



QUARTERLY NEWSLETTER | Q1 17

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Dear Friends of TwinRock,

We hope this newsletter finds you well. In the first quarter, the company has added a new position and hired an Executive Vice President of Operations. In addition, for quicker real-time decisions, the firm has also systemized more of our back-office operations.

We look forward to sharing the results of our efforts, while we remain focused on our operations. In the meantime, should you have any questions, we look forward to hearing from you.

Very truly yours,



Alexander Philips

Chief Executive and Investment Officer

Current Opportunities

TwinRock Value Opportunity Fund

Portfolio Performance

TwinRock Affiliated Portfolio	
Net Asset Value (NAV)	
December 2016	1.20
January 2017	1.20
February 2017	1.21
March 2017	1.21
April 2017	1.22

Cumulative Performance



Quarterly Update and Market Outlook

The capital markets remain dominated by political and headline risk. The underlying environment remains constructive for risk in our view, notwithstanding substantially elevated valuations in both credit and equity. The fund started 2017 underweight risk in anticipation of opportunities when the existing momentum breaks. The post-election consensus provides opportunities either from a disintegration of the consensus or a continuation of the current trend against prevailing skepticism. US government bond yields remain a principle driver of market direction (both credit and equity). Equity valuations have increased against a decline in government bond prices. This can only go so far, in our view. Volatility—as measured by equity and credit derivatives—is significantly low. High yield bond prices are not cheap against most measures. Equity valuations are also at cyclical highs. Macro-economic data is suggestive of ongoing (if not robust) economic expansion, healthy household balance sheets and low unemployment. The Fed remains accommodative.

WHAT DIFFERENTIATES US?

- Our startup fee structure is designed to build your trust. We will have no participation of the profits until 2018.
- 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.

FUND DESCRIPTION

The TwinRock Value Opportunity Fund is a credit investment fund focused on the debt obligations of corporate borrowers. The fund invests in bonds and loans of corporate issuers in the high grade and non-investment grade rating categories. The fund seeks to deliver steady income and in appropriate market conditions capital appreciation by holding securities with substantial yields which are remote from default. The fund employs leverage to enhance return and may invest in equities and derivatives at the fund manager's discretion. The fund does not compete with a benchmark; the fund seeks absolute returns which exceed long-term equity averages, with substantially lower risk and volatility that is associated with higher quality bonds.

Download Prospectus

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

Current Opportunities

Rock 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, with managed liquidity and leverage, allowing our investors into a market with strong investment potential trading at expected distressed prices in certain segments.

Canada, despite a weakening energy sector, is 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 the weak Canadian dollar and distressed pricing in areas such as Calgary and Edmonton— hit hard by the recent and steep downturn in energy prices. With the company's proactive management, aggressive marketing and leasing, we can maintain and improve the performance of the properties purchased and a market recovery.

Download Prospectus

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

QUARTERLY NEWSLETTER

TRP Market Overviews

Oklahoma City, Oklahoma

Overview

Oklahoma City Apartment

12 Mo. Deliveries in Units

1,300

12 Mo. Net Absorption

-569

Vacancy Rate

12.2%

12 Mo. Rent Growth

-1.1%

Market Analyst: Adin Perera - aperera@costar.com

The Oklahoma City apartment market is barely treading water. Similar to its Southern cousin Houston, Oklahoma City rode the fracking boom to a swift economic recovery coming out of the recession. The early years of the recovery were marked by declining vacancies due to strong absorption and yearly supply that remained in the 1,000–1,500-unit range. Unfortunately, supply started to increase just as the OKC economy started to feel the effects of low oil prices, and vacancies have risen sharply since 2015. Around 4,000 units delivered over the last two years, while demand went negative in 2016, pushing vacancies near all-time highs. Rent growth has slowed to a crawl, with a negative year-over-year rate—a stark contrast to the roughly 3% annual increases during the fracking boom earlier in the decade. Despite economic concerns, investment has remained robust, although selling prices have stagnated over the last few quarters.

