FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

REPORT TO UNITHOLDERS

YEAR ENDED
DECEMBER 31, 2023

FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

MD&A

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED
DECEMBER 31, 2023

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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 consolidated financial statements for the years ended December 31, 2023 and December 31, 2022. This MD&A has been prepared taking into account material transactions and events up to and including March 12, 2024. 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 2024 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

FOURTH QUARTER HIGHLIGHTS

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

	Three Months			Twelve Months Ended		
	Dec 31, 2023	Dec 31, 2022	Change	Dec 31, 2023	Dec 31, 2022	Change
Rental Revenue	$ 14,544,449	$ 14,245,157	2%	$ 57,508,091	$ 54,018,887	6%
NOI - IFRS Basis	9,451,214	9,165,483	3%	36,727,491	35,457,372	4%
NOI - Cash Basis	9,459,501	9,163,698	3%	36,597,428	35,074,668	4%
Same-Property NOI	11,548,507	10,973,479	5%	33,503,483	31,858,318	5%
Net Income (loss)	6,809,718	8,663,638	(21%)	15,367,821	(1,184,280)	NM[1]
FFO	5,253,312	4,586,850	15%	18,627,450	19,524,208	(5%)
AFFO	4,739,112	4,327,687	10%	16,700,144	16,445,149	2%
Total Assets				$ 637,378,171	$ 633,898,464	1%
Total Mortgages				303,792,112	306,781,314	(1%)
Credit Facility				31,300,000	18,726,067	67%
Unitholders' Equity				291,692,787	296,513,896	(2%)
Units Outstanding (000s)				36,926	37,100	(0%)
FFO Per Unit	$0.142	$0.123	15%	$0.504	$0.541	(7%)
AFFO Per Unit	$0.128	$0.116	10%	$0.452	$0.456	(1%)
Distributions Per Unit	$0.130	$0.130	0%	$0.520	$0.520	(0%)
FFO Payout Ratio	91%	106%	(1400 bps)	103%	96%	700 bps
AFFO Payout Ratio	101%	112%	(1100 bps)	115%	114%	100 bps
Wtd. Avg. Int. Rate - Mort. Debt				3.7%	3.8%	(10) bps
Debt to GBV				53%	51%	137 bps
GLA - Commercial, SF				2,553,184	2,552,214	0%
Units - Multi-Res				599	599	0%
Units - MHCs				537	422	27%
Occupancy - Commercial				96.5%	95.9%	60 bps
Occupancy - Multi-Res				96.9%	90.3%	660 bps
Occupancy MHCs				100.0%	99.8%	20 bps
Rent PSF - Retail				$18.81	$18.43	2%
Rent PSF - Industrial				$8.16	$7.60	7%
Rent per month - Multi-Res				$1,405	$1,198	17%
Rent per month - MHCs				$612	$603	1%

[1] NM = Percentage change is not meaningful

Significant highlights for the fourth quarter and YTD include:

- Net income for the three months ended December 31, 2023 and 2022 was $6.8 million and $8.7 million respectively. Income before fair value adjustments for the three months ended December 31, 2023 and 2022 was $4.9 million and $4.0 million respectively. Net income before fair value adjustments for the twelve months ended December 31, 2023 and 2022 was $17.8 million and $17.3 million respectively, a 3% increase over 2022.

- $7.48 NAV /unit, a 0.3% increase over Q3/2023.

- NOI for the three months ended December 31, 2023 was $9.5 million, a 3% increase on YoY basis. NOI for the 12 months ended December 31, 2023 was $36.7 million, a 4% increase over 2022.

- Same property NOI increased 5% over Q4/2022 and YTD.

- AFFO for Q4/2023 increased by 10% to $4.7 million over Q4/2022 and 2% over 4Q/2022.

- AFFO per Unit for Q4/2023 increased by 10% to $0.128 over Q4/2022.

- AFFO Payout Ratio improved to 101% for Q4/2023, compared to the 112% for Q4/2022.

- Commercial occupancy was 96.5%, Multi-Residential occupancy was 96.9%, while Manufactured Homes Communities was 100% at December 31, 2023.

- Conservative leverage profile with Debt / GBV at 53% at December 31, 2023 compared to 51% at December 31, 2022.

Same-Property Performance

Same-Property NOI increased 5% for the three and twelve months ended December 31, 2023 respectively.

	Three Months			Twelve Months Ended		
	Dec 31, 2023	**Dec 31, 2022**	**Change**	**Dec 31, 2023**	**Dec 31, 2022**	**Change**
Rental Revenue	18,953,180	17,541,367	8%	52,108,663	49,329,572	6%
Property Operating Expenses	(7,404,673)	(6,567,888)	13%	(18,605,180)	(17,471,254)	6%
NOI - IFRS Basis	**11,548,507**	**10,973,479**	5%	**33,503,483**	**31,858,318**	5%

Portfolio Occupancy

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

	Occupancy			
Period ended	**Retail**	**Industrial**	**Mult-Res**	**MHCs**
December 31, 2022	95.6%	96.2%	90.3%	99.8%
September 30, 2023	97.4%	95.2%	96.0%	99.6%
December 31, 2023	97.2%	95.9%	96.9%	100.0%

Distributions Declared

On March 7th, 2024, the Trust declared and approved monthly distributions in the amount of $0.04333 per Trust Unit for Unitholders of record on April 30, 2024, May 31, 2024 and June 28, 2024, payable on or about May 15, 2024, June 17, 2024, and July 15, 2024, 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 moderating is still expected to remain above the central bank's target interest rate going into 2024. While the Bank of Canada has currently paused, they are not giving a indication of when or how far interest rates will be decreased. While the current interest rate environment is creating some short-term impacts to our cash flow, we believe this 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. The Trust's in place rental rates are still significantly discounted over prevailing market rates across these portfolios. Also, we continue to see strong demand for space across our convenience retail portfolio that is generating increasing cash flow. Even in the current interest rate environment, mortgage rates are still extremely attractive and only slightly above our average mortgage face rates across the portfolio. In addition, we have proactively adjusted our capitalization rates to reflect higher financing costs.

