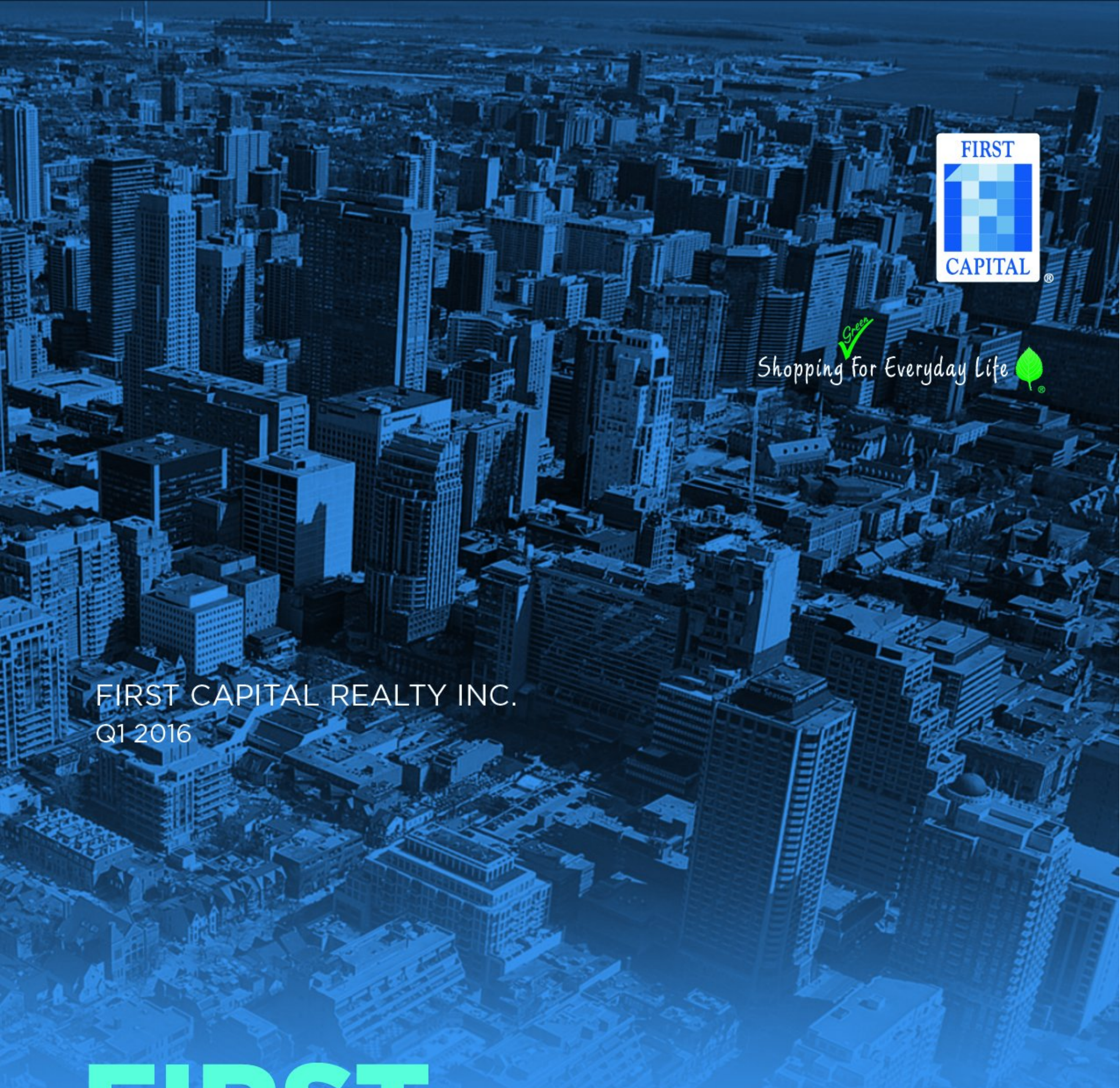

Shopping for Everyday Life

FIRST CAPITAL REALTY INC.

Q1 2016

FIRST QUARTER

Corporate Profile

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. As at March 31, 2016, the Company owned interests in 160 properties, totaling approximately 24.8 million square feet of gross leasable area. First Capital Realty has an enterprise value of approximately $8.7 billion and its common shares trade on the Toronto Stock Exchange.

Financial Highlights

As at *(millions of dollars, except per share amounts)*	**March 31, 2016**	December 31, 2015
Total assets	**$ 8,388**	$ 8,279
Total equity market capitalization [1]	**$ 4,663**	$ 4,139
Enterprise value [1]	**$ 8,685**	$ 8,031
Net debt to total assets [2]	**43.6%**	42.9%
Quarterly dividend per common share	**$ 0.215**	$ 0.215

Operating Highlights

Three months ended March 31 *(millions of dollars, except per share amounts)*	**2016**	2015
Property rental revenue [2]	**$ 170**	$ 165
Net Operating Income ("NOI") [1] [2]	**$ 104**	$ 101
Funds from Operations ("FFO") [1] [2]		
Operating FFO	**$ 62**	$ 55
Operating FFO per diluted share	**$ 0.27**	$ 0.25
FFO	**$ 62**	$ 55
FFO per diluted share	**$ 0.27**	$ 0.25
Adjusted Funds from Operations ("AFFO") [1] [2]		
Operating AFFO	**$ 63**	$ 57
Operating AFFO per diluted share	**$ 0.26**	$ 0.24
AFFO	**$ 63**	$ 58
AFFO per diluted share	**$ 0.26**	$ 0.24

(1) These measures are not defined by IFRS. Refer to the "Results of Operations – Net Operating Income and Non-IFRS Supplemental Financial Measures" sections of the Company's Management's Discussion & Analysis for further information.

(2) Reflects joint ventures proportionately consolidated.

Urban Markets*

• Greater Toronto Area	32%
• Greater Montreal Area	16%
• Greater Calgary Area	13%
• Greater Vancouver Area	11%
• Greater Edmonton Area	9%
• Greater Ottawa Area	6%
• Golden Horseshoe Area	6%
• London Area	3%
• Quebec City	2%
• Red Deer and Other	2%
Total	100%

* Annual Minimum Rents
as of March 31, 2016

Shopping For Everyday Life®

	# OF STORES	% OF RENT	TENANTS
Supermarkets	129	17.3%	
Pharmacies	134	9.4%	
Liquor Stores	96	3.5%	
Financial Institutions	319	9.8%	
Restaurants	923	13.4%	
Medical & Personal Services	1069	10.8%	
Fitness Facilities	85	3.5%	
Daycare Centres & Schools	73	1.0%	
National & Discount Retailers	485	16.6%	
Other Tenants	956	14.7%	

As of March 31, 2016

MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis of Financial Position and Results of Operations

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of First Capital Realty Inc. ("First Capital Realty", "FCR" or the "Company") is intended to provide readers with an assessment of performance and summarize the financial position and results of operations for the three months ended March 31, 2016 and 2015. It should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2015 and 2014. Additional information, including the Company's 2015 Annual Report and current Annual Information Form, is available on the SEDAR website at www.sedar.com and on the Company's website at www.firstcapitalrealty.ca.

All dollar amounts are in thousands of Canadian dollars, unless otherwise noted. Historical results and percentage relationships contained in the Company's unaudited interim and audited annual consolidated financial statements and MD&A, including trends which might appear, should not be taken as indicative of its future operations. The information contained in this MD&A is based on information available to Management, and is dated as of May 10, 2016.

First Capital Realty was incorporated in November 1993 and conducts its business directly and through subsidiaries.

FORWARD-LOOKING STATEMENT ADVISORY

Certain statements contained in this MD&A constitute forward-looking statements. Other statements concerning First Capital Realty's objectives and strategies and Management's beliefs, plans, estimates and intentions also constitute forward-looking statements. Forward-looking statements can generally be identified by the expressions "anticipate", "believe", "plan", "estimate", "project", "expect", "intend", "outlook", "objective", "may", "will", "should", "continue" and similar expressions. The forward-looking statements are not historical facts but, rather, reflect the Company's current expectations regarding future results or events and are based on information currently available to Management. Certain material factors and assumptions were applied in providing these forward-looking statements. Forward-looking information involves numerous assumptions such as rental income (including assumptions on timing of lease-up, development coming online and levels of percentage rent), interest rates, tenant defaults, borrowing costs (including the underlying interest rates and credit spreads), the general availability of capital and the stability of the capital markets, amount of development costs, capital expenditures, operating costs and corporate expenses, level and timing of acquisitions of income-producing properties, number of shares outstanding and numerous other factors. Moreover, the assumptions underlying the Company's forward-looking statements contained in the "Outlook and Current Business Environment" section of this MD&A also include that consumer demand will remain stable, and demographic trends will continue.

Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, Management can give no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the "Risks and Uncertainties" section of this MD&A and the matters discussed under "Risk Factors" in the Company's current Annual Information Form from time to time.

Factors that could cause actual results or events to differ materially from those expressed, implied or projected by forward-looking statements, in addition to those factors referenced above, include, but are not limited to: general economic conditions; real property ownership; the availability of a new competitive supply of retail properties which may become available either through construction, lease or sublease; First Capital Realty's ability to maintain occupancy and to lease or re-lease space at current or anticipated rents; repayment of indebtedness and the availability of debt and equity financing; changes in interest rates and credit spreads; changes to credit ratings; tenant financial difficulties; defaults and bankruptcies; the relative illiquidity of real property; unexpected costs or liabilities related to acquisitions, development and construction; increases in operating costs and property taxes; geographic and tenant concentration; residential development, sales and leasing; compliance with financial covenants; changes in governmental regulation; environmental liability and compliance costs; unexpected costs or liabilities related to dispositions; challenges associated with the integration of acquisitions into the Company; uninsured losses and First Capital Realty's ability to obtain insurance coverage at a reasonable cost; risks in joint ventures; matters associated with significant shareholders; investments subject to credit *and market risk; loss of key personnel; and the ability of tenants to maintain necessary licenses, certifications and accreditations.*

Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. First Capital Realty undertakes no obligation to publicly update any such 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 MD&A are made as of May 10, 2016 and are qualified by these cautionary statements.

BUSINESS OVERVIEW AND STRATEGY

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. As at March 31, 2016, the Company owned interests in 160 properties, totaling approximately 24.8 million square feet of gross leasable area ("GLA").

First Capital Realty'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. 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.

OUTLOOK AND CURRENT BUSINESS ENVIRONMENT

Since 2001, First Capital Realty has successfully grown its business across the country, focusing on key urban markets, dramatically enhancing the quality of its portfolio and generating modest accretion in funds from operations, while reducing leverage and achieving an investment grade credit rating. The Company expects to continue to grow its portfolio of high quality properties in urban markets in Canada in line with its long-term value creation strategy. The Company defines a high quality property primarily by its location, taking into consideration the local demographics and the retail supply and demand factors in each property trade area, and the ability to grow the property's cash flow.

Changing Consumer Habits

The Company continues to observe several demographic and other trends that may affect demand for retail goods and services, including an increasing reliance by consumers on online information to influence their purchasing decisions and an increasing desire to purchase products online, as well as an aging population which is increasingly focused on convenience and health-related goods and services. There is also a shift in consumer demand driven by an increasing number of ethnic consumers as a result of Canada's immigration policies. Another trend that Management observes is a desire for consumers to live in urban markets and to connect with others through daily or frequent trips to the supermarkets, fitness centres, coffee shops and/or restaurants. Management is proactively responding to these consumer changes through its tenant mix, unit sizes and shopping centre locations and designs.

Evolving Retail Landscape

Over the past several years, the Company has observed an increase in entry and/or expansion into the Canadian marketplace by several major U.S. and international retailers including Whole Foods Market, Walmart, Marshalls, Nordstrom, Saks Fifth Avenue and others. Although such repositioning resulted in new opportunities for the Company, it also resulted in an increasingly competitive retail landscape in Canada. In addition, many retailers have announced store closures and/or bankruptcies, including Mexx, Future Shop, Black's, Nine West, Target, Sears, Jacob, Danier Leather, Le Chateau and Grand & Toy. Although the Company's exposure to these retailers is limited, these store closures will, in the short term, result in increased availability of retail space across Canada and have the potential to impact retail rental rates and leasing fundamentals.

As a result of these ongoing changes, the Company remains highly focused on ensuring the competitive position of its shopping centres in all of its various retail trade areas. Management will continue to closely follow demographic and shopping trends, as well as retailer responses to these trends, and retail competition. The Company's leasing strategy takes these factors into consideration in each trade area and its proactive management strategy helps to ensure the Company's properties remain attractive to high quality tenants and their customers.

In Management's view, shopping centres and mixed-use properties located in urban markets with tenants providing non-discretionary goods and services, will be less sensitive to both economic cycles and evolving retail trends, thus providing more stable and growing cash flow over the long term.

Growth

For the three months ended March 31, 2016, the Same Property portfolio delivered net operating income growth of 2.3% compared to the same prior year period. The growth in net operating income was primarily due to rental rate step-ups, lease renewals at higher rates, lower operating costs and higher lease surrender fees. These increases were partially offset by a decrease in Same Property occupancy primarily as a result of the closure of one Target store in the Same Property category during the second quarter of last year, as well as the closure of a Canadian Tire store during the third quarter of last year.

As at March 31, 2016, the Same Property portfolio was 96.0% occupied and the total portfolio was 95.0% occupied. The Company had 0.6% of the portfolio held as vacant space for redevelopment.

Urban municipalities where the Company operates continue to focus on increasing density within the existing boundaries of infrastructure. This provides the Company with multiple development and redevelopment opportunities in its existing portfolio of urban properties, which includes an inventory of adjacent land sites and development land. As at March 31, 2016, the Company had identified approximately 13.0 million square feet of incremental density available in the portfolio for future development (including 3.1 million square feet of retail and 9.9 million square feet of residential space), of which approximately 0.9 million square feet of development projects are currently underway.

Development activities continue to provide the Company with growth within its existing portfolio of assets. These activities typically improve the quality of the property, which in turn leads to meaningful growth in property rental income. The Company's development activities primarily comprise redevelopments and expansions of existing properties in established retail trade areas in urban markets. These projects typically carry risk that is associated more with project execution rather than market risk as projects are located in well-established urban communities with existing demand for goods and services. The Company has a long and successful track record of development activities and will continue to manage carefully the risks associated with such projects.

During the quarter, the Company transferred 85,000 square feet of new urban retail space from development to income-producing properties at a cost of $33.7 million. Approximately 68,000 square feet of the new space was occupied at an average net rental rate of $27.06 per square foot, well above the average rent for the entire portfolio of $19.02.

Transaction Activity

The property acquisition environment remains extremely competitive for assets of similar quality to those owned by the Company. There are typically multiple bids on high quality properties, and asset valuations reflect strong demand for well-located income-producing assets. In addition, well-located urban properties rarely trade in the market and attract significant competition when they do. As a result, the urban property acquisitions completed by the Company typically do not provide material accretion to the Company's results in the immediate term. However, the Company will continue to selectively acquire high quality, well-located properties that add strategic value and/or operating synergies, provided that they will be accretive to Operating FFO over the long term. Therefore, the Company expects to focus on development and redevelopment of existing assets as the primary means to grow the portfolio while continuing to make selective acquisitions that complement the existing portfolio.

During the quarter, the Company acquired four income-producing properties for $145.8 million in close proximity to the Company's existing shopping centres, adding a total of 302,900 square feet of gross leasable area to the portfolio. Additionally, the Company invested $50.8 million in development and redevelopment activities during the quarter.

The Company continues to evaluate its properties and will occasionally dispose of non-core properties. This allows the Company to redeploy capital into its core urban redevelopment projects where population, rent growth and consumer trends present the opportunity for better long-term growth. During the quarter, the Company disposed of a 50% non-managing interest in three properties totaling 269,500 square feet in Lachenaie, Quebec, for $71.0 million.

Economy and Access to Capital

Following the slow growth in 2015, Canada's economy is expected to improve in the medium term boosted by government spending. After two interest rate cuts by the Bank of Canada in 2015, further cuts are considered unlikely until 2017 as a result of the modest economic growth expected. The U.S. economy is showing signs of slowing growth and other global economic markets remain uncertain. Long-term Canadian bond yields remained at historic lows during the first quarter despite some volatility. Although the equity and long-term debt markets remain accessible, pricing can vary based on the current market outlook for growth and interest rates. The Company will continue to focus on maintaining access to all sources of long-term capital at a reasonable cost.

Outlook

Management is focused on the following five areas to achieve its objectives through 2016 and into 2017:

- development, redevelopment and repositioning activities including land use intensification;
- selective acquisitions of strategic assets and sites in close proximity to existing properties in the Company's target urban markets;
- proactive portfolio management that results in higher rent growth;
- increasing the efficiency and productivity of operations; and
- maintain financial strength and flexibility to achieve a competitive cost of capital over the long-term.

Overall, Management is confident that the quality of the Company's consolidated balance sheet and the defensive nature of its assets will continue to serve it well in the current environment and into the future.

SUMMARY CONSOLIDATED INFORMATION AND HIGHLIGHTS

As at March 31		2016		2015
Operations Information				
Number of properties		**160**		157
GLA (square feet)		**24,800,000**		24,238,000
Occupancy – Same Property – stable [1]		**96.0%**		96.4%
Total portfolio occupancy		**95.0%**		95.6%
Development pipeline and adjacent land (GLA) [2]				
Retail pipeline		**3,127,000**		2,842,000
Residential pipeline [3]		**9,912,000**		N/A
Average rate per occupied square foot	**$**	**19.02**	$	18.40
GLA developed and brought online year-to-date		**85,000**		53,000
Same Property – stable NOI – increase over prior year period [1] [4]		**2.1%**		4.6%
Total Same Property NOI – increase over prior year period [1] [4]		**2.3%**		4.4%
Financial Information				
Investment properties – shopping centres [5]	**$**	**8,016,359**	$	7,548,466
Investment properties – development land [5]	**$**	**47,887**	$	32,874
Total assets	**$**	**8,387,567**	$	8,022,510
Mortgages [5]	**$**	**1,012,810**	$	1,086,023
Credit facilities	**$**	**310,099**	$	7,785
Senior unsecured debentures	**$**	**2,244,445**	$	2,243,091
Convertible debentures	**$**	**325,155**	$	372,983
Shareholders' equity	**$**	**3,666,239**	$	3,566,144
Capitalization and Leverage				
Shares outstanding (in thousands)		**226,152**		221,949
Enterprise value [6]	**$**	**8,685,000**	$	8,116,000
Net debt to total assets [6] [7] [8]		**43.6%**		41.8%
Weighted average term to maturity on mortgages and senior unsecured debentures (years)		**5.5**		5.9

	Three months ended March 31	
	2016	2015
Revenues, Income and Cash Flows		
Revenues and other income [9]	**$ 171,750**	$ 167,942
Net operating income ("NOI") [9] [10]	**$ 102,996**	$ 99,780
Increase (decrease) in value of investment properties, net [9]	**$ 24,869**	$ (334)
Net income attributable to common shareholders	**$ 66,957**	$ 45,901
Net income per share attributable to common shareholders (diluted)	**$ 0.29**	$ 0.21
Cash provided by operating activities	**$ 48,339**	$ 37,696
Adjusted cash flow from operating activities [6]	**$ 57,973**	$ 53,850
Dividends		
Regular dividends	**$ 48,679**	$ 47,759
Regular dividends per common share	**$ 0.215**	$ 0.215
Weighted average number of common shares – diluted (in thousands)	**243,467**	223,652
Funds from Operations ("FFO") [10]		
Operating FFO [10]	**$ 61,504**	$ 55,054
Operating FFO per diluted share	**$ 0.27**	$ 0.25
Operating FFO payout ratio	**79.6%**	86.0%
FFO	**$ 61,902**	$ 55,432
FFO per diluted share	**$ 0.27**	$ 0.25
FFO payout ratio	**79.6%**	86.0%
Adjusted Funds from Operations ("AFFO") [10]		
Operating AFFO [10]	**$ 62,563**	$ 57,095
Operating AFFO per diluted share	**$ 0.26**	$ 0.24
Operating AFFO payout ratio	**82.7%**	89.6%
AFFO	**$ 62,642**	$ 57,960
AFFO per diluted share	**$ 0.26**	$ 0.24
AFFO payout ratio	**82.7%**	89.6%

(1) Same Property – stable NOI and total Same Property NOI are measures of operating performance not defined by IFRS. Refer to the "Business and Operations Review – Real Estate Investments - Investment Property Categories" section of this MD&A.

(2) Square footage does not include potential development on properties held through the Company's Main and Main Developments LP ("Main and Main Developments") joint venture. Refer to the "Business and Operations Review – Properties Under Development – Main and Main Developments" section of this MD&A.

