

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 First Capital's MD&A for the year ended December 31, 2024 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 First Capital's MD&A for the year ended December 31, 2024.

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 July 29, 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.

Business and Strategy Overview

Our business

First Capital Real Estate Investment Trust, with **\$9.4 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



136
NEIGHBOURHOODS



21.9M
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 most recent Impact Report at www.fcr.ca/sustainability



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

DISCIPLINE | STABILITY | GROWTH

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



DISCIPLINE | STABILITY | GROWTH

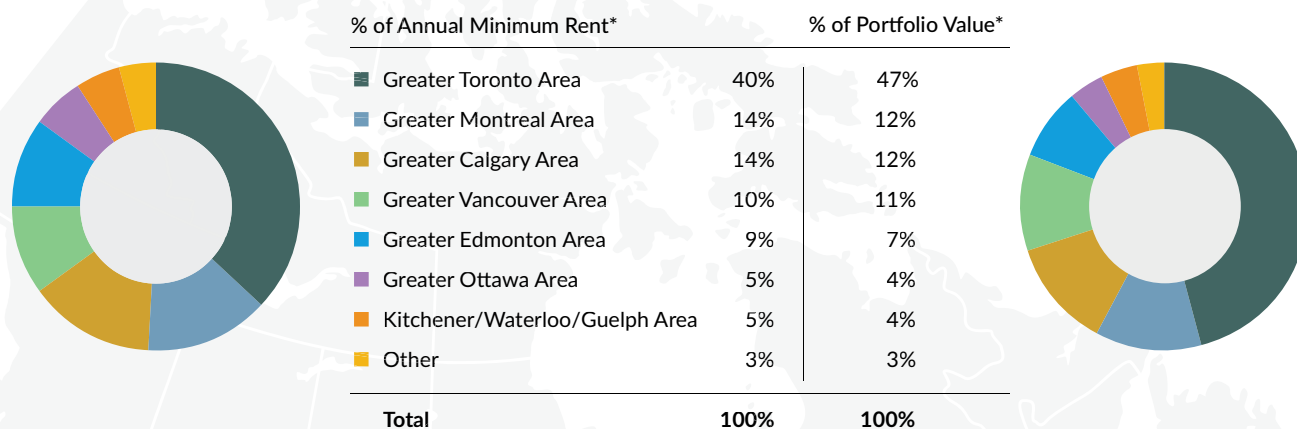
Our target markets

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



































































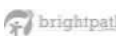




*As at June 30, 2025

DISCIPLINE | STABILITY | GROWTH

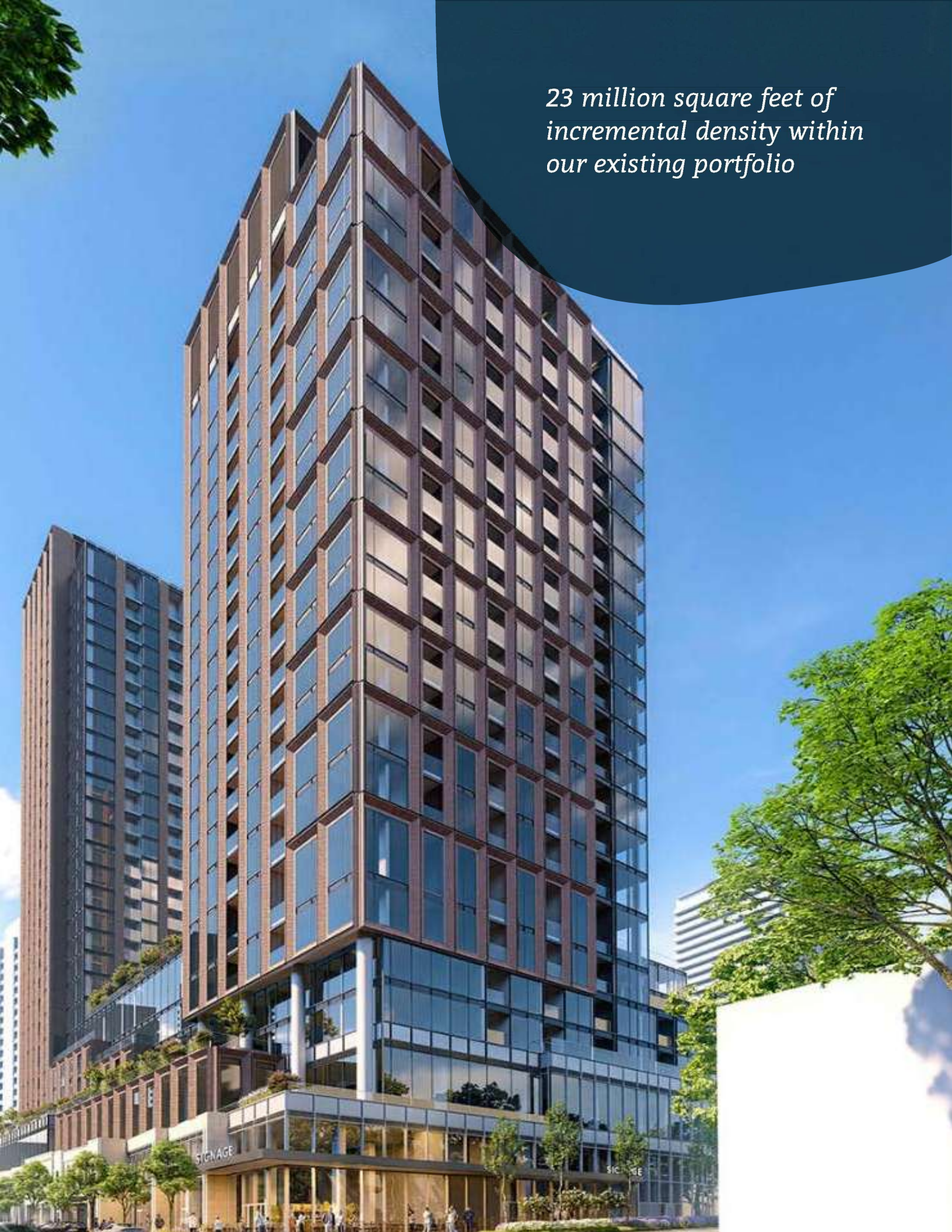
Creating thriving properties for everyday life

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 – 3,856 locations

	# of Locations	% of AMR	
Grocery Stores	120	17.0	     
Medical, Professional & Personal Services	1,249	14.9	     
QSR, Chains & Cafes	917	13.2	     
Other Necessity-Based Retailers	371	12.5	    
Pharmacies	114	9.0	    
Banks & Credit Unions	188	8.6	     
Other Tenants	451	8.1	      
Value-Based Retailers	88	5.5	   
Fitness Facilities	91	4.6	      
Liquor Stores	85	3.0	     
Other Restaurants	77	1.9	    
Daycare & Learning Centres	105	1.7	     

*23 million square feet of
incremental density within
our existing portfolio*



DISCIPLINE | STABILITY | GROWTH

Our high quality portfolio

Category	Value (billions)
Core Properties	\$7.3
Other Properties ⁽¹⁾	\$1.6
Total Real Estate Investments	\$8.9

⁽¹⁾ Includes residential development inventory

Core Properties

Stable, grocery-anchored assets with strong growth profiles

176	~\$7.3B	~82%	~5.8%
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 limited 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



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 (2019-2024)
- 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
- Only REIT listed as a top 30 Canadian company in Sustainability's 'Road to Net Zero' Ranking

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 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 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

- 57% 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 fifth time in six years (2020 - 2022, 2024 - 2025)
- 1 of 93 companies to be included in the Globe and Mail's **2025 Report on Business Women Lead Here** list
- Selected for inclusion in "**The Career Directory**" for 2021 - 2025 as one of Canada's Best Employers for Recent Graduates
- 80% employee engagement score in 2024
- Named one of **Canada's Top Small and Medium Employers** for the fifth time in six years (2020 - 2022, 2024 - 2025)

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
- In 2024, **97% of FCR staff volunteered** to support local charities in our communities
- Raised over **\$270,000** for Community Food Centres Canada at FCR Thriving Neighbourhoods Foundation's third annual Commercial Real Estate Softball Classic tournament
- Long-standing support of public arts, now with **33 installations across our portfolio**

Governance

Maintain a strong governance framework

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

Strive to be a governance leader

- Continuously adopt **new and improved** governance practices
- Follow **recommendations** as governance standards evolve
- **Reviewing our annual governance scores from ISS, the Globe and Mail Board Games and other similar rankings** with our Board
- **Providing opportunities for our unitholders** to communicate directly with our Board
- **Highest ranked REIT** in the Globe and Mail's comprehensive governance ranking of Canada's corporate boards for 2024

For more information on the Company's Sustainability practices, please refer to the latest Sustainability Impact Report on the Company's website at www.fcr.ca/sustainability.

MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of First Capital Real Estate Investment Trust ("First Capital", "FCR" or the "Trust") is intended to provide readers with an assessment of performance and summarize the financial position and results of operations for the three and six months ended June 30, 2025 and 2024. 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 July 29, 2025.

CURRENT BUSINESS ENVIRONMENT AND OUTLOOK

Unpredictability in U.S. trade policy and tariffs with Canada and the rest of the world, as well as rising geopolitical tensions have been the dominating forces on the Canadian and global economic outlook through the first half of 2025.

In April, the International Monetary Fund cut its 2025 outlook for global growth to 2.8%, down from 3.3% in January. In the subsequent months, "frontloading" of activity has helped businesses counter trade shocks, while at the same time it has also distorted U.S. economic data. The consensus view is that the United States Federal Reserve Board is in a holding pattern with respect to the volatile trade and fiscal policies and there is low visibility on how quickly and to what extent these policies could impact inflation and growth data.

In Canada, economic growth in the first quarter came in stronger than expected, at 2.2%. This was mainly due to the pull-forward of exports to the US ahead of impending tariffs. Strong spending on machinery and equipment drove growth in business investment while government spending and housing activity declined. Consumption slowed but continued to grow despite a large drop in consumer confidence. Expecting a lag in the economic data, RBC Economics' July forecasts for the Canadian economy places growth at only 1.5% in 2025 and 1.3% in 2026.

On the inflation and labour front, Canadian CPI increased 1.9% in June, up from 1.7% in May. Excluding the more volatile food and energy components, Core CPI increased 2.6% in June, consistent with the May data. Notably, inflationary pressures are showing signs of broadening with 55% of CPI components posting annualized three-month increases above 3% – the broadest reading so far in 2025. The concern for the Bank of Canada is that tariffs add weight to these statistics over the coming months.

On the labour front, June unemployment in Canada was 6.9%, little changed from May's 7.0% reading. Not surprisingly, tariff-related concerns have hit hiring intentions across the economy with the actual job losses today mostly in sectors related to trade, such as manufacturing, transportation, and warehousing. The clear risk is that Canada's unemployment rate has yet to reach this cycle's high.

Since commencing its rate cutting cycle in June 2024, the Bank of Canada has cumulatively reduced the policy rate by 225 basis points – including two cuts totaling 50 basis points in the first quarter of 2025. With uncertainty about US tariffs still high, the Bank has held the overnight rate unchanged since March, and has noted that it continues to weigh the decelerating economic backdrop against the uncertain outlook for inflation. Overall, the Bank's Governing Council has stated that it will continue to assess the timing and force of the potential easing of inflation from a weaker economy, relative to upward inflationary pressures related to trade policy and tariffs.

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 \$7.3 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 first half of 2025, First Capital continued to execute on its strategy, with \$74.4 million of previously announced dispositions completed, including Sheridan Plaza and 895 Lawrence Ave. E., both located in Toronto.

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 June 30, 2025, the Trust has classified \$176.3 million, at First Capital's share, of its assets as held for sale.

Three-year Business Plan and Key Objectives

First Capital's three-year business plan to year-end 2026 is on-track and remains focused upon achieving two key objectives:

1. Generating annual OFFO per unit growth of at least 3% on average over the three year timeframe; and
2. Achieving a Net Debt to Adjusted EBITDA ratio that is in the low-8x range by year-end 2026;

To achieve the two key objectives stated above, FCR has assumed and expects the following:

- Average annual same-property NOI growth of at least 3%
- An aggregate investment of approximately \$500 million into property development and redevelopment
- Development completions, including residential inventory deliveries, of approximately \$300 million

- Property dispositions totaling approximately \$750 million 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
- 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

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-8x range by the end of 2026. As at June 30, 2025, First Capital's net debt to EBITDA ratio was 9.0x.

As at June 30, 2025, the Trust had unencumbered properties with an IFRS value of approximately \$6.6 billion and a net debt to asset ratio of 44.6% as well as a net debt to Adjusted EBITDA ratio that improved to 9.0x from 9.2x 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, 2025, First Capital received TSX approval for the renewal of its NCIB pursuant to which it may repurchase and cancel up to 21,120,181 of its outstanding units until May 20, 2026. Cumulatively from May 2022 to June 30, 2025, 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 June 30, 2025, FCR's loans and mortgages receivable totaling \$115.7 million (December 31, 2024 - \$95.8 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 June 30, 2025, FCR had approximately 0.8 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 major shift in direction of US trade policy has increased uncertainty, created new risks to economic growth, and raised inflation expectations. Interest rates and credit markets have been impacted by ongoing US tariff announcements, postponements, and renewed threats of escalation, as well as reciprocal tariffs by other countries around the globe. Overall, this heightened uncertainty makes it challenging to project GDP growth and inflation in Canada and globally.

With this as the backdrop, the Bank of Canada held its policy rate at 2.75% at both of its April and June meetings, after seven consecutive interest rate cuts totaling 225 basis points since June of 2024. The Bank cited a decelerating economic

backdrop, an uncertain outlook for potentially higher inflation and the need to gain more information on US trade policy and its impacts as key factors in its decisions.

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; 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 its 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 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 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 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.

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 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 (19.0 million square feet at its ownership interest compared to 21.9 million square feet at 100% as at June 30, 2025). First Capital's operating metrics and GLA excludes residential GLA totaling 123,000 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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Revenues, Income and Cash Flows ⁽¹⁾				
Revenues and other income	\$ 186,212	\$ 183,971	\$ 376,144	\$ 381,274
NOI ⁽²⁾	\$ 115,906	\$ 112,341	\$ 228,265	\$ 224,554
Increase (decrease) in value of investment properties, net	\$ 8,725	\$ (29,753)	\$ 12,729	\$ (29,452)
Net income (loss) attributable to Unitholders	\$ 63,481	\$ 16,948	\$ 147,903	\$ 91,745
Net income (loss) per unit attributable to Unitholders (diluted)	\$ 0.30	\$ 0.08	\$ 0.69	\$ 0.43
Weighted average number of units - diluted (in thousands)	214,729	214,287	214,616	214,137
Cash provided by operating activities	\$ 59,786	\$ 72,305	\$ 89,279	\$ 102,083
Distributions				
Distributions declared	\$ 47,268	\$ 45,844	\$ 94,517	\$ 91,680
Distributions declared per unit	\$ 0.2225	\$ 0.216	\$ 0.445	\$ 0.432
Cash distributions paid	\$ 47,266	\$ 45,844	\$ 94,048	\$ 91,676
Cash distributions paid per unit	\$ 0.2225	\$ 0.216	\$ 0.443	\$ 0.432
As at June 30				
			2025	2024
Financial Information ⁽¹⁾				
Investment properties ⁽³⁾			\$ 8,265,779	\$ 8,205,837
Total assets			\$ 9,389,085	\$ 9,476,116
Mortgages ⁽³⁾			\$ 1,171,053	\$ 1,318,870
Credit facilities			\$ 652,422	\$ 926,297
Senior unsecured debentures			\$ 2,393,797	\$ 2,176,876
Unitholders' equity			\$ 4,000,496	\$ 3,934,573
Net Asset Value per unit ⁽²⁾			\$ 22.20	\$ 21.82
Capitalization and Leverage				
Trust Units outstanding (in thousands)			212,445	212,242
Enterprise value ⁽²⁾			\$ 7,921,065	\$ 7,189,662
Net debt to total assets ^{(2) (4)}			44.6%	45.1%
Net debt to Adjusted EBITDA ^{(2) (4)}			9.0x	9.2x
Weighted average term to maturity on mortgages, fixed rate unsecured term loans and senior unsecured debentures (years)			3.7	3.6

⁽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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

As at June 30	2025	2024
Operational Information		
Number of neighbourhoods	136	138
GLA (square feet) - at 100%	21,864,000	22,222,000
GLA (square feet) - at ownership interest	19,027,000	19,379,000
Occupancy - Same Property - stable ⁽¹⁾	97.2%	96.4%
Total portfolio occupancy	97.2%	96.3%
Development pipeline and adjacent land (GLA) ⁽³⁾		
Commercial pipeline (primarily retail)	748,000	692,000
Residential pipeline	22,132,000	22,432,000
Weighted average rate per occupied square foot	\$ 24.44	\$ 23.73
Commercial GLA developed and transferred online - at ownership interest ⁽⁴⁾	—	69,000
Cost of GLA developed and brought online – at FCR's share	\$ —	\$ 26,150
Same Property - stable NOI - increase (decrease) over prior period ^{(1) (5)}	2.6%	6.2%
Total Same Property NOI - increase (decrease) over prior period ^{(1) (5)}	2.8%	6.2%
	Three months ended June 30	Six months ended June 30
	2025	2024
	2025	2024
Funds from Operations ^{(1) (2)}		
OFFO	\$ 72,778	\$ 68,384
OFFO per diluted unit	\$ 0.34	\$ 0.32
OFFO payout ratio	65.7%	67.7%
FFO	\$ 73,451	\$ 68,248
FFO per diluted unit	\$ 0.34	\$ 0.32
FFO payout ratio	65.0%	67.8%
Weighted average number of units - diluted (in thousands)	214,729	214,287
Adjusted Funds from Operations ^{(1) (2)}		
AFFO	\$ 56,420	\$ 55,236
AFFO per diluted unit	\$ 0.26	\$ 0.26
AFFO payout ratio	84.7%	83.8%
Weighted average number of units - diluted (in thousands)	214,729	214,287
Adjusted Cash Flow from Operations ^{(1) (2)}		
ACFO	\$ 63,708	\$ 64,147
ACFO payout ratio on a rolling four quarter basis	84.5%	79.3%

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

(2) Reflects joint ventures proportionately consolidated. Total assets excludes cash balances. Refer to the "Non-IFRS Financial Measures – *Proportionate Interest*" section of this MD&A.

