MAXUS REALTY TRUST, INC.

DISCLOSURE FOR QUARTER ENDED MARCH 31, 2016

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

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

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included in this report, as well as "Risk Factors" within our Annual Report for the year ended December 31, 2015. 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. Historical results and trends which might appear in the condensed consolidated financial statements should not be interpreted as being indicative of future operations.

Forward-Looking Statements

This quarterly 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 section and located elsewhere in this quarterly 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 quarterly 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 equity investments in income-producing real properties, primarily multifamily apartments. Unless the context requires otherwise, "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 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 March 31, 2016. The multi-family apartment communities account for approximately 98.0% of the Trust's total revenues for the three months ended March 31, 2016. The retail real estate operations consist of two properties with approximately 92,000

square feet consisting of 23 retail tenants as of March 31, 2016. The retail operations account for approximately 2% of the Trust's total revenues for the three months ended March 31, 2016. Our 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 2004, 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 March 31, 2016, two MOLP holders have redeemed operating units, 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 it 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 March 31, 2016, 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 limited partnership 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 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 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, acquisitions and market balance 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 operate 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 intend 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.

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 lead 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 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 and the use of debt and secured mortgages and potentially by raising capital through debt or equity offerings. 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 their 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 three months ended March 31, 2016 reflect an increase in rental revenue as compared to the same period in 2015, which we believe was primarily due to a gradually improving economy, 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 and disposed of in 2015 and 2016, property revenues increased 5.5% in the three months ended March 31, 2016 compared to 2015. For the three months ended March 31, 2016, we had property revenue of approximately $4.0 million for properties acquired in 2015.

The Trust had net income attributable to common shareholders of $442 thousand and $207 thousand for the three months ended March 31, 2016 and 2015, respectively. Our results are summarized as follows:

(amounts in thousands)	For The Three Months Ended	
	March 31, 2016	March 31, 2015
Operating income	$ 5,355	$ 4,395
Interest income	12	6
Interest expense	(4,611)	(3,839)
Loss from insurable events	(222)	--
Net income	534	562
Net income attributable to non-controlling interests	(92)	(355)
Net income attributable to common shareholders	$ 442	$ 207

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 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 and dividends, 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 have 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 March 31, 2016, we had $5.1 million in cash and cash equivalents, an increase of $1.4 million from December 31, 2015. In addition, at March 31, 2016, we had approximately $1.7 million of certificates of deposit and $10.1 million of restricted cash, primarily consisting 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 condensed consolidated statements of cash flows.

(amounts in thousands)	For The Three Months Ended	
	March 31, 2016	March 31, 2015
Net cash flows provided by operating activities	$ 4,238	$ 7,460
Net cash flows used in investing activities	(1,674)	(1,901)
Net cash flows used in financing activities	(1,191)	(6,305)

Operating Activities

Our properties generate cash flow in the form of rental revenues, 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 three months ended March 31, 2016, our net cash flows provided by operating activities of $4.2 million was primarily related to our net income of $0.5 million, adjusted for noncash items including depreciation and amortization of $4.1 million, the increase in accounts payable and other liabilities of $0.4 million, and the decrease in prepaid expenses and accounts receivable of $0.5 million, offset by an increase in escrows and reserves of $1.7 million.

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 three months ended March 31, 2016, our net cash flows used in investing activities was $1.7 million consisting primarily of the cash used for capital expenditures of $1.9 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 three months ended March 31, 2016, net cash flows used in financing activities was $1.2 million. We completed a 2nd mortgage for Forest Place generating net cash proceeds of $1.9 million. This was offset by principal payments on mortgage notes of $1.6 million, dividends paid of $1.0 million and distributions to non-controlling interests of $340 thousand.

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Mortgage Debt

At March 31, 2016 and December 31, 2015, we had $372.0 million and $371.5 million, respectively, in consolidated mortgage notes outstanding. 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:

Year		Amount (in thousands)
2016	$	40,703
2017		22,183
2018		37,294
2019		37,724
2020		25,574
Thereafter		208,495
Sub-total:		371,973
Less: mortgage related to asset held for sale		(4,666)
Total:	$	367,307

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 obtained a mortgage loan of $11.3 million from 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% (2.68% at March 31, 2016). 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 obtained a mortgage loan from 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% (2.69% at March 31, 2016). 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 obtained a mortgage loan from 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 obtained a mortgage loan from 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% (3.10% at March 31, 2016). 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.

On March 30, 2016, the Trust obtained a second mortgage on the Forest Place apartment community in the amount of $3.9 million. The Trust's proportionate share of the loan amount is $2.0 million. The loan has a maturity date of April 1, 2022, and has a fixed interest rate of 5.16%. Subsequent to the closing of the loan, a $2.6 million distribution was made to the undivided interests of Forest Place, of which $1.3 million was the Trust's portion.

