FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

MD&A

MANAGEMENT DISCUSSION AND ANALYSIS

SECOND QUARTER 2016
JUNE 30, 2016

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 unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2016 and June 30, 2015, and audited annual consolidated financial statements for the year ended December 31, 2015 and December 31, 2014. This MD&A has been prepared taking into account material transactions and events up to and including August 10, 2016. 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 2016 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 is 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 focused on the following real estate asset classes:

- Multi Residential,
- Industrial & Flex Industrial,
- Net Lease Convenience 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 Properties Inc., through a structure focused on an alignment of interests with the Trust sources, syndicates and manages investments on behalf of the Trust.

MANAGEMENT DISCUSSION & ANALYSIS

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 website at www.firmcapital.com or on the SEDAR website at www.sedar.com.

BASIS OF PRESENTATION

The Trust has adopted 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. EBITDA is defined as NOI plus interest, dividend and other income less general and administrative expense and less unit based compensation expenses.

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, 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.

SECOND QUARTER AND YEAR-TO-DATE HIGHLIGHTS

- Rental revenue for the three months ended June 30, 2016 was $3.8 million, a 5% sequential increase and 29% increase over March 31, 2016 and June 30, 2015, respectively. Rental revenue for the six months ended June 30, 2016 was $7.4 million, a 25% increase over June 30, 2015;

- On a cash basis, NOI for the three months ended June 30, 2016 was $2.2 million, an 8% sequential increase and 27% increase over March 31, 2016 and June 30, 2015, respectively. Cash NOI for the six months ended June 30, 2016 was $4.3 million, a 25% increase over June 30, 2015;
- Excluding a gain on sale generated from the sale of two properties from the Centre Ice Retail Portfolio, FFO and AFFO for the three months ended June 30, 2016 were both $1.2 million, respectively, a 10% and 24% increase over the three months ending June 30, 2015. For the six months ended June 30, 2016, FFO and AFFO were $2.4 million and $2.3 million, respectively, a 17% and 19% increase over the three months ending June 30, 2015;
- Excluding a gain on sale generated from the sale of two properties from the Centre Ice Retail Portfolio, FFO and AFFO Per Unit were $0.107 and $0.106 for the three months ended June 30, 2016, respectively. For the six months ended June 30, 2016; FFO and AFFO Per Unit were $0.212 and $0.200, respectively;
- Including a gain on sale generated from the sale of two properties from the Centre Ice Retail Portfolio, Adjusted FFO and AFFO Per Unit for the six months ended June 30, 2016 were $0.282 and $0.270, respectively;
- Three Months Ended June 30, 2016 FFO and AFFO payout ratios were both 99%;
- Six Months Ended June 30, 2016 Adjusted FFO and AFFO payout ratios were 74% and 78%;
- Commercial portfolio occupancy was 90.2%, a 180 basis point ("bp") increase over the 88.4% reported at March 31, 2016, and an 80 bp increase over the 89.4% reported at June 30, 2015. Occupancy for the multi-residential portfolio was 94.1%, unchanged over March 31, 2016, but a 220 bp increase over the 91.9% occupancy reported at June 30, 2015; and
- Conservative leverage profile with Debt / Gross Book Value ("**GBV**") at 49.8%.

Financial Highlights

	Three Months			Six Months		% Change Over Three Months		Six Months
	June 30, 2016	Mar 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015	Mar 31, 2016	June 30, 2015	June 30, 2015
Rental Revenue	$3,804,157	$3,639,657	$2,959,424	$ 7,443,814	$5,949,503	**5%**	**29%**	**25%**
NOI								
- IFRS Basis	$2,247,672	$2,066,037	$1,785,515	$ 4,313,709	$3,492,058	**9%**	**26%**	**24%**
- Cash Basis	$2,209,927	$2,045,040	$1,737,151	$ 4,254,967	$3,403,796	**8%**	**27%**	**25%**
FFO	**$1,218,474**	**$1,204,574**	**$1,106,990**	**$ 2,423,049**	**$2,074,216**	**1%**	**10%**	**17%**
AFFO	**$1,209,959**	**$1,080,426**	**$ 978,185**	**$ 2,290,387**	**$1,925,976**	**12%**	**24%**	**19%**
Adjusted FFO*	**$1,218,474**	**$2,005,266**	**$1,106,990**	**$ 3,223,741**	**$2,074,216**	**NM**	**10%**	**55%**
Adjusted AFFO*	**$1,209,959**	**$1,881,118**	**$ 978,185**	**$ 3,091,079**	**$1,925,976**	**NM**	**24%**	**60%**
FFO Per Unit	**$ 0.107**	**$ 0.105**	**$ 0.117**	**$ 0.212**	**$ 0.224**	**1%**	**(9%)**	**(5%)**
AFFO Per Unit	**$ 0.106**	**$ 0.095**	**$ 0.104**	**$ 0.200**	**$ 0.208**	**12%**	**2%**	**(4%)**
Adjusted FFO Per Unit*	**$ 0.107**	**$ 0.175**	**$ 0.117**	**$ 0.282**	**$ 0.224**	**NM**	**(9%)**	**26%**
Adjusted AFFO Per Unit*	**$ 0.106**	**$ 0.165**	**$ 0.104**	**$ 0.270**	**$ 0.208**	**NM**	**2%**	**30%**
Distributions Per Unit	**$ 0.105**	**$ 0.105**	**$ 0.100**	**$ 0.210**	**$ 0.200**	**-**	**5%**	**5%**
Payout Ratios								
- FFO	**99%**	**100%**	**85%**	**99%**	**89%**			
- AFFO	**99%**	**111%**	**97%**	**105%**	**96%**			
- Adjusted FFO	**99%**	**60%**	**85%**	**74%**	**89%**			
- Adjusted AFFO	**99%**	**64%**	**97%**	**78%**	**96%**			

NM = Not Meaningful

* = Includes gain on sale of assets

- **Announced Joint Venture with First Capital Realty with the Acquisition of Two Retail Properties:** On June 9, 2016, the Trust announced the acquisition of a 40% interest in The Whitby Mall and Thickson Place, two predominantly retail properties located in Whitby, Ontario. The acquisition price for 100% of these assets is approximately $75.3 million, excluding transaction costs. The properties are located directly across from each other providing a strategic benefit and long term synergies.

  The Whitby Mall which is located at 1615 Dundas Street East, Whitby Ontario is a 378,917 square foot mixed use commercial property anchored by Sobeys with a strong mix of retail, office and medical tenants together with future repositioning opportunities. Thickson Place which is located at 80 Thickson Road South, Whitby Ontario is a 104,808 square foot retail property anchored by Metro and the LCBO.

  The acquisitions of both properties are expected to be immediately accretive to AFFO. Management of the Trust expects the AFFO payout ratio of the Trust to drop below 85% and the leverage of the Trust to increase slightly to approximately 53% of Gross Book Value.

