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Apple REIT Seven, Inc. (Filer) CIK: 0001329011

Document And Entity Information	9 Months Ended Sep. 30, 2011	Nov. 01, 2011
Document and Entity Information [Abstract]		
Entity Registrant Name	Apple REIT Seven, Inc.	
Document Type	10-Q	
Current Fiscal Year End Date	--12-31	
Entity Common Stock, Shares Outstanding		90,839,957
Amendment Flag	false	
Entity Central Index Key	0001329011	
Entity Current Reporting Status	Yes	
Entity Voluntary Filers	No	
Entity Filer Category	Non-accelerated Filer	
Entity Well-known Seasoned Issuer	No	
Document Period End Date	Sep. 30, 2011	
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q3	

Consolidated Balance Sheets (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
ASSETS		
Investment in real estate, net of accumulated depreciation of $139,738 and $114,097, respectively	$ 852,394	$ 872,169
Restricted cash-furniture, fixtures and other escrows	8,167	7,733
Due from third party managers, net	9,233	5,829
Other assets, net	5,637	6,236
TOTAL ASSETS	875,431	891,967
LIABILITIES		
Credit facility	56,600	44,900
Mortgage debt	111,048	103,117
Accounts payable and accrued expenses	12,433	10,650
TOTAL LIABILITIES	180,081	158,667
SHAREHOLDERS' EQUITY		
Preferred stock, value issued	0	0
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 91,427,708 and 92,027,980	904,033	910,484

shares, respectively		
Distributions greater than net income	(208,707)	(177,208)
TOTAL SHAREHOLDERS' EQUITY	695,350	733,300
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	875,431	891,967
Series A Preferred Stock [Member]		
SHAREHOLDERS' EQUITY		
Preferred stock, value issued	0	0
Series B Convertible Preferred Stock [Member]		
SHAREHOLDERS' EQUITY		
Preferred stock, value issued	$ 24	$ 24

Consolidated Balance Sheets (Parentheticals) (USD $) In Thousands, except Share data	Sep. 30, 2011	Dec. 31, 2010
Real estate accumulated depreciation (in Dollars)	$ 139,738	$ 114,097
Preferred stock, shares authorized	15,000,000	15,000,000
Preferred stock, shares issued	0	0
Preferred stock, shares outstanding	0	0
Common stock, shares authorized	200,000,000	200,000,000
Common stock, shares issued	91,427,708	92,027,980
Common stock, shares outstanding	91,427,708	92,027,980
Series A Preferred Stock [Member]		
Preferred stock, shares authorized	200,000,000	200,000,000
Preferred stock, shares issued	91,427,708	92,027,980
Preferred stock, shares outstanding	91,427,708	92,027,980
Series B Convertible Preferred Stock [Member]		
Preferred stock, shares authorized	240,000	240,000
Preferred stock, shares issued	240,000	240,000
Preferred stock, shares outstanding	240,000	240,000

Consolidated Statements of Operations (USD $) In Thousands, except Per Share data	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Revenues:				
Room revenue	$ 50,920	$ 48,238	$ 145,258	$ 139,227
Other revenue	4,907	4,592	14,924	14,102
Total revenue	55,827	52,830	160,182	153,329
Expenses:				
Operating expense	14,535	13,767	42,598	39,889
Hotel administrative expense	4,074	3,783	12,086	11,336
Sales and marketing	4,171	4,098	12,133	11,687
Utilities	2,620	2,570	6,908	6,725
Repair and maintenance	2,367	2,403	6,924	6,920
Franchise fees	2,332	2,181	6,640	6,279
Management fees	1,830	1,695	5,309	5,088
Taxes, insurance and other	3,099	2,564	9,359	9,194
General and administrative	1,269	1,153	3,783	3,847
	8,491	8,304	25,641	24,856

Depreciation expense				
Total expenses	44,788	42,518	131,381	125,821
Operating income	11,039	10,312	28,801	27,508
Interest expense, net	2,602	1,906	7,430	5,578
Net income	$ 8,437	$ 8,406	$ 21,371	$ 21,930
Basic and diluted net income per common share (in Dollars per share)	$ 0.09	$ 0.09	$ 0.23	$ 0.24
Weighted average common shares outstanding - basic and diluted (in Shares)	91,356	92,465	91,562	92,846

