



2017

FIRST CAPITAL REALTY INC.

Corporate Responsibility and Sustainability (CRS) Report

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This report addresses the most relevant sustainability topics to internal and external stakeholders. It covers the reporting period from January 1, 2017 to December 31, 2017. The Company issues CRS reports annually. The contact point for this report is: Melissa Jacobs, Director, Sustainability: melissa.jacobs@fcrms.ca

CEO'S MESSAGE

2017 was one of our best years ever. We finished with very solid results and are well positioned with operational and development momentum leading into 2018. Importantly, our accomplishments and performance results are truly a reflection of the dedication, passion and tireless efforts of all of our First Capital team members across the country.

Throughout our history, we have maintained the belief that by executing a focused strategy and investing in urban shopping centres, we help neighbourhoods flourish as vibrant communities. Our attention to place making and community building complements our commitment to sustainability by reducing the overall GHG emissions of the communities in which we operate. For example, we have focused on owning and making our properties more accessible and walkable to the dense consumer base that surrounds them, which we believe will become increasingly more important as densification continues. Our portfolio has an average Walk Score that places us in the second highest category achievable, described as "Very walkable where most errands can be accomplished on foot." Transit is another key factor that we consider, including planned transit enhancements. Currently, over 90% of our portfolio is within a 5-minute walk to public transit.

Sustainability continues to have an increasing role within our company culture and community focus. Our sustainability strategy started to gain traction in 2006 and has achieved many accomplishments including FCR being named to Corporate Knights Future 40 Responsible Corporate Leaders in Canada every year since the awards commenced in 2014. We are proud to be the only publicly traded real estate company to hold this distinction. We strive to "do more with less" by integrating sustainability into our operations.

Here are some additional highlights from 2017:

- Our 2017 greenhouse gas (GHG) emissions have decreased by 16% since 2013, despite a 6% increase in GLA reporting;
- Three new construction projects comprising over 350,000 square feet of GLA were certified to LEED;
- 34 new BOMA BEST certifications achieved, bringing our total to 175 properties comprising over 66% of our portfolio, by GLA;
- Three public art unveilings in Toronto, Vancouver and Montreal, bringing our total to 26 public art installations across our portfolio;
- BOMA Toronto Certificate of Excellence awarded to Morningside Crossing shopping centre in Toronto and Halton Hills Village in Georgetown;
- Listed as the most gender diverse company in Canada included in the new Evolve North American Gender Diversity Index ETF (TSX:HERS).

FCR is at a pivotal point in the sense that our platform – namely our structure, people and systems – and our portfolio have progressed in a notable way over the last few years to better drive performance. Looking ahead a few more years, we will be noticeably more advanced than we are today.

I look forward to updating you next year on the Company's achievements in 2018.

Adam E. Paul
President & CEO




2017 HIGHLIGHTS & ACCOMPLISHMENTS

OUR BUILDINGS



16% decrease in GHG emissions since 2013



7% decrease in energy consumption since 2013



40% average waste diversion rate across portfolio



66% of portfolio BOMA BEST certified, by GLA



3.7 million square feet of portfolio LEED certified

OUR PEOPLE & COMMUNITIES



50% of our Executive Leadership Team is female



\$48,878 in employee tuition reimbursements, in 2017



26 public art installations across our portfolio



>90% of portfolio within 5-minute walk of public transit



76 average Walk Score for our portfolio = 'Very Walkable'

RECOGNITION

BOMA Toronto Certificate of Excellence awarded to Morningside Crossing, Toronto and Halton Hills, Georgetown

Ranked in Corporate Knights Future 40 Corporate Leaders for the 4th consecutive year

The most gender diverse company in Canada on the new Evolve North American Gender Diversity Index ETF (TSX: HERS)

OUR APPROACH

Our Company's purpose is to own, operate and develop high quality, urban properties that are shopping destinations for everyday life.

COMPANY OVERVIEW

First Capital Realty (FCR) is one of Canada's largest owners, developers and managers of grocery-anchored, retail-focused urban properties where people live and shop for everyday life. Our primary strategy is the creation of value over the long term by generating sustainable growth in cash flow and capital appreciation of our shopping centre portfolio. As of December 31, 2017, FCR owned interests in 161 properties, totalling approximately 25.4 million square feet of gross leasable area and had an enterprise value of \$9.5 billion.

SHOPPING FOR EVERYDAY LIFE

FCR primarily owns, develops and manages properties that provide consumers with products and services that are considered to be daily necessities or non-discretionary expenditures. Currently, over 90% of our Company's revenues come from tenants who provide these essential products and services, including grocery stores, pharmacies, liquor stores, banks, restaurants, cafes, fitness centres, medical, childcare facilities and other professional and personal services.

FCR looks to implement a specific complementary tenant offering at each of our properties to best serve the needs of the local community. We are highly focused on ensuring the competitive position of our assets in their respective urban and retail trade areas and closely follow demographic profiles and shopping trends that may impact the performance of our properties.

In our view, shopping centres, including mixed-use properties with a meaningful retail component, located in urban markets with tenants who primarily provide non-discretionary goods and services, will be



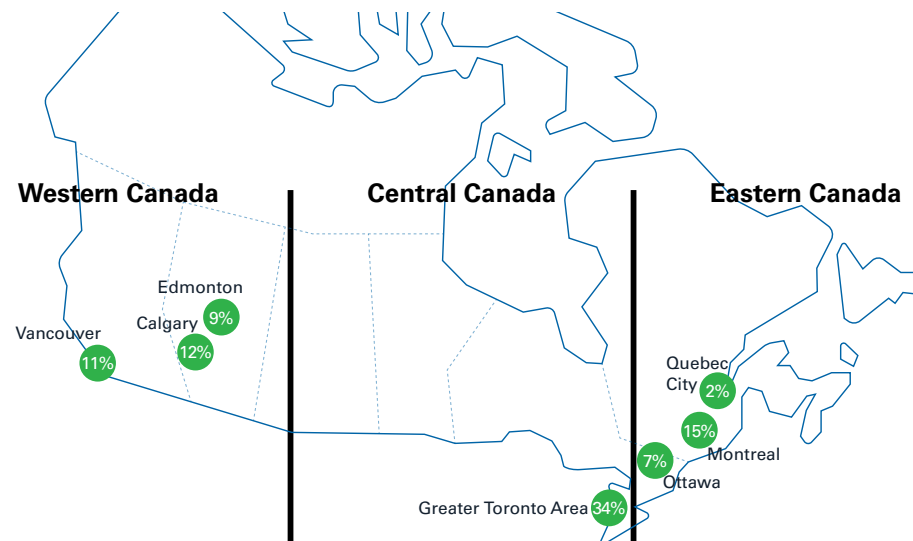
less sensitive to both economic cycles and changing retail trends, thus adding to the stability and growth of cash flow over the long term.

URBAN FOCUS

FCR targets specific urban markets in Canada with stable and/or growing populations. Specifically, we intend to continue to operate primarily in and around our target urban markets which include the Greater Toronto Area, Greater Calgary Area, Greater Edmonton Area, Greater Vancouver Area, Greater Montreal Area, Greater Ottawa Area and Quebec City. Over 95% of our annual minimum rent is derived from these markets.

For additional data, visit our website at
fcr.ca/sustainability

PERCENTAGE OF PORTFOLIO IN CANADIAN URBAN MARKETS



2017 PORTFOLIO



161 PROPERTIES



25.4 MILLION SQ.FT.



\$9.5 BILLION ENTERPRISE VALUE

APPROACH TO CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Our Sustainability Vision is to enhance the long-term value of the Company by minimizing our impact on the natural environment and positively affecting our people and the communities in which we live and work.

