

A black and white photograph of modern skyscrapers at night. The buildings have many lit windows, and their curved, glass facades reflect the city lights. The sky is dark.

FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

ANNUAL INFORMATION FORM

DECEMBER 31, 2020





FIRM CAPITAL PROPERTY TRUST

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2020**

APRIL 1, 2021

TSXV: FCD.UN

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1. DEFINITIONS

The following terms used in this Annual Information Form have the meanings set out below:

“**affiliate**” has the meaning ascribed thereto in the *Securities Act* (Ontario).

“**AFFO**” means Adjusted Funds from Operations as defined below.

“**AIF**” means this annual information form.

“**Amended and Restated Declaration of Trust**” means the Trust’s amended and restated declaration of trust dated August 1, 2018.

“**Arrangement Agreement**” means the arrangement agreement between ISG and FCPT dated August 30, 2012, as amended and restated on September 26, 2012.

“**Asset Management Agreement**” means the amended and restated asset management agreement between FCRPI and FCPT dated October 20, 2015, as amended from time to time.

“**Asset Manager**” means FCRPI.

“**associate**” has the meaning ascribed thereto in the CBCA.

“**Audit Committee**” means the audit committee of the Trustees.

“**Barrie Medical Office**” means the 42,884 square foot professional services medical building the Trust acquired on April 9, 2013, and located in Barrie, Ontario.

“**Board of Trustees**” means the board of trustees of the Trust.

“**Capital Expenditures**” means expenses paid in connection with construction, modification, reconstruction or improvements to, or on, the Properties.

“**CBCA**” means the *Canada Business Corporations Act*, as amended from time to time.

“**Centre Ice Retail Portfolio**” means a portfolio of 25 retail properties acquired on June 25, 2014, located across Canada.

“**CEO**” means Chief Executive Officer.

“**CFO**” means Chief Financial Officer.

“**Core Service Provider / Healthcare Professional Office**” means buildings that are occupied by specialty service providers such as government service providers, financial services, and healthcare service providers.

“**Declaration of Trust**” means the declaration of trust dated August 30, 2012, governed by the laws of the Province of Ontario, pursuant to which the Trust was created.

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“Deferred Unit Plan” means the deferred unit plan of the Trust, as amended from time to time.

“Distribution Date” means on or about the 15th day of each calendar month (other than January 15) and on December 31 in each calendar year following February 15, 2013, and on such other date or dates determined by the Trustees.

“DRIP” means the Trust’s distribution reinvestment plan.

“Facility” means the Trust’s revolving credit facility arranged on November 29, 2012, with a Canadian Chartered Bank in connection with the acquisition of the Initial Portfolio and as has been amended from time to time.

“FCPI” means Firm Capital Properties Inc.

“FCPLP” means Firm Capital Property Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

“FCPM” means Firm Capital Property Management Corp.

“FCPT” or **“Trust”** means Firm Capital Property Trust.

“FCR Retail Portfolio” is comprised of 159,629 sq. ft. of leasable retail space consisting of 19 small-box retail properties located mainly in Southern Ontario, with properties in British Columbia, Alberta, New Brunswick, and Manitoba.

“FCRPI” means Firm Capital Realty Partners Inc.

“FFO” means Funds from Operations as defined below.

“First Capital Realty” means First Capital Realty Inc.

“GLA” means gross leasable area.

“Gross Book Value” means, 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.

“Gross Revenue” means 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.

“IFRS” means International Financial Reporting Standards as prescribed by the Canadian Institute of Chartered Accountants.

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“Independent Trustee” means a Trustee who is not an associate, Officer or employee of the Trust, the Asset Manager or the Property Manager or of an affiliate of any of the foregoing and who is independent (as defined in Section 1.4 of National Instrument 52-110 - *Audit Committees*) with respect to the Trust, the Asset Manager or the Property Manager. A Trustee who is a nominee of the Asset Manager or Property Manager pursuant to the Asset Management Agreement or the Property Management Agreement, as the case may be, is deemed not to be an Independent Trustee.

“Industrial & Flex Industrial” means distribution facilities, warehouses, light manufacturing facilities as well as facilities that provide its occupants with the flexibility to use the space as any one of the foregoing or ‘flex space’ facilities.

“Initial Portfolio” means the portfolio composed of four, income producing, retail investment properties acquired on November 29, 2012.

“Investment Committee” means the investment committee of the Board of Trustees.

“ISG” means ISG Capital Corporation.

“LOC” means a \$22 million line of credit with a Canadian Chartered Bank in favour of the Trust which is fully secured by first charges against the Merivale Mall Property.

“Management” means senior executive management of FCPT, FCPLP, FCRPI and/or FCPM, as the case may be.

“Merivale Mall” is an indoor mall located at 1642 Merivale Road in the Nepean district of Ottawa, Ontario.

“Monthly Limit” means, in respect of redemptions of Units by Unitholders, the maximum amount payable by the Trust in any calendar month, being \$50,000.

“Montreal Industrial Portfolio” means the portfolio composed of 25 industrial properties acquired on August 1, 2013 and located in Montreal along with the 1 industrial property acquired on October 15, 2018.

“Multi-Residential” means low-rise and high-rise apartment buildings, townhouses, and manufactured home communities.

“Net Lease Convenience & Standalone Retail” means food store anchored retail centres, strip retail centres, convenience stores and new format retail centres.

“NOI” means Net Operating Income as defined herein.

“Non-Residents” means (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents and such partnerships (all within the meaning of the Tax Act).

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"NAV" means the net asset value of an entity and is calculated as the total value of the entity's assets minus the total value of its liabilities, the NAV represents the per share/unit price of the Trust on a specific date or time.

"Officer" means a senior executive officer of FCPT including the CEO and CFO.

"Option" means an option to acquire a Trust Unit.

"Option Plan" means the option plan of the Trust, as amended from time to time.

"Ottawa Apartment Complex" means 1435 and 1455 Morisset Avenue, Ottawa, Ontario.

"Partnership Units" means the issued and outstanding limited partner units of FCPLP.

"Phase I Environmental Audit" means an evaluation of real property for purposes of environmental analysis performed solely on the basis of historical records without invasive sampling or drillings from such property.

"Plan of Arrangement" means the plan of arrangement implemented pursuant to the Arrangement Agreement.

"Prime Lending Rate" means the rate of interest, expressed as an annual rate, in effect from time to time and announced in Canada by the principal banker of the Trust from time to time as its prime rate with respect to commercial loans in Canadian dollars made in Canada to its Canadian commercial borrowers.

"Properties" means the real estate assets owned directly or indirectly by the Trust.

"Property Management Agreement" means the property management agreement between FCPI and FCPT dated November 20, 2012, as amended on September 1, 2017.

"Property Manager" means Firm Capital Property Management Corp.

"PSF" means per square foot.

"RealPAC" means Real Property Association of Canada.

"Redemption Date" means the date on which Units are surrendered to the Trust for redemption pursuant to the Amended and Restated Declaration of Trust.

"Redemption Price" has the meaning ascribed thereto in the section of this AIF entitled *"Declaration of Trust and Description of Capital Structure – Redemption Rights"*.

"SEDAR" means System for Electronic Document Analysis and Retrieval.

"Special Voting Trust Units" means special voting units of the Trust.

"Tax Act" means the *Income Tax Act* (Canada), as amended from time to time.

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“Trust Units” means the units in the capital of the Trust, but, for greater certainty, excludes Special Voting Trust Units.

“Trustees” means the trustees of the Trust.

“TSXV” means the TSX Venture Exchange.

“Unit Purchase Plan” means the unit purchase plan of the Trust, as amended from time to time.

“Unitholder” means a holder of Units.

“Units” means, collectively, the Trust Units and the Special Voting Trust Units.

“Waterloo Industrial Portfolio” means the portfolio composed of 4 industrial properties acquired on August 26, 2015 and located in Waterloo, Ontario.

Information in this AIF is presented as at December 31, 2020, unless otherwise indicated herein. All references to dollars (\$) in this AIF shall refer to Canadian dollars unless otherwise specified.

2. FORWARD LOOKING STATEMENTS

Certain statements contained in this AIF constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to FCPT's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, project costs, capital investments, financial results, taxes, plans and objectives of, or involving, FCPT. Particularly, statements regarding FCPT's future results, performance, achievements, prospects, costs, opportunities and financial outlook, including those relating to acquisition and capital investment strategy, and the real estate industry generally, are forward-looking statements. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or the negative thereof or other similar expressions concerning matters that are not historical facts. Forward-looking statements are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. In addition, certain specific assumptions were made in preparing forward-looking information, including that the Canadian economy will generally experience growth, however, may be adversely impacted by the global economy; that inflation will remain low; that interest rates will remain low in the medium term; that conditions within the real estate market, including competition for acquisitions, will become more favourable; that the Canadian capital markets will continue to provide FCPT with access to equity and/or debt at reasonable rates; that vacancy rates for FCPT properties will be consistent with historical norms; that rental rates will grow at levels similar to the rate of inflation on renewal; that rental rates on turnovers will remain stable; with respect to FCPT's financial outlook regarding capital investments, assumptions were made respecting projected costs of construction and materials, availability of trades, the cost and availability of financing, FCPT's investment priorities, the properties in which investments will be made, the composition of the property portfolio and the projected return on investment in respect of specific capital investments. Although the forward-looking statements contained in this AIF are based on

assumptions, which Management believes are reasonable as of the date hereof, there can be no assurance actual results will be consistent with these forward-looking statements; they may prove to be incorrect. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond FCPT's control that may cause FCPT or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks associated with changes and with the public health crisis (including COVID-19), liquidity and general market conditions, real property ownership and tenant risks, access to capital, interest rate & debt financing risk, competition, distributions, illiquidity risk, changes in applicable laws, unexpected costs or liabilities related to acquisitions, environmental risk, legal risk, lease rollover risk, income tax risk, fixed costs and increased expenses, unitholder risk, dependence on FCRPI and FCPM, return risk, reliance on key personnel and trustees, dilution, operational risks, risks related to insurance renewals, cyber security risk and climate change risk. There can be no assurance that the expectations of FCPT's Management will prove to be correct. A comprehensive discussion of risk factors may be found in the "Risks and Uncertainties" section of this AIF. All forward-looking statements in this AIF are made as of the date of this AIF and are qualified by these cautionary statements. Subject to applicable law, FCPT does not undertake any obligation to update or revise any forward-looking information publicly.

3. NOTE REGARDING FINANCIAL INFORMATION

Financial data included in this AIF has been prepared in accordance with IFRS. This AIF should be read in conjunction with FCPT's management's discussion and analysis of the results of operations and financial condition for the year ended December 31, 2020, incorporated herein by reference, and the consolidated annual audited financial statements for the year ended December 31, 2020, each of which is publicly available at www.sedar.com.

4. NON-IFRS FINANCIAL MEASURES

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.

Certain financial information presented in this MD&A reflects certain non-IFRS financial measures, which include Net Operating Income ("NOI"), Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA"), Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO"), AFFO Payout Ratio, Net Operating Income on a cash basis ("Cash NOI") and Debt/Gross Book Value ("GBV") (each as defined below). These measures are commonly used by real estate investment trusts as useful metrics for measuring performance and/or cash flows, however, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other real estate investment trusts. The Trust believes that FFO is an important measure to evaluate operating performance, AFFO is an important measure of cash available for distribution and, NOI is an important measure of operating 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.

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Occupancy rate represents the total square footage leased as a percentage of the total amount of square footage owned. Leased properties consist solely of those units that are occupied by a tenant at the given date.

NOI is a term used by industry analysts, investors, trusts, and management to measure operating performance of Canadian real estate investment trusts. NOI represents rental revenue from properties less repairs and maintenance, insurance, utilities, property management, property taxes, bad debt, and other property operating costs. NOI excludes certain expenses included in the determination of net income such as interest, amortization, corporate overhead and taxes.

Net income (loss) before other income (expenses) is a measure that the Trust uses in order to present the key operations and administration of the Trust, excluding special items. Items that are excluded from this total and are presented in other income include transaction costs, fair value adjustments of investment properties, and gain (loss) on dispositions.

Funds From Operations ("FFO") is a term used to evaluate operating performance, but is not indicative of funds available to meet the Trust's cash requirements. The Trust calculates FFO in accordance with the guidelines set out by the Real Property Association of Canada ("RealPAC"), as issued in February 2017 for entities adopting IFRS. FFO is defined as net income before fair value gains/losses on real estate properties, gains/losses on the disposition of real estate properties, deferred income taxes, and certain other non-cash adjustments.

Adjusted Funds from Operations ("AFFO") is a term used as a non-IFRS financial measure by most Canadian real estate investment trusts but should not be considered as an alternative to net income, cash flow from operations, or any other measure prescribed under IFRS. Unlike RealPac, who considers AFFO to be a useful measure of net income, the Trust considers AFFO to be a useful measure of cash available for distributions. AFFO is calculated largely in accordance with the guidelines set out by RealPAC and is defined as FFO less adjustments for non-cash items such as straight-line rent, free rent and noncash interest expense as well as normalized capital expenditures, tenant inducements and leasing charges. However, under RealPAC guidance, unit-based compensation expense (recovery) is included as part of AFFO, but the Trust excludes this amount.

FFO Payout Ratio is defined as Distributions Declared divided by FFO. AFFO Payout Ratio is defined as Distributions Declared divided by AFFO.

NOI, EBITDA, FFO, AFFO, FFO Payout Ratio, AFFO Payout Ratio and Debt/GBV should not be construed as alternatives to net income or cash flows from operating activities determined in accordance with 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.

("TIs/LCs") are defined as Tenant Inducements, Leasing Charges and Capital Expenditures. The Trust bases its calculation of TIs/LCs on an estimated 2.5% of Net Operating

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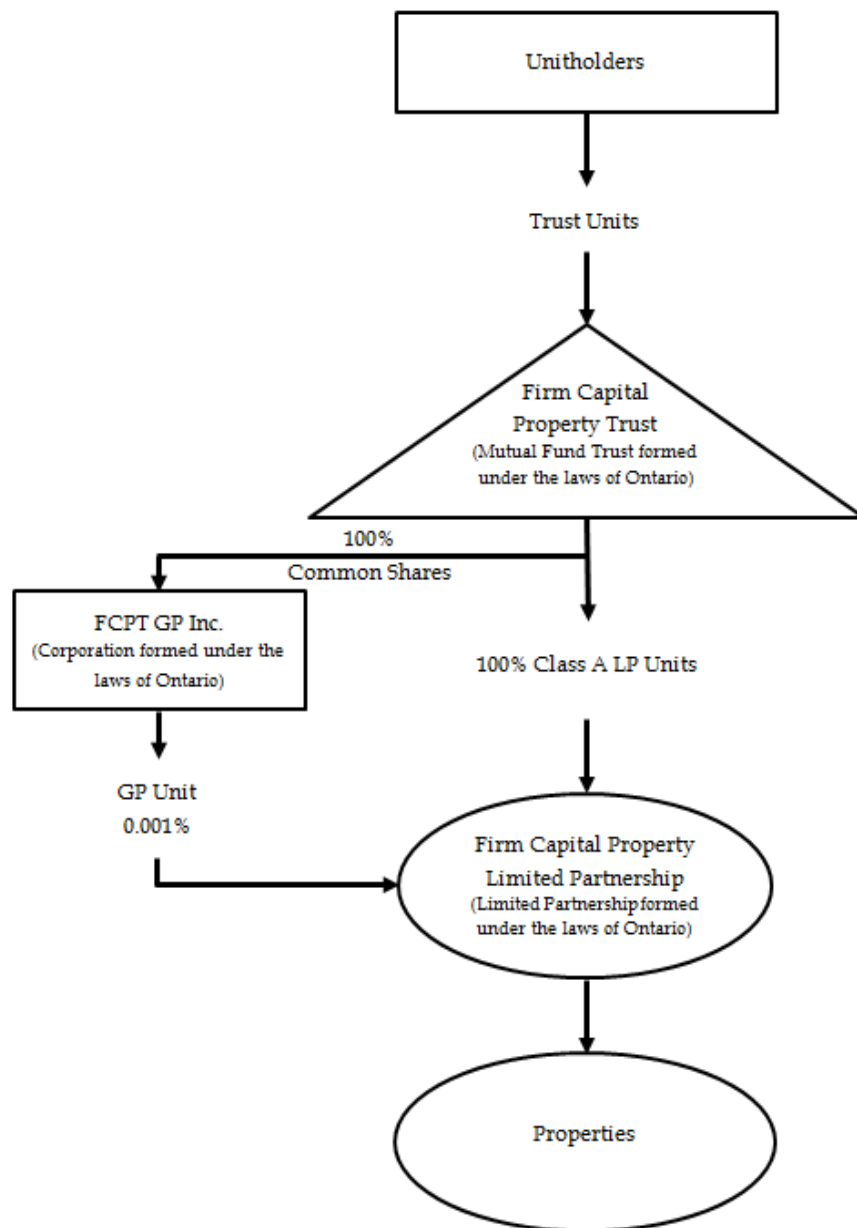
Income or NOI, which is senior managements' best estimate in operating real estate of the type that the Trust owns and operates.

5. INTRODUCTION

FCPT is an unincorporated open-ended real estate investment trust established on August 30, 2012, under the laws of the Province of Ontario pursuant to the 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 listed on the TSXV under the symbol: FCD.UN. FCPT is externally asset and property managed by FCRPI and FCPM, respectively. FCPT currently owns its properties directly or indirectly through FCPLP and its nominees. The Trust commenced activities on November 29, 2012, when it completed its acquisition of the Initial Portfolio.

