



front yard
RESIDENTIAL



Supplemental Investor Information

4th Quarter 2017

George Ellison, CEO

Robin Lowe, CFO

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding management's beliefs, estimates, projections, anticipations and assumptions with respect to, among other things, Front Yard Residential Corporation's (the "Company" or "Front Yard") financial results, future operations, business plans and investment strategies as well as industry and market conditions. These statements may be identified by words such as "anticipate," "intend," "expect," "may," "could," "should," "would," "plan," "estimate," "seek," "believe" and other expressions or words of similar meaning. We caution that forward-looking statements are qualified by the existence of certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors that could cause the Company's actual results to differ materially from these forward-looking statements may include, without limitation, our ability to implement our business strategy; our ability to make distributions to stockholders; our ability to complete potential transactions in accordance with anticipated terms and on a timely basis or at all; the Company's ability to integrate newly acquired rental assets into the portfolio; difficulties in identifying single-family properties to acquire; the impact of changes to the supply of, value of and the returns on single-family rental properties; the Company's ability to acquire single-family rental properties generating attractive returns; the Company's ability to sell residential mortgage assets or non-rental real estate owned on favorable terms or at all; the Company's ability to predict costs; the Company's ability to effectively compete with competitors; changes in interest rates; changes in the market value of single-family properties; the Company's ability to obtain and access financing arrangements on favorable terms or at all; the Company's ability to apply the net proceeds from financings or asset sales to acquire target assets in a timely manner or at all; the Company's ability to retain the exclusive engagement of Altisource Asset Management Corporation; the failure of Altisource Portfolio Solutions S.A. and its affiliates to effectively perform their obligations under various agreements with the Company; the failure of Main Street Renewal, LLC to effectively perform under its property management agreement with the Company; the failure of the Company's mortgage loan servicers to effectively perform their servicing obligations under their servicing agreements; the Company's failure to qualify or maintain qualification as a REIT; the Company's failure to maintain its exemption from registration under the Investment Company Act of 1940, as amended; the impact of adverse real estate, mortgage or housing markets; the impact of adverse legislative or regulatory tax changes and other risks and uncertainties detailed in the "Risk Factors" and other sections described from time to time in the Company's current and future filings with the Securities and Exchange Commission. In addition, financial risks such as liquidity, interest rate and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive.

The statements made in this presentation are current as of the date of this presentation only. The Company undertakes no obligation to publicly update or revise any forward-looking statements or any other information contained herein, whether as a result of new information, future events or otherwise.

I. Company Update

II. Financial Results

III. Portfolio Information

IV. Definitions and Disclosures



Portfolio

- In 2017, Front Yard grew its Single Family Rental Portfolio from 8.6K to 12K, an increase of 39%
- 95% of our properties are now in the Rental Portfolio
- 98% of the Rental Portfolio has been stabilized

Operations

- 93% of stabilized rentals were leased at year end
- Turnover for the stabilized portfolio was 6.1% in Q4 2017; full year 2017 was 28.5%
- Blended rent increases were 3.5% in Q4 2017; full year 2017 was 3.7%

Financial

- Rental revenue increased 155% over 2016 to \$123.6MM in 2017
- Stabilized Rental Net Operating Income (NOI) Margin remained strong in Q4 2017 at 65%
- Stabilized Rental Core FFO per share was \$0.15 in Q4 2017
- As of the end of Q4 2017, 77% of funding duration was over 3.9 years and 26% was fixed rate

Note: Please see the Definitions and Disclosures section of this presentation for important information on definitions of metrics and reconciliations to GAAP.