Inherent in FCR's business strategy is sustainability. First, we target acquisitions and development in existing urban markets supported by high residential density and public transit rather than greenfield developments which primarily are automobile-dependent. Second, we conduct comprehensive environmental assessments to identify possible environmental contamination prior to acquiring a property. Third, we pursue intensification on selected existing urban properties by constructing mixed use real estate assets (i.e., commercial, retail and residential). By focusing on existing urban markets, targeting locations with good public transit and increasing urban density, we are helping to reduce societal energy consumption and GHG emissions, while at the same time, developing vibrant neighbourhoods where the public can easily access daily necessities. Fourth, FCR has committed to develop

and certify new projects to LEED, subject to tenant acceptance, and obtain BOMA BEST certification on existing properties. Lastly, our mandate to improve operational efficiency aligns with the implementation and monitoring of energy and water conservation measures and performance targets.

Our Sustainability Policy is a guiding document which describes our sustainability governance and operational structure, vision, goals, objectives, principles and practices. This content is also embedded in our Property Standards Manual, by which all active properties are required to adhere to.

We believe that living up to our social and environmental responsibilities simply makes good business sense. It gives our Company a solid foundation to continue to prosper; it ensures the long-term viability of the assets we own, and helps us attract and retain the best tenants and employees. Finally, it defines our presence and reputation as a contributor to the communities where our properties are located. We stand by this philosophy. It is right for our business.

For additional data, visit our website at
fcr.ca/sustainability





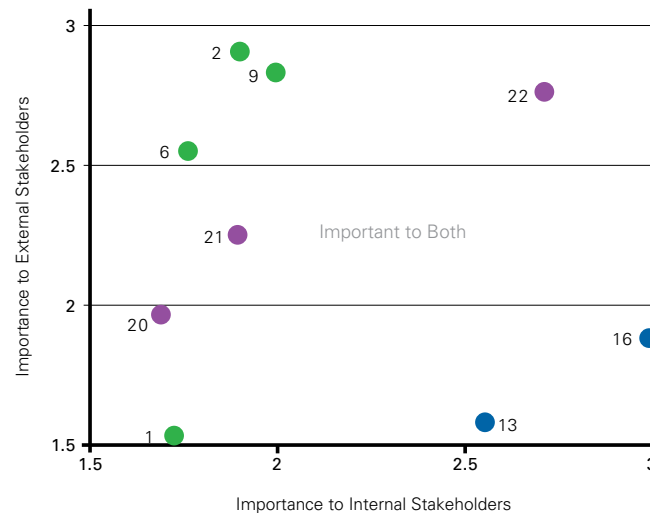
MATERIALITY ASSESSMENT

A materiality assessment was completed in 2015 which included one-on-one interviews with 32 internal and external stakeholders, to understand the sustainability topics that were most important to these stakeholders when interacting with FCR. These individuals represented employees, board members, tenants, shareholders, bondholders, mortgage and real estate brokers, and joint venture partners. The results of this stakeholder engagement process were plotted on a Sustainability Prioritization Matrix and were presented to the Executive Leadership Team. The list of material topics was expanded to include employees, water, GHG emissions, waste and buildings. These material topics were reviewed to determine whether their impacts were internal and/or external. The next materiality assessment update is scheduled to be completed in 2018.

MATERIAL TOPICS: IDENTIFYING INTERNAL AND EXTERNAL IMPACTS

MATERIAL TOPICS	FIRST CAPITAL REALTY BUILDINGS AND OPERATIONS	TENANTS	SUPPLIERS	PUBLIC	ECOSYSTEM
Board governance	✓	✓	✓	✓	
Risk management	✓	✓	✓	✓	✓
Ethics and integrity	✓	✓	✓	✓	
Health and safety	✓	✓	✓	✓	
Employees	✓	✓	✓	✓	✓
Buildings	✓	✓		✓	✓
Land use	✓	✓		✓	✓
Land contamination	✓	✓		✓	✓
Energy	✓	✓		✓	✓
Water	✓	✓		✓	✓
GHG emissions	✓	✓		✓	✓
Waste	✓	✓		✓	✓
Environmental compliance	✓	✓		✓	✓

SUSTAINABILITY PRIORITIZATION MATRIX: IMPORTANT TO BOTH EXTERNAL AND INTERNAL STAKEHOLDERS



TOPICS	
ENVIRONMENT	
1	Land use
2	Land contamination
6	Energy
9	Environmental compliance
SOCIAL	
13	Employee / contractor health and safety
16	Public health, safety and security
GOVERNANCE	
20	Board governance / effectiveness
21	Risk management
22	Ethics and integrity





BOARD GOVERNANCE

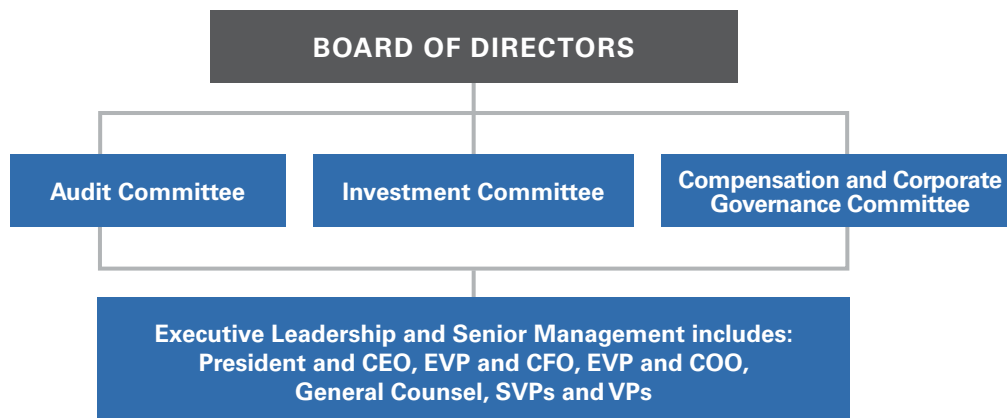
GOVERNANCE AND STRUCTURE

FCR has adopted a governance framework that reflects our values and ensures that corporate governance procedures are followed. Our management team reviews Canadian corporate statutes, securities laws and rules established by the Toronto Stock Exchange to ensure good corporate governance. Additionally, management monitors communication from institutional shareholder groups and proxy advisory firms as part of its process to keep current with effective corporate governance practices.

Our Board of Directors believes that sound corporate governance practices are the essential foundation to the well-being of FCR and the promotion and protection of our shareholders' interests. Our Company is led by our President and CEO and overseen by the Board of Directors (the "Board"). At December 31, 2017, the Board comprised eight directors, five of whom were "independent" as defined by National Instrument 52-110 ("NI 52-110"). The Board has appointed a Chair who is not independent. For this reason, it has also appointed a

Lead Director who is responsible for facilitating the functioning of the Board independently of management and ensuring the directors formally have an independent leadership contact. The fundamental responsibility of the Board is to supervise the management of the business and affairs of our Company with a view to sustainable value creation for all shareholders.

FCR has adopted certain practices and procedures to ensure that effective corporate governance practices are followed and that the Board functions independently of management. The Compensation and Corporate Governance Committee and the Board periodically review the various components of our Company's overall approach to corporate governance, including practices and procedures to ensure that these adequately address the guidelines set forth in National Policy 58-201 - Corporate Governance Guidelines and other significant corporate governance matters.



