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REITs

September 8, 2016

Monogram Residential Trust Inc (MORE) - BUY

Initiating coverage of MORE with a Buy rating

Price:	$10.59
Fair Value Estimate:	$11.50
52-Week Range:	$7.67 - $10.80
Equity Market Cap (M):	1,776.0
Shr.&Units O/S (M):	168.00
30-day Avg Daily Vol:	901,488
Dividend:	$0.30
Yield:	2.8%

FYE: Dec	2015A	2016E	2017E
Prior FFO:		NC	NC

Quarterly FFO:

Q1	$0.09A	$0.07A	$0.10E
Q2	$0.13A	$0.07A	$0.11E
Q3	$0.09A	$0.09E	$0.11E
Q4	$0.08A	$0.09E	$0.11E
Year:	$0.38A	$0.33E	$0.42E

PORTFOLIO MANAGER BRIEF

We are initiating coverage of MORE with a Buy rating. Our $11.50 estimate of fair value implies ~9% upside for the stock, which we believe when combined with a 2.8% dividend yield, provides an attractive potential return in the current market environment.

ANALYST NOTES

- Apartment REIT focused on Class A properties. Based in Plano, Texas, MORE owned a portfolio of 54 apartment properties (including 2 under construction) across 10 Coastal and Sunbelt states totaling 15,211 units as of June 30. Also, MORE's portfolio was 94.6% leased with a weighted average monthly rent of $1,909.
- Reasons to own MORE: One of the newest portfolios, discounted valuation, and growth potential. We see upside to MORE's stock price given (1) the benefits of one of the newest portfolios in the apartment space, (2) a discounted NAV valuation, and (3) ability to produce outsized growth both internally and externally over the next few years.
- NAV valuations are attractive. MORE is trading at a 5.8% nominal implied capitalization rate (5.5% economic) or $204,000 per unit. This compares to the apartment REIT peer group at 5.3% (4.9%) and $334,000 per unit, respectively. Our $11.50 fair value estimate is based on our DCF valuation model.
- Complexity issues, higher leverage, cost of capital, and less liquidity our biggest concerns. The MORE story is not without risks, most notably: (1) the majority of its assets are owned within JVs, which causes complexity issues and may have difficulty attracting the generalist investor; (2) despite recent improvements, MORE's leverage levels are significantly higher than its peers; and (3) MORE has a higher cost of (and less access to) capital and less liquidity than its peers.
- We remain Neutral on the US REITs, despite the group having already exceeded our 10% total return expectation for 2016. Heading into 2H16, we believe strong generalist investor interest, solid internal growth, and continued access to inexpensive and plentiful capital are somewhat offset by strong valuations, greater levels of new supply, and the threat of higher interest rates.

RESEARCH ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE ON PAGES 16 - 18 OF THIS REPORT

Summary and Investment Thesis

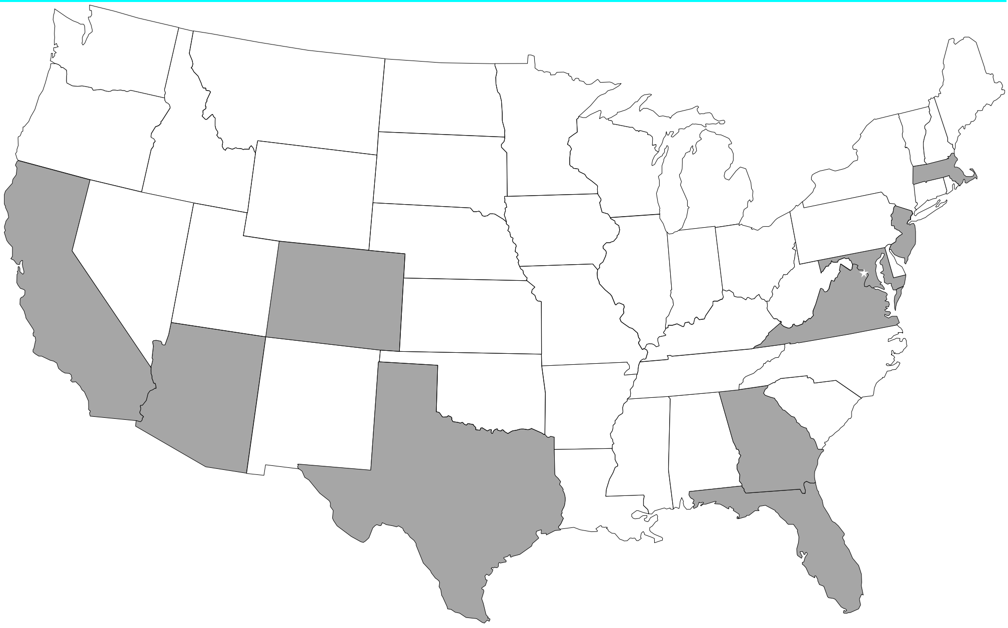
Initiating coverage of MORE with a Buy rating and $11.50 fair value

Our Buy rating on Monogram Residential Trust (MORE) is based on the company's discounted valuation and development pipeline, which we believe should produce solid earnings growth rates over the next two years. This rating is within the context of our Positive weighting on the Multifamily REITs and our Neutral weighting on the REIT sector as a whole.

Based in Plano, Texas, MORE owned an interest in 54 apartment properties consisting of 15,211 units across 10 states, including two properties totaling 656 units under construction as of June 30. As of that date, the stabilized portfolio was 94.6% leased with a weighted average monthly rent of $1,909.

Figure 1

MORE's assets are spread out among the larger US apartment markets



Source: Company documents, Janney Montgomery Scott LLC

Discounted NAV valuation one of the big positives with MORE

At a 5.8% implied cap rate ($204,000 per unit) we believe MORE is attractive

At present, MORE is trading at a 2.8% dividend yield and 2017 FFO and AFFO multiples of 25.2x and 27.4x, respectively. Additionally, the stock's current implied 5.8% cap rate and $204,000 per unit valuations are at a discount to the broader Multifamily REIT universe. Our $11.50 estimate of fair value is based on our DCF valuation model (see Appendix 3 for details).

Additionally, once Post Properties (PPS) has been acquired by Mid-America (MAA) in 4Q16, MORE will be the only pure-play apartment REIT under $5 billion of equity market capitalization that is internally advised – we expect this will be a key selling point for potential Russell 2000 investors.

Risks – Where we could be wrong on MORE?

While we like MORE's story (especially given that it takes fewer acquisitions/developments to move the needle earnings-wise) and the current valuation, we do have three primary concerns. (1) MORE's partial ownership of assets adds a significant level of complexity to the story, and will likely result in some level of discounted valuation going forward; (2) higher leverage than peer group; and (3) MORE has a higher cost of (and less access to) capital and less liquidity than its peers.

