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**Press Release**

**FIRST CAPITAL REALTY REPORTS STRONG Q3 OPERATING RESULTS**  
**Record level of activity in the portfolio**

**Toronto, Ontario (November 8, 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 third quarter ended September 30, 2007.

**THIRD QUARTER HIGHLIGHTS:**

<i>(\$ millions, except share and per share amounts)</i>	<i>September 30, 2007</i>	<i>September 30, 2006</i>	<i>Percentage Change</i>
Enterprise value	\$ 4,274	\$ 3,723	14.8%
Property rental revenue	\$ 96.2	\$ 81.6	17.9%
Net operating income (NOI)	\$ 61.7	\$ 52.4	17.7%
Funds from operations (FFO)	\$ 31.4	\$ 28.5	10.2%
FFO per diluted share	\$ 0.40	\$ 0.38	5.3%
Debt to market capitalization	46.9%	45.7%	–
Weighted average number of shares for FFO (000’s)	79,001	74,997	5.3%

- Invested \$123 million in acquisitions of adjacent space, development and redevelopment activities and property improvements.
- Added 183,000 square feet of gross leasable area from additions to existing shopping centres and development coming on line.
- Added six development sites comprising 47.0 acres, and 0.4 acres in one land parcel adjacent to an existing property.
- 1.5% same property NOI growth; 11.0% increase on renewal leases.
- Net new leasing totalled 131,000 square feet including development coming on line; renewal leasing totalled 196,000 square feet.
- Average lease rate per occupied square foot increased by 3.8% to \$14.35 at September 30, 2007 compared to the prior year third quarter.

**NINE MONTHS HIGHLIGHTS:**

<i>(\$ millions, except share and per share amounts)</i>	<i>September 30, 2007</i>	<i>September 30, 2006</i>	<i>Percentage Change</i>
Property rental revenue	\$ 280.2	\$ 238.2	17.6%
Net operating income (NOI)	\$ 178.6	\$ 148.3	20.4%
FFO	\$ 92.5	\$ 84.5	9.5%
FFO per diluted share	\$ 1.19	\$ 1.15	3.5%
Weighted average number of shares for FFO (000's)	77,902	73,747	5.6%

- Invested \$390 million in acquisitions, development activities and property improvements.
- Added 1.3 million square feet of gross leasable area from acquisitions and development coming on line.
- Added 89.7 acres from acquisition of eight development sites and three parcels adjacent to existing properties.
- 4.0% same property NOI growth; 10.9% increase on renewal leases.
- Occupancy remains at 95%; 1.8% of vacancy is from space held for redevelopment.
- Acquisitions during the nine months at 91% occupancy; closures for redevelopment including demolition totalled 269,000 square feet at an average rate of \$8.11.
- Net new leasing totalled 378,000 square feet including development coming on line; renewal leasing totalled 819,000 square feet.
- Completed new leasing on existing space totalling 368,000 square feet at an average rate of \$17.67 per square foot, representing a 37.8% increase versus lost leases year-to-date.

“Our solid performance through 2007 is the result of a rigorous and consistent focus on finding the ‘Sure Thing’ - well located properties in urban markets with good rent growth opportunities and low risk profiles,” said Dori J. Segal, President & CEO. “Looking ahead, we will continue executing our strategy of disciplined acquisitions, proactive management, and selective development and redevelopment activities while maintaining a good credit posture.”

## 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. The effect of the GAAP changes are detailed in the 2007 Third Quarter Report and the Company's September 30, 2007 Supplemental Information Package.

### Funds from Operations ("FFO")

Funds from operations for the three months ended September 30, 2007 totalled \$31.4 million, or \$0.40 per diluted common share, compared to \$28.5 million, or \$0.38 per diluted common share in 2006. FFO for the first nine months of 2007 totalled \$92.5 million or \$1.19 per diluted common share compared to \$84.5 million or \$1.15 per diluted common share in the first nine months of 2006. The increase in FFO in the three and nine month periods ended September 30, 2007 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 \$0.3 million and \$2.5 million in transaction costs related to unsuccessful and unfeasible acquisitions for the three and nine months ended September 30, 2007, respectively, which compares to \$0.2 million and \$0.7 million in the same periods in 2006.

