FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

MD&A

MANAGEMENT DISCUSSION AND ANALYSIS

FIRST QUARTER 2023
MARCH 31, 2023

Table of Contents

PART I *3*
FORWARD-LOOKING DISCLAIMER 3
BASIS OF PRESENTATION 3
PART II *6*
THIRD QUARTER HIGHLIGHTS 6
OUTLOOK & CURRENT BUSINESS ENVIRONMENT 8
PART III *10*
OVERVIEW OF FCPT 10
PROPERTY PORTFOLIO 13
SUMMARY OF SELECTED QUARTERLY INFORMATION 15
PART IV *16*
RESULTS OF OPERATIONS 16
PART V *23*
CASH DISTRIBUTION 23
PAYOUT RATIO 24
DISTRIBUTION REINVESMENT PLAN (DRIP) 24
PART VI *25*
BALANCE SHEET 25
CONTRACTUAL OBLIGATIONS 27
DEBT STRATEGY 27
DEBT STRUCTURE 28
UNITHOLDERS' EQUITY 30
UNIT BASED LIABILITIES 31
RELATED PARTY TRANSACTIONS 32
PART VII *34*
RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF TRUSTEES 34
SIGNIFICANT ACCOUNTING POLICIES 34
RISKS AND UNCERTAINTIES 35

PART I

*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 months ended March 31, 2023 and March 31, 2022. This MD&A has been prepared taking into account material transactions and events up to and including May 11, 2023. 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.*

FORWARD-LOOKING DISCLAIMER

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our 2023 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.

BASIS OF PRESENTATION

FCPT 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**"), Same-Property Net Operating Income ("**SP-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.

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

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

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

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

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

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

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

PART II

FIRST QUARTER HIGHLIGHTS

The following table outlines the changes in a few key operating and financial metrics on a three month basis.

	Three Months Ended		
	Mar 31, 2023	Mar 31, 2022	Change
Rental Revenue	$ 14,209,208	$ 13,040,687	9%
NOI - IFRS Basis	9,223,016	8,303,824	11%
NOI - Cash Basis	9,153,083	8,135,362	13%
Same-Property NOI	15,910,978	14,905,385	7%
Net Income	5,396,789	5,338,017	1%
FFO	4,486,037	4,198,168	7%
AFFO	3,999,237	4,042,035	(1%)
Total Assets	$ 638,658,302	$ 642,158,461	(1%)
Total Mortgages	305,337,204	294,716,199	4%
Bank Indebtedness	19,972,386	35,130,111	(43%)
Credit Facility	6,300,000	-	100%
Unitholders' Equity	296,584,638	296,818,578	(0%)
Units Outstanding (000s)	37,011	34,011	9%
FFO Per Unit	$0.121	$0.123	(2%)
AFFO Per Unit	$0.108	$0.119	(9%)
Distributions Per Unit	$0.130	$0.130	(0%)
FFO Payout Ratio	107%	105%	245 bps
AFFO Payout Ratio	121%	109%	1,153 bps
Wtd. Avg. Int. Rate - Mort. Debt	4.1%	3.2%	86 bps
Debt to GBV	52%	51%	72 bps
GLA - Commercial, SF	2,545,397	2,453,963	4%
Units - Multi-Res	599	599	0%
Units - MHCs	536	423	27%
Occupancy - Commercial	97.1%	95.7%	140 bps
Occupancy - Multi-Res	91.9%	95.6%	(370) bps
Occupancy MHCs	99.8%	99.5%	30 bps
Rent PSF - Retail	$19.06	$17.88	7%
Rent PSF - Industrial	$7.86	$6.66	18%
Rent per month - Multi-Res	$1,249	$1,319	(5%)
Rent per month - MHCs	$611	$524	17%

Significant highlights for the first quarter include:

- Net income for the three months ended March 31, 2023 and 2022 was approximately $5.4 million and $5.3 million respectively. Income before fair value adjustments for the three months ended March 31, 2023 and 2022 was $4.3 million and $4.5 million respectively.
- $7.65 NAV per Unit, which is comparable to the $7.64 NAV per Unit reported at the end of Q4/2022
- All asset classes saw rent growth of between 1.3% and 4.3%, on a QoQ basis.
- NOI for the three months ended March 31, 2023 was $9.2 million, a 11% increase on YoY basis. NOI on a cash basis also increased by 13% YoY.
- Same property NOI increased 7% over Q1/2022.
- AFFO for Q1/2023 and Q1/2022 was approximately $4.0 million.
- AFFO Payout Ratio was 121% for Q1/2023, compared to the 109% for Q1/2022.
- Commercial occupancy was 97.1%, Multi-Residential occupancy was 91.9%, while Manufactured Homes Communities was 99.8%.
- Conservative leverage profile with Debt / GBV at 52% at March 31, 2023 compared to 51% at March 31, 2022.
- On January 16, 2023, the Trust closed on an early renewal of a $35.9 million mortgage on our Waterloo Industrial Portfolio. The terms of the loan are at a 4.77% fixed interest rate, 7 year term and a 30 year amortization. The Trusts 70% portion of the loan was $25.1 million.
- On January 31, 2023, the Trust closed on the acquisition of a 50% interest in a 56 site Manufactured Housing Community called SunPark Parkhill Estates (“Parkhill”) located in Peterborough, Ontario and a 58 site Manufactured Housing Community called SunPark Skyview Estates (“Skyview”) located in Trenton, Ontario (collectively the “Properties”). The acquisition price for the Trust’s portion was $3.0 million (including transaction costs).
- On February 15, 2023, the maturity date of $39.5 million floating rate mortgage with a Canadian Chartered Bank on a multi-residential building in Pointe Claire, Quebec was extended to May 11, 2023.
- On April 26, 2023, the Trust locked in a fixed rate mortgage for $38 million on a multi-residential building in Pointe-Claire, Quebec at an interest rate of 3.69% for 10 years which is expected to close by the end of Q2 2023. The annual forecasted decrease in interest expense that is expected under this new renewal would be approximately $1.1 million or $0.03/unit.

Same-Property Performance

Same-Property NOI increased 7% for the three months ended March 31, 2023 over the three months ended March 31, 2022.

	Three Months Ended		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Rental Revenue	25,576,193	24,384,947	5%
Property Operating Expenses	(9,665,215)	(9,479,562)	2%
NOI - IFRS Basis	**15,910,978**	**14,905,385**	7%

Portfolio Occupancy

The Trust portfolio continues to maintain high occupancy across all asset classes.

	Occupancy			
Period ended	**Retail**	**Industrial**	**Mult-Res**	**MHCs**
March 31, 2022	96.2%	98.2%	95.6%	99.5%
December 31, 2022	95.6%	96.0%	91.3%	99.8%
March 31, 2023	96.5%	97.5%	91.9%	99.8%

Distributions Declared

- On May 11, 2023, the Trust declared and approved monthly distributions in the amount of $0.04333 per Trust Unit for Unitholders of record on July 31, 2023, August 31, 2023 and September 29, 2023, payable on or about August 15, 2023, September 15, 2023, and October 16, 2023, respectively.

OUTLOOK & CURRENT BUSINESS ENVIRONMENT

Moving forward, we will continue to monitor and assess the impacts of the economy that affect our portfolio performance. The current inflationary environment which has shown some signs of cooling is still expected to remain above the central bank's target rate in 2023. While the Bank of Canada has indicated a pause in interest rate increases, there is still some risk that interest rates may still need to be increased. While the current interest rate environment is creating some short-term impacts to our cash flow, we believe this will prove to be offset over time by increased revenues through rising rental rates across most of our portfolio. We continue to see strong demand and rising rental rates across our Ontario and Quebec industrial portfolios. Current rental rates are significantly discounted from prevailing market rates. Also, we have continued to see strong demand for space across our convenience retail portfolio. This has allowed us to produce steady and increasing cash flow across those portfolios. Even in the current interest rate environment, mortgage rates are still extremely attractive and only slightly above our average mortgage rates across the portfolio. In addition, we have adjusted our capitalization rates to reflect higher financing costs.

Although the current inflationary macro environment has shown signs of reversing, the rapid rise in interest rates in 2022 continues to present a challenging environment for the Trust. This has led to a decrease in the Trust's IFRS real estate valuations from Q1 2022. Notwithstanding this, we had a small increase in Q1/2023 as rental income gains were not completely offset by higher cap rates in the REIT's property portfolio. As a comparison, Net Asset Value has decreased to $7.65/Unit from $8.27/Unit in Q1/2022.

The Trust has sufficient liquidity to meet our operational needs through 2023, as well as fund potential acquisitions and development projects. Maintaining a leverage ratio that is appropriate for the Trust is an essential part of our long-term strategy. At the end of Q1 2023, the Trust had overall leverage of 51%, slightly below our desired range of 55% to 65%. With the Trust's portfolio's stability, we believe these leverage ratios are conservative. As always, we are focused on proactively managing the Trust's finance costs. For all but $2 million of debt maturing in December 2023, we have either refinanced or locked in interest rates.

