



Shopping For Everyday Life

Press Release

FIRST CAPITAL REALTY REPORTS STRONG Q2 OPERATING RESULTS

ALSO ANNOUNCES DIVIDEND INCREASE

Toronto, Ontario (August 10, 2007) – 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, today announced strong operating results for the second quarter ended June 30, 2007.

SECOND QUARTER HIGHLIGHTS:

<i>(\$ millions, except share and per share amounts)</i>	<i>June 30, 2007</i>	<i>June 30, 2006</i>	<i>Percentage Change</i>
Enterprise value	\$ 4,165	\$ 3,369	23.6%
Property rental revenue	\$ 93.5	\$ 78.6	19.0%
Net operating income (NOI)	\$ 60.2	\$ 49.5	21.6%
Funds from operations (FFO)	\$ 30.0	\$ 28.9	3.8%
FFO – comparable accounting basis	\$ 31.9	\$ 28.9	10.4%
FFO per diluted share	\$ 0.39	\$ 0.39	–
FFO per diluted share – comparable accounting basis	\$ 0.41	\$ 0.39	5.1%
Debt to market capitalization	46.4%	46.6%	–
Weighted average number of shares for FFO (000’s)	77,904	73,987	5.3%

- Invested \$91 million in acquisitions, development activities and property improvements.
- Added 241,000 square feet of gross leasable area from acquisitions and development coming on line.
- Added 3.7 acres in two land parcels adjacent to existing properties.
- 4.3% same property NOI growth; 11.0% increase on renewal leases.
- Net new leasing totalled 120,000 square feet including development coming on line and renewal leasing totalled 341,000 square feet.
- Average lease rate per occupied square foot increased by 3.0% to \$14.20 at June 30, 2007 compared to the prior year second quarter.

SIX MONTHS HIGHLIGHTS:

<i>(\$ millions, except share and per share amounts)</i>	<i>June 30, 2007</i>	<i>June 30, 2006</i>	<i>Percentage Change</i>
Property rental revenue	\$ 184.1	\$ 156.6	17.6%
Net operating income (NOI)	\$ 116.9	\$ 95.9	21.9%
FFO	\$ 61.1	\$ 56.0	9.1%
FFO – comparable accounting basis	\$ 61.9	\$ 56.0	10.5%
FFO per diluted share	\$ 0.79	\$ 0.77	2.6%
FFO per diluted share – comparable accounting basis	\$ 0.80	\$ 0.77	3.9%
Weighted average number of shares for FFO (000's)	77,351	73,082	5.8%

- Invested \$267 million in acquisitions, development activities and property improvements.
- Added 1.1 million square feet of gross leasable area from acquisitions and development coming on line.
- Added 42 acres from acquisition of two development sites and two parcels adjacent to existing properties.
- 4.1% same property NOI growth; 10.9% increase on renewal leases.
- Occupancy remains at 95.0%; 2% of vacancy is from space held for redevelopment.
- Acquisitions during the six months at 91.3% occupancy; closures for redevelopment totalled 155,000 square feet.
- Net new leasing totalled 246,000 square feet including development coming on line and renewal leasing totalled 624,000 square feet.
- Completed new leasing on existing space totalling 251,000 square feet at an average rate of \$16.17 per square foot, representing a 30.1% increase versus lost leases year-to-date.

“I am very pleased with our operating performance which is a direct result of our acquisitions, development, leasing and property management teams across the country,” said Dori J. Segal, President & CEO. “We have the highest level of activity in both our portfolio and our development and redevelopment pipeline since 2001 which, combined with our presence in growing urban markets with high barriers to entry, will continue to deliver strong and sustainable growth.”

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 reconciliation containing adjustments from GAAP net income to FFO is included in this press release.

Effective January 1, 2007, the Company adopted certain new Canadian accounting standards (GAAP). These standards did not require restatement of prior periods. Where the results for 2007 using GAAP that was applicable prior to January 1, 2007 are compared to the results for 2006 this is referred to as “comparable accounting basis” and is considered a non-GAAP measure.

