FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER 2021
MARCH 31, 2021

FIRM CAPITAL PROPERTY TRUST

Condensed Consolidated Interim Balance Sheets
(Unaudited)

	Notes	March 31, 2021	December 31, 2020
Assets			
Non-current Assets:			
Investment Properties	4	463,275,688	449,427,393
Note Receivable	4	700,000	-
Total Non-Current Assets		463,975,688	449,427,393
Current Assets:			
Accounts Receivable		3,501,271	2,959,845
Prepaid Expenses, Deposits and Other Assets		3,428,716	2,200,191
Restricted Cash		206,371	204,188
Cash and Cash Equivalents		5,055,736	5,685,951
Assets Held For Sale	4	15,817,200	20,043,100
Total Current Assets		28,009,294	31,093,275
Total Assets		$ 491,984,982	$ 480,520,668
Liabilities and Unitholders' Equity			
Current Liabilities:			
Mortgages	7(a)	18,222,830	18,315,337
Bank Indebtedness	6	30,339,476	20,538,051
Accounts Payable and Accrued Liabilities	5	6,698,360	5,853,899
Land Lease Liability	7(b)	34,970	34,432
Distribution Payable		1,249,069	1,222,914
Tenant Rental Deposits		349,774	336,537
Total Current Liabilities		56,894,479	46,301,171
Non-current Liabilities:			
Mortgages	7(a)	203,313,988	209,204,285
Land Lease Liability	7(b)	261,938	258,110
Tenant Rental Deposits		1,427,324	1,305,148
Total Non-current Liabilities		205,003,250	210,767,543
Total Liabilities		261,897,729	257,068,714
Unitholders' Equity	8	230,087,253	223,451,954
Total Liabilities and Unitholders' Equity		$ 491,984,982	$ 480,520,668

See accompanying Notes to Condensed Consolidated Interim Financial Statements.

Approved by the Board of Trustees

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

FIRM CAPITAL PROPERTY TRUST

Condensed Consolidated Interim Statements of Income/(Loss) and Comprehensive Income/(Loss)
For the Three Months Ended March 31, 2021 and March 31, 2020
(Unaudited)

		Three Months Ended	
	Notes	March 31, 2021	March 31, 2020
Net Operating Income			
Rental Revenue	9	$ 11,337,581	$ 11,254,472
Property Operating Expenses	11	(4,286,493)	(4,227,486)
		$ 7,051,088	$ 7,026,986
Interest and Other Income		8,226	28,733
Expenses:			
Finance Costs	10	2,208,052	4,748,603
General and Administrative	11	1,664,105	1,009,151
		3,872,157	5,757,754
Income Before Fair Value Adjustments		$ 3,187,157	$ 1,297,965
Fair Value Adjustments:			
Investment Properties	4	7,529,486	(7,823,765)
Loss on Sale of Investment Properties	4	(263,891)	-
Unit-based Compensation Recovery/(Expense)	8(f)	(293,239)	1,160,771
Net Income/(Loss) and Comprehensive Income/(Loss)		$ 10,159,514	$ (5,365,029)

See accompanying Notes to Condensed Consolidated Interim Financial Statements.

FIRM CAPITAL PROPERTY TRUST

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity
For the Three Months Ended March 31, 2021 and March 31, 2020
(Unaudited)

	Notes	Trust Units (Note 8)	Retained Earnings	Unitholders' Equity
Unitholders' Equity, December 31, 2019		$ 174,029,262	$ 55,009,813	$ 229,039,075
Issuance of Units, Net of Issuance Costs		(201,769)	-	(201,769)
Issuance of Units from Distribution Reinvestment Plan	8(g)	1,550	-	1,550
Net Income and Comprehensive Income		-	(5,365,029)	(5,365,029)
Distributions	8(h)	-	(3,830,598)	(3,830,598)
Unitholders' Equity, March 31, 2020		$ 173,829,046	$ 45,814,186	$ 219,643,230
Issuance Costs		54,438	-	54,438
Normal Course Issuer Bid	8(d)	(4,146,879)	-	(4,146,879)
Redemption	8(e)	(2,115,000)	-	(2,115,000)
Issuance of Units from Distribution Reinvestment Plan	8(g)	1,500	-	1,500
Net Income/(Loss) and Comprehensive Income/(Loss)		-	21,196,156	21,196,156
Distributions	8(h)	-	(11,181,490)	(11,181,490)
Unitholders' Equity, December 31, 2020		$ 167,623,102	$ 55,828,852	$ 223,451,954
Options Exercised	8(c)	245,500	-	245,500
Issuance of Units from Distribution Reinvestment Plan	8(g)	1,000	-	1,000
Net Income/(Loss) and Comprehensive Income/(Loss)		-	10,159,514	10,159,514
Distributions	8(h)	-	(3,770,715)	(3,770,715)
Unitholders' Equity, March 31, 2021		$ 167,869,602	$ 62,217,651	$ 230,087,253
Trust Units Outstanding	8(a)			29,389,847

See accompanying Notes to Condensed Consolidated Interim Financial Statements.