KEY INDICATORS

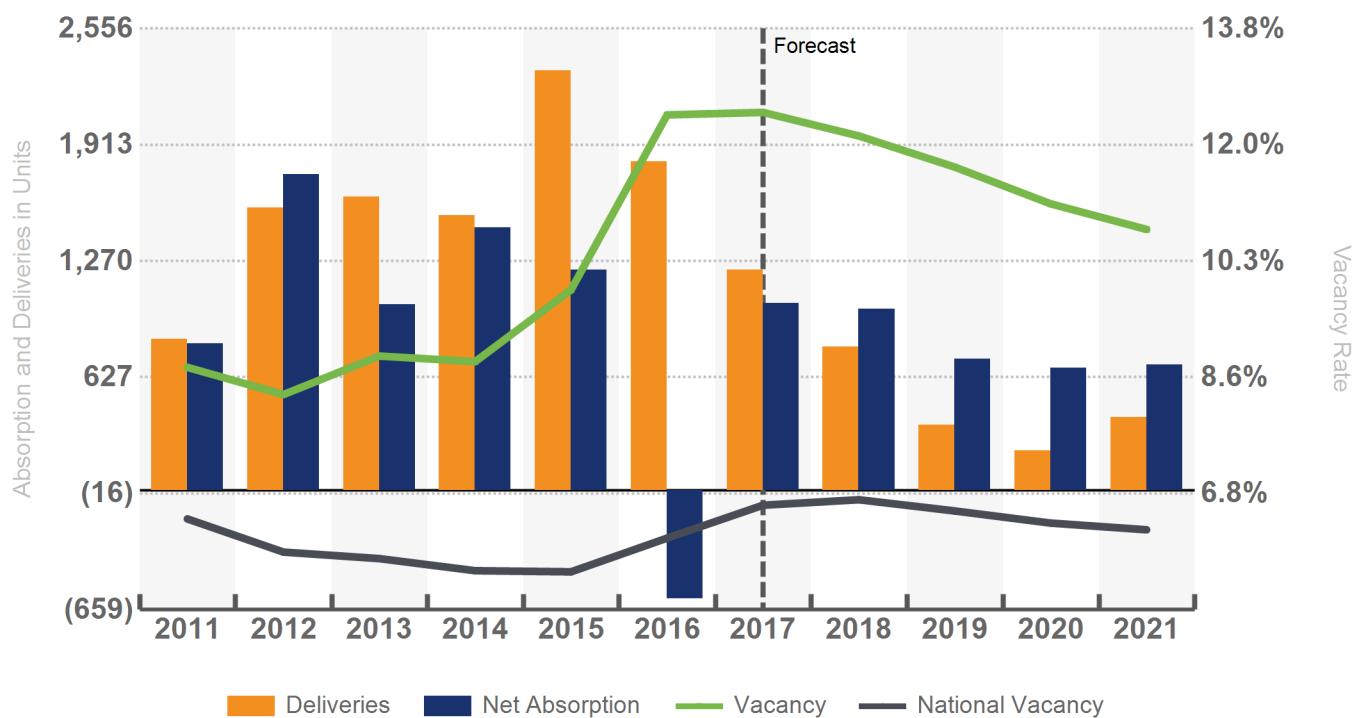
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Net Absorption	Net Deliveries	Under Construction
4 & 5 Star	16,615	10.5%	\$953	\$917	181	60	1,339
3 Star	35,519	11.4%	\$690	\$662	18	0	379
1 & 2 Star	33,555	13.8%	\$608	\$590	68	0	0
Market	85,689	12.2%	\$712	\$685	267	60	1,718

Annual Trends	12 Month Change	Hist. Avg.	Fcst. Avg.	Peak	When	Trough	When
Vacancy	1.2%	9.0%	11.7%	12.5%	2017 Q1	7.6%	2000 Q3
Net Absorption	(569)	784	807	2,178	2013 Q3	(599)	2016 Q4
Net Deliveries	1,300	1,058	615	2,669	2015 Q3	6	2008 Q4
Rent Growth	-1.1%	1.9%	0.8%	5.9%	2001 Q2	-2.8%	2010 Q1
Effective Rent Growth	2.5%	1.4%	1.0%	5.9%	2001 Q2	-2.8%	2010 Q1
Sales (\$ millions)	\$249	\$160	N/A	\$477	2016 Q4	\$1	2005 Q4

FUNDAMENTALS

Vacancies increased by around 300 basis points across 2015 and 2016. Supply has peaked in the last couple years, but construction isn't the only factor behind the vacancy increase. Absorption was negative in 2016, after averaging positive 1,200 units per year through the previous years of this cycle. Vacancies now exceed the historical average by about 300 basis points. Furthermore, supply does not appear to be slowing down: More than 1,200 units are scheduled to deliver in 2017, which could place further strain on fundamentals in the near term.

