



FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

MD&A

MANAGEMENT
DISCUSSION
AND ANALYSIS

THIRD QUARTER 2020
SEPTEMBER 30, 2020



MANAGEMENT DISCUSSION & ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Firm Capital Property Trust ("FCPT" or the "Trust") should be read in conjunction with the Trust's condensed consolidated interim financial statements for the three and nine months ended September 30, 2020 and September 30, 2019. This MD&A has been prepared taking into account material transactions and events up to and including November 12, 2020. Additional information about the Trust has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com or on our web site at www.firmcapital.com.

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our 2020 objectives and our strategies to achieve those objectives, as well as statements with respect to management's beliefs, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

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

Except as required by applicable law, the Trust undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

INTRODUCTION

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

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

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

The Trust is a "mutual fund trust" as defined in the Tax Act as defined below, 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.

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The Trust is the reporting issuer trading on the TSX Venture Exchange under the ticker symbol FCD.UN.

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

BASIS OF PRESENTATION

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

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 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.

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.

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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 is deducted from AFFO, but the Trust adds back this expense.

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 flow 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 an estimated 2.5% of Net Operating Income or NOI, which is senior managements’ best estimate in operating real estate of the type that the Trust owns and operates.

THIRD QUARTER AND YEAR TO DATE HIGHLIGHTS

- Net income for the three months ended September 30, 2020 was approximately \$3.9 million, a 2% increase over the \$3.8 million reported for the three months ended June 30, 2020 and September 30, 2019, respectively;
- Excluding fair value adjustments, net income for the three months ended September 30, 2020 was approximately \$4.3 million compared to the \$3.8 million reported for the three months ended June 30, 2020 and the \$3.4 million reported for the three months ended September 30, 2019;
- Net income for the nine months ended September 30, 2020 was approximately \$2.4 million, compared to \$15.3 million net income reported for the nine months ended September 30, 2019;
- Excluding fair value adjustments, net income for the nine months ended September 30, 2020 was \$12.1 million compared to the \$8.5 million reported for the nine months ended September 30, 2019;
- \$7.28 Net Asset Value (“**NAV**”) per Unit based on a IFRS book value of equity of approximately \$213.7 million;

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- On an IFRS basis, NOI for the three months ended September 30, 2020 was approximately \$7.6 million, an 11% increase compared to the \$6.8 million reported for the three months ended June 30, 2020 and the three months ended September 30, 2019. NOI for the nine months ended September 30, 2020 was approximately \$21.4 million, a 32% increase over the \$16.2 million reported for the nine months ended September 30, 2019;
- On a cash basis (“**Cash NOI**”), for the three months ended September 30, 2020 was approximately \$7.5 million, a 12% increase compared to the \$6.7 million reported for the three months ended June 30, 2020 and a 13% increase over the \$6.7 million reported for the three months ended September 30, 2019. Cash NOI for the nine months ended September 30, 2020 was approximately \$21.1 million, a 32% increase over the \$15.9 million for the nine months ended September 30, 2019;
- Adjusted Funds From Operations (“**AFFO**”) for the three months ended September 30, 2020 was approximately \$4.1 million, a 17% increase over the \$3.5 million reported for the three months ended June 30, 2020 and a 34% increase over the \$3.1 million reported for the three months ended September 30, 2019. AFFO for the nine months ended September 30, 2020 was approximately \$11.2 million, a 46% increase over the \$7.7 million reported for the nine months ended September 30, 2019;
- AFFO per Unit was \$0.139 for the three months ended September 30, 2020, a 21% increase over the \$0.115 per Unit reported for the three months ended June 30, 2020 and a 19% increase over the \$0.117 per Unit reported for the three months ended September 30, 2019. AFFO per Unit was \$0.371 for the nine months ended September 30, 2020, a 9% increase over the \$0.339 per Unit reported for the nine months ended September 30, 2019. Prior to bad debts as a result of the Canada Emergency Commercial Rent Assistance Program (“**CECRA**”), which is a one-time item, AFFO per Unit was \$0.142 and \$0.388 per Unit for the three and nine months ended September 30, 2020, respectively;
- AFFO payout ratio was 90% for the three months ended September 30, 2020, compared to the 108% for the three months ended June 30, 2020 and the 103% for the three months ended September 30, 2019. AFFO payout ratio was 101% for the nine months ended September 30, 2020, compared to the 106% for the nine months ended September 30, 2019. Prior to bad debts as a result of CECRA, the AFFO payout ratio was 88% and 97% for the three and nine months ended September 30, 2020, respectively;
- Commercial occupancy was a solid 95.0% while residential occupancy was 96.0%; and
- Conservative leverage profile with Debt / Gross Book Value (“**GBV**”) at 52.2%.

MANAGEMENT DISCUSSION & ANALYSIS

% Change Over

	Three Months			Nine Months		Three Months		Nine Months
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2019
Rental Revenue	\$ 11,313,104	\$ 10,978,178	\$ 10,432,798	\$ 33,545,755	\$ 25,541,357	3%	8%	31%
NOI								
- IFRS Basis	\$ 7,558,421	\$ 6,832,758	\$ 6,788,600	\$ 21,418,169	\$ 16,236,357	11%	11%	32%
- Cash Basis	\$ 7,543,038	\$ 6,719,928	\$ 6,657,450	\$ 21,111,087	\$ 15,934,621	12%	13%	32%
Net Income / (Loss)	\$ 3,933,363	\$ 3,843,611	\$ 3,815,843	\$ 2,411,949	\$ 15,286,378	2%	3%	(84%)
FFO	\$ 4,278,263	\$ 6,407,711	\$ 2,765,130	\$ 13,144,713	\$ 7,960,452	(33%)	55%	65%
AFFO	\$ 4,118,534	\$ 3,519,738	\$ 3,062,646	\$ 11,225,537	\$ 7,698,015	17%	34%	46%
FFO Per Unit	\$ 0.145	\$ 0.210	\$ 0.105	\$ 0.435	\$ 0.350	(31%)	38%	24%
AFFO Per Unit	\$ 0.139	\$ 0.115	\$ 0.117	\$ 0.371	\$ 0.339	21%	19%	9%
Distributions Per Unit	\$ 0.125	\$ 0.125	\$ 0.120	\$ 0.375	\$ 0.360		4%	4%
Payout Ratios								
- FFO	86%	60%	114%	86%	103%			
- AFFO	90%	108%	103%	101%	106%			

FINANCIAL HIGHLIGHTS

- \$11 Million of Financial Resources Represents \$35 Million of Acquisitions:** Based on \$11 million of cash and credit facility availability, the Trust has the ability to acquire up to approximately \$35 million of real estate;
- Accretive Cancellation of Trust Units:** Since the beginning of Q2, the Trust has purchased for cancellation 1,288,600 Trust Units for gross proceeds of approximately \$6.3 million consisting of 788,600 Trust Units acquired through the Normal Course Issuer Bid (“NCIB”) and a 500,000 Trust Unit redemption from a significant unitholder. The weighted average repurchase price is approximately \$4.83 per Trust Unit versus NAV of \$7.28 per Trust Unit. The result of these cancellations is an annual increase of \$0.6 million net cash due to a lower distribution payout and an increase to NAV of \$0.03 per Trust Unit;
- 99% of Q3 Gross Rent Collected:** The Trust is pleased to report that it has collected 99% of gross rents during Q3; and
- Declaration of Monthly Distributions:** The Trust is pleased to announce declared and approved monthly distributions in the amount of \$0.041667 per Trust Unit for Unitholders of record on November 30, 2020 and December 31, 2020 payable on or about December 15, 2020 and January 15, 2021, respectively.

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PORTFOLIO HIGHLIGHTS

Based on the Trust's pro rata interests as at September 30, 2020, the portfolio consists of 76 commercial properties with a total gross leasable area ("GLA") of 2,350,850 square feet and two apartment complexes comprised of 204 apartment units.

		Occupancy				
	Gross Leaseable Area	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019
Retail						
Bridgewater, Nova Scotia	46,903	97.1%	86.3%	86.3%	86.3%	86.3%
Brampton, Ontario	36,137	86.0%	92.1%	100.0%	100.0%	100.0%
Hanover, Ontario	19,874	100.0%	100.0%	100.0%	100.0%	100.0%
Pembroke, Ontario	11,247	100.0%	100.0%	100.0%	100.0%	100.0%
Moncton, New Brunswick	16,372	100.0%	100.0%	100.0%	100.0%	100.0%
Guelph, Ontario	115,744	92.6%	92.6%	92.6%	92.6%	92.6%
Centre Ice Retail Portfolio	111,740	84.9%	84.9%	93.1%	89.2%	91.6%
The Whitby Mall, Ontario	152,946	91.0%	91.0%	90.3%	91.4%	90.8%
Thickson Place, Ontario	41,942	100.0%	100.0%	100.0%	100.0%	100.0%
Crombie Retail Portfolio	148,188	100.0%	100.0%	100.0%	100.0%	100.0%
FCR Retail Portfolio	511,248	96.9%	97.1%	97.1%	97.0%	97.5%
Gateway Village	52,748	93.8%	90.9%	91.5%	91.3%	93.8%
Total / Weighted Average	1,265,089	94.9%	94.6%	95.5%	95.4%	95.6%
Office						
Barrie, Ontario	39,495	47.9%	47.6%	47.6%	58.0%	58.0%
Total / Weighted Average	39,495	47.9%	47.6%	47.6%	58.0%	58.0%
Industrial						
Montreal, Quebec	594,630	97.8%	97.5%	97.5%	97.8%	97.2%
Waterloo, Ontario	358,174	99.0%	90.0%	99.1%	97.1%	95.5%
Edmonton, Alberta	93,462	79.7%	80.7%	91.0%	100.0%	N/A
Total / Weighted Average	1,046,265	96.6%	93.5%	97.5%	97.7%	96.5%
Total / Wtd. Average	2,350,850	94.9%	93.4%	94.2%	94.4%	94.7%
Multi-Residential						
	Units	Occupancy				
Ottawa, Ontario	135	91.9%	98.5%	96.3%	97.8%	94.8%
Dartmouth, Nova Scotia	69	100.0%	100.0%	100.0%	100.0%	100.0%
Residential Total / Wtd. Average	204	96.0%	99.3%	98.2%	98.9%	97.4%

