



General Presentation

January 2016

Savanah Apartments, Sacramento, CA

Company Overview

- **Housing Partnership Equity Trust is a social venture REIT focused on the preservation of affordable housing throughout the United States.**
- **HPET was started by the Housing Partnership Network (“HPN”) and 12 nonprofit partners to acquire and preserve multifamily properties serving low and moderate income renters**
- **The 12 nonprofit partners (“Partners”) include the nation’s preeminent affordable housing developers/operators who collectively own more than 72,000 units across 38 states with an estimated value of over \$6 billion**
- **HPET provides a private market solution for preserving needed affordable housing across the U.S.**

Mission

- **Housing Partnership Equity Trust's mission is to work collaboratively with our Partners to positively impact the lives of our residents and the communities in which we operate by preserving the stock of affordable and sustainable rental housing**

Investment Objective

- **Acquire affordable rental properties located in opportunity areas near job centers with access to good schools, public modes of transportation and other community amenities**
- **Preserve the affordability of these investment properties through active asset management to ensure rent increases are fair and reasonable, property turnover is minimized and property occupancy maximized**
- **Achieve stable property dynamics that result in consistent cash flows and reliable returns for investors**

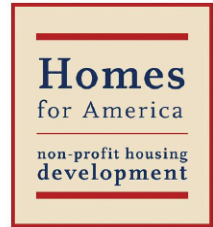
Triple Bottom Line Return

- **Through this mission we seek to provide investors with a three-source return:**
 - Economic return through Value creation from the real estate assets acquired
 - Mission return through preserving affordable housing that improves social outcomes
 - Environmental return through the efficiency gains of the properties in our portfolio

Partners



Chicanos Por La Causa, Inc.



AHC INC.



Investors



FORDFOUNDATION



MacArthur
Foundation

Morgan Stanley

Initial Formation

- **HPET's initial common equity raise of \$35 million closed in February 2013**
- **The initial seed capital was provided by:**
 - Prudential Insurance Company (\$17 million)
 - The John D. and Catherine T. MacArthur Foundation (\$10 million)
 - Ford Foundation (\$5 million)
 - HPN and the Partners (\$3 million)
- **This initial common equity was fully deployed by the end of 2014**

