



Annual Investor Overview

February 16, 2017

Disclosure

This document is for informational purposes only.

This document does not convey an offer of any type and is not intended to be, and should not be construed as, an offer to sell, or the solicitation of an offer to buy, any interest in any entity or other investment vehicle. If such an investment opportunity should become available, a confidential private offering memorandum outlining such investment opportunity would be provided to you, and the information in this document would be qualified in its entirety by reference to all of the information, including without limitation the risk factors, in the confidential private offering memorandum.

An investment in any investment vehicle described or contemplated in this document, if made available, should be regarded as highly speculative in nature and appropriate only for sophisticated investors that can afford a loss of their entire investment and that are able to invest for an indefinite period. Investment in any such vehicle is not intended as a complete investment program. It should not be assumed that an investment in any investment vehicle described or contemplated in this document will be profitable or that the future performance of any such investment vehicle will equal or approximate the past performance of such investment vehicle, of any other investment vehicle managed by Waypoint, or of any investment strategies operated within such investment vehicle.

Any information, beliefs, and/or opinions provided in this document (including any financial projections) constitute the understanding of the entity providing such information, beliefs, and/or opinions as of the date of this document, and are subject to change without notice. No representation is made that the information contained in this document (including any financial projections) is complete or adequate, or that it would be useful for any purpose. No assurances can be made that any aims, assumptions, exceptions, and/or goals described in this document (including financial projections) would be realized.

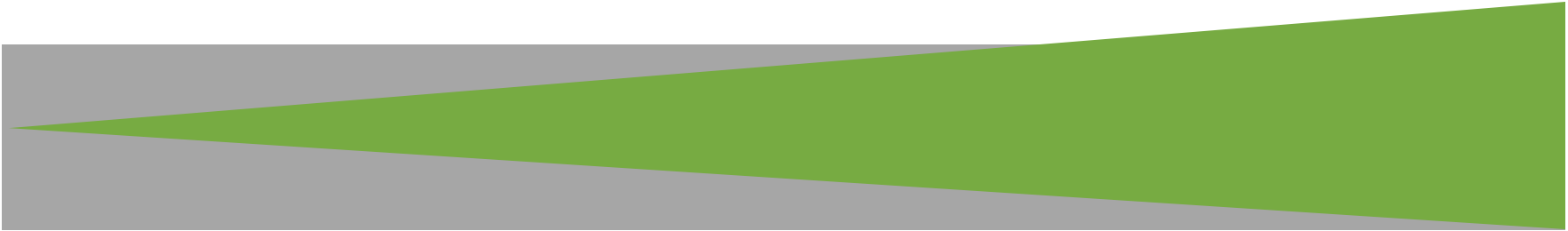
Neither Waypoint nor any its affiliates, nor any shareholders, partners, members, managers, directors, principals, personnel, representatives, or agents of any of the foregoing shall be liable for any errors (as a result of negligence or otherwise, to the fullest extent permitted by law in the absence of fraud) in the information, beliefs, and/or opinions included in this document, or for the consequences of anyone's relying on such information, beliefs, or opinions.

Certain information and opinions included in this document, certain information and opinions used to form beliefs included in this document, and certain tools used to produce and/or analyze information included in this document, may have been obtained from third-party sources which are believed to be reliable. However, sources for such information, including without limitation market participants, may have self-interested reasons for providing incorrect information. Moreover, no assurances can be given that such information, opinions, or tools are in fact reliable, and they should not be taken as such.

Information contained in this document, including without limitation any description of any investment vehicle and/or the strategies employed in such vehicle, may be changed or updated at any time without notice to recipients of this document.

Any figures presented in this document are unaudited, and any figures relating to future periods are entirely speculative. Where provided herein, historical performance is not indicative of future performance.

By accepting this document, you acknowledge and agree that all of the information contained in this document shall be kept strictly confidential by you.



