

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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APPLE REIT SIX INC

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2008

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 000-51270

APPLE REIT SIX, INC.

(Exact name of registrant as specified in its charter)

VIRGINIA

(State or other jurisdiction
of incorporation or organization)

20-0620523

(IRS Employer
Identification No.)

**814 EAST MAIN STREET
RICHMOND, VIRGINIA**

(Address of principal executive offices)

23219

(Zip Code)

(804) 344-8121

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Number of registrant's common shares outstanding as of November 1, 2008: 91,219,977

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Apple REIT Six, Inc.
Consolidated Balance Sheets
(unaudited)
(in thousands, except share data)

	September 30, 2008	December 31, 2007
ASSETS		
Investment in real estate, net of accumulated depreciation of \$86,484 and \$64,692, respectively	\$ 826,482	\$ 820,468
Cash and cash equivalents	7,055	33,261
Restricted cash-furniture, fixtures and other escrows	3,850	3,928
Due from third party manager, net	12,584	8,855
Other assets, net	14,501	16,145
TOTAL ASSETS	<u>\$ 864,472</u>	<u>\$ 882,657</u>
LIABILITIES		
Notes payable	\$ 34,091	\$ 51,679
Other liabilities	12,738	14,734
TOTAL LIABILITIES	46,829	66,413
SHAREHOLDERS' EQUITY		
Preferred stock, authorized 15,000,000 shares; none issued and outstanding	-	-

Series A preferred stock, no par value, authorized 200,000,000 shares; issued and outstanding 91,421,823 and 90,280,401 shares, respectively	-	-
Series B convertible preferred stock, no par value, authorized 240,000 shares; issued and outstanding 240,000 and 240,000 shares, respectively	24	24
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 91,421,823 and 90,280,401 shares, respectively	901,511	888,878
Distributions greater than net income	<u>(83,892)</u>	<u>(72,658)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>817,643</u>	<u>816,244</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 864,472</u>	<u>\$ 882,657</u>

See notes to consolidated financial statements.

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Apple REIT Six, Inc.
Consolidated Statements of Operations
(unaudited)
(in thousands, except per share data)

	Three months ended <u>September 30, 2008</u>	Three months ended <u>September 30, 2007</u>	Nine Months ended <u>September 30, 2008</u>	Nine Months ended <u>September 30, 2007</u>
Revenues:				
Room revenue	\$ 65,629	\$ 64,532	\$ 188,737	\$ 182,808
Other revenue	4,860	4,873	15,068	14,735
Reimbursed expenses	1,121	-	3,309	-
Total revenue	71,610	69,405	207,114	197,543
Expenses:				
Operating expense	16,880	16,615	50,011	47,796
Hotel administrative expense	5,376	5,261	16,261	15,254
Sales and marketing	4,964	5,186	14,916	14,815
Utilities	3,147	2,695	8,187	7,401
Repair and maintenance	3,006	2,817	8,898	8,247
Franchise fees	2,945	2,787	8,291	7,882
Management fees	2,856	2,587	8,379	7,930

Taxes, insurance and other	3,406	3,634	10,390	10,689
Reimbursed expenses	1,121	–	3,309	–
General and administrative	1,360	1,211	4,218	3,962
Depreciation expense	7,809	6,956	22,995	20,580
Total expenses	52,870	49,749	155,855	144,556
Operating income	18,740	19,656	51,259	52,987
Interest expense, net	(512)	(447)	(1,352)	(1,679)
Net income	<u>\$ 18,228</u>	<u>\$ 19,209</u>	<u>\$ 49,907</u>	<u>\$ 51,308</u>
Basic and diluted net income per common share	<u>\$ 0.20</u>	<u>\$ 0.21</u>	<u>\$ 0.55</u>	<u>\$ 0.57</u>
Weighted average common shares outstanding - basic and diluted	91,092	89,704	90,712	89,525
Distributions declared per common share	<u>\$ 0.23</u>	<u>\$ 0.22</u>	<u>\$ 0.67</u>	<u>\$ 0.66</u>

See notes to consolidated financial statements.

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Apple REIT Six, Inc.
Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	<u>Nine months ended</u> <u>September 30, 2008</u>	<u>Nine months ended</u> <u>September 30, 2007</u>
Cash flow provided by operating activities:		
Net income	\$ 49,907	\$ 51,308
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	22,995	20,580
Amortization of deferred financing costs and fair value adjustments	(175)	(305)
Stock option expense	57	68
Changes in operating assets and liabilities, net of amounts acquired/assumed:		
Due from third party manager	(3,729)	(4,069)
Other assets	(72)	(727)
Other liabilities	(78)	930
Net cash provided by operating activities	68,905	67,785
Cash flow used in investing activities:		
Cash paid in acquisition of hotel	(18,159)	-
Acquisition of other assets	(325)	(246)

Capital improvements	(10,929)	(4,390)
Net increase in cash restricted for property improvements	(2)	(393)
Other investing activities, net	389	865
Net cash used in investing activities	(29,026)	(4,164)
Cash flow used in financing activities:		
Payment of financing costs	(225)	-
Repayment of secured notes payable	(17,295)	(1,072)
Minority interest contribution	-	3,601
Net proceeds from issuance of common stock	26,635	24,776
Redemptions of common stock	(14,059)	(22,647)
Cash distributions paid to shareholders	(61,141)	(59,053)
Net cash used in financing activities	(66,085)	(54,395)
Increase (decrease) in cash and cash equivalents	(26,206)	9,226
Cash and cash equivalents, beginning of period	33,261	26,160
Cash and cash equivalents, end of period	<u>\$ 7,055</u>	<u>\$ 35,386</u>

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information required by accounting principles generally accepted in the United States. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited financials should be read in conjunction with the Company's audited financial statements included in its 2007 Annual Report on Form 10-K. Operating results for the period ended September 30, 2008 are not necessarily indicative of the results that may be expected for the period ending December 31, 2008.

Note 2

General Information and Summary of Significant Accounting Policies

Organization

Apple REIT Six, Inc. (the "Company") is a Virginia corporation formed to invest in hotels and other selected real estate in select metropolitan areas in the United States. Initial capitalization occurred on January 20, 2004 and operations began on May 28, 2004 when the Company acquired its first hotel. On March 3, 2006, the Company concluded its best-efforts offering of Units (each Unit consists of one common share and one Series A preferred share). The Company has no foreign operations or assets and its operating structure includes only one segment. The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

Earnings per Common Share

Basic earnings per common share are computed based upon the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated after giving effect to all potential common shares that were dilutive and outstanding for the year. There were no potential common shares with a dilutive effect during the three and nine months ended September 30, 2008 or 2007. Series B convertible preferred shares are not included in earnings per common share calculations until such time as the Series B convertible preferred shares are converted to common shares.

Use of Estimates

The preparation of the financial statements in conformity with 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.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Statement applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, this Statement does not require any new fair value measurements. In February 2008, the FASB released FASB Staff Position (FSP) FAS 157-2 - Effective Date of FASB Statement No. 157, which defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and liabilities, except those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The effective date of the statement related to those items not covered by

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the deferral (all financial assets and liabilities or nonfinancial assets and liabilities recorded at fair value on a recurring basis) is for fiscal years beginning after November 15, 2007. The adoption of this statement did not have and is not anticipated to have a material impact on the Company's results of operations or financial position.

In February 2007, FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of the guidance is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. SFAS is effective for the Company beginning January 1, 2008. The Company has elected not to use the fair value measurement provisions of SFAS 159 and therefore, adoption of this standard did not have an impact on the financial statements.

In March 2008, FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133* ("SFAS 161"). SFAS 161 is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"). It also applies to non-derivative hedging instruments and all hedged items designated and qualifying as hedges under SFAS 133. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company does not currently have any instruments that qualify within the scope of SFAS 133, and therefore the adoption of this statement is not anticipated to have a material impact on the Company's financial statements.

Note 3

Property Acquisition

In March 2008, the Company purchased a Hilton Garden Inn hotel in Roanoke Rapids, North Carolina for \$15.4 million. In conjunction with the purchase of the hotel the Company negotiated and completed a buyout of the ground lease associated with the hotel. The gross purchase price of the land was \$2.4 million. As a result of the land purchase, the ground lease, with a remaining term of 49 years and minimum lease payments of \$8.4 million, was terminated. The hotel has 147 rooms and is managed by Western International under an agreement with terms and fees similar to the Company's existing management agreements. The purchase price was funded with available cash. In conjunction with the acquisition, the Company paid a commission to Apple Six Realty Group, Inc. ("ASRG") of 2% of the gross purchase price, or approximately \$0.4 million. ASRG is wholly-owned by the Company's Chairman, Chief Executive Officer and President, Glade M. Knight. This commission was capitalized as part of the purchase price of the hotel. No goodwill or intangible assets were recorded in connection with the acquisition.

Note 4

Notes Payable and Credit Agreements

In March 2008, the Company entered into a \$20 million unsecured line of credit with a commercial bank. The applicable interest rate is equal to LIBOR (the London Interbank Offered Rate) plus 2%. Interest payments are due monthly. The principal must be paid by the maturity date of March 2011, and may be prepaid without penalty. At September 30, 2008, the credit line had no outstanding principal balance.