6. ORGANIZATION CHART

The following illustrates the organizational structure of the Trust as of December 31, 2020.



7. OBJECTIVES & STRATEGIES

The Trust is focused on creating long-term value for Unitholders, through capital preservation and disciplined investing to achieve stable distributable income. FCPT's plan is to both own independently and co-own with others a diversified property portfolio consisting of the following real estate asset classes:

- Industrial & Flex Industrial;

- Retail;
- Multi-Residential; and
- Office.

To achieve its objectives, the Trust pursues growth primarily through accretive acquisitions and seeks to improve the performance of its portfolio through various internal growth strategies. The Trust's acquisition strategy includes (i) stand-alone acquisitions, (ii) joint acquisitions with financially sound co-owners and (iii) acquisitions of partial interests in real estate assets from existing co-ownership groups. FCRPI is expected to source, syndicate and/or participate in the Trust's future acquisitions.

8. GENERAL DEVELOPMENT OF THE TRUST

On August 30, 2012, the Trust entered into the Arrangement Agreement with ISG. ISG was a corporation in the business of acquiring and managing commercial real estate. ISG's common shares were listed on the TSXV.

The Arrangement Agreement provided for, among other things, the implementation of the Plan of Arrangement pursuant to section 192(4) of the CBCA. The Plan of Arrangement is available on SEDAR (www.sedar.com). Under the terms of the Plan of Arrangement, all ISG common shares were either exchanged for cash or Trust Units, at the election of ISG common shareholders.

Immediately prior to the implementation of the Plan of Arrangement, the Trust announced (i) the completion of a brokered private placement of 59,523,809 ISG common shares for gross proceeds of \$10.0 million, which were immediately redeemed for 2,000,000 Trust Units upon the completion of the Plan of Arrangement and (ii) the completion of a non-brokered private placement of 2,000,000 Trust Units for gross proceeds of \$10.0 million.

The Plan of Arrangement was implemented on November 29, 2012 and included the disposition of ISG's sole investment property. As a result of the ISG common shareholder elections, ISG common shares were redeemed for 2,374,467 Trust Units and approximately \$1.2 million of cash, in the aggregate. The Trust Units were listed for trading on the TSXV on November 29, 2012.

On August 26, 2015, the Trust acquired a 70% interest in four industrial properties located in Waterloo, Ontario (the "**Waterloo Industrial Portfolio**"). The acquisition cost of the entire portfolio was \$42.25 million, including closing costs and working capital adjustments). The acquisition cost for the Trust's 70% interest in the portfolio was \$24.4 million (including transaction costs and working capital adjustments). The portfolio is comprised of 510,034 square feet and consists of seven multi-tenant industrial buildings. The portfolio has in excess of 40 tenants and is located in the Waterloo market. The acquisition of the Waterloo Industrial Portfolio was financed, in part, with the assumption of two first mortgage financings provided by Canadian Chartered Banks for gross proceeds of approximately \$25.2 million. The Trust's pro rata interest in the new first mortgage financings was approximately \$16.6 million. The weighted average term to maturity for both mortgage financings is 4.4 years. 70% of the portfolio was

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acquired by the Trust, while the remaining 30% was acquired by an entity that consists of certain Trustees of FCPT.

On June 9, 2016, the Trust completed the acquisition of a 40% interest in The Whitby Mall located in Whitby, Ontario. The purchase price was approximately \$35.8 million (excluding transaction costs), of which the Trust paid approximately \$14.3 million (excluding transaction costs) for its 40% participation. The acquisition of the property was financed, in part, with a new first mortgage provided by a Canadian Chartered Bank for gross proceeds of approximately \$23.8 million. The Trust's pro rata interest in the new first mortgage financings was approximately \$9.5 million. The Whitby Mall, which is located at 1615 Dundas Street East, Whitby, Ontario, is a 408,813 square foot mixed use commercial property anchored by Sobeys with a mix of retail, office and medical tenants together with repositioning opportunities. The property is currently 94.4% occupied (excluding the basement space). The property was acquired from a third party. The joint venture is comprised of the Trust for 40%, First Capital Realty for 50%, and 10% is held by a syndicate group/an entity that consists of certain Trustees of FCPT.

On September 30, 2016, the Trust completed the acquisition of a 40% interest in Thickson Place, located in Whitby, Ontario. The purchase price was approximately \$39.5 million (excluding transaction costs), of which the Trust paid approximately \$15.8 million (excluding transaction costs) for its 40% participation. The acquisition of the property was financed, in part, with a new first mortgage provided by a Canadian Life Insurance Company for gross proceeds of approximately \$23.5 million. The Trust's pro rata interest in the new first mortgage financing was approximately \$9.4 million. Thickson Place is a 100% occupied, 104,808 square foot retail property anchored by Metro and LCBO. It is located at 80 Thickson Road South, directly across from The Whitby Mall, which the Trust purchased a 40% interest in with the same joint venture partners in June of 2016. In Management's view, owning the two neighbouring centres provides a strategic benefit and long-term synergies. The joint venture is comprised of the Trust for 40%, First Capital Realty for 50%, and 10% is held by a syndicate group/entity that consists of certain Trustees of FCPT. Thickson Place was previously owned 100% by First Capital Realty. Both properties are managed by First Capital Realty.

On November 1, 2016, the Trust announced the acquisition of a 100% interest in a 16,372 square foot retail property for \$4.7 million. The property is located at 1435 Mountain Road, Moncton, New Brunswick.

On May 12, 2017, the Trust completed the sale of one of its Centre Ice Retail Portfolio 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 which translated into a 56% gain over the IFRS valuation for this property.

On September 29, 2017, the Trust completed the sale of one of its Centre Ice Retail Portfolio properties located in Hamilton, Ontario to a third party for gross proceeds of approximately \$1.0 million (\$1.0 million net of closing costs). As a result, a gain of approximately \$0.5 million was generated from the sale which translated into a 95% gain over the IFRS valuation for this property.

On November 30, 2017, the Trust closed the purchase of a 100% interest of a 115,838 square foot grocery anchored retail property located in Guelph, Ontario. The acquisition price of the property was approximately \$26.0 million, excluding transaction costs. The property was

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acquired at a 6.9% capitalization rate. The acquisition was financed through the assumption of a \$14.3 million, 4.40% first mortgage that matures in 2024.

On December 27, 2017, the Trust completed a non-brokered private placement of Trust Units. 508,000 Trust Units were issued at a price of \$6.25 per Trust Unit for gross proceeds of approximately \$3.2 million.

On February 1, 2018, the Trust closed an overnight marketed public offering of 2.1 million Trust Units. The Trust Units were issued at a price of \$6.25 per offered unit for gross proceeds to the Trust of approximately \$13.1 million.

On February 1, 2018, the Trust closed a non-brokered private placement whereby 370,000 Trust Units were issued at a price of \$6.25 per unit for gross proceeds of approximately \$2.3 million.

On July 27, 2018, the Trust announced that it closed the final tranche of its non-brokered private placement. The Trust issued 1,140,040 Trust Units at a price of \$6.25 per Trust Unit for gross proceeds of approximately \$7.1 million from the first tranche on May 30, 2018 and, on July 27, 2018, closed on 296,800 Trust Units for gross proceeds of approximately \$1.9 million for a combined offering of 1,436,840 Trust Units and gross proceeds of approximately \$9.0 million from both tranches.

On August 1, 2018, Unitholders approved an amendment to the Declaration of Trust to upwardly adjust the maximum number of trustees from nine to eleven.

On October 15, 2018 the Trust closed the purchase of a 50% interest of a 159,164 square foot single tenant industrial property located in Montreal, Quebec. The acquisition price of the property is approximately \$11.0 million, excluding transaction costs. The Property is located in the Mount Royal industrial market and is 100% leased to Le Chateau Inc. until April 30, 2026.

On January 4, 2019, the Trust closed the purchase of a 100% interest in a multi-residential building consisting of 69 units located in Dartmouth, Nova Scotia. The acquisition price for the transaction was approximately \$10.7 million, excluding transaction costs. The property was purchased for approximately \$155,070 per unit. As part of the acquisition, the Trust assumed a \$7.1 million first mortgage which matured on February 28, 2019. On February 28, 2019, the Trust refinanced this mortgage with a new \$7.0 million first mortgage fixed at a 2.65% interest rate with a 25-year amortization and matures June 1, 2024.

On January 14, 2019, the Trust completed an upward financing of its Montreal Industrial Portfolio with a Canadian chartered bank. The new principal balance is \$49.0 million in comparison to the previous balance of \$41.7 million, with the Trust's portion of this financing being \$24.5 million. The mortgages have a fixed interest rate of 4.0% with a 25 year amortization.

On February 5, 2019, the Trust closed the purchase of a 50% interest in seven retail properties located in Alberta, Nova Scotia, Saskatchewan, Ontario and Quebec with Crombie Real Estate Investment Trust. The acquisition price for 100% of the portfolio was approximately \$83.2 million, excluding transaction costs. The Trust's portion of the acquisition price is approximately \$41.6 million. As part of the acquisition, the Trust assumed two first mortgages totaling \$6.2

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million. The Trust also financed five new mortgages totaling \$21.0 million and supplemented one assumed mortgage by \$1.0 million. The mortgages have a 3.69% weighted average interest rate with interest rate ranges of between 3.29% and 4.41%, amortize and mature between December 1, 2023 and February 5, 2024 with a weighted average term remaining of 4.8 years.

On February 28, 2019, the Trust refinanced one of the first mortgages on 222 Portland Street with a new first mortgage of approximately \$7.0 million. The mortgage matures in June 2024.

On March 26, 2019, the Trust announced that it had closed a non-brokered private placement. The Trust issued 1,355,726 Trust Units at a price of \$6.40 per Trust Unit for gross proceeds of approximately \$8.7 million.

On April 4, 2019, the Trust announced that it entered into an agreement to acquire from First Capital Realty and an affiliate thereof a 50% non-managing interest in six net-leased primarily grocery anchored shopping centres located in Ontario and Quebec. The acquisition price for 100% of the portfolio was approximately \$266 million, excluding transaction costs. The Trust's portion of the acquisition price was approximately \$133 million.

On April 24, 2019, the Trust announced that it had closed its previously announced fully marketed offering, pursuant to which the Trust issued 4,100,000 Trust Units at a price of \$6.40 per Trust Unit for gross proceeds of approximately \$26.2 million. Concurrent with the closing of the offering, the Trust also closed the first tranche of its previously announced non-brokered private placement of Trust Units, on substantially the same terms as the public offering. Pursuant to the concurrent private placement, the Trust issued 2,540,002 Trust Units at a price of \$6.40 per Trust Unit for gross proceeds of approximately \$16.3 million. The net proceeds of the public offering and the concurrent private placement were used by the Trust to fund the cash portion of the purchase price of the acquisition announced on April 4, 2019 and for working capital and general trust purposes.

On July 9, 2019, the Trust closed the purchase of a 50% non-managed interest in a grocery-anchored shopping center located in St. Albert, Alberta from First Capital Realty. The acquisition price for 100% of the property was approximately \$46.4 million, excluding transaction costs. The Trust's portion of the acquisition price was approximately \$23.2 million. The property is a 105,358 square foot grocery and pharmacy anchored retail property located in St. Albert, Alberta. The Trust and First Capital Realty entered a co-ownership arrangement such that the Trust and First Capital Realty each own half of the property. First Capital Realty also property manages the property.

On September 18, 2019, the Trust closed the purchase of a 50% interest in two industrial properties located in Edmonton, Alberta. The acquisition price for 100% of the portfolio was approximately \$11.4 million, excluding transaction costs. The portfolio is comprised of two industrial properties with four buildings totaling 96,517 square feet.

On December 16, 2019, the Trust completed a new financing for the Edmonton industrial portfolio. The new principal balance is \$7.5 million with the Trust's portion of this financing being \$3.25 million. The mortgage has a fixed interest rate of 3.46% with a 25-year amortization.

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On December 18, 2019, the Trust announced that it had closed a fully marketed offering, pursuant to which the Trust issued 3,450,000 Trust Units at a price of \$6.75 per Trust Unit for gross proceeds of approximately \$23.3 million. The net proceeds of the Offering were to be used to repay indebtedness and for working capital and general trust purposes.

On March 18, 2020, the Trust announced the closing of a 50% interest in two industrial properties located in Edmonton and Leduc, Alberta. The acquisition price for 100% of the portfolio was approximately \$10.7 million, excluding transaction costs. The portfolio is comprised of two industrial properties totaling 90,348 square feet.

On April 3, 2020, the Trust announced that it received approval from the TSXV for its intention to make a normal course issuer bid with respect to the Common Shares. See “Description of Capital Structure – Normal Course Issuer Bid”.

On April 30, 2020, the Trust refinanced its existing mortgage on its Waterloo Industrial Portfolio with a Canadian Chartered Bank. The principal balance of the mortgage at maturity was \$24.8 million, while the Trust’s portion was \$17.3 million. The new mortgage is a \$39.0 million first mortgage with an interest rate of prime plus 25 basis points with a 21.5-year amortization. The Trust’s portion of this new mortgage is \$27.3 million.

On April 30, 2020, the Trust refinanced its existing mortgage on its Whitby Mall Property with a Canadian Chartered Bank. The principal balance of the mortgage at maturity was \$23.8 million, while the Trust’s portion was \$9.5 million. The new mortgage is an \$18.0 million first mortgage fixed at an interest rate of 2.1% with a 25-year amortization. The Trust’s portion of this new mortgage is \$14.4 million.

On November 9, 2020, the Trust financed two new mortgages totaling \$5.1 million on its Edmonton Industrial Portfolio. The Trust’s portion of these financings are \$2.5 million. The mortgages have a 3.45% interest rate, amortizes, and mature on December 5, 2022.

On December 1st, 2020, the Trust refinanced its loans on its Merivale Mall Property. The principal balances of the existing mortgage was \$9.5 million. The new line of credit has up to \$22.0 million of availability with a floating interest rate and matures on November 30, 2025.

On November 16, 2020, the Trust announced that the Board of Trustees had approved a 2% increase in its monthly distributions to \$0.0425 per Trust Unit from \$0.041667 per Trust Unit commencing in 2021. On an annualized basis this equates to annual distributions of \$0.51 per Unit, up from \$0.50 per Unit. This was the Trust eighth distribution increase in eight years and represents a cumulative increase of 45.7% since the Trust’s inception in 2012.

During 2020, the Trust purchased for cancellation 1,295,200 Trust Units for gross proceeds of approximately \$6.3 million consisting of 795,200 Trust Units acquired through the Trust’s Normal Course Issuer Bid (“NCIB”) and a 500,000 Trust Unit redemption from a significant unitholder. The weighted average repurchase price was approximately \$4.83 per Trust Unit versus NAV of \$7.52 per Trust Unit. The result of these cancellations was an annual increase of

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\$0.6 million net cash due to a lower distribution payout and an increase to NAV of \$0.03 per Trust Unit.

9. RECENT DEVELOPMENTS

The following is a summary of certain developments involving the Trust since December 31, 2020:

On February 2, 2021, February 25, 2021 and February 26, 2021, the Trust completed sales of three retail properties from the Centre Ice Retail Portfolio with gross proceeds of approximately \$10.2 million (\$9.9 million net of closing costs). The Trust's pro-rata share of the gross proceeds was \$7.1 million (\$6.9 million net of closing costs). Net of a partial discharge of the loan on the properties, the Trust's pro-rata share of the proceeds was \$3.0 million.

On March 15, 2021, the Trust announced the acquisition of a 50% interest in a 181 site Manufactured Housing Community named Mountview Mobile Home Park located in Calgary, Alberta. The acquisition price for 100% of the property was approximately \$16.9 million, excluding transaction costs. The Trust's portion of the acquisition price was approximately \$8.5 million. Mountview is located on 24 acres of land, comprised of two adjacent parcels that is currently 100% occupied.

Through 2021, the Trust has decided it would strategically focus its near-term acquisition efforts through a capital recycling in the industrial and multi-residential sectors across Canada by reducing its exposure to its non-core retail assets. In this regard, the Trust initially identified 13 non-core retail assets for disposition and have transferred approximately \$20 million from our core portfolio to "Assets Held for Sale". To date three properties have been sold and the remaining 10 are under contract and are expected to close through 2021. The program is ongoing, and we expect the identification of further non-core retail assets for sale and redeployment into the industrial and multi-residential sectors as the year continues.

10. BUSINESS OF THE TRUST

The Trust has been formed to create long-term value for Unitholders through (i) disciplined investing and capital preservation and (ii) sustainable distributable income. The Trust's objective is to own, both independently and with co-owners, a diversified real estate portfolio consisting of the following real estate asset classes:

Industrial & Flex Industrial

These types of buildings are of a size and configuration that can accommodate the diverse needs of a broad range of tenants. Management's focus on this asset class is due to the immense tenant diversification that can be achieved and the relatively high yields that this asset class is capable of generating in the current market environment.

Retail

The Trust intends on continuing to target retail assets anchored by leading national and/or credit-worthy tenants under long-term lease contracts. Management may also choose to

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invest in retail assets that do not exude the characteristics as outlined above in circumstances where the tenant base is financially strong.

Office

This asset class is typically characterized by a wide, diverse tenant base that often includes, but is not limited to family doctors, pediatricians and obstetricians/gynecologists, as these doctors are responsible for the referral of patients to medical specialists. This niche asset class tends to have a low tenant turnover rate and strong cash flow as tenants are reluctant to relocate upon expiry of their lease due to the potential effect it could have on their patients and their practice.