2017 – State of the World

Economy and Real Estate Markets

2016 - 2017: Key Macroeconomic Considerations

- ❖ In 2016, the U.S. economy continued to grow despite unpredictable global events



Positive Trends:

- Strong labor market
- Pro-growth fiscal policies
- Infrastructure
- Deregulation
- Stock market rally



Uncertainty:

- New administration
- Trade policy
- Immigration policy



Impact on Multifamily

A Review of 2016 and Look to 2017

Multifamily...A Year in Review

Multifamily in 2016

Uneven Performance

- Nationwide rent growth of 3.8% was down from the cycle peak in 2015 (5.6%) but still exceeded the historical long-term average of 2.2%⁽¹⁾
 - Select metros still saw rent growth of 4% - 7%
 - Average rent growth from 2011 to 2015 was 4.5%
- Most of the new supply focused in areas with the highest rental rates
 - Softening of rents in high-end, luxury units in those markets with the most supply (ex. San Francisco, New York City)

Concentrated Supply / Keeping Pace with Demand

- New supply primarily concentrated on high-end units
 - 84% of units completed Q4 2015 – Q3 2016 were in the Class A luxury category⁽²⁾
 - Average Class A rents in 2016 were \$1,822 versus Waypoint's average rent of \$1,200⁽³⁾
- 315,000 new units delivered⁽⁴⁾ yet demand kept pace with supply
 - Long-term replacement levels: 350,000 – 400,000 units annually

Healthy Fundamentals

- Vacancy rates relatively flat at 3.5%, below the 15-year average of 6.1%⁽²⁾
- The economy added 2.2 million jobs and reached an unemployment rate of approximately 4.7%
- Through Q3 2016, 1.2 million new households were formed, more than the post-recession average of 850,000 per year⁽⁴⁾
 - More than 50% of the new households formed in 2016 were renters

1. MPF Research
2. Marcus and Millichap Research
3. Axiometrics/CoStar
4. Freddie Mac 2017 Outlook

Expectations for 2017

Fundamentals



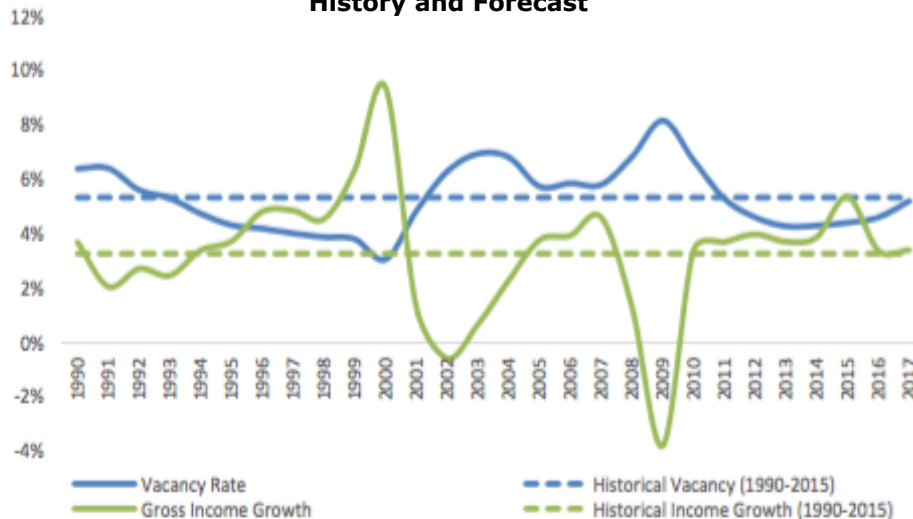
- Wage growth expected to occur as a result of low unemployment
- Historically low homeownership rate of 63.7% at Q4 2016 is expected to remain steady
- Strong demand from rising Millennial population – the “Generation Rent” - and downsizing Baby Boomers
- Additional demand drivers include: immigration, increase in non-traditional households, increased age of first marriage and record levels of outstanding student debt

