FIRST CAPITAL REIT ANNOUNCES STRONG FOURTH QUARTER 2023 RESULTS ALONG WITH $116M OF NEW PROPERTY DISPOSITIONS AND LEASE COMMITMENTS FOR 100% OF ONE BLOOR EAST

Toronto, Ontario (February 6, 2024) - First Capital Real Estate Investment Trust (“First Capital”, “FCR”, or the “Trust”) (TSX: FCR.UN), announced financial results for the fourth quarter and year ended December 31, 2023. The 2023 Fourth 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.sedarplus.ca.

KEY HIGHLIGHTS FROM THE FOURTH QUARTER:

- ***Strong leasing activity, including lease renewal spreads of 13.5%***
- ***FFO per unit excluding Other Gains and (Losses) of $0.32***
- ***Improved Net Debt to EBITDA ratio to 9.8x***
- ***$116 million of new disposition announcements***

“First Capital’s leading grocery-anchored portfolio delivered strong results with full-year 2023 lease renewal spreads accelerating to 12.1%, increased portfolio occupancy of 96.2% and an all-time high average in-place rent of $23.34 per square foot,” said Adam Paul, President and CEO.

“In the quarter we also advanced our Portfolio Optimization Plan, announcing new asset sales of $116 million at a significant premium to their carrying value.” Mr Paul continued, “More importantly, we are tracking ahead of targets with respect to the Plan's key objectives of FFO per unit growth, while continuing to further strengthen FCR’s credit metrics.”

SELECTED FINANCIAL INFORMATION	Three months ended December 31		Year ended December 31	
	2023	2022	**2023**	2022
FFO ($ millions) [1] [2]	**$58.0**	$80.5	**$244.0**	$263.2
FFO per diluted unit [1] [2]	**$0.27**	$0.37	**$1.14**	$1.21
Other gains and (losses) included in FFO (per diluted unit) [1]	**($0.05)**	$0.06	**($0.04)**	$0.01
Total Same Property NOI growth [1] [3]	**(1.8%)**	8.3%	**1.3%**	5.1%
Total portfolio occupancy [4]	**96.2%**	95.8%		
Total Same Property occupancy [1] [4]	**96.3%**	96.2%		
Increase (decrease) in value of investment properties, net [1]	**$167.6**	($31.2)	**($376.4)**	($410.5)
Net income (loss) attributable to unitholders ($ millions)	**$173.8**	$42.4	**($134.1)**	($160.0)
Net income (loss) attributable to unitholders per diluted unit	**$0.81**	$0.20	**($0.63)**	($0.73)
Weighted average diluted units for FFO and net income (000s)	**213,855**	215,098	**214,268**	218,162

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

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

(3) *Prior periods as reported; not restated to reflect current period categories.*

(4) *As at December 31.*

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 $633 million of dispositions under the Plan, with a cumulative in-place yield that is less than 3% and an average premium to IFRS carrying value of 21%.

During the quarter, FCR completed or entered into firm agreements for property dispositions of approximately $175 million, consisting of:

- $58 million of previously announced dispositions completed during the quarter, including (i) a 25% interest in the Trust's Yonge & Roselawn development site, Toronto, ON and (ii) a single tenant property located at 6455 West Boulevard, Vancouver, BC and
- $116 million of new dispositions being announced today that are subject to firm agreements entered into by the Trust which include (i) it's 50% interest in the Royal Orchard development site, located in Thornhill, ON, (ii) Circa Residences (68 residential rental suites), located in Richmond, BC, (iii) a 41.7% interest in 1071 King St. W., located in Toronto, ON reducing FCR's interest to 25% and, (iv) 71 King St. W., a small medical office building located in Mississauga, ON. The aggregate sales price of these four properties reflects a 68% premium to their IFRS carrying value. The property sales are subject to all-cash purchase agreements with scheduled closing dates ranging from January to March 2024.

