FIRST CAPITAL

MANAGEMENT'S DISCUSSION & ANALYSIS AND CONSOLIDATED FINANCIAL STATEMENTS

THIRD QUARTER 2020

FORWARD-LOOKING STATEMENT ADVISORY

Certain statements contained in this MD&A constitute forward-looking statements and information within the meaning of applicable securities law, including but not limited to statements made with respect to the impact of the COVID-19 pandemic and measures in response thereto. Other statements concerning First Capital'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 First Capital'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, the ability of the Trust to make loans at the same rate or in the same amount as repaid loans, amount of development costs, capital expenditures, operating costs and corporate expenses, level and timing of acquisitions of income-producing properties, the Trust's ability to complete dispositions and the timing, terms and anticipated benefits of any such dispositions, the Trust's ability to redevelop, sell or enter into partnerships with respect to the future incremental density it has identified in its portfolio, number of units outstanding, the Trust's ability to qualify as a real estate investment trust under the Tax Act, the Trust's ability to mitigate the impact of the COVID-19 pandemic and the length and duration of the pandemic and numerous other factors. Moreover, the assumptions underlying the Trust's forward-looking statements contained in the "Outlook and Current Business Environment" section of this MD&A also include that steps taken to mitigate the COVID-19 pandemic will have the intended impact, the Federal and Provincial governments will continue to issue directives with respect to COVID-19, small businesses will benefit from programs provided by the government and the Trust, certain goods and services are and will be classified as essential businesses that are able to remain open, 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 Trust's MD&A for the year ended December 31, 2019 as well as the matters discussed under "Risk Factors" in First Capital's current Annual Information Form. 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; tenant financial difficulties, defaults and bankruptcies; the relative illiquidity of real property; increases in operating costs, property taxes and income taxes; First Capital's ability to maintain occupancy and to lease or re-lease space at current or anticipated rents; the availability and cost of equity and debt capital to finance the Trust's business, including the repayment of existing indebtedness as well as development, intensification and acquisition activities; changes in interest rates and credit spreads; organizational structure; changes to credit ratings; the availability of a new competitive supply of retail properties which may become available either through construction, lease or sublease; the Trust's ability to: execute on its Urban Investment Strategy, including with respect to dispositions, capitalize on competitive advantages, optimize portfolio assets and accelerate value delivered to its investors and stakeholders, remain ahead of changing market conditions, surface unrecognized value, reach its demographic targets and ensure the Trust retains its best in class position; unexpected costs or liabilities related to acquisitions, development and construction; 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 Trust; uninsured losses and First Capital's ability to obtain insurance coverage at a reasonable cost; risks in joint ventures; investments subject to credit and market risk; loss of key personnel; the ability of tenants to maintain necessary licenses, certifications and accreditations and risks and uncertainties related to the effects of COVID-19 on First Capital, including the length, spread and severity of the pandemic, the nature and extent of the measures taken by all levels of government to mitigate against the severity and spread of the virus, the impact of the virus and government authorities' and public health officials' responses thereto on: our tenants' ability to pay rent in full or at all, domestic and global credit and capital markets, our ability to access capital on favourable terms or at all, the health and safety of our employees and our tenants' personnel and domestic and global supply chains, among other risks related to COVID-19 further described under the heading "Risks and Uncertainties" in this MD&A. Given the evolving circumstances surrounding COVID-19, it is difficult to predict how significant the adverse impact will be on the global and domestic economy, the business, operations and financial position of the REIT's tenants, and the business operations and financial position of the REIT.

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 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 November 3, 2020 and are qualified by these cautionary statements.

CORPORATE PROFILE

First Capital is a leading developer, owner and manager of mixed-use real estate located in Canada's most densely populated cities. First Capital's focus is on creating thriving urban neighbourhoods to generate value for businesses, residents, communities and our investors.

Business and Strategy Overview

Our business

First Capital Real Estate Investment Trust, with **$10.0 billion** in assets, is a leading developer, owner and manager of mixed-use real estate located in Canada's most densely populated cities.

Our purpose

Creating thriving urban neighbourhoods to generate value for businesses, residents, communities and our investors.

Our mixed-use developments and retail offerings are designed to become vibrant places that meet the needs of everyday urban life – bringing together people, public spaces, retail shops and services, public art, and access to public transportation.

Our operations

YYZ
TORONTO HEADQUARTERS

FCR.UN
LISTED ON TSX

150
NEIGHBOURHOODS

22.8M
SQ. FT. OF GLA

4,036
TENANTS

368
EMPLOYEES

Added to the S&P/TSX Capped REIT Index in June 2020

Our values and our corporate responsibility and sustainability program guide our actions

Read more about our approach to corporate responsibility and sustainability in our 2019 Corporate Responsibility and Sustainability Report

Collaboration
One Team, One Purpose

Innovation
Freedom to challenge the status quo

Excellence
Be the best at what you do

Accountability
Deliver what you promised

Passion
Love what you do

Our super urban strategy

Creating thriving super urban neighbourhoods that drive sustainable growth in cash flow and capital appreciation of our best in class portfolio.

We achieve this by:

- **Investing in high-quality, mixed-use properties** to build large positions in targeted high growth neighbourhoods
- **Fully integrating retail** with other uses to create thriving urban neighbourhoods
- **Optimizing the portfolio** through active asset management
- **Surfacing substantial unrecognized value** in our incremental density pipeline through the development process
- **Completing strategic dispositions** to fund our investment program and to reduce leverage post the April 2019 share repurchase transaction
- **Actively managing our balance sheet** to maintain financial strength and flexibility and a competitive cost of capital

Our target markets

We target specific super urban neighbourhoods within Canada's largest and fastest growing cities.

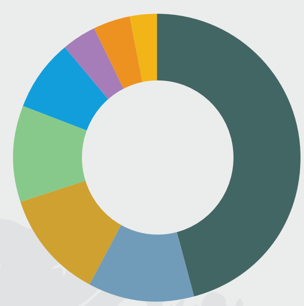
These neighbourhoods are located in Toronto, Montreal, Vancouver, Edmonton, Calgary and Ottawa. We have achieved critical mass in each of our target markets, which helps generate economies of scale and operating synergies, as well as deep local knowledge of our properties, tenants, neighbourhoods and markets in which we operate.

Within each of these markets, we own some of the best located properties in neighbourhoods with strong demographics that we expect will continue -to get stronger over time, thereby attracting the most desirable tenants with the highest rent growth potential and the most compelling opportunities for value creation.

Urban Markets

	% of Annual Minimum Rent*	% of Portfolio Value*
Greater Toronto Area	39%	48%
Greater Montreal Area	14%	12%
Greater Calgary Area	14%	12%
Greater Vancouver Area	10%	11%
Greater Edmonton Area	10%	8%
Greater Ottawa Area	6%	4%
Kitchener/Waterloo/Guelph Area	5%	3%
Other	2%	2%
Total	**100%**	**100%**

*As at September 30, 2020



Creating neighbourhoods for everyday urban life™

Currently, over 90% of our revenues come from retail tenants who provide the essential products and services consumers need everyday, including grocery stores, pharmacies, liquor stores, banks, restaurants, cafés, fitness centres, medical services, childcare facilities and other professional and personal services. In each of our properties, we strive to assemble the right mix of complementary uses to best serve the local community and contribute to thriving urban neighbourhoods.

Strategic and Diversified Retail Tenant Mix

	# of Stores	% of Rent
Other Necessity-Based Retailers	505	18.6
Grocery Stores	118	17.0
Medical, Professional & Personal Services	1,361	15.4
QSR, Chains & Cafes	888	12.9
Pharmacies	118	9.0
Other Tenants	510	8.6
Banks & Credit Unions	192	8.3
Fitness Facilities	79	3.6
Liquor Stores	93	3.4
Other Restaurants	70	1.7
Daycare & Learning Centres	102	1.5

As at September 30, 2020

25 million square feet of incremental density within our existing portfolio

27 public art installations across our portfolio

Actively managing our assets

We view proactive management of our portfolio as a core competency and an important part of our strategy.

Proactive management means we continually invest in our properties to ensure they retain their market leading position. We strive to maintain the highest standards in design, appearance and customer amenities in our properties including the addition of public art installations and enhancing connectivity to transit and the local community. We are highly focused on maximizing the value and competitive position of our properties, by proactively evolving our tenant mix to attract the right tenants with the highest rent growth potential.

Our executive leadership team is centralized at our head office in Toronto, which ensures that best practices, procedures and standards are applied consistently across our operating markets through local teams.

Measuring our progress

As we continue to advance our Super Urban Strategy, we measure our progress through a number of key metrics.

Super Urban Portfolio Metrics

We define a super urban property based on its proximity to transit, its "Walkability Score", and most importantly its population density and expect to continue to improve these metrics over time through our investment and disposition activity. In Q3 2020, we surpassed our goal of reaching average population density of 300,000 by 2021.

99%

Currently, over 99% of our properties are located within a 5-minute walk to public transit.

78

Our portfolio has a "Walk Score" of 78. It is considered "Very Walkable", which is the second highest level achievable, where most errands can be accomplished on foot.

301,000

Average population density within a five-kilometre radius of each of our properties, up 96,000 or 47% from December 2016 making us a leader in North America on this metric.

Corporate Responsibility And Sustainability

Corporate Responsibility and Sustainability ("sustainability') at First Capital encompasses all aspects of our environmental, social and governance (ESG) practices.

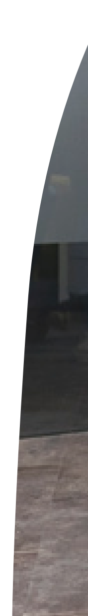
Sustainability has always been integral to the responsible management of every aspect of our business and the mitigation of various risks. By taking a holistic approach to ESG, we are focused on reducing our environmental impact while creating thriving and dynamic urban neighbourhoods and at the same time, delivering long-term value for our stakeholders. Simply put, it makes good business sense.

To support our commitment to sustainability leadership, we have in place robust capabilities to measure and report on our progress and to continually assess and improve our environmental programs each year. We recognize that our leadership in sustainability practices is important to our tenants and investors, as well as our employees and the communities in which we operate. We are committed to transparency and ensuring that our sustainability reporting is accurate, meaningful and accessible to all stakeholder groups. We employ a full-time Senior Director of Sustainability who is responsible for leading sustainability reporting initiatives and driving continuous ESG engagement and improvement across our organization, including through co-chairing our ESG Taskforce with our Chief Operating Officer.

First Capital published its first corporate responsibility and sustainability report ("CRS") in 2009. Since 2010, we have had a third-party conduct assurance on selected sustainability performance indicators, including greenhouse gas emissions and energy use. We have used the Global Reporting Initiative (GRI) framework for corporate responsibility reporting since 2011. In addition to GRI, we continue to monitor international reporting trends, including the work of the Sustainability Accounting Standards Board (SASB). Our 2019 CRS report included a number of disclosures recommended by the SASB. We also respond annually to the Global Real Estate Sustainability Benchmark (GRESB) survey and the Carbon Disclosure Project's (CDP) Climate Change questionnaire.

We recognize that our employees are at the core of our success and have well-developed programs promoting career development and supporting continuing education, including through tuition subsidies. First Capital encourages employee engagement and innovation through a value awards program, among other initiatives and also encourages employees to become unitholders through a unit purchase plan. First Capital is committed to the highest ethical standards, upholding a strict Anti-Corruption Compliance Policy and Code of Conduct and Ethics. As an entity with a social conscience, we are committed to giving back to communities in which we operate by participating in charitable initiatives that support vulnerable parts of the population through our newly launched FCR Thriving Neighbourhoods Foundation and by promoting environmental improvements that help neighbourhoods thrive.

We believe that sound and effective corporate governance is essential to our performance and have adopted a governance framework that reflects our values, ensures that effective corporate governance practices are followed and that the board of trustees (the "Board") functions independently of management. First Capital endorses the principle that the Board should have a balance of skills, experience and diversity. We believe that diverse Boards have enhanced decision-making abilities that lead to improved oversight and promote better overall corporate governance.



Our strength in ESG standards and disclosure is validated through numerous ratings, including achieving:

AAA	**'AAA' rating, the highest possible**, in the Morgan Stanley Capital International (MSCI) ESG Ratings assessment for the past three years
SILVER	**Awarded Silver 2020 Green Lease Leader Recognition** by the Institute for Market Transformation (IMT) and the U.S. Department of Energy's Better Building Alliance
ESG SCORES	**Awarded high ESG Quality Scores** across all three categories by Institutional Shareholder Services in 2019; on a scale of 1–10 with 1 being the highest: ENVIRONMENTAL : 2 / SOCIAL : 1 / GOVERNANCE : 1

Our ESG Priorities and Progress

ENVIRONMENTAL	
Reduce our carbon emissions and energy use	• 10% reduction in absolute greenhouse gas (GHG) emissions over 5 years (2015-2019) • Current target: 9% reduction in carbon emissions by 2021, 2018 baseline • Upgrade all parking lot and exterior lighting to energy efficient light emitting diode (LED) lamps by December 2020
Promote sustainable transportation	• > 99% of our portfolio within a 5-minute walk of public transit • Average Walk Score for our portfolio is 78 (very walkable) • Over 160 electric vehicle charging stations; goal to have electric charging stations installed at all our properties by 2024
Achieve green building certifications	• Achieve Building Owners and Managers Association's Building Environmental Standards (BOMA BEST) certification at all applicable properties by 2021; 76% of our portfolio is certified, as of December 31, 2019 • Certify all new construction projects to Leadership in Energy and Environmental Design (LEED) standards (subject to tenant acceptance); 16% of our portfolio (119 projects) is certified to LEED as of December 31, 2019
Effectively manage climate change risk and resilience	• Actively working to better understand the risks of climate change, incorporating this into our business continuity planning and in turn, increasing the resiliency of our properties and communities • Reviewing the recommendations and guidance put forth by the Task Force on Climate-related Financial Disclosures (TCFD) and are committed to defining how best to apply them to our business and across our portfolio. • Actively managing and reducing our carbon footprint

SOCIAL

Foster an engaged and diverse workforce

- Honouree in the Globe and Mail's inaugural "2020 Women Lead Here" list
- Strong gender diversity metrics achieved through all levels of the organization; over 50% of management positions are held by females including the executive leadership team

Be one of the best places to work

- Recognized by the Globe and Mail as one of the Greater Toronto's Top 2020 Employers
- Named one of Canada's Top Small and Medium Employers for 2020
- Best in class employee engagement score in most recent employee survey

Be a good corporate citizen in the communities we operate

- Signed the CEO pledge in support of The BlackNorth Initiative with the primary goal to take bold action on anti-black and other forms of systemic racism in Canada
- Long-standing support of public arts, now with 27 installations across our portfolio
- Launched the FCR Thriving Neighbourhoods Foundation in 2020; employee-led charitable giving and volunteer program focused on community support
- Launched FCR's Small Business Support Program to assist qualifying tenants during the COVID-19 pandemic
- Supported eligible tenants through participation in Canada Emergency Commercial Rent Assistance program
- Supported frontline and community service workers by delivering thousands of fresh meals in partnership with independent grocery and restaurant tenants
- Participation in numerous local neighbourhood and community volunteer events

GOVERNANCE

Have a strong governance framework in place that:

- Reflects our values
- Ensures effective corporate governance practices are followed
- Ensures the Board functions independently of management
- Ensures diversity is considered in determining optimal board composition

Strive to be a governance leader by making it a priority to:

- Continuously adopt new and improved governance practices
- Follow recommendations as governance standards evolve

Monitor our progress:

- Reviewing our annual governance scores from ISS, the Globe and Mail Board Games and other similar rankings with our Board
- Providing opportunities for our unitholders to communicate directly with our Board

At First Capital, we aspire to uphold our position as an industry leader in sustainability. We strive for performance excellence at our properties and new developments, creating thriving, healthy, sustainable urban neighbourhoods. We foster a vibrant corporate culture that ensures equal opportunity and well-being for all employees. Through our actions we will continue to create long-term value for all of our stakeholders. For more information on the Company's ESG practices, please refer to the latest Corporate Responsibility & Sustainability report on the Company's website at **www.fcr.ca/sustainability**.

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 Real Estate Investment Trust (“First Capital”, “FCR” or the “Trust”) is intended to provide readers with an assessment of performance and summarize the financial position and results of operations for the three and nine months ended September 30, 2020 and 2019. It should be read in conjunction with the Trust’s audited annual consolidated financial statements for the years ended December 31, 2019 and 2018. Additional information, including First Capital's current Annual Information Form, is available on the SEDAR website at www.sedar.com and on the FCR website at www.fcr.ca.

All dollar amounts are in thousands of Canadian dollars, unless otherwise noted. Historical results and percentage relationships contained in First Capital’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 November 3, 2020.

Effective December 30, 2019, First Capital Realty Inc. (the "Company") completed its Plan of Arrangement (the "Arrangement") to convert into a real estate investment trust ("REIT"). Under the Arrangement, Shareholders of the Company received one trust unit ("Trust Unit") or one Class B Limited Partnership Unit ("Exchangeable Unit") of a controlled limited partnership of the Trust, for each common share of the Company held. Consequently, any references to common shares, Shareholders and per share amounts relate to periods prior to the conversion on December 30, 2019 and any references to Trust Units, Unitholders and per unit amounts relate to periods subsequent to December 30, 2019. Since the Trust is a continuation of First Capital Realty Inc., the prior year comparatives contained in First Capital’s unaudited interim and audited annual consolidated financial statements and MD&A are those of the Company.

OUTLOOK AND CURRENT BUSINESS ENVIRONMENT

As a result of the COVID-19 pandemic, governments across Canada mandated the closure of non-essential businesses beginning in mid-March 2020. First Capital’s tenant mix has been designed to provide consumers with their everyday needs, as such, many of its tenants were deemed essential by governments across Canada and remained open during the second quarter. In mid-May, governments began to allow phased re-openings of deemed non-essential tenants with the vast majority of First Capital’s tenants open for business by the end of the second quarter.

As the third quarter came to a close, new restrictions were implemented in response to rising COVID-19 cases in Montreal and the Ontario regions of Ottawa, Toronto, Peel, and York. These localized restrictions included mandated closures for at least 28 days for fitness centres, cinemas, and indoor restaurant dining. All of First Capital’s other tenants remained open.

FCR has followed all governmental directives to ensure the safety of its employees, tenants, customers, and neighbours during the pandemic. In March, First Capital initiated physical distancing protocols for employees, including working remotely, for all staff other than its essential Property Operations Team. Phased re-opening of its offices began in July,with additional measures and mandatory training implemented to maintain the health and safety of employees. The offices are operating at reduced capacity to ensure physical distancing and signage was added throughout the office spaces to direct employees on safe habits and personal protective equipment has been provided.

Actively managing assets

First Capital operates a portfolio of assets primarily located in super urban neighbourhoods within Canada’s largest and fastest growing cities. First Capital’s portfolio is built on a solid foundation of grocery-anchored properties with curated retail that includes pharmacy, liquor, government and medical services, which are among the uses that were classified as essential and remained open under the directives issued by the applicable governments across Canada. FCR’s Property Operations Team continues to work together with its tenants to provide safe spaces for their employees and customers. Signage has been installed to guide tenants’ employees and customers through the properties and maintain safe physical distancing. FCR will continue to focus on health and safety at its properties, substantially all of which are grocery and pharmacy anchored, to minimize risk while continuing to serve the neighbourhood's needs and adapt to the current environment and beyond. As an example, earlier this year, FCR expanded its Quick Shop program by launching a Customer

Quick Pick-up program which facilitates curbside pickup at designated parking areas within its properties to enhance convenience and safety for its tenants and their customers.

Supporting our tenants

First Capital recognizes that small businesses play an important role in the neighbourhoods where FCR operates. In late March, FCR announced the launch of its Small Business Support Program ("SBSP"), to provide up to $30 million of support to qualifying tenants in the form of deferred rent. During the second quarter, the federal government implemented the Canada Emergency Commercial Rental Assistance ("CECRA") program to support small and medium sized businesses that were mandated to close, which largely replaced FCR's SBSP. The CECRA program was extended to cover the months of April through September 2020. Under the program, the property owner abated 75% of the qualifying tenant's gross rent, the government extends a forgivable loan to the property owner equal to 50% of the gross rent, and the remaining 25% of gross rent was paid by the tenant. First Capital views the program as an investment in the financial health of its qualifying tenants that would benefit them positively and also benefit First Capital as the participating tenants were otherwise thriving and profitable businesses. As such, First Capital committed to fully supporting its qualifying tenants through participation in the program for all applicable periods. During the second and third quarters, First Capital recorded the tenants' rental abatement, net of the related government receivable, as bad debt expense for a total of $13.4 million.

To continue to support businesses through the pandemic, the federal government announced a new rent support program, the Canada Emergency Rent Subsidy ("CERS"), that will support tenants directly and is expected to continue through to June 2021. The new rent subsidy will support businesses that have suffered a revenue drop, by subsidizing eligible expenses, including rent and interest on commercial mortgages. For the period from September 27 to December 19, 2020, the program subsidizes up to 65% of eligible expenses and includes a 25% top-up for organizations temporarily shut down by a mandatory public health order. After this initial time period, the government will revisit the amount of the subsidy.

In addition to participating in the CECRA program, First Capital is providing savings to tenants from FCR's participation in the Canada Emergency Wage Subsidy ("CEWS") program. The wage subsidy results in a reduction in property operations personnel costs that will be passed on to tenants through lower operating cost recoveries. First Capital remains committed to working with its tenants to assist with adapting to new realities. However, despite the assistance programs available, some tenants may fail, in which case a temporary increase in vacancy may occur.

Overall, First Capital collected 92% of the gross rent due in the third quarter, before any deferrals or abatements. Adjusting for approved deferrals and abatements, First Capital collected 98% of the gross rent due in the third quarter. To date, First Capital collected 90% of the gross rent due for the month of October.

Supporting our Communities

As a way to support First Capital's independent grocery and restaurant tenants and to show its gratitude and thanks for the tireless efforts of front line and community service workers, First Capital delivered over 1,600 delicious and nutritious meals to these modern-day heroes over the past six months. From hospital and emergency service workers to staff and patrons at men and women's shelters, the meal delivery program was a win-win partnership between First Capital and its independent food tenants across Canada.

Managing the balance sheet

The full extent and duration of the financial impact of COVID-19 on communities and the economy remains uncertain. Therefore, First Capital has taken the following proactive measures to provide greater financial strength and flexibility.

- First Capital implemented a cost reduction program that includes both proactive and naturally occurring decreases in planned spending in several areas of the business due to limitations imposed by the pandemic. This includes reducing property operating costs, general and administrative expenses, elective capital expenditures and deferring the commencement of certain planned development spend. FCR anticipates reductions in planned spending to total approximately $75 million by the end of the year. First Capital has achieved approximately 89% of this target as of September 30, 2020.
- In the third quarter, First Capital funded a new 10-year $116 million mortgage bearing interest at 2.72%, which is the lowest 10-year rate the Trust has ever obtained. The proceeds were used to pay down a portion of the balance outstanding on the Trust's revolving credit facility, which further enhanced First Capital's liquidity position.

- On September 1, 2020, the Trust completed the issuance of $200 million principal amount of Series A senior unsecured debentures due March 1, 2028. These debentures bear interest at a coupon rate of 3.447% per annum, payable semi-annually commencing March 1, 2021.
- First Capital is maintaining a strong balance sheet. As of November 3, 2020, the Trust's liquidity position includes approximately $835 million of cash and undrawn credit facilities and remaining debt maturities for 2020 and 2021 total only $305 million. As at the quarter end, the Trust had unencumbered properties with an IFRS value of approximately $7.0 billion and a net debt to asset ratio of 48.0%.

Lending activities

First Capital provides co-owner financing, priority mortgages and mezzanine loans to third parties in connection with certain transactions and partnerships. These loans and mortgages receivable are secured and often provide FCR with the opportunity to acquire full or partial interests in the underlying assets that are consistent with its investment strategy through rights, options or negotiated transactions. Therefore, in addition to generating interest income and fees, these lending activities provide an alternative means to obtaining purchase options and/or participation in projects which may otherwise have not been accessible. Additionally, from time to time, FCR partners with experienced real estate lenders and investment companies whose primary business is lending which helps to mitigate risk.

FCR's loans and mortgages receivable totaling $135.7 million are secured primarily by interests in investment properties or shares of entities owning investment properties which helps to mitigate the risk of non-payment.

Disposition program

First Capital has an objective to sell 100% interests in properties that are deemed to be inconsistent with its Super Urban Strategy. In addition, First Capital also has an objective to sell 50% non-managing interests to institutional partners in certain stable but growing properties, to ultimately expand its position in these markets without increasing investment capital. In April 2019, following the share repurchase transaction, First Capital increased its strategic disposition target to $1.5 billion from $1.0 billion. During 2019, FCR completed dispositions under this strategy totaling $835.0 million, more than 50% of its target. During the nine months ended September 30, 2020, $134.3 million of strategic dispositions were completed increasing the total dispositions to approximately $1.0 billion. As a result of the pandemic and the disruption in the financial markets, the property transaction market slowed considerably pending market and economic stabilization. Accordingly, FCR's disposition program had been temporarily paused throughout most of the second quarter but has since resumed.

Development initiatives

Construction at five of First Capital's development projects was temporarily halted late in the first quarter under government directives. Construction on all projects resumed during the second quarter. All projects experienced only minor delays and are progressing towards completion within similar timeframes as originally planned.

During 2019, FCR submitted entitlement applications for gross floor area of 9.0 million square feet and had a goal to submit an additional 4.3 million square feet in 2020. For the nine months ended September 30, 2020, FCR submitted applications for approximately 1.6 million square feet. Due to the COVID-19 pandemic, municipal offices were initially functioning at reduced capacity early in the second quarter but had, for the most part, resumed normal activities by the end of the quarter. Due to these earlier delays, FCR expects to achieve approximately 50-60% of its planned goal for 2020 entitlement submissions.

Management continues to monitor the economic impacts of COVID-19 on the valuation of the portfolio, including properties under development. As of September 30, 2020, FCR had approximately 0.6 million square feet under active development of which 0.3 million square feet is residential rental apartments. First Capital believes that the strategy to develop, own and operate properties that meet the needs of everyday urban life in Canada's most densely populated neighbourhoods will provide value over the long term.

Outlook

The unprecedented closure of much of the world's economy to mitigate the impacts of the pandemic has presented challenges across all industries and geographies. While it is too early to predict the full impact on First Capital, certain aspects of the Trust's business and operations that could potentially be impacted include rental income, occupancy, tenant improvements, future demand for space, and market rents, all of which ultimately impact the underlying valuation of investment properties. Refer to the “Risks and Uncertainties” section of this MD&A for a discussion about the risks associated with the COVID-19 pandemic.

First Capital believes, based on its exceptionally high quality portfolio which has always been focused on everyday essentials, that it will continue to attract high tenant demand for its space and consequently low re-leasing risk for any potential vacancy as a result of COVID-19. This has proven true thus far with the limited space that has become vacant, some of which has already been re-leased.

First Capital will continue to be guided by its corporate responsibility and sustainability program and values. The core beliefs of collaboration, innovation, excellence, accountability, and passion continue to be demonstrated throughout all areas of the organization.

NON-IFRS FINANCIAL MEASURES

In addition to measures determined in accordance with International Financial Reporting Standards ("IFRS"), First Capital uses non-IFRS financial measures to analyze its financial performance. In Management’s view, such non-IFRS financial measures are commonly accepted and meaningful indicators of financial performance in the real estate industry and provide useful supplemental information to both Management and investors. These measures do not have a standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other real estate entities, and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

The following describe the non-IFRS measures First Capital currently uses in evaluating is financial performance.

Proportionate Interest

"Proportionate interest" or "Proportionate share" is defined by Management as First Capital’s proportionate share of revenues, expenses, assets and liabilities in all of its real estate investments. Under IFRS, FCR's six equity accounted joint ventures are presented on one line item in the consolidated balance sheets and the consolidated statements of income, in aggregate. In the "Non-IFRS Reconciliations and Financial Measures" section of this MD&A, Management presents a consolidated balance sheet and income statement as if its joint ventures were proportionately consolidated. In addition, Management presents certain tables relating to its portfolio by geographic region, enterprise value, and debt metrics on a proportionate basis to enhance the relevance of the information presented. The presentation of financial information at FCR's proportionate interest provides a useful and more detailed view of the operation and performance of First Capital's business and how Management operates and manages the business. This presentation also depicts the extent to which the underlying assets are leveraged, which are included in First Capital's debt metrics. In addition, FCR's lenders require Management to calculate its debt metrics on a proportionate interest basis.

