FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

ANNUAL REPORT 2021

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 consolidated financial statements for the years ended December 31, 2021 and December 31, 2020. This MD&A has been prepared taking into account material transactions and events up to and including March 10, 2022. 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 2021 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.

The COVID-19 pandemic which resulted in broad challenges globally has contributed to significant volatility in financial markets and continues to adversely impact global activity. Many jurisdictions have, however, re-opened with social distancing and/or other measures implemented to assist in curtailing the spread of COVID-19, and multiple vaccines have been approved for use. Surges in new cases of COVID-19 and mutated strains of the virus can cause additional quarantines and lockdowns, which could delay any economic recovery. The vaccination program globally is ongoing and its effectiveness remains uncertain. These factors could further materially and adversely affect the Trust's results and financial condition. To help reduce the financial impact on both businesses and consumers, governments initiated a number financial stimulus programs. Now, almost two years since the declaration of COVID-19 pandemic, with vaccinations levels continuing to climb and with infections levels currently declining, government initiatives are now winding down. Although the full extent of the impact of COVID-19 pandemic on the Trust continues to be uncertain, thus far there have been no material signs of deterioration in the Trust's operations. We will continue to monitor the effects and potential consequences of the COVID-19 pandemic.

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 (TSX: 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,
- Core Service Provider / Healthcare Professional Office, and
- Manufactured Home Communities

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. 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, Net Operating Income on a cash basis ("**Cash NOI**") and Debt/Gross Book Value ("**GBV**") (each as defined below). These measures are commonly used by real estate investment trusts as useful metrics for measuring performance and/or cash flows, however, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other real estate investment trusts. The Trust believes that FFO is an important measure to evaluate operating performance, AFFO is an important measure of cash available for distribution and, NOI is an important measure of operating performance. "**GAAP**" means generally accepted accounting principles described by the Chartered Professional Accountants Canada ("**CPA**") Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. As a public entity, the Trust applies IFRS as described in Part I of the CPA Handbook - Accounting.

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 January 2022 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, performance fee attributed to gains and certain other non-cash adjustments.

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

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

NOI, EBITDA, FFO, AFFO, FFO Payout Ratio, AFFO Payout Ratio and Debt/GBV should not be construed as alternatives to net income or cash flows from operating activities determined in accordance with IFRS. NOI, FFO and AFFO are not intended to represent operating profits for the period, or from a property, nor should any of these measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that NOI, EBITDA, FFO, AFFO, FFO Payout Ratio, AFFO Payout Ratio and Debt/GBV as calculated by the Trust may not be comparable to similar measures presented by other issuers.

("**TIs/LCs**") are defined as Tenant Inducements, Leasing Charges and Capital Expenditures. The Trust bases its calculation of TIs/LCs reserve at 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.

FOURTH QUARTER AND 2021 HIGHLIGHTS

- Net income for the three months ended December 31, 2021 was approximately $6.6 million, in comparison to the $13.4 million net income for the three months ended December 31, 2020. Excluding fair value adjustments, net income for the three months ended December 31, 2021 was approximately $4.3 million, a 10% increase over the $3.9 million reported for the three months ended December 31, 2020.

- Net income for the year ended December 31, 2021 was approximately $58.4 million, a 269% increase in comparison to the $15.8 million in net income reported for the year ended December 31, 2020. Excluding fair value adjustments, net income was approximately $14.8 million, a 7% decrease over the $16.0 million reported for the year ended December 31, 2020;

- $8.24 Net Asset Value ("**NAV**") per Unit, a 0.4% increase in comparison to the $8.21 NAV per unit reported in Q3/2021;

- Net Operating Income ("**NOI**") for the three months ended December 31, 2021 was approximately $7.9 million, an 11% increase in comparison to the $7.1 million reported for the three months ended December 31, 2020. NOI for the year ended December 31, 2021 was approximately $30.2 million, a 6% increase over the $28.5 million reported for the year ended December 31, 2020;

- On a cash basis ("**Cash NOI**") for the three months ended December 31, 2021 was approximately $7.8 million, a 11% increase compared to the $7.0 million reported for the three months ended December 31, 2020. Cash NOI for the year ended December 31, 2021 was approximately $29.9 million, a 6% increase over the $28.1 million for the year ended December 31, 2020;

- Adjusted Funds From Operations ("**AFFO**") for the three months ended December 31, 2021 was approximately $3.9 million, a 15% increase over the $3.4 million reported for the three months ended December 31, 2020. AFFO for the year ended December 31, 2021 was approximately $15.2 million, a 4% increase over the $14.6 million reported for the year ended December 31, 2020. Including gains on sales, AFFO was $24.8 million for the year ended December 31, 2021;

- AFFO per Unit was $0.114 for the three months ended December 31, 2021 and $0.477 for the year ended December 31, 2021, in comparison to the $0.115 per Unit reported for the three months ended December 31, 2020 and the $0.486 per Unit reported for the year ended December 31, 2020. Including gains on sales, AFFO per Unit was $0.776 for the year ended December 31, 2021;

- AFFO Payout Ratio was 112% for the three months ended December 31, 2021 and 107% for the year ended December 31, 2021, compared to the 109% for the three months ended December 31, 2020 and 103% for the year ended December 31, 2020. Including gains on sales, AFFO Payout Ratio was 66% for the year ended December 31, 2021;

- Commercial occupancy was 95.9%, Multi-Residential occupancy was 93.6% while Manufactured Homes Communities was 99.1%; and

- Conservative leverage profile with Debt / Gross Book Value ("**GBV**") at 45.9%.

	Three Months			Twelve Months Ended		% Change Over Three Months		% Change Over Twelve Months Ended
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Sep 30, 2021	Dec 31, 2020	Dec 31, 2020
Rental Revenue	$ 11,954,312	$ 11,861,170	$ 10,990,587	$ 46,430,420	$ 44,536,342	1%	9%	4%
NOI								
- IFRS Basis	7,898,791	8,055,672	7,087,092	30,215,936	28,536,608	(2%)	11%	6%
- Cash Basis	7,756,945	8,012,051	7,000,818	29,874,111	28,143,252	(3%)	11%	6%
Net Income	6,566,305	9,826,281	13,419,177	58,387,894	15,831,127	(33%)	(51%)	269%
FFO	3,134,372	5,162,097	3,268,721	14,767,066	16,413,435	(39%)	(4%)	(10%)
AFFO	3,869,233	4,331,519	3,375,880	15,224,751	14,601,418	(11%)	15%	4%
FFO Per Unit	0.092	0.152	0.111	0.462	0.547	(39%)	(17%)	(15%)
AFFO Per Unit	0.114	0.128	0.115	0.477	0.486	(11%)	(1%)	(2%)
Distributions Per Unit	0.128	0.128	0.125	0.510	0.500	(0%)	2%	2%
FFO Payout Ratio	138%	84%	112%	110%	91%			
AFFO Payout Ratio	112%	100%	109%	107%	103%			

Including Gain on Sale from Real Estate Properties:	Three Months Dec 31, 2021	Three Months Sep 30, 2021	Three Months Dec 31, 2020	Twelve Months Ended Dec 31, 2021	Twelve Months Ended Dec 31, 2020	% Change Over Three Months Sep 30, 2021	% Change Over Three Months Dec 31, 2020	% Change Over Twelve Months Ended Dec 31, 2020
FFO	$ 2,783,212	$ 8,281,285	$ 3,268,721	$ 24,322,675	$ 16,413,435	(66%)	(15%)	48%
AFFO	3,518,073	7,450,708	3,375,880	24,780,360	14,601,418	(53%)	4%	70%
FFO/Unit	0.082	0.244	0.111	0.761	0.547	(66%)	(26%)	39%
AFFO/Unit	0.103	0.219	0.115	0.776	0.486	(53%)	(10%)	59%
FFO Payout Ratio	156%	52%	112%	67%	91%			
AFFO Payout Ratio	123%	58%	109%	66%	103%			

2021 FINANCIAL AND TRANSACTIONAL HIGHLIGHTS

- **Ninth Consecutive Distribution Increase. +2% Increase in Monthly Distributions Commencing in 2022:** The Trust announced that its Board of Trustees approved a 2% increase in its monthly distributions to $0.0433 per Trust Unit from $0.0425 per Trust Unit commencing in 2022. On an annualized basis, this equates to annual distributions of $0.52 per Unit, up from $0.51 per Unit. This was the Trust's ninth distribution increase in nine years and represents a cumulative increase of 48.6% since the Trust's inception in 2012;

- **75% Return of Capital for 2021 Distributions:** The Trust is pleased to report that distributions for 2021 were 75% Return of Capital;

- **+8% NAV Growth since the Beginning of 2021:** The Trust is pleased to report another quarter of NAV growth, with NAV at $8.24 per Unit, a 0.4% increase over Q3/2021 and a 8% increase since the beginning of 2021;

- **$28 Million of Capital Recycling:** For the year ended December 31, 2021 the Trust completed the sale of twelve retail properties from the Centre Ice Portfolio with gross proceeds of approximately $21.9 million. In addition, the Trust also completed the sale of it's 100% whole owed commercial retail centre in Hanover, Ontario for gross proceeds of approximately $6.0 million;

- **$164 Million in Acquisitions:** During the year the Trust was involved with $164 million of acquisitions or $124 million on a pro-rata basis:

    - On March 16, 2021, the Trust closed the acquisition of a 50% interest in a 181 site Manufactured Housing Community named Mountview Mobile Home Park ("**Mountview**") located in Calgary, Alberta. The acquisition price for 100% of Mountview was $16.9 million (excluding transaction costs). The acquisition price for the Trust's portion was $8.5 million. On April 30, 2021, Mountview was financed with a $11.3 million first mortgage with a Canadian Chartered Bank. The interest only mortgage carries a 2.5% interest rate and a 1 year term. The Trust's portion of the mortgage was approximately $5.7 million;

    - On May 3, 2021, the Trust closed the acquisition of a 70% interest in 128 units in two multi-residential buildings (the "**Edmonton Properties**"). The acquisition price for 100% of the Edmonton Properties was $25.0 million (excluding transaction costs). The acquisition price for the Trust's portion was $17.5 million (excluding transaction costs). The Edmonton Properties were financed with a new $17.0 million mortgage (the Trust's pro-rata share was approximately $11.9 million) with a Canadian Chartered Bank for an interest rate of approximately 2.5%, term of five years and a 30 year amortization;

    - On May 5, 2021, the Trust closed the acquisition of a 70% interest in 132 units in three multi-residential buildings (the "**Lower Sackville Properties**"). The acquisition price for 100% of the Lower Sackville Properties was $18.0 million (excluding transaction costs). The acquisition price for the Trust's portion was $12.6 million (excluding transaction costs). The Lower Sackville Properties were financed with a new $13.7 million mortgage (the Trust's pro-rata share was approximately $9.6 million) with a Canadian Chartered Bank for an interest rate of approximately 2.4%, term of five years and a 30 year amortization;

- On August 4, 2021, the Trust closed the acquisition of a 50% interest in a 242 condominium unit Manufactured Housing Community named Hidden Creek Condominium (“**Hidden Creek**”) located in McGregor, Ontario. The acquisition price for 100% of Hidden Creek was approximately $10.7 million (excluding transaction costs). The acquisition price for the Trust’s portion was $5.4 million;

- On September 28, 2021, the Trust completed the acquisition of a 40% interest in a 11,246 square foot single tenant retail property located in Toronto, Ontario. The acquisition price for the property is approximately $23.8 million (excluding transaction costs). The Trust's portion of the acquisition price is approximately $9.5 million. The property is 100% occupied by Rexall;

- On November 3, 2021, the Trust announced the acquisition of a multi-residential building consisting of 135 units located in Pointe Claire, Quebec (the **“Montreal Property”**). The acquisition price for the Montreal Property is approximately $55.0 million (excluding transaction costs). The Montreal Property will be financed with a new first mortgage and the Trust’s existing cash resources (including the Trust’s credit facilities). Closing of the Montreal Property occurred on February 14, 2022.

- On December 7, 2021, the Trust completed the acquisition of three industrial properties. One of the properties is located in Woodstock, Ontario and two are located in Stratford, Ontario (the **“Portfolio”).** The acquisition price for the Portfolio was $15.0 million, (excluding transaction costs). The Portfolio is 100% occupied and is being acquired from the tenant as part of a sale leaseback. Subsequently, on January 20, 2022, the Trust closed a $9.8 million first mortgage with a Canadian Chartered Bank for the Portfolio. Terms of the mortgage are a 3.95% interest rate and a 10 year amortization due June 10, 2032.

- **$29 Million Public Equity Offering:** On June 8, 2021, the Trust completed a public equity offering of Trust Units. 4,107,800 Trust Units were issued at a price of $7.00 per Trust Unit for gross proceeds of approximately $28.8 million ($27.1 million, net of closing costs).

2022 FINANCIAL AND TRANSACTIONAL HIGHLIGHTS

- **$250 Million Short Form Base Shelf Prospectus Filing:** On January 11, 2022, the Trust filed a final short form base shelf prospectus with the securities regulatory authorities in all provinces and territories of Canada that allows the Trust to offer and issue up to $250 million of trust units, debt securities, subscription receipts, warrants or units, or any combination of such securities, over a 25-month period;

- **$6.3 Million Quebec Industrial Acquisition:** On February 7, 2022, the Trust entered into an agreement to acquire a 50% interest in a multi-tenant industrial property located in Saint Laurent, QC. The acquisition price for 100% of the property is approximately $6.3 million, excluding transaction costs. The Trust’s pro-rata portion of the transaction is $3.2 million, excluding transaction costs;

- **$36.5 Million Edmonton Industrial Portfolio Acquisition:** On March 8, 2022, the Trust announced the acquisition of a 50% interest in six multi-tenant industrial properties located in Edmonton, Alberta (the "**Edmonton Industrial Portfolio**"). The acquisition price for 100% of the Edmonton Industrial Portfolio is approximately $36.5 million, excluding transaction costs. The acquisition of the Edmonton Industrial Portfolio will be financed, in part, with a new $23.7 million first mortgage from a Canadian Chartered Bank. Closing of the Edmonton Industrial Portfolio is anticipated during the second quarter of 2022;

- **Toronto Stock Exchange ("TSX") Graduation and Listed:** On March 10, 2022, the Trust graduated to the TSX its Trust Units under the trading symbol "FCD.UN"; and

- **Distribution Declaration:** On March 10, 2022, the Trust declared and approved monthly distributions in the amount of $0.0433 per Trust Unit for Unitholders of record on April 28, 2022, May 31, 2022 and June 30, 2022, payable on or about May 16, 2022, June 15, 2022 and July 15, 2022, respectively.

PORTFOLIO HIGHLIGHTS

Based on the Trust's pro rata interests as at December 31, 2021, the portfolio consists of 65 commercial properties with a total gross leasable area ("GLA") of 2,420,168 square feet, four multi-residential complexes comprised of 464 units and two Manufactured Homes Communities comprised of 423 units.