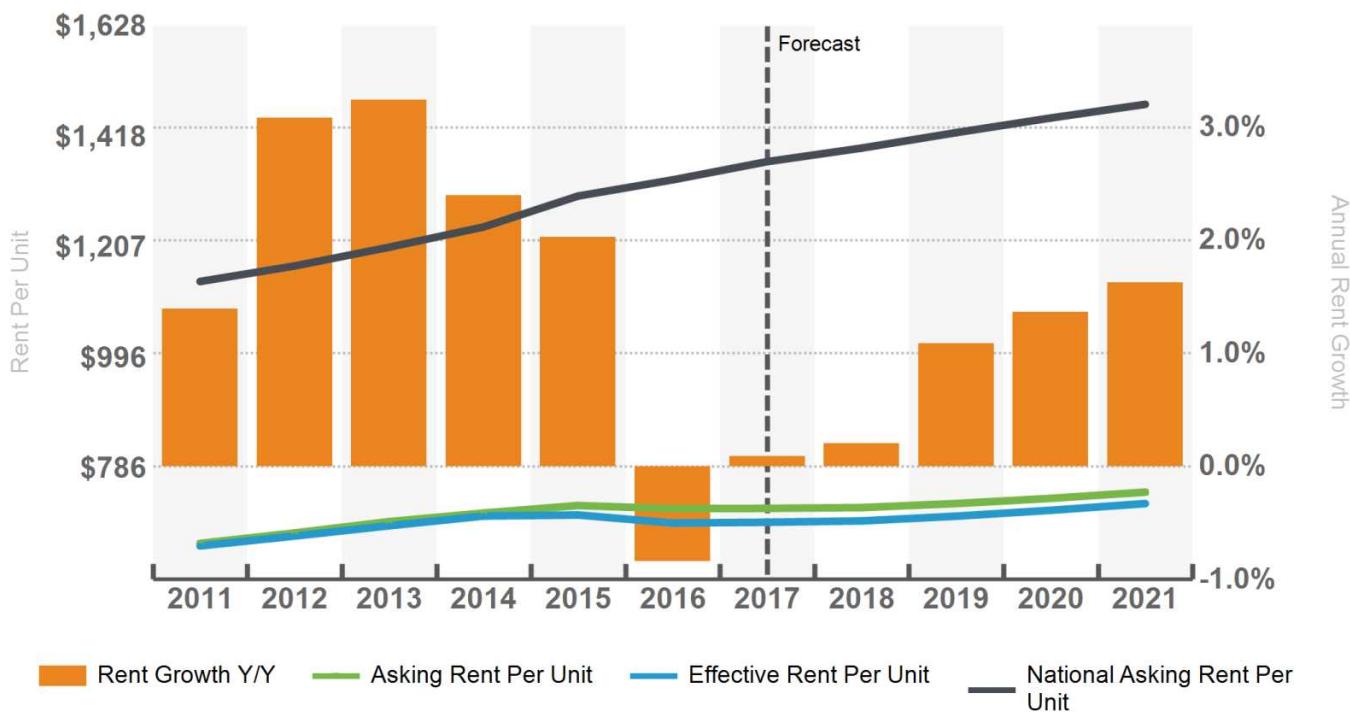
NET ABSORPTION, NET DELIVERIES AND VACANCY RATE



RENTS

Year-over-year gains were strong early in this cycle, averaging between 2%–3% from 2012–15. However, rent growth has slowed significantly and was negative in 2016. This drop has been most pronounced in stabilized 4 & 5 Star properties, where rents have fallen in every quarter since they peaked in 15Q3. This could be a sign that record supply levels and a lack of demand due to a stalling economy are starting to hurt existing luxury properties.

ASKING RENT LEVELS AND ANNUAL GROWTH



QUARTERLY NEWSLETTER

TRP Market Overviews

Tulsa, Oklahoma

Overview

Tulsa Apartment

12 Mo. Deliveries in Units

720

12 Mo. Net Absorption

-286

Vacancy Rate

10.4%

12 Mo. Rent Growth

-1.4%

Market Analyst: Adin Perera - aperera@costar.com

Fundamentals in the Tulsa apartment markets have been tested of late. Vacancies have increased over the last couple of years after declining in the immediate post-recession years. Demand recorded its first negative year of this cycle in 2016, and more than 300 units opened. More supply is on the way, with more than 1,000 units scheduled for 2017. This could place further stress on vacancies, which are now above their historical average. Rent growth was also negative last year, after being positive the prior five years. Sales volume also declined in 2016, although pricing increased.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Net Absorption	Net Deliveries	Under Construction
4 & 5 Star	13,158	12.0%	\$882	\$848	12	0	1,132
3 Star	28,183	9.1%	\$637	\$610	17	0	90
1 & 2 Star	15,116	11.6%	\$601	\$585	13	0	0
Market	56,457	10.4%	\$687	\$661	42	0	1,222

Annual Trends	12 Month Change	Hist. Avg.	Fcst. Avg.	Peak	When	Trough	When
Vacancy	0.9%	9.0%	9.9%	10.6%	2004 Q3	6.9%	2015 Q2
Net Absorption	(286)	490	547	1,564	2013 Q3	(568)	2016 Q4
Net Deliveries	720	748	448	3,204	2000 Q2	5	2006 Q1
Rent Growth	-1.4%	1.2%	1.7%	3.5%	2008 Q3	-1.7%	2009 Q4
Effective Rent Growth	1.7%	1.0%	1.8%	3.5%	2001 Q1	-3.4%	2016 Q3
Sales (\$ millions)	\$145	\$105	N/A	\$421	2015 Q3	\$5	2006 Q2

