



American
Realty
Partners
Corp.

Debt & Equity Investing in U.S. Real Estate

Investor Presentation

Q4 2017

- **Investment Highlights**
- **Business Overview**
- **Investment Strategy**
- **Market Opportunity**
- **Investment Profile**
- **Experienced Team**
- **Financial Profile**
- **Appendix**

Note: All figures in US\$, unless otherwise indicated

INVESTMENT HIGHLIGHTS

- **Unique Status as Canada's Only Exchange Traded Debt & Equity Investor in U.S. Real Estate**
 - The Company provides investors with exposure to debt and equity investments in U.S. real estate in major markets and primarily involving multi-family residential properties
- **Innovative Capital Partnership Investment Model for U.S. Real Estate**
 - Focus on capital partnership investing in U.S. real estate, enabling the Company to benefit from multiple partnerships with local industry expert owners/operators in major markets
- **Balanced Growth & Income Investment Model Well Suited to Rising Rate Environment in U.S.**
 - Full capital stack investment model targets balanced growth and income returns to the Company, including mix of common equity returns (+20%), preferred equity returns (+8%), and bridge lending returns (+12%)

- **Experienced Manager with a Strong Track Record of Creating Value**
 - The Firm Capital organization has a 30-year track record of delivering superior investment returns to institutional and retail investors across all parts of the real estate capital structure
 - Firm Capital manages two other successful publicly traded companies: Firm Capital Mortgage Investment Corporation (TSX: FC) and Firm Capital Property Trust (TSXV: FCD.UN), with a combined 23-year track record
- **Current Portfolio Provides a Platform for Further External Growth Opportunities**
 - Currently owns, co-owns, and manages 1,442 residential units across 73 apartment buildings in 6 U.S. states, which provides a broad platform for further external growth opportunities

- **Compelling Multi-Family Residential Sector Fundamentals**

- Tenant demand remains strong as a result of the continued expansion of the U.S. economy and low vacancy is expected to support continued rent growth for apartments

- **Attractive Growth-Oriented Yield**

- Quarterly cash dividends of US\$0.05625 per share are paid, equivalent to a cash-on-cash yield of 3.0% based on the Company's most recent public offering price of US\$7.50 per share

BUSINESS OVERVIEW

- Firm Capital American Realty Partners Corp. (“FCA” or the “Company”), based in Toronto, Ontario, is a Canadian public reporting issuer with U.S. dollar and Canadian dollar denominated shares that trade on the TSXV under the symbols FCA.U and FCA, respectively
- The predecessor Company, while historically focused on multi-family and single-family residential real estate in the U.S., was transformed in 2016 through a series of restructuring initiatives sponsored by Firm Capital Realty Partners Advisors Inc. (“Firm Capital”)
 - Firm Capital assumed control of asset management and corporate governance and embarked on a complete financial restructuring and repositioning of the Company
- The Company is currently highly tax efficient, with approximately \$30 million of non-capital tax loss carry forwards available to be applied against future taxable operating income

INVESTMENT STRATEGY

The Company's investment strategy is executed through the following investment platforms:

- **Income Producing Real Estate Investments:**

- Acquisition of income producing real estate in major cities across the U.S., primarily in joint venture partnerships with local industry expert owners/operators who retain property management responsibility; and

- **Mortgage Debt Investments:**

- Real estate debt and equity lending platform in major cities across the U.S., focused on providing all forms of shorter-term bridge mortgage loans and joint venture capital

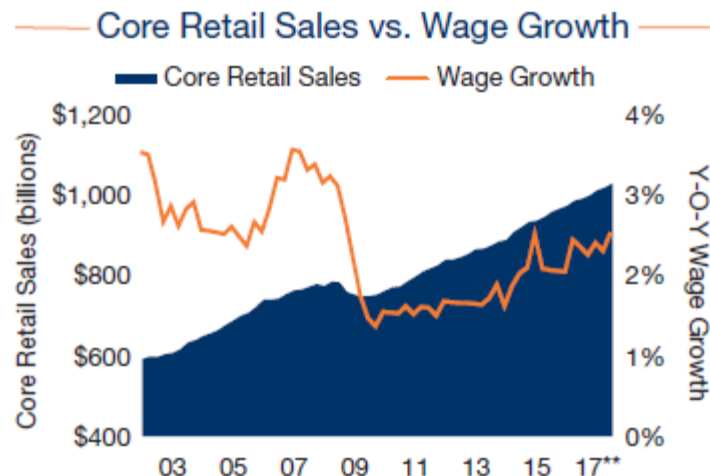
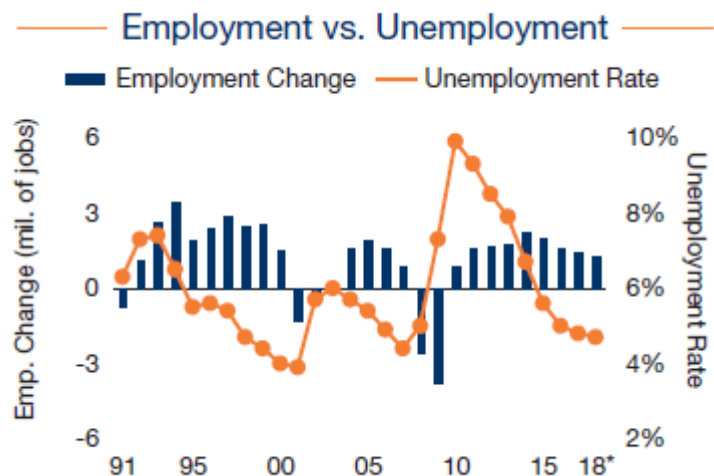
The Company is positioned to participate in all levels of the capital stack for investing in U.S. real estate:

Targeted Capital Stack for Investing		
Shorter-Term	Senior Debt	First Lien Mortgages
	Subordinated Debt	Second Lien Mortgages
	Mezzanine Debt	Gap Financing
Longer-Term	Preferred Equity	Preferred Equity Repaid With Set Terms
	Common Equity	Investment Ownership

MARKET OPPORTUNITY

- **Strong US. Economic Outlook**

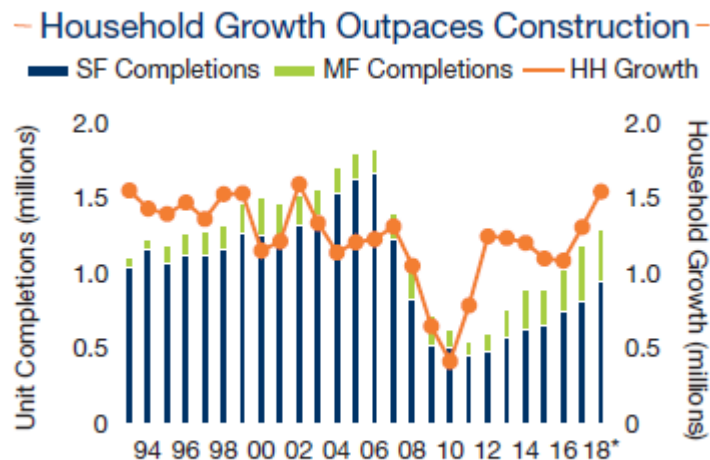
- U.S. economy carries strong momentum into 2018
- Employment growth remains strong in a tight labour market
- Wealth effect from strong economy fuels retail sales and wage growth



Source: Marcus & Millichap; * Forecast; ** Through Q3

- **Strong US. Economic Outlook (continued)**

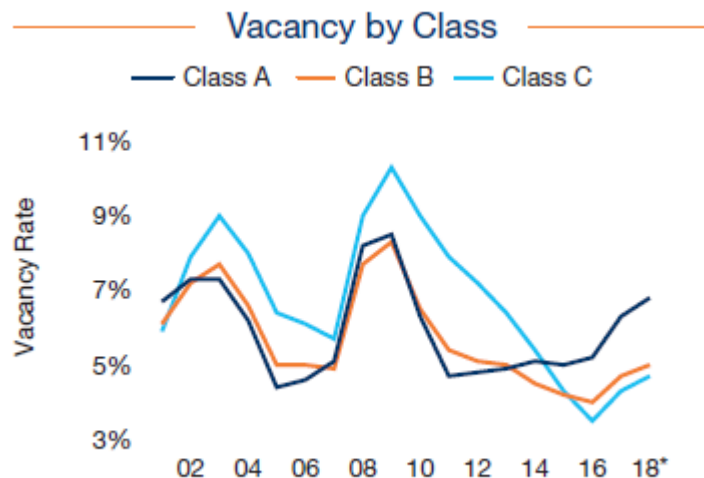
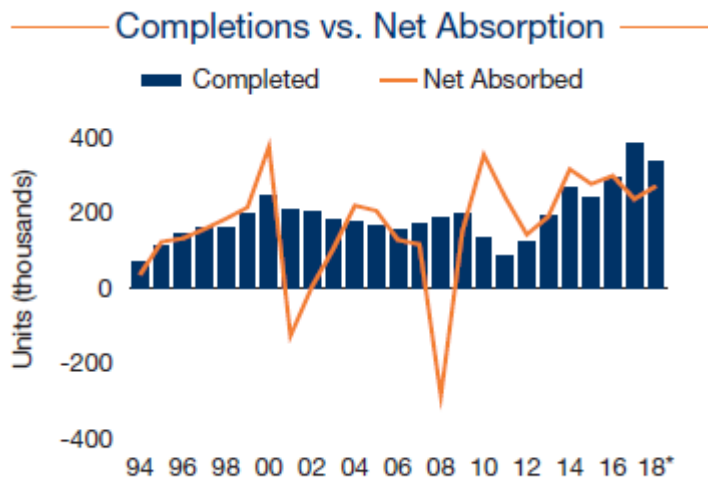
- Improving consumer and business confidence/optimism boosts growth
- Strong household growth exceeds new residential construction



