

The background of the entire page is a low-angle photograph of several skyscrapers reaching towards a bright sky. A large American flag is draped across the top left and middle of the image, partially overlapping the red banner. The flag's stars and stripes are clearly visible.

**FIRM CAPITAL AMERICAN REALTY
PARTNERS CORP.**

CAPITAL PRESERVATION • DISCIPLINED INVESTING

MD&A
MANAGEMENT
DISCUSSION
AND ANALYSIS

SECOND QUARTER 2017
JUNE 30, 2017

MANAGEMENT DISCUSSION & ANALYSIS

FORWARD LOOKING STATEMENTS

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Firm Capital Property American Realty Partners Corp. (formerly Delavaco Residential Properties Corp.) ("FCUSA" or the "Company") should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three month period ended June 30, 2017 and June 30, 2016, and audited annual consolidated financial statements for the year ended December 31, 2016 and December 31, 2015. This MD&A has been prepared taking into account material transactions and events up to and including August 17, 2017. Additional information about the Company, including the Company's Annual Information Form, required by NI 51-102, has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com or on our web site at www.firmcapital.com.

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our 2017 objectives and our strategies to achieve those objectives, as well as statements with respect to management's beliefs, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described below in this MD&A under Risks and Uncertainties, which could cause our actual results to differ materially from the forward-looking statements contained in this MD&A. Such risk factors include, but are not limited to, risks associated with real property ownership, availability of cash flow, general uninsured losses, future property acquisitions, environmental matters, tax related matters, debt financing, shareholder liability, potential conflicts of interest, potential dilution, reliance on key personnel, changes in legislation and changes in the income tax act. The Company cannot assure investors that actual results will be consistent with any forward-looking statements and the Company assumes no obligation to update or revise such forward-looking statements to reflect actual events or new circumstances. All forward-looking statements contained in this MD&A are qualified by this cautionary statement. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

All forward-looking statements in this MD&A are qualified by these cautionary statements. Except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

INTRODUCTION

Firm Capital American Realty Partners Corp. (the "**Company**") is a U.S. focused real estate investment entity that pursues real estate and debt investments through the following 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 partnership with local industry expert partners who retain property management responsibilities; 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.

MANAGEMENT DISCUSSION & ANALYSIS

BASIS OF PRESENTATION

The Company has adopted International Financial Reporting Standards (“**IFRS**”), as issued by the International Accounting Standards Board as its basis of financial reporting. The Company’s reporting currency is the US dollar (“**USD**”) and all amounts reported in this MD&A are in USD, unless otherwise noted.

Certain financial information presented in this MD&A reflects certain non-IFRS financial measures, which include Net Rental Income, Funds From Operations (“**FFO**”) and Adjusted Funds From Operations (“**AFFO**”), (each as defined below). These measures are commonly used by real estate investment companies as useful metrics for measuring performance, however, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other real estate investment companies. The Company believes that FFO is an important measure to evaluate operating performance, AFFO is an important measure of cash available for distribution and, Net Rental Income is an important measure of operating performance. “**GAAP**” means generally accepted accounting principles described by the Chartered Professional Accountants of Canada (“**CPA**”) Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. As a public entity, the Company applies IFRS as described in Part I of the CPA Handbook - Accounting.

Occupancy rate represents the total number of units leased as a percentage of the total number of units owned. Leased properties consist solely of those units that are occupied by a tenant at the given date.

Net Rental Income is a term used by industry analysts, investors, and management to measure operating performance of Canadian real estate investment companies. Net Rental Income represents rental revenue from properties less repairs and maintenance, insurance, utilities, property management, property taxes, bad debt, and other property operating costs. Net Rental Income excludes certain expenses included in the determination of net income such as interest, amortization, corporate overhead and taxes.

Net income (loss) before other income (expenses) and income taxes is a measure that the Company uses in order to present the key operations and administration of the Company, excluding special items. Items that are excluded from this total and are presented in other income include transaction costs, foreign exchange gain (loss), fair value adjustments of investment properties, gain (loss) on dispositions, fair value gain (loss) on derivative financial instruments and share-based compensation.

Funds From Operations (“**FFO**”) is a term used to evaluate operating performance, but is not indicative of funds available to meet the Company’s cash requirements. The Company calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada (“**RealPAC**”), as issued in April 2014 for entities adopting IFRS. FFO is defined as net income before fair value gains/losses on real estate properties, gains/losses on the disposition of real estate properties, deferred income taxes, and certain other non-cash adjustments.

MANAGEMENT DISCUSSION & ANALYSIS

Adjusted Funds From Operations (“**AFFO**”) is a term used as a non-IFRS financial measure by most Canadian real estate investment companies, but should not be considered as an alternative to net income, cash flow from operations, or any other measure prescribed under IFRS. The Company considers AFFO to be a useful measure of cash available for distributions. AFFO should not be interpreted as an indicator of cash generated from operating activities, as it does not consider changes in working capital and includes a deduction for capital expenditures. AFFO is defined as FFO adjusted for (i) adding back amortization of deferred financing costs in place at closing (ii) deducting capital expenditures, and (iii) making such other adjustments as may be determined by the directors of the Company at their discretion. In addition, the Company calculates AFFO using cash flow from operations as calculated on the Company’s unaudited condensed consolidated interim statements of cash flows and (i) adjusting for all changes in non-cash working capital, ii) deducting capital expenditures incurred, and (iii) making such other adjustments as may be determined by the directors of the Company at their discretion.

Net Rental Income, FFO, and AFFO should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS. Net Rental Income, FFO and AFFO are not intended to represent operating profits for the period, or from a property, nor should any of these measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that Net Rental Income, FFO and AFFO as calculated by the Company may not be comparable to similar measures presented by other issuers.

For the purposes of the Company’s unaudited condensed consolidated interim financial statements, the single family homes and 66 multi-family apartment units located in Florida are treated as assets held for sale and discontinued operations as required under IFRS. Unless otherwise stated, this MD&A reports the entire condensed consolidated operational and financial results of the Company for the period ended June 30, 2017 as management does not review operations on a discontinued basis.

QUARTER AND YEAR-TO-DATE HIGHLIGHTS

- For the three months ended June 30, 2017, net income was approximately \$0.1 million, or a significant improvement over the \$0.2 million loss reported for the three months ended March 31, 2017 and \$1.4 million loss reported for the three months ended June 30, 2016;
- For the six months ended June 30, 2017, net loss was approximately \$0.1 million, or a significant improvement over the \$4.0 million net loss reported for the six months ended June 30, 2016;
- For the three months ended June 30, 2017, net income was \$0.03 per share, which is a significant improvement over the \$0.05 net loss per share reported for the three months ended March 31, 2017 and \$0.70 net loss per share reported for the three months ended June 30, 2016;

MANAGEMENT DISCUSSION & ANALYSIS

- For the six months ended June 30, 2017, net loss was \$0.02 per share, which was a significant improvement over the \$2.04 net loss per share reported for the six months ended June 30, 2016;
- For the three month period ended June 30, 2017, FFO was approximately a \$0.3 million loss or a 72% improvement over the \$1.2 million loss reported at June 30, 2016. AFFO was approximately a \$0.2 million loss or a 79% improvement over the \$1.0 million loss reported at June 30, 2016;
- For the six month period ended June 30, 2017, FFO was approximately a \$1.0 million loss or a 75% improvement over the \$3.8 million loss reported at June 30, 2016. AFFO was approximately a \$0.6 million loss or a 70% improvement over the \$2.2 million loss reported at June 30, 2016;
- For the three month period ended June 30, 2017, FFO per share was \$(0.07) and AFFO per share was \$(0.05). Both are 87% and 91% improvements, respectively, over the FFO and AFFO per share amounts reported for the three month period ended June 30, 2016;
- For the six month period ended June 30, 2017, FFO per share was \$(0.22) and AFFO per share was \$(0.15). Both are 89% and 87% improvements, respectively, over the FFO and AFFO per share amounts reported for the six month period ended June 30, 2016;
- As at June 30, 2017, the Company had two asset portfolios:
- **Investment Portfolio:** A portfolio of real estate investments with a fair value of approximately \$53.2 million consisting of the following:
 - **Multi-Family Investment Portfolio:** Consisting of 66 mini-multi units located across three buildings in Florida and 311 multi-family apartment units located across three buildings in Florida (one building) and Texas (two buildings) with a fair value of approximately \$46.0 million; and
 - **Joint Venture Investments:** Consisting of two joint venture investments in eight multi-family buildings comprised of 127 residential units and two commercial units located in New York City and 115 residential units located in the Washington, DC area with a combined fair value of approximately \$7.2 million;
- **Single Family Disposition Portfolio:** Consisting of 237 homes comprised of 319 units located in Florida, Atlanta and New Jersey with a fair value of approximately \$18.2 million;
- **Occupancy:** Multi-Family Investment Portfolio occupancy was 93.4%, while Joint Venture Investment occupancy was 89.3%;
- **Average Rents:** Multi-Family and Joint Venture Investment Portfolio average monthly rents increased by 1% over March 31, 2017;
- **\$9.8 Million in Senior Secured Note (“SSN”) and New Jersey Secured Promissory Note (“NJPN”) Repayments Reduce Original Balances By 96%. SSN Fully Repaid:** For the six months ended June 30, 2017, the Company repaid approximately \$7.2 million and \$1.7 million of the SSN and NJPN, respectively.

