

## PRESS RELEASE



### **FIRM CAPITAL APARTMENT REIT PROVIDES STRATEGIC REVIEW UPDATE, IMPROVED Q3/2024 RESULTS AND SENIOR MANAGEMENT CHANGE**

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

Toronto, Ontario, November 6, 2024. 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, 2024, provide a Strategic Review update and senior management change:

#### **STRATEGIC REVIEW UPDATE**

Given the progress the Trust has made on dispositions and debt repayment to date, the Trust is in a positive cash flow position and is expected to continue to be so based on senior management’s forecasts. Since the commencement of the Strategic Review, the Trust has: (i) disposed of \$71.6 million of wholly owned real estate; (ii) \$60.7 million of debt repayment; (iii) completed the sale of one of its joint venture properties for \$15.9 million (100% of the property); and (iv) redeemed \$1.7 million of the preferred investment in Hartford, Connecticut with a first mortgage refinancing. As a result, the leverage profile has declined to its current level of 36.2% from 59.3% at December 31, 2023.

Furthermore, the board continues to work to dispose of its remaining Wholly Owned Assets and evaluate uses for the Trust. Senior management has had multiple discussions with a number of third parties as to the best path forward for the entity. Senior management and the board will report back to unitholders in due course.

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

**NET ASSET VALUE (“NAV”) INCREASED BY \$0.11 TO \$6.59 PER TRUST UNIT (CAD \$8.90):** Including disposition costs of assets held for sale, the Trust reported an improved NAV of \$6.59 per Trust Unit (CAD \$8.90), up from the \$6.48 per Trust Unit (CAD\$8.87) reported on June 30, 2024.

## EARNINGS

- For the three months ended September 30, 2024, net income was approximately \$0.8 million, in comparison to the \$2.8 million net loss reported for the three months ended June 30, 2024, and the \$1.5 million net loss reported for the three months ended September 30, 2023;
- Excluding non-cash fair value adjustments, net income was \$0.1 million for the three months ended September 30, 2024, in comparison to the \$0.4 million net loss reported for the three months ended June 30, 2024, and the \$0.4 million net loss reported for the three months ended September 30, 2023;
- For the three months ended September 30, 2024, AFFO was \$0.2 million, in comparison to the negative \$0.4 million reported for the three months ended June 30, 2024, and the negative \$0.3 million reported for the three months ended September 30, 2023; and

	Three Months Ended			Nine Months Ended		
	Sep 30, 2024	Jun 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023	
Net Income (Loss)	\$ 807,897	\$ (2,809,976)	\$ (1,483,852)	\$ (3,300,929)	\$ (8,240,393)	
Net Income (Loss) Before Fair Value Adjustments	\$ 142,916	\$ (373,700)	\$ (418,741)	\$ (288,720)	\$ (479,587)	
FFO	\$ 252,335	\$ (702,340)	\$ (662,938)	\$ (1,263,635)	\$ (1,312,319)	
AFFO	\$ 158,924	\$ (354,384)	\$ (348,782)	\$ (237,628)	\$ (361,013)	

## STRATEGIC REVIEW PROGRESS

- **\$71.6 MILLION OF WHOLLY OWNED ASSET DISPOSITIONS AND \$60.7 MILLION OF DEBT REPAYMENT:** The Trust has sold four of six wholly owned assets for gross proceeds of approximately \$71.6 million. Net of associated mortgage debt and closing costs, the net sale proceeds of approximately \$28 million were used to redeem additional debt including, but not limited to the: (i) \$13.8 million (CAD \$18.8 million), 6.25% convertible unsecured subordinated debentures due June 30, 2026 (the “**Convertible Debentures**”); (ii) \$5.1 million (CAD\$6.9 million) Bridge Loan; (iii) \$1.0 million Credit Facility with a Canadian Chartered Bank; and (iv) \$3.0 million partial repayment of one of the mortgages secured by a property located in Houston, Texas, resulting in the interest rate on this mortgage being reduced to 8.25% per annum from 9% per annum and the term extended to February 4, 2026. In addition, as part of the transaction to sell the Trust’s only property located in Florida property, the Trust agreed to provide seller financing of \$4.0 million that generates a minimum 9% return for unitholders. The Trust has two remaining wholly owned assets located in Houston, Texas comprised of 485 apartment units that are actively being marketed.
- **JOINT VENTURE ASSET DISPOSITIONS AND INVESTMENT UPDATES:** On January 31, 2024, the Trust completed the sale of one of its joint venture properties located in Maryland for \$15.9 million (100% of the property). Net of associated mortgage debt and closing costs, the net sale proceeds were approximately \$4.1 million, of which the Trust received approximately \$1.1 million given its 25% ownership in the property.

On October 1, 2024, one of the Trust’s joint venture investments located in Hartford, Connecticut refinanced its existing first mortgage in excess of the original principal

balance, resulting in net proceeds of \$2.2 million available to the joint venture. From the net proceeds, the joint venture repaid the preferred investment owing to the Trust of \$1.7 million and made a partial return of common equity of approximately \$0.1 million to the Trust.

The Trust continues to work with the remaining various Joint Venture sponsors in either various sale processes or to hold for longer periods of time until unitholder value is realized.

- **PREFERRED CAPITAL INVESTMENTS:** As at September 30, 2024, the Trust had three Preferred Capital Investments located in Texas, South Dakota and Florida that aggregate approximately \$9.1 million, gross principal balance. The Trust continues to hold these investments and earns income of 10% on the Texas portfolio, 12% on the South Dakota portfolio, and 9% on the Florida portfolio. All preferred capital investments are current in terms of their interest payments.

### **SENIOR MANAGEMENT CHANGE**

Effective November 15, 2024, Claudia Alvarenga is resigning as Chief Financial Officer of the Trust to pursue other opportunities outside of real estate and the public markets. The Trust appointed Mordechai Roth as interim Chief Financial Officer.

### **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 nine months ended September 30, 2024, 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.

For further information, please contact:

Sandy Poklar

President & Chief Executive Officer

(416) 635-0221

Claudia Alvarenga

Chief Financial Officer

(416) 635-0221

For Investor Relations information, please contact:

Victoria Moayedi

Director, Investor Relations

(416) 635-0221