FIRST CAPITAL REALTY INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 10, 2019

This Management Information Circular requires your immediate attention. If you are in doubt as to how to deal with this document, the documents referred to herein or the matters to which they refer, please consult your professional advisors.

YOUR VOTE IS VERY IMPORTANT. PLEASE VOTE TODAY.

October 25, 2019

FIRST CAPITAL®

FIRST CAPITAL REALTY INC.
85 Hanna Avenue, Suite 400, Toronto, Ontario M6K 3S3
T 416.504.4114 **F** 416.941.1655 **TF** 1.877.504.4114
www.fcr.ca

October 25, 2019

Dear Fellow Shareholder:

We are pleased to invite you to attend a special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares (the "**Common Shares**") of First Capital Realty Inc. (the "**Company**") to be held at the offices of Torys LLP, 79 Wellington Street West, 33rd Floor, TD South Tower, Toronto, Ontario, Canada, M5K 1N2 on December 10, 2019 at 10:00 a.m. (Toronto time). At the Meeting you will be asked to approve a plan of arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") to convert the Company into a publicly traded real estate investment trust named First Capital Real Estate Investment Trust (the "**REIT**").

The accompanying notice of special meeting (the "**Notice of Meeting**") and the management information circular (the "**Circular**") contain a detailed description of the Arrangement and set forth the actions to be taken by you at the Meeting. You should carefully consider all of the relevant information in the Notice of Meeting and the Circular and consult with your financial, legal or other professional advisors if you require assistance.

Upon completion of the Arrangement, the REIT will carry on indirectly all of the business and activities currently carried on by the Company, all of the directors of the Company will serve as the initial trustees of the REIT, all officers of the Company will serve as the officers of the REIT and the REIT will become co-principal debtor, with the Company, of the Company's outstanding senior unsecured indebtedness.

Despite the structural changes described in the Arrangement, the proposed REIT structure will not result in a change in the Company's strategy, portfolio or operations. The strategy of the REIT will remain consistent with the Company's previously disclosed super urban strategy.

We understand that the Company's dividends are important to Shareholders. The conversion to a REIT will not change the rate of annual distributions to investors. The REIT's distribution policy will remain consistent with the Company's current dividend policy except that distributions will be paid monthly rather than quarterly. The initial monthly distribution of $0.0716 per REIT Unit will be declared on or prior to December 31, 2019 to unitholders of record on December 31, 2019 and is expected to be paid in January 2020. Following this, the REIT expects to pay monthly distributions of $0.0716, or $0.86 per REIT Unit on an annualized basis, the same level as the Company's current annual dividend rate per Common Share. In lieu of the Company's fourth quarter 2019 dividend, the REIT intends to declare three monthly distributions which includes the initial distribution that will be paid in January, and subsequent distributions that will be paid in February and March, 2020.

After careful consideration, the board of directors of the Company (the "**Board**") unanimously has determined, based upon consultation with its legal and financial advisors, and based in part on the fairness opinion received from Blair Franklin Capital Partners Inc., as described in the Circular, that the Arrangement is in the best interests of the Company and recommends that Shareholders vote **FOR** the Arrangement. The determination of the Board is based on various factors described more fully in the accompanying Notice of Meeting and Circular and includes the following anticipated benefits that the Company believes will enhance long-term shareholder value:

- Expanding the Company's investor base and profile through inclusion in various REIT-specific indices, REIT ETFs and REIT-dedicated investment funds;
- Enhancing comparability with the Company's peers; and
- Providing a more efficient vehicle to deliver the benefits of urban real estate ownership from the Company's business to investors.

Each member of the Board has agreed to vote his or her Common Shares in favour of the Arrangement.

Completion of the Arrangement is subject to the satisfaction of certain conditions, including approval by Shareholders as described in the Circular. If such approvals are obtained and the other conditions to the completion of the Arrangement are satisfied or waived, closing of the Arrangement is expected to occur on December 30, 2019.

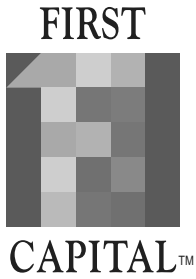
Your vote is important. We urge you to vote **FOR** the Arrangement. The details of the Arrangement and the Meeting are described in the accompanying Notice of Meeting and Circular.

Yours truly,

FIRST CAPITAL REALTY INC.

"Bernard McDonell"

Bernard McDonell
Chairman of the Board



NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

You are invited to a special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares (including common shares represented by Instalment Receipts (as defined herein), the "**Common Shares**") of First Capital Realty Inc. (the "**Company**"):

When
Tuesday, December 10, 2019
10:00 a.m. (Toronto time)

Where
Torys LLP
79 Wellington Street West, 33rd Floor
TD South Tower, Toronto, Ontario, M5K 1N2

Business of the Meeting

1. To consider, pursuant to an interim order (the "**Interim Order**") of the Ontario Superior Court of Justice dated October 25, 2019, and to vote on, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set out in Appendix B to the accompanying management information circular (the "**Circular**"), approving a plan of arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") providing for, among other things, the conversion of the Company to a publicly traded real estate investment trust named First Capital Real Estate Investment Trust (the "**REIT**"), all as more particularly described in the Circular; and

2. To consider other business that may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Your vote is important. You can vote by proxy (or voting instruction form, as applicable) if you are unable to attend the Meeting and vote in person. The Circular explains the voting process and discusses the items of business in more detail.

The Circular which accompanies this Notice of Special Meeting of Shareholders provides information regarding the business to be considered at the Meeting and includes the full text of the Arrangement Resolution attached thereto as Appendix B.

Record Date

You have the right to vote if you held Common Shares as at the close of business on October 25, 2019, including Common Shares represented by Instalment Receipts.

Beneficial and Registered Shareholders

You are a beneficial shareholder (also known as a non-registered shareholder) (a "**Beneficial Shareholder**") if you beneficially own Common Shares (including Common Shares represented by Instalment Receipts) that are held in the name of an intermediary such as a bank, trust company, securities broker, trustee, depository, clearing agency (such as CDS Clearing and Depository Services Inc.) or other intermediary. For example, you are a Beneficial Shareholder if your Common Shares (including Common Shares represented by Instalment Receipts) are held in a brokerage account of any type.

You are a registered shareholder (a "**Registered Shareholder**") if you hold a paper share certificate evidencing Common Shares and your name appears directly on your share certificate.

Voting

Beneficial Shareholders should complete and submit the voting instruction form in accordance with the directions on the form. Voting instruction forms can be completed and submitted using the following options:

INTERNET: www.proxyvote.com
TELEPHONE: 1-800-474-7493 (English) or 1-800-474-7501 (French)
MAIL: Data Processing Centre, P.O. Box 3700, STN Industrial Park, Markham, Ontario, L3R 9Z9

Voting instructions must be received at least one business day in advance of the proxy deposit date noted on your voting instruction form. If a Beneficial Shareholder wishes to vote at the Meeting in person (or have another person attend and vote on such Shareholder's behalf), he or she must complete the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend at the Meeting in person and vote will be forwarded to such Beneficial Shareholder.

Registered Shareholders who are unable to be present at the Meeting should exercise their right to vote by completing and submitting the form of proxy in accordance with the directions on the form. Forms of proxy may also be completed and submitted by telephone or through the internet at www.investorvote.com. Computershare Trust Company of Canada, the Company's transfer agent and registrar, must receive completed proxies not later than 10:00 a.m. (Toronto time) on December 6, 2019 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before any adjourned or postponed meeting.

Registered Shareholders have the right to dissent with respect to the Arrangement, if the Arrangement becomes effective, and to be paid the fair value of their Common Shares in accordance with the Interim Order. A Shareholder's right to dissent is more particularly described in the Circular. Failure to strictly comply with the requirements set forth in the Interim Order may result in the loss of any right of dissent. See the section entitled "The Arrangement – Dissent Rights" in the Circular and Appendix E to the Circular. Beneficial owners of Common Shares registered in the name of a broker, trustee, financial institution or other nominee who wish to dissent should be aware that only registered owners of Common Shares are entitled to dissent.

The voting rights attached to the Common Shares represented by a proxy in the enclosed form of proxy (or voting instruction form) will be voted in accordance with the instructions indicated thereon. **If no instructions are given, the voting rights attached to such Common Shares will be voted FOR the Arrangement Resolution approving the Arrangement.**

By Order of the Board of Directors,
"Bernard McDonell"
Bernard McDonell
Chairman of the Board
October 25, 2019
Toronto, Ontario

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ADDENDA

KEY DATES

Please note the following key dates and information pertaining to the proposed Arrangement and Meeting:

Meeting Date:	Tuesday, December 10, 2019, at 10:00 a.m. (Toronto Time)
Meeting Location:	Torys LLP 79 Wellington Street West 33rd Floor, TD South Tower Toronto, Ontario, M5K 1N2
Deadline for Return of Proxies:	December 6, 2019 at 10:00 a.m. (Toronto Time)
Deadline for Electing to Transfer Common Shares for Exchangeable LP Units:	The Election Deadline is 5:00 p.m. (Toronto Time) on December 6, 2019. An Electing Shareholder must provide (i) a duly completed Letter of Transmittal with all required information to the Depositary, and (ii) two copies of the Tax Election Form to FCR LP by 5:00 p.m. (Toronto Time) on December 6, 2019. Please refer to the Circular for additional details. **Information concerning the applicable tax elections will be included in the tax election package that will be available on the Company's website at www.fcr.ca/taxelection.**
Anticipated Effective Date of the Arrangement:	If all conditions are satisfied or waived, the Company expects the Effective Date to be on or about December 30, 2019.

INTRODUCTION

This management information circular ("Circular") is furnished in connection with the solicitation of proxies by and on behalf of management of First Capital Realty Inc. (the "Company") for use at the special meeting (the "Meeting") of holders ("Shareholders") of common shares (including Common Shares represented by Instalment Receipts (as defined herein), the "Common Shares") of the Company to be held on December 10, 2019 and any adjournment(s) or postponement(s) thereof.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth in the Glossary of Terms in Appendix A to this Circular. Information contained in this Circular is given as of October 25, 2019, except where otherwise noted and except that information in documents incorporated by reference herein is given as of the dates noted therein. No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation or offer is not authorized or in which the person making such solicitation or offer is not qualified to do so or to any person to whom it is unlawful to make such solicitation or offer.

Information contained in this Circular should not be construed as legal, tax or financial advice and Shareholders (including holders of Common Shares represented by Instalment Receipts) should consult their own professional advisors in connection therewith.

Descriptions in this Circular of the terms of the Arrangement Agreement or the Fairness Opinion are only summaries of the terms of those documents. Shareholders should refer to the full text of each of these documents. The Fairness Opinion is included as Appendix C to this Circular and the Arrangement Agreement is included as Appendix D to this Circular. **You should carefully read the full text of these documents.**

FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements concerning the Arrangement referred to in this Circular, including necessary approvals and other conditions required to complete the Arrangement, the expected risks, costs and benefits of the Arrangement, the expected closing date of the Arrangement and any other statements regarding the Company's expectations, intentions, plans and beliefs. Forward-looking statements can generally be identified by the expressions "anticipate", "believe", "plan", "estimate", "project", "expect", "intend", "outlook", "objective", "may", "will", "should", "continue" and similar expressions to the extent they relate to the Company or its management.

Forward-looking information is based on the opinions and estimates of management as of the date such information is provided. All statements, other than statements of historical fact, in this Circular that address the expected benefits of the Arrangement, including the expected benefits to Shareholders and other stakeholders, as well as future financial and operating results, the anticipated timing for the Closing, the satisfaction of closing conditions in connection with the Arrangement, activities, events or developments that the Company or a third party expect or anticipate will or may occur in the future, including the Company's future growth, results of operations, performance and business prospects and opportunities and the assumptions underlying any of the foregoing, are forward-looking statements. These 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 the Company and on assumptions it believes are reasonable. Forward-looking statements are based upon a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond the control of the Company, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: the potential risk that the Arrangement will not receive the Required Approval of Shareholders; failure to, in a timely manner, or at all, obtain the necessary approvals for the Arrangement; failure of the Parties to otherwise satisfy the conditions to complete the Arrangement; the effect of the announcement of the Arrangement on the Company's relationships, operating results and business generally; significant transaction costs or unknown liabilities, and other customary risks associated with transactions of this nature; general economic conditions; real property ownership; tenant financial difficulties, defaults and bankruptcies; the relative illiquidity of real property; increases in operating costs, property taxes and income taxes; the Company's ability to maintain occupancy and to lease or re-lease space at current or anticipated rents; the availability and cost of equity and debt capital to finance the Company's business, including the repayment of existing indebtedness as well as development, intensification and acquisition activities; changes in interest rates and credit spreads; organizational structure; changes to credit ratings; the availability of a new competitive supply of retail properties which may become available either through construction, lease or sublease; the Company's ability to execute on its "Evolved Urban Investment Strategy", including with respect to dispositions, capitalize on competitive advantages, optimize portfolio assets and accelerate value delivered to its investors and stakeholders, remain ahead of changing market conditions, surface unrecognized value, reach its demographic targets and ensure the Company retains its best in class position; unexpected costs or liabilities related to acquisitions, development and

construction; geographic and tenant concentration; residential development, sales and leasing; compliance with financial covenants; changes in governmental regulation; environmental liability and compliance costs; unexpected costs or liabilities related to dispositions; challenges associated with the integration of acquisitions into the Company; uninsured losses and the Company's ability to obtain insurance coverage at a reasonable cost; risks in joint ventures; matters associated with significant Shareholders; investments subject to credit and market risk; loss of key personnel; the ability of tenants to maintain necessary licenses, certifications and accreditations; and cybersecurity.

Although the forward-looking statements contained in this Circular are based upon what the Company believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Readers, therefore, should not place undue reliance on any forward-looking statement. Forward-looking information involves numerous assumptions such as rental income (including assumptions on timing of lease-up, development coming online and levels of percentage rent), interest rates, tenant defaults, borrowing costs (including the underlying interest rates and credit spreads), the general availability of capital and the stability of the capital markets, the ability of the Company to make loans at the same rate or in the same amount as repaid loans, amount of development costs, capital expenditures, operating costs and corporate expenses, level and timing of acquisitions of income-producing properties, the Company's ability to complete dispositions and the timing, terms and anticipated benefits of any such dispositions, the Company's ability to redevelop, sell or enter into partnerships with respect to the future uncommitted incremental density it has identified in its portfolio, number of shares outstanding and numerous other factors. Moreover, the assumptions underlying the Company's forward-looking statements contained in this Circular may also include that consumer demand will remain stable and demographic trends will continue.

All of the forward-looking statements made in this Circular are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. All forward-looking statements in this Circular are made as of the date hereof and, except as may be required by applicable law, the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise. Additional information about these assumptions and risks and uncertainties is contained in the Company's filings with securities regulators, including the Company's current annual information form and management's discussion and analysis.

INFORMATION FOR U.S. SHAREHOLDERS

THE ARRANGEMENT AND THE REIT UNITS ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR ANY SUCH STATE REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The REIT Units to be received by Shareholders in exchange for Common Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any applicable U.S. state securities laws and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof and pursuant to exemptions from registration under any applicable U.S. state securities laws. Section 3(a)(10) of the U.S. Securities Act exempts from the registration requirements under the U.S. Securities Act securities issued in exchange for outstanding securities where the terms and conditions of the issuance and exchange are approved by a court of competent jurisdiction that is expressly authorized by Law to grant such approval, after a hearing upon the fairness of such terms and conditions of such issuance and exchange at which all persons to whom the securities will be issued in such exchange have the right to appear and receive timely notice thereof. Prior to the hearing on the Final Order, the Court will be informed that the parties intend to rely on the Final Order, when granted, as the basis for the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) of the U.S. Securities Act with respect to the issuance and distribution of REIT Units under the Arrangement.

The REIT Units received in exchange for the Common Shares pursuant to the Arrangement will be freely tradable under U.S. federal securities laws except by persons who are, or within 90 days prior to the Effective Time were, "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of the Company or the REIT. Any such REIT Units held by such an affiliate (or, if applicable, former affiliate) may only be resold in compliance with or pursuant to an exemption from the registration requirements of the U.S. Securities Act. See Section 2.10 of the Arrangement Agreement.

The solicitation of proxies made in connection with this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements, which are different than the requirements applicable to proxy solicitations under the U.S. Exchange Act.

All financial statements and other financial information related to the Company and the REIT included or incorporated by reference in this Circular have been prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards, which differ from U.S. generally accepted accounting principles and U.S. auditing and auditor independence standards in certain material respects. Consequently, such financial statements and other financial information are not comparable in all respects to financial statements prepared in accordance with U.S. generally accepted accounting principles and that are subject to U.S. auditing and auditor independence standards.

The enforcement by investors of civil liabilities under U.S. securities laws may be affected adversely by the fact that each of the Company and the REIT are existing under Canadian laws, that some or all of their respective officers, directors and trustees, as applicable, are residents of countries other than the United States, that some or all of the experts named in this Circular are residents of countries other than the United States and that all or a substantial portion of the assets of the Company and the REIT are located outside the United States. As a result, it may be difficult or impossible for Shareholders to effect service of process within the United States upon the Company and the REIT or their respective directors, trustees or officers or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or the securities or "blue sky" laws of any state within the United States. In addition, Shareholders should not assume that the courts in Canada: (a) would enforce judgments of U.S. courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or the securities or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or the securities or "blue sky" laws of any state within the United States.

Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local or other taxing jurisdiction. This Circular does not contain a description of the United States tax consequences of the Arrangement or the ownership of REIT Units.

CURRENCY AND FINANCIAL PRINCIPLES

All dollar amounts set forth in this Circular are in Canadian dollars, except where otherwise indicated.

All financial statements and financial information therefrom included or incorporated by reference herein pertaining to the Company or the REIT have been prepared in accordance with IFRS.

Pro forma financial information included in this Circular is for informational purposes only and is unaudited. All unaudited *pro forma* financial information contained in this Circular has been derived from underlying historical financial statements prepared in accordance with IFRS to illustrate the effect of the Arrangement. Shareholders should read these historical financial statements together with the related *pro forma* financial information presented herein. The *pro forma* financial information set forth in this Circular should not be considered to be what the actual financial position or other results of operations would have necessarily been had the Company and the REIT operated as a single combined entity as, at or for the periods stated.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar authority in each of the provinces of Canada are specifically incorporated by reference into, and form an integral part of, this Circular:

(a) the Company's annual information form dated March 26, 2019;

(b) the Company's information circular dated April 25, 2019 in connection with the June 4, 2019 annual meeting of shareholders (the "**April 2019 Circular**");

(c) the unaudited comparative consolidated interim financial statements of the Company and the notes thereto for the three- and six-month periods ended June 30, 2019;

(d) the audited comparative consolidated financial statements of the Company and the notes thereto for the financial year ended December 31, 2018, together with the report of the independent auditors thereon;

(e) management's discussion and analysis for unaudited comparative consolidated interim financial statements referred to in paragraph (c) above; and

(f) management's discussion and analysis for the audited comparative consolidated financial statements referred to in paragraph (d) above.

Copies of these documents can be found under the Company's issuer profile at www.sedar.com.

Any statement contained in this Circular or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Circular. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Any documents of the types referred to in the preceding paragraphs (a) through (f) (excluding confidential material change reports, if any), as well as business acquisition reports filed by the Company with the securities regulatory authorities in any of the provinces of Canada after the date of this Circular and prior to the Meeting shall be deemed to be incorporated by reference into this Circular.

SUMMARY

The following is a summary of certain information contained elsewhere in this Circular. This summary is not intended to be complete and is qualified in its entirety by reference to the more detailed information contained elsewhere in this Circular. Shareholders should read the more detailed information and financial data and statements about the Company, the REIT and the Arrangement contained elsewhere in, or incorporated by reference into, this Circular. Certain capitalized terms used in this Summary are defined in Appendix A.

Information Concerning the Meeting

At the Meeting, Shareholders will be asked to consider and vote on the Arrangement Resolution. The Meeting will be held at 10:00 a.m. (Toronto time) on December 10, 2019 at the offices of Torys LLP, 79 Wellington Street West, 33rd Floor, Toronto, Ontario, M5K 1N2.

Shareholders of record at the close of business on October 25, 2019 will be entitled to vote at the Meeting or any adjournment or postponement thereof.

The Arrangement

The purpose of the Arrangement is to reorganize the Company in order to establish a publicly-traded real estate investment trust. The Arrangement will result in Shareholders transferring their Common Shares to the REIT for an equivalent number of REIT Units and/or, in the case of Electing Shareholders, to FCR LP for an equivalent number of Exchangeable LP Units. Additionally, upon completion of the Arrangement, each issued and outstanding Instalment Receipt will represent a holder's right, upon payment of the final instalment thereunder, to receive one REIT Unit.

Recommendation of the Board

The Board has unanimously determined that the Arrangement is fair to the Shareholders and in the best interests of the Company and the Shareholders. Accordingly, the Board has unanimously approved the Arrangement and unanimously recommends that the Shareholders vote in favour of the Arrangement Resolution.

The Company has determined to pursue the Arrangement because the resulting trust structure will enhance long-term shareholder value by:

(a) expanding its investor base and investment profile by being eligible for inclusion in various real estate investment trust-specific indices, real estate investment trust-specific exchange-traded funds and real estate investment trust-dedicated investment funds;

(b) enhancing comparability with the Company's peers; and

(c) providing a more efficient vehicle to deliver the benefits of urban real estate ownership from the Company's business to investors.

See "The Arrangement — Recommendation of the Board".

Reasons for the Arrangement

In making its determinations and recommendation, the Board relied upon legal, tax, financial and other advice and information received during the course of its deliberations, as described below. The following is a summary of certain factors, among others, that the Board considered in making its determination and recommendation:

- the expected benefits of converting the Company from a corporate structure to a REIT structure, as described above;
- that the conversion to a REIT structure is not expected to affect the Company's business strategy or management team;
- the Fairness Opinion;

- that the Arrangement Resolution must receive the approval of at least two-thirds of the votes cast by holders of the Common Shares, including holders of Common Shares represented by Instalment Receipts, voting in person or by proxy at the Meeting;

- that the Arrangement is subject to Court approval, which will consider, among other things, the fairness and reasonableness of the Arrangement to Shareholders; and

- that Shareholders will be afforded a right to dissent and to demand repurchase of their Common Shares for fair value through the exercise of Dissent Rights in the event that the Arrangement is approved and consummated.

See "The Arrangement — Reasons for the Arrangement".

Fairness Opinion

The Board has retained Blair Franklin to advise it with respect to the Arrangement and to provide its opinion as to the fairness, from a financial point of view, of the consideration to be received by Shareholders pursuant to the Arrangement. Blair Franklin has provided the Board with the Fairness Opinion which states that, on the basis of the assumptions, qualifications and limitations summarized therein, in the opinion of Blair Franklin, as of October 7, 2019, the consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Shareholders. A copy of the Fairness Opinion is attached to this Circular as Appendix C.

See "The Arrangement — Fairness Opinion".

Arrangement Steps

On the Effective Date, each of the events described under the heading "The Arrangement — General Description of the Arrangement" will, except as otherwise expressly provided, be deemed to occur.

Effect of the Arrangement

After giving effect to, and immediately after, the Arrangement:

(a) former Shareholders will collectively own all of the issued and outstanding REIT Units and Exchangeable LP Units;

(b) the REIT will own all of the issued and outstanding shares of the General Partner;

(c) the REIT will own all of the issued and outstanding Class A LP Units;

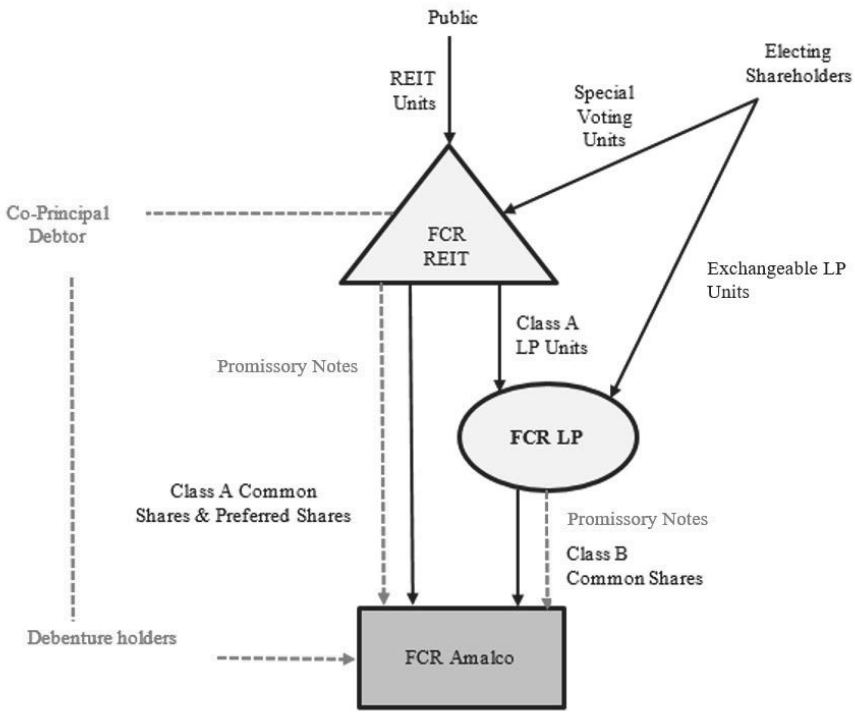
(d) the General Partner will own the general partner interest in FCR LP;

(e) the REIT and FCR LP will together own all of the issued and outstanding shares of FCR Amalco; and

(f) the REIT will become bound by the terms of the Indenture (including the Supplemental Indentures) and the Debentures as a co-principal debtor, with the Company remaining as a co-principal debtor, and the amounts payable under the Indenture and the Debentures shall be guaranteed by all applicable guarantor entities required by the terms of the Indenture and the Debentures. Although the Company will remain as a co-principal debtor under the Indenture and the Debentures, it will be released from numerous covenants under the Indenture, including debt restriction and interest coverage covenants, equity maintenance covenants, unencumbered assets covenants, the requirement to provide financial information to holders of the Debentures and change of control, amalgamation, arrangement, merger, reorganization and asset sale restrictions. Such covenants and all other obligations under the Indenture and the Debentures will be assumed by the REIT, as co-principal debtor thereunder. The Company, the REIT and Computershare, as indenture trustee under the Indenture, will enter into a supplemental indenture to the Indenture to give effect to the foregoing.

Structure Following Completion of the Arrangement

The following chart illustrates the organizational structure of the REIT, including all material Subsidiaries, following the implementation of the Arrangement.



The Arrangement Agreement

The Company, the REIT, the General Partner, FCR LP and Newco, a newly formed subsidiary of FCR LP that will be amalgamated with the Company to form FCR Amalco as part of the Arrangement, entered into the Arrangement Agreement dated October 18, 2019, which provides for the implementation of the Plan of Arrangement under Section 182 of the OBCA. The Arrangement Agreement contains certain covenants of each of the Company, the REIT, the General Partner, FCR LP and Newco. The Closing of the Arrangement is subject to a number of conditions, including, among other things, the approval of the Arrangement Resolution by special resolution, the acceptance of the Arrangement and subsequent listing of the REIT Units by the TSX and the approval of the Arrangement by the Court.

Approvals Required for the Completion of the Arrangement

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and vote on the Arrangement Resolution, the full text of which is set out in Appendix B.

Pursuant to the Interim Order, the Arrangement Resolution must be approved by the affirmative vote of two-thirds of the votes cast by the Shareholders, including holders of Common Shares represented by Instalment Receipts, present in person or represented by proxy at the Meeting holding not less in aggregate than 25% of the Common Shares entitled to be voted.

Court Approval

Subject to the terms of, and satisfaction or waiver of the conditions precedent set forth in, the Arrangement Agreement, and if the Arrangement Resolution is approved by the Shareholders at the Meeting in the manner required by the Interim Order, the Company will make an application to the Court for the Final Order.

As set forth in the Interim Order, the hearing in respect of the Final Order is expected to take place at 10:00 a.m. (Toronto time) on December 16, 2019, or as soon thereafter as counsel may be heard, at the Court. At the hearing, any Shareholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon the Company a Notice of Appearance, together with any evidence or materials that such party intends to present to the Court not later than three days prior to the hearing setting out such Shareholder's or other interested party's address for service by ordinary mail and indicating whether such Shareholder or other interested party intends to support or oppose the application or make submissions. Service of such notice shall be effected by service upon the solicitors for the Company, Torys LLP, 79 Wellington Street West, 30th Floor, Box 270, Toronto, Ontario, M5K 1N2, Attention: Andrew Gray.

The Court has broad discretion under the OBCA when making orders with respect to an arrangement and the Court will consider, among other things, the fairness of the Arrangement to the Shareholders (and any other party as the Court determines appropriate). The Court may approve the Arrangement, either as proposed or as amended, in any manner the Court may direct. However, it is a condition of the Arrangement that the Final Order be satisfactory in form and substance to each of the parties to the Arrangement Agreement.

Exchange Approval and Relief Order Sought

The Common Shares are listed on the TSX under the symbol "FCR". The closing price for the Common Shares on the TSX on October 7, 2019, the last trading day prior to the announcement of the Arrangement, was $22.55 per Common Share. The Arrangement is conditional upon receiving the final acceptance of the TSX and the REIT Units issuable in connection with the Arrangement (including REIT Units issuable upon exchange of the Exchangeable LP Units and upon exercise or redemption of the Replacement Options, the Replacement DSUs, the Replacement RSUs and the Replacement PSUs) being approved for listing on the TSX. The TSX has conditionally accepted the Arrangement subject to the Company fulfilling all of the requirements of the TSX. The completion of the Arrangement is subject to the Company and the REIT fulfilling all of the requirements of the TSX. The REIT Units are expected to be listed on the TSX under the trading symbol "FCR.UN". The Instalment Receipts will continue to be listed on the TSX under the trading symbol "FCR.IR". Following completion of the Arrangement, the Common Shares will be delisted from the TSX. The Company has applied to the applicable Canadian securities regulators for an order that the Company will cease to be a reporting issuer in each jurisdiction of Canada upon the completion of the Arrangement and the Common Shares being delisted from the TSX.

Completion of the Arrangement

If the Final Order is obtained on December 16, 2019 in form and substance satisfactory to each party to the Arrangement Agreement, and all other conditions specified are satisfied or waived, the Company expects the Effective Date will be on or about December 30, 2019 or as soon as practicable thereafter.

Dissent Rights

Shareholders are entitled to exercise Dissent Rights in respect of the Arrangement by providing written notice of dissent ("**Notice of Dissent**") to the Chief Executive Officer of the Company, delivered to Torys LLP, 79 Wellington Street West, 30th Floor, Box 270, Toronto, Ontario, M5K 1N2, Attention: Andrew Gray no later than 4:30 p.m. (Toronto time) on the Business Day preceding the Meeting (or, if the Meeting is postponed or adjourned, the Business Day preceding the date of the reconvened or postponed Meeting), in the manner described under the heading "The Arrangement — Dissent Rights".

If a Shareholder dissents in respect of the Arrangement, and the Arrangement is completed, the Dissenting Shareholder is entitled to be paid the "fair value" of the Common Shares held by such Dissenting Shareholder determined as of the close of business on the day before the Arrangement Resolution is adopted. Shareholders should carefully read the section in this Circular entitled "The Arrangement — Dissent Rights" if they wish to exercise Dissent Rights.

Procedure for Exchange of Common Shares for Exchangeable LP Units

Shareholders (other than Excluded Shareholders and Dissenting Shareholders) must complete and return (i) a duly completed Letter of Transmittal on or before the Election Deadline, together with the certificate(s) representing their Common Shares, to the Depositary at the office specified in the Letter of Transmittal, and (ii) two copies of the Tax Election Form (and any corresponding form under provincial or territorial tax legislation), if they wish to elect to transfer all or a portion of their Common Shares to FCR LP for Exchangeable LP Units and related Ancillary Rights under the Arrangement. Where: (i) no election is made to

transfer Common Shares to FCR LP for Exchangeable LP Units; (ii) the election is not properly made; (iii) either the Letter of Transmittal or the certificate(s) representing the Common Shares (if applicable) are received after the Election Deadline; or (iv) such Shareholder is an Excluded Shareholder, such Shareholder will be deemed to have elected to transfer each of its Common Shares to the REIT in exchange for REIT Units. A copy of the Letter of Transmittal is enclosed with this Circular.

Exchangeable LP Unit Election

Shareholders (other than Excluded Shareholders and Dissenting Shareholders) may elect, subject to the limitations described below and in accordance with the limits in the Tax Act, to receive Exchangeable LP Units as consideration for all or a portion of their Common Shares. An Excluded Shareholder is a Shareholder (a) that is not a "taxable Canadian corporation" under the Tax Act; or (b) that would acquire Exchangeable LP Units as a "tax shelter investment" for the purposes of the Tax Act; or (c) an interest in which is a "tax shelter investment" for the purposes of the Tax Act. Accordingly, an individual Shareholder may not elect to receive Exchangeable LP Units. Excluded Shareholders will only be entitled to receive REIT Units in exchange for their Common Shares.

Exchangeable LP Units will be subject to additional restrictions and limitations including: (i) restrictions on transferability; and (ii) restrictions on the exercise of the related Exchange Rights. In particular, Exchangeable LP Units will not be transferable (except in connection with an exchange for REIT Units) except with the consent of the board of directors of the General Partner and in other limited circumstances. As such, the Exchangeable LP Units will be materially less liquid than REIT Units. The Exchangeable LP Units will not be listed on the TSX or any other stock exchange or quotation system. See "The Arrangement — Exchangeable LP Unit Election" and "Risk Factors". Holders of Exchangeable LP Units will receive Special Voting Units that will each entitle the holder to one vote at meetings of Voting Unitholders. Additionally, any Exchangeable LP Units outstanding on December 29, 2023 will be automatically exchanged for REIT Units, unless the exchange would jeopardize the REIT's status as a "mutual fund trust" or "real estate investment trust" under the Tax Act or cause or create significant risk that the REIT would be caused to be subject to tax under Paragraph 122(1)(b) of the Tax Act and subject to satisfaction of conditions set out in the Tax Act.

If the total number of Exchangeable LP Units elected is greater than the Maximum Number of Exchangeable LP Units, Exchangeable LP Units will be allocated on a *pro rata* basis. Any Common Shares not transferred in consideration for Exchangeable LP Units will be transferred to the REIT in consideration for REIT Units. No fractional REIT Units or Exchangeable LP Units will be issued and the number of REIT Units or Exchangeable LP Units issued, as applicable, will be rounded down to the nearest whole number.

The Exchangeable LP Units are intended to be, to the extent possible, the economic equivalent of the REIT Units and will be exchangeable for REIT Units. However, the Exchangeable LP Units will not be listed on the TSX or on any other stock exchange or quotation system. Excluded Shareholders will only be entitled to receive REIT Units in exchange for their Common Shares. Holders of Exchangeable LP Units will be entitled to exchange their Exchangeable LP Units for REIT Units in accordance with the Exchange and Support Agreement and the FCR LP Agreement. A holder of Exchangeable LP Units who desires to effect such an exchange will be required to, among other things, provide notice thereof to the REIT and FCR LP stating the desired exchange date, which must be a business day and must not be less than three business days nor more than ten business days after the date upon which the exchange notice is received by the REIT and FCR LP. There are other consequences of holding Exchangeable LP Units that are different from those of holding REIT Units. See "Risk Factors".

The Election Deadline is 5:00 p.m. (Toronto Time) on December 6, 2019. An Electing Shareholder must provide (i) a duly completed Letter of Transmittal with all required information to the Depositary, and (ii) two copies of the Tax Election Form (and any corresponding form under provincial or territorial tax legislation) to FCR LP by 5:00 p.m. (Toronto Time) on December 6, 2019. Shareholders who do not: (i) validly deposit with the Depositary a duly completed Letter of Transmittal at or prior to the Election Deadline; and (ii) fully comply with the requirements of the Letter of Transmittal and the instructions therein in respect of the election to receive Exchangeable LP Units, will be deemed to have elected to solely receive REIT Units in exchange for their Common Shares. A copy of the Letter of Transmittal is enclosed with this Circular.

Information and instructions concerning the applicable tax elections will be included in the tax election package that is available on the Company's website at www.fcr.ca/taxelection.

It will be the sole responsibility of each Electing Shareholder to obtain the appropriate federal, provincial or territorial tax election forms and to duly complete and submit such forms to FCR LP by the Election Deadline and to subsequently file such elections within the time prescribed by legislation.

Information Concerning the REIT

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to the REIT Declaration of Trust under the laws of the Province of Ontario. The registered and head office of the REIT is located at King Liberty Village, 85 Hanna Avenue, Suite 400, Toronto, Ontario, M6K 3S3.

The REIT has been formed to succeed the business of the Company following the Arrangement as one of Canada's leading developers, owners and operators of mixed-use urban real estate in Canada's most densely populated centres. The REIT's strategy is to invest in high-quality, mixed-use properties with a focus on building large positions in targeted high-growth urban neighbourhoods.

See "Information Concerning the REIT".

Distribution Policy

The REIT intends to adopt a distribution policy, as permitted under the Declaration of Trust, pursuant to which it will make monthly cash distributions to Unitholders and, through FCR LP, holders of Exchangeable LP Units, initially equal to, on an annual basis, $0.86 per REIT Unit, which is the same annual dividend currently paid by the Company. Management of the REIT believes that the $0.86 per REIT Unit annual distribution amount initially set by the REIT should allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, subject to compliance with the Declaration of Trust, the actual distribution amount will be determined by the Trustees in their sole discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions, including the adoption, amendment or revocation of any distribution policy. It is the REIT's current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income.

The initial distribution, which will be declared on or prior to December 31, 2019 to unitholders of record on December 31, 2019 and expected to be paid in January 2020, will be $0.0716 per REIT unit. Following this, the REIT expects to pay monthly distributions of 0.0716, or $0.86 per REIT unit on an annualized basis, the same level as the Company's current annual dividend rate per Common Share. In lieu of the Company's fourth quarter 2019 dividend, the REIT intends to declare three monthly distributions, which includes the initial distribution that will be paid in January and subsequent distributions that will be paid in February and March, 2020.

Certain Canadian Federal Income Tax Considerations

A resident Shareholder (other than an Electing Shareholder or Dissenting Shareholder) who transfers Common Shares to the REIT in exchange for REIT Units pursuant to the Arrangement will be considered to have disposed of such Common Shares for proceeds of disposition equal to the fair market value of the REIT Units received as consideration therefor. A resident Shareholder who holds its Common Shares as capital property will generally realize a capital gain (or capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of such Common Shares.

Each resident Unitholder will be required to include, in computing income for Canadian federal income tax purposes for a particular taxation year, the Unitholder's share of the REIT's income that was paid or payable in that year by the REIT and that was deducted by the REIT in computing its income, whether received in cash, additional REIT Units or otherwise. Generally, all other amounts received by the resident Unitholders will not be included in the Unitholders' income, but will reduce the adjusted cost base of the Unitholders' REIT Units, for Canadian federal income tax purposes.

The foregoing is subject to the conditions and limitations set forth under the heading "Certain Canadian Federal Income Tax Considerations". Shareholders should consult their tax advisors regarding the tax implications of the Arrangement. See "Certain Canadian Federal Income Tax Considerations".

Risk Factors

Risk factors related to the business of the Company will continue to apply to the REIT, the Company and FCR LP after the Effective Time. Certain risk factors relating to the activities of the Company are contained in the Company's annual information form for the year ended December 31, 2018 and the Company's management's discussion and analysis for the year ended December 31, 2018 and the three- and six-month periods ended June 30, 2019, which are each incorporated by reference in this Circular and filed on SEDAR at www.sedar.com. Shareholders should consider the risk factors set out therein together with the information set out in this Circular. Additional risks and uncertainties, including those currently unknown to, or considered immaterial by, the Company may also adversely affect the business of the Company, the REIT and FCR LP. In particular, the Plan of Arrangement and the REIT are subject to certain risks, including the following:

- the completion of the Arrangement is subject to a number of conditions precedent and requires regulatory and third-party approvals;
- cash distributions are not guaranteed and may fluctuate with the performance of the business of the REIT;
- limitation on non-resident ownership;
- dependence on FCR LP;
- unpredictability and volatility of REIT Unit prices;
- nature of the REIT Units;
- redemption right; and
- dilution.

For more information about the foregoing and a discussion of additional risk factors in connection with the Arrangement and the REIT, see "Risk Factors".

Interest of Informed Persons in Material Transactions

Other than as disclosed in this Circular, no informed person (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any associate or affiliate of any informed person has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

Each officer and director of the Company who is also a Shareholder has advised the Company that they intend to vote all Common Shares held or controlled by him or her, directly or indirectly, in favour of the Arrangement Resolution. As at the date hereof, the directors and officers of the Company, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 2,817,970 Common Shares, representing approximately 1.29% of the Company's issued and outstanding Common Shares.

Interests of Experts

Certain legal matters relating to the Arrangement are to be passed upon by Torys LLP on behalf of the Company and the REIT. In addition, Torys LLP has prepared the summary contained in this Circular under the heading "Certain Canadian Federal Income Tax Considerations". As of the date hereof, the partners and associates of Torys LLP beneficially owned, directly or indirectly, less than one percent of the issued and outstanding Common Shares.

Ernst & Young LLP are the auditors of the Company and the REIT and have confirmed that they are independent with respect to the Company and the REIT within the meaning of the Rules of Professional Conduct of The Institute of Chartered Professional Accountants of Ontario.

Blair Franklin has provided the Fairness Opinion referred to under "The Arrangement — Fairness Opinion". As of the date hereof, Blair Franklin beneficially owned, directly or indirectly, less than one percent of the issued and outstanding Common Shares.

INFORMATION CONCERNING THE MEETING

Date, Time and Place of Meeting

The Meeting will be held at 10:00 a.m. (Toronto time) on December 10, 2019 at the offices of Torys LLP, 79 Wellington Street West, 33rd Floor, TD South Tower, Toronto, Ontario, Canada, M5K 1N2 unless adjourned or postponed.