Achievements:

- ✓ Moved away from Ocwen Servicing
- ✓ Diversified property management
- ✓ Divested non-core assets
- ✓ Delivered Stabilized Rental Core FFO for 10K homes at target of \$0.15 per share per quarter
- ✓ Added new lenders and extended funding duration
- ✓ Achieved targeted operating metrics
- ✓ Changed company name

Goals:

- Complete legacy asset divestiture and recycle remaining equity
- Strategically prune existing SFRs in non-target markets
- Focus on maximizing operating efficiencies
- Continue to strengthen balance sheet by further extending debt duration, potentially increasing percentage of fixed rate debt and strategically de-lever over time
- Maintain focus on capital allocation
- Revisit Asset Management Agreement
- Optimize property management

Note: Please see the Definitions and Disclosures section of this presentation for important information on definitions of metrics and reconciliations to GAAP.

(\$ in thousands, except per home and per share amounts) (unaudited)

	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
Portfolio Information - end of period					
Total Rental Portfolio	11,975	10,011	10,053	9,320	8,603
Leased	10,850	8,998	9,221	8,385	7,293
Ready to rent	591	448	355	486	703
Under renovation or turn	534	565	477	449	607
Stabilized Rentals	11,720	9,653	9,753	8,841	7,862
% of rentals stabilized	98%	96%	97%	95%	91%
% of Stabilized Rentals leased	93%	93%	95%	95%	93%
Total REOs	599	939	1,338	1,753	1,930
Legacy REOs under evaluation	197	393	726	960	1,336
Legacy REOs held for sale	293	546	612	793	594
Previous Rentals identified for sale ¹	109	-	-	-	-
Total Rental and REO	12,574	10,950	11,391	11,073	10,533
Rentals as a % of total Rental and REO	95%	91%	88%	84%	82%
Operating Information					
Rental income	\$ 34,917	\$ 32,960	\$ 30,102	\$ 25,618	\$ 24,321
Stabilized Rental Net Operating Income	\$ 22,655	\$ 21,683	\$ 18,736	\$ 15,597	\$ 15,083
Stabilized Rental NOI Margin	64.9%	65.8%	62.2%	60.9%	62.0%
Stabilized Rental Core FFO per share	\$ 0.15	\$ 0.15	\$ 0.12	\$ 0.11	\$ 0.11
Average Monthly rent per leased property	\$ 1,232	\$ 1,220	\$ 1,213	\$ 1,197	\$ 1,191
Blended average change in rent	3.5%	3.7%	4.1%	3.6%	4.3%
Turnover %	6.1%	7.2%	8.1%	7.1%	6.9%

1. 40 of the Previous Rentals identified for sale were classified as held for sale as of year end 2017. The remaining 69 were being prepared for sale and will become held for sale once listed in accordance with GAAP.

Note: Please see the Definitions and Disclosures section of this presentation for important information on definitions of metrics and reconciliations to GAAP.

Financial Results



(\$s in thousands, except per share amounts)

	Three Months Ended		Year Ended	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
	(unaudited)	(unaudited)		
Revenues:				
Rental revenues	\$ 34,917	\$ 24,321	\$ 123,597	\$ 48,563
Change in unrealized gain on mortgage loans	(33,039)	(40,603)	(190,856)	(195,909)
Net realized gain on mortgage loans	10,947	5,484	84,024	85,990
Net realized gain on sales of real estate	14,781	22,784	76,913	117,617
Interest income	152	72	493	497
Total revenues	27,758	12,058	94,171	56,758
Expenses:				
Residential property operating expenses	16,652	18,952	71,741	70,167
Real estate depreciation and amortization	16,313	14,237	61,601	27,027
Acquisition fees and costs	119	1,033	778	9,339
Selling costs and impairment	9,422	7,910	40,108	57,913
Mortgage loan servicing costs	1,011	6,635	10,683	34,595
Interest expense	14,617	16,808	59,582	53,868
Share-based compensation	1,315	794	4,139	1,287
General and administrative	2,338	1,949	10,994	10,556
Management fees to AAMC	3,924	4,941	17,301	19,175
Total expenses	65,711	73,259	276,927	283,927
Operating loss	(37,953)	(61,201)	(182,756)	(227,169)
Losses resulting from natural disasters	-	-	(6,021)	-
Insurance recoveries related to natural disasters	463	-	3,349	-
Other expense	-	-	-	(750)
Loss before income taxes	(37,490)	(61,201)	(185,428)	(227,919)
Income tax expense (benefit)	(16)	3	26	109
Net loss	\$ (37,474)	\$ (61,204)	\$ (185,454)	\$ (228,028)
Loss per basic share of common stock	\$ (0.70)	\$ (1.14)	\$ (3.47)	\$ (4.18)
Weighted average common stock outstanding - basic	53,447,950	53,800,457	53,493,523	54,490,979
Loss per diluted share of common stock	\$ (0.70)	\$ (1.14)	\$ (3.47)	\$ (4.18)
Weighted average common stock outstanding - diluted	53,447,950	53,800,457	53,493,523	54,490,979

