

# Nontraded REIT Industry Review: Third Quarter 2014



## Landmark Apartment Trust, Inc.

Total Assets.....	\$1,849.0 Million
Real Estate Assets .....	\$1,762.2 Million
Cash .....	\$4.7 Million
Securities .....	\$0.0 Million
Other .....	\$82.1 Million



Cash to Total Assets Ratio: ..... 0.3%  
 Asset Type: ..... Multifamily  
 Number of Properties: ..... 88  
 Square Feet / Units / Rooms / Acres: ..... 27,667 Units  
 Percent Leased: ..... 93.3%  
 Weighted Average Lease Term Remaining: ..... Not Available  
 LifeStage: ..... Maturing  
 Investment Style: ..... Core  
 Weighted Average Shares Outstanding: ..... 25,357,926

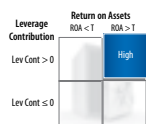
Initial Offering Date: ..... July 19, 2006  
 Offering Close Date: ..... July 17, 2011  
 Current Price per Share: ..... \$8.15  
 Reinvestment Price per Share: ..... \$8.15  
 Cumulative Capital Raised during  
 Offering (including DRP): ..... \$201.2 Million

### Historical Price



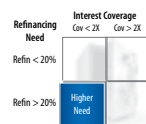
### Performance Profiles

#### Operating Performance



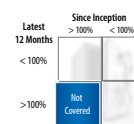
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

#### Financing Outlook



More than 20% of REIT's debt must be repaid within two years or is at unhedged variable rates, and interest coverage is below the 2.0X benchmark. The REIT may face difficulties in refinancing its borrowings, interest rate risks from increasing rates, and need to increase earnings to reassure lenders.

#### Cumulative MFFO Payout



The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12 months results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

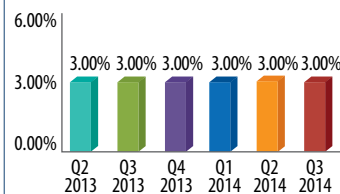
#### Summary

The REIT's return on assets for the last four quarters was 7.37%, well above the yield on 10-year Treasuries of 2.64%, providing an additional return to shareholders. It had a positive leverage contribution with its average cost of debt at 6.27% and a very high 80% debt ratio. About 23% of the REIT's debt matures within two years and 22% is at unhedged variable rates, indicating some needed refinancing and interest rate risk. The REIT's preferred stock dividends are classified as interest expense, making its trailing 12-month interest coverage only 1.3X, uncomfortably below the 2.0X benchmark. When BVP adjusts MFFO to IPA Guidelines, the MFFO cash payout ratios exceed 100% since inception and over the last 12 months.

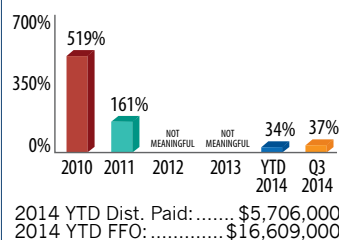
### Contact Information

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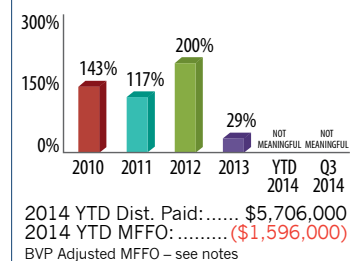
### Historical Distribution



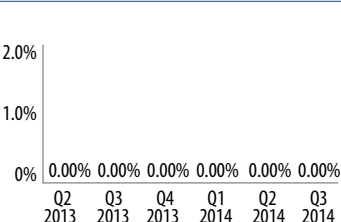
### Historical FFO Payout Ratio



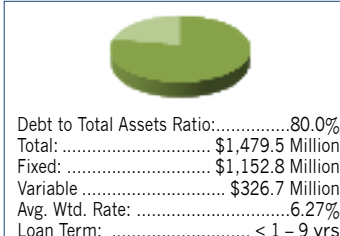
### Historical MFFO Payout Ratio



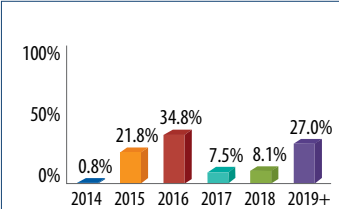
### Redemptions



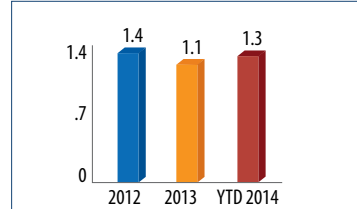
### Debt Breakdown



### Debt Repayment Schedule



### Interest Coverage Ratio



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

- On October 20, 2014, the Company changed its name and the name of its operating partnership to Landmark Apartment Trust, Inc. and Landmark Apartment Trust Holdings, LP, respectively.
- During 3Q 2014 the Company completed the acquisition one consolidated apartment community (Landmark at West Place in Orlando, Florida) for \$38.5 million. During the three months ended September 30, 2014, the Company sold one apartment community, Lofton Meadows, with 166 units on August 28.
- Elco North America Inc. and Elco Ltd. claimed ownership of 1,421,834,734 shares of Landmark Apartment Trust Inc. common stock, representing 5.6% of the company's outstanding shares, in a Schedule 13D filed Nov. 24.
- The board of directors approved the distribution rate to be an amount equal to a 3.00% annualized rate based upon a purchase price of \$10.00 per share, and a 3.68% annualized rate, based upon the most recent estimated value of shares of \$8.15 per share.
- Total property count includes unconsolidated properties.
- The REIT's Cash to Total Assets ratio decreased to 0.3% as of 3Q 2014 compared to 1.4% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 80.0% as of 3Q 2014 compared to 78.7% as of 3Q 2013.
- The REIT has hedged \$90.9 million of its variable rate debt.
- The Company reported 3Q 2014 AFFO of \$12.37 million, which included \$0.174 million of "Incentive compensation – LTIP units" and \$13.004 million of "Expenses for preferred stock." Blue Vault Partners eliminated these adjustments to conform to IPA guidelines in calculating MFFO. BVP has also adjusted historical MFFO payout ratios to conform to IPA guidelines.
- For the nine months ended September 30, 2014, \$1.549 million in distributions were reinvested and 190,112 shares of common stock were issued pursuant to the DRIP. For the nine months ended September 30, 2014, the REIT paid aggregate distributions of \$4.157 million (\$4.157 million in cash and \$1.549 million of which was reinvested in shares of common stock pursuant to the DRIP), compared to cash flows provided by operating activities of \$16.722 million.