FIRM CAPITAL PROPERTY TRUST

Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31, 2021 and March 31, 2020
(Unaudited)

	Notes	Three Months Ended March 31, 2021	March 31, 2020
Cash Flows from (used in) Operating Activities			
Net Income/(Loss) and Comprehensive Income/(Loss)		$ 10,159,514	$ (5,365,031)
Fair Value Adjustments:			
Investment Properties	4	(7,529,486)	7,823,765
Loss on Sale of Investment Properties	4	263,891	-
Unit-Based Compensation Expense/(Recovery)	8(f)	293,239	(1,160,771)
Finance Costs, Net of Interest and Other Income		2,040,788	2,021,913
Finance Fee Amortization	10	209,565	54,116
Non-cash Interest Expense	10	(50,530)	2,643,839
Land Lease Amortization	7(b)	16,996	17,513
Straight-line Rent Adjustment	9	(125,837)	(196,380)
Free Rent, Net of Amortization	9	23,516	17,512
Change in Non-Cash Operating Working Capital:			
Accounts and Note Receivable		(1,234,232)	1,053,962
Prepaid Expenses, Deposits and Other Assets		(1,228,525)	(1,333,556)
Restricted Cash		(2,183)	(12,758)
Accounts Payable and Accrued Liabilities	5	839,220	(2,141,329)
Tenant Rental Deposits		96,184	59,864
		$ 3,772,123	$ 3,482,659
Cash Flows from (used in) Financing Activities			
Issuance Costs	8	-	(200,219)
Mortgages, Repayments	7(a)	(6,050,253)	(12,296,640)
Bank Indebtedness	6	9,801,425	-
Finance Costs Paid		-	(55,162)
Cash Interest Paid, Net of Other Income		(2,062,665)	(2,057,654)
Cash Distributions Paid		(3,720,194)	(3,779,504)
		$ (2,031,687)	$ (18,389,178)
Cash Flows from (used in) Investing Activities			
Net Proceeds From Sale of Investment Properties	4	7,406,310	-
Acquisitions and Capital Expenditures	3,4	(9,776,962)	(6,779,368)
		$ (2,370,652)	$ (6,779,368)
Increase/(Decrease) in Cash and Cash Equivalents		(630,216)	(21,685,886)
Cash and Cash Equivalents, Beginning of Period		5,685,951	12,746,594
Cash and Cash Equivalents, End of Period		$ 5,055,736	$ (8,939,292)

See accompanying Notes to Condensed Consolidated Interim Financial Statements

1. The Trust

Firm Capital Property Trust (the ''Trust'') is an unincorporated open-ended real estate investment trust established on August 30, 2012 under the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated November 20, 2012. The Trust is a "mutual fund trust" as defined in the Income Tax Act (Canada), but is not a "mutual fund" within the meaning of applicable Canadian securities legislation. The head office and registered office of the Trust is located at 163 Cartwright Avenue, Toronto, Ontario M6A 1V5. These condensed consolidated interim financial statements were approved by the Board of Trustees on May 20, 2021.

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

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosures normally included in the consolidated annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed and accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Trust as at and for the year ended December 31, 2020. These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the audited consolidated annual financial statements for the year ended December 31, 2020, except as outlined below.

(b) Basis of Consolidation

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

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

The condensed consolidated interim financial statements are prepared on a going concern basis and have been presented in Canadian dollars, which is the Trust's functional currency. The condensed consolidated interim financial statements are prepared on the historical cost basis with the exception of investment properties, cash and cash equivalents and the liabilities related to unit-based compensation expense, which are measured at fair value. The accounting policies set out below have been applied consistently to all periods as presented in the audited consolidated financial statements for the year ended December 31, 2020.

(d) Co-Ownership Arrangement

The Trust currently is a co-owner in eleven joint arrangements. These arrangements are classified as joint operations because the parties involved have joint control of the assets and joint responsibility of the liabilities relating to the arrangement. As a result, the Trust includes its pro rata share of its assets, liabilities, revenues, expenses and cash flows in these condensed consolidated interim financial statements. Management believes the assets of these joint arrangements are sufficient for the purpose of satisfying the associated obligations. The co-ownership schedule is outlined below:

Investment Properties	Joint Arrangement Interest
Centre Ice Retail Portfolio	70%
Waterloo Industrial Portfolio	70%
Montreal Industrial Portfolio	50%
Edmonton Industrial Portfolio	50%
Ottawa Apartment Complex	50%
Crombie Retail Portfolio	50%
FCR Retail Portfolio	50%
Gateway Retail Portfolio	50%
Mountview Manufactured Home Community	50%
The Whitby Mall	40%
Thickson Place	40%

Certain Trustees and Officers of the Trust directly and/or indirectly have interests in certain of these Joint Arrangements.

(e) Estimates
The preparation of condensed consolidated interim financial statements requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The critical accounting estimates have been set out in the Trust's audited consolidated financial statements for the year ended December 31, 2020.

On January 30, 2020, the World Health Organization declared COVID-19 outbreak a global health emergency. The governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency and enacted measures to contain the spread of the virus. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, temporary business closures, quarantines, a general reduction in commercial activity due to reduced consumer spending related to job loss and other adverse economic effects attributable to COVID-19. Given the unprecedented and pervasive impact of changing circumstances surrounding COVID-19, there is inherently greater uncertainty related to the Trust's future operating assumptions as compared to the prior periods.

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

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

(f) Critical Judgments
Critical judgments have been set out in the Trust's audited consolidated financial statements for the year ended December 31, 2020. The Trust has not identified critical judgements that are new to the interim period.

3. Acquisition of Investment Properties

On March 18, 2020, the Trust closed on an acquisition of a 50% interest in two industrial properties located in Edmonton and Leduc, Alberta. The acquisition price for the Trust's portion of the portfolio was $5,421,503 (including transaction costs). In addition, accounts receivable of $2,034, prepaid expenses of $1,413, net of accounts payable of $21,797 and tenant rental deposits of $38,668 were assumed as part of the acquisition.

On March 16, 2021, the Trust closed the acquisition of a 50% interest in a 181 site Manufactured Housing Community ("MHC") named Mountview Mobile Home Park ("Mountview") located in Calgary, Alberta. The acquisition price for the Trust's portion of the portfolio was $8,653,157 (including transaction costs). In addition, accounts receivable of $7,194, accounts payable of $31,484 and tenant rental deposits of $39,229 were assumed as part of the acquisition.

