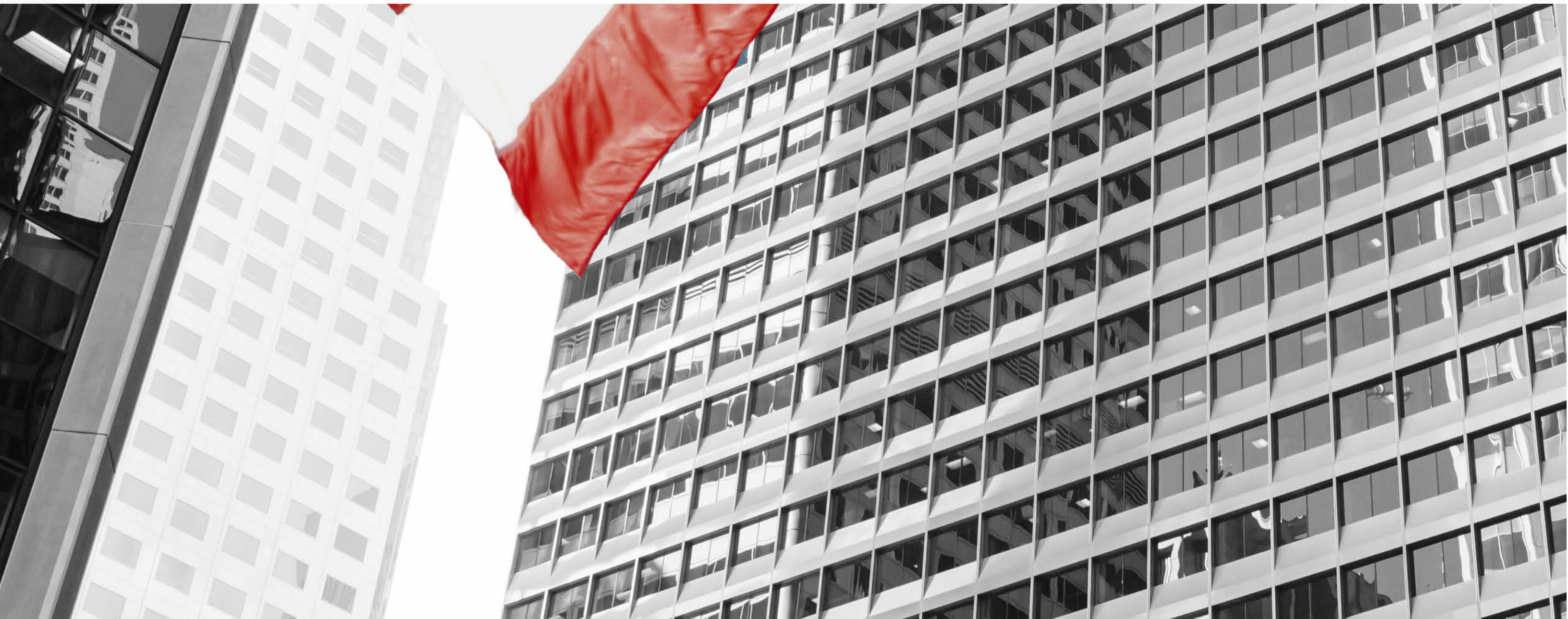
FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

CAPITAL PRESERVATION • DISCIPLINED INVESTING

FINANCIAL STATEMENTS

THIRD QUARTER 2018
SEPTEMBER 30, 2018



Condensed Consolidated Interim Financial Statements of

Firm Capital American Realty Partners Corp.

For the Three and Nine Months Ended September 30, 2018 and 2017

(Expressed In US Dollars)

The accompanying unaudited condensed consolidated interim financial statements of Firm Capital American Realty Partners Corp. for the three and nine months ended September 30, 2018 have been prepared by and are the responsibility of management. These unaudited condensed consolidated interim financial statements, together with the accompanying notes, have been reviewed and approved by members of Firm Capital American Realty Partners Corp.'s audit committee. In accordance with National Instrument 51 – 102, Firm Capital American Realty Partners Corp. discloses that these unaudited condensed consolidated interim financial statements have not been reviewed by Firm Capital American Realty Partners Corp.'s auditors.

Firm Capital American Realty Partners Corp.

Consolidated Balance Sheets
(Expressed in US Dollars)

	September 30, 2018	December 31, 2017 (Audited)
Assets	$	$
Current assets		
Cash and cash equivalents	1,876,126	6,224,567
Restricted cash	928,995	1,881,968
Accounts receivable	262,586	366,573
Prepaid expenses and other assets	385,479	386,350
Assets held for sale (note 18)	8,290,205	16,019,657
Total current assets	11,743,391	24,879,115
Non-current assets		
Investment properties (note 4)	43,866,349	42,651,982
Equity investments (note 5)	22,999,267	12,694,453
Preferred capital investments (note 6)	2,002,675	2,513,990
Property and equipment, net	-	10,122
Total non-current assets	68,868,291	57,870,547
Total assets	80,611,682	82,749,662
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,100,387	2,255,649
Mortgages payable (notes 8 and 9)	767,765	285,097
Deferred share unit liabilities (note 19)	53,957	37,916
Liabilities associated with assets held for sale (note 18)	160,491	273,201
Total current liabilities	3,082,600	2,851,863
Non-current liabilities		
Mortgages payable (notes 8 and 9)	18,099,829	18,379,832
Convertible debentures payable (note 7)	6,657,091	12,118,400
Deferred tax liability	1,835,686	654,472
Total non-current liabilities	26,592,606	31,152,704
Total liabilities	29,675,206	34,004,567
Shareholders' Equity		
Share capital (note 10)	76,791,921	76,842,700
Contributed surplus (notes 11 and 12)	5,100,195	5,100,195
Equity portion of convertible debentures (note 7)	1,242,017	1,242,017
Accumulated foreign currency translation reserve	3,331,940	3,331,940
Deficit	(35,529,597)	(37,771,757)
Total shareholders' equity	50,936,476	48,745,095
Total liabilities and shareholders' equity	80,611,682	82,749,662

Subsequent Events (note 21)
See accompanying Notes to Condensed Consolidated Interim Financial Statements

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

Firm Capital American Realty Partners Corp.