Purpose of the Meeting

At the Meeting, Shareholders will be asked to consider and vote on the Arrangement Resolution (a copy of which is attached as Appendix B) and such other business as may properly come before the Meeting. At the time of printing of this Circular, management of the Company knows of no matter expected to come before the Meeting, other than the vote on the Arrangement Resolution. **If the Arrangement Resolution does not receive the Required Approval of Shareholders, the Arrangement will not proceed.** See "The Arrangement — Approvals Required for the Completion of the Arrangement" and "The Arrangement — The Arrangement Agreement".

Timing of Completion of the Arrangement

Subject to the satisfaction or, where permitted, waiver of all other conditions specified in the Arrangement Agreement, if the Arrangement Resolution receives the Required Approval of Shareholders, it is expected that closing of the Arrangement will be completed on December 30, 2019.

Shareholders Entitled to Vote

Shareholders (including holders of Common Shares represented by Instalment Receipts) are entitled to vote at the Meeting either in person or by proxy. The Board has fixed the close of business on October 25, 2019 as the record date for determining Shareholders who are entitled to receive notice of and vote at the Meeting (the "**Record Date**"). Quorum for the Meeting shall be two or more individuals present in person either holding personally or representing as proxies not less than 25% in the aggregate of the votes attached to all outstanding Common Shares, including Common Shares represented by Instalment Receipts. Only Shareholders whose names have been entered in the register of the Company as at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting. Common Shares held through an Intermediary, such as a broker, an investment dealer, a bank or a trust company, will be voted by the registered holder thereof, in accordance with the instructions given by the beneficial holder of such Common Shares to such Intermediary. No other securityholders are entitled to vote at the Meeting other than Shareholders.

Principal Holders and Ownership of Securities of the Company

As of October 25, 2019, the Board and the executive officers of the Company are aware of no person that holds (or controls or directs) 10% or more of the issued and outstanding Common Shares.

Voting by Registered Shareholders

The following instructions are for Registered Shareholders only. If you are a Beneficial Shareholder, please see "— Voting by Beneficial Shareholders" below and follow your Intermediary's instructions on how to vote your Common Shares.

You are a Registered Shareholder if you have one or more Share certificates and such Share certificates are registered in your name. If you are a Registered Shareholder, a form of proxy has been mailed to you together with this Circular.

Voting in Person

Registered Shareholders who attend the Meeting may vote in person. To ensure your vote is counted, you should complete and return the enclosed form of proxy as soon as possible even if you plan to attend the Meeting in person. Even if you return a proxy, you can still attend the Meeting and vote in person, in which case you will need to instruct the scrutineer at the Meeting to cancel your proxy.

Voting by Proxy

If you are a Registered Shareholder but do not plan to attend the Meeting, you may vote by using a proxy to appoint someone to attend the Meeting as your proxyholder.

You should complete and return the form of proxy accompanying this Circular as instructed. Either you or your duly authorized attorney (the authorization must be in writing) must sign the form of proxy.

What is a Proxy?

A proxy is a document that authorizes another person to attend the Meeting and cast votes at the Meeting on behalf of a Registered Shareholder. Each Registered Shareholder has the right to appoint as proxyholder a person or company other than the persons designated by management of the Company in the enclosed form of proxy to attend and act on the Registered Shareholder's behalf at the Meeting or any adjournment(s) or postponement(s) thereof. If you are a Registered Shareholder, you can use the form of proxy accompanying this Circular. You may also use any other legal form of proxy.

How do I Appoint a Proxyholder?

Your proxyholder is the person you appoint to cast your votes for you at the Meeting. The persons named in the enclosed form of proxy are directors or officers of the Company. **You are entitled to appoint a person (who need not be a Shareholder) other than the individuals named in the enclosed form of proxy to represent such Shareholder at the Meeting.** If you want to authorize a director or officer of the Company named in the enclosed form of proxy as your proxyholder, please leave the line near the top of the back page of the form of proxy blank, as their names are pre-printed on the form. If you want to authorize another person as your proxyholder, fill in that person's name in the blank space located near the top of the back page of the enclosed form of proxy.

Your proxy authorizes the proxyholder to vote and otherwise act for you at the Meeting, including any continuation of the Meeting that may occur if the Meeting is adjourned or postponed.

How Will a Proxyholder Vote?

If you mark on the proxy how you want to vote on a particular issue (by checking FOR or AGAINST), your proxyholder must vote your Common Shares as instructed.

If you do NOT mark on the proxy how you want to vote on a particular matter, your proxyholder will have the discretion to vote your Common Shares as he or she sees fit. If your proxy does not specify how to vote on the Arrangement Resolution and you have authorized a director or officer of the Company to act as your proxyholder, your Common Shares will be voted at the Meeting FOR the Arrangement Resolution.

If any amendments or variations are proposed to the Arrangement Resolution, or if any other matters properly arise at the Meeting, your proxyholder will have the discretion to vote your Common Shares as he or she sees fit. At the date of this Circular, management of the Company knows of no such amendments, variations or other matters.

How Do I Deposit a Proxy?

Registered Shareholders may deposit proxies by using one of the following methods:

(a) complete, date and sign the enclosed form of proxy and return it to the Company's transfer agent and registrar, Computershare, by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524 or by mail to Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1; or

(b) use a touch-tone phone to transmit voting choices to a toll free number (Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed form of proxy for the toll-free number and the proxy access number); or

(c) use the internet through Computershare's website at www.investorvote.com (Registered Shareholders must follow the instructions on Computershare's website and refer to the enclosed form of proxy for the holder's proxy access number).

In any case, the Registered Shareholder must ensure the proxy is received no later than 10:00 a.m. (Toronto time) on December 6, 2019 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed).

How Do I Revoke My Proxy?

A Registered Shareholder who has given a proxy may revoke such proxy by: (a) completing and signing a proxy bearing a later date and depositing it with Computershare in accordance with the instructions set out above; (b) depositing an instrument in writing executed by the Registered Shareholder or by the Registered Shareholder's personal representative authorized in writing (i) to Computershare by

no later than 10:00 a.m. (Toronto time) on December 9, 2019 (or no later than 24 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed) or (ii) with the scrutineers of the Meeting, addressed to the attention of the Chair of the Meeting, prior to the commencement of the Meeting on the day of the Meeting, or where the Meeting has been adjourned or postponed, prior to the commencement of the reconvened or postponed Meeting on the day of such reconvened or postponed Meeting; or (c) in any other manner permitted by Law.

Voting by Beneficial Shareholders

You are a Beneficial Shareholder (as opposed to a Registered Shareholder) if your Common Shares are held on your behalf, or for your account, by an Intermediary, such as a broker, an investment dealer, a bank or a trust company. In accordance with Securities Laws, the Company has distributed copies of the Notice of Meeting and this Circular to the clearing agencies and Intermediaries for onward distribution to Beneficial Shareholders. Intermediaries are required to forward the Notice of Meeting and this Circular to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Typically, Intermediaries will use a service company, such as Broadridge Financial Solutions, Inc. ("**Broadridge**"), to forward such materials to Beneficial Shareholders.

Holders of Instalment Receipts will be entitled, through Computershare, and in the manner set forth in the Instalment Receipt Agreement, to vote the Common Shares represented by their Instalment Receipts.

Beneficial Shareholders will receive from an Intermediary either voting instruction forms or, less frequently, forms of proxy. The purpose of these forms is to permit Beneficial Shareholders to direct the voting of the Common Shares they beneficially own. Beneficial Shareholders should follow the procedures set out below, depending on which type of form they receive.

Voting Instruction Form

In most cases, a Beneficial Shareholder will receive, as part of the materials for the Meeting, a voting instruction form. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder's behalf), he, she or it may vote over the Internet at www.proxyvote.com, or otherwise complete, sign and return the voting instruction form in accordance with the directions on the form. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder's behalf), the Beneficial Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided.

Forms of Proxy

Less frequently, a Beneficial Shareholder will receive, as part of the materials for the Meeting, forms of proxy that have already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Beneficial Shareholder but which is otherwise uncompleted. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder's behalf), the Beneficial Shareholder must complete a proxy and deliver it to Computershare, located at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by no later than 10:00 a.m. (Toronto time) on December 6, 2019 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed).

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder's behalf), the Beneficial Shareholder must strike out the names of the persons named in the proxy and insert the Beneficial Shareholder's (or such other person's) name in the blank space provided and return the proxy in accordance with the instructions provided by the Intermediary.

Beneficial Shareholders should follow the instructions on the forms they receive from their Intermediaries and contact their Intermediaries promptly if they need assistance.

Since we have limited access to the names or holdings of Beneficial Shareholders, you must complete the following steps to vote in person at the Meeting (or have another person attend and vote on your behalf): (a) insert your own name (or such other person's name) in the space provided or mark the appropriate box on the request for voting instructions to appoint yourself (or such other person) as the proxyholder; and (b) return the document in the envelope provided or as otherwise permitted by your Intermediary. No other part of the form should be completed. In some cases, your Intermediary may send you additional documentation that must also be completed in order for you (or such other person) to vote in person at the Meeting.

Revocation

Only Registered Shareholders have the right to revoke a proxy. Registered Shareholders may revoke their proxy at any time before it is acted on. If you are a Registered Shareholder, in order to revoke your proxy, you must send a written statement indicating you wish to have your proxy revoked. This written statement must be received by Computershare at the address indicated on the accompanying Notice of Meeting at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement of the Meeting, or with the Chair of the Meeting prior to the Meeting's commencement on the date of the Meeting or any adjournment(s) or postponement(s) of the Meeting, or in any other manner permitted by Law.

Beneficial Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary, revoke their proxy in accordance with the revocation procedures set out herein.

These securityholder materials are being sent, directly or indirectly, to both Registered Shareholders and Beneficial Shareholders. The Company also intends to pay for Intermediaries to forward the securityholder materials to objecting beneficial owners.

Extension of Voting Deadline

The time limit for deposit of proxies may be waived or extended, at the discretion of the Chair of the Meeting, without notice.

Solicitation of Proxies

Whether or not you plan to attend the Meeting, management of the Company, with the support of the Board, requests that you fill out your proxy or voting instruction form to ensure your votes are cast at the Meeting. This solicitation of your proxy is made on behalf of management of the Company.

It is expected that the solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally or by telephone, fax or other electronic means by employees or agents of the Company.

THE ARRANGEMENT

Purpose and Structure of the Arrangement

The purpose of the Arrangement is to convert the Company into a publicly-traded real estate investment trust. The Arrangement, if approved, will result in Shareholders transferring their Common Shares to the REIT for an equivalent number of REIT Units and/or, in the case of Electing Shareholders, to FCR LP for an equivalent number of Exchangeable LP Units. All Shareholders will be treated equally under the Arrangement and there are no unique benefits under the terms of the Arrangement to any Shareholder.

Upon completion of the Arrangement, the REIT will carry on indirectly all of the business and activities currently carried on by the Company, all of the directors of the Company will serve as the initial trustees of the REIT and all officers of the Company will serve as the officers of the REIT.

The conversion to a REIT will not change the rate of annual distributions to investors. The REIT's distribution policy will remain consistent with the Company's current dividend policy; the initial monthly distribution, beginning January 2020 to unitholders of record on December 31, 2019, will be $0.0716 per REIT unit per month, or $0.86 per REIT Unit on an annualized basis, the same level as the Company's current annual dividend rate per Common Share.

The mandates and policies of the REIT in respect of board and corporate governance matters will be substantially similar to those of the Company. For a description of corporate governance matters relating to the Company, see "*Our Corporate Governance Practices*" in the April 2019 Circular, which is incorporated by reference in this Circular.

Pursuant to the Arrangement, the REIT will agree to become bound by the terms of the Indenture (including the Supplemental Indentures) and the Debentures as a co-principal debtor, with the Company remaining as a co-principal debtor, and the amounts payable under the Indenture and the Debentures shall be guaranteed by all applicable guarantor entities required by the terms of the Indenture and the Debentures. Although the Company will remain as a co-principal debtor under the Indenture and the Debentures, it will be released from numerous covenants under the Indenture, including debt restriction and interest coverage covenants, equity maintenance covenants, unencumbered assets covenants, the requirement to provide financial information to holders of the Debentures and change of control, amalgamation, arrangement, merger, reorganization and asset sale restrictions. Such covenants and all other obligations under the Indenture and the Debentures will be assumed by the REIT, as co-principal debtor thereunder. The Company, the REIT and Computershare, as indenture trustee under the Indenture, will enter into a supplemental indenture to the Indenture to give effect to the foregoing.

Pursuant to the Arrangement, each Option will be exchanged for one Replacement Option where each Replacement Option (with the aggregate number of Replacement Options being rounded down to the nearest whole number) will have the same exercise price and vesting date as such Option, and each such Option so exchanged will be cancelled.

Pursuant to the Arrangement, each DSU will be exchanged for one Replacement DSU (with the aggregate number of Replacement DSUs being rounded down to the nearest whole number), and each such DSU so exchanged will be cancelled.

Pursuance to the Arrangement, each RSU and PSU will be exchanged for one Replacement RSU and Replacement PSU, respectively, and each such RSU and PSU so exchanged will be cancelled.

Pursuant to the Arrangement, issued and outstanding Common Shares not transferred to the Company will be transferred to the REIT (free and clear of all liens) in exchange for REIT Units issued by the REIT based on the Exchange Ratio, and any individual who is recorded as having any entitlements to Common Shares (both vested and unvested) under the ESPP will be recorded as having the same number of entitlements to REIT Units (both vested and unvested) under the EUPP.

Upon completion of the Arrangement, each issued and outstanding Instalment Receipt shall represent a holder's right, upon payment of the final instalment thereunder, to receive one REIT Unit.

Recommendation of the Board

The Board has unanimously determined that the Arrangement is fair to the Shareholders and in the best interests of the Company and the Shareholders. Accordingly, the Board has unanimously approved the Arrangement and unanimously recommends that the Shareholders vote in favour of the Arrangement Resolution.

The Board has substantial experience in the real estate sector and, since February 12, 2019, has considered and declared the Company's intention to complete a reorganization of the Company into a real estate investment trust. After a review of, among other factors, the suitability of the Company's anticipated business for a real estate investment trust, the Company's business prospects and the current

environment and trading levels for other real estate investment trusts, the Board concluded that value for Shareholders could be enhanced by converting the Company to a real estate investment trust and approved in concept the conversion of the Company to a real estate investment trust.

At a meeting of the Board held on October 7, 2019, the Board unanimously:

- determined that the Arrangement is in the best interests of the Company; and
- resolved to recommend to Shareholders that they vote in favour of the Arrangement Resolution.

In reaching its determination and making its recommendation set out above, the Board considered a number of factors, including the mechanics, structure and timing of implementation of the Arrangement, the availability of rights for Shareholders to dissent from the Arrangement, and the requirement that the Arrangement be approved by two-thirds of the Common Shares voted in person or by proxy at the Meeting.

The Company has determined to pursue the Arrangement because the resulting trust structure will enhance long-term Shareholder value by:

(a) expanding its investor base and investment profile by being eligible for inclusion in various real estate investment trust-specific indices, real estate investment trust-specific exchange-traded funds and real estate investment trust-dedicated investment funds;

(b) enhancing comparability with the Company's peers; and

(c) providing a more efficient vehicle to deliver the benefits of urban real estate ownership from the Company's business to investors.

Each member of the Board, as well as each officer of the Company, intends to vote all Common Shares held or controlled by him or her, directly or indirectly, in favour of the Arrangement Resolution. As at the date hereof, the directors and officers of the Company, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 2,817,970 Common Shares, representing approximately 1.29% of the issued and outstanding Common Shares.

Reasons for the Arrangement

In evaluating the Arrangement, the Board consulted with the Company's management as well as the legal and financial advisors retained by the Company and considered a variety of factors, including those listed below. The Board based its recommendation upon the totality of the information presented to and considered by it in light of its knowledge of the business, financial condition and prospects of the Company, after taking into account the advice of financial and legal advisors and the advice and input of management.

The following summary of the information and factors considered by the Board is not intended to be exhaustive but includes a summary of the material information and factors taken into account in the consideration of the Arrangement. In view of the variety of factors and the amount of information taken into account in connection with the consideration of the Arrangement, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusions and recommendations.

- the expected benefits of converting the Company from a corporate structure to a REIT structure, as described above;
- that the conversion to a REIT structure is not expected to affect the Company's business strategy or management team;
- the Fairness Opinion;
- that the Arrangement Resolution must receive the approval of at least two-thirds of the votes cast by Shareholders, including holders of Common Shares represented by Instalment Receipts, voting in person or by proxy at the Meeting;
- that the Arrangement is subject to Court approval, which will consider, among other things, the fairness and reasonableness of the Arrangement to Shareholders; and
- that Shareholders will be afforded a right to dissent and to demand repurchase of their Common Shares for fair value through the exercise of Dissent Rights in the event that the Arrangement is approved and consummated.

The Board also considered potential risks concerning the Arrangement in connection with its deliberations, including the following:

- the risk that the Required Approval of Shareholders is not obtained at the Meeting;
- the risk that management's attention will be diverted, including from other strategic opportunities and operational matters, while working toward the completion of the Arrangement;
- the risk that the Arrangement may not be completed despite the Parties' efforts or that completion of the Arrangement may be unduly delayed, even if the Required Approval of Shareholders is obtained, including the possibility that conditions to the Parties' obligations to complete the Arrangement may not be satisfied, and the potential resulting disruptions to the Company and its Shareholders;
- the fact that the Company has incurred and will continue to incur significant transaction costs and expenses in connection with the Arrangement, regardless of whether the Arrangement is completed;
- the matters described under "Forward-Looking Statements"; and
- the matters described under "Risk Factors".

The foregoing discussion of factors considered by the Board is not meant to be exhaustive but includes the material factors considered by the Board in approving the Arrangement. The Board concluded that the potentially negative factors associated with the Arrangement were outweighed by the potential benefits that the Board expects the Company and its Shareholders to achieve as a result of the Arrangement. Accordingly, the Board unanimously approved the Arrangement.

Fairness Opinion

In connection with the evaluation by the Board of the Arrangement, the Board received the Fairness Opinion to the effect that, as of October 7, 2019, the consideration to be received by Shareholders (other than Dissenting Shareholders) pursuant to the Arrangement is fair, from a financial point of view, to Shareholders. The Fairness Opinion was only one of many factors considered by the Board in evaluating the Arrangement and was not determinative of the views of the Board with respect to the Arrangement. **The following summary of the Fairness Opinion is qualified in its entirety by reference to the full text of the Fairness Opinion attached as Appendix C to this Circular. Shareholders should read the Fairness Opinion in its entirety.**

Blair Franklin was engaged by the Board as a financial advisor to the Board through an engagement agreement dated as of August 20, 2019 (the "**Blair Franklin Engagement Agreement**"). Pursuant to the Blair Franklin Engagement Agreement, Blair Franklin agreed to provide, among other things, financial analysis and advice and to deliver a fairness opinion to the Board if requested.

At the meeting of the Board held on October 7, 2019, Blair Franklin delivered an oral opinion, subsequently confirmed in writing by the Fairness Opinion, that, as at such date, and subject to the assumptions, limitations and qualifications set forth in the Fairness Opinion, the consideration to be received by Shareholders (other than Dissenting Shareholders) pursuant to the Arrangement is fair, from a financial point of view, to Shareholders.

The full text of the Fairness Opinion, which sets forth among other things, assumptions made, matters considered, information reviewed and limitations on the review undertaken by Blair Franklin in connection with the Fairness Opinion, is attached as Appendix C to this Circular. **The Fairness Opinion was provided solely for use of the Board in connection with their evaluation of the consideration to be received by Shareholders (other than Dissenting Shareholders) pursuant to the Arrangement from a financial point of view and the Fairness Opinion may not be relied upon by any other person. The Fairness Opinion is not and is not intended to be and does not constitute a recommendation as to how Shareholders should vote in respect of the Arrangement Resolution.**

The Blair Franklin Engagement Agreement provides for the payment to Blair Franklin of a fixed fee in respect of the preparation and delivery of the Fairness Opinion. Blair Franklin's fees are not contingent on the completion of the Arrangement, or any other transaction of the Company or on the conclusions reached therein. In addition, Blair Franklin is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by the Company in certain circumstances.

Blair Franklin has not provided any financial advisory services or participated in any financing involving the Company, the REIT or any of their respective associates or affiliates within the past twenty-four months, other than services provided under the Blair Franklin Engagement Agreement or described in the Fairness Opinion. There are no other understandings, agreements, or commitments between Blair Franklin and any of the interested parties with respect to any current or future business dealings which would be material to the Fairness Opinion.

General Description of the Arrangement

The following description of certain material provisions of the Plan of Arrangement is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached as Schedule A of Appendix D.

The Company, the REIT, the General Partner, FCR LP and Newco, a newly formed subsidiary of FCR LP that will be amalgamated with the Company to form FCR Amalco as part of the Arrangement, have entered into the Arrangement Agreement dated October 18, 2019, which provides for the implementation of the Plan of Arrangement pursuant to Section 182 of the OBCA. Generally, pursuant to the Plan of Arrangement, Shareholders will become Unitholders (and/or, in the case of Electing Shareholders, holders of Exchangeable LP Units of FCR LP) and will no longer own Common Shares. The Arrangement will become effective on the date of filing of the Final Order and the Articles of Arrangement and related documents in the form prescribed by the OBCA with the Director.

In order to effect the Arrangement: (i) the Company has formed the REIT and has subscribed for one (1) REIT Unit for nominal consideration; (ii) the REIT has incorporated the General Partner; (iii) the General Partner and the REIT have formed FCR LP; and (iv) FCR LP has formed Newco. The FCR LP Agreement provides for Class A LP Units, which are held by the REIT, and Exchangeable LP Units, which are exchangeable for and intended to be economically equivalent to REIT Units.

The following is a general description of each of the events that will be deemed to occur on the Effective Date, except as otherwise expressly provided, in the order set forth below without further act or formality:

Dissenting Shareholders

(a) the Common Shares held by Dissenting Shareholders who have validly exercised Dissent Rights shall be deemed to have been transferred to and repurchased by the Company (free and clear of all liens) and cancelled and shall cease to be outstanding and such Dissenting Shareholders shall cease to have any rights as Shareholders other than the right to be paid the fair value of their Common Shares;

Exchange of Common Shares

(b) issued and outstanding Common Shares in respect of which an Electing Shareholder has validly elected to receive an Exchangeable LP Unit (except, for greater certainty, any such Common Shares elected to be transferred in consideration for Exchangeable LP Units exceeding the Shareholder's pro rata allocation of the Maximum Number of Exchangeable LP Units) will be transferred to FCR LP (free and clear of all liens) in consideration for Exchangeable LP Units and related Ancillary Rights based on the Exchange Ratio (with such number of Exchangeable LP Units rounded down to the nearest whole number);

(c) issued and outstanding Common Shares not transferred to the Company or FCR LP under paragraphs (a) and (b) above will be transferred to the REIT (free and clear of all liens) in exchange for REIT Units issued by the REIT based on the Exchange Ratio, and any individual who is recorded as having any entitlements to Common Shares (both vested and unvested) under the ESPP will be recorded as having the same number of entitlements to REIT Units (both vested and unvested) under the EUPP;

Limited Partnership Agreement

(d) upon the transfer of Common Shares to FCR LP in consideration for Exchangeable LP Units and related Ancillary Rights under (b) above, such former Electing Shareholder will be deemed to become, as a limited partner, a party to and bound by the FCR LP Agreement;

Exchange and Support Agreement

(e) upon the transfer of Common Shares to FCR LP in consideration for Exchangeable LP Units and related Ancillary Rights under (b) above, such former Electing Shareholder will be deemed to enter into the Exchange and Support Agreement among the REIT, the General Partner, FCR LP and each such owner of Exchangeable LP Units and the Exchange and Support Agreement will become effective;

Debentures

(f) the REIT will agree to become bound by the terms of the Indenture (including the Supplemental Indentures) and the Debentures as a co-principal debtor, with the Company remaining as a co-principal debtor, and the amounts payable under the Indenture and the Debentures shall be guaranteed by all applicable guarantor entities required by the terms of the Indenture and the Debentures. Although the Company will remain as a co-principal debtor under the Indenture and the Debentures, it will be released from numerous covenants under the Indenture, including debt restriction and interest coverage covenants, equity maintenance covenants, unencumbered assets covenants, the requirement to provide financial information to holders of the Debentures and change of control, amalgamation, arrangement, merger, reorganization and asset sale restrictions. Such covenants and all other obligations under the Indenture and the Debentures will be assumed by the REIT, as co-principal debtor thereunder. The Company, the REIT and Computershare, as indenture trustee under the Indenture, will enter into a supplemental indenture to the Indenture to give effect to the foregoing;

Redemption of Initial REIT Unit

(g) the one (1) REIT Unit initially issued by the REIT to the Company will be cancelled for consideration of ten dollars ($10);

Transfer of Common Shares to Newco

(h) the REIT will transfer all of the Common Shares held by the REIT to Newco in consideration for (i) the number of Newco Preferred Shares set forth in the Pre-Closing Notice, (ii) REIT NIB Note 1 and REIT NIB Note 2, and (iii) a number of Newco Class A Common Shares set forth in the Pre-Closing Notice, which shall be issued for the issue price of $1.00 per share, having an aggregate issue price equal to the amount by which the fair market value of the Common Shares transferred by the REIT exceeds the sum of the aggregate principal amount of REIT NIB Note 1 and REIT NIB Note 2 and the aggregate redemption price of the Newco Preferred Shares issued to the REIT;

(i) FCR LP will transfer all of the Common Shares held by FCR LP to Newco in consideration for (i) the LP NIB Note, and (ii) a number of Newco Class B Common Shares set forth in the Pre-Closing Notice, which shall be issued for the issue price of $1.00 per share, having an aggregate issue price equal to the amount by which the fair market value of the Common Shares transferred by FCR LP exceeds the principal amount of LP NIB Note;

Transfer of REIT NIB Note 1 to FCR LP

(j) the REIT will transfer REIT NIB Note 1 to FCR LP in consideration for the number of Class A LP Units set forth in the Pre-Closing Notice;

Amendment to Deferred Share Unit Plan

(k) the Deferred Share Unit Plan and each DSU shall be amended to remove the Company's right to require the cash settlement of a DSU;

Implementation of Equity Compensation Plan

(l) the REIT will implement the Replacement DSU Plan, the Replacement RSU Plan and the Replacement Option Plan;

Exchange of Options

(m) each Option will be exchanged for one Replacement Option where each Replacement Option (with the aggregate number of Replacement Options being rounded down to the nearest whole number) will have the same exercise price and vesting date as such Option, and each such Option so exchanged will be cancelled;

Exchange of DSUs

(n) each DSU will be exchanged for one Replacement DSU (with the aggregate number of Replacement DSUs being rounded down to the nearest whole number), and each such DSU so exchanged will be cancelled;

Exchange of RSUs and PSUs

(o) each RSU and PSU will be exchanged for one Replacement RSU and Replacement PSU, respectively, and each such RSU and PSU so exchanged will be cancelled;

Amalgamation of Newco and the Company

(p) the stated capital of the Common Shares will be reduced to one dollar ($1) in the aggregate without any payment of cash or property;

(q) Newco and the Company shall be amalgamated and continued as one corporation to form FCR Amalco with the same effect as an amalgamation to which Subsection 177(1) of the OBCA applies, on the basis set out in the Articles of Arrangement and in such a manner that, by virtue of the amalgamation:

(i) the name of FCR Amalco shall be "First Capital Realty Inc.";

(ii) the registered office of FCR Amalco shall be King Liberty Village, 85 Hanna Avenue, Suite 400, Toronto, Ontario, M6K 3S3;

(iii) the number of directors of FCR Amalco shall consist of a minimum number of one (1) director and a maximum number of ten (10) directors. Until changed by the shareholders of FCR Amalco, or by directors of FCR Amalco if authorized to do so, the number of directors of FCR Amalco shall be three (3);

(iv) the initial directors of FCR Amalco shall be Adam E. Paul, Kay Brekken and Jordan Robins and such Persons shall hold office until the next annual meeting of shareholders of FCR Amalco or until their successors are appointed or elected;

(v) FCR Amalco's share capital will be comprised of (A) class A voting common shares that are retractable at the option of the shareholder ("**FCR Amalco Class A Common Shares**"), (B) class B non-voting common shares that are retractable at the option of the shareholder ("**FCR Amalco Class B Common Shares**"), and (C) non-voting preferred shares redeemable and retractable at $1,000 per share having discretionary non-cumulative preferential dividends at the rate set forth in the Pre-Closing Notice ("**FCR Amalco Preferred Shares**");

(vi) the by-laws of Newco will be the by-laws of FCR Amalco, mutatis mutandis;

(vii) the provisions of Section 179 of the OBCA shall apply to the amalgamation with the result that:

(A) Newco and the Company will cease to exist as entities separate from FCR Amalco;

(B) FCR Amalco shall possess all the property, rights, privileges and franchises and be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of the predecessor corporations, including under the Indenture and Debentures;

(C) a conviction against, or ruling, order or judgment in favour of or against Newco or the Company may be enforced by or against FCR Amalco; and

(D) FCR Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against Newco and the Company before the amalgamation has become effective;

(viii) the Articles of Arrangement shall be deemed to be the articles of amalgamation and articles of incorporation of FCR Amalco and the Certificate of Arrangement shall be deemed to be the certificate of amalgamation and certificate of incorporation of FCR Amalco;

(ix) on the amalgamation:

(A) each issued and outstanding share in the capital of the Company immediately prior to the amalgamation will be cancelled without any repayment of capital in respect thereof;

(B) no securities will be issued and no assets will be distributed by FCR Amalco in connection with the amalgamation;

(C) all of the Newco Class A Common Shares, Newco Class B Common Shares, and Newco Preferred Shares will become FCR Amalco Class A Common Shares, FCR Amalco Class B Common Shares and FCR Amalco Preferred Shares, respectively;

(x) the stated capital of (and the amount of capital paid up on) the FCR Amalco Class A Common Shares, FCR Amalco Class B Common Shares and FCR Amalco Preferred Shares will be an amount equal to the corresponding stated capital of the Newco Class A Common Shares, Newco Class B Common Shares and Newco Preferred Shares, respectively, immediately before the amalgamation.

For greater certainty, none of the foregoing steps shall occur unless all of the foregoing steps occur.

Effect of the Arrangement

After giving effect to, and immediately after, the Arrangement:

(a) former Shareholders will collectively own all of the issued and outstanding REIT Units and Exchangeable LP Units;

(b) the REIT will own all of the issued and outstanding shares of the General Partner;

(c) the REIT will own all of the issued and outstanding Class A LP Units;

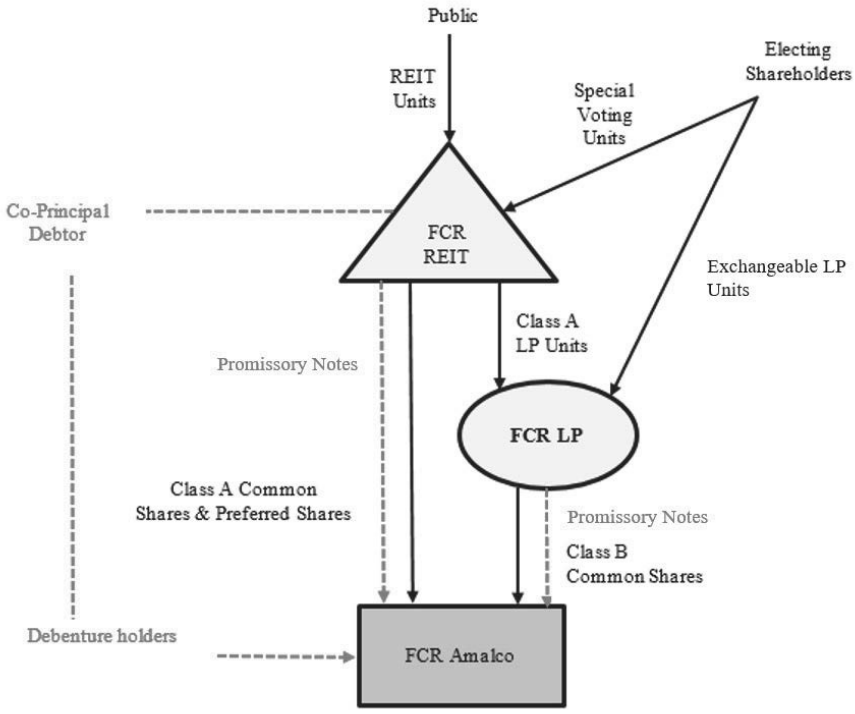
(d) the General Partner will own the general partner interest in FCR LP;

(e) the REIT and FCR LP will together own all of the issued and outstanding shares of FCR Amalco; and

(f) the REIT will become bound by the terms of the Indenture (including the Supplemental Indentures) and the Debentures as a co-principal debtor, with the Company remaining as a co-principal debtor, and the amounts payable under the Indenture and the Debentures shall be guaranteed by all applicable guarantor entities required by the terms of the Indenture and the Debentures. Although the Company will remain as a co-principal debtor under the Indenture and the Debentures, it will be released from numerous covenants under the Indenture, including debt restriction and interest coverage covenants, equity maintenance covenants, unencumbered assets covenants, the requirement to provide financial information to holders of the Debentures and change of control, amalgamation, arrangement, merger, reorganization and asset sale restrictions. Such covenants and all other obligations under the Indenture and the Debentures will be assumed by the REIT, as co-principal debtor thereunder. The Company, the REIT and Computershare, as indenture trustee under the Indenture, will enter into a supplemental indenture to the Indenture to give effect to the foregoing.

Structure Following Completion of the Arrangement

The following chart illustrates the organizational structure of the REIT, including all material Subsidiaries, following the implementation of the Arrangement.



The Arrangement Agreement

The following description of certain material provisions of the Arrangement Agreement is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is attached as Appendix D.

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants of each of the Parties thereto and various mutual conditions precedent.

Mutual Conditions Precedent

The Arrangement Agreement provides that the obligations of the Parties to complete the Arrangement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived by the mutual consent of each of the Parties:

(a) the Arrangement Resolution has been approved by not less than two-thirds of the votes cast by the Shareholders, including holders of Common Shares represented by Instalment Receipts, in person or by proxy, at the Meeting in accordance with the Interim Order;

(b) the Interim Order and the Final Order have each been obtained in form and substance consistent with the Arrangement Agreement and otherwise in form and substance satisfactory to the Parties and have not been set aside;

(c) the Articles of Arrangement to be filed with the Director in accordance with the Arrangement Agreement, including the Plan of Arrangement appended thereto, shall be in form and substance satisfactory to the Parties;

(d) no Law or proceeding is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company, the General Partner or the REIT from consummating the Arrangement;

(e) the REIT Units issuable pursuant to the Arrangement shall have been approved for listing by the TSX, subject to customary conditions;

(f) Dissent Rights shall have been exercised by Shareholders with respect to no more than 5% of the outstanding Common Shares as of the Election Deadline;

(g) the REIT Units issuable or to be made issuable pursuant to the Arrangement shall be freely tradeable in accordance with all applicable Securities Laws, excluding restrictions in respect of trades from holdings of a control person;

(h) each of the Required Lender Consents has been obtained; and

(i) less than 49% of Shareholders entitled to receive REIT Units or Exchangeable LP Units are non-residents of Canada for purposes of the Tax Act.

Satisfaction of Conditions

The conditions precedent set out in the Arrangement Agreement will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

Covenants

The Arrangement Agreement also contains various negative and positive covenants on the part of the Parties.

In the Arrangement Agreement, the Company has agreed, among other things, to perform all of its obligations under the Arrangement Agreement, and further covenants that it will:

(a) apply to the Court for the Interim Order and, in cooperation with the REIT, prepare, file and diligently pursue an application for the Interim Order;

(b) convene and conduct the Meeting in accordance with the Interim Order, the Company's Constating Documents and Law as soon as reasonably practicable, but in any event no later than December 24, 2019, and not adjourn, postpone or cancel (or postpone the adjournment, postponement or cancellation of) the Meeting without the prior written consent of the REIT, except (i) in the case of an adjournment as required for quorum purposes, or (ii) as required by applicable Law or by a Governmental Entity;

(c) not change the Record Date for the Shareholders entitled to vote at the Meeting in connection with any adjournment or postponement of the Meeting unless required by Law or the Court;

(d) promptly prepare the Circular and proxy solicitation materials and any amendments or supplements thereto as required by, and in compliance with, the Interim Order and applicable Law;

(e) ensure that the Circular complies in all material respects with applicable Laws and does not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they are made;

(f) following the obtaining of the Interim Order and passing of the Arrangement Resolution, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 182 of the OBCA and Section 60 of the Trustee Act, as soon as reasonably practicable after the Arrangement Resolution is passed at the Meeting;

(g) in connection with all Court proceedings relating to the obtaining of the Interim Order and the Final Order,

(i) diligently pursue the Interim Order and the Final Order;

(ii) ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of the Arrangement Agreement and the Plan of Arrangement, as they may be amended in accordance with their terms;

(iii) oppose any proposal from any party that the Final Order contain any provision inconsistent with the Arrangement Agreement; and

(iv) if at any time after the issuance of the Final Order and prior to the Effective Date, the Company is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so; and

(h) send the Articles of Arrangement to the Director no later than the fifth Business Day after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 4 of the Arrangement Agreement (other than conditions that by their nature are to be satisfied on the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

In the Arrangement Agreement, each of the Company and the REIT have agreed to (i) use their commercially reasonable efforts to obtain the Required Lender Consents, (ii) apply to list the REIT Units (including REIT Units to be issued from time to time upon exchange of the Exchangeable LP Units and exercise of Replacement Options, Replacement DSUs, Replacement RSUs and Replacement PSUs) on the TSX, and shall use their respective commercially reasonable efforts to obtain approval, subject to customary conditions, for the listing of such REIT Units on the TSX, and (iii) cooperate with each other in making the application to list the REIT Units (including REIT Units to be issued from time to time upon exchange of the Exchangeable LP Units and exercise of Replacement Options, Replacement DSUs, Replacement RSUs and Replacement PSUs) on the TSX.

In the Arrangement Agreement, the REIT has agreed to, among other things, perform all of its obligations under the Arrangement Agreement and all such other acts and things as may be necessary to consummate and make effective the transactions contemplated by the Arrangement Agreement, including a number of specific actions relating to registrations and filings, obtaining consents, waivers, authorizations and approvals, and issuing the REIT Units.

Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out pursuant to Section 182 of the OBCA. The following procedural steps must be taken for the Arrangement to become effective:

(a) the Arrangement Resolution must be approved by the Shareholders at the Meeting as described herein;

(b) the Arrangement must be approved by the Court pursuant to the Final Order;

(c) all conditions precedent to the Arrangement, including those set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Parties;

(d) the Articles of Arrangement and related documents in the form prescribed by the OBCA, together with a copy of the Final Order and Plan of Arrangement, must be filed with the Director; and

(e) the Certificate of Arrangement must be issued by the Director.

Approvals Required for the Completion of the Arrangement

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and vote on the Arrangement Resolution, the full text of which is set out in Appendix B.

Pursuant to the Interim Order, the Arrangement Resolution must be approved by the affirmative vote of two-thirds of the votes cast by the Shareholders, including holders of Common Shares represented by Instalment Receipts, present in person or represented by proxy at the Meeting holding not less in aggregate than 25% of the Common Shares entitled to be voted.

Court Approval

The Company has applied for and obtained the Interim Order which provides for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as Appendix E. Subject to the terms of and satisfaction or waiver of the conditions precedent set forth in the Arrangement Agreement, and if the Arrangement Resolution is approved by Shareholders at the Meeting in the manner required by the Interim Order, the Company will make an application to the Court for the Final Order.

As set forth in the Interim Order, the hearing in respect of the Final Order is expected to take place at 10:00 a.m. (Toronto time) on December 16, 2019, or as soon thereafter as counsel may be heard, at the Court. At the hearing, any Shareholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon the Company a Notice of Appearance, together with any evidence or materials that such party intends to present to the Court not later than three days prior to the hearing setting out such Shareholder's or other interested party's address for service by ordinary mail and indicating whether such Shareholder or other interested party intends to support or oppose the application or make submissions. Service of such notice shall be effected by service upon the solicitors for the Company, Torys LLP, 79 Wellington Street West, 30th Floor, Box 270, Toronto, Ontario, M5K 1N2, Attention: Andrew Gray.

The Court has broad discretion under the OBCA when making orders with respect to an arrangement and the Court will consider, among other things, the fairness of the Arrangement to the Shareholders (and any other party as the Court determines appropriate). The Court may approve the Arrangement, either as proposed or as amended, in any manner the Court may direct. However, it is a condition of the Arrangement that the Final Order be satisfactory in form and substance to each of the Parties.

Exchange Approval and Relief Order Sought

The Common Shares are listed on the TSX under the symbol "FCR". The closing price for the Common Shares on the TSX on October 7, 2019, the last trading day prior to the announcement of the Arrangement, was $22.55 per Common Share. The Arrangement is conditional upon receiving the final acceptance of the TSX and the REIT Units issuable in connection with the Arrangement (including REIT Units issuable upon exchange of the Exchangeable LP Units and upon exercise or redemption of the Replacement Options, the Replacement DSUs, the Replacement RSUs and the Replacement PSUs) being approved for listing on the TSX. The TSX has conditionally accepted the Arrangement subject to the Company fulfilling all of the requirements of the TSX. The completion of the Arrangement is subject to the Company and the REIT fulfilling all of the requirements of the TSX. Following completion of the Arrangement, the Common Shares will be delisted from the TSX. The Company has applied to the applicable Canadian securities regulators for an order that the Company will cease to be a reporting issuer in each jurisdiction of Canada upon the completion of the Arrangement and the Common Shares being delisted from the TSX.

