First Capital REIT continues to execute Portfolio Optimization Plan with $184 Million of Dispositions

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Toronto, Ontario (April 11, 2023) – First Capital REIT ("First Capital", "FCR" or the "REIT") (TSX: FCR.UN) announced today that it has entered into firm agreements to sell four properties including, (i) the Hazelton Hotel, together with its 50% interest in ONE Restaurant, located in Toronto's Yorkville neighbourhood to Hennick & Company; (ii) 5051 Yonge Street, a residential condominium development site located in North York (Toronto) at Hillcrest Avenue ("Hillcrest"); (iii) a residential development site of the final phase of the intensification at Wilderton Shopping Centre ("Wilderton"), located in Montreal and (iv) 5146-5164 Queen Mary Road ("Carre Queen Mary"), located in Montreal.

Having an aggregate gross sales price of $184 million, these transactions collectively advance FCR's Enhanced Capital Allocation and Portfolio Optimization Plan (the "Optimization Plan" or the "Plan"), which was announced in September 2022. The aggregate selling price of the assets, all of which are unencumbered, exceeds their IFRS value by approximately 18%[1]. Collectively, these assets generated $6.1 million of 2022 or "run-rate" Net Operating Income[2] representing a 3.3% yield on the aggregate sales price, and they are expected to generate comparable NOI in 2023. The sale of these lower-yielding assets in which First Capital's value-enhancing objectives have been achieved is consistent with the objectives of the Optimization Plan.

Upon completion of these separate transactions, First Capital will have monetized approximately $360 million of the more than $1 billion of assets targeted for disposition by year-end 2024, where value-enhancing goals have been achieved, congruent with the objectives of the Plan. The weighted-average run-rate NOI yield on announced asset sales to date is less than 3.0%.

Adam Paul, President and CEO of First Capital said, "The successful continuation of our Portfolio Optimization Plan first outlined last September remains a top priority. Our Plan remains well on track with today's announcement bringing total dispositions to approximately 36% of the two-year target and demonstrating significant incremental value and future potential for First Capital's unitholders".

The Plan aims to unlock value through the monetization of targeted low-yielding assets in which value-enhancing goals have been achieved, while maintaining an attractive pipeline of development opportunities and redeploying capital to generate a more meaningful near-term impact. Consistent with the objectives of the Plan, the transactions announced today are accretive to FFO and NAV per unit, and they are also expected to favourably impact key debt metrics, including Net Debt to Adjusted EBITDA.

Additional details related to the assets being sold include:

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[1]IFRS value as of December 31, 2022. The aggregate sales price exceeds the assets' aggregate June 30, 2022 IFRS value by approximately 20%, being the IFRS fair value prior to the Plan's announcement.
[2]Based upon calendar 2022 actual results for the Hazelton Hotel and ONE Restaurant as each have seasonal earnings profiles, and fourth quarter 2022 annualized run-rate Net Operating Income for the investment properties.

Hazelton Hotel

First Capital has agreed to sell the Hazelton Hotel and its interest in ONE Restaurant for $110 million to Hennick & Company, a private firm that invests in high-quality real estate assets that it can own for the long-term as well as well-managed, growth-oriented operating businesses. Hennick & Company was one of the original owners of the prestigious property. The REIT acquired an initial 60% equity interest in the hotel in July 2018 and the remaining 40% in October 2020 and subsequently acquired its 50% interest in ONE Restaurant in January 2022.

The Hazelton Hotel is the top performing five-star hotel in Canada. The landmark property includes 77 hotel suites, 11,250 square feet of high-end retail space along Yorkville Avenue, meeting and banquet spaces, the renowned Spa by Valmont, ONE Restaurant and 67 underground parking stalls. It is also Canada's first and only independent luxury boutique properties to receive the coveted Forbes Five Star designation and is one of the Leading Hotels of the World.

The Hazelton is located adjacent to First Capital's Yorkville Village Shopping Centre and 138 Yorkville, a significant development site (33%-owned by FCR) that includes a planned residential condominium and retail podium that will be integrated into Yorkville Village Shopping Centre. Through the ownership of the of the hotel, First Capital was able to create an enhanced development plan adjacent to the property thereby creating significant incremental density and value. With its strategic objectives now met, the monetization of the Hazelton and ONE Restaurant more than meets our objectives while freeing up capital to continue to drive growth and value for First Capital unitholders.

5051 Yonge Street ("Hillcrest")

5051 Yonge Street has a long operating history as a multi-level retail centre and is accordingly classified as an income producing property for financial reporting purposes. Over time, Hillcrest's location on Yonge Street within the rapidly evolving, transit-connected North York Centre, made it an ideal candidate for intensification and conversion into a high-rise development site. As part of First Capital's 24 million square feet entitlements program, FCR initiated work on an Official Plan and Zoning By-Law Amendment application for the property that was submitted in December 2020. During this ongoing process, First Capital was able to successfully remove lease encumbrances that might otherwise have prevented the near-term redevelopment of Hillcrest, thus accelerating FCR's ability to monetize the property based on parameters that meet the objectives of the Plan.

Wilderton

First Capital recently completed a major redevelopment of Wilderton, including the total demolition of the former shopping centre and construction of a new low-rise primarily retail building as well as a grocery-anchored, mixed-use building anchored by Metro, with a major residential component in the form of a seniors housing community. As part of the REIT's entitlements program, the 1.5 acre northern portion of the site was rezoned to provide for the development of approximately 200,000 square feet of primarily residential density. First Capital has entered into an agreement to sell this density to an established local residential developer.

Carre Queen Mary

Carre Queen Mary is a small apartment building with ground floor retail. First Capital identified the property as a potential disposition candidate as it is an outlier amongst its portfolio of primarily grocery and pharmacy anchored shopping centres in Greater Montreal and it is located in a non-strategic node for the REIT. Through active asset management, including the renewal of a key retail lease and façade upgrades, FCR was able to increase both retail and residential rents now enabling it to achieve value-enhancing goals and monetize the asset in accordance with the objectives of the Plan.

The four transactions are scheduled to close between late Q2 through the third quarter of 2023, and they remain subject to certain closing conditions typical for transactions of their type.

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.

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	**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	**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 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 and anticipated accretive impact on NAV and FFO per unit resulting from the sale of FCR's interest in certain properties. 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, the ability of First Capital to close the disposition transactions, 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, 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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