To achieve the proportionate presentation of its six equity accounted joint ventures, Management allocates FCR's proportionate share of revenues, expenses, assets, and liabilities to each relevant line item which replaces the one line presentation found in the IFRS consolidated financial statements. In addition, under IFRS, FCR exercises control over two partially owned ventures and consolidates 100% of the revenues, expenses, assets, and liabilities in the consolidated financial statements. In the reconciliations, the partially owned ventures are also presented as if they were proportionately consolidated. To achieve the proportionate presentation of its partially owned ventures, Management subtracts the non-controlling interest's share (the portion FCR doesn't own) of revenue, expenses, assets, and liabilities on each relevant line item. FCR does not independently control its joint ventures that are accounted for using the equity method, and the proportionate presentation of these joint ventures does not necessarily represent FCR's legal claim to such items.

Net Operating Income

Net Operating Income (“NOI”) is defined by Management as property rental revenue less property operating costs. NOI is a commonly used metric for analyzing real estate performance in Canada by real estate industry analysts, investors and Management. Management believes that NOI is useful in analyzing the operating performance of First Capital’s portfolio.

Total Same Property NOI

Total Same Property NOI ("SP NOI") is defined by Management as NOI from properties categorized as "Same Property — stable" and "Same Property with redevelopment" (see definitions under "Real Estate Investments — Investment Property Categories" section of this MD&A). NOI from properties that have been (i) acquired, (ii) disposed, (iii) included in major redevelopment or ground-up development or (iv) held for sale are excluded from the determination of SP NOI. SP NOI is presented on a cash basis, as it excludes straight-line rent. Management believes that SP NOI is a useful measure in understanding period over period changes in cash NOI for its Same Property portfolio due to occupancy, rental rates, operating costs and realty taxes. A reconciliation from SP NOI to total NOI can be found in the "Results of Operations - Net Operating Income" section of this MD&A.

Same Property — Stable NOI

Same Property — stable NOI is defined by Management as NOI from stable properties where the only significant activities are leasing and ongoing maintenance (see complete definition under "Real Estate Investments — Investment Property Categories" section of this MD&A). Management believes that Same Property — stable NOI is a useful measure in understanding period over period changes in cash NOI for its largest category of properties.

Funds from Operations

Funds from Operations ("FFO") is a recognized measure that is widely used by the real estate industry, particularly by publicly traded entities that own and operate income-producing properties. First Capital calculates FFO in accordance with the recommendations of the Real Property Association of Canada ("REALPAC") as published in its most recent "White Paper on Funds from Operations and Adjusted Funds From Operations for IFRS" dated February 2019. Management considers FFO 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 FCR's net income that may not be the most appropriate determinants of the long-term operating performance of FCR, such as investment property selling costs; tax on gains or losses on disposals of properties; deferred income taxes; distributions on Exchangeable Units; fair value gains or losses on Exchangeable Units; fair value gains or losses on unit-based compensation; and any gains, losses or transaction costs recognized in business combinations. FFO provides a perspective on the financial performance of FCR that is not immediately apparent from net income determined in accordance with IFRS. A reconciliation from net income to FFO can be found in the "Non-IFRS Reconciliations and Financial Measures — FFO and ACFO" section of this MD&A.

Adjusted Cash Flow from Operations

Adjusted Cash Flow from Operations ("ACFO") is a supplementary measure First Capital began using in 2017 to measure operating cash flow generated from the business. ACFO replaced FCR's previously reported Adjusted Funds from Operations ("AFFO") as its supplementary cash flow metric. FCR calculates ACFO in accordance with the recommendations of REALPAC as published in its most recent "White Paper on Adjusted Cashflow From Operations (ACFO) for IFRS" dated February 2019.

Management considers ACFO a meaningful metric to measure operating cash flows as it represents sustainable cash available to pay distributions to Unitholders. ACFO includes a number of adjustments to cash flow from operations under IFRS including, eliminating seasonal and non-recurring fluctuations in working capital, adding cash flows associated with equity accounted joint ventures and deducting actual revenue sustaining capital expenditures and actual capital expenditures recoverable from tenants. Lastly, ACFO includes an adjustment to exclude the non-controlling interest's portion of cash flow from operations under IFRS, attributed to FCR's consolidated joint venture. A reconciliation of cash flow from operations under IFRS to ACFO can be found in the "Non-IFRS Reconciliations and Financial Measures — FFO and ACFO" section of this MD&A.

Weighted average units or shares outstanding for FFO

For purposes of calculating per unit or per share amounts for FFO, the weighted average number of diluted units or shares outstanding includes the weighted average outstanding Trust Units or common shares and Exchangeable Units as at the end of the period; and assumes conversion of all outstanding Deferred Units, Restricted Units, Performance Units and any dilutive Options as at the end of the period.

FFO and ACFO Payout Ratios

FFO and ACFO payout ratios are supplementary non-IFRS measures used by Management to assess the sustainability of First Capital's distribution payments. The FFO payout ratio is calculated using distributions declared per unit divided by FFO per unit. The ACFO payout ratio is calculated on a rolling four quarter basis by dividing total cash distributions paid by ACFO over the same period. Management considers a rolling four quarter ACFO payout ratio more relevant than a payout ratio in any given quarter due to the impact of seasonal fluctuations in ACFO period over period.

Enterprise Value

Enterprise value is the sum of the carrying value of First Capital's total debt on a proportionate basis and the market value of FCR's Trust Units and Exchangeable Units outstanding at the respective quarter end date. This measure is used by FCR to assess the total amount of capital employed in generating returns to Unitholders.

Net Debt

Net debt is a measure used by Management in the computation of certain debt metrics, providing information with respect to certain financial ratios used in assessing First Capital's debt profile. Net debt is calculated as the sum of principal amounts outstanding on credit facilities and mortgages, bank indebtedness and the par value of senior unsecured debentures reduced by the cash balances at the end of the period.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA") is a measure used by Management in the computation of certain debt metrics. Adjusted EBITDA, is calculated as net income, adding back income tax expense, interest expense and amortization and excluding the increase or decrease in the fair value of investment properties, fair value gains or losses on Exchangeable Units, fair value gains or losses on unit-based compensation and other non-cash or non-recurring items. FCR also adjusts for incremental leasing costs, which is a recognized adjustment to FFO, in accordance with the recommendations of REALPAC.

Unencumbered Aggregate Assets

Unencumbered aggregate assets represents the value of assets that have not been pledged as security under a credit agreement or mortgage. The unencumbered aggregate asset value ratio is calculated as unencumbered aggregate assets divided by the principal amount of unsecured debt, which consists of bank indebtedness, unsecured credit facilities and senior unsecured debentures. This ratio is used by Management to assess the flexibility of First Capital to obtain various forms of debt financing at a reasonable cost of capital.

Net Asset Value

Net Asset Value ("NAV") represents the proportionate share of First Capital's total assets less the proportionate share of its total liabilities excluding deferred tax liabilities and Exchangeable Units.

NAV per unit represents NAV, as calculated above, divided by the number of diluted units or shares outstanding as at the end of the period. For purposes of calculating per unit amounts for NAV, the number of diluted units or shares outstanding includes all outstanding Trust Units or common shares and Exchangeable Units as at the end of the period and assumes conversion of all outstanding Deferred Units, Restricted Units, Performance Units and any dilutive Options as at the end of the period.

OPERATING METRICS

First Capital presents certain operating metrics and portfolio statistics in the MD&A, which include neighbourhood count, property category, GLA, occupancy, weighted average rate per occupied square foot, top 40 tenants, development pipeline, and renewal activities. FCR uses these operating metrics to monitor and measure operational performance period over period. To align FCR's GLA reporting with its ownership interest in its properties, unless otherwise noted, all GLA is presented at FCR's ownership interest (20.2 million square feet at its ownership interest compared to 22.8 million square feet at 100% as at September 30, 2020). First Capital's operating metrics and GLA excludes residential GLA totaling 296,000 square feet and hotel GLA of 30,000 square feet as amounts are not significant at this time. Effective January 1, 2020, FCR has replaced property count with neighbourhood count to align further with its Super Urban Strategy. Prior period metrics have been restated to conform with the current period's presentation.

SUMMARY CONSOLIDATED INFORMATION AND HIGHLIGHTS

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Revenues, Income and Cash Flows [1]				
Revenues and other income	**$ 166,728**	$ 195,478	**$ 511,788**	$ 594,328
NOI [2]	**$ 101,478**	$ 115,023	**$ 293,386**	$ 346,448
Increase (decrease) in value of investment properties, net	**$ (40,907)**	$ 25,827	**$ (193,146)**	$ 42,034
Increase (decrease) in value of hotel property	**$ (23)**	$ —	**$ (4,350)**	$ —
Net income (loss) attributable to Unitholders / Shareholders	**$ 11,262**	$ 65,490	**$ (34,566)**	$ 208,886
Net income (loss) per unit / share attributable to Unitholders / Shareholders (diluted)	**$ 0.05**	$ 0.30	**$ (0.16)**	$ 0.89
Weighted average number of units / shares - diluted (in thousands)	**220,522**	220,664	**220,478**	234,269
Cash provided by operating activities	**$ 43,469**	$ 70,254	**$ 126,768**	$ 162,242
Distributions / Dividends				
Distributions / Dividends declared	**$ 47,068**	$ 47,294	**$ 140,875**	$ 149,604
Distributions declared per unit	**$ 0.215**	$ —	**$ 0.645**	$ —
Dividends declared per common share	**$ —**	$ 0.215	**$ —**	$ 0.645
Cash distributions / dividends paid	**$ 46,990**	$ 47,104	**$ 140,779**	$ 156,724

As at September 30	**2020**	2019
Financial Information [1]		
Investment properties [3]	**$ 9,537,692**	$ 10,119,973
Hotel property	**$ 55,620**	$ 58,670
Total assets	**$ 10,013,445**	$ 10,585,127
Mortgages [3]	**$ 1,364,311**	$ 1,434,249
Credit facilities	**$ 906,246**	$ 1,220,902
Senior unsecured debentures	**$ 2,521,844**	$ 2,496,964
Exchangeable Units	**$ 1,722**	$ —
Unitholders' / Shareholders' equity	**$ 4,233,905**	$ 4,272,781
Net Asset Value per unit / share [2]	**$ 22.24**	$ 23.08
Capitalization and Leverage		
Trust Units / Shares outstanding (in thousands)	**219,286**	219,100
Exchangeable Units outstanding	**133**	N/A
Enterprise value [2]	**$ 7,696,000**	$ 10,066,000
Net debt to total assets [2] [4]	**48.0%**	48.9%
Weighted average term to maturity on mortgages, fixed rate unsecured term loans and senior unsecured debentures (years)	**4.9**	5.4

As at September 30		**2020**		2019
Operational Information				
Number of neighbourhoods		**150**		164
GLA (square feet) - at 100%		**22,830,000**		25,092,000
GLA (square feet) - at ownership interest		**20,232,000**		22,936,000
Occupancy - Same Property - stable [2]		**96.3%**		97.0%
Total portfolio occupancy		**96.0%**		96.7%
Development pipeline and adjacent land (GLA) [5]				
Commercial pipeline (primarily retail)		**2,240,000**		2,204,000
Residential pipeline		**22,770,000**		21,704,000
Average rate per occupied square foot	**$**	**21.84**	$	20.65
Commercial GLA developed and transferred online - at ownership interest		**28,000**		178,000
Residential units developed and transferred online		**119**		199
Same Property - stable NOI - increase (decrease) over prior period [2] [6]		**(6.5%)**		2.2%
Total Same Property NOI - increase (decrease) over prior period [2] [6]		**(8.2%)**		2.9%

	Three months ended September 30				Nine months ended September 30			
		2020		2019		**2020**		2019
Funds from Operations [2] [4]								
FFO	**$**	**58,140**	$	75,595	**$**	**159,458**	$	221,477
FFO per diluted unit / share	**$**	**0.26**	$	0.34	**$**	**0.72**	$	0.95
FFO payout ratio		**81.4%**		62.7%		**89.2%**		68.3%
Weighted average number of units / shares - diluted (in thousands)		**220,522**		220,664		**220,478**		234,269
Adjusted Cash Flow from Operations [2] [4]								
ACFO	**$**	**68,117**	$	60,533	**$**	**143,547**	$	183,858
ACFO payout ratio on a rolling four quarter basis						**88.6%**		82.9%

[1] As presented in First Capital's IFRS consolidated financial statements.

[2] Refer to the "Non-IFRS Financial Measures" section of this MD&A.

[3] Includes properties and mortgages classified as held for sale.

[4] Reflects joint ventures proportionately consolidated. Refer to the "Non-IFRS Financial Measures – *Proportionate Interest*" section of this MD&A.

[5] At First Capital's ownership interest. Square footage does not include potential development on properties held by FCR's MMUR joint venture.

[6] Calculated based on the year-to-date NOI. Prior period amounts not restated for current period property categories.

BUSINESS AND OPERATIONS REVIEW

Real Estate Investments

Investment Property Categories

First Capital categorizes its properties for the purposes of evaluating operating performance including Total Same Property NOI. This enables FCR 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, FCR revises comparative information to reflect property categories consistent with current period status. The property categories are as follows:

Total 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 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 façade, 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 properties. 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.

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

Portfolio Overview

As at September 30, 2020, First Capital had interests in 150 neighbourhoods, which were 96.0% occupied with a total GLA of 20.2 million square feet at FCR's ownership interest (22.8 million square feet at 100%) and a fair value of $9.6 billion. This compares to 156 neighbourhoods, which were 96.9% occupied with a total GLA of 20.9 million square feet at FCR's ownership interest (23.5 million square feet at 100%) and a fair value of $9.8 billion as at December 31, 2019.

The Same Property portfolio includes properties sub-categorized in Same Property – stable and Same Property with redevelopment. The Same Property portfolio is comprised of 134 neighbourhoods with a total GLA of 18.1 million square feet at FCR's ownership interest (20.5 million square feet at 100%) and a fair value of $7.6 billion. These properties represent 89.3% of FCR's neighbourhood count, 89.4% of its GLA at FCR's ownership interest and 78.3% of its fair value as at September 30, 2020.

The balance of FCR's real estate assets consists of properties which are in various stages of redevelopment, properties acquired in 2020 or 2019 and properties in close proximity to them, as well as properties held for sale.

First Capital's portfolio based on property categorization is summarized as follows:

As at	**September 30, 2020**				December 31, 2019			
	% of Total GLA	**GLA (000s sq. ft.)**	**Occupancy**	**Weighted Average Rate per Occupied Square Foot**	% of Total GLA	GLA (000s sq. ft.)	Occupancy	Weighted Average Rate per Occupied Square Foot
Same Property – stable	**79.3%**	**16,038**	**96.3%**	**$ 21.70**	76.8%	16,070	97.2%	$ 21.45
Same Property with redevelopment	**10.2%**	**2,059**	**94.7%**	**18.34**	9.8%	2,058	96.3%	17.96
Total Same Property	**89.5%**	**18,097**	**96.1%**	**21.32**	86.6%	18,128	97.1%	21.05
Major redevelopment	**6.9%**	**1,401**	**94.0%**	**27.40**	6.8%	1,421	96.0%	25.97
Ground-up development	**1.4%**	**291**	**99.5%**	**31.41**	1.3%	279	99.2%	32.36
Acquisitions [(1)]	**0.4%**	**73**	**97.5%**	**21.89**	0.1%	23	100.0%	29.57
Investment properties classified as held for sale	**1.8%**	**370**	**94.6%**	**18.41**	1.9%	381	94.7%	17.79
Dispositions	**—%**	**—**	**—%**	**—**	3.3%	695	93.5%	13.51
Total	**100.0%**	**20,232**	**96.0%**	**$ 21.84**	100.0%	20,927	96.9%	$ 21.25

(1) Includes current year and prior year acquisitions.

First Capital's portfolio by major market is summarized as follows:

As at	September 30, 2020							December 31, 2019						
(millions of dollars, except other data)	**Number of Neighbour-hoods**	**GLA (000s sq. ft.)**	**Fair Value(1)**	**% of Total Fair Value**	**Occupancy**	**Weighted Average Rate per Occupied Square Foot**	**% of Annual Minimum Rent**	Number of Neighbour-hoods	GLA (000s sq. ft.)	Fair Value(1)	% of Total Fair Value	Occupancy	Weighted Average Rate per Occupied Square Foot	% of Annual Minimum Rent
Greater Toronto Area	**51**	**6,851**	**$ 4,594**	**48%**	**95.8%**	**$ 24.99**	**39%**	50	6,840	$ 4,580	47%	96.6%	$ 24.43	37%
Greater Montreal Area	**28**	**3,551**	**1,114**	**12%**	**96.4%**	**16.96**	**14%**	32	3,860	1,187	12%	96.5%	16.46	14%
Greater Calgary Area	**17**	**2,723**	**1,165**	**12%**	**96.2%**	**23.45**	**14%**	17	2,723	1,200	12%	97.1%	23.24	14%
Greater Vancouver Area	**16**	**1,750**	**1,033**	**11%**	**94.4%**	**25.58**	**10%**	17	1,785	1,059	11%	97.3%	25.16	10%
Greater Edmonton Area	**11**	**2,280**	**778**	**8%**	**94.9%**	**19.61**	**10%**	11	2,279	811	8%	96.7%	19.44	10%
Greater Ottawa Area	**13**	**1,304**	**398**	**4%**	**97.3%**	**18.87**	**6%**	13	1,304	399	4%	97.1%	18.85	6%
Kitchener/ Waterloo/Guelph Area	**5**	**1,046**	**327**	**3%**	**96.5%**	**18.92**	**5%**	5	1,042	334	3%	99.3%	18.83	5%
Other	**9**	**727**	**196**	**2%**	**99.1%**	**17.82**	**2%**	11	1,094	254	3%	96.4%	15.80	4%
Total	**150**	**20,232**	**$ 9,605**	**100%**	**96.0%**	**$ 21.84**	**100%**	156	20,927	$ 9,824	100%	96.9%	$ 21.25	100%

(1) At FCR's proportionate interest, including hotel property at net book value as at September 30, 2020 and December 31, 2019, respectively.

Investment Properties

A continuity of First Capital's investment in its property acquisitions, dispositions, development and portfolio improvement activities is as follows:

	Three months ended September 30, 2020	**Nine months ended September 30, 2020**
(millions of dollars)	**Investment Properties**	**Investment Properties**
Balance at beginning of period	**$ 9,514**	**$ 9,752**
Acquisitions (1)		
Investment properties and additional adjacent spaces	**17**	**17**
Development activities and property improvements	**48**	**151**
Reclassification to residential development inventory	**—**	**(58)**
Increase (decrease) in value of investment properties, net	**(41)**	**(193)**
Dispositions	**—**	**(134)**
Other changes	**—**	**3**
Balance at end of period (2)	**$ 9,538**	**$ 9,538**

(1) During the first quarter, one of the Trust's wholly owned subsidiaries purchased a property from another consolidated subsidiary, that is subject to a non-controlling interest. The Trust's net effective ownership in the asset increased by 15.5% to 100%. The Trust's acquisition cost for its incremental 15.5% interest was $25.4 million which is reflected as a distribution to the non-controlling interest partner in the interim consolidated financial statements.

(2) Includes investment properties classified as held for sale as at September 30, 2020 totaling $134.1 million of investment properties.

(millions of dollars)	Three months ended September 30, 2019 Investment Properties	Nine months ended September 30, 2019 Investment Properties
Balance at beginning of period	$ 9,700	$ 9,768
Acquisitions		
Investment properties and additional adjacent spaces	345	372
Development activities and property improvements	66	170
Consolidation of equity accounted joint venture	131	131
Increase (decrease) in value of investment properties, net	26	42
Dispositions	(149)	(367)
Other changes	1	4
Balance at end of period [1]	$ 10,120	$ 10,120

[1] Includes investment properties classified as held for sale as at September 30, 2019 totaling $506.7 million of investment properties.

2020 Acquisitions

Income-producing properties

During the three months ended September 30, 2020, First Capital acquired one super urban property located in Toronto and an adjacent property in Montreal. During the first quarter, First Capital acquired the remaining 15.5% interest in one downtown Toronto property held through Main & Main Urban Realty LP ("MMUR"), as summarized in the table below:

Count	Property Name	City/Province	Quarter Acquired	Interest Acquired	GLA (sq. ft.)	Acreage	Acquisition Cost (in millions)
1.	Yonge & Roselawn Assembly [1]	Toronto, ON	Q1	15.5%	—	0.3	$ 25.4
2.	1795 Rue Fleury	Montreal, QC	Q3	100%	4,193	0.2	$ 1.7
3.	261 Queens Quay E (Bayside Village)	Toronto, ON	Q3	50%	23,979	1.6	$ 15.3
	Total				28,172	2.1	$ 42.4

[1] During the first quarter, one of the Trust’s wholly owned subsidiaries purchased a property from another consolidated subsidiary, that is subject to a non-controlling interest. The Trust’s net effective ownership in the asset increased by 15.5% to 100%. The Trust’s acquisition cost for its incremental 15.5% interest was $25.4 million which is reflected as a distribution to the non-controlling interest partner in the interim consolidated financial statements.

2020 Dispositions

During the nine months ended September 30, 2020, First Capital disposed of its interests in thirteen properties, all of which were in non-super urban neighbourhoods. These dispositions are summarized in the table below:

Count	Property Name	City/Province	Quarter Sold	Interest Sold	GLA (sq. ft.)	Acreage	Gross Sales Price (in millions)
1.	Greater Montreal Area Portfolio	Montreal, QC	Q1	100%	226,300	19.8	
2.	Plaza Laval Elysee	Laval, QC	Q1	100%	64,700	5.3	
3.	Gorge Shopping Centre	Victoria, BC	Q1	100%	37,000	1.7	
4.	1610 The Queensway	Toronto, ON	Q1	100%	2,200	0.5	
5.	Windsor Portfolio	Windsor, ON	Q2	100%	285,900	41.5	
6.	Carrefour Belvedere / Edifice Hooper	Sherbrooke, QC	Q2	100%	98,000	8.6	
	Total				714,100	77.4	$ 134.3

Capital Expenditures

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

Revenue sustaining capital expenditures are required for maintaining First Capital's property 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 FCR's properties. 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 properties, such as roof replacements and resurfacing of parking lots.

Revenue enhancing capital expenditures are those expenditures that increase the revenue generating ability of FCR's properties. 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. First Capital owns and actively seeks to acquire older, well-located properties in urban locations, where expenditures tend to be higher when they are subsequently repaired or redeveloped to meet FCR's standards.

Capital expenditures incurred in development and redevelopment projects include pre-development costs, direct construction costs, leasing costs, tenant improvements, borrowing costs, overhead including applicable salaries and 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:

Nine months ended September 30			**2020**	2019
	Total Same Property	**Other Property Categories**	**Total**	Total
Revenue sustaining	**$ 14,771**	**$ —**	**$ 14,771**	$ 15,021
Revenue enhancing	**10,774**	**3,722**	**14,496**	25,746
Expenditures recoverable from tenants	**704**	**380**	**1,084**	5,203
Development expenditures	**15,876**	**104,398**	**120,274**	125,119
Total	**$ 42,125**	**$ 108,500**	**$ 150,625**	$ 171,089

During the nine months ended September 30, 2020, capital expenditures declined by $20.5 million to $150.6 million compared to $171.1 million for the same prior year period. Since the onset of the pandemic the Trust has implemented a cost reduction program to manage elective capital expenditures and defer certain planned development activities, in order to provide itself greater financial flexibility. As a result, spend on revenue enhancing projects has declined, as well as spend on new developments over the prior year period.

Valuation of Investment Properties

The approach selected for valuing investment properties depends on the type of property and other factors such as stage of development. The components of First Capital's investment properties for the purposes of calculating fair values were as follows as at September 30, 2020 and December 31, 2019:

As at *(millions of dollars)*		**September 30, 2020**	December 31, 2019
Property Type [(1)]	**Valuation Method**	**Fair Value**	Fair Value
Same Properties	DCF [(2)]	**$ 7,525**	$ 7,755
Properties under development / in transition [(3)]	DCF, Cost, DCF less costs to complete or comparable land sales	**1,879**	1,838
Properties held for sale [(4)]	DCF	**134**	159
Total investment property fair value		**$ 9,538**	$ 9,752

(1) Prior periods restated to reflect current period property categories.

(2) Discounted Cash Flow ("DCF") is a valuation method under the Income Approach.

(3) Includes current and prior year acquisitions.

(4) Comparative fair values includes properties that were disposed of in 2020.

The majority of the Trust's portfolio is valued under the Income Approach using the DCF method. As at September 30, 2020 the weighted average valuation yields (stabilized overall capitalization, terminal, and discount rates) used in valuing those investment properties under the Income Approach remained largely unchanged from December 31, 2019. Slight decreases in the weighted average terminal capitalization rates in the Eastern and Central regions were due to dispositions of properties that were inconsistent with the Trust's Super Urban Strategy. Over the past 21 months, the Trust's disposition program has been focused on disposing of lower quality assets with higher capitalization rates which has resulted in a reduction in the weighted average in-place overall capitalization rate for the portfolio.

Due to the continuing risk created by the COVID-19 pandemic that has resulted in an economic slowdown, greater volatility in the capital markets, limited investment transactions, and a lower interest rate environment, the Trust has been closely monitoring valuation yields. The Trust has not observed a change to valuation yields used to determine the fair value of investment properties. To reflect the potential impact of COVID-19 on the cash flows in the valuation models, a comprehensive portfolio review was undertaken during the first and second quarters, on a property by property basis to identify properties with greater exposure to tenants deemed non-essential under government directives and therefore potentially subject to prolonged closures. The short-term cash flows in the 10 year valuation models for each of these properties was adjusted for increased vacancy, lower rental rate growth and other market leasing assumptions such as slower lease up of existing vacancy. As a result, a decrease in the value of investment properties was recorded in the first and second quarters for $152.2 million.

During the quarter, the Trust recognized a $40.9 million decrease in the value of investment properties primarily due to revisions to overall capitalization rates or stabilized NOI, including the impact of COVID-19 on certain properties as part of its normal course internal valuations.

The associated stabilized capitalization rates by region for FCR's investment properties valued under the Income Approach were as follows as at September 30, 2020 and December 31, 2019:

As at September 30, 2020	**Stabilized Capitalization Rate**		
	Weighted Average	**Median**	**Range**
Central Region	**4.7%**	**5.3%**	**3.0%-7.0%**
Eastern Region	**5.8%**	**5.8%**	**4.4%-7.5%**
Western Region	**5.2%**	**5.3%**	**3.8%-7.0%**
Weighted Average	**5.0%**	**5.5%**	**3.0%-7.5%**

As at December 31, 2019	Stabilized Capitalization Rate		
	Weighted Average	Median	Range
Central Region	4.7%	5.3%	3.0%-7.0%
Eastern Region	5.8%	6.0%	4.4%-7.5%
Western Region	5.1%	5.3%	3.8%-6.3%
Weighted Average	5.0%	5.5%	3.0%-7.5%

Properties Under Development

As at September 30, 2020, properties under development / in transition (see table on page 13) totals approximately $1.9 billion. Currently 40% of these assets representing $752 million of IFRS fair value are non-income producing. These non-income producing properties represent approximately 8% of the Trust's total portfolio value and consists of development land, adjacent land parcels, properties slated for redevelopment with limited income and properties in active development. As at September 30, 2020 the invested cost of these non-income producing properties was $631 million as compared to a fair value of $752 million. Cumulative gains of approximately $121 million have been recognized to date and are expected to grow over time as development projects are entitled, advanced and completed.

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

Development Pipeline

As at September 30, 2020, First Capital's portfolio is comprised of 20.2 million square feet of GLA at FCR's ownership interest. Substantially all of this GLA is located in Canada's six largest urban growth markets which are undergoing significant land use intensification. As such, Management has identified meaningful incremental density available for future development within its existing portfolio. As at September 30, 2020, Management had identified approximately 25.0 million square feet of incremental density. This incremental density represents an opportunity that exceeds FCR's existing portfolio.

Management undertakes a quarterly review of its entire portfolio and updates all of its future incremental density. Management stratifies the density by expected project commencement time frame. Medium term includes project commencement expected within the next 7 years, long term between 8 and 15 years and very long term beyond 15 years. First Capital's incremental density is classified by type between commercial and residential. Commercial density primarily consists of retail density.

As a substantial part of the portfolio is located in urban markets where significant land use intensification continues to occur, Management expects future incremental density will continue to grow and provide First Capital with increased opportunity to redevelop its generally low density properties.