Multi-Residential

Multi-Residential real estate typically has the following characteristics (i) lease terms of one year or less, (ii) wide, diverse tenant bases, (iii) stronger tenant demand for space and (iv) lower operating costs. In addition, low-rise and high-rise apartment buildings, townhouses and manufactured home communities are less likely to undergo a valuation correction in the event of a decline in the economy. For these reasons, the multi-residential real estate is typically deemed to be more defensive in nature than commercial real estate.

Management believes that the Trust offers Unitholders the following:

Experienced Management

Management has the requisite range of experience required in managing a diverse portfolio of real estate. The Trust's executive officers have significant experience in Canada successfully managing multi-tenant residential, multi-tenant industrial, office and retail real estate assets. In addition, Management has significant corporate finance, accounting and underwriting experience relating to the Canadian real estate industry.

Capabilities across Multiple Asset Classes

The Trust benefits from Management's proven ability to manage, develop, finance and acquire properties across multiple asset classes. In addition, Management can effectively manage properties across these asset classes using an integrated management information system. Diversification across these varied asset classes is expected to reduce Unitholders' risk exposure to market fluctuations in any one asset class.

Managed Asset Class Diversification

The Trust acquires and manages across Canada properties in the multi-tenant residential, multi-tenant and single tenant industrial, net lease convenience & standalone retail, and Core Service Provider/Healthcare Professional Office asset classes. Management believes that greater portfolio diversification in terms of tenant, property, asset class and geographic footprint reduces portfolio risk.

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Stable General and Administrative Expenses that are linked to Actual Costs

The external management platform provides the Trust with known costs, and the efficiencies of an external asset and property management platform. See “Management of the Trust”.

11. GROWTH STRATEGIES

Management believes that its objectives can be best achieved by employing comprehensive and proactive management strategies that leverage and build upon Management’s existing competitive strengths in order to improve the operating and financial performance of the Trust and its properties.

11.1. External Growth Strategies

The Trust’s external growth strategies include the following:

Partnering with Industry Leaders

It is intended that the Trust will continue to enter into partnerships and joint ventures with industry leaders that allow the Trust to acquire properties in a non-brokered environment and provide an external confirmation of value. Such joint ventures also allow the Trust to target larger acquisitions at an earlier stage in its growth and provide valuable insight on future acquisition opportunities.

Making Joint Acquisitions and the Acquisition of Partial Interests from Existing Co-Ownership Groups

Management has solid relationships with strong financial partners that provides the Trust access to transactions that generally are not available to the market and that are expected to be accretive to the Trust. A key focus is on providing liquidity to property owners in respect of real estate that is currently co-owned. It is intended that this will be accomplished through the acquisition by the Trust of a partial interest in relevant properties and the establishment of a new co-ownership joint venture with the remaining owners. The Trust also intends to assume management of such properties to enhance value.

Acquisition of Accretive, Stable, Income Producing Properties

Management has the experience, expertise, and leasing knowledge capabilities to select accretive acquisitions across Canada. Management seeks to identify potential property acquisitions using investment criteria that focus on the quality of the tenants, market demographics, lease terms, opportunities for expansion or repositioning, security of cash flows, potential for capital appreciation and the potential for increasing value through more efficient management of the assets being acquired.

11.2. Internal Growth Strategies

The Trust's internal growth strategies include the following:

Enhancing Tenant Relationships, Ensuring Tenant Retention and Accommodating Tenant Growth

Management develops existing tenant relationships to retain its tenants and to meet their changing needs. Renewal of existing tenant leases, as opposed to tenant replacement, usually provides the best opportunity for increasing operating results while minimizing marketing, leasing and tenant improvement costs. In addition, strong tenant relations aid in preventing interruptions in rental income from periods of vacancy.

Increasing Rental Income and Minimizing Operating Expenses

Management expects to achieve increased occupancy levels and higher renewal rents for available space through a proactive leasing program. Ongoing preventative maintenance programs along with regular site visits and inspections help to ensure that the properties are well maintained. Management believes that the operating efficiencies resulting from these measures, as well as from geographic concentration of the Trust's portfolios, translate into stable and competitive operating expenses. Operating expenses are reviewed monthly in order to ensure that costs are kept within budget.

Providing Value-Added Property Management through an Integrated Management Structure

The Trust benefits from a fully functional and integrated human resources platform that provides a full range of management services to the properties owned by the Trust.

Pursuing Expansion and Redevelopment Opportunities

Management plans to continue to pursue expansion and redevelopment opportunities when warranted in order to meet the needs of existing tenants and to attract new tenants.

Practicing Preventative Maintenance and Repair of Properties

In addition to addressing current capital expenditure requirements, Management employs a preventative maintenance program using its familiarity with, and regular inspection of, building control systems as well as roofing and parking facilities in order to minimize Capital Expenditures going forward.

Facilitating Additional Tenant Services

Management of the Trust makes use of its knowledge in development, general contracting and other services to ensure that tenants receive the services they require from third parties at the best available cost to the Trust and to the tenants.

12. DEBT STRATEGY

It is Management's intention to have the Trust maintain a combination of short, medium and long-term debt maturities that are appropriate for the overall debt level of its portfolio, taking

into account availability of financing and market conditions, and the financial characteristics of each property. It is intended that such debt will primarily be in the form of revolving acquisition facilities, convertible debentures and mortgage debt. The target leverage ratio for the Trust is 55% to 65% of Gross Book Value. Management's preference is to have staggered debt maturities to mitigate interest rate risk and to limit exposure to refinancing risks in any particular period. The Declaration of Trust provides that the Trust may not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of the Trust would be more than 75% of Gross Book Value. As of December 31, 2020, the Trust's leverage ratio was 51.6% of Gross Book Value. See "Indebtedness".

13. COMPETITIVE CONDITIONS FOR REAL PROPERTY INVESTMENTS

The Trust competes for suitable real property investments with other real estate investment trusts, private owners and high net worth individuals, corporations, pension funds and other institutional investors (both Canadian and foreign) which are presently seeking, or which may seek in the future, real property investments like those targeted by Management. Many of these investors have greater financial resources than the Trust or operate without the Trust's investment restrictions. An increase in the availability of investment capital and an increase in demand for real property investments should increase competition for real property investments, thereby increasing purchase prices and reducing the yields from such investments. Conversely, a decline in the availability of investment capital should produce a decline in demand for real property investments which would lead to decreasing purchase prices and higher yields from such investments.

14. PERSONNEL

The Trust currently has one employee. The Trust is both externally asset and property managed by FCRPI and FCPM, respectively.

15. ENVIRONMENTAL RISK MANAGEMENT

The Trust is exposed to potential liability in respect of environmental hazards or liability under various environmental laws and regulations. To mitigate this potential liability, it is the Trust's policy to obtain a Phase I Environmental Audit (and Phase II if required) conducted by a qualified environmental consultant who has the appropriate insurance coverage prior to acquiring any property. In addition, where appropriate, tenant leases specify that the tenant will conduct its business in accordance with environmental regulations and will be responsible for any liabilities arising out of infractions of such regulations. It is the Trust's practice to regularly inspect tenant premises that may be subject to environmental risk. See also "Risks and Uncertainties".

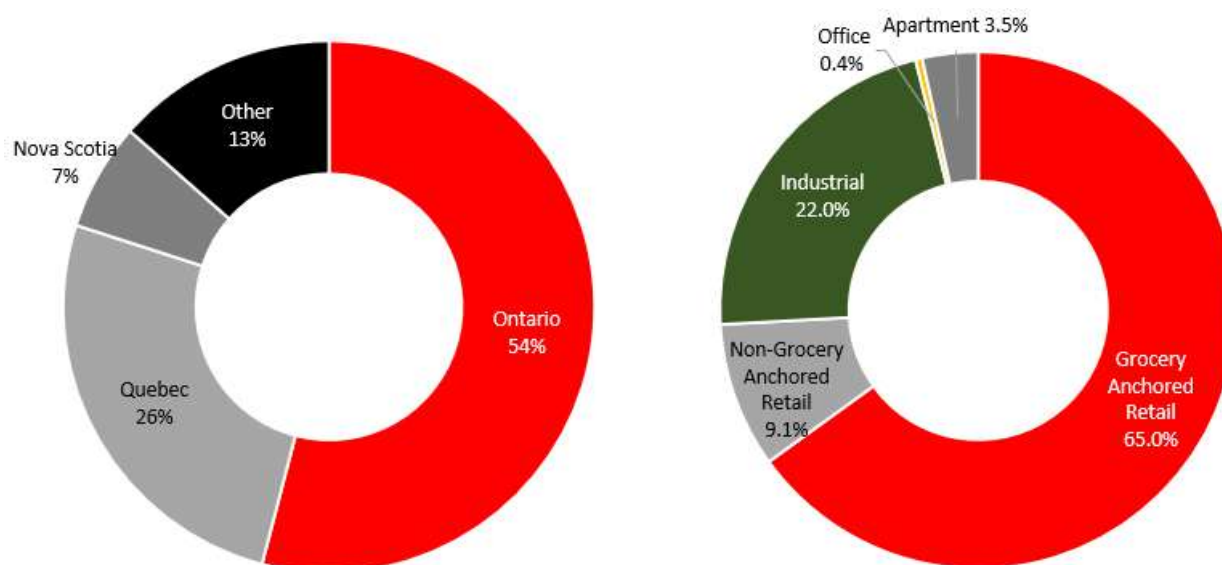
16. PROPERTY PORTFOLIO

Based on the Trust's pro rata interest as of December 31, 2020, the property portfolio consists of 76 properties with a net leasable area of 2,351,657 square feet with a 94.9% weighted average occupancy and \$12.48 weighted average net rent PSF and two multi-residential properties with 204 units and an average \$1,074 per month and 95.6% occupancy. A summary of the portfolio is as follows. A more detailed listing can be found in Appendix A of this AIF:

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Portfolio Diversification

The portfolio is well diversified across geographies and asset classes as outlined below (based on NOI):

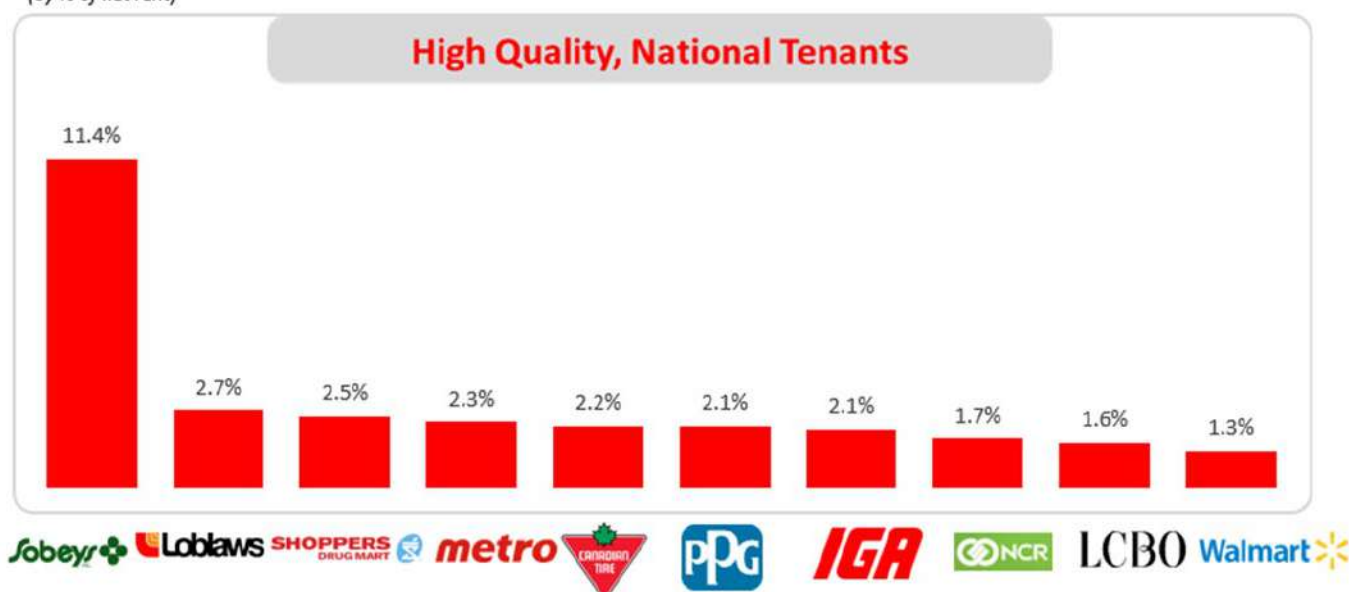


Tenant Diversification

The portfolio is well diversified with no tenant accounting for more than 11.4% of total net rent. Further, the top 10 tenants are largely comprised of creditworthy and large national tenants and account for 29.9% of total net rent:

Top Ten Commercial Tenants

(by % of net rent)



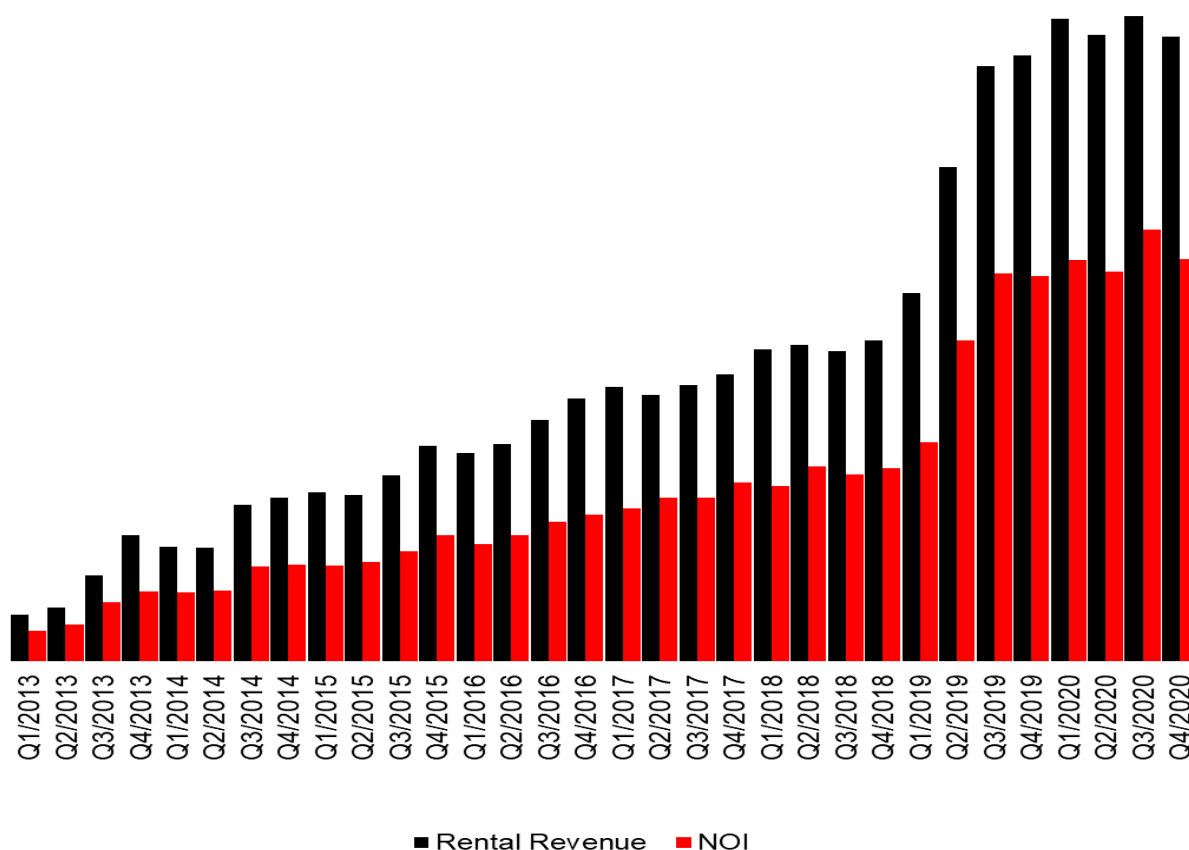
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Duration Matched Debt & Lease Maturity Profile

The current portfolio has a weighted average lease term to maturity of approximately 4.4 years, which is higher than mortgage debt with a weighted average term to maturity of approximately 3.9 years.

Rental Revenue and NOI Growth

Since the first quarter of 2013, rental revenue and NOI have steadily increased as a result of the Trust's accretive acquisitions. Quarterly rental revenues and NOI have increased to \$10.9 million and \$7.0 million from \$0.8 million and \$0.5 million, respectively.



17. PROPERTY DESCRIPTIONS

The following is a brief description of the Properties.

Net Lease Convenience & Stand-Alone Retail

Bridgewater, Nova Scotia

The Bridgewater property is comprised of 46,707 sq. ft. located at the intersection of two primary vehicular routes, Highway 10 and Highway 103 (to Halifax). The Town of Bridgewater, which is located approximately 100 kilometers southwest of Halifax, is the service hub for the South Shore of Nova Scotia. Bridgewater has a primary market population of approximately 56,000 and has a trade area population base of approximately 103,000 (Lunenburg, Queens, Shelburne and Yarmouth Counties). The Bridgewater property is shadow anchored by *Walmart* and *Canadian Tire* and is located a few minutes west of the primary retail node in town. Major tenants of the Bridgewater property include *Staples/Business Depot*, *Dollarama*, *Swiss Chalet* and *Boston Pizza*. As of December 31, 2020, the Bridgewater property was 97.1% occupied with a weighted average net rent PSF of \$14.72.

