

Nontraded REIT Industry Review: First Quarter 2014



KBS Legacy Partners Apartment REIT, Inc.

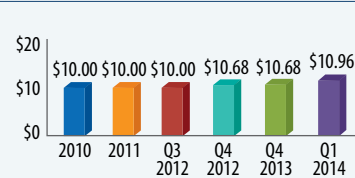
Total Assets.....	\$429.8 Million
Real Estate Assets	\$392.2 Million
Cash	\$24.8 Million
Securities	\$0.0 Million
Other	\$12.8 Million



Cash to Total Assets Ratio:	5.8%
Asset Type:	Multifamily
Number of Properties:	11
Square Feet / Units / Rooms / Acres:	3,039 Units
Percent Leased:	93.0%
Weighted Average Lease Term Remaining:	0.5 Years
LifeStage:	Maturing
Investment Style:	Core
Weighted Average Shares Outstanding:	19,506,585

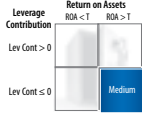
Initial Offering Date:	March 12, 2010
Anticipated Offering Close Date:	March 31, 2014
Current Price per Share:	\$10.96
Reinvestment Price per Share:	\$10.41
Cumulative Capital Raised during Offering (including DRP):	\$199.7 Million

Historical Price



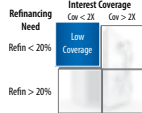
Performance Profiles

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 not increasing returns to shareholders.

Financing Outlook



The REIT's interest coverage ratio is below the 2.0X benchmark but the REIT does not have over 20% of debt maturing within 2 years or at unhedged variable rates. The REIT does not face an immediate need to refinance a significant portion of its debt, but may need to increase earnings to provide lenders with sufficient interest coverage.

Cumulative MFFO Payout



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

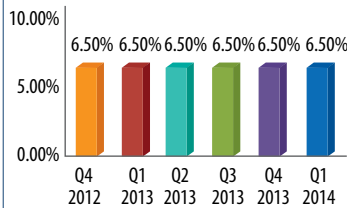
Summary

The REIT's return on assets over the last four quarters was just 2.06%, not much above the yield on 10-year Treasuries of 1.87%, providing a very small additional return to shareholders. It had a negative leverage contribution due to its average cost of debt of 3.32% and 68.5% debt ratio. Only 3.0% of the REIT's debt matures within two years and none is at unhedged variable rates, indicating minimal refinancing need and no interest rate risk. Its interest coverage ratio over the last four quarters at 1.9X was just below the 2.0X benchmark. Since inception the REIT has paid out 115% of MFFO in cash distributions, excluding DRIP, and this rate was 88% over the last 12 months, showing a trend of sustainability.

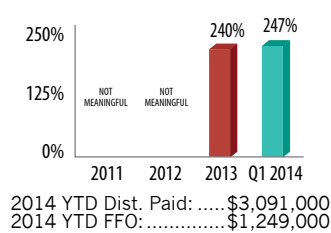
Contact Information

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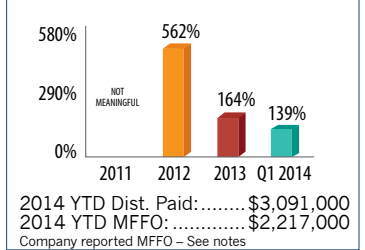
Historical Distribution



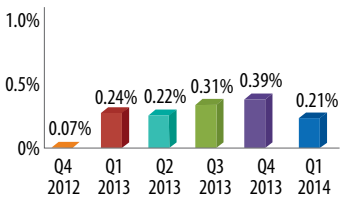
Historical FFO Payout Ratio



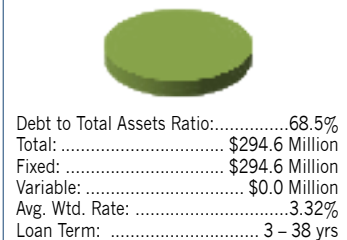
Historical MFFO Payout Ratio



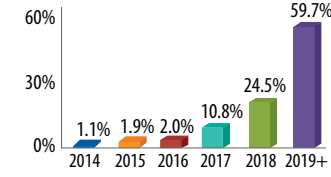
Redemptions



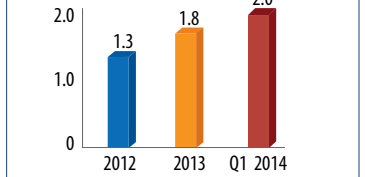
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 1Q 2014 the Company acquired two properties totaling \$69.81 million.
- The Company ceased offering shares pursuant to the Follow-on Offering on March 31, 2014 and completed subscription processing procedures on April 30, 2014.
- On March 6, 2014, the Company's board of directors approved an updated primary offering price for the Company's common stock of \$10.96 (unaudited) based on the estimated value of the Company's assets less the estimated value of the Company's liabilities, divided by the number of shares outstanding, all as of December 31, 2013 and increased for certain offering and other costs. Commencing on or after April 1, 2014, the purchase price per share under the DRP would be \$10.42. The Company currently expects to engage the Advisor and/or an independent valuation firm to update the estimated value per share in December 2014, but is currently not required to update the estimated value per share more frequently than every 18 months.
- The REIT's Cash to Total Assets ratio decreased to 5.8% as of 1Q 2014 compared to 19.6% as of 1Q 2013.
- The REIT's Debt to Total Assets ratio increased to 68.5% as of 1Q 2014 compared to 58.7% as of 1Q 2013.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the three months ended March 31, 2014, the Company paid aggregate distributions of \$3.1 million, including \$1.8 million of distributions paid in cash and \$1.3 million of distributions reinvested through the dividend reinvestment plan. FFO for the three months ended March 31, 2014 was \$1.2 million and cash flows provided by operations was \$0.5 million. The Company funded total distributions paid with \$0.5 million of cash flows from operations and \$2.6 million of debt financing. For the purposes of determining the source of our distributions paid, the Company assume first that it uses cash flows from operations from the relevant periods to fund distribution payments. All non-operating expenses (including general and administrative expenses to the extent not covered by cash flows from operations), debt service and other obligations are assumed to be paid from gross offering proceeds as permitted by the offering documents and loan agreement.