

A low-angle photograph of a skyscraper with a grid of windows. An American flag is flying from a pole in the foreground, partially obscuring the building. The sky is bright and clear.

**FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.**

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**CAPITAL PRESERVATION • DISCIPLINED INVESTING**

# **FINANCIAL STATEMENTS**

FIRST QUARTER 2019  
MARCH 31, 2019

Condensed Consolidated Interim Financial Statements of

**FIRM CAPITAL AMERICAN REALTY PARTNERS  
CORP.**

For the Three Months Ended March 31, 2019 and 2018

(Expressed In US Dollars)

(Unaudited)

The accompanying unaudited condensed consolidated interim financial statements of Firm Capital American Realty Partners Corp. for the three months ended March 31, 2019 have been prepared by and are the responsibility of management. These unaudited condensed consolidated interim financial statements, together with the accompanying notes, have been reviewed and approved by members of Firm Capital American Realty Partners Corp.'s audit committee. In accordance with National Instrument 51 – 102, Firm Capital American Realty Partners Corp. discloses that these unaudited condensed consolidated interim financial statements have not been reviewed by Capital American Realty Partners Corp.'s auditors.

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Condensed Consolidated Interim Balance Sheets  
(Expressed in US Dollars)

	March 31, 2019	December 31, 2018
<b>Assets</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash and cash equivalents	1,824,877	2,374,340
Restricted cash	528,544	631,266
Accounts receivable	148,035	159,387
Prepaid expenses and other assets	434,560	475,737
Assets held for sale (note 18)	1,565,027	3,085,841
<b>Total current assets</b>	<b>4,501,043</b>	<b>6,726,571</b>
<b>Non-current assets</b>		
Investment properties (note 4)	46,152,401	44,783,595
Equity Accounted and Preferred Investments (note 5)	29,183,951	28,698,180
Preferred capital investments (note 6)	2,000,354	2,000,354
<b>Total non-current assets</b>	<b>77,336,706</b>	<b>75,482,129</b>
<b>Total assets</b>	<b>81,837,749</b>	<b>82,208,700</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 17)	1,951,904	2,170,970
Mortgages payable (notes 8 and 9)	342,665	341,974
Convertible debentures payable (note 7)	-	1,346,716
Deferred share unit liabilities (note 19)	38,557	40,832
Liabilities associated with assets held for sale (note 18)	15,468	59,119
<b>Total current liabilities</b>	<b>2,348,594</b>	<b>3,959,611</b>
<b>Non-current liabilities</b>		
Mortgages payable (notes 8 and 9)	17,925,187	18,013,336
Deferred tax liability	525,358	525,358
<b>Total non-current liabilities</b>	<b>18,450,545</b>	<b>18,538,694</b>
<b>Total liabilities</b>	<b>20,799,139</b>	<b>22,498,305</b>
<b>Shareholders' Equity</b>		
Share capital (note 10)	82,931,506	82,938,306
Contributed surplus	7,006,755	5,764,738
Equity portion of convertible debentures (note 7)	-	1,242,017
Accumulated foreign currency translation reserve	3,331,940	3,331,940
Deficit	(32,231,591)	(33,566,606)
<b>Total shareholders' equity</b>	<b>61,038,610</b>	<b>59,710,395</b>
<b>Total liabilities and shareholders' equity</b>	<b>81,837,749</b>	<b>82,208,700</b>

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Condensed Consolidated Interim Statements of Income and Comprehensive Income

Three Months Ended March 31, 2018 and 2017

(Expressed in US Dollars)