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

As at September 30, 2020	Square feet (in thousands)			
	Commercial	Residential	Total	Included in IFRS [1]
Active Development				
Same Property with redevelopment	15	—	15	
Major redevelopment	168	—	168	
Ground-up development	57	327	384	
	240	**327**	**567**	**567**
Future incremental density				
Medium term	1,800	11,500	13,300	
Long term	100	6,700	6,800	
Very long term	100	4,100	4,200	
	2,000	**22,300**	**24,300**	**6,500**
Residential Inventory	**—**	**143**	**143**	**143**
Total development pipeline	**2,240**	**22,770**	**25,010**	**7,210**

[1] Represents the density that has been valued and included as part of the fair value of investment properties and residential inventory on the consolidated balance sheet.

First Capital determines its course of action with respect to its potential residential density on a case by case basis given the specifics of each property. First Capital'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. Approximately 7.2 million or 29% of FCR's 25.0 million square feet of identified incremental density has been at least partially included as part of the fair value of investment properties and residential inventory on the consolidated balance sheet. The 7.2 million square feet is comprised of 0.6 million square feet in active development which is valued as part of the overall property, 0.1 million square feet of residential inventory measured at the lower of cost or net realizable value and presented separately on the consolidated balance sheet and 6.5 million of incremental density carried at approximately $514 million or $79 per square foot.

The value of the Trust's incremental density in IFRS totaling $514 million, as presented below, consists of development land and adjacent land parcels, future pad developments and properties slated for redevelopment with limited income. As of September 30, 2020, the invested cost of the incremental density included in IFRS totaled $393 million representing acquisition cost and pre-development costs to date.

As at September 30, 2020 *(in millions of dollars)*		Unencumbered	Encumbered	Fair Value
Land	Unzoned	$ 162	$ 2	$ 164
	Zoned	105	10	115
	Total	**267**	**12**	**279**
IPP with density	Unzoned	174	33	207
	Zoned	18	10	28
	Total	**192**	**43**	**235**
Value of incremental density in IFRS		**$ 459**	**$ 55**	**$ 514**

The remaining 17.8 million square feet of identified incremental density is expected to be included in the value of the property in the future, based on certain factors including the expiry or removal of tenant encumbrances and zoning approvals. The majority of the incremental residential density is located above income producing shopping centres or their parking areas.

Development Pipeline by Urban Market

A breakdown of FCR's active development, incremental density and residential inventory by urban market is as follows:

As at September 30, 2020 *(in thousands of square feet)*	**Incremental Density Pipeline**	
	Total	% of Total
Greater Toronto Area	13,216	52.9%
Greater Montreal Area	6,540	26.1%
Greater Vancouver Area	2,810	11.2%
Greater Calgary Area	1,300	5.2%
Greater Ottawa Area	780	3.1%
Greater Edmonton Area	364	1.5%
Total development pipeline	**25,010**	**100.0%**

Entitlements Program

First Capital has a program in place to seek entitlements for the incremental density within its portfolio. Entitlement applications are submitted based on gross floor area ("GFA"). Prior to 2019, FCR submitted entitlement applications for GFA of approximately 3.7 million square feet (incremental density of 3.5 million square feet) as outlined in the table below. The majority of this density had been zoned by December 31, 2019 and FCR expects the remaining to be zoned in 2020 or early 2021. The IFRS value for these properties reflects this density.

Pre - 2019 Entitlement Applications					000s of square feet submitted/zoned for (at FCR's share):				
Property		Neighbourhood	City, Province	Ownership Interest %	Residential	Commercial	Total	Existing	Incremental
1.	Panama (All Phases)	Panama Ave. / Taschereau Blvd.	Montreal, QC	100%	1,555	403	1,958	—	1,958
2.	Humbertown (All Phases)	The Kingsway	Toronto, ON	100%	551	235	786	105	681
3.	Appleby Village [1]	Appleby	Burlington, ON	100%	348	7	355	—	355
4.	400 King St. W.	Entertainment District	Toronto, ON	35%	147	13	160	—	160
5.	Wilderton Phase II	Outremont	Montreal, QC	100%	173	22	195	42	153
6.	Longstreet Phase I	Adjacent to ICE District	Edmonton, AB	100%	120	23	143	7	136
7.	Rutherford Marketplace [1]	Thornhill Woods	Vaughan, ON	50%	64	—	64	—	64
8.	200 West Esplanade	Lower Lonsdale	North Vancouver, BC	50%	28	4	32	21	11
				Totals	**2,986**	**707**	**3,693**	**175**	**3,518**

[1] Residential phases only.

During 2019, FCR submitted entitlement applications for GFA of approximately 9.1 million square feet (incremental density of 8.5 million square feet) as outlined in the table below, surpassing its goal of 7.5 million square feet of entitlement submissions in 2019. The current IFRS value of these properties in aggregate is approximately $628 million. FCR expects to recognize a meaningful increase to the current IFRS values once approvals for these submissions are received.

2019 Entitlement Applications					000s of square feet submitted for (at FCR's share):				
Property		Neighbourhood	City, Province	Ownership Interest %	Residential	Commercial	Total	Existing	Incremental
1.	Christie Cookie [1]	Humber Bay Shores	Toronto, ON	50%	2,948	576	3,524	—	3,524
2.	Dufferin Corners	Bathurst Manor	Toronto, ON	100%	990	37	1,027	81	946
3.	Royal Orchard	Thornhill	Markham, ON	50%	697	22	719	22	697
4.	Semiahmoo Phase I	South Surrey	Surrey, BC	100%	490	32	522	20	502
5.	801 York Mills & 1855 Leslie Street	Leslie & York Mills	Toronto, ON	100%	535	22	557	62	495
6.	Staples Lougheed	Brentwood	Burnaby, BC	100%	475	49	524	32	492
7.	Centre Commercial Cote St-Luc	Cote Saint-Luc	Montreal, QC	100%	559	80	639	158	481
8.	Yonge & Roselawn	Yonge & Eglinton	Toronto, ON	100%	533	65	598	67	531
9.	Olde Oakville Phase I	South Oakville	Oakville, ON	100%	217	44	261	28	233
10.	Plaza Baie D'Urfe [2]	Hwy. 20 / Morgan St.	Montreal, QC	100%	218	9	227	42	185
11.	Gloucester Phase I	Gloucester	Ottawa, ON	50%	157	17	174	3	171
12.	Merivale Mall (Residential Phase)	Nepean	Ottawa, ON	50%	135	9	144	1	143
13.	1071 King St. W.	Liberty Village	Toronto, ON	67%	132	4	136	—	136
				Totals	**8,086**	**966**	**9,052**	**516**	**8,536**

[1] Approximately 300,000 square feet is currently reflected in the property's IFRS value which is based on current zoning in place. The property's IFRS value approximates its cost.

[2] Square feet submitted represents square footage for a partial redevelopment.

During 2020, FCR had planned to submit entitlement applications for GFA of approximately 4.3 million square feet (incremental density of 4.0 million square feet) for the properties outlined below. This would bring the total entitlement submissions to approximately 16.0 million square feet of incremental density representing 64% of FCR's 25.0 million square feet of incremental density pipeline. For the nine months ended September 30, 2020, FCR submitted entitlement applications for GFA of approximately 1.6 million square feet for projects 1, 4, 11 and 12 below. Due to the COVID-19 pandemic, municipal offices were functioning at reduced capacity earlier in the year, but had resumed normal activities by the end of the second quarter. Due to earlier delays, FCR expects to achieve approximately 50%-60% of its planned goal for 2020 entitlement submissions. The current IFRS value of these properties in aggregate is approximately $436 million. FCR expects to recognize a meaningful increase to the current IFRS values once approvals for these submissions are received.

2020 Planned Entitlement Applications

Property		Neighbourhood	City, Province	Ownership Interest %
1.	140 Yorkville	Bloor - Yorkville	Toronto, ON	33%
2.	101 Yorkville	Bloor - Yorkville	Toronto, ON	50%
3.	Liberty Village (portion of shopping centre)	Liberty Village	Toronto, ON	100%
4.	Avenue Rd. & Lawrence	Bedford Park	Toronto, ON	100%
5.	5500 Dundas	Islington - City Centre West	Toronto, ON	100%
6.	221 - 227 Sterling Rd.	The Junction	Toronto, ON	35%
7.	Cliffcrest Plaza	Cliffcrest	Toronto, ON	100%
8.	Midland Lawrence Plaza	Midland Park	Toronto, ON	100%
9.	Hillcrest Plaza	Yonge & Sheppard	Toronto, ON	100%
10.	895 Lawrence	Don Mills	Toronto, ON	100%
11.	Portobello (excess land)	Hwy. 10 / Taschereau Blvd.	Montreal, QC	100%
12.	Place Viau (excess land)	Saint - Leonard	Montreal, QC	100%

In addition to the properties listed in the entitlements section above, First Capital has 9.0 million square feet of additional incremental density which includes 8.4 million square feet primarily related to the properties listed below, where entitlements have yet to be submitted, and 0.6 million feet currently under active development (see active projects table).

Additional Incremental Density

Property		Neighbourhood	City, Province	Ownership Interest %
1.	332 Bloor St. W.	The Annex	Toronto, ON	100%
2.	Cedarbrae Mall	Lawrence Ave. E. / Markham Rd.	Toronto, ON	100%
3.	Danforth Sobeys	Danforth Village	Toronto, ON	100%
4.	Olde Oakville (future phases)	South Oakville	Oakville, ON	100%
5.	Lakeshore & Kerr	Kerr Village	Oakville, ON	100%
6.	Bayview Lane Plaza	Thornhill	Markham, ON	100%
7.	Yonge-Davis Centre	Yonge St./Davis Dr. W.	Newmarket, ON	100%
8.	Appleby Square	Appleby	Burlington, ON	100%
9.	Harwood Plaza	Harwood Ave. S. / Bayly St. W.	Ajax, ON	100%
10.	1000 Wellington St.	Griffintown	Montreal, QC	100%
11.	Centre Commercial Domaine	Longue-Pointe	Montreal, QC	100%
12.	Centre Commercial Van Horne	Cote-Des-Neiges	Montreal, QC	100%
13.	Galeries Normandie	Hwy. 15/Rue de Salaberry	Montreal, QC	100%
14.	Place Provencher	Saint - Leonard	Montreal, QC	100%
15.	Le Campanile & Place du Commerce	Nun's Island	Montreal, QC	100%
16.	Place Michelet	Saint - Leonard	Montreal, QC	100%
17.	Langley Mall	Downtown Langley	Langley, BC	100%
18.	Scott 72 Shopping Centre	120 St./72 Ave.	Delta, BC	100%
19.	Semiahmoo (future phases)	South Surrey	Surrey, BC	100%
20.	GM Glenbow	Beltline	Calgary, AB	50%
21.	Newport Village	Macleod Trail SE/Southland Dr. SE	Calgary, AB	100%
22.	Mount Royal Village East	Beltline	Calgary, AB	100%
23.	Gloucester City Centre (future phases)	Gloucester	Ottawa, ON	50%

FCR continues to review each of its properties and has identified meaningful incremental density in properties that have not progressed to the point of inclusion in First Capital's incremental density pipeline, that Management expects may be included in the future. A sample of such properties include Macleod Plaza, Meadowvale Town Centre, Old Strathcona Shopping Centre, Pemberton Plaza and future phases of Longstreet Shopping Centre, among others.

2020 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. Costs transferred to income-producing properties often involves judgment in cost allocations related to the space transferred in the period relative to the total project. Therefore, the cost per square foot transferred in any one period may not be indicative of the total project cost per square foot.

During the nine months ended September 30, 2020, First Capital completed the transfer of 28,000 square feet of new retail space in addition to 119 residential units to the income-producing portfolio at a total cost of $70.5 million. All of the retail space transferred was located in super urban neighbourhoods and became occupied at an average rental rate of $23.69 per square foot.

For the nine months ended September 30, 2020, First Capital had tenant closures for redevelopment of 51,000 square feet at an average rental rate of $20.33 per square foot. As of September 30, 2020, the 51,000 square feet was slated for demolition.

Active Development and Redevelopment Activities

Construction at five of First Capital's development projects was temporarily halted late in the first quarter under government directives. Construction on all projects resumed during the second quarter. All projects experienced only minor delays and are progressing towards completion within similar timeframes as originally planned. The quality of First Capital's construction is consistent with its strategy of long-term ownership and value creation, and factors in FCR's high standards in construction, materials, architecture, lighting, parking, access, pedestrian amenities, accessibility, as well as development to Leadership in Energy and Environmental Design ("LEED") standards.

Committed Leases

First Capital has eight projects comprised of approximately 567,000 square feet of space currently under development, of which 240,000 square feet is retail space and 327,000 square feet is residential rental apartments. A total of 149,000 square feet of the retail space currently under development is subject to committed leases at a weighted average rate of $29.40 per square foot. As construction on large projects occurs in phases, there continues to be ongoing negotiations in various stages with retailers for the planned space. Leasing of residential apartments begins as the project is nearing completion.

Highlights of First Capital's active projects as at September 30, 2020 are as follows:

As at September 30, 2020						Invested Cost (in millions)		
Count/Project		Major Tenants	Ownership Interest %	Square Feet Under Development (in thousands)	Target Completion Date [1]	Total Estimated (incl. Land)	Under Development	Income-producing property
1.	3080 Yonge Street, Toronto, ON	*(Loblaws, Tim Hortons, Anatomy Fitness)*	100%	16	H2 2020	$135 - $150	$19	$116
2.	The Brewery District, Edmonton, AB [2]	*(MEC, Loblaws City Market, GoodLife Fitness, Winners)*	50%	14	H2 2020	$100 - $110	$8	$92
3.	Eagleson Place, Ottawa, ON	*(Medical Clinic, Kettleman's)*	100%	10	H1 2021	$6 - $7	$3	N/A
4.	Chartwell Shopping Centre, Toronto, ON	*(Mabu Station, Coco Tea)*	100%	5	H1 2021	$5 - $6	$4	N/A
5.	King High Line (Shops at King Liberty), Toronto, ON [3][4]	*(Longo's, Canadian Tire, Shoppers Drug Mart, Winners, Kids & Company, WeWork, McDonald's)*	100%/ 67%	60	H2 2021	$350 - $370	$44	$295
6.	Dundas & Aukland, Toronto, ON [5]	*(Farm Boy)*	100%	310	H2 2021	$150 - $170	$112	—
7.	Leaside Expansion, Toronto, ON	*(Shoppers Drug Mart, PetSmart, Medical Office)*	100%	72	H2 2021	$45 - $50	$29	—
8.	Wilderton, Montreal, QC [6]	*(Metro, Pharmaprix, Tim Hortons, SAQ)*	100%	80	H2 2023	$57 - $62	$19	$14
	Total development and redevelopment activities			**567**		**$848 - $925**	**$238**	**$517**

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

(2) Target completion date relates to buildings currently under construction.

(3) FCR's ownership interest in the retail and residential components are 100% and 67%, respectively.

(4) The square feet under development is comprised of 60,000 square feet of residential space (at FCR's interest of 67%).

(5) Subject to non-controlling interest of 29.12%. The area under development comprises 43,000 square feet of retail and 267,000 square feet of residential.

(6) Target completion date reflects future phases.

Costs to Complete Active and Redevelopment Activities

Costs to complete the development, redevelopment and expansion activities underway are estimated to be approximately $122.9 million.

Residential Inventory - active development

First Capital has commenced a residential development project to build and sell fifty townhomes on land adjacent to FCR's Rutherford Marketplace property. The development is being managed by FCR's 50% residential partner, who purchased 50% of the land in the fourth quarter of 2016. Total invested cost in the project at FCR's share is approximately $13.4 million at September 30, 2020. Total invested cost at completion is estimated to be $23.4 million with a target completion date in the first half of 2021. To date, 48 of the 50 townhomes have been sold and construction began in the second quarter.

In addition, residential inventory also includes a future development project at 140 Yorkville Avenue for which FCR's ownership interest is 33%. These two residential projects represent approximately 143,000 square feet of incremental density at FCR's ownership interest.

Leasing and Occupancy

Total portfolio occupancy, for the third quarter, declined 0.3% from 96.3% at June 30, 2020 to 96.0% at September 30, 2020. Year over year, total portfolio occupancy decreased 0.7% to 96.0% while Same Property portfolio occupancy was down 0.9% compared to September 30, 2019. Total portfolio occupancy decreased 0.9% to 96.0% while Same Property portfolio occupancy was down 1.0% to 96.1% compared to December 31, 2019, primarily due to net closures versus openings.

For the nine months ended September 30, 2020, the monthly average occupancy for the total portfolio was 96.3% compared to 96.6%, and the Same Property portfolio occupancy was 96.4% compared to 96.9% for the same prior year period, respectively.

Occupancy of First Capital's portfolio by property categorization was as follows:

As at	**September 30, 2020**			December 31, 2019		
(square feet in thousands)	**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	**15,446**	**96.3%**	**$ 21.70**	15,615	97.2%	$ 21.45
Same Property with redevelopment	**1,949**	**94.7%**	**18.34**	1,982	96.3%	17.96
Total Same Property	**17,395**	**96.1%**	**21.32**	17,597	97.1%	21.06
Major redevelopment	**1,317**	**94.0%**	**27.40**	1,364	96.0%	25.97
Ground-up development	**289**	**99.5%**	**31.41**	277	99.2%	32.36
Investment properties classified as held for sale	**351**	**94.6%**	**18.41**	361	94.7%	17.79
Total portfolio before acquisitions and dispositions	**19,352**	**96.0%**	**21.84**	19,599	97.0%	21.50
Acquisitions (1)	**69**	**97.5%**	**21.89**	23	100.0%	29.57
Dispositions	**—**	**—%**	**—**	650	93.5%	13.51
Total (2)	**19,421**	**96.0%**	**$ 21.84**	20,272	96.9%	$ 21.25

(1) Includes current year and prior year acquisitions.
(2) At FCR's ownership interest.

During the three months ended September 30, 2020, First Capital completed 589,000 square feet of lease renewals across the portfolio. First Capital achieved an 8.6% lease renewal rate increase when comparing the per square foot net rental rate in the last year of the expiring term to the per square foot net rental rate in the first year of the renewal term. For the three months ended September 30, 2020, First Capital achieved a 9.9% lease renewal rate increase when comparing the net rental rate in the last year of the expiring term to the average net rental rate over the renewal term.

The average rental rate per occupied square foot for the total portfolio increased 0.6% from $21.70 as at June 30, 2020 to $21.84 as at September 30, 2020 primarily due to new tenants paying higher than average rental rates, renewal lifts and rent escalations.

Changes in First Capital's gross leasable area and occupancy for the total portfolio for the three months ended September 30, 2020 are set out below:

Three months ended September 30, 2020	Total Same Property			Major redevelopment, ground-up, acquisitions and dispositions			Vacancy				Total Portfolio [1]		
	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
June 30, 2020 [2]	**17,458**	**96.4%**	**$ 21.20**	**2,047**	**95.6%**	**$ 25.89**	**—**	**—%**	**745**	**3.7%**	**20,250**	**96.3%**	**$ 21.70**
Tenant possession	127		25.85	12		20.62	—		(139)		—		25.40
Tenant closures	(191)		(17.36)	(22)		(13.15)	—		213		—		(16.92)
Tenant closures for redevelopment	(8)		(30.34)	(19)		(3.22)	27		—		—		(11.04)
Developments – tenants coming online [3]	4		35.00	5		—	—		—		9		16.68
Redevelopments – tenant possession	—		—	—		—	—		—		—		—
Demolitions	—		—	—		—	(37)		—		(37)		—
Reclassification	5		—	—		—	10		(12)		3		—
Total portfolio before Q2 2020 acquisitions and dispositions	17,395	96.1%	$ 21.32	2,023	95.1%	$ 26.21	—	—%	807	4.0%	20,225	96.0%	$ 21.83
Acquisitions (at date of acquisition)	—	—%	—	3	38.8%	40.07	—	—%	4		7	38.8%	40.07
Dispositions (at date of disposition)	—	—%	—	—	—%	—	—	—%	—		—	—%	—
September 30, 2020	**17,395**	**96.1%**	**$ 21.32**	**2,026**	**94.9%**	**$ 26.23**	**—**	**—%**	**811**	**4.0%**	**20,232**	**96.0%**	**$ 21.84**
Renewals	522		$ 25.80	67		$ 20.53					589		$ 25.20
Renewals – expired	(522)		$ (23.83)	(67)		$ (18.38)					(589)		$ (23.21)
Net change per square foot from renewals			$ 1.97			$ 2.15							$ 1.99
% Increase on renewal of expiring rents (first year of renewal term)			8.3%			11.7%							8.6%
% increase on renewal of expiring rents (average rate in renewal term)													9.9%

(1) At FCR's ownership interest.

(2) Opening balances have been adjusted to reflect the current period presentation.

(3) For further discussion of development and redevelopment coming online and under development vacancy, refer to the "Properties Under Development – 2020 Development and Redevelopment Coming Online and Space Going Offline" section of this MD&A.

During the nine months ended September 30, 2020, First Capital completed 1,418,000 square feet of lease renewals across the portfolio. First Capital achieved a strong 11.0% lease renewal rate increase when comparing the per square foot net rental rate in the last year of the expiring term to the per square foot net rental rate in the first year of the renewal term. For the nine months ended September 30, 2020, First Capital achieved a 12.8% lease renewal rate increase when comparing the net rental rate in the last year of the expiring term to the average net rental rate over the renewal term.

The average rental rate per occupied square foot for the total portfolio increased 2.8% from $21.25 as at December 31, 2019 to $21.84 as at September 30, 2020 primarily due to renewal lifts, rent escalations and dispositions.

Changes in First Capital's gross leasable area and occupancy for the total portfolio for the nine months ended September 30, 2020 are set out below:

Nine months ended September 30, 2020	Total Same Property			Major redevelopment, ground-up, acquisitions and dispositions			Vacancy				Total Portfolio [1]		
	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, 2019 [2]	**17,597**	**97.1%**	**$ 21.05**	**2,675**	**95.6%**	**$ 22.53**	**13**	**0.1%**	**642**	**3.1%**	**20,927**	**96.9%**	**$ 21.25**
Tenant possession	349		18.70	31		21.40	—		(380)		—		18.92
Tenant closures	(555)		(17.76)	(67)		(20.61)	—		622		—		(18.07)
Tenant closures for redevelopment	(12)		(29.04)	(39)		(17.69)	51		—		—		(20.33)
Developments – tenants coming online [3]	10		45.11	17		10.76	—		1		28		23.69
Redevelopments – tenant possession	—		—	—		—	—		—		—		—
Demolitions	—		—	—		—	(75)		—		(75)		—
Reclassification	6		—	1		—	11		(33)		(15)		—
Total portfolio before 2020 acquisitions and dispositions	17,395	96.1%	$ 21.32	2,618	94.6%	$ 23.15	—	—%	852	4.1%	20,865	95.9%	$ 21.56
Acquisitions (at date of acquisition)	—	—%	—	58	93.0%	25.00	—	—%	4		62	93.0%	25.00
Dispositions (at date of disposition)	—	—%	—	(650)	93.5%	13.73	—	—%	(45)		(695)	93.5%	13.73
September 30, 2020	**17,395**	**96.1%**	**$ 21.32**	**2,026**	**94.9%**	**$ 26.23**	**—**	**—%**	**811**	**4.0%**	**20,232**	**96.0%**	**$ 21.84**
Renewals	1,221		$ 22.46	197		$ 21.66					1,418		$ 22.35
Renewals – expired	(1,221)		$ (20.62)	(197)		$ (17.16)					(1,418)		$ (20.14)
Net change per square foot from renewals			$ 1.84			$ 4.50							$ 2.21
% Increase on renewal of expiring rents (first year of renewal term)			8.9%			26.2%							11.0%
% increase on renewal of expiring rents (average rate in renewal term)													12.8%

(1) At FCR's ownership interest.

(2) Opening balances have been adjusted to reflect the current period presentation.

(3) For further discussion of development and redevelopment coming online and under development vacancy, refer to the "Properties Under Development – 2020 Development and Redevelopment Coming Online and Space Going Offline" section of this MD&A.

Top Forty Tenants

As at September 30, 2020, 54.9% of First Capital's annualized minimum rent came from its top 40 tenants (December 31, 2019 – 54.6%). Of these rents, 76.7% (December 31, 2019 – 76.9%) came from tenants that have investment grade credit ratings and who represent many of Canada's leading grocery stores, pharmacies, national and discount retailers, financial institutions and other familiar retailers. The weighted average remaining lease term for First Capital's top 10 tenants was 5.5 years as at September 30, 2020, 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")	94	1,980	9.8%	10.3%	BBB (high)	BBB	
2.	Sobeys	48	1,487	7.4%	5.6%	BBB (low)	BBB-	
3.	Metro	34	861	4.3%	2.9%	BBB	BBB	
4.	Canadian Tire	22	685	3.4%	2.7%	BBB	BBB	
5.	Walmart	13	1,246	6.2%	2.5%	AA	AA	Aa2
6.	TD Canada Trust	45	205	1.0%	2.0%	AA (high)	AA-	Aa1
7.	RBC Royal Bank	41	208	1.0%	1.8%	AA (high)	AA-	Aa2
8.	Save-On-Foods	9	324	1.6%	1.8%			
9.	GoodLife Fitness	24	495	2.4%	1.8%			
10.	Dollarama	47	428	2.1%	1.7%	BBB	BBB	Baa2
Top 10 Tenants Total		377	7,919	39.2%	33.1%			
11.	CIBC	35	175	0.9%	1.4%	AA	A+	Aa2
12.	LCBO	21	190	0.9%	1.3%	AA (low)	A+	Aa3
13.	Lowe's	4	361	1.8%	1.3%	BBB (high)	BBB+	Baa1
14.	Winners	13	312	1.5%	1.3%		A	A2
15.	McKesson	23	184	0.9%	1.2%		BBB+	Baa2
16.	Longo's	5	196	1.0%	1.1%			
17.	Scotiabank	25	119	0.6%	1.0%	AA	A+	Aa2
18.	Restaurant Brands International	53	124	0.6%	1.0%		BB	Ba3
19.	London Drugs	8	192	1.0%	1.0%			
20.	BMO	25	102	0.5%	1.0%	AA	A+	Aa2
21.	Recipe Unlimited	30	117	0.6%	0.8%			
22.	Nordstrom	1	40	0.2%	0.8%	BBB (low)	BB+	Baa3
23.	Staples	9	194	1.0%	0.8%		B	B1
24.	Starbucks	41	57	0.3%	0.7%		BBB+	Baa1
25.	Michaels	4	77	0.4%	0.6%		B	Ba3
26.	Whole Foods Market	2	90	0.4%	0.6%		A+	A2
27.	McDonald's	21	72	0.4%	0.5%		BBB+	Baa1
28.	Pusateri's	1	35	0.2%	0.5%			
29.	Subway	61	63	0.3%	0.5%			
30.	The Beer Store	12	66	0.3%	0.5%	AA (low)	A+	Aa3
31.	Toys "R" Us	3	127	0.6%	0.5%			
32.	SAQ	16	62	0.3%	0.4%	AA (low)	AA-	Aa2
33.	The Home Depot	2	153	0.8%	0.4%	A	A	A2
34.	Yum! Brands	26	41	0.2%	0.4%		BB	Ba2
35.	Williams-Sonoma	2	38	0.2%	0.4%			
36.	PetSmart	4	57	0.3%	0.4%		B-	B3
37.	Pet Valu	20	54	0.3%	0.4%			
38.	Equinox	2	38	0.2%	0.4%		CCC	Caa2
39.	Alcanna Inc.	11	38	0.2%	0.3%			
40.	Indigo	3	54	0.3%	0.3%			
Top 40 Tenants Total		**860**	**11,347**	**56.4%**	**54.9%**			

(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

First Capital's lease maturity profile for its portfolio as at September 30, 2020, 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]	157	286	1.4%	$ 6,074	1.3%	$ 21.25
2020	142	480	2.4%	8,491	1.9%	17.69
2021	556	2,019	10.0%	40,316	8.8%	19.96
2022	639	2,783	13.8%	63,356	13.9%	22.77
2023	593	3,050	15.1%	61,663	13.5%	20.22
2024	544	2,268	11.2%	51,290	11.2%	22.61
2025	482	1,971	9.7%	50,792	11.1%	25.77
2026	192	1,011	5.0%	26,936	5.9%	26.64
2027	159	880	4.3%	22,479	4.9%	25.55
2028	161	1,011	5.0%	29,102	6.4%	28.78
2029	177	984	4.9%	26,475	5.8%	26.91
2030	154	774	3.8%	21,760	4.8%	28.13
Thereafter	91	1,904	9.4%	48,449	10.5%	25.45
Total or Weighted Average [2]	4,047	19,421	96.0%	$ 457,183	100.0%	$ 23.54

(1) Includes tenants on over hold including renewals and extensions under negotiation, month-to-month tenants and tenants in space at properties with future redevelopment.

