



Apartment
Real Estate
Investment
Trust

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



FIRM CAPITAL
APARTMENT REAL ESTATE INVESTMENT TRUST
QUARTERLY NEWSLETTER

Q4 2021 | December 31, 2021



Disciplined Investing • Capital Preservation

www.FirmCapital.com



KEY METRICS

TRADING HIGHLIGHTS	
Exchange/Tickers	TSXV: FCA.U (USD\$) FCA.UN (CAD\$)
Distribution Yield ⁽¹⁾	Approximately 3.7%
Units Issued	Approximately 7.6 million
Market Capitalization ⁽¹⁾	USD\$48.7 million
Stock Price ⁽¹⁾	USD\$6.40/Unit for FCA.U & CAD\$8.70/Unit for FCA.UN

⁽¹⁾ As at March 15, 2022

Q4/2021 FINANCIAL HIGHLIGHTS	
Portfolio Size	\$180.8 million
Quarterly Distribution/Unit	USD\$0.0615 <i>(effective Q2/2022)</i>
NAV/Unit	USD\$9.75
CAGR Q3/2017 to Q4/2021	10.3%
Leverage (excluding debentures)	25.2%
AFFO Payout Ratio	90%

FCA REIT'S INVESTMENT STRATEGY

Firm Capital Apartment Real Estate Investment Trust ("FCA REIT") is a U.S. focused real estate investment entity that targets balanced growth and income returns, including a unique blend of common equity returns (targeted at +20%), preferred equity returns (targeted at +8%), and preferred capital lending returns (targeted at +12%), executed through the following investment plan and funding structure:

Wholly-Owned Real Estate Investments (Long-Term)	Joint Venture Real Estate Investments (Medium-Term)	Preferred Capital Investments (Short-Term)
Buy and hold stabilized property and take advantage of premium market rents.	<ol style="list-style-type: none"> Buy property with experienced local JV partner; Adapt value-add program; and When the opportunity arises buyout JV partner's stake in medium term to increase wholly-owned position in portfolio. 	Preferred Capital loan investment at a 10% to 12% rate for short-term period.

INVESTMENT PLAN

ACQUISITION & LOAN FUNDING STRUCTURE		
New Conventional First Mortgage Typically Fannie Mae/Freddie Mac (65% to 75% LTV)	New Conventional First Mortgage Typically Fannie Mae/Freddie Mac (65% to 75% LTV)	New Conventional First Mortgage Typically Fannie Mae/Freddie Mac (65% to 75% LTV)
Equity FCA REIT (100% remaining equity)	Preferred Equity FCA REIT (~8% rate)	Preferred Capital Loan FCA REIT (~12% rate)
Common Equity FCA REIT (50% remaining equity)	Common Equity Joint Venture Partner (50% remaining equity)	Equity Borrower (100% remaining equity)



INVESTMENT HIGHLIGHTS

<p>Unique Blend of Underlying Assets</p>	<ul style="list-style-type: none"> • Preferred & Common Equity (wholly-owned and joint venture real estate) Investments in 63 Multi-Family Residential Properties with 1,846 units in seven different U.S. States • Preferred Capital Investments on 8 Multi-Family Residential Properties with 1,405 Residential units in New York & Houston
<p>Alignment of Interests</p>	<ul style="list-style-type: none"> • Management Team & Board Members have ownership interest of 27.3% of the outstanding Trust Units issued and their known institutional investors & affiliates control an additional 18.1% of the outstanding Trust Units issued
<p>Strategic Portfolio Diversification</p>	<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 & short-term mortgage investments)
<p>Compelling Investment Metrics & Attractive Growth</p>	<ul style="list-style-type: none"> • Quarterly distributions of USD\$0.0615/Unit (an increase of 9.3% from Q1/2018) • NAV increased by a +10.3% Compounded Annual Growth Rate from USD\$7.85/Unit (CAD \$9.80/Unit) in Q3/2017 to USD\$10.15/Unit (CAD \$12.86/Unit) in Q4/2021 • 2020 & 2021 distributions qualified for 100% Return of Capital
<p>Disciplined Philosophy for Growth & Income</p>	<ul style="list-style-type: none"> • Full capital stack investment model targets balanced growth and income returns to FCA REIT, including mix of common equity returns (targeted at >20%), preferred equity returns (targeted at >8%), and preferred capital lending returns (targeted at >12%)
<p>Compelling Valuation Metrics</p>	<ul style="list-style-type: none"> • Trades at a significant discount to its multi-residential REIT peers
<p>Trades on TSX Venture Exchange (As at March 15, 2022)</p>	<ul style="list-style-type: none"> • TSXV: FCA.U (for \$USD) & TSXV: FCA.UN (for \$CAD) • USD\$6.40/Unit (for FCA.U) & CAD\$8.70/Unit (for FCA.UN) • Market Capitalization: USD\$48.7 Million • Units Issued: Approximately 7.6 million • Yield: 3.7%