Funds from Operations (“FFO”)

Funds from operations for the three months ended June 30, 2007 totalled \$30.0 million, or \$0.39 per diluted common share, compared to \$28.9 million, or \$0.39 per diluted common share in 2006. FFO for the first half of 2007 totalled \$61.1 million or \$0.79 per diluted common share compared to \$56.0 million or \$0.77 per diluted common share in the first half of 2006. On a comparable accounting basis, FFO totalled \$31.9 million or \$0.41 per diluted share and \$61.9 million or \$0.80 per diluted share for the three and six month periods ended June 30, 2007, respectively. The increase in FFO in the three and six month periods ended June 30, 2007 on a comparable accounting basis, is primarily due to the Company’s income-producing property acquisitions and development projects coming on line in 2007 and to a lesser degree, realized gains on marketable securities, partially offset by increased interest and corporate expenses. Corporate expenses include \$1.9 million and \$2.1 million in transaction costs related to unsuccessful and unfeasible acquisitions for the three and six months ended June 30, 2007, respectively, which compares to \$0.2 million and \$0.5 million in the same periods in 2006. During the three month period ended June 30, 2007, these costs include \$1.2 million related to the unsuccessful Sterling Centrecorp take-over bid. The three month period ended June 30, 2006 included \$1.4 million of income tax adjustments primarily related to the elimination of the large corporations tax that reduced income tax expense.

Net Income

	<i>Three months ended June 30</i>		<i>Six months ended June 30</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
<i>(\$ millions, except share and per share amounts)</i>				
Net income	\$ 6.3	\$ 20.7 ⁽¹⁾	\$ 14.2	\$ 27.4 ⁽¹⁾
Net income – comparable accounting basis	7.5	20.7 ⁽¹⁾	14.7	27.4 ⁽¹⁾
Earnings per diluted share	0.08	0.28	0.18	0.37
Earnings per diluted share – comparable accounting basis	0.10	0.28	0.19	0.37
Weighted average common shares (diluted) (000’s)	77,904	77,691	77,351	73,082

⁽¹⁾ Includes the Company’s share in the gain (~\$13.4 million, net of tax) realized by Equity One on the disposition of its Texas portfolio.

Net income for the three and six months ended June 30, 2007 amounted 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. On a comparable accounting basis, net income was \$7.5 million or ten cents per share basic and diluted and \$14.7 million or 19 cents per share basic and diluted, respectively. This compares to \$20.7 million, or 28 cents per share basic and diluted, for the three months ended June 30, 2006 and \$27.4 million or 38 cents per share basic and 37 cents per share diluted, respectively. The decrease in net income is primarily due to the Company's share in the gain (approximately \$13.4 million, net of taxes) realized on the disposition of the Texas property portfolio of Equity One, Inc. in the second quarter of 2006.

ACQUISITION AND DEVELOPMENT AND OTHER INVESTMENT HIGHLIGHTS

During the second quarter of 2007, the Company acquired interests in two income-producing shopping centres: one in Ontario and one in Alberta totalling 132,000 square feet of gross leasable area. The aggregate acquisition amount of \$39.0 million, including closing costs, was funded with cash and assumed mortgages of \$4.2 million.

The Company also invested \$11.2 million in acquiring additional space at existing properties and two land parcels at or adjacent to existing properties adding 18,000 square feet of gross leasable area and 3.7 acres of expansion land to the portfolio.

Through the first six months of 2007, the Company has invested a total of \$200.4 million in the acquisition of five income-producing properties totalling 831,000 square feet; the purchase of additional space and land parcels at or adjacent to existing properties adding 73,000 square feet of space at three properties and 3.7 acres of expansion land at two others; and 38.6 acres of commercial land for future development at two sites.

Development of 91,000 square feet was brought on line during the second quarter, leased at an average rate of \$17.19 per square foot. Through the first six months of 2007, the Company has brought on-line 199,000 square feet of space, including three supermarkets, which was 100% occupied at an average lease rate of \$15.64 per square foot.

