



Shopping For Everyday Life

Press Release

FIRST CAPITAL REALTY REPORTS STRONG SECOND QUARTER 2006 RESULTS Total investments of \$290 million through July 31, 2006

Toronto, Ontario (August 10, 2006) - First Capital Realty Inc. ("First Capital Realty") (TSX:FCR) Canada's leading owner, developer and operator of supermarket anchored neighbourhood and community shopping centres, located predominantly in growing metropolitan areas, announced today strong financial results for the three months and six months ended June 30, 2006.

SECOND QUARTER HIGHLIGHTS:

- Property rental revenue increased 24.0% to \$78.6 million
- Invested \$99 million in acquisitions, development activities and property improvements
- Debt to market capitalization improved to 46.6% compared to 50.7% at June 30, 2005
- Net operating income (NOI) increased 24.9% to \$49.5 million
- Funds from operations (FFO) rose 25.2% to \$28.9 million
- FFO of \$0.39 per diluted share compared to \$0.36 in the prior year
- Weighted average number of diluted common shares for FFO was 73,987,091 compared to 64,327,921 in the prior year
- Added 429,000 square feet of gross leasable area from the acquisition of five income-producing properties totalling 222,000 square feet, additional space adjacent to three existing properties totalling 109,000 square feet and development coming on-line totalling 98,000 square feet
- 3.5% same property NOI growth; 4.6% increase on renewal leases
- Occupancy increased to 95.1% from 94.7% last year
- Net new leasing including development coming on-line totalled 112,900 square feet; renewal leasing totalled 426,000 square feet
- Average lease rate per occupied square foot increased by 3% to \$13.78 at June 30, 2006 compared to the prior year

SIX MONTHS HIGHLIGHTS:

- Property rental revenue increased 26.6% to \$156.6 million
- Invested \$271 million in acquisitions, development activities and property improvements
- NOI increased 25.5% to \$95.9 million
- FFO rose 32% to \$56.0 million over the prior year
- FFO of \$0.77 per diluted share compared to \$0.71 in the prior year
- Weighted average number of diluted common shares for FFO was 73,082,386 compared to 59,560,066 in the prior year
- Added 1,040,000 square feet of gross leasable area from the acquisition of nine income-producing properties totalling 704,000 square feet, additional space adjacent to six existing properties totalling 210,000 square feet and development coming on-line totalling 126,000 square feet
- 2.9% same property NOI growth; 5.0% increase on renewal leases
- Completed new leasing totalling 203,000 square feet at an average rate of \$16.14 per square foot, representing a 25.7% increase versus lost leases

- Net new leasing including development coming on-line totalled 124,900 square feet; renewal leasing totalled 705,700 square feet

“I’m very pleased with our ability to deliver continuing strong results across the board,” said Dori J. Segal, President & CEO, “This accretive growth in what I believe is a very competitive acquisition and development environment, is achieved through hard work and a lot of creativity in the business of assembling buildings and land for retail use without ever compromising on three things - location, location, location.”

FINANCIAL HIGHLIGHTS

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

Funds from Operations

(\$ thousands, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Funds from operations	\$28,933	\$23,102	\$55,958	\$42,398
FFO per common share (diluted)	\$ 0.39	\$ 0.36	\$ 0.77	\$ 0.71
Weighted average common shares (diluted)	73,987,091	64,327,921	73,082,386	59,560,066

The increase in FFO is primarily due to the Company’s income-producing property acquisitions and development projects coming on-line.

Net Income

(\$ thousands, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Net income	\$20,686	\$6,479	\$27,382	\$12,830
Earnings per share (diluted)	\$ 0.28	\$ 0.10	\$ 0.37	\$ 0.20
Weighted average common shares (diluted)	77,690,795	64,327,921	73,082,386	62,818,701

The increase in net income is primarily due to the Company’s share in the gain (of approximately \$13.4 million net of taxes) on the disposition of the Texas property portfolio by Equity One, Inc. and the Company’s property acquisitions and development projects coming on-line.

ACQUISITION, DEVELOPMENT AND OTHER INVESTMENT HIGHLIGHTS

During the second quarter of 2006, the Company acquired interests in five-income producing properties - one in Ontario, two in Quebec, and two in British Columbia - adding 222,000 square feet of gross leasable area. The aggregate acquisition amount of \$46.9 million, including closing costs, was funded through \$17.9 million in assumed debt with the balance paid in cash.

The Company acquired additional space and land parcels at or adjacent to existing properties adding 109,000 square feet of gross leasable area at three properties and 4.3 acres of expansion land at two others. The aggregate acquisition amount of \$27.7 million, including closing costs, was funded through \$2.7 million of assumed mortgages with the balance paid in cash.