Completion of the Arrangement

If the Final Order is obtained on December 16, 2019 in form and substance satisfactory to each party to the Arrangement Agreement, and all other conditions specified are satisfied or waived, the Company expects the Effective Date will be on or about December 30, 2019 or as soon as practicable thereafter.

Dissent Rights

The following is only a summary of the dissent rights provided for in the Plan of Arrangement and the Interim Order, which are technical and complex. It is recommended that any Registered Shareholder wishing to avail himself, herself or itself of Dissent Rights under those provisions seek legal advice, as failure to comply strictly with the Plan of Arrangement may prejudice his, her or its Dissent Rights.

The Interim Order expressly provides Registered Shareholders with the right to dissent from the Arrangement Resolution. Any Dissenting Shareholder as of the Record Date will be entitled, in the event that the Arrangement becomes effective, to have the Common Shares held by that Dissenting Shareholder redeemed and be paid by the Company the fair value of such Common Shares determined as of the close of business on the day before the Arrangement Resolution is approved and adopted at the Meeting and the Dissenting Shareholders will cease to have any other rights in respect of such Common Shares. Such Dissenting Shareholders will not be entitled to any other payment or consideration.

Without limiting the generality of the other provisions in this Circular, a Dissenting Shareholder will, at the Effective Time, and notwithstanding any provision of Section 185 of the OBCA, be deemed to have directly transferred and assigned for repurchase each Common Share held by such Dissenting Shareholder to the Company (free and clear of all liens) and such Dissenting Shareholder shall cease to be the holder of such Common Shares and to have any rights as a holder or former holder of such Common Shares other than the right to be paid the fair value for such Common Shares by the Company. In no case shall the Company or any other person be required to recognize any holder of Common Shares who exercises Dissent Rights as a holder of Common Shares after the Effective Time. If the Arrangement is not implemented for any reason, Dissenting Shareholders will not be entitled to be paid the fair value for their Common Shares under the Dissent Rights, and their Common Shares will not be deemed to be repurchased by the Company.

A Registered Shareholder who wishes to exercise Dissent Rights in respect of the Arrangement must provide a Notice of Dissent to the Chief Executive Officer of the Company, c/o Torys LLP, 79 Wellington Street West, 30th Floor, Box 270, Toronto, Ontario, M5K 1N2, Attention: Andrew Gray, no later than 4:30 p.m. (Toronto time) on the Business Day preceding the Meeting (or, if the Meeting is postponed or adjourned, the Business Day preceding the date of the reconvened or postponed Meeting). Strict adherence to the procedures established in the Interim Order and the Plan of Arrangement is required in order to validly dissent and failure to do so may

result in the loss of all Dissent Rights. Accordingly, each Shareholder who might desire to exercise the Dissent Rights should carefully consider and comply with the provisions of the Plan of Arrangement and Interim Order and consult such Shareholder's legal advisor.

The filing of a Notice of Dissent does not deprive a Shareholder of the right to vote at the Meeting; however, a Shareholder who has submitted a Notice of Dissent and who votes in favour of the Arrangement Resolution will no longer be considered a Dissenting Shareholder with respect to the Common Shares voted in favour of the Arrangement Resolution. If such Dissenting Shareholder votes in favour of the Arrangement Resolution in respect of a portion of the Common Shares he, she or it holds as an intermediary on behalf of any one beneficial owner, such vote approving the Arrangement Resolution will be deemed to apply to the entirety of the Common Shares held in the name of that beneficial owner. A vote against the Arrangement Resolution will not constitute a Notice of Dissent. The revocation of a proxy will not constitute a Notice of Dissent.

Persons who are beneficial owners of Common Shares registered in the name of a broker, investment dealer or other intermediary who wish to dissent should be aware that only registered holders of Common Shares are entitled to dissent. Accordingly, a beneficial owner of Common Shares desiring to exercise his, her or its right to dissent must make arrangements for the registered holder of his, her or its Common Shares to dissent on his, her or its behalf.

Unless waived by the mutual consent of the Parties, the Arrangement may not be implemented if holders of greater than 5% of the outstanding Common Shares shall have validly exercised Dissent Rights. See "— The Arrangement Agreement — Mutual Conditions Precedent".

Exchangeable LP Unit Election

The election to receive Exchangeable LP Units is not available to all Shareholders. Shareholders (other than Excluded Shareholders and Dissenting Shareholders) may elect, subject to the limitations described below and in accordance with the limits in the Tax Act, to receive Exchangeable LP Units as consideration for all or a portion of their Common Shares. An Excluded Shareholder is a Shareholder (a) that is not a "taxable Canadian corporation" under the Tax Act; (b) that would acquire Exchangeable LP Units as a "tax shelter investment" for the purposes of the Tax Act; or (c) an interest in which is a "tax shelter investment" for the purposes of the Tax Act. For example, an individual Shareholder is an Excluded Shareholder and, accordingly, is not permitted to exchange such Shareholder's Common Shares for Exchangeable LP Units. Shareholders that are eligible to elect to receive Exchangeable LP Units may be eligible to obtain a partial or full tax deferral on the transfer of their Common Shares. Eligible Shareholders who are considering electing to receive Exchangeable LP Units should consult their own legal and tax advisors with respect to the legal and tax consequences associated with electing this alternative and the acquiring, holding or disposing of Exchangeable LP Units. Moreover, Exchangeable LP Units will be subject to additional restrictions and limitations including: (i) restrictions on transferability; and (ii) restrictions on the exercise of the related Exchange Rights. In particular, Exchangeable LP Units will not be transferable (except in connection with an exchange for REIT Units), except with the consent of the board of directors of the General Partner and in other limited circumstances. As such, the Exchangeable LP Units will be materially less liquid than REIT Units. The Exchangeable LP Units will not be listed on the TSX or any other stock exchange or quotation system. Holders of Exchangeable LP Units will also receive Special Voting Units that will each entitle the holder to one vote at meetings of Voting Unitholders. Additionally, any Exchangeable LP Units outstanding on December 29, 2023 will be automatically exchanged for REIT Units, unless the exchange would jeopardize the REIT's status as a "mutual fund trust" or "real estate investment trust" under the Tax Act or cause or create significant risk that the REIT would be caused to be subject to tax under Paragraph 122(1)(b) of the Tax Act and subject to satisfaction of conditions set out in the Tax Act.

If the total number of Exchangeable LP Units which would be required to be delivered under the Arrangement based on the elections received is greater than the Maximum Number of Exchangeable LP Units, Exchangeable LP Units will be allocated on a *pro rata* basis in proportion to the number of Common Shares validly elected by each Shareholder to be exchanged for Exchangeable LP Units. Any Common Shares that are not transferred to FCR LP in consideration for Exchangeable LP Units will be transferred to FCR REIT in consideration for REIT Units. No fractional REIT Units or Exchangeable LP Units will be issued and the number of REIT Units or Exchangeable LP Units issued, as applicable, will be rounded down to the nearest whole number.

For Shareholders (other than Excluded Shareholders and Dissenting Shareholders) that properly elect to receive Exchangeable LP Units, the General Partner, on behalf of all of the partners of FCR LP, will make joint tax elections with such Shareholders under Subsection 97(2) of the Tax Act (and the analogous provisions of any applicable provincial or territorial income tax law) in respect of such Shareholders' dispositions of Common Shares to FCR LP under the Arrangement. In order to make an election, Electing Shareholders must deliver to FCR LP two copies of the Tax Election Form duly executed by such Electing Shareholder (and the corresponding form required under any applicable provincial or territorial tax legislation) by the Election Deadline. Thereafter, the tax election forms will be signed by FCR LP and one copy thereof will be forwarded by mail to such former Shareholders for filing with the CRA (or any applicable provincial or territorial taxing authorities, as the case may be). FCR LP and the General Partner agree only to execute any properly completed tax election forms and to forward such election forms by mail (within 30 days after the Effective Date) to the applicable Electing Shareholder. However, none of the Company, the REIT, FCR LP, Newco, FCR Amalco nor the General Partner will be responsible for the proper completion or filing of any tax election or the tax consequences thereof to the Electing

Shareholder and the Electing Shareholders will be solely responsible for the payment of any taxes, interest, expenses, damages or late filing penalties resulting from the failure of a former Shareholder to properly complete or file a tax election in the form or manner and within the time prescribed by applicable tax legislation. Any applicable provincial or territorial election forms that may also be required to be filed are the sole responsibility of the Electing Shareholders.

For the CRA to accept a Tax Election Form without a late filing penalty being paid by an Electing Shareholder, the Tax Election Form, duly completed and executed by both the Electing Shareholder and FCR LP must be received by the CRA on or before the earliest due date for the filing of any partner of FCR LP (which includes the REIT) or the Electing Shareholder's income tax return for their taxation year which includes the Effective Date. Since the taxation year of the REIT is the calendar year, the due date of the Tax Election Form will be on March 30, 2020 provided the Effective Date occurs in 2019.

Information and instructions concerning the applicable tax elections are included in the tax election package that will be available on the Company's website at www.fcr.ca/taxelection.

The Exchangeable LP Units are intended to be, to the extent possible, the economic equivalent of the REIT Units and will be exchangeable for REIT Units. However, the character of distributions paid on the Exchangeable LP Units for tax purposes may not be the same as the character of distributions paid on the REIT Units, and the Exchangeable LP Units will not be listed on the TSX or on any other stock exchange or quotation system. Excluded Shareholders will only be eligible to receive REIT Units in exchange for their Common Shares. Special Voting Units will have one vote per Special Voting Unit at meetings of the Unitholders and will have no economic interests in the REIT. In particular, the Special Voting Units will not entitle their holders to any distributions of income or capital of the REIT, and the holders of Special Voting Units will have no legal or beneficial interests in the assets of the REIT.

Shareholders who do not: (i) validly deposit with the Depositary a duly completed Letter of Transmittal at or prior to the Election Deadline; or (ii) fully comply with the requirements of the Letter of Transmittal and the instructions therein in respect of the election to receive Exchangeable LP Units, will be deemed to have elected to receive only REIT Units for their Common Shares. A copy of the Letter of Transmittal is enclosed with this Circular, where applicable. No Exchangeable LP Units will be issued to an Excluded Shareholder.

Shareholders who are Excluded Shareholders will not be permitted to elect to receive Exchangeable LP Units for their Common Shares and thereby become limited partners of FCR LP. Shareholders will be required to provide a representation and warranty in the Letter of Transmittal electing to receive Exchangeable LP Units that they are not an Excluded Shareholder. Should it be determined that an Electing Shareholder was in fact an Excluded Shareholder at the time of a purported issuance of Exchangeable LP Units, the issuance of such Exchangeable LP Units (and the Ancillary Rights associated therewith) will be cancelled and be deemed to be void *ab initio* such that the Shareholder will be considered to never have received such Exchangeable LP Units (and Ancillary Rights) and only to have received the applicable number of REIT Units. In such circumstances, the Shareholder will be issued the applicable number of REIT Units.

The FCR LP Agreement also contains provisions that prevent a holder of Exchangeable LP Units that later becomes an Excluded Shareholder from continuing to hold such Exchangeable LP Units.

Holders of Exchangeable LP Units will be entitled to exchange their Exchangeable LP Units for REIT Units in accordance with the Exchange and Support Agreement and the FCR LP Agreement. A holder of Exchangeable LP Units who desires to effect such an exchange will be required to, among other things, provide notice thereof to the REIT and FCR LP stating the desired exchange date, which must be a business day and must not be less than three business days nor more than ten business days after the date upon which the exchange notice is received by the REIT and FCR LP. There are other consequences of holding Exchangeable LP Units that are different from those of holding REIT Units. See "Risk Factors".

Exchange and Support Agreement

At the Effective Time, the REIT, FCR LP, the General Partner and any other person that holds Exchangeable LP Units will enter into the Exchange and Support Agreement, pursuant to which the REIT will agree with FCR LP and the holders of the Exchangeable LP Units to, among other things, issue REIT Units upon the exchange of Exchangeable LP Units in accordance with their terms. Upon an exchange, the corresponding number of Special Voting Units will be automatically cancelled.

A holder of an Exchangeable LP Unit shall only have the ability to initiate the exchange procedure pursuant to the "exchange right" at any time (subject to the terms and conditions of the Exchangeable LP Units) so long as each of the following conditions has been satisfied:

(a) the exchange would not cause the REIT to cease to qualify as, or cause a significant risk to the REIT's status as, a "mutual fund trust" or "real estate investment trust" under the Tax Act or cause or create a significant risk that would cause the REIT to be subject to tax under Paragraph 122(1)(b) of the Tax Act;

(b) the REIT is legally entitled to issue the REIT Units in connection with the exercise of the exchange right;

(c) the person receiving the REIT Units upon the exercise of the exchange right complies with all applicable Securities Laws and stock exchange requirements at the time of the exchange; and

(d) the Exchange occurs on or before December 29, 2023 in accordance with the terms of the Exchangeable LP Units.

The Exchange and Support Agreement will also provide for the right of the REIT to require the holders of all but not less than all of the Exchangeable LP Units to exchange their Exchangeable LP Units for REIT Units if there occurs or is about to occur any amalgamation, merger, arrangement, take-over bid, material transfer or sale of REIT Units or rights or other securities of the REIT or interests therein or thereto, or sale of all or substantially all of the assets of the REIT, or similar transaction involving the REIT or a Subsidiary of the REIT or any proposal to do any of the foregoing (other than in connection with a transaction involving one or more of such entities pursuant to which all of the assets of such entity or entities are transferred to the REIT or another wholly-owned direct or indirect Subsidiary of the REIT) and the Board of Trustees determines that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchangeable LP Units in connection with such transaction and that the exchange of all but not less than all of the outstanding Exchangeable LP Units is necessary to enable the completion of such transaction in accordance with its terms, provided, however, that in the case of a take-over bid, not less than 66⅔% of the REIT Units (calculated on a fully-diluted, converted and exchanged basis) have been validly deposited and tendered under such take-over bid and not withdrawn at the expiry of such take-over bid.

The Exchange and Support Agreement will also provide for the right of the General Partner to require any holder of Exchangeable LP Units who proposes to become an Excluded Shareholder or fails to provide satisfactory evidence that such holder is not an Excluded Shareholder to exchange their Exchangeable LP Units for REIT Units, provided that if such an exchange would cause the REIT to exceed the number of Non-Resident Holders of REIT Units permitted by the Declaration of Trust, the Board of Trustees will concurrently exercise its rights under the Declaration of Trust to require certain holders of REIT Units to sell all or a portion of such REIT Units. See "Declaration of Trust and Description of REIT Units — Limitations on Non-Resident Ownership of REIT Units".

The Exchange and Support Agreement will also provide for the automatic exchange of Exchangeable LP Units for REIT Units in the event of a liquidation, dissolution or winding-up of the REIT. Additionally, any Exchangeable LP Units outstanding on December 29, 2023 will be automatically exchanged for REIT Units, unless the exchange would jeopardize the REIT's status as a "mutual fund trust" or "real estate investment trust" under the Tax Act or cause or create significant risk that the REIT would be caused to be subject to tax under Paragraph 122(1)(b) of the Tax Act and subject to satisfaction of conditions set out in the Tax Act.

Procedure for Exchange of Common Shares for Exchangeable LP Units

Shareholders (other than Excluded Shareholders and Dissenting Shareholders) must complete and return (i) a duly completed Letter of Transmittal on or before the Election Deadline, together with the certificate(s) representing their Common Shares, to the Depositary at the office specified in the Letter of Transmittal, and (ii) two copies of the Tax Election Form (and any corresponding form under provincial or territorial tax legislation), if they wish to elect to transfer all or a portion of their Common Shares to FCR LP for Exchangeable LP Units and related Ancillary Rights under the Arrangement. Where: (i) no election is made to transfer Common Shares to FCR LP for Exchangeable LP Units; (ii) the election is not properly made; (iii) either the Letter of Transmittal or the certificate(s) representing the Common Shares (if applicable) are received after the Election Deadline; or (iv) such Shareholder is an Excluded Shareholder, such Shareholder will be deemed to have elected to transfer each of its Common Shares to the REIT in exchange for REIT Units. A copy of the Letter of Transmittal is enclosed with this Circular.

Any use of the mail to transmit a certificate for Common Shares and a related Letter of Transmittal is at the risk of the Shareholder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used.

Whether or not Shareholders forward the certificates representing their Common Shares, upon completion of the Arrangement on the Effective Date, Shareholders will cease to be Shareholders as of the Effective Date and will only be entitled to receive the consideration to which they are entitled under the Plan of Arrangement, or in the case of Shareholders who properly exercise Dissent Rights, the right to receive "fair value" for their Common Shares in accordance with the dissent procedures. See "— Dissent Rights".

Certificates representing the appropriate number of REIT Units or Exchangeable LP Units, as applicable, issuable to a former holder of Common Shares who has complied with the procedures set out above will, as soon as practicable after the Effective Date, (i) be

forwarded to the holder at the address specified in the Letter of Transmittal by first class mail, postage prepaid, or (ii) be made available at the principal offices of the Depositary in Toronto, Ontario for pick-up by the holder as requested by the holder in the Letter of Transmittal.

Where a certificate for Common Shares has been destroyed, lost or mislaid, the registered holder of that certificate should immediately contact Computershare at 1-800-564-6253 or 1-514-982-7555, regarding the issuance of a replacement certificate upon the holder satisfying such requirements as may be imposed by the Company and Computershare in connection with issuance of the replacement certificate.

Shareholders should each complete, sign and return the Letter of Transmittal with accompanying Common Share certificates, if any, to the Depositary, at its principal office in Toronto, Ontario, as soon as possible and in any event prior to the Election Deadline.

Excluded Shareholders and Dissenting Shareholders may not elect to receive Exchangeable LP Units.

Treatment of Options

There are, as of the Record Date, outstanding Options to purchase an aggregate of 5,664,935 Common Shares. The Options are held by the directors, officers and certain other Stock Option Plan participants. It was determined by the Board, in accordance with the Stock Option Plan, that the Options should be exchanged for Replacement Options in such manner as to: (i) be consistent with the provisions of the Stock Option Plan; and (ii) to the maximum extent possible, preserve the economic benefit to the holders of Options without altering the treatment of that benefit under the Tax Act.

Pursuant to the Arrangement, each Option will be exchanged for one Replacement Option (with the aggregate number of Replacement Options being rounded down to the nearest whole number) where each Replacement Option will have the same exercise price and vesting date as such Option, and each such Option so exchanged will be cancelled.

See "— General Description of the Arrangement".

Treatment of DSUs, RSUs and PSUs

There are, as of the Record Date, outstanding DSUs which may be exercised to acquire an aggregate of 321,022 Common Shares, outstanding RSUs which may be exercised to acquire an aggregate of 250,243 Common Shares, and outstanding PSUs which may be exercised to acquire an aggregate of 414,157 Common Shares. The DSUs are held by certain directors of the Company. It was determined by the Board, in accordance with the DSU Plan and the RSU Plan, as applicable, that the DSUs, RSUs and PSUs should be exchanged for Replacement DSUs, Replacement RSUs and Replacement PSUs, as applicable, in such manner as to be consistent with the provisions of the DSU Plan or the RSU Plan, as applicable.

Pursuant to the Arrangement, (i) each DSU will be exchanged for one Replacement DSU (with the aggregate number of Replacement DSUs being rounded down to the nearest whole number), and each such DSU so exchanged will be cancelled, and (ii) each RSU and PSU will be exchanged for one Replacement RSU and Replacement PSU, respectively, and each such RSU and PSU so exchanged will be cancelled.

All terms and conditions of a Replacement DSU, Replacement RSU and Replacement PSU will be the same as the DSU, RSU or PSU for which it was exchanged and shall be governed by the terms of the Replacement DSU Plan or the Replacement RSU Plan, as applicable.

Stock Exchange Listing

The Arrangement is conditional upon receiving the final acceptance of the TSX and the REIT Units issuable in connection with the Arrangement (including REIT Units issuable upon exchange of the Exchangeable LP Units and upon exercise or redemption of the Replacement Options, the Replacement DSUs, the Replacement RSUs and the Replacement PSUs) being approved for listing on the TSX. The TSX has conditionally accepted the Arrangement subject to the Company fulfilling all of the requirements of the TSX. The completion of the Arrangement is subject to the Company and the REIT fulfilling all of the requirements of the TSX. The REIT Units are expected to be listed on the TSX under the trading symbol "FCR.UN". The Instalment Receipts will continue to be listed on the TSX under the trading symbol "FCR.IR".

Securities Law Matters

Canada

The REIT Units and the Exchangeable LP Units and the related Special Voting Units to be issued or transferred pursuant to the Arrangement will, to the extent applicable, be issued or transferred in reliance on exemptions from prospectus requirements of applicable Securities Laws or pursuant to discretionary exemptions from such requirements to be obtained from applicable securities regulatory authorities in Canada. Upon their issue, the REIT Units will generally be "freely tradeable" (other than as a result of any "control block" restrictions which may arise by virtue of the ownership thereof) under applicable Securities Laws.

Subject to certain limited exceptions, the Exchangeable LP Units will not be transferable other than in connection with an exercise of the Exchange Rights. In addition, the Exchangeable LP Units will not be listed on the TSX or any other stock exchange or quotation system.

United States

The REIT Units to be received by Shareholders in exchange for Common Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any applicable U.S. state securities laws and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof and pursuant to exemptions from registration under any applicable U.S. state securities laws. Section 3(a)(10) of the U.S. Securities Act exempts from the registration requirements under the U.S. Securities Act securities issued in exchange for outstanding securities where the terms and conditions of the issuance and exchange are approved by a court of competent jurisdiction that is expressly authorized by Law to grant such approval, after a hearing upon the fairness of such terms and conditions of such issuance and exchange at which all persons to whom the securities will be issued in such exchange have the right to appear and receive timely notice thereof. In determining whether it is appropriate to approve the Plan of Arrangement, the Court will consider whether the terms and conditions of the Plan of Arrangement are fair to Unitholders. The Final Order is required for the Arrangement to become effective, and the Court will be advised that if the terms and conditions of the Arrangement are approved by the Court pursuant to the Final Order, the REIT Units issuable under the Arrangement will not require registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof. Therefore, if the Court approves the Arrangement, its approval will constitute the basis for REIT Units to be issued without registration under the U.S. Securities Act. The REIT Units received in exchange for the Common Shares pursuant to the Arrangement will be freely tradable under U.S. federal securities laws except by persons who are, or within 90 days prior to the Effective Time were, affiliates (as defined in Rule 144 under the U.S. Securities Act) of the Company or the REIT. Any such REIT Units held by such an affiliate (or, if applicable, former affiliate) may only be resold in compliance with or pursuant to an exemption from the registration requirements of the U.S. Securities Act.

As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the issuer. The determination of whether a person is an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) is dependent upon all relevant facts and circumstances. Persons who are executive officers, directors or 10% or greater holders of an issuer or who are otherwise able to exert influence over an issuer should consult with their own legal counsel regarding whether they would be considered affiliates for purposes of Rule 144 and whether resales of the REIT Units will be subject to restrictions imposed by the U.S. Securities Act. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such REIT Units outside the United States without registration under the U.S. Securities Act pursuant to and in accordance with Regulation S under the U.S. Securities Act. Such REIT Units may also be resold in transactions completed in accordance with Rule 144 under the U.S. Securities Act, if available.

The solicitation of proxies made in connection with this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements, which are different than the requirements applicable to proxy solicitations under the U.S. Exchange Act.

The foregoing discussion is only a general overview of certain requirements of the U.S. Securities Act applicable to the resale of the REIT Units receivable by Shareholders upon completion of the Arrangement. All holders of such securities should consult with counsel to ensure that the resale of their securities complies with applicable U.S. securities laws.

INFORMATION CONCERNING THE REIT

General

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to the REIT Declaration of Trust under the laws of the Province of Ontario. The registered and head office of the REIT is located at King Liberty Village, 85 Hanna Avenue, Suite 400, Toronto, Ontario, M6K 3S3.

The initial trustees of the REIT immediately following completion of the Arrangement will be the same individuals who currently act as directors of the Company, namely Leonard Abramsky, Paul C. Douglas, Jon N. Hagan, Annalisa King, Aladin W. Mawani, Bernard McDonell, Adam E. Paul, Dori J. Segal and Andrea Stephen. Additional information relating to these individuals may be found under the heading "Election of Directors" in the April 2019 Circular, which is incorporated herein by reference and may be found on SEDAR at www.sedar.com.

The audited balance sheet of the REIT as at its date of formation is attached to this Circular as Appendix F.

The following is a summary of the material attributes and characteristics of the REIT Units and certain provisions of the REIT Declaration of Trust. The description below is a summary only and is qualified in its entirety by the complete provisions of the REIT Declaration of Trust, which will be available on SEDAR at www.sedar.com following the Effective Time.

Objectives of the REIT

The REIT has been formed to succeed the business of the Company following the Arrangement as one of Canada's leading developers, owners and operators of mixed-use urban real estate in Canada's most densely populated centres. The REIT's strategy is to invest in high-quality, mixed-use properties with a focus on building large positions in targeted high-growth urban neighborhoods. In the conduct of the REIT's operations and affairs, the Trustees will be subject to the investment guidelines and operating policies set out in the REIT Declaration of Trust. See "— Investment Guidelines and Operating Policies".

The primary strategy of the REIT is the creation of value over the long term by generating sustainable growth in cash flow and capital appreciation of its urban portfolio. To achieve the REIT's strategic objectives, Management continues to:

(a) dispose of select assets in line with the REIT's evolved urban investment strategy to reduce leverage following the share repurchase and to fund future growth;

(b) undertake selective development, redevelopment and repositioning activities on its properties, including land use intensification;

(c) be focused and disciplined in acquiring well-located properties to create super urban neighbourhoods, primarily where there are value creation opportunities, including sites in close proximity to existing properties in the REIT's target urban markets;

(d) proactively manage its existing portfolio to drive rent growth;

(e) increase efficiency and productivity of operations; and

(f) maintain financial strength and flexibility to support a competitive cost of capital.

Investment Guidelines and Operating Policies

Investment Guidelines

The Declaration of Trust provides certain restrictions on investments that may be made by the REIT. The assets of the REIT may be invested, directly or indirectly, only in accordance with the following restrictions:

(a) the REIT will invest primarily, directly or indirectly, (including by way of direct or indirect investments in shares, debt obligations and other securities of the Company or its successors) in interests (including fee ownership and leasehold interests) in income-producing real estate and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of the REIT;

(b) notwithstanding anything else contained in the Declaration of Trust, the REIT shall not make or hold any investment, take any action or omit to take any action or permit a Subsidiary to make or hold any investment or take any action or omit to take any action that would result in:

(i) the REIT not qualifying as a "mutual fund trust" or a "unit trust" both within the meaning of the Tax Act;

(ii) REIT Units not qualifying as qualified investments for Deferred Income Plans;

(iii) the REIT not qualifying as a "real estate investment trust" within the meaning of the Tax Act if, as a consequence of the REIT not so qualifying, the REIT or any of its Subsidiaries would be liable to pay a tax imposed under either Paragraph 122(1)(b) or Subsection 197(2) of the Tax Act, unless the Trustees have determined that it would be in the best interests of the Unitholders, as a whole, to do so; or

(iv) the REIT being liable to pay a tax under Part XII.2 of the Tax Act, unless the Trustees have determined that it would be in the best interests of the Unitholders, as a whole, to do so;

(c) the REIT may make its investments and conduct its activities, directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited), and limited liability companies;

(d) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province or territory of Canada, deposits with a savings institution, trust company, credit union or similar financial institution that is organized or chartered under the laws of a state of the United States or of the United States, short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to these investment guidelines and operating policies of the REIT, the REIT may not hold securities of a person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (b) above, the REIT may hold securities of a person: (i) acquired in connection with the carrying on, directly or indirectly, of the REIT's activities or the holding of its assets; or (ii) which focuses its activities primarily on the activities described in paragraph (a) above, provided in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding equity securities (including any equity-linked securities on a fully converted or exchanged basis) of an issuer (the "**Acquired Issuer**"), except for investments held by the REIT, directly or indirectly, on the Transaction Closing Date, the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of the REIT and the Acquired Issuer or for otherwise ensuring that the REIT will control the business and operations of the Acquired Issuer;

(e) the REIT may invest in mortgages and mortgage bonds (including participating or convertible mortgages) and similar instruments; and

(f) the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the Aggregate Assets of the REIT in investments which do not comply with one or more of paragraphs (a), (d) and (e).

Any references in the foregoing to investment in real property will be deemed to include an investment in a joint arrangement that invests in real property.

Operating Policies

The Declaration of Trust provides that the operations and affairs of the REIT will be conducted in accordance with the following policies:

(a) except with respect to any written instruments entered into prior to the date hereof, to the extent the Trustees determine to be practicable and consistent with their fiduciary duties to act in the best interest of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought

from, by lawsuit or otherwise, the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound; the REIT, however, is not required to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;

(b) the REIT may engage in construction or development of real property, including to maintain its real properties in good repair or to improve the income-producing potential of properties in which the REIT has an interest;

(c) title to each real property shall be held by and registered in the name of the REIT, the Trustees or a person wholly-owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or by any other persons in such manner as the Trustees consider appropriate, taking into account advice of legal counsel; provided that, where land tenure will not provide fee simple title, the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT or such person as the Trustees consider appropriate shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction; and

(d) except in connection with or related to the acquisition of the assets of the REIT on the Closing, the REIT shall not directly or indirectly guarantee any indebtedness or liabilities of any person unless such guarantee is given in connection with or incidental to an investment that is otherwise permitted by the REIT's investment guidelines; has been approved by the Trustees; and (A) would not disqualify the REIT as a "mutual fund trust" within the meaning of the Tax Act, and (B) would not result in the REIT losing any status under the Tax Act that is otherwise beneficial to the REIT and its Unitholders.

Any references in the foregoing to investment in real property will be deemed to include an investment in a joint arrangement that invests in real property.

Where any maximum or minimum percentage limitation is specified in any of the investment guidelines or operating policies, such investment guidelines or operating policies shall be applied on the basis of the relevant amounts calculated on a *pro forma* basis immediately after the making of such investment or the taking of such action and, if applicable, the application of proceeds therefrom. Any subsequent change relative to any percentage limitation which results from a subsequent change in the amount of Aggregate Assets will not require the divestiture of any investment.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, the investment guidelines set forth under "— Investment Guidelines and Operating Procedures — Investment Guidelines" and the operating policies set forth in sub-paragraph (d) under "— Investment Guidelines and Operating Procedures — Operating Policies" may be amended only with the approval of not less than two-thirds of the votes cast at a meeting of Voting Unitholders called for such purposes (or a written resolution signed by Voting Unitholders representing at least two-thirds of the outstanding Voting Units). The remaining operating policies may be amended with the approval of a majority of the votes cast at a meeting of Voting Unitholders called for such purposes (or a written resolution signed by Voting Unitholders representing at least a majority of the outstanding Voting Units).

Regulatory Conflict

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any Law, regulation or requirement which is in conflict with any investment guideline or operating policy of the REIT then in force, such investment guideline or operating policy in conflict shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees shall not require the prior approval of Unitholders.

DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS

General

The REIT is an unincorporated open-ended real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although the REIT is expected to qualify on Closing as a "mutual fund trust" as defined in the Tax Act, the REIT will not be a "mutual fund" as defined by applicable securities legislation.

Authorized Capital and Outstanding Securities

The Declaration of Trust authorizes the issuance of an unlimited number of two classes of units, namely "trust units" and "special voting units". Special Voting Units are only issued in tandem with the issuance of Exchangeable LP Units. As at the date hereof, the REIT has a total of one (1) REIT Unit outstanding and no Special Voting Units outstanding.

The REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor does it intend to carry on the business of a trust company.

REIT Units

Each REIT Unit is transferable and represents an equal, undivided beneficial interest in the REIT and any distributions from the REIT, whether of net income, net realized capital gains (other than such gains allocated and distributed to redeeming Unitholders) or other amounts and, in the event of the termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. All REIT Units rank among themselves equally and rateably without discrimination, preference or priority. Each REIT Unit entitles the holder thereof to receive notice of, to attend and to one vote at all meetings of Voting Unitholders or in respect of any written resolution of Voting Unitholders.

Unitholders are entitled to receive distributions from the REIT (whether of net income, net realized capital gains or other amounts) if, as and when declared by the Trustees. Upon the termination or winding-up of the REIT, Unitholders will participate equally with respect to the distribution of the remaining assets of the REIT after payment of all liabilities. Such distribution may be made in cash, as a distribution in kind, or both, all as the Trustees in their sole discretion may determine. REIT Units have no associated conversion or retraction rights. No person is entitled, as a matter of right, to any pre-emptive right to subscribe for or acquire any REIT Unit, except as otherwise agreed to by the REIT pursuant to a binding written agreement.

Special Voting Units

Special Voting Units are only issued in tandem with Exchangeable LP Units and are not transferable separately from the Exchangeable LP Units to which they relate, and, upon any valid transfer of Exchangeable LP Units, such Special Voting Units will automatically be transferred to the transferee of the Exchangeable LP Units. As Exchangeable LP Units are exchanged for REIT Units or redeemed or purchased for cancellation by FCR LP, the corresponding Special Voting Units will be cancelled for no consideration.

Each Special Voting Unit entitles the holder thereof to receive notice of, to attend, and to one vote at all meetings of Voting Unitholders or in respect of any resolution in writing of Voting Unitholders. Except for the right to attend and vote at meetings of Voting Unitholders or in respect of written resolutions of Voting Unitholders, Special Voting Units do not confer upon the holders thereof any other rights. A Special Voting Unit does not entitle its holder to any economic interest in the REIT, or to any interest or share in the REIT, any of its distributions (whether of net income, net realized capital gains or other amounts) or in any of its net assets in the event of the termination or winding-up of the REIT.

Issuance of REIT Units

REIT Units or rights to acquire REIT Units or other securities may be created, issued and sold at such times, to such persons, for such consideration and on such terms and conditions as the Trustees determine, including pursuant to a rights plan, distribution reinvestment plan, purchase plan or any incentive option or other compensation plan. REIT Units will be issued only when fully paid in money, property or past services, and they will not be subject to future calls or assessments, provided that REIT Units may be issued and sold on an instalment basis and the REIT may take security over any such REIT Units so issued. Where the Trustees determine that the REIT does not have available cash in an amount sufficient to pay the full amount of any distribution, the payment may, at the option of the Trustees, include or consist entirely of the issuance of additional REIT Units having a fair market value determined by the Trustees equal to the difference between the amount of the distribution and the amount of cash that has been determined by the Trustees to be available for the payment of such distribution. These additional REIT Units will be issued pursuant to applicable exemptions under applicable Securities Laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust also provides that unless the Trustees determine otherwise, and subject to all necessary regulatory approvals, immediately after any *pro rata* distribution of additional REIT Units to all Unitholders as described above or otherwise as determined by the Trustees, the number of outstanding REIT Units will automatically be consolidated such that each Unitholder will hold after the consolidation the same number of REIT Units as the Unitholder held before the distribution of such additional REIT Units. In such circumstances, each certificate representing a number of REIT Units prior to the distribution of additional REIT Units will be deemed to represent the same number of REIT Units after the distribution of such additional REIT Units and the consolidation. If tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will not result in such Unitholder holding the same number of REIT Units. Each such Unitholder will be required to surrender the certificates, if any, representing that Unitholder's original REIT Units in exchange for a certificate representing that Unitholder's post-consolidation REIT Units.

The Trustees may refuse to allow the issuance of or to register the transfer of REIT Units where such issuance or transfer would, in their opinion, adversely affect the treatment of the REIT under applicable Canadian tax laws or their qualification to carry on any relevant business. See "— Limitations on Non-Resident Ownership of REIT Units".

Repurchase of REIT Units

The REIT may, from time to time, purchase all or a portion of the REIT Units for cancellation at a price per REIT Unit and on a basis determined by the Trustees in accordance with applicable Securities Laws and stock exchange rules.

Limitations on Non-Resident Ownership of REIT Units

In order for the REIT to maintain its status as a mutual fund trust under the Tax Act, it must not be established or maintained primarily for the benefit of non-resident persons. Accordingly, the Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 49% of the REIT Units (on either a Basic Basis or a Fully Diluted Basis as defined in the REIT Declaration of Trust) and the REIT has informed its transfer agent and registrar of this restriction. The Trustees may require a registered holder of REIT Units to provide them with a declaration as to the jurisdictions in which beneficial owners of REIT Units registered in such holder's name are resident and as to whether such beneficial owner is Non-Resident (and, in the case of a partnership, whether the partnership is Non-Resident). If the Trustees become aware, as a result of such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of more than 49% of the REIT Units (on either a Basic Basis or a Fully Diluted Basis as defined in the REIT Declaration of Trust) are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and will not accept a subscription for REIT Units from, or issue or register a transfer of REIT Units to, a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident and does not hold such REIT Units for the benefit of Non-Residents. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the REIT Units (on either a Basic Basis or a Fully Diluted Basis as defined in the REIT Declaration of Trust) are held by Non-Residents, the Trustees may send or cause to be sent a notice to such Non-Resident Holders of REIT Units chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their REIT Units or a portion thereof within a specified period of not more than 30 days. If the Unitholders receiving such notice have not sold the specified number of REIT Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such persons sell or cause to be sold such REIT Units and, in the interim, will suspend the voting and distribution rights attached to such REIT Units. Upon such sale, the affected holders will cease to be holders of the relevant REIT Units and their rights will be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such REIT Units. Notwithstanding the foregoing, the Trustees may determine not to take any of the actions described above if the Trustees have been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the REIT as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the REIT as a mutual fund trust for purposes of the Tax Act.

Nomination of Trustees

The Declaration of Trust includes certain advance notice provisions (the "**Advance Notice Provision**"), which are intended to: (i) facilitate orderly and efficient annual general or, where the need arises, special meetings; (ii) ensure that all Voting Unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Voting Unitholders to register an informed vote. Only persons who are nominated by Voting Unitholders in accordance with the Advance Notice Provision will be eligible for election as Trustees. Nominations of persons for election to the Board of Trustees may be made for any annual meeting of Voting Unitholders, or for any special meeting of Voting Unitholders if one of the purposes for which the special meeting was called was the election of Trustees: (a) by or at the direction of the Trustees, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more Voting Unitholders pursuant to a requisition of the Voting Unitholders made in accordance with the Declaration of Trust; or (c) by any person (a "**Nominating Unitholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the REIT's register as a holder of one or more Voting Units carrying the right to vote at such meeting or who beneficially owns Voting Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the Trustees. To be timely, a Nominating Unitholder's notice to the Trustees must be made: (a) in the case of an annual meeting of Voting Unitholders, not less than 30 prior to the date of the annual meeting of Voting Unitholders; provided, however, that in the event that the annual meeting of Voting Unitholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the tenth day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Voting Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the 15th day following the day that is the earlier of the date that a notice of

meeting is filed for such meeting or the date on which the first public announcement of the date of the special meeting of Voting Unitholders was made.

To be in proper written form, a Nominating Unitholder's notice to the Trustees must set forth: (a) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of REIT Units or Special Voting Units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Voting Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws; and (b) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any Voting Units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws. The REIT may require any proposed nominee to furnish such other information as may be required to be contained in a dissident proxy circular or by applicable law or regulation to determine the independence of the proposed nominee or his or her eligibility to serve as a Trustee.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Trustees may, in their sole discretion, waive any requirement in the Advance Notice Provision.

Redemption Right

A Unitholder may at any time demand redemption of some or all of its REIT Units by delivering to the REIT a duly completed and properly executed notice requiring redemption in a form satisfactory to the Trustees, together with written instructions as to the number of REIT Units to be redeemed. Upon receipt of the redemption notice by the REIT, all rights to and under the REIT Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per REIT Unit (the "**Redemption Price**") equal to the lesser of:

(a) 90% of the Market Price (as defined below) of a REIT Unit calculated as of the date on which the REIT Units were surrendered for redemption (the "**Redemption Date**"); and

(b) 100% of the Closing Market Price (as defined below) on the Redemption Date.

For purposes of this calculation, the market price of a REIT Unit as at a specified date (the "**Market Price**") will be:

(a) an amount equal to the weighted average trading price of a REIT Unit on the principal exchange or market on which the REIT Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date;

(b) an amount equal to the weighted average of the Closing Market Prices of a REIT Unit on the principal exchange or market on which the REIT Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or

(c) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on such date: the simple average of the last bid and last asking price of the REIT Units for each day on which there was no trading; the closing price of the REIT Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the REIT Units for each day that there was trading, if the market provides only the highest and lowest prices of REIT Units traded on a particular day.

For the purposes of this calculation, the "Closing Market Price", as at a specified date, will be:

(a) an amount equal to the weighted average trading price of a REIT Unit on the principal exchange or market on which the REIT Units are listed or quoted for trading on the specified date if the principal exchange or

market provides information necessary to compute a weighted average trading price of the REIT Units on the specified date;

(b) an amount equal to the closing price of a REIT Unit on the principal market or exchange on the specified date if there was a trade on the specified date and the principal exchange or market provides only a closing price of the REIT Units on the specified date;

(c) an amount equal to the simple average of the highest and lowest prices of the REIT Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the REIT Units on the specified date; or

(d) the simple average of the last bid and last asking prices of the REIT Units on the principal market or exchange, if there was no trading on the specified date.

If REIT Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the REIT Units, which will be determined by the Trustees in their sole discretion. The aggregate Redemption Price payable by the REIT in respect of any REIT Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment in Canadian dollars on or before the last day of the calendar month immediately following the month in which the REIT Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their REIT Units is subject to the limitations that:

(a) the total amount payable by the REIT in respect of such REIT Units and all other REIT Units tendered for redemption in the same calendar month must not exceed $50,000 (subject to rounding to two decimal places on a per REIT Unit basis, the "**Monthly Limit**") (provided that such limitation may be waived at the discretion of the Trustees in respect of all REIT Units tendered for redemption in such calendar month);

(b) at the time such REIT Units are tendered for redemption, the outstanding REIT Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the REIT Units; and

(c) the normal trading of REIT Units is not suspended or halted on any stock exchange on which the REIT Units are listed (or, if not listed on a stock exchange, in any market where the REIT Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date.

