



FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

MD&A

MANAGEMENT
DISCUSSION
AND ANALYSIS

SECOND QUARTER 2022
JUNE 30, 2022



MANAGEMENT DISCUSSION & ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Firm Capital Property Trust ("FCPT" or the "Trust") should be read in conjunction with the Trust's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and June 30, 2021. This MD&A has been prepared taking into account material transactions and events up to and including August 11, 2022. Additional information about the Trust has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com or on our web site at www.firmcapital.com.

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our 2022 objectives and our strategies to achieve those objectives, as well as statements with respect to management's beliefs, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

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

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

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

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

- **Industrial & Flex Industrial:**
 - Comprised of approximately 1.4 million square feet
 - 96.1% occupancy
 - Net Rent of \$6.81 PSF, which is a +2.3% increase over Q1/2022 (+4.8% YTD)
- **Net Lease Convenience and Stand Alone Retail:**
 - Comprised of approximately 1.2 million square feet
 - 97.7% occupancy
 - Net Rent of \$18.43 PSF, which is a +3.1% increase over Q1/2022 (+6.7% YTD)
- **Multi Residential:**
 - Comprised of approximately 599 apartment units
 - 95.0% occupancy
 - Monthly Rent of \$1,327 per unit, which is a +0.7% increase over Q1/2022 (+25.0% YTD)
- **Core Service Provider / Healthcare Professional Office:**
 - Comprised of approximately 39,490 square feet
 - 48.4% occupancy
 - Net Rent of \$13.47 PSF, which is a -0.9% increase over Q1/2022 (-13.7% YTD)
- **Manufactured Home Communities (“MHCs”):**
 - Comprised of approximately 423 MHC pads
 - 99.8% occupancy
 - Monthly Rent of \$565 per MHC pad, which is a +7.9% increase over Q1/2022 (+5.7% YTD)

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

The Trust is a “mutual fund trust” as defined in the Tax Act as defined below, but is not a “mutual fund” within the meaning of applicable Canadian securities legislation. The head office and registered office of the Trust is located at 163 Cartwright Avenue, Toronto, Ontario, M6A 1V5. The Trust is the reporting issuer trading on the TSX under the ticker symbol FCD.UN.

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

MANAGEMENT DISCUSSION & ANALYSIS

BASIS OF PRESENTATION

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

Certain financial information presented in this MD&A reflects certain non-IFRS financial measures, which include Net Operating Income (“**NOI**”), Earnings Before Interest, Taxes, Depreciation & Amortization (“**EBITDA**”), Funds From Operations (“**FFO**”) and Adjusted Funds From Operations (“**AFFO**”), AFFO Payout Ratio, Net Operating Income on a cash basis (“**Cash NOI**”) and Debt/Gross Book Value (“**GBV**”) (each as defined below). These measures are commonly used by real estate investment trusts as useful metrics for measuring performance and/or cash flows, however, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other real estate investment trusts. The Trust believes that FFO is an important measure to evaluate operating performance, AFFO is an important measure of cash available for distribution and, NOI is an important measure of operating performance. “**GAAP**” means generally accepted accounting principles described by the Chartered Professional Accountants Canada (“**CPA**”) Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. As a public entity, the Trust applies IFRS as described in Part I of the CPA Handbook - Accounting.

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

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

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

Funds From Operations (“**FFO**”) is a term used to evaluate operating performance, but is not indicative of funds available to meet the Trust’s cash requirements. The Trust calculates FFO in accordance with the guidelines set out by the Real Property Association of Canada (“**RealPAC**”), as issued in January 2022 for entities adopting IFRS. FFO is defined as net income before fair value gains/losses on real estate properties, gains/losses on the disposition of real estate properties, deferred income taxes, performance fee attributed to gains and certain other non-cash adjustments.

Adjusted Funds from Operations (“**AFFO**”) is a term used as a non-IFRS financial measure by most Canadian real estate investment trusts but should not be considered as an alternative to net income, cash flows from operations, or any other measure prescribed under IFRS. Unlike RealPac, who considers AFFO to be a useful measure of net income, the Trust considers AFFO to be a useful measure of cash available for distributions. AFFO is calculated largely in accordance with the guidelines set out by RealPAC and is defined as FFO less adjustments for non-cash items such as straight-line rent, free rent and noncash interest expense as well as normalized capital expenditures,

MANAGEMENT DISCUSSION & ANALYSIS

tenant inducements and leasing charges. However, under RealPAC guidance, unit-based compensation expense (recovery) is included as part of AFFO, but the Trust excludes this amount and the Trust includes gains and losses on the sale of real estate properties calculated as gross proceeds less the actual cost of real estate including capitalized additions (“Gain on Sales”).

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

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

(“**TIs/LCs**”) are defined as Tenant Inducements, Leasing Charges and Capital Expenditures. The Trust bases its calculation of TIs/LCs reserve at an estimated 2.5% of Net Operating Income or NOI, which is senior managements’ best estimate in operating real estate of the type that the Trust owns and operates.

SECOND QUARTER HIGHLIGHTS

- Net loss for the three months ended June 30, 2022 was approximately \$20.3 million, in comparison to the \$31.8 million net income reported for the three months ended June 30, 2021 and the \$5.3 million reported for the three months ended March 31, 2022. Excluding fair value adjustments, net income for the three months ended June 30, 2022 was approximately \$4.5 million, a 0.1% increase in comparison to the \$4.4 million reported for the three months ended March 31, 2022 and a 37% increase in comparison to the \$3.2 million reported for the three months ended June 30, 2021;
- \$7.52 Net Asset Value (“**NAV**”) per Unit, a 9% decrease in comparison to the \$8.27 NAV per Unit reported in Q1/2022;
- Net Operating Income (“**NOI**”) for the three months ended June 30, 2022 was approximately \$9 million, an 8% increase in comparison to the \$8.3 million reported for the three months ended March 31, 2022 and a 25% increase over the \$7.2 million reported for the three months ended June 30, 2021;
- On a cash basis (“**Cash NOI**”) for the three months ended June 30, 2022 was approximately \$8.8 million, a 9% increase in comparison to the \$8.1 million reported for the three months ended March 31, 2022 and a 24% increase over the \$7.2 million reported for the three months ended June 30, 2021;
- Adjusted Funds From Operations (“**AFFO**”) for the three months ended June 30, 2022 was approximately \$4.0 million, in line with the \$4.0 million reported for the three months ended March 31, 2022 and a 12% increase over the \$3.6 million reported for the three months ended June 30, 2021. AFFO for the six months ended June 30, 2022 was approximately \$8.0 million,

MANAGEMENT DISCUSSION & ANALYSIS

a 15% increase in comparison to the \$7.0 million reported for the six months ended June 30, 2021;

- AFFO per Unit was \$0.114 for the three months ended June 30, 2022, in comparison to the \$0.119 per Unit reported for the three months ended March 31, 2022 and the \$0.116 per unit reported for the three months ended June 30, 2021. AFFO per Unit was \$0.233 for the six months ended June 30, 2022, which was in line with the \$0.233 reported for the six months ended June 30, 2021;
- AFFO Payout Ratio was 114% for the three months ended June 30, 2022, compared to the 109% for the three months ended March 31, 2022 and the 110% reported for the three months ended June 30, 2021;
- Commercial occupancy was 96.2%, Multi-Residential occupancy was 95.0% while Manufactured Homes Communities was 99.8%; and
- Conservative leverage profile with Debt / Gross Book Value (“**GBV**”) at 51.1%.

	Three Months			Six Months		% Change Over		
						Three Months	Six Months	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021	Mar 31, 2022	Jun 30, 2021	Jun 30, 2021
Rental Revenue	\$ 13,454,489	\$13,040,687	\$ 11,277,357	\$26,495,176	\$ 22,614,937	3%	19%	17%
NOI								
- IFRS Basis	9,002,396	8,303,824	7,210,383	17,306,220	14,261,472	8%	25%	21%
- Cash Basis	8,838,746	8,135,362	7,156,346	16,974,108	14,105,113	9%	24%	20%
Net Income	(20,318,925)	5,338,017	31,835,794	(14,980,908)	41,995,308	(481%)	(164%)	(136%)
FFO	5,511,940	4,198,168	2,995,157	9,710,108	6,470,605	31%	84%	50%
AFFO	4,025,800	4,042,035	3,584,444	8,067,837	7,024,003	(0%)	12%	15%
FFO Per Unit	0.156	0.123	0.097	0.280	0.215	27%	61%	30%
AFFO Per Unit	0.114	0.119	0.116	0.233	0.233	(4%)	(2%)	(0%)
Distributions Per Unit	0.130	0.130	0.128	0.255	0.255	-	2%	-
FFO Payout Ratio	83%	105%	131%	91%	119%			
AFFO Payout Ratio	114%	109%	110%	110%	109%			

	Three Months			Six Months		% Change Over		
						Three Months	Six Months	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021	Mar 31, 2022	Jun 30, 2021	Jun 30, 2021
Including Gain on Sale from Real Estate Properties:								
FFO	\$ 5,511,940	\$ 4,198,168	\$ 6,487,356	\$ 9,710,108	\$ 13,258,173	31%	(15%)	(27%)
AFFO	4,025,800	4,042,035	7,076,643	8,067,837	13,811,575	(0%)	(43%)	(42%)

MANAGEMENT DISCUSSION & ANALYSIS

FFO/Unit	0.156	0.123	0.211	0.280	0.440	27%	(26%)	(36%)
AFFO/Unit	0.114	0.119	0.230	0.233	0.459	(4%)	(51%)	(49%)
FFO Payout Ratio	83%	105%	61%	91%	58%			
AFFO Payout Ratio	114%	109%	56%	110%	56%			

FINANCIAL AND TRANSACTIONAL HIGHLIGHTS

- **\$36.3 Million Edmonton Industrial Portfolio Acquisition:** On April 12, 2022, the Trust announced the acquisition of a 50% interest in six multi-tenant industrial properties located in Edmonton, Alberta (the “**Edmonton Industrial Portfolio**”). The acquisition price for 100% of the Edmonton Industrial Portfolio was approximately \$36.3 million, excluding transaction costs. The acquisition of the Edmonton Industrial Portfolio was financed, in part, with a new \$23.7 million first mortgage from a Canadian Chartered Bank. Terms of the mortgage are a 4.4% interest rate, five year term, amortizing due April 12, 2027;
- **\$25.0 Million of Capital Raising Activity:** On May 25, 2022 and May 31, 2022, the Trust completed a public equity offering of 3,243,000 Trust Units at a price of \$7.10 per Trust Unit for gross proceeds of approximately \$23.0 million (\$21.5 million, net of closing costs). On May 26, 2022, 295,000 Trust Unit options at a weighted average price of \$6.25 per Trust Unit were exercised for gross proceeds of approximately \$1.8 million.
- **\$12.5 Million of Mortgage Refinancing Activity:** On July 5, 2022, The Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on a multi-tenant residential property located in Ottawa, Ontario for \$5 million. Terms of the mortgage are floating at a rate equal to the bank’s prime rate + 1% or the Canadian Dollar Banker’s Acceptance Rate +1.05% stamping fee and 30 year amortization with a 2 year term.

On August 8, 2022, the Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on a manufactured homes community located in Calgary, Alberta for \$7.5 million. Terms of the mortgage are fixed at 4.42%, 7 year term, 30 year amortization and with a maturity date of July 9, 2029.

- **Normal Course Issuer Bid:** On July 14, 2022, the Trust announced that the Toronto Stock Exchange (“TSX”) accepted a notice of its intention to make a normal course issuer bid with respect to its outstanding trust units. The notice allows the Trust during the twelve month period commencing July 18, 2022 and ending no later than July 17, 2023, to purchase through the facilities of the TSX and/or alternative Canadian Trading Systems up to 3,439,640 Trust Units in total, being 10% of the “public float” of Trust Units.
- **Declaration of Monthly Distributions:** The Trust declared and approved monthly distributions in the amount of \$0.04333 per Trust Unit for Unitholders of record on October 28, 2022, November 30, 2022, and December 30, 2022, payable on or about November 15, 2022, December 15, 2022 and January 16, 2023, respectively.