(2) At FCR's ownership interest, excluding MMUR.

The weighted average remaining lease term for the portfolio was 5.1 years as at September 30, 2020, excluding contractual renewal options, but including month-to-month and other short-term leases.

Investment in Joint Ventures

As at September 30, 2020, First Capital had interests in six joint ventures that it accounts for using the equity method. First Capital's joint ventures are as follows:

			Effective Ownership	
Name of Entity	Name of Property/Business Activity	Location	**September 30, 2020**	December 31, 2019
College Square General Partnership	College Square	Ottawa, ON	**50.0%**	50.0%
Green Capital Limited Partnership	Royal Orchard	Markham, ON	**50.0%**	50.0%
Stackt Properties LP	Shipping Container marketplace	Toronto, ON	**94.0%**	94.0%
Fashion Media Group GP Ltd.	Toronto Fashion Week events	Toronto, ON	**78.0%**	78.0%
FC Access LP	Whitby Mall (self storage operation)	Whitby, ON	**25.0%**	25.0%
Edenbridge Kingsway (Humbertown)	Humbertown Condos (Phase 1)	Toronto, ON	**50.0%**	50.0%

First Capital has determined that these investments are joint ventures as all decisions regarding their activities are made unanimously between First Capital and its partners.

During the third quarter of 2019, First Capital, together with its partner in Main and Main Developments LP ("MMLP") acquired the remaining 46.9% interest in four remaining Main and Main Urban Realty LP assets for approximately $116.0 million. As a result, FCR now controls MMUR through its direct and indirect interests, requiring the consolidation of the assets, liabilities, revenues and expenses of MMUR from the date of acquisition.

The following table reconciles the changes in First Capital's interests in its equity accounted joint ventures for the nine months ended September 30, 2020 and year ended December 31, 2019:

	September 30, 2020	December 31, 2019
Balance at beginning of period	**$ 59,498**	$ 144,375
Contributions to equity accounted joint ventures	**2,664**	17,481
Distributions from equity accounted joint ventures	**(2,237)**	(25,648)
Consolidation of equity accounted joint venture (MMUR)	**—**	(78,409)
Share of income from equity accounted joint ventures	**(7,688)**	1,699
Balance at end of period	**$ 52,237**	$ 59,498

As of September 30, 2020, none of the Trust’s investments in joint ventures were determined to be impaired taking into account the COVID-19 environment.

Loans, Mortgages and Other Assets

As at	**September 30, 2020**	December 31, 2019
Non-current		
Loans and mortgages receivable classified as FVTPL (a)	**$ 1,973**	$ 20,726
Loans and mortgages receivable classified as amortized cost (a)	**29,778**	58,940
Other investments	**16,580**	16,302
Total non-current	**$ 48,331**	$ 95,968
Current		
Loans and mortgages receivable classified as FVTPL (a)	**$ 20,785**	$ 132
Loans and mortgages receivable classified as amortized cost (a)	**83,146**	65,984
FVTPL investments in securities (b)	**3,135**	3,949
Total current	**$ 107,066**	$ 70,065
Total	**$ 155,397**	$ 166,033

(a) Loans and mortgages receivable are secured by interests in investment properties or shares of entities owning investment properties. As at September 30, 2020, these receivables bear interest at weighted average effective interest rates of 6.3% (December 31, 2019 – 6.6%) and mature between 2020 and 2024. As of September 30, 2020, none of the Trust's loans and mortgages receivable classified as amortized cost required a provision or were determined to be impaired taking into account the COVID-19 environment.

(b) From time to time, First Capital invests 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 Operating Income

First Capital's net operating income for its portfolio is presented below:

	Three months ended September 30			Nine months ended September 30		
	% change	**2020**	2019	**% change**	**2020**	2019
Property rental revenue						
Base rent [1]		**$ 104,216**	$ 114,194		**$ 318,962**	$ 344,687
Operating cost recoveries		**23,385**	25,660		**72,500**	83,478
Realty tax recoveries		**29,032**	33,604		**92,547**	105,346
Lease termination fees		**524**	259		**916**	5,097
Percentage rent		**958**	922		**2,262**	2,818
Straight-line rent adjustment		**452**	1,428		**2,182**	3,975
Prior year operating cost and tax recovery adjustments		**625**	(69)		**47**	(458)
Temporary tenants, storage, parking and other [2]		**4,760**	7,652		**13,416**	20,206
Total Property rental revenue	**(10.7%)**	**163,952**	183,650	**(11.0%)**	**502,832**	565,149
Property operating costs						
Recoverable operating expenses		**25,446**	28,449		**79,934**	94,597
Recoverable realty tax expense		**33,447**	38,676		**105,671**	120,155
Prior year realty tax expense		**235**	(170)		**(303)**	(884)
Other operating costs and adjustments [3]		**3,346**	1,672		**24,144**	4,833
Total Property operating costs		**62,474**	68,627		**209,446**	218,701
NOI [4]	**(11.8%)**	**$ 101,478**	$ 115,023	**(15.3%)**	**$ 293,386**	$ 346,448
NOI margin		**61.9%**	62.6%		**58.3%**	61.3%

(1) Includes residential revenue.

(2) Includes hotel property revenue.

(3) Includes residential operating costs, hotel property operating costs and bad debt expense. For the three and nine months ended September 30, 2020, bad debt expense totals $3.4 million and $20.2 million, respectively. Bad debt expense includes net rental abatements related to the CECRA program for the three and nine months ended in the amounts of $5.5 million and $13.4 million, respectively. Additional bad debt provisions in light of COVID-19 included in bad debt expense totaled $6.8 million for the nine months ended September 30, 2020.

(4) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three and nine months ended September 30, 2020, total NOI decreased by $13.5 million and $53.1 million, respectively, compared to the same prior year periods primarily due to the impact of the Trust's disposition program over the past twelve months as well as the impact of COVID-19 on rent collection and the abatement taken on gross rents as part of the CECRA program. In addition, lease termination fees were lower by $4.2 million over the prior nine month period.

For the three and nine months ended September 30, 2020, NOI margins have decreased by 0.7% and 3.0%, respectively, compared to the same prior year periods primarily due to an increase in bad debt expense related to CECRA and COVID-19, lower lease termination fees and lower margins on NOI related to the hotel property as a result of lower occupancy due to COVID-19. The lower NOI margins were partially offset by lower operating cost and property tax shortfalls resulting from FCR's cost reduction program which will translate into lower operating costs billed to tenants. Excluding the impact of the increased bad debt expense in the quarter, NOI margins for the three and nine month period were 64.0% and 62.4%, respectively.

Same Property NOI Growth

First Capital's net operating income for its portfolio by property category is presented below:

	Three months ended September 30			Nine months ended September 30		
	% change	**2020**	2019	**% change**	**2020**	2019
Property rental revenue						
Base rent [1]		**$ 89,758**	$ 91,629		**$ 274,397**	$ 273,900
Operating cost recoveries		**19,804**	21,040		**62,058**	66,302
Realty tax recoveries		**25,496**	26,816		**80,441**	82,882
Lease termination fees		**450**	229		**838**	5,028
Percentage rent		**887**	776		**1,972**	2,042
Prior year operating cost and tax recovery adjustments		**135**	223		**(379)**	(325)
Temporary tenants, storage, parking and other [2]		**3,734**	6,511		**11,457**	17,563
Total Same Property rental revenue		**140,264**	147,224		**430,784**	447,392
Property operating costs						
Recoverable operating expenses		**21,218**	22,620		**67,113**	72,704
Recoverable realty tax expense		**28,336**	29,094		**88,736**	90,453
Prior year realty tax expense		**2**	114		**(427)**	6
Other operating costs and adjustments [3]		**2,562**	2,218		**20,924**	7,099
Total Same Property operating costs		**52,118**	54,046		**176,346**	170,262
Total Same Property NOI [4]	**(5.4%)**	**$ 88,146**	$ 93,178	**(8.2%)**	**$ 254,438**	$ 277,130
Major redevelopment		**8,068**	7,219		**22,677**	22,887
Ground-up development		**2,773**	708		**6,434**	1,906
Acquisitions – 2020		**(24)**	—		**(24)**	—
Acquisitions – 2019		**601**	574		**1,480**	788
Investment properties classified as held for sale		**1,567**	1,568		**4,499**	4,529
Dispositions – 2020		**(143)**	2,107		**1,850**	5,996
Dispositions – 2019		**32**	8,235		**(168)**	29,147
Straight-line rent adjustment		**452**	1,428		**2,182**	3,975
Development land		**6**	6		**18**	90
NOI [4]	**(11.8%)**	**$ 101,478**	$ 115,023	**(15.3%)**	**$ 293,386**	$ 346,448
NOI margin		**61.9%**	62.6%		**58.3%**	61.3%

(1) Includes residential revenue.

(2) Includes hotel property revenue.

(3) Includes residential operating costs, hotel property operating costs and bad debt expense.

(4) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

The components of SP NOI growth and comparisons to the same prior year period are as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019 [1]	**2020**	2019 [1]
Same Property – Stable	**(4.1%)**	0.9%	**(6.5%)**	2.2%
Same Property with redevelopment [2]	**(16.3%)**	7.4%	**(21.7%)**	9.2%
Total Same Property NOI Growth [3]	**(5.4%)**	1.5%	**(8.2%)**	2.9%

(1) Prior periods as reported; not restated to reflect current period property categories.

(2) Same property with redevelopment includes the Trust's hotel property which has experienced a decline in NOI due to the impact of COVID-19.

(3) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three and nine months ended September 30, 2020, SP NOI decreased by $5.0 million and $22.7 million, or 5.4% and 8.2%, respectively, primarily due to the impact of COVID-19, including increased bad debt expense due to CECRA abatements and other provisions, lower NOI related to the hotel property and lower lease termination fees in the nine month period.

NOI by Region

NOI is presented by region as follows:

Three months ended September 30, 2020		**Central Region**		**Eastern Region**		**Western Region**		**Other [1]**		**Total**
Property rental revenue	**$**	**78,790**	**$**	**32,964**	**$**	**53,132**	**$**	**(934)**	**$**	**163,952**
Property operating costs		**33,337**		**13,620**		**18,179**		**(2,662)**		**62,474**
NOI [2]	**$**	**45,453**	**$**	**19,344**	**$**	**34,953**	**$**	**1,728**	**$**	**101,478**

Three months ended September 30, 2019		Central Region		Eastern Region		Western Region		Other [1]		Total
Property rental revenue	$	82,288	$	43,792	$	58,127	$	(557)	$	183,650
Property operating costs		31,976		18,839		19,477		(1,665)		68,627
NOI [2]	$	50,312	$	24,953	$	38,650	$	1,108	$	115,023

Nine months ended September 30, 2020		**Central Region**		**Eastern Region**		**Western Region**		**Other [1]**		**Total**
Property rental revenue	**$**	**241,255**	**$**	**100,533**	**$**	**164,102**	**$**	**(3,058)**	**$**	**502,832**
Property operating costs		**107,309**		**47,065**		**61,531**		**(6,459)**		**209,446**
NOI	**$**	**133,946**	**$**	**53,468**	**$**	**102,571**	**$**	**3,401**	**$**	**293,386**

Nine months ended September 30, 2019		Central Region		Eastern Region		Western Region		Other [1]		Total
Property rental revenue	$	243,767	$	139,831	$	183,369	$	(1,818)	$	565,149
Property operating costs		97,569		63,236		61,938		(4,042)		218,701
NOI	$	146,198	$	76,595	$	121,431	$	2,224	$	346,448

(1) Other items principally consist of inter-company eliminations.

(2) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three and nine months ended September 30, 2020, property operating costs include $3.6 million and $12.0 million, respectively, (three and nine months ended September 30, 2019 – $4.9 million and $15.9 million, respectively) related to employee compensation. Employee compensation is presented net of subsidies received under the Canada Emergency Wage Subsidy ("CEWS") program for the three and nine months ended September 30, 2020 of $1.6 million and $4.1 million, respectively, related to property operations personnel. A portion of this wage subsidy will be passed on to tenants through lower operating cost recoveries.

Interest and Other Income

For the three and nine months ended September 30, 2020, First Capital's interest and other income totaled $2.8 million and $9.0 million, compared to $11.8 million and $29.2 million, respectively, for the same prior year periods. The decrease of $9.1 million and $20.2 million, respectively, over the same prior year periods was primarily due to lower interest income as a result of a $221.1 million repayment of outstanding loan receivables in the third quarter of 2019 and $7.8 million in non-recurring fees and investment income recognized in the nine months ended September 30, 2019.

Interest Expense

First Capital’s interest expense by type is as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Mortgages	**$ 13,185**	$ 14,325	**$ 38,761**	$ 40,567
Credit facilities	**7,634**	9,787	**22,129**	24,515
Senior unsecured debentures	**24,621**	26,825	**75,038**	79,761
Distributions on Exchangeable Units [1]	**108**	—	**628**	—
Interest capitalized	**(6,597)**	(5,932)	**(18,696)**	(16,002)
Interest expense	**$ 38,951**	$ 45,005	**$ 117,860**	$ 128,841

[1] Effective December 30, 2019, 1.2 million Exchangeable Units were issued upon REIT conversion. The distributions declared on the Exchangeable Units are accounted for as interest expense.

For the three and nine months ended September 30, 2020, interest expense decreased by $6.1 million and $11.0 million, respectively, primarily due to the early redemption of Series M unsecured debentures, early repayment of certain secured credit facilities and unsecured term loans over the past twelve months as a result of FCR's disposition program and higher capitalized interest due to MMUR development projects that are now consolidated and were previously equity accounted in the same prior year periods.

During the nine months ended September 30, 2020 and 2019, approximately 13.7% or $18.7 million, and 11.0% or $16.0 million, respectively, of interest expense was capitalized to real estate investments for properties undergoing development or redevelopment projects. The increase in capitalized interest of $2.7 million is due to an increase in major development projects that are now consolidated. Amounts capitalized are dependent on interest expense paid, on the phase and magnitude of development and redevelopment projects actively underway as well as the portfolio weighted average interest rate.

Corporate Expenses

First Capital's corporate expenses are as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Salaries, wages and benefits	**$ 5,379**	$ 7,220	**$ 17,899**	$ 21,661
Unit-based compensation	**2,014**	1,487	**5,138**	4,289
Other corporate costs	**2,441**	2,860	**8,081**	9,489
Total corporate expenses	**9,834**	11,567	**31,118**	35,439
Amounts capitalized to investment properties under development	**(1,746)**	(2,048)	**(5,933)**	(6,385)
Corporate expenses	**$ 8,088**	$ 9,519	**$ 25,185**	$ 29,054

For the three and nine months ended September 30, 2020, gross corporate expenses, before capitalization decreased by $1.7 million and $4.3 million, respectively, primarily due to $1.3 million and $3.4 million of wage subsidies received under the CEWS program for the three and nine month periods, and reduced spending in light of COVID-19.

First Capital 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 nine months ended September 30, 2020 and 2019, approximately 19.1% or $5.9 million and 18.0% or $6.4 million, 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 First Capital's current level of pre-development and early redevelopment activity.

Other Gains (Losses) and (Expenses)

First Capital's other gains, losses and expenses are as follows:

Three months ended September 30	**2020**		2019	
	Consolidated Statement of Income	**Included in FFO**	Consolidated Statement of Income	Included in FFO
Unrealized gain (loss) on marketable securities	**$ 65**	**$ 65**	$ 203	$ 203
Gain on Investment [1]	**—**	**—**	4,022	4,022
Proceeds from Target [2]	**—**	**—**	692	692
Investment properties selling costs	**(139)**	**—**	(1,082)	—
REIT conversion costs	**—**	**—**	(1,232)	(1,232)
Other	**2**	**2**	(125)	(125)
Total per consolidated statement of income	**$ (72)**	**$ 67**	$ 2,478	$ 3,560
Other gains (losses) and (expenses) under equity accounted joint ventures	**(209)**	**(209)**	(19)	52
Total at the Company's proportionate interest [4]	**$ (281)**	**$ (142)**	$ 2,459	$ 3,612

Nine months ended September 30	**2020**		2019	
	Consolidated Statement of Income	**Included in FFO**	Consolidated Statement of Income	Included in FFO
Realized gain (loss) on sale of marketable securities	**$ —**	**$ —**	$ 1,164	$ 1,164
Unrealized gain (loss) on marketable securities	**(814)**	**(814)**	298	298
Net gain (loss) on prepayments of debt	**(282)**	**(282)**	—	—
Gain on Investment [1]	**—**	**—**	4,022	4,022
Proceeds from Target [2]	**—**	**—**	692	692
Pre-selling costs of residential inventory	**(142)**	**(142)**	—	—
Investment properties selling costs	**(3,304)**	**—**	(3,106)	—
REIT conversion costs	**(906)**	**(906)**	(2,004)	(2,004)
Transaction costs [3]	**—**	**—**	(3,414)	(3,414)
Other	**37**	**37**	(99)	(99)
Total per consolidated statement of income	**$ (5,411)**	**$ (2,107)**	$ (2,447)	$ 659
Other gains (losses) and (expenses) under equity accounted joint ventures	**(1,612)**	**(1,674)**	(73)	10
Total at First Capital's proportionate interest [4]	**$ (7,023)**	**$ (3,781)**	$ (2,520)	$ 669

(1) During the third quarter of 2019, one of FCR's other investments was acquired for cash and share consideration resulting in the recognition of a $4.0 million gain on investment.

(2) In connection with proceeds recognized under Target Canada's CCAA plan of arrangement related to the closure of two Target stores in FCR's portfolio in 2015.

(3) As part of the secondary offering by Gazit of 22 million of FCR's shares, FCR paid $9.0 million or 50% of the underwriters' commission. Given the cross-conditional nature of the secondary offering and the previously announced share repurchase transaction, the $9.0 million was allocated to both the share repurchase ($5.6 million) and the secondary offering ($3.4 million). The amount allocated to the secondary offering was recorded in other gains (losses) and (expenses) during the first quarter of 2019.

(4) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three months ended September 30, 2020, First Capital recognized $0.1 million in other losses and expenses in its consolidated statement of income compared to $2.5 million in other gains in the same prior year period. The other losses and expenses in the quarter were primarily due to investment property selling costs of $0.1 million related to FCR's disposition program. For the nine months ended September 30, 2020, FCR recognized $5.4 million in other losses and expenses in its consolidated statement of income compared to $2.4 million in other losses in the same prior year period.

The other losses and expenses for the nine months ended September 30, 2020 were primarily due to investment property selling costs of $3.3 million, REIT conversion costs of $0.9 million and net losses on marketable securities of $0.8 million.

Income Taxes

For the three and nine months ended September 30, 2020, deferred income tax (recovery) expense totaled ($1.8) million and ($8.7) million, compared to $20.6 million and $33.4 million, respectively, over the same prior year periods. The decrease of $22.4 million and $42.2 million in deferred taxes was primarily due to a reduction in the applicable tax rate applied to fair value gains and losses under the new REIT organizational structure.

Net Income (Loss) Attributable to Unitholders / Shareholders

For the three months ended September 30, 2020, net income attributable to Unitholders / Shareholders was $11.3 million or $0.05 per diluted unit compared to $65.5 million or $0.30 per diluted share for the same prior year period. The $54.2 million decrease was primarily due to a $66.7 million reduction in the fair value of investment properties, partially offset by lower interest expense of $6.0 million over the prior year period.

For the nine months ended September 30, 2020, net loss attributable to Unitholders / Shareholders was $34.6 million or $0.16 per diluted unit compared to net income of $208.9 million or $0.89 per diluted share for the same prior year period. The $243.5 million decrease was primarily due to a reduction in the fair value of investment properties and hotel property of $235.2 million and $4.4 million, respectively, over the prior year period.

CAPITAL STRUCTURE AND LIQUIDITY

Total Capital Employed

The real estate business is capital intensive by nature. First Capital’s capital structure is key to financing growth and providing sustainable cash distributions to Unitholders. 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 FCR's capital structure provides stability and reduces risk, while generating an acceptable return on investment, taking into account the long-term business strategy of First Capital.

As at	**September 30, 2020**	December 31, 2019
Liabilities (principal amounts outstanding)		
Bank indebtedness	**$ 12,407**	$ 60
Mortgages	**1,369,111**	1,331,219
Credit facilities	**906,246**	899,165
Mortgages under equity accounted joint venture (at the Trust's interest) (1)	**39,420**	40,144
Exchangeable Units (based on a closing per unit price of $12.96; December 31, 2019 - $20.67)	**1,722**	25,010
Senior unsecured debentures	**2,525,000**	2,500,000
Equity capitalization (2)		
Trust Units (based on a closing per unit price of $12.96; December 31, 2019 - $20.67)	**2,841,944**	4,505,107
Enterprise value (1)	**$ 7,695,850**	$ 9,300,705

(1) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

(2) Equity capitalization is the market value of FCR's units outstanding at a point in time. The measures is not defined by IFRS, does not have a standard definition and, as such, may not be comparable to similar measures disclosed by other issuers.

Equity capitalization decreased from $4.5 billion at December 31, 2019 to $2.8 billion at September 30, 2020 due to a decrease in the Trust's unit price as a result of equity market volatility, including the impact of COVID-19.

Key Metrics

The ratios below include measures not specifically defined in IFRS.

As at	**September 30, 2020**	December 31, 2019
Weighted average effective interest rate on mortgages, fixed rate unsecured term loans and senior unsecured debentures	**3.8%**	4.0%
Weighted average maturity on mortgages, fixed rate unsecured term loans and senior unsecured debentures (years)	**4.9**	5.1
Net debt to total assets [(1)]	**48.0%**	46.7%
Net debt to Adjusted EBITDA [(1)]	**11.8**	10.0
Unencumbered aggregate assets [(1)]	**$ 6,974,789**	$ 7,037,334
Unencumbered aggregate assets to unsecured debt, based on fair value [(1)]	**2.1**	2.2
Adjusted EBITDA interest coverage [(1)]	**2.2**	2.4

(1) Calculated with joint ventures proportionately consolidated in accordance with FCR's debt covenants. Refer to the "Non-IFRS Financial Measures" section of this MD&A.

The Net debt to Adjusted EBITDA ratio increased by 1.8 to 11.8, as of September 30, 2020, due to higher net debt and a decrease in EBITDA. The increase in net debt is primarily due to the issuance of $200.0 million of senior unsecured debentures and mortgage borrowings of $116.2 million. The decrease in EBITDA arose primarily from lower NOI from dispositions and increased bad debt expense recognized in the second and third quarters due to COVID-19 and CECRA.

Credit Ratings

From November 2012 to March 2019, DBRS and Moody's rated FCR's unsecured debentures as BBB (high) and Baa2, respectively. On April 16, 2019, the Company completed the share repurchase of 36,000,000 common shares from Gazit for gross proceeds of $741.6 million. The repurchase was funded with senior unsecured bank term loans. As a result of the debt-financed share repurchase transaction, both DBRS and Moody's downgraded the ratings of FCR's unsecured debentures by one notch to BBB (DBRS) and Baa3 with a stable outlook (Moody's).

On November 6, 2019, S&P began rating FCR's senior unsecured debentures and assigned a public rating of BBB- with a stable outlook, following which, FCR discontinued its Moody's rating services. On November 2, 2020, S&P confirmed their previously assigned rating of BBB- with a stable outlook.

On June 24, 2020, DBRS confirmed FCR's Issuer Rating and Senior Unsecured Debentures rating at BBB with Stable trends.

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.

As defined by S&P, a credit rating in the BBB category denotes that these debentures exhibit adequate protection parameters and an acceptable capacity to meet its financial commitments. S&P indicates that BBB rated obligations are more likely to weaken an obligor's capacity to meet its financial commitments if adverse economic conditions or changing circumstances were to take place. A rating outlook provided by S&P, expressed as positive, stable, negative or developing, is an opinion regarding the potential direction of a credit rating over the intermediate term (typically six months to two years).

Outstanding Debt and Principal Maturity Profile

The maturity profile including scheduled amortization of First Capital's mortgages and credit facilities as well as its senior unsecured debentures as at September 30, 2020 is summarized in the table below:

As at September 30, 2020	Mortgages	Credit Facilities/Bank Indebtedness	Senior Unsecured Debentures	Total	% Due
2020 (remainder of the year)	$ 6,966	$ 3,050	$ —	$ 10,016	0.2%
2021	101,861	53,317	175,000	330,178	6.9%
2022	127,503	97,927	450,000	675,430	14.0%
2023	32,597	214,359	300,000	546,956	11.4%
2024	140,423	300,000	300,000	740,423	15.4%
2025	85,537	75,000	300,000	460,537	9.6%
2026	120,246	175,000	300,000	595,246	12.4%
2027	103,943	—	500,000	603,943	12.5%
2028	166,973	—	200,000	366,973	7.6%
2029	251,257	—	—	251,257	5.2%
2030	176,480	—	—	176,480	3.7%
Thereafter	55,325	—	—	55,325	1.1%
	1,369,111	918,653	2,525,000	4,812,764	100.0%
Add (deduct): unamortized deferred financing costs, premiums and discounts, net	(4,800)	—	(3,156)	(7,956)	
Total	$ 1,364,311	$ 918,653	$ 2,521,844	$ 4,804,808	

First Capital'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. First Capital also intends to maintain financial flexibility to support a reasonable cost of debt and equity capital over the long term.

Mortgages

The changes in First Capital's mortgages during the nine months ended September 30, 2020 are set out below:

Nine months ended September 30, 2020	Amount	Weighted Average Effective Interest Rate
Balance at beginning of period	$ 1,327,021	3.7%
Mortgage borrowings	116,200	2.8%
Mortgage repayments	(56,909)	4.8%
Scheduled amortization on mortgages	(21,400)	—%
Amortization of financing costs and net premium	(601)	—%
Balance at end of period	$ 1,364,311	3.6%

As at September 30, 2020, 100% (December 31, 2019 – 100%) of the outstanding mortgages bore interest at fixed interest rates. The average remaining term of mortgages outstanding decreased from 6.4 years as at December 31, 2019 on $1.3 billion of mortgages to 6.2 years as at September 30, 2020 on $1.4 billion of mortgages after reflecting borrowing activity and repayments during the period.

Mortgage Maturity Profile

The maturity profile including scheduled amortization of First Capital's mortgages as at September 30, 2020 is summarized in the table below:

As at September 30, 2020	Scheduled Amortization	Payments on Maturity	Total	Weighted Average Effective Interest Rate
2020 (remainder of the year)	$ 6,966	$ —	$ 6,966	N/A
2021	28,424	73,437	101,861	4.8%
2022	31,981	95,522	127,503	4.0%
2023	32,597	—	32,597	N/A
2024	31,945	108,478	140,423	3.8%
2025	29,642	55,895	85,537	3.5%
2026	25,886	94,360	120,246	3.2%
2027	24,079	79,864	103,943	3.6%
2028	21,250	145,723	166,973	3.8%
2029	14,377	236,880	251,257	3.5%
2030	7,105	169,375	176,480	3.3%
Thereafter	370	54,955	55,325	3.5%
	$ 254,622	$ 1,114,489	$ 1,369,111	3.6%
Add: unamortized deferred financing costs and premiums and discounts, net			(4,800)	
Total			$ 1,364,311	

Credit Facilities

First Capital's credit facilities as at September 30, 2020 are summarized in the table below:

As at September 30, 2020	Borrowing Capacity	Amounts Drawn	Bank Indebtedness and Outstanding Letters of Credit	Available to be Drawn	Interest Rates	Maturity Date
Unsecured operating facilities						
Revolving facility maturing 2023	$ 550,000	$ —	$ (23,433)	$ 526,567	BA + 1.45% or Prime + 0.45% or US$ LIBOR + 1.45%	June 30, 2023
Revolving facility maturing 2022	250,000	—	—	250,000	BA + 1.10% or Prime + 0.25% or US$ LIBOR + 1.10%	September 29, 2022
Floating rate unsecured term loan maturing 2023 (1)	200,000	(201,952)	—	—	BA + 1.20%	April 15, 2023
Fixed rate unsecured term loans maturing 2024 - 2026	550,000	(550,000)	—	—	3.29%	March 28, 2024 - April 14, 2026
Secured construction facilities						
Maturing 2021 (2)	20,000	(19,984)	—	16	BA + 2.50% or Prime + 1.00%	June 1, 2021
Maturing 2021	33,333	(33,333)	—	—	2.79%	August 26, 2021
Maturing 2022 (2)	138,000	(86,859)	(1,592)	49,549	BA + 1.350% or Prime + 0.350%	October 26, 2022
Secured Facilities						
Maturing 2020 (3)	20,734	(3,050)	(1,221)	16,463	BA + 1.20% or Prime + 0.20%	December 30, 2020
Maturing 2022	4,313	(4,313)	—	—	BA + 1.20% or Prime + 0.20%	September 28, 2022
Maturing 2022	6,755	(6,755)	—	—	BA + 1.20% or Prime + 0.20%	December 19, 2022
Total	$ 1,773,135	$ (906,246)	$ (26,246)	$ 842,595		

(1) The Trust had drawn in U.S. dollars the equivalent of CAD$200.0 million which was revalued at CAD$202.0 million as at September 30, 2020.