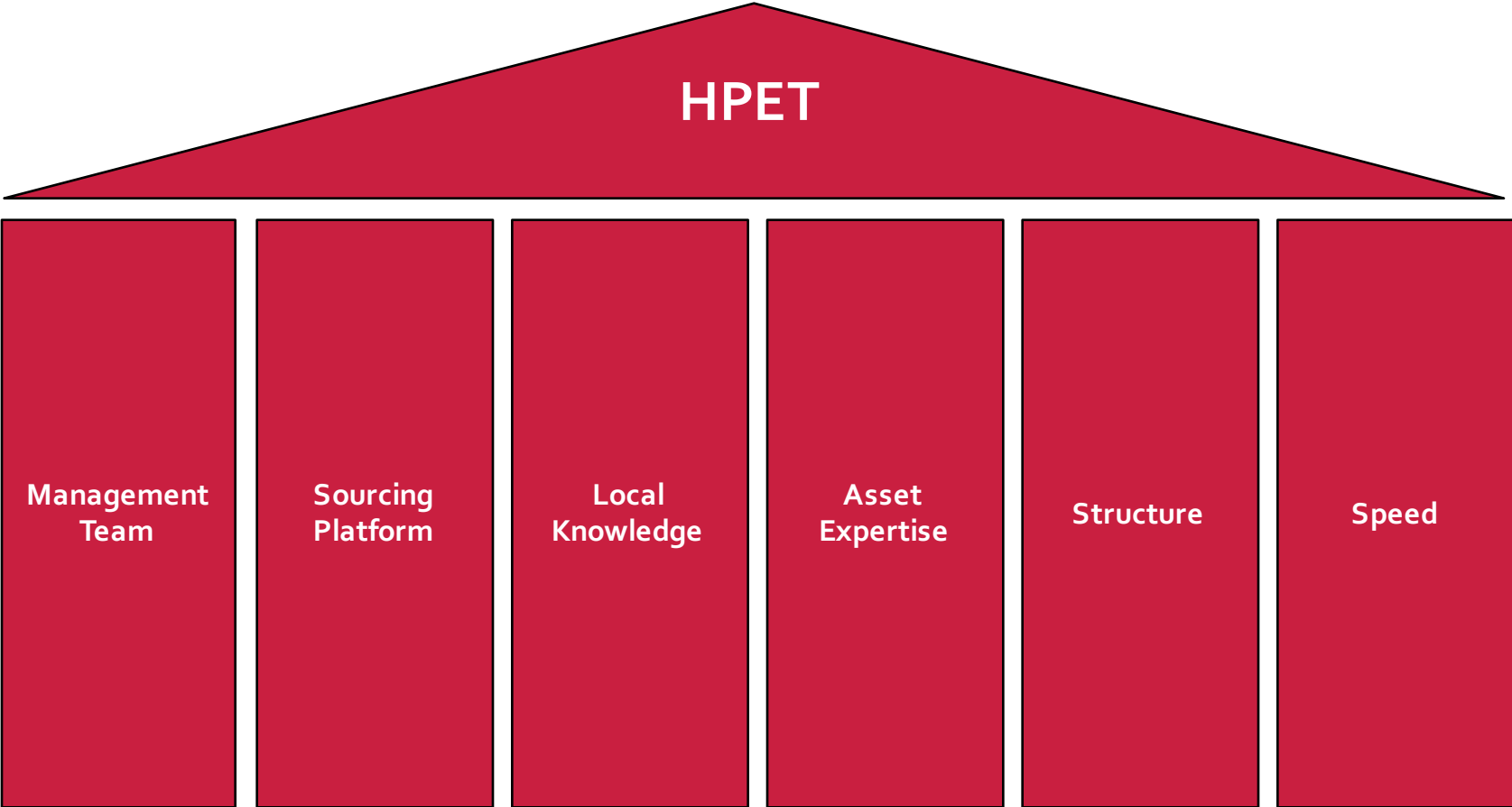
Follow-on Preferred Equity Offering

- **HPET raised an additional \$40 million of preferred equity in June of 2015**
- **This preferred equity was provided by:**
 - Citibank (\$20 million)
 - Morgan Stanley (\$20 million)
- **This additional preferred equity is expected to be fully deployed by June 2016**