(3) At First Capital's ownership interest.

(4) During the six months ended June 30,

(5) 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 \$7.3 billion as at June 30, 2025 compared to \$7.2 billion at December 31, 2024.

As at and for the three and six months ended (millions of dollars)						June 30, 2025	
Portfolio	Income-Producing Properties	Properties Under Construction	Density and Development Land	Proportionate Interest ⁽¹⁾	Net Operating Income ⁽¹⁾		
Core Portfolio	\$ 7,160	\$ 57	\$ 51	\$ 7,268	\$ 106	\$	209
Other properties	771	140	373	1,284	11		22
Total Portfolio	\$ 7,931	\$ 197	\$ 424	\$ 8,552	\$ 117	\$	231
Residential development inventory				302			
Total real estate investments				\$ 8,854			

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

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

As at and for the 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	\$ 404
Other properties		844			369	1,335	51
Total Portfolio	\$	7,970	\$ 129	\$	426	\$ 8,525	\$ 455
Residential development inventory						267	
Total real estate investments					\$	8,792	

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

As at June 30, 2025, First Capital had interests in 136 neighbourhoods, which were 97.2% occupied with a total GLA of 19.0 million square feet at FCR's ownership interest (21.9 million square feet at 100%) and a fair value of \$8.6 billion. This compares to 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 as at December 31, 2024.

The Same Property portfolio includes properties sub-categorized in Same Property – stable and Same Property with redevelopment. The Same Property portfolio is comprised of 127 neighbourhoods with a total GLA of 18.3 million square feet at FCR's ownership interest (21.1 million square feet at 100%) and a fair value of \$7.7 billion. These properties represent 93% of FCR's neighbourhood count, 96% of its GLA at FCR's ownership interest and 90% of its fair value as at June 30, 2025.

The balance of FCR's real estate assets consists of properties which are in various stages of redevelopment, properties acquired in 2025 or 2024 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	June 30, 2025						December 31, 2024			
					Weighted Average Rate per Occupied Square Foot					Weighted Average Rate per Occupied Square Foot
Property Type ⁽¹⁾	% of Total GLA	GLA (000's sq. ft.)	Fair Value ⁽²⁾	Occupancy		% of Total GLA	GLA (000's sq. ft.)	Fair Value ⁽²⁾	Occupancy	
Same Property – stable	94.4%	17,954	\$ 7,578	97.2%	\$ 24.48	93.3%	18,006	\$ 7,519	96.9%	\$ 24.11
Same Property with redevelopment	1.6%	302	80	99.6%	16.82	1.6%	302	77	98.4%	17.00
Total Same Property	96.0%	18,256	7,658	97.3%	24.35	94.9%	18,308	7,596	97.0%	23.99
Major redevelopment	2.6%	498	186	96.2%	23.73	2.7%	530	214	91.1%	23.36
Properties under construction ⁽³⁾	—%	—	144	—%	—	—%	—	83	—%	—
Acquisitions ⁽⁴⁾	0.4%	74	59	100.0%	39.81	0.3%	64	42	98.4%	39.11
Density and Development land ^{(5) (6)}	0.5%	94	329	87.8%	41.75	0.6%	100	361	89.5%	41.76
Investment properties classified as held for sale	0.5%	105	176	92.9%	17.85	0.5%	106	155	93.4%	17.74
Dispositions ⁽⁷⁾	—%	—	—	—%	—	1.0%	200	74	99.2%	16.65
Total	100.0%	19,027	\$ 8,552	97.2%	\$ 24.44	100.0%	19,308	\$ 8,525	96.8%	\$ 24.00

⁽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 June 30, 2025 and December 31, 2024, respectively.

⁽³⁾ Approximately \$53 million (December 31, 2024 - \$46 million) of properties under construction is included in investment properties classified as held for sale as at June 30, 2025.

⁽⁴⁾ Includes current year and prior year acquisitions.

⁽⁵⁾ Approximately \$17 million (December 31, 2024 - \$Nil) of density and development land is included in acquisitions as at June 30, 2025.

⁽⁶⁾ Approximately \$78 million (December 31, 2024 - \$65 million) of density and development land is included in investment properties classified as held for sale as at June 30, 2025.

⁽⁷⁾ Comparative information presented relates to 2025 dispositions that have been completed and no longer form part of these metrics as at June 30, 2025.

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

As at	June 30, 2025								December 31, 2024					
(millions of dollars, except other data)	Number of Neighbour-hoods	GLA (000's 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 (000's sq. ft.)	Fair Value ⁽¹⁾	% of Total Fair Value	Occupancy	Weighted Average Rate per Occupied Square Foot	% of Annual Minimum Rent
Area														
Greater Toronto	44	6,479	\$ 3,981	47%	97.4%	\$ 28.37	40%	46	6,703	\$ 4,006	47%	96.8%	\$ 27.71	40%
Greater Montreal	27	3,582	1,061	12%	95.6%	19.10	14%	27	3,583	1,046	12%	94.9%	18.83	14%
Greater Calgary	15	2,413	1,010	12%	97.3%	26.56	14%	15	2,408	999	12%	96.9%	26.29	14%
Greater Vancouver	14	1,581	965	11%	98.7%	29.37	10%	14	1,583	954	11%	97.9%	29.00	10%
Greater Edmonton	10	2,143	600	7%	95.0%	20.56	9%	10	2,202	599	7%	96.1%	19.76	9%
Greater Ottawa	12	1,021	348	4%	99.0%	20.97	5%	12	1,021	339	4%	98.8%	20.76	5%
KW/Guelph ⁽²⁾	5	1,052	366	4%	99.7%	20.82	5%	5	1,052	362	4%	98.7%	20.60	5%
Other	9	756	221	3%	99.2%	19.14	3%	9	756	220	3%	98.9%	18.87	3%
Total	136	19,027	\$ 8,552	100%	97.2%	\$ 24.44	100%	138	19,308	\$ 8,525	100%	96.8%	\$ 24.00	100%

⁽¹⁾ At FCR's proportionate interest, including investment properties classified as held for sale as at June 30, 2025 and December 31, 2024, 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:

	Six months ended June 30, 2025			
(millions of dollars)	Consolidated Balance Sheet	Adjustments for Proportionate Interest	Proportionate Interest ⁽²⁾	
Balance at beginning of year	\$ 8,237	\$ 288	\$ 8,525	
Acquisitions				
Investment properties and additional adjacent spaces	22	—	22	
Development activities and property improvements	65	4	69	
Increase (decrease) in value of investment properties, net	13	(6)	7	
Dispositions	(74)	—	(74)	
Other changes	3	—	3	
Balance at end of period ⁽¹⁾	\$ 8,266	\$ 286	\$ 8,552	

⁽¹⁾ Includes assets classified as held for sale as at June 30, 2025 totaling \$176 million (\$176 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, 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.

2025 Acquisitions

Income-producing properties and other

During the six months ended June 30, 2025, First Capital acquired one property located in midtown Toronto for \$22.2 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.	1549 Avenue Rd. (Royal Lighting)	Toronto, ON	Q1	100%	10,564	0.6	\$ 22.2
Total					10,564	0.6	\$ 22.2

2025 Dispositions

During the six months ended June 30, 2025, First Capital completed \$74.4 million of dispositions located in Toronto, 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.	895 Lawrence Ave. E.	Toronto, ON	Q1	100%	29,288	1.9	
2.	Sheridan Plaza	Toronto, ON	Q1	100%	170,746	12.5	
3.	Yorkville Condo	Toronto, ON	Q2	100%	2,075	—	
Total					202,109	14.4	\$ 74.4

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:

Six months ended June 30	2025						2024
	Capital Expenditures	Adjustments for Proportionate Interest	Proportionate Interest ⁽¹⁾	Capital Expenditures	Adjustments for Proportionate Interest	Proportionate Interest ⁽¹⁾	
Revenue sustaining	\$ 16,279	\$ 95	\$ 16,374	\$ 8,934	\$ 42	\$ 8,976	
Revenue enhancing	7,951	107	8,058	18,337	(76)	18,261	
Expenditures recoverable from tenants	5,664	—	5,664	5,097	—	5,097	
Development expenditures	35,087	3,534	38,621	20,034	4,484	24,518	
Sub-total	\$ 64,981	\$ 3,736	\$ 68,717	\$ 52,402	\$ 4,450	\$ 56,852	
Residential Inventory	\$ 27,455	\$ 6,730	\$ 34,185	\$ 14,691	\$ 9,147	\$ 23,838	
Total	\$ 92,436	\$ 10,466	\$ 102,902	\$ 67,093	\$ 13,597	\$ 80,690	

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

Capital expenditures for the six months ended June 30, 2025 were \$102.9 million, which was \$22.2 million higher than the same prior year period, in large part due to increased development spend at the Trust's three active residential projects and it's Yonge & Roselawn development project.

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 June 30, 2025 and December 31, 2024:

As at and for the three and six months ended (millions of dollars)						June 30, 2025	
Property Type	Valuation Method	Fair Value	Adjustments for Proportionate Interest	Proportionate Interest ⁽¹⁾	Net Operating Income ⁽⁵⁾		
Same Property - stable	DCF ⁽²⁾	\$ 7,434	\$ 144	\$ 7,578	\$ 111	\$ 218	
Same Property with redevelopment	DCF ⁽²⁾	80	—	80	1	3	
Total Same Property		\$ 7,514	\$ 144	\$ 7,658	\$ 112	\$ 221	
Major redevelopment	DCF ⁽²⁾ , Cost ⁽²⁾	186	—	186	4	6	
Properties under construction ⁽³⁾	DCF ⁽²⁾ , Cost ⁽²⁾	143	1	144	—	—	
Acquisitions	DCF ⁽²⁾ , Cost ⁽²⁾	59	—	59	1	1	
Density and Development Land ^{(4) (5)}	Cost ⁽²⁾ , comparable land sales	188	141	329	1	2	
Assets classified as held for sale	DCF ⁽²⁾ , comparable land sales	176	—	176	—	1	
Dispositions	N/A	—	—	—	—	1	
Total investment properties		\$ 8,266	\$ 286	\$ 8,552	\$ 118	\$ 232	
NOI related to other investments					(1)	(1)	
Total NOI					\$ 117	\$ 231	

⁽¹⁾ At First Capital's proportionate interest for the three and six months ended June 30, 2025. 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 \$53 million (\$53 million at First Capital's share) of properties under construction is included in assets classified as held for sale.

⁽⁴⁾ Approximately \$78 million (\$78 million at First Capital's share) of density and development land is included in assets classified as held for sale.

⁽⁵⁾ Approximately \$17 million (\$17 million at First Capital's share) of density and development land is included in acquisitions.

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

As at and for the twelve months ended (millions of dollars)					December 31, 2024	
Property Type ⁽¹⁾	Valuation Method	Fair Value	Adjustments for Proportionate Interest	Proportionate Interest ⁽²⁾	Net Operating Income ⁽²⁾	
Same Property - stable	DCF ⁽³⁾	\$ 7,370	\$ 149	\$ 7,519	\$ 425	
Same Property with redevelopment	DCF ⁽³⁾	77	—	77	5	
Total Same Property		\$ 7,447	\$ 149	\$ 7,596	\$ 430	
Major redevelopment	DCF ⁽³⁾ , Cost ⁽³⁾	214	—	214	11	
Properties under construction ⁽⁴⁾	DCF ⁽³⁾ , Cost ⁽³⁾	82	1	83	—	
Acquisitions	DCF ⁽³⁾ , Cost ⁽³⁾	42	—	42	2	
Density and Development Land ⁽⁵⁾	Cost ⁽³⁾ , comparable land sales	223	138	361	4	
Assets classified as held for sale	DCF ⁽³⁾ , comparable land sales	155	—	155	1	
Dispositions	N/A	74	—	74	7	
Total investment properties		\$ 8,237	\$ 288	\$ 8,525	\$ 455	
NOI related to other investments					—	
Total NOI					\$ 455	

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

⁽²⁾ At First Capital's proportionate interest for the twelve months ended December 31, 2024. 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 \$46 million (\$46 million at First Capital's share) of properties under construction is included in assets classified as held for sale.

⁽⁵⁾ Approximately \$65 million (\$65 million at First Capital's share) of density and development land is included in assets classified as held for sale.

The majority of the Trust's portfolio is valued under the Income Approach using the discounted cash flow ("DCF") method. As at June 30, 2025, 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, 2024.

During the second quarter of 2025, 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 \$8.7 million (\$4.4 million at FCR's share) for the three months ended June 30, 2025. For the six months ended June 30, 2025, an overall net increase in the value of investment properties was recorded in the amount of \$12.7 million (\$7.0 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 June 30, 2025 and December 31, 2024:

Area	Stabilized Capitalization Rate		
	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%	4.5%-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, 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.

Property Development Activities

As at June 30, 2025, the Trust's share of properties under construction, residential inventory and density and development land totaled approximately \$923 million. These non-income producing properties represent approximately 10% 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 June 30, 2025, the invested cost of these non-income producing properties was \$905 million as compared to a fair value of \$923 million. Cumulative gains of approximately \$18 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 June 30, 2025, First Capital's portfolio is comprised of 19.0 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 June 30, 2025, Management had identified approximately 22.9 million square feet of incremental density which currently exceeds FCR's existing portfolio of 19.0 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

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 June 30, 2025	Square feet (in thousands)			Recognized to date ⁽²⁾	Value recognized ⁽¹⁾⁽²⁾ (in millions)
	Commercial	Residential	Total ⁽¹⁾		
Properties under construction	148	260	408	408	\$ 197
Density and development land					
Medium term	800	10,200	11,000		
Long term	(100)	3,500	3,400		
Very long term	(100)	7,800	7,700		
	600	21,500	22,100	7,356	\$ 424
Residential inventory	—	372	372	372	\$ 302
Total development pipeline	748	22,132	22,880	8,136	\$ 923

⁽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 8.1 million or 36% of FCR's 22.9 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 \$424 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 June 30, 2025, the invested cost of the density and development land recognized in the Trust's proportionate balance sheet totaled \$424 million representing acquisition cost and pre-development costs to date.

As at June 30, 2025 ⁽¹⁾ (in millions)		Unencumbered	Encumbered	Fair Value
Development land	Unzoned	\$ 61	\$ 11	\$ 72
	Zoned	163	—	163
	Total	224	11	235
IPP with density	Unzoned	34	28	62
	Zoned	127	—	127
	Total	161	28	189
Value of density and development land		\$ 385	\$ 39	\$ 424

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

The remaining 14.7 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 June 30, 2025 (in thousands of square feet)	Incremental Density Pipeline	
	Total	% of Total
Greater Toronto Area	14,284	62.5%
Greater Montreal Area	4,509	19.7%
Greater Vancouver Area	2,135	9.3%
Greater Ottawa Area	1,288	5.6%
Greater Edmonton Area	569	2.5%
Greater Calgary Area	95	0.4%
Total development pipeline	22,880	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 June 30, 2025, entitlement submissions to date total approximately 18.2 million square feet representing 79% of FCR's 22.9 million incremental density pipeline. To date, 9.3 million square feet has been zoned and the Trust expects up to 1.0 million square feet of existing entitlement submissions to be zoned throughout the second half of 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	124
8. 2025 Entitlement Applications	1,025	36	1,061	14	1,047	—
Total Entitlement Applications Submitted	21,544	2,139	23,683	964	22,719	12,359
Dispositions and other ⁽³⁾	(3,992)	(713)	(4,705)	(162)	(4,543)	(3,073)
Total Entitlement Applications Submitted - net	17,552	1,426	18,978	802	18,176	9,286

⁽¹⁾ Certain prior period entitlement application data has been updated to reflect subsequent resubmissions.

⁽²⁾ As at June 30, 2025, 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 or reclassified out of density and development land for which entitlements had been previously submitted.

First Capital has approximately 6.7 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. Cedarbrae Mall (future phases)	Cedarbrae	Toronto, ON	100%
10. Le Campanile	Nun's Island	Montreal, QC	100%
11. Place Michelet	Saint - Leonard	Montreal, QC	100%
12. 5500 Dundas West	Etobicoke	Toronto, ON	100%
13. Plaza Baie d'Urfe	West Island	Montreal, QC	100%
14. Westmount Shopping Centre (future phases)	Westmount	Edmonton, AB	100%
15. Scott 72 Shopping Centre	120 St./72 Ave.	Delta, BC	100%
16. Semiahmoo (future phases)	South Surrey	Surrey, BC	100%
17. 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.

2025 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.

For the six months ended June 30, 2025, First Capital had tenant closures for redevelopment of 86,000 square feet at an average rental rate of \$9.83 per square foot, of which 76,000 square feet was slated for demolition.

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 June 30, 2025 are as follows:

As at June 30, 2025					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⁾
Carrefour Charlemagne (Wendy's pad), Charlemagne, QC	50%	Retail	H2 2025	—	—	1	1
906-1st Avenue NE, Calgary, AB	100%	Retail	H2 2025	—	—	29	29
Edenbridge Condos, Toronto, ON	50%	Mixed-Use (condo)	H1 2026	105	123	—	123
		Mixed-Use (retail)	H1 2026	—	—	4	4
Humbertown Shopping Centre (Phases II & III), Toronto, ON ⁽³⁾	100%	Retail	H2 2026	—	—	50	50
400 King St. W., Toronto, ON	35%	Mixed-Use (condo)	H2 2026	219	151	—	151
		Mixed-Use (retail)	H2 2026	—	—	12	12
1071 King St. W., Toronto, ON	25%	Mixed-Use (retail)	H1 2027	75	49	1	50
Yonge & Roselawn, Toronto, ON	50% ⁽⁴⁾	Mixed-Use (rental)	H1 2028	318	211	33	244
138 Yorkville Ave., Toronto, ON	33%	Mixed-Use (condo)	H2 2030	23	98	—	98
		Mixed-Use (retail)	H2 2030	—	—	18	18
Total at FCR's share ⁽²⁾				740	632	148	780

⁽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⁾ GLA shown above is net of 41,000 square feet of major tenant space that will remain in occupancy through the re-development period.