Portfolio Summary	Gross Leasable Area	Occupancy Q4/2021	Occupancy Q3/2021	Occupancy Q2/2021	Occupancy Q1/2021	Occupancy Q4/2020
Retail						
Bridgewater, Nova Scotia	46,903	94.9%	93.8%	93.8%	93.8%	97.1%
Brampton, Ontario	36,137	92.1%	86.0%	86.0%	86.0%	86.0%
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	116,236	92.6%	92.6%	92.6%	92.6%	92.6%
Centre Ice Retail Portfolio	19,842	83.6%	83.6%	89.2%	93.3%	84.9%
The Whitby Mall, Ontario	146,544	92.6%	92.6%	92.6%	92.4%	93.1%
Thickson Place, Ontario	41,926	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	503,832	96.2%	95.7%	96.6%	96.4%	97.1%
Gateway Village	52,757	93.8%	93.8%	93.8%	93.8%	93.8%
Total / Weighted Average	**1,139,985**	**95.6%**	**95.1%**	**95.6%**	**95.5%**	**95.4%**
Office						
Barrie, Ontario	39,491	51.7%	51.0%	47.9%	47.9%	47.9%
Total / Weighted Average	**39,491**	**51.7%**	**51.0%**	**47.9%**	**47.9%**	**47.9%**

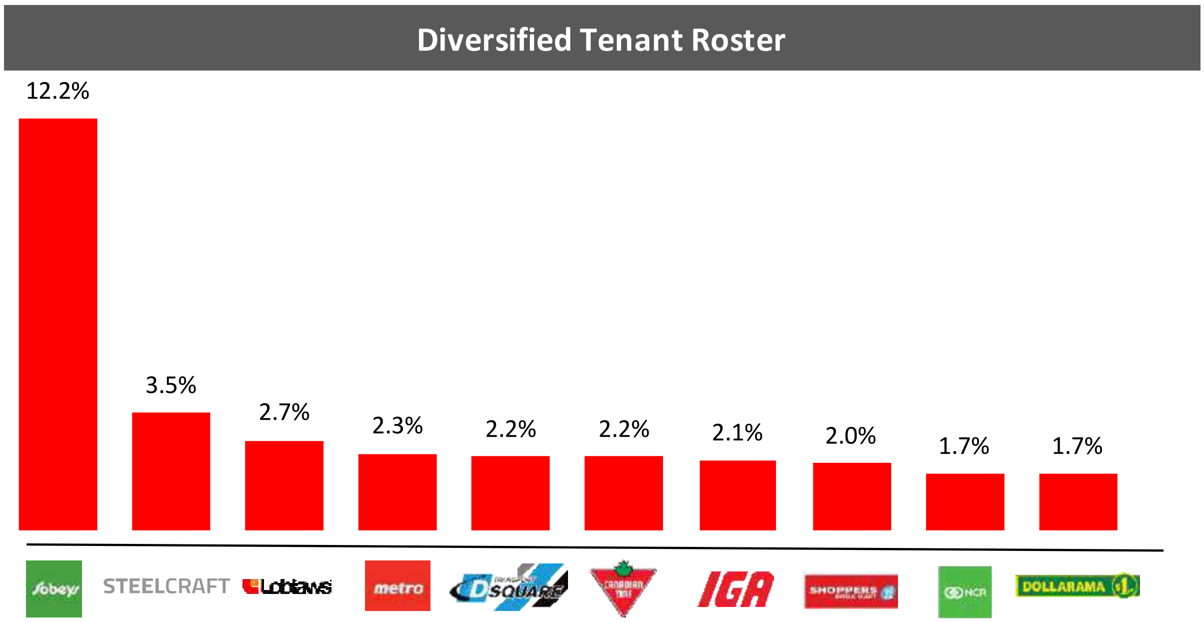
Industrial						
Montreal, Quebec	595,094	96.6%	100.0%	88.6%	100.0%	97.2%
Waterloo, Ontario	360,232	97.0%	97.8%	96.9%	96.9%	96.9%
Edmonton, Alberta	93,493	93.0%	96.1%	82.7%	82.7%	82.7%
Woodstock, Ontario	66,381	100.0%	n.a.	n.a.	n.a.	n.a.
Stratford, Ontario	125,493	100.0%	n.a.	n.a.	n.a.	n.a.
Total / Weighted Average	**1,240,692**	**97.6%**	**98.6%**	**90.9%**	**97.4%**	**95.8%**
Commercial Total / Weighted Average	**2,420,168**	**95.9%**	**95.6%**	**92.7%**	**95.7%**	**94.9%**

		Occupancy				
	Units	**Q4/2021**	**Q3/2021**	**Q2/2021**	**Q1/2021**	**Q4/2020**
Multi-Residential						
Ottawa, Ontario	135	94.1%	94.1%	94.1%	92.6%	91.1%
Dartmouth, Nova Scotia	69	95.7%	100.0%	97.1%	100.0%	100.0%
Lower Sackville, Nova Scotia	132	96.2%	93.2%	97.5%	n.a.	n.a.
Edmonton, Alberta	128	92.2%	89.1%	90.6%	n.a.	n.a.
Total / Weighted Average	**464**	**93.6%**	**93.7%**	**95.6%**	**96.3%**	**95.6%**
Manufactured Homes Communities						
Calgary, Alberta	181	97.8%	99.4%	100.0%	100.0%	n.a.
McGregor, Ontario	242	100.0%	99.6%	n.a.	n.a.	n.a.
Total / Weighted Average	**423**	**99.1%**	**99.4%**	**100.0%**	**100.0%**	n.a.

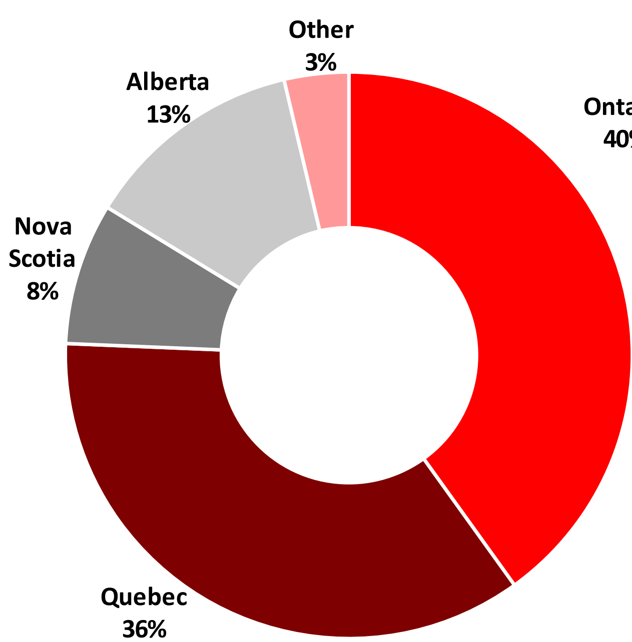
TENANT DIVERSIFICATION

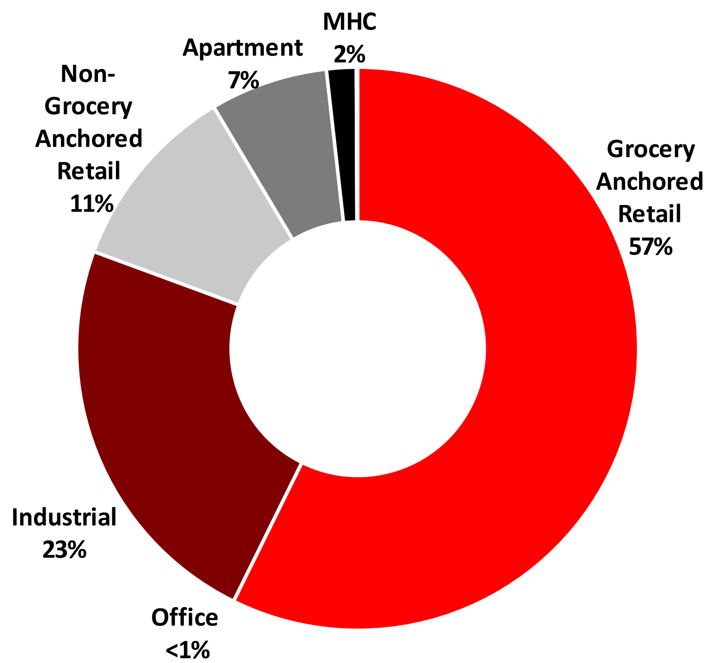
The portfolio is well diversified by tenant profile with no tenant currently accounting for more than 12.2% of total net rent. Further, the top 10 tenants account for 32.6% of total net rent:

Tenant Diversification – December 31, 2021

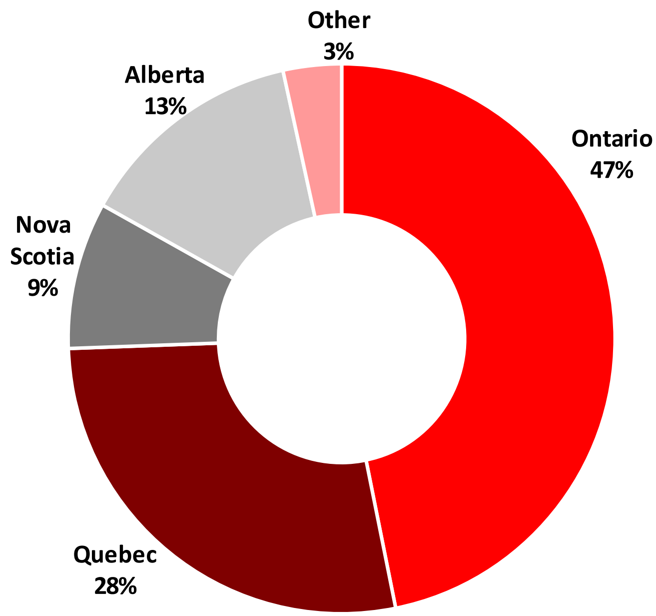


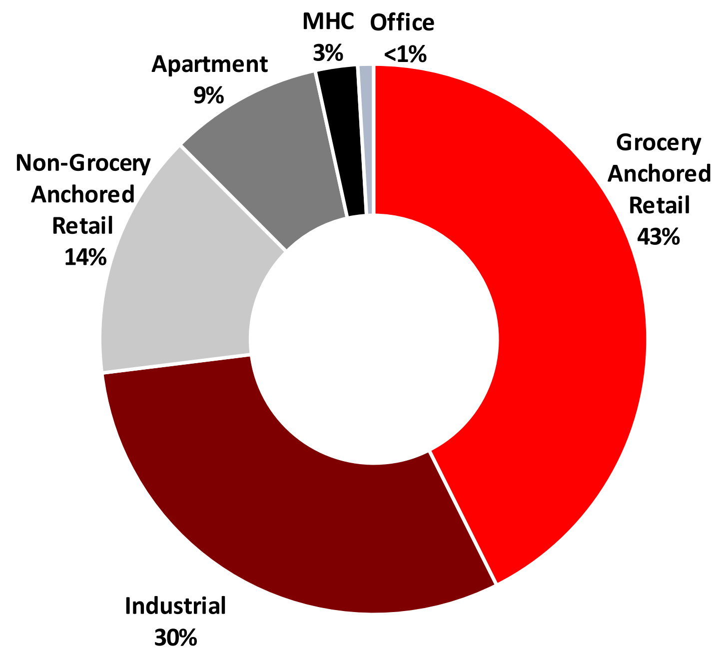
Geographical and Asset Class Portfolio Diversification based on NOI





Geographical and Asset Class Portfolio Diversification based on IFRS Valuation





*Geographical and Asset Class Portfolio Diversification based on Proforma IFRS Valuation**

OCCUPANCY

As at December 31, 2021, commercial portfolio occupancy was 95.9% a 30 basis point increase over the 95.6% reported at September 30, 2021, but a 100 basis point increase over the 94.9% reported at December 31, 2020. The sequential and yearly increase was across the entire portfolio.

As at December 31, 2021, multi-residential portfolio occupancy was 93.6%, a 10 basis point decrease over the 93.7% reported at September 30, 2021 and a 200 basis point decrease compared to the 95.6% occupancy reported at December 31, 2020. The decrease over December 31, 2020 is due to the recent acquisition in Alberta which negatively impacted occupancy rates, offset by higher occupancy in Nova Scotiaf.

As at December 31, 2021, manufactured homes communities occupancy was 99.1%(2020 – nil).

COMMERCIAL NET RENT, MULTI-RESIDENTIAL AND MANUFACTURED HOMES COMMUNITIES AVERAGE MONTHLY RENT

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

	Dec 31, 2021	Sept 30, 2021	June 30, 2021	Mar 31, 2021	Dec 31, 2020
Retail	$ 17.90	$ 17.79	$ 17.27	$ 17.27	$ 17.02
Industrial	6.67	6.96	6.50	6.50	6.41
Office	14.21	11.94	11.94	11.94	11.94
Multi-Residential	1,175	1,057	1,062	1,062	1,074
Manufactured Homes Communities	519	681	535	535	-

	Q4 2021 vs. Q3 2021	Q4 2021 vs. Q4 2020
Retail	0.6%	5.2%
Industrial	(4.2%)	4.1%
Office	19.0%	19.0%
Multi-Residential	11.2%	9.4%
Manufactured Homes Communities	(23.8%)	n.a.

RESULTS OF OPERATIONS

RENTAL REVENUE

Rental revenue for the three months ended December 31, 2021 was $11,954,312, a 1% increase over the $11,861,170 reported for the three months ended September 30, 2021 and a 9% increase over the $10,990,587 reported for the three months ended December 31, 2020. Rental revenue for the twelve months ended December 31, 2021 was $46,430,420, a 4% increase over the $44,536,342 reported for the twelve months ended December 31, 2020. Rental revenue includes all amounts earned from tenants' lease agreements including rent, operating costs and realty tax recoveries.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2021	**Sep 30, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Base Rent	$ 8,469,276	$ 8,275,498	$ 7,381,872	$ 32,046,595	$ 29,710,700
Operating Cost Recoveries	1,525,742	1,658,481	1,588,511	6,481,728	6,388,535
Tax Recoveries	1,817,448	1,883,569	1,933,928	7,560,272	8,043,751
Straight Line Rent	166,205	68,527	123,765	440,950	481,186
Free Rent	(24,359)	(24,906)	(37,491)	(99,125)	(87,830)
Rental Revenue	**$ 11,954,312**	**$ 11,861,170**	**$ 10,990,587**	**$ 46,430,420**	**$ 44,536,342**

The variance in comparing the three and twelve months ended December 31, 2021 over the three and twelve months ended December 31, 2020 is largely due to increased base rental income from the Trust's various acquisitions along with the net rent and occupancy increases as outlined above, offset by the loss of rental income from the Centre Ice and Hanover dispositions.

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 December 31, 2021 were $4,055,521, a 7% increase in comparison to the $3,805,498 reported for the three months ended September 30, 2021 and a 4% increase over the $3,903,495 reported for the three months ended December 31, 2020. Property operating expenses for the twelve months ended December 31, 2021 were $16,214,484, a 1% increase in comparison to the $15,999,734 reported for the twelve months ended December 31, 2020. 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			Twelve Months Ended	
	Dec 31, 2021	**Sep 30, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Realty Taxes	$ 2,205,400	$ 1,938,144	$ 2,137,268	$ 8,443,377	$ 8,747,867
Property Management	468,615	508,839	451,745	1,836,128	1,753,197
Operating Expenses	1,381,506	1,358,515	1,314,482	5,934,979	5,498,670
Property Operating Expenses	**$ 4,055,521**	**$ 3,805,498**	**$ 3,903,495**	**$ 16,214,484**	**$ 15,999,734**

The variance in comparing the three and twelve months ended December 31, 2021 over the three and twelve months ended December 31, 2020 are primarily due to the impact of the Trust's various acquisitions and seasonality in the multi-residential portfolio, offset by the Centre Ice and Hanover dispositions.

*NET OPERATING INCOME ("**NOI**")*

On an IFRS basis, NOI for the three months ended December 31, 2021 was $7,898,791, a 2% decrease compared to the $8,055,672 reported for the three months ended September 30, 2021, but a 11% increase in comparison to the $7,087,092 reported for the three months ended December 31, 2020. NOI for the twelve months ended December 31, 2021 was $30,215,936, a 6% increase over the $28,536,608 reported for the twelve months ended December 31, 2020.

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 December 31, 2021 was $7,756,945 a 3% decrease compared to the $8,012,051 reported for the three months ended September 30, 2021, and a 11% increase over the $7,000,818 reported for the three months ended December 31, 2020. NOI for the twelve months ended December 31, 2021 was $29,874,111, a 6% increase over the $28,143,252 reported for the twelve months ended December 31, 2020.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Rental Revenue	**$ 11,954,312**	**$ 11,861,170**	**$ 10,990,587**	**$ 46,430,420**	**$ 44,536,342**
Property Operating Expenses	(4,055,521)	(3,805,498)	(3,903,495)	(16,214,484)	(15,999,734)
NOI - IFRS Basis	**$ 7,898,791**	**$ 8,055,672**	**$ 7,087,092**	**$ 30,215,936**	**$ 28,536,608**
Less: Straight-Line Rent	(166,205)	(68,527)	(123,765)	(440,950)	(481,186)
Less: Free Rent	24,359	24,906	37,491	99,125	87,830
NOI - Cash Basis	**$ 7,756,945**	**$ 8,012,051**	**$ 7,000,818**	**$ 29,874,111**	**$ 28,143,252**
NOI - Cash Basis					
% Change vs. Sept. 30, 2021	**-3%**				
% Change vs. Dec. 31, 2020	**11%**			**6%**	

The variance in comparing the three and twelve months ended December 31, 2021 over the three and twelve months ended December 31, 2020 is largely due to the impact of the Trust's various acquisitions and seasonality in multi-residential expenses, offset by the loss of income from the Centre Ice and Hanover dispositions.