(3) Prior year amounts have not been disclosed.

(4) Calculated based on the year-to-date NOI.

(5) Includes properties classified as held for sale.

(6) Enterprise value, Net debt to total assets and Adjusted cash flow from operating activities are measures not defined by International Financial Reporting Standards ("IFRS") Refer to the "Capital Structure and Liquidity – Total Capital Employed" section of this MD&A.

(7) Calculated with joint ventures accounted for on the equity basis under IFRS, proportionately consolidated.

(8) Calculated net of cash balances as at the end of the period.

(9) Calculated excluding the Company's proportionate share of joint ventures accounted for on an equity basis under IFRS.

(10) NOI, FFO, Operating FFO, AFFO and Operating AFFO are measures of operating performance not defined by IFRS. Refer to the "Results of Operations – Net Operating Income and Non-IFRS Supplemental Financial Measures" sections of this MD&A.

BUSINESS AND OPERATIONS REVIEW

Real Estate Investments

Investment Property Categories

The Company categorizes its properties for the purposes of evaluating operating performance including Same Property NOI. This enables the Company to better reflect its development, redevelopment and repositioning activities on its properties, including land use intensification, and its completed and planned disposition activities. In addition, the Company revises comparative information to reflect property categories consistent with current period status. The property categories are as follows:

Investment properties **–** *shopping centres* **–** *Same Property consisting of:*

> *Same Property* **–** *stable* **–** includes stable properties where the only significant activities are leasing and ongoing maintenance. Properties that will be undergoing a redevelopment in a future period, including adjacent parcels of land, and those having planning activities underway are also in this category until such development activities commence. At that time, the property will be reclassified to either Same Property with redevelopment activities or to major redevelopment.
>
> *Same Property with redevelopment* **–** includes properties that are largely stable, including adjacent parcels of land, but are undergoing incremental redevelopment or expansion activities (pads or building extensions) which intensify the land use. Such redevelopment activities often include facade, parking, lighting and building upgrades.

Major redevelopment **–** includes properties in planning or undergoing multi-year redevelopment projects with significant intensification, reconfiguration and building and tenant upgrades.

Ground-up development **–** consists of new construction, either on a vacant land parcel typically situated in an urban area or on an urban land site with conversion of an existing vacant building to retail use.

Acquisitions and dispositions **–** consists of properties acquired during the period including those in close proximity to existing shopping centres. Dispositions include information for properties disposed of in the period.

Investment properties classified as held for sale **–** consists of properties that meet the held for sale criteria under IFRS.

Investment properties – development land – comprises land sites where there are no development activities underway, except for those in the planning stage.

The Company has applied the above property categorization to the fair value, capital expenditures as well as leasing and occupancy activity on its shopping centre portfolio, and to its Same Property NOI analysis to further assist in understanding the Company's real estate activities and its operating and financial performance.

Reconciliation of Condensed Consolidated Balance Sheets to the Company's Proportionate Interest

Proportionate interest is not an IFRS measure, but is defined by Management as the Company's proportionate share of revenues, expenses, assets and liabilities in all of its real estate investments. This presentation is reflected throughout this MD&A to include the Company's two equity accounted joint ventures, net of non-controlling interests, and its share of revenues, expenses, assets and liabilities at the Company's ownership interest.

Management presents the proportionate share of the Company's interests in its two joint ventures in the determination of many key performance measures. Management views this method as relevant in demonstrating the Company's ability to manage and monitor the underlying financial performance and cash flows of the related investments. This presentation also depicts the extent to which the underlying assets are leveraged, which are included in the Company's debt metrics.

The following table provides a reconciliation of the Company's condensed consolidated balance sheets, as presented in its unaudited interim condensed consolidated financial statements to its proportionate interest.

As at			**March 31, 2016**	December 31, 2015
	Condensed Consolidated Balance Sheet [1]	Adjustments for Proportionate Interest	**Proportionate Interest**	Proportionate Interest
ASSETS				
Investment properties – shopping centres	$ 7,996,359	$ 110,794	**$ 8,107,153**	$ 7,884,623
Investment properties – development land	41,387	55,515	**96,902**	80,555
Investment in joint ventures	115,890	(115,890)	**—**	—
Investment properties classified as held for sale	26,500	—	**26,500**	97,737
Other	207,431	9,520	**216,951**	221,391
Total assets	$ 8,387,567	$ 59,939	**$ 8,447,506**	$ 8,284,306
LIABILITIES				
Mortgages	$ 1,012,810	$ 45,990	**$ 1,058,800**	$ 1,026,664
Credit facilities	310,099	41,563	**351,662**	255,588
Other	3,369,845	960	**3,370,805**	3,362,102
Total liabilities	4,692,754	88,513	**4,781,267**	4,644,354
EQUITY				
Shareholders' equity	3,666,239	—	**3,666,239**	3,639,952
Non-controlling interest	28,574	(28,574)	**—**	—
Total equity	3,694,813	(28,574)	**3,666,239**	3,639,952
Total liabilities and equity	$ 8,387,567	$ 59,939	**$ 8,447,506**	$ 8,284,306

[1] Certain assets and liabilities have been grouped for purposes of this reconciliation.

Portfolio Overview

As at March 31, 2016, the Company had interests in 160 investment properties – shopping centres, which were 95.0% occupied with a total GLA of 24.8 million square feet and a fair value of $8.1 billion. This compares to 158 investment properties – shopping centres, which were 94.8% occupied with a total GLA of 24.4 million square feet and a fair value of $8.0 billion as at December 31, 2015. As at March 31, 2016, the average size of the shopping centres is approximately 155,000 square feet, ranging from approximately 9,200 to over 575,000 square feet.

The Same Property portfolio includes shopping centres sub-categorized in Same Property – stable and Same Property with redevelopment. The Same Property portfolio is comprised of 146 properties with a GLA of 21.6 million square feet and a fair value of $6.6 billion. These properties represent 91.3% of the Company's property count, 87.3% of its GLA and 80.7% of its fair value and generated $90.4 million in NOI for the three months ended March 31, 2016 or 86.7% of the Company's total NOI.

The balance of the Company’s real estate assets consists of shopping centres with significant value enhancement opportunities which are in various stages of redevelopment, shopping centres acquired in 2016 or 2015 and properties in close proximity to them, as well as properties held for sale.

The Company's proportionate interest in its shopping centre portfolio based on property categorization is summarized as follows:

As at			**March 31, 2016**					December 31, 2015		
(millions of dollars, except other data)	**Number of Properties**	**GLA (000s sq. ft.)**	**Fair Value**	**Occupancy**	**Weighted Average Rate per Occupied Square Foot**	Number of Properties	GLA (000s sq. ft.)	Fair Value	Occupancy	Weighted Average Rate per Occupied Square Foot
Same Property – stable	**136**	**19,720**	**$ 6,076**	**96.0%**	**$ 18.75**	136	19,741	$ 6,036	95.8%	$ 18.65
Same Property with redevelopment	**10**	**1,926**	**482**	**96.1%**	**18.12**	10	1,921	475	96.2%	17.89
Total Same Property	**146**	**21,646**	**6,558**	**96.0%**	**18.69**	146	21,662	6,511	95.8%	18.58
Major redevelopment	**8**	**1,939**	**949**	**85.3%**	**22.77**	8	1,937	931	83.6%	22.94
Ground-up development	**3**	**658**	**327**	**96.2%**	**19.40**	3	601	313	93.2%	17.84
Acquisitions – 2016 (1)	**2**	**327**	**145**	**88.3%**	**23.33**	—	—	—	—%	—
Acquisitions – 2015	**—**	**98**	**128**	**87.1%**	**36.14**	—	99	130	87.1%	35.99
Investment properties classified as held for sale (2) (3)	**1**	**132**	**20**	**100.0%**	**1.59**	1	132	20	100.0%	2.79
Dispositions – 2016	**—**	**—**	**—**	**—%**	**—**	—	—	71	—%	—
Total	**160**	**24,800**	**$ 8,127**	**95.0%**	**$ 19.02**	158	24,431	$ 7,976	94.8%	$ 18.84

(1) Properties in close proximity to existing properties.

(2) The number of properties and GLA exclude a shopping centre that was 50% held for sale as at December 31, 2015. The GLA and property count for this shopping centre was included in Same Property with redevelopment.

(3) The fair value excludes development land held for sale of $6.5 million.

The Company's shopping centre portfolio summarized by geographic region is as follows:

As at	**March 31, 2016**						December 31, 2015					
(millions of dollars, except other data)	**Number of Properties**	**GLA (000s sq. ft.)**	**Fair Value**	**Occupancy**	**Weighted Average Rate per Occupied Square Foot**	**% of Annual Minimum Rent**	Number of Properties	GLA (000s sq. ft.)	Fair Value	Occupancy	Weighted Average Rate per Occupied Square Foot	% of Annual Minimum Rent
Central Region												
Greater Toronto Area	**44**	**6,597**	**$ 2,855**	**96.9%**	**$ 22.00**	**32%**	44	6,601	$ 2,825	96.4%	$ 21.96	33%
Golden Horseshoe Area	**8**	**1,567**	**390**	**96.6%**	**15.68**	**6%**	8	1,570	383	97.1%	15.64	6%
London Area	**7**	**777**	**165**	**95.5%**	**14.82**	**3%**	7	777	163	96.3%	14.82	3%
	59	**8,941**	**3,410**	**96.7%**	**20.27**	**41%**	59	8,948	3,371	96.5%	20.23	42%
Eastern Region												
Greater Montreal Area	**34**	**4,992**	**1,195**	**90.7%**	**15.86**	**16%**	34	4,891	1,199	90.8%	15.33	16%
Greater Ottawa Area	**11**	**1,992**	**468**	**95.7%**	**16.76**	**6%**	11	1,990	465	95.9%	16.72	6%
Quebec City	**5**	**1,011**	**174**	**95.6%**	**10.96**	**2%**	5	1,011	175	95.6%	10.82	3%
Other	**2**	**215**	**23**	**100.0%**	**13.08**	**1%**	2	215	37	100.0%	12.94	—%
	52	**8,210**	**1,860**	**92.8%**	**15.39**	**25%**	52	8,107	1,876	92.9%	15.04	25%
Western Region												
Greater Calgary Area	**16**	**2,701**	**1,067**	**97.3%**	**22.71**	**13%**	15	2,553	977	97.6%	22.54	13%
Greater Vancouver Area	**20**	**2,348**	**1,020**	**94.9%**	**22.40**	**11%**	19	2,177	927	94.5%	22.26	10%
Greater Edmonton Area	**12**	**2,356**	**698**	**93.9%**	**18.70**	**9%**	12	2,402	752	92.1%	18.91	9%
Red Deer	**1**	**244**	**72**	**95.2%**	**20.23**	**1%**	1	244	73	95.2%	20.17	1%
	49	**7,649**	**2,857**	**95.5%**	**21.32**	**34%**	47	7,376	2,729	94.8%	21.23	33%
Total	**160**	**24,800**	**$ 8,127**	**95.0%**	**$ 19.02**	**100%**	158	24,431	$ 7,976	94.8%	$ 18.84	100%

Investment Properties – Shopping Centres

A continuity of the Company's proportionate interest in investments in its shopping centre acquisitions, dispositions, development and portfolio improvement activities is as follows:

	Three months ended March 31	
(millions of dollars)	**2016**	2015
Balance at beginning of period	**$ 7,871**	$ 7,474
Acquisitions		
Shopping centres and additional adjacent spaces	**146**	25
Development activities and property improvements	**51**	67
Increase (decrease) in value of investment properties, net	**21**	2
Dispositions	**(73)**	(22)
Other changes	**—**	3
Balance at end of period	**$ 8,016**	$ 7,549
Investment in joint ventures – shopping centres (1)	**111**	98
Proportionate interest end of period (2)	**$ 8,127**	$ 7,647

(1) At the Company's proportionate interest.

(2) Includes investment properties classified as held for sale as at March 31, 2016 and 2015 totaling $20 million and $69 million, respectively.

2016 Acquisitions

Income-producing properties – Shopping Centres and Additional Adjacent Spaces

During the three months ended March 31, 2016, the Company acquired four properties in close proximity to existing shopping centres, as summarized in the table below:

Count	Property	City/Province	Quarter Acquired	Interest Acquired	GLA (sq. ft.) (1)	Acquisition Cost (in millions)
1.	Peninsula Village	Surrey, BC	Q1	100%	170,900	$ 78.5
2.	225 Peel St. (Griffintown)	Montreal, QC	Q1	100%	108,200	56.0
3.	816-838 11th Ave. (Glenbow)	Calgary, AB	Q1	50%	23,800	10.5
4.	Yorkville Village adjacent properties	Toronto, ON	Q1	100%	—	0.8
	Total				302,900	$ 145.8

(1) At the Company's proportionate interest.

Development Properties

During the three months ended March 31, 2016, the Company acquired the remaining 50% ownership interest in a development property as summarized in the table below:

Count	Property Name	City/Province	Quarter Acquired	Interest Acquired	Acreage (1)	Acquisition Cost (in millions)
1.	1071 King Street West (remaining 50% interest)	Toronto, ON	Q1	50%	0.3	$ 7.7
	Total land parcel adjacent to existing properties				**0.3**	**$ 7.7**

(1) At the Company's proportionate interest.

2016 Dispositions

During the three months ended March 31, 2016, the Company disposed of a 50% non-managing interest in a portfolio of income-producing properties, as summarized in the table below:

Count	Property Name	City/Province	Quarter Sold	Interest Sold	GLA (sq. ft.)[1]	Acreage[1]	Gross Sales Price (in millions)
1.	Les Galeries de Lanaudiere	Lachenaie, QC	Q1	50%	269,500	30.5	
	Total				269,500	30.5	$ 71.0

[1] At the Company's proportionate interest.

Capital Expenditures

Capital expenditures are incurred by the Company for maintaining and/or renovating its existing shopping centres. In addition, the Company also incurs expenditures for the purposes of expansion, redevelopment and development activities.

Revenue sustaining capital expenditures are required for maintaining the Company's shopping centre infrastructure and revenues from leasing of existing space. Revenue sustaining capital expenditures are generally not recoverable from tenants. However, certain leases provide the ability to recover from tenants, over time, a portion of capital expenditures to maintain the physical aspects of the Company's shopping centres. Revenue sustaining capital expenditures generally include tenant improvement costs related to new and renewal leasing, and capital expenditures required to maintain the physical aspects of the shopping centres, such as roof replacements and resurfacing of parking lots.

Revenue enhancing capital expenditures are those expenditures that increase the revenue generating ability of the Company's shopping centres. Revenue enhancing capital expenditures are incurred in conjunction with or in contemplation of a development or redevelopment strategy, a strategic repositioning after an acquisition, or in advance of a planned disposition to maximize the potential sale price. The Company owns and actively seeks to acquire older, well-located shopping centres in urban locations, where expenditures tend to be higher when they are subsequently repaired or redeveloped to meet the Company's standards. The Company also considers property age, the potential effects on occupancy and future rent per square foot, the time leasable space has been vacant and other factors when assessing whether a capital expenditure is revenue enhancing or sustaining.

Capital expenditures incurred in development and redevelopment projects include pre-development costs, direct construction costs, leasing costs, tenant improvements, borrowing costs, and overhead including applicable salaries and other direct costs of internal staff directly attributable to the projects under active development.

Capital expenditures on investment properties by type and property category are summarized in the table below:

Three months ended March 31			**2016**	2015
	Total Same Property	**Other Property Categories**	**Total**	Total
Revenue sustaining	**$ 3,528**	**$ —**	**$ 3,528**	$ 4,660
Revenue enhancing	**13,412**	**606**	**14,018**	9,970
Expenditures recoverable from tenants	**2,072**	**—**	**2,072**	1,590
Development expenditures	**5,409**	**25,728**	**31,137**	50,717
Total	**$ 24,421**	**$ 26,334**	**$ 50,755**	$ 66,937

During the three months ended March 31, 2016, capital expenditures totaled $50.8 million compared to $66.9 million for the same prior year period. The $16.2 million decrease was primarily the result of lower development expenditures related to large ground-up and major redevelopment projects underway during the three months ended March 31, 2016 including Yorkville Village, King High Line and The Edmonton Brewery District. Revenue sustaining capital expenditures decreased by $1.1 million over the same prior year period primarily as a result of timing of scheduled infrastructure work during the course of the year.

Valuation of Investment Properties

During the three months ended March 31, 2016, the weighted average stabilized capitalization rate of the Company's investment property portfolio decreased from 5.7% as at December 31, 2015 to 5.6%, primarily due to the impact of acquisitions during the quarter. The Company's proportionate interest in the net increase in value of investment properties was $25.0 million for the three months ended March 31, 2016.

The values of the Company's proportionate interest in its shopping centres and associated capitalization rates by region were as follows as at March 31, 2016 and December 31, 2015:

As at March 31, 2016						
		Capitalization Rate				
(millions of dollars, except other data)	**Number of Properties**	**Weighted Average**	**Median**	**Range**		**Fair Value**
Central Region	**59**	**5.5%**	**5.8%**	**4.5%-7.5%**	**$**	**3,410**
Eastern Region	**52**	**6.0%**	**6.0%**	**5.3%-7.5%**		**1,860**
Western Region	**49**	**5.5%**	**5.8%**	**4.3%-6.5%**		**2,857**
Total or Weighted Average	**160**	**5.6%**	**5.8%**	**4.3%-7.5%**	**$**	**8,127**

As at December 31, 2015						
		Capitalization Rate				
(millions of dollars, except other data)	Number of Properties	Weighted Average	Median	Range		Fair Value
Central Region	59	5.5%	5.8%	4.5%-7.5%	$	3,371
Eastern Region	52	6.1%	6.0%	5.3%-7.5%		1,876
Western Region	47	5.5%	5.8%	4.5%-6.5%		2,729
Total or Weighted Average	158	5.7%	5.8%	4.5%-7.5%	$	7,976

Properties Under Development

Development and redevelopment activities are completed selectively, based on opportunities in the Company's properties or in the markets where the Company operates. The Company's development activities include redevelopment on stable properties, major redevelopment, and ground-up projects. Additionally, properties under development include land with future development potential. All development activities are strategically managed to reduce risk, and properties are generally developed after obtaining anchor tenant lease commitments. Individual buildings within a development are generally constructed only after obtaining commitments on a substantial portion of the space.

Development Pipeline

The Company has identified approximately 13.0 million square feet of incremental density available in the portfolio for future development of which 0.9 million square feet is currently under development.

A breakdown of the active development and incremental density within the portfolio by component and type is as follows:

As at March 31, 2016	Square feet (in thousands)		
	Retail	Residential	Total
Active Development			
Same Property with redevelopment	44	—	44
Major redevelopment	226	—	226
Ground-up development	357	312	669
	627	**312**	**939**
Future uncommitted incremental density			
Medium term	1,600	5,700	7,300
Long term	900	3,900	4,800
	2,500	**9,600**	**12,100**
Total development pipeline	**3,127**	**9,912**	**13,039**

The Company will determine its course of action with respect to the 9.6 million square feet of uncommitted potential residential density on a case by case basis given the specifics of each property. The Company's course of action for each property may include selling the property, selling the residential density rights, entering into a joint venture with a partner to develop the property or undertaking the development of the property on its own. The majority of this density is expected to commence development over the medium term (within approximately seven years).

In addition to the Company's development pipeline, information regarding the development potential of the Company's Main and Main Developments joint venture can be found in the "Main and Main Developments" section of this MD&A.

Invested Cost of Properties Under Development

As at March 31, 2016, the Company had $551.0 million of properties under development and development land parcels at invested cost, representing approximately 6.7% of the value of the total portfolio.

A breakdown of invested cost on development activities is as follows:

As at March 31, 2016 (in millions of dollars)	Number of Projects	Square Feet [1] [2] (in thousands)	Invested Cost [3] Active Development	Pre-Development	Total
Same Property with redevelopment	3	44	$ 18	$ 6	$ 24
Major redevelopment	3	226	151	88	239
Ground-up development	2	669	125	20	145
Total development and redevelopment activities	**8**	**939**	**$ 294**	**$ 114**	**$ 408**
Total development land and adjacent land parcels				$ 143	$ 143
Total				**$ 257**	**$ 551**

(1) Includes 312,000 square feet of residential rental apartments.
(2) Square footage relates to active development only and represents 100% of the space under development.
(3) At the Company's proportionate interest.

2016 Development and Redevelopment Coming Online and Space Going Offline

Development and redevelopment coming online includes both leased and unleased space transferred from development to income-producing properties at completion of construction.