A summary of announced dispositions under the Optimization Plan is provided in the table below:

Closing date	**Q4 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Total**
Dispositions (*$ millions*)	$179	$2	$122	$114	$58	$157	$633
Premium to IFRS Carrying Value	7%	4%	19%	16%	(7%)	75%	21%

FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

- **Same Property NOI Growth:** Total Same Property NOI decreased 1.8% over the prior year period, while Same Property NOI growth excluding bad debt expense (recovery) and lease termination fees increased 3.3%. The decline in Total Same Property NOI related primarily to a reduced contribution of $3.1 million from lease termination fees and lower bad debt recoveries in the fourth quarter of 2023 relative to the fourth quarter of 2022. Same Property NOI growth excluding bad debt expense (recovery) and lease termination fees benefited from higher current and prior year operating cost and realty tax recoveries and the positive impact of portfolio leasing activity, offset partially by ongoing vacancy related to the former Nordstrom Rack space at One Bloor East, which adversely impacted growth in the fourth quarter by 140 basis points. Notwithstanding this shortterm impact, One Bloor East is now 100% leased to an exceptional roster of tenants, including AVANT by Altea Active (32,000 sf), Nike and Mango (20,300 sf), The Ballroom (18,300 sf), The Bank of Nova Scotia (8,000 sf) and Chick-fil-A (4,600 sf).

- **Portfolio Occupancy:** On a quarter-over-quarter basis, total portfolio occupancy increased by 0.3%, to 96.2% at December 31, 2023, from 95.9% at September 30, 2023.
- **Lease Renewal Rate Increase**: Net rental rates increased 13.5% on a volume of 672,000 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 leases renewed in the quarter increased 15.9% 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 increased by 1.1% or $0.26 per square foot over the prior quarter to a record $23.34 per square foot, primarily due to tenant openings, net of closures, rent escalations and renewal lifts.
- **Property Investments:** First Capital invested approximately $56 million into its properties during the fourth quarter, primarily through development and redevelopment.
- **Balance Sheet and Liquidity**: Excluding non-recurring costs related to Unitholder activism, First Capital's December 31, 2023 net debt to Adjusted EBITDA multiple was 9.8x, an improvement from 10.1x at December 31, 2022. First Capital's December 31, 2023 liquidity position was $790 million, including $698 million of availability on revolving credit facilities and $92 million of cash on a proportionate basis.
- **FFO per Diluted Unit of $0.27:** Funds From Operations of $58.0 million decreased $22.5 million, or $0.10 per unit, over the prior year period. The decrease was driven by a year-over-year decrease in other gains (losses) and (expenses), totaling $22.4 million ($0.10 per unit) which included a $13.2 million increase in unrealized mark to market (non-cash) losses on derivatives related to certain debt instruments in the fourth quarter of 2023 and the recognition of a net hedging gain of $12.8 million in the fourth quarter of 2022. FFO per unit excluding other gains (losses) and (expenses) was consistent with the prior year period at $0.32.
- **Net Income (Loss) Attributable to Unitholders:** For the three months ended December 31, 2023, First Capital recognized net income (loss) attributable to Unitholders of $173.8 million or $0.81 per diluted unit compared to $42.4 million or $0.20 per diluted unit for the prior year period. The increase in net income over prior year was primarily due to an increase in the fair value of investment properties of $198.8 million, partially offset by a $40.5 million increase in deferred income tax expense and a $23.0 million decrease in other gains (losses) and (expenses) on a proportionate basis.

ANNUAL OPERATIONAL AND FINANCIAL HIGHLIGHTS

- **Same Property NOI Growth**: Total Same Property NOI increased 1.3% over prior year, driven primarily by higher base rent, partially offset by lower lease termination fees. Excluding bad debt expense (recovery) and lease termination fees, Same Property NOI growth increased 2.5%. Vacancy related to the former Nordstrom Rack space at One Bloor East impacted 2023 annual Same Property NOI growth by approximately 70 basis points. The former Nordstrom Rack space is now subject to lease commitments for the entire space.

