MAXUS REALTY TRUST, INC.



DISCLOSURE FOR FISCAL YEAR ENDED DECEMBER 31, 2015

104 Armour, North Kansas City, Missouri 64116
(Address of principal executive offices)

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PART I

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in this report. This discussion may contain forward-looking statements based on current judgments and current knowledge of management, which are subject to certain risks, trends and uncertainties that could cause actual results to vary from those projected, including but not limited to, expectations regarding our performance that are based on certain assumptions.

Forward-Looking Statements

This annual report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this annual report regarding the prospects of our industry and our prospects, plans, financial position and business strategy may constitute forward-looking statements. These forward-looking statements are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: (i) the ability to retain tenants, (ii) general economic, business, market and social conditions, (iii) trends in the real estate investment market, (iv) projected leasing and sales, (v) competition, and (vi) inflation. Readers are urged to consider these factors carefully in evaluating the forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included herein are made only as of the date of this year-end report, and we do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

General

Maxus Realty Trust, Inc. (the "Trust") is a corporation formed on June 14, 1984. The Trust's purpose is to acquire interests in income-producing real properties, primarily multifamily apartments. Unless the context requires otherwise, as used in this report "we," "our," "us," and the "Company" refer to the Trust. Our multifamily apartment communities are referred to as "communities," "multifamily communities," "properties," or "multifamily properties" in the following discussion.

The Trust's corporate offices are located at 104 Armour Road, North Kansas City, Missouri, 64116, and the telephone number is (816) 303-4500. Our website is located at www.mrti.com. On our website we make available free of charge our annual and quarterly reports. Our common stock is quoted on the OTC Pink market tier of the OTC market, which operates an interdealer quotation system and electronic messaging service, called OTC Link®, for broker-dealers to trade OTC equity securities. We post our annual and quarterly reports electronically with the OTC market, which can be found, along with additional information about how the OTC market operates, at the following website address: www.otcmarkets.com (symbol "MRTI").

Financial Information about Segments

Our operations have been aggregated into two segments: apartments and retail. The Trust is primarily engaged in the ownership and acquisition of ownership interests in multifamily apartment communities. Although located in different geographic locations, each of our current multifamily apartment communities has similar economic characteristics, residents, amenities and services. The multifamily apartment communities we own an interest in consist primarily of market-rate apartments with rents paid by the residents and include 26 properties with 6,972 apartment homes as of December 31, 2015. Multifamily apartment communities account for 98.42% of the Trust's total revenues for the year ended December 31, 2015. The retail real estate operations consist of two properties with approximately 92,000 square feet consisting of 22 retail tenants as of December 31, 2015. The retail operations account for 1.58% of the Trust's total revenues for the year ended December 31, 2015. Our current multifamily communities are located in Arkansas, Florida,

Kansas, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, and Texas. Our current retail real estate properties are located in Louisiana and Missouri.

Description of the Company's Business

Since 2004, the Trust has been structured as what is commonly referred to as an umbrella partnership Real Estate Investment Trust ("REIT"), or UPREIT. Since the 2004 restructuring, the Trust has conducted and intends to continue to conduct all of its activities through its subsidiary Maxus Operating Limited Partnership, a Delaware limited partnership ("MOLP"). Maxus Realty GP, Inc., a Delaware corporation that is a wholly owned subsidiary of the Trust, is the sole general partner of MOLP and has a 0.001% interest in MOLP. As the sole general partner of MOLP, Maxus Realty GP, Inc. generally has the exclusive power under MOLP's limited partnership agreement to manage and conduct the business of MOLP, subject to certain limited approval and voting rights of the limited partners.

Pursuant to MOLP's limited partnership agreement, MOLP may issue limited partnership operating units (and corresponding limited partnership interests) in return for cash or other property that is contributed to MOLP. Holders of MOLP limited partnership operating units may elect to have their units redeemed (and corresponding limited partnership interests) in return for either (at the Trust's election) the issuance of the Trust's common stock or cash (for a price per unit based on the average trading price as reported on the OTC market of the Trust's common stock, over a ten day period preceding the redemption) after a one year holding period. If MOLP limited partnership operating units are redeemed for shares of common stock in the Trust, such units are redeemable on a one unit-for-one share basis. Through December 31, 2015, two MOLP holders elected to have their limited partnership operating units redeemed which the Board of Trustees of the Trust (the "Board") elected to pay in cash. Holders of MOLP limited partnership operating units are not entitled to rights as shareholders of the Trust prior to conversion of their MOLP limited partnership operating units. The Trust believes the UPREIT structure enables the Trust to make additional acquisitions of properties from tax-motivated sellers. As an UPREIT, the Trust may issue limited partnership operating units to tax-motivated sellers who contribute properties to MOLP, which allows those sellers to realize certain tax benefits that would be unavailable to them if the Trust purchased those properties directly for cash or common stock. As of December 31, 2015, the Trust owns approximately 87.91% of the outstanding limited partnership interests in MOLP as well as the general partnership interest. Non-controlling holders of MOLP limited partnership operating units own 12.09% of the limited partnership interests in MOLP, which is represented by 155,441 MOLP operating units. A fractional interest is owned by the general partner of MOLP. Of the 12.09% non-controlling partnership interests in MOLP, affiliates of the Trust own 88.25% (or 137,181 of the 155,441 MOLP non-controlling operating units outstanding).

Fifteen of the properties in which the Trust holds an interest are owned by single member limited liability companies that are directly and wholly owned by MOLP. In addition, MOLP owns an interest in the other limited liability companies that are not wholly owned that hold real property assets as well as other property interest: MOLP owns a 52% interest in each of the limited liability companies that own Madison at Melrose Apartments ("Madison at Melrose"), Schoettler Village Apartments ("Schoettler Village"), Kirkwood Station Acquisition, LLC ("Kirkwood Station"), The Villages of Bogey Hills ("Bogey Hills"), Rosehill Pointe Apartments ("Rosehill") and Park Edge Apartments ("Park Edge"); MOLP owns a 61% interest in the limited liability company that owns Glen at Polo Park Apartments ("Glen"); MOLP, through King's Court/Terrace Acquisition, LLC ("King's Court/Terrace"), a wholly owned subsidiary of MOLP, owns a 59% tenant in common ownership interest in The Reserve at Tranquility Lake Apartments ("Tranquility"); Forest Place TIC 1, L.L.C., a wholly owned subsidiary of MOLP, owns a 52% tenant in common ownership interest in Forest Place Apartments ("Forest Place"); MOLP owns a 90% interest in the limited liability company that owns Cross Creek Apartments ("Cross Creek"); and MOLP owns a 50% interest in the limited liability company that owns Astoria Apartments Homes ("Astoria"). In each such case where MOLP owns a majority interest, except for Tranquility and Forest Place, in which MOLP holds an undivided interest, MOLP has the authority to generally take actions on behalf of the limited liability companies or the underlying properties without needing the approval of any of the non-controlling owners.

Operating and Business Strategy

We believe producing consistent earnings growth through property operations and acquisitions has been and will continue to be crucial to our success. We rely heavily on experienced management capabilities and innovative operating strategies, which help to maximize the earnings potential of our communities.

Real Estate Investments and Market Balance: We believe we are well positioned in our current markets and have the expertise to take advantage of new opportunities as they arise. These capabilities, combined with what we believe to be a conservative financial structure, are designed to allow us to concentrate our growth efforts toward selective opportunities that will enhance our strategy of having a portfolio of assets that meet the requirements of our residents.

We currently intend to continue to own assets located in our core markets, within the midwest and southeast regions of the United States, which we believe provides an advantage due to economies of scale. The Trust believes, where possible, it is best to operate with a strong base of properties to benefit from the personnel allocation and the market strength associated with managing multiple properties in the same market. We hope to improve our geographically diverse portfolio of apartment communities, which averaged in the last three years "B+/A-" in quality (defined below) by selling apartment communities that are inconsistent with our portfolio strategy and investing the proceeds from such sales in the acquisition of higher-quality apartment communities.

Our portfolio strategy seeks predictable rent growth from a portfolio of "A", "B" and "C" quality market-rate apartment communities, which average "B/B+" in quality and are diversified among the midwest and southeast job growth markets in the United States, as measured by total apartment value. We measure our apartment communities quality based on average rents of our apartment home compared to local market average rents as reported by a third-party provider of commercial real estate performance and analysis. Under this rating system, we classify as (i) "A" quality apartment communities those earning rents greater than 125% of the local market average, (ii) "B" quality apartment communities those earning rents 90% to 125% of the local market average and (iii) "C" quality apartment communities those earning rents less than 90% of the local market average. We classify as "B+/A-" those apartment communities earning rents ranging from 100% to 125% of the local market average. Although some companies and analysts in the multifamily real estate industry use apartment community class ratings of "A", "B" and "C", some of which are tied to local market rent averages, the metrics used to classify apartment community quality as well as the timing for which local market rents are calculated may vary from company to company. Accordingly, our rating system for measuring apartment community quality is neither broadly nor consistently used in the multifamily real estate industry.

We strive to upgrade the quality of our portfolio through the sale of our interests in apartment communities with lower projected returns, lower operating margins, and lower expected future rent growth, and we generally reinvest the sale proceeds in apartment communities already in our portfolio, through capital improvements or through the purchase of other apartment communities. During the year ended December 31, 2015, our execution of this strategy resulted in the sale of approximately 4.5% of our portfolio with average revenue per apartment home of $630 per month. We reinvested the net sales proceeds through the acquisition of interests in two apartment communities with average revenue per apartment home of $755 and $1,090 per month, respectively, at their date of purchase.

We attempt to maximize capital appreciation of our properties by investing in markets characterized by conditions favorable to multifamily property appreciation. Our target markets generally feature one or more of the following:

- Strong economic growth leading to household formation and job growth, which we believe in turn should lead to high demand for our apartments;
- An attractive quality of life, which may lead to high demand and retention for our apartments and allow us to more readily increase rents;
- High barriers to entry where, because of factors such as land scarcity or government regulation, it is difficult or costly to build new apartment properties, which leads to low supply of apartments; and
- High single family home prices making our apartments a more economical housing choice.

Subject to market conditions, the Trust intends to continue to look for opportunities to acquire additional existing multifamily communities and complete selective property dispositions.

We intend to continue to focus on strengthening our capital and liquidity positions by generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs. The Trust intends to meet its liquidity requirements through cash flows generated from operations, available cash balances, proceeds from property dispositions, the use of debt and secured mortgages and potentially by raising additional capital through debt or equity offerings. Historically, the Trust has been able to increase its borrowing capacity as the Trust considers refinancing alternatives for existing properties, particularly those with upcoming debt maturities.

Experienced Property Management: Maxus Properties, Inc. ("MPI") provides property management services for each of the properties the Trust holds an interest in. The Trust believes that MPI's property management depth enables the Trust to deliver quality services, promote resident satisfaction, and retain residents, thereby reducing operating expenses. MPI utilizes a staff of professionals and support personnel, including certified property managers, experienced apartment managers and leasing agents, and trained apartment maintenance technicians. The Trust believes MPI's on-site personnel are trained to deliver high quality services to the residents, and MPI strives to motivate its on-site employees through incentive compensation arrangements based upon operational results, rental rate increases, occupancy levels, and levels of lease renewals achieved.

Operations: Our results for the year ended December 31, 2015 reflect an increase in rental revenue as compared to the same period in 2014, which we believe was primarily due to generally favorable economic conditions, favorable demographics and a manageable supply of new multifamily housing, which have resulted in increases in realized rental rates and stable average occupancy levels. Excluding the effect of properties acquired in 2015 and 2014, total revenues increased 3.7% in the year ended December 31, 2015 compared to 2014. For the year ended December 31, 2015 we had total revenue of $3.2 million generated from properties we acquired in 2015 and $7.1 million generated from properties acquired in 2014.

The Trust had net income attributable to common shareholders of $4.5 million and $13.4 million for the years ended December 31, 2015 and 2014, respectively. Our results for these years are summarized as follows:

	2015	2014
Operating income	$ 17,650	$ 15,294
Interest income	17	26
Interest expense	(15,554)	(14,901)
Loss on debt extinguishment	(79)	--
Gain on bargain purchase	886	2,020
Gain on sale	3,022	6,292
Impairment of assets	(1,066)	--
Gain from insurance recovery	1,689	4,551
Gain (loss) from insurable event, net	61	293
Income from continuing operations	6,626	13,575
Income from discontinued operations	--	2,768
Net income	6,626	16,343
Net income attributable to non-controlling interests	(2,103)	(2,939)
Net income attributable to common shareholders	$ 4,523	$ 13,404

The gain on bargain purchase is the result of the acquisition of the Cape Fear Multifamily (Astoria apartment community) in 2015 and Applewood Partners, L.P. in 2014. These gains resulted from the estimated difference between the fair value of the net assets acquired and the actual consideration paid, as required by U.S. generally accepted accounting principles.

The gain on sale is related to the disposition of Applewood Partners, L.P. (Ashbrooke Apartments) and Fountainhead Apartments in 2015 and Chalet Apartments in 2014.

The asset impairment for the year ended December 31, 2015 relates to a fire destroying one building at Jefferson Park and hail damage to all roofs at Highland Pointe. The gain from insurance recovery for the year ended December 31, 2015 is related to insurance proceeds related to the reconstruction of the fire damaged building at Jefferson Park and hail damaged roofs at Highland Pointe. For the year ended December 31, 2014 the gain from insurance recovery relates to insurance proceeds related to the fire at Forest Place.

The Trust believes an intense focus on operations is necessary to realize consistent, sustained earnings growth. Ensuring resident satisfaction, increasing rents as market conditions allow, maximizing rent collections, maintaining property occupancy at optimal levels, and controlling operating costs comprise the Trust's principal strategies to maximize property financial results. The Trust believes that MPI's web-based property management and revenue management systems strengthen on-site operations and allow MPI to quickly adjust rental rates as local market conditions change. The Trust, through MPI, generally attempts to stagger lease terms based on vacancy exposure by apartment type, so lease expirations are matched to each property's seasonal rental patterns. The Trust, through MPI, generally offers leases ranging from six to twelve months with individual property marketing plans structured to respond to local market conditions. In addition, MPI conducts ongoing customer service surveys to help ensure timely response to residents' changing needs and a high level of satisfaction.

Liquidity and Capital Resources

Liquidity is the ability to meet present and future financial obligations. Our primary source of liquidity is cash flow from our operations. Additional sources are proceeds from property sales, proceeds from refinancing of existing property loans, equity or debt financing, and borrowings under new property loans.

Our principal uses for liquidity include normal operating activities, payments of principal and interest on outstanding debt, capital expenditures, distributions to shareholders, acquisitions of properties and re-purchases of outstanding shares. We typically use our cash and cash equivalents, including cash provided by operating activities, to meet short-term liquidity needs. In the event that our cash is not sufficient to cover our short-term liquidity demands, we historically have had additional means, such as borrowing availability under our line of credit, to help us meet our short-term liquidity demands. We expect to meet our long-term liquidity requirements, such as debt maturities and property acquisitions, primarily through secured long-term borrowings, the issuance of debt and/or equity securities (including MOLP operating units), the sale of properties and cash generated from operations.

Cash Flow Analysis

At December 31, 2015, we had $3.7 million in cash and cash equivalents, a decrease of $0.7 million from December 31, 2014. In addition, at December 31, 2015 we had approximately $1.9 million of certificates of deposit and $8.6 million of restricted cash. Restricted cash primarily consists of reserves and escrows held by lenders for capital additions, property taxes, and insurance. The following discussion relates to changes in cash and cash equivalents due to operating, investing and financing activities, which are presented in our consolidated statements of cash flows.

	For The Years Ended December 31,	
(dollars in thousands)	2015	2014
Net cash flows provided by operating activities	$ 19,079	$ 11,304
Net cash flows used in investing activities	(30,329)	(17,369)
Net cash flows provided by financing activities	10,518	8,917

Operating Activities

Our properties generate cash flow in the form of rental revenues, which is reduced by debt service payments, the funding of certain escrows and property-level operating expenses. Property-level operating expenses consist primarily of property management fees and payroll costs (paid to MPI), utilities, cleaning, repairs, insurance, security and building maintenance costs and property taxes. Additionally, our operating expenses include acquisition and disposition expenses.

For the year ended December 31, 2015, our net cash flows provided by operating activities of $19.3 million was primarily related to our income from continuing operations of $6.6 million, adjusted for noncash items including depreciation and amortization of $12.8 million, amortization of deferred loan costs of $0.6 million, asset impairment charge of $1.1 million, the decrease in escrows and reserves of $2.8 million, the increase in accounts payable and other liabilities of $1.2 million, offset by the Astoria gain on bargain purchase and debt extinguishment of $1.1 million, gain on sale of Ashbrooke Apartments and Fountainhead apartments of $3.0 million and gain from insurance recovery of $1.7 million. Net cash flows provided by operating activities increased by $7.8 million compared with the year ended December 31, 2014.

Investing Activities

Our investing activities generally consist of real estate-related transactions (purchases and sales of properties) and payments of capitalized property-related expenditures.

For the year ended December 31, 2015, net cash flows used in investing activities was $30.3 million. This was primarily driven by investment in new operating properties including Cross Creek, Astoria, Grand at Pearl (Colony), Arbors at Natchez Trace (“Arbors”), Villaggio, and Mallard Creek. In total, approximately $26.8 million was used to acquire interests in these apartment communities. In addition, a total of $8.2 million was used for capital investment on the Trust’s operating properties and $1.3 million was placed in a repair escrow. This was offset by net cash proceeds from the sale of Fountainhead and Ashbrooke totaling $5.9 million.

Financing Activities

Our financing activities generally consist of funding property purchases by raising capital from investors and securing mortgage notes payable as well as paying distributions to non-controlling interests in limited liability companies that are not wholly owned by MOLP and making principal payments on mortgage notes payable.

For the year ended December 31, 2015, net cash flows provided by financing activities of $10.5 million was primarily attributed to the borrowings of $18.2 million, of which is primarily related to draws on the Missouri Bank & Trust ("MBT") line of credit. In addition, the Trust generated net proceeds of $22.4 million through mortgage note refinancings and a supplemental mortgage loan. These amounts were offset by principal payments on mortgage notes payable, note payable repayments and distributions to non-controlling members of limited liability companies that are not wholly owned by MOLP.

Mortgage Debt

At December 31, 2015 and 2014, we had $373.8 million and $280.5 million, respectively, in consolidated mortgage notes outstanding.

The Trust, through Foothills Acquisition I, LLC, Foothills Acquisition II, LLC and Foothills Acquisition III, LLC, wholly owned subsidiaries of MOLP, purchased Foothills Apartments ("Foothills") on January 24, 2014. Foothills had three Housing and Urban Development ("HUD") mortgage loans in place that the Trust assumed at the date of purchase. The first mortgage loan with an original principal balance of $4.0 million accrues interest at 3.2% and matures July 1, 2037. The mortgage loan amortizes a debt discount of $349 thousand. The second loan, with an original principal balance of $4.0 million, accrues interest at 3.8% and matures November 1, 2047. The second mortgage loan amortizes a debt discount in the amount of $157 thousand. The third mortgage loan with an original principal balance of $21.6 million accrues interest at 3.25% and matures May 1, 2050. The third mortgage loan amortizes a debt discount in the amount of $2.5 million.

On June 11, 2014, the Trust through King's Court/Terrace Acquisition, LLC ("King's Court/Terrace"), a wholly owned subsidiary of MOLP, jointly purchased Reserve at Tranquility Lake Apartments ("Tranquility") with Grand Acquisition, LLC and USA Tranquility Lake 2, LLC, as the other two tenants in common, both of which are related parties. King's Court/Terrace acquired a 59% interest in Tranquility. A portion of the acquisition was financed by the Trust with a mortgage loan from BMO Harris Bank, NA in the amount of $23.7 million. On September 25, 2014, the Tranquility mortgage note was refinanced in the amount of $28.5 million, with a maturity date of October 1, 2024 and a fixed interest rate of 3.97%. After the payment of certain settlement costs, Tranquility received $4.7 million in net refinancing proceeds of which $4.0 million was distributed to Tranquility's tenants in common and $370 thousand was paid to a related party (David L. Johnson) for amounts previously advanced. The Trust's portion of such proceeds was $2.4 million of which $2.3 million was used to pay down the MBT line of credit. The Trust, MOLP and David L. Johnson, Chairman, President, Chief Executive Officer and a Trustee of the Trust, and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock, are carve-out guarantors for the loan.

