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Apple REIT Eight, Inc. (Filer) CIK: 0001387361

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Cover
Document And Entity Information
Financial Statements
Notes to Financial Statements
All Reports

Document And Entity Information	9 Months Ended	
	Sep. 30, 2011	Nov. 01, 2011
Document and Entity Information [Abstract]		
Entity Registrant Name	Apple REIT Eight, Inc.	
Document Type	10-Q	
Current Fiscal Year End Date	--12-31	
Entity Common Stock, Shares Outstanding		93,313,932
Amendment Flag	false	
Entity Central Index Key	0001387361	
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
ASSETS		
Investment in real estate, net of accumulated depreciation of \$117,251 and \$90,261	\$ 922,015	\$ 945,312
Restricted cash-furniture, fixtures and other escrows	11,269	8,934
Due from third party managers, net	7,184	4,031
Other assets, net	4,277	4,209
TOTAL ASSETS	944,745	962,486
LIABILITIES		
Credit facilities	86,118	51,893
Mortgage debt	139,066	148,546
Accounts payable and accrued expenses	19,655	14,878
Intangible liabilities, net	9,953	10,600
TOTAL LIABILITIES	254,792	225,917
SHAREHOLDERS' EQUITY		
Preferred stock, value issued	0	0
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 93,940,488 and 94,615,462	931,522	938,733

shares, respectively		
Distributions greater than net income	(241,593)	(202,188)
TOTAL SHAREHOLDERS' EQUITY	689,953	736,569
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	944,745	962,486
Series A Preferred Stock [Member]		
SHAREHOLDERS' EQUITY		
Preferred stock, value issued	0	0
Series B Convertible Preferred Stock [Member]		
SHAREHOLDERS' EQUITY		
Preferred stock, value issued	\$ 24	\$ 24

Consolidated Balance Sheets (Parentheticals) (USD \$) In Thousands, except Share data	Sep. 30, 2011	Dec. 31, 2010
Real estate accumulated depreciation (in Dollars)	\$ 117,251	\$ 90,261
Preferred stock, shares authorized	15,000,000	15,000,000
Preferred stock, shares issued	0	0
Preferred stock, shares outstanding	0	0
Common stock, shares authorized	200,000,000	200,000,000
Common stock, shares issued	93,940,488	94,615,462
Common stock, shares outstanding	93,940,488	94,615,462
Series A Preferred Stock [Member]		
Preferred stock, shares authorized	200,000,000	200,000,000
Preferred stock, shares issued	93,940,488	94,615,462
Preferred stock, shares outstanding	93,940,488	94,615,462
Series B Convertible Preferred Stock [Member]		
Preferred stock, shares authorized	240,000	240,000
Preferred stock, shares issued	240,000	240,000
Preferred stock, shares outstanding	240,000	240,000

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
Revenues:				
Room revenue	\$ 50,138	\$ 48,418	\$ 136,023	\$ 131,057
Other revenue	3,792	3,519	10,107	9,557
Total revenue	53,930	51,937	146,130	140,614
Expenses:				
Operating expense	13,569	12,940	37,668	36,293
Hotel administrative expense	4,261	4,024	12,221	11,747
Sales and marketing	3,934	3,795	11,192	10,646
Utilities	2,487	2,441	6,478	6,228
Repair and maintenance	2,519	2,686	7,315	7,292
Franchise fees	2,171	2,093	5,786	5,565
Management fees	1,950	1,864	5,176	4,918
Taxes, insurance and other	2,310	2,558	7,099	7,844
Land lease expense	1,592	1,597	4,786	4,791
General and administrative	1,335	1,164	3,874	3,900
Depreciation expense	8,961	8,791	26,990	26,190
Total expenses	45,089	43,953	128,585	125,414
Operating income	8,841	7,984	17,545	15,200

Net gain from mortgage debt restructuring and extinguishment	1,093	0	1,093	0
Investment income, net	0	5	0	3,028
Interest expense, net	(2,797)	(2,328)	(8,836)	(6,767)
Net income	\$ 7,137	\$ 5,661	\$ 9,802	\$ 11,461
Basic and diluted net income per common share (in Dollars per share)	\$ 0.08	\$ 0.06	\$ 0.10	\$ 0.12
Weighted average common shares outstanding - basic and diluted (in Shares)	93,930	94,381	94,162	94,075

