



# RESI Update

## 3<sup>rd</sup> Quarter 2017

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### Supplemental Investor Information

George Ellison, CEO

Robin Lowe, CFO

# Forward-looking Statements

*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, the Company's 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 and sub-performing and non-performing loans; 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 or the collateral underlying sub-performing and non-performing loan portfolios; 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
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- III. Portfolio Information
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# Key Points

- Purchase of additional 1,750 – 2,000 stabilized homes with seller financing from entities sponsored by Amherst Holdings, LLC, expected to close in 4Q17<sup>1</sup>.
- 3Q17 Stabilized Rental Core FFO<sup>2</sup> increased to \$0.15 per share, meeting the target laid out by management for 10,000 stabilized homes.
- 3Q17 Stabilized Rental NOI Margin<sup>2</sup> increased to 65.8%.
- Stabilized occupancy at 93%.
- Sale of substantially all remaining loans expected to close in November<sup>3</sup>.
- Maintained \$0.15 dividend.
- At the end of the quarter, 68% of debt funding had a term of over four years.
- Estimated total financial impact of Hurricanes Harvey and Irma is \$2.0 to \$3.0 million, including insurance deductibles and minor repair costs.

- 1) Closing is anticipated to occur in the fourth quarter of 2017 and remains subject to continuing due diligence, inspection of homes and finalization of pricing and transaction documentation.
- 2) Stabilized Rental Core FFO and Stabilized Rental NOI Margin are non-GAAP measures. Please see Definitions and Disclosures section in the Appendix of this presentation for further information and reconciliation to U.S. GAAP net loss.
- 3) There can be no assurances that the sale transaction will be completed on a timely basis or at all.

## Financial

- Rental revenue increased 9.5% over prior quarter to \$33MM.
- Stabilized Rental Core FFO<sup>1</sup> increased to \$7.9MM or \$0.15 per share.
- Declared and paid \$0.15 per share dividend.

## Portfolio

- Total rental portfolio of 10,011 homes with 9,653 stabilized and 8,998 leased at quarter end.
- Purchase of additional 1,750 – 2,000 stabilized homes with seller financing from entities sponsored by Amherst Holdings, LLC, expected to close in 4Q17<sup>2</sup>.
- Sale of substantially all remaining loans expected to close in November<sup>3</sup>.
- Sold 450 REOs, reducing the number of non-rental REOs by 30% over last quarter to 939.

## Operations

- Stabilized rental NOI Margin<sup>1</sup> increased to 65.8%.
- 93% of stabilized rentals were leased at quarter end.
- Renewal rate for the quarter remained at 69% and turnover rate improved to 7%.
- Renewal rents increased by 4% and re-lease rents increased by 3%, with blended rent increases at 4%.

## Funding

- \$421.4MM of available financing capacity, including cash on hand, at quarter end.
- At the end of the quarter, 68% of debt funding had a term of over four years.

1) Stabilized Rental Core FFO and Stabilized Rental NOI Margin are non-GAAP measures. Please see Definitions and Disclosures section in the Appendix of this presentation for further information and reconciliation to U.S. GAAP net loss.

2) Closing is anticipated to occur in the fourth quarter of 2017 and remains subject to continuing due diligence, inspection of homes and finalization of pricing and transaction documentation.

3) There can be no assurances that the sale transaction will be completed on a timely basis or at all.