	March 31, 2019	March 31, 2018
	\$	\$
<b>Revenue</b>		
Rental	1,070,863	1,000,294
Operating expenses		
Operating costs	178,713	151,927
Utilities	85,863	77,151
Property taxes	158,231	147,974
<b>Total operating expenses</b>	<b>422,807</b>	<b>377,052</b>
Net rental income	648,056	623,242
Income from equity accounted and preferred investments (note 5)	468,031	290,936
Income from preferred capital investments (note 6)	52,461	66,267
Expenses:		
General and administrative	353,576	379,233
Professional fees	54,378	86,033
Net finance costs	310,098	517,770
	<b>718,052</b>	<b>983,036</b>
<b>Net Income/(loss) before other income (expenses) and income taxes</b>	<b>450,495</b>	<b>(2,591)</b>
<b>Other income (expenses)</b>		
Foreign exchange gain	4,032	4,617
Fair value adjustments of investment properties (note 4)	1,299,863	-
Share based compensation (notes 11, 12 and 19)	2,275	1,108
<b>Total other income (expenses)</b>	<b>1,306,170</b>	<b>5,725</b>
Net income before income taxes and discontinued operations	1,756,665	3,134
Income tax expense	-	830
Net Income from continuing operations	1,756,665	2,303
Net income/(loss) from discontinued operations (net of income tax expense) (note 20)	(12,470)	174,992
<b>Net income and comprehensive income</b>	<b>1,744,195</b>	<b>177,295</b>
<b>Basic net income per share</b>		
From continuing operations (note 13)	\$ 0.25	\$ 0.00
From discontinued operations (note 13)	\$ 0.00	\$ 0.03
	<b>\$ 0.25</b>	<b>\$ 0.03</b>
<b>Diluted net income per share</b>		
From continuing operations (note 13)	\$ 0.19	\$ 0.00
From discontinued operations (note 13)	\$ 0.00	\$ 0.02
	<b>\$ 0.19</b>	<b>\$ 0.02</b>

See accompanying Notes to Condensed Consolidated Interim Financial Statements

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Periods Ended March 31, 2019 and 2018

(Expressed in US Dollars)

	Share capital	Contributed surplus	Equity portion of convertible debentures	Accumulated foreign currency translation reserve	Deficit	Total
Balance at December 31, 2017	76,842,700	5,100,195	1,242,017	3,331,940	(37,771,757)	48,745,095
Issuance costs (note 10)	(40,595)	-	-	-	-	(40,595)
Net income and comprehensive income for the period	-	-	-	-	177,295	177,295
Dividends (note 14)	-	-	-	-	(344,681)	(344,681)
Balance at March 31, 2018	76,802,105	5,100,195	1,242,017	3,331,940	(37,939,143)	48,537,114
Issuance of shares from Equity Offering (note 10(a))	6,211,579	-	-	-	-	6,211,579
Issuance of warrants from Equity Offering (note 10(a) and 12(a)(ii))	-	338,229	-	-	-	338,229
Issuance costs (note 10)	(75,378)	-	-	-	-	(75,378)
Issuance of options (notes 11 and 12(b)(i))	-	401,182	-	-	-	401,182
Expiration of options	-	(74,868)	-	-	-	(74,868)
Net income and comprehensive income for the year	-	-	-	-	5,452,063	5,452,063
Dividends (note 14)	-	-	-	-	(1,079,526)	(1,079,526)
Balance at December 31, 2018	82,938,306	5,764,738	1,242,017	3,331,940	(33,566,606)	59,710,395
Normal Course Issuer Bid (note 10(b))	(6,800)	-	-	-	-	(6,800)
Reclass of equity portion of convertible debentures	-	1,242,017	(1,242,017)	-	-	-
Net Income and comprehensive income for the period	-	-	-	-	1,744,195	1,744,195
Dividends (note 14)	-	-	-	-	(409,180)	(409,180)
Balance at March 31, 2019	82,931,506	7,006,755	-	3,331,940	(32,231,591)	61,038,610
Shares Outstanding	6,935,306					

See accompanying Notes to Condensed Consolidated Interim Financial Statements

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Condensed Consolidated Interim Statement of Cash Flows

Three Months Ended March 31, 2018 and 2017

(Expressed in US Dollars)