  On June 9, 2016, the Trust closed on the acquisition of The Whitby Mall through existing cash resources and through the Trust's revolving credit facility for $14.7 million (incl. transaction costs). The acquisition of Thickson Place which is expected to close during the third quarter of 2016 will be funded through debt to be arranged on The Whitby Mall and Thickson Place.

- **Increased Credit Facility To $10 Million:** On June 9, 2016, the Trust received approval from its lender, a Canadian Chartered Bank, to increase its Credit Facility from $8.0 million to $10.0 million. In addition, the maturity date was extended to May 31, 2018;

- **Announces $6.0 Million Non-Brokered Private Placement; Upsizes to $10.2 Million Due To Strong Demand:** On July 12, 2016, the Trust announced a non-brokered private placement in which it would raise up to $6.0 million and issue up to 1.0 million Trust Units at a price of $6.00 per Trust Unit. On August 3, 2016, the Trust announced that it had closed the first tranche of this non-brokered private placement of approximately 1.1 million Trust Units for gross proceeds of approximately $6.3 million. As a result of strong demand, the Trust announced that it was increasing the amount of the non-brokered private placement to up to approximately 1.7 million Trust Units for gross proceeds of upwards of approximately $10.2 million; and

- **Approved Distributions for October, November and December, 2016:** On August 10, 2016, the Trust announced that it has declared and approved monthly distributions in the amount of $0.035 per Trust Unit for unitholders of record on October 31, 2016, November 30, 2016 and December 30, 2016 payable on or about November 15, 2016, December 15, 2016 and January 16, 2017.

PORTFOLIO HIGHLIGHTS

Based on the Trust’s pro rata interests as at June 30, 2016, the portfolio consists of 59 commercial properties with a total GLA of 1,328,001 square feet (1,324,612 square feet of Net Leasable Area (“**NLA**”)) and one apartment complex comprised of 135 units.

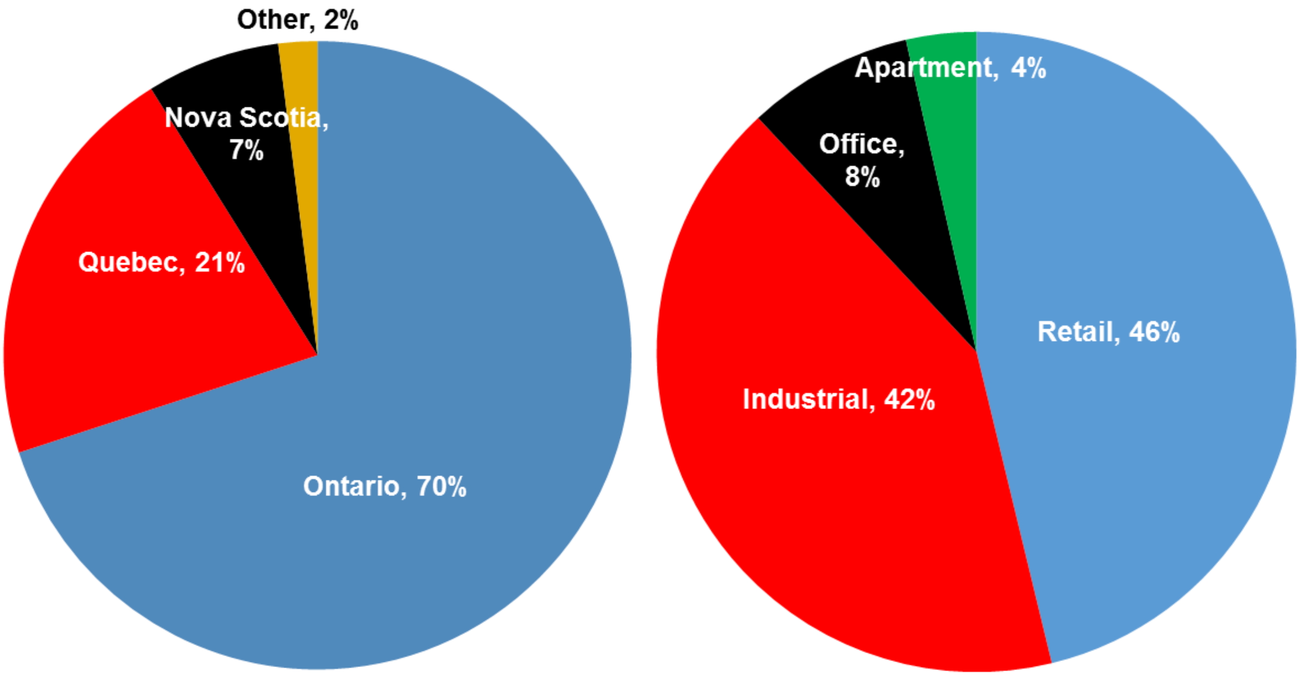
Retail	Gross Leaseable Area	Net Leaseable Area	Occupancy Q2/2016	Q1/2016	Q4/2015
Bridgewater, Nova Scotia	46,707	46,707	93.3%	91.4%	91.4%
Brampton, Ontario	36,137	36,137	93.0%	93.0%	95.7%
Hanover, Ontario	19,874	19,874	100.0%	100.0%	100.0%
Pembroke, Ontario	11,247	11,247	100.0%	100.0%	100.0%
Centre Ice Retail Portfolio	147,613	147,613	89.3%	88.8%	89.2%
Whitby Mall, Ontario	107,275	107,275	96.8%	N/A	N/A
Total / Weighted Average	**368,853**	**368,853**	**93.2%**	**91.1%**	**91.7%**
Office					
Barrie, Ontario	42,884	39,495	71.1%	80.9%	83.2%
Whitby Mall, Ontario	44,292	44,292	84.5%	N/A	N/A
Total / Weighted Average	**87,176**	**83,787**	**78.2%**	**80.9%**	**83.2%**
Industrial					
Montreal, Quebec	514,949	514,949	85.3%	81.0%	87.4%
Waterloo, Ontario	357,024	357,024	97.0%	97.9%	100.0%
Total / Weighted Average	**871,973**	**871,973**	**90.1%**	**87.9%**	**92.6%**
Commercial Total / Wtd. Average	**1,328,001**	**1,324,612**	**90.2%**	**88.4%**	**92.0%**

Multi-Residential	Units	Occupancy		
Ottawa, Ontario	135	94.1%	94.1%	91.9%
Residential Total / Wtd. Average	**135**	**94.1%**	**94.1%**	**91.9%**

PORTFOLIO DIVERSIFICATION

The portfolio is diversified across geographies and asset classes:

Geographical and Asset Class Portfolio Diversification based on NOI



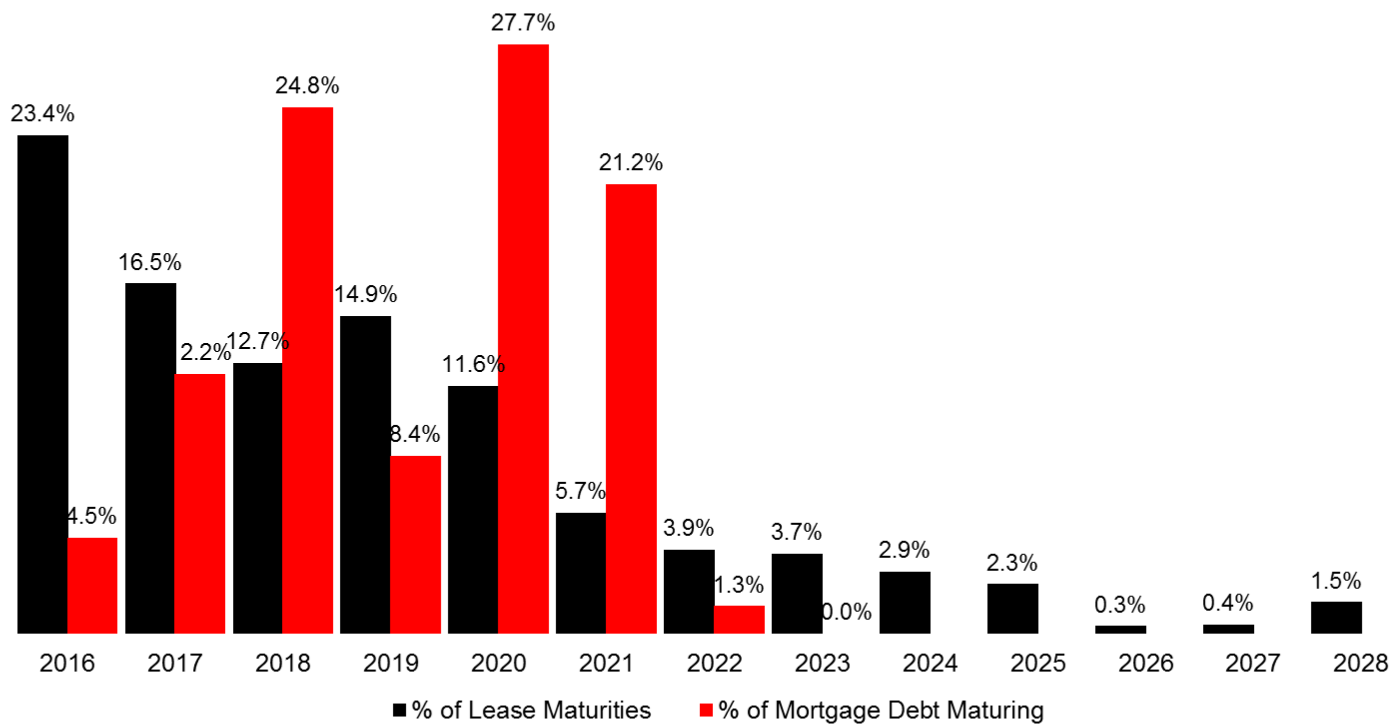
TENANT DIVERSIFICATION

The portfolio is well diversified by tenant profile with no tenant accounting for more than 5.7% of total net rent. Further, the top 10 tenants are largely comprised of creditworthy and large national tenants and account for 25.1% 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	5.7%
2	NCR Canada Corp.	Waterloo, ON	3.4%
3	Cara Corporation (Kelsey's, Swiss Chalet)	Brampton, ON & Bridgewater, NS	2.6%
4	Sport Systems Unlimited Corp.	Waterloo, ON	2.3%
5	Staples	Bridgewater, NS	2.0%
6	Elmira Pet Products Ltd.	Waterloo, ON	1.8%
7	World Gym	Waterloo, ON	1.8%
8	Quebecor Media	Montreal, QC	1.8%
9	Sobeys	Whitby, ON	1.8%
10	Mark's Work Wearhouse (Canadian Tire)	Hanover, ON	1.7%
Total			**25.1%**

DURATION MATCHED DEBT & LEASE MATURITY PROFILE

The current portfolio has a weighted average lease term to maturity of approximately 3.6 years, which is largely duration matched with mortgage debt with a weighted average term to maturity of approximately 3.3 years.



OCCUPANCY

At June 30, 2016, occupancy for the commercial portfolio was 90.2%, a 180 basis point ("**bps**") increase over the 88.4% reported at March 31, 2016, and an 80 bp increase over the 89.4% reported at June 30, 2015. The sequential increase over March 31, 2016 was largely in the Bridgewater, Nova Scotia; Centre Ice Retail Portfolio; and Montreal Industrial Portfolio along with The Whitby Mall acquisition which had a strong 96.8% retail occupancy, offset by increased vacancy in the Barrie, Ontario Medical Office and the Waterloo Industrial Portfolio. The increase over June 30, 2015 was largely in the Bridgewater, Nova Scotia and The Whitby Mall and Waterloo Industrial Portfolio acquisitions, offset by increased vacancy in the Brampton, Ontario, Centre Ice Retail Portfolio, Barrie, Ontario Medical Office and the Montreal Industrial Portfolio. The remainder of the portfolio occupancy rate was largely unchanged.

At June 30, 2016, occupancy for the multi-residential portfolio was 94.1%, unchanged over March 31, 2016, but a 220 bp increase over the 91.9% occupancy reported at June 30, 2015.

COMMERCIAL NET RENT AND MULTI-RESIDENTIAL AVERAGE MONTHLY RENT

As at June 30, 2016, March 31, 2016 and December 31, 2015, commercial net rent per occupied square foot and average multi-residential monthly rent per occupied unit was as follows:

	June 30, 2016	Mar 31, 2016	Dec 31, 2015
Retail	$ 15.93	$ 16.40	$ 16.34
Industrial	$ 5.54	$ 5.66	$ 5.60
Office	$ 13.09	$ 14.16	$ 14.16
Multi-Residential	$ 860	$ 848	$ 843

RESULTS OF OPERATIONS

RENTAL REVENUE

Rental revenue for the three months ended June 30, 2016 was $3,804,157, a 5% increase over the $3,639,657 reported for the three months ended March 31, 2016 and a 29% increase over the $2,959,424 reported for the three months ended June 30, 2015. Rental revenue for the six months ended June 30, 2016 was $7,443,814, a 25% increase over the $5,949,503 reported for the six months ended months June 30, 2015. Rental revenue includes all amounts earned from tenants' lease agreements including basic rent, operating costs and realty tax recoveries.

	Three Months Ended			Six Months Ended	
	June 30, 2016	**March 31, 2016**	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Base Rent	$2,513,432	$2,330,380	$1,840,014	$4,843,812	$3,691,258
CAM & Tax Recoveries	1,252,980	1,288,280	1,071,046	2,541,260	2,169,983
Straight Line Rent	23,212	22,564	25,376	45,776	56,199
Free Rent	14,533	(1,567)	22,988	12,966	32,063
Rental Revenue	**$3,804,157**	**$3,639,657**	**$2,959,424**	**$7,443,814**	**$5,949,503**

The sequential variance in comparing the three months ended June 30, 2016 over the three months ended March 31, 2016 is largely due to the net occupancy improvements and the impact of The Whitby Mall acquisition as outlined above. The variance in comparing the three and six months ended June 30, 2016 over the three and six months ended June 30, 2015 is largely due to the net occupancy improvements as outlined above and the impact of The Whitby Mall and Waterloo Industrial Portfolio acquisitions.