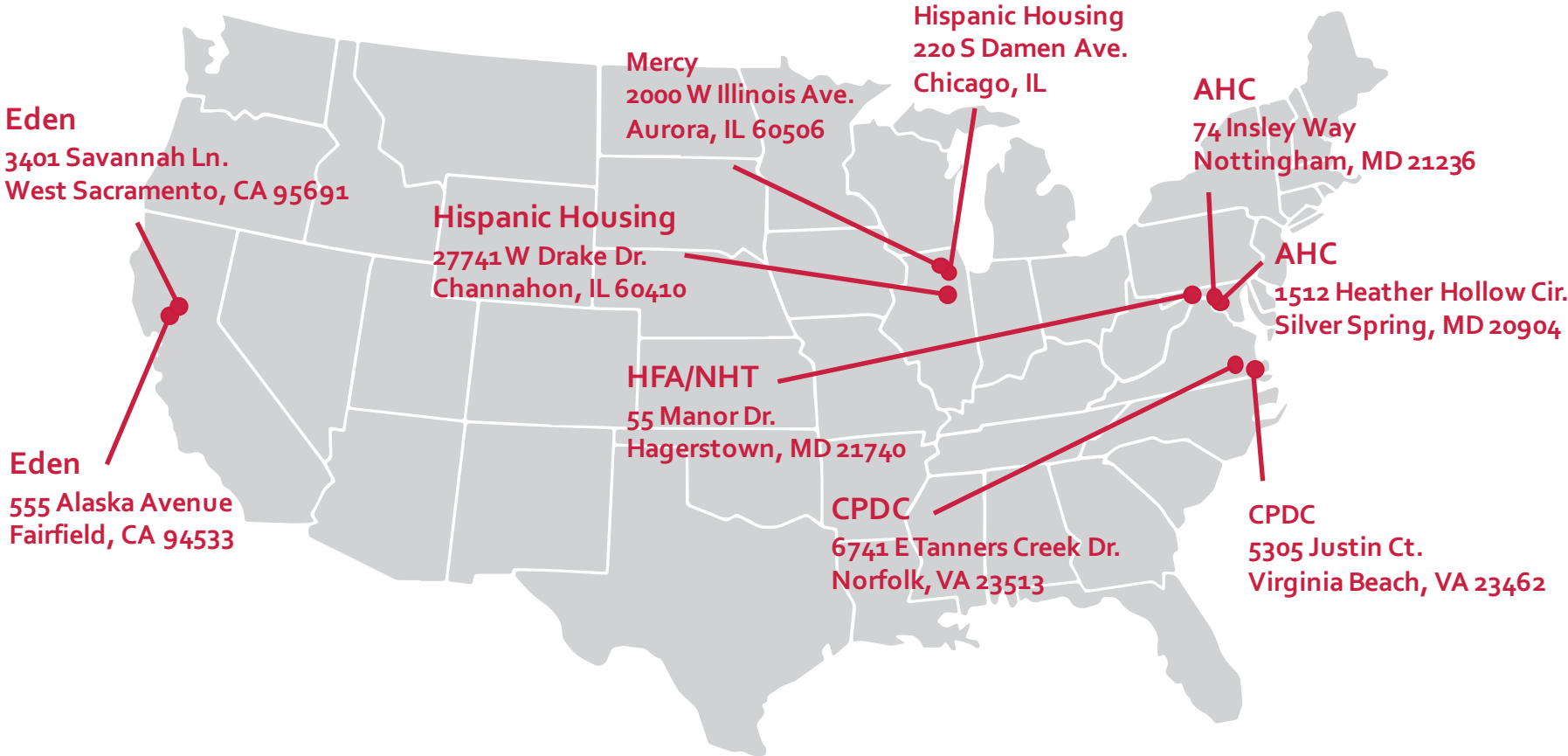
Impact Investment Opportunity

- HPET is currently looking to raise \$50 million of additional common equity
- HPET is seeking commitments from two to five investors to complete this offering
- HPET expects to draw on these commitments as properties are acquired over a 6 to 24 month period
- HPET projects an 8% to 10% return on common equity over time
- Committed to providing quarterly liquidity for common shareholders

Competitive Advantage



Geographic Overview



Current Portfolio

HPET has amassed a portfolio of 2,384 units totaling \$226 million in acquisition value

Property Name	Location	Transaction Type	Units	Year Built	Year Renovated	Acquisition Date	Purchase Price	HPET Equity
2000 Illinois Ave	Aurora, IL	Value Add	128	1974	2014	Apr-2013	\$5,200,000	\$2,550,649
Woodside Court	Fairfield, CA	Cash Flow	129	1985	2000	Jul-2013	\$12,000,000	\$3,388,760
Woodmere Trace	Norfolk, VA	Value Add	300	1974	2014	Sep-2013	\$15,250,000	\$6,887,984
Mallard Point	Channahon, IL	Cash Flow, Value Add	173	2003	N/A	Sep-2014	\$19,400,000	\$5,277,829
Damen Court	Chicago, IL	Redevelopment	150	1980	N/A	Oct-2014	\$14,800,000	\$6,011,494
Birches	Silver Spring, MD	Cash Flow	228	1986	N/A	Dec-2014	\$33,500,000	\$7,450,644
Bradford	Hagerstown, MD	Cash Flow	418	1968	1996	Jan-2015	\$26,250,000	\$7,898,428
Savannah	West Sacramento, CA	Cash Flow	228	2004	N/A	Dec-2015	\$30,000,000	\$7,305,582
Dunfield	Nottingham, MD	Cash Flow	312	1986	1998	Dec-2015	\$52,000,000	\$9,391,151
Dove Landing	Virginia Beach, VA	Value Add	318	1977	2016	Jan-2016	\$18,000,000	\$7,581,335
			2384				\$226,400,000	\$63,743,856

Transaction Prototypes

- **Utilize three main strategies to generate target returns on acquisitions:**
 - Cash Flowing Properties – stabilized properties where we can increase cash flow through tax abatements, energy improvements, or other operating efficiencies
 - Value Add Opportunities – underperforming properties in which we can improve performance through strategic investments that reduce operating costs, increase occupancy or reduce turnover
 - Redevelopment Opportunities – properties in need of more substantial renovation that can be funded through our equity or by facilitating a LIHTC syndication by our Partner.
- **HPET targets property level returns with going in yields of 5.5%-6.5% and ten-year levered IRRs of 8.0%**

Transaction Profile

HPET's investments generally adhere to the following tenant and property characteristics

Tenant Profile	
Employment Status	Hourly, salaried or part time workers
Income Range	\$20,000 to \$80,000 per year
Typical Employment	Retail, Construction, Service Sector
Average Family Size	Two to four members per household
Key Challenges	Transportation, job stability, family budget
Credit History	Criminal background checks, minimum credit scores, demonstrated income, and rental history
Rent Payment	\$700 to \$1,400 per month

Property Profile	
Location	Proximal to employment, transit, schools, community amenities
Unit Mix	One, two and three-bedrooms
Number of Units	128 to 418 units (218 average)
Acquisition Costs	\$7 million to \$60 million
Economic Occupancy at Acquisition	79% to 99%
Economic Occupancy at Stabilization	92% to 99%
Monthly Rent Per Unit at Acquisition	\$699 to \$1,316 (\$944 average)
Monthly Rent Per Unit at Stabilization	\$723 to \$1473 (\$973 average)
Community Facilities	Community Room, Leasing Office, Fitness Center, Pool

Case Study: Savannah at Southport

Opportunity to acquire a mixed income property in the growing community of Southport, West Sacramento, CA

HPET Equity	\$7.3 million	Location	West Sacramento, CA
Acquisition Date	December 2015	Year 1 Yield to Equity	8.2%
Property Type	Garden Community	Stabilized Yield to Equity	9.0%
Number of Units	228	Average Rent	\$958 per month