	March 31, 2019	March 31, 2018
	\$	\$
<b>Operating activities</b>		
Net income before income taxes and discontinued operations	1,756,665	3,134
Income tax expense	-	830
Net Income from continuing operations	1,756,665	2,303
Net income/(loss) from discontinued operations (net of income tax expense) (note 20)	(12,470)	174,992
Net income and comprehensive income	1,744,195	177,295
Add (Deduct):		
Depreciation	-	1,860
Accretion expense	82,234	68,571
Equity accounted and preferred investments, net of distributions (note 5)	(185,771)	(245,185)
Preferred Capital Investments, net of distributions (note 6)	-	(8,835)
Fair value adjustments of investment properties (notes 4 and 18)	(1,303,368)	92,575
Share based compensation (notes 11, 12 and 19)	(2,275)	(1,108)
Deferred tax liability	-	63,922
Changes in non-cash operating working capital:		
Accounts receivable	11,352	61,975
Prepaid expenses and other assets	41,177	(166,744)
Accounts payable and accrued liabilities	(281,729)	(535,165)
Total operating activities	105,815	(490,840)
<b>Investing activities</b>		
Investments in accounted and preferred investments	(300,000)	(8,104,000)
Capital expenditures on investment properties (note 4)	(68,943)	(233,914)
Proceeds from disposition of assets held for sale (note 18)	1,524,319	1,506,371
Total investing activities	1,155,376	(6,831,543)
<b>Financing activities</b>		
Issuance costs (note 10)	-	(40,595)
Normal Course Issuer bid (note 10(b))	(6,800)	-
Cash dividends paid (note 14)	(390,168)	(344,681)
Repayment of convertible debentures (note 7)	(1,428,950)	(2,071,000)
Mortgages, advances (note 8)	-	3,950,000
Repayment of mortgages (note 8)	(87,458)	(71,841)
Total financing activities	(1,913,376)	1,421,884
Increase in cash and cash equivalents and restricted cash	(652,185)	(5,900,499)
Cash and cash equivalents and restricted cash, beginning of period	3,005,606	8,106,535
Cash and cash equivalents and restricted cash, end of period	2,353,421	2,206,036
Consisting of:		
Cash and cash equivalents	1,824,877	1,262,237
Restricted cash	528,544	943,799

See accompanying Notes to Condensed Consolidated Interim Financial Statements

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

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## 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 equity accounted and preferred investments.

The financial statements were approved and authorized for issue by the Board of Directors on May 10, 2019.

## 2. Basis of preparation

### *Statement of compliance*

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

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting (“IAS 34”) as issued by the IASB and, except as described in Note 3(a) and follow the same accounting policies and methods of application as the audited annual consolidated financial statements of the Company for the year ended December 31, 2018. These condensed consolidated interim financial statements do not contain all disclosures required by IFRS and accordingly should be read in conjunction with the 2018 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 implemented and effective for the current accounting period are described in note 3(a).

### *Basis of measurement*

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

### *Basis of consolidation*

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

### *Functional currency*

As at March 31, 2019, the Company and all of its subsidiaries’ functional currencies are the US Dollar (“USD”).

## 3. Accounting policy changes

### (a) *New change 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



# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

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. Based on an assessment of the standard, the Company did not experience a significant impact on its condensed consolidated interim financial statements as leases with tenants are accounted for as operating leases in the same manner they currently are.

## 4. Investment properties

	March 31, 2019	December 31, 2018
	\$	\$
<b>Balance, beginning of period</b>	44,783,595	42,651,982
Building improvements	68,943	390,039
Fair value adjustments to investment properties	1,299,863	1,741,574
<b>Balance, end of period</b>	<b>46,152,401</b>	<b>44,783,595</b>

The investment properties as at March 31, 2019 consist of 311 multi-family apartment units in three buildings located in Florida and Texas.

The Company determined the fair value of the 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:

	March 31, 2019	December 31, 2018
<b>Key Assumptions</b>		
Capitalization rate	5.00%	5.00%
Occupancy rate	95% - 97%	95% - 97%
Weighted average net rental income	\$ 974,603	\$ 925,264

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

	March 31, 2019
	\$
Capitalization rate increase by 25 basis points	(2,117,000)
Capitalization rate decrease by 25 basis points	2,340,000

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

## 5. Equity Accounted and Preferred Investments

The Company has invested in the equity accounted and preferred investments.

