

QUARTERLY NEWSLETTER | Q1 16

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TwinRock Investors,

Welcome to TwinRock's Quarterly Newsletter. As 2016 reaches the midway point, we have spent most of the year focused on improving our operations, stabilizing our recent investments and harvesting those investments made four to six years ago.

During the 3rd Quarter of 2015, we announced our plan of liquidation for TRP Fund I, II and III, as we forecasted an inflection point for workforce home values during 2016-17. With affordability once again creeping near all-time highs in our markets, interest rates almost certain to rise and a presidential election year where past administrations typically exercise fiscal policy designed to pump up the economy to garner support of the incumbent party, we believe the timing is right. Additionally, our liquidation plan is in-line with the hold period from our original offering circulars and our expected investor returns are tracking above our original projected returns. Our funds balanced investment structure ensures an alignment of interest to optimize the highest return and equity multiple to our investors.

As our Oklahoma apartment partners know, we have taken control over property management of our Oklahoma apartments, under Webb Ellis, Inc., an affiliate of TwinRock Partners. This was a very tough decision to make. We sought counsel from current investors who run multi-billion-dollar real estate firms and the advice was fairly split on whether to bring management in-house or not. They all agreed that you don't bring management in-house for the fees, as the profit margins are slim if any. Those in favor, say you bring it on for control, as no one cares more about your properties than the owner (this is why we chose to manage our single-family assets). Therefore, last month, we opened an Oklahoma Office and hired Brenda Bell, our new regional portfolio manager, to oversee the day to day operations. She brings over 25 years of multifamily experience. TwinRock's ground level and technical expertise along with other implementations, covered later in the newsletter, have led to noticeable improvements to our properties; we have brought our portfolio average occupancy up from 87% to 89% and currently preleased at 93%.

As previously stated, the majority of our time this year was spent on operations, but we landed one student housing project near the University of Missouri that we were outbid on in October of last year, Log Hill Run, which demonstrates that it pays to be patient and to stick to your investment criteria. Funding is fully committed and we are set to close on Log Hill in the beginning of June with preleasing above 96% and rising for the 2016/17 school year, already ahead of our Year-1 projection of 92% occupancy.

As a continuation of our existing HOA foreclosure strategy, we formed TRP Fund VI and have properties in escrow ready to close, which details can be viewed on the following pages. Being futuristic, last year we contemplated a distressed Canadian fund and our hedge fund primarily focused on high-yield bonds, TwinRock Value Opportunity Fund, which we have now launched and has yielded a 12% return since February to April under a TwinRock Capital affiliate.

As we've said before, after seven years of a U.S. expansion the inevitable correction will occur. Our investment philosophy is simple but balanced, with a portfolio of long-term high yielding assets, a vehicle to capitalize on directional shifts in the markets and a strategy for opportunistic acquisitions that keeps us ahead of the herd.