During the three months ended March 31, 2016, the Company completed the transfer of 85,000 square feet of new urban retail space from development to the income-producing portfolio at a cost of $33.7 million. During the three month period, 68,000 square feet of this space became occupied at an average rental rate of $27.06 per square foot, and the remainder is expected to be leased in the next 12 months. The average lease rate on the space was above the average rate for the portfolio of $19.02, thus realizing on the growth potential through development and redevelopment activities.

For the three months ended March 31, 2016, the Company had tenant closures for redevelopment of 5,000 square feet at an average rental rate of $31.15 per square foot. Of this 5,000 square feet, 3,000 square feet was demolished during the quarter.

Active Development and Redevelopment Activities

The Company's properties with development and redevelopment activities currently in progress are expected to have a weighted average going-in NOI yield of 5.3% upon completion. This yield is derived from the expected going-in run rate based on stabilized leasing and operations following completion of the development, and includes all building cost, land cost, interest and other carrying costs, as well as capitalized staff compensation and other expenses. However, actual rates of return could differ if development costs exceed current forecast costs, if final lease terms include shortfalls from base rent, operating cost or property tax recoveries, or if there are other unforeseen events that cause actual results to differ from assumptions. The quality of the Company's construction is consistent with its strategy of long-term ownership and value creation, and factors in the Company's high standards in construction, lighting, parking, access, pedestrian amenities, accessibility, as well as development to LEED standards.

Development and redevelopment projects may occur in phases with the completed component of the project included in income-producing properties and the incomplete component included in properties under development. The following tables show this split, where applicable, by showing the total invested cost in two categories: under development and income-producing property. In addition, the following tables reflect square footage at 100% of the space under development and invested cost at the Company's proportionate share.

Same Property with Redevelopment

The Company currently has three projects under active development in the Same Property with redevelopment property category. Of the approximately 44,000 square feet under active redevelopment, 32,000 square feet is subject to committed leases at a weighted average rate of $36.11 per square foot. The Company is currently in various stages of negotiations for the remaining planned space.

Highlights of the Company's Same Property with redevelopment projects as at March 31, 2016 are as follows:

As at March 31, 2016						
				Invested cost (in millions)		
Count/Project and Major Tenant(s)		Square Feet Under Development (in thousands)	Target Completion Date [1]	Total Estimated incl. Land	Under Development	Estimated Cost to Complete
	Active redevelopment					
1.	Pemberton Plaza, Vancouver, BC	22	H1 2016	$18	$12	$6
	(TD Canada Trust, Willowbrae Childcare Academy)					
2.	Fairway Plaza, Kitchener, ON	15	H2 2016	9	5	4
3.	Oakville South, Oakville, ON	7	H2 2016	2	1	1
	(HSBC)					—
	Total Same Property with redevelopment	44		$29	$18	$11

(1) H1 and H2 refer to the first six months of the year and the last six months of the year, respectively.

Major Redevelopment

The Company has three projects under active development in the major redevelopment property category. Of the approximately 226,000 square feet under active redevelopment, 92,000 square feet is subject to committed leases at a weighted average rate of $33.62 per square foot. As construction on redevelopment projects occurs in phases, there continues to be ongoing negotiations in various stages with certain retailers for the remaining planned space.

Highlights of the Company's major redevelopment projects underway as at March 31, 2016, including costs for completed phases, are as follows:

As at March 31, 2016									
		Square feet (in thousands)				Invested Cost (in millions)			
Count / Property and Major Tenant(s)		Planned Upon Completion	Completed or Existing [1]	Under Development	Target Completion Date [2]	Total Estimated incl. Land	Under Development	Income-producing property	Estimated Cost to Complete
	Active development								
1.	Yorkville Village Assets, Toronto, ON	285	224	61	H1 2017 [3]	$380	$102	$246	$32
	(Whole Foods Market, Equinox Fitness)								
2.	3080 Yonge Street, Toronto, ON	245	169	76	H2 2017	115	23	57	35
	(Loblaws)								
3.	Mount Royal Village Assets, Calgary, AB	302	213	89	H2 2018	223	26	159	38
	(Urban Fare, London Drugs, Canadian Tire, GoodLife Fitness)								
	Total Major Redevelopment	832	606	226		$718	$151	$462	$105

(1) Includes vacant units held for redevelopment.

(2) H1 and H2 refer to the first six months of the year and the last six months of the year, respectively.

(3) Mall completion is H1 2017; partial redevelopment of street assets is 2018 and beyond.

Ground-up Development

The Company has two projects under active development in the ground-up development property category. These projects are comprised of approximately 669,000 square feet of space currently under development, of which 357,000 square feet is retail space and 312,000 square feet is residential rental apartments. A total of 79,000 square feet of the retail space currently under development is subject to committed leases at a weighted average rate of $28.83 per square foot. As construction on ground-up developments occurs in phases, there continues to be ongoing negotiations in various stages with retailers for the remaining planned space.

Highlights of the Company's ground-up projects underway as at March 31, 2016, including costs for completed phases, are as follows:

As at March 31, 2016									
		Square feet (in thousands)				Invested Cost (in millions)			
	Count/Project and Major Tenant(s)	Planned Upon Completion	Completed or Existing	Under Development	Target Completion Date [3]	Total Estimated incl. Land	Under Development	Income-producing property	Estimated Cost to Complete
	Active development								
1.	The Brewery District, Edmonton, AB [1]	306	100	206	H2 2017	$89	$48	$20	$21
	(Loblaws City Market, Shoppers Drug Mart, GoodLife Fitness, Mountain Equipment Co-op)								
2.	King High Line (Shops at King Liberty), Toronto, ON [1] [2]	463	—	463	H2 2018	156	77	—	79
	Total Ground-up Development	769	100	669		$245	$125	$20	$100

(1) The Company has a 50% ownership interest in the property.

(2) The square feet under development comprises 151,000 square feet of retail and 312,000 square feet of residential space. The Company and its development partner have entered into a binding agreement to sell, upon substantial completion, a 1/3 managing interest in the residential component of the property to Canadian Apartment Properties REIT.

(3) H1 and H2 refer to the first six months of the year and the last six months of the year, respectively.

Costs to Complete Active and Redevelopment Activities

Costs to complete the development, redevelopment and expansion activities underway are estimated to be approximately $216 million. Costs to complete Same Property related developments are planned at $11 million for the remainder of 2016. Costs to complete major redevelopments and ground-up developments, respectively, are planned at $61 million and $31 million in 2016, and $44 million and $69 million thereafter.

Main and Main Developments

The Company has an interest in a Toronto and Ottawa urban development partnership (known as M+M Urban Realty LP ("Main and Main Urban Realty")) between the Company, Main and Main Developments (itself, a joint venture between the Company and a private developer) and a prominent Canadian institutional investor. The partners of Main and Main Urban Realty have collectively committed a total of $320.0 million of equity capital for current and future growth and the development of the Main and Main Urban Realty portfolio, of which First Capital Realty's direct and indirect commitment is approximately $167.0 million (of which $96.7 million has been invested as at March 31, 2016). Main and Main Developments was retained to provide asset and property management services for the real estate portfolio.

Each of Main and Main Urban Realty's 23 assembly projects are located on a major street in Toronto or Ottawa. Two projects are in the active development phase and seven projects are in the pre-development planning stage. As at March 31, 2016, the fair value of the Main and Main Urban Realty income-producing property portfolio was approximately $276.0 million.

Main and Main Urban Realty has identified a total of approximately 2.3 million square feet of additional GLA available in its portfolio, comprised of 0.5 million square feet for future retail and 1.8 million square feet for future residential development. The Company's proportionate interest in Main and Main Urban Realty is 37.7%.

Leasing and Occupancy

Total Same Property occupancy increased slightly from 95.8% as at December 31, 2015 to 96.0% as at March 31, 2016 primarily as a result of new tenants taking occupancy across the portfolio. Total portfolio occupancy increased from 94.8% as at December 31, 2015 to 95.0% as at March 31, 2016, primarily driven by the improvement in total Same Property occupancy.

Occupancy of the Company's shopping centre portfolio by property categorization was as follows:

As at		**March 31, 2016**			December 31, 2015	
(square feet in thousands, except other data)	**Total Occupied Square Feet**	**% Occupied**	**Weighted Average Rate per Occupied Square Foot**	Total Occupied Square Feet	% Occupied	Weighted Average Rate per Occupied Square Foot
Same Property – stable	**18,925**	**96.0%**	**$ 18.75**	18,915	95.8%	$ 18.65
Same Property with redevelopment	**1,851**	**96.1%**	**18.12**	1,848	96.2%	17.89
Total Same Property	**20,776**	**96.0%**	**18.69**	20,763	95.8%	18.58
Major redevelopment	**1,654**	**85.3%**	**22.77**	1,619	83.6%	22.94
Ground-up development	**634**	**96.2%**	**19.40**	560	93.2%	17.84
Investment properties classified as held for sale	**132**	**100.0%**	**1.59**	132	100.0%	2.79
Total portfolio before acquisitions and dispositions	**23,196**	**95.2%**	**18.90**	23,074	94.8%	18.78
Acquisitions – 2016	**289**	**88.3%**	**23.33**	—	—%	—
Acquisitions – 2015	**85**	**87.1%**	**36.14**	85	87.1%	35.99
Total	**23,570**	**95.0%**	**$ 19.02**	23,159	94.8%	$ 18.84

During the three months ended March 31, 2016, the Company achieved an 8.5% overall rate increase per occupied square foot on 312,000 square feet of renewal leases over the expiring lease rates. The rate increase for the Same Property portfolio was 9.0% on 295,000 square feet of renewals.

The average rental rate per occupied square foot for the total portfolio increased from $18.84 as at December 31, 2015 to $19.02 as at March 31, 2016 primarily due to rent escalations. Management believes that the weighted average rental rate per square foot for the portfolio would be in the range of $23.00 to $25.00, if the portfolio were at market.

Changes in the Company's gross leasable area and occupancy for the total portfolio are set out below:

Three months ended March 31, 2016	Total Same Property			Major redevelopment, ground-up, acquisitions and dispositions			Vacancy				Total Portfolio		
	Occupied Square Feet (thousands)	%	Weighted Average Rate per Occupied Square Foot	Occupied Square Feet (thousands)	%	Weighted Average Rate per Occupied Square Foot	Under Redevelop-ment Square Feet (thousands)	%	Vacant Square Feet (thousands)	%	Total Square Feet (thousands)	Occupied Square Feet %	Weighted Average Rate per Occupied Square Foot
December 31, 2015 [1]	**20,763**	**95.8%**	**$ 18.58**	**2,396**	**86.6%**	**$ 21.10**	**133**	**0.5%**	**1,139**	**4.7%**	**24,431**	**94.8%**	**$ 18.84**
Tenant possession	161		18.73	70		25.28	—		(231)		—		20.72
Tenant closures	(165)		(17.80)	(24)		(39.36)	—		189		—		(20.56)
Tenant closures for redevelopment	(3)		(29.00)	(2)		(35.00)	5		—		—		(31.15)
Developments – tenants coming online [2]	8		36.29	60		25.78	—		17		85		27.06
Redevelopments – tenant possession	—		—	5		5.30	(5)		—		—		5.30
Demolitions	—		—	—		—	(3)		—		(3)		—
Reclassifications	12		—	—		—	8		(60)		(40)		—
Total portfolio before 2016 acquisitions and dispositions	20,776	96.0%	$ 18.69	2,505	88.7%	$ 21.27	138	0.6%	1,054	4.3%	24,473	95.1%	$ 18.97
Acquisitions (at date of acquisition)	—	—%	—	289	88.4%	23.17	—		38		327	88.4%	23.17
March 31, 2016	**20,776**	**96.0%**	**$ 18.69**	**2,794**	**88.6%**	**$ 21.47**	**138**	**0.6%**	**1,092**	**4.4%**	**24,800**	**95.0%**	**$ 19.02**
Renewals	295		$ 17.98	17		$ 24.77					312		$ 18.36
Renewals – expired	(295)		$ (16.49)	(17)		$ (24.21)					(312)		$ (16.92)
Net change per square foot from renewals			$ 1.49			$ 0.56							$ 1.44
% Increase on renewal of expiring rents			9.0%			2.3%							8.5%

(1) Opening balance is revised to reflect property categories consistent with current period status.

(2) For further discussion of development and redevelopment coming online and under development vacancy, refer to the "Properties Under Development – 2016 Development and Redevelopment Coming Online and Space Going Offline" section of this MD&A.

Top Forty Tenants

As at March 31, 2016, 55.0% of the Company's annualized minimum rent came from its top 40 tenants (December 31, 2015 – 54.9%). Of these rents, 76.0% came from tenants that have investment grade credit ratings and who represent many of Canada's leading supermarkets, pharmacies, national and discount retailers, financial institutions and other familiar shopping destinations. The weighted average remaining lease term for the Company's top 10 tenants was 6.3 years as at March 31, 2016, excluding contractual renewal options.

Rank	Tenant [(1) (2)]	Number of Stores	Square Feet (thousands)	Percent of Total Gross Leasable Area	Percent of Total Annualized Minimum Rent	DBRS Credit Rating	S&P Credit Rating	Moody's Credit Rating
1.	Loblaw Companies Limited ("Loblaw")	100	2,490	10.0%	10.3%	BBB	BBB	
2.	Sobeys	56	1,999	8.1%	6.7%	BBB (low)	BBB-	
3.	Metro	35	1,211	4.9%	3.5%	BBB	BBB	
4.	Walmart	15	1,483	6.0%	2.9%	AA	AA	Aa2
5.	Canadian Tire	25	855	3.4%	2.8%	BBB (high)	BBB+	
6.	TD Canada Trust	47	248	1.0%	2.1%	AA	AA-	Aa1
7.	RBC Royal Bank	47	250	1.0%	1.9%	AA	AA-	Aa3
8.	GoodLife Fitness	26	604	2.4%	1.9%			
9.	Dollarama	52	505	2.0%	1.8%	BBB		
10.	CIBC	36	205	0.8%	1.5%	AA	A+	Aa3
Top 10 Tenants Total		439	9,850	39.6%	35.4%			
11.	LCBO	21	214	0.9%	1.3%	AA (low)	A+	Aa2
12.	Rona	4	421	1.7%	1.2%	BB (high)	BB+	
13.	Rexall	19	170	0.7%	1.1%			
14.	London Drugs	10	259	1.0%	1.1%			
15.	BMO	30	135	0.5%	1.1%	AA	A+	Aa3
16.	Restaurant Brands International	55	145	0.6%	1.0%		B+	
17.	Scotiabank	23	123	0.5%	0.9%	AA	A+	Aa2
18.	Staples	11	278	1.1%	0.9%		BBB-	Baa2
19.	Save-On-Foods	6	267	1.1%	0.9%			
20.	Longo's	4	170	0.7%	0.7%			
21.	Whole Foods Market	3	132	0.5%	0.7%		BBB-	Baa3
22.	Starbucks	44	75	0.3%	0.7%		A-	A2
23.	Winners	8	246	1.0%	0.7%		A+	A2
24.	Michaels	5	110	0.4%	0.6%			
25.	SAQ	21	91	0.4%	0.6%	A (high)	A+	Aa2
26.	Jean Coutu	12	157	0.6%	0.6%			
27.	Subway	73	87	0.4%	0.6%			
28.	Cara	20	88	0.4%	0.5%			
29.	McDonald's	22	89	0.4%	0.5%		BBB+	Baa1
30.	The Beer Store	12	73	0.3%	0.5%	AA (low)	A+	Aa2
31.	Toys "R" Us	3	127	0.5%	0.4%		B-	B3
32.	Yum! Brands	28	53	0.2%	0.4%		BB	Ba3
33.	The Home Depot	2	219	0.9%	0.4%	A	A	A2
34.	Reitmans	22	116	0.5%	0.4%			
35.	Williams-Sonoma	2	38	0.2%	0.3%			
36.	Liquor Stores	14	54	0.2%	0.3%			
37.	Pet Valu	19	54	0.2%	0.3%			
38.	Bulk Barn	12	58	0.2%	0.3%			
39.	Uniprix	6	68	0.3%	0.3%			
40.	Hudson's Bay Company	2	73	0.3%	0.3%		B+	B1
Top 40 Tenants Total		**952**	**14,040**	**56.6%**	**55.0%**			

(1) The names noted above may be the names of the parent entities and are not necessarily the covenants under the leases.

(2) Tenants noted include all banners of the respective retailer.

Lease Maturity Profile

The Company's lease maturity profile for its shopping centre portfolio as at March 31, 2016, excluding any contractual renewal options, is as follows:

Maturity Date	Number of Stores	Occupied Square Feet (thousands)	Percent of Total Square Feet	Annualized Minimum Rent at Expiration (thousands)	Percent of Total Annualized Minimum Rent	Average Annual Minimum Rent per Square Foot at Expiration
Month-to-month tenants [1]	154	347	1.4%	$ 5,575	1.2%	$ 16.09
2016	445	1,829	7.4%	27,377	5.8%	14.97
2017	613	2,922	11.8%	52,163	11.0%	17.85
2018	618	3,005	12.1%	54,508	11.5%	18.14
2019	607	2,709	10.9%	56,191	11.9%	20.74
2020	576	2,708	10.9%	53,717	11.4%	19.84
2021	295	1,728	7.0%	35,769	7.6%	20.70
2022	242	1,583	6.4%	37,292	7.9%	23.56
2023	184	1,519	6.1%	31,086	6.6%	20.46
2024	176	1,077	4.3%	23,607	5.0%	21.91
2025	188	1,020	4.1%	25,315	5.4%	24.82
2026	76	585	2.4%	14,124	3.0%	24.12
Thereafter	102	2,538	10.2%	55,448	11.7%	21.84
Total or Weighted Average	4,276	23,570	95.0%	$ 472,172	100.0%	$ 20.03

[1] Contains tenants on over hold including renewals and extensions under negotiation, month-to-month tenants and tenants in space at properties with future redevelopment.

The weighted average remaining lease term for the portfolio was 5.4 years as at March 31, 2016, excluding contractual renewal options, but including month-to-month and other short-term leases with tenants in properties with pre-development activities underway.

Loans, Mortgages and Other Real Estate Assets

As at	**March 31, 2016**	December 31, 2015
Non-current		
Loans and mortgages receivable (a)	**$ 121,159**	$ 120,173
Available-for-sale ("AFS") investment in limited partnership	**4,380**	4,269
Total non-current	**$ 125,539**	$ 124,442
Current		
Loans and mortgages receivable (a)	**$ 5,756**	$ 23,499
Fair value through profit or loss ("FVTPL") investments in securities (b)	**12,239**	11,907
Other receivable	**68**	70
Total current	**$ 18,063**	$ 35,476
Total	**$ 143,602**	$ 159,918

(a) Loans and mortgages receivable are primarily secured by interests in investment properties or shares of entities owning investment properties.

(b) The Company invests from time to time in publicly traded real estate and related securities. These securities are recorded at market value. Realized and unrealized gains and losses on FVTPL securities are recorded in other gains (losses) and (expenses).

RESULTS OF OPERATIONS

Net Income

		Three months ended March 31		
		2016		2015
Net income attributable to common shareholders	**$**	**66,957**	$	45,901
Net income per share attributable to common shareholders (diluted)	**$**	**0.29**	$	0.21
Weighted average number of common shares – diluted (in thousands)		**243,467**		223,652

For the three months ended March 31, 2016, net income attributable to common shareholders was $67.0 million or $0.29 per share (diluted) compared to $45.9 million or $0.21 per share (diluted) for the same prior year period.

The increase in net income attributable to common shareholders of 45.9% or $21.1 million, was primarily due to a higher increase in the fair value of investment properties of $25.0 million compared to an increase of $4.4 million for the first quarter of 2015.

Reconciliation of Condensed Consolidated Statements of Income, as presented, to the Company's Proportionate Interest

The following table provides the reconciliation of the Company's condensed consolidated statements of income, as presented in the unaudited interim condensed consolidated financial statements, to its proportionate interest.