# 3Q17 Renewal and Turnover

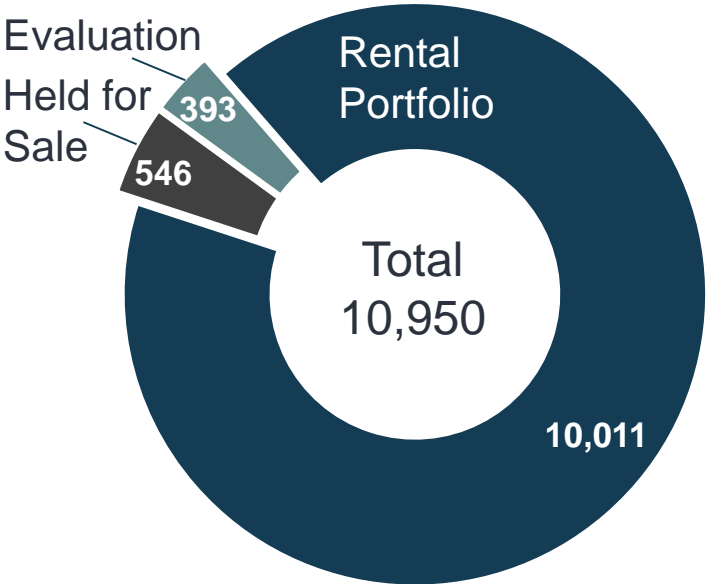
Market	Average Change in Renewal Rent <sup>1</sup>	Average Change in Re-lease Rent <sup>2</sup>	Blended Average Change in Rent	Stabilized Properties	Renewal Rate <sup>3</sup>	Turnover Rate <sup>4</sup>
Atlanta, GA	4%	7%	5%	2,747	79%	6%
Memphis, TN	2%	0%	1%	1,035	60%	7%
Houston, TX	3%	0%	2%	784	72%	4%
Dallas-Fort Worth, TX	3%	4%	4%	796	70%	6%
Indianapolis, IN	3%	2%	2%	541	57%	10%
Nashville, TN	3%	3%	3%	437	68%	8%
Charlotte, NC	4%	5%	4%	387	72%	7%
Oklahoma City, OK	2%	-7%	-4%	306	36%	10%
Tampa, FL	6%	2%	4%	252	69%	7%
Fort Meyers, FL	3%	9%	5%	194	64%	8%
Other Markets	5%	4%	5%	2,174	64%	9%
<b>Total</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>9,653</b>	<b>69%</b>	<b>7%</b>

- 1) Average percentage change in rent for leases renewed, excluding leases that transitioned to month-to-month status during the quarter.
- 2) Average percentage change in rent for re-leases during the quarter.
- 3) Number of leases renewed as a percentage of leases set to expire excluding early terminations and leases which transitioned to month-to-month.
- 4) Total number of homes vacated as a percentage of the stabilized rental portfolio at the quarter end.

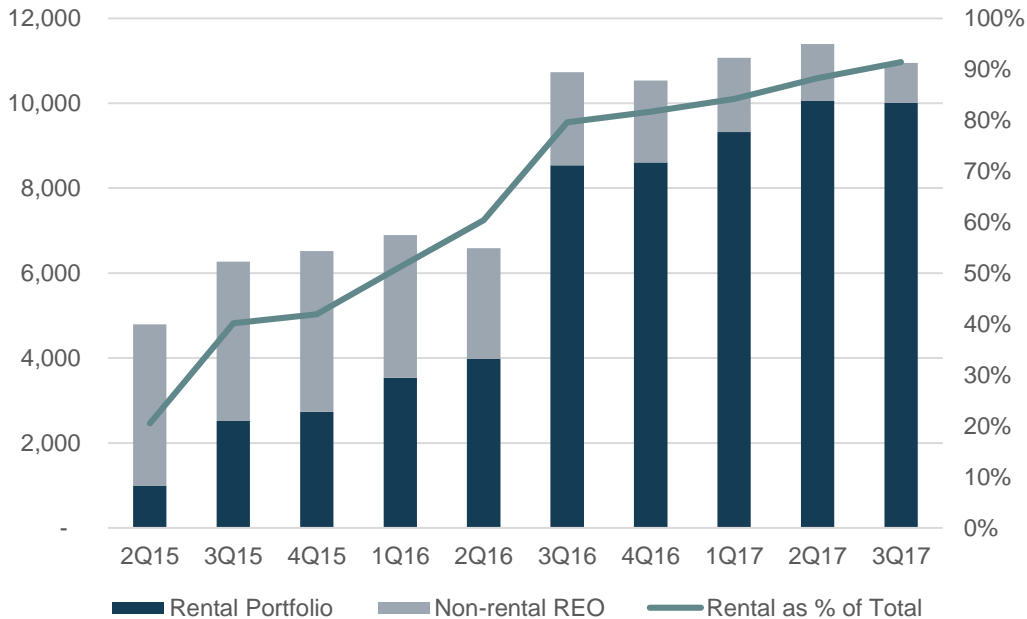
# Property Portfolio

As of 3Q17, rental homes represent 91.4% of total properties owned, up from 88.3% last quarter.

