

**FIRST CAPITAL REIT ANNOUNCES FOURTH QUARTER AND 2021 ANNUAL RESULTS**

**Toronto, Ontario (February 8, 2022)** - 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, 2021. The 2021 Fourth Quarter Report is available in the Investors section of the Trust's website at [www.fcr.ca](http://www.fcr.ca) and has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

**SELECTED FINANCIAL INFORMATION**

	Three months ended December 31		Year ended December 31	
	2021	2020	2021	2020
FFO <sup>(1)</sup> (\$ millions)	<b>\$60.8</b>	\$62.5	<b>\$251.0</b>	\$222.0
FFO per diluted unit <sup>(1)</sup>	<b>\$0.28</b>	\$0.28	<b>\$1.14</b>	\$1.01
Other gains and (losses) included in FFO (per diluted unit) <sup>(1)</sup>	<b>(\$0.02)</b>	\$0.00	<b>\$0.06</b>	(\$0.02)
Total Same Property NOI growth <sup>(1) (2)</sup>	<b>3.2%</b>	(4.3%)	<b>5.7%</b>	(7.1%)
Total portfolio occupancy <sup>(3)</sup>	<b>96.1%</b>	96.2%		
Total Same Property occupancy <sup>(1) (3)</sup>	<b>96.1%</b>	96.1%		
Net income (loss) attributable to unitholders (\$ millions)	<b>\$28.6</b>	\$37.3	<b>\$460.1</b>	\$2.7
Net income (loss) attributable to unitholders per diluted unit	<b>\$0.13</b>	\$0.17	<b>\$2.08</b>	\$0.01
Weighted average diluted units for FFO and net income (000s)	<b>220,929</b>	220,551	<b>220,826</b>	220,495

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

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

<sup>(3)</sup> As at December 31.

**FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS**

- **Same Property NOI Growth:** Total Same Property NOI increased 3.2% primarily due to higher variable revenues, rent escalations and a \$1.0 million decrease in bad debt expense over the prior year period. Total Same Property NOI increased 2.2%, excluding bad debt expense and lease termination fees, primarily due to rent escalations and higher variable revenues.
- **Portfolio Occupancy:** December 31, 2021 portfolio occupancy of 96.1% increased 0.2% on a quarter-over-quarter basis from 95.9% at September 30, 2021 primarily due to new tenant possessions exceeding closures.
- **Lease Renewal Rate Increase:** Net rental rates for the quarter increased 9.2% on 452,000 square feet of lease renewals, when comparing the rental rate in the first year of the renewal term to the rental rate in the last year of the expiring term. Net rental rates on the leases renewed in the quarter increased 11.1% when comparing average rental rate over the renewal term to the rental rate in the last year of the expiring term.
- **Growth in Average Net Rental Rate:** The average net rental rate increased by 0.8% or \$0.18 per square foot over the prior quarter to \$22.42 per square foot, primarily due to rent escalations, renewal lifts and dispositions.

- **Collections:** Overall, gross rent collections for the fourth quarter totaled 98% to date.
- **Property Investments:** First Capital invested \$36.9 million into its properties during the fourth quarter, primarily in development and redevelopment activities in Toronto and Montreal.
- **Property Dispositions:** First Capital completed \$164.9 million of dispositions in the fourth quarter. Asset sales included the Trust's 50% interest in three properties in Calgary, a 100% interest in a shopping centre in Langley, BC and a 16.67% interest in the residential portion of King High Line located in Liberty Village.
- **FFO per Diluted Unit of \$0.28:** FFO per unit decreased by approximately \$0.01 over the same prior year period. The decrease was primarily due to higher unrealized losses on marketable securities and a prepayment penalty for the early settlement of mortgages, totaling \$4.0 million, or \$0.02 per unit. This is partially offset by lower interest expense of \$2.2 million, or \$0.01 per unit, over the same prior year period.
- **Net Income (Loss) Attributable to Unitholders:** For the three months ended December 31, 2021, First Capital recognized net income attributable to Unitholders of \$28.6 million or \$0.13 per diluted unit compared to \$37.3 million or \$0.17 per unit for the same prior year period. The decrease was primarily due to an increase in deferred income tax expense of \$16.3 million and higher other losses and expenses of \$12.8 million, partially offset by an increase in the fair value of investment property of \$18.6 million.

#### ANNUAL FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI increased 5.7% due to rent escalations, higher variable revenues, and a \$12.9 million decrease in bad debt expense over prior year. Total Same Property NOI increased 2.0%, excluding bad debt expense and lease termination fees, primarily due to rent escalations and higher variable revenues.
- **Portfolio Occupancy:** On a year-over-year basis, total portfolio occupancy was stable at 96.1% at December 31, 2021 compared to 96.2% at December 31, 2020.
- **Lease Renewal Rate Increase:** Net rental rates for the year increased 8.6% on 2,081,000 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 10.5% 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 \$0.53 to \$22.42 per square foot representing year over year growth of 2.4%. The strong growth was primarily due to rent escalations, renewal lifts and dispositions.
- **Collections:** Overall, gross rent collections for the year totaled 98% to date.
- **Property Investments:** First Capital invested \$188.2 million into its portfolio during the year ended December 31, 2021, primarily in development, redevelopment and acquisition activities in Toronto and Montreal.