- **Portfolio Occupancy:** On a year-over-year basis, total portfolio occupancy increased by 0.4%, to 96.2% at December 31, 2023, from 95.8% at December 31, 2022.
- **Lease Renewal Rate Increase**: Net rental rates increased 12.1% on 2,308,000 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 leases renewed during 2023 increased 13.9% 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 $0.39 to $23.34 per square foot representing year over year growth of 1.7%. The strong growth was primarily due to rent escalations and renewal lifts.
- **Property Investments:** First Capital invested approximately $273 million into its properties during 2023, primarily through development, redevelopment and strategic acquisitions.
- **Property Dispositions:** First Capital completed $297 million of dispositions during 2023. Asset sales over the course of the year included certain low-yielding assets in which the REIT had achieved its value-enhancing objectives. As at December 31, 2023, the Trust classified $227 million, at First Capital's share, of investment properties as held for sale.
- **Normal course issuer bid ("NCIB"):** During 2023, the Trust repurchased 1.7 million units for approximately $25.7 million. Since instituting the NCIB in May 2022, the REIT has cumulatively repurchased 7.9 million trust units for approximately $120 million as of December 31, 2023.
- **Advancing ESG initiatives:** First Capital continued to demonstrate leadership in Environmental, Social and Governance (“ESG”) matters throughout 2023, 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 and 2 GHG emissions relative to the 2019 base year (2019-2022)
    - Awarded The 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 Avenue in Liberty Village at the 2023 BOMA International Awards
    - Refreshed the Board with three new Trustees, replaced the Chair and reconstituted the Board committees
    - Received 2023 GRESB Sector Leader Status in the Development Benchmark (Peer Group: North America, Retail), with a score of 90

- Ranked 2nd in the 2023 GRESB Standing Investments Benchmark (Peer Group: Canada, Retail Centres, Listed), with a score of 82
- Raised more than $330,000 during 2023 for Kids Help Phone as part of the FCR Thriving Neighbourhoods Foundation's fundraising initiatives including the second annual Commercial Real Estate Softball Classic tournament held in September 2023 which raised more than $220,000

- **FFO per Diluted Unit of $1.14:** FFO decreased $19.2 million, or $0.07 per unit, over prior year. The decrease was primarily due to a year-over-year decrease in other gains (losses) and (expenses), totaling $11.7 million ($0.05 per unit), and a year-over-year increase in corporate G&A totaling $8.0 million ($0.04 per unit), which included approximately $7 million in legal, advisory and settlement costs related to Unitholder activism. In addition, unit repurchases through First Capital's NCIB resulted in a lower weighted average unit count, thus driving an increase of $0.02 in FFO per unit.
- **Net Income (Loss) Attributable to Unitholders:** For the year ended December 31, 2023, First Capital recognized a net loss of ($134.1) million or ($0.63) per diluted unit compared to ($160.0) million or ($0.73) per diluted unit for the prior year. The decrease in net loss was primarily due to the recognition of a decrease in the fair value of investment property of $376.4 million for the year ended December 31, 2023, versus a decrease in the fair value of investment property of $410.5 million for the year ended December 31, 2022 on a proportionate basis.

FINANCIAL AND OTHER HIGHLIGHTS

As at	December 31	December 31
($ millions)	**2023**	2022
Total assets [(1)]	**$9,185**	$9,582
Assets held for sale [(1)]	**$168**	$188
Unencumbered assets [(2)]	**$6,010**	$6,570
Net Asset Value per unit	**$21.95**	$23.48
Population Density [(3)]	**295,000**	300,000
Net debt to total assets [(2)(4)]	**45.0%**	44.0%
Net debt to Adjusted EBITDA [(2)]	**9.9 / 9.8 [(5)]**	10.2 / 10.1 [(5)]
Weighted average term of fixed-rate debt (years) [(2)]	**3.3**	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 9.9x as at December 31, 2023 (10.2x - December 31, 2022). Excluding non-recurring costs related to Unitholder activism, the ratio was 9.8x (December 31, 2022 - 10.1x).*

FIRST CAPITAL

MANAGEMENT CONFERENCE CALL AND WEBCAST

First Capital invites you to participate at 2:00 p.m. (ET) on Wednesday, February 7, 2024, in a live conference call with senior management to discuss financial results for the fourth quarter and year ended December 31, 2023.

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 in the 'Investors' section, and on the Canadian Securities Administrators' website at www.sedarplus.ca.