⁽⁴⁾ As at June 30, 2025, 25% of this project is classified as held for sale.

As at June 30, 2025		Value recognized ⁽¹⁾ (in millions)				Estimated Costs to Complete ⁽¹⁾
Project		Properties Under Construction ⁽¹⁾	Income-Producing Properties ⁽¹⁾	Residential Development Inventory ⁽¹⁾	Total ⁽¹⁾	
Carrefour Charlemagne (Wendy's pad), Charlemagne, QC	\$	1	\$ —	\$ —	\$ 1	\$ —
906-1st Avenue NE, Calgary, AB		7	—	—	7	11
Edenbridge Condos, Toronto, ON (residential)		—	—	92	92	21
Edenbridge Condos, Toronto, ON (retail)		3	—	—	3	1
Humbertown Shopping Centre (Phases II & III), Toronto, ON		41	—	—	41	23
400 King St. W., Toronto, ON (residential)		—	—	113	113	42
400 King St. W., Toronto, ON (retail)		5	—	—	5	3
1071 King St. W., Toronto, ON		19	—	—	19	34
Yonge & Roselawn, Toronto, ON		106	—	—	106	181
Sub-total at FCR's share ⁽¹⁾	\$	182	\$ —	\$ 205	\$ 387	\$ 316
138 Yorkville Ave., Toronto, ON (residential)		—	—	97	97	TBD
138 Yorkville Ave., Toronto, ON (retail)		15	—	—	15	TBD
Total at FCR's share ⁽¹⁾	\$	197	\$ —	\$ 302	\$ 499	\$ 316

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

Carrefour Charlemagne (Wendy's pad)

Carrefour Charlemagne (Wendy's pad), Charlemagne, is a land lease with Wendy's for a new 2,500 square-foot pad situated on a discrete outparcel of the Carrefour Charlemagne shopping centre in the east end of the Montreal Metropolitan Area. Wendy's is targeting LEED Silver certification and is scheduled to complete construction of its building by October 2025, with opening scheduled for December 2025.

906-1st Avenue NE

906-1st Avenue NE, Calgary, is a 29,000-SF two-storey retail development in the vibrant Bridgeland neighbourhood. The site will be anchored by a new Shoppers Drug Mart store on the ground floor and a small medical or office component on the second floor complementing the primary retail use. Construction is progressing well, following the demolition of the former Molson Brewery building in Q1. Shoppers is scheduled to take possession in December 2025 and commence operations in May 2026.

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. Interior finishing of the suites is nearing completion. Purchasers will begin occupying their units in August. The Trust's 50% co-development partner in the project is Tridel.

Humbertown Shopping Centre (Phases II & III)

Humbertown Shopping Centre, Toronto, is undergoing a transformative retail renovation that will reposition the centre to better accommodate key retailers in their preferred formats and add previously missing uses to the merchandising mix. FCR secured redevelopment rights in its favour, and as such, was able to enter into new leases at market rents with existing and new retailers in order to facilitate the centre's redevelopment.

Phase 1 involved a full renovation of the centre's south wing. Completed in the second half of 2024, all Phase 1 tenants have taken possession of their new spaces, and many are now open for business.

Phase 2 includes a 10,000 square foot expansion of the former undersized Loblaws store. Construction is well underway, with Loblaws scheduled to reopen in Q2 2026.

Phase 3 began alongside Phase 2 to minimize the duration of disruption at the centre. This phase includes the removal of the interior common area in the north wing of the former mall, as well as the relocation and expansion of Shoppers Drug Mart. The new Shoppers store will benefit from an improved store layout and enhanced frontage near Loblaws and LCBO. Several new units will be created as part of this phase, including much-needed space for restaurant uses. Phase 3 is expected to be completed in the second half of 2026.

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. The building's structure is nearly complete and will be topped-off in August. 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.

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. Structural forming of the second floor slab is underway. The Trust's co-development partners in the project are Hullmark and Woodbourne.

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 was recently certified as a Net Zero Carbon building by the Canada Green Building Council. The ground floor slab will be completed this month with formwork progressing to the second floor. The Trust's co-development partner in the project is Woodbourne.

138 Yorkville

138 Yorkville Avenue, Toronto, is a 31-storey ultra-luxury condominium tower that includes approximately 70 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. Construction of the underground structure is well underway. The Trust's co-development partner in the project is Greybrook Realty Partners.

Leasing and Occupancy

As at June 30, 2025, both total portfolio and Same Property occupancy increased 0.3% to 97.2% and 97.3%, respectively, compared to March 31, 2025 occupancy rates primarily due to tenant openings, net of closures. Total portfolio and Same Property occupancy increased 0.4% and 0.3%, respectively, compared to December 31, 2024 occupancy rates.

For the six months ended June 30, 2025, the monthly average occupancy for the total portfolio was 96.9% compared to 96.1%, and the Same Property portfolio occupancy was 97.0% compared to 96.2% for the same prior year period, respectively.

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

As at	June 30, 2025			December 31, 2024		
(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	17,456	97.2%	\$ 24.48	17,456	96.9%	\$ 24.11
Same Property with redevelopment	301	99.6%	16.82	297	98.4%	17.00
Total Same Property	17,757	97.3%	24.35	17,753	97.0%	23.99
Major redevelopment	479	96.2%	23.73	483	91.1%	23.36
Assets classified as held for sale	97	92.9%	17.85	99	93.4%	17.74
Total portfolio before acquisitions and dispositions	18,333	97.2%	24.30	18,335	96.8%	23.94
Acquisitions ⁽¹⁾	74	100.0%	39.81	63	98.4%	39.11
Dispositions ⁽²⁾	—	—%	—	199	99.2%	16.65
Density and Development land	83	87.8%	41.75	89	89.5%	41.76
Total ⁽³⁾	18,490	97.2%	\$ 24.44	18,686	96.8%	\$ 24.00

⁽¹⁾ Includes current year and prior year acquisitions.

⁽²⁾ Comparative information presented relates to 2025 dispositions that have been completed and no longer form part of these metrics as at June 30, 2025.

⁽³⁾ At FCR's ownership interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

During the three months ended June 30, 2025, First Capital completed 626,000 square feet of lease renewals across the portfolio. First Capital achieved a 16.2% 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 June 30, 2025, First Capital achieved a 20.9% 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 0.9% from \$24.23 as at March 31, 2025 to \$24.44 as at June 30, 2025 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 June 30, 2025 are set out below:

Three months ended June 30, 2025				Major redevelopment, ground-up, acquisitions, dispositions, density & development land			Vacancy				Total Portfolio ⁽¹⁾		
Total Same Property													
	Occupied Square Feet (thousands)	%	Weighted Average Rate per Occupied Square Foot	Occupied Square Feet (thousands)	%	Weighted Average Rate per Occupied Square Foot	Under Redevelopment Square Feet (thousands)	%	Vacant Square Feet (thousands)	%	Total Square Feet (thousands)	Occupied Square Feet %	Weighted Average Rate per Occupied Square Foot
March 31, 2025 ⁽²⁾	17,776	97.0%	\$ 24.15	733	94.3%	\$ 26.18	4	—%	585	3.1%	19,098	96.9%	\$ 24.23
Tenant possession	100		22.17	—		—	—		(100)		—		22.17
Tenant closures	(63)		(20.24)	(1)		(31.39)	—		64		—		(20.39)
Tenant closures for redevelopment	(56)		(5.21)	—		—	56		—		—		(5.21)
Developments – tenants coming online ⁽³⁾	—		—	1		59.10	—		(1)		—		59.10
Redevelopments – tenant possession	—		—	—		—	—		—		—		—
Demolitions	—		—	—		—	(62)		—		(62)		—
Reclassification	—		—	—		—	2		(11)		(9)		—
Total portfolio before Q2 2025 acquisitions and dispositions	17,757	97.3%	\$ 24.35	733	95.1%	\$ 26.61	—	—%	537	2.8%	19,027	97.2%	\$ 24.44
Acquisitions (at date of acquisition)	—	—%	—	—	—%	—	—	—%	—		—	—%	—
Dispositions (at date of disposition)	—	—%	—	—	—%	—	—	—%	—		—	—%	—
June 30, 2025	17,757	97.3%	\$ 24.35	733	95.1%	\$ 26.61	—	—%	537	2.8%	19,027	97.2%	\$ 24.44
Renewals	611		\$ 25.55	15		\$ 48.33					626		\$ 26.10
Renewals – expired	(611)		\$ (21.96)	(15)		\$ (42.84)					(626)		\$ (22.47)
Net change per square foot from renewals			\$ 3.59			\$ 5.49							\$ 3.63
% Increase on renewal of expiring rents (first year of renewal term)			16.3%			12.8%							16.2%
% increase on renewal of expiring rents (average rate in renewal term)													20.9%

⁽¹⁾ At FCR's ownership interest.

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

⁽³⁾ For further discussion of development and redevelopment coming online and under development vacancy, refer to the "Property Development Activities – 2025 Development and Redevelopment Coming Online and Space Going Offline" section of this MD&A.

During the six months ended June 30, 2025, First Capital completed 1,137,000 square feet of lease renewals across the portfolio. First Capital achieved a 15.0% 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 six months ended June 30, 2025, First Capital achieved a 19.9% 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 1.8% from \$24.00 as at December 31, 2024 to \$24.44 as at June 30, 2025 primarily due to renewal lifts, rent escalations, and dispositions.

Changes in First Capital's gross leasable area and occupancy for the total portfolio for the six months ended June 30, 2025 are set out below:

Six months ended June 30, 2025	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 Redevelopment Square Feet (thousands)	%	Vacant Square Feet (thousands)	%	Total Square Feet (thousands)	Occupied Square Feet %	Weighted Average Rate per Occupied Square Foot
December 31, 2024 ⁽²⁾	17,753	97.0%	\$ 23.99	933	93.3%	\$ 24.16	10	—%	612	3.2%	19,308	96.8%	\$ 24.00
Tenant possession	190		23.72	27		12.34	—		(217)		—		22.30
Tenant closures	(134)		(18.14)	(8)		(28.97)	—		142		—		(18.78)
Tenant closures for redevelopment	(56)		(5.21)	(30)		(18.49)	86		—		—		(9.83)
Developments – tenants coming online ⁽³⁾	—		—	1		59.10	—		(1)		—		59.10
Redevelopments – tenant possession	—		—	—		—	—		—		—		—
Demolitions	—		—	—		—	(88)		—		(88)		—
Reclassification	4		—	(2)		—	(8)		2		(4)		—
Total portfolio before 2025 acquisitions and dispositions	17,757	97.3%	\$ 24.35	921	95.9%	\$ 24.39	—	—%	538	2.8%	19,216	97.2%	\$ 24.35
Acquisitions (at date of acquisition)	—	—%	—	11	100.0%	39.88	—	—%	—		11	100.0%	39.88
Dispositions (at date of disposition)	—	—%	—	(199)	99.2%	(16.98)	—	—%	(1)		(200)	99.2%	(16.98)
June 30, 2025	17,757	97.3%	\$ 24.35	733	95.1%	\$ 26.61	—	—%	537	2.8%	19,027	97.2%	\$ 24.44
Renewals	1,114		\$ 25.35	23		\$ 35.83					1,137		\$ 25.57
Renewals – expired	(1,114)		\$ (22.03)	(23)		\$ (31.96)					(1,137)		\$ (22.23)
Net change per square foot from renewals			\$ 3.32			\$ 3.87							\$ 3.34
% Increase on renewal of expiring rents (first year of renewal term)			15.1%			12.1%							15.0%
% increase on renewal of expiring rents (average rate in renewal term)													19.9%

⁽¹⁾ At FCR's ownership interest.

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

⁽³⁾ For further discussion of development and redevelopment coming online and under development vacancy, refer to the "Property Development Activities – 2025 Development and Redevelopment Coming Online and Space Going Offline" section of this MD&A.

Top Forty Tenants

As at June 30, 2025, 55.4% of First Capital's annualized minimum rent came from its top 40 tenants (December 31, 2024 – 55.8%). Of these rents, 71.1% (December 31, 2024 – 71.1%) 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 5.6 years as at June 30, 2025, 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")	91	1,908	10.3%	10.5%	BBB (high)	BBB+	
2.	Sobeys	48	1,360	7.3%	5.3%	BBB	BBB-	
3.	Metro	33	843	4.6%	3.1%	BBB (high)	BBB	
4.	Canadian Tire	19	693	3.7%	3.1%	BBB	BBB	
5.	TD Canada Trust	43	196	1.1%	2.1%	AA	A+	Aa2
6.	Dollarama	53	476	2.6%	2.0%	BBB (high)	BBB	Baa2
7.	Walmart	9	904	4.9%	1.9%		AA	Aa2
8.	Save-On-Foods	8	316	1.7%	1.9%			
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		365	7,354	39.7%	33.3%			
11.	Scotiabank	29	134	0.7%	1.6%	AA	A+	Aa2
12.	CIBC	33	168	0.9%	1.4%	AA	A+	Aa2
13.	RONA	4	361	2.0%	1.4%			
14.	LCBO	21	190	1.0%	1.3%	AA	AA-	Aa3
15.	Winners	13	310	1.7%	1.3%		A	A2
16.	Rexall	17	138	0.7%	1.1%			
17.	Restaurant Brands International	52	116	0.6%	1.1%		BB	Ba3
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+	B2
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.	McDonald's	19	70	0.4%	0.6%		BBB+	Baa1
28.	Starbucks	31	43	0.2%	0.5%		BBB+	Baa1
29.	Pusateri's	1	35	0.2%	0.5%			
30.	The Beer Store	10	59	0.3%	0.5%	AA	AA-	Aa3
31.	Subway	52	52	0.3%	0.5%			
32.	Pet Valu	20	59	0.3%	0.4%			
33.	Williams-Sonoma	2	38	0.2%	0.4%			
34.	The Home Depot	2	153	0.8%	0.4%	A	A	A2
35.	Anytime Fitness	14	70	0.4%	0.4%			
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)	A+	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		821	10,703	57.9%	55.4%			

⁽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 June 30, 2025, 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⁾	114	155	0.8%	\$ 3,730	0.8%	\$ 24.07
2025	180	738	3.9%	15,966	3.2%	21.62
2026	466	1,559	8.2%	41,570	8.3%	26.67
2027	608	2,743	14.4%	68,353	13.7%	24.92
2028	575	3,076	16.2%	73,573	14.7%	23.91
2029	579	2,612	13.7%	64,834	13.0%	24.82
2030	478	1,891	9.9%	55,002	11.0%	29.09
2031	199	1,086	5.7%	30,193	6.1%	27.80
2032	147	876	4.6%	22,595	4.5%	25.78
2033	142	747	3.9%	21,323	4.3%	28.55
2034	165	842	4.4%	29,375	5.9%	34.88
2035	156	948	5.0%	34,170	6.8%	36.06
Thereafter	76	1,217	6.5%	38,593	7.7%	31.72
Total or Weighted Average	3,885	18,490	97.2%	\$ 499,277	100.0%	\$ 27.00

⁽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 5.1 years as at June 30, 2025, excluding contractual renewal options, but including month-to-month and other short-term leases.

Investment in Joint Ventures

As at June 30, 2025, First Capital had interests in seven joint ventures that it accounts for using the equity method. First Capital's joint ventures are as follows:

Name of Entity	Name of Property/Business Activity	Location	Effective Ownership	
			June 30, 2025	December 31, 2024
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%
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%

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

The following table reconciles the changes in First Capital's interests in its equity accounted joint ventures for the six months ended June 30, 2025 and year ended December 31, 2024:

	June 30, 2025	December 31, 2024
Balance at beginning of year	\$ 320,042	\$ 404,504
Contributions to equity accounted joint ventures	1,152	20,037
Distributions from equity accounted joint ventures	(3,093)	(5,533)
Distribution of net assets from equity accounted joint venture	—	(60,028)
Share of profit (loss) from equity accounted joint ventures	(6,625)	(38,938)
Balance at end of period	\$ 311,476	\$ 320,042

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	June 30, 2025	December 31, 2024
Non-current		
Loans and mortgages receivable classified as amortized cost (a)	\$ 28,072	\$ 14,178
Other investments	12,506	12,506
Due from co-owners (b)	74,786	62,044
Total non-current	115,364	88,728
Current		
Loans and mortgages receivable classified as amortized cost (a)	87,617	81,657
FVTPL investments in securities (c)	3,492	3,246
Total current	91,109	84,903
Total	\$ 206,473	\$ 173,631

(a) Loans and mortgages receivable are secured by interests in investment properties or shares of entities owning investment properties. As at June 30, 2025, these receivables bear interest at weighted average effective interest rates of 8.8% (December 31, 2024 – 8.9%) and mature between 2025 and 2028.

(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 \$66.8 million (December 31, 2024 - \$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 June 30			Six months ended June 30		
	% change	2025	2024	% change	2025	2024
Property rental revenue						
Base rent ⁽¹⁾		\$112,881	\$109,617		\$224,257	\$219,117
Operating cost recoveries		28,290	28,234		61,160	58,492
Realty tax recoveries		31,189	29,097		62,650	60,078
Lease termination fees		35	113		157	5,697
Percentage rent		532	711		1,136	1,378
Straight-line rent adjustment		873	2,475		3,223	3,485
Prior year operating cost and tax recovery adjustments		637	717		1,327	777
Temporary tenants, storage, parking and other		5,759	5,282		10,653	10,111
Total Property rental revenue	2.2%	180,196	176,246	1.5%	364,563	359,135
Property operating costs						
Recoverable operating expenses		30,236	31,469		66,351	65,276
Recoverable realty tax expense		34,526	32,980		70,232	68,201
Prior year realty tax expense (recovery)		(42)	(87)		(18)	(249)
Other operating costs and adjustments ⁽²⁾		(430)	(457)		(267)	1,353
Total Property operating costs		64,290	63,905		136,298	134,581
NOI ⁽³⁾	3.2%	\$115,906	\$112,341	1.7%	\$228,265	\$224,554
NOI margin		64.3%	63.7%		62.6%	62.5%

⁽¹⁾ Includes residential revenue.