Source: Marcus & Millichap; * Forecast; ** Through Q3

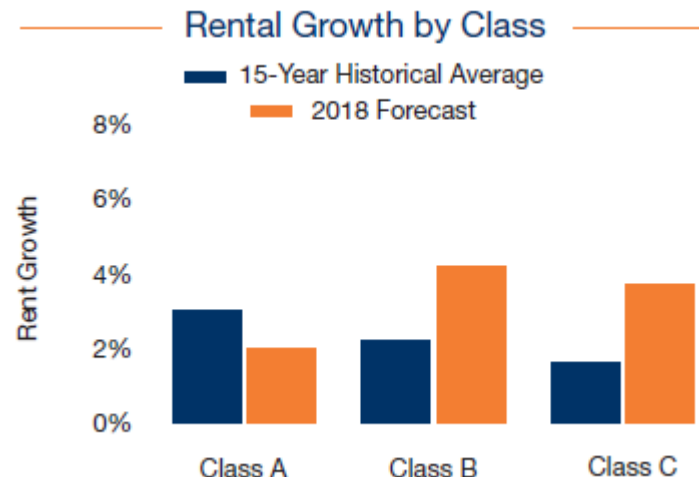
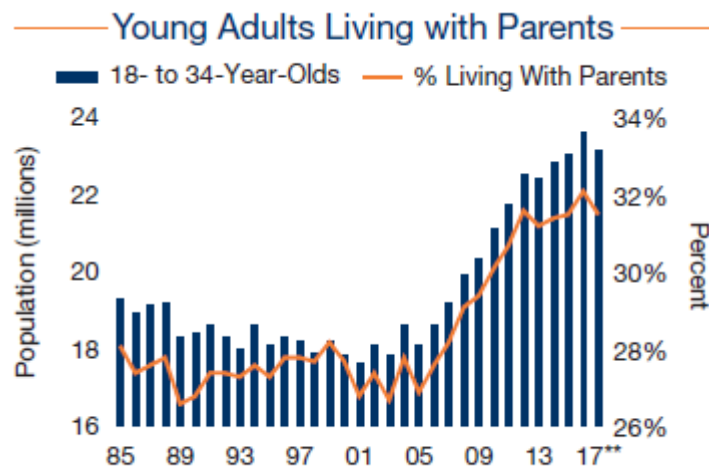
- **Strong U.S. Multi-Family Residential Sector Outlook**

- Tenant demand remains strong as a result of the continued economic expansion
- Low overall vacancy, although increased supply starting to impact Class A



Source: Marcus & Millichap; * Forecast

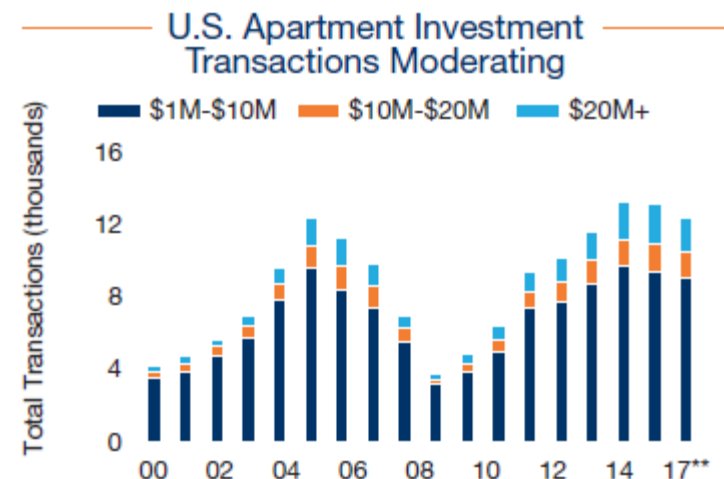
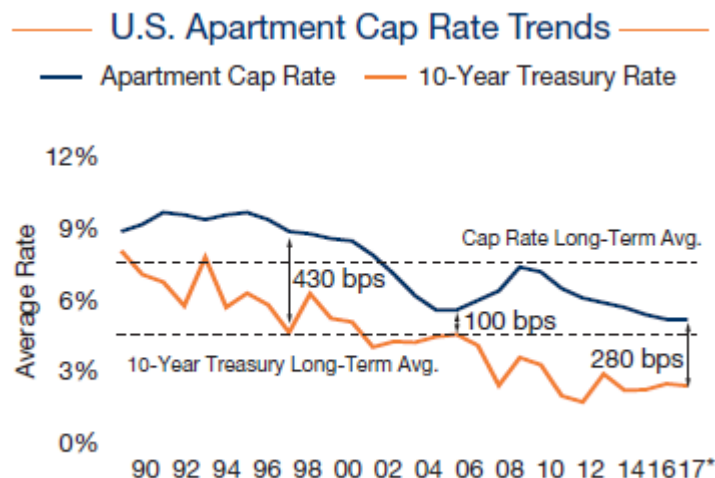
- **Strong U.S. Multi-Family Residential Sector Outlook (continued)**
 - Favourable demographic trends create a structural lift to the rental market
 - Low vacancy supports continued rent growth, especially in Class B/C



