



2016

# FIRST CAPITAL REALTY INC.

Corporate Responsibility and Sustainability (CRS) Report

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# INTRODUCTION

## A MESSAGE FROM THE PRESIDENT AND CEO

In 2016, we further improved our already high-quality portfolio of retail assets in Canada's largest urban growth markets. The location and quality of our portfolio, including the demographic profile of our properties and the barriers to entry for new supply, give us a lot of comfort that our real estate will continue to be in high demand, notwithstanding the changes occurring in retail.

Our shopping centres are occupied by Canada's leading retailers who provide necessity-based goods and services, meaning those that consumers generally buy regardless of the economic environment. It is the quality of our tenant base, as well as our focus on necessity-based retail in Canada's best urban locations, that has generated such strong operating performance through both robust and challenging economic times and that should lead to continued growth and stability in the years ahead.

But First Capital is much more than a portfolio of high quality properties. The Company is also about innovation, and about people. We have always looked to innovate in our business to ensure we best serve the needs of our stakeholders.

Embedded in our culture is the Company's approach to corporate responsibility and sustainability. We strive "to do more with less" by integrating corporate responsibility and sustainability in our operations. Using fewer resources to achieve our goals increases efficiency and maximizes value. Living up to our social and environmental responsibilities makes good business sense and contributes to the long-term viability of our Company.

Over the past year, we continued to build momentum on our sustainability platform and I am very pleased with our on-going progress of our corporate responsibility and sustainability programs and initiatives. Let me share some of our highlights over the past year:

- The Company's total 2016 Greenhouse Gas (GHG) emissions decreased by 3% from 2015 levels, notwithstanding a 3% increase in GLA reporting GHG emissions;
- FCR was named by Corporate Knights as one of 2016 Future 40 Responsible Corporate Leaders in Canada for the third consecutive year;

- 11 new construction projects comprising 104,500 square feet of gross leasable area (GLA) were certified to Leadership and Energy and Environmental Design (LEED);
- 39 properties comprising 4.8 million square feet achieved Building Owners and Managers Association (BOMA) Building Environmental Standards (BEST) Certification;
- The Company established a national target to reduce its 2018 energy consumption by 7.5% from a 2015 base year, weather-corrected, like-to-like portfolio;
- Through our collaboration over the last five years with OCAD University, Toronto, ON, Emily Carr University of Art and Design, Vancouver, B.C. and Concordia University, Montreal, QC, as of December 2016, we have successfully completed 17 sculpture installations in prominent locations on our properties.

These accomplishments are truly a reflection of the contributions of our dedicated and engaged employees. With their skills, expertise, knowledge and passion, these individuals working collectively as a team, singular in focus, are responsible for the Company's tremendous growth and success.

I am personally very optimistic about our future. I believe we have all the right ingredients for success. It starts with the right strategy for the road that lies ahead and extends to having the right people, properties, tenant base, brand and balance sheet.

I look forward to updating you next year on the Company's achievements in 2017.



Adam E. Paul  
President & CEO



## 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 1:** A limited assurance in relation to the following selected performance indicators for the year ending 31 December 2016 reported by FCR in its Global Reporting Initiative ("GRI") filing entitled 'First Capital Realty 2016 Corporate Responsibility and Sustainability (CRS) Report' (the "Report"):

- G4-10 – Total workforce by employment type, employment contract and region
- G4-LA1 – Total number and rates of new employee hires and employee turnover by age group, gender and region

**Subject matter 2:** FCR's performance indicators for the years ending 31 December 2016, 2015, 2014, 2013 and 2012 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 1:** The subject matter consists of the above mentioned social performance indicators. The criteria used to evaluate the subject matter consisted of the relevant guidance contained within the GRI G4 Guidelines, including the Construction and Real Estate Sector Supplement.

**Subject matter 2:** 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 Accounts

September 7, 2017  
Toronto, Canada



## COMPANY OVERVIEW

### CONTEXT

First Capital Realty (TSX: 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. The Company's primary strategy is the creation of value over the long term by generating sustainable growth in cash flow and capital appreciation of its shopping centre portfolio.

### APPROACH

To achieve the Company's strategic objectives, Management continues to:

- undertake selective development, redevelopment and repositioning activities on its properties, including land use intensification;
- be focused and disciplined in acquiring well-located properties, primarily where there are value creation opportunities including sites in close proximity to existing properties in the Company's target urban markets;
- proactively manage its existing shopping centre portfolio to drive rent growth;
- increase efficiency and productivity of operations; and
- maintain financial strength and flexibility to achieve a competitive cost of capital.

Please refer to the Company's website for all 2016 financial disclosures including First Capital Realty's 2016 Annual Report, <https://fcr.ca/uploads/investors/financial-reports/pdf/2016/AR.pdf>

## SHOPPING FOR EVERYDAY LIFE

First Capital Realty 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 the 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.

Management looks to implement a specific complementary tenant offering at each of its properties to best serve the needs of the local community. The Company is highly focused on ensuring the competitive position of its assets in their respective urban and retail trade areas and closely follows demographic profiles and shopping trends that may impact the performance of its properties.

In Management's 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

First Capital Realty targets specific urban markets in Canada with stable and/or growing populations. Specifically, the Company intends to continue to operate primarily in and around its target urban markets which include the Greater Toronto Area (including the Golden Horseshoe Area and London); Greater Calgary Area; Greater Edmonton Area; Greater Vancouver Area (including Vancouver Island); Greater Montreal Area; Greater Ottawa Area (including Gatineau region); and Quebec City. Over 95% of the Company's annual minimum rent is derived from these markets.

The Company has achieved critical mass in its target markets, which helps generate economies of scale and operating synergies, as well as deep local knowledge of its properties, tenants, neighbourhoods, and markets in which it operates. Within each of these markets, the Company owns and targets well-located properties with strong demographics that Management expects will continue to get stronger over time, therefore attracting high quality tenants with rent growth potential.

Inherent in First Capital Realty's business strategy is sustainability. First, the Company targets 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, First Capital Realty conducts comprehensive environmental assessments to identify possible environmental contamination prior to acquiring property. Third, the Company pursues intensification on selected existing urban properties by constructing mixed use real estate assets (i.e., commercial, retail, and residential) on existing properties. By focusing on existing urban markets, targeting locations with good public transit, and increasing the urban density, the Company is helping to reduce societal energy consumption and GHG emissions and develop vibrant neighbourhoods where the public can easily access daily necessities. Fourth, First Capital Realty has committed to develop and certify new projects to LEED<sup>1</sup>, and obtain BOMA BEST certification on existing properties. Finally, the Company's mandate to improve operational efficiency aligns with the implementation of energy and water conservation measures.

<sup>1</sup>The Company's policy is to build to LEED standards subject to tenant acceptance.

First Capital Realty is an active member of the Canadian real estate business community. The Company is a member of the International Council of Shopping Centers (ICSC), the Real Property Association of Canada (REALpac), BOMA Canada, Commercial Real Estate Development Association (NAOIP), the Canada Green Building Council (CaGBC) and Toronto and Region Conservation Authority – Partners in Project Green. It is also an active sponsor of 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 Vice President and Chief Sustainability Officer is a member of REALpac's Environmental, Social & Governance Committee, University of Toronto's Environmental Finance Committee and BOMA Toronto's Sustainability Leadership Council.

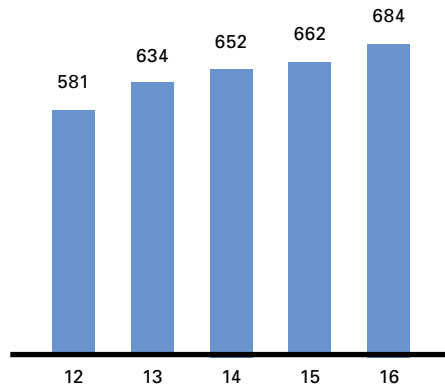




## PROPERTY RENTAL REVENUE

(\$ millions)

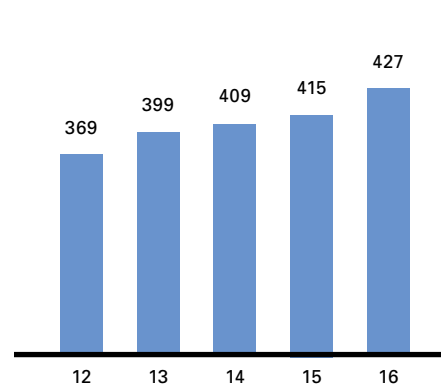
CAGR<sup>1</sup> 5.4%



## TOTAL NOI

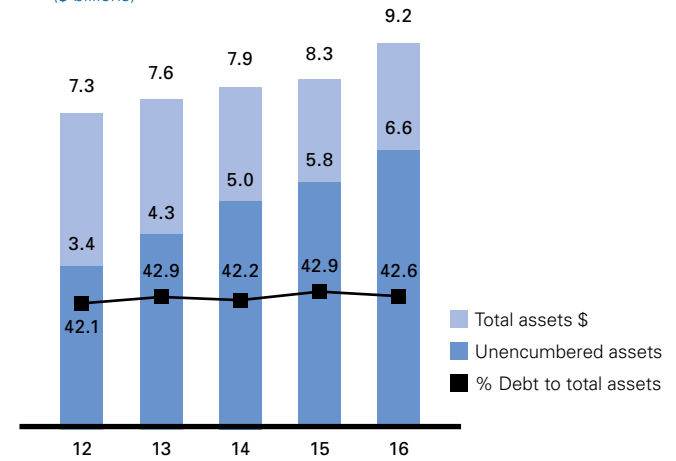
(\$ millions)

CAGR<sup>1</sup> 4.7%



## TOTAL ASSETS

(\$ billions)

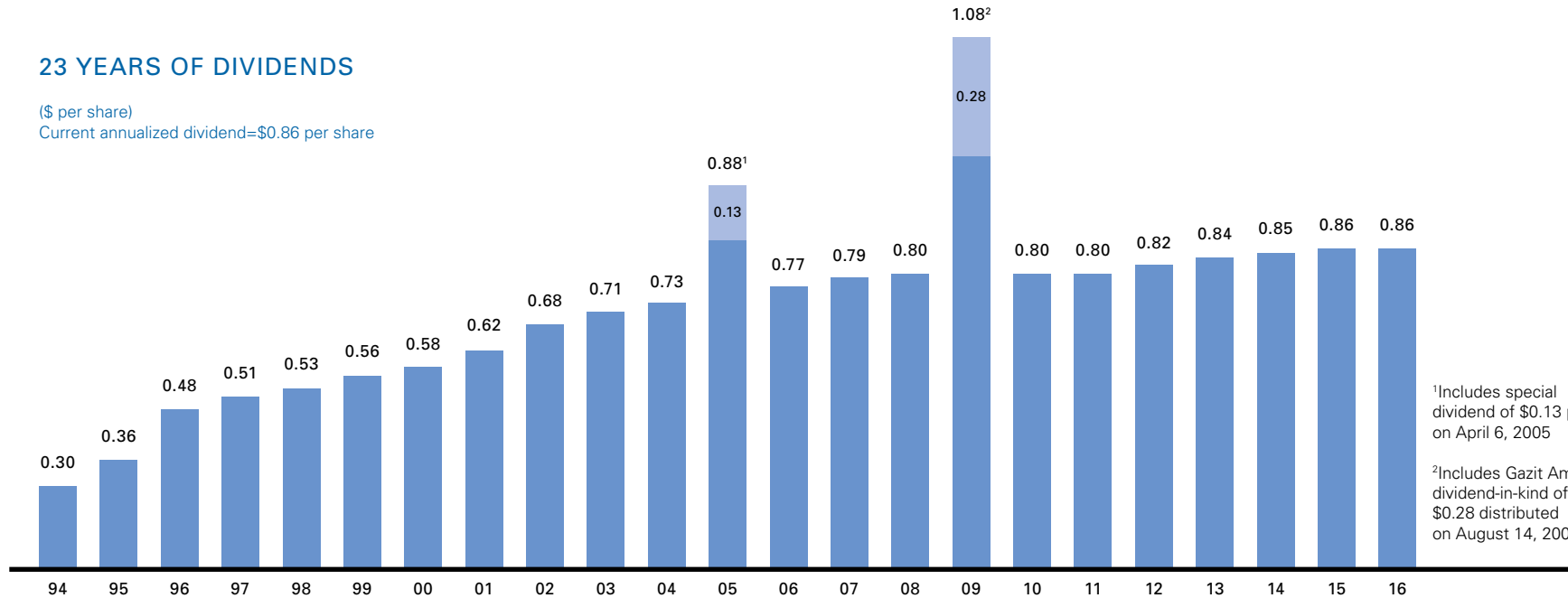


<sup>1</sup>CAGR - Compound annual growth rate

## 23 YEARS OF DIVIDENDS

(\$ per share)

Current annualized dividend=\$0.86 per share



<sup>1</sup>Includes special dividend of \$0.13 paid on April 6, 2005

<sup>2</sup>Includes Gazit America dividend-in-kind of \$0.28 distributed on August 14, 2009

## GRI G4 REFERENCE - COMPANY OVERVIEW AS AT DECEMBER 31, 2016.

INDICATOR	INDICATOR DESCRIPTION	RESULTS
G4-3	Legal Name	First Capital Realty Inc.
G4-4 + G4-6	Business	One of Canada's largest owners, developers and managers of grocery-anchored, retail-focused urban properties where people live and shop for everyday life.
G4-5	Headquarters	85 Hanna Avenue, Suite 400, Toronto, Ontario, Canada, M6K 3S3
G4-7	Ownership	Publicly traded on the Toronto Stock Exchange (TSX: FCR)
G4-7	Nature of Legal Form	Public corporation
G4-9	Major Shareholder	Gazit-Globe Ltd. 36.4% ownership
G4-9	Major Subsidiaries	First Capital Asset Management LP, FCR Management Services LP, First Capital Holdings Trust
G4-9	Joint Ventures	College Square, McLaughlin Corners Assets, West Oaks Mall, 1100 King Street West, Toronto (Kings Club), Hunt Club Market Place Assets, Main and Main Developments, Sherwood Towne Square Assets, West Springs Village, The Brewery District, Seton Gateway, Shops of Oakville South, 2150 Lakeshore Boulevard West, Toronto
G4-8	Customers	Canada's leading grocery stores, pharmacies, liquor stores, banks, restaurants, cafes, fitness, medical, childcare facilities and other professional and personal services
G4-6 + G4-9	Markets	Greater Toronto Area (including the Golden Horseshoe Area and London); Greater Calgary Area; Greater Edmonton Area; Greater Vancouver Area (including Vancouver Island); Greater Montreal Area; Greater Ottawa Area (including Gatineau region); and Quebec City
N/A	Number of Acres	2,124
N/A	Greenfields	14%
CRE-5	Brownfields	3%
N/A	GLA	25.3 million

INDICATOR	INDICATOR DESCRIPTION	RESULTS
G4-9	Number of Roll-up Properties	160
G4-9	Number of Individual Properties	307
G4-9	Number of Ground Up Development Sites	2
G4-8	Geographic Concentration by Province (based on GLA)	Ontario (48%), Quebec (18%), Alberta (23%), British Columbia (11%)
G4-9	Net Operating Income (000s)	\$421,997
N/A	Net Operating Income/Acre	\$198,680/acre
G4-9	Enterprise Value (000s)	\$9,161,651
G4-9	Net Debt to Total Assets	42.60%
G4-PR3	GLA certified to LEED	3,400,000 ft <sup>2</sup> (14%)
G4-PR3	GLA certified to BOMA BEST	14,200,000 ft <sup>2</sup> (56%)
G4-EN8	Water consumed	1,546,830 m <sup>3</sup>
G4-EN3	Energy consumed	145,340 eMWh
G4-EN15,EN16,EN17	GHG Emissions	23,340 tCO <sub>2</sub> e
G4-EN23	Waste Generated	19,551 tonnes
G4-EN23	Waste Diversion Rate	33%
G4-13	Significant Changes during the Reporting Period	N/A

## APPROACH TO CORPORATE RESPONSIBILITY AND SUSTAINABILITY

### SUSTAINABILITY VISION

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.