Three months ended March 31			**2016**			2015
	Condensed Consolidated Statements of Income	**Adjustment for proportionate interest**	**Proportionate interest**	Condensed Consolidated Statements of Income	Adjustment for proportionate interest	Proportionate interest
Property rental revenue	**$ 168,100**	**$ 1,924**	**$ 170,024**	$ 163,661	$ 1,772	$ 165,433
Property operating costs	**65,104**	**573**	**65,677**	63,881	553	64,434
Net operating income	**102,996**	**1,351**	**104,347**	99,780	1,219	100,999
Other income and expenses						
Interest and other income	**3,650**	**(28)**	**3,622**	4,281	(89)	4,192
Interest expense	**(40,340)**	**(309)**	**(40,649)**	(41,488)	(126)	(41,614)
Corporate expenses	**(8,010)**	**233**	**(7,777)**	(9,742)	257	(9,485)
Abandoned transaction costs	**(112)**	**—**	**(112)**	(69)	—	(69)
Amortization expense	**(341)**	**(12)**	**(353)**	(826)	—	(826)
Share of profit from joint ventures	**1,599**	**(1,599)**	**—**	5,919	(5,919)	—
Other gains (losses) and (expenses)	**(1,023)**	**(18)**	**(1,041)**	86	(92)	(6)
Increase (decrease) in value of investment properties, net	**24,869**	**170**	**25,039**	(334)	4,695	4,361
	(19,708)	**(1,563)**	**(21,271)**	(42,173)	(1,274)	(43,447)
Income before income taxes	**83,288**	**(212)**	**83,076**	57,607	(55)	57,552
Deferred income taxes	**16,119**	**—**	**16,119**	11,651	—	11,651
Net income	**$ 67,169**	**$ (212)**	**$ 66,957**	$ 45,956	$ (55)	$ 45,901
Net income attributable to:						
Common shareholders	**$ 66,957**	**$ —**	**$ 66,957**	$ 45,901	$ —	$ 45,901
Non-controlling interest	**212**	**(212)**	**—**	55	(55)	—
	$ 67,169	**$ (212)**	**$ 66,957**	$ 45,956	$ (55)	$ 45,901
Net income per share attributable to common shareholders:						
Basic	**$ 0.30**			$ 0.21		
Diluted	**$ 0.29**			$ 0.21		

Net Operating Income

NOI is defined as property rental revenue less property operating costs. NOI is commonly used as a primary method for analyzing real estate performance in Canada and, in Management's opinion, is useful in analyzing the operating performance of the Company's shopping centre portfolio. NOI is not a measure defined by IFRS and as such, there is no standard definition. As a result, NOI may not be comparable with similar measures presented by other entities. NOI is not to be construed as an alternative to net income or cash flow from operating activities determined in accordance with IFRS.

The Company's proportionate interest in net operating income for the shopping centre portfolio is presented below:

		Three months ended March 31	
	% change	**2016**	2015
Property rental revenue			
Base rent		**$ 91,294**	$ 90,256
Operating cost recoveries		**21,716**	22,172
Realty tax recoveries		**28,137**	27,758
Lease surrender fees		**648**	184
Percentage rent		**341**	387
Prior year operating cost and tax recovery adjustments		**193**	(33)
Temporary tenants, storage, parking and other		**2,577**	2,442
Total Same Property rental revenue		**144,906**	143,166
Property operating costs			
Recoverable operating expenses		**23,697**	24,414
Recoverable realty tax expenses		**30,411**	29,588
Other operating costs and adjustments		**352**	750
Total Same Property operating costs		**54,460**	54,752
Total Same Property NOI	**2.3%**	**$ 90,446**	$ 88,414
Major redevelopment		**7,859**	8,428
Ground-up development		**1,955**	1,005
Acquisitions – 2016		**899**	—
Acquisitions – 2015		**1,220**	528
Investment properties classified as held for sale		**5**	(10)
Dispositions – 2016		**341**	965
Dispositions – 2015		**6**	278
Straight-line rent adjustment		**1,340**	1,248
Development land		**276**	143
NOI	**3.3%**	**$ 104,347**	$ 100,999
NOI margin		**61.4%**	61.1%

For the three months ended March 31, 2016, total Same Property NOI increased by $2.0 million or 2.3% to $90.4 million from $88.4 million for the same prior year period. The increase was primarily the result of rent escalations, lifts on renewals, lower operating costs and higher lease surrender fees.

For the three months ended March 31, 2016, total NOI increased by $3.3 million compared to the same prior year period, primarily due to Same Property NOI growth and the impact of developments coming online as well as the net contribution from acquisitions and dispositions completed since the prior year period.

NOI by Region

NOI by segment at the Company's proportionate interest is as follows:

Three months ended March 31, 2016		Central Region		Eastern Region		Western Region		Subtotal		Other [(1)]		Total
Property rental revenue	**$**	**70,179**	**$**	**46,294**	**$**	**54,277**	**$**	**170,750**	**$**	**(726)**	**$**	**170,024**
Property operating costs		**27,605**		**20,534**		**18,451**		**66,590**		**(913)**		**65,677**
NOI	**$**	**42,574**	**$**	**25,760**	**$**	**35,826**	**$**	**104,160**	**$**	**187**	**$**	**104,347**

Three months ended March 31, 2015		Central Region		Eastern Region		Western Region		Subtotal		Other [(1)]		Total
Property rental revenue	$	69,346	$	45,081	$	51,300	$	165,727	$	(294)	$	165,433
Property operating costs		27,206		20,349		17,092		64,647		(213)		64,434
NOI	$	42,140	$	24,732	$	34,208	$	101,080	$	(81)	$	100,999

[(1)] Other items principally consist of intercompany eliminations.

Interest and Other Income

For the three months ended March 31, 2016, interest and other income totaled $3.6 million, compared to $4.2 million for the same prior year period. The decrease of $0.6 million is primarily due to lower interest income attributable to lower loans and mortgages receivable outstanding over the last year.

Interest Expense

The Company's proportionate share of interest expense by type is as follows:

	Three months ended March 31			
		2016		2015
Mortgages	**$**	**12,196**	$	13,939
Credit facilities		**2,088**		548
Senior unsecured debentures		**26,629**		26,153
Convertible debentures (non-cash)		**5,109**		5,920
Interest capitalized		**(5,373)**		(4,946)
Interest expense	**$**	**40,649**	$	41,614

During the three months ended March 31, 2016 and 2015, approximately 11.7% and 10.6%, respectively, of interest expense was capitalized to real estate investments for properties undergoing development or redevelopment projects. Amounts capitalized are dependent on gross interest expense paid, on the phase and magnitude of development and redevelopment projects actively underway as well as the portfolio weighted average interest rate. The increase in capitalized interest over the same prior year period is due to the timing of completion of existing developments and the commencement of new development projects.

Corporate Expenses

The Company's proportionate share of corporate expenses is as follows:

	Three months ended March 31	
	2016	2015
Salaries, wages and benefits	**$ 6,714**	$ 7,759
Non-cash compensation	**639**	782
Other corporate costs	**1,876**	3,033
Total corporate expenses	**9,229**	11,574
Amounts capitalized to investment properties under development	**(1,452)**	(2,089)
Corporate expenses	**$ 7,777**	$ 9,485

For the three months ended March 31, 2016, corporate expenses decreased by $1.7 million to $7.8 million compared to the same prior year period primarily due to lower employee compensation expense of $1.0 million as a result of the organizational restructuring completed in the third quarter of 2015. Other corporate costs were lower by $1.2 million over the same prior year period as a result of the restructuring, certain non-recurring costs incurred in the first quarter of 2015, as well as overall timing of spend.

The Company manages all of its acquisitions, development and redevelopment and leasing activities internally. Certain internal costs directly related to development, including salaries and related costs for planning, zoning, construction and so forth, are capitalized in accordance with IFRS to development projects as incurred. During the three months ended March 31, 2016 and 2015, approximately 16.9% and 19.4%, respectively, of compensation-related and other corporate expenses were capitalized to real estate investments for properties undergoing development or redevelopment projects. Amounts capitalized are based on development and pre-development projects underway. Changes in capitalized corporate expenses are primarily the result of timing of completion of development and redevelopment projects and the Company’s current level of pre-development and early redevelopment activity.

Other Gains (Losses) and (Expenses)

The Company's proportionate share of other gains, losses and expenses is as follows:

	Three months ended March 31					
	2016			2015		
	Proportionate Statement of Income	**Included in FFO**	**Included in AFFO**	Proportionate Statement of Income	Included in FFO	Included in AFFO
Realized gain (loss) on sale of marketable securities	**$ 79**	**$ 79**	**$ 79**	$ 865	$ 865	$ 865
Unrealized gain (loss) on marketable securities classified as FVTPL	**341**	**341**		(395)	(395)	—
Net gain (loss) on prepayments of debt	**88**	**88**		—	—	—
Pre-selling costs of residential inventory and other	**(18)**	**(18)**	**—**	(92)	(92)	—
Gain (loss) on sale of asset	**(33)**	**(33)**	**—**	—	—	—
Investment properties selling costs	**(1,439)**	**—**	**—**	(384)	—	—
Restructuring costs	**(59)**	**(59)**	**—**	—	—	—
Total	**$ (1,041)**	**$ 398**	**$ 79**	$ (6)	$ 378	$ 865

For the three months ended March 31, 2016, the Company recognized a $1.0 million loss in its proportionate statement of income compared to a $6.0 thousand loss in the same prior year period. The overall loss in the first quarter of 2016 was primarily due to investment property selling costs related to the disposal of the Lachenaie portfolio.

Income Taxes

For the three months ended March 31, 2016, deferred income tax expense totaled $16.1 million compared to $11.7 million for the same prior year period. The increase of $4.5 million over the prior year is primarily due to changes in fair value of investment properties and an increase in the corporate income tax rate in the Province of Alberta in the second quarter of 2015.

Non-IFRS Supplemental Financial Measures

In Management's view, FFO and AFFO are commonly accepted and meaningful indicators of financial performance in the real estate industry. These measures are the primary methods used in analyzing real estate organizations in Canada. FFO and AFFO are not measures defined by IFRS and, as such, neither of them has a standard definition. The Company's method of calculating FFO and AFFO may be different from methods used by other corporations or REITs (real estate investment trusts) and, accordingly, may not be comparable to such other corporations or REITs. FFO and AFFO: (i) do not represent cash flow from operating activities as defined by IFRS, (ii) are not indicative of cash available to fund all liquidity requirements, including payment of dividends and capital for growth, and (iii) are not to be considered as alternatives to IFRS net income for the purpose of evaluating operating performance.

Funds from Operations

The Company calculates FFO in accordance with the recommendations of the Real Property Association of Canada ("REALpac"). The use of FFO has been included for the purpose of improving the understanding of the operating results of the Company. FFO is considered a meaningful additional financial measure of operating performance, as it excludes fair value gains and losses on investment properties as well as certain other items included in the Company's net income that may not be the most appropriate determinants of the long-term operating performance of the Company, such as investment property selling costs and deferred income taxes. FFO provides a perspective on the financial performance of the Company that is not immediately apparent from net income determined in accordance with IFRS.

A reconciliation from net income attributable to common shareholders to the Company's proportionate interest in FFO can be found in the table below:

	Three months ended March 31	
	2016	2015
Net income attributable to common shareholders	**$ 66,957**	$ 45,901
Add (deduct):		
(Increase) decrease in value of investment properties	**(25,039)**	(4,361)
Incremental leasing costs	**1,671**	957
Investment properties selling costs	**1,439**	384
Adjustment for equity accounted joint ventures	**755**	900
Deferred income taxes	**16,119**	11,651
FFO	**$ 61,902**	$ 55,432

Operating FFO

Management considers Operating FFO as its key operating performance measure that, when compared period over period, reflects the impact of certain factors on its core operations, such as changes in net operating income, interest expense, corporate expenses and other income. Therefore, Operating FFO excludes the impact of certain items in other gains (losses) and (expenses) that are not considered part of the Company's on-going core operations.

The weighted average number of diluted shares outstanding for FFO and Operating FFO is calculated assuming conversion of only those convertible debentures outstanding that would have a dilutive effect upon conversion, at the holders' contractual conversion price.

The components of Operating FFO and FFO at proportionate interest are as follows:

		Three months ended March 31	
	% change	**2016**	2015
Net operating income		**$ 104,347**	$ 100,999
Interest and other income		**3,622**	4,192
Interest expense [1]		**(39,894)**	(41,034)
Corporate expenses [2]		**(6,106)**	(8,208)
Abandoned transaction costs		**(112)**	(69)
Amortization expense		**(353)**	(826)
Operating FFO	11.7%	**61,504**	55,054
Other gains (losses) and (expenses) [3]		**398**	378
FFO	11.7%	**$ 61,902**	$ 55,432
FFO per diluted share	8.8%	**$ 0.27**	$ 0.25
Operating FFO per diluted share	8.8%	**$ 0.27**	$ 0.25
Weighted average number of common shares – diluted – FFO (in thousands)	2.6%	**226,692**	220,861

(1) Includes an adjustment to capitalize interest related to the Company's equity accounted joint ventures in accordance with the recommendations of REALpac.

(2) Includes an adjustment to capitalize incremental leasing costs in accordance with the recommendations of REALpac.

(3) Refer to the "Results of Operations – Other Gains (Losses) and (Expenses)" section of this MD&A.

For the three months ended March 31, 2016, Operating FFO totaled $61.5 million or $0.27 per diluted share compared to $55.1 million or $0.25 per diluted share for the same prior year period. The 8.8% or $0.02 per diluted share increase was primarily due to higher NOI and lower corporate and interest expenses compared to the same prior year period.

For the three months ended March 31, 2016, FFO totaled $61.9 million or $0.27 per diluted share compared to $55.4 million or $0.25 per diluted share for the same prior year period, the increase was primarily due to higher Operating FFO.

Adjusted Funds from Operations and Operating AFFO

AFFO is a supplementary measure that the Company uses to measure operating cash flow generated from the business. In calculating AFFO, the Company adjusts FFO for non-cash and other items including interest payable in shares, straight-line rent adjustment, non-cash compensation expense, Same Property capital expenditures and leasing costs for maintaining shopping centre infrastructures and certain other gains or losses. Residential inventory pre-sale costs are recognized in AFFO when the Company recognizes revenue from the sale of residential units. In addition, the Company calculates Operating AFFO by excluding from AFFO the effects of certain other gains (losses) and (expenses) that are not deemed part of the Company's on-going core operations. The weighted average number of diluted shares outstanding for AFFO is adjusted to assume conversion of all the outstanding convertible debentures, calculated using the holders' contractual conversion price to be consistent with the treatment of the interest expense payable in shares in AFFO.

Operating AFFO and AFFO are calculated as follows:

	Three months ended March 31		
	% change	**2016**	2015
Operating FFO		**$ 61,504**	$ 55,054
Add (deduct):			
Interest expense payable in shares		**5,109**	5,920
Straight-line rent adjustment		**(1,340)**	(1,248)
Non-cash compensation expense		**685**	824
Same Property revenue sustaining capital expenditures (1)		**(4,601)**	(4,225)
Costs not capitalized during development period (2)		**1,276**	848
Other adjustments		**(70)**	(78)
Operating AFFO	9.6%	**$ 62,563**	$ 57,095
Realized gain (loss) on sale of marketable securities		**79**	865
AFFO	8.1%	**$ 62,642**	$ 57,960
AFFO per diluted share	7.0%	**$ 0.26**	$ 0.24
Operating AFFO per diluted share	7.9%	**$ 0.26**	$ 0.24
Weighted average number of common shares – diluted – AFFO (in thousands)	1.3%	**240,440**	237,315

(1) Estimated at $0.85 per square foot per annum (2015 – $0.85) on average gross leasable area of same properties (based on an estimated three-year weighted average).

(2) The Company has added back costs not capitalized during the development period for accounting purposes that, in Management's view forms part of the cost of its development projects.

For the three months ended March 31, 2016, Operating AFFO and AFFO increased by $0.02 per share (diluted) primarily as a result of higher Operating FFO, offset by lower interest expense payable in shares due to the redemption of the series D convertible debentures in prior year.

A reconciliation of cash provided by operating activities to AFFO is presented below:

	Three months ended March 31	
	2016	2015
Cash provided by operating activities	**$ 48,339**	$ 37,696
Adjustments for equity accounted joint ventures	**1,426**	1,450
Realized gain (loss) on sale of marketable securities	**79**	865
Incremental leasing costs	**1,671**	957
Net change in non-cash operating items	**9,634**	16,102
Adjustments for residential inventory	**—**	144
Amortization expense	**(341)**	(826)
Non-cash interest expense	**5,136**	5,027
Costs not capitalized during development period	**1,276**	848
Same Property revenue sustaining capital expenditures	**(4,601)**	(4,225)
Other adjustments	**23**	(78)
AFFO	**$ 62,642**	$ 57,960

CAPITAL STRUCTURE AND LIQUIDITY

Total Capital Employed

The real estate business is capital intensive by nature. The Company's capital structure is key to financing growth and providing sustainable cash dividends to shareholders. In the real estate industry, financial leverage is used to enhance rates of return on invested capital. Management believes that the combination of debt and equity in First Capital Realty's capital structure provides stability and reduces risk, while generating an acceptable return on investment, taking into account the long-term business strategy of the Company.

As at		**March 31, 2016**		December 31, 2015
Liabilities (principal amounts outstanding)				
Bank indebtedness	**$**	**29,165**	$	26,200
Mortgages		**1,010,201**		1,020,358
Credit facilities		**310,099**		224,635
Mortgages under equity accounted joint ventures (at the Company's proportionate interest)		**46,180**		2,749
Credit facilities under equity accounted joint venture (at the Company's proportionate interest)		**41,563**		30,953
Senior unsecured debentures		**2,250,000**		2,250,000
Convertible debentures		**334,098**		337,271
Equity capitalization				
Common shares (based on closing per share price of $20.62; December 31, 2015 – $18.35)		**4,663,254**		4,138,622
Enterprise value	**$**	**8,684,560**	$	8,030,788

Key Metrics

The ratios below include measures not specifically defined in IFRS. Refer to definitions of these measures in the Company's 2015 Annual Report for additional information.

As at	**March 31, 2016**	December 31, 2015
Weighted average effective interest rate on mortgages and senior unsecured debentures	**4.7%**	4.7%
Weighted average maturity on mortgages and senior unsecured debentures (years)	**5.5**	5.5
Net debt to total assets [(1)]	**43.6%**	42.9%
Net debt to EBITDA [(1)]	**8.9**	8.7
Unencumbered aggregate assets	**5,944,822**	5,783,452
Unencumbered aggregate assets to unsecured debt, based on fair value	**2.3**	2.3
EBITDA interest coverage [(1)]	**2.5**	2.5

(1) Calculated with all joint ventures proportionately consolidated.

Credit Ratings

Since November 2012, DBRS has rated the Company's senior unsecured debentures as BBB (high) with a stable trend. According to DBRS, a credit rating in the BBB category is generally an indication of adequate credit quality and an acceptable capacity for the payment of financial obligations. DBRS indicates that BBB rated obligations may be vulnerable to future events. A rating trend, expressed as positive, stable or negative, provides guidance in respect of DBRS' opinion regarding the outlook for the rating in question.

Since November 2012, Moody's has rated the Company's senior unsecured debentures as Baa2 with a stable outlook. As defined by Moody's, a credit rating of Baa2 denotes that these debentures are subject to moderate credit risk and are of medium grade and, as such, may possess certain speculative characteristics. A rating outlook provided by Moody's, expressed as positive, stable, negative or developing, is an opinion regarding the outlook for the rating in question over the medium term.

Consolidated Debt and Principal Maturity Profile

The maturity profile of the Company's proportionate share of its mortgages and credit facilities as well as its senior unsecured debentures as at March 31, 2016 is summarized in the table below:

	Mortgages	Credit Facilities/Bank Indebtedness	Senior Unsecured Debentures	Total	% Due
2016 (remainder of the year)	$ 99,020	$ 1,073	$ —	$ 100,093	2.7%
2017	109,319	9,423	250,000	368,742	10.0%
2018	149,587	66,166	150,000	365,753	9.9%
2019	126,493	—	150,000	276,493	7.5%
2020	63,967	304,165	175,000	543,132	14.7%
2021	89,711	—	175,000	264,711	7.3%
2022	159,199	—	450,000	609,199	16.5%
2023	9,304	—	300,000	309,304	8.4%
2024	68,250	—	300,000	368,250	10.0%
2025	61,958	—	300,000	361,958	9.8%
2026 and thereafter	119,573	—	—	119,573	3.2%
	1,056,381	380,827	2,250,000	3,687,208	100.0%
Add (deduct): unamortized deferred financing costs, premiums and discounts, net	2,419	—	(5,555)	(3,136)	
Total	$ 1,058,800	$ 380,827	$ 2,244,445	$ 3,684,072	

The Company's strategy is to manage its long-term debt by staggering maturity dates in order to mitigate risk associated with short-term volatility in the debt markets. The Company also intends to maintain financial strength to achieve a reasonable cost of debt and equity capital over the long term. When it is deemed appropriate, the Company will raise equity as a source of financing and may strategically sell non-core assets to best redeploy capital and take advantage of market opportunities.

