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Press Release

## FIRST CAPITAL REALTY ANNOUNCES CONTINUED STRONG Q2 FINANCIAL RESULTS

**Toronto, Ontario (August 7, 2008)** – First Capital Realty Inc. (“First Capital Realty”) (TSX:FCR) Canada’s leading owner, developer and operator of supermarket and drugstore-anchored neighbourhood and community shopping centres, located predominantly in growing metropolitan areas, announced today strong financial results for the second quarter ended June 30, 2008.

### SECOND QUARTER 2008 HIGHLIGHTS:

<i>(\$ millions, except per share amounts)</i>	<i>30 June 2008</i>	<i>30 June 2007</i>	<i>Percentage Change</i>
Enterprise value	\$ 4,328	\$ 4,165	3.9 %
Property rental revenue	\$ 101.9	\$ 93.5	9.0 %
Net operating income (NOI)	\$ 64.0	\$ 60.2	6.3 %
Funds from operations (FFO)	\$ 34.5	\$ 30.0	15.0 %
FFO per diluted share	\$ 0.40	\$ 0.39	2.6 %
Adjusted funds from operations (AFFO)	\$ 35.1	\$ 30.6	14.7 %
AFFO per diluted share	\$ 0.37	\$ 0.36	2.8 %
Debt to aggregate assets (Properties at 8.3% Cap rate and EQY at \$14 USD per share)	53.6%	55.5%	
Debt to total market capitalization	46.8%	46.4 %	
Weighted average diluted shares for FFO (000’s)	87,269	77,904	12.0 %
Weighted average diluted shares for AFFO (000’s)	95,899	85,251	12.5 %

**OPERATIONS HIGHLIGHTS:**

- Invested \$71 million in development activities, property improvements and acquisitions
- 49,000 square feet of gross leasable area from development and redevelopment coming on line
- 2.8% same property NOI growth; 1.6% excluding redevelopment and expansion space
- 15.9% increase on 281,000 square feet of renewal leases
- Occupancy of 95.5% compares to 95.3% at December 31, 2007. Vacancy includes 1.4% of space held for redevelopment
- Gross new leasing totalled 122,000 square feet including development and redevelopment coming on line; lease closures totalled 72,000 square feet and closures for redevelopment totalled 54,000 square feet
- Average lease rate per occupied square foot increased by 4.2% to \$14.80 at June 30, 2008 compared to \$14.20 at June 30, 2007

**SIX MONTHS HIGHLIGHTS:**

<i>(\$ millions, except per share amounts)</i>	<i>30 June 2008</i>	<i>30 June 2007</i>	<i>Percentage Change</i>
Property rental revenue	\$ 203.7	\$ 184.1	10.6 %
Net operating income (NOI)	\$ 127.0	\$ 116.9	8.6 %
Funds from operations (FFO)	\$ 68.8	\$ 61.1	12.6 %
FFO per diluted share	\$ 0.82	\$ 0.79	3.8 %
Adjusted funds from operations (AFFO)	\$ 66.8	\$ 58.7	13.8 %
AFFO per diluted share	\$ 0.72	\$ 0.69	4.3 %
Weighted average diluted shares for FFO (000's)	84,316	77,351	9.0 %
Weighted average diluted shares for AFFO (000's)	92,793	84,831	9.4 %

- Invested \$122 million in development activities, property improvements and acquisitions
- 192,000 square feet of gross leasable area coming on line from development and redevelopment activities and acquisitions
- Acquired one income-producing property totalling 49,000 square feet, one land site and six land parcels adjacent to existing properties comprising a total of 15.1 acres of commercial land for future development
- 3.9% same property NOI growth; 2.1% excluding redevelopment and expansion space
- 15.1% increase on 504,000 square feet of renewal leases
- Gross new leasing totalled 296,000 square feet including development and redevelopment coming on line; lease closures totalled 250,000 square feet and closures for redevelopment totalled 99,000 square feet;