Company Background

MORE started out as Behringer Harvard Multifamily REIT I

Monogram Residential Trust (MORE) began life in 2007 as Behringer Harvard Multifamily REIT I, a private REIT that became a listed but non-traded REIT in 2008. Through various capital raises, the REIT (which was advised and managed by Behringer Harvard) grew from an interest in 10 apartment assets with its partner PGGM (the Dutch pension fund manager) at year-end 2008, to 54 operating assets (with PGGM and other partners) as of June 30, 2016.

Behringer Harvard was MORE's external advisor from 2007 through June 30, 2014, when all the previous advisory and property management services provided by Behringer were terminated (except for capital market services, which were terminated on June 30, 2015 and remains the subject of an on-going lawsuit – see below).

MORE shares listed on NYSE in November 2014

Beginning in mid-2013 and continuing throughout 2014, MORE paid Behringer Harvard various fees as the REIT made the transition from an externally advised/managed to a self-managed REIT, hiring away a number of previous Behringer employees in the process.

On June 30, 2014, the REIT changed its name to the current "Monogram Residential Trust", and completed its transition to self-management. At that point, Mark Alfieri (previously the REIT's President and Chief Operating Officer) became CEO. The stock was subsequently listed under the ticker "MORE" on the NYSE on November 21, 2014 at $9.00 per share.

Behringer Harvard may receive MORE shares as the Series A converts

In connection with the transition, MORE issued 10,000 shares of a new Series A non-participating, voting 7.0% convertible preferred stock to Behringer Harvard. The Series A Preferred Stock may be converted into MORE common stock at any point prior to December 31, 2016 under a conversion formula that could result in as few as zero or as many as several million shares being issued (depending on MORE's stock price). Based on a share price of $10.59 as the publication of this report, no shares of common stock would be issued in connection with the conversion.

MORE continues to have legal issues with Behringer Harvard

On November 10, 2015, Behringer Harvard filed suit seeking to recover roughly $2.3 million in debt financing fees stemming from MORE's $200 million credit facility, as well as certain property-level debt financing arrangements. On January 13, 2016, MORE filed a counterclaim seeking roughly $1.5 million in refunds for development fees previously paid in connection with the Shady Grove acquisition. Behringer and MORE also disagree as to the conversion timetable for the Series A converts described above (MORE believes it is December 31, 2016 and Behringer believes it is June 30, 2017).

We have only included a modest amount of legal fees in our earnings estimates (no damages paid or recovered and no material dilution from the Series A converts).

Recapping our Neutral investment thesis on the REIT group overall

Despite the US Property REITs having already exceeded our 10% total return expectation for 2016, we remain Neutral heading into 2H16. While strong generalist interest, solid internal growth, and continued access to inexpensive and plentiful capital remain significant positive factors, we believe they are somewhat offset by strong valuations, greater levels of new supply, and the threat of higher interest rates.

In terms of our subsector views, we are positive on the Multifamily, CBD Office, and Industrial REITs; neutral on Data-Centers, Regional Malls, Self-Storage, Shopping Centers, Student/Manufactured Housing, Tower, and Triple-Net REITs; and negative on Diversified, Healthcare, Hotels, Suburban Office, and Single-Family REITs.

Investment Positives on MORE

MORE has one of the newest Class A portfolios in the apartment space

MORE has the newest portfolio among the apartment REITs at roughly 6 years of age

MORE's apartment portfolio is one of the newest in the apartment REIT space at only six years old, and is concentrated in highly desirable coastal markets including San Francisco, Los Angeles, Washington DC, Boston, and southern Florida, along with significant exposures to Denver, Dallas, and Houston.

This newer portfolio allows MORE to benefit from lower recurring, but non-revenue producing, capex costs than its peers, resulting in a narrower FFO/AFFO spread, as well as a narrower nominal/implied cap rate spread, than the peer group.

We also note that MORE's average monthly rent for the stabilized portfolio was $1,909 in 2Q16, despite the inclusion of several lower-rent markets such as Las Vegas, Northern Florida, Dallas, and Houston (whose rents range from roughly $1,100-$1,600).

MORE trades at a discounted NAV valuation relative to the peer group

Based on the current stock price, MORE trades at a discounted valuation relative to the $1 billion-plus apartment REIT peer group on an NAV basis.

On an implied cap rate basis, MORE currently trades at a 5.8% implied cap rate and $204,000 per unit, versus a 5.3% implied cap rate and $334,000 per unit for the apartment REITs overall. Additionally, we believe MORE is trading at a 5.5% implied economic cap rate versus 4.9% for the peer group.

Importantly, this represents one of the highest implied cap rates and lowest implied price per unit in our apartment REIT coverage universe.

Even small amounts of acquisitions/developments can have an impact

We are expecting nearly $30 million of NOI at stabilization from MORE's current "lease-up" pipeline

Due to MORE's small size ($1.8 billion equity market capitalization and 168 million shares outstanding), it doesn't take much external growth to move the needle, as even small amounts can result in meaningful value creation.

While MORE's 4.25% to 5.0% same-store NOI growth guidance for 2016 may be in the middle of the pack relative to the other apartment REITs, we believe growth should accelerate as a significant number of new assets are added to the same-store pool in 2017, and certain non-core assets are sold.

Importantly, MORE has 7 assets in Cambridge, Dallas, Miami, San Diego, San Francisco, and Virginia in lease-up, which should drive strong organic revenue growth over the next few years. Our model currently estimates that these 2,321 units should generate nearly $30 million of annualized NOI when stabilized.

RESEARCH ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE ON PAGES 16 - 18 OF THIS REPORT

Investment Risks on MORE

Partial ownership of assets adds level of complexity

MORE's JV structures adds significant complexity for generalist investors

Given MORE's complex corporate and property ownership structure, modeling and valuing the company becomes more onerous, which may cause some generalist investors to ignore the stock. We note that as of June 30, 38 of MORE's 54 operating or under development assets were owned in some form of JV structure, with MORE's ownership ranging between 50% and 70%.

MORE is the managing member of each Co-Investment JV and partners with two institutions – PGGM (PGGM), the Dutch pension fund administrator, and Milky Way LP (MW), a vehicle managed on behalf of Korea's National Pension Fund. Additionally, MORE uses developer Co-JVs as a structure to develop new assets. Going forward, while we expect MORE to enter into additional JVs with PGGM, we expect the MW JVs to decline (as that JV sells properties and/or MORE buys out MW's ownership interest).

Figure 2

MORE currently owns the majority of its assets through some form of JV structure

JV	# of Communities	MORE Effective Ownership
PGGM Co-JVs	23	50% to 70%
MW Co-JVs	14	55%
Developer Co-JVs	2	100%
Total	**39**	

Source: Company documents, Janney Montgomery Scott LLC * 39 and 55 asset counts include the Renaissance Phase II future development project in Concord, California

MORE is significantly higher leveraged than the $1B+ peer group

We look for MORE to lower its net debt to EBITDA level to ~8x over time

While MORE's debt metrics have improved over the last year, the company remains by far the highest leveraged $1 billion-plus equity market capitalization apartment REIT. As of June 30, MORE had $1.5 billion of debt outstanding, with its proportionate share roughly $1.0 billion.