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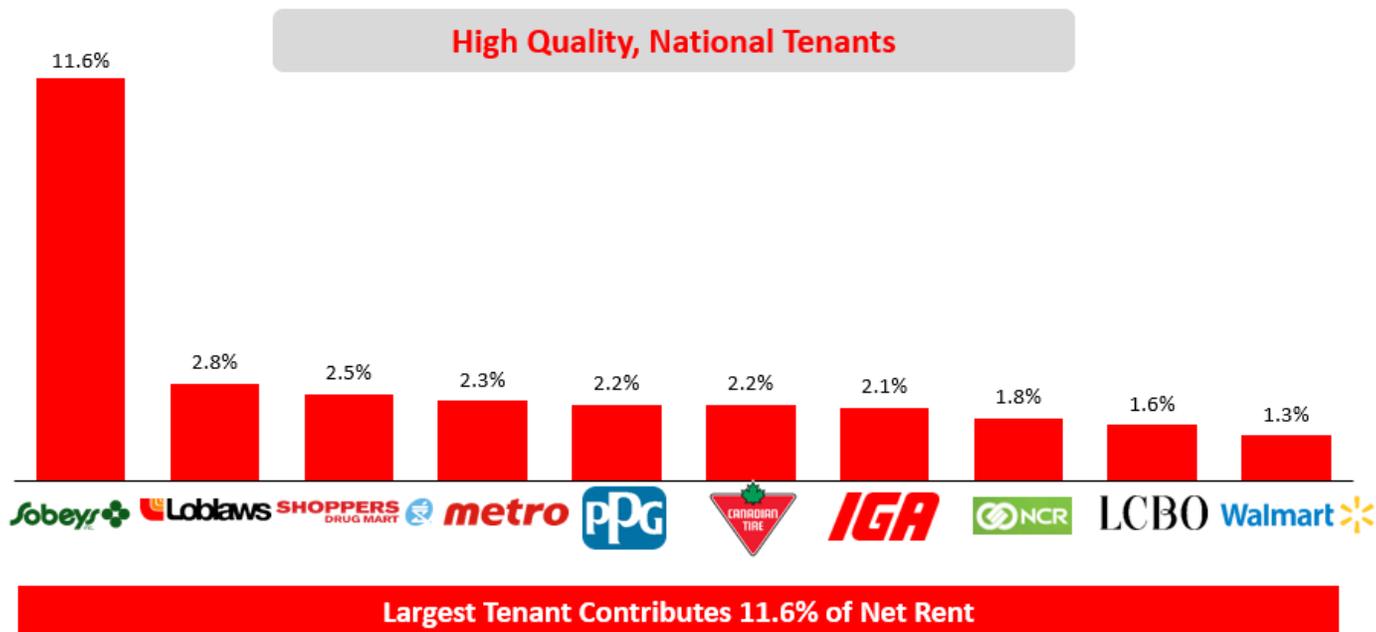
TENANT DIVERSIFICATION

The portfolio is well diversified by tenant profile with no tenant currently accounting for more than 11.6% of total net rent. Further, the top 10 tenants are comprised of large national tenants and account for 30.4% of total net rent:

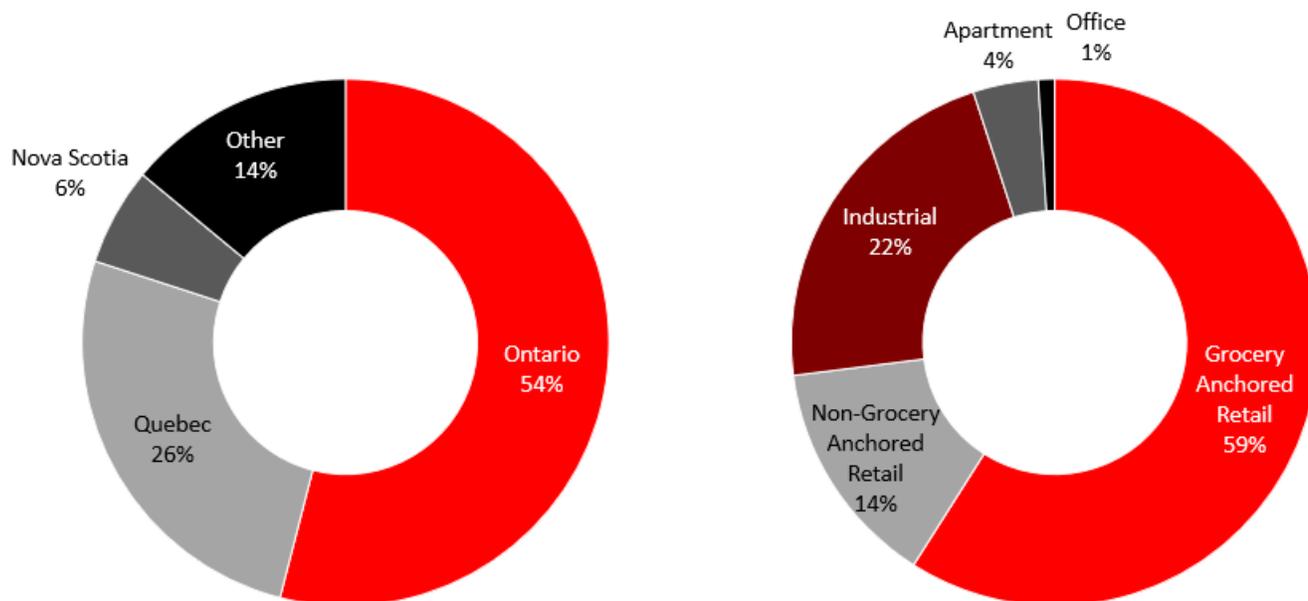
Tenant Diversification – September 30, 2020

Top Ten Commercial Tenants

(by % of net rent)



Geographical and Asset Class Portfolio Diversification based on NOI



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OCCUPANCY

As at September 30, 2020, commercial portfolio occupancy was 95.0%, a 160 basis point increase from the 93.4% reported at June 30, 2020, but a 50 basis point decrease over the 95.5% reported at September 30, 2019. The increase over June 30, 2020 was largely due to increased occupancy in the Bridgewater, NS; Waterloo, ON; Barrie, ON; Montreal Industrial Portfolio and Gateway Village properties, offset by an decrease in occupancy in the Brampton, ON; FCR Retail and Edmonton Industrial properties.

As at September 30, 2020, occupancy for the multi-residential portfolio was 96.0% a 330 basis point decrease compared to the 99.3% reported at June 30, 2020 and a 140 basis point decrease compared to the 97.4% reported at September 30, 2019.

COMMERCIAL NET RENT AND MULTI-RESIDENTIAL AVERAGE MONTHLY RENT

Commercial net rent per occupied square foot and average multi-residential monthly rent per occupied unit for the past five quarters is as follows:

	Sept 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019
Retail	\$ 16.89	\$ 16.80	\$ 16.88	\$ 16.83	\$ 16.61
Industrial	\$ 6.38	\$ 6.14	\$ 6.05	\$ 5.79	\$ 5.72
Office	\$ 11.94	\$ 12.15	\$ 12.09	\$ 11.72	\$ 11.71
Multi-Residential	\$ 1,061	\$ 1,054	\$ 1,043	\$ 1,022	\$ 1,014
	Q3 2020 vs. Q2 2020			Q3 2020 vs. Q3 2019	
Retail	0.5%			1.7%	
Industrial	4.0%			11.6%	
Office	-1.7%			2.0%	
Multi-Residential	0.7%			4.6%	

As at September 30, 2020, average monthly retail net rents increased by 0.5% over June 30, 2020 and by 1.7% over September 30, 2019 largely due to renewals and new leases. Average monthly industrial net rents increased 4.0% over June 30, 2020 and 11.6% over September 30, 2019 largely due to the Edmonton Industrial Portfolio acquisition along with lease renewals and new leases upon expiries in the portfolio, specifically in Waterloo. Average monthly office net rents decreased by 1.7% over June 30, 2020, but increased 2.0% over September 30, 2019 due to lease renewals and new leases upon expiries in the portfolio along with higher net rents in the office portion of Whitby Mall which is jointly owned within the FCR Retail Portfolio. Average multi-residential rents increased by 0.7% over June 30, 2020 and 4.6% over September 30, 2019 largely due to higher rents and statutory increases at Morissett in Ottawa, ON.

RESULTS OF OPERATIONS

RENTAL REVENUE

Rental revenue for the three months ended September 30, 2020 was \$11,313,104, a 3% increase compared to the \$10,978,178 reported for the three months ended June 30, 2020 and an 8% increase over the \$10,432,798 reported for the three months ended September 30, 2019. Rental revenue for the nine months ended September 30, 2020 was \$33,545,755, a 31% increase over

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the \$25,541,357 reported for the nine months ended September 30, 2019. Rental revenue includes all amounts earned from tenants' lease agreements including rent, operating costs and realty tax recoveries.

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Base Rent	\$ 7,727,924	\$ 7,346,463	\$ 6,963,804	\$ 22,328,830	\$ 16,930,600
Operating Cost Recoveries	1,573,709	1,450,915	1,393,267	4,800,021	3,807,074
Tax Recoveries	1,996,087	2,067,968	1,944,577	6,109,823	4,501,947
Straight Line Rent	31,745	129,299	155,695	357,421	351,491
Free Rent	(16,362)	(16,469)	(24,545)	(50,339)	(49,755)
Rental Revenue	\$ 11,313,104	\$ 10,978,178	\$ 10,432,798	\$ 33,545,755	\$ 25,541,357

The variance in comparing the three and nine months ended September 30, 2020 over the three and nine months ended September 30, 2019 is largely due to increased rental income from the Trust's various acquisitions. The variance in comparing the three months ended September 30, 2020 over the three months ended June 30, 2020 is largely due to lower bad debt allowances due to the impact of COVID-19.

Free rent relates to rent free periods provided to certain new and renewal tenants at the Trust's properties. Under IFRS, the Trust is required to adjust rental revenue by the value of the rent free period and amortize this adjustment over the life of the individual lease as a reduction to income.

PROPERTY OPERATING EXPENSES

Property operating expenses for the three months ended September 30, 2020 were \$3,754,383, a 9% decrease in comparison to the \$4,145,420 reported for the three months ended June 30, 2020, but a 3% increase over the \$3,644,198 reported for the three months ended September 30, 2019. Property operating expenses for the nine months ended September 30, 2020 were \$12,127,586, a 30% increase over the \$9,305,000 reported for the nine months ended September 30, 2019. Property operating expenses include realty taxes as well as other costs related to maintenance, HVAC, insurance, utilities and property management fees. Property operating expenses consist of the following:

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Realty Taxes	\$ 2,139,680	\$ 2,249,547	\$ 2,171,776	\$ 6,610,599	\$ 5,189,553
Property Management	461,411	423,942	414,118	1,301,450	1,005,161
Operating Expenses	1,153,592	1,471,931	1,058,305	4,215,537	3,110,286
Property Operating Expenses	\$ 3,754,683	\$ 4,145,420	\$ 3,644,198	\$ 12,127,586	\$ 9,305,000

The variance in comparing the three and nine months ended September 30, 2020 over the three and nine months ended September 30, 2019 is largely due to the impact of the Trust's various acquisitions. The variance in comparing the three months ended September 30, 2020 over the three months ended June 30, 2020 is largely due to lower bad debt expenses in Q3 over Q2.

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NET OPERATING INCOME ("NOI")

On an IFRS basis, NOI for the three months ended September 30, 2020 was \$7,558,421, an 11% increase over the \$6,832,758 reported for the three months ended June 30, 2020 and an 11% increase in comparison to the \$6,788,600 reported for the three months ended September 30, 2019. NOI for the nine months ended September 30, 2020 was \$21,418,169, a 32% increase over the \$16,236,357 reported for the nine months ended September 30, 2019.

On a cash basis (i.e. excluding straight-line and free rent which are non-cash items) ("**Cash NOI**"), NOI for the three months ended September 30, 2020 was \$7,543,038, a 12% increase over the \$6,719,928 reported for the three months ended June 30, 2020 and a 13% increase over the \$6,657,450 reported for the three months ended September 30, 2019.

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Rental Revenue	\$ 11,313,104	\$ 10,978,178	\$ 10,432,798	\$ 33,545,755	\$ 25,541,357
Property Operating Expenses	(3,754,683)	(4,145,420)	(3,644,198)	(12,127,586)	(9,305,000)
NOI - IFRS Basis	\$ 7,558,421	\$ 6,832,758	\$ 6,788,600	\$ 21,418,169	\$ 16,236,357
Less: Straight-Line Rent	(31,745)	(129,299)	(155,695)	(357,421)	(351,491)
Less: Free Rent	16,362	16,469	24,545	50,339	49,755
NOI - Cash Basis	\$ 7,543,038	\$ 6,719,928	\$ 6,657,450	\$ 21,111,087	\$ 15,934,621

NOI - Cash Basis

% Change vs. June 30, 2020 12%

% Change vs. September 30, 2019 13% 32%

The variance in comparing the three and nine months ended September 30, 2020 over the three and nine months ended September 30, 2019 is largely due to increased rental income from the Trust's various acquisitions. The variance in comparing the three months ended September 30, 2020 over the three months ended June 30, 2020 is largely due to higher bad debts allowances in Q2 due to the impact of COVID-19.

