FIRM CAPITAL PROPERTY TRUST

MANAGEMENT DISCUSSION & ANALYSIS
DECEMBER 31, 2014

TSXV : FCD.UN

MANAGEMENT DISCUSSION & ANALYSIS

*The following management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Firm Capital Property Trust ("**FCPT**" or the "**Trust**") should be read in conjunction with the Trust's audited annual consolidated financial statements for the year ended December 31, 2014 and the audited annual consolidated financial statements for the year ended December 31, 2013. This MD&A has been prepared taking into account material transactions and events up to and including March 25, 2015. Additional information about the Trust has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com or on our web site at www.firmcapital.com.*

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our 2014 and 2015 objectives and our strategies to achieve those objectives, as well as statements with respect to management's beliefs, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described below in this MD&A under Risks and Uncertainties, which could cause our actual results to differ materially from the forward-looking statements contained in this MD&A. Such risk factors include, but are not limited to, risks associated with real property ownership, availability of cash flow, general uninsured losses, future property acquisitions, environmental matters, tax related matters, debt financing, unitholder liability, potential conflicts of interest, potential dilution, reliance on key personnel, changes in legislation and changes in the tax treatment of trusts. The Trust cannot assure investors that actual results will be consistent with any forward-looking statements and the Trust assumes no obligation to update or revise such forward-looking statements to reflect actual events or new circumstances. All forward-looking statements contained in this MD&A are qualified by this cautionary statement. Although the forward-looking information contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

All forward-looking statements in this MD&A are qualified by these cautionary statements. Except as required by applicable law, the Trust undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

INTRODUCTION

Firm Capital Property Trust (TSXV : FCD.UN) is focused on creating long-term value for Unitholders, through capital preservation and disciplined investing to achieve stable distributable income. In partnership with management and industry leaders, FCPT's plan is to co-own a diversified property portfolio of the following real estate asset classes:

- Multi Residential,
- Industrial & Flex Industrial,
- Net Lease Convenience and Stand Alone Retail, and
- Core Service Provider / Healthcare Professional Office.

In addition to stand alone accretive acquisitions, the Trust will make acquisitions, on a co-ownership basis with strong financial partners and will make joint acquisitions and the acquisition of partial interests from existing ownership groups, in a manner that provides liquidity to those selling owners and professional management for those remaining as partners. Firm Capital Realty Partners Inc., through a structure focused on an alignment of interests with the Trust, will source and syndicate investments.

MANAGEMENT DISCUSSION & ANALYSIS

The Trust is externally asset and property managed by Firm Capital Realty Partners Inc. ("**FCRPI**") and Firm Capital Properties Inc. ("**FCPI**"), respectively.

The Trust is an unincorporated open-ended real estate investment trust established on August 30, 2012 under the laws of the Province of Ontario pursuant to a Declaration of Trust. The Trust is a "mutual fund trust" as defined in the Tax Act, but is not a "mutual fund" within the meaning of applicable Canadian securities legislation. The head office and registered office of the Trust is located at 163 Cartwright Avenue Toronto, Ontario M6A 1V5. The Trust is the reporting issuer trading on the TSX Venture Exchange under the ticker symbol FCD.UN.

Additional information on the Trust and its portfolio is available on the Firm Capital web site at www.firmcapital.com or on the SEDAR website at www.sedar.com.

BASIS OF PRESENTATION

The Trust has adopted the International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board as its basis of financial reporting. The Trust's reporting currency is the Canadian dollar.

Net Operating Income ("**NOI**"), Stabilized NOI, Earnings Before Interest, Taxes, Depreciation & Amortization ("**EBITDA**"), Funds from Operations ("**FFO**"), Adjusted Funds from Operations ("**AFFO**"), FFO Payout Ratio, AFFO Payout Ratio and Debt/Gross Book Value ("**GBV**") are non-GAAP measures commonly used by Canadian real estate investment trusts as an indicator of financial performance. "**GAAP**" means generally accepted accounting principles described by the Chartered Professional Accountants Canada ("**CPA**") Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. As a public entity, the Trust applies IFRS as described in Part I of the CPA Handbook - Accounting.

The Trust calculates NOI as revenues, prepared in accordance with IFRS, less property operating expenses such as taxes, utilities, repairs and maintenance. NOI does not include charges for interest and amortization. On a cash basis, the Trust excludes non-cash items such as straight-line rent from the calculation of NOI.

The Trust calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada ("**RealPAC**"), as issued in April 2014 for entities adopting IFRS. These guidelines include certain additional adjustments to FFO under IFRS from the previous definition of FFO.

AFFO is calculated as FFO less adjustments for non-cash items, normalized capital expenditures, tenant inducements and leasing charges.

NOI, EBITDA, FFO, AFFO, FFO Payout Ratio, AFFO Payout Ratio and Debt/GBV are not measures defined under IFRS. NOI, FFO and AFFO are not intended to represent operating profits for the period, or from a property, nor should any of these measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that NOI, EBITDA, FFO and AFFO, FFO Payout Ratio, AFFO Payout Ratio and Debt/GBV as calculated by the Trust may not be comparable to similar measures presented by other issuers.

FOURTH QUARTER AND 2014 HIGHLIGHTS

- Three Months Ended December 31, 2014 (“**Q4/2014**”) FFO and AFFO of $1.1 million and $0.9 million, which is an 86% and 52% increase over Q4/2013;

- Twelve Months Ended December 31, 2014 (“**4Q/2014**”) FFO and AFFO of $3.5 million and $3.2 million; which is a 77% and 69% increase over 4Q/2013;

- Q4/2014 FFO and AFFO per Unit of $0.132 and $0.111 per Unit, which is a 27% and 4% increase over Q4/2013;

- 4Q/2014 FFO and AFFO per Unit of $0.477 and $0.438 per Unit, which is an 18% and 13% increase over 4Q/2013;

- Q4/2014 FFO and AFFO payout ratios of 74% and 88%, in line with the Trust’s targeted AFFO payout ratio of 85%;

- Q4/2014 Cash Net Operating Income (“**NOI**”) of $1.7 million, a 2% sequential increase over Q3/2014 and a 39% increase over Q4/2013;

- 4Q/2014 Cash NOI of $5.8 million, which is a 69% increase over 4Q/2013;

- Solid 90.4% and 93.3% occupancies for the commercial and multi-residential portfolios, respectively;

- Conservative leverage profile with Debt / Gross Book Value (“**GBV**”) at 46.6%;

- **Exceeded Annual AFFO Performance Incentive Fee Threshold:** 4Q/2014 AFFO per Unit is well above FCPT’s annual AFFO Performance Incentive Fee threshold of $0.40 per Unit (8% AFFO return from the Trust’s initial equity issuance) and has been achieved after only its second full year of operation;

- **Closed Two Significant Acquisitions**:
  - On June 25, 2014, the Trust acquired a 70% undivided interest in 25 retail buildings located across Canada (the “**Centre Ice Retail Portfolio**”). The total acquisition cost of the entire Centre Ice Retail Portfolio was $33.6 million (including transaction costs). The acquisition cost for the Trust’s 70% interest was $23.5 million (including transaction costs); and

  - On November 26, 2014, the Trust acquired a 50% undivided interest in a 135 unit multi-residential complex located in Ottawa, Ontario. The purchase price was approximately $11.4 million (including transaction costs), of which the Trust paid approximately $5.7 million (including transaction costs) for its 50% participation;

- **Issued $17.3 million of Trust Units:**
  - During Q1/2014, the Trust completed the first and second tranches of a non-brokered private placement of Trust Units. 1,376,780 trust units were issued at $5.30 per Trust Unit for gross proceeds of $7.3 million.

  - Announced on October 27, 2014 that the Trust was proceeding with a non-brokered private placement to raise up to $8.0 million and issue up to 1,500,000 trust units at a price of $5.35 per Trust Unit. As a result of strong demand, the Trust increased the size of this non-brokered private placement and ultimately issued 1,864,445 trust units at a price of $5.35 per Trust Unit for total gross proceeds of approximately $10.0 million;

- **Creates Geographically and Asset Class Diversified Portfolio:** With the acquisition of the Centre Ice Portfolio and Ottawa Apartment Complex during 2014, the Trust generates cash flow from all of its targeted asset classes and is geographically diversified, with properties located in the majority of all Canadian provinces;

- **Announced Second Distribution Increase**: Announced on October 20, 2014 that the Board of Trustees approved its second distribution increase in less than one year with an 8.1% increase in its monthly distributions to $0.033333 per unit from $0.030833 per unit. On an annualized basis this equates to anticipated distributions of $0.40 per unit up from $0.37 per unit. Including the announced distribution increase, the total increase in distribution's since the Trust's inception is 14.3%;

- **98.2% Tax Deferral of Distributions**: Announces that the 2014 tax deferral of unitholder distributions is 98.2%, which is well above the 2013 tax deferral of unitholder distributions of 83.3%. For additional information, please refer to the Trust's website at www.firmcapital.com;

- **Renewed Credit Facility:** Announced the Trust renewed its Bank Indebtedness Credit Facility (the "**Facility**") with a Canadian Chartered Bank for an additional 24 month term; and

- **Distribution Announcement:** Announces the Trust has declared and approved distributions in the amount of $0.033333 per Trust unit payable on or about May 15, 2015, June 15, 2015 and July 15, 2015 to unitholders of record on April 30, 2015, May 29, 2015 and June 30, 2015 respectively.

- **Closed $3.0 million Private Placement of Trust Units**: On March 24, 2015, the Trust closed a non-brokered private placement of 557,008 trust units at a price of $5.35 per Trust Unit for gross proceeds of approximately $3.0 million.The Trust will use the net proceeds of the offering to strengthen the Trust's balance sheet and to fund future acquisitions.

CURRENT PROPERTY PORTFOLIO & HIGHLIGHTS

The Trust generates cash flow from all of its targeted asset classes which include the following:

- **INITIAL PORTFOLIO**
  On November 29, 2012, the Trust acquired its first portfolio of four, income producing, retail investment properties comprised of 113,965 square feet of gross leasable area ("**GLA**") located in Ontario and Nova Scotia for approximately $26.9 million (including transaction costs and net of tenant rental deposits).

- **CORE SERVICE PROVIDER PROFESSIONAL BUILDING**
  On April 9, 2013, the Trust acquired a 42,884 square foot professional services medical building for a purchase price of approximately $6.9 million (incl. transaction costs and working capital adjustments). The property is located in Barrie, Ontario, on Wellington St. West, a short distance to Highway 400 and the Dunlop Street West intersection. The property has excess development land possibilities.

- **MONTREAL INDUSTRIAL PORTFOLIO**
  On August 1, 2013, the Trust acquired a 50% interest in 25 industrial buildings located in Montreal, Quebec. The acquisition cost of the entire portfolio was $48.8 million (including closing costs and working capital adjustments). The acquisition cost for the Trust's 50% interest in the portfolio is $24.4 million (including transaction costs and working capital adjustments). The portfolio is comprised of 1,029,898 square feet and consists of seventeen multi-tenant and eight single-tenant industrial buildings. The portfolio has in excess of 90 tenants and is in proximity to Pierre Elliott Trudeau Airport as well as the Trans-Canada Highway.

- **CENTRE ICE RETAIL PORTFOLIO**
  On June 25, 2014, the Trust acquired a 70% undivided interest in 25 retail buildings located across Canada (the "**Centre Ice Retail Portfolio**"). The total acquisition cost of the entire Centre Ice Retail Portfolio was $33.6 million (including transaction costs). The acquisition cost for the Trust's 70% interest was $23.5 million (including transaction costs). The Centre Ice Retail Portfolio is comprised of 230,822 square feet of GLA located across Canada with the majority of the portfolio being located in Ontario. The Centre Ice Retail Portfolio has a weighted average lease term of 3.3 years with the largest tenant being PPG Industries Inc.(PPG:NYSE) an investment grade rated entity accounting for 31% of NOI, operating predominantly under the Dulux Paints brand.