Although the current inflationary macro environment has shown some early stage signs of reversing, the rapid rise in interest rates that began 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. The Trust increased cap rates in 2023 across our retail and industrial portfolios to reflect market conditions, however the growth in NOI across our assets has offset some of the rise in capitalization rates. As a comparison, Net Asset Value or NAV has decreased to $7.48/Unit from $7.64/Unit at the end of Q4/2022.

The Trust has sufficient liquidity to meet our operational needs through 2024, 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 Q4/2023, the Trust had an overall conservative leverage ratio of 53%, slightly below our desired range of 55% to 65%. As always, management is focused on proactively managing the Trust's finance costs.

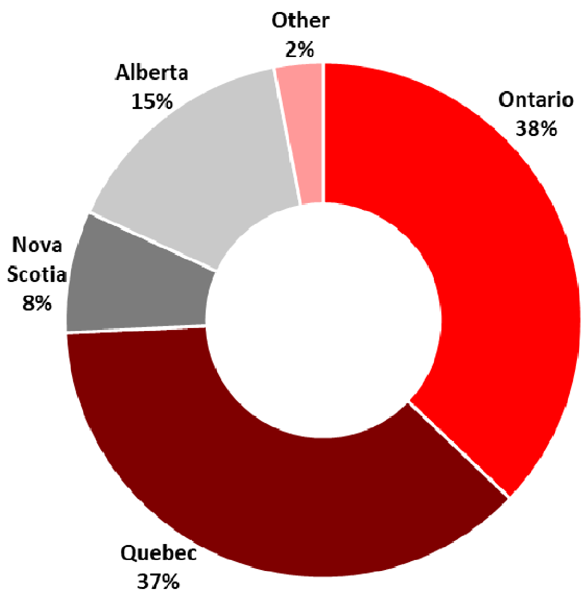
Management always assesses and evolves its asset portfolio. The Trust will focus its near-term acquisition efforts on the industrial and multi-residential sectors across Canada as well as continue to slowly reduce its exposure to its non-core retail assets when opportunities exist to create a more balanced property portfolio as demonstrated by the sales and acquisitions completed in 2023. The Trust expects to grow its asset base predominantly through acquisitions during 2024, albeit at a slower rate than has historically been the case.

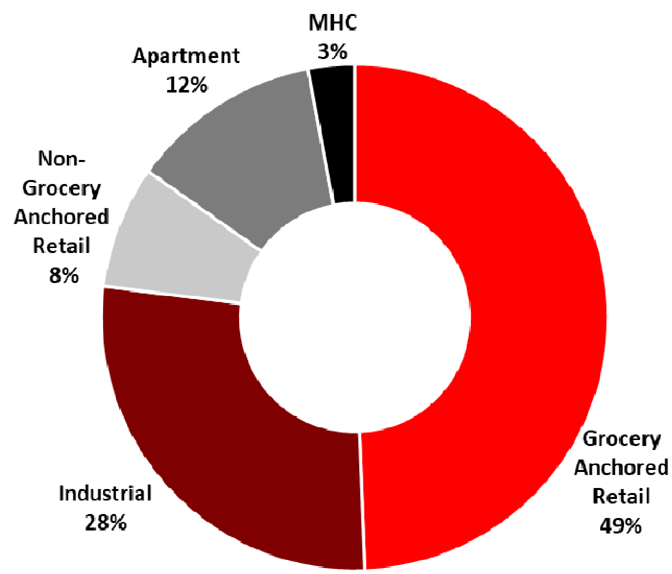
PART III

OVERVIEW OF FCPT

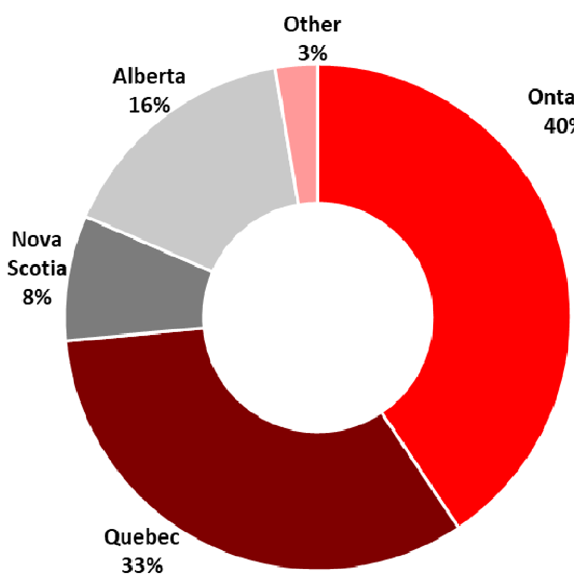
As at December 31, 2023, FCPT's portfolio consists of 65 commercial properties with a total GLA of 2,553,184 square feet, five Multi-Residential complexes comprised of 599 units and four Manufactured Homes Communities comprised of 537 units.