Very truly yours,



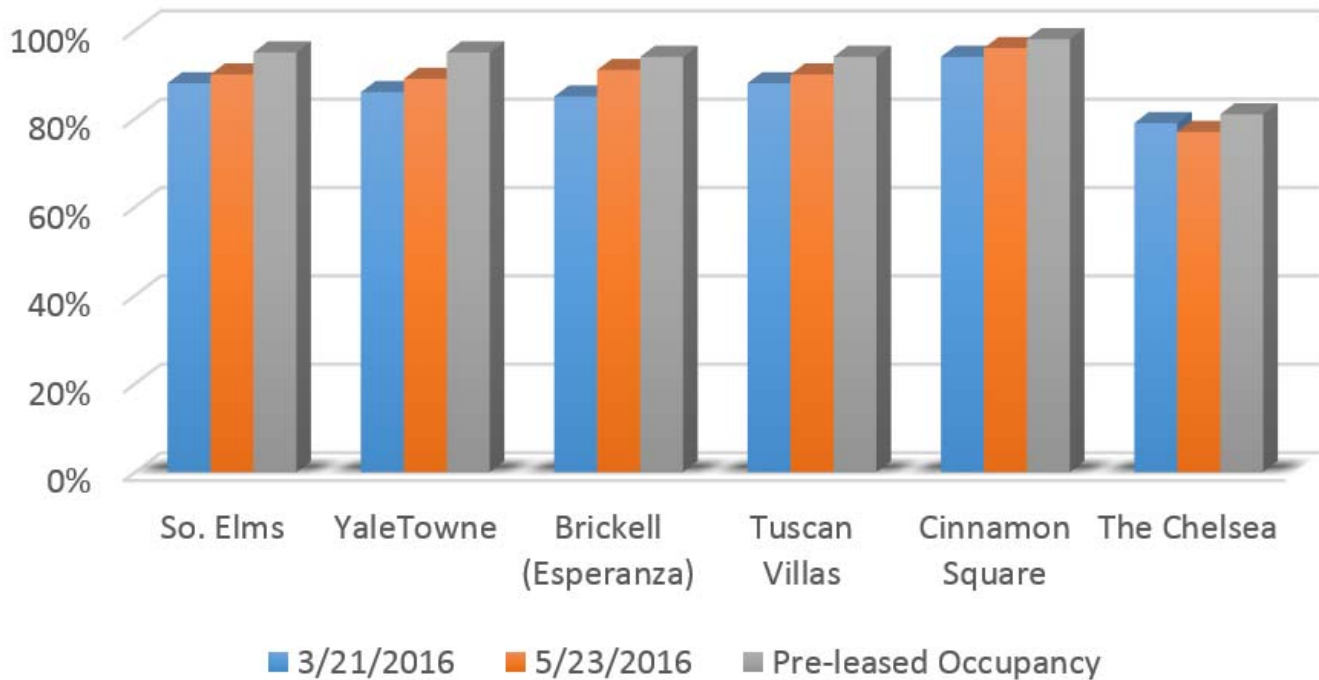
Alexander Philips

Chief Executive and Investment Officer



On March 21st, we parted ways with our former management company and have brought the portfolio average occupancy up from 87% to 89% and currently preleased at 93%.

Occupancy Trend



Management Updates



On May 1st, 2016, an affiliate of TwinRock Partners, Webb Ellis, Inc. (formerly TwinRock Management) officially took over the property management of all apartment communities located in Oklahoma. We believe it was in the best interest of the members for us to take full control and have direct interaction with the onsite staff to implement the business strategies of each property.

We are also pleased to welcome Brenda Bell, our new regional portfolio manager to the fold. Brenda is based out of Oklahoma City, and will be responsible for the day to day operations of the Oklahoma portfolio. Ms. Bell has 25 years of multifamily housing experience. Before joining Webb Ellis she was part of the AACO Board of Directors and Regional Manager for Dial Equities Inc.

During these past few months we implemented various new initiative programs oriented towards leadership, personnel, training, quality control and marketing that have significantly improved the performance of the properties.

- ◆ Opened a Regional Office in Oklahoma City.

- ◆ Incentive Based Compensation Structure

We initiated a new bonus system for the onsite personnel as it relates to new leasing, renewals, occupancy, collections, outperforming budgeted revenue, expenses and NOI.

- ◆ Implementation of Rent Maximization Software

Rent optimization software uses algorithm modeling to accurately forecast availability and demand at the unit type, resulting in optimal pricing for both new leases and renewals, which is reviewed on a weekly team pricing call for all of our properties.

- ◆ Leasing Center and Advertising Effectiveness

On demand software and call center leasing services to all our properties to reduce overall marketing expense, free up on-site leasing staff and allow us to originate, syndicate, capture and manage leads more effectively. No call goes unanswered.

- ◆ Premium Marketing

The majority of our apartments are now on the highest marketing level and have HD Images and Video, 3D Tours.

- ◆ Revamped Web Presence

To reduce costs and improve our online presence, all of our properties have had websites redesigned and interfaced with Google.

- ◆ Cloud Based Integrations

New cloud based accounting software that integrates with cloud based rent payments, bill-pay and utility monitoring and pay services, not only creates a quality control check, but allows the leasing staff to focus on leasing and tenant relations.

