

PRESS RELEASE



FIRM CAPITAL APARTMENT REIT REPORTS Q3/2023 RESULTS AND PROVIDES STRATEGIC REVIEW UPDATE

All figures in \$USD unless otherwise noted.

Toronto, Ontario, November 8, 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 nine months ended September 30, 2023 as well as provide an update regarding the previously announced Strategic Review:

EARNINGS

- For the three months ended September 30, 2023, net loss was approximately \$1.5 million, in comparison to the \$1.9 million net loss reported for the three months ended June 30, 2023 and the \$1.4 million net loss reported for the three months ended September 30, 2022;
- Excluding non-cash fair value adjustments, net loss was \$0.4 million for the three months ended September 30, 2023, in comparison to the \$0.2 million net loss reported for the three months ended June 30, 2023 and the \$0.4 million net income reported for the three months ended September 30, 2022. Excluding non cash fair value adjustments, net loss was \$0.5 million for the nine months ended September 30, 2023 in comparison to the \$1.7 million net income reported for the nine months ended September 30, 2022;
- For the three months ended September 30, 2023, AFFO was negative \$0.3 million, in comparison to the negative \$0.2 million reported for the three months ended June 30, 2023 and the \$0.7 million reported for the three months ended September 30, 2022. For the nine months ended September 30, 2023, AFFO was negative \$0.4 million in comparison to the \$1.8 million reported for the nine months ended September 30, 2022.

	Three Months Ended			Nine Months Ended	
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Net Loss	\$ (1,483,852)	\$ (1,854,814)	\$ (1,434,159)	\$ (8,240,393)	\$ (12,082,626)
Net Income (Loss) Before Fair Value Adjustments	\$ (418,741)	\$ (221,406)	\$ 384,679	\$ (479,587)	\$ 1,723,377
FFO	\$ (662,938)	\$ (77,799)	\$ 2,147,093	\$ (1,312,319)	\$ 3,409,147
AFFO	\$ (348,782)	\$ (166,675)	\$ 683,208	\$ (361,013)	\$ 1,817,520

NAV AT \$6.87 PER TRUST UNIT (CAD \$9.09):

Including the face value of the convertible debentures, the Trust reported NAV of \$6.87 per Trust Unit (CAD \$9.09) in comparison to the \$7.01 (CAD \$9.28) per Trust Unit as at Q2/2023, also adjusted for the face value of the convertible debentures.

AVERAGE RENT INCREASES ACROSS INVESTMENT PORTFOLIO:

Wholly-Owned Real Estate Investments Portfolio: For the three months ended September 30, 2023, average rents saw an increase of 1.58% to \$1,249 per unit from the \$1,230 per unit reported for the three months ended June 30, 2023 and an increase of 5.35% from the \$1,186 reported for the three months ended September 30, 2022;

Joint Venture Real Estate Investments Portfolio: For the three months ended September 30, 2023, average rents remained consistent at \$1,593 per unit from the \$1,590 per unit reported for the three months ended June 30, 2023 and an increase of 9.68% from the \$1,452 reported for the three months ended September 30, 2022;

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**”).

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

- **WHOLLY OWNED ASSET DISPOSITIONS:** The Trust had listed for sale its entire Wholly Owned Real Estate Investments and is pleased to report on the following:
 - **Texas:** On June 22, 2023, the Trust announced the sale of one of its properties located in Austin, Texas for \$12.6 million. Net of associated mortgage debt and closing costs, the net sale proceeds of approximately \$8.8 million were used to pay off additional debt including, but not limited to, the mortgage associated with the Trust’s other property located in Austin, Texas; bank indebtedness and the vast majority of the \$5.1 million (CAD\$6.9 million) Bridge Loan. The property sold had a sales price in line with its IFRS value.

On October 2, 2023, the Trust completed the sale of its unencumbered property located in Austin, Texas for \$9.9 million. Net of closing costs, the net sale proceeds of approximately \$9.6 million were used to pay off loans as they came due and for working capital purposes. The property had a sales price in line with its IFRS value.

In addition, the Trust has two properties located in Houston, Texas that are actively being marketed.
 - **New Jersey:** On August 31, 2023, the Trust completed the previously announced sale of its property located in New Jersey for \$19.5 million. Net of associated mortgage debt and closing costs, the net sale proceeds of approximately \$5.4 million were used to pay off the remainder of the Bridge Loan, other loans as they came due and for working capital purposes. The property sold had a sales price in line with its IFRS value.
 - **Florida:** The Trust’s property in Florida is actively being marketed.
- **JOINT VENTURE ASSET DISPOSITIONS:** The Trust has listed for sale its Joint Venture Real Estate Investments located in Maryland and Connecticut as both the Trust and its partners have decided it is an appropriate time to exit the respective investments. As of today, one of the Maryland properties is under contract and one is being actively marketed, while the Connecticut property is under negotiations with a third party.

The sale price for 100% of the Maryland property is \$16.5 million. Net of associated mortgage debt and closing costs, the net sale proceeds will be approximately \$4.3 million, of which the Trust will receive approximately \$1.2 million given its 25% ownership in the property. The property has a sales price in line with its IFRS value and is anticipated to close during Q4/2023.

- **PREFERRED CAPITAL INVESTMENTS:** As at September 30, 2023, the Trust has two Preferred Capital Investments located in Texas and South Dakota that aggregate approximately \$5.1 million. The Trust continues to hold these investments and earns income at 10% and 12%, respectively. Both investments are current in terms of their interest payments.
- **NORMAL COURSE ISSUER BID:** As a result of the Trust's cash position, on September 20, 2023, the Trust announced that it received approval from the TSXV to commence a Normal Course Issuer Bid (the " Bid ") to purchase up to \$1.9 million (the "Allotment") of the CAD\$19.4 million, 6.25% convertible unsecured subordinated debentures due June 30, 2026 ("Debentures") (TSXV:FCA.DB). The Bid commenced on September 25, 2023 and will end no later than September 24, 2024. The Board of Trustees is of the opinion that it is in the best interest of the Trust and its security holders to purchase the Debentures at a discount to Par, through the Bid, while providing liquidity for the security holders. It is the intent of the Trust to acquire as much of the Debentures as possible up to the maximum allowable under the rules of the Exchange in the context of market pricing, thus providing liquidity for existing holders of the Debentures.

As of November 8, the Trust has acquired \$0.37 million or approximately 20% of the Allotment for a Weighted Average Debenture Price of \$94.89. Note that the Trust is limited to acquiring up to 2% of the Debentures on a monthly basis. During the month of October, the Trust met this limit.

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).

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 nine months ended September 30, 2023 filed on 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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