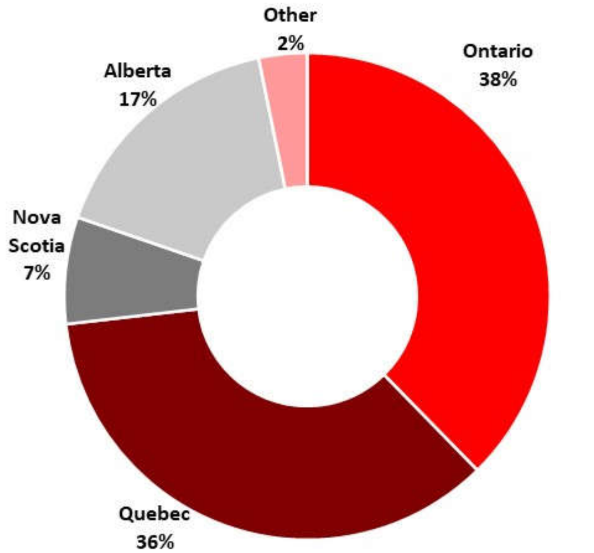
Management always assesses and evolves its asset portfolio. The Trust will focus its near-term acquisition efforts on the industrial and multi-residential sectors across Canada as well as continue to slowly reduce its exposure to its non-core retail assets when opportunities exist to create a more balanced property portfolio as demonstrated by the sales and acquisitions completed in 2022. The Trust expects to grow its asset base predominantly through acquisitions during 2023 but at a slower rate than in 2022. In line with our disciplined investment objectives, we will continue to assess each acquisition to ensure it meets our criteria.

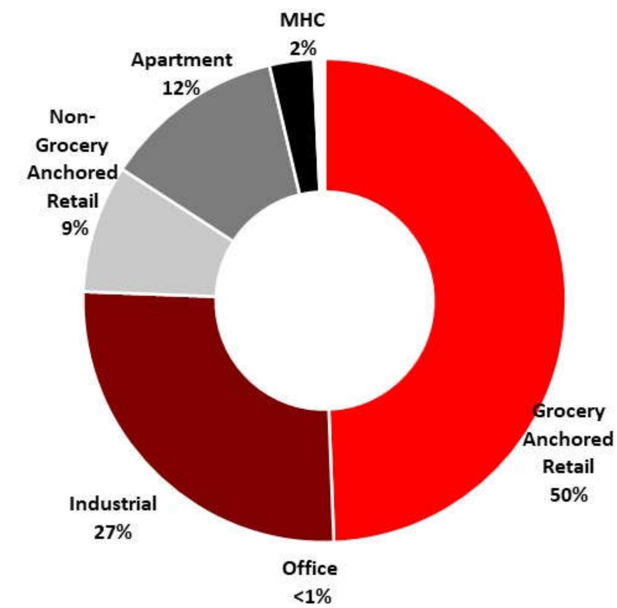
PART III

OVERVIEW OF FCPT

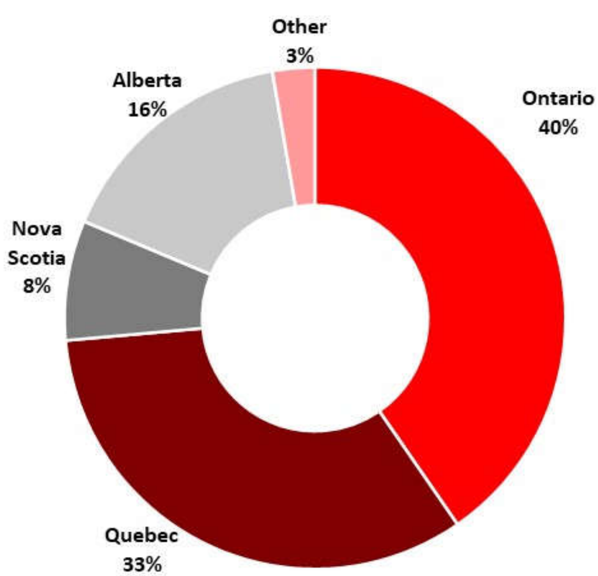
As at March 31, 2023, FCPT's portfolio consists of 66 commercial properties with a total GLA of 2,545,397 square feet, five Multi-Residential complexes comprised of 599 units and four Manufactured Homes Communities comprised of 536 units.

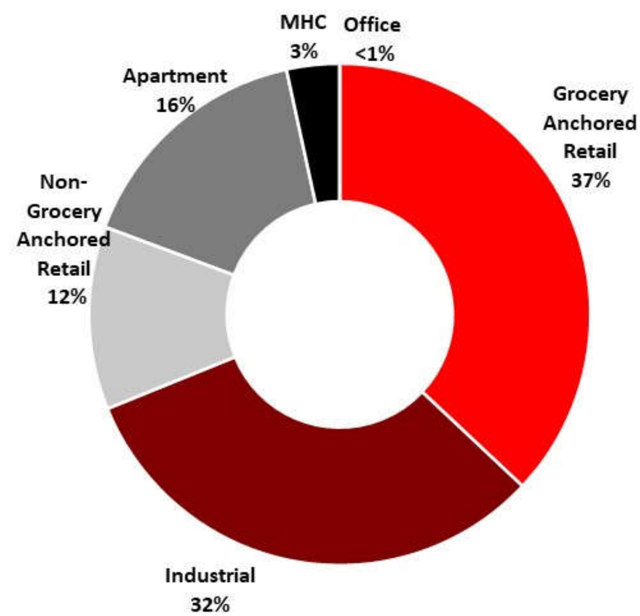
Geographical and Asset Class Portfolio Diversification based on NOI



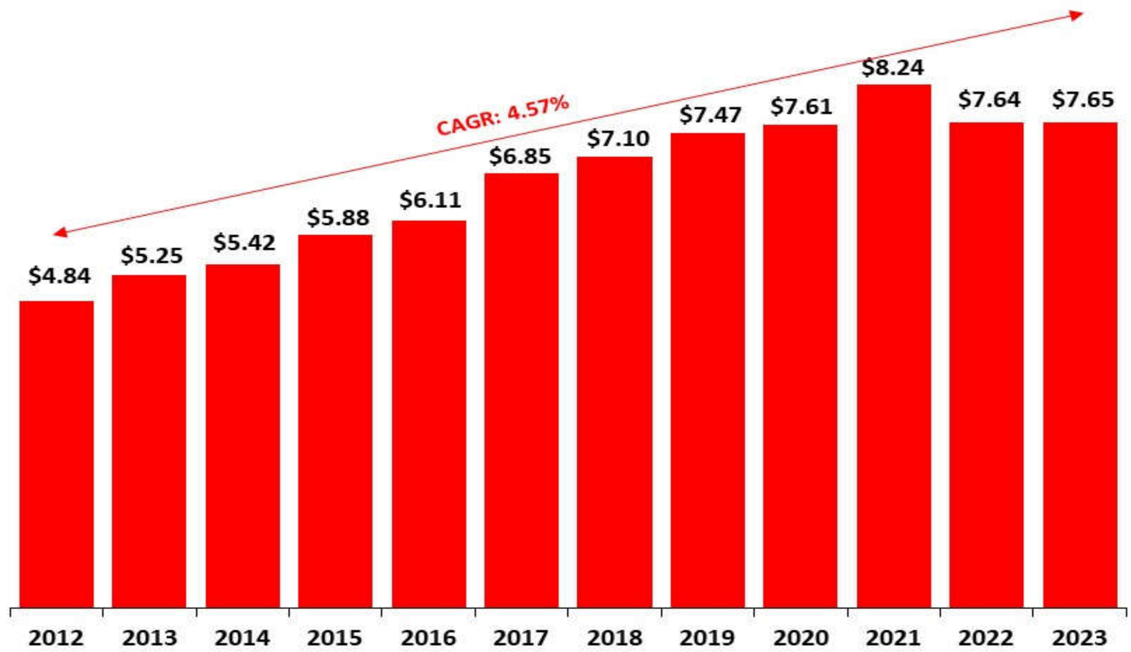


Geographical and Asset Class Portfolio Diversification based on Investment Property Value

