FIRST
CAPITAL

2024
ANNUAL REPORT

Certain statements contained in this MD&A constitute forward-looking statements and information within the meaning of applicable securities law. 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, and numerous other factors. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, Management can give no assurance that actual results will be consistent with these forward-looking statements.

These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the "Risks and Uncertainties" section of this MD&A and the matters discussed under "Risk Factors" in 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 three-year Strategic Roadmap - Discipline | Stability | Growth, including with respect to (i) dispositions, (ii) financial growth and (iii) leverage reduction objectives, 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; unitholder activism; 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 pandemics, epidemics or other outbreaks further described in this MD&A.

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 February 11, 2025 and are qualified by these cautionary statements.

COMPANY PROFILE

First Capital owns, operates and develops grocery-anchored, open-air centres in neighbourhoods with the strongest demographics in Canada.

Message from the President & CEO

Executing well against our three-year plan

Dear fellow unitholder,

2024 was another year in which our business delivered strong operational and financial performance.

Early in the year at our Investor Day, we presented a three-year strategic plan for FCR. At the heart of the plan is a re-shaping of the REIT's real estate portfolio and balance sheet. We intend to achieve this by reducing the weighting and dollar amount of non-strategic, low yielding properties as well as properties with no income at all, which are assets held in our property development pipeline.

The monetization of these assets and the redeployment of the proceeds are specifically aimed at contributing to the key objectives we are focused on delivering to our investors. These key objectives are:

1. Growth in FFO per unit
2. Growth in Net Asset Value per unit, and
3. Reliability and growth in monthly cash distributions

In initiating this plan, which spans the calendar years 2024 through to the end of 2026, we cited the following key expectations and objectives:

- OFFO per unit growth averaging at least 3% per annum
- Net Debt to Adjusted EBITDA in the low-8x range by year end 2026
- Average annual same-property NOI growth of at least 3%
- Property dispositions totaling approximately $1 billion on a cumulative basis, with an average expected in-place yield of less than 3%.
- An aggregate investment of approximately $500 million into property development and redevelopment
- Development completions of approximately $200 million
- Acquisitions of $100 million to $150 million

We have now reported results for the first year of the three-year plan. Normalized OFFO per unit grew by approximately 6%, while normalized Net Debt to Adjusted EBITDA improved by 0.7x, to 9.2x. I am pleased to state that we are tracking very well towards the key objectives that we laid out for our investors.

Very solid property-level fundamentals amidst macro-economic cross currents

Over the course of 2024 there were several macro-economic and/or policy-related cross currents impacting the Canadian economy.

On a positive note, the rate of inflation continued to ease in Canada. Importantly for our business, this allowed interest rates to move lower and the yield curve to return to an upward slope – albeit one that is gradual.

Set against these positives were policy- and politically related developments that have introduced a higher than usual degree of uncertainty to the economic outlook. Most notably, these include late 2024 reductions in Federal immigration targets, and at the time of writing this letter, an economic outlook that is notably clouded by the threats of tariffs and a cross-border trade dispute spurred by the new U.S. Federal Administration.

In contrast to some of the macro-economic cross currents, the truly good news is that at the property level, the fundamentals in our business are very solid. Across key merchandise and service categories in our portfolio, tenants are in expansion mode with their physical store footprints. This is because many are still playing "catch-up" to Canada's significant population growth over the past several years. While we are expecting to see a near-term slow down in population growth, the reality is that most of our tenants remain in expansion mode as they typically make long-term investment decisions when they are committing to space. In this regard, they see an environment in which there has been almost no new supply of grocery anchored centres for many years, and there remains barriers to new supply. The primary barrier is a scarcity of sites, particularly within urban neighbourhoods where FCR's portfolio is focused. The second barrier is economic, as replacement costs often exceed current market values for grocery anchored centres. Combined, these factors make it highly unlikely there will be notable new supply in the foreseeable future. Therefore, most tenants seeking to expand their store networks will have to achieve this within the context of existing properties – where availability is already low.

These are the strong and indeed strengthening fundamentals underpinnings of our business. And we do not expect these conditions to change anytime soon.

Continued solid operating performance

During 2024 we leased 3.7 million square feet of space on a platform-wide basis. This not only continued the strong leasing cadence from the prior year, but it was the highest volume of leasing since 2018. With this constructive fundamental backdrop, FCR's year-end portfolio occupancy of 96.8% improved by 60 basis points, which is approaching our all-time high of 96.9% set in 2019. Our leasing team achieved an average increase in our net rental rate on lease renewals of 12.5% (at FCR's share) during the year. Our renewal spreads have a long history of leading our peers. Last year's result was a continuation of FCR's increasing renewal spreads over each the past four years. Moreover, what is not captured in this "lift" statistic is that 2024 renewal leases, on average, included larger contractual rental steps throughout the renewal term than prior years' activity. This bodes well for future NOI growth. With the strong leasing performance, our average net rental rate per occupied square foot, reached an all-time high of $24.00 at year-end, which leads all of our peers.

Good progress on capital allocation initiatives

While we remained focused on the leasing and operating aspects of our business, we were also highly focused upon executing the capital allocation elements of our three-year strategic plan.

During 2024, First Capital completed or went firm on $317 million of property disposition and related transactions that were consistent with our strategy. FCR's highly disciplined approach to property sales combined with the quality nature of these assets resulted in premium pricing on these transactions, notwithstanding a property transaction market that has remained difficult. Collectively, they had an in-place income yield that is less than 3% and were sold at an average premium to IFRS carrying value of more than 50%. The monetization of these typically low- and no-yielding assets in which our value-enhancing objectives have been achieved, allowed for the redeployment of the capital in ways aimed at growing our FFO per unit and strengthening the REIT's balance sheet even further.

On the capital allocation front, we invested $223 million into the business in 2024. This included $117 million into property and residential development, $33.5 million into acquisitions, and the balance into operating capital, primarily related to leasing and maintenance.

Development activities included construction progress at Yonge and Roselawn, where we are a 50% owner, and the commencement of construction at 1071 King Street West, where we are a 25% owner. Looking ahead several years, these projects will collectively deliver more than 900 high quality purpose-built residential rental units and high-quality street-front retail space in two of Toronto's most desirable neighbourhoods.

On the redevelopment front, we completed Phase 1 of our Humbertown Shopping Centre redevelopment.

Phase II of the project commenced in early 2025, and when the third and final phase is complete, this property will be fully rejuvenated. With the look and feel of a new shopping centre, it will offer improved retail formats for key incumbent retailers such as Loblaws, Royal Bank, and Shoppers Drug Mart and feature several new retailers, with the entire redevelopment offering attractive return on investment metrics for First Capital.

Early in the year we also purchased the remaining 50% interest in Seton Gateway, a high-quality grocery anchored shopping centre in a growing part of Calgary for $33.5 million. Completed on very favourable terms, the off-market transaction consolidated First Capital's ownership in the property to 100%. Anchored by a Save-On Foods grocery store and Shoppers Drug Mart, this 128,000-sf shopping centre is 100% occupied with more tenant demand than we can accommodate.

Further strengthening our financial position and credit profile

Collectively, the strength of our operating and leasing results, combined with the successful execution of our capital allocation priorities of the three-year plan, allowed us to achieve our financial and balance sheet objectives for the year.

At year-end 2024 we achieved our objective of a low-9x Net Debt to Adjusted EBITDA, exclusive of two non-recurring revenue items which favourably impacted the "headline" figure, which was 8.7x. The result was an improvement from a 9.9x multiple at the outset of the year.

Through the year, FCR's longer-duration senior unsecured debenture spreads narrowed by approximately 120 basis points. The improvement was twice the average of our peers, and therefore, our credit outperformed materially. This enabled First Capital to successfully access the bond market on three occasions, raising a total of $800 million of fixed rate unsecured debentures for a weighted-average term of 7 years at a weighted-average interest rate of 5.26%. Our 2024 financing efforts added duration to the REIT's overall debt ladder, reduced exposure to 2025-2026 debt maturities by more than $400 million, and mitigated First Capital's interest rate "roll-up"' risk.

Delivering Growth in FFO and Distributions Per Unit

With respect to our "bottom-line" objectives for unitholders, FCR's 2024 Operating FFO per unit reached $1.36 in 2024. Excluding non-recurring revenue items, 2024 OFFO per unit was $1.26 – which was an all-time high. Relative to $1.18 per unit in 2023, the plan's year-one OFFO per unit growth nicely exceeded the multi-year target of "at least 3%" on average.

With the solid 2024 operating results, balance sheet strength and the positive outlook, the Board approved a 3% increase to the REIT's monthly distributions that became effective in January 2025. Stability and growth in distributions is one of First Capital's key long term objectives, so this increase represents an important milestone.

A Culture of Excellence, Sustainability, and Positive Impact

Throughout 2024, First Capital continued to build upon our strong culture of excellence, collaboration, and purpose, driving meaningful progress in key areas that define who we are.

Building on our commitment to ambitious, science-based greenhouse gas (GHG) reduction targets of 46% by 2030 and net zero by 2050, we continued to make steady progress in 2024. Since our 2019 base year, we have achieved a 19% absolute reduction in Scope 1 and 2 emissions, underscoring our commitment to climate action. Collaboration remains central to our decarbonization strategy, and in November 2024, we hosted our second Collaboration for Climate Action Forum, convening major retail tenants and property owners for solutions-focused discussions on decarbonizing retail buildings in Canada.

Through 2024, our leadership in sustainable real estate was recognized in multiple ways. We were the only REIT listed among Canada's top 30 companies in Sustainalytics' "Road to Net Zero" Ranking. We also received the "Gold 2024 Green Lease Leader Recognition" from the Institute for Market Transformation (IMT) and the U.S. Department of Energy's Better Building Alliance.

We remain committed to integrating sustainability into all aspects of our operations in ways that make sense for our business.

In addition to environmental sustainability, employee engagement and maintaining a winning culture are critical enablers to sustained business outperformance. We take pride in fostering a culture where our team members feel that they have an equal opportunity to thrive, love what they do, and grow their careers. In 2024, we were honoured to be recognized once again as one of "Greater Toronto's Top Employers", one of "Canada's Top Small and Medium Employers", and included in the 2024 Report on Business "Women Lead Here" list by the Globe and Mail. We were also selected as one of Canada's Best Employers for recent graduates in "The Career Directory" reinforcing our commitment to attracting and developing top talent.

Our team's dedication to making a difference extends beyond the workplace, as we came together in remarkable ways to volunteer and support the communities in which we live and operate. The FCR Thriving Neighbourhoods Foundation, a cornerstone of our culture since 2020, continued to make a profound impact, raising over $400,000 in 2024 alone for Community Food Centres Canada. In addition, over 96% of FCR staff volunteered a day to support a charity in the neighbourhoods in which we operate. Since its inception, the Foundation has raised approximately $1.4 million and contributed over 4,900 volunteer hours, supporting organizations such as Second Harvest, Kids Help Phone, and many others.

For many years, public art has played an important role in differentiating our assets. In 2024, we proudly unveiled "JASPER" by local artist Michel Archambault, at our Centre Wilderton in Montreal. This expanded our long-running art program to 33 public installations across our portfolio, enriching our neighbourhoods and enhancing the communities we serve.

Finally, our corporate governance remains best-in-class, as evidenced by our ranking as the highest-rated public REIT in the Globe and Mail's comprehensive review of Canada's corporate boards.

I want to extend my gratitude to our employees, Board members, tenants, and community partners who make our progress possible. We look forward to continuing this important work together in the years ahead.

Concluding

In concluding, First Capital REIT had a very solid 2024 on many fronts.

Our strong execution, with high standards for property operations and leasing continue to be a constant across our platform. In combination with favourable supply/demand dynamics for grocery-anchored retail centres, our business is poised to continue delivering solid growth in net operating income.

Moreover, the efforts to re-shape First Capital's balance sheet and portfolio are working. Over the course of 2024 we achieved our key objectives of driving growth in Operating FFO per unit while further strengthening the REIT's financial position.

I look back with pride at what we accomplished last year. The achievements are the product of talent and hard work by many individuals who form a cohesive First Capital team. I sincerely thank each and every one of you. As is the case every year, I see a lot of hard work ahead – but equally I look forward with confidence in our ability to deliver upon our goals for our investors.

I want to thank our Trustees for their counsel and guidance, our executive team for its continued leadership and partnership, and our investors for your continued support.

Respectfully,

Adam Paul

President & Chief Executive Officer

Business and Strategy Overview

Our business

First Capital Real Estate Investment Trust, with **$9.2 billion** in assets acquires, develops, owns and operates open-air grocery-anchored shopping centres in neighbourhoods with the strongest demographics in Canada.

Our purpose

Through the expertise and collaboration of our team, we create thriving properties which generate value for tenants, investors and our neighbourhoods. Thriving properties...Thriving neighbourhoods.

Our open-air grocery-anchored shopping centres are designed to be vibrant places that meet the needs of everyday life- they bring together people, retail shops and services, as well as public art, with the benefit of close proximity to public transit.

Our operations

YYZ
TORONTO HEADQUARTERS

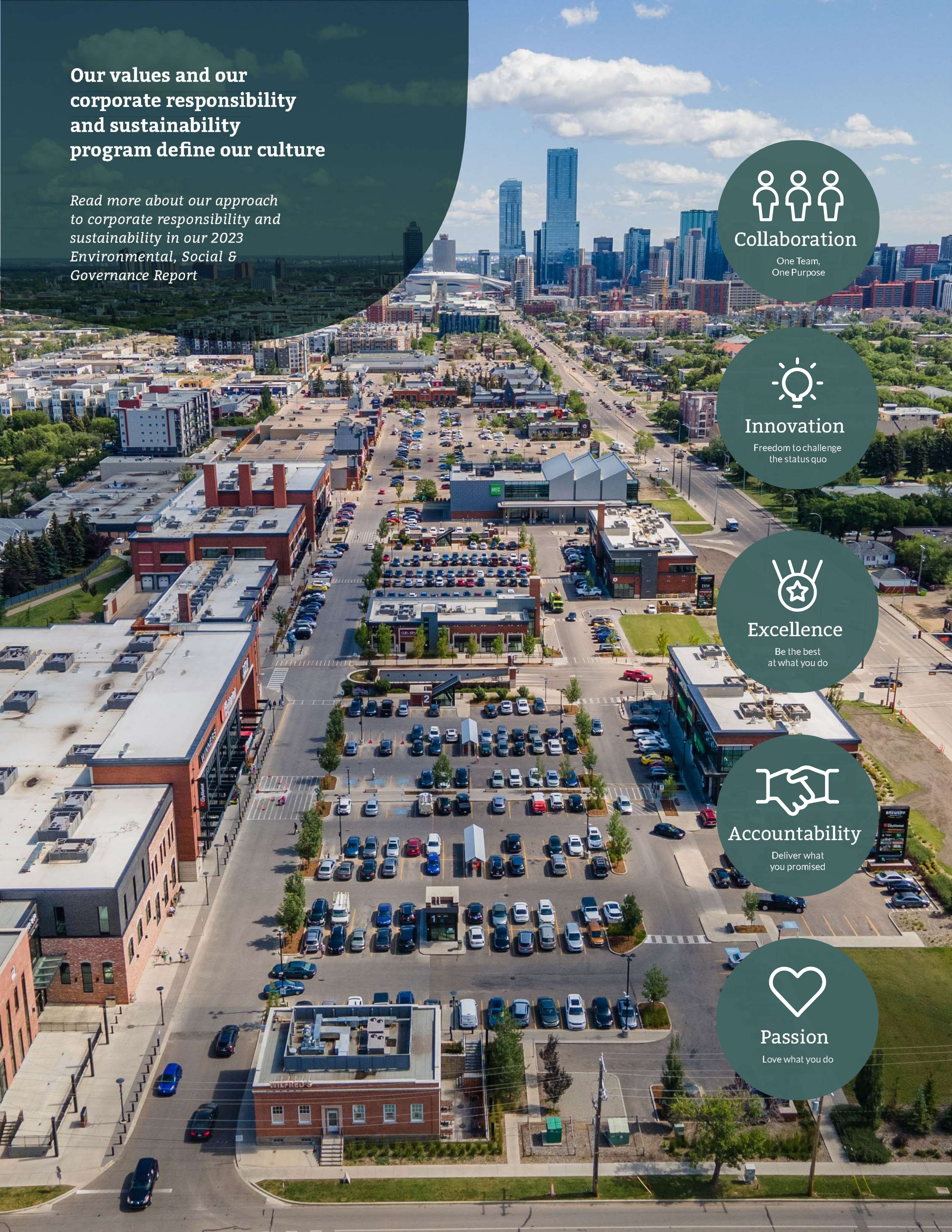
FCR.UN
LISTED ON TSX

138
NEIGHBOURHOODS

22.1M
SQ. FT. OF GLA

>2,400
TENANTS

372
EMPLOYEES



Our values and our corporate responsibility and sustainability program define our culture

Read more about our approach to corporate responsibility and sustainability in our 2023 Environmental, Social & Governance 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 investment strategy

Creating thriving properties in neighbourhoods with the strongest demographics that drive sustainable growth in cash flow and capital appreciation of our best in class portfolio.

We achieve this by:

- **Investing in high-quality, grocery-anchored shopping centres** in targeted urban and top-tier suburban neighbourhoods
- **Fully integrating retail** with other uses to create thriving urban properties
- **Optimizing the portfolio** through active asset management
- **Surfacing substantial value** in our incremental density pipeline through the rezoning and development process
- **Focusing our capital allocation** on crystallizing created value in certain development and density sites and select income properties that are not expected to contribute to our key objectives
- **Actively managing and strengthening our balance sheet** to maintain financial strength and flexibility and a competitive cost of capital with the key objectives to drive FFO, NAV and distribution per unit growth

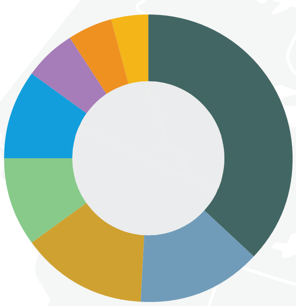
Our target markets

We target specific urban and top-tier suburban 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.

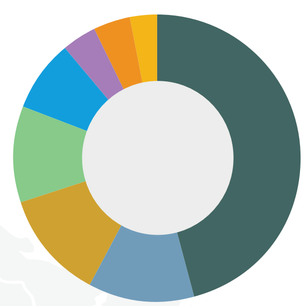
Within each of these markets, we own some of the best located properties in neighbourhoods with strong demographics that we expect will continue to get even stronger over time, thereby attracting the most desirable tenants with the highest rent growth potential and the most compelling opportunities for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

Urban Markets



	% of Annual Minimum Rent*	% of Portfolio Value*
Greater Toronto Area	40%	47%
Greater Montreal Area	14%	12%
Greater Calgary Area	14%	12%
Greater Vancouver Area	10%	11%
Greater Edmonton Area	9%	7%
Greater Ottawa Area	5%	4%
Kitchener/Waterloo/Guelph Area	5%	4%
Other	3%	3%
Total	**100%**	**100%**

*As at December 31, 2024



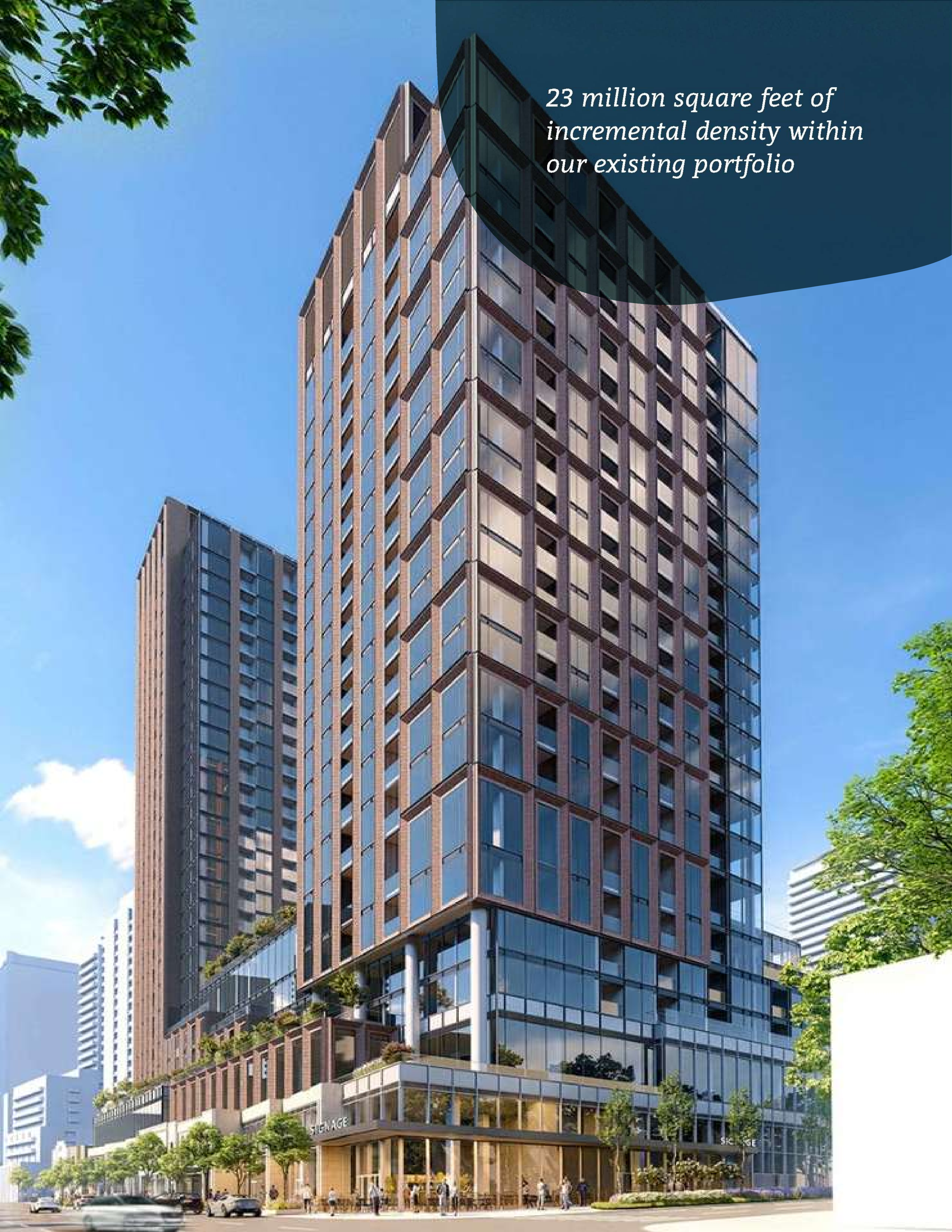
Creating thriving properties for everyday life

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 and top-tier suburban neighbourhoods.

Strategic and Diversified Retail Tenant Mix – 3,889 locations

	# of Locations	% of AMR
Grocery Stores	123	17.0
Medical, Professional & Personal Services	1,260	15.0
QSR, Chains & Cafes	926	13.2
Other Necessity-Based Retailers	379	12.5
Pharmacies	115	9.0
Banks & Credit Unions	187	8.5
Other Tenants	456	7.9
Value-Based Retailers	88	5.6
Fitness Facilities	88	4.6
Liquor Stores	86	3.1
Other Restaurants	77	1.9
Daycare & Learning Centres	104	1.7

As at December 31, 2024



23 million square feet of incremental density within our existing portfolio

DISCIPLINE | STABILITY | GROWTH

Our high quality portfolio

Category	Value (billions)
Core Properties	**$7.2**
Other Properties[(1)]	$1.6
Total Real Estate Investments	**$8.8**

[(1)] Includes residential development inventory

Core Properties

Stable, grocery-anchored assets with strong growth profiles

176	~$7.2B	~82%	~5.7%
PROPERTIES	VALUE	REAL ESTATE INVESTMENTS	RUN-RATE NOI YIELD

York Mills Gardens


Edmonton Brewery District

Strandherd Crossing

Place Michelet

Seton Gateway

Cranston Market

Actively managing our assets

Proactive management of our portfolio is 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.

33 public art installations across our portfolio

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 Vice President of ESG 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 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 include disclosures aligned with the Sustainability Accounting Standards Board (SASB), the United Nations Sustainable Development Goals (UNSDGs), and the Task Force on Climate-related Financial Disclosures (TCFD). 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 FCR Thriving Neighbourhoods Foundation and by promoting environmental improvements that help neighbourhoods thrive.

We believe that sound and effective governance is essential to our performance and have adopted a governance framework that reflects our values, ensures that effective 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 governance.

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

Ranked 2nd in the 2024 GRESB Development Benchmark with a score of 92
Ranked 5th in the 2024 GRESB Standing Investments Benchmark with a score of 79

'AA' rating, in the Morgan Stanley Capital International (MSCI) ESG Ratings assessment in 2024

Awarded Gold 2024 Green Lease Leader Recognition by the Institute for Market Transformation (IMT) and the U.S. Department of Energy's Better Building Alliance

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Awarded Prime status for Corporate ESG Performance by Institutional Shareholder Services in 2024

Environmental

Reduce our carbon emissions and energy use

- Greenhouse gas (GHG) emissions reduction target approved by Science Based Initiative (SBTi): **46% reduction in Scope 1 & 2** emissions by 2030 (2019 base year) with a long term goal of reaching net-zero by 2050, or sooner
- **19% reduction in Scope 1 & 2** GHG emissions since 2019 base year (2019-2023)
- Only REIT listed as a top 30 Canadian company in Sustainalytics 'Road to Net Zero' Ranking
- **Hosted our second Collaboration for Climate Action Forum** in November 2024, bringing together major retail tenants and peer landlords for a solutions focused discussion around the decarbonization of retail buildings in Canada
- First Capital REIT **scored a "B" for its 2023 CDP Climate Change Disclosure**, which is higher than the North American average of "C"

Promote sustainable transportation

- **99% of our portfolio** is located within a 5-minute walk of public transit
- Average **Walk Score of 84** (very walkable)
- **Over 300 electric vehicle charging stations** installed across our portfolio; FCR supports the expansion of EV infrastructure in Canada and we continue to annually increase our network of EV charging stations at our properties

Achieve green building certifications

- **80%** of our portfolio is **BOMA BEST** certified, as of December 31, 2024
- **20%** of our portfolio is certified to **LEED**, as of December 31, 2024
- **Certify all new construction** projects to Leadership in Energy and Environmental Design (LEED) standards (subject to tenant acceptance)
- **First Canadian Retail REIT** to achieve the WELL Health-Safety Rating for Facility Operations & Management, totalling 7.1 million square feet

Effectively manage climate change risk and resilience

- First Canadian REIT to be a signatory in support of the Task Force on Climate-Related Financial Disclosures (TCFD)
- **Formed an FCR TCFD Task Force** comprised of senior leaders from across business functions. The Task Force performed a climate scenario analysis to assess the magnitude of the financial impacts associated with climate-related risks and opportunities

Social

Foster an engaged and diverse workforce

- **56% of management positions are held by females;** We have strong gender diversity metrics through all levels of the organization
- Employee led **Everyone Belongs Council** published its first Impact Report and launched its 2024-2026 Action Plan

Be one of the best places to work

- Recognized by the Globe and Mail as one of the **Greater Toronto's Top Employers** for the fourth time in five years (2020 - 2022, 2024)
- Selected for inclusion in **"The Career Directory"** for 2021 - 2024 as one of Canada's Best Employers for Recent Graduates
- Named one of **Canada's Top Small and Medium Employers** for the fourth time in five years (2020 - 2022, 2024)
- 1 of 96 companies to be included in the Globe and Mail's **2024 Report on Business Women Lead Here** list
- Named **one of Canada's 2022 Greenest Employers** by Mediacorp Canada and the Globe and Mail
- **80%** employee engagement score in 2024

Improving the communities in which we operate

- **Launched the FCR Thriving Neighbourhoods Foundation in 2020** and have since **raised $1.3 million** in donations through employee-led charitable giving to fight food insecurity and mental health initiatives
- **Raised over $270,000** for Community Food Centres Canada at FCR Thriving Neighbourhoods Foundation's third annual Commercial Real Estate Softball Classic tournament
- In 2024, **97% of FCR staff volunteered** to support local charities in our communities
- Long-standing support of public arts, now with **33 installations across our portfolio**

Governance

Maintain a strong governance framework

- Reflects our **values**
- Adheres to **effective governance practices**
- Ensures the **Board functions independently** of management
- Promotes **diversity** in considering optimal board composition

Strive to be a governance leader

- Continuously adopt **new and improved** governance practices
- **Reviewing our annual governance scores from ISS**, the Globe and Mail Board Games and other similar rankings with our Board
- **Follow recommendations** as governance standards evolve
- **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 ESG. 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 ESG report on the Company's website at **www.fcr.ca/esg.**

MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table of Contents

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 months and years ended December 31, 2024 and 2023. It should be read in conjunction with the Trust's audited annual consolidated financial statements for the years ended December 31, 2024 and 2023. Additional information, including First Capital's current Annual Information Form, is available on the SEDAR+ website at www.sedarplus.ca 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 February 11, 2025.

CURRENT BUSINESS ENVIRONMENT AND OUTLOOK

Throughout 2024 inflation continued to ease, both globally and in Canada, from the multi-decade highs reached in many countries during the past two years. In the latter half of 2024, Canada's inflation rate fell to a low of 1.6% in September but has since leveled off at the Bank of Canada's targeted range of +/-2%. However, over the last several months there have been a number of developments – both policy-related and political, that introduce a higher than usual degree of uncertainty to the current economic outlook, including economic growth and the rate of inflation. Late 2024 reductions in Federal immigration targets, on a standalone basis, should have the result of slowing 2025 GDP growth relative to what it otherwise would have been, and they could also have some impact on inflation. Other Federal and Provincial policies – including a temporary suspension of the GST on some consumer products, one-time payments to individuals, and changes to mortgage rules—are also likely to impact domestic demand and inflation. And seemingly the most significant source of near-term economic uncertainty relates to the threat of a protracted dispute with respect to cross-border trade spurred by the new U.S. Federal Administration, including U.S. tariffs and reciprocal measures from Canada.

In the United States, the economy continues to be strong with robust consumption and a solid labour market. While unemployment remains low, the rate of inflation in the US remains somewhat elevated with the Federal Reserve stating that it doesn't believe it will meet its desired 2% inflation target until 2026. The US central bank delivered three rate cuts in 2024 bringing its target rate to 4.25%-4.5%, and it projects just two rate cuts in 2025 as it strives to bring inflation back to the target of 2%.

In responding to easing inflation and slowing economic growth, the Bank of Canada commenced its rate cut cycle in June 2024. Cumulatively the Bank has reduced the policy rate by 200 basis points, including two back-to-back cuts of 50 basis points in October and December 2024, and a further 25 basis points in late January 2025. While Canada's labour market has been soft (December unemployment was 6.7%) and wage pressures are showing some easing signs, there are signs via strengthening Canadian consumption and housing activity that interest rate cuts have started to stimulate the economy. With respect to 2025 economic growth, the Bank of Canada has only provided a "baseline" forecast which assumes an absence of new tariffs. In its January 2025 outlook, the Bank cited expectations for GDP growth of 1.8% in 2025 and 2026 (down from its October 2024 forecast of 2.1%-2.3%), which are improvements from 2024 growth expectations of 1.3%.

First Capital's high-quality grocery-anchored and mixed-use portfolio continues to be resilient and has a demonstrated track record of high and steady occupancy, and producing strong cash collections, solid leasing volumes, and growth in its average net rental rate over the longer term.

Property Portfolio, Core Competencies and Competitive Advantages

First Capital is a leader in acquiring, developing, owning, and operating open-air grocery-anchored centres as well as securing the right to develop significant additional density through rezoning. With these two foundational Core Competencies, First Capital is further differentiated from its peers by several competitive advantages which include its Core Portfolio of multi-tenant, grocery-anchored shopping centres and its sizable density pipeline.

FCR's Core Portfolio of grocery-anchored shopping centres has a value of approximately $7.2 billion and comprises approximately 82% of First Capital's total real estate investments. The Core Portfolio has the highest in place rents, the highest average historical lease renewal lifts, the highest population density and is the most connected to public transit relative to its publicly listed Canadian peers. The Core Portfolio is primarily located in urban and top-tier suburban neighbourhoods within Canada's largest and fastest growing cities, and its curated tenant mix typically includes pharmacy, liquor, banks, medical services, and an array of other complementary providers of daily necessity goods and services. FCR's Real Estate Services Team continues to focus on property improvements, customer amenities, and merchandising mix or tenant uses that are most in demand to serve the communities and neighbourhoods in which the Trust operates.

First Capital's portfolio of future development sites is comprised of a density pipeline of approximately 23 million square feet which exceeds the gross leasable area of FCR's current property portfolio. The density pipeline is primarily located in high growth neighbourhoods with exceptional demographics within Toronto, Montreal and Vancouver.

Three-year Strategic Roadmap: Discipline|Stability|Growth

In February 2024, the Trust announced its three-year Strategic Roadmap centered around financial growth and leverage reduction objectives. The Roadmap is focused on the key objectives of stability and growth in FFO, Net Asset Value and distributions per unit, coupled with a continued strengthening of key credit metrics.

First Capital's operating activities are focused upon managing its Core Portfolio of multi-tenant grocery-anchored centres to their maximum potential as it relates to growth in same-property net operating income and long-term value appreciation.

First Capital's investment activities are focused on retail development and redevelopment of core grocery-anchored shopping centres, select tuck-in and multi-tenant grocery-anchored shopping centre acquisitions, its entitlements program, and the development of strategic mixed-use properties where the REIT will typically have an ownership interest within the 25% to 50% range.

Asset divestitures will continue to be focused on FCR's density and development properties and other non-grocery-anchored properties. Collectively, these assets are classified as ´Other properties´ and ´Residential development inventory´ in FCR's MD&A. This pool of assets currently comprises approximately 18% of FCR's total real estate investments and has a value of approximately $1.6 billion.

