



October 20, 2017

To the Stockholders of First Capital Real Estate Trust Incorporated (the "Company"):

We are writing to you to provide certain information regarding important developments of the Company during 2017. Although the information set forth herein may be found in the Company's public filings with the Securities and Exchange Commission (the "SEC") we share with many of you the desire for more direct and personal communication.

### **Presidential Realty Corporation**

As disclosed in the Company's Form 8-K dated January 6, 2017, the Company closed on the contribution of indirect ownership interests in Avalon Jubilee, LLC ("Avalon Jubilee") to Presidential Realty Corporation ("Presidential") pursuant to an interest contribution agreement dated as of December 16, 2016 between the Company, Presidential and the other parties thereto, as amended. The interest contribution agreement also provided for the contribution of the Company's indirect interests in 23 parcels of land located in Sacramento, California (the "T9 Properties"). As further discussed below, Capitol Station 65, LLC, the Company's indirect subsidiary that owns the fee simple interest in the T9 Properties ("Capitol Station 65"), has filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code. As disclosed in the Company's Form 8-K dated July 27, 2017, Capitol Station 65 entered into a contract to sell certain land parcels located within the T9 Properties to Anthem United Homes, Inc. ("Anthem United"). Upon court approval of the proposed reorganization plan under the Chapter 11 Bankruptcy Proceeding described below, a series of closings of the parcels will occur over two years. In light of pricing received from this offer, management believes it is in the best interests of the Company not only to work to consummate the Anthem United transaction, but also to continue to explore offers from other potential buyers for other parcels in the T9 Properties. There can be no assurance that Capitol Station 65 will be able to complete the transaction with Anthem United or any other transaction with respect to the T9 Properties.

As disclosed in the Company's Form 8-K dated May 30, 2017, Township Nine Owner, LLC ("T9 JV"), Capitol Station Holdings, LLC ("Capitol Station Holdings"), Capitol Station Member, LLC ("Capitol Station Member") and Capitol Station 65 (collectively, the Debtors), indirect subsidiaries of the Company, filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of California (the "Bankruptcy Court") (Case No. 17-23627). Capitol Station 65 is wholly owned by Capitol Station Member, which is wholly owned by Capitol Station Holdings. Capitol Station Holdings is 92% owned by T9 JV, which is 31.28% owned by First Capital Real Estate Operating Partnership, L.P. (the "OP"), the Company's operating partnership. The Debtors continue to operate their businesses and manage their properties as "debtors-in-possession." At the time of the Company's indirect acquisition of the T9 Properties, the existing loan on the property had matured and was already in default. Management believes that the bankruptcy filing provides for protection of the T9 Properties and shareholder equity.

As disclosed in the Company's Form 8-K dated August 31, 2017, the Bankruptcy Court entered an order granting interim approval (the "Interim Order") of a Secured Super-Priority Post-Petition Credit Agreement (the "DIP Credit Agreement") between Capitol Station 65, as debtor, and SIM T9 Investors, LLC, assignee of Serene Investment Management, LLC, as lender. The Interim Order authorizes Capitol Station 65 to borrow up to \$1.9 million pursuant to the DIP Credit Agreement. The Bankruptcy Court has scheduled a hearing on December 6, 2017 to consider entry of an order granting final approval of the DIP Credit Agreement, which provides for a loan of up to \$10 million to Capitol Station 65. The proceeds of the loan will be used to pay, among other things, operating costs, professional fees and developments costs.

### **PhotoMedex, Inc.**

As disclosed in the Company's Form 8-K dated March 31, 2017, the Company entered into an interest contribution agreement (as amended, the "PhotoMedex Agreement") with FC Global Realty Incorporated, formerly known as PhotoMedex, Inc. ("PhotoMedex") to contribute over the course of 2017 its indirect ownership interests in four land sites in Atwater and Merced, California intended for development into gas stations, and additional interests in Avalon Jubilee (the "Initial Contribution").