Condensed Consolidated Interim Statements of Income/(Loss) and Comprehensive Income/(Loss)
Three and Nine Months Ended September 30, 2018 and 2017
(Expressed in US Dollars)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	$	$	$	$
Revenue				
Rental	1,022,049	1,110,477	3,072,265	3,515,653
Operating expenses				
Operating costs	211,391	416,924	577,678	1,072,347
Utilities	76,452	89,580	234,774	296,067
Property taxes	144,072	152,204	437,413	488,145
Total operating expenses	431,914	658,708	1,249,865	1,856,559
Net rental income	590,135	451,769	1,822,401	1,659,093
Income from equity investments (note 5)	655,276	152,723	3,327,532	253,900
Income from preferred capital investments (note 6)	68,468	-	202,475	-
General and administrative	399,864	314,725	1,167,243	1,103,016
Professional fees	44,820	37,858	192,647	115,375
Net finance costs	656,184	774,378	1,703,905	2,439,353
Depreciation	-	7,185	-	17,511
	1,100,869	1,134,146	3,063,795	3,675,255
Net Income/(loss) before other income (expenses) and income taxes	213,010	(529,654)	2,288,613	(1,762,261)
Other income (expenses)				
Foreign exchange gain/ (loss)	(20,759)	67,628	(17,754)	215,075
Fair value adjustments of investment properties (note 4)	895,769	-	895,769	1,346,353
Share based compensation (notes 11, 12 and 19)	(15,458)	(481,748)	(16,042)	(485,751)
Fair value gain on derivative financial instruments (notes 11 and 12)	-	15,944	-	34,179
Gain on disposition of investment properties	-	117,945	-	117,945
Total other income (expenses)	859,552	(280,231)	861,973	1,227,801
Net income/(loss) before income taxes and discontinued operations	1,072,562	(809,885)	3,150,586	(534,461)
Income tax expense/(recovery)	284,229	(214,620)	834,905	(141,632)
Net Income/(loss) from continuing operations	788,333	(595,265)	2,315,679	(392,829)
Net income/(loss) from discontinued operations (net of income tax expense) (note 20)	893,557	236,361	960,521	(62,402)
Net income/(loss) and comprehensive income/(loss)	1,681,890	(358,904)	3,276,200	(455,237)
Basic net income / (loss) per share				
From continuing operations (note 13)	$ 0.13	$ (0.12)	$ 0.38	$ (0.09)
From discontinued operations (note 13)	$ 0.15	$ 0.05	$ 0.16	$ (0.01)
	$ 0.28	$ (0.07)	$ 0.54	$ (0.10)
Diluted net income / (loss) per share				
From continuing operations (note 13)	$ 0.10	$ (0.09)	$ 0.30	$ (0.07)
From discontinued operations (note 13)	$ 0.12	$ 0.03	$ 0.11	$ (0.01)
	$ 0.22	$ (0.06)	$ 0.41	$ (0.08)

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Firm Capital American Realty Partners Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
Nine Months Ended September 30, 2018 and 2017
(Expressed in US Dollars)

	Share capital	Contributed surplus	Equity portion of convertible debentures	Accumulated foreign currency translation reserve	Deficit	Total
Balance at December 31, 2016	64,720,400	4,073,613	1,242,017	3,331,940	(38,660,519)	34,707,449
Issuance of shares from Equity Offering (note 10(a))	5,802,508	-	-	-	-	5,802,508
Issuance of warrants from Equity Offering (note 10(a) and 12(a(i))	-	573,692	-	-	-	573,692
Issuance costs (note 10)	(739,019)	-	-	-	-	(739,019)
Issuance of options (notes 11 and 12(b(i))	-	476,615	-	-	-	476,615
Expiration of warrants	-	(23,725)	-	-	-	(23,725)
Net loss for the period	-	-	-	-	(455,237)	(455,237)
Dividends (note 14)	-	-	-	-	(96,186)	(96,186)
Balance at September 30, 2017	69,783,889	5,100,195	1,242,017	3,331,940	(39,211,942)	40,246,101
Issuance of shares from Equity Offering (notes 10(b),(c),(d))	7,483,101	-	-	-	-	7,483,101
Issuance costs (note 10)	(424,290)	-	-	-	-	(424,290)
Net income and comprehensive income for the year	-	-	-	-	1,784,864	1,784,864
Dividends (note 14)	-	-	-	-	(344,681)	(344,681)
Balance at December 31, 2017	76,842,700	5,100,195	1,242,017	3,331,940	(37,771,759)	48,745,095
Issuance costs (note 10)	(50,779)	-	-	-	-	(50,779)
Net income and comprehensive income for the year	-	-	-	-	3,276,200	3,276,200
Dividends (note 14)	-	-	-	-	(1,034,043)	(1,034,043)
Balance at September 30, 2018	76,791,921	5,100,195	1,242,017	3,331,940	(35,529,597)	50,936,476
Shares Outstanding	6,127,666					

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Firm Capital American Realty Partners Corp.