During the fourth quarter of 2024, First Capital continued to execute on its strategy, with $105 million of dispositions completed or under firm agreement, including (i) 1629-1633 The Queensway, Etobicoke (ii) its 50% interest in 200 West Esplanade, North Vancouver and (iii) Sheridan Plaza, Toronto which is an all cash transaction and scheduled to close by the end of the first quarter of 2025.

These asset sales were consistent with the REIT's capital allocation objectives of crystallizing created value in certain development and density sites, as well as select income properties that are not multi-tenant grocery-anchored shopping centres.

As of December 31, 2024, the Trust has classified $196.6 million, at First Capital's share, of its assets as held for sale.

Three-year Business Plan and Key Objectives

First Capital's business plan through to year-end 2026, includes the following key expectations and objectives:

- Average annual same-property NOI growth of at least 3%
- Property dispositions totaling approximately $1 billion on a cumulative basis, with an average expected yield of less than 3%. The dispositions will continue to be focused on a mix of development sites and select low-yielding income properties
- An aggregate investment of approximately $500 million into property development and redevelopment
- Development completions of approximately $200 million
- Acquisitions of $100 million to $150 million, with a focus on multi-tenant, core grocery-anchored shopping centres as well as small, but strategic tuck-ins that are expected to be important to long-term value creation
- A Net Debt to Adjusted EBITDA ratio that is in the low-8x range by year-end 2026; and,
- OFFO per unit growth averaging at least 3%

Managing the balance sheet

Consistent with the Trust's Roadmap, First Capital is well positioned to continue to strengthen its financial position through debt reduction and an improving cost of capital over the long-term, with a targeted net debt to EBITDA ratio in the low-9x range by the end of 2024. As at December 31, 2024, First Capital's net debt to EBITDA ratio was 8.7x.

As of February 11, 2025, the Trust's liquidity position included approximately $0.9 billion of cash and undrawn credit facilities with debt maturities for 2025 totaling $532 million on a proportionate basis. As at December 31, 2024, the Trust had unencumbered properties with an IFRS value of approximately $6.2 billion and a net debt to asset ratio of 44.5% as well as a net debt to Adjusted EBITDA ratio that improved to 8.7x from 9.9x year over year.

Normal Course Issuer Bid ("NCIB")

Commencing on May 18, 2022, First Capital implemented an NCIB pursuant to which it may repurchase its trust units for cancellation. The substantial disconnect that currently exists between the intrinsic value of the REIT's units and their publicly traded price presents a significant opportunity to generate value through the repurchase of trust units. Therefore, from time to time, the purchase of FCR trust units at certain market prices below NAV presents an attractive use of the REIT's capital that should afford additional value and liquidity for the issued and outstanding units, while benefiting remaining Unitholders by increasing their proportionate equity interest in the REIT. On May 16, 2024, First Capital received TSX approval for the renewal of its NCIB pursuant to which it may repurchase and cancel up to 21,113,939 of its outstanding units until May 20, 2025. Cumulatively from May 2022 to December 31, 2024, the REIT has repurchased 7.9 million Trust units for approximately $120.1 million.

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 can 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.

As of December 31, 2024, FCR's loans and mortgages receivable totaling $95.8 million (December 31, 2023 - $131.2 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.

Development initiatives

Management continually monitors economic and capital market forces and their potential impact on the portfolio, including properties under development. As of December 31, 2024, FCR had approximately 0.7 million square feet under active development, including residential inventory. 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 in the assets in which it invests.

Outlook

The International Monetary Fund expects the global economy to continue growing at a rate of about 3.0% through 2025. Although progress has remained uneven from month-to-month, inflation across most advanced economies appears to be moving into central banks' target ranges. In the face of a sharp and synchronized tightening of monetary policy around the world over the last two years, the global economy has remained unusually resilient throughout the disinflationary process, avoiding a global recession.

Economic growth in the United States has been stronger than expected, led by strong consumption and jobs. In Canada, economic growth grew by about 1.3% in 2024 impacted by lower business investment, inventories, and exports. In its late January Monetary Policy Report, Canada's central bank forecasts GDP growth of 1.8% in 2025 and 2026.

With this as the backdrop, the Governing Council has reduced the policy interest rate substantially by 200 basis points since June of 2024 and with inflation already within the target range. The current Canadian economic outlook is subject to a higher than usual degree of uncertainty, primarily due to the threat of a protracted trade dispute between Canada and the new U.S. Federal administration.

Certain aspects of the Trust’s business and operations that could potentially be impacted include rental income, occupancy, leasing terms and tenant improvements, future demand for space, and market rents, all of which impact the underlying value of investment properties. In the current environment, the Trust continues to achieve strong leasing metrics with a robust new and renewal lease pipeline coupled with upward trending market rental rates. 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.

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 IFRS® Accounting 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 its 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 seven equity accounted joint ventures are presented on one line item in the consolidated balance sheets and the consolidated statements of income (loss), 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 seven 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, ground-up development, properties under construction, and density and development land or (iv) held for sale are excluded from the determination of SP NOI. SP NOI is presented at FCR's proportionate interest 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 guidance on "Funds from Operations and Adjusted Funds From Operations for IFRS" dated January 2022. 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 (loss) 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 (loss) determined in accordance with IFRS. A reconciliation from net income (loss) to FFO can be found in the "Non-IFRS Reconciliations and Financial Measures — FFO, AFFO and ACFO" section of this MD&A.

Operating Funds from Operations

In addition to REALPAC FFO described above, Management also discloses Operating Funds from Operations ("OFFO"). Management considers OFFO as its key operating performance measure that, when compared period over period, reflects the impact of certain factors on its core operations, such as changes in net operating income, interest expense, corporate expenses and interest and other income. OFFO excludes the impact of the items in other gains (losses) and (expenses) that are not considered part of First Capital's on-going core operations.

Adjusted Funds from Operations

Adjusted Funds from Operations ("AFFO") is a supplementary 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 AFFO in accordance with the recommendations of the Real Property Association of Canada ("REALPAC") as published in its most recent guidance on "Funds from Operations and Adjusted Funds From Operations for IFRS" dated January 2022. Management considers AFFO to be a meaningful financial measure of recurring economic earnings and relevant in understanding First Capital's ability to service it's debt, fund capital expenditures and pay distributions to Unitholders. AFFO is defined as FFO less amortization of straight-line rents, regular and recoverable maintenance capital expenditures, and incremental leasing costs. A reconciliation from FFO to AFFO can be found in the "Non-IFRS Reconciliations and Financial Measures — FFO, AFFO 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. FCR calculates ACFO in accordance with the recommendations of REALPAC as published in its most recent guidance on "Adjusted Cashflow From Operations (ACFO) for IFRS" dated January 2023.

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, AFFO and ACFO" section of this MD&A.

Weighted average units outstanding for OFFO and FFO

For purposes of calculating per unit amounts for OFFO and FFO, the weighted average number of diluted units outstanding includes the weighted average outstanding Trust Units 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.

OFFO, FFO, AFFO and ACFO Payout Ratios

OFFO, FFO, AFFO and ACFO payout ratios are supplementary non-IFRS measures used by Management to assess the sustainability of First Capital's distribution payments. OFFO and FFO payout ratios are calculated using distributions declared per unit divided by the OFFO and FFO per unit. The AFFO payout ratio is calculated using distributions declared per unit divided by AFFO 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 principal or par value amounts of First Capital's net 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 on a proportionate basis.

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 (loss), 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 on a proportionate basis. FCR also adjusts for incremental leasing costs, which is a recognized adjustment to FFO, in accordance with the recommendations of REALPAC. Management believes Adjusted EBITDA is useful in assessing the Trust's ability to service its debt, finance capital expenditures and provide for distributions to its Unitholders.

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 diluted unit represents NAV, as calculated above, adjusted for the exclusion of the unit-based compensation plan liability and for the proceeds to be received upon the exercise of outstanding options divided by the number of diluted units outstanding as at the end of the period. For purposes of calculating diluted per unit amounts for NAV, the number of diluted units outstanding includes all outstanding Trust Units and Exchangeable Units as at the end of the period and assumes conversion of outstanding Deferred Units, Restricted Units, Performance Units and Options as at the end of the period. Management believes that NAV is useful to financial statement users who consider it a key measure of the intrinsic value of the Trust.

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 (19.3 million square feet at its ownership interest compared to 22.1 million square feet at 100% as at December 31, 2024). First Capital's operating metrics and GLA excludes residential GLA totaling 125,000 square feet, at its ownership interest, as amounts are not significant at this time. In measuring performance or allocating resources, the Trust does not distinguish or group its operations on a geographical or any other basis and, accordingly, has a single reportable segment for disclosure purposes.

SUMMARY CONSOLIDATED INFORMATION AND HIGHLIGHTS

For the years ended December 31	2024	2023	2022
Revenues, Income and Cash Flows [1]			
Revenues and other income	**$ 760,642**	$ 712,856	$ 712,966
NOI [2]	**$ 447,288**	$ 425,257	$ 425,499
Increase (decrease) in value of investment properties, net	**$ (8,155)**	$ (423,598)	$ (409,716)
Increase (decrease) in value of hotel property	**$ —**	$ 3,646	$ 6,908
Net income (loss) attributable to Unitholders	**$ 204,933**	$ (134,056)	$ (159,997)
Net income (loss) per unit attributable to Unitholders (diluted)	**$ 0.96**	$ (0.63)	$ (0.73)
Weighted average number of units - diluted (in thousands)	**214,234**	214,268	218,162
Cash provided by operating activities	**$ 233,790**	$ 227,734	$ 251,221
Distributions			
Distributions declared	**$ 183,397**	$ 183,561	$ 124,191
Distributions declared per unit	**$ 0.864**	$ 0.864	$ 0.576
Cash distributions paid	**$ 183,388**	$ 183,657	$ 116,721
Cash distributions paid per unit	**$ 0.864**	$ 0.864	$ 0.540

As at December 31	2024	2023	2022
Financial Information [1]			
Investment properties [3]	**$ 8,237,000**	$ 8,239,260	$ 8,627,788
Hotel property [3]	**$ —**	$ —	$ 90,600
Total assets	**$ 9,181,173**	$ 9,194,301	$ 9,581,938
Mortgages [3]	**$ 1,243,786**	$ 1,338,041	$ 1,140,490
Credit facilities	**$ 723,335**	$ 1,153,907	$ 1,104,614
Senior unsecured debentures	**$ 2,094,992**	$ 1,598,941	$ 1,898,824
Exchangeable Units	**$ —**	$ —	$ 1,009
Unitholders' equity	**$ 3,946,100**	$ 3,933,377	$ 4,279,373
Net Asset Value per unit [2]	**$ 22.05**	$ 21.95	$ 23.48
Capitalization and Leverage			
Trust Units outstanding (in thousands)	**212,323**	212,184	213,518
Exchangeable Units outstanding (in thousands)	**—**	—	60
Enterprise value [2]	**$ 7,620,095**	$ 7,346,245	$ 7,786,007
Net debt to total assets [2] [4]	**44.5%**	45.0%	44.0%
Net debt to Adjusted EBITDA [2] [4]	**8.7x**	9.9x	10.2x
Weighted average term to maturity on mortgages, fixed rate unsecured term loans and senior unsecured debentures (years)	**3.7**	3.3	3.4

As at December 31		2024		2023		2022
Operational Information						
Number of neighbourhoods		**138**		142		145
GLA (square feet) - at 100%		**22,145,000**		22,298,000		22,216,000
GLA (square feet) - at ownership interest		**19,308,000**		19,368,000		19,325,000
Occupancy - Same Property - stable [(2)]		**96.9%**		96.1%		95.7%
Total portfolio occupancy		**96.8%**		96.2%		95.8%
Development pipeline and adjacent land (GLA) [(5)]						
Commercial pipeline (primarily retail)		**668,000**		1,063,000		1,742,000
Residential pipeline		**22,732,000**		22,654,000		22,388,000
Weighted average rate per occupied square foot	**$**	**24.00**	$	23.34	$	22.95
Commercial GLA developed and transferred online - at ownership interest [(6)]		**91,000**		142,000		15,000
Residential units developed and transferred online [(6)]		**—**		38		—
Cost of GLA developed and brought online – at FCR's share	**$**	**42,617**	$	88,323	$	6,714
Same Property - stable NOI - increase (decrease) over prior period [(2) (7)]		**4.4%**		1.2%		5.2%
Total Same Property NOI - increase (decrease) over prior period [(2) (7)]		**4.4%**		1.3%		5.1%

For the years ended December 31		2024		2023		2022
Funds from Operations [(2) (4)]						
OFFO	**$**	**290,964**	$	253,286	$	260,733
OFFO per diluted unit	**$**	**1.36**	$	1.18	$	1.20
OFFO payout ratio		**63.6%**		73.1%		48.2 %
FFO	**$**	**289,702**	$	243,977	$	263,155
FFO per diluted unit	**$**	**1.35**	$	1.14	$	1.21
FFO payout ratio		**63.9%**		75.9%		47.8%
Weighted average number of units - diluted (in thousands)		**214,234**		214,268		218,162
Adjusted Funds from Operations [(2) (4)]						
AFFO	**$**	**230,598**	$	202,654	$	226,217
AFFO per diluted unit	**$**	**1.08**	$	0.95	$	1.04
AFFO payout ratio		**80.3%**		91.4%		55.5%
Weighted average number of units - diluted (in thousands)		**214,234**		214,268		218,162
Adjusted Cash Flow from Operations [(2) (4)]						
ACFO	**$**	**220,732**	$	233,363	$	235,452
ACFO payout ratio on a rolling four quarter basis		**83.1%**		78.7%		49.6%

(1) As presented in First Capital's IFRS consolidated financial statements, except for weighted average number of diluted units and per unit amounts.
(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. Total assets excludes cash balances. Refer to the "Non-IFRS Financial Measures – *Proportionate Interest*" section of this MD&A.
(5) At First Capital's ownership interest.
(6) During the twelve months ended December 31.
(7) 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 density and 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 recently completed multi-year redevelopment projects with significant intensification, reconfiguration and building and tenant upgrades.

Ground-up development **–** consists of recently completed 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.

Properties under construction **–** consists of properties under major redevelopment or ground-up development that are under active construction.

Density and Development land – comprises land sites where there are no development activities underway, except for those in the planning stage and certain zoned or unzoned sites where specific density value has been ascribed.

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.

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

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

The Trust's Core Portfolio of grocery-anchored shopping centres had a value of approximately $7.2 billion as at December 31, 2024 compared to $7.1 billion as at December 31, 2023.

As at and for the three and twelve months ended *(millions of dollars)*												**December 31, 2024**
Portfolio		**Income-Producing Properties**		**Properties Under Construction**		**Density and Development Land**		**Proportionate Interest [1]**		**Net Operating Income [1]**		
Core Portfolio	$	7,126	$	7	$	57	$	7,190	$	103	$	404
Other properties		894		122		319		1,335		12		51
Total Portfolio	$	8,020	$	129	$	376	$	8,525	$	115	$	455
Residential development inventory								267				
Total real estate investments							$	8,792				

[1] At First Capital's proportionate interest for the three and twelve months ended December 31, 2024. Refer to the "Non-IFRS Financial Measures" section of this MD&A.

As at and for the three and twelve months ended *(millions of dollars)*						December 31, 2023
Portfolio	Income-Producing Properties	Properties Under Construction	Density and Development Land	Proportionate Interest [1]	Net Operating Income [1]	
Core Portfolio	$ 6,998	$ 38	$ 47	$ 7,083	$ 99	$ 389
Other properties	979	86	468	1,533	11	43
Total Portfolio	$ 7,977	$ 124	$ 515	$ 8,616	$ 110	$ 432
Residential development inventory				212		
Total real estate investments				$ 8,828		

(1) At First Capital's proportionate interest for the three and twelve months ended December 31, 2023. Refer to the "Non-IFRS Financial Measures" section of this MD&A.

As at December 31, 2024, First Capital had interests in 138 neighbourhoods, which were 96.8% occupied with a total GLA of 19.3 million square feet at FCR's ownership interest (22.1 million square feet at 100%) and a fair value of $8.5 billion. This compares to 142 neighbourhoods, which were 96.2% occupied with a total GLA of 19.4 million square feet at FCR's ownership interest (22.3 million square feet at 100%) and a fair value of $8.6 billion as at December 31, 2023.

The Same Property portfolio includes properties sub-categorized in Same Property – stable and Same Property with redevelopment. The Same Property portfolio is comprised of 126 neighbourhoods with a total GLA of 18.2 million square feet at FCR's ownership interest (21.0 million square feet at 100%) and a fair value of $7.6 billion. These properties represent 91% of FCR's neighbourhood count, 94% of its GLA at FCR's ownership interest and 89% of its fair value as at December 31, 2024.

The balance of FCR's real estate assets consists of properties which are in various stages of redevelopment, properties acquired in 2024 or 2023 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			**December 31, 2024**					December 31, 2023		
Property Type [1]	**% of Total GLA**	**GLA (000s sq. ft.)**	**Fair Value [2]**	**Occupancy**	**Weighted Average Rate per Occupied Square Foot**	% of Total GLA	GLA (000s sq. ft.)	Fair Value [2]	Occupancy	Weighted Average Rate per Occupied Square Foot
Same Property – stable	**91.6%**	**17,677**	**$ 7,405**	**96.9%**	**$ 24.20**	91.3%	17,690	$ 7,345	96.1%	$ 23.61
Same Property with redevelopment	**2.7%**	**522**	**163**	**99.1%**	**18.16**	2.4%	461	141	98.7%	18.02
Total Same Property	**94.3%**	**18,199**	**7,568**	**97.0%**	**24.02**	93.7%	18,151	7,486	96.2%	23.46
Major redevelopment	**2.7%**	**530**	**214**	**91.1%**	**23.36**	2.5%	481	181	97.8%	22.30
Properties under construction [3]	**—%**	**—**	**83**	**—%**	**—**	—%	—	88	—%	—
Acquisitions [4]	**1.0%**	**188**	**125**	**95.2%**	**34.29**	0.6%	123	82	97.0%	30.35
Density and Development land [5] [6]	**0.4%**	**85**	**338**	**95.3%**	**25.29**	0.5%	90	399	95.3%	23.89
Investment properties classified as held for sale	**1.6%**	**306**	**197**	**97.2%**	**17.01**	1.5%	298	174	94.9%	18.34
Dispositions [7] [8]	**—%**	**—**	**—**	**—%**	**—**	1.2%	225	206	92.0%	17.76
Total	**100.0%**	**19,308**	**$ 8,525**	**96.8%**	**$ 24.00**	100.0%	19,368	$ 8,616	96.2%	$ 23.34

(1) Prior periods restated to reflect current period property categories.
(2) At FCR's proportionate interest, including investment properties classified as held for sale as at December 31, 2024 and December 31, 2023, respectively.
(3) Approximately $46 million (December 31, 2023 - $36 million) of properties under construction is included in investment properties classified as held for sale as at December 31, 2024.
(4) Includes current year and prior year acquisitions.
(5) Approximately $19 million (December 31, 2023 - $14 million) of density and development land is included in acquisitions as at December 31, 2024.
(6) Approximately $19 million (December 31, 2023 - $23 million) of density and development land is included in investment properties classified as held for sale as at December 31, 2024.
(7) Comparative information presented relates to 2024 dispositions that have been completed and no longer form part of these metrics as at December 31, 2024.
(8) Approximately $Nil (December 31, 2023 - $79 million) of density and development land is included in dispositions as at December 31, 2024.

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

As at					December 31, 2024								December 31, 2023		
(millions of dollars, except other data) Area	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	**46**	**6,703**	**$ 4,006**	**47%**	**96.8%**	**$ 27.71**	**40%**	50	6,865	$ 4,101	48%	96.6%	$ 26.60	40%
Greater Montreal	**27**	**3,583**	**1,046**	**12%**	**94.9%**	**18.83**	**14%**	27	3,582	1,046	12%	95.3%	18.50	14%
Greater Calgary	**15**	**2,408**	**999**	**12%**	**96.9%**	**26.29**	**14%**	15	2,352	949	11%	94.3%	25.72	13%
Greater Vancouver	**14**	**1,583**	**954**	**11%**	**97.9%**	**29.00**	**10%**	14	1,583	994	12%	96.0%	28.41	10%
Greater Edmonton	**10**	**2,202**	**599**	**7%**	**96.1%**	**19.76**	**9%**	10	2,219	621	7%	96.0%	19.43	10%
Greater Ottawa	**12**	**1,021**	**339**	**4%**	**98.8%**	**20.76**	**5%**	12	1,021	340	4%	98.2%	20.05	5%
KW/Guelph [2]	**5**	**1,052**	**362**	**4%**	**98.7%**	**20.60**	**5%**	5	990	352	4%	98.7%	20.52	5%
Other	**9**	**756**	**220**	**3%**	**98.9%**	**18.87**	**3%**	9	756	213	2%	97.3%	18.36	3%
Total	**138**	**19,308**	**$ 8,525**	**100%**	**96.8%**	**$ 24.00**	**100%**	142	19,368	$ 8,616	100%	96.2%	$ 23.34	100%

(1) At FCR's proportionate interest, including investment properties classified as held for sale as at December 31, 2024 and December 31, 2023, respectively.
(2) Includes Kitchener, Waterloo, and Guelph Area.

Investment Properties

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

			Year ended December 31, 2024
(millions of dollars)	**Consolidated Balance Sheet**	**Adjustments for Proportionate Interest**	**Proportionate Interest [2]**
Balance at beginning of year	**$ 8,239**	**$ 377**	**$ 8,616**
Acquisitions			
Investment properties and additional adjacent spaces	**33**	**—**	**33**
Development activities and property improvements	**124**	**11**	**135**
Contribution of net assets from equity accounted joint venture	**60**	**(60)**	**—**
Increase (decrease) in value of investment properties, net	**(8)**	**(42)**	**(50)**
Dispositions	**(218)**	**1**	**(217)**
Other changes	**7**	**1**	**8**
Balance at end of year [1]	**$ 8,237**	**$ 288**	**$ 8,525**

(1) Includes assets classified as held for sale as at December 31, 2024 totaling $197 million ($197 million at First Capital's share) of investment properties.
(2) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

			Year ended December 31, 2023
(millions of dollars)	Consolidated Balance Sheet	Adjustments for Proportionate Interest	Proportionate Interest [2]
Balance at beginning of year	$ 8,628	$ 324	$ 8,952
Acquisitions			
Investment properties and additional adjacent spaces	78	—	78
Development activities and property improvements	143	6	149
Increase (decrease) in value of investment properties, net	(424)	48	(376)
Dispositions	(186)	—	(186)
Other changes	—	(1)	(1)
Balance at end of year [1]	$ 8,239	$ 377	$ 8,616

(1) Includes assets classified as held for sale as at December 31, 2023 totaling $168 million ($227 million at First Capital's share) of investment properties.
(2) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

2024 Acquisitions

Income-producing properties and other

During the year ended December 31, 2024, First Capital acquired the remaining 50% interest in it's Seton Gateway property located in Calgary for $33.5 million, as summarized in the table below:

Count	Property Name	City/Province	Quarter Acquired	Interest Acquired	GLA (sq. ft.)	Acreage	Acquisition Cost (in millions)
1.	Seton Gateway	Calgary, AB	Q1	50%	63,879	6.3	$ 33.5
	Total				63,879	6.3	$ 33.5

2023 Acquisitions

Income-producing properties and other

During the year ended December 31, 2023, First Capital acquired $78.1 million of income-producing properties including a 0.3 acre parking lot located in Liberty Village, as summarized in the table below:

Count	Property Name	City/Province	Quarter Acquired	Interest Acquired	GLA (sq. ft.)	Acreage	Acquisition Cost (in millions)
1.	320 - 326 Bloor Street West	Toronto, ON	Q1	50%	8,979	0.2	$ 15.7
2.	Centre Commercial Maisonneuve	Montreal, QC	Q2	100%	114,514	8.6	55.2
3.	Molson Building	Calgary, AB	Q3	25%	720	0.1	1.9
4.	30 Hanna Avenue (parking lot)	Toronto, ON	Q4	100%	—	0.3	5.3
	Total				124,213	9.2	$ 78.1

2024 Dispositions

During the year ended December 31, 2024, First Capital completed $217.1 million of dispositions, as summarized in the table below:

Count	Property Name	City/Province	Quarter Sold	Interest Sold	GLA (sq. ft.)	Acreage	Gross Sales Price (in millions)
1.	1071 King St. W. (land)	Toronto, ON	Q1	41.7%	—	0.2	
2.	71 King St. W. (Medical Arts Building)	Mississauga, ON	Q1	100%	43,788	1.0	
3.	Royal Orchard	Markham, ON	Q1	50%	20,845	2.1	
4.	Yonge-Davis Centre	Newmarket, ON	Q1	100%	50,747	4.6	
5.	Broadmoor Residences	Richmond, BC	Q1	100%	55,253	—	
6.	Yorkville Condo	Toronto, ON	Q2	100%	1,391	—	
7.	1092 Kingston Rd. (retail at base of condo)	Scarborough, ON	Q2	42.5%	7,493	—	
8.	1631-1633 The Queensway	Toronto, ON	Q4	100%	95,813	6.1	
9.	Yorkville Condo	Toronto, ON	Q4	100%	1,392	—	
10.	200 West Esplanade	Vancouver, BC	Q4	50%	28,902	0.2	
	Total				305,624	14.2	$ 217.1

2023 Dispositions

During the year ended December 31, 2023, First Capital completed $296.7 million of dispositions, as summarized in the table below:

Count	Property Name	City/Province	Quarter Sold	Interest Sold	GLA (sq. ft.)	Acreage	Gross Sales Price (in millions)
1.	Yorkville Condo	Toronto, ON	Q1	100%	1,417	—	
2.	Carre Queen-Mary	Montreal, QC	Q2	100%	35,863	0.3	
3.	Yorkville Condo	Toronto, ON	Q2	100%	862	—	
4.	Hazelton Hotel (Yorkville Village) (1)	Toronto, ON	Q2	100%/50%	60,766	—	
5.	Yorkville Condo	Toronto, ON	Q3	100%	729	—	
6.	30, 30A Hazelton Ave.	Toronto, ON	Q3	100%	11,783	0.1	
7.	Wilderton Centre (land)	Montreal, QC	Q3	100%	—	1.5	
8.	Place Panama (land)	Brossard, QC	Q3	100%	—	3.2	
9.	5051-5061 Yonge St. (Hillcrest Plaza)	Toronto, ON	Q3	100%	37,307	0.7	
10.	Yorkville Condo	Toronto, ON	Q4	100%	813	—	
11.	Yonge & Roselawn (land)	Toronto, ON	Q4	25%	—	0.5	
12.	6455 West Boulevard	Vancouver, BC	Q4	100%	30,395	—	
	Total				179,935	6.3	$ 296.7

(1) First Capital sold its 100% and 50% interests in the Hazelton Hotel and ONE Restaurant, respectively.

Impact of Acquisitions and Dispositions

The annualized NOI of properties acquired and disposed, at the time of acquisition or disposition, during the years ended December 31, 2024 and 2023 is summarized in the table below:

	Acquired		Disposed	
For the year ended December 31	**2024**	2023	**2024**	2023
Greater Toronto Area	**$ —**	$ 204	**$ 3,536**	$ 6,140
Greater Montreal Area	**—**	3,634	**—**	372
Greater Calgary Area	**2,531**	—	**—**	—
Greater Vancouver Area	**—**	—	**1,834**	984
Total	**$ 2,531**	$ 3,838	**$ 5,370**	$ 7,496

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, ground-up development as well as condominium and townhome 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 and residential inventory by type are summarized in the table below:

Year ended December 31			**2024**			2023
	Capital Expenditures	**Adjustments for Proportionate Interest**	**Proportionate Interest [1]**	Capital Expenditures	Adjustments for Proportionate Interest	Proportionate Interest [1]
Revenue sustaining	**$ 22,874**	**$ (5)**	**$ 22,869**	$ 24,340	$ 17	$ 24,357
Revenue enhancing	**29,006**	**(12)**	**28,994**	30,686	380	31,066
Expenditures recoverable from tenants	**21,305**	**13**	**21,318**	9,966	—	9,966
Development expenditures	**50,583**	**10,783**	**61,366**	78,031	5,407	83,438
Sub-total	**$ 123,768**	**$ 10,779**	**$ 134,547**	$ 143,023	$ 5,804	$ 148,827
Residential Inventory	**$ 35,179**	**$ 20,019**	**$ 55,198**	$ 34,242	$ 11,854	$ 46,096
Total	**$ 158,947**	**$ 30,798**	**$ 189,745**	$ 177,265	$ 17,658	$ 194,923

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

Capital expenditures for the year ended December 31, 2024 were $189.7 million, which was $5.2 million lower than the prior year, in large part due to the completion of the Trust's 200 West Esplanade development project during the fourth quarter of 2023, and both Cedarbrae Mall and Stanley Park Mall development projects during the first quarter of 2024.

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 December 31, 2024 and December 31, 2023:

As at and for the three and twelve months ended *(millions of dollars)*						**December 31, 2024**
Property Type	**Valuation Method**	**Fair Value**	**Adjustments for Proportionate Interest**	**Proportionate Interest [1]**	**Net Operating Income [1]**	
Same Property - stable	DCF [2]	**$ 7,256**	**$ 149**	**$ 7,405**	**$ 105**	**$ 419**
Same Property with redevelopment	DCF [2]	**163**	**—**	**163**	**2**	**9**
Total Same Property		**$ 7,419**	**$ 149**	**$ 7,568**	**$ 107**	**$ 428**
Major redevelopment	DCF [2], Cost [2]	**214**	**—**	**214**	**3**	**11**
Properties under construction [3]	DCF [2], Cost [2]	**82**	**1**	**83**	**—**	**—**
Acquisitions	DCF [2], Cost [2]	**125**	**—**	**125**	**2**	**6**
Density and Development Land [4] [5]	Cost [2], comparable land sales	**200**	**138**	**338**	**1**	**2**
Assets classified as held for sale	DCF [2], comparable land sales	**197**	**—**	**197**	**1**	**5**
Dispositions	N/A	**—**	**—**	**—**	**1**	**3**
Total investment properties		**$ 8,237**	**$ 288**	**$ 8,525**	**$ 115**	**$ 455**
NOI related to other investments					**—**	**—**
Total NOI					**$ 115**	**$ 455**

(1) At First Capital's proportionate interest for the three and twelve months ended December 31, 2024. Refer to the "Non-IFRS Financial Measures" section of this MD&A.
(2) Discounted Cash Flow ("DCF") is a valuation method under the Income Approach. At cost where cost approximates fair value.
(3) Approximately $46 million ($46 million at First Capital's share) of properties under construction is included in assets classified as held for sale.
(4) Approximately $19 million ($19 million at First Capital's share) of density and development land is included in assets classified as held for sale.
(5) Approximately $19 million ($19 million at First Capital's share) of density and development land is included in acquisitions.

As at and for the three and twelve months ended *(millions of dollars)*						December 31, 2023
Property Type [1]	Valuation Method	Fair Value	Adjustments for Proportionate Interest	Proportionate Interest [2]	Net Operating Income [2]	
Same Property - stable	DCF [3]	$ 7,194	$ 151	$ 7,345	$ 100	$ 394
Same Property with redevelopment	DCF [3]	141	—	141	3	8
Total Same Property		$ 7,335	$ 151	$ 7,486	$ 103	$ 402
Major redevelopment	DCF [3], Cost [3]	181	—	181	3	11
Properties under construction [4]	DCF [3], Cost [3]	87	1	88	—	—
Acquisitions	DCF [3], Cost [3]	82	—	82	1	3
Density and Development Land [5] [6] [7]	Cost [3], comparable land sales	233	166	399	1	2
Assets classified as held for sale	DCF [3], comparable land sales	174	—	174	1	5
Dispositions [7]	N/A	147	59	206	2	7
Total investment properties		$ 8,239	$ 377	$ 8,616	$ 111	$ 430
NOI related to other investments					(1)	2
Total NOI					$ 110	$ 432

(1) Prior periods restated to reflect current period property categories.
(2) At First Capital's proportionate interest for the three and twelve months ended December 31, 2023. Refer to the "Non-IFRS Financial Measures" section of this MD&A.
(3) Discounted Cash Flow ("DCF") is a valuation method under the Income Approach. At cost where cost approximates fair value.
(4) Approximately $36 million ($36 million at First Capital's share) of properties under construction is included in assets classified as held for sale.
(5) Approximately $23 million ($23 million at First Capital's share) of density and development land is included in assets classified as held for sale.
(6) Approximately $14 million ($14 million at First Capital's share) of density and development land is included in acquisitions.
(7) Includes properties that were disposed of in 2024. Approximately $19 million ($79 million at First Capital's share) of density and development land is included in dispositions.

The majority of the Trust's portfolio is valued under the Income Approach using the discounted cash flow ("DCF") method. As at December 31, 2024, the weighted average valuation yields (stabilized overall capitalization, terminal capitalization and discount rates) used in valuing those investment properties under the Income Approach did not materially change from December 31, 2023.

During the fourth quarter of 2024, as part of its normal course internal valuations, the Trust made revisions to the cash flow models and yields on certain properties, and revalued certain development lands when considering comparable land sales and market activity. As a result, an overall net increase in the value of investment properties was recorded in the amount of $3.8 million ($3.6 million at FCR's share) for the three months ended December 31, 2024. For the year ended December 31, 2024, an overall net decrease in the value of investment properties was recorded in the amount of $8.2 million ($49.6 million at FCR's share).