**REO and Rental Portfolio<sup>1</sup> as of 3Q17**



**Rentals as a % of Total Properties Each Quarter**

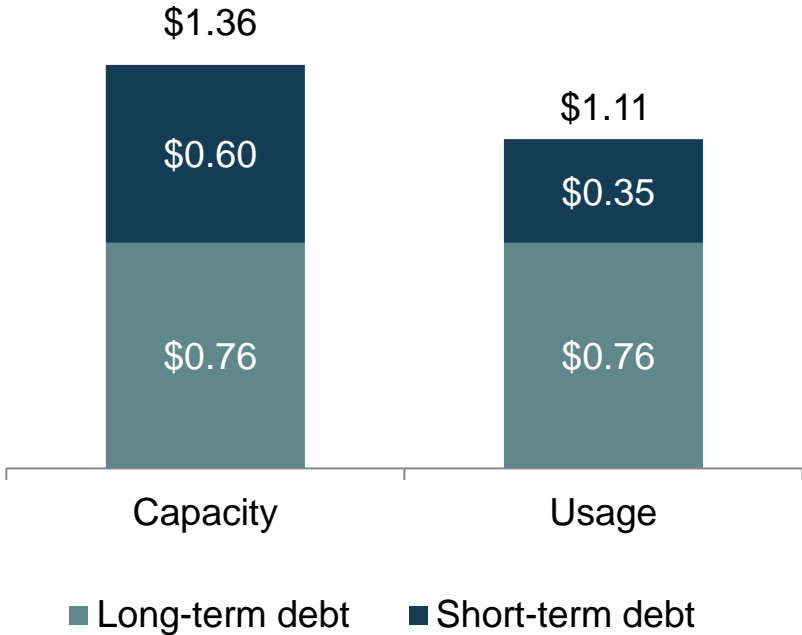


1) Rental Portfolio includes homes that are leased, listed and ready for rent and under renovation or unit turn. See Definitions and Disclosures section in the Appendix of this presentation for further information.

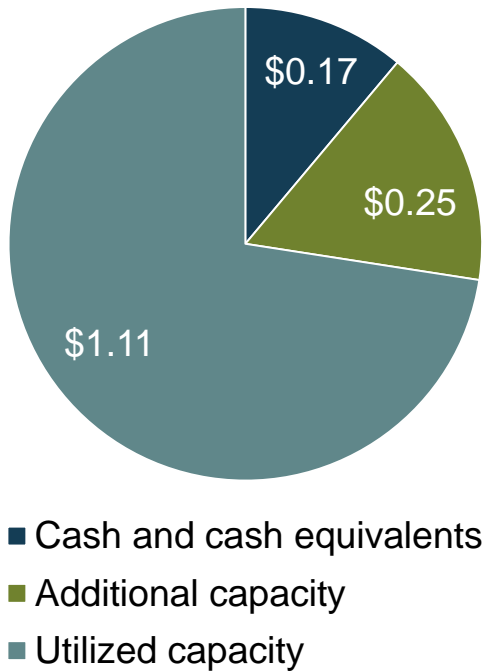
# Financing & Liquidity

\$s in Billions

**Financing Activity as of September 30, 2017**



**Total Capacity as of September 30, 2017**



- \$421.4MM of available financing capacity, including cash on hand, at quarter end. This excludes access to additional seller financing in connection with the Amherst purchase agreement for the acquisition of properties expected to close in 4Q17<sup>1</sup>.
- At the end of the quarter, 68% of debt funding had a term of over four years.

1) Closing is scheduled to occur in the fourth quarter of 2017 and is subject to continuing due diligence, inspection of homes and finalization of pricing and transaction documentation.