Property Name [a]	Balance at March 31, 2016 (amounts in thousands)	Interest Rate	Fixed or Variable	Maturity Date
Kirkwood Station [e]	$ 20,978	2.59%	Variable	June 1, 2016
Bicycle Club Apartments	9,702	6.19%	Fixed	September 1, 2016
The Landings Apartments	5,390	6.19%	Fixed	September 1, 2016
Highland Pointe Apartments	11,673	5.67%	Fixed	March 1, 2017
Barrington Hills Apartments [b]	4,666	3.95%	Variable	December 1, 2017
Province of Briarcliff[d]	10,202	5.64%	Fixed	January 1, 2018
Cross Creek Apartments[e]	11,250	2.68%	Variable	July 13, 2018
Grand at Pearl Apartments [e]	11,454	2.69%	Variable	October 1, 2018
Elements of Belle Rive - 1st [d]	9,681	6.47%	Fixed	June 1, 2019
Elements of Belle Rive - 2nd [d]	2,585	4.74%	Fixed	June 1, 2019
Madison at Melrose Apartments	11,128	5.99%	Fixed	July 1, 2019
Berkshire Apartments 1st [b]	7,260	5.57%	Fixed	November 1, 2019
Berkshire Apartments 2nd [b]	3,942	4.92%	Fixed	November 1, 2019
Schoettler Village Apartments [b]	17,898	5.58%	Fixed	April 1, 2020
Regency North Apartments [b]	4,672	5.13%	Fixed	December 1, 2020
Villages of Bogey Hills Apartments 1st [b]	23,247	5.13%	Fixed	July 1, 2021
Villages of Bogey Hills Apartments 2nd [b]	6,846	4.87%	Fixed	October 1, 2021
Forest Place Apartments 1st [c]	6,834	4.13%	Fixed	April 1, 2022
Forest Place Apartments 2nd [c]	2,028	5.16%	Variable	April 1, 2022
Rosehill Pointe Apartments 1st [b]	21,754	4.04%	Fixed	April 1, 2022
Rosehill Apartments 2nd	5,268	5.19%	Fixed	April 1, 2022
Park Edge Apartments	18,474	3.63%	Fixed	January 1, 2023
Villaggio Apartments [e]	16,220	3.10%	Variable	January 1, 2023
Glen at Polo Park1st [b][d]	13,536	3.93%	Fixed	March 1, 2023
Glen at Polo Apartments 2nd [b]	2,303	5.25%	Fixed	March 1, 2023
Forest Park Apartments	7,227	4.22%	Fixed	October 1, 2024
Reserve at Tranquility [b][c]	16,414	3.97%	Fixed	October 1, 2024
Jefferson Park Apartments	10,853	3.54%	Fixed	April 1, 2025
Arbors Apartments	24,372	4.45%	Fixed	November 1, 2025
Foothills Acquisition I, LLC[d]	3,437	3.20%	Fixed	July 1, 2037
Foothills Acquisition II, LLC[d]	3,750	3.80%	Fixed	November 1, 2047
Foothills Acquisition III, LLC[d]	18,579	3.25%	Fixed	May 1, 2050
Mallard Apartments[d]	6,632	3.28%	Fixed	April 1, 2050
Astoria Apartments	23,989	4.31%	Fixed	August 1, 2053
Debt issuance cost	(2,271)	--	--	--
Total	$ 371,973			

[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 three months ended March 31, 2016: Madison at Melrose, Schoettler Village, Bogey Hills, Kirkwood Station, Rosehill, Park Edge, Glen, Cross Creek and Tranquility. For the three months ended March 31, 2016 and 2015, the limited liability companies holding these properties collectively paid cash distributions of $340 thousand and $341 thousand, respectively, to their respective non-controlling members.

Dividend

The Board of Trustees has declared a monthly dividend of $0.25 per share during 2016 as follows:

Record Date	Dividend Date
December 31, 2015	January 15, 2016
January 29, 2016	February 15, 2016
February 29, 2016	March 15, 2016
March 31, 2016	April 15, 2016
April 29, 2016	May 13, 2016
May 31, 2016	June 15, 2016
June 30, 2016	July 15, 2016
July 29, 2016	August 15 2016
August 31, 2016	September 15 2016
September 30, 2016	October 14, 2016

Future Capital Needs

We expect to fund operations, 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 financing 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 helps compare the operating performance of a real estate company between periods or different companies. We believe that to understand our operating results, FFO should be examined with net income as presented in our condensed 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;
- loss from insurable event;
- gain on bargain purchase; and
- depreciation of real estate assets.

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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 Three Months Ended	
	March 31, 2016	March 31, 2015
Funds From Operations		
Net income attributable to common stockholders	$ 442	$ 207
Plus:		
Property related depreciation	4,058	2,983
Loss from insurable event, net	222	- -
Net income attributable to non-controlling interest[(a)]	(746)	(593)
Funds from operations	$ 3,976	$ 2,597
Funds from Operations per Share - Diluted		
Weighted average common shares outstanding, diluted	1,356	1,358
Diluted funds from operations, per share	$ 2.93	$ 1.91

[(a)] Represents the portion of net income attributable to the 12.09% non-controlling holders of MOLP.