The associated stabilized capitalization rates by major market for FCR's investment properties valued under the Income Approach were as follows as at December 31, 2024 and December 31, 2023:

As at December 31, 2024	**Stabilized Capitalization Rate**		
Area	**Weighted Average**	**Median**	**Range**
Greater Toronto	**5.2%**	**5.3%**	**4.0%-6.5%**
Greater Montreal	**6.1%**	**6.0%**	**5.3%-7.3%**
Greater Calgary	**5.9%**	**6.0%**	**5.5%-6.8%**
Greater Vancouver	**4.8%**	**4.8%**	**4.3%-5.8%**
Greater Edmonton	**6.6%**	**6.3%**	**5.5%-7.5%**
Greater Ottawa	**6.0%**	**6.0%**	**5.5%-6.5%**
KW/Guelph [1]	**5.6%**	**5.5%**	**5.3%-6.0%**
Other	**5.9%**	**5.9%**	**5.3%-6.8%**
Weighted Average	**5.5%**	**5.5%**	**4.0%-7.5%**

(1) Includes Kitchener, Waterloo, and Guelph Area.

As at December 31, 2023	Stabilized Capitalization Rate		
Area	Weighted Average	Median	Range
Greater Toronto	5.1%	5.0%	3.8%-7.3%
Greater Montreal	6.0%	6.0%	5.3%-7.3%
Greater Calgary	5.9%	6.0%	5.5%-6.8%
Greater Vancouver	4.7%	4.5%	3.5%-5.3%
Greater Edmonton	6.5%	6.0%	5.5%-7.5%
Greater Ottawa	5.8%	5.9%	5.3%-6.3%
KW/Guelph (1)	5.6%	5.5%	5.3%-6.0%
Other	5.9%	5.9%	5.3%-6.8%
Weighted Average	5.5%	5.5%	3.5%-7.5%

(1) Includes Kitchener, Waterloo, and Guelph Area.

Property Development Activities

As at December 31, 2024, the Trust's share of properties under construction, residential inventory and density and development land totaled approximately $772 million. These non-income producing properties represent approximately 9% 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 December 31, 2024, the invested cost of these non-income producing properties was $722 million as compared to a fair value of $772 million. Cumulative gains of approximately $50 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 December 31, 2024, First Capital's portfolio is comprised of 19.3 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 December 31, 2024, Management had identified approximately 23.4 million square feet of incremental density which currently exceeds FCR's existing portfolio of 19.3 million square feet.

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 properties under construction, density and development land, and residential inventory within the portfolio by component and type is as follows:

As at December 31, 2024	Square feet *(in thousands)*				
	Commercial	Residential	Total [1]	Recognized to date [2]	Value recognized [1][2] *(in millions)*
Properties under construction	**68**	**260**	**328**	**328**	**$ 129**
Density and development land					
Medium term	800	11,300	12,100		
Long term	(100)	3,000	2,900		
Very long term	(100)	7,800	7,700		
	600	**22,100**	**22,700**	**6,516**	**$ 376**
Residential inventory	**—**	**372**	**372**	**372**	**$ 267**
Total development pipeline	**668**	**22,732**	**23,400**	**7,216**	**$ 772**

[1] At First Capital's proportionate interest. Refer to the "Non-IFRS Financial Measures" section of this MD&A.
[2] Represents the density that has been valued and included as part of the fair value of investment properties and the cost of residential inventory on the proportionate 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 31% of FCR's 23.4 million square feet of identified incremental density has been at least partially included as part of the fair value of investment properties and the cost of residential inventory on the proportionate balance sheet.

The value of the Trust's density and development land recognized in the Trust's proportionate balance sheet totaling $376 million, or $58 per buildable square foot, as presented below, consists of development land and adjacent land parcels, future pad developments and properties slated for redevelopment with limited income. As of December 31, 2024, the invested cost of the density and development land recognized in the Trust's proportionate balance sheet totaled $346 million representing acquisition cost and pre-development costs to date.

As at December 31, 2024 [1] *(in millions)*		**Unencumbered**	**Encumbered**	**Fair Value**
Development land	Unzoned	$ 59	$ 11	$ 70
	Zoned	165	—	165
	Total	**224**	**11**	**235**
IPP with density	Unzoned	14	58	72
	Zoned	69	—	69
	Total	**83**	**58**	**141**
Value of density and development land		**$ 307**	**$ 69**	**$ 376**

[1] At First Capital's proportionate interest. Refer to the "Non-IFRS Financial Measures" section of this MD&A.

The remaining 16.2 million square feet of identified incremental density may 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 area.

Development Pipeline by Urban Market

A breakdown of FCR's properties under construction, density and development land, and residential inventory by urban market is as follows:

As at December 31, 2024 *(in thousands of square feet)*	**Incremental Density Pipeline**	
	Total	% of Total
Greater Toronto Area	14,465	61.8%
Greater Montreal Area	4,630	19.8%
Greater Vancouver Area	2,358	10.1%
Greater Ottawa Area	1,290	5.5%
Greater Edmonton Area	569	2.4%
Greater Calgary Area	88	0.4%
Total development pipeline	**23,400**	**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”).

As of December 31, 2024, entitlement submissions to date total approximately 18.1 million square feet representing 77% of FCR's 23.4 million incremental density pipeline. To date, 9.7 million square feet has been zoned and the Trust expects up to 2.0 million square feet of existing entitlement submissions to be zoned throughout 2025.

Entitlement Applications [1]	000's of square feet submitted for (at FCR's share):					
	Residential	Commercial	Total	Existing	Incremental	Zoned
1. Pre-2019 Entitlement Applications [2]	2,986	707	3,693	175	3,518	3,583
2. 2019 Entitlement Applications	8,349	1,020	9,369	317	9,052	5,901
3. 2020 Entitlement Applications	2,903	197	3,100	143	2,957	1,571
4. 2021 Entitlement Applications	1,428	14	1,442	104	1,338	528
5. 2022 Entitlement Applications	1,655	37	1,692	78	1,614	652
6. 2023 Entitlement Applications	1,642	69	1,711	106	1,605	—
7. 2024 Entitlement Applications	1,556	59	1,615	27	1,588	—
Total Entitlement Applications Submitted	**20,519**	**2,103**	**22,622**	**950**	**21,672**	**12,235**
Dispositions [3]	(3,117)	(594)	(3,711)	(101)	(3,610)	(2,530)
Total Entitlement Applications Submitted - net	**17,402**	**1,509**	**18,911**	**849**	**18,062**	**9,705**

(1) Certain prior period entitlement application data has been updated to reflect subsequent resubmissions.
(2) As at December 31, 2024, all pre-2019 entitlement applications have been approved with final zoning as indicated above.
(3) Includes properties that have been fully or partially disposed of for which entitlements had been previously submitted.

First Capital has approximately 7.3 million square feet of additional incremental density primarily related to the properties listed below, where entitlements have yet to be submitted.

Additional Incremental Density

	Property	Neighbourhood	City, Province	Ownership Interest %
1.	Cliffcrest Plaza	Cliffcrest	Toronto, ON	100%
2.	Pemberton Plaza	Pemberton	North Vancouver, BC	100%
3.	Olde Oakville (future phases)	South Oakville	Oakville, ON	100%
4.	Appleby Square	Appleby	Burlington, ON	100%
5.	1000 Wellington St.	Griffintown	Montreal, QC	100%
6.	Centre Commercial Domaine	Longue-Pointe	Montreal, QC	100%
7.	Galeries Normandie	Hwy. 15/Rue de Salaberry	Montreal, QC	100%
8.	College Square	Nepean	Ottawa, ON	50%
9.	Place Anjou (future phase)	Anjou	Anjou, QC	100%
10.	Cedarbrae Mall (future phases)	Cedarbrae	Toronto, ON	100%
11.	Le Campanile	Nun's Island	Montreal, QC	100%
12.	Place Michelet	Saint - Leonard	Montreal, QC	100%
13.	5500 Dundas West	Etobicoke	Toronto, ON	100%
14.	Plaza Baie d'Urfe	West Island	Montreal, QC	100%
15.	Westmount Shopping Centre (future phases)	Westmount	Edmonton, AB	100%
16.	Scott 72 Shopping Centre	120 St./72 Ave.	Delta, BC	100%
17.	Semiahmoo (future phases)	South Surrey	Surrey, BC	100%
18.	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.

2024 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 year ended December 31, 2024, First Capital completed the transfer of 91,000 square feet of new retail space to the income-producing portfolio at a total value of $42.6 million. Approximately 83,000 square feet of the retail space transferred became occupied at an average rental rate of $25.83 per square foot or approximately $2.1 million in annual NOI.

For the year ended December 31, 2024, First Capital had tenant closures for redevelopment of 12,000 square feet at an average rental rate of $34.48 per square foot, of which 4,000 square feet was demolished.

Active Development and Redevelopment Activities

Consistent with its strategy of long-term ownership and value creation, First Capital's developments are completed based on the highest standards in architecture, construction, choice of materials, lighting, parking, vehicular access, pedestrian amenities and accessibility, as well as development to Leadership in Energy and Environmental Design ("LEED") standards. Prospectively, First Capital's development program also strives to achieve net zero carbon certification, where feasible.

As construction on large projects occurs in phases, there continues to be ongoing lease 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 December 31, 2024 are as follows:

As at December 31, 2024					Estimated GLA/GFA upon completion (thousands of square feet) (2)		
Project	Ownership Interest %	Type	Target Completion Date (1)	Estimated Number of Residential Units (2)	Residential (2)	Commercial (2)	Total (2)
Edenbridge Condos, Toronto, ON	50%	Mixed-Use (condo)	H1 2026	105	123	—	123
		Mixed-Use (retail)	H1 2026	—	—	4	4
400 King St. W., Toronto, ON	35%	Mixed-Use (condo)	H2 2026	219	151	—	151
		Mixed-Use (retail)	H2 2026	—	—	12	12
Yonge & Roselawn, Toronto, ON	50% (3)	Mixed-Use (rental)	H2 2027	318	211	33	244
1071 King St. W., Toronto, ON	25%	Mixed-Use (retail)	H1 2028	75	49	1	50
138 Yorkville Ave., Toronto, ON	33%	Mixed-Use (condo)	H2 2028	22	98	—	98
		Mixed-Use (retail)	H2 2028	—	—	18	18
Total at FCR's share (2)				**739**	**632**	**68**	**700**

(1) H1 and H2 refer to the first six months of the year and the last six months of the year, respectively.
(2) At First Capital's proportionate interest. Refer to the "Non-IFRS Financial Measures" section of this MD&A.
(3) As at December 31, 2024, 25% of this project is classified as held for sale.

As at December 31, 2024	Investment at cost (1) (in millions)			Value recognized (1) (in millions)			
Project	Incurred to Date (1)	Estimated to Complete (1)	Total (1)	Properties Under Construction (1)	Income-Producing Properties (1)	Residential Development Inventory (1)	Total (1)
Edenbridge Condos, Toronto, ON (residential)	$ 80	$ 33	$ 113	$ —	$ —	$ 80	$ 80
Edenbridge Condos, Toronto, ON (retail)	3	1	4	3	—	—	3
400 King St. W., Toronto, ON (residential)	81	63	144	—	—	100	100
400 King St. W., Toronto, ON (retail)	7	4	11	4	—	—	4
Yonge & Roselawn, Toronto, ON	97	209	306	92	—	—	92
1071 King St. W., Toronto, ON	6	40	46	15	—	—	15
Sub-total at FCR's share (1)	$ 274	$ 350	$ 624	$ 114	$ —	$ 180	$ 294
138 Yorkville Ave., Toronto, ON (residential)	87	TBD	TBD	—	—	87	87
138 Yorkville Ave., Toronto, ON (retail)	15	TBD	TBD	15	—	—	15
Total at FCR's share (1)	**$ 376**	**$ 350**	**$ 726**	**$ 129**	**$ —**	**$ 267**	**$ 396**

(1) At First Capital's proportionate interest. Refer to the "Non-IFRS Financial Measures" section of this MD&A.

Edenbridge Condominiums

Edenbridge on the Kingsway, Etobicoke, is a 9-storey condominium development that includes 209 luxury suites and approximately 7,000 square feet of retail GLA at grade. The project is located on the southeast corner of the REIT's Humbertown Shopping Centre and 89% of the units have been pre-sold. The two tower cranes have been removed from the site and interior finishing work is underway. The Trust's 50% co-development partner in the project is Tridel.

400 King

400 King Street West, Toronto, is a 47-storey condominium development that includes 617 suites and approximately 34,000 square feet of street front retail GLA located over two levels. Structural forming of the 34th floor is underway and exterior precast and window installation is underway. As of quarter end, 98% of the units have been pre-sold. The Trust's co-development partners in the project are Plazacorp and Main & Main.

Yonge & Roselawn

Yonge and Roselawn, Toronto, is a two-tower mixed-use development project located just north of the Yonge & Eglinton intersection. The project includes 636 purpose-built rental residential units between the two buildings, reaching 24 and 30 storeys, respectively. A substantial 2-storey retail podium is included at grade, incorporating two existing heritage facades along the Yonge streetfront. In addition to the inclusion of a new public park on the site, the project includes an extensive geothermal heating and cooling system and is targeting Net Zero Carbon and LEED Gold certifications. Construction of the underground structure is underway, with the P2 parking level nearing completion. The Trust's co-development partner in the project is Woodbourne.

1071 King Street West

1071 King Street West, Toronto, is a 17-storey mixed-use development project located at the gateway to Liberty Village. The project includes 298 purpose-built rental units within an iconic flatiron building, along with streetfront retail, a new neighbourhood park, and a future connection to the West Toronto Railpath. Excavation is complete and underground waterproofing and formwork is underway. The Trust's co-development partners in the project are Hullmark and Woodbourne.

138 Yorkville

138 Yorkville Avenue, Toronto, is a 31-storey ultra-luxury condominium tower that includes approximately 67 large-size suites and approximately 40,000 square feet of high-end retail at its base. Located on the northeast corner of Avenue Road and Yorkville Avenue, the property is situated prominently at the "gateway" to Toronto's prestigious Yorkville neighbourhood, and it will be integrated into the REIT's Yorkville Village shopping centre. The tower crane has been installed on site, and construction of the underground structure is underway. The Trust's co-development partner in the project is Greybrook Realty Partners.

Leasing and Occupancy

As at December 31, 2024, both total portfolio and Same Property occupancy increased 0.3% to 96.8% and 97.0%, respectively, compared to September 30, 2024 occupancy rates primarily due to tenant openings, net of closures. Total portfolio and Same Property occupancy increased 0.6% and 0.8%, respectively, compared to December 31, 2023 occupancy rates.

For the year ended December 31, 2024, the monthly average occupancy for the total portfolio was 96.2% compared to 95.9%, and the Same Property portfolio occupancy was 96.3% compared to 95.8% for the prior year, respectively.

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

As at		**December 31, 2024**			December 31, 2023	
(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	**17,129**	**96.9%**	**$ 24.20**	17,005	96.1%	$ 23.61
Same Property with redevelopment	**517**	**99.1%**	**18.16**	455	98.7%	18.02
Total Same Property	**17,646**	**97.0%**	**24.02**	17,460	96.2%	23.46
Major redevelopment	**483**	**91.1%**	**23.36**	471	97.8%	22.30
Assets classified as held for sale	**297**	**97.2%**	**17.01**	282	94.9%	18.34
Total portfolio before acquisitions and dispositions	**18,426**	**96.8%**	**23.89**	18,213	96.2%	23.35
Acquisitions (1)	**179**	**95.2%**	**34.29**	120	97.0%	30.35
Dispositions (2)	**—**	**—%**	**—**	207	92.0%	17.76
Density and Development land	**81**	**95.3%**	**25.29**	86	95.3%	23.89
Total (3)	**18,686**	**96.8%**	**$ 24.00**	18,626	96.2%	$ 23.34

(1) Includes current year and prior year acquisitions.
(2) Comparative information presented relates to 2024 dispositions that have been completed and no longer form part of these metrics as at December 31, 2024.
(3) At FCR's ownership interest.

During the three months ended December 31, 2024, First Capital completed 749,000 square feet of lease renewals across the portfolio. First Capital achieved a 12.7% lease renewal rate increase when comparing the per square foot net rental rate in the first year of the renewal term to the per square foot net rental rate of the last year of the expiring term. For the three months ended December 31, 2024, First Capital achieved a 18.5% lease renewal rate increase when comparing the average net rental rate over the renewal term to the net rental rate in the last year of the expiring term.

The average rental rate per occupied square foot for the total portfolio increased 0.6% from $23.85 as at September 30, 2024 to $24.00 as at December 31, 2024 primarily due to renewal lifts and rent escalations.

Changes in First Capital's gross leasable area and occupancy for the total portfolio for the three months ended December 31, 2024 are set out below:

Three months ended December 31, 2024	Total Same Property			Major redevelopment, ground-up, acquisitions, dispositions, density & development land			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
September 30, 2024 [2]	**17,594**	**96.7%**	**$ 23.92**	**1,134**	**94.1%**	**$ 22.78**	**2**	**—%**	**677**	**3.5%**	**19,407**	**96.5%**	**$ 23.85**
Tenant possession	150		21.18	7		17.94	—		(157)		—		21.03
Tenant closures	(90)		(25.43)	(2)		(42.85)	—		92		—		(25.73)
Tenant closures for redevelopment	—		—	(6)		(49.93)	6		—		—		(49.93)
Developments – tenants coming online [3]	—		—	5		40.08	—		(5)		—		40.08
Redevelopments – tenant possession	—		—	—		—	—		—		—		—
Demolitions	—		—	—		—	—		—		—		—
Reclassification	(8)		—	1		—	2		6		1		—
Total portfolio before Q4 2024 acquisitions and dispositions	17,646	97.0%	$ 24.02	1,139	94.3%	$ 22.74	10	0.1%	613	3.2%	19,408	96.8%	$ 23.95
Acquisitions (at date of acquisition)	—	—%	—	—	—%	—	—	—%	—		—	—%	—
Dispositions (at date of disposition)	—	—%	—	(99)	99.2%	(13.94)	—	—%	(1)		(100)	99.2%	(13.94)
December 31, 2024	**17,646**	**97.0%**	**$ 24.02**	**1,040**	**93.8%**	**$ 23.58**	**10**	**0.1%**	**612**	**3.2%**	**19,308**	**96.8%**	**$ 24.00**
Renewals	734		$ 28.21	15		$ 20.02					749		$ 28.05
Renewals – expired	(734)		$ (25.04)	(15)		$ (17.65)					(749)		$ (24.90)
Net change per square foot from renewals			$ 3.17			$ 2.37							$ 3.15
% Increase on renewal of expiring rents (first year of renewal term)			12.7%			13.4%							12.7%
% increase on renewal of expiring rents (average rate in renewal term)													18.5%

(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 "Property Development Activities – 2024 Development and Redevelopment Coming Online and Space Going Offline" section of this MD&A.

During the year ended December 31, 2024, First Capital completed 2,372,000 square feet of lease renewals across the portfolio. First Capital achieved a 12.5% lease renewal rate increase when comparing the per square foot net rental rate in the first year of the renewal term to the per square foot net rental rate of the last year in the expiring term. For the year ended December 31, 2024, First Capital achieved a 17.3% lease renewal rate increase when comparing the average net rental rate over the renewal term to the net rental rate in the last year of the expiring term.

The average rental rate per occupied square foot for the total portfolio increased 2.8% from $23.34 as at December 31, 2023 to $24.00 as at December 31, 2024 primarily due to rent escalations, renewal lifts, acquisitions and dispositions.

Changes in First Capital's gross leasable area and occupancy for the total portfolio for the year ended December 31, 2024 are set out below:

Year ended December 31, 2024	Total Same Property			Major redevelopment, ground-up, acquisitions, dispositions, density & development land			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, 2023 [2]	**17,460**	**96.2%**	**$ 23.46**	**1,166**	**95.8%**	**$ 21.48**	**—**	**— %**	**742**	**3.8%**	**19,368**	**96.2%**	**$ 23.34**
Tenant possession	593		25.27	49		9.24	—		(642)		—		24.04
Tenant closures	(460)		(21.98)	(43)		(22.48)	—		503		—		(22.02)
Tenant closures for redevelopment	(4)		(25.07)	(8)		(39.18)	12		—		—		(34.48)
Developments – tenants coming online [3]	61		17.00	22		50.66	—		8		91		25.83
Redevelopments – tenant possession	—		—	—		—	—		—		—		—
Demolitions	—		—	—		—	(15)		—		(15)		—
Reclassification	(4)		—	(1)		—	13		15		23		—
Total portfolio before 2024 acquisitions and dispositions	17,646	97.0%	$ 24.02	1,185	93.5%	$ 21.86	10	0.1%	626	3.2%	19,467	96.7%	$ 23.89
Acquisitions (at date of acquisition)	—	—%	—	63	98.2%	38.34	—	—%	1		64	98.2%	38.34
Dispositions (at date of disposition)	—	—%	—	(208)	93.5%	(18.23)	—	—%	(15)		(223)	93.5%	(18.23)
December 31, 2024	**17,646**	**97.0%**	**$ 24.02**	**1,040**	**93.8%**	**$ 23.58**	**10**	**0.1%**	**612**	**3.2%**	**19,308**	**96.8%**	**$ 24.00**
Renewals	2,334		$ 27.58	38		$ 30.65					2,372		$ 27.63
Renewals – expired	(2,334)		$ (24.53)	(38)		$ (26.81)					(2,372)		$ (24.57)
Net change per square foot from renewals			$ 3.05			$ 3.84							$ 3.06
% Increase on renewal of expiring rents (first year of renewal term)			12.4%			14.3%							12.5%
% increase on renewal of expiring rents (average rate in renewal term)													17.3%

(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 "Property Development Activities – 2024 Development and Redevelopment Coming Online and Space Going Offline" section of this MD&A.

Top Forty Tenants

As at December 31, 2024, 55.8% of First Capital's annualized minimum rent came from its top 40 tenants (December 31, 2023 – 54.9%). Of these rents, 71.1% (December 31, 2023 – 73.0%) 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 5.8 years as at December 31, 2024, 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")	95	1,932	10.4%	10.6%	BBB (high)	BBB+	
2.	Sobeys	49	1,383	7.4%	5.5%	BBB	BBB-	
3.	Metro	34	875	4.7%	3.2%	BBB (high)	BBB	
4.	Canadian Tire	19	693	3.7%	3.1%	BBB	BBB	
5.	Walmart	10	1,018	5.5%	2.1%		AA	Aa2
6.	TD Canada Trust	43	196	1.1%	2.1%	AA (high)	A+	Aa2
7.	Dollarama	52	468	2.5%	1.9%	BBB	BBB	Baa2
8.	Save-On-Foods	8	316	1.7%	1.8%			
9.	GoodLife Fitness	25	466	2.5%	1.7%			B2
10.	RBC Royal Bank	36	192	1.0%	1.7%	AA (high)	AA-	Aa1
Top 10 Tenants Total		**371**	**7,539**	**40.5%**	**33.7%**			
11.	Scotiabank	29	134	0.7%	1.6%	AA	A+	Aa2
12.	RONA	4	361	1.9%	1.4%			
13.	CIBC	33	168	0.9%	1.4%	AA	A+	Aa2
14.	LCBO	21	190	1.0%	1.3%	AA	AA-	Aa3
15.	Winners	13	306	1.6%	1.3%		A	A2
16.	Restaurant Brands International	54	120	0.6%	1.2%		BB	Ba3
17.	Rexall	17	139	0.7%	1.1%			
18.	Longo's	5	196	1.1%	1.1%			
19.	BMO	25	105	0.6%	1.1%	AA	A+	Aa2
20.	London Drugs	7	172	0.9%	0.9%			
21.	Recipe Unlimited	27	104	0.6%	0.8%			
22.	Petsmart	7	118	0.6%	0.7%		B+	B1
23.	Altea Active	1	32	0.2%	0.7%			
24.	Staples	7	140	0.8%	0.7%		B-	B3
25.	Toys "R" Us	4	141	0.8%	0.6%			
26.	Whole Foods Market	2	90	0.5%	0.6%		AA-	A1
27.	Starbucks	32	45	0.2%	0.6%		BBB+	Baa1
28.	McDonald's	19	70	0.4%	0.5%		BBB+	Baa1
29.	Pusateri's	1	35	0.2%	0.5%			
30.	Subway	56	56	0.3%	0.5%			
31.	The Beer Store	10	59	0.3%	0.5%	AA	AA-	Aa3
32.	Pet Valu	21	60	0.3%	0.4%			
33.	The Home Depot	2	153	0.8%	0.4%	A	A	A2
34.	Williams-Sonoma	2	38	0.2%	0.4%			
35.	Anytime Fitness	13	66	0.4%	0.3%			
36.	Alcanna Inc.	13	40	0.2%	0.3%			
37.	Bulk Barn	13	55	0.3%	0.3%			
38.	CLSC [3]	1	73	0.4%	0.3%	AA (low)	AA-	Aa2
39.	Yum! Brands	21	33	0.2%	0.3%		BB+	Ba2
40.	Michaels	3	54	0.3%	0.3%		B-	B3
Top 40 Tenants Total		**834**	**10,892**	**58.5%**	**55.8%**			

(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.
(3) Centre local de services communautaires.

Lease Maturity Profile

First Capital's lease maturity profile for its portfolio as at December 31, 2024, excluding any contractual renewal options, is as follows:

Maturity Date	Number of Locations	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]	68	176	0.9%	$ 3,855	0.8%	$ 21.87
2025	371	1,353	7.0%	31,241	6.3%	23.08
2026	533	1,834	9.5%	48,309	9.8%	26.34
2027	604	2,740	14.2%	68,416	13.8%	24.97
2028	581	3,093	16.0%	73,902	14.9%	23.89
2029	587	2,795	14.5%	66,923	13.5%	23.95
2030	356	1,536	8.0%	43,596	8.8%	28.39
2031	149	887	4.6%	24,134	4.9%	27.22
2032	150	895	4.6%	22,799	4.6%	25.48
2033	141	738	3.8%	21,323	4.3%	28.89
2034	160	806	4.2%	28,564	5.8%	35.44
2035	95	700	3.6%	25,940	5.3%	37.07
Thereafter	58	1,133	5.9%	35,528	7.2%	31.34
Total or Weighted Average	3,853	18,686	96.8%	$ 494,530	100.0%	$ 26.46

(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.

The weighted average remaining lease term for the portfolio was 5.2 years as at December 31, 2024, excluding contractual renewal options, but including month-to-month and other short-term leases.

Investment in Joint Ventures

As at December 31, 2024, First Capital had interests in seven 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	**December 31, 2024**	December 31, 2023
Aukland and Main Developments LP	Station Place	Toronto, ON	**35.4%**	35.4%
College Square General Partnership	College Square	Ottawa, ON	**50.0%**	50.0%
Edenbridge Kingsway (Humbertown)	Humbertown Condos (Phase 1)	Toronto, ON	**50.0%**	50.0%
Fashion Media Group GP Ltd.	Toronto Fashion Week events	Toronto, ON	**78.0%**	78.0%
FC Urban Properties, LP	199 Avenue Rd.	Toronto, ON	**20.0%**	20.0%
Green Capital Limited Partnership [1]	Royal Orchard	Markham, ON	**—%**	50.0%
Lakeshore Development LP	2150 Lake Shore Blvd. W.	Toronto, ON	**50.0%**	50.0%
Stackt Properties LP	Shipping Container marketplace	Toronto, ON	**94.0%**	94.0%

(1) During the first quarter of 2024, Green Capital Limited Partnership was dissolved and the net assets distributed to its limited partners.

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.

The following table reconciles the changes in First Capital's interests in its equity accounted joint ventures for the years ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Balance at beginning of year	**$ 404,504**	$ 357,122
Contributions to equity accounted joint ventures	**20,037**	6,554
Distributions from equity accounted joint ventures	**(5,533)**	(4,599)
Disposition of equity accounted joint venture	**—**	(3,074)
Distribution of net assets from equity accounted joint venture	**(60,028)**	—
Share of profit (loss) from equity accounted joint ventures	**(38,938)**	48,501
Balance at end of year	**$ 320,042**	$ 404,504

On June 9, 2023, the Trust sold its 50% interest of the partnership units in the ONE Restaurant for $5.0 million. The sale was subject to working capital and closing adjustments of $0.9 million with the Trust receiving net proceeds of $4.1 million. The total gain on investment of $1.0 million was recognized in other gains (losses) and (expenses) during the second quarter of 2023.

On February 28, 2024, Green Capital Limited Partnership was dissolved and the net assets distributed to its limited partners. The Trust held a 50% interest in the partnership and received net assets of $60.0 million. Concurrently with the dissolution, the Trust sold its 50% interest in the Royal Orchard property for net proceeds of $59.7 million.

Loans, Mortgages and Other Assets

As at	**December 31, 2024**	December 31, 2023
Non-current		
Loans and mortgages receivable classified as amortized cost (a)	**$ 14,178**	$ 57,509
Other investments	**12,506**	11,393
Due from co-owners (b)	**62,044**	41,944
Total non-current	**88,728**	110,846
Current		
Loans and mortgages receivable classified as amortized cost (a)	**81,657**	73,718
FVTPL investments in securities (c)	**3,246**	2,801
Total current	**84,903**	76,519
Total	**$ 173,631**	$ 187,365

(a) Loans and mortgages receivable are secured by interests in investment properties or shares of entities owning investment properties. As at December 31, 2024, these receivables bear interest at weighted average effective interest rates of 8.9% (December 31, 2023 – 8.6%) and mature between 2025 and 2027.

(b) The Trust has contributed equity to one of its co-ownerships whereas its partners made draws on the co-ownership's new credit facility to fund the co-ownership's development project. The due from co-owners in the principal amount of $55.8 million equals the Trust's proportionate share of the co-ownership's credit facility draws. As there is no right of offset for these two financial instruments they are presented on a gross basis on the consolidated balance sheets.

(c) 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 December 31			Year ended December 31		
	% change	**2024**	2023	**% change**	**2024**	2023
Property rental revenue						
Base rent [1]		**$111,097**	$107,872		**$440,372**	$429,050
Operating cost recoveries		**30,055**	27,867		**114,751**	110,891
Realty tax recoveries		**30,601**	29,342		**121,015**	117,634
Lease termination fees		**504**	525		**6,384**	878
Percentage rent		**825**	670		**2,947**	3,079
Straight-line rent adjustment		**2,365**	13		**7,168**	(414)
Prior year operating cost and tax recovery adjustments		**91**	(333)		**1,022**	1,050
Temporary tenants, storage, parking and other [2]		**4,834**	5,228		**19,865**	25,813
Total Property rental revenue	**5.4%**	**180,372**	171,184	**3.7%**	**713,524**	687,981
Property operating costs						
Recoverable operating expenses		**31,844**	30,736		**125,804**	123,606
Recoverable realty tax expense		**34,591**	32,882		**137,288**	133,208
Prior year realty tax expense (recovery)		**(17)**	(1,256)		**(178)**	(1,408)
Other operating costs and adjustments [3]		**1,038**	66		**3,322**	7,318
Total Property operating costs		**67,456**	62,428		**266,236**	262,724
NOI [4]	**3.8%**	**$112,916**	$108,756	**5.2%**	**$447,288**	$425,257
NOI margin		**62.6%**	63.5%		**62.7%**	61.8%

(1) Includes residential revenue.
(2) Includes hotel property revenue.
(3) Includes residential operating costs, hotel property operating costs and bad debt expense (recovery). For the three months and year ended December 31, 2024, bad debt expense (recovery) totaled $Nil and ($0.7) million, respectively (three months and year ended December 31, 2023 - ($0.4) million and ($1.6) million, respectively).
(4) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three months and year ended December 31, 2024, total NOI increased $4.2 million and $22.0 million, respectively, compared to the same prior year periods. For the three months ended December 31, 2024, the increase was primarily due to higher base rent and higher net operating cost and tax recoveries, partially offset by lower bad debt recovery in the fourth quarter of 2024 relative to the fourth quarter of 2023. For the year ended December 31, 2024, the increase was primarily due to significantly higher contributions from lease termination fees, higher base rent and lower non-recoverable expenditures. Excluding bad debt expense (recovery) and lease termination fees, total NOI increased $4.9 million and $17.8 million, respectively, compared to the same prior year periods.

For the three months and year ended December 31, 2024, property operating costs include $6.3 million and $25.5 million, respectively (three months and year ended December 31, 2023 – $5.9 million and $24.5 million, respectively) related to employee compensation.

Same Property NOI Growth

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

	Three months ended December 31			Year ended December 31		
	% change	**2024**	2023	**% change**	**2024**	2023
Property rental revenue						
Base rent [1]		**$106,367**	$103,226		**$421,362**	$410,599
Operating cost recoveries		**28,718**	26,161		**109,102**	104,421
Realty tax recoveries		**29,282**	28,040		**115,712**	112,499
Lease termination fees		**504**	525		**6,127**	878
Percentage rent		**749**	664		**2,688**	2,517
Prior year operating cost and tax recovery adjustments		**91**	(329)		**1,484**	884
Temporary tenants, storage, parking and other [2]		**4,496**	4,387		**18,003**	17,093
Total Same Property rental revenue		**170,207**	162,674		**674,478**	648,891
Property operating costs						
Recoverable operating expenses		**30,166**	28,905		**118,859**	115,720
Recoverable realty tax expense		**32,775**	31,280		**130,080**	126,281
Prior year realty tax expense		**55**	(1,211)		**(63)**	(1,208)
Other operating costs and adjustments [3]		**1,412**	651		**4,449**	4,643
Total Same Property operating costs		**64,408**	59,625		**253,325**	245,436
Total Same Property NOI [4]	**2.7%**	**$105,799**	$103,049	**4.4%**	**$421,153**	$403,455
Major redevelopment		**2,661**	2,706		**10,482**	10,240
Acquisitions – 2024		**648**	—		**2,319**	—
Acquisitions – 2023		**855**	887		**3,547**	2,990
Assets classified as held for sale		**1,207**	1,292		**4,841**	5,042
Dispositions – 2024		**364**	1,120		**2,735**	4,159
Dispositions – 2023		**169**	794		**390**	4,053
Straight-line rent adjustment		**2,434**	28		**7,340**	(366)
Development land		**767**	(92)		**2,068**	2,163
NOI at First Capital's proportionate interest [4]	**4.7%**	**$114,904**	$109,784	**5.4%**	**$454,875**	$431,736
NOI related to equity accounted joint ventures & NCI		**(1,988)**	(1,028)		**(7,587)**	(6,479)
NOI per consolidated statements of income (loss)		**$112,916**	$108,756		**$447,288**	$425,257
NOI margin		**62.6%**	63.5%		**62.7%**	61.8%

(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 Same Property ("SP") NOI growth and comparisons to the same prior year period are as follows:

	Three months ended December 31		Year ended December 31	
	2024	2023 [1]	**2024**	2023 [1]
Same Property – Stable	**2.9%**	(2.4%)	**4.4%**	1.2%
Same Property with redevelopment	**(4.8%)**	34.6%	**5.5%**	6.9%
Total Same Property NOI Growth [2]	**2.7%**	(1.8%)	**4.4%**	1.3%

(1) Prior periods as reported; not restated to reflect current period property categories.
(2) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three months ended December 31, 2024, SP NOI increased by $2.8 million, or 2.7%, over the same prior year period due to higher base rent, partially offset by a year-over-year decrease in bad debt recovery of $0.7 million. Same Property NOI excluding bad debt expense (recovery) and lease termination fees increased 3.4%.