Rent Growth/ Supply



- Rent growth will vary across markets – highest moderation in areas with highest levels of new supply versus stronger rent growth in affordable suburban markets with a lack of new deliveries⁽¹⁾
- Expected 320,000 deliveries in 2017, in-line with 2016 levels and slightly below the 49-year average of 340,000 units⁽¹⁾

Vacancy rate and Gross Income Growth, History and Forecast



Sources: REIS, Bureau, Freddie Mac projections

Waypoint's Investment Thesis Remains Compelling

Waypoint's current portfolio is well-positioned to perform through market cycles

	<u>Waypoint</u>	<u>Rationale</u>
Geography:	Secondary and tertiary suburban markets	<ul style="list-style-type: none"> ❖ Development has been limited / suburban markets have been undersupplied ❖ Lack of institutional capital ❖ Lower cost basis ❖ Offers affordability with favorable location, good schools, and proximity to jobs and retail
Asset Type:	Low-rise, garden style Class B properties	<ul style="list-style-type: none"> ❖ Limited new development resulting in undersupply of affordable properties ❖ Renters priced out of high-end luxury properties are choosing Class B properties with many of the same amenities ❖ Caters to the working class, who are the majority of renters ❖ Appeals to the "renters by necessity" cohort
Capitalization:	Flexible Capital / Moderate Leverage	<ul style="list-style-type: none"> ❖ Moderate leverage of 60% - 65% and debt service coverage ratios of approximately 2.0x ❖ "No sleepless nights" - provides downside protection in less robust market cycles (see page 16 for downturn analysis)

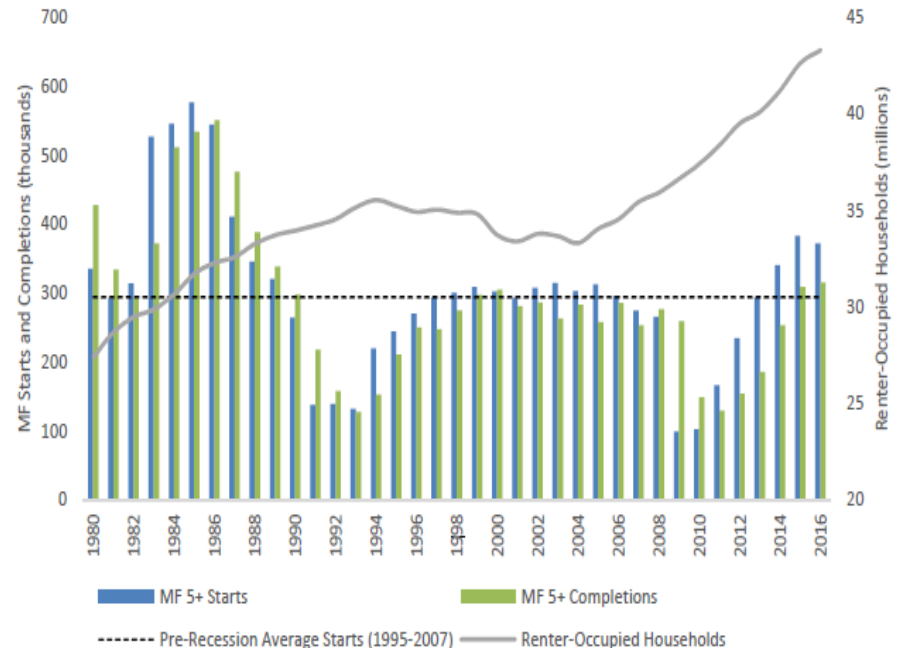
Supply....Looking Beyond the Headlines

MYTH: Multifamily is overbuilt in all markets

FACT: Most secondary metros and suburban submarkets remain strong

- ❖ New supply was significantly constrained from 2010 – 2014, with annual completions averaging 176,000 units
- ❖ Multifamily sector needs to add 350,000 - 400,000 units just to meet demand and replenish the 200,000 units rendered obsolete each year⁽¹⁾
- ❖ Historically high demand resulted in continued strong fundamentals despite an increase in annual completions averaging approximately 325,000 units from 2015 - 2016
- ❖ New construction has been primarily concentrated in the high-end luxury market located in 10 major metro areas⁽²⁾