Current Opportunities—Closed

Student Housing—Log Hill Run



Closing Updates

- ◆ Expected Closing Date: 06/08/16
- ◆ Full Capital Commitment Due Date: 06/01/16
- ◆ % of Units Preleased for 16/17 Academic Year: 96%
- ◆ We received Loan Approval on Log Hill Run from our lender and Rate Locked on the following terms:
 - ◆ Interest Rate: 4.32%
 - ◆ Loan Amount: \$11.25MM
 - ◆ Loan Term: 12 Years
- ◆ Fully Subscribed

[Investment Memorandum](#) | [Aerial Presentation](#) | [Invest Now](#)

Project Summary

Following up on our successful acquisition of Ruppel Row Cottages last year, TwinRock Partners located a similar opportunity to acquire another student housing project in Columbia, Missouri. Log Hill Run, an 82 unit/328-bed townhouse style duplex student housing project, provides off campus housing for the University of Missouri.

Investment Highlights

- ◆ Year 1 Investor Cash-on-Cash of 8.0%
- ◆ Investor Projected IRR of 16.5%
- ◆ Serving University of Missouri, with over 35,448 students and a growth rate of 49% since 2000
- ◆ In 2012, MU became a member of the Southeastern Conference. MU's NCAA Division I program has 20 sports, many ranked in the top 25 nationally
- ◆ Stability as students sign individual leases with required parental guarantees

Nevada HOA Foreclosures - TRP Fund VI



*Photos above are homes currently in contract to be acquired for the Fund

Title Insurance Update

During the first quarter, a Fund III home obtained a title insurance policy from Nevada Title and was sold to a conventional buyer at full market value. We believe we are one of the first companies, if not the first, to achieve quiet title on a non-defaulted judgment.

Opportunity to Purchase Additional Properties

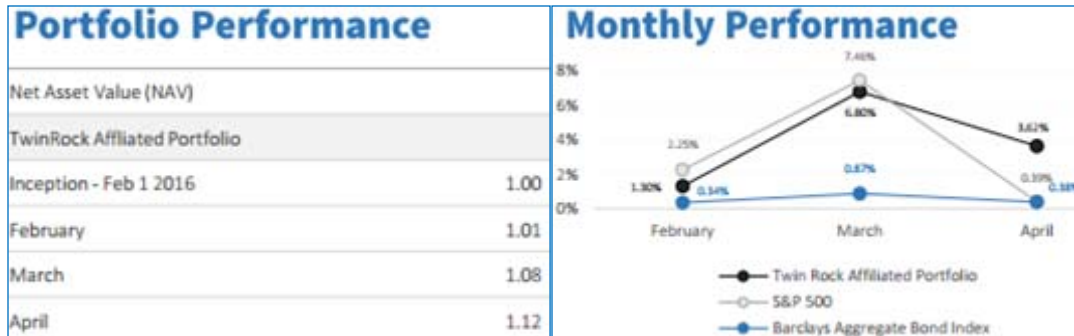
With the ability to now obtain title insurance, increasing confidence in the legal landscape of HOA foreclosures, expertise in due diligence, and decreasing legal costs, TwinRock is looking to acquire additional properties between 50-55% FMV from previous auction buyers. The Fund is aiming to acquire higher-end homes to minimize the percentage of fixed costs to the total value of the home.

For a complete background and offering information, please visit the [TwinRock Portal](#).

Snapshot of Homes Currently in Contract for Fund VI.

City	Beds	Baths	Square Feet	Lot Size	Year Built	Purchase Price	Full Market Value	Discount to Value
Henderson	5	5	3,769	10,200	2002	\$375,000	\$750,000	50%
Las Vegas	5	4	3,749	5,227	2005	\$150,000	\$330,000	55%
Las Vegas	4	4	4,919	10,454	2002	\$310,000	\$620,000	50%
Las Vegas	4	3.5	4,365	11,000	2003	\$600,000	\$1,150,000	48%

Credit Fund - TwinRock Value Opportunity Fund



Quarterly Update and Market Outlook

Credit and Equity markets remain fragile but constructive in our view. Our bias remains that the credit cycle widening which began in June 2014 reached a climax in Q1 2016 as evident in the capitulation in bond prices of weakest segments (Energy, Industrials) in the High Yield bond market. We would approach further volatility in bond prices - particularly in the mid-quality BB rating category opportunistically - particularly if such volatility derives from central bank fears or interest rate movements. The portfolio has benefitted from duration and a broad based compression of yields and correspondingly, enhanced returns have been achieved with largely investment grade quality bonds (with the lower risk associated with such positions). While maintaining a long bias towards high quality names, focus will be shifted to segments recovering from damage in 2015, where greater yields remain at the shorter duration associated with High Yield.

