



KBS Legacy Partners Apartment REIT was formed in 2010 to acquire apartment communities located throughout the United States. As of the end of the second quarter, the REIT had \$37.5 million in assets in one property totaling 504 units. The REIT is advised by a joint venture between KBS Capital Advisors and Legacy Partners Residential Realty. The REIT is in the Emerging LifeStage for Effective REITs, which is typified by high levels of debt, not meaningful distribution payout levels, and limited distributions.

Key Highlights

- With only one asset, KBS Legacy REIT is at the early stages of its development.
- Good growth in capital raise has occurred to date with \$4.3 million raised in Q1, followed by \$5.7 million in Q2.

Capital Stack Review

- Capital Raised – \$13.4 million since inception and \$5.7 million in the second quarter.
- Debt – Fell to 74.2% in the second quarter from 87.7% in Q1 2011 as a result of the paydown of debt from capital raise. Variable-rate debt comprises 84% of the total debt for the REIT.
- Debt Maturity – 77% of the REIT's debt matures in 2015 or later with 17% maturing in the second half of 2011.
- Loan Activity – Outstanding debt includes a bridge loan from the Advisor with current balance of \$4.5 million, down from \$14 million.
- Cash on Hand – Stood at 4.6% at the end of the second quarter.

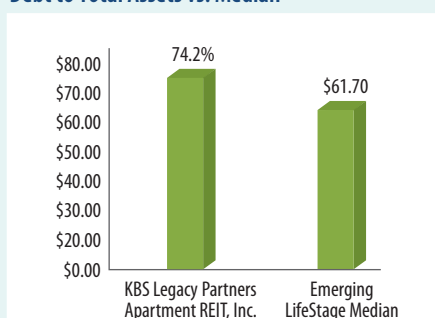
Metrics

- Distribution – 6.5%, consistent with the previous quarter.
- Distribution Source – Distributions paid were funded with prior year debt financing and cash on hand at December 31, 2010.
- MFFO Payout Ratio – Not meaningful, which is typical of REITs that are Emerging LifeStage.
- Fee Waivers and Deferrals – \$1.2 million of fees and expenses are due the Advisor.
- Interest Coverage Ratio – 0.7x EBITDA which is low but also characteristic of Emerging LifeStage REITs.
- Impairments – None reported.

Real Estate

- Acquisitions – None reported.
- Occupancy – 96% which is consistent with last quarter.
- Dispositions – None reported.
- Diversification – Only one asset held in Irving, TX.

Debt to Total Assets vs. Median



Cash to Total Assets vs. Median