As of the same date, MORE had a fixed charge coverage ratio of 2.7x and a debt-plus-preferred to enterprise value of 42%. This compares to the apartment REITs as a whole with a fixed charge coverage ratio of 4.2x, and debt-plus-preferred to enterprise value of 28%.

We expect the leverage (11.1 times net debt to EBITDA as of June 30) to move lower as the 9 projects on MORE's development and lease-up schedule (Figure 9) achieve stabilized occupancy over the next few years (driving significant incremental EBITDA in the process), and as MORE disposes of non-core assets.

MORE has a higher cost of capital and less liquidity than peers

While we have confidence in MORE's growth trajectory, the company remains by far the smallest $1 billion-plus apartment REIT. Additionally, the REIT has a higher cost of and lower access to capital than its larger peers. We also note that MORE remains more reliant on Fannie Mae and Freddie Mac financing, and while these continue to be important funding sources for the apartment sector as a whole, any disruption (e.g. hitting hard spending caps) would likely hurt Monogram more than its investment grade peers.

Additionally, MORE's average daily dollar trading volume of less than $10 million is barely enough liquidity for many of the larger institutional buyers today.

Valuation and Key Financial Measures

In valuing the REITs, we generally rely upon two primary valuation metrics – earnings multiples and net asset values (NAVs). In terms of earnings and earnings multiples, we use the REIT industry's Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO) rather than EPS given the latter's inclusion of depreciation and gains on asset sales, which tend to distort the numbers.

In looking at a "hard asset" or "real estate" valuation, we find NAV (in the form of implied cap rates) provides the best measure.

What is MORE's stock worth?

We used several valuation methods to ascertain what MORE's stock is worth. Our fair value estimate is $11.50 and is primarily based on a discounted cash flow model (see below for details).

Price to FFO and AFFO multiples are at the high-end of the group

Our 2016 and 2017 FFOPS estimates are $0.33 and $0.42, respectively. Our AFFO per share estimates are $0.30 and $0.39, respectively.

2017 and 2018 earnings should benefit from the 7 development assets currently in lease up and 2 still under construction

Based on the current stock price, MORE's 2016E and 2017E FFO multiples are 32.1x and 25.2x versus 20.5x and 19.5x for the Multifamily REITs as a whole. Similarly, MORE's 2016E and 2017E AFFO multiples are 35.7x and 27.4x versus 22.3x and 21.2x for the Multifamily REIT subsector as a whole.

We note that consistent with our other REIT coverage, we use the NAREIT definition of FFO and do not add back acquisition costs and other miscellaneous items for our FFO, CORE FFO, or AFFO estimates.

Additionally, to keep our apartment REIT AFFO numbers comparable, we do not adjust for non-cash expenses and other items with the exception of recurring but non-revenue producing capex.

Stock price is implying a 5.8% cap rate

Based on consensus Net Asset Values (NAVs), the Multifamily REITs are currently trading at roughly a 6% discount to NAV versus a 3% premium for the REIT sector as a whole.

Using our net operating income (NOI) assumptions and the company's current balance sheet, we believe MORE is trading at a 5.8% implied cap rate or $204,000 per unit based on its recent $10.59 stock price. This compares to 5.3% and $334,000 per unit for the apartment peer group as a whole. Importantly, we believe MORE is trading at a 5.5% economic implied cap rate versus 4.9% for the apartment REIT peer group. *See Appendix 2 for our detailed implied cap rate calculations.*

Figure 3

Multifamily REIT Peer Group Valuations

Multifamily							Implied Valuation		FFO			FFO		AFFO			AFFO		
			Janney		Consensus	Prm.	Cap	Value		Multiples		Growth			Multiples		Growth		Dividend
Ticker	Name	Price	Rec.	FV	NAV	(Dsc.)	Rate	per Unit	15A	16E	17E	16E	17E	15A	16E	17E	16E	17E	Yield
AIV	AIMCO	$45.82	B	$48.00	$47.08	-3%	5.9%	$234,811	20.6	19.9	18.6	4%	7%	24.4	23.2	21.4	5%	9%	2.9%
AVB	AvalonBay	$175.46	N	$189.00	$190.47	-8%	4.9%	$400,099	21.8	21.0	19.9	4%	6%	23.3	22.4	21.2	4%	6%	3.1%
BRG	Bluerock	$13.42	B	$14.00	$16.89	-21%	5.2%	$163,790	46.6	38.0	24.2	23%	57%	53.6	43.7	26.8	23%	63%	8.6%
CPT	Camden	$89.59	N	$87.00	$89.74	0%	5.8%	$201,906	19.5	19.8	20.4	-1%	-3%	23.5	22.5	23.5	4%	-4%	3.3%
EQR	Eqy. Res.	$64.59	B	$74.00	$71.19	-9%	5.2%	$410,258	18.6	21.6	20.2	-14%	7%	19.9	22.4	21.4	-11%	5%	3.3%
ESS	Essex	$225.89	N	$239.00	$237.88	-5%	4.9%	$389,765	23.2	20.5	19.2	13%	7%	25.1	22.3	20.8	12%	8%	2.8%
IRT	Indep Realty	$9.60			$11.02	-13%			7.0	12.0	11.1	-42%	8%	14.3	13.3	12.0	7%	11%	7.5%
MAA	MidAmer	$95.83	B	$108.00	$96.74	-1%	6.0%	$138,782	16.9	17.1	17.2	-2%	0%	19.3	19.6	19.3	-2%	2%	3.4%
MORE	Monogram	$10.59	B	$11.50	$12.26	-14%	5.8%	$203,780	27.5	32.1	25.2	-14%	27%	29.8	35.7	27.4	-17%	30%	2.8%
NXRT	NexPoint	$21.10			$21.34	-1%			17.6	14.8	13.2	19%	12%	16.9	13.8	12.5	22%	10%	3.9%
PPS	Post	$67.59	N	$62.00	$66.80	1%	5.2%	$214,093	22.7	21.0	20.0	8%	5%	26.9	25.0	23.4	7%	7%	2.8%
APTS	Pref Apts	$13.93			$15.42	-10%			18.8	16.3	12.7	15%	29%	14.1	11.9	10.8	19%	10%	5.8%
UDR	UDR	$36.24	N	$37.00	$37.68	-4%	5.1%	$330,435	21.8	20.5	19.7	7%	4%	24.2	22.3	21.7	9%	3%	3.3%
WEIGHTED AVG						**-6%**			**20.4**	**20.5**	**19.5**	**0%**	**6%**	**22.5**	**22.3**	**21.2**	**2%**	**5%**	**3.2%**
MEDIAN						**-5%**			**20.6**	**20.5**	**19.7**	**4%**	**7%**	**23.5**	**22.4**	**21.4**	**7%**	**8%**	**3.3%**

Source: Factset, Janney Montgomery Scott LLC * pricing as of September 2, 2016

Current dividend yield of 2.8% is one of the lowest in the peer group

Based on the current $0.30 per share annual common dividend, MORE's current yield is just 2.8%. This compares to 3.7% for the REIT group as a whole and 3.2% for the Multifamily REIT peer group.