- **Property Dispositions:** Consistent with First Capital's real estate strategy, the Trust completed \$344.8 million of dispositions during 2021. In addition, First Capital entered into a new strategic partnership with Pemberton Group to develop the former Christie Cookie site in Toronto (2150 Lakeshore Boulevard West). The \$156 million transaction crystallized a significant gain for First Capital, and provided for a sizeable increase in the fair value of the REIT's 50% interest in the property. As at December 31, 2021, the Trust classified \$151.3 million of investment properties as held for sale.
- **Advancing ESG initiatives:** First Capital continued to demonstrate leadership in Environmental, Social and Governance ("ESG") matters throughout 2021, having:
  - Ranked first in its retail sector peer group, FCR was awarded Sector Leader Status in the 2021 Global Real Estate Sustainability Benchmark ("GRESB")
  - Incorporated sustainability-linked features and pricing adjustments as part of a three year extension (to June 2026) of its syndicated \$450 million unsecured operating facility
  - Achieved LEED Gold at its property located at 25 Industrial Street in Toronto (Leaside Village expansion)
  - Progressed numerous key initiatives through its Equity, Diversity & Inclusion ("ED&I") Council and FCR Thriving Neighbourhoods Foundation, including developing a three year ED&I action plan and raising over \$281,000 for Second Harvest as part of the Foundation's fall fundraiser
  - Received recognition for both the 2021 BOMA National and BOMA International Outstanding Building of the Year in the open-air retail category
  - Continued growth in its longstanding Public Art Program, with two new installations
- **FFO per Diluted Unit of \$1.14:** FFO increased by \$0.13 per diluted unit over the prior year primarily due to a \$13.8 million, or \$0.06 per unit, mark-to-market gain on shares of a construction management company which completed an initial public offering in May 2021, and lower bad debt expense of \$14.3 million, or \$0.07 per unit.
- **Net Income (Loss) Attributable to Unitholders:** For the year ended December 31, 2021, First Capital recognized net income of \$460.1 million or \$2.08 per diluted unit compared to \$2.7 million or \$0.01 per unit for the prior year. The increase was primarily due to an increase in the fair value of investment property of \$384.3 million, and an \$80.8 million gain related to the exercise of a previously secured option to purchase its partner's 50% interest in 2150 Lake Shore Boulevard West.

"2021's solid operating and financial results continued to be underpinned by our strategic focus on high-quality, grocery anchored and mixed-use properties in neighbourhoods with strong demographics," said Adam Paul, President & CEO of First Capital.

“Accordingly, demand remained strong for FCR’s properties throughout the year. We disposed of \$345 million of properties at prices well above IFRS fair values and completed 2.9 million square feet of lease transactions, including 2.1 million square feet of renewals at a healthy average rent increase of 8.6%, contributing to another all-time high in-place portfolio rent per square foot.”

Mr. Paul continued, “Looking forward, advances in our density and entitlements program, including our 2150 Lake Shore transaction which was one of the highlights of the year, provide FCR with a tremendous development pipeline for many years to come.”

## FINANCIAL AND OTHER HIGHLIGHTS

As at (\$ millions)	December 31	
	2021	2020
Total assets <sup>(1)</sup>	<b>\$10,109</b>	\$10,032
Assets held for sale <sup>(1)</sup>	<b>\$151</b>	\$162
Unencumbered assets <sup>(2)</sup>	<b>\$7,394</b>	\$7,003
Net Asset Value per unit	<b>\$24.28</b>	\$22.34
Population Density <sup>(3)</sup>	<b>300,000</b>	304,000
Net debt to total assets <sup>(2)(4)</sup>	<b>43.9%</b>	47.3%
Weighted average term of fixed-rate debt (years) <sup>(2)</sup>	<b>4.0</b>	4.6

<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.

<sup>(4)</sup> Total assets excludes cash balances.

## COVID-19 UPDATE

Throughout most of the fourth quarter, essential and non-essential businesses were operating at near capacity, with additional protection from proof of vaccination measures for restaurants, gyms and other venues. In late November, healthcare agencies first identified the new Omicron COVID variant which quickly became the dominant strain worldwide. In late 2021 and early 2022, provincial governments mandated temporary capacity restrictions and lockdowns in an effort to slow the speed of the Omicron variant. These restrictions have adversely impacted certain tenants. In response to these restrictions, the Federal government enacted new COVID-19 support measures on December 17, 2021 and introduced the Local Lockdown Program and the Canada Work Lockdown Benefit. The Local Lockdown Program provides wage and rent support for organizations subject to a qualifying public health restriction, regardless of sector.

Despite the continuing challenges facing many businesses as a result of the pandemic, First Capital's high quality grocery-anchored and mixed-use portfolio continues to produce solid leasing activity, growth in its average net rental rate while 2021 has seen new leases signed with numerous growing retailers and full-service restaurant

operators. For the fourth quarter of 2021, First Capital recorded bad debt expense of \$1.4 million resulting in an annual total of \$8.5 million.