(\$s in thousands)

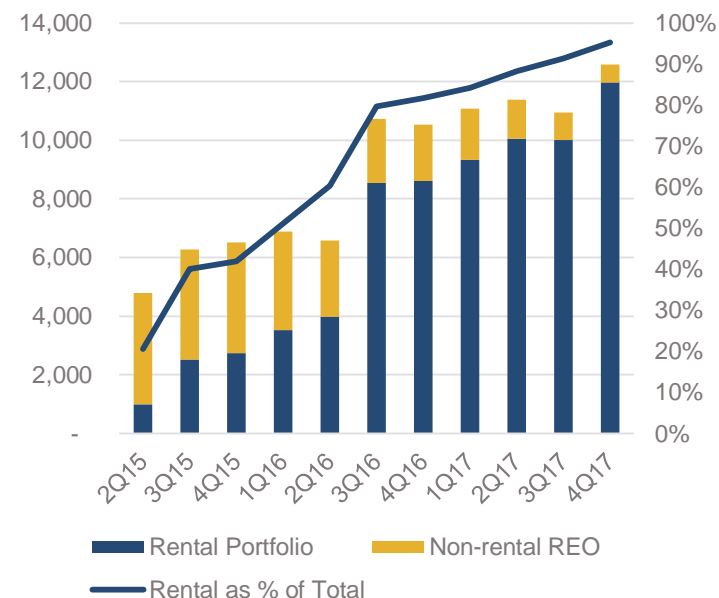
Assets:	Dec 31, 2017	Dec 31, 2016
Real estate held for use:		
Land	\$ 322,062	\$ 220,800
Rental residential properties	1,381,110	926,320
Real estate owned	64,036	289,141
Total real estate held for use	1,767,208	1,436,261
Less: accumulated depreciation	(73,655)	(27,541)
Total real estate held for use, net	1,693,553	1,408,720
Real estate assets held for sale	75,718	133,327
Mortgage loans at fair value	11,477	460,444
Mortgage loans held for sale	-	108,036
Cash and cash equivalents	113,666	106,276
Restricted cash	47,822	22,947
Accounts receivable, net	19,555	34,931
Prepaid expenses and other assets	12,758	10,166
Total assets	<u>\$ 1,974,549</u>	<u>\$ 2,284,847</u>
Liabilities:		
Repurchase and loan agreements	\$ 1,270,157	\$ 1,220,972
Other secured borrowings	-	144,099
Accounts payable and accrued liabilities	55,639	51,442
Related party payables	4,151	5,266
Total liabilities	1,329,947	1,421,779
Equity:		
Common stock, at par	534	537
Additional paid-in capital	1,181,327	1,182,245
Accumulated deficit	(537,259)	(319,714)
Total equity	644,602	863,068
Total liabilities and equity	<u>\$ 1,974,549</u>	<u>\$ 2,284,847</u>

(\$s in thousands) (unaudited)

The Rental Portfolio as a percentage of real estate owned has increased to 95%.
Only 490 legacy REOs remain.

