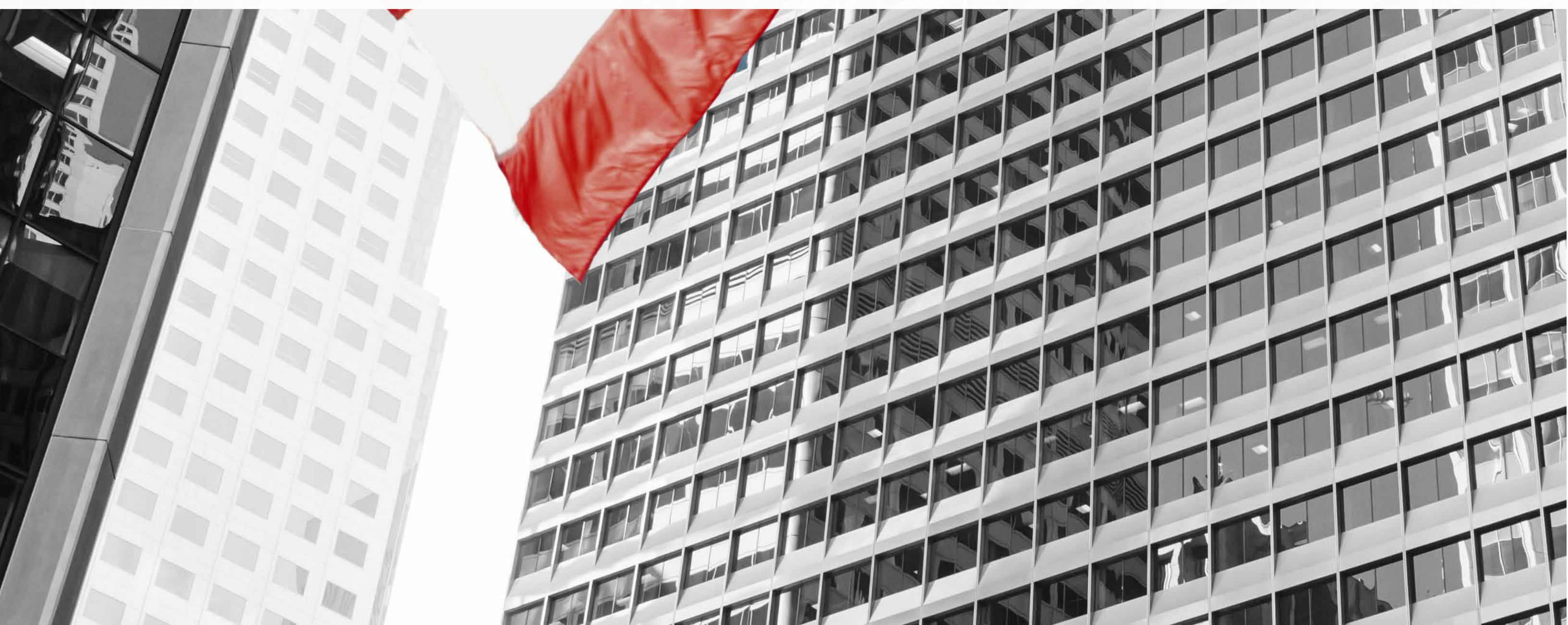
FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

CAPITAL PRESERVATION • DISCIPLINED INVESTING

FINANCIAL STATEMENTS

FIRST QUARTER 2018
MARCH 31, 2018



Condensed Consolidated Interim Financial Statements of

Firm Capital American Realty Partners Corp.

For the Three Months Ended March 31, 2018 and 2017

(Expressed In US Dollars)

The accompanying unaudited condensed consolidated interim financial statements of Firm Capital American Realty Partners Corp. for the three months ended March 31, 2018 have been prepared by and are the responsibility of management. These unaudited condensed consolidated interim financial statements, together with the accompanying notes, have been reviewed and approved by members of Firm Capital American Realty Partners Corp.'s audit committee. In accordance with National Instrument 51 – 102, Firm Capital American Realty Partners Corp. discloses that these unaudited condensed consolidated interim financial statements have not been reviewed by Capital American Realty Partners Corp.'s auditors.

Firm Capital American Realty Partners Corp.

Condensed Consolidated Interim Balance Sheets
(Expressed in US Dollars)

	March 31, 2018	December 31, 2017 (Audited)
Assets	$	$
Current assets		
Cash and cash equivalents	1,262,237	6,224,567
Restricted cash	943,799	1,881,968
Accounts receivable	304,598	366,573
Other assets	553,094	386,350
Assets held for sale (note 18)	14,445,043	16,019,657
Total current assets	17,508,771	24,879,115
Non-current assets		
Investment properties (note 4)	42,861,564	42,651,982
Equity investments (note 5)	21,043,638	12,694,453
Preferred capital investments (note 6)	2,522,825	2,513,990
Property and equipment, net	8,264	10,122
Total non-current assets	66,436,291	57,870,547
Total assets	83,945,062	82,749,662
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,653,511	2,255,649
Mortgages payable (note 8)	333,401	285,097
Deferred share unit liabilities (note 19)	36,807	37,916
Liabilities associated with assets held for sale (note 18)	340,173	273,201
Total current liabilities	2,363,892	2,851,863
Non-current liabilities		
Mortgages payable (note 8)	22,218,895	18,379,832
Convertible debentures payable (note 7)	10,106,763	12,118,400
Deferred tax liability	718,394	654,472
Total non-current liabilities	33,044,052	31,152,704
Total liabilities	35,407,944	34,004,567
Shareholders' Equity		
Share capital (note 10)	76,802,105	76,842,700
Contributed surplus (notes 11 and 12)	5,100,195	5,100,195
Equity portion of convertible debentures (note 7)	1,242,017	1,242,017
Accumulated foreign currency translation reserve	3,331,940	3,331,940
Deficit	(37,939,139)	(37,771,757)
Total shareholders' equity	48,537,118	48,745,095
Total liabilities and shareholders' equity	83,945,062	82,749,662

Subsequent Events (note 21)

See accompanying Notes to the Condensded Consolidated Interim Financial Statements

(signed) "*Keith Ray*"
Keith Ray
Director

(signed) "*Sandy Poklar*"
Sandy Poklar
CFO & Director

Firm Capital American Realty Partners Corp.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
Three Months Ended March 31, 2018 and 2017
(Expressed in US Dollars)

