FIRST CAPITAL

FIRST CAPITAL REIT ANNOUNCES SOLID FIRST QUARTER 2023 RESULTS SUPPORTED BY 4% SAME-PROPERTY NOI GROWTH

Toronto, Ontario (May 2, 2023) - First Capital Real Estate Investment Trust ("First Capital" or the "Trust") (TSX: FCR.UN), announced today financial results for the quarter ended March 31, 2023. The 2023 First Quarter Report is available in the Investors section of the Trust's website at www.fcr.ca and has been filed on SEDAR at www.sedar.com.

"We are pleased with First Capital's solid first quarter operating results, which were underpinned by strength in leasing, occupancy and NOI growth metrics," said Adam Paul, President & CEO. "Executing our Optimization Plan remains a top strategic priority and we are pleased with our progress of more than $360 million of our $1 billion disposition target, at pricing that exceeds their aggregate IFRS carrying value. Continued execution of the Plan, through the monetization of specific assets in which our short-medium term value enhancing objectives have been achieved, will further drive FFO per unit growth, while simultaneously strengthening First Capital's debt metrics."

SELECTED FINANCIAL INFORMATION

	Three months ended March 31	
	2023	2022
FFO [1] [2] ($ millions)	**$53.5**	$54.8
FFO per diluted unit [1] [2]	**$0.25**	$0.25
Other gains and (losses) included in FFO (per diluted unit) [1]	**$0.00**	($0.03)
Total Same Property NOI growth [1] [3]	**4.0%**	1.9%
Total portfolio occupancy [4]	**96.2%**	95.5%
Total Same Property occupancy [1] [4]	**96.3%**	95.9%
Net income (loss) attributable to unitholders ($ millions)	**$48.7**	$44.5
Net income (loss) attributable to unitholders per diluted unit	**$0.23**	$0.20
Weighted average diluted units for FFO and net income (000s)	**215,262**	220,906

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

[2] *For the three months ended March 31, 2023 FFO includes approximately $7 million or 3 cents per unit (March 31, 2022 - Nil) of non-recurring costs related to the Unitholder activism.*

[3] *Prior periods as reported; not restated to reflect current period categories.*

[4] *As at March 31.*

FIRST QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI increased 4.0% over the prior year period. The growth was primarily due to higher base rent and variable revenues.

- **Portfolio Occupancy:** On a quarter-over-quarter basis, total portfolio occupancy increased by 0.4%, to 96.2% at March 31, 2023, from 95.8% at December 31, 2022 due to net openings. On a year-over-year basis, total portfolio occupancy increased 0.7% from 95.5% at March 31, 2022 to 96.2% at March 31, 2023.
- **Lease Renewal Rate Increase**: During the quarter, net rental rates increased 9.3% on a volume of 650,000 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 10.8% 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 0.5% or $0.11 per square foot over the prior quarter to $23.06 per square foot, primarily due to rent escalations and renewal lifts. First Capital's average net rental rate has continued to reach record highs for the last 27 consecutive quarters.
- **Property Investments:** First Capital invested $49.9 million into its properties during the first quarter, primarily through development, redevelopment and a strategic acquisition in Toronto. In January, First Capital acquired a 50% interest in 320-326 Bloor Street West, Toronto, for $15.7 million. The acquisition completes First Capital's assembly at the northeast corner of Bloor Street West and Spadina Road and accordingly has submitted a rezoning application seeking approximately 336,000 square feet of mixed-use high-rise density as part of the Trust's entitlements program.
- **Enhanced Capital Allocation and Portfolio Optimization Plan:** First Capital continues to execute on the Portfolio Optimization Plan with an additional $184 million of impending dispositions. On April 11, 2023, FCR announced 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; (ii) 5051 Yonge Street, a residential condominium development site located in North York (Toronto) at Hillcrest Avenue; (iii) a residential development site of the final phase of the intensification at Wilderton Shopping Centre, located in Montreal and (iv) 5146-5164 Queen Mary Road, located in Montreal. Collectively, these assets represent a 3.3% yield on the aggregate sales price. To date, First Capital has completed or has under firm agreement, $360 million of dispositions with a cumulative yield of less than 3% under the Plan.
- **FFO per Diluted Unit of $0.25:** Funds From Operations of $53.5 million decreased $1.3 million year-over-year, while FFO per unit of $0.25 remained consistent over the prior year period. Operating results included a $3.3 million ($0.02 per unit) increase in NOI driven primarily by higher base rent and variable revenues. NOI growth was more than offset by a year-over-year increase in corporate expenses totaling $8.7 million ($0.04 per unit), which included approximately $7 million in legal, advisory and settlement costs related to the Unitholder activism incurred during the quarter ended March 31, 2023. First quarter other gains (losses) and expenses of ($0.2 million) were $6.6 million ($0.03 per unit), lower on a year-over-year basis.

