FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER 2017

JUNE 30, 2017

Condensed Consolidated Interim Financial Statements of

FIRM CAPITAL PROPERTY TRUST

For the Three and Six Months Ended June 30, 2017
(Unaudited)

FIRM CAPITAL PROPERTY TRUST

For the Three and Six Months Ended June 30, 2017
(Unaudited)

The accompanying unaudited condensed consolidated interim financial statements of Firm Capital Property Trust for the three and six months ended June 30, 2017 have been prepared by and are the responsibility of management. These unaudited condensed consolidated interim financial statements, together with the accompanying notes, have been reviewed and approved by members of Firm Capital Property Trust's audit committee. In accordance with National Instrument 51 – 102, Firm Capital Property Trust discloses that these unaudited condensed consolidated interim financial statements have not been reviewed by Firm Capital Property Trust's auditors.

FIRM CAPITAL PROPERTY TRUST

Condensed Consolidated Interim Balance Sheet
(Unaudited)

	Notes	June 30, 2017	December 31, 2016 (Audited)
Assets			
Non-Current Assets:			
Investment Properties	4	$ 167,595,738	$ 163,892,069
Current Assets:			
Accounts Receivable		1,780,219	1,850,498
Prepaid Expenses, Deposits & Other Assets		1,242,254	386,452
Cash & Cash Equivalents		-	615,352
Total Current Assets		3,022,473	2,852,302
Total Assets		$ 170,618,211	$ 166,744,371
Liabilities & Unitholders' Equity			
Current Liabilities:			
Distribution Payable		$ 466,767	$ 464,690
Accounts Payable & Accrued Liabilities	5	3,289,129	3,791,372
Bank Indebtedness	6	135,871	-
Mortgages	7	11,015,878	3,825,387
Tenant Rental Deposits		250,170	-
Total Current Liabilities		15,157,815	8,081,449
Non-Current Liabilities			
Tenant Rental Deposits		775,611	966,415
Mortgages	7	72,074,598	80,294,340
Total Non-Current Liabilities		72,850,209	81,260,755
Total Liabilities		88,008,024	89,342,204
Unitholders' Equity		82,610,187	77,402,167
Total Liabilities and Unitholders' Equity		$ 170,618,211	$ 166,744,371
Commitments & Contingencies	15		
Subsequent Events	18		

See accompanying Notes to Condensed Consolidated Interim Financial Statements.

Approved by the Board of Trustees

(signed) "*Robert McKee*"	(signed) "*Sandy Poklar*"
Robert McKee	Sandy Poklar
CEO & Trustee	CFO & Trustee

FIRM CAPITAL PROPERTY TRUST

Condensed Consolidated Interim Statements of Income and Comprehensive Income
For the Three and Six Months Ended June 30, 2017 and June 30, 2016
(Unaudited)

	Notes	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net Operating Income					
Rental Revenue	9	$ 4,660,305	$ 3,804,157	$ 9,458,502	$ 7,443,814
Property Operating	11	(1,792,175)	(1,556,485)	(3,910,094)	(3,130,105)
		$ 2,868,130	$ 2,247,672	$ 5,548,408	$ 4,313,709
Other Income					
Interest & Dividend Income		65	14,645	65	34,616
		$ 65	$ 14,645	$ 65	$ 34,616
Expenses:					
Finance Costs	10	725,185	598,848	1,421,644	1,203,456
General & Administrative	11	508,923	332,023	933,826	759,931
Unit-Based Compensation Expense	8(f)	164,032	112,973	126,216	92,197
		$ 1,398,140	$ 1,043,844	$ 2,481,686	$ 2,055,584
Income Before Fair Value Adjustments		$ 1,470,055	$ 1,218,473	$ 3,066,787	$ 2,292,741
Fair Value Adjustments and Other:					
Gain on Sale of Investment Properties	4	370,493	-	370,493	931,000
Investment Properties	4	3,331,150	40,205	3,961,964	119,956
Marketable Securities		-	(336)	-	(3,492)
Net Income & Comprehensive Income		$ 5,171,698	$ 1,258,342	$ 7,399,242	$ 3,340,205

See accompanying Notes to Condensed Consolidated Interim Financial Statements.

FIRM CAPITAL PROPERTY TRUST

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity
For the Periods Ended June 30, 2017 and June 30, 2016
(Unaudited)

	Notes	Trust Units (Note 8)	Retained Earnings	Unitholders' Equity
Unitholders' Equity, December 31, 2015		$ 57,648,489	$ 9,567,855	$ 67,216,344
Issuance Costs		(11,414)	-	(11,414)
Issuance of Units from Distribution Reinvestment Plan	8(g)	64,980	-	64,980
Net Income & Comprehensive Income		-	3,340,205	3,340,205
Distributions	8(h)	-	(2,400,162)	(2,400,162)
Unitholders' Equity, June 30, 2016		$ 57,702,055	$ 10,507,898	$ 68,209,953
Issuance of Units, Net of Issuance Costs	8(c),(d)	7,014,807	-	7,014,807
Options Exercised	8(e)	125,000	-	125,000
Issuance of Units from Distribution Reinvestment Plan	8(g)	121,091	-	121,091
Net Income & Comprehensive Income		-	4,625,914	4,625,914
Distributions	8(h)	-	(2,694,598)	(2,694,598)
Unitholders' Equity, December 31, 2016		$ 64,962,953	$ 12,439,214	$ 77,402,167
Options Exercised	8(e)	528,000	-	528,000
Issuance of Units from Distribution Reinvestment Plan	8(g)	81,722	-	81,722
Net Income & Comprehensive Income		-	7,399,242	7,399,242
Distributions	8(h)	-	(2,800,944)	(2,800,944)
Unitholders' Equity, June 30, 2017		$ 65,572,675	$ 17,037,512	$ 82,610,187
Trust Units Outstanding				12,791,889

See accompanying Notes to Condensed Consolidated Interim Financial Statements.