		March 31, 2018		March 31, 2017
		$		$
Revenue				
Rental	$	1,000,294		1,204,268
Operating expenses				
Operating costs		151,927		327,709
Utilities		77,151		117,153
Property taxes		147,974		178,045
Total operating expenses		377,052		622,907
Net rental income		623,242		581,362
Income from equity investments (note 5)		290,936		52,961
Income from preferred capital investments (note 6)		66,267		-
General and administrative		379,233		345,126
Professional fees		86,033		49,410
Net finance costs		517,770		936,331
		983,036		1,330,867
Net loss before other income and income taxes		(2,591)		(696,544)
Other income				
Foreign exchange gain		4,617		(5,634)
Fair value adjustment of investment properties (note 4)		-		980,930
Share based compensation (notes 11, 12 and 19)		1,108		(10,244)
Fair value gain on derivative financial instruments (notes 11 and 12)		-		2,481
Total other income		5,725		967,533
Net income before income taxes and discontinued operations		3,134		270,989
Income tax expense		830		(71,812)
Net Income from continuing operations		2,303		199,177
Net income/(loss) from discontinued operations(net of income tax expense) (note 20)		174,992		(430,895)
Net income/(loss) and comprehensive income/(loss)		177,295		(231,718)
Basic net income / (loss) per share				
From continuing operations (note 13)	$	0.00	$	0.05
From discontinued operations (note 13)	$	0.03	$	(0.10)
	$	0.03	$	(0.05)
Diluted net income / (loss) per share				
From continuing operations (note 13)	$	0.00	$	0.05
From discontinued operations (note 13)	$	0.02	$	(0.10)
	$	0.02	$	(0.05)

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

Firm Capital American Realty Partners Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
Three Months Ended March 31, 2018 and 2017
(Expressed in US Dollars)

	Share capital	Contributed surplus	Equity portion of convertible debentures	Accumulated foreign currency translation reserve	Deficit	Total
	$	$	$	$	$	$
Balance at December 31, 2016	64,720,400	4,073,613	1,242,017	3,331,940	(38,660,519)	34,707,449
Issuance costs	(6,938)	-	-	-	-	(6,938)
Net loss and Comprehensive loss for the period	-	-	-	-	(231,718)	(231,718)
Balance at March 31, 2017	64,713,462	4,073,613	1,242,017	3,331,940	(38,892,237)	34,468,794
Issuance of shares from Equity Offering (notes 10(a),(b),(c),(d))	13,285,610	-	-	-	-	13,285,610
Issuance of warrants from Equity Offering (notes 10(a) and 12)(a)(i))	-	573,692	-	-	-	573,692
Issuance of options (notes 11 and 12(b)(i))	-	476,615	-	-	-	476,615
Issue Costs	(1,156,372)	-	-	-	-	(1,156,372)
Expiration of warrants	-	(23,725)	-	-	-	(23,725)
Net income and comprehensive income for the year	-	-	-	-	1,561,345	1,561,345
Dividends	-	-	-	-	(440,867)	(440,867)
Balance at December 31, 2017	76,842,700	5,100,195	1,242,017	3,331,940	(37,771,757)	48,745,095
Issuance costs	(40,595)	-	-	-	-	(40,595)
Net income and comprehensive income for the period	-	-	-	-	177,295	177,295
Dividends (note 14)	-	-	-	-	(344,681)	(344,681)
Balance at March 31, 2018	76,802,105	5,100,195	1,242,017	3,331,940	(37,939,139)	48,537,118
Shares Outstanding	6,127,666					

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

Firm Capital American Realty Partners Corp.

Condensed Consolidated Interim Statement of Cash Flows
Three Months Ended March 31, 2018 and 2017
(Expressed in US Dollars)

	March 31, 2018	March 31, 2017
	$	$
Operating activities		
Net income before income taxes and discontinued operations	3,134	270,989
Income tax expense	830	(71,812)
Net Income from continuing operations	2,303	199,177
Net income/(loss) from discontinued operations(net of income tax expense)	174,992	(430,895)
Net income/(loss) and comprehensive income/(loss)	177,295	(231,718)
Add (Deduct):		
Depreciation	1,860	3,385
Accretion expense	68,571	161,817
Fair value adjustments of investment properties (notes 4 and 18)	92,575	(306,860)
Share based compensation (notes 11,12 and 19)	(1,108)	10,244
Fair value gain on derivative financial instruments (notes 11 and 12)	-	(2,481)
Deferred tax liability	63,922	(83,545)
Changes in non-cash operating working capital:		
Accounts receivable	61,975	27,546
Other assets	(166,744)	41,896
Accounts payable and accrued liabilities	(535,165)	(263,873)
Provisions	-	(40,034)
Total operating activities	(236,820)	(683,624)
Investing activities		
Preferred capital investments, net of distributions (note 6)	(8,835)	-
Equity investments, net of distributions (note 5)	(8,349,185)	(1,012,500)
Capital expenditures on investment properties (notes 4 and 18)	(233,914)	-
Proceeds from disposition of assets held for sale (note 18)	1,506,371	2,935,655
Total investing activities	(7,085,563)	1,923,155
Financing activities		
Issuance costs (note 10)	(40,595)	(6,938)
Proceeds from promissory note receivable	-	360,798
Cash dividends paid	(344,681)	-
Repayment of notes payable	-	(3,600,000)
Repayment of convertible debentures (note 7)	(2,071,000)	-
Mortgages, advances (note 8)	3,950,000	-
Mortgages, repayments (note 8)	(71,841)	(26,058)
Total financing activities	1,421,884	(3,272,197)
Increase in cash and cash equivalents and restricted cash	(5,900,499)	(2,032,665)
Cash and cash equivalents and restricted cash, beginning of period	8,106,535	6,206,660
Cash and cash equivalents and restricted cash, end of period	**2,206,036**	**4,173,995**
Consisting of:		
Cash and cash equivalents	1,262,237	2,794,728
Restricted cash	943,799	1,379,267

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

1. Nature of operations

Firm Capital American Realty Partners Corp. (the "**Company**") was incorporated under the Business Corporations Act (Ontario) on March 19, 2007. The Company trades on the TSX Venture Exchange ("**TSXV**") under the trading symbols "FCA.U" and "FCA". The address of the Company's registered office is 163 Cartwright Avenue, Toronto, Ontario, M6A 1V5.

The Company is focused on the following investment platforms:

Income Producing Real Estate Investments: Acquiring income producing real estate assets in major cities across the United States. Acquisitions are completed solely by the Company or in joint-venture partnerships with local industry expert partners who retain property management; and

Mortgage Debt Investments: Real estate debt and equity lending platform in major cities across the United States. Focused on providing all forms of bridge mortgage loans and joint venture capital.

The financial statements were authorized for issue by the Board of Directors on May 10, 2018.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting ("IAS 34") as issued by the IASB and, except as described in Note 3(a) and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2017. These condensed consolidated interim financial statements do not contain all disclosures required by IFRS and accordingly should be read in conjunction with the 2017 audited annual consolidated financial statements and the notes thereto.

