



## **First Capital REIT Announces Disposition of Residential Component of 1100 King Street West as it Begins Executing Enhanced Capital Allocation and Portfolio Optimization Plan**

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**Toronto, Ontario (September 28, 2022)** – First Capital REIT (“First Capital”, “FCR” or the “REIT”) (TSX: FCR.UN) announced today that it has entered into a firm agreement to sell its remaining 50% non-managing interest in the residential component of King High Line, located at 1100 King Street West in Toronto, for gross proceeds of \$149 million. FCR will retain its 100% interest in the retail and commercial parking components of King High Line.

King High Line is a mixed-use property abutting the Liberty Village neighbourhood of downtown Toronto. First Capital developed the almost three-acre site, which includes three residential towers with an aggregate of 506 residential suites. The first tenant took possession in 2019 and occupancy of the residential component is currently 96%. The sale price equates to a capitalization rate of less than 3% on in-place net operating income. The property was recently financed with an interest-only, ten-year, \$160 million first mortgage (\$80 million at FCR’s share) which carries a 4.8% fixed interest rate. The purchaser will assume the mortgage on closing, which is scheduled during the fourth quarter.

Adam Paul, President and CEO of First Capital said, “This transaction represents the immediate execution of our recently announced Enhanced Capital Allocation and Portfolio Optimization Plan and is indicative of the type of value surfacing transactions that we have identified. Consistent with our Plan, we have realized FCR’s short to medium term objectives for this asset and will reallocate the proceeds to more productive uses, including our NCIB. The sale of our interest in King High Line residential at a premium to IFRS value is accretive to both NAV and FFO per unit while at the same time positively impacts our key debt metrics.”

Mr. Paul continued, “We have an exceptional portfolio and remain confident in our ability to unlock value for our unitholders through the ongoing monetization of low-yielding and non-core properties while progressing our necessity-based retail properties and maintaining a significant density pipeline for future development.”

First Capital will continue to own 100% of the 160,000 square feet of retail leasable area that includes over 650 feet of contiguous frontage along King Street West. This portion of the property is fully leased to a variety of necessity and service-based retailers including Longos, Canadian Tire, Shoppers Drug Mart, Winners, WeWork, Kids & Co, McDonalds and Petsmart.

### **About First Capital REIT (TSX: FCR.UN)**

First Capital owns, operates and develops grocery-anchored, open-air centres in neighbourhoods with the strongest demographics in Canada.

## 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 and EBITDA. 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. 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 but not limited to the impact of the pandemic on the REIT and expectations related to the REIT’s ongoing performance and enhanced capital allocation and portfolio optimization plan, including the anticipated monetization of certain properties, the realization and deployment of proceeds, the anticipated timing of closing of the King High Line transaction and the anticipated accretive impact on NAV and FFO per unit resulting from the sale of FCR’s interest in King High Line. 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 release 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.

For further information:

Jordan Robins  
Executive Vice President & COO  
(416) 216-2055  
[jordan.robins@fcr.ca](mailto:jordan.robins@fcr.ca)

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

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