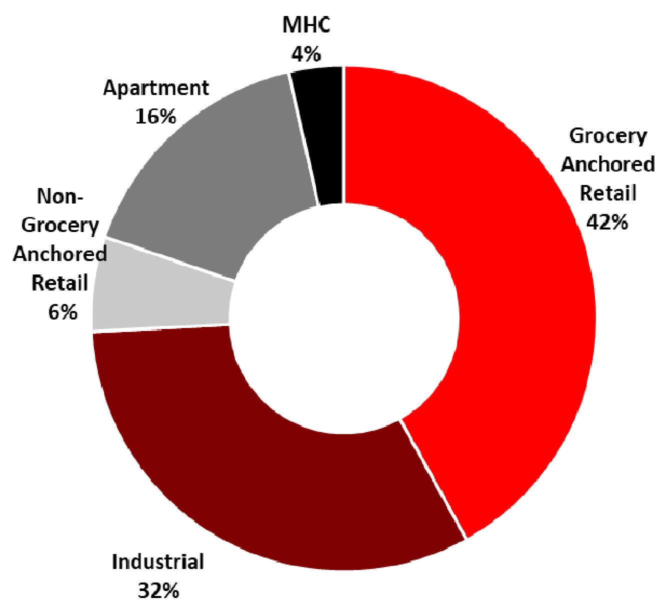
Geographical and Asset Class Portfolio Diversification based on NOI



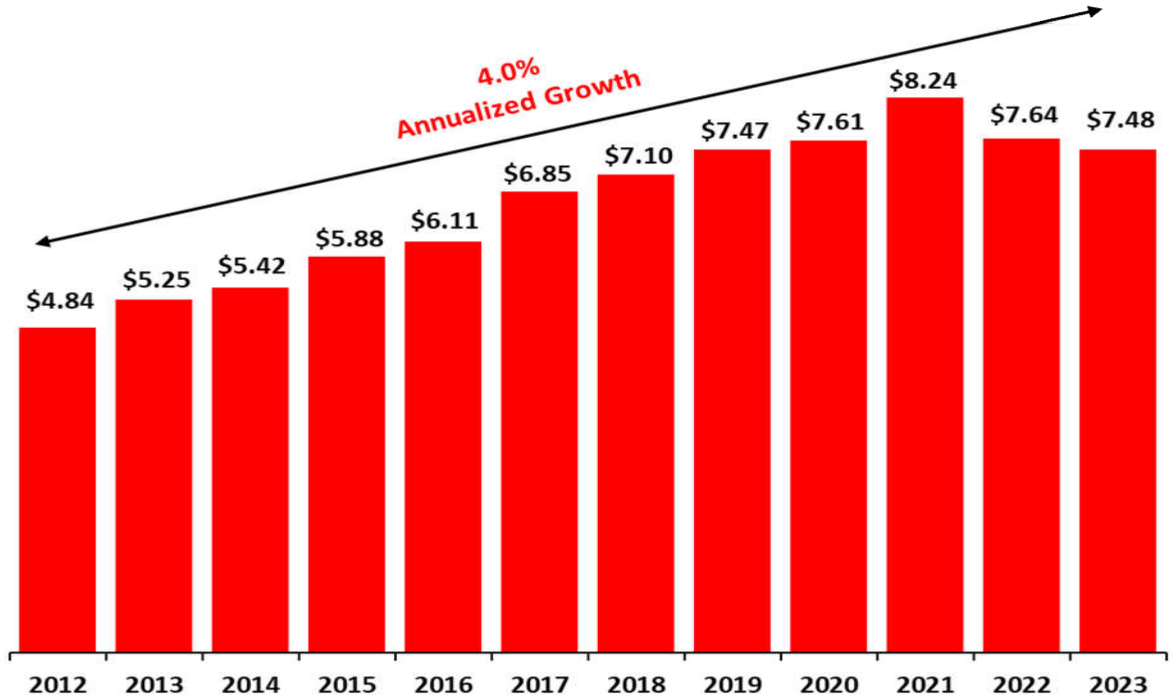


Geographical and Asset Class Portfolio Diversification based on Investment Property Value