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

	Period Ended March 31, 2021	Year Ended December 31, 2020
Investment Properties, including Acquisition Costs	$ 8,653,157	$ 5,421,503
Accounts Receivable	7,194	2,034
Prepaid Expenses	-	1,413
Accounts Payable	(31,484)	(21,797)
Tenant Rental Deposits	(39,229)	(38,668)
Net Assets Acquired	$ 8,589,637	$ 5,364,485
Consideration Paid, Funded By:		
Cash and Bank Indebtedness	$ 8,589,637	$ 5,364,485
	$ 8,589,637	$ 5,364,485

4. Investment Properties

	Retail and Commercial	Core Service Provider Office	Industrial	Multi-Residential	Manufactured Housing Communities	Total
Balance, December 31, 20:	$ 336,292,371	$ 5,339,600	$ 97,738,004	$ 18,407,747	$ -	$ 457,777,717
Acquisitions	-	-	5,421,503	-	-	5,421,503
Capital Expenditures	1,218,199	11,580	155,301	29,800	-	1,414,883
Straight-line Rents	1,127,735	848	248,438	-	-	1,377,021
Fair Value Adjustment	(8,129,019)	(12,428)	(241,736)	559,419	-	(7,823,764)
Balance, March 31, 2020	$ 330,509,286	$ 5,339,600	$ 103,321,511	$ 18,996,966	$ -	$ 458,167,358
Dispositions	-	-	(34,024)	-	-	(34,024)
Capital Expenditures	2,203,559	53,420	1,469,142	84,772	-	3,810,892
Straight-line Rents	277,156	577	7,074	-	-	284,807
Assets Held for Sale	(20,043,100)	-	-	-	-	(20,043,100)
Fair Value Adjustment	(307,417)	(61,321)	6,663,439	946,759	-	7,241,460
Balance, December 31, 20:	$ 312,639,484	$ 5,332,276	$ 111,427,142	$ 20,028,497	$ -	$ 449,427,393
Acquisitions	-	-	-	-	8,653,157	8,653,157
Capital Expenditures	974,200	14,335	135,271	-	-	1,123,806
Straight-line Rents	120,195	349	5,293	-	-	125,837
Assets Held for Sale	(3,584,000)	-	-	-	-	(3,584,000)
Fair Value Adjustment	1,561,141	(44,696)	5,969,593	43,448	-	7,529,486
Balance, March 31, 2021	$ 311,711,020	$ 5,302,267	$ 117,537,299	$ 20,071,945	8,653,157	$ 463,275,688

For the period ended March 31, 2021, 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.

Properties are typically independently appraised at the time of acquisition or refinancing. When an independent appraisal is obtained, the Trust assesses all major inputs used by the independent valuators in preparing their reports and holds discussions with them on the reasonableness of their assumptions. The reports are then used by the Trust for consideration in preparing the valuations as reported in these consolidated financial statements.

Capitalization rates used in the valuation of investment properties as of March 31, 2021 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 the capitalization rates in the future 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.

The properties independently appraised each year represent a subset of the property types and geographic distribution of the overall portfolio. For the period from January 1, 2020 to March 31, 2021, approximately 10% of the portfolio has been independently appraised. A breakdown of the aggregate fair value of investment properties independently appraised each quarter, in accordance with the Trust's policy, is as follows:

	2021			2020		
	Number of investment properties	Fair value at 100%	Fair value at Trust's share	Number of investment properties	Fair value at 100%	Fair value at Trust's share
Q1	-	-	-	-	-	-
Q2	-	-	-	2	14,209,000	14,209,000
Q3	-	-	-	3	30,076,000	30,076,000
Q4	-	-	-	-	-	-
Total	**-**	**$ -**	**$ -**	**5**	**$ 44,285,000**	**$ 44,285,000**

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 well as transfers into assets held for sale as further described in note 4 of these consolidated financial statements, there have been no transfers into or out of Level 3 in the current year. Significant unobservable inputs in Level 3 valuations are as follows:

March 31, 2021	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Manufactured Housing Communities	Weighted Average
Capitalization Rate Range	4.16% - 7.75%	7.00%	4.75% - 7.00%	5.00%-5.10%	5.75%	5.93%
Weighted Average Capitalization Rate	6.20%	7.00%	5.27%	5.06%	5.75%	5.93%

December 31, 2020	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Manufactured Housing Communities	Weighted Average
Capitalization Rate Range	4.16% - 7.75%	7.00%	5.25% - 7.00%	5.00%-5.10%	-	6.02%
Weighted Average Capitalization Rate	6.24%	7.00%	5.54%	5.06%	-	6.02%

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

		March 31, 2021
Weighted Average		**Increase/(Decrease) in Valuation**
- Capitalization Rate	25 basis point increase	$ (20,719,000)
- Capitalization Rate	25 basis point decrease	18,962,000

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

Assets Held For Sale: The Trust has executed purchase and sale agreements for nine assets from the Centre Ice Retail Portfolio with gross proceeds of approximately $22.6 million. These condensed consolidated interim financial statements carry these properties as assets held for sale at its fair market value as at March 31, 2021 for approximately $15.8 million at its proportionate consolidated basis ($20 million as of December 31, 2020).

Loss On Sale of Investment Properties: On June 30, 2020, the Trust completed the sale of its 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.

During the three months ended March 31, 2021, the Trust completed sales of four retail properties from the Centre Ice Retail Portfolio with gross proceeds of approximately $11 million. The Trust's pro-rata share of the gross proceeds was $7.7 million. The Trust recognized a loss on sale of $0.3 million as a result of closing costs associated with the Assets Held for Sale.

Note Receivable: As part of one of the dispositions, during the three months ended March 31, 2021, the Centre Ice Retail Portfolio co-tenancy assumed a note receivable from the purchaser for $1.0 million. Terms are 5% interest only, two year term, fully open for repayment prior to maturity and fully secured against the disposed property. The Trust's portion of the note receivable is $0.7 million as at March 31, 2021.