WHAT DIFFERENTIATES US?

- Our startup fee structure is designed to build your trust. We will return our incentive fees in 2016 if you are not happy. You have the 1-time right to fully redeem in January 2017 with 30-days notice, after reimbursing us for administrative costs.
- We target absolute returns (10-12%) rather than relative performance; i.e. we are not competing with other fund managers or a benchmark. This enhances our investment discipline, allows us to focus on a handful of investments (rather than the entire market) and improves the risk/return profile to you.
- Our smaller size is an advantage; it allows for more efficient management and quicker investment decision making while also widening the pool of potential investments available to us - i.e. smaller situations which would not be relevant to the large (multi-\$billion) hedge and bond funds.

General Information

Incentive Fee	0% - 20% with high water-mark (peak net asset value)
Management Fee	1.5%
Redemption Period	100% on January 2017, then June 30 and December 31 with 120 days written notice
Prime Broker	Charles Schwab / Interactive Brokers
Auditor	Squar Milner
Tax & Administration	Squar Milner
Fund Administration	Panoptic Fund Administration
Legal	Alliance Legal Partners

TRP Fund VII - Distressed Canadian Opportunity



Opportunity Overview

Our new fund aims to give our investors access to the Canadian real estate market. Our fund will focus on an opportunistic strategy, allowing our investors into a market with strong investment potential trading at distressed prices in certain segments.

Canada, despite a weakening energy sector, as a G8 economy, offers attractive long-term investment fundamentals, including its wealth of natural resources, historically stable banking and financial sector and an attractive demographic profile.

Our investment strategy is to take advantage of depressed pricing and the weak Canadian dollar and capitalizing on currently undervalued and distressed areas such as Calgary and Edmonton – hit hard by the recent and steep downturn in energy prices. By purchasing while vacancy is high and rents are low, the soft prices leave room for lease-up reserves and potential for increased rents when the economy rebounds and the market stabilizes. With the company's proactive management, and aggressive marketing and leasing, we can maintain and improve the performance of the properties purchased, and

fully capitalize on future rent and pricing growth.

Why a Canadian Market Correction Is Underway

In recent years, Canadian real estate prices have continued breaking all time highs across Canada, soaring away from fundamentals.

Canada's overpriced real estate ultimately has their origins in Vancouver, Toronto, and Calgary — fueled by Chinese investment, soaring finance markets, and oil prices, respectively.

The Chinese market collapse, near zero interest rates set to rise, and ongoing oil price weakness may create a large correction in Canada.