- Lease rates on openings and redevelopment coming on line increased by 21.7% versus all lease closures
- In aggregate, 9.8 million common shares were issued year-to-date, including equity offerings, dividend reinvestment plan, payment in shares of the interest due to holders of the 5.50% convertible debentures, options and warrants exercised for total equity of \$215 million

“We continue to generate strong organic growth through our development and redevelopment activities, as well as higher lease rates” said Dori J. Segal, President & CEO. “Looking ahead we remain focussed on creating value from our existing portfolio of shopping centres and land assets. Over the next six to twelve months we expect to bring on line approximately 1.3 million square feet of leaseable space with a gross book value of approximately \$350 million, all in keeping with our strategy of operating in major urban markets with high barriers to entry and home to tenants providing shopping for everyday life.

## **FINANCIAL HIGHLIGHTS**

FFO and AFFO presented herein are key financial measures used by the real estate industry to measure and compare the operating performance of real estate organizations. FFO and AFFO are supplemental non-GAAP financial measures and a complete reconciliation containing adjustments from GAAP net income to FFO and AFFO is included in this press release.

### **Funds from Operations**

Funds from operations for the three months ended June 30, 2008 totalled \$34.5 million or \$0.40 per diluted common share and increased from \$30.0 million or \$0.39 per diluted common share in the same period in 2007. FFO for the six months ended June 30, 2008 totalled \$68.8 million or \$0.82 per diluted common share, and increased from \$61.1 million or \$0.79 per diluted common share in the same period in 2007. The increase in FFO for the quarter and year-to-date was primarily due to an increase in net operating income resulting from acquisitions and development projects coming on line, same property NOI growth, lower interest expense and corporate expenses; partially offset by a decrease in Equity One FFO. In addition, there was an increase in the basic and weighted average diluted shares outstanding compared to the same prior year period.

### **Adjusted Funds from Operations**

Management views AFFO as an effective measure of cash generated from operations. For the three months ended June 30, 2008, AFFO rose 2.8% to \$0.37 per diluted common share from \$0.36 per diluted common share in the same period in 2007. AFFO for the first six months of 2008 totalled \$66.8 million or \$0.72 per diluted common share compared to \$58.7 million or \$0.69 per diluted common share in the first six months of 2007. AFFO is calculated by adjusting FFO for amortization of non-cash financing costs, accretion of debt discounts, straight-line and market rent adjustments, non-cash compensation expenses, interest payable in shares, non-cash gains or losses on debt, hedges and land sales and actual costs incurred for capital expenditures and leasing costs for maintaining shopping centre infrastructure and current lease revenues. The Company’s proportionate share of Equity One FFO is excluded and only the regular cash dividends received are included in AFFO. The weighted average diluted shares outstanding for AFFO is adjusted to assume conversion of the outstanding convertible debentures.

## Net Income

(\$ thousands, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Net income	\$10,168	\$6,286	\$18,529	\$14,161
Earnings per share (diluted)	\$0.12	\$0.08	\$0.22	\$0.18
Weighted average common shares – diluted (000's)	87,269	77,904	84,316	77,351

Net income for the three and six months ended June 30, 2008 amounted to \$10.2 million or 12 cents per share (basic and diluted) and \$18.5 million or 22 cents per share (basic and diluted), respectively. This compares to \$6.3 million or eight cents per share (basic and diluted) and \$14.2 million or 18 cents per share (basic and diluted), respectively, for the three and six months ended June 30, 2007. The increase in net income is primarily due to the Company's income-producing property acquisitions and development projects coming on line, offset by increased amortization expense. In addition, there was an increase in the basic and weighted average diluted shares outstanding compared to the same prior year period.

## DEVELOPMENT AND ACQUISITION HIGHLIGHTS

During the second quarter of 2008, the Company invested \$70 million in active development projects and improvements to existing properties bringing the six month total investment to \$101 million.

Development of 39,100 square feet was brought on line in the second quarter with 38,600 square feet leased at an average rate of \$19.55 per square foot. The Company also reopened 10,200 square feet of redeveloped space at an average rate of \$15.30 per square foot. Year-to-date the Company brought on line 111,000 square feet with 92,100 square feet leased at an average rate of \$20.20 per square foot and reopened 32,000 square feet of redeveloped space at an average rate of \$19.64 per square foot.