### Net Income

	<i>Three months ended September 30</i>		<i>Nine months ended September 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	\$ 6.9	\$ 6.5	\$ 21.1	\$ 33.9 <sup>(1)</sup>
Earnings per diluted share	\$ 0.09	\$ 0.09	\$ 0.27	\$ 0.46
Weighted average common shares (diluted) (000's)	79,001	74,997	77,902	73,747

<sup>(1)</sup> 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 nine months ended September 30, 2007 amounted to \$6.9 million or nine cents per share basic and diluted and \$21.1 million or 27 cents per share basic and diluted, respectively. This compares to \$6.5 million or nine cents per share basic and diluted, for the three months ended September 30, 2006 and \$33.9 million or 46 cents per share basic and diluted, respectively. The year-to-date 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 third quarter of 2007, the Company did not acquire any shopping centres. The Company invested \$23.0 million in acquiring additional space and one land parcel at or adjacent to existing properties adding 46,000 square feet of gross leasable area and 0.4 acres of expansion land to the portfolio. The Company also invested \$40.6 million in the acquisition of interests in six land sites adding 47.0 acres of commercial land for future development. In addition, the Company acquired the remaining 50% interest in an income-producing shopping centre located in Whitby, Ontario. The acquisition amount of \$11.2 million, including closing costs, was funded through an assumed mortgage of \$7.3 million with the balance paid in cash.

Through the first nine months of 2007, the Company has invested \$275.4 million in the acquisition of five income-producing properties totalling 831,000 square feet; acquisition of additional space and land parcels at or adjacent to existing properties adding 119,000 square feet of space at nine properties and 4.0 acres of expansion land at three others; acquisition of 85.6 acres of commercial land for future development at eight sites and the remaining 50% interest in an income-producing shopping centre.

Development of 137,200 square feet was brought on line during the third quarter with 100,800 square feet leased at an average rate of \$22.79 per square foot. Through the first nine months of 2007, the Company has brought on-line 335,800 square feet of space, including three supermarkets and three drugstores, which was 89.2% occupied at an average lease rate of \$18.04 per occupied square foot.

In addition to the acquisitions, the Company invested \$47.4 million during the third quarter in its active development projects and improvements to existing properties in the portfolio. Currently 1,161,000 square feet of gross leasable area is under development or redevelopment on 103.2 acres of land sites or parcels of land adjacent to existing properties. In the first nine months of 2007, investments in these activities totalled \$114.2 million.

At September 30, 2007, the Company owned 337 acres of land sites and parcels available for future development.

## **OPERATING HIGHLIGHTS**

Net operating income for the three months ended September 30, 2007 totalled \$61.7 million, compared to \$52.4 million in the third quarter of 2006, an increase of \$9.3 million or 17.7%. Acquisitions during 2007, combined with the full impact of acquisitions in the prior year, contributed \$9.2 million to net operating income in the quarter, while development and redevelopment activities contributed a further \$7.2 million. Same property net operating income increased 1.5%, generating growth of \$0.6 million in the third quarter of 2007.

Year-to-date, acquisitions completed in 2007 and 2006 contributed \$25.2 million, while development and redevelopment activities contributed a further \$20.0 million. Same property net operating income increased 4.0%, generating growth of \$4.9 million in the nine month period ended September 30, 2007.

Net new leasing in the third quarter totalled 131,100 square feet including development coming on line, while renewal leasing totalled 195,600 square feet. For the nine months ended September 30, 2007, net new leasing totalled 377,800 square feet, including development coming on-line, and renewal leasing totalled 819,300 square feet. The Company achieved a 37.8% 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 September 30, 2007 increased to \$14.35 per square foot including the impact of the 2007 acquisitions, which had an average lease rate of \$14.31 per square foot.

This compares to an average rate of \$13.95 per square foot at December 31, 2006 and \$13.83 at September 30, 2006.