# Financial Results



# Consolidated Statement of Operations - GAAP

\$s in thousands, except per share  
 Unaudited

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
<b>Revenues:</b>				
Rental revenues	\$ 32,960	\$ 9,590	\$ 88,680	\$ 24,242
Change in unrealized gain on mortgage loans	(28,128)	(41,152)	(157,817)	(155,306)
Net realized (loss) gain on sales of mortgage loans	(2,700)	9,447	73,077	80,506
Net realized gain on sales of real estate	21,369	26,307	62,132	94,833
Interest income	164	209	341	425
Total revenues	23,665	4,401	66,413	44,700
<b>Expenses:</b>				
Residential property operating expenses	17,493	15,011	55,089	51,215
Real estate depreciation and amortization	15,309	5,149	45,288	12,790
Acquisition fees and costs	283	5,202	659	8,306
Selling costs and impairment	7,352	11,570	30,686	50,003
Mortgage loan servicing costs	802	7,792	9,672	27,960
Interest expense	14,240	10,174	44,965	37,060
Share-based compensation	358	419	2,824	493
General and administrative	3,452	2,081	8,656	8,607
Management fees to AAMC	4,129	4,658	13,377	14,234
Total expenses	63,418	62,056	211,216	210,668
Operating loss	(39,753)	(57,655)	(144,803)	(165,968)
Losses resulting from natural disasters	(6,021)	-	(6,021)	-
Insurance recoveries related to natural disasters	2,886	-	2,886	-
Other expense	-	-	-	(750)
Loss before income taxes	(42,888)	(57,655)	(147,938)	(166,718)
Income tax expense (benefit)	28	(17)	42	106
Net loss	\$ (42,916)	\$ (57,638)	\$ (147,980)	\$ (166,824)
Loss per basic share of common stock	\$ (0.80)	\$ (1.06)	\$ (2.77)	\$ (3.05)
Weighted average common stock outstanding - basic	53,408,288	54,178,129	53,508,881	54,722,828
Loss per diluted share of common stock	\$ (0.80)	\$ (1.06)	\$ (2.77)	\$ (3.05)
Weighted average common stock outstanding - diluted	53,408,288	54,178,129	53,508,881	54,722,828

# Consolidated Balance Sheet

\$s in thousands

<b>Assets:</b>	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Real estate held for use:	Unaudited	
Land	\$ 265,129	\$ 220,800
Rental residential properties	1,137,343	926,320
Real estate owned	75,568	289,141
Total real estate held for use	1,478,040	1,436,261
Less: accumulated depreciation	(61,192)	(27,541)
Total real estate held for use, net	1,416,848	1,408,720
Real estate assets held for sale	124,405	133,327
Mortgage loans at fair value	67,321	568,480
Cash and cash equivalents	169,941	106,276
Restricted cash	42,191	22,947
Accounts receivable, net	22,130	34,931
Prepaid expenses and other assets	9,382	10,166
Total assets	<u>\$ 1,852,218</u>	<u>\$ 2,284,847</u>
<b>Liabilities:</b>		
Repurchase and loan agreements	\$ 1,100,106	\$ 1,220,972
Other secured borrowings	-	144,099
Accounts payable and accrued liabilities	58,591	51,442
Related party payables	4,680	5,266
Total liabilities	1,163,377	1,421,779
<b>Equity:</b>		
Common stock, at par	534	537
Additional paid-in capital	1,180,012	1,182,245
Accumulated deficit	(491,705)	(319,714)
Total equity	688,841	863,068
Total liabilities and equity	<u>\$ 1,852,218</u>	<u>\$ 2,284,847</u>

Stabilized net operating income increased to \$21.7MM in 3Q17 and NOI Margin was 65.8%, up from 62.2% in 2Q17.