Brampton, Ontario

The Brampton property is comprised of 36,137 sq. ft. located at the high-volume intersection of Highway 7 and Airport Road, in the heart of a major employment node in one of the Greater Toronto Area's largest and fastest growing cities. Accessible with signalized access from Highway 7, the Brampton property is shadow anchored by a new format *Walmart Supercentre*, *Home Depot* and *Canadian Tire*. Significant tenants of the Brampton property include *The Beer Store*, *Kelsey's* and *EB Games*. As of December 31, 2020, the Brampton property was 92.1% occupied with a weighted average net rent PSF of \$24.05.

Guelph, Ontario

The Guelph Retail Portfolio, which is located at 328 Speedvale Ave E, Guelph, Ontario, is a 116,236 square foot mixed use commercial property anchored by *FreshCo*. Major tenants of the Guelph property include *LCBO*, *Dollar Tree* and *Tim Horton's*. As of December 31, 2020, the property was 92.6% occupied with a weighted average basic rent PSF of \$15.49.

Hanover, Ontario

The Hanover property is comprised of 19,874 sq. ft. located in the region's primary retail node and is situated along Hanover's primary vehicular route, Highway 4. Located approximately 180 kilometers northwest of Toronto, the Hanover property is shadow anchored by a *Walmart Supercentre* which draws customers from many of the surrounding towns as well. Major tenants of the Hanover property include *Mark's Work Warehouse*, *Crabby Joe's* and *Easy Home*. As of December 31, 2020, the Hanover property was 100% occupied with a weighted average net rent PSF of \$18.15.

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Pembroke, Ontario

The Pembroke property is comprised of 11,247 sq. ft. located along Pembroke Street East. Pembroke is located approximately 140 kilometers northwest of Ottawa. The Pembroke area is well supported by the large surrounding public service employment pool led by the Government of Canada. Located in the area's primary retail node, the Pembroke property is shadow anchored by a new format *Walmart Supercentre*, *Canadian Tire* and the enclosed 260,000 square foot Pembroke Mall. Tenants of the Pembroke property include *Boston Pizza* and *Reitmans*. As of December 31, 2020, the Pembroke property was 100% occupied with a weighted average net rent PSF of \$13.98.

Moncton, New Brunswick

The Moncton property is comprised of 16,372 sq. ft. located in the northwest of Moncton at the intersection of Trinity Drive and Mountain Road. The southeast side of the property is bounded by the off-ramp leading from Wheeler Boulevard to Mountain Road. The subject property is situated within Moncton's big box shopping node adjacent to the Wheeler Park Power Centre (CREIT property), with an *Old Navy* store being situated to the immediate east. Tenants of the Moncton property include *Sherwin Williams* and a large private dental practice. As of December 31, 2020, the Moncton property was 100% occupied with a weighted average net rent PSF of \$23.59.

Centre Ice Retail Portfolio - Ontario, British Columbia, Alberta, New Brunswick, Manitoba

The Centre Ice Retail Portfolio is comprised of 159,629 sq. ft. of leasable retail space consisting of 19 small-box retail properties located mainly in Southern Ontario, with properties in BC, Alberta, New Brunswick and Manitoba. The portfolio has more than 60 tenants which are a diverse mix of small-box tenants, comprised of local, regional and national retailers. The Centre Ice Retail Portfolio has a weighted average lease term of 3.8 years with the largest tenant being PPG Industries Inc. (PPG:NYSE) an investment grade rated entity accounting for approximately 44% of NOI, operating predominantly under the Dulux Paints brand. 70% of the Centre Ice Retail Portfolio is owned by the Trust, while the remaining 30% is owned by a private syndicate group. The properties are located along high traffic commercial thoroughfares and surrounded by national and regional retailers, the properties provide existing tenants with street front exposure and on-site parking. As of December 31, 2020, the Centre Ice Retail Portfolio was 84.9% occupied with a weighted average net rent PSF of \$13.82.

The Whitby Mall (Whitby, Ontario)

The Whitby Mall, which is located at 1615 Dundas Street East, Whitby, Ontario, is a 383,107 square foot mixed use commercial property anchored by Sobeys with a mix of retail, office and medical tenants together with repositioning opportunities. As of December 31, 2020, the property was 93.1% occupied (excluding the basement space) with a weighted average basic rent PSF of \$13.13.

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Thickson Place (Whitby, Ontario)

Thickson Place, which is located at 80 Thickson Road South, Whitby Ontario is a 104,854 square foot retail property anchored by Metro and the LCBO. As of December 31, 2020, the property was 100% occupied with a weighted average net rent PSF of \$21.77.

Crombie Retail Portfolio – Ontario, Quebec, Alberta, Nova Scotia, Saskatchewan,

The Crombie Retail Portfolio is comprised of 296,376 sq. ft. of leasable retail space consisting of 7 grocery anchored retail properties located in Ontario, Quebec, Alberta, Nova Scotia and Saskatchewan. The Crombie Retail Portfolio has a weighted average lease term of more than 11.0 years with the largest tenant being Sobeys Inc. The properties are in major retail nodes and surrounded by national and regional retailers, the properties provide existing tenants with street front exposure and on-site parking. The Crombie Retail Portfolio is property managed by Crombie REIT (TSX: CRR.UN) As of December 31, 2020, the Crombie Retail Portfolio was 100% occupied with a weighted average net rent PSF of \$18.82.

First Capital Retail Portfolio – Ontario, Quebec, Alberta,

The First Capital Retail Portfolio is comprised of 1,127,992 sq. ft. of leasable retail space consisting of 7 grocery anchored retail properties located Ontario, Quebec, and Alberta. The First Capital Retail Portfolio has a weighted average lease term of more than 4.89 years with the largest tenants being Loblaws, Walmart, IGA and Sobeys. The properties are well located with several possessing significant future development potential. As of December 31, 2020, the First Capital Retail Portfolio was 97.1% occupied with a weighted average net rent PSF of \$17.87.

Office

Barrie, Ontario

The Barrie Medical Office property is in one of Canada's fastest growing cities, Barrie, Ontario. The Barrie property is located mid-block on the south side of Wellington St. W., a short distance northeast of Highway 400 and Dunlop Street West intersection. The Barrie property has direct access to public transit and is a short distance to Royal Victoria Hospital. The property is one of the busiest medical office buildings in Barrie, surrounded by complimentary uses with high-rise residential properties and a retirement home adjacent to it. The majority of the Barrie property's tenants are general practitioners, dentists, physiotherapists, etc., who serve local residential communities. As of December 31, 2020, the Barrie property was 48% occupied with a weighted average net rent PSF of \$13.61.

Industrial

Montreal, Quebec

The Montreal Industrial Portfolio is comprised of 26 buildings totaling 1,189,285 square feet of GLA (594,643 square feet represents the Trust's pro rata interest) and consists of seventeen multi-tenant and nine single-tenant industrial buildings. The Montreal Industrial Portfolio has in excess of 90 tenants. 50% of the Montreal Industrial Portfolio is owned by the Trust, while the

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remaining 50% is owned by a private syndicate group. The Montreal Industrial Portfolio is in very close proximity to the Pierre Elliott Trudeau Airport, as well as minutes from the Trans-Canada Highway (40), Highway 13, the Décarie Expressway (Highway 15) and the Metro subway system. The site is also easily accessible to all the main truck shipping routes, railway and the Port of Montreal, thereby facilitating all logistical needs. The St-Laurent industrial market straddles the West Island and Midtown submarkets which contain approximately 174 million square feet of industrial space (out of the total 300 million square feet Montreal market) and is a prime industrial area in the city of Montreal due to its favorable central location. As of December 31, 2020, the Montreal Industrial Portfolio was 96.9% occupied with a weighted average net rent PSF of \$5.14.

Waterloo, Ontario

The Waterloo Industrial Portfolio is comprised of 7 buildings totaling 511,677 square feet of GLA (358,174 square feet represents the Trust's pro rata interest). The Waterloo Industrial Portfolio has in excess of 40 tenants providing a diverse mix of larger and smaller multi-tenant units, comprised of local and national businesses engaged in a wide range of manufacturing and services. 70% of the Waterloo Industrial Portfolio is owned by the Trust, while the remaining 30% is owned by a private syndicate group. The Waterloo Industrial Portfolio is located in a good quality mixed residential/commercial district in the City of Waterloo accessible off of Highway 401 via Conestoga Parkway. As of December 31, 2020, the Waterloo Industrial Portfolio was 96.9% occupied with a weighted average net rent PSF of \$7.89.

Edmonton, Alberta

The Edmonton Industrial Portfolio is comprised of 4 properties totaling 186,937 square feet of GLA (93,469 square feet represents the Trust's pro rata interest). The Edmonton Industrial Portfolio has in excess of 20 tenants. 50% of the Edmonton Industrial Portfolio is owned by the Trust, while the remaining 50% is owned by a private syndicate group. The Edmonton Industrial Portfolio is in very close proximity to the industrial hub in Edmonton. As of December 31, 2020, the Edmonton Industrial Portfolio was 82.7% occupied with a weighted average net rent PSF of \$7.19.

Multi Residential

Ottawa, Ontario

The Ottawa Apartment Complex is located on Morisset Avenue. The complex is comprised of 135 units situated in two multi-residential buildings located in the Carlington sector of Ottawa. The property has what management of the Trust considers an attractive suite mix consisting of spacious one- and two-bedroom multi-residential units. 50% of the Ottawa Apartment Complex is owned by the Trust, while the remaining 50% is owned by a private

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syndicate group. As of December 31, 2020, the Ottawa Apartment Complex was 91.1% occupied with a weighted average monthly rent of \$1,077.

Dartmouth, Nova Scotia

The Dartmouth Apartment building is located on Portland Street. The building is comprised of 69 units located in downtown Dartmouth. The property has what management of the Trust considers an attractive suite mix consisting of spacious one and two-bedroom multi-residential units. 100% of the Dartmouth Apartment building is owned by the Trust. As of December 31, 2020, the Dartmouth Apartment building was 100% occupied with a weighted average monthly rent of \$1,066.

18. DECLARATION OF TRUST & DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the Declaration of Trust and description of the capital structure. For further details and additional information, please refer to the Declaration of Trust along with the audited financial statements for the year ended December 31, 2020 and Management's Discussion & Analysis for the year ended December 31, 2020, as posted on SEDAR (www.sedar.com).

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

The following is a description of the Trust's current capital structure:

Trust Units & Special Voting Trust Units

The Trust is authorized to issue an unlimited number of Trust Units and an unlimited number of Special Voting Trust Units.

Trust Units

Trust Units have no preference or priority over one another. No holder of Trust Units has or is deemed to have any right of ownership of any of the assets of the Trust. Each Trust Unit represents a holder's proportionate undivided beneficial ownership interest in the Trust and confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions by the Trust, whether of net income, net realized capital gains of the Trust or other amounts and, in the event of termination or winding-up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. Trust Units must be fully paid and non-assessable when issued (unless issued on an installment basis) and are transferable. The Trust Units are redeemable at the holder's option, as described below under "Redemption Rights" and the Trust Units have no other conversion, retraction, redemption, or preemptive rights. On any consolidation, any fractional Trust Units, if any, will not be issued but rather rounded down to the nearest whole Trust Unit.

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Special Voting Trust Units

Special Voting Trust Units have no economic entitlement in the Trust or in the distributions or assets of the Trust but entitle the holder to one vote per Special Voting Trust Unit at any meeting of Unitholders. Special Voting Trust Units may only be issued in connection with or in relation to securities exchangeable into Trust Units, including Partnership Units, for the purpose of providing voting rights with respect to the Trust to the holders of such securities. The Special Voting Trust Units are issued in conjunction with the Partnership Units to which they relate and are evidenced only by the certificates representing such Partnership Units. Special Voting Trust Units are not transferable separately from the exchangeable securities to which they are attached and are automatically transferred upon the transfer of such exchangeable securities. Each Special Voting Trust Unit entitles the holder thereof to that number of votes at any meeting of Unitholders that is equal to the number of Trust Units that may be obtained upon the exchange of the exchangeable security to which such Special Voting Trust Unit is attached. Upon the exchange or surrender of a Partnership Unit for a Trust Unit, the Special Voting Trust Unit attached to such Partnership Unit will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Trust Unit will cease to have any rights with respect thereto.

In addition to the Trust Units and Special Voting Trust Units the Trustees may amend the Amended and Restated Declaration of Trust in their sole discretion and without the approval of Unitholders to create and issue one or more new classes of Preferred Units (each of which may be comprised of unlimited series) that rank in priority to the Trust Units and Special Voting Units (in payment of distributions and in connection with any termination or winding-up of the Trust). No preferred units are currently authorized to be issued.

Normal Course Issuer Bid

Pursuant to a notice of intention to make a normal course issuer bid dated April 3, 2020, the Trust commenced a normal course issuer bid to purchase up to a maximum of 2,829,746 Trust Units, being 10% of the “public float” of such class of units as at April 3, 2020 (the “NCIB”). The Trust may purchase its Trust Units from time to time if the Trust believes that the market price of the Trust Units is attractive and that the purchase would be an appropriate use of the Trust's funds and in the Trust's best interests. Purchases pursuant to the NCIB may occur on the TSXV between April 8, 2020 and April 7, 2021. The actual number of Trust Units which may be purchased pursuant to the NCIB and the timing of any such purchases is determined by the Trust's senior management. During 2020, the Trust purchased 795,200 Trust Units under the NCIB for gross proceeds of approximately \$4.1 million.

The purchase price for Trust Units purchased by the Trust under the NCIB, if any, is paid in cash on delivery of the units. The Trust intends to finance any purchase of Trust Units under the NCIB from its working capital. Trust Units purchased by the Trust under the NCIB are cancelled. Unitholders can obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid filed by the Trust with regulators in relation to the NCIB by requesting a copy in writing from the Trust at 163 Cartwright Avenue, Toronto, Ontario, Canada M6A 1V5.

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Meetings of Unitholders

The Amended and Restated Declaration of Trust provides that meetings of Unitholders are required to be called and held in various circumstances, including (i) for the appointment, election or removal of Trustees, (ii) the appointment or removal of the auditors of the Trust, (iii) the approval of certain amendments to the Amended and Restated Declaration of Trust, (iv) the sale of the assets of the Trust as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the Trust approved by the Trustees), (v) the termination of the Trust or the Amended and Restated Declaration of Trust, and (vi) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders are called and held annually for the election of the Trustees and the appointment of the auditors of the Trust.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 10% of the aggregate Units then outstanding. A requisition shall state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. A quorum for any meeting of Unitholders shall be individuals present not being less than two in number and being Unitholders or representing by proxy Unitholders who hold in the aggregate not less than 5% of the total number of outstanding Units.

Holders of Special Voting Trust Units have an equal right to be notified of, attend and participate in meetings of Unitholders on the same basis as Unitholders.

Redemption Rights

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

- a) 90% of the “market price” of the Units calculated as of the Redemption Date; and
- b) 100% of the “closing market price” on the Redemption Date;

For purposes of this calculation, the market price of a Unit as at a specified date will be:

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

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- b) an amount equal to the weighted average of the closing market prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or
- c) if there was trading on the applicable exchange or market for fewer than five of the ten trading days, an amount equal to the simple average of the following prices established for each of the ten consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The “closing market price” of a Unit for the purpose of the foregoing calculations, as at any date will be:

- a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date if the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;
- b) an amount equal to the closing price of a Unit on the principal market or exchange if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;
- c) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or
- d) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by the Trust in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of cheque, in Canadian dollars, and drawn on a Canadian chartered bank or a trust company on or before the last day of the calendar month immediately following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the Monthly Limit is not exceeded (provided that such limitation may be waived at the discretion of the Trustees in respect of all Units tendered for redemption in such calendar month); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSXV or traded or quoted on any other

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stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, in any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the ten-day trading period commencing immediately after the Redemption Date.

On July 29, 2020, a unitholder redeemed 500,000 Trust Units for \$4.23 per Trust Unit for gross proceeds of approximately \$2.1 million under the Redemption Rights.

Repurchase of Units

The Trust is entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Units, at a price per Unit and on a basis determined by the Trustees in compliance with all applicable securities laws or the rules or policies of any applicable stock exchange.

Take Over Bids

The Amended and Restated Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who do not accept the offer, either on the terms offered by the offeror or, at the option of the holder of the applicable Units, at the fair value of their Units.

Issuance of Trust Units

The Trust may issue new Trust Units from time to time, in such manner, for such consideration and to such person or persons as the Trustees shall determine, subject to the requirement that Trust Units be issued as fully paid and non-assessable.

Non-Resident Ownership Constraint

In order for the Trust to maintain its status as a “mutual fund trust” under the Tax Act, the Trust must not be established or maintained primarily for the benefit of Non-Residents of Canada within the meaning of the Tax Act and, pursuant to certain proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, not more than 50% of the aggregate fair market value of Units issued by the Trust may be held by or for the benefit of Non-Residents. Accordingly, at no time may Non-Residents be the beneficial owners of more than 49% of the Units and the Trustees will inform the Trust’s transfer agent of this restriction. The Trustees may require a registered holder of Units to provide the Trustees with a declaration as to the jurisdictions in which beneficial owners of the Trust Units registered in such holder’s name are resident and as to whether such beneficial owners are Non-Residents. If the Trustees become aware, as a result of acquiring such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of 49% of the Units are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a

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public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Trust Units to a person or partnership unless the person or partnership provides a declaration in form and content satisfactory to the Trustees that the person or partnership, as the case may be, is not a Non-Resident and does not hold such Units for the benefit of Non-Residents.

