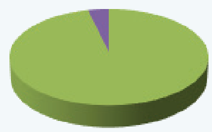
Nontraded REIT Industry Review: Second Quarter 2015

BLUE VAULT™

Apple REIT Ten, Inc.

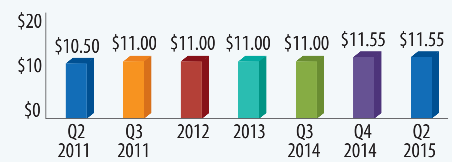
Total Assets............................ $962.8 Million
Real Estate Assets .... $926.9 Million
Cash .... $0.0 Million
Securities .... $0.0 Million
Other .... $35.9 Million



Initial Offering Date: ....January 19, 2011
Offering Close Date: ....July 31, 2014
Current Price per Share: $11.55
Reinvestment Price per Share: ....Not Applicable
Cumulative Capital Raised during Offering (including DRP)...$1,052.1 Million

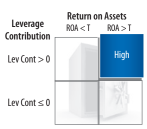
Cash to Total Assets Ratio: 0.0%
Asset Type: .... Hospitality
Number of Properties: 54
Square Feet / Units / Rooms / Acres: .... 6,898 Rooms
Occupancy: 80.9%
Weighted Average Lease Term Remaining:................ Not Applicable
LifeStage:...Maturing
Investment Style: .... Core
Weighted Average Shares Outstanding: 90,294,000

Historical Price



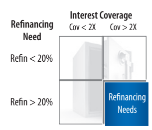
Performance Profiles

Operating Performance



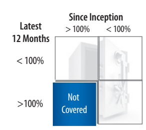
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

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 achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

Summary

The REIT's 12-month return on assets of 9.88% greatly exceeds the 10-Year Treasury Yield, and it also provides positive leverage contribution given the 20.3% debt ratio and the estimated 5.20% average cost of debt. The REIT's trailing 12-month interest coverage ratio is a high 12.3X, but 49% of the REIT's debt matures within two years, suggesting significant need for refinancing. The REIT has made total cash distributions, excluding DRIP proceeds, equal to 106% of MFFO since inception, and 91% of MFFO over the past 12 months, trending toward sustainability.

Contact Information

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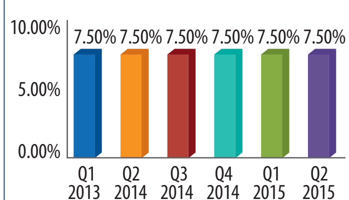
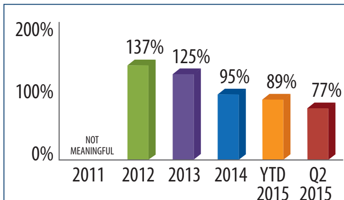
Historical Distribution

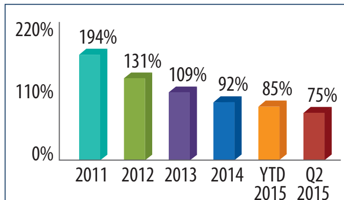


Historical FFO Payout Ratio



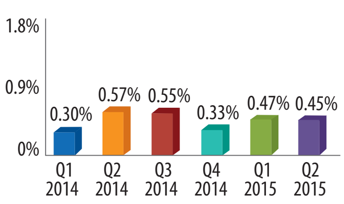
2015 YTD Dist. Paid:..... $37,351,000
2015 YTD FFO:............. $41,953,000

Historical MFFO Payout Ratio



2015 YTD Dist. Paid:......$37,351,000
2015 YTD MFFO:............$44,175,000
Company Reported MFFO – see notes

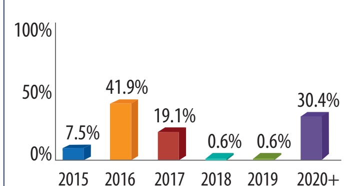
Redemptions



Debt Breakdown

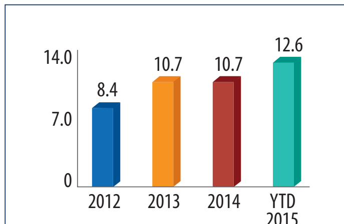
Debt to Total Assets Ratio:...............20.3%
Total: .... $195.2 Million
Fixed: .... $169.8 Million
Variable: .... $25.4 Million
Avg. Wtd. Rate: 5.20%
Loan Term: .... < 1 – 10 yrs

Debt Repayment Schedule



*as of 12/31/15

Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- On July 31, 2014, the Company concluded its best-efforts offering of Units by David Lerner Associates, Inc., which received a selling commission and a marketing allowance based on proceeds. As of March 31, 2015, the Company had sold 96.1 million units or gross proceeds of approximately $1.1 billion and proceeds net of offering costs of approximately $943.0 million.
- As of June 30, 2015, the Company had outstanding contracts for the potential purchase of two additional hotels for a total purchase price of $50.6 million. The Hampton Inn & Suites in Rosemont, Illinois, with 158 rooms, is under development. The Homewood Suites-Cape Canaveral in Florida, with 153 rooms, is under development.
- During the three months ended June 30, 2015 the Company acquired one hotel property, the San Juan Capistrano Residence Inn, with 130 rooms for a gross purchase price of $29.2 million. The Company assumed approximately $16.6 million in mortgage debt in connection with the acquisition at a fixed interest rate of approximately 4.15%.
- The REIT's Cash to Total Assets ratio was 0.0% as of 2Q 2015 compared to 0.0% as of 2Q 2014.
- The REIT's Debt to Total Assets ratio increased to 20.3% as of 2Q 2015 compared to 18.4% as of 2Q 2014.
- The Company's calculated and reported MFFO appears to be consistent with the IPA Guidelines and as such, Blue Vault did not make any adjustments.
- At June 30, 2015, the outstanding balance on the Company's $100 million revolving credit facility was $25.4 million, increasing from no amounts outstanding at December 31, 2014 due to the hotel acquisitions. The interest rate at June 30, 2015 was 2.44%. On July 2, 2015, the Company entered into a second amendment of its existing $100 million revolving credit facility, extending its maturity to July 2, 2017, and reducing the annual interest rate to the one-month LIBOR plus a margin ranging from 1.85% to 2.35%.
- The Company has issued 480,000 Series B convertible preferred shares to Glade M. Knight, Chairman and CEO of the company, in exchange for payment of $0.10 per share, or $48,000. The Series B convertible preferred shares are convertible into common shares at the rate of 12.11423 common shares per Series B convertible shares, and upon the company's liquidation will receive a priority liquidation payment before any distribution of liquidation proceeds to common shareholders of $11.00 per share. The conversion of the Series B convertible preferred shares will result in dilution of the shareholders' interest.
- The Company's annual distribution rate as of June 30, 2015 was $0.825 per common share, payable monthly. For the six months ended June 30, 2015 and 2014, the Company made distributions of $0.20625 per common share for a total of $37.35 million and $33.64 million, respectively. For the same periods, cash generated from operations was approximately $35.74 million and $33.24 million respectively. A portion of cash distributions was funded by net proceeds from the credit facility in 2Q 2015.