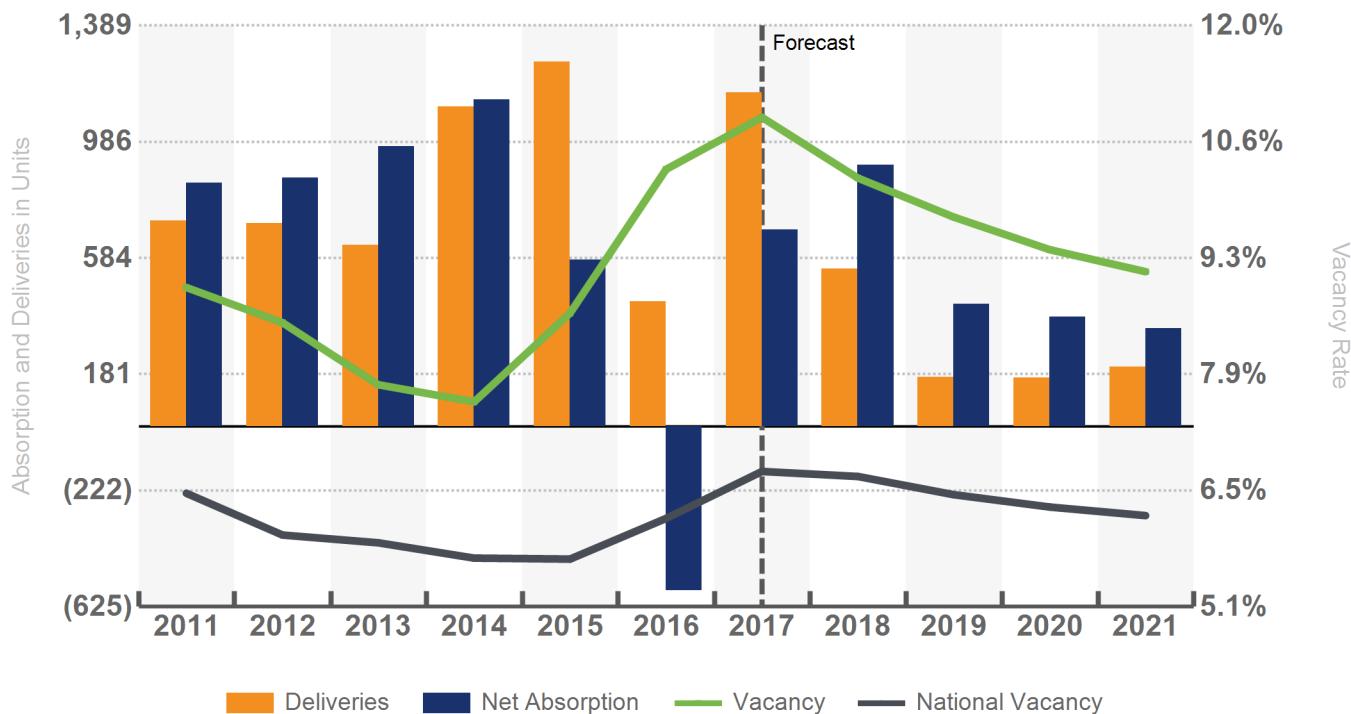
FUNDAMENTALS

Tulsa's job market was strong from 2011–14, averaging annual job growth of 2%. Payrolls have declined recently, though, primarily due to job losses in sectors related to the oil and gas industry. Tulsa, once known as "The Oil Capital of the World," has attempted to diversify its employment base into several other sectors but is still heavily reliant on the energy industry, which employs more than 55,000 workers in the metro. In the wake of the sharp decline in oil prices in 2014, large companies such as Samson Resources, WPX Energy, and Laredo Petroleum have ceased activity at many of their wells in the region. The poor performance of the energy industry has also spilled into other sectors, as manufacturing and financial activities saw year-over-year employment drop by 7% and 1%, respectively, as of November 2016.

The aerospace manufacturing sector, another one of Tulsa's major industries, has also taken a hit in recent years. The Tulsa area has nearly 20,000 aerospace workers, led by giant manufacturers and overhaul facilities at Spirit AeroSystems, NORDAM, and American Airlines. Aerospace manufacturing is tied to the volume of aviation sales, which have struggled as of late. As a result, large employers in this sector have struggled to add jobs.

Per 2016 BLS Data, in the 12 months between November 2015 and 2016 the metro lost more than 5,000 jobs and the unemployment rate increased by 70 basis points. In 2016, Tulsa's apartment market posted its first year of negative absorption since the recession. A lack of move-ins, coupled with continued construction, pushed vacancies above 10%.