On August 4, 2014, the Trust entered into a $7.0 million second mortgage note for Bogey Hills at a fixed interest rate of 4.87%. The loan has a seven year term, maturing October 1, 2021 and is secured by a second lien on Bogey Hills' assets. In conjunction with the loan, a $6.5 million distribution was made to Bogey Hills' members. The Trust's portion of the distribution was $3.4 million of which $3.0 million was used to pay down the MBT line of credit.

On August 28, 2014, the Trust acquired a 77% interest in Applewood Partners, L.P. ("Applewood"), which holds the Ashbrooke Apartments. Pursuant to the acquisition, the Trust assumed the mortgage debt totaling $9.3 million. The loan matures September 1, 2024 and has a fixed interest rate of 4.04%. The Trust and MOLP are carve-out guarantors on the loan.

On September 30, 2014, the Forest Park and Valley Forge mortgage notes were refinanced with a single fixed rate loan. The loan has a principal amount of $7.4 million, matures October 1, 2024 and has a fixed interest rate of 4.22%. After the payment of certain settlement costs, the Trust received $3.5 million from the refinancing proceeds of which $3.2 million was used to pay down the MBT line of credit. The Trust, MOLP and David L. Johnson, Chairman, President, Chief Executive Officer and a Trustee of the Trust, and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock, are carve-out guarantors on the loan.

On March 23, 2015, the Jefferson Park mortgage note was refinanced with NorthMarq Capital, L.L.C. with a fixed rate mortgage note. The note is in the amount of $11.0 million, matures April 1, 2025 and has a fixed interest rate of 3.54%.

The Trust received net proceeds of $5.3 million from the refinancing, which was used to pay down the MBT line of credit. In addition, the Trust recognized loss on debt extinguishment of $288 thousand.

On June 18, 2015, the Trust obtained a $5.3 million second mortgage loan for Rosehill Pointe at a fixed interest rate of 5.19%. The loan has a maturity date of April 1, 2022 and is secured by a second lien on Rosehill Pointe's assets. In conjunction with the loan, a $3.0 million distribution was made to Rosehill Pointe's members. The Trust's portion of the distribution was $1.6 million.

On July 14, 2015, the Trust entered into a mortgage loan of $11.3 million with BMO Harris Bank, NA related to the acquisition of the Cross Creek apartment community. The mortgage loan is secured by Cross Creek's assets and contains a guarantee of repayment from the Trust. The mortgage loan matures on July 13, 2018 and has a variable interest rate equal to the one month LIBOR rate plus 2.25% (2.56% at December 31, 2015). On July 17, 2015, the Trust executed an interest rate cap with BMO Harris Bank, NA that is designed to cap the interest rate at 5%.

On July 28, 2015, the Trust obtained a second mortgage on the Berkshire apartment community in the amount of $4.0 million. The loan has a maturity date of November 1, 2019, and has a fixed interest rate of 4.92%. The note is secured by the assets of Berkshire apartments.

On September 18, 2015, the Trust obtained a second mortgage on the Glen at Polo Park ("Glen") apartment community in the amount of $2.3 million. The loan has a maturity date of March 1, 2023, and has a fixed interest rate of 5.25%. Subsequent to the closing of the loan, a $2.3 million distribution was made to Glen's members. The Trust's portion of the distribution was $1.4 million.

In connection with the acquisition of a controlling interest in Cape Fear Multifamily, LLC, which held Astoria Apartments ("Astoria"), the Trust assumed a HUD mortgage loan with a balance of $22.3 million, not including a premium recorded on the loan of $2.0 million upon completing the acquisition. The mortgage loan had a fixed interest rate of 5.6% and matures August 1, 2053. On December 1, 2015, the Trust executed an amendment to the HUD mortgage loan which reset the interest rate to a fixed rate of 4.31%. No other terms of the original loan were modified. This loan modification was determined to be a substantial modification to the original debt instrument. As a result, we recognized a gain on debt extinguishment of $0.2 million.

On October 1, 2015, the Trust entered into a mortgage loan with BMO Harris Bank, NA related to the acquisition of the Grand at Pearl apartment community. The mortgage loan is secured by Grand at Pearl's assets and contains a guarantee of repayment from the Trust. The mortgage loan matures in October 1, 2018 and has an adjustable interest rate equal to the one month LIBOR rate plus 2.25% (2.49% at December 31, 2015). In conjunction with this loan, the Trust executed an interest rate cap with BMO Harris Bank, NA that is designed to cap the interest rate at 4.0%.

On October 22, 2015, the Trust entered into a mortgage loan with Northmarq Capital related to the acquisition of the Arbors at Natchez Trace apartment community. The mortgage loan is secured by the assets of Arbors. The mortgage loan matures November 1, 2025 and has a fixed interest rate of 4.45%.

On December 29, 2015, the Trust entered into a mortgage loan with Northmarq Capital related to the acquisition of the Villaggio apartment community. The mortgage loan is secured by the assets of Villaggio. The mortgage loan matures on January 1, 2023 and has an adjustable interest rate equal to the one month LIBOR rate plus 2.66% (3.09% at December 31, 2015). In conjunction with this loan, the Trust executed an interest rate cap with Chatham Financial that is designed to cap the interest rate at 6.75%.

On December 31, 2015, in conjunction with the acquisition of the Mallard Creek apartment community, the Trust assumed the existing HUD loan associated with the property. The loan had an outstanding balance of $6.9 million, carried a fixed interest rate of 3.28% and matures August 1, 2050. A debt discount of $0.2 million was recorded upon acquisition.

Property Name [a]	Balance at December 31, 2015 (amounts in thousands)	Interest Rate	Fixed or Variable	Maturity Date
Kirkwood Station [e]	$ 21,102	2.39%	Variable	June 1, 2016
Bicycle Club Apartments	9,756	6.19%	Fixed	September 1, 2016
The Landings Apartments	5,420	6.19%	Fixed	September 1, 2016
Highland Pointe Apartments	11,730	5.67%	Fixed	March 1, 2017
Barrington Hills Apartments [b]	4,694	3.94%	Variable	December 1, 2017
Province of Briarcliff[d]	10,267	5.64%	Fixed	January 1, 2018
Cross Creek Apartments[e]	11,250	2.56%	Variable	July 13, 2018
Colony Apartments [e]	11,511	2.49%	Variable	October 1, 2018
Elements of Belle Rive - 1st [d]	9,740	6.47%	Fixed	June 1, 2019
Elements of Belle Rive - 2nd [d]	2,592	4.74%	Fixed	June 1, 2019
Madison at Melrose Apartments	11,179	5.99%	Fixed	July 1, 2019
Berkshire Apartments 1st [b]	7,295	5.57%	Fixed	November 1, 2019
Berkshire Apartments 2nd [b]	3,957	4.92%	Fixed	November 1, 2019
Schoettler Village Apartments [b]	17,981	5.58%	Fixed	April 1, 2020
Regency North Apartments [b]	4,694	5.13%	Fixed	December 1, 2020
Villages of Bogey Hills Apartments 1st [b]	23,354	5.13%	Fixed	July 1, 2021
Villages of Bogey Hills Apartments 2nd [b]	6,873	4.87%	Fixed	October 1, 2021
Forest Place Apartments [c]	6,869	4.13%	Fixed	April 1, 2022
Rosehill Pointe Apartments [b]1st	21,867	4.04%	Fixed	April 1, 2022
Rosehill Apartments 2nd	5,286	5.19%	Fixed	April 1, 2022
Park Edge Apartments	18,574	3.63%	Fixed	January 1, 2023
Villaggio Apartments [e]	16,275	3.09%	Variable	January 1, 2023
Glen at Polo Park[b][d] 1st	13,580	3.93%	Fixed	March 1, 2023
Glen at Polo Apartments 2nd [b]	2,311	5.25%	Fixed	March 1, 2023
Forest Park Apartments	7,258	4.22%	Fixed	October 1, 2024
Reserve at Tranquility [b][c]	16,489	3.97%	Fixed	October 1, 2024
Jefferson Park Apartments	10,905	3.54%	Fixed	April 1, 2025
Arbors Apartments	24,467	4.45%	Fixed	November 1, 2025
Foothills Acquisition I, LLC[d]	3,464	3.20%	Fixed	July 1, 2037
Foothills Acquisition II, LLC[d]	3,764	3.80%	Fixed	November 1, 2047
Foothills Acquisition III, LLC[d]	18,646	3.25%	Fixed	May 1, 2050
Mallard Apartments[d]	6,649	3.28%	Fixed	April 1, 2050
Astoria Apartments	24,040	4.31%	Fixed	August 1, 2053
Total	$ 373,839			

[a] Mortgage loans are secured by the respective properties, assignment of rents, business assets, deeds to secure debt, deeds of trust, cash deposits with lender and a corporate guaranty from the Trust and MOLP unless otherwise noted in (b).

[b] Mortgage loan is also secured by a limited carve-out guaranty from a principal individual owner if certain provisions in the loan agreement are breached.

[c] This is the Trust's proportionate share of the total debt.

[d] Debt balances have premiums/discounts.

[e] The Trust has an interest rate cap that is designed to cap the interest rates between 4.0% and 6.75%.

We intend to continue to refinance property debt primarily as a means of extending current and near term maturities and to finance certain capital projects.

Equity Transactions

The following less than wholly owned subsidiaries of MOLP made distributions from operating cash flow during the year ended December 31, 2015: Madison at Melrose, Schoettler Village, Bogey Hills, Kirkwood Station, Rosehill, Park Edge, Glen and Tranquility. For the years ended December 31, 2015 and 2014 respectively, the limited liability companies holding these properties paid cash distributions of $3.7 million and $5.0 million, respectively, to their respective non-controlling members.

Dividend

In May 2015, the Board of Trustees declared a monthly dividend for July, August and September, 2015 of $0.25 per common share to our common shareholders of record as of July 1, July 31 and September 1, 2015, respectively. The dividend was subsequently paid on July 15, 2015, August 14, 2015 and September 15, 2015, and we paid equivalent amounts per unit to holders of the MOLP limited partnership operating units. On August 10, 2015, the Board declared a monthly dividend of $0.25 per common share to shareholders of record as of September 30, 2015, October 30, 2015 and November 30, 2015 which were paid October 15, 2015, November 13, 2015 and December 15, 2015, respectively, and we paid equivalent amounts per unit to holders of the MOLP limited partnership operating units.

Affiliate Stock Transaction

On September 24, 2015, Dr. Lowell M. McRobert sold 11,000 shares of our common stock to David M. Brain, a member of the Board of Trustees, at a sale price of $50 per share. Mr. McRobert is the father of Michael P. McRobert, who is also a member of the Board of Trustees and is our Chief Operating Officer. The sale was consummated through the OTC Markets, which was required due to regulatory requirements related to Dr. McRobert's individual retirement account.

Future Capital Needs

We expect to fund operations, and any future acquisitions, capital improvements and capital replacements with proceeds from property sales (including tax-free exchange proceeds), short-term borrowings, proceeds from any debt and equity financings and operating cash flows.

Funds From Operations (FFO)

FFO is considered by management to be an appropriate supplemental measure of our operating and financial performance. In calculating FFO, we exclude gains or losses related to dispositions and exclude real estate depreciation, which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates. FFO can help one compare the operating performance of a real estate company between periods or as compared to different companies. We believe that to understand our operating results, FFO should be examined with net income as presented in our Consolidated Financial Statements included elsewhere in this report.

Consistent with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts® ("NAREIT"), we calculate FFO as net income or loss computed in accordance with Generally Accepted Accounting Principles ("GAAP"), adjusted for:

- Gains or losses on sales of operating apartment communities;
- cumulative effect of change in accounting principle;
- impairment write-downs of depreciable real estate assets;
- gain from insurance recovery;
- gain on bargain purchase; and
- depreciation of real estate assets.

FFO is a non-GAAP financial measure and therefore it should not be considered an alternative to net income, which remains the primary measure of performance. FFO should also not be used as an indication of the Trust's financial performance or cash flows from operating activities (determined in accordance with GAAP) or as a measure of the Trust's liquidity. In addition, FFO as calculated by other REITs may not be comparable to our calculation of FFO.

Reconciliation of Funds From Operations to Net Income Attributable to Common Shareholders

(dollars and shares in thousands)	For The Years Ended December 31, 2015	2014
Funds From Operations		
Net income attributable to common shareholders	$ 4,523	$ 13,404
Plus:		
Property related depreciation (net of non-controlling interests' share)	10,001	9,653
Impairment of assets	1,066	--
Less:		
Gain from insurance recovery, net (net of non-controlling interests' share)	(1,689)	(4,551)
Gain from sale of King's Court/Terrace (net of non-controlling interests' share)	--	(2,758)
Gain from sale of Chalet (net of non-controlling interests' share)	--	(6,292)
Gain from sale of Ashbrooke (net of non-controlling interests' share)	(612)	--
Gain from sale of Fountainhead	(2,226)	--
Gain on bargain purchase (net of non-controlling interests' share)	(448)	(1,745)
Funds from operations	$ 10,615	$ 7,711
Funds from Operations per Share - Diluted		
Weighted average common shares outstanding, diluted	1,356	1,307
Diluted funds from operations, per share	$ 7.83	$ 5.90

Real Property Interests Owned by Company

The twenty-six operating properties in which we owned interests at December 31, 2015 averaged 1,066 square feet of living space per apartment unit. For the year ended December 31, 2015, no single operating property accounted for greater than 9% of our total revenues. Our operating properties had an average occupancy rate of approximately 95% for the years ended December 31, 2015 and 2014, respectively, and an average rental revenue per apartment home of $820 and $797 for the years ended December 31, 2015 and 2014, respectively. Resident lease terms generally range from six to twelve months. Twenty of the twenty-six operating properties have 200 or more apartment homes, with the largest having 540 apartment homes. Our operating properties have an average age of 25 years.

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Property Table

The following table sets forth information with respect to our twenty-six operating properties at December 31, 2015:

OPERATING PROPERTIES

Property and Location	Year of Construction	Year of Purchase	Average Unit Size (Sq. Ft.)	Number of Apartments	2015 Average Occupancy	2015 Average Monthly Rental Rate Per Unit
APARTMENTS						
ARKANSAS						
Bentonville						
Glen at Polo Park	2006	2011/2013	912	356	97.45%	$ 638
Little Rock						
Barrington Hills	1973	2001	792	232	91.32	562
Foothills I, II and III	1988/2006	2014	981	540	93.38	754
Forest Place	1974/1983	2012	1,063	256	92.45	860
The Landings	1986	2001	808	154	94.70	657
FLORIDA						
Jacksonville						
Elements of Belle Rive	1989	2013	1,103	201	94.82	1,066
KANSAS						
Lenexa						
Park Edge	1999	2012	1,132	260	95.82	950
Rosehill Pointe	1985	2012	922	498	94.91	738
Wichita						
Berkshire	1991	2009	917	252	97.06	724
Cross Creek	1990	2015	952	256	97.66	680
LOUISIANA						
Bossier City						
Villagio	2009	2015	977	239	92.89	955
MISSISSIPPI						
Pearl						
Grand at Pearl	1999	2015	1,151	280	98.44	695
Horn Lake						
Mallard	1988/1983	2015	1,149	144	96.53	736
Ridgeland						
Arbors at Natchez Trace	1995	2015	1,045	328	95.63	912
MISSOURI						
Chesterfield						
Schoettler Village	1979	2010	1,291	300	94.03	1,039
Kansas City						
Bicycle Club	1986	2005	899	312	93.94	634
Forest Park/Valley Forge	1967/1972	2000/2006	941	198	95.83	614
Regency North	1970	2007	1,115	180	94.17	695
Province of Briarcliff	2003	2013	1,007	120	95.81	1,062
Liberty						
Jefferson Park	1987/2008	2012	677	207	90.50	595
St. Charles						
Villages of Bogey Hills	1985	2011	893	486	97.09	820
Kirkwood						
Kirkwood Station	2005	2011	965	155	94.11	1,302
NORTH CAROLINA						
Hope Mills						
Astoria Apartments	2011	2015	1,100	272	85.88	871
OKLAHOMA						
Yukon						
Highland Pointe	2004	2007	920	232	93.77	854
TEXAS						
Pearland						
Tranquility	2003	2014	1,040	314	93.74	1,123
Richardson						
Madison at Melrose	1995	2009	947	200	97.13	1,092
Total				6,972		

RETAIL

	Year of Construction	Year of Purchase	Total Square Feet	Dec. 31, 2015 Occupancy	Average Annual Rent Per Sq. Ft.
LOUISIANA					
Bossier City					
Villagio-Retail	2009	2015	52,000	27.03%	$ 12.42
MISSOURI					
Kirkwood					
Kirkwood Station - Retail	2005	2011	40,000	96.04	19.96

Legal Proceedings

Except for the proceeding involving the City of Pearl, described below, the Trust is not aware of any pending or threatened litigation that is likely to have a significant effect on the Trust's consolidated financial position, results of operations or liquidity.

On June 27, 2013, the City of Pearl approved the adoption of an ordinance that requires existing apartments located in Pearl to, among other requirements, meet certain construction requirements for new construction standards and building code requirements, which were not in force when the apartments were constructed. The ordinance, as currently adopted, would require Grand at Pearl to install sprinklers or fire suppression systems in each apartment unit, construct storm shelters and install storm warning systems. The ordinance also requires apartment owners to pay certain fees annually to the City of Pearl and other agencies for certain property inspections. To the Trust's knowledge, the City of Pearl has not enforced the ordinance to date.

Approximately 10 apartment owners in the City of Pearl, including Colony Acquisition, filed an action contesting the constitutionality of the ordinance under both Federal and state laws. Based on the action currently being taken by the apartment owners in the City of Pearl, we believe it is not probable that the ordinance, as currently adopted, will be legally enforceable and that the ordinance will be, at a minimum, significantly revised or declared unconstitutional. However, if the apartment owners receive an adverse judgement, the cost of meeting these standards could be materially adverse to the Trust's consolidated balance sheets and statements of operations.

Risks Associated with Our Assets, Operations and Ownership of our Shares

Our acquisition strategy may not produce the cash flows expected.

As part of our growth strategy, we may acquire interests in additional operating properties on a selective basis. Our potential acquisition activities are subject to a number of risks, including the following:

- we may not be able to successfully integrate acquired properties into our existing operations;
- the expected occupancy and rental rates of an acquired property may differ from actual rates; and
- we may not be able to obtain adequate financing.

Should any of these risks, or other unanticipated events occur, it could cause an acquisition to not perform as projected by the Trust, and could result in short term or sustained losses for that property.

Competition could adversely affect our ability to acquire properties.

Other real estate investors, including private investors and other multifamily REITs, compete with us to acquire additional operating properties. Many of these competitors have substantially greater financial and other resources than we do. This competition could increase prices for the type of properties we may pursue and adversely affect our ability to acquire these properties or the profitability of such properties upon acquisition.

Losses from catastrophes may exceed our insurance coverage.

We carry comprehensive property and liability insurance on our properties, which we believe is of the type and amount customarily obtained on similar real property assets by similar types of owners. We intend to obtain similar coverage for properties in which we acquire an interest in the future. However, some losses, generally of a catastrophic nature, such as losses from floods, hurricanes or tornados, may be subject to coverage limitations. We exercise our discretion in determining amounts, coverage limits, and deductible provisions of insurance to maintain appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a catastrophic loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement value of our lost investment, as well as the anticipated future revenues from the property. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also may reduce the feasibility of using insurance proceeds to replace a property after it has been damaged or destroyed.

Tax matters, including a failure to qualify as a REIT, could have adverse consequences.

We may not continue to qualify as a REIT in the future. The Internal Revenue Service may challenge our qualifications as a REIT for prior years and new legislation, regulations, administrative interpretations, or court decisions may change

the tax laws or the application of the tax laws with respect to qualification as a REIT or the federal tax consequences of such qualification.

For any taxable year we fail to qualify as a REIT and do not qualify under statutory relief provisions:

- we would be subject to federal income tax on our taxable income at regular corporate rates, including any applicable alternative minimum tax;
- we would be disqualified from treatment as a REIT for the four taxable years following the year in which we failed to qualify, thereby reducing our net income, as we would be required to pay income taxes for the year or years involved; and
- our ability to expand our business and raise capital would be impaired, which may adversely affect the value of our common shares.