Portfolio occupancy at September 30, 2007 of 95.0% compares to 95.7% at December 31, 2006 and 95.4% at September 30, 2006. Properties acquired during the nine month period ended September 30, 2007 were at 91.0% occupancy while closures for redevelopment totalled 169,200 square feet, providing potential for future income growth through leasing and redevelopment activities.

## **FINANCING AND CAPITAL MARKET HIGHLIGHTS**

In the aggregate, the Company issued approximately 3.4 million common shares during the nine month period ended September 30, 2007 primarily from shareholder participation in the Dividend Reinvestment Plan, and to a lesser degree, payment of interest on convertible debentures, the conversion of convertible debentures and exercise of warrants and options.

On October 4, 2007, the Company completed a \$100 million increase on its unsecured revolving credit facility syndicated with seven financial institutions bringing the total availability to \$350 million, with a term to March 2010.

## **SUBSEQUENT EVENT HIGHLIGHTS**

### **Dividend Reinvestment Plan**

On October 10, 2007, the Company issued 760,135 common shares at a net price of \$25.30 to participants in the DRIP.

## **DIVIDENDS**

The Company announced that it will pay a fourth quarter dividend of \$0.32 per common share on January 9, 2008 to shareholders of record on December 28, 2007.

## **OUTLOOK**

The current 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 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 is updated to reflect changes in the markets as follows.

These 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, participation by shareholders in our Dividend Reinvestment Plan 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 shopping centre acquisitions totalling \$250 million, development coming on line of approximately 480,000 square feet and the current interest rate environment and current US-Canadian foreign exchange environment. The range presented represents Management's estimate of results based upon these assumptions as of the date of this press release.

<i>(per share amounts)</i>	<i>Low</i>	<i>High</i>
Projected net income per diluted share	\$ 0.36	\$ 0.38
Adjustments		
Projected FFO from Equity One net of equity income	0.11	0.11
Projected amortization and future income taxes	1.11	1.11
Projected FFO per diluted share	\$ 1.58	\$ 1.60

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 10:00 a.m. ET on Friday, November 9, 2007 to discuss the Company's third quarter results. The call and supporting slides can be accessed at the Company's website at [www.firstcapitalrealty.ca](http://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 November 16, 2007 and can be accessed by dialing toll free 800-558-5253 or 416-626-4100 with access code 21351951.

## 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 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 third quarter will be posted on the Company's website at [www.firstcapitalrealty.ca](http://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 six under development, totalling approximately 19.2 million square feet of gross leasable area and 12 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 339 properties totalling approximately 37.3 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](http://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 November 8, 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, 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 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.*

FIRST CAPITAL REALTY INC.

**CONSOLIDATED BALANCE SHEETS**

<i>(unaudited)</i>	<b>September 30</b>	December 31
<i>(thousands of dollars)</i>	<b>2007</b>	2006
<b>ASSETS</b>		
Real Estate Investments		
Shopping centres	\$ 2,643,176	\$ 2,423,801
Land and shopping centres under development	276,546	178,347
Deferred costs	79,429	74,778
Intangible assets	37,404	31,868
	<b>3,036,555</b>	2,708,794
Investment in Equity One, Inc.	191,869	228,665
Loans, mortgages and other real estate assets	18,564	24,056
	<b>3,246,988</b>	2,961,515
Other assets	41,481	47,129
Amounts receivable	37,421	28,070
Cash and cash equivalents	10,182	6,810
Future income tax assets	12,579	17,355
	<b>\$ 3,348,651</b>	\$ 3,060,879
<b>LIABILITIES</b>		
Mortgages and credit facilities	\$ 1,418,216	\$ 1,388,650
Accounts payable and other liabilities	105,689	106,145
Intangible liabilities	18,318	18,453
Senior unsecured debentures	595,128	399,813
Convertible debentures	221,393	192,189
Future income tax liabilities	46,356	44,036
	<b>2,405,100</b>	2,149,286
<b>SHAREHOLDERS' EQUITY</b>	<b>943,551</b>	911,593
	<b>\$ 3,348,651</b>	\$ 3,060,879