MANAGEMENT DISCUSSION & ANALYSIS

Subsequent to quarter end, the Company repaid an additional \$0.9 million of the SSN. In total, the Company has repaid \$9.8 million of the SSN and NJPN from the beginning of 2017. As at August 16, 2017, the Company has fully repaid the SSN and the NJPN stands at approximately \$1.1 million, respectively;

- **\$8.4 Million in Single Family Home Dispositions:** For the six months ended June 30, 2017, the Company closed sales on 120 single family homes comprised of 130 units for gross proceeds of approximately \$7.3 million (net proceeds of approximately \$6.3 million). Subsequent to quarter end, the Company closed sales on an additional 18 single family home units for gross proceeds of approximately \$1.1 million (net proceeds of approximately \$0.9 million);
- **\$2.8 Million in Conditional Single Family Home Sales Expected to Fully Repay the NJPN and Commence Repayment of the Convertible Unsecured Debentures (the "Convertible Debentures"):** The Company has under contract 19 single family properties comprised of 49 units for gross proceeds of approximately \$2.8 million. These home sales are anticipated to close during the third quarter of 2017 and the net proceeds generated are anticipated to fully repay the NJPN and provide partial repayments of the Convertible Debentures;
- **Single Family Home Inventory Held For Sale Update:** Beyond the conditional home sales as outlined above, the Company currently has 78 properties not sold, comprised of 12 single family homes available for sale in Florida, 14 properties comprised of 67 units available for sale in New Jersey and 52 single family homes available for sale in Atlanta. With the exception of a 120 single family home rental portfolio located in Atlanta subject to a \$4.0 million first mortgage, all of the remaining single family homes are currently listed for sale with various agents;
- **Completed \$6.3 Million Offering of Common Shares and Warrants:** On May 29, 2017, the Company closed a public offering (the "**Offering**") of 850,160 units (the "**Offered Units**") of the Company. The Company completed the Offering at a price of \$7.50 per Offered Unit (C\$10.24 per Offered Unit). Each Offered Unit consisted of one common share of the Company and one common share purchase warrant of the Company (an "**Offered Warrant**"). Each Offered Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$8.50 for a period of 36 months from the closing date of the Offering. The Company raised gross proceeds of approximately \$6.3 million;
- **Disposition of Florida Mini-Multi Portfolio for a 14% Premium over IFRS Values:** Subsequent to June 30, 2017, the Company has entered into three conditional all cash purchase and sale agreements with one unrelated third party to dispose of its entire Florida mini-multi portfolio for gross cash proceeds (before transaction costs) of approximately \$4.2 million. The disposition price represents a 14% premium over the IFRS value of approximately \$3.7 million, as reported on the Company's financial statements on March 31, 2017. The Company completed the sale of one of the properties on August 4, 2017 for gross cash proceeds (before

MANAGEMENT DISCUSSION & ANALYSIS

transaction costs) of approximately \$1.1 million. The Company anticipates closing the remaining transactions during the third quarter of 2017. Net cash proceeds generated from the transactions will be used for repayment of the Convertible Debentures;

- **Completed Joint Venture Acquisition:** On August 16, 2017, the Company completed the acquisition of a 50% ownership interest in a joint venture with a third party funded by way of common and preferred equity. The venture acquired a multi-family residential portfolio in Bridgeport, Connecticut, comprised of 14 buildings and 462 apartment units for a purchase price (excluding transaction costs) of approximately \$30.5 million representing a going-in capitalization rate of approximately 6.1%, or approximately US\$66,100 per apartment unit;
- **Options Issuance:** On August 17, 2017, the Company approved the grant of stock options (the “**Options**”) in accordance with the terms and conditions of the Company’s stock option plan, which was most recently re-approved at the Company’s annual special and general meeting of shareholders, held on June 8, 2017. The Options were issued to certain officers, directors and employees, to purchase an aggregate of 437,373 common shares of the Company. The Options are exercisable for a period of 10 years from the date of grant at a price of \$7.50 per share and will vest immediately; and
- **Adoption of Inaugural Dividend Policy:** On August 17, 2017, the Company announced the adoption of its previously announced dividend policy (the “**Policy**”), pursuant to which it will pay U.S. dollar cash dividends (on both the U.S. dollar and Canadian dollar common shares) to shareholders of the Company as of each quarterly dividend record date, targeted to be the last day of each calendar quarter. The Policy will be implemented and become effective as of September 1, 2017. Accordingly, the Company’s first dividend will be pro-rated for the quarter ended September 30, 2017 and the first full quarterly dividend will be payable for the quarter ended December 31, 2017. As a result, the Company has declared and approved dividends in the amount of U.S. \$0.01875 per common share for shareholders of record on September 30, 2017, payable on or about October 16, 2017, and U.S. \$0.05625 per common share for shareholders of record on December 31, 2017, payable on or about January 15, 2018. On an annual basis, the Policy equates to a dividend of U.S. \$0.2250 per common share, or a 3.0% annual dividend yield based on the U.S. \$7.50 price per the Company’s public offering of common shares and warrants completed on May 29, 2017.

PROPERTY PORTFOLIO SUMMARY

As at June 30, 2017, the Company had two distinct asset portfolios:

INVESTMENT PORTFOLIO

Multi-Family Investment Portfolio: 66 mini-multi units located across three buildings in Florida and 311 multi-family apartment units located across three buildings in Florida

MANAGEMENT DISCUSSION & ANALYSIS

(one building) and Texas (two buildings), with an aggregate IFRS valuation of approximately \$46.0 million.

Joint Venture Investments: Investment in the following joint ventures:

New York City: Portfolio of eight multi-family buildings comprised of 127 residential units and two commercial units located in New York City. The Company invested approximately \$6.2 million (including accrued dividends and income) in a combination of preferred equity (\$4.6 million) and common equity (\$1.6 million), which represents a 22.5% ownership interest. The preferred equity has an 8% fixed rate of return per annum; and

Washington DC: Portfolio of eight multi-family buildings comprised of 115 residential units located in the Washington, DC area. The Company invested \$1.0 million (including accrued dividends and income) in a combination of 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.

The following table provides a summary of the Company's Investment Portfolio as at June 30, 2017:

Region	Number of Units	June 30, 2017			March 31, 2017	
		IFRS Value	Occ.	Average Monthly Rent	Occ.	Average Monthly Rent
<i>Multi-Family Investment Portfolio</i>						
Florida Multi-Family	153	\$ 22,878,312	96.7%	\$ 1,250	100.0%	\$ 1,233
Texas Multi-Family	158	19,039,758	95.6%	\$ 876	98.1%	\$ 878
Florida Mini-Multi ⁽¹⁾	66	4,100,000	80.3%	\$ 847	84.8%	\$ 827
Total / Weighted Avg.	377	\$ 46,018,070	93.4%	\$ 1,029	96.6%	\$ 1,019
<i>Joint Venture Investments</i>						
New York City	127	\$ 6,175,221	90.6%	\$ 1,451	90.6%	\$ 1,441
Washington, DC	115	1,020,590	87.8%	\$ 1,110	90.4%	\$ 1,104
Total / Weighted Avg.	242	\$ 7,195,811	89.3%	\$ 1,291	90.5%	\$ 1,281
Overall Total / Wtd. Avg.	619	\$ 53,213,881	91.8%	\$ 1,129	94.2%	\$ 1,117

(1) For financial statement purposes, the mini-multis have been reclassified to assets held for sale

SINGLE FAMILY DISPOSITION PORTFOLIO

The single family disposition portfolio consists of 237 homes comprised of 319 units located in Florida, Georgia and New Jersey. The following table provides a summary of the Company's single family disposition portfolio as at June 30, 2017:

MANAGEMENT DISCUSSION & ANALYSIS

Region	Number of Units	June 30, 2017			March 31, 2017	
		IFRS Value	Occ.	Average Monthly Rent	Occ.	Average Monthly Rent
<i>Single Family Disposition Portfolio</i>						
Florida Single-Family	19	\$ 1,201,868	47.4%	\$ 804	56.3%	\$ 779
Georgia Single-Family	198	11,522,933	62.6%	\$ 765	51.1%	\$ 813
New Jersey Single-Family	102	5,460,694	76.5%	\$ 757	78.6%	\$ 819
Total / Weighted Avg.	319	\$ 18,185,495	66.1%	\$ 764	55.2%	\$ 816

INVESTMENT PORTFOLIO OCCUPANCY AND AVERAGE RENT

Multi-Family Investment Portfolio:

Occupancy was 93.4%, which is a 320 basis point decrease over the 96.6% reported at March 31, 2017. The decrease was across the portfolio and was the result of normal turnover activity that occurred at quarter end. Occupancy at both the Florida and Texas Multi-Family portfolios currently stands at approximately 98% and 97%, respectively.

Average monthly rents were \$1,029 per month, which is a 1% sequential increase over the \$1,019 per month reported at March 31, 2017. The increases were largely in the Florida Multi-Family and Mini-Multi portfolios, offset by a slight decline in the Texas Multi-Family portfolio.

Joint Venture Investments:

Occupancy was 89.3%, which is a slight sequential decline over the 90.5% reported at March 31, 2017. The sequential decline was entirely in the Washington, DC joint venture investment and relates to a fire that occurred during the quarter in certain units as well as the ongoing renovation program that is taking units offline. Occupancy in the New York City joint venture remained unchanged.

Average monthly rents were \$1,291 per month, which is a 1% increase over the \$1,281 average monthly rent reported at March 31, 2017. The variance over March 31, 2017 is largely due to the ongoing efforts to reposition both properties.

SINGLE FAMILY HOME DISPOSITIONS AND REMAINING HOME INVENTORY

During the quarter ended June 30, 2017, the Company closed sales on 57 single family homes comprised of 67 units for gross proceeds of approximately \$3.8 million (net proceeds of approximately \$3.4 million). 39 of the closed sales were in Atlanta for gross proceeds of approximately \$2.0 million (net proceeds of \$1.9 million), 13 were in Florida for gross proceeds of approximately \$0.9 million (net proceeds of \$0.8 million) and five homes comprised of 15 units were in New Jersey for gross proceeds of approximately \$0.9 million (net proceeds of \$0.7 million). The variance between gross and net proceeds of \$0.4 million is attributed to closing costs which include, but are not limited to, selling commissions, legal fees and title document closing costs.

MANAGEMENT DISCUSSION & ANALYSIS

For the six months ended June 30, 2017, the Company closed sales on 120 single family homes comprised of 130 units for gross proceeds of approximately \$7.3 million (net proceeds of approximately \$6.3 million). 65 of the closed sales were in Atlanta for gross proceeds of approximately \$3.5 million (net proceeds of \$3.0 million), 50 were in Florida for gross proceeds of approximately \$2.9 million (net proceeds of \$2.6 million) and five homes comprised of 15 units were in New Jersey for gross proceeds of approximately \$0.9 million (net proceeds of \$0.7 million). The variance between gross and net proceeds of \$1.0 million is attributed to closing costs which include, but are not limited to, selling commissions, legal fees and title document closing costs.

Subsequent to quarter end, the Company closed sales on 18 single family home units for gross proceeds of approximately \$1.1 million (net proceeds of approximately \$0.9 million). 12 of the closed sales were in Atlanta for gross proceeds of approximately \$0.7 million (net proceeds of \$0.6 million) while six were in Florida for gross proceeds of approximately \$0.4 million (net proceeds of \$0.3 million). The variance between gross proceeds and net proceeds of \$0.2 million is attributed to closing costs which include, but are not limited to, selling commissions, legal fees and title document closing costs.

