First Capital REIT Remains Committed to Optimization Plan

Toronto, Ontario (February 13, 2023) - First Capital REIT ("**First Capital**" or the "**REIT**") has reaffirmed its commitment to its Enhanced Capital Allocation and Portfolio Optimization Plan (the "**Optimization Plan**"). The Optimization Plan is designed to unlock value for all unitholders by driving growth in FFO per unit and at the same time strengthening the REIT's debt metrics.

Optimization Plan and Other Initiatives Already Yielding Impactful Results

The global pandemic had a considerable and adverse impact on urban retail real estate. First Capital, despite its strong operating performance through COVID-19, was not immune to these forces. Through this difficult period, the board of trustees (the "**Board**") and management remained disciplined and focused on positioning the REIT to capitalize on strategic opportunities coming out of the pandemic, and First Capital is delivering in this regard. Over the course of the past year the REIT specifically initiated and began to implement a series of deliberate unitholder focused initiatives.

These initiatives include:

- The implementation of a normal course issuer bid ("**NCIB**") in May 2022.
- The full reinstatement of First Capital's monthly distribution in September 2022, as promised in January 2021.
- The approval and implementation of the Optimization Plan in September 2022.

Collectively the unitholder-focused initiatives, along with strong underlying operating performance in leasing have delivered the following:

- Strong growth in 2022 Funds From Operations[1] per unit to $1.21, representing an increase of 6% over $1.14 earned in 2021.
- The repurchase of 6.2 million trust units at a weighted average price of $15.14, equating to a 36% discount to the REITs' December 31, 2022 Net Asset Value per unit of $23.48, for a total investment of approximately $95 million.
- A significant reduction in First Capital's Net Debt to Adjusted EBITDA multiple[2], to 10.2x as at December 31, 2022 versus 11.2x one-year prior.

These steps have been well-received by market participants, including unitholders, equity analysts and credit rating agencies. Over the course of 2022 and early 2023, credit rating agencies have positively revised their outlooks to reflect First Capital's strong financial position and promising future.

Since the implementation of these unitholder-focused initiatives, commencing with the NCIB, First Capital's total unitholder return profile has significantly outperformed its peer set, as well as the S&P/TSX Capped REIT Index and the broader market, as summarized in the table below:

[1] *Refer to "Non-IFRS Financial Measures" section of this press release.*
[2] *Refer to "Non-IFRS Financial Measures" section of this press release.*

Total Return – May 16, 2022[1] to February 10, 2023

	First Capital REIT	Peer Set[2]	S&P/TSX Capped REIT Index	S&P/TSX Composite Index
Total return	24.4%	0.7%	1.7%	5.1%

Source: Bloomberg
[1]Date of NCIB announcement.
[2]Peer set includes Canadian larger-cap retail REITs, including Choice Properties REIT, Crombie REIT, CT REIT, Riocan REIT and SmartCentres REIT.

Focused on Realizing the Intrinsic Value From the Property Portfolio

The Board, with the input of its financial advisors, has regularly considered ways to realize and unlock, for the benefit of First Capital's unitholders, the substantial value of its exceptional property portfolio. The Board is pleased with the success of the Optimization Plan to date, and the pipeline of conditional and work-in-progress transactions. The Board has actively considered a wide range of alternatives, including an entity-level or *en bloc* portfolio sale, and it will continue to do so over time. Current credit market conditions and capital flows across the real estate sector are most conducive to executing upon smaller transactions with highly targeted buyers, as opposed to larger portfolio or other transactions. As a result, the Board remains committed to the Optimization Plan and a focused, disciplined approach with a view to maximizing value creation for the benefit of all unitholders.

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.

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 per unit and Net Debt to EBITDA multiple. 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. For full definitions of these measures, please refer to the "Non-IFRS Financial Measures" section in First Capital's MD&A for the year ended December 31, 2022.

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.

Net Debt

Net debt is a measure used by Management in the computation of certain debt metrics, providing information with respect to certain financial ratios used in assessing First Capital's debt profile. Net debt is calculated as the sum of principal amounts outstanding on credit facilities and mortgages, bank indebtedness and the par value of senior unsecured debentures reduced by the cash balances at the end of the period on a proportionate basis.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA") is a measure used by Management in the computation of certain debt metrics. Adjusted EBITDA, is calculated as net income, adding back income tax expense, interest expense and amortization and excluding the increase or decrease in the fair value of investment properties, fair value gains or losses on Exchangeable Units, fair value gains or losses on unit-based compensation and other non-cash or non-recurring items on a proportionate basis. FCR also adjusts for incremental leasing costs, which is a recognized adjustment to FFO, in accordance with the recommendations of REALPAC. Management believes Adjusted EBITDA is useful in assessing the Trust's ability to service its debt, finance capital expenditures and provide for distributions to its Unitholders.

