

**FIRST CAPITAL REIT ANNOUNCES STRONG FOURTH QUARTER 2022 RESULTS  
WITH 36% GROWTH IN FFO PER UNIT**

**Toronto, Ontario (February 7, 2023)** - 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, 2022. The 2022 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).

*"We have proven the resilience of our portfolio and our team's ability to operate well through market cycles and events, as First Capital emerges from the challenges of the last several years with strong fourth quarter and full-year 2022 operational and financial results. Among our priorities for the year ahead is the continued execution of our Enhanced Capital Allocation and Portfolio Optimization Plan to further drive FFO per unit while at the same time strengthening our debt metrics," said Adam Paul, President & CEO. "This Plan is the outcome of a comprehensive and thorough review by Management and the Board on how best to unlock the value we have created in our real estate. We are encouraged that the Plan has been well received by the majority of our unitholders."*

**SELECTED FINANCIAL INFORMATION**

	Three months ended December 31		Year ended December 31	
	2022	2021	2022	2021
FFO <sup>(1)</sup> (\$ millions)	<b>\$80.5</b>	\$60.8	<b>\$263.2</b>	\$251.0
FFO per diluted unit <sup>(1)</sup>	<b>\$0.37</b>	\$0.28	<b>\$1.21</b>	\$1.14
Other gains and (losses) included in FFO (per diluted unit) <sup>(1)</sup>	<b>\$0.06</b>	(\$0.02)	<b>\$0.01</b>	\$0.06
Total Same Property NOI growth <sup>(1) (2)</sup>	<b>8.3%</b>	3.2%	<b>5.1%</b>	5.7%
Total portfolio occupancy <sup>(3)</sup>	<b>95.8%</b>	96.1%		
Total Same Property occupancy <sup>(1) (3)</sup>	<b>96.2%</b>	96.0%		
Net income (loss) attributable to unitholders (\$ millions)	<b>\$42.4</b>	\$28.6	<b>(\$160.0)</b>	\$460.1
Net income (loss) attributable to unitholders per diluted unit	<b>\$0.20</b>	\$0.13	<b>(\$0.73)</b>	\$2.08
Weighted average diluted units for FFO and net income (000s)	<b>215,098</b>	220,929	<b>218,162</b>	220,826

<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.

**ENHANCED CAPITAL ALLOCATION & PORTFOLIO OPTIMIZATION PLAN**

Over the course of 2022, First Capital successfully emerged from a global pandemic, delivered on its commitment to restore unitholder distributions, announced and began to execute upon its Enhanced Capital Allocation and Portfolio Optimization Plan (the "Plan"). Over a two-year period, the Plan aims to monetize over \$1 billion of low-

yielding and sought-after assets, where value enhancing goals have been achieved. This will reorient First Capital's portfolio by increasing short- to medium-term net operating income and FFO growth, while at the same time reducing debt and maintaining significant long term upside through a meaningful pipeline of development assets.

Execution of the Plan includes the following accomplishments to date:

- **Property Dispositions:** First Capital completed \$179.3 million of dispositions during the fourth quarter consisting of the Trust's remaining 50% non-managing interest in the residential component of King High Line located in Liberty Village, and a 25% interest in its Yonge & Roselawn development site located in mid-town Toronto.
- **Development Pipeline:** Consistent with the Plan, First Capital has continued to make progress on its development pipeline by creating a focused cycle of strategic monetization and investment opportunities. During the fourth quarter, development activities included the following:
  - Monetization/New Partnership: First Capital sold a 25% interest in its Yonge & Roselawn development site forming a partnership with Woodbourne Capital and a highly regarded institutional investor to transform this 2.1 acre site in midtown Toronto into a leading model for sustainable high-rise purpose-built rental and retail buildings in Canada.
  - Property Investments: First Capital invested \$46.5 million into its properties during the fourth quarter, primarily in development, redevelopment and strategic acquisitions. Investment activity included the acquisition of a 50% managing interest in 328 Bloor Street West, Toronto ("328 Bloor") for \$3.3 million. Currently improved with a two-storey, single-tenant retail building, 328 Bloor represents a strategic in-fill acquisition as it adds to First Capital's assembly at the intersection of Bloor Street West and Spadina Road.
- **Debt Reduction:** As of December 31, 2022, First Capital had improved its year over year net debt to Adjusted EBITDA ratio from 11.2x to 10.2x. First Capital is well positioned to continue to strengthen its financial position through debt reduction and an improving cost of capital over the long term, targeting a net debt to EBITDA ratio of less than 10x.