MANAGEMENT DISCUSSION & ANALYSIS

PORTFOLIO HIGHLIGHTS

Based on the Trust's pro rata interests as at June 30, 2022, the portfolio consists of 66 commercial properties with a total gross leasable area ("GLA") of 2,567,977 square feet, 5 multi-residential complexes comprised of 599 units and 2 Manufactured Homes Communities comprised of 423 units.

Portfolio Summary	Gross Leasable Area	Occupancy				
		Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021
Retail						
Bridgewater, Nova Scotia	46,903	94.9%	94.9%	94.9%	93.8%	93.8%
Brampton, Ontario	36,137	90.1%	92.1%	92.1%	86.0%	86.0%
Pembroke, Ontario	11,247	100.0%	100.0%	100.0%	100.0%	100.0%
Moncton, New Brunswick	16,372	100.0%	100.0%	100.0%	100.0%	100.0%
Guelph, Ontario	116,236	92.6%	92.6%	92.6%	92.6%	92.6%
Centre Ice Retail Portfolio	16,583	100.0%	83.6%	83.6%	83.6%	89.2%
Crombie Joint Venture Properties						
8118 - 188 Ave NE, Edmonton, Alberta	22,154	100.0%	100.0%	100.0%	100.0%	100.0%
Forest Hills, Cole Harbour , Dartmouth, Nova Scotia	21,793	100.0%	100.0%	100.0%	100.0%	100.0%
2915 - 13th Ave , Regina, Saskatchewan	20,359	100.0%	100.0%	100.0%	100.0%	100.0%
Russell Lake , Dartmouth, Nova Scotia	33,725	97.6%	100.0%	100.0%	100.0%	100.0%
University Park , Regina, Saskatchewan	18,610	100.0%	100.0%	100.0%	100.0%	100.0%
409 Bayfield Street , Barrie, Ontario	23,871	100.0%	100.0%	100.0%	100.0%	100.0%
1 Westminster Ave N , Montreal, Quebec	10,480	100.0%	100.0%	100.0%	100.0%	100.0%
First Capital Joint Venture Properties						
The Whitby Mall, Whitby, Ontario	148,517	90.3%	92.6%	92.6%	92.6%	92.6%
Thickson Place, Whitby, Ontario	41,926	100.0%	100.0%	100.0%	100.0%	100.0%
901 Eglinton Ave, Toronto, Ontario	4,502	100.0%	100.0%	100.0%	100.0%	n.a.
Gloucester City Centre , Ottawa, Ontario	184,703	95.1%	96.1%	95.6%	95.9%	95.9%
Merivale Mall , Ottawa, Ontario	109,384	95.0%	95.4%	95.2%	91.3%	90.7%
Galleries de Repentigny , Repentigny, Quebec	65,370	100.0%	100.0%	92.3%	100.0%	100.0%
Galleries Brien East , Repentigny, Quebec	4,428	100.0%	100.0%	71.3%	90.8%	90.8%
Galleries Brien West , Repentigny, Quebec	26,166	100.0%	100.0%	100.0%	100.0%	100.0%
Carrefour du Plateau , Gatineau, Quebec	121,070	100.0%	100.0%	100.0%	100.0%	100.0%
Gateway Village, St. Albert, Alberta	52,757	99.1%	93.8%	93.8%	93.8%	93.8%
Total / Weighted Average	1,153,291	96.1%	96.2%	95.6%	95.1%	95.6%
Office						
Barrie, Ontario	39,490	48.4%	46.7%	51.7%	51.0%	47.9%
Total / Weighted Average	39,490	48.4%	46.7%	51.7%	51.0%	47.9%

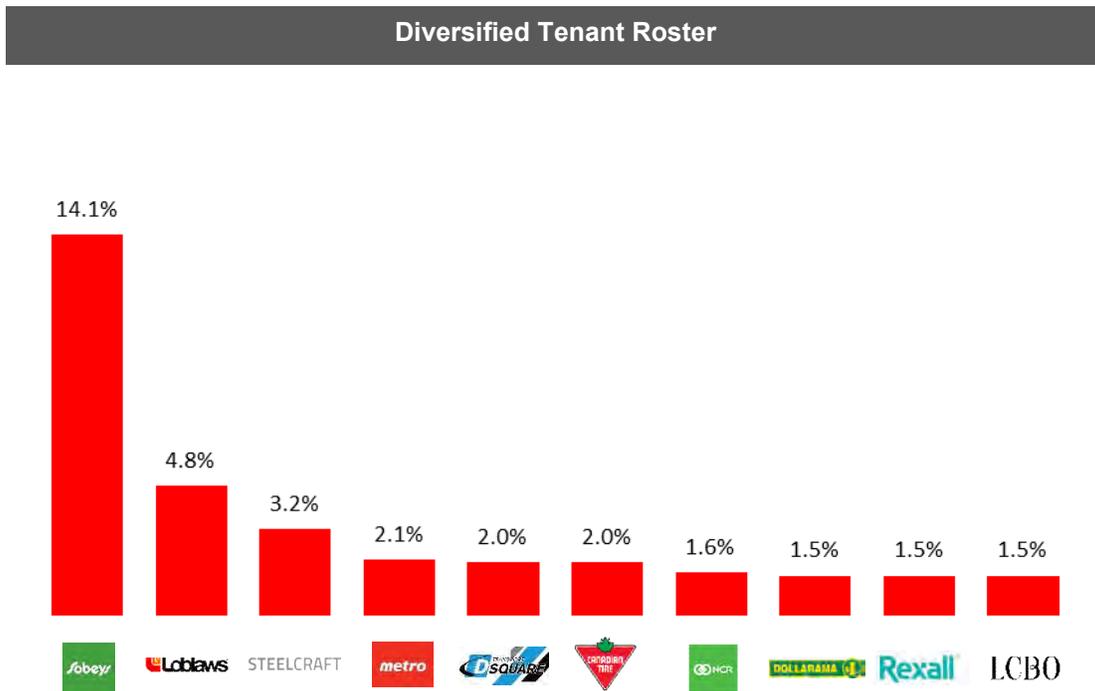
MANAGEMENT DISCUSSION & ANALYSIS

Portfolio Summary	Gross Leasable Area	Occupancy				
		Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021
Industrial						
Montreal, Quebec	612,400	97.9%	97.9%	96.6%	100.0%	88.6%
Waterloo, Ontario	360,232	100.0%	99.7%	97.0%	97.8%	96.9%
Edmonton, Alberta	210,690	91.4%	93.0%	93.0%	96.1%	82.7%
Woodstock, Ontario	66,381	100.0%	100.0%	100.0%	n.a.	n.a.
Stratford, Ontario	125,493	100.0%	100.0%	100.0%	n.a.	n.a.
Total / Weighted Average	1,375,196	97.7%	98.2%	97.6%	98.6%	90.9%
Commercial Total / Weighted Average						
	2,567,977	96.2%	95.7%	95.9%	95.6%	92.7%
Multi-Residential						
	Units					
Ottawa, Ontario	135	88.9%	91.1%	94.1%	94.1%	94.1%
Dartmouth, Nova Scotia	69	100.0%	98.6%	91.3%	100.0%	97.1%
Lower Sackville, Nova Scotia	132	96.2%	98.5%	96.2%	93.2%	97.5%
Edmonton, Alberta	128	94.5%	96.9%	92.2%	89.1%	90.6%
Pointe-Claire, Quebec	135	94.8%	97.8%	n.a.	n.a.	n.a.
Total / Weighted Average	599	95.0%	95.6%	93.6%	93.7%	95.6%
Manufactured Homes Communities						
Calgary, Alberta	181	100.0%	99.4%	97.8%	99.4%	100.0%
McGregor, Ontario	242	99.6%	99.6%	100.0%	99.6%	n.a.
Total / Weighted Average	423	99.8%	99.5%	99.1%	99.4%	100.0%

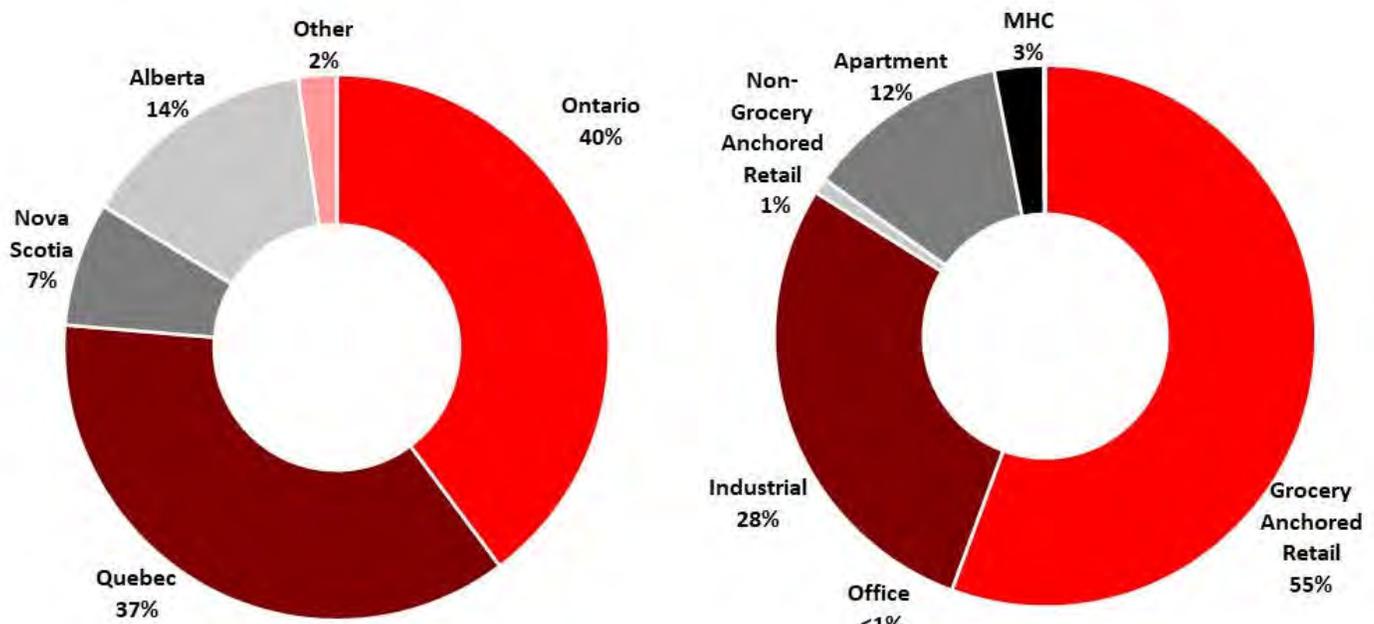
MANAGEMENT DISCUSSION & ANALYSIS

TENANT DIVERSIFICATION

The portfolio is well diversified by tenant profile with no tenant currently accounting for more than 14.1% of total net rent. Further, the top 10 tenants account for 34.2% of total net rent:

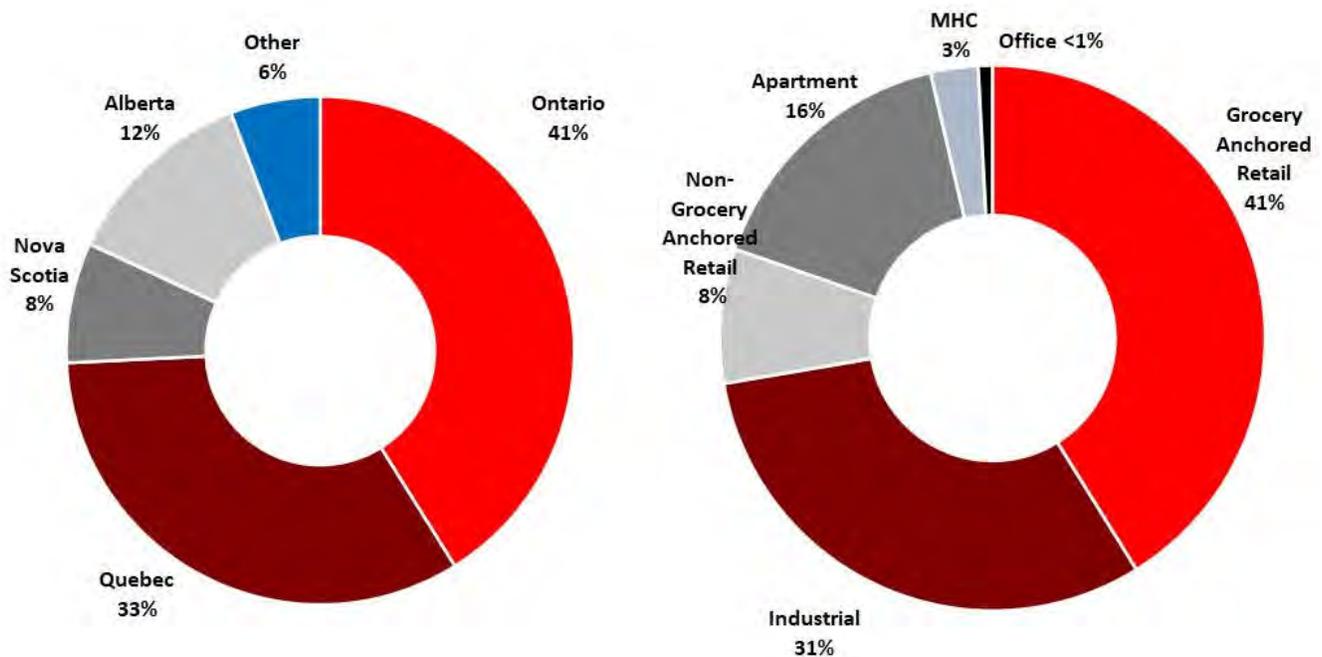


Geographical and Asset Class Portfolio Diversification based on NOI



MANAGEMENT DISCUSSION & ANALYSIS

Geographical and Asset Class Portfolio Diversification based on IFRS Valuation



OCCUPANCY

As at June 30, 2022, commercial portfolio occupancy was 96.2% a 50 basis point increase over the 95.7% reported at March 31, 2022 and a 350 basis point increase over the 92.7% reported at June 30, 2021. The change in occupancy over March 31, 2022 and March 3, 2021 is across the portfolio segments.

As at June 30, 2022, multi-residential portfolio occupancy was 95.0%, a 60 basis point decrease compared to the 95.6% reported at March 31, 2022 and June 30, 2021. The change in occupancy was across the portfolio, offset by an increase in Dartmouth, Nova Scotia.

As at June 30, 2022 manufactured homes communities occupancy was 99.8%, a 30 basis point increase compared to the 99.5% occupancy reported at March 31, 2022 and a 20 basis point decrease when compared to 100% occupancy reported at June 30, 2021. The sequential increase over March 31, 2022 was in the Calgary, Alberta portfolio.

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

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

MANAGEMENT DISCUSSION & ANALYSIS

	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021
Retail	\$ 18.43	\$ 17.88	\$ 17.90	\$ 17.79	\$ 17.27
Industrial	\$ 6.81	\$ 6.66	\$ 6.67	\$ 6.96	\$ 6.50
Office	\$ 13.47	\$ 13.59	\$ 14.21	\$ 14.63	\$ 15.61
Multi-Residential	\$ 1,327.43	\$ 1,318.56	\$ 1,175.31	\$ 1,057.49	\$ 1,062.00
Manufactured Homes Communities	\$ 565.20	\$ 523.85	\$ 518.58	\$ 510.00	\$ 534.64

	Q2 2022 vs. Q1 2022	Q2 2022 vs. Q2 2021
Retail	3.1%	6.7%
Industrial	2.3%	4.8%
Office	(0.9%)	(13.7%)
Multi-Residential	0.7%	25.0%
Manufactured Homes Communities	7.9%	5.7%

RESULTS OF OPERATIONS

RENTAL REVENUE

Rental revenue for the three months ended June 30, 2022 was \$13,454,489 a 3% increase over the \$13,040,687 reported for the three months ended March 31, 2022 and a 19% increase over the \$11,277,357 reported for the three months ended June 30, 2021. Rental revenue for the six months ended June 30, 2022 was \$26,495,176, a 17% increase over the \$22,614,937 reported for the six months ended June 30, 2021. Rental revenue includes all amounts earned from tenants' lease agreements including rent, operating costs and realty tax recoveries.

	Three Months Ended			Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Base Rent	\$ 9,796,997	\$ 9,028,508	\$ 7,933,533	\$ 18,825,505	\$ 15,301,823
Operating Cost Recoveries	1,525,525	1,934,654	1,477,991	3,460,179	3,297,501
Tax Recoveries	1,968,317	1,909,063	1,811,795	3,877,380	3,859,254
Straight Line Rent	193,670	207,276	80,384	400,946	206,219
Free Rent	(30,020)	(38,814)	(26,347)	(68,834)	(49,860)
Rental Revenue	\$ 13,454,489	\$ 13,040,687	\$ 11,277,357	\$ 26,495,176	\$ 22,614,937

The variance in comparing the three and six months ended June 30, 2022 over the three and six months ended June 30, 2021 is largely due to increased base rental income from the Trust's various acquisitions along with the net rent increases as outlined above.

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

MANAGEMENT DISCUSSION & ANALYSIS

PROPERTY OPERATING EXPENSES

Property operating expenses for the three months ended June 30, 2022 were \$4,452,093 a 6% decrease in comparison to the \$4,736,863 reported for the three months ended March 31, 2022 and a 9% increase over the \$4,066,974 reported for the three months ended June 30, 2021. Property operating expenses for the six months ended June 30, 2022 were \$9,188,956 a 10% increase in comparison to the \$8,353,465 reported for the six months ended June 30, 2021. Property operating expenses include realty taxes as well as other costs related to maintenance, HVAC, insurance, utilities and property management fees. Property operating expenses consist of the following:

	Three Months Ended			Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Realty Taxes	\$ 2,346,716	\$ 2,079,035	\$ 2,100,454	\$ 4,425,751	\$ 4,299,833
Property Management	592,374	465,911	432,389	1,058,285	858,673
Operating Expenses	1,513,003	2,191,917	1,534,131	3,704,920	3,194,959
Property Operating Expenses	\$ 4,452,093	\$ 4,736,863	\$ 4,066,974	\$ 9,188,956	\$ 8,353,465

The variance in comparing the three months ended June 30, 2022 over the three months ended March 31, 2022 and June 30, 2021 are primarily due to the impact of the Trust's various acquisitions.

NET OPERATING INCOME ("NOI")

On an IFRS basis, NOI for the three months ended June 30, 2022 was \$9,002,396, an 8% increase compared to the \$8,303,824 reported for the three months ended March 31, 2022, and a 25% increase in comparison to the \$7,210,383 reported for the three months ended June 31, 2021.

On a cash basis (i.e. excluding straight-line and free rent which are non-cash items) ("Cash NOI"), NOI for the three months ended June 30, 2022 was \$8,838,746 a 9% increase compared to the \$8,135,362 reported for the three months ended March 31, 2022, and a 24% increase over the \$7,156,346 reported for the three months ended June 30, 2021. NOI for the six months ended June 30, 2022 was \$16,974,108, a 20% increase over the \$14,105,113 reported for the six months ended June 30, 2021.

	Three Months Ended			Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Rental Revenue	\$ 13,454,489	\$ 13,040,687	\$ 11,277,357	\$ 26,495,176	\$ 22,614,937
Property Operating Expenses	(4,452,093)	(4,736,863)	(4,066,974)	(9,188,956)	(8,353,465)
NOI - IFRS Basis	\$ 9,002,396	\$ 8,303,824	\$ 7,210,383	\$ 17,306,220	\$ 14,261,472
Less: Straight-Line Rent	(193,670)	(207,276)	(80,384)	(400,946)	(206,219)
Less: Free Rent	30,020	38,814	26,347	68,834	49,860
NOI - Cash Basis	\$ 8,838,746	\$ 8,135,362	\$ 7,156,346	\$ 16,974,108	\$ 14,105,113

NOI - Cash Basis

% Change vs. March 31, 2022 9%

% Change vs. June 30, 2021 24%

20%

MANAGEMENT DISCUSSION & ANALYSIS

The variance in comparing the three and six months ended June 30, 2022 over the three and six months ended June 30, 2021 are primarily due to the impact of the Trust's various acquisitions, offset by higher property operating costs.

FINANCE COSTS

Finance costs for the three months ended June 30, 2022 were \$3,166,378, a 25% increase in comparison to the \$2,539,507 reported for the three months ended March 31, 2022 and a 39% increase in comparison to the \$2,284,208 reported for the three months ended June 30, 2021. Finance costs for the six months ended June 30, 2022 were \$5,705,885, a 27% increase over the \$4,492,260 reported for the six months ended June 30, 2021.

	Three Months Ended			Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Mortgage Interest	\$ 2,817,977	\$ 2,277,804	\$ 1,996,240	\$ 5,095,781	\$ 3,982,395
Bank Indebtedness Interest	116,054	87,538	115,965	203,592	178,826
Finance Fee Amortization	269,705	212,351	215,404	482,056	424,970
Non-cash Interest Expense	(37,358)	(38,186)	(43,403)	(75,544)	(93,931)
Finance Costs	\$ 3,166,378	\$ 2,539,507	\$ 2,284,208	\$ 5,705,885	\$ 4,492,260

The variance in comparing the three and six months ended June 30, 2022 compared to the three months and six months ended June 30, 2021 is related to higher mortgage interest costs as a result of acquisitions and either their associated mortgage financings or new mortgage financings as outlined below.

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

The weighted average interest rate of the mortgages as at June 30, 2022 stands at approximately 3.5% (December 31, 2021 – 3.3%).

GENERAL AND ADMINISTRATIVE (“G&A”) EXPENSES

G&A expenses for the three months ended June 30, 2022 were \$1,402,715, a 6% increase in comparison to the \$1,322,516 reported for the three months ended March 31, 2022 and a 17% decrease in comparison to the \$1,695,849 reported for the three months ended June 30, 2021. G&A expenses for the six months ended June 30, 2022 were \$2,725,231, a 19% decrease in comparison to the \$3,359,954 reported for the six months ended June 30, 2021.

	Three Months Ended			Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Asset Management Fees	\$ 849,166	\$ 874,105	\$ 714,437	\$ 1,723,271	\$ 1,398,999
Performance Incentive Fees	58,565	133,717	704,567	192,282	1,374,551
Public Company Expenses	112,963	83,272	79,260	196,235	138,370
Office & General	382,021	231,422	197,585	613,443	448,034
General & Administrative	\$ 1,402,715	\$ 1,322,516	\$ 1,695,849	\$ 2,725,231	\$ 3,359,954

MANAGEMENT DISCUSSION & ANALYSIS

The variance in comparing the three and six months ended June 30, 2022 over the three and six months ended June 30, 2021 is largely due to an increase in asset management fees due to the Trust's various acquisitions offset by a reduction in the performance incentive fees that were triggered from sale of investment properties that occurred in 2021.