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Note 5

Related Parties

The Company has significant transactions with related parties. These transactions cannot be construed to be arms length, and the results of the Company's operations may be different if these transactions were conducted with non-related parties.

The Company has a contract with ASRG, a related party, to provide brokerage services for the acquisition and disposition of the Company's real estate assets. In accordance with the contract, ASRG is paid a fee of 2% of the gross purchase price of any acquisitions or gross sale price of any dispositions of real estate investments, subject to certain conditions. As of September 30, 2008, payments to ASRG for services under the terms of this contract have totaled \$16.9 million since inception, which were capitalized as a part of the purchase price of the hotels. The Company incurred fees totaling approximately \$0.4 million during the first nine months of 2008 under this contract.

The Company is party to an advisory agreement with Apple Six Advisors, Inc. ("ASA"), pursuant to which ASA provides management services to the Company. An annual fee ranging from .1% to .25% of total equity proceeds received by the Company, in addition to certain reimbursable expenses, is payable for these services. During the first nine months of 2008, ASA utilized Apple Fund Management, LLC, a subsidiary of the Company, to provide these services. During the first nine months of 2007, ASA utilized Apple Hospitality Two, Inc. and Apple Hospitality Five, Inc. to provide these services. The advisory fees incurred under the agreement with ASA for the nine months ended September 30, 2008 and 2007, totaled approximately \$1.9 and \$1.8 million.

Effective October 2007, through its wholly-owned subsidiary, Apple Fund Management, LLC, the Company provides support services to ASRG, ASA, Apple Seven Advisors, Inc. ("A7A"), Apple Suites Realty Group, Inc. ("Suites"), Apple REIT Seven, Inc., Apple Eight Advisors, Inc. ("A8A"), Apple REIT Eight, Inc., Apple Nine Advisors, Inc. ("A9A") and Apple REIT Nine, Inc. A7A provides day to day advisory and administrative functions for Apple REIT Seven, Inc. A8A provides day to day advisory and administrative functions for Apple REIT Eight, Inc. A9A provides day to day advisory and administrative functions for Apple REIT Nine, Inc. Suites provides real estate brokerage services to Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Nine, Inc. Each of these companies has agreed to reimburse the Company for its costs in providing these services. For the nine months ended September 30, 2008, the Company received reimbursement of its costs totaling approximately \$3.3 million. ASRG, ASA, A7A, Suites, A8A and A9A are 100% owned by Glade Knight, the Company's Chairman and Chief Executive Officer.

Including ASRG, ASA, Suites, A7A, A8A and A9A discussed above, Mr. Knight is also Chairman and Chief Executive Officer of Apple REIT Seven, Inc. (a diversified REIT), Apple REIT Eight, Inc. (a diversified REIT) and Apple REIT Nine, Inc. (a newly formed company that intends to qualify as a diversified REIT). Mr. Knight was also Chairman and Chief Executive Officer of Apple Hospitality Two, Inc. (a hospitality REIT) until it was sold in May 2007 and Apple Hospitality Five, Inc. (a hospitality REIT) until it was sold in October 2007. Members of the Company's Board of Directors are also on the boards of Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Nine, Inc. Until May 2007, members of the Company's Board of Directors were also on the board of Apple Hospitality Two, Inc. and, until October 2007, were on the board of Apple Hospitality Five, Inc.

Note 6

Shareholders' Equity

In July 2005, the Company instituted 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 the lesser of: (1) the purchase price per Unit that the shareholder actually paid for the Unit; or (2) \$11.00 per Unit. The Company reserves the right to change the purchase price of

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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, 2008, the Company redeemed approximately 1.3 million Units in the amount of \$14.1 million under the program.

In February 2006, the Company instituted a Dividend Reinvestment Plan for its shareholders. The plan provides a convenient and cost effective 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. During the nine months ended September 30, 2008, approximately 2.4 million Units, representing \$26.6 million in proceeds to the Company, were issued under the plan.

In January 2004, the Board of Directors approved a Non-Employee Directors Stock Option Plan whereby directors, who are not employees of the Company or affiliates, automatically receive the option to purchase Units. During the second quarters of 2008 and 2007 the Company issued approximately 73,000 and 72,000 directors' stock options, respectively, and share-based expense of approximately \$57,000 and \$68,000, respectively, was recorded.

Note 7

Subsequent Events

In October 2008, the Company declared and paid approximately \$6.9 million, or \$.075 per share, in distributions to its common shareholders of which \$3.0 million or 273,902 Units were reinvested under the Company's Dividend Reinvestment Plan.

On October 20, 2008, the Company redeemed 475,749 Units in the amount of \$5.2 million under its Unit Redemption Program.

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

This quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the ability of the Company to implement its acquisition strategy and operating strategy; the Company's ability to manage planned growth; changes in economic cycles and competition within the hotel industry. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore there can be no assurance that such statements included in the quarterly report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the results or conditions described in such statements or the objectives and plans of the Company will be achieved. In addition, the Company's qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code. Readers should carefully review the Company's financial statements and the notes thereto, as well as the risk factors described in the Company's filings with the Securities and Exchange Commission.

Overview

Apple REIT Six, Inc. (together with its wholly owned subsidiaries, the "Company") was formed and initially capitalized on January 20, 2004, with its first investor closing on April 23, 2004. The Company owns 68 hotels within different markets in the United States. The Company is treated as a Real Estate Investment Trust ("REIT") for federal income tax purposes. The Company's first hotel was acquired on May 28, 2004. Although hotel performance can be influenced by many factors including local competition, local and general economic conditions in the United States and the performance of individual managers assigned to each hotel, performance of the hotels, in general, has met the Company's expectations. In evaluating financial condition and operating performance, the most important matters on which the Company focuses are revenue measurements, such as average occupancy, average daily rate and revenue per available room, and expenses, such as hotel operating expenses, general and administrative and other expenses described below. The following is a summary of the Company's results:

<i>(in thousands, except statistical data)</i>	Three months ended September 30,					Nine months ended September 30,				
	2008	Percent of Revenue	2007	Percent of Revenue	Percent change	2008	Percent of Revenue	2007	Percent of Revenue	Percent change
Total hotel revenue	\$70,489	100 %	\$69,405	100 %	2 %	\$203,805	100 %	\$197,543	100 %	3 %
Hotel operating expenses	39,174	56 %	37,948	55 %	3 %	114,943	56 %	109,325	55 %	5 %
Taxes, insurance and other expense	3,406	5 %	3,634	5 %	-6 %	10,390	5 %	10,689	5 %	-3 %
General and administrative expense	1,360	2 %	1,211	2 %	12 %	4,218	2 %	3,962	2 %	6 %
Depreciation	7,809		6,956		12 %	22,995		20,580		12 %

Interest expense, net	512	447	15	%	1,352	1,679	-19	%
Number of hotels	68	67	1	%	68	67	1	%
ADR	\$120	\$117	3	%	\$118	\$114	4	%
Occupancy	75 %	77 %	-3	%	74 %	76 %	-3	%
RevPAR	\$90	\$90	0	%	\$87	\$86	1	%

Hotels Owned

As of September 30, 2008, the Company owned 68 hotels, with a total of 7,897 rooms. The following table summarizes the location, brand, manager, date acquired, number of rooms and gross purchase price for each hotel. All dollar amounts are in thousands.

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City	State	Brand	Manager	Date		Gross
				Acquired	Rooms	Purchase Price
Birmingham	Alabama	Fairfield Inn	LBA	8/25/05	63	\$2,176
Dothan	Alabama	Courtyard	LBA	8/11/05	78	8,016
Dothan	Alabama	Hampton Inn & Suites	LBA	6/24/05	85	8,673
Huntsville	Alabama	Fairfield Inn	LBA	9/30/05	79	4,954
Huntsville	Alabama	Residence Inn	LBA	6/24/05	78	8,288
Montgomery	Alabama	SpringHill Suites	LBA	9/30/05	79	6,835
Tuscaloosa	Alabama	Courtyard	LBA	8/25/05	78	7,551
Tuscaloosa	Alabama	Fairfield Inn	LBA	8/25/05	63	3,982
Anchorage	Alaska	Hampton Inn	Stonebridge	3/14/05	101	11,500
Anchorage	Alaska	Hilton Garden Inn	Stonebridge	10/12/04	125	18,900
Anchorage	Alaska	Homewood Suites	Stonebridge	10/12/04	122	13,200
Phoenix	Arizona	Hampton Inn	Stonebridge	10/12/04	99	6,700
Tempe	Arizona	SpringHill Suites	Western	6/30/05	121	8,060
Tempe	Arizona	TownePlace Suites	Western	6/30/05	119	8,128
Arcadia	California	Hilton Garden Inn	Stonebridge	10/12/04	124	12,000