Consolidated Statements of Cash Flows (USD \$) In Thousands	9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
Cash flows from operating activities:		
Net income	\$ 9,802	\$ 11,461
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	26,990	26,190
Amortization of deferred financing costs, fair value adjustments and other non-cash expenses, net	(85)	268
Non-cash portion of net gain on extinguishment of mortgage debt	(1,482)	0
Net realized gain on sale of investments	0	(3,011)
Changes in operating assets and liabilities:		
Increase in due from third party managers, net	(3,153)	(2,678)
Increase in other assets	(1,276)	(1,054)
Increase in accounts payable and accrued expenses	4,607	2,956
Net cash provided by operating activities	35,403	34,132
Cash flows from investing activities:		
Capital improvements	(3,616)	(5,884)
Net (increase) decrease in cash restricted for property improvements	(1,708)	2,788
Proceeds from sale of equity securities - available for sale	0	3,804
Net cash provided by (used in) investing activities	(5,324)	708
Cash flows from financing activities:		
Net proceeds related to issuance of Units	16,760	19,576
Redemptions of Units	(24,086)	(8,271)
Distributions paid to common shareholders	(49,207)	(54,290)
Net proceeds from credit facility	34,225	10,320
Payments of mortgage debt	(7,486)	(1,674)
Deferred financing costs	(285)	0
Net cash used in financing activities	(30,079)	(34,339)
Net change in cash and cash equivalents	0	501
Cash and cash equivalents, beginning of period	0	0
Cash and cash equivalents, end of		

period	\$ 0	\$ 501
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Basis of Presentation	9 Months Ended
	Sep. 30, 2011
Basis of Accounting [Text Block]	<p>1. Basis of Presentation</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>2. General Information and Summary of Significant Accounting Policies</p> <p><i>Organization</i></p> <p>Apple REIT Eight, 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 January 22, 2007 and operations began on November 9, 2007 when the Company acquired its first hotels. The Company concluded its best efforts offering of Units (each Unit consists of one common share and one Series A preferred share) in April 2008. The Company's fiscal year end is December 31. As of September 30, 2011, the Company owned 51 hotels. The Company has no foreign operations or assets and its operating structure includes two segments. The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated.</p> <p><i>Significant Accounting Policies</i></p> <p><i>Use of Estimates</i></p>

	<p>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 financial statements and accompanying notes. Actual results could differ from those estimates.</p> <p style="text-align: center;"><i>Earnings Per Common Share</i></p> <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 or nine months ended September 30, 2011 or 2010. As a result, basic and diluted 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.</p>
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Gain on Sale of Investments	9 Months Ended
	Sep. 30, 2011
Investments in Debt and Marketable Equity Securities (and Certain Trading Assets) Disclosure [Text Block]	<p>3. Gain on Sale of Investments</p> <p>In the first quarter of 2010, the Company sold equity securities that had been classified as available-for-sale, in accordance with the Financial Accounting Standards Board's ("FASB") accounting standards codification for accounting for certain investments in debt and equity securities. The sale resulted in a realized gain of \$3.0 million which is recorded in investment income, net on the Company's consolidated statements of operations in 2010.</p>

Credit Facilities, Mortgage Debt and Net Gain from Mortgage Debt Restructuring and Extinguishment	9 Months Ended
	Sep. 30, 2011
Debt Disclosure [Text Block]	<p>4. Credit Facilities, Mortgage Debt and Net Gain from Mortgage Debt Restructuring and Extinguishment</p> <p>The Company has a \$75 million unsecured credit facility with a commercial bank that is utilized for working capital, hotel renovations, and other general corporate funding purposes, including the payment of redemptions and distributions. The credit facility, while unsecured, contains a negative pledge agreement that requires approval from the lender to materially change the Company's investment in 10 properties including using those 10 properties as security for additional financing. In addition, the Company has a \$25 million term loan with the same commercial</p>

bank, secured by two hotel properties.