INVESTMENT HIGHLIGHTS

- Attractive Yield and Conservative Leverage
- Experienced Management Team
- 2020 & 2021 Distributions qualified as 100% Return of Capital
- Accretive Acquisitions in U.S. Multi-Residential Sector
- Distribution Increases
- Partner with Strong Industry Leaders

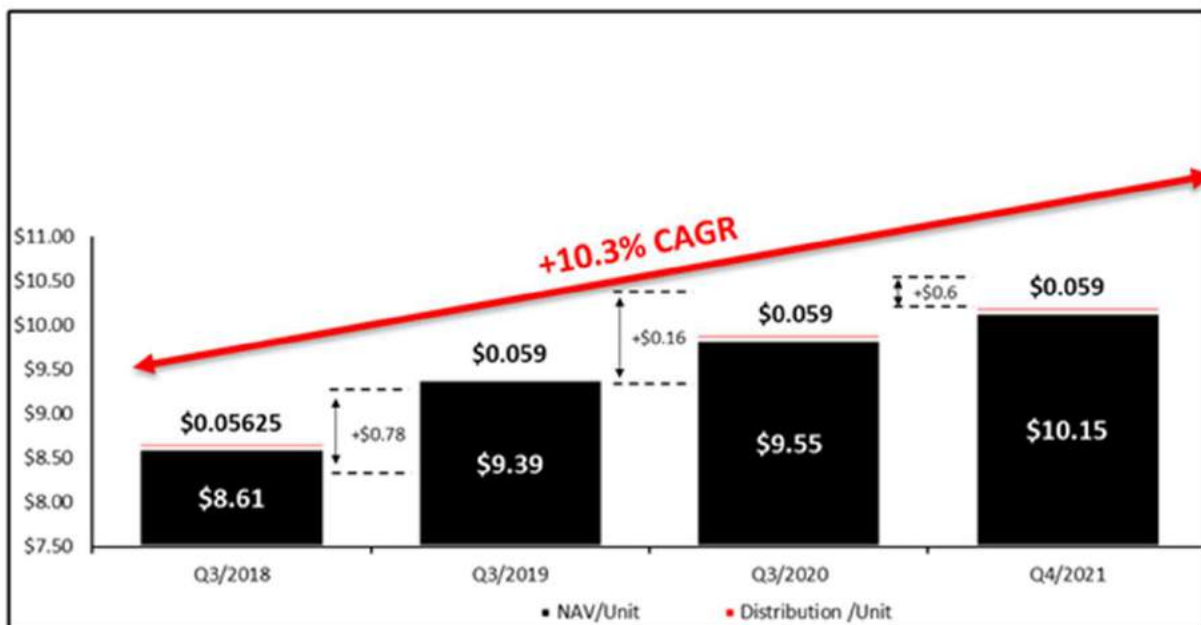
BENEFITS TO UNITHOLDERS

- 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

- Net asset value ("NAV") has increased by 10.3% year-over-year, since Q3/2017
- Distributions were implemented in Q3/2017 and later increased to USD \$0.059/Unit in Q1/2019 and is set to increase again to USD \$0.0615/Unit in Q2/2022
- NAV growth attributed to value-added initiatives and cap rate compression (valuation increases)