Real Property Interests Owned by Company

The twenty-six operating properties in which we owned interests at March 31, 2016 averaged 1,066 square feet of living per apartment unit. For the three month period ended March 31, 2016, no single operating property accounted for greater than 7% of our total revenues. Our operating properties had an average occupancy rate of approximately 94% and 93% for the three month periods ended March 31, 2016 and 2015, respectively, and average rental revenue per apartment home of $835 and $804 for the three month periods ended March 31, 2016 and 2015, respectively. Resident lease terms generally range from six to twelve months. Twenty of the twenty-six operating properties have over 200 apartment homes, with the largest having 540 apartment homes. Our operating properties have an average age of 26 years.

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Property Table

The following table sets forth information with respect to our twenty-six operating properties at March 31, 2016:

OPERATING PROPERTIES

Property and Location	Year of Construction	Year of Purchase	Average Unit Size (Sq. Ft.)	Number of Apartments	2016 Average Occupancy	2016 Average Monthly Rental Rate Per Unit
APARTMENTS						
ARKANSAS						
Bentonville						
Glen at Polo Park	2006	2011/2013	912	356	96.53%	$ 651
Little Rock						
Barrington Hills	1973	2001	792	232	92.24%	579
Foothills I, II and III	1988/2006	2014	981	540	91.97%	761
Forest Place	1974/1983	2012	1,063	256	97.53%	884
The Landings	1986	2001	808	154	92.64%	677
FLORIDA						
Jacksonville						
Elements of Belle Rive	1989	2013	1,103	201	93.53%	1,079
KANSAS						
Lenexa						
Park Edge	1999	2012	1,132	260	97.05%	961
Rosehill Pointe	1985	2012	922	498	95.25%	755
Wichita						
Berkshire	1991	2009	917	252	94.97%	735
Cross Creek	1990	2015	952	256	97.01%	687
LOUISIANA						
Bossier City						
Villaggio	2009	2015	977	239	93.17%	955
MISSISSIPPI						
Pearl						
Grand at Pearl	1999	2015	1,151	280	96.07%	708
Horn Lake						
Mallard	1988/1983	2015	1,149	144	93.06%	737
Ridgeland						
Arbors at Natchez Trace	1995	2015	1,045	328	96.75%	920
MISSOURI						
Chesterfield						
Schoettler Village	1979	2010	1,291	300	93.56%	1,021
Kansas City						
Bicycle Club	1986	2005	899	312	93.48%	658
Forest Park/Valley Forge	1967/1972	2000/2006	941	198	95.62%	629
Regency North	1970	2007	1,115	180	92.41%	723
Province of Briarcliff	2003	2013	1,007	120	93.06%	1,074
Liberty						
Jefferson Park	1987/2008	2012	677	207	87.12%	615
St. Charles						
Villages of Bogey Hills	1985	2011	893	486	95.41%	839
Kirkwood						
Kirkwood Station	2005	2011	965	155	96.77%	1,328
NORTH CAROLINA						
Hope Mills						
Astoria Apartments	2011	2015	1,100	272	86.64%	864
OKLAHOMA						
Yukon						
Highland Pointe	2004	2007	920	232	91.27%	832
TEXAS						
Pearland						
Tranquility	2003	2014	1,040	314	93.74%	1,161
Richardson						
Madison at Melrose	1995	2009	947	200	97.00%	1,137
Total				6,972		

RETAIL	Year of Construction	Year of Purchase	Total Square Feet	Mar. 31, 2016 Occupancy	Average Annual Rent Per Sq. Ft.
LOUISIANA					
Bossier City					
Villaggio-Retail	2009	2015	52,000	38.60%	$ 12.42
MISSOURI					
Kirkwood					
Kirkwood Station - Retail	2005	2011	40,000	96.04%	19.96

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 6, Property Acquisitions and Dispositions, the Trust has filed an action against the City of Pearl, Mississippi.

On April 15, 2016, a lawsuit was brought against the Trust, MLake 11, LLC, Mr. Johnson, Maxus Properties, Inc., Northmarq Capital, LLC and U.S. Bank NA by certain non-managing members of Centennial Park Kansas, LLC. The lawsuit alleges breach of contract, breach of fiduciary duty, conspiracy, fraud, violations of securities laws, and interference with contractual relations. The Trust was only named in the conspiracy and interference with contractual relations claims. The plaintiffs seek equitable remedies and unspecified monetary damages. We believe that the claims do not have merit and intend to vigorously defend the lawsuit.