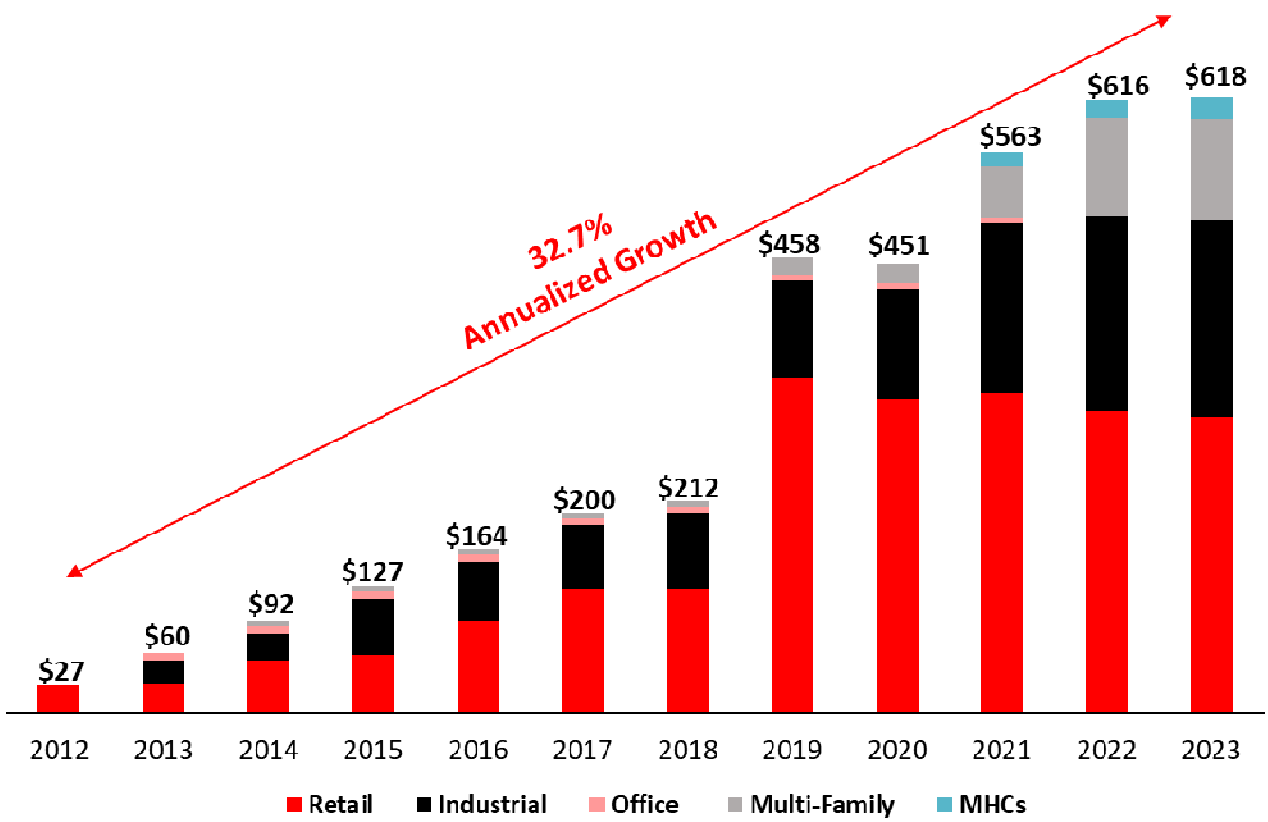




Net Asset Value Growth



Real Estate Portfolio Growth

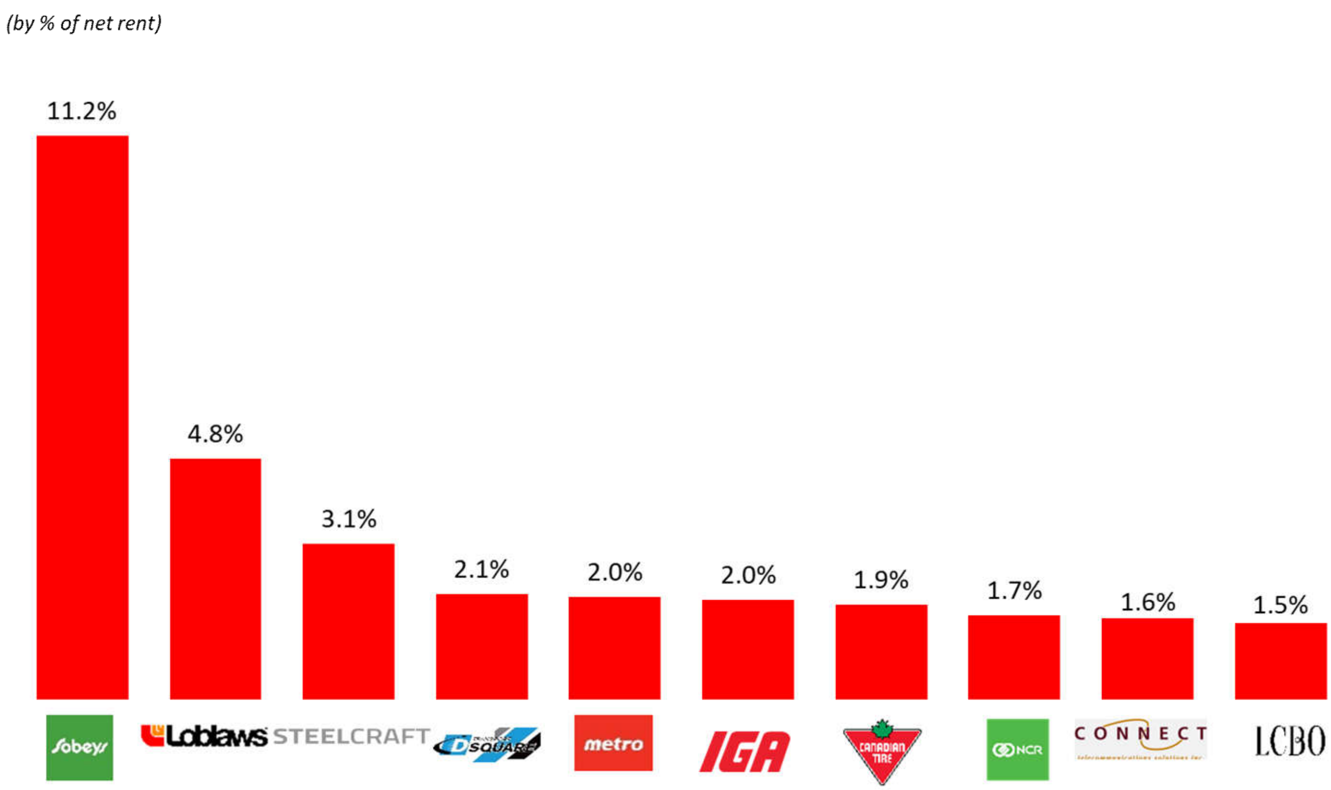


*Includes Assets Held for Sale

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 11.2% of total net rent. Further, the top 10 tenants account for 31.9% of total net rent.