First Capital Realty believes that living up to its social and environmental responsibilities simply makes good business sense. It gives the Company a solid foundation to continue to prosper; it ensures the long-term viability of the assets it owns, and helps the Company to attract and retain the best tenants and employees. Finally, it defines its presence and reputation as a contributor to the communities where the Company's properties are located. The Company stands by this philosophy. It is right for its business.

The Company maintains a Sustainability Strategy focused on five key guiding principles:

### ANTHEM PRINCIPLES

- Analyze long-term effects.
- Think globally, act locally.
- Evolve.
- Mitigate risk.
- Maximize value.

SMART (specific, measurable, actionable, realistic, time-related) objectives were established at the executive leadership level to support successful implementation of these principles.





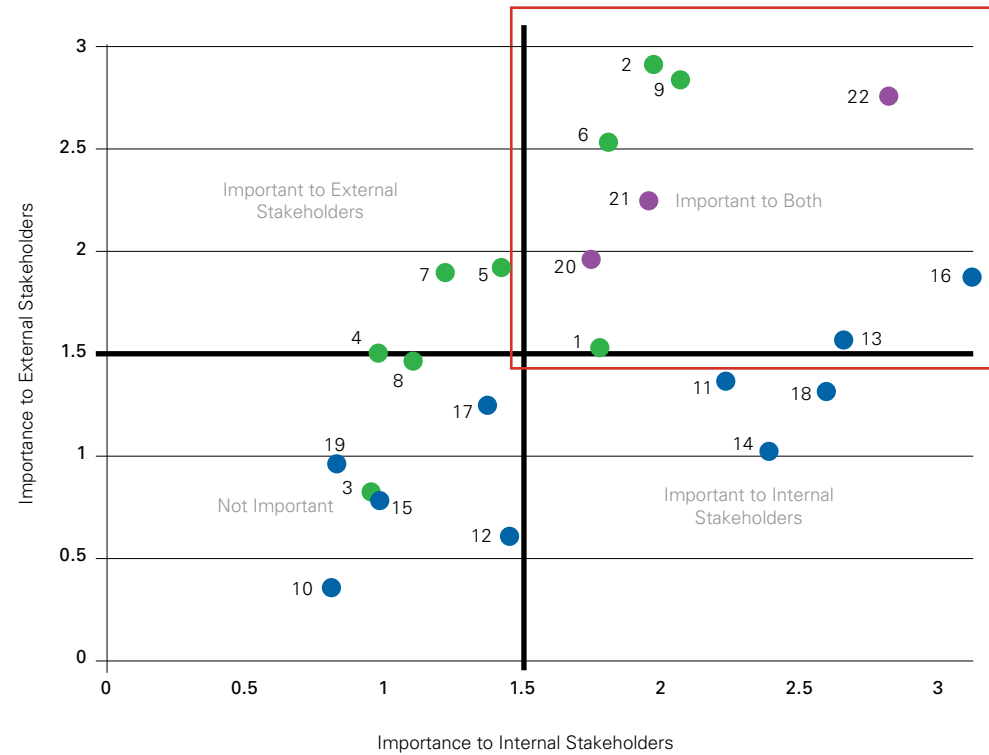


## FIRST CAPITAL REALTY MATERIALITY ASSESSMENT

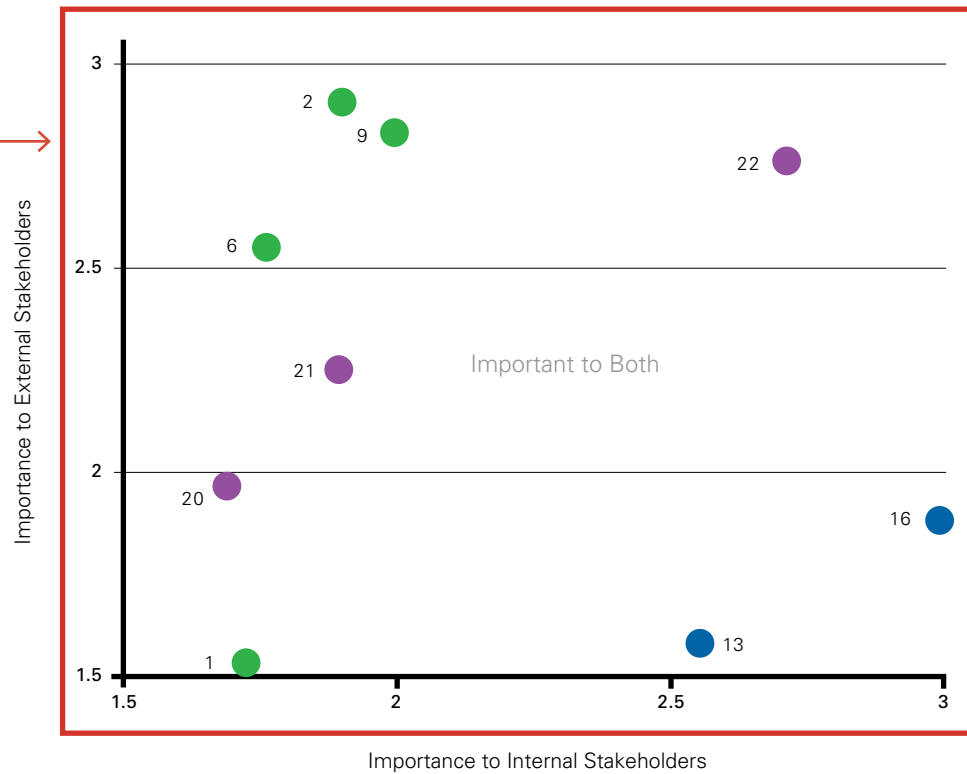
In 2015, a materiality assessment was completed with one-on-one interviews conducted by the Vice President and Chief Sustainability Officer with 32 internal and external stakeholders, to understand the sustainability topics that were most important to these stakeholders when interacting with First Capital Realty. 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 is plotted on the Company's Sustainability Prioritization Matrix and were presented to the executive leadership team. The Vice President and Chief Sustainability Officer expanded the list of material topics to include employees, water, GHG emissions, waste and buildings. These material topics were reviewed to determine if they had internal and/or external impacts.

TOPICS	
ENVIRONMENT	
1	Land use
2	Land contamination
3	Biodiversity
4	Materials
5	Water
6	Energy
7	GHG
8	Waste
9	Environmental compliance
SOCIAL	
10	Philanthropy
11	Community relations
12	Public policy
13	Employee / contractor health and safety
14	Talent management
15	Supplier assessments
16	Public health, safety and security
17	Design parameters
18	Tenant / customer satisfaction
19	Certification and labelling
GOVERNANCE	
20	Board governance / effectiveness
21	Risk management
22	Ethics and integrity

## SUSTAINABILITY PRIORITIZATION MATRIX OVERALL RESULTS



## 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

## 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	✓	✓		✓	✓

This report addresses the most relevant sustainability topics to internal and external stakeholders. It covers the reporting period from January 1, 2016 to December 31, 2016. The most recent report was the 2015 Corporate Responsibility and Sustainability Report (as of December 31, 2015). The Company issues CRS reports annually. The contact point for this report is:

Maryanne McDougald, Senior Vice President – Operations, [maryanne.mcdougald@fcrms.ca](mailto:maryanne.mcdougald@fcrms.ca)





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# GOVERNANCE

## GOVERNANCE AND STRUCTURE

### CONTEXT

First Capital Realty has adopted a governance framework that reflects its values and ensures that corporate governance procedures are followed. In general, management 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.

### APPROACH

The Board of Directors believes that sound corporate governance practices are the essential foundation to the well-being of the Company and the promotion and protection of its shareholders' interests. The Company is led by its President and CEO and overseen by the Board of Directors (the "Board"). On December 31, 2016, the Board comprised nine directors, six of whom were "independent" as defined by National Instrument 52-110 ("NI 52-110"). The Board 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.

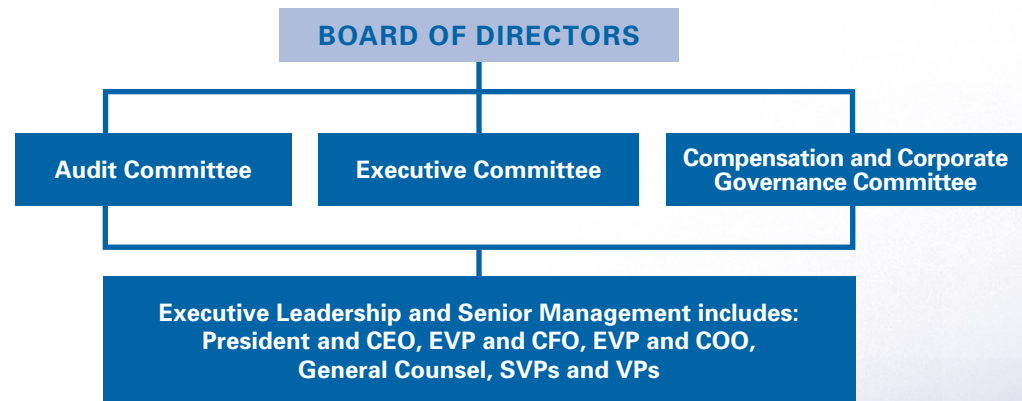
The fundamental responsibility of the Board is to supervise the management of the business and affairs of the Company with a view to sustainable value creation for all shareholders. The Board promotes full, true and plain reporting, including financial reporting, to shareholders of the Company and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that the Company is best served by a board of directors which functions independently of management and is informed and engaged.

The Company 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 the 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.

## EXECUTIVE COMMITTEE

As at December 31, 2016, the Executive Committee consisted of six directors, including the Chair of the Board, the President and Chief Executive Officer of the Company and four other directors, three of whom are “independent” as defined in NI 52-110. The Executive Committee has the authority, on behalf of the Board, and subject to certain monetary limits determined by the Board, to:

- Approve investments in and divestitures of real property assets, including:
  1. Acquisition and dispositions of property;
  2. Development budgets including the cost of land; and
  3. Acquisitions and dispositions of raw land;
- Approve investments in and divestitures of marketable securities.



## AUDIT COMMITTEE

As at December 31, 2016, the Audit Committee was composed of four directors, all of whom are “independent” and “financially literate” as defined by NI 52-110. The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to, among other matters:

- The integrity of the Company’s financial statements;
- The Company’s compliance with legal and regulatory requirements related to financial reporting;
- The internal audit function of the Company;
- The qualifications, independence and performance of the Company’s auditor;
- The design and implementation of internal controls and disclosure controls; and
- Any additional matters delegated to the Audit Committee by the Board.

A further description of matters relating to the Audit Committee is set forth under “Audit Committee” in the Company’s Annual Information Form dated February 29, 2016, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). As well, the Audit Committee reviews procedures established in the Ethics Reporting Policy for receipt and follow-up of reports and complaints.

## COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

The Compensation and Corporate Governance Committee is composed of four directors, all of whom are “independent” as defined by NI 52-110.

The Compensation and Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to:

- The selection and retention of senior management;
- The compensation of senior management;
- Professional development for senior management;
- The management of benefit plans for employees;
- The Company’s overall approach to corporate governance;
- The size, composition and structure of the Board and its committees;
- Orientation and continuing education for directors;
- Related party transactions and other matters involving conflicts of interest; and
- Any additional matters delegated to the Compensation and Corporate Governance Committee by the Board.

## PERFORMANCE AND COMPENSATION

The Board receives periodic reports on the Company’s actual compared to planned financial and operating performance, including social, human resources and environmental initiatives. The Compensation and Corporate Governance Committee uses the actual versus planned annual results to evaluate management performance and allocate discretionary compensation.



## BELIEFS, VALUES AND CODE OF CONDUCT AND ETHICS

### CONTEXT

Beliefs, values and codes of conduct and ethics define an organization. Collectively, they capture the culture and expectations of an organization. They are foundational for establishing a strong, focused company.

### APPROACH

#### BELIEFS

Integrity and a high standard of ethics are fundamental to the Company's beliefs. The Company is committed to doing what is right and deterring wrongdoing. In dealing with tenants, vendors, suppliers, and fellow employees, the Company requires 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.
- Obey the law.

### VALUES

The Company has established values to guide employees' behaviour:

- Be respectful of your co-workers - their opinions, feelings, time, areas of expertise, and family commitments;
- Be generous with your expertise by always giving your best advice;
- Know your facts, know your business;
- Think and act like an "owner";
- Do what you are held accountable for, and do it with integrity;
- Strive for excellence; and
- Be positive, be engaged, have fun.

### CODE OF CONDUCT AND ETHICS

First Capital Realty 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.

## 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 the Company's financial reporting or which might otherwise be sensitive in preserving the reputation of the Company. The Ethics Reporting Policy provides examples of the type of activities which would legitimately be reported under the Company's Ethics Reporting Policy:

- Any complaint regarding accounting, internal controls, disclosure controls or auditing matter;
- Any actual or apparent violation of the Code of Conduct and Ethics or the Supplier Code of Conduct and Ethics;
- Any actual or apparent violation of the Company's Disclosure and Insider Trading Policy; and
- Any good faith concerns regarding questionable accounting or auditing matters.

Any non-compliance incidents with the Company's policy documents were handled in accordance with the directives identified in the policies.

The Company also retains, ClearView Connects™, an independent provider of specialized ethics reporting services. It provides Company employees and suppliers with an independent and anonymous method for reporting any concerns regarding unethical behaviour or actual/perceived breaches with the Company's Code of Conduct and Ethics or FCR Supplier Code of Conduct and Ethics.

## PUBLIC POLICY DEVELOPMENT

During 2016, the Company was not involved directly in public policy development. Through participation in industry associations such as REALpac, ICSC, the Canada Green Building Council (CaGBC), and BOMA, First Capital Realty indirectly contributed to industry-related public policy discussions.

## POLITICAL CONTRIBUTIONS

In 2016, the Company did not provide any common area temporary or permanent rental space to a political party and did not donate any money to political parties.

## LOBBYING

As a leading real estate developer in Canada, First Capital Realty makes submissions to municipal governments to obtain approval for development plans. During the process of obtaining regulatory approvals, First Capital Realty employees and its consultants regularly communicate with municipal staff and politicians to understand regulatory requirements and community feedback on proposed developments, explain the Company's development plans and persuade officials to approve its plans. In the process, First Capital Realty employees are expected to follow guidelines provided in the Company's Anti-Corruption Policy and its Code of Conduct and Ethics.

## RISK MANAGEMENT

### CONTEXT

Risk management is the process of identifying, assessing and mitigating risks that have the potential to harm individuals, the environment, physical assets and reputation. Risk mitigation strategies are approaches that individually or collectively manage and/or reduce adverse effects from risk.

### APPROACH

First Capital Realty has developed a risk assessment process for identifying and managing risk. The Company identifies and prioritizes 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.

The Company undertakes a review and re-prioritization of risks based on its annual assessment process. Quarterly, the Company reassesses risks for trends and receives 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 the 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 the 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 the Company's Common Shares is measured relative to SP/TSX Capped REIT Index in order to determine the number of awards that will vest;
- The President and Chief Executive Officer and his direct reports are subject to share ownership requirements;
- The Company has a formal compensation "claw back" policy applicable to senior executive officers; and
- The Company has an anti-speculation policy with regards to the securities of First Capital Realty

The Management Information Circular dated April 11, 2017, is available on the Company's website at <https://fcr.ca/ir/shareholder-meeting>.

# PEOPLE

## HEALTH AND SAFETY

### CONTEXT

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, First Capital Realty hires third-party general contractors to develop and 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, the Company hires third-party contractors and suppliers to provide property management services (e.g., building maintenance, snow removal, landscaping).

### APPROACH

During the past six years, First Capital Realty has worked to develop and implement a health and safety program. The Company hired a consulting firm with expertise in health and safety to work with it to develop a national program that conformed to provincial requirements and best practices. Hazard assessments were conducted at 21 properties and the findings were ranked according to risk. Based on these hazard assessments, the Company developed and issued a health and safety policy, procedures and employee handbook.

