FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED
DECEMBER 31, 2021

KPMG LLP
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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)

			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	$ (2,642,230)	$ 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

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	-

l. 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.