Consolidated Statements of Cash Flows (USD $) In Thousands	9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
Cash flows from operating activities:		
Net income	$ 21,371	$ 21,930
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	25,641	24,856
Amortization of deferred financing costs, fair value adjustments and other non-cash expenses, net	419	218
Changes in operating assets and liabilities:		
Increase in due from third party managers, net	(3,404)	(3,076)
Increase in other assets	(362)	(371)
Increase in accounts payable and accrued expenses	1,828	1,451
Net cash provided by operating activities	45,493	45,008
Cash flows from investing activities:		
Capital improvements	(6,013)	(2,617)
Net decrease in cash restricted for property improvements	9	1,730
Net cash used in investing activities	(6,004)	(887)
Cash flows from financing activities:		
Payments of mortgage debt	(2,122)	(1,903)
Proceeds from mortgage debt	10,500	0
Net proceeds from current credit facility	11,700	0
Net proceeds from extinguished credit facility	0	22,085
Payment of financing costs related to borrowings	(135)	(10)
Redemptions of Units	(24,040)	(28,975)
Net proceeds related to issuance of Units	17,478	18,605
Distributions paid to common shareholders	(52,870)	(53,627)
Net cash used in financing activities	(39,489)	(43,825)
Net change in cash and cash equivalents	0	296
Cash and cash equivalents, beginning of period	0	0

Cash and cash equivalents, end of period	$ 0	$ 296

Basis of Presentation	9 Months Ended Sep. 30, 2011
Basis of Accounting [Text Block]	1. Basis of Presentation The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include all of the information required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited financial statements should be read in conjunction with the Company's audited consolidated financial statements included in its 2010 Annual Report on Form 10-K. Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the twelve month period ending December 31, 2011.

General Information and Summary of Significant Accounting Policies	9 Months Ended Sep. 30, 2011
Nature OfOperations And Significant Accounting Policies [Text Block]	2. General Information and Summary of Significant Accounting Policies ***Organization*** Apple REIT Seven, Inc., together with its wholly owned subsidiaries (the "Company"), is a Virginia corporation that has elected to be treated as a real estate investment trust ("REIT") for federal income tax purposes. The Company was formed to invest in income-producing real estate in the United States. Initial capitalization occurred on May 26, 2005 and operations began on April 27, 2006 when the Company acquired its first hotel. The Company concluded its best-efforts offering of Units (each Unit consists of one common share and one Series A preferred share) in July 2007. The Company's fiscal year end is December 31. As of September 30, 2011, the Company owned 51 hotels. The Company has no foreign operations or assets and its operating structure includes only one segment. The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated. ***Significant Accounting Policies*** *Use of Estimates*

	The preparation of the financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. *Earnings per Common Share* Basic earnings per common share is computed based upon the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated after giving effect to all potential common shares that were dilutive and outstanding for the period. There were no potential common shares with a dilutive effect for the three and nine months ended September 30, 2011 and 2010. As a result, basic and dilutive outstanding shares were the same. Series B convertible preferred shares are not included in earnings per common share calculations until such time that such shares are eligible to be converted to common shares.

Credit Facility and Mortgage Debt	9 Months Ended
	Sep. 30, 2011
Debt Disclosure [Text Block]	3. Credit Facility and Mortgage Debt The Company has an unsecured revolving credit facility, originated in October 2010, that is utilized for working capital, hotel renovations, and other general corporate funding purposes, including the payment of redemptions and distributions. The syndicated credit facility provides for a maximum aggregate commitment by the lenders, three commercial banks, of $85 million, and has a scheduled maturity in October 2012. The applicable interest rate under the unsecured revolving credit facility is, at the Company’s option, equal to either a) LIBOR (the London Interbank Offered Rate for a one-month period) plus 3.5%, subject to a minimum LIBOR interest rate floor of 1.5%, or b) the banks’ commercial prime rate plus 3.5%. Payments of interest are due monthly under the terms of the credit agreement; the Company may make voluntary prepayments in whole or in part, at any time. The Company is required to pay a quarterly fee at an annual rate of 0.5% on the average unused balance of the credit facility. The balance outstanding under the credit facility as of September 30, 2011 and December 31, 2010 was approximately $56.6 million and $44.9 million, both at an applicable interest rate of 5.0%. The credit facility contains representations, financial and other covenants typical for this type of commercial credit facility. The Company was in compliance with these covenants at September 30, 2011. On February 28, 2011, the Company entered into a mortgage loan agreement, secured by the Company’s Houston,