Arcadia				10/12/		
	California	SpringHill Suites	Stonebridge	04	86	8,100
Bakersfield						
	California	Hilton Garden Inn	Hilton	3/18/05	120	11,500
Folsom				11/30/		
	California	Hilton Garden Inn	Inn Ventures	05	100	18,028
Foothill Ranch						
	California	Hampton Inn	Stonebridge	4/21/05	84	7,400
Lake Forest				10/12/		
	California	Hilton Garden Inn	Stonebridge	04	103	11,400
Milpitas				11/30/		
	California	Hilton Garden Inn	Inn Ventures	05	161	18,600
Roseville				11/30/		
	California	Hilton Garden Inn	Inn Ventures	05	131	20,759
San Francisco						
	California	Hilton Garden Inn	Inn Ventures	1/30/06	169	12,266
Boulder						
	Colorado	Marriott	WLS	5/9/05	157	30,000
Glendale				10/12/		
	Colorado	Hampton Inn & Suites	Stonebridge	04	133	14,700
Lakewood				10/12/		
	Colorado	Hampton Inn	Stonebridge	04	170	10,600
Farmington				10/20/		
	Connecticut	Courtyard	WLS	05	119	16,330
Rocky Hill						
	Connecticut	Residence Inn	WLS	8/1/05	96	12,070
Wallingford						
	Connecticut	Homewood Suites	WLS	7/8/05	104	12,780
Clearwater						
	Florida	SpringHill Suites	LBA	2/17/06	79	6,923
Lake Mary						
	Florida	Courtyard	LBA	3/18/05	86	6,000
Lakeland						
	Florida	Residence Inn	LBA	6/24/05	78	9,886

Orange Park	Florida	Fairfield Inn	LBA	11/8/05	83	7,221
Panama City	Florida	Courtyard	LBA	4/26/06	84	9,245
Pensacola	Florida	Courtyard	LBA	8/25/05	90	11,369
Pensacola	Florida	Fairfield Inn	LBA	8/25/05	63	4,858
Pensacola	Florida	Hampton Inn & Suites	LBA	7/21/05	85	9,279
Tallahassee	Florida	Hilton Garden Inn	Hilton	3/18/05	99	10,850
Albany	Georgia	Courtyard	LBA	6/24/05	84	8,597
Columbus	Georgia	Residence Inn	LBA	6/24/05	78	7,888
Savannah	Georgia	SpringHill Suites	LBA	9/30/05	79	5,407
Valdosta	Georgia	Courtyard	LBA	10/3/05	84	8,284
Mt. Olive	New Jersey	Residence Inn	WLS	9/15/05	123	12,070
Somerset	New Jersey	Homewood Suites	WLS	8/17/05	123	17,750
Saratoga Springs	New York	Hilton Garden Inn	WLS	9/29/05	112	17,750
Roanoke Rapids	North Carolina	Hilton Garden Inn	Western	3/10/08	147	17,764
Hillsboro	Oregon	Courtyard	Inn Ventures	3/9/06	155	11,000
Hillsboro	Oregon	Residence Inn	Inn Ventures	3/9/06	122	15,500
Hillsboro	Oregon	TownePlace Suites	Inn Ventures	12/19/05	136	11,500

Portland	Oregon	Residence Inn	Inn Ventures	12/19/05	258	42,000
Pittsburgh	Pennsylvania	Residence Inn	WLS	9/2/05	156	11,000
Myrtle Beach	South Carolina	Courtyard	Marriott	6/8/04	135	9,200
Nashville	Tennessee	Homewood Suites	Hilton	5/24/05	121	8,103
Arlington	Texas	SpringHill Suites	Western	6/30/05	122	7,486
Arlington	Texas	TownePlace Suites	Western	6/30/05	95	7,148
Dallas	Texas	SpringHill Suites	Western	12/9/05	147	19,500
Ft. Worth	Texas	Homewood Suites	Hilton	5/24/05	137	9,097
Ft. Worth	Texas	Residence Inn	Western	5/6/05	149	17,000
Ft. Worth	Texas	SpringHill Suites	Marriott	5/28/04	145	13,340
Laredo	Texas	Homewood Suites	Western	11/30/05	106	10,500
Laredo	Texas	Residence Inn	Western	9/12/05	109	11,445
Las Colinas	Texas	TownePlace Suites	Western	6/30/05	136	7,178
McAllen	Texas	Hilton Garden Inn	Western	7/19/05	104	9,000
Fredericksburg	Virginia	Hilton Garden Inn	Hilton	12/20/05	148	16,600
Kent	Washington	TownePlace Suites	Inn Ventures	12/19/05	152	12,000
Mukilteo	Washington	TownePlace Suites	Inn Ventures	12/19/05	128	12,000

Redmond	Washington	Marriott	Marriott	7/7/04	262	64,000
Renton	Washington	Hilton Garden Inn	Inn Ventures	11/30/05	150	16,096
					Total	<u>7,897</u> <u>\$845,330</u>

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The Company leased all of its hotels to wholly-owned taxable REIT subsidiaries (collectively, the “lessee”) under hotel lease agreements. The Company also used the proceeds from its “best-efforts” offering to pay 2% of the gross purchase price for these hotels, which equals approximately \$16.9 million, as a commission to Apple Six Realty Group, Inc. (“ASRG”). ASRG is wholly-owned by the Company’s Chairman, Chief Executive Officer and President, Glade M. Knight.

No goodwill or intangible assets were recorded in connection with any of the acquisitions.

Results of Operations

Hotel performance is impacted by many factors including the economic conditions in the United States, as well as each locality. Due to a general decline in economic conditions throughout the United States, the growth in financial results of the Company’s hotels has declined in the most recent quarter and is expected to continue to moderate or turn negative until economic conditions improve. As a result, there can be no assurance that the Company’s operating performance will continue at its current rate as compared to prior years.

Revenues

The Company’s principal source of revenue is hotel room revenue and other related revenue. Hotel operations are for the 68 hotels acquired through September 30, 2008 for their respective periods owned. For the three months ended September 30, 2008 and 2007, the Company had total hotel revenue of \$70.5 and \$69.4 million, respectively, with average occupancy of 75% and 77%, average daily rate (“ADR”) of \$120 and \$117 and revenue per available room (“RevPAR”) of \$90 in both periods. For the nine months ended September 30, 2008 and 2007, the Company had total hotel revenue of \$203.8 and \$197.5 million, respectively, with average occupancy of 74% and 76%, ADR of \$118 and \$114, and RevPAR of \$87 and \$86. ADR is calculated as room revenue divided by the number of rooms sold, and RevPAR is calculated as occupancy multiplied by ADR. These rates are consistent with industry and brand averages. The Company continually works with the hotel managers to maximize rates, and as a result have managed to keep RevPAR consistent in the face of declining occupancy. As supply of hotel rooms in markets that the Company serves has begun to meet demand and general economic conditions have deteriorated, the Company’s revenue growth has been less than previous quarters. The Company anticipates this trend to continue for the remainder of 2008 and into 2009. As a result, the Company does not anticipate revenue to increase for the next several quarters as compared to comparable quarters in the previous year.

Expenses

For the three months ended September 30, 2008 and 2007, hotel operating expenses totaled \$39.2 and \$37.9 million, respectively, or 56% and 55% of total hotel revenue. For the nine months ended September 30, 2008 and 2007, hotel operating expenses totaled \$114.9 and \$109.3 million, or 56% and 55% of total hotel revenue. The increase in expenses as a percent of revenue results from several factors, including: spending to upgrade amenities such as food and beverage offerings and linens on certain brands, increases in labor costs and the opening of one new hotel. In addition, during the first nine months of 2008 the Company was in the process of renovating eight of its hotels, resulting in approximately 13,000 room-nights out of service, thus increasing operating costs as a percent of hotel revenue.

Taxes, insurance, and other expenses for the three months ended September 30, 2008 and 2007 were \$3.4 and \$3.6 million or 5% of total hotel revenue for both periods. For the nine months ended September 30, 2008 and 2007, taxes, insurance, and other expenses were \$10.4 and \$10.7 million, or 5% of total hotel revenue for both periods. The decrease in expense resulted primarily from lower insurance rates.

General and administrative expenses for the three months ended September 30, 2008 and 2007 were \$1.4 and \$1.2 million, or 2% of total hotel revenue for each period. For the nine months ended September 30, 2008 and 2007, general and administrative expenses were \$4.2 and \$4.0 million, or 2% of total hotel revenue. The principal components of general and administrative expense are advisory fees, accounting fees and reporting expense.

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Depreciation expense for the three months ended September 30, 2008 and 2007 was \$7.8 and \$7.0 million. Depreciation expense for the nine months ended September 30, 2008 and 2007 was \$23.0 and \$20.6 million. Depreciation expense represents expense of the Company's 68 hotels and related personal property for their respective periods owned. The increase in depreciation is primarily due to renovations completed in the fourth quarter of 2007 and first quarter of 2008, as well as the addition of the Roanoke Rapids Hilton Garden Inn in March 2008.