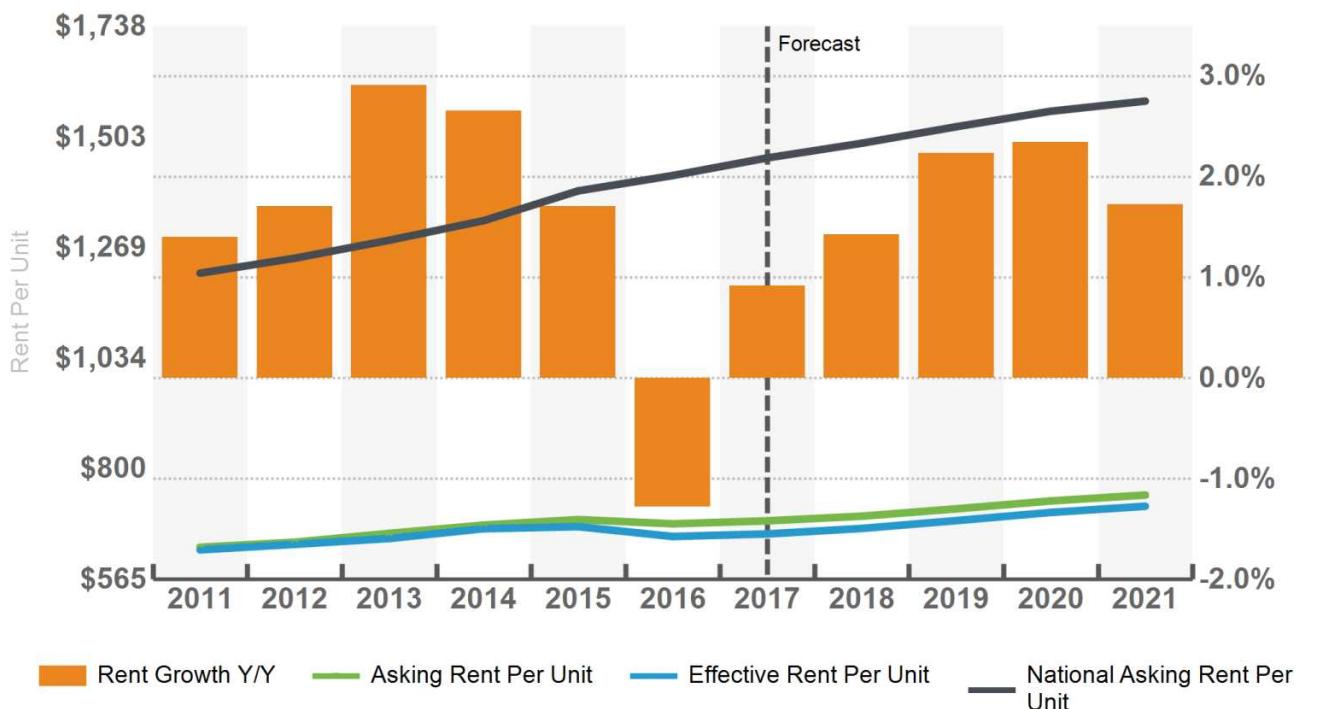
NET ABSORPTION, NET DELIVERIES AND VACANCY RATE



RENTS

The rise in vacancies has put a damper on rent growth. After averaging about 2% growth per year from 2011–15, rents dropped by more than 100 basis points in 2016. The South Tulsa/Broken Arrow Submarket has been hit particularly hard over the past 12 months. Properties with 4 & 5 Star ratings experienced the worst year-over-year rent growth, while 3 Star gains were on par with the metro average. Asking rents in assets rated 4 & 5 Stars exceed 3 Star rates by about 35%. However, their vacancies are around 300 basis points higher.

ASKING RENT INDEX AND ANNUAL GROWTH



QUARTERLY NEWSLETTER

TRP Market Overviews

Fayetteville, Arkansas

Overview

Fayetteville AR Apartment

12 Mo. Deliveries in Units

793

12 Mo. Net Absorption

289

Vacancy Rate

4.9%

12 Mo. Rent Growth

4.0%

Market Analyst: Daniel Kunimoto - dkunimoto@costar.com

Apartments located near major job centers and the University of Arkansas have performed well in this metro. The population has continued to grow here due to the jobs being added by Fortune 500 companies such as Tyson Foods and Walmart. Demand has outpaced supply since 2010, helping vacancies compress to cyclical lows. Recent deliveries continue to lease well, and year-over-year rent growth has remained strong nearling 5%. Sales activity has been largely focused around Downtown Fayetteville and Central Benton County.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Net Absorption	Net Deliveries	Under Construction
4 & 5 Star	5,274	13.8%	\$831	\$816	(26)	0	762
3 Star	16,755	2.4%	\$629	\$623	(50)	0	404
1 & 2 Star	3,329	3.1%	N/A	N/A	(6)	0	0
Market	25,358	4.9%	\$670	\$664	(81)	0	1,166

Annual Trends	12 Month Change	Hist. Avg.	Fcst. Avg.	Peak	When	Trough	When
Vacancy	2.9%	5.2%	5.8%	9.8%	2008 Q2	2.1%	2016 Q3
Net Absorption	289	771	338	1,533	2004 Q4	28	2014 Q1
Net Deliveries	793	754	512	1,942	2004 Q3	0	2014 Q4
Rent Growth	4.0%	1.4%	1.8%	6.9%	2007 Q1	-3.3%	2009 Q4
Effective Rent Growth	4.7%	1.3%	1.7%	6.6%	2007 Q1	-3.3%	2009 Q4
Sales (\$ millions)	\$124	\$47	N/A	\$226	2015 Q4	\$0	2007 Q1