Free rent relates to rent free periods provided to certain new and renewal tenants at the Trust's various 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 June 30, 2016 were $1,556,485, a 1% decrease in comparison to the $1,573,620 reported for the three months ended March 31, 2016, but a 33% increase over the $1,173,909 reported for the three months ended June 30, 2015. Property operating expenses for the six months ended June 30, 2016 were $3,130,105, a 27% increase over the $2,457,445 reported for the six months ended months June 30, 2015.

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			Six Months Ended	
	June 30, 2016	**Mar 31, 2016**	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Realty Taxes	$ 774,660	$ 783,626	$ 650,569	$1,558,285	$1,287,155
Property Management	188,911	185,472	167,106	374,384	310,499
Operating Expenses	592,914	604,522	356,234	1,197,436	859,791
Property Operating Expenses	**$1,556,485**	**$1,573,620**	**$1,173,909**	**$3,130,105**	**$2,457,445**

The variance in comparing the three and six months ended June 30, 2016 over the three and six months ended June 30, 2015 is largely due to the impact of The Whitby Mall and Waterloo Industrial Portfolio acquisitions. Note that property operating expenses can vary due to seasonality.

*NET OPERATING INCOME (“**NOI**”)*

On an IFRS basis, NOI for the three months ended June 30, 2016 was $2,247,672, a 9% increase in comparison to the $2,066,037 reported for the three months ended March 31, 2016 and a 26% increase in comparison to the $1,785,515 reported for the three months ended June 30, 2015. NOI for the six months ended June 30, 2016 was $4,313,709, a 24% increase in comparison to the $3,492,058 reported for the six months ended June 30, 2015.

On a cash basis (i.e. excluding straight-line and free rent which are non-cash items) (“**Cash NOI**”), NOI for the three months ended June 30, 2016 was $2,209,927, an 8% increase over the $2,045,040 reported for the three months ended March 31, 2016 and a 27% increase over the $1,737,151 reported for the three months ended June 30, 2015. Cash NOI for the six months ended June 30, 2016 was $4,254,967, a 25% increase in comparison to the $3,403,796 reported for the six months ended June 30, 2015.

	Three Months Ended			Six Months Ended	
	June 30, 2016	Mar 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Rental Revenue	**$3,804,157**	**$3,639,657**	**$2,959,424**	**$7,443,814**	**$5,949,503**
Property Operating Expenses	(1,556,485)	(1,573,620)	(1,173,909)	(3,130,105)	(2,457,445)
NOI - IFRS Basis	**$2,247,672**	**$2,066,037**	**$1,785,515**	**$4,313,709**	**$3,492,058**
Less: Straight-Line Rent	(23,212)	(22,564)	(25,376)	(45,776)	(56,199)
Less: Free Rent	(14,533)	1,567	(22,988)	(12,966)	(32,063)
NOI - Cash Basis	**$2,209,927**	**$2,045,040**	**$1,737,151**	**$4,254,967**	**$3,403,796**
NOI - Cash Basis					
% Change vs. Mar 31, 2016	**8%**				
% Change vs. June 30, 2015	**27%**			**25%**	

The sequential variance in comparing the three months ended June 30, 2016 over the three months ended March 31, 2016 is largely due to the net occupancy improvements and the impact of The Whitby Mall acquisition as outlined above. The variance in comparing the three and six months ended June 30, 2016 over the three and six months ended June 30, 2015 is largely due to the net occupancy improvements as outlined above and the impact of The Whitby Mall and Waterloo Industrial Portfolio acquisitions.

OTHER INCOME

Other income for the three months ended June 30, 2016 was $14,645, in comparison to the $950,971 reported for the three months ended March 31, 2016 and $5,072 reported for the three months ended June 30, 2015. Other income for the six months ended June 30, 2016 was $965,616 in comparison to the $9,340 reported for the six months ended June 30, 2015. Interest income relates to income earned on cash balances. Dividend income relates to dividends received from the marketable securities portfolio.

	Three Months Ended			Six Months Ended	
	June 30, 2016	Mar 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Investment Properties Gain	$ -	$ 931,000	$ -	$ 931,000	
Interest & Dividend Income	14,645	19,971	5,072	34,616	8,189
Other Income	-	-	-	-	1,151
Other Income	**$ 14,645**	**$ 950,971**	**$ 5,072**	**$ 965,616**	**$ 9,340**

On January 13, 2016 and January 28, 2016, the Trust completed the sale of its interest in two unencumbered properties from the Centre Ice Retail Portfolio totaling 19,330 square feet to various third parties for gross proceeds of approximately $2.8 million ($2.7 million net of closing costs). As a result of the sale, a gain of approximately $0.9 million was generated and is reflected in Other Income.

FINANCE COSTS

Finance costs for the three months ended June 30, 2016 was $598,848 a 1% decrease in comparison to the $604,608 reported for the three months ended March 31, 2016, but a 33% increase in comparison to the $451,501 reported for the three months ended June 30, 2015. Finance costs for the six months ended June 30, 2016 was $1,203,456, a 35% increase in comparison to the $891,703 for the six months ended June 30, 2015. Finance costs are comprised of the following:

	Three Months Ended			Six Months Ended	
	June 30, 2016	**Mar 31, 2016**	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Mortgage Interest	$ 550,907	$ 570,128	$ 404,991	$1,121,036	$ 812,262
Bank Indebtedness Interest	22,593	9,973	9,973	32,565	19,836
Finance Fee Amortization	44,827	44,193	47,109	89,020	80,883
Non-Cash Interest Expense	(19,479)	(19,686)	(10,572)	(39,165)	(21,278)
Finance Costs	**$ 598,848**	**$ 604,608**	**$ 451,501**	**$1,203,456**	**$ 891,703**

The sequential variance in comparing the three months ended June 30, 2016 over the three months ended March 31, 2016 is largely the result of the positive impact of refinancing the first mortgages that encumbered the Centre Ice Retail Portfolio aggregating $11.8 million (5.12% weighted average interest rate) for one new first mortgage with a Canadian Chartered Bank for $16.6 million at a 2.92% interest rate, offset by higher bank indebtedness interest expense due to the acquisition of The Whitby Mall. The variance in comparing the three and six months ended June 30, 2016 over three and six months ended June 30, 2015 is largely due to The Whitby Mall and Waterloo Industrial Portfolio acquisitions.

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 Office, Ottawa Apartment Complex and Waterloo Industrial Portfolio.

As outlined below, the weighted average interest rate of the mortgages as at June 30, 2016 stands at approximately 3.3%.