Top Tenants



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 Q4/2023	Q3/2023	Q2/2023	Q1/2023
Retail					
Bridgewater, Nova Scotia	46,903	100.0%	100.0%	96.8%	94.9%
Brampton, Ontario	36,137	95.7%	100.0%	100.0%	95.8%
Moncton, New Brunswick	16,382	87.4%	87.4%	87.4%	100.0%
Guelph, Ontario	115,742	100.0%	100.0%	99.0%	99.0%
Centre Ice Retail Portfolio	13,469	87.4%	89.8%	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%	100.0%	100.0%
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	149,154	90.8%	91.3%	91.1%	87.6%
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	96.3%	96.4%	96.3%	95.0%
Merivale Mall, Ottawa, Ontario	109,399	94.9%	94.7%	94.7%	94.6%
Galeries de Repentigny, Repentigny, Quebec	65,370	100.0%	100.0%	100.0%	100.0%
Galeries Brien East, Repentigny, Quebec	4,435	100.0%	84.0%	84.0%	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	100.0%	100.0%	98.0%	98.9%
Total / Weighted Average	**1,143,519**	**97.2%**	**97.4%**	**97.2%**	**96.6%**
Industrial					
Montreal, Quebec	612,400	93.7%	96.0%	96.0%	97.8%
Waterloo, Ontario	360,232	98.5%	100.0%	100.0%	99.6%
Edmonton, Alberta	245,160	89.8%	87.5%	83.5%	91.8%
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	**1,409,665**	**95.9%**	**95.2%**	**95.4%**	**97.5%**
Commercial Total / Weighted Average	**2,553,184**	**96.5%**	**95.9%**	**96.0%**	**97.0%**
Multi-Residential	**Units**				
Ottawa, Ontario	135	94.1%	89.6%	91.1%	94.8%
Dartmouth, Nova Scotia	69	98.6%	100.0%	100.0%	98.5%
Lower Sackville, Nova Scotia	132	98.5%	99.2%	100.0%	99.2%
Edmonton, Alberta	128	94.5%	96.1%	98.4%	95.3%
Pointe-Claire, Quebec	135	98.0%	95.0%	95.6%	80.0%
Total / Weighted Average	**599**	**96.9%**	**96.0%**	**97.1%**	**91.9%**
Manufactured Homes Communities					
Calgary, Alberta	181	100.0%	100.0%	100.0%	100.0%
McGregor, Ontario	242	100.0%	99.6%	99.6%	99.6%
Peterborough, Ontario	56	100.0%	100.0%	100.0%	100.0%
Trenton, Ontario	58	100.0%	98.3%	100.0%	100.0%
Total / Weighted Average	**537**	**100.0%**	**99.6%**	**99.8%**	**99.8%**

Commercial: As at December 31, 2023 commercial occupancy was of 96.5%, which is a 60 bps increase from Q3/2023 and Q4/2022.

Multi-Residential: As a December 31, 2023 multi-residential occupancy was 96.9% or 90 bps higher than Q3/2023 or 660 bps higher from Q4/2022. The increase can primarily be attributed to the Quebec property.

MHCs: The occupancy rate of the MHC portfolio remained consistently strong reaching 100% occupancy as at December 31, 2023.

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	**Q4/23**	**Q3/23**	**Q2/23**	**Q1/23**	**Q4/22**	**Q3/22**	**Q2/22**	**Q1/22**
Property rental revenue	$14,544,449	$14,660,059	$14,094,375	$14,209,208	$14,245,157	$13,278,554	$13,454,489	$13,040,687
Net operating income	9,451,214	8,973,397	9,079,864	9,223,016	9,165,483	8,985,669	9,002,396	8,303,824
Net income	6,809,718	(2,410,181)	5,571,495	5,396,789	8,663,638	5,132,990	(20,318,925)	5,338,017
Funds from operations	5,253,312	4,557,150	4,330,951	4,486,037	4,586,850	5,227,250	5,511,940	4,198,168
Adjusted funds from operations	4,739,112	4,204,994	3,756,800	3,999,237	4,327,687	4,049,626	4,025,800	4,042,035
Total assets	637,378,171	636,559,566	641,277,417	638,658,302	633,898,464	631,403,138	631,587,165	642,158,461
Total mortgages	303,792,112	307,944,797	310,792,107	305,337,204	306,781,314	306,310,058	304,957,905	294,716,199
Unitholders' equity (net book value)	291,692,787	289,681,777	296,890,636	296,584,638	296,513,896	294,428,855	295,122,294	296,819,578
Units o/s at period end (000s)	36,926	36,925	36,925	37,011	37,100	37,402	37,549	34,011
Per unit amounts								
Funds from operations	$0.142	$0.123	$0.117	$0.121	$0.122	$0.139	$0.156	$0.123
Adjusted funds from operations	$0.128	$0.114	$0.102	$0.108	$0.115	$0.108	$0.114	$0.119
Financial ratios								
FFO Payout Ratio	91%	105%	111%	107%	107%	93%	83%	105%
AFFO Payout Ratio	101%	114%	128%	121%	113%	121%	114%	109%
Wtd. avg. interest rate - mortgage debt	3.7%	3.7%	4.1%	4.1%	3.8%	3.5%	3.5%	3.2%
Debt to GBV	53%	53%	52%	52%	51%	51%	51%	51%
Operating stats								
GLA - commercial, SF	2,553,184	2,558,146	2,557,010	2,545,397	2,552,214	2,572,736	2,567,977	2,453,963
Units - Multi-Res	599	599	599	599	599	599	599	599
Units - MHCs	537	537	536	536	422	423	423	423
Occupancy - commercial (period-end)	96.5%	95.9%	96.0%	97.1%	95.9%	95.1%	96.2%	95.7%
Occupancy - Multi-Res (period-end)	96.9%	96.0%	97.1%	91.9%	90.3%	92.7%	95.0%	95.6%
Occupancy - MHCs (period-end)	100.0%	99.6%	99.8%	99.8%	99.8%	99.5%	99.8%	99.5%
Rent PSF - Retail	$18.81	$18.54	$18.45	$18.30	$18.43	$18.54	$18.43	$17.88
Rent PSF - Industrial	$8.16	$8.12	$8.07	$7.86	$7.60	$7.37	$6.81	$6.66
Rent per month - Multi-Res	$1,405	$1,368	$1,331	$1,249	$1,198	$1,310	$1,327	$1,319
Rent per month - MHCs	$612	$591	$587	$580	$603	$599	$565	$524

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.

