



## **First Capital REIT Sets the Record Straight: Activist Ewing Morris Being Directed By Dori Segal**

*OSC Complaint Made; Activist Ewing Morris Potentially Violated Multiple Securities Laws*

**Toronto, Ontario (October 7, 2022)** – First Capital REIT (“First Capital” or the “REIT”) (TSX: FCR.UN) issued the following statement in response to the recently issued letter by Ewing Morris & Co. Investment Partners Ltd. (“**Ewing Morris**”), a unitholder who has partnered with the REIT’s departed trustee and former CEO, Dori Segal (together, the “**Segal Group**”).

The Board of Trustees of First Capital, together with its advisors, continues to take steps to create and deliver increased value for its unitholders, including delivering on the reinstatement of the REIT’s full distribution, which was promised to occur within two years of it being reduced, and the REIT’s recently announced enhanced capital allocation and portfolio optimization plan.

To support this process, the Board regularly solicits unitholder views and is open to constructive input that has the potential to benefit First Capital and all unitholders. The views expressed by the Segal Group are, however, disingenuous, selective and entirely self-interested.

### *The Segal Group is Conflicted*

Ewing Morris has been attempting to raise capital through a two-year term special purpose vehicle to acquire an interest in First Capital with the objective of running a proxy contest – a project referred to by Ewing Morris as “Project Degel”. Details of the Segal Group, and their plans for the REIT, became known to First Capital because Ewing Morris made the “Project Degel” solicitation materials publicly available on its own website. The demands of the Segal Group should be taken with caution as their interests may not be aligned with the rest of FCR’s unitholders given Mr. Segal’s personal agenda and the Segal Group’s short term investment horizon, as highlighted in the Project Degel solicitation materials. In addition, any nominees that they put forward are questionable in their independence to represent the interests of their fellow unitholders.

### *Ontario Securities Commission Complaint*

When Ewing Morris first requested a meeting with the REIT it mentioned nothing of its relationship with Mr. Segal, who departed the Board in 2021 at the request of the Trustees. Since that time, Mr. Segal has attempted to negotiate a return to the REIT as Chair. After First Capital became aware of Project Degel, it raised concerns with the Segal Group that its conduct appeared to be in violation of securities laws and asked Ewing Morris to address those concerns. Given the seriousness of these concerns, First Capital brought these issues to the attention of the Ontario Securities Commission. Despite multiple requests, Ewing Morris has remained evasive and has failed to adequately respond to the questions raised by First Capital.

On October 4, 2022, Bernard McDonnell and Andrea Stephen met with John Ewing and Will Jones of Ewing Morris. Ewing Morris expressed support for First Capital’s CEO and neither Mr. Ewing nor Mr. Jones were prepared to address the substantive concerns raised by First Capital with the conduct of the Segal Group or to offer substantive feedback regarding First Capital’s corporate strategy. Ewing Morris did request that the Board drop its complaint with the Ontario Securities Commission and

consider the appointment of Darcy Morris and Kelly Marshall to the Board. Mr. Morris, who is a principal of Ewing Morris, has a significant economic interest in Project Degel. Mr. Marshall has a personal relationship with Mr. Segal and appears to be beholden to the interests of the Segal Group.

#### *First Capital is Focused on the Long-Term Interests of all Unitholders*

Our Board refreshment process has been and continues to be active and looks to achieve the necessary balance of skills and experience. Indeed, since 2018, five of our nine Trustees are newly appointed. It is disappointing that the Segal Group felt compelled to make a unilateral and unnecessary demand to install conflicted nominees versus ongoing engagement with the Board. The Board will continue to evaluate First Capital's governance in a manner that best serves all unitholders.

First Capital also highlights that the recently announced enhanced capital allocation and portfolio optimization plan is the result of deliberate work by the Board and management to consider how best to unlock value for the benefit of all unitholders in the near and long-term. The REIT is taking the steps necessary to monetize over \$1 billion of targeted assets while maintaining an attractive pipeline of development opportunities and redeploying capital to generate a more meaningful near-term impact.

#### **Advisors**

Kingsdale Advisors is acting as strategic shareholder advisor to First Capital. Gagnier Communications is acting as communications advisor to First Capital. Stikeman Elliott LLP is acting as legal counsel to the Board of Trustees. RBC Capital Markets is acting as financial advisor to First Capital.

#### **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.

#### **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 expectations related to the REIT's ongoing performance and enhanced capital allocation and portfolio optimization plan. 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:

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