## FIRST CAPITAL REALTY INC.

**CONSOLIDATED STATEMENTS OF EARNINGS**

<i>(unaudited)</i>	Three months ended		Nine months ended	
	September 30 2007	September 30 2006	September 30 2007	September 30 2006
<i>(thousands of dollars, except per share amounts)</i>				
<b>REVENUE</b>				
Property rental revenue	\$ 96,192	\$ 81,592	\$ 280,248	\$ 238,165
Interest and other income	506	236	5,564	3,171
	<b>96,698</b>	<b>81,828</b>	<b>285,812</b>	<b>241,336</b>
<b>EXPENSES</b>				
Property operating costs	34,467	29,236	101,614	89,873
Interest expense	29,486	24,014	87,161	68,486
Amortization	20,151	18,052	58,449	49,610
Corporate expenses	6,016	3,850	18,379	13,044
	<b>90,120</b>	<b>75,152</b>	<b>265,603</b>	<b>221,013</b>
Equity income from Equity One, Inc.	2,253	2,872	9,920	27,179
Loss on settlement of debt	-	-	(483)	-
Income before income taxes	<b>8,831</b>	<b>9,548</b>	<b>29,646</b>	<b>47,502</b>
Income taxes:				
Current	37	317	1,304	3,502
Future	1,854	2,689	7,241	10,076
	<b>1,891</b>	<b>3,006</b>	<b>8,545</b>	<b>13,578</b>
Net income	\$ <b>6,940</b>	\$ <b>6,542</b>	\$ <b>21,101</b>	\$ <b>33,924</b>
Earnings per common share				
Basic	\$ <b>0.09</b>	\$ <b>0.09</b>	\$ <b>0.27</b>	\$ <b>0.46</b>
Diluted	\$ <b>0.09</b>	\$ <b>0.09</b>	\$ <b>0.27</b>	\$ <b>0.46</b>

## 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		Nine months ended	
	September 30	September 30	September 30	September 30
	2007	2006	2007	2006
Net income for the period	\$ 6,940	\$ 6,542	\$ 21,101	\$ 33,924
Add (deduct):				
Amortization of shopping centres, deferred costs and intangible assets	19,852	16,944	57,662	46,673
Gain on disposition of income-producing shopping centre	-	-	(323)	-
Current income tax on Equity One special dividend from gain on real estate	-	-	-	2,702
Equity income from Equity One	(2,253)	(2,872)	(9,920)	(27,179)
Funds from operations from Equity One	4,971	5,237	16,691	18,302
Future income taxes	1,854	2,689	7,241	10,076
<b>Funds from operations</b>	<b>\$ 31,364</b>	<b>\$ 28,540</b>	<b>\$ 92,452</b>	<b>\$ 84,498</b>
FFO per diluted share	\$ 0.40	\$ 0.38	\$ 1.19	\$ 1.15
Weighted average diluted shares - FFO	79,000,640	74,997,493	77,901,917	73,746,633

## FIRST CAPITAL REALTY INC.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

<i>(unaudited)</i> <i>(thousands of dollars)</i>	Three months ended		Nine months ended	
	September 30	September 30	September 30	September 30
	2007	2006	2007	2006
<b>NET INCOME</b>	<b>\$ 6,940</b>	<b>\$ 6,542</b>	<b>\$ 21,101</b>	<b>\$ 33,924</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized foreign currency (loss) gain on translating self-sustaining foreign operations	(3,331)	65	(9,812)	(2,398)
Other comprehensive loss of Equity One, Inc.	(1,211)	-	(320)	-
Loss on cash flow hedges of interest rates	(1,128)	-	(783)	-
Change in cumulative unrealized gain on available-for-sale marketable securities	260	-	(344)	-
Reclassification of adjustment for gains and losses on cash flow hedges of interest rates included in income	-	-	(436)	-
Other comprehensive (loss) income before income taxes	(5,410)	65	(11,695)	(2,398)
Future income tax (recovery)	(719)	-	(623)	-
Other comprehensive (loss) income	(4,691)	65	(11,072)	(2,398)
<b>COMPREHENSIVE INCOME</b>	<b>\$ 2,249</b>	<b>\$ 6,607</b>	<b>\$ 10,029</b>	<b>\$ 31,526</b>

