TwinRock Partners

QUARTERLY NEWSLETTER | Q1 15

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TwinRock Partners

A Real Estate Investment & Advisory Firm

QUARTERLY NEWSLETTER

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TwinRock Investors,

Welcome to the Fourth Issue of the TwinRock Partners' Quarterly Newsletter. The First Quarter of 2015 has been both productive and exciting for TwinRock as our SFR, Multifamily and Special Opportunity Funds continue to perform to our expectations. Additionally, our firm was recently victorious by unanimous decision in a jury trial as we defended our firm and investors against a mold lawsuit brought by former tenants. Although the suit had been dragging on for the past four years, the strict management policies and procedures that we have in place for all our properties, coupled with diligent preparation by our outstanding team and attorneys won the case and protected us from the plaintiffs' request for up to 6 million in damages. We believe it was a victory for all property owners.

Our upcoming investment pipeline continues to reflect our confidence in the growth prospects of select markets in the Western and Midwest Region. As we implement our roadmap for 2015, we continue to target B & C class properties in robust secondary markets in California, Nevada, Oklahoma, Wisconsin, and other parts of the country.

Our firm anticipates spending upwards of $100 million during the coming year to acquire assets in these markets as we focus on recovering areas with an expanding business base, growing employment and shortage of for sale and rental housing. Our belief that a recovering economy creates growing demand for housing in markets where supply remains flat remains at the forefront of our investment thesis as we locate significant value opportunities.

Sincerely,

Alexander Philips
Chief Executive Officer

Investment Pipeline

Menomonee Parkway Apartments




TwinRock Partners is in contract to acquire Menomonee Parkway Apartments, located in Milwaukee, Wisconsin. Menomonee Parkway, built in 1996, is a 72 unit LIHTC complex consisting of 75,599 SF situated on 4 acres.

The property represents a stabilized investment opportunity with future upside to bring rents to market rate when the LIHTC contract expires. The property is in close proximity to entertainment venues such as Mayfair Shopping Center, Milwaukee Zoo, Miller Park and Potowatomi Casino.

Rupple Row Cottages




TwinRock Partners is looking to acquire Rupple Row Cottages, a student housing project with 80 townhomes located in Fayetteville, Arkansas. The property, newly constructed, consists of 37 Duplexes and 2 Triplexes for a total of 320 total bedrooms in all four bedroom unit types. The complex is located three miles from the University of Arkansas campus.

100% occupied and renting below market rate, Rupple Row represents an opportunity to capitalize on substantial future rent growth and provide student housing to the 26,237 students currently attending the University of Arkansas.

Investment Pipeline

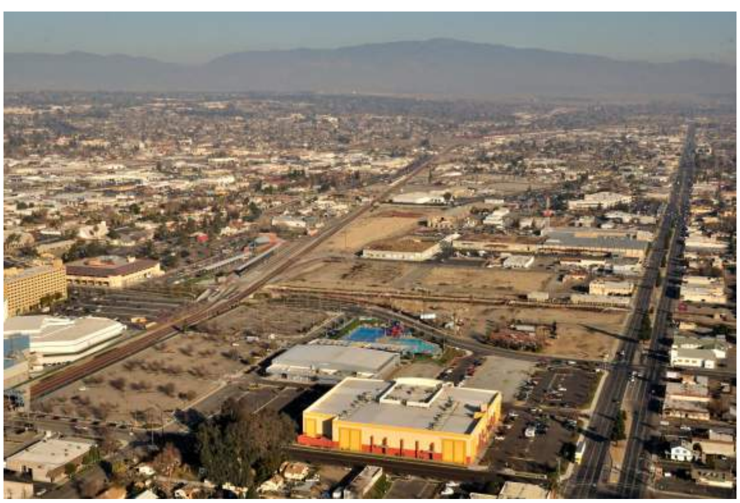
The Mirage Apartments




TwinRock Partners is looking to acquire The Mirage Apartments, located in Bakersfield, California. The Mirage Apartments, built in 1975, is a 118 unit complex consisting of 83,904 SF situated on 5 acres that has been family owned, mismanaged and neglected.

The property represents a value add investment opportunity in Southwest Bakersfield within walking distance to many restaurants and retail. The property is minutes from major employers such as Nestle Grand Ice Cream, Kern School Federal Credit Union, PFG, Fed Ex Freight, and Jack Frost.

Bakersfield has a diverse economy and low cost of living with easy access to Highway 99, stretching almost the entire length of the Central Valley.




TRP HOUSING FUND MARKET OVERVIEW

Inland Empire

The median sales price of single-family homes in Riverside and San Bernardino Counties increased 3.3% in the quarter to $315,000, up from $304,900 as of December 2014; representing an increase of 6.8% year-over-year, up from $295,000 as of March 2014. The overall year-over-year price increases in the Fund's general housing market indicate healthy price appreciation for the Fund's underlying assets.

Home sales in Riverside and San Bernardino Counties during the First Quarter totaled 8,408, down 8.6% from last quarter; however, up 7.8% quarter-over-quarter from 2014.

Homes available for sale in Riverside and San Bernardino Counties at First Quarter end increased by 4.3% from the end of last quarter. Year-over-year, number of houses available increased by 8.6% as the supply of new listings outpaced the number of sales over the past year. The "months supply" of inventory decreased to 4.3 for the month of March 2015 compared to 4.5 at the end of last quarter and decreased 7.4% year-over-year from 4.6 months in March 2014.

"The Inland Empire was among the regions hardest hit by the recession in California, but it has since added back jobs at a pace exceeded only by the flourishing tech hubs in San Francisco and Santa Clara," said John Husing, chief economist for the Inland Empire Economic Partnership. "The unemployment rate in the Inland Empire fell to 7.3% in January from a high of 14.2% in October 2009. The region, which hit a low of 1.14 million jobs in February 2010, currently supports a record 1.31 million jobs. The low- and middle-wage families that dominate the area are benefiting from sunken oil prices, which encourage spending by making gasoline, food and other purchases more affordable, Husing said.