\$s in thousands  
 Unaudited

<b>Stabilized Rental Portfolio</b>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2017</b>		<b>September 30, 2017</b>	
Rental revenues	\$ 32,960	100%	\$ 88,680	100%
Residential property operating expenses				
Taxes, insurance, and HOA	6,195	18.8%	17,920	20.2%
Repair, maintenance and turn	3,159	9.6%	9,285	10.5%
Property management	1,923	5.8%	5,459	6.2%
Total	11,277	34.2%	32,664	36.8%
<b>Stabilized Rental NOI and Stabilized Rental NOI Margin<sup>1</sup></b>	<b>21,683</b>	<b>65.8%</b>	<b>56,016</b>	<b>63.2%</b>
Ending count of Stabilized Rentals	9,653		9,653	
Average count of Stabilized Rentals	9,689		9,416	

1) Stabilized Rental NOI and Stabilized Rental NOI Margin are non-GAAP measures. Please see the Definitions and Disclosures section in the Appendix of this presentation for further information and reconciliation to U.S. GAAP net loss.

# FFO and Core FFO

\$s in thousands, except per share  
 Unaudited

	<b>Three months ended September 30, 2017</b>	<b>Nine months ended September 30, 2017</b>
<b>Stabilized Rentals</b>		
Rental revenues	\$ 32,960	\$ 88,680
Residential property operating expenses	(11,277)	(32,664)
Acquisition fees and costs	-	(167)
Interest expense	(11,718)	(30,963)
General and administrative	(1,711)	(3,845)
Share-based compensation	(177)	(1,148)
Management fees	(2,129)	(6,506)
<b>Expenses related to Stabilized Rentals</b>	<b>(27,012)</b>	<b>(75,293)</b>
<b>Stabilized Rental FFO<sup>1</sup></b>	<b>5,948</b>	<b>13,387</b>
<i>Adjustments from FFO:</i>		
Acquisition fees and costs	-	167
Conversion fees	163	1,201
Non-cash interest expense	912	3,024
Share-based compensation	177	1,148
Other adjustments <sup>2</sup>	733	1,218
<b>Stabilized Rental Core FFO<sup>1</sup></b>	<b>7,933</b>	<b>20,145</b>
Weighted average common stock outstanding - basic and diluted	53,408,288	53,508,881
Stabilized Rental Core FFO per common stock outstanding - basic and diluted	\$ 0.15	\$ 0.38

- 1) Stabilized Rental FFO and Stabilized Rental Core FFO are Non-GAAP measures. Please see the Definitions and Disclosures section in the Appendix of this presentation for a reconciliation of these measures to U.S. GAAP net loss.
- 2) Other adjustments include non-recurring litigation and other professional fees within General and administrative expense.

# Portfolio Information



	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
<b>Portfolio Information - end of period</b>					
Leased	8,998	9,221	8,385	7,293	7,079
Ready to rent	448	355	486	703	587
Under renovation or turn	565	477	449	607	875
Total Rental Portfolio	10,011	10,053	9,320	8,603	8,541
Stabilized Rentals <sup>1</sup>	9,653	9,753	8,841	7,862	7,466
% of rentals stabilized	96%	97%	95%	91%	87%
% of Stabilized Rentals leased	93%	95%	95%	93%	95%
REOs under evaluation	393	726	960	1,336	1,351
REOs held for sale	546	612	793	594	839
Total REOs	939	1,338	1,753	1,930	2,190
Total REOs and Rentals	10,950	11,391	11,073	10,533	10,731
<b>Operating Information<sup>2</sup></b>					
Rental income	\$ 32,960	\$ 30,102	\$ 25,618	\$ 24,321	\$ 9,590
Stabilized Rental Net Operating Income	\$ 21,683	\$ 18,736	\$ 15,597	\$ 15,083	\$ 5,629
Average Monthly rent per leased property	\$ 1,220	\$ 1,213	\$ 1,197	\$ 1,191	\$ 1,182
Blended average change in rent	4%	4%	4%	4%	8%
Stabilized Rental NOI Margin	65.8%	62.2%	60.9%	62.0%	58.7%
Stabilized Rental Core FFO per share	\$ 0.15	\$ 0.12	\$ 0.11	\$ 0.11	\$ 0.04

- 1) See Definitions and Disclosures section in the Appendix for more information on Stabilized Rentals.
- 2) Stabilized Rental Net Operating Income, Stabilized Rental NOI Margin and Stabilized Rental Core FFO are Non-GAAP measures. Please see the Definitions and Disclosures section in the Appendix of this presentation for a reconciliation of these measures to U.S. GAAP net loss.