Income-producing properties acquired during the quarter had 97.2% occupancy.

Through the first six months of 2006, the Company has invested \$231.6 million in the acquisition of nine income-producing shopping centres and additional interests in properties totalling 914,000 square feet of gross leasable area and 8.9 acres of expansion land at five others.

The Company also acquired the remaining interests in two income-producing shopping centres, one in Toronto, Ontario and one in Edmonton, Alberta.

Developments of 98,400 square feet were brought on-line during the quarter, leased at an average rate of \$15.21 per square foot. Through the first six months of 2006, the Company brought on-line 125,900 square feet of which 100% was leased at an average rate of \$17.41 per square foot.

The Company invested \$25 million during the second quarter in its active development projects and improvements to existing properties in the portfolio. For the first six months of 2006, investments in these activities totalled \$40 million.

OPERATING HIGHLIGHTS

Acquisitions during 2006, combined with the full impact of acquisitions in the prior year, contributed \$10.6 million to NOI in the quarter, while development and redevelopment activities contributed a further \$3.5 million. Year-to-date, acquisitions completed in 2006, combined with the full impact of acquisitions in the prior year contributed \$19.0 million to NOI while development and redevelopment activities contributed a further \$7.3 million. Same property NOI increased 3.5% and 2.9% generating growth of \$1.1 million and \$1.9 million in the three month and six month periods ended June 30, 2006, respectively.

Leasing activity in the second quarter resulted in net new leasing of 112,900 square feet, including development coming on-line. Renewal leasing totalled 426,000 square feet in the second quarter. The Company achieved a 4.6% increase on renewal leases over expiring rates. For the six months ended June 30, 2006, net new leasing totalled 124,900 square feet, including development coming on-line, and renewal leasing totalled 705,700 square feet. The average rate per occupied square foot at June 30, 2006 increased to \$13.73 per square foot prior to acquisitions, from \$13.61 at December 31, 2005 and \$13.38 at June 30, 2005.

Portfolio occupancy at June 30, 2006 increased to 95.1% from 95.0% at December 31, 2005 and 94.7% at June 30, 2005. Properties acquired in the first six months had an average lease rate per occupied square foot of \$15.85 and occupancy of 92.9%.

FINANCING AND CAPITAL MARKET HIGHLIGHTS

On March 30, 2006, the Company completed the sale of \$100 million principal amount of 5.25% Series B senior unsecured debentures maturing on March 30, 2011. The debentures are rated BBB(low) with a stable trend by Dominion Bond Rating Services. Net proceeds from the offering were used to pay down amounts owing on the Company's revolving credit facilities, to fund future acquisitions and development activities and for general corporate purposes.

Shareholders' equity has increased to \$890 million at June 30, 2006, from \$847 million at March 31, 2006 and from \$843 million at December 31, 2005.

In the aggregate, the Company issued approximately 2.8 million common shares during the six month period ended June 30, 2006 primarily from the following activities:

- 1,376,232 common shares were issued to shareholders participating in the Dividend Reinvestment Plan for Q4 2005 and Q1 2006;
- 1,135,000 common shares for gross proceeds of \$29.23 million pursuant to a common share offering.

SUBSEQUENT EVENT HIGHLIGHTS

Subsequent to quarter end, the Company invested \$19.6 million acquiring two income-producing shopping centres in Quebec and British Columbia totalling 28,000 square feet, the purchase of additional space at or adjacent to existing properties adding 62,000 square feet of space at two properties, and the purchase of a 0.8 acre property held for development. The aggregate acquisition cost was funded with cash.

On July 6, 2006, the Company issued 709,709 common shares at a net price of \$22.53 to participants in the Dividend Reinvestment Plan.

On August 1, 2006, the Company issued \$100 million of Series C senior unsecured debentures at a coupon rate of 5.49% for net proceeds of \$99.2 million. The debentures mature December 1, 2011 with interest payable on June 1 and December 1 in each year.

OUTLOOK

First Capital Realty has made significant progress in the second quarter toward achieving its 2006 goals:

- to increase the size of the Company's income-producing portfolio through acquisition and development while maintaining and enhancing asset quality;
- to increase the cash flow from operations through increased rental rates and portfolio occupancy;
- to continue to grow the business while maintaining a responsible and prudent leverage ratio, taking into consideration the Company's covenants on its outstanding unsecured debentures; and
- to further increase the market capitalization and public float of the Company.

First Capital Realty has a focussed and clear strategy for managing and growing its business, and management believes the Company is well positioned to continue to deliver increasing value to investors over the long term. Management believes that focussed acquisitions, proactive management of its assets, aggressive leasing efforts and successful development initiatives should result in increased net operating income and continued strength in the occupancy of the Company's portfolio and that the Company's superior locations and well-maintained properties will continue to attract and retain tenants that provide customers with daily necessities.