Basis of presentation

The condensed consolidated interim financial statements are prepared on a going concern basis and have been presented in US dollars which is the Company's reporting currency. Standards and guidelines not effective for the current accounting period are described in note 3(a). Standards and guidelines implemented and effective for the current accounting period are described in note 3(b).

Basis of measurement

The condensed consolidated interim financial statements have been prepared on the cost basis except as otherwise noted.

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. Subsidiaries are consolidated from the date control commences until control ceases.

Functional currency

As at March 31, 2017, the Company and all of its subsidiaries' functional currencies are the US Dollar ("USD").

3. Accounting policy changes

(a) Future Changes in accounting policies

IFRS 16 - Leases ("IFRS 16"). IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the condensed consolidated interim financial statements with a "right of use" asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The accounting requirements from the perspective of the lessor remain largely in line with previous IAS 17 requirements. The effective date for IFRS 16 is January 1, 2019. The Company is currently assessing the impact of IFRS 16 to its consolidated financial statements. Based on a preliminary assessment of the standard, the Company does not expect this standard to have a significant impact on its consolidated financial statements as leases with tenants are expected to be accounted for as operating leases in the same manner they currently are.

(b) New changes in Accounting Policies

The following new standards and amendments to new standards were implemented effective January 1, 2018 and have been applied to these condensed consolidated interim financial statements:

IFRS 7 - Financial Instruments: Disclosures ("IFRS 7") was amended in October 2010. The amendment enhances disclosure requirements to aid financial statement users in evaluating the nature of and risks associated with an entity's continuing involvement in derecognized financial assets and the offsetting of financial assets and liabilities. The amendments are effective for annual periods beginning on or after January 1, 2018 and are required to be applied in accordance with the standard. The Company's adoption of IFRS 7 did not have a significant impact to these condensed consolidated interim financial statements.

IFRS 9 - Financial Instruments ("IFRS 9") replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. IFRS 9 was amended by the IASB in October 2010 to provide guidance on the classification and reclassification of financial liabilities, their measurement and the presentation of gains and losses on financial liabilities designated as fair value through profit or loss ("FVTPL"). When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company implemented the new requirements of IFRS 9 retrospectively without restatement of comparatives. As a result of the new requirements, financial assets are now classified and measured based on the following categories:

1. Amortized cost
2. FVTPL
3. Fair Value through other comprehensive income ("FVOCI")

Financial liabilities are classified and measured based on the following categories:

1. Amortized cost
2. FVTPL
3. FVOCI

(Expressed in US Dollars unless otherwise noted)

The following summarizes the Company's classification of financial assets and liabilities:

	Notes	IAS 39 Classification	IFRS 9 Classification
Assets			
Amounts Receivable		Loans and receivables	Amortized cost
Deposits and Other Assets		Loans and receivables	Amortized cost
Restricted Cash		Cash and Cash Equivalents	FVTPL
Cash and Cash Equivalents		Cash and Cash Equivalents	FVTPL
Liabilities			
Distribution Payable		Other Liabilities	Amortized cost
Accounts Payable and Accrued Liabilities		Other Liabilities	Amortized cost
Tenant Rental Deposits		Other Liabilities	Amortized cost
Mortgages	8	Other Liabilities	Amortized cost
Option Liabilities		Other Liabilities	FVTPL
Convertible debentures payable	7	Other Liabilities	Amortized cost
Deferred share unit liabilities	19	Other Liabilities	FVTPL

IFRS 9 also outlines a forward looking "expected credit loss" (ECL) model, which replaces the model that was previously used from IAS 39. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure ECL's related to trade receivables, includes assessing credit risk characteristics and the days past due. The Company has concluded that there was no significant impact to financial assets in connection with the change from the incurred loss model under IAS 39 to the ECL model under IFRS 9.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15"). In May 2014, the IASB issued IFRS 15, which replaces IAS 11 - Construction Contracts, IAS 18 - Revenue and IFRIC 13 - Customer Loyalty Programs, as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 is to be applied retrospectively for annual periods beginning on or after January 1, 2018. The adoption of IFRS 15 did not have a significant impact on the Company's revenue streams and the pattern of revenue recognition.

4. Investment properties

	March 31, 2018	December 31, 2017
	$	$
Balance, beginning of period	42,651,982	44,671,717
Additions:		
Building improvements	209,582	218,288
Transfers to assets held for sale (note 18)	-	(4,100,000)
Fair value adjustments to investment properties	-	1,861,977
Balance, end of period	42,861,564	42,651,982

The investment properties as at March 31, 2018 consist of 311 multifamily apartment units in three buildings located in Florida and Texas.

(Expressed in US Dollars unless otherwise noted)

The Company determined the fair value of the remaining investment properties using a combination of an internally managed valuation model and property appraisals. The key valuation assumptions for the properties are set out in the following table on a stabilized basis:

	March 31, 2018	December 31, 2017
Key Assumptions		
Capitalization rate	5.25%	5.25%
Occupancy rate	95% - 97%	95% - 97%
Weighted average net rental income	$ 915,994	$ 915,994

The fair values of the Company's investment properties are sensitive to changes in key valuation assumptions. Changes in capitalization rates would result in a change in fair value of the Company's investment properties as set out in the following table:

	March 31, 2018
	$
Capitalization rate increase by 25 basis points	(1,938,700)
Capitalization rate decrease by 25 basis points	2,132,600

5. Equity Investments

On December 20, 2016, the Company closed a joint venture investment that consists of eight multi-family buildings comprised of 127 residential units and two commercial units located in New York City. The purchase price for 100% of the investment was $38.4 million. The Company invested approximately $6.1 million in a combination of 46% of the preferred equity ($4.6 million) and common equity ($1.5 million), which represents a 22.5% ownership interest. The preferred equity has a fixed rate of return of 8% per annum.

On January 18, 2017, the Company closed a joint venture investment that consists of eight multi-family buildings comprised of 115 residential units located in Brentwood, Maryland. The purchase price for 100% of the investment was $9.8 million. The Company invested $1.0 million in a combination of 50% of the preferred equity ($0.7 million) and common equity ($0.3 million), which represents a 25% ownership interest. The preferred equity has a fixed rate of return of 8% per annum.

On August 16, 2017, the Company closed a joint venture investment that consists of fourteen multi-family buildings comprised of 462 residential units located in Bridgeport, Connecticut. The purchase price for 100% of the investment was $30.5 million. The company invested approximately $5.1 million in a combination of 60% of the preferred equity ($3.8 million) and common equity ($1.3 million), which represents a 30% ownership interest. The preferred equity has a fixed rate of return of 9% per annum.