The Board carries out its responsibilities directly and through the Audit Committee, the Compensation and Corporate Governance Committee, the Investment Committee and such other committees as it may establish from time to time. For more information on the Board Committees, you can view the Committee Charters at fcr.ca/ir/governance.

ETHICS AND INTEGRITY

Beliefs, Values and our Codes of Conduct and Ethics define our Company. Collectively, they capture the culture and expectations of FCR. They are foundational for establishing a strong, focused company.

BELIEFS

Integrity and a high standard of ethics are fundamental to our Company's beliefs. FCR is committed to doing what is right and deterring wrongdoing. In dealing with tenants, vendors, suppliers and fellow employees, we require that employees:

- Conduct themselves in a forthright and honest manner.
- Are fair and considerate in all their dealings.
- Maintain professional behaviour in all their relationships.
- Make only commitments that they can keep and keep them.
- Respect the rights and dignity of all individuals.

VALUES

In 2017, we undertook an exercise to redefine our values to better reflect our Company's evolving culture and align with our purpose to own, operate and develop high quality, urban properties that are shopping destinations for everyday life. Our values are:

- **Collaboration:** One Team, One Purpose.
- **Innovation:** Freedom to challenge the status quo.
- **Excellence:** Be the best at what you do.
- **Accountable:** Deliver what you promised.
- **Passionate:** Love what you do.

CODE OF CONDUCT AND ETHICS

FCR has clearly defined its expectations of employees, officers and directors in its Code of Conduct and Ethics, Anti-Corruption Compliance Policy, Ethics Reporting Policy, and Disclosure and Insider Trading Policy. Employees, officers and directors are required to acknowledge having read these documents and agree to comply with these policies upon joining the organization and annually thereafter.

Similar to the above stated Code, we have adopted a Supplier Code of Conduct and Ethics (the "Supplier Code") which was designed to ensure that third-party suppliers have a clear understanding of how FCR expects to conduct our business with suppliers.

ETHICS REPORTING

Every director, officer and employee has an ongoing responsibility to report any activity or suspected activity of which he or she may have knowledge relating to the integrity of our Company's financial reporting or which might otherwise be sensitive in preserving the reputation of FCR. Our Ethics Reporting Policy defines these expectations. Any non-compliance incidents with FCR's policy documents are handled in accordance with the directives identified in the policies.

FCR also retains, ClearView Connects™, an independent provider of specialized ethics reporting services. It provides our employees and third-party suppliers with an independent and anonymous method for reporting any concerns regarding unethical behaviour or actual/perceived breaches with our Company's Code of Conduct and Ethics or FCR Supplier Code of Conduct and Ethics. The Audit Committee receives a report outlining any complaints on a quarterly basis. No complaints were received in 2017.



YORKVILLE
VILLAGE

YORKVILLE VILLAGE

LOCHGALLERY
16

JANE ROSE

no
S

RISK MANAGEMENT

FCR has developed a risk assessment process for identifying and managing risk. We identify and prioritize risks based on the likelihood of an event happening and economic impacts resulting from this event. Risks are classified as strategic, financial, operational or regulatory. A Risk Dashboard is used to compile the top risks of the organization.

FCR undertakes a review and re-prioritization of risks based on its annual assessment process. On a quarterly basis, we reassess risks for trends and receive updates on risk mitigation activities undertaken during the previous quarter. The Executive Leadership Team updates the Risk Dashboard and provides it to the Audit Committee and Board quarterly.

To discourage management from taking excessive or inappropriate risk, several measures within our Company's compensation structure have been implemented. For example:

- The risk oversight function involves the Board and its committees;
- A substantial portion of the senior executive officers' compensation is "at-risk" with variable vesting periods which serves to align the interests of the senior executive officers with those of shareholders as a substantial portion of their compensation is directly affected by our Company's performance over time;
- Short-term and long-term incentive awards are based on a mix of corporate, business unit and individual performance measures;
- Long-term incentive awards are subject to a post-award performance period over which performance of our Company's Common Shares is measured relative to S&P/TSX Capped REIT Index in order to determine the number of awards that will vest;
- The President and Chief Executive Officer and his/her direct reports are subject to share ownership requirements;
- Share ownership requirements continue to apply to the President and CEO for a period of one year following him/her ceasing the office;
- A formal compensation "claw back" policy applicable to senior executive officers;
- A formal anti-hedging policy; and
- FCR gives its shareholders a vote on its executive compensation practices (known as 'Say-on-Pay').





OUR PEOPLE & COMMUNITIES

Our people are our strength. That is why we work collectively to build a company culture similarly to when we build a new shopping centre, by focusing on community and excellence in everything we do.

EMPLOYEE ENGAGEMENT

FCR is committed to ensuring that we have the right people in the right positions to profitably and efficiently manage our properties and financial growth. We believe that investing in our people and providing them with the right tools and resources will contribute to healthy employee retention.

In 2016, FCR retained an organizational measurement and consulting firm, Metrics @ Work to conduct an employee engagement survey. We had an exceptional response rate of 96% (as provided by Metrics @ Work, the average is 58% to 62%) and scored an overall engagement score of 72% (as provided by Metrics @ Work, the average is 65%). The next employee engagement survey is scheduled for June 2018.

For additional data, visit our website at
fcr.ca/sustainability

PERFORMANCE REVIEWS AND ACCOUNTABILITY AGREEMENTS

Managers are required to conduct annual formal performance reviews of their employees to ensure that expectations are understood and performance is acknowledged and rewarded. 100% of eligible employees received performance reviews in 2017 and submitted Accountability Agreements (objectives) for 2018.

PROFESSIONAL DEVELOPMENT AND TRAINING

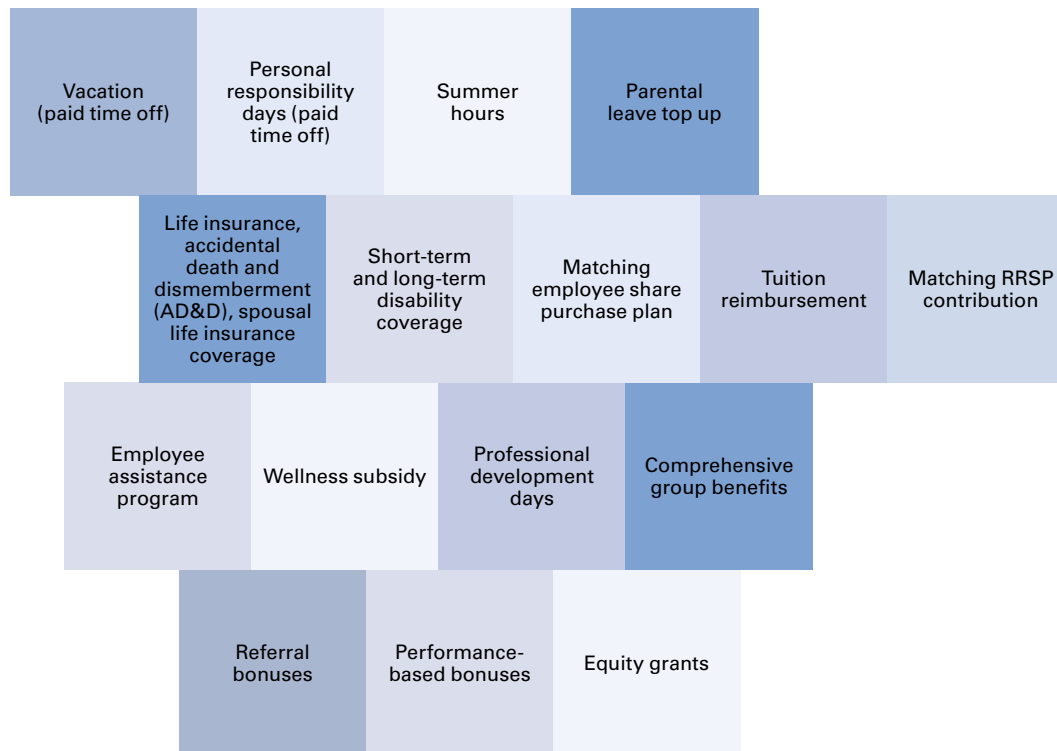
FCR encourages employees to develop and advance in their careers. Employees are encouraged to take professional development courses and seminars. We offer a generous employee tuition reimbursement plan to full-time permanent employees. Employees can receive up to \$3,500 annually towards tuition reimbursement provided the subject of study is relevant to his or her current role or will develop new skills of mutual benefit to FCR and the individual. In 2017, we reimbursed \$48,878 in tuition fees to our employees.

