FIRST CAPITAL REIT ANNOUNCES STRONG SECOND QUARTER 2023 RESULTS

UNDERPINNED BY CONTINUED STRENGTH IN LEASING AND EXECUTION OF CAPITAL ALLOCATION PLAN

Toronto, Ontario (August 1, 2023) - First Capital Real Estate Investment Trust (“First Capital" or the "Trust") (TSX: FCR.UN), announced solid financial results for the quarter ended June 30, 2023. The 2023 Second 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.

KEY HIGHLIGHTS FROM THE SECOND QUARTER:

- ***FFO per unit of $0.30, representing year-over-year growth of 7.6%***
- ***Strong leasing activity, including lease renewal spreads of 14%***
- ***Announces $91 million of new dispositions, bringing the total under the Plan to approximately $460 million***

“Our high-quality, grocery-anchored retail portfolio delivered another quarter of solid results, including 8% growth in FFO per unit, supported by sustained strength in leasing and continued execution of our capital allocation initiatives” said Adam Paul, President & CEO.

“Including those announced today, total dispositions under the Plan are now approximately $460 million or 46% of our target at pricing that is, in aggregate, at a 17% premium to IFRS carrying values”. Paul continued, “The continued execution of the Plan, particularly the monetization of zoned density, remain important elements of our objectives of driving FFO per unit growth, while simultaneously strengthening First Capital’s debt metrics.”

SELECTED FINANCIAL INFORMATION

	Three months ended June 30		Six months ended June 30	
	2023	2022	**2023**	2022
FFO [1] [2] ($ millions)	**$63.8**	$61.2	**$117.3**	$116.0
FFO per diluted unit [1] [2]	**$0.30**	$0.28	**$0.55**	$0.53
Other gains and (losses) included in FFO (per diluted unit) [1]	**$0.00**	($0.01)	**$0.00**	($0.04)
Total Same Property NOI growth [1] [3]	**2.2%**	6.0%	**3.0%**	4.0%
Total portfolio occupancy [4]	**95.9%**	95.6%		
Total Same Property occupancy [1] [4]	**95.9%**	95.7%		
Increase (decrease) in value of investment properties, net	**($105.6)**	($108.6)	**($112.9)**	($107.6)
Net income (loss) attributable to unitholders ($ millions)	**($29.0)**	($42.1)	**$19.7**	$2.4
Net income (loss) attributable to unitholders per diluted unit	**($0.14)**	($0.19)	**$0.09**	$0.01
Weighted average diluted units for FFO and net income (000s)	**214,056**	220,812	**214,648**	220,829

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

[2] *For the six months ended June 30, 2023 FFO includes approximately $7 million or 3 cents per unit (June 30, 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 June 30.*

FIRST CAPITAL

ENHANCED CAPITAL ALLOCATION & PORTFOLIO OPTIMIZATION PLAN

First Capital continues to execute on the Portfolio Optimization Plan to monetize over $1 billion by the end of 2024 of low-yielding assets where value enhancing goals have been achieved in order to reorient its portfolio by increasing short-to medium-term FFO growth while continuing to reduce debt. To date, First Capital has completed or has under firm agreement, approximately $460 million of dispositions under the Plan, with a cumulative in-place yield that is less than 3%.

Execution of the Plan progressed well during and subsequent to the quarter as summarized below:

- **Property Dispositions:** First Capital completed or entered into firm agreements for property dispositions of approximately $213 million, consisting of:
  - $122 million of previously announced dispositions completed during the quarter, including (i) the Hazelton Hotel, together with its 50% interest in ONE Restaurant, located in Toronto and (ii) 5146-5164 Queen Mary Road, located in Montreal, and
  - $91 million of new dispositions being announced today that are subject to firm agreements entered into by the Trust which include (i) remaining development land at Place Panama, located in Brossard (ii) Yonge-Davis Centre, located in Newmarket and (iii) 30, 30A Hazelton Avenue, located in Toronto. The aggregate sales price of these three properties reflects a 40% premium to their IFRS carrying value. The properties are debt-free and subject to all-cash purchase agreements with scheduled closing dates ranging from August 2023 to January 2024.
- **Property Investments:** First Capital invested approximately $120 million into its properties during the second quarter, primarily through development, redevelopment and a strategic acquisition of the land under its Centre Commercial Maisonneuve property in Montreal for $55 million, in which it held a leasehold interest since 2003 that was set to expire. The Centre is a highly productive and exceptionally well-located open-air shopping centre, anchored by Canadian Tire and Loblaws. The tenant leases at the Centre were set to expire contemporaneously with the land lease, which provided an opportunity for First Capital to create significant value. During 2023, First Capital entered into a conditional agreement to acquire the land based on fair market value for the site as vacant. During the conditional period, First Capital negotiated new lease agreements with all the major tenants at market rents which tripled the weighted average net rent at the Property resulting in immediate value creation, consistent with the capital allocation objectives of the Plan.