We may face other tax liabilities in the future which may impact our cash flow. These potential tax liabilities may be calculated on our income or property values at either the corporate or individual property levels. Any additional tax expense incurred would decrease the cash available for cash distributions to our common shareholders and non-controlling interest holders.

We rely on information technology in our operations, and any breach, interruption or security failure of that technology could have a negative impact to our business and/or financial condition.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyber-attacks. A failure in or breach of our operational or information security systems, or those of our third party service providers, as a result of cyberspace attacks or information security breaches could disrupt our business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, and/or subject us to possible financial liabilities, any of which could have a negative impact on our financial condition and results of operations.

We depend on key personnel.

Our success depends in part on our, and MPI's, ability to attract and retain the services of executive officers and other key personnel. There is substantial competition for qualified personnel in the real estate industry, and the loss of one or more of our key personnel could have a material adverse effect on us.

Litigation risks could affect our business.

As an owner of interests in several multifamily properties, we are at risk of becoming involved in legal proceedings, including consumer, employment, tort, or commercial litigation, which if decided adversely to or settled by us, could result in liability that is material to our consolidated financial condition or results of operations.

Compliance or failure to comply with the Americans with Disabilities Act of 1990 or other safety regulations and requirements could result in substantial costs.

The Americans with Disabilities Act generally requires that public buildings, including our properties, be made accessible to disabled persons. Non-compliance could result in the imposition of fines by the federal government or the award of damages to private litigants. From time-to-time claims may be asserted against us with respect to some of our properties under the Americans with Disabilities Act. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations. Further, our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

In order for properties to generate positive cash flow or to make properties suitable for sale, we may need to make significant capital improvements and incur deferred maintenance costs with respect to these properties.

Some of our properties face competition from newer and updated properties. To remain competitive and increase occupancy at these properties and/or make them attractive to potential tenants or purchasers, we may have to make

significant capital improvements and/or incur deferred maintenance costs with respect to these properties. The cost of these improvements and deferred maintenance items may impair our financial condition and liquidity.

Our transactions with affiliated entities could be deemed to involve conflicts of interest.

Entities affiliated with us and with certain of our trustees provide services to us and on our behalf. Although our policy is to obtain terms in transactions with affiliates that are at least as favorable as those that we would receive if the transactions were entered into with unaffiliated entities, these transactions raise the potential that we may not receive terms as favorable as those that we would receive if the transactions were entered into with unaffiliated entities.

Liability relating to environmental matters may impact the value of properties in which we hold an interest.

We may be subject to environmental liabilities arising from the ownership of properties in which we hold an interest. Under various federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances on a property may adversely affect our ability to finance or sell the property and we may be obligated for substantial remediation costs. The discovery of material environmental liabilities attached to such properties could have a material adverse effect on our results of operations and financial condition. The presence of hazardous substances may adversely affect our ability to sell real estate or borrow using the real estate as collateral.

Moisture infiltration and resulting mold remediation may be costly.

Although we are proactively engaged in managing moisture intrusion and preventing the presence of mold at our apartment communities, it is not unusual for periodic moisture intrusion issues to cause mold in isolated locations within an apartment community. We have implemented policies, procedures and training, and include a detailed moisture instruction and mold assessment during acquisition due diligence. We believe these measures will manage mold exposure at our apartment communities and will minimize the effects that mold may have on our residents. To date, we have not incurred any material costs or liabilities relating to claims of mold exposure or to abate mold conditions. We have only limited insurance coverage for property damage claims arising from the presence of mold and for personal injury claims related to mold exposure. Because the law regarding mold is unsettled and subject to change, we can make no assurance that liabilities resulting from the presence of or exposure to mold will not have a material adverse effect on our consolidated financial condition or results of operations.

We are subject to risks associated with real estate assets and the real estate industry, which could decrease revenues or increase costs and adversely affect the economic performance and value of our properties.

Our real estate assets are subject to general economic and market risks. As such, in a general economic decline or recessionary climate, our assets may not generate sufficient cash to pay expenses, service debt or cover maintenance, and, as a result, our financial condition, results of operations and cash flow may be adversely affected. Factors that may adversely affect the economic performance or value of our properties include, among others: changes in the national, regional and local economic climate; inflation; national, regional and local unemployment rates; local conditions such as an oversupply of space or a reduction in demand for real estate in the area; favorable interest rate environments that may result in a significant number of potential residents of our multifamily apartment communities deciding to purchase homes instead of renting; changes in tax, real estate, and environmental and zoning laws.

Unfavorable changes in market and economic conditions could adversely affect occupancy, rental rates, operating expenses, and the overall market value of multi-family properties we hold an interest in.

Conditions in markets in which we acquire interests in multi-family properties may significantly affect occupancy, rental rates and the operating performance of such assets. The risks that may adversely affect conditions in those markets include the following: industry slowdowns, plant closings and other factors that adversely affect the local economy; an oversupply of, or a reduced demand for, multi-family units; a decline in household formation or employment or lack of employment growth; the inability or unwillingness of residents to pay rent increases; rent control or rent stabilization laws, or other laws regulating housing that could prevent us from raising rents to offset increases in operating costs; and economic conditions that could cause an increase in our operating expenses, such as increases in property taxes, utilities, and routine maintenance.

There is a very limited public trading market for shares of our common stock and we are not required to effectuate a liquidity event by a certain date. As a result, it may be difficult for shareholders to sell shares of our common stock.

Our common stock is quoted on the OTC Pink market tier and there is limited public trading activity of our common stock. We have no obligation to list our shares on any public securities market or provide any other type of liquidity to our shareholders. Therefore, it may be difficult for shareholders to sell shares of our common stock. Even if a shareholder is able to sell shares of our common stock, the absence of a public market may cause the price received for any shares sold to be less than what was paid or less than the proportionate value of the assets we own. Additionally, our charter does not require that we consummate a transaction to provide liquidity to stockholders on any date certain. As a result, shareholders must be prepared to hold shares of our common stock for an indefinite period of time.

Risks Associated with Our Indebtedness and Financing

Increases in interest rates would increase our interest expense and reduce our profitability.

As of December 31, 2015, on a consolidated basis, we had approximately $64.8 million of variable-rate indebtedness outstanding. We estimate that an increase in 30-day LIBOR of 100 basis points with constant credit risk spreads would result the amount of net income attributable to our common shareholders being reduced by approximately $0.6 million, on an annual basis.

Insufficient cash flows could limit our ability to make required payments for debt obligations or pay distributions to shareholders.

Substantially all of our income is derived from rental and other income from our multifamily communities. As a result, our performance depends in large part on our ability to collect rent from residents, which could be negatively affected by a number of factors, including the following:

- the delay in resident lease commencements;
- a decline in occupancy;
- the failure of residents to make rental payments when due;
- the attractiveness of our properties to residents and potential residents;
- our ability to adequately manage and maintain our communities;
- competition from other available apartments and housing alternatives; and
- changes in market rents.

Cash flow could be insufficient to meet required payments of principal and interest with respect to debt financing or other obligations of the Trust.

We have significant debt, which could have important adverse consequences.

As of December 31, 2015, we had outstanding mortgage debt of approximately $373.8 million and other notes payable of $23.6 million. This indebtedness could have important consequences, including:

- if a property is mortgaged to secure payment of indebtedness, and if we are unable to meet our mortgage obligations, we could sustain a loss as a result of foreclosure on the mortgaged property;
- our vulnerability to general adverse economic and industry conditions is increased; and
- our flexibility in planning for, or reacting to, changes in business and industry conditions is limited.

The mortgage loans on our properties are generally subject to an indenture, which contains customary restrictions, requirements, and other limitations as well as certain financial covenants including maintenance of certain financial ratios. Maintaining compliance with these provisions could limit our financial flexibility. A default in these provisions, if uncured, could require us to repay the indebtedness before the scheduled maturity date, which may adversely affect our liquidity and increase our financing costs.

We may be unable to renew, repay, or refinance our outstanding debt.

We are subject to the risk that indebtedness on our properties will not be renewed, repaid, or refinanced when due or the terms of any renewal or refinancing will not be as favorable as the existing terms of such indebtedness. If we are unable to refinance our indebtedness on acceptable terms or at all, we might be forced to dispose of one or more of the

properties on disadvantageous terms, which might result in losses to us. . Additionally, government authorities elect to raise interest rates, such increases could result in increased borrowing costs on our variable interest rate loans, and when we refinance existing debt, or incur indebtedness to acquire additional property interests or for our operations. Furthermore, if a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, appoint a receiver and exercise rights under an assignment of rents and leases, or pursue other remedies, all with a consequent loss to us of revenues and asset value. Foreclosures could also create taxable income without accompanying cash proceeds, thereby hindering our ability to meet the REIT distribution requirements of the Internal Revenue Code of 1986, as amended.

Issuances of additional debt may adversely impact our financial condition.

Our capital requirements depend on numerous factors, including the rental and occupancy rates of our multifamily properties, distributions, development and capital expenditures, costs of operations, and potential acquisitions. If our capital requirements vary materially from our plans, we may require additional financing earlier than anticipated. If we incur more debt, we would become more leveraged, resulting in increased risk of default on our obligations and an increase in our debt service requirements, both of which could adversely affect our financial condition and ability to access debt and equity capital markets in the future.

We could be negatively impacted by the condition of Fannie Mae or Freddie Mac and other federal agencies.

Fannie Mae and Freddie Mac are a major source of financing for multifamily real estate. We and other multifamily companies have utilized Fannie Mae and Freddie Mac to finance growth by purchasing or guaranteeing apartment loans. Fannie Mae and Freddie Mac have been a major source of financing for multi-family real estate in the United States and we have used loan programs sponsored by these agencies to finance certain of our acquisitions of properties. There has been ongoing discussion by the government with regard to the long term structure and viability of Fannie Mae and Freddie Mac, which could result in adjustments to guidelines for their loan products. Should these agencies have their mandates changed or reduced, lose key personnel, be disbanded or reorganized by the government or otherwise discontinue providing liquidity for the multi-family sector, our ability to obtain financing through loan programs sponsored by the agencies could be negatively impacted. In addition, changes in our relationships with Fannie Mae, Freddie Mac, and/or the United States Department of Housing and Urban Development and the lenders that participate in their loan programs, with respect to our existing mortgage financing could impact our ability to obtain comparable financing for new acquisitions or refinancing for our existing properties. If our access to financing provided through Fannie Mae and Freddie Mac, as well as other federal agency loan programs, is reduced or impaired, it would significantly affect our access to debt capital and/or increase borrowing costs and could significantly limit our ability to acquire properties on acceptable terms and reduce the values to be realized upon property sales.

Our primary business is the ownership and operation of real property interests; real estate is illiquid and its value is dependent on conditions beyond our control.

The ownership of real property is subject to varying degrees of risk generally incident to the ownership of real property. These risks include unanticipated maintenance and improvement obligations, increases in real property tax obligations, the availability of financing, and various other general and local economic factors outside of the Company's control. Due to these risks, no assurances can be given that the fair market value of any properties we own or operate will not decrease in the future. Real property holdings are relatively illiquid, and we may not be able to sell a property or otherwise reconfigure our portfolio promptly in response to economic or other conditions. This inability to reallocate our capital promptly or to liquidate a given property could adversely affect our financial condition and results of operations.

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Part II

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to certain market risks inherent in our operations. These risks generally arise from transactions entered into in the normal course of business. We believe our primary market risk exposure relates to interest rate risk.

The table below provides information about our liabilities' sensitivity to changes in interest rates as of December 31, 2015 and 2014:

(dollars in thousands)	December 31, 2015				December 31, 2014			
	Amount	*Average Maturity (in years)*	*Average Interest Rate*	*% Of Total Amount*	*Amount*	*Average Maturity (in years)*	*Average Interest Rate*	*% Of Total Amount*
Fixed rate debt	$ 332,650	11	4.90%	84%	$ 272,455	8	5.27%	91%
Variable rate debt	64,832	3	2.92%	16%	26,392	2	2.98%	9%
Total	$ 397,482				$ 298,847			

The Trust's results of operations are highly dependent on fluctuations in interest rates to the extent its properties are financed through variable interest rate loans or fixed interest rates loans nearing maturity. As of December 31, 2015, the Trust has variable interest rate mortgage loans for Barrington Hills, Kirkwood Station, Cross Creek, Colony and Villaggio. The Trust has entered into a rate cap agreement for the mortgage loans related to Kirkwood Station, Cross Creek, Colony and Villaggio which caps the interest at rates between 4% and 6.75%. The Trust may enter into future interest rate swaps and caps to protect against fluctuations in the rates of any additional variable rate debt. See Note 3 of the notes to consolidated financial statements for interest rates on the mortgage loan for each property and the maturity date of each mortgage loan.

For fixed rate debt, interest rate changes affect the fair value but do not impact net income attributable to common shareholders or cash flows. Conversely, for variable rate debt, interest rate changes generally do not affect the fair value but do impact net income attributable to common shareholders and cash flows, assuming other factors are held constant.

We use predominantly long-term, fixed-rate non-recourse property debt to avoid the refunding and repricing risks of short-term borrowings. The Trust believes that the primary fair value risk is best quantified by considering prepayment penalties associated with the fixed-rate debt. The Trust's promissory notes allow prepayment in full, subject to compliance with the prepayment terms as set forth in the applicable promissory note, including payment of the applicable prepayment penalty. The prepayment penalty on the Trust's mortgage loans generally is the greater of 1% of the amount of principal being prepaid or a yield maintenance calculation based on the difference between the debt's fixed rate and the Treasury note rate that most closely corresponds with the remaining life of the mortgage.

Of our total outstanding debt, three mortgage notes in the amount of $36.3 million will mature in 2016. We intend to either dispose of the property or refinance such debt at the then-existing market interest rates, which may be greater than the current interest rate. Our interest expense would increase $360 thousand annually if the interest rate increased by 100 basis points.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

MAXUS REALTY TRUST, INC.

We have audited the accompanying consolidated balance sheets of Maxus Realty Trust, Inc. (the Trust) as of December 31, 2015 and 2014, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Maxus Realty Trust, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

Kansas City, Missouri
March 16, 2016

MAXUS REALTY TRUST, INC.
Consolidated Balance Sheets
As of December 31, 2015 and 2014
(In thousands, except share data)

ASSETS	2015	2014
Operating real estate		
Land	$ 39,364	$ 26,889
Buildings and improvements	406,894	314,773
Personal property	20,212	18,581
Total real estate	466,470	360,243
Less accumulated depreciation	(48,549)	(40,232)
Net operating real estate	417,921	320,011
Assets held for sale	5,326	5,599
Cash and cash equivalents	3,709	4,441
Certificates of deposit	1,883	1,367
Escrows and reserves	8,593	7,449
Prepaid expenses and other assets	2,067	1,640
Deferred financing costs, net	2,291	1,568
Accounts receivable, net	795	832
Intangible assets, net	2,906	169
Investment in unconsolidated real estate companies	459	459
Total assets	$ 445, 950	$ 343,535
LIABILITIES AND EQUITY		
Mortgage notes payable	$ 369,146	$ 275,740
Notes payable	17,774	11,227
Notes payable, related parties	5,869	7,077
Accounts payable, prepaid rent and other accrued expenses	5,054	3,537
Accounts payable, related parties	1,203	1,109
Real estate taxes payable	1,988	1,364
Refundable tenant deposits	1,864	1,521
Acquired below market leases, net	134	--
Liabilities related to assets held for sale	4,936	5,113
Total liabilities	407,968	306,688
Shareholders' equity		
Preferred stock, $0.01 par value; authorized 5,000,000 shares, no shares issued and outstanding	--	--
Common stock, $1 par value; authorized 5,000,000 shares, issued 1,419,000 shares in 2015 and 2014, outstanding 1,130,000 shares in 2015 and 1,144,000 shares in 2014	1,419	1,419
Treasury stock, at cost 289,000 shares at 2015 and 275,000 shares at 2014	(4,293)	(3,877)
Additional paid-in-capital	19,953	19,953
Retained earnings	6,460	3,898
Total shareholders' equity attributable to Maxus Realty Trust, Inc.	23,539	21,393
Non-controlling interests	14,443	15,454
Total shareholders' equity	37,982	36,847
Total liabilities and shareholders' equity	$ 445,950	$ 343,535

See accompanying notes to consolidated financial statements.

MAXUS REALTY TRUST, INC.
Consolidated Statements of Operations
Years ended December 31, 2015 and 2014
(In thousands, except per share data)

	2015	2014
REVENUES		
Property revenue	$ 53,315	$ 48,934
Other	7,274	6,643
Total revenues	60,589	55,577
OPERATING EXPENSES		
Depreciation and amortization	12,836	12,278
Related party payroll reimbursement	6,756	6,253
Real estate taxes	5,257	4,752
Utilities	4,073	3,788
Other operating expenses	3,388	3,350
Repairs and maintenance	3,333	2,958
Turn costs and leasing	2,295	2,146
Related party management fee	2,315	2,144
Related party transaction fees	488	283
Insurance	1,973	1,716
Legal fees	225	615
Total operating expenses	42,939	40,283
Operating income	17,650	15,294
Interest income	17	26
Interest expense	(15,554)	(14,901)
Loss on debt extinguishment, net	(79)	--
Gain on bargain purchase	886	2,020
Gain on sale	3,022	6,292
Impairment of assets	(1,066)	--
Gain from insurance recovery	1,689	4,551
Gain from insurable event, net	61	293
Total other expenses, net	(11,024)	(1,719)
Income from continuing operations	6,626	13,575
Income from discontinued operations, net	--	2,768
Net income	6,626	16,343
Net income attributable to non-controlling interests	(2,103)	(2,939)
Net income attributable to common shareholders	$ 4,523	$ 13,404
Earnings per common share – basic		
Income from continuing operations	$ 4.00	$ 9.14
Income from discontinued operations	--	2.38
Basic earnings per share	$ 4.00	$ 11.52
Earnings per common share – diluted		
Income from continuing operations	$ 3.33	$ 8.14
Income from discontinued operations	--	2.12
Diluted earnings per share	$ 3.33	$ 10.26
Weighted average common shares outstanding, basic	1,130	1,164
Weighted average common shares outstanding, diluted	1,356	1,307

See accompanying notes to consolidated financial statements.

MAXUS REALTY TRUST, INC.
Consolidated Statements of Shareholders' Equity
Years ended December 31, 2015 and 2014
(In thousands)

	Common Stock # of Shares	Common Stock Amount	Treasury Stock	Additional paid in capital	Retained Earnings (Cumulative Deficit)	Total Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
Balance December 31, 2013	1,419	$ 1,419	$ (3,172)	$ $ 19,451	$ (9,506)	$ $ 8,192	$ 16,177	$ 24,369
Net income	- -	- -	- -	- -	13,404	13,404	2,939	16,343
Non-controlling interest - Tranquility	- -	- -	- -	- -	- -	- -	141	141
Issuance of MOLP units	- -	- -	- -	- -	- -	- -	915	915
Non-controlling interest - Applewood	- -	- -	- -	- -	- -	- -	275	275
Issuance of stock warrants	- -	- -	- -	502	- -	502	- -	502
Treasury shares repurchased	- -	- -	(705)	- -	- -	(705)	- -	(705)
Redemption of MOLP units	- -	- -	- -	- -	- -	- -	(2)	(2)
Distributions to non-controlling interests	- -	- -	- -	- -	- -	- -	(4,991)	(4,991)
Balance December 31, 2014	1,419	$ 1,419	$ (3,877)	$ 19,953	$ 3,898	$ 21,393	$ 15,454	$ 36,847
Net income	- -	- -	- -	- -	4,523	4,523	2,103	6,626
Accrued dividends	--	--	--	--	(282)	(282)	(39)	(321)
Cash dividends paid	- -	- -	- -	- -	(1,679)	(1,679)	(233)	(1,912)
Applewood sale	- -	- -	- -	- -	- -	- -	(825)	(825)
Non-controlling interest – Cross Creek	- -	- -	- -	- -	- -	- -	372	372
Non-controlling interest –Atlantic Multifamily, LLC (Astoria)	- -	- -	- -	- -	- -	- -	753	753
Non-controlling interest – Astoria Acquisition, LLC	- -	- -	- -	- -	- -	- -	600	600
Treasury shares repurchased	- -	- -	(416)	- -	- -	(416)	- -	(416)
Distributions to non-controlling interests	- -	- -	- -	- -	- -	- -	(3,742)	(3,742)
Balance December 31, 2015	1,419	$ 1,419	$ (4,293)	$ 19,953	$ 6,460	$ 23,539	$ 14,443	$ 37,982

See accompanying notes to consolidated financial statements.