Total value add equals to USD\$1.54/unit or the equivalent of USD\$11.71 million of imbedded growth while delivering a distribution yield of +3.8%





QUARTERLY FINANCIAL HIGHLIGHTS

In USD\$ millions, unless per unit or % amounts	Quarter Ended Dec. 31, 2021	Quarter Ended Sept. 30, 2021
AFFO/Unit	\$0.07	\$0.08
NAV/Unit	\$10.15	\$9.75
Distributions/Unit	\$0.06	\$0.06
Leverage⁽¹⁾	25.2%	26.2%
Portfolio Size⁽²⁾	\$180.8	\$176.4
AFFO Payout Ratio	90%	70%

(1) Defined as Mortgages/Investment Portfolio, where the investment Portfolio includes FCA REIT's investment properties from its Wholly-Owned Investment Portfolio, its equity portion from its Joint Venture Portfolio and principal balances from its Preferred and Preferred Capital Investments. The mortgage balance excludes the debt associated with the convertible debentures. Including the convertible debentures the leverage would be 37.6%.

(2) Calculated including the pro-forma consolidation of its interests in the Joint Ventures Portfolio assuming proportionate consolidation.

INVESTMENT PROFILE:

WHOLLY-OWNED INVESTMENTS (CORE MARKETS)

FCA REIT currently has 100% ownership interest in 15 multi-family residential properties comprised of 500 units and a combined IFRS value of approximately \$78.4 million.

JOINT VENTURE INVESTMENTS (CORE & NON-CORE MARKETS)

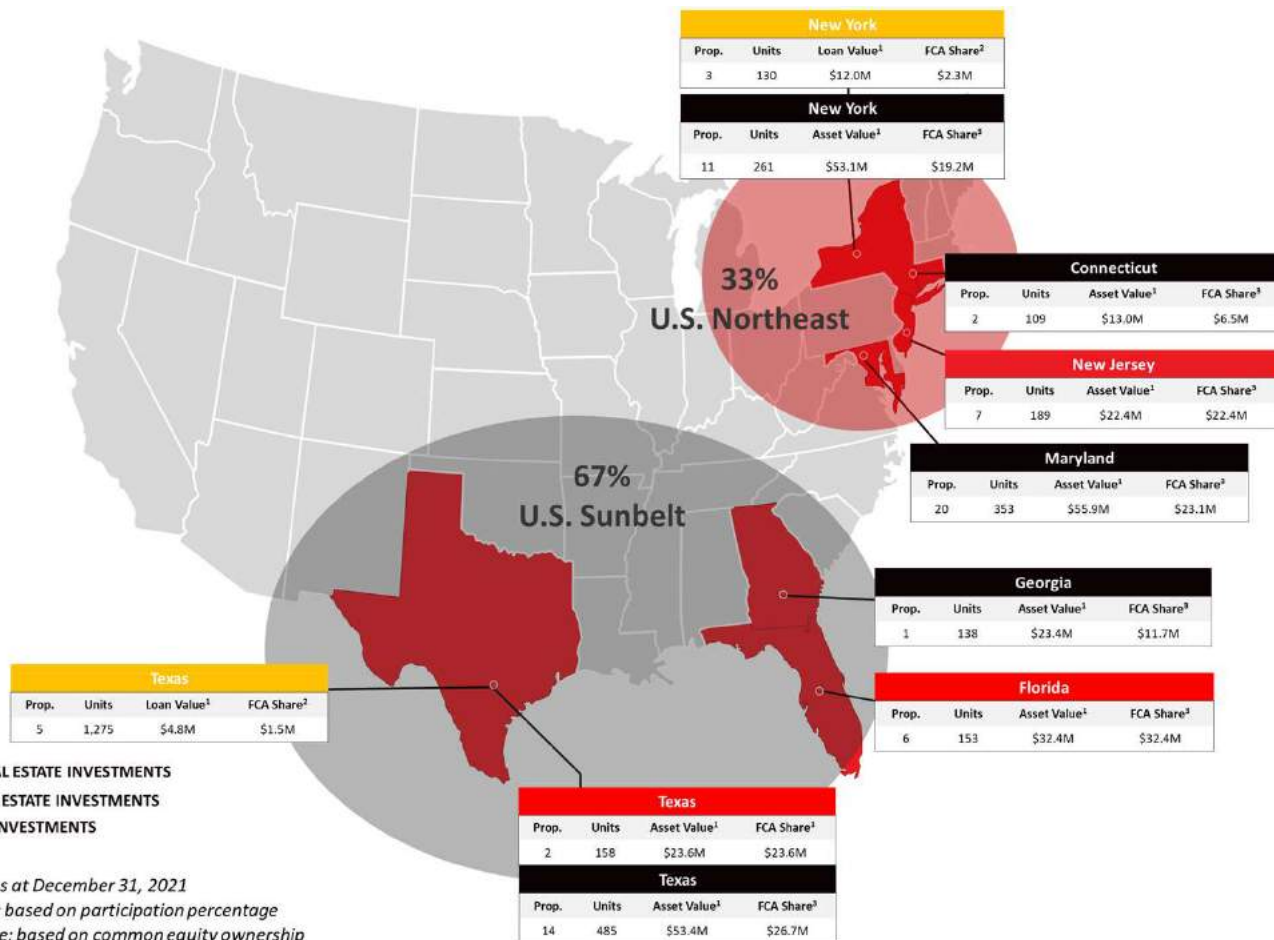
FCA REIT currently has partial ownership interests in nine joint venture investments encumbering 48 multi-family residential properties comprised of 1,346 units and a combined IFRS value of approximately \$40.5 million (on a proportionate consolidated basis). The preferred equity returns in the JVs are approximately 8.4% per annum.