Strategy: Cash Flow

Case Study: Savannah at Southport

■ Opportunity

- Property is located in Southport, a planned development in West Sacramento, CA
- The community consist predominately of new single family developments and is located immediately adjacent to a highly ranked elementary school, Bridgeway Island
- Prior ownership was seeking to exit the investment, the individual partners were seeking to dissolve their relationship and needed to liquidate the investment
- HPET and Eden had pursued the investment for approximately one year while the seller had a contract with another buyer
- The other buyers inability to close, combined with the sellers incentive to move on resulted in the HPET/Eden partnership being able to acquire the property for \$1 million less than the asking price

■ Business Plan

- Buy and hold for cash flow
- Increase rents on Market Units with growth in market while maintaining overall affordability of property
- Manage operating expenses including reducing property taxes by leveraging Eden's non-profit status to qualify for the California welfare tax exemption

■ Results

- In addition to an upfront acquisition fee, the 10-year transaction level levered IRR is projected to be 8.5%
- On a current yield basis, the property will generate a 9% yield to the equity

Strategy: Cash Flow

Case Study: Woodmere Trace

Undermanaged garden style apartment community in Norfolk, VA provides value add opportunities from professional management

HPET Equity	\$6.9 million	Location	Norfolk, VA
Acquisition Date	September 2013	Year 1 Yield to Equity	9.4%
Property Type	Garden Community	Stabilized Yield to Equity	8.5%
Number of Units	300	Average Rent	\$813 per month



Strategy: Value Add

Case Study: Woodmere Trace

■ Opportunity

- Property is located in Norfolk, VA near Interstate 64, Naval Station Norfolk, Norfolk International Airport, and within a 15 to 20 minute drive of the Virginia Beach oceanfront
- 300-unit apartment community built in 1974 required significant rehabilitation and enhanced security, as previous owner's failure to conduct tenant background checks had resulted in unsafe conditions
- Ambiguous long term use restriction requiring the property to be used for workforce housing but the city deemed CPDC-HPET business plan to be in compliance with the deed restriction

■ Business Plan

- Upgrade the property's exterior (balconies, roofs, gutters) and interior (kitchens and bathrooms) totaling \$15,000/unit
- Improve safety and security through extensive landscaping and tenant turnover
- Raise rents 10% over a five year period while maintaining affordability

■ Results

- Increased economic occupancy from under 80% to approximately 92%
- In conjunction with completion of rehabilitation, turned over approximately 75% of the rent roll during the first year
- Achieved 3-year NOI target in year two, allowing for refinance of the property at a \$26 million value and resulting in a \$3.75 million return of equity to HPET
- Mark to market at refinance value yields an IRR in excess of 16%

Strategy: Value Add

Case Study: Damen Court

Urban In-fill redevelopment opportunity for a 150-unit property located on the Near West Side of Chicago, IL

HPET Equity	\$6.0 million	Location	Chicago, IL
Acquisition Date	October 2014	Year 1 Yield to Equity	5.7%
Property Type	Garden Community	Projected IRR	10.0%
Number of Units	150	Average Rent	\$1,102 per month



Strategy: Redevelopment

Case Study: Damen Court

■ Opportunity

- Property is located on the edge of a gentrifying neighborhood in Chicago between the United Center, Malcolm X Community College, a charter school funded by the Chicago Bulls, Rush University Medical Center, and walking distance to the Medical District “L” stop
- Property’s Section 8 contract with HUD expires in October 2016, potentially resulting in units reverting to market
- HPET and Hispanic Housing were able to lock up the property for an attractive price, due to its ability to close within 60 days

■ Business Plan

- Property requires substantial rehabilitation and capital investment
- Post closing, Hispanic Housing to apply for tax exempt bond financing and 4% LIHTC’s to redevelop the property
- HPET to exit when the LIHTC transaction closes, HHDC to enter into partnership with a new tax credit equity investor
- The sale of the property to the LIHTC syndication will provide HPET with a 10% gross return on its investment net of taxes

■ Results

- In addition to an upfront acquisition fee, HPET will earn a 10% Gross IRR on this transaction
- On a current yield basis, the property is generating 6.75%
- Property is located in a gentrifying area preserved as part of long term affordable housing stock
- LIHTC syndication on track to complete in Q2 2016