In 2016, health and safety general awareness training, onboarding training and specific compliance training was delivered to applicable employees. The Company has established joint health and safety representatives and committees nationally. These committee members and representatives conduct periodic workplace inspections.

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

During 2016, there were no fatalities as a result of Company activities. In 2016, there was one long-term disability incident and one workers compensation claim.

In 2013, First Capital Realty embarked on a patio bollard "safe space" program. Property Management conducted inspections of its properties to identify common area and tenant patio locations where there was potential risk to public safety due to the close proximity to vehicular traffic areas. By the end of 2016, the Company had installed over 1,500 vehicle impact barriers, also known as bollards, to prevent vehicle/pedestrian impact incidents from happening as well as incorporated this requirement in the Company's design standards.





OVERSTREET

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QUÉBEC  
AFFAIRES  
DESIGN  
HALIFAX  
ÉCOLO  
MONTREAL

DESIGN  
EXPERIENCE  
PLAQUE  
TORONTO  
ÉCOLO  
WIFI  
AFFAIRES

alt



## STAKEHOLDER ENGAGEMENT

### CONTEXT

Stakeholders are individuals or entities that are impacted directly or indirectly by a company's business processes, activities, products, and services. They typically have the ability to influence a company's strategy and objectives. Stakeholder engagement is critical to the success of any organization.

### APPROACH

The Company has in place procedures to effectively communicate with its stakeholders, including its shareholders, partners, employees, and the general public.

The fundamental objective of these procedures is to ensure an open, accessible and timely exchange with shareholders, partners, employees, and other stakeholders concerning the business, affairs and performance of the Company. This includes quarterly conference calls open to investors, industry analysts and media representatives in conjunction with the release of the Company's financial results, as well as regular presentations to or meetings with industry analysts and institutional investors.

Through the Company's website, shareholders and other stakeholders may access the Company's most recent conference call recording and its most recent presentation made to the investment community. In addition, the Company has in place procedures to ensure that inquiries or other communications from investors are answered by an appropriate person in the Company. Based on the Company's direct and indirect impacts on specific groups, the Company identified numerous mechanisms to interact and communicate with targeted stakeholders.

## STAKEHOLDER ENGAGEMENT

STAKEHOLDERS	MECHANISMS FOR ENGAGEMENT
Investors	Annual General Meeting Quarterly conference calls on financial results, including question-and-answer period Press releases announcing significant business developments Conference calls Meetings Website Dedicated email account for investor relations Environmental social governance surveys One-on-one interviews
Tenants	Annual tenant and industry events Meetings with tenants Website TenantTalk newsletters One-on-one interviews
Employees	Periodic meetings/conference calls with Senior Management Training and education Annual performance reviews Certification - Code of Conduct and Ethics, Anti-Corruption Compliance Policy, Ethics Reporting Policy, Disclosure and Insider Trading Policy, Privacy Policy and Business Systems Use Policy Social events Town halls One-on-one interviews On-Boarding Orientation
Community	Sponsorship events Municipal urban planning forums Websites Community boards Social media
Environment	Environmental assessments Site remediation and site monitoring Participation on REALpac's Environmental, Social & Governance Committee CaGBC membership Participation on BOMA Toronto's Sustainability Leadership Council Environmental surveys, e.g., 2016 Carbon Disclosure Survey Toronto and Region Conservation Authority - Partners in Project Green

## EMPLOYEES

### CONTEXT

Attracting and retaining employees is a key factor in a company's success. Low turnover rates may suggest levels of employee satisfaction, provide a competitive advantage and offer endorsement of a company's management and strategic direction. High turnover rates have negative cost and productivity implications.

### APPROACH

First Capital Realty is committed to ensuring that it has the right people in the right places to profitably and efficiently manage its operations and growth. The Company believes that investing in its people and providing them with the right tools and resources will contribute to healthy retention.

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

### 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 2016.

### EMPLOYEE PROFESSIONAL DEVELOPMENT AND TRAINING

First Capital Realty encourages employees to develop and advance in their careers. Employees are encouraged to take professional development courses and seminars. The Company also provides internal training related to Company programs and process changes (e.g., new computer software, employee benefit programs).

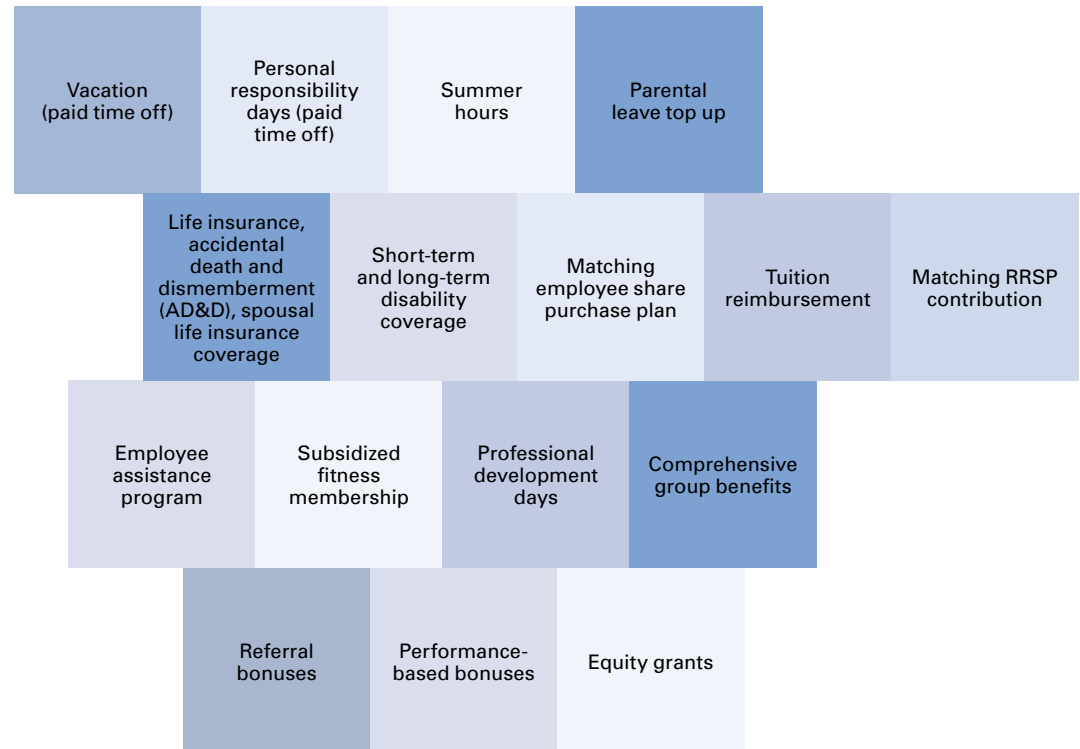
The Company offers a generous employee tuition reimbursement plan for professional development and training to full-time permanent employees. Employees can receive up to \$3,500 annually towards tuition reimbursement provided the subject of study is relevant to his or her current role or will develop new skills of mutual benefit to the Company and individual. Costs that are eligible for reimbursement include tuition for in-class, on-line/ distance learning courses, exams and books.

First Capital Realty offers a number of training and communication programs. In 2016, the Company introduced "people manager" training to its managers who manage employees, in order to develop and improve this function across the Company. The Company hosted a number of lunch and learn sessions on employee well-being and posted monthly newsletters from its Employee Assistance Program on its portal.

## EMPLOYEE BENEFITS

The Company strives to deliver a rewarding, stimulating and fun place to work where individuals are treated with respect and dignity. The Company is dedicated to providing employees with competitive remuneration, generous benefits, training, educational opportunities, and career advancement. First Capital Realty provides a comprehensive benefits package to its full-time employees.

## BENEFITS AND PERQUISITES



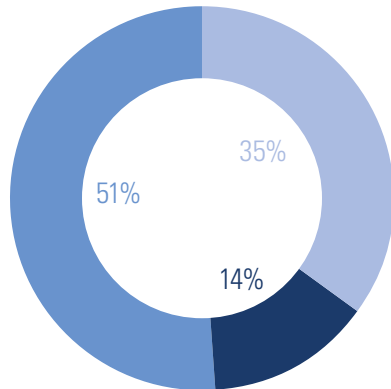
## EMPLOYEE STATISTICS

### ENTIRE WORKFORCE

CATEGORY	2012			2013			2014			2015			2016			2016 VERSUS 2015 CHANGE (%)		
	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL
<b>Age</b>																		
Employees <30 Years	7	41	48	11	44	55	16	48	64	22	45	67	22	28	50	0%	-38%	-25%
Employees 30-50 Years	84	149	233	79	150	229	76	140	216	69	122	191	73	117	190	6%	-4%	-1%
Employees >50 Years	52	66	118	56	79	135	60	93	153	40	68	108	47	82	129	18%	21%	19%
<b>Type of Contract</b>																		
Permanent Contract	140	250	390	142	268	410	146	268	414	127	220	347	137	212	349	8%	-4%	1%
Casual Contract	3	6	9	4	5	9	6	13	19	4	15	19	5	15	20	25%	0%	5%
<b>Type of Employment</b>																		
Full-time	143	244	387	146	259	405	152	269	421	130	225	355	141	220	361	8%	-2%	2%
Part-time	0	12	12	0	14	14	0	12	12	1	10	11	1	7	8	0%	-30%	-27%
<b>Geographic Region</b>																		
Western	37	53	90	39	56	95	38	54	92	31	39	70	28	44	72	-10%	13%	3%
Central	85	162	247	82	177	259	88	185	273	79	158	237	92	143	235	16%	-9%	-1%
Eastern	21	41	62	25	40	65	26	42	68	21	38	59	22	40	62	5%	5%	5%
<b>Employment Category</b>																		
Senior Management	14	9	23	14	10	24	15	10	25	10	11	21	13	11	24	30%	0%	14%
Middle Management	54	42	96	56	56	112	59	62	121	50	64	114	56	60	116	12%	-6%	2%
Professional/Technical	35	80	115	31	62	93	36	60	96	32	53	85	33	53	86	3%	0%	1%
Administrative	6	125	131	6	145	151	7	149	156	8	107	115	5	103	108	-38%	-4%	-6%
Building Support	34	0	34	39	0	39	35	0	35	31	0	31	35	0	35	13%	N/A	13%
<b>Total</b>	<b>143</b>	<b>256</b>	<b>399</b>	<b>146</b>	<b>273</b>	<b>419</b>	<b>152</b>	<b>281</b>	<b>433</b>	<b>131</b>	<b>235</b>	<b>366</b>	<b>142</b>	<b>227</b>	<b>369</b>	<b>8%</b>	<b>-3%</b>	<b>1%</b>

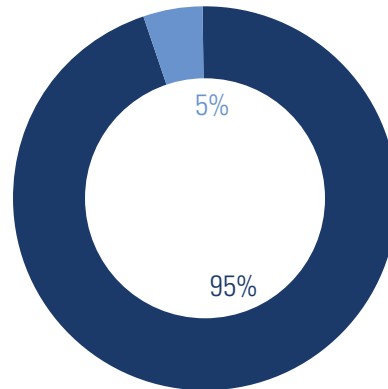


2016 ENTIRE WORKFORCE BY AGE



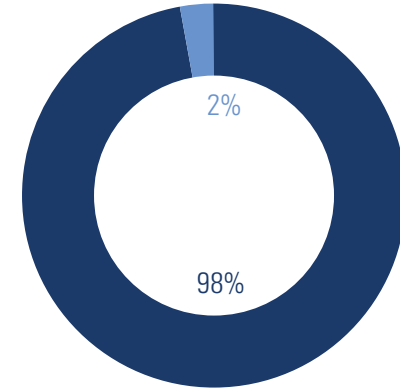
■ Employees < 30 Years  
 ■ Employees 30 - 50 Years  
 ■ Employees > 50 Years

2016 ENTIRE WORKFORCE BY TYPE OF CONTRACT



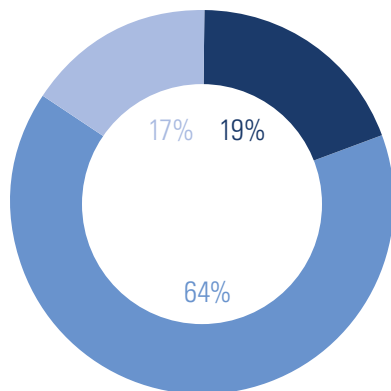
■ Permanent Contract  
 ■ Casual Contract

2016 ENTIRE WORKFORCE BY TYPE OF EMPLOYMENT



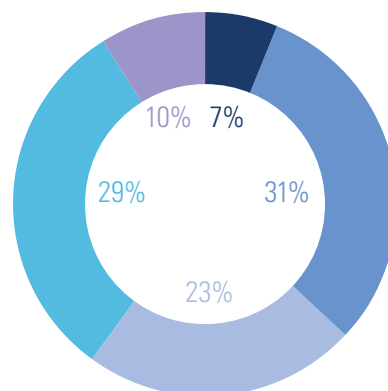
■ Full-time  
 ■ Part-time

2016 ENTIRE WORKFORCE BY GEOGRAPHIC REGION



■ Western  
 ■ Central  
 ■ Eastern

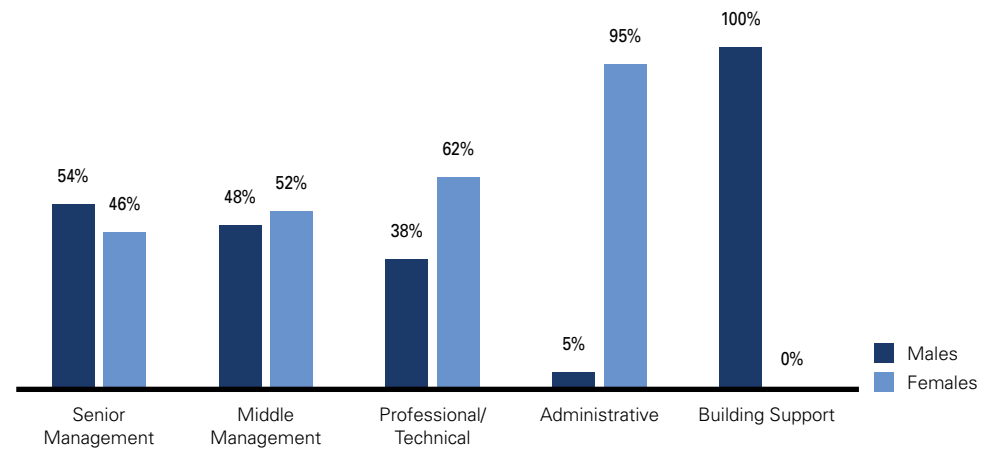
2016 ENTIRE WORKFORCE BY EMPLOYMENT CATEGORY



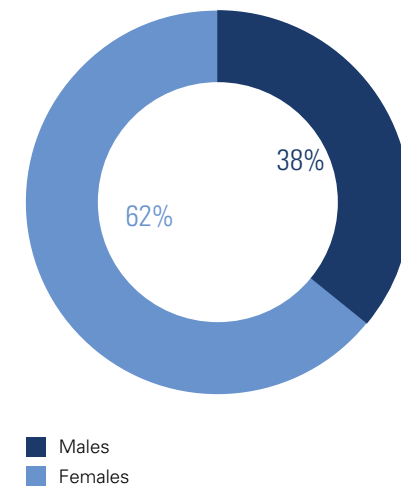
■ Senior Management  
 ■ Middle Management  
 ■ Professional/Technical  
 ■ Administrative  
 ■ Building Support