MAXUS REALTY TRUST, INC.
Consolidated Statements of Cash Flows
Years ended December 31, 2015 and 2014
(In thousands)

	2015	2014
Cash flows from operating activities:		
Net income	$ 6,626	$ 16,343
Income from discontinued operations	--	(2,768)
Income from continuing operations	6,626	13,575
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,836	12,278
Amortization of deferred loan costs and debt discount	613	834
Amortization of acquired below market leases	(27)	--
Asset retirement obligation	8	8
Astoria gain on bargain purchase and debt extinguishment	(1,095)	(2,020)
Asset impairment	1,066	--
Gain on sale of Chalet	--	(6,292)
Gain on sale of Fountainhead	(2,226)	--
Gain on sale of Ashbrooke	(796)	--
Gain from insurance recovery	(1,689)	(4,551)
Changes in accounts affecting operations:		
Accounts receivable, net	51	(269)
Prepaid expenses and other assets	(239)	(1,250)
Escrows and reserves	2,801	(2,540)
Accounts payable and other liabilities	1,150	1,531
Net cash flows provided by operating activities	19,079	11,304
Cash flows from investing activities:		
Capital expenditures on investment properties	(8,219)	(10,966)
Repair escrow	(1,292)	--
Investment in certificates of deposit, net	(516)	(550)
Net cash paid for acquisition of Cross Creek	(4,182)	--
Net cash paid for acquisition of Astoria	(2,797)	--
Non-controlling contribution for Astoria Acquisition	600	--
Net cash paid for acquisition of Grand at Pearl	(5,075)	--
Net cash paid for acquisition of Arbors	(6,841)	--
Net cash paid for acquisition of Villaggio	(6,165)	
Net cash paid for acquisition of Mallard	(1,775)	--
Net cash paid for acquisition of Foothills	--	(12,718)
Net cash paid for acquisition of Tranquility	--	(3,685)
Net cash received from sale of Fountainhead	2,668	--
Net cash received from sale of Ashbrooke	3,265	--
Net cash received from sale of King's Court/Terrace	--	2,562
Net cash received from sale of Chalet	--	3,773
Investment in unconsolidated real estate companies, net	--	(336)
Forest Place insurance recovery	--	4,551
Net cash flows used in investing activities	(30,329)	(17,369)
Cash flows from financing activities:		
Principal payments on mortgage notes payable	(5,272)	(4,771)
Notes payable borrowings	18,200	12,618
Notes payable repayments	(11,700)	(9,964)
Notes payable, related parties borrowings (repayments)	(1,376)	3,250
Proceeds from mortgage loan refinancing and second mortgage loans	22,243	37,058
Repayment of mortgage loans refinanced	(5,054)	(23,576)
Distributions paid to non-controlling interests	(3,742)	(4,991)
Distributions to former Ashbrooke partners	(453)	- -
Dividends paid	(1,912)	- -
Treasury stock repurchased	(416)	(705)
Redemption of non-controlling interests	--	(2)
Net cash flows provided by financing activities	10,518	8,917
Net increase (decrease) in cash and cash equivalents	(732)	2,852
Cash and cash equivalents, beginning of year	4,441	1,589
Cash and cash equivalents, end of year	$ 3,709	$ 4,441
Supplemental disclosure of cash flow information -		
Cash paid during the period for interest on continuing operations	$ 14,847	$ 14,104
Supplemental disclosure of non-cash investing and financing activities:		
Proportionate share of mortgage note for Tranquility Acquisition	$ --	$ 13,983
Tranquility liabilities assumed	--	241
Foothills mortgage notes assumed	--	26,666
Ashbrooke mortgage note payable assumed	--	9,250
Mortgage note assumed for acquisition of Astoria	22,374	--
Mortgage note assumed for acquisition of Mallard	6,856	--
Accrued dividends	321	--
Capital expenditures in accounts payable	196	400

See accompanying notes to consolidated financial statements.

(1) ORGANIZATION AND BUSINESS

Organization

Maxus Realty Trust, Inc. (the "Trust") is structured as what is commonly referred to as an umbrella partnership real estate investment trust ("REIT" or "UPREIT"). To establish the UPREIT, the Trust formed Maxus Operating Limited Partnership ("MOLP") to which the Trust contributed all of its assets in exchange for a 99.999% partnership interest in MOLP and the assumption by MOLP of all of the Trust's liabilities. The Trust conducts and intends to continue to conduct all of its activities through MOLP. Maxus Realty GP, Inc., a Delaware corporation that is wholly owned by the Trust, is the sole general partner of MOLP and has a 0.001% interest in MOLP. As the sole general partner of MOLP, Maxus Realty GP, Inc. generally has the exclusive power under the partnership agreement to manage and conduct the business of MOLP, subject to certain limited approval and voting rights of the limited partners.

Pursuant to MOLP's limited partnership agreement, MOLP may issue limited partnership operating units (and corresponding limited partnership interests) in return for cash or other property that is contributed to MOLP. Holders of MOLP limited partnership operating units may elect to have their units redeemed (and corresponding limited partnership interests) in return for either (at the Trust's election) the issuance of the Trust's common stock or cash (for a price per unit based on the average trading price as reported on the OTC market of the Trust's common stock, over a ten day period preceding the redemption) after a one year holding period. If MOLP limited partnership operating units are redeemed for shares of common stock in the Trust, they are redeemable on a one unit-for-one share basis. Through December 31, 2015, two MOLP holders have elected to have their limited partnership operating units redeemed which the Board elected to pay in cash. Holders of MOLP limited partnership operating units are not entitled to rights as shareholders of the Trust prior to conversion of their MOLP limited partnership operating units. The Trust believes the UPREIT structure enables the Trust to make additional acquisitions of properties from tax-motivated sellers. As an UPREIT, the Trust may issue limited partnership operating units to tax-motivated sellers who contribute properties to MOLP, which allows those sellers to realize certain tax benefits that would be unavailable to them if the Trust purchased those properties directly for cash or common stock. As of December 31, 2015, the Trust owns approximately 87.91% of the outstanding limited partnership interests in MOLP as well as the general partnership interest. Non-controlling holders of MOLP operating units own 12.09% of the limited partnership interests in MOLP, which is represented by 155,441 MOLP operating units. A fractional interest is owned by the general partner of MOLP. Of the 12.09% non-controlling interests in MOLP, affiliates of the Trust own 88.25% (or 137,181 of the 155,441 MOLP non-controlling operating units outstanding).

Fifteen of the properties in which the Trust holds an interest are owned by single member limited liability companies that are directly and wholly owned by MOLP. In addition, MOLP owns an interest in the other limited liability companies that are not wholly owned that hold real property assets as well as other property interests: MOLP owns a 52% interest in each of the limited liability companies that own Madison at Melrose Apartments ("Madison at Melrose"), Schoettler Village Apartments ("Schoettler Village"), Kirkwood Station Acquisition, LLC ("Kirkwood Station"), The Villages of Bogey Hills ("Bogey Hills"), Rosehill Pointe Apartments ("Rosehill") and Park Edge Apartments ("Park Edge"); MOLP owns a 61% interest in the limited liability company that owns Glen at Polo Park Apartments ("Glen"); MOLP, through King's Court/Terrace Acquisition, LLC ("King's Court/Terrace"), a wholly owned subsidiary of MOLP, owns a 59% tenant in common ownership interest in The Reserve at Tranquility Lake Apartments ("Tranquility"); Forest Place TIC 1, L.L.C., a wholly owned subsidiary of MOLP, owns a 52% tenant in common ownership interest in Forest Place Apartments ("Forest Place"); MOLP, owns a 90% interest in the limited liability company that owns Cross Creek Apartments ("Cross Creek"); and MOLP owns a 50% interest in the limited liability company that owns Astoria Apartments ("Astoria"). In each such case where MOLP owns a majority interest, except for Tranquility and Forest Place, in which MOLP holds an undivided interest, MOLP has the authority to generally take actions on behalf of the limited liability companies or the underlying properties without needing the approval of any of the non-controlling owners.

Except as the context otherwise requires, "we," "our," "us" and the "Company" refer to the Trust, MOLP and their consolidated subsidiaries, collectively.

Business

The Trust is primarily engaged in the business of investing, owning, developing and leasing real property located in Arkansas, Florida, Kansas, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, and Texas. The Trust, through its subsidiary and related entities, owns and operates rental real estate in two segments; apartments and retail. As of December 31, 2015, the Trust holds an interest in twenty-six apartment communities and approximately 92,000 square feet of retail space.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Trust, MOLP, Maxus Realty GP, Inc. and MOLP's subsidiaries. Other than Forest Place and Tranquility, the Company reports the non-controlling interests in subsidiaries as required by the Consolidation Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Non-controlling interest is the portion of equity in a subsidiary not attributable, directly or indirectly, to the Trust. The ownership interests in the subsidiaries identified above that are held by owners other than the Trust are non-controlling interests. Such non-controlling interests are reported on the consolidated balance sheets within shareholders' equity, separate from the Company's shareholders' equity. On the consolidated statements of operations, income, expenses and net income or loss from less-than wholly owned subsidiaries are reported at the consolidated amounts, including both the amounts attributable to the Company and non-controlling interests.

In regards to Forest Place and Tranquility, Forest Place TIC 1, L.L.C. and King's Court/Terrace Acquisition, L.L.C., respectively, own an undivided interest in the real estate and as such report their interest in the underlying real estate and obligations by proportional consolidation. Proportional consolidation requires that items of income, expense, assets, and liabilities are included in the consolidated balance sheets and consolidated statements of operations in proportion to the percentage of participation by the Company. Forest Place TIC 1, L.L.C., a wholly owned subsidiary of MOLP, owns a 52% undivided interest in Forest Place. King's Court/Terrace Acquisition, L.L.C., a wholly owned subsidiary of MOLP, owns a 59% undivided interest in Tranquility.

b. Variable Interest Entities

An entity is referred to as a variable interest entity ("VIE") if it lacks one or more of the following characteristics: (1) sufficient equity at risk to finance its activities without additional subordinated financial support provided by any parties, including the equity holders; (2) as a group the holders of the equity investment at risk have (a) the power, through voting rights or similar rights to direct the activities of a legal entity that most significantly impacts the entity's economic performance, (b) the obligation to absorb the expected losses of the legal entity or (c) the right to receive the expected residual returns of the legal entity; or (3) the voting rights of these investors are proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected returns of their equity, or both, and whether substantially all of the entity's activities involve or are conducted on behalf of an investor that has disproportionately fewer voting rights. An investment that lacks one or more of the above three characteristics is considered to be a VIE. The Trust reassesses its initial evaluation of an entity as a VIE based upon changes in the facts and circumstances pertaining to the VIE.

VIEs are required to be consolidated by their primary beneficiary. The primary beneficiary of a VIE is determined to be the party that has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. This determination may involve complex and subjective analyses. At December 31, 2015 and 2014, the Trust did not identify any relationships with a VIE.

c. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect amounts reported in the accompanying consolidated financial statements. The most significant assumptions and estimates relate to depreciable lives of investment property, classification of real estate held for sale, and the accounting for business combinations including the valuation of investment property acquired. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

d. Reclassifications

Certain amounts previously reported in our 2014 consolidated financial statements have been reclassified to conform with the current year presentation due to classification of assets held for sale and reclassification of related party transaction fees.

e. Cash and Cash Equivalents

Cash equivalents include all highly liquid investments purchased with maturities of three months or less. Cash and cash equivalents consist of the Trust's bank demand deposits and investments in a money market mutual fund. We have a total of $1.8 million in depository accounts in excess of FDIC insured limits, including $144 thousand in excess of FDIC insured limits held by a bank affiliated with a related party as discussed in Note 5.

f. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable is reduced by an allowance for amounts that may become uncollectible in the future. The Trust's accounts receivable balance is comprised primarily of rents and operating cost recoveries due from tenants. The Trust records a provision for credit losses based on management's judgment of a tenant's creditworthiness, ability to pay and probability of collection. Accounts receivable is reflected in the consolidated balance sheets net of allowance for doubtful accounts at December 31, 2015 and 2014 of $1.6 million and $1.9 million, respectively. The Trust regularly evaluates the adequacy of its allowance for doubtful accounts.

g. Operating Real Estate

Accounting for Acquisitions

Management accounts for acquisitions of properties in accordance with FASB ASC Topic 805, "Business Combinations." We record the fair value of all identifiable assets acquired and liabilities assumed and any non-controlling interest relative to the acquired property. We determine the fair value of tangible assets, such as land, building, and personal property, generally using valuation techniques that consider comparable market transactions, discounted cash flow techniques, replacement costs, and other available information, including appraisals of the properties by a certified independent appraiser at the time of acquisition. As final information regarding fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments will be made in no case later than twelve months after the acquisition date. Transaction costs and fees incurred related to acquisitions are expensed as incurred. We determine the fair value of identified intangible assets (or liabilities), which typically relate to in-place leases, using valuation techniques that consider the terms of the in-place leases, current market data for comparable leases, and our experience in leasing similar properties. The value of in-place leases and any above or below market leases are amortized over the estimated average remaining life of leases in place at the time of acquisition, which generally average twelve months.

In accordance with FASB ASC Topic 805, the Trust has recorded the fair value of acquired in-place leases on the date of acquisition, which consist of the following:

In thousands	December 31,	
	2015	2014
In-place leases, net of accumulated amortization of $1.6 million and $2.2 million, respectively	$ 2,906	$ 169

Remaining unamortized in-place leases, at December 31, 2015, relate to Cross Creek, Astoria, Colony (Grand at Pearl), Arbors, Mallard and Villaggio. In regards to the above-market and below-market lease values for acquired properties, we review the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimates of fair market lease rates for the comparable in-place leases, based on factors such as market surveys, historical experience, recently executed transactions and specific property issues, measured over a period equal to the remaining non-cancelable term of the leases. Due to the short-term nature of residential leases and the variances within the market regarding the unit's square footage, the existing lease rates generally approximate market rates; at December 31, 2015 we have a liability totaling $134 thousand to reflect acquired below market leases. Amortization expense for in-place leases totaled $636 thousand and $1.1 million for the years ended December 31, 2015 and 2014, respectively.

Impairment of Long-Lived Assets

Management evaluates the recoverability of its investment in operating real estate and other long-lived assets, including related identifiable intangible assets, in accordance with FASB ASC Topic 360, "Property, Plant and Equipment." This Topic requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that recoverability of the assets is not assured. Management evaluates the long-lived assets on an ongoing basis and records an impairment charge when there is an indicator of impairment. The estimated undiscounted cash flows for the impairment analysis are based on our plans for the respective assets and our views of market and economic conditions.

Forest Place

Due to several fires that the Forest Place Apartments experienced in 2013, 63 of the apartment units, or 25%, were uninhabitable. The carrying value of the building and personal property lost due to the fires was approximately $3.9 million. During the year ended December 31, 2013, we recorded impairment charges, net of insurance recoveries, of $490 thousand. Through December 31, 2014, the property received $14.1 million in total payments from its insurer relating to these losses for both property losses and business interruption, $10.8 million of which was received during 2014. On November 19, 2014, the Trust reached a full settlement with its insurance carriers on all claims related to these fires. The amounts above reflect the total proceeds received in the settlement.

Total insurance recoveries for property loss realized during the year ended December 31, 2015 and 2014, was $0 and $8.9 million, respectively. Forest Place TIC I's proportionate amount received for the year ended December 31, 2014 was $4.6 million.

In addition, the Trust maintains business interruption insurance for the loss of revenue and additional expenses incurred such as maintenance and building safety. For the year ended December 31, 2015 and 2014, the net amount recovered was $0 and $1.6 million, respectively. Forest Place TIC I's proportionate amount was $828 thousand during the year ended December 31, 2014.

Jefferson Park

On May 19, 2015, a fire destroyed one building at the Jefferson Park Apartments. The fire caused 22 apartment units, or approximately 10.6% of the total apartment units, to be uninhabitable. The cause of the fire has not been determined to date. The fire resulted in the death of one resident.

The carrying value of the building and personal property lost as a result of the fire was approximately $589 thousand. As a result, we recorded this amount as an impairment charge during the year ended December 31, 2015.

We anticipate the cost of the reconstruction will be covered by insurance proceeds. In addition, as noted above, the Trust maintains business interruption insurance for the loss of revenue and additional expenses incurred. As of December 31, 2015, the Trust received an advance from its insurance carriers totaling $1.4 million related to reconstruction during the year ended December 31, 2015. Reconstruction of the damaged building is under way and is anticipated to be completed during 2016. As these insurance proceeds are contingent on completing reconstruction, the Trust recognizes the gain from insurance recovery as construction is completed. As of December 31, 2015, the Trust recognized gain from insurance recovery totaling $1.1 million.

In addition, during the year ended December 31, 2015, the Trust received insurance proceeds totaling $61 thousand under the business interruption insurance policy which is reflected in Gain from Insurable Event on the consolidated statement of operations.

Highland Pointe

On March 25, 2015, a storm damaged the Highland Pointe apartments, including all of the roofs. As a result, we recorded an impairment charge of $477 thousand which is the estimated carrying value of the damaged building components. The replacement of the damaged building components was covered by insurance proceeds and all reconstruction was completed during 2015. Total insurance proceeds received were $581 thousand, which is reflected as gain from insurance recovery.

Recognition of Insurance recoveries

Estimated loss contingencies are recognized as charges to income when they are probable and reasonably estimable. Insurance recoveries are not recognized until all contingencies related to the insurance claim have been resolved and settlement has been reached with the insurer. Insurance recoveries are included in gain from insurance recovery on the consolidated statements of operations.

Depreciation and Amortization

Depreciation for all tangible operating real estate is calculated using the straight-line method over the estimated useful lives. Acquired buildings are depreciated over their estimated useful life of 40 years starting at the date of acquisition, regardless of their age at the time of acquisition. Building and land improvements are depreciated over their estimated useful life of 20 years. Personal property is depreciated over its estimated useful life ranging from 5 to 10 years. We capitalize replacements and improvements, such as HVAC equipment, structural replacements, windows, appliances, flooring, carpeting and kitchen/bath replacements and renovations over a useful life of 5 to 10 years. Ordinary repairs and maintenance, such as unit cleaning, painting and appliance repairs, are expensed when incurred.

h. Investments in Unconsolidated Real Estate Companies

We own membership interests in limited liability companies ("LLCs") that directly own apartment properties or other real estate assets. Because we own less than 100% of the ownership interest n some of these LLCs, these LLCs are accounted for under the cost method. These membership interests were bought in anticipation of cash distributions and appreciation of their fair market value. See Note 8 for additional information regarding these investments.

i. Discontinued Operations

A property is classified as a discontinued operation when (i) the operations and cash flows of the property could be clearly distinguished and had been or would be eliminated from our ongoing operations; (ii) the property had either been disposed of or was classified as held for sale; and (iii) there had not been any significant continuing involvement in the operations of the property after the disposal transactions. Significant judgments are involved in determining whether a property meets the criteria for discontinued operations reporting and the period in which these criteria are met. A property is classified as held for sale when (i) the Board commits to a plan to sell and it is actively marketed; (ii) it is available for immediate sale in its present condition and the sale is expected to be completed within one year; and (iii) it is unlikely significant changes to the plan will be made or the plan will be withdrawn. The results of operations for properties sold and classified as held for sale at the reporting date were classified as discontinued operations in the current and prior periods. However, in April 2014, FASB issued Accounting Standards Update (ASU) 2014-08, Presentation of Financial Statements, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08 changes the definitions of discontinued operations. The amendment updates the definition of discontinued operations and defines discontinued operations to be those disposals of components of an entity that represent a strategic shift that has, or will have, a major effect on an entity's operations and financial results. Upon adoption we believe under the new standard, routine sales of apartment communities and certain groups of apartment communities generally do not meet the requirements for reporting within discontinued operations.

See Note 9 for the property-specific components of earnings classified as discontinued operations including revenues, expenses, depreciation, and interest expense. Real estate assets held for sale are measured at the lower of carrying amount or fair value less costs to sell and are presented separately in the accompanying consolidated balance sheets. Subsequent to classification of a property as held for sale, no further depreciation is recorded.

j. Non-controlling Interests in Consolidated Real Estate Limited Liability Companies

We hold interests in various certain of our real estate assets through our ownership interests in LLCs, which are owned in whole or in part by the Trust. In turn, those LLCs are the direct owner of the real property assets. We report the non-controlling members' interests in the net assets of our consolidated real estate companies as non-controlling interests in shareholders' equity. We attribute to non-controlling interests their share of income or loss based on their proportionate interest in the results of operations of the respective LLC, including their share of losses even if such attribution results in a deficit non-controlling interest balance within our equity accounts.