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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 March 31, 2016 and December 31, 2015:

(dollars in thousands)	March 31, 2016				December 31, 2015			
	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	$ 330,842	11	4.83%	84%	$ 330,359	11	4.90%	84%
Variable rate debt	64,567	3	3.00%	16%	64,832	3	2.92%	16%
Total	$ 395,409				$ 395,191			

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 March 31, 2016, the Trust has five variable interest rate loans: Barrington Hills, Kirkwood Station, Grand at Pearl, Cross Creek and Villaggio. The Trust has entered into rate cap agreements for each of the loans which caps the interest rate at rates ranging from 4.0 – 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 unaudited condensed 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.

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Part III

MAXUS REALTY TRUST, INC.
Condensed Consolidated Balance Sheets
(In thousands, except share data)

	(unaudited) March 31 2016	December 31, 2015
ASSETS		
Operating real estate		
Land	$ 39,363	$ 39,364
Buildings and improvements	408,984	406,894
Personal property	20,731	20,212
Total real estate	469,078	466,470
Less accumulated depreciation	(51,941)	(48,549)
Net operating real estate	417,137	417,921
Assets held for sale	5,366	5,326
Cash and cash equivalents	5,082	3,709
Certificates of deposit	1,677	1,883
Escrows and reserves	10,131	8,593
Prepaid expenses and other assets	1,636	2,067
Accounts receivable, net	552	795
Intangible assets, net	2,313	2,906
Investment in unconsolidated real estate companies	459	459
Total assets	$ 444,353	$ 443,659
LIABILITIES		
Mortgage notes payable	$ 367,307	$ 366,855
Notes payable	17,650	17,774
Notes payable, related parties	5,786	5,869
Accounts payable, prepaid rent and other accrued expenses	5,773	5,054
Accounts payable, related parties	896	1,203
Real estate taxes payable	2,775	1,988
Refundable tenant deposits	1,912	1,864
Acquired below market leases, net	107	134
Liabilities related to assets held for sale	4,936	4,936
Total liabilities	407,142	405,677
EQUITY		
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 2016 and 2015, outstanding 1,130,000 shares in 2016 and 2015	1,419	1,419
Treasury stock, at cost 289,000 shares at 2016 and 2015	(4,293)	(4,293)
Additional paid-in-capital	19,953	19,953
Retained earnings	6,054	6,460
Total shareholders' equity attributable to Maxus Realty Trust, Inc.	23,133	23,539
Non-controlling interests	14,078	14,443
Total shareholders' equity	37,211	37,982
Total liabilities and shareholders' equity	$ 444,353	$ 443,659

See accompanying notes to unaudited condensed consolidated financial statements.

MAXUS REALTY TRUST, INC.
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	For The Three Months Ended	
	March 31, 2016	March 31, 2015
REVENUES		
Property revenue	$ 15,753	$ 12,357
Other	1,977	1,682
Total revenues	17,730	14,039
OPERATING EXPENSES		
Depreciation and amortization	4,058	2,983
Related party payroll reimbursement	1,929	1,600
Real estate taxes	1,487	1,181
Utilities	1,197	981
Repairs and maintenance	907	649
Other operating expenses	922	711
Related party management fee	670	536
Turn costs and leasing	577	495
Insurance	595	461
Legal fees	33	47
Total operating expenses	12,375	9,644
Operating income	5,355	4,395
Interest income	12	6
Interest expense	(4,611)	(3,839)
Loss from insurable events, net	(222)	--
Total other expenses, net	(4,821)	(3,833)
Net income	534	562
Net income attributable to non-controlling interests	(92)	(355)
Net income attributable to common shareholders	$ 442	$ 207
Per share income (basic and diluted):		
Net income (basic)	$ 0.39	$ 0.18
Net income (diluted)	$ 0.33	$ 0.15
Weighted average common shares outstanding, basic	1,130	1,132
Weighted average common shares outstanding, diluted	1,356	1,358

See accompanying notes to unaudited condensed consolidated financial statements.

MAXUS REALTY TRUST, INC.
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)
(In thousands)

	Common Stock # of Shares	Common Stock Amount	Treasury Stock	Additional Paid- in- Capital	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
Balance December 31, 2015	1,419	$ 1,419	$ (4,293)	$ 19,953	$ 6,460	$ 23,539	$ 14,443	$ 37,982
Net income	- -	- -	- -	- -	442	442	92	534
Cash dividends paid ($0.75)	- -	- -	- -	- -	(848)	(848)	(117)	(965)
Distributions to non-controlling interests	- -	- -	- -	- -	- -	- -	(340)	(340)
Balance March 31, 2016	1,419	$ 1,419	$ (4,293)	$ 19,953	$ 6,054	$ 23,133	$ 14,078	$ 37,211

See accompanying notes to unaudited condensed consolidated financial statements.