We expect MORE to minimize its dividend payments order to preserve capital for growth

Importantly, the current common dividend represents a payout of 101% of our 2016 AFFO estimate and 83% of our 2017 AFFO estimate. Going forward, we expect MORE to only raise its dividend in order to meet its minimum REIT distribution requirements as the company retains as much capital as they can to invest in new acquisitions and developments.

Calculating our $11.50 "Fair Value" estimate for MORE

We value our REIT universe using a Free Cash Flow to the Firm (FCFF) model. This model incorporates our EBITDA estimates from 2016 to 2019 (subtracting out recurring capex and non-cash items, and development and acquisition spending). Our FCFF model applies a firm-specific WACC based on the company's capital structure to value those cash flows.

Our terminal value is derived by applying an EV/EBITDA multiple to 2019 EBITDA. For a multifamily REIT, EBITDA growth is primarily driven by NOI growth, along with net acquisitions and developments. We feel this DCF model better captures the future NOI upside in the outer years, which an NAV model tends to miss, and thus use it to derive our company-specific valuations.

Based on an 8.5% cost of equity, a 5% cost of debt, and a 16.0x exit EBITDA multiple, our fair value estimate for MORE is currently $11.50. *See Appendix 3 for complete details.*

Adjustments to go from FFO to AFFO

Typical REITs incur significant ongoing costs that are not included in the calculation of funds from operations (FFO), given its add-back of depreciation and amortization. Most notably for apartment REITs, these adjustments include recurring but non-revenue-producing capital expenditures (maintenance capex), as well as any non-cash revenues and expenses. However, in order to provide an apples-to-apples AFFO comparison, we only adjust our numbers for recurring but non-revenue-producing capital expenditures.

Note: Despite the "newness" of MORE's portfolio (average age of only 6 years), we have elected to use a higher per unit estimate of recurring but non-revenue-producing capital expenditures than MORE management currently uses. As such, our model reflects an additional line "Additional recurring but non-revenue-producing CAPEX adjustment" that pushes the 2015 base-year maintenance CAPEX per unit to $600. This compares to $1,000 per unit or more for the 8 other $1 billion-plus equity market capitalization apartment REITs in our coverage universe.

Balance Sheet and Capital Structure

MORE has an equity market capitalization of roughly $1.8 billion

On a fully diluted basis, as of June 30, MORE had 167.6 million shares of common stock outstanding and operating partnership units outstanding (OP units can be converted into common stock on a one-for-one basis at the holder's option), representing a current equity market capitalization of roughly $1.8 billion.

Combined with the contested preferred stock (with Behringer) and roughly $1.0 billion of net debt on a proportionate basis ($1.5 billion gross), MORE has an enterprise value of roughly $2.8 billion at present.

Figure 4

MORE currently has a ~$2.8B enterprise value (using proportionate share of debt)

Item	Amount (000s)	Proportionate Amount (000s)	Proportionate % of EV
Common Stock and OP Units Outstanding	167,608	167,608	
x Current Stock Price	$10.59	$10.59	
Equity Market Capitalization	**$1,774,972**	**$1,774,972**	62.5%
Series A Preferred Stock	***$100,000***	***$100,000***	3.5%
Fixed Rate - Mortgages Payable	$294,962	$294,962	10.4%
$150M Credit Facility	$47,000	$47,000	1.7%
$200M Credit Facility	$0	$0	0.0%
Company Level Debt	***$341,962***	***$341,962***	12.0%
Fixed Rate - Mortgages Payable	$658,443	$378,581	13.3%
Variable Rate - Mortgages Payable	$11,499	$6,325	0.2%
Fixed Rate - Construction Notes (Construction)	$49,169	$24,541	0.9%
Variable Rate - Construction Notes (Operating)	$481,079	$275,347	9.7%
Varible Rate - Construction Notes (Construction)	$10,382	$5,757	0.2%
Co-Investment JV Debt	***$1,210,572***	***$690,551***	24.3%
Adjustments	($10,864)	($8,226)	-0.3%
Total Debt Outstanding	***$1,541,670***	***$1,024,287***	36.1%
Cash	($58,244)	($58,244)	-2.1%
Enterprise Value	**$3,358,398**	**$2,841,015**	100.0%

Source: Company documents Janney Montgomery Scott LLC

$1.0 billion of proportionate debt outstanding; ~60% expires in 2017-18

Collectively, MORE has $1.0 billion of proportionate debt outstanding with a weighted average interest rate of 3.3% and a weighted average maturity of 2.2 years. We note that much of this is comprised of mortgage notes issued by the GSEs.

We are not expecting any significant interest savings from debt refinancing in our model. Although nearly 60% of MORE's debt initially expires in 2017 and 2018 combined, the average interest rate is only 3.3%. Additionally, we expect MORE to refinance the roughly $540 million of construction notes payable coming due in the next 2-3 years with longer term permanent financing.

Going forward, we expect MORE to target a ratio of less than 8x net debt to EBITDA versus 11.1x at June 30 (and 7.5x ex development activity). Based on June 30 balance sheet data, MORE has a fixed charge coverage ratio of 2.6x and a debt-plus-preferred to enterprise value of 42%, which are both by far the weakest among the multifamily REITs with a market cap greater than $1 billion (this compares to 4.2x and 28% for the Multifamily subsector as a whole, and 4.0x and 32% for the REIT sector overall).

Figure 5

Nearly 60% of MORE's debt expires in 2017-2018

	Avg Interest Rate	Proportionate Debt ($000)	% Expiring	Proportionate Adj for Extentions Debt ($000)	% Expiring
2H16	4.18%	$73,786	7.1%	$17,521	1.7%
2017	3.06%	$232,422	22.5%	$162,078	15.7%
2018	3.30%	$385,004	37.3%	$180,633	17.5%
2019	3.14%	$177,744	17.2%	$354,989	34.4%
2020	3.42%	$148,671	14.4%	$240,384	23.3%
Thereafter	4.31%	$14,886	1.4%	$76,908	7.4%
Total	**3.31%**	**$1,032,513**	**100.0%**	**$1,032,513**	**100.0%**

Source: Company documents, Janney Montgomery Scott LLC

$350 million of combined lines of credit available as of June 30

MORE's $200 million secured credit facility was put into place in January 2015 and matures on January 14, 2019 (with a one-year extension option). Available capacity on the facility is $200 million as of June 30. This facility has an accordion option (up to $400 million), and carries an interest rate based on MORE's current leverage ratio (LIBOR plus 2.50% as of June 30).