	Texas Residence Inn property, for $10.5 million. Scheduled payments of interest and principal are due monthly. The loan has a fixed annual interest rate of 5.71%, and a stated maturity of March 1, 2016, at which time the principal balance due will be approximately $9.5 million. Funds from the mortgage loan were used for general corporate purposes, including the reduction in the outstanding balance of the Company's revolving credit facility. The Company incurred approximately $135,000 in loan origination costs related to the term loan agreement.

Fair Value of Financial Instruments	9 Months Ended Sep. 30, 2011
Fair Value Disclosures [Text Block]	4. Fair Value of Financial Instruments The Company estimates the fair value of its fixed rate debt and the credit spreads over variable market rates on its variable rate debt by discounting the future cash flows of each instrument at estimated market rates or credit spreads consistent with the maturity of the debt obligation with similar credit terms and credit characteristics. Market rates and credit spreads take into consideration general market conditions and maturity. As of September 30, 2011, the carrying value and estimated fair value of the Company's debt was $167.6 million and $169.3 million, respectively. As of December 31, 2010, the carrying value and estimated fair value of the Company's debt was $148.0 million and $150.1 million, respectively. The carrying value of the Company's other financial instruments approximates fair value due to the short-term nature of these financial instruments.

Related Parties	9 Months Ended Sep. 30, 2011
Related Party Transactions Disclosure [Text Block]	5. Related Parties The Company has, and is expected to continue to engage in, significant transactions with related parties. These transactions cannot be construed to be at arm's length, and the results of the Company's operations may be different if these transactions were conducted with non-related parties. The Company's independent members of the Board of Directors oversee and annually review the Company's related party relationships (which include the relationships discussed in this section) and are required to approve any significant modifications to these contracts, as well as any new significant related party transactions. There were no changes to the contracts discussed in this section and no new significant related party transactions during the nine months ended September 30, 2011. The Board of Directors is not required to approve each individual transaction that falls under a related party relationship, however under the direction of the Board of Directors, at least one member of the Company's senior management team approves each related party transaction.

The Company is party to an advisory agreement with Apple Seven Advisors, Inc. (“A7A”), pursuant to which A7A provides management services to the Company. An annual fee ranging from 0.1% to 0.25% of total equity proceeds received by the Company, in addition to certain reimbursable expenses, is payable for these services. Total advisory fees incurred by the Company under the advisory agreement are included in general and administrative expenses and totaled approximately $0.8 million for both the nine months ended September 30, 2011 and 2010.