Mortgages

The changes in the Company's mortgages during the three months ended March 31, 2016, including its proportionate share of mortgages in equity accounted joint ventures, are set out below:

Three months ended March 31, 2016	Amount	Weighted Average Effective Interest Rate
Balance at beginning of period	$ 1,026,752	4.5%
Mortgage borrowings	118,500	3.3%
Mortgage repayments	(77,704)	3.7%
Scheduled amortization on mortgages	(7,524)	—
Amortization of financing costs and net premium	(1,224)	—
Balance at end of period	$ 1,058,800	4.4%

As at March 31, 2016, 100% (December 31, 2015 – 100%) of the outstanding mortgages bore interest at fixed interest rates. The average remaining term of mortgages outstanding increased from 4.1 years as at December 31, 2015 on $1.0 billion of mortgages to 4.7 years as at March 31, 2016 on $1.1 billion of mortgages after reflecting borrowing activity and repayments during the period.

Mortgage Maturity Profile

The maturity profile of the Company's proportionate share of mortgages as at March 31, 2016 is summarized in the table below:

As at March 31, 2016	Scheduled Amortization	Payments on Maturity	Total	Weighted Average Effective Interest Rate
2016 (remainder of the year)	$ 21,049	$ 77,971	$ 99,020	4.4%
2017	26,417	82,902	109,319	4.0%
2018	22,517	127,070	149,587	5.4%
2019	19,779	106,714	126,493	6.5%
2020	18,109	45,858	63,967	5.3%
2021	16,314	73,397	89,711	4.4%
2022	11,245	147,954	159,199	4.0%
2023	9,304	—	9,304	—%
2024	8,676	59,574	68,250	4.1%
2025	6,063	55,895	61,958	3.6%
2026 and thereafter	1,028	118,545	119,573	3.3%
	$ 160,501	$ 895,880	$ 1,056,381	4.4%
Add: unamortized deferred financing costs and premiums and discounts, net			2,419	
Total			$ 1,058,800	

Credit Facilities

The Company has the flexibility under its credit facilities to draw funds based on bank prime rates, Canadian bankers' acceptances ("BA"), LIBOR-based advances or U.S. prime for U.S. dollar-denominated borrowings. The credit facilities provide liquidity primarily for financing acquisitions, development and redevelopment activities and for general corporate purposes.

During the first quarter of the year, the Company completed an extension of one of its secured construction facilities from March 31, 2016 to March 31, 2017.

The Company's credit facilities, including its proportionate share of facilities under the equity accounted joint ventures, as at March 31, 2016 are summarized in the table below:

As at March 31, 2016	Borrowing Capacity	Amounts Drawn	Bank Overdraft and Outstanding Letters of Credit	Available to be Drawn	Interest Rates	Maturity Date
Revolving operating facility						
Unsecured facility	$ 800,000	$ (275,000)	$ (57,070)	$ 467,930	BA + 1.20% or Prime + 0.20% or US$ LIBOR + 1.20%	June 30, 2020
Secured construction facilities						
Maturing 2018	112,500	(27,314)	—	85,186	BA + 1.125% or Prime + 0.125%	February 13, 2018
Maturing 2017	7,953	(7,785)	(75)	93	BA + 1.125% or Prime + 0.125%	March 31, 2017
Credit facilities under equity accounted joint ventures	63,639	(41,563)	—	22,076	Between Prime - 0.15% and Prime + 1.5%	Between November 2016 and April 2018
Total	$ 984,092	$ (351,662)	$ (57,145)	$ 575,285		

Senior Unsecured Debentures

As at March 31, 2016			Interest Rate		Remaining Term to Maturity	Principal Outstanding
Series	Maturity Date	Interest Payment Dates	Coupon	Effective	(years)	
H	January 31, 2017	January 31, July 31	5.85%	5.99%	0.8	**$ 125,000**
I	November 30, 2017	May 30, November 30	5.70%	5.79%	1.7	**125,000**
J	August 30, 2018	February 28, August 30	5.25%	5.66%	2.4	**50,000**
K	November 30, 2018	May 31, November 30	4.95%	5.17%	2.7	**100,000**
L	July 30, 2019	January 30, July 30	5.48%	5.61%	3.3	**150,000**
M	April 30, 2020	April 30, October 30	5.60%	5.60%	4.1	**175,000**
N	March 1, 2021	March 1, September 1	4.50%	4.63%	4.9	**175,000**
O	January 31, 2022	January 31, July 31	4.43%	4.59%	5.8	**200,000**
P	December 5, 2022	June 5, December 5	3.95%	4.18%	6.7	**250,000**
Q	October 30, 2023	April 30, October 30	3.90%	3.97%	7.6	**300,000**
R	August 30, 2024	August 30, February 28	4.79%	4.72%	8.4	**300,000**
S	July 31, 2025	January 31, July 31	4.32%	4.24%	9.3	**300,000**
	Weighted Average or Total		4.70%	4.78%	5.9	**$ 2,250,000**

Convertible Debentures

As at March 31, 2016									
			Interest Rate						
Series	Maturity Date	Interest Payment Dates	Coupon	Effective	Remaining Term to Maturity (yrs)	Principal at Issue Date	**Principal**	**Liability**	**Equity**
E	January 31, 2019	March 31 September 30	5.40%	6.90%	2.8	$ 57,500	**$ 54,670**	**$ 52,583**	**$ 2,084**
F	January 31, 2019	March 31 September 30	5.25%	6.07%	2.8	57,500	**51,824**	**50,738**	**352**
G	March 31, 2018 [1]	March 31 September 30	5.25%	6.66%	2.0	50,000	**49,582**	**48,291**	**1,146**
H	March 31, 2017 [1]	March 31 September 30	4.95%	6.51%	1.0	75,000	**71,006**	**69,948**	**1,415**
I	July 31, 2019	March 31 September 30	4.75%	6.19%	3.3	52,500	**51,257**	**49,395**	**1,405**
J	February 28, 2020	March 31 September 30	4.45%	5.34%	3.9	57,500	**55,759**	**54,200**	**390**
	Weighted Average or Total		5.00%	6.28%	2.6	$ 350,000	**$ 334,098**	**$ 325,155**	**$ 6,792**

(1) On February 24, 2016, the Company provided a notice of redemption to the holders that the entire principal amount outstanding would be redeemed on April 1, 2016.

(i) Principal and Interest

During the three months ended March 31, 2016, 0.4 million common shares (three months ended March 31, 2015 – 0.5 million common shares) were issued totaling $8.4 million (three months ended March 31, 2015 – $9.8 million) to pay interest to holders of convertible debentures.

(ii) Normal Course Issuer Bid ("NCIB")

On August 27, 2015, the Company renewed its NCIB for all of its then outstanding series of convertible debentures. The NCIB will expire on August 26, 2016 or such earlier date as First Capital Realty completes its purchases pursuant to the NCIB. All purchases made under the NCIB are at market prices prevailing at the time of purchase.

For the three months ended March 31, 2016 and 2015, principal amounts of convertible debentures purchased and amounts paid for the purchases are summarized in the table below:

Three months ended March 31	**2016**		2015	
	Principal Amount Purchased	**Amount Paid**	Principal Amount Purchased	Amount Paid
Total	**$ 3,173**	**$ 3,209**	$ 1,309	$ 1,326

Shareholders' Equity

Shareholders' equity amounted to $3.7 billion as at March 31, 2016, compared to $3.6 billion as at December 31, 2015.

As at March 31, 2016, the Company had 226.2 million (December 31, 2015 – 225.5 million) issued and outstanding common shares with a stated capital of $2.8 billion (December 31, 2015 – $2.8 billion). During the three months ended March 31, 2016, a total of 0.6 million common shares were issued as follows: 0.2 million shares from the exercise of common share options and 0.4 million shares for interest payments on convertible debentures.

As at May 9, 2016, there were 229.3 million common shares outstanding.

Share Purchase Options

As at March 31, 2016, the Company had 4.9 million share purchase options outstanding, with an average exercise price of $17.93, which, if exercised, would result in the Company receiving proceeds of $87.3 million.

Liquidity

Liquidity risk exists due to the possibility of the Company not being able to generate sufficient cash flow, and/or not having access to sufficient debt and equity capital to fund its ongoing operations and growth and to refinance or meet existing payment obligations. The Company manages its liquidity risk by staggering debt maturities, renegotiating expiring credit arrangements proactively, using revolving credit facilities, maintaining a large pool of unencumbered assets, and issuing equity when deemed appropriate.

Sources of liquidity primarily consist of cash flow from operations, cash and cash equivalents, and available capacity under the Company's existing revolving credit facilities. If necessary, the Company is also able to obtain financing on its unencumbered assets. The following table summarizes the Company's liquidity position:

As at (millions of dollars)	**March 31, 2016**	December 31, 2015
Total available under credit facilities	**$ 575**	$ 735
Cash and cash equivalents	**8**	9
Unencumbered aggregate assets	**5,945**	5,783

The Company has historically used mortgages, credit facilities, senior unsecured debentures, convertible debentures and equity issuances to finance its growth and repay debt. The actual level and type of future borrowings will be determined based on prevailing interest rates, various costs of debt and equity capital, capital market conditions and Management's view of the appropriate leverage in the business. Management believes that it has sufficient resources to meet its operational and investing requirements in the near and longer term based on the availability of capital in various markets.

Planned and completed financings subsequent to March 31, 2016, and availability on existing credit facilities, address substantially all of the remaining contractual 2016 debt maturities and contractually committed costs to complete current development projects.

Cash Flows

Cash flow from operating activities represents the Company's primary source of liquidity for servicing debt and funding planned revenue sustaining expenditures, corporate expenses and dividends to shareholders. Interest and other income and cash on hand are other sources of liquidity.

	Three months ended March 31			
		2016		2015
Cash provided by operating activities	**$**	**48,339**	$	37,696
Cash provided by (used in) financing activities		**26,491**		65,410
Cash used in investing activities		**(78,772)**		(96,733)
Net change in cash and cash equivalents	**$**	**(3,942)**	$	6,373

Adjusted cash flow from operating activities is not a measure defined by IFRS. Management defines this measure as cash flow from operating activities adjusted for the net change in non-cash operating items, receipt of proceeds from sales of residential inventory and expenditures on residential development inventory.

	Three months ended March 31			
		2016		2015
Cash provided by operating activities	**$**	**48,339**	$	37,696
Net change in non-cash operating items		**9,634**		16,102
Expenditures on residential development inventory		**—**		52
Adjusted cash flow from operating activities	**$**	**57,973**	$	53,850

For the three months ended March 31, 2016, adjusted cash flow from operating activities improved by $4.1 million primarily due to higher NOI of $3.2 million and lower corporate expenses of $1.7 million, partially offset by lower interest and other income of $0.6 million.

Contractual Obligations

An analysis of the Company's contractual maturities of its material financial liabilities and other contractual commitments as at March 31, 2016 is set out below:

	Payments due by period				
	Remainder of 2016	2017 to 2018	2019 to 2020	Thereafter	Total
Scheduled mortgage principal amortization	$ 21,049	$ 48,934	$ 37,888	$ 52,630	$ 160,501
Mortgage principal repayments on maturity	77,971	209,972	152,572	455,365	895,880
Credit facilities	1,073	75,589	275,000	—	351,662
Senior unsecured debentures	—	400,000	325,000	1,525,000	2,250,000
Interest obligations [1]	119,598	279,427	208,357	227,247	834,629
Land leases (expiring between 2023 and 2061)	697	1,940	1,962	16,225	20,824
Contractually committed costs to complete current development projects	64,263	21,826	—	—	86,089
Other committed costs	71,037	—	—	—	71,037
Total contractual obligations [2]	$ 355,688	$ 1,037,688	$ 1,000,779	$ 2,276,467	$ 4,670,622

[1] Interest obligations include expected interest payments on mortgages and credit facilities as at March 31, 2016 (assuming balances remain outstanding through to maturity) and senior unsecured debentures, as well as standby credit facility fees.

[2] The Company has the option to satisfy its obligations of principal and interest payments in respect of all of its outstanding convertible debentures by the issuance of common shares and, as such, convertible debentures have been excluded from this table.

The Company has $57.1 million of bank overdrafts and outstanding letters of credit issued by financial institutions to support certain of the Company's contractual obligations.

The Company's estimated cost to complete for properties currently under development is $216.0 million, of which 86.1 million is contractually committed. The balance of the costs to complete will only be committed once leases are signed and/or construction is underway. These contractual and potential obligations primarily consist of construction contracts and additional planned development expenditures and are expected to be funded in the normal course as the work is completed.

Contingencies

The Company is involved in litigation and claims which arise from time to time in the normal course of business. In the opinion of Management, none of these contingencies, individually or in the aggregate, would result in a liability that would have a material adverse effect on the financial position of the Company. The Company is contingently liable, jointly and severally, for approximately $83.5 million (December 31, 2015 – $78.4 million) to various lenders in connection with certain obligations, including loans advanced to its partners secured by the partners' interest in the entity and underlying assets.

DIVIDENDS

The Company has paid regular quarterly dividends to common shareholders since it commenced operations as a public company in 1994. Dividends on the common shares are declared at the discretion of the Board of Directors and are set from time to time after taking into consideration the Company's capital requirements, its alternative sources of capital and common industry cash distribution practices.

	Three months ended March 31	
(in dollars)	**2016**	2015
Regular dividends paid per common share	**$ 0.215**	$ 0.215

The Company announced that it will pay a second quarter dividend of $0.215 per common share on July 12, 2016 to shareholders of record on June 30, 2016.

SUMMARY OF FINANCIAL RESULTS OF LONG-TERM DEBT GUARANTORS

The Company's senior unsecured debentures are guaranteed by the wholly owned subsidiaries of First Capital Realty, other than nominee subsidiaries and inactive subsidiaries. All such current and future wholly owned subsidiaries will provide a guarantee of the debentures. In the case of default by First Capital Realty, the indenture trustee will, subject to the indenture, be entitled to seek redress from such wholly owned subsidiaries for the guaranteed obligations in the same manner and upon the same terms that it may seek to enforce the obligations of First Capital Realty. These guarantees are intended to eliminate structural subordination, which arises as a consequence of a significant portion of First Capital Realty's assets being held in various subsidiaries.

The following tables present select consolidating summary information for the Company for the periods identified below presented separately for (i) First Capital Realty (denoted as FCR); (ii) guarantor subsidiaries; (iii) non-guarantor subsidiaries; (iv) consolidation adjustments; and (v) the total consolidated amounts.

Statement of Income Data	FCR [1]		Guarantors [2]		Non-Guarantors [3]		Consolidation Adjustments [4]		Total Consolidated	
(millions of dollars)	Three months ended March 31									
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Property rental revenue	**$ 70**	$ 66	**$ 102**	$ 105	**$ 2**	$ 2	**$ (6)**	$ (9)	**$ 168**	$ 164
NOI	**43**	41	**56**	60	**1**	1	**3**	(2)	**103**	100
Net income attributable to common shareholders	**67**	40	**57**	23	**2**	51	**(59)**	(68)	**67**	46

Balance Sheet Data	FCR (1)	Guarantors (2)	Non-Guarantors (3)	Consolidation Adjustments (4)	Total Consolidated
(millions of dollars)					As at March 31, 2016
Current assets	**$ 101**	**$ 306**	**$ 24**	**$ (338)**	**$ 93**
Non-current assets	**7,994**	**4,881**	**364**	**(4,944)**	**8,295**
Current liabilities	**782**	**65**	**260**	**(502)**	**605**
Non-current liabilities	**3,618**	**714**	**119**	**(363)**	**4,088**

Balance Sheet Data	FCR (1)	Guarantors (2)	Non-Guarantors (3)	Consolidation Adjustments (4)	Total Consolidated
(millions of dollars)					As at December 31, 2015
Current assets	$ 135	$ 230	$ 23	$ (218)	$ 170
Non-current assets	7,715	4,910	334	(4,851)	8,108
Current liabilities	559	210	263	(584)	448
Non-current liabilities	3,623	589	89	(138)	4,163

(1) This column accounts for investments in all subsidiaries of FCR under the equity method.

(2) This column accounts for investments in subsidiaries of FCR other than the guarantors under the equity method.

(3) This column accounts for investments in all subsidiaries of FCR other than guarantors on a combined basis.

(4) This column includes the necessary amounts to eliminate the inter-company balances between FCR, the guarantors, and other subsidiaries to arrive at the information for the Company on a consolidated basis.

RELATED PARTY TRANSACTIONS

Major Shareholder

Gazit-Globe Ltd. ("Gazit") is the principal shareholder of the Company, and, as of March 31, 2016, beneficially owned 39.2% (December 31, 2015 – 42.2%) of the common shares of the Company. Norstar Holdings Inc. is the ultimate controlling party of Gazit. As of March 31, 2016, Alony-Hetz Properties and Investments Ltd. (''Alony-Hetz'') also beneficially owned 5.7% (December 31, 2015 – 6.2%) of the common shares of the Company. Alony-Hetz and Gazit were parties to a shareholders' agreement pursuant to which, among other terms, (i) Gazit agreed to vote its common shares of the Company in favour of the election of up to two representatives of Alony-Hetz to the Board of Directors of the Company, and (ii) Alony-Hetz agreed to vote its common shares of the Company as directed by Gazit with respect to the election of the remaining directors of the Company. The shareholders' agreement between Gazit and Alony-Hetz was terminated effective April 3, 2016.

In the first quarter of 2016, Gazit and Alony-Hetz disposed of 6,500,000 and 980,000 common shares, respectively.

Corporate and other amounts receivable include amounts due from Gazit. Gazit reimburses the Company for certain accounting and administrative services provided to it by the Company.

Joint Venture

During the three months ended March 31, 2016, a subsidiary of Main and Main Developments earned property-related and asset management fees from MMUR, which are included in interest and other income on a proportionate basis in the amount of $0.4 million (March 31, 2015 – $0.4 million).

Subsidiaries of the Company

The unaudited interim condensed consolidated financial statements include the financial statements of First Capital Realty and First Capital Holdings Trust. First Capital Holdings Trust is the only significant subsidiary of First Capital Realty and is wholly owned by the Company.

SUBSEQUENT EVENTS

Redemption of Convertible Debentures

On April 1, 2016, the Company redeemed its remaining 5.25% Series G and 4.95% Series H convertible debentures at par. The full redemption price and any accrued interest owing on each series of convertible debentures was satisfied 50% by the issuance of common shares and 50% in cash.

Senior Unsecured Debentures Issued

On May 6, 2016 the Company completed the issuance of $150.0 million principal amount of Series T senior unsecured debentures due May 6, 2026. These debentures bear interest at a coupon rate of 3.604% per annum, payable semi-annually commencing November 6, 2016.

QUARTERLY FINANCIAL INFORMATION

	2016	2015				2014		
(share counts in thousands)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Property rental revenue	**$ 168,100**	$ 164,244	$ 160,638	$ 166,249	$ 163,661	$ 161,700	$ 161,854	$ 160,788
Net operating income	**102,996**	103,295	102,584	104,233	99,780	102,151	103,309	101,633
Net income attributable to common shareholders	**66,957**	38,947	24,750	94,267	45,901	44,807	39,020	77,707
Net income per share attributable to common shareholders:								
Basic	**$ 0.30**	$ 0.17	$ 0.11	$ 0.42	$ 0.21	$ 0.21	$ 0.18	$ 0.37
Diluted	**$ 0.29**	$ 0.17	$ 0.11	$ 0.41	$ 0.21	$ 0.21	$ 0.18	$ 0.36
Weighted average number of diluted common shares outstanding – EPS	**243,467**	226,537	225,536	241,494	223,652	226,114	215,360	231,141
Cash provided by operating activities	**$ 48,339**	$ 84,757	$ 59,811	$ 62,172	$ 37,696	$ 84,472	$ 58,236	$ 56,016
Operating FFO	**$ 61,504**	$ 58,424	$ 61,651	$ 60,940	$ 55,054	$ 57,611	$ 55,202	$ 55,412
Operating FFO per diluted share	**$ 0.27**	$ 0.26	$ 0.27	$ 0.27	$ 0.25	$ 0.27	$ 0.26	$ 0.26
FFO	**$ 61,902**	$ 58,848	$ 47,477	$ 59,509	$ 55,432	$ 48,080	$ 53,405	$ 54,031
FFO per diluted share	**$ 0.27**	$ 0.26	$ 0.21	$ 0.27	$ 0.25	$ 0.22	$ 0.25	$ 0.26
Weighted average number of diluted common shares outstanding – FFO	**226,692**	226,537	225,537	223,298	220,861	217,299	212,367	210,786
AFFO	**$ 62,642**	$ 59,498	$ 62,306	$ 63,824	$ 57,960	$ 61,460	$ 57,370	$ 56,961
AFFO per diluted share	**$ 0.26**	$ 0.25	$ 0.26	$ 0.27	$ 0.24	$ 0.26	$ 0.25	$ 0.25
Operating AFFO	**$ 62,563**	$ 59,498	$ 62,306	$ 63,905	$ 57,095	$ 61,092	$ 57,223	$ 56,805
Operating AFFO per diluted share	**$ 0.26**	$ 0.25	$ 0.26	$ 0.27	$ 0.24	$ 0.26	$ 0.25	$ 0.25
Weighted average number of diluted shares outstanding – AFFO	**240,440**	240,409	239,504	237,381	237,315	233,784	228,983	227,449
Regular dividend	**$ 0.215**	$ 0.215	$ 0.215	$ 0.215	$ 0.215	$ 0.215	$ 0.215	$ 0.21
Total assets	**$8,387,567**	$8,278,526	$8,212,411	$8,124,267	$8,022,510	$7,908,184	$8,075,552	$8,017,673
Total mortgages and credit facilities	**1,322,909**	1,248,637	1,201,018	1,094,150	1,093,808	1,173,410	1,230,026	1,269,633
Shareholders' equity	**3,666,239**	3,639,952	3,645,911	3,660,290	3,566,144	3,470,271	3,468,010	3,363,510
Other data								
Number of properties	**160**	158	158	157	157	158	163	164
Gross leasable area (in thousands)	**24,800**	24,431	24,256	24,270	24,238	24,331	24,555	24,373
Total portfolio occupancy %	**95.0%**	94.8%	94.7%	94.7%	95.6%	96.0%	95.9%	95.5%

CRITICAL ACCOUNTING ESTIMATES

The Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2016 and 2015 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board. The unaudited interim condensed consolidated financial statements have been prepared by applying the same accounting policies and methods of computation as compared with the most recent audited annual consolidated financial statements.