Condensed Consolidated Interim Statement of Cash Flows
Three and Nine Months Ended September 30, 2018 and 2017
(Expressed in US Dollars)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		$	$	$
Operating activities				
Net income before income taxes and discontinued operations	1,072,562	(809,885)	3,150,586	(534,461)
Income tax expense/ (recovery)	284,229	(214,620)	834,905	(141,632)
Net Income from continuing operations	788,333	(595,265)	2,315,679	(392,829)
Net income/(loss) from discontinued operations (net of income tax expense) (note 20)	893,557	236,361	960,521	(62,402)
Net income/(loss) and comprehensive income/(loss)	1,681,890	(358,904)	3,276,200	(455,237)
Add (Deduct):				
Depreciation	6,203	7,185	9,922	17,511
Accretion expense	93,459	264,905	230,857	596,255
Fair value adjustments of investment properties (notes 4 and 18)	(1,853,787)	114,675	(1,439,904)	(557,604)
Fair value adjustments of equity investments (note 5)	(300,000)	-	(2,419,727)	-
Share based compensation (notes 11 and 19)	15,458	481,748	16,042	485,751
Fair value gain on derivative financial instruments (notes 11 and 12)	-	(15,944)	-	(34,179)
Gain on disposition of investment properties	-	(117,945)	-	(117,945)
Deferred tax liability	606,394	(131,760)	1,181,214	(166,491)
Changes in non-cash operating working capital:				
Accounts receivable	112,054	228,129	103,987	137,570
Prepaid expenses and other assets	10,645	(25,666)	871	72,435
Accounts payable and accrued liabilities	182,627	(432,418)	(267,975)	(288,836)
Provisions	-	-	-	(40,034)
Total operating activities	554,943	14,005	691,489	(350,804)
Investing activities				
Proceeds received from redemption of equity investments (note 5)	675,000	-	675,000	-
Proceeds received from redemption of preferred capital investments (note 6)	520,833	-	520,833	-
Equity investments, net of distributions (note 5)	(97,148)	(5,502,213)	(8,560,087)	(6,536,712)
Preferred capital investments, net of distributions (note 6)	(683)	-	(9,518)	-
Capital expenditures on investment properties (notes 4 and 18)	(83,579)	(648,899)	(370,490)	(974,981)
Proceeds from disposition of assets held for sale (note 18)	4,285,524	6,728,950	8,325,478	13,107,422
Total investing activities	5,299,947	577,838	581,216	5,595,729
Financing activities				
Proceeds from equity and warrant issuances, net of issuance costs (note 10)	(10,184)	(17,808)	(50,779)	5,630,243
Warrant expiration	-	(23,725)	-	(23,725)
Proceeds from promissory note receivable	-	184,881	-	876,236
Cash dividends paid (note 14)	(344,681)	-	(1,034,043)	-
Repayment of notes payable	-	(1,966,728)	-	(10,857,271)
Repayment of convertible debentures (note 7)	(1,338,000)	(4,075,000)	(5,634,000)	(4,075,000)
Mortgages, advances (note 8)	4,100,000	-	8,050,000	-
Repayment of mortgages (note 8)	(7,753,106)	(24,693)	(7,905,296)	(75,239)
Total financing activities	(5,345,971)	(5,923,073)	(6,574,118)	(8,524,756)
Increase in cash and cash equivalents and restricted cash	508,919	(5,331,230)	(5,301,414)	(3,279,921)
Cash and cash equivalents and restricted cash, beginning of period	2,296,202	8,257,969	8,106,535	6,206,660
Cash and cash equivalents and restricted cash, end of period	2,805,121	2,926,739	2,805,121	2,926,739
Consisting of:				
Cash and cash equivalents	1,876,126	1,143,840	1,876,126	1,143,840
Restricted cash	928,995	1,782,899	928,995	1,782,899

See accompanying Notes to Condensed Consolidated Interim Financial Statements

1. Nature of operations

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

The Company is focused on the following investment platforms:

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

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

The financial statements were approved and authorized for issue by the Board of Directors on November 8, 2018.

2. Basis of preparation

Statement of compliance

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

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

Basis of presentation

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

Basis of measurement

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

Basis of consolidation

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

Functional currency

As at September 30, 2018, the Company and all of its subsidiaries' functional currencies are the US Dollar ("USD").

3. Accounting policy changes

(a) Future Changes in accounting policies

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

(b) New changes in Accounting Policies

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

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

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

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

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

1. Amortized cost
2. FVTPL
3. FVOCI

(Expressed in US Dollars unless otherwise noted)

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

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

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

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

(Expressed in US Dollars unless otherwise noted)

4. Investment properties

	September 30, 2018	December 31, 2017
	$	$
Balance, beginning of year	42,651,982	44,671,717
Additions:		
Building improvements	318,598	218,288
Transfers to assets held for sale (note 18)	-	(4,100,000)
Fair value adjustments to investment properties	895,769	1,861,977
Balance, end of year	43,866,349	42,651,982

The investment properties as at September 30, 2018 consist of 311 multi-family apartment units in three buildings located in Florida and Texas.

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

	September 30, 2018	December 31, 2017
Key Assumptions		
Capitalization rate	5.00% - 5.25%	5.25%
Occupancy rate	95% - 97%	95% - 97%
Weighted average net rental income	$ 924,694	$915,994

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

	September 30, 2018
	$
Capitalization rate increase by 25 basis points	(2,073,000)
Capitalization rate decrease by 25 basis points	2,231,000

5. Equity Investments

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

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

On August 16, 2017, the Company closed a joint venture investment that consists of fourteen multi-family buildings comprised of 462 residential units located in Bridgeport, Connecticut. The purchase price for 100% of the investment was $30.5 million. The company invested approximately $5.1 million in a combination of

(Expressed in US Dollars unless otherwise noted)

60% of the preferred equity ($3.8 million) and common equity ($1.3 million), which represents a 30% ownership interest. The preferred equity has a fixed rate of return of 9% per annum.

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

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

On September 27, 2018, the preferred equity for the Brentwood, MD investment was repaid in full for $0.7 million.

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

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

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

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

Outlined below are the details of the Company's equity investment in the joint venture, along with the balance sheet and statement of income (each at 100% of the joint venture) and income allocation from the joint venture for the period ended September 30, 2018 with comparable figures for the year ended December 31, 2017:

		September 30, 2018		**December 31, 2017**
Equity Accounted Investments, Beginning of Period	$	12,694,453	$	6,104,137
Investments				
- Preferred Equity		6,078,000		4,471,957
- Common Equity		2,190,000		1,810,856
- Redemption of Preferred Equity		(675,000)		-
Income Earned				
- Preferred Equity		933,554		548,345
- Common Equity		(24,250)		(128,066)
- Fair Value Adjustments		2,419,727		-
Less: Distributions		(617,219)		(112,775)
Equity Accounted Investments, End of Period	**$**	**22,999,267**	**$**	**12,694,453**

(Expressed in US Dollars unless otherwise noted)