Source: Marcus & Millichap; ** Estimate

• Attractive Environment for Transaction Sourcing & Execution

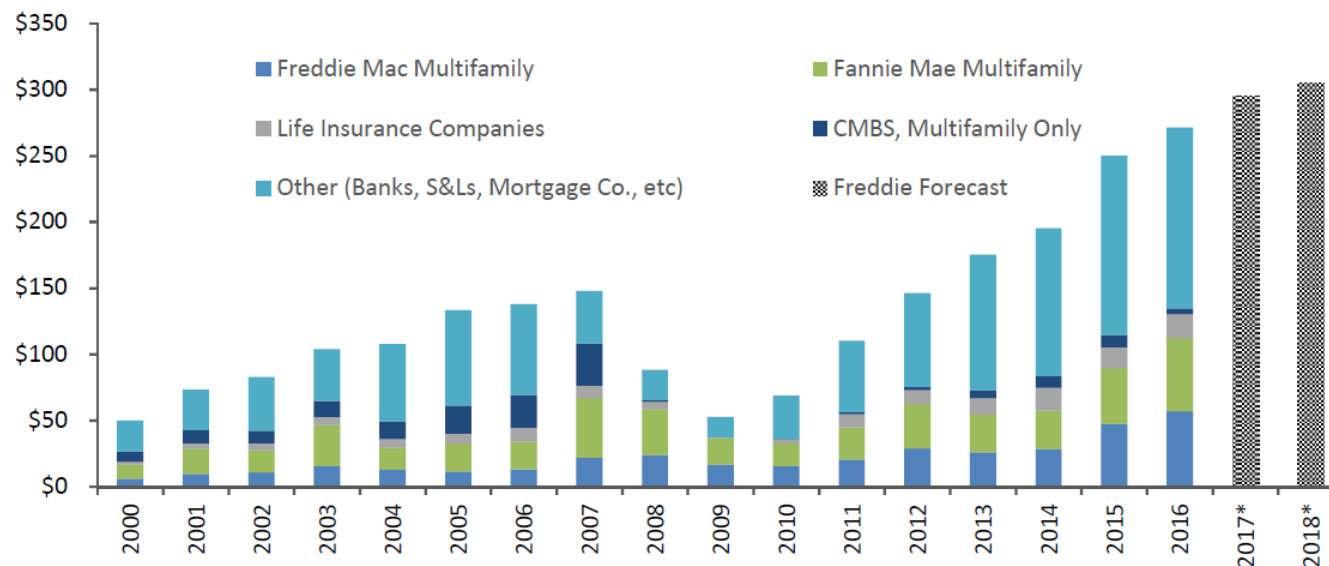
- U.S. multi-family residential market is highly liquid, fragmented, and majority privately owned with over \$139 billion of transaction volume in 2017
- Investment spreads are tightening, but remain attractive compared to other asset classes
- Markets with limited construction pipelines, but with stable employment and household formation, will see accelerated investment activity despite tighter monetary policy



Source: Marcus & Millichap; *Through December 2017; ** Trailing 12 months through Q3

- **Attractive Environment for Transaction Sourcing & Execution (continued)**
 - U.S. mortgage origination is expected to increase again in 2018, up to between \$300 billion and \$305 billion, with government agencies serving as the primary source of originations, due to their efficient execution and attractive rates

Multi-Family New Purchase & Guarantee Volume (\$ Billions)

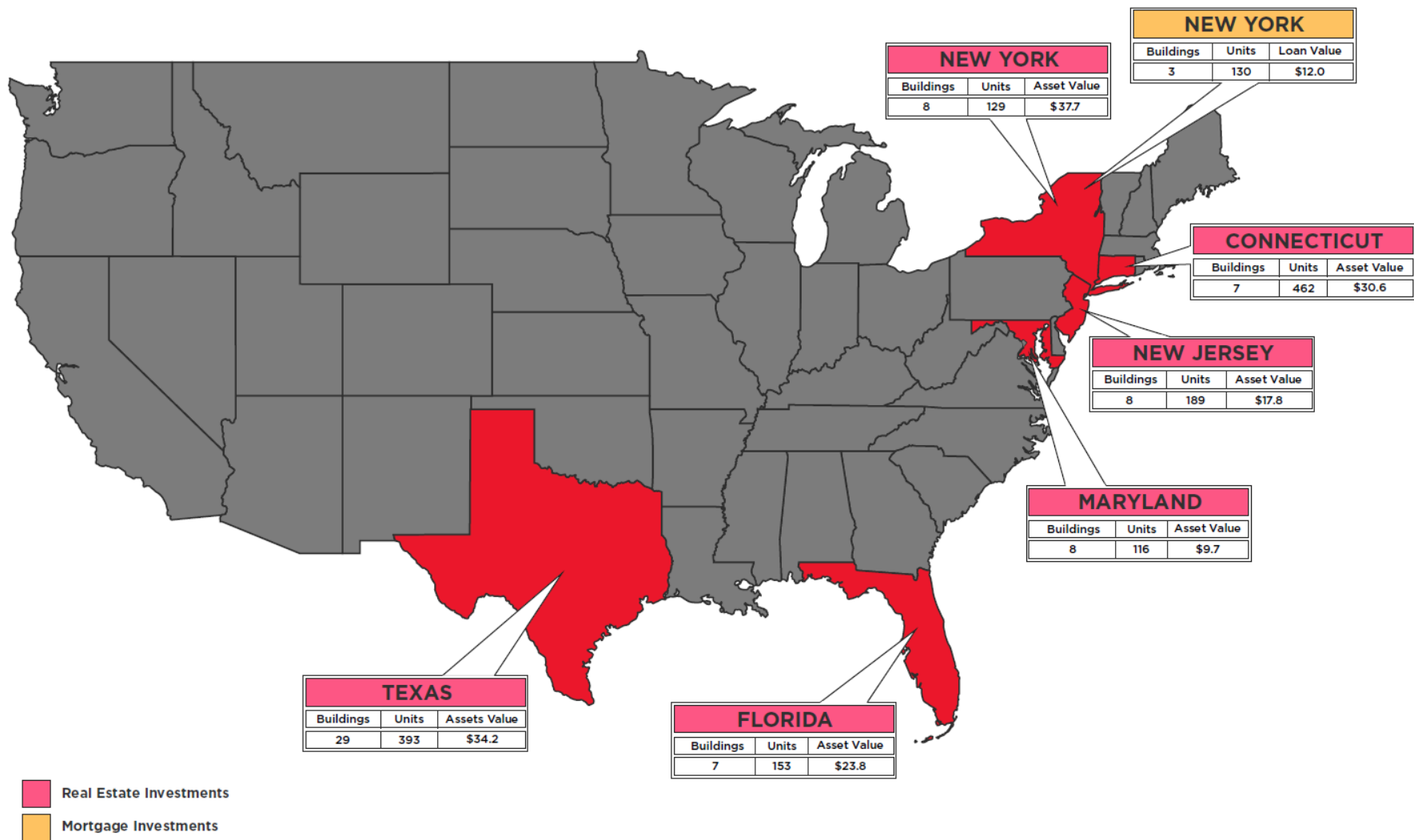


Sources: Mortgage Bankers Association, Freddie Mac projections

Note: 2017 and 2018 results are projections as of January 2018.