FINANCE COSTS

Finance costs for the three months ended September 30, 2020 were \$2,142,740 in comparison to the \$1,947,389 reported for the three months ended June 30, 2020 and the \$2,444,893 reported for the three months ended September 30, 2019. Finance costs for the nine months ended September 30, 2020 were \$6,169,731, a 13% increase over the \$5,436,379 reported for the nine months ended September 30, 2019. Finance costs are comprised of the following:

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Mortgage Interest	\$ 1,949,119	\$ 1,802,973	\$ 2,103,931	\$ 5,709,527	\$ 4,752,737
Bank Indebtedness Interest	87,358	80,866	219,601	261,438	451,061
Finance Fee Amortization	90,951	90,707	135,409	235,775	294,833
Non-cash Interest Expense	15,308	(27,159)	(14,050)	(37,009)	(62,251)
Finance Costs	\$ 2,142,740	\$ 1,947,391	\$ 2,444,893	\$ 6,169,731	\$ 5,436,379

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The variance in comparing the three months ended September 30, 2020 over the three months ended June 30, 2020 was mainly due to the full impact of the Waterloo Industrial and Whitby Mall financings. The variance in comparing the nine months ended September 30, 2020 over the nine months ended September 30, 2019 were due to the Trust's various acquisitions.

Finance fee amortization relates to fees paid on securing the Facility as defined below on the Trust's various mortgages. Non-cash interest expense relates to the fair value adjustment to interest expense required under IFRS as a result of the assumed mortgages from the Trust's various acquisitions.

As outlined below, the weighted average interest rate of the mortgages as at September 30, 2020 stands at approximately 3.4%.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSES

G&A expenses for the three months ended September 30, 2020 were \$1,116,491, a 4% increase in comparison to the \$1,069,647 reported for the three months ended June 30, 2020 and a 14% increase in comparison to the \$983,634 reported for the three months ended September 30, 2019. G&A expenses for the nine months ended September 30, 2020 were \$3,195,289, a 32% increase in comparison to the \$2,421,389 reported for the nine months ended September 30, 2019. Public company expenses include trustee fees, transfer agent fees, press releases and print media.

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Asset Management Fees	\$ 890,824	\$ 770,115	\$ 748,187	\$ 2,428,287	\$ 1,806,105
Public Company Expenses	63,717	63,499	65,457	193,035	200,020
Office & General	161,950	236,033	169,990	573,967	415,264
General & Administrative	\$ 1,116,491	\$ 1,069,647	\$ 983,634	\$ 3,195,289	\$ 2,421,389

The variance in comparing the three and nine months ended September 30, 2020 over the three and nine months ended September 30, 2019 is largely due to an increase in asset management fees due to the Trust's various acquisitions along with higher public company costs associated with those acquisitions.

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

Net income for the three months ended September 30, 2020 was \$3,933,363, in comparison to the \$3,843,611 reported for the three months ended June 30, 2020 and the \$3,815,843 net income reported for the three months ended September 30, 2019. Net income for the nine months ended September 30, 2020 was \$2,411,949 compared to the \$15,286,378 reported for the nine months ended September 30, 2019.

The variance in comparing the three and nine months ended September 30, 2020 over the three and nine months ended September 30, 2019 is largely due to a decrease in the fair market value adjustment as a result of higher capitalization rates, offset by increases in net income due to the impact of the Trust's various acquisitions.

MANAGEMENT DISCUSSION & ANALYSIS

SUMMARIZED OPERATING RESULTS

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

	Rental		Total			
	Revenue	Other Income	Revenue	NOI	Net Income	
Q3/2020	\$ 11,313,104	\$ 8,376	\$ 11,321,480	\$ 7,558,421	\$ 3,933,363	
Q2/2020	\$ 10,978,178	\$ 5,726	\$ 10,983,904	\$ 6,832,758	\$ 3,843,611	
Q1/2020	\$ 11,254,472	\$ 28,733	\$ 11,283,205	\$ 7,026,986	\$ (5,365,029)	
Q4/2019	\$ 10,614,406	\$ 16,671	\$ 10,631,077	\$ 6,754,443	\$ 20,435,016	
Q3/2019	\$ 10,432,798	\$ 17,486	\$ 10,450,284	\$ 6,788,600	\$ 3,815,843	
Q2/2019	\$ 8,664,867	\$ 44,750	\$ 8,709,617	\$ 5,612,287	\$ 9,183,443	
Q1/2019	\$ 6,443,690	\$ 17,194	\$ 6,460,884	\$ 3,835,465	\$ 2,287,088	
Q4/2018	\$ 5,626,549	\$ 19,365	\$ 5,645,914	\$ 3,370,036	\$ 2,764,361	

CONSOLIDATED INTERIM STATEMENTS OF INCOME & COMPREHENSIVE INCOME AND CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES.

Outlined below are the Consolidated Interim Statements of Income and Comprehensive Income and cashflows from operating activities for the three month period ended September 30, 2020, June 30, 2020 and September 30, 2019 and nine month period ended September 30, 2020 and September 30, 2019:

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Net Operating Income					
Rental Revenue	\$ 11,313,104	\$ 10,978,178	\$ 10,432,798	\$ 33,545,755	\$ 25,541,357
Property Operating Expenses	(3,754,683)	(4,145,420)	(3,644,198)	(12,127,586)	(9,305,000)
	7,558,421	6,832,758	6,788,600	21,418,169	16,236,357
Interest and Other Income	8,376	5,726	17,486	42,835	79,430
Expenses					
Finance Costs	2,142,740	1,947,391	2,444,893	6,169,731	5,436,379
General and Administrative	1,116,491	1,069,647	983,634	3,195,289	2,421,389
	3,259,231	3,017,038	3,428,527	9,365,020	7,857,768
Income Before Fair Value Adjustments	4,307,566	3,821,446	3,377,559	12,095,984	8,458,019
Fair Value Adjustments:					
Investment Properties	(344,898)	(2,564,098)	1,050,715	(10,732,760)	7,259,278
Gain on Sale of Investment Properties	-	9,097	-	9,097	66,651
Unit-Based Compensation Recovery/(Expense)	(29,306)	(91,837)	(612,431)	1,039,628	(497,570)
Finance Costs	-	2,669,002	-	-	-
Net Income/(Loss) and Comprehensive Income	\$ 3,933,363	\$ 3,843,611	\$ 3,815,843	\$ 2,411,949	\$ 15,286,378

MANAGEMENT DISCUSSION & ANALYSIS

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Net Income & Comprehensive Income	3,933,363	3,843,611	3,815,843	2,411,949	15,286,378
Fair Value Adjustments:					
Investment Properties	344,898	2,564,098	(1,050,715)	10,732,760	(7,259,278)
Gain on Sale of Investment Properties	-	(9,097)	-	(9,097)	(66,651)
Unit-Based Compensation Expense/(Recovery)	29,306	91,837	612,431	(1,039,628)	497,570
Finance Costs, Net of Interest and Other Income	2,028,101	1,878,113	2,427,406	5,928,131	5,356,949
Finance Fee Amortization	90,951	90,707	135,409	235,775	294,833
Non-cash Interest Expense	15,308	(2,696,160)	(14,049)	(37,009)	(62,251)
Land Lease Amortization	16,996	16,996	-	51,505	-
Straight-line Rent Adjustment	(31,745)	(129,298)	(155,695)	(357,421)	(351,491)
Free Rent, Net of Amortization	16,362	16,468	24,545	50,339	49,755
Change in Working Capital					
Accounts Receivable	491,292	(1,823,939)	(799,807)	(278,684)	(1,400,233)
Prepaid Expenses, Deposits and Other Assets	(735,066)	1,005,794	2,485,974	(1,062,832)	(459,216)
Restricted Cash	1,008	154,904	8,585	143,154	174,175
Accounts Payable and Accrued Liabilities	21,314	543,401	759,711	(1,576,618)	2,777,072
Tenant Rental Deposits	(14,794)	54,806	112,236	99,876	708,813
Cash Flows From Operating Activities	\$ 6,207,298	\$ 5,602,244	\$ 8,361,874	\$15,292,206	\$15,546,425

FFO AND AFFO

FFO for the three months ended September 30, 2020 was \$4,278,263, a 33% decrease compared to the \$6,407,711 reported for the three months ended June 30, 2020, but a 55% increase over the \$2,765,130 reported for the three months ended September 30, 2019. FFO for the nine months ended September 30, 2020 was \$13,144,713, a 65% increase over the \$7,960,452 reported for the nine months ended September 30, 2019.

AFFO for the three months ended September 30, 2020 was \$4,118,534, a 17% increase over the \$3,519,738 reported for the three months ended June 30, 2020 and a 34% increase in over the \$3,062,646 reported for the three months ended September 30, 2019. AFFO for the nine months ended September 30, 2020 was \$11,225,538, a 46% increase over the \$7,698,015 reported for the nine months ended September 30, 2019.

FFO per Unit for the three months ended September 30, 2020 was \$0.145 while AFFO per Unit was \$0.139 compared to the \$0.210 FFO per Unit and \$0.115 AFFO per Unit for the three months ended June 30, 2020 and the \$0.105 FFO per Unit and \$0.117 AFFO per Unit for the three months ended September 30, 2019. FFO per Unit for the nine months ended September 30, 2020 was \$0.435 while AFFO per Unit was \$0.371 compared to the \$0.350 FFO per Unit and \$0.339 AFFO per Unit for the nine months ended September 30, 2019.

For the three months ended September 30, 2020, FFO and AFFO payout ratios were 86% and 90% respectively compared to the 60% and 108% for the three months ended June 30, 2020 and the 114% and 103% for the three months ended September 30, 2019. For the nine months ended September 30, 2020, FFO and AFFO payout ratios were 86% and 101% respectively compared to the 103% and 106% for the nine months ended September 30, 2019.

For the three months ended September 30, 2020, the Trust had TIs/LCs and capital expenditures of approximately \$1.7 million (2019 - \$1.5 million). For the nine months ended September 30,

MANAGEMENT DISCUSSION & ANALYSIS

2020, the Trust had Tis/LCs and capital expenditures of approximately \$3.5 million (2019 - \$2.5 million).