Interest expense, net was \$512 and \$447 thousand for the three months ended September 30, 2008 and the three months ended 2007. Interest expense, net for the nine months ended September 30, 2008 and 2007 was \$1.4 and \$1.7 million, respectively. Interest expense relates to debt assumed with 14 of the properties acquired as well as a line of credit entered into in March 2008. Total debt assumed was approximately \$54.1 million. Interest expense decreased for the nine months ended September 30, 2008 as \$0.4 million of interest costs were capitalized in conjunction with the renovation of eight of the Company's hotels. Additionally during the second quarter of 2008, the Company extinguished \$16 million of outstanding debt with the maturity of six notes payable.

Liquidity and Capital Resources

Operating cash flow from the properties owned and a \$20 million line of credit are the Company's principal source of liquidity. In addition, the Company may borrow additional funds, subject to limitations set forth in its bylaws. The Company anticipates that cash flow and the credit line will be adequate to cover substantially all of its operating expenses and to permit the Company to meet substantially all of its anticipated liquidity requirements, including required distributions, capital expenditures and debt service.

The Company has on-going capital commitments to fund its capital improvements. The Company is required, under all of the hotel management agreements, to make available, for the repair, replacement, refurbishing of furniture, fixtures, and equipment, an amount of 3% to 5% of gross revenues provided that such amount may be used for the Company's capital expenditures with respect to the hotels. The Company expects that this amount will be adequate to fund required repair, replacement, and refurbishments and to maintain the Company's hotels in a competitive condition. As of September 30, 2008, the Company had made approximately \$11 million of capital expenditures during 2008. The Company completed seven significant renovations in the first half of 2008. The Company has plans for seven additional renovations throughout the remainder of 2008 and into the first quarter of 2009. Total 2008 capital expenditures are anticipated to be approximately \$17 million.

To maintain its REIT status the Company is required to distribute at least 90% of its ordinary income. Distributions in the first nine months of 2008 totaled \$61.1 million. For the same period the Company's cash generated from operations was \$68.9 million. Beginning in February 2008, the monthly dividend rate was raised from \$0.073 per common share to \$0.075 per common share. The Company intends to continue paying dividends on a monthly basis at an annual rate of 8.2%. Since there can be no assurance of the ability of the Company's properties to provide income at this level, there can be no assurance as to the classification or duration of distributions at the current rate.

In February 2006, the Company instituted a Dividend Reinvestment Plan for its shareholders. The plan provides a convenient and cost effective 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. During the nine months ended September 30, 2008, approximately 2.4 million Units, representing \$26.6 million in proceeds to the Company, were issued under the plan.

In July 2005, the Company instituted 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 the lesser of: (1) the purchase price per Unit that the shareholder actually paid for the Unit; or (2) \$11.00 per Unit. The Company reserves the right to change the purchase price of

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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, 2008, the Company redeemed approximately 1.3 million Units in the amount of \$14.1 million under the program.

Related Party Transactions

The Company has significant transactions with related parties. These transactions cannot be construed to be arms length, and the results of the Company's operations may be different if these transactions were conducted with non-related parties.

The Company has a contract with ASRG, a related party, to provide brokerage services for the acquisition and disposition of the Company's real estate assets. In accordance with the contract, ASRG is paid a fee of 2% of the gross purchase price of any acquisitions or gross sale price of any dispositions of real estate investments, subject to certain conditions. As of September 30, 2008, payments to ASRG for services under the terms of this contract have totaled \$16.9 million since inception, which were capitalized as a part of the purchase price of the hotels. The Company incurred fees totaling approximately \$0.4 million during the first nine months of 2008 under this contract.

The Company is party to an advisory agreement with Apple Six Advisors, Inc. ("ASA"), pursuant to which ASA provides management services to the Company. An annual fee ranging from .1% to .25% of total equity proceeds received by the Company, in addition to certain reimbursable expenses, is payable for these services. During the first nine months of 2008, ASA utilized Apple Fund Management, LLC, a subsidiary of the Company, to provide these services. During the first nine months of 2007, ASA utilized Apple Hospitality Two, Inc. and Apple Hospitality Five, Inc. to provide these services. The advisory fees incurred under the agreement with ASA for the nine months ended September 30, 2008 and 2007, totaled approximately \$1.9 and \$1.8 million.

Effective October 2007, through its wholly-owned subsidiary, Apple Fund Management, LLC, the Company provides support services to ASRG, ASA, Apple Seven Advisors, Inc. ("A7A"), Apple Suites Realty Group, Inc. ("Suites"), Apple REIT Seven, Inc., Apple Eight Advisors, Inc. ("A8A"), Apple REIT Eight, Inc., Apple Nine Advisors, Inc. ("A9A") and Apple REIT Nine, Inc. A7A provides day to day advisory and administrative functions for Apple REIT Seven, Inc. A8A provides day to day advisory and administrative functions for Apple REIT Eight, Inc. A9A provides day to day advisory and administrative functions for Apple REIT Nine, Inc. Suites provides real estate brokerage services to Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Nine, Inc. Each of these companies has agreed to reimburse the Company for its costs in providing these services. For the nine months ended September 30, 2008, the Company received reimbursement of its costs totaling approximately \$3.3 million. ASRG, ASA, A7A, Suites, A8A and A9A are 100% owned by Glade Knight, the Company's Chairman and Chief Executive Officer.

Including ASRG, ASA, Suites, A7A, A8A and A9A discussed above, Mr. Knight is also Chairman and Chief Executive Officer of Apple REIT Seven, Inc. (a diversified REIT), Apple REIT Eight, Inc. (a diversified REIT) and Apple REIT Nine, Inc. (a newly formed company that intends to qualify as a diversified REIT). Mr. Knight was also Chairman and Chief Executive Officer of Apple Hospitality Two, Inc. (a hospitality REIT) until it was sold in May 2007 and Apple Hospitality Five, Inc. (a hospitality REIT) until it was sold in October 2007. Members of the Company's Board of Directors are also on the boards of Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Nine, Inc. Until May 2007, members of the Company's Board of Directors were also on the board of Apple Hospitality Two, Inc. and, until October 2007, were on the board of Apple Hospitality Five, Inc.

Impact of Inflation

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

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Business Interruption

Being in the real estate industry, the Company is exposed to natural disasters both locally and nationally, and although management believes there is adequate insurance to cover this exposure, there can be no assurance that such events will not have a material adverse effect on the Company's financial position or results of operations.

Seasonality

The hotel industry historically has been seasonal in nature. Seasonal variations in occupancy at the Company's hotels may cause quarterly fluctuations in its revenues. To the extent that cash flow from operations is insufficient during any quarter, due to temporary or seasonal fluctuations in revenue, the Company expects to utilize cash on hand to make distributions.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Statement applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, this Statement does not require any new fair value measurements. In February 2008, the FASB released FASB Staff Position (FSP) FAS 157-2 - Effective Date of FASB Statement No. 157, which defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and liabilities, except those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The effective date of the statement related to those items not covered by the deferral (all financial assets and liabilities or nonfinancial assets and liabilities recorded at fair value on a recurring basis) is for fiscal years beginning after November 15, 2007. The adoption of this statement did not have and is not anticipated to have a material impact on the Company's results of operations or financial position.

In February 2007, FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of the guidance is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. SFAS is effective for the Company beginning January 1, 2008. The Company has elected not to use the fair value measurement provisions of SFAS 159 and therefore, adoption of this standard did not have an impact on the financial statements.

In March 2008, FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133* ("SFAS 161"). SFAS 161 is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"). It also applies to non-derivative hedging instruments and all hedged items designated and qualifying as hedges under SFAS 133. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company does not currently have any instruments that qualify within the scope of SFAS 133, and therefore the adoption of this statement is not anticipated to have a material impact on the Company's financial statements.

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Subsequent Events

In October 2008, the Company declared and paid approximately \$6.9 million, or \$.075 per share, in distributions to its common shareholders of which \$3.0 million or 273,902 Units were reinvested under the Company's Dividend Reinvestment Plan.

On October 20, 2008, the Company redeemed 475,749 Units in the amount of \$5.2 million under its Unit Redemption Program.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company does not engage in transactions in derivative financial instruments or derivative commodity instruments. As of September 30, 2008, the Company's financial instruments were not exposed to significant market risk due to interest rate risk, foreign currency exchange risk, commodity price risk or equity price risk. The Company is exposed to changes in short term money market rates earned on its available cash. Based on the Company's cash invested at September 30, 2008, of \$7.1 million, every 100 basis points change in interest rates will impact the Company's annual net income by \$71,000, all other factors remaining the same. Although the Company had no outstanding balance on its \$20 million line of credit at September 30, 2008, the Company is exposed to changes in short-term interest rates to the extent that it utilizes the line of credit.

