



FIRM CAPITAL PROPERTY TRUST

FIRM CAPITAL PROPERTY TRUST ANNOUNCES STRONG FOURTH QUARTER AND YEAR END RESULTS

Toronto, Ontario, March 14, 2019. Firm Capital Property Trust (“**FCPT**” or the “**Trust**”), (TSXV: FCD.UN) is pleased to report today its financial results for the three and twelve months ended December 31, 2018.

PROPERTY PORTFOLIO HIGHLIGHTS

The portfolio consists of 61 commercial properties with a total GLA of 2,670,512 square feet (1,568,892 square feet on an owned interest basis) and a 50% interest in one apartment complex comprised of 135 apartment units. The portfolio is well diversified in terms of geographies and property asset types.

TENANT DIVERSIFICATION

The portfolio is well diversified by tenant profile with no tenant accounting for more than 4.8% of total net rent. Further, the top 10 tenants are largely comprised of creditworthy and large national tenants and account for 25.3% of total net rent.

FOURTH QUARTER AND 2018 HIGHLIGHTS

- Net income for the three months ended December 31, 2018 was approximately \$2.8 million in comparison to the \$3.1 million reported for the three months ended September 30, 2018 and the \$5.1 million reported for the three months ended December 31, 2017. Excluding fair value adjustments, net income is approximately \$2.1 million for the three months ended December 31, 2018, a 12% increase over the \$1.9 million reported for the three months ended September 30, 2018 and the three months ended December 31, 2017, respectively;
- Net income for the year ended December 31, 2018 was approximately \$15.8 million, compared to the \$16.2 million reported for the year ended December 31, 2017. Excluding fair value adjustments, net income for the year ended December 31, 2018 is approximately \$8.0 million, which is a 10% increase over the \$7.3 million reported for the year ended December 31, 2017;
- \$7.10 Net Asset Value (“**NAV**”) per Unit based on a IFRS book value of equity of approximately \$124.4 million which is a 0.7% increase over the \$7.05 NAV per Unit reported at September 30, 2018;
- On an IFRS basis, NOI for the three months ended December 31, 2018 was approximately \$3.4 million, which is a 3% increase over the \$3.3 million reported for the three months ended September 30, 2018 and an 8% increase in

comparison to the \$3.1 million reported for the three months ended December 31, 2017. NOI for the year ended December 31, 2018 was approximately \$13.1 million which is a 14% increase over the \$11.5 million reported for the year ended December 31, 2017;

- On a cash basis (“**Cash NOI**”), for the three months ended December 31, 2018 was approximately \$3.4 million, which is a 3% increase over the \$3.3 million reported for the three months ended September 30, 2018 and an 8% increase over the \$3.1 million reported for the three months ended December 31, 2017. Cash NOI for the year ended December 31, 2018 was approximately \$13.1 million which is a 16% increase over the \$11.3 million reported for the year ended December 31, 2017;
- Funds From Operations (“**FFO**”) for the three months ended December 31, 2018 was approximately \$2.1 million, an 11% increase over the \$1.9 million reported for the three months ended September 30, 2018 and a 10% increase over the \$1.9 million reported for the three months ended December 31, 2017;
- Adjusted Funds From Operations (“**AFFO**”) for the three months ended December 31, 2018 was approximately \$1.8 million, largely in line with the \$1.8 million reported for the three months ended September 30, 2018, but a 6% increase over the \$1.7 million reported for the three months ended December 31, 2017;
- FFO for the year ended December 31, 2018 was approximately \$7.8 million, a 20% increase in comparison to the \$6.5 million reported for the year ended December 31, 2017. AFFO for the year ended December 31, 2018 was \$7.1 million, an 18% increase in comparison to the \$6.0 million reported for the year ended December 31, 2017;
- AFFO per Unit was \$0.101 for the three months ended December 31, 2018 compared to \$0.101 for the three months ended September 30, 2018 and \$0.127 for the three months ended December 31, 2017. For the year ended December 31, 2018 AFFO per Unit was \$0.424 compared to \$0.467 for the year ended December 31, 2017. The variance is due to the impact of issuing trust units and not fully deploying the net cash received along with the exercise of options and the issuance of DRIP units;
- Commercial occupancy improved to 95.3% while residential occupancy stayed stable at 98.8%; and
- Conservative leverage profile with Debt / Gross Book Value (“**GBV**”) at 41.8%.