As the Trust considers AFFO to be a useful measure of cash flow available for distributions, the following table is a reconciliation from IFRS Cash Flow from Operating Activities to FFO and AFFO:

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Cash Flows from Operating Activities					
(including gain on sale of investment properties)	\$ 6,207,298	\$5,611,341	\$ 8,361,874	\$ 15,301,301	\$ 15,546,425
Add (deduct):					
Tenant Rental Deposits	14,794	(54,806)	(112,236)	(99,876)	(708,813)
Accounts Payable and Accrued Liabilities	(21,314)	(543,401)	(759,711)	1,576,618	(2,777,072)
Restricted Cash	(1,008)	(154,904)	(8,585)	(143,154)	(174,175)
Prepaid Expenses, Deposits & Other Assets	735,066	(1,005,794)	(2,485,974)	1,062,832	459,216
Accounts Receivable	(491,292)	1,823,939	799,807	278,684	1,400,233
Finance Fee Amortization	(90,951)	(90,707)	(135,409)	(235,775)	(294,833)
Land Lease Amortization	(16,996)	(16,996)	-	(51,505)	-
Finance Costs, Net of Interest & Dividends	(2,028,101)	(1,878,113)	(2,427,406)	(5,928,131)	(5,356,949)
Unit Based Compensation Expense	(29,306)	(91,837)	(612,431)	1,039,628	(497,570)
Straight-Line Rent Adjustment	31,745	129,298	155,695	357,421	351,491
Free Rent, Net of Amortization	(16,362)	(16,468)	(24,545)	(50,339)	(49,755)
Non-Cash Interest Expense	(15,308)	2,696,160	14,050	37,009	62,251
FFO	\$ 4,278,263	\$6,407,711	\$ 2,765,130	\$ 13,144,713	\$ 7,960,452
Straight Line Rent Adjustment	(31,745)	(129,298)	(155,695)	(357,421)	(351,491)
Free Rent, Net of Amortization	16,362	16,468	24,545	50,339	49,755
Tenant Inducements, Leasing Costs & Capex	(188,961)	(170,819)	(169,715)	(535,455)	(396,019)
Non-Cash Interest Expense	15,308	(2,696,160)	(14,049)	(37,009)	(62,251)
Unit Based Compensation Expense	29,306	91,837	612,431	(1,039,628)	497,570
AFFO	\$ 4,118,534	\$3,519,738	\$ 3,062,646	\$ 11,225,537	\$ 7,698,015
FFO Per Unit	\$ 0.145	\$ 0.210	\$ 0.105	\$ 0.435	\$ 0.350
AFFO Per Unit	\$ 0.139	\$ 0.115	\$ 0.117	\$ 0.371	\$ 0.339
Distributions Per Unit	\$ 0.125	\$ 0.125	\$ 0.120	\$ 0.375	\$ 0.360
FFO Payout Ratio	86%	60%	114%	86%	103%
AFFO Payout Ratio	90%	108%	103%	101%	106%

The differences between the add back of FFO and AFFO is the deduction for straight-line rent, free rent, reserves for TIs/LCs, capital expenditures and the non-cash interest expense component for all assumed mortgages, offset by the deduction for unit-based compensation expense. Under RealPAC and the Trust, unit-based compensation expense is deducted for reporting FFO. However, the Trust adds back this expense for the purpose of calculating AFFO.

The variance in comparing AFFO for the three and nine months ended September 30, 2020 over the three and nine months ended September 30, 2019 is largely due to the positive impact from the Trust's acquisitions as outlined above.

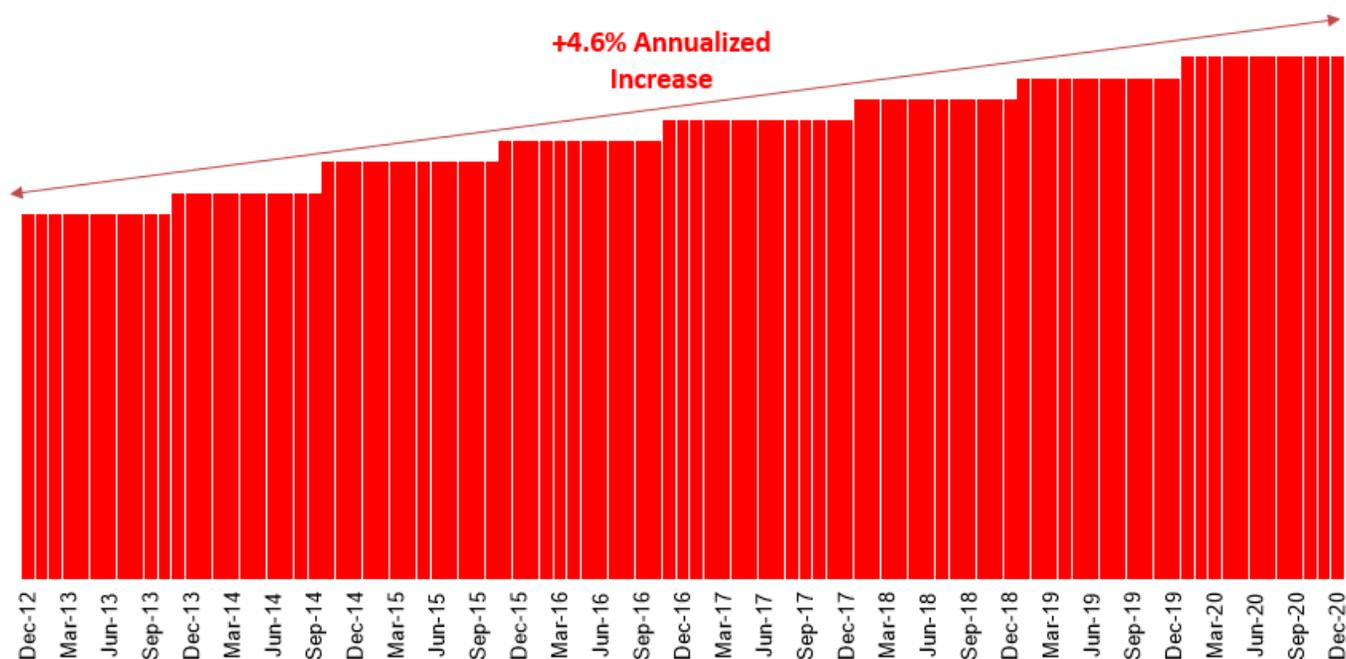
AFFO is calculated largely in accordance with the guidelines set out by RealPAC and is defined as FFO less adjustments for non-cash items such as straight-line rent, free rent and noncash interest expense as well as normalized capital expenditures, tenant inducements and leasing charges. However, under RealPAC, unit-based compensation expense is deducted for reporting AFFO, but the Trust adds back this expense.

MANAGEMENT DISCUSSION & ANALYSIS

DISTRIBUTIONS

For the nine months ended September 30, 2020, distributions of \$0.041667 per unit were declared each month commencing in January 2020 through to September 2020, resulting in total distributions declared of \$11,343,347. For the nine months ended September 30, 2019, distributions of \$0.04 per unit were declared each month commencing in January 2019 through to September 2019 resulting in total distributions declared of \$8,453,887.

Since the Trust's inception in Q4/2012, distributions have been raised seven times in seven years and represents a cumulative increase of 42.9% or 4.6% on an annualized basis since the Trust's inception in 2012. Further, for 2019, distributions were 100% Return of Capital:



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

The excess/(shortfall) of cash flow from operating activities over distributions and net income and comprehensive income over distributions for the three months ended September 30, 2020, June 30, 2020 and September 30, 2019 and nine months ended September 30, 2020 and September 30, 2019 are outlined below:

MANAGEMENT DISCUSSION & ANALYSIS

	Three Months Ended			Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Cash Flow From Operating Activities (including gain on sale of investment properties) (A)	\$ 6,207,298	\$ 5,611,341	\$ 8,361,874	\$ 15,301,301	\$ 15,546,425
Net Cash Interest Expense					
Less: Mortgage Interest	\$ (1,949,119)	\$ (1,802,973)	\$ (2,103,931)	\$ (5,709,527)	\$ (4,752,737)
Less: Bank Indebtedness Interest	(87,358)	(80,866)	(219,601)	(261,438)	(451,062)
Add: Interest and Other Income	8,376	5,726	17,486	42,835	79,430
Net Cash Interest Expense (B)	\$ (2,028,101)	\$ (1,878,113)	\$ (2,306,046)	\$ (5,928,131)	\$ (5,124,369)
Net Cash Flows from Operating Activities (A-B) = (C)	\$ 4,179,195	\$ 3,733,226	\$ 6,055,828	\$ 9,373,172	\$ 10,422,058
Net Income & Comprehensive Income (D)	\$ 3,933,363	\$ 3,843,611	\$ 3,815,843	\$ 2,411,949	\$ 15,286,378
Distributions (E)	\$ 3,697,806	\$ 3,814,940	\$ 3,150,269	\$ 11,343,347	\$ 8,453,887
Excess / (Shortfall) of Net Cash Flow From Operating Activities Over Distributions (C-E)	\$ 481,389	\$ (81,715)	\$ 2,905,558	\$ (1,970,176)	\$ 1,968,171
Excess / (Shortfall) of Net Income & Comprehensive Income Over Distributions (D-E)	\$ 235,557	\$ 28,670	\$ 665,574	\$ (8,931,399)	\$ 6,832,491

For the three months ended June 30, 2020 and nine months ended September 30, 2020, the Trust had distributions in excess of net cash flow from operating activities. In addition, during the nine months ended September 30, 2020 the Trust had distributions in excess of net income. These distributions were funded from the Trust's cash on hand/bank indebtedness. The excess distributions were paid in the normal course and had no impact on the sustainability of distributions. The shortfall of net income to distributions is largely due to a large decrease in the fair market value adjustment due to higher capitalization rates which is non-cash in nature.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENT INFORMATION AND CO-OWNERSHIP INTERESTS

SEGMENT INFORMATION

The Trust operates in five reportable segments: grocery anchored retail, non-grocery anchored retail, industrial, multi-residential and core service office provider as outlined below:

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Core Service Office Provider	Corporate	Three Months Ended September 30, 2020
Net Operating Income							
Rental Revenue	\$ 6,688,588	\$ 1,546,467	\$ 2,506,325	\$ 439,809	\$ 131,915	-	\$ 11,313,104
Property Operating Expenses	(2,035,998)	(520,650)	(910,911)	(164,908)	(122,217)	-	(3,754,683)
	4,652,590	1,025,816	1,595,414	274,901	9,699	-	7,558,421
Interest and Other Income	4,392	595	3,262	56	-	71	8,376
Expenses:							
Finance Costs	1,336,951	93,808	469,032	101,813	31,311	109,826	2,142,740
General and Administrative	376,828	70,489	135,120	31,474	35	502,545	1,116,491
	1,713,779	164,298	604,152	133,286	31,346	612,370	3,259,231
Income Before Fair Value Adjustments	2,943,203	862,114	994,525	141,672	(21,647)	(612,300)	4,307,566
Fair Value Adjustments:							
Investment Properties	(398,074)	128,102	(620,382)	567,108	(21,652)	-	(344,898)
Gain on Sale of Investment Properties	-	-	-	-	-	-	-
Unit-based Compensation Recovery/(Expense)	-	-	-	-	-	(29,306)	(29,306)
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ 2,545,129	\$ 990,215	\$ 374,143	\$ 708,780	\$ (43,299)	\$ (641,606)	\$ 3,933,363

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Core Service Office Provider	Corporate	Three Months Ended September 30, 2019
Net Operating Income							
Rental Revenue	\$ 6,128,999	\$ 1,641,335	\$ 2,083,890	\$ 421,985	\$ 156,589	-	\$ 10,432,798
Property Operating Expenses	(1,985,730)	(568,927)	(797,283)	(166,814)	(125,445)	-	(3,644,198)
	4,143,269	1,072,408	1,286,607	255,171	31,145	-	6,788,600
Interest and Other Income	7,955	-	8,986	55	-	490	17,486
Expenses:							
Finance Costs	1,568,814	106,730	374,065	86,972	33,368	274,944	2,444,893
General and Administrative	197,491	41,825	113,826	31,474	-	599,018	983,634
	1,766,305	148,555	487,891	118,446	33,368	873,962	3,428,527
Income Before Fair Value Adjustments	2,384,920	923,853	807,701	136,780	(2,223)	(873,472)	3,377,559
Fair Value Adjustments:							
Investment Properties	(612,186)	587,022	1,097,056	(20,789)	(390)	-	1,050,715
Gain on Sale of Investment Properties	-	-	-	-	-	-	-
Unit-based Compensation Recovery/(Expense)	-	-	-	-	-	(612,431)	(612,431)
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ 1,772,734	\$ 1,510,876	\$ 1,904,758	\$ 115,992	\$ (2,613)	\$ (1,485,903)	\$ 3,815,843