In addition to the acquisitions of income-producing properties and development assets, the Company invested \$40.4 million during the second quarter in its active development projects and improvements to existing properties in the portfolio. In the first six months of 2007, investments in these activities totalled \$66.7 million.

OPERATING HIGHLIGHTS

Net operating income for the three months ended June 30, 2007 totalled \$60.2 million, compared to \$49.5 million in the second quarter of 2006, an increase of \$10.7 million or 21.6%. Acquisitions during 2007 and 2006, contributed \$9.2 million to net operating income in the quarter, while development and redevelopment activities contributed a further \$6.2 million. Same property net operating income increased 4.3%, generating growth of \$1.8 million in the second quarter 2007.

Year-to-date, acquisitions completed in 2007 and 2006 contributed \$16.6 million, while development and redevelopment activities contributed a further \$12.3 million. Same property net operating income increased 4.1%, generating growth of \$3.3 million in the six month period ended June 30, 2007.

Net new leasing in the second quarter totalled 120,000 square feet including development coming on line, while renewal leasing totalled 341,000 square feet in the quarter. For the six months ended June 30, 2007, net new leasing totalled 246,000 square feet, including development coming on-line, and renewal leasing totalled 624,000 square feet. The Company achieved a 30.1% increase in rates on new versus lost leases year-to-date and a 10.9% increase on renewal lease rates over expiring lease rates.

The average rate per occupied square foot at June 30, 2007 increased to \$14.20 per square foot including the impact of the 2007 acquisitions, which had an average lease rate of \$14.07 per square foot. This compares to an average rate of \$13.95 per square foot at December 31, 2006 and \$13.78 at June 30, 2006.

Portfolio occupancy at June 30, 2007 of 95.0% compares to 95.7% at December 31, 2006 and 95.1% at June 30, 2006. Properties acquired during the six month period ended June 30, 2007 were at 91.3% occupancy while closures for redevelopment totalled 155,000 square feet, providing potential for future income growth through leasing and redevelopment activities.

FINANCING AND CAPITAL MARKET HIGHLIGHTS

On April 5, 2007, the Company completed the issuance of \$100 million in principal senior unsecured debentures (Series F), bearing interest at 5.32% and maturing on October 30, 2014.

During the quarter \$12 million of the convertible unsecured subordinated debentures bearing interest at 5.50% were converted at the holder's option into common shares. A total of 444,443 common shares were issued in connection with the conversion of these debentures.

On June 29, 2007, the Company issued, via private placement, an additional \$50 million principal amount of 5.50% convertible unsecured subordinated debentures maturing on September 30, 2017 at a price of \$107 per \$100 principal amount for total proceeds of \$53.5 million. Gazit Canada Inc., the Company's largest shareholder, acquired \$49 million of the principal amount of these debentures on the same terms as the other investors.

In the aggregate, the Company issued approximately 2.2 million common shares during the six month period ended June 30, 2007 primarily from participation in the Dividend Reinvestment Plan, payment of interest on convertible debentures and the conversion of convertible debentures.

"The second quarter of 2007, followed by DBRS' upgrade of our credit rating, marks an important milestone in our three year strategy of becoming an investment grade credit with a significant portion of our balance sheet unencumbered," said Karen H. Weaver, Chief Financial Officer. "Our strong financial position, particularly in a volatile market, provides us with financial flexibility and the ability to continue to grow."

SUBSEQUENT EVENT HIGHLIGHTS

Credit Rating Upgrade

On July 9, 2007, DBRS upgraded the Company's unsecured debenture rating to BBB from BBB (low). Moody's confirmed the Company's unsecured debenture rating of Baa(3).

Dividend Reinvestment Plan

On July 10, 2007, the Company issued 760,540 common shares at a net price of \$25.04 to participants in the DRIP.

DIVIDENDS

The Company announced that it will pay a third quarter dividend of \$0.32 per common share, which represents a \$0.04 per annum increase, on October 10, 2007 to shareholders of record on September 28, 2007.