As of Dec 31, 2017

	Count	Carrying Value, Net	CV per home
Stabilized	11,720	\$ 1,613,034	\$ 138
Non-stabilized or Under Renovation ¹	255	28,649	112
Total Rental Portfolio	11,975	1,641,683	137
Legacy REO under evaluation	197	42,266	215
Legacy REO held for sale	293	67,798	231
Previous Rentals identified for sale ²	109	17,524	161
Total Non-Rental REO	599	127,588	213
Total Rental and REO	12,574	\$ 1,769,271	\$ 141



- Under GAAP, homes show as under real estate owned while they are being renovated and prepared for active marketing as a rental home and are only moved to Land and Building once their renovation has been completed.
- 40 of the Previous Rentals identified for sale were classified as held for sale (HFS) as of year end 2017 and account for \$7.9MM in carrying value. The remaining 69 were being prepared for sale and will become held for sale once listed in accordance with GAAP.

Note: Please see the Definitions and Disclosures section of this presentation for important information on definitions of metrics and reconciliations to GAAP.

(\$s in thousands) (unaudited)

Stabilized Rental Portfolio	Three Months Ended				Year Ended			
	Dec 31, 2017		Dec 31, 2016		Dec 31, 2017		Dec 31, 2016	
Rental revenues	\$ 34,917	100%	\$ 24,321	100%	\$ 123,597	100%	\$ 48,563	100%
Residential property operating expenses								
Taxes, insurance, and HOA	6,652	19.1%	4,888	20.1%	24,572	19.9%	10,254	21.1%
Repair, maintenance and turn	3,494	10.0%	2,732	11.2%	12,779	10.3%	6,149	12.7%
Property management	2,116	6.1%	1,618	6.7%	7,575	6.1%	2,919	6.0%
Total	12,262	35.1%	9,238	38.0%	44,926	36.3%	19,322	39.8%
Stabilized Rental NOI and NOI Margin	22,655	64.9%	15,083	62.0%	78,671	63.7%	29,241	60.2%
Ending count of Stabilized Rentals	11,720		7,862		11,720		7,862	
Average count of Stabilized Rentals	10,687		7,664		9,566		4,702	

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(\$s in thousands, except per share amounts) (unaudited)

	Three Months Ended		Year Ended	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Stabilized Rentals				
Rental revenues	\$ 34,917	\$ 24,321	\$ 123,597	\$ 48,563
Residential property operating expenses	(12,262)	(9,238)	(44,926)	(19,322)
Acquisition fees and costs	-	(1,033)	(167)	(9,339)
Interest expense	(12,692)	(8,609)	(43,655)	(17,137)
General and administrative	(1,520)	(392)	(5,365)	(1,525)
Share-based compensation	(738)	(269)	(1,886)	(341)
Management fees	(2,551)	(1,971)	(9,057)	(5,077)
Other expense	-	-	-	(106)
Expenses related to Stabilized Rentals	(29,763)	(21,512)	(105,056)	(52,847)
Stabilized Rental FFO	\$ 5,154	\$ 2,809	\$ 18,541	\$ (4,284)
<i>Adjustments from FFO:</i>				
Acquisition fees and costs	-	1,033	167	9,339
Conversion fees	90	445	1,291	1,841
Non-cash interest expense	1,097	1,263	4,121	3,541
Share-based compensation	738	269	1,886	341
Other adjustments	694	-	1,912	439
Stabilized Rental Core FFO	\$ 7,773	\$ 5,819	\$ 27,918	\$ 11,217
Weighted average common stock outstanding - basic and diluted	53,447,950	53,800,457	53,493,523	54,490,979
Stabilized Rental Core FFO per common stock outstanding - basic and diluted	\$ 0.15	\$ 0.11	\$ 0.52	\$ 0.21

Note: Please see the Definitions and Disclosures section of this presentation for important information on definitions of metrics and reconciliations to GAAP.