⁽²⁾ Includes residential operating costs and bad debt expense (recovery). For the three and six months ended June 30, 2025, bad debt expense (recovery) totaled (\$0.3) million, respectively (three and six months ended June 30, 2024 - (\$0.7) million and (\$0.8) million, respectively).

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

For the three and six months ended June 30, 2025, total NOI increased \$3.6 million and \$3.7 million, respectively, compared to the same prior year periods. For the three months ended June 30, 2025, the increase was primarily due to higher base rent and lower net tax and operating recovery shortfall, partially offset by lower straight-line rent over the prior year period. For the six months ended June 30, 2025, the increase was primarily due to higher base rent, lower net tax and operating recovery shortfall, and lower non-recoverable expenditures year-over-year, largely offset by significantly higher contributions from lease termination fees in 2024.

For the three and six months ended June 30, 2025, property operating costs include \$6.8 million and \$13.7 million, respectively (three and six months ended June 30, 2024 – \$6.2 million and \$12.6 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 June 30			Six months ended June 30		
	% change	2025	2024	% change	2025	2024
Property rental revenue						
Base rent ⁽¹⁾		\$109,464	\$105,281		\$216,901	\$210,093
Operating cost recoveries		27,515	26,860		59,086	55,684
Realty tax recoveries		30,360	27,914		60,600	57,646
Lease termination fees		35	15		157	5,599
Percentage rent		496	625		1,036	1,261
Prior year operating cost and tax recovery adjustments		387	1,197		1,081	1,225
Temporary tenants, storage, parking and other		5,720	4,538		10,474	8,860
Total Same Property rental revenue		173,977	166,430		349,335	340,368
Property operating costs						
Recoverable operating expenses		29,125	29,799		63,510	61,834
Recoverable realty tax expense		33,027	31,406		66,680	64,923
Prior year realty tax expense		27	(87)		51	(233)
Other operating costs and adjustments ⁽²⁾		331	(226)		1,213	1,829
Total Same Property operating costs		62,510	60,892		131,454	128,353
Total Same Property NOI ⁽³⁾	5.6%	\$111,467	\$105,538	2.8%	\$217,881	\$212,015
Major redevelopment		3,278	2,557		6,022	5,234
Acquisitions – 2025		89	—		164	—
Acquisitions – 2024		648	652		1,271	1,059
Assets classified as held for sale		383	346		721	772
Dispositions – 2025		(22)	844		823	1,705
Dispositions – 2024		77	787		66	1,902
Straight-line rent adjustment		917	2,487		3,317	3,513
Development land		269	606		732	1,571
NOI at First Capital's proportionate interest ⁽³⁾	2.9%	\$117,106	\$113,817	1.4%	\$230,997	\$227,771
NOI related to equity accounted joint ventures & NCI		(1,200)	(1,476)		(2,732)	(3,217)
NOI per consolidated statements of income (loss)		\$115,906	\$112,341		\$228,265	\$224,554
NOI margin		64.3%	63.7%		62.6%	62.5%

⁽¹⁾ Includes residential revenue.

⁽²⁾ Includes residential operating costs and bad debt expense.

⁽³⁾ 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 June 30		Six months ended June 30	
	2025	2024 ⁽¹⁾	2025	2024 ⁽¹⁾
Same Property – Stable	5.4%	4.7%	2.6%	6.2%
Same Property with redevelopment	32.3%	2.5%	20.6%	3.6%
Total Same Property NOI Growth ⁽²⁾	5.6%	4.6%	2.8%	6.2%

⁽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 June 30, 2025, Total Same Property NOI increased 5.6% over the same prior year period. Same Property NOI excluding bad debt expense (recovery) and lease termination fees increased 6.2%. The growth was primarily due to higher base rent derived from higher year-over-year occupancy and rental rate growth, and higher year-over-year operating cost recoveries.

For the six months ended June 30, 2025, Total Same Property NOI increased by 2.8% over prior year, largely constrained by the \$5.5 million settlement with Nordstrom recognized in the first quarter of 2024 with respect to the early termination of its lease at One Bloor East. Same Property NOI excluding bad debt expense (recovery) and lease termination fees increased 5.7%. The growth was primarily due to higher base rent derived from higher year-over-year occupancy and rental rate growth, and higher year-over-year operating cost recoveries.

Interest and Other Income

	Three months ended June 30				Six months ended June 30			
	2025		2024		2025		2024	
Interest, dividend and distribution income from cash, marketable securities and other investments	\$	986	\$	3,670	\$	2,225	\$	4,582
Interest income from loans and mortgages receivable at amortized cost		2,178		2,788		4,304		5,557
Fees and other income ⁽¹⁾		2,852		1,267		5,052		12,000
Total	\$	6,016	\$	7,725	\$	11,581	\$	22,139

⁽¹⁾ For the six months ended June 30, 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.

For the three and six months ended June 30, 2025, interest and other income decreased \$1.7 million and \$10.6 million, respectively, compared to the same prior year periods primarily due to lower bank interest income earned as a result of interest rate decreases year-over-year, and a \$9.5 million assignment fee, recognized in the first quarter of 2024, related to a small development parcel located in Montreal.

Interest Expense

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

	Three months ended June 30				Six months ended June 30			
	2025		2024		2025		2024	
Mortgages	\$	12,355	\$	13,675	\$	24,853	\$	26,996
Credit facilities		7,993		11,001		16,498		23,596
Senior unsecured debentures		24,104		21,129		47,222		38,878
Interest capitalized		(5,002)		(4,434)		(10,138)		(9,025)
Interest expense	\$	39,450	\$	41,371	\$	78,435	\$	80,445

For the three and six months ended June 30, 2025, interest expense decreased \$1.9 million and \$2.0 million, respectively, compared to the same prior year periods primarily due to the repayment of \$275 million fixed rate unsecured term loans year-over-year, partially offset by the year-over-year net activity in senior unsecured debentures (issuances exceeding repayments).

During the six months ended June 30, 2025 and 2024, approximately 11.4% or \$10.1 million, and 10.1% or \$9.0 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 June 30		Six months ended June 30	
	2025	2024	2025	2024
Salaries, wages and benefits	\$ 7,935	\$ 7,861	\$ 16,557	\$ 16,487
Unit-based compensation	2,662	2,706	5,346	5,068
Other corporate costs	3,970	4,504	7,977	8,494
Total corporate expenses	14,567	15,071	29,880	30,049
Amounts capitalized to investment properties under development	(1,825)	(1,809)	(3,724)	(3,962)
Corporate expenses	\$ 12,742	\$ 13,262	\$ 26,156	\$ 26,087

For the three months ended June 30, 2025, gross corporate expenses, before capitalization, decreased by \$0.5 million, over the same prior year period primarily due to timing of other corporate costs year-over-year. For the six months ended June 30, 2025, gross corporate expenses, before capitalization, remained consistent with prior year.

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 six months ended June 30, 2025 and 2024, approximately \$3.7 million and \$4.0 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 June 30	2025		2024	
	Consolidated Statements of Income (Loss)	Included in FFO	Consolidated Statements of Income (Loss)	Included in FFO
Unrealized gain (loss) on marketable securities	\$ 146	\$ 146	\$ 147	\$ 147
Net gain (loss) on early settlement of debt	—	—	(8)	(8)
Pre-selling costs of residential inventory	(261)	(261)	(3)	(3)
Investment property selling costs	(246)	—	(321)	—
Gain (loss) on foreign currency translation	8,202	8,202	(1,640)	(1,640)
Gain (loss) on mark-to-market of derivatives ⁽¹⁾	(7,325)	(7,325)	1,390	1,390
Total per consolidated statements of income (loss)	\$ 516	\$ 762	\$ (435)	\$ (114)
Pre-selling costs of residential inventory applicable to NCI	1	1	1	1
Investment property selling costs applicable to NCI	1	—	24	—
Other gains (losses) and (expenses) under equity accounted joint ventures ⁽²⁾	(90)	(90)	(23)	(23)
Total at First Capital's proportionate interest ⁽³⁾	\$ 428	\$ 673	\$ (433)	\$ (136)

⁽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 (June 30, 2024 - \$23.0 thousand).

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

For the three months ended June 30, 2025, First Capital recognized \$0.5 million in other gains in its consolidated statements of income (loss) compared to \$0.4 million in other losses for the same prior year period. The \$1.0 million net increase in other gains 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.

Six months ended June 30	2025		2024	
	Consolidated Statements of Income (Loss)	Included in FFO	Consolidated Statements of Income (Loss)	Included in FFO
Unrealized gain (loss) on marketable securities	\$ 246	\$ 246	\$ 182	\$ 182
Net gain (loss) on early settlement of debt	—	—	(8)	(8)
Pre-selling costs of residential inventory	(463)	(463)	(6)	(6)
Investment property selling costs	(1,757)	—	(2,608)	—
Gain (loss) on foreign currency translation	8,304	8,304	(8,662)	(8,662)
Gain (loss) on mark-to-market of derivatives ⁽¹⁾	(8,413)	(8,413)	11,993	11,993
Total per consolidated statements of income (loss)	\$ (2,083)	\$ (326)	\$ 891	\$ 3,499
Pre-selling costs of residential inventory applicable to NCI	1	1	1	1
Investment property selling costs applicable to NCI	16	—	24	—
Other gains (losses) and (expenses) under equity accounted joint ventures ⁽²⁾	(161)	(161)	(62)	(62)
Total at First Capital's proportionate interest ⁽³⁾	\$ (2,227)	\$ (486)	\$ 854	\$ 3,438

⁽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 \$0.2 million (June 30, 2024 - \$0.1 million).

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

For the six months ended June 30, 2025, First Capital recognized \$2.1 million in other losses in its consolidated statements of income (loss) compared to \$0.9 million in other gains for the same prior year period. The \$3.0 million net decrease in other losses over prior year is primarily due to a \$20.4 million increase in unrealized losses on the mark to market of derivatives, largely offset by a \$17.0 million increase in gains on foreign currency translation.

Income Taxes

For the three and six months ended June 30, 2025 and 2024, deferred income tax expense (recovery) totaled \$6.8 million and (\$10.4) million, respectively, compared to (\$23.0) million and (\$21.8) million, respectively, over the same prior year periods. The changes in deferred income tax expense (recovery) amounts are largely driven by changes in the fair value of investment properties year over year. In the six month period for 2025, the deferred income tax expense (recovery) was also impacted by the Trust's decision to defer the crystallization of certain accrued gains in response to the Government's cancellation of the proposed increase to the capital gains inclusion rate for dispositions after June 24, 2024.

Net Income (Loss) Attributable to Unitholders

For the three months ended June 30, 2025, net income (loss) attributable to Unitholders was \$63.5 million or \$0.30 per diluted unit compared to \$16.9 million or \$0.08 per diluted unit for the same prior year period. The \$46.5 million increase in net income over prior year was primarily due to a \$74.2 million decrease in value of investment property recognized in the second quarter of 2024 versus a \$4.4 million increase in value of investment property in the second quarter of 2025, on a proportionate basis. This increase was partially offset by an increase in deferred income taxes of \$29.9 million over the same prior year period.

For the six months ended June 30, 2025, net income (loss) attributable to Unitholders was \$147.9 million or \$0.69 per diluted unit compared to \$91.7 million or \$0.43 per diluted unit for the same prior year period. The \$56.2 million increase in net income over prior year was primarily due to a \$72.2 million decrease in value of investment property recognized during the six months ended 2024 versus a \$7.0 million increase in value of investment property for the six months ended 2025, on a proportionate basis. This increase was partially offset by year over year decreases in interest and other income and deferred tax recovery.

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	June 30, 2025	December 31, 2024
Liabilities (principal amounts outstanding)		
Mortgages ⁽¹⁾	\$ 1,262,683	\$ 1,336,596
Credit facilities ⁽¹⁾	678,860	741,449
Senior unsecured debentures	2,400,000	2,100,000
Total Debt ⁽¹⁾	\$ 4,341,543	\$ 4,178,045
Cash and cash equivalents ⁽¹⁾	(276,359)	(158,941)
Net Debt ^{(1) (2)}	\$ 4,065,184	\$ 4,019,104
Equity market capitalization ⁽³⁾	3,855,881	3,600,991
Enterprise value ⁽¹⁾	\$ 7,921,065	\$ 7,620,095
Trust Units outstanding (000's)	212,445	212,323
Closing market price	\$ 18.15	\$ 16.96

⁽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 June 30, 2025 and December 31, 2024. 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 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 and six months ended June 30, 2025 and 2024:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Net income (loss) attributable to Unitholders	\$ 63,481	\$ 16,948	\$ 147,903	\$ 91,745
Add (deduct) ⁽¹⁾ :				
Deferred income tax expense (recovery)	6,834	(23,041)	(10,428)	(21,839)
Interest Expense	40,378	42,373	80,296	82,450
Amortization expense	698	716	1,350	1,470
(Increase) decrease in value of investment properties	(4,437)	74,224	(6,980)	72,159
Increase (decrease) in value of unit-based compensation	4,133	(3,172)	2,681	(875)
Incremental leasing costs	1,996	1,907	3,920	3,899
Abandoned transaction (costs) recovery	2	5	10	36
Other non-cash and/or non-recurring items	(428)	433	2,227	(854)
Adjusted EBITDA ⁽¹⁾	\$ 112,657	\$ 110,393	\$ 220,979	\$ 228,191

⁽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	June 30, 2025	December 31, 2024
Weighted average effective interest rate on mortgages, fixed rate unsecured term loans and senior unsecured debentures	4.4%	4.3%
Weighted average maturity on mortgages, fixed rate unsecured term loans and senior unsecured debentures (years)	3.7	3.7
Net debt to total assets ⁽¹⁾	44.6%	44.5%
Net debt to Adjusted EBITDA ⁽¹⁾	9.0	8.7
Unencumbered aggregate assets ⁽¹⁾	\$ 6,556,852	\$ 6,249,755
Unencumbered aggregate assets to unsecured debt, based on fair value ⁽¹⁾	2.2	2.3
Adjusted EBITDA interest coverage ⁽¹⁾	2.4	2.4

⁽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 increased by 0.3x to 9.0x, as of June 30, 2025, primarily due to an increase in net debt of \$46.1 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 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, 2025, DBRS confirmed FCR's Issuer Rating and Senior Unsecured Debentures credit rating at BBB with positive trends.

According to DBRS, a credit rating in the BBB category is generally an indication of adequate credit quality and an acceptable capacity for the payment of financial obligations. DBRS indicates that BBB rated obligations may be vulnerable to future events. A rating trend, expressed as positive, stable or negative, provides guidance in respect of DBRS' opinion regarding the outlook for the rating in question.

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 June 30, 2025 is summarized in the table below:

As at June 30, 2025	Mortgages ⁽¹⁾	Credit Facilities ⁽¹⁾	Senior Unsecured Debentures	Total	% Due
2025 (remainder of the year)	\$ 27,092	\$ 53,946	\$ 300,000	\$ 381,038	9.0%
2026	124,472	331,629	300,000	756,101	17.9%
2027	100,824	66,847	500,000	667,671	15.8%
2028	172,359	—	200,000	372,359	8.8%
2029	256,924	200,000	—	456,924	10.8%
2030	185,117	—	200,000	385,117	9.1%
2031	61,536	—	300,000	361,536	8.6%
2032	6,533	—	300,000	306,533	7.3%
2033	191,912	—	300,000	491,912	11.6%
2034	47,147	—	—	47,147	1.1%
	\$ 1,173,916	\$ 652,422	\$ 2,400,000	\$ 4,226,338	100.0%
Add (deduct): unamortized deferred financing costs, premiums and discounts, net	(2,863)	—	(6,203)	(9,066)	
Total	\$ 1,171,053	\$ 652,422	\$ 2,393,797	\$ 4,217,272	

⁽¹⁾ Principal amounts outstanding for mortgages and credit facilities on a proportionate basis is \$1,262,683 and \$678,860, respectively.

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 six months ended June 30, 2025 are set out below:

Six months ended June 30, 2025	Amount	Weighted Average Effective Interest Rate
Balance at beginning of year	\$ 1,243,786	3.9%
Mortgage repayments	(55,895)	3.3%
Scheduled amortization on mortgages	(17,167)	—%
Amortization of financing costs and net premium	329	—%
Balance at end of period	\$ 1,171,053	3.9%

The maturity profile, including scheduled amortization, of First Capital's mortgages as at June 30, 2025 is summarized in the table below:

As at June 30, 2025	Scheduled Amortization	Payments on Maturity	Total	Weighted Average Effective Interest Rate
2025 (remainder of the year)	\$ 16,017	\$ 11,075	\$ 27,092	6.2%
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%
	\$ 150,308	\$ 1,023,608	\$ 1,173,916	3.9%
Add: unamortized deferred financing costs and premiums and discounts, net			(2,863)	
Total			\$ 1,171,053	

As at June 30, 2025, 100% (December 31, 2024 – 100%) of the outstanding mortgages bore interest at fixed interest rates. The average remaining term on mortgages outstanding was 4.6 years as at June 30, 2025 on \$1.2 billion of mortgages (4.8 years as at December 31, 2024 on \$1.2 billion of mortgages) after reflecting borrowing activity and repayments during the period.

Credit Facilities

First Capital's credit facilities as at June 30, 2025 are summarized in the table below:

As at June 30, 2025	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	—	(22,738)	427,262	CORRA + 1.75% or Prime + 0.45% or SOFR + 1.55%	June 30, 2030
Fixed rate unsecured term loans ⁽¹⁾	175,000	(175,000)	—	—	3.40%	April 14, 2026
Fixed rate unsecured term loan ⁽¹⁾⁽²⁾⁽⁴⁾	150,000	(149,874)	—	—	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	(53,946)	(537)	8,182	CORRA + 2.80% or Prime + 1.00%	October 1, 2025
Secured construction facility ⁽³⁾	127,565	(66,847)	(702)	60,016	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	\$ 1,421,985	\$ (652,422)	\$ (23,977)	\$ 745,460		
Proportionate Adjustments - Secured Construction Facilities						
Secured construction facility ⁽⁵⁾	71,450	(45,904)	—	25,546	CORRA + 2.95% or Prime + 1.00%	November 28, 2025
Secured construction facility applicable to NCI	(37,148)	19,466	205	(17,477)		
Total	\$ 1,456,287	\$ (678,860)	\$ (23,772)	\$ 753,529		

⁽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⁾ The Trust has drawn in U.S. dollars the equivalent of CAD\$150.0 million which was revalued at CAD\$149.9 million as at June 30, 2025.