The Company's 2015 Annual Report contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being the accounting policies relating to estimates of fair values of investment properties, valuation of financial instruments both for disclosure and measurement purposes, and estimating deferred tax assets and liabilities. Management determined that as at March 31, 2016, there is no change to the assessment of the significant accounting policies most affected by estimates and judgments as detailed in the Company's 2015 Annual Report.

FUTURE ACCOUNTING POLICY CHANGES

Refer to Note 3 of the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2016 for details on future accounting policy changes.

CONTROLS AND PROCEDURES

As at March 31, 2016, the Chief Executive Officer and the Chief Financial Officer of the Company, with the assistance of other staff and Management of the Company to the extent deemed necessary, have designed the Company's disclosure controls and procedures to provide reasonable assurance that information required to be disclosed in the various reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported accurately and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In the design of its internal controls over financial reporting, the Company used the 2013 framework published by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company did not make any changes in its internal controls over financial reporting during the quarter ended March 31, 2016 that have had, or are reasonably likely to have, a material effect on the Company's internal controls over financial reporting. On an ongoing basis, the Company will continue to analyze its controls and procedures for potential areas of improvement.

Management does recognize that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives. In the unforeseen event that lapses in the disclosure controls and procedures or internal controls over financial reporting occur and/or mistakes happen, the Company intends to take the necessary steps to minimize the consequences thereof.

RISKS AND UNCERTAINTIES

First Capital Realty, as an owner of income-producing properties and development properties, is exposed to numerous business risks in the normal course of its business that can impact both short- and long-term performance. Income-producing and development properties are affected by general economic conditions and local market conditions such as oversupply of similar properties or a reduction in tenant demand. It is the responsibility of Management, under the supervision of the Board of Directors, to identify and, to the extent possible, mitigate or minimize the impact of all such business risks. The major categories of risk the Company encounters in conducting its business and some of the actions it takes to mitigate these risks are outlined in the Company's 2015 Annual Report. The Company's most current Annual Information Form, which provides a detailed description of these and other risks that may affect the Company, can be found on SEDAR at www.sedar.com and on the Company's website at www.firstcapitalrealty.ca.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Interim Condensed Consolidated Balance Sheets

As at *(thousands of dollars)*	Note	**March 31, 2016** **(unaudited)**	December 31, 2015 (audited)
ASSETS			
Non-current Assets			
Real Estate Investments			
Investment properties – shopping centres	4	**$ 7,996,359**	$ 7,779,482
Investment properties – development land	4	**41,387**	29,853
Investment in joint ventures		**115,890**	160,119
Loans, mortgages and other real estate assets	5	**125,539**	124,442
Total real estate investments		**8,279,175**	8,093,896
Other non-current assets	7	**15,840**	14,284
Total non-current assets		**8,295,015**	8,108,180
Current Assets			
Cash and cash equivalents	23(d)	**8,187**	9,164
Loans, mortgages and other real estate assets	5	**18,063**	35,476
Amounts receivable	6	**21,238**	17,705
Other assets	7	**18,564**	10,264
		66,052	72,609
Investment properties classified as held for sale	4(d)	**26,500**	97,737
Total current assets		**92,552**	170,346
Total assets		**$ 8,387,567**	$ 8,278,526
LIABILITIES			
Non-current Liabilities			
Mortgages	9	**$ 906,599**	$ 839,891
Credit facilities	9	**302,314**	216,850
Senior unsecured debentures	10	**2,119,589**	2,244,091
Convertible debentures	11	**206,916**	327,343
Other liabilities	12	**33,569**	29,685
Deferred tax liabilities	19	**519,038**	504,701
Total non-current liabilities		**4,088,025**	4,162,561
Current Liabilities			
Bank indebtedness	23(d)	**29,165**	26,200
Mortgages	9	**106,211**	184,111
Credit facilities	9	**7,785**	7,785
Senior unsecured debentures	10	**124,856**	—
Convertible debentures	11	**118,239**	—
Accounts payable and other liabilities	12	**218,473**	229,555
Total current liabilities		**604,729**	447,651
Total liabilities		**4,692,754**	4,610,212
EQUITY			
Shareholders' equity	13	**3,666,239**	3,639,952
Non-controlling interest		**28,574**	28,362
Total equity		**3,694,813**	3,668,314
Total liabilities and equity		**$ 8,387,567**	$ 8,278,526

Refer to accompanying notes to the unaudited interim condensed consolidated financial statements.

Approved by the Board of Directors:

Jon Hagan
Director

Adam E. Paul
Director

Interim Condensed Consolidated Statements of Income

(unaudited)		Three months ended March 31	
(thousands of dollars, except per share amounts)	**Note**	**2016**	2015
Property rental revenue		**$ 168,100**	$ 163,661
Property operating costs		**65,104**	63,881
Net operating income	14	**102,996**	99,780
Other income and expenses			
Interest and other income	15	**3,650**	4,281
Interest expense	16	**(40,340)**	(41,488)
Corporate expenses	17	**(8,010)**	(9,742)
Abandoned transaction costs		**(112)**	(69)
Amortization expense		**(341)**	(826)
Share of profit from joint ventures		**1,599**	5,919
Other gains (losses) and (expenses)	18	**(1,023)**	86
Increase (decrease) in value of investment properties, net	4	**24,869**	(334)
		(19,708)	(42,173)
Income before income taxes		**83,288**	57,607
Deferred income taxes	19	**16,119**	11,651
Net income		**$ 67,169**	$ 45,956
Net income attributable to:			
Common shareholders		**$ 66,957**	$ 45,901
Non-controlling interest		**212**	55
		$ 67,169	$ 45,956
Net income per share attributable to common shareholders:			
Basic	20	**$ 0.30**	$ 0.21
Diluted	20	**$ 0.29**	$ 0.21

Refer to accompanying notes to the unaudited interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)		Three months ended March 31	
(thousands of dollars)	**Note**	**2016**	2015
Net income		**$ 67,169**	$ 45,956
Other comprehensive income (loss)			
Unrealized gains (losses) on available-for-sale marketable securities [1]		**—**	(34)
Reclassification of losses on available-for-sale marketable securities to net income		**—**	56
Unrealized losses on cash flow hedges [1]		**(6,400)**	(9,189)
Reclassification of net losses on cash flow hedges to net income		**309**	228
		(6,091)	(8,939)
Deferred tax recovery	19	**(1,705)**	(2,473)
Other comprehensive income (loss)		**(4,386)**	(6,466)
Comprehensive income		**$ 62,783**	$ 39,490
Comprehensive income attributable to:			
Common shareholders		**$ 62,571**	$ 39,435
Non-controlling interest		**212**	55
		$ 62,783	$ 39,490

[1] Items that may subsequently be reclassified to net income.

Refer to accompanying notes to the unaudited interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity

(unaudited) *(thousands of dollars)*	Retained Earnings	Accumulated Other Comprehensive Loss	Share Capital	Contributed Surplus and Other Equity Items	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
			(Note 13(a))	*(Note 13(b))*			
December 31, 2015	**$ 844,382**	**$ (17,062)**	**$2,768,983**	**$ 43,649**	**$3,639,952**	**$ 28,362**	**$3,668,314**
Changes during the period:							
Net income	66,957	—	—	—	66,957	212	67,169
Issue costs, net of tax and other	—	—	(2)	—	(2)	—	(2)
Dividends	(48,679)	—	—	—	(48,679)	—	(48,679)
Convertible debenture interest paid in common shares	—	—	8,355	—	8,355	—	8,355
Options, deferred share units and restricted share units, net	—	—	3,422	620	4,042	—	4,042
Other comprehensive loss	—	(4,386)	—	—	(4,386)	—	(4,386)
March 31, 2016	**$ 862,660**	**$ (21,448)**	**$2,780,758**	**$ 44,269**	**$3,666,239**	**$ 28,574**	**$3,694,813**

(unaudited) *(thousands of dollars)*	Retained Earnings	Accumulated Other Comprehensive Loss	Share Capital	Contributed Surplus and Other Equity Items	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
			(Note 13(a))	*(Note 13(b))*			
December 31, 2014	$ 833,298	$ (9,070)	$2,600,605	$ 45,438	$ 3,470,271	$ 27,570	$3,497,841
Changes during the period:							
Net income	45,901	—	—	—	45,901	55	45,956
Issuance of common shares	—	—	87,753	—	87,753	—	87,753
Issue costs, net of tax and other	—	—	(2,757)	—	(2,757)	—	(2,757)
Dividends	(47,759)	—	—	—	(47,759)	—	(47,759)
Convertible debenture interest paid in common shares	—	—	9,835	16	9,851	—	9,851
Options, deferred share units and restricted share units, net	—	—	10,037	(687)	9,350	—	9,350
Other comprehensive loss	—	(6,466)	—	—	(6,466)	—	(6,466)
Contributions from non-controlling interest, net	—	—	—	—	—	9,640	9,640
March 31, 2015	$ 831,440	$ (15,536)	$2,705,473	$ 44,767	$ 3,566,144	$ 37,265	$3,603,409

Refer to accompanying notes to the unaudited interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)		Three months ended March 31	
(thousands of dollars)	**Note**	**2016**	2015
OPERATING ACTIVITIES			
Net income		**$ 67,169**	$ 45,956
Adjustments for:			
(Increase) decrease in value of investment properties, net	4	**(24,869)**	334
Interest expense	16	**40,340**	41,488
Amortization expense		**341**	826
Share of profit of joint ventures		**(1,599)**	(5,919)
Distributions from joint ventures		**573**	622
Cash interest paid associated with operating activities	16	**(40,367)**	(40,595)
Items not affecting cash and other items	23(a)	**16,385**	11,138
Net change in non-cash operating items	23(b)	**(9,634)**	(16,102)
Expenditures on residential development inventory		**—**	(52)
Cash provided by operating activities		**48,339**	37,696
FINANCING ACTIVITIES			
Mortgages and credit facilities			
Borrowings, net of financing costs	9	**160,961**	—
Principal instalment payments	9	**(7,452)**	(8,324)
Repayments		**(77,704)**	(70,480)
Repayment of loans on residential development inventory		**—**	(3,572)
Issuance of senior unsecured debentures, net of issue costs	10	**—**	93,573
Settlement of hedges		**(818)**	—
Repurchase of convertible debentures	11(c)	**(3,209)**	(1,326)
Issuance of common shares, net of issue costs		**3,204**	92,419
Payment of dividends		**(48,491)**	(46,520)
Net contributions from (distributions to) non-controlling interest		**—**	9,640
Cash provided by (used in) financing activities		**26,491**	65,410
INVESTING ACTIVITIES			
Acquisition of shopping centres	4(c)	**(145,786)**	(25,209)
Acquisition of development land	4(c)	**(7,717)**	—
Net proceeds from property dispositions	4(d)	**69,864**	21,116
Distributions from joint ventures		**45,162**	—
Contributions to joint ventures		**—**	(32,882)
Capital expenditures on investment properties		**(50,755)**	(66,923)
Changes in investing-related prepaid expenses and other liabilities		**(8,508)**	5,859
Changes in loans, mortgages and other real estate assets	23(c)	**18,968**	1,306
Cash used in investing activities		**(78,772)**	(96,733)
Net increase (decrease) in cash and cash equivalents (bank indebtedness)		**(3,942)**	6,373
Cash and cash equivalents (bank indebtedness), beginning of period		**(17,036)**	17,351
Cash and cash equivalents (bank indebtedness), end of period	23(d)	**$ (20,978)**	$ 23,724

Refer to accompanying notes to the unaudited interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

1. DESCRIPTION OF THE COMPANY

First Capital Realty Inc. ("First Capital Realty", "FCR", or the “Company”) is a corporation existing under the laws of Ontario, Canada, and engages in the business of acquiring, developing, redeveloping, owning and managing well-located, high quality urban retail-centered properties. The Company is listed on the Toronto Stock Exchange (“TSX”) under the symbol “FCR”, and its head office is located at 85 Hanna Avenue, Suite 400, Toronto, Ontario, M6K 3S3.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”), and as such, do not include all of the disclosures that would be included in audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the years ended December 31, 2015 and 2014.

(b) Basis of presentation

These unaudited interim condensed consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand, unless otherwise indicated. These unaudited interim condensed consolidated financial statements have been prepared by applying the same accounting policies, assessments of estimates and judgments, and methods of computation as compared with the most recent audited annual consolidated financial statements, except for those items identified in Note 3 – “Adoption of New and Amended IFRS Pronouncements”.

Comparative information in the unaudited interim condensed consolidated financial statements includes reclassification of certain balances to provide consistency with current period classification. The current period classification more appropriately reflects the Company's core operations and any changes are not material to the unaudited interim condensed consolidated financial statements as a whole.

Additionally, management, in measuring the Company's performance or making operating decisions, distinguishes its operations on a geographical basis. The Company operates in Canada and has three operating segments: Eastern, which includes operations primarily in Quebec and the Greater Ottawa Area; Central, which includes the Company’s Ontario operations excluding the Greater Ottawa Area; and Western, which includes operations in Alberta and British Columbia. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, who is the President and Chief Executive Officer.

(c) Approval of unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on May 10, 2016.

3. ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

(a) IFRS Amendments

The Company has adopted the new and amended International Financial Reporting Standards ("IFRS") pronouncement listed below as of January 1, 2016, in accordance with the transitional provisions outlined.

Joint Arrangements

The amendments to IFRS 11, "Joint Arrangement" ("IFRS 11") are effective for annual periods beginning on or after January 1, 2016. The amended standard addresses accounting for acquisitions of interests in joint operations. The amendments address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. IFRS 11, as amended, now requires that such transactions shall be accounted for using the principles related to business combinations accounting as outlined in IFRS 3, "Business Combinations". The Company adopted the amendments effective January 1, 2016 which are not expected to have a material effect on its consolidated financial statements.

(b) Recent Accounting Pronouncements Not Yet Adopted

The IASB has issued new standards and amendments to existing standards. These changes are not yet adopted by the Company and could have an impact on future periods. These changes are described in the Company's audited annual consolidated financial statements for the year ended December 31, 2015.

- IFRS 9, "Financial Instruments"
- IFRS 15, "Revenue from Contracts with Customers"
- IFRS 16, "Leases"

The Company is in the process of evaluating the impact of adopting these standards on the Company's consolidated financial statements.

4. INVESTMENT PROPERTIES

(a) Activity

The following tables summarize the changes in the Company's investment properties for the three months ended March 31, 2016 and for the year ended December 31, 2015:

					Three months ended March 31, 2016	
	Central Region	**Eastern Region**	**Western Region**	**Total**	**Shopping Centres**	**Development Land**
Balance at beginning of period	**$ 3,337,859**	**$ 1,820,967**	**$ 2,748,246**	**$ 7,907,072**	**$ 7,870,719**	**$ 36,353**
Acquisitions	**8,526**	**56,024**	**88,953**	**153,503**	**145,786**	**7,717**
Capital expenditures	**25,117**	**4,439**	**21,199**	**50,755**	**50,520**	**235**
Increase (decrease) in value of investment properties, net	**12,584**	**(5,681)**	**17,966**	**24,869**	**21,287**	**3,582**
Straight-line rent and other changes	**448**	**478**	**424**	**1,350**	**1,350**	**—**
Dispositions	**(2,351)**	**(70,952)**	**—**	**(73,303)**	**(73,303)**	**—**
Balance at end of period	**$ 3,382,183**	**$ 1,805,275**	**$ 2,876,788**	**$ 8,064,246**	**$ 8,016,359**	**$ 47,887**
Investment properties					**$ 7,996,359**	**$ 41,387**
Investment properties classified as held for sale					**20,000**	**6,500**
Total					**$ 8,016,359**	**$ 47,887**

	Central Region	Eastern Region	Western Region	Total	Shopping Centres	Development Land
					Year ended December 31, 2015	
Balance at beginning of year	$ 3,207,544	$ 1,744,533	$ 2,557,714	$ 7,509,791	$ 7,474,329	$ 35,462
Acquisitions	29,030	18,539	50,130	97,699	97,699	—
Capital expenditures	115,596	69,091	91,289	275,976	275,133	843
Reclassifications between shopping centres and development land	—	—	—	—	1,546	(1,546)
Reclassification from residential development inventory	4,016	—	—	4,016	—	4,016
Increase (decrease) in value of investment properties, net	(20,100)	12,705	45,168	37,773	40,195	(2,422)
Straight-line rent and other changes	3,383	(2,374)	3,945	4,954	4,954	—
Dispositions	(1,610)	(21,527)	—	(23,137)	(23,137)	—
Balance at end of year	$ 3,337,859	$ 1,820,967	$ 2,748,246	$ 7,907,072	$ 7,870,719	$ 36,353
Investment properties					$ 7,779,482	$ 29,853
Investment properties classified as held for sale					91,237	6,500
Total					$ 7,870,719	$ 36,353

Investment properties with a fair value of $2.1 billion (December 31, 2015 – $2.4 billion) are pledged as security for $1.3 billion in mortgages and credit facilities.

(b) Investment property valuation

Capitalization rates by region for investment properties – shopping centres are set out in the table below:

As at	**March 31, 2016**		December 31, 2015	
($ millions)	**Fair Value**	**Weighted Average Capitalization Rate**	Fair Value	Weighted Average Capitalization Rate
Central Region	**$ 3,361**	**5.5%**	$ 3,328	5.5%
Eastern Region	**1,798**	**6.1%**	1,814	6.1%
Western Region	**2,857**	**5.5%**	2,729	5.5%
Total or Weighted Average	**$ 8,016**	**5.6%**	$ 7,871	5.7%

The sensitivity of the fair values of shopping centres to capitalization rates as at March 31, 2016 is set out in the table below:

As at March 31, 2016	*(millions of dollars)*
(Decrease) Increase in capitalization rate	Resulting increase (decrease) in value of shopping centres
(0.75)%	$ 1,150
(0.50)%	$ 730
(0.25)%	$ 348
0.25%	$ (317)
0.50%	$ (608)
0.75%	$ (877)

Additionally, a 1% increase or decrease in stabilized net operating income ("SNOI") would result in a $76 million increase or a $73 million decrease, respectively, in the fair value of shopping centres. SNOI is not a measure defined by IFRS. SNOI reflects long-term, stable property operations, assuming a certain level of vacancy, capital and operating expenditures required to maintain a stable occupancy rate. The average vacancy rates used in determining SNOI for non-anchor tenants generally range from 2% to 5%. A 1% increase in SNOI coupled with a 0.25% decrease in capitalization rate would result in an increase in the fair value of shopping centres of $426 million, and a 1% decrease in SNOI coupled with a 0.25% increase in capitalization rate would result in a decrease in the fair value of shopping centres of $388 million.