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MAXUS REALTY TRUST, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	For The Three Months Ended	
	March 31, 2016	March 31, 2015
Cash flows from operating activities:		
Net income	$ 534	$ 562
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,058	2,983
Amortization of deferred loan costs and debt discount	176	(33)
Loss from insurance recovery	222	--
Changes in accounts affecting operations:		
Accounts receivable, net	103	27
Prepaid expenses and other assets	391	372
Escrows and reserves	(1,655)	3,031
Accounts payable and other liabilities	409	518
Net cash flows provided by operating activities	4,238	7,460
Cash flows from investing activities:		
Capital expenditures on investment properties	(1,880)	(1,658)
Redemption of (investment in) certificates of deposit, net	206	(243)
Net cash used in investing activities	(1,674)	(1,901)
Cash flows from financing activities:		
Principal payments on mortgage notes payable	(1,596)	(1,334)
Proceeds from mortgage loan refinancing	--	11,040
Repayment of mortgage loan refinanced	--	(5,559)
Forest Place 2nd mortgage proceeds	1,910	--
Note payable repayments	(136)	(8,200)
Notes payable, related parties repayments	--	(1,501)
Loan fees paid	(64)	--
Dividends paid	(965)	--
Distributions paid to non-controlling interest	(340)	(341)
Treasury stock repurchased	--	(410)
Net cash flows used in financing activities	(1,191)	(6,305)
Net increase (decrease) in cash and cash equivalents	1,373	(746)
Cash and cash equivalents, beginning of period	3,709	4,441
Cash and cash equivalents, end of period	$ 5,082	$ 3,695
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest on continuing operations	$ 4,251	$ 3,316
Supplemental disclosure of non-cash investing and financing activities:		
Capital expenditures paid out of escrow	$ 197	$ --
Net capital expenditures recorded in accounts payable	$ 839	$ --

See accompanying notes to unaudited condensed 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, such units are redeemable on a one unit-for-one share basis. Through March 31, 2016, 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 March 31, 2016, 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 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 March 31, 2016, 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 March 31, 2016, the Trust did not identify any relationships with a VIE.

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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 2015 condensed 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 and debt issuance costs.

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 $2.4 million in depository accounts in excess of FDIC insured limits, including $170 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 March 31, 2016 and December 31, 2015 of $1.9 and $1.6 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:

(amounts in thousands)

	March 31, 2016	December 31, 2015
In-place leases, net of accumulated amortization of $2.0 million and $1.6 million, respectively	$ 2,314	$ 2,906

Remaining unamortized in-place leases, at March 31, 2016, 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 March 31, 2016, we have a liability totaling $107 thousand to reflect acquired below market leases. Amortization expense for in-place leases totaled $565 thousand and $83 thousand for the three months ended March 31, 2016 and 2015, 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.

Jefferson Park

On May 19, 2015, a fire destroyed on 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. Reconstruction of the damaged building is under way and is anticipated to be completed during 2016. As the insurance proceeds are contingent on completing reconstruction, the Trust recognizes the gain from insurance recovery as construction is completed. As of March 31, 2016, the Trust recognized gain from insurance recovery totaling $197 thousand.

Madison at Melrose

On March 17, 2016, a storm damaged the Madison at Melrose Apartments, including all the roofs. As a result we recorded an impairment charge of $419 thousand which is the estimated carrying value of the damaged building components covered by insurance proceeds and all reconstruction will be completed during 2016. We anticipate the cost of the damaged buildings to be covered by insurance proceeds. As of May 3, 2016, the Trust received insurance proceeds of $877 thousand.

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 condensed consolidated statements of operations.

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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 in 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 7 for additional information regarding these investments.

i. Discontinued Operations

A property is classified as a discontinued operation when a property or properties to be sold are a component of an entity that represents a strategic shift that has, or will have, a major effect on the Trust's operations and financial results. 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.

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

We hold interests in 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 condensed 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 million and $14.4 million at March 31, 2016 and December 31, 2015, 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 March 31, 2016.

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 condensed 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.

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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 condensed 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 March 31, 2016 and December 31, 2015, the non-controlling holders of operating units had an ownership interest in MOLP of 12.09%.

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 March 31, 2016 and December 31, 2015, 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.

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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 condensed consolidated balance sheets net of accumulated amortization as a reduction of mortgage notes payable. 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 $13.4 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 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

During 2015, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Updates 2015-03 and 2015-15, which revised the presentation of debt issuance costs on the balance sheet. Under ASUs 2015-03 and 2015-15, entities generally present debt issuance costs associated with long term debt in their balance sheet as a direct deduction from the related debt liability, and debt issuance costs related to line-of-credit arrangements may continue to be deferred and presented as assets. Amortization of the deferred costs will continue to be included in interest expense. We have adopted the guidance in ASUs 2015-03 and 2015-15 effective as of January 1, 2016. We have retrospectively applied the guidance to debt issuance costs associated with our non-recourse property debt to all prior periods, which resulted in the reclassification of $2.3 million from deferred financing costs to mortgage notes payable on our condensed consolidated balance sheet at December 31, 2015.

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 was effective as of January 1, 2016. ASU 2015-02 did not have a material impact on the Company's condensed 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. The Trust is evaluating the effect that ASU 2014-09 will have on its condensed consolidated financial statements and related disclosures.

