Landmark Apartment Trust of America, Inc.

Landmark Apartment Trust of America, Inc. became effective in 2006 and primarily acquires apartment communities with stable cash flow and growth opportunities located in U.S. metropolitan areas. As of the end of the second quarter, the REIT had $350 million in assets in 15 properties totaling 3,973 units plus master tenants on four properties with an additional 1,066 units. In December 2010, the company changed its name from Grubb & Ellis Apartment REIT. In December 2010, the REIT suspended its follow on offering. In February 2011, the REIT entered into a new advisory agreement with ROC REIT Advisors. A recapitalization with Landmark and other investors was completed in August 2012 and is detailed below.

The REIT is in the Maturing Lifestage of Closed REITs that is marked by a refinement of the portfolio through dispositions, strategic acquisitions and debt. 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

- On August 3, 2012, the REIT entered into a series of agreements together called the “Recapitalization” that included:
  - Stock and cash transactions with Elco Landmark, OPSEU Pension Trust and DeBartolo.
  - The acquisition of a portfolio of 20 multifamily properties totaling 5,719 units for $435.9 million ($76,220/unit) payable in cash, common units and the assumption of debt.
  - The acquisition of the 360-unit Andros Isles Apartments for $45 million ($125,000/unit) payable in cash, common units and the assumption of debt.
  - A name change to Landmark Apartment Trust of America.
  - A change and expansion to the board of directors to include representatives of the recapitalization companies.
  - Terminating the previous advisory agreement and a transition to self-management.
- Contentious discussions have been underway with Sovereign Capital Management Group regarding company direction that has included proxy actions.
- The Board has retained Merrill Lynch to review strategic alternatives for the company.
- The REIT is the third-party manager for 33 properties.

Capital Stack Review

- Debt – With a debt ratio of 71.6%, the REIT is above median for the Maturing LifeStage. 76% of the REIT’s debt is fixed rate.
- Debt Maturity – 50.2% of the company’s debt matures in 2016 or earlier.
- Loan Activity – No material transactions were reported during the first half of the year.
- Cash on hand – 0.4%, well below median.

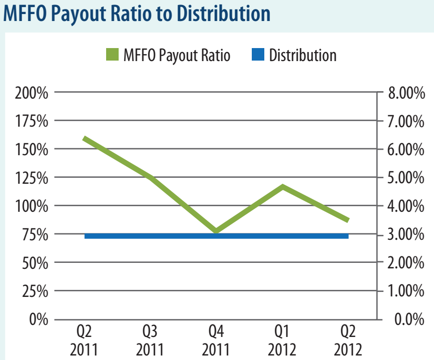
Metrics

- Distribution – 3.0% consistent with the last four quarters.
- Distribution Source – During 2012, all distributions have been paid from operating cash flows.
- MFFO Payout Ratio – 86% for the second quarter, down from 115% in the previous quarter.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 1.5x EBIDTA which is below median compared to other REITs in this LifeStage.
- Impairments – None reported.

Real Estate

- Acquisitions – No acquisitions have been made during the first half of the year.
- Occupancy – 94.9%, up slightly from year-end 2011.
- Dispositions – None reported.
- Diversification – The portfolio is primarily located in Texas (65%), Georgia (13%) and Virginia (10%).

MFFO Payout Ratio to Distribution



Debt Ratio to Interest Coverage Ratio