MORE's $150 million secured credit facility (based on a pool of wholly-owned assets with rights of substitution) matures on April 1, 2017 (no extension option). Available capacity on the facility is $108 million as of June 30. This facility requires a minimum borrowing of $10 million, but is limited to 70% of the value of the collateral pool, and carries a base interest rate based on either the one-month or three-month LIBOR rate (MORE's option), plus a margin based on the debt service requirements (LIBOR plus 2.08% as of June 30).

As part of the credit facilities, MORE is required to maintain certain financial covenants including: (1) a consolidated net worth of at least $1.16 billion; (2) liquidity of at least $15.0 million; (3) consolidated indebtedness to total gross asset value of less than 65%; and (4) adjusted consolidated EBITDA to consolidated fixed charges of at least 1.50x on a trailing four quarters basis. Importantly, starting in 2016, MORE's $200 million facility also limits its ability to pay dividends and make share repurchases in excess of 95% of FFO.

Figure 6

MORE currently has $1.0B of proportionate debt outstanding; the majority is fixed rate

Description	Total ($000)	Wtd Maturity in Years	Avg Interest Rate	Proportionate ($000)	% of Proportionate
Fixed Rate - Mortgages Payable	$294,962	2.7	3.88%	$294,962	28.6%
$150M Credit Facility	$47,000	0.8	2.53%	$47,000	4.6%
$200M Credit Facility	$0	--	2.97%	$0	--
Company Level Debt	**$341,962**	**2.5**	**3.70%**	**$341,962**	**33.1%**
Fixed Rate - Mortgages Payable	$658,443	2.3	3.53%	$378,581	36.7%
Variable Rate - Mortgages Payable	$11,499	0.8	2.82%	$6,325	0.6%
Fixed Rate - Construction Notes (Construction)	$49,169	2.1	4.00%	$24,541	2.4%
Variable Rate - Construction Notes (Operating)	$481,079	1.9	2.56%	$275,347	26.7%
Varible Rate - Construction Notes (Construction)	$10,382	2.8	2.62%	$5,757	0.6%
Co-Investment JV Debt	**$1,210,572**	**2.1**	**3.15%**	**$690,551**	**66.9%**
Contractual Debt	**$1,552,534**	**2.2**	**3.27%**	**$1,032,513**	
Adjustments	($10,864)			($8,226)	
Total Debt	**$1,541,670**	**2.2**	**3.27%**	**$1,024,287**	

Source: Company documents, Janney Montgomery Scott LLC

Thinking about future share issuances and repurchases

Since its shares began trading in 2014, MORE has yet to issue common equity. We also note that given the current share price, the company has not established an At-the-Market (ATM) program.

Given its level of free cash flow, as well as access to the debt markets and JV equity capital, we expect very modest common share issuances over the next few years (barring major acquisition opportunities). With this in mind, our model currently reflects no near-term equity issuance.

Alternatively, we also do not expect MORE to repurchase its common shares in the near-term (barring a major sell-off) given its need to fund current and future development, as well as potential acquisitions.

Current Portfolio Overview

As of June 30, MORE owned an interest in 54 apartment properties representing 15,211 units across 10 states, with concentrations in Texas, Denver, Florida, Northern and Southern California, and the greater Washington DC markets. This includes two properties representing 656 units currently under construction, as well as 7 newly developed properties totaling 2,321 units currently in various stages of lease-up.

Similar to many of the Class A apartment REIT peers, MORE typically targets areas with high job and rent growth within the Sunbelt and Coastal markets. While they have recently been negatively impacted by the high levels of new supply in many of their markets, MORE's management believes that over the long-term, Class A communities in these markets have historically provided greater long-term returns than Class B communities, especially when adjusting for the lower levels of capital/maintenance expenditures.

As of June 30, the stabilized portfolio was 94.6% leased with a weighted average monthly rent of $1,909, and an average asset age of roughly 6 years (making MORE one of the newest portfolios in the multifamily REIT space).

Figure 7

MORE's portfolio consists of 54 properties, 16 of which are wholly-owned

Asset Type	# of Communities	# of Units	% of Units
Same-Store			
Wholly-Owned	10	2,912	19.1%
JVs	22	5,784	38.0%
Total Same-Store	*32*	*8,696*	*57.2%*
Stabilized - Non Same-Store			
Wholly-Owned	2	416	2.7%
JVs	8	2,006	13.2%
Total Stabilized - Non Same-Store	*10*	*2,422*	*15.9%*
In Lease-Up			
Wholly-Owned	1	120	0.8%
JVs	6	2,201	14.5%
Total in Lease-Up	*7*	*2,321*	*15.3%*
Under Development			
Wholly-Owned	0	0	0.0%
JVs	2	656	4.3%
Total Under Development	*2*	*656*	*4.3%*
Mezzanine Loans			
Wholly-Owned	3	1,116	7.3%
JVs	0	0	0.0%
Total Mezz Loans	*3*	*1,116*	*7.3%*
Total Portfolio			
Wholly-Owned	16	4,564	30.0%
JVs *	38	10,647	70.0%
Total Portfolio *	**54**	**15,211**	**100.0%**

Source: Factset, Janney Montgomery Scott LLC * 39 and 55 asset counts include the Renaissance Phase II future development project in Concord, California

MORE owns the majority of its assets through Joint Ventures

Stemming from the Behringer Harvard Multifamily REIT I non-traded days, the vast majority of Monogram's assets are today held in various joint venture structures (38 of the 54 assets including the recently sold Renaissance asset).

While in the past, these JV partners provided equity capital during challenging economic periods, today, they limit MORE's need to issue common equity at prices well-below management's internal NAV calculation (not to mention the fact that these partnerships have worked and have been mutually beneficial to all parties).

Today, these JVs allow MORE to own a larger portfolio than they otherwise could on their own, as well as provide fee revenue from managing the assets and potential promoted interests upon their sale to third parties. Down the road, these JVs may provide acquisition opportunities similar to the 2015 acquisition of PGGM's interest in 6 properties (see below).

The largest of the 3 co-investment structures is with PGGM (a real estate investment vehicle for Dutch pension funds). As of June 30, the JV held 23 properties, with MORE's ownership interest ranging from 50% to 70% (note: all of the JV assets across the 3 vehicles are currently consolidated for accounting purposes). We expect the MORE/PGGM relationship will engage in incremental investments over the next few years.

The other major co-investment structure is with MW (aka Milky Way Partners, L.P. working for the Korea Exchange Bank on behalf of the South Korea government). This JV currently holds 14 properties, with MORE's ownership interest at 55%. Currently, we do not expect any incremental investments for the MORE/MW JV, with the existing assets sold (either outright or to MORE) over time.

We note that both PGGM and MW imposes certain leverage limitations on their JVs with MORE (however, both are in excess of what the public markets would tolerate), and that each JV also has buy/sell rights that could force MORE into a decision to buy or sell an asset.