TRP HOUSING FUND MARKET OVERVIEW

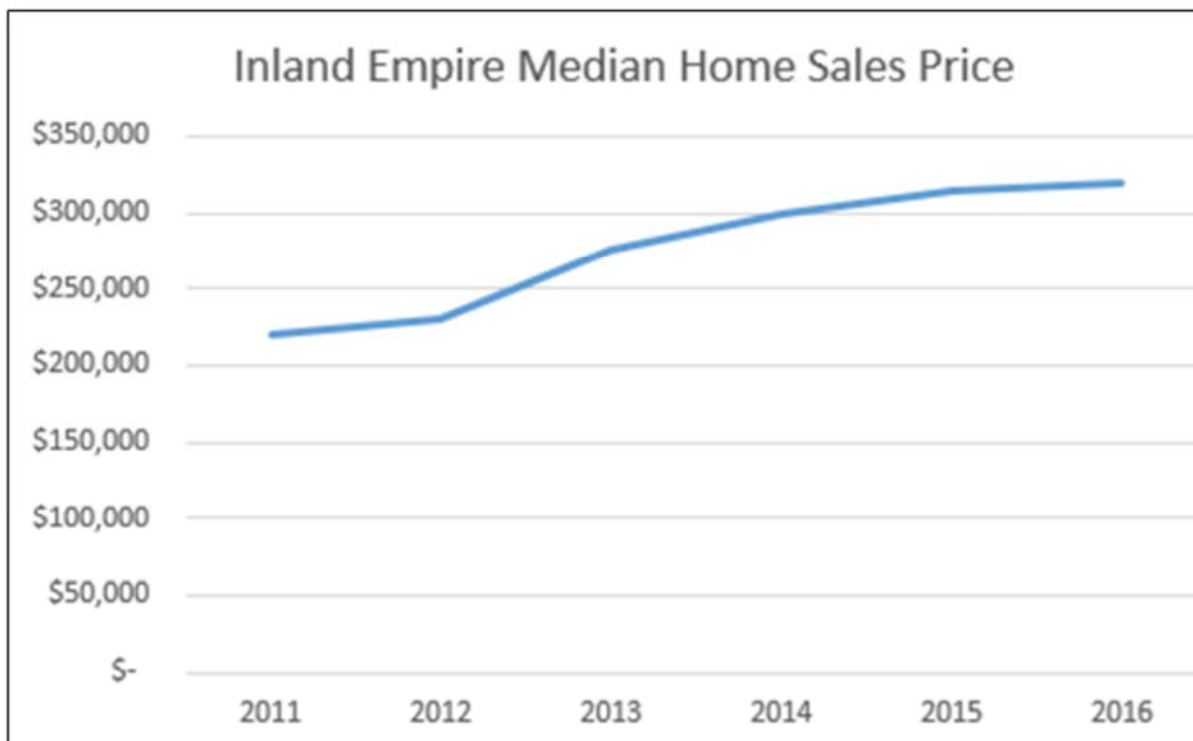
Inland Empire Market Update

As evidenced in the last market update about the Inland Empire growth, we continue to see the local economic revitalization that began in 2012 continue through 2016. The trade, transportation, and utilities sectors continue to be the largest contributor's to the creation of employment, as employers hired 13,400 workers resulting in a 4.1% increase in employment year over year.

The sector was boosted by hundreds of new jobs created by the opening of Amazon's sixth California-based fulfillment center located in Rialto. Additionally, with the opening of QVC's first West Coast distribution center this year in Ontario, the sector is poised for continued growth in 2016. Overall growth totaled 43,500 new jobs in the two-county metro, a 3.3% annual gain. This healthy job growth pushed the unemployment rate down to 5.7% as of March 2016, a whole 90 basis points lower than the same time last year.

Another positive note is that as the economy continues to rebound the Inland Empire, real estate market continues to climb. Sales of single-family homes totaled 94,400 annualized transactions in March of 2016, a 25% increase from one year prior.

The median sales price of single-family homes in Riverside and San Bernardino Counties increased in the quarter to \$320,000; representing an increase of 6.5% year-over-year, up from \$300,500 as of March, 2015. The overall year-over-year price increases in the Fund's general housing market indicate healthy but slowing price appreciation for the Fund's underlying assets. The quarter over quarter increase was 1.6%.



Source: OCAR

TRP HOUSING FUND MARKET OVERVIEW

Southern Nevada (Las Vegas) Market Update

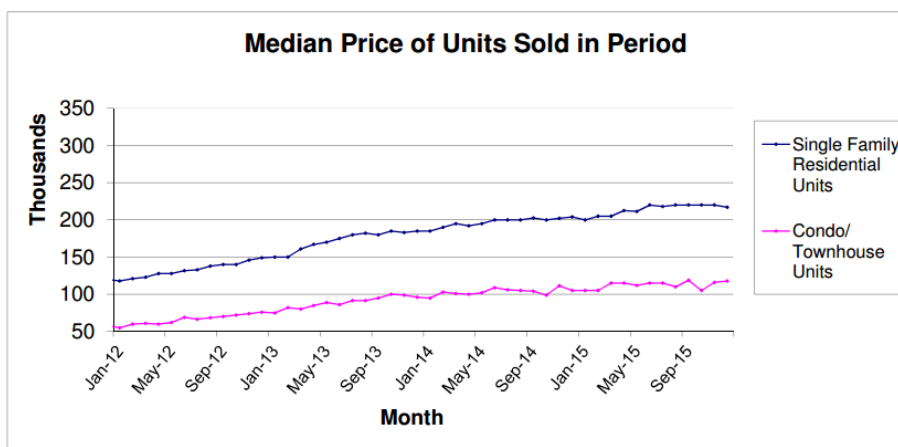
Southern Nevada’s housing supply remained tight while local home prices and sales increased in March compared to one year ago. GLVAR reported the median price of existing single-family homes sold in Southern Nevada during March through its (MLS) was \$220,000. That’s up 7.3 percent from \$205,000 one year ago.