To the extent a Unitholder is not entitled to receive cash upon the redemption of REIT Units as a result of the Monthly Limit, then the portion of the Redemption Price per REIT Unit equal to the Monthly Limit divided by the number of REIT Units tendered for redemption in the month shall be paid and satisfied by way of a cash payment in Canadian dollars and the remainder of the Redemption Price per REIT Unit shall be paid and satisfied by way of a distribution in specie to such Unitholder of Subsidiary Notes having a fair market value equal to the product of (i) the remainder of the Redemption Price per REIT Unit of the REIT Units tendered for redemption and (ii) the number of REIT Units tendered by such Unitholder for redemption. To the extent a Unitholder is not entitled to receive cash upon the redemption of REIT Units as a result of the limitations described at (b) or (c) of the foregoing paragraph, then the Redemption Price per REIT Unit shall be paid and satisfied by way of a distribution in specie of Subsidiary Notes having a fair market value determined by the Trustees equal to the product of (i) the Redemption Price per REIT Unit of the REIT Units tendered for redemption and (ii) the number of REIT Units tendered by such Unitholder for redemption. No Subsidiary Notes in integral multiples of less than $100 will be distributed and, where Subsidiary Notes to be received by a Unitholder includes a multiple less than that number, the number of Subsidiary Notes shall be rounded to the next lowest integral multiple of $100 and the balance shall be paid in cash. The Redemption Price payable as described in this paragraph in respect of REIT Units tendered for redemption during any month shall be paid by the transfer to or to the order of the Unitholder who exercised the right of redemption, of the Subsidiary Notes, if any, and the cash payment, if any, on or before the last day of the calendar month immediately following the month in which the REIT Units were tendered for redemption. Payments by the REIT as described in this paragraph are conclusively deemed to have been made upon the mailing of certificates representing the Subsidiary Notes, if any, and a cheque, if any, by registered mail in a postage prepaid envelope addressed to the former Unitholder and/or any party having a security interest and, upon such payment, the REIT shall be discharged from all liability to such former Unitholder and any party having a security interest in respect of the REIT Units so redeemed. The REIT shall be entitled to all accrued interest, paid or unpaid on the Subsidiary Notes, if any, on or before the date of distribution in specie as described in the foregoing paragraph. Any issuance of Subsidiary Notes will be subject to receipt of all necessary regulatory approvals, which the REIT shall use reasonable commercial efforts to obtain forthwith.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their REIT Units. Subsidiary Notes which may be distributed to Unitholders in connection with a redemption will not be listed on any exchange, no market is expected to develop in Subsidiary Notes and such securities may be subject to an indefinite "hold period" or other resale

restrictions under applicable Securities Laws. Subsidiary Notes so distributed may not be qualified investments for Deferred Income Plans, depending upon the circumstances at the time.

Trustees

The Declaration of Trust provides that the REIT will have a minimum of three and a maximum of twelve Trustees, the majority of whom must be resident Canadians. The number of Trustees may be increased or decreased within such limits from time to time by the Voting Unitholders by ordinary resolution or by the Trustees, provided that the Trustees may not, between meetings of the Voting Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the previous annual meeting of Voting Unitholders (or following the Closing for the period prior to the first annual meeting of the Unitholders). A vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees or by the Voting Unitholders at a meeting of the Voting Unitholders. If at any time a majority of Trustees are Non-Residents because of the death, resignation, adjudicated incompetence, removal or change in circumstances of any Trustee who was a resident Canadian, the remaining Trustees, whether or not they constitute a quorum, will appoint a sufficient number of resident Canadian Trustees to comply with the requirement that a majority of Trustees will be at all times resident Canadians.

In addition, a majority of the Trustees must at all times be Independent Trustees. If at any time a majority of Trustees are not Independent Trustees because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an Independent Trustee, this requirement will not be applicable for a period of 60 days after such occurrence, during which time the remaining Trustees shall appoint a sufficient number of Independent Trustees to comply with this requirement.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustees have, without further authorization and free from any control or direction on the part of the Voting Unitholders, full, absolute and exclusive power, control and authority over the assets and affairs of the REIT to the same extent as if the Trustees were the sole and absolute beneficial owners of the assets of the REIT, to do all acts and things as in their sole and absolute judgment and discretion are necessary or incidental to, or desirable for, carrying out any of the purposes or conducting the affairs of the REIT. All meetings of the Trustees (and any committees) shall take place in Canada.

Trustees are appointed at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting and are eligible for re-election. The Declaration of Trust provides that a Trustee may resign at any time upon written notice to the Chair or, if there is no Chair, to the Lead Trustee or, if there is no Lead Trustee, to the Chief Executive Officer of the REIT or, if there is no Chief Executive Officer, to the Unitholders. A Trustee may be removed at any time with or without cause by an ordinary resolution of the Voting Unitholders at a meeting of Voting Unitholders or by the written consent of Voting Unitholders holding in the aggregate not less than a majority of the outstanding Voting Units or with cause by a resolution passed by at least two-thirds of the other Trustees.

The Declaration of Trust provides that the Trustees will act honestly and in good faith with a view to the best interests of Unitholders and, in connection with that duty, will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Committees

The Declaration of Trust requires that the Trustees appoint a Compensation Committee, a Corporate Governance Committee and an Audit Committee. In addition, the Trustees may create such additional committees (such as an Investment Committee) as they, in their discretion, determine to be necessary or desirable for the purposes of properly governing the affairs of the REIT.

Conflicts of Interest

The Declaration of Trust contains provisions, similar to those contained in the CBCA, that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to: (i) his or her direct remuneration as a Trustee, officer, employee or agent of the REIT; or (ii) indemnity of himself or herself as a Trustee or the purchase or maintenance of liability insurance.

Meetings of Voting Unitholders

The Declaration of Trust provides that meetings of Voting Unitholders will be called and held annually for the election of Trustees and the appointment of auditors for the ensuing year, the presentation of the consolidated financial statements of the REIT for the immediately preceding fiscal year, and the transaction of such other business as the Trustees may determine or as may be properly brought before the meeting.

A meeting of Voting Unitholders may be convened by the Trustees at any time and for any purpose and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Voting Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Voting Unitholders may attend and vote at all meetings of Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two or more persons present in person or represented by proxy and representing in total at least 25% of the votes attached to all outstanding units will constitute a quorum for the transaction of business at all meetings.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Voting Unitholders similar to those required under the CBCA.

Amendments to the Declaration of Trust and Other Extraordinary Matters

The Declaration of Trust, except where specifically provided otherwise, may be amended only with the approval of a majority of the votes cast by the Voting Unitholders at a meeting called for that purpose or the written approval of the Voting Unitholders holding a majority of the outstanding Voting Units. Notwithstanding the foregoing, certain actions or amendments and certain extraordinary matters will require the approval of at least two-thirds of the votes cast by the Voting Unitholders at a meeting of Voting Unitholders called for that purpose or the written approval of Voting Unitholders holding more than two-thirds of the outstanding Voting Units, including:

(i) any amendments to the amendment provisions of the Declaration of Trust;

(ii) an exchange, reclassification or cancellation of all or part of the REIT Units or Special Voting Units;

(iii) the change or removal of the rights, privileges, restrictions or conditions attached to the REIT Units or Special Voting Units, including, without limitation,

- the removal or change of rights to distributions;
- the removal of or change to conversion privileges, redemption privileges, options, voting, transfer or pre-emptive rights; or
- the reduction or removal of a distribution preference or liquidation preference;

(iv) the creation of new rights or privileges attaching to certain of the REIT Units or Special Voting Units;

(v) any change to the existing constraints on the issue, transfer or ownership of the REIT Units or Special Voting Units, except as provided in the Declaration of Trust;

(vi) the sale of the REIT's property as an entirety or substantially as an entirety (other than as part of an internal reorganization approved by the Trustees);

(vii) the combination, amalgamation or arrangement of the REIT or any of its Subsidiaries with any other entity that is not the REIT or a Subsidiary of the REIT (other than as part of an internal reorganization as approved by the Trustees or that is part of the Arrangement);

(viii) a material change to the FCR LP Agreement; and

(ix) certain amendments to the investment guidelines and operating policies of the REIT.

A majority of the Trustees may, however, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust, including amendments for the purpose of:

(i) ensuring continuing compliance with applicable Laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees, the REIT or the distribution of the REIT Units or Special Voting Units;

(ii) providing additional protection or added benefits which are, in the opinion of the Trustees, necessary to maintain the rights of the Voting Unitholders set out in the Declaration of Trust;

(iii) removing any conflicts or inconsistencies in the Declaration of Trust or making corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;

(iv) making amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest errors, which amendments are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;

(v) making amendments which are, in the opinion of the Trustees, necessary or desirable as a result of changes in taxation or other Laws or accounting standards from time to time which may affect the REIT or the Voting Unitholders or to ensure the REIT Units qualify as equity for purposes of GAAP;

(vi) making amendments which, in the opinion of the Trustees are necessary or desirable to enable the REIT to implement a REIT Unit option or purchase plan, a distribution reinvestment plan, or to issue REIT Units or Special Voting Units for which the purchase price is payable in instalments;

(vii) creating and issuing one or more new classes of "preferred units" that rank in priority to the REIT Units (in respect of payment of distributions and in connection with any termination or winding-up of the REIT), provided, however, that the number of "preferred units" that may be created and issued may not be greater than: (A) 20% of the number of outstanding REIT Units at such time if the terms of such "preferred units" provide for conversion rights or voting rights; or (B) 50% of the number of outstanding REIT Units at such time if the terms of such "preferred units" do not provide for conversion rights, voting rights or any other right which could dilute or adversely impact in any material respect the REIT Units or the rights of Unitholders at the time such "preferred units" are created and issued;

(viii) remove the redemption right attaching to REIT Units and convert the REIT into a closed-end trust;

(ix) that are deemed necessary or advisable to ensure that the REIT has not been established nor maintained primarily for the benefit of persons who are not resident Canadians; or

(x) for any purpose which, in the opinion of the Trustees, is not prejudicial to Voting Unitholders in any material respect and is necessary or desirable.

In no event will the Trustees amend the Declaration of Trust if such amendment would (a) amend Voting Unitholders' voting rights, (b) cause the REIT to fail to qualify as a "mutual fund trust", "real estate investment trust" or "unit trust" under the Tax Act or (c) cause the REIT or a Subsidiary of the REIT to be subject to tax under Paragraph 122(1)(b), Subsection 197(2) or Part XII.2 of the Tax Act. Notwithstanding the foregoing, the restrictions set forth above under item (b) in respect of qualifying as a "real estate investment trust" and item (c) do not apply to the extent that the Trustees have determined that such amendments would be in the best interests of Unitholders.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for REIT Units and not less than 90% of the REIT Units (including REIT Units issuable on the exchange of any exchangeable securities, including Exchangeable LP Units, but excluding REIT Units held at the date of the take-over bid by or on behalf of the offeror or associates or Affiliates of the offeror or those acting jointly or in concert with them) are taken up and paid for by the offeror, the offeror will be entitled to acquire the REIT Units held by holders who did not accept the take-over bid on the terms on which the offeror acquired REIT Units from holders who accepted the take-over bid.

Information and Reports

Prior to each meeting of Voting Unitholders, the Trustees will make available to the Voting Unitholders (along with notice of the meeting) information similar to that required to be provided to shareholders of a corporation governed by the CBCA and as required by applicable Securities Laws and stock exchange requirements.

Rights of Unitholders

The rights of the Unitholders and the attributes of the REIT Units are established and governed by the Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the CBCA, significant differences exist, some of which are described below.

Many of the provisions of the CBCA respecting the governance and management of a corporation are incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of REIT Units in a manner comparable to shareholders of a CBCA corporation and to elect Trustees and the auditors of the REIT. The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Voting Unitholders and Trustees, the procedures at such meetings and the right of the Voting Unitholders to participate in the decision-making process where certain fundamental actions are proposed to be undertaken.

Similar to the dissent right which shareholders of a CBCA corporation are entitled, Voting Unitholders may dissent to certain fundamental changes affecting the REIT are undertaken (such as the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the REIT can carry on; (b) the issue, transfer or ownership of REIT Units; or (c) the rights or privileges of any class of REIT Units) and are entitled to receive the fair value of their REIT Units where such changes are undertaken. The matters in respect of which approval by the Voting Unitholders is required under the Declaration of Trust effectively extend to certain fundamental actions that may be undertaken by the Subsidiaries of the REIT. These approval rights are supplemented by provisions of applicable Securities Laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or are listed on the TSX.

Under the Declaration of Trust, Unitholders have recourse to an oppression remedy similar to that which is available to shareholders of a CBCA corporation. Under the CBCA, Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not include a comparable right. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of a corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right.

Non-Certificated Inventory System

Other than pursuant to certain exceptions, registration of interests in and transfers of REIT Units held through CDS, or its nominee, will be made electronically through the NCI system of CDS. On Closing, the REIT, via its transfer agent, will electronically deliver the REIT Units registered to CDS or its nominee, and CDS will credit interests in such REIT Units to the accounts of the applicable CDS participants as directed on the Closing. REIT Units held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of Unitholders who hold REIT Units in CDS must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS, or the CDS participant through which the Unitholder holds such REIT Units. A Unitholder participating in the NCI system will not be entitled to a certificate or other instrument from the REIT or the REIT's transfer agent evidencing that person's interest in or ownership of REIT Units, nor, to the extent applicable, will such Unitholder be shown on the records maintained by CDS, except through an agent who is a CDS participant.

The ability of a Beneficial Unitholder to pledge such REIT Units or otherwise take action with respect to such Unitholder's interest in such REIT Units (other than through a CDS participant) may be limited due to the lack of a physical certificate.

Distribution Policy

The following outlines the distribution policy of the REIT to be adopted pursuant to the Declaration of Trust. Determinations as to the amounts distributable, however, will be made in the sole discretion of the Trustees from time to time.

The REIT intends to adopt a distribution policy, as permitted under the Declaration of Trust, pursuant to which it will make monthly cash distributions to Unitholders and, through FCR LP, holders of Exchangeable LP Units, initially equal to, on an annual basis, $0.86 per REIT Unit. Management of the REIT believes that the $0.86 per REIT Unit annual distribution amount initially set by the REIT should allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However,

subject to compliance with the Declaration of Trust, the actual distribution amount will be determined by the Trustees in their sole discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions, including the adoption, amendment or revocation of any distribution policy. It is the REIT's current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income.

Unitholders of record as at the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Distributions may be adjusted for amounts paid in prior periods if the actual adjusted cash flow from operations for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is insufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional REIT Units. See "— Issuance of REIT Units" and "Certain Canadian Federal Income Tax Considerations".

The initial distribution, which will be declared on or prior to December 31, 2019 to unitholders of record on December 31, 2019 and expected to be paid in January 2020, will be $0.0716 per REIT Unit. Following this, the REIT expects to pay monthly distributions of 0.0716, or $0.86 per REIT unit on an annualized basis, the same level as the Company's current annual dividend rate per Common Share. In lieu of the Company's fourth quarter 2019 dividend, the REIT intends to declare three monthly distributions, which includes the initial distribution that will be paid in January and subsequent distributions that will be paid in February and March, 2020.

The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT and will be subject to various factors, including financial performance, obligations under applicable credit facilities and restrictions on payment of distributions thereunder on the occurrence of an event of default, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT's properties and any capital expenditure requirements. See "Risk Factors".

The General Partner, on behalf of FCR LP, will make monthly cash distributions to holders of Class A LP Units and holders of Exchangeable LP Units by reference to the monthly cash distributions payable by the REIT to Unitholders. Distributions to be made on the Exchangeable LP Units will be equal to the distributions that the holders of Exchangeable LP Units would have received if they were holding REIT Units instead of Exchangeable LP Units. Distributions to the General Partner will be made in priority to distributions to holders of Class A LP Units (subject to certain exceptions) and holders of Exchangeable LP Units. See "Information Concerning FCR LP — Distributions" and "Risk Factors".

INFORMATION CONCERNING FCR LP

General

The following description of FCR LP is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the FCR LP Agreement.

FCR LP is a limited partnership formed under the laws of the Province of Ontario and is governed by the FCR LP Agreement. FCR LP will own and operate directly or indirectly, primarily income-producing real estate and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with any investment restrictions of FCR LP. The general partner of FCR LP is a corporation incorporated under the laws of the Province of Ontario that is wholly-owned by the REIT (the "**General Partner**") and the initial limited partner of FCR LP is the REIT (which owns all of the Class A LP Units). The board of directors of the General Partner is made up of the same members as the Board of Trustees.

Partnership Units

Upon Closing, FCR LP will have outstanding Class A LP Units, all of which will be held by the REIT, and Exchangeable LP Units, all of which will initially be held by the Electing Shareholders. The General Partner will have a general partner interest in FCR LP (the "**GP Interest**") but no certificate will be issued to evidence same.

The Exchangeable LP Units will, in all material respects, be economically equivalent to the REIT Units on a per unit basis. The Exchangeable LP Units will be exchangeable on a one-for-one basis for REIT Units at any time at the option of their holder the Exchangeable LP Units on or before December 29, 2023 (on which date all of the Exchangeable LP Units outstanding on such date will be automatically exchanged into REIT Units), unless the exchange would jeopardize the REIT's status as a "mutual fund trust" or "real estate investment trust" under the Tax Act or cause or create significant risk that the REIT would be caused to be subject to tax under Paragraph 122(1)(b) of the Tax Act and subject to satisfaction of conditions set out in the Tax Act.

Except as required by law or the FCR LP Agreement and in certain specified circumstances in which the rights of a holder of Exchangeable LP Units are affected, holders of Exchangeable LP Units will not be entitled to vote at any meeting of the holders of units of FCR LP.

Investment Guidelines and Operating Policies

The FCR LP Agreement provides substantially similar restrictions on investments that may be made by FCR LP and policies for the operations and affairs of FCR LP as those provided for in the Declaration of Trust in respect of the REIT. See "Information Concerning the REIT — Investment Guidelines and Operating Policies".

Operation

The business and affairs of FCR LP will be managed and controlled by the General Partner which will be bound by the same investment guidelines and operating policies applicable to the REIT. The Limited Partners will not be entitled to take part in the management or control of the business or affairs of FCR LP. Except as provided below, FCR LP will reimburse the General Partner for all direct costs and expenses incurred by the General Partner in the performance of its duties as the general partner of FCR LP.

FCR LP will operate in a manner to ensure, to the greatest extent possible, the limited liability of the Limited Partners. The Limited Partners may lose their limited liability in certain circumstances. If the limited liability of any Limited Partner is lost by reason of the negligence of the General Partner in performing its duties and obligations under the FCR LP Agreement, the General Partner will indemnify the applicable Limited Partner against all claims arising from assertions that its liabilities are not limited as intended by the FCR LP Agreement. The General Partner has no significant assets or financial resources other than their de minimis distribution entitlements from FCR LP. Accordingly, this indemnity may only be of nominal value.

Duties and Responsibilities of the General Partner

The General Partner will be the general partner of FCR LP and will manage and control the operations and affairs of FCR LP and make all decisions regarding the business and activities of FCR LP.

Distributions

FCR LP will distribute to the General Partner and to the holders of its Class A LP Units and Exchangeable LP Units their respective portions of distributable cash as set out below.

Distributions will be made forthwith after the General Partner determines the distributable cash of FCR LP and determines the amount of all costs and expenses incurred by it in the performance of its duties under the FCR LP Agreement as general partner (the "**Reimbursement Amount**"), which determination shall be made no later than the 10th day of each calendar month.

Distributable cash will represent, in general, all of FCR LP's cash on hand that is derived from any source (other than amounts received in connection with the subscription for additional interests in FCR LP) and that is determined by the General Partner not to be required in connection with the business of FCR LP. The distributable cash of FCR LP will be distributed in the following order and priority: (a) an amount to the General Partner equal to 0.001% of the balance of the distributable cash of FCR LP; and (b) an amount equal to the remaining balance of the distributable cash of FCR LP to the holders of Class A LP Units and Exchangeable LP Units in accordance with their entitlements as holders of Class A LP Units and Exchangeable LP Units as set out in the FCR LP Agreement. Holders of Exchangeable LP Units will be entitled to receive distributions on each such unit equal to the amount of the distribution declared by the REIT on each REIT Unit. The record date and, subject to the following paragraph, the payment date for any distribution declared on the Exchangeable LP Units will be the same as those for the REIT Units.

In lieu of receiving distributions declared by FCR LP from time to time when declared, the holder of Class A LP Units may elect to receive distributions on the first business day following the end of the fiscal year in which such distribution would otherwise have been made, provided in the event that such an election is made by a holder of Class A LP Units, such a holder will be loaned an amount from FCR LP, on the date of each distribution, equal to the amount of such distribution. Each such loan will not bear interest and will be due and payable in full on the first business day following the end of the fiscal year during which the loan was made.

Allocation of Partnership Net Income

The net income of FCR LP, determined in accordance with the provisions of the Tax Act, will generally be allocated at the end of each fiscal year in the following manner:

(a) first, to the General Partner in an amount equal to 0.001% of the balance of the distributable cash of FCR LP;

(b) so long as there are Exchangeable LP Units outstanding, to the holders of Exchangeable LP Units, including for greater certainty a holder of Exchangeable LP Units who becomes or ceases to be a Holder during such fiscal year, in proportions that produce a resulting allocation to such holder of Exchangeable LP Units that approximates the amount of income or loss for purposes of the Tax Act that would be recognized by it under the Tax Act for such fiscal year if it held its interest directly as a holder of REIT Units rather than indirectly as a holder of Exchangeable LP Units; and

(c) the balance shall be allocated to the REIT as holder of the Class A LP Units.

Transfer of LP Units

The transfer of Class A LP Units and Exchangeable LP Units will be subject to a number of restrictions, including: (i) the Class A LP Units and Exchangeable LP Units may not be transferred to a transferee who is an Excluded Shareholder; (ii) no fractional Class A LP Units or Exchangeable LP Units will be transferable; (iii) no transfer of Exchangeable LP Units will be accepted by the General Partner if such transfer would cause FCR LP to be liable for tax under Subsection 197(2) of the Tax Act; and (iv) no transfer of Class A LP Units or Exchangeable LP Units will be accepted by the General Partner unless a transfer form, duly completed and signed by the registered holder of such Class A LP Units or Exchangeable LP Units, as applicable, has been remitted to the registrar and transfer agent of FCR LP. In addition, a transferee of Class A LP Units or Exchangeable LP Units must provide to the General Partner such other instruments and documents as the General Partner may require, in appropriate form, completed and executed in a manner acceptable to the General Partner, acting reasonably. A transferee of a unit of FCR LP will not become a partner or be admitted to FCR LP and will not be subject to the obligations and entitled to the rights of a partner under the FCR LP Agreement until the foregoing conditions are satisfied and such transferee is recorded on FCR LP's record of limited partners.

In addition to the above restrictions, the FCR LP Agreement will also provide that no holder of Exchangeable LP Units will be permitted to transfer such Exchangeable LP Units, other than for REIT Units in accordance with the terms of the Exchange and Support Agreement or the FCR LP Agreement, unless: (i) the transfer is to an Affiliate of the holder; (ii) such transfer would not require the transferee to make an offer to Unitholders to acquire REIT Units on the same terms and conditions under applicable Securities Laws if such Exchangeable LP Units, and all other outstanding Exchangeable LP Units, were converted into REIT Units at the then-current exchange ratio in effect under the Exchange and Support Agreement immediately prior to such transfer; or (iii) the offeror acquiring such Exchangeable LP Units makes a contemporaneous identical offer for the REIT Units (in terms of price, timing, proportion of securities sought to be acquired and conditions) and acquires such Exchangeable LP Units along with a proportionate number of REIT Units actually tendered to such identical offer.

Amendments to the FCR LP Agreement

Following Closing, the FCR LP Agreement may be amended with the prior consent of the holders of at least 66⅔% of the Class A LP Units voted on the amendment at a duly constituted meeting of holders of Class A LP Units or by a written resolution of partners holding at least 66⅔% of the Class A LP Units entitled to vote at a duly constituted meeting of holders of Class A LP Units, except for certain amendments which require unanimous approval of holders of limited partnership units, including: (i) changing the liability of any limited partner; (ii) changing the right of a limited partner to vote at any meeting of holders of Class A LP Units; and (iii) changing FCR LP from a limited partnership to a general partnership. The General Partner may also make amendments to the FCR LP Agreement without the approval or consent of the Limited Partners to reflect, among other things: (i) a change in the name of FCR LP or the location of the principal place of business or registered office of FCR LP; (ii) the admission, substitution, withdrawal or removal of Limited Partners in accordance with the FCR LP Agreement; (iii) a change that, as determined by the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of FCR LP as a limited partnership in which the Limited Partners have limited liability under applicable Laws; (iv) a change that, as determined by the General Partner, is reasonable and necessary or appropriate to enable FCR LP to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; or (v) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the FCR LP Agreement which may be defective or inconsistent with any other provision contained in the FCR LP Agreement or which should be made to make the FCR LP Agreement consistent with the disclosure set out in this Circular. Notwithstanding the foregoing: (i) no amendment which would adversely affect the rights and obligations of the General Partner, as a general partner, may be made without the consent of the General Partner; and (ii) no amendment which would adversely affect the rights and obligations of any other holders of limited partnership units or any class of limited partner differently than any other class of limited partner may be made without the consent of such holder or class, including with respect to amendments to the restrictions on transfer of Exchangeable LP Units.

In addition, the Declaration of Trust provides that the REIT will not agree to or approve any material amendment to the FCR LP Agreement without the approval of at least two-thirds of the votes cast at a meeting of the Voting Unitholders of the REIT called for such purpose (or by written resolution in lieu thereof).

INFORMATION CONCERNING THE COMPANY

General

The Company is one of Canada's leading developers, owners and operators of mixed-use urban real estate located in Canada's most densely populated centres. The Company currently owns interests in 166 properties, totaling approximately 25.1 million square feet of gross leasable area.

The Company's primary strategy is the creation of value over the long-term by generating sustainable growth in cash flow and capital appreciation of its urban portfolio. To achieve the Company's strategic objectives, management continues to: undertake selective development, redevelopment and repositioning activities, including land use intensification; be focused and disciplined in acquiring well-located properties to create super urban neighbourhoods, primarily where there are value creation opportunities, including sites in close proximity to existing properties in the Company's target urban markets; raise capital to fund future growth through select dispositions; proactively manage the Company's existing portfolio to drive rent growth; increase efficiency and productivity of operations; and maintain financial strength and flexibility to support a competitive cost of capital over the long-term.

The Company has one principal subsidiary, First Capital Holdings Trust, a 100% owned trust established under the laws of the Province of Ontario, which had total assets amounting to more than 10% of the consolidated assets of the Company as at June 30, 2019 or total revenues amounting to more than 10% of the consolidated revenues of the Company as at June 30, 2019.

To the knowledge of the directors and officers of the Company, except as publicly disclosed or otherwise described in this Circular, there are no plans or proposals for material changes in the affairs of the Company.

The head office and principal place of business of the Company is located at King Liberty Village, 85 Hanna Avenue, Suite 400, Toronto, Ontario, M6K 3S3.

Description of Share Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preference shares, issuable in series. As at the close of business on October 25, 2019, there were 219,099,966 Common Shares issued and outstanding and there were no preference shares outstanding.

Holders of Common Shares are entitled to receive: (a) notice of and attend at any meeting of the Shareholders, except class meetings of other classes of shares, and are entitled to one vote for each share held; and (b) dividends in the discretion of the Board. Additionally, subject to the rights of holders of any shares ranking prior to the Common Shares, the holders of the Common Shares shall be entitled to receive the remaining property of the Company upon liquidation, dissolution or the winding-up of the Company.

Trading in Common Shares

The Common Shares trade on the TSX under the symbol "FCR". The following table sets forth certain trading information for the Common Shares on the TSX for the 12-month period before the date of this Circular, as reported by the TSX:

Common Shares	Month	High ($)	Low ($)	Volume
2018	October	19.82	18.60	8,558,704
	November	20.21	19.05	7,733,300
	December	20.33	18.28	7,480,527
2019	January	20.70	18.60	7,657,440
	February	22.17	20.44	8,951,890
	March	21.52	20.33	12,577,087
	April	21.49	20.49	10,041,208
	May	21.64	20.68	9,733,918
	June	22.49	20.95	11,230,524
	July	22.35	21.71	8,198,380

Common Shares	Month	High ($)	Low ($)	Volume
	August	22.24	21.68	6,378,952
	September	22.53	21.66	8,491,624
	October 1st to 24th	22.79	21.79	6,202,069

On October 7, 2019, the last completed trading day on which the Common Shares traded prior to the Company's announcement that it had entered into the Arrangement, the closing price of the Common Shares on the TSX was $22.55.

Ownership of Securities of the Company

To the knowledge of the Company, after reasonable enquiry, the table below indicates, as at the close of business on October 25, 2019, the number of securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised, by each director and officer of Company:

Name and Position	Number of Common Shares	Number of Performance Share Units	Number of Restricted Share Units	Number of Deferred Share Units	Number of Stock Options
Adam E. Paul *President and CEO and Director*	231,886 (1)	210,994	–	–	2,580,692
Dori J. Segal *Director*	2,326,170 (2)	–	79,242	–	195,000
Leonard Abramsky *Director*	45,662 (3)	–	–	952	–
Paul C. Douglas *Director*	14,000	–	–	952	–
Jon N. Hagan *Director*	20,472	–	–	101,577	–
Annalisa King *Director*	5,161	–	–	16,043	–
Al Mawani *Director*	10,000	–	–	7,046	–
Bernard McDonell *Chair of the Board*	2,616	–	–	110,899	–
Andrea Stephen *Director*	12,123	–	–	42,854	–
Kay Brekken *Executive Vice President and Chief Financial Officer*	26,737	57,583	–	–	669,152
Carmine Francella *Senior Vice President, Leasing*	5,684	22,572	–	–	217,551

Name and Position	Number of Common Shares	Number of Performance Share Units	Number of Restricted Share Units	Number of Deferred Share Units	Number of Stock Options
Alison Harnick *General Counsel and Corporate Secretary*	–	9,922	–	–	76,506
Maryanne McDougald *Senior Vice President, Operations*	39,389	24,798	–	–	443,197
Jordan Robins *Executive Vice President and Chief Operating Officer*	59,325	60,400	–	–	598,708
Jodi Shpigel *Senior Vice President, Development*	18,745 (4)	27,883	–	–	309,711
Michele Walkau *Senior Vice President, Brand and Culture*	–	–	–	–	–

Notes:

(1) Includes 108,675 Common Shares controlled by Mr. Paul through a family trust.
(2) Includes Common Shares beneficially owned by Mr. Segal's former spouse.
(3) Includes 2,245 Common Shares beneficially owned by Mr. Abramsky's spouse.
(4) Includes 4,040 Common Shares beneficially held through Ms. Shpigel's spouse's RRSP and TFSA.

PRO FORMA FINANCIAL INFORMATION

The following table sets out certain selected *pro forma* consolidated financial information for the REIT as at December 31, 2018 after giving effect to the Arrangement. Such information should be read in conjunction with the unaudited *pro forma* consolidated financial statements of the REIT attached as Appendix G hereto together with the related historical financial statements. Adjustments have been made to prepare the unaudited *pro forma* consolidated financial statements of the REIT, which adjustments are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited *pro forma* consolidated financial statements.

The unaudited *pro forma* consolidated financial information of the REIT is presented for illustrative purposes only and is not necessarily indicative of (i) the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited *pro forma* consolidated financial statements, or (ii) results expected in future periods.

For *pro forma* consolidated financial information of the REIT as at June 30, 2019, please refer to Appendix G hereto for full particulars.

First Capital Real Estate Investment Trust
Pro Forma Condensed Consolidated Statement of Income (unaudited)
(in thousands of Canadian dollars)

Year ended December 31, 2018		
		Pro Forma
Property rental revenue	$	**729,595**
Property operating costs		**274,822**
Net operating income		**454,773**
Other income and expenses		
Interest and other income		**26,429**
Interest expense		**(162,661)**
Corporate expenses		**(37,728)**
Abandoned transaction costs		**(177)**
Amortization expense		**(3,235)**
Share of profit from joint ventures		**30,411**
Other gains (losses) and (expenses)		**10,733**
Fair value adjustments of unit-based compensation		**7,152**
Fair value adjustments for Exchangeable LP Units		**20,485**
Increase (decrease) in value of investment properties, net		**102,389**
		(6,202)
Income before income taxes		**448,571**
Deferred income taxes		**(59,643)**
Net income	$	**388,928**
Net income attributable to:		
Common shareholders	$	**380,696**
Non-controlling interest		**8,232**
	$	**388,928**
Net Income	$	**388,928**
Other comprehensive loss		**(6,170)**
Deferred tax (expense) recovery		**4,054**
Comprehensive Income	$	**386,812**

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the unaudited *pro forma* consolidated capitalization of the REIT as at June 30, 2019, after giving effect to the completion of the Arrangement and significant events subsequent to June 30, 2019.

	June 30, 2019[4] (unaudited)	Adjusted Pro Forma as at June 30, 2019[3][4] (unaudited)
Indebtedness[1]		
Mortgages	1,437,576	$1,362,791
Credit Facilities	1,088,274	1,220,902
Bank Indebtedness	28,971	31,720
Senior unsecured debentures	2,447,786	2,496,964
Debt secured by investment properties held for sale	25,208	71,458
Exchangeable LP Units	N/A	239,465
Unitholders' Equity	4,252,318	4,149,957
Non-controlling interest[2]	23,614	50,645
Total Capitalization	9,303,747	9,623,902

Note:

(1) Indebtedness figures are shown at their carrying amount.

(2) Represents minority interests in certain entities owned by FCR.

(3) Pro Forma figures as at June 30, 2019 (See Appendix G) give effect to the Arrangement and have been further adjusted in the capitalization table to reflect significant events from the period from July 1, 2019 to and including October 25, 2019.

(4) Figures are shown in thousands of Canadian dollars.

PRIOR SALES OF REIT UNITS

On October 16, 2019, the REIT was formed and one REIT Unit was issued for $20.00.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to the REIT and the Company, the following summary presents the principal Canadian federal income tax considerations generally applicable under the Tax Act to Shareholders who participate in the Arrangement and who exchange their Common Shares for REIT Units, or Exchangeable LP Units and the Ancillary Rights, as the case may be (each, a "**Holder**"). This summary is applicable only to a Holder who, for purposes of the Tax Act and at all relevant times, is resident in Canada or is deemed to be resident in Canada, deals at arm's length with, and is not affiliated with, the REIT, the Company or any person that such Holder subsequently sells or otherwise transfers REIT Units or Exchangeable LP Units to and who holds Common Shares, REIT Units and Exchangeable LP Units as capital property within the meaning of the Tax Act. Generally, such securities will be considered capital property to a Holder provided that such Holder does not use or hold the securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Common Shares or REIT Units as capital property may, in certain circumstances, be entitled to have their Common Shares, REIT Units and all other "Canadian securities", as defined in the Tax Act, owned by such Holders in the taxation year of the election and all subsequent taxation years (which will not include Exchangeable LP

Units), deemed to be capital property by making the irrevocable election permitted by Subsection 39(4) of the Tax Act. Holders who are considering making such an election should consult their own tax advisors having regard to their particular circumstances.

This summary is not applicable to a holder (i) that is a "financial institution" for purposes of the "mark-to-market rules" contained in the Tax Act, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) an interest in which is a "tax shelter investment" as defined in the Tax Act, (iv) that has elected to report its tax results in a "functional currency" as defined in the Tax Act (which excludes Canadian currency), or (v) that has entered or will enter into, with respect to the Common Shares, REIT Units or Exchangeable LP Units, a "derivative forward agreement" as defined in the Tax Act. Such holders should consult their own tax advisors with respect to an acquisition of REIT Units or Exchangeable LP Units and the Ancillary Rights.

This summary also assumes that FCR LP will not be a "SIFT partnership" and that FCR LP and any other "entity" of which the REIT holds "equity" (either directly or indirectly) will be an "excluded subsidiary entity", each as defined in the Tax Act, at any relevant time. However, there can be no assurance that the Tax Act will not be revised or amended such that the SIFT Rules (as defined below) will apply.

This summary does not address the tax consequences of exchanging Options, DSUs, RSUs or PSUs pursuant to the Arrangement, nor does it apply to a holder who acquires REIT Units through the exercise of Replacement Options. Such holders should consult their own tax advisors.

This summary is based upon the facts set out in this Circular, certain representations as to factual matters made in a certificate signed by an officer of the REIT and provided to counsel, the provisions of the Tax Act and the regulations thereunder (the "**Regulations**") in force as of the date prior to the date hereof, all specific proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current administrative and assessing policies and practices published in writing by the CRA prior to the date hereof. Except for the Tax Proposals, this summary does not take into account any changes in law or in administrative practices or assessing policies, whether by legislative, administrative or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which may be different from those discussed herein. No assurance can be given that the Tax Proposals will be enacted as proposed or at all. Modification or amendment of the Tax Act, the Regulations or the Tax Proposals may significantly alter the tax status of the REIT as a mutual fund trust and real estate investment trust, the tax status of FCR Amalco as a mutual fund corporation or the tax consequences of holding the REIT Units or Exchangeable LP Units. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect prospective purchasers.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representation with respect to the Canadian federal income tax consequences to any particular Holder is made. Consequently, Holders are advised to consult their own tax advisors with respect to the tax consequences to them of acquiring REIT Units or Exchangeable LP Units and the Ancillary Rights pursuant to the Arrangement, having regard to their particular circumstances.

Exchange of Common Shares for REIT Units

A Holder who exchanges Common Shares for REIT Units pursuant to the Arrangement will be considered to have disposed of such Common Shares for proceeds of disposition equal to the fair market value at the Effective Time of such REIT Units acquired by the Holder.

As a result, a Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Holder's Common Shares. For a description of the tax treatment of capital gains and capital losses, see "— Taxation of Capital Gains and Capital Losses" below.

Where a Holder that is a corporation disposes of a Common Share, the Holder's capital loss from the disposition may, to the extent and under the circumstances specified by the Tax Act, be reduced by the amount of any dividends received or deemed to have been received by the corporation on such share (or on a share for which such share is substituted or exchanged). Similar rules may apply where Common Shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Holders to whom these rules may be relevant should consult their own tax advisors.

The cost to a Holder of REIT Units acquired in exchange for Common Shares will be equal to the fair market value at the Effective Time of the Common Shares exchanged by the Holder for such REIT Units.

Exchange of Common Shares for Exchangeable LP Units and the Ancillary Rights

Receipt of the Ancillary Rights

A Holder that validly elects to receive Exchangeable LP Units in exchange for Common Shares under the Arrangement will also receive the Ancillary Rights. Such Holder will be required to account for these Ancillary Rights in determining the proceeds of disposition of such Common Shares and, where the Electing Shareholder files a Tax Election Form, the cost under the Tax Act of the Exchangeable LP Units received in consideration therefor. The Company is of the view that the Ancillary Rights have a nominal fair market value. Such view, however, is not binding on the CRA and it is possible that the CRA may take a contrary view. The remainder of this tax summary assumes that the Ancillary Rights have a nominal fair market value.

Exchange of Common Shares for Exchangeable LP Units and the Ancillary Rights - Non-Rollover Transaction

A Holder that validly elects to receive Exchangeable LP Units and the Ancillary Rights in exchange for Common Shares will, unless such Holder files a Tax Election Form under Subsection 97(2) of the Tax Act as discussed below, be considered to have disposed of such Common Shares for proceeds of disposition equal to the aggregate of (i) the fair market value at the Effective Time of any Exchangeable LP Units received by the Holder on the exchange, and (ii) the fair market value at the Effective Time of the Ancillary Rights received by the Holder on the exchange.

As a result and assuming that no Tax Election Form is filed, such Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the "adjusted cost base" (as defined in the Tax Act) of the Holder's Common Shares. For a description of the tax treatment of capital gains and capital losses, see "— Taxation of Capital Gains and Capital Losses" below.

Where a Holder that is a corporation disposes of a Common Share, the Holder's capital loss from the disposition may, to the extent and under the circumstances specified by the Tax Act, be reduced by the amount of any dividends received or deemed to have been received by the corporation on such share (or on a share for which such share is substituted or exchanged).

The aggregate cost to a Holder of Exchangeable LP Units and the Ancillary Rights acquired on the exchange will be equal to the fair market value at the Effective Time of the Common Shares exchanged by a Holder for Exchangeable LP Units and the Ancillary Rights. Because the fair market value of the Ancillary Rights is assumed to be a nominal amount, all the aggregate cost referred to above (less a nominal amount) will be allocated to the cost of the Exchangeable LP Units.

Exchange of Common Shares for Exchangeable LP Units and the Ancillary Rights - Rollover Transaction and Tax Election Form

A Holder that validly elects to receive Exchangeable LP Units and the Ancillary Rights in exchange for Common Shares, and that files a valid Tax Election Form pursuant to Subsection 97(2) of the Tax Act (and any corresponding form under provincial or territorial tax legislation), may thereby obtain a full or partial deferral of a capital gain otherwise arising on the exchange of such Common Shares as described above under "— Exchange of Common Shares for Exchangeable LP Units and the Ancillary Rights — Exchange of Common Shares for Exchangeable LP Units and the Ancillary Rights - Non-Rollover Transaction", depending on the Elected Amount (as defined below) and the adjusted cost base to the Holder of such Common Shares at the Effective Time.

The comments made herein with respect to such tax elections are provided for general information only. The law in this area is complex and contains numerous technical requirements. Holders that wish to file tax election forms should consult their own tax advisors and give their immediate attention to this matter.