- **OTTAWA APARTMENT COMPLEX**
  On November 26, 2014, the Trust acquired a 50% interest in a 135 unit multi-residential complex located in Ottawa, Ontario. The purchase price was approximately $11.4 million (including transaction costs), of which the Trust paid approximately $5.7 million (including transaction costs) for its 50% participation. The complex is comprised of 135 units situated in two multi-residential buildings located in the Carlington sector of Ottawa. The Property has an attractive suite mix consisting of spacious one and two bedroom multi-residential units. The Property was acquired for approximately $84,000 per unit, which is well below replacement cost.

Based on the Trust's pro rata interests as at December 31, 2014, the portfolio consists of 56 commercial properties with a total GLA of 833,373 square feet (830,315 square feet of Net Leasable Area ("**NLA**")) and one apartment complex comprised of 135 apartment units.

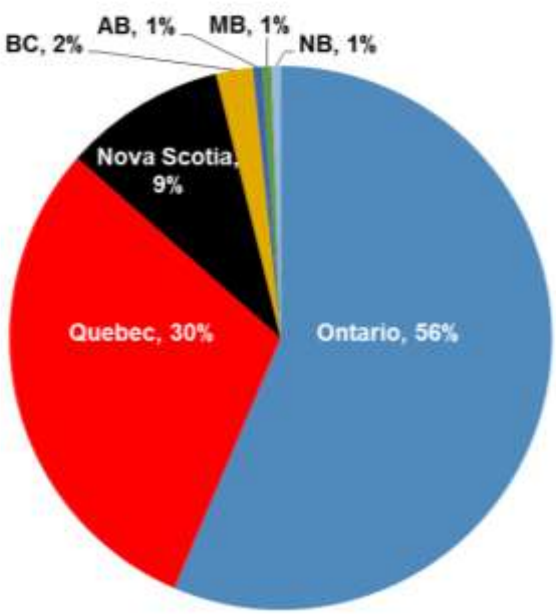
Net Lease Convenience Retail	Gross Leaseable Area	Net Leaseable Area	Occupancy Q4/2014	Q3/2014	Q2/2014	Q1/2014
Bridgewater, Nova Scotia	46,707	46,707	91.4%	91.4%	91.4%	91.4%
Brampton, Ontario	36,137	36,137	100.0%	100.0%	100.0%	100.0%
Hanover, Ontario	19,874	19,874	100.0%	100.0%	100.0%	100.0%
Pembroke, Ontario	11,247	11,247	100.0%	100.0%	100.0%	100.0%
Centre Ice Retail Portfolio	161,575	161,575	95.0%	97.2%	97.2%	-
Total / Weighted Average	**275,540**	**275,540**	**95.6%**	**96.9%**	**96.9%**	**96.5%**
Core Service Provider Office						
Barrie, Ontario	42,884	39,826	90.3%	93.8%	96.6%	96.6%
Total / Weighted Average	**42,884**	**39,826**	**90.3%**	**93.8%**	**96.6%**	**96.6%**
Industrial						
Montreal, QC	514,949	514,949	87.6%	90.0%	90.4%	90.6%
Total / Weighted Average	**514,949**	**514,949**	**87.6%**	**90.0%**	**90.4%**	**90.6%**
Commercial Total / Wtd. Average	**833,373**	**830,315**	**90.4%**	**92.6%**	**93.0%**	**91.9%**

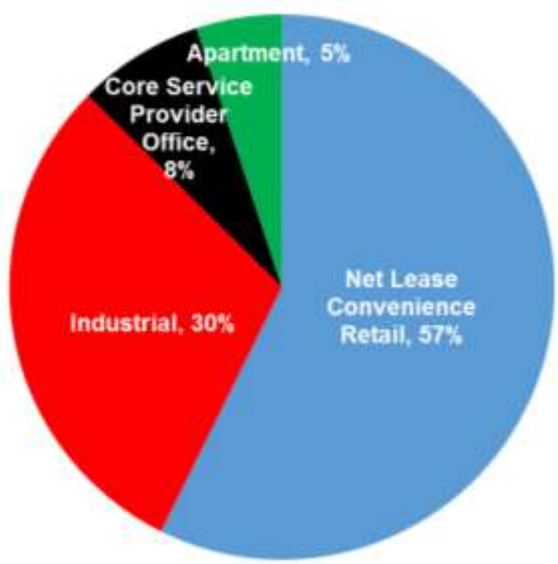
Multi-Residential	Units	Occupancy			
Ottawa, Ontario	135	93.3%	-	-	-
Residential Total / Wtd. Average	**135**	**93.3%**	**-**	**-**	**-**

PORTFOLIO DIVERSIFICATION

The portfolio is diversified across geographies and asset classes:

Geographical and Asset Class Portfolio Diversification based on NOI





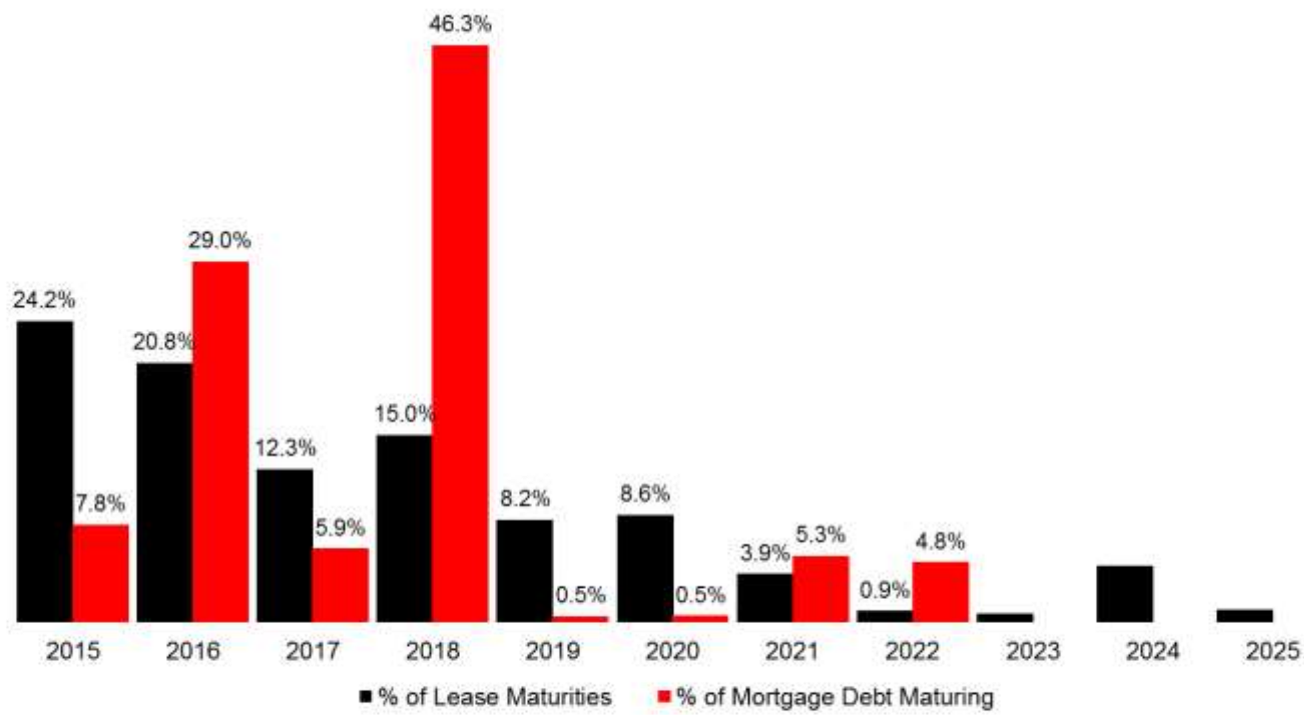
TENANT DIVERSIFICATION

The portfolio is well diversified by tenant profile with no tenant accounting for more than 9.9% of total net rent. Further, the top 10 tenants are largely comprised of credit worthy and large national tenants and account for 33.2% of total net rent:

#	Tenant	Location	% of Total Net Rent
1	PPG (Dulux Paints)	8 locations in ON, with 1 in each of NB, MB, AB, BC	9.9%
2	Cara Corporation (Kelsey's, Swiss Chalet)	Brampton, ON & Bridgewater, NS	3.9%
3	Quebecor Media	Montreal, QC	2.9%
4	Staples	Bridgewater, NS	2.9%
5	Mark's Work Wearhouse (Canadian Tire)	Hanover, ON	2.7%
6	Reitmans	Pembroke, ON & Bridgewater, NS	2.5%
7	5N Plus	Montreal, QC	2.4%
8	Easy Home	Hanover, ON & Bridgewater, NS	2.1%
9	Boston Pizza	Pembroke, ON & Bridgewater, NS	2.0%
10	The Beer Store	Brampton, ON	1.9%
Total			**33.2%**

DURATION MATCHED DEBT & LEASE MATURITY PROFILE

The current portfolio has a weighted average lease term to maturity of approximately 3.5 years, which is largely duration matched with mortgage debt with a weighted average term to maturity of approximately 3.0 years.



OCCUPANCY

For Q4/2014, occupancy for the commercial portfolio was 90.4%, a decrease over the 92.6% reported at Q3/2014, 93.0% reported at Q2/2014 and 92.2% reported at Q4/2013. The decrease over Q3/2014 and Q2/2014 was largely in the Trust's Barrie Medical, Centre Ice Retail and Montreal Industrial Portfolio. Subsequent to quarter end, the Trust re-leased vacant space at the Centre Ice and Montreal Industrial properties and is working on leasing space in the Barrie Medical property. The remainder of the portfolio occupancy rate was largely unchanged over the same comparable periods.

For Q4/2014, occupancy for the multi-residential portfolio was 93.3%. As the apartment complex was acquired during Q4/2014, there are no comparable figures to report.

COMMERCIAL NET RENT AND MULTI-RESIDENTIAL AVERAGE MONTHLY RENT

For Q4/2014, commercial net rent per square foot was $9.09 per square foot ("**psf**"), a 2.1% sequential increase over the $8.91 psf reported in Q3/2014 and a 1.7% increase over the $8.94 psf reported in Q2/2014. The increase over these periods is largely the result of new leases and renewal activity at the Brampton, Centre Ice Retail and Montreal Industrial Portfolio, offset by a slight roll down in net rents at the Barrie Medical property. Net rents across the remainder of the Trust's portfolio were largely unchanged over the same comparable periods.

For Q4/2014, average rent for the multi-residential portfolio was $814 per month. As the apartment complex was acquired during Q4/2014, there are no comparable figures to report.

RESULTS OF OPERATIONS

RENTAL REVENUE

Rental revenue for the three months ended December 31, 2014 was $2,969,865 in comparison to the $2,772,254 reported for the three months ended September 30, 2014 and the $2,265,159 reported for the three months ended December 31, 2013. Rental revenue for the twelve months ended December 31, 2014 was $9,762,540 in comparison to the $5,514,133 reported for the twelve months ended December 31, 2013. Rental revenue includes all amounts earned from tenants lease agreements including basic rent, operating cost and realty tax recoveries.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2014	**Sept 30, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Base Rent	$1,763,013	$1,668,283	$1,182,100	$5,856,655	$3,388,972
CAM & Property Tax Recoveries	1,104,936	1,067,249	1,027,101	3,727,139	2,069,203
Straight Line Rent	43,522	36,722	55,958	120,352	55,958
Free Rent	58,394	-	-	58,394	-
Rental Revenue	**$2,969,865**	**$2,772,254**	**$2,265,159**	**$9,762,540**	**$5,514,133**

The sequential variance in comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is largely due to the acquisition of the Ottawa Apartment Complex during Q4/2014 as well as the receipt of lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio. The variance in comparing the three months ended December 31, 2014 over the three months ended December 31, 2013 is largely due to the acquisitions of the Centre Ice Retail Portfolio and Ottawa Apartment Complex that occurred during 2014.

The variance in comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 is largely due to the acquisitions of the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex.

Free rent relates to rent free periods provided to certain new and renewal tenants at the Trust's Montreal Industrial, Barrie Medical and Brampton retail properties. Under IFRS, the Trust is required to adjust rental revenue by the value of the rent free period and amortize this adjustment out of income over the life of the individual lease.