### 2016 ENTIRE WORKFORCE BY EMPLOYMENT CATEGORY AND GENDER



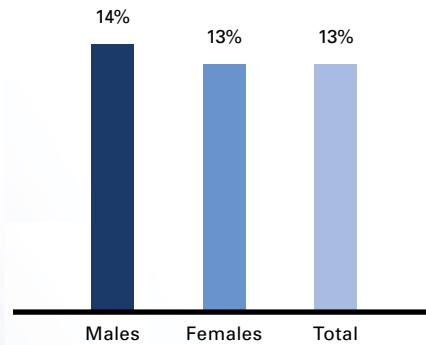
### 2016 ENTIRE WORKFORCE BY GENDER



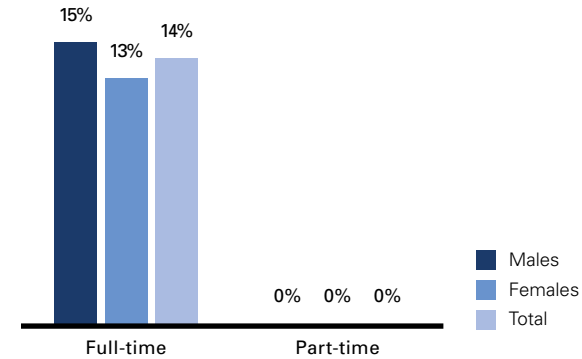
## PERMANENT WORKFORCE

CATEGORY	2012			2013			2014			2015			2016			2016 VERSUS 2015 CHANGE (%)		
	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL
<b>Age</b>																		
Employees <30 Years	7	35	42	9	42	51	15	41	56	20	38	58	21	24	45	5%	-37%	-22%
Employees 30-50 Years	82	149	231	78	147	225	72	138	210	67	119	186	70	111	181	4%	-7%	-3%
Employees >50 Years	51	66	117	55	79	134	59	89	148	40	63	103	46	77	123	15%	22%	19%
<b>Type of Employment</b>																		
Full-time	140	238	378	142	254	396	146	256	402	127	220	347	137	212	349	8%	-4%	1%
Part-time	0	12	12	0	14	14	0	12	12	0	0	0	0	0	0	N/A	N/A	N/A
<b>Geographic Region</b>																		
Western	35	52	87	36	55	91	36	52	88	30	32	62	28	34	62	-7%	6%	0%
Central	85	159	244	81	173	254	84	174	258	76	152	228	87	139	226	14%	-9%	-1%
Eastern	20	39	59	25	40	65	26	42	68	21	36	57	22	39	61	5%	8%	7%
<b>Employment Category</b>																		
Senior Management	14	9	23	14	10	24	15	10	25	10	11	21	13	11	24	30%	0%	14%
Middle Management	53	42	95	55	56	111	58	62	120	50	64	114	55	60	115	10%	-6%	1%
Professional/Technical	34	78	112	30	60	90	33	56	89	31	51	82	32	52	84	3%	2%	2%
Administrative	6	121	127	4	142	146	5	140	145	5	94	99	3	89	92	-40%	-5%	-7%
Building Support	33	0	33	39	0	39	35	0	35	31	0	31	34	0	34	10%	N/A	10%
<b>Total</b>	<b>140</b>	<b>250</b>	<b>390</b>	<b>142</b>	<b>268</b>	<b>410</b>	<b>146</b>	<b>268</b>	<b>414</b>	<b>127</b>	<b>220</b>	<b>347</b>	<b>137</b>	<b>212</b>	<b>349</b>	<b>8%</b>	<b>-4%</b>	<b>1%</b>

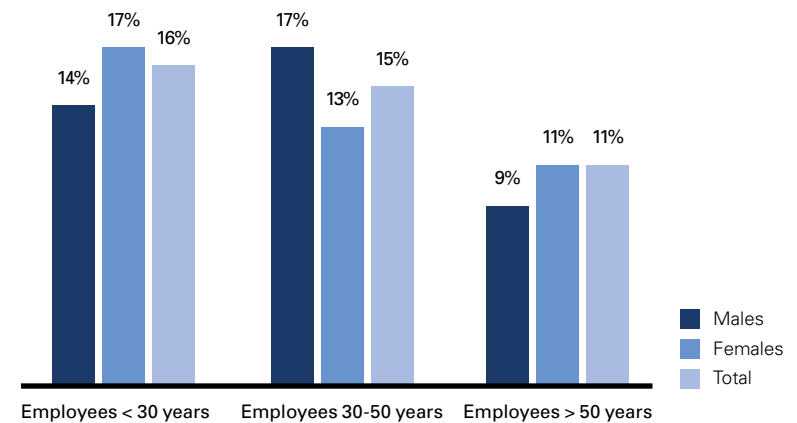
### 2016 TURNOVER RATES OF PERMANENT EMPLOYEES BY GENDER



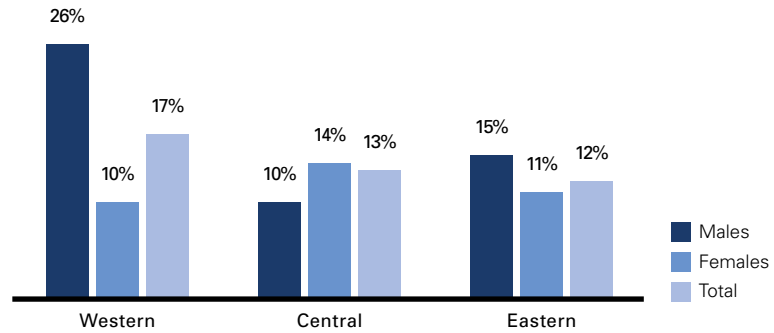
### 2016 TURNOVER RATES OF PERMANENT EMPLOYEES BY TYPE OF EMPLOYMENT



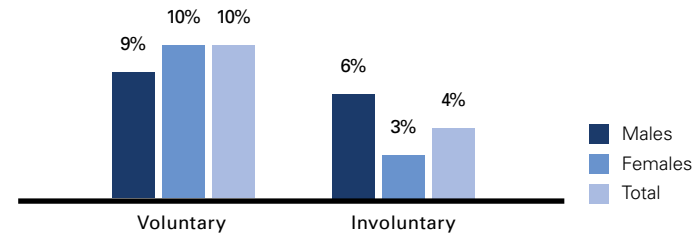
### 2016 TURNOVER RATES OF PERMANENT EMPLOYEES BY AGE



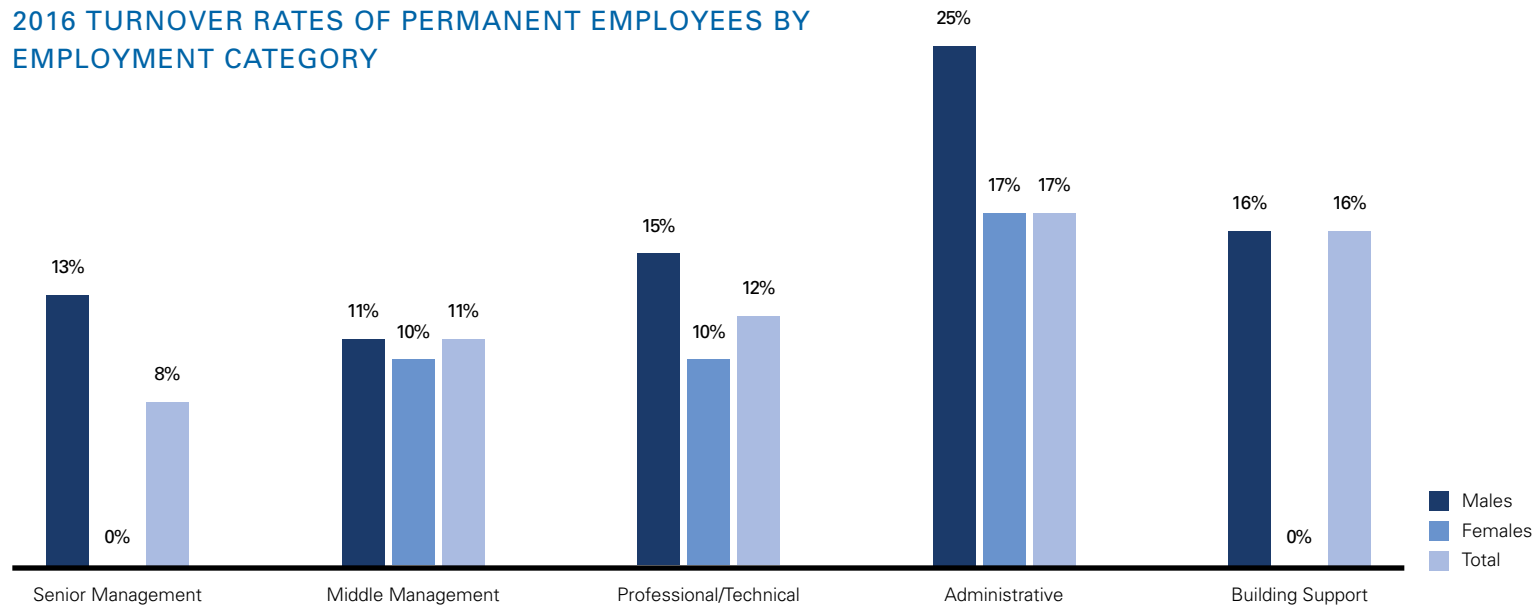
2016 TURNOVER RATES OF PERMANENT EMPLOYEES BY GEOGRAPHIC REGION



2016 TURNOVER RATES OF PERMANENT EMPLOYEES BY TYPE OF SEPARATION



2016 TURNOVER RATES OF PERMANENT EMPLOYEES BY EMPLOYMENT CATEGORY





## NEW EMPLOYEES JOINING

CATEGORY	2012			2013			2014			2015			2016			2016 VERSUS 2015 CHANGE (%)		
	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL
<b>Age</b>																		
Employees <30 Years	6	23	29	10	34	44	12	28	40	9	21	30	10	13	23	11%	-57%	-23%
Employees 30-50 Years	26	23	49	16	38	54	19	33	52	10	23	33	19	27	46	90%	-18%	39%
Employees >50 Years	4	10	14	5	19	24	7	8	15	4	3	7	6	3	9	50%	-57%	29%
<b>Type of Contract</b>																		
Permanent Contract	34	52	86	26	74	100	29	50	79	20	39	59	30	35	65	50%	-41%	10%
Casual Contract	2	4	6	5	17	22	9	19	28	3	8	11	5	8	13	67%	-27%	18%
<b>Type of Employment</b>																		
Full-time	36	55	91	31	83	114	38	66	104	22	42	64	34	42	76	55%	-34%	19%
Part-time	0	1	1	0	8	8	0	3	3	1	5	6	1	1	2	0%	-83%	-67%
<b>Geographic Region</b>																		
Western	14	11	25	10	24	34	6	14	20	8	9	17	4	12	16	-50%	-29%	-6%
Central	17	36	53	16	52	68	27	46	73	15	30	45	30	26	56	100%	-42%	24%
Eastern	5	9	14	5	15	20	5	9	14	0	8	8	1	5	6	N/A	-38%	-25%
<b>Employment Category</b>																		
Senior Management	2	3	5	1	0	1	2	1	3	1	2	3	4	0	4	300%	-100%	33%
Middle Management	15	6	21	8	13	21	12	9	21	5	13	18	3	12	15	-40%	-33%	-17%
Professional/Technical	7	16	23	9	13	22	10	13	23	7	8	15	8	7	15	14%	-53%	0%
Administrative	2	31	33	5	65	70	7	46	53	4	24	28	4	33	37	0%	18%	32%
Building Support	10	0	10	8	0	8	7	0	7	6	0	6	7	0	7	17%	-100%	17%
<b>Total</b>	<b>36</b>	<b>56</b>	<b>92</b>	<b>31</b>	<b>91</b>	<b>122</b>	<b>38</b>	<b>69</b>	<b>107</b>	<b>23</b>	<b>47</b>	<b>70</b>	<b>26</b>	<b>52</b>	<b>78</b>	<b>13%</b>	<b>-26%</b>	<b>11%</b>

## NEW HIRE RATE (PERCENTAGE)

CATEGORY	2016		
	MALES	FEMALES	TOTAL
<b>Age</b>			
Employees <30 Years	45	46	46
Employees 30-50 Years	26	23	24
Employees >50 Years	13	4	7
<b>Type of Contract</b>			
Permanent Contract	22	17	19
Casual Contract	100	53	65
<b>Type of Employment</b>			
Full-time	24	19	21
Part-time	100	14	25
<b>Geographic Region</b>			
Western	14	27	22
Central	33	18	24
Eastern	5	13	10
<b>Employment Category</b>			
Senior Management	31	0	17
Middle Management	5	20	13
Professional/Technical	24	13	17
Administrative	80	32	34
Building Support	20	N/A	20
<b>Total</b>	<b>18</b>	<b>23</b>	<b>21</b>

## PERMANENT EMPLOYEES LEAVING THE COMPANY

CATEGORY	2016		
	MALES	FEMALES	TOTAL
<b>Age</b>			
Employees <30 Years	4	8	12
Employees 30-50 Years	16	17	33
Employees >50 Years	5	11	16
<b>Type of Employment</b>			
Full-time	25	36	61
Part-time	0	0	0
<b>Geographic Region</b>			
Western	10	5	15
Central	11	26	37
Eastern	4	5	9
<b>Employment Category</b>			
Senior Management	2	0	2
Middle Management	7	7	14
Professional/Technical	6	6	12
Administrative	3	23	26
Building Support	7	0	7
<b>By Type of Separation</b>			
Voluntary	15	29	44
Involuntary	10	7	17
<b>Total</b>	<b>25</b>	<b>36</b>	<b>61</b>

# ENVIRONMENT

## LAND

### CONTEXT

Land is a material topic of the real estate sector. Its inherent value is a significant factor in the valuation of property and real estate companies. Urban development in pedestrian-based, medium to high density communities can have positive social, economic and environmental impacts. Individuals, for example, tend to be more engaged and connected when working or residing in these types of communities compared to low density projects. From a public perspective, pedestrian-friendly developments can be less expensive to support long term. Typically, these developments have lower capital costs and a larger tax base to pay for the maintenance and associated services with these developments. Furthermore, municipalities are less challenged to deliver frequent transit service in medium to high density communities compared to low density communities. Restricting urban development within existing urban footprints avoids consuming prime agriculture and forested land. Finally, by remediating contaminated urban lands, the environment is improved, land values are increased, and the potential for abandoning neighbourhoods or districts is lessened.

### APPROACH

#### ACCESSIBILITY TO PUBLIC TRANSIT

First Capital Realty's business strategy focuses on acquiring, developing or redeveloping properties in existing urban markets. In fact, an element of the Company's acquisition process is to evaluate potential sites for accessibility to public transit. As a result, urban sprawl from the Company's activities are limited. Greenfields comprise 14% of the Company's portfolio in acres.

### LAND USE INTENSIFICATION

The Company also pursues land use intensification by constructing mixed-use retail, commercial and residential developments on selected properties. 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 regional energy consumption and GHG emissions by providing residents in these communities with places to work, live and play.

### RISK MITIGATION OF CONTAMINATED LANDS

First Capital Realty's philosophy of risk mitigation applies to the acquisition and management of land. The Company requires comprehensive environmental liability insurance on all acquisitions. This approach minimizes potential financial liabilities in the event that historical contamination is discovered on the Company's properties after acquisition (e.g., soil contamination underneath an existing building) or if off-site contamination migrates onto the Company's property.

The Company conducts comprehensive environmental assessments to evaluate possible environmental contamination prior to acquiring a property. The executive leadership and senior management teams are accountable for ensuring that the Company complies with this mandate. If contamination is identified, First Capital Realty liaises with the vendor to remediate the site prior to acquisition or to develop a remediation plan. The Company ensures that the contamination is remediated in accordance with regulatory requirements or a risk assessment management plan is developed or implemented. The General Counsel tracks and reports on remediation activities quarterly to the Audit Committee. At the end of the reporting period, 3% of the Company's portfolio in acres comprised brownfields.