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as at March 31, 2021 and as at December 31, 2020 were $6,698,360 and $5,853,899, respectively, and consist of the following:

	March 31, 2021	December 31, 2020
Utilities, Repairs and Maintenance, Other	4,533,945	4,199,074
Due to Asset and Property Manager (notes 12(a) and 12(b))	745,169	533,058
Accrued Interest Expense	380,781	376,541
Option Liabilities (note 8(f)	1,038,465	745,226
Accounts Payable and Accrued Liabilities	$ 6,698,360	$ 5,853,899

6. Bank Indebtedness

(a) Revolving Operating Facility

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. On March 31, 2021, the total amount available under the Facility was $22.0 million. The interest rate is based on a calculated formula using the Bank's prime lending rate. Amounts drawn under the Facility are due to be repaid at the maturity date on October 31, 2022. Amounts drawn under the Facility as at March 31, 2021 and December 31, 2020 were $11,839,476 and $2,0380,051, respectively.

(b) Line of Credit

The Trust has entered into a Line of Credit (the "LOC") with a Canadian Chartered Bank (the "Bank") fully secured by first charges against the Merivale Mall Property. On March 31, 2021, the total amount available under the LOC was $22.0 million. The interest rate is based on a calculated formula using the Bank's prime lending rate. Amounts drawn under the Facility are due to be repaid at the maturity date on November 30, 2025. Amounts drawn under the LOC as at March 31, 2021 and December 31, 2020 were $18,500,000 and $nil, respectively.

7. Non-current Liabilities

(a) Mortgages

As at March 31, 2021, total outstanding mortgages were $221,536,818 ($227,519,621 as at December 31, 2020), net of unamortized financing costs of $1,185,944 ($1,303,922 as at December 31, 2020), offset by a $495,467 ($545,996 as at December 31, 2020) mark to market adjustment with a weighted average interest rate of approximately 3.4% (3.4% as at December 31, 2020) and weighted average repayment term of approximately 3.7 years (3.9 years as at December 31, 2020). The mortgages are repayable as follows:

	Scheduled Principal Repayments	Debt Maturing During The Year		Total Mortgages Payable	Scheduled Interest Payments
2021	4,062,324	8,514,437		12,576,761	5,617,579
2022	5,902,511	6,268,275		12,170,786	6,811,360
2023	5,120,438	48,413,617		53,534,055	5,840,692
2024	2,593,251	87,293,847		89,887,098	2,975,981
2025	1,513,699	12,095,829		13,609,528	1,565,683
Thereafter	3,544,128	36,904,937		40,449,066	5,140,098
Face Value	22,736,352	199,490,942	$	222,227,295	27,951,393
Unamortized Financing Costs				(1,185,944)	
Mark to Market on Assumed Mortgages				495,467	
Total Mortgages			$	221,536,818	

		March 31, 2021		December 31, 2020
Current:				
Mortgages	$	18,539,826	$	18,627,014
Unamortized Financing Costs		(471,909)		(485,287)
Mark to Market on Assumed Mortgages		154,913		173,609
		18,222,830		18,315,335
Non-Current:				
Mortgages		203,687,469		209,650,534
Unamortized Financing Costs		(714,035)		(818,635)
Mark to Market on Assumed Mortgages		340,554		372,387
		203,313,988		209,204,286
Total Mortgages	$	221,536,818	$	227,519,621

The following table sets out an analysis of net debt and the movements in net debt for the period ended March 31, 2021:

	Cash and Cash Equivalents	Mortgages	Net Debt
As at December 31, 2020	$ 5,685,951	$ (227,519,621)	$ (221,833,671)
Cash Flows	899,317	6,050,253	6,949,570
Non-cash Changes	(1,529,532)	(67,450)	(1,596,982)
As at March 31, 2021	$ 5,055,736	$ (221,536,818)	$ (216,481,083)

(b) 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:

	Lease Liability			
	Opening Balance	Lease Payment	Imputed Interest Expense	Ending Balance
2021	331,340	(50,520)	16,088	296,908
2022	296,908	(50,520)	13,936	260,324
2023	260,324	(50,520)	11,650	221,453
2024	221,453	(50,520)	9,220	180,153
2025	180,153	(50,520)	6,639	136,272
Thereafter	136,272	(50,520)	5,022	90,773

	March 31, 2021
Current	$ 34,970
Non-Current	261,938
Total	$ 296,908

8. Unitholders' Equity

(a) Issued and Outstanding

	Number of Units	Amount
Balance, December 31, 2019	30,644,385	174,029,265
Less: Issuance Costs	-	(201,769)
Issuance of Units from Distribution Reinvestment Plan (note 8(g))	228	1,550
Balance, March 31, 2020	30,644,613	173,829,046
Normal Course Issuer Bid (note 8(d))	(795,200)	(4,146,879)
Redemption (note 8(e))	(500,000)	(2,115,000)
Less: Issuance Costs	-	54,438
Issuance of Units from Distribution Reinvestment Plan (note 8(g))	281	1,500
Balance, December 31, 2020	29,349,694	167,623,102
Options Exercised (note 8(c))	40,000	245,500
Issuance of Units from Distribution Reinvestment Plan (note 8(g))	153	1,000
Balance, March 31, 2021	29,389,847	167,869,602

(b) Authorized

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

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

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

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

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

(c) Options Exercised

During the period ended March 31, 2021, 40,000 Trust unit options at a weighted average price of $6.14 per Trust Unit were exercised for gross proceeds of approximately $245,500.

(d) 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 then 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 March 31, 2021, the Trust repurchased 795,200 Trust Units for cancellation through its NCIB for gross proceeds of approximately $4.1 million.