	Three Months			Twelve Months		Three Months		Twelve Months
	Dec 31, 2018	Sep 30, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017	Sep 30, 2018	Dec 31, 2017	Dec 31, 2017
Rental Revenue	\$ 5,626,549	\$ 5,423,802	\$ 5,025,013	\$ 22,060,522	\$ 19,318,609	4%	12%	14%
NOI								
- IFRS Basis	\$ 3,370,036	\$ 3,269,870	\$ 3,124,641	\$ 13,121,113	\$ 11,540,767	3%	8%	14%
- Cash Basis	\$ 3,369,792	\$ 3,258,543	\$ 3,112,045	\$ 13,108,048	\$ 11,319,591	3%	8%	16%
Net Income	\$ 2,764,361	\$ 3,117,455	\$ 5,125,746	\$ 15,828,890	\$ 16,229,452	(11%)	(46%)	(2%)
FFO	\$ 2,088,395	\$ 1,874,298	\$ 1,904,860	\$ 7,773,169	\$ 6,496,422	11%	10%	20%
AFFO	\$ 1,769,007	\$ 1,772,699	\$ 1,671,250	\$ 7,070,716	\$ 6,013,327	(0%)	6%	18%
FFO Per Unit	\$ 0.119	\$ 0.107	\$ 0.145	\$ 0.466	\$ 0.505	11%	(18%)	(8%)
AFFO Per Unit	\$ 0.101	\$ 0.101	\$ 0.127	\$ 0.424	\$ 0.467	(0%)	(21%)	(9%)
Distributions Per Unit	\$ 0.115	\$ 0.115	\$ 0.110	\$ 0.460	\$ 0.440		5%	5%
Payout Ratios								
- FFO	97%	108%	76%	99%	87%			
- AFFO	114%	114%	87%	108%	94%			

FINANCIAL HIGHLIGHTS

- Acquisition of a Single Tenanted Industrial Building in Montreal, Quebec:** On October 15, 2018, the Trust announced the closing of a 50% interest in a 159,164 square foot single tenant industrial building located in Montreal, Quebec. The acquisition price was approximately \$11.0 million, excluding transaction costs. The property is part of the current Montreal portfolio with all of the existing investors participating in their pro rata share. The property was acquired at a 7.5% capitalization rate, is located in the Mount Royal industrial market and is 100% leased to Le Chateau Inc. until April 30, 2026;
- \$19 Million in Cash Generating Refinancing Activity:** During 2018 and early 2019 the Trust refinanced its existing debt throughout the portfolio as follows:
 - On August 13, 2018, the Trust refinanced its existing mortgage on its Montreal Industrial Portfolio with a Canadian Chartered Bank (the "Bank"). The principal balance of the mortgage at maturity was \$29.4 million, while the Trust's portion was \$14.7 million. The new mortgage is a \$42.0 million first mortgage fixed at an interest rate of 4.0% with a 25 year amortization. In addition a \$1.0 million revolving credit facility was also provided by the Bank that is fully secured against the Montreal Industrial Portfolio with an interest rate based on a calculated formula using the Bank's prime lending rate. The Trust's portion of this new mortgage is \$21.0 million and \$0.5 million for the revolving credit facility, respectively;
 - On December 20, 2018, the Trust increased the total amount available on their Revolving Operating Facility from \$13.5 million to \$22.0 million; and
 - On January 14, 2019, the Trust completed an upward financing of its Montreal Industrial Portfolio with the Bank. The new principal balance is \$49.0 million. The Trust's portion of this financing is \$24.5 million. The terms are unchanged from the original loan as described above.

The result of these refinancings has resulted in net cash of approximately \$18.8 million available to the Trust. The net cash from these activities will be and has been used for future acquisitions and working capital purposes;

