

**COMPENSATION COMMITTEE CHARTER  
FOR  
APPLE REIT SEVEN, INC.**

Purpose of Committee

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Apple REIT Seven, Inc. (the “Company”) is (i) to perform the functions described below under “Committee Duties and Responsibilities” in order to discharge the Board’s responsibilities relating to compensation of the Company’s officers and directors and (ii) to the extent required, to produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations.

In pursuing its purpose the Committee shall ensure that a proper system of long-term and short-term compensation is in place for management (and the Board), and the compensation plans are appropriate and competitive and properly reflect the objectives and performance of management, the Board and the Company.

Committee Duties and Responsibilities

The Committee’s duties and responsibilities are to:

1. Annually, review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and, after an evaluation of the Chief Executive Officer’s performance in light of those goals and objectives, set the compensation of the Chief Executive Officer.
2. Annually, review corporate goals and objectives relevant to the compensation of the senior management officers of the Company, including the Chief Executive Officer and President, the President of Capital Markets, the Sr. Vice President of Acquisitions, the General Counsel, the Sr. Vice President of Operations and the Chief Operating Officer (“Management”).
3. After an evaluation of Management’s performance in light of those corporate goals and objectives, review the compensation of Management as recommended by the Chairman of the Board. In determining any long-term incentive component of compensation for any of the Management, the Committee should consider, among other factors, the Company’s performance and relative shareholder return, the value of similar incentive awards for executive officers at comparable companies and the awards given to Management in past years.

4. Review, and make periodic recommendations to the Board with respect to, the general compensation, benefits and perquisites policies and practices of the Company, including, without limitation, the Company's incentive-compensation plans and equity-based compensation plans. In circumstances in which equity-based compensation plans are not subject to shareholder approval, such plans shall be subject to Board approval after Committee review and recommendation.
5. If required by law, produce an annual report on executive compensation for inclusion in the Company's proxy statement, and otherwise report to the shareholders of the Company in accordance with the rules and regulations of the U.S. Securities and Exchange Commission.
6. Perform such other duties as the Board may assign to the Committee with respect to the Company's compensation policies.

#### Committee Membership

The Committee shall consist of at least two members of the Board. The members of the Committee shall be appointed by the Board, and shall serve at the pleasure of the Board for such term or terms as the Board may determine.

#### Committee Structure and Operations

A majority of the Committee shall constitute a quorum. The Board shall designate a member of the Committee as its chairperson. The Committee may act by a majority of the members present at a meeting of the Committee at which a quorum is present. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue. The Committee shall meet in person or telephonically at least once a year, at a time and place determined by the Committee chairperson, with further meetings to occur when deemed necessary or desirable by the Committee or its chairperson. The Committee may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee to attend any meetings and to provide such pertinent information as the Committee may request. The Committee shall report to the Board at least once a year.

#### Performance Evaluation

The Committee shall annually compare its performance with the requirements of this charter, set forth its objectives for the next year and recommend changes in this charter, if any, considered appropriate by the Committee. Such evaluation shall be reported to the Board in such manner as the Committee from time to time determines.

### Surveys and Studies

The Committee, with approval of the Board, may conduct or authorize surveys or studies of matters within the Committee's scope of responsibilities as described above, including, but not limited to, surveys or studies of compensation practices in relevant industries, to maintain the Company's competitiveness and ability to recruit and retain highly qualified officers and directors, and may retain and terminate, at the expense of the Company, independent counsel or other consultants necessary to assist in any such survey or study. If any compensation consultant or firm is to assist in the evaluation of director, chief executive officer or senior executive compensation, the Committee shall have the sole authority to retain and terminate the compensation consultant or firm and approve such firm or person's fees and other retention terms.

Nothing contained in this charter is intended to, or shall be construed as, creating any responsibility or liability of the members of the Committee except to the extent otherwise provided under applicable Virginia law, which shall continue to set the legal standard for the conduct of the members of the Committee.

Adopted \_\_\_\_\_, 2007