(In \$millions unless otherwise stated).

Location	Units	FMV of Assets (A)	Ownership % (B)	Pro- Rata Real Estate		Preferred Investment	Common Investment	Total Investment	Preferred Yield
				Valuation (A*B)					
New York City	129	\$ 37.9	22.8%	\$ 8.6	\$ 5.0	\$ 1.3	\$ 6.3	8%	
Brentwood, MD	116	14.8	25.0%	3.7	0.0	1.2	1.2	-	
Bridgeport, CT	462	38.8	30.0%	11.7	2.8	3.3	6.1	9%	
Irvington, NJ	189	18.9	50.0%	9.5	2.6	1.0	3.6	9%	
Houston, TX	235	16.7	50.0%	8.4	3.6	1.3	4.9	9%	
Bronx, NY	132	25.1	50.0%	12.6	5.1	2.0	7.1	8%	
<b>Total/ Wtd. Avg.</b>	<b>1,263</b>	<b>\$ 152.4</b>	<b>35.7%</b>	<b>\$ 54.4</b>	<b>\$ 19.0</b>	<b>\$ 10.2</b>	<b>\$ 29.2</b>	<b>8.5%</b>	

The Company has significant influence over these equity accounted and preferred 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;

Brentwood, Maryland: Certain officers and directors of the Company have an indirect interest or management oversight of approximately 20.0% of the common equity; and

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.

Outlined below are the details of the Company's net investment in the equity accounted and preferred investment comprised of common interests, accounted for using the equity method and preferred interests, accounted as preferred capital loans, along with the balance sheet and statement of income (each at 100% of the equity accounted and preferred investment) and income allocation from the equity accounted and preferred investments for the period ended March 31, 2019 with comparable figures for the periods ended December 31, 2018 and March 31, 2018:

	March 31, 2019	December 31, 2018
<b>Equity Accounted and Preferred Investments, Beginning of period</b>	\$ 28,698,180	\$ 12,694,453
Investments		
- Preferred Equity	300,000	10,834,248
- Common Equity	1,520	4,503,500
- Redemption of Preferred Equity	-	(1,777,188)
Income Earned		
- Interest on Preferred Capital Loan	391,480	1,231,720
- Common Equity	76,551	(108,678)
- Fair Value Adjustments	-	2,742,253
Less: Distributions and interest received	(283,780)	(1,422,129)
<b>Equity Accounted and Preferred Investments, End of period</b>	<b>\$ 29,183,951</b>	<b>\$ 28,698,180</b>

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

	March 31, 2019	December 31, 2018
<b>Assets</b>		
Cash	\$ 3,996,889	\$ 4,437,769
Accounts Receivable	238,333	250,513
Other Assets	2,346,078	2,971,330
Investment Properties	152,358,838	151,062,573
	<b>\$ 158,940,139</b>	<b>\$ 158,722,185</b>
<b>Liabilities</b>		
Accounts Payable	\$ 1,272,443	\$ 1,360,264
Security Deposits	1,034,089	1,023,323
Mortgages	102,867,673	102,960,000
	<b>\$ 105,174,205</b>	<b>\$ 105,343,587</b>
<b>Equity</b>		
Retained Earnings / (Deficit)	\$ 6,574,905	\$ 6,398,977
Preferred Equity	26,576,121	26,055,870
Common Equity	20,614,908	20,923,751
	<b>\$ 53,765,934</b>	<b>\$ 53,378,597</b>
	<b>\$ 158,940,139</b>	<b>\$ 158,722,185</b>
<b>Investment Allocation for the Company</b>		
Preferred Equity	\$ 19,006,509	\$ 18,568,745
Common Equity	10,177,442	10,129,435
	<b>\$ 29,183,951</b>	<b>\$ 28,698,180</b>
	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>Net Income</b>		
Rental Revenue	\$ 3,649,371	\$ 2,191,845
Property Operating Expenses	(1,640,995)	(1,143,296)
<b>Net Rental Income</b>	<b>2,008,376</b>	<b>1,048,549</b>
General & Administrative	(274,964)	(112,217)
Interest Expense	(1,062,292)	(663,298)
Fair Value Adjustments	(0)	-
<b>Net Income Before Preferred Equity Dividend</b>	<b>\$ 671,120</b>	<b>\$ 273,034</b>
Less: Preferred Equity Dividend	(531,636)	(417,761)
<b>Net Income</b>	<b>\$ 139,484</b>	<b>\$ (144,727)</b>
<b>Income Earned by the Company</b>		
Preferred Equity	\$ 391,480	\$ 273,716
Common Equity	76,551	17,220
	<b>\$ 468,031</b>	<b>\$ 290,936</b>