Multifamily Starts and Completions (5+ Units) and Renter Households



Sources: Freddie Mac, U.S. Census Bureau, Moody's Analytics

1. Reis
2. Marcus and Millichap Research, U.S. Census Bureau

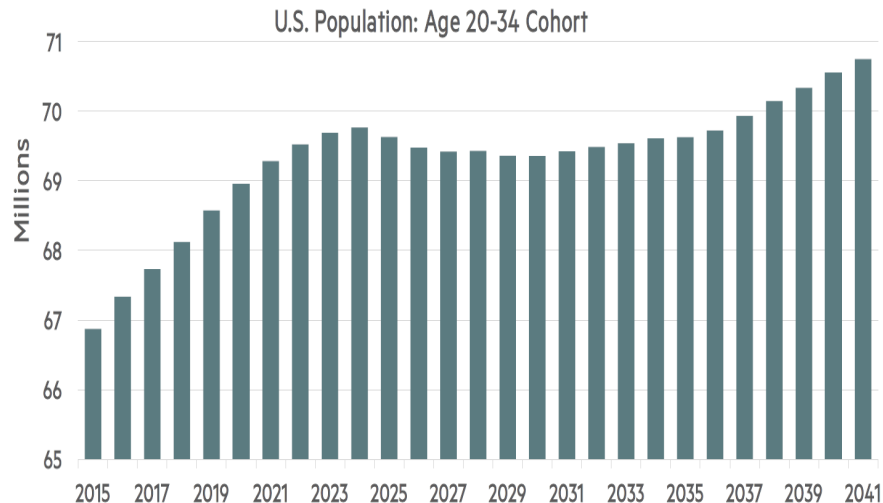
Positive and Enduring Fundamentals

Multifamily outlook remains positive for the foreseeable future

Multi-Year Positive Demand Drivers

- ❖ Rising population of Millennials, with a preference for renting, is expected to peak at 70 million in 2024⁽¹⁾. Growth will continue in 2030 after a period of stabilization
- ❖ Baby Boomers who are seeking to downsize and simplify are choosing to rent apartments
- ❖ Growth in household formation will continue to accelerate as the economy continues to improve – over 20 million new households are expected to be formed between 2015 and 2025⁽¹⁾

Demographics favor apartments over the long-term



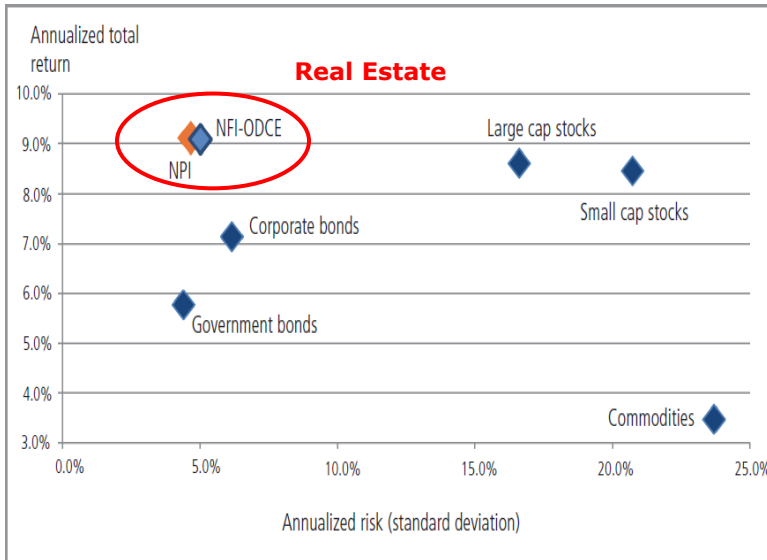
Source: National Multifamily Housing Council