FCR also offers a number of internal training and communication programs. In 2017, we continued our people management training for people managers and introduced internal training in Microsoft Office courses in Excel, Outlook, Word and PowerPoint.

EMPLOYEE BENEFITS

We strive to deliver a rewarding, stimulating and fun place to work where individuals are treated with respect and dignity. FCR is dedicated to providing employees with competitive remuneration, generous benefits, training, educational opportunities and career advancement. We provide a comprehensive benefits package to our full-time employees.

BENEFITS AND PERQUISITES



72% EMPLOYEE
ENGAGEMENT
SCORE IN 2016
EMPLOYEE SURVEY



\$48,878 IN EMPLOYEE
TUITION
REIMBURSEMENTS
IN 2017



100% OF ELIGIBLE
EMPLOYEES RECEIVED
PERFORMANCE
REVIEWS IN 2017

EMPLOYEE AND CONTRACTOR HEALTH AND SAFETY

Health and safety is a critical facet of the real estate and construction business. Employees conducting their work in office environments have a much lower risk of injury compared to construction activities. Typically, FCR hires third-party general contractors to construct new developments or major renovations because these parties have the expertise and knowledge to execute this work and manage the associated health and safety risks efficiently and effectively. Similarly, we hire third-party contractors and suppliers to provide property management services (e.g., building maintenance, snow removal, landscaping).

Third-party service contract agreements include standard terms to ensure that the provincially legislated roles and responsibilities of constructor, prime contractor and principal contractor are clearly defined to minimize FCR's liability. Furthermore, we maintain a third-party contractor accreditation program to annually verify contractors' compliance with health and safety legislation.

In 2017, health and safety general awareness training, onboarding training and specific compliance training was delivered to applicable employees. FCR has established joint health and safety representatives and committees nationally. These representatives conduct periodic workplace inspections.

During 2017, there were no fatalities as a result of our Company activities. In 2017, there was one worker's compensation claim that resulted in lost time of one day.

STAKEHOLDER ENGAGEMENT

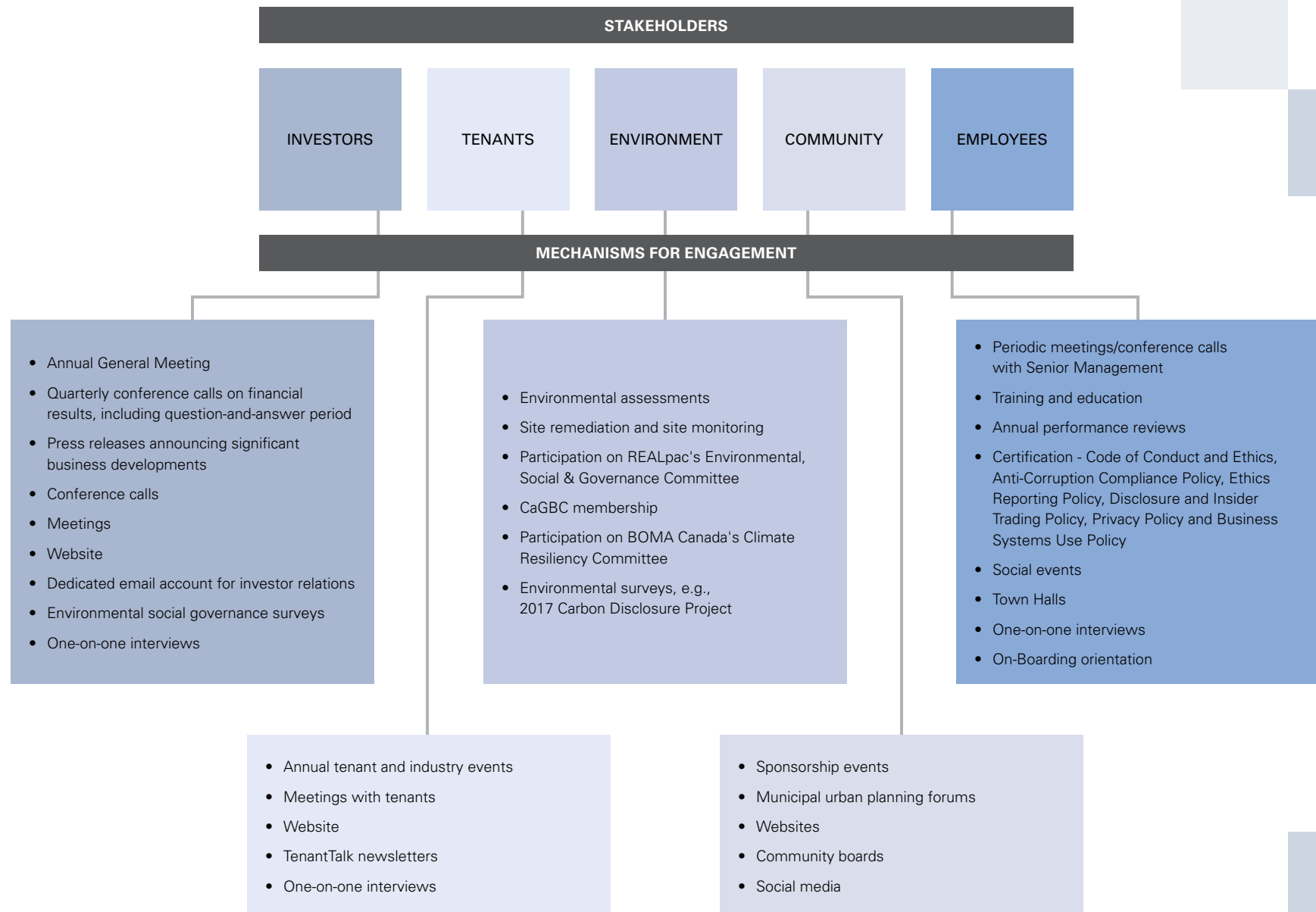
FCR understands that stakeholder engagement is critical to the success of our Company. We have in place procedures to effectively communicate with our stakeholders, including our shareholders, partners, employees and the general public.

The fundamental objective of these procedures is to ensure internal protocols for an open, accessible and timely exchange with stakeholders concerning the business, affairs and performance of our Company. Mechanisms for engagement are outlined in the chart to the right. In addition, we ensure that inquiries or other communications from investors are answered by an appropriate person in our Company.

FCR is an active participant in the Canadian real estate business community. We are a member of the International Council of Shopping Centers (ICSC), the Real Property Association of Canada (REALpac), Building Owners and Managers Association (BOMA) Canada, Commercial Real Estate Development Association (NAOIP), the Canada Green Building Council (CaGBC) and Corporate Real Estate Women (CREW). Many employees are active members in these associations as well.