Strategy: Redevelopment

Mission Return: Preservation of Affordability

Property	units	Subject	60% LIHTC Max	80% AMI	Median (100% AMI)
2000 Illinois	128	\$801	\$887	\$1,183	\$1,478
Woodside Court	129	\$965	\$1,031	\$1,299	\$1,623
Woodmere Trace	300	\$894	\$922	\$1,190	\$1,487
Mallard Point	173	\$1,146	\$1,044	\$1,392	\$1,740
Damen Court	150	\$1,229	\$984	\$1,311	\$1,639
Birches	228	\$1,336	\$1,345	\$1,794	\$2,242
Bradford	418	\$800	\$1,012	\$1,350	\$1,687
Dunfield	312	\$1,411	\$1,336	\$1,782	\$2,227
Savannah at Southpoint	228	\$953	\$977	\$1,303	\$1,628
Dove Landing	318	\$769	\$924	\$1,232	\$1,540
PORTFOLIO	2,384	\$1,015	\$1,055	\$1,397	\$1,747

Mission Return: Opportunity Scorecard

Access to Quality of Living Resources



Property	Location	Job Centers	Retail	Grocery	Parks	Schools (>5 Rating)	Head Start Program	Community Health Centers	Transit to Urban Core
2000 Illinois Apartments	Aurora, IL	X	X	X	X	X	X	X	X
Woodside Court Apartments	Fairfield, CA	X	X	X	X	X	X	X	X
Woodmere Trace Apartments	Norfolk, VA	X	X	X	X	O	X	O	X
Mallard Point Apartments	Channahon, IL	X	X	X	X	X	X	O	O
Damen Court Apartments	Chicago, IL	X	X	X	X	X	X	X	X
The Birches Apartments	Silver Spring, MD	X	X	X	X	O	X	X	X
Bradford Apartments	Hagerstown, MD	X	X	X	X	X	X	X	O
Dunfield Apartments	Nottingham, MD	X	X	X	X	X	X	X	X
Savannah at Southport Apartments	West Sacramento, CA	X	X	X	X	O	X	X	X
Dove Landing Apartments	Virginia Beach, VA	X	X	X	X	O	X	X	X

X = Yes

O = No

Environmental Return: Sustainability Scorecard



Property	Location	Energy Efficiency	Water Smart	Recycling	Healthy Kids	Smoke-free Initiatives	Reporting
2000 Illinois Apartments	Aurora, IL	X	X	X	X	X	X
Woodside Court Apartments	Fairfield, CA	X	X	X	X	O	X
Woodmere Trace Apartments	Norfolk, VA	X	X	X	X	O	X
Mallard Point Apartments	Channahon, IL	X	O	X	X	X	O
Damen Court Apartments	Chicago, IL	X	X	X	X	X	O
The Birches Apartments	Silver Spring, MD	X	X	X	X	X	O
Bradford Apartments	Hagerstown, MD	X	X	O	X	X	X
Dunfield Apartments	Nottingham, MD	X	X	X	X	O	X
Savannah at Southport Apartments	West Sacramento, CA	X	X	X	X	X	X
Dove Landing Apartments	Virginia Beach, VA	X	X	X	O	O	O
PORTFOLIO (% of units)		100%	93%	82%	87%	56%	64%

