

**FIRST CAPITAL REIT ANNOUNCES SOLID SECOND QUARTER 2022 RESULTS WITH DOUBLE DIGIT  
LEASING SPREADS SUPPORTING 6% SAME-PROPERTY NOI GROWTH**

**Toronto, Ontario (July 27, 2022)** - First Capital Real Estate Investment Trust ("First Capital" or the "Trust") (TSX: FCR.UN), announced today financial results for the second quarter ended June 30, 2022. The 2022 Second 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).

*"Our focus on high-quality, grocery-anchored, and mixed-use properties situated in the best locations within Canada's strongest neighbourhoods continues to deliver solid results. Leasing is the lifeline of our business, and we are pleased that our healthy quarterly leasing activity helped drive solid same property NOI growth, while also propelling our average in-place rent to an all-time high for the 24th consecutive quarter" stated Adam Paul, President & CEO of First Capital.*

**SELECTED FINANCIAL INFORMATION**

(unaudited)	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
FFO <sup>(1)</sup> (\$ millions)	<b>\$61.2</b>	\$76.1	<b>\$116.0</b>	\$131.1
FFO per diluted unit <sup>(1)</sup>	<b>\$0.28</b>	\$0.35	<b>\$0.53</b>	\$0.59
Other gains and (losses) included in FFO (per diluted unit) <sup>(1)</sup>	<b>(\$0.01)</b>	\$0.08	<b>(\$0.04)</b>	\$0.08
Total Same Property NOI growth <sup>(1) (2)</sup>	<b>6.0%</b>	16.6%	<b>4.0%</b>	7.8%
Total portfolio occupancy <sup>(3)</sup>	<b>95.6%</b>	95.9%		
Total Same Property occupancy <sup>(1) (3)</sup>	<b>95.9%</b>	95.9%		
Net income (loss) attributable to unitholders (\$ millions)	<b>(\$42.1)</b>	\$212.0	<b>\$2.4</b>	\$250.0
Net income (loss) attributable to unitholders per diluted unit	<b>(\$0.19)</b>	\$0.96	<b>\$0.01</b>	\$1.13
Weighted average diluted units for FFO and net income (000s)	<b>220,812</b>	220,863	<b>220,829</b>	220,749

<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 June 30.

**SECOND QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS**

- **Same Property NOI Growth:** Total Same Property NOI increased 6.0% over the prior year period. The growth was primarily due to higher base rent and variable revenue contributions as well as a \$2.2 million decrease in bad debt expense. Excluding bad debt expense and lease termination fees, Same Property NOI growth increased 3.8%.
- **Portfolio Occupancy:** June 30, 2022 portfolio occupancy of 95.6% was consistent with 95.5% at March 31, 2022. On a year-over-year basis, total portfolio occupancy declined by 0.3%, from 95.9% at June 30, 2021, to 95.6% at June 30, 2022.

- **Lease Renewal Rate Increase:** Net rental rates for the quarter increased 11.0% on a volume of 510,000 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 12.9% 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 portfolio average net rental rate increased by 0.7% or \$0.15 per square foot over the prior quarter to \$22.72 per square foot. The average net rental rate increased by 2.9% or \$0.63 per square foot from June 30, 2021, primarily due to rent escalations, renewal lifts and dispositions. First Capital's average net rental rate has continued to reach record highs for the last 24 consecutive quarters.
- **Property Investments:** First Capital invested \$41.5 million into its properties during the second quarter, primarily in development, redevelopment and strategic in-fill acquisitions in Toronto. As part of the Trust's strategy of expanding positions in key neighbourhoods, second quarter activity included further consolidation of its Yonge and Roselawn assembly, located in mid-town Toronto.
- **Property Dispositions:** During the second quarter, First Capital disposed of one income-producing property located in Edmonton, AB for \$10.3 million.
- **Financing Activities:** Mortgage financings during the second quarter totaled \$310 million (\$133 million at First Capital's share), including a \$160 million (\$80 million at FCR's share) 4.82% ten-year fixed-rate loan secured against Kings Club Residential on June 9<sup>th</sup> and, a \$150 million (\$53 million at FCR's share) 4.96% two-year fixed-rate loan secured against Station Place on June 17<sup>th</sup>. FCR had previously hedged its interest rate exposure on 100% of its share of the Kings Club Residential financing, such that the effective cost of financing of the ten-year loan was approximately 2.89% vs 4.82% face rate.
- **Normal course issuer bid ("NCIB"):** Commencing in the second quarter, First Capital implemented an NCIB pursuant to which it may repurchase and cancel up to 10% of its public float or 21.9 million units. As of June 30, 2022, the REIT had repurchased 4.6 million trust units for approximately \$70.8 million.
- **Advancing ESG initiatives:** Throughout the second quarter, First Capital demonstrated leadership in Environmental, Social and Governance ("ESG") matters, including having been awarded the Gold 2022 Green Lease Leader Recognition by the Institute for Market Transformation and the U.S. Department of Energy's Better Building Alliance for the second year in a row.
- **FFO per Diluted Unit of \$0.28:** FFO decreased \$14.9 million, or \$0.07 per unit, over the same prior year period. The decrease was primarily due to a year-over-year change in other gains (losses) and (expenses), totaling \$20.7 million, or \$0.09 per unit, partially offset by a \$2.4 million decrease in bad debt expense, a \$2.2 million increase in interest and other income, and interest expense savings of \$1.4 million. FFO per unit excluding other gains and losses increased 9.8%, or \$0.03 per unit, to \$0.29 over the same prior year period.