⁽³⁾ 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.

⁽⁴⁾ The Trust has the option to extend the unsecured term loan for an additional two years, to October 20, 2028.

⁽⁵⁾ 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 June 30, 2025			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%	0.1	300,000
T	May 6, 2026	May 6, November 6	3.60%	3.57%	0.8	300,000
V	January 22, 2027	January 22, July 22	3.46%	3.54%	1.6	200,000
U	July 12, 2027	January 12, July 12	3.75%	3.82%	2.0	300,000
A	March 1, 2028	March 1, September 1	3.45%	3.54%	2.7	200,000
D	June 3, 2030	June 3, December 3	4.51%	4.62%	4.9	200,000
B	March 1, 2031	March 1, September 1	5.57%	5.67%	5.7	300,000
C	June 12, 2032	June 12, December 12	5.46%	5.54%	7.0	300,000
E	June 13, 2033	June 13, December 13	4.83%	4.91%	8.0	300,000
Weighted Average or Total			4.39%	4.44%	3.7	\$ 2,400,000

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.

On June 13, 2025, the Trust completed the issuance of \$300 million principal amount of Series E senior unsecured debentures due June 13, 2033. These debentures bear interest at a coupon rate of 4.83% per annum, payable semi-annually commencing December 13, 2025.

Unitholders' Equity

Unitholders' equity amounted to \$4.0 billion as at June 30, 2025, compared to Unitholders' equity of \$3.9 billion as at December 31, 2024. As at July 29, 2025, there were 212.4 million Trust Units outstanding.

Normal Course Issuer Bid ("NCIB")

On May 16, 2025, 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 21,120,181 of its outstanding units until May 20, 2026.

For the six months ended June 30, 2025 and 2024, the Trust acquired no units under the NCIB. On a cumulative basis, as of June 30, 2025, 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 June 30, 2025, First Capital had 5.2 million unit options outstanding, with an average exercise price of \$19.89, which, if exercised, would result in First Capital receiving proceeds of \$104.1 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)	June 30, 2025	December 31, 2024
Total available under credit facilities	\$ 745	\$ 785
Cash and cash equivalents	\$ 272	\$ 150
Unencumbered aggregate assets	\$ 6,557	\$ 6,250

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 June 30, 2025, 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 June 30		Six months ended June 30	
	2025	2024	2025	2024
Cash provided by (used in) operating activities	\$ 59,786	\$ 72,305	\$ 89,279	\$ 102,083
Cash provided by (used in) financing activities	119,013	229,878	73,078	234,052
Cash provided by (used in) investing activities	(52,552)	(11,417)	(40,443)	31,364
Net change in cash and cash equivalents	\$ 126,247	\$ 290,766	\$ 121,914	\$ 367,499

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Cash provided by operating activities	\$ 59,786	\$ 72,305	\$ 89,279	\$ 102,083
Distributions declared	(47,268)	(45,844)	(94,517)	(91,680)
Excess (shortfall) of cash provided by operating activities over distributions declared ⁽¹⁾	\$ 12,518	\$ 26,461	\$ (5,238)	\$ 10,403

⁽¹⁾ A shortfall is financed through the use of First Capital's credit facilities and proceeds from investing activities. Management does not believe that a shortfall in any given quarter is indicative of First Capital's sustainable cash flows due to the impact of seasonal fluctuations in its cash flows period over period. Please refer to Management's discussion on ACFO and AFFO, supplemental non-IFRS financial measures used to evaluate and monitor First Capital's sustainable cash available to pay distributions to Unitholders.

Contractual Obligations

An analysis of First Capital's contractual maturities of its material financial liabilities and other contractual commitments, as at June 30, 2025 is set out below:

As at June 30, 2025	Payments due by period					Total
	Remainder of 2025	2026 to 2027	2028 to 2029	Thereafter		
Scheduled mortgage principal amortization	\$ 16,017	\$ 59,210	\$ 46,680	\$ 28,401	\$	150,308
Mortgage principal repayments on maturity	11,075	166,086	382,603	463,844		1,023,608
Credit facilities	53,946	398,476	200,000	—		652,422
Senior unsecured debentures	300,000	800,000	200,000	1,100,000		2,400,000
Interest obligations ⁽¹⁾	85,116	270,112	187,680	163,488		706,396
Land leases (expiring between 2027 and 2061)	339	1,335	1,265	15,016		17,955
Contractually committed costs to complete current development projects ⁽²⁾	56,262	68,936	—	—		125,198
Other commitments	4,636	—	—	—		4,636
Total contractual obligations	\$ 527,391	\$ 1,764,155	\$ 1,018,228	\$ 1,770,749	\$	5,080,523

⁽¹⁾ Interest obligations include expected interest payments on mortgages and credit facilities as at June 30, 2025 (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 \$50.2 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 June 30, 2025, contractually committed costs related to the Trust's development projects is \$125.2 million (\$116.1 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

- 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.
- First Capital is contingently liable, jointly and severally or as guarantor, for approximately \$156.2 million (December 31, 2024 – \$194.1 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.
- First Capital is contingently liable by way of letters of credit in the amount of \$50.2 million (December 31, 2024 – \$31.4 million), issued by financial institutions on FCR's behalf in the ordinary course of business.
- 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, 2024 – \$0.7 million) with a total obligation of \$18.0 million (December 31, 2024 – \$18.3 million).
- First Capital has outstanding purchase and other capital commitments in the amount of \$129.8 million (December 31, 2024 – \$119.3 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 unaudited interim condensed consolidated financial statements, to its proportionate interest.

As at	June 30, 2025			December 31, 2024		
	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	\$ 8,089,479	\$ 285,960	\$ 8,375,439	\$ 8,040,375	\$ 287,877	\$ 8,328,252
Residential development inventory	254,759	46,766	301,525	227,303	40,037	267,340
Loans, mortgages and other assets	206,473	(21,778)	184,695	173,631	(18,068)	155,563
Cash and cash equivalents	272,205	4,154	276,359	150,291	8,650	158,941
Amounts receivable	19,659	2,923	22,582	14,449	3,495	17,944
Other assets	58,734	2,663	61,397	58,457	1,865	60,322
Investment in joint ventures	311,476	(311,476)	—	320,042	(320,042)	—
Assets classified as held for sale	176,300	—	176,300	196,625	—	196,625
Total assets	\$ 9,389,085	\$ 9,212	\$ 9,398,297	\$ 9,181,173	\$ 3,814	\$ 9,184,987
LIABILITIES						
Mortgages	\$ 1,171,053	\$ 86,526	\$ 1,257,579	\$ 1,226,031	\$ 87,249	\$ 1,313,280
Credit facilities	652,422	26,438	678,860	723,335	18,114	741,449
Senior unsecured debentures	2,393,797	—	2,393,797	2,094,992	—	2,094,992
Deferred tax liabilities	747,596	(1,230)	746,366	760,148	(1,231)	758,917
Mortgages classified as held for sale	—	—	—	17,755	—	17,755
Accounts payable and other liabilities	353,037	(31,838)	321,199	344,813	(32,319)	312,494
Total liabilities	5,317,905	79,896	5,397,801	5,167,074	71,813	5,238,887
EQUITY						
Unitholders' equity	4,000,496	—	4,000,496	3,946,100	—	3,946,100
Non-controlling interest	70,684	(70,684)	—	67,999	(67,999)	—
Total equity	4,071,180	(70,684)	4,000,496	4,014,099	(67,999)	3,946,100
Total liabilities and equity	\$ 9,389,085	\$ 9,212	\$ 9,398,297	\$ 9,181,173	\$ 3,814	\$ 9,184,987

⁽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 June 30, 2025 and 2024, as presented in its unaudited interim condensed consolidated financial statements, to its proportionate interest.

Three months ended June 30	2025						2024
	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	\$ 180,196	\$ 3,809	\$ 184,005	\$ 176,246	\$ 4,072	\$ 180,318	
Property operating costs	64,290	2,609	66,899	63,905	2,596	66,501	
Net operating income	115,906	1,200	117,106	112,341	1,476	113,817	
Other income and expenses							
Interest and other income	6,016	225	6,241	7,725	216	7,941	
Interest expense	(39,450)	(928)	(40,378)	(41,371)	(1,002)	(42,373)	
Corporate expenses	(12,742)	56	(12,686)	(13,262)	(10)	(13,272)	
Abandoned transaction (costs) recovery	(2)	—	(2)	(5)	—	(5)	
Amortization expense	(619)	(79)	(698)	(641)	(75)	(716)	
Share of profit from joint ventures	(5,445)	5,445	—	(46,191)	46,191	—	
Other gains (losses) and (expenses)	516	(88)	428	(435)	2	(433)	
(Increase) decrease in value of unit-based compensation	(4,133)	—	(4,133)	3,172	—	3,172	
Increase (decrease) in value of investment properties, net	8,725	(4,288)	4,437	(29,753)	(44,471)	(74,224)	
	(47,134)	343	(46,791)	(120,761)	851	(119,910)	
Income (loss) before income taxes	68,772	1,543	70,315	(8,420)	2,327	(6,093)	
Deferred income tax expense (recovery)	6,846	(12)	6,834	(23,003)	(38)	(23,041)	
Net income (loss)	\$ 61,926	\$ 1,555	\$ 63,481	\$ 14,583	\$ 2,365	\$ 16,948	
Net income (loss) attributable to:							
Unitholders	\$ 63,481	\$ —	\$ 63,481	\$ 16,948	\$ —	\$ 16,948	
Non-controlling interest	(1,555)	1,555	—	(2,365)	2,365	—	
	\$ 61,926	\$ 1,555	\$ 63,481	\$ 14,583	\$ 2,365	\$ 16,948	
Net income (loss) per unit attributable to Unitholders:							
Basic	\$ 0.30			\$ 0.08			
Diluted	\$ 0.30			\$ 0.08			

⁽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 six months ended June 30, 2025 and 2024, as presented in its unaudited interim condensed consolidated financial statements, to its proportionate interest.

Six months ended June 30	2025			2024		
	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	\$ 364,563	\$ 7,707	\$ 372,270	\$ 359,135	\$ 7,433	\$ 366,568
Property operating costs	136,298	4,975	141,273	134,581	4,216	138,797
Net operating income	228,265	2,732	230,997	224,554	3,217	227,771
Other income and expenses						
Interest and other income	11,581	531	12,112	22,139	418	22,557
Interest expense	(78,435)	(1,861)	(80,296)	(80,445)	(2,005)	(82,450)
Corporate expenses	(26,156)	106	(26,050)	(26,087)	51	(26,036)
Abandoned transaction (costs) recovery	(10)	—	(10)	(36)	—	(36)
Amortization expense	(1,195)	(155)	(1,350)	(1,238)	(232)	(1,470)
Share of profit from joint ventures	(6,625)	6,625	—	(43,492)	43,492	—
Other gains (losses) and (expenses)	(2,083)	(144)	(2,227)	891	(37)	854
(Increase) decrease in value of unit-based compensation	(2,681)	—	(2,681)	875	—	875
Increase (decrease) in value of investment properties, net	12,729	(5,749)	6,980	(29,452)	(42,707)	(72,159)
	(92,875)	(647)	(93,522)	(156,845)	(1,020)	(157,865)
Income (loss) before income taxes	135,390	2,085	137,475	67,709	2,197	69,906
Deferred income tax expense (recovery)	(10,416)	(12)	(10,428)	(21,801)	(38)	(21,839)
Net income (loss)	\$ 145,806	\$ 2,097	\$ 147,903	\$ 89,510	\$ 2,235	\$ 91,745
Net income (loss) attributable to:						
Unitholders	\$ 147,903	\$ —	\$ 147,903	\$ 91,745	\$ —	\$ 91,745
Non-controlling interest	(2,097)	2,097	—	(2,235)	2,235	—
	\$ 145,806	\$ 2,097	\$ 147,903	\$ 89,510	\$ 2,235	\$ 91,745
Net income (loss) per unit attributable to Unitholders:						
Basic	\$ 0.70			\$ 0.43		
Diluted	\$ 0.69			\$ 0.43		

⁽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:

<i>Three and six months ended, respectively</i>	2025	2024	2025	2024
Net income (loss) attributable to Unitholders	\$ 63,481	\$ 16,948	\$ 147,903	\$ 91,745
Add (deduct):				
(Increase) decrease in value of investment properties ⁽¹⁾	(4,437)	74,224	(6,980)	72,159
Adjustment for equity accounted joint ventures ⁽²⁾	79	75	155	232
Adjustment for capitalized interest related to equity accounted joint ventures ⁽²⁾	1,120	1,010	2,199	1,972
Incremental leasing costs ⁽³⁾	1,996	1,907	3,920	3,899
Increase (decrease) in value of unit-based compensation ⁽⁴⁾	4,133	(3,172)	2,681	(875)
Investment property selling costs ⁽¹⁾	245	297	1,741	2,584
Deferred income taxes (recovery) ⁽¹⁾	6,834	(23,041)	(10,428)	(21,839)
FFO ⁽⁵⁾	\$ 73,451	\$ 68,248	\$ 141,191	\$ 149,877
Deduct: Other gains (losses) and (expenses) included in FFO ⁽⁶⁾	(673)	136	486	(3,438)
OFFO ⁽⁵⁾	\$ 72,778	\$ 68,384	\$ 141,677	\$ 146,439

⁽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 fair value adjustments on unit-based compensation plans in accordance with the recommendations of REALPAC.

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

⁽⁶⁾ 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:

<i>Three and six months ended, respectively</i>	<i>% change</i>	2025	2024	<i>% change</i>	2025	2024
Net operating income		\$ 117,106	\$ 113,817		\$ 230,997	\$ 227,771
Interest and other income		6,241	7,941		12,112	22,557
Interest expense ⁽¹⁾		(39,258)	(41,363)		(78,097)	(80,478)
Corporate expenses ⁽²⁾		(10,690)	(11,365)		(22,130)	(22,137)
Abandoned transaction (costs) recovery		(2)	(5)		(10)	(36)
Amortization expense		(619)	(641)		(1,195)	(1,238)
OFFO ⁽⁴⁾	6.4%	\$ 72,778	\$ 68,384	(3.3%)	141,677	146,439
Other gains (losses) and (expenses) ⁽³⁾		673	(136)		(486)	3,438
FFO ⁽⁴⁾	7.6%	\$ 73,451	\$ 68,248	(5.8%)	\$ 141,191	\$ 149,877
OFFO per diluted unit	6.2%	\$ 0.34	\$ 0.32	(3.5%)	\$ 0.66	\$ 0.68
FFO per diluted unit	7.4%	\$ 0.34	\$ 0.32	(6.0%)	\$ 0.66	\$ 0.70
Weighted average number of units – diluted (in thousands)	0.2%	214,729	214,287	0.2%	214,616	214,137

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

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

⁽³⁾ At FCR's proportionate interest, adjusted to exclude investment property selling costs in accordance with the recommendations of REALPAC.

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

For the three months ended June 30, 2025, OFFO of \$72.8 million, or \$0.34 per unit, increased \$4.4 million, or \$0.02 per unit, over the same prior year period. Supported by strong operating metrics, the increase in Operating FFO for the second quarter of 2025 was primarily due to higher NOI of \$3.3 million, and interest expense savings of \$2.1 million, partially offset by lower interest and other income over the prior year period.

For the six months ended June 30, 2025, OFFO of \$141.7 million, or \$0.66 per unit, decreased \$4.8 million, or \$0.02 per unit, over prior year primarily due to a \$9.5 million (\$0.04 per unit) assignment fee related to a small development parcel located

in Montreal received in the first quarter of 2024, partially offset by higher NOI of \$3.2 million, notwithstanding a \$5.5 million settlement with Nordstrom recognized in the first quarter of 2024, and interest expense savings of \$2.4 million year-over-year.

For the three months ended June 30, 2025, FFO increased \$5.2 million, or \$0.02 per unit, over the same prior year period. The increase was driven by higher Operating FFO of \$4.4 million, and a year-over-year increase in other gains (losses) and (expenses) of \$0.8 million. 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. Over the life of each loan, the cumulative gain or loss on the related derivative instruments is expected to net to \$Nil.

For the six months ended June 30, 2025, FFO decreased \$8.7 million, or \$0.04 per unit, over prior year. The decrease was primarily driven by lower Operating FFO of \$4.8 million, and a year-over-year decrease in other gains (losses) and (expenses) of \$3.9 million driven primarily by mark-to-market (non-cash) gains and losses related to derivative financial instruments and the movement in the US to CDN dollar exchange rate driving gains or losses on the translation of the Trust's US denominated debt.

Adjusted Funds from Operations

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

<i>Three and six months ended, respectively</i>	% change	2025	2024	% change	2025	2024
FFO ⁽¹⁾		\$ 73,451	\$ 68,248		\$ 141,191	\$ 149,877
Add (deduct):						
Revenue sustaining capital expenditures		(9,824)	(5,752)		(16,374)	(8,976)
Recoverable capital expenditures		(4,294)	(2,866)		(5,664)	(5,097)
Incremental leasing costs		(1,996)	(1,907)		(3,920)	(3,899)
Straight-line rent adjustment		(917)	(2,487)		(3,317)	(3,513)
AFFO ⁽¹⁾	2.1%	\$ 56,420	\$ 55,236	(12.8%)	\$ 111,916	\$ 128,392
AFFO per diluted unit	1.9%	\$ 0.26	\$ 0.26	(13.0%)	\$ 0.52	\$ 0.60
Weighted average number of units – diluted (in thousands)	0.2%	214,729	214,287	0.2%	214,616	214,137

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

For the three months ended June 30, 2025, AFFO increased \$1.2 million, or remained stable on a per unit basis, primarily due to higher FFO and lower straight-line rent adjustment, largely offset by higher capital expenditures.