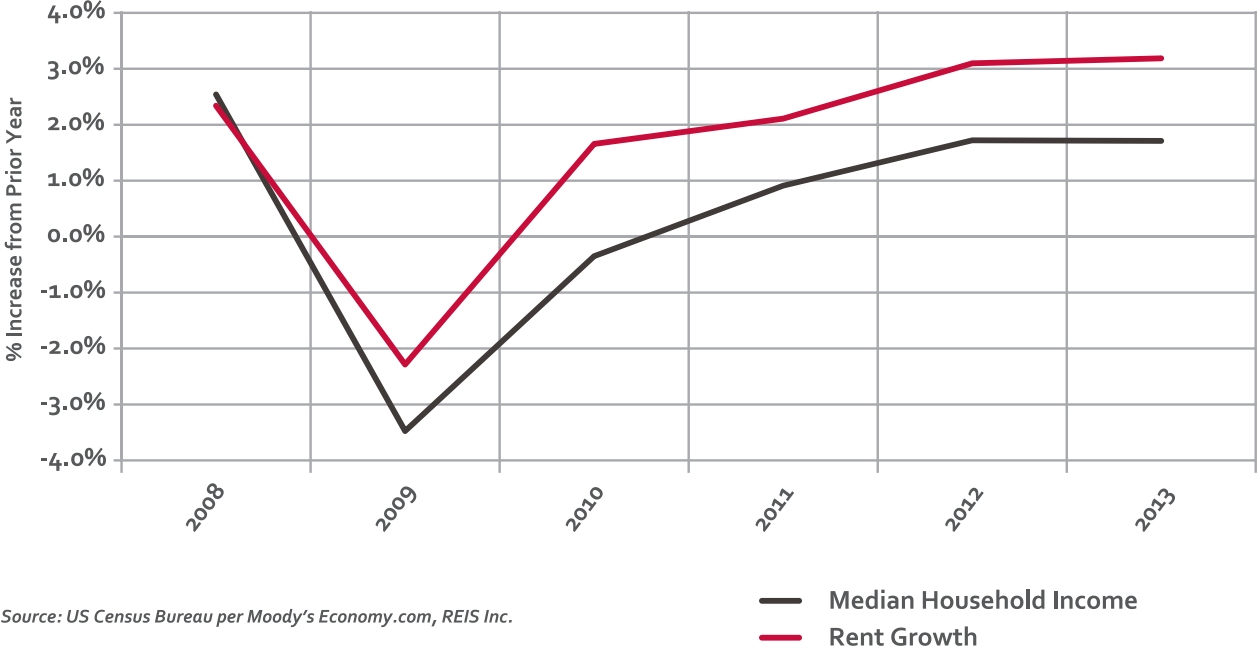
X = Yes O = To be implemented

Energy Efficiency (e.g., Energy Star appliances, sub metering, etc.); Water Smart (e.g. low-flow faucets, efficient irrigation systems, etc.); Recycling (e.g., trash, renovation materials); Healthy Kids (e.g., use of low VOC paints and carpeting with CRI Green label standards, etc.); Smoke-free Initiatives; Reporting (e.g., energy tracking program)

Market Environment and Opportunity

Tenant demand for rental property has pushed rental rate growth above median household income growth since the end of the recession pressuring rental affordability

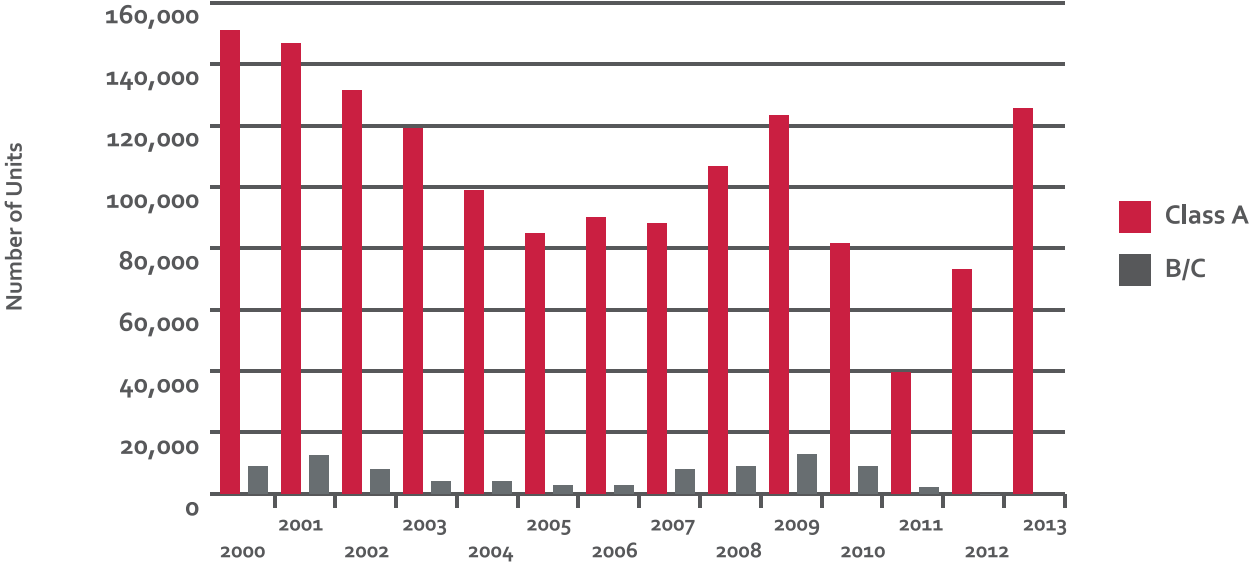
Growth in Median Household Income and Rent Growth (Year over Year)



Market Environment and Opportunity

Supply of affordable housing has been stagnant given the cost to develop and the market's desire for class A/B market type properties

Multifamily Completions by Class Type



Source: Multifamily Market Outlook, Fannie Mae, may 2014; Reis.