On February 28, 2018, the Company closed a joint venture investment that consists of seven multi-family buildings comprised of 189 residential units located in in Irvington, New Jersey. The purchase price for 100% of the investment was $17.8 million. The company invested $3.4 million in a combination of 100% preferred equity ($2.6 million) and common equity ($0.8 million), which represents a 50% ownership interest. The preferred equity has a fixed rate of return of 9% per annum.

On February 28, 2018, the Company closed a joint venture investment that consists of 12 multi-family buildings comprised of 235 residential units located in in Houston, Texas. The purchase price for 100% of the investment was $15.3 million. The company invested $4.7 million in a combination of 100% preferred equity ($3.5 million) and common equity ($1.2 million), which represents a 50% ownership interest. The preferred equity has a fixed rate of return of 9% per annum.

The Company has significant influence over these joint venture investments as further outlined below:

(Expressed in US Dollars unless otherwise noted)

New York City: Certain officers and directors of the Company have an indirect interest or management oversight of approximately 14.6% of the preferred equity and 7.3% of the common equity in the joint venture investment;

Brentwood, Maryland: Certain officers and directors of the Company have an indirect interest or management oversight of approximately 40.0% of the preferred equity and 20.0% of the common equity in the joint venture investment.

Bridgeport, Connecticut: Certain officers and directors of the Company have an indirect interest or management oversight of approximately 18.0% of the preferred equity and 9.0% of the common equity in the joint venture investment.

Outlined below are the details of the Company's equity investment in the joint venture, along with the balance sheet and statement of income (each at 100% of the joint venture) and income allocation from the joint venture for the period ended March 31, 2018 with comparable figures for the periods ended December 31, 2017 and March 31, 2017:

	March 31, 2018	December 31, 2017
Equity Accounted Investments, Beginning of Year	$ 12,694,453	$ 6,104,137
Investments		
- Preferred Equity	6,078,000	4,471,957
- Common Equity	2,193,000	1,810,856
Income Earned		
- Preferred Equity	273,716	548,345
- Common Equity	17,220	(128,066)
Less: Distributions	(212,751)	(112,775)
Equity Accounted Investments, End of Year	**$ 21,043,638**	**$ 12,694,453**

(Expressed in US Dollars unless otherwise noted)

	March 31, 2018	December 31, 2017
Assets		
Cash	$ 6,195,361	$ 4,674,216
Accounts Receivable	377,297	253,098
Other Assets	776,864	675,884
Investment Properties	113,427,773	80,337,489
	$ 120,777,295	**$ 85,940,687**
Liabilities		
Accounts Payable	$ 1,782,871	$ 1,482,291
Security Deposits	795,381	584,037
Mortgages	80,317,809	54,561,321
	$ 82,896,060	**$ 56,627,649**
Equity		
Retained Earnings / (Deficit)	$ (1,921,819)	$ (662,962)
Preferred Equity	23,776,262	17,698,262
Common Equity	16,026,792	12,277,738
	$ 37,881,235	**$ 29,313,038**
	$ 120,777,295	**$ 85,940,687**
Investment Allocation for the Company		
Preferred Equity	$ 15,688,687	$ 9,035,707
Common Equity	5,354,951	3,332,107
	$ 21,043,638	**$ 12,367,814**

	Three Months Ended	
	March 31, 2018	**March 31, 2017**
Net Income		
Rental Revenue	$ 2,191,845	$ 404,659
Property Operating Expenses	(1,143,296)	(223,020)
Net Rental Income	**1,048,549**	**181,639**
General & Administrative	(112,217)	(49,165)
Interest Expense	(663,298)	(130,356)
Net Income Before Preferred Equity Dividend	**$ 273,034**	**$ 2,118**
Less: Preferred Equity Dividend	(417,761)	(222,000)
Net Income	**$ (144,727)**	**$ (219,882)**
Income Earned by the Company		
Preferred Equity	$ 273,716	$ 102,076
Common Equity	17,220	(49,115)
	$ 290,936	**$ 52,961**

6. Preferred capital investments

On December 18, 2017, the Company closed a participation of $2.5 million in a $12.0 million preferred capital loan (the “Preferred Capital”) to fund the acquisition of a portfolio of three apartment buildings located in New York, New York. The Preferred Capital earns an interest rate of 12% per annum during its initial term of three years and, if the term is extended for a further two years, at an interest rate thereafter that is the greater of

(Expressed in US Dollars unless otherwise noted)

13% or London Interbank Offered Rate ("LIBOR") plus 10% per annum. The investment is interest only and may be repaid prior to maturity in whole or in part upon 30 days prior written notice.

7. Convertible debentures payable

$21,600,000 Convertible Debentures

During the year ended December 31, 2013, the Company completed a multi-tranche private placement financing raising gross proceeds of $21,600,000 through the issuance of unsecured subordinated convertible debentures (the "Debentures"). The Debentures bear interest at 7% per annum, payable quarterly and mature on July 31, 2018. The Debentures also hold a conversion feature which allows the holder to convert at any time after the Company becomes a publicly traded entity, at a price of $33.82 per common share (the "Conversion Price"). If the Company has a closing price of $58.82 or greater for a period of ten consecutive trading days, the debentures will automatically convert at the Conversion Price. The Company incurred transaction costs of $1,410,450.

The Company used the residual method to allocate the liability and equity portion of the convertible debenture. The Company allocated a fair value of $19,310,699 less transaction costs of $1,277,208 to the debt component and $2,289,301 less transaction costs of $133,242 to equity. The fair value of the liability was measured using a discounted cash flow method. In determining fair value of the liability, the Company applied an interest coupon of 10%.

On February 29, 2016, the Company, with the approval of the convertible debenture holders, agreed to convert 20% of the $21,600,000 convertible debentures into common shares at a price of $15.00 per common share for a total of 286,018 common shares issued. This reduced the total amount payable under the convertible debentures to $17,310,000.

The Company also amended the terms of the remaining convertible debenture such that the interest rate was reduced from 7% to 5.5% for a period of 12 months, following which the interest rate reverted back to 7% per annum. The maturity date of the convertible debentures was amended from July 31, 2018 to July 31, 2019. The Debentures were granted the same security over the assets and undertaking of the Company as was formerly held by Note holders so that the Debentures are no longer unsecured.

As at March 31, 2018, the Debentures balance was $10.1 million (December 31, 2017 - $12.1 million).

8. Mortgages payable

	March 31, 2018	December 31, 2017
	$	$
Mortgages payable	$ 22,552,296	$ 18,664,929
Less: current portion	(333,401)	(285,097)
	$ 22,218,895	$ 18,379,832

As at March 31, 2018 the Company had mortgages payable secured by the multi-family properties and 120 single family home properties of $22,522,296 (including the current portion and net of unamortized financing costs), which bear interest at an average rate of 5.30% per annum, and have maturity dates ranging between July 1, 2019 and June 1, 2023.