PROPERTY OPERATING EXPENSES

Property operating expenses for the three months ended December 31, 2014 was $1,185,879, in comparison to the $1,086,998 reported for the three months ended September 30, 2014 and $998,786 reported for the three months ended December 31, 2013. Property operating expenses for the twelve months ended December 31, 2014 was $3,831,048 in comparison to the $2,054,391 reported for the twelve months ended December 31, 2013. Property operating expenses include realty taxes as well as other costs related to maintenance, HVAC, insurance, utilities and property management fees. Property operating expenses consists of the following:

	Three Months Ended			**Twelve Months Ended**	
	Dec 31, 2014	**Sept 30, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Realty Taxes	$ 626,074	$ 631,575	$ 608,897	$ 2,200,079	$ 1,213,496
Property Management Fees	216,156	149,784	106,513	547,457	266,463
Operating Expenses	343,649	305,639	283,376	1,083,512	574,432
Property Operating Expenses	**$ 1,185,879**	**$ 1,086,998**	**$ 998,786**	**$ 3,831,048**	**$ 2,054,391**

The sequential variance in comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is largely due to the acquisition of the Ottawa Apartment Complex during Q4/2014 as well as slightly higher overall operating expenses across the portfolio. The variance in comparing the three months ended December 31, 2014 over the three months ended December 31, 2013 is largely due to the acquisitions of the Centre Ice Retail Portfolio and Ottawa Apartment Complex that occurred during 2014.

The variance in comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 is largely due to the acquisitions of the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex.

*NET OPERATING INCOME ("**NOI**")*

On an IFRS basis, NOI for the three months ended December 31, 2014 was $1,783,986, in comparison to the $1,685,256 reported for the three months ended September 30, 2014 and $1,266,373 reported for the three months ended December 31, 2013. NOI for the twelve months ended December 31, 2014 was $5,931,492 in comparison to the $3,459,742 reported for the twelve months ended December 31, 2013.

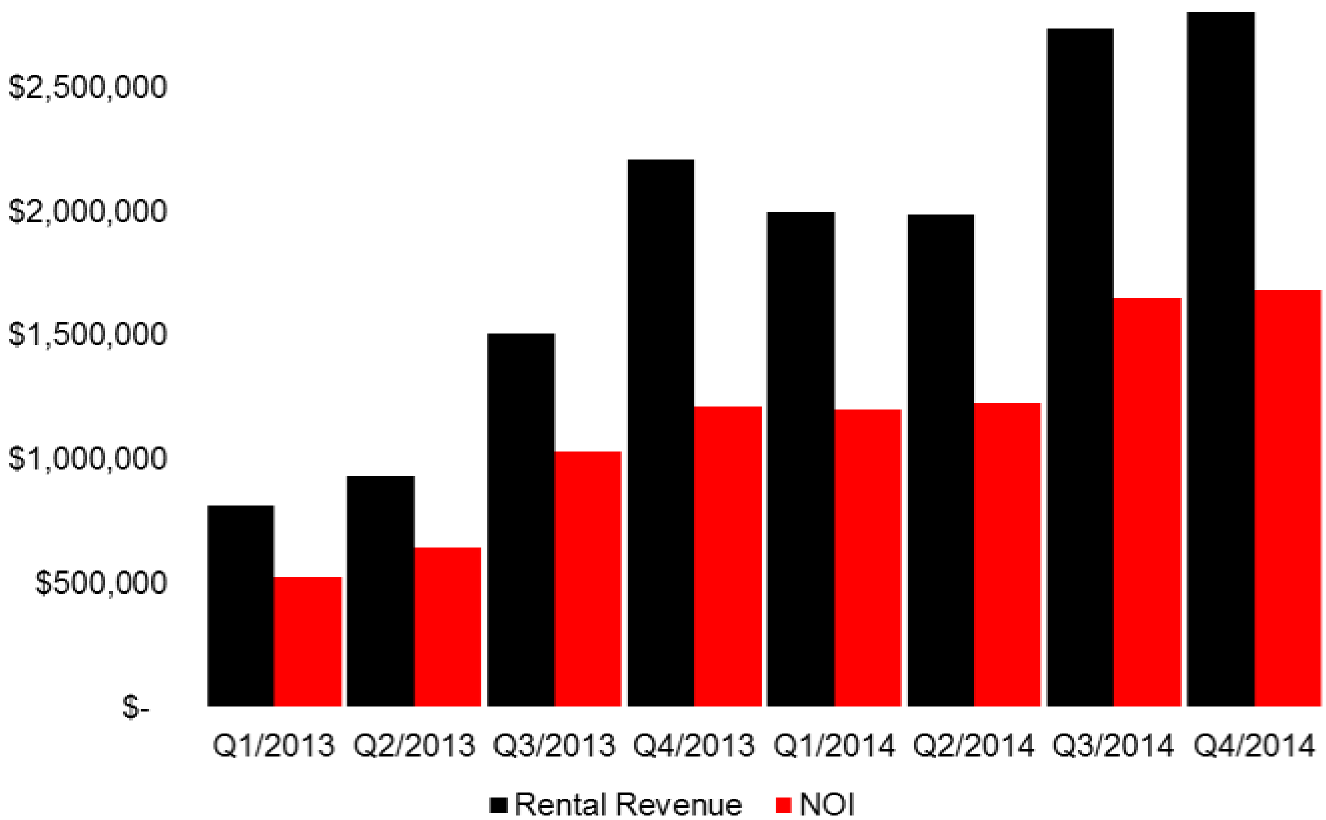
On a cash basis (i.e. excluding straight-line and free rent which are non-cash items), NOI for the three months ended December 31, 2014 was $1,682,070, a 2.0% sequential increase over the $1,648,534 reported for the three months ended September 30, 2014 and a 39.0% increase over the $1,210,415 reported for the three months ended December 31, 2013. On a cash basis, NOI for the twelve months ended December 31, 2014 was $5,752,746, a 69.0% increase in comparison to the $3,403,784 reported for the twelve months ended December 31, 2013.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2014	**Sept 30, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Rental Revenue	**$ 2,969,865**	**$ 2,772,254**	**$ 2,265,159**	**$ 9,762,540**	**$ 5,514,133**
Property Operating Expense:	(1,185,879)	(1,086,998)	(998,786)	(3,831,048)	(2,054,391)
NOI - IFRS Basis	**$ 1,783,986**	**$ 1,685,256**	**$ 1,266,373**	**$ 5,931,492**	**$ 3,459,742**
Less: Straight-Line Rent	(43,522)	(36,722)	(55,958)	(120,352)	(55,958)
Less: Free Rent	(58,394)	-	-	(58,394)	-
NOI - Cash Basis	**$ 1,682,070**	**$ 1,648,534**	**$ 1,210,415**	**$ 5,752,746**	**$ 3,403,784**
NOI - Cash Basis					
% Change vs. September 30, 2014	**2.0%**				
% Change vs. December 31, 2013	**39.0%**			**69.0%**	

On a cash basis, the sequential variance in comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is largely due to the acquisition of the Ottawa Apartment Complex during Q4/2014 as well as the receipt of lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio, offset by slightly higher overall operating expenses across the portfolio. The variance in comparing the three months ended December 31, 2014 over the three months ended December 31, 2013 is largely due to the acquisitions of the Centre Ice Retail Portfolio and Ottawa Apartment Complex that occurred during 2014.

On a cash basis, the variance in comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 is largely due to the acquisitions of the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex.

Since Q1/2013; rental revenue and NOI have steadily increased as a result of the Trust's accretive acquisitions.



OTHER INCOME

Other income for the three months ended December 31, 2014 was $9,676, in comparison to the $1,484 reported for the three months ended September 30, 2014 and $6,160 reported for the three months ended December 31, 2013. Other income for the twelve months ended December 31, 2014 was $19,780 in comparison to the $128,557 reported for the twelve months ended December 31, 2013. Interest income relates to income earned on cash balances, while dividend income relates to dividends received from the marketable securities portfolio and other income largely relates to the gain generated on the disposition of a portion of the marketable securities portfolio.

	Three Months Ended			Twelve Months	
	Dec 31, 2014	**Sept 30, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Interest & Dividend Income	$ 5,664	$ 1,484	$ 6,160	$ 14,851	$ 12,417
Other Income	4,012	-	-	4,929	-
Income: ISG Capital Corporation	-	-	-	-	116,140
Other Income	**$ 9,676**	**$ 1,484**	**$ 6,160**	**$ 19,780**	**$ 128,557**

The sequential variance in comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is largely the result of the timing of dividends received from the marketable securities portfolio and the gain generated from disposing of a portion of the marketable securities portfolio. The variance in comparing the three and twelve months ended December 31, 2014 over the three and twelve months ended December 31, 2013 is largely the result of dividends received from the marketable securities portfolio, the gain generated from disposing of a portion of the marketable securities portfolio, offset by income received from the Trust's previous wholly-owned subsidiary ISG Capital Corporation during the twelve months ended December 31, 2013, which is non-recurring in nature.

FINANCE COSTS

Finance costs for the three months ended December 31, 2014 was $451,801, in comparison to the $455,352 reported for the three months ended September 30, 2014 and $338,564 reported for the three months ended December 31, 2013. Finance costs for the twelve months ended December 31, 2014 was $1,478,171 in comparison to the $778,159 reported for the twelve months ended December 31, 2013.

Finance costs are comprised of the following:

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2014	**Sept 30, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Mortgage Interest	$ 385,831	$ 380,492	$ 306,825	$ 1,304,825	$ 592,801
Bank Indebtedness Interest	38,173	62,653	29,208	129,707	145,034
Finance Fee Amortization	29,855	20,285	16,398	73,315	54,190
Non-Cash Interest Expense	(2,058)	(8,078)	(13,866)	(29,676)	(13,866)
Finance Costs	**$ 451,801**	**$ 455,352**	**$ 338,564**	**$ 1,478,171**	**$ 778,159**

The sequential variance in comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is due to increased mortgage interest expense as a result of the assumption of an existing first mortgage and placement of a new second mortgage on the Ottawa Apartment Complex, offset by lower bank indebtedness interest expense as a result of the repayment of the Facility from proceeds raised from the issuance of equity during Q4/2014. The variance in comparing the three months ended December 31, 2014 to the three months ended December 31, 2013 is due to increased mortgage interest expense as a result of a combination of mortgage financings both assumed and placed on the Centre Ice Retail Portfolio and Ottawa Apartment Complex acquisitions, offset by lower bank indebtedness interest expense as a result of the repayment of the Facility from proceeds raised from the issuance of equity during Q4/2014.

The variance in comparing the twelve months ended December 31, 2014 to the twelve months ended December 31, 2013 is due to increased mortgage interest expense as a result of a combination of mortgage financings both assumed and placed on the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex acquisitions, offset by lower bank indebtedness interest expense as a result of the repayment of the Facility from proceeds raised from the issuance of equity during Q1/2014 and Q4/2014.

Finance fee amortization relates to fees paid on securing the Facility and the Trust's various mortgages. Non-cash interest expense relates to the fair value adjustment to interest expense required as a result of the assumed mortgages from the acquisition of the Core Service Provider Professional Building and the Ottawa Apartment Complex.

The effective average interest rate for the bank indebtedness during for the three months ended December 31, 2014 was approximately 4.4% (4.4% for the three months ended September 30, 2014 and December 31, 2013). As outlined below in further detail, the weighted average interest rate of the mortgages as at December 31, 2014 stands at approximately 4.2%.