In addition, the Company acquired one land parcel in the second quarter adjacent to an existing property comprising a total of 0.8 acres of commercial land for future development. Through the first six months of 2008, the Company invested \$20.7 million in one income-producing property comprising 49,000 square feet and one land site and six land parcels adjacent to existing properties comprising a total of 15.1 acres of commercial land for future development.

On August 6, 2008, the Company acquired Deer Valley Shopping Centre, a 196,000 square foot shopping centre located in Calgary, Alberta. Major tenants include Co-op Grocery Store, Zellers, Shoppers Drug Mart and Royal Bank. The purchase price of \$31.6 million including closing costs was satisfied in cash. The Company intends to redevelop the property.

## OPERATING HIGHLIGHTS

Net operating income for the three months ended June 30, 2008 totalled \$64.0 million, compared to \$60.2 million in the second quarter of 2007, an increase of \$3.8 million or 6.3%. Same property NOI increased 2.8% generating growth of \$1.4 million in the second quarter 2008 over the second quarter of 2007, due to redevelopment and expansion space and increases in lease rates and occupancy. Same property NOI excluding expansion or redevelopment space increased by \$0.8 million or 1.6% over the same prior year period.

Year-to-date, acquisitions completed in 2008 and 2007 contributed \$6.4 million, while greenfield development activities contributed a further \$9.7 million. Same property net operating income increased 3.9%, generating growth of \$4.0 million in the six month period ended June 30, 2008. Excluding redevelopment and expansion space, same property NOI grew by \$2.1 million or 2.1% over the same period in 2007.

Gross new leasing in the second quarter totalled 122,000 square feet including development and redevelopment coming on line. Lease rates on openings and redevelopment coming on line increased by 27.9% versus all lease closures. The Company achieved a 15.9% increase on 281,000 square feet of renewal leases over the expiring rates. For the six months ended June 30, 2008, gross new leasing totalled 296,000 square feet. Renewal leasing totalled 504,000 square feet with a 15.1% increase over expiring rates.

The average rate per occupied square foot at June 30, 2008 increased to \$14.80. This compares to an average rate of \$14.56 per square foot at December 31, 2007.

Portfolio occupancy at June 30, 2008 of 95.5% up from 95.3% at December 31, 2007 and 95.0% at June 30, 2007. Closures for redevelopment totalled 54,000 square feet for the second quarter of 2008 providing potential for future income growth through leasing and redevelopment activities.

## **FINANCING AND CAPITAL MARKET HIGHLIGHTS**

For the six month ending June 30, 2008, First Capital Realty issued common shares to further enhance the Company's financial flexibility and provide capital for continued growth. In the aggregate, 7.1 million common shares were issued primarily from the following activities:

- On January 9, 2008, the Company issued 862,363 common shares at a net price of \$22.79 to participants in the Dividend Reinvestment Plan ("DRIP");
- On March 26, 2008, the Company issued 4,900,000 common shares at a price of \$22.25 for gross proceeds of \$109 million;
- On March 31, 2008, the Company issued 301,432 common shares at a net price of \$21.51 as payment of the interest due to holders of the 5.50% convertible debentures;
- On April 9, 2008, the Company issued 908,107 common shares at a net price of \$21.84 to participants in the DRIP.

## **SUBSEQUENT EVENT HIGHLIGHTS**

### **Common Share Issue**

On July 3, 2008, the Company completed the sale of 1,600,000 common shares as well as 240,000 additional shares pursuant to the exercise of the over-allotment option by the underwriters at a price of \$23.60 per common share for gross proceeds of \$43.4 million.

### **Dividend Reinvestment Plan**

On July 10, 2008, the Company issued 914,578 common shares at a net price of \$22.42 to participants in the DRIP.

The Company announced today that it is suspending the DRIP. Accordingly, any dividend payable to shareholders after this date, including the third quarter dividend will not be subject to the DRIP. The suspension will be in effect unless and until further notice is given. The Company will consider from time-to-time reinstating the DRIP.