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

G&A expenses for the three months ended June 30, 2016 was $332,023, a 22% decrease in comparison to the $427,910 reported for the three months ended March 31, 2016, but a 32% increase in comparison to the $252,150 reported for the three months ended June 30, 2015. G&A expenses for the six months ended June 30, 2016 was $759,931, a 60% increase in comparison to the $474,549 reported for the six months ended June 30, 2015.

	Three Months Ended			Six Months Ended	
	June 30, 2016	**Mar 31, 2016**	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Professional Fees	$ 29,467	$ 15,915	$ 28,619	$ 45,382	$ 38,520
Asset Management Fees	224,300	337,097	181,657	561,397	347,958
Public Company Expenses	36,672	36,626	27,090	73,298	55,401
Office & General	38,816	35,504	12,024	74,317	27,150
Insurance	2,768	2,768	2,760	5,537	5,520
General & Administrative	**$ 332,023**	**$ 427,910**	**$ 252,150**	**$ 759,931**	**$ 474,549**

The sequential decrease in comparing the three months ended June 30, 2016 over the three months ended March 31, 2016 is largely the result of higher asset management fees earned during the first quarter of 2016 due to the asset manager earning its performance fee from the gain generated from the disposition of the two Centre Ice Retail Portfolio assets as further described below. The variance in comparing the three and six months ended June 30, 2016 over the three and six months ended June 30, 2015 is largely due to The Whitby Mall and Waterloo Industrial Portfolio acquisitions and overall higher administrative costs to operate the Trust.

*NET INCOME & COMPREHENSIVE NET INCOME (“**NET INCOME**”)*

Net income for the three months ended June 30, 2016 was $1,258,342, in comparison to the $2,081,861 reported for the three months ended March 31, 2016 and $3,572,509 reported for the three months ended June 30, 2015. Net income for the six months ended June 30, 2016 was $3,340,205, in comparison to the $4,678,381 reported for the six months ended June 30, 2015.

The sequential variance in comparing the three months ended June 30, 2016 over the three months ended March 31, 2016 is largely due to the net occupancy improvements and the impact of The Whitby Mall acquisition as outlined above, offset by lower other income due to the gain on sale from the Centre Ice Retail Portfolio properties occurring during the first quarter of 2016 and an overall lower fair value adjustment for the investment properties.

The variance in comparing the three and six months ended June 30, 2016 over the three and six months ended June 30, 2015 is largely due to the net occupancy improvements as outlined above and the impact of The Whitby Mall and Waterloo Industrial Portfolio acquisitions, offset by overall higher expenses and a lower fair value adjustment for the investment properties.

SUMMARIZED OPERATING RESULTS

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

	Rental Revenue	Other Income	Total Revenue	NOI	Net Income
Q2/2016	$ 3,804,157	$ 14,645	$ 3,818,802	$ 2,247,672	$ 1,258,342
Q1/2016	$ 3,639,657	$ 950,971	$ 4,590,628	$ 2,066,037	$ 2,081,861
Q4/2015	$ 3,779,471	$ 48,362	$ 3,827,833	$ 2,218,943	$ 1,739,256
Q3/2015	$ 3,277,289	$ 18,196	$ 3,295,485	$ 1,955,829	$ 2,983,278
Q2/2015	$ 2,959,424	$ 5,072	$ 2,964,496	$ 1,785,515	$ 3,572,509
Q1/2015	$ 2,990,079	$ 4,268	$ 2,994,347	$ 1,706,542	$ 1,105,872
Q4/2014	$ 2,969,865	$ 9,676	$ 2,979,541	$ 1,783,986	$ 1,272,521
Q3/2014	$ 2,772,254	$ 1,484	$ 2,773,738	$ 1,685,256	$ 1,242,267

*FUNDS FROM OPERATIONS (“**FFO**”) & ADJUSTED FUNDS FROM OPERATIONS (“**AFFO**”)*

For the three months ended June 30, 2016, FFO per Unit was $0.107 while AFFO per Unit was $0.106. Based on distributions paid over that period, FFO and AFFO payout ratios are both 99%, respectively.

For the six months ended June 30, 2016, FFO per Unit was $0.212 while AFFO per Unit was $0.200. Based on distributions paid over that period, FFO and AFFO payout ratios are 99% and 105%, respectively. Including the impact from the gain generated from the Centre Ice Retail Portfolio disposition, FFO per Unit was $0.282 while AFFO per Unit was $0.270. Based on distributions paid over that period, FFO and AFFO payout ratios are 74% and 78%, respectively.

	Three Months Ended			Six Months Ended	
	June 30, 2016	Mar 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Rental Revenue	**$3,804,157**	**$3,639,657**	**$2,959,424**	**$7,443,814**	**$5,949,503**
Less: Property Operating Expenses	(1,556,485)	(1,573,620)	(1,173,909)	(3,130,105)	(2,457,445)
Net Operating Income (NOI)	**$2,247,672**	**$2,066,037**	**$1,785,515**	**$4,313,709**	**$3,492,058**
Interest & Div. Income	14,645	19,971	5,072	34,616	8,189
Other Income	-	-	-	-	1,151
Less: G&A Expense	(332,023)	(427,910)	(252,150)	(759,931)	(474,549)
Less: Unit-Based Comp.	(112,973)	20,776	20,054	(92,197)	(60,930)
Add: Performance Fee Attributable To Gain	-	130,308	-	130,308	-
EBITDA	**$1,817,322**	**$1,809,182**	**$1,558,491**	**$3,626,505**	**$2,965,919**
Less: Finance Costs	(598,848)	(604,608)	(451,501)	(1,203,456)	(891,703)
FFO	**$1,218,474**	**$1,204,574**	**$1,106,990**	**$2,423,049**	**$2,074,216**
Less: Straight-Line Rent	(23,212)	(22,564)	(25,376)	(45,776)	(56,199)
Less: Free Rent	(14,533)	1,567	(22,988)	(12,966)	(32,063)
Less: TI/LCs & Capex	(64,264)	(62,688)	(49,815)	(126,952)	(99,630)
Less: Non-Cash Interest	(19,479)	(19,686)	(10,572)	(39,165)	(21,278)
Add: Unit-Based Comp.	112,973	(20,776)	(20,054)	92,197	60,930
AFFO	**$1,209,959**	**$1,080,426**	**$ 978,185**	**$2,290,387**	**$1,925,976**
Add: Gain on Sale of Investment Properties	-	931,000	-	931,000	
Less: Performance Fee Attributable To Gain	-	(130,308)	-	(130,308)	
Adjusted FFO*	**$1,218,474**	**$2,005,266**	**$1,106,990**	**$3,223,741**	**$2,074,216**
Adjusted AFFO*	**$1,209,959**	**$1,881,118**	**$ 978,185**	**$3,091,079**	**$1,925,976**
FFO Per Unit	**$ 0.107**	**$ 0.105**	**$ 0.117**	**$ 0.212**	**$ 0.224**
AFFO Per Unit	**$ 0.106**	**$ 0.095**	**$ 0.104**	**$ 0.200**	**$ 0.208**
Adjusted FFO Per Unit*	**$ 0.107**	**$ 0.175**	**$ 0.117**	**$ 0.282**	**$ 0.224**
Adjusted AFFO Per Unit*	**$ 0.106**	**$ 0.165**	**$ 0.104**	**$ 0.270**	**$ 0.208**
Distributions Per Unit	**$ 0.105**	**$ 0.105**	**$ 0.100**	**$ 0.210**	**$ 0.200**
FFO Payout Ratio	**99%**	**100%**	**85%**	**99%**	**89%**
AFFO Payout Ratio	**99%**	**111%**	**97%**	**105%**	**96%**
Adjusted FFO Payout Ratio*	**99%**	**60%**	**85%**	**74%**	**89%**
Adjusted AFFO Payout Ratio*	**99%**	**64%**	**97%**	**78%**	**96%**

*** = Includes gain on sale of assets**

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 all assumed mortgages, 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.