Meanwhile, GLVAR said the median price of local condominiums and town homes, including high-rise condos, sold in March was \$118,000. That was up 2.6 percent from \$115,000 one year ago. According to GLVAR, the total number of existing local homes, condominiums and townhomes sold in March was 3,488, up from a strong showing of 3,358 in March of 2015. Compared to the same month one year ago, 2.8 percent more homes and 8.3 percent more condos and townhomes sold in March.

So far this year, local home sales are ahead of the pace from 2015, when GLVAR reported a total of 38,578 single-family home, condominium, townhome and high-rise condo sales. That was more than in 2014, but fewer sales than during the previous five years.

GLVAR continued to report declines in distressed sales and a corresponding increase in traditional home sales. In March, 5.9 percent of all local sales were short sales. That’s down from 8.3 percent of all sales one year ago. Another 7.1 percent of all March sales were bank-owned, down from 9.3 percent one year ago.

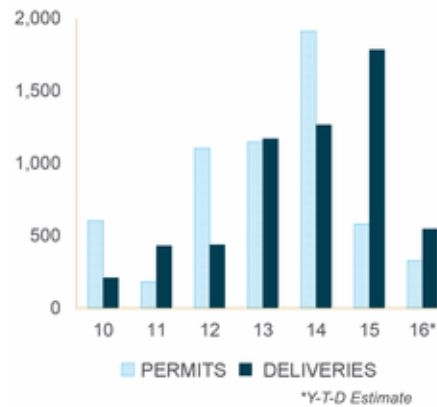
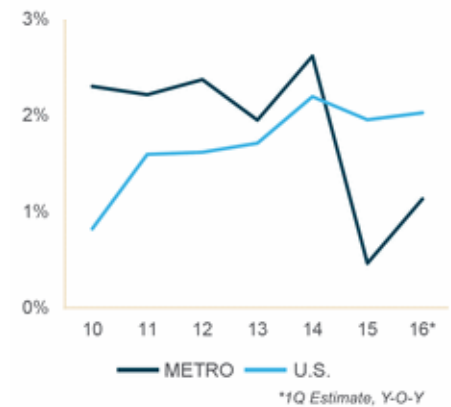
The local housing market continues to be as stable as it has been in many years,” said 2016 GLVAR President Scott Beaudry.



Source: GLVAR

OKLAHOMA CITY, OKLAHOMA MARKET UPDATES

VACANCY & RENT

PERMITS & DELIVERIES

EMPLOYMENT GROWTH

VACANCY & RENT COMPARISON

SUBMARKETS	VACANCY		AVERAGE RENT INCREASE		AVERAGE RENT	
	1Q 2016	1Q 2015	1Q 2016	1Q 2015	1Q 2016	1Q 2015
East Central Oklahoma City	6.0%	3.8%	-2.4%	3.8%	\$1,094	\$1,121
Edmond	5.6%	6.6%	0.4%	1.8%	\$859	\$856
Norman	8.6%	4.9%	1.3%	2.1%	\$687	\$678
Northeast Oklahoma City*	9.3%	7.1%	2.3%	0.1%	\$705	\$689
Northwest Oklahoma City	8.4%	7.0%	2.0%	1.9%	\$721	\$707
South Oklahoma City*	7.8%	5.9%	-3.5%	2.8%	\$668	\$692
West Central Oklahoma City	11.9%	8.3%	3.3%	2.5%	\$590	\$571
TOTALS	8.5%	6.5%	0.3%	1.4%	\$718	\$716

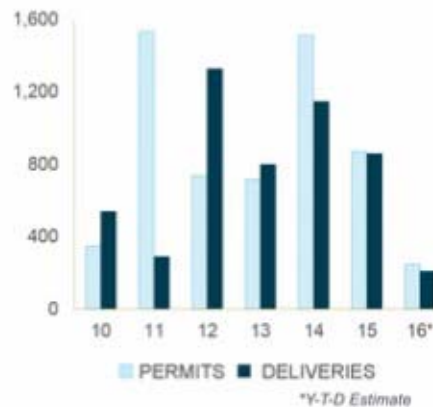
*Submarkets where TRP properties are located