In addition to closed home sales, the Company has under contract 19 single family properties comprised of 49 units for gross proceeds of approximately \$2.8 million. 13 of the conditional sales are in Atlanta, one is in Florida and five homes comprised of 25 units are in New Jersey. These home sales are anticipated to close during the third quarter of 2017 and the net proceeds generated will be used for repayments of the Debentures and NJPN. The forecasted net proceeds generated from the New Jersey home sales are anticipated to fully repay the NJPN.

Beyond the conditional home sales as outlined above, the Company currently has 78 properties not sold, comprised of 12 single family homes available for sale in Florida, 14 properties comprised of 67 units available for sale in New Jersey and 52 single family homes available for sale in Atlanta. With the exception of a 120 single family home rental portfolio located in Atlanta subject to a \$4.0 million first mortgage, all of the remaining single family homes are currently listed for sale with various agents.

The Company remains confident that the sale of the single-family home portfolio accompanied by the pay down of debt will strengthen its balance sheet while increasing operating income by eliminating the costs associated with operating the non-performing single-family homes.

QUARTERLY AND YEAR-TO-DATE FINANCIAL OVERVIEW

The following is a review of selected quarterly and year-to-date financial information of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

	Three Months Ended				Six Months Ended
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2017
Rental revenue	\$ 1,862,191	\$ 1,714,821	\$ 1,903,088	\$ 1,794,471	3,577,012
Property operating expenses	1,056,461	1,045,641	1,288,213	1,525,397	2,102,102
Net rental income	805,730	669,180	614,875	269,074	1,474,910
Income from Equity Investments	48,216	52,961	19,136	-	101,177
General and administrative	446,551	341,741	415,115	401,767	788,291
Professional fees	28,107	49,410	25,765	74,820	77,517
Finance costs	728,643	936,331	775,511	827,235	1,664,975
Depreciation	6,941	3,385	7,565	591	10,326
Fair value adjustments	(365,423)	(306,860)	730,963	510,781	(672,279)
Other	126,260	57,732	(328,636)	25,471	196,411
Net income/(loss)	135,387	(231,718)	(992,272)	(1,571,591)	(96,332)

Net income/(loss) per share \$ 0.03 \$ (0.05) \$ (0.40) \$ (0.76) \$ (0.02)

	Three Months Ended				Six Months Ended
	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2016
Rental revenue	\$ 1,887,258	\$ 1,935,517	\$ 1,801,905	\$ 1,963,311	\$ 3,822,775
Property operating expenses	1,452,042	1,596,770	1,575,248	1,606,900	3,048,812
Net rental income (loss)	435,216	338,747	226,657	356,411	773,963
Income from Equity Investments	-	-	-	-	-
General and administrative	534,637	372,828	218,704	270,331	907,465
Professional fees	48,178	94,209	(318,449)	164,825	142,387
Finance costs	1,060,417	1,171,138	1,203,587	1,282,098	2,231,555
Amortization	3,956	5,005	5,297	5,428	8,961
Transaction costs	-	-	4,240	-	-
Fair value adjustments	228,262	-	2,629,521	-	228,262
Other	(4,721)	1,249,672	569,358	(379,165)	1,244,951
Net loss	(1,435,513)	(2,554,105)	(4,085,601)	(987,106)	(3,989,618)
Net loss per share	\$ (0.70)	\$ (1.31)	\$ (2.11)	\$ (0.51)	\$ (2.04)

REVIEW OF QUARTERLY AND YEAR-TO-DATE RESULTS

REVENUES

For the three months ended June 30, 2017, rental revenue was approximately \$1.9 million or a 9% sequential increase over the \$1.7 million reported at March 31, 2017 and largely in line with the \$1.9 million reported at June 30, 2016. The sequential increase was largely due to increased rents on new and renewal lease activity from both the Multi-

MANAGEMENT DISCUSSION & ANALYSIS

Family Investment Portfolio and the 120 single family home rental portfolio located in Atlanta, offset by sales of single family homes over this period.

For the six months ended June 30, 2017, rental revenue was approximately \$3.6 million or a 6% decrease over the \$3.8 million reported for the six months ended June 30, 2016. The decrease over the six months ended June 30, 2016 is largely due to the sale of single family homes, offset by new and renewal leasing activity as outlined above.

PROPERTY OPERATING EXPENSES

For the three months ended June 30, 2017, property operating expenses were approximately \$1.1 million, which is largely in line with the \$1.1 million reported at March 31, 2017, but a 27% decrease over the \$1.5 million reported at June 30, 2016. For the six months ended June 30, 2017, property operating expenses was approximately \$2.1 million or a 31% decrease over the \$3.0 million reported for the six months ended June 30, 2016. The decrease over the three and six months ended June 30, 2016 is largely due to the sale of single family homes combined with operational cost savings located in the Multi-Family Investment Portfolio.

INCOME FROM EQUITY INVESTMENTS

For the three and six months ended June 30, 2017, income from equity investments was approximately \$0.05 million and \$0.1 million, respectively. This income represents the Company's share of earnings from its joint venture investments.

GENERAL AND ADMINISTRATIVE ("G&A") AND PROFESSIONAL FEES

For the three months ended June 30, 2017, G&A was approximately \$0.4 million, largely in line with the \$0.3 million and \$0.5 million reported at March 31, 2017 and June 30, 2016, respectively. Professional fees were approximately \$0.03 million in comparison to the \$0.05 million reported at both March 31, 2017 and June 30, 2016, respectively.

For the six months ended June 30, 2017, G&A was approximately \$0.8 million in comparison to the \$0.9 million reported for the six months ended June 30, 2016. For the six months ended June 30, 2017, Professional fees were approximately \$0.08 million in comparison to the \$0.1 million reported for the six months ended June 30, 2016.

FINANCE COSTS

For the three months ended June 30, 2017, finance costs were approximately \$0.7 million, which is a 22% sequential decrease in comparison to the \$0.9 million reported at March 31, 2017 and a 31% decrease over the \$1.1 million reported for the three months ended June 30, 2016. For the six months ended June 30, 2017, finance costs were approximately \$1.7 million, which is a 25% decrease in comparison to the \$2.2 million reported for the six months ended June 30, 2016. The decrease over both March 31, 2017 and June 30, 2016 is largely attributable to a decline in the SSN balance as a result of single family home sales.

INVESTMENT PORTFOLIO RESULTS

Results for the three and six months ended June 30, 2017 and June 30, 2016 for the Investment Portfolio are as follows:

MANAGEMENT DISCUSSION & ANALYSIS

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Rental revenue	\$ 1,200,908	\$ 995,949	\$ 2,405,176	\$ 1,984,457
Operating costs	(327,714)	(227,897)	(655,423)	(472,157)
Utilities	(89,334)	(78,769)	(206,488)	(154,649)
Property taxes	(157,896)	(120,784)	(335,941)	(242,007)
Net rental income	\$ 625,963	\$ 568,499	\$ 1,207,325	\$ 1,115,644
Income from Equity Investments	48,216	-	101,177	-
Fair value adjustment on properties	365,423	957,618	1,346,353	957,618
Total	\$ 1,039,602	\$ 1,526,117	\$ 2,654,855	\$ 2,073,262

NET RENTAL INCOME

For the three months ended June 30, 2017, net rental income was approximately \$0.6 million, or a 10% increase over the \$0.5 million reported for the three months ended June 30, 2016. For the six months ended June 30, 2017, net rental income was approximately \$1.2 million, or an 8% increase over the \$1.1 million reported for the six months ended June 30, 2016. The increase over the three and six months ended June 30, 2016 was largely due to increased rents on new and renewal lease activity from both the Multi-Family Investment Portfolio and the 120 single family home rental portfolio located in Atlanta, offset by slightly higher property operating costs.

Going forward, it is the Company's intent to continue to increase net rental income for the Investment Portfolio through occupancy and rental rate improvements and lowering property operating costs through operating efficiencies and property tax appeals.

INCOME FROM EQUITY INVESTMENTS

JOINT VENTURE INVESTMENTS

The following table outlines the Company's joint venture investment in New York City and Washington, DC as at and for the three and six months ended June 30, 2017 with comparable information as at and for the period ended December 31, 2016:

	June 30, 2017	Dec 31, 2016
Equity Accounted Investments, Beginning of Period	\$ 6,104,137	\$ -
Investments		
- Preferred Equity	675,000	4,563,750
- Common Equity	337,500	1,521,250
Income Earned		
- Preferred Equity	206,851	11,004
- Common Equity	(105,674)	8,133
Less: Distributions	(22,003)	-
Equity Accounted Investments, End of Period	\$ 7,195,811	\$ 6,104,137

MANAGEMENT DISCUSSION & ANALYSIS

	June 30, 2017	Dec 31, 2016
Assets		
Cash	\$ 2,271,458	\$ 1,700,441
Accounts Receivable	123,751	108,603
Other Assets	78,115	187,927
Investment Properties	48,013,740	37,846,104
	\$ 50,487,064	\$ 39,843,075
Liabilities		
Accounts Payable	702,934	71,541
Security Deposits	208,869	153,462
Mortgages	30,712,878	22,882,359
	\$ 31,624,682	\$ 23,107,362
Equity		
Retained Earnings / (Deficit)	\$ (537,618)	\$ 35,713
Preferred Equity	11,370,000	10,020,000
Common Equity	8,030,000	6,680,000
	\$ 18,862,382	\$ 16,735,713
	\$ 50,487,064	\$ 39,843,075
Investment Allocation for the Company		
Preferred Equity	\$ 5,238,750	\$ 4,563,750
Common Equity	1,858,750	1,521,250
	\$ 7,097,500	\$ 6,085,000
	Three Months Ended	Six Months Ended
	June 30, 2017	June 30, 2017
Net Income		
Rental Revenue	\$ 1,146,274	\$ 1,550,933
Property Operating Expenses	(610,809)	(833,829)
Net Rental Income	535,465	717,104
General & Administrative	(80,304)	(129,469)
Interest Expense	(474,172)	(604,528)
Net Income Before Preferred Equity Dividend	\$ (19,011)	\$ (16,893)
Less: Preferred Equity Dividend	(227,400)	(449,400)
Net Income / (Loss)	\$ (246,411)	\$ (466,293)
Income Earned by the Company		
Preferred Equity	\$ 104,775	\$ 206,851
Common Equity	(56,559)	(105,674)
	\$ 48,216	\$ 101,177

MANAGEMENT DISCUSSION & ANALYSIS

FAIR VALUE ADJUSTMENTS ON INVESTMENT PROPERTIES

For the three and six months ended June 30, 2017, the fair value adjustment to investment properties was approximately \$0.4 and \$0.7 million, respectively. The adjustment to fair value for the three months ended June 30, 2017 was largely the result of the three conditional all cash purchase and sale agreements with one unrelated third party for the entire Florida mini-multi portfolio for gross cash proceeds (before transaction costs) of approximately \$4.2 million while for the six months ended June 30, 2017 included increased values in the Florida and Texas multi-family portfolios.