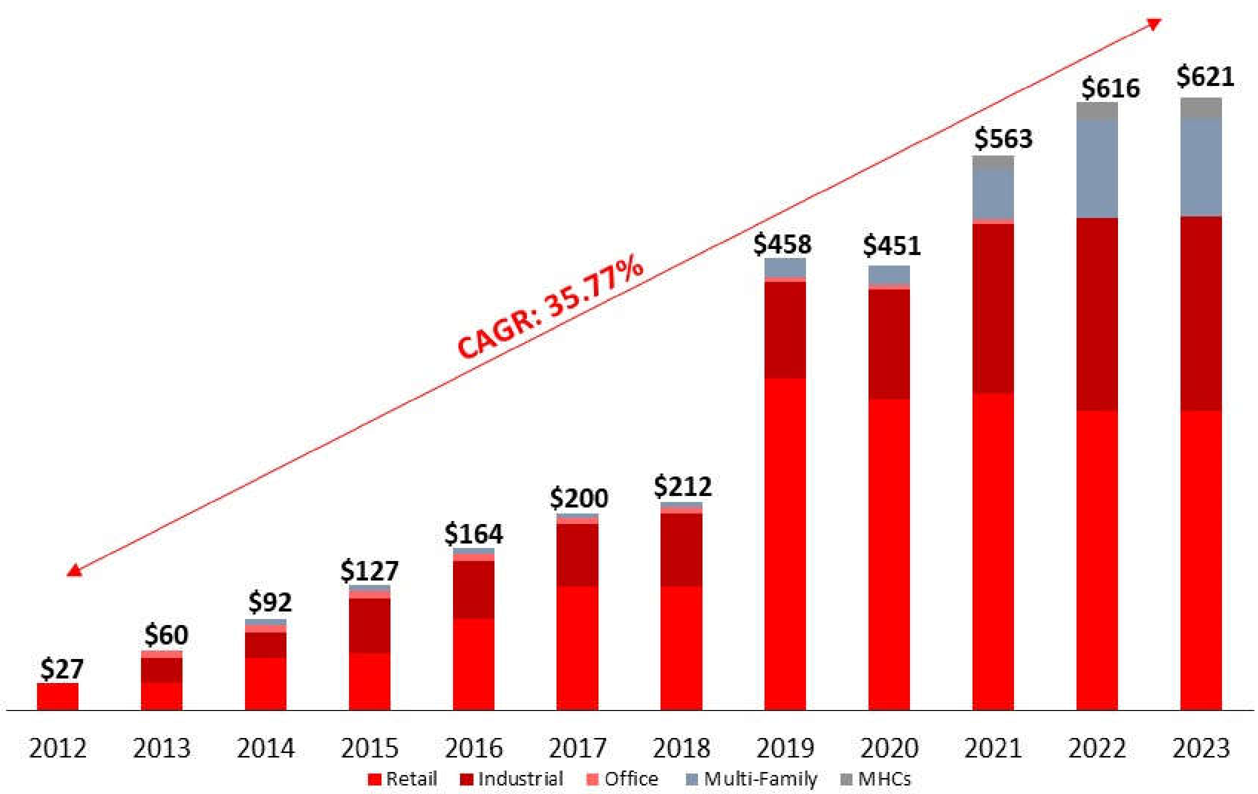




Net Asset Value Growth



Real Estate Portfolio Growth

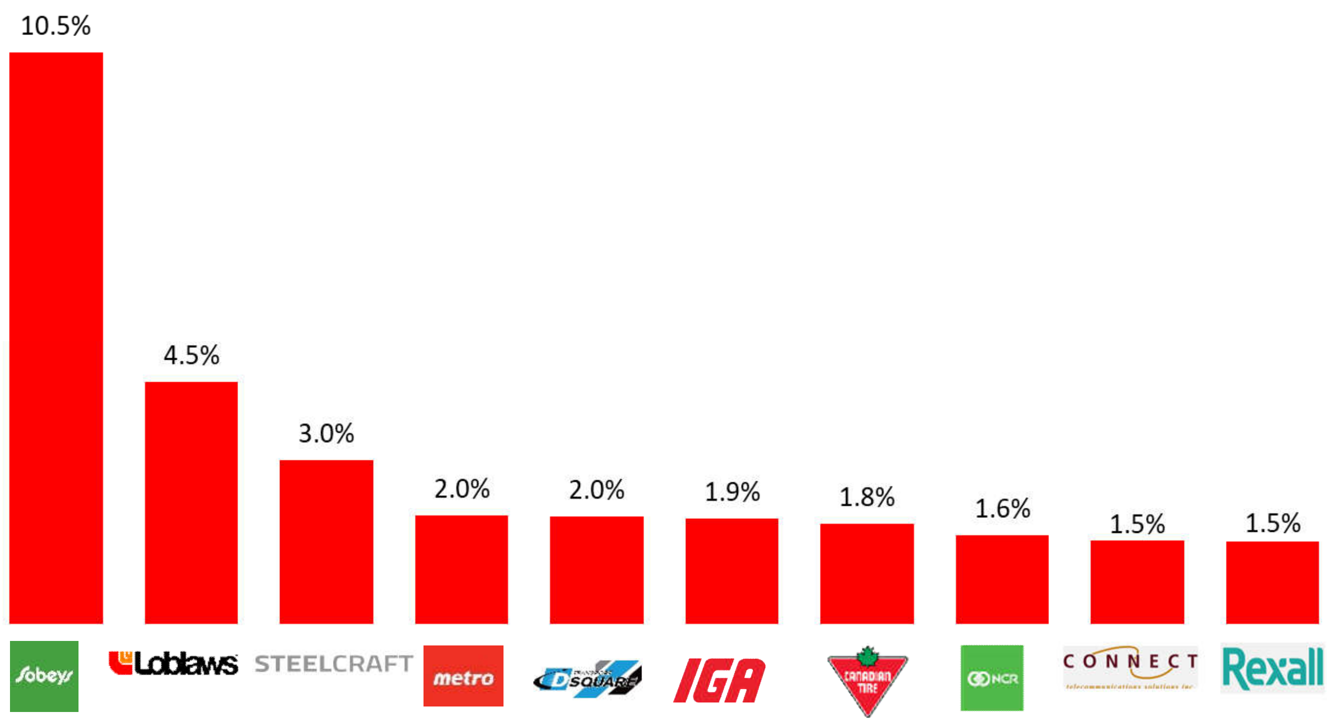


Top 10 Tenants

FCPT's tenant base includes a diverse and established group of companies that represent many of Canada's established businesses. The Trust strives for stability in its revenue stream, while diversifying its revenue sources and avoiding dependence on any single tenant. The portfolio is well diversified by tenant profile with no tenant currently accounting for more than 10.5% of total net rent. Further, the top 10 tenants account for 30.3% of total net rent.

Top Tenants

(by % of rent)



Strategy

Firm Capital Property Trust 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, the Trust's plan is to own as well as co-own a diversified property portfolio of multi-residential, flex industrial, net lease convenience retail and manufactured home communities.

In addition to stand alone accretive acquisitions, the Trust will make joint acquisitions with strong financial partners. Firm Capital Realty Partners Inc., through a structure focused on an alignment of interests with the Trust sources, syndicates and property and asset manages investments on behalf of the Trust.

PROPERTY PORTFOLIO

Property	Gross Leasable Area	Occupancy Q1/2023	Occupancy Q4/2022	Occupancy Q3/2022	Occupancy Q2/2022
Retail					
Bridgewater, Nova Scotia	46,903	94.9%	94.9%	94.9%	94.9%
Brampton, Ontario	36,137	95.8%	95.8%	90.1%	90.1%
Moncton, New Brunswick	16,372	100.0%	100.0%	100.0%	100.0%
Guelph, Ontario	115,742	99.0%	92.0%	92.6%	92.6%
Centre Ice Retail Portfolio	6,805	100.0%	100.0%	100.0%	100.0%
Crombie Joint Venture Properties					
8118 - 188 Ave NE, Edmonton, Alberta	22,154	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%
Russell Lake, Dartmouth, Nova Scotia	33,725	100.0%	100.0%	97.6%	97.6%
2915 - 13th Ave, Regina, Saskatchewan	20,359	100.0%	100.0%	100.0%	100.0%
University Park, Regina, Saskatchewan	18,610	100.0%	100.0%	100.0%	100.0%
409 Bayfield Street, Barrie, Ontario	23,871	100.0%	100.0%	100.0%	100.0%
1 Westminster Ave N, Montreal, Quebec	10,480	100.0%	100.0%	100.0%	100.0%
First Capital Joint Venture Properties					
The Whitby Mall, Whitby, Ontario	149,842	87.6%	85.2%	86.2%	90.3%
Thickson Place, Whitby, Ontario	41,926	100.0%	100.0%	100.0%	100.0%
901 Eglington Ave, Toronto, Ontario	9,034	100.0%	100.0%	100.0%	100.0%
Gloucester City Centre, Ottawa, Ontario	184,654	95.0%	95.0%	95.1%	95.1%
Merivale Mall, Ottawa, Ontario	109,399	94.6%	94.6%	94.6%	94.3%
Galeries de Repentigny, Repentigny, Quebec	65,370	100.0%	100.0%	100.0%	100.0%
Galeries Brien East, Repentigny, Quebec	4,435	100.0%	100.0%	85.8%	100.0%
Galeries Brien West, Repentigny, Quebec	26,166	100.0%	100.0%	100.0%	100.0%
Carrefour du Plateau, Gatineau, Quebec	121,070	100.0%	100.0%	100.0%	100.0%
Gateway Village, St. Albert, Alberta	52,688	98.9%	98.9%	100.0%	99.1%
Total / Weighted Average	**1,137,532**	**96.5%**	**95.5%**	**95.5%**	**96.1%**
Industrial					
Montreal, Quebec	610,837	97.8%	97.6%	97.3%	97.9%
Waterloo, Ontario	360,232	99.6%	98.3%	99.2%	100.0%
Edmonton, Alberta	244,922	91.8%	86.5%	82.3%	91.4%
Woodstock, Ontario	66,381	100.0%	100.0%	100.0%	100.0%
Stratford, Ontario	125,493	100.0%	100.0%	100.0%	100.0%
Total / Weighted Average	**1,407,865**	**97.5%**	**96.1%**	**95.9%**	**97.7%**
Commercial Total / Weighted Average	**2,545,397**	**97.1%**	**95.9%**	**95.1%**	**96.2%**
Multi-Residential	**Units**				
Ottawa, Ontario	135	94.8%	94.1%	93.3%	88.9%
Dartmouth, Nova Scotia	69	98.5%	95.7%	97.1%	100.0%
Lower Sackville, Nova Scotia	132	99.2%	97.0%	97.0%	96.2%
Edmonton, Alberta	128	95.3%	90.6%	92.2%	94.5%
Pointe-Claire, Quebec	135	80.0%	80.7%	87.4%	94.8%
Total / Weighted Average	**599**	**91.9%**	**90.3%**	**92.7%**	**95.0%**
Manufactured Homes Communities					
Calgary, Alberta	181	100.0%	99.4%	99.4%	100.0%
McGregor, Ontario	241	99.6%	100.0%	99.6%	99.6%
Peterborough, Ontario	56	100.0%	n.a.	n.a.	n.a.
Trenton, Ontario	58	100.0%	n.a.	n.a.	n.a.
Total / Weighted Average	**536**	**99.8%**	**99.8%**	**99.5%**	**99.8%**