PREFERRED CAPITAL INVESTMENTS

FCA REIT currently has invested \$4.0 million as a syndicate partner participant in preferred capital portfolios encumbering 8 multi-family residential properties comprised of 1,405 units, with a 10.0% to 12.0% per annum weighted average interest rate.

INVESTMENT PORTFOLIO BY GEOGRAPHY:

- 67% of the portfolio is located in the U.S. Sunbelt & 33% in the U.S. Northeast
- Major cities which have outperformed national REIT market
- Primary & secondary markets with strong demand throughout all phases of the economic cycle
- Thriving urban neighborhoods with proximity to transit, population density, and strong workforce community





DISCLAIMER:

This presentation is for informational purposes only and not intended to solicit Firm Capital Apartment Real Estate Investment Trust (“FCA”, “FCAREIT”, “Firm Capital Apartment REIT”, “TSXV: FCA.U/FCA.UN”, 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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All investments are subject to risk, including the loss of the principal amount invested. These risks may include, but not limited to, operating history, uncertain distributions, inconsistent valuation of the portfolio, changing interest rates, leveraging of assets, potential conflicts of interest, payment of fees to the manager, potential illiquidity and liquidation at more or less than the original amount invested. Diversification will not guarantee profitability or protection against loss. Performance may be volatile, and the NAV may fluctuate. There are no guarantees investment objectives will be achieved.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

Eli Dadouch

Vice-Chairman

T: 416.635.0221 X 231

E: edadouch@firmcapital.com

Sandy Poklar

President & CEO

T: 416.635.0221 X 235

E: spoklar@firmcapital.com

Mark Goldreich

Chief Financial Officer

T: 416.635.0221 X 269

E: mgoldreich@firmcapital.com

Victoria Moayed

Director, Investor Relations

& Private Client Capital

T: 416.635.0221 X 270

E: vmoayed@firmcapital.com