## 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 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.

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

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 March 31, 2019.

## 7. Convertible debentures payable

*\$21,600,000 Convertible Debentures*

The Company had 7.0% unsecured subordinated convertible debentures ("the Debentures"). The principal balance as at December 31, 2018 was \$1.3 million and had the ability to be converted into common shares of the Company at \$33.82 per common share. The maturity date on the Debentures was July 31, 2019. During the period ended March 31, 2019, the Debentures were fully repaid and discharged.

## 8. Mortgages payable

	March 31, 2019	December 31, 2018
	\$	\$
Mortgages payable	\$ 18,267,853	\$ 18,355,310
Less: current portion	(342,665)	(341,974)
	\$ 17,925,188	\$ 18,013,336

As at March 31, 2019 the Company had mortgages payable secured by the multi-family properties of \$18,267,853 (including the current portion and net of unamortized financing costs) (December 31, 2018- \$18,355,310) which bear interest at an average rate of 4.37% (December 31, 2018- 4.37%) per annum, and have maturity dates ranging between October 2022 and June 2023.

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

	\$
2019	862,792
2020	1,150,389
2021	1,150,389
2022	11,886,768
2023	6,195,246
Total	21,245,583

## 9. Changes in net debt

The following table sets out an analysis of the movements in net debt for the period ended March 31, 2019:

	Cash & Cash Equivalents	Mortgages	Convertible Debentures	Net Debt
	\$	\$	\$	\$
As at December 31, 2018	3,005,606	(18,355,310)	(1,346,716)	(16,696,421)
Cash Flows	(422,983)	87,457	1,428,950	1,093,424
Non Cash Changes	(229,202)	-	(82,234)	(311,436)
As at March 31, 2019	2,353,421	(18,267,853)	-	(15,914,433)

## 10. Share capital

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

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, 2017	6,127,663	76,842,700
Less: Issuance Costs	-	(40,595)
Balance at March 31, 2018	6,127,663	76,802,105
Issuance of shares from equity offering (a)	808,643	6,211,579
Less: Issuance Costs	-	(75,378)
Balance at December 31, 2018	6,936,306	82,938,306
Less: Normal Course Issuer Bid (b)	(1,000)	(6,800)
Balance at March 31, 2019	6,935,306	82,931,506

(a) On November 9, 2018 the Company issued 808,643 common shares at a price of \$8.10 per share for total gross proceeds of approximately \$6.6 million. Net of the value of the warrants as further described in 12(a)(ii) of these condensed consolidated interim financial statements, the common shares had a value of approximately \$6.2 million.

(b) On January 30, 2019, the Company repurchased 1,000 common shares through a Normal Course Issuer Bid at a price of \$6.80 per share for a total gross proceeds of approximately \$0.06 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 March 31, 2019, the Company has 686,842 options issued and outstanding (December 31, 2018 – 686,842) at a \$10.30 weighted average exercise price per share (December 31, 2018 - \$10.30). Further details around the outstanding balances are detailed in note 12(b) of these condensed consolidated interim financial statements.