*GENERAL AND ADMINISTRATIVE ("**G&A**") EXPENSES*

G&A expenses for the three months ended December 31, 2014 was $280,825, in comparison to the $234,978 reported for the three months ended September 30, 2014 and $231,523 reported for the three months ended December 31, 2013. G&A expenses for the twelve months ended December 31, 2014 was $902,882 in comparison to the $623,437 reported for the twelve months ended December 31, 2013. Professional fees include legal, audit and tax advisory fees. Public company expenses include trustee fees, transfer agent fees, press releases and print media.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2014	**Sept 30, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Professional Fees	$ 23,548	$ 39,596	$ 36,319	$ 124,743	$ 116,847
Asset Management Fees	212,966	159,214	115,314	605,423	344,193
Public Company Expenses	31,094	27,000	53,026	123,394	110,065
Office & General	10,605	6,630	17,303	39,096	30,954
Insurance	2,612	2,538	9,561	10,226	21,378
General & Administrative	**$ 280,825**	**$ 234,978**	**$ 231,523**	**$ 902,882**	**$ 623,437**

The sequential variance in comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is largely the result of increased asset management fees and slightly higher public company and office & general expenses, offset by lower professional fees. The increased asset management fees is the result of both the acquisition of the Ottawa Apartment Complex and the accrual of the performance fee as a result of the Trust meeting its annual actual AFFO of $0.40 per unit. 15% of the excess AFFO above $0.40 per unit is payable to FCRPI. The variance in comparing the three months ended December 31, 2014 over the three months ended December 31, 2013 is largely due to overall increased costs to operate the Centre Ice Retail Portfolio and Ottawa Apartment Complex acquisitions that occurred during 2014 as well as the accrual of the performance fee as outlined above.

The variance in comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 is largely due to increased asset management fees due to the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex acquisitions as well as the accrual of the performance fee as outlined above.

*NET INCOME & COMPREHENSIVE NET INCOME ("**NET INCOME**")*

Net income for the three months ended December 31, 2014 was $1,272,521, in comparison to the $1,242,267 reported for the three months ended September 30, 2014 and $1,057,580 reported for the three months ended December 31, 2013. Net income for the twelve months ended

December 31, 2014 was $4,725,642, in comparison to the $3,822,015 reported for the twelve months ended December 31, 2013.

The sequential variance in comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is largely due to the positive impact of the acquisition of the Ottawa Apartment Complex during Q4/2014 as well as the receipt of lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio, higher other income and lower finance costs, offset by slightly higher property operating and G&A expenses. The variance in comparing the three months ended December 31, 2014 over the three months ended December 31, 2013 is largely due to the positive impact of the acquisitions of the Centre Ice Retail Portfolio and Ottawa Apartment Complex that occurred during 2014 as well as the receipt of lease termination income largely from our Brampton retail property and higher recoveries at the Montreal Industrial Portfolio and higher other income, offset by higher property operating, G&A expenses and finance costs.

The variance in comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 is largely due to the positive impact of the acquisitions of the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex as well as the receipt of lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio, offset by lower other income and higher property operating, G&A expenses, and finance costs.

Included within Net Income for the three months ended December 31, 2014 is a Fair Value Adjustment with respect to the investment properties of $202,716 and to the marketable securities of $(16,766), respectively, in comparison to the $445,029 and $27,297 reported for the three month period ended December 31, 2013. For the twelve months ended December 31, 2014 and December 31, 2013, these Fair Value Adjustments were $1,285,551, $(40,129), $1,683,555 and $50,919, respectively. This represents the difference between fair values for the investment properties and marketable securities for the various periods.

*FUNDS FROM OPERATIONS ("**FFO**") & ADJUSTED FUNDS FROM OPERATIONS ("**AFFO**")*

For the three months ended December 31, 2014, FFO per Unit was $0.132 while AFFO per Unit was $0.111. Based on distributions paid over that period, FFO and AFFO payout ratios are 74% and 88%, respectively. For the twelve months ended December 31, 2014, FFO per Unit was $0.477 while AFFO per Unit was $0.438. Based on distributions paid over that period, FFO and AFFO payout ratios are 79% and 86%, respectively.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2014	Sept 30, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Rental Revenue	**$2,969,865**	**$2,772,254**	**$2,265,159**	**$9,762,540**	**$5,514,133**
Less: Property Operating Expenses	(1,185,879)	(1,086,998)	(998,786)	(3,831,048)	(2,054,391)
Net Operating Income (NOI)	**$1,783,986**	**$1,685,256**	**$1,266,373**	**$5,931,492**	**$3,459,742**
Interest & Dividend Income	5,664	1,484	6,160	14,851	12,417
Other Income	4,012	-	-	4,929	-
Income & Gain on Sale of ISG	-	-	-	-	116,140
Less: G&A Expense	(280,825)	(234,978)	(231,523)	(902,882)	(623,437)
Less: Unit-Based Compensation	25,535	(88,857)	(117,192)	(89,999)	(99,162)
EBITDA	**$1,538,372**	**$1,362,905**	**$ 923,818**	**$4,958,391**	**$2,865,700**
Less: Finance Costs	(451,801)	(455,352)	(338,564)	(1,478,171)	(778,159)
Funds From Operations (FFO)	**$1,086,571**	**$ 907,553**	**$ 585,254**	**$3,480,220**	**$2,087,541**
Less: Straight-Line Rent	(43,522)	(36,722)	(55,958)	(120,352)	(55,958)
Less: Free Rent	(58,394)	-	-	(58,394)	-
Less: Normalized TI/LCs & Capex	(48,367)	(47,615)	(35,076)	(166,959)	(107,014)
Less: Non-Cash Interest	(2,058)	(8,078)	(13,866)	(29,676)	(13,866)
Add: Unit-Based Compensation	(25,535)	88,857	117,192	89,999	99,162
Adjusted Funds From Operations (AFFO)	**$ 908,695**	**$ 903,995**	**$ 597,546**	**$3,194,838**	**$2,009,865**
FFO Per Unit	**$ 0.132**	**$ 0.129**	**$ 0.104**	**$ 0.477**	**$ 0.426**
AFFO Per Unit	**$ 0.111**	**$ 0.129**	**$ 0.106**	**$ 0.438**	**$ 0.410**
Distributions Per Unit	**$ 0.097**	**$ 0.092**	**$ 0.089**	**$ 0.375**	**$ 0.352**
FFO Payout Ratio	**74%**	**72%**	**86%**	**79%**	**82%**
AFFO Payout Ratio	**88%**	**77%**	**84%**	**86%**	**86%**
Weighted Average Trust Units Outstanding	**8,209,650**	**7,016,879**	**5,633,969**	**7,300,750**	**4,897,175**

The difference between FFO and AFFO is the deduction for straight-line rent, free rent, reserves for TIs/LCs, capital expenditures and the non-cash interest expense component for the assumed mortgages on the Core Service Provider Professional Building and the Ottawa Apartment Complex, offset by the add back for unit-based compensation expense. Under RealPAC, unit-based compensation expense is deducted for FFO, but added back for purposes of reporting AFFO by the Trust.

Included within EBITDA for the twelve months ended December 31, 2013 is $116,140 of income and gains received from the Trust's former wholly-owned subsidiary ISG Capital Corporation. As this income is non-recurring in nature, FFO per Unit on a stabilized basis for the twelve months ended December 31, 2013 was $0.403, while AFFO per Unit was $0.387. This results in an FFO and AFFO payout ratio of 87% and 91%, respectively. FFO and AFFO on a stabilized basis for the three and twelve months ended December 31, 2014 and three months ended December 31, 2013 remain unchanged.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2014	**Sept 30, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
FFO	**$ 1,086,571**	**$ 907,553**	**$ 585,254**	**$ 3,480,220**	**$ 2,087,541**
Income & Gain on Sale of ISG	-	-	-	-	(116,140)
Stabilized FFO	**$ 1,086,571**	**$ 907,553**	**$ 585,254**	**$ 3,480,220**	**$ 1,971,401**
Less: Straight-Line Rent Adjustment	(43,522)	(36,722)	(55,958)	(120,352)	(55,958)
Less: Free Rent	(58,394)	-	-	(58,394)	-
Less: Normalized TI/LCs & Capex	(48,367)	(47,615)	(35,076)	(166,959)	(107,014)
Less: Non-Cash Interest Expense	(2,058)	(8,078)	(13,866)	(29,676)	(13,866)
Add: Unit-Based Compensation	(25,535)	88,857	117,192	89,999	99,162
Stabilized AFFO	**$ 908,695**	**$ 903,995**	**$ 597,546**	**$ 3,194,838**	**$ 1,893,725**
Stabilized FFO Per Unit	**$ 0.132**	**$ 0.129**	**$ 0.104**	**$ 0.477**	**$ 0.403**
Stabilized AFFO Per Unit	**$ 0.111**	**$ 0.129**	**$ 0.106**	**$ 0.438**	**$ 0.387**
Distributions Per Unit	**$ 0.097**	**$ 0.092**	**$ 0.089**	**$ 0.375**	**$ 0.352**
Stabilized FFO Payout Ratio	**74%**	**72%**	**86%**	**79%**	**87%**
Stabilized AFFO Payout Ratio	**88%**	**77%**	**84%**	**86%**	**91%**
Weighted Average Trust Units Outstanding	**8,209,650**	**7,016,879**	**5,633,969**	**7,300,750**	**4,897,175**

The sequential variance in Stabilized FFO and AFFO when comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is largely due to the positive impact of the acquisition of the Ottawa Apartment Complex during Q4/2014 as well as the receipt of lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio, higher other income and lower finance costs, offset by slightly higher property operating and G&A expenses. The variance in Stabilized FFO and AFFO when comparing the three months ended December 31, 2014 over the three months ended December 31, 2013 is largely due to the positive impact of the acquisitions of the Centre Ice Retail Portfolio and Ottawa Apartment Complex that occurred during 2014 as well as the receipt of lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio and higher other income, offset by higher property operating, G&A expenses and finance costs.

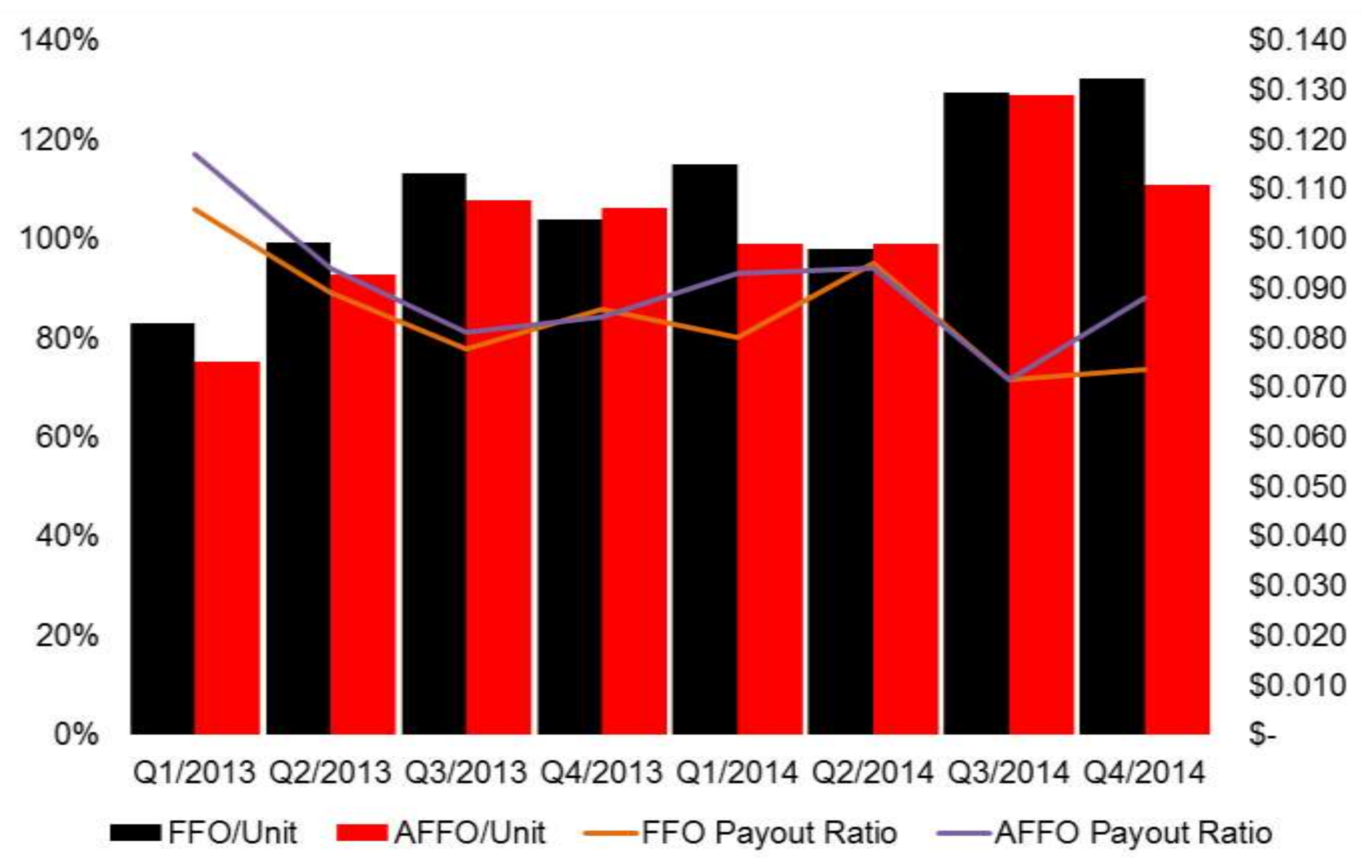
The variance in Stabilized FFO and AFFO when comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 is largely due to the positive impact of the acquisitions of the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex as well as the receipt of lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio, offset by lower other income and higher property operating, G&A expenses and finance costs.