Commercial: As at March 31, 2023, commercial occupancy of 97.1% or 120bps above the 95.9% as at December 31, 2022. The sequential increase was largely due to occupancy gains in both the Retail and Industrial portfolios.

Multi-Residential: As a March 31, 2023, within our Point-Claire, Quebec property 18 of the 135 units remained vacant. Subsequent to quarter end several units have been leased, with only 9 units remaining which are currently rent ready bringing overall occupancy on this property from 80% to 93%.

Overall, however, occupancy increased on the multi-residential portfolio to 91.9% from 90.3% primarily within the Edmonton Alberta multi-residential portfolio.

MHCs: The occupancy rate of the MHC portfolio remained strong above 99%.

SUMMARY OF SELECTED QUARTERLY INFORMATION

This table highlights the changes in various operating and financial metrics over the most recently completed eight quarters, and is reflective of the timing of acquisitions, divestitures, re-development, leasing and maintenance expenditures and the effect of measuring investment properties at fair value under IFRS. Similarly, mortgages, debentures, construction loans and bank debt reflect financing activities relating to asset additions and debt retirement using surplus cash, which serve to increase FFO in the future. Property rental revenue, FFO, and AFFO are reflective of changes in the underlying income-producing asset base and changing leverage. These measures demonstrate sequential volatility from time to time due to non-recurring items, lease termination income, and expense reimbursement or recovery limitations for anchor or major tenants in the retail portfolio.

Selected quarterly information	**Q1/23**	**Q4/22**	**Q3/22**	**Q2/22**	**Q1/22**	**Q4/21**	**Q3/21**	**Q2/21**
Property rental revenue	$14,209,208	$14,245,157	$13,278,554	$13,454,489	$13,040,687	$11,954,312	$11,861,170	$11,277,357
Net operating income	9,223,016	9,165,483	8,985,669	9,002,396	8,303,824	7,898,791	8,055,672	7,210,383
Net income	5,396,789	8,663,638	5,132,990	(20,318,925)	5,338,017	6,566,305	9,826,281	31,835,794
Funds from operations	4,486,037	4,539,705	5,227,250	5,511,940	4,198,168	3,134,372	5,162,097	2,995,157
Adjusted funds from operations	3,999,237	4,280,543	4,049,626	4,025,800	4,042,035	3,869,233	4,331,519	3,584,444
Total assets	638,658,302	633,898,464	631,403,138	631,587,165	642,158,461	576,355,914	558,741,635	537,117,579
Total mortgages	305,337,204	306,781,314	306,310,058	304,957,905	294,716,199	239,912,757	237,331,275	238,778,434
Unitholders' equity (net book value)	296,584,638	296,513,896	294,428,855	295,122,294	296,819,578	295,915,326	293,725,736	286,171,927
Units o/s at period end (000s)	37,011	37,100	37,402	37,549	34,011	34,011	34,011	33,673
Per unit amounts								
Funds from operations	$0.121	$0.122	$0.139	$0.156	$0.123	$0.092	$0.152	$0.097
Adjusted funds from operations	$0.108	$0.115	$0.108	$0.114	$0.119	$0.114	$0.128	$0.116
Financial ratios								
FFO Payout Ratio	107%	107%	93%	83%	105%	138%	84%	131%
AFFO Payout Ratio	121%	113%	121%	114%	109%	112%	100%	110%
Wtd. avg. interest rate - mortgage debt	4.1%	3.8%	3.5%	3.5%	3.2%	3.3%	3.3%	3.4%
Debt to GBV	52%	51%	51%	51%	51%	46%	45%	45%
Operating stats								
GLA - commercial, SF	2,545,397	2,563,461	2,572,736	2,567,977	2,453,963	2,420,168	2,241,013	2,266,676
Units - Multi-Res	599	599	599	599	599	464	464	464
Units - MHCs	536	423	423	423	423	423	423	181
Occupancy - commercial (period-end)	97.1%	95.9%	95.1%	96.2%	95.7%	95.9%	95.6%	92.7%
Occupancy - Multi-Res (period-end)	91.9%	90.3%	92.7%	95.0%	95.6%	93.6%	93.7%	95.6%
Occupancy - MHCs (period-end)	99.8%	99.8%	99.5%	99.8%	99.5%	99.1%	99.4%	100.0%
Rent PSF - Retail	$19.06	$18.43	$18.54	$18.43	$17.88	$17.90	$17.79	$17.27
Rent PSF - Industrial	$7.86	$7.60	$7.37	$6.81	$6.66	$6.67	$6.96	$6.50
Rent per month - Multi-Res	$1,249	$1,198	$1,310	$1,327	$1,319	$1,175	$1,057	$1,062
Rent per month - MHCs	$611	$603	$599	$565	$524	$519	$510	$535

PART IV

RESULTS OF OPERATIONS

Included in the following sections is a discussion of the various components of net income, followed by discussions and reconciliations of FFO and AFFO from comparable IFRS measures.

				Three Months Ended March 31, 2023
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	$ 2,705,207	$ 11,504,001	$ 14,209,208	$ 24,894,401
Property Operating Expenses	(915,773)	(4,070,419)	(4,986,192)	(8,758,780)
	1,789,434	7,433,582	9,223,016	16,135,621
Interest and Other Income	82,717	51,960	134,677	185,205
Expenses:				
Finance Costs	911,497	2,767,713	3,679,210	5,934,669
General and Administrative	381,665	959,714	1,341,379	1,774,286
	1,293,162	3,727,427	5,020,589	7,708,955
Income Before Fair Value Adjustments	578,989	3,758,115	4,337,104	8,611,871
Fair Value Adjustments:				
Investment Properties	(11,165)	921,917	910,752	2,257,757
Unit-based Compensation Recovery	148,933	-	148,933	148,933
Net Income (Loss) and Comprehensive Income (Loss)	$ 716,757	$ 4,680,032	$ 5,396,789	$ 11,018,561

				Three Months Ended March 31, 2022
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	$ 2,673,889	$ 10,366,798	$ 13,040,687	$ 19,930,898
Property Operating Expenses	(734,778)	(4,002,085)	(4,736,863)	(7,897,913)
	1,939,111	6,364,713	8,303,824	12,032,985
Interest and Other Income	113	14,365	14,478	24,162
Expenses:				
Finance Costs	424,003	2,115,504	2,539,507	4,016,041
General and Administrative	988,571	333,945	1,322,516	767,339
	1,412,574	2,449,449	3,862,023	4,783,380
Income Before Fair Value Adjustments	526,650	3,929,629	4,456,279	7,273,767
Fair Value Adjustments:				
Investment Properties	176,989	962,860	1,139,849	3,992,839
Unit-based Compensation Recovery	(258,111)	-	(258,111)	(258,111)
Net Income and Comprehensive Income	$ 445,528	$ 4,892,489	$ 5,338,017	$ 11,008,495

Rental Revenue

Property rental revenue includes rent paid by tenants for their leased premises plus reimbursements or recoveries from tenants for property operating costs, realty taxes and other recoverable costs ("recoveries") relating to their leased premises and the common property areas. For the three months ended March 31, 2023, property rental revenue increased primarily due to the impact of income from acquisition activity, and same-property growth across all asset classes.