FIRM CAPITAL PROPERTY TRUST

Condensed Consolidated Interim Statements of Cash Flows
For the Three and Six Months Ended June 30, 2017 and June 30, 2016
(Unaudited)

		Three Months Ended		Six Months Ended	
	Notes	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Cash Flows from (used in) Operating Activities					
Net Income		$ 5,171,698	$ 1,258,342	$ 7,399,242	$ 3,340,205
Fair Value Adjustments:					
Investment Properties	4	(3,331,150)	(40,205)	(3,961,964)	(119,956)
Marketable Securities		-	336	-	3,492
Gain on Sale of Investment Properties	4	(370,493)	-	(370,493)	(931,000)
Unit-Based Compensation Recovery	8(f)	164,032	112,973	126,216	92,197
Finance Costs, Net of Interest & Dividends		725,120	584,203	1,421,579	1,168,840
Finance Fee Amortization	10	83,845	44,827	153,114	89,020
Non-Cash Interest Expense	10	(18,630)	(19,479)	(37,476)	(39,165)
Straight Line Rent Adjustment		(44,993)	(23,212)	(154,764)	(45,776)
Free Rent, Net of Amortization		6,958	(14,533)	4,469	(12,966)
Change in Non-Cash Operating Working Capital:					
Accounts Receivable		14,375	(127,891)	220,574	(200,426)
Prepaid Expenses & Other Assets		(504,313)	(1,140,709)	(855,802)	(1,174,810)
Restricted Cash		-	-	-	123,709
Accounts Payable and Accrued Liabilities		193,547	92,377	(628,459)	92,178
Tenant Rental Deposits		56,725	10,838	59,366	(25,593)
Interest Accrual		(1,064)	(2,432)	(2,708)	(13,297)
		$ 2,145,658	$ 735,435	$ 3,372,897	$ 2,346,652
Cash Flows from (used in) Financing Activities					
Issuance of Units, Net of Issuance Costs	8	317,394	64,997	609,722	53,566
Mortgages, Advances	7	-	-	-	16,555,000
Mortgages, Repayments	7	(578,504)	(482,286)	(1,145,454)	(13,043,831)
Cash Interest Paid, Net of Other Income		(724,056)	(581,771)	(1,418,872)	(1,155,543)
Cash Distributions Paid		(1,404,566)	(1,200,031)	(2,798,303)	(2,399,874)
		$ (2,389,732)	$ (2,199,091)	$ (4,752,907)	$ 9,318
Cash Flows from (used in) Investing Activities					
Net Proceeds From Sale of Investment Properties	4	1,036,893	-	1,036,893	2,698,500
Capital Expenditures (Incl. Closing Costs)	3,4	(317,659)	(14,319,349)	(408,106)	(14,369,744)
Marketable Securities		-	-	-	(2,686)
		$ 719,234	$(14,319,349)	$ 628,787	$(11,673,930)
Increase / (Decrease) in Cash & Cash Equivalents		475,160	(15,783,005)	(751,223)	(9,317,960)
Cash & Cash Equivalents / (Bank Indebtedness), Beginning of Period		(611,031)	10,412,421	615,352	3,947,376
Cash & Cash Equivalents / (Bank Indebtedness), End of Period		$ (135,871)	$ (5,370,584)	$ (135,871)	$ (5,370,584)

See accompanying Notes to Condensed Consolidated Interim Financial Statements.

1. The Trust

Firm Capital Property Trust (the ‘‘Trust’’ or the “REIT”) is an unincorporated open-ended real estate investment trust established on August 30, 2012 under the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated November 20, 2012. The Trust is a “mutual fund trust” as defined in the Income Tax Act (Canada), 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. These condensed consolidated interim financial statements were approved by the Board of Trustees on August 10, 2017.

The Trust owns 100% of the outstanding Class A Limited Partnership Units of Firm Capital Property Limited Partnership (“FCPLP”), a limited partnership created under the laws of the Province of Ontario. FCPLP ultimately owns the investment properties through various subsidiaries. The Trust is the reporting issuer trading on the TSX Venture Exchange under the ticker symbol FCD.UN.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and note disclosures normally included in the consolidated annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed and accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Trust as at and for the year ended December 31, 2016. The condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the consolidated annual financial statements for the year ended December 31, 2016. These condensed consolidated interim financial statements have not been audited or reviewed.

(b) Basis of Consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Trust and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting periods as the Trust, using consistent accounting policies. All intercompany balances, transactions and unrealized gains and losses arising from intercompany transactions are eliminated on consolidation.

(c) Basis of Presentation, Measurement and Significant Accounting Policies

The condensed consolidated interim financial statements are prepared on a going concern basis and have been presented in Canadian dollars, which is the Trust’s functional currency. The condensed consolidated interim financial statements are prepared on the historical cost basis with the exception of investment properties, marketable securities, cash and cash equivalents and the liabilities related to unit based compensation expense, which are measured at fair value. The accounting policies have been applied consistently as presented in the audited consolidated financial statements as at December 31, 2016. Standards issued but not yet effective for the current accounting period are described in note 2(f).