## 12. Derivative financial instruments

As at March 31, 2019, 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 reserve is as follows:

	Number of warrants	Warrants reserve	Weighted average exercise price
Balance at December 31, 2017	881,802	573,692	\$ 8.87
Issuance of warrants (note 12(a)(ii))	808,643	338,229	\$ 9.50
Revaluation/expiry of warrants	(31,642)	-	\$ 26.05
Balance at March 31, 2019	1,658,803	911,921	\$ 8.95

The warrant reserve was calculated using the Black Scholes option-pricing model. The key assumptions used in the model were: stock prices ranging from \$6.86 to \$7.00; exercise price ranging from \$8.50 to

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

\$9.50; expected life ranging, in years, from 2.0 to 2.7; 30% volatility; risk free rate ranging from 1.57% to 2.36%; and annual dividends of \$0.225 per share.

The Company had the following warrants outstanding and exercisable as at March 31, 2019:

<b>Issuance Date</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Expiry Date</b>
May 29, 2017 (note 12 (a)(i))	850,160	\$ 8.50	May 29, 2020
November 9, 2018 (note 12 (a)(ii))	808,643	9.50	November 9, 2020
<b>Total/ Weighted Average</b>	<b>1,658,803</b>	<b>\$ 8.95</b>	

- (i) On May 29, 2017, the Company issued 850,160 Warrants to participants in a common share offering that closed on the same day. The Warrants have an exercise price of \$8.50 per warrant and expire on May 29, 2020.
- (ii) On November 9, 2018, the Company issued 808,643 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 \$9.50 per warrant and expire on November 9, 2020.

## Options

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

The option reserve as at March 31, 2019, was calculated on the issuance date using the Black Scholes option-pricing model. The key assumptions used in the model were; stock price ranging from \$6.20 to \$7.30; exercise price ranging from \$7.50 to \$8.30 ; expected life of approximately 10 years; volatility of 30%; risk free rate ranging from 1.69% to 2.22%; and dividends of \$0.225 per share.

	<b>Number of Options</b>	<b>Options reserve</b>	<b>Weighted average exercise price</b>
Balance at December 31, 2017	507,159	476,615 \$	10.92
Expiry of Options	(68,717)	(74,868) \$	7.50
Issuance of Options (note 12(b)(i))	248,400	401,182 \$	8.30
<b>Balance at March 31, 2019</b>	<b>686,842</b>	<b>802,929 \$</b>	<b>10.30</b>

The Company had the following options outstanding and exercisable on March 31, 2019.

<b>Issuance Date</b>	<b>Number of Options</b>	<b>Weighted average exercise price</b>	<b>Expiry Date</b>
May 12, 2014	69,704	\$ 32.25	May 12, 2019
August 17, 2017	368,738	\$ 7.50	August 17, 2027
November 19, 2018 (note 12 (b)(i))	248,400	\$ 8.30	November 19, 2028
<b>Total/ Weighted Average</b>	<b>686,842</b>	<b>\$ 10.30</b>	

- (i) On November 19, 2018, the Company issued 248,400 Options to members of senior management and the board. The Options have an exercise price of \$8.30 per option and expire on November 19, 2028.

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

## 13. Net income / (loss) per share

	Three Months Ended	
	March 31, 2019	March 31, 2018
	\$	
Net income before income taxes and discontinued operations	1,756,665	3,134
Income tax expense	-	830
Net Income from continuing operations	1,756,665	2,303
Net income/(loss) from discontinued operations (net of income tax expense) (note 20)	(12,470)	174,992
Net income and comprehensive income	\$ 1,744,195	\$ 177,295
Weighted average shares - basic	6,935,639	6,127,716
Weighted average shares - diluted	9,301,024	7,851,819
<b>Basic net income / per share</b>		
From continuing operations	\$ 0.25	\$ 0.00
From discontinued operations	\$ 0.00	\$ 0.03
	\$ 0.25	\$ 0.03
<b>Diluted net income / per share</b>		
From continuing operations	\$ 0.19	\$ 0.00
From discontinued operations	\$ 0.00	\$ 0.02
	\$ 0.19	\$ 0.02

## 14. Dividends

For the period ended March 31, 2019, the Company declared dividends of \$0.059 per common share resulting in total dividends of \$409,180 (March 31, 2018- 344,681).