In February 2016, the FASB issued Accounting Standards Update 2016-02, "Leases (Topic 842)", or ASU 2016-02. Under ASU 2016-02, lessor accounting will be substantially similar to the current model, but aligned with certain changes to the lessee model Topic 606, "Revenue from Contracts with Customers". Lessors will continue to classify leases as operating, direct financing, or sales-type. Lessees will be required to recognize a right-of-use asset and a lease liability for virtually all leases, with such leases classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) and finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied in current lease accounting.

ASU 2016-02 is effective for public entities for reporting periods beginning after December 15, 2018, and interim periods within those reporting periods, with early adoption permitted. The new standard must be adopted using a modified retrospective transition, requiring application of the new guidance at the beginning of the earliest comparative period presented and provides for certain practical expedients. We have not yet determined the effect ASU 2016-02 will have on our condensed consolidated financial statements.

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

Mortgage payable [a]:	(amounts in thousands) March 31, 2016	December 31, 2015
Kirkwood Station mortgage note, monthly principal and interest payments of $85,000, with an adjustable interest rate based on the 1 month LIBOR Rate, 2.59% [e] at March 31, 2016, maturing June 1, 2016.	$ 20,978	$ 21,102
Bicycle Club mortgage note, monthly principal and interest payments of $69,000, with interest fixed at 6.19%, maturing on September 1, 2016.	9,702	9,756
The Landings mortgage note, monthly principal and interest payments of $38,000, with a fixed interest rate of 6.19%, maturing September 1, 2016.	5,390	5,420
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.	11,673	11,730
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, 3.95% at March 31, 2016, maturing December 1, 2017.	4,666	4,694
Province of Briarcliff[d] mortgage note, monthly principal and interest payments of $67,000, with interest fixed at 5.64%, maturing January 1, 2018.	10,202	10,267
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 , 2.68% [e] at March 31, 2016, maturing July 13, 2018.	11,250	11,250
Grand at Pearl monthly principal and interest payments of $47,000, with an adjustable interest rate based on the BBA 1 month LIBOR rate in USD, 2.69% [e] at March 31, 2016, maturing October 1, 2018.	11,454	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.	9,681	9,740
Elements[d] - 2nd mortgage note, monthly principal and interest payments of $15,000, with interest fixed at 4.74%, maturing June 1, 2019.	2,585	2,592
Madison at Melrose mortgage note, monthly principal and interest payments of $73,000, with interest fixed at 5.99%, maturing July 1, 2019.	11,128	11,179
Berkshire Apartments 1st mortgage note[b], monthly principal and interest payments of $46,000, with interest fixed at 5.57%, maturing November 1, 2019.	7,260	7,295
Berkshire Apartments 2nd mortgage note[b], monthly principal and interest payments of $21,000, with interest fixed at 4.92% maturing November 1, 2019.	3,942	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.	17,898	17,981
Regency North mortgage note[b], monthly principal and interest payments of $28,000, with interest fixed at 5.13%, maturing December 1, 2020.	4,672	4,694
Bogey Hills 1st mortgage note [b], monthly principal and interest payments of $136,000, with interest fixed at 5.13%, maturing July 1, 2021.	23,247	23,354
Bogey Hills 2nd mortgage note [b], monthly principal and interest payments of $37,000, with interest fixed at 4.87%, maturing October 1, 2021.	6,846	6,873
Forest Place 1st mortgage note [c], monthly principal and interest payments of $36,000, with interest fixed at 4.13%, maturing April 1, 2022.	6,834	6,869
Forest Place 2nd mortgage note [c], monthly principal and interest payments of $21,319, with interest fixed at 5.16%, maturing April 1, 2022.	2,028	--
Rosehill Pointe mortgage note [b], monthly principal and interest payments of $112,000, with interest fixed at 4.04%, maturing April 1, 2022.	21,754	21,867
Rosehill 2nd mortgage note monthly principal and interest payments of $29,000, with interest fixed at 5.19%, maturing April 1, 2022.	5,268	5,286
Park Edge mortgage note, monthly principal and interest payments of $90,000, with interest fixed at 3.63%, maturing January 1, 2023.	18,474	18,574
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, 3.10%[e] at March 31, 2016, maturing January 1, 2023.	16,220	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.	13,536	13,580
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.	2,303	2,311
Forest Park mortgage note, monthly principal and interest payments of $36,000, with interest fixed at 4.22%, maturing October 1, 2024.	7,227	7,258
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.	16,414	16,489
Jefferson Park Apartments mortgage note, monthly principal and interest payments of $50,000, with interest fixed at 3.54%, maturing April 1, 2025.	10,853	10,905
Arbors mortgage note, monthly principal and interest payments of $123,000, with interest fixed at 4.45%, maturing November 1, 2025.	24,372	24,467