Upon receipt of the approval of a majority interest of the members, the terms of the applicable LLCs' operating agreements generally require the respective LLC to be liquidated following the sale of the company's real estate. The aggregate carrying amount of non-controlling interests in consolidated real estate companies is approximately $14.4

million and $15.5 million at December 31, 2015 and 2014, respectively. The aggregate fair value of these interests varies based on the fair value of the real estate owned by the respective LLC. Based on the complexities in determining the fair market value of the properties and the allocation of liquidation proceeds among partners, we believe it is impracticable to determine the fair market value of non-controlling interests in an assumed liquidation at December 31, 2015.

As a result of real estate depreciation that is recognized in our consolidated financial statements and appreciation in the fair value of real estate that is not recognized in our consolidated financial statements, we believe that the aggregate fair value of our non-controlling interests exceeds their aggregate carrying amount. As a majority member of the LLCs, we generally have the ability to control sales of real estate held by the LLCs, as well as other events that require payment to the non-controlling interests. Because we expect that proceeds from real estate sales will be sufficient to liquidate related non-controlling interests, we anticipate that the eventual liquidation of these non-controlling interests will not have an adverse impact on our consolidated financial condition.

k. Non-controlling Interests in Maxus Operating Limited Partnership

Non-controlling interests in MOLP consist of limited partnership operating units held by persons other than the Trust. Within the Trust's consolidated financial statements, MOLP's income or loss is allocated to the holders of partnership units based on the proportionate number of partnership units outstanding during the period. As of December 31, 2015 and 2014, the non-controlling holders of operating units had an ownership interest in MOLP of 12.09%% and 11.96%, respectively.

l. Revenue Recognition

Lease agreements with tenants are accounted for as operating leases, and total expected rentals from such leases are reported as rental revenues ratably over the lease term. Included in other revenues are non-rental income items such as application fees and late fees, which are recognized as revenue when earned. Recoveries from residential tenants for utility costs are recognized as revenue in the period that the applicable costs are incurred.

m. Fair Value of Financial Instruments

In accordance with FASB ASC Topic 820, "Fair Value Measurements and Disclosures," fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. Further, ASC Topic 820 requires the Trust to maximize the use of observable market inputs, minimize the use of unobservable market inputs and disclose in the form of an outlined hierarchy the details of such fair value measurements.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Trust's market assumptions. This hierarchy requires the use of observable market data when available. ASC Topic 820 establishes the following fair value hierarchy:

Level 1—quoted prices for *identical* instruments in active markets;

Level 2—quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3—fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

If quoted market prices or inputs are not available, fair value measurements are based upon valuation models that utilize current market or independently sourced market inputs, such as interest rates, option volatilities, and credit spreads. Items valued using such internally-generated valuation techniques are classified according to the lowest level input that is significant to the fair value measurement. As a result, a financial asset or liability could be classified in either Level 2 or 3 even though there may be some significant inputs that are readily observable.

Financial Instrument Fair Value Disclosures. As of December 31, 2015 and 2014, the carrying values of cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable represent fair value because of the short-term nature of these instruments. The carrying value of cash restricted in escrows and reserves approximates its fair value based on the nature of our assessment of the ability to recover these amounts. These financial instruments utilize Level 2 inputs.

The Trust does not carry its mortgage notes payable, notes payable or notes payable to related parties at fair value. However, the Trust estimates the fair value of these notes payable using a discounted cash flow analysis on the expected cash flows of each instrument. This analysis reflects the contractual terms of the instrument, including the period of maturity, and uses observable market-based inputs, including current market interest rates. The Company has concluded that the value of its notes payable fall within Level 3 of the fair value hierarchy.

n. Deferred Costs

Deferred expenses consist of financing costs which are amortized using the interest method over the term of the respective debt. Deferred charges are presented on the consolidated balance sheets net of accumulated amortization. Unamortized financing costs are written off when the associated debt is retired or otherwise extinguished before the maturity date.

o. Income Taxes

The Trust has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code, Sections 856-860. Under those sections, a REIT which distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income that is distributed to shareholders. The Trust intends to continue to qualify as a REIT and, to the extent it generates taxable income will distribute substantially all of its taxable income to its shareholders. The Trust had taxable losses in 2015 and 2014. There is no provision for income taxes reflected in the consolidated financial statements. The Trust has federal net operating loss carryovers of $12.5 million at December 31, 2015 for tax purposes, which will expire in various amounts from 2018 through 2034.

FASB ASC Topic 740-10 on Income Taxes prescribes a comprehensive model for how an entity should measure, recognize, present, and disclose in its consolidated financial statements uncertain tax positions that an entity has taken or expects to take on a tax return. The Trust has analyzed whether any tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates would require the establishment of reserves or related accruals for interest and penalties and it is management's belief that no such reserves or related accruals are necessary. Additionally, management intends to exercise all requisite diligence to ensure continued compliance with the income and assets tests of Section 856 of the Internal Revenue Code as well as the other requirements of that section in order to maintain the Trust's status as a REIT.

The Company has determined that the cash distributed to the shareholders is characterized as follows for Federal income tax purposes for year ended December 31, 2015:

(amounts in thousands)			
Ordinary income	--	$	--
Qualified dividend	--		--
Capital Gain	--		--
Non-dividend – return of capital	100%		1,912
	100%	$	1,912

The Trust is no longer subject to U.S. federal, state or local examination by tax authorities for years prior to 2012.

p. Recent Accounting Pronouncements

In April 2015, the FASB issued ASU, 2015-03, "Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs." The guidance requires debt issuance costs related to a recognized debt liability to be presented as a direct deduction from the carrying amount of that debt liability. The new guidance will only impact financial statement presentation. The guidance is effective in the first quarter of 2016 and allows for early adoption. The Company does not expect the adoption of this standard to materially impact its consolidated financial statements.

During February 2015, the FASB issued ASU No. 2015-02, "Consolidation." ASU 2015-02 changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. Specifically, the ASU 2015-02 amendments, (a) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities, (b) eliminate the presumption that a general partner should consolidate a limited partnership, (c) affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships, and (d) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in

accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. ASU 2015-02 is effective for public business entities beginning after December 15, 2015 and for all other entities after December 15, 2016. ASU 2015-02 is not expected to have a material impact on the Company's consolidated financial statements.

During January 2015, the FASB issued ASU No. 2015-01, "Income Statement – Extraordinary and Unusual Items." ASU No. 2015-01 eliminates the concept of extraordinary items. However, the presentation and disclosure requirements for items that are either unusual or in nature infrequent in occurrence remain and will be expanded to include items that are both unusual in nature and infrequent in occurrence. ASU 2015-01 is effective for periods beginning after December 15, 2015. ASU 2015-01 is not expected to have a material impact on the Company's consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern." ASU 2014-15 requires an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. ASU 2014-15 is effective for periods beginning after December 15, 2015. ASU 2014-15 is not expected to have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," (subsequently amended by ASU 2015-14 which deferred the effective date to periods beginning after December 15, 2017) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2018; however, the ASU does not apply to revenue recognition for lease contracts. Early application is not permitted. The ASU permits the use of either the retrospective or cumulative effect transition method. The Trust is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Trust has not yet selected a transition method nor has it determined the effect of the ASU on its ongoing financial reporting.

In April 2014, the FASB issued ASU No. 2014-08, "Reporting of Discontinued Operations and Disclosures of Disposals of Components of an Entity." This ASU states that only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results will be reported as discontinued operations in the financial statements. GAAP previously held that a component of an entity that is a reportable segment, an operating segment, a reporting unit, a subsidiary or an asset group was eligible for discontinued operations presentation. This led to disposals, many of which were routine in nature and did not change an entity's strategy, to be reported as discontinued operations. The amendments in this ASU require expanded disclosure for discontinued operations, which should provide financial statement users with more information about the assets, liabilities, revenues and expenses of discontinued operations. ASU 2014-08 applies to all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015. Early adoption is permitted, but only for disposals (or classification as held for sale) that have not been reported in financial statements previously issued or available for issuance. We have elected to adopt ASU 2014-08 effective January 1, 2014. We believe under the new standard that routine sales of apartment communities and certain groups of apartment communities generally do not meet the requirements for reporting as discontinued operations.

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(3) ***MORTGAGE PAYABLE AND NOTES PAYABLE***

Mortgage payable [a]:	(amounts in thousands) December 31, 2015	December 31, 2014
Fountainhead mortgage note, monthly principal and interest payments of $26,000, with interest fixed at 5.98%, maturing July 1, 2015.	$ --	$ 4,018
Kirkwood Station mortgage note, monthly principal and interest payments of $85,000, with an adjustable interest rate based on the 1 month LIBOR Rate, 2.39% [e] at December 31, 2015, maturing June 1, 2016.	21,102	21,589
Bicycle Club mortgage note, monthly principal and interest payments of $69,000, with interest fixed at 6.19%, maturing on September 1, 2016.	9,756	9,962
The Landings mortgage note, monthly principal and interest payments of $38,000, with a fixed interest rate of 6.19%, maturing September 1, 2016.	5,420	5,535
Highland Pointe mortgage note, monthly principal and interest payments of $75,000, with interest fixed at 5.67%, maturing March 1, 2017, with the right to extend an additional 1 year.	11,730	11,951
Barrington Hills mortgage note[b], monthly principal and interest payments of $24,000, with an adjustable interest rate based on the BBA 1 month LIBOR Rate in USD, 3.94% at December 31, 2015, maturing December 1, 2017.	4,694	4,803
Province of Briarcliff[d] mortgage note, monthly principal and interest payments of $67,000, with interest fixed at 5.64%, maturing January 1, 2018.	10,267	10,517
Cross Creek mortgage note monthly principal and interest payments of $21,000, with an adjustable interest rate based on the BBA 1 month LIBOR rate in USD , 2.56% [e] at December 31, 2015,maturing July 13, 2018.	11,250	--
Colony monthly principal and interest payments of $47,000, with an adjustable interest rate based on the BBA 1 month LIBOR rate in USD, 2.49% [e] at December 31, 2015,maturing October 1, 2018.	11,511	--
Elements [d] - 1st mortgage note, monthly principal and interest payments of $62,000, with interest fixed at 6.47%, maturing June 1, 2019.	9,740	9,969
Elements[d] - 2nd mortgage note, monthly principal and interest payments of $15,000, with interest fixed at 4.74%, maturing June 1, 2019.	2,592	2,616
Madison at Melrose mortgage note, monthly principal and interest payments of $73,000, with interest fixed at 5.99%, maturing July 1, 2019.	11,179	11,373
Berkshire Apartments 1st mortgage note[b], monthly principal and interest payments of $46,000, with interest fixed at 5.57%, maturing November 1, 2019.	7,295	7,428
Berkshire Apartments 2nd mortgage note[b], monthly principal and interest payments of $21,000, with an adjustable mortgage interest rate based on the BBA 1 month LIBOR Rate in USD, 4.92% at December 31, 2015, maturing November 1, 2019.	3,957	--
Schoettler Village mortgage note[b], monthly principal and interest of $112,000, with interest fixed rate at 5.58%, maturing April 1, 2020.	17,981	18,299
Regency North mortgage note[b], monthly principal and interest payments of $28,000, with interest fixed at 5.13%, maturing December 1, 2020.	4,694	4,780
Bogey Hills 1st mortgage note [b], monthly principal and interest payments of $136,000, with interest fixed at 5.13%, maturing July 1, 2021.	23,354	23,762
Bogey Hills 2nd mortgage note [b], monthly principal and interest payments of $37,000, with interest fixed at 4.87%, maturing October 1, 2021.	6,873	6,975
Forest Place mortgage note [c], monthly principal and interest payments of $36,000, with interest fixed at 4.13%, maturing April 1, 2022.	6,869	7,006
Rosehill Pointe mortgage note [b], monthly principal and interest payments of $112,000, with interest fixed at 4.04%, maturing April 1, 2022.	21,867	22,309
Rosehill 2nd mortgage note monthly principal and interest payments of $29,000, with interest fixed at 5.19%, maturing April 1, 2022.	5,286	--
Park Edge mortgage note, monthly principal and interest payments of $90,000, with interest fixed at 3.63%, maturing January 1, 2023.	18,574	18,959
Villaggio mortgage note, monthly principal and interest payments of $69,000, with an adjustable mortgage interest rate based on the BBA 1 month LIBOR Rate in USD, 3.09%[e] at December 31, 2015,maturing January 1, 2023	16,275	--
Glen at Polo Park 1st mortgage note mortgage note[b] [d], monthly principal and interest payments of $72,000 with interest fixed at 3.93%, maturing on March 1, 2023.	13,580	13,749
Glen at Polo Park 2nd mortgage note[b], monthly principal and interest payments of $13,000, with interest fixed at 5.25%, maturing March 1, 2023	2,311	--
Ashbrooke Apartments, monthly principal and interest payments of $44,000, with interest fixed at 4.04%, maturing September 1, 2024.	--	9,211
Forest Park mortgage note, monthly principal and interest payments of $36,000, with interest fixed at 4.22%, maturing October 1, 2024.	7,258	7,380
Reserve at Tranquility Lake mortgage note[b][c], monthly principal and interest payments of $80,000, with interest fixed at 3.97% maturing October 1, 2024.	16,489	16,780

Mortgage payable [a]:	(amounts in thousands) December 31, 2015	December 31, 2014
Continued from previous page		
Jefferson Park Apartments mortgage note, monthly principal and interest payments of $50,000, with interest fixed at 3.54%, maturing April 1, 2025.	$ 10,905	$ 5,277
Arbors mortgage note, monthly principal and interest payments of $123,000, with interest fixed at 4.45%, maturing November 1, 2025.	24,467	--
Foothills I 1st mortgage note[d], monthly principal and interest payments of $20,000, with interest fixed at 3.20%, maturing July 1, 2037.	3,464	3,569
Foothills II 2nd mortgage note[d], monthly principal and interest payments of $18,000, with interest fixed at 3.80%, maturing November 1, 2047.	3,764	3,822
Foothills III 3rd mortgage note[d], monthly principal and interest payments of $84,000, with interest fixed at 3.25%, maturing May 1, 2050.	18,646	18,904
Mallard mortgage note[d], monthly principal and interest payments of $28,000, with interest fixed at 3.28%, maturing August 1, 2050.	6,649	--
Astoria mortgage note, monthly principal and interest payments of $100,000, with interest fixed at 4.31%, maturing August 1, 2053.	24,040	--
TOTALS:	$ 373,839	$ 280,543

[a] Mortgage loans are secured by the respective properties, assignment of rents, business assets, deeds to secure debt, deeds of trust, cash deposits with lender and a corporate guaranty from the Trust and MOLP unless otherwise noted in (b).
[b] Mortgage loan is also secured by a limited carve-out guaranty if certain provisions in the loan agreement are breached from certain MRTI entities and in some cases Mr. David L. Johnson.
[c] This is the Trust's proportionate share of the total debt and monthly principal and interest payments.
[d] Debt balances have premiums/discounts.
[e] The Trust has an interest rate cap that is designed to cap the interest rate between 4% and 6.75%.

The Barrington Hills mortgage note is reflected in liabilities held for sale on the consolidated balance sheets.

Mortgage payable

The Trust, through Foothills Acquisition I, L.L.C., Foothills Acquisition II, L.L.C. and Foothills Acquisition III, L.L.C. (collectively referred to as the "Buyers") purchased Foothills Apartments ("Foothills") on January 24, 2014. At closing, the existing three HUD mortgage loans on Foothills in the approximate aggregate amount of $29.6 million were assumed by the Buyers and other prorated items and expenses of $249 thousand that were paid, resulting in net consideration due from the Trust of approximately $12.7 million. This amount was funded in part with funds drawn on the Missouri Bank & Trust ("MBT") line of credit and proceeds from the Notes and Warrant offering described below. The mortgage loan associated with Foothills Acquisition I, LLC in the amount of $4.0 million has a fixed rate of 3.20%, matures July 1, 2037 and amortizes a debt discount charge of $349 thousand due to the fair value of the loan being less than the outstanding balance at time of assumption. The mortgage loan associated with Foothills Acquisition II, LLC of $4.0 million has a fixed rate of 3.80%, matures November 1, 2047 and amortizes a discount of $157 thousand. The mortgage loan associated with Foothills Acquisition III, LLC of $21.6 million has a fixed rate of 3.25%, matures May 1, 2050 and amortizes a discount of $2.5 million.

On August 4, 2014, the Trust entered into a $7.0 million second loan with NorthMarq Capital, L.L.C. secured by Bogey Hills' assets at a fixed interest rate of 4.87%. The second loan has a 7-year term, maturing October 1, 2021. In conjunction with the second loan, a $6.5 million distribution was made to the Bogey Hills' members. The Trust's portion of the distribution was $3.4 million, of which $3.0 million was used to pay down the MBT line of credit.

On August 28, 2014, MOLP acquired 77% of the limited partner interest in Applewood Partners, L.P. for 18,295 MOLP units. As a result of the acquisition, MOLP assumed a mortgage note in the principal amount of $9.3 million. The loan matures September 1, 2024 and has a fixed interest rate of 4.04%.

On September 30, 2014, the Tranquility mortgage note was refinanced with NorthMarq Capital, L.L.C. The new mortgage note is $28.5 million and has a fixed interest rate of 3.97%. The loan matures October 1, 2024. After the payment of certain settlement costs, Tranquility received net proceeds of $4.7 million from the refinancing of which $4.0 million was distributed to Tranquility's tenant in common owners and $370,400 was paid to a related party of David L. Johnson for payment of amounts previously advanced. David L. Johnson is Chairman, President, Chief Executive Officer and a Trustee of the Trust and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock. The Trust's portion of such proceeds was $2.4 million of which $2.3 million was used to pay down the MBT line of credit.

On September 30, 2014, the Forest Park and Valley Forge mortgage notes were refinanced with NorthMarq Capital, L.L.C. with a single, fixed rate mortgage note. The note is in the amount of $7.4 million, matures October 1, 2024 and

has a fixed interest rate of 4.22%. After the payment of certain settlement costs, the Trust received net proceeds of $3.5 million from the refinancing, of which $3.2 million was used to pay down the MBT line of credit.

On March 23, 2015, the Jefferson Park mortgage note was refinanced with NorthMarq Capital, L.L.C. with a fixed rate mortgage note. The note is in the amount of $11.0 million, matures April 1, 2025 and has a fixed interest rate of 3.54%. The Trust received net proceeds of $5.3 million from the refinancing, which was used to pay down the MBT line of credit. In addition, the Trust recognized loss on debt extinguishment of $288 thousand.

On June 18, 2015, the Trust obtained a $5.3 million second mortgage loan for Rosehill Pointe at a fixed interest rate of 5.19%. The loan has a maturity date of April 1, 2022 and is secured by a second lien on Rosehill Pointe's assets. In conjunction with the loan, a $3.0 million distribution was made to Rosehill Pointe's members. The Trust's portion of the distribution was $1.6 million.

On July 14, 2015, the Trust entered into a mortgage loan of $11.3 million with BMO Harris Bank, NA related to the acquisition of the Cross Creek apartment community. The mortgage loan is secured by Cross Creek's assets and contains a guarantee of repayment from the Trust. The mortgage loan matures on July 13, 2018 and has a variable interest rate equal to the one month LIBOR rate plus 2.25% (2.56% at December 31, 2015). On July 17, 2015, the Trust executed an interest rate cap with BMO Harris Bank, NA that is designed to cap the interest rate at 5%.

On July 28, 2015, the Trust obtained a second mortgage on the Berkshire apartment community in the amount of $4.0 million. The loan has a maturity date of November 1, 2019, and has a fixed interest rate of 4.92%. The note is secured by the assets of Berkshire apartments.

On September 18, 2015, the Trust obtained a second mortgage on the Glen at Polo Park ("Glen") apartment community in the amount of $2.3 million. The loan has a maturity date of March 1, 2023, and has a fixed interest rate of 5.25%. Subsequent to the closing of the loan, a $2.3 million distribution was made to Glen's members. The Trust's portion of the distribution was $1.4 million.