FINANCE COSTS

Finance costs for the three months ended December 31, 2021 were $2,485,791, a 13% increase in comparison to the $2,202,268 reported for the three months ended September 30, 2021 and a 12% increase in comparison to the $2,225,297 reported for the three months ended December 31, 2020. Finance costs for the twelve months ended December 31, 2021 were $9,180,319, a 9% increase over the $8,395,027 reported for the twelve months ended December 31, 2020.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Mortgage Interest	$ 2,146,113	$ 1,946,164	$ 2,247,505	$ 8,074,672	$ 7,957,033
Bank Indebtedness Interest	81,861	36,067	111,700	296,753	373,138
Finance Fee Amortization	297,656	259,876	107,498	982,503	343,273
Non-cash Interest Expense	(39,839)	(39,840)	(241,410)	(173,609)	(278,418)
Finance Costs	**$ 2,485,791**	**$ 2,202,268**	**$ 2,225,297**	**$ 9,180,319**	**$ 8,395,027**

The variance in comparing the three and twelve months ended December 31, 2021 compared to the three and twelve months ended December 31, 2020 is related to higher mortgage interest costs and finance fee amortization as a result of acquisitions, offset by lower bank indebtedness.

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.

The weighted average interest rate of the mortgages as at December 31, 2021 stands at approximately 3.3% (2020 – 3.4%).

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

G&A expenses for the three months ended December 31, 2021 were $1,170,671, a 33% decrease in comparison to the $1,755,617 reported for the three months ended September 30, 2021 and a 18% increase in comparison to the $990,186 reported for the three months ended December 31, 2020. G&A expenses for the twelve months ended December 31, 2021 were $6,286,242 , a 49% increase in comparison to the $4,216,820 reported for the twelve months ended December 31, 2020. Public company expenses include trustee fees, transfer agent fees, press releases and print media.

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2021	**Sep 30, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Asset Management Fees	$ 729,447	$ 724,500	$ 685,914	$ 2,852,946	$ 2,734,468
Performance Incentive Fees	60,206	683,480	77,896	2,118,237	457,628
Public Company Expenses	71,754	101,356	66,057	311,480	259,093
Office & General	309,264	246,281	160,319	1,003,579	765,631
General & Administrative	**$ 1,170,671**	**$ 1,755,617**	**$ 990,186**	**$ 6,286,242**	**$ 4,216,820**

The variance in comparing the three and twelve months ended December 31, 2021 over the three and twelve months ended December 31, 2020 is due to an increase in asset management and performance incentive fees due to the Trust's various acquisitions and performance measures.

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

Net Income for the three months ended December 31, 2021 was $6,566,305 in comparison to the $9,826,281 in net income reported for the three months ended September 30, 2021 and the $13,419,177 net income reported for the three months ended December 31, 2020. Net income for the twelve months ended December 31, 2021 was $58,387,894 compared to the $15,831,127 net income reported for the twelve months ended December 31, 2020.

The variance in comparing the three and twelve months ended December 31, 2021 over the three and twelve months ended December 31, 2020 is as discussed previously plus the fair market value adjustments of investment properties as outlined below.

SUMMARIZED OPERATING RESULTS

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

	Rental Revenue	**Other Income**	**Total Revenue**	**NOI**	**Net Income**
Q4/2021	$ 11,954,312	$ 14,133	$ 11,968,445	$ 7,898,791	$ 6,566,305
Q3/2021	11,861,170	22,228	11,883,398	8,055,672	9,826,281
Q2/2021	11,277,357	15,337	11,292,694	7,210,384	31,835,794
Q1/2021	11,337,581	8,226	11,345,807	7,051,088	10,159,514
Q4/2020	10,990,587	9,127	10,999,714	7,087,092	13,419,177
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)

CONSOLIDATED 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 periods ended December 31, 2021, September 30, 2021 and December 31, 2020 and twelve month period ended December 31, 2021 and December 31, 2020:

	Three Months Ended			Twelve Months Ended	
Net Operating Income	**Dec 31, 2021**	**Sep 30, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Rental Revenue	$ 11,954,312	$ 11,861,170	$ 10,990,587	$ 46,430,420	$ 44,536,342
Property Operating Expenses	(4,055,521)	(3,805,498)	(3,903,495)	(16,214,484)	(15,999,734)
	7,898,791	8,055,672	7,087,092	30,215,936	28,536,608
Interest and Other Income	14,133	22,228	9,127	59,924	51,962
Expenses					
Finance Costs	2,485,791	2,202,268	2,225,297	9,180,319	8,395,027
General and Administrative	1,170,671	1,755,617	990,186	6,286,242	4,216,820
	3,656,462	3,957,885	3,215,482	15,466,561	12,611,847
Income Before Fair Value Adjustments	4,256,462	4,120,015	3,880,737	14,809,299	15,976,723
Fair Value Adjustments:					
Investment Properties	3,615,564	6,432,247	10,150,458	47,415,353	(582,302)
Gain on Sale of Investment Properties	(197,502)	(1,265,706)	-	(2,108,241)	9,097
Unit-Based Compensation Recovery/(Expense)	(1,108,219)	539,723	(612,019)	(1,728,517)	427,609
Net Income and Comprehensive Income	**$ 6,566,305**	**$ 9,826,281**	**$ 13,419,177**	**$ 58,387,894**	**$ 15,831,127**

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2021	**Sep 30, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Net Income & Comprehensive Income	**$ 6,566,305**	**$9,826,281**	**$ 13,419,177**	**$ 58,387,894**	**$15,831,127**
Fair Value Adjustments:					
Investment Properties	(3,615,564)	(6,432,247)	(10,150,458)	(47,415,353)	582,302
Sale of Investment Properties	197,502	1,265,706	-	2,108,241	(9,097)
Unit-Based Compensation	1,108,219	(539,723)	612,019	1,728,517	(427,609)
Finance Costs, Net of Interest and Other Income	2,213,839	1,960,002	2,350,078	8,311,501	8,278,210
Finance Fee Amortization	297,656	259,876	107,498	982,503	343,273
Non-cash Interest Expense	(39,839)	(39,840)	(241,410)	(173,609)	(278,418)
Land Lease Amortization	(83,494)	16,058	16,996	(33,960)	68,502
Straight-line Rent and Free Rent Adjustment	(141,846)	(43,621)	(86,274)	(341,825)	(393,356)
Change in Working Capital					
Accounts Receivable	2,273,613	(2,271,440)	(377,704)	(685,291)	(656,389)

Prepaid Expenses, Deposits and Other Assets	489,830	(369,121)	538,486	(691,774)	(524,346)
Restricted Cash	(151,081)	503	(154,904)	1,640	(11,750)
Accounts Payable and Accrued Liabilities	(608,778)	2,201,837	1,049,733	4,287,787	(526,887)
Tenant Rental Deposits	(360,615)	70,422	(51,383)	134,361	48,493
Cash Flows From Operating Activities	**$ 8,145,747**	**$5,904,697**	**$ 7,031,856**	**$ 26,600,632**	**$22,324,059**

FFO AND AFFO

FFO for the three months ended December 31, 2021 was approximately $3.1 million, a 39% decrease over the $5.2 million reported for the three months ended September 30, 2021, and a 6% decrease over the $3.3 million reported for the three months ended December 31, 2020. FFO for the twelve months ended December 31, 2021 was $14.8 million, a 10% decrease over the $16.4 million reported for the twelve months ended December 31, 2020. Including Gains on Sales, FFO was $24.3 million.

AFFO for the three months ended December 31, 2021 was approximately $3.9 million, an 9% decrease over the $4.3 million reported for the three months ended September 30, 2021, but a 15% increase over the $3.4 million reported for the three months ended December 31, 2020. AFFO for the twelve months ended December 31, 2021 was $15.2 million, a 4% increase over the $14.6 million reported for the twelve months ended December 31, 2020. Including Gains on Sales, AFFO was $24.8 million.

FFO per Unit was $0.092 per Unit for the three months ended December 31, 2021 compared to the $0.152 per Unit reported for the three months ended September 30, 2021 and the $0.111 per Unit reported for the three months ended December 31, 2020. FFO per Unit was $0.462 for the twelve months ended December 31, 2021 compared to $0.547 per Unit for the twelve months ended December 31, 2020. FFO per Unit including Gains on Sales was $0.761 for the twelve months ended December 31, 2021.

AFFO per Unit was $0.114 for the three months ended December 31, 2021 compared to the $0.128 per Unit reported for the three months ended September 30, 2021 and the $0.115 per Unit reported for the three months ended December 31, 2020. AFFO per Unit for the twelve months ended December 31, 2021 was $0.477 per Unit compared to $0.486 per unit reported for the twelve months ended December 31, 2020. AFFO per Unit including Gains on Sales was $0.776 for the twelve months ended December 31, 2021.

AFFO Payout Ratio was 112% for the three months ended December 31, 2021, compared to the 100% for the three months ended September 30, 2021 and the 109% reported for the three months ended December 31, 2020. AFFO Payout Ratio was 107% for the twelve months ended December 31, 2021 compared to 103% for the twelve months ended December 31, 2020. Including the Gains on Sales, the AFFO Payout Ratio was 66% for the twelve months ended December 31, 2021.

For the three months ended December 31, 2021, the Trust had TIs/LCs and capital expenditures of approximately $1.1 million (2020 - $1.7 million) and $5.4 million (2020 - $5.2 million) for the twelve months ended December 31, 2021.

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			Twelve Months Ended	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Cash Flows from Operating Activities	**$ 8,145,747**	**$ 5,904,697**	**$ 7,031,856**	**$ 26,600,632**	**$ 22,333,159**
Add (deduct):					
Tenant Rental Deposits	360,615	(70,422)	51,383	(134,361)	(48,493)
Accounts Payable and Accrued Liabilities	608,778	(2,201,837)	(1,049,733)	(4,287,787)	526,887
Restricted Cash	151,081	(503)	154,904	(1,640)	11,750
Prepaid Expenses, Deposits & Other Assets	(489,830)	369,121	(538,486)	691,774	524,346
Accounts Receivable	(2,273,613)	2,271,440	377,704	685,291	656,389
Finance Fee Amortization	(297,656)	(259,876)	(107,498)	(982,503)	(343,273)
Land Lease Amortization	83,494	(16,058)	(16,996)	33,960	(68,502)
Finance Costs, Net of Interest & Dividends	(2,213,839)	(1,960,002)	(2,350,078)	(8,311,501)	(8,278,210)
Unit Based Compensation (Expense)/ Recovery	(1,108,219)	539,723	(612,019)	(1,728,517)	427,609
Straight-Line Rent and Free Rent Adjustments	141,846	43,621	86,274	341,825	393,356
Non-Cash Interest Expense	39,839	39,840	241,410	173,609	278,418
Performance Fee Attributed to Gain	(13,871)	502,354	-	1,686,284	-
FFO	**$ 3,134,372**	**$ 5,162,097**	**$ 3,268,721**	**$ 14,767,066**	**$ 16,413,435**
Straight Line Rent and Free Rent Adjustments	(141,846)	(43,621)	(86,274)	(341,825)	(393,356)
Tenant Inducements, Leasing Costs & Capex	(191,673)	(207,392)	(177,177)	(755,398)	(712,634)
Non-Cash Interest Expense	(39,839)	(39,840)	(241,410)	(173,609)	(278,418)
Unit Based Compensation Expense/(Recovery)	1,108,219	(539,723)	612,019	1,728,517	(427,609)
AFFO	**$ 3,869,233**	**$ 4,331,519**	**$ 3,375,880**	**$ 15,224,751**	**$ 14,601,418**
Gain on Sale from Real Estate Properties	(365,031)	3,621,542	-	11,241,893	-
Performance Fee Attributable To Gain	13,871	(502,354)	-	(1,686,284)	-
FFO including Gain on Sale of Assets	**$ 2,783,212**	**$ 8,281,285**	**$ 3,268,721**	**$ 24,322,675**	**$ 16,413,435**
AFFO including Gain on Sale of Assets	**$ 3,518,073**	**$ 7,450,708**	**$ 3,375,880**	**$ 24,780,360**	**$ 14,601,418**
FFO Per Unit	**$ 0.092**	**$ 0.152**	**$ 0.111**	**$ 0.462**	**$ 0.547**
AFFO Per Unit	**$ 0.114**	**$ 0.128**	**$ 0.115**	**$ 0.477**	**$ 0.486**
FFO including Gain on Sale of Assets	**$ 0.082**	**$ 0.244**	**$ 0.111**	**$ 0.761**	**$ 0.547**
AFFO including Gain on Sale of Assets	**$ 0.103**	**$ 0.219**	**$ 0.115**	**$ 0.776**	**$ 0.486**
Distributions Per Unit	**$ 0.128**	**$ 0.128**	**$ 0.125**	**$ 0.510**	**$ 0.500**
FFO Payout Ratio	**138%**	**84%**	**112%**	**110%**	**91%**
AFFO Payout Ratio	**112%**	**100%**	**109%**	**107%**	**103%**

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.

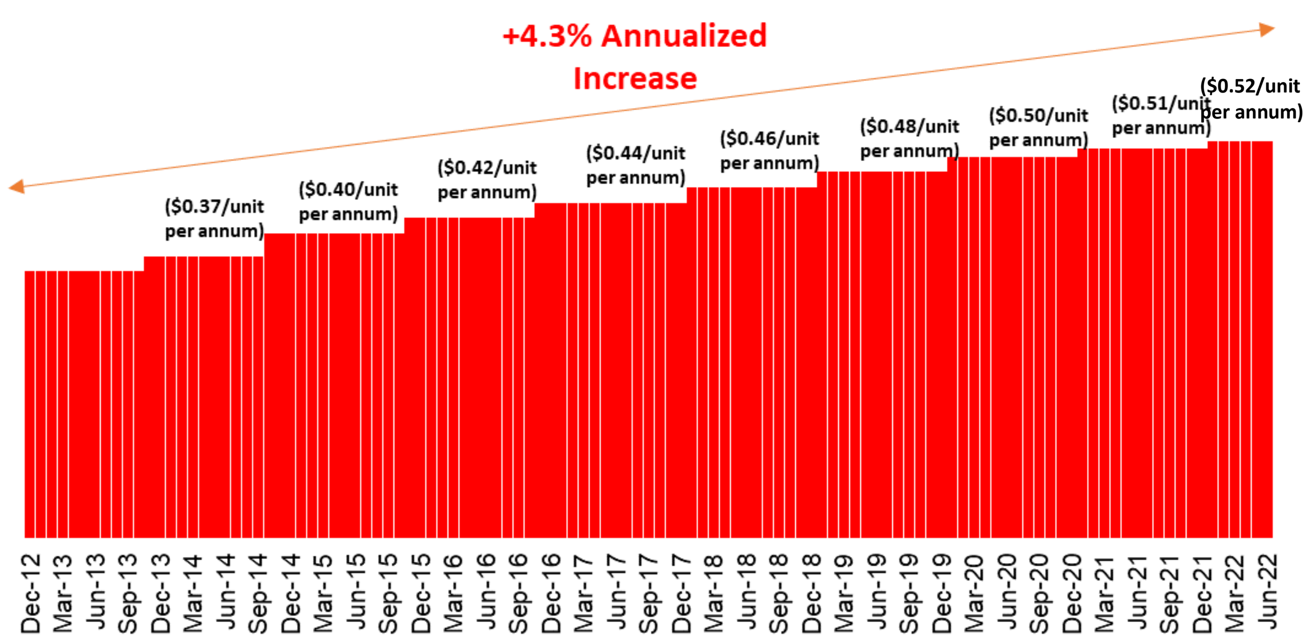
The variance in comparing AFFO for the three and twelve months ended December 31, 2021 over the three and twelve months ended December 31, 2020 is largely due to the positive impact from the Trust's acquisitions and net rents, offset by higher operating, interest and G&A expenses.