If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units are held by Non-Residents, the Trustees may send a notice to such Non-Resident holders of the Units chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not more than 30 days. If the securityholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such holders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units (other than the right to receive the net proceeds from the sale). Upon such sale, the affected holders shall cease to be holders of the relevant Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such Units. The Trustees will have no liability for the amount received provided that they act in good faith. The Trust may direct its transfer agent to assist the Trustees with respect to any of the foregoing. Special Voting Units (together with the exchangeable securities to which they are attached) are not permitted to be transferred to Non-Residents.

Notwithstanding the foregoing, the Trustees may determine not to take any of the actions described above if the Trustees have been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Trust as a “mutual fund trust” for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Trust as a “mutual fund trust” for purposes of the Tax Act.

As of December 31, 2020, there were 29,349,694 Trust Units and no Special Voting Trust Units issued and outstanding.

DRIP & Unit Purchase Plan

Under the terms of the DRIP, the 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 FCPT's treasury based on a floor price to be set at the discretion of the Trustees. Any increase in the number of securities reserved for issuance under the DRIP shall be subject to (i) the approval of the Board of Trustees, (ii) public disclosure and (iii) any requisite regulatory approval, including the approval of the TSXV.

Unitholders who elect to receive Trust Units under the DRIP may also enroll in the Trust's Unit Purchase Plan. The Unit Purchase Plan gives each Unitholder resident in Canada the right to purchase additional Trust Units of the Trust on a monthly basis. Under the terms of the Plan, the Unitholders may purchase a minimum of \$1,000 of Trust Units on each monthly purchase date and maximum purchases of up to \$12,000 per annum. The aggregate number of Trust Units

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that may be issued may not exceed in each year 2% of the number (at the commencement of the fiscal year of the Trust) of the outstanding Trust Units.

For the years ended December 31, 2020 and December 31, 2019, 509 and 8,199 Trust Units were issued, respectively, from treasury for total gross proceeds of \$3,050 and \$55,150, respectively, to Unitholders who elected to receive their distributions in Trust Units under the DRIP.

Option Plan

The Trust currently has in place an Option Plan. Under the Option Plan, the aggregate number of Options reserved for issuance at any given time shall not exceed 10% of the issued and outstanding Trust Units.

On August 15, 2016, the Trust granted 535,000 Options at a weighted average exercise price of \$6.05 per Trust Unit. The Options fully vested on the date of grant and expire on August 15, 2021. During the year ended December 31, 2017, 70,000 of these Options were forfeited, leaving a balance of 465,000 Options.

On March 26, 2018, the Trust granted 600,000 Options at a weighted average exercise price of \$6.25 per Trust Unit. 525,000 Options fully vested on the date of the grant with the remaining 75,000 vesting at one-third each year for the next three years and expire on March 26, 2023. The balance as of December 31, 2020 was 530,000 Options.

On November 8, 2018, the Trust granted 60,000 Options at a weighted average exercise price of \$6.35 per Trust Unit. The Options fully vested on the date of grant and expire on November 8, 2023. The balance as at December 31, 2019 was 60,000 Options.

On August 14, 2019, the Trust granted 1,400,000 Options at a weighted average exercise price of \$6.40 per Trust Unit. The Options fully vested on the date of grant and expire on August 19, 2024. The balance as of December 31, 2020 was 1,400,000 Options.

On December 1, 2020, the Trust granted 400,000 Options at a weighted average exercise price of \$6.75 per Trust Unit. The Options fully vested on the date of grant and expire on December 1, 2025. The balance as of December 31, 2020 was 400,000 Options.

Deferred Unit Plan

On August 9, 2018, the Trust announced the adoption of a deferred unit plan (the “**Deferred Unit Plan**”). The maximum number of deferred Units which may be awarded under the Deferred Unit Plan is 1,722,402 or such greater number as may be approved from time to time by ordinary resolution of the disinterested Unitholders of the Trust, subject to regulatory approval, provided that in no event will the total number of Trust Units reserved for issuance under all the Trust’s unit-based compensation arrangements exceed 20% of the issued and outstanding Units. For further details and additional information, please refer to the Deferred Unit Plan as posted on SEDAR (www.sedar.com). To date, no Deferred Units have been issued.

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Indebtedness

The Amended and Restated 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 Amended and Restated 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. As at December 31, 2020, the ratio of such indebtedness to Gross Book Value was 51.6%, which complies with the requirement in the Amended and Restated Declaration of Trust and is consistent with the Trust's objectives.

As of December 31, 2020, the Trust's total indebtedness consisted of mortgages, a Revolving Operating Facility and the LOC.

Mortgages

As of December 31, 2020, total mortgages stood at \$227.5 million (net of unamortized financing costs of \$1.3 million), offset by a \$0.5 million fair value adjustment with a weighted average contractual interest rate of approximately 3.4% and weighted average repayment term of approximately 3.9 years. The mortgages are secured by first and second priority liens on certain assets of the Trust. The mortgages are repayable as follows:

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2021	5,432,903	13,194,111	18,627,014	7,188,003
2022	5,902,511	6,268,275	12,170,786	6,811,360
2023	5,120,438	48,413,617	53,534,055	5,840,692
2024	2,593,251	87,293,847	89,887,098	2,975,981
2025	1,513,699	12,095,829	13,609,528	1,565,683
Thereafter	3,544,128	36,904,937	40,449,066	5,140,098
Face Value	\$ 24,106,931	\$ 204,170,616	\$ 228,277,548	\$29,521,817
Unamortized Financing Costs			(1,303,922)	
Mark to Market on Assumed Mortgages			545,996	
Total Mortgages			\$ 227,519,622	

On January 4, 2019, the Trust assumed a \$7.1 million first mortgage as part of a 69 unit multi-residential apartment acquisition located in Dartmouth, Nova Scotia as part of an acquisition further described in note 3 of the consolidated financial statements for the year ended December 31, 2020. The mortgage matured February 28, 2019. On February 28, 2019, the Trust refinanced this mortgage with a new \$7.0 million first mortgage fixed at a 2.65% interest rate with a 25 year amortization and matures June 1, 2024.

On January 14, 2019, the Trust completed an upward financing of its Montreal Industrial Portfolio with the Bank. The new principal balance is \$49.0 million. The Trust's portion of this financing is \$24.5 million. The terms are unchanged from the original loan as described above.

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On February 5, 2019, the Trust assumed two first mortgages totaling \$6.2 million (\$6.4 million fair value) as part of the Crombie Retail Portfolio acquisition. The mortgages have a 4.14% weighted average interest rate, amortize and mature between December 1, 2023 and February 5, 2024 with an weighted average term to maturity of 4.8 years. The Trust also financed five new mortgages totaling \$21.0 million and supplemented one assumed mortgage by \$1.0 million as part of this acquisition. The new mortgages have a 3.55% weighted average interest rate with interest rate ranges of 3.29% to 3.59%, amortize and mature on February 5, 2024.

On May 9, 2019, the Trust assumed \$30.4 million of first mortgages on four of the properties as part of the FCR Retail Portfolio– acquisition. The mortgages have a 3.99% weighted average interest rate, amortize and mature between February 1, 2020 and January 1, 2031 with a weighted average term to maturity of 12.1 years. The Trust also financed two new mortgages totaling \$62.5 million as part of this acquisition. The new mortgages have a 3.30% weighted average interest rate, amortize and mature between February 1, 2020 and May 9, 2024 with a weighted average term to maturity of 4.2 years.

On July 9, 2019, the Trust financed a new mortgage of \$15.5 million as part of the acquisition of the 105,358 square foot grocery anchored shopping centre located in St. Albert, Alberta. The mortgage has a 3.28% interest rate, amortizes and matures on July 9, 2026.

On December 17, 2019, the Trust financed a new mortgage of \$3.7 million on its Edmonton Industrial Portfolio. The mortgage has a 3.46% interest rate, amortizes and matures on December 17, 2029.

On February 1, 2020, the Trust repaid an \$11.1 million mortgage fully secured against the Merivale Mall property in the FCR Retail Portfolio.

On April 30, 2020, the Trust refinanced its existing mortgage on its Waterloo Industrial Portfolio with a Canadian Chartered Bank. The principal balance of the mortgage at maturity was \$24.8 million, while the Trust's portion was \$17.3 million. The new mortgage is a \$39.0 million first mortgage with an interest rate of prime plus 25 basis points with a 21.5-year amortization. The Trust's portion of this new mortgage is \$27.3 million.

On April 30, 2020, the Trust refinanced its existing mortgage on its Whitby Mall Property with a Canadian Chartered Bank. The principal balance of the mortgage at maturity was \$23.8 million, while the Trust's portion was \$9.5 million. The new mortgage is an \$18.0 million first mortgage fixed at an interest rate of 2.1% with a 25-year amortization. The Trust's portion of this new mortgage is \$14.4 million.

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On November 9, 2020, the Trust financed two new mortgages totaling \$5.1 million on its Edmonton Industrial Portfolio. The Trust's portion of these financings is \$2.5 million. The mortgages have a 3.45% interest rate, amortize and mature on December 5, 2022.

Facility

On November 29, 2012, the Trust entered the Facility with a Canadian Chartered Bank fully secured by first lien mortgages against certain of the Trust's properties. The full amount available under the Facility was \$15.0 million. On March 29, 2013, the full amount available under the Facility was reduced to \$7.0 million. On September 17, 2013, the Facility was increased to \$8.0 million. The term of the Facility is 24 months and is secured by a first priority lien against the Brampton, Ontario and Pembroke, Ontario assets. On November 27, 2014, the Trust extended the Facility for a period of two years. On June 9, 2016, the Bank increased the total amount available under the Facility to \$10.0 million. On November 20, 2017, the Bank increased the total amount available under the Facility to \$13.5 million and on December 20, 2018, the Bank further increased the total amount available under the Facility to \$22.0 million. The interest rate is based on a calculated formula using the Bank's Prime Lending Rate. Amounts drawn under the Facility are due to be repaid at the maturity date on October 31, 2022. Bank Indebtedness as of December 31, 2020 and December 31, 2019 was \$2,038,051 and \$nil, respectively.

Line of Credit

The Trust has entered into a Line of Credit (the "LOC") with a Canadian Chartered Bank (the "Bank") fully secured by first charges against the Merivale Mall Property. On December 31, 2020, the total amount available under the LOC was \$22.0 million. The interest rate is based on a calculated formula using the Bank's prime lending rate. Amounts drawn under the Facility are due to be repaid at the maturity date on November 30, 2025. Amounts drawn under the LOC as of December 31, 2020 and December 31, 2019 were \$18,500,000 and \$nil, respectively.

19. DISTRIBUTION POLICY & HISTORY

The following outlines the distribution policy of the Trust as contained in the Amended and Restated Declaration of Trust and the current distribution history as of the date of this AIF.

Distributions

The Trust may distribute to holders of Trust Units on or about the Distribution Date and on such other date as the Trustees deem, such amounts for the calendar month immediately preceding the month in which the Distribution Date falls, as the Trustees determine in their sole discretion.

On the last day of each taxation year, an amount equal to the net income of the Trust for such taxation year, determined in accordance with the provisions of the Tax Act other than Paragraph 82(1)(b) and Subsection 104(6) thereof, including net realized capital gains of the Trust (other than capital gains the tax on which may be recoverable by the Trust) shall, without any further action of the Trustees, be payable to holders of Trust Units of record at the close of business on such day (whether or not such day is a business day), subject to any adjustments the Trustees consider reasonable, at their sole discretion.

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Distributions payable to holders of Trust Units shall be deemed to be distributions of income of the Trust (including dividends), net realized taxable capital gains of the Trust, Trust capital or other items in such amounts as the Trustees, in their absolute discretion determine and shall be allocated to the holder of Trust Units in the same proportions as distributions received by the holder of Trust Units, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances. For greater certainty, any distribution of net realized capital gains of the Trust shall include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

Distribution History

The aggregate of the cash distributions declared per Trust Unit in respect of the years ended December 31, 2020, December 31, 2019, and December 31, 2018 were \$0.50, \$0.48 and \$0.46, respectively. The following chart details the monthly distribution history of the Trust:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
January	\$ 0.041667	\$ 0.04	\$ 0.038333
February	\$ 0.041667	\$ 0.04	\$ 0.038333
March	\$ 0.041667	\$ 0.04	\$ 0.038333
April	\$ 0.041667	\$ 0.04	\$ 0.038333
May	\$ 0.041667	\$ 0.04	\$ 0.038333
June	\$ 0.041667	\$ 0.04	\$ 0.038333
July	\$ 0.041667	\$ 0.04	\$ 0.038333
August	\$ 0.041667	\$ 0.04	\$ 0.038333
September	\$ 0.041667	\$ 0.04	\$ 0.038333
October	\$ 0.041667	\$ 0.04	\$ 0.038333
November	\$ 0.041667	\$ 0.04	\$ 0.038333
<u>December</u>	<u>\$ 0.041667</u>	<u>\$ 0.04</u>	<u>\$ 0.038333</u>
Total per Trust Unit	\$ 0.50	\$ 0.48	\$ 0.46

On November 16, 2020, the Trust announced that the Board of Trustees had approved a 2% increase in its monthly distributions to \$0.0425 per Trust Unit from \$0.041667 per Trust Unit commencing in 2021. On an annualized basis this equates to annual distributions of \$0.51 per Unit, up from \$0.50 per Unit. This is the Trust eighth distribution increase in eight years and represents a cumulative increase of 45.7% since the Trust's inception in 2012.

For 2020, distributions were 100% return of capital.

20. INVESTMENT GUIDELINES & OPERATING POLICIES

The Trust follows investment guidelines and operating policies. The following is a summary of the investment guidelines and operating policies as outlined in the Amended and Restated Declaration of Trust. For further details and additional information, please refer to the Amended and Restated Declaration of Trust as posted on SEDAR (www.sedar.com).

20.1. Investment Guidelines

The Trust may invest, directly or indirectly, in (i) interests (including ownership and leasehold interests) in income-producing real property that is capital property of the Trust and (ii) corporations, trusts, partnerships or other persons which are real estate investment trusts for the purposes of the Tax Act (or proposed amendments thereto).

Except where any such investments would cause the Trust not to qualify as a real estate investment trust for the purposes of the Tax Act, the Trust may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where (i) the hypothec, mortgage, hypothecary bond or mortgage bond is issued by a subsidiary, (ii) the real property, which is security therefor, is income-producing real property which otherwise complies with the other investment guidelines of the Trust, (iii) the immovable hypothec or mortgage is an immovable hypothec or mortgage registered on title to the real property which is security therefor, and (iv) the aggregate value of the investments of the Trust in these instruments will not exceed 20% of the aggregate of the Adjusted Unitholders' Equity (calculated in accordance with the Amended and Restated Declaration of Trust). In addition, the Trust may invest in any immovable hypothecs or mortgages which are not first ranking for purposes of providing, directly or indirectly, financing.

The Trust may, with the prior approval of the Trustees, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the Trust; provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Asset Manager, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on transfer and the acquisition and sale of the Trust's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the Trust, provisions to limit the liability of the Trust and its Unitholders to third parties, and provisions to provide for the participation of the Trust in the management of the joint venture arrangement.

20.2. Investment Restrictions

The Trust may not make any investment, take any action or omit to take any action that would result in Trust Units not being Trust Units of a "mutual fund trust" within the meaning of the Tax Act (or otherwise disqualify the Trust as a "mutual fund trust" within the meaning of the Tax Act) or that would result in Trust Units not being a "qualified investment", for investment by Plans (other than registered education savings plan) or other persons subject to tax under Part XI of the Tax Act or that would result in Trust Units being foreign property for the purpose of the Tax Act for any Plans.

The Trust shall not make any investment or take any action or omit to take any action which would cause the Trust to be a "SIFT Trust" within the meaning of the Tax Act (or proposed amendments thereto) at any time during a taxation year, or which would cause the Trust to be unable to maintain its status as a "real estate investment trust" within the meaning of the Tax Act (or proposed amendments thereto);

Except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities and except as otherwise permitted pursuant to the investment guidelines and operating policies of the Trust, the Trust may not hold securities other than to the extent such securities would constitute an investment in real property (as determined by the Trustees).

The Trust may not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as ancillary to an investment in real property. In addition, the Trust will not invest, directly or indirectly in another trust, partnership, corporation or other entity unless (i) the entity would, if it were a trust, satisfy the conditions set out in paragraphs (a) to (d) of the definition of “real estate investment trust” under the Tax Act, (ii) the person derives all or substantially all of its revenues from maintaining, improving leasing or managing real property that is capital properties of the Trust or of an entity of which the Trust holds a share or an interest, including real property that the Trust, or an entity of which the Trust holds a share or an interest, holds together with one or more other persons, and (iii) the entity holds no property other than legal title to real property of the Trust (including real property that the Trust holds together with one or more other persons), and property ancillary to the earning by the Trust of rents or gains from the sale of real property that is capital property.

