

Nontraded REIT Industry Review: Third Quarter 2014

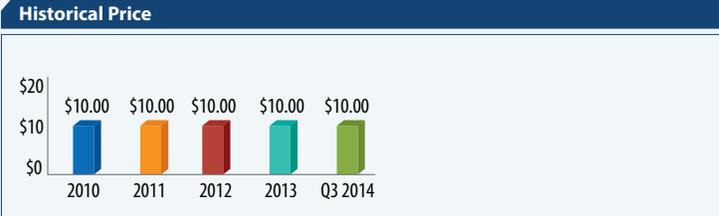


Resource Real Estate Opportunity REIT, Inc.

Total Assets.....	\$955.7 Million
Real Estate Assets	\$817.9 Million
Cash	\$117.4 Million
Securities	\$0.0 Million
Other	\$20.4 Million



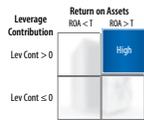
Initial Offering Date: June 16, 2010
 Anticipated Offering Close Date: December 12, 2013
 Current Price per Share: \$10.00
 Reinvestment Price per Share: \$9.50
 Cumulative Capital Raised during Offering (including DRP).....\$633.1 Million



Cash to Total Assets Ratio: 12.3%
 Asset Type: Multifamily
 Number of Properties: 38
 Square Feet / Units / Rooms / Acres: 10,786 Units
 Percent Leased: Not Available
 Weighted Average Lease Term Remaining: Not Applicable
 LifeStage: Maturing
 Investment Style: Opportunistic
 Weighted Average Shares Outstanding: 68,197,000

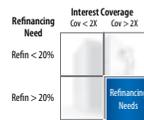
Performance Profiles

Operating Performance



The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

Financing Outlook



Interest coverage ratio is above the 2.0X benchmark but more than 20% of the REIT's debt matures within two years or is at unhedged variable rates. The REIT may face difficulties in refinancing its borrowings or interest rate risk from increasing rates, but earnings currently provide coverage of interest expense.

Cumulative MFFO Payout



The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

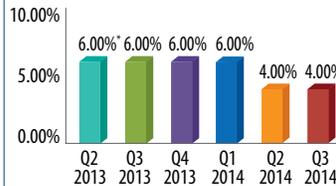
Summary

The REIT's return on assets for the last four quarters was 4.41%, above the yield on 10-Year Treasuries of 2.64%, and therefore providing a potential risk-adjusted return to shareholders. The REIT had a small positive leverage contribution for the last four quarters with an average cost of debt of 3.84% and a debt ratio of 46.8%. Given the Opportunistic strategy of the REIT, shareholder returns are expected to materialize from capital gains and special distributions rather than stable, positive MFFO. Only about 1% of the REIT's debt matures within two years, and 39% was at unhedged variable rates, meaning interest rate risks could be important. The trailing 12-month interest coverage ratio of 2.8X is above the 2.0X benchmark. Since inception, the REIT's cumulative MFFO is negative and in the last 12 months it has paid cash distributions excluding DRP equal to 958% of MFFO.

Contact Information

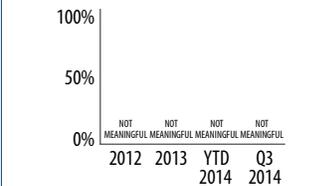
www.resourcerei.com
Resource Real Estate, Inc.
 1845 Walnut Street, 18th Floor
 Philadelphia, PA 19103
 215-640-6320

Historical Distribution



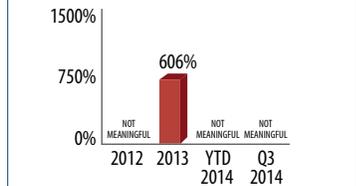
*Does not include special distribution of \$0.15 per share

Historical FFO Payout Ratio



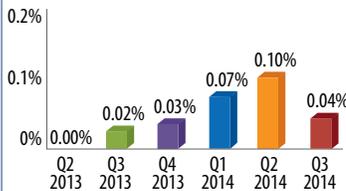
2014 YTD Dist. Paid: \$20,267,000
 2014 YTD FFO:(\$20,848,000)

Historical MFFO Payout Ratio



2014 YTD Dist. Paid: \$20,267,000
 2014 YTD MFFO: \$239,000
 Company Reported MFFO – see notes

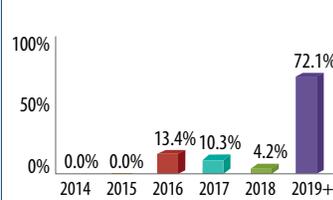
Redemptions



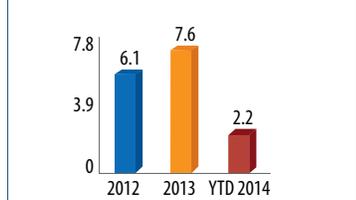
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- On July 1, 2014, the Company purchased the remaining 2.5% ownership interests of its joint venture partners in the joint ventures that own Pinehurst, Pheasant Run and Retreat at Shawnee, bringing the Company's ownership interest to 100% in each of these properties. The Company paid \$1.1 million for these interests.
- The REIT's Cash to Total Assets ratio decreased to 12.3% as of 3Q 2014 compared to 15.4% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 46.8% as of 3Q 2014 compared to 4.7% as of 3Q 2013.
- The Company used Modified Funds from Operations ("MFFO") as defined by the Investment Program Association ("IPA"). The Company also reports FFO and MFFO for stabilized and unstabilized properties.
- The Company's business plan involves acquisition of distressed assets at deep discounts. Such assets often require substantial investments of capital and increased operating costs after acquisition to convert assets into stable, cash flowing properties. These planned expenditures are necessary primarily during the first 12 to 24 months after taking operating control of an asset and often result in negative, or reduced, net operating income, MFFO and FFO during this turnaround stage. MFFO from stabilized properties in 3Q 2014 was (\$63) million vs. \$2.688 million for 3Q 2013.
- On October 6, 2014, the Company's Board of Directors amended the October dividend record date, distribution date and the amount per share. The Board of Directors increased the cash distribution to \$0.05 per common share to stockholders of record as of the close of business on October 30, 2014 to be paid on October 31, 2014.
- Since its formation, the Company's Board of Directors has declared a total of seven quarterly stock distributions of 0.015 shares each, two quarterly stock distributions of 0.0075 shares each, one quarterly stock distribution of 0.00585 shares each, and two quarterly stock distributions of 0.005 shares each of its common stock outstanding. In connection with these stock distributions, the Company had increased its accumulated deficit by \$21.3 million as of September 30, 2014. Since the close of the public offering on December 13, 2014, the REIT has ceased further stock distributions, as they are equally dilutive to all investors.
- For the nine months ended September 30, 2014, the Company paid aggregate distributions of \$20.267 million, including \$6.086 million of distributions paid in cash and \$14.181 million of distributions reinvested in shares of common stock through the Company's distribution reinvestment plan. For the nine months ended September 30, 2014, approximately 1.7% of distributions were funded from net cash provided by operating activities of continuing operations. The balance of distributions was funded from proceeds from disposal of properties of \$27.082 million.