- Metro-area employers added 7,100 workers to payrolls since the first quarter of 2015, representing 1.1% year-over-year growth. Leisure and hospitality employment advanced 4.8% with the addition of 3,200 workers, education and health services sector grew 3.1% as 2,800 positions were filled and the public sector expanded with 1,500 government jobs created, a gain of 1.2%. In the construction industry, 1,900 workers were hired to support numerous development projects underway in the metro, including the expansion at Tinker Air Force Base, the construction of the \$110 million GE Oil and Gas Technology Center and the Chisholm Creek mixed-use project.
- Metrowide unemployment was 3.6% in the first quarter of this year, 30 basis points higher than one year prior. The uptick in unemployment coinciding with sustained hiring suggests a portion of the long-term unemployed have resumed their search for work.
- Renters occupied 90 additional apartments in the first quarter. During the same quarter last year, operators recorded negative absorption of 150 units. In seven of the last 10 years, first quarter absorption was negative.
- Market rent rose 0.3% since the first quarter of 2015, reaching \$718 per month in March of this year. During the same period, effective rent edged up 0.1% to \$711 per month. Operators responded to rising vacancy by increasing concessions from 0.8% to 1% of asking rent.
- More than half of the year-to-date apartment deliveries were in the neighboring Northeast Oklahoma City and East Central Oklahoma City submarkets. Metrowide completions totaled 550 apartments in the first quarter, up from 165 units in the same period last year. Over the remainder of 2016, an additional 1,210 apartments are slated for delivery.

Source: Berkadia Apartment Update

TULSA, OKLAHOMA MARKET UPDATES

VACANCY & RENT

PERMITS & DELIVERIES

EMPLOYMENT GROWTH

VACANCY & RENT COMPARISON

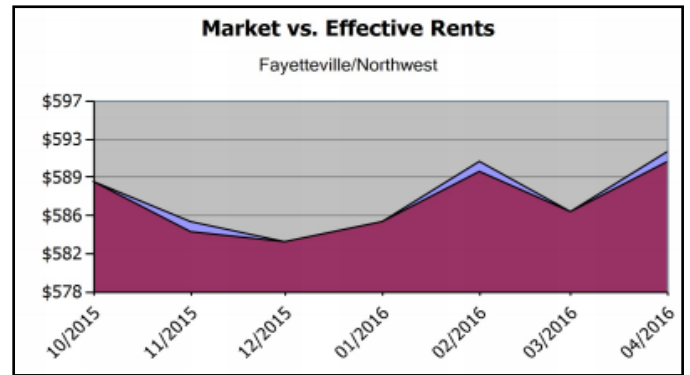
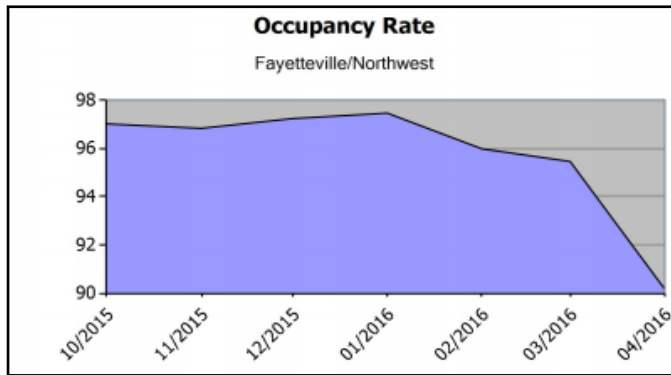
SUBMARKETS	VACANCY		AVERAGE RENT INCREASE		AVERAGE RENT	
	1Q 2016	1Q 2015	1Q 2016	1Q 2015	1Q 2016	1Q 2015
Arkansas River Southwest	8.9%	8.3%	-0.5%	7.2%	\$782	\$786
Central Tulsa*	8.6%	5.4%	1.1%	5.8%	\$798	\$789
East/Broken Arrow	5.7%	4.4%	0.7%	5.4%	\$702	\$697
North	9.0%	13.3%	4.5%	-	\$603	\$577
Rogers County	5.7%	6.6%	1.9%	1.4%	\$799	\$784
South*	7.4%	6.8%	2.4%	1.5%	\$685	\$669
Tulsa County/Other	3.4%	2.6%	0.0%	3.1%	\$757	\$757
Wagoner County	7.5%	6.2%	1.0%	-0.2%	\$806	\$798
TOTALS	6.9%	6.4%	2.1%	2.8%	\$706	\$691