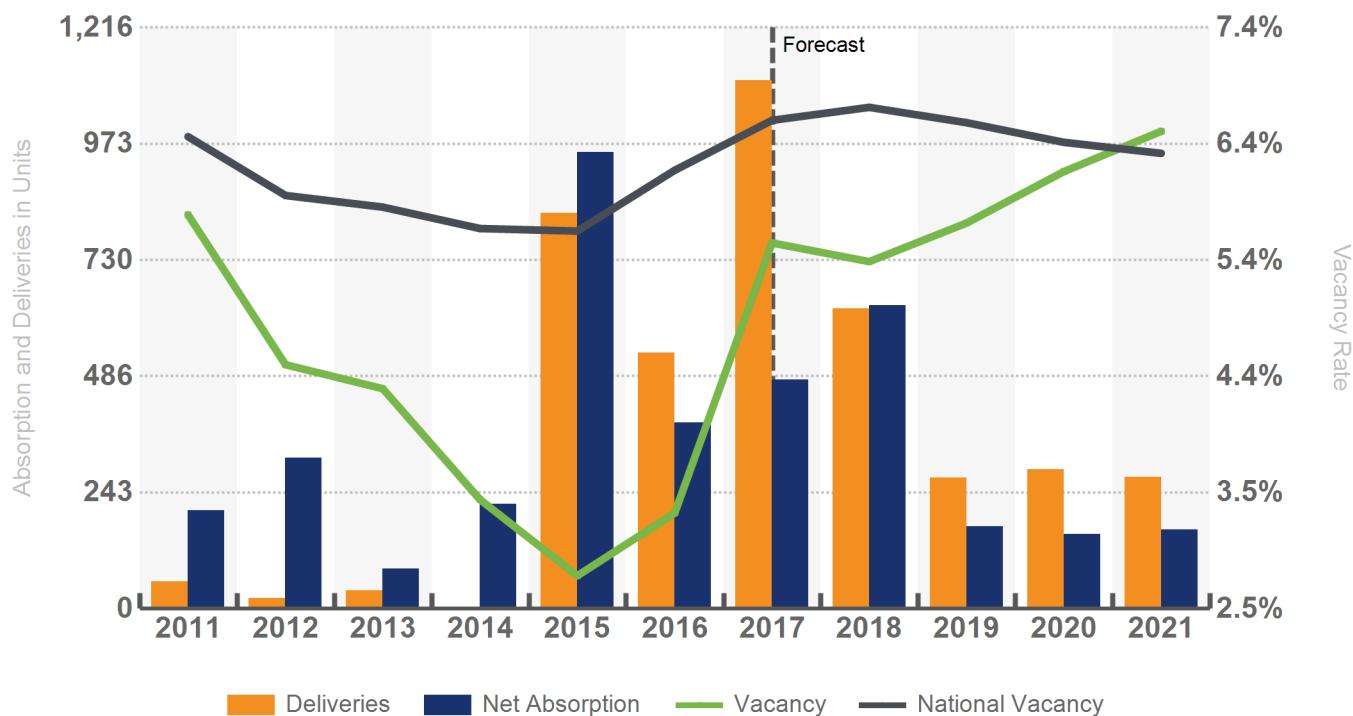
FUNDAMENTALS

Fayetteville's apartment market has benefited from a strong local economy and a growing labor force. Walmart employs over 18,000 workers at its Bentonville headquarters, while Tyson Foods houses over 4,000 at its Springdale location. Overall, the metro has added over 10,000 jobs each of the past two years, and lowered its unemployment rate to about 3%.

Household incomes have kept pace with the rising rental rates, allowing renters plenty of room to afford apartment rents that average about \$665/month. Fayetteville placed fifth on the list of Best Places to Live in *U.S. News & World Report Rankings*, thanks in part to the low cost of living and stability offered by the economy. The median household income of about \$50,000 provides a comfortable lifestyle in the area, despite being roughly 10% lower than the national average. Fayetteville residents spend less than 24% of their income on housing according to the *U.S. News* report.

Vacancies have reached cyclical lows for this market, sitting near 2.5% in 16Q4. Deliveries have leased up well, such as the 4 Star 486-unit Trails at Bentonville, which delivered in 15Q3, and the 4 Star 200-unit Promenade at Pinnacle Hills, which came to market in 15Q4. Both properties reached full occupancy within 12 months of delivering.