1. Joint Center for Housing Studies of Harvard University

Multifamily Real Estate Generates Attractive Returns

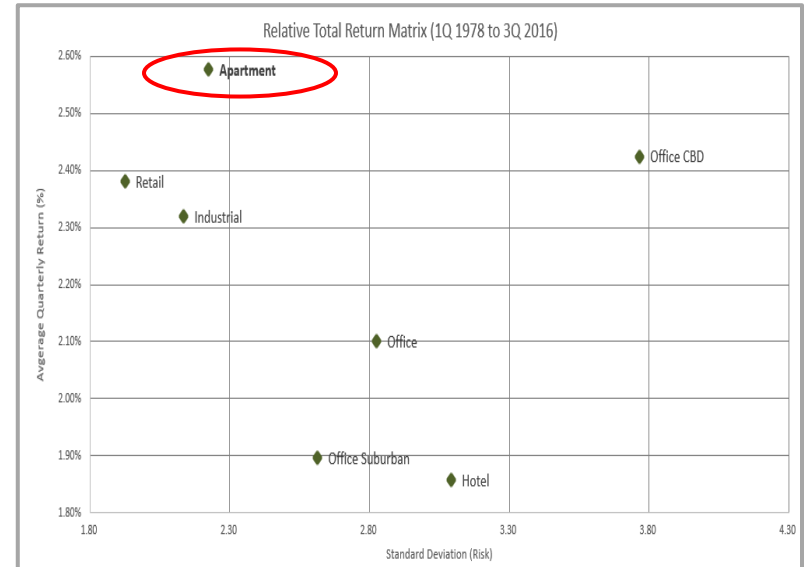
- ❖ Real estate generates attractive risk adjusted returns and has historically outperformed other traditional investment options
 - Real estate offers current income, potential upside from appreciation and also acts as an inflationary hedge
- ❖ Apartment rents have been less volatile than rents for other commercial property types due to greater resilience in demand for apartments vs. other commercial property types – apartments are a “necessity item”
- ❖ Given their short-term leases (typically 1-year), multifamily responds quickly to positive market forces, significantly accelerating the recovery from any potential downturn effects

20-Year Return and Risk Profile Across Major Asset Classes

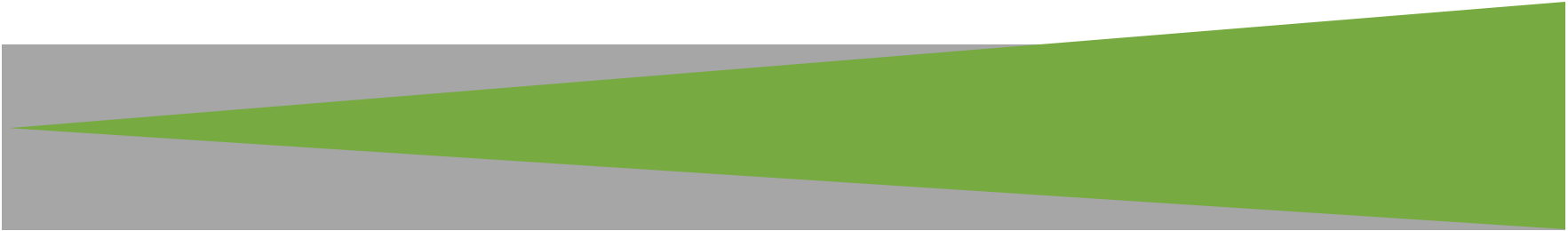


Source: Thomson Reuters Datastream. Data from 1993 Q3 – 2013 Q2
 The indices used for each asset class are: Government bonds, Bank of America Merrill Lynch Treasury Master; Corporate bonds Baa-rated, Barclays US Aggregate Corporate Intermediate; Core Real Estate, NCREIF Property Index (NPI), NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE); Large capitalization stocks, Russell 1000 index; Small capitalization stocks, Russell 2000 index; Commodities, S&P GSCI Commodity Index. The risk free rate is the 10-year US Treasury note yield.