- **Net Income (Loss) Attributable to Unitholders:** For the three months ended March 31, 2023, First Capital recognized net income (loss) attributable to Unitholders of $48.7 million or $0.23 per diluted unit compared to $44.5 million or $0.20 per diluted unit for the prior year period. The increase over prior year was primarily due to a $8.0 million decrease in income tax expense, and an increase in the fair value of hotel property of $3.6 million, partially offset by a decrease in the fair value of investment properties of $8.2 million.

FINANCIAL AND OTHER HIGHLIGHTS

As at	March 31		December
($ millions)	**2023**	2022	2022
Total assets [(1)]	**$9,642**	$10,194	$9,582
Assets held for sale [(1)]	**$327**	$253	$188
Unencumbered assets [(2)]	**$6,254**	$7,485	$6,570
Net Asset Value per unit	**$23.48**	$24.55	$23.48
Population Density [(3)]	**300,000**	300,000	300,000
Net debt to total assets [(2)(4)]	**44.6%**	43.8%	44.0%
Net debt to Adjusted EBITDA [(2)]	**10.4 / 10.2** [(5)]	11.1	10.2
Weighted average term of fixed-rate debt (years) [(2)]	**3.5**	4.0	3.4

(1) *Presented in accordance with IFRS.*
(2) *Reflects joint ventures proportionately consolidated.*
(3) *The portfolio's average population density within a five kilometre radius of its properties.*
(4) *Total assets excludes cash balances.*
(5) *Net debt to Adjusted EBITDA was 10.4x as at March 31, 2023. Excluding non-recurring costs related to Unitholder activism, the ratio was 10.2x.*

GOVERNANCE UPDATE: BOARD COMMITTEES

Following the election of the Board of Trustees at the REIT's annual and special meeting of unitholders on April 11, 2023, the committees of the Board have been constituted as follows.

- **Audit Committee:** Al Mawani will continue to serve as Chair of the Audit Committee and Leonard Abramsky, Ian Clarke, Dayna Gibbs, Ira Gluskin and Richard Nesbitt have been appointed as Audit Committee members.
- **Compensation Committee:** Annalisa King has been appointed as Chair of the Compensation Committee and Leonard Abramsky, Sheila Botting, Ian Clarke and Ira Gluskin have been appointed as Compensation Committee members.
- **Corporate Governance Committee:** Paul Douglas has been appointed as Chair of the Corporate Governance Committee and Sheila Botting, Dayna Gibbs, Annalisa King, Al Mawani and Richard Nesbitt have been appointed as Corporate Governance Committee members.

SUBSEQUENT EVENTS

Planned Dispositions

On April 11, 2023, the Trust announced that it had entered into firm agreements to sell four properties, including the Hazelton Hotel together with its 50% interest in the ONE Restaurant, for an aggregate gross sales price of $184 million.