	Year Ended December 31, 2023			
	Trust Wholly Owned	**Co-Owned at Proportionate Ownership**	**Total**	**Co-Owned at 100%**
Net Operating Income				
Rental Revenue	$11,069,123	$ 46,438,968	$ 57,508,091	$ 100,689,285
Property Operating Expenses	(3,711,173)	(17,069,427)	(20,780,600)	(36,384,247)
	7,357,950	29,369,541	36,727,491	64,305,038
Interest and Other Income	387,126	190,282	577,408	778,067
Expenses:				
Finance Costs	4,553,530	9,986,258	14,539,788	23,633,898
General and Administrative	1,082,491	3,885,717	4,968,208	8,461,854
	5,636,021	13,871,975	19,507,996	32,095,752
Income Before Fair Value Adjustments	2,109,055	15,687,848	17,796,903	32,987,353
Fair Value Adjustments:				
Investment Properties	(3,148,697)	(149,179)	(3,297,876)	(3,581,163)
Fair Value Gain on Sale of Investment Properties	-	135,423	135,423	193,461
Unit-based Compensation Recovery	733,371	-	733,371	733,371
Net Income (Loss) and Comprehensive Income (Loss)	$ (306,271)	$ 15,674,092	$ 15,367,821	$ 30,333,022

	Year Ended December 31, 2022			
	Trust Wholly Owned	**Co-Owned at Proportionate Ownership**	**Total**	**Co-Owned at 100%**
Net Operating Income				
Rental Revenue	$11,444,326	$ 42,574,561	$ 54,018,887	$ 82,216,702
Property Operating Expenses	(3,398,770)	(15,162,745)	(18,561,515)	(29,227,197)
	8,045,556	27,411,816	35,457,372	52,989,505
Interest and Other Income	6,905	142,482	149,387	266,072
Expenses:				
Finance Costs	3,661,203	8,931,060	12,592,263	16,933,472
General and Administrative	1,217,667	4,529,901	5,747,568	8,473,966
	4,878,870	13,460,961	18,339,831	25,407,438
Income Before Fair Value Adjustments	3,173,591	14,093,337	17,266,928	27,848,139
Fair Value Adjustments:				
Investment Properties	(11,287,112)	(13,919,079)	(25,206,191)	(26,462,127)
Gain/(Loss) on Sale of Investment Properties	5,142,839	(47,516)	5,095,323	(67,880)
Unit-based Compensation Recovery	1,659,660	-	1,659,660	-
Net Income (Loss) and Comprehensive Income (Loss)	$ (1,311,022)	$ 126,742	$ (1,184,280)	$ 1,318,132

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 and twelve months ended December 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			Twelve Months Ended		
	Dec 31, 2023	**Dec 31, 2022**	**Change**	**Dec 31, 2023**	**Dec 31, 2022**	**Change**
Base Rent	$ 10,607,703	$ 9,927,503	7%	$ 41,571,270	$ 38,488,915	8%
Operating Cost Recoveries	1,787,111	2,061,896	(13%)	7,239,618	7,038,993	3%
Tax Recoveries	2,157,922	2,253,973	(4%)	8,567,140	8,108,275	6%
Straight Line Rent	14,779	37,087	(60%)	231,594	529,836	(56%)
Free Rent	(23,066)	(35,302)	(35%)	(101,531)	(147,132)	(31%)
Rental Revenue	**$ 14,544,449**	**$ 14,245,157**	**2%**	**$ 57,508,091**	**$ 54,018,887**	**6%**

The variance in comparing the three and twelve months ended December 31, 2023 over the three and twelve months ended December 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			Twelve Months Ended		
	Dec 31, 2023	**Dec 31, 2022**	**Change**	**Dec 31, 2023**	**Dec 31, 2022**	**Change**
Realty Taxes	$ 2,494,493	$ 2,330,486	7%	$ 9,856,824	$ 9,104,084	8%
Property Management	591,236	550,995	7%	2,254,259	2,169,035	4%
Operating Expenses	2,007,506	2,198,193	(9%)	8,669,517	7,288,396	19%
Property Operating Expenses	**$ 5,093,235**	**$ 5,079,674**	**0%**	**$ 20,780,600**	**$ 18,561,515**	**12%**

The variance in comparing the three and twelve months ended December 31, 2023 over the three and twelve months ended December 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			Twelve Months Ended		
	Dec 31, 2023	**Dec 31, 2022**	**Change**	**Dec 31, 2023**	**Dec 31, 2022**	**Change**
Rental Revenue	**$ 14,544,449**	**$ 14,245,157**	2%	**$ 57,508,091**	**$ 54,018,887**	6%
Property Operating Expenses	(5,093,235)	(5,079,674)	0%	(20,780,600)	(18,561,515)	12%
NOI - IFRS Basis	**$ 9,451,214**	**$ 9,165,483**	3%	**$ 36,727,491**	**$ 35,457,372**	4%
Less: Straight-Line Rent	(14,779)	(37,087)	(60%)	(231,594)	(529,836)	(56%)
Less: Free Rent	23,066	35,302	(35%)	101,531	147,132	(31%)
NOI - Cash Basis	**$ 9,459,501**	**$ 9,163,698**	**3%**	**$ 36,597,428**	**$ 35,074,668**	**4%**

The variance in comparing the three and twelve months ended December 31, 2023 over the three and twelve months ended December 31, 2023 are primarily due to the impact of the FCPT's various acquisitions and net rental rate increases, offset by higher property operating costs.

