

PRESS RELEASE



FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

FIRM CAPITAL AMERICAN REALTY PARTNERS CORP. ANNOUNCES FULL REPAYMENT OF ATLANTA MORTGAGE, SINGLE FAMILY DISPOSITION PROGRAM AND BRENTWOOD, MARYLAND JOINT VENTURE UPDATE

All amounts are in US dollars unless otherwise stated

Toronto, Ontario, October 3, 2018. Firm Capital American Realty Partners Corp. (the “**Company**”), (TSXV: FCA.U), (TSXV: FCA) is pleased to announce the full repayment of its \$4.1 million, 6.5% interest-only first mortgage loan secured by 120 single family homes located in Atlanta, Georgia (the “**Atlanta Mortgage**”), and updates regarding the Atlanta Single Family Homes Disposition Program and the Brentwood, Maryland Joint Venture:

FULL REPAYMENT OF ATLANTA MORTGAGE

As disclosed on September 13, 2018, to assist in the orderly disposition of the remaining 120 single-family homes located in Atlanta, Georgia, the Company entered into the Atlanta Mortgage. The proceeds received from the Atlanta Mortgage were used to repay the existing blanket \$4.0 million secured first mortgage loan plus a pre-payment penalty of \$0.1 million.

Due to a combination of working capital and single family home sales as outlined below, the Company has fully repaid the \$4.1 million owing on the Atlanta Mortgage. The Company will now commence repayment of the 7.0% Convertible Unsecured Debenture (the “**Debenture**”) which has a principal balance of \$6.8 million.

ATLANTA SINGLE FAMILY HOMES DISPOSITION PROGRAM UPDATE

As previously disclosed, the Company had listed for sale its remaining 120 single family homes located in Atlanta, Georgia. To date, the Company has sold or closed sales on 73 homes, or 61% of the total portfolio, for gross proceeds of \$7.8 million (\$7.1 million net of estimated closing costs). Of these sales, 38 have officially closed for gross proceeds of \$4.0 million (\$3.7 million net of estimated closing costs) while the remaining 35 sales totalling gross proceeds of \$3.8 million (\$3.4 million net of estimated closing costs) are expected to close during the early part of Q4/2018. The net proceeds generated from these home sales were used, in part, to repay the Atlanta Mortgage, while the remainder will be used to further repay the Debenture. The remaining unsold 47 single family homes, which have a current list price of \$6.0 million (\$5.6 million net of estimated closing costs) are anticipated to generate on closing, assuming that the current list price is achieved, net proceeds sufficient to fully repay the existing Debenture and provide the Company with additional working capital.

BRENTWOOD, MARYLAND JOINT VENTURE REFINANCING, IFRS VALUATION INCREASE AND VALUE-ADD ACTIVITIES

In January 2017, the Company invested \$1.0 million in a combination of preferred equity (\$0.7 million) and common equity (\$0.3 million), which represents a 25% ownership interest, in a 115 unit apartment building joint venture located in the Washington, D.C. area (the "**Joint Venture**"). The Joint Venture, which consists of eight buildings, is located in Brentwood, Maryland and was acquired for \$9.8 million (including closing costs) at a 7.6% capitalization rate. As part of the Joint Venture acquisition, the Joint Venture assumed two mortgages totaling \$7.8 million at a 5.18% weighted average interest rate.

The Company is pleased to report the following:

- **New \$10.3 Secured Mortgage Financing:** The Joint Venture has entered into a \$10.3 million, 4.81% secured first mortgage financing. (the "**New Mortgage**"). The New Mortgage has a 15 year term and includes an interest-only period of seven years and then a 30 year amortization thereafter. The net proceeds received from the New Mortgage were used to refinance the two assumed mortgages and fully repay the preferred equity investment that was in place in the Joint Venture;
- **IFRS Valuation Increase:** As part of the New Mortgage, the Joint Venture received an independent third party appraisal that appraises the value of the real estate investments at \$13.7 million. As such, the Joint Venture will have a total overall IFRS valuation increase of \$3.4 million since acquisition. Given the 25% ownership interest in the Joint Venture and including IFRS valuation increases taken to date, the Company will record an IFRS valuation increase of \$0.3 million in its equity investments during Q3/2018; and
- **14 New Apartment Units Expected to Generate 100% Return on Cost:** The Joint Venture has also been approved to construct 14 additional apartment units on site for an expected cost of approximately \$0.8 million or \$60,000 per apartment unit. Once leased, these apartment units are expected to increase in value to \$120,000 per apartment unit, in line with the recent IFRS valuation increase as outlined above, generating an immediate 100% return on expected cost.

Overall, the immediate accretion impact of the New Mortgage and the IFRS Valuation increase will impact Q3/2018 earnings positively by approximately \$0.05 per share. Once completed, the accretion impact of the 14 apartment units are expected to impact future earnings by an additional \$0.14 per share.

ABOUT FIRM CAPITAL AMERICAN REALTY PARTNERS CORP.

Firm Capital American Realty Partners Corp. is a U.S. focused real estate investment entity that pursues real estate and debt investments through the following platforms:

- **Income Producing Real Estate Investments:** Acquiring income producing real estate assets in major cities across the United States. Acquisitions are completed solely by the Company or in joint-venture partnership with local industry expert partners who retain property management responsibilities; and

- **Mortgage Debt Investments:** Real estate debt and equity lending platform in major cities across the United States, focused on providing all forms of bridge mortgage loans and joint venture capital.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information in this news release constitutes forward-looking statements under applicable securities law. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "intend" and similar expressions. Forward-looking statements in this news release include, but are not limited to, statements with respect to the Company's intention to complete the sale of its single-family homes (and the ability to do so for consideration that accords with the estimated value of the portfolio, as set out above) and ultimate debt repayments, the use of proceeds from the new loan described above, the use of proceeds from (and timing of) the disposition of the Company's portfolio of single family homes located in Atlanta, potential capital financing and growth opportunities, as well as the Company's intention to acquire income producing U.S. real estate assets and complete joint venture partnerships and mortgage debt and equity lending investments. Forward-looking statements necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse factors affecting the U.S. real estate market generally or those specific markets in which the Company holds properties; volatility of real estate prices; inability to complete the Company's single family property disposition program, debt repayments or debt restructuring in a timely manner; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; industry and government regulation; changes in legislation, income tax and regulatory matters; the ability of the Company to implement its business strategies; competition; currency and interest rate fluctuations and other risks, including those described in the Company's public disclosure documents on SEDAR at www.sedar.com.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Additional information about the Company is available at www.firmcapital.com or www.sedar.com.

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