For the six months ended June 30, 2025, AFFO decreased \$16.5 million, or \$0.08 per unit, primarily due to lower FFO and higher capital expenditures.

Adjusted Cash Flow from Operations

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

<i>Three and six months ended, respectively</i>	2025		2024		2025		2024
Cash provided by operating activities	\$	59,786	\$	72,305	\$	89,279	\$ 102,083
Add (deduct):							
Working capital adjustments ⁽¹⁾		15,936		(1,010)		36,989	18,737
Adjustment for equity accounted joint ventures		1,569		932		3,159	1,607
Revenue sustaining capital expenditures		(9,824)		(5,752)		(16,374)	(8,976)
Recoverable capital expenditures		(4,294)		(2,866)		(5,664)	(5,097)
Leasing costs on properties under development		499		477		980	975
Non-controlling interest		36		61		(49)	6
ACFO ⁽²⁾	\$	63,708	\$	64,147	\$	108,320	\$ 109,335

⁽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 and six months ended June 30, 2025, ACFO totaled \$63.7 million and \$108.3 million compared to \$64.1 million and \$109.3 million for the same prior year periods, respectively. The \$0.4 million and \$1.0 million decrease in ACFO, respectively, was primarily due to higher capital expenditures, largely offset by changes in working capital year-over-year.

ACFO Payout Ratio

First Capital's ACFO payout ratio for the four quarters ended June 30, 2025 is calculated as follows:

	Twelve months ended June 30, 2025		Q2 2025	Q1 2025	Q4 2024	Q3 2024
ACFO ⁽¹⁾	\$	219,717	\$ 63,708	\$ 44,612	\$ 43,748	\$ 67,649
Cash distributions paid		185,760	47,266	46,782	45,862	45,850
ACFO payout ratio ⁽¹⁾		84.5%				

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

First Capital's ACFO payout ratio for the four quarters ended June 30, 2024 is calculated as follows:

	Twelve months ended June 30, 2024		Q2 2024	Q1 2024	Q4 2023	Q3 2023
ACFO ⁽¹⁾	\$	231,139	\$ 64,147	\$ 45,188	\$ 66,346	\$ 55,458
Cash distributions paid		183,340	45,844	45,832	45,819	45,845
ACFO payout ratio ⁽¹⁾		79.3%				

⁽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 June 30, 2025, the ACFO payout was 84.5% (June 30, 2024 - 79.3%).

Net Asset Value

The following table provides FCR's calculation of NAV for the six months ended June 30, 2025 and year ended December 31, 2024:

As at		June 30, 2025		December 31, 2024
Unitholders' equity	\$	4,000,496	\$	3,946,100
Deferred tax liabilities		746,366		758,917
Net Asset Value (NAV) ⁽¹⁾	\$	4,746,862	\$	4,705,017
Units outstanding		212,445		212,323
NAV per unit - diluted ⁽²⁾	\$	22.20	\$	22.05

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

⁽²⁾ Adjusted for 2.3 million Deferred Units, Restricted Units and Performance Units and 5.2 million unit options outstanding with an average exercise price of \$19.89 (implied option proceeds of \$104.1 million) and the exclusion of the unit-based compensation plan liability.

The increase in NAV per diluted unit from \$22.05 to \$22.20 is primarily driven by retained FFO.

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 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 June 30		Six months ended June 30	
	2025	2024	2025	2024
Distributions declared per unit	\$ 0.2225	\$ 0.216	\$ 0.445	\$ 0.432

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

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 June 30						
	2025		2024		2025		2024		2025		2024		2025		2024	
	FCR ⁽¹⁾				Guarantors ⁽²⁾				Non-Guarantors ⁽³⁾				Consolidation Adjustments ⁽⁴⁾		Total Consolidated	
Property rental revenue	\$	77	\$	75	\$	104	\$	102	\$	—	\$	—	\$	(1)	\$	176
NOI ⁽⁵⁾	\$	50	\$	48	\$	66	\$	65	\$	—	\$	—	\$	—	\$	112
Net income (loss) attributable to Unitholders	\$	63	\$	17	\$	111	\$	37	\$	(2)	\$	(4)	\$	(109)	\$	17

(millions of dollars)										Six months ended June 30						
	2025		2024		2025		2024		2025		2024		2025		2024	
	FCR ⁽¹⁾				Guarantors ⁽²⁾				Non-Guarantors ⁽³⁾				Consolidation Adjustments ⁽⁴⁾		Total Consolidated	
Property rental revenue	\$	155	\$	156	\$	212	\$	205	\$	—	\$	—	\$	(2)	\$	359
NOI ⁽⁵⁾	\$	98	\$	99	\$	131	\$	126	\$	—	\$	—	\$	(1)	\$	225
Net income (loss) attributable to Unitholders	\$	148	\$	92	\$	236	\$	149	\$	(3)	\$	(3)	\$	(233)	\$	92

(millions of dollars)										As at June 30, 2025								
			FCR ⁽¹⁾				Guarantors ⁽²⁾				Non-Guarantors ⁽³⁾				Consolidation Adjustments ⁽⁴⁾		Total Consolidated	
Current assets		\$		952		\$		(106)		\$		158		\$		(156)		848
Non-current assets		\$		4,054		\$		5,591		\$		191		\$		(1,295)		8,541
Current liabilities		\$		1,070		\$		107		\$		4		\$		—		1,181
Non-current liabilities		\$		5,908		\$		(1,766)		\$		103		\$		(108)		4,137

(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.

RELATED PARTY TRANSACTIONS

Subsidiaries of the Trust

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

SUBSEQUENT EVENTS

Subsequent to quarter end, the Trust completed the sale of Place Anjou, a development site in Montreal for approximately \$33 million.

QUARTERLY FINANCIAL INFORMATION

	2025		2024				2023	
<i>(unit counts in thousands)</i>	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Property rental revenue	\$ 180,196	\$ 184,367	\$ 180,372	\$ 174,016	\$ 176,247	\$ 182,889	\$ 171,184	\$ 168,883
Net operating income ⁽¹⁾	\$ 115,906	\$ 112,359	\$ 112,916	\$ 109,818	\$ 112,341	\$ 112,213	\$ 108,756	\$ 106,938
Net income (loss) attributable to Unitholders	\$ 63,481	\$ 84,422	\$ 32,081	\$ 81,107	\$ 16,948	\$ 74,797	\$ 173,801	\$ (327,546)
Net income (loss) per unit attributable to Unitholders:								
Basic	\$ 0.30	\$ 0.40	\$ 0.15	\$ 0.38	\$ 0.08	\$ 0.35	\$ 0.82	\$ (1.54)
Diluted	\$ 0.30	\$ 0.39	\$ 0.15	\$ 0.38	\$ 0.08	\$ 0.35	\$ 0.81	\$ (1.53)
OFFO ⁽¹⁾	\$ 72,778	\$ 68,899	\$ 67,664	\$ 76,861	\$ 68,384	\$ 78,055	\$ 67,699	\$ 68,832
OFFO per diluted unit ⁽¹⁾	\$ 0.34	\$ 0.32	\$ 0.32	\$ 0.36	\$ 0.32	\$ 0.36	\$ 0.32	\$ 0.32
FFO ⁽¹⁾	\$ 73,451	\$ 67,740	\$ 67,485	\$ 72,340	\$ 68,248	\$ 81,629	\$ 58,043	\$ 68,615
FFO per diluted unit ⁽¹⁾	\$ 0.34	\$ 0.32	\$ 0.31	\$ 0.34	\$ 0.32	\$ 0.38	\$ 0.27	\$ 0.32
Weighted average number of diluted units outstanding	214,729	214,502	214,355	214,342	214,287	213,988	213,855	213,952
Cash provided by operating activities	\$ 59,786	\$ 29,493	\$ 79,837	\$ 51,870	\$ 72,305	\$ 29,778	\$ 90,083	\$ 41,910
AFFO ⁽¹⁾	\$ 56,420	\$ 55,496	\$ 43,330	\$ 58,875	\$ 55,236	\$ 73,156	\$ 43,878	\$ 58,961
AFFO per diluted unit ⁽¹⁾	\$ 0.26	\$ 0.26	\$ 0.20	\$ 0.27	\$ 0.26	\$ 0.34	\$ 0.21	\$ 0.28
ACFO ⁽¹⁾	\$ 63,708	\$ 44,612	\$ 43,748	\$ 67,649	\$ 64,147	\$ 45,188	\$ 66,346	\$ 55,458
Distribution declared per unit	\$ 0.2225	\$ 0.2225	\$ 0.216	\$ 0.216	\$ 0.216	\$ 0.216	\$ 0.216	\$ 0.216
Total assets	\$ 9,389,085	\$ 9,183,109	\$ 9,181,173	\$ 9,167,729	\$ 9,476,116	\$ 9,245,786	\$ 9,194,301	\$ 9,163,855
Total mortgages and credit facilities	\$ 1,823,475	\$ 1,965,648	\$ 1,967,121	\$ 2,179,420	\$ 2,245,167	\$ 2,247,644	\$ 2,491,948	\$ 2,353,650
Unitholders' equity	\$ 4,000,496	\$ 3,981,972	\$ 3,946,100	\$ 3,958,090	\$ 3,934,573	\$ 3,967,870	\$ 3,933,377	\$ 3,820,718
Other								
Number of neighbourhoods	136	136	138	138	138	139	142	143
GLA - at 100% (in thousands)	21,864	21,934	22,145	22,247	22,222	22,232	22,298	22,307
GLA - at ownership interest (in thousands)	19,027	19,098	19,308	19,407	19,379	19,384	19,368	19,400
Monthly average occupancy %	97.0%	96.8%	96.5%	96.2%	96.2%	96.1%	95.9%	95.8%
Total portfolio occupancy %	97.2%	96.9%	96.8%	96.5%	96.3%	96.2%	96.2%	95.9%

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

CRITICAL ACCOUNTING ESTIMATES

First Capital's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2025 and 2024 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The unaudited interim condensed consolidated financial statements have been prepared by applying the same accounting policies and methods of computation as compared with the most recent audited annual consolidated financial statements.

First Capital's 2024 Annual Report contains a discussion of the material accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being the accounting policies relating to estimates of fair values of investment properties, valuation of financial instruments both for disclosure and measurement purposes, and estimating deferred tax assets and liabilities. Management determined that as at June 30, 2025, there is no change to the assessment of the material accounting policies most affected by estimates and judgments as detailed in FCR's 2024 Annual Report.

Future Changes in Accounting Policies

The IASB has issued new standards to supersede amendments to an existing standard. These changes are not yet adopted by First Capital and could have an impact on future periods. These changes are described in detail below:

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.

CONTROLS AND PROCEDURES

As at June 30, 2025, the Chief Executive Officer and the Chief Financial Officer of First Capital, with the assistance of other staff and Management of FCR to the extent deemed necessary, have designed FCR's disclosure controls and procedures to provide reasonable assurance that information required to be disclosed in the various reports filed or submitted by FCR under securities legislation is recorded, processed, summarized and reported accurately and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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

First Capital did not make any changes in its internal controls over financial reporting during the quarter ended June 30, 2025 that have had, or are reasonably likely to have, a material effect on FCR's internal controls over financial reporting. On an ongoing basis, FCR will continue to analyze its controls and procedures for potential areas of improvement.

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

RISKS AND UNCERTAINTIES

First Capital, as an owner of income-producing properties and development properties, is exposed to numerous business risks in the normal course of its business that can impact both short- and long-term performance. Income-producing and development properties are affected by general economic conditions and local market conditions such as oversupply of similar properties or a reduction in tenant demand. It is the responsibility of Management, under the supervision of the Board of Trustees, to identify and, to the extent possible, mitigate or minimize the impact of all such business risks. The major categories of risk First Capital encounters in conducting its business and some of the actions it takes to mitigate these risks are included in its MD&A for the year ended December 31, 2024, as well as its most current Annual Information Form, which provides a detailed description of these and other risks that may affect FCR. These documents are available on SEDAR+ at www.sedarplus.ca and on FCR's website at www.fcr.ca.



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Interim Condensed Consolidated Balance Sheets

As at (thousands of dollars)	Note	June 30, 2025 (unaudited)	December 31, 2024 (audited)
ASSETS			
Non-current Assets			
Real Estate Investments			
Investment properties	3	\$ 8,089,479	\$ 8,040,375
Investment in joint ventures	4	311,476	320,042
Loans, mortgages and other assets	5	115,364	88,728
Total non-current real estate investments		8,516,319	8,449,145
Other non-current assets	7	24,973	28,947
Total non-current assets		8,541,292	8,478,092
Current Assets			
Cash and cash equivalents	23(d)	272,205	150,291
Loans, mortgages and other assets	5	91,109	84,903
Residential development inventory		254,759	227,303
Amounts receivable	6	19,659	14,449
Other current assets	7	33,761	29,510
		671,493	506,456
Assets classified as held for sale	3(d)	176,300	196,625
Total current assets		847,793	703,081
Total assets		\$ 9,389,085	\$ 9,181,173
LIABILITIES			
Non-current Liabilities			
Mortgages	9	\$ 1,044,219	\$ 1,127,171
Credit facilities	9	423,476	595,716
Senior unsecured debentures	10	1,793,657	1,794,854
Other liabilities	11	127,895	121,208
Deferred tax liabilities	19	747,596	760,148
Total non-current liabilities		4,136,843	4,399,097
Current Liabilities			
Mortgages	9	126,834	98,860
Credit facilities	9	228,946	127,619
Senior unsecured debentures	10	600,140	300,138
Accounts payable and other liabilities	11	225,142	223,605
		1,181,062	750,222
Mortgages classified as held for sale	3(d), 9	—	17,755
Total current liabilities		1,181,062	767,977
Total liabilities		5,317,905	5,167,074
EQUITY			
Unitholders' equity	12	4,000,496	3,946,100
Non-controlling interest	22	70,684	67,999
Total equity		4,071,180	4,014,099
Total liabilities and equity		\$ 9,389,085	\$ 9,181,173

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

Approved by the Board of Trustees:



Ian Clarke,
Trustee



Adam E. Paul,
Trustee

Interim Condensed Consolidated Statements of Income (Loss)

<i>(unaudited)</i>		Three months ended June 30			Six months ended June 30	
<i>(thousands of dollars)</i>	Note	2025	2024		2025	2024
Property rental revenue		\$ 180,196	\$ 176,246	\$	364,563	\$ 359,135
Property operating costs		64,290	63,905		136,298	134,581
Net operating income	14	115,906	112,341		228,265	224,554
Other income and (expenses)						
Interest and other income	15	6,016	7,725		11,581	22,139
Interest expense	16	(39,450)	(41,371)		(78,435)	(80,445)
Corporate expenses	17	(12,742)	(13,262)		(26,156)	(26,087)
Abandoned transaction (costs) recovery		(2)	(5)		(10)	(36)
Amortization expense		(619)	(641)		(1,195)	(1,238)
Share of profit (loss) from joint ventures	4	(5,445)	(46,191)		(6,625)	(43,492)
Other gains (losses) and (expenses)	18	516	(435)		(2,083)	891
(Increase) decrease in value of unit-based compensation	13	(4,133)	3,172		(2,681)	875
Increase (decrease) in value of investment properties, net	3	8,725	(29,753)		12,729	(29,452)
		(47,134)	(120,761)		(92,875)	(156,845)
Income (loss) before income taxes		68,772	(8,420)		135,390	67,709
Deferred income tax expense (recovery)	19	6,846	(23,003)		(10,416)	(21,801)
Net income (loss)		\$ 61,926	\$ 14,583	\$	145,806	\$ 89,510
Net income (loss) attributable to:						
Unitholders	12	\$ 63,481	\$ 16,948	\$	147,903	\$ 91,745
Non-controlling interest	22	(1,555)	(2,365)		(2,097)	(2,235)
		\$ 61,926	\$ 14,583	\$	145,806	\$ 89,510

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

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

<i>(unaudited)</i>		Three months ended June 30			Six months ended June 30		
<i>(thousands of dollars)</i>	Note	2025	2024		2025	2024	
Net income (loss)		\$ 61,926	\$ 14,583		\$ 145,806	\$ 89,510	
Other comprehensive income (loss)							
Unrealized gain (loss) on cash flow hedges ⁽¹⁾		2,292	(8,117)		(3,326)	(1,452)	
Reclassification of net (gain) loss on cash flow hedges to net income (loss)		806	903		1,603	1,833	
		3,098	(7,214)		(1,723)	381	
Deferred tax expense (recovery)	19	1,208	(2,813)		(672)	149	
Other comprehensive income (loss)		1,890	(4,401)		(1,051)	232	
Comprehensive income (loss)		\$ 63,816	\$ 10,182		\$ 144,755	\$ 89,742	
Comprehensive income (loss) attributable to:							
Unitholders	12	\$ 65,371	\$ 12,547		\$ 146,852	\$ 91,977	
Non-controlling interest	22	(1,555)	(2,365)		(2,097)	(2,235)	
		\$ 63,816	\$ 10,182		\$ 144,755	\$ 89,742	

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

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

Interim Condensed Consolidated Statements of Changes in Equity

<i>(unaudited)</i> <i>(thousands of dollars)</i>	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Trust Units	Total Unitholders' Equity	Non-Controlling Interest	Total Equity
			(Note 12(a))			
December 31, 2024	\$ 1,154,708	\$ (14,159)	\$ 2,805,551	\$ 3,946,100	\$ 67,999	\$ 4,014,099
Changes during the period:						
Net income (loss)	147,903	—	—	147,903	(2,097)	145,806
Options, deferred units, restricted units and performance units, net	—	—	2,061	2,061	—	2,061
Other comprehensive income (loss)	—	(1,051)	—	(1,051)	—	(1,051)
Contributions from (distributions to) non-controlling interest, net	—	—	—	—	4,782	4,782
Distributions (Note 12(b))	(94,517)	—	—	(94,517)	—	(94,517)
June 30, 2025	\$ 1,208,094	\$ (15,210)	\$ 2,807,612	\$ 4,000,496	\$ 70,684	\$ 4,071,180

