



## FIRST CAPITAL REIT ANNOUNCES FOURTH QUARTER AND 2020 ANNUAL RESULTS

**Toronto, Ontario (February 9, 2021)** - First Capital Real Estate Investment Trust ("First Capital" or the "Trust") (TSX: FCR.UN), announced today financial results for the fourth quarter and year ended December 31, 2020.

### **COVID-19 Update**

First Capital's urban portfolio, which is focused on everyday essentials, continues to attract strong tenant demand. During 2020, the Trust completed approximately 2.8 million square feet of leasing activity across the portfolio. At the Trust's proportionate share, 2020 leasing activity totaled 2.5 million square feet and was comprised of approximately 2.1 million square feet of renewals with an average net rental rate increase of 9.3%, and 0.4 million square feet of new leasing. This leasing activity contributed to a December 31, 2020 portfolio occupancy of 96.2% and solid growth in the Trust's average net rental rate, which increased by 3.0% to \$21.89 over the prior year.

Throughout 2020, First Capital supported its tenants through its Small Business Support Program ("SBSP") and participation in the government's Canada Emergency Commercial Rent Assistance ("CECRA") program, which was applicable for six months from April through September 2020. For the year ended December 31, 2020, First Capital recorded a net CECRA abatement of \$13.2 million and other bad debt expense of \$9.6 million.

As 2020 came to a close, provincial directives for increased restrictions or the closure of non-essential businesses were implemented in several provinces in which the Trust operates. To continue to assist businesses amid these difficult conditions, the government implemented a new improved rent support program, the Canada Emergency Rent Subsidy ("CERS") that provides funding directly to tenants. The CERS program is expected to continue through to June 2021.

Overall, gross rent collections for 2020 totaled 94% prior to any deferrals or abatements, or 98% adjusting for approved deferrals and abatements. First Capital collected 93% of gross rent due in the fourth quarter, prior to any deferrals or abatements.

Adam Paul, President and CEO of First Capital, said, "The resiliency of our real estate strategy and our tenant base has never been tested like it was in 2020. Our operating performance demonstrated that our team and our properties met the challenges presented by the pandemic. Rent collections improved significantly throughout 2020, resulting in 94% of gross rent collected for the year. We also completed approximately 2.8 million square feet of lease transactions with healthy rental rate increases which contributed to a strong year-end occupancy level of 96.2%."

Mr. Paul added, "Looking forward, we are excited to build from our solid position as widespread vaccinations are rolled out leading to a return to social mobility and a more typical environment for our tenants and FCR."

## SELECTED FINANCIAL INFORMATION

(unaudited)	Three months ended		Year ended	
	December 31		December 31	
	2020	2019	2020	2019
FFO <sup>(1)</sup> (\$ millions)	\$62.5	\$63.4	\$222.0	\$284.9
FFO per diluted unit <sup>(1)</sup>	\$0.28	\$0.29	\$1.01	\$1.23
Total Same Property NOI <sup>(1)</sup> (\$ millions)	\$89.3	\$93.3	\$341.8	\$368.0
Total Same Property NOI growth <sup>(1)(2)</sup>	(4.3 %)	3.0 %	(7.1 %)	3.3 %
Total portfolio occupancy <sup>(3)</sup>	96.2 %	96.9 %		
Total Same Property occupancy <sup>(1)(3)</sup>	96.4 %	97.1 %		
Net income (loss) attributable to unitholders (\$ millions)	\$37.3	\$192.5	\$2.7	\$401.3
Net income (loss) attributable to unitholders per diluted unit	\$0.17	\$0.87	\$0.01	\$1.74
Weighted average diluted units for FFO and net income (000s)	220,551	220,545	220,495	230,810

(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 decreased 4.3% due to the impact of COVID-19, including increased bad debt expense of \$2.5 million and lower variable revenues, including hotel income and parking.
- **Portfolio Occupancy Rate:** Total portfolio occupancy increased 0.2% from 96.0% at September 30, 2020 to 96.2% at December 31, 2020 due to new tenant possessions exceeding closures.
- **Lease Renewal Rate Increase:** Net rental rates for the quarter increased 5.5% on 704,000 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 on the leases renewed in the quarter increased 6.7% when comparing the

rental rate in the last year of the expiring term versus the average rental rate over the renewal term.

Approximately 43% or 306,000 of the lease renewal activity in the quarter represented fixed rate renewals.

- **Growth in Average Net Rental Rate:** The average net rental rate increased by 0.2% or \$0.05 per square foot over the prior quarter to \$21.89 per square foot, primarily due to rent escalations and renewal lifts.
- **Property Investments:** First Capital invested \$69 million in development, redevelopment and acquisitions during the fourth quarter. These investments included acquiring the remaining 40% interest in the Hazelton Hotel, and one property slated for re-development. These acquisitions were exclusively in super urban neighbourhoods located in Toronto.
- **Property Dispositions:** First Capital completed \$117 million of dispositions in the fourth quarter. First Capital disposed of a 50% non-managing interest in a portfolio of six properties located in Gatineau, Burlington, Edmonton and Calgary, and two land parcels located in the Greater Montreal Area.
- **FFO per Diluted Unit of \$0.28:** FFO decreased by \$0.01 per diluted unit over the prior year period. The decrease was primarily due to the impact of property dispositions completed over the past 12 months, higher bad debt expense of \$2.8 million and lower variable revenues, partially offset by interest expense and corporate expense savings. Prior period results also included \$3.0 million of non-recurring REIT conversion costs.
- **Net Income (Loss) Attributable to Unitholders:** For the three months ended December 31, 2020, First Capital recognized net income of \$37.3 million or \$0.17 per diluted unit compared to \$192.5 million or \$0.87 per diluted unit for the same prior year period. The decrease was primarily due to a decrease in deferred income tax recovery of \$148.3 million related to the prior year's REIT conversion and a \$11.6 million reduction in the fair value of investment properties.