Elected Amount

A Holder that validly elects to receive Exchangeable LP Units and the Ancillary Rights in exchange for Common Shares pursuant to, and in accordance with, the terms of the Arrangement and that is an Electing Shareholder may elect an amount which, subject to certain limitations contained in the Tax Act, will be treated as the proceeds of disposition of such Common Shares (the "**Elected Amount**"). For purposes of the Tax Act and the Tax Election Form, the Elected Amount may not:

(a) be less than the fair market value at the Effective Time of the Ancillary Rights acquired on the exchange (which is assumed to be a nominal amount);

(b) be less than the lesser of (i) the adjusted cost base to the Electing Shareholder of the Common Shares at the Effective Time which are exchanged for Exchangeable LP Units and the Ancillary Rights, and (ii) the fair market value of such Common Shares at the Effective Time; and

(c) exceed the fair market value of the Common Shares at the Effective Time that are exchanged for Exchangeable LP Units and the Ancillary Rights.

Tax Treatment to Holders

Where an Electing Shareholder files a valid Tax Election Form in respect of Common Shares that complies with the rules in the Tax Act, the tax treatment to such Electing Shareholder will generally be as follows:

(a) the Electing Shareholder will be deemed to have disposed of such Common Shares for proceeds of disposition equal to the Elected Amount;

(b) the Electing Shareholder will not realize a capital gain (or a capital loss), provided that the Elected Amount is equal to the sum of (i) the aggregate adjusted cost base to the Electing Shareholder of such Common Shares immediately before the Effective Time and (ii) any reasonable costs of disposition;

(c) the Electing Shareholder will realize a capital gain (or a capital loss) to the extent that the Elected Amount exceeds (or is exceeded by) the aggregate of (i) the aggregate adjusted cost base to the Electing Shareholder of such Common Shares immediately before the Effective Time and (ii) any reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see "— Taxation of Capital Gains and Capital Losses" below;

(d) the cost to the Electing Shareholder of the Ancillary Rights received on the exchange will be equal to the fair market value thereof at the Effective Time (which is assumed to be a nominal amount); and

(e) the cost to the Electing Shareholder of the Exchangeable LP Units received on the exchange will be equal to the amount by which the Elected Amount exceeds the fair market value at the Effective Time of the Ancillary Rights received on the exchange (which is assumed to be a nominal amount).

Procedure for Making an Election

An Electing Shareholder must deliver to FCR LP two copies of any applicable Tax Election Form duly completed and executed by such Electing Shareholder (and any similar form required under any applicable provincial or territorial tax legislation) by the Election Deadline, including (i) the required information concerning the Electing Shareholder, (ii) the number of Common Shares being exchanged for Exchangeable LP Units and the Ancillary Rights, and (iii) the applicable Elected Amounts for such Common Shares. The relevant Tax Election Form is CRA Form T2059. Certain provinces or territories may require that a separate tax election form or other joint tax election be filed for provincial or territorial income tax purposes. FCR LP will also make a joint tax election with an Electing Shareholder under the provisions of any relevant provincial or territorial income tax law having similar effect to Subsection 97(2) of the Tax Act.

Subject to the applicable Tax Election Form (and any applicable provincial or territorial form) being correct and complete and complying with the provisions of the applicable income tax law and the Arrangement, FCR LP will sign such duly completed forms received from an Electing Shareholder within 30 days after the Effective Date and return them by mail to the Electing Shareholder for filing. **It is the Electing Shareholder's sole responsibility to sign and file such forms with the applicable Governmental Entity within the prescribed time in the Tax Act (or applicable provincial or territorial legislation).**

None of the Company, the REIT, FCR LP, Newco, FCR Amalco or the General Partner will be responsible for the proper or accurate completion of any Tax Election Form (or similar form required by provincial or territorial law), the verification of the content of any such forms or the tax consequences thereof to an Electing Shareholder and none of the Company, the REIT, FCR LP, Newco, FCR Amalco or the General Partner will be responsible for the payment of any taxes, interest, expenses, damages, penalties or any other costs resulting from the failure by an Electing Shareholder to properly and accurately complete or file the necessary forms in the manner and within the time prescribed by the Tax Act (or applicable provincial or territorial legislation), all of which are the sole responsibility of the Electing Shareholder. In its sole discretion, FCR LP may choose to sign and return Tax Election Forms (or similar forms required by provincial or territorial law) received after the deadline described above, but FCR LP will have no obligation to do so.

For the CRA to accept a Tax Election Form without a late filing penalty being paid by an Electing Shareholder, the Tax Election Form, duly completed and executed by both the Electing Shareholder and FCR LP must be received by the CRA on or before the earliest due date for the filing of any partner of FCR LP (which includes the REIT) or the Electing Shareholder's income tax return for their taxation year which includes the Effective Date. Since the taxation year of the REIT is the calendar year, the due date of the Tax Election Form will be on March 30, 2020 provided the Effective Date occurs in 2019.

Information and instructions concerning the applicable tax elections will be included in the tax election package that will be available on the Company's website at www.fcr.ca/taxelection.

It will be the sole responsibility of each Electing Shareholder that wishes to make such an election to obtain the appropriate federal, provincial or territorial tax election forms and to duly complete and submit such forms to FCR LP by the Election Deadline and to subsequently file such elections within the time prescribed by legislation.

Holding of Exchangeable LP Units

During the period that a Holder holds Exchangeable LP Units, such Holder will be a partner of FCR LP and will generally be subject to the income tax consequences described below. This summary does not consider all of the potential tax considerations applicable to a Holder acquiring Exchangeable LP Units and becoming a partner of FCR LP and such Holders should contact their own tax advisors having regard to their particular circumstances.

Computation of Income or Loss

Each Holder is required to include (or, subject to the "at-risk rules" discussed below, entitled to deduct) in computing its income for a particular taxation year the Holder's share of the income (or loss) and taxable capital gains (or allowable capital losses) of FCR LP for its fiscal year ending in, or coincidentally with, the Holder's taxation year end that is allocated pursuant to the FCR LP Agreement, whether or not any amount is distributed to the Holder in the taxation year and regardless of whether or not the Exchangeable LP Units were held throughout such year. For these purposes, taxable capital gains include amounts in respect of Capital Gains Dividends (as defined below) received by FCR LP from FCR Amalco. Based on representations as to certain factual matters from an officer of the REIT, FCR Amalco is expected to qualify as a "mutual fund corporation" within the meaning of the Tax Act throughout each taxation year in which shares of FCR Amalco are outstanding. This summary assumes this to be the case. As a mutual fund corporation, FCR Amalco will generally be entitled in certain circumstances to elect to pay dividends out of its "capital gains dividend account" (as defined in the Tax Act) (each, a "**Capital Gains Dividend**").

FCR LP will not itself be a taxable entity and is not expected to be required to file an income tax return in Canada (other than an information return) for any fiscal period. However, the income (or loss) of FCR LP for a fiscal period for purposes of the Tax Act will be computed as if it were a separate person resident in Canada and the partners will be allocated a share of that income (or loss) in accordance with the FCR LP Agreement. For this purpose, FCR LP's fiscal period end will be December 31 in each calendar year.

For purposes of the Tax Act, all income (or losses) of FCR LP must be calculated in Canadian currency. In computing the income (or loss) of FCR LP, deductions may be claimed in respect of reasonable administrative costs, interest and other expenses incurred by FCR LP for the purpose of earning income, subject to the relevant provisions of the Tax Act. FCR LP may also deduct from its income for the year a portion of the reasonable expenses, if any, incurred by FCR LP to issue the Exchangeable LP Units pursuant to the Arrangement.

In general, a Holder's share of any income (or loss) of FCR LP from a particular source will be treated as if it were income (or loss) of the Holder from that source, and any provisions of the Tax Act applicable to that type of income (or loss) will apply to the Holder. FCR LP's income will include interest on debt obligations held by FCR LP.

After giving effect to the Arrangement, FCR LP will hold class B voting common shares of FCR Amalco. A Holder's share of taxable dividends received or considered to be received by FCR LP in a fiscal year from a corporation resident in Canada will be treated as a dividend received by the Holder and will be subject to the normal rules in the Tax Act applicable to such dividends, including an addition to the "general rate income pool" of a Holder that is a "Canadian-controlled private corporation" when the dividend received by FCR LP is designated as an "eligible dividend", each as defined in the Tax Act.

The Tax Act contains "at-risk rules" which may, in certain circumstances, restrict the deduction of a limited partner's share of any losses of a limited partnership. Holders should consult their own tax advisors for specific advice with respect to the potential application of the "at-risk rules".

The adjusted cost base of a Holder's Exchangeable LP Units will be subject to the detailed rules contained in the Tax Act and will generally start with the initial cost of the Exchangeable LP Units which, as described above, will depend on whether a Holder has filed a valid Tax Election Form. If a Holder has filed a valid Tax Election Form, the initial cost of the Exchangeable LP Units will generally be the amount by which the Elected Amount exceeds the fair market value of the Ancillary Rights (which is assumed to be a nominal amount). The adjusted cost base will generally be increased by the Holder's share of income and capital gains allocated to the Holder for a particular fiscal period of FCR LP on the first day following such fiscal period. The adjusted cost base will generally be decreased by (i) the Holder's share of losses and capital losses allocated to the Holder for a particular fiscal period of FCR LP on the first day

following such fiscal period, and (ii) any distributions received by the Holder from FCR LP made before the relevant time in respect of the Exchangeable LP Units.

If, as a result of a distribution, a Holder's adjusted cost base of its Exchangeable LP Units is negative at the end of FCR LP's fiscal period, the absolute value of such amount is generally deemed to be a capital gain realized by the Holder and such adjusted cost base will be reset to nil.

Exchange of Exchangeable LP Units for REIT Units

On the exchange by a Holder of an Exchangeable LP Unit for a REIT Unit, such Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the Holder's adjusted cost base of the Exchangeable LP Unit. For these purposes, the proceeds of disposition will be the fair market value of the REIT Unit at the time of the exchange. For a description of the tax treatment of capital gains and capital losses, see "— Taxation of Capital Gains and Capital Losses" below.

The cost to a Holder of REIT Units acquired in exchange for Exchangeable LP Units will be equal to the fair market value at the time of such exchange of the Exchangeable LP Units exchanged by the Holder for REIT Units.

Holding of REIT Units

During the period that a Holder holds REIT Units, such Holder will generally be subject to the income tax consequences described below. This summary does not consider all of the potential tax considerations applicable to a Holder acquiring REIT Units pursuant to the Arrangement and such Holders should contact their own tax advisors having regard to their particular circumstances.

Status of the REIT

Qualification as a "Mutual Fund Trust"

Based on representations as to certain factual matters from an officer of the REIT, the REIT intends to file the necessary election under the Tax Act so that it will be deemed to have been a "mutual fund trust" within the meaning of the Tax Act effective from the beginning of its first taxation year, and the REIT has at all times otherwise qualified, and is expected to continue to qualify at all times, as a mutual fund trust. This summary assumes this to be the case.

If the REIT was not to qualify as a mutual fund trust at any particular time, the income tax considerations described below would, in some respects, be materially and adversely different.

Qualification as a "Real Estate Investment Trust"

SIFT Rules

The "**SIFT Rules**" contained in the Tax Act effectively tax certain income of a publicly traded trust or partnership that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable corporation and distributed by way of dividend to its shareholders. These rules apply only to "SIFT trusts", "SIFT partnerships" (each as defined in the Tax Act) and their investors.

A trust resident in Canada will generally be a SIFT trust for a particular taxation year for purposes of the Tax Act if, at any time during the taxation year, "investments" in the trust are listed or traded on a stock exchange or other "public market" and the trust holds one or more "non-portfolio properties" (each as defined for purposes of the SIFT Rules in the Tax Act). Non-portfolio properties generally include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections to Canada. However, a trust will not be considered a SIFT trust for a taxation year if it qualifies as a "real estate investment trust" (as defined in the Tax Act) for that year (the "**REIT Exception**", discussed below).

Where the SIFT Rules apply, distributions of a SIFT trust's "non-portfolio earnings" (as defined in the Tax Act) are not deductible in computing the SIFT trust's net income. Non-portfolio earnings are generally defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and taxable capital gains from the disposition of, non-portfolio properties. The SIFT trust is itself liable to pay income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general income tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust are generally deemed to be taxable dividends received by such holder from a taxable Canadian corporation. Such deemed dividends will qualify as "eligible dividends" for purposes

of the enhanced gross-up and dividend tax credit available under the Tax Act to individuals resident in Canada. Distributions that are paid by a SIFT Trust as returns of capital will generally not attract the tax under the SIFT Rules.

REIT Exception

The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it qualifies for the REIT Exception for the year. The REIT Exception contains a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception for any particular taxation year can only be made at the end of the taxation year. Management has advised counsel that, beginning in its 2019 taxation year, the REIT will qualify for the REIT Exception and, as currently structured, should qualify for the REIT Exception for that taxation year and for each subsequent year. There is no assurance that the REIT will qualify for the REIT Exception for any particular year. The REIT has not obtained, nor sought, an advance tax ruling from the CRA in respect of the non-application to the REIT of the SIFT Rules, including the availability of the REIT Exception. There can be no assurance that subsequent investments or activities undertaken by the REIT or any of its subsidiary entities will not result in the REIT failing to qualify as a real estate investment trust under the REIT Exception. The Declaration of Trust includes certain provisions intended to reduce the risk of the REIT being a SIFT trust. Counsel has not reviewed and will not review the REIT's compliance with the conditions for the REIT Exception.

The balance of this summary assumes that the REIT has qualified and will continue to qualify for the REIT Exception at all times, beginning in its 2019 taxation year. Should the REIT cease to qualify under the REIT Exception for a taxation year, the income tax considerations may be materially and adversely different from those described in this summary – in particular, distribution amounts may not be deductible by the REIT as previously described (with the result that the amount of cash available for distribution by the REIT would be reduced) and may also be included in the income of Unitholders for purposes of the Tax Act as taxable dividends. The REIT Exception is applied on a taxation year basis. Accordingly, even if the REIT does not qualify for the REIT Exception for a particular taxation year, it may be able to do so for a subsequent taxation year.

Taxation of the REIT

The taxation year of the REIT is the calendar year. In each taxation year, the REIT will generally be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains for that year and its allocated share of the income of FCR LP for the fiscal period of FCR LP ending in, or coinciding with, the end of the taxation year of the REIT, less the portion thereof that it deducts in respect of the amounts paid or payable, or deemed to be paid or payable, to Unitholders in the year. In computing the net realized taxable capital gains of the REIT for a taxation year, Capital Gains Dividends received by the REIT from FCR Amalco will be included. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount.

Generally, distributions to the REIT in excess of its allocated share of the income of FCR LP for a fiscal period will result in a reduction of the adjusted cost base of the REIT's Class A LP Units by the amount of such excess. If, as a result, the REIT's adjusted cost base of its Class A LP Units at the end of a fiscal period of FCR LP would otherwise be a negative amount, the absolute value of such amount is generally deemed to be a capital gain realized by the REIT and such adjusted cost base would be reset to nil.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs and other reasonable expenses of a current nature incurred by it for the purpose of earning income. The REIT may also deduct on a five-year straight-line basis (subject to pro-ration for short taxation years) from its income for the year a portion of any reasonable expenses incurred by the REIT in the course of issuing REIT Units. Counsel has been advised that in accordance with the Tax Act, except as the Trustees otherwise determine, the REIT shall claim the maximum of capital cost allowance and other deductions available to the REIT under the Tax Act in computing its income.

Counsel has been advised that it is the REIT's present intention to make distributions to Unitholders of the amount necessary to ensure that the REIT will not be liable to pay income tax under Part I of the Tax Act on such income. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's available cash is insufficient to make payment of the full amount of a distribution, such payment may, at the option of the Trustees, be distributed in the form of additional REIT Units. Income of the REIT payable to Unitholders, whether in cash, additional REIT Units or otherwise, will generally be deductible by the REIT in computing its income.

Losses incurred by the REIT cannot be allocated to Unitholders, but may be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net taxable capital gains realized by the REIT for a taxation year, it will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for such tax by an amount determined under the Tax Act based on the redemption of REIT Units during the year (a "**Capital Gains Refund**"). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the REIT's tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Unitholders on the redemption

of REIT Units. The Declaration of Trust provides that all or a portion of any income (including taxable capital gains) realized by the REIT as a result of that redemption may at the discretion of the trustees of the REIT, be treated as income paid or payable to the redeeming Unitholder, and will be deductible by the REIT in computing its income. However, pursuant to Tax Proposals released on July 30, 2019 (the "**2019 Proposals**"), for taxation years of the REIT that commence on or after March 19, 2019, the REIT generally will not be entitled to a deduction in computing its income in respect of amounts allocated to redeeming Unitholders to the extent of (i) the portion of any such amount that would be paid out of the income (other than taxable capital gains) of the REIT, and (ii) the portion of any such amount that would be paid out of the taxable capital gains of the REIT to the extent that it is greater than the taxable capital gain that would have been realized by the redeeming Unitholder but for such amount. As a result, the taxable component of distributions by the REIT to non-redeeming Unitholders may be adversely affected.

Taxation of Holders of REIT Units

Distributions by the REIT

A Holder is generally required to include in computing income for a particular taxation year the portion of the net income of the REIT for the taxation year of the REIT ending on or before the particular taxation year end of the Holder, including net taxable capital gains (determined for the purposes of the Tax Act), that is paid or payable, or deemed to be paid or payable, to the Holder in the particular taxation year (and that the REIT deducts in computing its income), whether or not those amounts are received in cash, additional REIT Units or otherwise.

The non-taxable portion of any net capital gains of the REIT that is paid or payable, or deemed to be paid or payable, to a Holder in a taxation year will not be included in computing the Holder's income for the year provided the taxable portion of such capital gain is designated to the Holder. Any other amount in excess of the net income and net taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to a Holder in a taxation year, will not generally be included in the Holder's income for the year. A Holder will be required to reduce the adjusted cost base of the Holder's REIT Units by the portion of any amount (other than proceeds of disposition in respect of the redemption of REIT Units and the non-taxable portion of net capital gains referred to above) paid or payable to such Holder that was not included in computing the Holder's income and will realize a capital gain to the extent that the adjusted cost base of the Holder's REIT Units would otherwise be a negative amount.

Provided that appropriate designations are made by the REIT, such portion of the net taxable capital gains and taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations as are paid or payable, or deemed to be paid or payable, by the REIT to the Holders will effectively retain their character and be treated and taxed as such in the hands of the Holders for purposes of the Tax Act. To the extent that amounts are designated as having been paid to Holders out of the net taxable capital gains of the REIT, such designated amounts will be deemed for tax purposes to be received by Holders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below. To the extent that amounts are designated as having been paid to Holders out of taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations, they will be subject to the normal gross-up and dividend tax credit provisions (including the enhanced gross-up and dividend tax credit rules in respect of dividends designated by such corporations as "eligible dividends") in respect of Holders who are individuals, to the refundable tax under Part IV of the Tax Act in respect of Holders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts), and to the deduction in computing taxable income in respect of Holders that are corporations subject to the detailed rules in the Tax Act. Holders should consult their own tax advisors for advice with respect to the potential application of these provisions.

Dispositions of REIT Units

On the disposition or deemed disposition of a REIT Unit by a Holder, whether on redemption or otherwise, the Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base of the REIT Unit and any reasonable costs of disposition.

Where a Holder (other than a mutual fund trust) disposes of a REIT Unit, such Holder's capital loss from the disposition will generally be reduced by the amount of certain dividends received by the REIT previously designated by the REIT to the Holder, to the extent and under the circumstances prescribed in the Tax Act. Analogous rules apply in respect of a member of a partnership (other than another partnership or a mutual fund trust) that disposes of REIT Units.

For the purpose of determining the adjusted cost base to a Holder, when a REIT Unit is acquired, the cost of the newly acquired REIT Unit will be averaged with the adjusted cost base of all of the REIT Units owned by the Holder as capital property immediately before that acquisition. The adjusted cost base of a REIT Unit to a Holder will include all amounts paid by the Holder for the REIT Unit, subject to certain adjustments. The cost to a Holder of REIT Units received in lieu of a cash distribution of income of the REIT will be equal to the amount of such distribution that is satisfied by the issuance of such REIT Units, subject to certain adjustments.

A redemption of REIT Units in consideration for cash or Subsidiary Notes, as the case may be, will be a disposition of such REIT Units for proceeds of disposition equal to the amount of such cash or the fair market value of such notes, as the case may be, less any income or capital gain realized by the REIT as a result of the redemption of those REIT Units for Subsidiary Notes. Subject to the discussion above of the 2019 Proposals, where income or a capital gain realized by the REIT as a result of the redemption of REIT Units is so designated by the REIT to the redeeming Holder, the Holder will be required to include in computing its income for tax purposes, the income and the taxable portion of the capital gain so designated. The cost of any property distributed by the REIT to a Holder upon a redemption of REIT Units will generally be equal to the fair market value of that property at the time of distribution. A Holder who is issued Subsidiary Notes will thereafter be required to include in income interest on such notes in accordance with the provisions of the Tax Act.

Taxation of Capital Gains and Capital Losses

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder (including a Holder that is a Dissenting Shareholder) and the amount of any net taxable capital gains designated by the REIT to a Holder of REIT Units (including amounts in respect of capital gains dividends) will be included in such Holder's income as a taxable capital gain. One-half of any capital loss (an "**allowable capital loss**") realized by such Holder generally must be deducted against the Holder's taxable capital gains for the year. Allowable capital losses in excess of taxable capital gains realized by such Holder in a taxation year may be carried back to any of the three preceding taxation years or carried forward to a future taxation year and deducted against net taxable capital gains realized in such year, subject to the detailed provisions of the Tax Act.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act), including an amount in respect of net taxable capital gains.

In general terms, net income of the REIT paid or payable to a Holder of REIT Units who is an individual or a certain type of trust and that is designated as taxable dividends or as net taxable capital gains, and capital gains realized on the disposition of REIT Units by such a Holder may increase the Holder's liability for alternative minimum tax under the Tax Act.

Dissenting Shareholders

If, on the Arrangement, a Holder exercises Dissent Rights and receives fair value of the Holder's Common Shares (thus becoming a Dissenting Shareholder), such Dissenting Shareholder will be considered to have disposed of the Common Shares for proceeds of disposition equal to the amount received by the Dissenting Shareholder less the amount of any deemed dividend referred to below and any interest awarded by the Court. The Dissenting Shareholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (as reduced by any deemed dividend) exceed (or are exceeded by) the adjusted cost base of the Dissenting Shareholder's Common Shares. For a description of the tax treatment of capital gains and capital losses, see "— Taxation of Capital Gains and Capital Losses" above. Subject to the discussion below, the Dissenting Shareholder may also be deemed to have received a taxable dividend equal to the amount by which the amount received from the Company (other than in respect of interest awarded by the Court) exceeds the "paid-up capital" (as defined in the Tax Act) of such Common Shares. In the case of a Dissenting Shareholder that is a corporation, in some circumstances the Tax Act may treat any such deemed dividend as proceeds of disposition or a capital gain, and not as a dividend. Any interest awarded to a Dissenting Shareholder by the Court will be included in the Dissenting Shareholder's income for the purposes of the Tax Act. Dissenting Shareholders should consult their own tax advisors concerning the tax consequences of an exercise of Dissent Rights.

ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to the REIT and the Company, subject to the restrictions, limitations and assumptions set forth under the heading "Certain Canadian Federal Income Tax Considerations", provided the REIT Units are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes the TSX) on the Effective Date, the REIT Units will be, at such time, "qualified investments" under the Tax Act for a trust governed by a Deferred Income Plan.

Notwithstanding that the REIT Units may be qualified investments for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of the REIT Units if such REIT Units are a "prohibited investment" (as defined in the Tax Act) for the TFSA, RDSP, RRSP, RRIF or RESP, as the case may be. The REIT Units will generally not be a prohibited investment for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP provided the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF or the subscriber of the RESP, as the case may be, (i) deals at arm's length with the REIT for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act for purposes of such "prohibited investment" rules) in the REIT. Generally, a holder of a TFSA or RDSP, an annuitant under an RRSP or RRIF or a subscriber of an RESP will have a significant interest in the REIT if such holder, annuitant or subscriber, either alone or together with persons or partnerships not dealing at arm's length with such holder, annuitant or subscriber for purposes of the Tax Act owns, directly or indirectly, 10% or more of the fair market value of all interests of beneficiaries in the REIT.

In addition, a REIT Unit that is "excluded property" (as defined in the Tax Act) will not be a prohibited investment for a TFSA, RDSP, RRSP, RRIF or RESP. Such holders, subscribers or annuitants who intend to hold the REIT Units in a TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, should consult their own tax advisors regarding the application of the foregoing "prohibited investment" rules having regard to their particular circumstances.

Subsidiary Notes issued by the REIT on a redemption of REIT Units may not be "qualified investments" for trusts governed by Deferred Income Plans and such holders should consult their own tax advisors with regard to their own particular circumstances prior to exercising any redemption rights with respect to the REIT Units.

RISK FACTORS

Risk factors related to the business of the Company will continue to apply to the REIT, FCR Amalco and FCR LP after the Effective Time. Certain risk factors relating to the activities of the Company are contained in the Company's annual information form and MD&A for the year ended December 31, 2018, which is incorporated by reference in this Circular and filed on SEDAR at www.sedar.com. Shareholders should consider the risk factors set out therein together with the information set out in this Circular. Additional risks and uncertainties, including those currently unknown to, or considered immaterial by, the Company may also adversely affect the business of the Company, the REIT and FCR LP. In particular, the Plan of Arrangement is subject to certain risks including the following risks set out below:

Risks Relating to the Plan of Arrangement

The completion of the Arrangement is subject to a number of conditions precedent and requires regulatory and third-party approvals.

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside the control of the Company, including, without limitation, receipt of Shareholder approval, the receipt of the Required Lender Consents and regulatory approvals or exemptions considered necessary or desirable, the issuance of the Final Order. There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied or, if not satisfied, will be waived by the applicable party.

Failure to obtain the Final Order on terms acceptable to the Parties to the Arrangement Agreement would likely result in the decision being made not to proceed with the Plan of Arrangement. If any of the Required Lender Consents and regulatory approvals or exemptions cannot be obtained on terms satisfactory to the Parties to the Arrangement Agreement, or at all, the Plan of Arrangement may have to be amended in order to mitigate against the negative consequence of the failure to obtain any such approval, and accordingly, the benefits available to Shareholders resulting from the Arrangement may be reduced. Alternatively, in the event that the Plan of Arrangement cannot be amended so as to mitigate against the negative consequences of the failure to obtain a regulatory approval or exemption or Required Lender Consents, the Arrangement may not proceed at all. If the Arrangement is not completed, the market price of the Common Shares may be adversely affected.

Risks Relating to the REIT

Cash Distributions Are Not Guaranteed and Will Fluctuate with the Performance of the Business

The REIT's distribution policy will be established pursuant to the REIT Declaration of Trust and may only be changed with the approval of a majority of Unitholders. However, the Board may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of the REIT Units.

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenant profile of the REIT's properties and capital expenditure requirements. Distributions may be increased, reduced or suspended entirely depending on the REIT's operations and the performance of the REIT's assets at the discretion of the Trustees. The market value of the REIT Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors. See "Certain Canadian Federal Income Tax Considerations".

Limitation on Non-Resident Ownership

The REIT Declaration of Trust imposes various restrictions on holders of REIT Units. Non-Resident Holders of REIT Units are prohibited from beneficially owning more than 49% of the REIT Units (on either a Basic Basis or a Fully Diluted Basis as defined in the REIT Declaration of Trust). These restrictions may limit (or inhibit the exercise of) the rights of certain persons, including Non-

Residents and non-Canadians, to acquire the REIT Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the REIT Units. As a result, these restrictions may limit the demand for the REIT Units from certain persons and thereby adversely affect the liquidity and market value of the REIT Units held by the public.

Dependence on FCR LP and FCR Amalco

The REIT is an open-ended, limited purpose trust, which will, for purposes of its income, be entirely dependent on FCR LP and FCR Amalco, and in turn on their respective subsidiaries. Although the REIT intends to distribute the majority of the consolidated income earned by the REIT, there can be no assurance regarding the REIT's ability to make distributions, which remains dependent upon the ability of FCR LP and FCR Amalco to pay distributions, dividends or returns of capital in respect of the FCR LP Units and Class A retractable common shares of FCR Amalco, and amounts on Promissory Notes, which ability, in turn, is dependent upon the operations and assets of FCR Amalco's subsidiaries.

Unpredictability and Volatility of REIT Unit Price

A publicly-traded real estate investment trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the REIT Units will trade cannot be predicted. The market price of the REIT Units could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The annual yield on the REIT Units as compared to the annual yield on other financial instruments may also influence the price of the REIT Units in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the REIT Units.

Nature of the REIT Units

The REIT Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although the REIT is intended to qualify as a "mutual fund trust" as defined by the Tax Act, the REIT will not be a "mutual fund" as defined by applicable securities legislation.

The REIT Units do not represent a direct investment in the business of the REIT's Subsidiaries and should not be viewed by investors as shares or interests in such entities.

Redemption Right

It is anticipated that the redemption right will not be the primary mechanism for holders of REIT Units to liquidate their investment. Upon a redemption of REIT Units, the Trustees may distribute cash or (in the manner described above) Subsidiary Notes to the redeeming Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals.

Additionally, such Subsidiary Notes are not expected to be listed on any stock exchange and no established market is expected to develop in such Subsidiary Notes and they may be subject to resale restrictions under applicable Securities Laws.

Dilution

The REIT may issue an unlimited number of REIT Units for the consideration and on those terms and conditions as are established by the Trustees of the REIT, without the approval of any holders of REIT Units. Any further issuance of REIT Units will dilute the interests of existing holders.

Risks Relating to Taxation

Mutual Fund Trust/Mutual Fund Corporation Status

Upon completion of the Plan of Arrangement, the REIT or FCR Amalco may not qualify as a "mutual fund trust" or a "mutual fund corporation" (as applicable) for purposes of the Tax Act, or it may thereafter cease to so qualify. If the REIT or FCR Amalco did not so qualify for such purposes continuously throughout a taxation year, it would be subject to adverse tax consequences which likely may materially reduce its ability to make distributions on the REIT Units or dividends on the shares of FCR Amalco (as applicable). Furthermore, if the REIT or FCR Amalco was considered to have been established primarily for the benefit of non-resident persons, it

would be permanently disqualified from qualifying as a "mutual fund trust" or a "mutual fund corporation" (as applicable) for such purposes.

REIT Status

There is a risk (for example, as a result of an unanticipated event) that the REIT will not qualify (under the exception for real estate investment trusts from the rules applicable to SIFT trusts or SIFT partnerships in the Tax Act) as a "real estate investment trust" under the Tax Act for one or more of its taxation years after 2019. Were this to occur, the level of monthly cash distributions made on the REIT Units may be materially reduced.

Additional Information

For a more detailed description of the above risk factors, see "Certain Canadian Federal Income Tax Considerations".

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, no informed person (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any associate or affiliate of any informed person has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

In considering the recommendation of the Board with respect to the Arrangement Resolution, Shareholders should be aware that following completion of the Arrangement all of the directors of the Company will serve as Trustees of the REIT. All of the directors and certain officers of the Company will serve as directors and officers of the General Partner. In addition, all officers of the Company will serve as officers of the REIT.

Each officer and director of the Company who is also a Shareholder has advised the Company that they intend to vote all Common Shares held or controlled by him or her, directly or indirectly, in favour of the Arrangement Resolution. As at the date hereof, the directors and officers of the Company, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 2,817,970 Common Shares, representing approximately 1.29% of the Company's issued and outstanding Common Shares.

INTERESTS OF EXPERTS

Certain legal matters relating to the Arrangement are to be passed upon by Torys LLP on behalf of the Company and the REIT. In addition, Torys LLP has prepared the summary contained in this Circular under the heading "Certain Canadian Federal Income Tax Considerations". As of the date hereof, the partners and associates of Torys LLP beneficially owned, directly or indirectly, less than one percent of the issued and outstanding Common Shares.

Ernst & Young LLP are the auditors of the Company and the REIT and have confirmed that they are independent with respect to the Company and the REIT within the meaning of the Rules of Professional Conduct of The Institute of Chartered Professional Accountants of Ontario.

Blair Franklin has provided the Fairness Opinion referred to under "The Arrangement — Fairness Opinion". As of the date hereof, Blair Franklin beneficially owned, directly or indirectly, less than one percent of the issued and outstanding Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Company is Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, Ernst & Young Tower, 100 Adelaide Street West, Toronto, Ontario, Canada, M5H 1S3. Such firm is independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

The transfer agent and registrar for the Common Shares is Computershare, at its principal office in Toronto, Ontario, and the transfer agent and registrar for the REIT Units and the Exchangeable LP Units is Computershare Investor Services Inc., at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon for the Company and the REIT by Torys LLP.

ADDITIONAL INFORMATION

The Company files reports and other information with the securities commissions of the provinces of Canada. Financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the most recently completed financial year ended December 31, 2018 and the Company's consolidated financial statements and management's discussion and analysis for the three- and six-month periods ended June 30, 2019. These reports and information are available to the public free of charge under the Company's profile on SEDAR at www.sedar.com and may also be obtained free of charge by contacting the Assistant Corporate Secretary of the Company at King Liberty Village, 85 Hanna Avenue, Suite 400, Toronto, Ontario, Canada, M6K 3S3. These documents, certain of the Company's governance documents and additional information about the Company can also be found at www.fcr.ca. The Company's other continuous disclosure documents are available on its website, www.fcr.ca, and on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

The contents and the delivery of this Circular have been approved by the Board.

By Order of the Board of Directors,

"Bernard McDonell"

Bernard McDonell
Chairman of the Board

CONSENT OF BLAIR FRANKLIN CAPITAL PARTNERS INC.

October 25, 2019

To: The Board of First Capital Realty Inc. (the "**Company**")

We refer to the management information circular (the "**Circular**") of the Company dated October 25, 2019 relating to the special meeting of shareholders of the Company to approve a plan of arrangement involving the Company. We consent to the inclusion in the Circular of our fairness opinion dated October 7, 2019 and references to our firm name and our fairness opinion in the Circular. Our fairness opinion was given as of October 7, 2019 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Board of the Company shall be entitled to rely upon such fairness opinion.

(Signed) "*Blair Franklin Capital Partners Inc.*"

CONSENT OF TORYS LLP

October 25, 2019

To: The Board of First Capital Realty Inc. (the "**Company**")

We refer to the management information circular (the "**Circular**") of the Company dated October 25, 2019 relating to the special meeting of shareholders of the Company to approve a plan of arrangement involving the Company. We hereby consent to the references to our name and opinion under "*Certain Canadian Federal Income Tax Considerations*" and "*Eligibility for Investment*".

(Signed) "*Torys LLP*"

APPENDIX A

GLOSSARY OF TERMS

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Circular.

"**Acquired Issuer**" has the meaning given to it under the heading "Information Concerning the REIT — Investment Guidelines and Operating Policies".

"**Affiliate**" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*.

"**Aggregate Assets**" means, as of any date, the total assets of the REIT, excluding goodwill and future income tax assets, determined on a consolidated basis and in accordance with GAAP, and giving effect to Proportionate Consolidation Adjustments as adjusted as and to the extent applicable, for any adjustments which correspond to those made in accordance with the REIT Declaration of Trust (other than fair value adjustments reflecting an increase or decrease in the fair value of investment properties and the effect on future income taxes (also referred to as deferred income taxes) of such adjustment).

"**Ancillary Rights**" means, in respect of an Exchangeable LP Unit, the Exchange Rights and related Special Voting Unit.

"**Arrangement**" means and refers to the arrangement pursuant to Section 182 of the OBCA and Section 60 of the Trustee Act set forth in the Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion of the Arrangement Agreement.

"**Arrangement Agreement**" means the arrangement agreement dated October 18, 2019, among the REIT, the General Partner, FCR LP, Newco and the Company, pursuant to which such parties have proposed to implement the Arrangement attached as Appendix D.

"**Arrangement Resolution**" means the special resolution approving the Arrangement to be considered at the Meeting, substantially in the form set out in Appendix B.

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by the OBCA to be sent to the Director after the Final Order is made, which shall be in form and substance satisfactory to the Parties.

"**Beneficial Shareholder**" means a non-registered, beneficial holder of Common Shares whose Common Shares are held through an Intermediary.

"**Beneficial Unitholder**" means a non-registered, beneficial holder of REIT Units whose REIT Units are held through an Intermediary.

"**Blair Franklin**" means Blair Franklin Capital Partners Inc.

"**Blair Franklin Engagement Agreement**" has the meaning ascribed to such term in this Circular under the heading "The Arrangement — Fairness Opinion".

"**Board**" means the board of directors of the Company, as the same is constituted from time to time.

"**Broadridge**" means Broadridge Financial Solutions Inc.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which Schedule I Canadian chartered banks are closed for business in Toronto, Ontario.

"**Capital Gains Dividend**" has the meaning given to it under the heading "Certain Canadian Federal Income Tax Considerations — Holding of Exchangeable LP Units — Computation of Income or Loss".

"**Capital Gains Refund**" has the meaning given to it under the heading "Certain Canadian Federal Income Tax Considerations — Holding of REIT Units — Taxation of the REIT".

"**CBCA**" means the *Canadian Business Corporations Act*.

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to Subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

"**Chair**" has the meaning given to it in "Information Concerning the Meeting — Voting by Registered Shareholders — How Do I Revoke My Proxy?".

"**Circular**" means the notice of the Meeting and this accompanying management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference in, this management information circular to be sent to, among others, Shareholders and each other Person as required by the Interim Order and Law in connection with the Meeting, as amended, supplemented or otherwise modified from time to time.

"**Class A LP Unit**" means a unit of interest in FCR LP designated as a Class A LP Unit and having the rights and attributes described in the FCR LP Agreement with respect thereto.

"**Closing**" means the completion of the Arrangement pursuant to the Plan of Arrangement.

"**Closing Date**" means the closing date of the Arrangement as described in the Arrangement Agreement.

"**Closing Market Price**" has the meaning given to it under the heading "Declaration of Trust and Description of REIT Units — Redemption Right".

"**Common Shares**" means common shares in the capital of the Company.

"**Company**" means First Capital Realty Inc., a corporation existing under the laws of the Province of Ontario.

"**Computershare**" means Computershare Trust Company of Canada.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" means the Canada Revenue Agency.

"**Debentures**" means, collectively, the Series M Debentures, the Series N Debentures, the Series O Debentures, the Series P Debentures, the Series Q Debentures, the Series R Debentures, the Series S Debentures, the Series T Debentures, the Series U Debentures and the Series V Debentures.

"**Deferred Income Plan**" means any trust governed by a RRSP, a RRIF, a DPSP, a RDSP, a TFSA or a RESP, each as defined in the Tax Act.

"**Deferred Share Unit Plan**" means the deferred share unit plan of the Company as amended, supplemented or restated from time to time.

"**Depositary**" means Computershare Investor Services Inc. or such other Person that may be appointed by the Company to act as depositary in connection with the Arrangement.

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA.

"**Dissent Rights**" means the rights of dissent provided for in the Plan of Arrangement.

"**Dissenting Shareholders**" means a registered holder of Common Shares who has validly exercised its Dissent Rights and has not withdrawn such exercise of Dissent Rights immediately prior to the Effective Time.

"**Distribution Date**" means, in respect of a Distribution Period, a Business Day on or about the fifteenth (15^{th}) day of the immediately following month or such date as may be determined from time to time by the Trustees.

"**Distribution Period**" means each calendar month from and including the first day thereof to and including the last day thereof whether or not such day is a Business Day; provided that the first Distribution Period will begin on (and include) the Effective Date and will end on (and include) December 31, 2019.

"**DPSP**" means a deferred profit sharing plan.

"**DSU Plan**" means the deferred share unit plan of the Company as amended, supplemented or restated from time to time.

"**DSUs**" means the vested and unvested deferred share units, including income deferred share units, as applicable, subject to and administered under the DSU Plan.

"**EBITDA**" means earnings before interest, taxes, depreciation and amortization.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 3:01 a.m. (Toronto time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Eighteenth Supplemental Indenture**" means the eighteenth supplemental indenture to the Indenture, dated June 1, 2012, between the Company and Computershare providing for the issuance of Series O Debentures.

"**Eighth Supplemental Indenture**" means the eighth supplemental indenture to the Indenture, dated October 1, 2009, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Elected Amount**" has the meaning given to it under the heading "Certain Canadian Federal Income Tax Considerations — Exchange of Common Shares for Exchangeable LP Units and the Ancillary Rights — Elected Amount".

"**Electing Shareholders**" means a Shareholder (other than an Excluded Shareholder) that validly elects to transfer Common Shares to FCR LP in exchange for Exchangeable LP Units pursuant to, and in accordance with, the terms of the Arrangement.

"**Election Deadline**" means 5:00 p.m. (Toronto time) on December 6, 2019, being two (2) Business Days prior to the date of the Meeting.

"**Encumbrances**" means any mortgage, charge, pledge, debenture, hypothec, security interest, assignment, lien (statutory or otherwise), easement, right-of-way, servitude, encroachment, purchase option, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant, rights of refusal or offer, restrictions on transfer (other than those imposed by applicable Securities Laws), or other encumbrance of any nature.

"**ESPP**" means the employee share purchase plan of the Company as amended, supplemented or restated from time to time.

"**EUPP**" means the employee unit purchase plan of the REIT as amended, supplemented or restated from time to time.

"**Exchange and Support Agreement**" means the exchange and support agreement to be entered into on the Effective Date among the REIT, FCR LP, the General Partner and each Person who from time to time becomes or is deemed to

become a party thereto by reason of his, her or its registered ownership of Exchangeable LP Units, as the same may be amended, supplemented or restated from time to time.

"**Exchange Ratio**" means the ratio of one (1) REIT Unit or one (1) Exchangeable LP Unit, as applicable, for every one (1) Common Share held.

"**Exchange Rights**" means the exchange rights set out in the Exchange and Support Agreement and the FCR LP Agreement.