The acquisition environment, as well as the retail business continues to be extremely competitive. Nevertheless, the Company will continue its efforts to acquire properties that are well-located and of high quality, which add strategic value and/or operating synergies and will be accretive to FFO over the long term.

Development and redevelopment activities, despite increasing costs, should continue to provide the Company with opportunities to participate in growth markets and once completed, 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. This is particularly important in the current environment with decreasing capitalization rates resulting from increasing real estate prices.

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

First Capital Realty's 2006 diluted FFO per share guidance remains unchanged.

DIVIDENDS

The Company announced today that it will pay a third quarter dividend of \$0.31 per common share on **October 6, 2006** to shareholders of record on **September 29, 2006**.

CONFERENCE CALL

Management will hold a conference call at 10:00 a.m. ET on Friday, August 11, 2006 to discuss the Company's second quarter results. The call can be accessed at the Company's website at www.firstcapitalrealty.ca

COMPANY INFORMATION

The Company's Supplementary Information for the second quarter will be posted on the Company's website at www.firstcapitalrealty.ca.

ABOUT FIRST CAPITAL REALTY (TSX:FCR)

First Capital Realty is Canada's leading owner, developer and operator of supermarket anchored neighbourhood and community shopping centres, located predominantly in growing metropolitan areas. The Company currently owns interests in 145 properties, including 5 under development, with approximately 16.8 million square feet of gross leasable area. In addition, the Company owns 13.3 million shares of Equity One (approximately 18%), 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 343 properties totalling approximately 37.3 million square feet of gross leasable area.

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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 2005 Annual Report which is available on SEDAR at www.sedar.com.

Factors that could cause actual results or events to differ materially from those expressed or implied 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, 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.

These forward-looking statements are made as of August 10, 2006.

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NON-GAAP SUPPLEMENTAL FINANCIAL MEASURES

Funds from Operations

In management's view, funds from operations ("FFO") is a commonly accepted and meaningful indicator of financial performance in the real estate industry. First Capital Realty believes that financial analysts, investors and stockholders are better served when the clear presentation of comparable period operating results generated from FFO disclosure supplements Canadian generally accepted accounting principles ("GAAP") disclosure. The Company's method of calculating FFO may be different from methods used by other corporations or REITs and accordingly, may not be comparable to such other corporations or REITs. FFO is presented to assist investors in analyzing the Company's performance. FFO: (i) does not represent cash flow from operating activities as defined by GAAP (ii) is 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 an alternative to net income (which is determined in accordance with GAAP) 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, and is modelled on the definition adopted by the National Association of Real Estate Investment Trusts ("NAREIT") in the United States.

Net Operating Income

Net operating income 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>	2006	2005
ASSETS		
Real Estate Investments		
Shopping centres	\$ 2,171,419	\$ 1,939,775
Land and shopping centres under development	133,036	136,475
Deferred costs	62,553	52,938
Intangible assets	34,750	24,340
	2,401,758	2,153,528
Investment in Equity One, Inc.	203,566	211,830
Loans, mortgages and other real estate assets	22,672	26,912
	2,627,996	2,392,270
Other assets	44,543	37,592
Amounts receivable	19,025	17,026
Cash and cash equivalents	8,447	5,335
Future income tax assets	14,523	17,065
	\$ 2,714,534	\$ 2,469,288
LIABILITIES		
Mortgages and credit facilities	\$ 1,378,861	\$ 1,297,040
Accounts payable and other liabilities	113,517	102,116
Unsecured debentures	199,834	100,000
Convertible debentures	97,082	96,990
Future income tax liabilities	35,026	30,598
	1,824,320	1,626,744
SHAREHOLDERS' EQUITY	890,214	842,544
	\$ 2,714,534	\$ 2,469,288

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(unaudited)</i>	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
<i>(thousands of dollars, except per share amounts)</i>	2006	2005	2006	2005
REVENUE				
Property rental revenue	\$ 78,634	\$ 63,403	\$ 156,573	\$ 123,669
Interest and other income	1,305	1,245	2,935	2,040
	79,939	64,648	159,508	125,709
EXPENSES				
Property operating costs	29,119	23,769	60,637	47,251
Interest expense	22,950	19,371	44,472	40,095
Amortization	16,409	12,258	31,558	23,241
Corporate expenses	4,903	3,311	9,194	6,286
	73,381	58,709	145,861	116,873
Equity income from Equity One, Inc.	19,995	5,101	24,307	9,655
Gain on redemption of convertible debentures	-	-	-	841
Income before income and other taxes	26,553	11,040	37,954	19,332
Income and other taxes:				
Current	1,935	1,284	3,185	2,508
Future	3,932	3,277	7,387	3,994
	5,867	4,561	10,572	6,502
Net income	\$ 20,686	\$ 6,479	\$ 27,382	\$ 12,830
Net earnings per common share				
Basic	\$ 0.28	\$ 0.10	\$ 0.38	\$ 0.36
Diluted	\$ 0.28	\$ 0.10	\$ 0.37	\$ 0.20