The variance in Stabilized FFO per Unit and AFFO per Unit when comparing the three and twelve months ended December 31, 2014 over the three months ended September 30, 2014 and the three and twelve months ended December 31, 2013 are due to the net positive impacts of the accretive acquisitions and lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio as outlined above, offset by the impact of issuing trust units during Q1/2014 and Q4/2014.

The variance in the Stabilized FFO and AFFO Payout Ratios when comparing the three months ended December 31, 2014 over the three months ended September 30, 2014 and three months ended December 31, 2013 are due to the net positive impacts of the accretive acquisitions and lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio, offset by the impact of issuing trust units during Q1/2014 and Q4/2014. The Trust anticipates that these payout ratios will decline once it deploys its existing cash balances into additional accretive acquisitions.

The variance in the Stabilized FFO and AFFO Payout Ratios when comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 are due to the net positive impacts of the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex acquisitions and lease termination income largely from our Brampton retail property and higher CAM and property tax recoveries at the Montreal Industrial Portfolio, offset by the impact of issuing trust units during Q1/2014 and Q4/2014.

Since Q1/2013; Stabilized FFO and AFFO per unit have steadily increased, while FFO and AFFO payout ratios have declined well below 100% as a result of the Trust's accretive acquisition program. Stabilized FFO per Unit and AFFO oer Unit have increased by 60% and 47%, respectively, over this period. Likewise, FFO and AFFO payout ratios have declined to 74% and 88% over that same period.



DISTRIBUTIONS

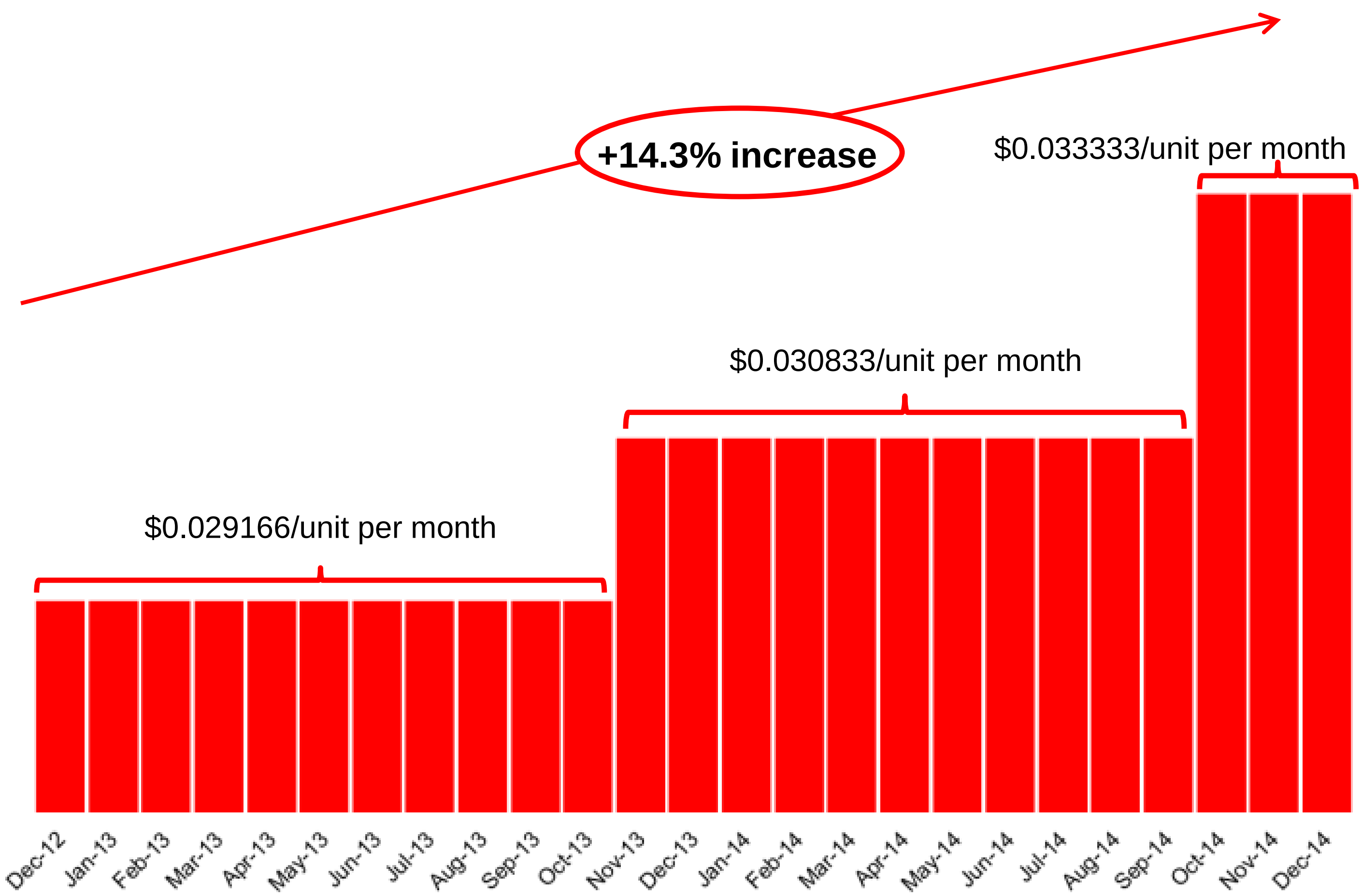
For the year ended December 31, 2014, distributions per unit of $0.030833 were declared each month commencing in January, 2014 through to September, 2014 and $0.033333 per unit for

October, 2014, November, 2014 and December, 2014 resulting in total distributions declared of $2,763,443.

For the year ended December 31, 2013, distributions per unit of $0.029166 were declared each month commencing in January, 2013 through to October, 2013 and $0.030833 per unit for the months of November and December, 2013 and resulting in total distributions declared of $1,733,739.

On October 20, 2014, the Trust announced its second distribution increase in less than one year with an 8.1% increase in its monthly distributions to $0.033333 per unit from $0.030833 per unit. On an annualized basis this equates to anticipated distributions of $0.40 per unit up from $0.37. Including the announced distribution increase, the total increase in distribution's since the Trust's inception is 14.3%.

Outlined below are historical distributions paid by the Trust since inception in November, 2012.



The policy of the Trust is to pay cash distributions on or about the 15th day of each month to Unitholders of record on the last business day of the preceding month. Distributions paid to Unitholders who are non-residents of Canada will be subject to Canadian withholding tax.

The excess / (deficiency) of cash flow from operating activities over distributions and net income and comprehensive income over distributions for the three months ended December 31, 2014, September 30, 2014, December 31, 2013 and twelve months ended December 31, 2014 and December 31, 2013 are outlined below:

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2014	**Sept 30, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Cash Flow From Operating Activities	$ 1,684,482	$ 1,317,972	$ 1,272,292	$ 4,842,959	$ 3,318,397
Net Income & Comprehensive Income	$ 1,272,521	$ 1,242,267	$ 1,057,578	$ 4,725,642	$ 3,822,015
Distributions	$ 820,957	$ 649,054	$ 511,745	$ 2,763,443	$ 1,733,739
Excess of Cash Flow From Operating Activities Over Distributions	$ 863,525	$ 668,918	$ 760,547	$ 2,079,516	$ 1,584,658
Excess of Net Income & Comprehensive Income Over Distributions	$ 451,564	$ 593,213	$ 545,833	$ 1,962,199	$ 2,088,276

SUMMARIZED OPERATING RESULTS

Rental revenue, other income, total revenue and net income for the past eight quarters for the Trust are as follows:

	Rental Revenue	Other Income	Total Revenue	Net Income
Q4/2014	$ 2,969,865	$ 9,676	$ 2,979,541	$ 1,272,521
Q3/2014	$ 2,772,254	$ 1,484	$ 2,773,738	$ 1,242,267
Q2/2014	$ 2,005,213	$ 6,220	$ 2,011,433	$ 929,118
Q1/2014	$ 2,015,208	$ 2,400	$ 2,017,608	$ 1,281,734
Q4/2013	$ 2,265,159	$ 6,160	$ 2,271,319	$ 1,057,578
Q3/2013	$ 1,504,844	$ 50,494	$ 1,555,338	$ 1,144,667
Q2/2013	$ 929,668	$ 4,768	$ 934,436	$ 784,122
Q1/2013	$ 814,461	$ 67,134	$ 881,595	$ 835,646

INVESTMENT PROPERTIES

As at December 31, 2014, the Trust's property portfolio consists of 56 properties with a fair value of $91.2 million, in comparison to the $60.4 million reported for the year ended December 31, 2013. The variance is the result of the acquisitions of the Centre Ice Retail Portfolio during Q2/2014, the Ottawa Apartment Complex during Q4/2014 and the overall increase in the fair value of the entire portfolio due to a combination of higher NOI and capitalization rate compression. The investment portfolio valuation is allocated by property type as follows:

	Net Lease Convenience Retail	Core Service Provider Office	Industrial	Multi-Residential	Total
Balance, December 31, 2012	**$ 27,205,000**	**$ -**	**$ -**	**$ -**	**$27,205,000**
Acquisitions	-	7,077,256	24,408,219	-	31,485,475
Capital Expenditures	-	-	15,081	-	15,081
Fair Value Adjustment	1,072,451	24,562	586,542	-	1,683,555
Balance, December 31, 2013	**$ 28,277,451**	**$ 7,101,818**	**$ 25,009,842**	**$ -**	**$60,389,111**
Acquisitions	23,473,400	-	-	5,822,837	29,296,237
Capital Expenditures	35,964	3,373	177,516	-	216,853
Fair Value Adjustment	812,642	(47,886)	605,094	(84,299)	1,285,551
Balance, December 31, 2014	**$ 52,599,457**	**$ 7,057,305**	**$ 25,792,452**	**$ 5,738,538**	**$91,187,752**

For the year ended December 31, 2014, senior management of the Trust valued the Investment Properties using the overall capitalization method. Investment properties are valued on a highest and best use basis. For all of the Trust's investment properties the current use is considered the best use. Fair value was determined by applying a capitalization rate to stabilized net operating income ("Stabilized NOI"). Stabilized NOI incorporates allowances for vacancy, management fees and structural reserves for tenant inducements and capital expenditures and is capped at a rate deemed appropriate for each investment property. Capitalization rates are based on many factors, including but not limited to the asset location, type, size and quality of the asset and taking into account any available market data at the valuation date.

Investment Properties measured at fair value are categorized by level according to the inputs used. The Trust has classified these inputs as Level 3.