The following annual payments of principal and interest are required over the next five years and thereafter in respect of the mortgages:

	$
2018	1,022,720
2019	5,255,651
2020	1,150,389
2021	1,150,389
2022	11,886,768
Thereafter	6,195,246
Total	26,661,165

(Expressed in US Dollars unless otherwise noted)

On February 15, 2018, the Company closed a supplemental loan of approximately $4.0 million from the first mortgage lender on its multi-family residential investment property located in Sunrise, Florida. The loan has a fixed interest rate based on the 5-year U.S. Treasuries plus a spread of 325 basis points (equivalent to approximately 5.8%), a term to maturity of approximately 4.6 years and an amortization period of 30 years.

9. Changes in net debt

The following table sets out an analysis of the movements in net debt for the year ended March 31, 2018:

	Cash & Cash Equivalents	Mortgages	Convertible Debentures	Net Debt
	$	$	$	$
As at December 31, 2017	8,106,535	(18,664,928)	(12,118,400)	(22,676,794)
Cash Flows	(5,260,565)	(3,887,368)	2,071,000	(7,076,933)
Non Cash Changes	(639,934)	-	(59,363)	(699,297)
As at March 31, 2018	2,206,036	(22,552,296)	(10,106,763)	(30,453,024)

10. Share capital

The Company is authorized to issue an unlimited number of common shares. The common shares are voting and entitle the holder to dividends as and when declared by the board of directors of the Company. The following is a summary of changes in common share capital:

	Number of shares	Value
	$	$
Balance at December 31, 2016	4,279,759	64,720,400
Less: Issue Costs	-	(6,938)
Balance at March 31, 2017	4,279,759	64,713,462
Issuance of shares from equity offering (a)	850,160	5,802,508
Issuance of shares from equity offering (b)	510,000	3,825,000
Issuance of shares from equity offering (c)	20,747	155,602
Issuance of shares from equity offering (d)	467,000	3,502,500
Less: Issue Costs	-	(1,156,372)
Balance at December 31, 2017	6,127,666	76,842,700
Less: Issue Costs	-	(40,595)
Balance at March 31, 2018	6,127,666	$ 76,802,105

(a) On May 29, 2017, the Company issued 850,160 common shares at a price of $7.50 per share (CAD$10.24 per share based on the Bank of Canada daily noon rate of exchange of 1.36535 as of May 10, 2017). The Company raised total gross proceeds of approximately $6.3 million. Net of the value of the warrants as further described in note 12(a)(i) of these condensed consolidated interim financial statements, the common shares had a value of approximately $5,802,508 upon issuance.

(b) On December 11, 2017, the Company issued 510,000 common shares at a price of $7.50 per share for total gross proceeds $3,825,000.

(c) On December 27, 2017, the Company issued 20,747 common shares at a price $7.50 per share (CAD$9.64 per share based on the Bank of Canada daily noon rate of exchange of 1.28565 as of December 1, 2017) for total gross proceeds of $155,602.

(Expressed in US Dollars unless otherwise noted)

(d) On December 28, 2017, the Company completed its underwritten public offering of 451,000 common shares at a price of $7.50 per share (CAD$9.64 per share based on the Bank of Canada daily noon rate of exchange of 1.28565 as of December 1, 2017) and 16,000 common shares at a price of $7.50 per share for aggregate total gross proceeds of $3,502,500.

11. Share-based compensation

The Company has a 10% rolling incentive stock option plan which provides for the issuance of incentive stock options to directors, management, employees and consultants of the Company.

As at March 31, 2018, the Company has 507,159 options issued and outstanding (December 31, 2017 – 507,159) at a $10.92 weighted average exercise price per share (December 31, 2018 - $10.92). Further details around the outstanding balances are detailed in note 12(b) of these condensed consolidated interim financial statements.

12. Derivative financial instruments

As at March 31, 2018, the Company's derivative financial instruments consist of options and warrants. The exercise price for the options are in USD and the exercise price for the warrants are in both USD and CAD. Because some of the warrants have an exercise price that is denominated in a currency other than the Company's functional currency, the fair value of the exercise proceeds can vary due to foreign exchange rate fluctuations between CAD and USD and the warrants are therefore considered a derivative financial instrument.

Warrants

(a) A continuity of the warrants liability and reserve is as follows:

	Number of warrants	Warrants reserve		Weighted average exercise price
December 31, 2016	162,550	23,725	$	25.71
Issuance of warrants (note 12(a)(i))	850,160	573,692	$	8.50
Revaluation/expiry of warrants	(130,908)	(23,725)	$	26.05
March 31, 2018	881,802	573,692	$	8.87

The warrant reserve was calculated using the Black Scholes option-pricing model. The key assumptions used in the model were: stock price of $6.86; exercise price ranging from $8.50 to CAD$24.29; expected life ranging, in years, from 1.2 to 2.7; 30% volatility; risk free rate of 1.57%; and annual dividends of $0.225 per share.

The Company had the following warrants outstanding and exercisable as at March 31, 2018:

Issuance date	Number of warrants		Weighted average exercise price	Expiry date
December 23, 2014	31,642		CAD $24.29	December 22, 2018
May 29, 2017 (note 12(a)(i))	850,160		8.50	May 29, 2020
Total/ weighted average	881,802	$	8.87	

(i) On May 29, 2017, the Company issued 850,160 Warrants to participants in the common share offering as described in note 10(a) of these consolidated financial statements. The Warrants have an exercise price of $8.50 per warrant and expire on May 29, 2020.

Options

(b) A continuity of the option liability and reserve is as follows:

(Expressed in US Dollars unless otherwise noted)

	Number of Options	Options Reserve		Weighted Avg Exercise Price
Balance as at December 31, 2016	69,704	-	$	32.25
Issuance of Options (note 12(b)(i))	437,455	476,615	$	7.50
Balance as at March 31 2018	507,159	476,615	$	10.92

The option reserve as at March 31, 2018, was calculated on the issuance date using the Black Scholes option-pricing model. The key assumptions used in the model were; stock price of $6.20; exercise price of $7.50; expected life of approximately 10 years; volatility of 30%; risk free rate of 1.69%; and dividends of $0.225 per share.

(i) On August 17, 2017, the Company issued 437,455 Options to members of senior management and the board. The Options have an exercise price of $7.50 per warrant and expire on August 17, 2027.