MANAGEMENT DISCUSSION & ANALYSIS

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Core Service Office Provider	Corporate	Nine Months Ended September 30, 2020
Net Operating Income							
Rental Revenue	\$ 20,338,454	\$ 4,030,765	\$ 7,379,045	\$ 1,308,288	\$ 489,203	-	\$ 33,545,755
Property Operating Expenses	(7,071,134)	(1,438,165)	(2,683,542)	(554,660)	(380,086)	-	(12,127,586)
	13,267,319	2,592,600	4,695,503	753,628	109,118	-	21,418,169
Interest and Other Income	17,815	2,235	3,962	110	-	18,713	42,835
Expenses:							
Finance Costs	3,985,119	271,558	1,254,848	277,876	95,499	284,832	6,169,731
General and Administrative	935,203	144,868	399,150	90,342	259	1,625,467	3,195,289
	4,920,322	416,426	1,653,998	368,217	95,758	1,910,299	9,365,020
Income Before Fair Value Adjustments	8,364,812	2,178,409	3,045,468	385,522	13,360	(1,891,586)	12,095,984
Fair Value Adjustments:							
Investment Properties	(10,883,620)	(529,029)	(787,181)	1,497,983	(30,913)	-	(10,732,760)
Gain on Sale of Investment Properties	-	-	9,097	-	-	-	9,097
Unit-based Compensation Recovery/(Expense)	-	-	-	-	-	1,039,628	1,039,628
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ (2,518,808)	\$ 1,649,380	\$ 2,267,383	\$ 1,883,505	\$ (17,553)	\$ (851,958)	\$ 2,411,949

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Core Service Office Provider	Corporate	Nine Months Ended September 30, 2019
Net Operating Income							
Rental Revenue	\$ 13,168,604	\$ 4,172,582	\$ 6,454,858	\$ 1,276,877	\$ 468,436	-	\$ 25,541,357
Property Operating Expenses	(4,361,174)	(1,570,903)	(2,466,279)	(529,162)	(377,483)	-	(9,305,000)
	8,807,430	2,601,679	3,988,579	747,715	90,954	-	16,236,357
Interest and Other Income	18,866	6,684	22,733	84	-	31,064	79,430
Expenses:							
Finance Costs	3,060,675	328,969	1,135,017	255,960	101,591	554,166	5,436,379
General and Administrative	554,006	128,939	341,729	94,050	-	1,302,666	2,421,389
	3,614,681	457,908	1,476,746	350,010	101,591	1,856,832	7,857,768
Income Before Fair Value Adjustments	5,211,615	2,150,455	2,534,565	397,789	(10,637)	(1,825,768)	8,458,019
Fair Value Adjustments:							
Investment Properties	1,211,083	1,108,219	4,196,891	801,636	(58,553)	-	7,259,278
Gain on Sale of Investment Properties	-	66,651	-	-	-	-	66,651
Unit-based Compensation Recovery/(Expense)	-	-	-	-	-	(497,570)	(497,570)
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ 6,422,698	\$ 3,325,326	\$ 6,731,457	\$ 1,199,426	\$ (69,190)	\$ (2,323,338)	\$ 15,286,378

MANAGEMENT DISCUSSION & ANALYSIS

CO-OWNERSHIP INTERESTS

The Trust's Properties has the following property interests and includes its proportionate share of the related assets, liabilities, revenue and expenses of these properties:

	As at September 30, 2020			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	\$ 1,396,794	\$ 4,454,493	\$ 5,851,287	\$ 21,950,262
Non-Current Assets	86,988,139	370,525,951	457,514,090	722,981,338
Total Assets	\$ 88,384,933	\$ 374,980,444	\$ 463,365,377	\$ 744,931,599
Current Liabilities	16,341,098	23,443,344	39,784,442	51,291,051
Non-Current Liabilities	19,618,459	190,228,402	209,846,861	\$ 377,358,398
Total Liabilities	\$ 35,959,556	\$ 213,671,747	\$ 249,631,303	\$ 428,649,448
Total Owners' Equity	\$ 52,425,377	\$ 161,308,697	\$ 213,734,074	\$ 316,282,151

	As at December 31, 2019			
	Owned	Proportionate	Total	100%
Current Assets	\$ 9,032,347	\$ 8,363,730	\$ 17,396,076	\$ 14,278,161
Non-Current Assets	87,644,782	370,132,934	457,777,717	722,976,376
Total Assets	\$ 96,677,129	\$ 378,496,664	\$ 475,173,793	\$ 737,254,537
Current Liabilities	4,436,209	55,581,907	60,018,116	105,934,347
Non-Current Liabilities	22,205,506	163,911,097	186,116,602	\$ 325,705,503
Total Liabilities	\$ 26,641,715	\$ 219,493,003	\$ 246,134,718	\$ 431,639,850
Total Owners' Equity	\$ 70,035,415	\$ 159,003,660	\$ 229,039,075	\$ 305,614,687

MANAGEMENT DISCUSSION & ANALYSIS

	Three Months Ended September 30, 2020			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	\$ 2,221,858	\$ 9,091,246	\$ 11,313,104	\$ 17,765,824
Property Operating Expenses	(744,398)	(3,010,285)	(3,754,683)	(6,085,147)
	1,477,460	6,080,961	7,558,421	11,680,677
Interest and Other Income	666	7,710	8,376	15,509
Expenses:				
Finance Costs	332,319	1,810,421	2,142,740	3,534,131
General and Administrative	614,985	501,506	1,116,491	352,697
	947,303	2,311,928	3,259,231	3,886,828
Income Before Fair Value Adjustments	530,822	3,776,744	4,307,566	7,809,359
Fair Value Adjustments:				
Investment Properties	387,903	(732,801)	(344,898)	(1,288,035)
Unit-based Compensation Recovery/(Expense)	(29,306)	-	(29,306)	-
Net Income and Comprehensive Income	\$ 889,419	\$ 3,043,944	\$ 3,933,363	\$ 6,521,324

	Three Months Ended September 30, 2019			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	\$ 1,971,619	\$ 8,461,179	\$ 10,432,798	\$ 16,435,679
Property Operating Expenses	(758,004)	(2,886,194)	(3,644,198)	(5,747,151)
	1,213,615	5,574,985	6,788,600	10,688,528
Interest and Other Income	545	16,941	17,486	36,265
Expenses:				
Finance Costs	616,799	1,828,094	2,444,893	3,604,108
General and Administrative	676,021	307,613	983,634	426,523
	1,292,821	2,135,706	3,428,527	4,030,631
Income Before Fair Value Adjustments	(78,661)	3,456,220	3,377,559	6,694,162
Fair Value Adjustments:				
Investment Properties	(117,824)	1,168,539	1,050,715	1,940,315
Gain on Sale of Investment Properties	-	66,651	-	95,215
Unit-based Compensation Recovery/(Expense)	(612,431)	-	(612,431)	-
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ (808,916)	\$ 4,691,410	\$ 3,815,843	\$ 8,729,692

MANAGEMENT DISCUSSION & ANALYSIS

	Nine Months Ended September 30, 2020			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	\$ 6,315,457	\$ 27,230,298	\$ 33,545,755	\$ 52,714,975
Property Operating Expenses	(2,446,265)	(9,681,321)	(12,127,586)	(19,548,344)
	3,869,192	17,548,977	21,418,169	33,166,631
Interest and Other Income	19,373	23,462	42,835	49,272
Expenses:				
Finance Costs	893,809	5,275,922	6,169,731	10,350,467
General and Administrative	2,109,634	1,085,655	3,195,289	1,749,517
	3,003,442	6,361,578	9,365,020	12,099,984
Income Before Fair Value Adjustments	885,122	11,210,862	12,095,984	21,115,920
Fair Value Adjustments:				
Investment Properties	(1,699,102)	(9,033,658)	(10,732,760)	(17,215,832)
Gain on Sale of Investment Properties	-	9,097	9,097	12,995
Unit-based Compensation Recovery/(Expense)	1,039,628	-	1,039,628	-
Net Income and Comprehensive Income	\$ 225,648	\$ 2,186,300	\$ 2,411,949	\$ 3,913,083

	Nine Months Ended September 30, 2019			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	\$ 6,075,635	\$ 19,465,722	\$ 25,541,357	\$ 37,623,992
Property Operating Expenses	(2,447,405)	(6,857,595)	(9,305,000)	(13,620,088)
	3,628,230	12,608,127	16,236,357	24,003,904
Interest and Other Income	33,870	45,560	79,430	92,677
Expenses:				
Finance Costs	1,343,181	4,093,198	5,436,379	7,804,054
General and Administrative	1,538,783	882,606	2,421,389	1,274,558
	2,881,965	4,975,803	7,857,768	9,078,612
Income Before Fair Value Adjustments	780,135	7,677,884	8,458,019	15,017,969
Fair Value Adjustments:				
Investment Properties	703,615	5,387,124	7,259,278	12,961,349
Gain on Sale of Investment Properties	-	66,651	66,651	190,430
Unit-based Compensation Recovery/(Expense)	(497,570)	-	(497,570)	-
Net Income and Comprehensive Income	\$ 986,180	\$ 13,131,659	\$ 15,286,378	\$ 28,169,748

MANAGEMENT DISCUSSION & ANALYSIS

COMPARABLE CASH FLOWS

Comparable operating, investing and financing cash flows for the three and nine months ended September 30, 2020 and September 30, 2019 are outlined below:

	Three Months Ended		Nine Months Ended	
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Operating Activities	\$ 6,207,298	\$ 8,361,874	\$ 15,292,206	\$ 15,546,425
Investing Activities	(1,668,601)	(25,309,578)	(8,864,957)	(171,843,997)
Financing Activities	(12,472,198)	8,546,764	(24,380,667)	138,994,596
Increase/(Decrease) in Cash & Cash Equivalents	\$ (7,933,500)	\$ (8,400,939)	\$ (17,953,418)	\$ (17,302,978)
Cash & Cash Equivalents / (Bank Indebtedness), Beginning of Period	2,726,676	(5,486,964)	12,746,594	3,415,075
Cash & Cash Equivalents / (Bank Indebtedness), End of Period	\$ (5,206,824)	\$ (13,887,903)	\$ (5,206,824)	\$ (13,887,903)

Cash provided by operating activities decreased for the three and nine months ended September 30, 2020 in comparison to the three and nine months ended September 30, 2019 is largely due to the impact of COVID-19 on collections.

Cash provided by investing activities increased for the three and nine months ended September 30, 2020 in comparison to the three and nine months ended September 30, 2019 is largely due to higher acquisition activity in 2019 as compared to 2020.

Cash provided by financing activities decreased for the three and nine months ended September 30, 2020 in comparison to the three and nine months ended September 30, 2019 is largely due to lower capital raising activity as well as the buyback of Trust Units in 2020.