Many of FCPT's expenses are recoverable from tenants in accordance with their respective lease agreements, with the Trust absorbing these expenses to the extent of vacancies.

	Three Months Ended		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Base Rent	$ 10,068,832	$ 9,028,508	12%
Operating Cost Recoveries	1,963,539	1,934,654	1%
Tax Recoveries	2,106,904	1,909,063	10%
Straight Line Rent	88,156	207,276	(57%)
Free Rent	(18,223)	(38,814)	(53%)
Rental Revenue	**$ 14,209,208**	**$ 13,040,687**	**9%**

The variance in comparing the three months ended March 31, 2023 over the three months ended March 31, 2022 is largely due to increased base rental income from the Trust's various acquisitions along with the net rent increases as outlined in the same-property NOI analysis.

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

Property Operating Expenses

Property operating expenses 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		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Realty Taxes	$ 2,388,277	$ 2,079,035	15%
Property Management	551,349	465,911	18%
Operating Expenses	2,046,566	2,191,917	(7%)
Property Operating Expenses	**$ 4,986,192**	**$ 4,736,863**	**5%**

The variance in comparing the three months ended March 31, 2023 over the three months ended March 31, 2022 is primarily due to the impact of FCPT's various acquisitions.

Net Operating Income ("NOI")

NOI on a cash basis excludes non-cash items such as straight-line and free rent.

	Three Months Ended		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Rental Revenue	**$ 14,209,208**	**$ 13,040,687**	9%
Property Operating Expenses	(4,986,192)	(4,736,863)	5%
NOI - IFRS Basis	**$ 9,223,016**	**$ 8,303,824**	11%
Less: Straight-Line Rent	(88,156)	(207,276)	(57%)
Less: Free Rent	18,223	38,814	(53%)
NOI - Cash Basis	**$ 9,153,083**	**$ 8,135,362**	**13%**

The variance in comparing the three months ended March 31, 2023 over the three months ended March 31, 2022 are primarily due to the impact of the FCPT's various acquisitions, offset by higher property operating costs.

Same-Property NOI Analysis

The following tables summarize FCPT's same-property performance segmented by asset class.

Q1/2023 versus Q1 2022 for same-property NOI increased across various asset classes as follows:

- **Retail:** Increased 6% primarily due to higher occupancy (increase of 0.3%) and higher in place rent (increase of 6.6%).
- **Industrial:** Increased 8% primarily due to a 18% increase in in place rent offset by a decrease in overall occupancy.
- **Multi-Residential:** Increased by 8% due to rising rental rates, offset by an increase in operating expenses.
- **MHCs:** Increased by 7% primarily due increasing rental rates on a quarter over quarter basis.

RETAIL	Three Months Ended		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Rental Revenue	$ 7,924,774	$ 7,633,335	4%
Property Operating Expenses	(2,845,407)	(2,841,841)	0%
NOI - IFRS Basis	**$ 5,079,367**	**$ 4,791,494**	6%

INDUSTRIAL	Three Months Ended		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Rental Revenue	$ 3,526,586	$ 3,361,459	5%
Property Operating Expenses	(1,247,395)	(1,251,375)	(0%)
NOI - IFRS Basis	**$ 2,279,191**	**$ 2,110,084**	8%

MULTI-RESIDENTIAL	Three Months Ended		
	Mar 31, 2023	Mar 31, 2022	Change
Rental Revenue	$ 1,141,958	$ 1,021,410	12%
Property Operating Expenses	(667,034)	(579,694)	15%
NOI - IFRS Basis	**$ 474,924**	**$ 441,716**	8%

MHCs	Three Months Ended		
	Mar 31, 2023	Mar 31, 2022	Change
Rental Revenue	$ 12,982,875	$ 12,368,743	5%
Property Operating Expenses	(4,905,379)	(4,806,652)	2%
NOI - IFRS Basis	**$ 8,077,496**	**$ 7,562,091**	7%

Finance Costs

Finance fee amortization relates to fees paid on securing the Facility as defined below on the FCPT'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 FCPT's various acquisitions.

	Three Months Ended		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Mortgage Interest	$ 3,306,671	$ 2,277,805	45%
Bank Indebtedness and Credit Facility Interest	154,594	87,538	77%
Finance Fee Amortization	255,304	212,351	20%
Non-cash Interest Expense	(37,359)	(38,186)	(2%)
Finance Costs	**$ 3,679,210**	**$ 2,539,508**	**45%**

The variance in comparing the three months ended March 31, 2023 compared to the three months ended March 31, 2022 is related to higher weighted average mortgage interest rates (Q1 2023 – 4.1% versus Q1 2022 – 3.2%) and as a result of acquisitions and mortgage refinancings (Outstanding principal balance Q1 2023 – $305 million versus Q1 2022 – $295 million).

General and Administrative Expenses

	Three Months Ended		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Asset Management Fees	$ 847,083	$ 874,105	(3%)
Performance Incentive Fees	51,385	133,717	(62%)
Public Company Expenses	120,944	83,272	45%
Office & General	321,967	231,422	39%
General & Administrative	**$ 1,341,379**	**$ 1,322,516**	**1%**

The YoY variance is largely due to a decrease in the performance incentive fees and asset management fees due to dispositions, offset by an increase in consulting and TSX listing fees.

Fair Value Gains (Losses)

	Three Months Ended		
	Mar 31, 2023	**Mar 31, 2022**	**Change**
Investment Properties	$ 910,752	$ 1,139,849	(20%)
Unit-based Compensation	148,933	(258,111)	(158%)
Fair Value Gains (Losses)	**$ 1,059,685**	**$ 881,738**	**20%**

Sequential Quarterly Results

The following table shows the sequential changes from December 31, 2022 for a few key metrics:

	Three Months Ended		
	Mar 31, 2023	**Dec 31, 2022**	**Sequential Change**
Rental Revenue	$ 14,209,208	$ 14,245,157	(0%)
Property Operating Expenses	4,986,192	5,079,674	(2%)
NOI - IFRS Basis	9,223,016	9,165,483	1%
Finance Costs	3,679,210	3,503,230	5%
General & Admin Costs	1,341,379	1,758,602	(24%)

For the three months ended March 31, 2023, NOI increased 1%, while finance costs increased by 5% versus Q4/2022 due to increased borrowings. G&A is down 24% due to the higher performance incentive fees captured in Q4 of 2022 related to the disposition of Barrie and Pembroke properties.

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 March 31, 2023
	Trust Wholly Owned	**Co-Owned at Proportionate Ownership**	**Total**	**Co-Owned at 100%**
Current Assets	$ 9,137,739	$ 7,296,047	$ 16,433,786	$ 32,776,299
Non-Current Assets	137,283,983	484,940,533	622,224,516	1,081,958,720
Total Assets	**$ 146,421,722**	**$ 492,236,580**	**$ 638,658,302**	**$ 1,114,735,019**
Current Liabilities	60,559,129	20,561,655	81,120,784	154,499,944
Non-Current Liabilities	28,200,893	232,751,987	260,952,880	$ 428,273,443
Total Liabilities	**$ 88,760,022**	**$ 253,313,642**	**$ 342,073,664**	**$ 582,773,387**
Total Owners' Equity	**$ 57,661,700**	**$ 238,922,938**	**$ 296,584,638**	**$ 531,961,632**

				As at December 31, 2022
	Trust Wholly Owned	**Co-Owned at Proportionate Ownership**	**Total**	**Co-Owned at 100%**
Current Assets	$ 8,720,978	$ 7,296,776	$ 16,017,754	$ 13,912,586
Non-Current Assets	137,287,469	480,593,241	617,880,710	936,025,467
Total Assets	**$ 146,008,447**	**$ 487,890,017**	**$ 633,898,464**	**$ 949,938,053**
Current Liabilities	48,679,740	52,514,396	101,194,136	89,420,786
Non-Current Liabilities	28,227,572	207,962,860	236,190,432	393,737,920
Total Liabilities	**$ 76,907,312**	**$ 260,477,256**	**$ 337,384,568**	**$ 483,158,706**
Total Owners' Equity	**$ 69,101,135**	**$ 227,412,761**	**$ 296,513,896**	**$ 466,779,347**