Although the strong dollar is eating away at American exports, it is boosting the volume of imports flowing through the San Pedro ports and local airports and funneled to the Inland Empire's vast network of distribution centers. "That cargo gets handled here and creates jobs here," Husing said. "That will be a benefit to our region and Southern California even if nationally that's not a good thing." Logistics is "the sector for which we absolutely have the greatest competitive advantage," he said. No industry in the region has grown faster in the recovery – responsible for a quarter of all new jobs in 2012 and roughly one-fifth in both 2013 and 2014. Retail giants such as Amazon.com and Macy's have hustled in recent years to claim space in the region for their fulfillment warehouses.

"The coast will become too expensive and migration will continue into the Inland Empire," said Jay Orr, chief administrative officer of Riverside County. "The jobs will come here because housing will be more affordable."

Antelope Valley

The median sales price of single-family homes decreased by 2.5% in the quarter to $220,000, down from $225,700 as of December 2014; representing an increase of 4.3% year-over-year, up from $211,000 as of March 2014. While growth is slowing, the overall price increases the past year indicate healthy price appreciation for the Fund's underlying assets in this region.

Home sales in Lancaster, Palmdale, and Quartz Hill during the First Quarter decreased 13.7% from last quarter. Homes available for sale in Lancaster, Palmdale and Quartz Hill at First Quarter-end increased 2.3% from the end of last quarter and increased 20.3% year-over-year. The "months supply" of inventory on the market increased to 4.1 for the month of March 2015 compared to 3.7 from the end of last quarter and is down 8.9% year-over-year from 4.5 months in March 2014.

Source: OCAR

TRP HOUSING FUND MARKET OVERVIEW

Southern Nevada (Las Vegas), Nevada

Greater Las Vegas Association of Realtors ("GLVAR") reported the median price of homes sold through its Multiple Listing Service during March was $205,000, unchanged from February, but up 5.1 percent from one year ago. Meanwhile, the median price of local condominiums and townhomes, including high-rise condos, sold in March was $115,000. That was up 9.5% from February and up 13.9% from one year ago.

According to GLVAR, the total number of existing local homes, condominiums and townhomes sold in March was 3,358, up from 2,452 in February and up from 3,094 one year ago. Compared to the previous month, GLVAR reported that sales were up 37.8% for single-family homes and up 33.7% for condos and townhomes. Compared to March 2014, sales were 6.7% higher for homes and 17.1% higher for all types of condos and townhomes.

The total number of single-family homes listed for sale on GLVAR's Multiple Listing Service in March was 13,532, up 2.6% from 13,188 in February, but down 3.0% from one year ago. GLVAR tracked a total of 3,613 condos, high-rise condos and townhomes listed for sale on its MLS in March, up 1.5% from 3,558 in February, but down 2.4% from one year ago.

GLVAR said 32.4% of all local properties sold in March were purchased with cash. That's down from 37.4% in February and from 43.1% one year ago. It's also well short of the February 2013 peak of 59.5%, suggesting that fewer investors have been buying local homes.