Average Quarterly Risk and Return for Different Property Types



Source: NCREIF (Returns are reported on an unlevered basis)



Waypoint by the Numbers

A Review of 2016 and 2017

Waypoint Residential Overview

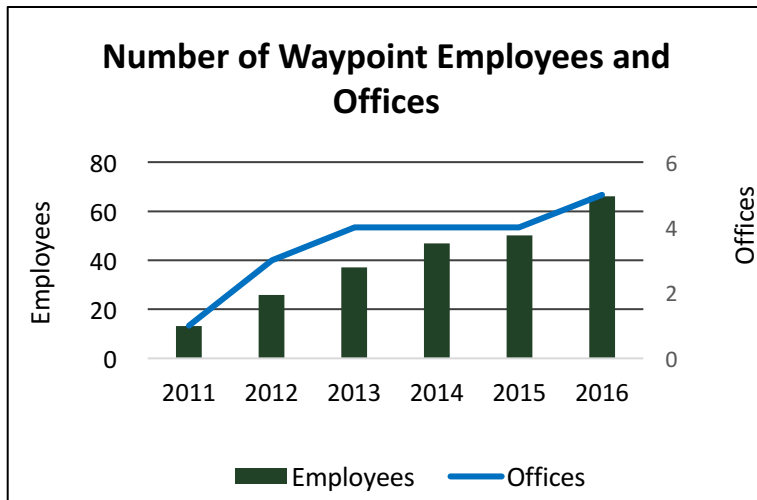
- ❖ Vertically integrated real estate investment firm focused on the rental housing sector
- ❖ More than 60 real estate professionals
- ❖ 6 offices nationwide: Stamford, Boca Raton, Dallas, Atlanta, Chicago, Denver
- ❖ Approximately 900 investors
- ❖ Generated net returns of approximately 24% on 20 realized investments
- ❖ Stabilized properties are distributing approximately 7% - 8%
- ❖ Product Types: Conventional Multifamily, Student Housing
- ❖ Investment Strategies: Acquisitions, Development
- ❖ Geography by Region: Mid-Atlantic, Southeast, Southwest, Midwest, Mountain

<p>Approximately</p> <p>\$2 billion</p> <p>Total Aggregate Value⁽¹⁾</p>	<p>Nearly</p> <p>20,000</p> <p>Conventional Apartment and Student Housing Units⁽¹⁾</p>	<p>Invested in</p> <p>67</p> <p>Multifamily and Student Housing Properties⁽¹⁾</p>
---	--	---

1. Includes investments acquired and currently under contract as of 12/31/16. Past performance is not an indicator of future outcomes.

Waypoint: History and Future

Waypoint has grown steadily and strategically since 2011

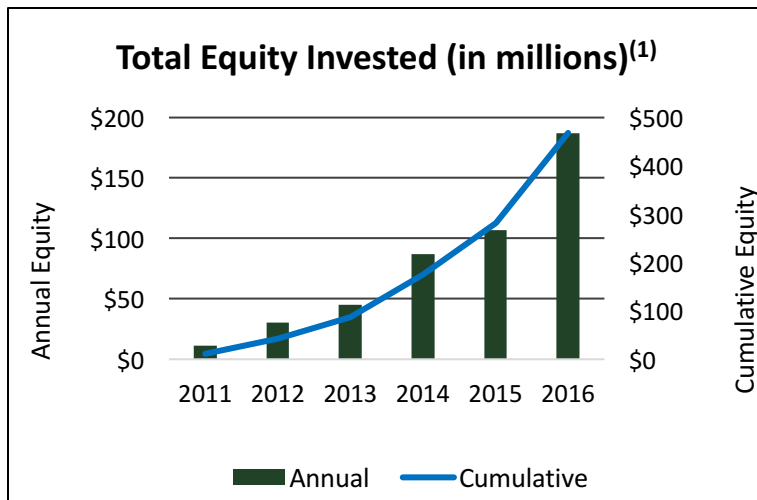


2016 Growth

- ❖ Launched student housing investment platform
- ❖ Opened Chicago office
- ❖ Key investment and operation hires