**BRIKA CAFE**

ESPRESSO	€1.50	ARTISAN CHOCOLATE	€2.50
AMERICANO	€1.80	Dark Chocolate	€1.50
CAPPUCCINO	€2.00	Milk Chocolate	€1.50
Latte	€2.20	White Chocolate	€1.50
Flat White	€2.00	Dark Chocolate Truffle	€2.00
Long Black	€1.80	Milk Chocolate Truffle	€2.00
Dirty Coffee	€2.50	White Chocolate Truffle	€2.00
Matcha Latte	€2.50	Dark Chocolate Bar	€1.00
Smoothie	€3.00	Milk Chocolate Bar	€1.00
Yoghurt Parfait	€2.50	White Chocolate Bar	€1.00
Ice Cream	€2.00	Dark Chocolate Bar	€1.00
Donut	€1.50	Milk Chocolate Bar	€1.00
Cookie	€1.00	White Chocolate Bar	€1.00

## WATER

### CONTEXT

The sustainability of fresh water supplies is an increasing concern globally. Industrial expansion, intensification of agricultural practices and rapid urbanization can place pressure on water quality and supplies. Environment Canada has categorized the regions of Canada according to their level of water stress. In 2007, the City of Edmonton and its surrounding region, British Columbia and Quebec were categorized as regions with low water stress, i.e., less than 10% of the water available is used. Calgary and its surrounding region were categorized as a region with moderate water stress, i.e., between 10 to 20% of water available is used. Southern and southwestern Ontario were classified as regions with high water stress, i.e., more than 40% of the water available is used.

The Company's properties primarily use water to supply drinking water, support maintenance cleaning activities, supply landscape irrigation, and provide sewage conveyance. Municipal water treatment plants provide potable water to the Company's portfolio. Municipal waste water treatment plants treat its waste water. Typically, there is one water meter installed by the utility at each property. The Province of Quebec is an exception. Typically, water consumption is not metered in Quebec and water costs are included in the municipal property tax assessment.

In most cases, tenants in the Company's open-air and enclosed shopping centres and office buildings are not separately metered for their water consumption. The Company charges back the costs of water consumption proportionately to the tenants based on their square footage. As a result, water consumption and costs associated with the Company's tenants for these properties are included in this report.

### APPROACH

#### WATER CONSERVATION MEASURES

First Capital Realty continued to implement water conservation measures in its portfolio in 2016. The Company undertook a major project to replace the entire cooling system at Mount Royal Village, Calgary, Alberta. In 2016, First Capital Realty's water consumption increased by 1% from 2015 levels, which can be attributed to the 3% increase in GLA.



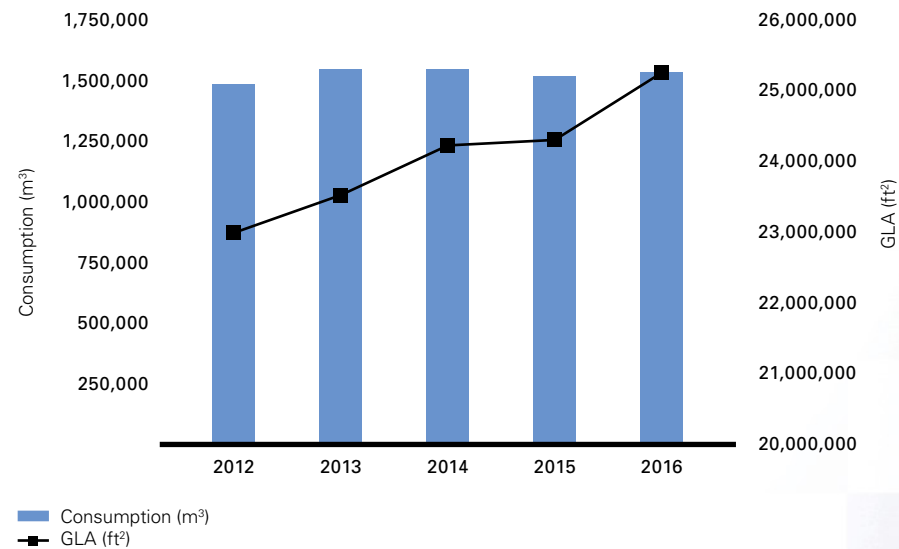


## WATER CONSUMPTION <sup>1, 2</sup>

ASSET CLASS	2012 (m <sup>3</sup> )	2013 (m <sup>3</sup> )	2014 (m <sup>3</sup> )	2015 (m <sup>3</sup> )	2016 (m <sup>3</sup> )	2016 VERSUS 2015 CHANGE (%)
Open-air shopping centres	1,033,790	1,069,140	1,091,830	1,089,140	1,122,920	3%
Enclosed shopping centres	347,040	401,500	374,380	364,900	340,000	-7%
Office buildings	85,290	77,460	69,890	77,390	83,920	8%
<b>Entire portfolio</b>	<b>1,466,110</b>	<b>1,548,100</b>	<b>1,536,100</b>	<b>1,531,430</b>	<b>1,546,830</b>	<b>1%</b>

1. Water consumption data represents 161 individual properties from a total of 165 individual properties (or 98%) where water was consumed. (Note: Water consumption is not metered in the Province of Quebec, typically.)
2. Water consumption data represents 15,426,456 ft<sup>2</sup> (GLA) from the total 15,986,579 ft<sup>2</sup> (GLA) (or 96%) where water data was available. (Note: Water consumption is not metered in the Province of Quebec, typically.)

## WATER CONSUMPTION FROM ENTIRE PORTFOLIO

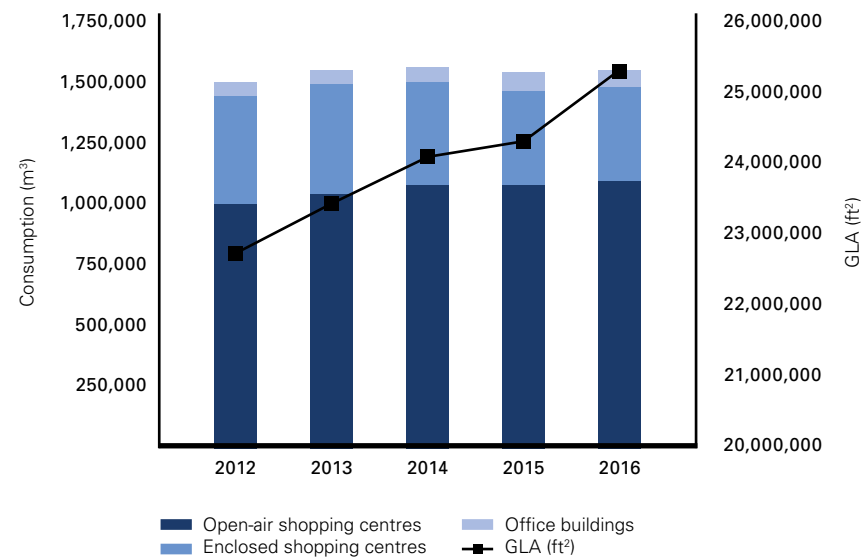


## WATER COSTS <sup>1, 2</sup>

ASSET CLASS	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)	2016 VERSUS 2015 CHANGE (%)
Open-air shopping centres	2,291,670	2,715,190	3,026,730	3,137,780	3,578,960	14%
Enclosed shopping centres	780,370	1,020,050	1,100,910	1,121,400	1,143,090	2%
Office buildings	151,790	201,950	188,490	219,390	259,400	18%
<b>Entire portfolio</b>	<b>3,223,830</b>	<b>3,937,200</b>	<b>4,316,130</b>	<b>4,478,570</b>	<b>4,981,450</b>	<b>11%</b>

1. Water consumption data represents 161 individual properties from a total of 165 individual properties (or 98%) where water was consumed. (Note: Water consumption is not metered in the Province of Quebec, typically.)
2. Water consumption data represents 15,426,456 ft<sup>2</sup> (GLA) from the total 15,986,579 ft<sup>2</sup> (GLA) (or 96%) where water data was available. (Note: Water consumption is not metered in the Province of Quebec, typically.)

## WATER CONSUMPTION BY ASSET CLASS



## ENERGY

### CONTEXT

Energy is necessary to transform raw materials into products and services to meet the needs of tenants and consumers. Buildings consume approximately 30% of the global energy supply. Although the use of non-renewable energy provides employment and generates economic value, it places burdens on the environment, such as the depletion of finite resources, loss of habitat and air pollution. By minimizing the consumption of non-renewable energy and/or using renewable forms of energy, these environmental impacts may be reduced. Currently, the Company is not subject to any regulatory reporting or disclosure requirements related to energy.

Energy in the form of natural gas and electricity supplies heating, cooling and power to the Company's properties. In most cases, tenants in its 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 consumption and costs are not included in this report.

Due to the design of the mechanical and electrical systems of the Company's enclosed shopping centres and office buildings, not all of its tenants are separately metered for heating, cooling and power. The Company charges back proportionately, based on their square footage, the cost of energy consumption that is not separately metered to the tenants. As a result, the energy consumption and costs of its tenants' operations in these asset classes are included in this report.

Because the Company's portfolio comprises primarily open-air shopping centres, most of its energy consumption is used to power exterior building common areas, pylon signs and parking lot lighting.

### APPROACH

#### ENERGY CONSERVATION MEASURES

Energy consumption in 2016 compared to the 2015 base year in the weather-corrected, like-to-like portfolio was reduced by 5% or by 8 million ekWh.

In 2016, the Company made a commitment to reduce its 2018 energy consumption by 7.5% from a 2015 base year, weather-corrected, like-to-like portfolio. To increase the likelihood of success, the SVP, Operations linked this goal to the property managers' accountability agreement.

#### PUBLIC CHARGING STATIONS FOR PLUG-IN ELECTRIC VEHICLES

The Company signed a partnership agreement in 2012 with the Electric Circuit to install a minimum of 40 public charging stations in Quebec over two years for plug-in electric vehicles at selected shopping centres in Quebec. At the end of 2016, 53 charging stations were installed at 14 properties.

The Electric Circuit is Canada's first public network for plug-in electric vehicles. Most electric vehicle owners charge their cars at home. However, this network identifies locations where motorists can charge their vehicles when they are on the road. Charging vehicles for one and a half hours provides average cars with enough electricity to drive another 40 kilometres.

ENERGY CONSUMPTION <sup>1, 2, 3, 4</sup>

ASSET CLASS	2012 (eMWh)	2013 (eMWh)	2014 (eMWh)	2015 (eMWh)	2016 (eMWh)	2016 VERSUS 2015 CHANGE (%)
<b>Open-air shopping centres</b>						
Natural Gas	16,130	15,830	18,510	14,590	13,850	-5%
Electricity	46,660	46,910	46,890	46,740	43,940	-6%
<b>Total for asset class</b>	<b>62,790</b>	<b>62,750</b>	<b>65,410</b>	<b>61,330</b>	<b>57,790</b>	<b>-6%</b>
<b>Enclosed shopping centres</b>						
Natural Gas	25,130	28,410	30,730	24,800	21,930	-12%
Electricity	46,910	47,390	45,350	43,440	42,200	-3%
<b>Total for asset class</b>	<b>72,030</b>	<b>75,800</b>	<b>76,090</b>	<b>68,240</b>	<b>64,130</b>	<b>-6%</b>
<b>Office buildings</b>						
Natural Gas	8,510	10,490	11,230	9,990	9,260	-7%
Electricity	15,560	15,250	14,310	14,140	14,150	0%
<b>Total for asset class</b>	<b>24,060</b>	<b>25,740</b>	<b>25,540</b>	<b>24,130</b>	<b>23,410</b>	<b>-3%</b>
<b>Entire portfolio</b>						
Natural Gas	49,760	54,740	60,480	49,380	45,050	-9%
Electricity	109,130	109,550	106,560	104,320	100,290	-4%
<b>Entire Portfolio</b>	<b>158,890</b>	<b>164,290</b>	<b>167,030</b>	<b>153,700</b>	<b>145,340</b>	<b>-5%</b>

1. Electricity consumption data represents 242 individual properties from a total of 248 properties (or 98%) where electricity was consumed.
2. Electricity consumption data represents 21,543,270 ft<sup>2</sup> (GLA) from the total 22,346,653 ft<sup>2</sup> (GLA) (or 96%) where electricity data was available.
3. Natural gas consumption data represents 100 individual properties from a total of 104 properties (or 96%) where gas was consumed.
4. Natural gas consumption data represents 12,255,844 ft<sup>2</sup> (GLA) from the total 12,878,466 ft<sup>2</sup> (GLA) (or 95%) where gas data was available.





GoodLife FITNESS

LCBO

WORK  
LIVE  
PLAY  
AT  
KING  
LIBERTY

LCBO

STARBUCKS COFFEE

STARBUCKS

88  
KING LIBERTY

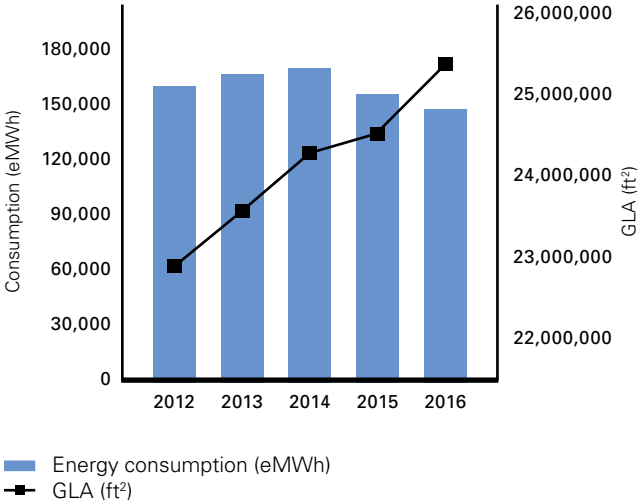


ENERGY COSTS (000s) <sup>1, 2, 3, 4</sup>

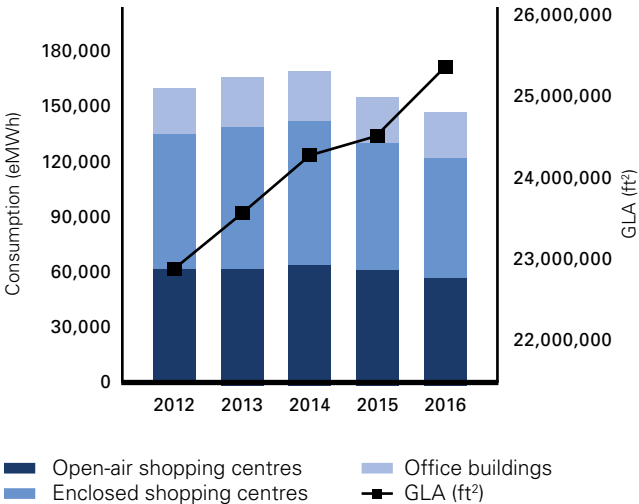
ASSET CLASS	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)	2016 VERSUS 2015 CHANGE (%)
<b>Open-air shopping centres</b>						
Natural Gas	460	500	700	510	480	-5%
Electricity	4,620	5,130	5,470	5,670	5,800	2%
<b>Total for asset class</b>	<b>5,080</b>	<b>5,630</b>	<b>6,170</b>	<b>6,180</b>	<b>6,280</b>	<b>2%</b>
<b>Enclosed shopping centres</b>						
Natural Gas	570	730	920	700	580	-17%
Electricity	3,790	4,780	4,920	4,870	5,010	3%
<b>Total for asset class</b>	<b>4,360</b>	<b>5,510</b>	<b>5,840</b>	<b>5,570</b>	<b>5,590</b>	<b>0%</b>
<b>Office buildings</b>						
Natural Gas	120	270	360	330	250	-24%
Electricity	1,870	2,050	2,010	2,070	2,340	13%
<b>Total for asset class</b>	<b>1,990</b>	<b>2,320</b>	<b>2,370</b>	<b>2,400</b>	<b>2,600</b>	<b>8%</b>
<b>Entire portfolio</b>						
Natural Gas	1,150	1,500	1,970	1,540	1,320	-14%
Electricity	10,280	11,950	12,400	12,610	13,160	4%
<b>Entire Portfolio</b>	<b>11,420</b>	<b>13,450</b>	<b>14,380</b>	<b>14,150</b>	<b>14,480</b>	<b>2%</b>

1. Electricity consumption data represents 242 individual properties from a total of 248 properties (or 98%) where electricity was consumed.
2. Electricity consumption data represents 21,543,270 ft<sup>2</sup> (GLA) from the total 22,346,653 ft<sup>2</sup> (GLA) (or 96%) where electricity data was available.
3. Natural gas consumption data represents 100 individual properties from a total of 104 properties (or 96%) where gas was consumed.
4. Natural gas consumption data represents 12,255,844 ft<sup>2</sup> (GLA) from the total 12,878,466 ft<sup>2</sup> (GLA) (or 95%) where gas data was available.