REIT Growth Objectives

- **Growth targets for year-end 2019:**
 - **Acquire \$810 million of assets consisting of over 7,300 units**
 - **Issue \$275 million of equity comprising \$120 million of common and \$155 million of preferred**
 - **Raise \$560 million of property level debt**
 - **Achieve Debt-to-Market Capitalization of 65% with fixed charge coverage of 1.25x**
 - **Provide the common equity investors a market rate dividend payout**

REIT Growth Objectives

	Actual	Pro Forma			
	2015	2016	2017	2018	2019
Total Assets	\$198,888,684	\$339,015,783	\$477,415,783	\$641,117,033	\$812,819,533
Units Owned	1,865	3,092	4,367	5,786	7,343
Market Capitalization	\$136,212,799	\$360,996,971	\$502,826,726	\$673,304,151	\$861,146,779
Debt-to-Capitalization	68.3%	70.7%	68.7%	66.8%	65.3%
Net Operating Income	\$26,265,307	\$46,134,101	\$69,445,734	\$99,244,955	\$139,423,711
Funds From Operations	\$1,665,537	\$2,188,365	\$5,262,627	\$10,478,730	\$16,396,991
Interest Coverage	1.74X	1.60X	1.74X	1.89X	1.94X
Fixed Charge Coverage	1.32X	1.15X	1.25X	1.25X	1.27X

Note – Amounts represent HPET’s pro rata ownership share of underlying properties

Conclusion/Summary

- **Social mission and purpose**
- **Attractive risk adjusted returns**
- **Market competitive advantage**
- **Strong Sponsorship**

Appendix - Management Bios

Drew Ades: President and CEO

Mr. Ades joined HPET in November 2011 as the founding President and CEO. He was responsible for the initial structuring, capital raise and launch of the Company and has on-going responsibility for the Company's growth and strategic direction.

Mr. Ades previously served as Director of Multifamily Risk for Fannie Mae and Co-President of CAM LLC, a wholly owned real estate operating company subsidiary of Fannie Mae. Mr. Ades was responsible for launching and operating this new subsidiary and for assembling a portfolio of real estate that generated in excess of a 20% return for Fannie Mae. Prior to that role, Mr. Ades served as the credit officer for the Multifamily Pool channel, responsible for the acquisition, closing and special asset management of more than \$25.0 billion in multifamily loans. In that role, he grew the platform from under \$2.0 billion in annual acquisitions to in excess of \$14.0 billion. Mr. Ades was also the driving force behind the creation of Fannie Mae's Multifamily Green Initiative, an effort which has resulted in the creation of number new financing structures for "Green" loans. Prior to joining Fannie Mae, Mr. Ades was a congressional aide for U.S. Rep. Robert E. Andrews. He has previously served as Treasurer and Vice Chair of the Washington D.C. based nonprofit Greenhome/GreenSpace. Mr. Ades is a member of NMHC and ULI and currently sits on the Responsible Property Investment Council.

Mr. Ades holds a Bachelor's degree in Political Economy from Williams College, and an MBA in Real Estate Finance from Haas School of Business, University of California Berkeley.

Appendix - Management Bios

David Maggio: Vice President and Chief Investment Officer

Mr. Maggio joined Housing Partnership Equity Trust in October 2013. He is responsible for the identification and evaluation of new acquisitions as well as the asset management of existing transactions.

Mr. Maggio joined HPN from Fannie Mae, where he was the Director of Equity Asset Management and served as an officer of a wholly owned subsidiary real estate operating company created to preserve and enhance the affordability and sustainability of multifamily REO properties owned by Fannie Mae. As Director of Equity Asset Management, David led a team of Underwriters and Asset Managers tasked with the selection, management and workout of various LIHTC and Market Rate equity investments in multifamily real estate. He joined Fannie Mae from the Archon Group, a wholly owned subsidiary of Goldman Sachs where he served in various asset management and underwriting capacities.

David holds a Bachelor of Arts degree in Economics and Political Science from Binghamton University.

Appendix - Management Bios

Danté Thomas: Director of Real Estate

Mr. Thomas joined Housing Partnership Equity Trust in October 2015. Mr. Thomas is responsible for collaborating with nonprofit partners to evaluate new acquisition opportunities and develop long-term strategies for the asset management of existing transactions.

Danté previously worked at the District of Columbia Housing Finance Agency (DCHFA) as a Development Officer, where he was responsible for structuring, underwriting, negotiating, and closing tax exempt mortgage revenue bonds and LIHTCs utilized to finance the acquisition, construction, and/or rehabilitation of affordable multifamily housing projects. Prior to joining DCHFA, Danté held several positions at Fannie Mae, including Senior Asset Manager of multifamily market rate equity and LIHTC equity investments, and Pricing Analyst for the Multifamily DUS Capital Markets and Pricing group.

Danté holds a Bachelor of Business Administration with a concentration in Finance from Georgia State University, and a Master of Science in Real Estate Development from Johns Hopkins University.

Appendix - Management Bios

Alexandra Salvador: Controller

Ms. Salvador joined Housing Partnership Equity Trust in August 2015 as Controller.

Prior to HPET, she served as Controller for Crossbeam Capital LLC, where she oversaw Fund consolidations and Fund reporting for investors. Previously, she managed the audit of 150+ entities as Audit Manager with Fairfield Residential Company LLC, and later headed the Property Accounting group, where she led monthly investor reporting and supervised a team of accountants. Alexandra also served as Accounting Manager for Triniti Corporation, a software integrations firm, and merged financial reporting processes for its US, Japan and India divisions. Along with expertise preparing financial statements for numerous companies, Ms. Salvador has worked closely with the Acquisitions, Marketing and Asset Management teams to develop budgets for their respective groups.