(2) As of the third quarter of 2019, the Trust consolidates the assets, liabilities, revenues and expenses of MMUR which was previously equity accounted.

(3) The Trust intends to extend this secured facility.

First Capital has the ability under its unsecured credit facilities to draw funds based on Canadian bank prime rates and Canadian bankers' acceptances ("BA rates") for Canadian dollar-denominated borrowings, and LIBOR rates or U.S. prime rates for U.S. dollar-denominated borrowings. Concurrently with the U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings.

On April 16, 2019, the Company completed the share repurchase of 36,000,000 common shares from a subsidiary of Gazit-Globe Ltd. ("Gazit") at a price of $20.60 per share for gross proceeds to Gazit of $741.6 million. To fund the share repurchase and other operational needs, FCR entered into $850 million of senior unsecured bank term loans with maturities ranging from 4 - 7 years. Concurrent with funding, the majority of the unsecured bank term loans were swapped to fixed rates bearing a weighted average interest rate of 3.3% with a weighted average term to maturity of 5.8 years. The remaining debt bears interest at a floating rate and can be repaid with no prepayment penalty.

In the fourth quarter of 2019, First Capital repaid $100 million of floating rate unsecured term loans. During the first quarter, First Capital extended the maturity of its $11.9 million secured facility and $20.0 million secured construction facility to April 30, 2020 and July 31, 2020, respectively. During the second quarter, First Capital repaid its $11.9 million secured facility. During the third quarter, First Capital increased the borrowing capacity for one of its secured construction facilities to $20.0 million and extended the maturity date to June 1, 2021.

Senior Unsecured Debentures

As at September 30, 2020			Interest Rate		Remaining Term to Maturity	Principal Outstanding
Series	Maturity Date	Interest Payment Dates	Coupon	Effective	(years)	
N	March 1, 2021	March 1, September 1	4.50%	4.63%	0.4	$ 175,000
O	January 31, 2022	January 31, July 31	4.43%	4.59%	1.3	200,000
P	December 5, 2022	June 5, December 5	3.95%	4.18%	2.2	250,000
Q	October 30, 2023	April 30, October 30	3.90%	3.97%	3.1	300,000
R	August 30, 2024	February 28, August 30	4.79%	4.72%	3.9	300,000
S	July 31, 2025	January 31, July 31	4.32%	4.24%	4.8	300,000
T	May 6, 2026	May 6, November 6	3.60%	3.56%	5.6	300,000
U	July 12, 2027	January 12, July 12	3.75%	3.82%	6.8	300,000
V	January 22, 2027	January 22, July 22	3.46%	3.54%	6.3	200,000
A	March 1, 2028	March 1, September 1	3.45%	3.54%	7.4	200,000
	Weighted Average or Total		4.02%	4.07%	4.3	$ 2,525,000

On April 16, 2020, First Capital redeemed its remaining 5.60% Series M Senior Unsecured Debentures for $175.0 million. The full redemption price and any accrued interest owing on the senior unsecured debentures was satisfied in cash.

On September 1, 2020, the Trust completed the issuance of $200 million principal amount of Series A senior unsecured debentures due March 1, 2028. These debentures bear interest at a coupon rate of 3.45% per annum, payable semi-annually commencing March 1, 2021.

Unitholders' Equity

Unitholders' equity amounted to $4.2 billion as at September 30, 2020, compared to Unitholders' equity of $4.4 billion as at December 31, 2019. The decrease is primarily attributed to a net loss of $34.6 million, distributions of $140.9 million and other comprehensive loss of $38.6 million recognized in the nine months ended September 30, 2020.

As at November 2, 2020, there were 219.3 million Trust Units and 0.1 million Exchangeable Units outstanding.

Unit Options

As at September 30, 2020, First Capital had 7.1 million unit options outstanding, with an average exercise price of $20.20, which, if exercised, would result in First Capital receiving proceeds of $143.5 million.

Liquidity

Liquidity risk exists due to the possibility of First Capital 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. First Capital 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 First Capital's existing revolving credit facilities. If necessary, FCR is also able to obtain financing on its unencumbered assets. The following table summarizes First Capital's liquidity position:

As at (millions of dollars)	**September 30, 2020**	December 31, 2019
Total available under credit facilities	**$ 843**	$ 867
Cash and cash equivalents	**$ 22**	$ 26
Unencumbered aggregate assets	**$ 6,975**	$ 7,037

First Capital 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 for 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.

Planned and completed financings subsequent to September 30, 2020, and availability on existing credit facilities, address substantially all of the contractual 2020 debt maturities and contractually committed costs to complete current development projects.

Cash Flows

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Cash provided by (used in) operating activities	**$ 43,469**	$ 70,254	**$ 126,768**	$ 162,242
Cash provided by (used in) financing activities	**(11,844)**	13,347	**(94,170)**	(155,607)
Cash provided by (used in) investing activities	**(63,238)**	(77,169)	**(35,669)**	(2,724)
Net change in cash and cash equivalents	**$ (31,613)**	$ 6,432	**$ (3,071)**	$ 3,911

The following table presents the excess (shortfall) of cash provided by operating activities over distributions / dividends declared:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Cash provided by operating activities	**$ 43,469**	$ 70,254	**$ 126,768**	$ 162,242
Distributions / dividends declared	**(47,068)**	(47,294)	**(140,875)**	(149,604)
Excess (shortfall) of cash provided by operating activities over distributions / dividends declared	**$ (3,599)**	$ 22,960	**$ (14,107)**	$ 12,638

For the three and nine months ended September 30, 2020, distributions declared exceeded cash flows provided by operating activities by $3.6 million and $14.1 million, respectively, representing a return of capital. This shortfall is financed through the use of First Capital's credit facilities and proceeds from investing activities.

Management does not believe that a shortfall in any given quarter is indicative of First Capital's sustainable cash flows due to the impact of seasonal fluctuations in its cash flows period over period. In addition, Management believes that the negative impact on cash flows as a result of the COVID-19 pandemic is not indicative of the Trust's sustainable cash flows over the longer term. Please refer to Management's discussion on ACFO, a supplemental non-IFRS financial measure used to evaluate and monitor First Capital's sustainable cash available to pay distributions to Unitholders.

Contractual Obligations

An analysis of First Capital's contractual maturities of its material financial liabilities and other contractual commitments, as at September 30, 2020 is set out below:

As at September 30, 2020	Payments due by period				
	Remainder of 2020	2021 to 2022	2023 to 2024	Thereafter	Total
Scheduled mortgage principal amortization	$ 6,966	$ 60,405	$ 64,542	$ 122,709	$ 254,622
Mortgage principal repayments on maturity	—	168,959	108,478	837,052	1,114,489
Credit facilities and bank indebtedness	3,050	151,244	514,359	250,000	918,653
Senior unsecured debentures	—	625,000	600,000	1,300,000	2,525,000
Interest obligations [1]	44,123	314,632	234,839	211,964	805,558
Land leases (expiring between 2023 and 2061)	300	2,413	1,488	16,807	21,008
Contractually committed costs to complete current development projects	25,211	14,763	—	—	39,974
Other committed costs	3,020	7,125	—	—	10,145
Total contractual obligations	$ 82,670	$ 1,344,541	$ 1,523,706	$ 2,738,532	$ 5,689,449

[1] Interest obligations include expected interest payments on mortgages and credit facilities as at September 30, 2020 (assuming balances remain outstanding through to maturity) and senior unsecured debentures, as well as standby credit facility fees.

First Capital had $35.4 million of outstanding letters of credit issued by financial institutions to support certain of FCR's contractual obligations and $12.4 million of bank overdrafts.

First Capital's estimated cost to complete properties currently under development is $122.9 million, of which $40.0 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

(a) First Capital 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 FCR.

(b) First Capital is contingently liable, jointly and severally or as guarantor, for approximately $65.6 million (December 31, 2019 – $77.5 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) First Capital was contingently liable by way of a put option on its co-owners' 40% interest in the hotel property, which was exercised in the third quarter. The Trust purchased the remaining 40% interest in the strategic hotel property in October 2020. The purchase price for the 40% interest of $29.8 million was based on a fixed price formula that resulted in a discount to current fair value. The put option was satisfied primarily through the settlement of a loan in the amount of $20.0 million advanced from First Capital to the co-owner. In addition to the hotel operations, the property earns rental income from retail tenants and on-going service and management fees from the condominiums located above the hotel component.

NON-IFRS RECONCILIATIONS AND FINANCIAL MEASURES

Reconciliation of Consolidated Balance Sheets to First Capital's Proportionate Interest

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

As at	**September 30, 2020**			December 31, 2019		
	Consolidated Balance Sheet (1)	**Adjustments for Proportionate Interest**	**Proportionate Interest (2)**	Consolidated Balance Sheet (1)	Adjustments for Proportionate Interest	Proportionate Interest (2)
ASSETS						
Investment properties	**$ 9,403,592**	**$ 11,497**	**$ 9,415,089**	$ 9,593,530	$ 9,259	$ 9,602,789
Residential development inventory	**70,767**	**5,290**	**76,057**	10,205	5,742	15,947
Hotel property	**55,620**	**—**	**55,620**	62,199	—	62,199
Loans, mortgages and other assets	**155,397**	**1,711**	**157,108**	166,033	2,651	168,684
Cash and cash equivalents	**22,432**	**11,367**	**33,799**	25,503	2,279	27,782
Amounts receivable	**39,860**	**706**	**40,566**	31,521	307	31,828
Other assets	**79,440**	**11,990**	**91,430**	54,271	16,978	71,249
Investment in joint ventures	**52,237**	**(52,237)**	**—**	59,498	(59,498)	—
Investment properties classified as held for sale	**134,100**	**—**	**134,100**	158,600	—	158,600
Total assets	**$ 10,013,445**	**$ (9,676)**	**$ 10,003,769**	$ 10,161,360	$ (22,282)	$ 10,139,078
LIABILITIES						
Mortgages	**$ 1,357,947**	**$ 39,324**	**$ 1,397,271**	$ 1,327,021	$ 40,036	$ 1,367,057
Credit facilities	**906,246**	**(31,113)**	**875,133**	899,165	(19,749)	879,416
Bank indebtedness	**12,407**	**—**	**12,407**	60	—	60
Senior unsecured debentures	**2,521,844**	**—**	**2,521,844**	2,497,213	—	2,497,213
Exchangeable Units	**1,722**	**—**	**1,722**	25,010	—	25,010
Deferred tax liabilities	**669,809**	**—**	**669,809**	701,549	—	701,549
Debt secured by investment properties held for sale	**6,364**	**—**	**6,364**	—	—	—
Accounts payable and other liabilities	**273,633**	**11,681**	**285,314**	235,836	6,345	242,181
Total liabilities	**5,749,972**	**19,892**	**5,769,864**	5,685,854	26,632	5,712,486
EQUITY						
Unitholders' / Shareholders' equity	**4,233,905**	**—**	**4,233,905**	4,426,592	—	4,426,592
Non-controlling interest	**29,568**	**(29,568)**	**—**	48,914	(48,914)	—
Total equity	**4,263,473**	**(29,568)**	**4,233,905**	4,475,506	(48,914)	4,426,592
Total liabilities and equity	**$ 10,013,445**	**$ (9,676)**	**$ 10,003,769**	$ 10,161,360	$ (22,282)	$ 10,139,078

(1) The consolidated balance sheets have been presented on a non-classified basis for purposes of this reconciliation.

(2) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

Reconciliation of Consolidated Statements of Income (Loss) to First Capital's Proportionate Interest

The following tables provide a reconciliation of First Capital's consolidated statements of income (loss) for the three and nine months ended September 30, 2020, as presented in its unaudited interim condensed consolidated financial statements, to its proportionate interest.

Three months ended September 30		**2020**				2019
	Consolidated Statements of Income	**Adjustment to proportionate interest**	**Proportionate interest [(1)]**	Consolidated Statements of Income	Adjustment to proportionate interest	Proportionate interest [(1)]
Property rental revenue	**$ 163,952**	**$ 1,924**	**$ 165,876**	$ 183,650	$ 2,893	$ 186,543
Property operating costs	**62,474**	**1,374**	**63,848**	68,627	1,938	70,565
Net operating income	**101,478**	**550**	**102,028**	115,023	955	115,978
Other income and expenses						
Interest and other income	**2,776**	**338**	**3,114**	11,828	(1,415)	10,413
Interest expense	**(38,951)**	**(386)**	**(39,337)**	(45,005)	(366)	(45,371)
Corporate expenses	**(8,088)**	**(72)**	**(8,160)**	(9,519)	208	(9,311)
Abandoned transaction costs	**(8)**	**—**	**(8)**	(510)	—	(510)
Amortization expense	**(1,382)**	**(748)**	**(2,130)**	(1,136)	(836)	(1,972)
Share of profit from joint ventures	**(6,637)**	**6,637**	**—**	396	(396)	—
Other gains (losses) and (expenses)	**(72)**	**(209)**	**(281)**	2,478	(19)	2,459
(Increase) decrease in value of unit-based compensation	**1,891**	**—**	**1,891**	—	—	—
(Increase) decrease in value of Exchangeable Units	**(782)**	**—**	**(782)**	—	—	—
Increase (decrease) in value of hotel property	**(23)**	**—**	**(23)**	—	—	—
Increase (decrease) in value of investment properties, net	**(40,907)**	**(5,928)**	**(46,835)**	25,827	(11,419)	14,408
	(92,183)	**(368)**	**(92,551)**	(15,641)	(14,243)	(29,884)
Income (loss) before income taxes	**9,295**	**182**	**9,477**	99,382	(13,288)	86,094
Deferred income tax expense (recovery)	**(1,785)**	**—**	**(1,785)**	20,607	(3)	20,604
Net income (loss)	**$ 11,080**	**$ 182**	**$ 11,262**	$ 78,775	$ (13,285)	$ 65,490
Net income (loss) attributable to:						
Unitholders / Shareholders	**$ 11,262**	**$ —**	**$ 11,262**	$ 65,490	$ —	$ 65,490
Non-controlling interest	**(182)**	**182**	**—**	13,285	(13,285)	—
	$ 11,080	**$ 182**	**$ 11,262**	$ 78,775	$ (13,285)	$ 65,490
Net income (loss) per unit / share attributable to Unitholders / Shareholders:						
Basic	**$ 0.05**			$ 0.30		
Diluted	**$ 0.05**			$ 0.30		

(1) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

Nine months ended September 30			**2020**			2019
	Consolidated Statements of Income	**Adjustment for proportionate interest**	**Proportionate interest** [1]	Consolidated Statements of Income	Adjustment for proportionate interest	Proportionate interest [1]
Property rental revenue	**$ 502,832**	**$ 5,530**	**$ 508,362**	$ 565,149	$ 6,831	$ 571,980
Property operating costs	**209,446**	**4,101**	**213,547**	218,701	3,782	222,483
Net operating income	**293,386**	**1,429**	**294,815**	346,448	3,049	349,497
Other income and expenses						
Interest and other income	**8,956**	**1,092**	**10,048**	29,179	(1,210)	27,969
Interest expense	**(117,860)**	**(1,014)**	**(118,874)**	(128,841)	(1,398)	(130,239)
Corporate expenses	**(25,185)**	**(15)**	**(25,200)**	(29,054)	403	(28,651)
Abandoned transaction costs	**(90)**	**—**	**(90)**	(653)	—	(653)
Amortization expense	**(3,981)**	**(2,045)**	**(6,026)**	(3,280)	(836)	(4,116)
Share of profit from joint ventures	**(7,688)**	**7,688**	**—**	2,262	(2,262)	—
Other gains (losses) and (expenses)	**(5,411)**	**(1,612)**	**(7,023)**	(2,447)	(73)	(2,520)
(Increase) decrease in value of non-cash compensation	**9,724**	**—**	**9,724**	—	—	—
(Increase) decrease in value of Exchangeable Units	**7,434**	**—**	**7,434**	—	—	—
Increase (decrease) in value of hotel property	**(4,350)**	**—**	**(4,350)**	—	—	—
Increase (decrease) in value of investment properties, net	**(193,146)**	**(10,607)**	**(203,753)**	42,034	(11,007)	31,027
	(331,597)	**(6,513)**	**(338,110)**	(90,800)	(16,383)	(107,183)
Income (loss) before income taxes	**(38,211)**	**(5,084)**	**(43,295)**	255,648	(13,334)	242,314
Deferred income tax expense (recovery)	**(8,729)**	**—**	**(8,729)**	33,431	(3)	33,428
Net income (loss)	**$ (29,482)**	**$ (5,084)**	**$ (34,566)**	$ 222,217	$ (13,331)	$ 208,886
Net income (loss) attributable to:						
Unitholders / Shareholders	**$ (34,566)**	**$ —**	**$ (34,566)**	$ 208,886	$ —	$ 208,886
Non-controlling interest	**5,084**	**(5,084)**	**—**	13,331	(13,331)	—
	$ (29,482)	**$ (5,084)**	**$ (34,566)**	$ 222,217	$ (13,331)	$ 208,886
Net income (loss) per unit / share attributable to Unitholders / Shareholders:						
Basic	**$ (0.16)**			$ 0.90		
Diluted	**$ (0.16)**			$ 0.89		

(1) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

FFO and ACFO

Funds from Operations

A reconciliation from net income attributable to Unitholders / Shareholders to FFO can be found in the table below:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Net income (loss) attributable to Unitholders / Shareholders	**$ 11,262**	$ 65,490	**$ (34,566)**	$ 208,886
Add (deduct):				
(Increase) decrease in value of investment properties [1]	**46,835**	(14,408)	**203,753**	(31,027)
(Increase) decrease in value of hotel property [1]	**23**	—	**4,350**	—
Adjustment for equity accounted joint ventures [2]	**748**	879	**2,045**	1,391
Incremental leasing costs [3]	**1,612**	1,705	**4,960**	5,115
Amortization expense [4]	**307**	172	**933**	495
Distributions on Exchangeable Units [5]	**108**	—	**628**	—
Increase (decrease) in value of Exchangeable Units [5]	**782**	—	**(7,434)**	—
Increase (decrease) in value of unit-based compensation [6]	**(1,891)**	—	**(9,724)**	—
Investment properties selling costs [1]	**139**	1,153	**3,242**	3,189
Deferred income taxes (recovery) [1]	**(1,785)**	20,604	**(8,729)**	33,428
FFO [7]	**$ 58,140**	$ 75,595	**$ 159,458**	$ 221,477

(1) At FCR's proportionate interest.

(2) Adjustment related to FCR's equity accounted joint ventures in accordance with the recommendations of REALPAC.

(3) Adjustment to capitalize incremental leasing costs in accordance with the recommendations of REALPAC.

(4) Adjustment to exclude hotel property amortization in accordance with the recommendations of REALPAC.

(5) Adjustment to exclude distributions and fair value adjustments on Exchangeable Units in accordance with the recommendations of REALPAC.

(6) Adjustment to exclude fair value adjustments on unit-based compensation plans in accordance with the recommendations of REALPAC.

(7) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

The components of FFO at proportionate interest are as follows:

	Three months ended September 30			Nine months ended September 30		
	% change	**2020**	2019	change	**2020**	2019
Net operating income		**$ 102,028**	$ 115,978		**$ 294,815**	$ 349,497
Interest and other income		**3,114**	10,413		**10,048**	27,969
Interest expense [1]		**(39,229)**	(45,328)		**(118,246)**	(129,684)
Corporate expenses [2]		**(6,548)**	(7,606)		**(20,240)**	(23,536)
Abandoned transaction costs		**(8)**	(510)		**(90)**	(653)
Amortization expense [3]		**(1,075)**	(964)		**(3,048)**	(2,785)
Other gains (losses) and (expenses) [4]		**(142)**	3,612		**(3,781)**	669
FFO [5]	(23.1%)	**$ 58,140**	$ 75,595	(28.0%)	**$ 159,458**	$ 221,477
FFO per diluted unit / share	(23.0%)	**$ 0.26**	$ 0.34	(23.5%)	**$ 0.72**	$ 0.95
Weighted average number of units / shares – diluted (in thousands)	(0.1%)	**220,522**	220,664	(5.9%)	**220,478**	234,269

(1) Includes an adjustment to capitalize interest related to FCR'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) Excludes certain amortization expense in accordance with the recommendations of REALPAC.

(4) At FCR's proportionate interest, adjusted to exclude investment properties selling costs in accordance with the recommendations of REALPAC.

(5) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three months ended September 30, 2020, FFO decreased $17.5 million or $0.08 per diluted unit. The decrease was expected and was primarily due to $8.7 million or $0.04 per diluted unit of non-recurring gains and fees recognized in the third quarter of 2019. The decrease was also due to the impact of property dispositions completed over the past 12 months and a decline in interest income as a result of lower loans and mortgages receivable outstanding over the prior year period.

For the nine months ended September 30, 2020, FFO decreased $62.0 million or $0.22 per diluted unit. The decrease of $0.09 per diluted unit was primarily due to lower NOI due to dispositions, partially offset by lower interest expense and $0.08 per diluted unit of increased bad debt expense due to CECRA and COVID-19. In addition, FFO also declined due to $12.5 million or $0.05 per diluted unit of non-recurring gains and fees recognized in the nine months ended September 30, 2019.

Adjusted Cash Flow from Operations

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Cash provided by operating activities	**$ 43,469**	$ 70,254	**$ 126,768**	$ 162,242
Add (deduct):				
Working capital adjustments [1]	**28,311**	(719)	**29,851**	39,487
Adjustment for equity accounted joint ventures	**713**	821	**859**	2,198
Revenue sustaining capital expenditures	**(3,496)**	(5,684)	**(14,771)**	(15,021)
Recoverable capital expenditures	**(424)**	(2,398)	**(1,084)**	(5,203)
Leasing costs on properties under development	**403**	426	**1,240**	1,279
Realized gain (loss) on sale of marketable securities	**—**	—	**—**	1,164
Non-controlling interest	**(859)**	(2,167)	**684**	(2,288)
ACFO [2]	**$ 68,117**	$ 60,533	**$ 143,547**	$ 183,858

[1] Working capital adjustments primarily include adjustments for prepaid as well as accrued property taxes as their levels vary considerably over the course of the year as well as certain other adjustments as specified in the most recent REALPAC whitepaper on ACFO issued in February 2019.

[2] Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three and nine months ended September 30, 2020, ACFO totaled $68.1 million and $143.5 million compared to $60.5 million and $183.9 million for the same prior year period periods, respectively. The $7.6 million increase in ACFO for the three months ended September 30, 2020 is primarily due to the cash inflow of the government funded CECRA loan and lower capital expenditures, partially offset by lower NOI as a result of property dispositions. The $40.3 million decrease in ACFO for the nine months ended September 30, 2020 was primarily due to lower NOI as a result of property dispositions and lower interest and other income, partially offset by lower interest expense over the same prior year period.

ACFO Payout Ratio

First Capital's ACFO payout ratio for the four quarters ended September 30, 2020 is calculated as follow:

	Twelve months ended September 30, 2020	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**
ACFO [1]	**$ 212,105**	$ 68,117	$ 36,500	$ 38,930	$ 68,558
Cash distributions / dividends paid [2]	**187,885**	46,990	46,915	46,874	47,106
ACFO payout ratio [1]	**88.6%**				

[1] Refer to the "Non-IFRS Financial Measures" section of this MD&A.

[2] FCR was a corporation and paid dividends in 2019 until it converted to a REIT on December 30, 2019.

First Capital's ACFO payout ratio for the four quarters ended September 30, 2019 is calculated as follow:

		Twelve months ended September 30, 2019		Q3 2019		Q2 2019		Q1 2019		Q4 2018
ACFO [(1)]	$	255,230	$	60,533	$	70,855	$	52,470	$	71,372
Cash dividends paid		211,506		47,104		54,832		54,788		54,782
ACFO payout ratio [(1)]		82.9%								

(1) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

First Capital considers a rolling four quarter payout ratio (cash distributions / ACFO) to be more relevant than a payout ratio in any given quarter due to seasonal fluctuations in ACFO. For the four quarters ended September 30, 2020, the ACFO payout was 88.6% (September 30, 2019 - 82.9%).

Net Asset Value

The following table provides FCR's calculation of NAV for the nine months ended September 30, 2020 and 2019:

As at		**September 30, 2020**		September 30, 2019
Unitholders' / Shareholders' equity	**$**	**4,233,905**	$	4,272,781
Exchangeable Units		**1,722**		—
Deferred tax liabilities		**669,809**		815,421
Net Asset Value (NAV) [(1)]	**$**	**4,905,436**	$	5,088,202
Units outstanding - diluted [(1)]		**220,550**		220,493
NAV per unit [(1)]	**$**	**22.24**	$	23.08

(1) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

The decrease in NAV per unit from $23.08 to $22.24 is primarily due to the fair value decreases on investment properties.

DISTRIBUTIONS / DIVIDENDS

Prior to converting to a REIT on December 30, 2019, First Capital paid regular quarterly dividends to common Shareholders. Upon conversion, First Capital adopted a distribution policy to make monthly cash distributions to Unitholders initially totalling $0.860 per Trust Unit on an annual basis. First Capital must distribute annually all of its taxable income to Unitholders to maintain its status as a REIT pursuant to the *Income Tax Act* (Canada).

Distributions on the Trust Units are declared at the discretion of the Board of Trustees. In determining the annual level or monthly amount of distributions, the Board of Trustees considers many factors including the macro economic and industry specific environment, the impact and duration of the COVID-19 environment and applicable government programs, common industry cash distribution practices, investor expectations, capital market conditions, forecasted cash flows and debt metrics, anticipated capital requirements, estimated taxable income, and the overall financial condition of the Trust.

The Trust does not use net income, as calculated in accordance with IFRS, as the basis to determine the annual distribution rate. Net income is impacted by non-cash adjustments, including fair value changes to investment properties and Exchangeable Units, and is not equivalent to taxable income and therefore is expected to vary from the distributions declared.

The following chart specifies distributions / dividends declared by First Capital:

	Three months ended September 30				Nine months ended September 30			
(in dollars)		**2020**		2019		**2020**		2019
Distributions declared per unit	**$**	**0.215**		N/A	**$**	**0.645**		N/A
Dividends declared per common share		**N/A**	$	0.215		**N/A**	$	0.645

SUMMARY OF FINANCIAL RESULTS OF LONG-TERM DEBT GUARANTORS

First Capital's senior unsecured debentures are guaranteed by the wholly owned subsidiaries of the Trust, 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, 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. These guarantees are intended to eliminate structural subordination, which arises as a consequence of a significant portion of First Capital's assets being held primarily in two significant subsidiaries.