## ANNUAL FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI decreased 7.1% due to the impact of COVID-19, including increased bad debt expense of \$18.8 million and lower variable revenues.
- **Portfolio Occupancy Rate:** Total portfolio occupancy decreased 0.7% from 96.9% at December 31, 2019 to 96.2% at December 31, 2020.
- **Lease Renewal Rate Increase:** Net rental rates for the year increased 9.3% on 2,122,000 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 10.9% 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 \$0.64 to \$21.89 per square foot representing year over year growth of 3.0%. The strong growth was primarily due to renewal lifts, rent escalations and dispositions.
- **Property Investments:** First Capital invested \$232 million in development, redevelopment and acquisitions during the year ended December 31, 2020. These investments were primarily in super urban neighbourhoods with the majority located in Toronto.
- **Property Dispositions:** Consistent with the strategy of focusing on super-urban neighbourhoods, First Capital completed \$251 million of dispositions during 2020. As at December 31, 2020, the Trust classified \$162 million of investment properties as held for sale.
- **Population Density:** During the year, the Trust achieved an average population density of 304,000 within a five-kilometre radius of its properties, surpassing its year-end 2021 population density goal of 300,000.
- **FFO per Diluted Unit of \$1.01 :** FFO decreased by \$0.23 per diluted unit over the prior year primarily due to a reduction of NOI related to property dispositions, higher bad debt expense of \$22.2 million, lower interest and other income related to lower loan receivable balances and, lower variable revenues. These factors were partially offset by reduced interest expense, lower corporate expenses, and a reduced weighted-average unit count.
- **Net Income (Loss) Attributable to Unitholders:** For the year ended, First Capital recognized net income of \$2.7 million or \$0.01 per diluted unit compared to \$401.3 million or \$1.74 per diluted unit for the prior year. The decrease was primarily due to a \$246.7 million reduction in the fair value of investment properties, a decrease in deferred income tax recovery of \$106.1 million related to prior year's REIT conversion, and a reduction in NOI of \$40.4 million related to property dispositions.

## FINANCIAL AND OTHER HIGHLIGHTS

As at <i>(\$ millions)</i>	December 31	
	2020	2019
Total assets <sup>(1)</sup>	<b>\$10,032</b>	\$10,161
Total assets held for sale	<b>\$162</b>	\$159
Unencumbered assets <sup>(2)</sup>	<b>\$7,003</b>	\$7,037
Net Asset Value per unit	<b>\$22.34</b>	\$23.39
Population Density <sup>(3)</sup>	<b>304,000</b>	290,000
Net debt to total assets <sup>(2)</sup>	<b>47.2 %</b>	46.7 %
<b>Weighted average term of fixed-rate debt (years) <sup>(2)</sup></b>	<b>4.6</b>	5.1

*(1) Presented in accordance with IFRS.*

*(2) Reflects joint ventures proportionately consolidated*

*(3) The portfolio's average population density within a five kilometre radius of its properties.*

## **SUBSEQUENT EVENTS**

### ***Reduction in Distributions to Unitholders***

On January 12, 2021, First Capital announced the temporary reduction of its monthly distribution to Unitholders from \$0.0716 per unit to \$0.036 to provide the Trust with additional retained cash flow of approximately \$95 million per annum.

### ***Monthly Distributions***

On January 12, 2021, First Capital announced that it will pay a distribution, for the month of January, of \$0.036 per Trust Unit on February 15, 2021 to Unitholders of record as at January 31, 2021.

## **MANAGEMENT CONFERENCE CALL AND WEBCAST**

First Capital invites you to participate at 2:00 p.m. (ET) on Wednesday, February 10, 2021, in a live conference call with senior management to discuss First Capital's results for the fourth quarter and year ended December 31, 2020.

### ***Teleconference***

You can participate in the live conference by dialing 416-340-2217 or toll-free 1-800-806-5484 with access code 6676734#. The call will be accessible for replay until March 15, 2021 by dialing 905-694-9451 or toll-free 1-800-408-3053 with access code 7688711#.

### ***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 2020 Conference Call](#). The webcast will be accessible for replay in the 'Investors' section of the website.

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 a leading owner, operator and developer of mixed-use real estate located in Canada's most densely populated cities. First Capital's focus is on creating thriving urban neighbourhoods to generate 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, 2020, 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, including with respect to the anticipated impact of the COVID-19 pandemic and measures taken to mitigate the impact of the pandemic. 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; and risks and uncertainties related to the impact of COVID-19 on First Capital, including the length, spread and severity of the pandemic, the nature and extent of measures taken by all levels of government to mitigate against the severity and spread of the virus, the changing retail environment, the impact of the virus and responses thereto on: First Capital’s tenants’ ability to pay rent in full or at all, an increase in vacancy, domestic and global credit and capital markets, First Capital’s ability to access capital on favourable terms or at all, the health and safety of First Capital’s employees and its tenants’ personnel, and, domestic and global supply chains, among other risks relating to COVID-19 which are described in First Capital’s MD&A for the year ended December 31, 2020 under the heading “Risks and Uncertainties - COVID-19”. Additionally, forward-looking statements are subject to those risks and uncertainties discussed in First Capital’s MD&A for the year ended December 31, 2020 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.*

\* \* \* \*

For further information:

Adam Paul  
President & CEO  
(416) 216-2081  
adam.paul@fcr.ca

Kay Brekken  
Executive Vice President & CFO  
(416) 216-2051  
kay.brekken@fcr.ca

[www.fcr.ca](http://www.fcr.ca)  
TSX: FCR.UN