Figure 8

Mezzanine loans

Community	Location	Ownership	Total Commitment	Proportionate Share Contractual Principal Balance	Proportionate Share Contractual Accrued Interest	Maturity Date	Interest Rate
Kendall Square	Miami, FL	100%	$12,300	$12,300	4,612	10/16/2016	17.0%
Jefferson at Stonebriar	Frisco, TX	100%	$16,735	$16,735	206	6/25/2018	15.0%
Jefferson at Riverside	Irving, TX	100%	$10,436	$10,345	123	6/30/2018	15.0%
Proportionate Share			**$39,471**	**$39,380**	**4,941**		**15.6%**

Source: Company documents, Janney Montgomery Scott, LLC.

MORE also has mezzanine loans on three apartment properties

In addition to the 51 wholly-owned and JV assets MORE owns directly, the REIT invested $39.5 million via mezzanine loans on 3 apartment properties totaling 1,116 units, on which they are receiving a 15.6% return. These properties consist of Kendall Square (Miami), Jefferson at Stonebriar (suburban Dallas), and Jefferson at Riverside (suburban Dallas). We note that the Kendall Square loan currently has an October 2016 maturity date, while the two Jefferson loans mature in June 2018 (although they can generally be extended 1-2 years at the borrower's request). Given the continued strong pricing for apartment assets, we expect MORE's loans will be repaid, rather than the REIT becoming an owner of the assets.

Figure 9

MORE's development pipeline has historically been the REIT's primary means of growth

Property	Market	MORE Effective Ownership	Units	Construction Start Date	1st Units Available	Completion Date	Stabilization Date	Cost Per Unit	Occupancy	% Complete	MORE Share of Costs (000) Costs (000)	MORE Share of Costs (000) to Date	NOI Yield (Stabilized)
Cyan on Peachtree	Atlanta, GA	55%	329	4Q13	2Q15	4Q15	2Q16	$205,713	92%	98%	$37,528	$36,898	7.9%
OLUME	San Francisco, CA	55%	121	2Q14	1Q16	1Q16	3Q16	$537,782	45%	97%	$36,082	$34,850	5.5%
SoMa	Miami, FL	55%	418	4Q13	4Q15	1Q16	3Q16	$235,182	64%	97%	$54,511	$53,136	7.2%
Verge	San Diego, CA	70%	444	4Q13	3Q15	2Q16	3Q16	$272,748	74%	99%	$85,133	$84,471	6.3%
Zinc	Cambridge, MA	55%	392	2Q13	3Q15	4Q15	2Q17	$464,446	39%	98%	$100,954	$99,355	6.0%
Nouvelle	Tysons Corner, VA	55%	461	4Q13	3Q15	4Q15	3Q17	$369,848	39%	99%	$94,542	$93,403	5.6%
Stabilized or In Lease Up			***2,165***					***$325,506***	***59%***	***98%***	***$408,750***	***$402,113***	***6.3%***
Started Leasing													
The Alexan	Dallas, TX	50%	365	3Q13	2Q16	4Q16	3Q17	$259,352	7%	94%	$47,246	$44,640	6.3%
Under Construction													
Caspian Delray Beach	Delray Beach, FL	55%	146	4Q14	3Q16	1Q17	2Q17	$278,812	na	75%	$22,572	$16,997	6.3%
Luce	Huntington Beach, CA	65%	510	4Q15	1Q18	3Q18	2Q19	$342,185	na	31%	$114,045	$35,313	6.7%
Current Development Projects			***656***					***$328,081***		***38%***	***$136,617***	***$52,310***	***6.6%***
Under Development or In Lease Up			***3,186***					***$318,457***		***84%***	***$592,613***	***$499,063***	***6.3%***

Source: Company documents, Janney Montgomery Scott LLC

Development pipeline should positively impact 2017 and 2018 growth

Ground-up development has historically been Monogram's primary growth driver, allowing the REIT to add high quality assets in the most "in-demand" markets at higher returns than acquisitions (which is essential given their historically higher cost of capital). It has also resulted in one of the newest portfolios among the public multifamily REITs at roughly six years.

Today, the company has 7 apartment projects in lease-up, including The Alexan in Dallas, Texas, which had its first units come available for rent in 2Q16. Combined, these 7 projects total 2,321 units and represent a cost at completion (MORE's proportionate share) of nearly $465 million, and an expected stabilized yield of 6.3% (which is 150-200bps higher than comparable acquisitions).

Currently, MORE's active development pipeline includes the $23 million Caspian Delray Beach project in Delray Beach, Florida (146 units, 55% MORE ownership), which is expected to be completed in 1Q17, and the $114 million Luce project in Huntington Beach, California (Orange County) encompassing 510 units (65% MORE ownership), which is expected to be completed in 3Q18.

We expect that the vast majority of the company's incremental earnings growth over the next few years will come from these 9 projects as they lease-up and continue to grow rents.

Beyond the completion of Caspian Delray and Luce, we have $50 million of incremental generic developments being completed in each of 2018-2020. To the extent that MORE is able to find additional development opportunities, there could be upside to our estimates.

We have modeled in no acquisitions in 2H16 or 2017

Over the past several years, MORE has utilized acquisitions on a very selective basis, having executed only 4 acquisitions since 2014. In May 2015, MORE acquired its JV partner's (PGGM) minority interests in 6 communities totaling 2,061 units for $225 million (the deal valued these assets at $521.8 million).

Outside of the PGGM buyout, MORE acquired two properties in September 2015 — Ev in San Diego, CA (208 units; $84 million purchase price) and The Mark in Boca Raton, FL (208 units; $82 million purchase price), along with the still under development The Mile (120 units; $48 million purchase price) in December 2015.

Given MORE's historical development focus, we have not modeled in any incremental acquisitions for now. Additionally, we do not expect MORE to be an active redeveloper of apartment assets given the young age of the existing portfolio.

We are modeling $150M of dispositions over the next 6 quarters

In June 2015, MORE sold its non-core Burnham Pointe asset (298 units; $126 million sales price) in Chicago, IL, as well as its Shady Grove development (366 units; $38.5 million sales price) in Rockville, MD. In July 2015, MORE sold its Post Oak property (392 units; $90.1 million sales price) in Houston, TX, bringing total dispositions for the year to $255 million (MORE's proportionate share).

Given management's desire to continue to sell out of non-core markets over time (Las Vegas, New Jersey, Orlando, etc.), we expect $50 million (MORE's proportionate share) of dispositions in 2H16 (including the recent sale of Renaissance in NoCal) and $100 million in 2017.

Were MORE to offset these dispositions with acquisitions (either due to a perceived opportunity or the need to 1031 disposition proceeds), or sell more than we have currently modeled, there could be significant upside/downside to our earnings estimates.