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

(millions of dollars)										Three months ended September 30
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	FCR [1]		Guarantors [2]		Non-Guarantors [3]		Consolidation Adjustments [4]		Total Consolidated	
Property rental revenue	**$ 70**	$ 79	**$ 96**	$ 106	**$ —**	$ —	**$ (2)**	$ (1)	**$ 164**	$ 184
NOI [5]	**46**	52	**57**	63	**—**	—	**(2)**	—	**101**	115
Net income (loss) attributable to Unitholders / Shareholders	**$ 11**	$ 66	**$ 56**	$ 110	**$ —**	$ 27	**$ (56)**	$ (138)	**$ 11**	$ 65

(millions of dollars)										Nine months ended September 30
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	FCR [1]		Guarantors [2]		Non-Guarantors [3]		Consolidation Adjustments [4]		Total Consolidated	
Property rental revenue	**$ 220**	$ 248	**$ 287**	$ 320	**$ —**	$ —	**$ (4)**	$ (3)	**$ 503**	$ 565
NOI [5]	**136**	164	**160**	183	**—**	—	**(3)**	(1)	**293**	346
Net income (loss) attributable to Unitholders / Shareholders	**$ (35)**	$ 209	**$ 236**	$ 243	**$ 9**	$ 27	**$ (245)**	$ (270)	**$ (35)**	$ 209

(millions of dollars)					As at September 30, 2020
	FCR [1]	Guarantors [2]	Non-Guarantors [3]	Consolidation Adjustments [4]	Total Consolidated
Current assets	**$ 12**	**$ 400**	**$ —**	**$ 11**	**$ 423**
Non-current assets	**(379)**	**10,738**	**118**	**(886)**	**9,591**
Current liabilities	**443**	**97**	**5**	**8**	**553**
Non-current liabilities	**$ 4,059**	**$ 1,137**	**$ 59**	**$ (58)**	**$ 5,197**

(millions of dollars)					As at December 31, 2019
	FCR [1]	Guarantors [2]	Non-Guarantors [3]	Consolidation Adjustments [4]	Total Consolidated
Current assets	$ 125	$ 188	$ 1	$ —	$ 314
Non-current assets	122	10,206	161	(642)	9,847
Current liabilities	411	90	2	(2)	501
Non-current liabilities	$ 4,425	$ 736	$ 40	$ (16)	$ 5,185

(1) This column represents FCR and all of its subsidiaries; FCR's subsidiaries are presented under the equity method.

(2) This column represents the aggregate of all Guarantor subsidiaries.

(3) This column represents the aggregate of all Non-Guarantor subsidiaries.

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

(5) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

RELATED PARTY TRANSACTIONS

(a) Gazit-Globe

During the first quarter of 2020, Gazit sold its remaining 6.7% interest in FCR and is no longer a related party.

(b) Joint ventures

During the nine months ended September 30, 2020, First Capital earned fee income of nil (nine months ended September 30, 2019 – $1.9 million) from its joint ventures.

During the nine months ended September 30, 2020, First Capital also advanced nil (nine months ended September 30, 2019 – $0.9 million) to one of its joint ventures.

(c) Subsidiaries of the Trust

The unaudited interim condensed consolidated financial statements include the financial statements of First Capital Real Estate Investment Trust and all of its subsidiaries, including First Capital Realty Inc., First Capital REIT Limited Partnership and First Capital Holdings Trust. First Capital Realty Inc. and First Capital Holdings Trust are the significant subsidiaries of the Trust and are wholly owned.

SUBSEQUENT EVENTS

Monthly Distributions

On October 15, 2020, First Capital announced that it will pay a distribution, for the month of October, of $0.072 per Trust Unit on November 16, 2020 to Unitholders of record as at October 30, 2020.

Collection of October 2020 Rent

As of November 3, 2020, First Capital has collected approximately 90% of the gross rents payable from tenants for the month of October.

QUARTERLY FINANCIAL INFORMATION

	2020			2019				2018
(unit / share counts in thousands)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Property rental revenue	**$ 163,952**	$ 162,744	$ 176,136	$ 181,624	$ 183,650	$ 186,825	$ 194,674	$ 184,590
Net operating income [1]	**$ 101,478**	$ 88,768	$ 103,140	$ 113,949	$ 115,023	$ 115,994	$ 115,431	$ 114,515
Net income (loss) attributable to Unitholders / Shareholders	**$ 11,262**	$ 10,530	$ (56,358)	$ 192,459	$ 65,490	$ 81,244	$ 62,152	$ 64,306
Net income (loss) per unit / share attributable to Unitholders / Shareholders:								
Basic	**$ 0.05**	$ 0.05	$ (0.26)	$ 0.88	$ 0.30	$ 0.36	$ 0.24	$ 0.25
Diluted	**$ 0.05**	$ 0.05	$ (0.26)	$ 0.87	$ 0.30	$ 0.36	$ 0.24	$ 0.25
FFO [1]	**$ 58,140**	$ 47,462	$ 53,856	$ 63,443	$ 75,595	$ 70,229	$ 75,653	$ 73,380
FFO per diluted unit / share [1]	**$ 0.26**	$ 0.22	$ 0.24	$ 0.29	$ 0.34	$ 0.31	$ 0.30	$ 0.29
Weighted average number of diluted units / shares outstanding	**220,522**	220,492	220,470	220,545	220,664	226,417	256,178	255,821
Cash provided by operating activities	**$ 43,469**	$ 46,249	$ 37,050	$ 106,905	$ 70,254	$ 43,106	$ 48,882	$ 114,128
ACFO [1]	**$ 68,117**	$ 36,500	$ 38,930	$ 68,558	$ 60,533	$ 70,855	$ 52,470	$ 71,372
Distribution declared per unit / dividend per share	**$ 0.215**	$ 0.215	$ 0.215	$ 0.072	$ 0.215	$ 0.215	$ 0.215	$ 0.215
Total assets	**$ 10,013,445**	$ 10,037,370	$ 10,237,121	$ 10,161,360	$ 10,585,127	$ 10,375,405	$ 10,465,288	$ 10,453,055
Total mortgages and credit facilities	**$ 2,270,557**	$ 2,434,042	$ 2,447,687	$ 2,226,186	$ 2,655,151	$ 2,551,058	$ 1,891,884	$ 1,912,080
Unitholders' / Shareholders' equity	**$ 4,233,905**	$ 4,252,417	$ 4,298,037	$ 4,426,592	$ 4,272,781	$ 4,252,318	$ 4,979,080	$ 4,978,242
Other								
Number of neighbourhoods	**150**	149	151	156	164	163	164	164
GLA - at 100% (in thousands)	**22,830**	22,844	23,246	23,528	25,092	25,294	25,334	25,456
GLA - at ownership interest (in thousands)	**20,232**	20,250	20,651	20,927	22,936	23,136	23,731	23,854
Monthly average occupancy %	**96.1%**	96.3%	96.5%	96.6%	96.4%	96.7%	96.6%	96.6%
Total portfolio occupancy %	**96.0%**	96.3%	96.4%	96.9%	96.7%	96.8%	96.8%	96.7%

[1] Refer to the "Non-IFRS Financial Measures" section of this MD&A.

CRITICAL ACCOUNTING ESTIMATES

First Capital's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 and 2019 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 except as noted in Note 2(b) of the interim condensed consolidated financial statements. The Trust has also incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the reporting periods using the best available information as of September 30, 2020. Actual results could differ from those estimates. The estimates and assumptions that the Trust considers critical and/or could be impacted by COVID-19 include those underlying the valuation of investment properties, the valuation of its hotel property, the net realizable value of residential inventory, the carrying amount of its investment in joint ventures, the estimate of any expected credit losses on amounts receivable or loans and mortgages receivable and determining the values of financial instruments for disclosure purposes.

First Capital's 2019 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 September 30, 2020, there is no change to the assessment of the significant accounting policies most affected by estimates and judgments as detailed in FCR's 2019 Annual Report.

CONTROLS AND PROCEDURES

As at September 30, 2020, the Chief Executive Officer and the Chief Financial Officer of First Capital, with the assistance of other staff and Management of FCR to the extent deemed necessary, have designed FCR's disclosure controls and procedures to provide reasonable assurance that information required to be disclosed in the various reports filed or submitted by FCR 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, First Capital used the 2013 framework published by the Committee of Sponsoring Organizations of the Treadway Commission.

First Capital did not make any changes in its internal controls over financial reporting during the quarter ended September 30, 2020 that have had, or are reasonably likely to have, a material effect on FCR's internal controls over financial reporting. On an ongoing basis, FCR 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, First Capital intends to take the necessary steps to minimize the consequences thereof.

RISKS AND UNCERTAINTIES

First Capital, 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 Trustees, to identify and, to the extent possible, mitigate or minimize the impact of all such business risks. The major categories of risk First Capital encounters in conducting its business and some of the actions it takes to mitigate these risks are included in its MD&A for the year ended December 31, 2019, as well as its most current Annual Information Form, which provides a detailed description of these and other risks that may affect FCR. These documents are available on SEDAR at www.sedar.com and on FCR's website at www.fcr.ca.

In addition, First Capital has identified a new risk factor related to the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, which is further discussed below.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and long-term impact of this pandemic on First Capital remains unknown at this time. As such, it is not possible to reliably estimate the length and severity of the impact of COVID-19 on First Capital's financial results and operations.

A substantial portion of First Capital's tenants were forced to close in accordance with government regulations or were or have been operating at a reduced capacity, which may negatively impact their ability to pay rent in accordance with the terms of their lease. First Capital has received a large number of rent deferral requests from tenants across the country and some of its tenants have withheld rent. Qualifying small business tenants were granted an initial two months' rent deferral as part of First Capital's Small Business Support Program and other tenants have been or may be granted similar or more substantial rent relief on a case by case basis. A substantial number of tenants elected to participate in the government relief program, CECRA, including many that had initially been part of First Capital's Small Business Support Program. There is no certainty as to the extent recently announced government relief programs, including the Canada Emergency Rent Subsidy ("CERS") will benefit FCR or its tenants. The extent to which certain non-essential businesses can reopen remains uncertain and there is no certainty that these businesses will be allowed to remain open should governmental authorities reinstate business closures. Additionally, First Capital may be required to take further action that negatively impacts its financial results and operations in response to directives of government and public health authorities or that are in the best interests of the health and safety of its employees, tenants, partners and other stakeholders, as necessary.

In addition to the changes described above and the macroeconomic impact of COVID-19, specific effects of the pandemic that may impact FCR's business operations, financial results and its ability to execute on its strategy, may include: consumer demand for tenants' products or services, changing consumer habits, a temporary or long-term increase in vacancy, temporary or long-term stoppage of development projects, temporary or long-term stoppage of construction projects, temporary or long-term labour shortages or disruptions, temporary or long-term impacts on global supply chains, closures or slowdowns of government offices and increased risks to IT systems and networks. Changes to operations in response to these and other effects of COVID-19 on the economy and consumer habits could materially adversely impact FCR's financial results and may negatively impact several aspects of First Capital's business, including but not limited to: the fair value of its properties and other investments; the net realizable value of residential inventory and ability to lease residential space; the performance of its hotel operations, the carrying amount of its investment in joint ventures; its ability to execute on its strategy, including dispositions and acquisitions and surfacing value from its density pipeline; tenants' ability to pay rent in full or at all (including deferred rent); its ability to complete construction required to transfer possession of leased premises to tenants; its ability to renew expiring leases and to lease vacant space; its ability to collect on interest and loans receivables; its ability to meet deleveraging targets, maintain current and/or achieve target debt metrics, maintain current credit ratings and to comply with debt covenants; its ability to make distributions; its ability to maintain its balance sheet and to access capital on acceptable terms or at all. Additionally, health and safety issues related to COVID-19 as well as actions taken by First Capital with respect to tenant defaults could also result in legal claims and proceedings against FCR. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, materially adversely impact operations and the financial performance of First Capital.

The spread of COVID-19 has caused an economic slowdown and increased volatility in financial markets, which has negatively impacted the market price for FCR's securities. Governments and central banks have responded with monetary and fiscal interventions intended to stabilize economic conditions. However, it is not currently known how these interventions will impact debt and equity markets or the economy generally. Although the ultimate impact of COVID-19 on the global economy and its duration remains uncertain, disruptions caused by COVID-19 may materially adversely affect the performance of First Capital. Uncertain economic conditions resulting from the COVID-19 outbreak may, in the short or long term, materially adversely impact First Capital's tenants and/or the debt and equity markets, both of which could adversely impact First Capital's operations and financial performance.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Interim Condensed Consolidated Balance Sheets

As at *(thousands of dollars)*	**Note**	**September 30, 2020** **(unaudited)**	December 31, 2019 (audited)
ASSETS			
Non-current Assets			
Real Estate Investments			
Investment properties	3	**$ 9,403,592**	$ 9,593,530
Investment in joint ventures	4	**52,237**	59,498
Hotel property	5	**55,620**	62,199
Loans, mortgages and other assets	6	**48,331**	95,968
Total real estate investments		**9,559,780**	9,811,195
Other non-current assets	8	**31,056**	36,105
Total non-current assets		**9,590,836**	9,847,300
Current Assets			
Cash and cash equivalents	25(d)	**22,432**	25,503
Loans, mortgages and other assets	6	**107,066**	70,065
Residential development inventory		**70,767**	10,205
Amounts receivable	7	**39,860**	31,521
Other assets	8	**48,384**	18,166
		288,509	155,460
Investment properties classified as held for sale	3(d)	**134,100**	158,600
Total current assets		**422,609**	314,060
Total assets		**$ 10,013,445**	$ 10,161,360
LIABILITIES			
Non-current Liabilities			
Mortgages	10	**$ 1,257,256**	$ 1,242,055
Credit facilities	10	**849,879**	869,256
Senior unsecured debentures	11	**2,346,934**	2,322,214
Exchangeable Units	13	**1,722**	25,010
Other liabilities	12	**71,466**	24,844
Deferred tax liabilities	21	**669,809**	701,549
Total non-current liabilities		**5,197,066**	5,184,928
Current Liabilities			
Bank indebtedness	10	**12,407**	60
Mortgages	10	**100,691**	84,966
Credit facilities	10	**56,367**	29,909
Senior unsecured debentures	11	**174,910**	174,999
Accounts payable and other liabilities	12	**202,167**	210,992
		546,542	500,926
Mortgages on investment properties classified as held for sale	3(d), 10	**6,364**	—
Total current liabilities		**552,906**	500,926
Total liabilities		**5,749,972**	5,685,854
EQUITY			
Unitholders' equity	14	**4,233,905**	4,426,592
Non-controlling interest	24	**29,568**	48,914
Total equity		**4,263,473**	4,475,506
Total liabilities and equity		**$ 10,013,445**	$ 10,161,360

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

Approved by the Board of Trustees:

Al Mawani
Trustee

Adam E. Paul
Trustee

Interim Condensed Consolidated Statements of Income (Loss)

(unaudited)		Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	**Note**	**2020**	2019	**2020**	2019
Property rental revenue		**$ 163,952**	$ 183,650	**$ 502,832**	$ 565,149
Property operating costs		**62,474**	68,627	**209,446**	218,701
Net operating income	16	**101,478**	115,023	**293,386**	346,448
Other income and expenses					
Interest and other income	17	**2,776**	11,828	**8,956**	29,179
Interest expense	18	**(38,951)**	(45,005)	**(117,860)**	(128,841)
Corporate expenses	19	**(8,088)**	(9,519)	**(25,185)**	(29,054)
Abandoned transaction costs		**(8)**	(510)	**(90)**	(653)
Amortization expense		**(1,382)**	(1,136)	**(3,981)**	(3,280)
Share of profit from joint ventures	4	**(6,637)**	396	**(7,688)**	2,262
Other gains (losses) and (expenses)	20	**(72)**	2,478	**(5,411)**	(2,447)
(Increase) decrease in value of unit-based compensation	15	**1,891**	—	**9,724**	—
(Increase) decrease in value of Exchangeable Units	13	**(782)**	—	**7,434**	—
Increase (decrease) in value of hotel property	5	**(23)**	—	**(4,350)**	—
Increase (decrease) in value of investment properties, net	3	**(40,907)**	25,827	**(193,146)**	42,034
		(92,183)	(15,641)	**(331,597)**	(90,800)
Income (loss) before income taxes		**9,295**	99,382	**(38,211)**	255,648
Deferred income tax expense (recovery)	21	**(1,785)**	20,607	**(8,729)**	33,431
Net income (loss)		**$ 11,080**	$ 78,775	**$ (29,482)**	$ 222,217
Net income (loss) attributable to:					
Unitholders / Shareholders	14	**$ 11,262**	$ 65,490	**$ (34,566)**	$ 208,886
Non-controlling interest	24	**(182)**	13,285	**5,084**	13,331
		$ 11,080	$ 78,775	**$ (29,482)**	$ 222,217

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

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

(unaudited)		Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	**Note**	**2020**	2019	**2020**	2019
Net income (loss)		**$ 11,080**	$ 78,775	**$ (29,482)**	$ 222,217
Other comprehensive income (loss)					
Unrealized gain (loss) on revaluation of hotel property [1]	5	**—**	—	**(2,910)**	—
Unrealized gain (loss) on cash flow hedges [1]		**1,818**	(3)	**(59,795)**	(30,054)
Reclassification of net losses on cash flow hedges to net income		**542**	450	**1,413**	1,232
		2,360	447	**(61,292)**	(28,822)
Deferred tax expense (recovery)	21	**920**	116	**(22,724)**	(7,552)
Other comprehensive income (loss)		**1,440**	331	**(38,568)**	(21,270)
Comprehensive income (loss)		**$ 12,520**	$ 79,106	**$ (68,050)**	$ 200,947
Comprehensive income (loss) attributable to:					
Unitholders / Shareholders	14	**$ 12,702**	$ 65,821	**$ (73,134)**	$ 187,616
Non-controlling interest	24	**(182)**	13,285	**5,084**	13,331
		$ 12,520	$ 79,106	**$ (68,050)**	$ 200,947

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

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 Income (Loss)	Trust Units	Total Unitholders' Equity	Non-Controlling Interest	Total Equity
			(Note 14(a))			
December 31, 2019	**$ 1,561,487**	**$ (7,802)**	**$ 2,872,907**	**$ 4,426,592**	**$ 48,914**	**$ 4,475,506**
Changes during the period:						
Net income (loss)	(34,566)	—	—	(34,566)	5,084	(29,482)
Conversion of Exchangeable Units	—	—	15,854	15,854	—	15,854
Options, deferred units, restricted units, and performance units, net	—	—	5,468	5,468	—	5,468
Other comprehensive income (loss)	—	(38,568)	—	(38,568)	—	(38,568)
Contributions from (distributions to) non-controlling interest, net	—	—	—	—	(24,430)	(24,430)
Distributions *(Note 14)*	(140,875)	—	—	(140,875)	—	(140,875)
September 30, 2020	**$ 1,386,046**	**$ (46,370)**	**$ 2,894,229**	**$ 4,233,905**	**$ 29,568**	**$ 4,263,473**

(unaudited) (thousands of dollars)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Share Capital	Contributed Surplus and Other Equity Items	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
December 31, 2018	$ 1,573,588	$ (4,488)	$ 3,364,948	$ 44,194	$ 4,978,242	$ 29,830	$ 5,008,072
Changes during the period:							
Net income	208,886	—	—	—	208,886	13,331	222,217
Dividends	(149,604)	—	—	—	(149,604)	—	(149,604)
Repurchase of common shares	(241,137)	—	(475,560)	(24,903)	(741,600)	—	(741,600)
Share repurchase costs, net of tax effect	—	—	(8,850)	—	(8,850)	—	(8,850)
Options, deferred share units, restricted share units, and performance share units, net	—	—	5,283	1,694	6,977	—	6,977
Other comprehensive income (loss)	—	(21,270)	—	—	(21,270)	—	(21,270)
Contributions from (distributions to) non-controlling interest, net	—	—	—	—	—	7,484	7,484
September 30, 2019	$ 1,391,733	$ (25,758)	$ 2,885,821	$ 20,985	$ 4,272,781	$ 50,645	$ 4,323,426

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

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)		Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	**Note**	**2020**	2019	**2020**	2019
OPERATING ACTIVITIES					
Net income / (loss)		**$ 11,080**	$ 78,775	**$ (29,482)**	$ 222,217
Adjustments for:					
(Increase) decrease in value of investment properties, net	3	**40,907**	(25,827)	**193,146**	(42,034)
(Increase) decrease in value of hotel property	5	**23**	—	**4,350**	—
Interest expense	18	**38,951**	45,005	**117,860**	128,841
Amortization expense		**1,382**	1,136	**3,981**	3,280
Share of profit of joint ventures	4	**6,637**	(396)	**7,688**	(2,262)
Cash interest paid associated with operating activities	18	**(43,758)**	(49,346)	**(122,300)**	(131,475)
Items not affecting cash and other items	25(a)	**(1,144)**	17,763	**(18,589)**	35,222
Net change in non-cash operating items	25(b)	**(10,609)**	3,144	**(29,886)**	(51,547)
Cash provided by (used in) operating activities		**43,469**	70,254	**126,768**	162,242
FINANCING ACTIVITIES					
Mortgage borrowings, net of financing costs	10	**115,236**	(2,317)	**115,236**	390,533
Mortgage principal instalment payments	10	**(7,118)**	(7,360)	**(21,400)**	(19,046)
Mortgage repayments	10	**(45,857)**	(20,595)	**(56,909)**	(192,966)
Credit facilities, net advances (repayments)	10	**(219,021)**	27,907	**14,380**	525,571
Issuance of senior unsecured debentures, net of issue costs	11	**198,870**	198,921	**198,870**	198,921
Repayment of senior unsecured debentures	11	**—**	(150,000)	**(175,000)**	(150,000)
Settlement of hedges		**(6,964)**	—	**(6,964)**	(7,269)
Repurchase of common shares		**—**	—	**—**	(741,600)
Transaction costs related to share repurchase		**—**	(55)	**—**	(13,727)
Issuance of trust units / common shares, net of issue costs		**—**	204	**2,826**	3,216
Payment of distributions / dividends		**(46,990)**	(47,104)	**(140,779)**	(156,724)
Net contributions from (distributions to) non-controlling interest	24	**—**	13,746	**(24,430)**	7,484
Cash provided by (used in) financing activities		**(11,844)**	13,347	**(94,170)**	(155,607)
INVESTING ACTIVITIES					
Acquisition of investment properties	3(c)	**(17,020)**	(297,708)	**(17,020)**	(324,414)
Net proceeds from property dispositions	3(d)	**(139)**	94,977	**131,038**	256,432
Distributions from joint ventures	4	**934**	754	**2,237**	24,886
Contributions to joint ventures	4	**(1,510)**	(8,793)	**(2,664)**	(15,957)
Capital expenditures on investment properties	3(a)	**(48,268)**	(66,187)	**(150,625)**	(169,944)
Changes in investing-related prepaid expenses and other liabilities		**3,664**	6,022	**(9,707)**	(9,069)
Changes in loans, mortgages and other assets	25(c)	**(899)**	193,766	**11,072**	235,342
Cash provided by (used in) investing activities		**(63,238)**	(77,169)	**(35,669)**	(2,724)
Net increase (decrease) in cash and cash equivalents		**(31,613)**	6,432	**(3,071)**	3,911
Cash and cash equivalents, beginning of period		**54,045**	13,013	**25,503**	15,534
Cash and cash equivalents, end of period	25(d)	**$ 22,432**	$ 19,445	**$ 22,432**	$ 19,445

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

Notes to the Interim Condensed Consolidated Financial Statements

1. DESCRIPTION OF THE TRUST

First Capital Real Estate Investment Trust ("First Capital", "FCR", or the "Trust") is an unincorporated, open-ended mutual fund trust governed by the laws of Ontario, Canada, and established pursuant to a declaration of trust dated October 16, 2019, as may be amended from time to time (the "Declaration of Trust"). First Capital engages in the business of acquiring, developing, redeveloping, owning and managing well-located, mixed-use urban real estate in Canada's most densely populated neighbourhoods. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "FCR.UN", and its head office is located at 85 Hanna Avenue, Suite 400, Toronto, Ontario, M6K 3S3.

Effective December 30, 2019, First Capital Realty Inc. (the "Company") completed its Plan of Arrangement (the "Arrangement") to convert into a real estate investment trust ("REIT"). Under the Arrangement, Shareholders of the Company received one trust unit ("Trust Unit") or one Class B Limited Partnership Unit ("Exchangeable Unit") of a controlled limited partnership of the Trust, for each common share of the Company held. Consequently, any references to common shares, Shareholders and per share amounts relate to periods prior to the conversion on December 30, 2019 and any references to Trust Units, Unitholders and per unit amounts relate to periods subsequent to December 30, 2019. Since the Trust is a continuation of First Capital Realty Inc., the prior year comparatives included in these unaudited interim condensed consolidated financial statements are those of the Company.

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 First Capital's audited annual consolidated financial statements for the years ended December 31, 2019 and 2018.

(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 the following new accounting policies adopted during the quarter.

COVID-19 Rent Abatements

FCR accounts for rental abatements, in connection with tenants experiencing financial hardship as a result of COVID-19 and qualify under the Canada Emergency Commercial Rent Assistance ("CECRA") program, under the derecognition rules of IFRS 9, "Financial Instruments". Financial assets, such as trade receivables, are derecognized when all or a portion of outstanding amounts will be forgiven or abated and no further collection activities will be pursued. The forgiveness or abatement of the tenant receivable is recognized in the period First Capital forgoes the contractual right to all or a portion of the outstanding receivable and is recognized as a loss in the consolidated statement of income, under property operating costs.

Government Assistance

First Capital recognizes government assistance, in the form of grants or forgivable loans, when there is reasonable assurance that the Trust will be able to comply with the conditions attached to the assistance and that the assistance will be received. Government assistance that compensates FCR for expenses incurred is recognized in the consolidated statement of income, as a reduction of the related expense, in the periods in which the expenses are recognized.

COVID-19

The outbreak of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a pandemic, and government related action to shutdown large parts of the economy has impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The extent and duration of the impact of COVID-19 on communities and the economy remains unclear. In the preparation of these unaudited interim condensed consolidated financial statements, the Trust has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the reporting periods using the best available information as of September 30, 2020. Actual results could differ from those estimates. The estimates and assumptions that the Trust considers critical and/or could be impacted by COVID-19 include those underlying the valuation of investment properties, the valuation of its hotel property, the net realizable value of residential inventory, the carrying amount of its investment in joint ventures, the estimate of any expected credit losses on amounts receivable or loans and mortgages receivable and determining the values of financial instruments for disclosure purposes.

Additionally, Management, in measuring the Trust's performance or making operating decisions, distinguishes its operations on a geographical basis. First Capital operates in Canada and has three operating segments: Eastern, which includes operations primarily in Quebec and Ottawa; Central, which includes the Trust’s Ontario operations excluding Ottawa; 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 Trustees and authorized for issue on November 3, 2020.

3. INVESTMENT PROPERTIES

(a) Activity

The following tables summarize the changes in First Capital’s investment properties for the nine months ended September 30, 2020 and year ended December 31, 2019:

							Nine months ended September 30, 2020	
		Central Region		**Eastern Region**		**Western Region**		**Total**
Balance at beginning of period	$	**5,146,534**	$	**1,535,433**	$	**3,070,163**	$	**9,752,130**
Acquisitions		**15,331**		**1,689**		**—**		**17,020**
Capital expenditures		**115,059**		**18,401**		**17,165**		**150,625**
Reclassification to residential development inventory		**(57,519)**		**—**		**—**		**(57,519)**
Increase (decrease) in value of investment properties, net		**(64,638)**		**(30,171)**		**(98,337)**		**(193,146)**
Straight-line rent and other changes		**1,539**		**571**		**814**		**2,924**
Dispositions		**(43,800)**		**(76,792)**		**(13,750)**		**(134,342)**
Balance at end of period	$	**5,112,506**	$	**1,449,131**	$	**2,976,055**	$	**9,537,692**
Investment properties [1]							$	**9,403,592**
Investment properties classified as held for sale								**134,100**
Total							$	**9,537,692**

[1] Investment properties include income producing properties, development land as well as properties under development.

		Year ended December 31, 2019		
	Central Region	Eastern Region	Western Region	Total
Balance at beginning of period	$ 4,489,359	$ 2,037,411	$ 3,241,505	$ 9,768,275
Acquisitions	376,700	—	15,410	392,110
Capital expenditures	157,955	26,678	43,557	228,190
Consolidation of equity accounted joint venture	131,480	—	—	131,480
Increase (decrease) in value of investment properties, net	83,274	(5,486)	(16,751)	61,037
Straight-line rent and other changes	4,193	1,212	607	6,012
Dispositions	(96,427)	(524,382)	(214,165)	(834,974)
Balance at end of period	$ 5,146,534	$ 1,535,433	$ 3,070,163	$ 9,752,130
Investment properties [(1)]				$ 9,593,530
Investment properties classified as held for sale				158,600
Total				$ 9,752,130

(1) Investment properties include income producing properties, development land as well as properties under development.

Investment properties with a fair value of $2.8 billion (December 31, 2019 – $2.8 billion) are pledged as security for $1.5 billion (December 31, 2019 – $1.5 billion) in mortgages and secured credit facilities.