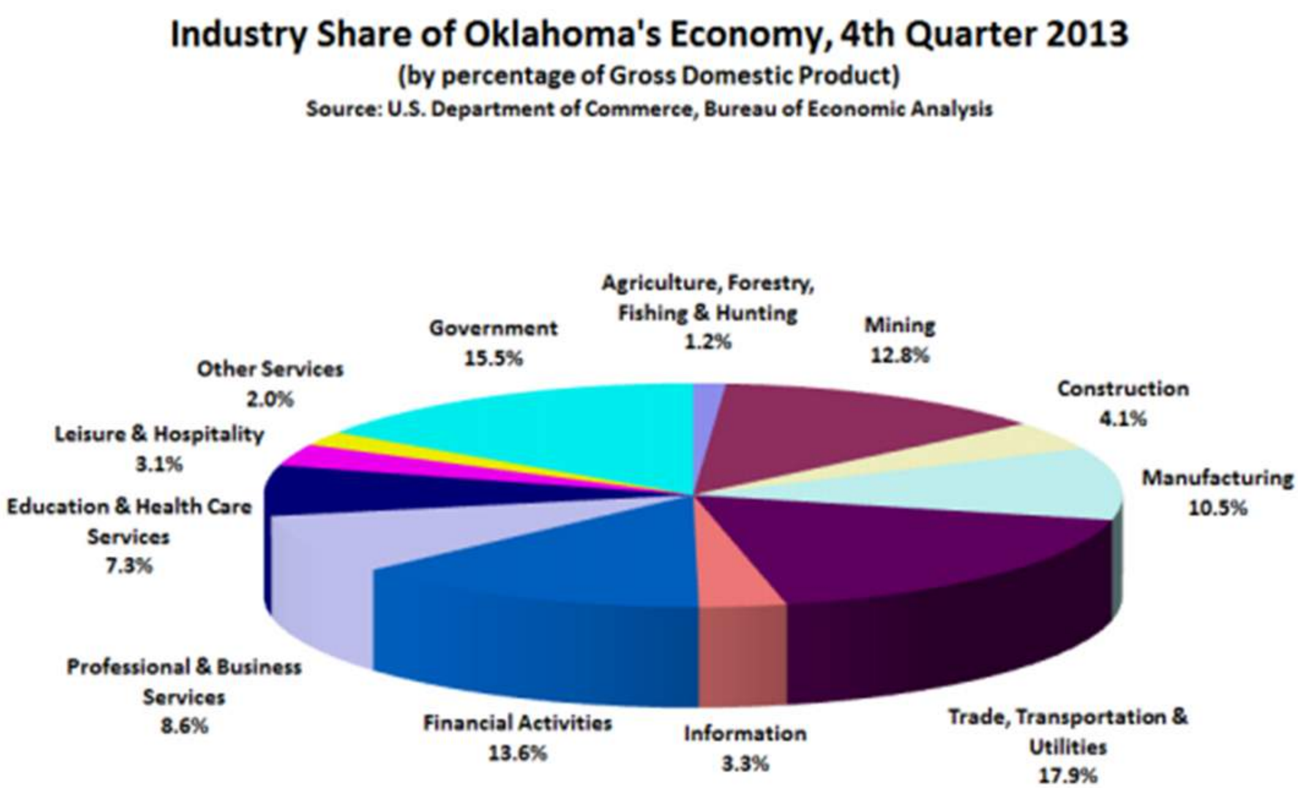
Source: GLVAR

Oklahoma City ties for lowest unemployment rate in nation

Oklahoma City was tied with the Austin, Texas, metro area for the lowest unemployment rate in the nation among large cities at 3.3 percent in March.

Across the state, unemployment rates fell in 72 of Oklahoma’s 77 counties in March, according to data released by the Oklahoma Employment Security Commission. Unemployment rates were lower in March than a year earlier in 358 of the 387 metropolitan areas, higher in 28 areas, and unchanged in 1 area, the U.S. Bureau of Labor Statistics reported Wednesday.

This reinforces our notion that Oklahoma’s diverse economy as well as the local economies of Tulsa and Oklahoma City appear to be cushioned from the precipitous drop based on the most current indices.



TWINROCK PARTNERS

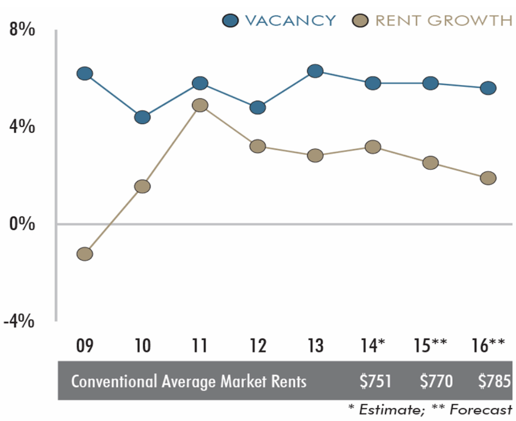
A REAL ESTATE INVESTMENT & ADVISORY FIRM

QUARTERLY NEWSLETTER

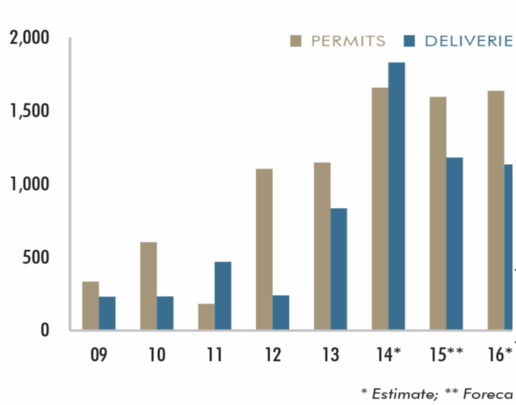
Q1 2015 OKLAHOMA MARKET OVERVIEW

Oklahoma City

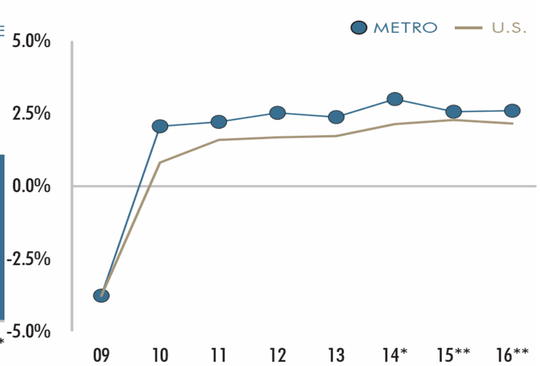
Vacancy



New Permits



Employment Growth



Local employers hired an additional 13,600 workers in the last 12 months through March of this year, a 2.2% gain, compared to 2.3% national job growth. The professional and business services segment led expansion as 4,200 jobs were created, a 5.4% annual gain. Hiring was also brisk in the trade, transportation and utilities sector, which grew 2.2% with the addition of 2,400 jobs. In the blue-collar sectors, more than 2,200 workers were added among the construction and manufacturing industries, for respective annual growth of 5.4% and 1.9%.

The unemployment rate declined 20 basis points in the first three months of the year to 3.4%. The rate declined 140 basis points since March of 2014.

Single-family home sales advanced 12% year over year to 39,000 annualized transactions, considerably higher than the 10-year average of 34,600 sales. The median home price declined 2.3% in the previous 12 months to $149,300, despite increasing 1.2% in the first three months of this year.

In the last 12 months, apartment absorption totaled 1,350 units, a reversal from negative absorption of 70 rentals in the prior 12-month period. Since March of 2014, more than 50% of apartment demand was in the South Oklahoma City submarket.

Apartment inventory came online in the first quarter in the South Oklahoma City and East Central Oklahoma City submarkets. Completions in these two submarkets totaled 200 units. In the same period last year, developers delivered 140 units metrowide.

Multifamily developers demonstrated continued optimism in the local economy, requesting permits for 2,110 annualized apartments in March. One year ago, issuance totaled 1,160 units.

Apartment absorption was on par with the number of completions in the last four quarters. Consequently, metrowide vacancy of 6.7% in March of this year was the same as one year ago. In the first quarter of this year, however, vacancy was more consistent from submarket to submarket compared to the same period last year.