For the year ended December 31, 2024, SP NOI increased by $17.7 million, or 4.4%, inclusive of a $5.5 million settlement with Nordstrom with respect to the early termination of its lease at One Bloor East in June 2023. SP NOI growth excluding bad debt expense (recovery) and lease termination fees increased 3.3%, primarily due to higher base rent in 2024 relative to 2023.

Interest and Other Income

	Three months ended December 31		Year ended December 31	
	2024	2023	**2024**	2023
Interest, dividend and distribution income from cash, marketable securities and other investments	**$ 943**	$ 2,509	**$ 9,119**	$ 5,491
Interest income from loans and mortgages receivable classified as FVTPL	**—**	—	**—**	79
Interest income from loans and mortgages receivable at amortized cost	**3,511**	2,744	**12,045**	10,543
Fees and other income (1)(2)(3)	**1,634**	1,165	**25,954**	8,762
Total	**$ 6,088**	$ 6,418	**$ 47,118**	$ 24,875

(1) For the year ended December 31, 2024, fees and other income includes a density bonus payment of $11.3 million related to a previously sold property which received final zoning approval in the third quarter of 2024.
(2) For the year ended December 31, 2024, fees and other income includes a $9.5 million fee related to the assignment of a purchase and sale agreement for a parcel of land.
(3) For the year ended December 31, 2023, fees and other income includes a legal settlement of $3.8 million recognized in the third quarter of 2023.

For the three months ended December 31, 2024, interest and other income decreased $0.3 million, over the same prior year period primarily due to lower bank interest income earned as a result of interest rate decreases year-over-year.

For the year ended December 31, 2024, interest and other income increased $22.2 million, over prior year primarily due to the recognition of a $9.5 million assignment fee related to a small development parcel located in Montreal as well as a density bonus payment of $11.3 million in connection with a previously sold property, recognized in the first and third quarters of 2024, respectively.

Interest Expense

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

	Three months ended December 31		Year ended December 31	
	2024	2023	**2024**	2023
Mortgages	**$ 12,790**	$ 13,442	**$ 52,703**	$ 52,987
Credit facilities	**11,790**	13,263	**47,109**	45,988
Senior unsecured debentures	**22,791**	17,499	**85,154**	75,614
Distributions on Exchangeable Units (1)	**—**	9	**—**	48
Interest capitalized	**(4,971)**	(5,214)	**(18,803)**	(20,541)
Interest expense	**$ 42,400**	$ 38,999	**$ 166,163**	$ 154,096

(1) The distributions declared on the Exchangeable Units are accounted for as interest expense.

For the three months and year ended December 31, 2024, interest expense increased $3.4 million and $12.1 million, respectively, compared to the same prior year periods, primarily due to higher fixed interest rates on $800 million of senior unsecured debentures issued throughout 2024 and a $1.7 million loss due to the early termination of interest rate swaps, partially offset by the repayment of $200 million of fixed rate unsecured term loans during the fourth quarter of 2024.

During the years ended December 31, 2024 and 2023, approximately 10.2% or $18.8 million, and 11.8% or $20.5 million, respectively, of interest expense was capitalized to real estate investments under active development or redevelopment as well as for land or properties held for development.

Corporate Expenses

First Capital's corporate expenses are as follows:

	Three months ended December 31		Year ended December 31	
	2024	2023	**2024**	2023
Salaries, wages and benefits	**$ 8,240**	$ 7,154	**$ 33,223**	$ 32,060
Unit-based compensation	**2,684**	2,416	**10,372**	9,363
Other corporate costs [1]	**3,410**	3,202	**15,052**	20,310
Total corporate expenses	**14,334**	12,772	**58,647**	61,733
Amounts capitalized to investment properties under development	**(1,777)**	(1,818)	**(7,559)**	(7,831)
Corporate expenses	**$ 12,557**	$ 10,954	**$ 51,088**	$ 53,902

[1] Includes $Nil in legal, advisory and settlement costs related to the Unitholder activism for the year ended December 31, 2024 (year ended December 31, 2023 - approximately $7 million).

For the three months ended December 31, 2024, gross corporate expenses, before capitalization, increased by $1.6 million, over the same prior year period primarily due to higher compensation expense incurred in the fourth quarter of 2024 relative to the fourth quarter of 2023.

For the year ended December 31, 2024, gross corporate expenses, before capitalization, decreased by $3.1 million, over prior year primarily due to costs related to the non-recurring unitholder activism incurred in 2023 of approximately $7 million. The overall decrease was partially offset by higher other corporate costs and employee compensation.

First Capital manages substantially all 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 years ended December 31, 2024 and 2023, approximately $7.6 million and $7.8 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 December 31		2024		2023
	Consolidated Statements of Income (Loss)	**Included in FFO**	Consolidated Statements of Income (Loss)	Included in FFO
Unrealized gain (loss) on marketable securities	**$ (123)**	**$ (123)**	$ (275)	$ (275)
Pre-selling costs of residential inventory	**(1,459)**	**(1,459)**	(9)	(9)
Investment property selling costs	**(641)**	**—**	(663)	—
Gain (loss) on foreign currency translation	**(9,494)**	**(9,494)**	10,919	10,919
Gain (loss) on mark-to-market of derivatives (1)	**10,972**	**10,972**	(20,270)	(20,270)
Total per consolidated statements of income (loss)	**$ (745)**	**$ (104)**	$ (10,298)	$ (9,635)
Pre-selling costs of residential inventory applicable to NCI	**2**	**2**	3	3
Other gains (losses) and (expenses) under equity accounted joint ventures (2)	**(77)**	**(77)**	(23)	(24)
Total at First Capital's proportionate interest (3)	**$ (820)**	**$ (179)**	$ (10,318)	$ (9,656)

(1) The Trust enters into cross-currency swap derivatives to manage interest rate risk and foreign currency risk on its US denominated variable rate debt instruments.
(2) Other gains (losses) and (expenses) under equity accounted joint ventures, included in FFO, is comprised of pre-selling costs of residential inventory of $0.1 million (December 31, 2023 - $24.0 thousand).
(3) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

Year ended December 31		2024		2023
	Consolidated Statements of Income (Loss)	**Included in FFO**	Consolidated Statements of Income (Loss)	Included in FFO
Unrealized gain (loss) on marketable securities	**$ 445**	**$ 445**	$ (533)	$ (533)
Net gain (loss) on early settlement of debt	**(8)**	**(8)**	—	—
Gain on Investment (1)	**—**	**—**	1,007	1,007
Pre-selling costs of residential inventory	**(1,467)**	**(1,467)**	(36)	(36)
Investment property selling costs	**(3,432)**	**—**	(3,336)	—
Gain (loss) on foreign currency translation	**(16,291)**	**(16,291)**	8,659	8,659
Gain (loss) on mark-to-market of derivatives (2)	**16,221**	**16,221**	(18,008)	(18,008)
Total per consolidated statements of income (loss)	**$ (4,532)**	**$ (1,100)**	$ (12,247)	$ (8,911)
Pre-selling costs of residential inventory applicable to NCI	**5**	**5**	11	11
Investment property selling costs applicable to NCI	**26**	**—**	—	—
Other gains (losses) and (expenses) under equity accounted joint ventures (3)	**(167)**	**(167)**	(410)	(409)
Total at First Capital's proportionate interest (4)	**$ (4,668)**	**$ (1,262)**	$ (12,646)	$ (9,309)

(1) On June 9, 2023, the Trust sold its 50% interest of the partnership units in the ONE Restaurant.
(2) The Trust enters into cross-currency swap derivatives to manage interest rate risk and foreign currency risk on its US denominated variable rate debt instruments.
(3) Other gains (losses) and (expenses) under equity accounted joint ventures, included in FFO, is comprised of pre-selling costs of residential inventory of $0.2 million (December 31, 2023 - $0.4 million).
(4) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three months ended December 31, 2024, First Capital recognized $0.7 million in other losses in its consolidated statements of income (loss) compared to $10.3 million in other losses for the same prior year period. The $9.6 million net decrease in other losses over prior year is primarily due to mark to market (non-cash) fluctuations on outstanding derivative financial instruments employed by the Trust to reduce its borrowing costs and fix the rate of interest on certain variable-rate term loans. Also contributing to the variance is the movement in the US to CDN dollar exchange rate driving gains or losses on the translation of the Trust's US denominated debt.

For the year ended December 31, 2024, First Capital recognized $4.5 million in other losses in its consolidated statements of income (loss) compared to $12.2 million in other losses for the prior year. The $7.7 million net decrease in other losses over prior year is primarily due to a $34.2 million increase in unrealized gains on the mark to market of derivatives, largely offset by a $25.0 million increase in losses on foreign currency translation and higher residential selling costs of $1.4 million.

Income Taxes

For the three months and years ended December 31, 2024 and 2023, deferred income tax expense (recovery) totaled $39.3 million and $14.3 million, respectively, compared to $46.3 million and ($4.8) million, respectively, over the same prior year periods. The increase of $19.1 million for the year ended December 31, 2024, in deferred income tax expense was primarily due to an increase in taxable temporary differences applicable to the Trust's corporate subsidiaries.

Net Income (Loss) Attributable to Unitholders

For the three months ended December 31, 2024, net income (loss) attributable to Unitholders was $32.1 million or $0.15 per diluted unit compared to $173.8 million or $0.81 per diluted unit for the same prior year period. The $141.7 million decrease in net income over prior year was primarily due to a $167.6 million increase in the fair value of investment property in the fourth quarter of 2023 versus a $3.6 million increase in fair value recognized in the fourth quarter of 2024, on a proportionate basis.

For the year ended December 31, 2024, net income (loss) attributable to Unitholders was $204.9 million or $0.96 per diluted unit compared to ($134.1) million or ($0.63) per diluted unit for the same prior year period. The $339.0 million increase in net income over prior year was primarily due to a $376.4 million decrease in the fair value of investment property for the year ended 2023 versus a $49.6 million decrease in fair value recognized during the year ended 2024, on a proportionate basis.

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	**December 31, 2024**	December 31, 2023
Liabilities (principal amounts outstanding)		
Mortgages [(1)]	**$ 1,336,596**	$ 1,432,611
Credit facilities [(1)]	**741,449**	1,151,226
Senior unsecured debentures	**2,100,000**	1,600,000
Total Debt [(1)]	**$ 4,178,045**	$ 4,183,837
Cash and cash equivalents [(1)]	**(158,941)**	(92,499)
Net Debt [(1)] [(2)]	**$ 4,019,104**	$ 4,091,338
Equity market capitalization [(3)]	**3,600,991**	3,254,907
Enterprise value [(1)]	**$ 7,620,095**	$ 7,346,245
Trust Units outstanding (000's)	**212,323**	212,184
Closing market price	**$ 16.96**	$ 15.34

(1) At First Capital's proportionate interest. Refer to the "Non-IFRS Financial Measures" section of this MD&A.

(2) Net Debt is a non-IFRS measure that is calculated as the sum of total debt including 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 on a proportionate basis.

(3) Equity market capitalization is the market value of FCR's units outstanding at a point in time. The measure 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.

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS measure that is calculated as net income (loss), 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 on a proportionate basis. First Capital also adjusts for incremental leasing costs, which is a recognized adjustment to FFO, in accordance with the recommendations of REALPAC.

The following table reconciles First Capital's net income (loss) to Adjusted EBITDA for the three months and years ended December 31, 2024 and 2023:

	Three months ended December 31		Year ended December 31	
	2024	2023	**2024**	2023
Net income (loss) attributable to Unitholders	**$ 32,081**	$ 173,801	**$ 204,933**	$ (134,056)
Add (deduct) [1]:				
Deferred income tax expense (recovery)	**39,271**	46,328	**14,253**	(4,779)
Interest Expense	**43,326**	40,005	**170,050**	158,195
Amortization expense	**754**	660	**2,951**	5,754
(Increase) decrease in value of investment properties	**(3,585)**	(167,606)	**49,641**	376,403
(Increase) decrease in value of hotel property	**—**	—	**—**	(3,646)
Increase (decrease) in value of Exchangeable Units	**—**	123	**—**	(88)
Increase (decrease) in value of unit-based compensation	**(3,926)**	1,920	**5,381**	(6,237)
Incremental leasing costs	**1,834**	1,800	**7,577**	7,366
Abandoned transaction (costs) recovery	**10**	6	**46**	24
Other non-cash and/or non-recurring items	**820**	10,318	**4,668**	12,646
Adjusted EBITDA [1]	**$ 110,585**	$ 107,355	**$ 459,500**	$ 411,582

[1] At First Capital's proportionate interest. Refer to the "Non-IFRS Financial Measures" section of this MD&A.

Key Metrics

The ratios below include measures not specifically defined in IFRS.

As at	**December 31, 2024**	December 31, 2023
Weighted average effective interest rate on mortgages, fixed rate unsecured term loans and senior unsecured debentures	**4.3%**	3.9%
Weighted average maturity on mortgages, fixed rate unsecured term loans and senior unsecured debentures (years)	**3.7**	3.3
Net debt to total assets [1]	**44.5%**	45.0%
Net debt to Adjusted EBITDA [1]	**8.7**	9.9
Unencumbered aggregate assets [1]	**$ 6,249,755**	$ 6,019,249
Unencumbered aggregate assets to unsecured debt, based on fair value [1]	**2.3**	2.3
Adjusted EBITDA interest coverage [1]	**2.4**	2.3

[1] Calculated with joint ventures proportionately consolidated in accordance with FCR's debt covenants. Total assets excludes cash balances. Refer to the "Non-IFRS Financial Measures" section of this MD&A.

The Net debt to Adjusted EBITDA ratio decreased by 1.2x to 8.7x, as of December 31, 2024, primarily due to a $48 million increase in adjusted EBITDA on a rolling four quarter basis as well as a decrease in net debt of $72 million.

Measures used in these ratios are defined below:

- Debt consists of principal amounts outstanding on credit facilities and mortgages, and the par value of senior unsecured debentures;
- Net debt is calculated as Debt, as defined above, reduced by cash balances at the end of the period;

- Adjusted EBITDA, is calculated as net income (loss), adding back income tax expense; interest expense; and amortization and excluding the increase or decrease in the value of investment properties, hotel property, Exchangeable units and unit-based compensation; other gains (losses) and (expenses); and other non-cash or non-recurring items on a proportionate basis. The Trust also adjusts for incremental leasing costs, which is a recognized adjustment to Funds from Operations, in accordance with the recommendations of the REALPAC;
- Unencumbered assets include the value of assets that have not been pledged as security under any credit agreement or mortgage. The unencumbered asset value ratio is calculated as unencumbered assets divided by the principal amount of the unsecured debt, which consists of the bank indebtedness, unsecured bank term loans, unsecured credit facilities and senior unsecured debentures.

Credit Ratings

On June 10, 2024, DBRS confirmed FCR's Issuer Rating and Senior Unsecured Debentures rating at BBB and changed the trend to positive from stable.

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.

On November 9, 2023, S&P withdrew its BBB- issuer credit rating on First Capital and its BBB- issue-level ratings on its unsecured debentures at the issuer's request. At the time of the withdrawal, S&P's outlook was stable.

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 December 31, 2024 is summarized in the table below:

As at December 31, 2024	Mortgages (1)	Credit Facilities (2)	Senior Unsecured Debentures	Total	% Due
2025	$ 100,153	$ 127,619	$ 300,000	$ 527,772	13.0%
2026	124,472	339,943	300,000	764,415	18.8%
2027	100,824	55,773	500,000	656,597	16.1%
2028	172,359	—	200,000	372,359	9.1%
2029	256,924	200,000	—	456,924	11.2%
2030	185,117	—	200,000	385,117	9.5%
2031	61,536	—	300,000	361,536	8.9%
2032	6,533	—	300,000	306,533	7.5%
2033	191,912	—	—	191,912	4.7%
2034	47,147	—	—	47,147	1.2%
	$ 1,246,977	$ 723,335	$ 2,100,000	$ 4,070,312	100.0%
Add (deduct): unamortized deferred financing costs, premiums and discounts, net	(3,191)	—	(5,008)	(8,199)	
Total	**$ 1,243,786**	**$ 723,335**	**$ 2,094,992**	**$ 4,062,113**	

(1) Principal amount outstanding for mortgages on a proportionate basis is $1,336,596.
(2) Principal amount outstanding for credit facilities on a proportionate basis is $741,449.

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 year ended December 31, 2024 are set out below:

Year ended December 31, 2024	Amount	Weighted Average Effective Interest Rate
Balance at beginning of year	$ 1,338,041	3.8%
Mortgage borrowings	10,690	5.2%
Mortgage repayments	(70,278)	3.9%
Scheduled amortization on mortgages	(35,252)	—%
Amortization of financing costs and net premium	585	—%
Balance at end of year	**$ 1,243,786**	**3.9%**

As at December 31, 2024, 100% (December 31, 2023 – 100%) of the outstanding mortgages bore interest at fixed interest rates. The average remaining term on mortgages outstanding was 4.8 years as at December 31, 2024 on $1.2 billion of mortgages (4.8 years as at December 31, 2023 on $1.3 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 December 31, 2024 is summarized in the table below:

As at December 31, 2024	Scheduled Amortization	Payments on Maturity	Total	Weighted Average Effective Interest Rate
2025	$ 33,183	$ 66,970	$ 100,153	3.8%
2026	30,112	94,360	124,472	3.2%
2027	29,098	71,726	100,824	3.6%
2028	26,636	145,723	172,359	3.8%
2029	20,044	236,880	256,924	3.5%
2030	13,067	172,050	185,117	3.3%
2031	6,580	54,956	61,536	3.5%
2032	6,533	—	6,533	N/A
2033	1,689	190,223	191,912	5.1%
2034	532	46,615	47,147	5.5%
	$ 167,474	**$ 1,079,503**	**$ 1,246,977**	**3.9%**
Add: unamortized deferred financing costs and premiums and discounts, net			(3,191)	
Total			**$ 1,243,786**	

Credit Facilities

First Capital's credit facilities as at December 31, 2024 are summarized in the table below:

As at December 31, 2024	Borrowing Capacity	Amounts Drawn	Outstanding Letters of Credit	Available to be Drawn	Interest Rates	Maturity Date
Unsecured Operating Facilities						
Revolving unsecured operating facility	$ 100,000	$ —	$ —	$ 100,000	CORRA + 1.55% or Prime + 0.25% or SOFR + 1.35%	September 13, 2026
Revolving unsecured operating facility	150,000	—	—	150,000	CORRA + 1.55% or Prime + 0.25% or SOFR + 1.35%	August 31, 2027
Revolving unsecured operating facility	450,000	—	(1,858)	448,142	CORRA + 1.75% or Prime + 0.45% or SOFR + 1.55%	June 30, 2029
Fixed rate unsecured term loans [(1)(2)]	250,000	(250,000)	—	—	3.39%	April 14, 2025 -April 14, 2026
Fixed rate unsecured term loan [(1)(3)(5)]	150,000	(158,188)	—	—	5.985%	October 20, 2026
Fixed rate unsecured term loan [(1)]	200,000	(200,000)	—	—	5.80%	January 31, 2029
Secured Construction Facilities						
Secured construction facility	62,665	(52,619)	(537)	9,509	CORRA + 2.80% or Prime + 1.00%	October 1, 2025
Secured construction facility [(4)]	133,645	(55,773)	(702)	77,170	CORRA + 2.60%	February 1, 2027
Secured Facilities						
Secured facility	6,755	(6,755)	—	—	CORRA + 1.75% or Prime + 0.45%	December 19, 2026
Sub-Total	**$ 1,503,065**	**$ (723,335)**	**$ (3,097)**	**$ 784,821**		
Proportionate Adjustments - Secured Construction Facilities						
Secured construction facility [(6)]	71,450	(34,355)	—	37,095	CORRA + 2.95% or Prime + 1.00%	November 28, 2025
Secured construction facility applicable to NCI	(38,918)	16,241	205	(22,472)		
Total	**$ 1,535,597**	**$ (741,449)**	**$ (2,892)**	**$ 799,444**		

(1) These unsecured term loans are variable rate debt instruments. The Trust has entered into swaps which fix the rate of interest over their respective terms to maturity.
(2) As at December 31, 2024, $75.0 million of the unsecured term loans is due April 14, 2025. The remaining $175.0 million is due April 14, 2026.
(3) The Trust has drawn in U.S. dollars the equivalent of CAD$150.0 million which was revalued at CAD$158.2 million as at December 31, 2024.
(4) The borrowing capacity is reduced by the Trust's equity injections into the project where it has chosen not to draw on the facility and other adjustments in accordance with the facility agreement.
(5) The Trust has the option to extend the unsecured term loan for an additional two years, to October 20, 2028.
(6) This secured construction facility relates to one of the Trust's joint ventures that is equity accounted.

First Capital has the ability under its unsecured credit facilities to draw funds based on Canadian bank prime rates or Canadian Overnight Repo Rate Average ("CORRA rates") for Canadian dollar-denominated borrowings, and secured overnight financing rates ("SOFR 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.

Senior Unsecured Debentures

As at December 31, 2024			Interest Rate		Remaining Term to Maturity	Principal Outstanding
Series	Maturity Date	Interest Payment Dates	Coupon	Effective	(years)	
S	July 31, 2025	January 31, July 31	4.32%	4.24%	0.6	300,000
T	May 6, 2026	May 6, November 6	3.60%	3.57%	1.3	300,000
V	January 22, 2027	January 22, July 22	3.46%	3.54%	2.1	200,000
U	July 12, 2027	January 12, July 12	3.75%	3.82%	2.5	300,000
A	March 1, 2028	March 1, September 1	3.45%	3.54%	3.2	200,000
D	June 3, 2030	June 3, December 3	4.51%	4.62%	5.4	200,000
B	March 1, 2031	March 1, September 1	5.57%	5.67%	6.2	300,000
C	June 12, 2032	June 12, December 12	5.46%	5.54%	7.5	300,000
Weighted Average or Total			**4.33%**	**4.37%**	**3.6**	**$ 2,100,000**

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

On March 1, 2024, the Trust completed the issuance of $300 million principal amount of Series B senior unsecured debentures due March 1, 2031. These debentures bear interest at a coupon rate of 5.57% per annum, payable semi-annually commencing September 1, 2024.

On June 12, 2024, the Trust completed the issuance of $300 million principal amount of Series C senior unsecured debentures due June 12, 2032. These debentures bear interest at a coupon rate of 5.46% per annum, payable semi-annually commencing December 12, 2024.

On August 30, 2024, upon maturity, the Trust repaid its remaining 4.79% Series R senior unsecured debentures in the amount of $281.0 million.

On November 1, 2024, the Trust completed the issuance of $200 million principal amount of Series D senior unsecured debentures due June 3, 2030. These debentures bear interest at a coupon rate of 4.51% per annum, payable semi-annually commencing June 3, 2025.

Unitholders' Equity

Unitholders’ equity amounted to $3.9 billion as at December 31, 2024, compared to Unitholders' equity of $3.9 billion as at December 31, 2023.

As at February 11, 2025, there were 212.3 million Trust Units outstanding.

Normal Course Issuer Bid (“NCIB”)

On May 16, 2024, First Capital received TSX approval for the renewal of its Normal Course Issuer Bid ("NCIB") pursuant to which it may repurchase and cancel up to 21,113,939 of its outstanding units until May 20, 2025.

For the year ended December 31, 2024, the Trust acquired and cancelled Nil Units (December 31, 2023 - 1.7 million Units) at a weighted average purchase price of N/A (December 31, 2023 - $15.19 per unit), for a total cost of $Nil (December 31, 2023 - $25.7 million). The excess of the purchase price over the carrying amount of the Units purchased, representing the unit price increase over the weighted average historical issuance price, was recorded as a reduction to retained earnings of $Nil (December 31, 2023 - $3.4 million). On a cumulative basis, as of December 31, 2024, the Trust has acquired and cancelled 7.9 million Units at a weighted average purchase price of $15.15 per unit, for a total cost of $120.1 million.

Unit Options

As at December 31, 2024, First Capital had 5.3 million unit options outstanding, with an average exercise price of $19.90, which, if exercised, would result in First Capital receiving proceeds of $105.1 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)	**December 31, 2024**	December 31, 2023
Total available under credit facilities	**$ 785**	$ 829
Cash and cash equivalents	**$ 150**	$ 87
Unencumbered aggregate assets	**$ 6,250**	$ 6,019

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 December 31, 2024, and availability on existing credit facilities, address substantially all of the contractual 2025 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 December 31		Year ended December 31	
	2024	2023	**2024**	2023
Cash provided by (used in) operating activities	**$ 79,837**	$ 90,083	**$ 233,790**	$ 227,734
Cash provided by (used in) financing activities	**(48,589)**	(196,065)	**(204,300)**	(256,700)
Cash provided by (used in) investing activities	**56,911**	(85)	**33,380**	83,693
Net change in cash and cash equivalents	**$ 88,159**	$ (106,067)	**$ 62,870**	$ 54,727

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

	Three months ended December 31		Year ended December 31	
	2024	2023	**2024**	2023
Cash provided by operating activities	**$ 79,837**	$ 90,083	**$ 233,790**	$ 227,734
Distributions declared	**(45,861)**	(45,823)	**(183,397)**	(183,561)
Excess (shortfall) of cash provided by operating activities over distributions declared	**$ 33,976**	$ 44,260	**$ 50,393**	$ 44,173

Cash provided by operating activities exceeded distributions declared for the three months and years ended December 31, 2024 and 2023.

Contractual Obligations

An analysis of First Capital's contractual maturities of its material financial liabilities and other contractual commitments, as at December 31, 2024 is set out below:

As at December 31, 2024	Payments due by period				
	2025	2026 to 2027	2028 to 2029	Thereafter	Total
Scheduled mortgage principal amortization	$ 33,183	$ 59,210	$ 46,680	$ 28,401	$ 167,474
Mortgage principal repayments on maturity	66,970	166,086	382,603	463,844	1,079,503
Credit facilities	127,619	395,716	200,000	—	723,335
Senior unsecured debentures	300,000	800,000	200,000	800,000	2,100,000
Interest obligations (1)	163,556	240,572	157,635	112,534	674,297
Land leases (expiring between 2027 and 2061)	678	1,335	1,265	15,008	18,286
Contractually committed costs to complete current development projects (2)	58,236	39,210	—	—	97,446
Other commitments	21,886	—	—	—	21,886
Total contractual obligations	**$ 772,128**	**$ 1,702,129**	**$ 988,183**	**$ 1,419,787**	**$ 4,882,227**

(1) Interest obligations include expected interest payments on mortgages and credit facilities as at December 31, 2024 (assuming balances remain outstanding through to maturity) and senior unsecured debentures, as well as standby credit facility fees.
(2) Includes amounts related to equity accounted joint ventures.

First Capital had $31.4 million of outstanding letters of credit issued by financial institutions to support certain of FCR's contractual obligations and $Nil of bank overdrafts.

As of December 31, 2024, contractually committed costs related to the Trust's development projects is $97.4 million ($87.0 million at First Capital's interest). 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. 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 $194.1 million (December 31, 2023 – $168.1 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 $31.4 million (December 31, 2023 – $28.6 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 $0.7 million (December 31, 2023 – $0.7 million) with a total obligation of $18.3 million (December 31, 2023 – $19.0 million).

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 audited annual consolidated financial statements, to its proportionate interest.

As at	**December 31, 2024**			December 31, 2023		
	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	**$ 8,040,375**	**$ 287,877**	**$ 8,328,252**	$ 8,070,985	$ 318,570	$ 8,389,555
Residential development inventory	**227,303**	**40,037**	**267,340**	192,125	20,017	212,142
Loans, mortgages and other assets	**173,631**	**(18,068)**	**155,563**	187,365	(12,107)	175,258
Cash and cash equivalents	**150,291**	**8,650**	**158,941**	87,421	5,078	92,499
Amounts receivable	**14,449**	**3,495**	**17,944**	20,393	1,899	22,292
Other assets	**58,457**	**1,865**	**60,322**	63,233	1,814	65,047
Investment in joint ventures	**320,042**	**(320,042)**	**—**	404,504	(404,504)	—
Assets classified as held for sale	**196,625**	**—**	**196,625**	168,275	58,602	226,877
Total assets	**$ 9,181,173**	**$ 3,814**	**$ 9,184,987**	$ 9,194,301	$ (10,631)	$ 9,183,670
LIABILITIES						
Mortgages	**$ 1,226,031**	**$ 87,249**	**$ 1,313,280**	$ 1,329,043	$ 90,682	$ 1,419,725
Credit facilities	**723,335**	**18,114**	**741,449**	1,153,907	(2,681)	1,151,226
Senior unsecured debentures	**2,094,992**	**—**	**2,094,992**	1,598,941	—	1,598,941
Deferred tax liabilities	**760,148**	**(1,231)**	**758,917**	753,020	(1,231)	751,789
Mortgages classified as held for sale	**17,755**	**—**	**17,755**	8,998	—	8,998
Accounts payable and other liabilities	**344,813**	**(32,319)**	**312,494**	354,235	(34,621)	319,614
Total liabilities	**5,167,074**	**71,813**	**5,238,887**	5,198,144	52,149	5,250,293
EQUITY						
Unitholders' equity	**3,946,100**	**—**	**3,946,100**	3,933,377	—	3,933,377
Non-controlling interest	**67,999**	**(67,999)**	**—**	62,780	(62,780)	—
Total equity	**4,014,099**	**(67,999)**	**3,946,100**	3,996,157	(62,780)	3,933,377
Total liabilities and equity	**$ 9,181,173**	**$ 3,814**	**$ 9,184,987**	$ 9,194,301	$ (10,631)	$ 9,183,670

(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 table provides a reconciliation of First Capital's consolidated statements of income (loss) for the three months ended December 31, 2024 and 2023, to its proportionate interest.

Three months ended December 31			**2024**			2023
	Consolidated Statements of Income (Loss)	**Adjustment to proportionate interest**	**Proportionate interest [1]**	Consolidated Statements of Income (Loss)	Adjustment to proportionate interest	Proportionate interest [1]
Property rental revenue	**$ 180,372**	**$ 3,985**	**$ 184,357**	$ 171,184	$ 3,716	$ 174,900
Property operating costs	**67,456**	**1,997**	**69,453**	62,428	2,688	65,116
Net operating income	**112,916**	**1,988**	**114,904**	108,756	1,028	109,784
Other income and expenses						
Interest and other income	**6,088**	**267**	**6,355**	6,418	245	6,663
Interest expense	**(42,400)**	**(926)**	**(43,326)**	(38,999)	(1,006)	(40,005)
Corporate expenses	**(12,557)**	**49**	**(12,508)**	(10,954)	62	(10,892)
Abandoned transaction (costs) recovery	**(10)**	**—**	**(10)**	(6)	—	(6)
Amortization expense	**(677)**	**(77)**	**(754)**	(587)	(73)	(660)
Share of profit from joint ventures	**1,146**	**(1,146)**	**—**	45,406	(45,406)	—
Other gains (losses) and (expenses)	**(745)**	**(75)**	**(820)**	(10,298)	(20)	(10,318)
(Increase) decrease in value of unit-based compensation	**3,926**	**—**	**3,926**	(1,920)	—	(1,920)
(Increase) decrease in value of Exchangeable Units	**—**	**—**	**—**	(123)	—	(123)
Increase (decrease) in value of investment properties, net	**3,809**	**(224)**	**3,585**	123,384	44,222	167,606
	(41,420)	**(2,132)**	**(43,552)**	112,321	(1,976)	110,345
Income (loss) before income taxes	**71,496**	**(144)**	**71,352**	221,077	(948)	220,129
Deferred income tax expense (recovery)	**39,271**	**—**	**39,271**	46,328	—	46,328
Net income (loss)	**$ 32,225**	**$ (144)**	**$ 32,081**	$ 174,749	$ (948)	$ 173,801
Net income (loss) attributable to:						
Unitholders	**$ 32,081**	**$ —**	**$ 32,081**	$ 173,801	$ —	$ 173,801
Non-controlling interest	**144**	**(144)**	**—**	948	(948)	—
	$ 32,225	**$ (144)**	**$ 32,081**	$ 174,749	$ (948)	$ 173,801
Net income (loss) per unit attributable to Unitholders:						
Basic	**$ 0.15**			$ 0.82		
Diluted	**$ 0.15**			$ 0.81		

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

The following table provides a reconciliation of First Capital's consolidated statements of income (loss) for the years ended December 31, 2024 and 2023, as presented in its audited annual consolidated financial statements, to its proportionate interest.