Same-Property NOI Analysis

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

Q4/2023 versus Q4/2022 for same-property NOI changed across various asset classes are as follows:

- **Retail:** Property NOI increased 3% from in place rents increasing $0.38 per square foot while also experiencing occupancy increases of 1.6%.
- **Industrial:** Increased 12% primarily due to a 7% increase in in-place rent.
- **Multi-Residential:** Increased by 2% due to rising in place rents, offset by increasing operating costs.
- **MHCs:** Increased by 4% primarily due to increased rental rates.

RETAIL	Three Months			Twelve Months Ended		
	Dec 31, 2023	**Dec 31, 2022**	**Change**	**Dec 31, 2023**	**Dec 31, 2022**	**Change**
Rental Revenue	10,528,447	10,414,157	1%	$ 30,923,816	$ 30,481,712	1%
Property Operating Expenses	(3,674,453)	(3,776,528)	(3%)	(10,836,711)	(10,563,441)	3%
NOI - IFRS Basis	**6,853,994**	**6,637,629**	3%	**$ 20,087,105**	**$ 19,918,271**	1%

INDUSTRIAL	Three Months			Twelve Months Ended		
	Dec 31, 2023	**Dec 31, 2022**	**Change**	**Dec 31, 2023**	**Dec 31, 2022**	**Change**
Rental Revenue	5,167,699	4,313,840	20%	$ 14,739,635	$ 13,121,322	12%
Property Operating Expenses	(2,061,798)	(1,533,949)	34%	(4,798,241)	(4,130,545)	16%
NOI - IFRS Basis	**3,105,901**	**2,779,891**	12%	**$ 9,941,394**	**$ 8,990,777**	11%

MULTI-RESIDENTIAL	Three Months			Twelve Months Ended		
	Dec 31, 2023	**Dec 31, 2022**	**Change**	**Dec 31, 2023**	**Dec 31, 2022**	**Change**
Rental Revenue	2,723,516	2,298,545	18%	$ 4,870,966	$ 4,252,102	15%
Property Operating Expenses	(1,422,351)	(1,018,200)	40%	(2,326,956)	(2,117,935)	10%
NOI - IFRS Basis	**1,301,165**	**1,280,345**	2%	**$ 2,544,010**	**$ 2,134,167**	19%

MHCs	Three Months			Twelve Months Ended		
	Dec 31, 2023	Dec 31, 2022	Change	Dec 31, 2023	Dec 31, 2022	Change
Rental Revenue	533,518	514,825	4%	$ 1,574,246	$ 1,474,436	7%
Property Operating Expenses	(246,071)	(239,211)	3%	(643,272)	(659,333)	(2%)
NOI - IFRS Basis	**287,447**	**275,614**	4%	**$ 930,974**	**$ 815,103**	14%

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			Twelve Months Ended		
	Dec 31, 2023	Dec 31, 2022	Change	Dec 31, 2023	Dec 31, 2022	Change
Mortgage Interest	$ 2,678,817	$ 3,141,360	(15%)	$ 11,870,998	$ 11,389,928	4%
Credit facility Interest	652,545	118,234	452%	2,043,534	346,093	490%
Finance Fee Amortization	140,567	280,994	(50%)	770,941	1,006,503	(23%)
Non-cash Interest Expense	(33,609)	(37,358)	(10%)	(145,685)	(150,261)	(3%)
Finance Costs	**$ 3,438,320**	**$ 3,503,230**	**(2%)**	**$ 14,539,788**	**$ 12,592,263**	**15%**

Finance costs for the three months ended December 31, 2023 are comparable to the same period in 2022, due to a reduction in overall mortgage interest offset by a rise in borrowing on the Trust's line of credit.

The variance in comparing the twelve months ended December 31, 2023 compared to the twelve months ended December 31, 2022 is related to acquisitions and mortgage refinancings.

General and Administrative Expenses

	Three Months Ended			Twelve Months Ended		
	Dec 31, 2023	Dec 31, 2022	Change	Dec 31, 2023	Dec 31, 2022	Change
Asset Management Fees	$ 855,294	$ 744,518	15%	$ 3,399,136	$ 3,424,133	(1%)
Performance Incentive Fees	281,874	702,361	(60%)	433,689	953,067	(54%)
Public Company Expenses	138,608	71,943	93%	533,490	382,844	39%
Office & General	46,282	239,780	(81%)	601,893	987,524	(39%)
General & Administrative	**$ 1,322,058**	**$ 1,758,602**	**(25%)**	**$ 4,968,208**	**$ 5,747,568**	**(14%)**

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 public company expenses.