(e) Redemption

On July 29, 2020, a unitholder redeemed 500,000 Trust Units for $4.23 per Trust Unit for gross proceeds of approximately $2.1 million. No redemptions occuried during the period ended March 31, 2021.

(f) Unit-Based Compensation Plan

Under the Trust's unit option plan, the aggregate number of unit options reserved for issuance at any given time shall not exceed 10% of the number of outstanding Trust Units. As at March 31, 2021, the Trust has 2,785,000 Trust Unit options issued and outstanding consisting of the following issuances:

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 March 31, 2021 was 435,000 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 March 31, 2021 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 March 31, 2021 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 March 31, 2021 was 1,360,000 Trust unit options.

On December 1, 2020, the Trust granted 400,000 Trust Unit options at a weighted average exercise price of $6.75 per Trust Unit. 360,000 unit options fully vested on the date of the grant with the remaining 40,000 vesting at one-third each year for the next three years and expire on December 1, 2025. The balance as at March 31, 2021 was 400,000 Trust unit options.

No options were granted during the period ended March 31, 2021.

Unit-based compensation related to the aforementioned unit options stands at a recovery of $293,239 for the three months ended March 31, 2021 ($1,160,771 recovery for the three months ended March 31, 2020). Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	As at March 31, 2021	As at December 31, 2020
Expected Option Life (Years)	1.0	1.0
Risk Free Interest Rate	0.17%	0.17%
Distribution Yield	7.77%	7.96%
Expected Volatility	20.00%	20.00%

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

The estimated fair value of an option under the Trust's unit option plan at the date of grant was $0.49, $0.40, $0.36, $0.34 and $0.16 per unit option for the August 15, 2016, March 26, 2018, November 8, 2018, August 14, 2019 and December 1, 2020 issuances, respectively.

(g) Distribution Reinvestment Plan ("DRIP") and Unit Purchase Plan ("UPP")

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

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

For the three months ended March 31, 2021 and March 31, 2020, 153 and 228 Trust Units were issued, respectively, from treasury for total gross proceeds of $1,000 and $1,550, respectively, to Unitholders who elected to receive their distributions but received units under the DRIP.

(h) Distributions

For the three months ended March 31, 2021, distributions of $0.0425 per unit were declared each month commencing in January 2021 through to March 2021, resulting in total distributions declared of $3,770,715. For the three months ended March 31, 2020 distributions of $0.041667 per unit were declared each month commencing in January 2020 through to March 2020 resulting in total distributions declared of $3,830,598.

9. Rental Revenue

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

Revenue		
Within one year	$	25,153,405
Later than one year and not longer than five years		70,569,591
Thereafter		19,815,030
	$	115,538,026

The Trust has received funding under the Canada Emergency Commercial Rent Assistance Program (CECRA) program with certain tenants being qualified recipients. As such, for all qualified tenants under the CECRA program, 100% of their total rents for the period they qualified for under this program have been included in the rental revenue and trade receivables and a portion of the receivable balance has been provided for through the IFRS 9 expected credit loss adjustment.

Revenue is comprised of the following:

	Three Months Ended			
		March 31, 2021		**March 31, 2020**
Base Rent	$	7,368,294	$	7,254,448
Operating Costs Recoveries		1,819,506		1,775,388
Tax Recoveries		2,047,459		2,045,768
Straight Line Rent		125,837		196,380
Free Rent		(23,516)		(17,512)
	$	11,337,581	$	11,254,472

10. Finance Costs

Finance costs for the period ended March 31, 2021 and March 31, 2020 are as follows:

	Three Months Ended			
		March 31, 2021		**March 31, 2020**
Mortgage Interest	$	1,986,153	$	1,962,317
Bank Indebtedness Interest		62,860		93,213
Finance Fee Amortization		209,565		54,116
Non-cash Interest Expense		(50,530)		2,638,957
Finance Costs	$	2,208,052	$	4,748,605

Finance fee amortization relates to fees paid on securing the Facility, the LOC and the Trust's various mortgages accounted for under the amortized cost method. Non-cash interest expense relates to the amortization of mark to market adjustment relating to the assumed mortgages from the Trust's various acquisitions.

11. Property Operating and General and Administrative Expenses

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

Property operating and general and administrative expenses for the period ended March 31, 2021 and March 31, 2020 are as follows:

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Realty Taxes	$ 2,199,379	$ 2,221,372
Property Management Fees (note 12(b))	426,282	434,196
Operating Expenses	1,660,832	1,571,918
Property Operating Expenses	$ 4,286,493	$ 4,227,486

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Asset Management and Performance Incentive Fees (note 12(a))	$ 1,354,546	$ 766,614
Public Company Expenses	59,110	65,819
Office and General	250,449	176,718
General and Administrative	$ 1,664,105	$ 1,009,151

12. 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.

(a) Asset Management Agreement

The Trust has entered into an Asset Management Agreement with Firm Capital Realty Partners Inc. (“FCRPI”), an entity indirectly related to certain trustees and management of the Trust. The term of the contract is initially ten years and automatically renews for successive five-year periods.

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

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

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

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

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

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

iii. Performance Incentive Fees: The Trust pays a fee equivalent to 15% of Adjusted Funds From Operations (“AFFO”) once AFFO exceeds $0.40 per Unit (including any gains and losses on the disposition of real estate properties calculated as net proceeds less carrying value excluding fair value adjustments).

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

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

For the three months ended March 31, 2021 and March 31, 2020, Asset Management Fees were $684,562 and $675,087; Acquisition Fees were $64,913 and $40,219; Placement Fees were nil and Performance Incentive Fees were $669,984 and $92,993, respectively.

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.

As at March 31, 2021, $669,984 ($457,628 as at Decvember 31, 2020) was due to FCRPI and has been accounted for in accounts payable and accrued liabilities.