INVESTMENT PROPERTIES

As at September 30, 2020, the Trust's property portfolio consisted of 76 properties with a fair value of \$457.5 million, in comparison to the \$433.9 million reported as at September 30, 2019. The variance is largely due to the impact of the Trust's acquisitions, offset by an overall lower net fair market value adjustment due to higher capitalization rates. The investment portfolio valuation is allocated by property type as follows:

MANAGEMENT DISCUSSION & ANALYSIS

	Core Service					
	Retail and Commercial	Provider Office	Industrial	Multi- Residential	Total	
Balance, December 31, 2018	\$ 125,166,617	\$ 6,060,837	\$ 75,401,004	\$ 6,262,027	\$ 212,890,482	
Acquisitions	202,809,315	-	-	11,190,100	213,999,415	
Capital Expenditures	1,074,118	58,553	1,283,083	94,869	2,510,623	
Transfers	(2,800,000)	-	-	-	(2,800,000)	
Fair Value Adjustment	2,319,305	(58,553)	4,196,891	801,636	7,259,278	
Balance, September 30, 2019	\$ 328,569,355	\$ 6,060,837	\$ 80,880,977	\$ 18,348,632	\$ 433,859,798	
Acquisitions	-	-	5,757,885	-	5,757,885	
Dispositions	91,000	-	(104,682)	-	(13,682)	
Capital Expenditures	267,925	-	842,339	44,014	1,154,277	
Fair Value Adjustment	7,364,091	(721,237)	10,361,484	15,101	17,019,438	
Balance, December 31, 2019	\$ 336,292,371	\$ 5,339,600	\$ 97,738,004	\$ 18,407,747	\$ 457,777,717	
Acquisitions	-	-	5,421,503	-	5,421,503	
Dispositions	-	-	(34,024)	-	(34,024)	
Capital Expenditures	2,188,880	33,503	1,243,128	78,080	3,543,592	
Straight-line Rents	1,288,828	1,190	248,046	-	1,538,064	
Fair Value Adjustment	(11,412,649)	(30,913)	(787,181)	1,497,983	(10,732,760)	
Balance, September 30, 2020	\$ 328,357,429	\$ 5,343,380	\$ 103,829,477	\$ 19,983,810	\$ 457,514,090	

For the period ended September 30, 2020, senior management of the Trust valued the Investment Properties using the overall capitalization method and independent third party appraisals. Investment properties are valued on a highest and best use basis. For all of the Trust's investment properties, the current use is considered the best use. Fair value was determined by applying a capitalization rate to stabilized net operating income ("Stabilized NOI"). Stabilized NOI incorporates allowances for vacancy, management fees and structural reserves for tenant inducements and capital expenditures and is capped at a rate deemed appropriate for each investment property. Capitalization rates are based on many factors, including but not limited to the asset location, type, size and quality of the asset and taking into account any available market data at the valuation date.

Investment Properties measured at fair value are categorized by level according to the inputs used. The Trust has classified these inputs as Level 3. With the exception of the acquisition and dispositions of investment properties as further described in note 4 of the condensed consolidated interim financial statements, there have been no transfers into or out of Level 3 in the current year. Significant unobservable inputs in Level 3 valuations are as follows:

	Core Service				Weighted
September 30, 2020	Retail and Commercial	Provider Office	Industrial	Multi- Residential	Average
Capitalization Rate Range	4.16% - 7.75%	7.00%	5.54% - 7.00%	5.00%-5.10%	6.15%
Weighted Average Cap. Rate	6.28%	7.00%	5.91%	5.06%	6.15%

	Core Service				Weighted
December 31, 2019	Retail & Commercial	Provider Office	Industrial	Multi- Residential	Average
Capitalization Rate Range	5.00% - 7.25%	7.00%	5.54% - 7.00%	5.00%-5.30%	6.09%
Weighted Average Cap. Rate	6.19%	7.00%	5.90%	5.18%	6.09%

MANAGEMENT DISCUSSION & ANALYSIS

Gain On Sale of Investment Properties: On October 31, 2019, the Trust completed the sale of an interest in one property from the Centre Ice Retail Portfolio totaling 15,752 square feet with gross proceeds of approximately \$4.0 million (\$3.9 million net of closing costs). The Trust's pro-rata share of the gross proceeds is \$2.8 million (\$2.7 million net of closing costs). The Trust recognized a gain on sale of approximately \$0.2 million.

On December 6, 2019, the Trust completed the sale of an interest in a portion of land from the Waterloo Industrial Portfolio with gross proceeds of approximately \$0.3 million. The Trust's pro-rata share of the gross proceeds is \$0.2 million. The Trust recognized a gain on sale of approximately \$0.1 million.

On June 30, 2020, the Trust completed the sale of an interest in a portion of land from the Waterloo Industrial Portfolio with gross proceeds of approximately \$0.06 million. The Trust's pro-rata share of the gross proceeds is \$0.04 million. The Trust recognized a gain on sale of approximately \$0.01 million.

CURRENT ASSETS

Current assets as at September 30, 2020, June 30, 2020 and September 30, 2019 consisted of the following:

	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019
Accounts Receivable	\$ 3,063,326	\$ 3,554,618	\$ 3,112,669
Prepaid Expenses, Deposits & Other Assets	2,738,677	2,003,611	3,308,108
Cash & Cash Equivalents	-	2,726,676	-
Restricted Cash	49,284	50,292	36,670
Assets Held For Sale	-	-	2,800,000
	\$ 5,851,287	\$ 8,335,197	\$ 9,257,447

Accounts receivable consist mainly of tenant receivables, straight line rent adjustments and Harmonized Sales Tax ("HST") and Quebec Sales Tax ("QST") recoveries from the Canada Revenue Agency and Revenue Quebec, respectively. Prepaid expenses, deposits and other assets consist mainly of prepaid property taxes, insurance, utility deposits, deferred financing costs related to the Facility and the capitalization of free rent provided to tenants as required under IFRS. Restricted Cash represents realty tax escrows requested by the lender on the Guelph Retail Portfolio mortgage. Assets Held For Sale consists of the fair market value of an asset that is under contract to be sold.

BANK INDEBTEDNESS

The Trust has entered into a Revolving Operating Facility (the "Facility") with a Canadian Chartered Bank (the "Bank") fully secured by first charges against certain investment properties. The total amount available under the Facility is \$22.0 million. The interest rate is based on a calculated formula using the Canadian Chartered Bank's Prime Lending Rate. Amounts drawn under the Facility are due to be repaid at the maturity date on October 31, 2021. Bank

MANAGEMENT DISCUSSION & ANALYSIS

Indebtedness as at September 30, 2020 and December 31, 2019 was \$5,206,824 and \$nil respectively.

MORTGAGES

As at September 30, 2020, total outstanding mortgages were \$236,483,018 (\$236,645,378 as at December 31, 2019), net of unamortized financing costs of \$1,064,106 (\$996,831 as at December 31, 2019), offset by a \$778,086 (\$786,600 as at December 31, 2019) with a weighted average interest rate of approximately 3.4% (3.5% as at December 31, 2019) and weighted average repayment term of approximately 3.9 years (4.0 years as at December 31, 2019). The mortgages are repayable as follows:

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2020	1,440,749	9,600,000	11,040,749	2,042,400
2021	5,368,230	13,194,111	18,562,341	7,175,205
2022	5,840,618	3,845,582	9,686,200	5,959,135
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
Thereafter	5,057,828	49,000,766	54,058,594	5,475,303
Face Value	\$ 25,421,114	\$ 211,347,923	\$ 236,769,038	\$29,468,716
Unamortized Financing Costs			(1,064,106)	
Mark to Market on Assumed Mortgages			778,086	
Total Mortgages			\$ 236,483,018	

	September 30, 2020	December 31, 2019
Current:		
Mortgages	\$ 28,260,595	\$ 52,017,468
Unamortized Financing Costs	(137,835)	(111,829)
Mark to Market on Assumed Mortgages	80,485	92,833
	\$ 28,203,245	\$ 51,998,472
Non-Current:		
Mortgages	\$ 208,508,443	\$184,838,141
Unamortized Financing Costs	(926,271)	(885,001)
Mark to Market on Assumed Mortgages	697,601	693,767
	\$ 208,279,773	\$184,646,907
	\$ 236,483,018	\$236,645,378

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 condensed consolidated interim financial statements. The

MANAGEMENT DISCUSSION & ANALYSIS

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.

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, amortizes 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, amortizes 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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LAND LEASE LIABILITY

On May 9, 2019, as part of the FCR Retail Portfolio acquisition, the joint arrangement assumed a land lease on a retail property located in Ottawa, Ontario. The terms of the land lease are gross annual payments of \$101,040 per annum that mature on April 1, 2027. The land lease liability is calculated in accordance with IFRS 16, using a present value of the remaining lease payments, discounted using the incremental borrowing rate at May 9, 2019 of 6.25% for the term of the lease. The Trust's pro-rata portion of the lease liability is as follows (at 50%):

	Opening Balance	Lease Payment	Imputed Interest Expense	Ending Balance
2020	329,963	(50,520)	8,733	288,176
2021	293,014	(50,520)	16,088	258,582
2022	258,582	(50,520)	13,936	221,998
2023	221,998	(50,520)	11,650	183,128
Thereafter	183,128	(197,669)	20,880	6,339

	September 30, 2020
Current	\$ 33,915
Non-Current	254,261
Total	\$ 288,176

ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at September 30, 2020, June 30, 2020, and September 30, 2019 consist of the following:

	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019
Utilities, Repairs & Maintenance, Other	3,831,195	4,036,129	4,394,669
Due to Asset & Property Manager	462,346	265,075	232,894
Accrued Interest Expense	310,291	316,116	450,678
Option Liabilities	133,207	103,901	955,745
	\$ 4,737,039	\$ 4,721,221	\$ 6,033,985

Professional fees represent amounts payable for legal, audit and advisory fees. Utilities, Repairs & Maintenance, Other consist of utility costs, property taxes, repairs and maintenance, GST/HST payables to CRA and QST payables to Revenue Quebec. Due to Asset & Property Manager represent amounts payable to Firm Capital Realty Partners Inc. ("FCRPI") and Firm Capital Property Management Corp. ("FCPMC") as outlined below. Option liabilities relate to the unit option plan as outlined below.

UNIT OPTION PLAN & OPTION LIABILITIES

Under the Trust's unit option plan, the aggregate number of unit options reserved for issuance at any given time shall not exceed 10% of the number of outstanding Trust Units. As at September 30, 2020, the Trust has 2,425,000 Trust unit options issued and outstanding consisting of the following issuances:

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- On August 15, 2016, the Trust granted 535,000 Trust unit options at a weighted average exercise price of \$6.05 per Trust Unit. The unit options fully vested on the date of grant and expire on August 15, 2021. The balance as at September 30, 2020 was 465,000 Trust unit options.
- On March 26, 2018, the Trust granted 600,000 Trust unit options at a weighted average exercise price of \$6.25 per Trust Unit. 525,000 unit 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 at September 30, 2020 was 530,000 Trust unit options.
- On November 8, 2018, the Trust granted 60,000 Trust unit options at a weighted average exercise price of \$6.35 per Trust Unit. The unit options fully vested on the date of grant and expire on November 8, 2023. The balance as at September 30, 2020 was 60,000 Trust unit options.
- On August 14, 2019, the Trust granted 1,400,000 Trust unit options at a weighted average exercise price of \$6.40 per Trust Unit. 1,290,000 unit options fully vested on the date of the grant with the remaining 110,000 vesting at one-third each year for the next three years and expire on August 14, 2024. The balance as at September 30, 2020 was 1,370,000 Trust unit options.