"**Exchangeable LP Unit**" means a unit of interest in FCR LP designated as an Exchangeable LP Unit and having the rights and attributes described in the FCR LP Agreement with respect thereto.

"**Excluded Shareholder**" means a Shareholder (a) that is not a "taxable Canadian corporation" under the Tax Act; or (b) that would acquire Exchangeable LP Units as a "tax shelter investment" for the purposes of the Tax Act; or (c) an interest in which is a "tax shelter investment" for the purposes of the Tax Act.

"**Fairness Opinion**" means the fairness opinion of Blair Franklin dated October 7, 2019.

"**FCR Amalco**" means the corporation to be formed through an amalgamation in the Plan of Arrangement.

"**FCR LP**" means First Capital REIT Limited Partnership, a limited partnership established under the laws of the Province of Ontario on October 16, 2019 in connection with the Arrangement.

"**FCR LP Agreement**" means the limited partnership agreement of FCR LP.

"**Final Order**" means the final order of the Court, in a form acceptable to the Parties, approving the Arrangement pursuant to Subsection 182(4) of the OBCA and Section 60 of the Trustee Act, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Parties) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended, modified, supplemented or varied (provided that any such amendment is acceptable to the Parties) on appeal.

"**First Capital Holdings Trust**" has the meaning given to it under the heading "Information Concerning the Company — General".

"**GAAP**" means generally accepted accounting principles in Canada (including IFRS) as in effect from time to time and as adopted by the Trustees.

"**General Partner**" means First Capital REIT GP Inc., a corporation established under the laws of the Province of Ontario on October 16, 2019 in connection with the Arrangement.

"**Governmental Entity**" means (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission (including any securities commission or similar regulatory authority), board, bureau, ministry, agency or instrumentality, domestic or foreign, (b) any subdivision, agent or authority of any of the above, (c) any quasi-governmental body, professional body or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange.

"**GP Interest**" has the meaning given to it under the heading "Information Concerning FCR LP — Partnership Units".

"**Holder**" has the meaning given to it under the heading "Certain Canadian Federal Income Tax Considerations".

"**IFRS**" means International Reporting Financial Standards.

"**Indenture**" means the trust indenture dated June 21, 2005 between the Company and Computershare providing for the issuance of one or more series of unsecured debt securities of the Company by way of supplemental indentures, as amended or supplemented by the Supplemental Indentures.

"**Independent Trustee**" means, at any time, a Trustee who, in relation to the REIT, is "independent" for purposes of *National Instrument 58-101 – Disclosure of Corporate Governance Practices*.

"**Instalment Receipt Agreement**" means the Instalment Receipt, Escrow and Pledge Agreement dated April 11, 2019 among the Company, Gazit Canada Inc., Gazit-Globe Ltd., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., Canaccord Genuity Corp., Raymond James Ltd. and Computershare.

"**Instalment Receipts**" means the outstanding instalment receipts representing Common Shares issued pursuant to the Instalment Receipt Agreement.

"**Interim Order**" means the interim order of the Court pursuant to Subsection 182(5) of the OBCA and Section 60 of the Trustee Act in a form acceptable to the Parties, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Parties).

"**Intermediary**" means an intermediary with which a Beneficial Shareholder may deal, including banks, trust companies, securities dealers or brokers and trustees or administrators of self-directed trusts governed by RRSPs, RRIFs, RESPs (each as defined in the Tax Act) and similar plans, and their nominees.

"**Joint Venture Arrangements**" means any real estate asset or operation in which the REIT participates where the REIT does not own 100% of the equity interests in the asset or operation.

"**Law**" or "**Laws**" means, with respect to any Person, any and all applicable law (including statutory and common law), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling, published administrative policy, or other similar requirement, whether domestic or foreign, enacted, adopted, incorporated by reference, promulgated or applied by a Governmental Entity, in each case having the force of law and that is binding upon or applicable to such Person or its business, undertaking, property or securities.

"**Lead Trustee**" has the meaning set out in the REIT Declaration of Trust.

"**Letter of Transmittal**" means the letter of transmittal and election form accompanying the Circular.

"**Limited Partners**" means the limited partners of FCR LP.

"**LP IB Note**" means a subordinated interest-bearing promissory note in the principal amount and bearing the maturity date and interest rate set forth in the Pre-Closing Notice and otherwise on terms agreed between the parties thereto.

"**LP NIB Note**" means a subordinated non-interest-bearing promissory note in the principal amount set forth in the Pre-Closing Notice, payable on demand, exchangeable at the option of the holder at any time for the LP IB Note and otherwise on terms agreed between the parties thereto.

"**Material Adverse Effect**" means a material adverse effect on the business, revenues, operations, property, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Company and its subsidiaries, taken as a whole.

"**Maximum Number of Exchangeable LP Units**" means the maximum number of Exchangeable LP Units that may be issued by FCR LP pursuant to the Plan of Arrangement, being a number of Exchangeable LP Units equal to twenty per cent (20%) of the number of issued and outstanding Common Shares as of the close of business on the Record Date.

"**Meeting**" means the special meeting of Shareholders, including any adjournment or postponement thereof in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider and, if deemed advisable, approve the Arrangement Resolution and for any other purpose set out in this Circular.

"**Monthly Limit**" has the meaning given to it under the heading "Declaration of Trust and Description of REIT Units — Redemption Right".

"**Newco**" means First Capital Realty Acquisition Inc., a corporation established under the laws of the Province of Ontario on October 16, 2019 in connection with the Arrangement.

"**Newco Class A Common Shares**" means the class A voting retractable common shares in the capital of Newco.

"**Newco Class B Common Shares**" means the class B non-voting retractable common shares in the capital of Newco.

"**Newco Preferred Shares**" means the non-voting preferred shares in the capital of Newco.

"**Nineteenth Supplemental Indenture**" means the nineteenth supplemental indenture to the Indenture, dated December 5, 2012, between the Company and Computershare providing for the issuance of Series P Debentures.

"**Non-Resident**" means any Person that is not a resident Canadian.

"**Non-Resident Holders of REIT Units**" means any Unitholder that is not a resident Canadian.

"**Notice of Appearance**" has the meaning given to it under the heading "The Arrangement — Approvals Required for the Completion of the Arrangement — Court Approval".

"**Notice of Meeting**" means the notice of special meeting of Shareholders which accompanies this Circular.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Officer**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Options**" means options to purchase Common Shares pursuant to the Stock Option Plan.

"**Parties**" means the Company, FCR LP, the General Partner, Newco and the REIT, and "**Party**" means any one of them.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement, attached to the Arrangement Agreement in the form of Schedule A, subject to any amendments or variations made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order (with the prior written consent of the Parties).

"**Pre-Closing Notice**" means a notice to be executed by the Parties no later than two Business Days prior to the Effective Date specifying: (a) the applicable amounts and actions to be taken by the Parties and/or their respective Subsidiaries in furtherance of the Arrangement, and (b) the amounts and other details contemplated by this Plan of Arrangement.

"**Promissory Notes**" means certain intercompany promissory notes that may exist from time to time, including the LP IB Note, the LP NIB Note, REIT IB Note 1, REIT IB Note 2, REIT NIB Note 1 and REIT NIB Note 2.

"**Proportionate Consolidation Adjustments**" means the effects on assets, liabilities, equity, revenues and expenses of accounting for Joint Venture Arrangements using the proportionate consolidation method irrespective of, and in place of, the accounting treatment applied under GAAP.

"**PSUs**" means the vested and unvested performance share units, including income performance share units, as applicable, subject to and administered under the RSU Plan.

"**Record Date**" means the close of business on October 25, 2019.

"**Redemption Date**" has the meaning set out in the REIT Declaration of Trust.

"**Registered Shareholder**" means a registered holder of Common Shares as recorded in the registers maintained by Computershare.

"**Registered Unitholder**" means a registered holder of REIT Units as recorded in the registers maintained by Computershare.

"**REIT**" means First Capital Real Estate Investment Trust.

"**REIT Declaration of Trust**" means the Declaration of Trust of the REIT dated as of October 16, 2019 and as amended from time to time, which is governed by the laws of the Province of Ontario.

"**REIT Exception**" has the meaning given to it under the heading "Certain Canadian Federal Income Tax Considerations — Holding of REIT Units — Qualification as a "Real Estate Investment Trust" — SIFT Rules".

"**REIT IB Note 1**" means a subordinated interest-bearing promissory note in the principal amount and bearing the maturity date and interest rate set forth in the Pre-Closing Notice and otherwise on terms agreed between the parties thereto.

"**REIT IB Note 2**" means a subordinated interest-bearing promissory note in the principal amount and bearing the maturity date and interest rate set forth in the Pre-Closing Notice and otherwise on terms agreed between the parties thereto.

"**REIT NIB Note 1**" means a subordinated non-interest-bearing promissory note in the principal amount set forth in the Pre-Closing Notice, payable on demand, exchangeable at the option of the holder at any time for the REIT IB Note 1 and otherwise on terms agreed between the parties thereto.

"**REIT NIB Note 2**" means a subordinated non-interest-bearing promissory note in the principal amount set forth in the Pre-Closing Notice, payable on demand, exchangeable at the option of the holder at any time for the REIT IB Note 2 and otherwise on terms agreed between the parties thereto.

"**REIT Unit**" means a trust unit of the REIT (other than a Special Voting Unit) issued pursuant to the REIT Declaration of Trust and having the attributes described therein.

"**Replacement DSU**" means a deferred share unit, including an income deferred share unit, as applicable, to acquire REIT Units granted by the REIT in replacement of DSUs pursuant to the Arrangement.

"**Replacement DSU Plan**" means the deferred share unit plan of the REIT (the material financial terms and conditions of which will be substantially similar to those of the DSU Plan) adopted as of the Effective Time.

"**Replacement Option**" means an option or right to purchase REIT Units granted by the REIT in replacement of Options pursuant to the Arrangement.

"**Replacement Option Plan**" means the stock option plan of the REIT (the material financial terms and conditions of which will be substantially similar to those of the Stock Option Plan) adopted as of the Effective Time.

"**Replacement PSU**" means a performance share unit, including an income performance share unit, as applicable, to acquire REIT Units granted by the REIT in replacement of PSUs pursuant to the Arrangement.

"**Replacement RSU**" means a restricted share unit, including an income replacement share unit, as applicable, to acquire REIT Units granted by the REIT in replacement of RSUs pursuant to the Arrangement.

"**Replacement RSU Plan**" means the restricted share unit plan of the REIT (the material financial terms and conditions of which will be substantially similar to those of the DSU Plan) adopted as of the Effective Time.

"**Required Approval**" means the required level of approval for the Arrangement Resolution as set out in Section 2.2(b) of the Arrangement Agreement.

"**Required Lender Consents**" means all consents and approvals required from each of the lenders set forth on Schedule B of the Arrangement Agreement.

"**RDSP**" means a registered disability savings plan.

"**RESP**" means a registered education savings plan.

"**RRIF**" means a registered retirement income fund.

"**RRSP**" means a registered retirement savings plan.

"**RSU Plan**" means the restricted share unit plan of the Company as amended, supplemented or restated from time to time.

"**RSUs**" means the vested and unvested restricted share units, including income restricted share units, as applicable, subject to and administered under the RSU Plan.

"**Securities Laws**" means the *Securities Act* (Ontario), regulations and rules thereunder and similar Laws in the other provinces of Canada.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Canadian Securities Administrators.

"**Series M Debentures**" means the 5.60% senior unsecured debentures due April 30, 2020 issued by the Company pursuant to the Sixteenth Supplemental Indenture originally in the aggregate principal amount of $175,000,000.

"**Series N Debentures**" means the 4.50% senior unsecured debentures due March 1, 2021 issued by the Company pursuant to the Seventeenth Supplemental Indenture originally in the aggregate principal amount of $175,000,000.

"**Series O Debentures**" means the 4.43% senior unsecured debentures due January 31, 2022 issued by the Company pursuant to the Eighteenth Supplemental Indenture originally in the aggregate principal amount of $200,000,000.

"**Series P Debentures**" means the 3.95% senior unsecured debentures due December 5, 2022 issued by the Company pursuant to the Nineteenth Supplemental Indenture originally in the aggregate principal amount of $250,000,000.

"**Series Q Debentures**" means the 3.90% senior unsecured debentures due October 30, 2023 issued by the Company pursuant to the Twenty-Second Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series R Debentures**" means the 4.79% senior unsecured debentures due August 30, 2024 issued by the Company pursuant to the Twenty-Third Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series S Debentures**" means the 4.32% senior unsecured debentures due July 31, 2025 issued by the Company pursuant to the Twenty-Fourth Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series T Debentures**" means the 3.60% senior unsecured debentures due May 6, 2026 issued by the Company pursuant to the Twenty-Fifth Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series U Debentures**" means the 3.75% senior unsecured debentures due July 12, 2027 issued by the Company pursuant to the Twenty-Sixth Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series V Debentures**" means the 3.456% senior unsecured debentures due January 22, 2027 issued by the Company pursuant to the Twenty-Eighth Supplemental Indenture originally in the aggregate principal amount of $200,000,000.

"**Seventeenth Supplemental Indenture**" means the seventeenth supplemental indenture to the Indenture, dated April 4, 2012, between the Company and Computershare providing for the issuance of Series N Debentures.

"**Seventh Supplemental Indenture**" means the seventh supplemental indenture to the Indenture, dated July 16, 2009, between the Company and Computershare for the purpose of making changes or corrections to the Guarantees (as defined therein) which were not substantive corrections or changes or which were required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistake or error contained therein.

"**Shareholder**" means collectively, Registered Shareholders and Beneficial Shareholders.

"**SIFT Rules**" has the meaning given to it under the heading "Certain Canadian Federal Income Tax Considerations — Holding of REIT Units — Qualification as a "Real Estate Investment Trust" — SIFT Rules".

"**Sixteenth Supplemental Indenture**" means the sixteenth supplemental indenture to the Indenture, dated March 30, 2011, between the Company and Computershare providing for the issuance of Series M Debentures.

"**Special Voting Units**" means the special voting units of the REIT to be received by the holders of Exchangeable LP Units and authorized under the REIT Declaration of Trust.

"**Stock Option Plan**" means the stock option plan of the Company as amended, supplemented or restated from time to time.

"**Subsidiary**" means, with respect to a Person, a corporation, partnership, trust, limited liability company, unlimited liability company, joint venture or other Person of which either: (a) such Person or any other subsidiary of the Person is a general partner, managing member or functional equivalent; (b) voting power to elect a majority of the board of directors or trustees or others performing a similar function with respect to such organization is held by such Person or by any one or more of such Person's subsidiaries; or (c) more than 50% of the equity interest is controlled, directly or indirectly, by such Person.

"**Subsidiary Note**" means promissory notes of FCR LP, a trust all of the units of which, or a corporation all of the shares of which, are owned directly or indirectly by the REIT or another entity that would be consolidated with the REIT under GAAP, having a maturity date and interest rate determined by the Trustees at the time of issuance.

"**Supplemental Indentures**" means, collectively, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, and any other supplemental indenture entered into from and including the date hereof to and including the Effective Date.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Tax Election Form**" means an election on disposition of property by a taxpayer to a Canadian partnership pursuant to Subsection 97(2) of the Tax Act to be completed by Electing Shareholders and returned to FCR LP.

"**Tax Proposals**" has the meaning given to it under the heading "Certain Canadian Federal Income Tax Considerations".

"**TFSA**" means a tax-free savings account.

"**Thirtieth Supplemental Indenture**" means the thirtieth supplemental indenture to the Indenture, dated October 7, 2019, between the Company and Computershare for the purpose of giving effect to certain amendments.

"**Transaction Closing Date**" means December 30, 2019.

"**Trustee Act**" means the *Trustee Act* (Ontario).

"**Trustees**" means, as of any particular time, all of the trustees holding office under and in accordance with the REIT Declaration of Trust, in their capacity as trustees hereunder, and "**Trustee**" means any of them.

"**TSX**" means the Toronto Stock Exchange and any successor thereto.

"**Twentieth Supplemental Indenture**" means the twentieth supplemental indenture to the Indenture, dated January 1, 2013, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Twenty-Eighth Supplemental Indenture**" means the twenty-eighth supplemental indenture to the Indenture, dated July 22, 2019, between the Company and Computershare providing for the issuance of Series V Debentures.

"**Twenty-Fifth Supplemental Indenture**" means the twenty-fifth supplemental indenture to the Indenture, dated May 6, 2016, between the Company and Computershare providing for the issuance of Series T Debentures.

"**Twenty-First Supplemental Indenture**" means the twenty-first supplemental indenture to the Indenture, dated March 25, 2013, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Twenty-Fourth Supplemental Indenture**" means the twenty-fourth supplemental indenture to the Indenture, dated June 17, 2014, between the Company and Computershare providing for the issuance of Series S Debentures.

"**Twenty-Ninth Supplemental Indenture**" means the twenty-ninth supplemental indenture to the Indenture, dated October 1, 2019, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Twenty-Second Supplemental Indenture**" means the twenty-second supplemental indenture to the Indenture, dated March 26, 2013, between the Company and Computershare providing for the issuance of Series Q Debentures.

"**Twenty-Seventh Supplemental Indenture**" means the twenty-seventh supplemental indenture to the Indenture, dated January 1, 2019, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Twenty-Sixth Supplemental Indenture**" means the twenty-sixth supplemental indenture to the Indenture, dated July 10, 2017, between the Company and Computershare providing for the issuance of Series U Debentures.

"**Twenty-Third Supplemental Indenture**" means the twenty-third supplemental indenture to the Indenture, dated January 20, 2014, between the Company and Computershare providing for the issuance of Series R Debentures.

"**Unitholder**" means collectively, Registered Unitholders and Beneficial Unitholders.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Voting Unitholders**" means, collectively, holders of Voting Units, and "**Voting Unitholder**" means any one of them.

"**Voting Units**" means, collectively, the REIT Units and the Special Voting Units, and "**Voting Unit**" means any one of them.

"**2019 Proposals**" has the meaning given to it under the heading "Certain Canadian Federal Income Tax Considerations — Holding of REIT Units — Taxation of the REIT".

APPENDIX B

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") of First Capital Real Estate Investment Trust (the **"REIT**"), pursuant to the arrangement agreement among the REIT, First Capital REIT GP Inc. (the "**General Partner**"), First Capital REIT Limited Partnership ("**FCR LP**"), First Capital Realty Acquisition Inc. ("**Newco**") and First Capital Realty Inc. (the "**Company**") dated October 18, 2019, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Arrangement Agreement**"), all as more particularly described in the management information circular of the Company dated October 25, 2019 (the "**Circular**"), and all transactions contemplated thereby, are hereby authorized and approved.

2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement, or by its terms or at the direction of the Ontario Superior Court of Justice (Commercial List) (the "**Plan of Arrangement**")), the full text of which is set out in Schedule A to Appendix D to the Circular, and the completion of each of the steps described in the Plan of Arrangement (whether completed as part of the Plan of Arrangement or otherwise) are hereby authorized and approved.

3. The Arrangement Agreement and related transactions, the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, and causing the performance by the Company of its obligations thereunder, are hereby ratified, approved and confirmed.

4. The Company be and is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented in accordance with the Arrangement Agreement).

5. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of the Company or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List), the Company is hereby authorized and empowered to, without notice to or approval of the shareholders of the Company: (a) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms; and (b) not to proceed with the Arrangement and related transactions.

6. Any officer or director of the Company is hereby authorized and directed to execute and deliver for filing with the Director under the OBCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX C

FAIRNESS OPINION

October 7, 2019

The Board of Directors
FIRST CAPITAL REALTY INC.
85 Hanna Avenue, Suite 400
Toronto, Ontario
M6K 3S3

Attention: Mr. Bernard McDonell, Chair of the Board of Directors

To the Board of Directors:

Blair Franklin Capital Partners Inc. ("Blair Franklin") understands that First Capital Realty Inc. ("FCR" or the "Company") intends to enter into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which the Company will undergo a reorganization into a real estate investment trust (the "REIT") to be named First Capital Real Estate Investment Trust (the "Arrangement"). Under the terms of the Arrangement Agreement, holders of common shares of FCR (including common shares represented by outstanding FCR instalment receipts) ("Shareholders") (other than validly dissenting shareholders and electing shareholders as described below) will receive one trust unit of the REIT ("Unit") for each FCR common share ("Share") held.

Eligible Shareholders (as defined in the Arrangement Agreement) may elect to receive, instead of Units, exchangeable limited partnership units ("Exchangeable Units") (collectively with the Units, the "Consideration") in a partnership controlled by the REIT in exchange for Shares. The Exchangeable Units are intended to be economically equivalent to and exchangeable for Units on a one-for-one basis and will be accompanied by special voting units of the REIT that provide their holders with equivalent voting rights to the holders of Units. A maximum of 20% of Shares outstanding may be exchanged for Exchangeable Units. The Exchangeable Units will be subject to an automatic exchange into REIT units on the fourth anniversary of closing of the Arrangement in the event they are still outstanding by that date.

The board of directors of the Company (the "Board") has retained Blair Franklin to provide advice and assistance to the Company in evaluating the Arrangement, including the preparation and delivery to the Board of an opinion (the "Opinion") as to the fairness of the Consideration to be received under the Arrangement Agreement by Shareholders, from a financial point of view, to Shareholders. Blair Franklin has not been asked to

prepare, and has not prepared, a formal valuation of FCR and the Opinion should not be construed as such.

Engagement of Blair Franklin

The Board retained Blair Franklin and executed an engagement agreement dated August 20, 2019 (the "Engagement Agreement"). The Engagement Agreement provides for the payment to Blair Franklin of a fixed fee in respect of the preparation and delivery of the Opinion. Blair Franklin's fees are not contingent on the completion of the Arrangement, or any other transaction of FCR or on the conclusions reached herein. In addition, Blair Franklin is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by FCR in certain circumstances.

Relationship with Related Parties

Blair Franklin is not an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario)) of FCR or any of its associates or affiliates. Blair Franklin has not provided any financial advisory services or participated in any financing involving FCR or any of its associates or affiliates within the past twenty-four months, other than services provided under the Engagement Agreement and services provided pursuant to an engagement related to FCR's repurchase of shares from Gazit Canada Inc. in February 2019.

Credentials of Blair Franklin

Blair Franklin is an independent investment bank providing a full range of financial advisory services related to mergers and acquisitions, divestitures, minority investments, fairness opinions, valuations and financial restructurings. Blair Franklin has been a financial advisor in a significant number of transactions throughout Canada and North America involving public and private companies in various industry sectors and has extensive experience in preparing fairness opinions in transactions similar to the Arrangement.

The Opinion expressed herein is the opinion of Blair Franklin as a firm and the form and content herein has been approved for release by a committee of our principals, each of whom is experienced in mergers and acquisitions, divestitures, restructurings, minority investments, capital markets, fairness opinions and valuation matters.

Scope of Review:

In preparing the Opinion, Blair Franklin has reviewed and relied upon, among other things:

1. Interviews with members of senior management of the Company ("Management");
2. Discussions with the certain members of the Board;
3. Discussions with the Company's tax advisor regarding the proposed conversion steps;

4. Certain financial analyses and forecasts prepared by Management regarding the Company and potential conversion;
5. Draft Arrangement Agreement regarding the conversion (dated September 23, 2019);
6. Draft Declaration of Trust for the REIT (dated September 15, 2019);
7. Audited financial statements and related MD&A of FCR for each of the past three years ended December 31;
8. Unaudited quarterly reports and related MD&A of FCR for the three-, six-, and nine-month periods ended March 31, June 30, and September 30, respectively, for each of the last three completed fiscal years;
9. Certain regulatory filings and related material for FCR for the last three years;
10. The Company's most recent management information circular and annual information form (dated April 25, 2019 and March 26, 2019, respectively);
11. Management-prepared net asset value ("NAV") and NAV per share calculation (as at June 30, 2019);
12. Historical credit rating agency reports from DBRS and Moodys;
13. Internal FCR reports regarding proposed conversion to a REIT;
14. Shareholder and insider information published by SEDI;
15. Press releases issued by FCR for the past three years;
16. Research reports based on public information prepared by research analysts;
17. Academic research regarding effects of REIT conversions on public companies;
18. Industry and financial market information; and
19. Such other information, documentation, analyses and discussions that we considered relevant in the circumstances.

Blair Franklin has not, to the best of its knowledge, been denied access by FCR nor Management to any information that has been requested.

Blair Franklin has conducted such analyses, investigations and testing of assumptions as were considered by Blair Franklin to be appropriate in the circumstances for the purposes of arriving at its Opinion.

Assumptions and Limitations

The Opinion is subject to the assumptions, explanations and limitations hereinbefore described and as set forth below.

We have not been asked to prepare, and have not prepared, a formal valuation or appraisal of FCR or any of its securities or assets and this Opinion should not be construed as such. We have, however, conducted such analyses as we considered necessary in the circumstances. In addition, the Opinion is not, and should not be

construed as, advice as to the price at which Shares, Units, or Exchangeable Units may trade at any future date.

With the Board's approval and as provided in the Engagement Agreement, Blair Franklin has relied, without independent verification, upon the completeness, accuracy and fair presentation in all material respects of all financial information and the completeness and accuracy of the other information, data, advice, opinions and representations obtained by it from public sources, Management, the Company and its affiliates and advisors or otherwise (collectively, the "Information") and we have assumed that the historical information included in the Information did not omit to state any material fact or any fact necessary to be stated or necessary to make that Information not misleading in light of the circumstances in which it was made. This Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment and except as described herein, Blair Franklin has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information. With respect to the forecasts, projections or estimates provided to Blair Franklin and used in the analysis supporting the Opinion, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of Management as to the matters covered thereby at the time of preparation and, in rendering the Opinion, we express no view as to the reasonableness of such forecasts or budgets or the assumptions on which they are based.

Representatives of FCR have represented to Blair Franklin in a certificate delivered as at the date hereof, among other things, that (i) the Information provided orally by, or in writing by, the Company or any of its subsidiaries or its agents to Blair Franklin relating to the Company for the purpose of preparing this Opinion was, at the date that the Information was provided to Blair Franklin, and is, at the date hereof, complete, true and correct in all material respects and did not and does not contain any untrue statement of a material fact in respect of FCR or the Arrangement and did not and does not omit to state a material fact in respect of FCR or the Arrangement necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; and that (ii) since those dates on which the Information was provided to Blair Franklin, except as was disclosed in writing to Blair Franklin, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of FCR and no material change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on the Opinion.[1]

Blair Franklin has made several assumptions in connection with its Opinion that it considers reasonable, including that, the conditions required to implement the Arrangement will be met.

The Opinion is rendered on the basis of the securities markets, economic, financial and general business conditions prevailing as at the date hereof and the conditions, financial and otherwise, of FCR and its affiliates, as they were reflected in the Information and as they were represented to Blair Franklin in discussions with Management. In its analyses and in preparing the Opinion, Blair Franklin made numerous assumptions with respect to

industry performance, general business and economic conditions and other matters, many of which are beyond the control of Blair Franklin or any party involved in the Arrangement.

The Opinion has been provided to the Board for its use and may not be used or relied upon by any other person without the express prior written consent of Blair Franklin.

The Opinion is given as of the date hereof and Blair Franklin disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Blair Franklin after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Blair Franklin reserves the right to change, modify or withdraw the Opinion.

Blair Franklin believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Approach to Fairness

In considering the fairness of the Consideration to be received under the Arrangement Agreement by Shareholders, from a financial point of view, to Shareholders, Blair Franklin considered and relied upon the following: (i) the financial attributes of the REIT compared to the Company; (ii) the expected trading characteristics of the Units compared to the trading characteristics of the Shares prior to the Company's announcement of the Arrangement; (iii) financial attributes of the Units and Exchangeable Units; (iv) the potential short and long-term financial impact resulting from the Arrangement compared to the continuation of the status quo; (v) an analysis of precedent transactions; (iv) such other factors and analyses as we considered appropriate.

Fairness Conclusion

Based upon and subject to the foregoing and such other matters as we considered relevant, Blair Franklin is of the opinion that, as of the date hereof, the Consideration to be received under the Arrangement by Shareholders is fair, from a financial point of view, to Shareholders.

Yours very truly,

Blair Franklin Capital Partners Inc.

BLAIR FRANKLIN CAPITAL PARTNERS INC.

APPENDIX D

ARRANGEMENT AGREEMENT

FIRST CAPITAL REAL ESTATE INVESTMENT TRUST

and

FIRST CAPITAL REIT GP INC.

and

FIRST CAPITAL REIT LIMITED PARTNERSHIP

and

FIRST CAPITAL REALTY ACQUISITION INC.

and

FIRST CAPITAL REALTY INC.

ARRANGEMENT AGREEMENT

October 18, 2019

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of October 18th 2019.

BETWEEN:

FIRST CAPITAL REAL ESTATE INVESTMENT TRUST, a trust established under the laws of the Province of Ontario

(the "**REIT**")

- and -

FIRST CAPITAL REIT GP INC., a corporation existing under the laws of the Province of Ontario ("**GP Co**")

- and -

FIRST CAPITAL REIT LIMITED PARTNERSHIP, a limited partnership existing under the laws of the Province of Ontario ("**FCR LP**")

- and -

FIRST CAPITAL REALTY ACQUISITION INC., a corporation existing under the laws of the Province of Ontario ("**Newco**")

- and -

FIRST CAPITAL REALTY INC., a corporation existing under the laws of the Province of Ontario (the "**Company**")

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

"**affiliate**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* as in effect on the date of this Agreement.

"**Agreement**" means this arrangement agreement, including all schedules hereto, as it may be amended or supplemented or otherwise modified from time to time in accordance with the terms hereof.

"**Arrangement**" means an arrangement pursuant to section 182 of the OBCA and section 60 of the Trustee Act on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Interim Order, this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Parties.

"**Arrangement Resolution**" means the special resolution of Shareholders approving the Plan of Arrangement to be considered at the Meeting.

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by the OBCA to be sent to the Director after the Final Order is made, which shall be in form and substance satisfactory to the Parties.

"**Board**" means the board of directors of the Company as constituted from time to time.

"**Board Recommendation**" has the meaning specified in Section 2.4(2).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which Schedule I Canadian chartered banks are closed for business in Toronto, Ontario.

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

"**Circular**" means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference in, such management information circular to be sent to, among others, Shareholders and each other Person as required by the Interim Order and Law in connection with the Meeting, as amended, supplemented or otherwise modified from time to time.

"**Client**" has the meaning specified in Section 6.4.

"**Common Shares**" means the common shares in the capital of the Company.

"**Computershare**" means Computershare Trust Company of Canada.

"**Consideration**" means the consideration to be received by the Shareholders pursuant to the Arrangement, being one (1) REIT Unit or one (1) Exchangeable LP Unit, as applicable, per Common Share.

"**Constating Documents**" means (a) articles of incorporation, amalgamation, arrangement or continuation, as applicable, and by-laws, (b) declarations of trust, (c)

partnership agreements, or (d) other applicable governing instruments, and all amendments thereto.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**Deferred Share Unit Plan**" means the deferred share unit plan of the Company as amended, supplemented or restated from time to time.

"**Deferred Share Units**" means the vested and unvested deferred share units, including income deferred share units, as applicable, subject to and administered under the Deferred Share Unit Plan.

"**Depositary**" means Computershare Investor Services Inc. or such other Person that may be appointed by the Company to act as depositary in connection with the Arrangement.

"**Director**" means the Director appointed pursuant to section 278 of the OBCA.

"**Dissent Rights**" means the rights of dissent provided for in the Plan of Arrangement.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 3:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Electing Shareholder**" means a Shareholder (other than an Excluded Shareholder) that validly elects to transfer Common Shares to FCR LP in exchange for Exchangeable LP Units pursuant to, and in accordance with, the terms of the Arrangement.

"**Exchangeable LP Units**" means the exchangeable class B limited partnership units in the capital of FCR LP.

"**Excluded Shareholder**" means a Shareholder (A) that is not a taxable Canadian corporation under the Tax Act; or (B) that would acquire Exchangeable LP Units as a "tax shelter investment" for the purposes of the Tax Act or an interest in Exchangeable LP Units which is a "tax shelter investment; for the purposes of the Tax Act;

"**Final Order**" means the final order of the Court, in a form acceptable to the Parties, approving the Arrangement pursuant to subsection 182(4) of the OBCA and section 60 of the Trustee Act, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Parties) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended, modified, supplemented or varied (provided that any such amendment is acceptable to the Parties) on appeal.

"**Governmental Entity**" means (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission (including any

securities commission or similar regulatory authority), board, bureau, ministry, agency or instrumentality, domestic or foreign, (b) any subdivision, agent or authority of any of the above, (c) any quasi-governmental body, professional body or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange.

"**IFRS**" means International Financial Reporting Standards.

"**Interim Order**" means the interim order of the Court pursuant to subsection 182(5) of the OBCA and section 60 of the Trustee Act in a form acceptable to the Parties, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Parties).

"**Law**" means, with respect to any Person, any and all applicable law (including statutory and common law), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling, published administrative policy, or other similar requirement, whether domestic or foreign, enacted, adopted, incorporated by reference, promulgated or applied by a Governmental Entity, in each case having the force of law and that is binding upon or applicable to such Person or its business, undertaking, property or securities.

"**Meeting**" means the special meeting of Shareholders, including any adjournment or postponement thereof in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider and, if deemed advisable, approve the Arrangement, the Arrangement Resolution, ancillary matters to the foregoing and for any other purpose set out in the Circular.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Misrepresentation**" has the meaning specified under Securities Laws.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Opinion**" means a fairness opinion of Blair Franklin Capital Partners Inc. to the effect that, as of the date of such opinion and based on and subject to the limitations, qualifications and assumptions set forth therein, the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders.

"**Option**" means an option to acquire a Common Share issued under the Stock Option Plan.

"**Outside Date**" means December 30, 2019, or such later date as may be agreed to by the Parties.

"**Parties**" means the Company, FCR LP, GP Co and the REIT and "**Party**" means any one of them.

"**Performance Share Units**" means the vested and unvested performance share units, including income performance share units, as applicable, subject to and administered under the Restricted Share Unit Plan.

"**Person**" includes an individual, general partnership, limited partnership, corporation, company, limited liability company, body corporate, joint venture, unincorporated organization, other form of business organization, trust, trustee, executor, administrator or other legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form of Schedule A, subject to any amendments or variations made in accordance with this Agreement or the Plan of Arrangement, or made at the direction of the Court in the Final Order (with the prior written consent of the Parties).

"**REIT Declaration of Trust**" means the Declaration of Trust of the REIT dated as of October 16, 2019 and as further amended from time to time, which is governed by the laws of the Province of Ontario.

"**REIT Unit**" means a trust unit of the REIT (other than a Special Voting Unit) issued pursuant to the REIT Declaration of Trust and having the attributes described therein.

"**Replacement DSU**" means a deferred share unit, including an income deferred share unit, as applicable, to acquire REIT Units granted by the REIT in replacement of Deferred Share Units pursuant to the Arrangement.

"**Replacement Option**" means an option or right to purchase REIT Units granted by the REIT in replacement of Options pursuant to the Arrangement.

"**Replacement PSU**" means a performance share unit, including an income performance share unit, as applicable, to acquire REIT Units granted by the REIT in replacement of Performance Share Units pursuant to the Arrangement.

"**Replacement RSU**" means a restricted share unit, including an income replacement share unit, as applicable, to acquire REIT Units granted by the REIT in replacement of Restricted Share Units pursuant to the Arrangement.

"**Representative**" means, with respect to any Person, any officer, trustee, director, employee, representative (including any financial or other adviser) or agent of such Person or of any of its Subsidiaries.

"**Required Lender Consents**" means all consents and approvals required from each of the Required Lenders set forth on Schedule B.

"**Required Lenders**" has the meaning specified on Schedule B.

"**Restricted Share Unit Plan**" means the restricted share unit plan of the Company as amended, supplemented or restated from time to time.

"**Restricted Share Units**" means the vested and unvested restricted share units, including income restricted share units, as applicable, subject to and administered under the Restricted Share Unit Plan.

"**Section 3(a)(10) Exemption**" has the meaning specified in Section 2.10.

"**Securities Authority**" means the Ontario Securities Commission and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

"**Securities Laws**" means the *Securities Act* (Ontario), regulations and rules thereunder and similar Laws in the other provinces and territories of Canada.

"**Shareholders**" means the holders of Common Shares.

"**Special Voting Units**" means the special voting units of the REIT to be received by the holders of Exchangeable LP Units and authorized under the REIT Declaration of Trust.

"**Stock Option Plan**" means the stock option plan of the Company as amended, supplemented or restated from time to time.

"**Subsidiary**" means, with respect to a Person, a corporation, partnership, trust, limited liability company, unlimited liability company, joint venture or other Person of which either: (a) such Person or any other subsidiary of the Person is a general partner, managing member or functional equivalent; (b) voting power to elect a majority of the board of directors or trustees or others performing a similar function with respect to such organization is held by such Person or by any one or more of such Person's subsidiaries; or (c) more than 50% of the equity interest is controlled, directly or indirectly, by such Person.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Taxes**" means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employer health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; and (b) all interest, penalties, fines, additions to tax or other additional

amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b).

"**Trustee Act**" means the *Trustee Act* (Ontario).

"**TSX**" means the Toronto Stock Exchange.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**U.S. Securities Laws**" means federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder.

Section 1.2 Certain Rules of Interpretation

In this Agreement, unless otherwise specified:

(1) **Headings, etc**. The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

(2) **Currency**. Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian currency and "Cdn.$" or "$" refers to Canadian dollars.

(3) **Gender and Number**. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases, etc**. The words "including", "includes" and "include" mean "including (or includes or include) without limitation," and "in the aggregate" or a phrase of similar meaning means "in the aggregate, without duplication". Unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term "Agreement" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it.

(5) **Capitalized Terms**. All capitalized terms used in any Schedule have the meanings ascribed to them in this Agreement.

(6) **Accounting Terms**. All accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with IFRS.

(7) **References to Trust**. Where any reference is made herein to an act to be performed by, for or on behalf of, or an obligation of, the REIT, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, for or on behalf of,

or an obligation of, the trustee or trustees of the REIT, in their capacity as trustees, as the case may be, to the extent necessary to give effect thereto.

(8) **Statutes**. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or reenacted, unless stated otherwise.

(9) **Computation of Time**. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

(10) **Time References**. References to time are to local time, Toronto, Ontario, Canada.

Section 1.3 Schedules

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

Section 2.2 Interim Order

As soon as practicable after the date of this Agreement, the Company shall apply pursuant to section 182 of the OBCA and, in cooperation with the REIT, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:

(a) for the class(es) of persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which such notice is to be provided;

(b) that the required level of approval for the Arrangement Resolution shall be: (i) 66 2/3% of the votes cast on the Arrangement Resolution by Shareholders, voting as a single class, present in person or represented by proxy at the Meeting; and (ii) if, and to the extent, required by applicable Law, a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting excluding the votes cast by Shareholders that are required to be excluded pursuant to MI 61-101 for purposes of the Arrangement;

(c) that, in all other respects, other than as ordered by the Court, the terms, restrictions and conditions of the Company's Constating Documents, including quorum requirements and all other matters, shall apply in respect of the Meeting;

(d) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(e) that the Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;

(f) that, except as required by applicable Law or the Court, the record date for the Shareholders entitled to receive notice of and to vote at the Meeting will not change in respect of or as a consequence of any adjournment(s) or postponement(s) of the Meeting;

(g) confirmation of the record date for the purposes of determining the Shareholders entitled to receive material and vote at the Meeting in accordance with the Interim Order;

(h) for the grant of Dissent Rights to those Shareholders who are registered Shareholders as contemplated in the Plan of Arrangement; and

(i) for such other matters as the REIT or the Company may reasonably require, subject to obtaining the prior consent of the other, such consent not to be unreasonably withheld, delayed or conditioned, and subject to approval by the Court.

In the application referred to in this Section 2.2, the Company shall inform the Court that the Parties intend to rely on the Section 3(a)(10) Exemption for the issuance of the REIT Units pursuant to the Arrangement and that, in connection therewith, the Court will be required to approve the substantive and procedural fairness of the terms and conditions of the Arrangement to each Person to whom REIT Units will be issued. Each Person to whom REIT Units will be issued on completion of the Arrangement will be given adequate notice advising them of their right to attend and appear before the Court at the hearing of the Court for the Final Order and providing them with adequate information to enable such Person to exercise such right.

Section 2.3 Meeting

The Company shall:

(a) convene and conduct the Meeting in accordance with the Interim Order, the Company's Constating Documents and Law as soon as reasonably practicable, but in any event no later than December 24, 2019, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Meeting without the prior written consent of the REIT, except (i) in the case of an adjournment as required for quorum purposes, or (ii) as required by applicable Law or by a Governmental Entity; and

(b) not change the record date for the Shareholders entitled to vote at the Meeting in connection with any adjournment or postponement of the Meeting unless required by Law or the Court.

Section 2.4 Company Circular

(1) Subject to the REIT's compliance with Section 2.4(3), the Company shall promptly prepare and complete the Circular together with any other documents required by Law in connection with the Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Circular and such other documents to be filed with the applicable Securities Authority and sent to each Shareholder and other Persons as required by the Interim Order and Law, in each case so as to permit the Meeting to be held as soon as reasonably practicable.

(2) The Company shall ensure that the Circular complies in all material respects with Law and does not contain any Misrepresentation. Without limiting the generality of the foregoing, the Circular will include: (a) a copy of the Opinion received by the Board; and (b) a statement that the Board (excluding any members thereof who abstained from voting or recused themselves), after consulting with outside legal counsel and financial advisors, has determined that the Arrangement Resolution is in the best interests of the Company and Shareholders and recommends (excluding any members thereof who abstained from voting or recused themselves) that Shareholders vote their Common Shares in favour of the Arrangement Resolution (the "**Board Recommendation**").

