

PRESS RELEASE



FIRM CAPITAL APARTMENT REAL ESTATE INVESTMENT TRUST

FIRM CAPITAL APARTMENT REIT ANNOUNCES \$26.8 MILLION HOUSTON PROPERTY JOINT VENTURE BUY-OUT; \$3.5 MILLION, 12% PREFERRED CAPITAL INVESTMENT AND CAD\$13 MILLION BRIDGE LOAN

All amounts are in US Dollars unless otherwise stated.

Toronto, Ontario April 18, 2022. Firm Capital Apartment REIT (the “Trust”), (TSXV: FCA.U), (TSXV: FCA) is pleased to announce the acquisition of a 50% interest in another of the Trust’s Equity Accounted Investments located in Houston, Texas based on a \$26.8 million valuation (the “**Houston Transaction**” and/or “**Houston Property**”); \$3.4 million, 12% Preferred Capital Investment and CAD\$13 million Bridge Loan (the “**Bridge Loan**”):

- **\$26.8 Million Houston Property Joint Venture Buy-Out:** The Trust is pleased to announce it will be acquiring from its unrelated partner their 50% interest in another of the Trust’s Houston, Texas Equity Accounted Investments. The buy-out price of the 50% interest from the unrelated partner is based on a \$26.8 million valuation for 100% of the Houston Property that was received by way of an unsolicited offer from an unrelated third party. The Houston Property was originally purchased in 2018 in a 50/50 joint venture with the third party for \$15.3 million. Based on the existing \$11.1 million first mortgage and the Trust’s \$4.7 million current common and preferred investment, the Trust will be buying out the unrelated partner for approximately \$4.9 million (excluding closing costs).

The Trust will be funding the Houston Transaction from proceeds received from the Bridge Loan as outlined below. Based on the \$26.8 million valuation, the Trust is acquiring the controlling interest at a forecasted five year Return on Equity or ROE of approximately 7.5% and a weighted average capitalization rate of 6.7%. Upon closing, the Trust will control 100% of the Houston Property and will report it going forward as an Investment Property on the Trust’s financial statements. The Houston Property will be continued to be managed by the same unrelated third-party manager currently managing the property. Closing of the Houston Transaction is anticipated during the first half of 2022. The Trust continues to execute on its strategy to grow its wholly owned investment portfolio through, in part, the buy-out of its joint venture relationships;

- **\$3.5 Million, 12% Preferred Capital Investment:** The Trust has agreed to provide \$3.5 million in the form of Preferred Capital to an unrelated third party for the recapitalization of a multi-residential portfolio located in Sioux Falls, South Dakota.

Terms of the three year Preferred Capital Investment are as follows: (i) 12% interest per annum throughout the entire three year term, of which 7% per annum is current pay, with the remaining 5% per annum to accrue and compound monthly for the first year; (ii) 8% per annum with the remaining 4% per annum to accrue and compound monthly for the second year; (iii) 9% per annum with the remaining 3% per annum to accrue and compound monthly for the third year. Closing of the Preferred Capital Investment is anticipated during the first half of 2022 and will also be funded from proceeds received from the Bridge Loan as outlined below; and

- **CAD\$13 Million Bridge Loan:** The Trust will be entering into an agreement with an entity affiliated with the Asset manager of the Trust, to borrow up to CAD\$13 million to be used for the Transaction and Preferred Capital Investment. Summarized terms of the Bridge Loan are (i) interest rate equal to the greater of 6.0% per annum or the Canadian Chartered Bank Prime Rate plus a spread; (ii) two year term; (iii) fully open for repayment at any time prior to maturity; (iv) 1% commitment fee; (v) undertaking to pledge all net excess cash flow generated from any and all mortgage refinancings and capital raises completed by the Trust until such time as the Bridge Loan is repaid in full and (vi) general security agreement. The Bridge Loan will be in the form of a draw facility that can be drawn in \$1 million increments. Closing of the Bridge Loan remains subject to receipt of regulatory approval.

The Bridge Loan will be provided by a related party of the Trust. In addition, and the Trust has agreed to guarantee the payment and performance of the Bridge Loan. As such, the provision of both the guarantee and the Bridge Loan by and to the Trust constitutes a "related party transaction" as defined in Multilateral Instrument 61-101 – Protection of Minority Securityholders in Special Transactions ("**MI 61-101**"), but is exempt from the valuation requirement and the minority approval requirement pursuant to subsections 5.5(a) and 5.7(a) of MI 61-101, respectively, as the value of the Bridge Loan and associated guarantee does not represent more than 25% of the Trust's market capitalization, as determined in accordance with MI 61-101.

The entity providing the Bridge Loan to the Trust is a related entity of the Trust by virtue of the fact that certain officers and trustees have an interest therein. The guarantee provided by the Trust in connection therewith was approved by the trustee of the Trust who is independent in respect of the transactions. The material change report in respect of the transaction will be filed less than 21 days before the closing of the transaction as the Trust would like to proceed with the transaction in a timely manner.

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. The Trust has ownership interests in a total of 1,846 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, 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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