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 and includes cash gains on the sale of real estate properties calculated as gross proceeds less the actual cost of real estate including capitalized additions.

DISTRIBUTIONS

For the twelve months ended December 31, 2021, distributions of $0.0425 per unit were declared each month commencing in January 2021 through to December 2021, resulting in total distributions declared of $16,367,183. For the twelve months ended December 31, 2020, distributions of $0.041667 per unit were declared each month commencing in January 2020 through to December 2020 resulting in total distributions declared of $15,012,088.

Since the Trust's inception in Q4/2012, distributions have been raised nine times in nine years and represents a cumulative increase of 48.6% or 4.3% on an annualized basis since the Trust's inception in 2012. For 2021, distributions were 75% Return of Capital (2020 – 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 December 31, 2021, September 30, 2021 and December 31, 2020 and twelve months ended December 31, 2021 and December 31, 2020 are outlined below:

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2021	**Sep 30, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Cash Flow From Operating Activities	**$ 8,145,747**	**$ 5,904,697**	**$ 7,031,856**	**$ 26,600,632**	**$ 22,333,159**
Net Cash Interest Expense					
Less: Mortgage Interest	$ (2,146,113)	$ (1,946,164)	$ (2,247,505)	$ (8,074,672)	$ (7,957,033)
Less: Bank Indebtedness Interest	(81,861)	(36,067)	(111,700)	(296,753)	(373,138)
Add: Interest and Other Income	14,133	22,228	9,127	59,924	51,962
Net Cash Interest Expense (B)	**$ (2,213,841)**	**$ (1,960,003)**	**$ (2,350,078)**	**$ (8,311,501)**	**$ (8,278,210)**
Net Cash Flows from Operating Activities (A-B) = (C)	**$ 5,931,906**	**$ 3,944,693**	**$ 4,681,776**	**$ 18,289,131**	**$ 14,054,949**
Net Income & Comprehensive Income (D)	**$ 6,566,305**	**$ 9,826,281**	**$ 13,419,177**	**$ 58,387,894**	**$ 15,831,127**
Distributions (E)	**$ 4,336,426**	**$ 4,316,431**	**$ 3,668,741**	**$ 16,367,183**	**$ 15,012,088**
Excess / (Shortfall) of Net Cash Flow From Operating Activities Over Distributions (C-E)	**$ 1,595,480**	**$ (371,738)**	**$ 1,013,035**	**$ 1,921,948**	**$ (957,137)**
Excess / (Shortfall) of Net Income & Comprehensive Income Over Distributions (D-E)	**$ 2,229,879**	**$ 5,509,850**	**$ 9,750,436**	**$ 42,020,711**	**$ 819,038**

For the three months ended September 30, 2021 and twelve months ended December 31, 2020, the Trust had distributions in excess of cash flow from operating activities. These distributions were funded from the Trust's cash on hand and had no impact on the sustainability of distributions.

SEGMENT INFORMATION AND CO-OWNERSHIP INTERESTS

SEGMENT 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	Year Ended December 31, 2021
Net Operating Income								
Rental Revenue	$ 26,023,441	$ 4,865,138	$ 11,136,093	$ 3,487,876	$ 578,670	$ 785,282	$ (446,080)	$ 46,430,420
Property Operating Expenses	(8,891,165)	(1,626,642)	(3,947,198)	(1,457,027)	(575,669)	(184,747)	467,964	(16,214,484)
	17,132,276	3,238,496	7,188,895	2,030,849	3,001	600,535	21,884	30,215,936
Interest and Other Income	17,798	25,853	9,160	254	-	577	6,282	59,924
Expenses:								
Finance Costs	5,354,893	57,411	1,914,985	657,718	40,201	206,272	948,839	9,180,319
General and Administrative	443,213	158,776	542,542	288,306	15,158	73,824	4,764,423	6,286,242
	5,798,106	216,187	2,457,527	946,024	55,359	280,096	5,713,262	15,466,561
Income Before Fair Value Adjustments	11,351,968	3,048,162	4,740,528	1,085,079	(52,358)	321,017	(5,685,096)	14,809,299
Fair Value Adjustments:								
Investment Properties	4,032,024	825,836	42,394,636	225,855	(62,998)	-	-	47,415,353
Loss on Sale of Investment Properties	-	(2,108,241)	-	-	-	-	-	(2,108,241)
Unit-based Compensation Expense	-	-	-	-	-		(1,728,517)	(1,728,517)
Net Income/(Loss) and Comprehensive Income/(Loss)	$ 15,383,991	$ 1,765,757	$ 47,135,164	$ 1,310,934	$ (115,356)	$ 321,017	$ (7,413,613)	$ 58,387,894

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi-Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Year Ended December 31, 2020
Net Operating Income								
Rental Revenue	$25,852,252	$ 6,413,507	$ 9,910,866	$ 1,737,463	$ 622,254	$ -	$ -	$ 44,536,342
Property Operating Expenses	(8,743,378)	(2,367,620)	(3,643,301)	(742,118)	(503,317)	-	-	$ (15,999,734)
	17,108,874	4,045,887	6,267,565	995,345	118,937	-	-	28,536,608
Interest and Other Income	23,424	2,454	6,604	159	-	-	19,321	$ 51,962
Expenses:								
Finance Costs	5,462,111	367,968	1,684,828	320,174	126,279	-	433,667	$ 8,395,027
General and Administrative	915,307	189,978	532,901	121,815	259	-	2,456,560	$ 4,216,820
	6,377,418	557,946	2,217,729	441,989	126,538	-	2,890,227	12,611,847
Income Before Fair Value Adjustments	10,754,880	3,490,395	4,056,440	553,515	(7,601)	-	(2,870,906)	$ 15,976,723
Fair Value Adjustments:								
Investment Properties	(7,488,087)	(1,197,243)	6,669,750	1,506,179	(72,901)	-	-	$ (582,302)
Gain on Sale of Investment Properties	-	-	9,097	-	-	-	-	9,097
Unit-based Compensation Expense	-	-	-	-	-	-	427,609	$ 427,609
Net Income/(Loss) and Comprehensive Income/(Loss)	$ 3,266,793	$ 2,293,152	$ 10,735,287	$ 2,059,694	$ (80,502)	$ -	$(2,443,297)	$ 15,831,127

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 December 31, 2021	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	$ 1,519,748	$ 10,784,548	$ 12,304,296	$ 21,492,901
Non-Current Assets	98,180,571	465,871,047	564,051,618	905,151,546
Total Assets	**$ 99,700,319**	**$ 476,655,595**	**$ 576,355,914**	**$ 926,644,447**
Current Liabilities	22,952,044	33,826,479	56,778,523	41,972,835
Non-Current Liabilities	19,384,928	204,277,137	223,662,065	$ 400,510,007
Total Liabilities	**$ 42,336,972**	**$ 238,103,616**	**$ 280,440,588**	**$ 442,482,842**
Total Owners' Equity	**$ 57,363,347**	**$ 238,551,979**	**$ 295,915,326**	**$ 484,161,605**

As at December 31, 2020	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	$ 878,687	$ 30,214,588	$ 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**	**$ 392,624,794**	**$ 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	**$ 51,720,084**	**$ 171,731,870**	**$ 223,451,954**	**$ 346,417,717**

				Year Ended December 31, 2021
	Trust Wholly Owned	**Co-Owned at Proportionate Ownership**	**Total**	**Co-Owned at 100%**
Net Operating Income				
Rental Revenue	$ 7,506,134	$ 38,924,286	$ 46,430,420	$ 75,042,204
Property Operating Expenses	(2,780,226)	(13,434,258)	(16,214,484)	(26,472,021)
	4,725,908	25,490,028	30,215,936	48,570,183
Interest and Other Income	7,762	52,162	59,924	90,353
Expenses:				
Finance Costs	1,646,902	7,533,417	9,180,319	14,002,774
General and Administrative	5,049,516	1,236,726	6,286,242	2,221,717
	6,696,418	8,770,143	15,466,561	16,224,491
Income Before Fair Value Adjustments	(1,962,748)	16,772,047	14,809,299	32,436,045
Fair Value Adjustments:				
Investment Properties	1,521,853	45,893,500	47,415,353	94,367,903
Gain/Loss on Sale of Investment Properties	(472,818)	(1,635,423)	(2,108,241)	(2,336,319)
Unit-based Compensation (Expense)	1,728,517	-	(1,728,517)	-
Net Income and Comprehensive Income	$ 814,804	$ 61,030,124	$ 58,387,894	$ 124,467,629

				Year Ended December 31, 2020
	Trust Wholly Owned	**Co-Owned at Proportionate Ownership**	**Total**	**Co-Owned at 100%**
Net Operating Income				
Rental Revenue	$ 8,180,825	$ 36,355,517	$ 44,536,342	$ 70,932,167
Property Operating Expenses	(3,271,909)	(12,727,825)	(15,999,734)	(25,660,711)
	4,908,916	23,627,692	28,536,608	45,271,456
Interest and Other Income	20,200	31,762	51,962	65,839
Expenses:				
Finance Costs	1,208,803	7,186,224	8,395,027	14,189,391
General and Administrative	2,815,158	1,401,662	4,216,820	1,774,322
	4,023,961	8,587,886	12,611,847	15,963,713
Income Before Fair Value Adjustments	905,155	15,071,568	15,976,723	29,373,582
Fair Value Adjustments:				
Investment Properties	(2,142,352)	1,560,050	(582,302)	305,018
Gain on Sale of Investment Properties	-	9,097	9,097	12,995
Unit-based Compensation Recovery	427,609	-	427,609	-
Net Income and Comprehensive Income	$ (809,588)	$ 16,640,715	$ 15,831,127	$ 29,691,595

COMPARABLE CASH FLOWS

Comparable operating, investing and financing cash flows for the three and twelve months ended December 31, 2021 and December 31, 2020 are outlined below:

	Three Months Ended		Twelve Months Ended	
	Dec 31, 2021	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Operating Activities	$ 8,145,743	$ 7,031,859	$ 26,600,632	$ 22,324,059
Financing Activities	6,942,875	(1,682,186)	21,437,454	(18,837,566)
Investing Activities	(15,309,035)	5,543,102	(47,828,076)	(10,547,138)
Increase/(Decrease) in Cash and Cash Equivalents	**$ (220,417)**	**$ 10,892,775**	**$ 210,010**	**$ (7,060,643)**
Cash and Cash Equivalents, Beginning of Year	6,116,378	(5,206,824)	5,685,951	12,746,594
Cash and Cash Equivalents, End of Year	**$ 5,895,961**	**$ 5,685,951**	**$ 5,895,961**	**$ 5,685,951**

Cash provided by operating activities increased for the twelve months ended December 31, 2021 largely due to changes in working capital.

Cash utilized by investing activities decreased for the twelve months ended December 31, 2021 due to higher acquisition activity over 2020, offset by the proceeds received from the Centre Ice and the Hanover dispositions.

Cash provided by financing activities increased for the twelve months ended December 31, 2021 as a result of the issuance of new Trust Units and increases in net mortgage financings.

INVESTMENT PROPERTIES

As at December 31, 2021, the Trust's property portfolio consisted of 71 properties with a fair value of $563.3 million, in comparison to the $449.4 million reported as at December 31, 2020. The variance is largely due to higher net fair market value adjustment due to lower capitalization rates and the Trust's acquisitions, offset by the Centre Ice and Hanover disposition as noted above. The investment portfolio valuation is allocated by property type as follows:

	Retail and Commercial	**Core Service Provider Office**	**Industrial**	**Multi-residential**	**Manufactured Housing Communities**	**Total**
December 31, 2019	$ 336,292,371	$ 5,339,600	$ 97,737,999	$18,407,747	$ -	$457,777,717
Acquisitions	-	-	5,421,503	-	-	5,421,503
Dispositions	-	-	(34,024)	-	-	(34,024)
Capital Expenditures	3,421,759	65,000	1,624,443	114,569	-	5,225,771
Straight-line Rents	1,404,891	1,425	255,512	-	-	1,661,828
Transfers	(20,043,100)	-	-	-	-	(20,043,100)
Fair Value Adjustment	(8,436,436)	(73,749)	6,421,704	1,506,179	-	(582,302)
December 31, 2020	$ 312,639,485	$ 5,332,276	$111,427,137	$20,028,495	$ -	$449,427,393
Acquisitions	9,974,558	-	15,341,533	30,261,000	14,072,347	69,649,438
Dispositions	(7,890,000)	-	-	-	-	(7,890,000)
Capital Expenditures	1,622,827	18,057	2,073,666	593,936	-	4,308,485
Straight-line Rents	225,408	1,022	214,518	-	-	440,949
Fair Value Adjustment	4,857,860	(62,998)	42,394,636	225,855	-	47,415,353
December 31, 2021	$ 321,430,138	$ 5,288,357	$171,451,490	$51,109,286	$14,072,347	$563,351,618

For the period ended December 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 December 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, 2021 to December 31, 2021, approximately 25% 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	3	$ 61,790,000	$ 39,753,000	-	$ -	$ -
Q2	26	180,600,000	90,300,000	2	14,465,000	14,465,000
Q3	1	10,850,000	5,425,000	3	29,820,000	29,820,000
Q4	3	15,440,000	15,440,000	-	-	-
Total	33	$ 268,680,000	$ 150,918,000	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 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:

December 31, 2021	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Manufactured Housing Communities	Weighted Average
Capitalization Rate Range	3.0% - 7.50%	7.00%	3.95% - 6.50%	4.65% - 5.00%	5.75%	5.56%
Weighted Average Capitalization Rate	6.10%	7.00%	4.69%	4.88%	5.75%	5.56%

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%	n.a.	6.02%
Weighted Average Capitalization Rate	6.24%	7.00%	5.54%	5.06%	n.a.	6.02%

Loss On Sale of Investment Properties:

During the year ended December 31, 2021, the Trust completed sales of twelve retail properties from the Centre Ice Retail Portfolio, for gross proceeds of approximately $31.3 million. The Trust's pro-rata share of the gross proceeds was $21.9 million. The Trust recognized a loss on sale of $1.7 million related to transaction costs not previously captured in the fair market value as at December 31, 2020.

For the year ended December 31, 2021, the Trust completed the sale of its 100% owned retail commercial property located in Hanover, Ontario for gross proceeds of approximately $6.0 million. The Trust recognized a loss on sale of approximately $0.4 million related to transaction costs not previously captured in the fair market value as at December 31, 2020.

Note Receivable:

As part of one of the dispositions of the Centre Ice Retail Portfolio properties in 2021, the 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 December 31, 2021.

CURRENT ASSETS

Current assets as at December 31, 2021, September 30, 2021 and December 31, 2020 consisted of the following:

	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020
Accounts Receivable	$ 2,984,658	$ 5,252,239	$ 2,959,845
Prepaid Expenses, Deposits & Other Assets	3,221,129	3,396,509	2,200,191
Cash & Cash Equivalents	5,895,961	6,116,378	5,685,951
Restricted Cash	202,548	51,467	204,188
Assets Held For Sale	-	-	20,043,100
	$ 12,304,296	**$ 14,816,592**	**$ 31,093,275**

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 assets that were previously under contract to be sold as outlined above.

BANK INDEBTEDNESS

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 December 31, 2021, the total amount available under the Facility was $19.0 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 December 31, 2021 and December 31, 2020 were $14,797,896 and $2,038,051, respectively.

Line of Credit: The Trust has entered into a Line of Credit (the "LOC") with a Canadian Chartered Bank (the "Bank") fully secured by first charges against the Merivale Mall Property. On December 31, 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 December 31, 2021 and December 31, 2020 were $9,999,985 and $18,500,000, respectively.