NET INCOME (LOSS) & COMPREHENSIVE NET INCOME(LOSS)

Net loss for the three months ended June 30, 2022 was \$20,318,925 in comparison to the \$5,338,017 in net income reported for the three months ended March 31, 2022 and the \$31,835,794 in net income reported for the three months ended June 30, 2021. Net loss for the six months ended June 30, 2022 was \$14,980,908 compared to the \$41,995,308 net income reported for the six months ended June 30, 2021.

The variance in comparing the three and six months ended June 30, 2022 over the three and six months ended June 30, 2021 is largely due to an increase in income before fair value adjustments, offset by a decrease in the fair market value adjustment of investment properties from increased capitalization rates.

SUMMARIZED OPERATING RESULTS

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

	Rental Revenue	Other Income	Total Revenue	NOI	Net Income
Q2/2022	\$ 13,454,489	\$ 18,565	\$ 13,473,054	\$ 9,002,396	\$ (20,318,925)
Q1/2022	13,040,687	14,478	13,055,165	8,303,824	5,338,017
Q4/2021	11,954,312	14,133	11,968,445	7,898,791	6,566,305
Q3/2021	11,861,170	22,228	11,883,398	8,055,672	9,826,281
Q2/2021	11,277,357	15,337	11,292,694	7,210,384	31,835,794
Q1/2021	11,337,581	8,226	11,345,807	7,051,088	10,159,514
Q4/2020	10,990,587	9,127	10,999,714	7,087,092	13,419,177
Q3/2020	11,313,104	8,376	11,321,480	7,558,421	3,933,363

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

Outlined below are the Consolidated Interim Statements of Income and Comprehensive Income and cashflows from operating activities for the three and six month periods ended June 30, 2022, March 31, 2022, and June 30, 2021 and six month period ended June 30, 2022 and June 30, 2021:

	Three Months Ended			Six Months Ended	
Net Operating Income	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Rental Revenue	\$ 13,454,489	\$ 13,040,687	\$ 11,277,357	\$ 26,495,176	\$ 22,614,937
Property Operating Expenses	(4,452,093)	(4,736,863)	(4,066,974)	(9,188,956)	(8,353,465)
	9,002,396	8,303,824	7,210,383	17,306,220	14,261,472
Interest and Other Income	18,565	14,478	15,337	33,043	23,563

MANAGEMENT DISCUSSION & ANALYSIS

Expenses					
Finance Costs	3,166,378	2,539,507	2,284,208	5,705,885	4,492,260
General and Administrative	1,402,715	1,322,516	1,695,849	2,725,231	3,359,954
	4,569,093	3,862,023	3,980,057	8,431,116	7,852,214
Income Before Fair Value Adjustments	4,451,868	4,456,279	3,245,663	8,908,147	6,432,821
Fair Value Adjustments:					
Investment Properties	(25,830,865)	1,139,849	29,838,055	(24,691,016)	37,367,542
Gain on Sale of Investment Properties	-	-	(381,143)	-	(645,034)
Unit-Based Compensation Recovery/(Expense)	1,060,072	(258,111)	(866,782)	801,961	(1,160,021)
Net Income and Comprehensive Income	\$ (20,318,925)	\$ 5,338,017	\$ 31,835,794	\$ (14,980,908)	\$ 41,995,308

	Three Months Ended			Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Net Income & Comprehensive Income	\$(20,318,925)	\$ 5,338,017	\$31,835,794	\$ (14,980,908)	\$41,995,308
Fair Value Adjustments:					
Investment Properties	25,830,865	(1,139,849)	(29,838,055)	24,691,016	(37,367,542)
Sale of Investment Properties	-	-	381,143	-	645,034
Unit-Based Compensation	(1,060,072)	258,111	866,782	(801,961)	1,160,021
Finance Costs, Net of Interest and Other Income	2,915,467	2,350,863	2,096,869	5,266,330	4,137,659
Finance Fee Amortization	269,705	212,351	215,404	482,056	424,970
Non-cash Interest Expense	(37,358)	(38,186)	(43,403)	(75,544)	(93,931)
Land Lease Amortization	(47,219)	3,850	16,480	(43,369)	33,476
Straight-line Rent Adjustment	(163,650)	(168,462)	(54,037)	(332,112)	(156,359)
Change in Working Capital					
Accounts Receivable	(669,652)	1,440,570	546,772	770,918	(687,464)
Prepaid Expenses, Deposits and Other Assets	5,157,257	(4,945,725)	416,046	211,532	(812,483)
Restricted Cash	(184,271)	(144,443)	154,401	(328,714)	152,218
Accounts Payable and Accrued Liabilities	(1,220,162)	(687,472)	1,855,508	(1,907,634)	2,694,728
Tenant Rental Deposits	35,897	181,593	328,370	217,490	424,554
Cash Flows From Operating Activities	\$ 10,507,882	\$ 2,661,218	\$ 8,778,078	\$ 13,169,100	\$12,550,193

FFO AND AFFO

FFO for the three months ended June 30, 2022 was approximately \$5.5 million, a 31% increase over the \$4.2 million reported for the three months ended March 31, 2022, and a 84% increase over the \$3.0 million reported for the three months ended June 30, 2021. FFO for the six months ended June 30, 2022 was \$9.7 million, a 50% increase over the \$6.5 million reported for the six months ended June 30, 2021.

MANAGEMENT DISCUSSION & ANALYSIS

AFFO for the three months ended June 30, 2022 was approximately \$4.0 million, in line with the \$4.0 million reported for the three months ended March 31, 2022, and a 12% increase over the \$3.6 million reported for the three months ended June 30, 2021. AFFO for the six months ended June 30, 2022 was \$8.1 million, a 15% increase over the \$7.0 million reported for the six months ended June 30, 2021.

FFO per Unit was \$0.156 per Unit for the three months ended June 30, 2022 compared to the \$0.123 per Unit reported for the three months ended March 31, 2022 and the \$ 0.097 per Unit reported for the three months ended June 30, 2021. FFO per Unit was \$0.280 for the six months ended June 30, 2022 compared to \$ 0.215 per Unit for the six months ended June 30, 2021.

AFFO per Unit was \$0.114 for the three months ended June 30, 2022 compared to the \$ 0.119 per Unit reported for the three months ended March 31, 2022 and the \$0.116 per Unit reported for the three months ended June 30, 2021. AFFO per Unit was \$0.233 for the six months ended June 30, 2022 which was in line with \$0.233 per Unit for the six months ended June 30, 2021.

AFFO Payout Ratio was 114% for the three months ended June 30, 2022, compared to the 109% for the three months ended March 31, 2022 and the 110% reported for the three months ended June 30, 2021. AFFO Payout Ratio was 110% for the six months ended June 30, 2022 compared to the 109% for the six months ended June 30, 2021.

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

	Three Months Ended			Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Cash Flows from Operating Activities	\$ 10,507,882	\$ 2,661,218	\$ 8,778,078	\$ 13,169,100	\$ 12,550,193
Add (deduct):					
Tenant Rental Deposits	(35,897)	(181,593)	(328,370)	(217,490)	(424,554)
Accounts Payable and Accrued Liabilities	1,220,162	687,472	(1,855,508)	1,907,634	(2,694,728)
Restricted Cash	184,271	144,443	(154,401)	328,714	(152,218)
Prepaid Expenses, Deposits & Other Assets	(5,157,257)	4,945,725	(416,046)	(211,532)	812,483
Accounts Receivable	669,652	(1,440,570)	(546,772)	(770,918)	687,464
Finance Fee Amortization	(269,705)	(212,351)	(215,404)	(482,056)	(424,970)
Land Lease Amortization	47,219	(3,850)	(16,480)	43,369	(33,476)
Finance Costs, Net of Interest & Dividends	(2,915,467)	(2,350,863)	(2,096,869)	(5,266,330)	(4,137,659)
Unit Based Compensation Expense/ (Recovery)	1,060,072	(258,111)	(866,782)	801,961	(1,160,021)
Straight-Line and Free Rent Adjustments	163,650	168,462	54,037	332,112	156,359
Non-Cash Interest Expense	37,358	38,186	43,403	75,544	93,931
Subtract Performance Fee Attributed to Gain			616,270	-	1,197,801
FFO	\$ 5,511,940	\$ 4,198,168	\$ 2,995,157	\$ 9,710,108	\$ 6,470,605
Straight Line Rent and Free Rent Adjustments	(163,650)	(168,462)	(54,037)	(332,112)	(156,359)

MANAGEMENT DISCUSSION & ANALYSIS

Tenant Inducements, Leasing Costs & Capex	(225,060)	(207,596)	(180,054)	(432,656)	(356,331)
Non-Cash Interest Expense	(37,358)	(38,186)	(43,403)	(75,544)	(93,931)
Unit Based Compensation Expense/(Recovery)	(1,060,072)	258,111	866,782	(801,961)	1,160,021
AFFO	\$ 4,025,800	\$ 4,042,035	\$ 3,584,444	\$ 8,067,837	\$ 7,024,003
Gain on Sale of Investment Properties	-	-	4,108,469	-	7,985,374
Performance Fee Attributable To Gain	-	-	(616,270)	-	(1,197,806)
FFO including Gain on Sale of Assets	\$ 5,511,940	\$ 4,198,168	\$ 6,487,356	\$ 9,710,108	\$ 13,258,173
AFFO including Gain on Sale of Assets	\$ 4,025,800	\$ 4,042,035	\$ 7,076,643	\$ 8,067,837	\$ 13,811,575
FFO Per Unit	\$ 0.156	\$ 0.123	\$ 0.097	\$ 0.280	\$ 0.215
AFFO Per Unit	\$ 0.114	\$ 0.119	\$ 0.116	\$ 0.233	\$ 0.233
FFO including Gain on Sale of Assets	\$ 0.156	\$ 0.123	\$ 0.211	\$ 0.280	\$ 0.440
AFFO including Gain on Sale of Assets	\$ 0.114	\$ 0.119	\$ 0.230	\$ 0.233	\$ 0.459
Distributions Per Unit	\$ 0.130	\$ 0.130	\$ 0.128	\$ 0.255	\$ 0.255
FFO Payout Ratio	83%	105%	131%	91%	119%
AFFO Payout Ratio	114%	109%	110%	110%	109%

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

The variance in comparing AFFO for the three and six months ended June 30, 2022 over the three and six months ended June 30, 2021 is largely due to the positive impact from the Trust's acquisitions and net rents, offset by higher operating, interest and G&A expenses and the impact of the various equity capital raises that occurred over the reporting period.

AFFO is calculated largely in accordance with the guidelines set out by RealPAC and is defined as FFO less adjustments for non-cash items such as straight-line rent, free rent and noncash interest expense as well as normalized capital expenditures, tenant inducements and leasing charges. However, under RealPAC, unit-based compensation expense is deducted for reporting AFFO, but the Trust adds back this expense and includes cash gains on the sale of real estate properties calculated as gross proceeds less the actual cost of real estate including capitalized additions.