Item 4. Controls and Procedures

Senior management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation process, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective and that there have been no changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Since that evaluation, there have been no significant changes in internal controls or in other factors that could significantly affect these controls.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unit Redemption Program

In July 2005, the Company instituted a share redemption program to provide its shareholders who have held their Units for at least one year with the benefit of limited interim liquidity, by presenting for redemption all or any portion of their Units at any time and in accordance with certain procedures. Once this time limitation has been met, the Company may, subject to certain conditions and limitations, redeem the Units presented for redemption for cash, to the extent that the Company has sufficient funds available to fund the redemption. If Units are held for the required one-year period, the Units may be redeemed for a purchase price equal to the lesser of: (1) \$11.00 per Unit; or (2) the purchase price per Unit that was actually paid for the Units. The board of directors reserves the right, in its sole discretion, at any time and from time to time, to waive the one-year holding period, reject any request for redemption, change the purchase price for redemptions or otherwise amend the terms of, suspend, or terminate the Unit redemption program. The following is a summary of redemptions during the third quarter of 2008:

Issuer Purchases of Equity Securities

<u>Period</u>	(a) <u>Total Number of Units Purchased</u>	(b) <u>Average Price Paid per Unit</u>	(c) <u>Total Number of Units Purchased as Part of Publicly Announced Plans or Programs</u>	(d) <u>Maximum Number of Units that May Yet Be Purchased Under the Plans or Programs</u>
July 2008	351,772	\$ 10.99	7,154,254	(1)

(1) The maximum number of Units that may be redeemed in any 12 month period is limited to five percent (5.0%) of the weighted average number of Units outstanding from the beginning of the 12 month period.

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Item 6. Exhibits

Exhibit Number	Description
3.1	Articles of Incorporation of the Company. (Incorporated by reference to Exhibit 3.1 to the Company' s registration statement on Form S-11 (SEC File No. 333-112169) effective April 23, 2004).
3.2	Bylaws of the Company. (Incorporated by reference to Exhibit 3.2 to the Company' s Post-Effective Amendment No. 4 to Form S-11 (SEC File No. 333-112169) effective June 14, 2005).
10.1	Executive Severance Plan dated October 16, 2008 (FILED HEREWITH)
10.2	Severance Plan dated October 16, 2008 (FILED HEREWITH)
31.1	Certification of the Company' s Chief Executive Officer pursuant to Rule 13a - 14(a) and Rule 15d - 14(a) of the Securities Exchange Act, as amended (FILED HEREWITH).
31.2	Certification of the Company' s Chief Financial Officer pursuant to Rule 13a - 14(a) and Rule 15d - 14(a) of the Securities Exchange Act, as amended (FILED HEREWITH).
32.1	Certification of the Company' s Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (FILED HEREWITH).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

APPLE REIT SIX, INC.

By: _____ /s/ GLADE M. KNIGHT

Date: November 3, 2008

Glade M. Knight,
Chairman of the Board,
Chief Executive Officer, and President
(Principal Executive Officer)

By: _____ /s/ BRYAN PEERY

Date: November 3, 2008

Bryan Peery,
Chief Financial Officer
(Principal Financial and Principal Accounting Officer)

APPLE FUND MANAGEMENT, LLC
EXECUTIVE SEVERANCE PAY PLAN

The Apple Fund Management, LLC Executive Severance Pay Plan (the “Plan”) was originally adopted by Apple Hospitality Two, Inc. as of August 23, 2005. Apple REIT Six, Inc., a Virginia corporation (“Apple”), which is the parent company of Apple Fund Management LLC, a Virginia limited liability company (the “Company”), now sponsors and maintains the Plan and has amended and restated the Plan as of January 1, 2009. The Plan provides severance or income protection benefits to Executives who have been designated as Participants by the Compensation Committee of the Board of Directors of Apple pursuant to the Plan.

ARTICLE I
PURPOSES

The Board of Directors of Apple (the “Board”) has determined that it is in the best interests of Apple and its shareholders to assure that the Company will have the continued services of certain executives, in the event of the possibility or occurrence of a Change in Control of Apple. The Board believes that this objective may be achieved by giving key executives assurances of financial security in case of a pending or threatened Change in Control, so that they will not be distracted by personal risks and will continue to devote their full time and best efforts to the performance of their duties. In order to accomplish these objectives, the Board has caused Apple to adopt this Plan.

ARTICLE II
CERTAIN DEFINITIONS

When used in this Plan, the terms specified below shall have the following meanings:

2.1 “Annual Base Salary” means an amount equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company in respect of the 12-month period immediately preceding the month which contains the Effective Date.

2.2 “Annual Bonus” means an amount equal to the annual bonus paid to the Executive by the Company during the calendar year immediately preceding the year which contains the Effective Date.

2.3 “Apple” means Apple REIT Six, Inc. (the parent company of the Company) or any successor thereto.

2.4 “Cause” means (a) the Executive’s continued or deliberate neglect of his or her duties, (b) willful misconduct by the Executive injurious to the Company or Apple, whether monetary or otherwise, (c) the Executive’s violation of any code or standard of ethics generally applicable to employees of the Company or Apple, (d) the Executive’s active disloyalty to the Company or Apple, (e) the Executive’s conviction of a felony, (f) the Executive’s habitual drunkenness or drug abuse or (g) the Executive’s excessive absenteeism unrelated to a disability (as defined in the Company’s long-term disability plan).

2.5 “Change in Control” means:

(a) any person, including a “group” as defined in Section 13(d) (3) of the Securities and Exchange Act of 1934, as amended (the “Act”), becomes the owner or beneficial owner of Apple securities having 20% or more of the combined voting power of the then outstanding Apple securities that may be cast for the election of Apple’s directors (other than as a result of an issuance of securities initiated by Apple, or open market purchases approved by the Apple Board, as long as the majority of the Apple Board approving the purchases is also the majority at the time the purchases are made); or

(b) as the direct or indirect result of, or in connection with, a cash tender or exchange offer, a merger or other business combination, a sale of assets, a contested election, or any combination of these transactions, the persons who were directors of Apple before such transactions cease to constitute a majority of the Apple Board, or any successor’s board, within two years of the last of such transactions.

2.6 “Code” means the Internal Revenue Code of 1986, as amended.

2.7 “Company” means Apple Fund Management, LLC or any successor thereto.

2.8 “Effective Date” means the date while this Plan is in effect on which a Change in Control occurs. Notwithstanding anything in this Plan to the contrary, if a Change in Control occurs and the Executive’s employment with the Company is terminated by the Company without Cause prior to the date on which a Change in Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (a) was at the request of a third party who had taken steps reasonably calculated to effect a Change in Control, or (b) otherwise arose in connection with or in anticipation of a Change in Control, then for all purposes of the Plan, “Effective Date” shall be deemed to have occurred on the date immediately prior to the Termination Date.

2.9 “Employment Period” means the period commencing on the Effective Date and ending on the first anniversary of such date.

2.10 “Executive or Participant” David Buckley, Kristian Gathright, Justin Knight, David McKenney, Bryan Peery or any other employee of the Company at the level within Apple of Senior Vice President or above designated by the Committee to be eligible to participate in this Plan.

2.11 “Excise Taxes” means the excise tax imposed by Section 4999 of the Code including any interest or penalties incurred by the Executive with respect to such excise tax.

2.12 “Good Reason” means any action by the Company without the Executive’s consent that results in any of the following: (a) a reduction of the Executive’s annual salary to an amount which is materially less than the amount of the Executive’s Annual Base Salary; (b) a material reduction in the Executive’s duties with the Company, provided that a change in title or position shall not be “Good Reason” absent a material reduction in duties; or (c) a relocation of more than 50 miles from the Executive’s workplace of 814 East Main Street, Richmond, Virginia 23219, without the consent of the Executive.

An act or omission shall not constitute Good Reason under this Section 2.12 unless (a) the Executive gives written notice to the Company indicating that the Executive intends to terminate employment under this Section 2.12, (b) the Executive's termination occurs within 60 days after the Executive knows or reasonably should know of an event described in this section, or within 60 days after the last in a series of such events, and (c) the Company has failed to remedy the event described in this section as the case may be, within 30 days after receiving the Executive's written notice. If the Company remedies the event described in this section, within 30 days after receiving the Executive's written notice, the Executive may not terminate employment under this Section 2.12 on account of the event specified in the Executive's notice.

2.13 "Performance Period" means each period of time designated in accordance with any annual bonus which is based upon performance.

2.14 "Termination Date" means the date of termination of the Executive's employment with the Company as a common law employee.

ARTICLE III PLAN TERM

The term of the Plan shall be indefinite, provided however the Company shall have the right to amend or terminate the Plan at any time for any reason. Notwithstanding the preceding sentence, (i) no amendment or termination may be made to the Plan and the Plan may not be terminated during the period beginning on the date on which the Company enters into any agreement that would, if the transactions contemplated in the agreement were given effect, result in a Change in Control and ending on the earlier of (A) one year after the date on which the Change in Control contemplated by such agreement occurs or (B) if such agreement terminates, is cancelled or otherwise ceases to be in effect without giving rise to a Change in Control, the date on which such agreement terminates, is cancelled or otherwise ceases to be in effect, and (ii) no amendment or termination shall reduce the benefits payable to an Executive who is then currently receiving a benefit under the Plan, in either case without the consent of the affected Participant(s). Unless otherwise specified by the Board, the term of the Plan shall end automatically on the first anniversary of any Change in Control that occurs while this Plan is in effect. Subject to Section 2.8, if an Executive's Termination Date is prior to a Change in Control, this Plan shall terminate with respect to such Executive without further obligation to the Executive or his legal representatives.