PAYMENT OF DEBENTURE INTEREST OWING ON SEPTEMBER 30, 2007 IN SHARES

The Company also announced today that it will pay the interest due on September 30, 2007 to holders of both classes of its 5.50% convertible unsecured subordinated debentures due September 30, 2017 (FCR.DB.A and FCR.DB.B) by the issuance of common shares. The number of common shares to be issued per \$1000 principal amount of debentures will be calculated by dividing the dollar amount of interest payable by an amount equal to 97% of the volume-weighted average trading price of the common shares of First Capital Realty on the Toronto Stock Exchange calculated for the 20 consecutive trading days ending on September 24, 2007. The interest payment due is approximately \$6.56 million, plus any accrued and unpaid interest on debentures which are converted after the date hereof and on or before September 24, 2007.

It is the current intention of First Capital Realty to continue to satisfy its obligations to pay principal and interest on its 5.50% convertible unsecured subordinated debentures by the issuance of common shares.

OUTLOOK

The current acquisition environment remains extremely competitive. Nevertheless, 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 will 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 increasing cost of capital.

Specifically, Management is focusing on the following four areas to achieve its objectives in 2007:

- same property net operating income growth;
- development and redevelopment activities;
- increasing efficiency and productivity of operations; and
- improving the cost of capital.

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.

GUIDANCE

Guidance for the year ending December 31, 2007 remains unchanged from the prior quarter.

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

CONFERENCE CALL

Management will hold a conference call at 9:00 a.m. ET on Friday, August 10, 2007 to discuss the Company’s second quarter results. The call and supporting slides can be accessed at the Company’s website at www.firstcapitalrealty.ca. You may participate in the live conference toll free at 800-633-8949 or at 416-641-6700. To ensure your participation, please call five minutes prior to the scheduled start of the call. The call will be archived through August 17, 2007 and can be accessed by dialing toll free 800-558-5253 or 416-626-4100 with access code 21345007.

WEBCAST

To access the webcast, go to First Capital Realty’s website at 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 the *Conference Calls* section of our website.

Management’s presentation will be followed by a question and answer period. To ask a question, press ‘1’ followed by ‘4’ 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 ‘1’ followed by ‘3’. If you hang up, you can reconnect by dialing 800-633-8949 or 416-641-6700. For assistance at any point during the call, press ‘*0’.

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 163 properties, including 6 under development, totalling approximately 19.1 million square feet of gross leasable area and 9 land sites in the planning stage for future retail development. In addition, the Company owns 14 million shares of Equity One (approximately 19%), 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 investments in Equity One, the Company has interests in 340 properties totalling approximately 37.2 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 2006 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 9, 2007

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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 shareholders 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 (real estate investment trusts) 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 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, 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.

Comparable Accounting Basis

Effective January 1, 2007, the Company adopted several new accounting standards issued by the Canadian Institute of Chartered Accountants including comprehensive income, financial instruments and hedges. The standards were applied on a retroactive basis without restatement of prior periods.

Management, in preparing this press release, has presented results for the three and six months ended June 30, 2007 using both the new accounting standards as well as the accounting standards that applied in 2006 where applicable. Where results for the three and six months ended June 30, 2007 using GAAP that was applicable prior to January 1, 2007 are compared to the results for June 30, 2006 this is referred to as "comparable accounting basis". This measure should not be construed as an alternative to net income determined in accordance with current GAAP.

FIRST CAPITAL REALTY INC.

CONSOLIDATED BALANCE SHEETS

<i>(unaudited)</i>	June 30	December 31
<i>(thousands of dollars)</i>	2007	2006
ASSETS		
Real Estate Investments		
Shopping centres	\$ 2,571,367	\$ 2,423,801
Land and shopping centres under development	244,179	178,347
Deferred costs	78,636	74,778
Intangible assets	38,737	31,868
	2,932,919	2,708,794
Investment in Equity One, Inc.	208,882	228,665
Loans, mortgages and other real estate assets	31,099	24,056
	3,172,900	2,961,515
Other assets	36,915	47,129
Amounts receivable	35,720	28,070
Cash and cash equivalents	34,376	6,810
Future income tax assets	12,093	17,355
	\$ 3,292,004	\$ 3,060,879
LIABILITIES		
Mortgages and credit facilities	\$ 1,365,626	\$ 1,388,650
Accounts payable and other liabilities	109,435	106,145
Intangible liabilities	18,033	18,453
Senior unsecured debentures	594,954	399,813
Convertible debentures	221,104	192,189
Future income tax liabilities	44,693	44,036
	2,353,845	2,149,286
SHAREHOLDERS' EQUITY	938,159	911,593
	\$ 3,292,004	\$ 3,060,879

FIRST CAPITAL REALTY INC.