(\$s in thousands) (unaudited)

As of Dec 31, 2017

	<u>Amount Outstanding</u>	<u>% of Total</u>	<u>Interest Rate¹</u>	<u>Years to Maturity²</u>
Floating Rate Debt:				
CS Repurchase Agreement	\$ 189,173	14.8%	4.74%	0.9
Nomura Loan Agreement	102,785	8.0%	4.75%	0.3
MSR Loan Agreement	489,259	38.2%	4.76%	3.9
HOME II Loan Agreement	83,270	6.5%	3.58%	4.9
HOME III Loan Agreement	89,150	7.0%	3.58%	4.9
Total Floating Rate Debt	<u>953,637</u>	<u>74.4%</u>	<u>4.54%</u>	<u>3.1</u>
Fixed Rate Debt:				
HOME IV Loan Agreement (A)	114,201	8.9%	4.00%	4.9
HOME IV Loan Agreement (B)	114,590	8.9%	4.00%	4.9
Term Loan Agreement	100,000	7.8%	5.00%	4.3
Total Fixed Rate Debt	<u>328,791</u>	<u>25.6%</u>	<u>4.30%</u>	<u>4.7</u>
Total Debt	1,282,428	<u>100.0%</u>	<u>4.48%</u>	<u>3.5</u>
Less: unamortized and loan discounts	(6,158)			
Less: deferred financing costs	(6,113)			
Total Carrying Value of Debt	<u>\$ 1,270,157</u>			

1. Interest rates on floating rate debt reflect stated rates as of period end. Interest rates reflect the Company's borrowings based on 1-month LIBOR and the applicable margin as of period end.

2. Years to maturity reflect debt on a fully extended basis, as applicable.

Portfolio Information



(\$s in thousands) (unaudited)

Rental Portfolio - Q4 2017

Market	Rental Portfolio Count	Carrying Value per Property	% of Rental Count	Average Size (Sq. ft.)	Average Age (years)	Stabilized Count	Non-Stabilized Count
Atlanta, GA	3,096	\$ 110,295	25.9%	1,635	33	2,962	134
Memphis, TN	1,292	144,548	10.8%	1,662	23	1,289	3
Houston, TX	906	142,856	7.6%	1,649	28	880	26
Dallas-Fort Worth, TX	895	154,905	7.5%	1,655	28	890	5
Indianapolis, IN	652	131,270	5.4%	1,609	22	646	6
Charlotte, NC	590	140,448	4.9%	1,436	28	578	12
Nashville, TN	450	147,834	3.8%	1,508	16	444	6
Birmingham, AL	366	146,869	3.1%	1,565	28	366	-
Tampa, FL	317	133,878	2.6%	1,468	33	303	14
Oklahoma City, OK	306	149,328	2.6%	1,548	26	306	-
Other	3,105	150,892	25.8%	1,431	34	3,056	49
Total	11,975	\$ 137,093	100.0%	1,563	29	11,720	255

State	Rental Portfolio Count	Carrying Value per Property	% of Rental Count	Average Size (Sq. ft.)	Average Age (years)	Stabilized Count	Non-Stabilized Count
Georgia	3,107	\$ 110,309	25.9%	1,634	33	2,973	134
Texas	2,006	148,170	16.8%	1,646	27	1,974	32
Tennessee	1,477	144,812	12.3%	1,639	22	1,468	9
Florida	1,279	142,156	10.7%	1,422	30	1,252	27
North Carolina	878	138,446	7.3%	1,455	24	857	21
Indiana	673	130,984	5.6%	1,610	22	667	6
Missouri	404	151,022	3.4%	1,412	38	404	-
Alabama	372	146,490	3.1%	1,565	28	372	-
Oklahoma	306	149,328	2.6%	1,548	26	306	-
Mississippi	271	148,140	2.3%	1,537	18	271	-
Other	1,202	162,202	10.0%	1,405	42	1,176	26
Total	11,975	\$ 137,093	100.0%	1,563	29	11,720	255

Note: Please see the Definitions and Disclosures section of this presentation for important information on definitions of metrics and reconciliations to GAAP.