<i>(unaudited)</i> <i>(thousands of dollars)</i>	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Trust Units	Total Unitholders' Equity	Non-Controlling Interest	Total Equity
			(Note 12(a))			
December 31, 2023	\$ 1,133,172	\$ (3,122)	\$ 2,803,327	\$ 3,933,377	\$ 62,780	\$ 3,996,157
Changes during the period:						
Net income (loss)	91,745	—	—	91,745	(2,235)	89,510
Options, deferred units, restricted units and performance units, net	—	—	899	899	—	899
Other comprehensive income (loss)	—	232	—	232	—	232
Contributions from (distributions to) non-controlling interest, net	—	—	—	—	2,969	2,969
Distributions (Note 12(b))	(91,680)	—	—	(91,680)	—	(91,680)
June 30, 2024	\$ 1,133,237	\$ (2,890)	\$ 2,804,226	\$ 3,934,573	\$ 63,514	\$ 3,998,087

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

Interim Condensed Consolidated Statements of Cash Flows

<i>(unaudited)</i>		Three months ended June 30			Six months ended June 30	
<i>(thousands of dollars)</i>	Note	2025	2024		2025	2024
OPERATING ACTIVITIES						
Net income (loss)		\$ 61,926	\$ 14,583	\$	145,806	\$ 89,510
Adjustments for:						
(Increase) decrease in value of investment properties, net	3	(8,725)	29,753		(12,729)	29,452
Interest expense	16	39,450	41,371		78,435	80,445
Amortization expense		619	641		1,195	1,238
Share of (profit) loss from joint ventures	4	5,445	46,191		6,625	43,492
Cash interest paid associated with operating activities	16	(34,851)	(24,790)		(76,616)	(71,947)
Items not affecting cash and other items	23(a)	12,106	(25,431)		(3,763)	(21,945)
Net changes in other working capital items	23(b)	(16,184)	(10,013)		(49,674)	(48,162)
Cash provided by (used in) operating activities		59,786	72,305		89,279	102,083
FINANCING ACTIVITIES						
Mortgage borrowings, net of financing costs	9	—	7,690		—	7,690
Mortgage principal instalment payments	9	(8,625)	(8,942)		(17,167)	(18,152)
Mortgage repayments	9	(55,895)	(9,072)		(55,895)	(9,072)
Credit facilities, net advances (repayments)	9	(69,964)	5,530		(63,030)	(236,881)
Issuance of senior unsecured debentures, net of issue costs	10	298,436	298,400		298,436	596,890
Repurchase of senior unsecured debentures	10	—	(18,944)		—	(18,944)
Settlement of hedges, net		—	(519)		—	1,228
Payment of distributions	12(b)	(47,266)	(45,844)		(94,048)	(91,676)
Net contributions from (distributions to) non-controlling interest	22	2,327	1,579		4,782	2,969
Cash provided by (used in) financing activities		119,013	229,878		73,078	234,052
INVESTING ACTIVITIES						
Acquisition of investment properties	3(c)	—	—		(22,246)	(33,453)
Net proceeds from property dispositions	3(d)	2,154	5,639		72,643	132,221
Distributions from joint ventures	4	1,546	1,236		3,093	2,539
Contributions to joint ventures	4	(576)	(576)		(1,152)	(3,652)
Capital expenditures on investment properties	3(a)	(34,909)	(23,101)		(64,981)	(52,402)
Changes in investing-related prepaid expenses and other liabilities		(2,814)	8,050		(10,124)	(10,058)
Changes in loans, mortgages and other assets	23(c)	(17,953)	(2,665)		(17,676)	(3,831)
Cash provided by (used in) investing activities		(52,552)	(11,417)		(40,443)	31,364
Net increase (decrease) in cash and cash equivalents		126,247	290,766		121,914	367,499
Cash and cash equivalents, beginning of year		145,958	164,154		150,291	87,421
Cash and cash equivalents, end of period	23(d)	\$ 272,205	\$ 454,920	\$	272,205	\$ 454,920

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

Notes to the Interim Condensed Consolidated Financial Statements

1. DESCRIPTION OF THE TRUST

First Capital Real Estate Investment Trust ("First Capital", "FCR", or the "Trust") is an unincorporated, open-ended mutual fund trust governed by the laws of Ontario, Canada, and established pursuant to a declaration of trust dated October 16, 2019, as may be amended from time to time (the "Declaration of Trust"). First Capital 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 unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), and as such, do not include all of the disclosures that would be included in audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with First Capital's audited annual consolidated financial statements for the years ended December 31, 2024 and 2023.

(b) Basis of presentation

These unaudited interim condensed consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand, unless otherwise indicated. These unaudited interim condensed consolidated financial statements have been prepared by applying the same accounting policies, assessments of estimates and judgments, and methods of computation as compared with the most recent audited annual consolidated financial statements.

(c) 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.

(d) Approval of unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were approved by the Board of Trustees and authorized for issue on July 29, 2025.

3. INVESTMENT PROPERTIES

(a) Activity

The following tables summarize the changes in First Capital's investment properties for the six months ended June 30, 2025 and year ended December 31, 2024:

Six months ended June 30, 2025				
	Income-Producing Properties	Properties under Construction	Density & Development Land	Total
Balance at beginning of year	\$ 7,870,526	\$ 127,857	\$ 238,617	\$ 8,237,000
Acquisitions	—	—	22,246	22,246
Capital expenditures	30,577	27,289	7,115	64,981
Developments transferred offline/online, net	(83,634)	41,447	42,187	—
Increase (decrease) in value of investment properties, net	40,208	(331)	(27,148)	12,729
Straight-line rent and other changes	3,223	—	—	3,223
Dispositions	(74,400)	—	—	(74,400)
Balance at end of period	\$ 7,786,500	\$ 196,262	\$ 283,017	\$ 8,265,779
Investment properties	\$ 7,740,900	\$ 143,362	\$ 205,217	\$ 8,089,479
Assets classified as held for sale	45,600	52,900	77,800	176,300
Total	\$ 7,786,500	\$ 196,262	\$ 283,017	\$ 8,265,779

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

Investment properties with a fair value of \$2.5 billion (December 31, 2024 – \$2.7 billion) are pledged as security for \$1.3 billion (December 31, 2024 – \$1.4 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	June 30, 2025	December 31, 2024
Weighted Average Total		
Overall Capitalization Rate	5.5%	5.5%
Terminal Capitalization Rate	5.7%	5.7%
Discount Rate	6.5%	6.4%

The majority of the Trust's portfolio is valued under the Income Approach using the discounted cash flow ("DCF") method. As at June 30, 2025, 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, 2024.

During the second quarter of 2025, 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 \$8.7 million (\$4.4 million at FCR's share) for the three months ended June 30, 2025. For the six months ended June 30, 2025, an overall net increase in the value of investment properties was recorded in the amount of \$12.7 million (\$7.0 million at FCR's share).

The sensitivity of the fair values of investment properties to stabilized overall capitalization rates as at June 30, 2025 is set out in the table below:

As at June 30, 2025	(millions of dollars)
(Decrease) Increase in stabilized overall capitalization rate	Resulting increase (decrease) in fair value of investment properties
(1.00%)	\$ 1,772
(0.75%)	\$ 1,259
(0.50%)	\$ 798
(0.25%)	\$ 380
0.25%	\$ (347)
0.50%	\$ (666)
0.75%	\$ (959)
1.00%	\$ (1,230)

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 \$464 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 \$424 million.

(c) Investment properties – Acquisitions

For the three and six months ended June 30, 2025 and 2024, First Capital acquired investment properties as follows:

		Three months ended June 30		Six months ended June 30	
		2025	2024	2025	2024
Total purchase price, including acquisition costs	\$	—	\$ —	\$ 22,246	\$ 33,453
Total cash paid	\$	—	\$ —	\$ 22,246	\$ 33,453

(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	June 30, 2025	December 31, 2024
Aggregate fair value	\$ 176,300	\$ 196,625
Mortgages secured by assets classified as held for sale	\$ —	\$ 17,755
Weighted average effective interest rate of mortgages secured by assets classified as held for sale	N/A	3.5%

For the three and six months ended June 30, 2025 and 2024, First Capital sold investment properties as follows:

		Three months ended June 30		Six months ended June 30	
Note		2025	2024	2025	2024
Total selling price	\$	\$ 2,400	\$ 5,960	\$ 74,400	\$ 153,213
Property selling costs	18	(246)	(321)	(1,757)	(2,608)
Proceeds included in corporate and other amounts receivable ⁽¹⁾	6	—	—	—	(18,384)
Net cash proceeds (costs)	\$	\$ 2,154	\$ 5,639	\$ 72,643	\$ 132,221

⁽¹⁾ Proceeds from the sale of the Trust's 41.7% interest in 1071 King Street West was received in the fourth quarter of 2024.

4. INVESTMENT IN JOINT VENTURES

As at June 30, 2025, First Capital had interests in seven joint ventures that it accounts for using the equity method. First Capital's joint ventures are as follows:

Name of Entity	Name of Property/Business Activity	Location	Effective Ownership	
			June 30, 2025	December 31, 2024
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%
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%

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued

The following table reconciles the changes in First Capital's interests in its equity accounted joint ventures for the six months ended June 30, 2025 and year ended December 31, 2024:

	Note	June 30, 2025	December 31, 2024
Balance at beginning of year		\$ 320,042	\$ 404,504
Contributions to equity accounted joint ventures		1,152	20,037
Distributions from equity accounted joint ventures		(3,093)	(5,533)
Distribution of net assets from equity accounted joint venture	3(a)	—	(60,028)
Share of income (loss) from equity accounted joint ventures		(6,625)	(38,938)
Balance at end of period		\$ 311,476	\$ 320,042

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. Concurrent with the dissolution, the Trust sold its 50% interest in the Royal Orchard property for net proceeds of \$59.7 million.

As at June 30, 2025, there were approximately \$7.0 million of outstanding commitments, \$3.1 million of outstanding letters of credit issued by financial institutions and no contingent liabilities for the seven equity accounted joint ventures.

5. LOANS, MORTGAGES AND OTHER ASSETS

As at	June 30, 2025	December 31, 2024
Non-current		
Loans and mortgages receivable classified as amortized cost (a)	\$ 28,072	\$ 14,178
Other investments	12,506	12,506
Due from co-owners (b)	74,786	62,044
Total non-current	115,364	88,728
Current		
Loans and mortgages receivable classified as amortized cost (a)	87,617	81,657
FVTPL investments in securities (c)	3,492	3,246
Total current	91,109	84,903
Total	\$ 206,473	\$ 173,631

(a) Loans and mortgages receivable are secured by interests in investment properties or shares of entities owning investment properties. As at June 30, 2025, these receivables bear interest at weighted average effective interest rates of 8.8% (December 31, 2024 – 8.9%) and mature between 2025 and 2028.

(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 \$66.8 million (December 31, 2024 - \$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).

6. AMOUNTS RECEIVABLE

As at	June 30, 2025	December 31, 2024
Tenant receivables (net of allowance for expected credit losses of \$4.4 million; December 31, 2024 – \$4.5 million)	\$ 18,664	\$ 13,948
Corporate and other amounts receivable	995	501
Total	\$ 19,659	\$ 14,449

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	June 30, 2025	December 31, 2024
Allowance for expected credit losses, beginning of year	\$ 4,544	\$ 6,203
Receivables written off during the period	(215)	(1,534)
Additional provision (recovery) and other adjustments recorded during the period	117	(125)
Allowance for expected credit losses, end of period	\$ 4,446	\$ 4,544

7. OTHER ASSETS

As at	Note	June 30, 2025	December 31, 2024
Non-current			
Fixtures, equipment and computer hardware and software (net of accumulated amortization of \$28.5 million; December 31, 2024 – \$27.3 million)		\$ 6,483	\$ 6,986
Deferred financing costs on credit facilities (net of accumulated amortization of \$6.1 million; December 31, 2024 – \$11.5 million)		3,329	3,586
Environmental indemnity and insurance proceeds receivable	11(a)	408	561
Derivatives at fair value	21	857	4,844
Other non-current assets ⁽¹⁾		13,896	12,970
Total non-current		24,973	28,947
Current			
Deposits and costs on investment properties under option		443	4,647
Prepaid expenses		23,748	10,590
Restricted cash		3,867	3,045
Derivatives at fair value	21	1,528	809
Other current assets		4,175	10,419
Total current		33,761	29,510
Total		\$ 58,734	\$ 58,457

⁽¹⁾ Other non-current assets includes a \$12.2 million (December 31, 2024 - \$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.

8. 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, 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued

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	June 30, 2025	December 31, 2024
Liabilities (principal amounts outstanding)		
Mortgages	\$ 1,173,916	\$ 1,246,977
Credit facilities	652,422	723,335
Mortgages under equity accounted joint ventures (at the Trust's interest)	88,767	89,619
Credit facilities under equity accounted joint venture (at the Trust's interest)	45,904	34,355
Senior unsecured debentures	2,400,000	2,100,000
	4,361,009	4,194,286
Equity market capitalization ⁽¹⁾	3,855,881	3,600,991
Total capital employed	\$ 8,216,890	\$ 7,795,277
Trust Units outstanding (000's)	212,445	212,323
Closing market price	\$ 18.15	\$ 16.96

⁽¹⁾ Equity market capitalization is the market value of FCR's units outstanding at June 30, 2025 and December 31, 2024. 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.

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 June 30, 2025, 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	June 30, 2025	December 31, 2024
Net debt to total assets ⁽¹⁾	≤65%	44.6%	44.5%
Unencumbered aggregate assets to unsecured debt, using 10 quarter average capitalization rate ⁽¹⁾	>1.3	2.3	2.4
Unitholders' equity, using four quarter average (billions) ⁽²⁾	>\$2.0B	\$ 4.0	\$ 4.0
Secured indebtedness to total assets ⁽²⁾	≤35%	15.1%	16.0%
For the rolling four quarters ended			
Interest coverage (Adjusted EBITDA to interest expense) ⁽²⁾	>1.65	2.4	2.4
Fixed charge coverage (Adjusted EBITDA to debt service) ⁽²⁾	>1.50	2.0	2.0

⁽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 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.

9. MORTGAGES AND CREDIT FACILITIES

As at	June 30, 2025	December 31, 2024
Fixed rate mortgages	\$ 1,171,053	\$ 1,243,786
Unsecured facilities	524,874	608,188
Secured facilities	127,548	115,147
Mortgages and credit facilities	\$ 1,823,475	\$ 1,967,121
Current	\$ 355,780	\$ 226,479
Mortgages classified as held for sale	—	17,755
Non-current	1,467,695	1,722,887
Total	\$ 1,823,475	\$ 1,967,121

Mortgages and secured facilities are secured by First Capital's investment properties. As at June 30, 2025, approximately \$2.5 billion (December 31, 2024 – \$2.7 billion) of investment properties out of \$8.3 billion (December 31, 2024 – \$8.2 billion) (Note 3(a)) had been pledged as security under the mortgages and the secured facilities.

As at June 30, 2025, mortgages bear coupon interest at a weighted average coupon rate of 3.8% (December 31, 2024 – 3.8%) and mature in the years ranging from 2025 to 2034. The weighted average effective interest rate on all mortgages as at June 30, 2025 is 3.9% (December 31, 2024 – 3.9%).

Principal repayments of mortgages outstanding as at June 30, 2025 are as follows:

	Scheduled Amortization	Payments on Maturity	Total	Weighted Average Effective Interest Rate
2025 (remainder of the year)	\$ 16,017	\$ 11,075	\$ 27,092	6.2%
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%
	\$ 150,308	\$ 1,023,608	\$ 1,173,916	3.9%
Unamortized deferred financing costs and premiums, net			(2,863)	
Total			\$ 1,171,053	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued

First Capital's credit facilities as at June 30, 2025 are summarized in the table below:

As at June 30, 2025	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	—	(22,738)	427,262	CORRA + 1.75% or Prime + 0.45% or SOFR + 1.55%	June 30, 2030
Fixed rate unsecured term loans ⁽¹⁾	175,000	(175,000)	—	—	3.40%	April 14, 2026
Fixed rate unsecured term loan ⁽¹⁾⁽²⁾⁽⁴⁾	150,000	(149,874)	—	—	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	(53,946)	(537)	8,182	CORRA + 2.80% or Prime + 1.00%	October 1, 2025
Secured construction facility ⁽³⁾	127,565	(66,847)	(702)	60,016	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	\$ 1,421,985	\$ (652,422)	\$ (23,977)	\$ 745,460		
Secured Construction Facility						
Secured construction facility ⁽⁵⁾	71,450	(45,904)	—	25,546	CORRA + 2.95% or Prime + 1.00%	November 28, 2025
Total	\$ 1,493,435	\$ (698,326)	\$ (23,977)	\$ 771,006		

⁽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⁾ The Trust has drawn in U.S. dollars the equivalent of CAD\$150.0 million which was revalued at CAD\$149.9 million as at June 30, 2025.

⁽³⁾ 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.

⁽⁴⁾ The Trust has the option to extend the unsecured term loan for an additional two years, to October 20, 2028.

⁽⁵⁾ 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.

10. SENIOR UNSECURED DEBENTURES

As at				June 30, 2025		December 31, 2024	
Series	Maturity Date	Interest Rate		Principal Outstanding	Liability	Liability	
		Coupon	Effective				
S	July 31, 2025	4.32%	4.24%	\$ 300,000	\$ 300,021	\$ 300,138	
T	May 6, 2026	3.60%	3.57%	300,000	300,119	300,173	
V	January 22, 2027	3.46%	3.54%	200,000	199,758	199,683	
U	July 12, 2027	3.75%	3.82%	300,000	299,587	299,492	
A	March 1, 2028	3.45%	3.54%	200,000	199,553	199,474	
D	June 3, 2030	4.51%	4.62%	200,000	199,082	199,001	
B	March 1, 2031	5.57%	5.67%	300,000	298,641	298,541	
C	June 12, 2032	5.46%	5.54%	300,000	298,600	298,490	
E	June 13, 2033	4.83%	4.91%	\$ 300,000	\$ 298,436	\$ —	
Weighted Average or Total		4.39%	4.44%	\$ 2,400,000	\$ 2,393,797	\$ 2,094,992	
Current				\$ 600,000	\$ 600,140	\$ 300,138	
Non-current				1,800,000	1,793,657	1,794,854	
Total				\$ 2,400,000	\$ 2,393,797	\$ 2,094,992	

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.