(b) Investment property valuation

Stabilized overall capitalization, terminal, and discount rates by region for investment properties valued under the Income Approach are set out in the table below:

As at	**September 30, 2020**				December 31, 2019			
	Weighted Average				Weighted Average			
	Central Region	**Eastern Region**	**Western Region**	**Total**	Central Region	Eastern Region	Western Region	Total
Overall Capitalization Rate	**4.7%**	**5.8%**	**5.2%**	**5.0%**	4.7%	5.8%	5.1%	5.0%
Terminal Capitalization Rate	**4.9%**	**6.0%**	**5.4%**	**5.2%**	5.0%	6.1%	5.4%	5.3%
Discount Rate	**5.5%**	**6.6%**	**5.9%**	**5.8%**	5.5%	6.6%	5.9%	5.8%

The majority of the Trust's portfolio is valued under the Income Approach using the DCF method. As at September 30, 2020 the weighted average valuation yields (stabilized overall capitalization, terminal, and discount rates) used in valuing those investment properties under the Income Approach remained largely unchanged from December 31, 2019. Slight decreases in the weighted average terminal capitalization rates in the Eastern and Central regions were due to dispositions of properties that were inconsistent with the Trust's Super Urban Strategy. Over the past 21 months, the Trust's disposition program has been focused on disposing of lower quality assets with higher capitalization rates which has resulted in a reduction in the weighted average in-place overall capitalization rate for the portfolio.

Due to the continuing risk created by the COVID-19 pandemic that has resulted in an economic slowdown, greater volatility in the capital markets, limited investment transactions, and a lower interest rate environment, the Trust has been closely monitoring valuation yields. The Trust has not observed a change to valuation yields for its properties at this time and as such, has not adjusted valuation yields in the valuation models used to determine the fair value of investment properties. To reflect the potential impact of COVID-19 on the cash flows in the valuation models, a comprehensive portfolio review was undertaken during the first and second quarters, on a property by property basis to identify properties with greater exposure to tenants deemed non-essential under government directives and therefore potentially subject to prolonged closures. The short-term cash flows in the 10 year valuation models for each of these properties was adjusted for increased vacancy, lower rental rate growth and other market leasing assumptions such as slower lease up of existing vacancy. As a result, a decrease in the value of investment properties was recorded in the first and second quarters for $152.2 million.

During the quarter, the Trust recognized a $40.9 million decrease in the value of investment properties primarily due to revisions to overall capitalization rates or stabilized NOI, including the impact of COVID-19 on certain properties as part of its normal course internal valuations.

The sensitivity of the fair values of investment properties to stabilized overall capitalization rates as at September 30, 2020 is set out in the table below:

As at September 30, 2020	*(millions of dollars)*
(Decrease) Increase in stabilized overall capitalization rate	Resulting increase (decrease) in fair value of investment properties
(1.00%)	$ 2,274
(0.75%)	$ 1,606
(0.50%)	$ 1,011
(0.25%)	$ 479
0.25%	$ (434)
0.50%	$ (828)
0.75%	$ (1,188)
1.00%	$ (1,519)

Additionally, a 1% increase or decrease in stabilized net operating income ("SNOI") would result in a $91 million increase or a $91 million decrease, respectively, in the fair value of investment properties. SNOI is not a measure defined by IFRS. SNOI reflects 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 the stabilized capitalization rate would result in an increase in the fair value of investment properties of $575 million, and a 1% decrease in SNOI coupled with a 0.25% increase in the stabilized capitalization rate would result in a decrease in the fair value of investment properties of $521 million.

(c) Investment properties – Acquisitions

During the three and nine months ended September 30, 2020 and 2019, First Capital acquired investment properties as follows:

Three months ended September 30	**2020**	2019
	Investment Properties	Investment Properties
Total purchase price, including acquisition costs	**$ 17,020**	$ 345,062
Debt assumption on acquisition	**—**	(47,354)
Total cash paid	**$ 17,020**	$ 297,708

Nine months ended September 30	**2020**	2019
	Investment Properties	Investment Properties
Total purchase price, including acquisition costs [1]	**$ 17,020**	$ 371,768
Debt assumption on acquisition	**—**	(47,354)
Total cash paid	**$ 17,020**	$ 324,414

[1] During the first quarter, one of the Trust's wholly owned subsidiaries purchased a property from another consolidated subsidiary, that is subject to a non-controlling interest. The Trust's net effective ownership in the asset increased by 15.5% to 100%. The Trust's acquisition cost for its incremental 15.5% interest was $25.4 million which is reflected as a distribution to the non-controlling interest partner in the interim consolidated financial statements.

(d) Investment properties classified as held for sale

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

As at		September 30, 2020		December 31, 2019
Aggregate fair value	$	134,100	$	158,600
Mortgages secured by investment properties classified as held for sale	$	6,364	$	—
Weighted average effective interest rate of mortgages secured by investment properties classified as held for sale		3.5%		N/A

The decrease of $24.5 million in investment properties classified as held for sale from December 31, 2019, primarily arose from the dispositions completed in the period.

During the three and nine months ended September 30, 2020 and 2019, First Capital sold investment properties as follows:

	Three months ended September 30				Nine months ended September 30			
		2020		2019		2020		2019
Total selling price	$	—	$	149,452	$	134,342	$	367,436
Mortgages assumed and vendor take-back mortgage on sale		—		—		—		(54,505)
Property selling costs		(139)		(1,082)		(3,304)		(3,106)
Proceeds held in Trust		—		(53,393)		—		(53,393)
Total cash proceeds	$	(139)	$	94,977	$	131,038	$	256,432

(e) Reconciliation of investment properties to total assets

Investment properties by region and a reconciliation to total assets are set out in the tables below:

As at September 30, 2020		Central Region		Eastern Region		Western Region		Total
Total investment properties [(1)]	$	5,112,506	$	1,449,131	$	2,976,055	$	9,537,692
Cash and cash equivalents								22,432
Loans, mortgages and other assets								155,397
Other assets								79,440
Amounts receivable								39,860
Investment in joint ventures								52,237
Hotel property								55,620
Residential development inventory								70,767
Total assets							$	10,013,445

(1) Includes investment properties classified as held for sale.

As at December 31, 2019	Central Region	Eastern Region	Western Region	Total
Total investment properties [1]	$ 5,146,534	$ 1,535,433	$ 3,070,163	$ 9,752,130
Cash and cash equivalents				25,503
Loans, mortgages and other assets				166,033
Other assets				54,271
Amounts receivable				31,521
Investment in joint ventures				59,498
Hotel property				62,199
Residential development inventory				10,205
Total assets				$ 10,161,360

(1) Includes investment properties classified as held for sale.

4. INVESTMENT IN JOINT VENTURES

As at September 30, 2020, First Capital had interests in six joint ventures that it accounts for using the equity method. First Capital's joint ventures are as follows:

			Effective Ownership	
Name of Entity	Name of Property/Business Activity	Location	**September 30, 2020**	December 31, 2019
College Square General Partnership	College Square	Ottawa, ON	**50.0%**	50.0%
Green Capital Limited Partnership	Royal Orchard	Markham, ON	**50.0%**	50.0%
Stackt Properties LP	Shipping Container marketplace	Toronto, ON	**94.0%**	94.0%
Fashion Media Group GP Ltd.	Toronto Fashion Week events	Toronto, ON	**78.0%**	78.0%
FC Access LP	Whitby Mall (self storage operation)	Whitby, ON	**25.0%**	25.0%
Edenbridge Kingsway (Humbertown)	Humbertown Condos (Phase 1)	Toronto, ON	**50.0%**	50.0%

First Capital has determined that these investments are joint ventures as all decisions regarding their activities are made unanimously between First Capital and its partners.

During the third quarter of 2019, First Capital, together with its partner in Main and Main Developments LP ("MMLP") acquired the remaining 46.9% interest in four remaining Main and Main Urban Realty LP ("MMUR") assets for approximately $116.0 million. As a result, FCR now controls MMUR through its direct and indirect interests, requiring the consolidation of the assets, liabilities, revenues and expenses of MMUR from the date of acquisition.

The following table reconciles the changes in First Capital's interests in its equity accounted joint ventures for the nine months ended September 30, 2020 and year ended December 31, 2019:

	September 30, 2020	December 31, 2019
Balance at beginning of period	**$ 59,498**	$ 144,375
Contributions to equity accounted joint ventures	**2,664**	17,481
Distributions from equity accounted joint ventures	**(2,237)**	(25,648)
Consolidation of equity accounted joint venture (MMUR)	**—**	(78,409)
Share of income (loss) from equity accounted joint ventures	**(7,688)**	1,699
Balance at end of period	**$ 52,237**	$ 59,498

As of September 30, 2020, none of the Trust's investments in joint ventures were determined to be impaired taking into account the COVID-19 environment.

5. HOTEL PROPERTY

First Capital owns a 60% non-managing interest in the Hazelton Hotel ("hotel property") located in Toronto, Ontario. The hotel property is a mixed-use luxury hotel located in Yorkville Village.

The following table summarizes the changes in the net book value of the hotel property for the nine months ended September 30, 2020 and year ended December 31, 2019.

	September 30, 2020	December 31, 2019
Balance at beginning of period	**$ 62,199**	$ 58,604
Acquisition		
Revaluation of hotel property [1]	**(7,260)**	2,910
Additions	**1,614**	1,378
Amortization	**(933)**	(693)
Balance at end of period	**$ 55,620**	$ 62,199

[1] The revaluation loss of $7.3 million was recognized partly through other comprehensive income (loss) to reverse previously recognized gains on the hotel property of $2.9 million in accordance with the revaluation model accounting for the hotel. The remaining $4.4 million revaluation loss was recognized in the consolidated statements of income.

Due to the on-going impact of COVID-19 on the hospitality industry, the fair value of the Trust's hotel property was also reviewed at September 30, 2020. The fair value of the hotel property remained consistent with the reduced value at June 30, 2020.

Substantially all of the revaluation loss of $7.3 million was recognized in the second quarter.

6. LOANS, MORTGAGES AND OTHER ASSETS

As at	**September 30, 2020**	December 31, 2019
Non-current		
Loans and mortgages receivable classified as FVTPL (a)	**$ 1,973**	$ 20,726
Loans and mortgages receivable classified as amortized cost (a)	**29,778**	58,940
Other investments	**16,580**	16,302
Total non-current	**$ 48,331**	$ 95,968
Current		
Loans and mortgages receivable classified as FVTPL (a)	**$ 20,785**	$ 132
Loans and mortgages receivable classified as amortized cost (a)	**83,146**	65,984
FVTPL investments in securities (b)	**3,135**	3,949
Total current	**$ 107,066**	$ 70,065
Total	**$ 155,397**	$ 166,033

(a) Loans and mortgages receivable are secured by interests in investment properties or shares of entities owning investment properties. As at September 30, 2020, these receivables bear interest at weighted average effective interest rates of 6.3% (December 31, 2019 – 6.6%) and mature between 2020 and 2024. As of September 30, 2020, none of the Trust's loans and mortgages receivable classified as amortized cost required a provision or were determined to be impaired taking into account the COVID-19 environment.

(b) From time to time, First Capital invests 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).

7. AMOUNTS RECEIVABLE

As at	September 30, 2020	December 31, 2019
Tenant receivables (net of allowances for doubtful accounts of $9.9 million; December 31, 2019 – $3.0 million)	**$ 33,410**	$ 25,356
Corporate and other amounts receivable	**6,450**	6,165
Total	**$ 39,860**	$ 31,521

First Capital 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 as well as the impact of COVID-19 on tenant's ability to pay any trade receivables outstanding at September 30, 2020.

During the second and third quarters, the Trust provided rental abatements for 75% of gross rent to qualifying tenants participating in the CECRA program. As a result, the qualifying tenant's outstanding receivable was reduced and recorded as a charge to bad debt expense. Concurrently, the Trust recognized the benefit of the government's forgivable loan covering 50% of gross rent as a reduction of bad debt expense. As such, the net charge to bad debt expense included in property operating costs totaled $13.4 million over the second and third quarters related to the CECRA program. The CECRA forgivable loan outstanding from the government as of September 30, 2020 was $5.3 million and included in corporate and other amounts receivable.

First Capital 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 as well as the impact of COVID-19 on tenant's ability to pay any trade receivables outstanding at September 30, 2020. Since the end of the first quarter, the Trust has increased its provision for doubtful accounts by $6.8 million with a related charge to bad debt expense included in property operating costs as a result of the COVID-19 environment.

8. OTHER ASSETS

As at	Note	September 30, 2020	December 31, 2019
Non-current			
Fixtures, equipment and computer hardware and software (net of accumulated amortization of $20.7 million; December 31, 2019 – $15.6 million)		**$ 10,813**	$ 11,670
Deferred financing costs on credit facilities (net of accumulated amortization of $6.0 million; December 31, 2019 – $5.3 million)		**3,236**	3,886
Environmental indemnity and insurance proceeds receivable	12(a)	**2,903**	3,105
Bond asset		**14,104**	14,513
Derivatives at fair value	23	**—**	2,931
Total non-current		**$ 31,056**	$ 36,105
Current			
Deposits and costs on investment properties under option		**$ 10,620**	$ 5,691
Prepaid expenses		**34,674**	9,088
Other deposits		**250**	250
Restricted cash		**888**	765
Derivatives at fair value	23	**1,952**	2,372
Total current		**$ 48,384**	$ 18,166
Total		**$ 79,440**	$ 54,271

9. CAPITAL MANAGEMENT

First Capital manages its capital, taking into account the long-term business objectives of the Trust, to provide stability and reduce risk while generating an acceptable return on investment to Unitholders over the long term. The Trust's capital structure currently includes Trust Units, Exchangeable Units, senior unsecured debentures, mortgages, credit facilities, bank term loans and bank indebtedness, which together provide First Capital with financing flexibility to meet its capital needs. Primary uses of capital include development activities, acquisitions, capital improvements and leasing costs. 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, property and capital market conditions and Management's general view of the required leverage in the business.

Components of the Trust's capital are set out in the table below:

As at	September 30, 2020	December 31, 2019
Liabilities (principal amounts outstanding)		
Bank indebtedness	**$ 12,407**	$ 60
Mortgages	**1,369,111**	1,331,219
Credit facilities	**906,246**	899,165
Mortgages under equity accounted joint ventures (at the Trust's interest)	**39,420**	40,144
Exchangeable Units (based on a closing per unit price of $12.96; December 31, 2019 - $20.67)	**1,722**	25,010
Senior unsecured debentures	**2,525,000**	2,500,000
Equity Capitalization		
Trust Units (based on closing per unit price of $12.96; December 31, 2019 - $20.67)	**2,841,944**	4,505,107
Total capital employed	**$ 7,695,850**	$ 9,300,705

First Capital is subject to financial covenants in agreements governing its senior unsecured debentures and its credit facilities. In accordance with the terms of the Trust's credit agreements, all ratios are calculated with joint ventures proportionately consolidated. As at September 30, 2020, First Capital remains in compliance with all of its applicable financial covenants.

The following table summarizes a number of First Capital's key ratios:

As at	Measure/ Covenant	September 30, 2020	December 31, 2019
Net debt to total assets		**48.0%**	46.7%
Unencumbered aggregate assets to unsecured debt, using 10 quarter average capitalization rate [(1)]	≥1.3	**1.9**	2.0
Unitholders' / Shareholders' equity, using four quarter average (billions) [(1)]	>$2.0B	**$ 4.3**	$ 4.5
Secured indebtedness to total assets [(1)]	<35%	**15.3%**	14.5%
For the rolling four quarters ended			
Interest coverage (Adjusted EBITDA to interest expense) [(1)]	>1.65	**2.2**	2.4
Fixed charge coverage (Adjusted EBITDA to debt service) [(1)]	>1.50	**1.9**	2.1

[(1)] Calculations required under the Trust's credit facility agreements or indentures 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 First Capital's audited annual consolidated financial statements for the years ended December 31, 2019 and 2018.

10. MORTGAGES AND CREDIT FACILITIES

As at	**September 30, 2020**	December 31, 2019
Fixed rate mortgages	**$ 1,364,311**	$ 1,327,021
Unsecured facilities	**751,952**	772,030
Secured facilities	**154,294**	127,135
Mortgages and credit facilities	**$ 2,270,557**	$ 2,226,186
Current	**$ 157,058**	$ 114,875
Mortgages on investment properties classified as held for sale	**6,364**	—
Non-current	**2,107,135**	2,111,311
Total	**$ 2,270,557**	$ 2,226,186

Mortgages and secured facilities are secured by First Capital's investment properties. As at September 30, 2020, approximately $2.8 billion (December 31, 2019 – $2.8 billion) of investment properties out of $9.5 billion (December 31, 2019 – $9.8 billion) (Note 3(a)) had been pledged as security under the mortgages and the secured facilities.

As at September 30, 2020, mortgages bear coupon interest at a weighted average coupon rate of 3.6% (December 31, 2019 – 3.7%) and mature in the years ranging from 2021 to 2031. The weighted average effective interest rate on all mortgages as at September 30, 2020 is 3.6% (December 31, 2019 – 3.7%).

Principal repayments of mortgages outstanding as at September 30, 2020 are as follows:

	Scheduled Amortization	Payments on Maturity	Total	Weighted Average Effective Interest Rate
2020 (remainder of the year)	$ 6,966	$ —	$ 6,966	N/A
2021	28,424	73,437	101,861	4.8%
2022	31,981	95,522	127,503	4.0%
2023	32,597	—	32,597	N/A
2024	31,945	108,478	140,423	3.8%
2025 to 2031	122,709	837,052	959,761	3.5%
	$ 254,622	$ 1,114,489	$ 1,369,111	3.6%
Unamortized deferred financing costs and premiums, net			(4,800)	
Total			$ 1,364,311	

First Capital's credit facilities as at September 30, 2020 are summarized in the table below:

As at September 30, 2020	Borrowing Capacity	Amounts Drawn	Bank Indebtedness and Outstanding Letters of Credit	Available to be Drawn	Interest Rates	Maturity Date
Unsecured Operating Facilities						
Revolving facility maturing 2023	$ 550,000	$ —	$ (23,433)	$ 526,567	BA + 1.45% or Prime + 0.45% or US$ LIBOR + 1.45%	June 30, 2023
Revolving facility maturing 2022	250,000	—	—	250,000	BA + 1.10% or Prime + 0.25% or US$ LIBOR + 1.10%	September 29, 2022
Floating rate unsecured term loan maturing 2023 (1)	200,000	(201,952)	—	—	BA + 1.20%	April 15, 2023
Fixed rate unsecured term loans maturing 2024 - 2026	550,000	(550,000)	—	—	3.29%	March 28, 2024 - April 14, 2026
Secured Construction Facilities						
Maturing 2021 (2)	20,000	(19,984)	—	16	BA + 2.50% or Prime + 1.00%	June 1, 2021
Maturing 2021	33,333	(33,333)	—	—	2.79%	August 26, 2021
Maturing 2022 (2)	138,000	(86,859)	(1,592)	49,549	BA + 1.350% or Prime + 0.350%	October 26, 2022
Secured Facilities						
Maturing 2020 (3)	20,734	(3,050)	(1,221)	16,463	BA + 1.20% or Prime + 0.20%	December 30, 2020
Maturing 2022	4,313	(4,313)	—	—	BA + 1.20% or Prime + 0.20%	September 28, 2022
Maturing 2022	6,755	(6,755)	—	—	BA + 1.20% or Prime + 0.20%	December 19, 2022
Total	$ 1,773,135	$ (906,246)	$ (26,246)	$ 842,595		

(1) The Trust had drawn in U.S. dollars the equivalent of CAD$200.0 million which was revalued at CAD$202.0 million as at September 30, 2020.

(2) As of the third quarter of 2019, the Trust consolidates the assets, liabilities, revenues and expenses of MMUR which was previously equity accounted.

(3) The Trust intends to extend this secured facility.

First Capital has the ability under its unsecured credit facilities to draw funds based on Canadian bank prime rates and Canadian bankers' acceptances ("BA rates") for Canadian dollar-denominated borrowings, and LIBOR rates or U.S. prime rates for U.S. dollar-denominated borrowings. Concurrently with the U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings.

On April 16, 2019, the Company completed the share repurchase of 36,000,000 common shares from a subsidiary of Gazit-Globe Ltd. ("Gazit") at a price of $20.60 per share for gross proceeds to Gazit of $741.6 million. To fund the share repurchase and other operational needs, FCR entered into $850 million of senior unsecured bank term loans with maturities ranging from 4 - 7 years. Concurrent with funding, the majority of the unsecured bank term loans were swapped to fixed rates bearing a weighted average interest rate of 3.3% with a weighted average term to maturity of 5.8 years. The remaining debt bears interest at a floating rate and can be repaid with no prepayment penalty.

In the fourth quarter of 2019, First Capital repaid $100 million of floating rate unsecured term loans. During the first quarter, First Capital extended the maturity of its $11.9 million secured facility and $20.0 million secured construction facility to April 30, 2020 and July 31, 2020, respectively. During the second quarter, First Capital repaid its $11.9 million secured facility. During the third quarter, First Capital increased the borrowing capacity for one of its secured construction facilities to $20.0 million and extended the maturity date to June 1, 2021.

11. SENIOR UNSECURED DEBENTURES

As at				**September 30, 2020**		December 31, 2019
		Interest Rate				
Series	Maturity Date	Coupon	Effective	**Principal Outstanding**	**Liability**	Liability
M	April 30, 2020	5.60%	5.60%	**$ —**	**$ —**	$ 174,999
N	March 1, 2021	4.50%	4.63%	**175,000**	**174,910**	174,754
O	January 31, 2022	4.43%	4.59%	**200,000**	**199,592**	199,372
P	December 5, 2022	3.95%	4.18%	**250,000**	**248,837**	248,461
Q	October 30, 2023	3.90%	3.97%	**300,000**	**299,415**	299,284
R	August 30, 2024	4.79%	4.72%	**300,000**	**300,728**	300,853
S	July 31, 2025	4.32%	4.24%	**300,000**	**301,059**	301,208
T	May 6, 2026	3.60%	3.56%	**300,000**	**300,610**	300,683
U	July 12, 2027	3.75%	3.82%	**300,000**	**298,742**	298,622
V	January 22, 2027	3.46%	3.54%	**200,000**	**199,097**	198,977
A	March 1, 2028	3.45%	3.54%	**200,000**	**198,854**	—
Weighted Average or Total		4.02%	4.07%	**$ 2,525,000**	**$ 2,521,844**	$ 2,497,213
Current				**$ 175,000**	**$ 174,910**	$ 174,999
Non-current				**2,350,000**	**2,346,934**	2,322,214
Total				**$ 2,525,000**	**$ 2,521,844**	$ 2,497,213

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

On April 16, 2020, First Capital redeemed its remaining 5.60% Series M Senior Unsecured Debentures for $175.0 million. The full redemption price and any accrued interest owing on the senior unsecured debentures was satisfied in cash.

On September 1, 2020, the Trust completed the issuance of $200 million principal amount of Series A senior unsecured debentures due March 1, 2028. These debentures bear interest at a coupon rate of 3.45% per annum, payable semi-annually commencing March 1, 2021.

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at	Note	September 30, 2020	December 31, 2019
Non-current			
Asset retirement obligations (a)		**$ 1,692**	$ 1,980
Ground leases payable		**9,582**	10,035
Derivatives at fair value	23	**49,205**	1,677
Unit-based compensation plans	15	**2,526**	4,447
Deferred purchase price of investment property		**5,700**	5,700
Other liabilities		**2,761**	1,005
Total non-current		**$ 71,466**	$ 24,844
Current			
Trade payables and accruals		**$ 71,353**	$ 57,978
Construction and development payables		**44,486**	45,722
Unit-based compensation plans	15	**8,705**	14,740
Distributions payable	14(b)	**15,715**	15,620
Interest payable		**27,506**	35,960
Tenant deposits		**34,378**	37,955
Derivatives at fair value	23	**—**	3,009
Other liabilities		**24**	8
Total current		**$ 202,167**	$ 210,992
Total		**$ 273,633**	$ 235,836

Trade payables and accruals have increased in the second and third quarter of 2020 and over prior year end primarily due to the deferral of property tax payments as permitted by various municipalities across Canada in response to COVID-19.

(a) First Capital has obligations for environmental remediation at certain sites within its property portfolio. FCR has also recognized a related environmental indemnity and insurance proceeds receivable totaling $2.9 million (December 31, 2019 - $3.1 million) in other assets (Note 8).

13. EXCHANGEABLE UNITS

The Exchangeable Units are non-transferable, but are exchangeable, on a one-for-one basis, into First Capital Trust Units at the option of the holder. Any Exchangeable Units outstanding on December 29, 2023 will be automatically exchanged for Trust Units. Prior to such exchange, Exchangeable Units will, in all material respects, be economically equivalent to Trust Units on a per unit basis. Distributions will be made on these Exchangeable Units in an amount equivalent to the distributions that would have been made had the units been exchanged for Trust Units. Holders of Exchangeable Units will receive special voting units that will entitle the holder to one vote at Unitholder meetings (Note 14).

The following table sets forth the particulars of First Capital's Exchangeable Units issued and outstanding:

As at	**September 30, 2020**		December 31, 2019	
	Number of Exchangeable Units	**Value**	Number of Exchangeable Units	Value
Balance at beginning of period	**1,210**	**$ 25,010**	—	$ —
Issued on conversion to REIT structure	**—**	**—**	1,210	25,240
Converted to Trust Units	**(1,077)**	**(15,854)**	—	—
Fair value adjustment	**—**	**(7,434)**	—	(230)
Balance at end of period	**133**	**$ 1,722**	1,210	$ 25,010

14. UNITHOLDERS’ / SHAREHOLDERS' EQUITY

Upon conversion of First Capital from a corporation to a real estate investment trust, the former Shareholders of the Company received Trust Units or Exchangeable Units which are accompanied by special voting units.

The Declaration of Trust authorizes the issuance of an unlimited number of Trust Units and special voting units:

Trust Units: Each Trust Unit is transferable and represents an equal, undivided beneficial interest in the Trust and any distributions from the Trust and entitles the holder to one vote at a meeting of Unitholders. With certain restrictions, a Unitholder has the right to require First Capital to redeem its Trust Units on demand. Upon receipt of a redemption notice by First Capital, all rights to and under the Trust Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per unit as determined by a market formula and shall be paid in accordance with the conditions provided for in the Declaration of Trust.

Special Voting Units: Each Exchangeable Unit (Note 13) is accompanied by one special voting unit which provides the holder thereof with a right to vote on matters respecting the Trust.

(a) Trust Units / Common Shares

The following table sets forth the particulars of First Capital's Trust Units / Common Shares issued and outstanding:

Nine months ended September 30		**2020**		2019
	Number of Trust Units	**Value of Trust Units**	Number of Common Shares	Value of Common Shares
Balance at beginning of period	**217,954**	**$ 2,872,907**	254,828	$ 3,364,948
Repurchase of common shares	**—**	**—**	(36,000)	(475,560)
Exercise of options, and settlement of any restricted, performance and deferred trust / share units	**255**	**5,468**	272	5,283
Conversion of Exchangeable Units	**1,077**	**15,854**	—	—
Share repurchase costs, net of tax effect	**—**	**—**	—	(8,850)
Balance at end of period	**219,286**	**$ 2,894,229**	219,100	$ 2,885,821

(b) Distributions / Dividends

First Capital declared monthly distributions totaling $0.645 per Trust Unit for the nine months ended September 30, 2020 (for the nine months ended September 30, 2019, the Company declared quarterly dividends of $0.645 per common share).

On December 30, 2019, First Capital adopted a distribution policy, as permitted under the Declaration of Trust, to make monthly cash distributions to Unitholders initially equal to, on an annual basis, $0.86 per Trust Unit.

(c) Contributed surplus and other equity items

Contributed surplus and other equity items comprise the following:

Nine months ended September 30			**2020**			2019
	Contributed Surplus	**Stock-based Compensation Plan Awards**	**Total**	Contributed Surplus	Stock-based Compensation Plan Awards	Total
Balance at beginning of period	**$ —**	**$ —**	**$ —**	$ 24,903	$ 19,291	$ 44,194
Repurchase of common shares	**—**	**—**	**—**	(24,903)	—	(24,903)
Options vested	**—**	**—**	**—**	—	891	891
Exercise of options	**—**	**—**	**—**	—	(211)	(211)
Deferred units	**—**	**—**	**—**	—	693	693
Restricted units	**—**	**—**	**—**	—	1,231	1,231
Performance units	**—**	**—**	**—**	—	2,410	2,410
Settlement of any restricted, performance and deferred units	**—**	**—**	**—**	—	(3,320)	(3,320)
Balance at end of period	**$ —**	**$ —**	**$ —**	$ —	$ 20,985	$ 20,985

All unit-based compensation plans are accounted for as cash-settled awards as the Trust is an open-ended trust making its units redeemable, and thus requiring outstanding Unit Options, RUs, PUs, and DUs to be recognized as a liability and carried at fair value. As a result, the entire balance in other equity items related to stock-based compensation plan awards was reclassified to liabilities on the consolidated balance sheet upon REIT conversion on December 30, 2019.