FFO and AFFO

	Three Months Ended		
	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022
Cash Flows from Operating Activities	**$ 5,863,952**	**$ 8,420,355**	**$ 2,661,218**
Add (deduct):			
Tenant Rental Deposits	(55,687)	(87,641)	(181,593)
Accounts Payable and Accrued Liabilities	1,108,103	635,779	687,472
Restricted Cash	144,443	(10,334)	144,443
Prepaid Expenses, Deposits & Other Assets	(40,772)	(669,849)	4,945,725
Accounts Receivable	795,108	(879,755)	(1,440,570)
Mortgage Receivable	-		
Finance Fee Amortization	(255,304)	(280,994)	(212,351)
Land Lease Amortization	(3,442)	(3,458)	(3,850)
Finance Costs, Net of Interest & Dividends	(3,326,589)	(3,164,899)	(2,350,863)
Unit Based Compensation Expense/(Recovery)	148,933	(9,117)	(258,111)
Straight-Line and Free Rent Adjustments	69,933	1,785	168,462
Non-Cash Interest Expense	37,359	37,358	38,186
Subtract Performance Fee Attributed to Gain on Sale	-	597,620	-
FFO	**$ 4,486,037**	**$ 4,586,850**	**$ 4,198,168**
Straight Line Rent and Free Rent Adjustments	(69,933)	(1,785)	(168,462)
Tenant Inducements, Leasing Costs & Capex	(230,575)	(229,137)	(207,596)
Non-Cash Interest Expense	(37,359)	(37,358)	(38,186)
Unit Based Compensation Expense/(Recovery)	(148,933)	9,117	258,111
AFFO	**$ 3,999,237**	**$ 4,327,687**	**$ 4,042,035**
Gain on Sale of Investment Properties	-	3,984,130	(365,031)
Performance Fee Attributable To Gain	-	(597,620)	13,871
FFO including Gain on Sale of Assets	**$ 4,486,037**	**$ 7,973,360**	**$ 3,847,008**
AFFO including Gain on Sale of Assets	**$ 3,999,236**	**$ 7,714,197**	**$ 3,690,875**
FFO Per Unit	**$ 0.121**	**$ 0.123**	**$ 0.123**
AFFO Per Unit	**$ 0.108**	**$ 0.116**	**$ 0.119**
FFO including Gain on Sale of Assets	**$ 0.121**	**$ 0.214**	**$ 0.123**
AFFO including Gain on Sale of Assets	**$ 0.108**	**$ 0.207**	**$ 0.119**
Distributions Per Unit	**$ 0.130**	**$ 0.130**	**$ 0.130**
FFO Payout Ratio	**107%**	**106%**	**105%**
AFFO Payout Ratio	**121%**	**112%**	**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 months ended March 31, 2023 over the three months ended December 31, 2022 is largely due to higher financing costs and decreased NOI related to CAM and Tax recovery adjustments that occurred for fiscal 2022 year end. When comparing the three months ended March 31, 2023 to the similar period in 2022, AFFO is comparable where any net acquisition activity benefits have been offset by higher financing cost that occurred in the period.

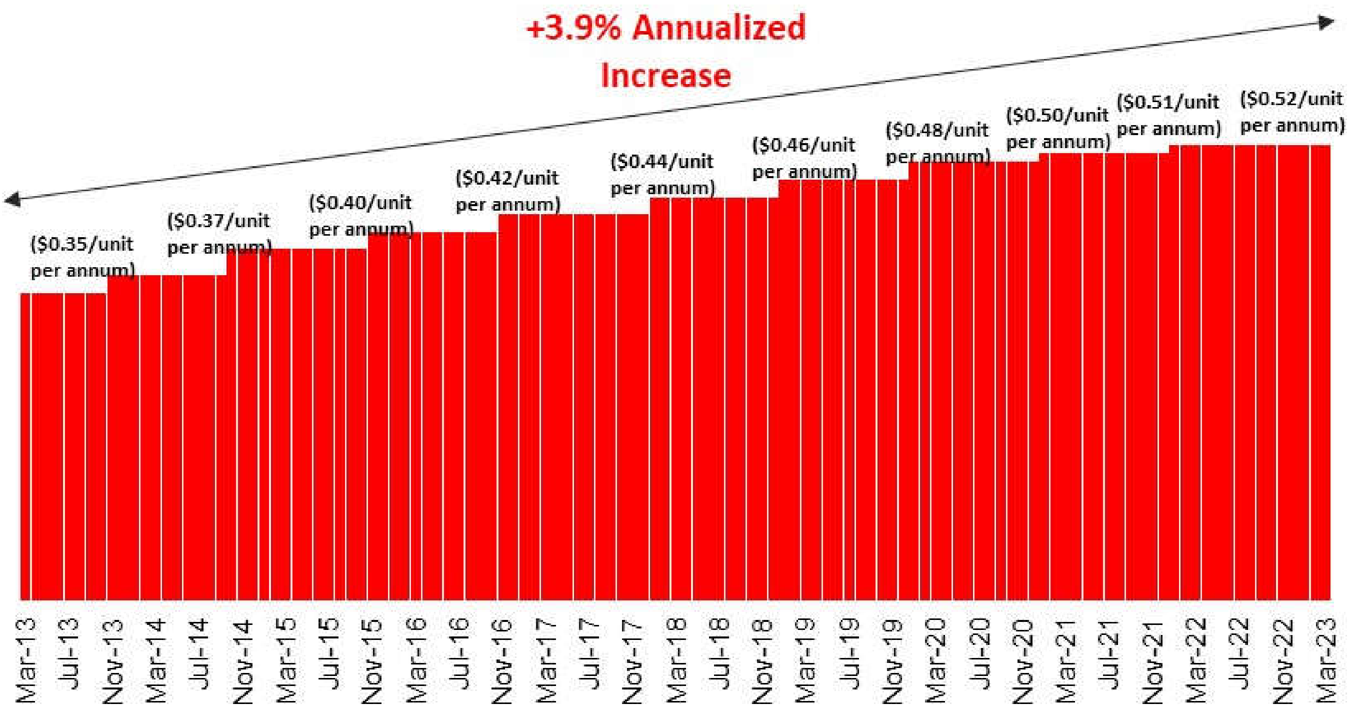
AFFO is calculated largely in accordance with the guidelines set out by RealPAC and is defined as FFO less adjustments for non-cash items such as straight-line rent, free rent and noncash interest expense as well as normalized capital expenditures, tenant inducements and leasing charges. However, under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

PART V

CASH DISTRIBUTION

Since FCPT's inception in Q4/2012, distributions have been raised nine times in ten years and represents a cumulative increase of 48.6% or 3.9% on an annualized basis. For 2022, distributions were approximately 91% Return of Capital with the remaining being taxable capital gains (2021 – 48% Return of Capital with the remaining being taxable capital gains).

Historical Cash Distributions



For the three months ended March 31, 2023, distributions of $0.04333 per unit were declared each month commencing in January 2023 through to March 2023.

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.

PAYOUT RATIO

The excess/(shortfall) of cash flow from operating activities over distributions and net income and comprehensive income over distributions for the three months ended March 31, 2023, December 31, 2022 and March 31, 2022 are outlined below:

	Three Months Ended		
	Mar 31, 2023	**Dec 31, 2022**	**Mar 31, 2022**
CF From Operating Activities (A)	**$ 5,863,952**	**$8,420,355**	**$2,661,218**
Net Cash Interest Expense			
Less: Mortgage Interest	(3,306,671)	(3,751,997)	(2,277,804)
Less: Bank Indebtedness Interest	(154,594)	(118,234)	(87,539)
Add: Interest and Other Income	134,677	94,695	14,478
Net Cash Interest Expense (B)	**(3,326,588)**	**(3,775,536)**	**(2,350,865)**
Net CF from Operating Activities (A-B) = (C)	2,537,364	4,644,819	310,353
Net Income & Comprehensive Income (D)	**5,396,789**	**8,663,638**	**5,338,017**
Distributions (E)	4,820,059	4,841,251	4,390,849
Excess / (Shortfall) CF From Operating Activities Over Distributions (C-E)	**($2,282,695)**	**($196,432)**	**($4,080,496)**
Excess / (Shortfall) of Net Income & Comprehensive Income Over Distributions (D-E)	**$576,730**	**$3,822,387**	**$947,168**

For the three months ended March 31, 2023, Dec 31, 2022 and March 31, 2022, Trust had distributions in excess of operating income. The shortfalls are largely due to the timing of deposits, amounts receivables and accounts payable which impact cash flows from operating activities. Had these adjustments not occurred, these figures would be in excess of distributions.

DISTRIBUTION REINVESMENT 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 the Trust Units in the five trading days immediately prior to the distribution payment date, 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 three months ended March 31, 2023 no units were issued from the DRIP (three months ended March 31, 2022 – 217 units were issued for gross proceeds of $1,250).

PART VI

BALANCE SHEET

Included in the following section is a discussion of the various components of the balance sheet.