ARTICLE IV OBLIGATIONS OF THE COMPANY UPON TERMINATION

4.1 If by the Company other than for Cause or by an Executive for Good Reason. Subject to Section 4.3, if during the Employment Period, the Company shall terminate an Executive's employment other than for Cause, or if an Executive shall terminate employment for Good Reason, the Company's obligations to such Executive shall be as follows:

- (a) The Company shall pay to the Executive a single lump sum cash payment equal to the sum of the following amounts:
 - (i) to the extent not previously paid, the salary and any accrued paid time off through the date of termination;

(ii) an amount equal to the product of (i) the Annual Bonus multiplied by (ii) a fraction, the numerator of which is the number of days employed by the Company during the calendar year in which the termination occurs, and the denominator of which is 365;

(iii) an amount equal to two and one-half (2 1/2) times the sum of the Executive's Annual Base Salary and the Annual Bonus.

The single lump sum cash payment shall be made on or as soon as administratively practicable after the later of the Termination Date or the date on which the Executive has signed the release described in Section 9.4 below and any period for revocation of such release has passed, but in any event not later than March 15th of the year immediately following the calendar year in which the Executive's termination of employment occurs.

(b) The Executive shall become fully vested in any and all stock incentive awards granted to the Executive under any plan or otherwise which have not become exercisable as of the date of the Change in Control and all stock options (including options vested as of the Change in Control) shall remain exercisable until the earlier of (i) the original expiration date or (ii) the tenth anniversary of the original grant date. All forfeiture conditions that as of a Change in Control are applicable to any stock option, deferred stock unit, restricted stock or restricted share units awarded to the Executive by the Company shall lapse immediately.

(c) Except as provided in subsections (d) and (e), for a one year period following the Executive's termination of employment, the Company shall arrange to provide the Executive and his family welfare benefits (including, without limitation, medical, dental, health, disability, individual life and group life insurance benefits) which are at least as favorable as those provided under the most favorable welfare plans of the Company applicable with respect to the Executive and his family during either the (i) 90-day period immediately preceding the Change in Control, or (ii) the 90-day period immediately preceding the Executive's Termination Date. Notwithstanding the foregoing, if the Executive obtains comparable coverage under any welfare benefits provided by another employer, then the amount of coverage required to be provided by the Company hereunder shall be reduced by the amount of coverage provided by such other employer's welfare benefit plans.

(d) The Executive's rights under this Section shall be in addition to and not in lieu of any post-termination continuation coverage or conversion rights the Executive may have pursuant to applicable law, including, without limitation, continuation coverage required by Section 4980B of the Code ("COBRA Continuation Coverage"). If the Executive elects to receive COBRA Continuation Coverage, the Company shall pay all of the required premiums for the Executive and/or the Executive's family for the 12 months following the Executive's Termination Date.

(e) If the Executive elects to convert any group term life insurance to an individual policy, the Company shall pay all premiums for 12 months and the Executive shall cease to participate in the Company's group term life insurance.

(f) The Company shall, at its sole expense, as incurred, pay on behalf of Executive up to \$15,000 in reasonable fees and costs charged by a nationally recognized outplacement firm selected by the Executive to provide outplacement service for one year after the Termination Date.

(g) If the Executive's employment with the Company as a common law employee is terminated by the Company other than for Cause or by the Executive for Good Reason, the Company's re-engagement of the Executive as a consultant, an advisor or otherwise as an independent contractor to the Company shall not prohibit the Executive from receiving the payments and benefits provided in this Section 4.1.

4.2 If by the Company for Cause or by the Executive other than for Good Reason. If, during the Employment Period, the Company terminates the Executive's employment for Cause or if the Executive terminates employment other than for Good Reason (including death or disability), this Plan shall terminate with respect to such Executive without further obligation by the Company, other than the obligation to pay to the Executive in cash the Executive's unpaid salary through the Termination Date, plus any accrued paid time off, in each case to the extent not previously paid.

4.3 Employment by Successor or other Apple Company. Notwithstanding anything to the contrary in this Plan, an Executive shall not be entitled to any of the benefits described in Section 4.1 if, upon or immediately after a Change in Control, the Executive is offered a position with a title, responsibilities and compensation reasonably comparable to the title, responsibilities and compensation of the Executive with the Company preceding the Change in Control by either (1) the purchaser or other successor-in-interest to the Company or a substantial portion of its assets or business, or (2) any other company organized by Glade M. Knight that is either a real estate investment trust or otherwise involved in the acquisition, management, operation and/or disposition of real property (or any subsidiary of any such company), including, without limitation, hotels, and the Executive does not accept such position. In the event any Executive is offered and accepts a position of the type described in the preceding sentence with any company described in either clause (1) or (2) of the preceding sentence, then, for purposes of this Plan, the employment of the Executive by the Company shall conclusively be deemed not to have been terminated, and the company described in either clause (1) or (2) of the preceding sentence shall thereafter be deemed to constitute the "Company" for purposes of the interpretation and application of Section 4.1 and Section 4.2 of this Plan.

ARTICLE V

CERTAIN LIMITATIONS ON PAYMENTS BY THE COMPANY

Notwithstanding anything in the Plan to the contrary, if any payment (other than those payments required under Article VI) which an Executive has the right to receive from the Company or any affiliated entity or any payment or benefits under any plan maintained by the Company or any affiliated entity would otherwise constitute an "excess parachute payment" (as

defined in Code section 280G), to the extent the Executive would be entitled to a smaller net after Excise Tax benefit hereunder as a result of the payment of such “excess parachute payments,” payments due hereunder must be reduced (but not below zero) to the largest amount that will result in no portion of any such payment being subject to an Excise Tax. The determination of any reduction pursuant to this subsection must be made by the Company in good faith, before any such payments are due and payable to a Participant.

ARTICLE VI EXPENSES AND INTEREST

6.1 Legal Fees and Other Expenses. The Company will reimburse all reasonable fees and expenses, if any, (including, without limitation, legal fees and expenses) that are incurred by the Executive to enforce this Plan and that result from a breach of this Plan by the Company. To the extent any such reimbursement to which the Executive is or may be entitled under this Section 6.1 constitutes a “deferral of compensation” for purposes of Section 409A of the Code, then, in addition to the foregoing, the following terms and conditions shall apply: (i) any such reimbursement of an eligible expense shall be paid to the Executive as soon as administratively practicable after the Executive submits a valid claim for reimbursement, but in any event no later the last day of the taxable year following the taxable year in which the expense was incurred; (ii) the amount of expenses eligible for reimbursement in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year; and (iii) the right to a reimbursement under this Section 6.1 shall not be subject to liquidation or exchange for another benefit.

6.2 Interest. If the Company does not pay any amount due to the Executive under this Plan within three days after such amount became due and owing, interest shall accrue on such amount from the date it became due and owing until the date of payment at a annual rate equal to 200 basis points above the base commercial lending rate published in The Wall Street Journal in effect from time to time during the period of such nonpayment.

ARTICLE VII NO SET-OFF OR MITIGATION

7.1 No Set-off by Company. The Executive’s right to receive when due the payments and other benefits provided for under this Plan is absolute, unconditional and subject to no set-off, counterclaim or legal or equitable defense. Any claim which Apple or the Company may have against the Executive, whether for a breach of this Plan or otherwise, shall be brought in a separate action or proceeding and not as part of any action or proceeding brought by the Executive to enforce any rights against the Company under this Plan.

7.2 No Mitigation. The Executive shall not have any duty to mitigate the amounts payable by the Company under this Plan by seeking new employment following termination. Except as specifically otherwise provided in this Plan, all amounts payable pursuant to this Plan shall be paid without reduction regardless of any amounts of salary, compensation or other amounts which may be paid or payable to the Executive as the result of the Executive’s employment by another employer. However, nothing in this Section 7.2 shall affect the provisions of Section 4.3.

ARTICLE VIII
NON-EXCLUSIVITY OF RIGHTS

8.1 Waiver of Other Severance Rights. To the extent that payments are made to the Executive pursuant to Section 4.1 of this Plan, the Executive hereby waives the right to receive benefits under any plan or agreement of Apple, the Company or their subsidiaries which provides for severance benefits, including any severance benefits that may be provided for under any employment agreement or payable due to the termination of any employment agreement.

8.2 Other Rights. Except as provided in Section 8.1, this Plan shall not prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plans provided by Apple, the Company or any of their subsidiaries and for which the Executive may qualify, nor shall this Plan limit or otherwise affect such rights as the Executive may have under any other agreements with Apple, the Company or any of their subsidiaries. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan of Apple, the Company or any of their subsidiaries and any other payment or benefit required by law shall be payable in accordance with such plan or applicable law except as expressly modified by this Plan.