## GOVERNANCE UPDATE

First Capital announced today in a separate press release that it has appointed Paul C. Douglas as Chair of the REIT's Board of Trustees (the "Board") and Ira Gluskin as a Trustee effective immediately. Bernard McDonell has retired from the Board effective immediately, having served as a Trustee (previously Director) since 2007 and Lead Independent Director from 2011-2019 when he was appointed Chair. This announcement comes as part of the Board's ongoing strategic approach to refreshment and planned Chair succession process that balances the need for fresh perspectives with important historical continuity. Since 2019, 5 of the 9 trustees at First Capital, including the Chair, have joined the Board as part of ongoing refreshment efforts.

#### FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI increased 8.3% over the prior year period. The growth was primarily due to higher base rent and lease termination fees as well as a decrease in bad debt expense. Excluding bad debt expense and lease termination fees, Same Property NOI growth increased 0.8%.
- **Portfolio Occupancy:** On a quarter-over-quarter basis, total portfolio occupancy increased by 0.1%, to 95.8% at December 31, 2022, from 95.7% at September 30, 2022.
- **Lease Renewal Rate Increase:** During the quarter, net rental rates increased 9.9% on 711,000 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 the 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 \$22.95 per square foot, primarily due to renewal lifts and rent escalations. First Capital's average net rental rate has continued to reach record highs for the last 26 consecutive quarters.
- **FFO per Diluted Unit of \$0.37:** Funds From Operations increased \$19.7 million (\$0.10 per unit) over the same prior year period. The increase was primarily due to a year-over-year change in other gains (losses) and (expenses), totaling \$16.3 million (\$0.07 per unit), and a \$5.6 million (\$0.03 per unit), increase in NOI driven primarily by higher lease termination fees and lower bad debt expense. The year-over-year change in other gains (losses) and (expenses) includes a \$12.8 million (\$0.06 per unit) hedging gain related to the mortgage financing of the King High Line residential property. This hedging gain, which was incurred to the sole benefit of First Capital, was reclassified from accumulated other comprehensive income upon assumption of the mortgage by the purchaser at the time of disposition.
- **Net Income (Loss) Attributable to Unitholders:** For the three months ended December 31, 2022, First Capital recognized net income (loss) attributable to Unitholders of \$42.4 million or \$0.20 per diluted unit compared to \$28.6 million or \$0.13 per diluted unit for the same prior year period. The increase over prior year was primarily due to an increase in net operating income and other gains (losses) and (expenses) year-over-year, partially offset by higher corporate expenses and interest expense.

#### ANNUAL OPERATIONAL AND FINANCIAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI increased 5.1% over prior year. The growth was primarily due to higher base rent, lease termination fees, and variable revenue contributions as well as a decrease in bad debt expense. Excluding bad debt expense and lease termination fees, Same Property NOI growth increased 1.8%.