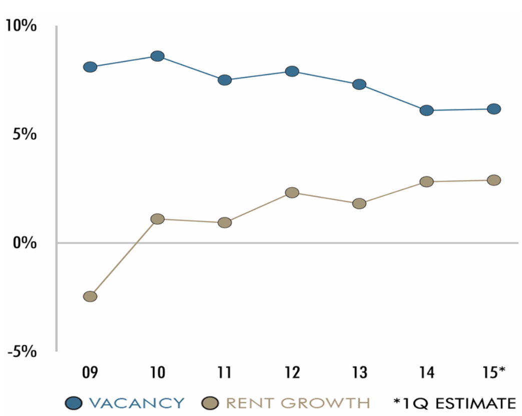
Market rents increased 2.2% annually to $768 per month in March. During the same time, concessions decreased from 2.1% of asking rents to 1.1% of asking rents. Rent appreciation was greatest in the lowest-rent submarket, West Central Oklahoma City, as asking rents rose 4% annually to $565 per month.

Source: Berkadia Real Estate Advisors Oklahoma City Q1 2015 Report

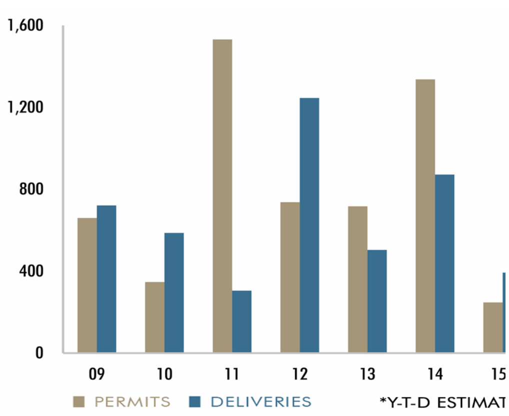
Q1 2015 OKLAHOMA MARKET OVERVIEW

Tulsa

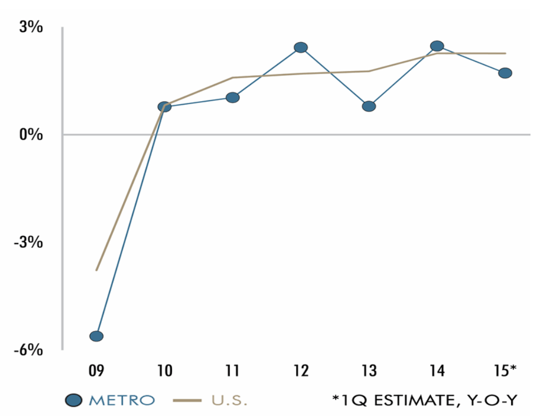
Vacancy



New Permits



Employment Growth



A 3.1% year-over-year expansion in the trade, transportation and utilities sector resulted in 2,700 new jobs since March of 2014, boosting overall employment growth in the Tulsa metro area. Metrowide job growth of 1.7% was recorded as 7,500 workers were hired. The education and health services sector grew 1.7% with the addition of 1,200 workers, supported by mass hiring following completion of the patient tower and trauma center at St. Francis Hospital in mid-2014. Contraction in employment was confined to the information sector which shed 200 jobs.

In March of this year, Tulsa-area unemployment was 3.8%, 140 basis points below the jobless rate at the same time last year.

Single-family home prices and sales activity rebounded in the last year compared to the prior 12-month period. Following a 4% decline in sales velocity from March of 2013 to March of 2014, sales activity rose 5.9% in the most recent four quarters, reaching 31,800 annualized transactions in the first quarter of this year. Similarly, the median home price reached $150,500 in March, a 9.4% annual gain and a reversal of the 5.1% price decrease the prior year.

In the last 12 months, renters occupied 2,080 additional apartments, a four-fold increase over absorption in the prior year. Leasing activity was greatest in the southern portion of the metro area, with nearly two-thirds of absorption occurring among the South and the Arkansas River Southwest submarkets.

Completions in the first quarter of 2015 increased 35.1% over the number of deliveries in the same period last year. Nearly 400 apartments came online year to date, approximately two-thirds of the total deliveries anticipated for this year.

Permits for 990 annualized apartments were issued in March, 72.2% greater than the same period last year and 6% higher than average issuance from 2010 to 2014.

Vacancy plummeted 140 basis points year over year to 6.2% in the first quarter. Demand for close-in apartment communities resulted in the rate falling 250 basis points to 3.2% in the Central Tulsa submarket.

The sharp drop in vacancy in the last 12 months enabled operators to enact a 2.9% increase in asking rents. Average rent of $696 per month was recorded in March, while effective rents reached $690 per month, a gain of 3.3%.

Source: Berkadia Real Estate Advisors Tulsa Q1 2015 Report

2015 Multifamily Outlook—Freddie Mac, Multifamily Research Perspectives

Multifamily rental housing fundamentals outperformed many market forecasts in 2014; strong demand absorbed the increased supply of new units introduced to the market.

The amount of multifamily supply that will be delivered in 2015 will surpass pre-recession averages, but favorable demographics and a sturdier economy will produce another strong year for multifamily.

Market dispersion will become more pronounced. A look at some of the hardest hit markets during the Great Recession highlights the difference in how those markets are recovering and their expected performance.

Manufactured housing is expected to be a vehicle to help bridge the housing affordability gap. Conditions in the manufactured housing market segment are trending up, after a tumultuous decade in the 2000s.

Multifamily Market Drivers

When all the revisions to the numbers are in, it is likely that the economy grew close to 2.5 percent in 2014. After GDP dropped 2.1 percent (annualized) in the first quarter, the economy rebounded and built momentum entering 2015. The broad consensus of forecasters expects GDP to grow near 3 percent this year.