(d) 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 at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The critical accounting estimates have been set out in its audited consolidated financial statements for the year ended December 31, 2016.

(e) Critical Judgments

Critical judgments have been set out in the audited consolidated financial statements for the year ended December 31, 2016 and accordingly should be read in conjunction with them.

(f) 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, 2018 and have not been applied in preparing these condensed consolidated interim financial statements. A summary of these standards is as follows:

i. 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.

ii. 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 ("FVTPL"). 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.

iii. 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 15 is to be applied retrospectively for annual periods beginning on or after January 1, 2018.

iv. 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 balance sheet 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.

With respect to the above noted changes in accounting standards, it is not yet possible to determine the impact that these standards will have on the Trust's condensed consolidated interim financial statements. The Trust anticipates that it will be in a position to report on these changes in this year's audited consolidated financial statements.

(g) New Changes in Accounting Policies

A new amendment to standard IAS 7 – Statement of Cash Flows ("IAS 7") became effective for annual periods beginning on or after January 1, 2017 and have been applied in preparing these condensed consolidated interim financial statements. A summary of this amendment is as follows:

i. IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016. The amendment enhances disclosure requirements to aid financial statement users in evaluating the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes financial assets and the offsetting of financial assets and liabilities.

Please refer to note 7 of these condensed consolidated interim financial statements for this amendment.

3. Acquisition of Investment Properties

On June 9, 2016, the Trust acquired a 40% undivided interest in a mixed-use commercial property comprised of 374,811 square feet located in Whitby, Ontario ("The Whitby Mall"). The total acquisition cost for the Trust's 40% interest in the The Whitby Mall was $14,745,834 (including transaction costs). In addition, prepaid expenses of $35,024, net of accounts payable of $328,878 and tenant rental deposits of $107,325 were assumed as part of the acquisition. The remaining 60% was acquired by a publicly-traded real estate corporation (50%) and a private syndicate group (10%), which may include certain trustees of the Trust.

On September 29, 2016, the Trust acquired a 40% undivided interest in a retail property comprised of 104,808 square feet located in Whitby, Ontario ("Thickson Place"). The total acquisition cost for the Trust's 40% interest in the Thickson Place was $16,199,141 (including transaction costs). In addition, prepaid expenses of $82,913, net of tenant rental deposits of $36,719 were assumed as part of the acquisition. The remaining 60% was acquired by a publicly-traded real estate corporation (50%) and a private syndicate group (10%), which may include certain trustees of the Trust.

On November 1, 2016, the Trust closed on an acquisition of a 100% interest in a retail property comprised of 16,372 square feet located in Moncton, New Brunswick. The total acquisition cost for the Trust's 100% interest was $4,798,868 (including transaction costs). In addition, prepaid expenses of $20,231, net of tenant rental deposits of $36,589 were assumed as part of the acquisition.

The acquisitions have been accounted for as asset acquisitions using the acquisition method, with the results of operations included in the Trust's accounts from the date of acquisition. Net assets acquired during the respective periods are as follows:

		Period Ended June 30, 2017		Year Ended December 31, 2016
Investment Properties, including Acquisition Costs	$	-	$	35,743,843
Accounts Receivable		-		-
Prepaid Expenses		-		138,168
Accounts Payable		-		(328,878)
Tenant Rental Deposits		-		(180,633)
Assumed Mortgage at Fair Value		-		-
Net Assets Acquired	$	-	$	35,372,500
Consideration Paid, Funded By:				
Cash & Bank Indebtedness	$	-	$	35,372,500
	$	-	$	35,372,500

4. Investment Properties

		Retail & Commercial		Core Service Provider Office		Industrial		Multi-Residential		Total
Balance, December 31, 2015	$	57,459,961	$	6,909,484	$	57,405,995	$	5,738,538	$	127,513,978
Acquisitions		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
Acquisitions		21,085,828		-		-		-		21,085,828
Capital Expenditures		167,068		34,224		200,623		5,728		407,643
Fair Value Adjustment		(44,176)		(328,555)		2,150,973		(16,999)		1,761,243
Balance, December 31, 2016	$	91,800,587	$	6,511,841	$	59,852,374	$	5,727,267	$	163,892,069
Dispositions		(666,400)		-		-		-		(666,400)
Capital Expenditures		84,947		(4,524)		310,601		17,081		408,106
Fair Value Adjustment		3,481,244		(107,039)		90,690		497,069		3,961,964
Balance, June 30, 2017	$	94,700,378	$	6,400,278	$	60,253,665	$	6,241,416	$	167,595,738

For the period ended June 30, 2017, senior management of the Trust valued the Investment Properties using the overall capitalization method. Investment properties are valued on a highest and best use basis. For all of the Trust's investment properties the current use is considered the best use. Fair value was determined by applying a capitalization rate to stabilized net operating income ("Stabilized NOI"). Stabilized NOI incorporates allowances for vacancy, management fees and structural reserves for tenant inducements and capital expenditures and is capped at a rate deemed appropriate for each investment property. Capitalization rates are based on many factors, including but not limited to the asset location, type, size and quality of the asset and taking into account any available market data at the valuation date.