### **Quarterly Dividend**

The Company announced that it will pay a third quarter dividend of \$0.32 per common share on October 9, 2008 to shareholders of record on September 26, 2008.

## **OUTLOOK**

Over the past several years First Capital Realty has made significant progress in growing its business and generating accretive growth in funds from operations.

The current environment remains extremely competitive, however the competition seems to have shifted to the capital side of the Company's business. Both debt and equity markets are challenging relative to pricing currently being asked by the vendors. The Company will continue to selectively acquire properties that are well-located and of high quality, where they add strategic value and/or operating synergies provided they will be accretive to FFO over the long term.

Development and redevelopment activities continue to provide the Company with opportunities to grow within its existing portfolio and to participate in new growth markets. Once completed, these activities typically generate higher returns on investment.

With respect to acquisitions of both income-producing and development properties, the Company will continue to focus on maintaining the sustainability and growth potential of rental income to ensure that among other things, refinancing risk is minimized. This is particularly important in the current environment of low capitalization rates and the increasing cost and scarcity of capital.

Specifically, Management will focus on the following four areas to achieve its objectives in 2008:

- same property net operating income growth;
- development and redevelopment activities;
- increasing efficiency and productivity of operations; and
- capital preservation in order to decrease dependence on capital markets.

Overall, Management is confident that the quality of the Company's real estate will continue to generate sustainable and growing cash flows while producing superior returns on investment over the long term.

## 2008 GUIDANCE

<i>(per share amounts)</i>	<i>Low</i>	<i>High</i>
Projected diluted net income	\$0.41	\$0.43
Adjustments		
Projected FFO from Equity One	0.22	0.23
Projected equity income from Equity One	(0.15)	(0.17)
Projected amortization and future income taxes	1.16	1.18
Projected FFO	\$1.64	\$1.67

Projections involve numerous assumptions such as rental income (including assumptions on timing of lease-up, development coming on line and levels of percentage rent), interest rates, tenant defaults, the U.S. - Canadian foreign currency exchange rate, corporate expenses, level and timing of acquisitions of income-producing properties, number of shares outstanding and numerous other factors. In addition, the projected range of funds from operations includes Equity One based on publicly available information. Not all factors which affect our range of projected funds from operations are determinable at this time and actual results may vary from the projected results in a material respect, and may be above or below the range presented in a material respect. Specific assumptions include same property NOI growth of 2-3% (excluding redevelopment and expansion activities), income producing property acquisitions totalling \$50 million, development coming on line of 700,000 to 800,000 square feet with approximate gross book value of \$200 million to \$230 million and the current interest rate environment and current US-Canadian foreign exchange rate. The range presented represents Management's estimate of results based upon these assumptions as of the date of this press release.

Readers should refer to the section below titled "Forward Looking Statements" for important information relating to our guidance, including risk factors.

### MANAGEMENT CONFERENCE CALL AND WEBCAST

Management will hold a conference call on Friday, August 8, 2008 at 1:00 p.m. EST. Second quarter financial results will be released prior to the call and made available on First Capital Realty's website in the *News section*. The Supplemental Package link will be on our *Home Page* at [www.firstcapitalrealty.ca](http://www.firstcapitalrealty.ca) or click on *Investor Relations, Downloads*.

Teleconference:

You may participate in the live conference toll free at 866-299-6657 or at 416-641-6135. To ensure your participation, please call five minutes prior to the scheduled start of the call. The call will be archived through August 15, 2008 and can be accessed by dialing toll free 800-408-3053 or 416-695-5800 with access code 3266666.

#### Webcast:

To access the webcast, go to First Capital Realty's website at [www.firstcapitalrealty.ca](http://www.firstcapitalrealty.ca), and click on the link for the webcast at the bottom of our Home Page. The webcast will be archived on our Home Page for 30 days and can be accessed, thereafter, in our Conference Calls section of our website.