20.3. Operating Policies

The operations and affairs of the Trust shall be conducted in accordance with the following policies:

- the Trust shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term “hedging” shall have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time;
- 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;
- the Trust may engage in construction or development of real property in order to maintain its real properties in good repair or to enhance the income-producing potential of properties that are capital property of the Trust;

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- title to each real property shall be held by and registered in the name of the Trustees or, to the extent permitted by applicable law in the name of the Trust or in the name of a corporation or other entity owned, directly or indirectly, by the Trust or jointly-owned, directly or indirectly, by the Trust, with joint ventures or a corporation which is a nominee of the Trust which holds as its only property registered title to such real property pursuant to a nominee agreement with the Trust;
- the Trust will not incur or assume any Indebtedness if, after giving effect to the incurring of the indebtedness, the total Indebtedness of the Trust would be more than 75% of the Gross Book Value;
- the Trust will monitor its tax status as a “mutual fund trust” and a “real estate investment trust”;
- the Trust will not directly or indirectly guarantee any Indebtedness or liabilities of any kind of any person, except Indebtedness or liabilities assumed or incurred by a person in which the Trust holds an interest, directly or indirectly, or by an entity jointly owned by the Trust with joint ventures and operated solely for the purpose of holding a particular property or properties where such Indebtedness, if granted by the Trust directly, would not cause the Trust to otherwise contravene the its investment guidelines. The Trust is not required but shall use its reasonable best efforts to comply with this requirement:
 - in respect of obligations assumed by the Trust pursuant to the acquisition of real property; or
 - if doing so is necessary or desirable in order to further the initiatives of the Trust;
- the Trust shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the Trust and the accidental loss of value of trust property of the Trust from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and
- the Trust shall obtain or review a Phase I Environmental Audit (or reliance letter from an environmental consultant in respect of a Phase I Environmental Audit) of each real property to be acquired by it, dated within eighteen months of the date of acquisition, and, if the Phase I Environmental Audit report recommends or recommended a Phase II Environmental Audit be obtained, the Trust shall obtain or review a Phase II Environmental Audit, in each case by an independent and experienced environmental consultant; as a condition to any acquisition, such audit must be satisfactory to the Trustees.

21. MANAGEMENT OF THE TRUST

The Trust’s investment policies and operations are subject to the control and direction of the Trustees, a majority of whom must be independent. The Trustees are responsible for the general control and direction of the Trust.

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The Trust currently has one employee. The Trust is externally asset and property managed by FCRPI and FCPM, respectively. Management of the Trust is employed by both FCRPI and FCPM. Outlined below are summaries of the Asset Management Agreement and Property Management Agreement. For additional information, please refer to the Asset Management Agreement and the Property Management Agreement as posted on SEDAR (www.sedar.com).

Asset Management Agreement

The Trust has entered into an Asset Management Agreement with FCRPI, an entity 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 unless terminated in accordance with its terms.

As part of the Asset Management Agreement, FCRPI agrees to provide the following services: (i) arrange financing, refinancing 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) provide 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 document 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 its services, FCRPI is paid the following fees:

(a) Asset Management Fees:

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

(b) 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 \$100 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.

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(c) Performance Incentive Fees: The Trust pays a fee equivalent to 15% of AFFO once AFFO exceeds \$0.40 per Trust Unit.

(d) Placement Fees: The Trust pays a fee equivalent to 0.25% of the aggregate value of all debt and equity financing arranged by FCRPI or an affiliate thereof.

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

The Asset Management Agreement may be terminated for cause at any time upon approval by two-thirds of the Independent Trustees (as such term is defined in the Amended and Restated Declaration of Trust) and upon the occurrence of any of the following:

- (a) in the event of a breach by FCRPI of any material term of the Asset Management Agreement that has or may reasonably be expected to have a material adverse effect on the operations and financial condition of the Trust that is not cured within 60 days of written notice of such breach (or such longer period as may be reasonably required in the circumstances to cure such breach);
- (b) in the event of the commission (as determined by a court of competent jurisdiction with all rights of appeal having expired) by FCRPI of any act constituting bad faith, willful malfeasance, gross negligence or reckless disregard of its duties hereunder; or
- (c) an event of insolvency in respect of FCRPI.

In the event that there is no cause for termination, the Asset Management Agreement may be terminated by the Trust on or at any time after November 29, 2022 upon the approval of two-thirds of the votes cast by Unitholders at a meeting of Unitholders called for such purpose and upon 24 months' prior written notice to FCRPI given after the aforesaid approval of Unitholders. If such approval is not obtained by January 1, 2022, then the references to "2022" in the immediately preceding sentence shall without any further act or formality be deemed to read "2027".

FCRPI may terminate the Asset Management Agreement at any time upon 180 days' written notice to the Trust.

Upon the termination of the Asset Management Agreement by the Trust not for cause or upon a breach by the Trust, and following receipt of a notice of termination, the Trust shall pay to FCRPI the following:

- (a) a fee equal to the greater of:
 - i. 2% of the Gross Book Value of the Properties and the Trust's other assets, as reflected in the Trust's most recent financial statements immediately preceding the date that is twelve months prior to the receipt by FCRPI of notice of termination or non-renewal; and

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- ii. 2% of the Gross Book Value of the Properties and the Trust's other assets, as reflected on the Trust's most recent financial statements immediately preceding the date on which FCRPI receives the notice of termination or non-renewal; and
- (b) any amounts which would have been earned by FCRPI under the Asset Management Agreement in respect of the uncompleted portion of the term of the Asset Management Agreement, which includes the notice period.

Property Management Agreement

The Trust entered into a Property Management Agreement with FCPI, an entity related to certain Trustees and Management of the Trust. On September 1, 2017, the Property Management Agreement was amended to change the Property Manager from FCPI to FCPM. The term of the contract is initially ten years and automatically renews for successive ten year periods.

As part of the Property Management Agreement, FCPM agrees to provide the following services: (i) lease the Trust's properties and secure tenants from time to time as vacancies occur; (ii) establish the rent, the duration, the terms and conditions of all leases and renewals thereof; (iii) enter into agreements to lease and offers to lease in respect of the Trust's properties; (iv) collect all rents, including parking revenues, tenant recoveries, leasehold recoveries and any other revenues or monies accruing to the Trust's properties, or sums which may be receipts due and payable in connection with or incidental to the Trust's properties; (v) maintain the Trust's 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 its services, FCPM is paid the following fees:

- (a) Property Management Fees: The Trust pays the following fees annually:
 - I. For each multi-unit residential property with 120 units or less, a fee equal to 4.0% of Gross Revenues and for each multi-unit residential property with more than 120 units, a fee equal to 3.5% of Gross Revenues.
 - II. Industrial & Commercial Properties: For each industrial or commercial property, a fee equal to 4.25% of Gross Revenues from the property; provided, however, that for such properties with a single tenant, the fee shall be equal to 3.0% of Gross Revenues.
- (b) Commercial Leasing Fees: Where FCPM leases a rental space on commercial terms, FCPM 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

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broker arranges for the lease of any such property that is not subject to a long term listing agreement, FCPM 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 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 FCPM shall be subject to a commission payable to FCPM 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 FCPM is requested by the Trust to construct tenant improvements or to renovate same, or where FCPM is requested by the Trust to incur Capital Expenditures, FCPM shall receive as compensation for such services, a fee equal to five percent (5.0%) of the cost of such Capital Expenditures where the total cost of Capital Expenditures exceed \$50,000, plus 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.

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

The Property Management Agreement may be terminated for cause at any time upon approval by two-thirds of the Independent Trustees and upon the occurrence of any of the following:

- (a) in the event of a breach by FCPM of any material term of the Property Management Agreement that has or may reasonably be expected to have a material adverse effect on the operations and financial condition of the Trust that is not cured within 60 days of written notice of such breach;
- (b) in the event of the commission (as determined by a court of competent jurisdiction with all rights of appeal having expired) by FCPM of any act constituting bad faith, willful malfeasance, gross negligence or reckless disregard of its duties hereunder; or
- (c) an event of insolvency by FCPM.

If there is no cause for termination, the Property Management Agreement may be terminated by the Trust on or at any time after November 29, 2022 upon the approval of two-thirds of the votes cast by Unitholders and upon 24 months' prior written notice to FCPM.

FCPM may terminate the Property Management Agreement at any time upon 180 days written notice to the Trust.

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Upon the termination of the Property Management Agreement by the Trust not for cause or upon a breach by the Trust, the Trust shall pay to FCPM any amounts which would have been earned by FCPM under the Property Management Agreement in respect of the uncompleted portion of the term of the Property Management Agreement, which includes the notice period. In lieu of termination of the Property Management Agreement, as aforesaid, FCPM may cause the Trust to acquire the Property Management Agreement for a purchase price equal to the amount that FCPM would have received had the Property Management Agreement been terminated other than for cause.

22. MANAGEMENT AND OPERATIONS, TRUSTEES AND OFFICERS

The Trust is led by an external management team that has the requisite range of experience required to acquire, finance, operate, maintain, and grow a diverse portfolio of real estate assets across Canada. Management has substantial experience successfully managing multi-tenant residential, multi-tenant and single tenant industrial, net lease convenience & standalone retail, and core service provider professional space real estate assets and possesses a broad network of relationships and financing experience that they believe will aid it in identifying and closing accretive acquisitions. The Trust also benefits from the reputation, commitment, and stability of Management.

The Trust is managed by a group of dedicated real estate professionals with expertise in several complementary disciplines in the real estate field, including finance and property management; acquisitions and dispositions; development and joint ventures; strategic planning; mortgage banking; capital markets; and financial reporting and public disclosure. The nature and extent of the experience of each of the executive officers of FCPT in the real estate industry is outlined below.

The Trust shall have a minimum of three (3) and a maximum of eleven (11) Trustees. The number of Trustees within such minimum and maximum numbers may be changed by Unitholders or by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. The majority of the Trustees must be independent. FCRPI is entitled to nominate two Trustees to the Board of Trustees.

Trustees elected at an annual meeting will be elected for a term expiring at the next annual meeting of Unitholders.

Additional information regarding Trustees and their duties and powers can be found in the Amended and Restated Declaration of Trust as posted on SEDAR (www.sedar.com).

The table below sets forth, for each Trustee and senior executive of the Trust, as at December 31, their principal occupation over the past five years and the year they first became a Trustee and/or Officer of the Trust:

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Name and Municipality of Residence	Position	Principal Occupation Over the Past Five Years	Trustee and/or Officer Since
Stanley Goldfarb, FCPA, FCA ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada	Chairman of the Board of Trustees	CEO of Goldfarb Management Services Limited (a private investment management company). Chairman of Firm Capital Mortgage Investment Corporation.	2012
Eli Dadouch Toronto, Ontario, Canada	Vice Chairman and Co-Chief Investment Officer and Trustee	President and CEO of Firm Capital Corporation. President, CEO and Director of Firm Capital Mortgage Investment Corporation. President, Vice Chairmen, Firm Capital Apartment REIT.	2012
Robert McKee Toronto, Ontario, Canada	President, CEO and Trustee	Managing Director of FCRPI.	2012
Sandy Poklar Toronto, Ontario, Canada	CFO and Trustee	COO and Managing Director, Capital Markets & Strategic Developments for Firm Capital Corporation. Vice President, Investment Banking; Macquarie Capital Markets Canada Ltd. Trustee of True North Commercial Real Estate Investment Trust; President and CEO, Firm Capital Apartment REIT.	2012
Jonathan Mair Toronto, Ontario, Canada	Co-Chief Investment Officer and Trustee	Vice-President, Mortgage Banking of Firm Capital Corporation. Executive Vice President, Chief Operating Officer and Director of Firm Capital Mortgage Investment Corporation. Chief Financial Officer and Senior Vice-President, FC Treasury Management Inc; Trustee Firm Capital Apartment REIT.	2012
Lawrence Shulman ⁽¹⁾⁽²⁾ Toronto, Ontario, Canada	Independent Trustee	Investment manager; financial advisor. Independent Director, Firm Capital Mortgage Investment Corporation.	2012

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Name and Municipality of Residence	Position	Principal Occupation Over the Past Five Years	Trustee and/or Officer Since
Geoffrey Bledin ⁽¹⁾⁽²⁾ Antigua, West Indies	Independent Trustee	Chairman, Firm Capital Apartment REIT; Independent Director, Firm Capital Mortgage Investment Corporation.	2012
Howard Smuschkowitz ⁽²⁾ Toronto, Ontario, Canada	Independent Trustee	Trustee, Firm Capital Apartment REIT.	2012
Manfred Walt ⁽²⁾ Toronto, Ontario, Canada	Independent Trustee	CEO, Walt & Co. Inc. Trustee, Killam Apartment REIT.	2012
Joseph Fried Toronto, Ontario, Canada	Secretary	Lawyer, Fogler, Rubinoff LLP and prior thereto lawyer at Meyer, Wassenaar & Banach (a law firm). General Counsel and Secretary, Firm Capital Mortgage Investment Corporation.	2012
Victoria Granovski Toronto, Ontario, Canada	Trustee	Directors and Senior Vice President Credit & Equity Capital, Firm Capital Mortgage Investment Corporation; Vice President of Mortgage Operations, Firm Capital Corporation.	2018
Jeffrey Goldfarb ⁽²⁾ Toronto, Ontario, Canada	Independent Trustee	CEO, Martley Holding Inc.	2018

Notes:

- (1) Member of the Audit Committee.
- (2) Independent Trustee.
- (3) Chairman of the Audit Committee.

The Trustees and Officers of the Trust, as a group, collectively own, directly or indirectly, or exercise control or direction over an aggregate of 2,347,146 Trust Units, representing approximately 8% of the issued and outstanding Trust Units. No one Trustee or Officer, directly

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or indirectly, exercise controls or direction of 10% or more of the issued and outstanding Trust Units.

The following are biographies of the Trustees and Officers of the Trust, including the nature and extent of their experience in the real estate industry and their principal occupations during the last five years:

Stanley Goldfarb, FCPA, FCA is a Chairman of Firm Capital Property Trust. He is also Chief Executive Officer of Goldfarb Management Services Limited (a private investment management company), a director of The Goldfarb Corporation and was a founding partner of Goldfarb, Shulman, Patel and Co., Chartered Accountants (a chartered accountant firm that is now part of PricewaterhouseCoopers LLP), where he practiced from 1959 to January 1999. Mr. Goldfarb has been a chartered accountant since 1957.

Eli Dadouch is Vice Chairman & Co-Chief Investment Officer of Firm Capital Property Trust. He is also the Vice Chairman of Firm Capital Apartment REIT. He has been President of Firm Capital Corporation, FCPI and FCPM (property management companies) and Firm Capital Mortgage Corporation (a mortgage investment company) since 1988. Mr. Dadouch is also the President and a director of FCMIC.

Robert McKee is the President & CEO and Trustee of Firm Capital Property Trust. Mr. McKee is also a Managing Director of FCRPI. Previously, Mr. McKee was a member of the Real Estate Investment Banking Group at TD Securities Inc. Mr. McKee formerly served on the Board of Trustees of True North Apartment Real Estate Investment Trust.

Sandy Poklar CPA, CA is the Chief Financial Officer and Trustee of Firm Capital Property Trust. He is also the President and CEO of Firm Capital Apartment REIT. He is also currently the Chief Operating Officer and Managing Director, Capital Markets & Strategic Developments for the Firm Capital Corporation and EVP Finance for FCMIC. Sandy is currently a Trustee for True North Commercial REIT (a publicly traded REIT) and was a Director of Genesis Land Development Corporation (a publicly traded real estate company). Prior to joining Firm Capital, Sandy was employed at Macquarie Capital where he was a Vice President in their Real Estate Investment Banking Groups. Sandy is a chartered accountant and has his ICD.D designation.

Jonathan Mair, CPA, CA is a Trustee and Co-Chief Investment Officer of Firm Capital Property Trust; Trustee of Firm Capital Apartment REIT and he has also been the Vice-President, Mortgage Banking, of Firm Capital Corporation since 1997 and Executive Vice President, Chief Operating Officer and Director of FCMIC (a publicly traded mortgage investment corporation). Prior to that, Mr. Mair was a Vice-President of KPMG Inc. (a financial advisory services firm) specializing in the management and debt restructuring of mortgage lending institutions and mortgage portfolios from 1993 to 1997. Mr. Mair has been a chartered accountant since 1991.

Lawrence Shulman, CPA, CA is a Trustee for Firm Capital Property Trust. He graduated with a Bachelor of Commerce degree from the University of Toronto in 1961 and has been a Chartered Accountant since 1964. From that time, up until his retirement in June 2006, he has been a senior partner of Goldfarb, Shulman, Patel & Co. LLP, an accounting firm that is now part of PricewaterhouseCoopers LLP. Goldfarb, Shulman, Patel & Co. LLP, which had a staff of 75 professionals and support personnel, concentrated its practice in the land development and

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construction company areas. As well, they offered a full range of services and were affiliated with other accounting firms around the world. Mr. Shulman has lectured extensively in income taxes and estate planning and has had significant experience in advising real estate developers and construction company executives, both local and non-resident. He currently manages, on behalf of clients, portfolios of investment funds in excess of \$30 million and has acted as the financial advisor on the sale of numerous corporations, including a large multi-national corporation with sales approaching \$100 million annually. Over the years Mr. Shulman has worked with many professional and religious organizations, both in administrative and fundraising roles. He currently serves as President of the New Gamebridge Beach Cottage Association.

Geoffrey Bledin is a Trustee and Chairman of Firm Capital Apartment REIT and Director of Firm Capital Mortgage Investment Corporation. He was the past President and Chief Executive Officer of The Equitable Trust Company from 1990 to 2007 (a deposit taking institution that specializes in residential and commercial real estate lending). Prior to 1990, Mr. Bledin was a partner at Price Waterhouse.

