



# Nontraded REIT Industry Review: Second Quarter 2014

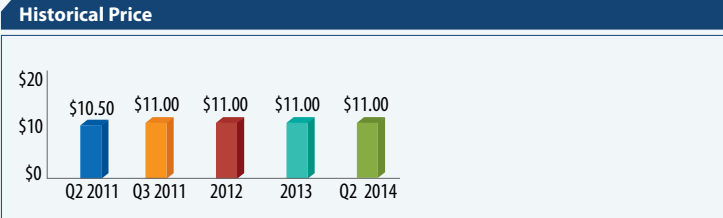
## Apple REIT Ten, Inc.

Total Assets.....	\$928.7 Million
Real Estate Assets .....	\$802.2 Million
Cash .....	\$0.0 Million
Securities .....	\$100.3 Million
Other .....	\$26.2 Million



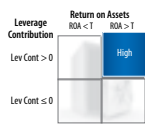
Cash to Total Assets Ratio: ..... 0.0%  
 Asset Type: ..... Hospitality  
 Number of Properties: ..... 49  
 Square Feet / Units / Rooms / Acres: ..... 6,188 Rooms  
 Percent Leased: ..... 79.0%  
 Weighted Average Lease Term Remaining: ..... Not Applicable  
 LifeStage: ..... Maturing  
 Investment Style: ..... Core  
 Weighted Average Shares Outstanding: ..... 83,502,000

Initial Offering Date: ..... January 19, 2011  
 Offering Close Date: ..... July 31, 2014  
 Current Price per Share: ..... \$11.00  
 Reinvestment Price per Share: ..... Not Applicable  
 Cumulative Capital Raised during Offering (including DRP): ..... \$1,004.4 Million



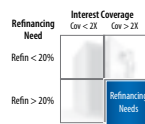
### Performance Profiles

#### Operating Performance



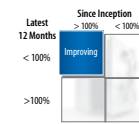
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

#### Financing Outlook



Interest coverage ratio is above the 2.0X benchmark but more than 20% of the REIT's debt matures within two years or is at unhedged variable rates. The REIT may face difficulties in refinancing its borrowings or interest rate risk from increasing rates, but earnings currently provide coverage of interest expense.

#### Cumulative MFFO Payout



The REIT has not yet reached full coverage of cash distributions with an MFFO payout ratio below 100% since inception, but the last 12 months shows full coverage of distributions, a positive trend. If the 12-month trend continues, the distribution rate can be maintained.

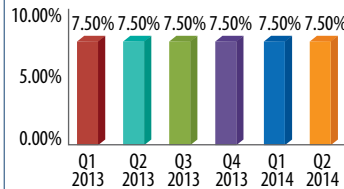
#### Summary

The REIT's 12-month return on assets of 8.46% greatly exceeds the 10-Year Treasury Yield, and it also provides positive leverage contribution given the 17.3% debt ratio and the estimated 4.93% average cost of debt. The REIT's trailing 12-month interest coverage ratio is a high 10.0X, but 44% of the REIT's debt matures within two years and 24% of the debt is at unhedged variable rates, suggesting a significant need for refinancing. The REIT has made total cash distributions, excluding DRIP proceeds, equal to 115% of MFFO since inception, and 92% of MFFO over the past 12 months, a trend toward sustainability.

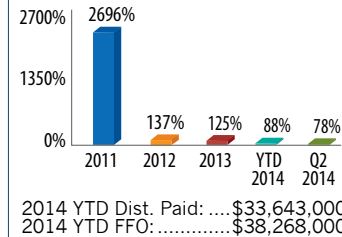
### Contact Information

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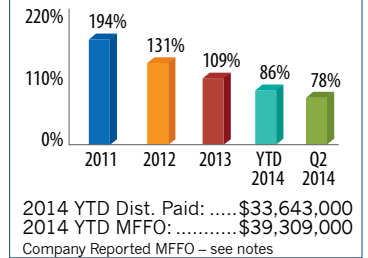
### Historical Distribution



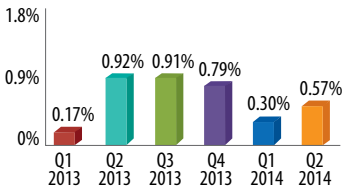
### Historical FFO Payout Ratio



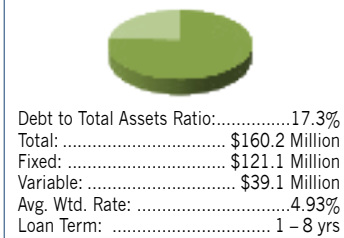
### Historical MFFO Payout Ratio



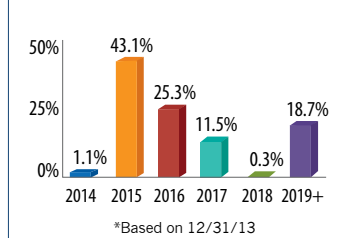
### Redemptions



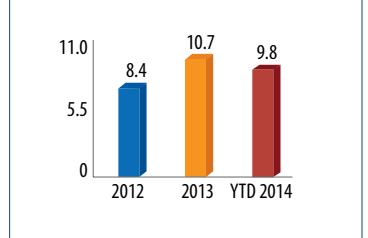
### Debt Breakdown



### Debt Repayment Schedule



### Interest Coverage Ratio



### Source of Distributions, Trends and Items of Note

- On July 31, 2014, the Company concluded its best-efforts offering.
- During 2Q 2014 the Company did not acquire properties.
- In July and August, 2014, the Company entered into purchase contracts for potential purchases of three hotels either planned or under construction, in Texas, Florida and Illinois. Together the purchases would total approximately \$66.5 million.
- Because the Company did not disclose details on debt principal repayments due and interest rates on debt as of June 30, 2014, BVP has estimated the repayment schedule and weighted average cost of debt using prior period disclosures.
- The REIT's Cash to Total Assets ratio decreased to 0.0% as of 2Q 2014 compared to 8.7% as of 2Q 2013.
- The REIT's Debt to Total Assets ratio increased to 17.3% as of 2Q 2014 compared to 10.8% as of 2Q 2013.
- The Company's calculated and reported MFFO appears to be consistent with the IPA Guidelines and as such, Blue Vault Partners did not make any adjustments.
- Distributions during the first six months of 2014 totaled approximately \$33.6 million and were paid at a monthly rate of \$0.06875 per common share. For the same period, the Company's cash generated from operations was approximately \$33.2 million. A portion of distributions paid through June 30, 2014 have been funded from proceeds from the on-going best-efforts offering of Units and borrowings under its credit facility, and are expected to be treated as a return of capital for federal income tax purposes.