Year ended December 31			2024			2023
	Consolidated Statements of Income (Loss)	**Adjustment for proportionate interest**	**Proportionate interest [1]**	Consolidated Statements of Income (Loss)	Adjustment for proportionate interest	Proportionate interest [1]
Property rental revenue	**$ 713,524**	**$ 16,521**	**$ 730,045**	$ 687,981	$ 19,730	$ 707,711
Property operating costs	**266,236**	**8,934**	**275,170**	262,724	13,251	275,975
Net operating income	**447,288**	**7,587**	**454,875**	425,257	6,479	431,736
Other income and expenses						
Interest and other income	**47,118**	**934**	**48,052**	24,875	1,275	26,150
Interest expense	**(166,163)**	**(3,887)**	**(170,050)**	(154,096)	(4,099)	(158,195)
Corporate expenses	**(51,088)**	**84**	**(51,004)**	(53,902)	232	(53,670)
Abandoned transaction (costs) recovery	**(46)**	**—**	**(46)**	(24)	—	(24)
Amortization expense	**(2,567)**	**(384)**	**(2,951)**	(3,897)	(1,857)	(5,754)
Share of profit from joint ventures	**(38,938)**	**38,938**	**—**	48,501	(48,501)	—
Other gains (losses) and (expenses)	**(4,532)**	**(136)**	**(4,668)**	(12,247)	(399)	(12,646)
(Increase) decrease in value of unit-based compensation	**(5,381)**	**—**	**(5,381)**	6,237	—	6,237
(Increase) decrease in value of Exchangeable Units	**—**	**—**	**—**	88	—	88
Increase (decrease) in value of hotel property	**—**	**—**	**—**	3,646	—	3,646
Increase (decrease) in value of investment properties, net	**(8,155)**	**(41,486)**	**(49,641)**	(423,598)	47,195	(376,403)
	(229,752)	**(5,937)**	**(235,689)**	(564,417)	(6,154)	(570,571)
Income (loss) before income taxes	**217,536**	**1,650**	**219,186**	(139,160)	325	(138,835)
Deferred income tax expense (recovery)	**14,290**	**(37)**	**14,253**	(4,796)	17	(4,779)
Net income (loss)	**$ 203,246**	**$ 1,687**	**$ 204,933**	$ (134,364)	$ 308	$ (134,056)
Net income (loss) attributable to:						
Unitholders	**$ 204,933**	**$ —**	**$ 204,933**	$ (134,056)	$ —	$ (134,056)
Non-controlling interest	**(1,687)**	**1,687**	**—**	(308)	308	—
	$ 203,246	**$ 1,687**	**$ 204,933**	$ (134,364)	$ 308	$ (134,056)
Net income (loss) per unit attributable to Unitholders:						
Basic	**$ 0.97**			$ (0.63)		
Diluted	**$ 0.96**			$ (0.63)		

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

FFO, OFFO, AFFO and ACFO

Funds from Operations

A reconciliation from net income (loss) attributable to Unitholders to FFO and OFFO can be found in the table below:

Three months and years ended, respectively		**2024**		2023		**2024**		2023
Net income (loss) attributable to Unitholders	**$**	**32,081**	$	173,801	**$**	**204,933**	$	(134,056)
Add (deduct):								
(Increase) decrease in value of investment properties [1]		**(3,585)**		(167,606)		**49,641**		376,403
(Increase) decrease in value of hotel property [1]		**—**		—		**—**		(3,646)
Adjustment for equity accounted joint ventures [2]		**77**		73		**384**		1,857
Adjustment for capitalized interest related to equity accounted joint ventures [2]		**1,092**		933		**4,127**		3,582
Incremental leasing costs [3]		**1,834**		1,800		**7,577**		7,366
Amortization expense [4]		**—**		—		**—**		190
Distributions on Exchangeable Units [5]		**—**		9		**—**		48
Increase (decrease) in value of Exchangeable Units [5]		**—**		123		**—**		(88)
Increase (decrease) in value of unit-based compensation [6]		**(3,926)**		1,920		**5,381**		(6,237)
Investment property selling costs [1]		**641**		662		**3,406**		3,337
Deferred income taxes (recovery) [1]		**39,271**		46,328		**14,253**		(4,779)
FFO [7]	**$**	**67,485**	$	58,043	**$**	**289,702**	$	243,977
Deduct: Other gains (losses) and (expenses) included in FFO [8]		**179**		9,656		**1,262**		9,309
OFFO [7]	**$**	**67,664**	$	67,699	**$**	**290,964**	$	253,286

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

Operating Funds from Operations

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

Three months and years ended, respectively	% change		**2024**		2023	% change		**2024**		2023
Net operating income		**$**	**114,904**	$	109,784		**$**	**454,875**	$	431,736
Interest and other income			**6,355**		6,663			**48,052**		26,150
Interest expense [1][2]			**(42,234)**		(39,063)			**(165,923)**		(154,565)
Corporate expenses [3]			**(10,674)**		(9,092)			**(43,427)**		(46,304)
Abandoned transaction (costs) recovery			**(10)**		(6)			**(46)**		(24)
Amortization expense [4]			**(677)**		(587)			**(2,567)**		(3,707)
OFFO [6]	(0.1%)	**$**	**67,664**	$	67,699	14.9%		**290,964**		253,286
Other gains (losses) and (expenses) [5]			**(179)**		(9,656)			**(1,262)**		(9,309)
FFO [6]	16.3%	**$**	**67,485**	$	58,043	18.7%	**$**	**289,702**	$	243,977
OFFO per diluted unit	(0.3%)	**$**	**0.32**	$	0.32	14.9%	**$**	**1.36**	$	1.18
FFO per diluted unit	16.0%	**$**	**0.31**	$	0.27	18.8%	**$**	**1.35**	$	1.14
Weighted average number of units – diluted (in thousands)	0.2%		**214,355**		213,855	—%		**214,234**		214,268

(1) Includes an adjustment to capitalize interest related to FCR's equity accounted joint ventures in accordance with the recommendations of REALPAC.
(2) Adjustment to exclude distributions on Exchangeable Units in accordance with the recommendations of REALPAC.
(3) Includes an adjustment to capitalize incremental leasing costs in accordance with the recommendations of REALPAC.
(4) Excludes certain amortization expense in accordance with the recommendations of REALPAC.
(5) At FCR's proportionate interest, adjusted to exclude investment property selling costs in accordance with the recommendations of REALPAC.
(6) Refer to the "Non-IFRS Financial Measures" section of this MD&A.

For the three months ended December 31, 2024, OFFO of $67.7 million, or $0.32 per unit, remained consistent with prior year. On a year-over-year basis, NOI increased $5.1 million, or $0.02 per unit, primarily driven by higher base rent, largely offset by higher interest expense and corporate G&A for a total of $4.8 million, or $0.02 per unit.

For the year ended December 31, 2024, OFFO increased $37.7 million, or $0.18 per unit, over prior year. The increase was primarily due to higher NOI of $23.1 million driven by base rent, straight-line rent and lease termination fees, partially offset by higher interest expense of $11.4 million due to increased activity of debenture issuances in 2024 and higher interest rates. Additionally, interest and other income increased $21.9 million owing to the recognition of a $9.5 million assignment fee related to a small development parcel located in Montreal as well as a density bonus payment of $11.3 million in connection with a previously sold property, recognized in the first and third quarters of 2024, respectively.

For the three months and year ended December 31, 2024, FFO increased $9.4 million and $45.7 million, or $0.04 and $0.21 per unit, respectively, over the same prior year periods. The increases were driven by the year-over-year change in Operating FFO of ($35.0) thousand and $37.7 million, respectively, and year-over-year increases in other gains (losses) and (expenses). These other gains (losses) and (expenses) are comprised primarily of mark-to-market (non-cash) gains and losses related to derivative financial instruments employed by First Capital to reduce its borrowing costs and fix the rate of interest on certain variable-rate term loans.

Adjusted Funds from Operations

A reconciliation from FFO to AFFO can be found in the table below:

Three months and years ended, respectively	% change	**2024**	2023	% change	**2024**	2023
FFO [1]		**$ 67,485**	$ 58,043		**$ 289,702**	$ 243,977
Add (deduct):						
Revenue sustaining capital expenditures		**(9,399)**	(8,232)		**(22,869)**	(24,357)
Recoverable capital expenditures		**(10,488)**	(4,105)		**(21,318)**	(9,966)
Incremental leasing costs		**(1,834)**	(1,800)		**(7,577)**	(7,366)
Straight-line rent adjustment		**(2,434)**	(28)		**(7,340)**	366
AFFO [1]	(1.2%)	**$ 43,330**	$ 43,878	13.8%	**$ 230,598**	$ 202,654
AFFO per diluted unit	(1.5%)	**$ 0.20**	$ 0.21	13.8%	**$ 1.08**	$ 0.95
Weighted average number of units – diluted (in thousands)	0.2%	**214,355**	213,855	—%	**214,234**	214,268

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

For the three months and year ended December 31, 2024, AFFO totaled $43.3 million and $230.6 million compared to $43.9 million and $202.7 million for the prior years, respectively. For the year ended December 31, 2024, AFFO increased $27.9 million, or $0.13 per unit, over prior year primarily due to higher FFO, partially offset by higher capital expenditures and higher straight-line rent adjustment.

Adjusted Cash Flow from Operations

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

Three months and years ended, respectively	**2024**	2023	**2024**	2023
Cash provided by operating activities	**$ 79,837**	$ 90,083	**$ 233,790**	$ 227,734
Add (deduct):				
Working capital adjustments [1]	**(17,815)**	(12,488)	**24,956**	35,900
Adjustment for equity accounted joint ventures	**1,426**	512	**4,702**	2,506
Revenue sustaining capital expenditures	**(9,399)**	(8,232)	**(22,869)**	(24,357)
Recoverable capital expenditures	**(10,488)**	(4,105)	**(21,318)**	(9,966)
Leasing costs on properties under development	**458**	450	**1,894**	1,842
Non-controlling interest	**(271)**	126	**(423)**	(296)
ACFO [2]	**$ 43,748**	$ 66,346	**$ 220,732**	$ 233,363

(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 guidance on ACFO issued in January 2023.

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

For the three months and year ended December 31, 2024, ACFO totaled $43.7 million and $220.7 million compared to $66.3 million and $233.4 million for the prior years, respectively. The $22.6 million and $12.6 million decrease, respectively, in ACFO was primarily due to higher capital expenditures and changes in working capital year-over-year.

ACFO Payout Ratio

First Capital's ACFO payout ratio for the four quarters ended December 31, 2024 is calculated as follows:

	Year ended December 31, 2024	**Q4 2024**	**Q3 2024**	**Q2 2024**	**Q1 2024**
ACFO [1]	**$ 220,732**	$ 43,748	$ 67,649	$ 64,147	$ 45,188
Cash distributions paid	**183,388**	45,862	45,850	45,844	45,832
ACFO payout ratio [1]	**83.1%**				

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

First Capital's ACFO payout ratio for the four quarters ended December 31, 2023 is calculated as follows:

	Year ended December 31, 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
ACFO [1]	$ 233,363	$ 66,346	$ 55,458	$ 72,787	$ 38,772
Cash distributions paid	183,657	45,819	45,845	45,868	46,125
ACFO payout ratio [1]	78.7%				

(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 December 31, 2024, the ACFO payout was 83.1% (December 31, 2023 - 78.7%).

Net Asset Value

The following table provides FCR's calculation of NAV for the years ended December 31, 2024 and 2023:

As at	**December 31, 2024**	December 31, 2023
Unitholders' equity	**$ 3,946,100**	$ 3,933,377
Deferred tax liabilities	**758,917**	751,789
Net Asset Value (NAV) [1]	**$ 4,705,017**	$ 4,685,166
Units outstanding	**212,323**	212,184
NAV per unit - diluted [2]	**$ 22.05**	$ 21.95

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

(2) Adjusted for 2.0 million Deferred Units, Restricted Units and Performance Units and 5.3 million unit options outstanding with an average exercise price of $19.90 (implied option proceeds of $105.1 million) and the exclusion of the unit-based compensation plan liability.

The increase in NAV per diluted unit from $21.95 to $22.05 is primarily driven by retained FFO, partially offset by fair value decreases on investment property and other comprehensive losses for the year.

DISTRIBUTIONS

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, 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 (loss), as calculated in accordance with IFRS, as the basis to determine the annual distribution rate. Net income (loss) 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.

On December 16, 2024, First Capital announced a 3% increase of its monthly distribution to Unitholders from $0.072 per unit to $0.074167 per unit, or $0.89 on an annualized basis. The increase is effective for First Capital's January 2025 distribution, payable to Unitholders in February 2025.

The following chart specifies distributions declared by First Capital:

	Three months ended December 31		Year ended December 31	
(in dollars)	**2024**	2023	**2024**	2023
Distributions declared per unit	**$ 0.216**	$ 0.216	**$ 0.864**	$ 0.864

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 December 31	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	FCR [1]		Guarantors [2]		Non-Guarantors [3]		Consolidation Adjustments [4]		Total Consolidated	
Property rental revenue	**$ 76**	$ 72	**$ 105**	$ 100	**$ —**	$ —	**$ (1)**	$ (1)	**$ 180**	$ 171
NOI [5]	**$ 48**	$ 46	**$ 65**	$ 63	**$ —**	$ —	**$ —**	$ —	**$ 113**	$ 109
Net income (loss) attributable to Unitholders	**$ 32**	$ 174	**$ 125**	$ 235	**$ —**	$ 2	**$ (125)**	$ (237)	**$ 32**	$ 174

(millions of dollars)									Year ended December 31	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	FCR [1]		Guarantors [2]		Non-Guarantors [3]		Consolidation Adjustments [4]		Total Consolidated	
Property rental revenue	**$ 305**	$ 288	**$ 413**	$ 404	**$ —**	$ 1	**$ (4)**	$ (5)	**$ 714**	$ 688
NOI [5]	**$ 193**	$ 179	**$ 256**	$ 248	**$ —**	$ 1	**$ (2)**	$ (3)	**$ 447**	$ 425
Net income (loss) attributable to Unitholders	**$ 205**	$ (134)	**$ 407**	$ 364	**$ (2)**	$ —	**$ (405)**	$ (364)	**$ 205**	$ (134)

(millions of dollars)					As at December 31, 2024
	FCR [1]	Guarantors [2]	Non-Guarantors [3]	Consolidation Adjustments [4]	Total Consolidated
Current assets	**$ 607**	**$ 93**	**$ 143**	**$ (140)**	**$ 703**
Non-current assets	**$ 4,138**	**$ 5,642**	**$ 186**	**$ (1,488)**	**$ 8,478**
Current liabilities	**$ 672**	**$ 86**	**$ 3**	**$ 7**	**$ 768**
Non-current liabilities	**$ 6,279**	**$ (1,871)**	**$ 92**	**$ (101)**	**$ 4,399**

(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.

(millions of dollars)					As at December 31, 2023
	FCR [1]	Guarantors [2]	Non-Guarantors [3]	Consolidation Adjustments [4]	Total Consolidated
Current assets	$ 619	$ (51)	$ 121	$ (113)	$ 576
Non-current assets	$ 4,162	$ 5,574	$ 173	$ (1,291)	$ 8,618
Current liabilities	$ 644	$ 55	$ 1	$ 7	$ 707
Non-current liabilities	$ 6,694	$ (2,198)	$ 75	$ (80)	$ 4,491

(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.

RELATED PARTY TRANSACTIONS

Subsidiaries of the Trust

The audited annual 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.

QUARTERLY FINANCIAL INFORMATION

	2024				2023			
(unit counts in thousands)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Property rental revenue	**$ 180,372**	$ 174,016	$ 176,247	$ 182,889	$ 171,184	$ 168,883	$ 171,904	$ 176,010
Net operating income [1]	**$ 112,916**	$ 109,818	$ 112,341	$ 112,213	$ 108,756	$ 106,938	$ 106,510	$ 103,053
Net income (loss) attributable to Unitholders	**$ 32,081**	$ 81,107	$ 16,948	$ 74,797	$ 173,801	$ (327,546)	$ (29,049)	$ 48,738
Net income (loss) per unit attributable to Unitholders:								
Basic	**$ 0.15**	$ 0.38	$ 0.08	$ 0.35	$ 0.82	$ (1.54)	$ (0.14)	$ 0.23
Diluted	**$ 0.15**	$ 0.38	$ 0.08	$ 0.35	$ 0.81	$ (1.53)	$ (0.14)	$ 0.23
OFFO [1]	**$ 67,664**	$ 76,861	$ 68,384	$ 78,055	$ 67,699	$ 68,832	$ 63,041	$ 53,714
OFFO per diluted unit [1]	**$ 0.32**	$ 0.36	$ 0.32	$ 0.36	$ 0.32	$ 0.32	$ 0.30	$ 0.25
FFO [1]	**$ 67,485**	$ 72,340	$ 68,248	$ 81,629	$ 58,043	$ 68,615	$ 63,784	$ 53,535
FFO per diluted unit [1]	**$ 0.31**	$ 0.34	$ 0.32	$ 0.38	$ 0.27	$ 0.32	$ 0.30	$ 0.25
Weighted average number of diluted units outstanding	**214,355**	214,342	214,287	213,988	213,855	213,952	214,056	215,262
Cash provided by operating activities	**$ 79,837**	$ 51,870	$ 72,305	$ 29,778	$ 90,083	$ 41,910	$ 67,022	$ 28,719
AFFO [1]	**$ 43,330**	$ 58,875	$ 55,236	$ 73,156	$ 43,878	$ 58,961	$ 55,897	$ 43,918
AFFO per diluted unit [1]	**$ 0.20**	$ 0.27	$ 0.26	$ 0.34	$ 0.21	$ 0.28	$ 0.26	$ 0.20
ACFO [1]	**$ 43,748**	$ 67,649	$ 64,147	$ 45,188	$ 66,346	$ 55,458	$ 72,787	$ 38,772
Distribution declared per unit	**$ 0.216**	$ 0.216	$ 0.216	$ 0.216	$ 0.216	$ 0.216	$ 0.216	$ 0.216

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

	2024				2023			
(unit counts in thousands)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	**$ 9,181,173**	$ 9,167,729	$ 9,476,116	$ 9,245,786	$ 9,194,301	$ 9,163,855	$ 9,596,650	$ 9,641,604
Total mortgages and credit facilities	**$ 1,967,121**	$ 2,179,420	$ 2,245,167	$ 2,247,644	$ 2,491,948	$ 2,353,650	$ 2,349,517	$ 2,343,579
Unitholders' equity	**$ 3,946,100**	$ 3,958,090	$ 3,934,573	$ 3,967,870	$ 3,933,377	$ 3,820,718	$ 4,194,618	$ 4,268,128
Other								
Number of neighbourhoods	**138**	138	138	139	142	143	144	145
GLA - at 100% (in thousands)	**22,145**	22,247	22,222	22,232	22,298	22,307	22,334	22,322
GLA - at ownership interest (in thousands)	**19,308**	19,407	19,379	19,384	19,368	19,400	19,425	19,415
Monthly average occupancy %	**96.5%**	96.2%	96.2%	96.1%	95.9%	95.8%	96.0%	95.8%
Total portfolio occupancy %	**96.8%**	96.5%	96.3%	96.2%	96.2%	95.9%	95.9%	96.2%

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

CRITICAL ACCOUNTING ESTIMATES

First Capital makes 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. Actual results could differ from those estimates. Management believes that the policies that are most subject to estimation and Management's judgment are those outlined below.

Judgments

Investment properties

In applying the Trust's policy with respect to investment properties, judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, identifying the point at which capitalization of borrowing and other costs ceases.

Hedge accounting

Where First Capital undertakes to apply cash flow hedge accounting, it must determine whether such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting periods for which they were designated.

Income taxes

First Capital retains its REIT status if it meets the prescribed conditions under the *Income Tax Act (Canada) (the "Tax Act")*. Management uses judgment in its interpretation and application of these conditions. First Capital determined that it qualifies as a REIT for the current period and expects to meet the prescribed conditions going forward. However, should the Trust no longer meet the REIT conditions, substantial adverse tax consequences may result.

With respect to its corporate subsidiaries, the Trust exercises judgment in estimating deferred tax assets and liabilities. Income tax laws may be subject to different interpretations, and the income tax expense recorded by the Trust reflects the Trust's interpretation of the relevant tax laws. The Trust is also required to estimate the timing of reversals of temporary differences between accounting and taxable income in determining the appropriate rate to apply in calculating deferred taxes.

For the determination of deferred tax assets and liabilities where investment property is measured using the fair value model, the presumption is that the carrying amount of an investment property is recovered through sale, as opposed to presuming that the economic benefits of the investment property will be substantially consumed through use over time.

Estimates and Assumptions

Valuation of Investment properties

First Capital's policy in determining the fair value of its investment properties at the end of each reporting period, includes the following approaches:

1. Internal valuations - by certified staff appraisers employed by FCR, in accordance with professional appraisal standards and IFRS. Every investment property has an internal valuation completed at least once a year.
2. Value updates - primarily consisting of Management's review of the key assumptions from previous internal valuations and updating the value for changes in the property cash flow, physical condition and changes in market conditions.

External appraisals are obtained periodically by Management. These appraisals are used as data points, together with other market information accumulated by Management, in arriving at its conclusions on key assumptions and values. External appraisals are completed by an independent appraisal firm, in accordance with professional appraisal standards and IFRS.

Income-producing properties are appraised primarily based on an income approach that reflects stabilized cash flows or net operating income from existing tenants with the property in its existing state, since purchasers typically focus on expected income. Internal valuations are conducted using and placing reliance on both the direct capitalization method and the discounted cash flow method (including the estimated proceeds from a potential future disposition).

Properties undergoing development, redevelopment or expansion are valued either (i) using the discounted cash flow method, with a deduction for costs to complete the project, or (ii) at cost, when cost approximates fair value. Stabilized capitalization rates, discount rates and terminal capitalization rates, as applicable, are adjusted to reflect lease-up assumptions and construction risk, when appropriate. Adjacent land parcels held for future development are valued based on comparable sales of commercial land.

The primary method of appraisal for development land is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets to estimate a value on either a per acre basis or on a basis of per square foot buildable. Such values are applied to First Capital's properties after adjusting for factors specific to the site, including its location, zoning, servicing and configuration.

Refer to Note 2(g) of the audited consolidated financial statements for the year ended December 31, 2024 for further information on the estimates and assumptions made by Management in connection with the fair values of investment properties.

Valuation of Financial Instruments

First Capital is required to determine the fair value of its loans, mortgages and credit facilities, senior unsecured debentures, Exchangeable Units, unit-based compensation plans, loans and mortgages receivable, other equity investments, marketable securities and derivatives. The fair values of the marketable securities are based on quoted market prices. The fair values of the other financial instruments are calculated using internally developed models as follows:

- Mortgages and credit facilities are calculated based on market interest rates plus a risk-adjusted spread on discounted cash flows;
- Senior unsecured debentures are based on closing bid risk-adjusted spreads and current underlying Government of Canada bond yields on discounted cash flows, also incorporating interest rate quotations provided by financial institutions;
- The fair value of the unit-based compensation plans are based on the following:

  Unit Options: Fair value of each tranche is valued separately using a Black-Scholes option pricing model;

  Deferred Units/Restricted Units: Fair value is based on the closing price of FCR's Trust Units at each period end; and

  Performance Units: Fair value is calculated using a Monte-Carlo simulation model;
- Derivative instruments are determined using present value forward pricing and swap calculations at interest rates that reflect current market conditions;

- Loans and mortgages receivable are calculated based on current market rates plus borrower level risk-adjusted spreads on discounted cash flows, adjusted for allowances for non-payment and collateral related risk;
- Equity investments in certain funds are based on the fair value of the properties held in the funds. The fair value of the equity investment in a private entity approximates its cost.

Estimates of risk-adjusted credit spreads applicable to a specific financial instrument and its underlying collateral could vary and result in a different disclosed fair value.

Future Changes in Accounting Policies

Refer to Note 2(r) of the audited annual consolidated financial statements for the years ended December 31, 2024 and 2023 for details on the impact of material accounting policy changes including those related to the adoption of new IFRS pronouncements.

The IASB has issued a new IFRS accounting standard, IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18"). IFRS 18 is not yet adopted by First Capital and will have an impact on future periods. These changes are described in detail below:

In April 2024, the IASB issued IFRS 18, which replaces IAS 1, "Presentation of Financial Statements". IFRS 18 aims to improve the comparability and transparency of communication in financial statements by introducing a number of new requirements:

(i) classify income and expenses in the statement of profit or loss into categories such as, operating, investing, financing, income taxes and discontinued operations as well as present defined subtotals;

(ii) provide note disclosure on management-defined performance measures that are used in communications outside the entity's financial statements;

(iii) enhance the aggregation or disaggregation of information to ensure that items are classified and aggregated based on shared characteristics and material information is not obscured; and

(iv) implement narrow scope amendments that have been made to IAS 7 "Statement of Cash Flows", IAS 34 "Interim Financial Reporting", and other minor amendments to other standards. Some requirements previously included within IAS 1 have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", which has been renamed IAS 8 "Basis of Preparation of Financial Statements".

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and requires retrospective application. Early adoption is permitted but will need to be disclosed. Management is evaluating the impact of IFRS 18, including the impact of the amendments to the other accounting standards, on First Capital's consolidated financial statements.

CONTROLS AND PROCEDURES

As at December 31, 2024, 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.

The Chief Executive Officer and the Chief Financial Officer of First Capital have evaluated, or caused the evaluation of, under their supervision, the effectiveness of FCR’s disclosure controls and procedures and its internal controls over financial reporting (each as defined in National Instrument 52-109-Certification of Disclosure in Issuers’ Annual and Interim Filings) as at December 31, 2024, and have concluded that such disclosure controls and procedures and internal controls over financial reporting were operating effectively.

First Capital did not make any changes in its internal controls over financial reporting during the quarter ended December 31, 2024 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 outlined below. First Capital's most current Annual Information Form, which provides a detailed description of these and other risks that may affect FCR, can be found on the SEDAR+ website at www.sedarplus.ca and on FCR's website at www.fcr.ca.

Economic Conditions and Ownership of Real Estate

Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long-term mortgage and unsecured debenture financings, fluctuations in interest rates and unemployment levels) and in local market conditions (such as inflation, an oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other real estate developers, managers and owners in seeking tenants, the ability of the owner to provide adequate maintenance at an economic cost, and various other factors. The economic conditions in the markets in which First Capital operates can also have a significant impact on FCR's tenants and, in turn, FCR's financial success. Adverse changes in general or local economic conditions can result in some retailers being unable to sustain viable businesses and meet their lease obligations to FCR, and may also limit FCR's ability to attract new or replacement tenants. Should inflation remain high and more persistent than expected, any additional increases in interest rates may adversely affect consumer spending and debt levels, which may impact FCR's tenants and/or FCR's financial performance.

First Capital's portfolio has major concentrations in Ontario, Alberta, Quebec and British Columbia. Moreover, within each of these provinces, FCR's portfolio is concentrated predominantly in selected urban markets. As a result, economic and real estate conditions in these regions will significantly affect FCR's revenues and the value of its properties.

Revenue from First Capital's properties depends primarily on the ability of FCR's tenants to pay the full amount of rent and other charges due under their leases on a timely basis. Leases comprise any agreements relating to the occupancy or use of FCR's real property. There can be no assurance that tenants and other parties will be willing or able to perform their obligations under any such leases. If a significant tenant or a number of smaller tenants were to become unable or unwilling to meet their obligations to FCR, FCR's financial position and results of operations would be adversely affected. In the event of default by a tenant, FCR may experience delays and unexpected costs in enforcing its rights as landlord under lease terms, which may also adversely affect FCR's financial position and results of operations. FCR may also incur significant costs in making improvements or repairs to a property required in order to re-lease vacated premises to a new tenant.

First Capital's portfolio has more concentration with certain tenants. In the event that one or more tenants that individually or collectively account for an important amount of First Capital's annual minimum rent experience financial difficulty and are unable to pay rent or fulfill their lease commitments, FCR's financial position, results of operation and the value of its properties concerned would be adversely affected.

First Capital's net income (loss) could be adversely affected in the event of a downturn in the business, or the bankruptcy or insolvency, of any anchor store or anchor tenant. Anchor tenants generally occupy large amounts of leasable area, pay a significant portion of the total rents at a property and contribute to the success of other tenants by drawing significant numbers of customers to a property. The closing of one or more anchor stores at a property could have a significant adverse effect on that property.

Unpredictability and Volatility of Trust Unit Price

A publicly-traded real estate investment trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Trust Units will trade cannot be predicted. The market price of the Trust Units could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The annual yield on the Trust Units as compared to the annual yield on other financial instruments may also influence the price of the Trust Units in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Trust Units.

Lease Renewals and Rental Increases

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Expiries of certain leases will occur in both the short and long term, including expiry of leases of certain significant tenants, and although certain lease renewals and/or rental increases are expected to occur in the future, there can be no assurance that such renewals or rental increases will in fact occur. The failure to achieve renewals and/or rental increases may have an adverse effect on the financial position and results of operations of First Capital. In addition, the terms of any subsequent lease may be less favourable to FCR than the existing lease.

Changes in lease accounting rules may require tenants to account for real property leases differently and, as a result, may incentivize tenants to seek new and renewal leases on different terms. Tenants may favour shorter lease terms, fewer renewals and a heavier weighting to variable as opposed to fixed rents, which could adversely affect the stability of First Capital's rental income, the level of secured financing available, the value of its properties and FCR's financial position and results of operations.

Financing, Interest Rates, Repayment of Indebtedness and Access to Capital

First Capital has outstanding indebtedness in the form of mortgages, credit facilities, senior unsecured debentures and bank indebtedness and, as such, is subject to the risks normally associated with debt financing, including the risk that FCR's cash flow will be insufficient to meet required payments of principal and interest.

The amount of indebtedness outstanding could require FCR to dedicate a substantial portion of its cash flow from operations to service its debt, thereby reducing funds available for operations, acquisitions, development activities and other business opportunities that may arise. FCR's internally generated cash may not be sufficient to repay all of its outstanding indebtedness. Upon the expiry of the term of the financing on any particular property owned by FCR, refinancing on a conventional mortgage loan basis may not be available in the amount required or may be available only on terms less favourable to FCR than the existing financing. FCR may elect to repay certain indebtedness through the issuance of equity securities or the sale of assets, where appropriate.

Interest rates have a significant effect on the profitability of commercial properties as interest represents a significant cost in the ownership of real property where debt financing is used as a source of capital. FCR has a total of $1.8 billion principal amount of fixed rate interest-bearing instruments outstanding including mortgages, senior unsecured debentures and unsecured term loans maturing between January 1, 2025 and December 31, 2027 at a weighted average coupon interest rate of 3.9%. If these amounts were refinanced at an average interest rate that was 100 basis points higher or lower than the existing rate, FCR's annual interest cost would increase or decrease, respectively, by $18.3 million. In addition, as at December 31, 2024, First Capital had $133.3 million at FCR's share, principal amount of debt (or 3% of FCR's aggregate debt as of such date) at floating interest rates.

First Capital seeks to reduce its interest rate risk by staggering the maturities of long-term debt and limiting the use of floating rate debt so as to minimize exposure to interest rate fluctuations. Moreover, from time to time, FCR may enter into interest rate swap transactions to modify the interest rate profile of its current or future variable rate debts without an exchange of the underlying principal amount.

Management and the Board have discretion under the Declaration of Trust to increase the amount of outstanding debt. The decisions with regard to the incurrence and maintenance of debt are based on available investment opportunities for which capital is required, the cost of debt in relation to such investment opportunities, whether secured or unsecured debt is available, the effect of additional debt on existing financial ratios and the maturity of the proposed new debt relative to maturities of existing debt. First Capital could become more highly leveraged, resulting in increased debt service costs that could adversely affect cash flows and operating results. First Capital's intention is to gradually return its leverage to levels prior to the share buy back that took place in 2019 and may do so in a number of ways, including by disposing of selected assets. Any failure to gradually return its leverage to levels prior to the share buy back may have a material adverse impact on First Capital's requirements, its financial position or its ability to achieve its business objectives.

Credit Ratings

Any credit rating that is assigned to the senior unsecured debentures may not remain in effect for any given period of time or may be lowered, withdrawn or revised by one or more of the rating agencies if, in their judgment, circumstances so warrant. Refer to "Capital Structure and Liquidity - Credit Ratings". Any lowering, withdrawal or revision of a credit rating may have an adverse effect on the market price of the senior unsecured debentures and the other securities of First Capital, may adversely affect a securityholder's ability to sell its senior unsecured debentures or other securities of FCR and may adversely affect FCR's access to financial markets and its cost of borrowing.

Acquisitions, Expansions, Development, Redevelopment and Strategic Dispositions

First Capital's acquisition and investment strategy and market selection process may not ultimately be successful and may not provide positive returns on investment. The acquisition of properties or portfolios of properties entails risks that include the following, any of which could adversely affect FCR's financial position and results of operations and its ability to meet its obligations: (i) FCR may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties identified; (ii) FCR may not be able to successfully integrate any acquisitions into its existing operations; (iii) properties acquired may fail to achieve the occupancy or rental rates projected at the time of the acquisition decision, which may result in the properties' failure to achieve the returns projected; (iv) FCR's pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs, which could significantly increase FCR's total acquisition costs; (v) FCR's investigation of a property or building prior to acquisition, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase its acquisition cost; and (vi) representations and warranties obtained from third party vendors may not adequately protect against unknown, unexpected or undisclosed liabilities and any recourse against such vendors may be limited by the financial capacity of such vendors.