SECOND QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI increased 2.2% 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 decreased, as expected by 0.3%, to 95.9% at June 30, 2023, from 96.2% at March 31, 2023 primarily due to the closures of two large

tenants whose rents were below market, namely, Nordstrom Rack at One Bloor East and Walmart at Westmount Shopping Centre which collectively represent nearly 70 basis points of portfolio vacancy. On a year-over-year basis, total portfolio occupancy increased 0.3% from 95.6% at June 30, 2022 to 95.9% at June 30, 2023.

- **Lease Renewal Rate Increase**: During the quarter, net rental rates increased 14.0% on a volume of 510,000 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 16.0% when comparing the average rental rate over the renewal term to the rental rate in the last year of the expiring term.
- **Average Net Rental Rate**: The portfolio average net rental rate decreased by 0.4% or $0.09 per square foot over the prior quarter to $22.97 per square foot, primarily due to net closures, including Nordstrom Rack at One Bloor East as well as temporary tenants and dispositions, partially offset by rent escalations and renewal lifts.
- **Normal course issuer bid ("NCIB"):** During the second quarter, First Capital received TSX approval to renew its NCIB pursuant to which it may repurchase and cancel up to 10% of its public float or 21.1 million units until May 17, 2024. Since instituting the NCIB in May 2022, the REIT has repurchased, cumulatively, 7.8 million trust units for approximately $118.1 million as of June 30, 2023.
- **Balance Sheet and Liquidity**: Excluding non-recurring costs related to Unitholder activism, First Capital's June 30, 2023 net debt to Adjusted EBITDA multiple was 10.1x, an improvement from 10.9x at June 30, 2022. First Capital's June 30, 2023 liquidity position was $938 million, including $796 million of availability on revolving credit facilities and $142 million of cash on a proportionate basis. In June 2023, First Capital extended the maturity date of its $450 million unsecured revolving operating facility by one-year, to June 30, 2028.
- **Advancing ESG initiatives:** First Capital continued to demonstrate leadership in Environmental, Social and Governance (“ESG”) matters throughout the second quarter, which included the following highlights:
    - Released its 2022 ESG Report (FCR's 13th annual report) which presents the material issues and impacts of ESG activities for the past fiscal year as well as its assurance report on selected sustainability performance indicators
    - Achieved a 9% reduction in Scope 1 & 2 GHG emissions since 2019 base year (2019-2022)
    - Awarded Outstanding Building of the Year ("TOBY") for the Barrymore Building in Liberty Village at the 2023 BOMA Toronto Awards
    - Awarded the TOBY for 85 Hanna Ave. in Liberty Village at the 2023 BOMA International Awards
    - Completed its Board refreshment with three new Trustees and reconstituted the Board committees
- **FFO per Diluted Unit of $0.30:** Funds From Operations of $63.8 million increased $2.5 million, or $0.02 per unit, over the prior year period. The increase was primarily driven by a year-over-year increase in other gains

(losses) and (expenses), totaling $3.9 million ($0.02 per unit). This was largely offset by a year-over-year increase in interest expense and corporate G&A, collectively totaling $2.9 million ($0.01 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 approximately $0.01 in FFO per unit.

- **Net Income (Loss) Attributable to Unitholders:** For the three months ended June 30, 2023, First Capital recognized net income (loss) attributable to Unitholders of ($29.0) million or ($0.14) per diluted unit compared to ($42.1) million or ($0.19) per diluted unit for the prior year period. The net income increase over prior year was primarily due to a $12.8 million decrease in deferred income tax expense.

FINANCIAL AND OTHER HIGHLIGHTS

As at	June 30		December
($ millions)	**2023**	2022	2022
Total assets [1]	**$9,597**	$10,057	$9,582
Assets held for sale [1]	**$224**	$243	$188
Unencumbered assets [2]	**$6,264**	$7,057	$6,570
Net Asset Value per unit	**$23.13**	$24.46	$23.48
Population Density [3]	**295,000**	300,000	300,000
Net debt to total assets [2][4]	**44.5%**	44.1%	44.0%
Net debt to Adjusted EBITDA [2]	**10.3 / 10.1** [5]	10.9	10.2
Weighted average term of fixed-rate debt (years) [2]	**3.3**	3.9	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 10.3x as at June 30, 2023. Excluding non-recurring costs related to Unitholder activism, the ratio was 10.1x.*

MANAGEMENT CONFERENCE CALL AND WEBCAST

First Capital invites you to participate at 2:00 p.m. (ET) on Wednesday, August 2, 2023, in a live conference call with senior management to discuss financial results for the second quarter ended June 30, 2023.