The SVP, Operations serves as the Chair of BOMA Toronto, a member of the National Advisory Council of BOMA Canada and the University of Guelph's Real Estate Program Advisory Board. The Director, Sustainability is a member of REALpac's Environmental, Social & Governance Committee, and BOMA Canada's Climate Resiliency Committee. In 2017, the VP, People and Corporate Affairs was appointed to the newly formed City of Toronto's CreateTO Board of Directors. CreateTO is the body that oversees all of Toronto's real estate portfolio.

MECHANISMS FOR STAKEHOLDER ENGAGEMENT



COMMUNITY ENHANCEMENT

At the heart of our business is a belief that by investing in urban shopping centres, we help neighbourhoods flourish as vibrant communities. We live this belief every day in how we develop and manage our properties to maintain the highest standards. But that only represents one dimension of helping communities flourish. That's why we also bring great energy to initiatives that focus on the arts and sustainability. The arts and sustainability complement each other well. While one nourishes the mind and community, the other serves the environment in which we live and work.

RETAIL LIFE AND THE ARTS

For the last eight years, FCR has been involved in various art projects across the country. These projects allow us to support art education and local artists and engage with our communities, while at the same time adding aesthetic appeal and enhancing the experience of visitors to our properties. At present, FCR has 26 art installations located in public common areas of select properties. Through collaborations with Ontario College of Art

and Design University (OCAD), Emily Carr University of Art and Design, and Concordia University, FCR has sponsored several competitions giving students/emerging artists an opportunity to showcase their talent and art as well as go through a process of real life modelling, presentations and other related interactions for their public art with a "client"/corporation. We also support local established artists through public calls, as well as host the annual Yorkville Village Arts Festival.

The Yorkville Village Arts Festival is a joint initiative between FCR and OCAD. Held annually at Yorkville Village, this cultural event showcases contemporary art works and experiences to promote the arts and cultural exchange in the heart of Toronto's Yorkville district. The Festival is a "one of a kind" project developed between our Company and OCAD that features a juried exhibition of art by OCAD students and recent graduates combined with a set of curated events that are programmed exclusively for the festival during the seven-day event.



26 PUBLIC ART INSTALLATIONS
ACROSS OUR PORTFOLIO



9300

OUR BUILDINGS

Today, companies that minimize their impact on the natural environment not only positively affect the people and their communities, they also enhance their long-term value. It's a reality we embrace and work at every day when managing our buildings.

LAND USE

Land is an important topic in the real estate sector. Its inherent value is a significant factor in the valuation of property and real estate companies. FCR's business strategy focuses on acquiring, developing or redeveloping properties, including land use intensification projects, in existing urban markets. Urban development in pedestrian-based, medium to high density communities can have positive social, economic and environmental impacts such as more engaged and connected communities, less economic burden on municipalities to deliver services such as public transit, and the avoidance of consuming prime agricultural or forested land. Greenfields comprise 14% of FCR's portfolio in acres in 2017.

ACCESSIBILITY TO PUBLIC TRANSIT

As discussed, FCR's strategy is urban focused. Accessibility to public transportation is inherently important to this strategy and during our acquisition process we evaluate potential sites for transit access. Over 90% of our properties are within a 5-minute walk to public transit.

LAND USE INTENSIFICATION

FCR also pursues the ability to increase density through land

use intensification by constructing mixed-use retail, commercial and residential developments in select urban markets. This business strategy will increase cash flow, returns on investments and municipal tax revenues. It also maximizes economic value generated per acre of land, improves communities, and promotes the reduction of energy consumption and greenhouse emissions by providing residents in these communities with places to work, live and play.

RISK MITIGATION OF CONTAMINATED LANDS

By remediating contaminated urban lands, the environment is improved, land values are increased, and the potential for abandoned neighbourhoods or districts is lessened.

FCR's philosophy of risk mitigation applies to the acquisition and management of land. Comprehensive environmental assessments are conducted to evaluate possible environmental contamination prior to acquiring a property. The Executive Leadership and Senior Management Teams are accountable for ensuring that FCR complies with this mandate. If contamination is identified, we liaise with the vendor to remediate the site prior to acquisition or to develop a remediation plan. The contamination is remediated in accordance with regulatory requirements or a risk assessment management plan is developed.

Further, we require comprehensive environmental liability insurance on all acquisitions. This approach minimizes potential financial liabilities in the event that historical contamination is discovered on a property after acquisition (e.g., soil contamination underneath an existing building) or if off-site contamination migrates onto a property.

Our General Counsel tracks and reports on remediation activities quarterly to the Audit Committee. At the end of the reporting period 3% of our portfolio in acres comprised brownfields.



EFFICIENT OPERATIONS

Buildings generate up to 35% of all greenhouse gases, 35% of landfill waste comes from construction and demolition activities, and up to 70% of municipal water is consumed in and around buildings (Source: Canada Green Building Council). FCR recognizes the impact our properties have on the environment and is committed to monitoring and minimizing this impact.

The increasing cost of utilities continues to impact the operating expenditures of our assets. By focusing on efficiency improvements and targeting reductions, not only are we reducing the environmental impact of our properties, but we are also managing market and regulatory risks such as future utility cost increases and mandatory energy reporting, while driving down operating costs.

GREENHOUSE GASES & ENERGY

At the Paris Climate Change Conference (COP21) in December 2015, 195 countries adopted the first-ever universal, legally binding global climate agreement. The resulting Pan-Canadian Framework on Clean Growth and Climate Change aims to reduce greenhouse gas (GHG) emissions by 30% over 2005 levels, by 2030. To achieve this target, Canada's Commercial Real Estate industry will be expected to play a large role.

Energy, in the form of natural gas and electricity, supplies heating, cooling and power to our properties. Because our portfolio is comprised primarily of open-air shopping centres, most of our Company's energy consumption and related GHG emissions are attributed to powering exterior building common areas, pylon signs and parking lot lighting. In most cases, tenants in our open-air shopping centres are separately metered for natural gas and electricity consumption. They pay the utility companies directly for their energy consumption, and therefore, their energy use and costs and associated GHG emissions are not included in this report.

In 2017, the energy consumption and GHG emissions of our portfolio increased by 3% and 7% respectively, over 2016. This increase is mainly attributed to colder than normal temperatures recorded throughout the

winter months of 2017, leading to an increase in natural gas consumption to heat our buildings. In early 2017 much of B.C. and Alberta experienced bitterly cold temperatures (3-8°C lower than seasonal). The year ended with an extreme cold weather event that according to Environment Canada was exceptional for two reasons: first, the geographical distribution (the extreme cold weather covered most of the country); second, the span of days with 10-15°C below normal (the event lasted longer than a week). However, the overall consumption trend remains positive. Since 2013, our energy consumption and GHG emissions have decreased by 7% and 16% respectively, despite a 6% increase in GLA.

In 2016, we made a commitment to reduce our 2018 energy consumption and GHG emissions by 7.5% from a 2015 base year. For comparability and to isolate efficiency improvements, we will report on a weather corrected, like-to-like portfolio. To increase the likelihood of success, this target is linked to the accountability agreements of our national operations team including our Senior VP Operations and VP Operations, Director Sustainability, Director Operations and Property Managers.

Energy savings and emissions reductions are achieved through operational best practices and equipment upgrades. For example, in 2016 we made a national commitment to upgrade all of our parking lot and exterior lighting to energy-efficient light emitting diode (LED) lamps by 2020. The U.S. Department of Energy estimates that parking lot LED lighting is over 50% more efficient than traditional technologies such as metal halide lamps. The LED project will result in significant energy savings across our portfolio.