ARTICLE IX
MISCELLANEOUS

9.1 No Assignment. The Executive's rights under this Plan may not be assigned or transferred in whole or in part, except that the personal representative of the Executive's estate will receive any amounts payable under this Plan after the death of the Executive. This Plan shall inure to the benefit of and be enforceable by the Executive's legal representatives.

9.2 Successors. The rights and obligations of the Company under this Plan will inure to the benefit of and will be binding upon the successors and assigns of the Company. Before or upon a Change in Control, Apple or the Company shall obtain the agreement of the surviving or acquiring corporation that it will succeed to the Company's rights and obligations under this Plan.

9.3 Rights Under the Plan. The right to receive benefits under the Plan will not give the Executive any proprietary interest in Apple, the Company or any of their assets. Benefits under the Plan will be payable from the general assets of the Company, and there will be no required funding of amounts that may become payable under the Plan. The Executive will for all purposes be a general creditor of the Company. The interest of the Executive under the Plan cannot be assigned, anticipated, sold, encumbered or pledged and will not be subject to the claims of the Executive's creditors.

9.4 Release. Notwithstanding anything in this Plan to the contrary, in consideration for and as a condition to receiving any payments under this Plan, the Executive must execute a written release in a form provided by the Company. In addition to any other provisions determined by the Company, the release may provide that the Executive agrees, for himself or herself and his or her heirs, representatives, successors and assigns, that the Executive has finally and permanently separated from employment with the Company, and that he or she waives,

releases and forever discharges the Company and Apple from any and all claims, known or unknown, that he or she has or may have, including but not limited to those relating to or arising out of his or her employment with the Company and the termination thereof, including but not limited to any claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, liability in tort, any claims under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act, the Fair Labor Standards Act, or any other federal, state or local law relating to employment, employee benefits or the termination of employment, excepting only any claims to vested retirement benefits.

9.5 Notice. For purposes of this Plan, notices and all other communications must be in writing and are effective when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the Executive or his personal representative at his last known address. All notices to the Company must be directed to the attention of the Corporate Secretary. Such other addresses may be used as either party may have furnished to the other in writing. Notices of change of address are effective only upon receipt.

9.6 Miscellaneous. The Executive and the Company agree that, effective as of the execution of this Plan, any prior Change in Control Plan between the Executive and the Company is null and void. This instrument contains the entire agreement of the parties. To the extent not governed by federal law, this Plan will be construed in accordance with the laws of the Commonwealth of Virginia, without reference to its conflict of laws rules. In addition, as applicable the Plan shall be administered in accordance with Code Section 409A and the regulations thereunder. No provisions of this Plan may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and the writing is signed by the Executive and the Company. A waiver of any breach of or compliance with any provision or condition of this Plan is not a waiver of similar or dissimilar provisions or conditions. The invalidity or unenforceability of any provision of this Plan will not affect the validity or enforceability of any other provision of this Plan, which will remain in full force and effect. This Plan may be executed in one or more counterparts, all of which will be considered one and the same agreement.

9.7 Tax Withholding. The Company may withhold from any amounts payable under this Plan any federal, state or local taxes that are required to be withheld pursuant to any applicable law or regulation.

IN WITNESS WHEREOF, the Company has executed this Plan as of this 16th day of October, 2008.

APPLE FUND MANAGEMENT, LLC

By: /s/ Glade M. Knight
Title: Chief Executive Officer
Date: October 16, 2008

APPLE REIT SIX, INC.

By: /s/ Glade M. Knight
Title: Chief Executive Officer
Date: October 16, 2008

The below-named Executive agrees to the amendment and restatement of the Plan as of January 1, 2009, and a counterpart of this signature page shall be attached to the Plan as so amended and restated.

Glade M. Knight
[Name of Executive]

/s/ Glade M. Knight
[Signature of Executive]

October 16, 2008
[Date]

**APPLE FUND MANAGEMENT, LLC
SEVERANCE PLAN**

Amended and Restated as of January 1, 2009

Apple Hospitality Two, Inc. originally established this Severance Plan (the “Plan”) effective August 23, 2005. Apple REIT Six, Inc., a Virginia corporation (“Apple”), which is the parent company of Apple Fund Management, LLC, a Virginia limited liability company (the “Company”), now sponsors and maintains the Plan and has amended and restated the Plan as of January 1, 2009, for the benefit of the Company’s eligible employees. The purpose of the Plan is to provide security to eligible employees in the event of a termination of employment under defined circumstances.

1. Definitions. For purposes of this Plan:

(a) “Beneficiary” shall mean any person, other than an Employee, entitled to receive benefits under this Plan.

(b) “Board of Directors” or “Board” shall mean the Board of Directors of Apple.

(c) “Change in Control” shall mean:

(1) any person, including a “group” as defined in Section 13(d) (3) of the Securities Exchange Act of 1934, as amended (the “Act”), becomes the owner or beneficial owner of Apple securities having 20% or more of the combined voting power of the then outstanding Apple securities that may be cast for the election of Apple’s directors (other than as a result of an issuance of securities initiated by Apple, or open market purchases approved by the Board, as long as the majority of the Board approving the purchases is also the majority at the time the purchases are made); or

(2) as the direct or indirect result of, or in connection with, a cash tender or exchange offer, a merger or other business combination, a sale of assets, a contested election, or any combination of these transactions, the persons who were directors of Apple before such transactions cease to constitute a majority of the Board, or any successor’s board, within two years of the last of such transactions.

(d) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(e) “Committee” shall mean the Compensation Committee of the Board of Directors of Apple, which shall be responsible for the administration of the Plan.

(f) “Employee” shall mean an individual who is (i) listed on Appendix A hereto, and (ii) a common law employee of the Company as of the date of the Change in Control. Notwithstanding the foregoing, (i) Executives, or (ii) Employees who enter into or who are covered by separate change in control agreements with the Company, are not eligible for benefits under this Plan.

(g) "Executive" shall mean David Buckley, Kristian Gathright, Justin Knight, David McKenney, Bryan Peery and any other officer of Apple at the level of Senior Vice President or above if any such person is covered by the terms of the Company's Executive Severance Pay Plan.

(h) "Good Cause" shall mean:

(i) the Employee's continued or deliberate neglect of his or her duties, (ii) willful misconduct by the Employee injurious to the Company or Apple, whether monetary or otherwise, (iii) the Employee's violation of any code or standard of ethics generally applicable to employees of the Company or Apple, (iv) the Employee's active disloyalty to the Company or Apple, (v) the Employee's conviction of a felony, (vi) the Employee's habitual drunkenness or drug abuse, or (vii) the Employee's excessive absenteeism unrelated to a disability.

(i) "Good Reason" shall exist if, without the Employee's express written consent, there is an action by the Company or a successor company pursuant to Section X below that results in (i) a reduction of the Employee's annual salary to an amount which is materially less than the amount of the Employee's Salary; (ii) a material reduction in the Employee's duties with the Company or Apple, provided that a change in title or position shall not be "Good Reason" absent a material reduction in duties; or (iii) a relocation of more than 50 miles from the Employee's Principal Office, without the consent of the Employee. The Employee shall be required to give the Company (or successor company pursuant to Section 2(g) below) notice within 90 days of the initial existence of the condition that would result in treatment as a termination for Good Reason and the Company or successor company pursuant to Section 2(g) below shall have 30 days from the receipt of such notice in which to remedy the condition.

(j) "Outplacement Services Benefit" shall mean the benefit provided under Section 2(f).

(k) "Principal Office" shall mean the location at which the Employee is required to perform the majority of his or her services to the Company.

(l) "Retirement Plan" shall mean any qualified or supplemental employee pension benefit plan, as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), currently or hereinafter made available by the Company in which an Employee is eligible to participate.

(m) "Salary" shall mean the Employee's annual base salary rate in effect immediately prior to the date of a Change in Control.

(n) "Salary Continuance Benefit" shall mean the benefit provided under Section 2(b).

(o) "Severance Benefit" shall mean the Salary Continuance Benefit, the Welfare Continuance Benefit, and the Outplacement Services Benefit.

(p) "Severance Period" shall mean the period beginning on the date an Employee's employment with the Company terminates and ending on the date 12 months thereafter.

(q) "Welfare Continuance Benefit" shall mean the benefit provided in Section 2(e).

(r) "Welfare Plan" shall mean only a health plan, medical plan, dental plan, or life insurance plan, currently or hereafter made available by the Company in which an Employee is eligible to participate.

2. Benefits Upon Termination of Employment.

(a) Subject to the provisions of sections 2(g) and 4, an Employee shall be entitled to a Severance Benefit if and only if:

(i) within one year after the date immediately preceding the date of a Change in Control, the employment of the Employee with the Company is terminated by the Company for any reason other than Good Cause, or

(ii) within one year after the date of a Change in Control, the Employee terminates his or her employment with the Company for Good Reason.

(b) The Salary Continuance Benefit shall be a single lump sum amount equal to the aggregate of:

(i) the Employee's monthly Salary multiplied by 12; and

(ii) the amount of the annual bonus paid to the Employee for the year immediately prior to the year in which the Employee's employment with the Company terminates.