(b) Property Management Agreement

The Trust has entered into a Property Management Agreement with Firm Capital Property Management Corp. (“FCPMC”), formerly Firm Capital Properties Inc., an entity indirectly related to certain trustees and management of the Trust. The term of the contract is initially ten years and automatically renews for successive five-year periods.

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

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

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

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

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

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

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

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

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

For the period ended March 31, 2021 and March 31, 2020, Property Management Fees were $211,853 and $203,429 and Commercial Leasing Fees were $12,573 and $32,746, respectively.

As at March 31, 2021, $75,185 ($75,429 as at December 31, 2020) was due to FCPMC and has been accounted for in accounts payable and accrued liabilities.

(c) Lease Agreement

On August 1, 2013, FCPMC entered into a lease agreement with the entity that owns the Montreal Industrial Portfolio which the Trust accounts for as a joint control arrangement, to lease office space on commercially available terms. For the period ended March 31, 2021, $5,580 ($5,580 for the period ended March 31, 2020) of base rent was paid on this lease.

(d) Co-Ownership Arrangement

The Trust currently is a co-owner in eleven joint arrangements. These arrangements are classified as joint operations because the parties involved have joint control of the assets and joint responsibility of the liabilities relating to the arrangement. As a result, the Trust includes its pro rata share of its assets, liabilities, revenues, expenses and cash flows in these consolidated financial statements. Management believes the assets of these joint arrangements are sufficient for the purpose of satisfying the associated obligations. The co-ownership schedule is laid out below:

Investment Properties	**Joint Arrangement Interest**
Centre Ice Retail Portfolio	70%
Waterloo Industrial Portfolio	70%
Montreal Industrial Portfolio	50%
Edmonton Industrial Portfolio	50%
Ottawa Apartment Complex	50%
Crombie Retail Portfolio	50%
FCR Retail Portfolio	50%
Gateway Retail Portfolio	50%
Mountview Manufactured Home Community	50%
The Whitby Mall	40%
Thickson Place	40%

Certain Trustees and Officers of the Trust directly and/or indirectly have interests in certain of these Joint Arrangements.

(e) Key management compensation:

For the period ended March 31, 2021, total trustee’s fee expenses were $41,625 (2020 - $41,625) and included in general and administrative expenses (office and general). Certain key management personnel are also trustees of the Trust and receive compensation from FCRPI.

The trustees and officers participate in the Trust's unit option plan. Unit options granted and outstanding are disclosed in note 8(f).

13. Co-Ownership Property Interests

The Trust's properties have the following property interests and includes its proportionate share of the related assets, liabilities, revenue and expenses of these properties in the consolidated financial statements.

	As at March 31, 2021			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Trust Investment Total	Co-owned at 100%
Current Assets	$ 1,639,179	$ 26,370,115	$ 28,009,294	$ 62,113,234
Non-Current Assets	97,194,678	366,781,009	463,975,688	744,213,576
Total Assets	**$ 98,833,857**	**$ 393,151,124**	**$ 491,984,982**	**$ 806,326,810**
Current Liabilities	26,625,348	30,269,131	56,894,479	50,773,099
Non-Current Liabilities	19,343,477	185,659,773	205,003,250	$ 370,795,832
Total Liabilities	**$ 45,968,825**	**$ 215,928,903**	**$ 261,897,729**	**$ 421,568,930**
Total Owners' Equity	**$ 52,865,032**	**$ 177,222,222**	**$ 230,087,253**	**$ 384,757,880**

	As at December 31, 2020			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Trust Investment Total	Co-owned at 100%
Current Assets	$ 878,687	$ 30,214,587	$ 31,093,275	$ 67,242,086
Non-Current Assets	87,017,187	362,410,206	449,427,393	710,048,124
Total Assets	**$ 87,895,874**	**$ 392,624,793**	**$ 480,520,668**	**$ 777,290,210**
Current Liabilities	16,679,315	29,621,856	46,301,171	51,360,944
Non-Current Liabilities	19,496,475	191,271,068	210,767,543	$ 379,511,549
Total Liabilities	**$ 36,175,790**	**$ 220,892,924**	**$ 257,068,714**	**$ 430,872,493**
Total Owners' Equity	**$ 51,720,085**	**$ 171,731,869**	**$ 223,451,954**	**$ 346,417,717**

FIRM CAPITAL PROPERTY TRUST

Notes to Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2021 and March 31, 2020
(Unaudited)

	Period Ended March 31, 2021			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	$ 1,969,627	$ 9,367,954	$ 11,337,581	$ 18,254,661
Property Operating Expenses	(882,130)	(3,404,363)	(4,286,493)	(6,883,446)
	1,087,497	5,963,591	7,051,088	11,371,215
Interest and Other Income	-	8,226	8,226	16,221
Expenses:				
Finance Costs	229,367	1,978,685	2,208,052	3,590,028
General and Administrative	1,060,022	604,083	1,664,105	488,949
	1,289,389	2,582,768	3,872,157	4,078,977
Income Before Fair Value Adjustments	(201,891)	3,389,048	3,187,157	7,308,459
Fair Value Adjustments:				
Investment Properties	(21,742)	7,551,228	7,529,486	18,104,000
Loss on Sale of Investment Properties	-	(263,891)	(263,891)	(376,987)
Unit-based Compensation Recovery/(Expense)	(293,239)	-	(293,239)	-
Net Income/(Loss) and Comprehensive Income/(Loss)	$ (516,872)	$ 10,676,386	$ 10,159,514	$ 25,035,472