		September 30, 2018		December 31, 2017
Assets				
Cash	$	4,748,019	$	4,674,216
Accounts Receivable		486,673		253,098
Other Assets		1,318,284		675,884
Investment Properties		125,589,424		80,337,489
	$	**132,142,400**	**$**	**85,940,687**
Liabilities				
Accounts Payable	$	3,010,493	$	1,482,291
Security Deposits		902,322		584,037
Mortgages		83,964,000		54,561,321
	$	**87,876,814**	**$**	**56,627,649**
Equity				
Retained Earnings / (Deficit)	$	5,989,125	$	(662,962)
Preferred Equity		22,426,262		17,698,262
Common Equity		15,850,198		12,277,738
	$	**44,265,584**	**$**	**29,313,038**
	$	**132,142,400**	**$**	**85,940,687**
Investment Allocation for the Company				
Preferred Equity	$	15,332,139	$	9,500,183
Common Equity		7,667,128		3,194,269
	$	**22,999,267**	**$**	**12,694,453**

	Three Months Ended		Nine Months Ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Net Income				
Rental Revenue	$ 3,103,853	$ 1,457,339	$ 8,359,536	$ 3,008,271
Property Operating Expenses	(1,511,446)	(569,925)	(4,431,852)	(1,403,754)
Net Rental Income	**1,592,406**	**887,414**	**3,927,683**	**1,604,517**
General & Administrative	(97,382)	(111,271)	(384,620)	(240,740)
Interest Expense	(950,348)	(482,266)	(2,480,475)	(1,086,794)
Fair Value Adjustments	1,200,000	-	8,627,876	-
Net Income Before Preferred Equity Dividend	**$ 1,744,676**	**$ 293,877**	**$ 9,690,464**	**$ 276,983**
Less: Preferred Equity Dividend	(487,234)	(301,757)	(1,457,837)	(751,157)
Net Income	**$ 1,257,442**	**$ (7,880)**	**$ 8,232,627**	**$ (474,174)**
Income Earned by the Company				
Preferred Equity	$ 325,791	$ 149,390	$ 933,554	$ 356,240
Common Equity	329,485	3,333	2,393,978	(102,340)
	$ 655,276	**$ 152,723**	**$ 3,327,532**	**$ 253,900**

6. Preferred capital investments

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

(Expressed in US Dollars unless otherwise noted)

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

On September 24, 2018, $2.5 million of the Preferred Capital was repaid leaving a principal balance of approximately $9.5 million. $2.0 million represents the Company's pro-rata interest in the Preferred Capital as at September 30, 2018.

7. Convertible debentures payable

$21,600,000 Convertible Debentures

During the year ended December 31, 2013, the Company completed a multi-tranche private placement financing raising gross proceeds of $21,600,000 through the issuance of unsecured subordinated convertible debentures (the "Debentures"). The Debentures bear interest at 7% per annum, payable quarterly and mature on July 31, 2018. The Debentures also hold a conversion feature which allows the holder to convert at any time after the Company becomes a publicly traded entity, at a price of $33.82 per common share (the "Conversion Price").

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

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

As at September 30, 2018, the Debentures balance was $6.7 million (December 31, 2017 - $12.1 million).

8. Mortgages payable

	September 30, 2018	December 31 2017
	$	$
Mortgages payable	$ 18,867,594	$ 18,664,929
Less: current portion	(767,765)	(285,097)
	$ 18,099,829	$ 18,379,832

As at September 30, 2018 the Company had mortgages payable secured by the multi-family properties and 120 single family home properties of $18,867,594 (including the current portion and net of unamortized financing costs), which bear interest at an average rate of 4.42% per annum, and have maturity dates ranging between July 1, 2019 and June 1, 2023.

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

	$
2018	723,595
2019	1,150,389
2020	1,150,389
2021	1,150,389
2022	11,886,768
Thereafter	6,195,246
Total	22,256,778

On February 15, 2018, the Company closed a supplemental loan of approximately $4.0 million from the first mortgage lender on its multi-family residential investment property located in Sunrise, Florida. The loan has a fixed interest rate of 5.8%, a term to maturity of approximately 4.6 years and an amortization period of 30 years.

(Expressed in US Dollars unless otherwise noted)

On September 13, 2018, the Company repaid the $4.0 million first mortgage loan secured by 120 single family homes located in Atlanta, Georgia. To fund this repayment, the Company entered into a new first mortgage with the Firm Capital Corporation (see note 17(ii)). The new loan is a one year $4.1 million, 6.5% interest only, first mortgage fully secured by the same 120 single family homes. During the three months ended September 30, 2018, the Company repaid $3.7 million of this mortgage and was left the principal balance outstanding of approximately $0.4 million.

9. Changes in net debt

The following table sets out an analysis of the movements in net debt for the nine months ended September 30, 2018:

	Cash & Cash Equivalents	Mortgages	Convertible Debentures	Net Debt
	$	$	$	$
As at December 31, 2017	8,106,535	(18,664,928)	(12,118,400)	(22,676,794)
Cash Flows	(5,138,297)	(202,666)	5,634,000	293,037
Non Cash Changes	(163,117)	-	(172,691)	(335,808)
As at September 30, 2018	2,805,121	(18,867,594)	(6,657,091)	(22,719,565)

10. Share capital

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

	Number of shares	Value
Balance at December 31, 2016	4,279,759	$ 64,720,400
Issuance of shares from equity offering (a)	850,160	5,802,508
Less: Issuance Costs	-	(739,019)
Balance at September 30, 2017	5,129,919	69,783,889
Issuance of shares from equity offering (b)	510,000	3,825,000
Issuance of shares from equity offering (c)	20,747	155,601
Issuance of shares from equity offering (d)	467,000	3,502,500
Less: Issuance Costs	-	(424,290)
Balance at December 31, 2017	6,127,666	76,842,700
Less: Issuance Costs	-	(50,779)
Balance at September 30, 2018	6,127,666	$ 76,791,921

(a) On May 29, 2017, the Company issued 850,160 common shares at a price of $7.50 per share (CAD$10.24 per share based on the Bank of Canada daily noon rate of exchange of 1.36535 as of May 10, 2017). The Company raised total gross proceeds of approximately $6.3 million. Net of the value of the warrants as further described in note 12(a)(i) of these condensed consolidated interim financial statements, the common shares had a value of approximately $5.8 million.

