

PRESS RELEASE



FIRM CAPITAL APARTMENT REAL ESTATE INVESTMENT TRUST

FIRM CAPITAL APARTMENT REIT ANNOUNCES THE ACQUISITION OF A 50% INTEREST IN A 245 UNIT, MULTI-FAMILY RESIDENTIAL BUILDING FOR \$39.5 MILLION IN THE WASHINGTON D.C. METRO AREA AND CAD\$5.0 MILLION PROMISSORY NOTE FINANCING

All amounts are in US Dollars unless otherwise stated.

Toronto, Ontario March 15, 2021. Firm Capital Apartment REIT (the “**Trust**”), (TSXV: FCA.U), (TSXV: FCA) is pleased to announce it has entered into a joint venture agreement with an unrelated third party to acquire a \$39.5 million multi-family residential property located in the Washington D.C. Metro Area.

Hamilton Manor (“**Hamilton Manor**” or the “**Property**”) is a 245-unit, multi-family residential property located in Hyattsville, Maryland. Hyattsville, MD is located within the Washington D.C. Metro Area. Hamilton Manor is also in close proximity to the Trust’s Brentwood and Hyattsville, MD joint ventures. The joint venture is purchasing the property for \$39.5 million or approximately \$161,225 per unit (\$206 per square foot). The acquisition of the Property is expected to close during the second quarter of 2020 and is subject to various closing conditions. The unrelated third party is the same partner in the current Hyattsville, MD joint venture.

The Property is being financed by a new first mortgage for approximately \$26.5 million with an approximate 2.7% interest rate. The terms of the financing include a four-year interest-only or I/O period, 30 year amortization and a ten year term. The remaining capital requirement, including closing and working capital, is approximately \$16.9 million and is being funded through \$5.5 million of common equity held 50% by the Trust and 50% by the unrelated third party, with the remaining \$5.9 million being funded as preferred equity at an 8% rate of return, being held 100% by the Trust.

To facilitate the closing of Hamilton Manor, the trust has retained Firm Capital Corporation, an entity affiliated to management of the Trust, to arrange (predominately to members of the Trust’s board and senior management) a CAD\$5.0 million (US\$4.0 million), two year promissory note that is matched off against the preferred equity investment. The promissory note will yield a positive spread for the Trust as the preferred equity investment is US\$5.9 million at 8% and the promissory note is US\$4.0 million at 6%.

ABOUT FIRM CAPITAL APARTMENT REAL ESTATE INVESTMENT TRUST

Firm Capital Apartment Real Estate Investment Trust is a U.S. focused real estate investment trust that pursues multi-residential income producing real estate and related debt investments on both a wholly owned and joint venture basis. Upon closing of Hamilton Manor, the Trust will have ownership interests in a total of 2,091 apartment units diversely located in Florida, Connecticut, Texas, New York, New Jersey, Georgia and Maryland.

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 necessarily involve known and unknown risks, including, without limitation, the closing of Hamilton Manor and the promissory note with the Firm Capital Corporation, 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. Additional risk factors that may impact the Trust or cause actual results and performance to differ from the forward looking statements contained herein are set forth in the Trust's Annual Information Form under the heading Risk Factors (a copy of which can be obtained under the Trust's profile on 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. Except as required by applicable law, the Trust undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise

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.

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