In connection with the acquisition of a controlling interest in Cape Fear Multifamily, LLC, which held the Astoria Apartments ("Astoria"), the Trust assumed a HUD mortgage loan with a balance of $22.3 million, not including a premium recorded on the loan of $2.0 million upon completing the acquisition. The mortgage loan had a fixed interest rate of 5.6% and matures August 1, 2053. On December 1, 2015, the Trust executed an amendment to the HUD mortgage loan which reset the interest rate to a fixed rate of 4.31%. No other terms of the original loan were modified. This loan modification was determined to be a substantial modification to the original debt instrument. As a result, we recognized a gain on debt extinguishment of $0.2 million.

On October 1, 2015, the Trust entered into a mortgage loan with BMO Harris Bank, NA related to the acquisition of the Grand at Pearl apartment community. The mortgage loan is secured by Grand at Pearl's assets and contains a guarantee of repayment from the Trust. The mortgage loan matures in October 1, 2018 and has an adjustable interest rate equal to the one month LIBOR rate plus 2.25% (2.49% at December 31, 2015). In conjunction with this loan, the Trust executed an interest rate cap with BMO Harris Bank, NA that is designed to cap the interest rate at 4.0%.

On October 22, 2015, the Trust entered into a mortgage loan with Northmarq Capital related to the acquisition of the Arbors at Natchez Trace apartment community. The mortgage loan is secured by the assets of Arbors. The mortgage loan matures November 1, 2025 and has a fixed interest rate of 4.45%.

On December 29, 2015, the Trust entered into a mortgage loan with Northmarq Capital related to the acquisition of the Villaggio apartment community. The mortgage loan is secured by the assets of Villaggio. The mortgage loan matures on January 1, 2023 and has an adjustable interest rate equal to the one month LIBOR rate plus 2.66% (3.09% at December 31, 2015). In conjunction with this loan, the Trust executed an interest rate cap with Chatham Financial that is designed to cap the interest rate at 6.75%.

On December 31, 2015, in conjunction with the acquisition of the Mallard Creek apartment community, the Trust assumed the existing HUD loan associated with the property. The loan had an outstanding balance of $6.9 million, carried a fixed interest rate of 3.28% and matures August 1, 2050. A debt discount of $0.2 million was recorded upon acquisition.

Each mortgage loan is secured solely by the property held by the MOLP subsidiaries or undivided interests that obtained the loan. The following is a summary of scheduled mortgage notes payable maturities, in thousands:

Year		Amount (in thousands)
2016	$	42,196
2017		22,081
2018		37,200
2019		37,628
2020		25,476
Thereafter		209,258
Total:	$	373,839

Notes payable

The following is a summary of the notes payable, in thousands:

	December 31,	
	2015	2014
Notes payable	$ 17,774	$ 11,227
Notes payable, related parties	5,869	7,077
	$ 23,643	$ 18,304

On December 24, 2013, the Trust obtained a short-term loan from MBT of $17 million ("MBT Loan"). The note had a maturity date of December 31, 2016, accrued interest at 5% and was secured by the pledges of four LLC interests held by MOLP. In March 2014, the loan was restructured into a line of credit with a credit limit of $15 million and a maturity date of March 31, 2015. The line of credit was subsequently amended on two different occasions in 2014 and 2015 to extend the maturity date. No other terms of the credit facility were changed with the extensions. However, the pledge of the LLC interest of one additional limited liability company wholly owned by MOLP was added as collateral. On December 21, 2015, this credit facility was again amended to increase the available credit line to $17 million and to extend the maturity date to December 20, 2016. The interest rate remained at 5%. In conjunction with this amendment, the pledge of the LLC interest of one additional limited liability company wholly owned by MOLP was added as collateral. This increased the total pledge to LLC interests in six separate LLCs held by MOLP. As of December 31, 2015, the balance of the credit facility is $16.3 million and has availability of $0.7 million.

To fund the purchase of the Elements Apartments, the Trust executed and delivered a total of five notes in the aggregate amounting to $3.0 million. The notes are payable to (i) Grissinger Holdings, LLC, (ii) Terri McDowell, (iii) Garlich Alaska Investments, L.L.C., an affiliate of Chris Garlich, a Trustee of the Trust and the beneficial owner of 8.41% of the Trust's outstanding shares of common stock, (iv) McDowell Investments, L.P., an affiliate of Mr. Monte McDowell, a Trustee of the Trust and the beneficial owner of 1.93% of the Trust's outstanding shares of stock and (v) SLCas, L.L.C., whose sole member Sandra Castetter is the spouse of David L. Johnson, Chairman, President, Chief Executive Officer and a Trustee of the Trust and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock. The unsecured notes mature July 1, 2016 and accrue interest of 7.0%. Each of the note holders was paid a loan fee of $2,500. On February 4, 2015, the Trust paid off all of the Elements notes in full.

On December 24, 2013, the Trust commenced an offering of 7% unsecured promissory notes (the "Notes") in the aggregate up to $11.5 million, together with warrants (the "Warrants") to acquire shares of the Trust's common stock at an exercise price of $50 per share. As of December 31, 2015 and 2014, Notes in the aggregate principal amount of $7.0 million were outstanding and Warrants exercisable for an aggregate number of 70,450 shares of the Trust's common stock had been issued (although, as described in Note 11, Warrants to acquire 25,000 shares were amended during 2015 to provide that such Warrants are exercisable to acquire MOLP limited partnership operating units in lieu of 25,000 shares of the Trust's common stock). The Notes require periodic payments of the interest. All principal and accrued but unpaid interest is due on January 31, 2017. The Notes may be prepaid without penalty. Refer to Note 5 for Notes and Warrants held by related parties.

At December 31, 2015 and 2014, we had $23.5 million and $18.3 million, respectively, in consolidated notes payable outstanding, excluding mortgage notes payable. The notes payable balance as of December 31, 2015 consisted of the

balance of the MBT Loan, and the Notes described above. Of the consolidated notes payable, at December 31, 2015 and 2014, $5.9 million and $7.1 million, respectively, were from related parties (see Note 5).

(4) RENTAL REVENUES UNDER OPERATING LEASES

Minimum future rental revenues under non-cancelable operating leases greater than one year in effect for the retail space as of December 31, 2015 are as follows, in thousands:

Year	Total
2016	$ 969
2017	758
2018	611
2019	466
2020	401

The residential leases, which comprise the majority of total revenues, generally range from six to twelve months in length and are not included in the schedule above. In addition, certain lease agreements require tenant participation in certain operating expenses. Tenant participation in expenses included in other revenues approximated $197 thousand and $121 thousand for the years ended December 31, 2015 and 2014, respectively.

(5) RELATED PARTY TRANSACTIONS

Maxus Properties, Inc. ("MPI") manages the Trust's properties. David L. Johnson, Chairman, President, Chief Executive Officer and a Trustee of the Trust and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock, is the Chairman and sole shareholder of MPI. The Trust paid MPI property management fees of $2.3 million and $2.1 million for the years ended December 31, 2015 and 2014, respectively. Management fees are determined pursuant to management agreements between the Trust and MPI that provide for fees calculated as a percentage of monthly gross receipts (as defined) from the properties' operations as well as reimbursement of payroll related costs. At December 31, 2015 and 2014, the properties pay MPI a management fee between 3% and 5% of receipts. At December 31, 2015 and 2014, $635 thousand and $515 thousand, respectively, was payable to MPI for accrued payroll and direct expense reimbursement; $568 thousand and $594 thousand, respectively, was payable for accrued management fees.

Certain MPI employees are located at the Trust's properties and perform leasing, maintenance, office management, and other related services for these properties. The Trust recognized $6.8 million and $6.3 million of payroll costs from continuing operations in the years ended December 31, 2015 and 2014, respectively, that have been reimbursed to MPI and are included in related party payroll reimbursement in the consolidated statements of operations.

For the years ended December 31, 2015 and 2014, the Board approved $570 thousand and $358 thousand, respectively, in total fees for administrative services provided by MPI employees in regards to the acquisition, refinancing and disposition of certain properties held by the Trust. The Trust expensed the acquisition-related costs in the period in which the costs were incurred, which are included in related party transaction fees in the consolidated statements of operations. In conjunction with the Jefferson Park loan refinancing and the Rosehill supplemental loan, the Board authorized the Trust to pay MPI a refinancing fee in the amount of $25 thousand for each loan due to MPI's services in the due diligence of these loans. In conjunction with the Berkshire and Glen supplemental loans, the Board authorized the Trust to pay MPI a refinancing fee in the amount of $20 thousand and $12 thousand, respectively, due to MPI's services in the due diligence of these loans. The Board authorized an acquisition fee of $75 thousand each for the acquisitions of Cross Creek, Grand at Pearl, Arbors, and Villaggio and a fee of $62 thousand for the acquisition of Mallard. Finally, The Board authorized a disposition fee for the disposition of Fountainhead and Ashbrooke of $52 thousand and $75 thousand respectively.

On June 1, 2014, Bicycle Club, LLC, Regency North Associates, LP, MLake 5, LLC (owner of Schoettler Village), Bogey Acquisition, LLC ("Bogey Hills"), Briarcliff Apartment Homes, LLC, Fountainhead Refunding, LLC and Jefferson Park Partners, each entered into a Solar Services Agreement ("Solar Agreement"), with MLake 82 LeaseCo. MLake 82 LeaseCo is wholly owned by David L. Johnson, President, Chairman, Chief Executive Officer and a Trustee of the Trust and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock. Pursuant to the Solar Agreement, the MOLP subsidiaries agreed to lease solar energy systems from MLake 82 LeaseCo. The term of each such lease is 20 years, and such leases require total annual lease payments from the MOLP subsidiaries of $70 thousand, increasing 10% every five years. In exchange, MLake 82 LeaseCo guaranteed that total annual energy savings

from the solar energy systems will be at least 10% greater than the annual lease payments. MLake 82 LeaseCo is responsible for all installation cost and on-going maintenance of the solar system. In addition, MLake 82 LeaseCo received all rebates, incentives and income tax credits related to the solar energy systems. For the year ended December 31, 2015 and 2014, the Trust made lease payments in the amount of $70 thousand and $34 thousand, respectively, to MLake 82 LeaseCo. The lease obligation is included in utility expenses in the consolidated statements of operations.

In conjunction with the second mortgage loan to Bogey Hills in the amount of $7.0 million that closed on August 4, 2014, a $6.5 million distribution was made to the Bogey Hills' members. The Trust's portion of the distribution was $3.4 million. A distribution of $3.1 million was made to Bogey's non-controlling interests of which $483 thousand was made to Garlich Alaska Investments, L.L.C., which owns a 7.44% non-controlling members in Bogey Hills. Garlich Alaska Investments, L.L.C. is 100% owned by Mr. Christopher Garlich. Mr. Christopher Garlich is a Trustee and beneficially owns 8.41% of the Trust's issued and outstanding common stock. The Trust, MOLP and Mr. David L. Johnson are limited carve-out guarantors of the note.

On August 31, 2014, two related parties loaned Forest Place Apartments a total of $480 thousand for the restoration of the damaged units. DLJ Enterprises, Inc., an affiliate of Mr. David L. Johnson, and Garlich Alaska Investment, L.L.C., an affiliate of Mr. Christopher Garlich, each loaned $240,000. Mr. David L. Johnson, Chairman, President, Chief Executive Officer and a Trustee of the Trust beneficially owns more than 10% of the Trust's issued and outstanding common stock. Christopher Garlich is a Trustee and also a beneficial owner of 8.41% of the Trust's issued and outstanding shares of common stock. The loans had an interest rate of 12% and a maturity date of February 2015. The loans were paid off on December 2, 2014.

On May 29, 2015, two related parties loaned Forest Place apartments a total of $240 thousand for the construction of a new clubhouse and amenities. SLCas, LLC, an affiliate of Mr. David L. Johnson, and McDowell Investments, an affiliate of Mr. Monte McDowell, each loaned $120,000. Mr. David L. Johnson, Chairman, President, Chief Executive Officer and a Trustee of the Trust beneficially owns more than 10% of the Trust's issued and outstanding common stock. Monte McDowell is a Trustee and also a beneficial owner of 7% of the Trust's issued and outstanding shares of common stock. The loans have an interest rate of 7% and a maturity date of May 29, 2017.

As of December 31, 2015, the Trust (i) has operating cash of approximately $700 thousand on deposit with First Missouri National Bank ("First Missouri"), and (ii) holds certificates of deposit of approximately $1.7 million with First Missouri, and (iii) has cash in money market accounts in the amount of $35 thousand with First Missouri. The bank deposit insurance in connection with these deposits is provided by the Federal Deposit Insurance Corporation ("FDIC"). The FDIC has a $250 thousand limit per independent entity on deposit insurance for interest-bearing accounts. David L. Johnson, Chairman, President, Chief Executive Officer, a Trustee of the Trust and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock, owns approximately 21.6% of First Missouri's outstanding common stock. Mr. Johnson is also a member of First Missouri's Board of Directors. Jose Evans, a Trustee of the Trust, also holds approximately 9.1% of First Missouri's outstanding common stock. Mr. Christopher Garlich, a Trustee of the Trust, individually and through an affiliate, holds 5.6% of First Missouri's outstanding common stock. Mr. Gregory Orman, a Trustee of the Trust, owns less than 1% of First Missouri's outstanding common stock. The Trust's operating cash is held in a non-interest bearing account. The certificates of deposit earn interest at rates ranging from 0.35% to 1.15% per annum as of December 31, 2015. The balance of cash and cash equivalents at First Missouri at December 31, 2015 and 2014 was $2.6 million and $3.1 million, respectively. As of December 31, 2015, $144 thousand is held in excess of FDIC insurance limits from certain operating accounts.

In conjunction with the acquisition of Elements on July 16, 2013, five promissory notes were executed in the aggregate of $3.0 million. Three of the lenders were affiliates of certain members of the Board. Each of the three affiliates loaned the Trust $500 thousand. The three promissory notes were issued to (i) Garlich Alaska Investments, L.L.C., an affiliate of Mr. Christopher Garlich, (ii) McDowell Investments, L.P., an affiliate of Mr. Monte McDowell, and (iii) SLCas, L.L.C., owned by Sandra Castetter, Mr. David L. Johnson's spouse. Christopher Garlich and Monte McDowell are Trustees and are also beneficial owners of 8.41% and 1.93%, respectively, of the Trust's issued and outstanding shares of stock. Sandra Castetter jointly with Mr. David L. Johnson, Chairman, President, Chief Executive Officer and Trustee of the Trust, beneficially own more than 10% of the Trust's issued and outstanding common stock. Each of the note holders were paid a loan fee equivalent to 0.5% of their loan amount. The three loans accrued interest of 7.0%, and matured on July 1, 2016. On February 4, 2015, the Trust paid off all of the Elements notes in full.

In conjunction with the purchase of Province of Briarcliff Apartments, the Trust assumed a debt obligation in the form of a note with Liberty Park, L.L.C. in the amount of $421 thousand. The note has a maturity date of February 1, 2019 and accrues interest at 8%. Liberty Park, L.L.C. is an affiliate of David L. Johnson and Sandra Castetter. Mr. David L.

Johnson, Chairman, President, Chief Executive Officer, Trustee of the Trust beneficially owns more than 10% of the Trust's issued and outstanding common stock.

On December 24, 2013, the Trust commenced an offering of 7% unsecured promissory notes (as defined above, the "Notes") in the aggregate up to $11.5 million, together with warrants (as defined above, the "Warrants") to acquire shares of the Trust's common stock at an exercise price of $50 per share (see Note 3 above). As of December 31, 2015, Notes in the principal amount of $2.5 million were held by David L. Johnson and affiliates of Mr. Johnson. Together with the Notes, Mr. Johnson and affiliates of Mr. Johnson's also hold Warrants to acquire 25 thousand limited partnership operating units in MOLP exercisable through January 31, 2017. Affiliates of Mr. Gregory Orman, Trustee of the Trust, hold Notes in the principal amount of $3.0 million as of December 31, 2015. Together with the Notes, affiliates of Mr. Orman also hold Warrants to acquire 30 thousand shares of common stock through January 31, 2017. The outstanding principal balance of Notes issued through December 31, 2015 was $7.0 million.

As discussed in Note 7, on August 28, 2014, the general partner and a majority of the limited partners of Applewood Partners, L.P. ("Applewood") exchanged approximately 77% of their partnership interest in Applewood for 18,295 MOLP units. The general partner and five of the limited partners who exchanged their partnership interest for MOLP units are related parties to the Trust: DLJ Enterprises, Inc. (an affiliate of David L. Johnson), J.M. Asset Management, L.L.C. (an affiliate of David L. Johnson), McDowell Investments, LP (an affiliate of Mr. Monte McDowell), Monte G. McDowell Trust (an affiliate of Mr. Monte McDowell) and Anise, LLC (an affiliate of Mr. Jose Evans and Mr. Christopher Garlich). The related parties controlled a total of approximately 68% of the partnership interest in Applewood and exchanged all of their interests in Applewood for MOLP units. Mr. David L. Johnson, Mr. Monte McDowell, Mr. Jose Evans and Mr. Christopher Garlich are shareholders and serve on the Board of Trustees of the Trust.

For certain of our acquisition, dispositions and mortgage loan refinancings, MRTI has used Assured Quality Title ("AQT") as the title company. AQT is wholly owned by Mr. Jose Evans. Mr. Evans is a shareholder and serves on the Board of Trustees of the Trust. For the year ended December 31, 2015, the Trust paid fees of approximately $23 thousand for services provided by AQT. In addition, AQT served as the third party qualified intermediary for the Applewood like kind exchange completed during 2015.

Certain executive officers and members of our Board, either directly or through related parties, have an ownership interest in the following subsidiaries of the Trust as set forth below:

Name of Subsidiary	Amount of Capital Contributed by Affiliates (amounts in thousands)	Affiliate Ownership	Percent of Affiliate Ownership
Kirkwood Station	$ 2,090	(1)	48.00 %
Madison at Melrose	125	(2)	3.75
Schoettler Village	360	(3)	6.40
Bogey Hills	500	(4)	7.44
Rosehill	315	(5)	3.91
Park Edge	200	(6)	3.76
Glen	1,000	(7)	34.36
Tranquility	3,060	(8)	41.00
Astoria	275	(9)	5.72
MOLP	4,439	(10)	10.66

(1) Affiliates of Christopher Garlich, Monte McDowell and David L. Johnson own the majority of the non-controlling interest in Kirkwood Station.
(2) Affiliates of David L. Johnson and John Alvey
(3) Affiliates of Jose Evans, Christopher Garlich, Monte McDowell, and David L. Johnson
(4) Affiliates of Christopher Garlich
(5) Affiliates of Jose Evans, Christopher Garlich, Monte McDowell, and David L. Johnson
(6) Affiliates of David L. Johnson, John Alvey and Monte McDowell
(7) David L. Johnson and Sandra Castetter, husband and wife
(8) David L. Johnson and Sandra Castetter, husband and wife, Greg Orman and John Alvey own the majority of the non-controlling interest in Tranquility
(9) Affiliates of Christopher Garlich and David L. Johnson
(10) Affiliates of Jose Evans, Christopher Garlich, Monte McDowell, and David L. Johnson

Total distributions paid to all non-controlling interests including related parties from the Trust were $3.7 million and $5.0 million for the years ended December 31, 2015 and 2014, respectively.

Certain executive officers and members of the Board, either directly or through related parties, have an ownership interest in the non-consolidated cost method investments as set forth below:

Name of Non-Consolidated Investment	Amount of Capital Contributed by Affiliates (amounts in thousands)	Percent of Affiliate Ownership	Affiliate Ownership	MOLP Ownership
Centennial Park Kansas, L.L.C.	$ 2.3	6.6%	(1)	0.1%
Wild Oak Acquisition, L.L.C.	2.8	59.8%	(1)	3.4%

[(1)] Affiliates of David L. Johnson and Sandra Castetter

(6) FAIR VALUE

ASC Topic 820 requires the Trust to disclose fair value information of all financial instruments, whether or not recognized at fair value in the consolidated balance sheets, for which it is practicable to estimate fair value. The Trust's financial instruments, other than debt, are generally short-term in nature and contain minimal credit risk. These instruments consist of cash, certificates of deposit, escrows and reserves, accounts receivable, accounts payable, prepaid rent and accrued expenses, other accrued liabilities, real estate taxes payable, and refundable tenant deposits. The carrying value of these assets and liabilities in the consolidated balance sheets are assumed to approximate fair value. Due to the short-term nature of these investments, Level 1 and 2 inputs are utilized to estimate the fair value of these financial instruments. The estimated fair value of debt is determined based on rates currently available to the Trust for debt with similar terms and remaining maturities. The carrying amount and estimated fair value of the Trust's debt at December 31, 2015 and 2014 are summarized as follows:

(in thousands):	December 31, 2015		December 31, 2014	
Mortgage Notes Payable	Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair value
Fixed rate notes	$ 309,007	$ 310,227	$ 254,151	$ 264,956
Floating rate notes	64,832	64,832	26,392	26,352
Notes Payable				
Fixed rate note	23,643	23,966	18,304	19,230

Fair value estimates are made at a specific point in time, are subjective in nature, and involve uncertainties and matters of significant judgment. Settlement of the Trust's debt obligations at fair value may not be possible and may not be a prudent management decision. We classify within Level 3 of the valuation hierarchy the fair values of our mortgage notes and notes payable disclosed above, based on the significance of certain of the unobservable inputs such as the interest rate factor used to estimate our fair values. The fair value of our mortgage notes, notes payable and line of credit is estimated using a methodology consistent with that described above for the property debt.