Unit-based compensation related to the aforementioned unit options stands at an expense of \$29,306 and a recovery of \$1,039,628 for the three and nine months ended September 30, 2020 (\$612,431 and \$497,570 expense for the three and nine months ended September 30, 2019). Unit-based compensation was determined using the Black-Scholes option pricing Model and based on the following assumptions:

	As at September 30, 2020	As at December 31, 2019
Expected Option Life (Years)	1.0	1.0
Risk Free Interest Rate	0.20%	1.65%
Distribution Yield	9.35%	7.11%
Expected Volatility	20.00%	20.00%

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

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UNITHOLDERS' EQUITY

Unitholders' equity as at September 30, 2020 was \$213,734,074 and consists of the following:

	Number of Units	Unitholder's Equity
Unitholders' Equity, December 31, 2018	17,542,563	\$ 124,447,609
Options Exercised	233,000	1,234,900
Issuance of Units from DRIP	3,593	23,554
Non-Brokered Private Placement - March 2019	1,355,726	8,676,640
Fully Marketed Public Offering - April 2019	4,421,145	28,295,328
Non-Brokered Private Placement - April 2019	2,696,252	17,256,013
Less: Issue Costs	-	(2,430,778)
Add: Net Income	-	15,286,378
Less: Distributions	-	(8,453,887)
Unitholders' Equity, September 30, 2019	26,252,279	\$ 184,335,759
Issuance of Units from DRIP	4,606	31,596
Non-Brokered Private Placement - November 2019	937,500	6,000,000
Fully Marketed Public Offering - December 2019	3,450,000	23,287,500
Less: Issue Costs	-	(1,679,029)
Add: Net Income	-	20,435,018
Less: Distributions	-	(3,371,766)
Unitholders' Equity, December 31, 2019	30,644,385	\$ 229,039,075
Normal Course Issuer Bid	(788,600)	(4,112,889)
Redemption	(500,000)	(2,115,000)
Issuance of Units from DRIP	228	1,550
Less: Issue Costs	-	(147,265)
Add: Net Income	-	2,411,949
Less: Distributions	-	(11,343,347)
Unitholders' Equity, September 30, 2020	29,356,013	\$ 213,734,074

- **Options Exercised:** On April 18, 2019, 233,000 Trust unit options at a weighted average price of \$5.30 per Trust Unit were exercised for gross proceeds of approximately \$1.2 million.
- **Non-Brokered Private Placement – March, 2019:** On March 28, 2019, the Trust completed a non-brokered private placement of Trust Units. 1,355,726 Trust Units were issued at a price of \$6.40 per Trust Unit for gross proceeds of approximately \$8.7 million.
- **Non-Brokered Private Placement – April, 2019:** On April 24, 2019, the Trust completed a non-brokered private placement of Trust Units. 2,461,877 Trust Units were issued at a price of \$6.40 per Trust Unit for gross proceeds of approximately \$15.8 million. On May 1, 2019, the Trust closed an additional issuance of 234,375 Trust Units at a price of \$6.40 per Trust Unit for aggregate gross proceeds of \$1.5 million as part of the non-brokered private placement.
- **Fully Marketed Public Offering – April, 2019:** On April 24, 2019, the Trust completed a fully marketed offering of Trust Units. 4,100,000 Trust Units were issued at a price of \$6.40

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per Trust Unit for gross proceeds of approximately \$26.2 million. On April 30, 2019, the Trust closed an additional issuance of 321,145 Trust Units at a price of \$6.40 per Trust Unit for aggregate gross proceeds of \$2.1 million as part of the fully marketed offering.

- **Non-Brokered Private Placement – November, 2019:** On October 29, 2019, the Trust completed a non-brokered private placement of Trust Units. 203,126 Trust Units were issued at a price of \$6.40 per Trust Unit for gross proceeds of approximately \$1.3 million. On November 21, 2019, the Trust closed an additional 734,375 Trust Units at a price of \$6.40 per Trust Unit for aggregate gross proceeds of approximately \$4.7 million as part of the non-brokered private placement.
- **Fully Marketed Public Offering – December, 2019:** On December 18, 2019, the Trust completed a public equity offering of Trust Units. 3,450,000 Trust Units were issued at a price of \$6.75 per Trust Unit for gross proceeds of approximately \$23.3 million.
- **Normal Course Issuer Bid:** On April 3, 2020, the Trust received approval from the TSXV to commence a Normal Course Issuer Bid (“**NCIB**”) to purchase up to 2,829,746 Trust Units, being equal to 10% of the public float. The bid commenced on April 8, 2020 and ends on the earlier of April 7, 2021, or at such time as the NCIB has been completed or terminated at the Trust’s discretion. As at September 30, 2020, the Trust repurchased 788,600 Trust Units for cancellation through its NCIB for gross proceeds of approximately \$4.1 million.
- **Redemption:** In accordance with the Declaration of Trust as further described in note 8(b) of the condensed consolidated interim financial statements, a Unitholder redeemed their Trust Units. The Unitholder redeemed 500,000 Trust Units for \$4.23 per Trust Unit for gross proceeds of approximately \$2.1 million.

As at November 12, 2020, there were 29,349,413 Trust Units issued and outstanding.

RELATED PARTY TRANSACTIONS

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

ASSET MANAGEMENT AGREEMENT

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

On October 20, 2016, the terms of the Asset Management and Acquisition Fees changed. For further information, please refer to the notes to the financial statements.

For the nine months ended September 30, 2020 and September 30, 2019, Asset Management Fees were \$2,048,554 and \$1,638,520; Acquisition Fees were \$40,219 and \$1,722,253; Placement Fees were \$104,250 and \$436,892 and Performance Incentive Fees were \$379,733 and \$166,586, respectively.

MANAGEMENT DISCUSSION & ANALYSIS

For the nine months ended September 30, 2020, Asset Management Fees were higher than the amount reported at September 30, 2019 due to the acquisition activity that occurred during 2019. For the nine months ended September 30, 2020, Acquisition Fees were lower than the amount reported at September 30, 2019 due to lower acquisition activity during the reported period.

For the nine months ended September 30, 2020, Placement Fees were lower due to the completion of the fully marketed public offering and non-brokered private placement as well as the various loans as discussed above in 2019.

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

PROPERTY MANAGEMENT AGREEMENT

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

For the nine months ended September 30, 2020 and September 30, 2019, Property Management Fees were \$627,830 and \$910,857 and Commercial Leasing Fees were \$98,919 and \$94,304, respectively.

Property Management Fees are charged monthly. Commercial leasing and renewal fees are charged on a per lease basis.

INCOME TAXES

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

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

CAPITAL MANAGEMENT

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

MANAGEMENT DISCUSSION & ANALYSIS

The Trust's Declaration of Trust permits the Trust to incur or assume indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the Trust is not more than 75% of the gross book value of the Trust's total assets. Gross Book Value ("GBV") is defined in the Declaration of Trust as "at any time, the book value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated subsidiaries may be used instead of book value." As at September 30, 2020 and September 30, 2019, the ratio of such indebtedness was 52.2% and 56.4%, respectively, which complies with the requirement in the Declaration of Trust and is consistent with the Trust's objectives.

With respect to the Bank Indebtedness, the Trust must maintain ratios including minimum unitholders' equity, maximum debt/GBV, minimum interest service and debt service coverage ratios. The Trust monitors these ratios and is in compliance with these requirements throughout the three and nine months ended September 30, 2020 and September 30, 2019.

CONTRACTUAL OBLIGATIONS

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

	Less than 1 Year	1 - 2 Years	> 2 Years	Total
Mortgages	\$ 22,036,511	\$ 17,252,779	\$ 197,479,747	\$ 236,769,038
Bank Indebtedness	5,206,824	-	-	5,206,824
Tenant Rental Deposits	380,241	268,890	1,043,937	1,693,068
Distribution Payable	1,223,177	-	-	1,223,177
Land Lease Liability	33,915	35,508	218,753	288,176
Accounts Payable & Accrued Liabilities	4,737,039	-	-	4,737,039
	\$ 33,617,707	\$ 17,557,177	\$ 198,742,437	\$ 249,917,322

DISTRIBUTION REINVESTMENT PLAN & UNIT PURCHASE PLAN

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

DISTRIBUTION REINVESTMENT PLAN ("DRIP")

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

Units purchased through the DRIP are acquired at the weighted average closing price of Trust Units in the five trading days immediately prior to the distribution payment date. Units purchased through the DRIP will be acquired either in the open market or be issued directly from FCPT's treasury based on a floor price to be set at the discretion of the board of trustees. Currently, there are 257,075 units reserved under the DRIP.

MANAGEMENT DISCUSSION & ANALYSIS

For the periods ended September 30, 2020 and September 30, 2019, 228 and 3,593 Trust Units were issued, respectively, from treasury for total gross proceeds of \$1,550 and \$23,554, respectively, to Unitholders who elected to receive their distributions and received Units under the DRIP.

UNIT PURCHASE PLAN (“UPP”)

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

Registered Unitholders may enroll in the DRIP and the UPP by completing a form and submitting to Equity Financial Trust Company at the address set out in the form, or contact the Trust for copies of the forms. Beneficial Unitholders are encouraged to see their broker or other intermediary for enrolment information. The expected level of insider participation by management and trustees of the Trust under the DRIP and the UPP is currently not known. The DRIP and the UPP are subject to certain limitations and restrictions; interested participants are encouraged to review the full text of the DRIP and UPP at www.firmcapital.com.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF TRUSTEES

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable. In addition, the Trust’s Audit Committee and Board of Trustees provide an oversight role with respect to all public financial disclosures by the Trust, and have reviewed and approved this MD&A and the condensed consolidated interim financial statements as at September 30, 2020 and September 30, 2019.

CONTROLS AND PROCEDURES

The Trust maintains appropriate information systems, procedures and controls to ensure that information disclosed externally is complete, reliable, and timely. The Trust’s Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision of, the design and operating effectiveness of the Trust’s disclosure controls and procedures (as defined in National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings) as at September 30, 2020 and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

The Trust has also established adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Trust’s financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. The Trust’s Chief Executive Officer and the Chief Financial Officer assessed, or caused an assessment under their direct supervision, of the design and operating effectiveness of the Trust’s internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings) as at September 30, 2020. Based on that assessment, it was determined that the Trust’s internal controls over financial reporting were appropriately designed and were operating effectively. In addition, the Trust did not make any changes to the design of the Trust’s internal controls over financial reporting during the three and nine months ended

MANAGEMENT DISCUSSION & ANALYSIS

September 30, 2020 that would have materially affected or would be reasonably likely to materially affect the Trust's internal controls over financial reporting.

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

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied by the Trust are described in note 2 of the Trust's consolidated financial statements for the year ended December 31, 2019 and accordingly should be read in conjunction with them.

ESTIMATES

The critical accounting estimates have been set out in the Trust's consolidated financial statements for the year ended December 31, 2019 and accordingly should be read in conjunction with them.

CRITICAL JUDGEMENTS

Critical judgments have been set out in the consolidated financial statements for the year ended December 31, 2019 and accordingly should be read in conjunction with them.

NEW CHANGE IN ACCOUNTING POLICIES

- Amendments to IFRS 3, Business Combinations. The IASB published amendments to IFRS 3 in relation to whether a transaction meets the definition of a business combination. The amendments clarify the definition of a business, as well as provide additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, and to asset acquisitions that occur on or after the beginning of that period. Early application is permitted. The Trust adopted the amendments to IFRS 3 on the required effective date of January 1, 2020 and the amendments did not have an impact on the condensed consolidated interim financial statements.
- Amendments to Reference to the Conceptual Framework in IFRS Standards. On March 29, 2018 the IASB issued a revised version of its Conceptual Framework for Financial

MANAGEMENT DISCUSSION & ANALYSIS

Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards to update references in IFRS Standards to previous versions of the Conceptual Framework. Both documents are effective from January 1, 2020 with earlier application permitted. The Trust adopted the amendments in its condensed consolidated interim financial statements for the period beginning on January 1, 2020. The amendments do not have a material impact on the condensed consolidated interim financial statements.