#### Slide Presentation

A slide presentation to accompany Management's comments during the conference call will be available. To view the slides, please go to First Capital Realty's website at [www.firstcapitalrealty.ca](http://www.firstcapitalrealty.ca), and click on the link for the Conference Call at the top of our Home Page.

Management's presentation will be followed by a question and answer period. To ask a question, press '\* 1' on a touch-tone phone. The conference call coordinator is immediately notified of all requests in the order in which they are made, and will introduce each questioner. To cancel your request, press the pound key '#'. If you hang up, you can reconnect by dialing 866-299-6657 or 416-641-6135. For assistance at any point during the call, press '\*0'.

#### **ABOUT FIRST CAPITAL REALTY (TSX:FCR)**

First Capital Realty is Canada's leading owner, developer and operator of supermarket and drugstore-anchored neighbourhood and community shopping centres, located predominantly in growing metropolitan areas. The Company currently owns interests in 169 properties, including eleven under development, totalling approximately 19.5 million square feet of gross leasable area and seven land sites in the planning stage for future retail development. In addition, the Company owns 14.0 million shares of Equity One (approximately 19.05%), one of the largest shopping centre REITS in the southern U.S., that trades on the New York Stock Exchange under the ticker symbol EQY. Including its investment in Equity One, the Company has interests in 327 properties totalling approximately 35.4 million square feet of gross leasable area.

\* \* \* \*

### ***Forward Looking Statements***

*Certain statements included in this press release constitute forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Company or its Management. The forward-looking statements are not historical facts but reflect the Company’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.*

*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 under “Risk Management” in the Management’s Discussion and Analysis (“MD&A”) contained in the Company’s 2007 Annual Report which is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

*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 described in the MD&A, include, but are not limited to, general economic conditions, the availability of new competitive supply of retail properties which may become available either through construction or sublease, First Capital Realty’s ability to maintain occupancy and to lease or re-lease space at current or anticipated rents, tenant bankruptcies, financial difficulties and defaults, changes in interest rates and credit spreads, changes in the U.S.- Canadian foreign currency exchange rate, changes in operating costs, First Capital Realty’s ability to obtain insurance coverage at a reasonable cost and the availability of financing.*

*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 Realty 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 securities laws.*

*These forward-looking statements are made as of August 7, 2008.*

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## **NON-GAAP SUPPLEMENTAL FINANCIAL MEASURES**

### ***Funds from Operations and Adjusted Funds from Operations***

*In Management's view, funds from operations ("FFO") and adjusted funds from operations ("AFFO") are commonly accepted and meaningful indicators of financial performance in the real estate industry. First Capital Realty believes that financial analysts, investors and shareholders are better served when the clear presentation of comparable period operating results generated from FFO and AFFO disclosures supplement Canadian generally accepted accounting principles ("GAAP") disclosure. The Company's method of calculating FFO and AFFO may be different from methods used by other corporations or REITs (real estate investment trusts) and accordingly, may not be comparable to such other corporations or REITs. FFO and AFFO are presented to assist investors in analyzing the Company's performance. FFO and AFFO: (i) do not represent cash flow from operating activities as defined by GAAP, (ii) are not indicative of cash available to fund all liquidity requirements, including payment of dividends and capital for growth and (iii) should not be considered as alternatives to GAAP net income for the purpose of evaluating operating performance.*

### ***Funds from Operations – RealPac Recommendations***

*First Capital Realty calculates FFO in accordance with the recommendations of the Real Property Association of Canada ("RealPac"). The definition is meant to standardize the calculation and disclosure of FFO across real estate entities in Canada, modelled on the definition adopted by the National Association of Real Estate Investment Trusts ("NAREIT") in the United States. FFO as defined by RealPac differs in two respects from the definition adopted by NAREIT. Under the RealPac definition, future income taxes are excluded from FFO, whereas under the NAREIT definition, they are included. In addition, impairment losses are excluded from the RealPac FFO definition, whereas the NAREIT definition includes them. As a result, when calculating FFO, the Company adjusts the FFO reported by Equity One to comply with the RealPac definition, when appropriate.*