(b) On December 11, 2017, the Company issued 510,000 common shares at a price of $7.50 per share for total gross proceeds of approximately $3.8 million.

(c) On December 27, 2017, the Company issued 20,747 common shares at a price $7.50 per share (CAD$9.64 per share based on the Bank of Canada daily noon rate of exchange of 1.28565 as of December 1, 2017) for total gross proceeds of approximately $0.2 million.

(Expressed in US Dollars unless otherwise noted)

(d) On December 28, 2017, the Company completed its underwritten public offering of 451,000 common shares at a price of $7.50 per share (CAD$9.64 per share based on the Bank of Canada daily noon rate of exchange of 1.28565 as of December 1, 2017) and 16,000 common shares at a price of $7.50 per share for aggregate total gross proceeds of approximately $3.5 million.

11. Share-based compensation

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

As at September 30, 2018, the Company has 507,159 options issued and outstanding (December 31, 2017 – 507,159) at a $10.92 weighted average exercise price per share (December 31, 2018 - $10.92). Further details around the outstanding balances are detailed in note 12(b) of these condensed consolidated interim financial statements.

12. Derivative financial instruments

As at September 30, 2018, the Company's derivative financial instruments consist of options and warrants. The exercise price for the options are in USD and the exercise price for the warrants are in both USD and CAD. Because some of the warrants have an exercise price that is denominated in a currency other than the Company's functional currency, the fair value of the exercise proceeds can vary due to foreign exchange rate fluctuations between CAD and USD and the warrants are therefore considered a derivative financial instrument.

Warrants

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

	Number of warrants	Warrants reserve		Weighted average exercise price
December 31, 2016	162,550	$	23,725	$ 25.71
Issuance of warrants (note 12(a)(i))	850,160		573,692	$ 8.50
Revaluation/expiry of warrants	(130,908)		(23,725)	$ 26.05
Septmeber 30, 2018	881,802	$	573,692	$ 8.87

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

The Company had the following warrants outstanding and exercisable as at September 30, 2018:

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

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

Options

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

(Expressed in US Dollars unless otherwise noted)

	Number of Options		Options reserve		Weighted average exercise price
Balance as at December 31, 2016	69,704	$	-	$	32.25
Issuance of Options (note 12(b)(i))	437,455		476,615	$	7.50
Balance as at September 30, 2018	507,159	$	476,615	$	10.92

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

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

13. Net income / (loss) per share

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30 2017
	$	$	$	$
Net income/(loss) before income taxes and discontinued operations	1,072,562	(809,885)	3,150,586	(534,461)
Income tax expense/(recovery)	284,229	(214,620)	834,905	(141,632)
Net Income/(loss) from continuing operations	788,333	(595,265)	2,315,679	(392,829)
Net income/(loss) from discontinued operations (net of income tax expense) (note 20)	893,557	236,361	960,521	(62,402)
Net income/(loss) and comprehensive income/(loss)	$ 1,681,890	$ (358,904)	$ 3,276,200	$ (455,237)
Weighted average shares - basic	6,127,666	5,129,919	6,127,666	4,665,913
Weighted average shares - diluted	7,737,799	6,753,175	7,795,933	5,796,830
Basic net income / (loss) per share				
From continuing operations	$ 0.13	$ (0.12)	$ 0.38	$ (0.09)
From discontinued operations	$ 0.15	$ 0.05	$ 0.16	$ (0.01)
	$ 0.28	$ (0.07)	$ 0.54	$ (0.10)
Diluted net income / (loss) per share				
From continuing operations	$ 0.10	$ (0.09)	$ 0.30	$ (0.07)
From discontinued operations	$ 0.12	$ 0.03	$ 0.11	$ (0.01)
	$ 0.22	$ (0.06)	$ 0.41	$ (0.08)

14. Dividends

For the nine months ended September 30, 2018, the Company declared dividends of $0.05625 per common share resulting in total dividends of $1,034,043.

15. Financial instruments and risk management

Risk management

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

Market risk

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

Foreign currency risk

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

	CAD
	$
Cash and other assets	51,922
Accounts payable and accrued liabilities	(61,500)
Total	(9,578)
Effect of +/- 10% change in exchange rate	(958)

Interest rate risk

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

Credit risk and concentration risk

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

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

Liquidity risk

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

Fair value

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

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

(Expressed in US Dollars unless otherwise noted)

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

September 30, 2018	**Level 3**
	$
Assets held for sale	8,290,205
Investment properties	43,866,349
Equity investments	22,999,267
Preferred capital investments	2,002,675

There were no transfers between level 1 and 2 during the nine months ended September 30, 2018.

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

16. Capital risk management

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

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

17. Related party transactions

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

- **a. Asset Management Fee:** 0.75% of the Gross Invested Assets of the Company,
- **b. Acquisition Fee:**
  - i. 1.0% of the first $300 million of aggregate Gross Book Value in respect of Properties acquired in a particular year; and thereafter
  - ii. 0.75% of aggregate Gross Book Value in respect of Properties acquired in such year.
- **c. Performance Incentive Fees:** 15% of Adjusted Funds from Operation ("AFFO") once AFFO exceeds 8.0% of Net Asset Value ("**NAV**") per share.
- **d. Placement Fees:** 0.25% of the aggregate value of all debt and equity financing arranged by the Manager.
- **e. Property Management Fees:**
  - i. Multi-unit residential properties with 120 units or less, 4.0% of Gross Revenue collected from the property;
  - ii. Multi-unit residential properties with more than 120 units. 3.5% of Gross Revenue collected from the property.

iii. Industrial or commercial property, 4.25% of Gross Revenue are collected from the property; provided, however, that for such properties with a single tenant 3.0% of Gross Revenue collected from the property.