Mortgage payable [a]:	(amounts in thousands) March 31, 2016	December 31, 2015
Continued from previous page		
Foothills I 1st mortgage note[d], monthly principal and interest payments of $20,000, with interest fixed at 3.20%, maturing July 1, 2037.	$ 3,437	$ 3,464
Foothills II 2nd mortgage note[d], monthly principal and interest payments of $18,000, with interest fixed at 3.80%, maturing November 1, 2047.	3,750	3,764
Foothills III 3rd mortgage note[d], monthly principal and interest payments of $84,000, with interest fixed at 3.25%, maturing May 1, 2050.	18,579	18,646
Mallard mortgage note[d], monthly principal and interest payments of $28,000, with interest fixed at 3.28%, maturing August 1, 2050.	6,632	6,649
Astoria mortgage note, monthly principal and interest payments of $100,000, with interest fixed at 4.31%, maturing August 1, 2053.	23,989	24,040
Debt issuance cost	(2,271)	(2,291)
TOTALS:	$ 371,973	$ 371,548

[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%.

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

Mortgage payable:

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 obtained a mortgage loan of $11.3 million from 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% (2.68% at March 31, 2016). 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 obtained a mortgage loan from 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% (2.69% at March 31, 2016). 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 obtained a mortgage loan from 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 obtained a mortgage loan from 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% (3.10% at March 31, 2016). 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.

On March 30, 2016, the Trust obtained a second mortgage on the Forest Place apartment community in the amount of $3.9 million. The Trust's proportionate share of the loan amount is $2.0 million. The loan has a maturity date of April 1, 2022, and has a fixed interest rate of 5.16%. Subsequent to the closing of the loan, a $2.6 million distribution was made to the undivided interests of Forest Place, of which $1.3 million was the Trust's portion.

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	$	40,703
2017		22,183
2018		37,294
2019		37,724
2020		25,574
Thereafter		208,495
Sub-total:	$	371,973
Less: mortgage related to asset held for sale		(4,666)
Total:	$	367,307

Notes payable

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

		March 31, 2016		December 31, 2015
Notes payable	$	17,650	$	17,774
Notes payable, related parties		5,786		5,869
	$	23,436	$	23,643

The Trust has a line of credit with Missouri Bank & Trust ("MBT") totaling $17.0 million. The line of credit bears interest at 5% and has a maturity date of December 20, 2016. The line is secured by the pledges of six LLC interests held by MOLP. As of March 31, 2016, the balance of the line is $16.2 million. The line require principal payments to reduce the outstanding balance of line to $15.3 million at June 30, 2016 and $14.5 million at September 30, 2016. We intend to use cash flows from operations and proceeds from planned dispositions to pay down the balance on the line.

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 March 31, 2016 and December 31, 2015, 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 9, 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 March 31, 2016 and December 31, 2015, we had $23.4 million and $23.6 million, respectively, in consolidated notes payable outstanding, excluding mortgage notes payable. The notes payable balance as of March 31, 2016 consisted of the balance of the MBT Loan, and the Notes described above. Of the consolidated notes payable, at March 31, 2016 and December 31, 2015, $5.8 million and $5.9 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 March 31, 2016 are as follows, in thousands:

Year	Total
2016	$ 992
2017	790
2018	606
2019	421
2020	358

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 $59 thousand and $39 thousand for the three months ended March 31, 2016 and 2015, 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 $670 thousand and $536 thousand for the three months ended March 31, 2016 and 2015, 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 March 31, 2016 and December 31, 2015, the properties pay MPI a management fee between 3% and 5% of receipts. At March 31, 2016 and December 31, 2015, $446 thousand and $635 thousand, respectively, was payable to MPI for accrued payroll and direct expense reimbursement; $450 thousand and $568 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 $1.9 million and $1.6 million of payroll costs from continuing operations during the three months ended March 31, 2016 and 2015, respectively, that have been reimbursed to MPI and are included in related party payroll reimbursement in the condensed consolidated statements of operations.

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 three months ended March 31, 2016 and 2015, the Trust made lease payments in the amount of $17 thousand and $18 thousand, respectively, to MLake 82 LeaseCo. The lease obligation is included in utility expenses in the condensed consolidated statements of operations.

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. The notes were repaid in full on March 31, 2016.

As of March 31, 2016, the Trust (i) has operating cash of approximately $1.0 million 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 $5 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 March 31, 2016. The balance of cash and cash equivalents at First Missouri at March 31, 2016 a $2.7 million. As of March 31, 2016, $170 thousand is held in excess of FDIC insurance limits from certain operating accounts.

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 March 31, 2016, 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 March 31, 2016. 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 March 31, 2016 was $7.0 million.

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 three months ended March 31, 2016, the Trust paid fees of approximately $23 thousand for services provided by AQT.

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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 $340 thousand and $341 thousand for the three months ended March 31, 2016 and 2015, 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) 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.

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.

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 condensed consolidated balances sheets as of March 31, 2016.

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 to the Trust's condensed 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 condensed consolidated balance sheets as of March 31, 2016.