Alexandra began her career as an auditor in public accounting, working with private and publicly-traded companies, nonprofits and school districts. She earned a Bachelor of Science degree in Business Administration/Accounting from San Diego State University, and is a licensed Certified Public Accountant.

Appendix - Management Bios

Kriszen Williams: Director Mission

Ms. Williams joined Housing Partnership Equity Trust in March 2012 as a Senior Real Estate Analyst and was subsequently promoted to Director in April of 2013.

Ms. Williams previously worked at Jones Lang LaSalle, where she served as a Senior Analyst in the Public Institutions Group. As a member of the Air Force Portfolio Management team, Kriszen performed financial analysis and operations oversight to assess project performance and facilitate solutions to compliance issues and other challenges affecting two multifamily housing projects in the Military Housing Privatization Initiative program. Prior to joining Jones Lang LaSalle, Kriszen developed and ran statistical models to test economic theories for George Washington University's Center for Real Estate and Urban Analysis, and previously served as a researcher for Cushman and Wakefield in McLean, VA.

Kriszen holds a Bachelor's degree in Economics and Political Science from Columbia University, and an MBA in Finance and Real Estate and Urban Development from George Washington University. She is a member of the Urban Land Institute.

Appendix - Management Bios

Mark Zeisloft: Interim Chief Financial Officer

Mr. Zeisloft joined HPET in February 2016 where he will be responsible for the Company's financial strategy and capital raising efforts. Mark brings to HPET over 25 years of experience in the real estate and financial services industries.

Mr. Zeisloft joins HPET from Trimar Advisers, LLC an advisory firm that he founded. Trimar provides strategic advisory services to board of directors and executive management teams of community banks and investors in community banks across all facets of the credit risk management process as well as to investors in real estate. Trimar was created in 2014 to continue the strategic advisory business of the predecessor firm Loan Management Solutions, LLC where Mr. Zeisloft was a Principal/Managing Director. Prior to that role, Mr. Zeisloft served as a Director of Special Servicing for Centerline Capital, where he was responsible for resolving over \$240 million of defaulted commercial real estate mortgages held within CMBS/CDO structures. Earlier Mark spent twelve years at RREEF America, LLC (now known as Deutsche Asset & Wealth Management) as a Managing Director/Portfolio Manager where he managed over \$10 billion of public equity investments on behalf of institutional and retail clients. Mr. Zeisloft began his career at The First National Bank of Chicago where he held a variety of credit risk management positions.

Mr. Zeisloft holds a BS degree in Business Administration with Honors from the Kelly School of Business at Indiana University and an MBA in Finance/Accounting/Business Strategy from the University of Chicago Booth School of Business. Mr. Zeisloft is a Chartered Financial Analyst.

Appendix - Board Members

David Adame: Director - President and CEO of Chicanos Por La Causa

Luke Apicella: Director – Associate, Prudential Impact Investments

Thomas Bledsoe: Director - President and CEO of Housing Partnership Network

Neal Drobenare: Director - Vice President of Acquisitions of The NHP Foundation

Cindy Holler: Vice Chair of the Board - Senior Vice President of National Real Estate, Mercy Housing

Jeff Meyers: Director - Director, Structured Lending and Investments Citi Community Capital

Dana Moore: Director, Chair of Investment Committee - President of Washington Management Services; Managing Principal of Compass Advisors, LLC

Cynthia Parker: Chair of the Board - President and CEO of Bridge Housing

J. Michael Pitchford: Director, Chair of Finance Committee - President and CEO of Community Preservation and Development Corporation

Brian Shuman: Director - Managing Director – CFO/COO of Forum Real Estate Group

Peter Vilim: Director - Co-Founder and Co-Chairman of Waterton

Appendix - Housing Partnership Network

- Award-winning business collaborative of 100 of the nation's leading affordable housing and community development nonprofits
- Top-rated CDFI (Aeris rating AAA +2)
- Combines mission focus with business acumen to achieve ambitious social outcomes:
 - 9.8 million people served by HPN members
 - 373,600 affordable homes developed, rehabilitated or preserved
 - 17,250 employed by HPN members
 - \$100.9+ billion of community investment
- Member-driven approach through Peer Exchange, Innovation, Social Enterprises, Policy
- Creates, capitalizes and manages social enterprises
- Achieves scale while maintaining local reach and accountability
- Operations in all 50 states and Washington, DC



HOUSING PARTNERSHIP
EQUITY TRUST



Thank You

The Birches Apartments, Silver Spring, MD.