Apple REIT Nine, Inc.

Editor's Note: Apple REITs 6 through 9 are very similar in structure and performance. As a result, many similarities will be seen in the discussion of each individual REIT.

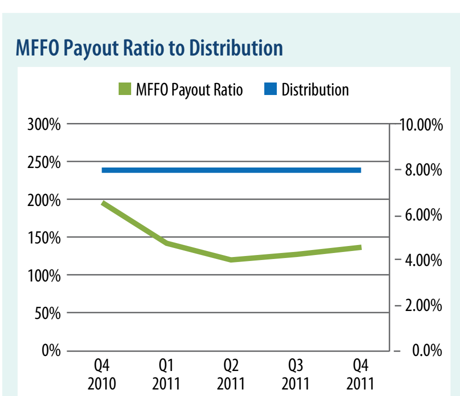
Apple REIT Nine was declared effective by the SEC in 2008 and invests in income–producing real estate in the United States. As of year-end 2011, the REIT had $1.7 billion in assets in 88 hotels totaling 11,252 rooms. The REIT closed to new investments in December 2010. As such, the REIT is in the Maturing LifeStage of Closed REITs that is marked by a refinement of the portfolio through dispositions, strategic acquisitions, and debt. The investment style of this REIT is considered to be "Core," which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low volatility in asset values.

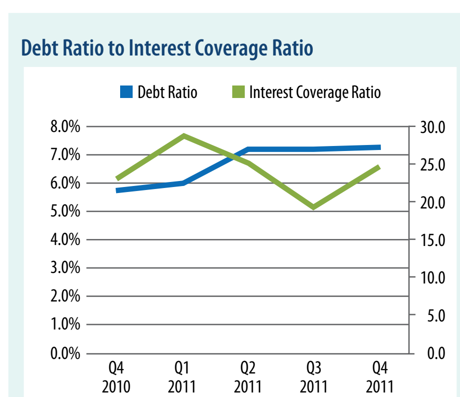
Key Highlights
- In August 2011, it was announced that a merger of Apple REITs 6 through 9 was being considered as a possible precursor to listing on a public exchange.
- The REIT holds a limited amount of cash and has a modest debt ratio. Future capital needs can be funded from borrowings.
- A loss of $450,000 was taken related to the ownership in Apple Air and its trading in two jets for one new jet.
- The Company, its directors, and certain officers are currently subject to a legal complaint that seeks, among other things, certification of a putative nationwide class and the state subclasses, damages, rescission of share purchases, and other costs and expenses.

Capital Stack Review
- Debt – With a debt ratio of 7.3%, the REIT has substantially below median usage of debt compared with REITs in the Liquidating LifeStage. 100% of the REITs debt is fixed rate.
- Debt Maturity – 46.1% of the Company's debt matures in 2015 and an additional 45.8% matures in 2016 or later.
- Cash on Hand – 1.8% reflects strong acquisition activity.

Metrics
- Distribution – 8.0% and has remained steady for 10 quarters.
- Distribution Source – $116.0 million of the $118.1 million of distributions declared was paid from cash flow, with $22 million paid from offering proceeds.
- MFFO Payout Ratio – 135% as of year-end, which is down markedly from 196% at year-end 2010.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 24.8x EBIDTA reflects the very low debt ratio in the REIT.
- Impairments – None reported.

Real Estate
- Acquisitions – 11 properties were purchased for $198.4 million ($141,581 per key) and one hotel was developed for $4.1 million in 2011. Notable items include:
  - Two hotels were purchased in New Jersey for $36.5 million, or $146,586 per key.
  - Two of the purchases included assumed debt totaling $25.9 million.
  - A contract was entered into for a to-be-developed Home2 Suites by Hilton in Nashville, Tenn., for $15.4 million ($140,000/key) that will close in mid-2012.
- Occupancy – The Company reported 70.0%, up from 65.0% in 2010. This compares with an industry average of 60.1% as of December 31, 2011.*
- ADR (Average Daily Rate) – The Company reported $107 compared with $102 in 2010. This compares with an industry average with $101.64 as of December 31, 2011.*
- RevPAR (Revenue per Available Room) – The Company reported $74 versus $66 in 2010. This compares with an industry average of $61.06 as of December 31, 2011.*
- Expenses – 2011 expenses were 58% of total hotel revenue compared with 61% in 2010.
- Dispositions – 406 acres of land are under contract for sale in 2012 for $198.4 million. In addition, a mortgage note purchased in 2010 on a property owned by Apple REIT 8 was repaid.
- Diversification – 88 hotels located across 27 states with 12 franchises. Twenty-one properties are flagged as Hampton Inns.





*As reported by Smith Travel Research.