(3) The REIT shall promptly provide to the Company in writing all necessary information concerning the REIT and/or its affiliates (including *pro forma* financial statements) and the REIT Units and Special Voting Units as may reasonably be required by the Company to be included by the Company in the Circular or other related documents and shall ensure that any information so provided to the Company does not contain, or cause the Circular to contain, any Misrepresentation. The REIT shall also obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical, or other expert information included in the Circular and to the identification in the Circular of such advisors.

Section 2.5 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order, the Company shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to section 182 of the OBCA and section 60 of the Trustee Act, as soon as reasonably practicable after the Arrangement Resolution is passed at the Meeting.

Section 2.6 Court Proceedings

In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall:

(a) diligently pursue the Interim Order and the Final Order;

(b) ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement, as they may be amended in accordance with their terms;

(c) oppose any proposal from any party that the Final Order contain any provision inconsistent with this Agreement; and

(d) if at any time after the issuance of the Final Order and prior to the Effective Date, the Company is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so.

Section 2.7 Articles of Arrangement and Effective Date

(1) The Articles of Arrangement shall implement the Plan of Arrangement. The Articles of Arrangement shall include the form of the Plan of Arrangement attached to this Agreement as Schedule A, as it may be amended from time to time by written agreement of the Parties.

(2) The Company shall send the Articles of Arrangement to the Director no later than the fifth Business Day after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 4 (other than conditions that by their nature are to be satisfied on the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

(3) The closing of the Arrangement will take place at the offices of Torys LLP, 79 Wellington St. W., 33rd Floor, TD South Tower, Toronto, Ontario, M5K 1N2 or at such other location as may be agreed upon by the Parties.

Section 2.8 Tax Election

An Electing Shareholder who exchanges Common Shares for Exchangeable LP Units pursuant to the Plan of Arrangement shall be entitled to make an income tax election with FCR LP pursuant to subsection 97(2) of the Tax Act (and the analogous provisions of provincial or territorial income tax law), by providing two copies of a duly completed and signed election form by December 6, 2019. An Electing Shareholder who is required to file a similar provincial or territorial election form must provide two signed copies of the duly completed prescribed provincial or territorial election form to FCR LP by December 6, 2019. Such election forms will be signed by FCR LP and returned to the Electing Shareholder within 30 days after the Effective Date for filing with the applicable Governmental Entity. FCR LP will not be responsible for the proper completion of any election form and, except for the obligation of FCR LP to so sign and return duly completed election forms which are received by FCR LP by December 6, 2019, FCR LP will not be responsible for any taxes, interest or penalties resulting from the failure by an Existing Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (and any applicable provincial or territorial legislation). In its sole discretion, FCR LP may choose to sign and return an election form received by it later than December 6, 2019 but has no obligation to do so.

Section 2.9 Withholding Rights

The REIT, the Company, FCR LP and the Depositary, as applicable, shall be entitled to deduct or withhold from any amount otherwise payable or distributable under this Agreement and the Arrangement to any holder or former holder of securities of the Company or its Subsidiaries, including Options, Deferred Share Units, Restricted Share Units and Performance Share Units, such amounts as it is directed to deduct or withhold or is required to deduct and withhold with respect to such payment under the Tax Act or any provision of any Law and remit such deduction and withholding amount to the appropriate Governmental Entity. To the extent that amounts are so properly deducted or withheld, such deducted or withheld amounts shall be treated for all purposes of this Agreement and the Arrangement as having been paid to the person to whom such amounts would otherwise have been paid, provided that such withheld amounts are actually remitted to the appropriate Governmental Entity.

Section 2.10 U.S. Securities Laws

(1) The Parties intend that the issuance of the REIT Units under the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to the exemption provided by Section 3(a)(10) thereof (the "**Section 3(a)(10) Exemption**"). Each Party shall act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement set forth in this Section 2.10.

(2) In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement shall be carried out on the following basis:

(a) the REIT Units shall not be offered for cash;

(b) the Arrangement shall be subject to the approval of the Court;

(c) the Court shall be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;

(d) the Final Order shall state that the Plan of Arrangement is fair and reasonable and is approved by the Court;

(e) the Parties shall ensure that each Person entitled to receive REIT Units on completion of the Arrangement shall be given adequate notice advising them of their right to attend and appear before the Court at the hearing of the Court for the Final Order and providing them with adequate information to enable such Person to exercise such right;

(f) each Person to whom REIT Units shall be issued pursuant to the Arrangement shall be advised that such REIT Units have not been registered under the U.S. Securities Act and shall be issued by the REIT in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act and, in the case of Persons who are as of (or within 90 days of) the Effective Time affiliates (within the meaning of U.S. Securities Laws) of the REIT, shall be subject to certain restrictions on resale

under the U.S. Securities Laws, including Rule 144 under the U.S. Securities Act; and

(g) the Interim Order shall permit each Person to whom REIT Units shall be issued pursuant to the Arrangement to appear before the Court at the Final Order hearing so long as such Person serves and files a notice of appearance within the required time set out in the Interim Order.

(3) Each of the Parties shall use its commercially reasonable efforts to cause the issuance of REIT Units under the Arrangement to be exempt or otherwise in compliance with all applicable U.S. state securities laws.

ARTICLE 3
COVENANTS

Section 3.1 Regarding the Arrangement

(1) Each of Parties shall use its commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things required or necessary under Law to consummate the Arrangement as soon as practicable, including:

(a) using its commercially reasonable efforts to satisfy, or cause the satisfaction of, each of the conditions set forth in Section 4.1 to the extent the same is within its control;

(b) carrying out the terms of the Interim Order and the Final Order applicable to it and complying with all material requirements imposed by Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;

(c) using its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from it and its Subsidiaries relating to this Agreement or the Arrangement; and

(d) using its commercially reasonable efforts to obtain all necessary exemptions, consents, approvals and authorizations as are required by it under all applicable Laws.

Section 3.2 Additional Covenants of the REIT, FCR LP, GP Co and Newco

(1) The REIT covenants and agrees that it will, on or prior to the Effective Date, reserve and authorize for issuance the REIT Units issuable pursuant to the Arrangement (including REIT Units to be issued from time to time upon exchange of the Exchangeable LP Units and exercise of Replacement Options, Replacement DSUs, Replacement RSUs and Replacement PSUs).

(2) FCR LP and GP Co each covenants and agrees that it will, on or prior to the Effective Date, reserve and authorize for issuance the Exchangeable LP Units issuable pursuant to the Arrangement.

(3) The REIT, FCR LP, GP Co and Newco each covenants and agrees that it will, until the Effective Date, other than as contemplated herein, not issue any securities or enter into any agreements to issue securities or grant options, warrants or rights to purchase any of its securities, except to the Company or as agreed to by the Company.

Section 3.3 Required Lender Consents

Each of the Company (and its Subsidiaries) and the REIT shall use its commercially reasonable efforts to obtain the Required Lender Consents. The REIT shall be solely responsible for all costs and expenses associated with obtaining the Required Lender Consents, including all assumption and/or consent fees of the Required Lenders and any legal fees and disbursements of the solicitors for the Required Lenders in connection with such Required Lender Consents.

Section 3.4 Listing Application

As soon as reasonably practicable, each of the Company and the REIT shall apply to list the REIT Units (including REIT Units to be issued from time to time upon exchange of the Exchangeable LP Units and exercise of Replacement Options, Replacement DSUs, Replacement RSUs and Replacement PSUs) on the TSX, and shall use its respective commercially reasonable efforts to obtain approval, subject to customary conditions, for the listing of such REIT Units on the TSX. The REIT and the Company shall cooperate with each other in making the application to list the REIT Units (including REIT Units to be issued from time to time upon exchange of the Exchangeable LP Units and exercise of Replacement Options, Replacement DSUs, Replacement RSUs and Replacement PSUs) on the TSX.

Section 3.5 Pre-Closing Reorganization

The Parties agree that, prior to the Effective Time, the Company may effect such reorganizations of the Company or any of its Subsidiaries' or affiliates' businesses, operations and assets or such other transactions as the Parties may mutually agree, including the transfer by the Company of limited partnership units that it holds of First Capital Asset Management LP to FCR Management Sub-Trust, a trust of which the Company is the sole initial beneficiary.

ARTICLE 4
CONDITIONS

Section 4.1 Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(1) **Arrangement Resolution**. The Arrangement Resolution has been approved by Shareholders at the Meeting in accordance with the Interim Order.

(2) **Interim and Final Order**. The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement and otherwise on terms satisfactory to the Parties and have not been set aside.

(3) **Articles of Arrangement**. The Articles of Arrangement to be filed with the Director in accordance with the Arrangement, including the Plan of Arrangement appended thereto, shall be in form and substance satisfactory to each Party.

(4) **Illegality**. No Law or proceeding is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company, GP Co or the REIT from consummating the Arrangement.

(5) **TSX Conditional Approval**. The REIT Units issuable pursuant to the Arrangement shall have been approved for listing by the TSX, subject to customary conditions.

(6) **Dissent Rights**. Dissent Rights shall have been exercised by Shareholders with respect to no more than 5% of the outstanding Common Shares.

(7) **REIT Units to be Freely Tradeable**. The REIT Units issuable or to be made issuable pursuant to the Arrangement shall be freely tradeable in accordance with all applicable Securities Laws, excluding restrictions in respect of trades from holdings of a control person.

(8) **Required Lender Consents**. Each of the Required Lender Consents has been obtained.

(9) **Non-Residents**. Less than 49% of Shareholders entitled to receive REIT Units are non-residents of Canada for the purposes of the Tax Act.

Section 4.2 Satisfaction of Conditions

Subject to applicable Law, the conditions precedent set out in Section 4.1 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

ARTICLE 5
TERM AND TERMINATION

Section 5.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Date and the termination of this Agreement in accordance with its terms.

Section 5.2 Termination

(1) This Agreement may be terminated prior to the Effective Time by:

(a) the mutual written agreement of the Parties; or

(b) either the Company or the REIT if:

(i) **Arrangement Resolution Not Approved**. The Arrangement Resolution is not approved by the Shareholders at the Meeting in accordance with the Interim Order;

(ii) **Illegality**. After the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the REIT from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable; or

(iii) **Occurrence of Outside Date**. The Effective Time does not occur on or prior to the Outside Date.

(2) The Party desiring to terminate this Agreement pursuant to this Section 5.2 (other than pursuant to Section 5.2(1)(a)) shall give notice of such termination to the other Parties, specifying in reasonable detail the basis for such Party's exercise of its termination right.

Section 5.3 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 5.1 or Section 5.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any securityholder, trustee, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement.

ARTICLE 6
GENERAL PROVISIONS

Section 6.1 Amendment

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Shareholders, and any such amendment may, subject to the Interim Order and the Final Order and applicable Laws, without limitation:

(1) change the time for performance of any of the obligations or acts of the Parties;

(2) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(3) modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(4) modify any mutual conditions contained in this Agreement.

Section 6.2 Notices.

Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier, facsimile or electronic mail and addressed:

(a) to the REIT, FCR LP, GP Co or Newco at:

King Liberty Village
85 Hanna Avenue
Suite 400
Toronto, Ontario M6K 3S3

Attention: Alison Harnick
Telephone: 416-216-2092
Email: Alison.Harnick@fcr.ca

(b) to the Company at:

King Liberty Village
85 Hanna Avenue
Suite 400
Toronto, Ontario M6K 3S3

Attention: Alison Harnick
Telephone: 416-216-2092
Email: Alison.Harnick@fcr.ca

with a copy to:

Torys LLP
79 Wellington St. W., Suite 3000
Toronto, Ontario M5K 1N2

Attention: Simon Knowling / Michael Zackheim
Telephone: 416-865-7374 / 416-865-8218
Email: sknowling@torys.com / mzackheim@torys.com

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:30 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by electronic mail, on the same day that it was sent if sent on a Business Day and the acknowledgement of receipt is received by the sender before 4:30 p.m. (in the place of receipt) on such day, and otherwise on the first Business Day thereafter. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address.

Section 6.3 Confirmation

For greater certainty, none of the covenants of the Parties contained herein shall prevent the trustees of the REIT or the directors of the Company, GP Co or Newco from pursuing or responding to any submission or proposal regarding any acquisition or disposition of assets or any proposal to amalgamate, merge or effect an arrangement or similar transaction or any take-over bid or acquisition proposal generally or making any disclosure to securityholders with

respect thereto which in the judgment of the trustees of the REIT or the directors of the Company, GP Co or Newco is necessary or desirable.

Section 6.4 Counsel Acting for More Than One Party

Each of the Parties has been advised and acknowledges that Torys LLP is acting as counsel to and jointly representing more than one of the Parties (each a "**Client**" and, collectively, "**Clients**") and, in this role, information disclosed to Torys LLP by one Client will not be kept confidential and shall be disclosed to all Clients and each of the Parties consents to Torys LLP so acting. In addition, should a conflict arise between any Clients, Torys LLP may not be able to continue to act for any of such Clients.

Section 6.5 Time of the Essence

Time is of the essence in this Agreement.

Section 6.6 Further Assurances

Subject to the provisions of this Agreement, the Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Party may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement and, in the event the Arrangement becomes effective, to document or evidence any of the transactions or events set out in the Plan of Arrangement.

Section 6.7 No Liability

The Parties acknowledge and agree that the obligations and liabilities under this Agreement, or in any document delivered in connection therewith, are not personally binding upon and resort shall not be had to, nor shall recourse or satisfaction be sought from the private property of any of the shareholders, constituent members, limited partners, unitholders, annuitants under a plan of which a unitholder of a Party acts as a trustee or carrier, or the officers, trustees, employees or agents of a Party hereto but only the property of the Parties hereto shall be bound.

Section 6.8 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 6.9 Entire Agreement

This Agreement (including any Schedules thereto) constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and

supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 6.10 Successors and Assigns

(1) This Agreement becomes effective only when executed by the Company, FCR LP, GP Co, Newco and the REIT. After that time, it will be binding upon and enure to the benefit of the Company, FCR LP, GP Co, Newco and the REIT and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties.

Section 6.11 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 6.12 Governing Law

(1) This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to any principles of conflict of laws thereof which would result in the application of the laws of any other jurisdiction.

(2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 6.13 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by electronic mail) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

FIRST CAPITAL REAL ESTATE INVESTMENT TRUST

By: "*Kay Brekken*"
Name: Kay Brekken
Title: Executive Vice President and Chief Financial Officer

FIRST CAPITAL REIT LIMITED PARTNERSHIP, by its general partner, **FIRST CAPITAL REIT GP INC.**

By: "*Alison Harnick*"
Name: Alison Harnick
Title: Vice President

FIRST CAPITAL REIT GP INC.

By: "*Alison Harnick*"
Name: Alison Harnick
Title: Vice President

FIRST CAPITAL REALTY ACQUISITION INC.

By: "*Alison Harnick*"
Name: Alison Harnick
Title: Vice President

FIRST CAPITAL REALTY INC.

By: "*Kay Brekken*"
Name: Kay Brekken
Title: Executive Vice President and Chief Financial Officer

SCHEDULE A
PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT

Plan of Arrangement under Section 182
of the
***Business Corporations Act* (Ontario)**

and Section 60
of the *Trustee Act*

ARTICLE 1.
INTERPRETATION

1.1 Defined Terms

As used in this Plan of Arrangement, the following terms have the following meanings:

"**Ancillary Rights**" means, in respect of an Exchangeable LP Unit, the Exchange Rights and related Special Voting Units, collectively.

"**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to section 182 of the OBCA and section 60 of the Trustee Act set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof.

"**Arrangement Agreement**" means the arrangement agreement dated October 18, 2019 among the REIT, the Company, FCR LP, GP Co and Newco, including all schedules annexed thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"**Arrangement Resolution**" means the special resolution of Shareholders approving this Plan of Arrangement that was considered at the Meeting.

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by the OBCA to be sent to the Director after the Final Order is made, which shall be in form and substance satisfactory to the Parties.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which Schedule I Canadian chartered banks are closed for business in Toronto, Ontario.

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

"**Circular**" means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference in, such management information circular sent to, among others, Shareholders and each other Person as required by the Interim Order and Law in connection with the Meeting, as amended, supplemented or otherwise modified from time to time.

"**Class A LP Units**" means the class A limited partnership units of FCR LP.

"**Common Shares**" means the common shares in the capital of the Company (including common shares represented by Instalment Receipts).

"**Company**" means First Capital Realty Inc., a corporation existing under the laws of the Province of Ontario.

"**Computershare**" means Computershare Trust Company of Canada.

"**Consideration**" means one (1) REIT Unit or one (1) Exchangeable LP Unit, as applicable, per Common Share.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" means the Canada Revenue Agency.

"**Debentures**" means, collectively, the Series M Debentures, the Series N Debentures, the Series O Debentures, the Series P Debentures, the Series Q Debentures, the Series R Debentures, the Series S Debentures, the Series T Debentures, the Series U Debentures and the Series V Debentures.

"**Deferred Share Unit Plan**" means the deferred share unit plan of the Company as amended, supplemented or restated from time to time.

"**Deferred Share Units**" means the vested and unvested deferred share units, including income deferred share units, as applicable, subject to and administered under the Deferred Share Unit Plan.

"**Depositary**" means Computershare Investor Services Inc. or such other Person that may be appointed by the Company to act as depositary in connection with the Arrangement.

"**Director**" means the Director appointed pursuant to section 278 of the OBCA.

"**Dissent Rights**" has the meaning specified in Section 4.1.

"**Dissenting Shareholder**" means a registered holder of Common Shares who has validly exercised its Dissent Rights and has not withdrawn such exercise of Dissent Rights immediately prior to the Effective Time.

"**Dissenting Shares**" means the Common Shares held by Dissenting Shareholders immediately prior to the Effective Time.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 3:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Eighteenth Supplemental Indenture**" means the eighteenth supplemental indenture to the Indenture, dated June 1, 2012, between the Company and Computershare providing for the issuance of Series O Debentures.

"**Eighth Supplemental Indenture**" means the eighth supplemental indenture to the Indenture, dated October 1, 2009, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Elected Number**" means, in respect of an Electing Shareholder, the number of Common Shares (to be transferred to FCR LP) specified in the Letter of Transmittal delivered by such Electing Shareholder to the Depositary on or before the Election Deadline.

"**Electing Shareholder**" means a Shareholder (other than an Excluded Shareholder) that validly elects to transfer Common Shares to FCR LP in exchange for Exchangeable LP Units pursuant to, and in accordance with, the terms of the Arrangement.

"**Election Deadline**" means 5:00 p.m. (Toronto time) on December 6, 2019, being two (2) Business Days prior to the date of the Meeting.

"**ESPP**" means the employee share purchase plan of the Company as amended, supplemented or restated from time to time.

"**EUPP**" means the employee unit purchase plan of the REIT as amended, supplemented or restated from time to time.

"**Exchange and Support Agreement**" means the exchange and support agreement to be entered into on the Effective Date substantially on the terms described in the Circular among the REIT, FCR LP, GP Co and each Person who from time to time becomes or is deemed to become a party thereto by reason of his, her or its registered ownership of Exchangeable LP Units, as the same may be amended, supplemented or restated from time to time.

"**Exchange Ratio**" means the ratio of one (1) REIT Unit or one (1) Exchangeable LP Unit, as applicable, for every one (1) Common Share held.

"**Exchange Rights**" means the exchange rights set out in the Exchange and Support Agreement and the Limited Partnership Agreement.

"**Exchangeable LP Units**" means the exchangeable class B limited partnership units in the capital of FCR LP.

"**Excluded Shareholder**" means a Shareholder (A) that is not a taxable Canadian corporation under the Tax Act; (B) that would acquire Exchangeable LP Units as a "tax shelter investment" for the purposes of the Tax Act, or (C) an interest in which is a "tax shelter investment" for the purposes of the Tax Act.

"**FCR Amalco**" means the corporation to be formed in Section 2.4(r).

"**FCR Amalco Class A Common Shares**" has the meaning specified in Section 2.4(r)(v).

"**FCR Amalco Class B Common Shares**" has the meaning specified in Section 2.4(r)(v).

"**FCR Amalco Preferred Shares**" has the meaning specified in Section 2.4(r)(v).

"**FCR LP**" means First Capital REIT Limited Partnership, a limited partnership established under the laws of the Province of Ontario on October 16, 2019 in connection with the Arrangement.

"**Final Order**" means the final order of the Court, in a form acceptable to the Parties, approving the Arrangement pursuant to subsection 182(4) of the OBCA and section 60 of the Trustee Act, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Parties) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended, modified, supplemented or varied (provided that any such amendment is acceptable to the Parties) on appeal.

"**Governmental Entity**" means: (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission (including any securities commission or similar regulatory authority), board, bureau, ministry, agency or instrumentality, domestic or foreign, (b) any subdivision, agent or authority of any of the above, (c) any quasi-governmental body, professional body or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange.

"**GP Co**" means First Capital REIT GP Inc., a corporation established under the laws of the Province of Ontario on October 16, 2019 in connection with the Arrangement.

"**IFRS**" means International Financial Reporting Standards.

"**Indenture**" means the trust indenture dated June 21, 2005, between the Company and Computershare providing for the issuance of one or more series of unsecured debt securities of the Company by way of supplemental indentures, as amended or supplemented by the Supplemental Indentures.

"**Instalment Receipt Agreement**" means the Instalment Receipt, Escrow and Pledge Agreement dated April 11, 2019 among the Company, Gazit Canada Inc., Gazit-Globe Ltd., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., Canaccord Genuity Corp., Raymond James Ltd. and Computershare.

"**Instalment Receipts**" means the instalment receipts representing Common Shares pursuant to the Instalment Receipt Agreement.

"**Interim Order**" means the interim order of the Court pursuant to subsection 182(5) of the OBCA and section 60 of the Trustee Act in a form acceptable to the Parties, providing

for, among other things, the calling and holding of the Meeting, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Parties).

"**Law**" means, with respect to any Person, any and all applicable law (including statutory and common law), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling, published administrative policy, or other similar requirement, whether domestic or foreign, enacted, adopted, incorporated by reference, promulgated or applied by a Governmental Entity, in each case having the force of law and that is binding upon or applicable to such Person or its business, undertaking, property or securities.

"**Letter of Transmittal**" means the letter of transmittal and election form accompanying the Circular sent to Shareholders.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"**Limited Partnership Agreement**" means the limited partnership agreement of FCR LP among GP Co and each person who is admitted to the partnership in accordance with the terms of such agreement, as such agreement may be amended and/or restated from time to time.

"**LP IB Note**" means a subordinated interest-bearing promissory note in the principal amount and bearing the maturity date and interest rate set forth in the Pre-Closing Notice and otherwise on terms agreed between the parties thereto.

"**LP NIB Note**" has the meaning specified in Section 2.4(i).

"**Maximum Number of Exchangeable LP Units**" means the maximum number of Exchangeable LP Units that may be issued by FCR LP pursuant to this Arrangement, being a number of Exchangeable LP Units equal to twenty per cent (20%) of the number of issued and outstanding Common Shares as of the close of business on the record date of the Meeting.

"**Meeting**" means the special meeting of Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, called and held in accordance with the Interim Order to consider and, if deemed advisable, approve the Arrangement, the Arrangement Resolution, ancillary matters to the foregoing and for any other purpose set out in the Circular.

"**Newco**" means First Capital Realty Acquisition Inc., a corporation established under the laws of the Province of Ontario on October 16, 2019 in connection with the Arrangement.

"**Newco Class A Common Shares**" means the class A voting retractable common shares in the capital of Newco.

"**Newco Class B Common Shares**" means the class B non-voting retractable common shares in the capital of Newco.

"**Newco Preferred Shares**" means the non-voting preferred shares in the capital of Newco.

"**Nineteenth Supplemental Indenture**" means the nineteenth supplemental indenture to the Indenture, dated December 5, 2012, between the Company and Computershare providing for the issuance of Series P Debentures.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Option**" means an option to acquire a Common Share issued under the Stock Option Plan.

"**Parties**" means the parties to the Arrangement Agreement and "**Party**" means any one of the Parties.

"**Performance Share Units**" means the vested and unvested performance share units, including income performance share units, as applicable, subject to and administered under the Restricted Share Unit Plan.

"**Person**" includes an individual, general partnership, limited partnership, corporation, company, limited liability company, body corporate, joint venture, unincorporated organization, other form of business organization, trust, trustee, executor, administrator or other legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement, subject to any amendments or variations made in accordance with the Arrangement Agreement or Article 5, or made at the direction of the Court in the Final Order (with the prior written consent of the Parties).

"**Pre-Closing Notice**" means a notice to be executed by the Parties no later than two Business Days prior to the Effective Date specifying: (a) the applicable amounts and actions to be taken by the Parties and/or their respective Subsidiaries in furtherance of the Arrangement, and (b) the amounts and other details contemplated by this Plan of Arrangement.

"**REIT**" means First Capital Real Estate Investment Trust, a trust established under the laws of the Province of Ontario.

"**REIT Declaration of Trust**" means the Declaration of Trust of the REIT dated as of October 16, 2019 and as further amended from time to time, which is governed by the laws of the Province of Ontario.

"**REIT Deferred Share Unit Plan**" means the deferred share unit plan of the REIT that will become effective as of the Effective Time, as amended, supplemented or restated from time to time and as further described in the Circular.

"**REIT IB Note 1**" means a subordinated interest-bearing promissory note in the principal amount and bearing the maturity date and interest rate set forth in the Pre-Closing Notice and otherwise on terms agreed between the parties thereto.

"**REIT IB Note 2**" means a subordinated interest-bearing promissory note in the principal amount and bearing the maturity date and interest rate set forth in the Pre-Closing Notice and otherwise on terms agreed between the parties thereto.

"**REIT NIB Note 1**" has the meaning specified in Section 2.4(h).

"**REIT NIB Note 2**" has the meaning specified in Section 2.4(h).

"**REIT Restricted Share Unit Plan**" means the restricted share unit plan of the REIT that will become effective as of the Effective Time, as amended, supplemented or restated from time to time and as further described in the Circular.

"**REIT Stock Option Plan**" means the stock option plan of the REIT that will become effective as of the Effective Time, as amended, supplemented or restated from time to time and as further described in the Circular.

"**REIT Unit**" means a trust unit of the REIT (other than a Special Voting Unit) issued pursuant to the REIT Declaration of Trust and having the attributes described therein.

"**REIT Unitholder**" means a registered or beneficial holder of REIT Units.

"**Replacement DSU**" means a deferred share unit, including an income deferred share unit, as applicable, to acquire REIT Units to be granted by the REIT in replacement of Deferred Share Units pursuant to the Arrangement.

"**Replacement Option**" means an option or right to purchase REIT Units to be granted by the REIT in replacement of Options pursuant to the Arrangement.

"**Replacement PSU**" means a performance share unit, including an income performance share unit, as applicable, to acquire REIT Units to be granted by the REIT in replacement of Performance Share Units pursuant to the Arrangement.

"**Replacement RSU**" means a restricted share unit, including an income replacement share unit, as applicable, to acquire REIT Units to be granted by the REIT in replacement of Restricted Share Units pursuant to the Arrangement.

"**Restricted Share Unit Plan**" means the restricted share unit plan of the Company as amended, supplemented or restated from time to time.

"**Restricted Share Units**" means the vested and unvested restricted share units, including income restricted share units, as applicable, subject to and administered under the Restricted Share Unit Plan.

"**Series M Debentures**" means the 5.60% senior unsecured debentures due April 30, 2020 issued by the Company pursuant to the Sixteenth Supplemental Indenture originally in the aggregate principal amount of $175,000,000.

"**Series N Debentures**" means the 4.50% senior unsecured debentures due March 1, 2021 issued by the Company pursuant to the Seventeenth Supplemental Indenture originally in the aggregate principal amount of $175,000,000.

"**Series O Debentures**" means the 4.43% senior unsecured debentures due January 31, 2022 issued by the Company pursuant to the Eighteenth Supplemental Indenture originally in the aggregate principal amount of $200,000,000.

"**Series P Debentures**" means the 3.95% senior unsecured debentures due December 5, 2022 issued by the Company pursuant to the Nineteenth Supplemental Indenture originally in the aggregate principal amount of $250,000,000.

"**Series Q Debentures**" means the 3.90% senior unsecured debentures due October 30, 2023 issued by the Company pursuant to the Twenty-Second Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series R Debentures**" means the 4.79% senior unsecured debentures due August 30, 2024 issued by the Company pursuant to the Twenty-Third Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series S Debentures**" means the 4.32% senior unsecured debentures due July 31, 2025 issued by the Company pursuant to the Twenty-Fourth Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series T Debentures**" means the 3.60% senior unsecured debentures due May 6, 2026 issued by the Company pursuant to the Twenty-Fifth Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series U Debentures**" means the 3.75% senior unsecured debentures due July 12, 2027 issued by the Company pursuant to the Twenty-Sixth Supplemental Indenture originally in the aggregate principal amount of $300,000,000.

"**Series V Debentures**" means the 3.456% senior unsecured debentures due January 22, 2027 issued by the Company pursuant to the Twenty-Eighth Supplemental Indenture originally in the aggregate principal amount of $200,000,000.

"**Seventeenth Supplemental Indenture**" means the seventeenth supplemental indenture to the Indenture, dated April 4, 2012, between the Company and Computershare providing for the issuance of Series N Debentures.

"**Seventh Supplemental Indenture**" means the seventh supplemental indenture to the Indenture, dated July 16, 2009, between the Company and Computershare for the purpose of making changes or corrections to the Guarantees (as defined therein) which were not substantive corrections or changes or which were required for the purpose of curing or

correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistake or error contained therein.

"**Shareholders**" means the holders of Common Shares.

"**Sixteenth Supplemental Indenture**" means the sixteenth supplemental indenture to the Indenture, dated March 30, 2011, between the Company and Computershare providing for the issuance of Series M Debentures.

"**Special Voting Units**" means the special voting units of the REIT to be received by the holders of Exchangeable LP Units and authorized under the REIT Declaration of Trust.

"**Stock Option Plan**" means the stock option plan of the Company as amended, supplemented or restated from time to time.

"**Subsidiary**" means, with respect to a Person, a corporation, partnership, trust, limited liability company, unlimited liability company, joint venture or other Person of which either: (a) such Person or any other subsidiary of the Person is a general partner, managing member or functional equivalent, (b) voting power to elect a majority of the board of directors or trustees or others performing a similar function with respect to such organization is held by such Person or by any one or more of such Person's subsidiaries, or (c) more than 50% of the equity interest is controlled, directly or indirectly, by such Person.

"**Supplemental Indentures**" means, collectively, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, and any other supplemental indenture entered into from and including the date hereof to and including the Effective Date.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Taxes**" means: (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employer health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes,

customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions, and (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b).

"**Thirtieth Supplemental Indenture**" means the thirtieth supplemental indenture to the Indenture, dated October 7, 2019, between the Company and Computershare for the purpose of giving effect to certain amendments.

"**Trustee Act**" means the *Trustee Act* (Ontario).

"**Twentieth Supplemental Indenture**" means the twentieth supplemental indenture to the Indenture, dated January 1, 2013, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Twenty-Eighth Supplemental Indenture**" means the twenty-eighth supplemental indenture to the Indenture, dated July 22, 2019, between the Company and Computershare providing for the issuance of Series V Debentures.

"**Twenty-Fifth Supplemental Indenture**" means the twenty-fifth supplemental indenture to the Indenture, dated May 6, 2016, between the Company and Computershare providing for the issuance of Series T Debentures.

"**Twenty-First Supplemental Indenture**" means the twenty-first supplemental indenture to the Indenture, dated March 25, 2013, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Twenty-Fourth Supplemental Indenture**" means the twenty-fourth supplemental indenture to the Indenture, dated June 17, 2014, between the Company and Computershare providing for the issuance of Series S Debentures.

"**Twenty-Ninth Supplemental Indenture**" means the twenty-ninth supplemental indenture to the Indenture, dated October 1, 2019, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Twenty-Second Supplemental Indenture**" means the twenty-second supplemental indenture to the Indenture, dated March 26, 2013, between the Company and Computershare providing for the issuance of Series Q Debentures.

"**Twenty-Seventh Supplemental Indenture**" means the twenty-seventh supplemental indenture to the Indenture, dated January 1, 2019, between the Company and Computershare for the purpose of giving effect to the succession and assumption of obligations.

"**Twenty-Sixth Supplemental Indenture**" means the twenty-sixth supplemental indenture to the Indenture, dated July 10, 2017, between the Company and Computershare providing for the issuance of Series U Debentures.

"**Twenty-Third Supplemental Indenture**" means the twenty-third supplemental indenture to the Indenture, dated January 20, 2014, between the Company and Computershare providing for the issuance of Series R Debentures.

"**U.S. Tax Code**" means the United States *Internal Revenue Code of 1986*, as amended.

1.2 Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian currency and "Cdn.$" or "$" refers to Canadian dollars.

1.3 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.4 Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

1.5 The words "including", "includes" and "include" mean "including (or includes or include) without limitation," and "in the aggregate" or a phrase of similar meaning means "in the aggregate, without duplication". Unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

1.6 A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

1.7 References to time herein or in any Letter of Transmittal are to local time, Toronto, Ontario, Canada.

1.8 All accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with IFRS.

1.9 Where any reference is made herein to an act to be performed by, for or on behalf of, or an obligation of, the REIT, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, for or on behalf of, or an obligation of, the trustee or trustees of the REIT, in their capacity as trustees, as the case may be, to the extent necessary to give effect thereto.

1.10 Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or reenacted, unless stated otherwise.

ARTICLE 2.
THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate of Arrangement, if any, shall become effective at the Effective Time, and shall be binding on the REIT, the Company, FCR LP, GP Co, Newco, Subsidiaries of the REIT and the Company, all registered holders of the Common Shares (including Common Shares represented by Instalment Receipts), including Dissenting Shareholders, all holders and beneficial owners of Options, Deferred Share Units, Restricted Share Units, Performance Share Units and Debentures, the registrar and transfer agent of each of the Company, the REIT, FCR LP, GP Co, Newco, the Depositary, Computershare as debenture trustee for the Debentures and all other Persons, at and after the Effective Time, without any further act or formality required on the part of any Person.

2.3 The Articles of Arrangement and the Certificate of Arrangement shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Section 2.4 has become effective in the sequence and at the times set out therein. If no Certificate of Arrangement is required to be issued by the Director pursuant to subsection 183(2) of the OBCA, the Arrangement shall become effective on the date that the Articles of Arrangement are sent to the Director pursuant to subsection 183(1) of the OBCA.

2.4 Arrangement

Commencing at the Effective Time, each of the steps set out below shall occur in the following order without any further act or formality, with each such step occurring one minute after the completion of the immediately preceding step:

Dissenting Shareholders

(a) The Common Shares held by Dissenting Shareholders who have validly exercised Dissent Rights shall be deemed to have been transferred to and repurchased by the Company (free and clear of all Liens) and cancelled and shall cease to be outstanding and such Dissenting Shareholders shall cease to have any rights as Shareholders other than the right to be paid the fair value of their Common Shares.

Exchange of Common Shares

(b) Issued and outstanding Common Shares in respect of which an Electing Shareholder has validly elected to receive an Exchangeable LP Unit (except, for greater certainty, any such Common Shares elected to be transferred in consideration for Exchangeable LP Units exceeding the Shareholder's *pro rata* allocation of the Maximum Number of Exchangeable LP Units) will be transferred to FCR LP (free and clear of all Liens) in consideration for Exchangeable LP Units and related Ancillary Rights based on the Exchange Ratio (with such number of Exchangeable LP Units rounded down to the nearest whole number).

(c) Issued and outstanding Common Shares not transferred to the Company under Section 2.4(a) or to FCR LP under Section 2.4(b) will be transferred to the REIT (free and clear of all Liens) in exchange for REIT Units issued by the REIT based on the Exchange Ratio, and any individual who is recorded as having any entitlements to Common Shares (both vested and unvested) under the ESPP will be recorded as having the same number of entitlements to REIT Units (both vested and unvested) under the EUPP.

Limited Partnership Agreement

(d) Upon the transfer of Common Shares to FCR LP in consideration for Exchangeable LP Units and related Ancillary Rights under Section 2.4(b), such former Electing Shareholder will be deemed to become, as a limited partner, a party to and bound by the Limited Partnership Agreement.

Exchange and Support Agreement

(e) Upon the transfer of Common Shares to FCR LP in consideration for Exchangeable LP Units and related Ancillary Rights under Section 2.4(b), such former Electing Shareholder will be deemed to enter into the Exchange and Support Agreement among the REIT, GP Co, FCR LP and each such owner of Exchangeable LP Units and the Exchange and Support Agreement will become effective.

Debentures

(f) The REIT will agree to become bound by the terms of the Indenture (including the Supplemental Indentures) and the Debentures as a co-principal debtor, with the Company remaining as a co-principal debtor, and the amounts payable under the Indenture and the Debentures shall be guaranteed by all applicable guarantor entities required by the terms of the Indenture and the Debentures. Although the Company will remain as a co-principal debtor under the Indenture and the Debentures, it will be released from numerous covenants under the Indenture, including debt restriction and interest coverage covenants, equity maintenance covenants, unencumbered assets covenants, the requirement to provide financial information to holders of the Debentures and change of control, amalgamation, arrangement, merger, reorganization and asset sale restrictions. Such covenants and all other obligations under the Indenture and the Debentures will be assumed by the

REIT, as co-principal debtor thereunder. The Company, the REIT and Computershare, as indenture trustee under the Indenture, will enter into a supplemental indenture to the Indenture to give effect to the foregoing.

Redemption of Initial REIT Unit

(g) The one (1) REIT Unit initially issued by the REIT to the Company will be cancelled for consideration of ten dollars ($10).

Transfer of Common Shares to Newco

(h) The REIT will transfer all of the Common Shares held by the REIT to Newco in consideration for (i) the number of Newco Preferred Shares set forth in the Pre-Closing Notice, (ii) two subordinated non-interest-bearing promissory notes, each payable on demand and in the principal amount set forth in the Pre-Closing Notice, exchangeable at the option of the holder at any time for REIT IB Note 1 and REIT IB Note 2, respectively, and otherwise on terms agreed between the REIT and Newco ("**REIT NIB Note 1**" and "**REIT NIB Note 2**"), and (iii) a number of Newco Class A Common Shares to be set forth in the Pre-Closing Notice, which shall be issued for the issue price of $1.00 per share, having an aggregate issue price equal to the amount by which the fair market value of the Common Shares transferred by the REIT exceeds the sum of the aggregate principal amount of REIT NIB Note 1 and REIT NIB Note 2 and the aggregate redemption price of the Newco Preferred Shares issued to the REIT.

(i) FCR LP will transfer all of the Common Shares held by FCR LP to Newco in consideration for (i) a subordinated non-interest-bearing promissory note, payable on demand and in the principal amount set forth in the Pre-Closing Notice, exchangeable at the option of the holder at any time for the LP IB Note and otherwise on terms agreed between FCR LP and Newco (the "**LP NIB Note**"), and (ii) a number of Newco Class B Common Shares to be set forth in the Pre-Closing Notice, which shall be issued for the issue price of $1.00 per share, having an aggregate issue price equal to the amount by which the fair market value of the Common Shares transferred by FCR LP exceeds the principal amount of the LP NIB Note.

Transfer of REIT NIB Note 1 to FCR LP

(j) The REIT will transfer REIT NIB Note 1 to FCR LP in consideration for the number of Class A LP Units set forth in the Pre-Closing Notice.

Amendment to Deferred Share Unit Plan

(k) The Deferred Share Unit Plan and each Deferred Share Unit shall be amended to remove the Company's right to require the cash settlement of a Deferred Share Unit.

Implementation of Equity Compensation Plans

(l) The REIT will implement the REIT Deferred Share Unit Plan, the REIT Restricted Share Unit Plan and the REIT Stock Option Plan.

Exchange of Options

(m) Each Option will be exchanged for one Replacement Option where each Replacement Option (with the aggregate number of Replacement Options being rounded down to the nearest whole number) will have the same exercise price and vesting date as such Option, and each such Option so exchanged will be cancelled.

Exchange of Deferred Share Units

(n) Each Deferred Share Unit will be exchanged for one Replacement DSU (with the aggregate number of Replacement DSUs being rounded down to the nearest whole number), and each such Deferred Share Unit so exchanged will be cancelled.

Exchange of Restricted Share Units

(o) Each Restricted Share Unit will be exchanged for one Replacement RSU, and each such Restricted Share Unit so exchanged will be cancelled.

Exchange of Performance Share Units

(p) Each Performance Share Unit will be exchanged for one Replacement PSU, and each such Performance Share Unit so exchanged will be cancelled.

Amalgamation of Newco and the Company

(q) The stated capital of the Common Shares will be reduced to one dollar ($1) in the aggregate without any payment of cash or property.

