

## PRESS RELEASE



### FIRM CAPITAL APARTMENT REIT REPORTS Q4/2022 and 2022 RESULTS AND PROVIDES STRATEGIC REVIEW UPDATE

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

Toronto, Ontario, April 24, 2023. 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 and twelve months ended December 31, 2022 as well as provide an update regarding the previously announced Strategic Review:

#### **EARNINGS**

- For the three months ended December 31, 2022, net loss was approximately \$2.0 million, in comparison to the \$1.4 million net loss reported for the three months ended September 30, 2022 and the \$3.5 million net income reported for the three months ended December 31, 2021. For the year ended December 31, 2022, net loss was \$14.1 million in comparison to the \$3.8 million net income reported for the year ended December 31, 2021;
- Excluding non-cash fair value adjustments, net income was \$0.3 million for the three months ended December 31, 2022, in comparison to the \$0.4 million reported for the three months ended September 30, 2022 and the \$0.5 million reported for the three months ended December 31, 2021. Excluding non-cash fair value adjustments, net income was \$2.0 million for the year ended December 31, 2022, in comparison to the \$2.2 million reported for the year ended December 31, 2021;
- For the three months ended December 31, 2022, AFFO was approximately \$0.1 million, in comparison to the \$0.5 million reported for the three months ended December 31, 2021. For the year ended December 31, 2022, AFFO was \$2.0 million in comparison to the \$2.2 million reported for the year ended December 31, 2021;

	Three Months Ended		Year Ended	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Net Income/(Loss)	\$ (2,037,316)	\$ 3,478,939	\$ (14,119,943)	\$ 3,840,463
Net Income Before Fair Value Adjustments	\$ 262,641	\$ 497,949	\$ 1,986,017	\$ 2,193,018
FFO	\$ 1,783,066	\$ 244,667	\$ 5,192,213	\$ (903,503)
AFFO	\$ 145,119	\$ 497,684	\$ 1,962,639	\$ 2,230,050

#### **NAV AT \$8.17 PER TRUST UNIT (CAD \$11.06):**

For the three months ended December 31, 2022, the Trust reported NAV at \$8.17 per Trust Unit (CAD \$11.06);

## **AVERAGE RENT INCREASES ACROSS INVESTMENT PORTFOLIO:**

**Wholly-Owned Real Estate Investments Portfolio:** For the three months ended December 31, 2022, average rents saw a slight increase of 0.1% to \$1,189 per unit from the \$1,186 per unit reported for the three months ended September 30, 2022 and 1% from the \$1,174 reported for the three months ended December 31, 2021;

**Joint Venture Real Estate Investments Portfolio:** For the three months ended December 31, 2022, average rents increased by 9% to \$1,589 per unit from the \$1,452 per unit reported for the three months ended September 30, 2022 and 16% from the \$1,248 reported for the three months ended December 31, 2021;

## **OPERATIONAL UPDATE**

As indicated in the Trust's August 18, 2022, press release, the Trust was experiencing operating challenges for a portion of its portfolio located in certain geographies where rent controls and the eviction moratorium created significant rental arrears and non-collections. The Trust is pleased to announce it has made considerable progress on this front, successfully processing several non-collection matters with the final tranche of cases to be addressed before the end of Q2/2023.

## **STRATEGIC REVIEW**

On November 15, 2022, the Board of Trustees initiated a strategic review process to identify, evaluate and pursue a range of strategic alternatives with the goal of maximizing unitholder value (the "**Strategic Review**").

As outlined in the Trust's August 18, 2022, press release, the current macro environment of rapidly increasing interest rates and persistent inflation is presenting a challenging investing environment.

By way of update, the Board is pleased to report on the following:

- **WHOLLY OWNED ASSET DISPOSITIONS:** The Trust has listed for sale all its Wholly Owned Real Estate Investments and is pleased to report on the following:
  - **Texas:** The Trust has a Purchase and Sales Agreement ("**PSA**") in place for one of its properties located in Austin, Texas. The disposition price for the property is approximately \$12.6 million. Net of associated mortgage debt and closing costs, the sale would generate net cash of approximately \$8.8 million. Expected closing of the sale is anticipated to be prior to the end of Q2/2023. The property disposition has a sales price in line with its IFRS value. The Trust has one other property in Austin, Texas which is currently under negotiations to be sold, and two properties in Houston, Texas that are actively being marketed.
  - **New Jersey and Florida:** The Trust is in the process of selling its New Jersey and Florida properties with deals under various stages of negotiation.
- **JOINT VENTURE ASSET DISPOSITIONS:** The Trust has listed for sale its Joint Venture Real Estate Investments located in Maryland that both the Trust and its partners have decided it was time to exit the respective investments. As of today, the Maryland properties are actively being marketed and no further update can be provided at this point in time. In terms of the remaining joint venture properties located in New York, Connecticut and Georgia, the Trust has decided with its

partners to hold these investments until such time that the respective investment can be adequately monetized.

- **PREFERRED CAPITAL INVESTMENTS:** As at December 31, 2022, the Trust has two Preferred Capital Investments located in Texas and South Dakota that aggregate approximately \$5.1 million. Both investments are current in terms of their interest payments. The partner in South Dakota has informed the Trust that it will be repaid prior to maturity, thus bringing back to the Trust approximately \$3.5 million of capital. The remaining Preferred Capital Investment in Texas is due September 9, 2025, and the Trust continues to generate a 10% return on this investment.
- **MERGERS & ACQUISITIONS, CHANGE OF BUSINESS AND PRIVATIZATION:** The Trust is in talks with a number of parties regarding the possibility of a; (i) Merger & Acquisition; (ii) Change of Business and (iii) Privatization. The Trust will report in due course as to the progress of these discussions.

The Board will continue to assess matters on a quarterly basis and determine if the Trust should: (i) distribute excess income; (ii) distribute net proceeds from asset sales, after debt repayment; (iii) reinvest net proceeds into other investments; (iv) distribute proceeds as a return of capital or special distribution; and/or (v) use excess proceeds to repurchase Trust units in the marketplace. It is the Trust's current intention not to disclose developments with respect to the Strategic Review unless and until it is determined that disclosure is necessary or appropriate, or as required under applicable securities laws.

#### **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, the completion of the Strategic Review; 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 and twelve months ended December 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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