VALUATION AND LEVERAGE

For the period ended June 30, 2017, the Investment Portfolio had a valuation of \$53.2 million. Net of associated mortgage debt of approximately \$14.8 million, leverage (defined as Mortgages / Investment Portfolio) was 27.8%. For the period ended June 30, 2016, the Investment Portfolio had a valuation of \$42.6 million. Net of associated mortgage debt of approximately \$15.0 million, leverage was 35.1%.

	Period Ended	
	June 30, 2017	June 30, 2016
Investment Portfolio	\$ 53,213,881	\$ 42,563,034
Less: Mortgages	(14,814,697)	(14,926,979)
Net Equity	\$ 38,399,183	\$ 27,636,055
Leverage (Mortgages / Investment Portfolio)	27.8%	35.1%

COMPARABLE CASH FLOWS

Comparable operating, investing and financing cash flows for the three and six months ended June 30, 2017 and June 30, 2016 are outlined below:

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Operating Activities	\$ 318,813	\$ (637,302)	\$ (364,809)	\$(2,087,730)
Investing Activities	3,094,736	2,729,141	5,017,891	4,449,347
Financing Activities	670,425	(2,416,861)	(2,601,773)	(4,349,835)
Increase/(Decrease) in Cash & Cash Equivalents	\$4,083,974	\$ (325,023)	\$ 2,051,309	\$(1,988,219)
Cash & Cash Equivalents, Beginning of Period	4,173,995	1,225,025	6,206,660	2,888,221
Cash & Cash Equivalents, End of Period	\$8,257,969	\$ 900,002	\$ 8,257,969	\$ 900,002

MANAGEMENT DISCUSSION & ANALYSIS

Cash provided by operating activities increased for the three and six months ended June 30, 2017 in comparison to the three and six months ended June 30, 2016 largely due to higher net income and improved changes in working capital.

Cash provided by investing activities increased for the three and six months ended June 30, 2017 in comparison to the three and six months June 30, 2016 largely due to higher proceeds received from the single family disposition portfolio, offset by the impact of the equity investment in Washington, DC and capital expenditure activity.

Cash provided by financing activities increased for the three and six months ended June 30, 2017 in comparison to the three and six months ended June 30, 2016 largely due to net proceeds received from the equity issuance and the promissory note receivable, offset by repayments of the SSN and the NJPN.

INVESTMENT PROPERTIES, ASSETS HELD FOR SALE AND FAIR VALUE

As at June 30, 2017, the Company owned 619 units in its Investment Portfolio with a fair value of approximately \$53.2 million and 237 homes comprised of 319 units in its disposition portfolio with a fair value of \$18.2 million.

Each quarter, the Company determines the fair value of its single-family and multi-family portfolio using a combination of an internally managed valuation model, external appraisals using the income approach as well as comparable property sales. For the value of the single family home portfolio, the model calculates the increase/decrease in fair value of the properties based on a number of factors including, but not limited to the condition of the assets, the indices for specific regions and property classes, and historical sales executed by the Company and then makes adjustments for the anticipated net proceeds that would be received upon sale of the property. The fair value increase/decrease for the multi-family investment properties and joint venture investments are calculated using Net Rental Income and market capitalization rates.

NET RENTAL INCOME

The following is a reconciliation of the Company's Net Rental Income to net income/(loss) for the three and six months ended June 30, 2017 and June 30, 2016:

MANAGEMENT DISCUSSION & ANALYSIS

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net income/(loss)	\$ 135,387	\$(1,435,513)	\$ (96,332)	\$(3,989,618)
Income from Equity Investments	(48,216)	-	(101,177)	-
Income tax expense (recovery)	48,813	1,689	(34,732)	(9,270)
Fair value gain on derivative financial instruments	(15,755)	(6,134)	(18,235)	(68,098)
Deferred share unit compensation	(6,242)	(4,289)	4,003	(22,302)
Loss on extinguishment of debt	-	16,791	-	454,105
Loss on conversion of convertible debentures	-	-	-	902,353
Fair value gain on properties	(365,423)	228,262	(672,279)	228,262
Gain on disposition of property and equipment	-	(8,295)	-	(8,295)
Foreign exchange (gain)	(153,080)	(4,483)	(147,447)	(3,542)
Depreciation	6,941	3,956	10,326	8,961
Finance costs	728,643	1,060,417	1,664,975	2,231,555
Professional fees	28,107	48,178	77,517	142,387
General and administrative	446,551	534,637	788,291	907,465
Net rental income	\$ 805,730	\$ 435,216	\$ 1,474,910	\$ 773,963

FUNDS FROM OPERATIONS (“FFO”) AND ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)

For the three month period ended June 30, 2017, FFO was approximately a \$0.3 million loss or a 72% improvement over the \$1.2 million loss reported at June 30, 2016. AFFO was approximately a \$0.2 million loss or a 79% improvement over the \$1.0 million loss reported at June 30, 2016.

For the six month period ended June 30, 2017, FFO was approximately a \$1.0 million loss or a 75% improvement over the \$3.8 million loss reported at June 30, 2016. AFFO was approximately a \$0.6 million loss or a 70% improvement over the \$2.2 million loss reported at June 30, 2016.

For the three month period ended June 30, 2017, FFO per share was \$(0.07) and AFFO per share was \$(0.05). Both are 87% and 91% improvements, respectively, over the FFO and AFFO per share amounts reported for the three month period ended June 30, 2016.

For the six month period ended June 30, 2017, FFO per share was \$(0.22) and AFFO per share was \$(0.15). Both are 89% and 87% improvements, respectively, over the

MANAGEMENT DISCUSSION & ANALYSIS

FFO and AFFO per share amounts reported for the six month period ended June 30, 2016.

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net income/(loss)	\$ 135,387	\$ (1,435,513)	\$ (96,332)	\$ (3,989,618)
Add (deduct):				
income tax expense (recovery)	48,813	1,689	(34,732)	(9,270)
Fair value gain on derivative financial instruments	(15,755)	(6,134)	(18,235)	(68,098)
Fair value loss / (gain) on properties	(365,423)	228,262	(672,279)	228,262
Foreign exchange gain	(153,080)	(4,483)	(147,447)	(3,542)
Depreciation	6,941	3,956	10,326	8,961
Funds From Operations (FFO)	\$ (343,117)	\$ (1,212,223)	\$ (958,699)	\$ (3,833,305)
Add (deduct):				
Amortization of deferred financing costs	169,533	272,951	331,350	605,459
Loss on extinguishment of debt	-	16,791	-	454,105
Loss on conversion of convertible debentures	-	-	-	902,353
Deferred share unit compensation	(6,242)	(4,289)	4,003	(22,302)
Capital expenditures	(40,286)	(110,533)	(40,286)	(290,200)
Adjusted Funds From Operations (AFFO)	\$ (220,113)	\$ (1,037,303)	\$ (663,633)	\$ (2,183,890)
FFO per share	\$ (0.07)	\$ (0.59)	\$ (0.22)	\$ (1.96)
AFFO per share	\$ (0.05)	\$ (0.51)	\$ (0.15)	\$ (1.12)

The improvement in both FFO and AFFO in aggregate and on a per share basis over the three and six month period ended June 30, 2016 is largely due to higher net rental income due to a combination of higher revenues and reduced operating expenses largely attributed to the sale of vacant single family homes and the location of operating expense efficiencies in the investment portfolio along with lower finance costs due to the SSN and NJPN repayments.

As AFFO is viewed as a measure of cash available for distributions, the following table reconciles AFFO to cash flow from operations:

MANAGEMENT DISCUSSION & ANALYSIS

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Total Operating Activities	\$ 318,813	\$ (637,302)	\$ (364,809)	\$ (2,087,730)
Changes in non-cash working capital items:				
Accounts receivable	118,105	(66,069)	90,559	(31,121)
Other assets	372	82,478	(47,993)	83,373
Prepaid expenses	(56,577)	75,933	(50,108)	(77,079)
Accounts payable and accrued liabilities	(407,459)	(402,688)	(143,582)	(368,422)
Provisions	-	17,066	40,034	183,650
Loss on extinguishment of debt	-	-	-	398,886
Gain on disposition of property and equipment	-	8,295	-	8,295
Foreign exchange gain	(153,080)	(4,483)	(147,447)	(3,542)
Capital expenditures	(40,286)	(110,533)	(40,286)	(290,200)
Adjusted Funds From Operations (AFFO)	\$ (220,113)	\$ (1,037,303)	\$ (663,633)	\$ (2,183,890)
AFFO per share	\$ (0.05)	\$ (0.51)	\$ (0.15)	\$ (1.12)

PRO FORMA CONSOLIDATION OF JOINT VENTURE INVESTMENTS

Outlined below are the financial statements of the Company pro forma consolidation of its pro-rata interest in its joint venture investments:

MANAGEMENT DISCUSSION & ANALYSIS

June 30, 2017				
	The Company ⁽¹⁾	New York City	Washington DC	Total
Assets				
Cash & Restricted Cash	\$ 8,257,969	\$ 322,935	\$ 213,352	\$ 8,794,256
Accounts Receivable	468,685	23,532	5,105	497,322
Other Assets & Investments	442,343	2,299,664	337,500	3,079,508
Investment Properties	64,203,565	8,714,627	2,436,679	75,354,871
	\$73,372,562	\$ 11,360,759	\$ 2,992,636	\$ 87,725,957
Liabilities				
Accounts Payable	2,699,862	137,007	25,330	2,862,199
Other Liabilities	42,855	38,492	9,961	91,308
Mortgages	37,575,301	5,219,017	1,948,880	44,743,198
	\$40,318,018	\$ 5,394,516	\$ 1,984,170	\$ 47,696,705
Equity				
Shareholders Equity	\$69,801,697	\$ 6,085,000	\$ 1,012,500	\$ 76,899,197
Deficit	(36,747,154)	(118,758)	(4,034)	(36,869,946)
	\$33,054,543	\$ 5,966,242	\$ 1,008,466	\$ 40,029,251
	\$73,372,561	\$ 11,360,759	\$ 2,992,636	\$ 87,725,956

Note: (1) Excludes equity investments from the Company's balance sheet as those are reflected on the proportionate consolidation chart

RECONCILIATION OF CONTINUING & DISCONTINUED OPERATIONS

The results of the single-family home portfolio, which the Company intends to sell, are reported in the Company's financial statements in income separate from continuing operations. The following table shows the Company's results of operations, combining continuing operations as reported under International Financial Reporting Standards ("IFRS") and discontinued operations:

	Three months ended June 30, 2017		
	Continuing operations as reporting under IFRS	Discontinued operations	Combined
Rental revenue	\$ 1,200,908	\$ 661,283	\$ 1,862,191
Total operating costs	574,945	481,516	1,056,460
Net rental income	625,963	179,762	805,731
Equity investment	48,216	-	48,216
Net income before income taxes	4,438	179,762	184,200
Income tax expense	-	48,813	48,813
Net income and comprehensive income	\$ 4,438	\$ 130,949	\$ 135,387

MANAGEMENT DISCUSSION & ANALYSIS

	Three months ended June 30, 2016		
	Continuing operations as reporting under IFRS		Discontinued operations
			Combined
Rental revenue	\$ 995,949	\$ 891,309	\$ 1,887,258
Total operating costs	427,450	1,024,593	1,452,042
Net rental income/(loss)	568,499	(133,283)	435,216
Net loss before income taxes	(110,705)	(1,323,119)	(1,433,824)
Income tax recovery	-	1,689	1,689
Net loss and comprehensive loss	\$ (110,705)	\$ (1,324,808)	\$ (1,435,513)
	Six months ended June 30, 2017		
	Continuing operations as reporting under IFRS		Discontinued operations
			Combined
Rental revenue	\$ 2,405,176	\$ 1,171,836	\$ 3,577,012
Total operating costs	1,197,851	904,251	2,102,102
Net rental income	1,207,325	267,585	1,474,910
Equity investment	101,177	-	101,177
Net income/(loss) before income taxes	275,425	(406,489)	(131,064)
Income tax recovery	-	(34,732)	(34,732)
Net income/(loss) and comprehensive income/(loss)	\$ 275,425	\$ (371,757)	\$ (96,332)
	Six months ended June 30, 2016		
	Continuing operations as reporting under IFRS		Discontinued operations
			Combined
Rental revenue	\$ 1,984,457	\$ 1,838,318	\$ 3,822,775
Total operating costs	868,813	2,179,999	3,048,812
Net rental income/(loss)	1,115,644	(341,681)	773,963
Net loss before income taxes	(2,462,366)	(1,536,522)	(3,998,888)
Income tax recovery	-	(9,270)	(9,270)
Net loss and comprehensive loss	\$ (2,462,366)	\$ (1,527,252)	\$ (3,989,618)

DEBT FACILITIES

As at June 30, 2017, the Company's debt facilities totaled \$37,950,849 with a weighted average interest rate of 5.62%:

MANAGEMENT DISCUSSION & ANALYSIS

Principal Outstanding	Interest Rate	Type	Security	Maturity
\$ 1,217,915	5.50%	NJ Secured Promissory Notes ("NJPN")	Secured	September-01-16
895,000	7.50%	Senior Secured Notes ("SSN")	Secured	December-31-17
150,000	7.00%	Convertible Debentures	Unsecured	July-31-18
17,160,000	7.00%	Convertible Debentures	Unsecured	July-31-19
4,000,000	5.23%	Mortgage	Secured	July-01-19
7,900,000	3.80%	Mortgage	Secured	October-01-22
4,118,189	4.22%	Mortgage	Secured	June-01-23
2,509,745	4.12%	Mortgage	Secured	June-01-23
\$ 37,950,849	5.62%			

For the six months ended June 30, 2017, the Company repaid approximately \$7.2 million and \$1.7 million of the SSN and NJPN, respectively. Subsequent to quarter end, the Company repaid an additional \$0.9 million of the SSN. In total, the Company has repaid \$9.8 million of the SSN and NJPN from the beginning of 2017. As a result, the Company has fully repaid the SSN and the NJPN currently stands at approximately \$1.1 million, respectively, or 4% of the total original balance.

With respect to the \$4 million mortgage that encumbers 120 single family homes in Atlanta, the Company has not been able to yet bring the debt service coverage ratio into compliance since the portfolio of 120 homes was approximately 67% occupied as at June 30, 2017. Currently, this portfolio is 82.5% occupied with plans to increase occupancy over time through a combination of capital expenditures and active leasing with a view to bringing this portfolio into compliance with the debt service coverage ratio. As this is a technical and not a liquidity default, the breach of the debt service coverage ratio has no impact on the Company's liquidity position.

With respect to the Convertible Debentures, the Company anticipates that it will be able to repay the Convertible Debentures from a combination of the following: (i) net cash proceeds from the sale of single family homes and the Florida Mini-Multi Portfolio; (ii) financing and refinancing of the Investment Portfolio; and (iii) raising debt and equity capital. As outlined above, the Investment Portfolio had a fair value of approximately \$53.2 million with approximately \$14.8 million of associated property level debt for a leverage ratio of approximately 27.8%. This leaves net equity of approximately \$38.4 million available within the Investment Portfolio that the Company can finance to repay the Convertible Debentures. With the repayment of the SSN as outlined above, the Company will now commence repaying the Convertible Debentures.

SHARE CAPITAL

Issued and outstanding common shares on a fully diluted basis as at June 30, 2017 consists of the following:

MANAGEMENT DISCUSSION & ANALYSIS

	June 30, 2017
Common shares	5,129,919
Dilutive effect of unsecured debentures	511,805
Warrants	881,802
Options	69,704
Deferred share units	5,833
Fully Diluted Shares	6,599,063

On May 29, 2017, the Company closed a public offering (the "**Offering**") of 850,160 units (the "**Offered Units**") of the Company. The Company completed the Offering at a price of \$7.50 per Offered Unit (C\$10.24 per Offered Unit). Each Offered Unit consisted of one common share of the Company and one common share purchase warrant of the Company (an "**Offered Warrant**"). Each Offered Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$8.50 for a period of 36 months from the closing date of the Offering. The Company raised gross proceeds of approximately \$6.3 million.

RELATED PARTY TRANSACTIONS

The Company has entered into the following transactions with related parties:

- I. The Company signed a revised promissory note on April 26, 2016, effective December 31, 2015 with the former CEO under which the \$352,500 referenced in note 17(ii) of the condensed consolidated interim financial statements, was included in the promissory note, along with a 1% renewal fee of \$22,614. The revised promissory note previously bore interest at 9% per annum, calculated and due monthly to June 30, 2016, and 10% thereafter to maturity February 28, 2017, which was subsequently increased to 11%. The revised promissory note allowed for a one month extension to March 31, 2017, at the borrower's request, provided that all accrued interest is paid in full. However, on May 3, 2017, the former CEO and the Company agreed to a further amended and restated promissory note that increased the interest rate to 12.5% on the outstanding balance and extended the maturity date to February 1, 2018 effective April 1, 2017. As at June 30, 2017 the remaining balance on the promissory note with the former CEO was \$286,199 (December 31, 2016 - \$977,554).
- II. On December 30, 2013, the Company signed an advisory services agreement with a company controlled by the former CEO and director of the Company, where services were provided related to the multifamily properties that were acquired, including acting as a required guarantor on the mortgages payable. Under the terms of the agreement, the Company was paying \$23,500 per month. This agreement was terminated effective March 31, 2015. It was agreed that \$352,500 of the amount paid as an advisory fee would be repaid to the Company on or before June 30, 2016. This amount receivable has been rolled into the promissory note as outlined above.
- III. On November 1, 2015, The Company entered into a Management Agreement with Firm Capital Realty Partners Advisors Inc. ("**FCRPAI**" or the "**Manager**"), an

MANAGEMENT DISCUSSION & ANALYSIS

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.

MANAGEMENT DISCUSSION & ANALYSIS

- 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 Manger the following:
- 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 six months ended June 30, 2017, the Company expensed approximately \$504,382 (June 30, 2016 - \$472,997) in the form of asset, property and construction development property management fees. The Company has accrued

MANAGEMENT DISCUSSION & ANALYSIS

\$713,805 (December 31, 2016 - \$613,856) under this Management Agreement, which is included in accounts payable and accrued liabilities.

SUBSEQUENT EVENTS

- **\$1.1 Million in Single Family Home Sales:** Subsequent to June 30, 2017, the Company closed sales on 18 single family home units for gross proceeds of approximately \$1.1 million (net proceeds of approximately \$0.9 million). 12 of the closed sales were in Atlanta for gross proceeds of approximately \$0.7 million (net proceeds of \$0.6 million) while six were in Florida for gross proceeds of approximately \$0.4 million (net proceeds of \$0.3 million);
- **Revised Promissory Note Terms:** On July 13, 2017, the Company signed a revised promissory note effective July 11, 2017 with the former CEO. The revised promissory note bears interest at 13.5% per annum, calculated and due monthly from July 11, 2017 through to the new maturity date of February 1, 2018;
- **Disposition of Florida Mini-Multi Portfolio:** Subsequent to June 30, 2017, the Company entered into three conditional all cash purchase and sale agreements with one unrelated third party to dispose of its entire Florida mini-multi portfolio for gross cash proceeds (before transaction costs) of approximately \$4.2 million. The Company completed the sale of one of the properties on August 4, 2017 for gross cash proceeds (before transaction costs) of approximately \$1.1 million. The Company anticipates closing the remaining transactions during the third quarter of 2017;
- **Full Repayment of SSN:** On August 3, 2017, the Company fully repaid the remaining balance on the SSN;
- **Joint Venture Acquisition:** On August 16, 2017, the Company completed the acquisition of a 50% ownership interest in a joint venture with a third party funded by way of common and preferred equity. The venture acquired a multi-family residential portfolio in Bridgeport, Connecticut, comprised of 14 buildings and 462 apartment units for a purchase price (excluding transaction costs) of approximately \$30.5 million;
- **Options Issuance:** On August 17, 2017, the Company approved the grant of stock options (the “Options”) in accordance with the terms and conditions of the Company’s stock option plan, which was most recently re-approved at the Company’s annual special and general meeting of shareholders, held on June 8, 2017. The Options were issued to certain officers, directors and employees, to purchase an aggregate of 437,373 common shares of the Company. The Options are exercisable for a period of 10 years from the date of grant at a price of \$7.50 per share and will vest immediately; and

MANAGEMENT DISCUSSION & ANALYSIS

- **Dividend Declaration:** On August 17, 2017, the Company announced that it has declared and approved dividends in the amount of \$0.01875 per share for shareholders of record on September 30, 2017 payable on or about October 16, 2017 and \$0.05625 per share for shareholders of record on December 31, 2017 payable on or about January 15, 2018.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied by the Company are described in note 2 of the consolidated financial statements for the years ended December 31, 2016 and December 31, 2015 and accordingly, those financial statements should be referred to for a description of the significant accounting policies.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Allowance for doubtful accounts receivable and impairment of receivables

Assessment is made of the collectability of accounts receivable based on several factors including the credit risk of the counter-party and the age of the receivable. The allowance is assessed quarterly against the actual experience of unrecoverable accounts, and assumptions are adjusted if appropriate.