INVESTMENT PROFILE

Investment Profile



Note: All figures are shown at 100% share

- The Company's portfolio of investment properties is comprised of 1,442 residential units across 73 apartment buildings in 6 U.S. states and provides a broad platform for further external growth opportunities
- In addition, the Company's mortgage investments include a preferred capital loan secured by New York apartment buildings, providing high current income and enhancing the overall portfolio yield

Investment Properties as at December 31, 2017 (US\$ in millions) ⁽¹⁾

	Location	Buildings	Units ⁽²⁾	Occupancy ⁽³⁾	Asset Value	LTV%
Owned	Florida	7	153	95.4%	\$23.8	49.7%
	Texas	9	158	94.3%	\$18.9	36.2%
Co-Owned	New York	8	129	91.3%	\$37.7	62.2%
	Maryland	8	116	85.3%	\$9.7	80.5%
	Connecticut	14	462	89.1%	\$30.6	79.9%
	New Jersey	7	189	97.3%	\$17.8	79.6%
	Texas	20	235	93.6%	\$15.3	75.9%
Total	Total	73	1,442	92.0%	\$153.7	65.1%

Mortgage Investments as at December 31, 2017 (US\$ in millions) ⁽¹⁾

	Location	Buildings	Units	Coupon	Amount	Term
Preferred Capital Loan	New York	3	130	12.0%	\$12.0	3 Years

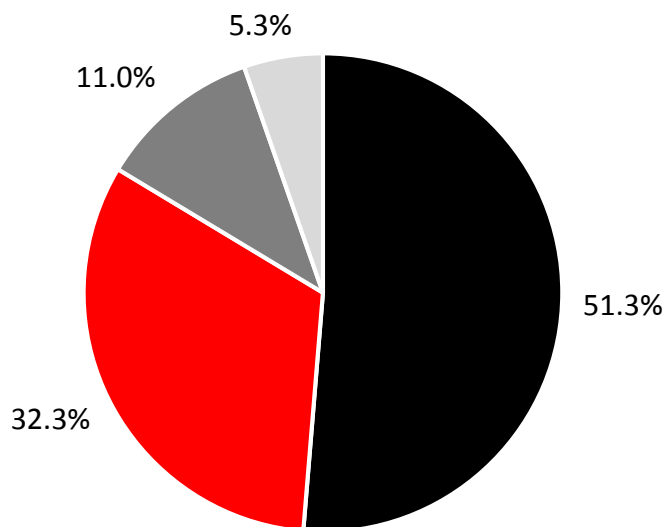
(1) All figures are shown at 100% share

(2) For New Jersey and New York, includes 5 and 2 retail units, respectively

(3) Total occupancy based on weighted average by units

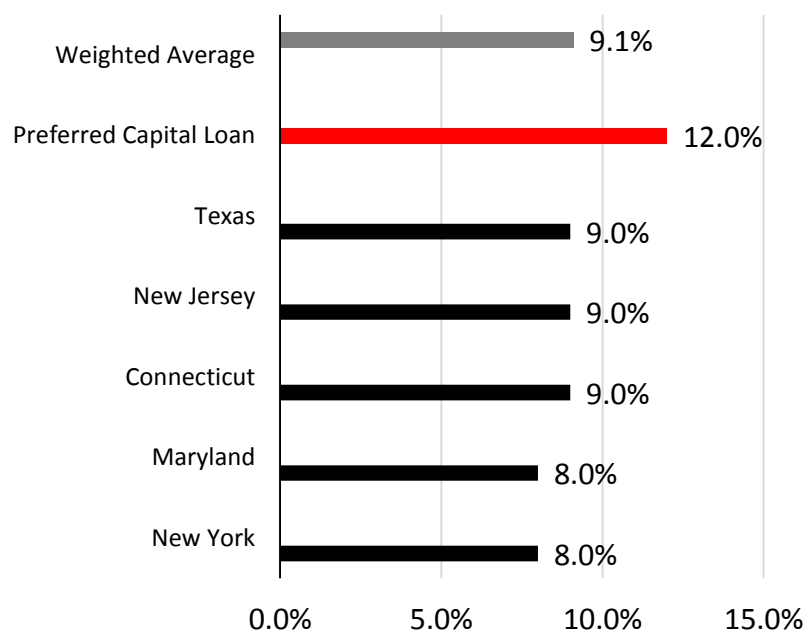
- The Company's portfolio of investment properties and mortgage investments provides diversification across fixed and variable investment returns

**Invested Equity by Type
as at December 31, 2017**



- Co-Owned Investment Properties (Fixed Return)
- Co-Owned Investment Properties (Variable Return)
- Mortgage Investments (Fixed Return)
- Mortgage Investments (Variable Return)

**Fixed Return by Invested Equity Type
as at December 31, 2017**



- Weighted Average
- Mortgage Investments (Fixed Return)
- Co-Owned Investment Properties (Fixed Return)