(c) Investment properties – Acquisitions

During the three months ended March 31, 2016 and 2015, the Company acquired shopping centres and development land for rental income and future development and redevelopment opportunities as follows:

Three months ended March 31		**2016**		2015
	Shopping Centres	**Development Land**	Shopping Centres	Development Land
Total purchase price, including acquisition costs	**$ 145,786**	**$ 7,717**	$ 25,209	$ —
Total cash paid	**$ 145,786**	**$ 7,717**	$ 25,209	$ —

(d) Investment properties classified as held for sale

The Company has certain investment properties classified as held for sale. These properties are considered to be non-core assets and are as follows:

As at	**March 31, 2016**	December 31, 2015
Aggregate fair value	**$ 26,500**	$ 97,737

The decrease of $71.2 million in investment properties classified as held for sale from December 31, 2015, arose primarily from dispositions during the three months ended March 31, 2016.

For the three months ended March 31, 2016 and 2015, the Company sold shopping centres and development land as follows:

	Three months ended March 31	
	2016	2015
Total selling price	**$ 73,303**	$ 21,500
Vendor take-back mortgage on sale	**(2,000)**	—
Property selling costs	**(1,439)**	(384)
Total cash proceeds	**$ 69,864**	$ 21,116

(e) Reconciliation of investment properties to total assets

Shopping centres and development land by region and a reconciliation to total assets are set out in the tables below:

As at March 31, 2016	**Central Region**	**Eastern Region**	**Western Region**	**Total**
Total shopping centres and development land [(1)]	**$ 3,382,183**	**$ 1,805,275**	**$ 2,876,788**	**$ 8,064,246**
Cash and cash equivalents				**8,187**
Loans, mortgages and other real estate assets				**143,602**
Other assets				**34,404**
Amounts receivable				**21,238**
Investment in joint ventures				**115,890**
Total assets				**$ 8,387,567**

As at December 31, 2015	Central Region	Eastern Region	Western Region	Total
Total shopping centres and development land [1]	$ 3,337,859	$ 1,820,967	$ 2,748,246	$ 7,907,072
Cash and cash equivalents				9,164
Loans, mortgages and other real estate assets				159,918
Other assets				24,548
Amounts receivable				17,705
Investment in joint ventures				160,119
Total assets				$ 8,278,526

[1] Includes investment properties classified as held for sale.

5. LOANS, MORTGAGES AND OTHER REAL ESTATE ASSETS

As at	**March 31, 2016**	December 31, 2015
Non-current		
Loans and mortgages receivable (a)	**$ 121,159**	$ 120,173
Available-for-sale (“AFS”) investment in limited partnership	**4,380**	4,269
Total non-current	**$ 125,539**	$ 124,442
Current		
Loans and mortgages receivable (a)	**$ 5,756**	$ 23,499
Fair value through profit or loss ("FVTPL") investments in securities (b)	**$ 12,239**	$ 11,907
Other receivable	**68**	70
Total current	**$ 18,063**	$ 35,476
Total	**$ 143,602**	$ 159,918

(a) Loans and mortgages receivable are secured by interests in investment properties or shares of entities owning investment properties. As at March 31, 2016, these receivables bear interest at a weighted average effective interest rates of 6.3% (December 31, 2015 – 6.3%) and mature between 2016 and 2025.

(b) The Company invests from time to time in publicly traded real estate and related securities. These securities are recorded at market value. Realized and unrealized gains and losses on FVTPL securities are recorded in other gains (losses) and (expenses).

6. AMOUNTS RECEIVABLE

As at	**March 31, 2016**	December 31, 2015
Trade receivables (net of allowances for doubtful accounts of $3.3 million; December 31, 2015 – $2.8 million)	**$ 19,994**	$ 16,064
Construction and development related chargebacks and receivables	**—**	780
Corporate and other amounts receivable	**1,244**	861
Total	**$ 21,238**	$ 17,705

The Company determines its allowance for doubtful accounts on a tenant-by-tenant basis considering lease terms, industry conditions, and the status of the tenant’s account, among other factors.

7. OTHER ASSETS

As at	Note	March 31, 2016	December 31, 2015
Non-current			
Fixtures, equipment and computer hardware and software (net of accumulated amortization of $4.1 million; December 31, 2015 - $3.9 million)		**$ 4,916**	$ 3,153
Deferred financing costs on credit facilities (net of accumulated amortization of $3.2 million; December 31, 2015 - $3.1 million)		**2,056**	2,172
Environmental indemnity and insurance proceeds receivable	12(a)	**8,216**	8,274
Held-to-maturity investment in bond		**652**	685
Total non-current		**$ 15,840**	$ 14,284
Current			
Deposits and costs on investment properties under option		**$ 1,723**	$ 3,824
Prepaid expenses		**16,509**	4,457
Other deposits		**265**	1,924
Restricted cash		**67**	59
Total current		**$ 18,564**	$ 10,264
Total		**$ 34,404**	$ 24,548

8. CAPITAL MANAGEMENT

The Company manages its capital, taking into account the long-term business objectives of the Company, to provide stability and reduce risk while generating an acceptable return on investment to shareholders over the long term. The Company's capital structure currently includes common shares, senior unsecured debentures, mortgages, convertible debentures, revolving credit facilities and bank indebtedness, which, together, provide the Company with financing flexibility to meet its capital needs. Primary uses of capital include development activities, acquisitions, capital improvements, leasing costs and debt principal repayments. The actual level and type of future financings to fund these capital requirements will be determined based on prevailing interest rates, various costs of debt and/or equity capital, capital market conditions and management's general view of the required leverage in the business.

The components of the Company's capital are set out in the table below:

As at	March 31, 2016	December 31, 2015
Liabilities (principal amounts outstanding)		
Bank indebtedness	**$ 29,165**	$ 26,200
Mortgages	**1,010,201**	1,020,358
Credit facilities	**310,099**	224,635
Mortgages under equity accounted joint venture (at the Company's interest)	**47,309**	3,878
Credit facilities under equity accounted joint venture (at the Company's interest)	**58,636**	43,669
Senior unsecured debentures	**2,250,000**	2,250,000
Convertible debentures	**334,098**	337,271
Equity Capitalization		
Common shares (based on closing per share price of $20.62; December 31, 2015 – $18.35)	**4,663,254**	4,138,622
Total Capital Employed	**$ 8,702,762**	$ 8,044,633

The Company is subject to financial covenants in agreements governing its senior unsecured debentures and its credit facilities. In accordance with the terms of the Company's credit agreements, all ratios are calculated with joint ventures proportionately consolidated. As at March 31, 2016, the Company remains in compliance with all of its applicable financial covenants. The following table summarizes a number of the Company's key ratios:

As at	Measure/ Covenant	March 31, 2016	December 31, 2015
Net debt to total assets		**43.6%**	42.9%
Unencumbered aggregate assets to unsecured debt, using 10 quarter average capitalization rate (1)	≥1.3	**2.1**	2.2
Shareholders' equity, using four quarter average (billions) (1)	>$1.6B	**$ 3.7**	$ 3.6
Secured indebtedness to total assets (1)	<35%	**13.4%**	13.1%
For the rolling four quarters ended			
Interest coverage (EBITDA to interest expense) (1)	>1.65	**2.5**	2.5
Fixed charge coverage (EBITDA to debt service) (1)	>1.50	**2.1**	2.1

(1) Calculations required under the Company's credit facility agreements or indenture governing the senior unsecured debentures.

The above ratios include measures not specifically defined in IFRS. Certain calculations are required pursuant to debt covenants and are meaningful measures for this reason. Measures used in these ratios are defined in the Company's audited annual consolidated financial statements for the years ended December 31, 2015 and 2014.

9. MORTGAGES AND CREDIT FACILITIES

As at	March 31, 2016	December 31, 2015
Fixed rate mortgages	**$ 1,012,810**	$ 1,024,002
Unsecured facility	**275,000**	195,000
Secured construction facilities	**35,099**	29,635
Mortgages and credit facilities	**$ 1,322,909**	$ 1,248,637
Current	**$ 113,996**	$ 191,896
Non-current	**1,208,913**	1,056,741
Total	**$ 1,322,909**	$ 1,248,637

Mortgages and secured construction facilities are secured by the Company's investment properties. As at March 31, 2016, approximately $2.1 billion (December 31, 2015 – $2.4 billion) of investment properties out of $8.1 billion (December 31, 2015 – $7.9 billion) had been pledged as security under mortgages and the secured facilities (Note 4(a)).

As at March 31, 2016, mortgages bear coupon interest at a weighted average coupon rate of 4.7% (December 31, 2015 – 4.8%) and mature in the years ranging from 2016 to 2026. The weighted average effective interest rate on all mortgages as at March 31, 2016 is 4.5% (December 31, 2015 – 4.5%).

Principal repayments of mortgages outstanding as at March 31, 2016 are as follows:

	Scheduled Amortization	Payments on Maturity	Total	Weighted Average Effective Interest Rate
2016 (remainder of the year)	$ 20,481	$ 77,972	$ 98,453	4.4%
2017	25,541	82,902	108,443	4.0%
2018	21,611	124,321	145,932	5.4%
2019	18,842	106,714	125,556	6.5%
2020	17,140	45,858	62,998	5.3%
2021 to 2026	46,579	422,240	468,819	3.8%
	$ 150,194	$ 860,007	$ 1,010,201	4.5%
Unamortized deferred financing costs and premiums, net			2,609	
Total			$ 1,012,810	

The Company's credit facilities as at March 31, 2016 are summarized in the table below:

As at March 31, 2016	Borrowing Capacity	Amounts Drawn	Bank Overdraft and Outstanding Letters of Credit	Available to be Drawn	Interest Rates	Maturity Date
Revolving Operating Facilities						
Unsecured facility	$ 800,000	$ (275,000)	$ (57,070)	$ 467,930	BA + 1.20% or Prime + 0.20% or US$ LIBOR + 1.20%	June 30, 2020
Secured Construction Facilities						
Maturing 2018	112,500	(27,314)	—	85,186	BA + 1.125% or Prime + 0.125%	February 13, 2018
Maturing 2017	7,953	(7,785)	(75)	93	BA + 1.125% or Prime + 0.125%	March 31, 2017
Total	$ 920,453	$ (310,099)	$ (57,145)	$ 553,209		

10. SENIOR UNSECURED DEBENTURES

As at					**March 31, 2016**	December 31, 2015
		Interest Rate				
Series	Maturity Date	Coupon	Effective	**Principal Outstanding**	**Liability**	Liability
H	January 31, 2017	5.85%	5.99%	**$ 125,000**	**$ 124,856**	$ 124,814
I	November 30, 2017	5.70%	5.79%	**125,000**	**124,831**	124,809
J	August 30, 2018	5.25%	5.66%	**50,000**	**49,712**	49,678
K	November 30, 2018	4.95%	5.17%	**100,000**	**99,459**	99,411
L	July 30, 2019	5.48%	5.61%	**150,000**	**149,421**	149,382
M	April 30, 2020	5.60%	5.60%	**175,000**	**174,986**	174,985
N	March 1, 2021	4.50%	4.63%	**175,000**	**174,045**	174,002
O	January 31, 2022	4.43%	4.59%	**200,000**	**198,383**	198,323
P	December 5, 2022	3.95%	4.18%	**250,000**	**246,742**	246,637
Q	October 30, 2023	3.90%	3.97%	**300,000**	**298,680**	298,643
R	August 30, 2024	4.79%	4.72%	**300,000**	**301,432**	301,466
S	July 31, 2025	4.32%	4.24%	**300,000**	**301,898**	301,941
Weighted Average or Total		4.70%	4.78%	**$ 2,250,000**	**$ 2,244,445**	$ 2,244,091
Current				**125,000**	**124,856**	—
Non-current				**2,125,000**	**2,119,589**	2,244,091
Total				**$ 2,250,000**	**$ 2,244,445**	$ 2,244,091

Interest on the senior unsecured debentures is payable semi-annually and principal is payable on maturity.

11. CONVERTIBLE DEBENTURES

As at				**March 31, 2016**			December 31, 2015		
		Interest Rate							
Series	Maturity Date	Coupon	Effective	**Principal**	**Liability**	**Equity**	Principal	Liability	Equity
H	March 31, 2017 [1]	4.95%	6.51%	**71,006**	**69,948**	**1,415**	71,006	69,697	1,415
G	March 31, 2018 [1]	5.25%	6.66%	**49,582**	**48,291**	**1,146**	49,582	48,144	1,146
E	January 31, 2019	5.40%	6.90%	**54,670**	**52,583**	**2,084**	55,060	52,793	2,099
F	January 31, 2019	5.25%	6.07%	**51,824**	**50,738**	**352**	53,720	52,506	365
I	July 31, 2019	4.75%	6.19%	**51,257**	**49,395**	**1,405**	51,604	49,579	1,414
J	February 28, 2020	4.45%	5.34%	**55,759**	**54,200**	**390**	56,299	54,624	394
	Weighted Average or Total	5.00%	6.28%	**$ 334,098**	**$ 325,155**	**$ 6,792**	$ 337,271	$ 327,343	$ 6,833
	Current			**120,588**	**118,239**		—	—	
	Non-current			**213,510**	**206,916**		337,271	327,343	
	Total			**$ 334,098**	**$ 325,155**	**$ 6,792**	$ 337,271	$ 327,343	$ 6,833

(1) On February 24, 2016, the Company provided a notice of redemption to the holders that the entire principal amount outstanding would be redeemed on April 1, 2016.

(a) Principal and interest

The Company has the option of repaying the convertible debentures on maturity through the issuance of common shares at 97% of the 20-day volume weighted average trading price of the Company's common shares ending five days prior to maturity date. The Company also has the option of paying the semi-annual interest through the issuance of common shares. In addition, the Company has the option of repaying the convertible debentures prior to the maturity date under certain circumstances, either in cash or in common shares.

During the three months ended March 31, 2016, 0.4 million common shares (three months ended March 31, 2015 – 0.5 million common shares) were issued for $8.4 million (three months ended March 31, 2015 – $9.8 million) to pay interest to holders of the convertible debentures. Each series of the Company's convertible debentures bears interest payable semi-annually and is convertible at the option of the holders in the conversion periods into common shares of the Company at the conversion prices indicated below.

Maturity Date	Coupon Rate	TSX	Holder Option to Convert at the Conversion Price	Company Option to Redeem at Principal Amount (conditional [1])	Company Option to Redeem at Principal Amount [2]	Conversion Price
January 31, 2019	5.40%	FCR.DB.E	2011-2019	Jan 31, 2015 - Jan 30, 2017	Jan 31, 2017 - Jan 31, 2019	$22.62
January 31, 2019	5.25%	FCR.DB.F	2011-2019	Jan 31, 2015 - Jan 30, 2017	Jan 31, 2017 - Jan 31, 2019	$23.77
March 31, 2018	5.25%	FCR.DB.G	2011-2018	Mar 31, 2015 - Mar 30, 2016	Mar 31, 2016 - Mar 30, 2018	$23.25
March 31, 2017	4.95%	FCR.DB.H	2012-2017	Mar 31, 2015 - Mar 30, 2016	Mar 31, 2016 - Mar 31, 2017	$23.75
July 31, 2019	4.75%	FCR.DB.I	2012-2019	Jul 31, 2015 - Jul 30, 2017	Jul 31, 2017 - Jul 31, 2019	$26.75; $27.75 [3]
February 28, 2020	4.45%	FCR.DB.J	2013-2020	Feb 28, 2016 - Feb 27, 2018	Feb 28, 2018 - Feb 28, 2020	$26.75; $27.75 [4]

(1) Period of time during which the Company may redeem the debentures at their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price for the 20 consecutive trading days ending five days prior to the notice of redemption is not less than 125% of the Conversion Price, by giving between 30 and 60 days' written notice.

(2) Period of time during which the Company may redeem the debentures at their principal amount plus accrued and unpaid interest by giving between 30 and 60 days' written notice.

(3) These debentures are convertible at the option of the holder into common shares of the Company at a conversion price of $26.75 per common share until July 31, 2017 and $27.75 per common share thereafter.

(4) These debentures are convertible at the option of the holder into common shares of the Company at a conversion price of $26.75 per common share until February 28, 2018 and $27.75 per common share thereafter.

(b) Normal course issuer bid

On August 27, 2015, the Company renewed its normal course issuer bid ("NCIB") for all of its then outstanding series of convertible debentures. The NCIB will expire on August 26, 2016 or such earlier date as the Company completes its purchases pursuant to the NCIB. All purchases made under the NCIB are at market prices prevailing at the time of purchase determined by or on behalf of the Company.

For the three months ended March 31, 2016 and 2015, principal amounts of convertible debentures purchased and amounts paid for the purchases are represented in the table below:

Three months ended March 31				**2016**				2015
		Principal Amount Purchased		**Amount Paid**		Principal Amount Purchased		Amount Paid
Total	**$**	**3,173**	**$**	**3,209**	$	1,309	$	1,326

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at	Note		**March 31, 2016**		December 31, 2015
Non-current					
Asset retirement obligations (a)		**$**	**8,257**	$	8,353
Ground leases payable			**9,719**		9,789
Derivatives at fair value	22		**12,381**		8,171
Deferred purchase price of investment property – shopping centre			**1,735**		1,699
Deferred income			**1,477**		1,673
Total non-current		**$**	**33,569**	$	29,685
Current					
Trade payables and accruals		**$**	**66,565**	$	59,222
Construction and development payables			**41,205**		49,593
Dividends payable			**48,531**		48,491
Interest payable			**29,164**		38,537
Tenant deposits			**21,314**		23,391
Derivatives at fair value	22		**2,161**		788
Deferred purchase price of investment property – shopping centre			**9,533**		9,533
Total current		**$**	**218,473**	$	229,555
Total		**$**	**252,042**	$	259,240

(a) The Company has obligations for environmental remediation at certain sites within its property portfolio. The Company has also recognized a related environmental indemnity and insurance proceeds receivable in other assets (Note 7).

13. SHAREHOLDERS' EQUITY

(a) Share capital

The authorized share capital of the Company consists of an unlimited number of authorized preference shares and common shares. The preference shares may be issued from time to time in one or more series, each series comprising the number of shares, designations, rights, privileges, restrictions and conditions which the Board of Directors determines by resolution; preference shares are non-voting and rank in priority to the common shares with respect to dividends and distributions upon dissolution. No preference shares have been issued. The common shares carry one vote each and participate equally in the income of the Company and the net assets of the Company upon dissolution. Dividends are payable on the common shares as and when declared by the Board of Directors.

The following table sets forth the particulars of the issued and outstanding common shares of the Company:

Three months ended March 31		**2016**		2015	
	Note	**Number of Common Shares**	**Stated Capital**	Number of Common Shares	Stated Capital
Issued and outstanding at beginning of period		**225,538**	**$ 2,768,983**	216,374	$ 2,600,605
Payment of interest on convertible debentures	11	**427**	**8,355**	514	9,835
Exercise of options and restricted and deferred share units		**187**	**3,422**	611	10,037
Issuance of common shares		**—**	**—**	4,450	87,753
Share issue costs and other, net of tax effect		**—**	**(2)**	—	(2,757)
Issued and outstanding at end of period		**226,152**	**$ 2,780,758**	221,949	$ 2,705,473

Regular dividends paid per common share were $0.215 for the three months ended March 31, 2016 (three months ended March 31, 2015 – $0.215).

(b) Contributed surplus and other equity items

Contributed surplus and other equity items comprise the following:

Three months ended March 31			**2016**					2015
	Contributed Surplus	**Convertible Debentures Equity Component**	**Options Restricted and Deferred Share Units**	**Total**	Contributed Surplus	Convertible Debentures Equity Component	Options Restricted and Deferred Share Units	Total
		(Note 11)				(Note 11)		
Balance at beginning of period	**$ 19,532**	**$ 6,833**	**$ 17,284**	**$ 43,649**	$ 19,292	$ 7,964	$ 18,182	$ 45,438
Repurchase of convertible debentures	**41**	**(41)**	**—**	**—**	40	(24)	—	16
Options vested	**—**	**—**	**183**	**183**	—	—	157	157
Exercise of options	**—**	**—**	**(217)**	**(217)**	—	—	(434)	(434)
Deferred share units vested	**—**	**—**	**189**	**189**	—	—	382	382
Restricted share units vested	**—**	**—**	**465**	**465**	—	—	435	435
Exercise of restricted and deferred share units	**—**	**—**	**—**	**—**	—	—	(1,227)	(1,227)
Balance at end of period	**$ 19,573**	**$ 6,792**	**$ 17,904**	**$ 44,269**	$ 19,332	$ 7,940	$ 17,495	$ 44,767

(c) Stock options

As of March 31, 2016, the Company is authorized to grant up to 15.2 million (December 31, 2015 – 15.2 million) common share options to the employees, officers and directors of the Company. As of March 31, 2016, 1.9 million (December 31, 2015 – 2.7 million) common share options are available to be granted to the employees, officers and directors of the Company. In addition, as at March 31, 2016, 4.9 million common share options were outstanding. Options granted by the Company generally expire 10 years from the date of grant and vest over five years.