On June 13, 2025, the Trust completed the issuance of \$300 million principal amount of Series E senior unsecured debentures due June 13, 2033. These debentures bear interest at a coupon rate of 4.83% per annum, payable semi-annually commencing December 13, 2025.

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at	Note	June 30, 2025	December 31, 2024
Non-current			
Asset retirement obligations (a)		\$ 1,156	\$ 905
Ground leases payable		8,181	8,287
Derivatives at fair value	21	22,808	14,336
Unit-based compensation plans	13(c)	5,722	8,179
Other liabilities (b)		90,028	89,501
Total non-current		127,895	121,208
Current			
Trade payables and accruals		60,722	57,517
Construction and development payables		48,349	52,040
Unit-based compensation plans	13(c)	27,122	23,456
Distributions payable	12(b)	15,756	15,287
Interest payable		29,525	30,484
Tenant deposits		43,668	44,821
Total current		225,142	223,605
Total		\$ 353,037	\$ 344,813

- (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 \$0.4 million (December 31, 2024 - \$0.6 million) in other assets (Note 7).
- (b) Other liabilities includes a loan payable to one of the Trust's joint ventures in the amount of \$52.8 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.

12. 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	June 30, 2025		December 31, 2024	
	Number of Trust Units	Value of Trust Units	Number of Trust Units	Value of Trust Units
Balance at beginning of year	212,323	\$ 2,805,551	212,184	\$ 2,803,327
Exercise of options and settlement of any restricted, performance and deferred trust units	122	2,061	139	2,224
Balance at end of period	212,445	\$ 2,807,612	212,323	\$ 2,805,551

On May 16, 2025, 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 21,120,181 of its outstanding units until May 20, 2026.

For the six months ended June 30, 2025 and 2024, the Trust acquired no units under the NCIB. On a cumulative basis, as of June 30, 2025, 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 \$0.445 per Trust Unit for the six months ended June 30, 2025 (six months ended June 30, 2024 - \$0.432 per Trust Unit).

13. 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 June 30, 2025, 5.2 million unit options were outstanding (December 31, 2024 - 5.3 million).

The outstanding options as at June 30, 2025 have exercise prices ranging from \$15.53 - \$21.24 (December 31, 2024 - \$15.53 - \$21.24).

During the six months ended June 30, 2025, \$43.0 thousand (six months ended June 30, 2024 - \$108.0 thousand) was recorded as an expense related to stock options.

Six months ended June 30	2025		2024	
	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	5,280	\$ 19.90	5,621	\$ 19.79
Expired	(47)	19.96	(100)	17.77
Outstanding at end of period	5,233	\$ 19.89	5,521	\$ 19.83

The assumptions used to measure the fair value of the unit options under the Black-Scholes model (level 2) as at June 30, 2025 and 2024 were as follows:

As at June 30	2025	2024
Expected Trust Unit price volatility	12.55% - 20.75%	20.49% - 27.64%
Expected life of options	0.1 - 4.5 years	0.2 - 5.2 years
Expected distribution yield	4.90%	5.85%
Risk free interest rate	2.60% - 2.82%	3.51% - 4.57%

(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued

Six months ended June 30	2025		2024	
(in thousands)	DUs	RUs / PUs	DUs	RUs / PUs
Outstanding at beginning of year	395	1,606	450	1,261
Granted (a) (b)	43	460	49	468
Performance Factor adjustment	—	143	—	42
Distributions reinvested	10	47	13	41
Exercised	(24)	(397)	—	(228)
Forfeited	—	(6)	—	(2)
Outstanding at end of period	424	1,853	512	1,582
Expense recorded for the period	\$911	\$4,621	\$932	\$4,073

- (a) The fair value of the DUs granted during the six months ended June 30, 2025 was \$0.7 million (six months ended June 30, 2024 – \$0.7 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 six months ended June 30, 2025 was \$4.8 million (six months ended June 30, 2024 – \$4.6 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 six months ended June 30, 2025 was \$3.0 million (six months ended June 30, 2024 – \$3.6 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.

Six months ended June 30	2025	2024
Grant date	February 20, 2025	March 8, 2024
PUs granted (thousands)	175	180
Term to expiry	3 years	3 years
Weighted average volatility rate	21.2%	21.4%
Weighted average correlation	79.3%	75.1%
Weighted average total Unitholder return	(2.6%)	9.4%
Weighted average risk free interest rate	2.81%	3.79%
Fair value (thousands)	\$2,986	\$3,626

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

First Capital's unit-based compensation plans are accounted for as cash-settled awards. Therefore, outstanding Unit Options, Deferred Units, Restricted Units and Performance Units are recognized as a liability and carried at fair value through profit and loss. As at June 30, 2025, the carrying value of the unit-based compensation liability was \$32.8 million (December 31, 2024 – \$31.6 million)(Note 11). FCR's liability for unit-based compensation plans have increased since December 31, 2024 which resulted in a revaluation loss of \$2.7 million in the consolidated statements of income (loss) due to (i) an increase in the Trust Unit's price since December 31, 2024 and (ii) a larger number of vested units outstanding that have yet to be converted to Trust Units.

14. NET OPERATING INCOME

Net Operating Income by Component

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

	Three months ended June 30			Six months ended June 30		
	% change	2025	2024	% change	2025	2024
Property rental revenue						
Base rent ⁽¹⁾		\$112,881	\$109,617		\$ 224,257	\$ 219,117
Operating cost recoveries		28,290	28,234		61,160	58,492
Realty tax recoveries		31,189	29,097		62,650	60,078
Lease termination fees		35	113		157	5,697
Percentage rent		532	711		1,136	1,378
Straight-line rent adjustment		873	2,475		3,223	3,485
Prior year operating cost and tax recovery adjustments		637	717		1,327	777
Temporary tenants, storage, parking and other		5,759	5,282		10,653	10,111
Total Property rental revenue	2.2%	180,196	176,246	1.5%	364,563	359,135
Property operating costs						
Recoverable operating expenses		30,236	31,469		66,351	65,276
Recoverable realty tax expense		34,526	32,980		70,232	68,201
Prior year realty tax expense (recovery)		(42)	(87)		(18)	(249)
Other operating costs and adjustments ⁽²⁾		(430)	(457)		(267)	1,353
Total Property operating costs		64,290	63,905		136,298	134,581
Total NOI	3.2%	\$115,906	\$112,341	1.7%	\$ 228,265	\$ 224,554
NOI margin		64.3%	63.7%		62.6%	62.5%

⁽¹⁾ Includes residential revenue.

⁽²⁾ Includes residential operating costs and bad debt expense (recovery). For the three and six months ended June 30, 2025, bad debt expense (recovery) totaled (\$0.3) million, respectively (three and six months ended June 30, 2024 - (\$0.7) million and (\$0.8) million, respectively).

For the three and six months ended June 30, 2025, property operating costs include \$6.8 million and \$13.7 million, respectively (three and six months ended June 30, 2024 – \$6.2 million and \$12.6 million, respectively) related to employee compensation.

15. INTEREST AND OTHER INCOME

	Note	Three months ended June 30		Six months ended June 30	
		2025	2024	2025	2024
Interest, dividend and distribution income from cash, marketable securities and other investments	5	\$ 986	\$ 3,670	\$ 2,225	\$ 4,582
Interest income from loans and mortgages receivable at amortized cost	5	2,178	2,788	4,304	5,557
Fees and other income ⁽¹⁾		2,852	1,267	5,052	12,000
Total		\$ 6,016	\$ 7,725	\$ 11,581	\$ 22,139

⁽¹⁾ For the six months ended June 30, 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.

16. INTEREST EXPENSE

	Note	Three months ended June 30		Six months ended June 30	
		2025	2024	2025	2024
Mortgages	9	\$ 12,355	\$ 13,675	\$ 24,853	\$ 26,996
Credit facilities	9	7,993	11,001	16,498	23,596
Senior unsecured debentures	10	24,104	21,129	47,222	38,878
Total interest expense		44,452	45,805	88,573	89,470
Interest capitalized to investment properties under development		(5,002)	(4,434)	(10,138)	(9,025)
Interest expense		\$ 39,450	\$ 41,371	\$ 78,435	\$ 80,445
Change in accrued interest		(3,202)	(14,738)	958	(5,181)
Coupon interest rate in excess of effective interest rate on senior unsecured debentures		250	377	496	746
Coupon interest rate in excess of effective interest rate on assumed mortgages		—	2	1	4
Amortization of deferred financing costs		(1,647)	(2,222)	(3,274)	(4,067)
Cash interest paid associated with operating activities		\$ 34,851	\$ 24,790	\$ 76,616	\$ 71,947

17. CORPORATE EXPENSES

		Three months ended June 30		Six months ended June 30	
		2025	2024	2025	2024
Salaries, wages and benefits	\$	7,935	\$ 7,861	\$ 16,557	\$ 16,487
Unit-based compensation		2,662	2,706	5,346	5,068
Other corporate costs		3,970	4,504	7,977	8,494
Total corporate expenses		14,567	15,071	29,880	30,049
Amounts capitalized to investment properties under development		(1,825)	(1,809)	(3,724)	(3,962)
Corporate expenses	\$	12,742	\$ 13,262	\$ 26,156	\$ 26,087

18. OTHER GAINS (LOSSES) AND (EXPENSES)

		Three months ended June 30		Six months ended June 30	
		2025	2024	2025	2024
Unrealized gain (loss) on marketable securities	\$	146	\$ 147	\$ 246	\$ 182
Net gain (loss) on early settlement of debt		—	(8)	—	(8)
Pre-selling costs of residential inventory		(261)	(3)	(463)	(6)
Investment property selling costs		(246)	(321)	(1,757)	(2,608)
Gain (loss) on foreign currency translation		8,202	(1,640)	8,304	(8,662)
Gain (loss) on mark-to-market of derivatives ⁽¹⁾		(7,325)	1,390	(8,413)	11,993
Total	\$	516	\$ (435)	\$ (2,083)	\$ 891

⁽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.

19. INCOME TAXES

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

The following reconciles the expected tax expense (recovery) computed at the statutory tax rate to the actual tax expense for the three and six months ended June 30, 2025 and 2024.

	Three months ended June 30			Six months ended June 30		
	2025		2024	2025		2024
Income tax computed at the Canadian statutory rate of Nil applicable to the Trust at June 30, 2025 and 2024	\$	—	\$	—	\$	—
Increase (decrease) in income taxes due to:						
Deferred income taxes (recoveries) applicable to corporate subsidiaries		6,846	(23,003)	(10,416)		(21,801)
Deferred income taxes expense (recovery)	\$	6,846	\$	(10,416)	\$	(21,801)

20. RISK MANAGEMENT

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

(a) Interest rate risk

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

(b) Credit risk

Credit risk arises from the possibility that tenants and/or debtors may experience financial difficulty and be unable or unwilling to fulfill their lease commitments or loan obligations. First Capital mitigates the risk of credit loss from tenants by investing in well-located properties in urban markets that attract high quality tenants, ensuring that its tenant mix is diversified, and by limiting its exposure to any one tenant. As at June 30, 2025, Loblaw Companies Limited ("Loblaw") is FCR's largest tenant and accounts for 10.5% of FCR's annualized minimum rent and has an investment grade credit rating. Other than Loblaw, no other tenant accounts for more than 10% of the annualized minimum rent. A tenant's success over the term of its lease and its ability to fulfill its lease obligations is subject to many factors. There can be no assurance that a tenant will be able to fulfill all of its existing commitments and leases up to the expiry date. First Capital mitigates the risk of credit loss from debtors by undertaking a number of activities typical in lending arrangements including obtaining registered mortgages on the real estate properties.

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

(c) Liquidity risk

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued

An analysis of First Capital's contractual maturities of its material financial liabilities and other contractual commitments as at June 30, 2025 is set out below:

As at June 30, 2025	Payments due by period				
	Remainder of 2025	2026 to 2027	2028 to 2029	Thereafter	Total
Scheduled mortgage principal amortization	\$ 16,017	\$ 59,210	\$ 46,680	\$ 28,401	\$ 150,308
Mortgage principal repayments on maturity	11,075	166,086	382,603	463,844	1,023,608
Credit facilities and bank indebtedness	53,946	398,476	200,000	—	652,422
Senior unsecured debentures	300,000	800,000	200,000	1,100,000	2,400,000
Interest obligations ⁽¹⁾	85,116	270,112	187,680	163,488	706,396
Land leases (expiring between 2027 and 2061)	339	1,335	1,265	15,016	17,955
Contractually committed costs to complete current development projects ⁽²⁾	56,262	68,936	—	—	125,198
Other commitments	4,636	—	—	—	4,636
Total contractual obligations	\$ 527,391	\$ 1,764,155	\$ 1,018,228	\$ 1,770,749	\$ 5,080,523

⁽¹⁾ Interest obligations include expected interest payments on mortgages and credit facilities as at June 30, 2025 (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 June 30, 2025, there was \$0.5 billion (December 31, 2024 – \$0.6 billion) of cash advances drawn against First Capital's unsecured credit facilities.

In addition, as at June 30, 2025, First Capital had \$50.2 million (December 31, 2024 – \$31.4 million) of outstanding letters of credit issued by financial institutions primarily to support certain of FCR's contractual obligations and \$Nil (December 31, 2024 – \$Nil) of bank overdrafts.

(d) Unit price risk

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

21. FAIR VALUE MEASUREMENT

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

As at	June 30, 2025			December 31, 2024		
	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	\$ 3,492	\$ —	\$ —	\$ 3,246	\$ —	\$ —
Other investments	—	—	12,506	—	—	12,506
Derivatives at fair value – assets	—	2,385	—	—	5,653	—
Financial Liabilities						
Unit-based compensation plans	—	32,844	—	—	31,635	—
Derivatives at fair value – liabilities	—	22,808	—	—	14,336	—
Fair value of financial instruments measured at amortized cost						
Financial Assets						
Loans and mortgages receivable	\$ —	\$ —	\$ 115,664	\$ —	\$ —	\$ 95,658
Financial Liabilities						
Mortgages	—	1,152,106	—	—	1,219,510	—
Credit facilities	—	652,422	—	—	723,335	—
Senior unsecured debentures	—	2,443,381	—	—	2,131,837	—

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 June 30, 2025, the interest rates ranged from 4.3% to 4.7% (December 31, 2024 – 4.5% to 5.3%). The fair values of First Capital's asset (liability) hedging instruments are as follows:

	Designated as Hedging Instrument	Maturity as at June 30, 2025	June 30, 2025	December 31, 2024
Derivative assets				
Interest rate swaps	Yes	January 2026 - March 2027	\$ 2,385	\$ 5,653
Total			\$ 2,385	\$ 5,653
Derivative liabilities				
Interest rate swaps	Yes	January 2029 - May 2034	\$ 13,173	\$ 13,114
Cross-currency swaps	No	October 2028	9,635	1,222
Total			\$ 22,808	\$ 14,336

22. SUBSIDIARIES WITH NON-CONTROLLING INTEREST

As at June 30, 2025, 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.

Name of Entity	Primary Investment	Effective Ownership	
		June 30, 2025	December 31, 2024
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.

23. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Items not affecting cash and other items

	Note	Three months ended June 30		Six months ended June 30	
		2025	2024	2025	2024
Straight-line rent adjustment	14	\$ (873)	\$ (2,475)	\$ (3,223)	\$ (3,485)
Unit-based compensation expense	13	2,777	2,787	5,575	5,113
Unrealized (gain) loss on marketable securities classified as FVTPL	18	(146)	(147)	(246)	(182)
Net (gain) loss on early settlement of debt	18	—	8	—	8
Investment property selling costs	18	246	321	1,757	2,608
(Gain) loss on foreign currency translation	18	(8,202)	1,640	(8,304)	8,662
(Gain) loss on mark-to-market of derivatives	18	7,325	(1,390)	8,413	(11,993)
Increase (decrease) in value of unit-based compensation	13	4,133	(3,172)	2,681	(875)
Deferred income taxes expense (recovery)	19	6,846	(23,003)	(10,416)	(21,801)
Total		\$ 12,106	\$ (25,431)	\$ (3,763)	\$ (21,945)

(b) Net changes in other working capital items

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

		Three months ended June 30		Six months ended June 30	
		2025	2024	2025	2024
Amounts receivable	\$	(635)	\$ 6,278	\$ (5,210)	\$ (3,355)
Prepaid expenses		(7,349)	(5,739)	(13,157)	(12,243)
Trade payables and accruals		1,470	(6,889)	(6,122)	(15,422)
Tenant security and other deposits		2,052	4,342	(1,153)	(484)
Residential development inventory		(12,351)	(7,240)	(27,455)	(14,691)
Other working capital changes		629	(765)	3,423	(1,967)
Total	\$	(16,184)	\$ (10,013)	\$ (49,674)	\$ (48,162)

(c) Changes in loans, mortgages and other assets

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Advances of loans and mortgages receivable	\$ (17,953)	\$ (1,500)	\$ (31,614)	\$ (2,666)
Repayments of loans and mortgages receivable	—	—	13,938	—
Other investments, net	—	(1,165)	—	(1,165)
Total	\$ (17,953)	\$ (2,665)	\$ (17,676)	\$ (3,831)

(d) Cash and cash equivalents

As at	June 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 272,205	\$ 150,291

24. 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 \$156.2 million (December 31, 2024 – \$194.1 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 \$50.2 million (December 31, 2024 – \$31.4 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, 2024 – \$0.7 million) with a total obligation of \$18.0 million (December 31, 2024 – \$18.3 million).
- (e) First Capital has outstanding purchase and other capital commitments in the amount of \$129.8 million (December 31, 2024 – \$119.3 million).

25. RELATED PARTY TRANSACTIONS

Subsidiaries of the Trust

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

26. SUBSEQUENT EVENTS

Subsequent to quarter end, the Trust completed the sale of Place Anjou, a development site in Montreal for approximately \$33 million.

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Chair of the Board
Vivian Abdelmessih
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Leonard Abramsky
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