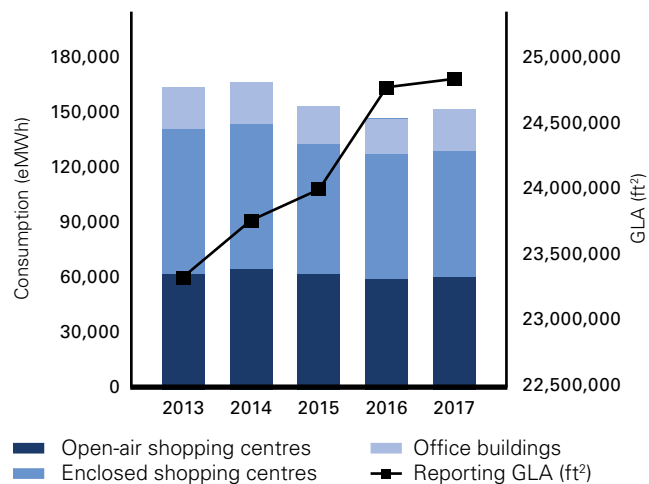
Our Commitment: Reduce 2018 energy consumption and GHG emissions by 7.5% from a 2015 base year, weather corrected, like-to-like portfolio.



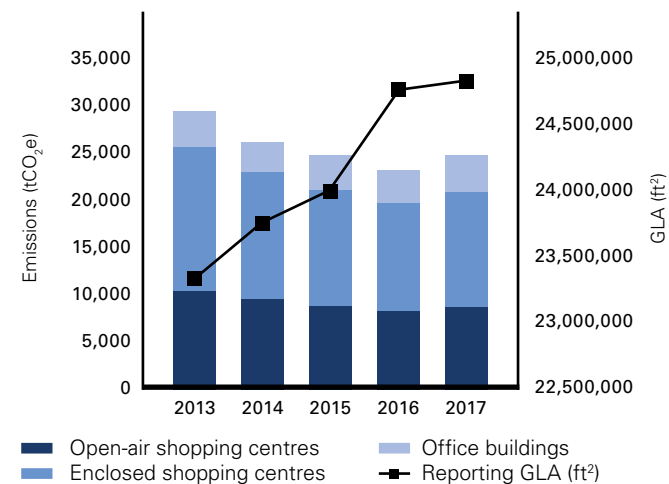


Sustainability Pay Link: Our energy and GHG commitments are linked to the accountability agreements of relevant employees, including our Senior Vice President, Operations.

ENERGY CONSUMPTION BY ASSET CLASS



GHG EMISSIONS BY ASSET CLASS



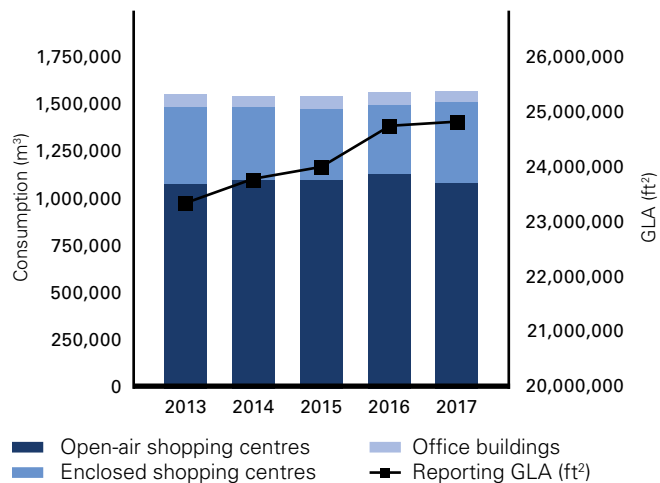
WATER

The availability of fresh water supplies is an increasing concern globally. In Canada, water conservation efforts are becoming more important as climate change begins to impact supplies in some geographies and the cost of water continues to rise in many municipalities.

Our properties primarily use water to supply drinking water, support maintenance cleaning activities, supply landscape irrigation, and provide sewage conveyance. Typically there is one water meter installed by the utility at each property and tenants are not separately metered. As a result, the water consumption and costs associated with many of our tenants' business operations are included in this report. The Province of Quebec is an exception. Water consumption in Quebec is not metered and therefore water consumption and costs for our Quebec properties are not included in this report.

FCR continues to implement water conservation measures across our portfolio and with our tenants. Since 2013, our water consumption has remained unchanged, despite a 6% increase in GLA reporting.

WATER CONSUMPTION BY ASSET CLASS



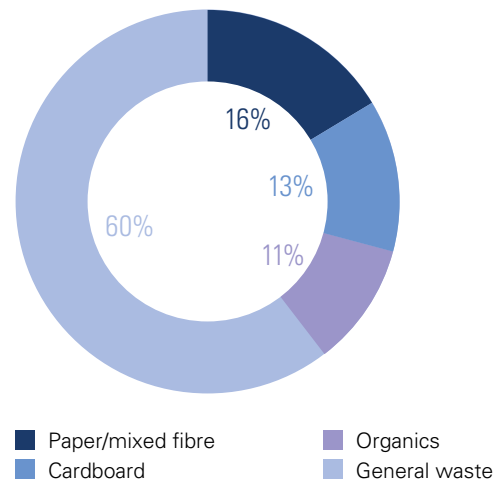
WASTE

The production of goods and subsequent solid waste contributes to global GHG emissions, pollution and general environmental degradation. Diverting waste by recycling and composting can help reduce the impact of solid waste on the environment.

FCR does not currently have a national, comprehensive, recycling & waste program for our properties due to varying local market conditions and the use of regionally based waste management companies. However, our waste data coverage continues to improve each year. The data includes tenants' waste where we are responsible for their waste management. In 2017 we expanded our relationship with a third-party waste consultant with a focus to maximize cost reduction, increase waste diversion and streamline data collection. In 2017, our waste diversion reporting includes data for 61% of our portfolio, or 14.9 million square feet of GLA, up from 58% in 2016. Our waste diversion rate for properties who report on waste is 40%, up from 33% in 2016. \$4.4 million was spent on recycling and waste disposal across our entire portfolio. The total spent was the same as compared to 2016.

For additional data, visit our website at fcr.ca/sustainability

2017 WASTE PROFILE OF NON-HAZARDOUS WASTE



GREEN BUILDING CERTIFICATIONS

Green buildings, supported by green operating practices, reduce waste, conserve energy and decrease water consumption. They also create healthier indoor environments for tenants and customers through better indoor air quality, less harmful products and more natural daylight. FCR prioritizes credible green building certification programs to provide third-party verification on the environmental performance and best practices of our properties.

LEED

LEED certification is a globally recognized symbol of sustainability achievement. It uses a whole-building approach to sustainability by addressing energy and atmosphere, water efficiency, sustainable sites, material and resources, and indoor environmental quality. In 2006, FCR made a commitment to build all new developments to LEED standards, subject to tenant acceptance. We were the first shopping centre developer in Canada to make this commitment.

In 2017, 3 new construction projects comprising over 350,000 square feet of GLA achieved LEED certification. As of December 31, 2017 117 buildings comprising 3.7 million square feet or 15% of our Company's GLA were certified to LEED.

BOMA BEST

BOMA BEST is the largest environmental assessment and certification program for existing buildings in Canada. The program assesses ten key areas of environmental performance and management: energy, water, air, comfort, health and wellness, custodial, purchasing, waste, site and stakeholder engagement.

