



FIRST CAPITAL®

First Capital Board Conditionally Approves REIT Conversion

Toronto, Ontario (July 9, 2019) - First Capital Realty Inc. (“FCR”) announced that its Board of Directors has unanimously approved the proposed reorganization of FCR into a real estate investment trust to be named First Capital Real Estate Investment Trust, subject to receipt of a fairness opinion from FCR’s independent financial advisor. The proposal to convert FCR to a REIT structure is the result of an extensive review of FCR’s business. The Board of Directors intends to recommend, in an information circular describing the proposed reorganization, that shareholders vote in favour of the plan of arrangement. A copy of the fairness opinion will be included in the information circular.

Adam Paul, President and CEO of FCR, said, “Today’s announcement marks an important milestone in our conversion into a REIT bringing us closer to achieving the benefits of conversion we previously outlined. 2019 continues to be an exceptional year for First Capital and we look forward to providing our quarterly update later this month on our super urban strategy which includes our disposition activities.”

First Capital REIT’s annual distribution is expected to remain consistent with FCR’s current annual dividend of \$0.86 per common share. The REIT intends to make monthly distributions in place of the quarterly dividends currently paid by FCR, initially of \$0.0716 per REIT unit per month, or \$0.86 per REIT unit on an annualized basis.

Details of the Arrangement

The proposed reorganization will be effected pursuant to a statutory plan of arrangement under the Ontario Business Corporations Act (the “Arrangement”) and, among other approvals, will be subject to shareholder approval at a special meeting expected to be held in early December 2019 (the “Special Meeting”). The Arrangement is subject to the approval of 66 2/3 per cent of the votes cast by holders of FCR’s common shares, including common shares represented by instalment receipts, at the Special Meeting.

Under the terms of the Arrangement, FCR shareholders will receive one unit of the REIT (“REIT Unit”) for each FCR common share held, unless a qualifying shareholder elects to receive exchangeable limited partnership units (“Exchangeable Units”) in a partnership controlled by the REIT in exchange for their common shares of FCR. The Exchangeable Units are intended to be economically equivalent to and exchangeable for REIT Units on a one-for-one basis and will be accompanied by special voting units of the REIT that provide their holders with equivalent voting rights to holders of REIT Units. A maximum of 20% of FCR’s common shares outstanding may be exchanged for Exchangeable Units. The Company expects Exchangeable Units will only be issued if qualifying shareholders representing a minimum number of FCR’s outstanding common shares, to be set forth in the information circular, elect to receive Exchangeable Units and will be subject to an automatic exchange into REIT Units on the fourth anniversary of closing of the Arrangement in the event they are still outstanding by that date.

In connection with the Arrangement, the REIT will become the co-issuer of all of FCR's outstanding senior unsecured debentures, assuming all of the covenants and obligations of FCR.

In addition to the requirement for shareholder and court approvals, the completion of the Arrangement and exchange of FCR common shares for either REIT Units or Exchangeable Units will be contingent on receipt of all necessary third party and regulatory approvals and receipt of approval from the Toronto Stock Exchange to the listing of the REIT Units on the TSX.

Further details on the Arrangement, including the terms of the Exchangeable Units, will be set out in an information circular expected to be mailed to shareholders in November 2019, in advance of the Special Meeting. Management anticipates the REIT conversion to be completed on or about December 30, 2019.

Tax Impact for Shareholders

Generally, the completion of the Arrangement will result in a disposition of FCR common shares for Canadian tax purposes, and the immediate acquisition of REIT Units at a value equal to the fair value, on the date of the transaction. If a shareholder holds FCR common shares outside of a tax-sheltered vehicle (such as an RRSP, RRIF or TFSA) this may result in a taxable capital gain or loss to report for 2019, the year the conversion is expected to be completed. A qualifying shareholder who elects to exchange FCR common shares for Exchangeable Units may be able to defer the capital gain associated with the Arrangement. Exchangeable Units may allow for certain tax efficiencies; however, they will be subject to additional restrictions and limitations and will not be listed on the TSX or any other exchange. Shareholders should review the information circular to be mailed in November for a further discussion of the tax and other considerations of the Arrangement.

Forward-looking Statement Advisory

This press release contains forward-looking statements and information within the meaning of applicable securities law, including statements regarding the Arrangement. These forward-looking statements are not historical facts but, rather, reflect First Capital's current expectations and are subject to risks and uncertainties that could cause the outcome to differ materially from current expectations. Such risks and uncertainties include those risks discussed in First Capital's MD&A for the year ended December 31, 2018 and for the three months ended March 31, 2019 and in our current Annual Information Form. Furthermore, as the board's approval of the reorganization is subject to receipt of a fairness opinion, no assurance can be given as to whether such reorganization will be undertaken, or the timing, or impact of such reorganization, or its terms. Readers, therefore, should not place undue reliance on any such forward-looking statements. First Capital Realty undertakes no obligation to publicly update any such forward-looking 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 press release are made as of the date hereof and are qualified by these cautionary statements.

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