## 15. Financial instruments and risk management

### *Risk management*

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

### *Market risk*

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

### *Foreign currency risk*

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

	CAD
	\$
Cash and other assets	128,842
Accounts payable and accrued liabilities	(98,941)
Total	29,901
Effect of +/- 10% change in exchange rate	2,990

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

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## *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, counterparty or lender 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 and lenders. 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 expected credit 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.

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

<b>March 31, 2019</b>	<b>Level 3</b>
Assets held for sale	\$ 1,565,027
Investment properties	46,152,401

There were no transfers between level 1 and 2 during the period ended March 31, 2019.



# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

<b>December 31, 2018</b>	<b>Level 3</b>
Assets held for sale	\$ 3,085,841
Investment properties	44,783,595

## 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 condensed consolidated interim 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 Company monitors these different debts and mortgages and is in compliance throughout the three months ended March 31, 2019.

## 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

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

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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**").

For the three months ended March 31, 2019, the Company has accrued and/or paid approximately \$252,628 (March 31, 2018 - \$214,937) in the form of asset, property, loan servicing, acquisition, placement and construction development property management fees. The Company has accrued \$411,558 (March 31, 2018 - \$593,353) under this Management Agreement, which is included in accounts payable and accrued liabilities.

## 18. Assets held for sale

As at March 31, 2019, the Company had 17 single family homes located in Georgia (December 31, 2018– 31 units). 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.

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

	March 31, 2019	December 31, 2018
	\$	\$
<b>Balance, beginning of period</b>	3,085,841	16,019,657
Building Improvements	-	52,014
Dispositions	(1,524,319)	(13,678,088)
Fair value adjustments to assets held for sale	3,505	692,257
Balance, end of period	1,565,027	3,085,841
<b>Liabilities</b>		
Accounts payable and other liabilities	15,468	59,119
Liabilities related to assets held for sale	15,468	59,119

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

	Period Ended	
	March 31, 2019	March 31, 2018
	\$	\$
Operating activities	(59,626)	397,628
Investing activities	1,524,319	1,482,039
Net cash inflow	1,464,693	1,879,667

## 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.

## 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 accounted and preferred investments and corporate. The segmented information based on geographical and asset types are outlined below. Note that the segments of Georgia and New York, Tri State Area combined (excluding income from equity investments and preferred capital investments) and the reportable segment of the single family homes represent the Company’s discontinued operations:

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

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Corporate	Total
<b>Three Month Period Ended March 31, 2019</b>	\$	\$	\$	\$	\$	\$	\$
Rental revenue	60,581	638,144	-	-	439,960	-	1,138,684
Operating costs	(14,209)	(107,421)	-	-	(76,096)	-	(197,726)
Utilities	(23,539)	(68,484)	-	-	(18,858)	-	(110,880)
Property taxes	(38,808)	(91,085)	-	-	(68,105)	-	(197,998)
Net rental income	(15,975)	371,154	-	-	276,901	-	632,080
Income from equity accounted and preferred investments	-	-	15,757	331,845	120,429	-	468,031
Income from preferred capital investments	-	-	-	52,461	-	-	52,461
General and administrative	-	-	-	-	-	(353,576)	(353,576)
Professional fees	-	-	-	-	-	(54,378)	(54,378)
Finance costs	-	-	-	-	-	(310,098)	(310,098)
Segment income (loss) from operations	(15,975)	371,154	15,757	384,306	397,330	(718,052)	434,520
Foreign exchange gain	-	-	-	-	-	4,032	4,032
Fair value adjustments of properties	3,505	1,324,756	-	-	(24,893)	-	1,303,368
Share based compensation	-	-	-	-	-	2,275	2,275
Net income (loss) before income taxes	(12,470)	1,695,910	15,757	384,306	372,437	(711,745)	1,744,195
Income tax (recovery)/expense	-	-	-	-	-	-	-
Net income (loss) for the period	(12,470)	1,695,910	15,757	384,306	372,437	(711,745)	1,744,195