MORTGAGES

As at December 31, 2021, total outstanding mortgages were $239,912,757 ($227,519,622 as at December 31, 2020), net of unamortized financing costs of $832,014 ($1,303,922 as at December 31, 2020), offset by a $372,387 ($545,996 as at December 31, 2020) mark to market adjustment with a weighted average interest rate of approximately 3.3% (3.4% as at December 31, 2020) and weighted average repayment term of approximately 3.2 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
2022	6,421,382	11,926,311	18,347,693	7,516,500
2023	5,716,246	48,422,574	54,138,820	6,440,319
2024	3,203,871	87,308,823	90,512,694	3,560,795
2025	2,139,504	12,098,184	14,237,688	2,119,506
2026	1,376,458	41,942,210	43,318,668	1,865,188
Thereafter	2,472,778	17,344,043	19,816,821	2,734,817
Face Value	$ 21,330,239	$ 219,042,145	$ 240,372,384	$ 22,783,112
Unamortized Financing Costs			(832,014)	
Mark to Market on Assumed Mortgages			372,387	
Total Mortgages			**$ 239,912,757**	

		December 31, 2021		December 31, 2020
Current:				
Mortgages	$	18,347,693	$	18,627,015
Unamortized Financing Costs		(471,909)		(485,287)
Mark to Market on Assumed Mortgages		109,374		173,609
	$	17,985,158	$	18,315,337
Non-Current:				
Mortgages	$	222,024,691	$	209,650,533
Unamortized Financing Costs		(360,105)		(818,635)
Mark to Market on Assumed Mortgages		263,013		372,387
	$	221,927,599	$	209,204,285
	$	239,912,757	$	227,519,622

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. The mortgage matures on May 1, 2025.

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. The mortgage matures on May 1, 2025.

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

On April 30, 2021, the Mountview Manufactured Housing Communites 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 and matures on April 30, 2022.

On May 3, 2021, the Trust financed a new $17.0 million mortgage ($11.9 million Trust's pro-rated share) as part of the acquisition in Edmonton, Alberta as described in note 3 of the consolidated financial statements. The mortgage has a 2.36% interest rate, amortizes and matures on May 1, 2026.

On May 5, 2021, the Trust financed a new $13.7 million mortgage ($9.6 million Trust's pro-rated share) as part of the acquisition in Lower Sackville, Nova Scotia as described in note 3 of the consolidated financial statements. The mortgage has a 2.40% interest rate and matures on June 1, 2026.

On September 10, 2021, the Trust financed a new $7.7 million mortgage for its Hidden Creek Manufactured Housing Communities. The Trust's portion was $3.9 million. The mortgage has a 3.04% interest rate, amortizes and matures on September 14, 2026.

During the twelve months ended December 31, 2021, the Trust completed sales of twelve retail properties from the Centre Ice Retail Portfolio for gross proceeds of approximately $31.3 million. The Trust's pro-rata share of gross proceeds was $21.9 million. The Trust used these proceeds to reduce the mortgage balance on the portfolio encumbering the Centre Ice Portfolio. As such, no amount is owing on the Centre Ice Portfolio.

LAND LEASE LIABILITY

On May 9, 2019, as part of the FCR Retail Portfolio 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 6.13% for the term of the lease. The Trust's pro-rata portion of the lease liability at 50% is as follows:

Lease Liability

	Opening Balance	Lease Payment	Imputed Interest Expense	Ending Balance
2022	$ 258,582	$ (50,520)	$ 13,936	$ 221,998
2023	221,998	(50,520)	11,650	183,128
2024	183,128	(50,520)	9,220	141,828
2025	141,828	(50,520)	6,639	97,946
2026	97,946	(50,520)	3,896	51,322
Thereafter	51,322	(46,109)	1,126	6,339

	December 31, 2021
Current	$ 36,584
Non-Current	221,998
Total	$ 258,582

ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at December 31, 2021, September 30, 2021 and December 31, 2020 consist of the following:

	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020
Utilities, Repairs & Maintenance, Other	6,875,946	6,937,658	4,199,075
Due to Asset & Property Manager	2,201,617	2,121,182	533,058
Accrued Interest Expense	422,018	418,636	376,541
Option Liabilities	2,473,672	1,365,524	745,226
Deferred Trust Units	13,571	-	-
	$ 11,986,824	**$ 10,843,000**	**$ 5,853,900**

Utilities, Repairs & Maintenance, Other consist of utility costs, property taxes, repairs and maintenance, GST/HST payables to CRA, QST payables to Revenue Quebec and professional fees. 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 BASED LIABILITIES

Option 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 December 31, 2021, the Trust has 2,225,000 Trust Unit options issued and outstanding at a fair market value of $2,473,672 consisting of the following issuances:

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 December 31, 2021 was 515,000 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 December 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 December 31, 2021 was 1,290,000 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 December 31, 2021 was 350,000 Trust unit options.

On March 15, 2021, the Trust granted 10,000 Trust Unit options at a weighted average exercise price of $6.75 per Trust Unit. 3,333 unit options fully vest on the date of the grant with the remaining 6,667 vesting over the following 2 years and expire on March 15, 2026.

Unit-based compensation related to the aforementioned unit options stands at an expense of $1,728,517 for the year ended December 31, 2021 (a recovery $427,609 for the year ended December 31, 2020). Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	As at December 31, 2021	As at December 31, 2020
Expected Option Life (Years)	**2.4**	1.0
Risk Free Interest Rate	**1.04%**	0.17%
Distribution Yield	**6.55%**	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 grants were $0.40, $0.36, $0.34 and $0.16 per unit option for March 26, 2018, November 8, 2018, August 14, 2019 and December 1, 2020 issuances, respectively.

Deferred Trust Units

On August 1, 2018, the Trust adopted a Deferred Trust Unit ("DTU") plan. Under the terms of the plan, any units issued must be issued at a unit price which is at the volume weighted average trading price of the units on the TSXV for the five days trading immediately preceding the date on which DTUs are granted. Distributions equivalents are awarded in respect of the DTU holders on the same basis as unitholders and credited to the DTU holders account as additional DTUs. As at December 31, 2021, the outstanding liability was $13,571 (nil as at December 31, 2020).

UNITHOLDERS' EQUITY

Unitholders' equity as at December 31, 2021 was $295,915,326 and consists of the following:

	Number of Units	Unitholders' Equity
Unitholders' Equity, December 31, 2019	30,644,385	$ 229,039,075
Normal Course Issuer Bid	(795,200)	(4,146,879)
Issuance of Units from DRIP	509	3,050
Less: Issue Costs	-	(147,331)
Redemption	(500,000)	(2,115,000)
Add: Net Income	-	15,831,127
Less: Distributions	-	(15,012,088)
Unitholders' Equity, December 31, 2020	29,349,694	223,451,954
Options Exercised	553,333	3,378,669
Issuance of Units from DRIP	290	2,000
Public Equity Offering	4,107,800	27,061,992
Add: Net Income	-	58,387,894
Less: Distributions	-	(16,367,183)
Unitholders' Equity, December 31, 2021	34,011,117	$ 295,915,326

- **Options Exercised**
  During the year ended December 31, 2021, 553,333 Trust unit options at a weighted average price of $6.11 per Trust Unit were exercised for gross proceeds of approximately $3,378,669. No options were exercised in 2020.

- **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% from the then public float. The bid commenced on April 8, 2020 and ended on April 7, 2021. The Trust repurchased nil Trust Units in 2021 (795,200 Trust Units during 2020 for cancellation through its NCIB for gross proceeds of approximately $4.1 million).

- **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 occurred in 2021.

- **Public Equity Offering**
  On June 8, 2021, the Trust completed a public equity offering of 4,107,800 Trust Units at a price of $7.00 per Trust Unit for gross proceeds of approximately $28.8 million ($27.1 million, net of closing costs).

As at March 10, 2022, there were 34,011,117 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 August 12, 2021, the terms of the Asset Management and Acquisition Fees changed. For further information, please refer to the notes to the financial statements.

For the years ended December 31, 2021 and December 31, 2020, Asset Management Fees were $2,852,946 and $2,734,468; Acquisition Fees were $514,554 and $40,219; Placement Fees were $140,787 and $165,625 and Performance Incentive Fees were $2,118,237 and $457,628, respectively.

For the twelve months ended December 31, 2021, Asset Management Fees were higher than the amount reported at December 31, 2020 due to higher net acquisition activity. Acquisition Fees are higher than the amount reported at December 31, 2020 due to higher acquisition activity during the reported period. Performance Fees are higher than the amount reported at December 31, 2020 largely due to the disposition of the Centre Ice and Hanover portfolios.

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.

Unrealized Performance Incentive Fees, pursuant to the Asset Management Agreement with the Asset Manager, are a contingent liability of the Trust in the event of contract termination or asset disposition and represent approximately $14.7 million as being contingently payable to the Asset Manager. The respective Net Asset Value of the assets of the Trust have been reduced accordingly due to the treatment of the contingent liability.

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 years ended December 31, 2021 and December 31, 2020, Property Management Fees were $958,977 and $874,032 and Commercial Leasing Fees were $129,702 and $128,252, respectively.

For the twelve months ended December 31, 2021, Property Management Fees were higher than the amount reported at December 31, 2020 largely due to the various acquisitions as discussed above.

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 consolidated financial statements.

CAPITAL MANAGEMENT

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

The Trust's Declaration of Trust permits the Trust to incur or assume indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the Trust is not more than 75% of the gross book value of the

Trust's total assets. Gross Book Value ("GBV") is defined in the Declaration of Trust as "at any time, the book value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated subsidiaries may be used instead of book value." As at December 31, 2021 and December 31, 2020, the ratio of such indebtedness to gross book value was

45.9% and 51.6%, 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 years ended December 31, 2021 and December 31, 2020.

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 (note 7a)	$ 18,347,693	$ 54,138,820	$ 167,885,871	$ 240,372,384
Bank Indebtedness (note 6)	24,797,881	-	-	24,797,881
Tenant Rental Deposits	526,604	248,059	1,264,409	2,039,072
Distribution Payable	1,445,472	-	-	1,445,472
Land Lease Liability (note 7b)	36,584	38,871	183,127	258,582
Accounts Payable and Accrued Liabilities (note 5)	11,986,824	-	-	11,986,824
	$ 57,141,058	$ 54,425,750	$ 169,333,407	$ 280,900,216

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.

For the years ended December 31, 2021 and December 31, 2020, 290 and 509 Trust Units were issued, respectively, from treasury for total gross proceeds of $2,000 and $3,050, respectively, to Unitholders who elected to receive their distributions as 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 consolidated financial statements as at December 31, 2021 and December 31, 2020.

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 December 31, 2021 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 December 31, 2021. 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 year ended December 31, 2021 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, 2021 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, 2021 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, 2021 and accordingly should be read in conjunction with them.

SUBSEQUENT EVENTS

- On January 11, 2022, the Trust filed a final short form base shelf prospectus with the securities regulatory authorities in all provinces and territories of Canada that allows the Trust to offer and issue up to $250 million of trust units, debt securities, subscription receipts, warrants or units, or any combination of such securities, over a 25-month period.

- On January 20, 2022, the Trust closed a $9.8 million first mortgage with a Canadian Chartered Bank for three industrial properties located in Woodstock and Stratford, Ontario acquired on December 7, 2021. Terms of the mortgage are 3.95% interest rate with a 10 year amortization due June 10, 2032.

- On February 7, 2022, the Trust entered into an agreement to acquire a 50% interest in a multi-tenant industrial property located in Saint Laurent, QC. The acquisition price for 100% of the property is approximately $6.3 million, excluding transaction costs. The Trust's pro-rate portion of the transaction is $3.15 million, excluding transaction costs.

- On February 14, 2022, the Trust closed the previously announced acquisition of one multi-residential building located in Pointe Claire, Quebec for approximately $55 million, excluding transaction costs. The acquisition was financed with a new $39.5 million mortgage with a Canadian Chartered bank with the balancing being funded from existing liquidity facilities.

- On March 8, 2022, the Trust announced the acquisition of a 234,424 square foot six building multi-tenant industrial property for $36.5 million ($156/square foot). The property is located at Whitemud Drive NW and 97 Street in Edmonton Alberta. The Trust is a 50% participant in the acquisition. The acquisition will be financed, in part, with a new $23.7 million first mortgage from a Canadian Chartered Bank.

- On March 10, 2022, the Trust commenced trading its Trust Units on The Toronto Stock Exchange under the trading symbol "FCD.UN".

- On March 10, 2022, the Trust declared and approved monthly distributions in the amount of $0.0433 per Trust Unit for Unitholders of record on April 29, 2022, May 31, 2022 and June 30, 2022, payable on or about May 16, 2022, June 15, 2022 and July 15, 2022, 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 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 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 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, and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital should generally not be subject to the tax.

  The SIFT Rules do not apply to a "real estate investment trust" that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"). The Trust has reviewed the REIT Conditions and has assessed their interpretation and application to the Trust's assets and liabilities. The Trust believes that it has met the REIT Conditions throughout the relevant periods ended. There can be no assurances, however, that the Trust will continue to be able to satisfy the REIT Conditions in the future such that the Trust will not be subject to the tax imposed by the SIFT Rules.
- *FIXED COSTS AND INCREASED EXPENSES*
  The failure to maintain stable or increasing average monthly rental rates combined with acceptable occupancy levels would likely have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the Trust is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

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

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

- *UNITHOLDER RISK*
  There is a risk that FCPT's Unitholders could become subject to liability. The Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as Trustee or carrier shall be held to have any personal liability as such, and no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any Unitholder or annuitant for any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Trust property or the affairs of the Trust, including, without limitation, for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustees or any obligation which a Unitholder or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such, but rather the assets of the Trust only are intended to be liable and subject to levy or execution for satisfaction of such liability. Each Unitholder and annuitant under a plan of which a Unitholder acts as Trustee or carrier shall be entitled to be reimbursed out of the assets of the Trust in respect of any payment of a Trust obligation made by such Unitholder or annuitant. The Declaration of Trust further provides that, whenever possible, any written instrument creating an obligation which is or includes the granting by the Trust of a mortgage, and to the extent management of the Trust determines to be practicable, any written instrument which is, in the judgment of management of the Trust, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a Trustee or carrier, or Officers, employees or agents of the Trust, but that only property of the Trust or a specific portion thereof shall be bound; the Trust, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the Trust upon the acquisition of real property.

  Certain provinces have legislation relating to Unitholder liability protection, including British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec. To FCPT's knowledge, certain of these statutes have not yet been judicially considered and it is possible that reliance on such statute by a Unitholder could be successfully challenged on jurisdictional or other grounds.
- *DEPENDENCE ON FCRPI AND 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 and updated on August 12, 2021 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 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.

OUTLOOK

Moving forward, we will continue to monitor and assess the impacts to the economy that affect the performance of our portfolio. Supply chain issues and government stimulus have resulted in the current inflationary environment which is expected to continue as the federal and provincial governments begin to exit the past two years of COVID 19 restrictions. As interest rates are expected to rise in the shorter end of the yield curve, we may see some short-term impacts to our cash flow, but this will be offset over time by rising rental rates across most of our portfolio. We still continue to see strong demand and increasing rental rates across our Ontario and Quebec industrial portfolio and continued demand for space across our convenience retail portfolio that has allowed us to produce steady cashflow across those portfolios. Even with the current interest rate environment, mortgage rates are still extremely attractive and in line with our average mortgage rates across the portfolio.

The Trust currently has sufficient liquidity not only to meet our operational needs through 2022 and to fund our current acquisition and development projects. We believe that the Trust is well positioned for growth with our leverage below our target range of 55% to 65%.

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 continue to slowly reduce its exposure to its non-core retail assets when opportunities exist to create a more balanced property portfolio demonstrated by the sales and acquisitions completed in 2021. The Trust expects to grow predominately through acquisitions during 2022 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.

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Firm Capital Property Trust,

Opinion

We have audited the consolidated financial statements of Firm Capital Property Trust (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2021 and December 31, 2020
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated balance sheets of the Entity as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2021".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2021" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Saqib Jawed.