# Rental Portfolio – as of 3Q17

Market	Total Rentals	Total Leased	Average Size (Sq. ft.)	Average Age (years)	Average Monthly Rent <sup>1</sup>	Stabilized Rentals <sup>2</sup>	Non-Stabilized Rentals <sup>2</sup>	Stabilized Leased %
Atlanta, GA	2,946	2,618	1,631	33	\$ 1,046	2,747	199	95%
Memphis, TN	1,036	965	1,625	23	1,226	1,035	1	93%
Houston, TX	826	740	1,663	28	1,311	784	42	94%
Dallas-Fort Worth, TX	806	761	1,653	28	1,390	796	10	96%
Indianapolis, IN	549	491	1,639	21	1,214	541	8	91%
Nashville, TN	447	403	1,509	16	1,316	437	10	92%
Charlotte, NC	394	365	1,514	24	1,140	387	7	94%
Oklahoma City, OK	306	256	1,548	26	1,248	306	0	84%
Tampa, FL	270	235	1,502	32	1,240	252	18	93%
Fort Meyers, FL	199	179	1,434	22	1,268	194	5	92%
Other	2,232	1,985	1,436	33	1,332	2,174	58	91%
<b>Total</b>	<b>10,011</b>	<b>8,998</b>	<b>1,572</b>	<b>29</b>	<b>\$ 1,220</b>	<b>9,653</b>	<b>358</b>	<b>93%</b>

State	Total Rentals	Total Leased	Average Size (Sq. ft.)	Average Age (years)	Average Monthly Rent <sup>1</sup>	Stabilized Rentals <sup>2</sup>	Non-Stabilized Rentals <sup>2</sup>	Stabilized Leased %
Georgia	2,957	2,628	1,630	32	\$ 1,046	2,757	200	95%
Texas	1,833	1,682	1,651	27	1,346	1,777	56	95%
Tennessee	1,271	1,175	1,605	21	1,249	1,260	11	93%
Florida	1,126	1,000	1,433	30	1,287	1,084	42	92%
North Carolina	628	577	1,487	21	1,124	614	14	94%
Indiana	570	509	1,639	21	1,216	562	8	91%
Oklahoma	307	256	1,550	26	1,248	307	0	83%
Mississippi	218	199	1,508	18	1,271	218	0	91%
Illinois	157	134	1,328	47	1,506	149	8	90%
Alabama	125	112	1,459	19	1,260	125	0	90%
Other	819	726	1,428	41	1,410	800	19	91%
<b>Total</b>	<b>10,011</b>	<b>8,998</b>	<b>1,572</b>	<b>29</b>	<b>\$ 1,220</b>	<b>9,653</b>	<b>358</b>	<b>93%</b>

1) Average monthly rent for properties leased at quarter end.

2) See Definitions and Disclosures section in the Appendix for more information on Stabilized Rentals.



# Appendix



# Definitions and Disclosures

**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.

# Definitions and Disclosures, cont.

The following table provides a reconciliation of net loss as determined in accordance with U.S. GAAP to Stabilized Rental FFO and Stabilized Rental Core FFO (\$s in thousands, unaudited):

