



FIRST CAPITAL®

First Capital Announces Receipt of Final Order and January 2020 Cash Distribution on REIT Units

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Toronto, Ontario (December 16, 2019) - First Capital Realty Inc. (the “Company”) (TSX: FCR), one of Canada’s leading developers, owners and operators of mixed-use urban real estate in Canada’s most densely populated centres, is pleased to announce that it has received a final order of the Ontario Superior Court of Justice (Commercial List) approving the Company’s previously announced plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) (the “Arrangement”) to convert the Company from a corporation to a real estate investment trust named First Capital Real Estate Investment Trust (the “REIT”).

The Arrangement is expected to become effective on December 30, 2019. Under the terms of the Arrangement, each outstanding common share of the Corporation is expected to be exchanged for one unit of the REIT (each, a “REIT Unit”), unless a qualifying shareholder validly elected to receive exchangeable Class B limited partnership units (“Exchangeable LP Units”) in a partnership controlled by the REIT in exchange for its common shares. The deadline for the Company to receive valid elections for Exchangeable LP Units, together with all requisite supporting documentation, was 5:00 p.m. (Toronto Time) on December 6, 2019. The Company received valid elections representing less than the maximum number of Exchangeable Units available for issuance (on a fully exchanged basis) and therefore there will be no pro ration of the Exchangeable Units. Holders of Exchangeable LP Units will be entitled to exchange their Exchangeable LP Units for REIT Units on a one-for-one basis at any time on or before December 29, 2023, at which time any remaining outstanding Exchangeable LP Units will be automatically exchanged for REIT Units on a one-for-one basis in accordance with the terms of the Exchangeable LP Units.

In addition, the REIT announced today that it will make a cash distribution of \$0.0716 per REIT unit to unitholders of record of the REIT as at the close of business on December 31, 2019, which cash distribution will be paid by the REIT on January 15, 2020. This distribution will include income of the REIT, if any, for its 2019 fiscal year.

Tax Impact for Shareholders

Generally, the completion of the Arrangement will result in a disposition of the Company’s common shares for Canadian tax purposes and the immediate acquisition of REIT Units, both at a value equal to the closing price on the last business day prior to the closing date of the Arrangement, expected to be December 27, 2019 with closing on December 30, 2019. If a shareholder holds common shares of the Company outside of a tax-sheltered vehicle (such as an RRSP, RRIF or TFSA), this may result in a taxable capital gain or loss to report for 2019, the year

the Arrangement is expected to be completed. A qualifying shareholder who elected to exchange common shares of the Company for Exchangeable Units may be able to defer any capital gain or loss associated with the Arrangement. Exchangeable Units allow for tax deferral; however, they will be subject to additional restrictions and limitations and will not be listed on the TSX or any other exchange. This summary is of a general nature only and is not intended to be, nor should it be construed to be legal or tax advice to any particular shareholder. Shareholders are advised to consult their own tax advisors with respect to the tax consequences to them of the REIT conversion, having regard to their particular circumstances.

Further information about the Arrangement is available in the Company's management information circular dated October 25, 2019, which is available under the Company's issuer profile on SEDAR and on the Company's website.

About First Capital Realty (TSX:FCR)

The Company is one of Canada's leading developers, owners and operators of mixed-use urban real estate in Canada's most densely populated centres. The Company's focus is on creating thriving neighbourhoods that create value for businesses, residents, communities and our investors.

Forward-looking Statement Advisory

This press release contains forward-looking statements and information within the meaning of applicable securities law, including statements regarding the Arrangement. These forward-looking statements are not historical facts but, rather, reflect the Company'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 those risks discussed in the Company's MD&A for the year ended December 31, 2018 and for the three and nine months ended September 30, 2019 and in the Company's current Annual Information Form. Readers, therefore, should not place undue reliance on any such forward-looking statements. The Company 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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