Resource Real Estate Opportunity REIT

The public offering for Resource Real Estate Opportunity REIT became effective in 2010 and the REIT primarily acquires discounted commercial real estate and real estate related assets with a particular focus on multifamily assets located in the United States. As of the end of the second quarter 2012, the REIT had $133.5 million in assets in four mortgage notes and nine properties totaling 3,240 units. The REIT is in the Growth Lifestage of effective REITs, which is characterized by accelerated growth in capital raise and acquisitions. The investment style of this REIT is considered to be "Opportunistic," which is typically defined as a REIT that generates a high percentage of its total return from asset appreciation and a low percentage from income. REITs in this category are expected to exhibit a higher level of volatility in asset values.

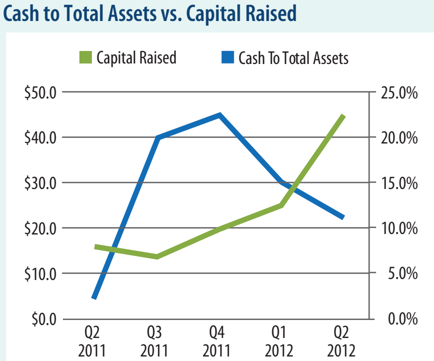
Key Highlights
- The REIT targets 55% of its assets in non-performing or distressed loans, 30% in multifamily rental properties and 15% in commercial mortgage backed securities (CMBS).
- As of June 30, 2012, the REIT's portfolio consists of nine multifamily properties that were acquired either as debt and then subsequently converted into equity, or which were acquired originally as equity. The REIT additionally owns two performing notes and one non-performing note. The REIT has also completed a discounted payoff on one non-performing note.

Capital Stack Review
- The REIT has raised $140.2 million since inception. A strong uptick in capital raise has occurred over the last two quarters with $44.4 million raised in the second quarter bringing 2012 raise to $68.8 million.
- Debt – Current debt ratio is 17.9% up from 0.5% as of year-end 2011. 62% of the REIT's debt is in variable instruments.
- Debt Maturity – 62.7% of the REIT's debt matures in 2014.
- Loan Activity – The REIT entered into a $9.2 million loan on an existing property in the portfolio, the Iroquois Apartments. Proceeds from the loan funded the special distribution.
- Cash on hand – 10.9%, which is better than median for the LifeStage and trending downward significantly.

Metrics
- Distribution – Distributions of 0.015 shares of common stock per share per quarter have been made for the past six quarters. In 2Q 2012, in addition to the stock distribution, a one-time distribution of $0.15 per share in cash was provided.
- Distribution Source – Cash distributions have been funded with proceeds from debt financing.
- MFFO Payout Ratio – Due to distributions being primarily paid in shares, ratios have not been applicable.
- Fee Waivers and Deferrals – No ongoing fees are due to the Advisor, however, $142,000 is unpaid to the Manager.
- Interest Coverage Ratio – 5.6x for the year to date period ending June 30, which reflects the very low debt ratio.
- Impairments – None reported.

Real Estate
- Acquisitions – consists of purchasing non-performing and performing notes, and equity real estate.
  - Two equity acquisitions with a combined 1,832 units have been made in 2012 for a total of $50.9 million ($27,790/unit) in Cincinnati and Houston.
  - A non-performing note was acquired in March for $10.3 million, which was subsequently foreclosed on in July.
  - Three of the REIT's non-performing notes were converted into equity through foreclosure in 2012.
- Occupancy – Not reported.
- Dispositions – None reported.
- Diversification – At this early LifeStage, limited diversification is to be expected. The REIT owns assets in eight states with large ownership concentrations in Houston and Ohio.

Cash to Total Assets vs. Capital Raised



Debt Ratio vs. Median