



Apartment
Real Estate
Investment
Trust

TSXV: **FCA.U**
FCA.UN



**FIRM CAPITAL
APARTMENT REAL ESTATE INVESTMENT TRUST
QUARTERLY NEWSLETTER**

Q2 2020 | JUNE 30, 2020



Disciplined Investing • Capital Preservation

www.FirmCapital.com



COMPANY OVERVIEW

Firm Capital Apartment Real Estate Investment Trust is a U.S. focused real estate investment entity that pursues income producing real estate and mortgage debt investments through the following platforms:

- **Income Producing Real Estate Investments:**
 - **Core Markets Wholly Owned Investments:** The Trust is focused on growing its wholly owned multi-residential property portfolio in large core markets with attention to cities located in Texas, Florida, New Jersey, North and South Carolina, Colorado, Georgia and New York.
 - **Core and Non-Core Markets:** Joint Venture Investments: The Trust will also purchase in both core and non-core markets where it lacks knowledge or experience, partial ownership interests in multi-residential properties with industry leaders as partners. These partners bring both expertise in operations and knowledge, especially in non-core markets. The Trust strives to have a minimum 50% ownership interest and will fund the equity in a combined preferred/common equity investment structure. The preferred equity provides a fixed rate of return for investors in the Trust, resulting in a secured structure ahead of the partners ownership interest, while the common equity provides investors an upside return for investors as the investment meets its targeted objectives.
- **Mortgage Debt Investments:** The Trust, using Firm Capital's 30-year plus experience as a leader in the mortgage lending industry, provides bridge lending of mortgage and preferred capital secured by residential/multi-residential properties.

KEY METRICS

TRADING HIGHLIGHTS

Exchange/Tickers	TSXV: FCA.U (US\$) FCA.UN (C\$)
Distribution Yield ⁽¹⁾	Approximately 3%
Units Issued	Approximately 8.5 million
Market Capitalization ⁽¹⁾	USD\$69.9 million
Stock Price ⁽¹⁾	USD\$8.20/Unit for FCA.U & CAD\$10.90/Unit for FCA.UN

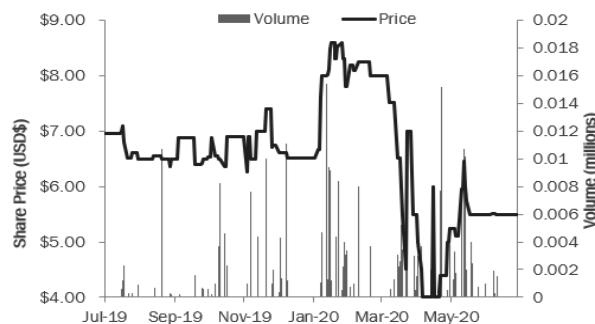
Note ⁽¹⁾ As At Last Equity Offering Of Units
(March 13, 2020)

FINANCIAL HIGHLIGHTS

Q2/2020

Portfolio Size	\$154.7 million
Quarterly Distribution/Unit	US\$0.059
NAV/Unit (pro-forma)	\$9.55
CAGR Q3/2017 to Q2/2020	11%

Unit Price Performance



Detailed Company Investment Overview on Page 3.



INVESTMENT HIGHLIGHTS

Unique Blend of Underlying Assets	<ul style="list-style-type: none"> • Preferred & Common Equity Investment (Joint Ventures) in 41 Multi-Family Residential Properties with 2,073 units in seven different U.S. States • Preferred Capital Loan Investments on 8 Multi-Family Residential Properties with 1,405 Residential units in New York & Houston
Alignment of Interests	<ul style="list-style-type: none"> • Management Team & Board Members have ownership interest of approximately 33% based on current outstanding trust units
Strategic Portfolio Diversification	<ul style="list-style-type: none"> • Strategically diversified by geography (across 7 U.S. states) and investment type (blend of income producing real estate investments & mortgage debt investments)
Compelling Investment Metrics & Attractive Growth	<ul style="list-style-type: none"> • Quarterly distributions of USD\$0.059/Unit (an increase of 5% from Q4/2018) • NAV increased by a +11% Compounded Annual Growth Rate from \$7.85/Unit in Q3/2017 to \$9.55/Unit pro-forma • The Trust's Return of Capital for 2020 is expected to be approximately 85% of distributions
Disciplined Philosophy for Growth & Income	<ul style="list-style-type: none"> • Full capital stack investment model targets balanced growth and income returns to the Trust, including mix of common equity returns (targeted at >20%), preferred equity returns (targeted at >8%), and bridge lending returns (targeted at >12%)
Traded on TSX Venture Exchange As At Last Equity Offering Of Units (March 13, 2020)	<ul style="list-style-type: none"> • TSXV: FCA.U for \$USD & TSXV: FCA.UN for \$CAD • USD\$8.20/Unit for FCA.U & CAD\$10.90/Unit for FCA.UN • Market Capitalization: USD\$69.9 Million • Units Issued: Approximately 8.5 million • Yield: Approximately 3%