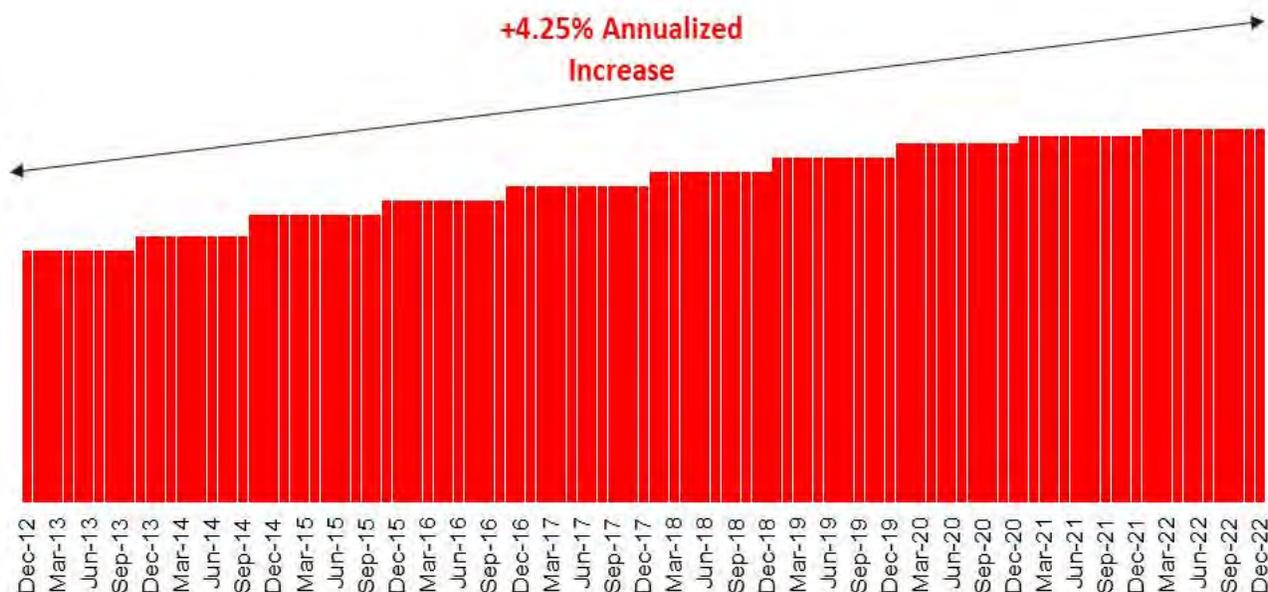
DISTRIBUTIONS

For the six months ended June 30, 2022, distributions of \$0.04333 per unit were declared each month commencing in January 2022 through to June 2022, resulting in total distributions declared of \$9,146,122. For the six months ended June 30, 2021, distributions of \$0.0425 per unit were declared

MANAGEMENT DISCUSSION & ANALYSIS

each month commencing in January 2021 through to June 2021, resulting in total distributions declared of \$7,699,941.

Since the Trust's inception in Q4/2012, distributions have been raised nine times in nine years and represents a cumulative increase of 48.6% or 4.3% on an annualized basis since the Trust's inception in 2012. For 2021, distributions were approximately 75% a combination of Return of Capital and the non-taxable portion of capital gains (2020 – 100% Return of Capital).



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

The excess/(shortfall) of cash flow from operating activities over distributions and net income and comprehensive income over distributions for the three months ended June 30, 2022, March 31, 2022, and June 30, 2021 and six months ended June 30, 2022 and June 30, 2021 are outlined below:

	Three Months Ended			Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Cash Flow From Operating Activities (A)	\$ 10,507,882	\$ 2,661,218	\$ 8,778,078	\$ 13,169,100	\$ 12,550,193
Net Cash Interest Expense					
Less: Mortgage Interest	\$ (2,817,977)	\$ (2,277,804)	\$ (1,996,240)	\$ (5,095,781)	\$ (3,982,395)
Less: Bank Indebtedness Interest	(116,054)	(87,539)	(115,965)	(203,592)	(178,826)
Add: Interest and Other Income	18,565	14,478	15,337	33,043	23,563
Net Cash Interest Expense (B)	\$ (2,915,466)	\$ (2,350,865)	\$ (2,096,868)	\$ (5,266,330)	\$ (4,137,659)
Net Cash Flows from Operating Activities (A-B) = (C)	\$ 7,592,416	\$ 310,353	\$ 6,681,209	\$ 7,902,770	\$ 8,412,536
Net Income & Comprehensive Income (D)	\$ (20,318,925)	\$ 5,338,017	\$ 31,835,794	\$ (14,980,908)	\$ 41,995,308
Distributions (E)	\$ 4,573,622	\$ 4,390,849	\$ 3,771,573	\$ 9,146,122	\$ 7,699,941

MANAGEMENT DISCUSSION & ANALYSIS

Excess / (Shortfall) of Net Cash Flow From Operating Activities Over Distributions (C-E)	\$ 3,018,794	\$ (4,080,496)	\$ 2,909,636	\$ (1,243,352)	\$ 712,595
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Excess / (Shortfall) of Net Income & Comprehensive Income Over Distributions (D-E)	\$ (24,892,547)	\$ 947,168	\$ 28,064,221	\$ (24,127,030)	\$ 34,295,367
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For the three months ended March 31, 2022 and six months ended June 30, 2022 the Trust had distributions in excess of cash flows from operating activities. In addition, for the three and six months ended June 30, 2022, net income was lower than distributions. The shortfall are largely due to the timing of deposits which impact cash flows from operating activities and fair value losses which are non-cash in nature. Had these adjustments not occurred, these figures would be in excess of distributions.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENT INFORMATION AND CO-OWNERSHIP INTERESTS

SEGMENT INFORMATION

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

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Three Months Ended June 30, 2022
Net Operating Income								
Rental Revenue	\$ 6,795,333	\$ 1,116,444	\$ 3,264,645	\$ 1,815,569	\$ 100,775	\$ 361,723	\$ -	\$ 13,454,489
Property Operating Expenses	(2,193,639)	(366,835)	(1,053,576)	(639,434)	(69,655)	(128,954)	-	(4,452,093)
	4,601,694	749,609	2,211,069	1,176,135	31,120	232,769	-	9,002,396
Interest and Other Income	9,882	8,635	-	48	-	-	-	18,565
Expenses:								
Finance Costs	1,784,064	57,589	717,408	550,254	-	72,415	(15,352)	3,166,378
General and Administrative	1,229,927	(34,926)	331,844	289,035	5,175	26,498	(444,838)	1,402,715
	3,013,991	22,663	1,049,252	839,289	5,175	98,913	(460,190)	4,569,093
Income Before Fair Value Adjustments	1,597,585	735,581	1,161,817	336,894	25,945	133,856	460,190	4,451,868
Fair Value Adjustments:								
Investment Properties	(14,745,472)	(2,852,638)	(2,685,916)	(8,372,937)	(112,279)	2,938,377	-	(25,830,865)
Unit-based Compensation Recovery	-	-	-	-	-	-	1,060,072	1,060,072
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ (13,147,887)	\$ (2,117,057)	\$ (1,524,099)	\$ (8,036,043)	\$ (86,334)	\$ 3,072,233	\$ 1,520,262	\$ (20,318,925)

MANAGEMENT DISCUSSION & ANALYSIS

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Three Months Ended June 30, 2021
Net Operating Income								
Rental Revenue	\$ 6,509,719	\$ 1,137,320	\$ 2,479,134	\$ 871,739	\$ 133,730	\$ 145,715	\$ -	\$ 11,277,357
Property Operating Expenses	(2,195,803)	(470,744)	(906,480)	(348,094)	(120,314)	(25,539)	-	(4,066,974)
	4,313,916	666,576	1,834,718	523,646	13,416	120,176	-	7,210,383
Interest and Other Income	4,479	7,375	3,005	43	-	370	64	15,337
Expenses:								
Finance Costs	1,319,362	28,133	480,132	160,864	9,960	20,874	264,884	2,284,208
General and Administrative	214,268	9,806	134,390	69,119	515	19,323	1,248,429	1,695,849
	1,533,630	37,938	614,521	229,983	10,475	40,197	1,513,314	3,980,057
Income Before Fair Value Adjustments	2,784,765	636,013	961,137	293,707	2,941	80,349	(1,513,250)	3,245,663
Fair Value Adjustments:								
Investment Properties	46,957	102,389	29,814,582	(35,394)	(90,478)	-	-	29,838,055
Gain on Sale of Investment Properties	-	(381,143)	-	-	-	-	-	(381,143)
Unit-based Compensation Expense	-	-	-	-	-	-	(866,782)	(866,782)
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ 2,831,722	\$ 357,259	\$ 30,775,719	\$ 258,313	\$ (87,537)	\$ 80,349	\$ (2,380,032)	\$ 31,835,794

MANAGEMENT DISCUSSION & ANALYSIS

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Six Months Ended June 30, 2022
Net Operating Income								
Rental Revenue	\$ 13,458,503	\$ 2,172,502	\$ 6,626,104	\$ 3,298,065	\$ 225,740	\$ 714,262	\$ -	\$ 26,495,176
Property Operating Expenses	(4,510,772)	(729,590)	(2,309,951)	(1,174,518)	(201,428)	(262,697)	-	(9,188,956)
	8,947,731	1,442,912	4,316,153	2,123,547	24,312	451,565	-	17,306,220
Interest and Other Income	15,017	16,968	929	130	-	-	-	33,043
Expenses:								
Finance Costs	3,180,681	57,610	1,334,390	829,048	-	99,874	204,282	5,705,885
General and Administrative	1,340,690	-	463,611	344,128	12,043	52,893	511,866	2,725,231
	4,521,371	57,610	1,798,001	1,173,176	12,043	152,767	716,148	8,431,116
Income Before Fair Value Adjustments	4,441,377	1,402,270	2,519,081	950,501	12,269	298,798	(716,148)	8,908,147
Fair Value Adjustments:								
Investment Properties	(15,164,094)	(3,105,899)	(881,548)	(8,708,562)	(156,209)	3,325,296	-	(24,691,016)
Unit-based Compensation Expense	-	-	-	-	-	-	801,961	801,961
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ (10,722,717)	\$ (1,703,629)	\$ 1,637,533	\$ (7,758,061)	\$ (143,940)	\$ 3,624,094	\$ 85,813	\$ (14,980,908)

MANAGEMENT DISCUSSION & ANALYSIS

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Six Months Ended June 30, 2021
Net Operating Income								
Rental Revenue	\$ 13,021,077	\$ 2,671,639	\$ 5,157,871	\$ 1,298,273	\$ 291,825	\$ 174,253	\$ -	\$ 22,614,937
Property Operating Expenses	(4,546,256)	(1,057,673)	(1,880,314)	(547,009)	(279,314)	(42,422)	(480)	(8,353,465)
	8,576,443	1,614,261	3,175,456	751,265	12,216	131,831	-	14,261,472
Interest and Other Income	4,479	7,375	3,005	43	-	370	64	23,563
Expenses:								
Finance Costs	2,647,838	57,411	964,847	240,468	40,201	20,874	520,622	4,492,260
General and Administrative	676,861	77,520	273,802	100,593	515	24,166	2,206,498	3,359,954
	3,324,699	134,930	1,238,648	341,061	40,716	45,040	2,727,121	7,852,214
Income Before Fair Value Adjustments	5,256,223	1,486,706	1,939,812	410,247	(28,500)	87,162	(2,718,831)	6,432,821
Fair Value Adjustments:								
Investment Properties	372,119	1,338,368	35,784,175	8,054	(135,174)	-	-	37,367,542
Loss on Sale of Investment Properties	-	(645,034)	-	-	-	-	-	(645,034)
Unit-based Compensation	-	-	-	-	-	-	(1,160,021)	(1,160,021)
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ 5,628,342	\$ 2,180,040	\$ 37,723,987	\$ 418,301	\$ (163,674)	\$ 87,162	\$ (3,878,852)	\$ 41,995,308

MANAGEMENT DISCUSSION & ANALYSIS

CO-OWNERSHIP INTERESTS

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

	As at June 30, 2022			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	\$ 2,208,114	\$ 10,058,538	\$ 12,266,652	\$ 22,969,412
Non-Current Assets	203,334,321	415,986,192	619,320,513	1,018,537,606
Total Assets	\$ 205,542,435	\$ 426,044,730	\$ 631,587,165	\$ 1,041,507,018
Current Liabilities	47,387,856	36,830,949	84,218,805	78,059,391
Non-Current Liabilities	28,884,633	223,361,433	252,246,066	\$ 409,352,377
Total Liabilities	\$ 76,272,489	\$ 260,192,382	\$ 336,464,871	\$ 487,411,768
Total Owners' Equity	\$ 129,269,946	\$ 165,852,348	\$ 295,122,294	\$ 554,095,250