Investment properties and assets held for sale

Investment properties are re-measured at fair value at each reporting date. The values are determined annually by a combination of an internal valuation model and external appraisals. To value the investment properties, significant estimates are used in the calculations such as capitalization rates, inflation rates, vacancy rates, and Net Rental Income.

Convertible debentures and valuation of derivative financial instruments

The Company has issued convertible debentures that have an embedded derivative feature, relating to the forced conversion upon the Company completing a going public transaction while meeting certain financing requirements. The derivative financial instrument is valued at the estimated additional equity value to be received above the par value of the convertible debentures upon conversion. The Company was required to estimate the period of time until the convertible debentures will be converted as well as the value of the forced conversion option.

Share-based compensation

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments on the date on which they are granted if the fair value of the goods or services received by the Company cannot be reliably estimated. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including expected life of the share-based payment, volatility and dividend yield, and making assumptions about them.

Deferred income taxes

MANAGEMENT DISCUSSION & ANALYSIS

Tax interpretations and regulations in the jurisdictions of operations are subject to change, and as such, income taxes are subject to measurement uncertainty. Deferred income taxes are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable income. Judgment is required in determining the manner in which the carrying amounts will be recovered.

FUTURE ACCOUNTING POLICY CHANGES

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2018 and have not been applied in preparing these unaudited condensed consolidated interim financial statements. A summary of these standards is as follows:

IFRS 9 Financial Instruments (“IFRS 9”) was issued by the IASB in its final form in June 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company intends to adopt IFRS 9 on its effective date and has not reviewed the effects of this future policy change.

IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) was issued by the IASB in May 2014. IFRS 15 provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. The Company intends to adopt IFRS 15 on its effective date and has not reviewed the effects of this future policy change.

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 intends to adopt IFRS 7 on its effective date and has not reviewed the effects of this future policy change.

IFRS 16 Leases (“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

MANAGEMENT DISCUSSION & ANALYSIS

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 statement of financial position 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 intends to adopt IFRS 16 on its effective date and has not reviewed the effects of this future policy change

With respect to the above noted changes in accounting standards, it is not yet possible to determine the impact that these standards will have on the Company’s condensed consolidated interim financial statements. The Company anticipates that it will be in a position to report on these changes in next year’s audited consolidated financial statements.

RISKS AND UNCERTAINTIES

INABILITY TO EXECUTE SINGLE-FAMILY HOME DISPOSITION PROGRAM AND BUSINESS STRATEGY

The Company is currently focused on, among other things, executing on its single-family property disposition program. Proceeds realized are intended to be used by the Company in connection with the repayment and restructuring of the Company’s outstanding debt. In addition, the Company intends to retain certain multi-residential properties and acquire additional multi-residential and commercial properties and invest in debt instruments in the U.S. This is a new business model that has not been tested on a national scale. The Company’s assumptions are unproven, and if they prove to be incorrect, then it may fail to provide the financial returns that investors hope or expect to receive. Accordingly, there can be no assurances that the Company will be successful in implementing and completing its transformative rebranding and business strategy, including its newly adopted investment guidelines, as currently contemplated or at all. The failure of the Company in this regard may have a material adverse effect on the Company’s business, cash flows, financial condition and results of operations.

GEOGRAPHIC CONCENTRATION

The properties are located in the States of Florida, Georgia, New Jersey, New York, Texas and Maryland. Accordingly, the market value of the properties and the income to be generated by the Company’s performance are particularly sensitive to changes in the economic conditions and regulatory environments of those U.S. states. Adverse changes in the economic condition or regulatory environment of these U.S. states may have a material adverse effect on the Company’s business, cash flows, financial condition, and results of operations.

ACQUISITION RISK

The Company may be subject to significant operating risks associated with its expanded operations. The Company’s business strategy includes growth through identifying

MANAGEMENT DISCUSSION & ANALYSIS

suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions, and effectively operating and leasing such properties. If the Company is unable to manage its growth effectively, it could have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations. There can be no assurance as to the pace of growth through property acquisitions or that the Company will be able to acquire assets that are accretive to earnings and/or cash flow. The Company intends to acquire additional properties selectively. The acquisition of additional properties entails risks that investments will fail to perform in accordance with expectations. In undertaking such acquisitions, the Company will incur certain risks, including the expenditure of funds, including non-refundable deposits, due diligence costs and inspection fees, and the devotion of management's time to transactions that may not come to fruition. Additional risks inherent in acquisitions include risks that the properties will not achieve anticipated occupancy levels and that estimates of the costs and benefits of the renovation and repositioning program intended for the property being acquired may prove inaccurate or may not have the intended results.

CO-INVESTMENT/JOINT VENTURES

The Company currently is and may in the future become, invested in, or a participant in, directly or indirectly, joint ventures and partnerships with third parties. A joint venture or partnership involves certain additional risks, including: (i) the possibility that such co-venturers/partners may at any time have economic or business interests or goals that will be or are inconsistent with those of the Company or take actions contrary to the Manager's instructions or requests or to the Manager's policies or objectives; (ii) the co-venturer/partner may have control over all of the day to day and fundamental decisions relating to a property; the risk that such co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands to maintain and operate such properties or repay the co-venturers'/partners' share of property debt guaranteed by the Company or its Subsidiary Entities or for which the Company or its Subsidiary Entities will be liable and/or result in the Company suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions; (iv) the risk that such co-venturers/partners may, through their activities on behalf of or in the name of the ventures or partnerships, expose or subject the Company or its Subsidiary Entities to liability; and (v) the need to obtain co-venturers'/partners' consents with respect to certain major decisions or inability to have any decision making authority, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the joint ventures and partnerships may be subject to certain requirements, such as rights of first refusal, rights of first offer or drag-along rights, and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may inhibit the Company's ability to sell an interest in a property or a joint venture/partnership within the time frame or otherwise on the basis the Company desires. Additionally, drag-along rights may be triggered at a time when the Company may not desire to sell its interest in a property, but the Company may be forced to do so at a time when it would not otherwise be in the Company's best interest. In addition, co-venturers/partners of the Company may sell their interest in the applicable entity to a third party with the result that the Company is co-venturing or partnering with an unknown third party.

MANAGEMENT DISCUSSION & ANALYSIS

PURCHASE AGREEMENTS

Additional properties may be sold to the Company in an “as is” condition, and upon acquisition of said properties, the Company may have limited recourse with respect to conditions affecting the purchased properties. The costs of unexpected repair and remediation work could be material and may, therefore, have an adverse effect on the Company’s financial condition and results of operations. Furthermore, representations and warranties made by the seller in a purchase agreement, if any, may survive only for a limited period of time after closing. If claims arising as a result of a breach of a representation or warranty are discovered after this period, the Company may not be able to seek indemnification from the seller and would, therefore, suffer the financial consequences of such a breach, which could be material. Moreover, even if the Company was entitled to indemnification from the seller, no assurance can be given that the seller would have sufficient funds to satisfy any such indemnification claims.

NON-REFUNDABLE DEPOSITS

Property acquisition transactions may require deposits by the Company and costs to be incurred by the Company, which may be non-refundable. If such transactions fail to close, these funds may be unrecoverable in whole or in part, thereby reducing funds otherwise available to the Company.

OPERATIONAL RISKS

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed infrastructure, from a human process, or from external events. The impact of this risk may be financial loss, loss of reputation, or legal and regulatory proceedings. The Company endeavors to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are constantly reviewed and, if deemed necessary, improvements are implemented.

RISKS RELATED TO MORTGAGE DEFAULTS

The Company may from time to time deem it appropriate to extend or renew the term of a mortgage loan past its maturity, or to accrue the interest on a mortgage loan. The Company generally will do so if it believes that there is a very low risk to the Company of not being repaid the full principal and interest owing on the mortgage loan. In these circumstances, however, the Company is subject to the risk that the principal and/or accrued interest of such mortgage loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Company during the period in which it is exercising such remedies. Further, in the event that the valuation of the asset underlying the mortgage loan has fluctuated substantially due to market conditions, there is a risk that the Company may not recover all or substantially all of the principal and interest owed to the Company in respect of such mortgage loan. When a mortgage loan is extended past its maturity, the loan can either be held over on a month to month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Company has the ability, subject to the rights of creditors in priority to the Company, to exercise its mortgage enforcement remedies in respect of the extended or renewed mortgage loan. Exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of

MANAGEMENT DISCUSSION & ANALYSIS

the Company during the period of enforcement. In addition, as a result of potential declines in real estate values, in particular given the current economic environment, there is no assurance that the Company will be able to recover all or substantially all of the outstanding principal and interest owed to the Company in respect of such mortgages by exercising its mortgage enforcement remedies. Should the Company be unable to recover all or substantially all of the principal and interest owed to the Company in respect of such mortgage loans, the returns, financial condition and results of operations of the Company could be adversely impacted.

FORECLOSURE AND RELATED COSTS

One or more borrowers could fail to make payments according to the terms of their loan, and the Company could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Company's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Company's rights as mortgagee. Legal fees and expenses and other costs incurred by the Company in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable, they will be borne by the Company. Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of real property regardless of whether the property is producing income or whether mortgage payments are being made. The Company may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

RISK OF NATURAL DISASTERS

The properties located in Florida may have sustained significant storm damage in the past and may sustain significant storm damage in the future. While the Company will take insurance to cover a substantial portion of the cost of such events, the Company's insurance is likely to include deductible amounts and exclusions such that certain items may not be covered by insurance. Future hurricanes, floods, or other natural disasters may significantly affect the Company's operations and some or all of the properties, and more specifically, may cause the Company to experience reduced rental revenue (including from increased vacancy), incur cleanup costs as well as administration and collection costs, or otherwise incur costs in connection with such events. Any of these events may have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations and ability to declare and pay dividends, if any, to Company shareholders. As well, if the Company was unable to obtain adequate insurance, and the properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the Company's business, cash flows, and financial condition.