Appendices

Appendix 1 Monogram Residential Trust (MORE) – Income Statement

	2015A					2016A					2017E				
Year Ended December 31,	**1QA**	**2QA**	**3QA**	**4QA**	**2015A**	**1QA**	**2QA**	**3QE**	**4QE**	**2016E**	**1QE**	**2QE**	**3QE**	**4QE**	**2017E**
Rental revenues	56,643	59,105	59,191	63,129	238,068	65,547	68,551	70,376	71,566	276,040	72,733	74,585	75,891	76,631	299,840
Property operating expenses	(15,675)	(16,279)	(16,874)	(18,656)	(67,484)	(18,806)	(20,401)	(20,233)	(20,575)	(80,015)	(20,765)	(21,294)	(21,667)	(21,878)	(85,604)
Real estate taxes	(8,569)	(8,799)	(8,328)	(8,747)	(34,443)	(10,622)	(10,617)	(10,908)	(11,093)	(43,240)	(11,201)	(11,486)	(11,687)	(11,801)	(46,175)
Net Operating Income (NOI)	**32,399**	**34,027**	**33,989**	**35,726**	**136,141**	**36,119**	**37,533**	**39,235**	**39,898**	**152,785**	**40,767**	**41,805**	**42,537**	**42,952**	**168,060**
Asset management fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General and administrative expenses	(4,776)	(4,708)	(5,199)	(6,130)	(20,813)	(6,510)	(7,353)	(6,278)	(6,384)	(26,524)	(6,482)	(6,647)	(6,763)	(6,829)	(26,722)
Equity in income of investments in unconsolidated real estate jc	186	64	0	0	250	0	0	0	0	0	0	0	0	0	0
Misc Items	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	**27,809**	**29,383**	**28,790**	**29,596**	**115,578**	**29,609**	**30,180**	**32,957**	**33,514**	**126,261**	**34,285**	**35,158**	**35,774**	**36,122**	**141,339**
Interest income	2,597	2,763	2,596	2,216	10,172	1,682	1,776	1,844	1,875	7,177	1,896	1,944	1,978	1,997	7,815
Other income (expense)	25	13	34	55	127	(115)	(168)	(20)	(21)	(324)	(21)	(22)	(22)	(22)	(87)
Interest expense	(5,997)	(6,673)	(8,196)	(9,485)	(30,351)	(10,366)	(11,063)	(11,016)	(10,959)	(43,403)	(11,035)	(11,095)	(11,216)	(11,336)	(44,682)
Depreciation and amortization	(25,380)	(26,080)	(25,991)	(28,139)	(105,590)	(30,056)	(30,998)	(31,052)	(30,536)	(122,642)	(30,260)	(30,149)	(30,027)	(29,987)	(120,423)
Acquisition expenses	0	(151)	(485)	(5)	(641)	(123)	(5)	0	0	(128)	0	0	0	0	0
Amortization of Deferred Financing Costs	0	0	0	(1,416)	(1,416)	(1,536)	(1,554)	(1,667)	(1,696)	(6,453)	(1,729)	(1,773)	(1,804)	(1,821)	(7,126)
Investment and development expenses	(231)	(3,384)	(245)	(311)	(4,171)	(155)	(95)	(98)	(100)	(448)	(102)	(105)	(106)	(107)	(420)
Loss on early extinguishment of debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Income	(1,177)	(4,129)	(3,497)	(7,489)	(16,292)	(11,060)	(11,927)	(9,053)	(7,921)	(39,961)	(6,965)	(6,040)	(5,424)	(5,154)	(23,583)
Gain on sale of real estate	0	48,602	34,373	0	82,975	0	0	0	0	0	0	0	0	0	0
Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (loss) from continuing operations	(1,177)	44,473	30,876	(7,489)	66,683	(11,060)	(11,927)	(9,053)	(7,921)	(39,961)	(6,965)	(6,040)	(5,424)	(5,154)	(23,583)
Income (loss) from discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on sale of real estate in discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Items	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income (loss)	(1,177)	44,473	30,876	(7,489)	66,683	(11,060)	(11,927)	(9,053)	(7,921)	(39,961)	(6,965)	(6,040)	(5,424)	(5,154)	(23,583)
Redeemable noncontrolling interests in continuing operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-redeemable noncontrolling interests in continuing operatioı	346	4,724	488	1,554	7,112	2,755	2,710	2,845	2,893	11,202	2,952	3,027	3,080	3,110	12,168
Non-redeemable noncontrolling interests in discontinued operat	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income (loss) available to the Company	(831)	49,197	31,364	(5,935)	73,795	(8,305)	(9,217)	(6,208)	(5,028)	(28,758)	(4,014)	(3,014)	(2,344)	(2,044)	(11,416)
Dividends to preferred stockholders	(2)	(1)	(2)	(2)	(7)	(2)	(1)	(2)	(2)	(7)	(2)	(2)	(2)	(2)	(8)
Net income (loss) attributable to common stockholders	(833)	49,196	31,362	(5,937)	73,788	(8,307)	(9,218)	(6,210)	(5,030)	(28,765)	(4,016)	(3,016)	(2,346)	(2,046)	(11,424)
Funds From Operations (FFO) Calculation															
Real estate depreciation and amortization	15,929	17,557	17,300	19,640	70,426	20,664	21,169	21,271	20,917	84,021	20,728	20,652	20,569	20,541	82,490
Gain on sale of real estate	0	(48,602)	(34,373)	0	(82,975)	0	0	0	0	0	0	0	0	0	0
Gain on sale of joint venture interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other FFO Adjustments	0	3,128	0	0	3,128	0	0	0	0	0	0	0	0	0	0
Funds From Operations (FFO)	15,096	21,279	14,289	13,703	64,367	12,357	11,951	15,061	15,887	55,255	16,712	17,636	18,223	18,495	71,066
Recurring Non-Revenue Producing CAPEX - Per MORE	(358)	(527)	(470)	(412)	(1,767)	(365)	(500)	0	0	(865)	0	0	0	0	0
Additional Recurring Non-Revenue Producing CAPEX Adjustm	(578)	(593)	(1,105)	(835)	(3,111)	(710)	(1,190)	(1,673)	(1,117)	(4,690)	(1,138)	(1,712)	(1,712)	(1,141)	(5,703)
Adjusted Funds from Operations (AFFO)	14,160	20,159	12,714	12,456	59,489	11,282	10,261	13,388	14,769	49,700	15,574	15,925	16,511	17,353	65,363
Gross Common Dividends	(12,488)	(12,540)	(12,545)	(12,544)	(50,116)	(12,506)	(12,570)	(12,596)	(12,621)	(50,293)	(13,489)	(13,516)	(13,543)	(13,570)	(54,119)
Retained Cash Flow	1,671	7,619	170	(87)	9,373	(1,224)	(2,309)	792	2,149	(592)	2,085	2,408	2,967	3,783	11,244
EPS - Diluted	($0.01)	$0.29	$0.19	($0.04)	$0.44	($0.05)	($0.05)	($0.04)	($0.03)	($0.17)	($0.02)	($0.02)	($0.01)	($0.01)	($0.07)
FFO Per Share - NAREIT Definition	**$0.09**	**$0.13**	**$0.09**	**$0.08**	**$0.38**	**$0.07**	**$0.07**	**$0.09**	**$0.09**	**$0.33**	**$0.10**	**$0.10**	**$0.11**	**$0.11**	**$0.42**
CORE FFO Per Share	**$0.09**	**$0.13**	**$0.09**	**$0.08**	**$0.38**	**$0.07**	**$0.08**	**$0.09**	**$0.09**	**$0.34**	**$0.10**	**$0.10**	**$0.11**	**$0.11**	**$0.42**
Adjusted FFO Per Share	**$0.09**	**$0.12**	**$0.08**	**$0.07**	**$0.36**	**$0.07**	**$0.06**	**$0.08**	**$0.09**	**$0.30**	**$0.09**	**$0.09**	**$0.10**	**$0.10**	**$0.39**
Common Dividends Per Share	$0.075	$0.075	$0.075	$0.075	$0.300	$0.075	$0.075	$0.075	$0.075	$0.300	$0.080	$0.080	$0.080	$0.080	$0.320
FFOPS Growth Rate Y/Y	18.5%	171.6%	-0.7%	45.8%	44.9%	-18.3%	-44.0%	5.0%	15.2%	-14.4%	33.7%	46.4%	20.0%	15.5%	27.5%
FFO Payout Ratio	83%	59%	88%	92%	78%	101%	105%	84%	79%	91%	81%	77%	74%	73%	76%
AFFO Payout Ratio	88%	62%	99%	101%	84%	111%	123%	94%	85%	101%	87%	85%	82%	78%	83%
Weighted Average Shares & Units Outstanding - Diluted	166,509	167,202	167,260	167,247	167,205	166,743	167,605	167,944	168,279	167,643	168,616	168,953	169,291	169,630	169,123