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

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

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

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

j. **Origination, Commitment & Discharge Fees and Profit Sharing Fees:** The Manager shall remit to the Company:

   i. 25% of all originating fees, commitment fees and renewal fees it receives from borrowers on mortgages it originates for the Company (prorated to reflect the Company's participation in the investment). The Manager will retain 100% of all originating fees, commitment fees, renewal fees and will remit 25% of such fees to the Company calculated on the Company's investment amount; and

   ii. 75% of any profit sharing, discharge fees, participation fees and profit made on discounted debt that the Mortgage Banker receives in respect of all Non-Conventional Mortgages and Special Profit Transactions it originates for the Company (with a 8.0% annual preferential return to be given to the Company on the Company's investment amount prior to the Manager receiving its share of such fees). The Manager shall retain 100% of all servicing charges paid by borrowers which are not identified above, including, without limitation, discharge statement administration fees and all fees identified.

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

   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**").

(Expressed in US Dollars unless otherwise noted)

For the nine months ended September 30, 2018, the Company has accrued and/or paid approximately $693,164 (September 30, 2017 - $1,062,591) in the form of asset, property, loan servicing, acquisition, placement and construction development property management fees. The Company has accrued $771,872 (September 30, 2017 - $579,530) under this Management Agreement, which is included in accounts payable and accrued liabilities.

(ii) On September 13, 2018, the Company entered into a new first mortgage with the Firm Capital Corporation, a mortgage banker that is related to certain officers and directors of the Company. The new mortgage is a one year $4.1 million, 6.5% interest only first mortgage fully secured by 120 single family homes in Atlanta, Georgia. For the three months ended September 30, 2018, the company repaid $3.7 million of the principal balance leaving an outstanding balance of approximately $0.4 million. The Company has paid and or accrued $0.07 million in interest and associated fees.

18. Assets held for sale

As at September 30, 2018, the Company had 84 single family homes comprised of 89 units (December 31, 2017– 227 units) located in Georgia and New Jersey. The Company has classified the single family units as held for sale as the Company is actively marketing and intends to sell these properties within one year.

	September 30, 2018	December 31, 2017
	$	$
Balance, beginning of period	16,019,657	24,911,959
Transfers from investment properties (note 4)	-	4,100,000
Building Improvements	51,892	1,027,972
Dispositions	(8,325,478)	(15,078,192)
Fair value adjustments to assets held for sale	544,135	1,057,918
Balance September 30, 2018	8,290,205	16,019,657
Liabilities		
Accounts payable and other liabilities	160,491	273,201
Liabilities related to assets held for sale	160,491	273,201

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	$	$	$	$
Operating activities	175,371	316,614	649,987	967,377
Investing activities	4,254,964	6,230,940	8,273,586	12,283,330
Net cash inflow	4,430,335	6,547,554	8,923,573	13,250,707

19. Deferred share units

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

(Expressed in US Dollars unless otherwise noted)

20. Segmented information

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

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

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Total
Three Month Period Ended September 30, 2018	$	$	$	$	$	$
Rental revenue	360,063	574,708	-	11,080	446,760	1,392,611
Operating costs	(113,614)	(114,274)	-	(22,521)	(97,234)	(347,643)
Utilities	(15,625)	(53,606)	-	21,566	(22,845)	(70,510)
Property taxes	(24,733)	(84,195)	-	(7,052)	(59,877)	(175,856)
Net rental income	206,092	322,632	-	3,073	266,804	798,602
Income From equity investments	-	-	317,019	243,283	94,974	655,276
Income from preferred capital investments	-	-	-	68,468	-	68,468
General and administrative	-	-	-	-	-	(399,864)
Professional fees	-	-	-	-	-	(44,820)
Finance costs	-	-	-	-	-	(656,184)
Segment income (loss) from operations	206,092	322,632	317,019	314,824	361,778	421,477
Foreign exchange gain	-	-	-	-	-	(20,759)
Fair value adjustments of properties	1,091,388	895,769	-	(84,133)	-	1,903,024
Share based compensation	-	-	-	-	-	(15,458)
Net income (loss) before income taxes	1,297,480	1,218,401	317,019	230,691	361,778	2,288,284
Income tax (recovery)/expense	343,832	322,876	84,010	61,133	95,871	606,394
Net income (loss) for the period	953,648	895,525	233,009	169,558	265,907	1,681,890

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Total
Three Month period ended September 30, 2017	$	$	$	$	$	$
Rental revenue	293,347	668,357	-	165,523	461,813	1,589,041
Operating costs	52,868	(353,341)	-	51,363	(41,527)	(290,636)
Utilities	(43,026)	(65,064)	-	(23,185)	(31,797)	(163,072)
Property taxes	(47,515)	(101,780)	-	(42,714)	(57,657)	(249,666)
Net rental income	255,675	148,172	-	150,986	330,832	885,665
Income from equity investments	-	-	54,493	98,230	-	152,723
General and administrative	-	-	-	-	-	(314,725)
Professional fees	-	-	-	-	-	(37,858)
Finance costs	-	-	-	-	-	(774,378)
Depreciation and amortization	-	-	-	-	-	(7,185)
Segment income (loss) from operations	255,675	148,172	-	249,216	330,832	(95,758)
Foreign exchange gain	-	-	-	-	-	67,628
Fair value adjustments of properties	(114,675)	-	-	-	-	(114,675)
Share based compensation	-	-	-	-	-	(481,748)
Fair value gain on derivative financial instruments	-	-	-	-	-	15,944
Net income (loss) before income taxes	141,000	266,116	54,493	249,216	330,832	(490,664)
Income tax (recovery)/expense	-	-	-	-	-	(131,760)
Net income (loss) for the period	141,000	266,116	54,493	249,216	330,832	(358,904)

(Expressed in US Dollars unless otherwise noted)

Firm Capital American Realty Partners Corp.

