



KBS Legacy Partners Apartment REIT became effective in 2010 and acquires apartment communities located throughout the United States. As of the end of the second quarter 2012, the REIT had \$204.4 million in assets in five properties totaling 1,451 units. The REIT is in the Growth Lifestage of Effective REITs, which is characterized by accelerated growth in capital raise and acquisitions. The investment style of this REIT is considered to be “Core,” which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low volatility in asset values.

Key Highlights

- A follow-on offering was filed in May for an additional \$2.76 billion in common stock and DRIP shares.
- The REIT is advised by a joint venture between KBS Capital Advisors and Legacy Partners Residential Realty.
- Metrics are trending toward more stable levels but still reflect unevenness typical of Growth Lifestage REITs.

Capital Stack Review

- \$88.4 million raised since inception with \$41.8 million raised year to date. Capital raise has stabilized in the \$20 - \$22 million per quarter range over the last three quarters.
- Debt – Current debt ratio is 67.7% up from 39.1% at year-end reflecting the uptick in acquisition activity. All of the REIT’s debt is in fixed instruments.
- Debt Maturity – 94.9% of the REIT’s debt matures in 2017 or later.
- Loan Activity – The REIT has entered into individual mortgages for each of its five properties during the first half of 2012.
- Cash on Hand – 10.3% which is lower than median for the LifeStage.

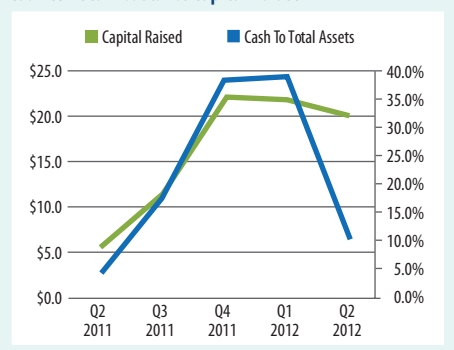
Metrics

- Distribution – The distribution yield remained steady at 6.5% over the past six quarters.
- Distribution Source – The Company has funded total distributions paid, which includes cash distributions and dividends reinvested by stockholders, with debt financing.
- MFFO Payout Ratio – Not Meaningful compared to the median of 118% for the Growth Lifestage REITs.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 1.1x year to date reflecting the low ranges typical for this LifeStage and debt ratio.
- Impairments – None reported

Real Estate

- Acquisitions – In the first half of 2012, \$148.2 million (\$156,441/unit) in acquisitions were completed including:
 - Three acquisitions in the second quarter totaling \$120.8 million (\$161,052/unit).
 - The 255-unit, Residence at Waterstone in Pikesville, MD was originally developed as condos and includes a 24 seat theatre. It was purchased for \$253,724 per unit.
- Occupancy – 95% in line with last quarter.
- Dispositions – None reported.
- Diversification – 34% of the portfolio is located in suburban Chicago.

Cash to Total Assets vs. Capital Raised



Debt Ratio to Interest Coverage Ratio