15. UNIT-BASED COMPENSATION PLANS

REIT Conversion

Upon completion of the REIT conversion on December 30, 2019, all grants outstanding under the common stock option plan and share unit plans were transferred on a one-to-one basis to unit-based compensation plans.

(a) Unit Option Plan

As of September 30, 2020, First Capital is authorized to grant up to 19.7 million (December 31, 2019 – 19.7 million) Trust Unit options to the employees, officers and Trustees. As of September 30, 2020, 4.6 million (December 31, 2019 – 6.1 million) unit options are available to be granted to the employees, officers and Trustees. In addition, as at September 30, 2020, 7.1 million unit options were outstanding. Options granted by First Capital expire 10 years from the date of grant and vest over five years.

The outstanding options as at September 30, 2020 have exercise prices ranging from $15.70 - $21.24 (December 31, 2019 – $13.91 - $21.14).

During the nine months ended September 30, 2020, $1.0 million (nine months ended September 30, 2019 – $0.9 million) was recorded as an expense related to stock options.

Nine months ended September 30		**2020**		2019
	Number of Trust Units Issuable (in thousands)	**Weighted Average Exercise Price**	Number of Common Shares Issuable (in thousands)	Weighted Average Exercise Price
Outstanding at beginning of period	**5,584**	**$ 19.70**	4,736	$ 19.27
Granted (a)	**1,804**	**21.24**	1,201	21.14
Exercised (b)	**(162)**	**17.48**	(181)	18.09
Forfeited	**(19)**	**17.43**	(111)	19.92
Expired	**(104)**	**16.44**	—	—
Outstanding at end of period	**7,103**	**$ 20.20**	5,645	$ 19.69

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

Nine months ended September 30	**2020**	2019
Grant date	**February 28, 2020**	March 6, 2019
Unit / Share options granted (thousands)	**1,804**	1,201
Term to expiry	**10 years**	10 years
Exercise price	**$21.24**	$21.14
Weighted average volatility rate	**13.7%**	14.0%
Weighted average expected option life	**6.6 years**	5.8 years
Weighted average distribution / dividend yield	**4.30%**	4.08%
Weighted average risk free interest rate	**1.08%**	1.71%
Fair value (thousands)	**$1,373**	$1,617

(b) The weighted average market price at which options were exercised for the nine months ended September 30, 2020 was $21.71 (nine months ended September 30, 2019 – $21.27).

The assumptions used to measure the fair value of the unit options under the Black-Scholes model (level 2) as at September 30, 2020 were as follows:

As at September 30	**2020**
Expected Trust Unit price volatility	**21.3% - 50.3%**
Expected life of options	**0.4 - 6.7 years**
Expected distribution yield	**6.64%**
Risk free interest rate	**0.15% - 0.38%**

(b) Trust Unit arrangements

First Capital’s Trust Unit plans include a Trustees' Deferred Unit ("DU")(formerly "DSU") plan and a Restricted Unit ("RU")(formerly "RSU") plan that provides for the issuance of Restricted Units and Performance Units ("PU")(formerly "PSU"). Under the DU and RU arrangements, a participant is entitled to receive one Trust Unit, or equivalent cash value for RU arrangements only, at First Capital’s option, (i) in the case of a DU, upon redemption by the holder after the date that the holder ceases to be a Trustee of FCR 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 an RU, on the third anniversary of the grant date. Under the PU arrangement, a participant is entitled to receive 0.5 – 1.5 Trust Units per PU granted, or equivalent cash value at First Capital's option, on the third anniversary of the grant date. Holders of units granted under each plan receive distributions in the form of additional units when First Capital declares distributions on its Trust Units.

Nine months ended September 30		**2020**		2019
(in thousands)	**DUs**	**RUs / PUs**	DSUs	RSUs / PSUs
Outstanding at beginning of period	**289**	**663**	289	588
Granted (a) (b)	**45**	**295**	23	244
Distributions / Dividends declared	**14**	**32**	9	19
Exercised	**—**	**(189)**	—	(179)
Forfeited	**—**	**(16)**	—	(8)
Outstanding at end of period	**348**	**785**	321	664
Expense recorded for the period	**$782**	**$3,594**	$465	$3,641

(a) The fair value of the DUs granted during the nine months ended September 30, 2020 was $0.6 million (nine months ended September 30, 2019 – $0.5 million), measured based on First Capital's prevailing Trust Unit / common share price on the date of grant. The fair value of the RUs granted during the nine months ended September 30, 2020 was $3.5 million (nine months ended September 30, 2019 – $1.9 million), measured based on First Capital's Trust Unit / share price on the date of grant.

(b) The fair value of the PUs granted during the nine months ended September 30, 2020 was $2.6 million (nine months ended September 30, 2019 – $3.4 million). The fair value is calculated using the Monte-Carlo simulation model based on the assumptions below as well as a market adjustment factor based on the total Unitholder / Shareholder return of First Capital's Trust Units relative to the S&P/TSX Capped REIT Index.

Nine months ended September 30	**2020**	2019
Grant date	**February 28, 2020**	March 6, 2019
PUs granted (thousands)	**131**	154
Term to expiry	**3 years**	3 years
Weighted average volatility rate	**13.8%**	14.0%
Weighted average correlation	**35.0%**	30.8%
Weighted average total Unitholder / Shareholder return	**(4.0%)**	9.1%
Weighted average risk free interest rate	**1.11%**	1.68%
Fair value (thousands)	**$2,573**	$3,399

(c) Increase (decrease) in the value of unit-based compensation

First Capital's unit-based compensation plans are accounted for as cash-settled awards. Therefore, outstanding Unit Options, Deferred Units, Restricted Units and Performance Units are recognized as a liability and carried at fair value through profit and loss. As at September 30, 2020, the carrying value of the unit-based compensation liability was $11,231 (December 31, 2019 – $19,187)(Note 12). For the nine months ended September 30, 2020, FCR recognized a decline in the value of the unit-based compensation plans which resulted in a gain of $9.7 million due to a decrease in the Trust's unit price as a result of equity market volatility in light of COVID-19.

16. NET OPERATING INCOME

Net Operating Income by Component

First Capital's net operating income by component is presented below:

	Three months ended September 30			Nine months ended September 30		
	% change	**2020**	2019	**% change**	**2020**	2019
Property rental revenue						
Base rent [1]		**$ 104,216**	$ 114,194		**$ 318,962**	$ 344,687
Operating cost recoveries		**23,385**	25,660		**72,500**	83,478
Realty tax recoveries		**29,032**	33,604		**92,547**	105,346
Lease termination fees		**524**	259		**916**	5,097
Percentage rent		**958**	922		**2,262**	2,818
Straight-line rent adjustment		**452**	1,428		**2,182**	3,975
Prior year operating cost and tax recovery adjustments		**625**	(69)		**47**	(458)
Temporary tenants, storage, parking and other [2]		**4,760**	7,652		**13,416**	20,206
Total Property rental revenue	**(10.7%)**	**163,952**	183,650	**(11.0%)**	**502,832**	565,149
Property operating costs						
Recoverable operating expenses		**25,446**	28,449		**79,934**	94,597
Recoverable realty tax expense		**33,447**	38,676		**105,671**	120,155
Prior year realty tax expense		**235**	(170)		**(303)**	(884)
Other operating costs and adjustments [3]		**3,346**	1,672		**24,144**	4,833
Total Property operating costs		**62,474**	68,627		**209,446**	218,701
Total NOI	**(11.8%)**	**$ 101,478**	$ 115,023	**(15.3%)**	**$ 293,386**	$ 346,448
NOI margin		**61.9%**	62.6%		**58.3%**	61.3%

(1) Includes residential revenue.

(2) Includes hotel property revenue.

(3) Includes residential operating costs, hotel property operating costs and bad debt expense.

Included in other operating costs and adjustments is bad debt expense for the three and nine months ended September 30, 2020 of $3.4 million and $20.2 million, respectively. Bad debt expense includes net rental abatements related to the CECRA program for the three and nine months ended in the amounts of $5.5 million and $13.4 million, respectively. Additional bad debt provisions in light of COVID-19 included in bad debt expense totaled $6.8 million for the nine months ended September 30, 2020.

Net Operating Income by Segment

Net operating income is presented by segment as follows:

Three months ended September 30, 2020		Central Region		Eastern Region		Western Region		Subtotal		Other [1]		Total
Property rental revenue	**$**	**78,790**	**$**	**32,964**	**$**	**53,132**	**$**	**164,886**	**$**	**(934)**	**$**	**163,952**
Property operating costs		**33,337**		**13,620**		**18,179**		**65,136**		**(2,662)**		**62,474**
Net operating income	**$**	**45,453**	**$**	**19,344**	**$**	**34,953**	**$**	**99,750**	**$**	**1,728**	**$**	**101,478**

Three months ended September 30, 2019		Central Region		Eastern Region		Western Region		Subtotal		Other [1]		Total
Property rental revenue	$	82,288	$	43,792	$	58,127	$	184,207	$	(557)	$	183,650
Property operating costs		31,976		18,839		19,477		70,292		(1,665)		68,627
Net operating income	$	50,312	$	24,953	$	38,650	$	113,915	$	1,108	$	115,023

Nine months ended September 30, 2020		Central Region		Eastern Region		Western Region		Subtotal		Other [1]		Total
Property rental revenue	**$**	**241,255**	**$**	**100,533**	**$**	**164,102**	**$**	**505,890**	**$**	**(3,058)**	**$**	**502,832**
Property operating costs		**107,309**		**47,065**		**61,531**		**215,905**		**(6,459)**		**209,446**
Net operating income	**$**	**133,946**	**$**	**53,468**	**$**	**102,571**	**$**	**289,985**	**$**	**3,401**	**$**	**293,386**

Nine months ended September 30, 2019		Central Region		Eastern Region		Western Region		Subtotal		Other [1]		Total
Property rental revenue	$	243,767	$	139,831	$	183,369	$	566,967	$	(1,818)	$	565,149
Property operating costs		97,569		63,236		61,938		222,743		(4,042)		218,701
Net operating income	$	146,198	$	76,595	$	121,431	$	344,224	$	2,224	$	346,448

[1] Other items principally consist of inter-company eliminations.

For the three and nine months ended September 30, 2020, property operating costs include $3.6 million and $12.0 million, respectively, (three and nine months ended September 30, 2019 – $4.9 million and $15.9 million, respectively) related to employee compensation. Employee compensation is presented net of subsidies received under the Canada Emergency Wage Subsidy ("CEWS") program for the three and nine months ended September 30, 2020 of $1.6 million and $4.1 million, respectively, related to property operations personnel. A portion of this wage subsidy will be passed on to tenants through lower operating cost recoveries.

17. INTEREST AND OTHER INCOME

		Three months ended September 30				Nine months ended September 30			
	Note		**2020**		2019		**2020**		2019
Interest, dividend and distribution income from marketable securities and other investments	6	**$**	**155**	$	678	**$**	**790**	$	4,417
Interest income from loans and mortgages receivable classified as FVTPL	6		**216**		521		**806**		2,476
Interest income from loans and mortgages receivable at amortized cost	6		**1,652**		4,056		**5,114**		13,391
Fees and other income			**753**		6,573		**2,246**		8,895
Total		**$**	**2,776**	$	11,828	**$**	**8,956**	$	29,179

18. INTEREST EXPENSE

		Three months ended September 30		Nine months ended September 30	
	Note	**2020**	2019	**2020**	2019
Mortgages	10	**$ 13,185**	$ 14,325	**$ 38,761**	$ 40,567
Credit facilities	10	**7,634**	9,787	**22,129**	24,515
Senior unsecured debentures	11	**24,621**	26,825	**75,038**	79,761
Distributions on Exchangeable Units [1]	13	**108**	—	**628**	—
Total interest expense		**45,548**	50,937	**136,556**	144,843
Interest capitalized to investment properties under development		**(6,597)**	(5,932)	**(18,696)**	(16,002)
Interest expense		**$ 38,951**	$ 45,005	**$ 117,860**	$ 128,841
Change in accrued interest		**6,028**	5,329	**7,817**	5,487
Coupon interest rate in excess of effective interest rate on senior unsecured debentures		**285**	330	**915**	970
Coupon interest rate in excess of effective interest rate on assumed mortgages		**89**	225	**304**	676
Amortization of deferred financing costs		**(1,595)**	(1,543)	**(4,596)**	(4,499)
Cash interest paid associated with operating activities		**$ 43,758**	$ 49,346	**$ 122,300**	$ 131,475

[1] Effective December 30, 2019, 1.2 million Exchangeable Units were issued upon REIT conversion. The distributions declared on the Exchangeable Units are accounted for as interest expense.

19. CORPORATE EXPENSES

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Salaries, wages and benefits	**$ 5,379**	$ 7,220	**$ 17,899**	$ 21,661
Unit-based compensation	**2,014**	1,487	**5,138**	4,289
Other corporate costs	**2,441**	2,860	**8,081**	9,489
Total corporate expenses	**9,834**	11,567	**31,118**	35,439
Amounts capitalized to investment properties under development	**(1,746)**	(2,048)	**(5,933)**	(6,385)
Corporate expenses	**$ 8,088**	$ 9,519	**$ 25,185**	$ 29,054

For the three and nine months ended September 30, 2020, salaries, wages and benefits includes $1.3 million and $3.4 million, respectively, of wage subsidies received under the CEWS program.

20. OTHER GAINS (LOSSES) AND (EXPENSES)

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Realized gain (loss) on sale of marketable securities	**$ —**	$ —	**$ —**	$ 1,164
Unrealized gain (loss) on marketable securities	**65**	203	**(814)**	298
Net gain (loss) on prepayments of debt	**—**	—	**(282)**	—
Gain on Investment (a)	**—**	4,022	**—**	4,022
Proceeds from Target [1]	**—**	692	**—**	692
Pre-selling costs of residential inventory	**—**	—	**(142)**	—
Investment properties selling costs	**(139)**	(1,082)	**(3,304)**	(3,106)
REIT conversion costs	**—**	(1,232)	**(906)**	(2,004)
Transaction costs (b)	**—**	—	**—**	(3,414)
Other	**2**	(125)	**37**	(99)
Total	**$ (72)**	$ 2,478	**$ (5,411)**	$ (2,447)

[1] In connection with proceeds recognized under Target Canada's CCAA plan of arrangement related to the closure of two Target stores in FCR's portfolio in 2015.

(a) During the third quarter of 2019, one of First Capital's other investments in which FCR was a minority Shareholder was acquired for cash and share consideration resulting in the recognition of a $4.0 million gain on investment.

(b) During the first quarter of 2019, the Company paid $9.0 million or 50% of the underwriters' commission as part of the secondary offering by Gazit of 22 million of the FCR shares. Given the cross-conditional nature of the secondary offering and the share repurchase transaction, the $9.0 million was allocated to both the share repurchase ($5.6 million) and the secondary offering ($3.4 million). The amount allocated to the secondary offering was recorded in other gains (losses) and (expenses) during the first quarter of 2019.

21. INCOME TAXES

The Trust qualifies for the REIT Exemption and as such the Trust itself will not be subject to income taxes provided it continues to qualify as a REIT for purposes of the Act. A REIT is not taxable and not considered to be a Specified Investment Flow-Through Trust provided it complies with certain tests and distributes all of its taxable income in a taxation year to its unitholders. The Trust is a flow-through vehicle and accounts only for income taxes pertaining to its corporate subsidiaries. The Trust's most significant corporate subsidiary, First Capital Realty Inc., is a Mutual Fund Corporation.

The following reconciles the expected tax expense computed at the statutory tax rate to the actual tax expense for the three and nine months ended September 30, 2020 relating to the Trust and for the three and nine months ended September 30, 2019 relating to the Company.

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Income tax computed at the Canadian statutory rate of Nil applicable to the Trust at September 30, 2020; the Canadian federal and provincial tax rate of 26.6% applicable to the Company at September 30, 2019	**$ —**	$ 26,436	**$ —**	$ 68,002
Increase (decrease) in income taxes due to:				
Non-taxable portion of capital gains and other	**—**	(4,130)	**—**	(11,300)
Deferred income taxes applicable to corporate subsidiaries	**(1,880)**	—	**(8,729)**	—
Impact of change in provincial income tax rate	**—**	945	**—**	(20,848)
Non-controlling interests in income of consolidated limited partnership	**—**	(3,527)	**—**	(3,542)
Other	**95**	883	**—**	1,119
Deferred income taxes	**$ (1,785)**	$ 20,607	**$ (8,729)**	$ 33,431

22. RISK MANAGEMENT

In the normal course of its business, First Capital 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

First Capital 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 FCR’s mortgages, loans and credit facilities are floating rate instruments. From time to time, FCR 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. First Capital 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 September 30, 2020, Loblaw Companies Limited (“Loblaw”) is FCR's largest tenant and accounts for 10.3% of FCR’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. First Capital mitigates the risk of credit loss from debtors by undertaking a number of activities typical in lending arrangements including obtaining registered mortgages on the real estate properties.

First Capital'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 First Capital's ability to sell components of its portfolio promptly in response to changing economic or investment conditions. If FCR 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 First Capital's contractual maturities of its material financial liabilities and other contractual commitments as at September 30, 2020 is set out below:

As at September 30, 2020	Payments Due by Period				
	Remainder of 2020	2021 to 2022	2023 to 2024	Thereafter	Total
Scheduled mortgage principal amortization	$ 6,966	$ 60,405	$ 64,542	$ 122,709	$ 254,622
Mortgage principal repayments on maturity	—	168,959	108,478	837,052	1,114,489
Credit facilities and bank indebtedness	3,050	151,244	514,359	250,000	918,653
Senior unsecured debentures	—	625,000	600,000	1,300,000	2,525,000
Interest obligations [1]	44,123	314,632	234,839	211,964	805,558
Land leases (expiring between 2023 and 2061)	300	2,413	1,488	16,807	21,008
Contractual committed costs to complete current development projects	25,211	14,763	—	—	39,974
Other committed costs	3,020	7,125	—	—	10,145
Total contractual obligations	$ 82,670	$ 1,344,541	$ 1,523,706	$ 2,738,532	$ 5,689,449

[1] Interest obligations include expected interest payments on mortgages and credit facilities as at September 30, 2020 (assuming balances remain outstanding through to maturity), and senior unsecured debentures, as well as standby credit facility fees.

First Capital manages its liquidity risk by staggering debt maturities; renegotiating expiring credit arrangements proactively; using unsecured credit facilities; and issuing equity when considered appropriate. As at September 30, 2020, there was $0.8 billion (December 31, 2019 – $0.8 billion) of cash advances drawn against First Capital's unsecured credit facilities.

In addition, as at September 30, 2020, First Capital had $35.4 million (December 31, 2019 – $33.3 million) of outstanding letters of credit issued by financial institutions primarily to support certain of FCR's contractual obligations and $12.4 million (December 31, 2019 – $0.1 million) of bank overdrafts.

(d) Unit price risk

First Capital is exposed to Trust Unit price risk as a result of the issuance of Exchangeable Units, which are economically equivalent to and exchangeable for Trust Units, as well as the issuance of unit-based compensation. Exchangeable Units and unit-based compensation liabilities are recorded at their fair value based on market trading prices. Exchangeable Units and unit-based compensation negatively impact operating income when the Trust Unit price rises and positively impact operating income when the Trust Unit price declines.

23. FAIR VALUE MEASUREMENT

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

As at	**September 30, 2020**			December 31, 2019		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Measured at fair value						
Financial Assets						
FVTPL investments in securities	**$ 3,135**	**$ —**	**$ —**	$ 3,949	$ —	$ —
Loans and mortgages receivable	**—**	**—**	**22,758**	—	—	20,858
Other investments	**—**	**—**	**12,580**	—	—	12,302
Derivatives at fair value – assets	**—**	**1,952**	**—**	—	5,303	—
Financial Liabilities						
Exchangeable Units	**—**	**1,722**	**—**	—	25,010	—
Unit-based compensation plans	**—**	**11,231**	**—**	—	19,187	—
Derivatives at fair value – liabilities	**—**	**49,205**	**—**	—	4,686	—
Measured at amortized cost						
Financial Assets						
Loans and mortgages receivable	**—**	**—**	**110,972**	—	—	124,740
Bond asset	**—**	**14,104**	**—**	—	14,513	—
Financial Liabilities						
Mortgages	**—**	**1,459,094**	**—**	—	1,346,852	—
Credit facilities	**—**	**906,246**	**—**	—	899,165	—
Senior unsecured debentures	**—**	**2,620,451**	**—**	—	2,580,365	—

First Capital enters into derivative instruments including bond forward contracts, interest rate swaps and cross currency swaps as part of its strategy for managing certain interest rate risks as well as currency risk in relation to movements in the Canadian to U.S. exchange rate. For those derivative instruments to which First Capital has applied hedge accounting, the change in fair value for the effective portion of the derivative is recorded in OCI from the date of designation. For those derivative instruments to which First Capital does not apply hedge accounting, the change in fair value is recognized in other gains (losses) and (expenses).

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 September 30, 2020, the interest rates ranged from 1.7% to 2.5% (December 31, 2019 – 1.7% to 3.7%). The fair values of First Capital's asset (liability) hedging instruments are as follows:

	Designated as Hedging Instrument	Maturity as at September 30, 2020	**September 30, 2020**	December 31, 2019
Derivative assets				
Bond forward contracts	Yes	N/A	**$ —**	$ 2,372
Interest rate swaps	Yes	N/A	**—**	2,931
Cross currency swaps	No	November 2020	**1,952**	—
Total			**$ 1,952**	$ 5,303
Derivative liabilities				
Bond forward contracts	Yes	N/A	**$ —**	$ —
Interest rate swaps	Yes	April 2024 - March 2027	**49,205**	1,677
Cross currency swaps	No	N/A	**—**	3,009
Total			**$ 49,205**	$ 4,686

As at September 30, 2020, the $44.5 million increase in the fair value of outstanding derivative liabilities is primarily due to significant fluctuations in market rates (Canadian Bankers' Acceptance rate and Government of Canada bond rate) relative to the market rates locked-in at inception of outstanding interest rate swaps and bond forward contracts.

24. SUBSIDIARIES WITH NON-CONTROLLING INTEREST

As at September 30, 2020 First Capital has interests in two entities that it controls and consolidates 100% of the assets, liabilities, revenues and expenses of each entity subject to a non-controlling interest.

		Effective Ownership	
Name of Entity	Primary Investment	**September 30, 2020**	December 31, 2019
Main and Main Developments LP	46.875% Interest in MMUR (1)	**67.0%**	67.0%
Maincore Equities Inc. (2)	46.875% Interest in MMUR (1)	**70.9%**	90.0%

(1) FCR has owned a 6.25% direct interest in MMUR since 2014.

(2) FCR's ownership in Maincore Equities Inc. decreased due to the redemption of its class B common shares.

First Capital controls MMLP, a subsidiary in which it holds a 67% ownership interest.

During the third quarter of 2019, First Capital, together with its partner acquired the remaining 46.9% interest in MMUR from the exiting partner by acquiring the shares of Maincore Equities Inc.

During the first quarter, one of the Trust's wholly owned subsidiaries purchased a property from MMUR, which is also a consolidated subsidiary. The entire proceeds from the sale were distributed to the limited partners, including $24.4 million to the non-controlling interest partner.

25. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Items not affecting cash and other items

		Three months ended September 30		Nine months ended September 30	
	Note	**2020**	2019	**2020**	2019
Straight-line rent adjustment	16	**$ (452)**	$ (1,428)	**$ (2,182)**	$ (3,975)
Investment properties selling costs	20	**139**	1,082	**3,304**	3,106
Realized (gain) loss on sale of marketable securities	20	**—**	—	**—**	(1,164)
Unrealized (gain) loss on marketable securities classified as FVTPL	20	**(65)**	(203)	**814**	(298)
Transaction costs (1)	20	**—**	—	**—**	3,414
Gain on Investment	20	**—**	(4,022)	**—**	(4,022)
Unit-based compensation expense		**2,128**	1,602	**5,403**	4,631
Increase (decrease) in value of Exchangeable Units	13	**782**	—	**(7,434)**	—
Increase (decrease) in value of unit-based compensation	15	**(1,891)**	—	**(9,724)**	—
Deferred income taxes (recovery)	21	**(1,785)**	20,607	**(8,729)**	33,431
Other non-cash items		**—**	125	**(41)**	99
Total		**$ (1,144)**	$ 17,763	**$ (18,589)**	$ 35,222

(1) Transaction costs incurred relate to the secondary offering by Gazit of 22 million of the Company's common shares.

(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 September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Amounts receivable	**$ 26,370**	$ 3,636	**$ (8,339)**	$ (2,663)
Prepaid expenses	**(11,142)**	7,376	**(25,586)**	(31,397)
Trade payables and accruals	**(14,564)**	(4,341)	**11,755**	(11,486)
Tenant security and other deposits	**(8,963)**	(740)	**(3,576)**	(2,440)
Other working capital changes	**(2,310)**	(2,787)	**(4,140)**	(3,561)
Total	**$ (10,609)**	$ 3,144	**$ (29,886)**	$ (51,547)

(c) Changes in loans, mortgages and other assets

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Advances of loans and mortgages receivable	**$ (6,605)**	$ (35,935)	**$ (12,761)**	$ (52,122)
Repayments of loans and mortgages receivable	**5,706**	227,166	**24,111**	263,261
Other investments, net	**—**	2,535	**(278)**	4,202
Investment in marketable securities, net	**—**	—	**—**	(5,000)
Proceeds from disposition of marketable securities	**—**	—	**—**	25,001
Total	**$ (899)**	$ 193,766	**$ 11,072**	$ 235,342

(d) Cash and cash equivalents

As at	**September 30, 2020**	December 31, 2019
Cash and cash equivalents [(1)]	**$ 22,432**	$ 25,503

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

26. COMMITMENTS AND CONTINGENCIES

(a) First Capital 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 FCR.

(b) First Capital is contingently liable, jointly and severally or as guarantor, for approximately $65.6 million (December 31, 2019 – $77.5 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) First Capital is contingently liable by way of letters of credit in the amount of $35.4 million (December 31, 2019 – $33.3 million), issued by financial institutions on FCR's behalf in the ordinary course of business.

(d) First Capital has obligations as lessee under long-term leases for land. Annual commitments under these ground leases are approximately $1.2 million (December 31, 2019 – $1.2 million) with a total obligation of $21.0 million (December 31, 2019 – $21.9 million).

(e) First Capital was contingently liable by way of a put option on its co-owners' 40% interest in the hotel property, which was exercised in the third quarter. The Trust purchased the remaining 40% interest in the strategic hotel property in October 2020. The purchase price for the 40% interest of $29.8 million was based on a fixed price formula that resulted in a discount to current fair value. The put option was satisfied primarily through the settlement of a loan in the amount of $20.0 million advanced from First Capital to the co-owner. In addition to the hotel operations, the property earns rental income from retail tenants and on-going service and management fees from the condominiums located above the hotel component.

27. RELATED PARTY TRANSACTIONS

(a) Gazit-Globe

During the first quarter of 2020, Gazit sold its remaining 6.7% interest in FCR and is no longer a related party.

(b) Joint ventures

During the nine months ended September 30, 2020, First Capital earned fee income of nil (nine months ended September 30, 2019 – $1.9 million) from its joint ventures.

During the nine months ended September 30, 2020, First Capital also advanced nil (nine months ended September 30, 2019 – $0.9 million) to one of its joint ventures.

(c) Subsidiaries of the Trust

The unaudited interim condensed consolidated financial statements include the financial statements of First Capital Real Estate Investment Trust and all of its subsidiaries, including First Capital Realty Inc., First Capital REIT Limited Partnership and First Capital Holdings Trust. First Capital Realty Inc. and First Capital Holdings Trust are the significant subsidiaries of the Trust and are wholly owned.

28. SUBSEQUENT EVENTS

Monthly Distributions

On October 15, 2020, First Capital announced that it will pay a distribution, for the month of October, of $0.072 per Trust Unit on November 16, 2020 to Unitholders of record as at October 30, 2020.

Collection of October 2020 Rent

As of November 3, 2020, First Capital has collected approximately 90% of the gross rents payable from tenants for the month of October.

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