	Period Ended March 31, 2020			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	$ 2,074,058	$ 9,180,414	$ 11,254,472	$ 17,970,728
Property Operating Expenses	(878,635)	(3,348,851)	(4,227,486)	(6,756,864)
	1,195,423	5,831,563	7,026,986	11,213,864
Interest and Other Income	18,043	10,690	28,733	22,740
Expenses:				
Finance Costs	259,202	4,489,401	4,748,603	8,896,299
General and Administrative	582,868	426,283	1,009,151	858,994
Unit-based Compensation Recovery/(Expense)	(1,160,771)		(1,160,771)	
	(318,701)	4,915,684	4,596,983	9,755,293
Income Before Fair Value Adjustments	1,532,167	926,569	2,458,736	1,481,311
Fair Value Adjustments:				
Investment Properties	(1,608,996)	(6,214,769)	(7,823,765)	(11,441,175)
Net Income/(Loss) and Comprehensive Income/(Loss)	$ (76,828)	$ (5,288,201)	$ (5,365,029)	$ (9,959,864)

14. Income Taxes

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

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

Under the SIFT Rules, certain distributions from a SIFT are not deductible in computing a SIFT’s taxable income, and a SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital should generally not be subject to tax.

The SIFT Rules do not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the “REIT Conditions”). The REIT has reviewed the REIT Conditions and has assessed their interpretation and application to the REIT’s assets and revenues. The REIT believes it has met the REIT Conditions throughout the periods ended March 31, 2021 and March 31, 2020. As a result, the REIT does not recognize any deferred income tax assets or liabilities for income tax purposes.

15. Key Management Personnel

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

16. Commitments and Contingencies

For the three months ended March 31, 2021 and March 31, 2020, the Trust had no material commitments and contingencies other than those outlined in notes 12(a) and 12(b).

17. Capital Management

The Trust's objectives when managing capital are to safeguard its ability to continue as a going concern and to generate sufficient returns to provide unitholders with stable cash distributions. The Trust’s capital currently consists of bank indebtedness, mortgages and unitholders' equity.

The Trust's Declaration of Trust permits the Trust to incur or assume indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the Trust is not more than 75% of the gross book value of the Trust's total assets. Gross Book Value (“GBV”) is defined in the Declaration of Trust as "at any time, the book value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated subsidiaries may be used instead of book value.” As at March 31, 2021 and March 31, 2020, the ratio of such indebtedness to gross book value was 51.2% and 51.0%, 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 was in compliance with these requirements throughout the periods ended March 31, 2021 and March 31, 2020.

18. Risk Management and Fair Value of Financial Instruments

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

I. Market Risk

Interest Rate Risk:

The Trust is exposed to interest rate risk on its borrowings. It minimizes the risk by restricting debt to 75% of the GBV of the Trust's GBV of its assets. The Trust has its bank indebtedness and two mortgage financings under variable rate terms.

The following table outlines the impact on interest expense of a 100 basis point increase or decrease in interest rates on the Trust's variable rate debt:

Impact on Interest Expense	**March 31, 2021**	**December 31, 2020**
Bank Indebtedness	$ 303,395	$ 185,000
Mortgages	90,117	109,958
	$ 393,512	$ 294,958

II. Credit Risk

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

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

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

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

Acccounts receivables is net of expected credit losses of $423,546 for the period ended March 31, 2021 and $318,189 for the period ended March 31, 2020.

As at March 31, 2021, the Trust had one tenant comprising 11.7% of rental revenues (11.5% as at March 31, 2020).

III. Liquidity Risk

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

The following are the estimated maturities of the Trust's non-derivative financial liabilities as at March 31, 2021 including bank indebtedness, mortgages, tenant rental deposits, distribution payable and accounts payable and accrued liabilities:

	Less than 1 Year	1 - 2 Years	>2 Years	Total
Mortgages (note 7(a))	$ 12,576,761	$ 65,704,841	$ 143,255,215	$ 221,536,818
Bank Indebtedness (note 6)	30,339,476	-	-	30,339,476
Tenant Rental Deposits	349,774	341,285	1,086,039	1,777,098
Distribution Payable	1,249,069	-	-	1,249,069
Land Lease Liability (note 7(b))	34,970	35,508	226,430	296,908
Accounts Payable and Accrued Liabilities (note 5)	6,698,360	-	-	6,698,360
	$ 51,248,409	$ 66,081,634	$ 144,567,683	$ 261,897,728

B. Fair Value of Financial Instruments:

The Trust uses a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements of financial instruments carried at fair value. Level 1 of the fair value hierarchy uses quoted market prices in active markets for identical assets or liabilities to determine the fair value of assets and liabilities. Level 2 includes valuations using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 valuations are based on input for the asset or liability that are not based on observable market data.

The fair value of the Trust's cash and cash equivalents, restricted cash, accounts receivable, deposits and other assets, distribution payable, tenant rental deposits, land lease liability and accounts payable and accrued liabilities approximates their carrying amounts due to the relatively short periods to maturity of these financial instruments. The carrying value of the Trust’s financial instruments is summarized in the following table:

	March 31, 2021		December 31, 2020
	Amortized Cost	**FVTPL**	
Financial Assets			
Note Receivable	$ 700,000	$ 700,000	-
Accounts Receivable	3,501,271	3,501,271	2,959,845
Deposits and Other Assets	2,431,994	2,431,994	1,580,301
Retricted Cash	206,371	206,371	204,188
Cash and Cash Equivalents	5,055,736	5,055,736	5,685,951
Assets Held For Sale	15,817,200	15,817,200	20,043,100
Financial Liabilities			
Distribution Payable	$ 1,249,069	$ 1,249,069	$ 1,222,914
Accounts Payable and Accrued Liabilities (except Option Liabilities)	5,659,895	5,659,895	5,108,673
Land Lease Liability	296,908	296,908	292,542
Bank Indebtedness	30,339,476	30,339,476	20,538,051
Tenant Rental Deposits	1,777,098	1,777,098	1,641,685
Mortgages	221,536,818	221,753,780	227,519,622
Option Liabilities	-	1,038,465	745,226

I. Fair Value Hierarchy

The fair value of the mortgages is estimated based on the present value of future payments, discounted at a yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage (Level 2). The estimated fair value of the mortgages is approximately $221.5 million (2020 - $227.5 million).