## **SUBSEQUENT EVENTS**

### ***Redemption of \$200 million of 4.43% Series O Senior Unsecured Debentures***

On January 31, 2022, upon maturity, First Capital repaid its 4.43% Series O Senior Unsecured Debentures in the amount of \$200.0 million.

## **MANAGEMENT CONFERENCE CALL AND WEBCAST**

First Capital invites you to participate at 2:00 p.m. (ET) on Wednesday, February 9, 2022, in a live conference call with senior management to discuss First Capital's results for the fourth quarter ended December 31, 2021.

### ***Teleconference***

You can participate in the live conference by dialing 416-340-2217 or toll-free 1-800-806-5484 with access code 8684605#. The call will be accessible for replay until March 17, 2022 by dialing 905-694-9451 or toll-free 1-800-408-3053 with access code 6079978#.

### ***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 2021 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 grocery anchored and 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 in this press release, including but not limited to FFO, NOI, Same Property NOI, and proportionate interest. 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 below. 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.

### Funds from Operations ("FFO")

FFO is a recognized measure that is widely used by the real estate industry, particularly by publicly traded entities that own and operate income-producing properties. First Capital calculates FFO in accordance with the recommendations of the Real Property Association of Canada ("REALPAC") as published in its most recent guidance on "Funds from Operations and Adjusted Funds From Operations for IFRS" dated January 2022. Management considers FFO a meaningful additional financial measure of operating performance, as it excludes fair value gains and losses on investment properties as well as certain other items included in FCR's net income that may not be the most appropriate determinants of the long-term operating performance of FCR, such as investment property selling costs; tax on gains or losses on disposals of properties; deferred income taxes; distributions on Exchangeable Units; fair value gains or losses on Exchangeable Units; fair value gains or losses on unit-based compensation; and any gains, losses or transaction costs recognized in business combinations. FFO provides a perspective on the financial performance of FCR that is not immediately apparent from net income determined in accordance with IFRS.

A reconciliation from net income (loss) attributable to Unitholders to FFO can be found in the table below:

(\$ millions)	Three months ended December 31		Year ended December 31	
	2021	2020	2021	2020
Net income (loss) attributable to Unitholders	\$ 28.6	\$ 37.3	\$ 460.1	\$ 2.7
Add (deduct):				
(Increase) decrease in value of investment properties <sup>(1)</sup>	\$ (25.8)	\$ (7.9)	\$ (181.5)	\$ 195.8
(Increase) decrease in value of hotel property <sup>(1)</sup>	\$ 2.2	\$ 5.1	\$ 1.1	\$ 9.4
Adjustment for equity accounted joint ventures <sup>(2)</sup>	\$ 0.4	\$ 0.7	\$ 2.5	\$ 2.7
Incremental leasing costs <sup>(3)</sup>	\$ 1.4	\$ 1.6	\$ 5.9	\$ 6.6
Amortization expense <sup>(4)</sup>	\$ 0.5	\$ 0.5	\$ 1.9	\$ 1.4
Gain on below market purchase	\$ —	\$ (7.4)	\$ —	\$ (7.4)
Transaction costs	\$ —	\$ 1.1	\$ —	\$ 1.1
Distributions on Exchangeable Units <sup>(5)</sup>	\$ —	\$ —	\$ —	\$ 0.7
Increase (decrease) in value of Exchangeable Units <sup>(5)</sup>	\$ 0.1	\$ —	\$ 0.5	\$ (7.4)
Increase (decrease) in value of unit-based compensation <sup>(6)</sup>	\$ 2.5	\$ (1.7)	\$ 9.3	\$ (11.5)
Gain on Option <sup>(7)</sup>	\$ —	\$ —	\$ (80.8)	\$ —
Investment properties selling costs <sup>(1)</sup>	\$ 3.1	\$ 0.6	\$ 7.1	\$ 3.9
Deferred income taxes (recovery) <sup>(1)</sup>	\$ 47.8	\$ 32.7	\$ 24.8	\$ 23.9
<b>FFO</b>	<b>\$ 60.8</b>	<b>\$ 62.5</b>	<b>\$ 251.0</b>	<b>\$ 222.0</b>

<sup>(1)</sup> At FCR's proportionate interest.

<sup>(2)</sup> Adjustment related to FCR's equity accounted joint ventures in accordance with the recommendations of REALPAC.

<sup>(3)</sup> Adjustment to capitalize incremental leasing costs in accordance with the recommendations of REALPAC.

<sup>(4)</sup> Adjustment to exclude hotel property amortization in accordance with the recommendations of REALPAC.

<sup>(5)</sup> Adjustment to exclude distributions and fair value adjustments on Exchangeable Units in accordance with the recommendations of REALPAC.

<sup>(6)</sup> Adjustment to exclude fair value adjustments on unit-based compensation plans in accordance with the recommendations of REALPAC.

<sup>(7)</sup> Adjustment to exclude the gain on option in accordance with the recommendations of REALPAC.



## 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 and with respect to the reopening of the Canadian economy and anticipated benefits. 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, 2021 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, 2021 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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