*Submarkets where TRP properties are located

- Staffing levels dipped 0.6% in the last four quarters as employers eliminated 2,500 jobs through March of this year. Job growth was present in the leisure and hospitality industry where 3,500 jobs were filled, an 8.4% increase, and hiring also occurred in the education and health services sector which expanded 1.6% as 1,100 jobs were created. The manufacturing industry eliminated 4,800 positions a 9.2% decrease and professional and business services companies removed 2,400 jobs, a 4% reduction.
- Metro wide unemployment was 4.4% at the end of March. Twelve months prior, the jobless rate was 3.8%.
- Average asking rent reached \$706 per month in March, a 2.1% year-over-year gain. Additionally, rent appreciation occurred in six of the eight submarkets, with the greatest increase in the North submarket, which experienced a 4.5% gain to \$603 per month. In reaction to increasing vacancy across the metro, operators increased concessions from 1.2% to 1.5% of asking rents during the last 12 months.
- More than 80 units came online at the 248-unit Creekside Apartment Homes in the East/Broken Arrow submarket and 70 units were delivered at the 288-unit Springs at Woodlands South apartment community in the South submarket. In comparison, first-quarter completions in 2015 totaled 120 units metrowide.
- Vacancy rose 50 basis points since the first quarter of last year, reaching 6.9% in March. Apartment completions outpaced absorption by 79.6%, the primary factor in the increase in vacancy. Declines in vacancy were recorded in the northern and eastern portions of the metro, in the neighboring Rogers County and North submarkets.

Source: Berkadia Apartment Update

FAYETTEVILLE, ARKANSAS MARKET UPDATES



Floor Plan Breakdown—Fayetteville/Northwest

Plan Type	% of MKT	Ave Sq. Ft.	Ave Market Rent/ MO	Ave Eff. Rent /MO	Ave % Disc
Eff.	1.6%	500	\$477	\$477	0.0%
1 BR	44.5%	625	\$535	\$535	0.0%
1 DEN	0.1%	976	\$929	\$929	0.0%
2 BR	44.1%	922	\$671	\$670	0.2%
3 BR	6.7%	1,187	\$905	\$901	0.5%
>3 BR	2.9%	1,362	\$2,013	\$2,013	0.0%

- To start off 2016 Fayetteville saw its unemployment fall to a low of 2.9%, which is down 0.3% from December 2015. Of the eight metropolitan areas in Arkansas, Fayetteville has the lowest unemployment by 0.6%.
- Fayetteville saw the decrease of 800 non-farming for the first quarter of 2016 however Fayetteville still has a 4.8% increase in non-farm employment compared to one year ago. The government sector saw the largest increase resulting in 400 jobs through the first quarter which created, a 11.7% growth from December 2015. Four of the ten sectors of employment saw job growth in the first quarter of 2016.
- Current occupancy as of the end of March 2016 came in at 95.9% for stabilized properties, which is up about 0.9% from the year prior. Due to new unit additions the general overview occupancy dropped to 90.2%
- After the first quarter of 2016 the average size per unit was 786 square feet and the effective rent per square feet ended at \$0.74. As a result the year end effective rent rate per month was \$586 per unit.
- Low vacancy and high demand continued to increase in monthly rent, at the end of the fourth quarter one bedroom rents increased to \$535 up from \$532 at the end of 2015. Two bedroom rents saw similar increases, two bedroom rents increased approximately \$5 up to \$671 and over three bedroom rents increased \$48, resulting in \$2,013 per month.
- Offering concessions in Fayetteville remained stable at 4% offering concessions.

Source: CBRE, ALN Apartment Data, U.S. Bureau of Labor Statistics and Arkansas Economist