### **Net Operating Income**

*Net operating income ("NOI") is defined as property rental revenue less property operating costs. In Management's opinion, net operating income is useful in analyzing the operating performance of the Company's shopping centre portfolio. Net operating income is not a measure defined by GAAP and there is no standard definition of net operating income. Accordingly, net operating income may not be comparable with similar measures presented by other entities. Net operating income should not be construed as an alternative to net income or cash flow from operating activities determined in accordance with GAAP.*

**CONSOLIDATED BALANCE SHEETS**

<i>(unaudited)</i>	June 30	December 31
<i>(thousands of dollars)</i>	2008	2007
<b>ASSETS</b>		
Real Estate Investments		
Shopping centres	\$ 2,743,509	\$ 2,718,078
Land and shopping centres under development	345,574	284,077
Deferred costs	75,941	79,606
Intangible assets	31,591	35,938
	<b>3,196,615</b>	3,117,699
Investment in Equity One, Inc.	195,456	191,536
Loans, mortgages and other real estate assets	18,370	11,589
	<b>3,410,441</b>	3,320,824
Other assets	36,426	32,395
Amounts receivable	39,715	36,008
Cash and cash equivalents	5,208	10,451
Future income tax assets	9,758	9,731
	<b>\$ 3,501,548</b>	\$ 3,409,409
<b>LIABILITIES</b>		
Mortgages, loans and credit facilities	\$ 1,434,709	\$ 1,471,114
Accounts payable and other liabilities	117,221	110,006
Intangible liabilities	16,683	17,795
Senior unsecured debentures	595,818	595,376
Convertible debentures	217,624	217,030
Future income tax liabilities	50,559	46,757
	<b>2,432,614</b>	2,458,078
<b>SHAREHOLDERS' EQUITY</b>	<b>1,068,934</b>	951,331
	<b>\$ 3,501,548</b>	\$ 3,409,409

**CONSOLIDATED STATEMENTS OF EARNINGS**

<i>(unaudited)</i>	Three months ended		Six months ended	
	June 30 2008	June 30 2007	June 30 2008	June 30 2007
<i>(thousands of dollars, except per share amounts)</i>				
<b>REVENUE</b>				
Property rental revenue	\$ 101,905	\$ 93,547	\$ 203,667	\$ 184,056
Interest and other income	110	1,942	1,905	5,058
	<b>102,015</b>	95,489	<b>205,572</b>	189,114
<b>EXPENSES</b>				
Property operating costs	37,864	33,335	76,686	67,147
Interest expense	27,587	29,272	57,202	57,675
Amortization				
Shopping centres	15,109	13,574	29,533	26,608
Deferred costs	4,436	3,717	8,768	7,373
Intangible assets	2,061	2,078	4,274	3,829
Deferred financing fees	202	-	406	-
Other assets	341	250	614	488
Corporate expenses	5,357	7,148	11,232	12,363
	<b>92,957</b>	89,374	<b>188,715</b>	175,483
Equity income from Equity One, Inc.	5,007	3,241	8,817	7,667
Loss on settlement of debt	-	-	-	(483)
Income before income taxes	14,065	9,356	25,674	20,815
Income taxes:				
Current	687	648	1,329	1,267
Future	3,210	2,422	5,816	5,387
	<b>3,897</b>	3,070	<b>7,145</b>	6,654
Net income	\$ 10,168	\$ 6,286	\$ 18,529	\$ 14,161
Earnings per common share				
Basic	\$ 0.12	\$ 0.08	\$ 0.22	\$ 0.18
Diluted	\$ 0.12	\$ 0.08	\$ 0.22	\$ 0.18

FIRST CAPITAL REALTY INC.

