



October 13, 2020

AP Capital REIT Unitholders - Fund Update and Q3 Distribution.

AP REIT is pleased to announce the 3rd quarter dividend of \$8.72 CAD/Unit. Payment can be expected by unitholders before October 31. This follows AP REIT's 2nd quarter dividend of \$8.72 CAD/Unit paid on July 31, 2020. The 2nd and 3rd quarter 2020 distributions represent a 4.75% per annum quarterly dividend based on the Net Asset Value of AP REIT's last audited statements (Dec 31, 2019).

2020 has been most challenging. The COVID-19 pandemic, including Government imposed shutdowns of businesses, as well as stay at home measures affecting consumer behavior, have all impacted commercial real estate markets. The AP team took a proactive approach in reaching out early in the shutdown to our 70+ tenants across the three assets. Additionally, we worked closely with contractors, bankers and other service providers to ensure ongoing asset support and maintenance. We communicated a "let's work through this together" attitude which has been well received and we believe contributes to our above retail sector standards for collected rents during the current crisis. AP Capital continues to negotiate lease terms and deferral arrangements with struggling tenants, as well as those who did not qualify for the Government relief programs that have been made available.

While our US assets are currently stabilized, the Morrison Centre in Fort McMurray has suffered additional challenges. Weakened consumer spending, plus greatly reduced business investment, has produced commercial real estate challenges across the province of Alberta and the Fort McMurray market. In an effort to attract new prospective tenants, we are exploring the City of Fort McMurray's recently announced municipal grants to commercial real estate owners and landlords. These grants, if honored, will assist AP REIT in upgrading the exterior of Morrison Centre, improving some interior for-lease spaces, plus new signage; giving a fresh new look to Morrison Centre.

Our commitment to REIT Unitholders is to continue managing the three assets with rigour and focus and while we look ahead with many unknowns in terms of how our tenants and their businesses will perform. The current second wave of Covid19, the consequence of "stay at home" on businesses, the build up and unknowns of the upcoming US election, plus cascading factors are cause for uncertainty in the months and quarters ahead. With that being said, AP REIT is financially stable, carries a good cash position, and our assets are, in aggregate, cash flow positive.



The fund remains closed at this time; we thank holders for their ongoing patience as we navigate in these challenging times.

Please follow regular updates relating to AP REIT during the pandemic on our website at <http://apcapital.ca/covid-19-ap-reit/>.