Employment Continues Its Upswing, While Wages Stagnate

The labor market continues to build momentum as total non-farm employment grew by an estimated 3.1 million in 2014, the largest annual increase in the past 15 years. The unemployment rate dropped below 6 percent in September 2014 for the first time since before the recession and ended the year around 5.6 percent.

The large drop in oil prices will impact the economy in 2015. The lower oil prices will benefit many and overall economic growth will likely be stronger as a result. However energy dependent areas could face layoffs or a reduction in job growth. The drop in oil prices makes some extraction processes no longer cost-effective; as a result, some companies will cut capital expenditures.

Multifamily Market Performance is Expected to Remain Strong

Demand and rent growth in the multifamily market outperformed many economists' predictions in 2014, despite the flood of new properties that opened their doors during the second half of the year. Vacancy levels declined by 10 basis points (bps) compared to 2013 reaching a 13-year low of 4.2 percent. Demand was strong enough to absorb many of the new units and allow landlords to increase rent. Rent growth over the past 5 years has been remarkable. According to REIS, gross revenue per unit is up 20% over the past 5 years.

On the new supply side, we expect multifamily completions to surpass the long-run average in 2015 and remain above the average for the next few years (more about supply in the next subsection). Counterbalancing this, we anticipate demand for multifamily units to remain strong in 2015, primarily due to favorable demographic trends and continued expansion of the labor market, which will result in continued rent growth throughout the year. One of the key drivers of multifamily demand is age related. As younger adults (25-34 years old) have the highest propensity to rent, the total number and economic well-being of this age group is a crucial engine for multifamily performance. The increase in the population of younger adults will keep demand high for multifamily units. We expect that as the economy continues expanding the formation of households among young adults will also trend up.

Source: Freddie Mac, Multifamily Research Perspectives

2015 Multifamily Outlook

Multifamily Supply Continues to Roll onto the Market

Multifamily construction in 2014 continued its upward trend, reaching levels not attained since the 1980s. We expect this trend to continue through 2015 and possibly into 2016. As depicted in Exhibit 2, starts of multifamily properties with five or more units ended 2014 at 341,000 units (annualized), about 50,000 units higher than the long-run average from 1995-2007. Despite the higher-than-average starts in multifamily, total housing starts (including single-family, two to four units and multifamily) remains well below historical average. Therefore, with the increasing demand for housing, the rise in multifamily starts is not expected to put a significant amount of pressure on the vacancy rate, which is expecting only moderate increases as noted above.

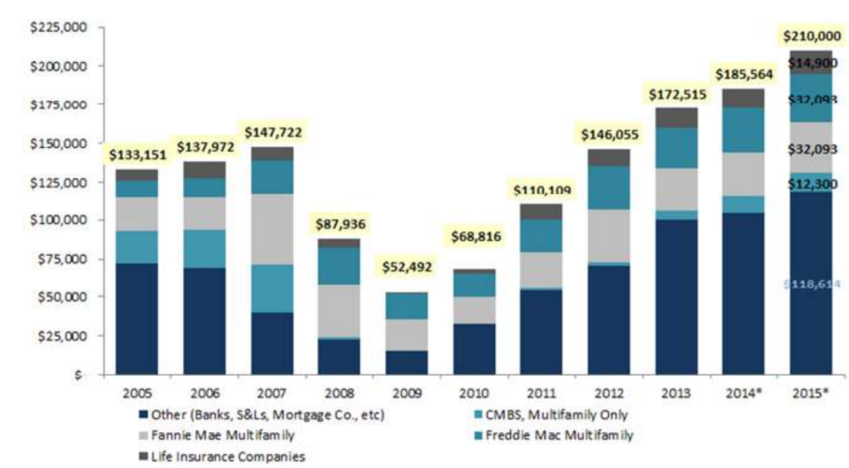
Property Valuations Exceed Expectations, Interest Rates Remain Low

Consistent with improving multifamily revenues, property price growth also advanced robustly in 2014. According to Real Capital Analytics (RCA), multifamily property values increased about 15 percent in 2014. Strong fundamentals and investor appetite for multifamily investments will propel further property appreciation in 2015. Multifamily capitalization rates decreased by 16 bps in 2014, ending the year at 6 percent. Freddie Mac's analysis indicates that multifamily cap rates will stay below 6 percent in 2015. This forecast is consistent with steady employment growth, the 10-year Treasury rate remaining below 3 percent, and spreads continuing to tighten mildly to 300-330 bps.

Origination Volume and Competition Are Up

Multifamily origination volume for 2014 was notable for a very strong second half, ending the year above $185 billion, $13 billion more than the previous year, despite a slow start. The increase in volume during the second half of 2014 can be attributed to several factors, including decreasing interest rate, increasing construction completions, and increasing property prices. More investors are likely to take advantage of the lower-interest-rate environment by refinancing outstanding debt or funding new completions. As new development comes into the market, this not only fuels transaction volume of new buildings, but also causes buyers to re-position their real estate portfolios by selling and refinancing assets. As property prices have risen over the past few years, average debt per unit in newly completed buildings has risen, which also has driven up origination volume.

Multifamily New Purchase and Guarantee Volume ($ Millions)



Sources: Mortgage Bankers Association, Freddie Mac
Notes: 2014 and 2015 numbers are projections as of December 2014

Source: Freddie Mac, Multifamily Research Perspectives

Save the Date - September 11th, 2015

TwinRock Partners is gearing up for our second annual philanthropic event, taking place on September 11th, 2015. Every year we select and honor a different public service to support, and this year we have chosen the Orange County Sheriff Department's K-9 Unit. Initiated in 1985, this program has reduced the manpower needed to search large buildings and open rural areas by over 50%. The use of canines has decreased the number of injuries to deputies, and multiplied the number of arrests. These valuable canines are purchased entirely through public donations, so please mark your calendars for Friday, September 11th, at the Newport Beach Vineyards and Winery. We will enjoy exceptional locally-grown wines as we assist in helping the K-9 Unit continue to grow and thrive.