Teleconference

You can participate in the live conference by dialing 416-406-0743 or toll-free 1-800-898-3989 with access code 4055798#. The call will be accessible for replay until February 14, 2024, by dialing 905-694-9451 or toll-free 1-800-408-3053 with access code 5534134#.

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 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 (loss) 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 (loss) 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 (loss) 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	
	2023	2022	**2023**	2022
Net income (loss) attributable to Unitholders	**$ 173.8**	$ 42.4	**$ (134.1)**	$ (160.0)
Add (deduct):				
(Increase) decrease in value of investment properties [1]	**$ (167.6)**	$ 31.2	**$ 376.4**	$ 410.5
(Increase) decrease in value of hotel property [1]	**$ —**	$ (6.9)	**$ (3.6)**	$ (6.9)
Adjustment for equity accounted joint ventures [2]	**$ 0.1**	$ 0.8	**$ 1.9**	$ 2.7
Adjustment for capitalized interest related to equity accounted joint ventures [2]	**$ 0.9**	$ 0.8	**$ 3.6**	$ 3.0
Incremental leasing costs [3]	**$ 1.8**	$ 1.8	**$ 7.4**	$ 6.6
Amortization expense [4]	**$ —**	$ 0.1	**$ 0.2**	$ 0.5
Transaction costs [5]	**$ —**	$ —	**$ —**	$ 0.6
Increase (decrease) in value of Exchangeable Units [6]	**$ 0.1**	$ 0.1	**$ (0.1)**	$ (0.3)
Increase (decrease) in value of unit-based compensation [7]	**$ 1.9**	$ 4.4	**$ (6.2)**	$ (5.3)
Investment property selling costs [1]	**$ 0.7**	$ 0.1	**$ 3.3**	$ 4.4
Deferred income taxes (recovery) [1]	**$ 46.3**	$ 5.8	**$ (4.8)**	$ 7.3
FFO	**$ 58.0**	$ 80.5	**$ 244.0**	$ 263.2

(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)*		**December 31, 2023**		December 31, 2022
Liabilities (principal amounts outstanding)				
Bank indebtedness	**$**	**—**	$	1.6
Mortgages [1]		**1,432.6**		1,235.8
Credit facilities [1]		**1,151.2**		1,098.2
Senior unsecured debentures		**1,600.0**		1,900.0
Total Debt [1]	**$**	**4,183.8**	$	4,235.6
Cash and cash equivalents [1]		**(92.5)**		(39.8)
Net Debt [1] [2]	**$**	**4,091.3**	$	4,195.8
Exchangeable Units		**—**		1.0
Equity market capitalization [3]		**3,254.9**		3,589.2
Enterprise value [1]	**$**	**7,346.2**	$	7,786.0
Trust Units outstanding (000's)		**212,184**		213,518
Closing market price	**$**	**15.34**	$	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 (loss), 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 December 31				Year ended December 31			
		2023		2022		**2023**		2022
Net income (loss) attributable to Unitholders	**$**	**173.8**	$	42.4	**$**	**(134.1)**	$	(160.0)
Add (deduct) [1]:								
Deferred income tax expense (recovery)		**46.3**		5.8		**(4.8)**		7.3
Interest Expense		**40.0**		39.6		**158.2**		152.9
Amortization expense		**0.7**		2.1		**5.8**		8.4
(Increase) decrease in value of investment properties		**(167.6)**		31.2		**376.4**		410.5
(Increase) decrease in value of hotel property		**—**		(6.9)		**(3.6)**		(6.9)
Increase (decrease) in value of Exchangeable Units		**0.1**		0.1		**(0.1)**		(0.3)
Increase (decrease) in value of unit-based compensation		**1.9**		4.4		**(6.2)**		(5.3)
Incremental leasing costs		**1.8**		1.8		**7.4**		6.6
Abandoned transaction (costs) recovery		**—**		0.1		**—**		(2.8)
Other non-cash and/or non-recurring items		**10.3**		(12.7)		**12.6**		2.6
Adjusted EBITDA [1]	**$**	**107.4**	$	108.0	**$**	**411.6**	$	413.0

[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, 2023. Additionally, forward-looking statements are subject to those risks and uncertainties discussed in First Capital's MD&A for the year ended December 31, 2023 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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