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 **0**		**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 [1]	**$**	**31.2**	$	(25.8)	**$**	**410.5**	$	(181.5)
(Increase) decrease in value of hotel property [1]	**$**	**(6.9)**	$	2.2	**$**	**(6.9)**	$	1.1
Adjustment for equity accounted joint ventures [2]	**$**	**0.8**	$	0.4	**$**	**2.7**	$	2.5
Adjustment for capitalized interest related to equity accounted joint ventures [2]	**$**	**0.8**	$	—	**$**	**3.0**	$	—
Incremental leasing costs [3]	**$**	**1.8**	$	1.4	**$**	**6.6**	$	5.9
Amortization expense [4]	**$**	**0.1**	$	0.5	**$**	**0.5**	$	1.9
Transaction costs [5]	**$**	**—**	$	—	**$**	**0.6**	$	—
Increase (decrease) in value of Exchangeable Units [6]	**$**	**0.1**	$	0.1	**$**	**(0.3)**	$	0.5
Increase (decrease) in value of unit-based compensation [7]	**$**	**4.4**	$	2.5	**$**	**(5.3)**	$	9.3
Gain on Option [8]	**$**	**—**	$	—	**$**	**—**	$	(80.8)
Investment property selling costs [1]	**$**	**0.1**	$	3.1	**$**	**4.4**	$	7.1
Deferred income taxes (recovery) [1]	**$**	**5.8**	$	47.8	**$**	**7.3**	$	24.8
FFO	**$**	**80.5**	$	60.8	**$**	**263.2**	$	251.0

[1] *At FCR's proportionate interest.*

[2] *Adjustment related to FCR's equity accounted joint ventures in accordance with the recommendations of REALPAC.*

[3] *Adjustment to capitalize incremental leasing costs in accordance with the recommendations of REALPAC.*

[4] *Adjustment to exclude hotel property amortization in accordance with the recommendations of REALPAC.*

[5] *Adjustment to exclude transaction costs incurred as part of a business combination in accordance with the recommendations of REALPAC.*

[6] *Adjustment to exclude distributions and fair value adjustments on Exchangeable Units in accordance with the recommendations of REALPAC.*

[7] *Adjustment to exclude fair value adjustments on unit-based compensation plans in accordance with the recommendations of REALPAC.*

[8] *Adjustment to exclude the gain on option in accordance with the recommendations of REALPAC.*

Net Debt to Adjusted EBITDA multiple

The Following table reconciles Net Debt to Total Debt for the years ended December 31, 2022 and 2021:

As at		**December 31, 2022**		December 31, 2021
Liabilities (principal amounts outstanding)				
Bank indebtedness	**$**	**1,594**	$	2,476
Mortgages [1]		**1,235,767**		1,216,872
Credit facilities [1]		**1,098,235**		893,958
Senior unsecured debentures		**1,900,000**		2,350,000
Total Debt [1]	**$**	**4,235,596**	$	4,463,306
Cash and cash equivalents [1]		**(39,827)**		(37,512)
Net Debt [1] [2]	**$**	**4,195,769**	$	4,425,794

[1] At First Capital's proportionate interest. Refer to the "Non-IFRS Financial Measures" section of the REIT's MD&A for the year ended December 31, 2022.

[2] Net Debt is a non-IFRS measure that is calculated as the sum of total debt including principal amounts outstanding on credit facilities and mortgages, bank indebtedness and the par value of senior unsecured debentures reduced by the cash balances at the end of the period on a proportionate basis.

[3] Equity market capitalization is the market value of FCR's units outstanding at a point in time. The measure is not defined by IFRS, does not have a standard definition and, as such, may not be comparable to similar measures disclosed by other issuers.

The following table reconciles First Capital's net income (loss) to Adjusted EBITDA for the three months and years ended December 31, 2022 and 2021:

	Three months ended December 31		Year ended December 31	
	2022	2021 **2**	**2022**	2021
Net income (loss) attributable to Unitholders	**$ 42,372**	$ 28,629	**$ (159,997)**	$ 460,131
Add (deduct) [1]:				
Deferred income tax expense (recovery)	**5,849**	47,773	**7,287**	24,782
Interest Expense	**39,637**	37,941	**152,930**	154,013
Amortization expense	**2,100**	1,850	**8,364**	8,473
(Increase) decrease in value of investment properties	**31,184**	(25,833)	**410,474**	(181,490)
(Increase) decrease in value of hotel property	**(6,908)**	2,161	**(6,908)**	1,122
Increase (decrease) in value of Exchangeable Units	**102**	140	**(321)**	548
Increase (decrease) in value of unit-based compensation	**4,386**	2,528	**(5,250)**	9,286
Incremental leasing costs	**1,764**	1,448	**6,626**	5,859
Abandoned transaction (costs) recovery	**122**	146	**(2,770)**	248
Other non-cash and/or non-recurring items	**(12,658)**	6,696	**2,590**	(87,303)
Adjusted EBITDA [1]	**$ 107,950**	$ 103,479	**$ 413,025**	$ 395,669

[1] At First Capital's proportionate interest. Refer to the "Non-IFRS Financial Measures" section of the REIT's MD&A for the year ended December 31, 2022.

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 anticipated execution and impact of the Optimization Plan, potential alternatives to the Optimization Plan and the anticipated benefits such as unlocking value for all unitholders, driving growth in FFO per unit and strengthening the REIT's debt metrics. 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, 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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