Date: 9/11/2015

Time: 6:00 - 9:00PM

Location: Newport Beach Vineyards & Winery

TWINROCK PARTNERS

NEWS RELEASE

Date: February 25, 2015

FOR TWINROCK PARTNERS, CLEVELAND, MILWAUKEE AND RENO ARE

AT THE TOP OF THEIR WATCH LIST AS COMPANY SEEKS MULTIFAMILY

INVESTMENT OPPORTUNITIES IN MORE ROBUST SECONDARY MARKETS

--Recovering economy creates growing demand for housing in markets where supply remains flat--

NEWPORT BEACH, CA -- It's like a gold rush of sorts. Investors are scrambling to find that rich vein of real estate deals in high profile areas where just about everyone else seems to be looking -- such as Southern California for instance. But some investors have decided to leave the beaten path to find opportunities in less traveled markets. One such investor is TwinRock Partners of Newport Beach, CA.

Although headquartered in the center of one of the nation's most sought after and competitive real estate markets, TwinRock has recorded another successful year of acquiring and rehabilitating multifamily properties in secondary markets, primarily in the Oklahoma markets of Tulsa and Oklahoma City where it invested about $50 million in the past 12 months, according to TwinRock CEO and Chief Investment Officer Alexander Philips.

Looking ahead to 2015, Philips says his firm will continue to seek investment opportunities in other second-tier markets and anticipates TwinRock will spend upwards of $100 million during the coming year to acquire assets on behalf of its investors in such cities as Milwaukee, Cleveland, Reno and Colorado Springs, only a few of the targets on TwinRock's radar scope. "Cities on our watch list are benefiting from the economic recovery with an expanding business base, growing employment, and, due to the largely inactive real estate industry over the past several years, a lack of for-sale and rental housing," he explains.

TwinRock was formed as a real estate investment entity at the beginning of the Great Recession by Michael Meyer, Chairman, and Philips, who decided their best bet was uncovering multifamily opportunities in more affordable markets with a strong potential for future economic and employment improvement. Meyer is a retired managing partner of the former Kenneth Leventhal & Company CPA and consulting firm and Philips has extensive real estate experience with top investment firms such as Goldman Sachs, Donaldson Lufkin & Jenrette, and GE Capital.

"Our firm's investment strategy was and still is to identify and take advantage of unsettled market conditions over the past several years that resulted from the soft economic environment in many areas outside of California where the competition for properties is less intense, operating cash flow is higher, and the potential for upside value is greater ," says Meyer.

"By planting our investment flag in markets such as Cleveland and Milwaukee, we are realizing the value of long-term, high job and population growth in these cities. Based on our research and analysis, we expect these and other target markets we have identified to recover at a faster rate than the nation as a whole ."

Meyer points out that by seeking real estate investment opportunities in secondary markets, "Investors like the concept of finding good multifamily properties with good cash flow in good locations in markets without a lot of investor competition that show signs of employment growth but may have less than adequate apartment inventory to house new workers and their families," he notes.

An example of TwinRock's investment strategy is its interest in Cleveland, OH, where Marcus & Millichap reports that, "Cranes are filling the sky in downtown Cleveland, creating new jobs and boosting demand for rentals." While Cleveland might not look all that inviting for real estate investors from the 10,000-foot level , Philips points that on the ground it looks much more attractive, especially with the 2016 Republican National Convention coming to the city and with it new development, jobs and demand for rental housing.

"Investors seeking higher returns in secondary markets will expand their portfolios in Cleveland," writes Marcus & Millichap. "Steadily improving property performance and a vibrant downtown are gaining the attention of more out-of-state investors and boosting demand for local assets." Additionally, Marcus & Millichap reports that Cleveland employment is projected to increase by 1.6% in 2015 with the addition of 16,500 new jobs.

Two other cities which couldn't be more different that TwinRock is watching closely are Milwaukee, WI, and Reno, NV. "Like Cleveland, these cities have attributes that are rising to the surface as the national economy improves and jobs are being created," explain Philips.

"Milwaukee is Wisconsin's largest cities with diverse business and industry but the recession hit that area hard, resulting in little new housing construction including multifamily. Now, according to economic reports, approximately 20,000 jobs are expected to be created in the greater Milwaukee area and throughout the surrounding region during 2015, the highest annual level in more than 15 years.

These are exactly the market conditions that we find attractive for investment and are certainly worth a deeper look."

Two thousand miles (by car) from Milwaukee is Reno, where an announcement by Tesla Motor Company that it will locate its highly publicized, six million square- foot "Gigafactory" near Reno to manufacture specialize batteries for its electric-power autos has sparked an economic revitalization that could result in excess of 100,000 direct and indirect jobs including a minimum of 6,500 at the Tesla factory in the next five years.

Nevada state officials believe the super modern factory will generate an additional $100 billion in economic impact over the next 20 years and a local consulting firm projects that the demand for for-sale housing and apartments could reach more than 97,000 units during the next five to seven years. Along with Tesla, other major corporations located in the local industrial park include Apple Computers, Getty Oil Company and Switch SuperNap.

TwinRock also has its investment eye on Colorado Springs, Colorado's second largest city and home to the fabled Air Force Academy and other military related facilities. While local economists project that the Colorado Springs economy will grow in 2015, they don't believe it will keep pace with the rest of the state. Nevertheless, according to local economists, the unemployment rate dipped from 8% in 2013 to 5.3% as of November 2014 with the addition of about 2,000 jobs in a city with a population of about 680,000, indicating sustained business growth.