EXPERIENCED TEAM

- The Company benefits from a management team and a Board of Directors that provide:
 - An exceptional network of real estate and finance contacts across the U.S.;
 - Significant public market governance experience, including with Firm Capital's other publicly traded companies;
 - Extensive real estate, finance, accounting, capital markets, and private equity experience; and
 - Strong alignment with shareholders, with an ownership interest in the Company of approximately 36%

Management

Eli Dadouch Vice Chairman ⁽¹⁾	<ul style="list-style-type: none"> • Founder, President & CEO of Firm Capital organization
Kursat Kacira, CPA, CA CEO ⁽¹⁾	<ul style="list-style-type: none"> • Currently has multiple roles with Firm Capital: <ul style="list-style-type: none"> • President and Co-Chief Investment Officer of Firm Capital Private Equity Realty Trust • Managing Director and Co-Head of Special Situation Investments of Firm Capital Realty Partners Corp. • Most recently CEO and Trustee of Maplewood International REIT (TSXV: MWI.UN) • Previously CFO at Whiterock REIT (TSX: WRK.UN) • Previous investment banking roles with TD Securities (Toronto) and Bear Stearns (New York)
Sandy Poklar, CPA, CA CFO ⁽¹⁾	<ul style="list-style-type: none"> • Currently has multiple roles with Firm Capital: <ul style="list-style-type: none"> • COO and Managing Director, Capital Markets & Strategic Developments of Firm Capital Corporation • CFO and Trustee of Firm Capital Property Trust (TSXV: FCD.UN) • COO of Firm Capital Mortgage Investment Corporation (TSX: FC) • Trustee of True North Commercial REIT (TSX: TNT.UN) • Previous investment banking roles with Macquarie Capital Markets Canada (Toronto) and TD Securities (Toronto)

(1) Also a member of the Company's Board of Directors

Board of Directors

Geoffrey Bledin Chairman (Independent)	<ul style="list-style-type: none"> Serves on Board Directors of Firm Capital Mortgage Investment Corporation and Board of Trustees of Firm Capital Property Trust Past President and CEO of The Equitable Trust Company from 1990 to 2007 Former Partner with Price Waterhouse
Keith Ray, CPA, CA (Independent)	<ul style="list-style-type: none"> Serves on Board of Directors of Firm Capital Mortgage Investment Corporation CEO of Realvest Management since 2007 Previously Partner with KPMG LLP
Pat Di Capo (Independent)	<ul style="list-style-type: none"> Founder of PowerOne Capital Markets Limited Former attorney with Smith Lyons LLP (now Gowlings WLG) and Goodwin Procter LLP
Robert Janson (Independent)	<ul style="list-style-type: none"> Chief Investment Officer of Westcourt Capital Corporation Former Director for the Ultra High Net Worth Wealth Management Team with UBS Bank Canada
Scott Reid (Independent)	<ul style="list-style-type: none"> President and Founder of Stornoway Portfolio Management Formerly with National Bank Financial's High Yield Group
Howard Smuschkowitz (Independent)	<ul style="list-style-type: none"> Serves on Board of Trustees of Firm Capital Property Trust President of Total Body Care Inc. (private label health and beauty aid product manufacturer) since 2011 Former President of Homeland Self Storage from 2005 until its sale in 2011

FINANCIAL PROFILE

Net Asset Value Summary

(US\$ in millions, except per share amounts)		Reported as at 31-Dec-17 ⁽¹⁾	Adjustments ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Pro Forma as at 31-Dec-17 ⁽¹⁾
Assets	Investment Properties	\$42.7	\$0.0	\$42.7
	Equity Investments	12.8	8.1	20.9
	Cash & Cash Equivalents	6.2	(4.6)	1.6
	Other Assets	21.2	(1.6)	19.6
	Total	\$82.9	\$1.9	\$84.8
Liabilities	Mortgages Payable	\$18.7	\$4.0	\$22.6
	Convertible Debentures	12.1	(1.2)	10.9
	Other Liabilities	3.3	(1.1)	2.2
	Total	\$34.0	\$1.6	\$35.7
Net Asset Value (NAV)		\$48.9	\$0.3	\$49.1
NAV/Share		\$7.97		\$8.02

(1) Based on 6,127,666 common shares issued and outstanding at December 31, 2017

(2) Includes various non-cash adjustments to the reported balance sheet

(3) Subsequently, the Company closed the sales of 18 single family homes for gross cash proceeds of \$1.1 million (net of \$1.0 million)