Investment Properties

As at March 31, 2023, the Trust's property portfolio consisted of 75 properties with a fair value of $620.6 million, in comparison to the $616.3 million reported as at December 31, 2022. The variance is largely due to increases in fair value adjustments from changes in NOI, capital expenditures and the Trust's acquisitions that occurred in Q1 of 2023. 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, 2021	$ 321,430,138	$ 5,288,357	$ 171,451,490	$ 51,109,286	$ 14,072,347	$ 563,351,618
Acquisitions	-	-	3,138,038	56,335,237	-	59,473,275
Capital Expenditures	899,028	43,618	396,035	488,517	-	1,827,198
Straight-line Rents	139,129	312	67,835	-	-	207,276
Fair Value Adjustment	(671,883)	(43,930)	1,804,368	(335,625)	386,919	1,139,849
March 31, 2022	321,796,412	5,288,357	176,857,766	107,597,415	14,459,266	625,999,216
Acquisitions	-	-	21,607,444	412,500	-	22,019,944
Dispositions	(2,544,529)	(5,285,719)	-	-	-	(7,830,248)
Capital Expenditures	1,622,567	(43,618)	402,143	123,208	83,123	2,187,423
Straight-line Rents	173,351	(2,950)	105,014	-	-	275,415
Fair Value Adjustment	(18,204,387)	43,930	(2,684,464)	(9,203,488)	3,702,369	(26,346,040)
December 31, 2022	$ 302,843,414	$ -	$ 196,287,903	$ 98,929,635	$ 18,244,758	$ 616,305,710
Acquisitions	-	-	-	-	2,954,973	2,954,973
Capital Expenditures	144,216	-	210,029	35,680	-	389,925
Straight-line Rents	49,766	-	38,390	-	-	88,156
Fair Value Adjustment	(48,475)	-	1,230,875	(264,266)	(7,383)	910,752
March 31, 2023	$ 302,988,921	$ -	$ 197,767,197	$ 98,701,050	$ 21,192,348	$ 620,649,516

For the three months ended March 31, 2023, senior management of the Trust valued the Investment Properties using the overall capitalization method and independent third party appraisals. Investment properties are valued on a highest and best use basis. For all of the Trust's investment properties, the current use is considered the best use. Fair value was determined by applying a capitalization rate to stabilized net operating income ("Stabilized NOI"). Stabilized NOI incorporates allowances for vacancy, management fees and structural reserves for tenant inducements and capital expenditures to which a capitalization rate is applied that is deemed appropriate for investment property. Capitalization rates are based on many factors, including but not limited to the asset location, type, size and quality of the asset and taking into account any available market data at the valuation date.

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

Capitalization rates used in the valuation of investment properties as of March 31, 2023 are based on current market data.

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.

The properties independently appraised each year represent a subset of the property types and geographic distribution of the overall portfolio. A breakdown of the aggregate fair value of investment properties independently appraised each quarter, in accordance with the Trust's policy, is as follows:

	2023			2022		
	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	-	$ -	$ -	1	$ 57,000,000	$ 57,000,000
Total	-	$ -	$ -	1	$ 57,000,000	$ 57,000,000

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:

March 31, 2023	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Manufactured Housing Communities	Weighted Average
Capitalization Rate Range	4.50% - 8.00%	n.a.	3.05% - 9.03%	4.75% - 5.50%	5.00% - 6.75%	5.91%
Weighted Average Capitalization Rate	6.49%	n.a.	5.52%	5.02%	5.42%	5.91%

December 31, 2022	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Manufactured Housing Communities	Weighted Average
Capitalization Rate Range	4.00% - 8.00%	n.a.	3.05% - 9.03%	4.75% - 5.00%	4.75% - 5.75%	5.84%
Weighted Average Capitalization Rate	6.48%	n.a.	5.41%	4.87%	5.07%	5.84%

Sale of Investment Properties

On May 18, 2022, the Trust completed the sale of a retail property from the Centre Ice Retail Portfolio, for gross proceeds of approximately $0.6 million. The Trust's pro-rata share of the gross proceeds was $0.4 million. The Trust recognized a loss on sale of $0.05 million.

On December 21, 2022, the Trust completed the sale of retail property in Pembroke, Ontario for gross proceeds of $2.7 million. The Trust recognized a gain on sale of approximately $0.2 million.

On December 29, 2022, the Trust completed the sale of an office property in Barrie, Ontario for gross proceeds of $10.5 million. As part of the transaction, the Trust provided a first priority vendor take back mortgage of approximately $6.8 million for a one year term at an interest rate of 4.0% and a second priority vendor takeback mortgage of approximately $1.6 million for a five year term at an interest rate of 5.0% for the first two years, 6.0% for the third and fourth year and 7.0% for the final year. The Trust recognized a gain on sale of approximately $5.0 million.

Mortgages Receivable

As part of one of the dispositions of the Centre Ice Retail Portfolio properties in 2021, a mortgage was taken back from the purchaser for $1.0 million. Terms are 5% interest only, two year term, fully open for repayment prior to maturity on March 1, 2023 and fully secured against the disposed property. The Trust's portion of the mortgage receivable is $0.7 million. During the three months ended March 31, 2023, $0.7 million mortgage receivable was fully repaid.

As noted in the Sale of Investments Properties section, two mortgage take backs occurred as the result of the sale of an office property in Barrie, Ontario for $8.4 million on December 29, 2022.

Current Assets
Current assets as at March 31, 2023, December 31, 2022 and March 31, 2022 consisted of the following:

	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022
Accounts Receivable	$ 1,974,726	$ 1,179,618	$ 1,556,640
Prepaid Expenses, Deposits & Other Assets	2,496,232	2,126,471	8,264,175
Cash & Cash Equivalents	4,792,344	4,985,624	5,291,439
Restricted Cash	345,484	201,041	346,991
Mortgages Receivable	6,825,000	7,525,000	-
	$ 16,433,786	**$ 16,017,754**	**$ 15,459,245**

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. Restricted Cash represents realty tax escrows requested by the lender on the Guelph Retail Portfolio mortgage. Mortgages Receivable consists of mortgages taken back from the sale of investment properties.

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)	$ 46,739,109	$ 96,908,614	$ 161,760,217	$ 305,407,940
Bank Indebtedness (note 6)	19,972,386	-	-	19,972,386
Credit facility (note 6)	6,300,000	-	-	6,300,000
Tenant Rental Deposits	552,627	413,737	1,649,239	2,615,603
Distribution Payable	1,603,682	-	-	1,603,682
Land Lease Liability (note 7b)	42,312	85,183	97,945	225,440
Accounts Payable and Accrued Liabilities (note 5)	6,019,349	-	-	6,019,349
	$ 81,229,465	$ 97,407,534	$ 163,507,401	$ 342,144,400

DEBT STRATEGY

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

FCPT'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 FCPT's total assets. Gross Book Value ("GBV") is defined in the Declaration of Trust as "at any time, the book value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated subsidiaries may be used instead of book value." As at March 31, 2023 and March 31, 2022, the ratio of such indebtedness to gross book value was 51.9% and 51.2% respectively, which complies with the requirement in the Declaration of Trust and is consistent with FCPT's objectives.

With respect to the bank indebtedness, the Trust must maintain ratios including minimum Unitholders' equity, maximum debt/GBV, minimum interest service and debt service coverage ratios. The Trust monitors these ratios and was in compliance with these requirements throughout the three months ended March 31, 2023 and March 31, 2022.

In addition to the above key ratios, FCPT's mortgages has various covenants calculated as defined within these agreements. The Trust monitors these covenants and was in compliance as at March 31, 2023 and March 31, 2022.

DEBT STRUCTURE

Mortgages

The following tables show the scheduled principal and interest payments of the FCPT's mortgages outstanding. The weighted average interest rate at the end of March 31, 2023 is 4.1.% (3.8% as at December 31, 2022) and weighted average repayment term of approximately 2.7 years (3.0 years as at December 31, 2022).

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2023	4,788,710	41,950,399	46,739,109	7,510,012
2024	4,765,931	92,142,683	96,908,614	7,489,001
2025	3,829,697	13,186,495	17,016,192	5,856,017
2026	3,084,905	41,935,043	45,019,948	5,588,262
2027	2,007,372	17,040,957	19,048,329	3,824,749
Thereafter	5,223,293	75,452,455	80,675,748	8,074,689
Face Value	$ 23,699,908	$ 281,708,032	$ 305,407,940	$ 38,342,730
Unamortized Financing Costs			(255,503)	
Mark to Market on Assumed Mortgages			184,767	
Total Mortgages			**$ 305,337,204**	

	March 31, 2023	December 31, 2022
Current:		
Mortgages	$ 46,739,109	$ 73,012,398
Unamortized Financing Costs	(255,503)	(373,481)
Mark to Market on Assumed Mortgages	146,822	146,822
	$ 46,630,428	$ 72,785,739
Non-Current:		
Mortgages	$ 258,668,831	$ 233,920,272
Mark to Market on Assumed Mortgages	37,945	75,303
	$ 258,706,776	$ 233,995,575
Total Mortgages	**$ 305,337,204**	**$ 306,781,314**

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 at a floating interest rate of BA + 1.75%, interest only and due on May 11, 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.

On July 5, 2022, the Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on a multi-residential property located in Ottawa, Ontario for $5.0 million dollar. Terms of the mortgage are fixed at 4.75%, 2 year term, 30 year amortization with a maturity date of July 5, 2024.

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.

