

PRESS RELEASE



FIRM CAPITAL AMERICAN REALTY PARTNERS TRUST ANNOUNCES TWO PENDING ACQUISITIONS IN AUSTIN, TEXAS AND US\$25 MILLION EQUITY OFFERING

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Toronto, Ontario, February 13, 2020. Firm Capital American Realty Partners Trust (the “**Trust**”), (TSXV: FCA.U), (TSXV: FCA.UN) is pleased to announce that it has entered into conditional agreements to acquire two multi-family residential portfolios from two separate and unrelated third-party vendors, both of which are located in Austin, Texas for a total combined purchase price of U.S.\$106 million (the “**Acquisitions**”).

The Acquisitions

The Trust has entered into a conditional agreement to acquire the Hillstone at Wolf Ranch (“**Hillstone**”) portfolio, an eight building multi-family residential community located in Austin, Texas comprised of 332 residential units for a purchase price of U.S.\$56 million. Including fees, commissions and closing costs, the total purchase price is expected to be approximately U.S.\$57.5 million, which will be satisfied through an expected first mortgage of U.S.\$37.5 million and the remainder in cash.

Hillstone was constructed in 2018 and is comprised of 307,473 square feet. The property is currently 91.6% occupied, has an average monthly rental rate of U.S.\$1,310 per unit, an average monthly rental rate of U.S.\$1.41 per square foot, and an average unit size of 926 square feet. Subject to the satisfaction of the conditions set out in the conditional agreement as described below, the Trust will acquire Hillstone for approximately U.S.\$168,675 per residential unit or U.S.\$182 per square foot.

The Trust has also entered into a conditional agreement to acquire the Amor, Feliz and Vida portfolio (“**Austin Triplets**”), a three building multi-family residential community located in Austin, Texas comprised of 422 residential units for a purchase price of U.S.\$50 million. The Austin Triplets were constructed in the mid 1980’s and are comprised of 274,001 square feet. Subject to the satisfaction of the conditions in the conditional agreement as described below, the Trust will acquire the Austin Triplets for approximately U.S.\$118,485 per residential unit or U.S.\$182 per square foot.

The completion of each of the Acquisitions remains subject to a satisfactory due diligence review in accordance with the Trust's standard operating procedures, including, but not limited to, a review of independent appraisals, environmental assessments and property condition reports, in accordance with its standard operating procedures. Any material items identified in such reports will be addressed by the Trust with the respective vendors of the Hillstone and Austin Triplets properties prior to removing closing conditions and entering into definitive agreements. There can be no assurance that the Trust will complete either or both of the Acquisitions.

The Offering

The Trust also announced today that it has filed a preliminary short form prospectus dated February 12, 2020 with the securities authorities in all provinces of Canada except Quebec, with respect to a fully marketed offering (the "**Offering**") of units (the "**Offered Units**") at a price of US\$8.20 per Offered Unit or C\$10.90 per Offered Unit based on the Bank of Canada daily noon rate of exchange of 1.3292 as of February 11, 2020. The total size of the Offering is anticipated to be approximately US\$25 million. Investors will have the option of subscribing for the Offering in U.S. dollars or Canadian dollars.

Each Offered Unit shall consist of one trust unit (a "**Trust Unit**") and one trust unit purchase warrant (a "**Warrant**"). Each Warrant will be exercisable to acquire one Trust Unit (a "**Warrant Unit**") for an exercise price of US\$10.75 per Warrant Unit for a period of 24 months following the closing date of the Offering (the "**Warrant Expiry Date**"), subject to acceleration of the Warrant Expiry Date in the event that the volume weighted average trading price of the Trust Units on the principal stock exchange on which they are traded is greater than US\$12.75 per Trust Unit for a period of 10 consecutive trading days at any time after the closing of the Offering and upon the Trust giving 30 days' notice of acceleration, at the Trust's sole discretion.

The Offering is being made through a syndicate of underwriters (the "**Underwriters**") led by Canaccord Genuity Corp., CIBC World Markets Inc., and TD Securities Inc., and including Echelon Wealth Partners Inc., Industrial Alliance Securities Inc., National Bank Financial Inc., Raymond James Ltd., Scotia Capital Inc., Desjardins Securities Inc., Laurentian Bank Securities Inc. and Wellington-Altus Private Wealth Inc.

The Trust will grant the Underwriters an option (the "**Over-Allotment Option**") to cover over-allotments and for market stabilization purposes, exercisable at any time up to 30 days subsequent to the closing of the Offering, to increase the size of the Offering by up to 15% in Offered Units (and/or the components thereof) on the same terms and conditions of the Offering, exercisable in whole or in part and from time to time.

The Trust intends to use the net proceeds of the Offering to fund prospective acquisitions of income producing multi-family residential properties in the U.S., to fund prospective investments in mortgage debt on real estate properties in the U.S., for the repayment of debt, for working capital and for general trust purposes.

The Offering is scheduled to close on or about March 5, 2020, subject to satisfaction of customary closing conditions, including the receipt of all necessary regulatory and stock exchange approvals.

Distributions

In 2020, the Trust intends to make aggregate distributions in the amount of U.S.\$0.236 per Trust Unit. The Trust will consider increasing the annual distribution per Trust Unit following the

deployment of the proceeds raised in the Offering. Any such increase will be subject to the approval of the Board of Trustees.

ABOUT FIRM CAPITAL AMERICAN REALTY PARTNERS TRUST

Firm Capital American Realty Partners Trust 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 Trust 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.

FORWARD LOOKING INFORMATION

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 press release include statements relating to: the Acquisitions and the potential completion thereof; the Offering and the use of proceeds thereof; the timing of the closing of the Offering; and the potential change in the distributions to be made by the Trust. 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 Trust holds properties; volatility of real estate prices; 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 Trust to implement its business strategies; competition; currency and interest rate fluctuations and other risks, including those described in the Trust’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 TSX Venture 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 Trust is available at www.firmcapital.com or www.sedar.com.

A preliminary short form prospectus containing important information relating to the Offered Units has been filed with securities commissions or similar authorities in each of the Provinces of Canada (except Quebec). The preliminary short form prospectus is still subject to completion or amendment. Copies of the preliminary short form prospectus may

be obtained from any of the Underwriters. There will not be any sale or any acceptance of an offer to buy the Offered Units until a receipt for the final short form prospectus has been issued.

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