Toronto, Canada

March 10, 2022

FIRM CAPITAL PROPERTY TRUST

Consolidated Balance Sheets

	Notes		December 31, 2021		December 31, 2020
Assets					
Non-current Assets:					
Investment Properties	4	$	563,351,618	$	449,427,393
Note Receivable	4		700,000		-
Total Non-Current Assets			564,051,618		449,427,393
Current Assets:					
Accounts Receivable			2,984,658		2,959,845
Prepaid Expenses, Deposits and Other Assets			3,221,129		2,200,191
Restricted Cash			202,548		204,188
Cash and Cash Equivalents			5,895,961		5,685,951
Assets Held For Sale	4		-		20,043,100
Total Current Assets			12,304,296		31,093,275
Total Assets		$	576,355,914	$	480,520,668
Liabilities and Unitholders' Equity					
Current Liabilities:					
Mortgages	7(a)		17,985,158		18,315,337
Bank Indebtedness	6		24,797,881		20,538,051
Accounts Payable and Accrued Liabilities	5		11,986,824		5,853,900
Land Lease Liability	7(b)		36,584		34,432
Distribution Payable			1,445,472		1,222,914
Tenant Rental Deposits			526,604		336,537
Total Current Liabilities			56,778,523		46,301,171
Non-current Liabilities:					
Mortgages	7(a)		221,927,599		209,204,285
Land Lease Liability	7(b)		221,998		258,110
Tenant Rental Deposits			1,512,468		1,305,148
Total Non-current Liabilities			223,662,065		210,767,543
Total Liabilities			280,440,588		257,068,714
Unitholders' Equity	8		295,915,326		223,451,954
Total Liabilities and Unitholders' Equity		$	576,355,914	$	480,520,668
Commitments and Contingencies	16				

FIRM CAPITAL PROPERTY TRUST

Consolidated Statements of Income and Comprehensive Income

For the Years Ended December 31, 2021 and December 31, 2020

	Notes	December 31, 2021	December 31, 2020
Net Operating Income			
Rental Revenue	9	$ 46,430,420	$ 44,536,342
Property Operating Expenses	11	(16,214,484)	(15,999,734)
		$ 30,215,936	$ 28,536,608
Interest and Other Income		59,924	51,962
Expenses:			
Finance Costs	10	9,180,319	8,395,027
General and Administrative	11	6,286,242	4,216,820
		15,466,561	12,611,847
Income Before Fair Value Adjustments		$ 14,809,299	$ 15,976,723
Fair Value Adjustments - Gain/(Loss):			
Investment Properties	4	47,415,353	(582,302)
Sale of Investment Properties	4	(2,108,241)	9,097
Unit-based Compensation	8(g)	(1,728,517)	427,609
Net Income and Comprehensive Income		$ 58,387,894	$ 15,831,127

See accompanying Notes to Consolidated Financial Statements.

FIRM CAPITAL PROPERTY TRUST

Consolidated Statements of Changes in Unitholders' Equity
For the Years Ended December 31, 2021 and December 31, 2020

	Notes	Trust Units (Note 8)	Retained Earnings	Unitholders' Equity
Unitholders' Equity, December 31, 2019		$ 174,029,262	$ 55,009,813	$ 229,039,075
Issuance Costs		(147,331)	-	(147,331)
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(h)	3,050	-	3,050
Net Income and Comprehensive Income		-	15,831,127	15,831,127
Distributions	8(i)	-	(15,012,088)	(15,012,088)
Unitholders' Equity, December 31, 2020		$ 167,623,102	$ 55,828,852	$ 223,451,954
Issuance of Units, Net of Issuance Costs	8(f)	27,061,992	-	27,061,992
Options Exercised	8(c)	3,378,669	-	3,378,669
Issuance of Units from Distribution Reinvestment Plan	8(h)	2,000		2,000
Net Income and Comprehensive Income		-	58,387,894	58,387,894
Distributions	8(i)	-	(16,367,183)	(16,367,183)
Unitholders' Equity, December 31, 2021		$ 198,065,763	$ 97,849,563	$ 295,915,326
Trust Units Outstanding	8(a)			34,011,117

See accompanying Notes to Consolidated Financial Statements.

FIRM CAPITAL PROPERTY TRUST

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2021 and December 31, 2020

	Notes	December 31, 2021	December 31, 2020
Cash Flows from (used in) Operating Activities			
Net Income		$ 58,387,894	$ 15,831,127
Fair Value Adjustments - Gain/(Loss):			
Investment Properties	4	(47,415,353)	582,302
Sale of Investment Properties	4	2,108,241	(9,097)
Unit-Based Compensation	8(g)	1,728,517	(427,609)
Finance Costs, Net of Interest and Other Income	10	8,311,501	8,278,210
Finance Fee Amortization	10	982,503	343,273
Non-cash Interest Expense	10	(173,609)	(278,418)
Land Lease Amortization	7(b)	(33,960)	68,502
Straight-line Rent Adjustment	4, 9	(341,825)	(393,356)
Change in Non-Cash Operating Working Capital:			
Accounts Receivable		(685,291)	(656,389)
Prepaid Expenses, Deposits and Other Assets		(691,774)	(524,346)
Restricted Cash		1,640	(11,750)
Accounts Payable and Accrued Liabilities	5	4,287,787	(526,887)
Tenant Rental Deposits		134,361	48,493
		$ 26,600,632	$ 22,324,059
Cash Flows from (used in) Financing Activities			
Issuance of Units, Net of Issuance Costs	8	30,442,661	(144,281)
Normal Course Issuer Bid	8(d)	-	(4,146,879)
Redemption of Trust Units	8(e)	-	(2,115,000)
Increase in Bank Indebtedness	6	4,259,830	20,538,051
Mortgages, Repayments	7(a)	(19,375,759)	(53,440,610)
Mortgages, Issuances	7(a)	30,960,000	44,250,000
Finance Costs Paid		(412,386)	(477,429)
Cash Interest Paid, Net of Other Income		(8,292,267)	(8,286,470)
Cash Distributions Paid	8(i)	(16,144,625)	(15,014,949)
		$ 21,437,454	$ (18,837,566)
Cash Flows from (used in) Investing Activities			
Net Proceeds From Sale of Investment Properties	4	25,824,859	43,120
Acquisitions and Capital Expenditures	3,4	(73,652,935)	(10,590,258)
		$ (47,828,076)	$ (10,547,138)
Increase/(Decrease) in Cash and Cash Equivalents		210,010	(7,060,643)
Cash and Cash Equivalents, Beginning of Year		5,685,951	12,746,594
Cash and Cash Equivalents, End of Year		$ 5,895,961	$ 5,685,951

See accompanying Notes to Consolidated 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 consolidated financial statements were approved by the Board of Trustees on March 10, 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries. The financial statements of the subsidiaries which include FCPLP, 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 consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars, which is the Trust's functional currency. The consolidated financial statements are prepared on the historical cost basis with the exception of investment properties 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 these consolidated financial statements unless otherwise indicated.

(d) Co-Ownership Arrangement

The Trust currently is a co-owner in fifteen 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 interest as at December 31, 2021 are as outlined below:

Investment Properties	Joint Arrangement Interest
Centre Ice Retail Portfolio (1)	70%
Waterloo Industrial Portfolio (1)	70%
Edmonton Apartment Complex (1)	70%
Lower Sackville Apartment Complex (1)	70%
Montreal Industrial Portfolio (1)	50%
Edmonton Industrial Portfolio (1)	50%
Ottawa Apartment Complex (1)	50%
Crombie Retail Portfolio	50%
FCR Retail Portfolio	50%
Gateway Retail Property (1)	50%
Mountview Manufactured Homes Communities (1)	50%
Hidden Creek Manufactured Homes Communities (1)	50%
The Whitby Mall (1)	40%
Thickson Place (1)	40%
Eglinton Ave West Commercial (1)	40%

(1) Pursuant to the Declaration of Trust, the asset manager (see note 12(a)) is only obligated to request the Trust to participate in up to 50% of a property acquisition. The above list the Trust's ownership interest in the respective properties. Entities that are related to and associated with the asset manager and Property Manager and Members of the Board of Trustees are invested along-side the Trust in those properties on the same terms as those applicable to the Trust.

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

(e) Restricted Cash
The Trust holds a restricted cash balance which relates to an escrow account to be applied for property tax purposes.

(f) Investment Properties
The Trust uses the fair value method to account for real estate classified as investment property. The Trust's investment properties are principally held to earn rental income or for capital appreciation, or both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in fair value are recognized in profit and loss during the period in which they arise.

The Trust determines the estimated fair value of the investment properties based on the overall capitalization method. Under the overall capitalization method, year one net operating income is stabilized, incorporates allowances for vacancy, management fees and structural reserves for tenant inducements and capital expenditures to which a capitalization rate is applied that is deemed appropriate for each investment property.

Subsequent capital expenditures are capitalized to the investment property only when it is probable that the future economic benefits of the expenditure will flow to the Trust and the cost can be measured reliably.

(g) Assets Held for Sale
An investment property is classified as held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property, and its sale must be highly probable, generally within one year. Upon designation as held for sale, the investment property continues to be measured at fair value and is presented separately on the consolidated balance sheets.

(h) Unitholders' Equity
The Trust Units are redeemable at the option of the holder and, therefore, are considered puttable instruments in accordance with International Accounting Standard 32 (IAS 32) and as further described in note 8(b). Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case, puttable instruments may be presented as equity. To be presented as equity, a puttable instrument must meet all of the following conditions: (i) it must entitle the holder to a pro rata share of the entity's net assets in the event of the entity's dissolution; (ii) it must be in the class of instruments that is subordinate to all other instruments; (iii) all instruments in the class must have identical features; (iv) other than the redemption feature, there can be no other contractual obligations that meet the definition of a liability; and (v) the expected cash flows for the instrument must be based substantially on the profit or loss of the entity or change in fair value of the instrument. This is called the "Puttable Instrument Exemption". The Trust Units meet the Puttable Instrument Exemption criteria and accordingly are presented as equity in the consolidated financial statements. The distributions on Trust Units are deducted from retained earnings. Additional information regarding Unitholders' Equity is in note 8 of these consolidated financial statements.

(i) Unit-Based Compensation
The Trust has a unit option plan as outlined in note 8(g), granted to senior management and the Board of Trustees of the Trust, which provides holders with the right to receive Units, which are puttable by the holder to the Trust. The unit option plan is accounted for as cash-settled award and the Trust measures these amounts at fair value at the grant date, and compensation expense is recognized over the vesting period. The fair values of the unit options are determined at each reporting period and the change in fair value of the related liability is recognized as a fair value adjustment to financial instruments in profit or loss. Unit-based compensation is classified as a financial liability.

(j) Revenue Recognition
The Trust has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue from investment properties includes rents earned from tenants under lease agreements, realty tax and operating cost recoveries and other incidental income. Base rents are recognized as revenue on a straight-line basis over the term of the underlying leases. The Trust also earns interest income from its cash and recognizes this income when earned.

The Trust enters as a lessor into lease agreements that fall within the scope of IFRS 16, "Leases" ("IFRS 16") which are classified as operating leases. The Trust's revenues are earned from lease contracts with tenants and include both a lease component and a non-lease component. The Trust recognizes revenue from lease components on a straight-line basis over the lease term, including the recovery of property tax and insurance, and is included in revenue in the consolidated statements of income due to its operating nature, except for contingent rental income which is recognized when it arises. An accrued straight-line rent receivable is recorded from tenants for the difference between the straight-line rent over the lease term and the rent that is contractually due from the tenant.

The lease agreements include certain services offered to tenants such as cleaning, utilities, security, landscaping, snow removal, property maintenance costs, as well as other support services. The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. The Trust has determined that these services constitute a distinct non-lease component (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15, "Revenue from Contracts with Customers". These property management services are considered a single performance obligation and are recognized in the period that recoverable costs are incurred or services are performed.

(k) Leasing Costs

Amounts expended to meet the Trust's obligations under lease contracts are characterized as either tenant improvements, which enhance the value of the property, or lease inducements. When the obligation is determined to be a tenant improvement, the Trust is considered to have acquired an asset. Accordingly, tenant improvements are capitalized as part of investment property. When the obligation is determined to be a lease inducement, the amount is recognized as an asset and is deferred and amortized over the term of the lease as a reduction of revenue.

Leasing commissions incurred by the Trust in negotiating and arranging tenant leases are added to the carrying amount of investment properties.

(l) 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 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 the Trust will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in the consolidated financial statements.

(m) Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. The estimates used in determining the recorded amount for assets and liabilities in the consolidated financial statements include the following:

Investment Properties – In applying the Trust's policy with respect to investment properties, estimates and assumptions are required to determine the valuation of investment properties under the fair value model. The estimates used when determining the fair value of investment properties are capitalization rates and stabilized net operating income. Management determines fair value utilizing financial information, external market data and capitalization rates provided by independent industry experts and in certain cases, third party appraisals, if any. For additional details, please refer to note 4 of these consolidated financial statements.

Unit-Based Compensation – The Trust has a unit option plan, which provides holders with the right to receive trust units, which are puttable. The Trust measures these amounts at fair value at the grant date and compensation expense is recognized over the vesting period. The amounts are fair valued at each reporting period and the change in fair value is recognized as compensation expense. The unit-based compensation is presented as a liability.

Fair value of financial instruments – The fair value of financial instruments is estimated as the amount for which an instrument could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The critical estimates and assumptions underlying the fair value of financial instruments are described herein in these consolidated financial statements.

(n) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts reported in the consolidated financial statements is as follows:

Accounting for Acquisitions – Management must assess whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment impacts the accounting treatment of transaction costs, the allocation of the costs associated with the acquisition and whether or not goodwill is recognized. The Trust’s acquisitions are generally determined to be asset purchases as the Trust does not acquire an integrated set of processes as part of the acquisition transaction.

Joint Arrangements – The Trust's policy for its joint arrangements is described in Note 2(d). In applying this policy, the Trust makes judgments with respect to whether the Trust has joint control and whether the arrangements are joint operations or joint ventures.

Classification of Trust Units as liabilities and equity – The Trust's accounting policies relating to the classification of Units as liabilities and equity are described in Note 2(h) and 2(i). The critical judgments inherent in these policies relate to applying the criteria set out in IFRS 9, "Financial Instruments Presentation", relating to the Puttable Instrument Exemption.

Leases – The Trust's policy for revenue recognition is described in Note 2(k). In applying this policy, the Trust makes judgments with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased property which determines whether such amounts are treated as additions to investment property or incentives resulting in an adjustment to revenue. The Trust also makes judgments in determining whether certain leases are operating or finance leases. All tenant leases where the Trust is a lessor have been determined to be operating leases.

Income Taxes – Under current tax legislation, a real estate investment trust is not liable to pay Canadian income taxes provided its taxable income is fully distributed to unitholders in the year. The Trust has reviewed the REIT Conditions and has assessed their interpretation and application to the Trust’s assets and revenue, and it has determined that it qualifies as a real estate investment trust. The Trust intends to continue to qualify as a real estate investment trust and to make distributions not less than the amount necessary to ensure the Trust will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in the consolidated financial statements. The Trust expects to continue to qualify as a real estate investment trust under the Tax Act; however, should it no longer qualify it would not be able to flow through its taxable income to unitholders and the Trust would therefore be subject to tax.

(o) Financial Instruments

IFRS 9 addresses the classification and measurement of financial assets and liabilities and introduces new rules for hedge accounting. IFRS 9 also includes a new impairment model based on an expected loss model which may result in earlier recognition of credit losses.

The Trust recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value plus or minus directly attributable transaction costs when a financial asset or financial liability is not recognized at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequent measurement depends on the initial classification of the financial asset or financial liability.

The classification of financial assets depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified and measured based on the following categories:

- Amortized cost
- Fair value through other comprehensive income (“FVOCI”)
- Fair value through profit or loss (“FVTPL”)

(in Canadian dollars)

The following summarizes the Trust's classification of financial assets and liabilities:

	Note	Classification
Financial Assets		
Accounts Receivable		Amortized cost
Deposits and Other Assets		Amortized cost
Restricted Cash		Amortized cost
Cash and Cash Equivalents		Amortized cost
Financial Liabilities		
Distribution Payable		Amortized cost
Bank Indebtedness	6	Amortized cost
Accounts Payable and Accrued Liabilities	5	Amortized cost
Tenant Rental Deposits		Amortized cost
Mortgages	7(a)	Amortized cost
Land Lease Liability	7(b)	Amortized cost
Unit Based Option Liabilities	8(g)	FVTPL
Deferred Trust Units	8(g)	FVTPL

IFRS 9 also outlines a forward looking "expected credit loss" (ECL) model. For trade receivables, the Trust applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure ECL's related to trade receivables, includes assessing credit risk characteristics and the days past due. The Trust has concluded that there was no significant impact to financial assets in connection with the ECL model under IFRS 9.