NET ABSORPTION, NET DELIVERIES AND VACANCY RATE

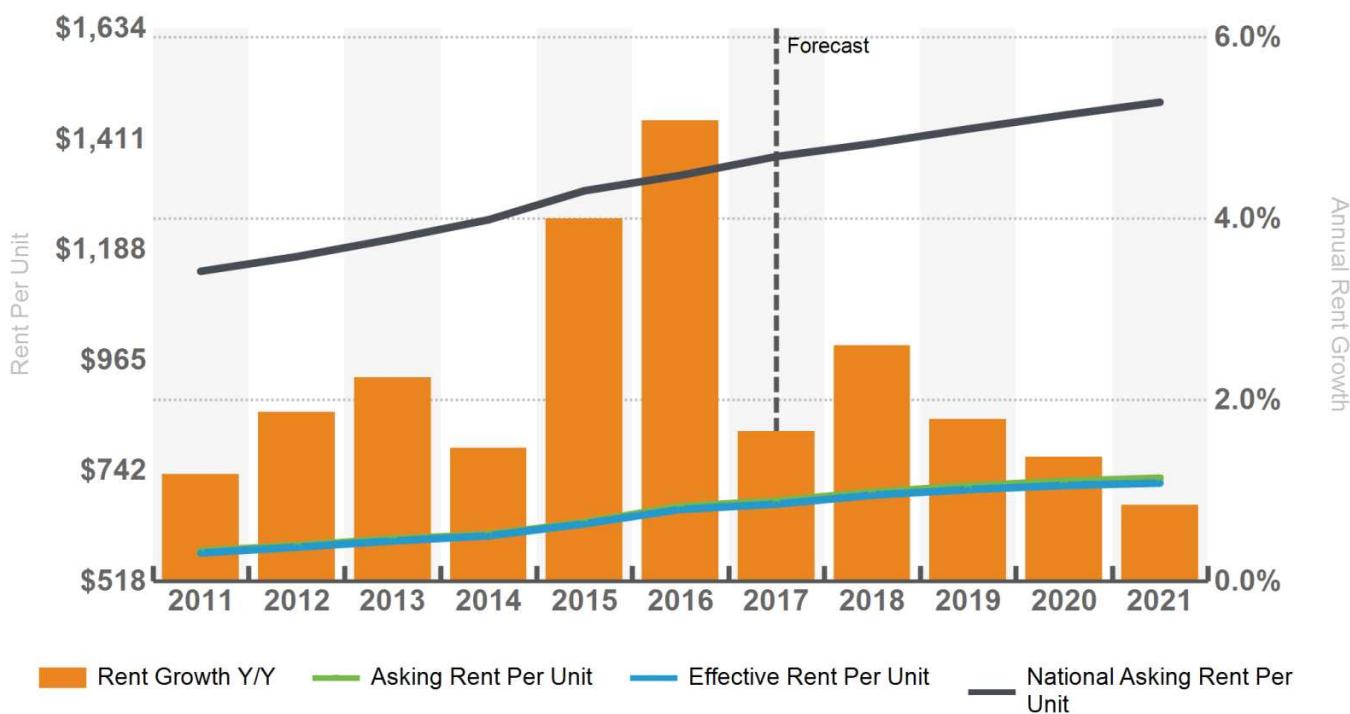


RENTS

The metro enjoyed four consecutive years of around 2% rent growth from 2011–14, with a considerable increase to about 4% in 2015. Even with the 2015 boom in deliveries, rent growth remains at cyclical highs. Unlike landlords in nearby Fort Smith, which has seen year-over-year rent growth come to a halt in 2016, those in Fayetteville continued to accelerate.

The Central Benton County Submarket, which has seen the most deliveries in the metro over the last 12 months, boasts the highest rents by a significant margin, at about \$760/month. The more than 500 units delivered in Central Benton County since 2015 have particularly high asking rents, averaging over \$900/month. The next highest submarket rents in the metro are found in Downtown Fayetteville, which averages \$610/month.

ASKING RENT LEVELS AND ANNUAL GROWTH



QUARTERLY NEWSLETTER

TRP Market Overviews

Columbia, Missouri

Market Incentive Summary

Property Name	Type of Property	# of Beds	% Preleased This Week	% Preleased Last Week	Prelease Difference	Specials
Arch Columbia, The	Current Property	632	57.12%	57.12%	0.00%	
Aspen Heights	Current Property	972	57.1%	57.10%	0.00%	\$1000 gift card for all lease signers (renewals & new); \$150 admin. fee waived for the next 15 people
Brookside	Current Property	300	0%	0.00%	0.00%	Current Special is a \$700 gift card for Brookside Townhomes.
Campus Lodge	Current Property	768	31.21%	31.21%	0.00%	
Campus View	Current Property	656	54.6%	54.60%	0.00%	1. \$75 refer a friend 2. New rate for bedroom traditional- \$399 3. Waiving all signing fees
Copper Beech at Columbia, MO	Current Property	654	53.36%	53.36%	0.00%	
Distict Flats	Current Property	269	36%	36.00%	0.00%	Fire sale, 2 bedrooms shared starting at 399 (Double Occupancy), 4 bedrooms started 509. Offering 5-10 month leases. \$500 visa gift card at signing, waived signing fees
Forest Village	Current Property	480	54.15%	51.86%	2.29%	\$0 down and \$175 gift card for new leases
Grayson Cottages	Current Property	513	72%	72.00%	0.00%	\$100 Fill your Cottage Special- 4 & 2 Bdrm units only
Grindstone Canyon	Current Property	384	54.4%	54.40%	0.00%	Sign for an entire two bedroom furnished at \$950 - savings of \$200 OR new lease/renewals get \$500 gift card
Lyfe @ Missouri	Current Property	450	29.33%	29.33%	0.00%	
Row @ Missouri, The	Current Property	328	27.13%	27.13%	0.00%	
The Den	Current Property	552	68.84%	68.84%	0.00%	"Waived Application Fee + B1 - \$66 off/mo (Monthly Rate of \$599 w/ Discount) B2 - \$76 off/mo (Monthly Rate of \$599 w/ Discount)D1 - \$121 off/mo (Monthly Rate of \$439 w/ Discount)D2 - \$101 off/mo (Monthly Rate of \$439 w/ Discount)D3 - \$101 off/mo (Monthly Rate of \$479 w/ Discount)"
The Domain at Columbia	Current Property	654	60.46%	60.46%	0.00%	Sweepstakes: 2 cards v. cubs tickets \$100 hotel giftcard \$100 gas giftcard
The Reserve	Current Property	676	57%	55.18%	1.82%	\$500 gift card for 3x3 & 4x4's; \$400 gift card for 4x2's.
The Rise on 9th	New Development	430	69.13%	69.13%	0.00%	Waiving Security Deposit Refer a friend and receive a \$500.00 giftcard. New tours entered to win YETI raffle. Free One month rent sign and save
TODD	Current Property	351	74.07%	74.07%	0.00%	
U Center	New Development	718	100%	99.60%	0.40%	
Woodlake	Current Property	224	51.86%	51.86%	0.00%	Zero Down, \$175 Visa GC for next 20 new leases.