(7) PROPERTY ACQUISITIONS AND DISPOSITIONS

Acquisitions

Upon acquisitions of real estate properties, management makes subjective estimates of the fair value of acquired tangible assets (consisting of land, land improvements, building, improvements, and furniture, fixtures and equipment) and identified intangible assets and liabilities (consisting of above and below market leases, in-place leases, tenant relationships and assumed financing that is determined to be above or below market terms) in accordance with ASC Topic 805, "Business Combinations" (See also Note 2.g, Operating Real Estate, Accounting for Acquisitions). Based on these estimates, management records the acquired assets and liabilities at fair value. These estimates have a direct impact on net income. During the year ended December 31, 2015, we acquired interests in six apartment communities located in Wichita, Kansas, Hope Mills, North Carolina, Ridgeland, Mississippi, Pearl, Mississippi, Horn Lake, Mississippi and Bossier City, Louisiana. During the year ended December 31, 2014, we acquired interests in three apartment communities located in Little Rock, Arkansas, Pearland, Texas and Ankeny, Iowa. Summarized information regarding these acquisitions is set forth in the table below followed by narratives describing each acquisition activity for the years ended December 31, 2015 and 2014.

(dollars in thousands)	Years Ended December 31, 2015	2014
Number of apartment homes	1,519	1,050
Purchase price	$ 94,600	$ 74,200
Non-recourse property debt assumed (outstanding principal balance)	28,950	38,884
Non-recourse property debt and liabilities assumed (fair value)	32,601	36,490
Total fair value of operating real estate acquired	113,448	79,950

Foothills

On January 24, 2014, three wholly owned subsidiaries of MOLP (Foothills Acquisition I, LLC, Foothills Acquisition II, LLC and Foothills Acquisition III, LLC, collectively referred to as the "Buyers") completed the purchase of the multi-family 540 unit apartment complex located in Little Rock, Arkansas known as Foothills Apartments ("Foothills") for a total purchase price of $42.6 million, adjusted for standard prorations. The Sellers were unrelated third parties. At closing, the existing three HUD mortgage loans on Foothills in the approximate aggregate amount of $29.6 million were assumed by the Buyers and other prorated items and expenses of $249 thousand that were paid, resulting in net consideration due from the Trust of approximately $12.7 million. This amount was funded in part with the MBT Loan and proceeds from the Notes and Warrant offering. The mortgage loan associated with Foothills Acquisition I, LLC in the amount of $4.0 million has a fixed rate of 3.20%, matures July 1, 2037 and amortizes a debt discount charge of $349 thousand due to the fair value of the loan being less than the outstanding balance at time of assumption. The mortgage loan associated with Foothills Acquisition II, LLC of $4.0 million has a fixed rate of 3.80%, matures November 1, 2047 and amortizes a debt discount of $157 thousand. The mortgage loan associated with Foothills Acquisition III, LLC of $21.6 million has a fixed rate of 3.25%, matures May 1, 2050 and amortizes a debt discount of $2.5 million**.**

For the acquisition of the Foothills property, the assets acquired and liabilities assumed, including identifiable intangible assets, were based on their respective estimated fair values. The respective estimated fair values of the property were determined by a third-party appraisal at the acquisition date.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

(amounts in thousands)	
Operating assets	$ 988
In-place leases	390
Land	3,546
Land improvements	394
Building	34,066
Total assets acquired	39,384
Mortgage notes assumed	26,666
Net assets acquired	$ 12,718

Reserve at Tranquility Lake

On June 11, 2014, a wholly owned subsidiary of MOLP, King's Court/Terrace Acquisition, L.L.C. ("King's Court/Terrace") jointly purchased the Reserve at Tranquility Lake Apartments ("Tranquility") with Grand Acquisition, L.L.C. ("Grand") and USA Tranquility Lake 2, L.L.C. ("USA Tranquility") as tenants in common. King's Court/ Terrace, Grand, and USA Tranquility hold tenant in common interests of 59%, 37% and 4%, respectively. Tranquility is a 314 unit residential apartment community with 326,534 square feet of rentable space and the property consists of 14 predominantly three-story apartment buildings located in Pearland, Texas, a suburb of Houston, Texas. The property was constructed in 2003. The purchase price was $30.4 million, which includes closing costs and acquisition fees of approximately $400 thousand, resulting in total consideration paid of $30.0 million. In conjunction with the acquisition, a $23.7 million mortgage loan was obtained by the tenants in common from BMO Harris Bank, NA secured by Tranquility Apartments. An affiliate controlled by Mr. Gregory Orman, a member of the Board, owns 50% of Grand Acquisition, L.L.C. and an affiliate controlled by David L. Johnson and Sandra Castetter own the remaining 50%. USA Tranquility Lake 2, L.L.C., is owned by MLake 55, L.L.C. which is 100% owned by David L. Johnson and Sandra Castetter. Mr. David L. Johnson, Chairman, President, Chief Executive Officer and a Trustee of the Trust, beneficially owns more than 10% of the Trust's issued and outstanding common stock. The net cash paid by the Trust for its interest in Tranquility was $3.7 million. In addition, the Trust's proportionate share of the mortgage loan was $14.0 million.

The following table summarizes the assets acquired and liabilities assumed at fair value at the date of the Tranquility acquisition:

(amounts in thousands)		Total
Operating assets	$	165
Land		3,532
Land improvements		393
In-place leases		306
Building		26,289
Total assets acquired		30,685
Total liabilities		241
Total non-controlling interest		12,697
Total liabilities and non-controlling interest		12,938
Net assets acquired	$	17,747

The original $23.7 million mortgage loan associated with Tranquility had provisions that held King's Court/Terrace, Grand and USA Tranquility jointly and severally liable for performance on the loan. In addition, the Trust had guaranteed the mortgage loan. Joint and several liability and the guarantee represented variable interests. The Trust at the time of acquisition determined that all three entities were variable interest entities. Further, the Trust determined that it was the primary beneficiary of all three entities as King's Court/Terrace, Grand and USA Tranquility are related parties of the Trust and the Trust is most closely associated with the related party group. Accordingly, we consolidated the financial statements of King's Court/Terrace, Grand and USA Tranquility as of and for the periods ended June 30, 2014 and September 30, 2014. On September 30, 2014, the Tranquility mortgage note was refinanced. The new mortgage loan amount was $28.5 million, matures October 1, 2024 and has a fixed interest rate of 3.97%. As a result of the mortgage loan refinancing, the aforementioned variable interests no longer exist and Grand and USA Tranquility are no longer variable interest entities. Specifically, the new loan does not hold King's Court/Terrace, Grand and USA Tranquility jointly and severally liable for performance on the loan and is not guaranteed by the Trust (other than the standard carve-out guarantee). As a result, each of the tenant in common owners hold an undivided interest in the underlying real estate. Therefore, at December 31, 2015, we have accounted for the Trust's 59% interest under the proportionate method of accounting.

Applewood Partners

On August 28, 2014, the Trust acquired a 77% interest in Applewood Partners, L.P. ("Applewood"). Applewood owns the Ashbrooke Apartments in Ankeny, Iowa, a suburb of Des Moines. Ashbrooke includes approximately 148,000 square feet of rentable area and has 196 apartment units. The Trust completed the acquisition through the exchange of 18,295 MOLP units and the assumption of a mortgage note for the acquired 77% partnership interest. Related parties of MRTI held interests in Applewood totaling approximately 67%, including the general partner interest. The Trust acquired all of the related party interests in this transaction. Following the consummation of the exchange, MOLP is the general partner and owns a 77% controlling interest in Applewood. Total consideration paid for this transaction was $915 thousand. In conjunction with the acquisition, Applewood assumed the mortgage note of approximately $9.3 million. The loan matures September 1, 2024 and has a fixed interest rate of 4.04%.

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The following table summarizes the fair values of the assets and liabilities assumed at the date of the acquisition:

(amounts in thousands)

Operating assets	$	814
Land		917
Land improvements		102
In-place leases		170
Building		10,711
Total assets acquired		12,714
Mortgage note		9,250
Other liabilities		333
Total liabilities		9,583
Total non-controlling interest		275
Total liabilities and non-controlling interest		9,858
Net assets acquired	$	2,856

The assets acquired and liabilities assumed, including identifiable intangible assets, were based on their respective estimated fair values, substantially all of which were determined by a third-party appraisal at the acquisition date. The Trust estimated the fair value of the MOLP units exchanged and non-controlling interest to be approximately $1.2 million.

As a result, a non-cash bargain purchase gain of approximately $1.9 million was recognized for the difference between the fair value of net assets acquired in excess of the consideration paid. This has been recorded as a gain on bargain purchase on the consolidated statements of operations. We believe we were able to acquire net assets with a fair value in excess of consideration given due to this transaction being structured in a way that enabled the limited partners to exchange their limited partnership interests in a manner that defers substantial taxable gains. In addition, the former partners were able to exchange their limited partnership interests for MOLP units, which (after satisfaction of the required one year holding period) are a more liquid investment.

The Trust estimated the fair value of the MOLP units exchanged and non-controlling interest to be approximately $1.2 million to account for this transaction. This valuation was determined using commonly accepted valuation techniques. However, the valuation requires significant judgment and estimate and involves the use of significant unobservable inputs, the most significant of which is the implied capitalization rate and earnings multiple. We arrived at the estimated fair value using probability weighted valuation methods. In addition, as a result of the fact that our shares are thinly traded on the open market, we applied a liquidity discount to arrive at the final valuation. Given the significance of these unobservable inputs, there is a wide range in the estimate of fair value. For example, if the assumed discount rate were to change by 25 basis points from our estimate and the earnings multiple was changed 10%, the estimated fair value of the MOLP units for this transaction would range from approximately $1.0 million to $1.6 million. At the low end of that range, the gain on bargain purchase would be increased by $0.2 million and at the high end of the range, the gain would be decreased by $0.4 million.

Cross Creek

On July 14, 2015, a wholly owned subsidiary of MOLP, Cross Creek Acquisition, LLC purchased the Cross Creek apartment community located in Wichita, Kansas for $14.9 million. Cross Creek has 256 apartment units and 239,000 rentable square feet.

In conjunction with the acquisition, a mortgage loan totaling $11.3 million was obtained from BMO Harris Bank, NA. The mortgage loan is secured by the Cross Creek apartments and contains a guarantee of repayment from the Trust. The mortgage loan matures July 13, 2018 and has a variable interest rate equal to the one month LIBOR rate plus 2.25%. The Trust funded the remaining portion of the purchase price of $3.7 million. In addition, the Trust funded $314 thousand in escrow to make necessary repairs to the property. Total consideration paid for the acquisition was $4.2 million.

In conjunction with the acquisition, the Trust incurred acquisition fees totaling approximately $100,000, including an acquisition fee of $75,000 paid to a related party, MPI.

The assets acquired and liabilities assumed, including identifiable intangible assets, were based on their respective estimated fair values. The estimated fair values were determined by an appraisal completed by an independent third-party valuation specialist at the acquisition date. The following table summarizes the fair values of the assets acquired and liabilities assumed:

(amounts in thousands)

Land	$	1,810
Land improvements		181
Buildings		12,626
Personal property		260
In-Place leases		183
Other assets		342
Total assets acquired		15,402
Total liabilities assumed		142
Net assets acquired	$	15,260

Cape Fear Multifamily

On August 20, 2015, the Trust completed the acquisition of a controlling interest in Cape Fear Multifamily, LLC ("Cape Fear"). Cape Fear is a single purpose entity that holds the Astoria Apartments ("Astoria"). Astoria is an apartment community located in Hope Mills, North Carolina that includes approximately 299,000 square feet spread over 272 apartment units.

The acquisition was completed through a newly formed entity, Astoria Acquisition, LLC ("Astoria Acquisition"). Astoria Acquisition acquired a 62.5% interest in Cape Fear for a capital contribution of $3.2 million. MOLP holds an 80.96% interest in Astoria Acquisition and an entity controlled by David L. Johnson, the Chairman, Chief Executive Officer, President, and a Trustee of the Trust and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock, holds the remaining 19.04% interest.

Under the terms of the transaction, Cape Fear will pay a cumulative preferred return of 10% on Astoria Acquisition's $3.2 million capital contribution.

Cape Fear had an existing mortgage loan with a principal balance of approximately $22.3 million. The loan is serviced and guaranteed by the HUD. The loan had a fixed interest rate of 5.6% and matures August 1, 2053. The interest rate on the existing mortgage was above the market rate at the date of acquisition. As a result, a premium on the loan was recorded upon acquisition totaling $2.0 million and is being amortized over the remaining loan term using the effective interest method.

As a result of the property not meeting certain performance parameters required under the loan agreement, HUD required Cape Fear to maintain a cash collateral account totaling $0.7 million to secure the loan. The cash collateral account must remain in place until the loan agreement requirements are met. The Trust provided the cash collateral upon closing of this transaction. Under the terms of the transaction, MRTI will receive interest from Cape Fear of 10% on the cash collateral amount provided until such time as the cash collateral is released.

In conjunction with the acquisition, the Trust incurred acquisition fees totaling approximately $259,000. Total net consideration paid for the acquisition of the controlling interest was $2.2 million, net of the non-controlling contribution.

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The assets acquired and liabilities assumed, including identifiable intangible assets, were based on their respective estimated fair values. The estimated fair values were determined by an appraisal completed by an independent third-party valuation specialist at the acquisition date. The following table summarizes the fair values of the assets acquired and liabilities assumed:

(amounts in thousands)

Operating assets	$	1,014
HUD cash collateral		655
Land		2,428
Land improvements		2,106
Buildings		22,332
Building improvement		456
Personal property		528
In-place leases		726
Total assets acquired		30,245
Operating liabilities		468
Related party payable to the Trust		655
Mortgage note		24,334
Total liabilities		25,457
Non-controlling interest		753
Net assets acquired	$	4,035

As a result of the net assets acquired exceeding the capital contribution from Astoria Acquisition, the Trust recognized a bargain purchase gain of $886 thousand. The gain is primarily due to the fact that the asset was financially distressed and unable to obtain permanent financing prior to our capital contribution. As a result, Astoria Acquisition will receive all of the excess cash flow from Cape Fear for three to five years as a result of the preferred return on the capital contribution.

Grand at Pearl

On October 1, 2015, a wholly owned subsidiary of MOLP, Colony Acquisition, LLC, purchased the Colony Park and Grande at Colony Park apartment communities located in Pearl, Mississippi for $16.2 million. The apartment communities are operated as a single apartment community and were subsequently renamed Grand at Pearl. Grand at Pearl has 280 apartment units and approximately 322,000 rentable square feet.

In conjunction with the acquisition, a mortgage loan totaling $11.6 million was obtained from BMO Harris Bank, NA. The mortgage loan is secured by the Grand at Pearl apartments and contains a guarantee of repayment from the Trust. The mortgage loan matures October 1, 2018 and has a variable rate of interest equal to the one month LIBOR rate plus 2.25%. In addition, the Trust funded $387 thousand in escrow to make necessary repairs to the property.

Related to the acquisition, the Trust incurred acquisition fees totaling $100 thousand, including an acquisition fee of $75 thousand payable to a related party, Maxus Properties, Inc. The related party fee is included in accounts payable related parties in the consolidated balances sheets as of December 31, 2015.

Adjusting for fees paid related to the acquisition and standard prorations, the total proceeds paid by the Trust was $4.7 million.

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The assets and liabilities assumed, including identifiable intangible assets and liabilities, were based on their respective estimated fair values. The estimated fair values were determined by an appraisal completed by an independent third-party valuation specialist at the acquisition date. The following table summarizes the fair value of the assets acquired and liabilities assumed:

(amounts in thousands)		
Land	$	2,239
Land improvements		224
Buildings		13,098
Personal property		135
In-place leases		615
Total assets acquired		16,311
Acquired below market leases		161
Net assets acquired	$	16,150

On June 27, 2013, the City of Pearl approved the adoption of an ordinance that requires existing apartments located in Pearl to, among other requirements, meet certain construction requirements for new construction standards and building code requirements which were not in force when the apartments were constructed. The ordinance, as currently adopted, would require Grand at Pearl to install sprinklers or fire suppression systems in each apartment unit, construct storm shelters and install storm warning systems. The ordinance also requires apartment owners to pay certain fees annually to the City of Pearl and other agencies for certain property inspections. To the Trust's knowledge, the City of Pearl has not enforced the ordinance to date.

Approximately 10 apartment owners in Pearl, including Colony Acquisition, filed an action contesting the constitutionality of the ordinance under both Federal and state laws. Based on the action currently being taken by the apartment owners in Pearl, we believe it is not probable that the ordinance, as currently adopted, will be legally enforceable and that the ordinance will be, at a minimum, significantly revised or declared unconstitutional. Therefore, we have not accrued any of the potential cost to comply. However, if the apartment owners receive an adverse judgment, the cost of meeting these standards could be materially adverse to the Trust's consolidated balance sheets and statements of operations.

Arbors at Natchez Trace

On October 22, 2015, a wholly owned subsidiary of MOLP, Arbors Acquisition, LLC, purchased the Arbors at Natchez Trace ("Arbors") apartment community located in Ridgeland, Mississippi for $30.1 million. Arbors has 328 apartment units spread over approximately 343,000 rentable square feet.

In conjunction with the acquisition, a mortgage loan totaling $24.5 million was obtained from Northmarq Capital. The mortgage loan is secured by the assets of Arbors. The mortgage loan matures November 1, 2025 and carries a fixed interest rate of 4.45%. In addition, the Trust funded $1.0 million in escrow to make necessary repairs to the property.

Related to the acquisition, the Trust incurred acquisition fees totaling $94 thousand, including an acquisition fee of $75 thousand payable to a related party, Maxus Properties, Inc. The related party fee is included in accounts payable related parties in the consolidated balance sheets as of December 31, 2015.

Adjusting for fees paid related to the acquisition and standard prorations, the total proceeds paid by the Trust was $5.8 million.

The assets and liabilities assumed, including identifiable intangible assets and liabilities, were based on their respective estimated fair values. The estimated fair values were determined by an appraisal completed by an independent third-party valuation specialist at the acquisition date. The following table summarizes the fair value of the assets acquired:

(amounts in thousands)		
Land	$	3,000
Land Improvements		300
Buildings		25,332
Personal Property		533
In-place leases		910
Net assets acquired	$	30,075

Villaggio

On December 29, 2015, a wholly owned subsidiary of MOLP, Villaggio Acquisition, LLC, purchased the Villaggio apartment community located in Bossier City, Louisiana for $22.0 million. Villaggio has 239 apartment units spread over approximately 233,000 rentable square feet. In addition, Villaggio has retail and commercial space of approximately 52,000 rentable square feet.

In conjunction with the acquisition, a mortgage loan totaling $16.3 million was obtained from Northmarq Capital. The mortgage loan is secured by the assets of Villaggio. The mortgage loan matures January 1, 2023 and has a variable rate of interest equal to the one month LIBOR rate plus 2.66%. In addition, the Trust funded $200 thousand in escrow to make necessary repairs to the property.

Related to the acquisition, the Trust incurred acquisition fees totaling $76 thousand, including an acquisition fee of $75 thousand payable to a related party, Maxus Properties, Inc. The related party fee is included in accounts payable related parties in the consolidated balance sheets as of December 31, 2015.

Adjusting for fees paid related to the acquisition and standard prorations, the total proceeds paid by the Trust was $6.0 million.