Taking a closer look at the housing sector, Philips points out that the multifamily vacancy rate in Colorado Springs is 4.3% which in many markets is considered full occupancy due to constant turnover, and construction of both for-sale and rental housing is almost non-existent. "Here you have a steadily growing economy and workforce coupled with very low apartment vacancy and almost no new housing construction," he explains. "From our perspective, this is a target of opportunity for acquiring existing multifamily properties and we most definitely will be taking a closer look at Colorado Springs this year."

In keeping with TwinRock's investment model, Philips says whether it's Colorado Springs, Reno or Cleveland , or some other secondary market, the company works closely with local brokers to identify good quality assets that best meet its investment criteria with prime location and below market value, and then TwinRock installs new management, renovates the apartment interiors, upgrades the property's image, and rebrands the property's marketing profile. "By doing so," he notes, " we expect to achieve above-average occupancy and rents compared to other multifamily properties in the surrounding neighborhoods. This process serves us well in our chosen markets."

He points to TwinRock's most recent acquisition in Oklahoma City, one of its primary investment areas in 2014, where it acquired a 312-unit apartment community for $12,175,000 or $39,022 per unit. The property consisted of 36 residential buildings and an office/clubhouse building which are being renovated and re-positioned in the local market. Indicative of TwinRock's ability to find significant value opportunities, a recent comp shows that a comparable property was purchased in the same Oklahoma City area by another investor for $54,000 per unit, about 40% higher than what TwinRock paid.

TWINROCK PARTNERS PROFILE

Headquartered in Newport Beach, CA, TwinRock Partners is a real estate investment company, primarily focused on investing in unique or contrarian asset opportunities while providing best in class management services to its investors. TwinRock, together with high net-worth, ultra high net-worth, individual, family and institutional partners, has invested nearly $500 million in 2.2 million square feet of residential and commercial assets and 2,200 acres of residential land. TwinRock and affiliates have invested in multi-family, office, industrial, retail, self-storage, mixed-use, residential tract developments, residential condominium developments or conversions, and land entitlement and development properties. The company has built proprietary systems and procedures to excel in the complexities of acquiring, renovating, managing and renting single family homes. TwinRock Management, Inc. owned and controlled by the principals of TwinRock, provides property management and brokerage services.

TWINROCK PARTNERS
NEWS RELEASE

Date: April 22, 2015

ALTHOUGH NOT BACK TO THE PEAK MARKET PRIOR TO THE GREAT RECESSION, REAL ESTATE STILL HOLDS SIGNIFICANT INVESTMENT POTENTIAL, ACCORDING TO HARVARD PROFESSOR

NEWPORT BEACH, CA -- A deep and detailed look at the nation's real estate industry underscores that while real estate has a long ways to go before it recovers to where it was before the great recession, there are still plenty of investment opportunities nationwide that can generate healthy returns, according to a presentation by Harvard Prof. Richard Peiser at the annual meeting of TwinRock Partners, a real estate investment firm based in Newport Beach, CA. Dr. Peiser has been the Michael D. Spear Professor of Real Estate Development at the Harvard Graduate School of Design since 1998.

From an investment point of view, real estate will continue to be a solid opportunity based on an overall 9.5% return on investment in 2014 and a projected 7.9% return in 2015, according to Prof. Peiser, citing the Pension Real Estate Association Consensus Forecast Survey. The best performer in 2014 by product type was retail at 10.5% ROI followed by industrial (10.1%); office (9.1%); and multifamily (8.6%). This year the projected returns are: industrial (8.6%); office (8.1%); retail (8.0%); and multifamily (7.1%). Industrial is projected to be the best performer through 2018 with 8.3% ROI followed by retail (8.2%); office (8.0%); and multifamily (7.5%).

"Whatever real estate asset an investor is considering, it appears from Dr. Peiser's presentation that they all offer much better returns than other opportunities such as treasury bills or bonds," said Alexander Philips, CEO and Chief Investment Officer of TwinRock Partners. "Our focus is on existing multifamily properties in secondary markets such as Tulsa and Oklahoma City where the return for our investors is 8%-10%."

Following are highlights of Dr. Peiser's presentation:

MULTIFAMILY HOUSING

Taking a closer look at the national multifamily housing market, rent growth has slowed from a high of about 5% year-to-year in primary markets in 2012 to about 1% year-to-year in 2014. Rents in "secondary" and "tertiary" markets hovered around 2% year-to-year in 2014 compared to a high of about 4% in 2012.

Rent growth by metro area has Denver in the lead with approximately 8.5% in 2014, followed by San Francisco at 7.5%, according to CBRE Econometrics Advisors Q3 2014. Other top performers are: Atlanta (6.5%); Seattle (6%); Houston (5.75%). Southern California metro areas occupy the next three top spots: San Diego (5.65%); Riverside (5.5%); and Los Angeles (4.5%).

The leading multifamily metropolitan areas in terms of unit growth in the U.S. are New York City with 26,518 units permitted in the 12 months ending January 2015, followed by Houston with 24,922 units and Dallas with 13,926 units, according to Axiometrics Inc. and the Census Bureau. The other top multifamily markets are: Los Angeles (13,294); Seattle (12,658); Washington, DC (9,579); Atlanta (9,531); Austin (9,138); Phoenix (8,417); and San Jose (8,239).

Major multifamily housing markets where supply is not keeping up with demand is led by Dallas-Fort Worth with unmet demand for about 11,000 units, followed by Houston with unmet demand for about 10,000 units, according to CoStar Portfolio Strategy. Next is Washington, DC, with 8,000 units followed by Seattle (6,500) and Denver (7,000).