Investment Properties measured at fair value are categorized by level according to the inputs used. The Trust has classified these inputs as Level 3. With the exception of the acquisition and dispositions of investment properties as further described in note 3 of these condensed consolidated interim 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, 2017	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Weighted Average
Capitalization Rate Range	5.0% - 7.25%	7.00%	6.50% - 6.75%	5.00%	6.49%
Weighted Average Capitalization Rate	6.47%	7.00%	6.62%	5.00%	6.49%
NOI	$ 1,051,512	$ 448,019	$ 1,996,970	$ 312,071	$ 1,341,833

Year Ended December 31, 2016	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Weighted Average
Capitalization Rate Range	5.01% - 7.50%	7.00%	6.50% - 7.00%	5.50%	6.58%
Weighted Average Capitalization Rate	6.51%	7.00%	6.74%	5.50%	6.58%
NOI	$ 1,019,929	$ 455,829	$ 2,017,384	$ 315,000	$ 1,338,263

The fair value of the Trust's investment properties is sensitive to changes in the significant unobservable inputs. Changes in certain inputs would result in a change to the fair value of the Trust's investment properties as set out in the following table:

Weighted Average		Increase/(Decrease) in Valuation
- Capitalization Rate	25 basis point increase	$ (6,100,000)
- Capitalization Rate	25 basis point decrease	6,610,000

Generally, an increase in NOI will result in an increase to the fair value of an investment property. An increase in the capitalization rate will result in a decrease to the fair value of an investment property. The capitalization rate magnifies the effect of a change in stabilized NOI.

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, a gain of approximately $0.9 million was generated from the sale of these two properties.

On May 12, 2017, the Trust completed the sale of one of its Centre Ice Retail properties located in North Bay, Ontario to a third party for gross proceeds of approximately $1.1 million ($1.0 million net of closing costs). As a result, a gain of approximately $0.4 million was generated from the sale.

5. Accounts Payable & Accrued Liabilities

Accounts payable and accrued liabilities as at June 30, 2017 and as at December 31, 2016 are $3,289,129 and $3,791,372, respectively, and consist of the following:

		June 30, 2017		December 31, 2016
Professional Fees	$	69,200	$	73,932
Utilities, Repairs & Maintenance, Other		2,131,197		2,697,332
Due to Asset & Property Manager (notes 12(a) and 12(b))		184,912		239,796
Accrued Interest Expense		152,993		155,701
Option Liabilities (note 8(f))		750,827		624,611
Accounts Payable & Accrued Liabilities	$	3,289,129	$	3,791,372

6. 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, 2017 and December 31, 2016 were $135,871 and nil, respectively.

7. Mortgages

As at June 30, 2017, total outstanding mortgages stood at $83,090,476 ($84,119,727 as at December 31, 2016), net of unamortized financing costs of $362,570 ($428,282 as at December 31, 2016), offset by a $228,994 ($266,469 as at December 31, 2016) fair value adjustment with a weighted average interest rate of approximately 3.1% (3.1% as at December 31, 2016) and weighted average repayment term of approximately 3.1 years (3.6 years as at December 31, 2016). The mortgages are repayable as follows:

		Scheduled Principal Repayments		Debt Maturing During The Period		Total Mortgages Payable		Scheduled Interest Payments
2017	$	1,074,836	$	1,750,000	$	2,824,836	$	1,279,941
2018		1,879,652	$	21,874,564		23,754,216		2,115,769
2019		1,511,255	$	9,500,000		11,011,255		1,571,250
2020		1,142,578	$	17,326,664		18,469,242		1,065,398
2021		342,914	$	16,375,048		16,717,962		413,136
Thereafter		1,177,791	$	9,268,749		10,446,540		1,166,083
Face Value	$	7,129,026	$	76,095,025	$	83,224,052	$	7,611,577
Unamortized Financing Costs						(362,570)		
Fair Value Adjustment on Assumed Mortgages						228,994		
Total Mortgages					$	83,090,476		

		June 30, 2017		December 31, 2016
Current:				
Mortgages	$	11,061,599	$	3,882,398
Unamortized Financing Costs		(118,047)		(131,092)
Fair Value Adjustment on Assumed Mortgages		72,326		74,081
	$	11,015,878	$	3,825,387
Non-Current:				
Mortgages	$	72,162,453	$	80,399,142
Unamortized Financing Costs		(244,522)		(297,190)
Fair Value Adjustment on Assumed Mortgages		156,668		192,388
	$	72,074,598	$	80,294,340
Total Mortgages	$	83,090,476	$	84,119,727

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.

On September 9, 2016, the Trust refinanced the first mortgage that encumbered one of the Montreal Industrial properties with a new first mortgage with a Canadian Chartered Bank. The $4.5 million first mortgage is a fixed 2.72% interest rate mortgage that matures on August 1, 2018. The Trust's pro-rata share of the new first mortgage is $2.25 million. As a result of the refinancing, the Trust received net cash proceeds of approximately $0.2 million.

On September 27, 2016, the Trust financed The Whitby Mall with a non-revolving senior secured term credit facility with a Canadian Chartered Bank. The $23.8 million first mortgage is a variable rate loan with an interest rate based on the Canadian Chartered Bank's Prime Lending Rate or Bankers Acceptance Rate plus a spread. The Trust's pro-rata share of the new first mortgage is $9.5 million. As a result of the financing, the Trust received net cash proceeds of approximately $9.5 million.

