September 30, 2011 and 2010, the Company made distributions of \$0.22 per common share for a total of \$40.2 million and \$31.4 million. For the nine months ended September 30, 2011 and 2010, the Company made distributions of \$0.66 per common share for a total of \$120.2 million and \$81.0 million.

Discontinued Operations	9 Months Ended
	Sep. 30, 2011
Disposal Groups, Including Discontinued Operations, Disclosure [Text Block]	<p><b>7. Discontinued Operations</b></p> <p>As of September 30, 2011 the Company held for sale approximately 406 acres of land and land improvements located on 110 sites in the Ft. Worth, Texas area that are being leased to Chesapeake for the production of natural gas (the "110 parcels"). Chesapeake is the second-largest independent producer of natural gas in the United States and guarantor of the lease.</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 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.</p> <p>In August 2011, the Company entered into a contract for the potential sale of its 110 remaining parcels for a total purchase price of \$198.4 million. The Company anticipates completing the sale in the fourth quarter of 2011. 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. The 110 parcels have been classified in the consolidated balance sheets as real estate held for sale and are recorded at their carrying amount, totaling approximately \$157.0 million. The carrying amount includes real estate net book value totaling \$141.8 million and straight-line rent receivable totaling \$15.2 million. The 110 parcels was a separate reportable segment and the</p>

results of operations for these properties have been classified in the consolidated statements of operations in the line item income from discontinued operations.

The following table sets forth the components of income from discontinued operations for the three and nine months ended September 30, 2011 and 2010 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Rental revenue	\$ 5,372	\$ 5,343	\$ 16,057	\$ 15,983
Operating expenses	44	27	97	80
Depreciation expense	200	600	1,400	1,758
Income from discontinued operations	\$ 5,128	\$ 4,716	\$ 14,560	\$ 14,145

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 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 September 30, 2011 and 2010, and \$4.6 million of adjustments to record rent on the straight line basis for both the nine months ended September 30, 2011 and 2010.

Pro Forma Information (unaudited)	9 Months Ended Sep. 30, 2011			
	8. Pro Forma Information (unaudited)			
Business Combination Disclosure [Text Block]	<p>The following unaudited pro forma information for the three months ended September 30, 2011 and 2010 and nine months ended September 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>			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Total revenues	\$ 85,668	\$ 73,120	\$ 248,034	\$ 208,158

Income from continuing operations	\$ 15,634	\$ 9,521	\$ 45,205	\$ 5,879
Income from discontinued operations	5,128	4,716	14,560	14,145
Net income	\$ 20,762	\$ 14,237	\$ 59,765	\$ 20,024
Basic and diluted net income per common share				
From continuing operations	\$ 0.08	\$ 0.06	\$ 0.25	\$ 0.02
From discontinued operations	0.03	0.03	0.08	0.11
Total basic and diluted net income per common share	\$ 0.11	\$ 0.09	\$ 0.33	\$ 0.13
<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 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.</p>				

Legal Proceedings and Related Matters	9 Months Ended
	Sep. 30, 2011
Legal Matters and Contingencies [Text Block]	<p><b>9. 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>The Company is currently engaged in three ongoing putative class action lawsuits brought on behalf of purchasers of Units of at least one of the Apple REIT Companies during June 2011. As discussed below, one of the complaints was amended in October 2011.</p> <p>On October 10, 2011, the plaintiffs in <i>Kronberg et al. v. David Lerner Associates Inc., et al</i>, Case No. 2:11-cv-03558, filed an amended class action complaint in the United States District Court for the District of New Jersey, adding new parties and new claims to the action originally filed on June 20, 2011. The new plaintiffs are residents of New York, Connecticut, and Florida alleged to be investors in the Company, Apple REIT Eight, Inc. and Apple REIT Ten, Inc. The new defendants are directors of these companies and Apple Suites Realty Group, Inc., Apple Eight Advisors, Inc., Apple Nine Advisors, Inc., Apple Ten Advisors, Inc., and Apple Fund Management, LLC. The amended complaint adds claims on behalf of subclasses of residents of New Jersey, New York, Connecticut and Florida, in addition to the putative nationwide class, and no longer includes purchasers of Apple REIT Six, Inc. and Apple REIT Seven, Inc. The amended complaint asserts new claims for breach of fiduciary duty and for violation of the securities laws of the states of New Jersey, Connecticut and Florida, and seeks certification of the subclasses, monetary damages including pre- and post-judgment interest, equitable relief and fees and costs. In addition to the allegations contained in the original complaint, the amended complaint alleges that David Lerner Associates, Inc., and the directors breached a fiduciary duty to the shareholders by failing to disclose material information about the prior Apple REIT Companies' sources of distributions and share valuation, that they aided and abetted one another's breaches, and that the Apple REIT entities and directors are jointly and severally liable for the acts of David Lerner Associates, Inc. The amended complaint also asserts that plaintiffs are entitled to recover under certain state</p>

securities laws.

The Company believes that any claims against it, its officers and directors and other Apple entities are without merit, and 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.

Also, in May 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 to cooperate with regulatory or governmental inquiries.

Subsequent Events	9 Months Ended
	Sep. 30, 2011
Subsequent Events [Text Block]	<p><b>10. Subsequent Events</b></p> <p>In October 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 \$4.8 million or 437,000 Units were reinvested under the Company's Dividend Reinvestment Plan.</p> <p>In October 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. 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. This redemption was approximately 18% of the total 8.4 million requested Units to be redeemed, with approximately 6.9 million requested Units not redeemed.</p> <p>On October 6, 2011, the Company closed on the purchase of a TownePlace Suites hotel located in Tucson, Arizona. The gross purchase price for the hotel, which contains a total of 124 guest rooms, was \$15.9 million.</p>

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

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