Excluding the impact from the gain on sale, the sequential variance in FFO and AFFO when comparing the three months ended June 30, 2016 over the three months ended March 31, 2016 is largely due to the net occupancy improvements and the impact of The Whitby Mall acquisition as outlined above. The variance in FFO and AFFO when comparing the three and six months ended June 30, 2016 over the three and six months ended June 30, 2015 is largely due to the net occupancy improvements as outlined above and the impact of The Whitby Mall and Waterloo Industrial Portfolio acquisitions.

The sequential variance in FFO per Unit and AFFO per Unit when comparing the three months ended June 30, 2016 over the three months ended March 31, 2016 is due to the net overall change in FFO and AFFO as outlined above.

The variance in FFO per Unit and AFFO per Unit when comparing the three and six months ended June 30, 2016 over the three and six months ended June 30, 2015 is due to the net overall change in FFO and AFFO as outlined above, offset by the impact of issuing Trust Units from both non-brokered private placements and the DRIP and not deploying the cash immediately into acquisitions.

DISTRIBUTIONS

For the six months ended June 30, 2016, distributions of $0.035 per unit were declared each month commencing in January, 2016 through to June, 2016 resulting in total distributions declared of $2,400,162. For the six months ended June 30, 2015, distributions per unit of $0.033333 were declared each month commencing in January, 2015 through to June, 2015 resulting in total distributions declared of $1,852,100.

Since the Trust's inception in Q4/2012, distributions have been raised three times:

- On October 31, 2013, the Trust announced its first distribution increase of 5.7% to $0.030833 per unit from $0.029166 per unit. On an annualized basis, this equated to anticipated distributions of $0.37 per unit up from $0.35 per unit.

- 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 equated to anticipated distributions of $0.40 per unit up from $0.37 per unit.

- On August 27, 2015, as a result of the acquisition of the Waterloo Industrial Portfolio, the Trust formally increased its annualized cash distribution by a further 5% to $0.42 per Trust Unit per annum or $0.035 per Trust Unit per month from $0.40 per Trust Unit per annum commencing in November, 2015.

Including the August 27th distribution increase, the total increase in distributions since the Trust's inception is 20%.

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 of cash flow from operating activities over distributions and net income and comprehensive income over distributions for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015 and six months ended June 30, 2016 and June 30, 2015 are outlined below:

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Cash Flow From Operating Activities	$ 735,435	$ 1,611,217	$ 1,210,894	$2,346,652	$2,267,298
Net Income & Comprehensive Income	$ 1,258,342	$ 2,081,861	$ 3,572,509	$3,340,205	$4,678,381
Distributions	$ 1,200,319	$ 1,199,843	$ 944,950	$2,400,162	$1,852,100
Excess / (Shortfall) of Cash Flow From Operating Activities Over Distributions	$ (464,884)	$ 411,374	$ 265,944	$ (53,510)	$ 415,197
Excess of Net Income & Comprehensive Income Over Distributions	$ 58,023	$ 882,018	$ 2,627,559	$ 940,043	$2,826,281

INVESTMENT PROPERTIES

As at June 30, 2016, the Trust's property portfolio consists of 60 properties with a fair value of $140.6 million, in comparison to the $127.5 million reported for the year ended December 31, 2015. The variance is largely the result of the acquisition of The Whitby Mall, a $0.12 million increase in fair market value and a $0.11 million increase in capitalized expenditures and leasing costs incurred during the period, offset by the disposition of the two Centre Ice Retail Portfolio assets. The investment portfolio valuation is allocated by property type as follows:

	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Total
Balance, Dec 31, 2014	**$52,599,457**	**$7,057,305**	**$ 25,792,452**	**$5,738,538**	**$ 91,187,752**
Capital Expenditures	78,411	-	54,198	37,460	170,069
Fair Value Adjustment	2,493,449	(125,985)	264,988	(37,460)	2,594,992
Balance, June 30, 2015	**$55,171,317**	**$6,931,320**	**$ 26,111,638**	**$5,738,538**	**$ 93,952,813**
Acquisitions	-	-	31,177,756	-	31,177,756
Capital Expenditures	26,771	1,164	47,937	10,594	86,466
Fair Value Adjustment	2,261,873	(23,000)	68,664	(10,594)	2,296,943
Balance, Dec 31, 2015	**$57,459,961**	**$6,909,484**	**$ 57,405,995**	**$5,738,538**	**$ 127,513,978**
Acquisition	14,658,015	-	-	-	14,658,015
Dispositions	(1,767,500)	-	-	-	(1,767,500)
Capital Expenditures	74,111	(896)	25,833	13,858	112,906
Fair Value Adjustment	167,280	(102,416)	68,950	(13,858)	119,956
Balance, June 30, 2016	**$70,591,867**	**$6,806,172**	**$ 57,500,778**	**$5,738,538**	**$ 140,637,355**

For the period ended June 30, 2016, senior management of the Trust valued the Investment Properties using independent third party appraisals for the Brampton, Ontario, Pembroke, Ontario and Centre Ice Retail Portfolio and the overall capitalization method for the remaining properties. 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. With the exception of the acquisition and disposition of investment properties as further described in note 3 and 4 of the consolidated financial statements, there have been no transfers into or out of Level 3 in the current year. Significant unobservable inputs in Level 3 valuations are as follows:

Period Ended June 30, 2016	**Retail & Commercial**	**Core Service Provider Office**	**Industrial**	**Multi-Residential**	**Weighted Average**
Capitalization Rate Range	5.66% - 7.50%	7.25%	6.48% - 7.70%	5.98%	6.91%
Weighted Average Cap. Rate	6.85%	7.25%	7.04%	5.98%	6.91%
Weighted Average NOI	$ 1,109,636	$ 493,448	$ 2,022,661	$ 343,263	$ 1,423,124

Year Ended December 31, 2015	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Weighted Average
Capitalization Rate Range	5.66% - 7.50%	7.25%	6.48% - 7.70%	5.98%	6.87%
Weighted Average Cap. Rate	6.74%	7.25%	7.04%	5.98%	6.87%
Weighted Average NOI	$ 1,196,370	$ 500,938	$ 2,019,278	$ 343,263	$ 1,492,096

On January 13, 2016 and January 28, 2016, the Trust completed the sale of its interest in two unencumbered properties from the Centre Ice Retail Portfolio totaling 19,330 square feet to various third parties for gross proceeds of approximately $2.8 million ($2.7 million net of closing costs). The condensed consolidated interim financial statements carried these properties in assets held for sale at their fair value as at December 31, 2015, which was approximately $1.8 million. As a result, a gain of approximately $0.9 million was generated from the sale of these two properties.