13. Net income / (loss) per share

		Three Months Ended		
		March 31, 2018		March 31, 2017
		$		$
Net income before income taxes and discontinued operations		3,134		270,989
Income tax expense		830		(71,812)
Net Income from continuing operations		2,303		199,177
Net income/(loss) from discontinued operations (net of income tax expense)		174,992		(430,895)
Net income/(loss) and comprehensive income/(loss)	$	177,295	$	(231,718)
Weighted average shares - basic		6,127,716		4,279,759
Weighted average shares - diluted		7,851,819		5,029,651
Basic net income / (loss) per share				
From continuing operations		0.00		0.05
From discontinued operations		0.03		(0.10)
	$	0.03	$	(0.05)
Diluted net income / (loss) per share				
From continuing operations		0.00		0.05
From discontinued operations		0.02		(0.10)
	$	0.02	$	(0.05)

14. Dividends

For the three months ended March 31, 2018, the Company declared dividends of $0.05625 per common share resulting in total dividends of $344,681.

15. Financial instruments and risk management

Risk management

In the normal course of its business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks, and the actions taken to manage them, are as noted below.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market prices and includes foreign currency and interest rate risk.

Foreign currency risk

The Company's operations are based principally in the United States of America, but it has exposure to foreign exchange risk from the CAD. Foreign exchange risk arises from the recognized financial assets and liabilities denominated in CAD. The following CAD amounts are presented in USD to demonstrate the effects of changes in foreign exchange rates:

	CAD
	$
Cash and other assets	424,513
Accounts payable and accrued liabilities	(174,351)
Total	250,164
Effect of +/- 10% change in exchange rate	25,016

Interest rate risk

The Company is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. As all mortgages, loans and notes payable bear interest at fixed rates, interest rate risk is limited to potential decreases in the interest rate offered on cash held with chartered Canadian and American financial institutions. The risk also exists of a change in interest rates when the Company is required to renew its debt. The Company's objective of managing interest rate risk is to minimize the volatility of earnings. Interest rate risk has been minimized as mortgages have been financed at fixed interest rates. As a result of debt not being subject to floating interest rates, changes in prevailing interest rates would not be expected to have a material impact on profit or loss.

Credit risk and concentration risk

Credit risk refers to the risk that a tenant or counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments which are potentially subject to credit risk for the Company consists primarily of non-payment of accounts receivable. The Company mitigates this risk by monitoring the credit worthiness of its tenants. To ensure that tenants continue to meet their credit terms, the financial viability of tenants is kept under review. Credit risk, or the risk of a counterparty defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the Company obtains security deposits as collateral.

The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the condensed consolidated interim financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk.

The Company derives approximately 15% of its revenues from tenant subsidies received pursuant to Section 8 of the United States Housing Act of 1937, as amended, and certain other government subsidies.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations as they fall due. The Company's strategy is to satisfy its liquidity needs using cash on hand, cash flow generated from operating activities, cash flow provided by financing activities, and divestitures of long term assets.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer or settle a liability in an orderly transaction between market participants at the measurement date. The fair values of the Company's cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities are estimated by management to approximate their carrying values due to their short-term nature.

The Company classifies its fair value measurements in accordance with the three levels fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

(Expressed in US Dollars unless otherwise noted)

- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following table summarizes information about assets measured at fair value on a recurring basis in the condensed consolidated interim balance sheets and categorized by level of significance of the inputs used in making the measurements:

March 31, 2018	Level 3
	$
Assets held for sale	14,445,043
Investment properties	42,861,564
Equity investments	21,043,638
Preferred capital investments	2,522,825

There were no transfers between level 1 and 2 during the year ended March 31, 2018.

December 31, 2017	Level 3
	$
Assets held for sale	16,019,657
Investment properties	42,651,982
Equity investments	12,694,453
Preferred capital investments	2,513,990

16. Capital risk management

The capital of the Company includes equity, which is comprised of issued share capital, contributed surplus, equity portion of convertible debentures, warrants, accumulated foreign currency translation reserve and deficit. The Company's objective when managing its capital is to safeguard the ability to continue as a going concern in order to provide returns for its shareholders, and other stakeholders and to maintain a strong capital base to support the Company's core activities, the acquisition, ownership, management and rental of residential real estate properties as discussed in note 1 of these consolidated financial statements.

Although the Company is not subject to any formal covenants, there are certain restrictions under the different debts and mortgages that the Company must target to stay in compliance with. The debt and mortgage holders have the option to enforce temporary restrictive measures against the Company if these targets are not met.

17. Related party transactions

On November 1, 2015, The Company entered into a Management Agreement with Firm Capital Realty Partners Advisors Inc. (the “**Manager**”), an entity related to a director of the Company. Under the terms of the Agreement, the Manager provides a number of services to the Company, and is entitled to certain fees payable monthly, as follows:

- **a. Asset Management Fee:** 0.75% of the Gross Invested Assets of the Company,
- **b. Acquisition Fee:**
  - i. 1.0% of the first $300 million of aggregate Gross Book Value in respect of Properties acquired in a particular year; and thereafter
  - ii. 0.75% of aggregate Gross Book Value in respect of Properties acquired in such year.
- **c. Performance Incentive Fees:** 15% of Adjusted Funds from Operation (“AFFO”) once AFFO exceeds 8.0% of Net Asset Value (“**NAV**”) per share.
- **d. Placement Fees:** 0.25% of the aggregate value of all debt and equity financing arranged by the Manager.
- **e. Property Management Fees:**

i. Multi-unit residential properties with 120 units or less, 4.0% of Gross Revenue collected from the property;
ii. Multi-unit residential properties with more than 120 units. 3.5% of Gross Revenue collected from the property.
iii. Industrial or commercial property, 4.25% of Gross Revenue are collected from the property; provided, however, that for such properties with a single tenant 3.0% of Gross Revenue collected from the property.

f. **Commercial Leasing Fees:** 3.0% of the net rental payments for the first year of the lease, and 1.5% of the net rental payments for each year during duration of the lease; provided, however, that where a third party broker arranges for the lease of any such property that is not subject to a long-term listing agreement, the Manager shall be entitled to reduced commission equal to 50% of the foregoing amounts with respect to such property**.**

g. **Commercial Leasing Renewal Fees:** Renewals of space leased on commercial terms (including lease renewals at the option of the tenant) which are handled exclusively by the Manager shall be subject to a 0.50% commission on the net rental payments for each year of the renewed lease. When a long-term listing agreement is in effect for leasing and marketing of space with a party other than the Manager, the Manager shall cooperate fully with the broker and the leasing fees will not be payable to the Manager.

h. **Construction Development Property Management Fees:** Where the Manager is requested by the Company to construct tenant improvements or to renovate same, or where the Manager is requested by the Company to construct, modify, or re-construct improvements to, or on, the Properties (collectively, "**Capital Expenditures**"), the Manager shall receive 5.0% of the cost of such Capital Expenditures, including the cost of all permits, materials, labour, contracts, and subcontracts; provided, however, that no such fee shall be payable unless the Capital Expenditures are undertaken following a tendering or procurement process wherein the total cost of such Capital Expenditures exceed $50,000.