3. Acquisition of Investment Properties

On March 16, 2021, the Trust closed the acquisition of a 50% interest in Manufactured Housing Communities 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.

On May 3, 2021, the Trust closed the acquisition of a 70% interest in two multi-residential buildings located in Edmonton, Alberta. The acquisition price for the Trust's portion of the portfolio was $17,472,000 (including transaction costs). In addition, accounts receivable of $6,725, prepaid expenses of $155 and tenant rental deposits of $45,422 were assumed as part of the acquisition. The Edmonton Property financed with a new $17,000,000 mortgage with a Canadian Chartered Bank (the Trust's portion was $11,900,000).

On May 5, 2021, the Trust closed the acquisition of a 70% interest in three multi-residential buildings located in Lower Sackville, Nova Scotia. The acquisition price for the Trust's portion of the portfolio was $12,789,000 (including transaction costs). In addition, accounts receivable of $19,276, prepaid expenses of $3,459 and tenant rental deposits of $89,050 were assumed as part of the acquisition. The Lower Sackville Property was financed with a new $13,650,000 mortgage with a Canadian Chartered Bank (the Trust's portion was $9,555,000).

On August 4, 2021, the Trust closed the acquisition of a 50% interest in Manufactured Housing Communities located in McGregor, Ontario. The acquisition price for the Trust's portion of the portfolio was $5,419,190 (including transaction costs). In addition, accounts receivable of $299 and accounts payable of $45,200 were assumed as part of the acquisition.

On September 28, 2021, the Trust closed the acquisition of a 40% interest in a single tenant retail property located in Toronto, Ontario, (Eglinton Avenue West Commercial). The acquisition price for the Trust's portion of the property was $9,974,558 (including transaction costs). In addition, prepaid expenses of $12,289 were assumed as part of the acquisition.

On December 7, 2021, the Trust closed the acquisition of three industrial properties located in Woodstock, Ontario and Stratford, Ontario. The acquisition price of the properties was $15,341,533 (including transaction costs). In addition, accounts receivable of $6,028, accounts payable of $20,702 and tenant rental deposits of $89,325 were assumed as part of the acquisition.

(in Canadian dollars)

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:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Investment Properties, including Acquisition Costs	$ 69,649,438	$ 5,421,503
Accounts Receivable	39,522	2,034
Prepaid Expenses	15,903	1,413
Accounts Payable	(97,386)	(21,797)
Tenant Rental Deposits	(263,026)	(38,668)
Net Assets Acquired	$ 69,344,451	$ 5,364,485
Consideration Paid/Funded By:		
Cash and Bank Indebtedness	$ 47,889,451	$ 5,364,485
New Mortgages	21,455,000	-
	$ 69,344,451	$ 5,364,485

4. Investment Properties

	Retail and Commercial	Core Service Provider Office	Industrial	Multi-residential	Manufactured Housing Communities	Total
December 31, 2019	$ 336,292,371	$ 5,339,600	$ 97,737,999	$18,407,747	$ -	$457,777,717
Acquisitions	-	-	5,421,503	-	-	5,421,503
Dispositions	-	-	(34,024)	-	-	(34,024)
Capital Expenditures	3,421,759	65,000	1,624,443	114,569	-	5,225,771
Straight-line Rents	1,404,891	1,425	255,512	-	-	1,661,828
Transfers	(20,043,100)	-	-	-	-	(20,043,100)
Fair Value Adjustment	(8,436,436)	(73,749)	6,421,704	1,506,179	-	(582,302)
December 31, 2020	$ 312,639,485	$ 5,332,276	$111,427,137	$20,028,495	$ -	$449,427,393
Acquisitions	9,974,558	-	15,341,533	30,261,000	14,072,347	69,649,438
Dispositions[1]	(7,890,000)	-	-	-	-	(7,890,000)
Capital Expenditures	1,622,827	18,057	2,073,666	593,936	-	4,308,485
Straight-line Rents	225,408	1,022	214,518	-	-	440,949
Fair Value Adjustment	4,857,860	(62,998)	42,394,636	225,855	-	47,415,353
December 31, 2021	$ 321,430,138	$ 5,288,357	$171,451,490	$51,109,286	$14,072,347	$563,351,618

[1] Dispositions amounts are net of assets held for sale

For the year ended December 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 to which a capitalization rate is applied that is deemed appropriate for 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.

(in Canadian dollars)

Capitalization rates used in the valuation of investment properties as of December 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 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 estimated 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. During the year December 31, 2021, approximately 27% of the portfolio has been independently appraised (10% during December 31, 2020). 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	3	$ 61,790,000	$ 39,753,000	-	$ -	$ -
Q2	26	180,600,000	90,300,000	2	14,465,000	14,465,000
Q3	1	10,850,000	5,425,000	3	29,820,000	29,820,000
Q4	3	15,440,000	15,440,000	-	-	-
Total	33	$ 268,680,000	$ 150,918,000	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:

December 31, 2021	**Retail & Commercial**	**Core Service Provider Office**	**Industrial**	**Multi-Residential**	**Manufactured Housing Communities**	**Weighted Average**
Capitalization Rate Range	3.0% - 7.50%	7.00%	3.95% - 6.50%	4.65% - 5.00%	5.75%	5.56%
Weighted Average Capitalization Rate	6.10%	7.00%	4.69%	4.88%	5.75%	5.56%

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%	n.a.	6.02%
Weighted Average Capitalization Rate	6.24%	7.00%	5.54%	5.06%	n.a.	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:

Weighted Average		**Change in Investment Valuation**
Capitalization Rate	25 basis point increase	$ (25,200,000)
Capitalization Rate	25 basis point decrease	27,800,000

(in Canadian dollars)

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:
For the year ended December 31, 2020, the Trust had entered disposition agreements for assets held in the Centre Ice Retail Portfolio and were recorded as assets held for sale at its fair market value of approximately $20.0 million. No assets were being held for sale as at December 31, 2021.

Loss On Sale of Investment Properties:
During the year ended December 31, 2021, the Trust completed sales of twelve retail properties from the Centre Ice Retail Portfolio, for gross proceeds of approximately $31.3 million. The Trust's pro-rata share of the gross proceeds was $21.9 million. The Trust recognized a loss on sale of $1.7 million related to transaction costs.

For the year ended December 31, 2021, the Trust completed the sale of its 100% owned retail commercial property located in Hanover, Ontario for gross proceeds of approximately $6.0 million. The Trust recognized a loss on sale of approximately $0.4 million related to transaction costs.

Note Receivable:
As part of one of the dispositions of the Centre Ice Retail Portfolio properties in 2021, the 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 December 31, 2021.

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as at December 31, 2021 and as at December 31, 2020 were $11,986,824 and $5,853,899, respectively, and consist of the following:

	December 31, 2021	December 31, 2020
Utilities, Repairs and Maintenance, Other	$ 6,875,946	$ 4,199,074
Due to Asset and Property Manager (notes 12(a) and 12(b))	2,201,617	533,058
Accrued Interest Expense	422,018	376,541
Option Liabilities (note 8(g))	2,473,672	745,226
Deferred Trust Units (note 8(g))	13,571	-
Accounts Payable and Accrued Liabilities	$ 11,986,824	$ 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 December 31, 2021, the total amount available under the Facility was $19.0 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 December 31, 2021 and December 31, 2020 were $14,797,896 and $2,038,051, 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 December 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 December 31, 2021 and December 31, 2020 were $9,999,985 and $18,500,000, respectively.

(in Canadian dollars)

7. Non-current Liabilities

(a) Mortgages

As at December 31, 2021, total outstanding mortgages were $239,912,757 ($227,519,622 as at December 31, 2020), net of unamortized financing costs of $832,014 ($1,303,922 as at December 31, 2020), offset by a $372,387 ($545,996 as at December 31, 2020) mark to market adjustment with a weighted average interest rate of approximately 3.3% (3.4% as at December 31, 2020) and weighted average repayment term of approximately 3.2 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
2022	6,421,382	11,926,311	18,347,693	7,516,500
2023	5,716,246	48,422,574	54,138,820	6,440,319
2024	3,203,871	87,308,823	90,512,694	3,560,795
2025	2,139,504	12,098,184	14,237,688	2,119,506
2026	1,376,458	41,942,210	43,318,668	1,865,188
Thereafter	2,472,778	17,344,043	19,816,821	2,734,817
Face Value	$ 21,330,239	$ 219,042,145	$ 240,372,384	$ 22,783,112
Unamortized Financing Costs			(832,014)	
Mark to Market on Assumed Mortgages			372,387	
Total Mortgages			**$ 239,912,757**	

	December 31, 2021	December 31, 2020
Current:		
Mortgages	$ 18,347,693	$ 18,627,015
Unamortized Financing Costs	(471,909)	(485,287)
Mark to Market on Assumed Mortgages	109,374	173,609
	$ 17,985,158	$ 18,315,337
Non-Current:		
Mortgages	$ 222,024,691	$ 209,650,533
Unamortized Financing Costs	(360,105)	(818,635)
Mark to Market on Assumed Mortgages	263,013	372,387
	$ 221,927,599	$ 209,204,285
	$ 239,912,757	$ 227,519,622

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

	Cash and Cash Equivalents	Bank Indebtedness	Mortgages	Net Debt
As at December 31, 2020	$ 5,685,951	$ (20,538,051)	$ (227,519,622)	$ (242,371,722)
Cash Flows	(2,836,713)	(4,259,830)	(11,584,241)	$ (18,680,784)
Non-cash Changes	3,046,723	-	(808,894)	$ 2,237,829
As at December 31, 2021	$ 5,895,961	$ (24,797,881)	$ (239,912,757)	$ (258,814,677)

(in Canadian dollars)

(b) Land Lease Liability
On May 9, 2019, as part of the FCR Retail Portfolio 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 6.13% 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
2022	$ 258,582	$ (50,520)	$ 13,936	$ 221,998
2023	221,998	(50,520)	11,650	183,128
2024	183,128	(50,520)	9,220	141,828
2025	141,828	(50,520)	6,639	97,946
2026	97,946	(50,520)	3,896	51,322
Thereafter	51,322	(46,109)	1,126	6,339

	December 31, 2021
Current	$ 36,584
Non-Current	221,998
Total	$ 258,582

8. Unitholders' Equity

(a) Issued and Outstanding

	Number of Units	Amount
Balance, December 31, 2019	30,644,385	$ 174,029,262
Normal Course Issuer Bid (note 8(d))	(795,200)	(4,146,879)
Less: Issuance Costs	-	(147,331)
Redemption (note 8(e))	(500,000)	(2,115,000)
Issuance of Units from Distribution Reinvestment Plan (note 8(h))	509	3,050
Balance, December 31, 2020	29,349,694	167,623,102
Options Exercised (note 8(c))	553,333	3,378,669
Issuance of Units from Distribution Reinvestment Plan (note 8(h))	290	2,000
Public Equity Offering (note 8(f))	4,107,800	27,061,992
Balance, December 31, 2021	34,011,117	$ 198,065,763

(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 year ended December 31, 2021, 553,333 Trust unit options at a weighted average price of $6.11 per Trust Unit were exercised for gross proceeds of approximately $3,378,669. No options were exercised in 2020.

(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% from the then public float. The bid commenced on April 8, 2020 and ended on April 7, 2021. The Trust repurchased nil Trust Units in 2021 (795,200 Trust Units during 2020 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 occurred in 2021.

(f) Public Equity Offering
On June 8, 2021, the Trust completed a public equity offering of 4,107,800 Trust Units at a price of $7.00 per Trust Unit for gross proceeds of approximately $28.8 million ($27.1 million, net of closing costs).

(g) Unit-Based Liabilities

Option 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 December 31, 2021, the Trust has 2,225,000 Trust Unit options issued and outstanding at a fair market value of $2,473,672 consisting of the following issuances:

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 December 31, 2021 was 515,000 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 December 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 December 31, 2021 was 1,290,000 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 December 31, 2021 was 350,000 Trust unit options.

On March 15, 2021, the Trust granted 10,000 Trust Unit options at a weighted average exercise price of $6.75 per Trust Unit. 3,333 unit options fully vest on the date of the grant with the remaining 6,667 vesting over the following 2 years and expire on March 15, 2026.

Unit-based compensation related to the aforementioned unit options stands at an expense of $1,728,517 for the year ended December 31, 2021 (a recovery $427,609 for the year ended December 31, 2020). Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	As at December 31, 2021	As at December 31, 2020
Expected Option Life (Years)	2.4	1.0
Risk Free Interest Rate	1.04%	0.17%
Distribution Yield	6.55%	7.96%
Expected Volatility	20.00%	20.00%

(in Canadian dollars)

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 grants were $0.40, $0.36, $0.34 and $0.16 per unit option for March 26, 2018, November 8, 2018, August 14, 2019 and December 1, 2020 issuances, respectively.

Deferred Trust Units
On August 1, 2018, the Trust adopted a Deferred Trust Unit ("DTU") plan. Under the terms of the plan, any units issued must be issued at a unit price which is at the volume weighted average trading price of the units on the TSXV for the five days trading immediately preceding the date on which DTUs are granted. Distributions equivalents are awarded in respect of the DTU holders on the same basis as unitholders and credited to the DTU holders account as additional DTUs. As at December 31, 2021, the outstanding liability was $13,571 (nil as at December 31, 2020).

(h) 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 years ended December 31, 2021 and December 31, 2020, 290 and 509 Trust Units were issued, respectively, from treasury for total gross proceeds of $2,000 and $3,050, respectively, to Unitholders who elected to receive their distributions in units under the DRIP.

(i) Distributions
For the year ended December 31, 2021, distributions of $0.0425 per unit were declared each month commencing in January 2021 through to December 2021, resulting in total distributions declared of $16,367,183 . For the year ended December 31, 2020, distributions of $0.041667 per unit were declared each month commencing in January 2020 through to December 2020 resulting in total distributions declared of $15,012,088.

9. Rental Revenue

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

Revenue		
Within one year	$	28,606,607
Later than one year and not longer than five years		70,464,689
Thereafter		21,293,044
	$	120,364,340

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.

During the year the Trust has negotiated rental abatements and amendments with some of its tenants that were not eligible for CECRA relief. In the cases where rents were deferred but not forgiven, rental revenue has continued to be recognized on a straight-line basis and an expected credit loss expense has been recognized as applicable.

(in Canadian dollars)

Revenue is comprised of the following:

	December 31, 2021	December 31, 2020
Base Rent	$ 32,046,595	$ 29,710,700
Operating Costs Recoveries	6,481,728	6,388,535
Tax Recoveries	7,560,272	8,043,751
Straight Line Rent	440,950	481,186
Free Rent	(99,125)	(87,830)
	$ 46,430,420	$ 44,536,342

10. Finance Costs

Finance costs for the years ended December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Mortgage Interest	$ 8,074,672	$ 7,957,034
Bank Indebtedness Interest	296,753	373,138
Finance Fee Amortization	982,503	343,273
Non-cash Interest Expense	(173,609)	(278,418)
Finance Costs	$ 9,180,319	$ 8,395,027

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 years ended December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Realty Taxes	$ 8,443,377	$ 8,747,867
Property Management Fees (note 12(b))	1,836,128	1,753,197
Operating Expenses	5,934,979	5,498,670
Property Operating Expenses	$ 16,214,484	$ 15,999,734

	December 31, 2021	December 31, 2020
Asset Management Fees (note 12(a))	$ 2,852,946	$ 2,734,468
Performance Incentive Fees (note 12(a))	2,118,237	457,628
Public Company Expenses	311,480	265,564
Office and General	1,003,579	759,160
General and Administrative	$ 6,286,242	$ 4,216,820

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. On August 12, 2021, the contract was extended for a further ten year term with successive five year renewal 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, refinancing and structuring of financings for the Trust's investment properties and future acquisitions; (ii) identify, recommend and negotiate the purchase price for acquisitions and dispositions; (iii) prepare budgets and financial forecasts for the Trust and future acquisitions; (iv) 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") as defined in the Asset Management Agreement once AFFO exceeds $0.40 per Unit (including any gains and losses on the disposition of real estate properties calculated as gross proceeds less the actual cost of real estate including capitalized additions).