- **Portfolio Occupancy:** On a year-over-year basis, total portfolio occupancy decreased by 0.3%, to 95.8% at December 31, 2022, from 96.1% at December 31, 2021. The minor change in occupancy was principally a function of lower occupancy on acquired assets versus dispositions as well as a small amount of unoccupied development space coming on-line.
- **Lease Renewal Rate Increase:** Net rental rates for the year increased 9.5% on 2,615,000 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 increased 11.0% when comparing the 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 \$0.53 to \$22.95 per square foot representing year over year growth of 2.4%. The strong growth was primarily due to renewal lifts, rent escalations, and dispositions.
- **Property Investments:** First Capital invested \$225.7 million into its properties during 2022, primarily in development, redevelopment and strategic acquisitions.
- **Property Dispositions:** First Capital completed \$277.4 million of dispositions during 2022. Asset sales over the course of the year included a mix of those deemed to be non-core to FCR's long-term business objectives, as well as certain low-yielding assets in which the REIT had achieved its value-enhancing objectives. As at December 31, 2022, the Trust classified \$185.7 million of investment properties as held for sale.
- **Normal course issuer bid ("NCIB"):** Commencing in the second quarter of 2022, 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 at December 31, 2022, the REIT had repurchased 6.2 million trust units for approximately \$94.5 million.
- **Advancing ESG initiatives:** First Capital continued to demonstrate leadership in Environmental, Social and Governance ("ESG") matters throughout 2022, which included the following highlights:
  - Recognized as one of Canada's Top Small & Medium Employers 2022 for the third consecutive year and as one of Canada's 2022 Greenest Employers by Mediacorp Canada and the Globe and Mail
  - 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 consecutive year
  - Achieved "Prime Status" for Corporate ESG Performance by Institutional Shareholder Services for the third year in a row
  - Exceeded its stated three-year target of 9% decrease in GHG emissions intensity over a 2018 baseline, achieving a 12.7% reduction
  - Committed to installing EV charging facilities in all First Capital properties, where applicable (excludes properties slated for disposition or redevelopment) by the end of 2024. Currently 250 EV stations have been installed across 76 properties and the 2023 objective is to install an additional 200 EV stations by year-end

- Awarded The Outstanding Building of the Year Award ("TOBY") from BOMA Canada for 85 Hanna and Brooklin Town Centre
  - Raised more than \$196,000 for Kids Help Phone as part of FCR's Thriving Neighbourhoods Foundation's 2022 Commercial Real Estate Softball Classic baseball tournament and other staff led initiatives
  - Achieved a 4-Star Rating in the 2022 GRESB Real Estate Assessment with a score of 82
  - Continued growth in its longstanding Public Art Program, with a new installation at the Shops at King Liberty entitled "Biindigen" ("Welcome", in Anishinaabemowin) by Anishinaabe artist Que Rock
  - Announced that its 2030 greenhouse gas (GHG) reduction targets have been validated and approved by the Science Based Targets initiative (SBTi)
  - Initiated and led the inaugural Collaboration for Climate Action Forum, a co-operative property owner and tenant engagement forum to collaborate on the mutual goal of decarbonizing retail buildings in Canada
- **FFO per Diluted Unit of \$1.21:** FFO increased \$12.2 million, or \$0.07 per unit, over prior year. The increase was primarily due to a \$14.2 million (\$0.06 per unit), increase in NOI driven primarily by higher base rent and lower bad debt expense, and a \$9.2 million (\$0.04 per unit), increase in interest and other income. The increase was partially offset by a year-over-year decrease in other gains (losses) and (expenses), totaling \$11.2 million (\$0.05 per unit). In addition, unit repurchases through First Capital's NCIB resulted in a lower weighted average unit count, thus driving a further increase of \$0.01 in FFO per unit.
  - **Net Income (Loss) Attributable to Unitholders:** For the year ended December 31, 2022, First Capital recognized a net loss of (\$160.0) million or (\$0.73) per diluted unit compared to net income of \$460.1 million or \$2.08 per unit for the prior year. The decrease was primarily due to the recognition of a decrease in the fair value of investment property of \$409.7 million for the year ended December 31, 2022, versus an increase in the fair value of investment property of \$198.6 million for the year ended December 31, 2021.