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

19. Segmented Information

The Trust operates in six reportable segments: grocery anchored retail, non-grocery anchored retail, industrial, multi-residential, manufactured home communities and core service office provider and evaluates performance based on net income and comprehensive income which is presented by segment as outlined below:

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi-Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Period Ended March 31, 2021
Net Operating Income								
Rental Revenue	$ 6,511,358	$ 1,534,319	$ 2,678,737	$ 426,534	$ 158,095	$ 28,538	-	$ 11,337,581
Property Operating Expenses	(2,350,453)	(586,929)	(973,834)	(198,915)	(159,000)	(16,883)	(480)	(4,286,493)
	4,160,905	947,390	1,704,903	227,619	(905)	11,655	(480)	7,051,088
Interest and Other Income	-	-	-	-	-	-	8,226	8,226
Expenses:								
Finance Costs	1,328,476	29,278	484,715	79,604	30,241	-	255,738	2,208,052
General and Administrative	462,593	67,714	139,412	31,474	-	4,843	958,069	1,664,105
	1,791,069	96,992	624,127	111,078	30,241	4,843	1,213,807	3,872,157
Income Before Fair Value Adjustments	2,369,836	850,398	1,080,776	116,541	(31,146)	6,812	(1,206,060)	3,187,157
Fair Value Adjustments:								
Investment Properties	325,162	1,235,979	5,969,593	43,448	(44,696)	-	-	7,529,486
Loss on Sale of Investment Properties	-	(263,891)	-	-	.	-	-	(263,891)
Unit-based Compensation Recovery/(Expense)	-	-	-	-	-	-	(293,239)	(293,239)
Net Income/(Loss) and Comprehensive Income/(Loss)	$ 2,694,998	$ 1,822,486	$ 7,050,369	$ 159,989	$ (75,842)	$ 6,812	$ (1,499,299)	$ 10,159,514

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi-Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Period Ended March 31, 2020
Net Operating Income								
Rental Revenue	$ 6,409,649	$ 1,904,329	$ 2,368,503	$ 430,591	$ 141,400	$ -	-	$ 11,254,472
Property Operating Expenses	(2,265,949)	(740,093)	(900,276)	(193,133)	(128,035)	-	-	(4,227,486)
	4,143,700	1,164,235	1,468,227	237,458	13,366		-	7,026,986
Interest and Other Income	10,482	-	243	19	-	-	17,989	28,733
Expenses:								
Finance Costs	2,800,423	160,334	1,660,536	94,958	32,353	-	-	4,748,603
General and Administrative	106,139	49,269	126,787	27,394	224	-	700,072	1,009,151
	2,906,562	209,603	1,787,323	122,352	32,577		700,072	5,757,754
Income Before Fair Value Adjustments	1,247,620	954,633	(318,853)	115,125	(19,211)	-	(682,083)	1,297,965
Fair Value Adjustments:								
Investment Properties	(7,678,139)	(696,964)	3,498	559,420	(11,580)	-	-	(7,823,765)
Unit-based Compensation Recovery/(Expense)	-	-	-	-	-	-	1,160,771	1,160,771
Net Income/(Loss) and Comprehensive Income/(Loss)	$ (6,430,519)	$ 257,670	$ (315,355)	$ 674,545	$ (30,791)	$ -	$ 478,688	$ (5,365,029)

20. Subsequent Events

a) Subsequent to March 31, 2021 the Trust completed the sales of four retail properties from the Centre Ice Retail Portfolio for gross proceeds of approximately $8.9 million (excluding closing costs). The Trust's pro-rata share of the gross proceeds is $6.2 million (excluding closing costs)

b) On April 30, 2021, the Mountview Manufactured Home Community was financed with an $11.3 million first mortgage from a Canadian Chartered Bank. The interest only mortgage carries a 2.5% interest rate and a 1 year term. The Trust's pro rata share of the mortgage is $5.7 million.

c) On May 3, 2021 the Trust closed an acquisition of 128 units in two multi-residential buildings located in Edmonton, Alberta (the "Edmonton Property") for approximately $25.0 million (excluding transaction costs). The Edmonton Property was financed with a new $17.0 million mortgage with a Canadian Chartered Bank for an interest rate of approximately 2.5%, term of five years and a 30 year amortization. The Trust acquired the Edmonton Property such that the Trust owns 70% and private clients affiliated with certain members of senior management and the board of trustees of the Trust owning the remaining 30%. The Trust's pro rata share of the acquisition is $17.5 million (excluding transaction costs).

d) On May 5, 2021 the Trust closed the acquisition of 132 units in three multi-residential buildings located in Lower Sackville, Nova Scotia (the "Lower Sackville Property") for approximately $18.0 million (excluding transaction costs). The Lower Sackville Property was financed with a new $13.7 million mortgage with a Canadian Chartered Bank for an interest rate of approximately 2.4%, term of five years and a 30 year amortization. The Trust acquired the Lower Sackville Property such that the Trust owns 70% and private clients affiliated with certain members of senior management and the board of trustees of the Trust owning the remaining 30%. The Trust's portion of the acquisition price was approximately $12.7 million (excluding transaction costs).

e) On May 5, 2021 the Trust repaid in full the mortgage encumbering its Core Service Provider property. The amount of the repayment was $2.2 million.

f) On May 20, 2021, the Trust announced that it has declared and approved monthly distributions in the amount of $0.0425 per Trust Unit for Unitholders of record on July 30, 2021, August 31, 2021, and September 30, 2021 payable on or about, August 16, 2021, September 15, 2021 and October 15, 2021, respectively.