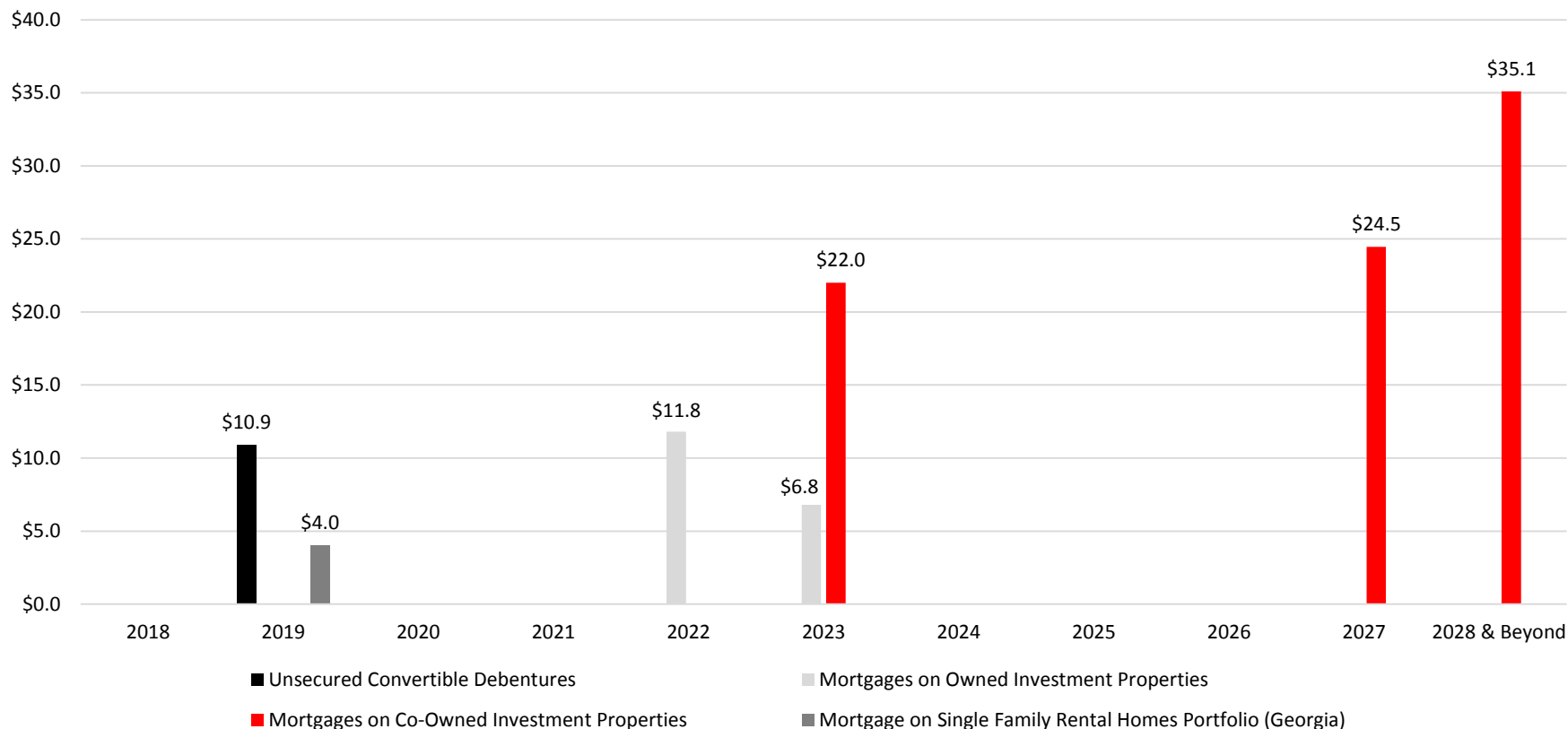
(4) Subsequently, the Company repaid \$1.5 million on the convertible debentures

(5) Subsequently, the Company closed the supplemental loan for gross proceeds of \$4.0 million (net of \$3.8 million)

(6) Subsequently, the Company closed the Irvington, NJ and Houston, TX acquisitions for net equity investments of \$3.4 million and \$4.7 million, respectively

Debt Maturity Summary

Debt Maturities as at December 31, 2017 (US\$ in millions) ⁽¹⁾



(1) All mortgages are non-recourse to the Company; mortgages on co-owned investment properties are shown at 100% share; amount for unsecured convertible debentures is pro forma as at December 31, 2017 (see Net Asset Value Summary)

APPENDIX

Direct Property Investments

Summerfield Apartments, Sunrise, FL

- 100% ownership
- 7 buildings and 153 units
- 49.7% loan-to-value (includes supplemental loan)
- Historical stabilized occupancy at +/- 95%



South Congress Commons, Austin, TX

- 100% ownership
- 4 buildings and 68 units
- 31.9% loan-to-value
- Historical stabilized occupancy at +/- 95%



Enclave, Austin, TX

- 100% ownership
- 5 buildings and 90 units
- 39.8% loan-to-value
- Historical stabilized occupancy at +/- 95%



Partnership Investment: Houston, TX

- On February 28, 2018, FCA acquired a 50% joint venture ownership in a community with 12 apartment buildings comprised of 235 units in Houston, TX
 - The joint venture partner is a private real estate investment firm based in New York City and local property management is provided by FCA's existing property manager on its properties in Austin, TX
- Value-add plan is designed to reposition the buildings by investing in unit and building-wide renovations to capturing premium market rents over a 2-year horizon
- Purchase price of \$15.30 million (excluding transaction costs)
- FCA invested \$4.66 million in a combination of preferred equity (\$3.49 million) and common equity (\$1.17 million), representing a 50% ownership interest
 - The joint venture partner co-invested in common equity on a 50/50 basis with FCA

Acquisition Funding Structure

New Conventional First Mortgage
\$11.62 million, 4.9% rate, and I/O for first year

Preferred Equity – FCA
\$3.49 million / 9.0% rate

Common Equity – FCA
\$1.17 million

Common Equity – Joint Venture Partner
\$1.17 million



Partnership Investment: Irvington, NJ

- On February 28, 2018, FCA acquired a 50% joint venture ownership in a portfolio of 7 apartment buildings comprised of 184 residential units and 5 retail units in Irvington, NJ
 - The joint venture partner is a private real estate investment firm based in Brooklyn, NY with a strong presence in New Jersey
- The buildings are already stabilized, with substantial capital improvements to the units and building-wide already completed by the previous owner
- Purchase price of \$17.80 million (excluding transaction costs)
- FCA invested \$3.44 million in a combination of preferred equity (\$2.58 million) and common equity (\$0.86 million), representing a 50% ownership interest
 - The joint venture partner co-invested in common equity on a 50/50 basis with FCA

