

PRESS RELEASE



FIRM CAPITAL APARTMENT REAL ESTATE INVESTMENT TRUST

FIRM CAPITAL APARTMENT REIT ANNOUNCES COMPLETION OF PREVIOUSLY ANNOUNCED \$26.8 MILLION HOUSTON PROPERTY JOINT VENTURE BUY-OUT AND \$3.5 MILLION, 12% PREFERRED CAPITAL INVESTMENT

All amounts are in US Dollars unless otherwise stated.

Toronto, Ontario May 2, 2022. Firm Capital Apartment REIT (the “Trust”), (TSXV: FCA.U), (TSXV: FCA) is pleased to announce the closing of the previously announced (see press release dated April 18, 2022) acquisitions 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**”) and previously announced (see press release dated April 18, 2022) \$3.5 million, 12% Preferred Capital Investment. In addition, the Trust has completed the full draw of the previously announced (see press releases dated April 18, 2022 and April 21, 2022) CAD\$13 million bridge loan (the “**Bridge Loan**”):

- **\$26.8 Million Houston Property Joint Venture Buy-Out:** The Trust is pleased to announce the closing of the acquisition from its unrelated partner of 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. Based on the existing \$11.1 million first mortgage and the Trust’s \$4.7 million current common and preferred investment, the Trust bought out the unrelated partner for approximately \$5.3 million (including closing costs). 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 7.4% and a weighted average capitalization rate of 6.6%. The Trust now controls 100% of the Houston Property and will report it going forward as an Investment Property on the Trust’s financial statements;
- **\$3.5 Million, 12% Preferred Capital Investment:** The Trust has completed the previously announced \$3.5 million investment 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 were 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;

- **CAD\$13 Million Bridge Loan:** In order to complete the above referenced transactions, the Trust drew down the remaining CAD\$8 million under the Bridge Loan. The borrower under the Bridge Loan is FCARP Limited Partnership, a wholly owned subsidiary of the Trust. The Bridge Loan was provided by a related party of the Trust, and thereafter transferred to, among others, certain trustees of the Trust (who together have a total commitment of CAD\$4.65 million of the total CAD\$13 million). As noted in the Trust's April 18, 2022 press release, the Trust has agreed to guarantee the payment and performance of the Bridge Loan. As such, the provision of the Bridge Loan and the guarantee by 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 Bridge Loan and guarantee provided by the Trust in connection therewith was approved by the trustees of the Trust who were 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.

For further information, please contact:

Sandy Poklar
President & Chief Executive Officer
(416) 635-0221

Mark Goldreich
Chief Financial Officer
(416) 635-0221

For Investor Relations information, please contact:

Victoria Moayed
Director, Investor Relations
(416) 635-0221