i. **Loan Servicing Fees:** 0.25% per annum on the principal amount of each Mortgage Investment (other than syndicated loans serviced by third parties). The Loan Servicing Fee will be calculated as spread interest and deducted from the first interest received on a mortgage investment. Mortgage servicing fees will be payable as to 1/12 monthly based on the receipt of interest payments from borrowers. Loan Servicing Fees will not be payable in respect of the Company's cash balances or Non-Performing Loans held by the Company, except that the Manager shall be entitled to retain any overnight float interest on all accounts maintained by the Manager in connection with the servicing of the Company's Mortgage Investments. The Manager will retain all overnight float interest and related loan servicing fees as charged such as advance fees, discharge statement fees, realty tax escrow account charges, late payment and dishonoured payment charge fees, and all other such fees as charged by a loan servicing agent. This will only apply to the Mortgage Investments of the Company.

j. **Origination, Commitment & Discharge Fees and Profit Sharing Fees:** The Manager shall remit to the Company:
   i. 25% of all originating fees, commitment fees and renewal fees it receives from borrowers on mortgages it originates for the Company (prorated to reflect the Company's participation in the investment). The Manager will retain 100% of all originating fees, commitment fees, renewal fees and will remit 25% of such fees to the Company calculated on the Company's investment amount; and
   ii. 75% of any profit sharing, discharge fees, participation fees and profit made on discounted debt that the Mortgage Banker receives in respect of all Non-Conventional Mortgages and Special Profit Transactions it originates for the Company (with a 8.0% annual preferential return to be given to the Company on the Company's investment amount prior to the Manager receiving its share of such fees). The Manager shall retain 100% of all servicing charges paid by borrowers which are not identified above, including, without limitation, discharge statement administration fees and all fees identified.

k. **Term and Termination:** Initial term of ten years with automatic renewal for successive five year terms. The Company may terminate the Agreement any time after November 1, 2025 other than for cause upon the approval of two-thirds of the votes cast by shareholders at a meeting and upon 24 months prior written notice. Upon termination, the Company shall pay to the Manager the following:

(Expressed in US Dollars unless otherwise noted)

i. 2% of the Gross Invested Assets of the Properties and the Company's other assets; and
ii. any amounts which would have been earned by the Manager under the Agreement for the uncompleted portion of the term (the "**Termination Payment**").

For the quarter ended March 31, 2018, the Company has accrued and/or paid approximately $214,937 (March 31, 2017 - $192,950) in the form of asset, property, loan servicing, acquisition, placement and construction development property management fees. The Company has accrued $593,353 (March 31, 2017 - $576,306) under this Management Agreement, which is included in accounts payable and accrued liabilities.

18. Assets held for sale

As at March 31, 2018, the Company had 140 single family homes comprised of 194 units (December 31, 2017– 227 units) located in Florida, Georgia and New Jersey. The Company has classified the single family units as held for sale as the Company is actively marketing and intends to sell these properties within one year.

	March 31, 2018	December 31, 2017
	$	$
Balance, beginning of period	16,019,657	24,911,959
Transfers from investment properties (note 4)	-	4,100,000
Building Improvements	24,332	1,027,972
Dispositions	(1,506,371)	(15,078,192)
Fair value adjustments to assets held for sale	(92,575)	1,057,918
Balance March 31, 2018	14,445,043	16,019,657
Liabilities		
Accounts payable and other liabilities	340,173	273,201
Liabilities related to assets held for sale	340,173	273,201

During the year ended December 31, 2017, the Company completed a disposition of its entire Florida mini-multi portfolio for gross cash proceeds (before transaction costs) of approximately $1.8 million. As a result, the Company valued these properties at their net forecasted cash proceeds and reclassified them to assets held for sale.

The net cash flows associated with discontinued operations are as follows:

	March 31, 2018	March 31, 2017
	$	$
Operating activities	397,628	594,424
Investing activities	1,482,039	2,935,655
Net cash inflow	1,879,667	3,530,079

19. Deferred share units

On March 31, 2015, the Company adopted a deferred share unit ("DSU") plan. Under the terms of the plan, any units issued must be issued at a share price which is a minimum of the volume weighted average trading price of the shares on the TSXV for the five days trading immediately preceding the date on which DSUs are granted. Dividend equivalents are awarded in respect of DSU holders on the same basis as shareholders, and credited to the DSU holders account as additional DSUs. The maximum DSUs which may be awarded under the DSU plan shall not exceed 10% of the issued and outstanding common shares. The DSU plan is designed such that the board may elect to pay out the DSUs in either cash or common shares of the Company.

(Expressed in US Dollars unless otherwise noted)

20. Segmented information

The Company defines its reportable segments based on geographical locations and on asset types including single family buildings, multi-family buildings, equity investments and corporate. The segmented information based on geographical and asset types are outlined below. Note that the reportable segment of single family homes also represents the Company's discontinued operations:

Note: *New York Tri State Area defined as New York, New Jersey and Connecticut.

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Corporate	Total
Three Month Period Ended March 31, 2018	$	$	$	$	$	$	$
Rental revenue	306,098	562,136	-	97,863	438,670	-	1,404,766
Operating costs	(17,368)	(73,112)	-	55,869	(73,894)	-	(108,506)
Utilities	(6,025)	(57,127)	-	(39,151)	(23,258)	-	(125,561)
Property taxes	(31,971)	(87,449)	-	(37,504)	(59,877)	-	(216,801)
Net rental income	250,733	344,447	-	77,077	281,641	-	953,898
Income From equity investments	-	-	1,070	245,181	44,685	-	290,936
Income from preferred capital investments	-	-	-	66,267	-	-	66,267
General and administrative	-	-	-	-	-	(379,233)	(379,233)
Professional fees	-	-	-	-	-	(86,033)	(86,033)
Finance costs	-	-	-	-	-	(517,770)	(517,770)
Segment income (loss) from operations	250,733	344,447	1,070	388,525	326,326	(983,036)	328,065
Foreign exchange gain	-	-	-	-	-	4,617	4,617
Fair value adjustments of properties	-	-	-	-	-	(92,575)	(92,575)
Share based compensation	-	-	-	-	-	1,108	1,108
Net income (loss) before income taxes	250,733	344,447	1,070	388,525	326,326	(1,069,886)	241,215
Income tax (recovery)/expense	66,444	91,279	284	102,959	86,476	(283,520)	63,920
Net income (loss) for the period	184,289	253,168	786	285,566	239,850	(786,366)	177,295