Acquisition Funding Structure

New Conventional First Mortgage
\$14.24 million, 3.82% rate, and I/O for first year

Preferred Equity – FCA
\$2.58 million / 9.0% rate

Common Equity – FCA
\$0.86 million

Common Equity – Joint Venture Partner
\$0.86 million



Partnership Investment: Bridgeport, CT

- On August 15, 2017, FCA and the Firm Capital Group acquired a 50% joint venture ownership in a portfolio of 14 apartment buildings comprised of 462 residential units in Bridgeport, CT
 - The joint venture partner is a private real estate investment firm based in New York City
 - This is the 2nd joint venture investment with them
- Value-add plan is designed to reposition the buildings by investing in unit and building-wide renovations to capture premium market rents over a 2-year horizon
- Purchase price of \$30.54 million (excluding transaction costs)
- FCA invested \$5.07 million in a combination of preferred equity (\$3.79 million) and common equity (\$1.27 million), representing a 30% ownership interest
 - The joint venture partner co-invested in common equity on a 50/50 basis with FCA and Firm Capital Group

Acquisition Funding Structure

New Conventional First Mortgage
\$24.45 million, 4.5% rate, and I/O for first 3 years

Preferred Equity – FCA
\$3.79 million / 9.0% rate

Preferred Equity – Firm Capital Group
\$2.53 million / 9.0% rate

Common Equity – FCA & Firm Capital Group
\$2.12 million

Common Equity – Joint Venture Partner
\$2.12 million





Partnership Investment: Brentwood, MD

- On January 18, 2017, FCA and the Firm Capital Group acquired a 50% joint venture ownership in a portfolio of 8 apartment buildings comprised of 115 residential units in Brentwood, MD, in close proximity to Washington, DC
 - The joint venture partner is a private real estate investment firm based in Baltimore, MD
- Value-add plan is designed to reposition the buildings by investing in unit and building-wide renovations to capture premium market rents over a 3-year horizon
- Purchase price of \$9.3 million (excluding transaction costs)
- FCA invested \$1.0 million in a combination of preferred equity (\$0.7 million) and common equity (\$0.3 million), representing a 25% ownership interest
 - The joint venture partner co-invested in common equity on a 50/50 basis with FCA and the Firm Capital Group

Acquisition Funding Structure

Assumed Conventional First Mortgages
\$7.8 million and 5.18% rate

**Preferred Equity –
FCA**
\$0.68 million / 8.0% rate

**Preferred Equity –
Firm Capital Group**
\$0.68 million / 8.0% rate

**Common Equity –
FCA & Firm Capital Group**
\$0.68 million

**Common Equity –
Joint Venture Partner**
\$0.68 million



Partnership Investment: New York City

- On December 20, 2016, FCA and the Firm Capital Group acquired a 50% joint venture ownership in a portfolio of 8 apartment buildings, comprised of 127 residential units and 2 retail units, in New York City, within Manhattan's Harlem neighbourhood
 - The joint venture partner is a private real estate investment firm based in New York City
- Value-add plan is designed to reposition the buildings by investing in unit and building-wide renovations to capture premium market rents over a 5-year horizon
- Purchase price of \$36.9 million (excluding transaction costs)
- FCA invested \$6.1 million in a combination of preferred equity (\$4.6 million) and common equity (\$1.5 million), representing a 22.5% ownership interest
 - The joint venture partner co-invested in common equity on a 50/50 basis with FCA and the Firm Capital Group

Acquisition Funding Structure

New Conventional First Mortgage
\$23.5 million, 3.5% rate, and I/O for first 2 years

Preferred Equity – FCA
\$4.56 million / 8.0% rate

Preferred Equity – Firm Capital Group
\$5.46 million / 8.0% rate

Common Equity – FCA & Firm Capital Group
\$3.34 million

Common Equity – Joint Venture Partner
\$3.34 million



Preferred Capital Loan: New York City

- On December 18, 2017 the Firm Capital Group issued a \$12 million preferred capital loan at a 12.0% coupon for an initial 3-year term to a private real estate investment firm based in New York City, to finance the acquisition of a portfolio of 3 apartment buildings comprised of 130 residential units in Manhattan
 - FCA's participation in the preferred capital loan was for \$2.5 million, or 20.8% of the balance
- The portfolio is comprised of 3 well positioned apartment buildings located on the border of Upper West Side and Harlem, in close proximity to the Columbia University and Central Park
- The loan is subordinated to the first mortgage, provided by a Tier 1 bank
- The capital structure is enhanced by significant common equity infusion from the borrower
- The borrower's value-add plan is designed to renovate and re-tenant the buildings to increase the rental income, while providing strong debt service coverage on the loan



312-314 West 114th Street



320 Manhattan Avenue



346-350 Manhattan Avenue

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Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plan”, “continue”, or similar expressions (including negative and grammatical variations) suggesting future outcomes or events. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. All forward-looking statements in this presentation are qualified by these cautionary statements. These statements are not guarantees of future events or performance and, by their nature, are based on FCA’s estimates and assumptions, which are subject to risks and uncertainties, which could cause actual events or results to differ materially from the forward-looking statements contained in this presentation.

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