



FIRST CAPITAL®

First Capital Realty Completes Conversion to a Real Estate Investment Trust

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Toronto, Ontario (December 30, 2019) - First Capital Real Estate Investment Trust (the “REIT” or “First Capital”), one of Canada’s leading developers, owners and operators of mixed-use urban real estate in Canada’s most densely populated centres, is pleased to announce that the plan of arrangement (the “Arrangement”) to convert First Capital Realty Inc. (the “Company”) from a corporation to a real estate investment trust was completed effective December 30, 2019. The units of the REIT will begin trading on the Toronto Stock Exchange on December 30, 2019 under the symbol “FCR.UN”.

Kay Brekken, Executive Vice President and CFO of First Capital, said, “The completion of the conversion into a REIT is a significant achievement in what was an extraordinary year for First Capital. As a REIT, we will have access to a larger pool of investment capital, driven in part by our anticipated inclusion in the S&P/TSX Capped REIT Index, which will expand our investor base. Additionally, our conversion to a REIT provides a more efficient vehicle to deliver returns to investors, further positioning First Capital for continued success.”

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

Tax Impact for Unitholders

Generally, the completion of the Arrangement will have resulted in a disposition of the Company’s common shares for Canadian tax purposes and the immediate acquisition of REIT Units, both at a value equal to \$20.86, the closing price of the common shares of the Company on the TSX on December 27, 2019, the last completed trading day immediately preceding the completion of the Arrangement. If a shareholder held common shares of the Company outside

of a tax-sheltered vehicle (such as an RRSP, RRIF or TFSA), this may result in a taxable capital gain or loss to report for 2019. A qualifying shareholder who elected to exchange common shares of the Company for Exchangeable LP Units may be able to defer any capital gain or loss associated with the Arrangement. Exchangeable LP Units allow for tax deferral; however, they will be subject to additional restrictions and limitations and will not be listed on the TSX or any other exchange. This summary is of a general nature only and is not intended to be, nor should it be construed to be legal or tax advice to any particular shareholder. Shareholders are advised to consult their own tax advisors with respect to the tax consequences to them of the REIT conversion, having regard to their particular circumstances.

About First Capital REIT (TSX: FCR.UN)

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

Forward-looking Statement Advisory

This press release contains forward-looking statements and information within the meaning of applicable securities law, including statements regarding the Arrangement. These forward-looking statements are not historical facts but, rather, reflect the REIT's current expectations and are subject to risks and uncertainties that could cause the outcome to differ materially from current expectations. Such risks and uncertainties include those risks discussed in the Corporation's (the predecessor issuer to the REIT) continuous disclosure documents, which include the Corporation's MD&A for the year ended December 31, 2018 and for the three and nine months ended September 30, 2019 and the Company's current Annual Information Form. Readers, therefore, should not place undue reliance on any such forward-looking statements. The REIT undertakes no obligation to publicly update any such forward-looking statement or to reflect new information or the occurrence of future events or circumstances, except as required by applicable securities law.

All forward-looking statements in this press release are made as of the date hereof and are qualified by these cautionary statements.

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For further information:

Kay Brekken
Executive Vice President & CFO
(416) 216-2051
kay.brekken@fcr.ca
www.fcr.ca
TSX: FCR.UN