In addition to the fees payable to A7A, the Company reimbursed A7A or paid directly to Apple REIT Six, Inc. (“AR6”) on behalf of A7A approximately $1.3 million and $1.5 million for the nine months ended September 30, 2011 and 2010, respectively. The costs are included in general and administrative expenses and are for the Company’s proportionate share of the staffing and related costs provided by AR6. The advisor is staffed with personnel of AR6. AR6 provides similar staffing for Apple Six Advisors, Inc. (“A6A”), Apple Eight Advisors, Inc. (“A8A”), Apple Nine Advisors, Inc. (“A9A”), Apple Ten Advisors, Inc. (“A10A”), Apple Suites Realty Group, Inc. (“ASRG”) and Apple Six Realty Group (“A6RG”). A6A, A8A, A9A and A10A provide management services to, respectively, AR6, Apple REIT Eight, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. ASRG provides brokerage services for the Company, Apple REIT Eight, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. A6RG provides brokerage services for AR6. Although there is a potential conflict on time allocation of personnel due to the fact that a senior manager, officer or staff member will provide services to more than one company, the Company believes that the executives and staff compensation sharing arrangement allows the companies to share costs yet attract and retain superior executives and staff. The cost sharing structure also allows each entity to maintain a much more cost effective structure than having separate staffing arrangements. Amounts reimbursed to AR6 include both compensation for personnel and “overhead” (office rent, utilities, benefits, office supplies, etc.) utilized by the companies. The staff utilized by the Company receives its direction from the advisory companies (A6A, A7A, A8A, A9A, A10A, ASRG and A6RG), each of which is wholly owned by Glade M. Knight. Since the employees of AR6 may also perform services for the advisors, individuals, including executive officers, have received and may receive payments directly from the advisors. The allocation of costs from AR6 is made by the management of the several REITs and is reviewed at least annually by the Compensation Committees of the several REITs. In making the allocation, management and the Compensation Committee consider all relevant facts related to the Company’s level of business activity and the extent to which the Company requires the services of particular personnel of AR6. Such payments are based on the actual cost of the services and are not based on formal record keeping regarding the time these personnel devote to the Company, but are based on a good faith estimate by the individual and/or his or her supervisor of the time devoted by the individual to the Company. As part of this arrangement, the day to day transactions may result in amounts due to or from the noted related parties. To efficiently manage cash disbursements, the individual companies may make payments for any or all of the

	related companies. The amounts due to or from the related individual companies are reimbursed or collected and are not significant in amount. The Company has not incurred any fees or expenses under its contract with ASRG in 2011 or 2010. A7A is 100% owned by Glade M. Knight, Chairman and Chief Executive Officer of the Company. Mr. Knight is also Chairman and Chief Executive Officer of AR6, Apple REIT Eight, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. Members of the Company's Board of Directors are also on the boards of AR6, Apple REIT Eight, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. Included in other assets, net on the Company's consolidated balance sheet, is a 26% equity investment in Apple Air Holding, LLC ("Apple Air"). The other members of Apple Air are AR6, Apple REIT Eight, Inc. and Apple REIT Nine, Inc. Through its equity investment the Company has access to Apple Air's aircraft for asset management and renovation purposes. The Company's equity investment in Apple Air was approximately $2.0 million at September 30, 2011 and December 31, 2010. The Company has recorded its share of income or losses of the entity under the equity method of accounting and adjusted its investment in Apple Air accordingly. For the nine months ended September 30, 2011 and 2010, the Company recorded a loss of approximately $158,000 and $372,000 in each period as its share of the net loss of Apple Air, which primarily relates to the depreciation of the aircraft, and is included in general and administrative expense in the Company's consolidated statements of operations. Apple Air owned two aircraft during 2010, but reduced its ownership to one aircraft during the first quarter of 2011. The Company has incurred legal fees associated with the Legal Proceedings and Related Matters discussed below. The Company also incurs other professional fees such as accounting and auditing and reporting. These fees are included in General and administrative expense in the Company's Statements of Operations. To be cost effective, the services received by the Company are shared as applicable across the other Apple REIT Companies (AR6, Apple REIT Eight, Inc., Apple REIT Nine, Inc., and Apple REIT Ten, Inc.). The professionals cannot always specifically identify their fees for one company therefore management allocates these costs across the companies that benefit from the services.

Shareholders' Equity	9 Months Ended
	Sep. 30, 2011
Stockholders' Equity Note Disclosure [Text Block]	6. Shareholders' Equity The Company has a Unit Redemption Program to provide limited interim liquidity to its shareholders who have held their Units for at least one year. Shareholders may request redemption

of Units for a purchase price equal to 92% of the price paid per Unit if the Units have been owned less than three years, or 100% of the price paid per Unit if the Units have been owned more than three years. The Company reserves the right to change the purchase price of redemptions, reject any request for redemption, or otherwise amend the terms of, suspend, or terminate the Unit Redemption Program. During the nine months ended September 30, 2011, the Company redeemed approximately 2.2 million Units in the amount of $24.0 million. During the nine months ended September 30, 2010, the Company redeemed approximately 2.7 million Units in the amount of $29.0 million. Since the inception of the program through September 30, 2011, the Company has redeemed approximately 9.2 million Units in the amount of $98.4 million. As contemplated in the program, beginning with the January 2011 redemption, the Company redeemed Units on a pro-rata basis. The following is a summary of the 2011 Unit redemptions:

Redemption Date	Requested Unit Redemptions	Units redeemed	Redemption Requests Not Redeemed
January 2011	1,137,969	728,135	409,834
April 2011	1,303,574	728,883	574,691
July 2011	5,644,778	732,160	4,912,618

In 2007, the Company instituted a Dividend Reinvestment Plan for its shareholders. The plan provides a way to increase shareholder investment in the Company by reinvesting distributions to purchase additional Units of the Company. The uses of the proceeds from this plan may include purchasing Units under the Company's Unit Redemption Program, enhancing properties, satisfying financing obligations and other expenses, increasing working capital, funding various corporate operations, and acquiring hotels. The Company has registered 10 million Units for potential issuance under the plan. During the nine months ended September 30, 2011, approximately 1.6 million Units, representing $17.5 million in proceeds to the Company, were issued under the plan. During the nine months ended September 30, 2010, approximately 1.7 million Units, representing $18.5 million in proceeds to the Company, were issued under the plan. Since the inception of the plan through September 30, 2011, approximately 9.5 million Units, representing $104.0 million in proceeds to the Company, have been issued.

The Company's annual distribution rate as of September 30, 2011 was $0.77 per common share, payable monthly. For the three months ended September 30, 2011 and 2010, the Company made distributions of $0.193 per common share for a total of $17.6 million and $17.8 million. For the nine months ended September 30, 2011 and 2010, the Company made distributions

	of $0.578 per common share, for a total of $52.9 million and $53.6 million, respectively.

Legal Proceedings and Related Matters	9 Months Ended
	Sep. 30, 2011
Legal Matters and Contingencies [Text Block]	7. Legal Proceedings and Related Matters The term the “Apple REIT Companies” means Apple REIT Six, Inc., the Company, Apple REIT Eight, Inc., Apple REIT Nine, Inc. and Apple REIT Ten, Inc. On June 20, 2011, two shareholders of the Apple REIT Companies filed a putative class action captioned *Kronberg et al. v. David Lerner Associates Inc., et al*, Case No. 2:11-cv-03558, in the United States District Court for the District of New Jersey against David Lerner Associates, Inc. and certain of its officers, and the Apple REIT Companies and Glade M. Knight. The complaint was amended on October 10, 2011. The amended complaint did not name the Company. In addition to the lawsuit discussed above, there were two additional lawsuits filed against David Lerner Associates, Inc. and Apple REIT Nine, Inc. and Apple REIT Ten, Inc. in June 2011. The Company was not named in these suits. On May 27, 2011, the Financial Industry Regulatory Authority (“FINRA”) filed a complaint against David Lerner Associates, Inc., related to its sales practices relative to the Units of Apple REIT Ten, Inc. David Lerner Associates, Inc. was also the sole distributor (managing dealer) of the Company. The Company is unaffiliated with David Lerner Associates, Inc.; however, the Company relies upon it for the administration of the Units. The Company intends to cooperate with regulatory or governmental inquiries.

Subsequent Events	9 Months Ended
	Sep. 30, 2011
Subsequent Events [Text Block]	8. Subsequent Events On October 17, 2011, the Company paid $0.064167 per common share, totaling $5.9 million, in a distribution to its common shareholders. Under the Company’s Dividend Reinvestment Plan, $1.5 million were reinvested, resulting in the issuance of approximately 140,000 Units. In October 2011, the Company redeemed approximately 728,000 Units in the amount of $8.0 million under the guidelines

	of its Unit Redemption Program. As contemplated in the program, the Company redeemed Units on a pro-rata basis whereby a percentage of each requested redemption was fulfilled at the discretion of the Company's Board of Directors. A total of approximately 11.3 million Units were requested to be redeemed. Approximately 6% of the requested redemption amount was redeemed, with approximately 10.6 million Units not redeemed.