CURRENT ASSETS

Current assets as at June 30, 2016, March 31, 2016 and December 31, 2015 consist of the following:

	June 30, 2016	March 31, 2016	December 31, 2015
Accounts Receivable	$ 1,040,644	$ 889,541	$ 794,442
Prepaid Expenses, Deposits & Other Assets	1,693,440	503,175	470,640
Marketable Securities	177,849	178,185	178,655
Restricted Cash	-	-	123,709
Cash & Cash Equivalents	-	10,412,421	3,947,376
Assets Held For Sale	-	-	1,767,500
	$ 2,911,933	**$ 11,983,322**	**$ 7,282,322**

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 on real estate acquisitions 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 represented a tenant inducement and leasing commission reserve required under one of the Centre Ice Retail Portfolio mortgages that was drawn upon when either a tenant inducement or leasing commission was paid on Centre Ice Retail leasing activity. Cash & Cash Equivalents includes cash invested in term deposits at a Canadian Chartered Bank.

BANK INDEBTEDNESS

On November 29, 2012, the Trust entered into a Revolving Operating Facility (the "Facility") with a Canadian Chartered Bank (the "Bank") fully secured by first charges against certain investment properties. The total amount available under the Facility was $8.0 million. On June 9, 2016, the Bank increased the total amount available under the Facility to $10.0 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 May 31, 2018. Bank Indebtedness as at June 30, 2016 and December 31, 2015 was $5,370,584 and nil, respectively.

MORTGAGES

As at June 30, 2016, total outstanding mortgages stood at $66,052,827 ($62,491,804 as at December 31, 2015), (net of unamortized financing costs of $341,215 ($170,023 as at December 31, 2015), offset by a $304,798 ($358,645 as at December 31, 2015) fair value adjustment with a weighted average interest rate of approximately 3.3% (3.8% as at December 31, 2015) and weighted average repayment term of approximately 3.3 years (2.8 years as at December 31, 2015). The mortgages are repayable as follows:

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2016	$ 919,258	$ 2,006,926	$ 2,926,184	$ 1,064,353
2017	1,872,026	1,750,000	3,622,026	2,053,947
2018	1,644,768	19,737,909	21,382,677	1,624,508
2019	1,302,999	-	1,302,999	1,165,864
2020	927,942	17,326,664	18,254,606	788,482
Thereafter	130,123	18,470,629	18,600,752	169,313
Face Value	**$ 6,797,116**	**$ 59,292,128**	**$ 66,089,244**	**$ 6,866,467**
Unamortized Financing Costs			(341,215)	
Fair Value Adjustment on Assumed Mortgages			304,798	
Total Mortgages			**$ 66,052,827**	

	June 30, 2016	Dec 31, 2015
Current:		
Mortgages	$ 3,854,518	$ 15,278,029
Unamortized Financing Costs	(83,598)	(48,798)
Fair Value Adjustment on Assumed Mortgages	75,804	92,177
	$ 3,846,724	$ 15,321,408
Non-Current:		
Mortgages	$ 62,234,726	$ 47,025,153
Unamortized Financing Costs	(257,617)	(121,225)
Fair Value Adjustment on Assumed Mortgages	228,994	266,468
	$ 62,206,103	$ 47,170,396
	$ 66,052,827	**$ 62,491,804**

On January 4, 2016, the Trust refinanced the first mortgages that encumbered the Centre Ice Retail Portfolio for one new first mortgage with a Canadian Chartered Bank. The $23.7 million first mortgage is a fixed 2.92% interest rate mortgage that matures on January 4, 2021. The Trust's pro-rata share of the new first mortgage is $16.6 million. As a result of the refinancing, the Trust received net cash proceeds of approximately $4.7 million.

ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at June 30, 2016, March 31, 2016 and December 31, 2015 consist of the following:

	June 30, 2016	March 31, 2016	December 31, 2015
Professional Fees	$ 49,250	$ 64,625	$ 58,193
Utilities, Repairs & Maintenance, Other	1,721,836	1,241,230	1,401,389
Due to Asset & Property Manager	200,140	241,689	77,292
Accrued Interest Expense	179,805	182,237	193,102
Option Liabilities	478,180	365,207	385,983
	$ 2,629,211	**$ 2,094,988**	**$ 2,115,959**

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 Firm Capital Realty Partners Inc. ("**FCRPI**") and Firm Capital Properties Inc. ("**FCPI**") 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 June 30, 2016, 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 year 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 three and six months ended June 30, 2016 and stands at an expense of $112,973 and $92,197 respectively (recovery of $20,054 and an expense of $60,930 expense for the three and six months ended June 30, 2015). Unit-based compensation was determined using the Black-Scholes Model and based on the following assumptions:

	Three Months Ended June 30, 2016	**Three Months Ended June 30, 2015**
Expected Option Life (Years)	1.0	1.0
Risk Free Interest Rate	0.51%	0.49%
Distribution Yield	7.06%	7.34%
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 June 30, 2016 was $68,209,953 and consists of the following:

	Number of Units	Unitholder's Equity
Unitholders' Equity, December 31, 2014	**8,885,638**	**$ 48,181,424**
Non-Brokered Private Placement - Q1/2015	557,008	2,979,993
Less: Issue Costs	-	(20,728)
Issuance of Units from DRIP	9,222	51,313
Issuance of Units from UPP	194	1,000
Add: Net Income	-	5,678,381
Less: Distributions	-	(1,852,100)
Unitholders' Equity, June 30, 2015	**9,452,062**	**$ 55,019,283**
Non-Brokered Private Placement - Q3/2015	1,961,300	10,983,280
Less: Issue Costs	-	(394,109)
Issuance of Units from DRIP	13,714	77,194
Issuance of Units from UPP	-	-
Add: Net Income	-	3,722,534
Less: Distributions	-	(2,191,838)
Unitholders' Equity, December 31, 2015	**11,427,076**	**$ 67,216,344**
Less: Issue Costs		(11,414)
Issuance of Units from DRIP	10,921	64,980
Add: Net Income	-	3,340,205
Less: Distributions	-	(2,400,162)
Unitholders' Equity, June 30, 2016	**11,437,997**	**$ 68,209,953**

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 used the net proceeds to strengthen the Trust's balance sheet and to fund future acquisitions.

On September 22, 2015, the Trust announced the closing of its previously announced non-brokered private placement for gross proceeds of approximately $11 million. The Trust issued 1,961,300 Trust Units at a price of $5.60 per Trust Unit. The Trust used the net proceeds to repay the revolving credit facility and to fund future acquisitions.