Significant unobservable inputs in Level 3 valuations are as follows:

Year Ended December 31, 2014	**Net Lease Convenience Retail**	**Core Service Provider Office**	**Industrial**	**Multi-Residential**	**Weighted Average**
Capitalization Rate Range	6.5% - 7.75%	7.25%	7.75%	5.98%	7.41%
Weighted Average Cap. Rate	7.46%	7.25%	7.75%	5.98%	7.41%
Weighted Average NOI	$ 1,217,366	$ 511,655	$ 1,998,915	$ 343,263	$ 1,329,509

Year Ended December 31, 2013	**Net Lease Convenience Retail**	**Core Service Provider Office**	**Industrial**	**Multi-Residential**	**Weighted Average**
Capitalization Rate Range	6.5% - 8.0%	7.25%	7.85%	-	7.47%
Weighted Average Cap. Rate	7.24%	7.25%	7.85%	-	7.47%
Weighted Average NOI	$ 668,612	$ 514,882	$ 1,963,273	$ -	$ 1,191,691

CURRENT ASSETS

Current assets as at December 31, 2014, September 30, 2014 and December 31, 2013 consist of the following:

	Dec 31, 2014	Sept 30, 2014	Dec 31, 2013
Accounts Receivable	$ 522,653	$ 558,747	$ 241,928
Prepaid Expenses, Deposits & Other Assets	252,057	449,289	150,524
Marketable Securities	212,772	220,758	239,354
Restricted Cash	84,005	63,005	-
Cash	2,445,297	525,346	432,560
	$ 3,516,784	**$ 1,817,145**	**$1,064,366**

Accounts receivable consist mainly of tenant receivables, straight line rent adjustments and Harmonized Sales Tax ("**HST**") and Quebec Sales Tax ("**QST**") recoveries from the Canada Revenue Agency and Revenue Quebec, respectively.

Prepaid expenses, deposits and other assets consist mainly of prepaid property taxes, insurance, utility deposits, deferred financing costs related to the Facility and the capitalization of free rent provided to tenants as required under IFRS.

Marketable securities consist of securities the Trust has acquired for investment purposes.

Restricted cash represents a tenant inducement and leasing commission reserve required under one of the Centre Ice Retail Portfolio mortgages that is drawn upon when either a tenant inducement or leasing commission is paid on Centre Ice Retail leasing activity.

BANK INDEBTEDNESS

On November 29, 2012, the Trust entered into a Revolving Operating Facility (the "**Facility**") with a Canadian Chartered Bank fully secured by first charges against certain investment properties that was due to be repaid on November 29, 2014. On November 29, 2014, the Trust renewed the Facility with the Canadian Chartered Bank for an additional 24 months.

The total amount available under the Facility is $8.0 million. The interest rate is based on a calculated formula using the Canadian Chartered Bank's Prime Lending Rate. Amounts drawn under the Facility are due to be repaid at the maturity date on November 29, 2016.

Bank Indebtedness as at December 31, 2014 (with comparatives as at December 31, 2013) is as follows:

		December 31, 2014		December 31, 2013
Bank Indebtedness, Opening	$	2,510,472	$	5,536,119
Add: Net Draws / (Repayments)		(2,464,756)		(3,071,363)
Less: Finance Fees		4,090		(4,090)
Add: Amortization - Finance Fees		(49,806)		49,806
Bank Indebtedness, Closing	**$**	**-**	**$**	**2,510,472**

The decrease in bank indebtedness over December 31, 2013 is largely due to the equity issuance that occurred during Q4/2014. Net proceeds from the equity issuance not deployed into the closing of the Ottawa Apartment Complex acquisition were largely deployed into repaying the Facility.

MORTGAGES PAYABLE

The acquisition of the Ottawa Apartment Complex was financed, in part, with one assumed first mortgage and one new second mortgage financing for total proceeds of $8.4 million. The Trust's pro rata obligation in the assumed and new mortgage financings is approximately $4.2 million. On acquisition, the assumed first mortgage financing was amortizing, had a total outstanding balance of $4.9 million ($2.45 million pro-rata obligation) with a weighted average term to maturity of approximately 7.1 years and a 3.33% interest rate. The new second mortgage financing was interest only and had a total balance outstanding of $3.5 million ($1.75 million pro-rata obligation) with a weighted average term to maturity of approximately 3.0 years and has a variable interest rate based on Prime + 115 basis points (4.15% as at December 31, 2014).

As at December 31, 2014, total outstanding mortgages stood at $44,086,297 ($27,928,471 as at December 31, 2013), (net of unamortized financing costs of $162,592 ($129,264 as at December 31, 2013)), offset by a $414,433 ($178,812 as at December 31, 2013) fair value adjustment with a weighted average interest rate of approximately 4.2% (3.9% as at December 31, 2013) and weighted average repayment term of approximately 3.0 years (4.6 years as at December 31, 2013). The mortgages are repayable as follows:

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2015	$ 1,357,786	$ 2,056,500	$ 3,414,286	$ 1,742,535
2016	850,117	11,840,154	12,690,271	1,113,121
2017	832,275	1,750,000	2,582,275	1,031,217
2018	574,188	19,737,909	20,312,097	632,607
2019	200,676	-	200,676	205,706
Thereafter	340,921	4,293,930	4,634,851	327,275
Face Value	**$ 4,155,963**	**$ 39,678,493**	**$43,834,456**	**$ 5,052,461**
Unamortized Financing Costs			(162,592)	
Fair Value Adjustment on Assumed Mortgages			414,433	
Total Mortgages			**$44,086,297**	

	December 31, 2014	December 31, 2013
Current:		
Mortgages	$ 3,414,286	$ 723,506
Unamortized Financing Costs	(52,566)	(43,365)
Fair Value Adjustment on Assumed Mortgages	223,011	32,456
	$ 3,584,731	$ 712,597
Non-Current:		
Mortgages	40,420,170	27,155,417
Unamortized Financing Costs	(110,026)	(85,899)
Fair Value Adjustment on Assumed Mortgages	191,422	146,356
	$ 40,501,566	$ 27,215,874
	$ 44,086,297	**$ 27,928,471**

ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at December 31, 2014, September 30, 2014 and December 31, 2013 are $1,529,899, $1,641,589 and $911,778, respectively, and consist of the following:

	Dec 31, 2014	Sept 30, 2014	Dec 31, 2013
Professional Fees	$ 58,115	$ 80,875	$ 128,965
Utilities, Repairs & Maintenance, Other	993,468	1,125,265	566,453
Due to Asset & Property Manager	115,297	59,517	44,632
Accrued Interest Expense	151,203	138,580	49,911
Option Liabilities	211,816	237,352	121,817
	$ 1,529,899	**$ 1,641,589**	**$ 911,778**

Professional fees represent amounts payable for legal, audit and advisory fees.

Utilities, Repairs & Maintenance, Other consist of utility costs, property taxes, repairs and maintenance, GST/HST payables to CRA and QST payables to Revenue Quebec.

Due to Asset & Property Manager represent amounts payable to FCRPI and FPCI as outlined below. Option liabilities relate to the unit option plan as outlined below.

UNIT OPTION PLAN & OPTION LIABILITIES

Under the Trust's unit option plan, the aggregate number of unit options reserved for issuance at any given time shall not exceed 10% of the number of outstanding Trust Units. As at December 31, 2014, the Trust has 692,500 Trust unit options issued and outstanding consisting of the following issuances:

> On November 29, 2012, the Trust granted 415,000 Trust unit options at a weighted average exercise price of $5.00 per Trust Unit. The unit options fully vested on the date of grant and expire on November 29, 2017. During the twelve months ended December 31, 2014, 7,500 of these options were retired, leaving a balance of 407,500 options.
>
> On June 23, 2014, the Trust granted 285,000 Trust unit options at a weighted average exercise price of $5.30 per Trust Unit. The unit options fully vested on the date of grant and expire on June 23, 2019.

Unit-based compensation relates to the aforementioned unit options for the year ended December 31, 2014 and stands at an expense of $89,999 ($99,162 for the year ended December 31, 2013). Unit-based compensation was determined using the Black-Scholes Model and based on the following assumptions:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Expected Option Life (Years)	1.0	1.0
Risk Free Interest Rate	0.99%	0.97%
Distribution Yield	7.62%	6.93%
Expected Volatility	20.00%	20.00%

Expected volatility is based on the historical volatility of the Trust Units. The risk free interest rate of return is the yield on zero-coupon Government of Canada bonds of a term consistent with the expected option life.

The fair value of an option under the Trust's unit option plan at the date of grant was $0.50 and $0.25 per unit option for the November 29, 2012 and June 23, 2014 issuances, respectively.

UNITHOLDERS' EQUITY

Unitholders' equity as at December 31, 2014 was $48,181,424 and consists of the following:

	Number of Units	Unitholder's Equity
Unitholders' Equity, December 31, 2012	**4,374,467**	**$ 21,161,943**
Non-Brokered Private Placement	1,250,768	6,378,917
Less: Issue Costs		(113,584)
Issuance of Units from DRIP	8,765	45,150
Add: Net Income		3,822,015
Less: Distributions		(1,733,739)
Unitholders' Equity, December 31, 2013	**5,634,000**	**$ 29,560,702**
Non-Brokered Private Placement - Q1/2014	1,376,780	7,296,934
Non-Brokered Private Placement - Q4/2014	1,864,445	9,974,781
Less: Issue Costs		(668,656)
Issuance of Units from DRIP	10,215	54,464
Issuance of Units from UPP	198	1,000
Add: Net Income		4,725,642
Less: Distributions		(2,763,443)
Unitholders' Equity, December 31, 2014	**8,885,638**	**$ 48,181,424**

On January 27, 2014 and February 7, 2014, the Trust announced the completion of its first and second tranches of non-brokered private placement of Trust Units. 1,376,780 trust units were issued at $5.30 per Trust Unit for gross proceeds of $7.3 million.

On October 27, 2014 the Trust announced that it was proceeding with a non-brokered private placement to raise up to $8.0 million and issue up to 1,500,000 trust units at a price of $5.35 per

Trust Unit. As a result of strong demand, the Trust increased the size of this non-brokered private placement and ultimately issued on November 19, 2014 and December 2, 2014, 1,864,445 trust units at a price of $5.35 per Trust Unit for total gross proceeds of approximately $10.0 million;

On March 24, 2015, the Trust closed a non-brokered private placement of 557,008 trust units at a price of $5.35 per Trust Unit for gross proceeds of approximately $3.0 million. The Trust will use the net proceeds of the offering to strengthen the Trust's balance sheet and to fund future acquisitions.

As at March 25, 2015, there were 9,442,888 trust units issued and outstanding.

RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and are measured at fair value.

ASSET MANAGEMENT AGREEMENT

The Trust has entered into an Asset Management agreement with FCRPI, an entity indirectly related to certain trustees and management of the Trust. The term of the contract is initially ten years and automatically renews for successive five year periods. Details of the Asset Management agreement are posted on SEDAR (www.SEDAR.com) and in the notes to the financial statements.

For the three months ended December 31, 2014, September 30, 2014 and December 31, 2013, Asset Management Fees were $164,518, $159,214 and $115,314; Acquisition Fees were $42,000, nil and nil; Placement Fees were $31,683, nil and nil and Performance Incentive Fees were $48,448, nil and nil, respectively. For the years ended December 31, 2014 and December 31, 2013, Asset Management Fees were $556,975 and $344,193; Acquisition Fees were $211,297 and $231,000; Placement Fees were $56,313 and $78,263 and Performance Incentive Fees were $48,448 and nil, respectively.

Asset Management Fees are charged monthly and are based on 0.75% of the first $100 million of the Gross Book Value ("**GBV**") of the portfolio. The sequential variance in asset management fees in comparing the three month period ended December 31, 2014 over the three month period ended September 30, 2014 is due to the Ottawa Apartment Complex acquisition that occurred during the quarter. The variance in comparing the three months ended December 31, 2014 over the three months ended December 31, 2013 is largely due to the acquisitions of the Centre Ice Retail Portfolio and Ottawa Apartment Complex that occurred during 2014. The variance in comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 is largely due to the acquisitions of the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex.