## FINANCIAL AND OTHER HIGHLIGHTS

As at (\$ millions)	December 31	
	2022	2021
Total assets <sup>(1)</sup>	<b>\$9,582</b>	\$10,109
Assets held for sale <sup>(1)</sup>	<b>\$188</b>	\$151
Unencumbered assets <sup>(2)</sup>	<b>\$6,570</b>	\$7,394
Net Asset Value per unit	<b>\$23.48</b>	\$24.26
Population Density <sup>(3)</sup>	<b>300,000</b>	300,000
Net debt to total assets <sup>(2)(4)</sup>	<b>44.0%</b>	43.9%
Net debt to Adjusted EBITDA <sup>(2)</sup>	<b>10.2</b>	11.2
Weighted average term of fixed-rate debt (years) <sup>(2)</sup>	<b>3.4</b>	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.

## **SUBSEQUENT EVENTS**

### ***Alberta Neighbourhood Retail Portfolio - Mortgage Financing***

On January 26, 2023, First Capital secured \$233.7 million of mortgage financing against a portfolio of six Alberta neighbourhood retail properties. Carrying a term of ten-years, the mortgages are due in January 2033. The mortgage portfolio bears interest at an effective interest rate of 5.4% per annum, payable monthly commencing February 26, 2023.

## **MANAGEMENT CONFERENCE CALL AND WEBCAST**

First Capital invites you to participate at 2:00 p.m. (ET) on Wednesday, February 8, 2023, in a live conference call with senior management to discuss financial results for the fourth quarter and year ended December 31, 2022.

First Capital's financial statements and MD&A for the fourth 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 416-406-0743 or toll-free 1-800-898-3989 with access code 1317778#. The call will be accessible for replay until February 15, 2023, by dialing 905-694-9451 or toll-free 1-800-408-3053 with access code 5203702#.

### ***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 2022 Conference Call](#). The webcast will be accessible for replay in the 'Investors' section of the website.

## **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, 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	
	2022	2021	2022	2021
Net income (loss) attributable to Unitholders	\$ 42.4	\$ 28.6	\$ (160.0)	\$ 460.1
Add (deduct):				
(Increase) decrease in value of investment properties <sup>(1)</sup>	\$ 31.2	\$ (25.8)	\$ 410.5	\$ (181.5)
(Increase) decrease in value of hotel property <sup>(1)</sup>	\$ (6.9)	\$ 2.2	\$ (6.9)	\$ 1.1
Adjustment for equity accounted joint ventures <sup>(2)</sup>	\$ 0.8	\$ 0.4	\$ 2.7	\$ 2.5
Adjustment for capitalized interest related to equity accounted joint ventures <sup>(2)</sup>	\$ 0.8	\$ —	\$ 3.0	\$ —
Incremental leasing costs <sup>(3)</sup>	\$ 1.8	\$ 1.4	\$ 6.6	\$ 5.9
Amortization expense <sup>(4)</sup>	\$ 0.1	\$ 0.5	\$ 0.5	\$ 1.9
Transaction costs <sup>(5)</sup>	\$ —	\$ —	\$ 0.6	\$ —
Increase (decrease) in value of Exchangeable Units <sup>(6)</sup>	\$ 0.1	\$ 0.1	\$ (0.3)	\$ 0.5
Increase (decrease) in value of unit-based compensation <sup>(7)</sup>	\$ 4.4	\$ 2.5	\$ (5.3)	\$ 9.3
Gain on Option <sup>(8)</sup>	\$ —	\$ —	\$ —	\$ (80.8)
Investment property selling costs <sup>(1)</sup>	\$ 0.1	\$ 3.1	\$ 4.4	\$ 7.1
Deferred income taxes (recovery) <sup>(1)</sup>	\$ 5.8	\$ 47.8	\$ 7.3	\$ 24.8
<b>FFO</b>	<b>\$ 80.5</b>	<b>\$ 60.8</b>	<b>\$ 263.2</b>	<b>\$ 251.0</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 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.

<sup>(8)</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 execution and impact of the Enhanced Capital Allocation & 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 re-lease space at current or anticipated rents; development, intensification and acquisition activities; residential development, sales and leasing; risks in joint ventures; unitholder activism; 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, 2022 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, 2022 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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