



## FIRST CAPITAL REIT ANNOUNCES FOURTH QUARTER AND 2019 ANNUAL RESULTS

**Toronto, Ontario (February 11, 2020)** - First Capital Real Estate Investment Trust ("First Capital" or the "Trust") (TSX: FCR.UN), one of Canada's leading developers, owners and operators of mixed-use urban real estate in Canada's most densely populated neighbourhoods, announced today financial results for the fourth quarter and year ended December 31, 2019.

SELECTED FINANCIAL INFORMATION	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
FFO <sup>(1)</sup> (\$ millions)	\$63.4	\$73.4	\$284.9	\$303.0
FFO per diluted unit <sup>(1)</sup>	\$0.29	\$0.29	\$1.23	\$1.21
Weighted average diluted units for FFO (000s)	220,545	255,821	230,810	250,474
Total Same Property NOI <sup>(1)</sup> (\$ millions)	\$85.0	\$82.5	\$337.7	\$326.8
Total Same Property NOI growth <sup>(1)(2)</sup>	3.0%	3.1%	3.3%	3.1%
Total portfolio occupancy <sup>(3)</sup>	96.9%	96.7%		
Total Same Property occupancy <sup>(1)(3)</sup>	97.5%	97.4%		
Net income attributable to unitholders (\$ millions)	\$192.5	\$64.3	\$401.3	\$343.6
Net income attributable to unitholders per diluted unit	\$0.87	\$0.25	\$1.74	\$1.37
Weighted average diluted units for net income (000s)	220,545	255,821	230,810	250,802

(1) Refer to "Non-IFRS Financial Measures" section of this press release.

(2) Prior periods as reported; not restated to reflect current period categories.

(3) As at December 31.

### FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI increased 3.0% compared to the same prior year period.
- **Portfolio Occupancy Rate:** Total portfolio occupancy improved 0.2% from 96.7% at September 30, 2019 to 96.9% at December 31, 2019.
- **Lease Renewal Rate Increase:** Net rental rates for the quarter increased 10.1% on 706,000 square feet of lease renewals when comparing the rental rate in the last year of the expiring term versus the first year of the renewal term. Net rental rates increased 11.6% when comparing the rental rate in the last year of the expiring term versus the average rental rate over the renewal term.
- **Growth in Average Net Rental Rate:** The average net rental rate increased by 2.9% or \$0.60 per square foot over the prior quarter to \$21.25 per square foot, primarily due to renewal lifts, dispositions and rent escalations.

- **Property Investments:** First Capital invested \$40.7 million in development and redevelopment in the quarter and \$20.3 million in two acquisitions located in Toronto, adjacent to existing super urban assets.
- **Property Dispositions:** First Capital continues to complete strategic dispositions to further align its portfolio with its Super Urban Strategy and at the same time reduce leverage following the share repurchase transaction in April of 2019. First Capital completed \$467.6 million of dispositions in the quarter including, as previously announced, a 50% non-managing interest in a portfolio of six properties in the Greater Montreal and Greater Ottawa areas as well as a 100% interest in its entire Red Deer and Quebec City portfolios.
- **FFO per Unit:** FFO per diluted unit increased 0.3% to \$0.288. The increase was primarily due to the decrease in the weighted average diluted shares outstanding for the quarter over the prior year period, as a result of the share repurchase transaction on April 16, 2019. FFO includes REIT conversion costs of \$3.0 million incurred in the quarter compared to \$0.9 million in the prior year period. Excluding REIT conversion costs, FFO per diluted unit increased 3.4% over the prior year period.
- **Net Income Attributable to Unitholders:** Net income increased to \$192.5 million or \$0.87 per diluted unit compared to \$64.3 million or \$0.25 per diluted unit for the same prior year period. The \$128.2 million increase was primarily due to a decrease in deferred taxes of \$160.9 million as a result of the legal reorganization of the entity into a REIT, which was completed on December 30, 2019.

#### ANNUAL FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI increased 3.3% compared to the prior year.
- **Portfolio Occupancy Rate:** Total portfolio occupancy improved 0.2% to 96.9% from December 31, 2018.
- **Lease Renewal Rate Increase:** Net rental rates for the year increased 10.7% on 2,454,000 square feet of lease renewals when comparing the rental rate in the last year of the expiring term versus the first year of the renewal term. Net rental rates increased 12.4% when comparing the rental rate in the last year of the expiring term versus the average rental rate over the renewal term.
- **Growth in Average Net Rental Rate:** The average net rental rate increased by 5.0% or \$1.01 per square foot over the prior year to \$21.25 per square foot, primarily due to renewal lifts, dispositions and rent escalations.
- **Property Investments:** First Capital invested \$558 million in development, redevelopment and acquisitions during the year ended December 31, 2019. These investments were exclusively in super urban neighbourhoods of which \$475 million was invested in Toronto.
- **Property Dispositions:** First Capital completed \$835.0 million of dispositions in the year ended December 31, 2019, primarily all of which were properties in non-super urban neighbourhoods. As at December 31, 2019, the Trust classified \$158.6 million of investment properties as held for sale.
- **FFO per Unit:** FFO per diluted unit increased 2.0% to \$1.234. The increase was primarily due to the decrease in the weighted average diluted units outstanding over the prior year following the closing of the share repurchase transaction

on April 16, 2019. FFO includes REIT conversion costs of \$5.0 million incurred in the year compared to \$1.5 million in the prior year. Excluding REIT conversion costs, FFO per diluted unit increased 3.3% over prior year.