Further, FCR's development and redevelopment commitments are subject to those risks usually attributable to construction projects, which include: (i) construction or other unforeseen delays; (ii) cost overruns; (iii) the failure of tenants to occupy and pay rent in accordance with existing lease agreements, some of which are conditional; (iv) the inability to achieve projected rental rates or anticipated pace of lease-ups; and (v) an increase in interest rates during the life of the development or redevelopment.

Where FCR's development commitments relate to properties intended for sale, such as the residential portion of certain projects, FCR is also subject to the risk that purchasers of such properties may become unable or unwilling to meet their obligations to FCR or that FCR may not be able to close the sale of a significant number of units in a development project on economically favourable terms.

In addition, FCR undertakes strategic property dispositions in order to recycle its capital and maintain an optimal portfolio composition. FCR may be subject to unexpected costs or liabilities related to such dispositions, which could adversely affect FCR's financial position and results of operations and its ability to meet its obligations.

Competition

The real estate business is competitive. Numerous other developers, managers and owners of retail properties compete with First Capital in seeking tenants. Some of the properties located in the same markets as FCR's properties may be newer, better located and/or have stronger anchor tenants than FCR's properties. The existence of developers, managers and owners in the markets in which FCR operates, or any increase in supply of available space in such markets (due to new construction, tenant insolvencies or other vacancy) and competition for FCR's tenants could adversely affect FCR's ability to lease space in its properties in such markets and on the rents charged or concessions granted. In addition, the internet and other technologies increasingly play a more significant role in consumer preferences and shopping patterns, which presents an evolving competitive risk to FCR that is not easily assessed. Any of the aforementioned factors could have an adverse effect on FCR's financial position and results of operations.

Unitholder Activism

Responding to activist campaigns that contest or conflict with FCR's governance and strategic direction can be costly and time-consuming, disrupting business operations and diverting the attention and resources of the Board of Trustees, Management and employees. Unitholder activism may result in uncertainty relating to the leadership, governance and strategic direction of FCR, which could adversely affect or undermine FCR's ability to execute on its real estate strategy, harm FCR's business and create adverse volatility in the market price and trading volume of Trust Units. Events such as these could adversely affect FCR's operating and financial results.

Residential Development Sales and Leasing

First Capital is involved in the development of mixed-use properties that include residential condominiums and rental apartments. These developments are often carried out with an experienced residential developer as FCR's partner. Purchaser demand for residential condominiums is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as employment levels, availability of financing for homebuyers, interest rates, consumer confidence, levels of new and existing homes for sale, demographic trends and housing demand.

As a residential landlord in its properties that include rental apartments, FCR is subject to the risks inherent in the multi-unit residential rental property industry. In addition to the risks highlighted above, these include exposure to private individual tenants (as opposed to commercial tenants in FCR's retail properties), fluctuations in occupancy levels, the inability to achieve economic rents (including anticipated increases in rent), controlling bad debt exposure, rent control regulations, increases in operating costs including the costs of utilities (residential leases are often “gross” leases under which the landlord is not able to pass on costs to its residents), the imposition of increased taxes or new taxes and capital investment requirements.

Environmental Matters

First Capital maintains comprehensive environmental insurance and conducts environmental due diligence upon the acquisition of new properties. There is, however, a risk that the value of any given property in FCR's portfolio could be adversely affected as a result of unforeseen or uninsured environmental matters or changes in governmental regulations.

Under various federal, provincial and local laws, FCR, as an owner, and potentially as a person in control of or managing real property, could potentially be liable for costs of investigation, remediation and monitoring of certain contaminants, hazardous or toxic substances present at or released from its properties or disposed of at other locations, whether FCR knows of, or is responsible for, the environmental contamination and whether the contamination occurred before or after FCR acquired the property. The costs of investigation, removal or remediation of hazardous or toxic substances are not estimable, may be substantial and could adversely affect FCR's results of operations or financial position. The presence of contamination or the failure to remediate such substances, if any, may adversely affect FCR's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims, including proceedings by government regulators or third-party lawsuits. Environmental legislation can change rapidly and FCR may become subject to more stringent environmental laws in the future, and compliance with more stringent environmental laws, or increased enforcement of the same, could have a material adverse effect on its business, financial position or results of operations.

Partnerships

First Capital has investments in properties with non-affiliated partners through partnership, co-ownership and limited liability corporate venture arrangements (collectively, "partnerships"). As a result, FCR does not control all decisions regarding those properties and may be required to take actions that are in the interest of the partners collectively, but not in FCR’s sole best interests. Accordingly, FCR may not be able to favourably resolve any issues that arise with respect to such decisions, or FCR may have to take legal action or provide financial or other inducements to partners to obtain such resolution. In addition, FCR may be exposed to risks resulting from the actions, omissions or financial situation of a partner, which may result in harm to FCR’s reputation or adversely affect the value of FCR’s investments.

Investments Subject to Credit and Market Risk

First Capital provides co-owner financing, priority mortgages and mezzanine loans to third parties in connection with certain transactions and partnerships ("Loans and Mortgages Receivable"). First Capital also invests in marketable and other securities. FCR is exposed to customary risks in the event that the values of its Loans and Mortgages Receivable and/or its investments, in marketable and other securities, decrease due to overall market conditions, business failure, and/or other non-performance/defaults by the counterparties or investees. Not all lending activities will translate into acquisitions or equity participation in a project and the value of the assets securing FCR’s Loans and Mortgages Receivable is dependent on real estate market conditions and in the event of a large market correction, their value may be unable to support the investments. There can also be no assurance FCR will advance new Loans and Mortgages Receivable at the same rate or in the same amount repaid, which could negatively impact future earnings. Additionally, repayment of one or more of the current loans outstanding would result in an immediate decrease of FCR’s Loans and Mortgages Receivable unless and until such time that FCR advances new loans.

Climate Change and Carbon Reduction Initiatives

Changing weather patterns and other effects of climate change have created uncertainty as to future trends and weather conditions and could have an impact on FCR's properties, adversely impacting its results. First Capital's properties, tenants, and communities may become impacted by more severe weather events and natural disasters. Over time, these conditions could result in a decreased demand for space in FCR’s impacted properties or, in extreme cases, it may impact FCR’s ability to operate the properties at all. Climate change may also have indirect effects on First Capital’s business by increasing the cost of (or making unavailable) property insurance on favourable terms, resulting in additional costs to repair or replace damaged properties or protect its properties against such risks, which could negatively impact FCR’s earnings, liquidity or capital resources. The occurrence of natural disasters or severe weather conditions can also delay new development projects. In addition, compliance with new laws or regulations related to climate change may require First Capital to make improvements to its existing properties or increase taxes and fee assessments, which could result in declining demand for FCR’s properties and increased expenses and may adversely affect operating and financial results.

As the Trust continues to work towards achieving its science-based 2030 greenhouse gas reduction targets and net-zero commitment, its progress may be deterred by challenges such as the availability of the necessary technology or the cost of adopting carbon reduction initiatives. This could result in the Trust being unable to meet its decarbonization goals. The failure or perceived failure by the Trust to execute its carbon reduction initiatives, maintain its environmental and sustainability practices or comply with emerging and evolving regulatory requirements or stakeholder expectations could result in fines or adversely affect the Trust’s reputation, operations or financial performance.

Cybersecurity

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of FCR’s information technology resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. As FCR’s reliance on technology has increased, so have the risks posed to its systems. First Capital's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with tenants as well as the disclosure of confidential information. Events such as these could adversely affect First Capital’s financial position and results of operations.

Cash Distributions Are Not Guaranteed; Non-Cash Distributions

Distributions on the Trust Units are established by the Board of Trustees and are subject to change at the discretion of the Board of Trustees. While First Capital's distribution policy has been established pursuant to the Declaration of Trust and may only be changed with the approval of a majority of Unitholders, the actual amount of distributions paid in respect of the Trust Units will depend upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of First Capital. The market value of the Trust Units may deteriorate if First Capital is unable to meet its distribution targets in the future, and that deterioration could be significant. In addition, the composition of the cash distributions for tax purposes may change over time and could affect the after-tax return for Unitholders.

In addition, certain distributions declared by the Trustees on the Trust Units may be payable in cash, Trust Units or a combination of cash and Trust Units. Immediately after any pro rata distribution of additional Trust Units to all Unitholders, the number of the outstanding Trust Units may be automatically consolidated such that each such holder will hold after the consolidation the same number of Trust Units as such holder held before the distribution of additional Trust Units (provided that Unitholders not resident in Canada for Canadian federal income tax purposes may be subject to applicable withholding taxes in connection therewith). Such an automatic consolidation may affect a Unitholder's after-tax return relating to their investment in Trust Units.

Taxation Matters

The Trust or its subsidiary First Capital Realty Inc. ("FCR Inc.") may not qualify as a "mutual fund trust or MFT" or a "mutual fund corporation or MFC" (as applicable) for purposes of the Tax Act, or it may cease to so qualify. If the Trust or FCR Inc. did not so qualify for such purposes continuously throughout a taxation year, it would be subject to adverse tax consequences which likely may materially reduce its ability to make distributions on the Trust Units. Furthermore, if the Trust or FCR Inc. was considered to have been established primarily for the benefit of non-resident persons, it would be permanently disqualified from qualifying as a MFT or a MFC (as applicable) for such purposes.

There is a risk (for example, as a result of an unanticipated event) that the Trust will not qualify (under the exception for real estate investment trusts from the rules applicable to SIFT trusts or SIFT partnerships in the Tax Act) as a "real estate investment trust" under the Tax Act for one or more of its taxation years. Were this to occur, the level of monthly cash distributions made on the Trust Units may be materially reduced. Furthermore, there is no assurance that the provisions of the Tax Act regarding the exemption afforded to REITs from the SIFT rules will not change in a manner that adversely impacts the Unitholders.

Although First Capital is of the view that all expenses to be claimed by it and its subsidiaries will be reasonable and deductible and that the cost amount and capital cost allowance claims of entities indirectly owned by First Capital will have been correctly determined, there can be no assurance that the Tax Act, or the interpretation of the Tax Act, will not change, or that the Canada Revenue Agency (the "CRA") will agree. If the CRA successfully challenges the deductibility of such expenses or the allocation of such income, First Capital's taxable income, and indirectly the taxable income of Unitholders, will increase or change.

The bill containing the excessive interest and financing expenses limitation ("EIFEL") rules received Royal Assent on June 20, 2024, which are effective for taxation periods beginning on or after October 1, 2023. The EIFEL rules limit the deductibility of net interest and financing expenses in certain circumstances. The Trust's position is that it and its subsidiaries should not be subject to these deduction limitations. However, there is no assurance that the Tax Act, or the interpretation of the Tax Act, will not change, or that the CRA will agree with the Trust's position, which could result in an increase in the amount of taxable income in FCR's taxable subsidiaries.

Pursuant to proposed amendments to the Income Tax Act introduced in 2024, certain corporations controlled by or for the benefit of certain shareholder(s) would be disqualified from being an MFC for taxation years commencing after 2024. Pursuant to such proposed amendments and if enacted as proposed, First Capital Realty Inc., a subsidiary of the Trust which currently qualifies as an MFC, would cease to be an MFC for its taxation year beginning December 30, 2025. The Trust is continuing to monitor the status of the proposed legislation and analyzing its potential effects on First Capital Realty Inc. and the Trust.

Pandemics, Epidemics or Other Outbreaks

A pandemic, epidemic or other outbreak (collectively, a "public health crisis") could have a materially adverse impact on the Trust’s financial position and results of operations. A substantial portion of First Capital’s tenants could be forced to close in accordance with government regulations or operate at a reduced capacity, which may negatively impact their ability to pay rent in accordance with the terms of their lease. 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 risks described above and the potential macroeconomic impact, specific effects of a public health crisis 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 employee engagement, IT systems and networks. Changes to operations in response to these and other effects of a public health crisis on the economy and consumer habits could materially adversely impact First Capital’s financial results and may negatively impact several aspects of FCR’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 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.

A public health crisis may cause economic uncertainty and increased volatility in financial markets, which may negatively impact the market price for FCR’s securities and could adversely impact FCR’s operations and financial performance.

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CONSOLIDATED FINANCIAL STATEMENTS

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Management's Responsibility

First Capital Real Estate Investment Trust's consolidated financial statements and Management's Discussion and Analysis ("MD&A") are the responsibility of Management and have been prepared in accordance with IFRS® Accounting Standards ("IFRS").

The preparation of consolidated financial statements and the MD&A necessarily involves the use of estimates based on Management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. In addition, in preparing this financial information, Management must make determinations as to the relevancy of information to be included, and estimates and assumptions that affect the reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from the present assessment of this information because future events and circumstances may not occur as expected. The consolidated financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to February 11, 2025.

Management is also responsible for the maintenance of financial and operating systems, which include effective controls to provide reasonable assurance that First Capital's assets are safeguarded, transactions are properly authorized and recorded, and that reliable financial information is produced.

The Board of Trustees is responsible for ensuring that Management fulfills its responsibilities, including the preparation and presentation of the consolidated financial statements and all of the information in the MD&A, and the maintenance of financial and operating systems, through its Audit Committee, that is comprised of independent Trustees who are not involved in the day-to-day operations of First Capital. Each quarter, the Audit Committee meets with Management and, as necessary, with the independent auditor, Ernst & Young LLP, to satisfy itself that Management's responsibilities are properly discharged and to review and report to the Board of Trustees on the consolidated financial statements.

In accordance with generally accepted auditing standards, the independent auditor conducts an examination each year in order to express a professional opinion on the consolidated financial statements.

Adam E. Paul
President and Chief Executive Officer

Neil Downey
Executive Vice President, Enterprise Strategies and Chief Financial Officer

Toronto, Ontario
February 11, 2025

Independent Auditor's Report

To the Unitholders of
First Capital Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of First Capital Real Estate Investment Trust (the "Trust"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Investment Properties The Trust’s investment property portfolio has a fair value of $8.2 billion, which represents 89.7% of total assets as at December 31, 2024. The Trust employs certified staff appraisers to value the investment property portfolio. The valuation methodology for these investment properties is primarily based on an income approach, utilizing the direct capitalization method and/or the discounted cash flow method. The valuation of the Trust’s investment property portfolio is a key audit matter given the inherently subjective nature of significant assumptions including discount rates, stabilized capitalization rates, terminal capitalization rates and stabilized cash flows or net operating income, which are based on vacancy and leasing assumptions, as applicable. These assumptions are influenced by property-specific characteristics including location, type and quality of the properties and tenancy agreements. Note 2(g) of the consolidated financial statements describes the accounting policy for investment properties, including the valuation method and valuation inputs. Note 3(b) of the consolidated financial statements discloses the sensitivity of the fair value of investment properties to a change in stabilized capitalization rates and stabilized net operating income.	With the assistance of our real estate valuation specialists, we evaluated the appropriateness of the underlying valuation methodology, and performed the following audit procedures, among others: We assessed the competence and objectivity of Management’s valuation department, including the certified staff appraisers, by reviewing the qualifications and expertise of the individuals involved in the preparation and review of the valuations. We selected a sample of properties where either the fair value change from prior year or significant assumptions fell outside our expectations, based on our understanding of the geographical real estate market for the specific asset type. For this sample of investment properties, we evaluated the significant assumptions by comparison to the expected real estate market benchmark range for similar assets and tenancies, in similar locations. We also considered whether there were any additional asset-specific characteristics that may impact the significant assumptions utilized and whether these were appropriately considered in the overall assessment of fair value. We assessed the accuracy of Management’s historical fair value estimates through comparison to transactions to acquire and dispose of interests in investment properties completed by the Trust. We evaluated the Trust’s critical accounting policies and related disclosures in the consolidated financial statements to assess appropriateness and conformity with IFRS.

Other information

Management is responsible for the other information. The other information comprises:

- Management’s Discussion and Analysis; and
- The information, other than the consolidated financial statements and our auditor’s report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor’s report. If, based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Trust’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Trust’s financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Independent Auditor's Report

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephanie Lamont.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 11, 2025

Consolidated Balance Sheets

As at *(thousands of dollars)*	Note	December 31, 2024	December 31, 2023
ASSETS			
Non-current Assets			
Real Estate Investments			
Investment properties	3	**$ 8,040,375**	$ 8,070,985
Investment in joint ventures	4	**320,042**	404,504
Loans, mortgages and other assets	6	**88,728**	110,846
Total non-current real estate investments		**8,449,145**	8,586,335
Other non-current assets	8	**28,947**	31,711
Total non-current assets		**8,478,092**	8,618,046
Current Assets			
Cash and cash equivalents	26(d)	**150,291**	87,421
Loans, mortgages and other assets	6	**84,903**	76,519
Residential development inventory		**227,303**	192,125
Amounts receivable	7	**14,449**	20,393
Other current assets	8	**29,510**	31,522
		506,456	407,980
Assets classified as held for sale	3(d)	**196,625**	168,275
Total current assets		**703,081**	576,255
Total assets		**$ 9,181,173**	$ 9,194,301
LIABILITIES			
Non-current Liabilities			
Mortgages	10	**$ 1,127,171**	$ 1,185,872
Credit facilities	10	**595,716**	1,125,856
Senior unsecured debentures	11	**1,794,854**	1,298,810
Other liabilities	12	**121,208**	127,376
Deferred tax liabilities	20	**760,148**	753,020
Total non-current liabilities		**4,399,097**	4,490,934
Current Liabilities			
Mortgages	10	**98,860**	143,171
Credit facilities	10	**127,619**	28,051
Senior unsecured debentures	11	**300,138**	300,131
Accounts payable and other liabilities	12	**223,605**	226,859
		750,222	698,212
Mortgages classified as held for sale	3(d), 10	**17,755**	8,998
Total current liabilities		**767,977**	707,210
Total liabilities		**5,167,074**	5,198,144
EQUITY			
Unitholders' equity	13	**3,946,100**	3,933,377
Non-controlling interest	23	**67,999**	62,780
Total equity		**4,014,099**	3,996,157
Total liabilities and equity		**$ 9,181,173**	$ 9,194,301

Refer to accompanying notes to the consolidated financial statements.

Approved by the Board of Trustees:

Ian Clarke,
Trustee

Adam E. Paul,
Trustee

Consolidated Statements of Income (Loss)

		Year ended December 31	
(thousands of dollars)	**Note**	**2024**	2023
Property rental revenue		**$ 713,524**	$ 687,981
Property operating costs		**266,236**	262,724
Net operating income	15	**447,288**	425,257
Other income and expenses			
Interest and other income	16	**47,118**	24,875
Interest expense	17	**(166,163)**	(154,096)
Corporate expenses	18	**(51,088)**	(53,902)
Abandoned transaction (costs) recovery		**(46)**	(24)
Amortization expense		**(2,567)**	(3,897)
Share of profit (loss) from joint ventures	4	**(38,938)**	48,501
Other gains (losses) and (expenses)	19	**(4,532)**	(12,247)
(Increase) decrease in value of unit-based compensation	14	**(5,381)**	6,237
(Increase) decrease in value of Exchangeable Units		**—**	88
Increase (decrease) in value of hotel property	5	**—**	3,646
Increase (decrease) in value of investment properties, net	3	**(8,155)**	(423,598)
		(229,752)	(564,417)
Income (loss) before income taxes		**217,536**	(139,160)
Deferred income tax expense (recovery)	20	**14,290**	(4,796)
Net income (loss)		**$ 203,246**	$ (134,364)
Net income (loss) attributable to:			
Unitholders	13	**$ 204,933**	$ (134,056)
Non-controlling interest	23	**(1,687)**	(308)
		$ 203,246	$ (134,364)

Refer to accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

		Year ended December 31	
(thousands of dollars)	**Note**	**2024**	2023
Net income (loss)		**$ 203,246**	$ (134,364)
Other comprehensive income (loss)			
Unrealized gain (loss) on revaluation of hotel property [1]	5	**—**	10,669
Reclassification of net (gain) loss on revaluation of hotel property to retained earnings	5	**—**	(10,669)
Unrealized gain (loss) on cash flow hedges [2]	25(b)	**(23,274)**	(32,727)
Reclassification of net (gain) loss on cash flow hedges to net income (loss)	25(b)	**5,180**	3,845
		(18,094)	(28,882)
Deferred tax expense (recovery)	20/25(b)	**(7,057)**	(11,264)
Other comprehensive income (loss)		**(11,037)**	(17,618)
Comprehensive income (loss)		**$ 192,209**	$ (151,982)
Comprehensive income (loss) attributable to:			
Unitholders	13	**$ 193,896**	$ (151,674)
Non-controlling interest	23	**(1,687)**	(308)
		$ 192,209	$ (151,982)

[1] Items that will not be reclassified to net income (loss).
[2] Items that may subsequently be reclassified to net income (loss).
Refer to accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

(thousands of dollars)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Trust Units	Total Unitholders' Equity	Non-Controlling Interest	Total Equity
			(Note 13(a))			
December 31, 2023	**$ 1,133,172**	**$ (3,122)**	**$ 2,803,327**	**$ 3,933,377**	**$ 62,780**	**$ 3,996,157**
Changes during the year:						
Net income (loss)	204,933	—	—	204,933	(1,687)	203,246
Options, deferred units, restricted units and performance units, net	—	—	2,224	2,224	—	2,224
Other comprehensive income (loss)	—	(11,037)	—	(11,037)	—	(11,037)
Contributions from (distributions to) non-controlling interest, net	—	—	—	—	6,906	6,906
Distributions *(Note 13(b))*	(183,397)	—	—	(183,397)	—	(183,397)
December 31, 2024	**$ 1,154,708**	**$ (14,159)**	**$ 2,805,551**	**$ 3,946,100**	**$ 67,999**	**$ 4,014,099**

(thousands of dollars)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Trust Units	Total Unitholders' Equity	Non-Controlling Interest	Total Equity
			(Note 13(a))			
December 31, 2022	$ 1,445,238	$ 14,496	$ 2,819,639	$ 4,279,373	$ 55,922	$ 4,335,295
Changes during the year:						
Net income (loss)	(134,056)	—	—	(134,056)	(308)	(134,364)
Conversion of Exchangeable Units	—	—	921	921	—	921
Repurchase of Trust Units *(Note 13(a))*	(3,354)	—	(22,339)	(25,693)	—	(25,693)
Options, deferred units, restricted units and performance units, net	—	—	5,106	5,106	—	5,106
Other comprehensive income (loss)	—	(6,949)	—	(6,949)	—	(6,949)
Contributions from (distributions to) non-controlling interest, net	—	—	—	—	7,166	7,166
Disposal of Hotel Property *(Note 5)*	8,905	(10,669)	—	(1,764)	—	(1,764)
Distributions *(Note 13(b))*	(183,561)	—	—	(183,561)	—	(183,561)
December 31, 2023	$ 1,133,172	$ (3,122)	$ 2,803,327	$ 3,933,377	$ 62,780	$ 3,996,157

Refer to accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

		Year ended December 31	
(thousands of dollars)	**Note**	**2024**	2023
OPERATING ACTIVITIES			
Net income (loss)		**$ 203,246**	$ (134,364)
Adjustments for:			
(Increase) decrease in value of investment properties, net	3	**8,155**	423,598
(Increase) decrease in value of hotel property	5	**—**	(3,646)
Interest expense	17	**166,163**	154,096
Amortization expense		**2,567**	3,897
Share of (profit) loss from joint ventures	4	**38,938**	(48,501)
Cash interest paid associated with operating activities	17	**(154,736)**	(150,112)
Items not affecting cash and other items	26(a)	**26,183**	11,087
Net changes in other working capital items	26(b)	**(56,726)**	(28,321)
Cash provided by (used in) operating activities		**233,790**	227,734
FINANCING ACTIVITIES			
Mortgage borrowings, net of financing costs	10	**10,690**	232,542
Mortgage principal instalment payments	10	**(35,252)**	(35,739)
Mortgage repayments	10	**(70,342)**	—
Credit facilities, net advances (repayments)	10	**(428,469)**	53,671
Issuance of senior unsecured debentures, net of issue costs	11	**795,753**	—
Repurchase of senior unsecured debentures	11	**(18,944)**	—
Repayment of senior unsecured debentures	11	**(281,000)**	(300,000)
Settlement of hedges, net		**(254)**	(4,990)
Repurchase of Trust Units	13(a)	**—**	(25,693)
Payment of distributions	13(b)	**(183,388)**	(183,657)
Net contributions from (distributions to) non-controlling interest	23	**6,906**	7,166
Cash provided by (used in) financing activities		**(204,300)**	(256,700)
INVESTING ACTIVITIES			
Acquisition of investment properties	3(c)	**(33,453)**	(76,490)
Disposition of Hotel property, net of selling costs	5	**—**	102,775
Net proceeds (costs) from property dispositions	3(d)	**195,617**	176,113
Net proceeds from sale of joint ventures	4	**—**	4,081
Distributions from joint ventures	4	**5,533**	4,599
Contributions to joint ventures	4	**(20,037)**	(6,554)
Capital expenditures on investment properties	3(a)	**(123,768)**	(143,023)
Changes in investing-related prepaid expenses and other liabilities		**(25,603)**	(31,598)
Changes in loans, mortgages and other assets	26(c)	**35,091**	53,790
Cash provided by (used in) investing activities		**33,380**	83,693
Net increase (decrease) in cash and cash equivalents		**62,870**	54,727
Cash and cash equivalents, beginning of year		**87,421**	32,694
Cash and cash equivalents, end of year	26(d)	**$ 150,291**	$ 87,421

Refer to accompanying notes to the consolidated financial statements.

Notes to the 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 owns, operates and develops grocery-anchored, open-air centres in neighbourhoods with the strongest demographics in Canada. 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The audited annual 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. The accounting policies set out below have been applied consistently in all material respects to all years presented, unless otherwise noted.

Certain comparative balances in the consolidated balance sheets have been reclassified to conform with the current period classification of such items. The current period classification more appropriately reflects the financial position of the Trust. These changes are not material to the consolidated financial statements as a whole.

In measuring performance or allocating resources, the Trust does not distinguish or group its operations on a geographical or any other basis and, accordingly, has a single reportable segment for disclosure purposes. Individual segments have been aggregated based on Management's judgement, which considered the nature of operations, type of tenants and that the aggregated segments would have similar long-term economic characteristics. The Trust has one reportable segment for financial reporting purposes, which comprises the ownership, management and development of investment properties located across Canada.

These audited annual consolidated financial statements were approved by the Board of Trustees and authorized for issue on February 11, 2025.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Trust as well as the entities that are controlled by the Trust (subsidiaries). The Trust controls an entity when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Trust. They are deconsolidated from the date that control ceases. Inter-company transactions, balances and other transactions between consolidated entities are eliminated.

(d) Trust Units

First Capital's Trust Units are redeemable at the option of the holder and, therefore, are considered puttable instruments in accordance with IAS 32, "Financial Instruments – Presentation" ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case, the puttable instruments may be presented as equity.

To be presented as equity, a puttable instrument must meet all of the following conditions: (i) it must entitle the holder to a pro-rata share of the entity's net assets in the event of the entity's dissolution; (ii) it must be in the class of instruments that is subordinate to all other instruments; (iii) all instruments in the class in (ii) above must have identical features; (iv) other than the redemption feature, there can be no other contractual obligations that meet the definition of a liability; and (v) the expected cash flows for the instrument must be based substantially on the profit or loss of the entity or change in the fair value of the instrument.

The Trust Units meet the conditions of IAS 32 and, accordingly, are presented as equity in the consolidated financial statements.

Earnings per Unit

As First Capital's Trust Units are puttable instruments and, therefore, financial liabilities, they may not be considered as equity for the purposes of calculating net income (loss) on a per unit basis under IAS 33, "Earnings per Share". Consequently, the Trust has not reported earnings per unit.

(e) Business combinations

At the time of acquisition of property, First Capital considers whether the acquisition represents the acquisition of a business. The Trust accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

The cost of a business combination is measured as the aggregate of the consideration transferred at acquisition date fair value. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The Trust recognizes any contingent consideration to be transferred by the Trust at its acquisition date fair value. Goodwill is initially measured at cost, being the excess of the purchase price over the fair value of the net identifiable assets acquired and liabilities assumed. Acquisition-related costs are expensed in the period incurred.

When the acquisition of property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill is recognized. Acquisition-related costs are capitalized to investment property at the time the acquisition is completed.

(f) Investments in joint arrangements

First Capital accounts for its investment in joint ventures using the equity method and accounts for investments in joint operations by recognizing the Trust’s direct rights to assets, obligations for liabilities, revenues and expenses. Under the equity method, the interest in the joint venture is carried in the consolidated balance sheets at cost plus post-acquisition changes in the Trust’s share of the net assets of the joint ventures, less distributions received and less any impairment in the value of individual investments. First Capital's consolidated statements of income (loss) reflect its share of the results of operations of the joint ventures after tax, if applicable.

(g) Investment properties

Investment properties consist of income-producing properties and development land that are held to earn rental income or for capital appreciation, or both. Investment properties also include properties that are being constructed or developed for future use, as well as ground leases to which the Trust is the lessee. The Trust classifies its investment properties on its consolidated balance sheets as follows:

(i) Investment properties

Investment properties include First Capital's income-producing portfolio, properties currently under development or redevelopment and any adjacent land parcels available for expansion but not currently under development. Also included in investment properties is development land, which includes land parcels at various stages of development planning, primarily for future retail or mixed-use occupancy.

(ii) Assets classified as held for sale

Assets, including investment properties, are classified as held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such property, and its sale must be highly probable, generally within one year. Upon designation as held for sale, assets, including investment properties continue to be measured at fair value and are presented separately on the consolidated balance sheets.

Valuation method

Investment properties are recorded at fair value, which reflects current market conditions, at each reporting period-end date. Gains and losses from changes in fair values are recorded in net income (loss) in the period in which they arise.

The determination of fair values requires Management to make estimates and assumptions that affect the values presented, such that actual values in sales transactions may differ from those presented.

First Capital's policy in determining the fair value of its investment properties at the end of each reporting period includes the following approaches:

1. Internal valuations – by certified staff appraisers employed by the Trust, in accordance with professional appraisal standards and IFRS. Every investment property has an internal valuation completed at least once a year.
2. Value updates – primarily consisting of Management's review of the key assumptions from previous internal valuations and updating the value for changes in the property cash flow, physical condition and changes in market conditions.

External appraisals are obtained periodically by Management. These appraisals are used as data points, together with other market information accumulated by Management, in arriving at its conclusions on key assumptions and values. External appraisals are completed by an independent appraisal firm, in accordance with professional appraisal standards and IFRS.

The selection of the approach for each property is made based upon the following criteria:

- Property type – this includes an evaluation of a property's complexity, stage of development, time since acquisition and other specific opportunities or risks associated with the property. Stable properties and recently acquired properties will generally receive a value update, while properties under development will typically be valued using internal valuations until completion.
- Market risks – specific risks in a region or a trade area may warrant an internal valuation for certain properties.
- Changes in overall economic conditions – significant changes in overall economic conditions may increase the number of external or internal appraisals performed.
- Business needs – financings or acquisitions and dispositions may require an external appraisal.

Valuation Inputs

First Capital's investment property is measured using Level 3 inputs (in accordance with the IFRS fair value hierarchy), as not all significant inputs are based on observable market data (unobservable inputs). These unobservable inputs reflect the Trust's own assumptions of how market participants would price investment property, and are developed based on the best information available, including the Trust's own data. These significant unobservable inputs include:

- Stabilized cash flows or net operating income, which is based on the location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence, such as current market rents for similar properties, adjusted for estimated vacancy rates based on current and expected future market conditions after expiry of any current lease and expected maintenance costs.
- Stabilized capitalization rates, discount rates and terminal capitalization rates, which are based on location, size and quality of the properties and taking into account market data at the valuation date. Stabilized capitalization rates are used for the direct capitalization method and discount and terminal capitalization rates are used in the discounted cash flow method described below.
- Costs to complete for properties under development.

(i) Investment properties

Investment properties that are income-producing are appraised primarily based on an income approach that reflects stabilized cash flows or net operating income from existing tenants with the property in its existing state, since purchasers typically focus on expected income. Internal valuations are conducted using and placing reliance on both the direct capitalization method and the discounted cash flow method (including the estimated proceeds from a potential future disposition).

(ii) Properties under development

Properties undergoing development, redevelopment or expansion are valued either (i) using the discounted cash flow method, with a deduction for costs to complete the project, or (ii) at cost, when cost approximates fair value. Stabilized capitalization rates, discount rates and terminal capitalization rates, as applicable, are adjusted to reflect lease-up assumptions and construction risk, when appropriate. Adjacent land parcels held for future development are valued based on comparable sales of commercial land.

The primary method of appraisal for development land is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets to estimate a value on either a per acre basis or on a basis of per square foot buildable. Such values are applied to First Capital's properties after adjusting for factors specific to the site, including its location, zoning, servicing and configuration.

The cost of development properties includes direct development costs, including internal development costs, realty taxes and borrowing costs attributable to the development. Borrowing costs associated with expenditures on properties under development or redevelopment are capitalized. Borrowing costs are also capitalized on land or properties acquired specifically for development or redevelopment when activities necessary to prepare the asset for development or redevelopment are in progress. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings, less any interest income earned on funds not yet employed in construction funding.

Capitalization of borrowing costs and all other costs commences when the activities necessary to prepare an asset for development or redevelopment begin, and continue until the date that construction is complete and all necessary occupancy and related permits have been received, whether or not the space is leased. If the Trust is required as a condition of a lease to construct tenant improvements that enhance the value of the property, then capitalization of costs continues until such improvements are completed. Capitalization ceases if there are prolonged periods when development activity is interrupted.

As required by IFRS in determining investment property fair value, the Trust makes no adjustments for portfolio premiums and discounts, nor for any value attributable to the Trust's management platform.