Both the \$75 million credit facility and \$25 million term loan agreements have four financial covenants, which are: a) tangible net worth must exceed \$700 million at the end of each quarter; b) total liabilities to tangible net worth must be below 50% at the end of each quarter; c) the debt service coverage ratio for the trailing twelve months at the end of each quarter must be greater than 1.5; and d) net operating income to debt service and distributions ("payout ratio") must exceed 75% for the trailing twelve months ended September 30, 2011. The payout ratio covenant increases each quarter until it reaches 100% at June 30, 2012. At June 30, 2011 and September 30, 2011, the Company was not in compliance with all financial covenants of the two loans, and received a lender waiver of applicable covenant conditions. If the Company cannot restructure the covenant or continue to receive a waiver from the lender, the lender may demand payment and the Company may have to reduce its distributions.

In August 2011, the Company and the lender modified the interest rate on both the credit facility and the term loan, and agreed to work towards restructuring the loans. The new applicable interest rate on both the \$75 million unsecured credit facility and the \$25 million term loan is equal to LIBOR (the London Interbank Offered Rate) for a one month term, (0.24% at September 30, 2011) plus 2.25% annually with an interest rate floor of 3.75%. Prior to the loan modifications in August 2011, the interest floor rate under both loan agreements was 3.50%; the Company also paid a modification and covenant waiver fee to the lender of \$250,000 which is included in Interest expense, net in the Company's Consolidated Statements of Operations. The scheduled maturity of October 2012 for both loan agreements remains unchanged. At September 30, 2011, the credit facility had an outstanding principal balance of \$66.1 million, and the outstanding balance of the term loan was \$25 million. See footnote 10 for discussion of the restructuring of these loans subsequent to September 30, 2011.

In August 2011, the Company recognized a net gain from mortgage debt restructuring and extinguishment of \$1.1 million. Negotiations with the single mortgage servicer on three of the Company's non-recourse mortgage loans resulted in the early extinguishment, at a discount to the principal amount outstanding, of the mortgage loan secured by the Company's Tampa, Florida TownePlace Suites property. The mortgage loan was extinguished by the Company for a payment of \$6.0 million, excluding applicable fees and legal costs; the loan's principal balance at extinguishment was \$8.0 million. Simultaneously, the Company's mortgage loans secured by the Winston-Salem, North Carolina Courtyard and the Greenville, South Carolina Residence Inn properties were returned to current status, with the Company agreeing to payment of applicable fees and reimbursement of the loan servicer's expenses incurred in connection with the restructuring and extinguishment transactions. The Company had previously suspended payments due under the three mortgage loans in March 2011, in order to renegotiate terms of the agreements with the loan servicer. In addition to the loan

servicer's fees and reimbursed costs for all three loans, and the Company's legal and advisory costs incurred with the transactions, the net gain reflects the servicer's assumption of certain mortgage escrow balances and the Company's write-off of the deferred financing fees and unamortized fair market adjustment for the Tampa, Florida TownePlace Suites mortgage loan at date of extinguishment.

In May 2011, the two mortgage loans secured by the Suffolk, Virginia TownePlace Suites and Courtyard were modified and returned to current status; the Company had previously suspended payments due in March 2011 in order to renegotiate terms of the loans with the loan servicer. Under the modified agreements, the Company is required to make monthly interest payments at an annual rate of 5.031%, with no payment of principal until March 1, 2013. During this period, interest will continue to accrue at 6.031%, with the 1% difference accrued and payable at maturity. Certain lender expenses were reimbursed to the lender as part of the restructuring of the two loans and a modification fee of approximately 0.75% of the principal will be due at maturity.

In April 2011, the Company entered into a Loan Agreement (the "Loan Agreement") with Bank of America, N.A. The Loan Agreement provides for a revolving credit facility of \$20 million and a maturity date of April 19, 2012. Interest is payable quarterly on the outstanding balance based on an annual rate of LIBOR plus 2.0%. Under the terms and conditions of the Loan Agreement, the Company may make voluntary prepayments in whole or in part, at any time. The Loan Agreement is guaranteed by Glade M. Knight, the Company's Chairman and Chief Executive Officer and is secured by assets of Mr. Knight. Mr. Knight will not receive any consideration in exchange for providing this guaranty and security. Proceeds of the loan were used by the Company for general working capital purposes, including the payment of redemptions and distributions. The independent directors of the Company's Board of Directors approved Mr. Knight providing a guaranty under the Loan Agreement. At September 30, 2011, the Loan Agreement had an outstanding principal balance of \$20 million.