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
	2006	2005	2006	2005
Net income for the period	\$ 20,686	\$ 6,479	\$ 27,382	\$ 12,830
Add (deduct):				
Amortization of shopping centres, deferred costs and intangible assets	15,473	11,761	29,729	22,136
Gain on disposition of real estate	-	(226)	-	(226)
Current income tax on Equity One special dividend from gain on real estate	2,702	-	2,702	-
Equity income from Equity One	(19,995)	(5,101)	(24,307)	(9,655)
Funds from operations from Equity One	6,135	6,912	13,065	13,319
Future income taxes	3,932	3,277	7,387	3,994
Funds from operations	\$ 28,933	\$ 23,102	\$ 55,958	\$ 42,398
Funds from operations per diluted share	\$ 0.39	\$ 0.36	\$ 0.77	\$ 0.71

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Six months ended	
<i>(unaudited)</i>	June 30	June 30	June 30	June 30
<i>(thousands of dollars)</i>	2006	2005	2006	2005
CASH FLOW PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income	\$ 20,686	\$ 6,479	\$ 27,382	\$ 12,830
Items not affecting cash				
Amortization	15,649	11,836	30,087	22,270
Amortization of deferred financing fees	760	422	1,471	971
Amortization of above- and below-market leases	(327)	(187)	(720)	(474)
Amortization of deferred rent receivable	(791)	(984)	(1,818)	(2,054)
Gain on marketable securities	(99)	-	(636)	-
Gain on redemption of convertible debentures	-	-	-	(841)
Non-cash compensation expense	733	345	1,127	716
Interest paid in excess of implicit interest on assumed mortgages	(599)	(388)	(1,122)	(717)
Debenture interest in excess of coupon	53	242	99	1,181
Convertible debenture interest paid in common shares	-	-	1,537	6,390
Equity income from Equity One, Inc.	(19,995)	(5,101)	(24,307)	(9,655)
Future income taxes	3,932	3,277	7,387	3,994
Deferred leasing costs	(1,393)	(2,330)	(2,967)	(3,712)
Dividends received from Equity One, Inc.	19,360	4,662	24,034	9,194
Net change in non-cash operating items	4,317	1,852	(1,414)	(3,655)
Cash provided by operating activities	42,286	20,125	60,140	36,438
INVESTING ACTIVITIES				
Acquisition of shopping centres	(51,348)	(127,139)	(188,311)	(174,502)
Acquisition of land for development	(2,782)	(4,596)	(11,941)	(7,641)
Expenditures on shopping centres	(2,696)	(6,499)	(6,466)	(12,894)
Expenditures on land and shopping centres under development	(21,091)	(9,362)	(30,747)	(21,692)
Investment in common shares of Equity One, Inc.	-	(4,202)	-	(8,734)
Decrease in loans and mortgages receivable	627	1,599	3,841	2,584
Investment in marketable securities	(6,458)	(3,886)	(12,152)	(17,855)
Proceeds on disposition of marketable securities	2,886	1,968	12,890	2,831
Cash used in investing activities	(80,862)	(152,117)	(232,886)	(237,903)
FINANCING ACTIVITIES				
Proceeds of mortgage financings and credit facilities	93,654	107,643	226,968	180,066
Repayments of mortgages payable and credit facilities	(79,420)	(30,663)	(170,410)	(78,228)
Payment of financing fees	(15)	(1,299)	(919)	(2,111)
Issuance of common shares, net of issue costs	30,259	1,982	31,228	58,358
Issuance of unsecured debentures, net of issue costs	(49)	99,183	98,724	99,183
Payment of dividends	(4,847)	(27,492)	(10,028)	(42,890)
Cash provided by financing activities	39,582	149,354	175,563	214,378
Effect of currency rate movement on cash balances	299	15	295	30
Increase in cash and cash equivalents	1,305	17,377	3,112	12,943
Cash and cash equivalents, beginning of period	7,142	449	5,335	4,883
Cash and cash equivalents, end of period	\$ 8,447	\$ 17,826	\$ 8,447	\$ 17,826
SUPPLEMENTARY INFORMATION				
Cash income taxes paid	\$ 685	\$ 1,425	\$ 1,022	\$ 1,968
Cash interest paid	\$ 23,692	\$ 17,880	\$ 44,581	\$ 34,184