Acquisition Fees are paid on every acquisition and are based on 0.75% of the first $100 million of GBV of acquisitions. The variance in acquisition fees in comparing the three month period ended December 31, 2014 over the three month period ended September 30, 2014 and three month period ended December 31, 2013 is due to the Ottawa Apartment Complex acquisition that occurred during the quarter. Acquisition fees paid during the twelve month period ending December 31, 2014 relate to the Centre Ice Retail

Portfolio and Ottawa Apartment Complex acquisitions. For December 31, 2013, acquisition fees relate the Barrie Medical and Montreal Industrial Portfolio acquisitions.

Placement Fees are paid on financings undertaken by FCRPI and are based on 0.25% of the aggregate value of all debt and financings arranged. The variance in placement fees in comparing the three month period ended December 31, 2014 over the three month period ended September 30, 2014 and three month period ended December 31, 2013 is largely due to fees paid on the $10.0 million private placement that closed during Q4/2014 as well as the placement of new mortgage financing on the Ottawa Apartment Complex on acquisition. The placement fees paid during the twelve month period ending December 31, 2014 relate to new mortgage debt for the Centre Ice Retail Portfolio and Ottawa Apartment Complex acquisitions as well as the two private placement equity issuances as outlined above, while for the twelve months ended December 31, 2013 they include fees paid on the origination of mortgage debt and private placement equity raised as a result of the acquisition of the Montreal Industrial Portfolio as well as the Bridgewater and Hanover long term mortgage financings.

Performance Incentive Fees are based on 15% of the excess once AFFO exceeds $0.40 per unit. The amount recorded for the three and twelve month period ended December 31, 2014 represents this excess.

PROPERTY MANAGEMENT AGREEMENT

The Trust has entered into a Property Management agreement with FCPI, an entity indirectly related to certain trustees and management of the Trust. The term of the contract is initially ten years and automatically renews for successive five year periods. Details of the Property Management agreement are posted on SEDAR (www.SEDAR.com) and in the notes to the financial statements.

For the three months ended December 31, 2014, September 30, 2014 and December 31, 2013, Property Management Fees were $189,833, $137,183 and $88,020 and Commercial Leasing Fees were $26,323, $12,601 and $18,493, respectively. For the years ended December 31, 2014 and December 31, 2013, Property Management Fees were $499,805 and $242,981 and Commercial Leasing Fees were $47,652 and $23,482, respectively.

Property Management Fees are charged monthly. The sequential variance in property management fees for the three month period December 31, 2014 over the three month period ended September 30, 2014 is largely due to the acquisition of the Ottawa Apartment Complex. The variance in property management fees for the three month period December 31, 2014 over the three month period ended December 31, 2013 is largely due to the acquisition of the Ottawa Apartment Complex and Centre Ice Retail Portfolio. The variance in comparing the twelve months ended December 31, 2014 over the twelve months ended December 31, 2013 is largely due to the acquisitions of the Montreal Industrial Portfolio, Centre Ice Retail Portfolio and Ottawa Apartment Complex.

Commercial leasing and renewal fees are charged on a per lease basis. During Q4/2014, the Trust entered into new and renewal leases at its Montreal Industrial, Barrie Medical Centre Ice Retail Portfolio and Brampton property.

INCOME TAXES

The Trust is a mutual fund trust and a real estate investment trust (a "**REIT**") pursuant to the Income Tax Act (Canada) (the "**Tax Act**"). Under current tax legislation, a REIT is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders each year. The Trust is a REIT if it meets prescribed conditions under the Tax Act relating to the nature of its assets and revenue (the "**REIT Conditions**"). The Trust has reviewed the REIT Conditions and has assessed their interpretation and application.

The Trust intends to qualify as a REIT under the Tax Act and to make distributions not less than the amount necessary to ensure that the Trust will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in the consolidated financial statements.

CAPITAL MANAGEMENT

The Trust's objectives when managing capital are to safeguard the ability to continue as a going concern, and to generate sufficient returns to provide unitholders with stable cash distributions. The Trust's capital currently consists of Bank Indebtedness, Mortgages and Unitholders' equity.

The Trust's Declaration of Trust permits the Trust to incur or assume indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the Trust is not more than 75% of the gross book value of the Trust's total assets. Gross book value ("**GBV**") is defined in the Declaration of Trust as "at any time, the book value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated subsidiaries may be used instead of book value." As at December 31, 2014 and December 31, 2013, the ratio of such indebtedness to gross book value was 46.6% and 49.5%, respectively, which complies with the requirement in the Declaration of Trust and is consistent with the REIT's objectives.

The decrease in debt/GBV over Q4/2013 is largely due to the proceeds raised from the two private placement equity issuances completed during 2014 and the Centre Ice Retail Portfolio and Ottawa Apartment Complex acquisitions, offset by the new and assumed mortgage financings for the Centre Ice Retail Portfolio and Ottawa Apartment Complex acquisitions.

With respect to the Bank Indebtedness, the Trust must maintain ratios including minimum unitholders' equity, maximum debt/GBV, minimum interest service and debt service coverage ratios. The Trust monitors these ratios and is in compliance with these requirements for the three and twelve month period ending December 31, 2014.

CONTRACTUAL OBLIGATIONS

The Trust's contractual obligations over the next few years are as follows:

	Less than 1 Year	1 - 2 Years	> 2 Years	Total
Bank Indebtedness	$ -	$ -	$ -	$ -
Mortgages	3,414,286	15,272,546	25,147,624	43,834,456
Tenant Rental Deposits	128,502	96,996	385,233	610,731
Distribution Payable	296,185	-	-	296,185
Accounts Payable & Accrued Liabilities	1,529,899	-	-	1,529,899
	$ 5,368,872	**$15,369,542**	**$25,532,857**	**$ 46,271,271**

DISTRIBUTION REINVESTMENT PLAN & UNIT PURCHASE PLAN

On February 5, 2013, the Trust announced the commencement of its Distribution Reinvestment Plan ("**DRIP**") and Unit Purchase Plan (the "**UPP**").

DISTRIBUTION REINVESTMENT PLAN ("DRIP")

Under the terms of the DRIP, FCPT's Unitholders may elect to automatically reinvest all or a portion of their regular monthly distributions in additional REIT units, without incurring brokerage fees or commissions.

Units purchased through the DRIP are acquired at the weighted average closing price of trust units in the five trading days immediately prior to the distribution payment date. Units purchased through the DRIP will be acquired either in the open market or be issued directly from FCPT's treasury based on a floor price to be set at the discretion of the board of trustees.

Currently, there are 281,723 units reserved under the DRIP.

For the years ended December 31, 2014 and December 31, 2013, 10,215 and 8,765 Trust Units were issued, respectively, from treasury for total gross proceeds of $54,464 and $45,150, respectively, to Unitholders who elected to receive their distributions under the DRIP.

UNIT PURCHASE PLAN ("UPP")

Unitholders who elect to receive trust units under the DRIP may also enroll in the REIT's new Unit Purchase Plan. The Plan gives each Unitholder resident in Canada the right to purchase additional units of the Trust monthly. Under the terms of the Plan, FCPT's Unitholders may purchase a minimum of $1,000 of Units on each Monthly Purchase Date and maximum purchases of up to $12,000 per annum. The aggregate number of Units that may be issued may not exceed 2% of the Units of the Trust per annum.

For the years ended December 31, 2014 and December 31, 2013, 198 and nil Trust Units were issued, respectively, from treasury for total gross proceeds of $1,000 to Unitholders who elected to receive Trust Units under the UPP.

Registered Unitholders may enroll in the DRIP and the Plan by completing a form and submitting to Equity Financial Trust Company at the address set out in the form, or contact the Trust for copies of the forms. Beneficial Unitholders are encouraged to see their broker or other intermediary for enrolment information. The expected level of insider participation by management and trustees of the Trust under the DRIP and the Plan is currently not known. The DRIP and the

Plan are subject to certain limitations and restrictions; interested participants are encouraged to review the full text of the DRIP and Plan at www.firmcapital.com.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF TRUSTEES

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable. In addition, the Trust's Audit Committee and Board of Trustees provide an oversight role with respect to all public financial disclosures by the Trust, and have reviewed and approved this MD&A and the audited consolidated financial statements as at December 31, 2014 and December 31, 2013.

CONTROLS AND PROCEDURES

The Trust maintains appropriate information systems, procedures and controls to ensure that information disclosed externally is complete, reliable, and timely. The Trust's Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision of, the design and operating effectiveness of the Trust's disclosure controls and procedures (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at December 31, 2014 and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

The Trust has also established adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Trust's financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. The Trust's Chief Executive Officer and the Chief Financial Officer assessed, or caused an assessment under their direct supervision, of the design and operating effectiveness of the Trust's internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at December 31, 2014. Based on that assessment, it was determined that The Trust's internal controls over financial reporting were appropriately designed and were operating effectively. In addition, the Trust did not make any changes to the design of the Trust's internal controls over financial reporting during the three and twelve months ended December 31, 2014 that would have materially affected or would be reasonably likely to materially affect the Trust's internal controls over financial reporting.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are described in note 2 of the Trust's consolidated financial statements for the year ended December 31, 2014 and for the year ended December 31, 2013 and accordingly should be read in conjunction with them.

ESTIMATES

The preparation of audited consolidated financial statements requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The critical accounting estimates have been set out in the Trust's consolidated financial statements for the year ended December 31, 2014 under note 2(m) and December 31, 2013 and accordingly should be read in conjunction with them.

CRITICAL JUDGEMENTS

Critical judgments have been set out in the audited consolidated financial statements for the year ended December 31, 2014 under note 2(n) and accordingly should be read in conjunction with them.

FUTURE CHANGES IN ACCOUNTING POLICIES

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015 and have not been applied in preparing these audited consolidated financial statements. A summary of these standards are as follows:

IFRS 7 - Financial Instruments: Disclosures ("IFRS 7") was amended in October 2010. The amendment enhances disclosure requirements to aid financial statement users in evaluating the nature of, and risks associated with an entity's continuing involvement in derecognized financial assets and the offsetting of financial assets and financial liabilities. The amendments are effective for annual periods beginning on or after January 1, 2015 and are required to be applied in accordance with the standard.

IFRS 9 - Financial Instruments ("IFRS 9") will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. IFRS 9 was amended by the IASB in October 2010 to provide guidance on the classification and reclassification of financial liabilities, their measurement, and the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15). In May 2014, the IASB issued IFRS 15, which replaces IAS 11 - Construction Contracts, IAS 18 - Revenue and IFRIC 13 - Customer Loyalty Programs, as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS is to be applied retrospectively for annual periods beginning on or after January 1, 2017.

The Trust is currently evaluating the impact of these new and amended standards on its audited annual consolidated financial statements.

SUBSEQUENT EVENTS

The following are events announced by the Trust subsequent to December 31, 2014:

- On January 15, 2015, February 16, 2015, March 16, 2015, the Trust distributed monthly cash distributions of $0.033333 per Trust unit to unitholders of record at the close of business on December 31, 2014, January 30, 2015 and February 27, 2015, respectively.

- On March 24, 2015, the Trust closed a non-brokered private placement of 557,008 trust units at a price of $5.35 per Trust Unit for gross proceeds of approximately $3.0 million.

- On March 25, 2015, the Trust declared and approved distributions in the amount of $0.033333 per Trust unit payable on or about May 15, 2015, June 15, 2015 and July 15, 2015 to unitholders of record on April 30, 2015, May 29, 2015 and June 30, 2015 respectively.

RISKS AND UNCERTAINTIES

The Trust is faced with the following ongoing risk factors, among others, that would affect Unitholders' equity and the Trust's ability to generate returns. All real property investments are subject to elements of risk. General economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors affect such investments. The Trust's properties are located across Canada. As a result, our properties are impacted by factors specifically affecting their respective real estate markets. These factors may differ from those affecting the real estate markets in other regions of Canada.