Howard Smuschkowitz is an Independent Trustee of Firm Capital Property Trust and Firm Capital Apartment REIT. Mr. Smuschkowitz was president of Concord Confections Inc. (Dubble Bubble) from 1986 to 2004, when the company was sold to Tootsie Roll Industries, Inc. He has experience with private companies across many sectors of the economy, as well as experience in commercial real estate ownership.

Manfred Walt, CPA, CA is an Independent Trustee of Firm Capital Property Trust. Mr. Walt is President and Chief Executive Officer of Walt & Co. Inc., a private investment and management company. Mr. Walt has been associated with the Bronfman family (Brookfield Asset Management) from 1980 – 1998 and the Reichman family (Retirement Residences REIT) from 1998 – 2020. Mr. Walt has served in various executive roles in the abovementioned families' private and public companies over these years. Mr. Walt holds a Bachelor of Commerce and a Certificate in the Theory of Accountancy from the University of Cape Town and is a Chartered Professional Accountant.

Joseph Fried is a Partner at Fogler, Rubinoff, LLP, Commercial Real Estate Practice since 2019. Prior to joining Fogler, Rubinoff LLP, Mr. Fried was the head of the commercial real estate department at the law firm Meyer, Wassenaar & Banach since 1993. Prior to that, Mr. Fried was a partner with the law firm Bratty & Partners from 1986 to 1993. Mr. Fried has been a member of the Law Society of Upper Canada since 1976 and has substantial experience in mortgage lending and enforcement work acting for both institutional and private investors. From 1981 to early 1990, Mr. Fried was a director of The Municipal Savings & Loan Corporation (a loan and trust company) and Municipal Financial Corporation (the holding body corporate of The Municipal Savings & Loan Corporation and The Municipal Trust Company), and he sat on the audit committee and was Chairman of the investment committee of Municipal Financial Corporation from 1986 to early 1990.

Victoria Granovski, MFin currently holds the position of Senior Vice President, Credit and Equity Capital and a Director of Firm Capital Mortgage Investment Corporation as well as Vice President of Mortgage Operations at Firm Capital Corporation. Prior to joining Firm Capital, Victoria worked at Direct Insurance – Financial Investments Ltd and its affiliates. Victoria holds a Master of Finance degree from the Smith School of Business at Queen's University and Bachelor

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of Arts degree with a major in Economics from the Open University of Israel and served two years within the Israeli Intelligence Corps of the Israeli Defence Forces.

Jeffrey Goldfarb, CPA, CA is an Independent Trustee for Firm Capital Property Trust. Prior to joining FCPT, he was a partner at a large Canadian accounting firm until his retirement from public accounting in 2017. During his time in public accounting, Mr. Goldfarb specialized in real estate and the construction industry. Mr. Goldfarb is also the CEO of Martley Holding Inc., a private investment company.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of this AIF and within the ten years before the date of this AIF, no trustee or executive officer of the Trust is or has been a director, trustee, chief executive officer or chief financial officer of any entity (including the Trust), that:

- (a) was subject to an order that was issued while the director, trustee or executive officer was acting in the capacity as director, trustee, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director, trustee or executive officer ceased to be a director, trustee, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, trustee, chief executive officer or chief financial officer.

No trustee or executive officer of the Trust or unitholder holding a sufficient number of securities of the Trust to affect materially the control of the Trust:

- (a) is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director, trustee or executive officer of any entity (including the Trust) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No trustee or executive officer of the Trust or unitholder holding a sufficient number of securities of the Trust to affect materially the control of the Trust, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

22.1. Investment Committee

The Investment Committee consists of all the members of the Board of Trustees. The Investment Committee (i) reviews all potential investments of the Trust and (ii) adjudicates and advises on transactions involving potential conflicts of interest or any other transactions which may be detrimental to the interests of the Unitholders.

22.2. Audit Committee

As described in Appendix “B” the Trust has established an Audit Committee of which the Board of Trustees shall appoint not less than three trustees to serve on the Audit Committee, a majority of whom shall be Independent Trustees (as such term is defined in National Instrument 52-110 – *Audit Committees*), and all of whom shall be Financially Literate (defined as having the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements).

Stanley Goldfarb, Geoffrey Bledin, and Lawrence Shulman as of March 21, 2018 comprise the Audit Committee. Stanley Goldfarb, Geoffrey Bledin and Lawrence Shulman are deemed to be Independent Trustees and Financially Literate, as defined under National Instrument 52-110. Stanley Goldfarb is currently Chairman of the Audit Committee.

The purpose of the Audit Committee is to assist the Board of Trustees in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to Unitholders of the Trust and others, the systems of corporate financial controls which management and the Board of Trustees have established and the audit process.

More specifically, the purpose of the Audit Committee is to satisfy itself that:

- I. the Trust’s annual financial statements are fairly presented in accordance with Canadian IFRS reporting standards and to recommend to the Board of Trustees whether the annual financial statements should be approved;
- II. the information contained in the Trust’s quarterly financial statements, annual report to Unitholders and other financial publications, such as management’s discussion and analysis, is complete and accurate in all material respects and to recommend to the Board of Trustees whether these materials should be approved;
- III. the Trust has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements; and
- IV. the external audit functions have been effectively carried out and that any matter which the independent auditor wishes to bring to the attention of the Board of

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Trustees has been addressed. The Audit Committee will also recommend to the trustees the re-appointment or appointment of the auditor and their remuneration and will be responsible for overseeing the work of the auditor, including the resolution of disagreements between management and the auditor regarding financial reporting.

The following table is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Trust to prepare its annual and interim financial statements.

<u>Name of Audit Committee Member</u>	<u>Relevant Education and Experience</u>
Stanley Goldfarb (Chairman)	Mr. Goldfarb obtained his Chartered Accountant designation in 1957 and started his own chartered accounting firm in 1959, (Goldfarb, Shulman, Patel & Co. LLP) which is now part of PWC. Mr. Goldfarb also holds an FCPA, FCA designation.
Lawrence Shulman	Mr. Shulman obtained a Bachelor of Commerce degree in 1961 and a Chartered Accountant designation in 1964. From that time, up until his retirement in June 2006, he was a senior partner in the public accounting firm of Goldfarb, Shulman, Patel & Co. LLP. Mr. Shulman has lectured extensively on income tax and is currently involved in estate planning.
Geoffrey Bledin	Mr Bledin obtained Bachelor of Commerce degree in 1975 and a Chartered Accountant Designation in 1979 in South Africa and 1981 in Canada. He was the past President and Chief Executive Officer of The Equitable Trust Company from 1990 to 2007 (a deposit taking institution that specializes in residential and commercial real estate lending) and is a Director of Firm Capital Mortgage Investment Corporation. Prior to 1990, Mr. Bledin was a partner at Price Waterhouse.

Prior to November 12, 2019, the auditors of the Trust were PricewaterhouseCoopers LLP. Subsequent to November 12, 2019, KPMG LLP was appointed auditors of the Trust. KPMG LLP also provides tax services to the Trust and has continued to do so since the Trust's inception. Outlined below are the fees paid to KPMG LLP for both the year ended December 31, 2020 and December 31, 2019, respectively:

	<u>Fees – Fiscal 2020</u>	<u>Fees – Fiscal 2019</u>
Audit Fees ⁽¹⁾	\$95,979	\$94,100
Audit-Related Fees ⁽²⁾	\$11,000	\$153,326
Tax Fees ⁽³⁾	\$36,550	\$34,310

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Total	\$143,529	\$281,736
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Notes:

- (1) "Audit Fees" include fees billed for audit and review services in respect of the annual and quarterly consolidated financial statements and other regulatory filings.
- (2) "Audit-Related Fees" include fees billed for services related to consultations regarding financial reporting and accounting standards and prospectuses filed during the respective years, and other compliance related matters not included under "Audit Fees".
- (3) "Tax Fees" include fees billed for tax compliance and tax advisory services, including the review of tax returns and other structuring matters.
- (4) "All Other Fees" include fees billed for all other services other than those presented in the categories of "Audit Fees", "Audit-Related Fees" and "Tax Fees", including advisory services and Canadian Public Accountability Board fees.

22.3. Remuneration of Trustees

A non-Independent Trustee does not receive any remuneration from the Trust for serving as a Trustee. It is the Trust's policy to not compensate the Independent Trustees and Chairman of the Board of Trustees until the Trust has achieved \$50 million in assets, at which point market-based compensation will be provided to the Trustees. This threshold was surpassed on August 1, 2013 when the Trust acquired its pro rata interest in the Montreal Industrial Portfolio. As a result, the Independent Trustees commenced receiving compensation.

The Board of Trustees approved that all Independent Trustees receive annual trustee fees of \$27,000 per annum, with the Chairman of the Board of Trustees receiving \$31,500 per annum. For the period from January 1, 2020 and ending December 31, 2020, the following compensation was paid to the Independent Trustees and the Chairman of the Board of Trustees.

Name	Annual Fee (\$)	Share-based Award (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	Total Fees Earned (\$)
Stanley Goldfarb	31,500	3,200	0	0	34,700

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Lawrence Shulman	27,000	3,200	0	0	30,200
Geoffrey Bledin	27,000	3,200	0	0	30,200
Howard Smuschkowitz	27,000	3,200	0	0	30,200
Manfred Walt	27,000	3,200	0	0	30,200
Jeffrey Goldfarb	27,000	3,200	0	0	30,200
TOTAL	166,500	19,200	0	0	185,700

The Trustees' compensation is subject to such amendments as the Independent Trustees may determine from time to time, and the Trustees are entitled to reimbursement of their out-of-pocket expenses incurred in acting as a Trustee. Trustees and Officers are entitled to participate in the Option Plan.

23. INTEREST OF TRUSTEES AND OTHERS IN MATERIAL TRANSACTIONS

The Trust has entered into the Asset Management Agreement with FCRPI and the Property Management Agreement with FCPM, entities related to certain Trustees and Management of the Trust, as outlined above. 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 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 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.

24. RISKS AND UNCERTAINTIES

Readers should carefully consider the following risks, as well as the other information contained in this AIF and the Trust's management's discussion and analysis for the year ended December 31, 2019. If any of the following risks actually occurs, FCPT's business could be materially harmed. The risks and uncertainties described below are not the only ones the Trust faces. Additional risks and uncertainties, including those of which the Trust is currently unaware or it currently deems immaterial, may also adversely affect its business, and past performance is no guarantee of future performance.

Public Health Crisis

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The Trust's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, temporary business closures, quarantines, a general reduction in commercial activity due to reduced consumer spending related to job loss and other adverse economic effects attributable to COVID-19. Given the unprecedented and pervasive impact of changing circumstances surrounding COVID-19, there is inherently greater uncertainty related to the Trust's future operating assumptions as compared to the prior periods.

The duration of the business disruption due to government lockdown orders and their related financial impact cannot be reasonably estimated at this time and may be instituted, terminated and re-instituted from time to time due as the COVID-19 outbreak worsens or waves of COVID outbreaks may occur.

In the near-term, there are no material signs of deterioration in the Trust's operations as a result of COVID-19.

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

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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.

Due to the financial impacts of COVID-19 on many tenants, the collectability of certain lease payments from lessees has become uncertain.

In determining the expected credit losses, the Trust takes into account the payment history and future expectations of likely default events (i.e., asking for rental concessions, applications for rental relief through government programs such as the CECRA program, or stating they will not be making rental payments on the due date) based on actual or expected insolvency filings or voluntary arrangements. These assessments are made on a tenant-by-tenant basis.

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 Amended and Restated Declaration of Trust.

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.

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

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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.

Distributions

Although as at December 31, 2020, and the date hereof, the Trust's distribution policy with respect to Units provides for monthly cash distributions to holders of Trust Units equal to \$0.51 per Unit on an annualized basis (\$0.0425 per Unit per month), the actual amount of cash distributed in respect of Units will depend on numerous factors, including the amount of principal repayments, tenant allowances, leasing commissions, capital expenditures and other factors that may be beyond the control of the Trust. The Trust may modify or suspend distributions at any time.

Illiquidity Risk

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Trust were required to liquidate its real property investments, the proceeds to the Trust may be significantly less than the aggregate carrying value of its properties.

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.

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Unexpected Costs or Liabilities Related to Acquisitions

The 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.

Environmental Risk

Environmental and ecologically 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.

The Trust is exposed to potential liability in respect of environmental hazards or liability under various environmental laws and regulations. In order to mitigate this potential liability, it is the Trust's policy to obtain a Phase I Environmental Audit (and Phase II if required) conducted by a qualified environmental consultant who has the appropriate insurance coverage prior to acquiring any property. In addition, where appropriate, tenant leases specify that the tenant will conduct its business in accordance with environmental regulations and will be responsible for any liabilities arising out of infractions of such regulations. It is the Trust's practice to regularly inspect tenant premises that may be subject to environmental risk.

Legal Risk

In the normal course of the Trust's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Trust and as a result could have a material adverse effect on the Trust's assets, liabilities, business, financial condition and results of operations. Even if the Trust prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of Management and key personnel from the Trust's business operations, which could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

Lease Rollover Risk

The value of investment properties and the stability of cash flows derived from those properties 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

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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 June 22, 2007, the SIFT rules were enacted in the Tax Act. 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 where a "real estate investment trust" meets the 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 period ended December 31, 2019. 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 revaluations of properties and their adherent tax rates. In some instances, enhancements to properties may result in significant increases in property assessments following a revaluation. 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.

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Unitholder Risk

There is a risk that FCPT's Unitholders could become subject to liability. The Amended and Restated 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 Amended and Restated 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 FCPM

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 FCPM to maintain these real estate investments. The Trust has also entered into long-term contracts with FCRPI and FCPM, as more particularly described in the Asset Management Agreement and Property Management Agreement. The Trust is exposed to adverse developments in the business and affairs of FCRPI and FCPM since as day-to-day activities of the Trust are operated by FCRPI and FCPM and 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.

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Potential Conflicts of Interest

The Trust is subject to various potential conflicts of interest. The Trust has entered into an Asset Management Agreement with FCRPI and Property Management Agreement with FCPM, entities related to certain Trustees and Management of the Trust, as outlined above. Further, the Trustees and Officers may and do 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, 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 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 Amended and Restated Declaration of Trust does not restrict Trustees or Officers of the Trust, the Asset Manager, the Property Manager and/or its affiliates from being engaged (directly or indirectly) in real estate and business transactions in which their individual interests actually, or are perceived to be, in conflict with the interests of Trust. Accordingly, there can be no guarantee that the Trustees and Officers of the Trust, when acting in a capacity other than a Trustee or Officer of the Trust, will act in the best interests of the Trust.

Reliance on Key Personnel and Trustees

In assessing the risk of an investment in the Trust Units, potential investors should be aware that they will be relying on the good faith, experience and judgment of the Trustees. Although investments made by the Trust are carefully chosen by the Trustees, there can be no assurance that such investments will earn a positive return in the short-term or long-term or that losses may not be suffered by the Trust from such investments.

Dilution

The number of Trust Units that the Trust is authorized to issue is unlimited. The Trustees have the discretion to issue additional Trust Units in other circumstances, including under the 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 a financial loss, loss of reputation or legal and regulatory proceedings. Management endeavours to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are constantly reviewed and if deemed necessary improvements are implemented.

Risk Related to Insurance Renewals

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the Trust's current and future insurance policies expire, the Trust may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms.

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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.

Cyber Security Risk

Cyber security has become an increasing area of focus as reliance on digital technologies to conduct business operations has grown significantly. Cyber attacks can include but are not limited to intrusions into operating systems, cyber extortion, social engineering fraud, theft of personal or other sensitive data and/or cause disruptions to normal operations. Such cyber attacks could compromise the Trust's confidential information as well as that of the Trust's employees, tenants and third parties with whom the Trust interacts and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage.

Climate Change Risk

FCPT is exposed to climate change risk from natural disasters and severe weather, such as floods, ice storms, and wild fires that may result in damage to its Properties. Such damage may result in loss of NOI from a Property becoming non-operational, increase in costs to recover/repair Properties from a natural disaster and inclement weather, and increase in insurance costs to insure the Property against natural disasters and severe weather events.

25. MARKET FOR SECURITIES

The Trust Units are posted and listed for trading on the TSXV under the symbol "FCD.UN".

The monthly volume of trading and price ranges of the Trust Units on the TSXV for the period ended are set forth in the following table:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2020	\$6.91	\$4.40	5,642,300
January.....	\$6.91	\$6.21	642,000
February.....	\$6.85	\$3.99	1,371,700
March.....	\$5.50	\$4.40	500,700
April.....	\$5.75	\$4.80	263,600
May.....	\$5.54	\$4.85	337,400

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June.....	\$5.27	\$4.51	454,700
July.....	\$6.00	\$4.96	361,300
August.....	\$5.75	\$5.15	358,000
September.....	\$5.74	\$5.16	183,400
October.....	\$6.63	\$5.28	435,200
November.....	\$6.49	\$6.02	231,900
December.....	\$6.71	\$6.07	502,400

26. MATERIAL CONTRACTS

The material contracts entered into by the Trust, which remain in effect, are as follows:

- Amended and Restated Declaration of Trust;
- Asset Management Agreement; and
- Property Management Agreement.

27. PROMOTERS

No person or company has been during the two most recently completed financial years or during the current financial year a promoter of the Trust.

28. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Trustees, the Trust it is not a party to, nor are any of its properties the subject of, any material legal proceedings or regulatory actions involving the Trust or its properties and no such material legal proceedings are being contemplated or threatened.

During 2019, there were no penalties or sanctions imposed against the Trust by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Trust and, during 2019, the Trust did not enter into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

29. REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of FCPT's Trust Units is TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario M5H 4H1.