# ENERGY CONSUMPTION FROM ENTIRE PORTFOLIO



# ENERGY CONSUMPTION BY ASSET CLASS



## CASE STUDY

### FAIRVIEW MALL — PILOT PROJECT OF AN ADVANCED MONITORING AND CONTROLS SYSTEM (CATALYST)

First Capital Realty (FCR) installed CATALYST, an advanced monitoring and controls system, manufactured by Transformative Wave, on four heating/ventilation and air condition (HVAC) units as part of a pilot project at Fairview Mall, an enclosed shopping centre, in St. Catharines, Ontario. Fairview Mall was originally built in 1961. A major renovation was completed in the early 1990s converting the HVAC system from a central heating/cooling plant to a distributed network of 17 common area and 25 tenant-packaged roof top units (RTUs). Four 25 ton common area RTUs were identified for the pilot project.

The goals of the one year pilot project were to:

1. Decrease energy consumption,
2. Increase operator control, and
3. Increase occupant comfort in common areas of the enclosed shopping centre.

Demand controlled ventilation (DCV), variable frequency drives and advanced economizer controls were identified as control strategies to be included in the pilot project.

Unlike a traditional building automation system (BAS), which only monitors and controls equipment operation, the CATALYST can optimize RTU operations via advanced algorithms to maximize efficiency. With more than 30 monitoring points added to each of the four RTUs to optimize ventilation, damper position and fan speed, the CATALYST reduced overall energy consumption, increased operator controls and maintained indoor occupant comfort.

In addition to energy efficiency, the CATALYST provided advanced fault detection to identify and report equipment problems as they occurred. This maintenance feature eliminated delayed response to potential operational problems.

First Capital Realty has expanded this pilot project to three additional properties in Toronto, Ontario. Toronto Hydro is monitoring these pilots to verify energy savings.

### FINANCIAL RESULTS

Project Cost	\$34,715
Government Incentives	\$11,159
Final Project Cost	\$23,556
Annual Utility Cost Savings	\$10,504
Simple Payback (years)	2.2





## GHG EMISSIONS

### CONTEXT

During the last several decades, the scientific community has identified the use of fossil fuels and associated greenhouse gas emissions as a significant contributing factor to climate change. Many believe that climate change will be one of the most significant threats to the world's ecological, economic and social balance in the twenty-first century. Efforts in business, government and communities are underway to reduce the generation of GHG emissions and minimize their impact.

### APPROACH

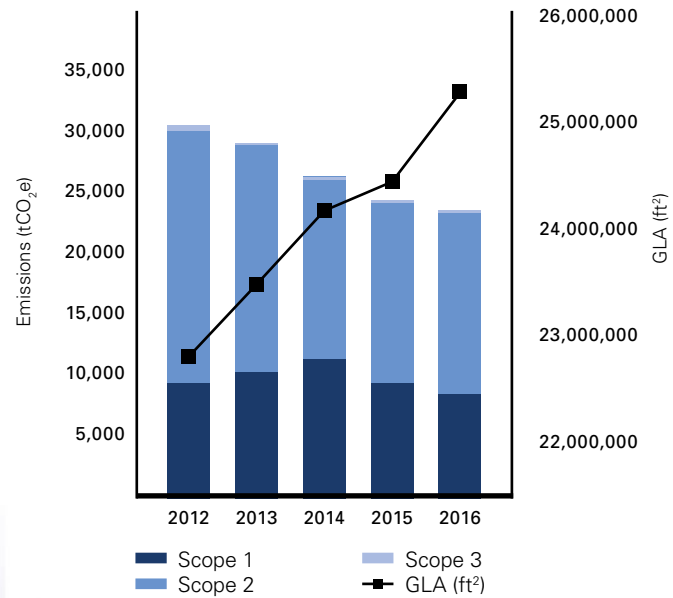
GHG emissions result from the burning of fossil fuels to provide power, heating and cooling to the Company's properties and the transportation of water to and from its properties. The majority of tenants in the Company's open-air retail shopping centres are separately metered for natural gas and electricity consumption and pay the utility companies directly for their energy consumption. Therefore, the GHG emissions from these energy sources were not included in this report. However, GHG emissions from energy sources used to provide power, heat and cooling in enclosed shopping centres and office buildings which are not separately metered were included in the report. GHG emissions from transporting water to and from the Company's buildings were included in this report unless tenants were separately metered for their water consumption.

In 2016, First Capital Realty's GHG emissions decreased by 3% from 2015 levels in spite of a 3% increase in GLA reporting GHG emissions.

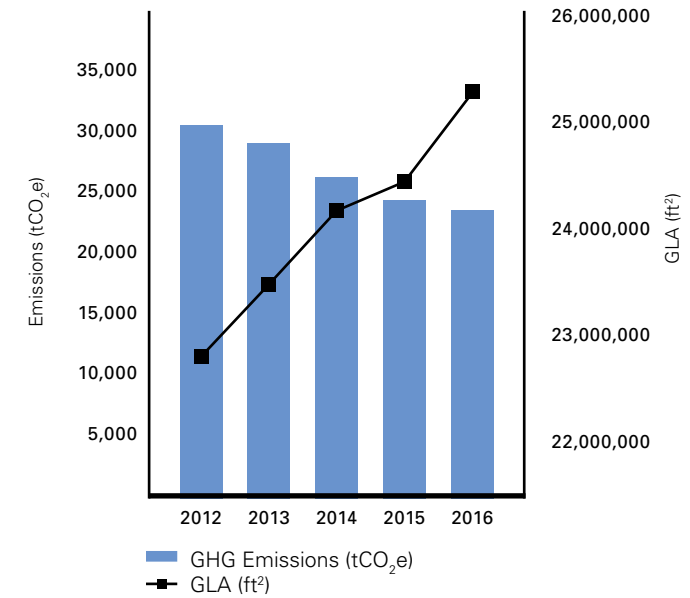
The Company made a commitment to reduce its 2018 GHG emissions by 7.5% from a 2015 base year, weather-corrected, like-to-like portfolio. GHG emissions in 2016 compared to the 2015 base year in the weather-corrected, like-to-like portfolio decreased by 6% or 1,670 tonnes.



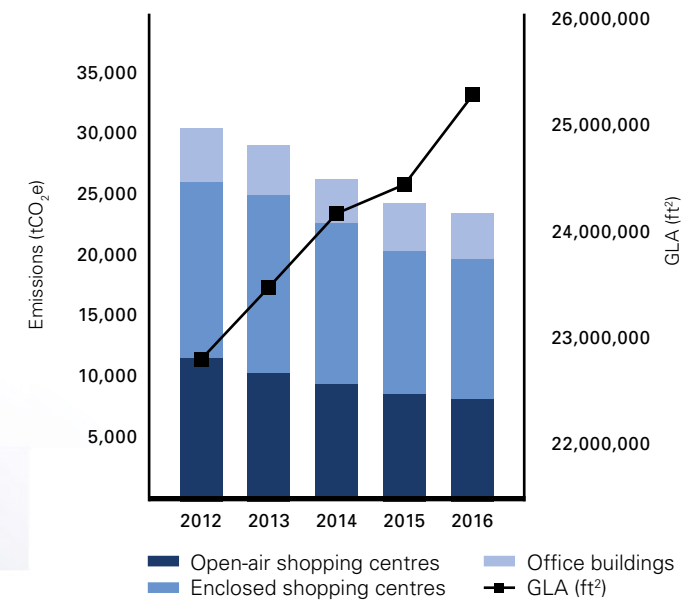
## GHG EMISSIONS BY SCOPE



## GHG EMISSIONS FROM ENTIRE PORTFOLIO



## GHG EMISSIONS BY ASSET CLASS





## GHG EMISSIONS

ASSET CLASS	2012 (tCO <sub>2</sub> e)	2013 (tCO <sub>2</sub> e)	2014 (tCO <sub>2</sub> e)	2015 (tCO <sub>2</sub> e)	2016 (tCO <sub>2</sub> e)	2016 VERSUS 2015 CHANGE (%)
<b>Open-air shopping centres</b>						
Scope 1 - Natural gas	2,990	2,940	3,440	2,710	2,570	-5%
Scope 2 - Electricity	8,440	7,030	5,730	5,620	5,450	-3%
Scope 3 - Water	140	140	120	120	120	-1%
<b>Total for asset class</b>	<b>11,570</b>	<b>10,110</b>	<b>9,290</b>	<b>8,450</b>	<b>8,140</b>	<b>-4%</b>
<b>Enclosed shopping centres</b>						
Scope 1 - Natural gas	4,660	5,290	5,730	4,620	4,080	-12%
Scope 2 - Electricity	9,570	9,390	7,460	7,160	7,160	0%
Scope 3 - Water	50	60	50	50	50	-1%
<b>Total for asset class</b>	<b>14,290</b>	<b>14,740</b>	<b>13,240</b>	<b>11,830</b>	<b>11,290</b>	<b>-5%</b>
<b>Office buildings</b>						
Scope 1 - Natural gas	1,570	1,940	2,080	1,850	1,720	-7%
Scope 2 - Electricity	2,760	2,130	1,370	1,930	2,180	13%
Scope 3 - Water	10	10	-	10	10	40%
<b>Total for asset class</b>	<b>4,340</b>	<b>4,080</b>	<b>3,450</b>	<b>3,790</b>	<b>3,900</b>	<b>3%</b>
<b>Entire portfolio</b>						
Scope 1 - Natural gas	9,210	10,180	11,240	9,180	8,370	-9%
Scope 2 - Electricity	20,780	18,550	14,570	14,710	14,790	0%
Scope 3 - Water	200	200	170	180	180	1%
<b>Total</b>	<b>30,190</b>	<b>28,920</b>	<b>25,980</b>	<b>24,070</b>	<b>23,340</b>	<b>-3%</b>



## WASTE

### CONTEXT

In the natural world, biological processes exist in a closed loop system and waste does not exist. By-products of a natural process become the feedstock for another natural process. This phenomenon is displayed in nature when the leaves of deciduous trees blanket the forest floor. They decay over time enriching the soil and providing nutrients to the plants and animals in this particular ecosystem. Unfortunately, in the current market economy, this closed loop system does not exist frequently. Waste is often generated from production processes and consumptive behaviours. For example, consumer goods and products often are delivered in packaging that cannot be recycled (e.g., certain types of plastic) and must be sent to a landfill for disposal.

### APPROACH

Due to various local recycling and waste markets across the country, First Capital Realty currently does not have a national comprehensive, recycling/waste program for its properties. There are a number of factors contributing to this situation. First, different methods of recycling/waste disposal are available depending on local market conditions. Second, the viability of collecting different recycling/waste streams is dependent on the urban markets in which the Company operates and the market conditions of the recycling/waste sector. Third, the Company uses a number of regionally based recycling/waste management companies to transport and recycle/dispose of its properties' recycling/waste streams. Consequently, the Company does not have the ability yet to report on its waste diversion programs nationally. However, the Company can report on its waste expenditures nationally. In 2016, the Company spent \$4.4 million on recycling/waste disposal across its entire portfolio compared to 4.3 million in 2015. This increase can be attributed to the 3% increase in GLA.

The Company has a comprehensive waste reporting system in 58% of its portfolio or 14 million square feet of GLA. For each property within this subset of the portfolio, a waste report is generated identifying the recycling/waste stream, quantity of recycling/waste generated and method of disposal or diversion. The report includes tenants' waste where First Capital Realty is responsible for their waste management.

Typically, paper/mixed fibre, cardboard and mixed glass, metal, plastic waste streams were collected from the properties in this subset of the portfolio and sent for recycling. Where organic waste was collected separately, it was sent for composting. The Company's general waste was sent to landfill.

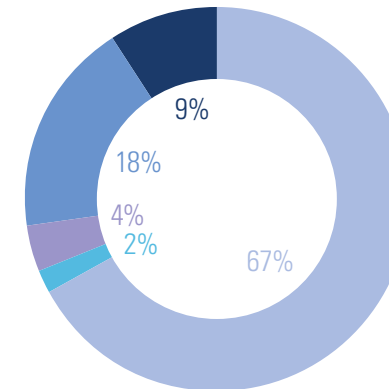
#### QUANTITY OF NON-HAZARDOUS WASTE GENERATED <sup>1, 2, 3, 4, 5, 6</sup>

TYPE OF WASTE	2011 (tonnes) <sup>1</sup>	2012 (tonnes) <sup>2</sup>	2013 (tonnes) <sup>3</sup>	2014 (tonnes) <sup>4</sup>	2015 (tonnes) <sup>5</sup>	2016 (tonnes) <sup>6</sup>	2016 VERSUS 2015 CHANGE (%)
Paper/mixed fibre	800	730	2,400	830	1,210	1,740	43%
Cardboard	1,910	1,660	2,040	2,350	2,670	3,590	34%
Organics	500	430	550	550	540	720	34%
Mixed glass/metal/plastics	250	200	230	240	450	440	-3%
General waste	9,220	9,070	8,350	11,190	11,490	13,070	14%
<b>Total</b>	<b>12,680</b>	<b>12,080</b>	<b>13,570</b>	<b>15,150</b>	<b>16,360</b>	<b>19,550</b>	<b>20%</b>

1. Data represented waste generated in 9.9 million square feet (43%) of the portfolio.
2. Data represented waste generated in 10.1 million square feet (40%) of the portfolio.
3. Data represented waste generated in 11.6 million square feet (48%) of the portfolio.
4. Data represented waste generated in 11.4 million square feet (49%) of the portfolio. Municipal services provide waste and recycling services at 1.3 million square feet of the portfolio.
5. Data represented waste generated in 12.0 million square feet (51%) of the portfolio. Municipal services provide waste and recycling services at 1 million square feet of the portfolio.
6. Data represented waste generated in 14.0 million square feet (58%) of the portfolio. Municipal services provide waste and recycling services at 1 million square feet of the portfolio.



## 2016 WASTE PROFILE OF NON-HAZARDOUS WASTE



■ Paper/mixed fibre  
 ■ Cardboard  
 ■ Organics  
 ■ Mixed glass/metal/plastics  
 ■ General waste

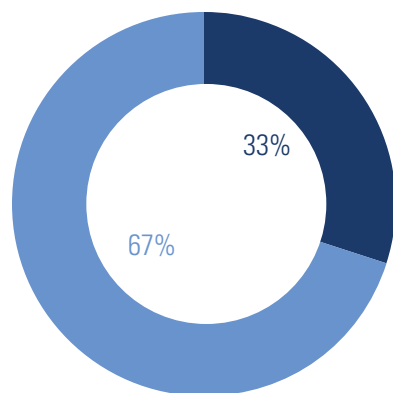
## METHOD OF DISPOSAL <sup>1, 2, 3, 4, 5, 6</sup>

TYPE OF WASTE	2011 (tonnes) <sup>1</sup>	2012 (tonnes) <sup>2</sup>	2013 (tonnes) <sup>3</sup>	2014 (tonnes) <sup>4</sup>	2015 (tonnes) <sup>5</sup>	2016 (tonnes) <sup>6</sup>	2016 VERSUS 2015 CHANGE (%)
Composting	500	430	550	550	540	720	34%
Recycling	2,960	2,590	4,670	3,420	4,330	5,760	33%
Waste-to-energy	4,180	2,760	0	0	0	0	0%
Landfill	5,040	6,310	8,350	11,190	11,490	13,070	14%
<b>Total</b>	<b>12,680</b>	<b>12,080</b>	<b>13,570</b>	<b>15,150</b>	<b>16,360</b>	<b>19,550</b>	<b>20%</b>

1. Data represented waste generated in 9.9 million square feet (43%) of the portfolio.
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6. Data represented waste generated in 14.0 million square feet (58%) of the portfolio. Municipal services provide waste and recycling services at 1 million square feet of the portfolio.