**CONSOLIDATED STATEMENTS OF FUNDS FROM OPERATIONS**

<i>(unaudited)</i> <i>(thousands of dollars, except per share amounts)</i>	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
	2008	2007	2008	2007
Net income for the period	\$ 10,168	\$ 6,286	\$ 18,529	\$ 14,161
Add (deduct):				
Amortization of shopping centres, deferred costs and intangible assets	21,606	19,369	42,575	37,810
Loss (gain) on disposition of income-producing shopping centre	-	10	-	(323)
Equity income from Equity One, Inc.	(5,007)	(3,241)	(8,817)	(7,667)
Funds from operations from Equity One, Inc.	4,519	5,203	10,701	11,720
Future income taxes	3,210	2,422	5,816	5,387
Funds from operations	\$ 34,496	\$ 30,049	\$ 68,804	\$ 61,088
FFO per diluted share	\$ 0.40	\$ 0.39	\$ 0.82	\$ 0.79
Weighted average diluted shares - FFO	87,269,113	77,904,479	84,315,976	77,350,655

## CONSOLIDATED STATEMENTS OF ADJUSTED FUNDS FROM OPERATIONS

<i>(unaudited)</i>	Three months ended		Six months ended	
	June 30 2008	June 30 2007	June 30 2008	June 30 2007
<i>(thousands of dollars, except per share amounts)</i>				
FFO	\$ 34,496	\$ 30,049	\$ 68,804	\$ 61,088
Add / (Deduct):				
Amortization of deferred financing fees	499	504	1,053	1,067
Amortization of deferred debenture issue costs	308	286	614	636
Rental revenue recorded on a straight line basis and market rent adjustments	(2,006)	(2,249)	(3,892)	(4,317)
Non-cash compensation expense	1,102	1,264	2,067	1,846
Accretion and amortization of discount on debt	215	142	422	280
Interest paid in excess of implicit interest on assumed mortgages	(384)	(565)	(849)	(821)
Interest expense payable in shares	3,186	2,720	6,373	5,432
Change in cumulative unrealized (gains) losses on marketable securities	268	1,865	259	821
Non-cash loss on extinguishment of debt	-	-	-	483
Funds from operations from Equity One	(4,519)	(5,203)	(10,701)	(11,720)
Dividends from Equity One (Regular)	4,278	4,469	8,584	9,285
Gain on interest rate swaps not designated as hedges	-	(538)	-	(926)
Gain on disposition of land	-	-	(1,275)	-
Revenue sustaining capital expenditures and leasing costs (1)	(2,318)	(2,136)	(4,651)	(4,454)
Adjusted funds from operations	\$ 35,125	\$ 30,608	\$ 66,808	\$ 58,700
Adjusted funds from operations per diluted share	\$ 0.37	\$ 0.36	\$ 0.72	\$ 0.69
Weighted average diluted shares for AFFO (2)	95,898,743	85,250,633	92,793,235	84,831,374

(1) Estimated at \$0.50 per square foot per annum on average gross leasable area for the quarter.

(2) Includes the weighted average outstanding shares that would result from the conversion of the convertible debentures.

FIRST CAPITAL REALTY INC.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

<i>(unaudited)</i>	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
<i>(thousands of dollars)</i>	2008	2007	2008	2007
<b>NET INCOME</b>	<b>\$ 10,168</b>	<b>\$ 6,286</b>	<b>\$ 18,529</b>	<b>\$ 14,161</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized foreign currency (loss) gain on translating self-sustaining foreign operations	(326)	(5,767)	1,268	(6,481)
Other comprehensive (loss) income of Equity One, Inc.	(613)	857	(1,887)	891
Gain (loss) on cash flow hedges of interest rates	1,457	640	(418)	345
Change in cumulative unrealized loss on available-for-sale marketable securities	(244)	(299)	(295)	(604)
Reclassification of adjustment for gains and losses on cash flow hedges of interest rates included in income	-	(163)	-	(436)
Other comprehensive income (loss) before income taxes	274	(4,732)	(1,332)	(6,285)
Future income tax recovery	381	376	(295)	96
Other comprehensive (loss) income	(107)	(5,108)	(1,037)	(6,381)
<b>COMPREHENSIVE INCOME</b>	<b>\$ 10,061</b>	<b>\$ 1,178</b>	<b>\$ 17,492</b>	<b>\$ 7,780</b>