CONSOLIDATED STATEMENTS OF EARNINGS

<i>(unaudited)</i>	Three months ended		Six months ended	
	June 30 2007	June 30 2006	June 30 2007	June 30 2006
<i>(thousands of dollars, except per share amounts)</i>				
REVENUE				
Property rental revenue	\$ 93,547	\$ 78,634	\$ 184,056	\$ 156,573
Interest and other income	1,942	1,305	5,058	2,935
	95,489	79,939	189,114	159,508
EXPENSES				
Property operating costs	33,335	29,119	67,147	60,637
Interest expense	29,272	22,950	57,675	44,472
Amortization	19,619	16,409	38,298	31,558
Corporate expenses	7,148	4,903	12,363	9,194
	89,374	73,381	175,483	145,861
Equity income from Equity One, Inc.	3,241	19,995	7,667	24,307
Loss on settlement of debt	-	-	(483)	-
Income before income taxes	9,356	26,553	20,815	37,954
Income taxes:				
Current	648	1,935	1,267	3,185
Future	2,422	3,932	5,387	7,387
	3,070	5,867	6,654	10,572
Net income	\$ 6,286	\$ 20,686	\$ 14,161	\$ 27,382
Earnings per common share				
Basic	\$ 0.08	\$ 0.28	\$ 0.18	\$ 0.38
Diluted	\$ 0.08	\$ 0.28	\$ 0.18	\$ 0.37

FIRST CAPITAL REALTY INC.

CONSOLIDATED STATEMENTS OF FUNDS FROM OPERATIONS

<i>(unaudited)</i>	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
	2007	2006	2007	2006
<i>(thousands of dollars, except per share amounts)</i>				
Net income for the period	\$ 6,286	\$ 20,686	\$ 14,161	\$ 27,382
Add (deduct):				
Amortization of shopping centres, deferred costs and intangible assets	19,369	15,473	37,810	29,729
Loss (gain) on disposition of income-producing shopping centre	10	-	(323)	-
Current income tax on Equity One, Inc. special dividend from gain on real estate	-	2,702	-	2,702
Equity income from Equity One, Inc.	(3,241)	(19,995)	(7,667)	(24,307)
Funds from operations from Equity One, Inc.	5,203	6,135	11,720	13,065
Future income taxes	2,422	3,932	5,387	7,387
Funds from operations	\$ 30,049	\$ 28,933	\$ 61,088	\$ 55,958
FFO per diluted share	\$ 0.39	\$ 0.39	\$ 0.79	\$ 0.77
Weighted average diluted shares - FFO	77,904,479	73,987,091	77,350,655	73,082,386

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(unaudited)</i> <i>(thousands of dollars)</i>	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
	2007	2006	2007	2006
NET INCOME	\$ 6,286	\$ 20,686	\$ 14,161	\$ 27,382
OTHER COMPREHENSIVE INCOME				
Unrealized foreign currency loss on translating self-sustaining foreign operations	(5,767)	(2,804)	(6,481)	(2,463)
Other comprehensive income of Equity One, Inc.	857	-	891	-
Gain on cash flow hedges of interest rates	640	-	345	-
Change in cumulative unrealized gain on available-for-sale marketable securities	(299)	-	(604)	-
Reclassification of adjustment for gains and losses on cash flow hedges of interest rates included in income	(163)	-	(436)	-
Other comprehensive loss before income taxes	(4,732)	(2,804)	(6,285)	(2,463)
Income taxes				
Future	376	-	96	-
Other comprehensive loss	(5,108)	(2,804)	(6,381)	(2,463)
COMPREHENSIVE INCOME	\$ 1,178	\$ 17,882	\$ 7,780	\$ 24,919

FIRST CAPITAL REALTY INC.