	Three months ended				Nine months ended	
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	September 30, 2017
GAAP net loss	\$ (57,638)	\$ (61,204)	\$ (49,357)	\$ (55,707)	\$ (42,916)	\$ (147,980)
<b>Adjustments to determine Stabilized Rental FFO:</b>						
Change in unrealized gain on mortgage loans	41,152	40,603	51,865	77,824	28,128	157,817
Net realized (gain) loss on sales of mortgage loans	(9,447)	(5,484)	(35,550)	(40,227)	2,700	(73,077)
Net realized gain on sales of real estate	(26,307)	(22,784)	(19,956)	(20,807)	(21,369)	(62,132)
Interest income	(209)	(72)	(79)	(98)	(164)	(341)
Residential property operating expenses on non-stabilized rentals and REOs	11,050	9,714	8,238	7,971	6,216	22,425
Real estate depreciation and amortization	5,149	14,237	15,174	14,805	15,309	45,288
Selling costs and impairment	11,570	7,910	14,220	9,114	7,352	30,686
Mortgage loan servicing costs	7,792	6,635	6,245	2,625	802	9,672
Losses resulting from natural disasters	-	-	-	-	6,021	6,021
Insurance recoveries related to natural disasters	-	-	-	-	(2,886)	(2,886)
Other expenses allocable to mortgage loans, non-stabilized rentals and REOs	12,770	13,254	11,798	9,341	6,755	27,894
Stabilized Rental FFO:	(4,118)	2,809	2,598	4,841	5,948	13,387
<b>Adjustments to determine Stabilized Rental Core FFO:</b>						
Acquisition fees and costs	5,202	1,033	167	-	-	167
Conversion fees	450	445	604	434	163	1,201
Non-cash interest expense	734	1,263	1,325	787	912	3,024
Share-based compensation	7	269	732	239	177	1,148
Other adjustments	152	-	251	234	733	1,218
Stabilized Rental Core FFO	\$ 2,427	\$ 5,819	\$ 5,677	\$ 6,535	\$ 7,933	\$ 20,145
Weighted average common stock outstanding - basic and diluted	54,178,129	53,800,457	53,646,291	53,474,680	53,408,288	53,508,881
Stabilized Rental Core FFO per share - basic and diluted	\$ 0.04	\$ 0.11	\$ 0.11	\$ 0.12	\$ 0.15	\$ 0.38

# Definitions and Disclosures, cont.

**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.

The following table provides a reconciliation of net loss as determined in accordance with U.S. GAAP to Stabilized Rental NOI and Stabilized Rental NOI Margin:

	Three months ended				Nine months ended	
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	September 30, 2017
GAAP net loss	\$ (57,638)	\$ (61,204)	\$ (49,357)	\$ (55,707)	\$ (42,916)	\$ (147,980)
<b>Adjustments:</b>						
Change in unrealized gain on mortgage loans	41,152	40,603	51,865	77,824	28,128	157,817
Net realized (gain) loss on sales of mortgage loans	(9,447)	(5,484)	(35,550)	(40,227)	2,700	(73,077)
Net realized gain on sales of real estate	(26,307)	(22,784)	(19,956)	(20,807)	(21,369)	(62,132)
Interest income	(209)	(72)	(79)	(98)	(164)	(341)
Residential property operating expenses on non-stabilized rentals and REOs	11,050	9,714	8,238	7,971	6,216	22,425
Real estate depreciation and amortization	5,149	14,237	15,174	14,805	15,309	45,288
Acquisition fees and costs	5,202	1,033	167	209	283	659
Selling costs and impairment	11,570	7,910	14,220	9,114	7,352	30,686
Mortgage loan servicing costs	7,792	6,635	6,245	2,625	802	9,672
Interest expense	10,174	16,808	15,572	15,153	14,240	44,965
Share-based compensation	419	794	1,914	552	358	2,824
General and administrative	2,081	1,949	2,322	2,882	3,452	8,656
Management fees to AAMC	4,658	4,941	4,815	4,433	4,129	13,377
Income tax expense (benefit)	(17)	3	7	7	28	42
Losses resulting from natural disasters	-	-	-	-	6,021	6,021
Insurance recoveries related to natural disasters	-	-	-	-	(2,886)	(2,886)
Stabilized Rental NOI	\$ 5,629	\$ 15,083	\$ 15,597	\$ 18,736	\$ 21,683	\$ 56,016
Rental revenues	\$ 9,590	\$ 24,321	\$ 25,618	\$ 30,102	\$ 32,960	\$ 88,680
Stabilized Rental NOI Margin	58.7%	62.0%	60.9%	62.2%	65.8%	63.2%

# Definitions and Disclosures, cont.

**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 held for sale.

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

# Shareholder Relations Information

About Altisource Residential Corporation	Altisource Residential Corporation is a real estate investment trust that is focused on providing quality, affordable rental homes to families throughout the United States.
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