First Capital’s financial statements and MD&A for the second 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 4501769#. The call will be accessible for replay until August 9, 2023, by dialing 905-694-9451 or toll-free 1-800-408-3053 with access code 7225961#.

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Webcast

To access the live audio webcast and conference call presentation, please go to First Capital's website or click on the following link Q2 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.

FIRST CAPITAL

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 June 30				Six months ended June 30			
		2023		2022		**2023**		2022
Net income (loss) attributable to Unitholders	**$**	**(29.0)**	$	(42.1)	**$**	**19.7**	$	2.4
Add (deduct):								
(Increase) decrease in value of investment properties [1]	**$**	**104.5**	$	109.2	**$**	**111.2**	$	107.6
(Increase) decrease in value of hotel property [1]	**$**	**—**	$	—	**$**	**(3.6)**	$	—
Adjustment for equity accounted joint ventures [2]	**$**	**0.4**	$	0.9	**$**	**1.7**	$	1.6
Adjustment for capitalized interest related to equity accounted joint ventures [2]	**$**	**0.9**	$	0.7	**$**	**1.7**	$	1.4
Incremental leasing costs [3]	**$**	**1.8**	$	1.4	**$**	**3.8**	$	3.0
Amortization expense [4]	**$**	**0.1**	$	0.1	**$**	**0.2**	$	0.3
Transaction costs [5]	**$**	**—**	$	—	**$**	**—**	$	0.6
Increase (decrease) in value of Exchangeable Units [6]	**$**	**(0.1)**	$	(0.3)	**$**	**(0.1)**	$	(0.4)
Increase (decrease) in value of unit-based compensation [7]	**$**	**(3.5)**	$	(8.9)	**$**	**(5.9)**	$	(9.3)
Investment property selling costs [1]	**$**	**1.4**	$	0.3	**$**	**1.5**	$	1.0
Deferred income taxes (recovery) [1]	**$**	**(12.7)**	$	0.1	**$**	**(12.8)**	$	8.0
FFO	**$**	**63.8**	$	61.2	**$**	**117.3**	$	116.0

(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.*

FIRST CAPITAL

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)*		**June 30, 2023**		December 31, 2022
Liabilities (principal amounts outstanding)				
Bank indebtedness	**$**	**—**	$	1.6
Mortgages [1]		**1,451.3**		1,235.8
Credit facilities [1]		**985.8**		1,098.2
Senior unsecured debentures		**1,900.0**		1,900.0
Total Debt [1]	**$**	**4,337.1**	$	4,235.6
Cash and cash equivalents [1]		**(141.6)**		(39.8)
Net Debt [1] [2]	**$**	**4,195.5**	$	4,195.8
Exchangeable Units		**0.9**		1.0
Equity market capitalization [3]		**3,102.3**		3,589.2
Enterprise value [1]	**$**	**7,298.7**	$	7,786.0
Trust Units outstanding (000's)		**212,197**		213,518
Closing market price	**$**	**14.62**	$	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.

A reconciliation from net income (loss) attributable to Unitholders to Adjusted EBITDA can be found in the table below:

($ millions)	Three months ended June 30				Six months ended June 30			
		2023		2022		**2023**		2022
Net income (loss) attributable to Unitholders	**$**	**(29.0)**	$	(42.1)	**$**	**19.7**	$	2.4
Add (deduct) [1]:								
Deferred income tax expense (recovery)		**(12.7)**		0.1		**(12.8)**		8.0
Interest Expense		**39.7**		37.8		**78.0**		74.5
Amortization expense		**1.6**		2.2		**4.3**		4.4
(Increase) decrease in value of investment properties		**104.5**		109.2		**111.2**		107.6
(Increase) decrease in value of hotel property		**—**		—		**(3.6)**		—
Increase (decrease) in value of Exchangeable Units		**(0.1)**		(0.3)		**(0.1)**		(0.4)
Increase (decrease) in value of unit-based compensation		**(3.5)**		(8.9)		**(5.9)**		(9.3)
Incremental leasing costs		**1.8**		1.4		**3.8**		3.0
Abandoned transaction (costs) recovery		**—**		—		**—**		0.1
Other non-cash and/or non-recurring items		**0.7**		3.4		**0.9**		11.5
Adjusted EBITDA [1]	**$**	**103.0**	$	102.8	**$**	**195.4**	$	201.5

(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, First Capital's ability to close all announced disposition transactions and execute on its Optimization Plan, 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 pandemics, epidemics or other outbreaks on First Capital which are described in First Capital's MD&A for the year ended December 31, 2022. 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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