- **Net Income Attributable to Unitholders:** Net income increased to \$401.3 million or \$1.74 per diluted share compared to \$343.6 million or \$1.37 per diluted share for the prior year. The \$57.7 million increase was primarily due to a decrease in deferred taxes of \$160.9 million as a result of the legal reorganization of the entity into a REIT, which was completed on December 30, 2019, partially offset by a lower increase in the fair value of investment properties, higher other expenses, and higher interest expense.

Adam Paul, President and CEO of First Capital, said, “2019 was a pivotal year with significant progress across our strategic objectives. We launched our super urban strategy and a new brand identity, became a widely held company, converted to a REIT, were named a Top Employer in Greater Toronto for the first time and received our third consecutive "AAA" ESG rating from MSCI.”

Mr. Paul added, “Most importantly were the advances we made to enhance the quality of our real estate portfolio. The composition of our portfolio underwent a significant shift, through \$1.4 billion of investment activity and 9 million square feet of zoning submissions, including 6.5 million in Toronto. Our investment activity included \$835 million of dispositions in our least urban markets, including our entire portfolios in Red Deer and Quebec City, and over \$550 million of super urban investments, including \$475 million in Toronto. The proceeds of these dispositions were partially used to reduce debt, keeping our de-leveraging targets on track.”

## FINANCIAL AND OTHER HIGHLIGHTS

As at (\$ millions)	December 31	
	2019	2018
Total assets <sup>(1)</sup>	<b>\$10,161</b>	\$10,453
Total assets held for sale	<b>\$159</b>	\$86
Unencumbered assets <sup>(2)</sup>	<b>\$7,037</b>	\$7,270
Net Asset Value per share	<b>\$23.39</b>	\$22.59
Population Density <sup>(3)</sup>	<b>290,000</b>	250,000
Net debt to total assets <sup>(2)</sup>	<b>46.7%</b>	42.1%
Weighted average term of fixed-rate debt (years) <sup>(2)</sup>	<b>5.1</b>	5.5

<sup>(1)</sup> Presented in accordance with IFRS.

<sup>(2)</sup> Reflects joint ventures proportionately consolidated

<sup>(3)</sup> The portfolio's average population density within a five kilometre radius of its properties.

## SUBSEQUENT EVENTS

### *Monthly Distribution*

First Capital announced that it will pay a distribution, for the month of January, of \$0.072 per REIT unit on February 14, 2020 to unitholders of record as at January 31, 2020.

## **MANAGEMENT CONFERENCE CALL AND WEBCAST**

First Capital invites you to participate at 2:00 p.m. (ET) on Wednesday, February 12, 2020, in a live conference call with senior management to discuss First Capital's results for the fourth quarter and year ended December 31, 2019.

### ***Teleconference***

You can participate in the live conference by dialing 416-641-6150 or toll-free 1-866-696-5894 with access code 6980424#.

The call will be accessible for replay until March 5, 2020 by dialing 905-694-9451 or toll-free 1-800-408-3053 with access code 3738067#.

### ***Webcast***

To access the live audio webcast and conference call presentation, please go to First Capital's website or click on the following link: [Q4 2019 Conference Call](#). The webcast will be accessible for replay in the 'Investors' section of the website, under 'Conference Calls'.

Management's presentation will be followed by a question and answer period. To ask a question, press '1' followed by '4' on a touch-tone phone. The conference call coordinator is immediately notified of all requests in the order in which they are made, and will introduce each questioner. To cancel your request, press '1' followed by '3'. For assistance at any point during the call, press '\*0'.

## **ABOUT FIRST CAPITAL REIT (TSX: FCR.UN)**

First Capital is one of Canada's leading developers, owners and operators of mixed-use urban real estate in Canada's most densely populated neighbourhoods. First Capital's focus is on creating thriving neighbourhoods that create value for businesses, residents, communities and our investors.

### **Non-IFRS Financial Measures**

*First Capital prepares and releases unaudited interim and audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). As a complement to results provided in accordance with IFRS, First Capital discloses certain non-IFRS financial measures, including but not limited to proportionate interest, NOI, Same Property NOI, FFO and ACFO. These non-IFRS measures are further defined and discussed in First Capital's MD&A for the year ended December 31, 2019, which should be read in conjunction with this press release. Since these non-IFRS measures do not have standardized meanings prescribed by IFRS, they may not be comparable to similar measures reported by other issuers. First Capital uses and presents the above non-IFRS measures as management believes they are commonly accepted and meaningful financial measures of operating performance. Reconciliations of certain non-IFRS measures to their nearest IFRS measures are included in First Capital's MD&A. These non-IFRS measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS as measures of First Capital's operating performance.*

## Forward-looking Statement Advisory

*This press release contains forward-looking statements and information within the meaning of applicable securities law. These forward-looking statements are not historical facts but, rather, reflect First Capital's current expectations and are subject to risks and uncertainties that could cause the outcome to differ materially from current expectations. Such risks and uncertainties include, among others, general economic conditions; tenant financial difficulties, defaults and bankruptcies; increases in operating costs, property taxes and income taxes; First Capital's ability to maintain occupancy and to lease or re-lease space at current or anticipated rents; development, intensification and acquisition activities; residential development, sales and leasing; risks in joint ventures; environmental liability and compliance costs and uninsured losses, in addition to those risks discussed in First Capital's MD&A for the year ended December 31, 2019 and in its current Annual Information Form. Readers, therefore, should not place undue reliance on any such forward-looking statements. First Capital undertakes no obligation to publicly update any such forward-looking statement or to reflect new information or the occurrence of future events or circumstances except as required by applicable securities law.*

*All forward-looking statements in this press release are made as of the date hereof and are qualified by these cautionary statements.*

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