Nationally, according to the Census Bureau, Moody's Analytics, and CoStar Portfolio Strategy, about 100,000 permits for construction of multifamily projects were issued last year as of the 4th quarter 2014, about 25,000 more than 2013 but way below the high of 225,000 annually in 1985 and 1987. With the increasing multifamily development nationwide and renters moving into their own homes, the vacancy rate is also starting to increase from a low of about 4% in 2013 to 5.5% as of the 4th quarter 2014, according to CoStar Portfolio Strategy. The vacancy rate through 2018 is expected to remain steady at about 5.4%, according to CBRE Econometric Advisors.

Philips points out that multifamily assets continue to be a solid investment opportunity. Institutional return on investment of multifamily by metro area (NCREIF 3rd quarter 2014, percentages are estimates) shows that Atlanta is at the top with a combined return including ROI and appreciation of about 16.2%. Next is Houston with 13% followed by Dallas (11.4%); Boston (11.3%); New York City (11%); Seattle (10.5%); Chicago (9.5%); Los Angeles (9%); Phoenix (8%); and Washington, DC (4.75%).

"Our firm's investment strategy, and one which our investors like, is to identify and take advantage of existing multifamily housing opportunities in secondary markets outside of California that have experienced soft market economic environments where the competition for properties is less intense, operating cash flow is higher, and the potential for upside value is greater ," notes Michael Meyer, TwinRock chairman. "Based on our research and analysis, we expect the markets we have identified such as Oklahoma and northern Nevada to recover at a faster rate than the nation as a whole, but they may have less than adequate apartment inventory to house new workers and their families."

While the inventory of multifamily housing is growing, the construction of single-family homes is also on the rise with 600,000 units in 2014 but still well behind where it was in 2005 when there were 1.7 million housing starts, according to the U.S. Census Bureau.

NATIONAL ECONOMY & DEMOGRAPHICS

The national economy is on the mend with the unemployment rate at about 5.5% today compared to 10% in 2010. Over the next two years, according to CBRE Research and the U.S. Bureau of Labor Analytics, U.S. employment growth is projected at 1.7% with the highest metro area employment growth in Nashville with 3.8% followed by Austin with 3.6% growth and West Palm Beach with 3.4% growth. Other higher growth metro areas include: Fort Lauderdale (3.0%); Fort Worth (2.9%); San Antonio (2.8%); Salt Lake City (2.8%); and Orlando (2.7%).

One warning sign for residential development was the decreasing homeownership rate of Millennials (24-35 years) and Gen X's (35-44 years), according to the 1995-2014 U.S. Census Bureau Current Population Survey. Gen Y ownership dropped from about 50% in 2005 to 40% in 2013 and for Gen X's it decreased from 70% in 2005 to 60% in 2013.

For Gen Y's, this erosion can be attributed primarily to the impact that the recession had on the Gen Y population coupled with the huge college education debt that many young professionals carry as they struggle to make ends meet. For Gen X's, the primary reason is most likely the loss of income from unemployment or under employment due to the recession. Homeownership among the 45-74 year-old population also declined but not as dramatically, primarily because people in this age range were more job secure, retired, or their mortgage was paid off.

Taking a closer look at young adults, a larger percentage (22%) earned less than $25,000 a year in 2014 than in 2001 (16%), reflecting the impact of the recession on their earning power, according to the 1995-2014 Current Population Survey. However, young adults in the higher income brackets also saw their annual incomes drop in the past five years, but not as significantly – in fact, young adults in the highest income bracket of $75,000+ are seeing their incomes increase.

Marriage seems to be a less popular institution among younger people, dropping from about 53% in 1995 to 42% in 2014. The number of younger people who are single, live with a partner, or live in a household with other unrelated adults, stayed about the same over the past 20 years, with about 31% who are single, and households of partners or multiple unrelated adults both at about 12% in 2014. Younger households are also not having children, with only 47% reporting children compared to 56% in 1995, according to the 1995-2014 Current Population Survey.

A bright spot in the demographic profile is that more young adults are graduating from college – from about 31% in 1995 to about 46% in 2014 – while fewer young people have only high school diplomas or are not high school graduates (49% and 7% respectively in 2014), according to the 1995-2014 Current Population Survey. With more college graduates, the earning power of our younger generation is greater and thus their purchasing power will be greater, once they recover from the financial effects of the recession, Philips notes.

According to the 1995-2014 Current Population Survey, minorities are also becoming a more dominant force in the young adult population with about 40% of the entire U.S. population made up of minorities, the largest percentage of which is African-American followed by Hispanic and then "other." The number of foreign born young adults has also increased from about 13% of the nation's population in 1995 to 16% in 2014.

"Taken together, the demographic data and especially the attainment of higher education among our younger generation bode well for the real estate industry and especially housing," says Philips. "Once we get through the continuing hangover of the recession, we will see more and more young people in the workforce earning more money and being in a financial position to purchase that first or second home or continue to rent in a more upscale apartment community."

TWINROCK PARTNERS PROFILE

Headquartered in Newport Beach, CA, TwinRock Partners is a real estate investment company, primarily focused on investing in unique or contrarian asset opportunities while providing best in class management services to its investors. TwinRock, together with high net-worth, ultra high net-worth, individual, family and institutional partners, has invested nearly $500 million in 2.2 million square feet of residential and commercial assets and 2,200 acres of residential land. TwinRock and affiliates have invested in multifamily, office, industrial, retail, self-storage, mixed-use, residential tract developments, residential condominium developments or conversions, and land entitlement and development properties. The company has built proprietary systems and procedures to excel in the complexities of acquiring, renovating, managing and renting single family homes. TwinRock Management, Inc. owned and controlled by the principals of TwinRock, provides property management and brokerage services.