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

	Georgia	Florida	Maryland	New York Tri State Area*	Texas	Corporate	Total
<b>As at March 31, 2019</b>							
Total current assets	1,647,891	647,756	-	-	320,058	1,885,339	4,501,043
Total non-current assets	-	26,572,700	1,233,932	25,041,639	24,488,434	-	77,336,706
Total liabilities	(15,468)	(11,945,824)	-	-	(6,822,061)	(2,015,787)	(20,799,139)

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

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

	Single	Multi-Family	Preferred Capital Investments	Equity Accounted and Preferred Investments	Corporate	Total
<b>Three Month Period Ended March 31, 2019</b>	\$	\$	\$	\$	\$	\$
Rental revenue	60,581	1,078,104	-	-	-	1,138,684
Operating costs	(14,209)	(183,517)	-	-	-	(197,726)
Utilities	(23,539)	(87,342)	-	-	-	(110,880)
Property taxes	(38,808)	(159,190)	-	-	-	(197,998)
Net rental income	(15,975)	648,056	-	-	-	632,080
Income from equity accounted and preferred investments	-	-	-	468,031	-	468,031
Income from preferred capital investments	-	-	52,461	-	-	52,461
General and administrative	-	-	-	-	(353,576)	(353,576)
Professional fees	-	-	-	-	(54,378)	(54,378)
Finance costs	-	-	-	-	(310,098)	(310,098)
Segment income (loss) from operations	(15,975)	648,056	52,461	468,031	(718,052)	434,520
Foreign exchange gain	-	-	-	-	4,032	4,032
Fair value adjustments of properties	3,505	1,299,863	-	-	-	1,303,368
Share based compensation	-	-	-	-	2,275	2,275
Net income (loss) before income taxes	(12,470)	1,947,919	52,461	468,031	(711,745)	1,744,195
Income tax (recovery)/expense	-	-	-	-	-	-
Net income (loss) for the period	(12,470)	1,947,919	52,461	468,031	(711,745)	1,744,195

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

	Single	Multi-Family	Preferred Capital Investments	Equity Accounted and Preferred	Corporate	Total
<b>As at March 31, 2019</b>						
Total current assets	1,647,891	967,818	-	-	1,885,339	4,501,043
Total non-current assets	-	46,152,401	2,000,354	29,183,951	-	77,336,706
Total liabilities	(15,468)	(18,767,885)	-	-	(2,015,787)	(20,799,139)

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

# FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in US Dollars unless otherwise noted)

For the three months ended March 31, 2019 and 2018

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## 21. Subsequent events

### *i. \$1.0 million Promissory Note*

On April 2, 2019, the Company received a \$1.0 million 8.5% interest only promissory note from the Firm Capital Corporation, a mortgage banker that is related to certain officers and directors of the Company. The promissory note is due on December 1, 2019.

### *ii. \$12.2 million Hartford, CT Acquisition*

On April 4, 2019, the Company closed an equity accounted and preferred investment to acquire a 109 unit multi-family residential portfolio comprised of two buildings located in Hartford, CT (the "Hartford portfolio"). The purchase price of the Hartford portfolio was \$12.2 million (excluding transaction costs). The acquisition was financed with a \$10.0 million 4.81% first mortgage due April 3, 2039 and \$3.0 million of equity. The Company contributed \$0.6 million (100% ownership) of preferred equity and \$1.2 million of common equity, representing a 50% ownership stake in the investment.

### *iii. Dividend Payments*

On April 15, 2019, dividends of \$0.059 per common share were paid in the amount of \$409,180.

### *iv. Single Family Home Sales*

Subsequent to March 31, 2019, the Company closed sales on five single family properties located in Atlanta for gross proceeds of approximately \$0.5 million (net proceeds of approximately \$0.5 million).

### *v. Dividends*

On May 10, 2019, the Company declared and approved quarterly dividends in the amount of \$0.059 per common share for shareholders of record on September 30, 2019 payable on or about October 15, 2019.

## 22. Comparative figures

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