- **Net Income (Loss) Attributable to Unitholders:** For the three months ended June 30, 2022, First Capital recognized net income (loss) attributable to Unitholders of (\$42.1) million or (\$0.19) per diluted unit compared to \$212.0 million or \$0.96 per diluted unit for the same prior year period. The loss was primarily due to a year-over-year change in the fair value of investment property of \$251.9 million.

## FINANCIAL AND OTHER HIGHLIGHTS

As at (\$ millions)	June 30		December
	2022	2021	2021
Total assets <sup>(1)</sup>	<b>\$10,057</b>	\$10,190	\$10,109
Assets held for sale <sup>(1)</sup>	<b>\$243</b>	\$409	\$151
Unencumbered assets <sup>(2)</sup>	<b>\$7,057</b>	\$7,021	\$7,394
Net Asset Value per unit	<b>\$24.46</b>	\$23.36	\$24.26
Population Density <sup>(3)</sup>	<b>300,000</b>	300,000	300,000
Net debt to total assets <sup>(2)(4)</sup>	<b>44.1%</b>	46.3%	43.9%
Weighted average term of fixed-rate debt (years) <sup>(2)</sup>	<b>3.9</b>	4.4	4.0

<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.

## MANAGEMENT CONFERENCE CALL AND WEBCAST

First Capital invites you to participate in a live conference call with senior management at 2:00 p.m. (ET) on Thursday, July 28, 2022, to discuss First Capital's results for the second quarter ended June 30, 2022.

First Capital's financial statements and MD&A for the second quarter will be released prior to the call and will be available on its website at [www.fcr.ca](http://www.fcr.ca) in the 'Investors' section, and on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com).

### Teleconference

You can participate in the live conference by dialing 416-340-2217 or toll-free 1-800-806-5484 with access code 9390617#. The call will be accessible for replay until August 3, 2022, by dialing 905-694-9451 or toll-free 1-800-408-3053 with access code 8908542#.

***Webcast***

To access the live audio webcast and conference call presentation, please go to First Capital's website or click on the following link: [Q2 2022 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 June 30		Six months ended June 30	
	2022	2021	2022	2021
Net income (loss) attributable to Unitholders	\$ (42.1)	\$ 212.0	\$ 2.4	\$ 250.0
Add (deduct):				
(Increase) decrease in value of investment properties <sup>(1)</sup>	\$ 109.2	\$ (142.7)	\$ 107.6	\$ (135.4)
(Increase) decrease in value of hotel property <sup>(1)</sup>	\$ —	\$ (0.6)	\$ —	\$ (0.6)
Adjustment for equity accounted joint ventures <sup>(2)</sup>	\$ 0.9	\$ 0.7	\$ 1.6	\$ 1.4
Adjustment for capitalized interest related to equity accounted joint ventures <sup>(2)</sup>	\$ 0.7	\$ —	\$ 1.4	\$ —
Incremental leasing costs <sup>(3)</sup>	\$ 1.4	\$ 1.5	\$ 3.0	\$ 3.0
Amortization expense <sup>(4)</sup>	\$ 0.1	\$ 0.5	\$ 0.3	\$ 1.0
Transaction costs <sup>(5)</sup>	\$ —	\$ —	\$ 0.6	\$ —
Distributions on Exchangeable Units <sup>(6)</sup>	\$ —	\$ —	\$ —	\$ —
Increase (decrease) in value of Exchangeable Units <sup>(6)</sup>	\$ (0.3)	\$ 0.1	\$ (0.4)	\$ 0.4
Increase (decrease) in value of unit-based compensation <sup>(7)</sup>	\$ (8.9)	\$ 1.9	\$ (9.3)	\$ 7.4
Investment properties selling costs <sup>(1)</sup>	\$ 0.3	\$ 0.2	\$ 1.0	\$ 0.6
Deferred income taxes (recovery) <sup>(1)</sup>	\$ 0.1	\$ 2.5	\$ 8.0	\$ 3.5
<b>FFO</b>	<b>\$ 61.2</b>	<b>\$ 76.1</b>	<b>\$ 116.0</b>	<b>\$ 131.1</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 transaction costs incurred as part of a business combination in accordance with the recommendations of REALPAC.

<sup>(6)</sup> Adjustment to exclude distributions and fair value adjustments on Exchangeable Units in accordance with the recommendations of REALPAC.

<sup>(7)</sup> Adjustment to exclude fair value adjustments on unit-based compensation plans 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. 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 the ongoing pandemic, epidemics or other outbreaks on First Capital which are described in First Capital's MD&A for the year ended December 31, 2021 under the heading "Risks and Uncertainties - Ongoing Pandemic, Epidemics or New Outbreaks". 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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For further information:

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

Neil Downey  
Executive Vice President, Enterprise Strategies & CFO  
(416) 530-6634  
neil.downey@fcr.ca

[www.fcr.ca](http://www.fcr.ca)

TSX: FCR.UN