- *LIQUIDITY & GENERAL MARKET CONDITIONS*
  The Trust faces the risk associated with general market conditions and their potential consequent effects. Current general market conditions may include, among other things, the insolvency of market participants, tightening lending standards and decreased availability of cash, and changes in unemployment levels, retail sales levels, and real estate values. These market conditions may affect occupancy levels and FCPT's ability to obtain credit on favourable terms or to conduct financings through the public market.
- *REAL PROPERTY OWNERSHIP AND TENANT RISKS*
  Real property investments are relatively illiquid. This illiquidity will tend to limit the ability of the Trust to respond to changing economic or investment conditions. If the Trust were to be required to liquidate assets quickly, there is a risk the proceeds realized from such sale would be less than the book value of the assets or less than what could be expected to be realized under normal circumstances. By specializing in certain types of real estate, the Trust is exposed to adverse effects on that segment of the real estate market and does not benefit from a broader diversification of its portfolio by property class.

  All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. The properties generate revenue through rental payments made by the tenants thereof. The ability to rent unleased space in properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. Cash available for distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be leased on economically favourable lease terms. If properties do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, this could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the Trust's properties or revenues to be derived therefrom. Reported estimates of market rent can be seasonal and the significance of any variations from quarter to quarter would materially affect the Trust's annualized estimated gain-to-lease amount. There can be no assurance that upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues and it may take a significant amount of time for market rents to be recognized by the Trust due to internal and external limitations on its ability to charge these new market-based rents in the short term.

- *COMPETITION*

  Many of the sectors in which the Trust operates are highly competitive. The Trust faces competition from many sources, including from other buildings in the immediate vicinity of the properties and the broader geographic areas where the Trust's properties are and will be located. In addition, overbuilding in the geographic areas where the Trust's properties are located may increase the supply of competing properties and may reduce occupancy rates and rental revenues of the Trust and could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

  The Trust's ability to make real estate investments in accordance with the Trust's objectives and investment policies depends upon the availability of suitable investments and the general economy and marketplace. Increased competition for acquisitions in the geographies in which the Trust operates from other acquirers of real estate may impact the availability of suitable investments and achievable investment yields for the Trust.
- *CHANGES IN APPLICABLE LAWS*

  The Trust's operations will have to comply with numerous federal, provincial and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include zoning laws, building codes, landlord tenant laws and other laws generally applicable to business operations. Non-compliance with laws could expose the Trust to liability.

  Lower revenue growth or significant unanticipated expenditures may result from the Trust's need to comply with changes in applicable laws, including (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions, (ii) rent control or rent stabilization laws or other landlord/tenant laws, or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of the Trust's properties, including changes to building codes and fire and life-safety codes.
- *UNEXPECTED COSTS OR LIABILITIES RELATED TO ACQUISITIONS*

  Risks associated with real property acquisitions is that there may be an undisclosed or unknown liability concerning the acquired properties, and the Trust may not be indemnified for some or all of these liabilities. Following an acquisition, the Trust may discover that it has acquired undisclosed liabilities, which may be material. The Trust conducts what it believes to be an appropriate level of investigation in connection with its acquisition of properties and seeks through contract to ensure that risks lie with the appropriate party.

- *ACCESS TO CAPITAL*

  The real estate industry is highly capital intensive. The Trust will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance that the Trust will have access to sufficient capital or access to capital on terms favourable to the Trust for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, in certain circumstances, the Trust may not be able to borrow funds due to the limitations set forth in the Declaration of Trust.

  In addition, global financial markets have experienced a sharp increase in volatility during recent years. This has been, in part, the result of the re-valuation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant re-valuations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world in the near to medium term. These market conditions and unexpected volatility or illiquidity in financial markets may inhibit the Trust's access to long-term financing in the Canadian capital markets. As a result, it is possible that financing which the Trust may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by the Trust or otherwise, may not be available or, if it is available, may not be available on favourable terms to the Trust. Failure by the Trust to access required capital could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.
- *INTEREST RATE & DEBT FINANCING RISK*

  The Trust will be subject to the risks associated with debt financing. There can be no assurance that the Trust will be able to refinance its existing indebtedness on terms that are as or more favourable to the Trust as the terms of existing indebtedness. The inability to replace financing of debt on maturity would have an adverse impact on the financial condition and results of FCPT.
- *ENVIRONMENTAL RISK*

  Environmental and ecological related policies have become increasingly important in recent periods. Under various federal, provincial and municipal laws, an owner or operator of real property could become liable for the cost of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The existence of such a liability can have a negative impact on the value of the underlying real property.

  It is our policy to obtain a Phase I environmental audit conducted by a qualified environmental consultant prior to acquiring any additional property, who has the appropriate insurance coverage. In addition, where appropriate, tenant leases generally specify that the tenant will conduct its business in accordance with environmental regulations and be responsible for any liabilities arising out of infractions to such regulations. It is our practice to regularly inspect tenant premises that may be subject to environmental risk.

- *LEGAL RISK*
  In the normal course of the Trust's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Trust and as a result, could have a material adverse effect on the Trust's assets, liabilities, business, financial condition and results of operations. Even if the Trust prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Trust's business operations, which could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.
- *LEASE ROLLOVER RISK*
  The value of investment properties and the stability of cash flows derived from those properties is dependent upon the level of occupancy and lease rates in those properties. Upon expiry of any lease, there is no assurance that a lease will be renewed on favourable terms, or at all; nor is there any assurance that a tenant can be replaced. A contraction in the Canadian economy would negatively impact demand for space in our properties, consequently increasing the risk that leases expiring in the near term will not be renewed.
- *INCOME TAX RISK*
  On December 22, 2007, the SIFT Rules were enacted. Under the SIFT Rules, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income, and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital should generally not be subject to the tax.

  The SIFT Rules do not apply to a "real estate investment trust" that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions). The Trust has reviewed the REIT Conditions and has assessed their interpretation and application to the Trust's assets and liabilities. The Trust believes that it has met the REIT Conditions throughout the relevant periods ended. There can be no assurances, however, that the Trust will continue to be able to satisfy the REIT Conditions in the future such that the Trust will not be subject to the tax imposed by the SIFT Rules.
- *FIXED COSTS AND INCREASED EXPENSES*
  The failure to maintain stable or increasing average monthly rental rates combined with acceptable occupancy levels would likely have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the Trust is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

  The Trust is also subject to utility and property tax risk relating to increased costs that the Trust may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of properties and their adherent tax rates. In some instances, enhancements to properties may result in significant increases in property assessments following a re-valuation. Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the Trust cannot charge back to the tenant may have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

The timing and amount of capital expenditures by the Trust will affect the amount of cash available for distributions to holders of Trust Units. Distributions may be reduced, or even eliminated, at times when the Trust deems it necessary to make significant capital or other expenditures.

- *UNITHOLDER RISK*

  There is a risk that FCPT's Unitholders could become subject to liability. The Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as Trustee or carrier shall be held to have any personal liability as such, and no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any Unitholder or annuitant for any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Trust property or the affairs of the Trust, including, without limitation, for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustees or any obligation which a Unitholder or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such, but rather the assets of the Trust only are intended to be liable and subject to levy or execution for satisfaction of such liability. Each Unitholder and annuitant under a plan of which a Unitholder acts as Trustee or carrier shall be entitled to be reimbursed out of the assets of the Trust in respect of any payment of a Trust obligation made by such Unitholder or annuitant. The Declaration of Trust further provides that, whenever possible, any written instrument creating an obligation which is or includes the granting by the Trust of a mortgage, and to the extent management of the Trust determines to be practicable, any written instrument which is, in the judgment of management of the Trust, 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 shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a Trustee or carrier, or Officers, employees or agents of the Trust, but that only property of the Trust or a specific portion thereof shall be bound; the Trust, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the Trust upon the acquisition of real property.

  Certain provinces have legislation relating to Unitholder liability protection, including British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec. To FCPT's knowledge, certain of these statutes have not yet been judicially considered and it is possible that reliance on such statute by a Unitholder could be successfully challenged on jurisdictional or other grounds.

- *DEPENDENCE ON FCRPI AND FCPI*

  The Trust's earnings and operations are impacted by the FCRPI's ability to source appropriate real estate investments that provide sufficient yields for investors and FCPI to maintain these real estate investments. The Trust has also entered into long-term contracts with FCRPI and FCPI, as more particularly described in the "Asset Management

Agreement" and "Property Management Agreement" both dated November 20, 2012 as posted on SEDAR (www.SEDAR.com). The Trust is exposed to adverse developments in the business and affairs of FCRPI and FCPI, since the day to day activities of the Trust are run by FCRPI and FCPI and since all of the Trust's real estate investments are originated by FCRPI.

- *RETURN RISK*
  There is no guarantee as to the return an investment in Trust Units of the Trust will generate.
- *POTENTIAL CONFLICTS OF INTEREST*
  The Trust is subject to various potential conflicts of interest because the Asset Manager and Property Manager are entities indirectly related to certain trustees and management of the Trust. Further, the Trustees and Officers may co-invest in property acquisitions and investments alongside the Trust. In addition, the Trustees and Officers of the Trust may from time to time deal with parties with whom the Trust may be dealing with, or may be seeking investments similar to those desired by the Trust. Certain Trustees and Officers of the Trust are also employed by entities directly and/or indirectly related to the Asset Manager and Property Manager and are involved in varying real estate related activities including, but not limited to acquisitions, divestitures and management of real estate and real estate related debt and equities.

  The Declaration of Trust does not restrict Trustees or Officers of the Trust, the Asset Manager, the Property Manager and/or its affiliates from being engaged (directly or indirectly) in real estate and business transactions in which their individual interests actually, or are perceived to be, in conflict with the interests of Trust. Accordingly, there can be no guarantee that the Trustees and Officers of the Trust, when acting in a capacity other than a Trustee or Officer of the Trust will act in the best interests of the Trust.
- *RELIANCE ON KEY PERSONNEL AND TRUSTEES*
  In assessing the risk of an investment in the Trust Units, potential investors should be aware that they will be relying on the good faith, experience and judgment of the Trustees. Although investments made by the Trust are carefully chosen by the Trustees, there can be no assurance that such investments will earn a positive return in the short- or long-term or that losses may not be suffered by the Trust from such investments.
- *DILUTION*
  The number of Trust Units the Trust is authorized to issue is unlimited. The Trustees have the discretion to issue additional Trust Units in other circumstances, including under the Unit Option Plan. Any issuance of Trust Units may have a dilutive effect to existing Unitholders.
- *OPERATIONAL RISKS*
  Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings. Management endeavours to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are constantly reviewed and if deemed necessary improvements are implemented.
- *RISK RELATED TO INSURANCE RENEWALS*
  Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the Trust's current and future insurance policies expire, the Trust may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g.,

earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the Trust is able to renew its policies at levels and with limitations consistent with its current policies, the Trust cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. If the Trust is unable to obtain adequate insurance on its properties for certain risks, it could cause the Trust to be in default under specific covenants on certain of its indebtedness or other contractual commitments that it has which require the Trust to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if the Trust were unable to obtain adequate insurance, and its properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

OUTLOOK

Through the remainder 2015, the Trust expects access to the capital markets to remain open to well capitalized entities that have a strong balance sheet and have sufficient cash flows to fund monthly distributions. Access to conventional mortgage financing is expected to remain strong however we continue to anticipate seeing higher than normal volatility in underlying interest rates.

Management continues to believe that the Trust is well positioned with a strong balance sheet to take advantage of opportunities as they arise. The Trust continues to target multi-residential, industrial and flex industrial, net lease convenience and stand-alone retail, core service provider and healthcare professional office assets across Canada. We expect to grow predominately through external acquisitions during 2015 and will assess each acquisition on its own merits to ensure they meet our investment objectives but will not grow the portfolio only for the sake of growth. In addition to growth generated by acquisitions, the Trust's growth is expected to come from within the portfolio, through a combination of leasing and build out of existing excess density, however these initiatives will take time to implement.

The Trust is committed to remaining focused on its portfolio in order to preserve and improve the quality of the cash flows through active management and leasing in order to maintain a stable stream of cash flows. We will continue to focus our acquisition program towards off market and partial interest transactions as we anticipate they will provide the Trust with the best investment opportunities.