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Total
Nine Month Period Ended September 30, 2018	$	$	$	$	$	$
Rental revenue	968,063	1,725,857	-	207,674	1,330,861	4,232,455
Operating costs	(209,701)	(303,320)	-	6,183	(277,562)	(784,400)
Utilities	(26,584)	(170,701)	-	(28,442)	(68,406)	(294,133)
Property taxes	(89,359)	(273,950)	-	(74,661)	(180,095)	(618,064)
Net rental income	642,420	977,885	-	110,754	804,798	2,535,858
Income From equity investments	-	-	893,398	2,237,664	196,470	3,327,532
Income from preferred capital investments	-	-	-	202,475	-	202,475
General and administrative	-	-	-	-	-	(1,167,243)
Professional fees	-	-	-	-	-	(192,647)
Finance costs	-	-	-	-	-	(1,703,905)
Segment income (loss) from operations	642,420	977,885	893,398	2,550,893	1,001,268	3,002,070
Foreign exchange gain	-	-	-	-	-	(17,754)
Fair value adjustments of properties	895,708	895,769	-	(302,336)	-	1,489,141
Share based compensation	-	-	-	-	-	(16,042)
Net income (loss) before income taxes	1,538,128	1,873,654	893,398	2,248,557	1,001,268	4,457,414
Income tax (recovery)/expense	407,604	496,518	236,751	595,868	265,336	1,181,214
Net income (loss) for the period	1,130,524	1,377,136	656,647	1,652,689	735,932	3,276,200

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Total
Nine Month period ended September 30, 2017	$	$	$	$	$	$
Rental revenue	856,367	2,235,107	-	688,054	1,386,523	5,166,051
Operating costs	(163,438)	(963,957)	-	(114,241)	(249,819)	(1,491,455)
Utilities	(80,421)	(226,793)	-	(107,211)	(87,913)	(502,338)
Property taxes	(167,912)	(286,415)	-	(183,670)	(173,689)	(811,686)
Net rental income	444,596	757,942	-	282,932	875,102	2,360,571
Income from equity investments	-	-	84,585	169,315	-	253,900
General and administrative	-	-	-	-	-	(1,103,016)
Professional fees	-	-	-	-	-	(115,375)
Finance costs	-	-	-	-	-	(2,439,353)
Depreciation and amortization	-	-	-	-	-	(17,511)
Segment income (loss) from operations	444,596	757,942	-	452,247	875,102	(1,060,784)
Foreign exchange gain	-	-	-	-	-	215,075
Fair value adjustments of properties	(155,987)	724,314	-	(99,813)	89,091	557,605
Gain on disposition of investment properties	-	117,945	-	-	-	117,945
Share based compensation	-	-	-	-	-	(485,751)
Fair value gain on derivative financial instruments	-	-	-	-	-	34,179
Net income (loss) before income taxes	288,609	1,600,201	84,585	352,434	964,193	(621,728)
Income tax (recovery)/expense	-	-	-	-	-	(166,491)
Net income (loss) for the period	288,609	1,600,201	84,585	352,434	964,193	(455,237)

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Total
As at September 30, 2018						
Total current assets	9,236,048	916,396	-	219,396	453,791	11,743,391
Total non-current assets	-	24,946,920	1,214,166	18,970,669	23,736,536	68,868,291
Total liabilities	(560,199)	(12,212,958)	-	(21,420)	(7,253,212)	(29,675,206)

(Expressed in US Dollars unless otherwise noted)

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Corporate	Total
As at September 30, 2017							
Total current assets	10,984,200	1,580,829	-	5,290,138	323,534	1,348,133	19,526,834
Total non-current assets	-	22,878,313	1,012,500	11,587,288	19,190,648	11,981	54,680,729
Total liabilities	(4,104,144)	(8,364,914)	-	(195,839)	(7,192,629)	(14,103,937)	(33,961,462)

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
Three Month Period Ended September 30, 2018	$	$			$	$
Rental revenue	370,562	1,022,049	-	-	-	1,392,611
Operating costs	(136,252)	(211,391)	-	-	-	(347,643)
Utilities	5,942	(76,452)	-	-	-	(70,510)
Property taxes	(31,784)	(144,072)	-	-	-	(175,856)
Net rental income	208,467	590,135	-	-	-	798,602
Income From equity investments	-	-	-	655,276	-	655,276
Income from preferred capital investments	-	-	68,468	-	-	68,468
General and administrative	-	-	-	-	(399,864)	(399,864)
Professional fees	-	-	-	-	(44,820)	(44,820)
Finance costs	-	-	-	-	(656,184)	(656,184)
Segment income (loss) from operations	208,467	590,135	68,468	655,276	(1,100,869)	421,477
Foreign exchange gain	-	-	-	-	(20,759)	(20,759)
Fair value adjustments of properties	1,007,255	895,769	-	-	-	1,903,024
Share based compensation	-	-	-	-	(15,458)	(15,458)
Net income (loss) before income taxes	1,215,723	1,485,904	68,468	655,276	(1,137,086)	2,288,284
Income tax (recovery)/expense	322,165	393,764	18,144	173,648	(301,328)	606,394
Net income (loss) for the period	893,557	1,092,139	50,324	481,628	(835,758)	1,681,890

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
Three Month period ended September 30, 2017	$	$	$	$	$	$
Rental revenue	478,563	1,110,477	-	-	-	1,589,040
Operating costs	126,287	(416,924)	-	-	-	(290,637)
Utilities	(73,492)	(89,580)	-	-	-	(163,072)
Property taxes	(97,462)	(152,204)	-	-	-	(249,666)
Net rental income	433,896	451,769	-	-	-	885,665
Income From equity investments	-	-	-	152,723	-	152,723
General and administrative	-	-	-	-	(314,725)	(314,725)
Professional fees	-	-	-	-	(37,858)	(37,858)
Finance costs	-	-	-	-	(774,378)	(774,378)
Depreciation and amortization	-	-	-	-	(7,185)	(7,185)
Segment income (loss) from operations	433,896	451,769	-	152,723	(1,134,146)	(95,758)
Foreign exchange gain	-	-	-	-	67,628	67,628
Fair value adjustments of properties	(114,675)	-	-	-	-	(114,675)
Share based compensation	-	-	-	-	(481,748)	(481,748)
Gain on disposition of investment properties	-	117,945	-	-	-	117,945
Fair value gain on derivative financial instruments	-	-	-	-	15,944	15,944
Net income (loss) before income taxes	319,221	569,714	-	152,723	(1,532,322)	(490,664)
Income tax (recovery)/expense	-	-	-	-	(131,760)	(131,760)
Net income (loss) for the period	319,221	569,714	-	152,723	(1,400,562)	(358,904)