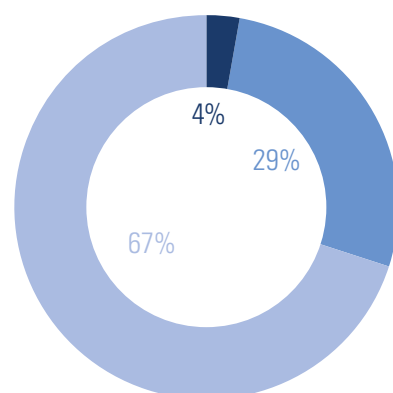


### 2016 WASTE DIVERSION RATE OF NON-HAZARDOUS WASTE



■ Diverted from landfill  
■ Sent to landfill

### 2016 DISPOSAL PROFILE OF NON-HAZARDOUS WASTE



■ Composting  
■ Recycling  
■ Landfill





# BUILDINGS

## LEED AND BOMA BEST

### CONTEXT

Owning, developing, constructing, and operating shopping centres and office buildings place demands on natural resources. According to the United Nations Environmental Programme's Report Towards a Green Economy released in 2011, the construction sector consumes 33% of all resources globally. First Capital Realty aims to minimize the Company's environmental impacts associated with the construction and development process through several programs and processes.

### APPROACH

In 2006, the Company made a commitment to build all new developments to LEED standards. First Capital Realty was the first shopping centre developer in Canada to make this commitment. The Senior Vice President of Construction was accountable for ensuring that all new development projects comply with this company directive. Quarterly updates on the LEED certification status of these projects were submitted to the Vice President and Chief Sustainability Officer.

### LEED

LEED is an internationally recognized green building rating system. It uses a whole-building approach to sustainability by addressing five key areas: sustainable site development, water efficiency, energy efficiency, material selection and indoor environmental quality. To obtain certification, projects must meet prerequisites in each of these five areas and undergo an independent review. Based on the total points awarded, a project can achieve one of four levels of certification: certified, silver, gold, or platinum. There are several rating systems including New Construction (NC), Core and Shell (CS), Commercial Interiors (CI) and Existing Buildings: Operations and Maintenance (EBOM).

The CaGBC or the U.S. Green Building Council (USGBC) administers the certification process. To ensure the integrity of the LEED building rating system, the certification process includes auditing certain credits and several iterations of document review. Because of the complexity of the auditing process and the number of projects that have applied for LEED certification in Canada, the period from application to receipt of LEED certification can be quite lengthy.

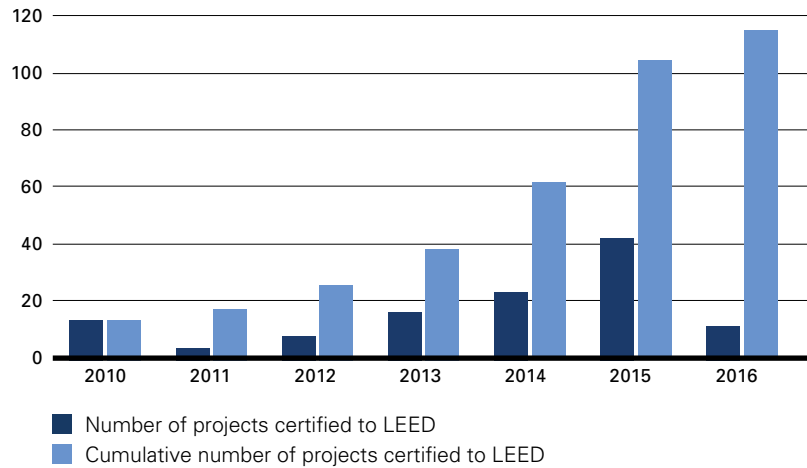
In 2016, 11 new construction projects comprising 104,500 square feet of GLA were certified to LEED. As of December 31, 2016, 114 buildings comprising 3.4 million square feet or 14% of the Company's GLA were certified to LEED. Appendix 1 - LEED Certifications provides the list of projects certified to LEED in 2016.

### BOMA BEST

In 2011, the Company began the process of seeking BOMA BEST certification for existing properties. BOMA BEST is the largest environmental assessment and certification program for existing buildings in Canada. Building owners complete a questionnaire that critically evaluates six key areas of environmental performance and management: energy, water, waste, emissions and effluents, indoor environment, and environmental management systems. These standards address the environmental performance of existing buildings based on independently verified information.

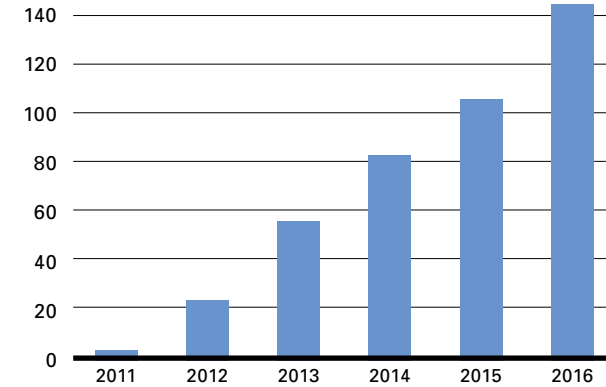
In 2016, 39 properties comprising 4.8 million square feet of GLA received BOMA BEST certification. As of December 31, 2016, 142 properties comprising 14.2 million square feet or 56% of the Company's GLA achieved this certification. Appendix 2 - BOMA BEST Certifications provides the list of properties certified to BOMA BEST in 2016.

### NUMBER OF PROPERTIES CERTIFIED TO LEED<sup>1</sup>



<sup>1</sup> Number of certifications presented includes adjustments for disposition of previously certified properties.

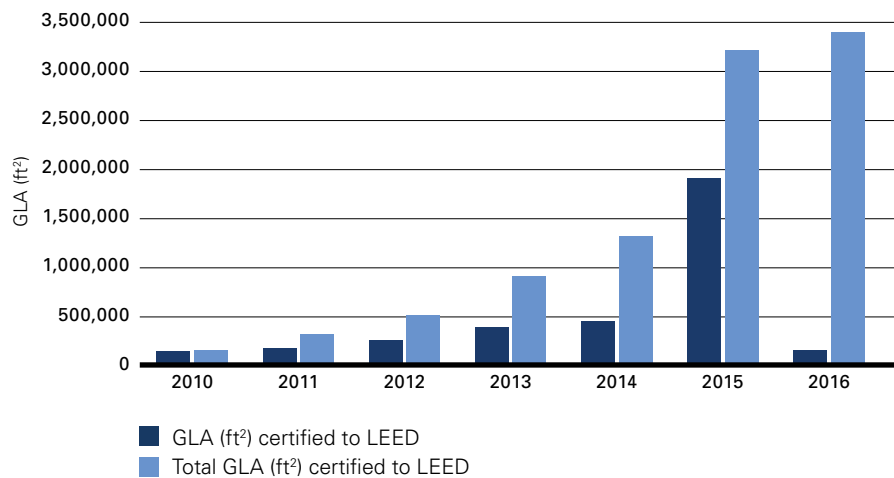
### NUMBER OF PROPERTIES CERTIFIED TO BOMA BEST<sup>1,2</sup>



<sup>1</sup> Certifications as of the end of each calendar year.

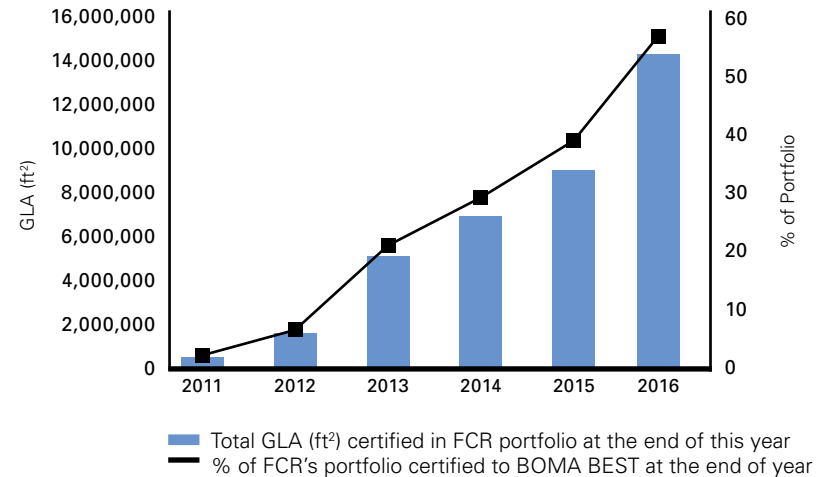
<sup>2</sup> Number of properties certified to BOMA BEST includes adjustments for expired certifications and disposition of previously certified properties.

### GLA (ft<sup>2</sup>) CERTIFIED TO LEED<sup>1</sup>



<sup>1</sup> GLA presented includes adjustments for disposition of previously certified properties.

### GLA (ft<sup>2</sup>) CERTIFIED TO BOMA BEST<sup>1,2</sup>



<sup>1</sup> Certifications as of the end of each calendar year.

<sup>2</sup> GLA presented includes adjustments for expired certifications and disposition of previously certified properties.

# GRI

## GRI PRINCIPLES 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, Approach to Corporate Responsibility, 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	
Balance	The Company discloses negative and positive information in the report.
Comparability	The CRS report compares 2016 data to previous years' data.
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 3 - Data Assumptions and Methodologies for information on how data was compiled.
Timeliness	The Company's 2016 CRS Report was issued within nine months of the end of the reporting period.
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.
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 EVP & CFO 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 2016 data:
	G4-10 - Employee statistics
	G4-LA1 - Total number of employee turnover broken down by age group, gender and region.
	G4-EN3 - Energy consumption within the organization.
	G4-EN8 - Total water withdrawal by source.
	For the years 2012, 2013, 2014, 2015 and 2016 data:
	G4-EN 16 - Direct greenhouse gas (GHG) emissions (Scope 1)
	G4-EN 17 - Indirect greenhouse gas (GHG) emissions (Scope 2)
	G4-EN 18 - Other indirect greenhouse gas (GHG) emissions (Scope 3)





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## GRI CONTENT INDEX IN ACCORDANCE WITH CORE DISCLOSURE

GENERAL STANDARD DISCLOSURES		PAGE	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/OMISSIONS
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Statement from the most senior decision maker	p.2	No	
G4-2	Key impacts, risks and opportunities	p.1-74	No	Throughout the report, the Company describes key impacts, risks and opportunities
<b>ORGANIZATIONAL PROFILE</b>				
G4-3	Name of organization	p.9	No	
G4-4	Primary brands, products and services	p.9	No	
G4-5	Organization's headquarters	p.9	No	
G4-6	Number of countries where the organization operates	p.9	No	
G4-7	Nature of ownership and legal form	p.9	No	
G4-8	Markets served	p.9	No	
G4-9	Scale of the organization	p.9	No	
	Total number of employees	p.29	Yes	
	Total number of operations	p.10	Yes	
	Net sales or net revenues	p.10	Yes	
	Total capitalization broken down into debt and equity	p.10	Yes	
	Quantity of product and services provided	p.9	Yes	
G4-9	Workforce	p.29	Yes	
	Total number of employees by employment contract and gender	p.29	Yes	
	Total number of employees by employment type and gender	p.29	Yes	

CONTINUED

GENERAL STANDARD DISCLOSURES		PAGE	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/OMISSIONS
G4-10	Total workforce by employees and supervised workers and by gender	p.29	Yes	The Company does not report on supervised employees
	Total workforce by region and gender	p.29	Yes	
	Portion of the organization's work completed by self-employed persons	N/A	No	The Company does not report on self-employed employees
	Significant variations in employment numbers	N/A	No	
G4-11	Percentage of employees covered by collective bargaining agreements	N/A	No	Zero percent of employees are covered by collective bargaining agreements
G4-12	Description of company's supply chain	p.23	No	
G4-13	Significant changes to the organization, including size, structure, ownership, and supply chain	N/A	No	
G4-14	Application of precautionary principle	p.37	No	
G4-15	Externally developed charters, principles or initiatives which the organization endorses	p.42,55	No	
G4-16	Memberships	p.7	No	
<b>IDENTIFIED MATERIAL TOPICS AND BOUNDARIES</b>				
G4-17	List entities included in the organization's consolidated financial statement	p.9		First Capital Realty and First Capital Holdings Trust
G4-18	Explain the process for defining report content and aspect boundaries	p.12	No	
	Explain how the organization has implemented the reporting principles for defining report content	p.12,59	No	
G4-19	List all material aspects identified for defining report content	p.15	No	Refer to Specific Standard Disclosures
G4-20	Report boundaries of material topics within organization	p.15	No	
G4-21	Report boundaries of material topics outside organization	p.15	No	
G4-22	Report any restatements and effect on restatements	p.68-70	No	
G4-23	Report significant changes in topics and boundaries	N/A	No	

CONTINUED

GENERAL STANDARD DISCLOSURES		PAGE	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/OMISSIONS
<b>STAKEHOLDER ENGAGEMENT</b>				
G4-24	List of stakeholders engaged by the company	p.25	No	
G4-25	Basis for identification and stakeholders with whom to engage	p.25	No	
G4-26	Approach to stakeholder engagement	p.25	No	
G4-27	Key topics and concerns raised by stakeholders	N/A	No	Topics concerning development and redevelopment activities raised during formal public consultations are available from municipalities where these activities were proposed or occurred.
<b>REPORT PROFILE</b>				
G4-28	Reporting period	p.15	No	
G4-29	Date of most recent previous report	p.15	No	
G4-30	Reporting Cycle	p.15	No	
G4-31	Contact Point	p.15	No	
G4-32	Type of GRI Report - Core or Comprehensive	p.59	No	
	GRI Content Index	p.59-62	No	
	Reference to external assurance	p.3-4	No	
G4-33	External Assurance - policy	p.61	No	The Company has assured employee statistics, water, energy, and GHG emissions in this and previous CRS reports.
	Relationship between organization and assurance partners	p.61	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.61	No	The Audit Committee Chair and EVP and CFO of the Company executed the assurance contract with Ernst and Young LLP
<b>GOVERNANCE</b>				
G4-34	Governance structure of organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts	p.17-19	No	
<b>ETHICS AND INTEGRITY</b>				
G4-56	Describe the organization's values, principles, standards and norms of behaviour such as codes of conducts and ethics	p.20-21	No	

## SPECIFIC STANDARD DISCLOSURES

MATERIAL TOPICS	PAGE	EXTERNAL ASSURANCE	NOTES - CLARIFICATIONS/ OMISSIONS
Board governance	p.17-19	No	
Risk management	p.22	No	
Ethics and integrity	p.20-21	No	
Health and safety	p.23	No	
Employees	p.27-36,67	Yes	
Buildings	p.55-56	No	
Land use and contamination	p.37,68	No	
Energy	p.42-46	Yes	
Water	p.39-41	Yes	
GHG emissions	p.48-50	Yes	
Waste	p.51-54	No	
Environmental compliance	N/A	No	This report does not address environmental compliance





# APPENDIX 1 LEED CERTIFICATIONS

## LEED CERTIFICATIONS OBTAINED IN 2016

PROJECT NAME	PROPERTY	LOCATION	CERTIFICATION COUNCIL	LEVEL OF CERTIFICATION	GLA CERTIFIED (ft²)
Carrefour du Plateau - Sports Experts	Carrefour du Plateau Grives	Gatineau, QC	CaGBC	Silver	21,140
Centre Commercial Beaconsfield - TD Bank	Centre Commercial Beaconsfield Assets	Beaconsfield, QC	CaGBC	Certified	5,177
Centre d'achats VMR - Building B (Scotia Bank, Mes Yeux Tes Yeux, Ben and Florentine)	Carre Lucerne	Mount Royal, QC	CaGBC	Silver	15,909
Centre d'achats VMR - Building C (Shoppers Drug Mart)	Carre Lucerne	Mount Royal, QC	CaGBC	Certified	12,185
Faubourg des Prairies - Building 2 (Tim Hortons)	Faubourg des Prairies	Montreal, QC	CaGBC	Certified	7,072
Grimsby-68-70-72 Livingston - Building A (Pita Pit)	Grimsby Square Shopping Centre Assets	Grimsby, ON	CaGBC	Silver	5,005
Papin Charlemagne - Dollarama	Lachenaie Assets	Charlemagne, QC	CaGBC	Silver	10,463
Place Lorraine - SAQ	Place Lorraine	Lorraine, QC	CaGBC	Certified	6,372
Thickson Place - Building F (The Liquor Control Board of Ontario)	Thickson Place	Whitby, ON	CaGBC	Certified	10,000
Tomken Plaza - Bulk Barn, Dairy Queen	Tomken Plaza	Mississauga, ON	CaGBC	Silver	6,254
West Springs - Building H (Orange Theory, Subway, KFC)	West Springs Village	Calgary, AB	CaGBC	Gold	4,930
<b>Total</b>					<b>104,507</b>