Expected Expansion in 2017

- ❖ Denver operation opened in February
- ❖ Exploring senior housing and mezzanine debt investment strategies



2018 and Beyond

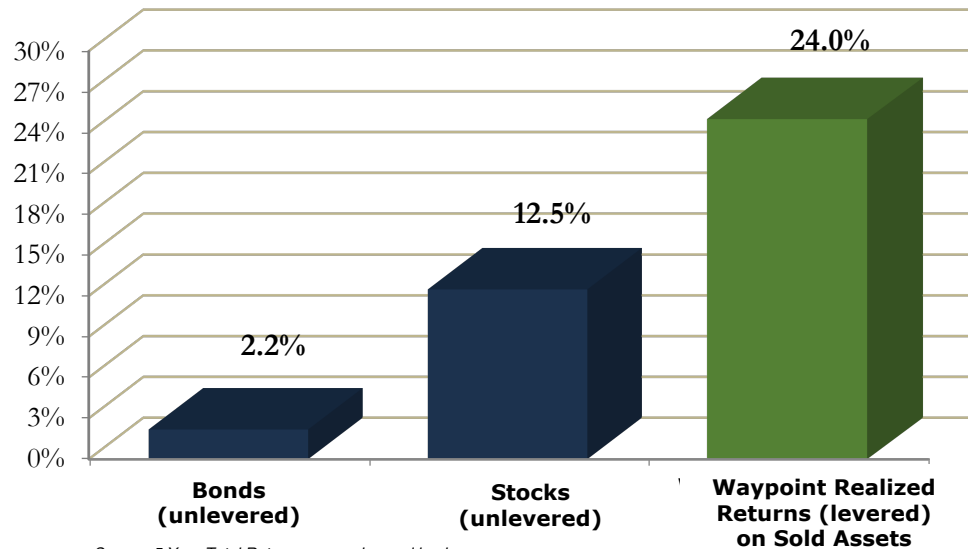
- ❖ Continued expansion to the west coast
- ❖ Establish complete coast-to-coast geographical coverage
- ❖ Explore additional investment strategies within the rental housing sector

1. Includes investments acquired and currently under contract as of 12/31/16. Past performance is not an indicator of future outcomes.

Waypoint's Proven Performance

2016 Transaction Activity ⁽¹⁾	
Total No. of Investments:	14
Aggregate Capitalization:	\$510 million
Investments by Type:	10 Acquisitions 3 Developments 1 Recapitalization
Total No. Units:	Approximately 4,600
Total Dispositions:	7 sales / 4 supplemental loans

Portfolio / Overview Performance ⁽¹⁾	
Portfolio Occupancy:	94.0%
YOY Same Store Rent Increases:	4.7%
Investments by Type:	40 Existing Multifamily 19 Development 8 Student Housing
Realized Net IRR on Sold Assets ^(2,3) :	24%
Current Yield ⁽³⁾ :	7% - 10%



Source: 5 Year Total Return on an unlevered basis; Bonds (Barclays US Aggregate Bond Index), Stocks (S&P 500).

Waypoint's Total Returns^(2,3) vs. Traditional Investments (2011-2016)

1. Includes investments acquired and currently under contract as of 12/31/16. Past performance is not an indicator of future outcomes.
 2. Waypoints' returns are calculated on a levered basis
 3. Waypoint Residential has a Current Average Distribution rate of 7.7% and a Target Total Return of 10%-15% for acquisition assets and 15%+ for development. Waypoint's Realized weighted average IRR is 24%

Evaluating a Market Downturn

The following "Downside" scenario stress test⁽¹⁾ roughly approximates the revenue declines experienced by the apartment sector in 2009 & 2010; the following changes are reflected in years 1 & 2 of the cash flow:

- ❖ 8% decrease in underwritten Gross Potential Rents
- ❖ 5% decrease in underwritten occupancy
- ❖ Offering of one month concessions on all leases

Sample Downside Scenario Stress Test for Three Waypoint Transactions

Apex on Preston (Louisville, KY) - Return Matrix Midpoint vs. Downside Comparison

Scenario	Year 1 Cash on Cash	Year 2 Cash on Cash	Year 3 Cash on Cash	Net 7 Year Cash on Cash	Net Levered IRR	Year 1 DSCR
Return Matrix Midpoint	7.22%	7.63%	7.98%	8.63%	11.79%	1.92x
Downside	3.80%	3.28%	7.98%	7.52%	10.72%	1.52x
Delta	-3.42%	-4.35%	0.00%	-1.11%	-1.07%	-0.40x

The Residence at North Penn (Oklahoma City, Oklahoma) - Return Matrix Midpoint vs. Downside Comparison

Scenario	Year 1 Cash on Cash	Year 2 Cash on Cash	Year 3 Cash on Cash	Net 7 Year Cash on Cash	Net Levered IRR	Year 1 DSCR
Return Matrix Midpoint	7.02%	7.02%	7.54%	8.55%	12.28%	1.87x
Downside	3.96%	2.87%	7.54%	7.52%	11.16%	1.44x
Delta	-3.06%	-4.15%	0.00%	-1.03%	-1.12%	-0.43x

Arbor Lakes (Tampa, FL) - Return Matrix Midpoint vs. Downside Comparison

Scenario	Year 1 Cash on Cash	Year 2 Cash on Cash	Year 3 Cash on Cash	Net 7 Year Cash on Cash	Net Levered IRR	Year 1 DSCR
Return Matrix Midpoint	7.02%	7.77%	7.75%	8.72%	12.80%	2.03x
Downside	3.67%	3.46%	7.75%	7.96%	11.82%	1.52x
Delta	-3.35%	-4.31%	0.00%	-0.76%	-0.98%	-0.51x

Average

Scenario	Year 1 Cash on Cash	Year 2 Cash on Cash	Year 3 Cash on Cash	Net 7 Year Cash on Cash	Net Levered IRR	Year 1 DSCR
Return Matrix Midpoint	7.09%	7.47%	7.76%	8.63%	12.29%	1.92x
Downside	3.81%	3.20%	7.76%	7.67%	11.23%	1.49x
Delta	-3.28%	-4.27%	0.00%	-0.97%	-1.06%	-0.45x

1. Amounts are estimates and all projections are presented for illustrative purposes only. Actual results may vary significantly

Yield Cushion = Preservation of Capital

- ❖ This illustration shows the benefit of the "yield cushion" typically inherent in a development project (ability to build cheaper than current market pricing for a new asset)
- ❖ In the diagram below, two significant but uncorrelated negative events are assumed to occur that cause the transaction's return on cost (ROC) to be equal to current market cap rates. In such case, instead of realizing a built-in profit, the project's value would approximate cost
- ❖ **Hence, in a downturn, the implied yield cushion is a powerful buffer for preservation of capital**

Development Target

Pro-Forma
Return on Cost
6.75%

Implied Yield Cushion
of 1.25% ROC

Potential Profit Margin
of 15-25%



**10% Decrease in
Market Rents**

**10% Increase in
Project Costs**



Post Market Event

Actual
Return on Cost
5.50%

Implied Value = Costs
Basis

ROC In-Line with Current
Market Cap Rates

The Downside scenario is included for illustrative purposes only and makes certain assumptions involving risks, estimates, and uncertainties about future performance of the economy and the Property, which are difficult to predict and many of which are beyond the Company's control. Therefore, if the events described in the Downturn scenario were to occur, the scenario is not a guarantee of future performance and actual outcomes and results could differ materially from what is expressed, forecasted or implied in this scenario.



Investor Relations

**2200 Atlantic Street
Suite 520**

Stamford, CT 06902

Tel: 203.210.2700

Investments@waypointresidential.com