Market Performance Summary

Market MO - Columbia

		Year Completed	Distance to Campus	# of Units	# of Beds	Current Occupancy	% Preleased This Week	% Preleased Last Week	Pre-Lease Difference	Leases Signed This Week	# of Rate Increases This Week	Total Value of Rate Increases	Weighted Market Pre-Lease
Current Property	Arch Columbia, The	2011		216	632	84.00%	57.91%	57.12%	0.79%	5	1	(\$15.00)	56.87%
	Aspen Heights	2013	2.61	318	972	89.71%	57.10%	57.10%	0.00%	0	0	\$0.00	Weekly Pre-Lease Growth
	Brookside	2012	0.97		300		0.00%	0.00%	0.00%	0	0	\$0.00	1.48%
	Campus Lodge	2004	1.80	192	768	69.00%	33.86%	31.21%	2.65%	20	0	\$0.00	Leases Signed This Week
	Campus View	1989	1.13	172	656	71.00%	54.60%	54.60%	0.00%	0	0	\$0.00	149
	Copper Beech at Columbia, MO			214	654	93.00%	54.89%	53.36%	1.53%	10	0	\$0.00	Total Beds in Market
	Distict Flats	2014	1.00	150	269	97.00%	36.00%	36.00%	0.00%	0	0	\$0.00	10,011
	Forest Village	1986	1.45	240	480	98.28%	54.15%	51.86%	2.29%	11	0	\$0.00	Weighted Market Occupancy
	Grayson Cottages	2007	2.47	145	513	85.23%	74.00%	72.00%	2.00%	10	0	\$0.00	84.07%
	Grindstone Canyon	2003	1.94	201	384	94.50%	54.80%	54.40%	0.40%	2	0	\$0.00	Total Rate Increases This Week
	Lyfe @ Missouri	2006		138	450	84.00%	32.44%	29.33%	3.11%	14	0	\$0.00	3
	Row @ Missouri, The	2006		82	328	90.00%	27.74%	27.13%	0.61%	2	0	\$0.00	Value of Rate Increases This Week
	The Den	2014	2.00	158	552	93.30%	74.64%	68.84%	5.80%	32	0	\$0.00	(\$137.00)
	The Domain at Columbia	2013	1.00	228	654	92.46%	62.92%	60.46%	2.46%	16	0	\$0.00	*Weighted Numbers Exclude Null Values*
	The Reserve	2000	1.61	250	676	81.00%	57.00%	55.18%	1.82%	12	0	\$0.00	
	TODD	2015	0.10	98	351	100.00%	75.78%	74.07%	1.71%	6	2	(\$122.00)	
	Woodlake	1984	2.47	112	224	98.28%	54.15%	51.86%	2.29%	5	0	\$0.00	
New Dev	The Rise on 9th	2017	0.08	206	430		69.13%	69.13%	0.00%	0	0	\$0.00	
	U Center	2017		182	718		100.00%	99.60%	0.40%	3	0	\$0.00	

Market Average Rent Matrix (By Unit Type, Weighted)



Market MO - Columbia

		1x1	2x1	2x2	2x2.5	3x2	3x3	3x4	4x2	4x2.5	4x3	4x4	4x4.5	Property Average
Current Property	Arch Columbia, The			\$580			\$460					\$490		\$510
	Aspen Heights			\$579			\$489					\$479		\$516
	Brookside													
	Campus Lodge							\$464				\$389		\$427
	Campus View		\$570						\$399					\$485
	Copper Beech at Columbia, MO	\$750		\$600			\$540					\$485		\$594
	Distict Flats	\$1,429		\$699								\$509		\$879
	Forest Village		\$745											\$745
	Grayson Cottages				\$704		\$577					\$519	\$537	\$584
	Grindstone Canyon	\$790		\$575			\$525							\$630
	Lyfe @ Missouri			\$565			\$510					\$519		\$531
	Row @ Missouri, The									\$475	\$475			\$475
	The Den			\$667								\$560		\$613
	The Domain at Columbia	\$958		\$735								\$610		\$768
	The Reserve	\$734		\$585			\$520		\$455			\$490		\$557
New Dev	TODD			\$997			\$935					\$772		\$901
	Woodlake		\$606											\$606
	The Rise on 9th	\$1,531		\$1,017		\$909	\$921				\$895	\$919		\$1,032
U Center				\$874								\$767		\$820
Grand Total		\$1,032	\$640	\$706	\$704	\$909	\$609	\$464	\$427	\$475	\$685	\$578	\$537	\$671