(r) Newco and the Company shall be amalgamated and continued as one corporation to form FCR Amalco with the same effect as an amalgamation to which subsection 177(1) of the OBCA applies, on the basis set out in the Articles of Arrangement and in such a manner that, by virtue of the amalgamation:

(i) the name of FCR Amalco shall be “First Capital Realty Inc.;

(ii) the registered office of FCR Amalco shall be King Liberty Village, 85 Hanna Avenue, Suite 400, Toronto, Ontario, M6K 3S3;

(iii) the number of directors of FCR Amalco shall consist of a minimum number of one (1) director and a maximum number of ten (10) directors. Until changed by the shareholders of FCR Amalco, or by directors of FCR Amalco if authorized to do so, the number of directors of FCR Amalco shall be three (3);

(iv) the initial directors of FCR Amalco shall be Adam E. Paul, Kay Brekken and Jordan Robins and such Persons shall hold office until the next annual meeting of shareholders of FCR Amalco or until their successors are appointed or elected;

(v) FCR Amalco's share capital will be comprised of (A) class A voting common shares that are retractable at the option of the shareholder ("**FCR Amalco Class A Common Shares**"), (B) class B non-voting common shares that are retractable at the option of the shareholder ("**FCR Amalco Class B Common Shares**"), and (C) non-voting preferred shares redeemable and retractable at $1,000 per share having discretionary non-cumulative preferential dividends at the rate set forth in the Pre-Closing Notice ("**FCR Amalco Preferred Shares**");

(vi) the by-laws of Newco will be the by-laws of FCR Amalco, *mutatis mutandis*;

(vii) the provisions of section 179 of the OBCA shall apply to the amalgamation with the result that:

(A) Newco and the Company will cease to exist as entities separate from FCR Amalco;

(B) FCR Amalco shall possess all the property, rights, privileges and franchises and be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of the predecessor corporations, including under the Indenture and Debentures;

(C) a conviction against, or ruling, order or judgment in favour of or against Newco or the Company may be enforced by or against FCR Amalco; and

(D) FCR Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against Newco and the Company before the amalgamation has become effective;

(viii) the Articles of Arrangement shall be deemed to be the articles of amalgamation and articles of incorporation of FCR Amalco and the Certificate of Arrangement shall be deemed to be the certificate of amalgamation and certificate of incorporation of FCR Amalco;

(ix) on the amalgamation:

(A) each issued and outstanding share in the capital of the Company immediately prior to the amalgamation will be cancelled without any repayment of capital in respect thereof;

(B) no securities will be issued and no assets will be distributed by FCR Amalco in connection with the amalgamation;

(C) all of the Newco Class A Common Shares, Newco Class B Common Shares, and Newco Preferred Shares will become FCR Amalco Class A Common Shares, FCR Amalco Class B Common Shares and FCR Amalco Preferred Shares, respectively;

(x) the stated capital of (and the amount of capital paid up on) the FCR Amalco Class A Common Shares, FCR Amalco Class B Common Shares and FCR Amalco Preferred Shares will be an amount equal to the corresponding stated capital of the Newco Class A Common Shares, Newco Class B Common Shares and Newco Preferred Shares, respectively, immediately before the amalgamation.

For greater certainty, none of the foregoing steps shall occur unless all of the foregoing steps occur.

ARTICLE 3.
ELECTION, CONSIDERATION, REGISTERS AND CERTIFICATES

3.1 Election in respect of the Consideration to be received for exchange of the Common Shares

(a) Subject to the provisions of this Article 3, with respect to the elections required to be made by a Shareholder in order to dispose of Common Shares pursuant to Section 2.4(b):

(i) each such Shareholder shall make such election by depositing with the Depositary a duly completed Letter of Transmittal prior to the Election Deadline, indicating such Shareholder's election, together with certificates representing such Shareholder's Common Shares, if any; and

(ii) any Shareholder who does not deposit with the Depositary a completed Letter of Transmittal prior to the Election Deadline or otherwise fails to comply with the requirements of Section 2.4(b) and the Letter of Transmittal shall be deemed to have elected to dispose of their Common Shares to the REIT pursuant to Section 2.4(c).

(b) With respect to any election required to be made by a Shareholder in order to effect the transfer of Common Shares pursuant to Section 2.4(b), such Shareholder may so elect in respect of any portion of the aggregate number of Common Shares held by such holder and otherwise satisfying the conditions to such election. In the event that the aggregate Elected Number of all Electing Shareholders is greater than the Maximum Number of Exchangeable LP Units, the Exchangeable LP Units will be allocated on a *pro rata* basis to each Electing Shareholder in accordance with the following formula: the Maximum Number of Exchangeable LP Units divided by the aggregate Elected Number of all Electing Shareholders multiplied by the

Elected Number of the particular Electing Shareholder. Each Electing Shareholder will be deemed to have elected to exchange that number of Common Shares equal to the number of Exchangeable LP Units allocated to such Electing Shareholder and the balance of such Electing Shareholder's Common Shares shall be transferred to the REIT in exchange for REIT Units pursuant to Section 2.4(c).

(c) A Shareholder, who is not a Dissenting Shareholder or an Excluded Shareholder, may elect to transfer Common Shares to FCR LP pursuant to Section 2.4(b). A Shareholder who has transferred Common Shares pursuant to Section 2.4(b) shall be entitled to make an income tax election pursuant to subsection 97(2) of the Tax Act (and the analogous provisions of provincial or territorial income tax law) with respect thereto by providing two signed copies of the necessary election forms to FCR LP by the Election Deadline, duly completed with the details of the number of Common Shares transferred and the applicable agreed amounts for the purposes of such elections. Thereafter, subject to the election forms complying with the provisions of the Tax Act (and applicable provincial or territorial tax law), the election forms will be signed and one copy thereof shall be forwarded by mail to such former Shareholders within 30 days after the Effective Date for filing with the CRA (and/or the applicable provincial or territorial taxing authority). FCR LP will not be responsible for the proper completion and filing of any election form, except for the obligation of FCR LP to so sign and return election forms which are received by FCR LP by the Election Deadline, and FCR LP will not be responsible for any taxes, interest or penalties resulting from the failure by a former Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (and any applicable provincial or territorial legislation).

3.2 Registers of Holders and Certificates

(a) In connection with the steps involving Common Shares, Exchangeable LP Units, REIT Units, Options, Deferred Share Units, Restricted Share Units or Performance Share Units:

(i) Effective at the time of the step in Section 2.4(a): (i) the holders of Dissenting Shares redeemed in this step shall cease to be the holders of such Dissenting Shares and to have any rights as holders of such Common Shares, other than, subject to Section 3.7, the right to be paid fair value, as determined under Section 4.1(a), for such Common Shares, (ii) the Dissenting Shareholders' names shall be removed as the holders of such Dissenting Shares from the registers of the Common Shares maintained by or on behalf of the Company, and (iii) the Company shall be deemed to be the transferee of and to have redeemed such Dissenting Shares (free and clear of all Liens).

(ii) Effective at the time of the step in Section 2.4(b): (i) holders of Common Shares transferred in this step shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares, other

than, subject to Section 3.7, the right to receive the Consideration for such Common Shares, (ii) such holders' names shall be removed as the holders of such Common Shares from the registers of the Common Shares maintained by or on behalf of the Company, (iii) such holders' names shall be added to the record of limited partners of FCR LP maintained by or on behalf of FCR LP, and (iv) FCR LP shall be deemed to be the transferee and owner of such Common Shares (free and clear of all Liens) and shall be added to the register of holders of Common Shares.

(iii) Effective at the time of the step in Section 2.4(c): (i) holders of Common Shares transferred in this step shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares, other than, subject to Section 3.7, the right to receive the Consideration for such Common Shares, (ii) such holders' names shall be removed as the holders of such Common Shares from the registers of the Common Shares maintained by or on behalf of the Company, and (iii) the REIT shall be deemed to be the transferee and owner of such Common Shares (free and clear of all Liens) and shall be added to the register of holders of Common Shares.

(iv) Effective at the time of the step in Section 2.4(m): (i) holders of Options exchanged in this step shall cease to be the holders of such Options and to have any rights as holders of such Options, other than the right to receive the Replacement Options for such Options, (ii) such holders' names shall be removed as the holders of such Options from the registers of the Options maintained by or on behalf of the Company, and (iii) the name of such former holder of Options shall be added to the register of holders of Replacement Options.

(v) Effective at the time of the step in Section 2.4(n): (i) holders of Deferred Share Units exchanged in this step shall cease to be the holders of such Deferred Share Units and to have any rights as holders of such Deferred Share Units, other than the right to receive the Replacement DSUs for such Deferred Share Units, (ii) such holders' names shall be removed as the holders of such Deferred Share Units from the registers of the Deferred Share Units maintained by or on behalf of the Company, and (iii) the name of such former holder of Deferred Share Units shall be added to the register of holders of Replacement DSUs.

(vi) Effective at the time of the step in Section 2.4(o): (i) holders of Restricted Share Units exchanged in this step shall cease to be the holders of such Restricted Share Units and to have any rights as holders of such Restricted Share Units, other than the right to receive the Replacement RSUs for such Restricted Share Units, (ii) such holders' names shall be removed as the holders of such Restricted Share Units from the registers of the Restricted Share Units maintained by or on behalf of the Company, and (iii) the name

of such former holder of Restricted Share Units shall be added to the register of holders of Replacement RSUs.

(vii) Effective at the time of the step in Section 2.4(p): (i) holders of Performance Share Units exchanged in this step shall cease to be the holders of such Performance Share Units and to have any rights as holders of such Performance Share Units, other than the right to receive the Replacement PSUs for such Performance Share Units, (ii) such holders' names shall be removed as the holders of such Performance Share Units from the registers of the Performance Share Units maintained by or on behalf of the Company, and (iii) the name of such former holder of Performance Share Units shall be added to the register of holders of Replacement PSUs.

(b) For greater certainty, following completion of the steps in Section 2.4, each outstanding REIT Unit delivered to a former Shareholder or the Depositary hereunder constitutes a validly issued "Unit" in accordance with the REIT Declaration of Trust.

(c) After completion of the steps in Section 2.4, each certificate formerly representing Common Shares shall represent only the right to receive, in the case of certificates held by Dissenting Shareholders described in Section 4.1(a), the fair value of the Common Shares represented by such certificates, and, in the case of all other Shareholders, the certificates representing the Consideration that the former Shareholder is entitled to in accordance with the terms of the Arrangement upon such Shareholder depositing with the Depositary the certificate, if any, and such other documents and instruments as the Depositary may reasonably require and subject to compliance with the requirements set forth in this Article 3.

3.3 Payment of Consideration

(a) The REIT, the Company, FCR LP and the Depositary, as applicable, shall be entitled to deduct or withhold from any Consideration payable or otherwise deliverable to any former holder of Common Shares or any other payment to any Person pursuant to this Plan of Arrangement such amounts as it may be required to deduct or withhold therefrom under any provision of the Tax Act or any other applicable Laws and remit such deduction and withholding amount to the appropriate Governmental Entity. To the extent that such amounts are so properly deducted or withheld, such amounts shall be treated for all purposes hereof as having been paid to the Person to whom such amounts would otherwise have been paid, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity. The REIT, Company, FCR LP or the Depositary, as applicable, may sell or otherwise dispose of such portion of the Consideration or other payment otherwise payable or deliverable to a Person as is necessary to provide sufficient funds to enable it to comply with such deduction or withholding requirements and it shall notify the Person and remit any unapplied balance of the net proceeds of such sale.

(b) In accordance with the timing set out in Section 2.4, the Depositary shall cause certificates representing REIT Units and, if applicable, Exchangeable LP Units, as the case may be, to be sent to those Persons who have deposited the certificates for such Common Shares, if any, and such documents and instruments required by the Depositary pursuant to Section 3.1. Such certificates shall be:

(i) forwarded by first class mail, postage pre-paid, to the Person and at the address specified in the relevant Letter of Transmittal or, if no address has been specified therein, at the address specified for the particular Shareholder in the register of the Shareholders of the Common Shares; or

(ii) if requested by such Shareholder in the Letter of Transmittal, made available or caused to be made available at the Depositary for pick up by such Shareholder.

Certificates mailed pursuant hereto will be deemed to have been delivered at the time of delivery thereof to the post office.

(c) All amounts receivable by the Shareholders pursuant to the Arrangement shall be without interest and any interest earned on funds held in trust by the Depositary for the benefit of such Persons shall be for the sole benefit of the REIT.

(d) The Depositary shall make the registrations provided in this Plan of Arrangement in the name of each Person entitled to be registered or as otherwise instructed in the Letter of Transmittal deposited by such Person and shall deliver certificates representing REIT Units and, if applicable, Exchangeable LP Units, as the case may be, in accordance with this Section 3.3. In the event of a transfer of ownership of the Common Shares that was not registered in the registers of Common Shares maintained by or on behalf of the Company, a certificate representing the proper number of REIT Units or Exchangeable LP Units, as the case may be, may be issued to the transferee if the certificate representing such Common Shares is presented to the Depositary as provided above, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable Taxes have been paid.

3.4 Distributions with Respect to Unsurrendered Certificates

(a) No dividends declared or made with respect to the Common Shares with a record date after the Effective Time shall be paid to a Shareholder for any unsurrendered certificate which immediately prior to the Effective Time represented outstanding Common Shares.

(b) Subject to applicable Law and to Section 3.7 hereof, a former Shareholder entitled to receive REIT Units or Exchangeable LP Units shall receive, in addition to the delivery of a certificate representing the REIT Units, if applicable, or Exchangeable LP Units, a cheque or wire transfer for the amount of any distribution with a record date after the Effective Time, without interest, theretofore paid with respect to such REIT Unit or Exchangeable LP Unit.

3.5 Lost Instruments or Certificates

In the event that any instrument or certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares that were redeemed and cancelled pursuant to Section 2.4 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Shareholder claiming such instrument or certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed instrument or certificate a certificate representing the Consideration deliverable to such Shareholder in accordance with the provisions of Sections 3.3(b) and 3.3(d). When authorizing such payment in exchange for any lost, stolen or destroyed instrument or certificate, the Shareholder to whom such payment is to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to the Parties and the Depositary in such sum as the Parties or the Depositary may direct, acting reasonably, or otherwise indemnify the Parties and the Depositary in a manner satisfactory to the Parties and the Depositary, acting reasonably, against any claim that may be made against the Parties or the Depositary with respect to the instrument or certificate alleged to have been lost, stolen or destroyed.

3.6 Extinction of Rights

If any instrument or certificate which immediately prior to the Effective Time represented outstanding Common Shares that were redeemed and cancelled or transferred pursuant to Section 2.4 (or an affidavit of loss and bond or other indemnity pursuant to Section 3.5), together with such other documents or instruments that are required to be delivered by such former Shareholder in order to receive payment for its Common Shares and all other instruments required by Section 3.2(c), are not deposited on or prior to the sixth anniversary of the Effective Date, such instrument and certificate shall cease to represent a claim or interest of any kind or nature against the Company and the REIT. On such date, the aggregate Consideration to which the former Shareholder referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to the REIT and shall be returned to the REIT by the Depositary.

3.7 Adjustments to Consideration

The number of REIT Units and Exchangeable LP Units comprising the Consideration shall be adjusted to reflect fully the effect of any unit split, reverse split, issuance of units (including any units issued in satisfaction of any amounts made payable to holders of REIT Units, Exchangeable LP Units or Common Shares or the issuance of REIT Units, Exchangeable LP Units or Common Shares on a conversion of securities convertible into such units or shares), consolidation, reorganization, recapitalization or other like change with respect to REIT Units, Exchangeable LP Units or Common Shares occurring after the date of the Arrangement Agreement and prior to the Effective Time, or with a record date prior to the Effective Time and occurring after the Effective Time.

ARTICLE 4.
DISSENTING SHAREHOLDERS

4.1 Dissent Rights

Subject to Section 4.2, each registered holder of Common Shares may exercise dissent rights with respect to the Common Shares held by such holder ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in the Interim Order, as modified by this Article 4; provided that, notwithstanding the procedures set forth in subsection 185(6) of the OBCA as applicable under the Interim Order, the written objection to the Arrangement Resolution must be received by the Company not later than 5:00 p.m. two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). The Dissenting Shares held by Dissenting Shareholders who validly exercise their Dissent Rights shall be redeemed by the Company as provided in Section 2.4(a) and if they:

(a) ultimately are entitled to be paid fair value for such Dissenting Shares shall: (i) in respect of such Dissenting Shares be treated as not having participated in the transactions in Article 2, other than Section 2.4(a), (ii) be entitled to be paid, subject to Section 3.7, the fair value of such Dissenting Shares by the Company, which fair value shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Meeting, and (iii) not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Dissenting Shares; or

(b) ultimately are not entitled, for any reason, to be paid fair value for such Dissenting Shares, shall in respect of such Dissenting Shares be treated as having participated in the Arrangement as if such Dissenting Shareholder had not dissented and had elected to receive Consideration for such Dissenting Shares pursuant to Section 2.4(c).

4.2 Recognition of Dissenting Shareholders

In no circumstances shall the REIT, the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Common Shares in respect of which such rights are sought to be exercised. For greater certainty, in no case shall the REIT, the Company or any other Person be required to recognize a Dissenting Shareholder as a holder of Common Shares in respect of which Dissent Rights have been validly exercised after the completion of the redemption in the step in Section 2.4(a). In addition to any other restrictions in section 185 of the OBCA as applicable under the Interim Order, any Person who has voted in favour of the Arrangement shall not be entitled to exercise Dissent Rights, and holders of Debentures, Options, Deferred Share Units, Restricted Share Units and Performance Share Units shall not be entitled to exercise Dissent Rights in respect of Debentures, Options, Deferred Share Units, Restricted Share Units or Performance Share Units, respectively.

ARTICLE 5.
AMENDMENTS

5.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (a) set out in writing, (b) approved by the REIT and the Company, (c) filed with the Court and, if made following the Meeting, approved by the Court, and (d) communicated to holders of the Common Shares if and as required by the Court.

5.2 Any amendment, modification and/or supplement to this Plan of Arrangement may be proposed by the REIT or the Company at any time prior to the Meeting (provided that the REIT and the Company shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

5.3 Any amendment, modification and/or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only if: (a) it is consented to in writing by each of the Parties, and (b) if required by the Court, it is consented to by some or all of the Shareholders voting in the manner directed by the Court.

5.4 Any amendment, modification and/or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the REIT, provided that it concerns a matter which, in the reasonable opinion of the REIT, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and in no way is adverse to the economic interests of the former Shareholders or holders of Debentures and such amendments, modifications or supplements to the Plan of Arrangement need not be filed with the Court or communicated to Shareholders.

ARTICLE 6.
PARAMOUNTCY

6.1 From and after the Effective Time:

(a) this Plan of Arrangement shall take precedence and priority over the terms of any and all Common Shares, Options, Deferred Share Units, Restricted Share Units, Performance Share Units and Debentures issued prior to the Effective Time;

(b) the rights and obligations of the registered holders of Common Shares, the holders of Options, the holders of Deferred Share Units, the holders of Restricted Share Units, the holders of Performance Share Units, the holders of Debentures, the Company, the Subsidiaries of the Company, and any transfer agent or other depositary therefor in relation thereto, shall be governed by and subject to this Plan of Arrangement; and

(c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Common

Shares, Options, Deferred Share Units, Restricted Share Units, Performance Share Units and Debentures shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 7.
FURTHER ASSURANCES

7.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein. The Parties may agree not to implement this Plan of Arrangement, notwithstanding the passing of the Arrangement Resolution and receipt of the Final Order.

SCHEDULE B

REQUIRED LENDER CONSENTS

1. Commitment letter in respect of the Project Governor Portfolio of Properties dated May 23, 2019 among First Capital Realty Inc. as borrower, First Capital Holdings Trust as guarantor, the nominees in respect of each property set out thereunder, and Royal Bank of Canada as Lender.

2. Second amended and restated credit agreement dated as of June 29, 2012 among First Capital Realty Inc. and First Capital Holdings Trust, as borrowers, guarantors from time to time party to the credit agreement, financial institutions from time to time party to the credit agreement, The Toronto-Dominion Bank ("TD") as administrative agent, Canadian Imperial Bank of Commerce ("CIBC") as syndication agent, and CIBC and TD jointly as bookrunners and joint lead arrangers, as amended July 26, 2013, June 13, 2014, December 1, 2014, June 30, 2015, June 30, 2016, June 28, 2017 and June 29, 2018.

APPENDIX E

INTERIM ORDER

Court File No. CV-19-00629624-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE JUSTICE LAURENCE A. PATTILLO	)))	FRIDAY, THE 25TH DAY OF OCTOBER 2019

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990 c. B. 16, AS AMENDED, AND SECTION 60 OF THE *TRUSTEE ACT*, R.S.O. 1990, c. T. 23, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF FIRST CAPITAL REALTY INC.

FIRST CAPITAL REALTY INC.

Applicant

INTERIM ORDER

THIS MOTION, made without notice by the Applicant, First Capital Realty Inc. ("FCR") for an Interim Order for advice and directions (the "Interim Order") pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended, (the "OBCA") was heard this day at the court house, 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application, issued on October 22, 2019 and the affidavit of Kay Brekken, sworn October 23, 2019 (the "Brekken Affidavit"), and the exhibits thereto, including the draft management information circular of FCR (the "Circular"), which is attached as Exhibit "A" to the Brekken Affidavit, and on hearing the submissions of counsel for the Applicants,

Definitions

1. **THIS COURT ORDERS** that all capitalized words used in this Interim Order shall have the meaning ascribed thereto in the Circular or the Brekken Affidavit or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that FCR is permitted to call, hold and conduct the Meeting of the holders of Common Shares (the "Shareholders", which term includes holders of Instalment Receipts, unless otherwise noted) of FCR to be held on December 10, 2019 at 10:00 a.m. at the offices of Torys LLP in Toronto, in order for Shareholders to consider and, if determined advisable, pass the Arrangement Resolution.

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the notice of meeting, which accompanies the Circular (the "Notice") and the articles and by-laws of FCR, subject to what may be provided hereafter and subject to any further order of this Court.

4. **THIS COURT ORDERS** that the record date (the "Record Date") for determination of the Shareholders entitled to notice and to vote at the Meeting shall be the close of business on October 25, 2019.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

(a) the Shareholders or their respective proxyholders;

(b) officers, directors, auditors and advisors of FCR; and

(c) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that FCR may transact such other business at the Meeting as is contemplated in the Notice or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the quorum at the Meeting shall be at least two persons holding personally or by proxy not less than 25% of the outstanding Common Shares, including Commons Shares represented by Instalment Receipts.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that FCR is authorized to make, subject to the terms of the Arrangement Agreement and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as FCR may determine.

Amendments to the Circular

10. **THIS COURT ORDERS** that FCR is authorized to make such amendments, revisions and/or supplements to the Circular as it may determine and the Circular, as so amended, revised and/or supplemented, shall be the Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that FCR, if it deems advisable, is authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as FCR may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, FCR shall distribute the Circular (including the Notice of Application and this Interim Order), the Notice, the forms of proxy (or voting instruction forms) and the letter of transmittal and election form, along with such amendments or additional documents as FCR may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "Meeting Materials") to Shareholders not later than 21 days prior to the Meeting as follows:

(a) the registered Shareholders at the close of business on the Record Date, at least 21 days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

(i) by pre-paid ordinary or first-class mail at the addresses of the Shareholders as they appear on the books and records of FCR, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of FCR;

(ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

(iii) by facsimile or electronic transmission (including, without limitation, by e-mail) to any Shareholder who either has previously requested electronic delivery of Shareholder communications from FCR or otherwise requests such transmission in writing;

(b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

(c) the respective directors and auditors of FCR by delivery in person, by recognized courier service, by pre-paid ordinary or first-class mail or, with the consent of the person, by facsimile or electronic transmission, at least 21 days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the event that FCR elects to distribute the Meeting Materials, FCR is hereby directed to distribute the Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by FCR to be necessary or desirable (collectively, the "Court Materials") to the holders of Options, DSUs, RSUs or PSUs by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) to 12(c), above, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of FCR or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by FCR to give notice of the Meeting or to distribute the Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of FCR, or the non-receipt of such notice shall, subject to further order of this Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of FCR, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that FCR is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials, as FCR may determine ("Additional Information"), and that notice of such Additional Information may, subject to paragraph 9,

above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as FCR may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13, and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given, or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies (or Voting Instruction Forms)

17. **THIS COURT ORDERS** that FCR is authorized to use the letter of transmittal and election form and proxies, substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as FCR may determine are necessary or desirable. FCR is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. FCR may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies (or voting instruction forms) by Shareholders, if FCR deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies (or voting instruction forms) in accordance with the terms set out in the Circular. Any instruments in writing: (i) may be deposited at the registered office of FCR as set out in the Circular; and (ii) any such instruments must be received by FCR or its transfer agent not later than 10:00 a.m. (Toronto time) on the second business day immediately before the Meeting (or no later than 48 hours, excluding Saturday, Sundays and holidays in the Province of Ontario, before any adjournment or postponement thereof).

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies (or voting instruction forms) that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Common Share, and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by at least two thirds (66⅔%) of the votes cast by Shareholders voting as a single class, present in person or represented by proxy at the Meeting. Such votes shall be sufficient to authorize FCR to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting FCR (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each Common Share held and the vote required to approve such business shall be the affirmative vote of a majority of the votes cast by Shareholders present in person or by proxy at the Meeting.

Dissent Rights

22. **THIS COURT ORDERS** that each registered Shareholder (and holders of Instalment Receipts) shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with the Plan of Arrangement and this Interim Order (and in the case of Common Shares represented by Instalment Receipts, the instalment receipt agreement related thereto). Any registered Shareholder, who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to FCR as provided in the Circular not later than 4:30pm (Toronto time) on the business day immediately preceding the

Meeting (or if the Meeting is adjourned or postponed, 4:30pm (Toronto time) on the business day preceding the date of the adjourned or postponed Meeting).

23. **THIS COURT ORDERS** that any registered Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

(a) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its Common Shares, shall be deemed to have directly transferred and assigned to FCR for repurchase those Common Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests in consideration for payment of cash from FCR equal to such fair value; or

(b) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its Commons Shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholders,

but in no case shall FCR or any other person be required to recognize such registered Shareholders as holders of Common Shares of FCR at or after the date upon which the Arrangement becomes effective and the names of such registered Shareholders shall be deleted from FCR's register of Common Shares.

Hearing of Application for Approval of the Arrangement

24. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, FCR shall apply to this Court for final approval of the Arrangement on December 16, 2019 at 10:00am.

25. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraphs 12 and 13, shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 26.

26. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the lawyers for FCR as soon as reasonably practicable, and, in any event, no less than five days before the hearing of this Application at the following address:

Andrew Gray and Alexandra Shelley
Torys LLP
79 Wellington Street West
Toronto, Ontario
M5K 1N2 Canada
email: agray@torys.com and ashelley@torys.com

27. **THIS COURT ORDERS** that, subject to further order of this Court, the only persons entitled to appear and be heard at the hearing of the within application shall be FCR and any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

28. **THIS COURT ORDERS** that any materials to be filed by FCR in support of the within Application for final approval of the Arrangement may be filed up to the day prior to the hearing of the Application without further order of this Court.

29. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 26 shall be entitled to be given notice of the adjourned date.

Precedence

30. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Common Shares, this Interim Order shall govern.

Extra-Territorial Assistance

31. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the

legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

Variance

32. **THIS COURT ORDERS** that FCR shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Court may direct.

Pepall, J.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

OCT 29 2019

PER / PAR: AC

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990 c. B. 16, AS AMENDED, AND SECTION 60 OF THE *TRUSTEE ACT*, R.S.O. 1990, c. T. 23, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF FIRST CAPITAL REALTY INC.

Court File No. CV-19-00629624-00CL

E-11

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at TORONTO

INTERIM ORDER

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Lawyers for First Capital Realty Inc.

APPENDIX F

BALANCE SHEET OF THE REIT

Consolidated Balance Sheet of

First Capital Real Estate Investment Trust

As at October 16, 2019
(date of formation)

INDEPENDENT AUDITOR'S REPORT

To the Trustees of First Capital Real Estate Investment Trust

Opinion

We have audited the consolidated balance sheet of **First Capital Real Estate Investment Trust** and its subsidiaries **(the "Trust")** as at October 16, 2019, and notes to the consolidated balance sheet, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated balance sheet presents fairly, in all material respects the financial position of the Trust as at October 16, 2019, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated balance sheet in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Trustees for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated balance sheet in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated balance sheet that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated balance sheet, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated balance sheet is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated balance sheet.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated balance sheet, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated balance sheet or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated balance sheet, including the disclosures, and whether the consolidated balance sheet represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Signed) Ernst &Young LLP
Chartered Accountants,
Licensed Public Accountants
Toronto, Canada
October 25, 2019

FIRST CAPITAL REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEET
As at October 16, 2019 (date of formation)
(Canadian dollars)

	$
ASSETS	
Current Assets	
Cash	20
Total Assets	20
EQUITY	
Unitholder's equity	20
Total Equity	20

See accompanying notes to consolidated balance sheet.

FIRST CAPITAL REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED BALANCE SHEET
As at October 16, 2019 (date of formation)
(Canadian dollars)

1. ORGANIZATION AND NATURE OF THE BUSINESS

First Capital Real Estate Investment Trust (the "REIT") is an unincorporated open-ended real estate investment trust established pursuant to the REIT Declaration of Trust dated October 16, 2019 where one unit of the REIT was issued for $20.00 in cash. The REIT was established under the laws of Ontario, Canada and its head office is located at 85 Hanna Avenue, Suite 400, Toronto ON M6K 3S3.

The REIT has been formed to succeed the business of First Capital Realty Inc. following the Plan of Arrangement to engage in the business of acquiring, developing, redeveloping, owning and managing mixed-use urban real estate in Canada's most densely populated centres.

2. BASIS OF PRESENTATION

The financial statements of the REIT are expressed in Canadian dollars.

3. STATEMENT OF COMPLIANCE

The financial statements of the REIT have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

These financial statements were approved by the Board of Trustees of the REIT and authorized for issue on October 25, 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash includes cash on hand as at October 16, 2019.

Unitholder's equity

Trust Units are redeemable at the holder's option subject to certain limitations and restrictions. As a result, the units of the REIT ("Trust Units") are liabilities by definition but qualify for presentation as equity under certain limited exceptions within International Accounting Standards 32 — Financial Instruments: Presentation ("IAS 32").

5. UNITHOLDER'S EQUITY

Unitholder's equity of the REIT is as follows:

	Trust Units	$
Authorized	Unlimited	
Issued and Outstanding Trust Units	One	20
Retained Earnings		-
Unitholder's Equity		20

6. SUBSIDIARIES

The audited consolidated balance sheet includes the balance sheets of First Capital Real Estate Investment Trust and its wholly owned subsidiaries First Capital GP Inc. and First Capital REIT Limited Partnership.

APPENDIX G

PRO FORMA FINANCIAL STATEMENTS

First Capital Real Estate Investment Trust
Pro Forma Condensed Consolidated Balance Sheet (unaudited)
(in thousands of Canadian dollars)

As at						June 30, 2019
	First Capital REIT [1]	First Capital Realty Inc.	Subtotal	Pro Forma Adjustments	Note 3	Pro Forma
ASSETS						
Non-current Assets						
Real Estate Investments						
Investment properties	$ —	$ 9,293,103	$ 9,293,103	$ —		$ 9,293,103
Investment in joint ventures	—	129,273	129,273	—		129,273
Hotel property	—	58,526	58,526	—		58,526
Loans, mortgages and other assets	—	95,652	95,652	—		95,652
Total real estate investments	—	9,576,554	9,576,554	—		9,576,554
Other non-current assets	—	20,695	20,695	—		20,695
Total non-current assets	—	9,597,249	9,597,249	—		9,597,249
Current Assets						
Cash and cash equivalents	—	13,013	13,013	—		13,013
Loans, mortgages and other assets	—	249,848	249,848	—		249,848
Residential development inventory	—	10,193	10,193	—		10,193
Amounts receivable	—	42,690	42,690	—		42,690
Other assets	—	55,962	55,962	—		55,962
	—	371,706	371,706	—		371,706
Investment properties classified as held for sale	—	406,450	406,450	—		406,450
Total current assets	—	778,156	778,156	—		778,156
Total Assets	**$ —**	**$ 10,375,405**	**$ 10,375,405**	**$ —**		**$ 10,375,405**
LIABILITIES						
Non-current Liabilities						
Mortgages	$ —	$ 1,347,675	$ 1,347,675	$ —		$ 1,347,675
Credit facilities	—	963,430	963,430	—		963,430
Senior unsecured debentures	—	2,122,805	2,122,805	—		2,122,805
Exchangeable LP Units	—	—	—	239,465	B	239,465
Other liabilities	—	33,850	33,850	7,326	D	41,176
Deferred tax liabilities	—	795,693	795,693	(150,461)	C	645,232
Total non-current liabilities	—	5,263,453	5,263,453	96,330		5,359,783
Current Liabilities						
Bank indebtedness	—	28,971	28,971	—		28,971
Mortgages	—	89,901	89,901	—		89,901
Credit facilities	—	124,844	124,844	—		124,844
Senior unsecured debentures	—	324,981	324,981	—		324,981
Accounts payable and other liabilities	—	242,115	242,115	26,494	D, E	268,609
	—	810,812	810,812	26,494		837,306
Debt secured by investment properties held for sale	—	25,208	25,208	—		25,208
Total current liabilities	—	836,020	836,020	26,494		862,514
Total liabilities	—	6,099,473	6,099,473	122,824		6,222,297
EQUITY						
Unitholders' equity	—	4,252,318	4,252,318	(122,824)	A, B, C, D, E	4,129,494
Non-controlling interest	—	23,614	23,614	—		23,614
Total equity	—	4,275,932	4,275,932	(122,824)		4,153,108
Total Liabilities and Equity	**$ —**	**$ 10,375,405**	**$ 10,375,405**	**$ —**		**$ 10,375,405**

[1] First Capital REIT has issued one trust unit for $20 dollars.

First Capital Real Estate Investment Trust
Pro Forma Condensed Consolidated Statement of Income and Comprehensive Income (unaudited)
(in thousands of Canadian dollars)

Six months ended June 30, 2019						
	First Capital REIT	**First Capital Realty Inc.**	**Subtotal**	**Pro Forma Adjustments**	**Note 3**	**Pro Forma**
Property rental revenue	$ —	$ 381,499	$ 381,499	$ —		$ 381,499
Property operating costs	—	150,074	150,074	—		150,074
Net operating income	—	231,425	231,425	—		231,425
Other income and expenses						
Interest and other income	—	17,351	17,351	—		17,351
Interest expense	—	(83,836)	(83,836)	(4,710)	B	(88,546)
Corporate expenses	—	(19,535)	(19,535)	(372)	D	(19,907)
Abandoned transaction costs	—	(143)	(143)	—		(143)
Amortization expense	—	(2,144)	(2,144)	—		(2,144)
Share of profit from joint ventures	—	1,866	1,866	—		1,866
Other gains (losses) and (expenses)	—	(4,925)	(4,925)	—		(4,925)
Fair value adjustments of unit-based compensation	—	—	—	(10,159)	D	(10,159)
Fair value adjustments for Exchangeable LP Units	—	—	—	(32,973)	B	(32,973)
Increase (decrease) in value of investment properties, net	—	16,207	16,207	—		16,207
	—	(75,159)	(75,159)	(48,214)		(123,373)
Income before income taxes	—	156,266	156,266	(48,214)		108,052
Deferred income taxes (expense) recovery	—	(12,824)	(12,824)	17,936	C	5,112
Net Income	**$ —**	**$ 143,442**	**$ 143,442**	**$ (30,278)**		**$ 113,164**
Net income attributable to:						
Unitholders	$ —	$ 143,396	$ 143,396	$ (30,278)		$ 113,118
Non-controlling interest	—	46	46	—		46
	$ —	**143,442**	**143,442**	**(30,278)**		**113,164**
Net Income	$ —	$ 143,442	$ 143,442	$ (30,278)		$ 113,164
Other comprehensive loss	—	(29,269)	(29,269)	—		(29,269)
Deferred tax (expense) recovery	—	7,668	7,668	3,805	C	11,473
Comprehensive Income	**$ —**	**$ 121,841**	**$ 121,841**	**$ (26,473)**		**$ 95,368**

First Capital Real Estate Investment Trust
Pro Forma Condensed Consolidated Statement of Income and Comprehensive Income (unaudited)
(in thousands of Canadian dollars)

Year ended December 31, 2018						
	First Capital REIT	**First Capital Realty Inc.**	**Subtotal**	**Pro Forma Adjustments**	**Note 3**	**Pro Forma**
Property rental revenue	$ —	$ 729,595	$ 729,595	$ —		$ 729,595
Property operating costs	—	274,822	274,822			274,822
Net operating income	—	454,773	454,773	—		454,773
Other income and expenses						
Interest and other income	—	26,429	26,429	—		26,429
Interest expense	—	(153,240)	(153,240)	(9,421)	B	(162,661)
Corporate expenses	—	(37,094)	(37,094)	(634)	D	(37,728)
Abandoned transaction costs	—	(177)	(177)	—		(177)
Amortization expense	—	(3,235)	(3,235)	—		(3,235)
Share of profit from joint ventures	—	30,411	30,411	—		30,411
Other gains (losses) and (expenses)	—	10,733	10,733	—		10,733
Fair value adjustments of unit-based compensation	—	—	—	7,152	D	7,152
Fair value adjustments for Exchangeable LP Units	—	—	—	20,485	B	20,485
Increase (decrease) in value of investment properties, net	—	102,389	102,389	—		102,389
	—	(23,784)	(23,784)	17,582		(6,202)
Income before income taxes	—	430,989	430,989	17,582		448,571
Deferred income taxes (expense) recovery	—	(79,151)	(79,151)	19,508	C	(59,643)
Net Income	**$ —**	**$ 351,838**	**$ 351,838**	**$ 37,090**		**$ 388,928**
Net income attributable to:						
Unitholders	$ —	$ 343,606	$ 343,606	$ 37,090		$ 380,696
Non-controlling interest	—	8,232	8,232	—		8,232
	$ —	351,838	351,838	37,090		388,928
Net Income	$ —	$ 351,838	$ 351,838	$ 37,090		$ 388,928
Other comprehensive loss	—	(6,170)	(6,170)	—		(6,170)
Deferred tax (expense) recovery	—	1,642	1,642	2,412	C	4,054
Comprehensive Income	**$ —**	**$ 347,310**	**$ 347,310**	**$ 39,502**		**$ 386,812**

1. Basis of Preparation

First Capital Real Estate Investment Trust (the "REIT" or the "Trust") was created pursuant to the Declaration of Trust dated October 16, 2019, when one trust unit was issued for cash consideration of $20. The accompanying unaudited pro forma condensed consolidated financial statements (the "Pro Formas") have been prepared for inclusion in the Information Circular dated October 25, 2019 relating to the conversion of First Capital Realty Inc. (the "Company") into the REIT. The unaudited pro forma condensed consolidated balance sheet gives effect to the REIT conversion as if it occurred on June 30, 2019. The unaudited condensed consolidated statements of income and comprehensive income for the six months ended June 30, 2019 and the year ended December 31, 2018 give effect to the REIT conversion as if it had occurred on January 1, 2018.

Since the conversion to the REIT does not contemplate a change of control for accounting purposes, the financial statements of the REIT will be a continuation of the Company's financial statements. As a result of the conversion, the Pro Formas reflect the assets and liabilities at the Company's respective carrying amounts subject to the pro forma adjustments presented in note 3.

The Pro Formas have been prepared in accordance with the accounting policies of the Company as contained in its June 30, 2019, unaudited interim condensed consolidated financial statements and in its December 31, 2018 audited annual consolidated financial statements. These policies are consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Pro Formas do not include all the information and disclosures required by IFRS for annual financial statements and therefore should e read in conjunction with the June 30, 2019 unaudited interim condensed consolidated financial statements of the Company and the December 31, 2018 audited annual consolidated financial statements of the Company.

The Pro Formas include estimates and assumptions effective October 25, 2019.

2. Transaction

The Company is proposing to convert to the REIT under the Plan of Arrangement (the "Arrangement"). Through a series of steps, the Arrangement will result in shareholders transferring their common shares to the Company in consideration for an equal number of Trust units or of an equal number of Class B limited partnership units of the REIT's subsidiary First Capital REIT Limited Partnership, which are exchangeable for Trust units ("Exchangeable LP Units").

3. Pro Forma Adjustments

(a) *Trust units* – The REIT is an open-ended mutual fund trust and, as a result, the Trust units are redeemable at the holders' option. This puttable feature would generally result in recognizing the Trust units as a financial liability. However, under International Accounting Standard 32, "Financial Instruments: Presentation" ("IAS 32"), the Trust units meet the narrow scope exception to be presented as equity, including meeting the condition as the most residual class of units.

(b) *Exchangeable LP Units* - The Pro Formas have been prepared using the assumption that 5% of the Company's common shareholders will elect to receive Exchangeable LP Units. Based on the number of outstanding shares at June 30, 2019, 10,955,000 Exchangeable LP Units are assumed to have been issued.

The Exchangeable LP Units are exchangeable into puttable Trust units, which are financial liabilities. The Exchangeable LP Units are remeasured at each reporting date at their fair value, with changes in fair value recognized in the consolidated statements of income. The distributions on the Exchangeable LP Units are recognized in the consolidated statements of income as interest expense.

The fair value of the Exchangeable LP Units in the Pro Formas has been assumed to be equal to the Company's share prices at the relevant dates, and distributions have been assumed to be equal to dividends paid by the Company during the relevant periods.

(c) *Deferred income taxes* - Included in the Pro Formas are adjustments to the deferred tax liability and the deferred tax expense for the periods ended June 30, 2019 and December 31, 2018 to reflect the tax structure of the REIT and its subsidiaries following the conversion under the Plan of Arrangement. The remeasurement of the deferred tax liability reflected in the pro forma condensed consolidated balance sheet as at June 30, 2019 relates to the planned reorganization of the Company into a corporate subsidiary of the REIT.

(d) *Unit-based compensation plans* - Included in the Pro Formas is the reclassification between contributed surplus and liabilities related to the Trust's plans for unit options, restricted units, performance units, and deferred units. The grants under the unit-based compensation plans are considered to be grants of financial liabilities because there is a contractual obligation for the REIT to deliver Trust units (which are accounted for as liabilities but presented as equity instruments under IAS 32) upon conversion of the unit options, restricted units, performance units, and deferred units.

Holders of units granted under each of the restricted unit, performance unit, and deferred unit plans receive distributions in the form of additional units when the REIT declares distributions on its Trust units. The additional units are recognized as compensation expense.

The calculation of the fair value of the outstanding vested portion of grants under the unit-based compensation plans has been based on the Company's share prices at the relevant dates.

(e) *Transaction costs* - Estimated additional non-recurring costs associated with the conversion to a REIT of approximately $3.4 million have been reflected as an adjustment to current other liabilities and retained earnings on the pro forma condensed consolidated balance sheet as at June 30, 2019.

Transaction costs spent to date of $0.8 million were included in the June 30, 2019 unaudited interim condensed consolidated financial statements and $1.5 million were included in the December 31, 2018 audited annual consolidated financial statements.


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