Leasing by Market - Q4 2017

Market	Avg Monthly Rent per Leased Property	Stabilized Leased %	Average Change in Renewal Rent	Average Change in Re-lease Rent	Blended Average Change in Rent	Renewal Rate	Turnover Rate	Stabilized Rental NOI Margin
Atlanta, GA	\$ 1,061	93%	4.9%	6.7%	5.7%	77%	5.6%	68.2%
Memphis, TN	1,244	94%	1.8%	-0.7%	0.6%	67%	6.3%	71.3%
Houston, TX	1,319	91%	2.0%	0.7%	1.6%	62%	5.4%	51.5%
Dallas-Fort Worth, TX	1,410	94%	3.5%	3.9%	3.7%	67%	6.1%	61.3%
Indianapolis, IN	1,212	90%	2.5%	1.1%	1.9%	60%	6.4%	62.2%
Charlotte, NC	1,137	95%	4.8%	6.2%	5.3%	69%	6.5%	72.7%
Nashville, TN	1,329	92%	4.7%	7.7%	6.1%	72%	4.5%	75.4%
Birmingham, AL	1,245	97%	2.4%	0.3%	1.2%	77%	4.5%	72.3%
Tampa, FL	1,246	91%	4.0%	6.5%	5.0%	73%	7.7%	64.4%
Oklahoma City, OK	1,238	87%	1.5%	-11.4%	-6.5%	55%	7.5%	69.6%
Other	1,323	92%	4.2%	2.3%	3.3%	63%	6.6%	60.9%
Total	\$ 1,232	93%	3.9%	3.1%	3.5%	69%	6.1%	64.9%

Note: Please see the Definitions and Disclosures section of this presentation for important information on definitions of metrics and reconciliations to GAAP.

Definitions and Disclosures



Definitions:

Average change in renewal rent: Average percentage change in rent on all non-month-to-month lease renewals during the quarter, compared to previous lease rent.

Average change in re-lease rent: Average percentage change in rent for new leases starting in the quarter compared to previous annual contractual rent.

Average monthly rent per leased property: Contractual rent on all properties leased at quarter end.

Blended average change in rent: Total average percentage change in rent for both renewals and re-leases in the quarter.

Renewal Rate: Renewal rate is calculated as the number of renewed leases in a given period divided by total leases expired excluding early terminations and leases transitioning to month-to-month in the period.

Rental Portfolio: We define Rental Portfolio as properties that are leased, listed and ready to rent, or under renovation or turn where that property is expected to become leased to qualified tenants.

Stabilized Rental: We define a property as stabilized once it has been renovated and then initially leased or available for rent for a period greater than 90 days. All other homes are considered non-stabilized. Homes are considered stabilized even after subsequent resident turnover. However, homes may be removed from the stabilized home portfolio and placed in the non-stabilized home portfolio due to renovation during the home lifecycle or because it is identified for sale.

Stabilized Rental FFO and Stabilized Rental Core FFO: Funds from Operations (“FFO”) is a supplemental performance measure of an equity REIT used by industry analysts and investors in order to facilitate meaningful comparisons between periods and among peer companies. FFO is defined by the National Association of Real Estate Investment Trusts (“NAREIT”) as GAAP net income or loss excluding gains or losses from sales of property, impairment charges on real estate and depreciation and amortization on real estate assets adjusted for unconsolidated partnerships and jointly owned investments.

We believe that the FFO of our stabilized rental portfolio (“Stabilized Rental FFO”) is a meaningful supplemental measure of the operating performance of our stabilized rental portfolio because historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation. Because real estate values have historically risen or fallen with market conditions, management considers Stabilized Rental FFO an appropriate supplemental performance measure because it excludes historical cost depreciation, impairment charges and gains or losses related to sales of previously depreciated homes from GAAP net income. By excluding depreciation, impairment and gains or losses on sales of real estate, Stabilized Rental FFO provides a measure of returns on our investments in stabilized real estate assets. However, because Stabilized Rental FFO excludes depreciation and amortization and captures neither the changes in the value of the homes that result from use or market conditions nor the level of capital expenditures to maintain the operating performance of the homes, all of which have real economic effect and could materially affect our results from operations, the utility of Stabilized Rental FFO as a measure of our performance is limited.