30. EXPERTS

KPMG LLP, the Trust's auditor, has been named as having prepared a certified statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Trust during, or relating to the Trust's fiscal year ended December 31, 2019. KPMG LLP is independent of the Trust in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada.

31. ESCROWED SECURITIES

To the knowledge of the Trustees, no securities of the Trust are currently held in escrow or subject to a contractual restriction on transfer.

32. ADDITIONAL INFORMATION

Additional information, including Trustees' and officers' remuneration and indebtedness, the executive compensation for named executive officers of the Trust, the principal holders of the Trust's securities, and securities of the Trust authorized under equity compensation plans, as applicable, is contained in the Trust's management information circular for its most recent annual meeting of Unitholders. Additional financial information is provided in the annual financial statements and management's discussion and analysis of the Trust for the year ended December 31, 2019. A copy of the management information circular, annual financial statements and management's discussion and analysis may be obtained upon request from the Trust, and those documents and other information in respect of the Trust are also available on SEDAR at www.sedar.com.

FIRM CAPITAL PROPERTY TRUST
PROPERTY PORTFOLIO
DECEMBER 31, 2020

					Occupancy			
Location	Property Address		Total Square Footage/Units	% Interest	Net Leasable Area/ Units	Q4/2020	Q3/2020	Q4/2019
Retail								
Bridgewater	NS	New Pine Grove Road	46,903	100%	46,903	97.1%	97.1%	86.3%
Brampton	ON	2880 Queen Street	36,137	100%	36,137	92.1%	86.0%	100.0%
Hanover	ON	1100 10th Street	19,874	100%	19,874	100.0%	100.0%	100.0%
Pembroke	ON	1108 Pembroke Street	11,247	100%	11,247	100.0%	100.0%	100.0%
Moncton	NB	1435 Mountain Road	16,372	100%	16,372	100.0%	100.0%	100.0%
Guelph	ON	328 Speedvale Commerical Centre	116,236	100%	116,236	92.6%	92.6%	92.6%
Lethbridge	AB	1276 3rd Avenue South	7,226	70%	5,058	100.0%	100.0%	100.0%
Courtenay	BC	870 Cliffe Avenue	4,024	70%	2,817	100.0%	100.0%	100.0%
Winnipeg	MB	1436 McPhillips Street	4,200	70%	2,940	100.0%	100.0%	100.0%
Moncton	NB	1075 Mountain Road	4,655	70%	3,259	0.0%	0.0%	0.0%
Fredericton	NB	947 Prospect Street	6,742	70%	4,719	100.0%	100.0%	100.0%
Barrie	ON	367-371 Yonge Street	4,748	70%	3,324	100.0%	100.0%	100.0%
Barrie	ON	389 Yonge Street	1,680	70%	1,176	100.0%	100.0%	100.0%
Barrie	ON	393 Yonge Street	6,897	70%	4,828	63.9%	63.9%	100.0%
Burlington	ON	775 Woodview Road	9,263	70%	6,484	100.0%	100.0%	100.0%
Cornwall	ON	1307 Brookdale Avenue	4,000	70%	2,800	100.0%	100.0%	100.0%
Hamilton	ON	900 Upper James Street	4,125	70%	2,888	100.0%	100.0%	100.0%
London	ON	778 Whamcliffe Road South	8,162	70%	5,713	100.0%	100.0%	100.0%
London	ON	843 Whamcliffe Road South	5,700	70%	3,990	100.0%	100.0%	100.0%
Mississauga	ON	2050 Dundas Street East	31,010	70%	21,707	56.5%	56.5%	78.6%
Ottawa	ON	1840 Carling Avenue	4,448	70%	3,114	100.0%	100.0%	100.0%
St. Catharines	ON	350 Ontario Street	38,462	70%	26,923	91.0%	91.0%	91.0%
St. Catharines	ON	398 Ontario Street	5,418	70%	3,793	100.0%	100.0%	100.0%
St. Thomas	ON	1018 Talbot Street	3,595	70%	2,517	100.0%	100.0%	100.0%
Waterloo	ON	405 Weber Street North	5,274	70%	3,692	100.0%	100.0%	100.0%
Subtotal / Weighted Average - Net Lease Convenience Retail			406,398	88%	358,509	91.7%	91.1%	95.4%
First Capital Joint Venture Properties								
Whitby	ON	1615 Dundas Street East ¹	383,107	40%	153,243	93.1%	91.0%	91.4%
Whitby	ON	80 Thickson Road South ¹	104,854	40%	41,942	100.0%	100.0%	100.0%
Ottawa	ON	Gloucester City Centre ^{1, 3}	369,663	50%	184,832	97.0%	96.4%	96.1%
Ottawa	ON	Merivale Mall ¹	218,768	50%	109,384	91.5%	91.5%	92.5%
Repentigny	QC	Galeries de Repentigny ¹	130,739	50%	65,370	100.0%	100.0%	100.0%
Repentigny	QC	Galeries Brien East ¹	8,856	50%	4,428	100.0%	100.0%	100.0%
Repentigny	QC	Galeries Brien West ¹	52,331	50%	26,166	100.0%	100.0%	100.0%
Gatineau	QC	Carrefour du Plateau ¹	242,139	50%	121,070	100.0%	100.0%	100.0%
Saint Albert	AB	Gateway Village ¹	105,496	50%	52,748	93.8%	93.8%	91.3%
Subtotal / Weighted Average - Net Lease First Capital Joint Venture			1,615,953	47%	759,180	96.2%	95.7%	95.6%
¹ Managed by First Capital								
Crombie Joint Venture Properties								
Edmonton	AB	8118 - 188 Ave NE ²	44,308	50%	22,154	100.0%	100.0%	100.0%
Dartmouth	NS	Forest Hills, Cole Harbour ²	43,585	50%	21,793	100.0%	100.0%	100.0%
Regina	SK	2915 - 13th Ave ²	40,717	50%	20,359	100.0%	100.0%	100.0%
Dartmouth	NS	Russell Lake ²	61,845	50%	30,923	100.0%	100.0%	100.0%
Regina	SK	University Park ²	37,219	50%	18,610	100.0%	100.0%	100.0%
Barrie	ON	409 Bayfield Street ²	47,742	50%	23,871	100.0%	100.0%	100.0%
Montreal	QC	1 Westminster Ave N ²	20,960	50%	10,480	100.0%	100.0%	100.0%
Subtotal / Weighted Average - Net Lease Crombie Joint Venture			296,376	50%	148,188	100.0%	100.0%	100.0%
² Managed by Crombie								

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Location		Property Address	Total Square Footage/Units	% Interest	Net Leasable Area/ Units	Q4/2020	Q3/2020	Q4/2019
Office								
Barrie	ON	121 Wellington Street ³	39,495	100%	39,495	47.9%	47.9%	58.0%
Subtotal / Weighted Average - Core Service Provider Office			39,495	100%	39,495	47.9%	47.9%	58.0%
Industrial								
Montreal	QC	1055-1105 Begin Street	46,735	50%	23,368	100.0%	100.0%	100.0%
Montreal	QC	1435-1473 Begin Street	39,025	50%	19,513	100.0%	100.0%	100.0%
Montreal	QC	1475-1497 Begin St & 3800 Timens Blvd	41,052	50%	20,526	100.0%	100.0%	100.0%
Montreal	QC	4400-4410 Garand St & 7905 Trans Canada Hwy	55,524	50%	27,762	100.0%	100.0%	100.0%
Montreal	QC	4405 Garand Street	33,200	50%	16,600	100.0%	100.0%	100.0%
Montreal	QC	4418-4440 Garand Street	30,375	50%	15,188	100.0%	100.0%	100.0%
Montreal	QC	4445 Garand Street	70,108	50%	35,054	62.5%	62.5%	62.5%
Montreal	QC	4448-4454 Garand Street	41,334	50%	20,667	100.0%	100.0%	100.0%
Montreal	QC	4475 Garand Street	29,200	50%	14,600	100.0%	100.0%	100.0%
Montreal	QC	4488-4490 Garand Street	19,930	50%	9,965	100.0%	100.0%	100.0%
Montreal	QC	4500-4520 Garand Street	30,081	50%	15,041	100.0%	100.0%	100.0%
Montreal	QC	4600-4620 Garand Street	36,801	50%	18,401	100.0%	100.0%	100.0%
Montreal	QC	4700-4720 Garand Street	33,373	50%	16,687	100.0%	100.0%	100.0%
Montreal	QC	4150 Poirier Boulevard	20,287	50%	10,144	100.0%	100.0%	100.0%
Montreal	QC	4155-4175 Poirier Boulevard	29,445	50%	14,723	100.0%	100.0%	100.0%
Montreal	QC	4200-4210 Poirier Boulevard	33,305	50%	16,653	100.0%	100.0%	100.0%
Montreal	QC	4205-4395 Poirier Boulevard	60,420	50%	30,210	100.0%	100.0%	100.0%
Montreal	QC	4300-4320 Poirier Boulevard	33,750	50%	16,875	100.0%	100.0%	100.0%
Montreal	QC	4400-4420 Poirier Boulevard	41,029	50%	20,515	100.0%	100.0%	100.0%
Montreal	QC	4405-4515 Poirier Boulevard	37,740	50%	18,870	100.0%	100.0%	100.0%
Montreal	QC	1400-1440 Pomba Street	26,682	50%	13,341	100.0%	100.0%	100.0%
Montreal	QC	4600-4640 Timens Boulevard	68,396	50%	34,198	100.0%	100.0%	100.0%
Montreal	QC	4380 Garand St & 7875 Trans Canada Hwy	100,000	50%	50,000	100.0%	100.0%	100.0%
Montreal	QC	7945-7955 Trans Canada Hwy	30,519	50%	15,260	100.0%	100.0%	100.0%
Montreal	QC	8005-8089 Trans Canada Hwy	41,810	50%	20,905	84.7%	100.0%	100.0%
Montreal	QC	5775 - 5185 - 5825 Rue Ferrier	159,164	50%	79,582	100.0%	100.0%	100.0%
Waterloo	ON	50 Northland Road, Waterloo	220,979	70%	154,685	100.0%	100.0%	95.5%
Waterloo	ON	550 Parkside Drive, Waterloo	124,270	70%	86,989	93.1%	95.7%	96.2%
Waterloo	ON	554 Parkside Drive, Waterloo	81,836	70%	57,285	100.0%	100.0%	100.0%
Waterloo	ON	560 Parkside Drive, Waterloo	84,592	70%	59,214	91.7%	100.0%	100.0%
Edmonton	AB	9403 - 9419 & 9425 - 9443 51 Ave NW	60,096	50%	30,048	77.7%	77.7%	100.0%
Edmonton	AB	8824 - 8832 & 8804 - 8806 53 Ave NW	36,421	50%	18,211	100.0%	100.0%	100.0%
Edmonton	AB	5618 76 Avenue NW	37,765	50%	18,883	84.3%	84.3%	N/A
Leduc	AB	3921 81 Avenue	52,655	50%	26,328	75.3%	64.6%	N/A
Subtotal / Weighted Average - Industrial			1,887,899	55%	1,046,285	95.8%	96.6%	97.7%
Overall Total / Weighted Average			4,246,121	55%	2,351,657	94.9%	94.0%	94.4%
Multi-Residential								
Ottawa	ON	1435 & 1455 Morisset Avenue ³	135	50%	68	91.1%	91.9%	97.8%
Dartmouth	NS	222 Portland Street	69	100%	69	100.0%	100.0%	100.0%

Appendix "B"

CHARTER OF THE AUDIT COMMITTEE

FIRM CAPITAL PROPERTY TRUST (the “Trust”)

1. PURPOSE

The purpose of the Audit Committee (the “**Committee**”) is to assist the board of trustees of the Trust (the “**Board**”) in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to unitholders of the Trust and others, the systems of corporate financial controls which management and the Board have established and the audit process.

More specifically the purpose of the Committee is to satisfy itself that:

- A. The Trust’s annual financial statements are fairly presented in accordance with Canadian IFRS reporting standards and to recommend to the Board whether the annual financial statements should be approved.
- B. The information contained in the Trust’s quarterly financial statements, annual report to unitholders and other financial publications, such as management’s discussion and analysis, is complete and accurate in all material respects and to recommend to the Board whether these materials should be approved.
- C. The Trust has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements.
- D. The external audit functions have been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board has been addressed. The Committee will also recommend to the Board the re-appointment or appointment of auditors and their remuneration and will be responsible for overseeing the work of the auditors, including the resolution of disagreements between management and the auditors regarding financial reporting.

2. COMPOSITION AND TERMS OF OFFICE

- A. Following each annual meeting of unitholders of the Trust, the Board shall appoint not less than three trustees to serve on the Committee, all three of whom shall be Independent Trustees (as such term is defined in Multilateral Instrument 52-110 – *Audit Committees*), and Financially Literate (defined as having the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements). The exception to this rule will be while the Trust is listed on the TSX Venture Exchange (“**TSXV**”). Under subsection 21(a) of TSXV Policy 3.1 (“Directors, Officers, Other Insiders & Personnel and Corporate Governance”) a

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TSXV-listed issuer must have an “audit committee comprised of at least three directors, the majority of whom are not Officers, employees or Control Persons of the Issuer or any of its Associates or Affiliates”. As such, the Trust requires that only a majority of the board members sitting on the Audit Committee be Independent Trustees.

- B. The chair of the Committee shall be appointed by the Board and shall be an Independent Trustee.
- C. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a trustee of the Trust. Each member of the Committee shall hold office until the close of the next annual meeting of unitholders of the Trust or until the member resigns or is replaced, whichever first occurs.
- D. The Committee will meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements. Additional meetings may be held as deemed necessary by the chair of the Committee or as requested by any member of the Committee or by the internal or external auditors. At least 48 hours’ notice shall be given in advance of any meeting of the Committee, subject to waiver of such notice period by all the members of the Committee.
- E. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
- F. A quorum for the transaction of business at all meetings of the Committee shall be a majority of the members of the Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present, and in case of an equality of votes, the Chair of the Committee shall have a second casting vote.
- G. The Committee may invite such Trustees, Officers and employees of the Trust as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the business of the Committee, but without voting rights.
- H. The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.
- I. Supporting schedules and information reviewed by the Committee will be available for examination by any trustee upon request to the Secretary of the Committee.

- J. The Committee shall choose as its secretary such person as it deems appropriate.
- K. The external auditors shall be given notice of, and have the right to appear before and to be heard at, every meeting of the Committee, and shall appear before the Committee when requested to do so by the Committee.

3. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board and the ability of the Board to re-assume such delegated powers and duties, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

A. Financial Reporting Control Systems

The Committee shall:

- i. review reports from senior officers of the Trust outlining any significant changes in financial risks facing the Trust;
- ii. accept reports directly from the external auditors;
- iii. review the management letter of the external auditors and the Trust's responses to suggestions made;
- iv. annually review the terms of reference of the Committee;
- v. review any new appointments to senior positions of the Trust with financial reporting responsibilities; and
- vi. obtain assurance from the external auditors regarding the overall control environment and the adequacy of accounting system controls.

B. Interim Financial Statements

The Committee shall:

- i. review interim financial statements with Officers of the Trust prior to their release and provide to the Board a recommendation as to whether such interim financial statements should be approved; this will include a detailed review of quarterly and year-to-date results;
- ii. review narrative comment accompanying interim financial statements; and
- iii. review earnings press releases.

C. Annual Financial Statements and Other Financial Information

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The Committee shall:

- i. review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
- ii. obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
- iii. obtain draft annual financial statements in advance of the Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by Officers of the Trust;
- iv. review a summary provided by the Trust's legal counsel of the status of any material pending or threatened litigation, claims and assessments;
- v. discuss the annual financial statements and the auditors' report thereon in detail with Officers of the Trust and the auditors;
- vi. review the annual report and other annual financial reporting documents including management's discussion and analysis and press releases;
- vii. provide to the Board a recommendation as to whether the annual financial statements should be approved;
- viii. review insurance coverage including trustees' and officers' liability coverage;
- ix. review payments to the Asset and Property Managers (currently Firm Capital Realty Partners Inc. and Firm Capital Properties Inc., respectively) pursuant to the Asset and Property Management Agreements and report thereon to the Board; and
- x. approve and implement procedures for reviewing financial information extracted or derived from the financial statements and periodically assess the adequacy of those procedures.

D. External Audit Terms of Reference, Reports, Planning and Appointment

The Committee shall:

- i. review the audit plan with the external auditors;
- ii. discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters;
- iii. establish procedures for the receipt, retention and treatment of complaints regarding accounting or auditing matters and the confidential, anonymous

submissions by employees of concerns regarding questionable accounting or auditing matters;

- iv. pre-approve all non-audit services provided by the independent auditors;
- v. approve the hiring of employees who were employed with the independent auditors or former auditors;
- vi. recommend to the Board each year the retention or replacement of the external auditors; if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition;
- vii. annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor;
- viii. receive confirmation from external auditors as to their independence;
- ix. request and review any correspondence from the Ontario Securities Commission and TSXV; and
- x. have the authority to set and pay the compensation for any advisors employed by the Committee.

4. ACCOUNTABILITY

- A. The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- B. The Committee is empowered to investigate any activity of the Trust and all employees are to co-operate as requested by the Committee. The Committee may retain persons having special expertise to assist it in fulfilling its responsibilities.
- C. The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external auditors, senior management, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee, including Trustees, Officers and employees of the Trust.