(c) Payment of the Salary Continuance Benefit shall be subject to the following terms and conditions:

(i) Salary Continuance Benefits shall be made net of all required federal and state withholdings taxes and similar required withholdings.

(ii) Payment of the Salary Continuance Benefit shall not affect the entitlement of the Employee or any other person entitled to receive benefits with respect to the Employee under any Retirement Plan, Welfare Plan, or other plan or program maintained by the Company in which the Employee participates at the date of termination of employment; provided however, the payment of the Salary Continuance Benefit under this Plan shall be in lieu of and not in addition to any other severance benefits payable under a plan or program maintained by the Company.

(iii) The single lump sum cash payment shall be made as soon as administratively practicable after the later of the date of the Employee' s termination of employment described in Section 2(a) or the date on which the Employee has signed the release described in Section 4 below and any period for revocation of such release has passed, but in any event not later than March 15th of the year following the calendar year in which the Employee' s termination of employment occurs.

(d) The Salary Continuance Benefit shall be reduced, to the extent necessary, so that the total benefits under this Plan, when added to any other payments made as a result of a Change in Control that are considered "parachute payments" as that term is defined under Code Section 280G, do not equal or exceed 299% (or the then applicable percentage under Code Section 280G, if less) of the Employee' s "base amount" as that term is defined under Code Section 280G.

The Company shall apply the limitations of Code Section 280G, and regulations thereunder, in good faith using the interpretation that is most likely to avoid the imposition of the excise tax on the Employee and ensures the deductibility of payments by the Company.

(e) For a period of up to twelve months beginning on the date on which an Employee' s employment with the Company terminates, an Employee and his or her dependents will continue to be covered by all Welfare Plans in which he or she and his or her dependents were participating immediately prior to the date on which his or her employment with the Company terminated (the "Welfare Continuance Benefit"). Any changes to any Welfare Plan during the Severance Period shall be applicable to the Employee and his or her dependents as if he or she continued to be an employee of the Company. The Company will pay the costs of the Welfare Continuance Benefit for the Employee and his or her dependents under the Welfare Plans on the same basis as applicable, from time to time, to active employees covered under the Welfare Plans. If such participation in any one or more of the Welfare Plans included in the Welfare Continuance Benefit is not possible under the terms of the Welfare Plan, the Company will provide substantially identical benefits directly or through another insurance arrangement. The Welfare Continuance Benefits as to any Welfare Plan will cease if and when the Employee obtains employment with another employer during the twelve-month period beginning on the date on which his or her employment with the Company terminates, and becomes eligible for coverage under any substantially similar welfare plan provided by his or her new employer.

(f) The Outplacement Services Benefit shall consist of reimbursement of the actual reasonable costs of complete outplacement services, including job search and interview skill services. The services shall be provided by a nationally recognized outplacement organization selected by the Employee with the approval of the Company (which approval shall not be unreasonably withheld). The services shall be provided for a period of up to 12 months beginning on the date on which the Employee' s employment with the Company terminates. The Company will reimburse the Employee for the actual reasonable costs of the services, up to a maximum cost of \$10,000.

(g) Notwithstanding anything to the contrary in this Plan, an Employee shall not be entitled to any Severance Benefits under this Plan if, upon or immediately after a Change in Control, the Employee is offered a position with a title, responsibilities and compensation reasonably comparable to the title, responsibilities and compensation of the Employee with the Company preceding the Change in Control by either (1) the purchaser or other successor-in-

interest to the Company or a substantial portion of its assets or business, or (2) any other company organized by Glade M. Knight that is either a real estate investment trust or otherwise involved in the acquisition, management, operation and/or disposition of real property (or any subsidiary of any such company), including, without limitation, hotels, and the Employee does not accept such position. In the event any Employee is offered and accepts a position of the type described in the preceding sentence with any company described in either clause (1) or (2) of the preceding sentence, then, for purposes of this Plan, the employment of the Employee by the Company shall conclusively be deemed not to have been terminated, and the company described in either clause (1) or (2) of the preceding sentence shall thereafter be deemed to constitute the "Company" for purposes of the interpretation and application of Section 2(a) of this Plan.

3. Death.

If an Employee dies while receiving a Severance Benefit, any remaining unpaid Severance Benefit shall be forfeited.

4. Release of Claims.

In consideration for and as a condition to receiving any payments under this Plan, the Employee must execute a written release in a form provided by the Company. In addition to any other provisions determined by the Company, the release may provide that the Employee agrees, for himself or herself and his or her heirs, representatives, successors and assigns, that the Employee has finally and permanently separated from employment with the Company, and that he or she waives, releases and forever discharges the Company and Apple from any and all claims, known or unknown, that he or she has or may have, including but not limited to those relating to or arising out of his or her employment with the Company and the termination thereof, including but not limited to any claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, liability in tort, any claims under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act, the Fair Labor Standards Act, or any other federal, state or local law relating to employment, employee benefits or the termination of employment, excepting only any claims to vested retirement benefits.

5. No Setoff.

Payment of a Severance Benefit shall be in addition to any other amounts otherwise payable to the Employee, including any accrued but unpaid vacation pay. No payments or benefits payable to or with respect to an Employee pursuant to this Plan shall be reduced by any amount the Employee may owe to Apple or the Company (except for amounts owed to Apple or the Company on account of loans, travel or standing advances, personal charges on Apple or Company credit cards or accounts, or the value of Apple or Company property not returned to Apple or the Company), or by any amount an Employee may earn or receive from employment with another employer or from any other source, except as expressly provided in section 2(e).

6. No Assignment of Benefit.

No interest of any Employee or any Beneficiary under this Plan, or any right to receive any payment or distribution hereunder, shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind, nor may such interest or right to receive a payment or distribution be taken, voluntarily or involuntarily, for the satisfaction of the obligations or debts of, or other claims against, the Employee or Beneficiary, including claims for alimony, support, separate maintenance, and claims in bankruptcy proceedings.

7. Benefits Unfunded.

All rights under this Plan of the Employees and Beneficiaries, shall at all times be entirely unfunded, and no provision shall at any time be made with respect to segregating any assets of the Company for payment of any amounts due hereunder. The Employees and Beneficiaries shall have only the rights of general unsecured creditors of the Company.

8. Applicable Law.

This Plan shall be construed and interpreted pursuant to the laws of the Commonwealth of Virginia.

9. No Employment Contract.

Nothing contained in this Plan shall be construed to be an employment contract between an Employee and the Company.

10. Severability.

In the event any provision of this Plan is held illegal or invalid, the remaining provisions of this Plan shall not be affected thereby.

11. Successors.

The Plan shall be binding upon and inure to the benefit of the Company, the Employees and their respective heirs, representatives and successors.

12. Amendment and Termination.

The Board of Directors of Apple shall have the right to amend the Plan from time to time and may terminate the Plan at any time, except as provided below:

(a) No amendment may be made to the Plan and the Plan may not be terminated for a period of one year after the date of a Change in Control, and

(b) No amendment or termination shall reduce the benefits payable to an Employee who is receiving a Severance Benefit.

Date: October 16, 2008

APPLE FUND MANAGEMENT, LLC

By: /s/ Glade M. Knight

Title: Chief Executive Officer

Attest:

/s/ David P. Buckley

Secretary

APPLE REIT SIX, INC.

By: /s/ Glade M. Knight

Title: Chief Executive Officer

Appendix A

Amos, Craig K.
Beddoes, Kyle
Bond, Trace M.
Byrd, Tonya R.
Clarke, Kelly
Clements, Lisa
Cypress, LaThalia
Dalseide, Clifford
Donegan, Nancy B.
Gregory, William
Hardin, Michael
Knight, Nelson
Kramer, Amy
Leadbetter, Patrick
Little-Adams, Lisa
Michelson, Shaun
Miller, Marcia
Parker, J. Al
Quinby, Gordon
Reid, G. I. Chicozie
Reynolds, Samuel F.
Salmeri, Karen C.
Sumner, Elizabeth
Verdisco, Karen
Walker, Beth
Williams, Jennifer P.
Wilson, Debra L.
Wright, Sheila

CERTIFICATIONS

I, Glade M. Knight, certify that:

1. I have reviewed this report on Form 10-Q of Apple REIT Six, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2008

/s/ GLADE M. KNIGHT

Glade M. Knight
Chief Executive Officer
Apple REIT Six, Inc.

CERTIFICATION

I, Bryan Peery, certify that:

1. I have reviewed this report on Form 10-Q of Apple REIT Six, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2008

/s/ BRYAN PEERY

Bryan Peery
Chief Financial Officer
Apple REIT Six, Inc.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Apple REIT Six, Inc., (the "Company") on Form 10-Q for the quarter ending September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and (2) the information contained in the Report fairly represents, in all material respects, the financial conditions and results of operations of the Company as of September 30, 2008, and for the period then ended.

/s/ GLADE M. KNIGHT

Glade M. Knight
Chief Executive Officer

November 3, 2008

/s/ BRYAN PEERY

Bryan Peery
Chief Financial Officer

November 3, 2008