The assets and liabilities assumed, including identifiable intangible assets and liabilities, were based on their respective estimated fair values. The estimated fair values were determined by an appraisal completed by an independent third-party valuation specialist at the acquisition date. The following table summarizes the fair value of the assets acquired:

(amounts in thousands)		
Land	$	3,754
Land Improvements		375
Buildings		16,914
Personal Property		346
In-place leases		661
Net assets acquired	$	22,050

Mallard Creek

On December 31, 2015, a wholly owned subsidiary of MOLP, Mallard Creek Acquisition, LLC, purchased the Mallard Creek apartment community located in Horn Lake, Mississippi for $8.2 million. Mallard Creek has 144 apartment units spread over 165,000 rentable square feet.

In conjunction with the acquisition, the Trust assumed the existing mortgage loan from the seller. The mortgage loan had an outstanding balance of $6.9 million, carries fixed interest rate of 3.28% and matures on August 1, 2050. A debt discount of $0.2 million was recorded upon acquisition.

In conjunction with the acquisition, the Trust incurred acquisition fees totaling approximately $64 thousand, including an acquisition fee of $62 thousand payable to a related party, Maxus Properties, Inc. The related party fee is included in Accounts Payable Related Parties in the Consolidated Balance Sheets as of December 31, 2015.

Adjusting for fees paid related to the acquisition and standard prorations, the total proceeds paid by the Trust was $1.8 million.

The assets and liabilities assumed, including identifiable intangible assets and liabilities, were based on their respective estimated fair values. The estimated fair values were determined by an appraisal completed by an independent third-party valuation specialist at the acquisition date. The following table summarizes the fair value of the assets acquired and liabilities assumed:

(amounts in thousands)	
Escrows and reserves	$ 577
Land	702
Land improvements	515
Buildings	6,236
Personal property	195
In-place leases	304
Total assets acquired	8,529
Property taxes and security deposits	191
Mortgage note assumed	6,650
Total liabilities acquired	6,841
Net assets acquired	$ 1,688

The following table presents actual and unaudited pro forma information related to the properties acquired during the years ended December 31, 2015 and 2014, respectively. The pro forma information is presented as if the properties acquired during 2015 and 2014 were acquired on January 1, 2014. We recognized acquisition costs during the years ended December 31, 2015 and 2014 totaling $0.8 million and $0.6 million, respectively. In addition, for the years ended December 31, 2015 and 2014, we recognized a gain on bargain purchase totaling $886 thousand and $2.0 million, respectively. The proforma presentation is presented for informational purposes only, and is not necessarily indicative of what our actual results of operations would have been had the acquisitions occurred at such time.

	Years Ended December 31,	
(amounts in thousands)	2015	2014
Actual revenues from acquisitions	$ 12,718	$ 7,052
Actual net income from acquisitions	1,463	1,280
Pro forma total revenues	72,360	73,046
Pro forma net income applicable to common shares	4,818	14,768
Pro forma earnings per common share – basic	4.26	12.69
Pro forma earnings per common share – diluted	3.55	11.30

Dispositions

Chalet

On August 19, 2014, the Board approved entering into a contract to sell Chalet Apartments. The Trust entered into a Real Estate Sale Agreement for a sales price of $12.5 million, which closed on October 17, 2014, resulting in a gain of $6.3 million. The net proceeds received after the payoff of the $7.2 million mortgage debt was $3.8 million. The

proceeds were deposited in an escrow third-party qualified intermediary account in anticipation of applying the net proceed to a qualifying like kind exchange under section 1031 of the Internal Revenue Code. However, the Trust was not able to identify a replacement property. As such, the proceeds were released from escrow on February 3, 2015.

The following table represents the amount of gain from the sale of the Chalet after the adjustment of certain disposition fees, selling costs and the prepayment penalty during the fourth quarter:

(amounts in thousands)		
Chalet sales price	$	12,539
Less commissions, closing costs & other prorations		(1,259)
Net sale price		11,280
Less net carrying value		(4,988)
Gain	$	6,292

The gain for tax purposes was approximately $6.9 million.

Ashbrooke

On May 21, 2015, the Board approved entering into a contract to sell Ashbrooke Apartments. The Trust entered into a Real Estate Sale Agreement on July 8, 2015 for a sales price of $12.4 million, which closed on November 5, 2015, resulting in a gain of $796 thousand. The net proceeds received after the payoff of the $9.1 million mortgage debt was $3.4 million. The proceeds were deposited in a third-party qualified intermediary escrow account. For tax purposes, the Trust has applied the gain on disposition of the Ashbrooke Apartments sale to the adjusted basis of the Cross Creek Apartments as its replacement property in accordance with the Internal Revenue Code Section 1031 for tax-free exchanges.

The following table represents the amount of gain from the sale of the Ashbrooke Apartments after the adjustment of certain disposition fees and selling costs:

(amounts in thousands)		
Ashbrooke's sales price	$	12,400
Less commissions, closing costs & other prorations		(142)
Net sale price		12,258
Less net carrying value		(11,462)
Gain	$	796

The estimated gain for tax purposes is approximately $1.7 million which will offset the basis of the replacement property, Cross Creek Apartments.

Fountainhead

On June 25, 2015, the Board approved entering into a contract to sell Fountainhead Apartments. The Trust entered into a Real Estate Sale Agreement for a sales price of $6.9 million, which closed on September 1, 2015, resulting in a gain of $2.2 million. The net proceeds received after the payoff of the $4.0 million mortgage debt was $2.7 million. The proceeds were deposited in an escrow third-party qualified intermediary account. For tax purposes the Trust has applied the gain on disposition of the Fountainhead Apartments sale to the adjusted basis of the Grande at Pearl Apartments as its replacement property in accordance with the Internal Revenue Code Section 1031 for tax-free exchanges.

The following table represents the amount of gain from the sale of the Fountainhead Apartments after the adjustment of certain disposition fees and selling costs during the fourth quarter:

(amounts in thousands)		
Fountainhead sales price	$	6,916
Less commissions, closing costs & other prorations		(194)
Net sale price		6.722
Less net carrying value		(4,496)
Gain	$	2,226

The estimated gain for tax purposes is approximately $2.6 million which will offset the basis of the replacement property, Grand at Pearl Apartments.

(8) ACQUISITION OF NON-CONTROLLING INTEREST IN UNCONSOLIDATED REAL ESTATE COMPANIES

On May 2, 2011, the Board approved the purchase of equity securities in an apartment community located in Kansas City, Missouri. MOLP purchased a 3.36% minority equity interest for a purchase price of $150 thousand in WildOak Acquisition, LLC ("WildOak"). WildOak refinanced its mortgage loan in the amount of $16.5 million and, with Board approval, the Trust is a key principal/carve-out guarantor of the mortgage loan. MLake 44, LLC owns a majority interest in WildOak. David L. Johnson, Chairman, President, Chief Executive Officer and a Trustee of the Trust, and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock, owns 50% of MLake 44, LLC.

On May 2, 2011, MOLP purchased a 3% equity interest in MLake 11, LLC. This limited liability company is the managing member and 0.1% equity owner of Centennial Park Kansas, LLC ("Centennial"). MOLP's purchase price for this investment was $50 thousand. Centennial refinanced its mortgage loan with Freddie Mac in the amount of $10.3 million and, with Board approval the Trust is a key principal/carve-out guarantor of the mortgage loan. David L. Johnson, Chairman, President, Chief Executive Officer, Trustee of the Trust and the beneficial owner of more than 10% of the Trust's issued and outstanding common stock, owns 47.5% of MLake 11, LLC.

The mortgage financing in which the Trust is a carve-out guarantor as described above is non-recourse because the borrowers, WildOak and Centennial, and guarantors are not personally liable for the debt upon default, except in limited instances. The Trust believes that an event of default of the mortgage loans in these limited instances is remote and, if a situation arises where a default of the loan occurs, the guarantors' (including the Trust's) liability is limited to the losses and damages suffered by the lender as a result of the event. The probability of the defaults being triggered are remote; therefore management has recorded the fair value of the guarantee at 1% (similar to the 1% commitment fees on certain letters of credit).

The following table represents the amount of the guarantee liability as of December 31, 2015 (in thousands):

	Mortgage Balance as of December 31, 2015	Guarantee
Centennial Park	$ 9,667	$ 97
WildOak	15,389	154
Total	$ 25,056	$ 251

The guarantee is reflected in other accrued expenses on our consolidated balance sheets.

(9) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

We report as discontinued operations real estate properties that meet the definition and have the criteria to be classified as held for sale. We include all results of these discontinued operations in a separate component of income on the consolidated statements of operations under the heading "Income from discontinued operations, net."

The Trust entered into a contract to sell the King's Court/Terrace real estate properties during 2013 as the Trust believes such property is inconsistent with our long-term investment strategy. At the end of each reporting period, we evaluate whether such properties meet the criteria to be classified as held for sale, including whether such properties are expected to be sold within 12 months. Closing of the property occurred on February 26, 2014 and, after the payoff of the debt, proceeds from the sale were approximately $2.6 million.

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The following is a summary of the components of income from discontinued operations and the related amounts of income from discontinued operations attributable to the Trust for the year ended December 31, 2014 (in thousands):

	Year Ended December 31, 2014
Rental and other property revenues	$ 241
Gain on sale	2,758
Less: Property operating expenses	156
Depreciation and amortization	--
Operating income	2,843
Less: Interest expense	75
Income from discontinued operations, net	$ 2,768

As discussed in Note 2, "Summary of Significant Accounting Policies", the FASB issued ASU No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity". The ASU states that only those disposals of components of an entity that represent a strategic shift that has a major effect on an entity's operations and financial results will be reported as discontinue operations in the financial statements. We have determined that none of the disposals completed during the years ended December 31, 2015 or December 31, 2014 meet this criteria.

As of December 31, 2015, we have classified the assets and liabilities of Barrington Hills as held for sale. A contract was executed to sell this property in January 2016 and we anticipate the sale will be completed during the year ended December 31, 2016.

(10) CONDITIONAL ASSET RETIREMENT OBLIGATIONS

The Trust records asset retirement obligations in accordance with ASC 410. At December 31, 2015 and 2014, the Trust had a liability for $92 thousand and $84 thousand, respectively. Upon the acquisition of Valley Forge Apartments, the Phase I Environmental Reports dated October 24, 2006, cited asbestos-containing ceiling materials. In accordance with regulatory standards, on October 26, 2006 an Operations and Maintenance Program was completed and implemented for Valley Forge. Management is aware that the asbestos-containing materials must be removed before the real estate can be "retired" due to sale, abandonment, recycling, or disposal, which constitutes an asset retirement obligation, if the removal cost is estimable and material. The asset retirement obligation cost was estimated at fair value. The asset retirement obligation is included in other accrued liabilities in the consolidated balance sheets.

(11) TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY

Shareholders' Equity: Warrants

On December 24, 2013, the Trust commenced the offering of the Notes and Warrants (See Note 3). The offering consisted of 1,000 units, with each unit consisting of (i) a $10,000 principal amount of non-negotiable unsecured promissory note, and (ii) one warrant entitling the holder to acquire 100 shares of common stock of the Trust at an exercise price of $50 per share. The Notes were issued at a face value of 100%, without any premium or discount (excluding the fair value of the warrants). The Warrants expire on the third anniversary date from the date the warrant is issued, but no later than January 31, 2017. As of December 31, 2015, the Trust had issued a total of $7.0 million of Notes and Warrants in the aggregate to purchase 70,450 shares of common stock (although, as described in Note 11, Warrants to acquire 25,000 shares were amended during 2015 to provide that such Warrants are exercisable to acquire MOLP limited partnership operating units in lieu of 25,000 shares of the Trust's common stock). The Trust classifies the Warrants as equity instruments. The relative fair value of the warrants issued was $643 thousand, which was calculated using the Black-Scholes option pricing model. Variables used in the valuation include (1) risk free rate of 0.72%, which was the interest rate on three-year treasury note quoted on December 31, 2013, (2) a stock price of $37, (3) an exercise price of $50, (4) an expected life of 3 years and (5) annualized volatility of 50%.

On June 30, 2015 the Trust amended Warrants to acquire 25,000 shares of the Trust's common stock held by affiliates of David L. Johnson. The amendment(s) provides that the holder of the Warrants will have the right to purchase 25,000 MOLP limited partnership operating units for $50 per unit in lieu of 25,000 shares of the Trust's common stock for $50 per share.

Non-controlling Interests: MOLP Operating Units

In conjunction with the acquisitions of certain operating companies that owned apartment communities, we have issued a total of 155,441 MOLP operating units. If and when the MOLP units are presented for redemption, we have the option to convert the MOLP units for common shares of the Trust based on an exchange ratio that is currently a one-for-one basis, or the cash equivalent amount, determined as the average closing price for our common shares over the 10-day trading period on the OTC market preceding the redemption. Although the Trust intends to convert the units into common shares, to date the Trust has redeemed 585 MOLP operating units from two unrelated MOLP owners for $17,756 after such owners exercised their right to redeem the units in accordance with the conditions set forth in the MOLP limited partnership agreement. The price was determined based on the average closing price of the Trust's common stock for the 10 trading days immediately preceding the date the MOLP owner provided his notice of redemption to MOLP. As of December 31, 2015, affiliates of the Trust own 88.25% or 137,181 of the 155,441 MOLP non-controlling operating units outstanding.

Treasury Shares

On November 10, 2014, the Board approved a stock repurchase plan authorizing the Trust to purchase up to 25,000 outstanding shares of the Trust's common stock. During the year ended December 31, 2015, the Trust purchased 13,893 common shares totaling $416 thousand and the shares were placed in the Company's treasury stock account. The Trust ended the stock repurchase plan in May 2015.

Dividend

In May 2015, the Board of Trustees declared a monthly dividend for July, August and September, 2015 of $0.25 per common share to our common shareholders of record as of July 1, July 31 and September 1, 2015, respectively. The dividend was subsequently paid on July 15, 2015, August 14, 2015 and September 15, 2015, and we paid equivalent amounts per unit to holders of the MOLP limited partnership operating units. On August 10, 2015, the Board declared a monthly dividend of $0.25 per common share to shareholders of record as of September 30, 2015, October 30, 2015 and November 30, 2015 which were paid October 15, 2015, November 13, 2015 and December 15, 2015, respectively, and we paid equivalent amounts per unit to holders of the MOLP limited partnership operating units.

(12) EARNINGS PER SHARE ("EPS")

The Trust calculates earnings per share based on the weighted average number of shares of common stock, and dilutive convertible securities outstanding during the period. The exchange of MOLP limited partnership operating units into common shares were included in the computation of diluted EPS. The following table illustrates the Trust's calculation of basic and diluted EPS for the years ended December 31, 2015 and 2014 (in thousands, except per share data):

	Years Ended December 31,	
	2015	2014
Numerator:		
Income from continuing operations attributable to common shareholders	$ 6,626	$ 13,575
Income from discontinued operations attributable to common shareholders	--	2,768
Net income	6,626	16,343
Net (income) attributable to non-controlling interests	(2,103)	(2,939)
Net income attributable to common shareholders	$ 4,523	$ 13,404
Denominator:		
Weighted average common shares outstanding – basic	1,130	1,164
Diluted potential common shares and MOLP units	226	143
Weighted average common shares outstanding – diluted	1,356	1,307
Earnings per common share – basic:		
Income from continuing operations attributable to common shareholders	$ 4.00	$ 9.14
Income from discontinued operations attributable to common shareholders	--	2.38
Net income attributable to common shareholders	$ 4.00	$ 11.52
Earnings per common share – diluted:		
Income from continuing operations attributable to common shareholders	$ 3.33	$ 8.14
Income from discontinued operations attributable to common shareholders	--	2.12
Net income attributable to common shareholders	$ 3.33	$ 10.26

(13) YEAR END SEGMENT REPORTING

The Trust has adopted FASB ASC Topic 280-10-50, "Disclosure About Segments of an Enterprise and Related Information", which establishes standards for the way that public business entities disclose information about operating segments in financial statements, as well as related disclosures about products and services, geographic areas, and major customers.

The Trust operates rental real estate in two segments; apartments and retail. As of December 31, 2015, the Trust operates twenty-six apartment communities and approximately 92,000 square feet of retail space. As of December 31, 2014, the Trust operated twenty-two apartment communities and 40,412 square feet of retail space. The Trust's management evaluates the performance of each segment based on profit or loss from operations. The accounting policies of the segments are the same as those of the Trust. Following is information for each segment as of and for the years ended December 31, 2015 and 2014 (in thousands):

December 31, 2015:	Total Revenue	Income from Continuing Operations	Capital Expenditures	Depreciation and Amortization	Interest Expense	Operating Real Estate	Income from Discontinued Operations
Apartments	$ 59,611	$ 7,552	$ 7,987	$ 12,637	$ 14,408	$ 461,467	$ --
Retail	978	395	232	199	125	5,003	--
Corporate	--	(1,321)	--	--	1,021	--	--
Subtotal	60,589	6,626	8,219	12,836	15,554	466,470	--
Non-controlling interest	--	(2,103)	--	--	--	--	--
Total	$ 60,589	$ 4,523	$ 8,219	$ 12,836	$ 15,554	$ 466,470	$ --

December 31, 2014:	Total Revenue	Income from Continuing Operations	Capital[2] Expenditures	Depreciation and Amortization	Interest Expense	Operating[1] Real Estate	Income from Discontinued Operations
Apartments	$ 54,697	$ 14,938	$ 6,279	$ 12,084	$ 13,384	$ 355,317	$ 2,768
Retail	880	430	136	194	122	4,926	--
Corporate	--	(1,793)	--	- -	1,395	--	--
Subtotal	55,577	13,575	6,415	12,278	14,901	360,243	2,768
Non-controlling interest	--	(2,598)	--	--	--	--	(341)
Total	$ 55,577	$ 10,977	$ 6,415	$ 12,278	$ 14,901	$ 360,243	$ 2,427

[1]The assets do not include assets from discontinued operations
[2] Excludes $4.5 million for repairs completed on damaged Forest Place property

(14) CONTINGENCIES

Legal Proceedings

The Trust is subject to various routine legal proceedings and other matters in the ordinary course of business, some of which may be covered in whole or in part by insurance. In management's opinion, none of these matters will have a material adverse effect on the Trust's financial position, results of operations or cash flows.

As noted in Note 7, Property Acquisitions and Dispositions, the Trust has filed an action against the City of Pearl, Mississippi.

(15) SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through March 16, 2016, which is the date the consolidated financial statements were available to be issued.

Subsequent to year end, the Board of Trustees declared dividends as follows:

Record Date	Dividend Date	Amount Per Share
January 29, 2016	February 15, 2016	$0.25
February 29, 2016	March 15, 2016	0.25
March 31, 2016	April 15, 2016	0.25
April 29, 2016	May 13, 2016	0.25
May 31, 2016	June 15, 2016	0.25

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CERTIFICATION

I, David L. Johnson, certify that:

1. I have reviewed this Annual Report for the year ended December 31, 2015 of Maxus Realty Trust, Inc. (the "Trust");

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in a light of the circumstances under which such statements were made, not misleading with respect to the year covered by this disclosure statement; and

3. Based on my knowledge, the consolidated financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Trust as of, and for, the period presented in this disclosure statement.

Date: 03/16/2016

By: */s/ David L. Johnson*
David L. Johnson
Chairman of the Board,
President and Chief Executive Officer
Trustee

CERTIFICATION

I, Ryan Snyder, certify that:

1. I have reviewed this Annual Report for the year ended December 31, 2015 of Maxus Realty Trust, Inc. (the "Trust");

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in a light of the circumstances under which such statements were made, not misleading with respect to the year covered by this disclosure statement; and

3. Based on my knowledge, the consolidated financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Trust as of, and for, the period presented in this disclosure statement.

Date: 03/16/2016

By: */s/ Ryan Snyder*
Ryan Snyder
Chief Financial Officer, Principal Accounting Officer,
Vice President

CERTIFICATION

I, John W. Alvey, certify that:

1. I have reviewed this Annual Report for the year ended December 31, 2015 of Maxus Realty Trust, Inc. (the "Trust");

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in a light of the circumstances under which such statements were made, not misleading with respect to the year covered by this disclosure statement; and

3. Based on my knowledge, the consolidated financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Trust as of, and for, the period presented in this disclosure statement.

Date: 03/16/2016

By: */s/ John W. Alvey*
John W. Alvey
Vice President, Treasurer