	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

MANAGEMENT DISCUSSION & ANALYSIS

	Three Months Ended June 30, 2022			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	\$ 2,869,120	\$ 10,585,369	\$ 13,454,489	\$ 20,502,230
Property Operating Expenses	(496,978)	(3,955,115)	(4,452,093)	(6,698,668)
	2,372,142	6,630,254	9,002,396	13,803,562
Interest and Other Income	54	18,511	18,565	33,055
Expenses:				
Finance Costs	1,110,214	2,056,164	3,166,378	3,989,311
General and Administrative	723,708	679,007	1,402,715	700,982
	1,833,922	2,735,171	4,569,093	4,690,293
Income Before Fair Value Adjustments	538,274	3,913,594	4,451,868	9,146,324
Fair Value Adjustments:				
Investment Properties	(12,573,448)	(13,257,417)	(25,830,865)	(30,261,442)
Unit-based Compensation (Expense)	1,060,072	-	1,060,072	(1,939,290)
Net Income and Comprehensive Income	\$ (10,975,102)	\$ (9,343,823)	\$ (20,318,925)	\$ (23,054,408)

	Three Months Ended June 30, 2021			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	\$ 1,925,284	\$ 9,352,073	\$ 11,277,357	\$ 18,303,365
Property Operating Expenses	(764,672)	(3,302,302)	(4,066,974)	(6,631,456)
	1,160,612	6,049,771	7,210,383	11,671,909
Interest and Other Income	953	14,384	15,337	25,792
Expenses:				
Finance Costs	439,936	1,844,272	2,284,208	3,592,587
General and Administrative	590,821	1,105,028	1,695,849	542,607
	1,030,757	2,949,300	3,980,057	4,135,194
Income Before Fair Value Adjustments	130,808	3,114,855	3,245,663	7,562,507
Fair Value Adjustments:				
Investment Properties	53,162	29,784,893	29,838,055	52,151,576
Gain on Sale of Investment Properties	-	(381,143)	(381,143)	(500,770)
Unit-based Compensation Recovery	(866,782)	-	(866,782)	-
Net Income and Comprehensive Income	\$ (682,812)	\$ 32,518,606	\$ 31,835,794	\$ 59,213,313

MANAGEMENT DISCUSSION & ANALYSIS

	Six Months Ended June 30, 2022			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	\$ 5,543,009	\$ 20,952,167	\$ 26,495,176	\$ 40,433,128
Property Operating Expenses	(1,231,756)	(7,957,200)	(9,188,956)	(14,596,581)
	4,311,253	12,994,967	17,306,220	25,836,547
Interest and Other Income	167	32,876	33,043	57,217
Expenses:				
Finance Costs	1,534,217	4,171,668	5,705,885	8,005,352
General and Administrative	1,712,279	1,012,952	2,725,231	1,468,321
	3,246,496	5,184,620	8,431,116	9,473,673
Income Before Fair Value Adjustments	1,064,924	7,843,223	8,908,147	16,420,091
Fair Value Adjustments:				
Investment Properties	(12,396,459)	(12,294,557)	(24,691,016)	(26,268,603)
Unit-based Compensation Recovery	801,961	-	801,961	-
Net Income and Comprehensive Income	\$ (10,529,574)	\$ (4,451,334)	\$ (14,980,908)	\$ (9,848,512)

	Six Months Ended June 30, 2021			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	\$ 3,894,789	\$ 18,720,149	\$ 22,614,937	\$ 36,612,608
Property Operating Expenses	(1,646,802)	(6,706,663)	(8,353,465)	(13,548,667)
	2,247,987	12,013,485	14,261,472	23,063,941
Interest and Other Income	1,076	22,487	23,563	42,012
Expenses:				
Finance Costs	843,953	3,648,307	4,492,260	7,151,586
General and Administrative	1,863,199	1,496,755	3,359,954	1,041,241
	2,707,151	5,145,063	7,852,214	8,192,827
Income Before Fair Value Adjustments	(458,089)	6,890,910	6,432,821	14,913,126
Fair Value Adjustments:				
Investment Properties	441,399	36,926,143	37,367,542	71,849,108
Loss on Sale of Investment Properties	-	(645,034)	(645,034)	(921,477)
Unit-based Compensation (Expense)	(1,160,021)	-	(1,160,021)	-
Net Income and Comprehensive Income	\$ (1,176,712)	\$ 43,172,019	\$ 41,995,308	\$ 85,840,757

MANAGEMENT DISCUSSION & ANALYSIS

COMPARABLE CASH FLOWS

Comparable operating, investing and financing cash flows for the three and six months ended June 30, 2022 and June 30, 2021 are outlined below:

	Three Months Ended		Six Months Ended	
	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Operating Activities	\$ 10,507,882	\$ 8,778,078	\$ 13,169,100	\$ 12,550,193
Financing Activities	7,818,420	7,909,920	65,876,402	5,878,233
Investing Activities	(18,027,674)	(21,037,775)	(79,351,396)	(23,408,427)
Increase/(Decrease) in Cash and Cash Equivalents	\$ 298,628	\$(4,349,777)	\$ (305,894)	\$ (4,980,000)
Cash and Cash Equivalents, Beginning of Year	5,291,439	5,055,736	5,895,961	5,685,951
Cash and Cash Equivalents, End of Year	\$ 5,590,067	\$ 705,955	\$ 5,590,067	\$ 705,955

Cash provided by operating activities increased for the three and six months ended June 30, 2022 largely due to changes in working capital.

Cash provided by financing activities increased for the three and six months ended June 30, 2022 as a result of an increase in new mortgage financing, advances on the credit facilities and capital raises as a result of the Trust's various acquisitions as outlined below.

Cash utilized by investing activities decreased for the six months ended June 30, 2022, due to higher acquisition activity over the same period in 2021.

INVESTMENT PROPERTIES

As at June 30, 2022, the Trust's property portfolio consisted of 73 properties with a fair value of \$618.6 million, in comparison to the \$524 million reported as at June 30, 2021. The variance is largely due to decreases in fair value adjustments from changes in capitalization rates, offset by increases in NOI, capital expenditures and the Trust's acquisitions. The investment portfolio valuation is allocated by property type as follows:

	Retail and Commercial	Core Service Provider Office	Industrial	Multi- residential	Manufactured Housing Communities	Total
December 31, 2020	\$ 312,639,485	\$ 5,332,276	\$ 111,427,137	\$ 20,028,495	\$ -	\$ 449,427,393
Acquisitions	-	-	-	30,261,000	8,653,157	38,914,157
Assets Held for Sale	(4,771,900)	-	-	-	-	(4,771,900)
Capital Expenditures	2,569,283	30,569	190,367	24,237	-	2,814,457
Straight-line Rents	197,450	674	8,096	-	-	206,220
Fair Value Adjustment	1,710,486	(135,174)	35,784,175	8,054	-	37,367,542
Balance, June 30, 2021	312,344,804	5,228,345	147,409,775	50,321,786	8,653,157	523,957,870
Acquisitions	9,974,558	-	15,341,533	-	5,419,190	30,735,281
Dispositions	(3,118,100)	-	-	-	-	(3,118,100)
Capital Expenditures	(946,456)	(12,512)	1,883,299	569,699	-	1,494,030
Straight-line Rents	27,958	348	206,422	-	-	234,728
Fair Value Adjustment	3,147,374	72,176	6,610,461	217,801	-	10,047,812

MANAGEMENT DISCUSSION & ANALYSIS

December 31, 2021	\$ 321,430,138	\$ 5,288,357	\$ 171,451,490	\$ 51,109,286	\$ 14,072,347	\$ 563,351,618
Acquisitions	-	-	21,331,142	56,335,237	-	77,666,379
Dispositions	(410,746)	-	-	-	-	(410,746)
Capital Expenditures	780,948	51,198	886,022	561,523	23,641	2,303,332
Straight-line Rents	300,565	1,235	99,146	-	-	400,946
Fair Value Adjustment	(18,269,993)	(156,209)	(881,548)	(8,708,562)	3,325,296	(24,691,016)
June 30, 2022	\$ 303,830,912	\$ 5,184,581	\$ 192,886,252	\$ 99,297,484	\$ 17,421,284	\$ 618,620,513

For the period ended June 30, 2022, senior management of the Trust valued the Investment Properties using the overall capitalization method and independent third party appraisals. Investment properties are valued on a highest and best use basis. For all of the Trust's investment properties, the current use is considered the best use. Fair value was determined by applying a capitalization rate to stabilized net operating income ("Stabilized NOI"). Stabilized NOI incorporates allowances for vacancy, management fees and structural reserves for tenant inducements and capital expenditures and is capped at a rate deemed appropriate for each investment property. Capitalization rates are based on many factors, including but not limited to the asset location, type, size and quality of the asset and taking into account any available market data at the valuation date.

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

Capitalization rates used in the valuation of investment properties as of June 30, 2022 are based on current market data available and have been adjusted for our portfolio to reflect market uncertainty related to COVID-19, interest rates and inflationary pressures (the "Factors"). Management reassessed the capitalization rates used on a property by property basis to reflect these potential impacts resulting in a 27bps increase across the portfolio compared to Q1 2022. Given the uncertainty around the Factors and the potential negative impact it may have on the real estate industry, it is not possible to fully predict the impact of capitalization rates in the future across all of our investment properties at this time. Note that the fair value adjustment is net of capital expenditures and straight-line rents.

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 the Factors continues.

The properties independently appraised each year represent a subset of the property types and geographic distribution of the overall portfolio. For the period from January 1, 2022 to June 30, 2022, no portfolio has been independently appraised. A breakdown of the aggregate fair value of investment properties independently appraised each quarter, in accordance with the Trust's policy, is as follows:

MANAGEMENT DISCUSSION & ANALYSIS

	2022			2021		
	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	1	24,000,000	12,000,000	2	14,465,000	14,465,000
Total	1	24,000,000	12,000,000	3	\$ 61,790,000	\$ 39,753,000

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

June 30, 2022	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Manufactured Housing Communities	Weighted Average
Capitalization Rate Range	4.0% - 8.0%	7.00%	3.05% - 6.50%	4.75% - 5.00%	4.29 - 5.75%	5.71%
Weighted Average Capitalization Rate	6.45%	7.00%	5.05%	4.87%	4.74%	5.71%

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%

Sale of Investment Properties:

During the three months ended June 30, 2022, the Trust completed the sale of a retail property from the Centre Ice Retail Portfolio, for gross proceeds of approximately \$0.4 million recognizing neither a loss or gain.

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

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

Note Receivable:

As part of one of the dispositions of the Centre Ice Retail Portfolio properties in 2021, the co-tenancy assumed a note receivable from the purchaser for \$1.0 million. Terms are 5% interest only, two year term, fully open for repayment prior to maturity and fully secured against the disposed property. The Trust's portion of the note receivable is \$0.7 million as at March 31, 2022 (\$0.7 million as at December 31, 2021).

MANAGEMENT DISCUSSION & ANALYSIS

CURRENT ASSETS

Current assets as at June 30, 2022, March 31, 2022 and March 31, 2021 consisted of the following:

	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021
Accounts Receivable	\$ 2,226,292	\$ 1,556,640	\$ 2,980,500
Prepaid Expenses, Deposits & Other Assets	3,919,031	8,264,175	3,016,284
Cash & Cash Equivalents	5,590,067	5,291,439	705,955
Restricted Cash	531,262	346,991	51,970
Assets Held For Sale	-	-	5,705,000
	\$ 12,266,652	\$ 15,459,245	\$ 12,459,709

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

BANK INDEBTEDNESS

Revolving Operating Facility: The Trust has entered into a Revolving Operating Facility (the “Facility”) with a Canadian Chartered Bank (the “Bank”) fully secured by first charges against certain investment properties. On June 30, 2022, 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 June 30, 2022 and December 31, 2021 were nil and \$14,797,896, respectively.