(h) Hotel property

First Capital accounts for its hotel property which was sold on June 9, 2023, as property, plant and equipment under the revaluation model. Hotel property is recognized initially at fair value if acquired in a business combination and is subsequently carried at fair value at the revaluation date less any accumulated impairment and subsequent accumulated amortization. The Trust amortizes these assets on a straight-line basis over their relevant estimated useful lives. The estimated useful lives of the assets range from 3 to 40 years. The fair value of the hotel property is based on an income approach and determined using a discounted cash flow model.

Revaluation of the hotel property is typically performed annually, unless market conditions arise that would require quarterly revaluations. Where the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income (loss) ("OCI") and accumulated in equity within revaluation surplus, unless the increase reverses a previously recognized revaluation loss recorded through prior period net income (loss), in which case that portion of the increase is recognized in net income (loss). Where the carrying amount of an asset is decreased, the decrease is recognized in OCI to the extent of any balance existing in revaluation surplus in respect of the asset, with the remainder recognized in net income (loss). Revaluation gains are recognized in OCI, and are not subsequently recycled into profit or loss. The cumulative revaluation surplus is transferred directly to retained earnings when the asset is derecognized.

The revenue and operating expenses of the hotel property are included within net operating income in First Capital's consolidated statements of income (loss).

(i) Residential development inventory

Residential development inventory, which is developed for sale, is recorded at the lower of cost and estimated net realizable value. Residential development inventory is reviewed for impairment at each reporting date. An impairment loss is recognized in net income (loss) when the carrying value of the property exceeds its net realizable value. Net realizable value is based on projections of future cash flows, which take into account the development plans for each project and Management’s best estimate of the most probable set of anticipated economic conditions.

The cost of residential development inventory includes borrowing costs directly attributable to projects under active development. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average capitalization rate for the Trust’s other borrowings to eligible expenditures. Borrowing costs are not capitalized on residential development inventory where no development activity is taking place.

Transfers into residential inventory are based on a change in use, evidenced by the commencement of development activities with a view to sell, at which point an investment property would be transferred to inventory. Transfers from residential inventory to investment property are based on a change in use, evidenced by Management's commitment to use the property for rental income purposes and the establishment of an operating lease.

(j) Taxation

First Capital qualifies as a mutual fund trust under the *Income Tax Act* (Canada)(the "Act"). 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 ("MFC").

Current income tax assets and liabilities are measured at the amount expected to be received from or paid to tax authorities based on the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates.

Deferred tax liabilities are measured by applying the appropriate tax rate to temporary differences between the carrying amounts of assets and liabilities and their respective tax basis. The appropriate tax rate is determined by reference to the rates that are expected to apply to the year and the jurisdiction in which the assets are expected to be realized or the liabilities settled.

Deferred tax assets are recorded for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized. For the determination of deferred tax assets and liabilities where an investment property is measured using the fair value model, the presumption is that the carrying amount of an investment property is recovered through sale, as opposed to presuming that the economic benefits of the investment property will be substantially consumed through use over time.

Current and deferred income taxes are recognized in correlation to the underlying transaction either in OCI or directly in equity.

(k) Provisions

A provision is a liability of uncertain timing or amount. First Capital records provisions, including asset retirement obligations, when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are remeasured at each consolidated balance sheet date using the current discount rate. The increase in the provision due to passage of time is recognized as interest expense.

(l) Unit-based Compensation Plans

Restricted Units (“RUs”), Performance Units (“PUs”) and Trustee Deferred Units (“DUs”) are issued by First Capital from time to time as non-cash compensation. Up until March 2021, First Capital also periodically issued unit options as non-cash compensation. These unit-based compensation plans are measured at fair value at the grant date and compensation expense is recognized in the consolidated statements of income (loss) consistent with the vesting features of each plan. The 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. The liability is adjusted for changes in fair value with such adjustments being recognized as increase/decrease in value of unit-based compensation in the consolidated statements of income (loss) in the period in which they occur. The liability balance is reduced as Unit Options are exercised or RUs, PUs and DUs are settled for cash or for Trust Units and recorded in equity.

(m) Revenue recognition

First Capital retains substantially all of the risks and benefits of ownership of its investment properties and, therefore, accounts for leases with its tenants as operating leases.

Revenue recognition under a lease commences when the tenant has a right to use the leased asset, which is typically when the space is turned over to the tenant to begin fixturing. Where the Trust is required to make additions to the property in the form of tenant improvements that enhance the value of the property, revenue recognition begins upon substantial completion of those improvements.

First Capital's revenues are earned from lease contracts with tenants and include both a lease component and a non-lease component.

Base rent, straight-line rent, realty tax recoveries, lease termination fees and percentage rent are considered lease components and are in the scope of IFRS 16, "Leases" ("IFRS 16").

The total amount of contractual base rent to be received from operating leases is recognized on a straight-line basis over the term of the lease, including any fixturing period. A receivable, which is included in the carrying amount of an investment property, is recorded for the difference between the straight-line rental revenue recorded and the contractual amount received.

Realty tax recoveries are variable recoveries relating to the leased property and do not transfer a good or service to the lessee and as a result are recognized as costs are incurred and chargeable to tenants.

Lease termination fees are earned from tenants in connection with the cancellation or early termination of their remaining lease obligations, and are recognized when a lease termination agreement is signed and collection is reasonably assured.

Percentage rents are recognized when the sales thresholds set out in the leases have been met.

Operating cost recoveries relate to the property management services provided to maintain the property and are considered non-lease components subject to the guidance in IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"). The property management services are considered a performance obligation, meeting the criteria for over-time recognition, and are recognized in the period that recoverable costs are incurred or services are performed.

(n) Financial instruments and derivatives

In accordance with IFRS 9, "Financial Instruments" ("IFRS 9"), all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Derivative instruments are recorded in the consolidated balance sheets at fair value, including those derivatives that are embedded in financial or non-financial contracts.

First Capital enters into forward contracts, interest rate swaps and cross-currency swaps to hedge its risks associated with movements in interest rates and the movement in the Canadian to U.S. dollar exchange rate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Hedge accounting is discontinued prospectively when the hedging relationship is terminated, when the instrument no longer qualifies as a hedge, or when the hedged item is sold or terminated. In cash flow hedging relationships, the portion of the change in the fair value of the hedging derivative that is considered to be effective is recognized in OCI while the portion considered to be ineffective is recognized in net income (loss). Unrealized hedging gains and losses in accumulated other comprehensive income (loss) are reclassified to net income (loss) in the periods when the hedged item affects net income (loss). Gains and losses on derivatives are immediately reclassified to net income (loss) when the hedged item is sold or terminated or when it is determined that a hedged forecasted transaction is no longer probable.

Changes in the fair value of derivative instruments, including embedded derivatives that are not designated as hedges for accounting purposes, are recognized in other gains (losses) and (expenses).

The following summarizes the Trust's classification and measurement of financial assets and liabilities for the years ended December 31, 2024 and 2023:

	Classification & Measurement
Financial assets	
Other investments	FVTPL
Derivative assets	FVTPL
Loans and mortgages receivable	Amortized Cost
Loans and mortgages receivable [1]	FVTPL
Equity securities designated as FVTPL	FVTPL
Amounts receivable	Amortized Cost
Cash and cash equivalents	Amortized Cost
Restricted cash	Amortized Cost
Bond asset	Amortized Cost
Financial liabilities	
Bank indebtedness	Amortized Cost
Mortgages	Amortized Cost
Credit facilities	Amortized Cost
Senior unsecured debentures	Amortized Cost
Exchangeable Units	FVTPL
Accounts payable and other liabilities	Amortized Cost
Unit-based compensation plans	FVTPL
Derivative liabilities	FVTPL

[1] The loans whose cash flows are not solely payments of principal or interest are classified as FVTPL.

In determining fair values, the Trust evaluates counterparty credit risks and makes adjustments to fair values and credit spreads based upon changes in these risks.

Fair value measurements recognized in the consolidated balance sheets are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values as follows:

(i) Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Trust has the ability to access at the measurement date. The Trust's investments in equity securities are measured using Level 1 inputs;

(ii) Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Trust's derivative assets and liabilities are measured using Level 2 inputs; and

(iii) Level 3 Inputs – inputs for the asset or liability that are not based on observable market data (unobservable inputs). These unobservable inputs reflect the Trust's own assumptions about the data that market participants would use in pricing the asset or liability, and are developed based on the best information available, including the Trust's own data. The Trust's loans and mortgages receivable classified as FVTPL and other investments are measured using Level 3 inputs.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(o) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities at the time of acquisition of three months or less.

(p) Critical judgments in applying accounting policies

The following are the critical judgments that have been made in applying First Capital's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(i) Investment properties

In applying the Trust's policy with respect to investment properties, judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, identifying the point at which capitalization of borrowing and other costs ceases.

(ii) Hedge accounting

Where the Trust undertakes to apply cash flow hedge accounting, it must determine whether such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting periods for which they were designated.

(iii) Income taxes

First Capital retains its REIT status if it meets the prescribed conditions under the Act. Management uses judgment in its interpretation and application of these conditions. First Capital determined that it qualifies as a REIT for the current period and expects to meet the prescribed conditions going forward. However, should the Trust no longer meet the REIT conditions, substantial adverse tax consequences may result.

With respect to its corporate subsidiaries, the Trust exercises judgment in estimating deferred tax assets and liabilities. Income tax laws may be subject to different interpretations, and the income tax expense recorded by the Trust reflects the Trust's interpretation of the relevant tax laws. The Trust is also required to estimate the timing of reversals of temporary differences between accounting and taxable income in determining the appropriate rate to apply in calculating deferred taxes.

(q) Critical accounting estimates and assumptions

First Capital makes 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. Actual results could differ from those estimates. The estimates and assumptions that the Trust considers critical include those underlying the valuation of investment properties, as set out above, which describes the process by which investment properties are valued, and the determination of which properties are externally and internally appraised and how often.

Additional critical accounting estimates and assumptions include those used for determining the values of financial instruments for disclosure purposes (Note 22), estimating deferred taxes (Note 20) and estimating the fair value of unit-based compensation arrangements (Note 14).

(r) Future Changes in Accounting Policies

IFRS 18, "Presentation and Disclosure in Financial Statements"

In April 2024, the IASB issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18"), which replaces IAS 1, "Presentation of Financial Statements". IFRS 18 aims to improve the comparability and transparency of communication in financial statements by introducing a number of new requirements:

(i) classify income and expenses in the statement of profit or loss into categories such as, operating, investing, financing, income taxes and discontinued operations as well as present defined subtotals;

(ii) provide note disclosure on management-defined performance measures that are used in communications outside the entity's financial statements;

(iii) enhance the aggregation or disaggregation of information to ensure that items are classified and aggregated based on shared characteristics and material information is not obscured; and

(iv) implement narrow scope amendments that have been made to IAS 7 "Statement of Cash Flows", IAS 34 "Interim Financial Reporting", and other minor amendments to other standards. Some requirements previously included within IAS 1 have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", which has been renamed IAS 8 "Basis of Preparation of Financial Statements".

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and requires retrospective application. Early adoption is permitted but will need to be disclosed. Management is evaluating the impact of IFRS 18, including the impact of the amendments to the other accounting standards, on First Capital's consolidated financial statements.

3. INVESTMENT PROPERTIES

(a) Activity

The following tables summarize the changes in First Capital’s investment properties for the years ended December 31, 2024 and 2023:

				Year ended December 31, 2024
	Income-Producing Properties	Properties under Construction	Density & Development Land	Total
Balance at beginning of year	$ 7,827,543	$ 123,342	$ 288,375	$ 8,239,260
Acquisitions	33,453	—	—	33,453
Capital expenditures	83,990	31,798	7,980	123,768
Contribution of net assets from equity accounted joint venture (Note 4)	—	—	60,028	60,028
Developments transferred offline/online, net	33,163	(32,556)	(607)	—
Increase (decrease) in value of investment properties, net	24,483	5,273	(37,911)	(8,155)
Straight-line rent and other changes	7,044	—	(28)	7,016
Dispositions	(139,150)	—	(79,220)	(218,370)
Balance at end of year	$ 7,870,526	$ 127,857	$ 238,617	$ 8,237,000
Investment properties	$ 7,739,226	$ 81,932	$ 219,217	$ 8,040,375
Assets classified as held for sale	131,300	45,925	19,400	196,625
Total	$ 7,870,526	$ 127,857	$ 238,617	$ 8,237,000

	Year ended December 31, 2023			
	Income-Producing Properties	Properties under Construction	Density & Development Land	Total
Balance at beginning of year	$ 8,213,224	$ 89,029	$ 325,535	$ 8,627,788
Acquisitions	62,324	—	15,740	78,064
Capital expenditures	67,043	48,854	27,126	143,023
Developments transferred offline/online, net	(2,628)	(9,234)	11,862	—
Increase (decrease) in value of investment properties, net	(462,839)	(5,307)	44,548	(423,598)
Straight-line rent and other changes	30	—	—	30
Dispositions	(49,611)	—	(136,436)	(186,047)
Balance at end of year	$ 7,827,543	$ 123,342	$ 288,375	$ 8,239,260
Investment properties	$ 7,725,176	$ 87,492	$ 258,317	$ 8,070,985
Assets classified as held for sale	102,367	35,850	30,058	168,275
Total	$ 7,827,543	$ 123,342	$ 288,375	$ 8,239,260

Investment properties with a fair value of $2.7 billion (December 31, 2023 – $2.9 billion) are pledged as security for $1.4 billion (December 31, 2023 – $1.5 billion) in mortgages and secured credit facilities.

(b) Investment property valuation

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

As at	**December 31, 2024**	December 31, 2023
Weighted Average Total		
Overall Capitalization Rate	**5.5%**	5.5%
Terminal Capitalization Rate	**5.7%**	5.6%
Discount Rate	**6.4%**	6.3%

The majority of the Trust's portfolio is valued under the Income Approach using the discounted cash flow ("DCF") method. As at December 31, 2024, the weighted average valuation yields (stabilized overall capitalization, terminal capitalization and discount rates) used in valuing those investment properties under the Income Approach did not materially change from December 31, 2023.

Throughout 2024, as part of its normal course internal valuations, the Trust made revisions to the cash flow models and yields on certain properties, and revalued certain development lands when considering comparable land sales and market activity. As a result, an overall net decrease in the value of investment properties was recorded in the amount of $8.2 million ($49.6 million at FCR's share) for the year ended December 31, 2024.

The sensitivity of the fair values of investment properties to stabilized overall capitalization rates as at December 31, 2024 is set out in the table below:

As at December 31, 2024		*(millions of dollars)*
(Decrease) Increase in stabilized overall capitalization rate		Resulting increase (decrease) in fair value of investment properties
(1.00%)	$	1,770
(0.75%)	$	1,258
(0.50%)	$	797
(0.25%)	$	380
0.25%	$	(347)
0.50%	$	(665)
0.75%	$	(957)
1.00%	$	(1,228)

Additionally, a 1% increase or decrease in stabilized net operating income ("SNOI") would result in a $80 million increase or a $80 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 $463 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 $423 million.

(c) Investment properties – Acquisitions

For the years ended December 31, 2024 and 2023, First Capital acquired investment properties as follows:

Year ended December 31		**2024**		2023
Total purchase price, including acquisition costs	**$**	**33,453**	$	78,064
Settlement of loans receivable on acquisition		**—**		(1,574)
Total cash paid	**$**	**33,453**	$	76,490

(d) Assets classified as held for sale and dispositions

First Capital has certain assets classified as held for sale. These assets typically include a mix of properties where FCR's value-enhancing objectives have been achieved or those that are considered to be non-core to the business, and are as follows:

As at		**December 31, 2024**		December 31, 2023
Aggregate fair value	**$**	**196,625**	$	168,275
Mortgages secured by assets classified as held for sale	**$**	**17,755**	$	8,998
Weighted average effective interest rate of mortgages secured by assets classified as held for sale		**3.5%**		3.2%

For the years ended December 31, 2024 and 2023, First Capital sold investment properties as follows:

					Year ended December 31
	Note		**2024**		2023
Total selling price		**$**	**218,370**	$	186,047
Secured construction facility assumed by purchaser on sale of investment properties			**(19,321)**		—
Vendor take-back mortgage on sale			**—**		(7,800)
Property selling costs	19		**(3,432)**		(2,134)
Net cash proceeds (costs)		**$**	**195,617**	$	176,113

4. INVESTMENT IN JOINT VENTURES

As at December 31, 2024, First Capital had interests in seven 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	**December 31, 2024**	December 31, 2023
Aukland and Main Developments LP	Station Place	Toronto, ON	**35.4%**	35.4%
College Square General Partnership	College Square	Ottawa, ON	**50.0%**	50.0%
Edenbridge Kingsway (Humbertown)	Humbertown Condos (Phase 1)	Toronto, ON	**50.0%**	50.0%
Fashion Media Group GP Ltd.	Toronto Fashion Week events	Toronto, ON	**78.0%**	78.0%
FC Urban Properties, LP	199 Avenue Rd.	Toronto, ON	**20.0%**	20.0%
Green Capital Limited Partnership [1]	Royal Orchard	Markham, ON	**—%**	50.0%
Lakeshore Development LP	2150 Lake Shore Blvd. W.	Toronto, ON	**50.0%**	50.0%
Stackt Properties LP	Shipping Container marketplace	Toronto, ON	**94.0%**	94.0%

(1) During the first quarter of 2024, Green Capital Limited Partnership was dissolved and the net assets distributed to its limited partners.

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.

The following table reconciles the changes in First Capital's interests in its equity accounted joint ventures for the years ended December 31, 2024 and 2023:

	Note	December 31, 2024	December 31, 2023
Balance at beginning of year		**$ 404,504**	$ 357,122
Contributions to equity accounted joint ventures		**20,037**	6,554
Distributions from equity accounted joint ventures		**(5,533)**	(4,599)
Disposition of equity accounted joint venture		**—**	(3,074)
Distribution of net assets from equity accounted joint venture	3(a)	**(60,028)**	—
Share of profit (loss) from equity accounted joint ventures		**(38,938)**	48,501
Balance at end of year		**$ 320,042**	$ 404,504

On June 9, 2023, the Trust sold its 50% interest of the partnership units in the ONE Restaurant for $5.0 million. The sale was subject to working capital and closing adjustments of $0.9 million with the Trust receiving net proceeds of $4.1 million. The total gain on investment of $1.0 million was recognized in other gains (losses) and (expenses) during the second quarter of 2023.

On February 28, 2024, Green Capital Limited Partnership was dissolved and the net assets distributed to its limited partners. The Trust held a 50% interest in the partnership and received net assets of $60.0 million. Concurrently with the dissolution, the Trust sold its 50% interest in the Royal Orchard property for net proceeds of $59.7 million.

Summarized financial information of the joint ventures' financial position and performance is set out below:

As at	December 31, 2024	December 31, 2023
Total assets	**$ 992,165**	$ 1,113,381
Total liabilities	**(330,306)**	(281,891)
Net assets at 100%	**661,859**	831,490
First Capital's investment in equity accounted joint ventures	**$ 320,042**	$ 404,504

For the year ended	**December 31, 2024**	December 31, 2023
Property revenue	**$ 32,347**	$ 38,291
Property expenses	**(14,912)**	(21,923)
Increase (decrease) in value of investment properties, net	**(87,709)**	89,377
Other income and (expenses)	**(1,595)**	(3,466)
Net income (loss) and total comprehensive income (loss) at 100%	**$ (71,869)**	$ 102,279
First Capital's share of profit (loss) from equity accounted joint ventures	**$ (38,938)**	$ 48,501

During 2024, First Capital received distributions from its joint ventures of $5.5 million (2023 – $4.6 million) and made contributions to its joint ventures of $20.0 million (2023 – $6.6 million).

As at December 31, 2024, there were approximately $15.0 million of outstanding commitments, $5.4 million of outstanding letters of credit issued by financial institutions and no contingent liabilities for the seven equity accounted joint ventures.

5. HOTEL PROPERTY

First Capital owned a 100% interest in the Hazelton Hotel ("hotel property") located in Toronto, Ontario. The hotel property is a mixed-use luxury hotel located in Yorkville Village.

On June 9, 2023, First Capital sold it's 100% interest in the hotel property. The total sale price before closing costs was $105.0 million. First Capital recognized a cumulative gain on the sale of the hotel property of $8.9 million that was recognized in retained earnings in accordance with the Trust's accounting policy for the hotel. The Trust also incurred closing costs of $1.2 million, which were expensed in 'Other gains (losses) and (expenses)' in the consolidated statements of income (loss) for the year ended December 31, 2023.

The following table summarizes the invested cost of the assets sold and net gain recognized in retained earnings as at the disposition date:

Sale price	$ 105,000
Closing adjustments [(1)]	(1,023)
Sale price, net	$ 103,977
Hotel Property, invested cost	(94,331)
Working capital, net [(1)]	(741)
Net gain on disposal of hotel property [(2)]	**$ 8,905**

Sale price, net	$ 103,977
Property selling costs	(1,202)
Net proceeds received	$ 102,775

(1) Excludes cash.
(2) In accordance with the revaluation model accounting for the hotel property, the gain of $8.9 million was transferred directly to retained earnings upon sale.

6. LOANS, MORTGAGES AND OTHER ASSETS

As at	December 31, 2024	December 31, 2023
Non-current		
Loans and mortgages receivable classified as amortized cost (a)	**$ 14,178**	$ 57,509
Other investments	**12,506**	11,393
Due from co-owners (b)	**62,044**	41,944
Total non-current	**88,728**	110,846
Current		
Loans and mortgages receivable classified as amortized cost (a)	**81,657**	73,718
FVTPL investments in securities (c)	**3,246**	2,801
Total current	**84,903**	76,519
Total	**$ 173,631**	$ 187,365

(a) Loans and mortgages receivable are secured by interests in investment properties or shares of entities owning investment properties. As at December 31, 2024, these receivables bear interest at weighted average effective interest rates of 8.9% (December 31, 2023 – 8.6%) and mature between 2025 and 2027.

(b) The Trust has contributed equity to one of its co-ownerships whereas its partners made draws on the co-ownership's new credit facility to fund the co-ownership's development project. The due from co-owners in the principal amount of $55.8 million equals the Trust's proportionate share of the co-ownership's credit facility draws. As there is no right of offset for these two financial instruments they are presented on a gross basis on the consolidated balance sheets.

(c) 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).

Scheduled principal receipts of loans and mortgages receivable and the weighted average effective floating or fixed interest rates as at December 31, 2024 are as follows:

	Scheduled Receipts	Weighted Average Effective Interest Rate
2025	$ 76,913	8.8%
2026	7,800	12.4%
2027	5,000	5.8%
Sub-Total	$ 89,713	8.9%
Unamortized deferred financing fees and accrued interest	6,122	
Total scheduled principal receipts of loans and mortgages receivable	$ 95,835	
Current	$ 81,657	8.8%
Non-current	14,178	9.8%
Total	$ 95,835	8.9%

7. AMOUNTS RECEIVABLE

As at	December 31, 2024	December 31, 2023
Tenant receivables (net of allowance for expected credit losses of $4.5 million; December 31, 2023 – $6.2 million)	**$ 13,948**	$ 20,063
Corporate and other amounts receivable	**501**	330
Total	**$ 14,449**	$ 20,393

First Capital determines its allowance for expected credit losses on a tenant-by-tenant basis considering lease terms, credit risk, industry conditions and the status of the tenant's account, among other factors.

The change in the allowance for expected credit losses is summarized below:

As at	December 31, 2024	December 31, 2023
Allowance for expected credit losses, beginning of year	**$ 6,203**	$ 9,499
Receivables written off during the year	**(1,534)**	(2,236)
Additional provision (recovery) and other adjustments recorded during the year	**(125)**	(1,060)
Allowance for expected credit losses, end of year	**$ 4,544**	$ 6,203

8. OTHER ASSETS

As at	Note	December 31, 2024	December 31, 2023
Non-current			
Fixtures, equipment and computer hardware and software (net of accumulated amortization of $27.3 million; December 31, 2023 – $24.8 million)		**$ 6,986**	$ 7,182
Deferred financing costs on credit facilities (net of accumulated amortization of $11.5 million; December 31, 2023 – $9.8 million)		**3,586**	4,628
Environmental indemnity and insurance proceeds receivable	12(a)	**561**	525
Derivatives at fair value	22	**4,844**	18,608
Other non-current assets [1]		**12,970**	768
Total non-current		**28,947**	31,711
Current			
Deposits and costs on investment properties under option		**4,647**	3,746
Prepaid expenses		**10,590**	10,723
Restricted cash		**3,045**	2,858
Derivatives at fair value	22	**809**	5,094
Other current assets		**10,419**	9,101
Total current		**29,510**	31,522
Total		**$ 58,457**	$ 63,233

(1) Other non-current assets includes an $11.6 million long-term bonus density payment owing to the Trust related to a previously sold property which received final zoning approval in the third quarter of 2024.

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	December 31, 2024	December 31, 2023
Liabilities (principal amounts outstanding)		
Mortgages	**$ 1,246,977**	$ 1,341,817
Credit facilities	**723,335**	1,153,907
Mortgages under equity accounted joint ventures (at the Trust's interest)	**89,619**	90,794
Credit facilities under equity accounted joint ventures (at the Trust's interest)	**34,355**	8,659
Senior unsecured debentures	**2,100,000**	1,600,000
	4,194,286	4,195,177
Equity market capitalization [1]	**3,600,991**	3,254,907
Total capital employed	**$ 7,795,277**	$ 7,450,084
Trust Units outstanding (000's)	**212,323**	212,184
Closing market price	**$ 16.96**	$ 15.34

[1] Equity market capitalization is the market value of FCR's units outstanding at December 31, 2024 and December 31, 2023.

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 December 31, 2024, 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	December 31, 2024	December 31, 2023
Net debt to total assets [1]	≤65%	**44.5%**	45.0%
Unencumbered aggregate assets to unsecured debt, using 10 quarter average capitalization rate [1]	>1.3	**2.4**	2.4
Unitholders' equity, using four quarter average (billions) [2]	>$2.0B	**$ 4.0**	$ 4.1
Secured indebtedness to total assets [2]	≤35%	**16.0%**	16.8%
For the rolling four quarters ended			
Interest coverage (Adjusted EBITDA to interest expense) [2]	>1.65	**2.4**	2.3
Fixed charge coverage (Adjusted EBITDA to debt service) [2]	>1.50	**2.0**	1.9

[1] Total assets excludes cash balances.
[2] 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 below:

- Debt consists of principal amounts outstanding on credit facilities and mortgages, and the par value of senior unsecured debentures;
- Net debt is calculated as Debt, as defined above, reduced by cash balances at the end of the period;
- Secured indebtedness includes mortgages and any draws under the secured facilities that are collateralized against investment property;
- 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, Exchangeable Units and unit-based

compensation; other gains (losses) and (expenses); and other non-cash or non-recurring items. The Trust also adjusts for incremental leasing costs, which is a recognized adjustment to Funds from Operations, in accordance with the recommendations of the Real Property Association of Canada;

- Fixed charges include regular principal and interest payments and capitalized interest in the calculation of interest expense; and
- Unencumbered assets include the value of assets that have not been pledged as security under any credit agreement or mortgage. The unencumbered asset value ratio is calculated as unencumbered assets divided by the principal amount of the unsecured debt, which consists of the bank indebtedness, unsecured bank term loans, unsecured credit facilities, and senior unsecured debentures.

10. MORTGAGES AND CREDIT FACILITIES

As at	**December 31, 2024**	December 31, 2023
Fixed rate mortgages	**$ 1,243,786**	$ 1,338,041
Unsecured facilities	**608,188**	1,041,908
Secured facilities	**115,147**	111,999
Mortgages and credit facilities	**$ 1,967,121**	$ 2,491,948
Current	**$ 226,479**	$ 171,222
Mortgages classified as held for sale	**17,755**	8,998
Non-current	**1,722,887**	2,311,728
Total	**$ 1,967,121**	$ 2,491,948

Mortgages and secured facilities are secured by First Capital's investment properties. As at December 31, 2024, approximately $2.7 billion (December 31, 2023 – $2.9 billion) of investment properties out of $8.2 billion (December 31, 2023 – $8.2 billion) (Note 3(a)) had been pledged as security under the mortgages and the secured facilities.

As at December 31, 2024, mortgages bear coupon interest at a weighted average coupon rate of 3.8% (December 31, 2023 – 3.7%) and mature in the years ranging from 2025 to 2034. The weighted average effective interest rate on all mortgages as at December 31, 2024 is 3.9% (December 31, 2023 – 3.8%).

Principal repayments of mortgages outstanding as at December 31, 2024 are as follows:

	Scheduled Amortization	Payments on Maturity	Total	Weighted Average Effective Interest Rate
2025	$ 33,183	$ 66,970	$ 100,153	3.8%
2026	30,112	94,360	124,472	3.2%
2027	29,098	71,726	100,824	3.6%
2028	26,636	145,723	172,359	3.8%
2029	20,044	236,880	256,924	3.5%
2030 to 2034	28,401	463,844	492,245	4.3%
	$ 167,474	**$ 1,079,503**	**$ 1,246,977**	**3.9%**
Unamortized deferred financing costs and premiums, net			(3,191)	
Total			**$ 1,243,786**	

First Capital's credit facilities as at December 31, 2024 are summarized in the table below:

As at December 31, 2024	Borrowing Capacity	Amounts Drawn	Outstanding Letters of Credit	Available to be Drawn	Interest Rates	Maturity Date
Unsecured Operating Facilities						
Revolving unsecured operating facility	$ 100,000	$ —	$ —	$ 100,000	CORRA + 1.55% or Prime + 0.25% or SOFR + 1.35%	September 13, 2026
Revolving unsecured operating facility	150,000	—	—	150,000	CORRA + 1.55% or Prime + 0.25% or SOFR + 1.35%	August 31, 2027
Revolving unsecured operating facility	450,000	—	(1,858)	448,142	CORRA + 1.75% or Prime + 0.45% or SOFR + 1.55%	June 30, 2029
Fixed rate unsecured term loans (1)(2)	250,000	(250,000)	—	—	3.39%	April 14, 2025 -April 14, 2026
Fixed rate unsecured term loan (1)(3)(5)	150,000	(158,188)	—	—	5.985%	October 20, 2026
Fixed rate unsecured term loan (1)	200,000	(200,000)	—	—	5.80%	January 31, 2029
Secured Construction Facilities						
Secured construction facility	62,665	(52,619)	(537)	9,509	CORRA + 2.80% or Prime + 1.00%	October 1, 2025
Secured construction facility (4)	133,645	(55,773)	(702)	77,170	CORRA + 2.60%	February 1, 2027
Secured Facilities						
Secured facility	6,755	(6,755)	—	—	CORRA + 1.75% or Prime + 0.45%	December 19, 2026
Sub-Total	**$ 1,503,065**	**$ (723,335)**	**$ (3,097)**	**$ 784,821**		
Secured Construction Facility						
Secured construction facility (6)	71,450	(34,355)	—	37,095	CORRA + 2.95% or Prime + 1.00%	November 28, 2025
Total	**$ 1,574,515**	**$ (757,690)**	**$ (3,097)**	**$ 821,916**		

(1) These unsecured term loans are variable rate debt instruments. The Trust has entered into swaps which fix the rate of interest over their respective terms to maturity.
(2) As at December 31, 2024, $75.0 million of the unsecured term loans is due April 14, 2025. The remaining $175.0 million is due April 14, 2026.
(3) The Trust has drawn in U.S. dollars the equivalent of CAD$150.0 million which was revalued at CAD$158.2 million as at December 31, 2024.
(4) The borrowing capacity is reduced by the Trust's equity injections into the project where it has chosen not to draw on the facility and other adjustments in accordance with the facility agreement.
(5) The Trust has the option to extend the unsecured term loan for an additional two years, to October 20, 2028.
(6) This secured construction facility relates to one of the Trust's joint ventures that is equity accounted.

First Capital has the ability under its unsecured credit facilities to draw funds based on Canadian bank prime rates or Canadian Overnight Repo Rate Average ("CORRA rates") for Canadian dollar-denominated borrowings, and secured overnight financing rates ("SOFR 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.

11. SENIOR UNSECURED DEBENTURES

As at					**December 31, 2024**	December 31, 2023
		Interest Rate				
Series	Maturity Date	Coupon	Effective	**Principal Outstanding**	**Liability**	Liability
R	August 30, 2024	4.79%	4.71%	**$ —**	**$ —**	$ 300,131
S	July 31, 2025	4.32%	4.24%	**300,000**	**300,138**	300,366
T	May 6, 2026	3.60%	3.57%	**300,000**	**300,173**	300,282
V	January 22, 2027	3.46%	3.54%	**200,000**	**199,683**	199,537
U	July 12, 2027	3.75%	3.82%	**300,000**	**299,492**	299,305
A	March 1, 2028	3.45%	3.54%	**200,000**	**199,474**	199,320
D	June 3, 2030	4.51%	4.62%	**200,000**	**199,001**	—
B	March 1, 2031	5.57%	5.67%	**300,000**	**298,541**	—
C	June 12, 2032	5.46%	5.54%	**300,000**	**298,490**	—
Weighted Average or Total		4.33%	4.37%	**$ 2,100,000**	**$ 2,094,992**	$ 1,598,941
Current				**$ 300,000**	**$ 300,138**	$ 300,131
Non-current				**1,800,000**	**1,794,854**	1,298,810
Total				**$ 2,100,000**	**$ 2,094,992**	$ 1,598,941

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

On March 1, 2024, the Trust completed the issuance of $300 million principal amount of Series B senior unsecured debentures due March 1, 2031. These debentures bear interest at a coupon rate of 5.57% per annum, payable semi-annually commencing September 1, 2024.

On June 12, 2024, the Trust completed the issuance of $300 million principal amount of Series C senior unsecured debentures due June 12, 2032. These debentures bear interest at a coupon rate of 5.46% per annum, payable semi-annually commencing December 12, 2024.

On August 30, 2024, upon maturity, the Trust repaid its remaining 4.79% Series R senior unsecured debentures in the amount of $281.0 million.