On December 13, 2022, the Trust closed on an early renewal of the mortgage on the Montreal Industrial Portfolio for proceeds of $44.0 million at a 4.88% interest rate, amortizing and for a term of seven years. The previous mortgage was at a 3.98% interest rate and was set to mature in August 2023. As part of the early repayment of the mortgage the lender paid out an early break fee of approximately $0.6 million to the property partnership. The Trust has a 50% interest in the mortgage.

On December 21, 2022, the Trust closed on a 50% interest in two multi-tenant industrial properties located in Edmonton, Alberta. The acquisition price of the portfolio was $3.2 million (including transaction costs). The acquisition of the portfolio was financed through the assumption of a $1.2 million mortgage and a new $0.9 million mortgage.

On January 16, 2023, the Trust closed on an early renewal of a $35.9 million mortgage on our Waterloo Industrial Portfolio. The terms of the loan are at a 4.77% fixed interest rate, 7 year term and a 30 year amortization. The Trusts 70% portion of the loan was $25.1 million.

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 that consists of credit facility and bank indebtedness. On March 31, 2023, the total amount available under the Facility was $19.0 million. Interest on the credit facility and bank indebtedness is predominantly charged at a rate that varies with bank prime and may have a component with a fixed interest rate established based on a formula linked to bankers' acceptance rates. Amounts drawn under the Facility are due to be repaid at the maturity date on October 31, 2024. Amounts drawn under the credit facility at March 31, 2023 was $6.3 million (2022 – nil). Bank indebtedness at March 31, 2023 was $10.0 million (December 2022 - $2.5 million).

Line of Credit

FCPT has entered into a Line of Credit (the "LOC") with a Canadian Chartered Bank (the "Bank") fully secured by first charges against the Merivale Mall Property. On March 31, 2023, the total amount available under the LOC was $22.0 million. The interest rate is based on a calculated formula using the Bank's prime lending rate. Amounts drawn under the Facility are due to be repaid at the maturity date on November 30, 2025. Amounts drawn under the LOC as at March 31, 2023 was $10.0 million (December 31, 2022 – $16.3 million).

Within the Montreal Industrial Portfolio, where the Trust is a 50% co-owner of the joint arrangement, a co-terminus $1 million LOC with a Bank was established with the existing mortgage on the Industrial Portfolio that has a maturity Date of December 2029. The interest rate is based on a calculated formula using the Bank's prime lending rate. No amounts were drawn from this facility as at March 31, 2023 (December 31, 2022 – nil).

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
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
2027	51,322	(46,109)	1,126	6,339

	March 31, 2023
Current	$ 42,312
Non-Current	183,128
Total	$ 225,440

UNITHOLDERS' EQUITY

Unitholders' equity as at March 31, 2023 was $296,584,638 (December 31, 2022 - $296,513,896).

The change in Trust Units is as follows:

	Number of Units	Amount
Balance, December 31, 2021	34,011,117	$ 198,065,763
Issuance of Units from Distribution Reinvestment Plan	163	1,250
Issuance costs	-	(16,950)
Balance, March 31, 2022	34,011,280	198,050,063
Options Exercised	295,000	1,843,750
Issuance of Units from Distribution Reinvestment Plan	217	1,250
Public Equity Offering	3,243,000	21,440,211
Normal Course Issuer Bid	(449,400)	(2,624,635)
Balance, December 31, 2022	37,100,097	218,710,639
Normal Course Issuer Bid	(89,200)	(509,853)
Balance, March 31, 2023	37,010,897	218,200,786

Options Exercised

During the twelve months ended December 31, 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.

No options were exercised during the three months ended March 31, 2023.

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).

Unit Purchase Plan (UPP)

Unitholders who elect to receive Trust Units under the DRIP may also enroll in FCPT'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.

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 March 31, 2023, the Trust had 3,350,000 Trust Unit options issued and outstanding at a fair market value of $686,029 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. During the three months ended March 31, 2023, the remaining 220,000 options expired without being exercised.

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, 2023 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, 2023 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. During the three months ended March 31, 2023, 10,000 options were cancelled. The balance as at March 31, 2023 was 340,000 Trust unit options.

On March 15, 2021, the Trust granted 10,000 Trust Unit options at a weighted average exercise price of $6.75 per Trust Unit. 3,333 unit options fully vest on the date of the grant with the remaining 6,667 vesting over the following 2 years and expire on March 15, 2026. The balance as at March 31, 2023 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. During the three months ended March 31, 2023, 30,000 options were cancelled. The balance as at March 31, 2023 was 1,650,000.

Unit-based compensation related to the aforementioned unit options was a recovery of $148,933 for the three months ended March 31, 2023 (2022 – expense of $258,111). Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	As at March 31, 2023	As at December 31, 2022
Expected Option Life (Years)	3.0	3.1
Risk Free Interest Rate	3.64%	3.70%
Distribution Yield	9.29%	9.14%
Expected Volatility	21.85%	21.83%

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 March 31, 2023, the outstanding liability was $93,868 (December 31, 2022 - $74.971).

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

FCPT 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 FCPT. 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 three months ended March 31, 2023 and March 31, 2022, Asset Management Fees were $847,083 and $874,105; Acquisition Fees were $21,977 and $436,125; Placement fees were $62,847 and $132,000; and Performance Incentive Fees were $51,385 and $133,717, respectively.

Asset Management and Performance Incentive Fees are recorded in General and Administrative expenses while Acquisition and Placement Fees are capitalized to Investment Properties, Mortgages and Unitholders' Equity on the consolidated balance sheet.

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 $11.3 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

FCPT has entered into a Property Management Agreement with FCPMC, an entity indirectly related to certain trustees and management of FCPT. 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 three months ended March 31, 2023 and March 31, 2022, Property Management Fees were $329,227 and $271,854 and Commercial Leasing Fees were $23,765 and $3,101, respectively.

For the three months ended March 31, 2023, Property Management Fees were higher than the amount reported for the three months ended March 31, 2022 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.

PART VII

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, FCPT's Audit Committee and Board of Trustees provide an oversight role with respect to all public financial disclosures by FCPT, and have reviewed and approved this MD&A and the condensed consolidated interim financial statements as at March 31, 2023 and March 31, 2022.

Controls And Procedures

FCPT 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 FCPT's disclosure controls and procedures (as defined in

National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings as at March 31, 2023 and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

FCPT has also established adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of FCPT'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 FCPT's internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at March 31, 2023. Based on that assessment, it was determined that FCPT'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 FCPT's internal controls over financial reporting during the three months ended March 31, 2023 that would have materially affected or would be reasonably likely to materially affect FCPT'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 FCPT's consolidated financial statements for the year ended December 31, 2022 and accordingly should be read in conjunction with them.

Estimates

The critical accounting estimates have been set out in FCPT's consolidated financial statements for the year ended December 31, 2022 and accordingly should be read in conjunction with them.

Critical Judgement

Critical judgments have been set out in the consolidated financial statements for the year ended December 31, 2022 and accordingly should be read in conjunction with them.

RISKS AND UNCERTAINTIES

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

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

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

FCPT's ability to make real estate investments in accordance with FCPT'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 FCPT.

CHANGES IN APPLICABLE LAWS
FCPT'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 FCPT'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 FCPT's properties, including changes to building codes and fire and life-safety codes.

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

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

In addition, global financial markets have experienced a sharp increase in volatility during recent years. This has been, in part, the result of the re-valuation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant re-valuations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world in the near to medium term. These market conditions and unexpected volatility or illiquidity in financial markets may inhibit FCPT'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 FCPT. Failure by the Trust to access required capital could have a material adverse effect on FCPT'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
FCPT will be subject to the risks associated with debt financing. There can be no assurance that the Trust will be able to refinance its existing indebtedness on terms that are as or more favorable to the Trust as the terms of existing indebtedness. The inability to replace financing of debt on maturity would have an adverse impact on the financial condition and results of FCPT.

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

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

LEGAL RISK
In the normal course of FCPT'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 FCPT'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 FCPT's business operations, which could have a material adverse effect on FCPT'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 FCPT'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 FCPT'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.

FCPT is also subject to utility and property tax risk relating to increased costs that the Trust may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of properties and their adherent tax rates. In some instances, enhancements to properties may result in significant increases in property assessments following a re-valuation. Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the Trust cannot charge back to the tenant may have a material adverse effect on FCPT'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 “Asset Management Agreement” has been subsequently updated on January 1, 2022. The Trust is exposed to adverse developments in the business and affairs of FCRPI and FCPMC, since the day-to-day activities of the Trust are run by FCRPI and FCPMC and since all of the Trust’s real estate investments are originated by FCRPI.

RETURN RISK

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

POTENTIAL CONFLICTS OF INTEREST

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

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

RELIANCE ON KEY PERSONNEL AND TRUSTEES

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

DILUTION

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

OPERATIONAL RISKS

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

RISK RELATED TO INSURANCE RENEWALS

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

CO-OWNERSHIP INTEREST IN PROPERTIES

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