Our Stabilized Rental Core FFO begins with Stabilized Rental FFO and is adjusted for share-based compensation, acquisition fees and costs, non-cash interest expense related to deferred debt issuance costs and other non-comparable items, as applicable. We believe that Stabilized Rental Core FFO, when used in conjunction with the results of operations under GAAP, is a meaningful supplemental measure of our operating performance for the same reasons as Stabilized Rental FFO and is further helpful as it provides a consistent measurement of our performance across reporting periods by removing the impact of certain items that are not comparable from period to period.

Although management believes that FFO and Stabilized Rental Core FFO increase our comparability with other companies, these measures may not be comparable to the FFO or core FFO of other companies because 1) we apply FFO and Stabilized Rental Core FFO to only our stabilized rental portfolio and 2) other companies may adopt a definition of FFO other than the NAREIT definition, may apply a different method of determining core FFO or may utilize metrics other than or in addition to core FFO.

Stabilized Rental Net Operating Income (“Stabilized Rental NOI”) and Stabilized Rental NOI Margin: Stabilized Rental NOI is a non-GAAP supplemental measure that we define as rental revenues less residential property operating expenses of the stabilized rental properties in our rental portfolio. We define Stabilized Rental NOI Margin as Stabilized Rental NOI divided by rental revenues.

We consider Stabilized Rental NOI and Stabilized Rental NOI Margin to be meaningful supplemental measures of operating performance because they reflect the operating performance of our stabilized properties without allocation of corporate level overhead or general and administrative costs, acquisition fees and other similar costs and provide insight to the ongoing operations of our business. These measures should be used only as supplements to and not substitutes for net income or loss or net cash flows from operating activities as determined in accordance with GAAP. These net operating income measures should not be used as indicators of our liquidity, nor are they indicative of funds available to fund cash needs, including distributions and dividends. Although we may use these non-GAAP measures to compare our performance to other real estate investment trusts (“REITs”), not all REITs may calculate these non-GAAP measures in the same way, and there is no assurance that our calculation is comparable with that of other REITs. While management believes that our calculations are reasonable, there is no standard calculation methodology for Stabilized Rental NOI Margin, and different methodologies could produce materially different results.

Turnover Rate: Total number of properties vacated including move-outs and early terminations during the quarter as a percentage of the stabilized rental portfolio.

Reconciliation of GAAP net loss to Stabilized Rental FFO and Stabilized Rental Core FFO

(\$ in thousands, except per share) (unaudited)