Fair Value of Financial Instruments	9 Months Ended
	Sep. 30, 2011
Fair Value Disclosures [Text Block]	<p>5. Fair Value of Financial Instruments</p> <p>The Company estimates the fair value of its fixed rate debt and the credit spreads over variable market rates on its variable rate debt by discounting the future cash flows of each instrument at estimated market rates or credit spreads consistent with the maturity of the debt obligation with similar credit terms and credit characteristics. Market rates and credit spreads 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 \$225.2 million and \$226.2 million. As</p>

of December 31, 2010, the carrying value and estimated fair value of the Company's debt was \$200.4 million and \$200.5 million.

The Company has an interest rate swap agreement that effectively fixes the interest rate on a variable rate mortgage. The notional amount was \$6.9 million as of September 30, 2011, and matures in October 2015. This derivative is recorded on the Company's consolidated balance sheets at fair value of approximately \$242,000 (liability) and \$40,000 (asset) at September 30, 2011 and December 31, 2010, and is included in accounts payable and accrued expenses at September 30, 2011 and other assets, net at December 31, 2010. The fair value of the interest rate swap is determined using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash payments (or receipts) which is considered a Level 2 measurement within the FASB's fair value hierarchy. The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. This derivative is not designated as a hedge, and the changes in the fair value are recorded to interest expense, net in the consolidated statements of operations. For the three and nine months ended September 30, 2011, the change in fair value was \$184,000 and \$282,000. 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	9 Months Ended
	Sep. 30, 2011
Related Party Transactions Disclosure [Text Block]	<p>6. Related Parties</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 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 these contracts, as well as any new significant related party transactions. There were no changes to the contracts discussed in this section and no new significant related party transactions (other than the loan guarantee discussed above in Note 4) during the nine months ended September 30, 2011. The Board of Directors is not required to approve each individual transaction that falls under a related party relationship, 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>The Company is party to an advisory agreement with Apple Eight Advisors, Inc. ("A8A"), pursuant to which A8A provides management services to the Company. An annual fee ranging</p>

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 \$0.8 million for both the nine months ended September 30, 2011 and 2010.

In addition to the fees payable to A8A, the Company reimbursed A8A or paid directly to Apple REIT Six, Inc. ("AR6") on behalf of A8A approximately \$1.3 million and \$1.5 million for the nine months ended September 30, 2011 and 2010. 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 advisor is staffed with personnel of AR6. AR6 provides similar staffing for Apple Six Advisors, Inc. ("A6A"), Apple Seven Advisors, Inc. ("A7A"), Apple Nine Advisors, Inc. ("A9A"), Apple Ten Advisors, Inc. ("A10A"), Apple Suites Realty Group, Inc. ("ASRG") and Apple Six Realty Group, Inc. ("A6RG"). A6A, A7A, A9A and A10A provide management services to, respectively, AR6, Apple REIT Seven, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. ASRG provides brokerage services for the Company and Apple REIT Seven, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. A6RG provides brokerage services for AR6. Although there is a potential conflict on time allocation of personnel 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 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. The Company has not

incurred any fees or expenses under its contract with ASRG in 2011 or 2010.

A8A is 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 Nine, Inc. and Apple REIT Ten, Inc. Members of the Company's Board of Directors are also on the boards of AR6, Apple REIT Seven, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc.

Included in other assets, net on the Company's consolidated balance sheets 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 Nine, Inc. Through its equity investment the Company has access to Apple Air's aircraft for asset management and renovation purposes. The Company's equity investment was \$2.1 million and \$2.2 million at September 30, 2011 and December 31, 2010, respectively. 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.

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 Nine, 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>7. Shareholder's Equity</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</p>

100% of the price paid per Unit if the Units have been owned more than three years. The Company reserves the right to change the purchase price for 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, the Company redeemed approximately 2.2 million Units in the amount of \$24.1 million under the program. For the first nine months of 2010, the Company redeemed approximately 0.8 million Units in the amount of \$8.3 million. Since inception of the program through September 30, 2011, the Company has redeemed approximately 5.0 million Units representing approximately \$53.0 million. As contemplated by the program, beginning with the January 2011 redemption, the Company redeemed Units on a pro-rata basis with approximately 63% of the amount requested redeemed in the first quarter of 2011, approximately 48% of the amount requested in the second quarter of 2011, and approximately 9% of the amount requested redeemed in the third quarter of 2011. Prior to 2011, 100% of requested redemptions were redeemed. The following is a summary of 2011 Unit redemptions through September 30, 2011:

Redemption Date	Requested Unit Redemptions	Units Redeemed	Redemption Requests Not Redeemed
January 2011	1,168,279	732,647	435,632
April 2011	1,529,096	729,016	800,080
July 2011	8,255,381	736,960	7,518,421

In the second quarter of 2008, 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 10 million Units for potential issuance under the plan. During the first nine months of 2011 and 2010, approximately 1.5 million and 1.8 million Units were issued under the plan in each period representing approximately \$16.8 million and \$19.6 million, respectively. Since inception of the plan through September 30, 2011, the Company has issued approximately 7.8 million Units representing approximately \$85.7 million.

For the three months ended September 30, 2011, the Company made distributions of \$0.1375 per common share for a total of \$12.9 million. For the nine months ended September 30, 2011, the Company made distributions of \$0.5225 per common

share for a total of \$49.2 million. For the three months ended September 30, 2010, the Company made distributions of \$0.1925 per common share for a total of \$18.2 million. For the nine months ended September 30, 2010, the Company made distributions of \$0.5775 per common share for a total of \$54.3 million. In June 2011 the Company's Board of Directors reduced the annual distribution rate to \$0.55 per common share; the previous annual distribution rate was \$0.77 per common share. The reduction was effective with the July 2011 distribution. The distribution continues to be paid monthly.

Industry Segments	9 Months Ended																							
	Sep. 30, 2011																							
Segment Reporting Disclosure [Text Block]	<p>8. Industry Segments</p> <p>The Company has two reportable segments: the New York hotel and all other hotels. The New York hotel is a full service hotel in New York City, New York. The Company's other hotels are extended-stay and select 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, other than the New York hotel, the other properties have been aggregated into a single operating segment. 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 nine months ending September 30, 2011 and 2010. Dollar amounts are in thousands.</p> <p style="text-align: right;">For the three months ended September 30, 2011</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">New York, New York Hotel</th> <th style="text-align: center;">All Other Hotels</th> <th style="text-align: center;">Corporate</th> <th style="text-align: center;">Consolidated</th> </tr> </thead> <tbody> <tr> <td>Total revenue</td> <td style="text-align: right;">\$ 5,286</td> <td style="text-align: right;">\$ 48,644</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 53,930</td> </tr> <tr> <td>Hotel operating expenses</td> <td style="text-align: right;">4,866</td> <td style="text-align: right;">29,927</td> <td style="text-align: right;">0</td> <td style="text-align: right;">34,793</td> </tr> <tr> <td>General and administrative</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>					New York, New York Hotel	All Other Hotels	Corporate	Consolidated	Total revenue	\$ 5,286	\$ 48,644	\$ 0	\$ 53,930	Hotel operating expenses	4,866	29,927	0	34,793	General and administrative				
	New York, New York Hotel	All Other Hotels	Corporate	Consolidated																				
Total revenue	\$ 5,286	\$ 48,644	\$ 0	\$ 53,930																				
Hotel operating expenses	4,866	29,927	0	34,793																				
General and administrative																								

expense	0	0	1,335	1,335
Depreciation expense	1,636	7,325	0	8,961
Operating income/(loss)	(1,216)	11,392	(1,335)	8,841
Net gain from mortgage debt restructuring and extinguishment	0	1,093	0	1,093
Interest expense, net	0	(1,561)	(1,236)	(2,797)
Net income/(loss)	\$ (1,216)	\$ 10,924	\$ (2,571)	\$ 7,137
Total assets	\$113,463	\$828,817	\$ 2,465	\$ 944,745

For the nine months ended September 30, 2011

	New York, New York Hotel	All Other Hotels	Corporate	Consolidated
Total revenue	\$ 14,844	\$131,286	\$ 0	\$ 146,130
Hotel operating expenses	13,727	83,994	0	97,721
General and administrative expense	0	0	3,874	3,874
Depreciation expense	4,905	22,085	0	26,990