On November 1, 2024, the Trust completed the issuance of $200 million principal amount of Series D senior unsecured debentures due June 3, 2030. These debentures bear interest at a coupon rate of 4.51% per annum, payable semi-annually commencing June 3, 2025.

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at	Note	December 31, 2024	December 31, 2023
Non-current			
Asset retirement obligations (a)		**$ 905**	$ 1,365
Ground leases payable		**8,287**	8,438
Derivatives at fair value	22	**14,336**	21,891
Unit-based compensation plans	14(c)	**8,179**	6,586
Other liabilities (b)		**89,501**	89,096
Total non-current		**121,208**	127,376
Current			
Trade payables and accruals		**57,517**	76,578
Construction and development payables		**52,040**	47,878
Unit-based compensation plans	14(c)	**23,456**	15,422
Distributions payable	13(b)	**15,287**	15,277
Interest payable		**30,484**	27,061
Tenant deposits		**44,821**	40,948
Derivatives at fair value	22	**—**	3,695
Total current		**223,605**	226,859
Total		**$ 344,813**	$ 354,235

(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 $0.6 million (December 31, 2023 - $0.5 million) in other assets (Note 8).

(b) Other liabilities includes a loan payable to one of the Trust's joint ventures in the amount of $53.0 million in relation to mortgage proceeds received by the joint venture. The loan proceeds were concurrently advanced to the Trust and to the joint venture's other limited partners by way of a new loan arrangement that cannot be eliminated in the consolidated financial statements under IFRS.

13. UNITHOLDERS' EQUITY

The Declaration of Trust authorizes the issuance of an unlimited number of Trust 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.

(a) Trust Units

The following table sets forth the particulars of First Capital's Trust Units outstanding:

As at	December 31, 2024		December 31, 2023	
	Number of Trust Units	**Value of Trust Units**	Number of Trust Units	Value of Trust Units
Balance at beginning of year	**212,184**	**$ 2,803,327**	213,518	$ 2,819,639
Trust Units repurchased	**—**	**—**	(1,692)	(22,339)
Exercise of options and settlement of any restricted, performance and deferred trust units	**139**	**2,224**	298	5,106
Conversion of Exchangeable Units	**—**	**—**	60	921
Balance at end of year	**212,323**	**$ 2,805,551**	212,184	$ 2,803,327

On May 16, 2024, First Capital received TSX approval for the renewal of its Normal Course Issuer Bid ("NCIB") pursuant to which it may repurchase and cancel up to 21,113,939 of its outstanding units until May 20, 2025.

For the year ended December 31, 2024, the Trust acquired and cancelled Nil Units (December 31, 2023 - 1.7 million Units) at a weighted average purchase price of N/A (December 31, 2023 - $15.19 per unit), for a total cost of $Nil (December 31, 2023 - $25.7 million). The excess of the purchase price over the carrying amount of the Units purchased, representing the unit price increase over the weighted average historical issuance price, was recorded as a reduction to retained earnings of $Nil (December 31, 2023 - $3.4 million). On a cumulative basis, as of December 31, 2024, the Trust has acquired and cancelled 7.9 million Units at a weighted average purchase price of $15.15 per unit, for a total cost of $120.1 million.

(b) Distributions

First Capital declared monthly distributions totaling $0.864 per Trust Unit for the year ended December 31, 2024 (year ended December 31, 2023 - $0.864 per Trust Unit).

14. UNIT-BASED COMPENSATION PLANS

(a) Unit Option Plan

First Capital's unit option plan was terminated in 2021 following the final grants issued on March 1, 2021. Any options granted prior to termination of the plan expire 10 years from the date of grant and vest over five years. As at December 31, 2024, 5.3 million unit options were outstanding (December 31, 2023 - 5.6 million).

The outstanding options as at December 31, 2024 have exercise prices ranging from $15.53 - $21.24 (December 31, 2023 – $15.53 - $21.24).

As at	**December 31, 2024**					December 31, 2023				
	Outstanding Options			**Vested Options**		Outstanding Options			Vested Options	
Exercise Price Range ($)	**Number of Trust Units Issuable (in thousands)**	**Weighted Average Exercise Price per Trust Unit**	**Weighted Average Remaining Life (years)**	**Number of Trust Units Issuable (in thousands)**	**Weighted Average Exercise Price per Trust Unit**	Number of Trust Units Issuable (in thousands)	Weighted Average Exercise Price per Trust Unit	Weighted Average Remaining Life (years)	Number of Trust Units Issuable (in thousands)	Weighted Average Exercise Price per Trust Unit
15.53 - 19.29	**905**	**$ 16.48**	**4.3**	**662**	**$ 16.83**	1,243	$ 16.95	4.0	880	$ 17.54
19.30 - 20.05	**1,364**	**$ 19.87**	**2.3**	**1,364**	**$ 19.87**	1,366	$ 19.87	3.3	1,366	$ 19.87
20.06 - 21.19	**1,632**	**$ 20.68**	**3.2**	**1,632**	**$ 20.68**	1,632	$ 20.68	4.2	1,451	$ 20.62
21.20 - 21.24	**1,379**	**$ 21.24**	**5.2**	**1,104**	**$ 21.24**	1,380	$ 21.24	6.2	828	$ 21.24
15.53 - 21.24	**5,280**	**$ 19.90**	**3.7**	**4,762**	**$ 20.04**	5,621	$ 19.79	4.4	4,525	$ 19.91

During the year ended December 31, 2024, $0.2 million (year ended December 31, 2023 – $0.4 million) was recorded as an expense related to stock options.

Year ended December 31	**2024**		2023	
	Number of Trust Units Issuable (in thousands)	**Weighted Average Exercise Price**	Number of Trust Units Issuable (in thousands)	Weighted Average Exercise Price
Outstanding at beginning of year	**5,621**	**$ 19.79**	6,275	$ 19.76
Forfeited	**—**	**—**	(3)	19.15
Expired	**(341)**	**18.23**	(651)	19.46
Outstanding at end of year	**5,280**	**$ 19.90**	5,621	$ 19.79

The assumptions used to measure the fair value of the unit options under the Black-Scholes model (level 2) as at December 31, 2024 and 2023 were as follows:

As at December 31	**2024**	2023
Expected Trust Unit price volatility	**15.19% - 23.96%**	17.15% - 30.07%
Expected life of options	**0.2 - 4.7 years**	0.0 - 5.5 years
Expected distribution yield	**5.22%**	5.61%
Risk free interest rate	**2.91% - 3.09%**	3.12% - 4.88%

(b) Trust Unit arrangements

First Capital’s Trust Unit plans include a Trustees' Deferred Unit ("DU") plan and a Restricted Unit ("RU") plan that provides for the issuance of Restricted Units and Performance Units ("PU"). 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 Nil – 2.0 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.

Year ended December 31		**2024**		2023
(in thousands)	**DUs**	**RUs / PUs**	DUs	RUs / PUs
Outstanding at beginning of year	**450**	**1,261**	402	1,083
Granted (a) (b)	**89**	**468**	102	427
Performance Factor adjustment	**—**	**42**	—	—
Distributions reinvested	**23**	**81**	24	71
Exercised	**(167)**	**(231)**	(78)	(287)
Forfeited	**—**	**(15)**	—	(33)
Outstanding at end of year	**395**	**1,606**	450	1,261
Expense recorded for the year	**$1,842**	**$8,584**	$1,847	$7,362

(a) The fair value of the DUs granted during the year ended December 31, 2024 was $1.5 million (year ended December 31, 2023 – $1.5 million), measured based on First Capital’s prevailing Trust Unit price on the date of grant. The fair value of the RUs granted during the year ended December 31, 2024 was $4.6 million (year ended December 31, 2023 – $4.9 million), measured based on First Capital’s Trust Unit price on the date of grant.

(b) The fair value of the PUs granted during the year ended December 31, 2024 was $3.6 million (year ended December 31, 2023 – $3.0 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 return of First Capital's Trust Units relative to the S&P/TSX Capped REIT Index and relative to a customized index of publicly-listed peers.

Year ended December 31	**2024**	2023
Grant date	**March 8, 2024**	February 16, 2023
PUs granted (thousands)	**180**	154
Term to expiry	**3 years**	3 years
Weighted average volatility rate	**21.4%**	32.5%
Weighted average correlation	**75.1%**	76.5%
Weighted average total Unitholder return	**9.4%**	6.6%
Weighted average risk free interest rate	**3.79%**	3.87%
Fair value (thousands)	**$3,626**	$3,038

(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 FVTPL. As at December 31, 2024, the carrying value of the unit-based compensation liability was $31.6 million (December 31, 2023 – $22.0 million)(Note 12). FCR's liability for unit-based compensation plans has increased since December 31, 2023 which resulted in a revaluation loss of $5.4 million in the consolidated statements of income (loss) due to (i) an increase in the Trust Unit's price since December 31, 2023 and (ii) a larger number of vested units outstanding that have yet to be converted to Trust Units.

15. NET OPERATING INCOME

Net Operating Income by Component

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

		Year ended December 31	
	% change	**2024**	2023
Property rental revenue			
Base rent [1]		**$ 440,372**	$ 429,050
Operating cost recoveries		**114,751**	110,891
Realty tax recoveries		**121,015**	117,634
Lease termination fees		**6,384**	878
Percentage rent		**2,947**	3,079
Straight-line rent adjustment		**7,168**	(414)
Prior year operating cost and tax recovery adjustments		**1,022**	1,050
Temporary tenants, storage, parking and other [2]		**19,865**	25,813
Total Property rental revenue	**3.7%**	**713,524**	687,981
Property operating costs			
Recoverable operating expenses		**125,804**	123,606
Recoverable realty tax expense		**137,288**	133,208
Prior year realty tax expense (recovery)		**(178)**	(1,408)
Other operating costs and adjustments [3]		**3,322**	7,318
Total Property operating costs		**266,236**	262,724
Total NOI	**5.2%**	**$ 447,288**	$ 425,257
NOI margin		**62.7%**	61.8%

(1) Includes residential revenue.
(2) Includes hotel property revenue.
(3) Includes residential operating costs, hotel property operating costs and bad debt expense (recovery). For the year ended December 31, 2024, bad debt expense (recovery) totaled ($0.7) million (year ended December 31, 2023 - ($1.6) million).

For the year ended December 31, 2024, property operating costs include $25.5 million (year ended December 31, 2023 – $24.5 million) related to employee compensation.

16. INTEREST AND OTHER INCOME

		Year ended December 31	
	Note	**2024**	2023
Interest, dividend and distribution income from cash, marketable securities and other investments	6	**$ 9,119**	$ 5,491
Interest income from loans and mortgages receivable classified as FVTPL	6	**—**	79
Interest income from loans and mortgages receivable at amortized cost	6	**12,045**	10,543
Fees and other income [1][2][3]		**25,954**	8,762
Total		**$ 47,118**	$ 24,875

(1) For the year ended December 31, 2024, fees and other income includes a density bonus payment of $11.3 million related to a previously sold property which received final zoning approval in the third quarter of 2024.
(2) For the year ended December 31, 2024, fees and other income includes a $9.5 million fee related to the assignment of a purchase and sale agreement for a parcel of land.
(3) For the year ended December 31, 2023, fees and other income includes a legal settlement of $3.8 million recognized in the third quarter of 2023.

17. INTEREST EXPENSE

		Year ended December 31	
	Note	**2024**	2023
Mortgages	10	**$ 52,703**	$ 52,987
Credit facilities	10	**47,109**	45,988
Senior unsecured debentures	11	**85,154**	75,614
Distributions on Exchangeable Units [1]		**—**	48
Total interest expense		**184,966**	174,637
Interest capitalized to investment properties under development		**(18,803)**	(20,541)
Interest expense		**$ 166,163**	$ 154,096
Change in accrued interest		**(3,452)**	1,852
Coupon interest rate in excess of effective interest rate on senior unsecured debentures		**1,331**	1,570
Coupon interest rate in excess of effective interest rate on assumed mortgages		**7**	13
Amortization of deferred financing costs		**(9,313)**	(7,419)
Cash interest paid associated with operating activities		**$ 154,736**	$ 150,112

(1) The distributions declared on the Exchangeable Units are accounted for as interest expense.

18. CORPORATE EXPENSES

	Year ended December 31	
	2024	2023
Salaries, wages and benefits	**$ 33,223**	$ 32,060
Unit-based compensation	**10,372**	9,363
Other corporate costs [1]	**15,052**	20,310
Total corporate expenses	**58,647**	61,733
Amounts capitalized to investment properties under development	**(7,559)**	(7,831)
Corporate expenses	**$ 51,088**	$ 53,902

(1) Includes $Nil in legal, advisory and settlement costs related to the Unitholder activism for the year ended December 31, 2024 (year ended December 31, 2023 - approximately $7 million).

19. OTHER GAINS (LOSSES) AND (EXPENSES)

	Year ended December 31	
	2024	2023
Unrealized gain (loss) on marketable securities	**$ 445**	$ (533)
Net gain (loss) on early settlement of debt	**(8)**	—
Gain on Investment [1]	**—**	1,007
Pre-selling costs of residential inventory	**(1,467)**	(36)
Investment property selling costs	**(3,432)**	(3,336)
Gain (loss) on foreign currency translation	**(16,291)**	8,659
Gain (loss) on mark-to-market of derivatives [2]	**16,221**	(18,008)
Total	**$ (4,532)**	$ (12,247)

[1] On June 9, 2023, the Trust sold its 50% interest of the partnership units in the ONE Restaurant.
[2] The Trust enters into cross-currency swap derivatives to manage interest rate risk and foreign currency risk on its US denominated variable rate debt instruments.

20. 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 sources of deferred tax balances and movements are as follows:

	December 31, 2023	Net income (loss)	Recognized in OCI	Equity and other	**December 31, 2024**
Deferred taxes related to non-capital losses	$ (76,945)	$ (11,370)	$ 164	$ 838	**$ (87,313)**
Deferred tax liabilities related to difference in tax and book basis primarily related to real estate, net	829,965	25,660	(7,221)	(943)	**847,461**
Net deferred taxes	$ 753,020	$ 14,290	$ (7,057)	$ (105)	**$ 760,148**

As at December 31, 2024, the corporate subsidiaries of the Trust had approximately $232.2 million of non-capital losses, which expire between 2028 and 2044.

	December 31, 2022	Net income (loss)	Recognized in OCI	Equity and other	December 31, 2023
Deferred taxes related to non-capital losses	$ (11,356)	$ (65,024)	$ —	$ (565)	$ (76,945)
Deferred tax liabilities related to difference in tax and book basis primarily related to real estate, net	780,744	60,228	(11,264)	257	829,965
Net deferred taxes	$ 769,388	$ (4,796)	$ (11,264)	$ (308)	$ 753,020

As at December 31, 2023, the corporate subsidiaries of the Trust had approximately $204.4 million of non-capital losses, which expire between 2028 and 2043.

The following reconciles the expected tax expense computed at the statutory tax rate to the actual tax expense (recovery) for the years ended December 31, 2024 and 2023.

	Year ended December 31	
	2024	2023
Income tax computed at the Canadian statutory rate of Nil applicable to the Trust at December 31, 2024 and 2023	**$ —**	$ —
Increase (decrease) in income taxes due to:		
Deferred income taxes (recoveries) applicable to corporate subsidiaries	**32,900**	56,654
Deferred income tax recovery related to temporary differences associated with investment property applicable to corporate subsidiaries	**(18,525)**	(61,495)
Other	**(85)**	45
Deferred income taxes expense (recovery)	**$ 14,290**	$ (4,796)

21. 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.

Interest represents a significant cost in financing the ownership of real property. As at December 31, 2024, First Capital has a total of $115.1 million of outstanding debt bearing interest at variable rates on a consolidated basis. If the average variable interest rate was 100 basis points higher or lower than the existing rate, FCR's annual interest cost would increase or decrease, respectively, by $1.2 million.

First Capital has a total of $1.8 billion principal amount of fixed rate interest-bearing instruments outstanding including mortgages, senior unsecured debentures and unsecured term loans maturing between January 1, 2025 and December 31, 2027 at a weighted average coupon interest rate of 3.9%. If these amounts were refinanced at an average interest rate that was 100 basis points higher or lower than the existing rate, FCR's annual interest cost would increase or decrease, respectively, by $18.3 million.

As at December 31, 2024, First Capital's loans and mortgages receivable that earn interest at variable rates total $75.5 million. If the average variable interest rate was 100 basis points higher than the existing rate, FCR's annual interest income would increase by approximately $0.8 million. If the loans were refinanced at 100 basis points lower than the existing rate, FCR's annual interest income would decrease by approximately $0.4 million.

First Capital's loans and mortgages receivable that earn interest at fixed rates total $14.2 million. If the loans were refinanced at 100 basis points higher or lower than the existing rate, FCR's annual interest income would increase or decrease, respectively, by approximately $0.1 million.

(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 December 31, 2024, Loblaw Companies Limited ("Loblaw") is FCR's largest tenant and accounts for 10.6% 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.

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

(thousands of dollars)		**2024**
Within 1 year	**$**	**417,522**
After 1 year, but not more than 5 years		**1,068,625**
More than 5 years		**599,656**
	$	**2,085,803**

(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 December 31, 2024 is set out below:

As at December 31, 2024	Payments due by period				
	2025	2026 to 2027	2028 to 2029	Thereafter	Total
Scheduled mortgage principal amortization	$ 33,183	$ 59,210	$ 46,680	$ 28,401	$ 167,474
Mortgage principal repayments on maturity	66,970	166,086	382,603	463,844	1,079,503
Credit facilities	127,619	395,716	200,000	—	723,335
Senior unsecured debentures	300,000	800,000	200,000	800,000	2,100,000
Interest obligations [(1)]	163,556	240,572	157,635	112,534	674,297
Land leases (expiring between 2027 and 2061)	678	1,335	1,265	15,008	18,286
Contractually committed costs to complete current development projects [(2)]	58,236	39,210	—	—	97,446
Other committed costs	21,886	—	—	—	21,886
Total contractual obligations	**$ 772,128**	**$ 1,702,129**	**$ 988,183**	**$ 1,419,787**	**$ 4,882,227**

(1) Interest obligations include expected interest payments on mortgages and credit facilities as at December 31, 2024 (assuming balances remain outstanding through to maturity) and senior unsecured debentures, as well as standby credit facility fees.
(2) Includes amounts related to equity accounted joint ventures.

First Capital manages its liquidity risk by staggering debt maturities; renegotiating expiring credit arrangements proactively; using secured and unsecured credit facilities, mortgages and unsecured debentures; and issuing equity when considered appropriate. As at December 31, 2024, there was $0.6 billion (December 31, 2023 – $1.0 billion) of cash advances drawn against First Capital's unsecured credit facilities.

In addition, as at December 31, 2024, First Capital had $31.4 million (December 31, 2023 – $28.6 million) of outstanding letters of credit issued by financial institutions primarily to support certain of FCR's contractual obligations and $Nil (December 31, 2023 – $Nil) of bank overdrafts.

(d) Unit price risk

First Capital is exposed to Trust Unit price risk through the issuance of unit-based compensation. Unit-based compensation liabilities are recorded at their fair value based on market trading prices. Unit-based compensation negatively impacts net income when the Trust Unit price rises and positively impacts net income when the Trust Unit price declines. An increase of $1 dollar in the underlying price of First Capital's Trust Units would result in an increase to unit-based compensation liabilities and a decrease to net income of $3.1 million (December 31, 2023 – $2.7 million).

22. FAIR VALUE MEASUREMENT

A comparison of the carrying amounts and fair values, by class, of First Capital's financial instruments, other than those whose carrying amounts approximate their fair values, is as follows:

		Carrying Amount		Fair Value	
	Note	**2024**	2023	**2024**	2023
Financial assets					
FVTPL investments in securities	6	**$ 3,246**	$ 2,801	**$ 3,246**	$ 2,801
Loans and mortgages receivable classified as amortized cost	6	**95,835**	131,227	**95,658**	129,882
Other investments	6	**12,506**	11,393	**12,506**	11,393
Derivatives at fair value	8	**5,653**	23,702	**5,653**	23,702
Financial liabilities					
Mortgages	10	**$ 1,243,786**	$ 1,338,041	**$ 1,219,510**	$ 1,272,874
Credit facilities	10	**723,335**	1,153,907	**723,335**	1,153,907
Senior unsecured debentures	11	**2,094,992**	1,598,941	**2,131,837**	1,535,423
Unit-based compensation plans	14	**31,635**	22,008	**31,635**	22,008
Derivatives at fair value	12	**14,336**	25,586	**14,336**	25,586

The fair values of First Capital's FVTPL investments in securities are based on quoted market prices. First Capital has an investment in certain funds classified as Level 3, for which the fair values are based on the fair value of the properties held in the funds.

The fair value of First Capital's loans and mortgages receivable classified as Level 3 are calculated based on current market rates plus borrower level risk-adjusted spreads on discounted cash flows, adjusted for allowances for non-payment and collateral related risk. As at December 31, 2024, the risk-adjusted interest rates ranged from 5.3% to 12.3% (December 31, 2023 – 6.7% to 14.0%).

The fair value of First Capital's mortgages and credit facilities payable are calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at December 31, 2024, these rates ranged from 4.4% to 4.8% (December 31, 2023 – 5.0% to 6.9%).

The fair value of the senior unsecured debentures are based on closing bid risk-adjusted spreads and current underlying Government of Canada bond yields on discounted cash flows. For the purpose of this calculation, the Trust uses, among others, interest rate quotations provided by financial institutions. As at December 31, 2024, these rates ranged from 3.6% to 4.7% (December 31, 2023 – 5.4% to 6.1%).

The fair value of the unit-based compensation plans are based on the following:

- *Unit Option Plan:* Fair value of each tranche is valued separately using a Black-Scholes option pricing model.
- *Deferred Units/Restricted Units:* Fair value is based on the Trust's closing price as of December 31, 2024.
- *Performance Units*: Fair Value is calculated using a Monte-Carlo simulation model.

The fair value hierarchy of financial instruments in the consolidated balance sheets is as follows:

As at	**December 31, 2024**			December 31, 2023		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Fair value of financial instruments measured at fair value						
Financial Assets						
FVTPL investments in securities	**$ 3,246**	**$ —**	**$ —**	$ 2,801	$ —	$ —
Loans and mortgages receivable	**—**	**—**	**—**	—	—	—
Other investments	**—**	**—**	**12,506**	—	—	11,393
Derivatives at fair value – assets	**—**	**5,653**	**—**	—	23,702	—
Financial Liabilities						
Exchangeable Units	**—**	**—**	**—**	—	—	—
Unit-based compensation plans	**—**	**31,635**	**—**	—	22,008	—
Derivatives at fair value – liabilities	**—**	**14,336**	**—**	—	25,586	—
Fair value of financial instruments measured at amortized cost						
Financial Assets						
Loans and mortgages receivable	**$ —**	**$ —**	**$ 95,658**	$ —	$ —	$ 129,882
Financial Liabilities						
Mortgages	**—**	**1,219,510**	**—**	—	1,272,874	—
Credit facilities	**—**	**723,335**	**—**	—	1,153,907	—
Senior unsecured debentures	**—**	**2,131,837**	**—**	—	1,535,423	—

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 December 31, 2024, the interest rates ranged from 4.5% to 5.3% (December 31, 2023 – 5.2% to 7.0%). The fair values of First Capital's asset (liability) hedging instruments are as follows:

	Designated as Hedging Instrument	Maturity as at December 31, 2024	**December 31, 2024**	December 31, 2023
Derivative assets				
Interest rate swaps	Yes	April 2025 - March 2027	**$ 5,653**	$ 23,702
Total			**$ 5,653**	$ 23,702
Derivative liabilities				
Interest rate swaps	Yes	January 2029 - May 2034	**$ 13,114**	$ 8,143
Cross-currency swaps	No	October 2028	**1,222**	17,443
Total			**$ 14,336**	$ 25,586

23. SUBSIDIARIES WITH NON-CONTROLLING INTEREST

As at December 31, 2024, 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	**December 31, 2024**	December 31, 2023
Main and Main Developments LP ("MMLP")	46.875% Interest in MMUR [1]	**67.0%**	67.0%
Maincore Equities Inc.	46.875% Interest in MMUR [1]	**70.9%**	70.9%

[1] FCR has owned a 6.25% direct interest in M+M Realty LP ("MMUR") since 2014.

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

Non-controlling interest in the equity and the results of these subsidiaries, before any inter-company eliminations, are as follows:

As at	**December 31, 2024**	December 31, 2023
Non-current assets	**$ 224,341**	$ 206,595
Current assets	**246**	1,040
Total assets	**224,587**	207,635
Non-current liabilities	**3,938**	3,938
Current liabilities	**3**	14
Total liabilities	**3,941**	3,952
Net assets	**$ 220,646**	$ 203,683
Non-controlling interest	**$ 67,999**	$ 62,780

	Year ended December 31	
	2024	2023
Revenue	**$ 8**	$ 6
Share of profit (loss) from joint ventures	**(4,618)**	(320)
Expenses	**(789)**	(841)
Net income (loss)	**$ (5,399)**	$ (1,155)
Non-controlling interest	**$ (1,687)**	$ (308)

	Year ended December 31	
	2024	2023
Cash provided by (used in) operating activities	**$ (660)**	$ (646)
Cash provided by (used in) financing activities	**10,846**	10,607
Cash provided by (used in) investing activities	**(10,146)**	(9,951)
Net increase (decrease) in cash and cash equivalents	**$ 40**	$ 10

24. CO-OWNERSHIP INTERESTS

First Capital has co-ownership interests in several properties, as listed below, that are subject to joint control and represent joint operations under IFRS 11, "*Joint Arrangements*". First Capital recognizes its share of the direct rights to the assets and obligations for the liabilities of these co-ownerships in the consolidated financial statements.

		Ownership Interest	
Property	**Location**	**December 31, 2024**	December 31, 2023
101 Yorkville Avenue	Toronto, ON	**50%**	50%
102 Atlantic Avenue	Toronto, ON	**50%**	50%
328 Bloor Street West	Toronto, ON	**50%**	50%
897-901 Eglinton Avenue West	Toronto, ON	**50%**	50%
Yonge & Roselawn	Toronto, ON	**50%**	50%
Amberlea Shopping Centre	Pickering, ON	**50%**	50%
Gloucester City Centre	Ottawa, ON	**50%**	50%
Carrefour du Plateau	Gatineau, QC	**50%**	50%
Merivale Mall	Ottawa, ON	**50%**	50%
Galeries de Repentigny	Repentigny, QC	**50%**	50%
Galeries Brien Ouest/Est	Repentigny, QC	**50%**	50%
Gateway Village	St. Albert, AB	**50%**	50%
320-326 Bloor Street West	Toronto, ON	**50%**	50%
261 Queens Quay East (Bayside Village)	Toronto, ON	**50%**	50%
Midland (land)	Midland, ON	**50%**	50%
Hunt Club – Petrocan	Ottawa, ON	**50%**	50%
Gatineau Portfolio (1)	Gatineau, QC	**50%**	50%
Hunt Club Marketplace	Ottawa, ON	**66.6%**	66.6%
Lachenaie Properties	Lachenaie, QC	**50%**	50%
South Oakville Properties (2)	Oakville, ON	**50%**	50%
Whitby Mall	Whitby, ON	**50%**	50%
Thickson Mall	Whitby, ON	**50%**	50%
St. Hubert Portfolio (3)	St. Hubert, QC	**50%**	50%
Ottawa Portfolio (3)	Ottawa, ON	**50%**	50%
West Island Portfolio (4)	Beaconsfield, QC / Kirkland, QC	**50%**	50%
Burlington Portfolio (5)	Burlington, ON	**50%**	50%
Seton Gateway	Calgary, AB	**100%**	50%
Sherwood Park (6)	Sherwood Park, AB	**50%**	50%
The Edmonton Brewery District	Edmonton, AB	**50%**	50%
138 Yorkville Avenue	Toronto, ON	**33.3%**	33.3%
Meadowbrook Centre	Edmonton, AB	**50%**	50%
Lakeview Plaza	Calgary, AB	**50%**	50%
West Springs Village	Calgary, AB	**50%**	50%
216 Elgin Street	Ottawa, ON	**50%**	50%
221 - 227 Sterling	Toronto, ON	**35%**	35%
London Portfolio (7)	London, ON	**49.5%**	49.5%
1071 King Street West	Toronto, ON	**25.0%**	66.6%

(1) Gatineau Portfolio includes Place Cite des Jeunes, Place Nelligan and Carrefour du Versant Ouest/Est.
(2) South Oakville Properties includes one property at 50% interest, with the remaining properties held at 100% interest.
(3) St. Hubert Portfolio includes Carrefour St-Hubert, Plaza Actuel and Promenades du Parc. Ottawa Portfolio includes Loblaws Plaza, Eagleson Place and Strandherd Crossing.
(4) West Island Portfolio includes Centre Commercial Beaconsfield, Plaza Beaconsfield, Centre St-Charles, Centre Kirkland and Place Kirkland.
(5) Burlington Portfolio includes Burlingwood Shopping Centre and Beacon Hill Plaza.
(6) Sherwood Park includes Sherwood Centre, Sherwood Towne Square, Village Market and Sherwood Centre 1000 Alder Avenue.
(7) London Portfolio includes Wellington Corners, Sunningdale Village, Byron Village, Hyde Park Plaza, Stoneybrook Plaza and Adelaide Shoppers.

		Ownership Interest	
Property	**Location**	**December 31, 2024**	December 31, 2023
200 West Esplanade (Empire Theatres)	North Vancouver, BC	**—%**	50%
400 King Street West [1]	Toronto, ON	**50%**	50%
1120 Kingston Road [1]	Toronto, ON	**—%**	60%

[1] Co-ownership interests held by MMUR.

25. SUPPLEMENTAL OTHER COMPREHENSIVE INCOME (LOSS) INFORMATION

(a) Accumulated other comprehensive income (loss)

Year ended December 31			**2024**			2023
	Opening Balance January 1	**Net Change During the Year**	**Closing Balance December 31**	Opening Balance January 1	Net Change During the Year	Closing Balance December 31
Unrealized gain (loss) on cash flow hedges	**(3,122)**	**(11,037)**	**(14,159)**	14,496	(17,618)	(3,122)
Accumulated other comprehensive income (loss)	**$ (3,122)**	**$ (11,037)**	**$ (14,159)**	$ 14,496	$ (17,618)	$ (3,122)

(b) Tax effects relating to each component of other comprehensive income (loss)

Year ended December 31			**2024**			2023
	Before-Tax Amount	**Tax (Expense) Recovery**	**Net of Tax Amount**	Before-Tax Amount	Tax (Expense) Recovery	Net of Tax Amount
Unrealized gain (loss) on cash flow hedges	**$ (23,274)**	**$ 9,077**	**$ (14,197)**	$ (32,727)	$ 12,764	$ (19,963)
Reclassification of net (gain) loss on cash flow hedges to net income (loss)	**5,180**	**(2,020)**	**3,160**	3,845	(1,500)	2,345
Other comprehensive income (loss)	**$ (18,094)**	**$ 7,057**	**$ (11,037)**	$ (28,882)	$ 11,264	$ (17,618)

26. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Items not affecting cash and other items

		Year ended December 31	
	Note	**2024**	2023
Straight-line rent adjustment	15	**$ (7,168)**	$ 414
Unit-based compensation expense	14	**10,615**	9,583
Unrealized (gain) loss on marketable securities classified as FVTPL	19	**(445)**	533
Net (gain) loss on early settlement of debt	19	**8**	—
(Gain) loss on Investment	19	**—**	(1,007)
Investment property selling costs	19	**3,432**	3,336
(Gain) loss on foreign currency translation	19	**16,291**	(8,659)
(Gain) loss on mark-to-market of derivatives	19	**(16,221)**	18,008
Increase (decrease) in value of unit-based compensation	14	**5,381**	(6,237)
Increase (decrease) in value of Exchangeable Units		**—**	(88)
Deferred income taxes expense (recovery)	20	**14,290**	(4,796)
Total		**$ 26,183**	$ 11,087

(b) Net changes in other working capital items

The net changes in other working capital assets and liabilities consists of the following:

	Year ended December 31	
	2024	2023
Amounts receivable	**$ 5,944**	$ 4,522
Prepaid expenses	**133**	2,788
Trade payables and accruals	**(17,728)**	9,247
Tenant security and other deposits	**3,873**	2,261
Residential development inventory	**(35,179)**	(34,242)
Other working capital changes	**(13,769)**	(12,897)
Total	**$ (56,726)**	$ (28,321)

(c) Changes in loans, mortgages and other assets

	Year ended December 31	
	2024	2023
Advances of loans and mortgages receivable	**$ (17,566)**	$ (10,558)
Repayments of loans and mortgages receivable	**53,771**	66,146
Other investments, net	**(1,114)**	(1,798)
Total	**$ 35,091**	$ 53,790

(d) Cash and cash equivalents

As at	**December 31, 2024**	December 31, 2023
Cash and cash equivalents	**$ 150,291**	$ 87,421

27. 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 $194.1 million (December 31, 2023 – $168.1 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 $31.4 million (December 31, 2023 – $28.6 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 $0.7 million (December 31, 2023 – $0.7 million) with a total obligation of $18.3 million (December 31, 2023 – $19.0 million).

28. RELATED PARTY TRANSACTIONS

(a) Subsidiaries of the Trust

The audited annual 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.

(b) Compensation of Key Management Personnel

Aggregate compensation for Trustees and the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer included in corporate expenses is as follows:

	Year ended December 31	
	2024	2023
Salaries and short-term employee benefits	**$ 4,783**	$ 4,483
Unit-based compensation (non-cash compensation expense)	**7,672**	6,822
	$ 12,455	$ 11,305

Unitholder Information

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Alison Harnick
Senior Vice President, General Counsel
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