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

(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 condensed consolidated balance sheets as of March 31, 2016.

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 condensed consolidated balance sheets as of March 31, 2016.

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

Dispositions

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 gain for tax purposes is approximately $1.7 million which 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 gain for tax purposes is approximately $2.6 million which offset the basis of the replacement property, Grand at Pearl Apartments.

(7) 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 March 31, 2016 (in thousands):

		Mortgage Balance as of March 31, 2016		Guarantee
Centennial Park	$	9,624	$	96
WildOak		15,316		153
Total	$	24,940	$	249

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

(8) 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 and that represent a strategic shift that has, or will have a major effect on the Trust's operations and financial results. We include all results of these discontinued operations in a separate component of income on the

condensed consolidated statements of operations under the heading "Income from discontinued operations, net." We did not have a disposal meeting this criteria during the three months ended March 31, 2016, or 2015, respectively.

As of March 31, 2016 and 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.

(9) 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 March 31, 2016, 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 below, 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 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 March 31, 2016, affiliates of the Trust own 88.25% or 137,181 of the 155,441 MOLP non-controlling operating units outstanding.

Dividend

The Board of Trustees has declared a monthly dividend of $0.25 per share during 2016 as follows:

Record Date	Dividend Date
December 31, 2015	January 15, 2016
January 29, 2016	February 15, 2016
February 29, 2016	March 15, 2016
March 31, 2016	April 15, 2016
April 29, 2016	May 13, 2016
May 31, 2016	June 15, 2016
June 30, 2016	July 15, 2016
July 29, 2016	August 15 2016
August 31, 2016	September 15 2016
September 30, 2016	October 14, 2016

(10) 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 three months ended March 31, 2016 and 2015 (in thousands, except per share data):

	For The Three Months Ended March 31,	
	2016	2015
Numerator:		
Net income	$ 534	$ 562
Net (income) attributable to non-controlling interests	(92)	(355)
Net income attributable to common shareholders	$ 442	$ 207
Denominator:		
Weighted average common shares outstanding – basic	1,130	1,132
Diluted potential common shares and MOLP units	226	226
Weighted average common shares outstanding – diluted	1,356	1,358
Earnings per common share – basic:		
Net income attributable to common shareholders	$ 0.39	$ 0.18
Earnings per common share – diluted:		
Net income attributable to common shareholders	$ 0.33	$ 0.15

(11) 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 6, Property Acquisitions and Dispositions, the Trust has filed an action against the City of Pearl, Mississippi.

On April 15, 2016, a lawsuit was brought against the Trust, MLake 11, LLC, Mr. Johnson, Maxus Properties, Inc., Northmarq Capital, LLC and U.S. Bank NA by certain non-managing members of Centennial Park Kansas, LLC. The lawsuit alleges breach of contract, breach of fiduciary duty, conspiracy, fraud, violations of securities laws, and intentional interference with contractual relations. The Trust was only named in the conspiracy and interference with contractual relations claims. The plaintiffs seek equitable remedies and unspecified monetary damages. We believe that the claims do not have merit and intend to vigorously defend the lawsuit.

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(12) SUBSEQUENT EVENTS

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

On April 29, 2016, the Trust obtained a second mortgage on the Park Edge apartment community in the amount of $3.9 million. The loan has a maturity date of January 1, 2023 and has a fixed interest rate of 5.32%. Subsequent to the closing of the loan, a $3.4 million distribution was made to the Park Edge members. The Trust's portion of the distribution was $1.8 million.

On May 2, 2016, the Trust obtained a second mortgage on the Regency North apartment community in the amount of $3.7 million. The loan has a maturity date of December 1, 2020 and has a fixed interest rate of 4.86%.

On May 3, 2016, a wholly owned subsidiary of MOLP, Thomaston Acquisition, LLC, completed the acquisition of the Thomaston Crossing apartment community located in Macon, Georgia, for $25 million. Thomaston Crossing has 250 units with approximately 260,000 rentable square feet. In conjunction with the acquisition, the Trust obtained a mortgage loan for $18.0 million from Northmarq Capital LLC with a maturity date of June 1, 2026 and a fixed interest rate of 4.41%. The mortgage note is secured by the assets of Thomaston Acquisition, LLC.

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CERTIFICATION

I, David L. Johnson, certify that:

1. I have reviewed this Quarterly report for the three months ended March 31, 2016 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 period covered by this disclosure statement; and

3. Based on my knowledge, the condensed 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: 05/16/2016

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

CERTIFICATION

I, John W. Alvey, certify that:

1. I have reviewed this Quarterly report for the three months ended March 31, 2016 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 period covered by this disclosure statement; and

3. Based on my knowledge, the condensed 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: 05/16/2016

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

CERTIFICATION

I, Ryan Snyder, certify that:

1. I have reviewed this Quarterly report for the three months ended March 31, 2016 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 period covered by this disclosure statement; and

3. Based on my knowledge, the condensed 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: 05/16/2016

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