In 2017, 34 buildings comprising over 2.5 million square feet of GLA received BOMA BEST certification. As of December 31, 2017, 175 buildings comprising 16.7 million square feet, or 66% of our Company's GLA achieved BOMA BEST certification.

For additional data, visit our website at
fcr.ca/sustainability



3.7 million sq.ft.
LEED certified



66% portfolio BOMA BEST
certified, by GLA



16% decrease in GHG emissions since 2013



7% decrease in energy consumption since 2013



40% average waste diversion rate



>90% of portfolio within 5-minute walk of public transit



76 average Walk Score for our portfolio = 'Very Walkable'

GRI INDEX

GRI PRINCIPALS FOR DEFINING REPORT CONTENT AND QUALITY

DEFINING REPORT CONTENT	
Stakeholder Inclusiveness	The subsections entitled, Approach to Corporate Responsibility and Sustainability in the Introduction Section, and Stakeholder Engagement in the People Section, describe the processes for stakeholder engagement.
Sustainability Context	For each material aspect identified, the context and approach are described.
Materiality	The subsection entitled Materiality Assessment describes the process used to identify material aspects of the Company's operations.
Completeness	The report covers products, services and activities where First Capital Realty has operational control.
DEFINING REPORT QUALITY	
Accuracy	The Company aims to prepare an accurate report. The process involves systems to collect data, review data and approve the final report. Refer to Appendix 1 - Data Assumptions and Methodologies in our supplementary Data Pack for information on how data was compiled.
Balance	The Company discloses negative and positive information in the report.
Clarity	The Company aims to deliver an easy-to-read, clear, concise report that can be accessed via the Web or printed format. Its efforts include providing a list of definitions and acronyms, avoiding jargon, describing data assumptions and methodologies, and providing graphics that are clear and not misleading.
Comparability	The CRS report compares 2017 data to previous years' data.
Reliability	The Company established processes to collect and report on sustainability indicators. The process involved assigning separate data owners and reviewers to each sustainability indicator. The SVP, Operations and the General Counsel read the entire report before issuance. Furthermore, the Company sought the services of Ernst & Young LLP to prove "limited assurance" on the following seven GRI indicators:
	For 2017 data:
	302-1: Energy consumption within the organization.
	303-1: Total water withdrawal by source.
	For the years 2013, 2014, 2015, 2016 and 2017 data:
	305-1: Direct greenhouse gas (GHG) emissions (Scope 1)
	305-2: Indirect greenhouse gas (GHG) emissions (Scope 2)
	305-3: Other indirect greenhouse gas (GHG) emissions (Scope 3)
Timeliness	The Company's 2017 CRS Report was issued within six months of the end of the reporting period.

GRI CONTENT INDEX IN ACCORDANCE WITH CORE DISCLOSURE

GENERAL STANDARD DISCLOSURES		MAIN REPORT	DATA PACK	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/OMISSIONS
GENERAL DISCLOSURES					
102-1	Name of the organization		p.3	No	
102-2	Activities, brands, products and services		p.3	No	
102-3	Location of Headquarters		p.3	No	
102-4	Location of Operations		p.3	No	
102-5	Ownership and legal form		p.3	No	
102-6	Markets served		p.3	No	
102-5	Ownership and legal form		p.9	No	
102-6	Markets served		p.9	No	
102-7	Scale of the organization		p.3	No	
	Total number of employees		p.5	No	
	Total number of operations		p.4	No	
	Net sales or net revenues		p.4	No	
	Total capitalization broken down into debt and equity		p.4	No	
	Quantity of product and services provided		p.3	No	
102-8	Information on employees and other workers		p.5	No	
	Total number of employees by employment contract by gender		p.5	No	
	Total number of employees by employment contract by region		p.5	No	



CONTINUED

GENERAL STANDARD DISCLOSURES		MAIN REPORT	DATA PACK	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/OMISSIONS
102-8	Total number of employees by employment type and gender		p.5	No	
	Whether a significant portion of the organization's activities are performed by workers who are not employees		p.5	No	
	Significant variations in employment numbers			No	There are no significant variations
102-9	Supply Chain			No	N/A
102-10	Significant changes to the organization, including size, structure, ownership and supply chain			No	There are no significant changes
102-11	Application of precautionary principle	p.23		No	
102-12	External initiatives	p.29		No	
102-13	Membership of associations	p.19		No	
102-14	Statement from the most senior decision maker	p.2		No	
102-15	Key impacts, risks and opportunities	p.1-37		No	Throughout the report, the Company describes key impacts, risks and opportunities
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
102-45	Entities included in the consolidated financial statements		p.3		First Capital Realty and First Capital Holdings Trust
102-46	Defining report content and topic boundaries	p.9		No	
	Explain how the organization has implemented the reporting principles for defining report content	p.9, 31		No	
102-47	List of material topics	p.9		No	Refer to Specific Standard Disclosures
103-1	Explanation of the material topic and its boundary	p.9		No	
102-48	Report any restatements and effect on restatements		p.25-30	No	
102-49	Report significant changes in topics and boundaries			No	N/A

CONTINUED

GENERAL STANDARD DISCLOSURES		MAIN REPORT	DATA PACK	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/OMISSIONS
STAKEHOLDER ENGAGEMENT					
102-40	List of stakeholder groups	p.20		No	
102-41	Percentage of employees covered by collective bargaining agreements			No	Zero percent of employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	p.20		No	
102-43	Approach to stakeholder engagement	p.20		No	
102-44	Key topics and concerns raised by stakeholders			No	Topics concerning development and redevelopment activities raised during formal public consultations are available from municipalities where these activities were proposed or occurred
REPORT PROFILE					
102-50	Reporting period	p.1		No	
102-51	Date of most recent previous report	p.1		No	
102-52	Reporting Cycle	p.1		No	
102-53	Contact Point	p.1		No	
102-54	Claims of reporting in accordance with the GRI Standards	p.31		No	
102-55	GRI Content Index	p.31		No	
102-56	External assurance	p.37		No	
	External Assurance - policy	p.34		No	The Company has assured water, energy and GHG emissions in this and previous CRS reports
	Relationship between organization and assurance partners	p.34		No	Ernst and Young LLP, an independent chartered accounting firm, provided assurance on specific subject matters of this report
	Role of senior executives in assurance	p.34		No	The Audit Committee Chair and EVP and CFO of the Company executed the assurance contract with Ernst and Young LLP



CONTINUED

GENERAL STANDARD DISCLOSURES		MAIN REPORT	DATA PACK	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/OMISSIONS
GOVERNANCE					
102-18	Governance structure of organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts.	p.12		No	
ETHICS AND INTEGRITY					
102-16	Describe the organization's values, principles, standards and norms of behaviour such as codes of conducts and ethics.	p.13		No	

SPECIFIC STANDARD DISCLOSURES		MAIN REPORT	DATA PACK	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/OMISSIONS
SOCIETY					
205	Anti-Corruption	p.12-13		No	
ENVIRONMENTAL					
302	Energy	p.25,27	p.13,14	Yes	
303	Water	p.28	p.15,16	Yes	
305	Emissions	p.25,27	p.17,18	Yes	
306	Effluents & Waste	p.28	p.19,20	No	
307	Environmental Compliance	p.23		No	
LABOUR PRACTICES AND DECENT WORK					
401	Employment	p.17,18	p.5-12	No	
403	Occupational Health & Safety	p.19		No	
404	Training and Education	p.17,18		No	



STATEMENT OF ASSURANCE

INDEPENDENT LIMITED LEVEL ASSURANCE REPORT

To the Board of Directors and Management of First Capital Realty ("FCR")

OUR RESPONSIBILITIES

Our limited level assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and with the International Standard on Assurance Engagements 3410 (ISAE 3410), Assurance Engagements on Greenhouse Gas Statements published by the International Auditing and Assurance Standards Board.