	Three months ended					Year ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
GAAP net loss	\$ (37,474)	\$ (42,916)	\$ (55,707)	\$ (49,357)	\$ (61,204)	\$ (185,454)	\$ (228,028)
Adjustments to determine Stabilized Rental FFO:							
Change in unrealized gain on mortgage loans	33,039	28,128	77,824	51,865	40,603	190,856	195,909
Net realized (gain) loss on mortgage loans	(10,947)	2,700	(40,227)	(35,550)	(5,484)	(84,024)	(85,990)
Net realized gain on sales of real estate	(14,781)	(21,369)	(20,807)	(19,956)	(22,784)	(76,913)	(117,617)
Interest income	(152)	(164)	(98)	(79)	(72)	(493)	(497)
REO operating expenses	4,156	6,009	7,721	7,689	9,035	25,575	48,269
Non-stabilized rental operating expense	234	207	250	549	679	1,240	2,576
Real estate depreciation and amortization	16,313	15,309	14,805	15,174	14,237	61,601	27,027
Selling costs and impairment	9,422	7,352	9,114	14,220	7,910	40,108	57,913
Mortgage loan servicing costs	1,011	802	2,625	6,245	6,635	10,683	34,595
Losses resulting from natural disasters	-	6,021	-	-	-	6,021	-
Insurance recoveries related to natural disasters	(463)	(2,886)	-	-	-	(3,349)	-
Other expenses ¹	4,796	6,755	9,341	11,798	13,254	32,690	61,559
Stabilized Rental FFO:	5,154	5,948	4,841	2,598	2,809	18,541	(4,284)
Adjustments to determine Stabilized Rental Core FFO:							
Acquisition fees and costs	-	-	-	167	1,033	167	9,339
Conversion fees	90	163	434	604	445	1,291	1,841
Non-cash interest expense	1,097	912	787	1,325	1,263	4,121	3,541
Share-based compensation	738	177	239	732	269	1,886	341
Other adjustments	694	733	234	251	-	1,912	439
Stabilized Rental Core FFO	\$ 7,773	\$ 7,933	\$ 6,535	\$ 5,677	\$ 5,819	\$ 27,918	\$ 11,217
Weighted average common stock outstanding - basic and diluted	53,447,950	53,408,288	53,474,680	53,646,291	53,800,457	53,493,523	54,490,979
Stabilized Rental Core FFO per share - basic and diluted	\$ 0.15	\$ 0.15	\$ 0.12	\$ 0.11	\$ 0.11	\$ 0.52	\$ 0.21

1) Other expenses primarily include interest expense, G&A, Management Fees, Share-based compensation and Acquisition costs not allocated to the stabilized portfolio.

Reconciliation of GAAP net loss to Stabilized Rental NOI and Stabilized Rental NOI Margin

(\$ in thousands) (unaudited)

	Three months ended					Year ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
GAAP net loss	\$ (37,474)	\$ (42,916)	\$ (55,707)	\$ (49,357)	\$ (61,204)	\$ (185,454)	\$ (228,028)
Adjustments:							
Change in unrealized gain on mortgage loans	33,039	28,128	77,824	51,865	40,603	190,856	195,909
Net realized (gain) loss on mortgage loans	(10,947)	2,700	(40,227)	(35,550)	(5,484)	(84,024)	(85,990)
Net realized gain on sales of real estate	(14,781)	(21,369)	(20,807)	(19,956)	(22,784)	(76,913)	(117,617)
Interest income	(152)	(164)	(98)	(79)	(72)	(493)	(497)
REO operating expenses	4,156	6,009	7,721	7,689	9,035	25,575	48,269
Non-stabilized rental operating expense	234	207	250	549	679	1,240	2,576
Real estate depreciation and amortization	16,313	15,309	14,805	15,174	14,237	61,601	27,027
Acquisition fees and costs	119	283	209	167	1,033	778	9,339
Selling costs and impairment	9,422	7,352	9,114	14,220	7,910	40,108	57,913
Mortgage loan servicing costs	1,011	802	2,625	6,245	6,635	10,683	34,595
Interest expense	14,617	14,240	15,153	15,572	16,808	59,582	53,868
Share-based compensation	1,315	358	552	1,914	794	4,139	1,287
General and administrative	2,338	3,452	2,882	2,322	1,949	10,994	10,556
Management fees to AAMC	3,924	4,129	4,433	4,815	4,941	17,301	19,175
Income tax expense (benefit)	(16)	28	7	7	3	26	109
Other expense	-	-	-	-	-	-	750
Losses resulting from natural disasters	-	6,021	-	-	-	6,021	-
Insurance recoveries related to natural disasters	(463)	(2,886)	-	-	-	(3,349)	-
Stabilized Rental NOI	\$ 22,655	\$ 21,683	\$ 18,736	\$ 15,597	\$ 15,083	\$ 78,671	\$ 29,241
Rental revenues	\$ 34,917	\$ 32,960	\$ 30,102	\$ 25,618	\$ 24,321	\$ 123,597	\$ 48,563
Stabilized Rental NOI Margin	64.9%	65.8%	62.2%	60.9%	62.0%	63.7%	60.2%



Thank you.