- Definition of Material (Amendments to IAS 1 and IAS 8). On October 31, 2018, the IASB refined its definition of material and removed the definition of material omission or misstatements from IAS 8. The amendments are effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted. The definition of material has been aligned across IFRS Standards and the Framework. The amendments provide a definition and explanatory paragraphs in one place. Pursuant to the amendments, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Trust adopted the amendments to IAS 1 and IAS 8 in its condensed consolidated interim financial statements for the period beginning on January 1, 2020. The amendments do not have a material impact on the condensed consolidated interim financial statements.

SUBSEQUENT EVENTS

The following are events that occurred subsequent to September 30, 2020:

- Subsequent to the quarter ended September 30, 2020, the Trust purchased for cancellation through its NCIB 6,600 Trust Units for gross proceeds of approximately \$0.03 million.
- On November 10, 2020, the Trust completed two mortgages on its Edmonton Industrial Portfolio. The two new mortgages are \$5.1 million first mortgages with an interest rate based on the Canadian Charter Banks' Prime Lending Rate plus 1%, amortizes and matures on October 31, 2023. The Trust's portion of these new mortgages is \$2.5 million.
- On November 12, 2020, the Trust announced that it has declared and approved monthly distributions in the amount of \$0.041667 per Trust Unit for Unitholders of record on November 30, 2020 and December 31, 2020 payable on or about December 15, 2020 and January 15, 2021, respectively.

RISKS AND UNCERTAINTIES

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

MANAGEMENT DISCUSSION & ANALYSIS

properties are impacted by factors specifically affecting their respective real estate markets. These factors may differ from those affecting the real estate markets in other regions of Canada.

- **LIQUIDITY & GENERAL MARKET CONDITIONS**

The Trust faces the risk associated with general market conditions and their potential consequent effects. Current general market conditions may include, among other things, the insolvency of market participants, tightening lending standards and decreased availability of cash, and changes in unemployment levels, retail sales levels, and real estate values along with access to capital. These market conditions may affect occupancy levels and FCPT's ability to obtain credit on favorable terms or to conduct financings through the public market.

- **REAL PROPERTY OWNERSHIP AND TENANT RISKS**

Real property investments are relatively illiquid. This illiquidity will tend to limit the ability of the Trust to respond to changing economic or investment conditions. If the Trust were to be required to liquidate assets quickly, there is a risk the proceeds realized from such sale would be less than the book value of the assets or less than what could be expected to be realized under normal circumstances. By specializing in certain types of real estate, the Trust is exposed to adverse effects on that segment of the real estate market and does not benefit from a broader diversification of its portfolio by property class.

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

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

- **COMPETITION**

Many of the sectors in which the Trust operates are highly competitive. The Trust faces competition from many sources, including from other buildings in the immediate vicinity of the properties and the broader geographic areas where the Trust's properties are and will be located. In addition, overbuilding in the geographic areas where the Trust's properties

MANAGEMENT DISCUSSION & ANALYSIS

are located may increase the supply of competing properties and may reduce occupancy rates and rental revenues of the Trust and could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

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

- ***CHANGES IN APPLICABLE LAWS***

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

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

- ***UNEXPECTED COSTS OR LIABILITIES RELATED TO ACQUISITIONS***

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

- ***ACCESS TO CAPITAL***

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

In addition, global financial markets have experienced a sharp increase in volatility during recent years. This has been, in part, the result of the re-valuation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant re-valuations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world in the near to medium term. These market conditions and unexpected volatility or illiquidity in financial markets may inhibit the Trust's access to long-term

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financing in the Canadian capital markets. As a result, it is possible that financing which the Trust may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by the Trust or otherwise, may not be available or, if it is available, may not be available on favorable terms to the Trust. Failure by the Trust to access required capital could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

- ***INTEREST RATE & DEBT FINANCING RISK***

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

- ***ENVIRONMENTAL RISK***

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

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

- ***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 favorable terms, or at all; nor is there any assurance that a tenant can be replaced. A contraction in the Canadian economy would negatively impact demand for space in our properties, consequently increasing the risk that leases expiring in the near term will not be renewed.

- ***INCOME TAX RISK***

On December 22, 2007, the SIFT Rules were enacted. Under the SIFT Rules, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income,

MANAGEMENT DISCUSSION & ANALYSIS

and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital should generally not be subject to the tax.

The SIFT Rules do not apply to a "real estate investment trust" that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"). The Trust has reviewed the REIT Conditions and has assessed their interpretation and application to the Trust's assets and liabilities. The Trust believes that it has met the REIT Conditions throughout the relevant periods ended. There can be no assurances, however, that the Trust will continue to be able to satisfy the REIT Conditions in the future such that the Trust will not be subject to the tax imposed by the SIFT Rules.

- ***FIXED COSTS AND INCREASED EXPENSES***

The failure to maintain stable or increasing average monthly rental rates combined with acceptable occupancy levels would likely have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the Trust is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

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

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

- ***UNITHOLDER RISK***

There is a risk that FCPT's Unitholders could become subject to liability. The Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as Trustee or carrier shall be held to have any personal liability as such, and no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any Unitholder or annuitant for any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Trust property or the affairs of the Trust, including, without limitation, for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustees or any obligation which a Unitholder or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such, but rather the assets of the Trust only are intended to be liable and subject to levy or execution for satisfaction of such liability. Each Unitholder and annuitant

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under a plan of which a Unitholder acts as Trustee or carrier shall be entitled to be reimbursed out of the assets of the Trust in respect of any payment of a Trust obligation made by such Unitholder or annuitant. The Declaration of Trust further provides that, whenever possible, any written instrument creating an obligation which is or includes the granting by the Trust of a mortgage, and to the extent management of the Trust determines to be practicable, any written instrument which is, in the judgment of management of the Trust, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a Trustee or carrier, or Officers, employees or agents of the Trust, but that only property of the Trust or a specific portion thereof shall be bound; the Trust, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the Trust upon the acquisition of real property.

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

- ***DEPENDENCE ON FCRPI AND FCPMC***

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 FCPMC to maintain these real estate investments. The Trust has also entered into long-term contracts with FCRPI and FCPMC, as more particularly described in the "Asset Management Agreement" and "Property Management Agreement" both dated November 20, 2012 as posted on SEDAR (www.SEDAR.com). The Trust is exposed to adverse developments in the business and affairs of FCRPI and FCPMC, since the day to day activities of the Trust are run by FCRPI and FCPMC and since all of the Trust's real estate investments are originated by FCRPI.

- ***RETURN RISK***

There is no guarantee as to the return an investment in Trust Units of the Trust will generate.

- ***POTENTIAL CONFLICTS OF INTEREST***

The Trust is subject to various potential conflicts of interest because the Asset Manager and Property Manager are entities indirectly related to certain trustees and management of the Trust. Further, the Trustees and Officers may co-invest in property acquisitions and investments alongside the Trust. In addition, the Trustees and Officers of the Trust may from time to time deal with parties with whom the Trust may be dealing with, or may be seeking investments similar to those desired by the Trust. Certain Trustees and Officers of the Trust are also employed by entities directly and/or indirectly related to the Asset Manager and Property Manager and are involved in varying real estate related activities including, but not limited to acquisitions, divestitures and management of real estate and real estate related debt and equity.

The Declaration of Trust does not restrict Trustees or Officers of the Trust, the Asset Manager, the Property Manager and/or its affiliates from being engaged (directly or indirectly) in real estate and business transactions in which their individual interests are actually, or are perceived to be, in conflict with the interests of the Trust. Accordingly, there

MANAGEMENT DISCUSSION & ANALYSIS

can be no guarantee that the Trustees and Officers of the Trust, when acting in a capacity other than a Trustee or Officer of the Trust will act in the best interests of the Trust.

- **RELiance ON KEY PERSONNEL AND TRUSTEES**

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

- **DILUTION**

The number of Trust Units the Trust is authorized to issue is unlimited. The Trustees have the discretion to issue additional Trust Units in other circumstances, including under the Unit Option Plan. Any issuance of Trust Units may have a dilutive effect to existing Unitholders.

- **OPERATIONAL RISKS**

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings. Management endeavors to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are reviewed and if deemed necessary improvements are implemented.

- **RISK RELATED TO INSURANCE RENEWALS**

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

- **CO-OWNERSHIP INTEREST IN PROPERTIES**

In certain situations, the Trust may be adversely affected by a default by a co-owner of a property under the terms of a mortgage, lease or other agreement. Although all co-owners' agreements entered into by Trust provide for remedies to Trust in such circumstances, such remedies may not be exercisable in all circumstances, or may be insufficient or delayed, and may not cure a default in the event that such default by a co-owner is deemed to be a default of Trust.

- **COVID-19**

The duration and impact of the COVID-19 pandemic is currently unknown with federal and provincial governments providing various stimulus measures to stabilize economic conditions.

MANAGEMENT DISCUSSION & ANALYSIS

Capitalization rates used in the valuation of investment properties as of September 30, 2020 are based on current market data available and have been adjusted for our enclosed mall and non-anchored retail portfolio to reflect market uncertainty related to COVID-19. Given the uncertainty around the duration of COVID-19 and the potential negative impact it may have on the real estate industry, it is not possible to predict the impact of capitalization rates across all of our investment properties at this time.

The Trust continues to review its cash flow projections, liquidity and the fair value of its real estate portfolio in these challenging times. Capitalization rates could change materially as additional market data becomes available. As such, significant changes in assumptions concerning rental income, occupancy rates, tenant inducements and future market rents could negatively impact future real estate valuations and the Trust's overall operations as COVID-19 pandemic continues.

OUTLOOK

Moving forward, it will be difficult to fully evaluate the economic impact on our tenants, because of the COVID-19 pandemic, until the economy has stabilized, and the government stimulus measures have ceased. During Q3 we collected approximately 99% of gross rents (net of CECRA and deferral agreements that account for 6% of gross rents). We have seen an improvement in the leasing market with strong demand and increasing rental rates across most of our industrial portfolio and higher than expected demand across our convenience retail portfolio that has allowed us to increase our occupancy levels over Q2. Finally, we expect interest rates to remain low into 2022 and are monitoring the economy for signs of weakness to be prepared to take advantage of investment opportunities.

The Trust has sufficient liquidity not only to meet our operational needs through 2021, but to fund our acquisition and development projects through the first quarter of 2021 with no significant debt maturities in 2021. To date, the Trust has purchased and cancelled 1,288,600 trust units since the inception of the NCIB at an average price of \$4.83 per trust unit that has contributed to our NAV per trust unit increasing to \$7.28 per trust unit to the benefit of all of the Trust's unitholders. We believe that the Trust is well positioned for growth with our leverage below our target range of 55% to 65%.

As such, management is always looking to assess and evolve its portfolio of assets. The Trust will focus its near-term acquisition efforts on the industrial and multi-residential sectors across Canada as well as reducing its exposure to its non-core retail assets to create a more balanced property portfolio. The Trust expects to grow predominately through acquisitions during 2021 with residential intensification efforts beginning to generate income in 2022. As always, we will continue to assess each acquisition to ensure they meet our disciplined investment objectives but will not grow the portfolio only for the sake of growth.