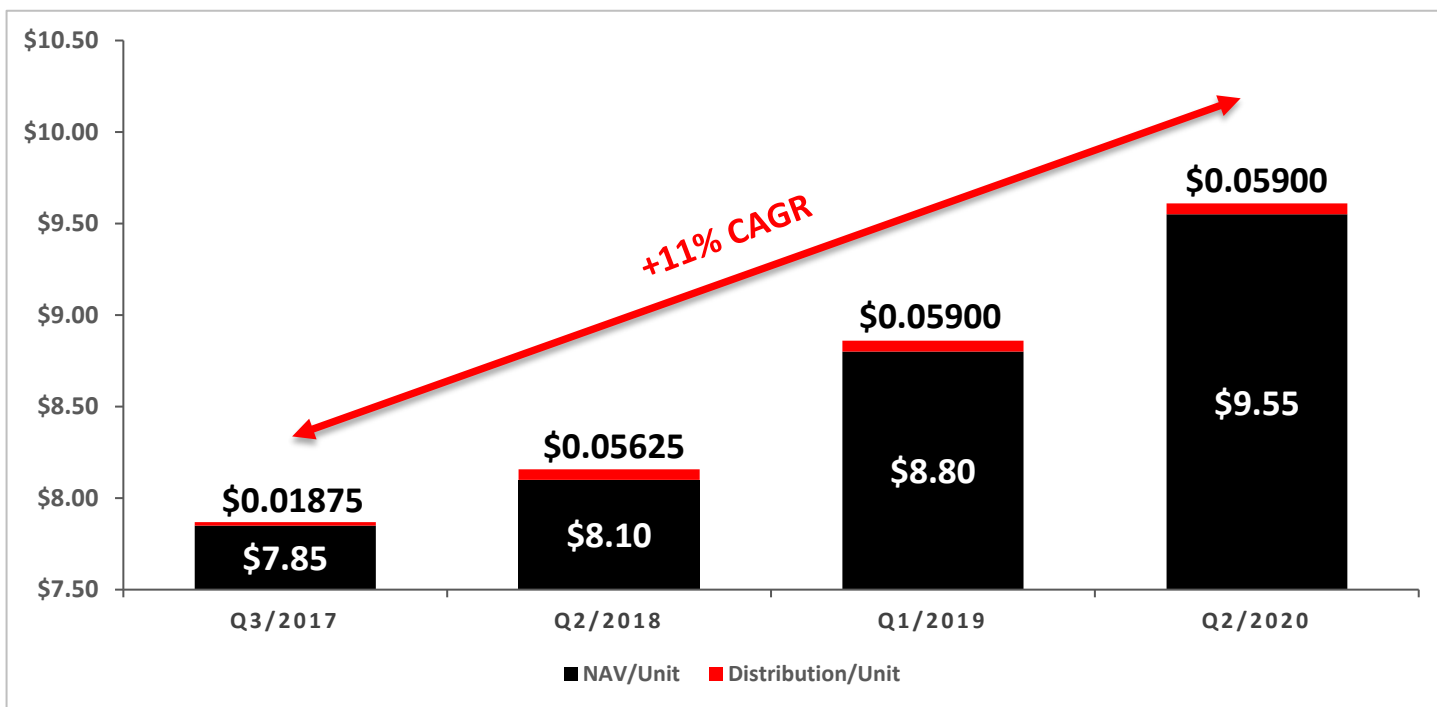
INVESTMENT HIGHLIGHTS

- Attractive Yield and Conservative Leverage
- Experienced Management Team
- Tax Efficient 85% Return of Capital for 2020
- Accretive Acquisitions in U.S. Multi-Residential Sector
- Distribution Increases
- Partner with Strong Industry Leaders