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>	2007	2006	2007	2006
CASH FLOW PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income	\$ 6,286	\$ 20,686	\$ 14,161	\$ 27,382
Items not affecting cash				
Amortization	19,619	16,409	38,298	31,558
Amortization of above- and below-market leases	(514)	(327)	(993)	(720)
Rent revenue recognized on a straight-line basis	(1,735)	(795)	(3,324)	(1,818)
Gain on disposition of shopping centre	10	-	(323)	-
Realized gain on sale of marketable securities	(2,590)	(99)	(3,273)	(636)
Change in unrealized loss on investment in marketable securities	1,865	-	821	-
Loss on settlement of debt	-	-	483	-
Non-cash compensation expense	1,264	725	1,846	1,129
Interest paid in excess of implicit interest on assumed mortgages	(565)	(599)	(821)	(1,122)
Debenture interest in excess of coupon	142	53	280	99
Convertible debenture interest paid in common shares	-	-	5,485	1,537
Other non-cash interest expense	790	-	1,703	-
Equity income from Equity One, Inc.	(3,241)	(19,995)	(7,667)	(24,307)
Future income taxes	2,422	3,932	5,387	7,387
Unrealized gains on certain interest rate swaps	(533)	-	(676)	-
Deferred leasing costs	(1,081)	(1,393)	(1,628)	(2,967)
Dividends received from Equity One, Inc.	4,469	19,360	9,285	24,034
Net change in non-cash operating items	12,111	4,329	2,506	(1,416)
Cash provided by operating activities	38,719	42,286	61,550	60,140
INVESTING ACTIVITIES				
Acquisition of shopping centres	(41,337)	(51,348)	(165,001)	(188,311)
Acquisition of land for development	(4,845)	(2,782)	(20,374)	(11,941)
Proceeds from disposition of shopping centre	-	-	6,400	-
Expenditures on shopping centres	(4,949)	(2,696)	(8,474)	(6,466)
Expenditures on land and shopping centres under development	(34,357)	(21,091)	(56,640)	(30,747)
Investment in common shares of Equity One, Inc.	(2,254)	-	(2,254)	-
(Increase) decrease in loans and mortgage receivable	(67)	627	(294)	3,841
Investment in marketable securities	(7,994)	(6,458)	(27,944)	(12,152)
Proceeds from disposition of marketable securities	9,947	2,886	22,489	12,890
Cash used in investing activities	(85,856)	(80,862)	(252,092)	(232,886)
FINANCING ACTIVITIES				
Mortgage financings and credit facilities				
Borrowings, net of financing costs	47,401	93,639	161,887	226,049
Principal instalment payments	(9,857)	(8,851)	(19,856)	(17,352)
Repayments on maturity	(111,635)	(70,569)	(167,530)	(153,058)
Issuance of common shares, net of issue costs	2,647	30,259	2,986	31,228
Issuance of senior unsecured debentures, net of issue costs	99,202	(49)	198,304	98,724
Issuance of convertible debentures, net of issue costs	53,306	-	53,306	-
Payment of dividends	(5,155)	(4,847)	(10,222)	(10,028)
Cash provided by financing activities	75,909	39,582	218,875	175,563
Effect of currency rate movement on cash balances	(799)	299	(767)	295
Increase in cash and cash equivalents	27,973	1,305	27,566	3,112
Cash and cash equivalents, beginning of the period	6,403	7,142	6,810	5,335
Cash and cash equivalents, end of the period	\$ 34,376	\$ 8,447	\$ 34,376	\$ 8,447
SUPPLEMENTARY INFORMATION				
Cash income taxes paid	\$ 458	\$ 685	\$ 904	\$ 1,022
Cash interest paid	\$ 26,143	\$ 23,692	\$ 53,489	\$ 44,581