RISK OF LOSS NOT COVERED BY INSURANCE

The Company maintains insurance policies related to its business, including casualty, general liability, and other policies covering the Company's business operations, employees, and assets. However, the Company will be required to bear all losses that

MANAGEMENT DISCUSSION & ANALYSIS

are not adequately covered by insurance, as well as any insurance deductibles. In the event of a substantial property loss, the existing insurance coverage may be insufficient to pay the full current market value or current replacement cost of such property loss. In the event of an uninsured loss, the Company could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties. Although the Company believes that its insurance programs are adequate, assurance cannot be provided that the Company will not incur losses in excess of insurance coverage or that insurance can be obtained in the future at acceptable levels and reasonable cost.

RISK RELATED TO INSURANCE RENEWALS

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the Company's current insurance policies expire, the Company may encounter difficulty in obtaining or renewing property or casualty insurance on the properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the Company is able to renew policies at levels and with limitations consistent with current policies, the Company cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. If the Company is unable to obtain adequate insurance on the properties for certain risks, it could cause the Company to be in default under specific covenants on certain of its indebtedness or other contractual commitments that it has which require the Company to maintain adequate insurance on the properties to protect against the risk of loss. If this were to occur, or if the Company were unable to obtain adequate insurance and the properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations.

ACCESS TO CAPITAL

The real estate industry is highly capital intensive. The Company will require access to capital to maintain the properties, as well as to periodically fund its growth strategy and significant capital expenditures. There can be no assurance that the Company will have access to sufficient capital or access to capital on terms favourable to the Company for future property acquisitions, financing or refinancing of the properties, funding operating expenses, or other purposes.

In addition, global financial markets have experienced a sharp increase in volatility during recent years. This has been, in part, the result of the re-valuation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the companies who borrow from them. While central banks as well as governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant re-valuations and constraints on the availability of credit will not continue to material adverse effect from economies around the world in the near to medium term. These market conditions and unexpected volatility or illiquidity in financial markets may inhibit the Company's access to long-term financing, in the Canadian and/or United States capital markets. As a result, it is possible that financing which the Company may require

MANAGEMENT DISCUSSION & ANALYSIS

in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by the Company or otherwise, may not be available or, if it is available, may not be available on favourable terms to the Company. Failure by the Company to access required capital could have a material adverse effect on the Company's business, cash flows, financial condition and results of operations, and ability to declare and pay dividends, if any, to Company shareholders.

FINANCING RISK

A portion of the cash flow generated by the properties will be devoted to servicing indebtedness, and there can be no assurance that the Company will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If the Company is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt, or other financing. The failure of the Company to make or renegotiate interest or principal payments or obtain additional equity, debt, or other financing could have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations.

The Company will be subject to the risks associated with debt financing, including the risk that the Secured Notes, mortgages, and banking facilities secured by the properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. If the Company decides to utilize variable rate debt, such debt will result in fluctuations in the Company's cost of borrowing as interest rates change. To the extent that interest rates rise there may be a material adverse effect on the Company's business, cash flows, financial condition, and results of operations.

The Company will seek to manage its financing risk by maintaining a balanced maturity profile with no significant amounts coming due in one particular period. Given the increased credit quality of such debt, the probability of the Company being unable to renew the maturing debt or transfer the debt to another accredited lending institution is significantly reduced. However, there can be no assurance that the renewal of debt will be on as favourable terms as existing indebtedness.

The Company's credit facilities may also contain covenants that require it to maintain certain financial ratios on specific portfolio's and/or on a consolidated basis. If the Company does not maintain such ratios, its cash flows may be restricted and the ability to issue, declare, and pay dividends, if any, may be limited.

DEGREE OF LEVERAGE

The Company's degree of leverage could have important consequences to Company shareholders. For example, the degree of leverage could affect the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development, or other general purposes, making the Company more vulnerable to a downturn in business or the economy in general.

As interest rates fluctuate in the lending market, generally so too do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise,

MANAGEMENT DISCUSSION & ANALYSIS

generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

DEPENDENCE ON FCRPAI

The Company's earnings and operations are impacted by FCRPAI's ability to source appropriate real estate investments that provide sufficient yields for investors and FCRPAI to maintain these real estate investments. The Company has also entered into a long-term contract with FCRPAI, as more particularly described in an agreement dated November 1, 2015 as posted on SEDAR (www.SEDAR.com). The Company is exposed to adverse developments in the business and affairs of FCRPAI, since the day to day activities of the Company are run by FCRPAI and since all of the Company's debt and equity investments are originated by FCRPAI.

RELIANCE ON PROPERTY MANAGEMENT

The Company relies upon independent management companies to perform property management functions in respect of certain of the Properties. To the extent the Company relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the Properties as in their judgment is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Properties and their other development, investment and/or management activities.

LITIGATION RISKS

In the normal course of the Company's operations, whether directly or indirectly, it may become involved in, named as a party to, or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings, and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment, and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Company and, as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition, and results of operations. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Company's business operations, which could have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations.

LAWS BENEFITING DISABLED PERSONS

Laws benefiting disabled persons may result in unanticipated expenses being incurred by the Company. Under the *Americans with Disabilities Act* of 1990 (the "**ADA**"), all places intended to be used by the public are required to meet certain federal requirements related to access and use by disabled persons. The *Fair Housing Amendments Act* of 1988 (the "**FHAA**") requires apartment properties first occupied after March 13, 1991 to comply with design and construction requirements for disabled access. For those projects receiving federal funds, the *Rehabilitation Act* of 1973 also has requirements regarding disabled access. These and other federal, state and local laws may require modifications to the Company properties, or affect renovations of the

MANAGEMENT DISCUSSION & ANALYSIS

properties. Non-compliance with these laws could result in the imposition of fines or an award of damages to private litigants and could also result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although the Company believes that the properties are substantially in compliance with present requirements, the Company may incur unanticipated expenses to comply with the ADA, the FHAA, and the *Rehabilitation Act* of 1973 in connection with the ongoing operation or redevelopment of the properties.

POTENTIAL CONFLICTS OF INTEREST WITH DIRECTORS

There are potential conflicts of interest to which some of the directors, officers, insiders and promoters of the Company will be subject in connection with the operations of the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under the OBCA.

INTERNAL CONTROLS

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards in order to help ensure the reliability of its financial reports, in each case, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and material adverse effect on the trading price of the shares.

U.S. MARKET FACTORS

U.S. markets are currently experiencing increased levels of volatility due to a combination of many factors. At this time, although national and local economies are recovering from a severe recession, other factors such as the Greek and Asian economies could affect such recovery from continuing, or perhaps even cause the economy to weaken substantially. Concern about the general stability of the markets and the strength of the economic recovery may lead lenders to reduce or cease to provide funding to businesses and consumers and force financial institutions to continue to take the necessary steps to restructure their business and capital structures; and in a worst case scenario, this could result in a complete loss of properties if a lender was to foreclose. The Company cannot predict when the real estate markets will return to their pre-downturn levels. The value of the properties may decline if market conditions worsen.

U.S. LAWS AND REGULATIONS

The Company carries on business in the U.S. and, accordingly, is subject to United States federal, state and local laws, rules, regulations and requirements. Although the Company believes that the Properties are substantially in compliance with present laws, rules, regulations and requirements, The Company may incur unanticipated expenses to comply with such laws, rules, regulations and requirements. Noncompliance with

MANAGEMENT DISCUSSION & ANALYSIS

these laws, rules, regulations and requirements could have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and could result in, among other things, the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature of the Properties, which could result in substantial capital expenditures.

FLORIDA, GEORGIA & TEXAS WEATHER

Florida, Georgia, and Texas historically have experienced periods of extreme weather that have resulted in periods of severe thunderstorms, tornadoes, wind, and rain damage. Extreme weather, including hurricanes and/or tornadoes, can have a negative impact upon the Company's operating results and financial condition, including damage to property and equipment, increasing material costs, increasing labour costs, increasing insurance premiums, increased time to completion of renovation due to the foregoing factors, and increase in government regulations with respect to setbacks, drainage and engineering of seawalls, and other protective features.

CONTINGENT LIABILITIES ON DISPOSITION OF INVESTMENTS

In connection with the disposition of a real estate investment, the Company may be required to make representations about such property. The Company may also be required to indemnify purchasers of such properties to the extent that any such representations are inaccurate. These arrangements may result in the occurrence of contingent liabilities for which reserves or escrow accounts may be required. Such actions could result in losses to the Company and investors and/or delay the receipt of any dividends, if any, to Company Shareholders.

LIQUIDITY

The Company is a relatively new issuer and there can be no assurance that an active trading market in the Common Shares will be sustained. There is a significant liquidity risk associated with an investment in the Common Shares.

RELIANCE ON ASSUMPTIONS

The Company's investment objectives and strategy have been formulated based on the analysis and expectations regarding recent economic developments in the U.S., the future recovery of U.S. real estate markets in general, and the U.S. to Canadian dollar exchange rate. Such analysis may be incorrect and such expectations may not be realized.

GENERAL REAL ESTATE OWNERSHIP RISKS

All real property investments are subject to risks generally incident to the ownership, remodeling, operation, and sale of real estate, including: (a) changes in general economic or local conditions; (b) changes in supply of or demand for similar or competing properties in a particular geographic area; (c) bankruptcies, financial difficulties, or defaults by vendors, contractors, tenants, and others; (d) increases in operating costs, such as taxes and insurance; (e) the inability to achieve occupancy at rental rates adequate to produce desired financial returns; (f) periods of high interest rates and tight money supply; (g) excess supply of rental properties in the market area; (h) liability for uninsured losses resulting from natural disasters or other perils; (i) liability for environmental hazards; (j) changes in tax, real estate, or environmental laws or

MANAGEMENT DISCUSSION & ANALYSIS

regulations; and (k) changes in availability of financing. For these and other reasons, no assurance can be given that the investment will be profitable or that it will achieve its financial objectives.

Certain significant expenditures, including property taxes, maintenance costs, insurance costs, and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Real property investments tend to be relatively illiquid. This illiquidity will limit the ability of the Company to respond to changing economic or investment conditions. If the Company were required to liquidate assets quickly, there is a risk the proceeds realized from such a sale would be less than the book value of the assets or less than what could be expected to be realized under normal circumstances. By specializing in a particular type of real estate, the Company is exposed to adverse effects on that segment of the real estate market and does not benefit from a broader diversification of its portfolio by property class.

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. The properties generate revenue through rental payments made by the tenants. The ability to rent un-leased suites in properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. The ability to declare and pay dividends, if any, will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases, or if a significant amount of available space in the properties becomes vacant and cannot be leased on economically favourable lease terms. If properties do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, this could have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations and ability to declare and pay dividends, if any, to Company Shareholders.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the properties or revenues to be thus derived. Reported estimates of market rent can be seasonal and the significance of any variations from quarter to quarter would material adverse effect the Company's annualized estimated gain-to-lease amount. There can be no assurance that upon the expiration or termination of existing leases that the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by the Company due to internal and external limitations on its ability to charge these new market based rents in the short term.