As at August 10, 2016, there were 12,497,807 Trust Units issued and outstanding. The variance over June 30, 2016 is due to the closing of the first tranche of a non-brokered private placement of approximately 1.1 million Trust Units for gross proceeds of approximately $6.3 million.

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.

On October 20, 2015, the terms of the Asset Management and Acquisition Fees changed. For further information, please refer to the notes to the financial statements.

For the six months ended June 30, 2016 and June 30, 2015, Asset Management Fees were $419,316 and $334,995; Acquisition Fees were $107,250 and nil; Placement Fees were nil and $7,649 and Performance Incentive Fees were $142,081 and $12,963, respectively.

Asset Management Fees are charged monthly and are based on 0.75% of the first $300 million of the Gross Book Value ("**GBV**") of the portfolio. The variance in comparing the three months ended June 30, 2016 over the three months ended June 30, 2015 is largely due to the acquisition of The Whitby Mall and the Waterloo Industrial Portfolio.

Acquisition Fees are based on 0.75% of the first $300 million of aggregate Gross Book Value in respect of new properties acquired in a particular year. The variance in comparing the three months ended June 30, 2016 over the three months ended June 30, 2015 is due to the acquisition of The Whitby Mall.

Placement Fees are paid on financings undertaken by FCRPI and are based on 0.25% of the aggregate value of all debt and equity financings arranged. Placement fees for the six months ended June 30, 2015 relate to the $3.0 million private placement that closed on March 24, 2015 as outlined above.

Performance Incentive Fees are based on 15% of the excess once AFFO exceeds $0.40 per unit. The amount reported for the six months ended June 30, 2016 is largely due to the gain generated from the disposition of the two Centre Ice Retail Portfolio assets as outlined above.

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 six months ended June 30, 2016 and June 30, 2015, Property Management Fees were $333,543 and $265,661 and Commercial Leasing Fees were $40,841 and $60,041, respectively.

Property Management Fees are charged monthly. The variance in property management fees for the six months ended June 30, 2016 over the six months ended June 30, 2015 is largely due to the acquisition of the Waterloo Industrial Portfolio. Note that there are no property management fees payable to FCPI on managing The Whitby Mall as it is managed by third parties.

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 annual 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 June 30, 2016, December 31, 2015 and June 30, 2015, the ratio of such indebtedness to gross book value was 49.8%, 47.0% and 43.4%, respectively, which complies with the requirement in the Declaration of Trust and is consistent with the REIT's objectives.

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 throughout the three and six months ended June 30, 2016 and June 30, 2015.

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	$ 5,370,584	$ -	$ -	$ 5,370,584
Mortgages	4,737,197	12,502,352	48,849,695	66,089,244
Tenant Rental Deposits	213,738	122,920	549,819	886,477
Distribution Payable	400,236	-	-	400,236
Accounts Payable & Accrued Liabilities	2,629,211	-	-	2,629,211
	$ 13,350,966	**$ 12,625,272**	**$ 49,399,514**	**$ 75,375,752**

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 292,644 units reserved under the DRIP.

For the six months ended June 30, 2016 and June 30, 2015, 10,921 and 9,222 Trust Units were issued, respectively, from treasury for total gross proceeds of $64,980 and $51,313, 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 who is 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 six months ended June 30, 2016 and June 30, 2015, nil and 194 Trust Units were issued, respectively, from treasury for total gross proceeds of nil and $1,000, respectively, 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 condensed consolidated interim financial statements as at June 30, 2016 and June 30, 2015.

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 June 30, 2016 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 June 30, 2016. 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 six months ended June 30, 2016 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 applied by the Trust are described in note 2 of the Trust's consolidated financial statements for the years ended December 31, 2015 and December 31, 2014 and accordingly should be read in conjunction with them.

ESTIMATES

The preparation of the condensed consolidated interim financial statements requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities 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 audited consolidated financial statements for the year ended December 31, 2015, except as noted herein 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, 2015 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, 2016 and have not been applied in preparing these 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 liabilities. The amendments are effective for annual periods beginning on or after January 1, 2018 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, 2018.

IFRS 16 - Leases ("**IFRS 16**"). IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and

SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the statement of financial position with a "right of use" asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The accounting requirements from the perspective of the lessor remain largely in line with previous IAS 17 requirements. The effective date for IFRS 16 is January 1, 2019.

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

SUBSEQUENT EVENTS

The following are events that occurred subsequent to June 30, 2016:

- On July 12, 2016, the Trust announced a non-brokered private placement in which it would raise up to $6.0 million and issue up to 1.0 million Trust Units at a price of $6.00 per Trust Unit.

- On July 15, 2016, the Trust distributed monthly cash distributions of $0.035 per Trust Unit to unitholders of record at the close of business on June 30, 2016.

- On August 3, 2016, the Trust announced that it had closed the first tranche of a non-brokered private placement of approximately 1.1 million Trust Units for gross proceeds of approximately $6.3 million.

- On August 3, 2016, the Trust announced that it was increasing the amount of the non-brokered private placement as announced on July 12, 2016 to approximately 1.7 million Trust Units or gross proceeds of approximately $10.2 million.

- On August 10, 2016, the Trust announced that it has declared and approved monthly distributions in the amount of $0.035 per Trust Unit for unitholders of record on October 31, 2016, November 30, 2016 and December 30, 2016 payable on or about November 15, 2016, December 15, 2016 and January 16, 2017.

- On August 10, 2016, the Trust approved the future grant of 535,000 options to acquire Trust Units in the capital of the Trust. Each of the options will expire five years from the date of grant.

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 are 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 a requirement of our property managers to regularly inspect tenant premises.

- *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 are 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 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 are actually, or are perceived to be, in conflict with the interests of the 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 endeavors to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are 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

Management expects the continuation of regional differences within the Canadian economy in 2016, with stronger fundamentals in Eastern Canada offset by generally weaker fundamentals in Western Canada, particularly in the oil and gas based economies of Alberta and Saskatchewan. These regional differences will be tied to the underlying economic growth forecast of each region. Eastern industrial markets, (most notably Greater Toronto Region and Montreal) which have a heavier concentration of manufacturing and distribution uses, will benefit from stronger export fundamentals resulting from an attractively valued lower Canadian dollar, lower fuel prices and a recovering U.S. economy.

Management continues to believe that the Trust is well positioned with a strong balance sheet that was strengthened with a $6 million equity raise in Q3/2016. The acquisitions of The Whitby Mall that closed in Q2 and Thickson Place that will close in Q3 in partnership with First Capital Realty will enhance and diversify the Trust's cash flow. The Trust continues to maintain its cash liquidity to take advantage of opportunities as they arise. The Trust continues to target industrial, flex industrial, net lease convenience retail, multi-residential, core service provider and healthcare professional office assets across Canada. We expect to grow predominately through external acquisitions through the remainder of 2016 and into 2017 and will assess each acquisition 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 when feasible over the next several years.

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.