## FIRST CAPITAL REALTY INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
	2008	2007	2008	2007
(thousands of dollars)				
<b>CASH FLOW PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES</b>				
Net income	\$ 10,168	\$ 6,286	\$ 18,529	\$ 14,161
Items not affecting cash				
Amortization	22,149	19,619	43,595	38,298
Amortization of above- and below-market leases	(543)	(514)	(1,087)	(993)
Rent revenue recognized on a straight-line basis	(1,463)	(1,735)	(2,805)	(3,324)
Gain on disposition of shopping centre	-	10	-	(323)
Gain on disposition of land	-	-	(1,275)	-
Realized (gains) losses on sale of marketable securities	-	(2,590)	52	(3,273)
Unrealized losses (gains) on investment in marketable securities	268	1,865	259	821
Loss on settlement of debt	-	-	-	483
Non-cash compensation expense	1,102	1,264	2,067	1,846
Interest paid in excess of coupon interest on assumed mortgages	(384)	(565)	(849)	(821)
Debenture interest in excess of coupon	215	142	422	280
Convertible debenture interest paid in common shares	-	-	6,483	5,485
Other non-cash interest expense	605	790	1,261	1,703
Equity income from Equity One, Inc.	(5,007)	(3,241)	(8,817)	(7,667)
Future income taxes	3,210	2,422	5,816	5,387
Unrealized gains on interest rate swaps not designated as hedges	-	(622)	-	(765)
Deferred leasing costs	(626)	(1,081)	(1,584)	(1,628)
Dividends received from Equity One, Inc.	4,278	4,469	8,584	9,285
Net change in non-cash operating items	11,794	12,200	(1,445)	2,595
Cash provided by operating activities	45,766	38,719	69,206	61,550
<b>INVESTING ACTIVITIES</b>				
Acquisition of shopping centres	-	(41,337)	(6,648)	(165,001)
Acquisition of land for development	(90)	(4,845)	(11,107)	(20,374)
Proceeds from disposition of income-producing property, net of costs of disposition	-	-	-	6,400
Proceeds from disposition of land for development, net of costs of disposition	1,826	-	1,826	-
Expenditures on shopping centres	(3,967)	(4,985)	(7,848)	(8,097)
Expenditures on land and shopping centres under development	(65,074)	(34,321)	(91,587)	(57,017)
Investment in common shares of Equity One, Inc.	-	(2,254)	-	(2,254)
Increases in loans and mortgages receivable	(81)	(67)	(300)	(294)
Investment in marketable securities	(9,016)	(7,994)	(9,188)	(27,944)
Proceeds from disposition of marketable securities	2,130	9,947	2,130	22,489
Cash used in investing activities	(74,272)	(85,856)	(122,722)	(252,092)
<b>FINANCING ACTIVITIES</b>				
Mortgage financings, loans and credit facilities				
Borrowings, net of financing costs	136,237	47,401	223,627	161,887
Principal instalment payments	(9,380)	(9,857)	(18,741)	(19,856)
Repayments on maturity	(130,321)	(111,635)	(248,682)	(167,530)
Issuance of common shares, net of issue costs	838	2,647	105,500	2,986
Issuance of senior unsecured debentures, net of issue costs	-	99,202	-	198,304
Issuance of convertible debentures, net of issue costs	-	53,306	-	53,306
Payment of dividends	(7,517)	(5,155)	(13,366)	(10,222)
Cash (used in) provided by financing activities	(10,143)	75,909	48,338	218,875
Effect of currency rate movement on cash balances	(39)	(799)	(65)	(767)
(Decrease) increase in cash and cash equivalents	(38,688)	27,973	(5,243)	27,566
Cash and cash equivalents, beginning of the period	43,896	6,403	10,451	6,810
Cash and cash equivalents, end of the period	\$ 5,208	\$ 34,376	\$ 5,208	\$ 34,376
<b>SUPPLEMENTARY INFORMATION</b>				
Cash income taxes paid	\$ 613	\$ 458	\$ 926	\$ 904
Cash interest paid	\$ 29,586	\$ 26,143	\$ 59,981	\$ 53,489