

## PRESS RELEASE



### FIRM CAPITAL APARTMENT REIT REPORTS Q1/2022 RESULTS AND USD \$10.04 (CAD \$12.54) NAV PER UNIT

***All figures in \$USD unless otherwise noted.***

Toronto, Ontario, May 18, 2022. Firm Capital Apartment Real Estate Investment Trust (“the “Trust”), (TSXV: FCA.U), (TSXV: FCA.UN) is pleased to report its financial results for the three months ended March 31, 2022:

- **NAV AT \$10.04 PER TRUST UNIT (\$CAD \$12.54):** Since Q3/2017, the Trust has increased NAV from \$7.85 (CAD \$9.80) per Trust Unit to \$10.04 (CAD \$12.54) per Trust Unit for a +10.1% Compounded Annual Growth Rate (“CAGR”);
- **AVERAGE RENT INCREASES ACROSS INVESTMENT PORTOFOLIO:** For the three months ended March 31, 2022, average rents increased by 5% to \$1,255 per unit from the \$1,192 per unit reported for the three months ended December 31, 2021;
- **SECOND DISTRIBUTION INCREASE:** On February 8, 2022, the Trust announced a 4.2% increase in quarterly distributions from \$0.059 per Trust Unit to \$0.0615 per Trust Unit commencing with the Q2/2022 Distributions. In addition, the Trust declared and approved quarterly distributions of \$0.0615 per unit for unitholders of record on June 30, 2022, payable on or about July 15, 2022;
- **100% RETURN OF CAPITAL ON 2021 DISTRIBUTIONS:** The Trust’s distributions for 2021 were tax efficient for unitholders as it delivered a 100% return of capital;
- **CAD \$13 MILLION BRIDGE LOAN:** On April 18, 2022, the Trust entered into an agreement with an entity related with the Asset manager of the Trust, to borrow CAD\$13 million to be used for the Houston, TX Transaction and Preferred Capital Investment. Summarized terms of the Bridge Loan are (i) interest rate 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;
- **\$3.5 MILLION, 12% PREFERRED CAPITAL INVESTMENT:** On April 22, 2022, The Trust provided \$3.5 million of preferred equity to an unrelated third party for the recapitalization of a multi-residential portfolio located in Sioux Falls, South Dakota. The preferred equity earns 12% interest during the initial three year term; and
- **HOUSTON, TX ACQUISITION:** On April 29, 2022, the Trust acquired the remaining 50% interest in the Houston, TX Equity Accounted and Preferred Investment for \$5.3 million. The Trust now owns 100% of this investment and will report it going forward as an investment property on the Trust’s financial statements.

## **FIRST QUARTER HIGHLIGHTS**

Key highlights for the three months ended March 31, 2022 are as follows:

- Net loss was approximately \$0.3 million, in comparison to the \$2.9 million net loss reported for the three months ended March 31, 2021;
- Excluding non-cash fair value adjustments, net income was \$0.5 million; and
- AFFO was approximately \$0.4 million.

	<b>Three Months Ended</b>		
	<b>Mar 31, 2022</b>	<b>Dec 31, 2021</b>	<b>Mar 31, 2021</b>
<b>Net Income/(Loss)</b>	<b>\$(345,345)</b>	<b>\$ 3,478,939</b>	<b>\$(2,945,917)</b>
<b>Net Income Before Fair Value</b>			
<b>Adjustments</b>	<b>\$ 532,100</b>	<b>\$ 497,949</b>	<b>\$ 508,948</b>
<b>FFO</b>	<b>\$ 290,189</b>	<b>\$ 244,667</b>	<b>\$(2,114,359)</b>
<b>AFFO</b>	<b>\$ 446,352</b>	<b>\$ 497,684</b>	<b>\$ 507,952</b>
<b>Distributions</b>	<b>\$ 448,658</b>	<b>\$ 448,658</b>	<b>\$ 455,166</b>
<b>AFFO Per Unit</b>	<b>\$ 0.06</b>	<b>\$ 0.07</b>	<b>\$ 0.07</b>
<b>Distributions Per Unit</b>	<b>\$ 0.06</b>	<b>\$ 0.06</b>	<b>\$ 0.06</b>
<b>AFFO Payout Ratio</b>	<b>101%</b>	<b>90%</b>	<b>90%</b>

For the complete financial statements including Management's Discussion & Analysis, please visit [www.sedar.com](http://www.sedar.com) or the Trust's website at [www.firmcapital.com](http://www.firmcapital.com)

## **INVESTMENT STRUCTURE**

The Trust's portfolio consists of (i) Wholly Owned Real Estate Investments (ii) Joint Venture Real Estate Investments and (iii) Preferred Capital Investments

### **(i) Wholly Owned Real Estate Investments:**

The Trust opportunistically acquires wholly owned multi-family residential real estate assets in large core markets on an accretive basis and when the Trust's cost of equity is compelling. Any growth of the scale as outlined above will require the Trust to raise additional capital through either the private and/or public debt and equity capital markets.

### **(ii) Joint Venture Real Estate Investments:**

The Trust has successfully utilized a joint venture strategy with partners who bring strong, local expertise in its core and 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 resulting in a secured structure ahead of the partner's ownership interest, while the common equity provides investors an upside return for investors as the investment meets its targeted objectives. The joint venture strategy de-risks the Trust's investment.

### **(iii) Preferred Capital Investments:**

The Trust, using Firm Capital's plus 30-year experience as a leader in the mortgage lending industry, provides preferred capital secured by multi-family residential real

estate properties. Preferred capital investments continue to provide attractive, risk adjusted returns for the Trust. Preferred capital ranks ahead of common shares, and behind first mortgage debt in the capital structure of a real estate investment. These types of investments typically generate a higher yield and an overall better risk-adjusted return for the Trust than the underlying real estate when real estate valuations are at a premium. In the near term, the Trust expects to continue to increase this investment class.

### **STRATEGIC DIRECTION**

The Trust's strategy and primary objective is to use the proven industry experience of management, board of trustees, and joint venture partners to acquire and own, U.S. Multi-Family Residential Real Estate Properties to grow the NAV per unit, generate attractive distributions and total unitholder returns.

Over the short and medium-term, the Trust expects to grow its wholly owned real estate investment portfolio by exercising its first offer to acquire the interest of co-owners on some of its existing joint ventures. Over the medium to long-term, the Trust's target is to maintain a 1:1 ratio of wholly owned vs. joint venture partner ownership, while continuing to grow its Preferred Capital Investments that provide enhanced returns secured by asset classes we own.

### **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](http://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

Certain financial information presented in this press release reflect certain non-International Financial Reporting Standards (“**IFRS**”) financial measures, which include, but not limited to NOI, FFO and AFFO. These measures are commonly used by real estate investment companies as useful metrics for measuring performance, however, they do not have standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other real estate investment companies. These terms are defined in the Trust’s Management Discussion and Analysis for the three months ended March 31, 2022 filed on [www.sedar.com](http://www.sedar.com).

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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