Line of Credit: The Trust has entered into a Line of Credit (the “LOC”) with a Canadian Chartered Bank (the “Bank”) fully secured by first charges against the Merivale Mall Property. On June 30, 2022, 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 June 30, 2022 and December 31, 2021 were \$17,452,967 and \$9,999,985, respectively.

Within the Montreal Industrial Portfolio, where the Trust is a 50% co-owner of the joint arrangement, an LOC with a Bank was established. The interest rate is based on a calculated formula using the Bank’s prime lending rate. Amounts drawn under the line attributed to the Trust as at June 30, 2022 was \$0.5 million (2021 – nil) to be repaid at the maturity date of August 15, 2023.

MANAGEMENT DISCUSSION & ANALYSIS

MORTGAGES

As at June 30, 2022, total outstanding mortgages were \$304,957,905 (\$239,912,757 as at December 31, 2021), net of unamortized financing costs of \$596,060 (\$832,014 as at December 31, 2021), offset by a \$296,843 (\$372,387 as at December 31, 2021) mark to market adjustment with a weighted average interest rate of approximately 3.5% (3.3% as at December 31, 2021) and weighted average repayment term of approximately 2.8 years (3.2 years as at December 31, 2021). The mortgages are repayable as follows:

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2022	3,608,825	11,904,291	15,513,116	4,452,074
2023	6,238,596	87,907,148	94,145,744	7,540,162
2024	3,865,488	87,287,585	91,153,073	4,635,533
2025	2,870,095	12,094,801	14,964,896	3,163,325
2026	2,135,621	41,932,015	44,067,636	2,880,435
Thereafter	4,097,039	41,315,618	45,412,657	4,374,214
Face Value	\$ 22,815,664	\$ 282,441,458	\$ 305,257,122	\$ 27,045,743
Unamortized Financing Costs			(596,060)	
Mark to Market on Assumed Mortgages			296,843	
Total Mortgages			\$ 304,957,905	

	June 30, 2022	December 31, 2021
Current:		
Mortgages	\$ 55,013,116	\$ 18,347,693
Unamortized Financing Costs	(338,079)	(471,909)
Mark to Market on Assumed Mortgages	87,186	109,374
	\$ 54,762,223	\$ 17,985,158
Non-Current:		
Mortgages	\$ 250,244,007	\$ 222,024,691
Unamortized Financing Costs	(257,981)	(360,105)
Mark to Market on Assumed Mortgages	209,657	263,013
	\$ 250,195,682	\$ 221,927,599
Total Mortgages	\$ 304,957,905	\$ 239,912,757

On April 30, 2021, the Mountview Manufactured Housing Communities was financed with an \$11.3 million first mortgage from a Canadian Chartered Bank. The interest only mortgage carries a 2.5% interest rate and a 1 year term. The Trust's pro rata share of the mortgage is \$5.7 million and matures on April 30, 2022. This mortgage was refinanced as described below.

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

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

MANAGEMENT DISCUSSION & ANALYSIS

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

During the twelve months ended June 30, 2022, the Trust completed sales of twelve retail properties from the Centre Ice Retail Portfolio for gross proceeds of approximately \$31.3 million. The Trust's pro-rata share of gross proceeds was \$21.9 million. The Trust used these proceeds to reduce the mortgage balance on the portfolio encumbering the Centre Ice Portfolio. As such, no amount is owing on the Centre Ice Portfolio.

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

On February 14, 2022, as part of the \$56.3 million multi-residential acquisition located in Point Claire, Quebec for \$56.3 million, the Trust financed with a new \$39.5 million mortgage with a Canadian Chartered Bank. Terms of the mortgage are a 2.93% interest rate, interest only for one year due February 14, 2023.

On March 15, 2022, the Trust closed an \$8.9 million first mortgage with a Canadian Chartered Bank for the Core Toronto Retail Property located in Toronto, Ontario acquired on September 28, 2021. Terms of the mortgage are a 3.24% interest rate, interest only for the first two years, 28 year amortization due March 15, 2027.

On April 12, 2022, the Trust closed on a \$11.9 million first mortgage with a Canadian Chartered bank for a multi-tenant industrial portfolio located in Edmonton, Alberta. Terms of the mortgage are a 4.41% fixed rate, five year term, 25 year amortization due on April 12, 2027.

LAND LEASE LIABILITY

On May 9, 2019, as part of the FCR Retail Portfolio the joint arrangement assumed a land lease on a retail property located in Ottawa, Ontario. The terms of the land lease are gross annual payments of \$101,040 per annum that mature on April 1, 2027. The land lease liability is calculated in accordance with IFRS 16, using a present value of the remaining lease payments, discounted using the incremental borrowing rate at May 9, 2019 of 6.13% for the term of the lease. The Trust's pro-rata portion of the lease liability at 50% is as follows:

	Lease Liability			
	Opening Balance	Lease Payment	Imputed Interest Expense	Ending Balance
2022	\$ 215,213	\$ -	\$ 6,785	\$ 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)	6,638	97,946
2026	97,946	(50,520)	3,896	51,322
Thereafter	51,322	(46,109)	1,126	6,339
				June 30, 2022
Current			\$	37,705
Non-Current				177,508
Total			\$	215,213

MANAGEMENT DISCUSSION & ANALYSIS

ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at June 30, 2022, March 31, 2022 and March 31, 2021 consist of the following:

	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021
Utilities, Repairs & Maintenance, Other	6,923,323	6,875,946	4,831,590
Due to Asset & Property Manager	285,991	2,201,617	1,440,490
Accrued Interest Expense	357,394	422,018	416,027
Option Liabilities	1,689,924	2,473,672	1,905,247
Deferred Trust Units	41,105	13,571	-
	\$ 9,297,737	\$ 11,986,824	\$ 8,593,354

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

UNIT BASED LIABILITIES

Option Plan

Under the Trust's unit option plan, the aggregate number of unit options reserved for issuance at any given time shall not exceed 10% of the number of outstanding Trust Units. As at June 30, 2022, the Trust has 3,670,000 Trust Unit options issued and outstanding at a fair market value of \$1,689,924 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 March 31, 2022 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 March 31, 2022 was 60,000 Trust unit options.

On August 14, 2019, the Trust granted 1,400,000 Trust Unit options at a weighted average exercise price of \$6.40 per Trust Unit. 1,290,000 unit options fully vested on the date of the grant with the remaining 110,000 vesting at one-third each year for the next three years and expire on August 14, 2024. The balance as at March 31, 2022 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 March 31, 2022 was 350,000 Trust unit options.

MANAGEMENT DISCUSSION & ANALYSIS

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. The balance as at March 31, 2022 was 10,000 Trust unit options.

On June 14, 2022, the Trust granted 1,740,000 Trust Unit options at a weighted average exercise price of \$7.10 per Trust Unit. 1,360,000 unit options fully vest on the date of the grant with the remaining 380,000 vesting over 3 years and expire on June 14, 2027.

Unit-based compensation related to the aforementioned unit options stands at a recovery of \$1,055,351 for the three months ended June 30, 2022 and a recovery of \$797,271 for the six months ended June 30, 2022. Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	As at June 30, 2022	As at December 31, 2021
Expected Option Life (Years)	3.4	2.4
Risk Free Interest Rate	3.13%	1.04%
Distribution Yield	8.07%	6.55%
Expected Volatility	20.00%	20.00%

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

The estimated fair value of an option under the Trust's unit option plan at the date of grants were \$0.40, \$0.36, \$0.34, \$0.16 and \$0.43 per unit option for March 26, 2018, November 8, 2018, August 14, 2019, December 1, 2020 and June 14, 2022 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 TSX 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 June 30, 2022, the outstanding liability was \$41,105. Unit-based compensation related to the DTU's was a recovery of \$4,721 for the three months ended June 30, 2022 and a recovery of \$4,690 for the 6 months ended June 30, 2022.

MANAGEMENT DISCUSSION & ANALYSIS

UNITHOLDERS' EQUITY

Unitholders' equity as at June 30, 2022 was \$295,122,294 and consists of the following:

	Number of Units	Unitholders' Equity
Unitholders' Equity, December 31, 2020	29,349,694	\$ 223,451,954
Options Exercised	215,000	1,318,922
Issuance of Units from DRIP	153	1,000
Public Equity Offering	4,107,800	27,104,694
Add: Net Income	-	41,995,308
Less: Distributions	-	(7,699,951)
Unitholders' Equity, June 30, 2021	33,672,647	286,171,927
Options Exercised	338,333	2,059,747
Issuance of Units from DRIP	137	1,000
Public Equity Offering	-	(42,702)
Add: Net Income	-	16,392,586
Less: Distributions	-	(8,667,232)
Unitholders' Equity, December 31, 2021	34,011,117	295,915,326
Options Exercised	295,000	1,843,750
Issuance of Units from DRIP	163	1,250
Public Equity Offering	3,243,000	21,488,998
Add: Net loss	-	(14,980,908)
Less: Distributions	-	(9,146,122)
Unitholders' Equity, June 30, 2022	37,549,280	\$ 295,122,294

- **Options Exercised**

During the six months ended June 30, 2022, 295,000 Trust Unit options at a weighted average price of \$6.25 per Trust Unit were exercised for gross proceeds of approximately \$1,843,750.

During the six months ended June 30, 2021, 215,000 Trust unit options at a weighted average price of \$6.13 per Trust Unit were exercised for gross proceeds of approximately \$1,318,917.

- **Public Equity Offering**

On May 25, 2022 and May 31 2022, the Trust completed a public equity offering of 3,243,000 Trust Units at a price of \$7.10 per Trust Unit for gross proceeds of approximately \$23.0 million (\$21.5 million, net of closing costs).

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

As at August 11, 2022, there were 37,549,280 Trust Units issued and outstanding.

MANAGEMENT DISCUSSION & ANALYSIS

RELATED PARTY TRANSACTIONS

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

ASSET MANAGEMENT AGREEMENT

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

For the six months ended June 30, 2022 and June 30, 2021, Asset Management Fees were \$1,723,271 and \$1,398,999; Acquisition Fees were \$572,238 and \$290,453; Placement Fees were \$262,168 and \$104,250; and Performance Incentive Fees were \$192,282 and \$1,374,551, respectively. Asset management fees and acquisition fees have increased due to the increase in portfolio size. The performance fees have decreased based on lower dispositions in 2022 versus 2021.

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

Unrealized Performance Incentive Fees, pursuant to the Asset Management Agreement with the Asset Manager, are a contingent liability of the Trust in the event of contract termination or asset disposition and represent approximately \$11.4 million as being contingently payable to the Asset Manager. The respective Net Asset Value of the assets of the Trust have been reduced accordingly due to the treatment of the contingent liability.

PROPERTY MANAGEMENT AGREEMENT

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

For the period ended June 30, 2022 and June 30, 2021, Property Management Fees were \$601,085 and \$401,231 and Commercial Leasing Fees were \$66,228 and \$30,253, respectively.

For the three months ended June 30, 2022, Property Management Fees were higher than the amount reported at June 30, 2021 largely due to the various acquisitions as discussed above.

