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First Capital REIT's Green Financing Framework

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Company Overview

First Capital Real Estate Investment Trust ("First Capital") is a leading owner, operator, and developer, of mixed-use real estate located in Canada's most densely populated cities. We focus on creating thriving urban neighbourhoods to generate value for businesses, residents, communities, and our investors. Our mixed-use developments and retail offerings are designed to provide 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.

As of March 31, 2021, First Capital's portfolio consists of 150 neighbourhoods totaling 22.9 million square feet (at 100%, or 20.1 million square feet at First Capital's ownership interest). First Capital's total assets as at March 31, 2021 were \$10.0 billion.

Sustainability Strategy

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.

Sustainability has always been integral to the responsible management of every aspect of First Capital's business, and the mitigation of various risks. We have pursued sustainability strategies and initiatives since 2010 and have been recognized through numerous environmental, social and governance ("ESG") rankings as a leader in Canada for our comprehensive reporting. ESG considerations are essential elements of our day-to-day business operations and our long-range business objectives and planning.

Green Financing Framework

In support of our sustainability strategies, First Capital has established a Green Financing Framework (the "Framework"). The Framework complies with the Green Bond Principles (the "GBP") developed by the International Capital Markets Association as of June 2018, and the Green Loan Principles (the "GLP") developed by the Loan Market Association as of February 2021. First Capital's Green Financing Framework is based upon the four core components of the GBP and the GLP:

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Allocation and Impact Reporting

First Capital's Green Financing Framework establishes the broad terms under which First Capital or any of its subsidiaries may issue Green Bonds, Green Loans, or other financial instruments (hereinafter referred to as the "Green Financing Instruments").

1. Use of Proceeds

First Capital intends to use the net proceeds from the issuances of Green Financing Instruments to finance and/or refinance eligible green projects (the “Eligible Green Projects”) as described by one or more of the following categories:

Eligible Green Project Category	Eligible Investments
Green Buildings	<p>Projects related to the acquisition, construction, development, re-development, improvement, operations, and maintenance of properties that have received or are expected to receive at least one of the following green building certifications (or other equivalent domestic or international certification):</p> <ul style="list-style-type: none"> • LEED: Silver, Gold, Platinum • BOMA BEST: Gold, Platinum • CaGBC Zero Carbon Building Standard • Toronto Green Standard: TGS Tier 2 <p>Buildings with LEED Silver certifications will also be confirmed to have been designed to achieve a 20 to 30% energy efficiency improvement or carbon emissions compared to the building’s baseline performance under ASHRAE 90.1 (2010).</p>
Energy, Carbon and Resource Efficiency	<p>Improvement projects such as, but not limited to:</p> <ul style="list-style-type: none"> • LED and other energy efficient lighting • Smart meters • Energy storage • Water and energy-saving technologies and materials • Non-fossil fuel powered HVAC (heating, ventilation, air conditioning/cooling) systems • Cool roof and other sustainability-oriented construction materials • Drought-tolerant landscaping • Sustainable drainage systems
Renewable Energy	<p>Projects aimed at providing renewable energy including wind, solar or geothermal. Geothermal projects are expected to result in direct emissions <100 grams of CO₂/kWh.</p>
Pollution Prevention and Control	<p>Projects such as, but not limited to:</p> <ul style="list-style-type: none"> • Soil remediation • Wastewater management • Waste prevention, reduction and diversion • Onsite composting and recycling
Clean Transportation	<p>Infrastructure projects which:</p> <ul style="list-style-type: none"> • Improve connectivity • Promote non-motorized methods (cycling/walking) • Accommodate electric and hybrid vehicles, and e-bikes
Climate Change Adaptation	<p>Feasibility studies and support systems for defense and adaptation to extreme weather conditions or effects of climate change, such as:</p> <ul style="list-style-type: none"> • Flood defense

	<ul style="list-style-type: none"> • Energy storage • Stormwater waste management • Building resilience • Low carbon cooling systems • Water efficient systems
Biodiversity and Conservation	Tree planting and ecological restoration to preserve biodiversity and native ecosystems.

2. Project Evaluation and Selection

First Capital will appoint the existing ESG Taskforce Committee (the “Committee”) to oversee the implementation of its Framework. The Committee will consist of senior leadership members across different departments such as Sustainability, Development, Operations, Legal and Finance. The Committee will be responsible for the oversight and management of the Framework and determining eligibility of projects that would satisfy the Eligible Green Projects criteria, considering ESG risks, as well as market factors, financial and technical considerations. Eligible projects identified by the Committee will be brought to First Capital’s executive leadership team (one of either the CEO, COO and CFO) for final approval. Other mandates of the Committee include monitoring performance and ensuring the execution of recommended initiatives.

3. Management of Proceeds

The net proceeds from a Green Financing Instrument issuance will be deposited to First Capital’s general bank account and be earmarked for allocation to Eligible Green Projects in accordance with the Framework. First Capital intends to utilize net proceeds within 36 months of an offering. Net proceeds may also be used for investments associated with Eligible Green Projects made by First Capital in the 36 months preceding the issuance of a Green Financing Instrument.

Prior to allocation, net proceeds of a Green Financing Instrument issuance may be utilized, in part or in full, for repayment of First Capital’s credit facilities, held in cash/cash equivalents, or for general corporate purposes. Any unallocated proceeds may be held for future or ongoing Eligible Green Projects.

All relevant information regarding the issuance of Green Financing Instruments and the Eligible Green Projects financed will be maintained by First Capital’s Finance department. Internal records will be periodically adjusted to match allocations to Eligible Green Projects every period. Payment of principal and interest on any Green Financing Instruments may be made from general funds and will not be directly linked to the performance of any Eligible Green Projects.

4. Allocation and Impact Reporting

First Capital will engage a third party to complete an annual verification of its allocation of the Green Financing Instrument’s net proceeds until full allocation. Until full allocation, First Capital will provide annual updates via its corporate website www.fcr.ca and/or in its Annual Environmental, Social and Governance (“ESG”) Report that includes relevant information such as a description of the Eligible Green Projects, amount of net proceeds allocated to Eligible Green Projects and the balance of unallocated net proceeds.

First Capital will provide information on environmental impact metrics and/or the level of green building certifications for applicable Eligible Green Projects and if feasible and practicable, First Capital may provide such information as:

- Level of green building certifications
- Annual energy saved, or renewable energy generated
- Annual carbon emissions reduced/avoided
- Annual water savings (m³) or percentage reduction in water use
- Annual waste that is prevented or diverted (% of total waste or amount in tonnes)
- Floor space of green real estate (sf)
- Number of electric vehicle (“EV”) charging stations
- Proportion of proceeds used for financing vs. refinancing eligible projects

External Review

First Capital has obtained an independent opinion from Sustainalytics that its Green Financing Framework aligns with the GBP and the GLP. This opinion is available on Sustainalytics’ website at www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects and on First Capital’s website at www.fcr.ca/company/sustainability.

Additional Resources

Additional resources, including First Capital’s ESG Roadmap 2020-2024, Sustainability Policy, and annual Sustainability reports and supplementary data for 2019 and prior years are also available at www.fcr.ca/company/sustainability.

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