The outstanding options as at March 31, 2016 have exercise prices ranging from $9.81 – $19.96 (December 31, 2015 – $9.81 – $19.96).

During the three months ended March 31, 2016, $0.1 million (three months ended March 31, 2015 – $0.1 million) was recorded as an expense related to stock options.

Three months ended March 31		**2016**		2015
	Number of Common Shares Issuable (in thousands)	**Weighted Average Exercise Price**	Number of Common Shares Issuable (in thousands)	Weighted Average Exercise Price
Outstanding at beginning of period	**4,199**	**$ 17.56**	4,956	$ 16.89
Granted (a)	**855**	**19.60**	301	19.96
Exercised (b)	**(187)**	**17.13**	(611)	15.71
Forfeited	**—**	**—**	(42)	18.26
Outstanding at end of period	**4,867**	**$ 17.93**	4,604	$ 17.24

(a) The fair value associated with the options issued was calculated using the Black-Scholes model for option valuation based on the following assumptions:

Three months ended March 31	**2016**	2015
Share options granted (thousands)	**855**	301
Term to expiry	**10 years**	10 years
Exercise price	**$ 19.60**	$ 19.96
Weighted average volatility rate	**15.0%**	15.0%
Weighted average expected option life	**6 years**	6 years
Weighted average dividend yield	**4.37%**	4.38%
Weighted average risk free interest rate	**0.76%**	1.13%
Fair value (thousands)	**$ 915**	$ 323

(b) The weighted average market share price at which options were exercised for the three months ended March 31, 2016 was $19.83 (three months ended March 31, 2015 – $19.59).

(d) Share unit plans

The Company's share unit plans include a Directors' Deferred Share Unit Plan and a Restricted Share Unit Plan. Under the plans, a participant is entitled to receive one common share, or equivalent cash value, at the Company's option, (i) in the case of a Deferred Share Unit ("DSU"), upon redemption by the holder after the date that the holder ceases to be a director of the Company and any of its subsidiaries (the "Retirement Date") but no later than December 15 of the first calendar year commencing after the Retirement Date, and (ii) in the case of a Restricted Share Unit ("RSU"), on December 15 of the third calendar year following the year of grant for RSUs granted prior to June 1, 2015, and, for all subsequent RSUs granted, on the third anniversary of the grant date. Holders of DSUs and RSUs receive dividends in the form of additional units when the Company declares dividends on its common shares.

Three months ended March 31	**2016**		2015	
(in thousands)	**Deferred Share Units**	**Restricted Share Units**	Deferred Share Units	Restricted Share Units
Outstanding at beginning of period	**349**	**374**	452	328
Granted (a)	**5**	**—**	9	19
Dividends declared	**4**	**3**	4	3
Exercised	**—**	**—**	(77)	(3)
Forfeited	**—**	**—**	—	(3)
Outstanding at end of period	**358**	**377**	388	344
Share units available to be granted based on the current reserve	**249**	**340**	290	486
Expense recorded for the period	**$ 114**	**$ 392**	$ 403	$ 342

(a) The fair value of the DSUs granted during the three months ended March 31, 2016 was $0.1 million (three months ended March 31, 2015 – $0.2 million), measured based on the Company's prevailing share price on the date of grant. The fair value of the RSUs granted during the three months ended March 31, 2016 was $nil (three months ended March 31, 2015 – $0.4 million), measured based on the Company's share price on the date of grant.

14. NET OPERATING INCOME

Net operating income is presented by segment as follows:

Three months ended March 31, 2016	**Central Region**	**Eastern Region**	**Western Region**	**Subtotal**	**Other [(1)]**	**Total**
Property rental revenue	**$ 69,391**	**$ 45,158**	**$ 54,277**	**$ 168,826**	**$ (726)**	**$ 168,100**
Property operating costs	**27,371**	**20,195**	**18,451**	**66,017**	**(913)**	**65,104**
Net operating income	**$ 42,020**	**$ 24,963**	**$ 35,826**	**$ 102,809**	**$ 187**	**$ 102,996**

Three months ended March 31, 2015	Central Region	Eastern Region	Western Region	Subtotal	Other [(1)]	Total
Property rental revenue	$ 68,719	$ 43,936	$ 51,300	$ 163,955	$ (294)	$ 163,661
Property operating costs	26,993	20,009	17,092	64,094	(213)	63,881
Net operating income	$ 41,726	$ 23,927	$ 34,208	$ 99,861	$ (81)	$ 99,780

[(1)] Other items principally consist of intercompany eliminations.

For the three months ended March 31, 2016, property operating costs includes $5.5 million (three months ended March 31, 2015 – $5.4 million) related to employee compensation.

15. INTEREST AND OTHER INCOME

		Three months ended March 31	
	Note	**2016**	2015
Interest, dividend and distribution income from marketable securities and cash investments	5	**$ 315**	$ 650
Interest income from loans and mortgages receivable	5	**2,096**	2,784
Fees and other income		**1,239**	847
Total		**$ 3,650**	$ 4,281

16. INTEREST EXPENSE

		Three months ended March 31	
	Note	**2016**	2015
Mortgages	9	**$ 12,072**	$ 13,814
Credit facilities	9	**1,903**	547
Senior unsecured debentures	10	**26,629**	26,153
Convertible debentures (non-cash)	11	**5,109**	5,920
Total interest expense		**45,713**	46,434
Interest capitalized to investment properties under development		**(5,373)**	(4,946)
Interest expense		**$ 40,340**	$ 41,488
Convertible debenture interest paid in common shares	11	**(8,355)**	(9,835)
Change in accrued interest		**9,372**	9,889
Effective interest rate in excess of coupon interest rate on senior unsecured and convertible debentures		**(170)**	(230)
Coupon interest rate in excess of effective interest rate on assumed mortgages		**720**	937
Amortization of deferred financing costs		**(1,540)**	(1,654)
Cash interest paid associated with operating activities		**$ 40,367**	$ 40,595

17. CORPORATE EXPENSES

	Three months ended March 31	
	2016	2015
Salaries, wages and benefits	**$ 6,849**	$ 7,942
Non-cash compensation	**639**	782
Other corporate costs	**1,974**	3,107
Total corporate expenses	**9,462**	11,831
Amounts capitalized to investment properties under development	**(1,452)**	(2,089)
Corporate expenses	**$ 8,010**	$ 9,742

18. OTHER GAINS (LOSSES) AND (EXPENSES)

	Three months ended March 31	
	2016	2015
Realized gain (loss) on sale of marketable securities	**$ 79**	$ 865
Unrealized gain (loss) on marketable securities classified as FVTPL	**341**	(395)
Net gain (loss) on prepayments of debt	**88**	—
Gain (loss) on sale of asset	**(33)**	—
Investment properties selling costs	**(1,439)**	(384)
Restructuring costs	**(59)**	—
Total	**$ (1,023)**	$ 86

19. INCOME TAXES

The following reconciles the Company's expected tax expense computed at the statutory tax rate to its actual tax expense for the three months ended March 31, 2016 and 2015:

	Three months ended March 31	
	2016	2015
Income tax expense at the Canadian federal and provincial income tax rate of 26.6% (2015 – 26.3%)	**$ 22,155**	$ 15,125
Increase (decrease) in income taxes due to:		
Non-taxable portion of capital gains and other	**(5,752)**	(3,836)
Other	**(284)**	362
Deferred income taxes	**$ 16,119**	$ 11,651

The Canadian federal and provincial income tax rate increased primarily due to an increase in the general corporate income tax rate in the Province of Alberta during the second quarter of 2015.

20. PER SHARE CALCULATIONS

The following table sets forth the computation of per share amounts:

	Three months ended March 31	
	2016	2015
Net income attributable to common shareholders	**$ 66,957**	$ 45,901
Adjustment for dilutive effect of convertible debentures, net of tax	**3,700**	525
Income for diluted per share amounts	**$ 70,657**	$ 46,426
(in thousands)		
Weighted average number of shares outstanding for basic per share amounts	**226,320**	220,241
Options	**372**	620
Convertible debentures	**16,775**	2,791
Weighted average diluted share amounts	**243,467**	223,652

The following securities were not included in the diluted net income per share calculation as the effect would have been anti-dilutive:

Three months ended March 31	Exercise Price	Number of Shares if Exercised	
(in dollars, number of options in thousands)		**2016**	2015
Common share options	$19.96	**245**	301
Common share options	$19.60	**855**	—
Convertible debentures - 5.70%	$18.75	—	2,287
Convertible debentures - 5.40%	$22.62	—	2,780
Convertible debentures - 5.25%	$23.77	—	2,779
Convertible debentures - 5.25%	$23.25	—	2,453
Convertible debentures - 4.95%	$23.75	—	3,562
Convertible debentures - 4.75%	$26.75;$27.75	—	2,572

21. RISK MANAGEMENT

In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. Certain of these risks, and the actions taken to manage them, are as follows:

(a) Interest rate risk

The Company structures its financings so as to stagger the maturities of its debt, thereby mitigating its exposure to interest rate and other credit market fluctuations. A portion of the Company's mortgages, loans and credit facilities are floating rate instruments. From time to time, the Company may enter into interest rate swap contracts, bond forwards or other financial instruments to modify the interest rate profile of its outstanding debt or highly probable future debt issuances without an exchange of the underlying principal amount.

(b) Credit risk

Credit risk arises from the possibility that tenants and/or debtors may experience financial difficulty and be unable or unwilling to fulfill their lease commitments or loan obligations. The Company mitigates the risk of credit loss from tenants by investing in well-located properties in urban markets that attract high quality tenants, ensuring that its tenant mix is diversified, and by limiting its exposure to any one tenant. As at March 31, 2016, Loblaw Companies Limited ("Loblaw") accounts for 10.3% of the Company's annualized minimum rent and has an investment grade credit rating. Other than Loblaw, no other tenant accounts for more than 10% of the annualized minimum rent. A tenant's success over the term of its lease and its ability to fulfill its lease obligations is subject to many factors. There can be no assurance that a tenant will be able to fulfill all of its existing commitments and leases up to the expiry date. The Company typically mitigates the risk of credit loss from debtors by obtaining registered mortgage charges on real estate properties.

The Company's leases typically have lease terms between 5 and 20 years and may include clauses to enable periodic upward revision of the rental rates, and lease contract extension at the option of the lessee.

(c) Liquidity risk

Real estate investments are relatively illiquid. This tends to limit the Company's ability to sell components of its portfolio promptly in response to changing economic or investment conditions. If the Company were required to quickly liquidate its assets, there is a risk that it would realize sale proceeds of less than the current value of its real estate investments.

An analysis of the Company's contractual maturities of its material financial liabilities and other contractual commitments as at March 31, 2016 is set out below:

	Payments Due by Period				
	Remainder of 2016	2017 to 2018	2019 to 2020	Thereafter	Total
Scheduled mortgage principal amortization	$ 20,481	$ 47,152	$ 35,982	$ 46,579	$ 150,194
Mortgage principal repayments on maturity	77,972	207,223	152,572	422,240	860,007
Credit facilities	—	35,099	275,000	—	310,099
Senior unsecured debentures	—	400,000	325,000	1,525,000	2,250,000
Interest obligations [1]	117,586	275,124	205,652	220,521	818,883
Land leases (expiring between 2023 and 2061)	697	1,940	1,962	16,225	20,824
Contractual committed costs to complete current development projects	56,689	21,414	—	—	78,103
Other committed costs	68,250	—	—	—	68,250
Total contractual obligations [2]	$ 341,675	$ 987,952	$ 996,168	$ 2,230,565	$ 4,556,360

(1) Interest obligations include expected interest payments on mortgages and credit facilities as at March 31, 2016 (assuming balances remain outstanding through to maturity), and senior unsecured debentures, as well as standby credit facility fees.

(2) The Company has the option to satisfy its obligations of principal and interest payments in respect of all of its outstanding convertible debentures by the issuance of common shares, and as such, convertible debentures have been excluded from this table.

The Company manages its liquidity risk by staggering debt maturities; renegotiating expiring credit arrangements proactively; using revolving credit facilities; and issuing equity when considered appropriate. As at March 31, 2016, there was $275.0 million (December 31, 2015 – $195.0 million) of cash advances drawn against the Company's revolving credit facilities.

In addition, as at March 31, 2016, the Company has $57.1 million (December 31, 2015 – $55.6 million) of bank overdrafts and outstanding letters of credit issued by financial institutions primarily to support certain of the Company's contractual obligations.

22. FAIR VALUE MEASUREMENT

The fair value hierarchy of financial instruments on the unaudited interim condensed consolidated balance sheets is as follows:

As at			**March 31, 2016**			December 31, 2015	
	Note	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Measured at fair value							
Financial Assets							
FVTPL investments in equity securities	5	**$ 12,239**	**$ —**	**$ —**	$ 11,907	$ —	$ —
AFS investments in equity securities	5	**—**	**—**	**4,380**	—	—	4,269
Financial Liabilities							
Derivatives at fair value – liabilities	12	**—**	**14,542**	**—**	—	8,959	—
Measured at amortized cost							
Financial Assets							
Loans and mortgages receivable	5	**$ —**	**$ —**	**$ 125,305**	$ —	$ —	$ 141,354
Financial Liabilities							
Mortgages	9	**—**	**1,033,630**	**—**	—	1,048,090	—
Credit facilities	9	**—**	**310,099**	**—**	—	224,635	—
Senior unsecured debentures	10	**—**	**2,443,847**	**—**	—	2,414,392	—
Convertible debentures	11	**339,523**	**—**	**—**	341,874	—	—

The Company enters into forward contracts and interest rate swaps as part of its strategy for managing certain interest rate risks. For those derivative instruments to which the Company has applied hedge accounting, the Company has recorded the changes in fair value for the effective portion of the derivative in other comprehensive income from the date of designation. For those derivative instruments to which the Company does not apply hedge accounting, the change in fair value is recognized in other gains (losses) and (expenses) (Note 18).

The fair values of the Company's asset (liability) hedging instruments are as follows:

As at	Designated as Hedging Instrument	Maturity	**March 31, 2016**	December 31, 2015
Bond forward contracts	Yes	April 2016	**$ (2,161)**	$ (788)
Interest rate swaps	Yes	March 2022 - June 2025	**(12,381)**	(8,171)
Total			**$ (14,542)**	$ (8,959)

The fair value of derivative instruments is determined using present value forward pricing and swap calculations at interest rates that reflect current market conditions. The models also take into consideration the credit quality of counterparties, interest rate curves and forward rate curves. As at March 31, 2016, the interest rates ranged from 1.3% to 2.8% (December 31, 2015 – 1.5% to 3.2%).

23. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Items not affecting cash and other items

		Three months ended March 31	
	Note	**2016**	2015
Straight-line rent adjustment		**$ (1,350)**	$ (1,251)
Investment properties selling costs	18	**1,439**	384
Realized gain (loss) on sale of marketable securities	18	**(79)**	(865)
Unrealized gain (loss) on marketable securities classified as FVTPL	18	**(341)**	395
Net gain (loss) on prepayments of debt	18	**(88)**	—
Non-cash compensation expense		**685**	824
Deferred income taxes	19	**16,119**	11,651
Total		**$ 16,385**	$ 11,138

(b) Net change in non-cash operating items

The net change in non-cash operating assets and liabilities consists of the following:

	Three months ended March 31	
	2016	2015
Amounts receivable	**$ (3,533)**	$ (4,377)
Prepaid expenses	**(12,052)**	(8,894)
Trade payables and accruals	**7,108**	512
Tenant security and other deposits	**(2,037)**	(2,202)
Other working capital changes	**880**	(1,141)
Total	**$ (9,634)**	$ (16,102)

(c) Changes in loans, mortgages and other real estate assets

	Three months ended March 31	
	2016	2015
Advances of loans and mortgages receivable	**$ —**	$ (20,741)
Repayments of loans and mortgages receivable	**18,880**	49
Investment in marketable securities, net	**(742)**	(2,403)
Proceeds from disposition of marketable securities	**830**	24,401
Total	**$ 18,968**	$ 1,306

(d) Cash and cash equivalents (bank indebtedness)

As at	**March 31, 2016**	December 31, 2015
Cash [1]	**$ 8,187**	$ 9,164
Bank indebtedness	**(29,165)**	(26,200)
Total	**$ (20,978)**	$ (17,036)

[1] Principally consisting of cash related to co-ownerships and properties managed by third parties.

24. COMMITMENTS AND CONTINGENCIES

(a) The Company is involved in litigation and claims which arise from time to time in the normal course of business. None of these contingencies, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position of the Company.

(b) The Company is contingently liable, jointly and severally or as guarantor, for approximately $83.5 million (December 31, 2015 – $78.4 million) to various lenders in connection with certain third-party obligations, including, without limitation, loans advanced to its joint arrangement partners secured by the partners' interest in the joint arrangements and underlying assets.

(c) The Company is contingently liable by way of letters of credit in the amount of $28.5 million (December 31, 2015 – $29.4 million), issued by financial institutions on the Company's behalf in the ordinary course of business.

(d) The Company has obligations as lessee under long-term leases for land. Annual commitments under these ground leases are approximately $0.7 million (December 31, 2015 – $0.9 million) with a total obligation of $20.8 million (December 31, 2015 – $21.1 million).

(e) The Company is involved, in the normal course of business, in discussions, and has various agreements, with respect to possible acquisitions of new properties and dispositions of existing properties in its portfolio. None of these commitments or contingencies, individually or in aggregate, would have a significant impact on the financial position of the Company.

(f) The Company is contingently liable by way of a put option on a property by the owner that is exercisable up to October 2022.

25. RELATED PARTY TRANSACTIONS

(a) Major Shareholder

Gazit-Globe Ltd. ("Gazit") is the principal shareholder of the Company and, as of March 31, 2016, beneficially owns 39.2% (December 31, 2015 – 42.2%) of the common shares of the Company. Norstar Holdings Inc. is the ultimate controlling party of Gazit. As of March 31, 2016, Alony-Hetz Properties and Investments Ltd. (''Alony-Hetz'') also beneficially owned 5.7% (December 31, 2015 – 6.2%) of the common shares of the Company. Alony-Hetz and Gazit were parties to a shareholders' agreement pursuant to which, among other terms, (i) Gazit agreed to vote its common shares of the Company in favour of the election of up to two representatives of Alony-Hetz to the Board of Directors of the Company, and (ii) Alony-Hetz agreed to vote its common shares of the Company as directed by Gazit with respect to the election of the remaining directors of the Company. The shareholders' agreement between Gazit and Alony-Hetz was terminated effective April 3, 2016.

In the first quarter of 2016, Gazit and Alony-Hetz disposed of 6,500,000 and 980,000 common shares, respectively.

Corporate and other amounts receivable include amounts due from Gazit. Gazit reimburses the Company for certain accounting and administrative services provided to it by the Company. Such amounts consist of the following:

	Three months ended March 31	
	2016	2015
Reimbursements for professional services	**$ 75**	$ 51

As at March 31, 2016, amounts due from Gazit were $0.1 million (December 31, 2015 – $0.1 million).

(b) Joint venture

During the three months ended March 31, 2016, a subsidiary of MMLP earned property-related and asset management fees from MMUR, which are included in the Company's consolidated fees and other income in the amount of $0.4 million (March 31, 2015 – $0.4 million).

(c) Subsidiaries of the Company

These unaudited interim condensed consolidated financial statements include the financial statements of First Capital Realty and all of First Capital Realty's subsidiaries, including First Capital Holdings Trust. First Capital Holdings Trust is the only significant subsidiary of First Capital Realty and is wholly owned by the Company.

26. SUBSEQUENT EVENTS

Second Quarter Dividend

The Company announced that it will pay a second quarter dividend of $0.215 per common share on July 12, 2016 to shareholders of record on June 30, 2016.

Redemption of Convertible Debentures

On April 1, 2016, the Company redeemed its remaining 5.25% Series G and 4.95% Series H convertible debentures at par. The full redemption price and any accrued interest owing on each series of convertible debentures was satisfied 50% by the issuance of common shares and 50% in cash.

Senior Unsecured Debentures Issued

On May 6, 2016 the Company completed the issuance of $150.0 million principal amount of Series T senior unsecured debentures due May 6, 2026. These debentures bear interest at a coupon rate of 3.604% per annum, payable semi-annually commencing November 6, 2016.

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TORONTO STOCK EXCHANGE LISTINGS
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5.40% Convertible Debentures:
FCR.DB.E
5.25% Convertible Debentures:
FCR.DB.F
4.75% Convertible Debentures:
FCR.DB.I
4.45% Convertible Debentures:
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