SCOPE OF OUR ENGAGEMENT

We have carried out a limited assurance engagement, as agreed with management:

Subject matter: FCR's performance indicators for the years ending 31 December 2017, 2016, 2015, 2014 and 2013 as reported by FCR in the Report:

- G4-EN3 - Energy consumption (Direct and Indirect) within the organization
- G4-EN8 - Total water withdrawal by source
- G4-EN15 - Direct greenhouse gas (GHG) emissions (Scope 1)
- G4-EN16 - Energy indirect greenhouse gas (GHG) emissions (Scope 2)

- G4-EN17 - Other indirect greenhouse gas (GHG) emissions (Scope 3)

SUBJECT MATTER AND CRITERIA

Subject matter: The subject matter consists of FCR's environmental performance indicators and greenhouse gas ("GHG") inventory, which includes Scope 1, Scope 2 and selected Scope 3 emissions from FCR's total water consumption, with the exclusion of its properties in Quebec. FCR's GHG inventory was prepared and calculated in accordance with the GRI G4 Guidelines and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"). The criteria used to evaluate the subject matter consisted of the relevant guidance contained within the GRI G4 Guidelines and the GHG Protocol.

FCR MANAGEMENT RESPONSIBILITIES

The Report was prepared by the management of FCR, who are responsible for the collection and preparation of the subject matter and the criteria used in determining that the information is appropriate for the purpose of disclosure in the Report. In addition, management is responsible for maintaining adequate records and internal controls that are designed to support the reporting process. There are currently no legislative or regulatory requirements requiring FCR to prepare, publish or have verified a corporate responsibility report.

LEVEL OF ASSURANCE

Our procedures were designed to obtain a limited level of assurance on which to base our conclusions. The procedures conducted do not provide all the

evidence that would be required in a reasonable assurance engagement and, accordingly, we do not express a reasonable level of assurance. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagements were not designed to provide assurance on internal controls and, accordingly, we express no conclusions thereon.

WORK PERFORMED

In order for us to express a conclusion in relation to the above subject matters, we have considered the following questions:

COMPLETENESS

- Has FCR fairly presented the subject matter with respect to the organizational and operational boundaries and time period defined in the Report?
- Has FCR accurately collated corporate data relating to the subject matter from all material entities in its defined boundary?
- Has FCR collated corporate data relating to the subject matter from all relevant operations level data?

ACCURACY

- Is the subject matter accurate and sufficiently detailed for stakeholders to assess FCR's performance?

The procedures we undertook to form our conclusions included, but were not limited to:

- Interviewing selected personnel to understand the key corporate responsibility issues related to the data and processes for the collection and accurate reporting of the subject matter.
- Where relevant, performing walkthroughs of systems and processes for data aggregation and reporting.
- Inquiring of management regarding key assumptions and the evidence to support the assumptions.
- Validating the accuracy of calculations performed, on a sample basis, primarily through inquiry and analytical procedures.
- Validating that data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report through observation.

LIMITATIONS OF OUR WORK PERFORMED

Our procedures did not include providing conclusions in relation to:

- The completeness or accuracy of data sets or information relating to areas other than the subject matters.

- Information reported by FCR other than in its Report, such as information contained on its website.
- Management's forward looking statements.
- The Report being in accordance with requirements of the GRI G4 Guidelines other than those contained within the scope of our work, as set out above.
- Weather-corrected, like-to-like portfolio analysis of GHG emissions in the report.

Additionally, environmental and energy-use data are subject to inherent limitations given the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

OUR CONCLUSIONS

Subject to the limitations of our scope noted above, and based on our work as described in this report, we conclude that nothing has come to our attention that causes us to believe that the subject matter is not, in all material respects, fairly presented in accordance with the GRI G4 Guidelines, including the Construction and Real Estate Sector Supplement.



Chartered Accountants
Licensed Public Accountants

June 29, 2018
Toronto, Canada

ACRONYMS AND DEFINITIONS

BOMA – the Building Owners and Managers Association

BOMA Canada represents over 3,200 members from the Canadian commercial real estate sector.

BOMA BEST – Building Environmental Standards is a national program launched in 2005 by BOMA Canada to address an industry need for realistic standards for energy and environmental performance of existing buildings based on accurate, independently verified information.

Brownfield is defined as a property where the previous or current site use caused environmental contamination necessitating environmental remediation.

CaGBC – Canada Green Building Council

CEO – Chief Executive Officer

CFO – Chief Financial Officer

COO – Chief Operating Officer

CO₂ – carbon dioxide

CO₂e is equivalent carbon dioxide. Different greenhouse gases have different global warming potentials per unit of gas. To facilitate comparison between the various GHG emissions, all GHG emissions are converted to equivalent carbon dioxide.

CRE – Construction and real estate

CRS – Corporate Responsibility and Sustainability

Employee Assistance Program is a voluntary and confidential support service that helps employees and their immediate family members with everyday work, health and life issues, as well as major life challenges.

EHS – Environment, Health and Safety

EVP – Executive Vice President

GHG – greenhouse gases. They include carbon dioxide, methane, nitrous oxides, sulphur hexafluoride and refrigerant gases.

EVP – Executive Vice President

GLA – gross leasable area Greenfield – an undeveloped land typically located at the edge of a city.

GRI – Global Reporting Initiative. It is an international non-profit organization that develops guidelines for reporting on corporate responsibility and sustainability (CRS).

GTA – Greater Toronto Area

HVAC – heating, ventilation and air conditioning.

ICSC – International Council of Shopping Centers. It is the premier global trade association for the shopping centre industry.

LED – light emitting diode. LED lighting is a technology that produces light approximately 50-90% more efficiently than incandescent light bulbs.

LEED – Leadership in Energy and Environmental Design

LEED AP – LEED - Accredited Professional

LEED CI – LEED for Commercial Interiors

LEED CS – LEED for Core and Shell

LEED EBOM – LEED for Existing Buildings Operations and Maintenance

LEED NC – LEED for New Construction

NAOIP - The Commercial Real Estate Development Association. It is a leading organization for developers, owners and investors of office, industrial, retail and mixed-use real estate in North America.

N/A – Not Applicable

REALpac – Real Property Association of Canada. It is a national industry association for owners and managers of investment in real estate. Members include publicly traded real estate companies, real estate investment trusts (REITS), private companies, pension funds, banks and life insurance companies with investment real estate assets each in excess of \$100 million. The association is supported by large owner/occupiers

and pension fund advisors and individually selected investment dealers and real estate brokerages.

RRSP – Registered Retirement Savings Plan

Scope 1 emissions are direct GHG emissions resulting from on-site fuel combustion sources that are owned or controlled by the Company (e.g., emissions from burning natural gas in an HVAC unit or fuel oil in a boiler).

Scope 2 emissions are indirect GHG emissions resulting from the generation of purchased electricity consumed by the Company. Scope 2 emissions are generated at the facility where the electricity is generated.

Scope 3 emissions are all other indirect GHG emissions. Scope 3 emissions are a result of activities undertaken by the Company, but are generated from sources not owned or controlled by the Company (e.g., transmission of water, business travel, employee commuter travel, use of goods and services purchased).

SVP – Senior Vice President

VP – Vice President