Source: Company documents, Janney Montgomery Scott LLC E = Estimates A = Actual

Appendix 2 Monogram Residential Trust (MORE) – Implied Cap Rate

	Current
NOI Calculation - forward 4 quarters	
Apartment NOI	37,533
straight line rents	113
Quarterly NOI	37,646
- NOI Adjustment for Non-Stabilized Assets	(11,000)
Adjusted Quarterly NOI	26,646
Same-store growth rate (next 12mos)	3.0%
Forward 4Q Property NOI	109,782
Enterprise Value	
Total Debt	1,541,670
Partner's Share of Debt	(509,157)
Preferred Stock	1,436
Adjustments	5,446
Cash and cash equivalents	(58,244)
A/R and Other Assets	(64,834)
A/P & Other Liabilities	28,929
Net Cash & Other Assets/Liabilities	(94,149)
Adjusted Debt/Preferred	945,246
Share price	**$10.59**
End of Period Shares/Units	167,608
Equity Value	1,774,972
Subtotal Implied Ent. Val.	2,720,218
Adjustments to NOI/EV	
BV Properties Under Development	235,524
Premium	15%
Value of Prop Under Development	270,853
Incremental Value for Non-Stabilized Assets	535,090
Other Income	1,608
Other Income Multiple	5.0x
Other Income Value	32,160
Subtotal EV Adjustments	838,103
NOI	109,782
Implied Enterprise Value	1,882,115
Implied Cap Rate	**5.83%**
Recurring CAPEX	(5,555)
Adjusted Economic NOI	104,226
Implied Economic Cap Rate	**5.54%**
Pro-Rata Share of Units	9,236
Implied Price Per Unit	**$203,780**

Source: Company documents, Janney Montgomery Scott LLC E = Estimates A = Actual

Appendix 3 **Monogram Residential Trust (MORE) – Free Cash Flow to the Firm (aka DCF) Model**

WACC (50.0% leverage, 5.0% cost of debt, 8.5% cost of equity	6.75%
terminal growth (g)	3.00%
EBITDA exit multiple	16.0x
Terminal Value of Firm = 2019 EBITDA * multiple	2,652,610
PV of Terminal Value	2,180,568
+ PV of cash flows (2014-2017)	396,779
+ Land/CIP Value	270,853
+ Other Assets (incl. JV)	32,160
Value of Firm	2,880,360
- Adjusted Debt/Preferred/Future Development Spend	(945,246)
= Equity Value	1,935,114
shares outstanding	167,608
Equity value per share 1-year forward	**$11.50**

Source: Company documents, Janney Montgomery Scott LLC E = Estimates A = Actual

IMPORTANT DISCLOSURES

Research Analyst Certification

I, Robert Stevenson, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from Monogram Residential Trust Inc in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

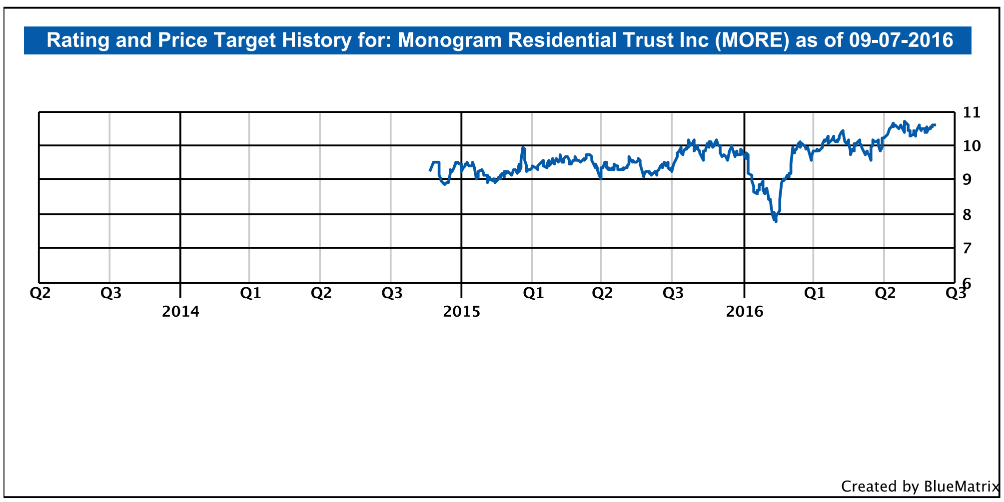
Definition of Ratings

BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 06/30/16

			IB Serv./Past 12 Mos.*	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [B]	109	52.15	26	23.85
NEUTRAL [N]	98	46.89	11	11.22
SELL [S]	2	0.95	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

Other Disclosures

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Investment opinions are based on each stock's 6-12 month return potential. Our ratings are not based on formal price targets, however, our analysts will discuss fair value and/or target price ranges in research reports. Decisions to buy or sell a stock should be based on the investor's investment objectives and risk tolerance and should not rely solely on the rating. Investors should read carefully the entire research report, which provides a more complete discussion of the analyst's views. Supporting information related to the recommendation, if any, made in the research report is available upon request.

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