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Corporate	Total
Three month period ended March 31, 2017	$	$	$	$	$	$	$
Rental revenue	232,829	811,621	-	222,868	447,504	-	1,714,822
Operating costs	(86,196)	(325,815)	-	(87,878)	(107,085)	-	(606,974)
Utilities	(16,599)	(101,533)	-	(43,226)	(27,455)	-	(188,813)
Property taxes	(55,682)	(79,105)	-	(57,409)	(57,657)	-	(249,853)
Net rental income	74,352	305,167	-	34,355	255,307	-	669,182
Income from equity investments	-	-	21,570	31,391	-	-	52,961
General and administrative	-	-	-	-	-	(341,741)	(341,741)
Professional fees	-	-	-	-	-	(49,410)	(49,410)
Finance costs	-	-	-	-	-	(936,331)	(936,331)
Depreciation and amortization	-	-	-	-	-	(3,385)	(3,385)
Segment income (loss) from operations	74,352	305,167	-	65,746	255,307	(1,330,867)	(608,724)
Foreign exchange gain	-	-	-	-	-	(5,634)	(5,634)
Fair value adjustments of properties	(41,312)	358,895	-	(99,813)	89,091	-	306,860
Share based compensation	-	-	-	-	-	(10,244)	(10,244)
Fair value gain on derivative financial instruments	-	-	-	-	-	2,481	2,481
Net income (loss) before income taxes	33,040	664,062	21,570	(34,067)	344,398	(1,344,264)	(315,261)
Income tax (recovery)/expense	-	-	-	-	-	(83,545)	(83,545)
Net income (loss) for the period	33,040	664,062	21,570	(34,067)	344,398	(1,260,719)	(231,718)

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Corporate	Total
As at March 31, 2018							
Total current assets	11,027,504	394,099	-	3,699,995	160,461	2,226,712	17,508,771
Total non-current assets	-	23,976,818	1,034,789	17,774,091	23,650,594	-	66,436,291
Total liabilities	(4,423,268)	(12,127,559)	-	(77,891)	(6,979,229)	(11,799,997)	(35,407,944)

(Expressed in US Dollars unless otherwise noted)

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Corporate	Total
As at March 31, 2017							
Total current assets	13,563,255	2,991,897	-	6,609,381	142,895	3,334,130	26,641,558
Total non-current assets	-	26,612,889	1,034,069	6,135,528	19,039,758	16,018	52,838,262
Total liabilities	(4,091,553)	(8,411,785)	-	(304,377)	(7,657,778)	(24,545,532)	(45,011,025)

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
Three Month Period Ended March 31, 2018	$	$			$	$
Rental revenue	404,472	1,000,294	-	-	-	1,404,766
Operating costs	43,421	(151,927)	-	-	-	(108,506)
Utilities	(48,410)	(77,151)	-	-	-	(125,561)
Property taxes	(68,827)	(147,974)	-	-	-	(216,801)
Net rental income	330,656	623,242	-	-	-	953,898
Income From equity investments	-	-	-	290,936	-	290,936
Income from preferred capital investments	-	-	66,267	-	-	66,267
General and administrative	-	-	-	-	(379,233)	(379,233)
Professional fees	-	-	-	-	(86,033)	(86,033)
Finance costs	-	-	-	-	(517,770)	(517,770)
Segment income (loss) from operations	330,656	623,242	66,267	290,936	(983,036)	328,065
Foreign exchange gain	-	-	-	-	4,617	4,617
Fair value adjustments of properties	(92,575)	-	-	-	-	(92,575)
Share based compensation	-	-	-	-	1,108	1,108
Net income (loss) before income taxes	238,081	623,242	66,267	290,936	(977,311)	241,215
Income tax (recovery)/expense (note 24)	63,091	165,159	17,561	77,098	(258,987)	63,920
Net income (loss) for the period	174,990	458,083	48,706	213,838	(718,322)	177,295

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
Three month period ended March 31, 2017	$	$	$	$	$	$
Rental revenue	510,552	1,204,268	-	-	-	1,714,820
Operating costs	(279,265)	(327,709)	-	-	-	(606,974)
Utilities	(71,660)	(117,153)	-	-	-	(188,813)
Property taxes	(71,809)	(178,045)	-	-	-	(249,854)
Net rental income	87,818	581,362	-	-	-	669,180
Income From equity investments	-	-	-	52,961	-	52,961
General and administrative	-	-	-	-	(341,741)	(341,741)
Professional fees	-	-	-	-	(49,410)	(49,410)
Finance costs	-	-	-	-	(936,331)	(936,331)
Depreciation and amortization	-		-	-	(3,385)	(3,385)
Segment income (loss) from operations	87,818	581,362	-	52,961	(1,330,867)	(608,726)
Foreign exchange gain	-	-	-	-	(5,634)	(5,634)
Fair value adjustments of properties	(674,070)	980,930	-	-	-	306,860
Share based compensation		-	-	-	(10,244)	(10,244)
Fair value gain on derivative financial instruments	-	-	-	-	2,481	2,481
Net income (loss) before income taxes	(586,252)	1,562,292	-	52,961	(1,344,264)	(315,263)
Income tax (recovery)/expense (note 24)	-	-	-	-	(83,545)	(83,545)
Net income (loss) for the period	(586,252)	1,562,292	-	52,961	(1,260,719)	(231,718)

(Expressed in US Dollars unless otherwise noted)

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
As at March 31, 2018						
Total current assets	14,794,990	487,069	-	-	2,226,712	17,508,771
Total non-current assets	-	42,869,828	2,522,825	21,043,638	-	66,436,291
Total liabilities	(4,501,159)	(19,106,788)	-	-	(11,799,997)	(35,407,944)

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
As at March 31, 2017						
Total current assets	22,121,100	1,186,328	-	-	3,334,130	26,641,558
Total non-current assets	-	45,652,647	-	7,169,597	16,018	52,838,262
Total liabilities	(5,070,660)	(15,394,834)	-	-	(24,545,532)	(45,011,025)

21. Subsequent events

i. Single Family Home Sales

Subsequent to the quarter ended March 31, 2018, the Company closed a sale on a single family home in Florida gross proceeds of approximately $0.1 million (net proceeds of approximately $0.1 million).

ii. Debenture Repayment

Subsequent to the quarter ended March 31, 2018, the Company repaid approximately $0.2 million of the Debentures, leaving an outstanding balance of approximately $9.9 million.

iii. Dividend Payments

On April 15, 2018, dividends of $0.05625 per common share that were accrued on March 31, 2018 were paid resulting in total dividends of $344,681.

iv. Dividend Declaration

On May 10, 2018, dividends of $0.05625 per common share were declared for shareholders of record on June 29, 2018, payable on or about July 16, 2018.

22. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation in these condensed consolidated interim financial statements.