- **\$24.4 Million of Equity Raised:** During the year ended 2018, the Trust issued \$24.4 million of trust units through non-brokered private placement and a public offering;
- **5% Increase in NAV in 2018:** In 2018 the Trust was able to increase the value of their NAV by 5% to \$7.10 per unit at December 31, 2018 from \$6.73 per unit at December 31, 2017;
- **\$9.9 million in Fair Market Valuation Increases:** During 2018, the Trust was able to increase the fair values of its properties by \$9.9 million as a result of value-added capital expenditures and an overall increase in valuations across various investment properties;
- **4.3% Increase in Monthly Distributions:** On November 8, 2018, the Trust announced that its Board of Trustees had approved a 4.3% increase in its monthly distributions to \$0.04 per Trust Unit from \$0.038333 per Trust Unit commencing in 2019. On an annualized basis this equates to annual distributions of \$0.48 per unit, up from \$0.46 per unit. This is the Trust's sixth distribution increase in six years and represents a cumulative increase of 37.1% since the Trust's inception in 2012;
- **Acquisition of Seven Retail Properties:** On January 14, 2019, the Trust announced the acquisition of a 50% interest in seven retail properties located in Alberta, Nova Scotia, Saskatchewan, Ontario and Quebec with Crombie Real Estate Investment Trust (the "Crombie REIT") (the "Portfolio"). The acquisition price for 100% of the Portfolio was approximately \$83.2 million, excluding transaction costs. The Trust's portion of the acquisition price was approximately \$41.6 million. The Portfolio is comprised of seven properties totalling 296,376 square feet with six of the properties being anchored by Sobeys owned grocery stores and one property being anchored with Shoppers Drug Mart. The Portfolio is 100% occupied and currently owned by Crombie REIT. The Trust and Crombie REIT have entered into a co-ownership arrangement such that the Trust owns 50% and Crombie REIT owns 50% of the Portfolio. The Portfolio was financed through a combination of existing cash resources and new and existing mortgages; and
- **Declaration of Monthly Distributions:** On March 14, 2019, the Trust announced that it has declared and approved monthly distributions in the amount of \$0.04 per Trust Unit for Unitholders of record on April 30, 2019, May 31, 2019 and June 28, 2019 payable on or about May 15, 2019, June 17, 2019 and July 15, 2019.

For the complete financial statements, Management's Discussion & Analysis and supplementary information, please visit www.sedar.com or the Trust's website at www.firmcapital.com

DISTRIBUTION REINVESTMENT PLAN & UNIT PURCHASE PLAN

The Trust has in place a Distribution Reinvestment Plan (“**DRIP**”) and Unit Purchase Plan (the “**Plan**”). Under the terms of the DRIP, FCPT’s Unitholders may elect to automatically reinvest all or a portion of their regular monthly distributions in additional Units, without incurring brokerage fees or commissions. Under the terms of the Plan, FCPT’s Unitholders may purchase a minimum of \$1,000 of Units per month and maximum purchases of up to \$12,000 per annum. Management and trustees have not participated in the DRIP or Plan to date and own approximately 7% of the issued and outstanding trust units of the Trust.

ABOUT FIRM CAPITAL PROPERTY TRUST

Firm Capital Property Trust is focused on creating long-term value for Unitholders, through capital preservation and disciplined investing to achieve stable distributable income. In partnership with management and industry leaders, The Trust’s plan is to co-own a diversified property portfolio of multi-residential, flex industrial, net lease convenience retail, and core service provider professional space. In addition to stand alone accretive acquisitions, the Trust will make joint acquisitions with strong financial partners and acquisitions of partial interests from existing ownership groups, in a manner that provides liquidity to those selling owners and professional management for those remaining as partners. Firm Capital Realty Partners Inc., through a structure focused on an alignment of interests with the Trust sources, syndicates and property and asset manages investments on behalf of the Trust.

FORWARD LOOKING INFORMATION

This press release may contain forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", and by discussions of strategies that involve risks and uncertainties. The forward-looking statements are based on certain key expectations and assumptions made by the Trust. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Although management of the Trust believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated. Neither the Trust nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements, and no one has any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or such other factors which affect this information, except as required by law.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, which may be made only by means of a prospectus, nor shall there be any sale of the Units in any state, province or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of any such state, province or other jurisdiction. The Units of the Firm Capital Property Trust have not been, and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered, sold or delivered in the United States absent registration or an application for exemption from the registration requirements of U.S. securities laws.

Certain financial information presented in this press release reflect certain non-International Financial Reporting Standards (“IFRS”) financial measures, which include NOI, FFO and AFFO. These measures are commonly used by real estate investment entities as useful metrics for measuring performance and cash flows, however, they do not have standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other real estate investment entities. These terms are defined in the Trust’s Management Discussion and Analysis (“MD&A”) for the quarter and year ended December 31, 2018 as filed on www.sedar.com.

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