## FIRST CAPITAL REALTY INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Nine months ended	
<i>(unaudited)</i>	September 30	September 30	September 30	September 30
<i>(thousands of dollars)</i>	2007	2006	2007	2006
<b>CASH FLOW PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES</b>				
Net income	\$ 6,940	\$ 6,542	\$ 21,101	\$ 33,924
Items not affecting cash				
Amortization	20,151	18,052	58,449	49,610
Amortization of above- and below-market leases	(545)	(453)	(1,538)	(1,173)
Rent revenue recognized on a straight-line basis	(1,922)	(889)	(5,246)	(2,707)
Gains on land and property sales	-	(134)	(323)	(134)
Realized loss (gain) on sale of marketable securities	531	(288)	(2,742)	(924)
Change in unrealized (gain) loss on investment in marketable securities	(548)	-	273	-
Loss on settlement of debt	-	-	483	-
Non-cash compensation expense	1,307	624	3,153	1,753
Interest paid in excess of implicit interest on assumed mortgages	(562)	(612)	(1,383)	(1,734)
Debenture interest in excess of coupon	206	55	486	154
Convertible debenture interest paid in common shares	6,563	2,758	12,048	4,295
Other non-cash interest expense	770	-	2,473	-
Equity income from Equity One, Inc.	(2,253)	(2,872)	(9,920)	(27,179)
Future income taxes	1,854	2,689	7,241	10,076
Unrealized losses (gains) on certain interest rate swaps	122	1,001	(643)	332
Deferred leasing costs	(1,099)	(1,948)	(2,727)	(4,915)
Dividends received from Equity One, Inc.	4,173	4,474	13,458	28,508
Net change in non-cash operating items	(9,917)	(9,202)	(7,322)	(9,949)
Cash provided by operating activities	25,771	19,797	87,321	79,937
<b>INVESTING ACTIVITIES</b>				
Acquisition of shopping centres	(22,668)	(63,652)	(187,669)	(251,963)
Acquisition of land for development	(44,038)	(16,024)	(64,412)	(27,965)
Proceeds from disposition of shopping centre	-	-	6,400	-
Proceeds from disposition of land for development	-	1,236	-	1,236
Expenditures on shopping centres	(8,647)	(6,057)	(17,121)	(12,523)
Expenditures on land and shopping centres under development	(37,690)	(24,755)	(94,330)	(55,502)
Investment in common shares of Equity One, Inc.	-	-	(2,254)	-
Decrease (increase) in loans and mortgage receivable	2,141	(65)	1,847	3,776
Investment in marketable securities	(4,612)	(4,858)	(32,556)	(17,010)
Proceeds from disposition of marketable securities	15,143	5,137	37,632	18,027
Cash used in investing activities	(100,371)	(109,038)	(352,463)	(341,924)
<b>FINANCING ACTIVITIES</b>				
Mortgage financings and credit facilities				
Borrowings, net of financing costs	119,736	5,954	281,623	232,003
Principal instalment payments	(10,245)	(9,424)	(30,101)	(26,776)
Repayments on maturity	(55,767)	(104,747)	(223,297)	(257,805)
Issuance of common shares, net of issue costs	1,323	2,280	4,309	33,508
Issuance of senior unsecured debentures, net of issue costs	(28)	198,359	198,276	297,083
Issuance of convertible debentures, net of issue costs	(4)	-	53,302	-
Payment of dividends	(4,991)	(6,804)	(15,213)	(16,832)
Cash provided by financing activities	50,024	85,618	268,899	261,181
Effect of currency rate movement on cash balances	382	35	(385)	330
(Decrease) increase in cash and cash equivalents	(24,194)	(3,588)	3,372	(476)
Cash and cash equivalents, beginning of the period	34,376	8,447	6,810	5,335
Cash and cash equivalents, end of the period	\$ 10,182	\$ 4,859	\$ 10,182	\$ 4,859
<b>SUPPLEMENTARY INFORMATION</b>				
Cash income taxes paid (refunded)	\$ (143)	\$ 2,363	\$ 761	\$ 3,385
Cash interest paid	\$ 30,449	\$ 24,196	\$ 83,938	\$ 68,777