The following table sets out an analysis of net debt and the movements in net debt for the period ended June 30, 2017:

		Cash & Cash Equivalents / (Bank Indebtedness)		Mortgages		Net Debt
As at December 31, 2016	$	615,352	$	(84,119,727)	$	(83,504,375)
Cash Flows		455,806		1,145,454		1,601,260
Non Cash Changes		(1,207,029)		(116,203)		(1,323,232)
As at June 30, 2017	$	(135,871)	$	(83,090,476)	$	(83,226,347)

8. Unitholders' Equity

(a) Issued & Outstanding

	Number of Units		Amount
Balance, December 31, 2015	11,427,076	$	57,648,489
Less: Issue Costs			(11,414)
Issuance of Units from Distribution Reinvestment Plan (note 8(g))	10,921	$	64,980
Balance, June 30, 2016	11,437,997	$	57,702,055
Non-Brokered Private Placement (note 8(c))	951,634		5,709,804
Non-Brokered Private Placement (note 8(d))	238,900		1,433,400
Options Exercised (note 8(e))	25,000		125,000
Less: Issue Costs	-		(128,397)
Issuance of Units from Distribution Reinvestment Plan (note 8(g))	20,060		121,091
Balance, December 31, 2016	12,673,591	$	64,962,953
Options Exercised (note 8(e))	105,000		528,000
Issuance of Units from Distribution Reinvestment Plan (note 8(g))	13,298		81,722
Balance, June 30, 2017	12,791,889	$	65,572,675

(b) Authorized

In accordance with the Declaration of Trust, the Trust may issue an unlimited number of units (the "Trust Units"). The Board of Trustees of the Trust has discretion in respect to the timing and amounts of distributions. Each Unitholder is entitled on demand to redeem all or any part of the Trust Units registered in the name of the Unitholder at prices determined and payable in accordance with the conditions provided for in the Declaration of Trust.

Trust Units are redeemable at any time, in whole or in part, on demand by the Unitholders. Upon receipt of the redemption notice by the Trust, all rights to and under the Trust Units tendered for redemption shall be surrendered and the Unitholders shall be entitled to receive a price per Trust Unit equal to the lesser of:

i. 90% of the "market price" of the Trust Units on the Exchange or market on which the Units are listed or quoted for trading during the ten consecutive trading days ending immediately prior to the date on which the Trust Units were surrendered for redemption; and

ii. 100% of the "closing market price" on the Exchange or market or on which the Trust Units are listed or quoted for trading on the redemption date.

The total amount payable by the Trust, in respect of any Trust Units surrendered for redemption during any calendar month, shall not exceed $50,000 unless waived at the discretion of the Trustees and be satisfied by way of a cash payment in Canadian dollars within 30 days after the end of the calendar month In which the Trust Units were tendered for redemption. To the extent the Redemption Price payable in respect of Trust Units surrendered for redemption exceeds $50,000 in any given month, such excess will be redeemed for cash, and by a distribution in specie of assets held by the Trust on a pro rata basis.

(c) Non-Brokered Private Placement
On July 28, 2016, the Trust completed a non-brokered private placement of Trust Units. 951,634 Trust Units were issued at a price of $6.00 per Trust Unit for gross proceeds of approximately $5.7 million.

(d) Non-Brokered Private Placement
On August 31, 2016, the Trust completed a non-brokered private placement of Trust Units. 238,900 Trust Units were issued at a price of $6.00 per Trust Unit for gross proceeds of approximately $1.4 million.

(e) Options Exercised
The following option exercises occurred during the period ended June 30, 2017 and December 31, 2016, respectively:

On November 14, 2016, a Trustee of the Trust exercised 25,000 Trust unit options at a weighted average price of $5.00 per Trust Unit for gross proceeds of approximately $0.1 million.

On March 27, 2017, a Trustee of the Trust exercised 25,000 Trust unit options at a weighted average price of $5.00 per Trust Unit for gross proceeds of approximately $0.1 million.

On March 31, 2017, a member of management of the Trust exercised 15,000 Trust unit options at a weighted average price of $5.00 per Trust Unit for gross proceeds of approximately $0.1 million.

On March 31, 2017, a member of management of the Trust exercised 10,000 Trust unit options at a weighted average price of $5.30 per Trust Unit for gross proceeds of approximately $0.05 million.

On April 30, 2017, a member of management of the Trust exercised 55,000 Trust unit options at a weighted average price of $5.00 per Trust Unit for gross proceeds of approximately $0.3 million.

(f) Unit-Based Compensation Plan
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, 2017, the Trust has 1,097,500 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, 25,000 were exercised during 2016 (see note 8(e)) and 95,000 were exercised during 2017 (see note 8(e)), leaving a balance of 287,500 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. During the period ended March 31, 2017, 10,000 of these options were exercised (see note 8(e)), leaving a balance of 275,000 options.

On August 15, 2016, the Trust granted 535,000 Trust unit options at a weighted average exercise price of $6.05 per Trust Unit. The unit options fully vested on the date of grant and expire on August 15, 2021.

Unit-based expense relates to the aforementioned unit options and stands at $164,032 and $126,216 for the three and six months ended June 30, 2017 ($112,973 and $92,197 for the three and six months ended June 30, 2016). Unit-based compensation was determined using the Black-Scholes Model and based on the following assumptions:

	Six Months Ended June 30, 2017	**Six Months Ended June 30, 2016**
Expected Option Life (Years)	1.0	1.0
Risk Free Interest Rate	0.96%	0.51%
Distribution Yield	6.98%	7.06%
Expected Volatility	20.00%	20.00%

Expected volatility is based in part 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.

(g) Distribution Reinvestment Plan (“DRIP”) and Unit Purchase Plan (“UPP”)

The Trust has both a DRIP and UPP currently in place. Under the terms of the DRIP, the Trust’s Unitholders may elect to automatically reinvest all or a portion of their regular monthly distributions in additional Trust Units, without incurring brokerage fees or commissions. Trust 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. Trust Units purchased through the DRIP will be acquired either in the open market or be issued directly from the Trust’s treasury based on a floor price to be set at the discretion of the Board of Trustees.