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.

v. Disposition Fees: The Trust pays with respect to a disposition by the Trust at a price that is excess of the average IFRS carrying value of the Property over the preceding four quarters in which the sale occurred, a fee (the "Disposition Fee") equal to 0.5% of the sale price to 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 years ended December 31, 2021 and December 31, 2020, Asset Management Fees were $2,852,946 and $2,734,468; Acquisition Fees were $514,554 and $40,219; Placement Fees were $140,787 and $165,625 and Performance Incentive Fees were $2,118,237 and $457,628, 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 December 31, 2021, $2,118,237 ($457,628 as at December 31, 2020) was due on demand 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) recover all operating costs as required under various tenant lease arrangements; (ix) prepare all property operating and capital expenditure budgets; and (x) 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 years ended December 31, 2021 and December 31, 2020, Property Management Fees were $958,977 and $874,032 and Commercial Leasing Fees were $129,702 and $128,252 , respectively.

As at December 31, 2021, $83,380 ($75,431 as at December 31, 2020) was due to FCPMC and has been accounted for in accounts payable and accrued liabilities.

(in Canadian dollars)

(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 year ended December 31, 2021, $22,320 ($22,320 year ended December 31, 2020) of base rent was paid on this lease.

(d) Co-Ownership Arrangement

The Trust currently is a co-owner in fifteen 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. Please refer to Note 2(d) - Summary of Significant Accounting Policies for details over the co-ownership schedule.

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 year ended December 31, 2021, total trustee's fee expenses were $181,500 (2020 - $166,500) 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 based compensation plans and are disclosed in note 8(g).

13. Co-Ownership Property Interests

The Trust includes its proportionate share of the related assets, liabilities, revenue and expenses of the co-owned properties in the consolidated financial statements.

As at December 31, 2021

	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	$ 1,519,748	$ 10,784,548	$ 12,304,296	$ 21,492,901
Non-Current Assets	98,180,571	465,871,047	564,051,618	905,151,546
Total Assets	**$ 99,700,319**	**$ 476,655,595**	**$ 576,355,914**	**$ 926,644,447**
Current Liabilities	22,952,044	33,826,479	56,778,523	41,972,835
Non-Current Liabilities	19,384,928	204,277,137	223,662,065	$ 400,510,007
Total Liabilities	**$ 42,336,972**	**$ 238,103,616**	**$ 280,440,588**	**$ 442,482,842**
Total Owners' Equity	**$ 57,363,347**	**$ 238,551,979**	**$ 295,915,326**	**$ 484,161,605**

As at December 31, 2020

	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	$ 878,687	$ 30,214,588	$ 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**	**$ 392,624,794**	**$ 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	**$ 51,720,084**	**$ 171,731,870**	**$ 223,451,954**	**$ 346,417,717**

(in Canadian dollars)

	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
			Year Ended December 31, 2021	
Net Operating Income				
Rental Revenue	$ 7,506,134	$ 38,924,286	$ 46,430,420	$ 75,042,204
Property Operating Expenses	(2,780,226)	(13,434,258)	(16,214,484)	(26,472,021)
	4,725,908	25,490,028	30,215,936	48,570,183
Interest and Other Income	7,762	52,162	59,924	90,353
Expenses:				
Finance Costs	1,646,902	7,533,417	9,180,319	14,002,774
General and Administrative	5,049,516	1,236,726	6,286,242	2,221,717
	6,696,418	8,770,143	15,466,561	16,224,491
Income Before Fair Value Adjustments	(1,962,748)	16,772,047	14,809,299	32,436,045
Fair Value Adjustments:				
Investment Properties	1,521,853	45,893,500	47,415,353	94,367,903
Gain/Loss on Sale of Investment Properties	(472,818)	(1,635,423)	(2,108,241)	(2,336,319)
Unit-based Compensation (Expense)	(1,728,517)	-	(1,728,517)	-
Net Income and Comprehensive Income	$ (2,642,230)	$ 61,030,124	$ 58,387,894	$ 124,467,629

	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
			Year Ended December 31, 2020	
Net Operating Income				
Rental Revenue	$ 8,180,825	$ 36,355,517	$ 44,536,342	$ 70,932,167
Property Operating Expenses	(3,271,909)	(12,727,825)	(15,999,734)	(25,660,711)
	4,908,916	23,627,692	28,536,608	45,271,456
Interest and Other Income	20,200	31,762	51,962	65,839
Expenses:				
Finance Costs	1,208,803	7,186,224	8,395,027	14,189,391
General and Administrative	2,815,158	1,401,662	4,216,820	1,774,322
	4,023,961	8,587,886	12,611,847	15,963,713
Income Before Fair Value Adjustments	905,155	15,071,568	15,976,723	29,373,582
Fair Value Adjustments:				
Investment Properties	(2,142,352)	1,560,050	(582,302)	305,018
Gain on Sale of Investment Properties	-	9,097	9,097	12,995
Unit-based Compensation Recovery	427,609	-	427,609	-
Net Income and Comprehensive Income	$ (809,588)	$ 16,640,715	$ 15,831,127	$ 29,691,595

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 years ended December 31, 2021 and December 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

The Trust is subject to legal and other claims in the normal course of business. Although such matters cannot be predicted with certainty, management believes that any liability from such claims would not have a significant effect on the Trust's consolidated financial statements.

For the years ended December 31, 2021 and December 31, 2020, the Trust had no material commitments and contingencies other than those outlined above and 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 December 31, 2021 and December 31, 2020, the ratio of such indebtedness to gross book value was 45.9% and 51.6% 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 years ended December 31, 2021 and December 31, 2020.

In addition to the above key ratio, the Trust's mortgages has various covenants calculated as defined within these agreements. The Trust monitors these covenants and was in compliance as at December 31, 2021 and December 31, 2020.

(in Canadian dollars)

18. Risk Management and Fair Value of Financial Instruments

A. Risk Management:

The COVID-19 virus has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which, over the course of the pandemic, have included measures such as the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and full impact of the COVID-19 pandemic on the Trust is unknown at this time, as is the efficacy of the government's interventions. The extent of the effect of COVID-19 on the Trust's operational and financial performance will depend on numerous factors including the duration, spread, time frame and effectiveness of vaccination roll-out, all of which are uncertain and difficult to predict. As a result, it is not currently possible to ascertain the long-term impact of COVID-19 on the Trust's business and operations. Certain aspects of the Trust's business and operations that have been and will continue to be impacted include rental income, occupancy, tenant inducements and future demand for space. In the preparation of the consolidated financial statements, the Trust has incorporated the ongoing impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets.

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

The Trust is exposed to interest rate risk on its borrowings. It minimizes the risk by restricting debt to 75% of the GBV of the Trust's assets. The Trust has its bank indebtedness 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	**December 31, 2021**	December 31, 2020
Bank Indebtedness	**$ 247,979**	$ 185,000
Mortgages	**-**	109,958
	$ 247,979	$ 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 continual 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.

Accounts receivable balance is net of expected credit losses of $289,037 (2020 - $318,189).

As at December 31, 2021, the Trust had one tenant comprising 12.2% of rental revenues (11.4% as at December 31, 2020).

(in Canadian dollars)

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 maturities of the Trust's financial liabilities as at December 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 7a)	$ 18,347,693	$ 54,138,820	$ 167,885,871	$ 240,372,384
Bank Indebtedness (note 6)	24,797,881	-	-	24,797,881
Tenant Rental Deposits	526,604	248,059	1,264,409	2,039,072
Distribution Payable	1,445,472	-	-	1,445,472
Land Lease Liability (note 7b)	36,584	38,871	183,127	258,582
Accounts Payable and Accrued Liabilities (note 5)	11,986,824	-	-	11,986,824
	$ 57,141,058	$ 54,425,750	$ 169,333,407	$ 280,900,216

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:

	December 31, 2021		December 31, 2020
	Amortized Cost	FVTPL	FVTPL
Financial Assets			
Note Receivable	$ 700,000	$ 700,000	$ -
Accounts Receivable	2,984,658	2,984,658	2,959,845
Deposits and Other Assets	2,524,266	2,524,266	1,580,301
Restricted Cash	202,548	202,548	204,188
Cash and Cash Equivalents	5,895,961	5,895,961	5,685,951
Assets Held for Sale	-	-	20,043,100
Financial Liabilities			
Distribution Payable	$ 1,445,472	$ 1,445,472	$ 1,222,914
Accounts Payable and Accrued Liabilities (except Option and DSU Liabilities)	9,499,581	9,499,581	5,108,673
Land Lease Liability	258,582	258,582	292,542
Bank Indebtedness	24,797,881	24,797,881	20,538,051
Tenant Rental Deposits	2,039,072	2,039,072	1,641,685
Mortgages	239,912,757	241,417,222	227,787,112
Option Liabilities	-	2,473,672	745,226
DSU	-	13,571	-

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 $241.4 million (2020 - $227.8 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(g).

(in Canadian dollars)

19. Segmented Information

The Trust operates in five reportable segments: grocery anchored retail, non-grocery anchored retail, industrial, multi-residential 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	Year Ended December 31, 2021
Net Operating Income								
Rental Revenue	$ 26,023,441	$ 4,865,138	$ 11,136,093	$ 3,487,876	$ 578,670	$ 785,282	$ (446,080)	$ 46,430,420
Property Operating Expenses	(8,891,165)	(1,626,642)	(3,947,198)	(1,457,027)	(575,669)	(184,747)	467,964	(16,214,484)
	17,132,276	3,238,496	7,188,895	2,030,849	3,001	600,535	21,884	30,215,936
Interest and Other Income	17,798	25,853	9,160	254	-	577	6,282	59,924
Expenses:								
Finance Costs	5,354,893	57,411	1,914,985	657,718	40,201	206,272	948,839	9,180,319
General and Administrative	443,213	158,776	542,542	288,306	15,158	73,824	4,764,423	6,286,242
	5,798,106	216,187	2,457,527	946,024	55,359	280,096	5,713,262	15,466,561
Income Before Fair Value Adjustments	11,351,968	3,048,162	4,740,528	1,085,079	(52,358)	321,017	(5,685,096)	14,809,299
Fair Value Adjustments:								
Investment Properties	4,032,024	825,836	42,394,636	225,855	(62,998)	-	-	47,415,353
Loss on Sale of Investment Properties	-	(2,108,241)	-	-	-	-	-	(2,108,241)
Unit-based Compensation Expense	-	-	-	-	-		(1,728,517)	(1,728,517)
Net Income/(Loss) and Comprehensive Income/(Loss)	$ 15,383,991	$ 1,765,757	$ 47,135,164	$ 1,310,934	$ (115,356)	$ 321,017	$ (7,413,613)	$ 58,387,894

(in Canadian dollars)

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi-Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Year Ended December 31, 2020
Net Operating Income								
Rental Revenue	$25,852,252	$ 6,413,507	$ 9,910,866	$ 1,737,463	$ 622,254	$ -	$ -	$ 44,536,342
Property Operating Expenses	(8,743,378)	(2,367,620)	(3,643,301)	(742,118)	(503,317)	-	-	$ (15,999,734)
	17,108,874	4,045,887	6,267,565	995,345	118,937	-	-	28,536,608
Interest and Other Income	23,424	2,454	6,604	159	-	-	19,321	$ 51,962
Expenses:								
Finance Costs	5,462,111	367,968	1,684,828	320,174	126,279	-	433,667	$ 8,395,027
General and Administrative	915,307	189,978	532,901	121,815	259	-	2,456,560	$ 4,216,820
	6,377,418	557,946	2,217,729	441,989	126,538	-	2,890,227	12,611,847
Income Before Fair Value Adjustments	10,754,880	3,490,395	4,056,440	553,515	(7,601)	-	(2,870,906)	$ 15,976,723
Fair Value Adjustments:								
Investment Properties	(7,488,087)	(1,197,243)	6,669,750	1,506,179	(72,901)	-	-	$ (582,302)
Gain on Sale of Investment Properties	-	-	9,097	-	-	-	-	9,097
Unit-based Compensation Expense	-	-	-	-	-	-	427,609	$ 427,609
Net Income/(Loss) and Comprehensive Income/(Loss)	$ 3,266,793	$ 2,293,152	$ 10,735,287	$ 2,059,694	$ (80,502)	$ -	$(2,443,297)	$ 15,831,127

20. Subsequent Events

a) On January 11, 2022, the Trust filed a final short form base shelf prospectus with the securities regulatory authorities in all provinces and territories of Canada that allows the Trust to offer and issue up to $250 million of trust units, debt securities, subscription receipts, warrants or units, or any combination of such securities, over a 25-month period.

b) On January 20, 2022, the Trust closed a $9.8 million first mortgage with a Canadian Chartered Bank for three industrial properties located in Woodstock and Stratford, Ontario acquired on December 7, 2021. Terms of the mortgage are 3.95% interest rate with a 10 year amortization due June 10, 2032.

c) On February 7, 2022, the Trust entered into an agreement to acquire a 50% interest in a multi-tenant industrial property located in Saint Laurent, QC. The acquisition price for 100% of the property is approximately $6.3 million, excluding transaction costs. The Trust's pro-rate portion of the transaction is $3.15 million, excluding transaction costs. The acquisition was funded from existing liquidity facilities.

d) On February 14, 2022, the Trust closed the previously announced acquisition of one multi-residential building located in Pointe Claire, Quebec for approximately $55 million, excluding transaction costs. The acquisition was financed with a new $39.5 million mortgage with a Canadian Chartered bank with the balancing being funded from existing liquidity facilities.

e) On March 8, 2022, the Trust announced the acquisition of a 50% interest in six multi-tenant industrial properties located in Edmonton, AB. The acquisition price for the 100% of the Edmonton industrial portfolio is approximately $36.5 million, excluding transaction costs. The acquisition will be financed, in part, with a new $23.7 million first mortgage from a Canadian Chartered Bank.

f) On March 10, 2022, the Trust commenced trading its Trust Units on The Toronto Stock Exchange under the trading symbol "FCD.UN".

g) On March 10, 2022, the Trust declared and approved monthly distributions in the amount of $0.0433 per Trust Unit for Unitholders of record on April 30, 2022, May 31, 2022 and June 30, 2022, payable on or about May 16, 2022, June 15, 2022 and July 15, 2022, respectively.

Firm Capital Property Trust

DIRECTORY

Board of Trustees

Stanley Goldfarb, FCPA, FCA
Chairman & Independent Trustee

Geoffrey Bledin
Independent Trustee

Jeffrey Goldfarb, CPA, CA
Independent Trustee

Larry Shulman, B. Comm., CPA, CA
Independent Trustee

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Eli Dadouch
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Victoria Granovski
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Jonathan Mair, CPA, CA
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Robert McKee
Trustee

Sandy Poklar, CPA, CA
Trustee

Officers & Senior Management

Robert McKee
President &
Chief Executive Officer

Sandy Poklar, CPA, CA
Chief Financial Officer

Eli Dadouch
Vice Chairman & Co-Chief
Investment Officer

Jonathan Mair, CPA, CA
Co-Chief
Investment Officer

Asset Manager

Firm Capital Realty Partners Inc.

Property Manager

Firm Capital Property Management Corp.

Registered Office

Firm Capital Property Trust
163 Cartwright Avenue
Toronto, Ontario
M6A 1V5
Telephone: 416-635-0221
Fax: 416-635-1713

Auditors

KPMG

Transfer Agent

TSX Trust Company

Legal Counsel

Fogler Rubinoff LLP

Stock Exchange Listing

Shares Listed
TSX Symbol: **FCD.UN**

Plan Eligibility

RRSP RRIF DPSP TFSA

Unitholder Distribution Reinvestment Plan

Firm Capital Property Trust offers its registered unitholders the opportunity to participate in its Distribution Reinvestment Plan (the "DRIP") and Unit Purchase Plan

If you are a Unitholder and would like to enroll or would like further information about the Plan, please contact Firm Capital Property Trust, Attention:

Sandy Poklar - Chief Financial Officer
Telephone (416) 635-0221