**metro**  
**PLUS**

**Marché Fogarty**





## APPENDIX 2 BOMA BEST CERTIFICATIONS

### BOMA BEST CERTIFICATIONS OBTAINED IN 2016

PROPERTY	LOCATION	LEVEL OF CERTIFICATION	GLA CERTIFIED (ft²)
120 Lynn Williams	Toronto, ON	Certified	26,684
134, 146-150 Lakeshore Road W	Oakville, ON	Certified	22,000
1670 Bayview Avenue	Toronto, ON	Certified	40,000
3434 Lawrence Avenue East	Toronto, ON	Certified	40,000
629 Markham Road	Toronto, ON	Certified	39,000
85 Hanna Avenue	Toronto, ON	Certified	111,902
Appleby Village	Burlington, ON	Certified	211,000
Barrymore Building	Toronto, ON	Gold	73,388
Brooklin Towne Centre	Brooklin, ON	Certified	117,214
Carrefour du Versant East	Gatineau, QC	Silver	100,499
Carrefour du Versant West	Gatineau, QC	Silver	25,222
Cedarbrae Mall	Toronto, ON	Certified	552,450
Centre Commercial Beaconsfield	Beaconsfield, QC	Silver	136,000
Centre Kirkland & St-Charles	Kirkland, QC	Silver	125,332
Chartwell Shopping Centre	Toronto, ON	Certified	160,811
Gateway Village	St. Albert, AB	Bronze	105,350
Hunt Club Marketplace	Ottawa, ON	Gold	125,890
Lakeview Plaza	Calgary, AB	Silver	64,520
Langford Plaza	Victoria, BC	Bronze	33,297
Loblaws Plaza	Ottawa, ON	Bronze	174,519
Longstreet Shopping Centre	Edmonton, AB	Certified	44,822

CONTINUED

PROPERTY	LOCATION	LEVEL OF CERTIFICATION	GLA CERTIFIED (ft <sup>2</sup> )
Meadowbrook Centre	Edmonton, AB	Certified	42,111
Meadowlark Health and Shopping Centre	Edmonton, AB	Gold	299,464
Midland Lawrence Plaza	Toronto, ON	Certified	80,932
Millstream Centre	Victoria, BC	Bronze	16,094
Mount Royal Block	Calgary, AB	Gold	49,578
Northgate Centre	Edmonton, AB	Certified	484,604
Pemberton Plaza	North Vancouver, BC	Bronze	87,642
Place Nelligan	Gatineau, QC	Silver	58,018
Place Pointe-aux-Trembles	Montreal, QC	Silver	116,038
Plaza Beaconsfield	Beaconsfield, QC	Certified	26,589
Red Deer Village	Red Deer, AB	Gold	243,810
Rutherford Market Place	Vaughan, ON	Certified	20,422
Sheridan Plaza	Toronto, ON	Certified	168,000
Shops at King Liberty	Toronto, ON	Certified	73,834
Tomken Plaza	Mississauga, ON	Certified	94,070
Wellington Corners	London, ON	Certified	77,244
Westmount Shopping Centre	Edmonton, AB	Silver	498,140
Westmount Village	Edmonton, AB	Gold	54,608
<b>Total</b>			<b>4,821,098</b>



# APPENDIX 3

## DATA ASSUMPTIONS AND METHODOLOGIES

### ALL

Numbers may not add up due to rounding. 2012, 2013, 2014, 2015 and 2016 values were rounded for comparability.

### EMPLOYEE STATISTICS

The reporting period covers January 1, 2016 to December 31, 2016.

Administrative is an employment category comprising employees who provide administrative support to management and includes executive assistants, property administrators and accounts payable clerks.

Building support is an employment category comprising employees who provide maintenance support at the property level and includes maintenance coordinators and operations supervisors.

Middle management is an employment category comprising business unit managers responsible for implementing the executive leadership and senior management team's business plan and includes leasing directors, controllers and property managers.

Professional/technical is an employment category comprising employees specialized in their field of expertise and includes financial analysts, property accountants, legal staff and construction and project managers.

Senior management is an employment category comprising the President and CEO, EVP and CFO, EVP and COO, SVPs, VPs, and General Counsel. They are responsible for achieving the Company's annual business plan.

External contractors were excluded from employee statistics.

#### To calculate employee turnover rates:

Total number of employees who left the Company

Total number of permanent employees in the Company  
(active and terminated as of December 31, 2016)

#### To calculate new hire rates:

Total number of new employees who joined the Company  
(active employees as of December 31, 2016)

Total number of employees in the Company  
(as of December 31, 2016)

Calculating the new hire rate is based on new employees who joined in 2016 and are still actively employed on December 31, 2016. For example, a company has 100 employees at the end of the year. It has hired 25 new employees during 2016. However, there are only 20 new employees still actively employed at the end of the year. The new hire rate would be  $20/100 = 20\%$

## LAND USE

Land use was classified as of December 31, 2016. The land included in the classification of greenfields and brownfields encompassed all land owned and/or operated either wholly or as a joint venture by First Capital Realty Inc.

Contaminated land is land whose site conditions (soil/ groundwater) do not meet current environmental standards or for which a government instrument (e.g., Certificate of Compliance, Record of Site Condition) has not been received. Without receiving a government instrument, a property would be considered to be contaminated even if a risk assessment was completed with the implementation of risk management measures (if applicable). A property also is not considered to be contaminated if the levels of constituents in the soil and/ or groundwater, although above standards, are accepted to be naturally occurring in the area where the property is located.

## WATER

The reporting period covers January 1, 2016 to December 31, 2016 for the portfolio as of December 31, 2016. Water invoices based on metered consumption were used to report on water consumption and costs.

### INCLUSIONS

1. The report includes water use from our entire portfolio except properties in the Province of Quebec.

### EXCLUSIONS

1. The report excludes water use in properties located in the Province of Quebec. Typically, water consumption is not metered in the Province of Quebec, and water costs are included in the municipal property tax assessment.

2. Water consumption in tenant spaces where the tenants pay the water bills directly to utility companies is excluded from this report.
3. Water consumption in vacant spaces is excluded from this report. Water consumption in these spaces is not tracked by the Company's third-party vendor who tracks and reports on water consumption and costs. Taking into account the materiality of water consumption in vacant premises, this data is not included in the report.
4. A mixed-use development is excluded from this report. This business unit is a complex whose water consumption is not sub-metered. The Company does not have an accurate method to quantify water consumption associated solely with its operations.
5. The report excludes water use in properties lacking 12 consecutive months of utility data.

## ENERGY

The reporting period covers January 1, 2016 to December 31, 2016 for the portfolio as of December 31, 2016. Electricity and natural gas invoices based on metered consumption were used to report on energy consumption and costs.

Natural gas was converted to kWh using a conversion factor of 10.33 ekWh/m<sup>3</sup> as reported by Natural Resources Canada energy conversion factors.

### INCLUSIONS

1. Energy consumption (i.e., heating and cooling, lighting, power) for common areas is included in the report.

## EXCLUSIONS

1. Energy consumption in tenant premises which are sub-metered or pay the energy bills directly to utility companies (e.g., energy consumption by tenants in open-air shopping centres) is excluded from this report.
2. Energy consumption in tenant premises which are sub-metered is excluded from this report. Energy consumption in these vacant premises is not tracked by the Company's third-party vendor who tracks and reports on energy consumption and costs. Taking into account the materiality of energy consumption in vacant premises, this data is not included in the report.
3. A mixed-use development is excluded from this report. This business unit is a complex whose energy consumption is not sub-metered. The Company does not have an accurate method to quantify energy consumption associated solely with its operations.
4. The report excludes energy use in properties lacking 12 consecutive months of utility data.

## GHG EMISSIONS

The reporting period covers January 1, 2016 to December 31, 2016 for the portfolio as of December 31, 2016. To ensure consistency and comparability of data from year to year, FCR recalculated emissions from its base year and every reporting year thereafter to account for portfolio changes.

## INCLUSIONS

1. Scope 1 and 2 emissions were included.
2. Scope 3 emissions associated with water treatment and distribution and waste water collection and treatment were included.

3. Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide gases (N<sub>2</sub>O) were used to calculate CO<sub>2</sub>e.
4. Global Warming Potential (GWP) as reported by the Intergovernmental Panel on Climate Change (IPCC)'s Fourth Assessment Report was used to calculate CO<sub>2</sub>e:

Carbon dioxide – 1 GWP,

Methane – 25 GWP,

Nitrous oxide – 298 GWP.

<https://www.ec.gc.ca/ges-ghg/default.asp?lang=En&n=CAD07259-1>

5. Electricity and natural gas invoices based on metered consumption were used to report on energy consumption and resulting GHG emissions.
6. Energy consumption (i.e., heating and cooling, lighting, power) for common areas is included in the report.
7. Water invoices based on metered consumption were used to report on water consumption and resulting GHG emissions.
8. The report includes water use from our entire portfolio except properties in the Province of Quebec.

## EXCLUSIONS

1. Energy consumption in tenant spaces where the tenants are sub-metered or pay the energy bills directly to utility companies (e.g., energy consumption by tenants in open-air shopping centres) is excluded from this report.

2. Energy consumption in vacant premises which are sub-metered is excluded from this report. Energy consumption in these vacant premises is not tracked by the Company's third-party vendor who tracks and reports on energy consumption and costs. Taking into account the materiality of energy consumption in vacant premises, this data is not included in the report.
3. A mixed-use development is excluded from this report. This business unit is a complex whose energy and water consumption is not sub-metered. The Company does not have an accurate method to quantify energy consumption associated solely with its operations.
4. The report excludes water use in properties located in the Province of Quebec. Typically, water consumption is not metered in the Province of Quebec, and water costs are included in the municipal property tax assessment.
5. Scope 3 emissions (e.g., GHG emissions from business travel by employees, employee commuting, production of materials purchased and waste disposal/recycling initiatives) were excluded.

**To calculate GHG emissions from natural gas consumption:**

Natural gas consumption (m<sup>3</sup>) x emission factor  
(tCO<sub>2</sub>e/m<sup>3</sup>) = tCO<sub>2</sub>e

Source of 2012 natural gas emission factors: Environment Canada, Greenhouse Gas Division, National Inventory Report: 1990–2012, Part 2: Greenhouse Gas Sources and Sinks in Canada (Ottawa, Environment Canada. 2014, (<http://www.ec.gc.ca/ges-ghg/>), p.183

Source of 2013 natural gas emission factors: Environment Canada, Greenhouse Gas Division, National Inventory Report: 1990–2013, Part 2: Greenhouse Gas Sources and Sinks in Canada (Ottawa, Environment Canada. 2015, (<http://www.ec.gc.ca/ges-ghg/>), p.194

Source of 2014 natural gas emission factors: Environment Canada, Greenhouse Gas Division, National Inventory Report: 1990–2014, Part 2: Greenhouse Gas Sources and Sinks in Canada (Ottawa, Environment Canada. 2016, (<http://www.ec.gc.ca/ges-ghg/>), p.193

Source of 2015 natural gas emission factors: Environment Canada, Greenhouse Gas Division, National Inventory Report 1990-2015: Greenhouse Gas Sources and Sinks in Canada Part 2: Greenhouse Gas Sources and Sinks in Canada (Ottawa, Environment Canada). 2016, (<http://www.ec.gc.ca/ges-ghg/>), p. 234

**To calculate GHG emissions from electricity consumption:**

Electricity consumption (kWh) x emission factor  
(tCO<sub>2</sub>e/kWh) = tCO<sub>2</sub>e

Source of electricity emission factors: Environment Canada, National Inventory Report 1990-2015: Greenhouse Gas Sources and Sinks in Canada Part 3. (<http://www.ec.gc.ca/ges-ghg/>), p. 98-103

**To calculate GHG emissions from water treatment and distribution and waste water collection and treatment:**

Water consumption (m<sup>3</sup>) x electricity required to transport a cubic metre of water (kWh) x emission factor  
(tCO<sub>2</sub>e/kWh) = tCO<sub>2</sub>e

Source of emission factors for water transportation: Maas, Carol, Greenhouse Gas and Energy Co-Benefits of Water Conservation. POLIS Project on Ecological Governance, University of Victoria, November 2008.



Environment Canada, National Inventory Report 1990-2015: Greenhouse Gas Sources and Sinks in Canada Part 3. (<http://www.ec.gc.ca/ges-ghg/>), p. 98-103

## ASSUMPTIONS

1. All buildings existed in the Company's portfolio as of January 1, 2012 unless explicitly noted as an acquisition, a new build or a demolition.
2. An acquisition is defined as an existing property purchased since January 1, 2012. All buildings identified as an acquisition were included in the inventory. Consumption and emissions were estimated back to January 1, 2012 where possible, using the earliest available data.
3. A new build is defined as new construction on vacant land. All buildings constructed since January 1, 2012 or subsequently acquired by the Company were included in the inventory from the date when the building became operational under FCR Management Services.
4. A demolition is defined as: a building that was fully demolished since January 1, 2012 and not replaced or re-built. All buildings demolished since January 1, 2012 were included in the inventory until the date when the building was no longer under the operational control of FCR Management Services.
5. Buildings fitting any of the following criteria were omitted from the inventory:
  - a. The property was classified as residential,
  - b. The property was classified as land only,
  - c. The property was part of a mixed-use facility and consumption data could not be separated,
  - d. The property or utility account was lacking 12 consecutive months of utility data, or
  - e. The property was not under the operational control of FCR Management Services.
6. Data was extracted from the utility database on May 18, 2016. Any data not in the database at these dates was either not included in the report or estimated based on the data estimation methodology identified below.
7. Data extracted from the Company's third-party vendor was assumed to be actual meter readings with no estimation unless otherwise noted.

## DATA ESTIMATIONS

For a property or utility account whose consumption data was not available, consumption was estimated using one of two methodologies:

1. For accounts with less than 12 months of missing data:

Missing data was estimated by calculating the average consumption of the missing months of data of the most recent year and applying the average to the missing months of data. For example, if a property was missing electricity consumption for January and February 2012, data from January and February 2013 would be averaged. This monthly average electricity consumption would then be applied to January and February 2012.

2. For accounts with more than 12 months of missing data:

Missing data was estimated by calculating the period and applying the average to the missing months of data. For example, if a property was missing electricity consumption data from January 2012 to June 2013, electricity consumption from July 2013 to August 2014 would be averaged. This monthly average electricity consumption would then be applied from January 2012 to June 2013.

## WASTE

The reporting period covers January 1, 2016 to December 31, 2016 for the portfolio as of December 31, 2016.

### INCLUSIONS

The report includes waste generated from 14 million square feet (58%) (GLA) of the portfolio. The properties contributing waste data were located in British Columbia, Alberta, Ontario and Quebec.

It accounts for tenant waste where First Capital Realty is responsible for the waste management.

### EXCLUSIONS

The report excludes waste generated from development, redevelopment, construction or remediation activities. Waste disposal costs are costs for the disposal and recycling of waste generated in the operation of our properties. It excludes waste costs resulting from development, redevelopment, construction or remediation activities.

## BUILDINGS

The reporting period covers from January 1, 2016 to December 31, 2016.



## APPENDIX 4 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

**CO<sub>2</sub>** – carbon dioxide

**CO<sub>2</sub>e** 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.

**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 a 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