The UPP gives each Unitholder resident in Canada the right to purchase additional Trust Units. Unitholders who elect to receive Trust Units under the DRIP may also enroll in the Trust’s UPP. Under the terms of the UPP, Trust 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 Trust Units that may be issued may not exceed 2% of the Trust Units of the Trust per annum.

For the six months ended June 30, 2017 and June 30, 2016, 13,298 and 10,921 Trust Units were issued, respectively, from treasury for total gross proceeds of $81,722 and $64,980, respectively, to Unitholders who elected to receive their distributions under the DRIP.

(h) Distributions

For the six months ended June 30, 2017, distributions of $0.036666 per unit were declared each month commencing in January, 2017 through to June, 2017, resulting in total distributions declared of $2,800,944. 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.

9. Revenue

The Trust currently leases real estate to tenants under operating leases. Future minimum rental income on tenant operating leases over their remaining lease terms is as follows:

Revenue	
Within one year	$ 10,532,080
Later than one year and not longer than five years	23,424,562
Thereafter	5,627,248
	$ 39,583,890

10. Finance Costs

Finance Costs for the three and six months ended June 30, 2017 and June 30, 2016 are as follows:

	Three Months Ended		**Six Months Ended**	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Mortgage Interest	$ 652,752	$ 550,907	$ 1,294,533	$ 1,121,036
Bank Indebtedness Interest	7,219	22,593	11,473	32,565
Finance Fee Amortization	83,845	44,827	153,114	89,020
Non-Cash Interest Expense	(18,631)	(19,479)	(37,476)	(39,165)
Finance Costs	$ 725,185	$ 598,848	$ 1,421,644	$ 1,203,456

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.

11. Property Operating and General & Administrative Expenses

Property operating expenses include realty taxes as well as other costs related to maintenance, HVAC, insurance, utilities and property management fees. General & Administrative expenses include professional fees, public company expenses, office and general, insurance and asset management fees.

Property operating and General & Administrative expenses for the three and six months ended June 30, 2017 and June 30, 2016 are as follows:

	Three Months Ended		**Six Months Ended**	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Realty Taxes	$ 915,515	$ 774,660	$ 1,946,856	$ 1,558,285
Property Management Fees (note 12(b))	225,005	188,911	418,503	374,384
Operating Expenses	651,655	592,914	1,544,735	1,197,436
Property Operating Expenses	$ 1,792,175	$ 1,556,485	$ 3,910,094	$ 3,130,105

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Asset Management Fees (note 12(a))	387,074	224,300	$ 703,104	$ 561,397
Public Company Expenses	40,435	36,672	76,623	73,298
Office & General	78,645	68,283	148,562	119,699
Insurance	2,769	2,768	5,537	5,537
General & Administrative	$ 508,923	$ 332,023	$ 933,826	$ 759,931

12. Related Party Transactions

(a) Asset Management Agreement

The Trust has entered into an Asset Management Agreement with Firm Capital Realty Partners Inc. (“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.

As part of the Agreement, FCRPI agrees to provide the following services which include but are not limited to the following: (i) arrange financing, refinancings and structuring of financings for the Trust’s Investment Properties and future acquisitions; (ii) identify, recommend and negotiate the purchase price for acquisitions and dispositions; (iii) prepare budgets and financial forecasts for the Trust and future acquisitions; (iv) provider of services of senior management including the CEO and CFO; (v) assist in investor relations for the Trust; (vi) assist the Trust with regulatory and financial reporting requirements (other than services provided by the CFO of the Trust); (vii) assist the Trust with the preparation of all documents, reports data and analysis required by the Trust for its filings and documents necessary for its continuous disclosure requirements pursuant to applicable stock exchange rules and securities laws; (viii) attend meetings of Trustees or applicable committees, as requested by the Trust, to present financing opportunities, acquisition opportunities and disposition opportunities; and (ix) arrange and coordinate advertising, promotional, marketing and related activities on behalf of the Trust.

As compensation for the services, FCRPI is paid the following fees:

i. Asset Management Fees: The Trust pays the following fees annually:

  I. 0.75% of the first $300 million of the Gross Book Value of the Properties; and
  II. 0.50% of the Gross Book Value of the Properties in excess of $300 million.

ii. Acquisition Fees: The Trust pays the following acquisition fees:

  I. 0.75% of the first $300 million of aggregate Gross Book Value in respect of new properties acquired in a particular year;
  II. 0.65% of the next $200 million of aggregate Gross Book Value in respect of new properties acquired in such year; and thereafter
  III. 0.50% of the aggregate Gross Book Value of new properties acquired in such year.

iii. Performance Incentive Fees: The Trust pays a fee equivalent to 15% of Adjusted Funds From Operations (“AFFO”) once AFFO exceeds $0.40 per Unit.

iv. Placement Fees: The Trust pays a fee equivalent to 0.25% of the aggregate value of all debt and equity financing arranged by FCRPI.

In addition to the fees outlined above, FCRPI is entitled to reimbursement of all actual expenses incurred in performing its responsibilities under the Asset Management Agreement.

For the six months ended June 30, 2017 and June 30, 2016, Asset Management Fees were $584,202 and $419,316; Acquisition Fees were nil and $107,250; Placement Fees were nil and nil; Performance Incentive Fees were $118,902 and $142,081, respectively.

Asset Management and Performance Incentive Fees are recorded in General & Administrative Expenses while Acquisition and Placement Fees are capitalized to Investment Properties, Mortgages and Unitholders' Equity on the condensed consolidated interim Balance Sheet.