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

MANAGEMENT DISCUSSION & ANALYSIS

INCOME TAXES

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

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

CAPITAL MANAGEMENT

The Trust's objectives when managing capital are to safeguard the ability to continue as a going concern, and to generate sufficient returns to provide unitholders with stable cash distributions. The Trust's capital currently consists of Bank Indebtedness, Mortgages and Unitholders' equity. The Trust's Declaration of Trust permits the Trust to incur or assume indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the Trust is not more than 75% of the gross book value of the

Trust's total assets. Gross Book Value (“GBV”) is defined in the Declaration of Trust as "at any time, the book value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated subsidiaries may be used instead of book value." As at June 30, 2022 and June 30, 2021, the ratio of such indebtedness to gross book value was 51.1% and 44.5%, respectively, which complies with the requirement in the Declaration of Trust and is consistent with the Trust's objectives.

With respect to the Bank Indebtedness, the Trust must maintain ratios including minimum unitholders' equity, maximum debt/GBV, minimum interest service and debt service coverage ratios. The Trust monitors these ratios and is in compliance with these requirements throughout the period ended June 30, 2022 and June 30, 2021.

CONTRACTUAL OBLIGATIONS

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

	Less than 1 Year	1 - 2 Years	>2 Years	Total
Mortgages (note 7a)	\$ 15,513,116	\$ 94,145,744	\$ 195,598,262	\$ 305,257,122
Bank Indebtedness (note 6)	17,952,967	-	-	17,952,967
Tenant Rental Deposits	541,050	279,297	1,593,579	2,413,926
Distribution Payable	1,627,123	-	-	1,627,123
Land Lease Liability (note 7b)	37,705	77,168	100,340	215,213
Accounts Payable and Accrued Liabilities (note 5)	9,297,737	-	-	9,297,737
	\$ 44,969,698	\$ 94,502,210	\$ 197,292,181	\$ 336,764,089

MANAGEMENT DISCUSSION & ANALYSIS

DISTRIBUTION REINVESTMENT PLAN & UNIT PURCHASE PLAN

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

DISTRIBUTION REINVESTMENT PLAN (“DRIP”)

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

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

For the six months ended June 30, 2022 and June 30, 2021, 163 and 153 Trust Units were issued, respectively, from treasury for total gross proceeds of \$1,250 and \$1,000, respectively, to Unitholders who elected to receive their distributions as units under the DRIP.

UNIT PURCHASE PLAN (“UPP”)

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

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

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF TRUSTEES

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable. In addition, the Trust’s Audit Committee and Board of Trustees provide an oversight role with respect to all public financial disclosures by the Trust, and have reviewed and approved this MD&A and the consolidated financial statements as at June 30, 2022 and March 31, 2021.

CONTROLS AND PROCEDURES

The Trust maintains appropriate information systems, procedures and controls to ensure that information disclosed externally is complete, reliable, and timely. The Trust’s Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision of, the design and operating effectiveness of the Trust’s disclosure controls and procedures (as defined in

MANAGEMENT DISCUSSION & ANALYSIS

National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at June 30, 2022 and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

The Trust has also established adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Trust's financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. The Trust's Chief Executive Officer and the Chief Financial Officer assessed, or caused an assessment under their direct supervision, of the design and operating effectiveness of the Trust's internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at June 30, 2022. Based on that assessment, it was determined that the Trust's internal controls over financial reporting were appropriately designed and were operating effectively. In addition, the Trust did not make any changes to the design of the Trust's internal controls over financial reporting during the period ended June 30, 2022 that would have materially affected or would be reasonably likely to materially affect the Trust's internal controls over financial reporting.

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

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied by the Trust are described in note 2 of the Trust's consolidated financial statements for the year ended December 31, 2021 and accordingly should be read in conjunction with them.

ESTIMATES

The critical accounting estimates have been set out in the Trust's consolidated financial statements for the year ended December 31, 2021 and accordingly should be read in conjunction with them.

CRITICAL JUDGEMENTS

Critical judgments have been set out in the consolidated financial statements for the year ended December 31, 2021 and accordingly should be read in conjunction with them.

SUBSEQUENT EVENTS

- On July 5, 2022, The Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on a multi-tenant residential property located in Ottawa, Ontario for \$5 million. Terms of the mortgage are at a fixed interest rate of 4.75% and a 30 year amortization with a 2 year term.

MANAGEMENT DISCUSSION & ANALYSIS

- On July 14, 2022, The Trust announced that the Toronto Stock Exchange (“TSX”) has accepted a notice of its intention to make a normal course issuer bid with respect to its outstanding trust units. The notice allows the Trust, during the twelve month period commencing July 18, 2022 and ending no later than July 17, 2023, purchase through the facilities of the TSX and/or alternative Canadian Trading Systems up to 3,439,640 Trust Units in total, being 10% of the “public float” of Trust Units.
- On August 8, 2022, the Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on a manufactured homes community located in Calgary, Alberta for \$7.5 million. Terms of the mortgage are at a fixed interest rate at 4.42%, 7 year term, 30 year amortization and with a maturity date of July 9, 2029.
- On August 11, 2022, the Trust declared and approved monthly distributions in the amount of \$0.04333 per Trust Unit for Unitholders of record on October 28, 2022, November 30, 2022, and December 30, 2022, payable on or about November 15, 2022, December 15, 2022 and January 16, 2023, respectively.

RISKS AND UNCERTAINTIES

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

- ***LIQUIDITY & GENERAL MARKET CONDITIONS***

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

- ***REAL PROPERTY OWNERSHIP AND TENANT RISKS***

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

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. The properties generate revenue through rental payments made by the tenants thereof. The ability to rent unleased space in properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. Cash available for

MANAGEMENT DISCUSSION & ANALYSIS

distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be leased on economically favorable lease terms. If properties do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, this could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

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

- **COMPETITION**

Many of the sectors in which the Trust operates are highly competitive. The Trust faces competition from many sources, including from other buildings in the immediate vicinity of the properties and the broader geographic areas where the Trust's properties are and will be located. In addition, overbuilding in the geographic areas where the Trust's properties are located may increase the supply of competing properties and may reduce occupancy rates and rental revenues of the Trust and could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

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

- **CHANGES IN APPLICABLE LAWS**

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

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

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

Risks associated with real property acquisitions are that there may be an undisclosed or unknown liability concerning the acquired properties, and the Trust may not be indemnified for some or all of these liabilities. Following an acquisition, the Trust may discover that it has

MANAGEMENT DISCUSSION & ANALYSIS

acquired undisclosed liabilities, which may be material. The Trust conducts what it believes to be an appropriate level of investigation in connection with its acquisition of properties and seeks through contract to ensure that risks lie with the appropriate party.

- ***ACCESS TO CAPITAL***

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

In addition, global financial markets have experienced a sharp increase in volatility during recent years. This has been, in part, the result of the re-valuation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant re-valuations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world in the near to medium term. These market conditions and unexpected volatility or illiquidity in financial markets may inhibit the Trust's access to long-term financing in the Canadian capital markets. As a result, it is possible that financing which the Trust may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by the Trust or otherwise, may not be available or, if it is available, may not be available on favorable terms to the Trust. Failure by the Trust to access required capital could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

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

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

- ***ENVIRONMENTAL RISK***

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

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

MANAGEMENT DISCUSSION & ANALYSIS

- **LEGAL RISK**

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

- **LEASE ROLLOVER RISK**

The value of investment properties and the stability of cash flows derived from those properties are dependent upon the level of occupancy and lease rates in those properties. Upon expiry of any lease, there is no assurance that a lease will be renewed on favorable terms, or at all; nor is there any assurance that a tenant can be replaced. A contraction in the Canadian economy would negatively impact demand for space in our properties, consequently increasing the risk that leases expiring in the near term will not be renewed.

- **INCOME TAX RISK**

On December 22, 2007, the SIFT Rules were enacted. Under the SIFT Rules, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income, and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital should generally not be subject to the tax.

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

- **FIXED COSTS AND INCREASED EXPENSES**

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

The Trust is also subject to utility and property tax risk relating to increased costs that the Trust may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of properties and their adherent tax rates. In some instances, enhancements to properties may result in significant increases in property assessments following a re-valuation.

MANAGEMENT DISCUSSION & ANALYSIS

Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the Trust cannot charge back to the tenant may have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

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

- ***UNITHOLDER RISK***

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

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

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

The Trust's earnings and operations are impacted by FCRPI's ability to source appropriate real estate investments that provide sufficient yields for investors and FCPMC to maintain these real estate investments. The Trust has also entered into long-term contracts with FCRPI and FCPMC, as more particularly described in the "Asset Management Agreement" and "Property Management Agreement" both dated November 20, 2012 and updated on August 12, 2021 as posted on SEDAR (www.SEDAR.com). The Trust is exposed to adverse developments in the business and affairs of FCRPI and FCPMC, since the day to day activities of the Trust are run

MANAGEMENT DISCUSSION & ANALYSIS

by FCRPI and FCPMC and since all of the Trust's real estate investments are originated by FCRPI.

- **RETURN RISK**

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

- **POTENTIAL CONFLICTS OF INTEREST**

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

The Declaration of Trust does not restrict Trustees or Officers of the Trust, the Asset Manager, the Property Manager and/or its affiliates from being engaged (directly or indirectly) in real estate and business transactions in which their individual interests are actually, or are perceived to be, in conflict with the interests of the Trust. Accordingly, there can be no guarantee that the Trustees and Officers of the Trust, when acting in a capacity other than a Trustee or Officer of the Trust will act in the best interests of the Trust.

- **RELIANCE ON KEY PERSONNEL AND TRUSTEES**

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

- **DILUTION**

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

- **OPERATIONAL RISKS**

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

- **RISK RELATED TO INSURANCE RENEWALS**

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the Trust's current and future insurance policies expire, the Trust may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the Trust is able to renew its policies at levels and with limitations consistent with its current policies, the Trust cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. If the Trust is unable to obtain adequate insurance on its properties for certain risks, it could cause the Trust to be in default under specific covenants on certain of its indebtedness or other contractual commitments that it has which require the Trust to maintain

MANAGEMENT DISCUSSION & ANALYSIS

adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if the Trust were unable to obtain adequate insurance, and its properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

- **CO-OWNERSHIP INTEREST IN PROPERTIES**

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

OUTLOOK

Moving forward, we will continue to monitor and assess the impacts to the economy that affect the performance of our portfolio. Supply chain issues and government stimulus have resulted in the current inflationary environment which is expected to continue into 2023. As a result interest rates are expected to continue increasing in the shorter end of the yield curve, we may see some short-term impacts to our cash flow, but this will be offset over time by rising rental rates across most of our portfolio. We still continue to see strong demand and increasing rental rates across our Ontario and Quebec industrial portfolio and continued demand for space across our convenience retail portfolio that has allowed us to produce steady cashflow across those portfolios. Even with the current interest rate environment, mortgage rates are still extremely attractive and only slightly above our average mortgage rates across the portfolio. As well, we have made adjustments to our capitalization rates to reflect the impacts of the resulting higher financing costs.

The current macro environment of rapidly increasing interest rates and persistent inflation is presenting a challenging environment for the REIT. This has led to a decrease in the Trust's IFRS real estate valuations in the quarter. For context, Net Asset Value has decreased to \$7.52/Unit, down from \$8.27/Unit in Q1/2022.

The \$23 million equity issue closed in May of 2022 will ensure that the Trust has sufficient liquidity not only to meet our operational needs through 2022 and to fund our current acquisition and development projects. We believe that the Trust is well positioned for growth with our leverage below our target range of 55% to 65%.

Management is always looking to assess and evolve its portfolio of assets The Trust will focus its near-term acquisition efforts on the industrial and multi-residential sectors across Canada as well as continue to slowly reduce its exposure to its non-core retail assets when opportunities exist to create a more balanced property portfolio demonstrated by the sales and acquisitions completed in 2021. The Trust expects to grow predominately through acquisitions during 2022 with residential intensification efforts beginning to generate income in 2022. As always, we will continue to assess each acquisition to ensure they meet our disciplined investment objectives.