Operating income/(loss)	(3,788)	25,207	(3,874)	17,545
Net gain from mortgage debt restructuring and extinguishment	0	1,093	0	1,093
Interest expense, net	0	(5,931)	(2,905)	(8,836)
Net income/(loss)	\$ (3,788)	\$ 20,369	\$ (6,779)	\$ 9,802
Total assets	\$113,463	\$828,817	\$ 2,465	\$ 944,745
For the three months ended September 30, 2010				
	New York, New York Hotel	All Other Hotels	Corporate	Consolidated
Total revenue	\$ 4,555	\$ 47,382	\$ 0	\$ 51,937
Hotel operating expenses	4,541	29,457	0	33,998
General and administrative expense	0	0	1,164	1,164
Depreciation expense	1,627	7,164	0	8,791
Operating income/(loss)	(1,613)	10,761	(1,164)	7,984
Investment income, net	0	0	5	5

Interest expense	0	(1,939)	(389)	(2,328)
Net income/(loss)	\$ (1,613)	\$ 8,822	\$ (1,548)	\$ 5,661
Total assets	\$119,231	\$853,057	\$ 3,083	\$ 975,371
For the nine months ended September 30, 2010				
	New York, New York Hotel	All Other Hotels	Corporate	Consolidated
Total revenue	\$ 13,363	\$127,251	\$ 0	\$ 140,614
Hotel operating expenses	13,023	82,301	0	95,324
General and administrative expense	0	0	3,900	3,900
Depreciation expense	4,822	21,368	0	26,190
Operating income/(loss)	(4,482)	23,582	(3,900)	15,200
Investment income, net	0	0	3,028	3,028
Interest expense	0	(5,672)	(1,095)	(6,767)
Net income/(loss)	\$ (4,482)	\$ 17,910	\$ (1,967)	\$ 11,461

Total assets	\$119,231	\$853,057	\$ 3,083	\$ 975,371
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Legal Proceedings and Related Matters	9 Months Ended
	Sep. 30, 2011
Legal Matters and Contingencies [Text Block]	<p>9. Legal Proceedings and Related Matters</p> <p>The term the “Apple REIT Companies” means Apple REIT Six, Inc. Apple REIT Seven, Inc., the Company, Apple REIT Nine, Inc. and Apple REIT Ten, Inc.</p> <p>The Company is currently engaged in an ongoing putative class action lawsuit brought on behalf of purchasers of Units of at least one of the Apple REIT Companies during June 2011. As discussed below, the complaint 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 Nine, 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 securities laws.</p> <p>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.</p>

	<p>In addition to the lawsuit discussed above, there were two additional lawsuits filed against David Lerner Associates, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. in June 2011. The Company was not named in these suits.</p> <p>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 administration of the Units. The Company intends to cooperate with regulatory or governmental inquiries.</p>
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Subsequent Events	9 Months Ended Sep. 30, 2011
Subsequent Events [Text Block]	<p>10. Subsequent Events</p> <p>In October 2011, the Company declared and paid approximately \$4.3 million in distributions to its common shareholders, or \$0.045833 per outstanding common share. Under the Company's Dividend Reinvestment Plan, \$1.1 million were reinvested, resulting in the issuance of approximately 101,000 Units.</p> <p>In October 2011, the Company redeemed approximately 728,000 Units in the amount of \$8.0 million under the guidelines of 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. A total of approximately 17.9 million Units were requested to be redeemed. The redemption was approximately 4% of the requested redemption amount, with approximately 17.2 million requested Units not redeemed.</p> <p>In October 2011, the Company entered into four separate secured loan agreements with a commercial real estate lender. Each loan is secured by one of the following Company hotels: Carolina Beach, North Carolina Courtyard; Charlottesville, Virginia Courtyard; Virginia Beach, Virginia Courtyard North; and Virginia Beach, Virginia Courtyard South. Each loan matures in October 2016, and will amortize based on a 25 year term with a balloon payment due at maturity. Interest is payable monthly on the outstanding balance of each loan at an annual rate of 6.015%. The total proceeds of \$60.0 million under the four loan agreements were used to extinguish the Company's \$25.0 million secured term loan due in October 2012, reduce the outstanding balance on the Company's \$75.0 million unsecured line of credit facility, and to pay loan origination and other transaction costs of approximately \$1.0 million.</p>

Apple REIT Eight, Inc. (Filer) CIK: 0001387361 (see all company filings)

IRS No.: **208268625** | State of Incorpor.: **VA** | Fiscal Year End: **1231**

Type: **10-Q** | Act: **34** | File No.: **000-53175** | Film No.: **111190196**

SIC: **6798** Real Estate Investment Trusts

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