As at June 30, 2017, $118,902 ($150,675 as at June 30, 2016) was due to FCRPI and has been accounted for in accounts payable and accrued liabilities.

(b) Property Management Agreement

The Trust has entered into a Property Management Agreement with Firm Capital Properties Inc. ("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.

As part of the Agreement, FCPI agrees to provide the following services which include but are not limited to the following: (i) lease the Properties and to obtain tenants from time to time as vacancies occur; (ii) to establish the rent, the duration, the terms and conditions of all leases and renewals thereof; (iii) to enter into agreements to lease and offers to lease in respect of the Properties; (iv) collect all rents, including parking revenues, tenant recoveries, leasehold recoveries and any other revenues or monies accruing to the Properties, or sums which may be receipts due and payable in connection with or incidental to the Properties; (v) maintain the Properties in reasonable operating condition and repair, (vi) arrange for and supervise the making or installation of such maintenance, repairs, improvements (including tenant improvements) and alterations as may be required; (vii) maintain all licenses and permits as required; (viii) collect all rents; (ix) recover all operating costs as required under various tenant lease arrangements; (x) prepare all property operating and capital expenditure budgets; and (xi) undertake, supervise and budget all tenant improvements, construction projects and alterations.

As compensation for the services, FCPI is paid the following fees:

(a) Property Management Fees: The Trust pays the following fees annually:

I. Multi-Unit Residential Properties: For each multi-unit residential property with 120 units or less, a fee equal to four percent (4.0%) of Gross Revenues and for each multi-unit residential property with more than 120 units, a fee equal to three and one half percent (3.5%) of Gross Revenues.

II. Industrial & Commercial Properties: Fee equal to four and one quarter percent (4.25%) of Gross Revenues from the property; provided, however, that for such properties with a single tenant, the fee shall be equal to three percent (3.0%) of Gross Revenues.

(b) Commercial Leasing Fees: Where FCPI leases a rental space on commercial terms, FCPI shall be entitled to receive a leasing commission equal to three percent (3.0%) of the net rental payments for the first year of the lease, and one and one half percent (1.5%) of the net rental payments for each year during the balance of the duration of the lease; provided, however, that where a third party broker arranges for the lease of any such property that is not subject to a long term listing agreement, FCPI shall be entitled to reduced commission equal to 50% of the foregoing amounts with respect to such property. No leasing fees will be paid for relocating existing tenants, rewriting leases or expenditures, including the cost of all permits, materials, labour, contracts, and holding over without a lease unless the area or length of term has increased.

(c) Commercial Leasing Renewal Fees: Renewals of space leased on commercial terms (including lease renewals at the option of the tenant) which are handled exclusively by FCPI shall be subject to a commission payable to FCPI of one half of one percent (0.50%) of the net rental payments for each year of the renewed lease.

(d) Construction Development Property Management Fees: Where FCPI is requested by the Trust to construct tenant improvements or to renovate same, or where FCPI is requested by the Trust to construct, modify, or reconstruct improvements to, or on, the Properties (collectively, “Capital Expenditures”), FCPI shall receive as compensation for its services with respect thereto a fee equal to five percent (5.0%) of the cost of such Capital Expenditures, including the cost of all permits, materials, labour, contracts, and subcontracts; provided, however, that no such fee shall be payable unless the Capital Expenditures are undertaken following a tendering or procurement process where the total cost of Capital Expenditures exceeds $50,000.

In addition to the fees outlined above, FCPI is entitled to reimbursement of all actual expenses incurred in performing its responsibilities under the Property Management Agreement.

For the six months ended June 30, 2017 and June 30, 2016, Property Management Fees were $378,026 and $333,543 and Commercial Leasing Fees were $40,477 and $40,841, respectively.

As at June 30, 2017, $66,010 ($49,465 as at June 30, 2016) was due to FCPI and has been accounted for in accounts payable and accrued liabilities.

(c) Lease Agreement

On August 1, 2013, FCPI entered into a lease agreement with the entity that owns the Montreal Industrial Portfolio to lease office space on commercially available terms. For the three and six months ended June 30, 2017, $5,580 and $11,160 ($5,580 and $11,160 for the three and six months ended June 30, 2016) of base rent was paid on this lease.

(d) The Whitby Mall Acquisition

Upon acquisition of The Whitby Mall during 2016, the co-owners purchased from a member of senior management and the board of trustees of the Trust (“Original Purchaser”) their interest in The Whitby Mall for $750,000. The amount was negotiated between the potential Original Purchaser and a third party arms length to the Trust, prior to the Trust agreeing to participate in the acquisition and the Trust assumed this arrangement.

13. Income Taxes

The Trust currently qualifies as a mutual fund trust and a real estate investment trust (“REIT”) for Canadian income tax purposes. Under current tax legislation, income distributed annually by the Trust to unitholders is a deduction in the calculation of its taxable income. As the Trust intends to distribute all of its taxable income to its unitholders, the Trust does not record a provision for current Canadian income taxes.

The Income Tax Act contains legislation affecting the tax treatment of a specified investment flow-through (“SIFT”) trust or partnership (the “SIFT Rules”). A SIFT includes a publicly-listed or traded partnership or trust, such as an income trust.

Under the SIFT Rules, certain distributions from a SIFT are not deductible in computing a SIFT’s taxable income, and a SIFT is 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 tax.