(Expressed in US Dollars unless otherwise noted)

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
Nine Month Period Ended September 30, 2018	$	$	$	$	$	$
Rental revenue	1,160,190	3,072,265	-	-	-	4,232,455
Operating costs	(206,722)	(577,678)	-	-	-	(784,400)
Utilities	(59,359)	(234,774)	-	-	-	(294,133)
Property taxes	(180,651)	(437,413)	-	-	-	(618,064)
Net rental income	713,457	1,822,401	-	-	-	2,535,858
Income From equity investments	-	-	-	3,327,532	-	3,327,532
Income from preferred capital investments	-	-	202,475	-	-	202,475
General and administrative	-	-	-	-	(1,167,243)	(1,167,243)
Professional fees	-	-	-	-	(192,647)	(192,647)
Finance costs	-	-	-	-	(1,703,906)	(1,703,906)
Segment income (loss) from operations	713,457	1,822,401	202,475	3,327,532	(3,063,797)	3,002,070
Foreign exchange gain	-	-	-	-	(17,754)	(17,754)
Fair value adjustments of properties	593,371	895,769	-	-	-	1,489,140
Share based compensation	-	-	-	-	(16,042)	(16,042)
Net income (loss) before income taxes	1,306,829	2,718,169	202,475	3,327,532	(3,097,593)	4,457,414
Income tax (recovery)/expense	346,311	720,315	53,656	881,796	(820,862)	1,181,214
Net income (loss) for the period	960,518	1,997,855	148,819	2,445,736	(2,276,731)	3,276,200

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
Nine Month period ended September 30, 2017	$	$	$	$	$	$
Rental revenue	1,650,399	3,515,653	-	-	-	5,166,051
Operating costs	(419,109)	(1,072,347)	-	-	-	(1,491,455)
Utilities	(206,269)	(296,067)	-	-	-	(502,338)
Property taxes	(323,540)	(488,145)	-	-	-	(811,686)
Net rental income	701,481	1,659,093	-	-	-	2,360,571
Income From equity investments	-	-	-	253,900	-	253,900
General and administrative	-	-	-	-	(1,103,016)	(1,103,016)
Professional fees	-	-	-	-	(115,375)	(115,375)
Finance costs	-	-	-	-	(2,439,353)	(2,439,353)
Depreciation and amortization	-	-	-	-	(17,511)	(17,511)
Segment income (loss) from operations	701,481	1,659,093	-	253,900	(3,675,255)	(1,060,784)
Foreign exchange gain	-	-	-	-	215,075	215,075
Fair value adjustments of properties	(788,749)	1,346,353	-	-	-	557,605
Gain on Disposition of Investment Properties		117,945	-	-	-	117,945
Fair value gain on derivative financial instruments	-	-	-	-	34,179	34,179
Share based compensation	-	-	-		(485,751)	(485,751)
Net income (loss) before income taxes	(87,267)	3,123,391	-	253,900	(3,911,752)	(621,728)
Income tax (recovery)/expense	-	-	-	-	(166,491)	(166,491)
Net income (loss) for the period	(87,267)	3,123,391	-	253,900	(3,745,261)	(455,237)

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
As at September 30, 2018						
Total current assets	9,455,444	1,370,188	-	-	917,763	11,743,391
Total non-current assets	-	43,866,349	2,002,675	22,999,267	-	68,868,291
Total liabilities	(581,619)	(19,228,793)	-	-	(9,864,795)	(29,675,206)

(Expressed in US Dollars unless otherwise noted)

	Single	Multi-Family	Preferred Capital Investments	Equity Investments	Corporate	Total
As at September 30, 2017						
Total current assets	16,858,969	1,319,730	-	-	1,348,133	19,526,834
Total non-current assets	-	42,068,960	-	12,599,788	11,981	54,680,729
Total liabilities	(4,312,953)	(15,544,572)	-	-	(14,103,937)	(33,961,462)

21. Subsequent events

i. Single Family Home Sales

Subsequent to the quarter ended, the Company closed sales on fifteen single family properties located in Atlanta located for gross proceeds of approximately $1.6 million (net proceeds of approximately $1.4 million);

ii. Mortgage repayment

Subsequent to the quarter ended September 30, 2018, the Company fully repaid the mortgage encumbering the 120 single family homes in Atlanta, Georgia.

iii. Debenture Repayment

Subsequent to the quarter ended September 30, 2018, the Company repaid approximately $3.1 million of the Debentures, leaving an outstanding balance of approximately $3.7 million.

iv. Dividend Payments

On October 15, 2018, dividends of $0.05625 per common share that were accrued on September 30, 2018 were paid resulting in total dividends of $344,681.

v. Dividends

On October 23, 2018, the Company announced that it has declared and approved quarterly dividends in the amount of $0.05625 per common share for shareholders of record on December 31, 2018 payable on or about January 15, 2019 and $0.059 per common share for shareholders of record on March 29, 2019 payable on or about April 15, 2019.

vi. New Independent Director

On November 5, 2018, the Company announced the appointment of Ojus Ajmera as an independent director of the Company subject to TSXV approval.

vii. $25.9 Million New York City Acquisition

On November 5, 2018, the Company announced that it has entered into a joint venture to acquire a 132 unit multi-family residential portfolio comprised of three buildings located in New York City (the "Tinton Portfolio"). The Tinton Portfolio, which is anticipated to close during the fourth quarter of 2018, will be acquired for approximately $25.9 million.

viii. Non-Brokered Private placement

On November 5, 2018, the Company announced a non-brokered private placement to issue up to 850,000 Common Shares and Warrants of the Company (collectively "Units") for total proceeds of approximately $6.8 million. The non-brokered private placement, which is expected to close during the fourth quarter of 2018, has an Offering Price of US$8.10 per Unit. Each Warrant will entitle the holder to purchase one Common Share of the Company at any time commencing on the date of closing until the date that is two years from the date of issuance, at a price of US$9.50 per Common Share.

22. Comparative figures

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