Pursuant to the PhotoMedex Agreement, the Company also agreed to contribute to PhotoMedex its interests in a hotel located in Amarillo, Texas that is currently undergoing renovations to convert to a Wyndham Garden Hotel (the "Amarillo Property") and two development properties in Antigua, subject to certain conditions. At its option, the Company may also contribute to PhotoMedex its potential rights to development properties in South Carolina and in Baja California, Mexico. The Initial Contribution closed on May 17, 2017, and the balance of the assets will be contributed by December 31, 2017 in two phases, subject to certain conditions.

In exchange for the contributions by the Company, PhotoMedex will issue the Company shares of its common stock, which currently trade on the NASDAQ Stock Market and Tel Aviv Stock Exchange, and shares of its preferred stock. Suneet Singal, who is the Chief Executive Officer, Chairman of the Board, Secretary and Treasurer of the Company, is also the Chief Executive Officer of PhotoMedex.

Following the closings, the Company expects to consider the distribution of certain shares of PhotoMedex common stock it receives to the partners of the OP and the Company's stockholders, subject to appropriate corporate and other approvals and to compliance with all federal and state securities and tax laws and other applicable laws and regulations. Management believes the contemplated transactions with PhotoMedex is beneficial for the Company's stockholders due to the potential for liquidity. There can be no assurance that any or all of the transactions contemplated by the PhotoMedex Agreement will be consummated.

### **Angus Development**

As disclosed in the Company's Form 8-K dated August 18, 2017, the OP entered into a binding Head of Terms (the "Term Sheet") with Omachie Farm, The Firm of AGM Forbes and Shank of Omachie Limited (collectively, the "Contributors") for the acquisition of the Contributors' right, title, and interest to the land and all entitlements related to the Land at Omachie/Shank of Omachie, by Kingennie, by Dundee, comprising the development generally known as The Angus, which is intended for development of a 18-hole champion golf course, golf academy, hotel spa and lodges, golf clubhouse and 160 residential plots (the "Angus Property"). The OP and the Contributors are endeavoring to negotiate a mutually acceptable contribution agreement. There is no guarantee that the OP will complete the acquisition of the Angus Property.

Investors should carefully read the Company's Current Reports on Form 8-K dated December 16, 2016, January 6, 2017, March 31, 2017, May 16, 2017, May 30, 2017, June 26, 2017, July 3, 2017, July 27, 2017, August 1, 2017, August 18, 2017, August 31, 2017 and September 22, 2017 for more information on the transactions discussed above.

We thank you for entrusting the Company with your investment goals and we hope you share our excitement over these latest announcements. If you have any questions, please reach out to our investor relations team at [info@firstcapitalre.com](mailto:info@firstcapitalre.com).



Please note we recently moved offices to 410 Park Avenue 14th Floor, New York NY 10022 and our new number is 917.475.9646.

Sincerely,

Suneet Singal  
Chairman, CEO, Treasurer and Secretary  
First Capital Real Estate Trust Incorporated

**Important Notices**

Although we have regularly filed Current Reports on Form 8-K when deemed appropriate, we have not filed a periodic report with the SEC pursuant to the Securities Exchange Act of 1934, as amended (“Exchange Act”) since the filing of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, which was filed with the SEC on August 14, 2015. We are currently working to become current with respect to our periodic filing obligations under the Exchange Act and we intend resume timely periodic filings during 2017.

This letter contains certain forward-looking statements. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” and “should” and their variations identify forward-looking statements. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from those expressed or implied by such forward-looking statements and you should not place undue reliance on any such statements. A number of important factors could cause actual results to differ materially from the forward-looking statements contained in this release. Such factors include those described in the Risk Factors section of the Company's public filings with the SEC. Forward-looking statements in this document speak only as of the date on which such statements were made, and the company undertakes no obligation to update any such statements that may become untrue because of subsequent events. Such forward-looking statements are subject to the safe harbor protection for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

**THIS LETTER SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES.**