BENEFITS TO UNITHOLDERS

- Conservative Operating Strategy
- Focused on Capital Preservation
- Great Tenant Quality
- Strong Balance Sheet
- Strong Alignment Interest by Management Team & Board

REPORTED NAV & DISTRIBUTIONS PER SHARE





QUARTERLY FINANCIAL HIGHLIGHTS

In USD\$ millions, unless per unit or % amounts	Quarter Ended June 30, 2020	Quarter Ended June 30, 2019
Net Income	\$1.4	\$1.4
AFFO/Unit	\$0.06	\$0.07
NAV/Unit	\$9.55⁽³⁾	\$8.80
Distributions/Unit	\$0.059	\$0.059
Leverage⁽¹⁾	17.8%	23.0%
Portfolio Size⁽²⁾	\$154.7	\$124.4

(1) Defined as Mortgages/Investment Portfolio, where the investment Portfolio includes the Trust's investment properties, equity accounted and preferred investments and preferred capital investments and mortgages excludes the convertible debentures. Including the convertible debentures the leverage would be 29.2%.

(2) Calculated including the pro-forma consolidation of its interests in the equity accounted and preferred investments assuming proportionate consolidation.

(3) Pro-forma NAV/Unit

COMPANY INVESTMENT OVERVIEW:

CORE MARKETS: WHOLLY OWNED INVESTMENTS:

The Trust is focused on growing its wholly owned multi-residential property portfolio in large core markets with a particular attention to cities located in Texas, Florida, New Jersey, North and South Carolina, Colorado, Georgia and New York.

WHOLLY OWNED INVESTMENTS:

- Sunrise, FL: 100% interest in 153 multi-family apartment units;
- Austin, TX: 100% interest in 158 multi-family apartment units;

CORE AND NON-CORE MARKETS: JOINT VENTURE INVESTMENTS:

The Trust will also purchase in both core and non-core markets where it lacks knowledge or experience, partial ownership interests in multi-residential properties with industry leaders as partners. These partners bring both expertise in operations and knowledge, especially in non-core markets.

The Trust strives to have a minimum 50% ownership interest and will fund the equity in a combined preferred/common equity investment structure. The preferred equity provides a fixed rate of return for investors in the Trust, resulting in a secured structure ahead of the partners ownership interest, while the common equity provides investors an upside return for investors as the investment meets its targeted objectives.

Preferred equity returns are approximately 8.5% per annum. Currently, the Trust has partial ownership interests in nine joint ventures comprised of 1,762 multi-family apartment units with a combined IFRS value of approximately \$85.1 million (on a proportionate consolidated basis) as outlined below:

CORE AND NON-CORE MARKETS:

JOINT VENTURE INVESTMENTS:

- Houston, TX: 50% interest in 250 multi-family apartment units;
- Houston, TX: 50% interest in 235 multi-family apartment units;
- Irvington, NJ: 50% interest in 189 multi-family apartment units;
- Canton, GA: 50% interest in 138 multi-family apartment units;
- Bronx, NY: 50% interest in 132 multi-family apartment units;
- Hartford, CT: 50% interest in 109 multi-family apartment units;
- Bridgeport, CT: 30% interest in 462 multi-family apartment units;
- Brentwood, MD: 25% interest in 118 multi-family apartment units; and
- New York, NY: 22.8% interest in 129 multi-family apartment units.

MORTGAGE LENDING:

The Trust, using Firm Capital's 30+ year experience as a leader in the mortgage lending industry, provides bridge lending of mortgage and preferred capital secured by multi residential properties.

MORTGAGE LENDING

The Trust currently has invested \$5.4 million as a participant as a syndicate partner in a mortgage and preferred capital portfolio with a 12.0% per annum weighted average interest rate, encumbering 1,405 multi-family apartment units. Firm Capital Corporation is the mortgage banker and loan servicer.



DISCLAIMER:

This presentation is for informational purposes only and not intended to solicit Firm Capital Apartment Real Estate Investment Trust (“FCA”, “FCAREIT” or the “Trust”). This presentation may not provide full disclosure of all material facts relating to the securities offered. Investors should read the most recent Annual Report and Quarterly Financial Statements and Management Discussion & Analysis for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision. A final base shelf prospectus containing important information relating to the securities described in this presentation has been filed with the securities regulatory authorities in each of the provinces of Canada, other than Quebec.

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