The SIFT Rules do not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the “REIT Conditions”). The REIT has reviewed the REIT Conditions and has assessed their interpretation and application to the REIT’s assets and revenues. The REIT believes that it has met the REIT Conditions throughout the three and six months ended June 30, 2017 and June 30, 2016. As a result, the REIT does not recognize any deferred income tax assets or liabilities for income tax purposes.

14. Key Management Personnel

Key management personnel include all senior management of the Trust employed by FCRPI and FCPI and Trustees of the Trust. Management salaries are payable by FCRPI under the Asset Management Agreement as reflected in note 12(a).

15. Commitments & Contingencies

For the three and six months ended June 30, 2017 and June 30, 2016, the Trust had no material commitments and contingencies other than those outlined in notes 12(a) and 12(b).

16. 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, 2017 and June 30, 2016, the ratio of such indebtedness was 48.8% and 49.8%, 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, 2017 and June 30, 2016.

17. Risk Management & Fair Value of Financial Instruments

A. Risk Management:
In the normal course of business, the Trust is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

I. Market Risk

Interest Rate Risk:

The Trust is exposed to interest rate risk on its borrowings. It minimizes the risk by restricting debt to 75% of the GBV of the Trust's assets. The Trust has its bank indebtedness and three mortgage financings under variable rate terms. The following table outlines the impact on interest expense of a 100 basis point increase or decrease in interest rates on the REIT's variable rate debt:

Impact on Interest Expense	June 30, 2017	June 30, 2016
Bank Indebtedness	1,359	53,706
Mortgages	130,553	37,630
	$ 131,912	$ 91,336

II. Credit Risk

The Trust's maximum exposure to credit risk is equivalent to the carrying value of accounts receivable.

The Trust is exposed to credit risk as an owner of real estate in that tenants may become unable to pay the contracted rents. Management mitigates this risk by carrying out appropriate credit checks and related due diligence on the significant tenants. The Trust's properties are diversified across a number of Canadian provinces and numerous tenants. The receivable balance consists largely of tenant receivables and Harmonized Sales Tax ("HST") and Quebec Sales Tax ("QST") receivables. These receivable balances are expected to be collected in due course.

III. Liquidity Risk

Liquidity risk is the risk the Trust will not be able to meet its financial obligations as they come due. The Trust manages liquidity by maintaining adequate cash and by having appropriate credit facilities available. The Trust currently has the ability to access the debt capital markets and is able to receive debt capital as and when required. In addition, the Trust continuously monitors and reviews both actual and forecasted cash flows.

The following are the estimated maturities of the Trust's non-derivative financial liabilities as at June 30, 2017 including bank indebtedness, mortgages, tenant rental deposits, distribution payable, and accounts payable and accrued liabilities.

	Less than 1 Year	1 - 2 Years	>2 Years	Total
Bank Indebtedness (note 6)	$ 135,871	$ -	$ -	$ 135,871
Mortgages (note 7)	11,061,599	15,517,453	56,645,000	83,224,052
Tenant Rental Deposits	250,170	82,007	693,604	1,025,781
Distribution Payable	466,767	-	-	466,767
Accounts Payable & Accrued Liabilities (note 5)	3,289,129	-	-	3,289,129
	$ 15,203,536	$ 15,599,460	$ 57,338,604	$ 88,141,600

B. Fair Value of Financial Instruments:

The Trust uses a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements of financial instruments carried at fair value. Level 1 of the fair value hierarchy uses quoted market prices in active markets for identical assets or liabilities to determine the fair value of assets and liabilities. Level 2 includes valuations using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 valuations are based on input for the asset or liability that are not based on observable market data. The fair value of the Trust's cash, restricted cash, bank indebtedness, accounts receivable, deposits, other assets, distribution payable, tenant rental deposits, and accounts payable and accrued liabilities approximates their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value of the Trust’s financial instruments is summarized in the following table:

	June 30, 2017		December 31, 2016
	Loans & Receivables / Other Liabilities	FVTPL	
Financial Assets			
Accounts Receivable	$ 1,780,219	$ -	$ 1,850,498
Deposits & Other Assets	199,090	-	190,066
Cash & Cash Equivalents	-	-	615,352
Financial Liabilities			
Distribution Payable	$ 466,767	$ -	$ 464,690
Accounts Payable & Accrued Liabilities (except Option Liabilities)	2,538,302	-	3,166,761
Bank Indebtedness	135,871	-	-
Tenant Rental Deposits	1,025,781	-	966,415
Mortgages	83,090,476	-	84,119,727
Option Liabilities	-	750,827	624,611

I. Fair Value Hierarchy

Under the fair value hierarchy, financial instruments are measured at fair value on the condensed consolidated interim balance sheet and the trust liabilities are measured using a Level 1 methodology.

The fair value of the marketable securities is based on quoted market prices (Level 1). The fair value of the mortgages is estimated based on the present value of future payments, discounted at a yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage (Level 2). The estimated fair value of the mortgages is approximately $83 million.

The fair value of unit-based compensation relates to unit options granted which are carried at fair value, estimated using the Black-Scholes pricing model for option valuation (Level 3) as outlined in note 8(f).

18. Subsequent Events

(a) On July 14, 2017, the Trust distributed monthly cash distributions of $0.03666 per Trust Unit to unitholders of record at the close of business on June 30, 2017.

(b) On August 10, 2017, the Trust announced that it has declared and approved monthly distributions in the amount of $0.036666 per Trust Unit for unitholders of record on October 31, 2017, November 30, 2017 and December 29, 2017 payable on or about November 15, 2017, December 15, 2017 and January 15, 2018.