MANAGEMENT CONFERENCE CALL AND WEBCAST

First Capital invites you to participate at 2:00 p.m. (ET) on Wednesday, May 3, 2023, in a live conference call with senior management to discuss financial results for the first quarter ended March 31, 2023.

First Capital's financial statements and MD&A for the first quarter will be released prior to the call and will be available on its website at www.fcr.ca in the 'Investors' section, and on the Canadian Securities Administrators' website at 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 6415917#. The call will be accessible for replay until May 10, 2023, by dialing 905-694-9451 or toll-free 1-800-408-3053 with access code 3535747#.

Webcast

To access the live audio webcast and conference call presentation, please go to First Capital's website or click on the following link Q1 2023 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 March 31			
		2023		2022
Net income (loss) attributable to Unitholders	**$**	**48.7**	$	44.5
Add (deduct):				
(Increase) decrease in value of investment properties [1]	**$**	**6.6**	$	(1.6)
(Increase) decrease in value of hotel property [1]	**$**	**(3.6)**	$	—
Adjustment for equity accounted joint ventures [2]	**$**	**1.4**	$	0.7
Adjustment for capitalized interest related to equity accounted joint ventures [2]	**$**	**0.8**	$	0.7
Incremental leasing costs [3]	**$**	**2.0**	$	1.6
Amortization expense [4]	**$**	**0.1**	$	0.2
Transaction costs [5]	**$**	**—**	$	0.6
Increase (decrease) in value of Exchangeable Units [6]	**$**	**(0.1)**	$	(0.1)
Increase (decrease) in value of unit-based compensation [7]	**$**	**(2.5)**	$	(0.4)
Investment property selling costs [1]	**$**	**0.1**	$	0.7
Deferred income taxes (recovery) [1]	**$**	**(0.2)**	$	7.9
FFO	**$**	**53.5**	$	54.8

(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.*

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.

As at *($ millions)*	**March 31, 2023**	December 31, 2022
Liabilities (principal amounts outstanding)		
Bank indebtedness	**$ —**	$ 1.6
Mortgages [1]	**1,460.6**	1,235.8
Credit facilities [1]	**971.9**	1,098.2
Senior unsecured debentures	**1,900.0**	1,900.0
Total Debt [1]	**$ 4,332.4**	$ 4,235.6
Cash and cash equivalents [1]	**(84.4)**	(39.8)
Net Debt [1] [2]	**$ 4,248.0**	$ 4,195.8
Exchangeable Units	**0.9**	1.0
Equity market capitalization [3]	**3,341.8**	3,589.2
Enterprise value [1]	**$ 7,590.8**	$ 7,786.0
Trust Units outstanding (000's)	**212,449**	213,518
Closing market price	**$ 15.73**	$ 16.81

[1] *At First Capital's proportionate interest.*
[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.*

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

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.

The following table reconciles First Capital's net income (loss) to Adjusted EBITDA for the three months ended March 31, 2023 and 2022:

($ millions)	Three months ended March 31	
	2023	2022
Net income (loss) attributable to Unitholders	**$ 48.7**	$ 44.5
Add (deduct) [1]:		
Deferred income tax expense (recovery)	**(0.2)**	7.9
Interest Expense	**38.3**	36.7
Amortization expense	**2.7**	2.1
(Increase) decrease in value of investment properties	**6.6**	(1.6)
(Increase) decrease in value of hotel property	**(3.6)**	—
Increase (decrease) in value of Exchangeable Units	**(0.1)**	(0.1)
Increase (decrease) in value of unit-based compensation	**(2.5)**	(0.4)
Incremental leasing costs	**2.0**	1.6
Other non-cash and/or non-recurring items	**0.3**	8.1
Adjusted EBITDA [1]	**$ 92.4**	$ 98.8

[1] *At First Capital's proportionate interest.*

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; 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.

* * * *

For further information:

Adam Paul
President & CEO
(416) 216-2081
adam.paul@fcr.ca

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

www.fcr.ca

TSX: FCR.UN