The short-term nature of residential tenant leases exposes the Company to the effects of declining market rent, which could materially adverse effect the Company's results from operations and ability to declare and pay dividends, if any. Most of the Company's residential tenant leases will be for a term of one year or less. Because the Company's

MANAGEMENT DISCUSSION & ANALYSIS

residential tenant leases generally permit residents to leave at the end of their lease term without any penalty, the Company's rental revenue may be materially adversely affected by declines in market rents more quickly than if such leases were for longer terms.

SUBSTITUTIONS FOR RESIDENTIAL RENTAL UNITS

Demand for the properties is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. With the recent global economic crisis and its impact on the U.S. credit markets, interest rates offered by financial institutions for financing home ownership have been at historically low levels. If the interest rates offered by financial institutions for home ownership financing remain low, demand for rental properties may be adversely affected. Additionally, the southeastern United States continues to experience historically high levels of foreclosures on single-family homes, which has increased the supply of single-family homes available for purchase, and may adversely affect demand for such properties. A reduction in the demand for rental properties may have a material adverse effect on the Company's ability to lease suites in the properties and on the rents charged. This, in turn, may have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations and the ability to declare and pay any dividends, if any, to Company Shareholders.

COMPETITION

The single-family housing and multi-family property sectors are highly competitive. The Company faces competition from many sources, including individuals, corporations or other entities engaged in real estate investment activities, many of whom have greater financial resources than the Company. There is also competition from other rental properties in the immediate vicinity of the various properties and the broader geographic areas where the properties are and will be located. Furthermore, the properties that the Company owns or may acquire compete with numerous housing alternatives in attracting tenants, including home ownership. The relative demand for such alternatives may be increased by declining mortgage interest rates, government programs which promote home ownership, or other events or initiatives which increase the affordability of such alternatives to the properties and could have a material adverse effect on the Company's ability to retain tenants and increase or maintain rental rates. Such competition may reduce occupancy rates and rental revenues of the Company and could have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations and the ability to declare and pay any dividends, if any, to Company Shareholders.

The competition for the properties available for sale may significantly increase the cost of acquiring such assets and may result in such assets being acquired by the Company at prices or on terms which are comparatively less favourable to the Company or may result in such assets being acquired by competitors of the Company. In addition, the number of entities seeking to acquire single-family homes, multi-family properties, and/or the amount of funds competing for such acquisitions may increase. Increases in the cost to the Company of acquiring properties may have a material adverse effect on the ability of the Company to acquire such properties on favourable terms and may otherwise have a material adverse effect on the Company's business, cash flows,

MANAGEMENT DISCUSSION & ANALYSIS

financial condition and results of operations and ability to declare and pay any dividends to Company Shareholders.

In addition, over-building in the multi-family sector in the United States may increase the supply of total multi-family properties, further increasing the level of competition in those markets.

GOVERNMENT REGULATION

The Company's single-family home operations utilize the U.S. Government's Section 8 Housing Choice Voucher Program. The Company's operations must comply with the Section 8 Program's existing qualifications process to qualify newly-renovated homes for eligible participants to participate in the Section 8 Program. The Company has no assurances that the existing rules and regulations under such program will not adversely affect the Company's growth strategy, the timing or cost of renting any current or future properties, or that any additional Section 8 Program rules, regulations or standards will not be adopted or any existing Section 8 Program rules, regulations or standards will not be modified, changed or discontinued as they apply to the "tenant-based" or "project-based" voucher systems currently in place, and any such changes could have a material adverse effect on the Company's business, financial condition and results of operation. The Company also conducts its operations in adherence to determinations made by applicable local public housing governmental authorities. Such authorities make determinations on which individuals and properties qualify for Section 8 Program funding and the Company cannot ensure that such public housing governmental authorities will qualify or continue to qualify properties under the Section 8 Program.

CHANGES IN APPLICABLE LAWS

The Company's operations must comply with numerous federal, state, and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include zoning laws, building codes, landlord tenant laws, and other laws generally applicable to business operations. Non-compliance with laws could expose the Company to liability.

Lower revenue growth or significant unanticipated expenditures may result from the Company's need to comply with changes in Applicable Laws, including (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; (ii) rent control or rent stabilization laws or other residential landlord/tenant laws; or (iii) other governmental rules and regulations or enforcement policies affecting the development, use, and operation of the properties, including changes to building codes and fire and life-safety codes.

ENVIRONMENTAL MATTERS

Under various environmental and ecological laws, the Company and/or its subsidiaries could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in one or more of the properties or disposed of at other locations. The failure to deal effectively with such substances may adversely affect the Company's ability to sell such property and could potentially also result in claims against the Company by third parties.

MANAGEMENT DISCUSSION & ANALYSIS

THE COSTS OF SECURING POSSESSION AND CONTROL OF NEWLY ACQUIRED PROPERTIES MAY EXCEED EXPECTATIONS

Upon acquiring a new property, the Company may have to evict residents who are in unlawful possession before the Company can secure possession and control of the property. The holdover occupants may be the former owners or tenants of a property, or they may be squatters or others who are illegally in possession. Securing control and possession from these occupants can be both costly and time-consuming. If these costs and delays exceed our expectations in a large proportion of newly acquired properties, the Company's financial performance may suffer because of the increased expenses incurred or the unexpected delays in turning the properties into revenue-producing assets.

THE COSTS ARISING FROM RENOVATION OF PROPERTIES

The Company expects that many of the properties will require some level of renovation immediately upon their acquisition or in the future following expiration of a lease or otherwise. The Company may acquire properties that it plans to extensively renovate. The Company may also acquire properties that it expects to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. In addition, the Company will be required to make ongoing capital improvements and replacements and may need to perform significant renovations to reposition properties in the rental market. The Company's properties will have infrastructure and appliances of varying ages and conditions. Consequently, the Company expects that its management will routinely retain independent contractors and trade professionals to perform physical repair work and will be exposed to all of the risks inherent in property renovation, including potential cost overruns, increases in labour and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, certificates of occupancy, and poor workmanship. Although the Company does not expect that renovation difficulties on any individual property will be significant to its overall results, if the assumptions regarding the costs or timing of renovation across the Company's portfolio prove to be materially inaccurate, the Company's earnings and distributable cash may be adversely affected.

FIXED COSTS AND INCREASED EXPENSES

The failure to maintain stable or increasing average monthly rental rates combined with acceptable occupancy levels would likely have a material adverse effect on the Company's business, cash flows, financial condition, and results of operations and ability to declare and pay dividends, if any. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs, and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the Company is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

The Company is also subject to utility and property tax risk relating to increased costs that the Company may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of properties and their adherent tax rates. In

MANAGEMENT DISCUSSION & ANALYSIS

some instances, enhancements to properties may result in significant increases in property assessments following a re-valuation. Additionally, utility expenses, mainly consisting of natural gas, water, and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the Company cannot charge back to the tenant may have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and the ability to make, declare, and pay any dividends. Unlike commercial leases, which generally are "net" leases and allow a landlord to recover expenditures from tenants, residential leases are generally "gross" leases and the landlord is not able to pass on costs to its tenants. Generally, the Company's leases with tenants require the tenant to pay directly for their own utilities. The timing and amount of capital expenditures by the Company will affect the amount of any dividends available to Company Shareholders.

INTEREST RATE RISK

Interest rate risk is the combined risk that the Company would experience a loss as a result of its exposure to a higher interest rate environment (interest rate risk) and the possibility that at the end of a mortgage term the Company would be unable to renew the maturing debt either with the existing lender or a new lender (renewal risk).

The Company will seek to manage its interest rate risk by negotiating, where possible, fixed interest rates on all of its debt.

ASSUMPTIONS MAY PROVE INNACURATE

In determining whether a particular property meets its investment criteria, the Company makes a number of assumptions, including assumptions related to estimated time of possession and estimated renovation costs and time frames, annual operating costs, market rental rates and potential rent amounts, time from purchase to leasing, and tenant default rates. These assumptions may prove inaccurate, causing the Company to pay too much for properties it acquires, to overvalue properties or to have properties not perform as expected, and adjustments to the assumptions made in evaluating potential purchases may result in fewer properties qualifying under the Company's investment criteria. Improvements in the market prices for single-family homes in the Company's target markets or decreases in the available inventory could also reduce the supply of properties that meet the Company's investment criteria. Reductions in the supply of properties that meet the Company's investment criteria may adversely affect the Company's operating results and ability to implement its business plan.

Furthermore, the properties are likely to vary materially in terms of time to possession, renovation, quality and type of construction, location, and hazards. The Company's success will depend on its ability to acquire properties that can be quickly possessed, renovated, repaired, upgraded, and rented with minimal expenses and maintained in rentable condition. The Company's ability to identify and acquire such properties will be fundamental to its success.

In addition, the recent market and regulatory environments relating to single-family homes and multi-family properties have been changing rapidly, making future trends difficult to forecast.

OUTLOOK

The Company's operating and financial performance continues to improve through a combination of asset sales (single family homes and, more recently, non-core mini multis), debt repayment, operational efficiencies and new real estate investments. These "four pillars" of performance improvement are expected to enable the Company to continue strengthening its balance sheet and improving its earnings. As we look forward to pursuing new real estate investments, as exemplified by the New York City, Washington, DC, and, more recently, the Bridgeport, CT transactions, the Company remains focused on asset sales and debt repayment. The Company benefits from single family home sales having a "multiplier effect" to earnings as they not only eventually reduce debt levels, which translates into interest expense savings, but they also eliminate various "carrying costs" such as property taxes and repairs and maintenance. As the vast majority of the single family homes disposed of were unoccupied, this "multiplier effect" has been significant and has dramatically improved the Company's earnings. In addition, the Company will benefit from the non-core mini-multi sales, which are expected to deliver substantial net cash proceeds to be used for debt repayment and are expected to produce gains over the recorded book values of those assets, thereby reinforcing the strong embedded value of the Company's real estate assets.

With the vast majority of the "heavy lifting" having been completed in terms of the Company's transformation, we are now focused on further strengthening its balance sheet through a combination of new equity capital and new real estate investments. Going forward, the Company is actively seeking additional real estate investment opportunities in both income producing real estate and mortgage debt on real estate located in major cities across the United States. Any new investments will require additional debt and/or equity capital and the Company intends to opportunistically raise such capital from both the private and public markets.