Fair Value Gains (Losses)

	Three Months Ended			Twelve Months Ended		
	Dec 31, 2023	Dec 31, 2022	Change	Dec 31, 2023	Dec 31, 2022	Change
Investment Properties	$ 1,518,159	$ (420,915)	(461%)	$ (3,297,876)	$(25,206,191)	(87%)
Sale of Investment Properties	135,423	5,095,323	(97%)	135,423	5,095,323	(97%)
Unit-based Compensation	252,598	(9,117)	(2871%)	733,371	1,659,660	(56%)
Fair Value Gains (Losses)	**$ 1,906,180**	**$ 4,665,291**	**(59%)**	**$ (2,429,082)**	**$(18,451,208)**	**(87%)**

Sequential Quarterly Results

The following table shows the sequential changes from September 30, 2023 for a few key metrics:

	Three Months Ended		
	Dec 31, 2023	Sept 30, 2023	Sequential Change
Rental Revenue	$ 14,544,449	$ 14,660,059	(1%)
Property Operating Expenses	5,093,235	5,686,662	(10%)
NOI - IFRS Basis	9,451,214	8,973,397	5%
Finance Costs	3,438,320	3,380,054	2%
General & Admin Costs	1,322,058	1,187,719	11%

For the three months ended December 31, 2023, NOI increased 5% primarily due to lower operating expenses and higher rents due to lease renewal and acquisitions. General and Administrative costs were also up 11% due to the increase in performance incentive fees related to the disposition of a property within the Center Ice portfolio.

Co-Ownership Interests

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

				As at December 31, 2023
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	$ 9,929,309	$ 13,289,549	$ 23,218,858	$ 35,387,898
Non-Current Assets	133,815,244	480,344,069	614,159,313	1,070,466,058
Total Assets	**$ 143,744,553**	**$ 493,633,618**	**$ 637,378,171**	**$ 1,105,853,956**
Current Liabilities	29,203,767	108,085,035	137,288,802	253,940,365
Non-Current Liabilities	47,137,506	161,259,076	208,396,582	333,720,174
Total Liabilities	**$ 76,341,273**	**$ 269,344,111**	**$ 345,685,384**	**$ 587,660,539**
Total Owners' Equity	**$ 67,403,280**	**$ 224,289,507**	**$ 291,692,787**	**$ 518,193,417**

				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			Twelve Months Ended	
	Dec 31, 2023	Sep 30, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Cash Flows from Operating Activities	**$ 8,084,303**	**$ 8,394,305**	**$ 8,420,355**	**$ 28,915,349**	**$ 29,970,344**
Add (deduct):					
Tenant Rental Deposits	(148,018)	(4,180)	(87,641)	(283,061)	(334,177)
Accounts Payable and Accrued Liabilities	(253,619)	(391,650)	635,779	554,674	2,872,106
Restricted Cash	(14,987)	(24,293)	(10,334)	(59,947)	(1,507)
Prepaid Expenses, Deposits & Other Assets	(405,040)	(955,591)	(669,849)	(512,605)	(1,398,658)
Accounts Receivable	256,318	(132,997)	(879,755)	1,232,556	(1,817,592)
Finance Fee Amortization	(140,567)	(181,658)	(280,994)	(770,941)	(1,006,503)
Land Lease Amortization	(20,182)	(2,719)	(3,458)	21,459	36,584
Finance Costs, Net of Interest & Dividends	(2,479,992)	(2,271,887)	(3,164,899)	(11,576,329)	(11,586,634)
Unit Based Compensation Expense/ (Recovery)	252,598	49,983	(9,117)	733,371	1,659,660
Straight-Line and Free Rent Adjustments	(8,287)	40,478	1,785	130,063	382,704
Non-Cash Interest Expense	33,609	37,359	37,358	145,685	150,261
Subtract Performance Fee Attributed to Gain	97,176	-	597,620	97,176	597,620
FFO	**$ 5,253,312**	**$ 4,557,150**	**$ 4,586,850**	**$ 18,627,450**	**$ 19,524,208**
Straight Line Rent and Free Rent Adjustments	8,287	(40,478)	(1,785)	(130,063)	(382,704)
Tenant Inducements, Leasing Costs & Capex	(236,280)	(224,335)	(229,137)	(918,187)	(886,434)
Non-Cash Interest Expense	(33,609)	(37,359)	(37,358)	(145,685)	(150,261)
Unit Based Compensation Expense/(Recovery)	(252,598)	(49,983)	9,117	(733,371)	(1,659,660)
AFFO	**$ 4,739,112**	**$ 4,204,995**	**$ 4,327,687**	**$ 16,700,144**	**$ 16,445,149**
Gain on Sale of Investment Properties	647,841	-	3,984,130	647,841	3,984,130
Performance Fee Attributable to Gain	(97,176)	-	(597,620)	(97,176)	(597,620)
FFO including Gain on Sale of Assets	**$ 5,803,977**	**$ 4,557,150**	**$ 7,973,360**	**$ 19,178,115**	**$ 22,910,718**
AFFO including Gain on Sale of Assets	**$ 5,289,777**	**$ 4,204,995**	**$ 7,714,197**	**$ 17,250,809**	**$ 19,831,659**
FFO Per Unit	**$ 0.142**	**$ 0.123**	**$ 0.123**	**$ 0.504**	**$ 0.541**
AFFO Per Unit	**$ 0.128**	**$ 0.114**	**$ 0.116**	**$ 0.452**	**$ 0.456**
FFO including Gain on Sale of Assets	**$ 0.157**	**$ 0.123**	**$ 0.214**	**$ 0.519**	**$ 0.635**
AFFO including Gain on Sale of Assets	**$ 0.143**	**$ 0.114**	**$ 0.207**	**$ 0.466**	**$ 0.550**
Distributions Per Unit	**$ 0.130**	**$ 0.130**	**$ 0.130**	**$ 0.520**	**$ 0.520**
FFO Payout Ratio	**91%**	**105%**	**106%**	**103%**	**96%**
AFFO Payout Ratio	**101%**	**114%**	**112%**	**115%**	**114%**

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 increase in comparing AFFO for the three and twelve months ended December 31, 2023 over the three and twelve months ended December 31, 2022 is largely due to the positive impact from the Trust's acquisitions and net rent increases, offset by higher operating and finance costs.

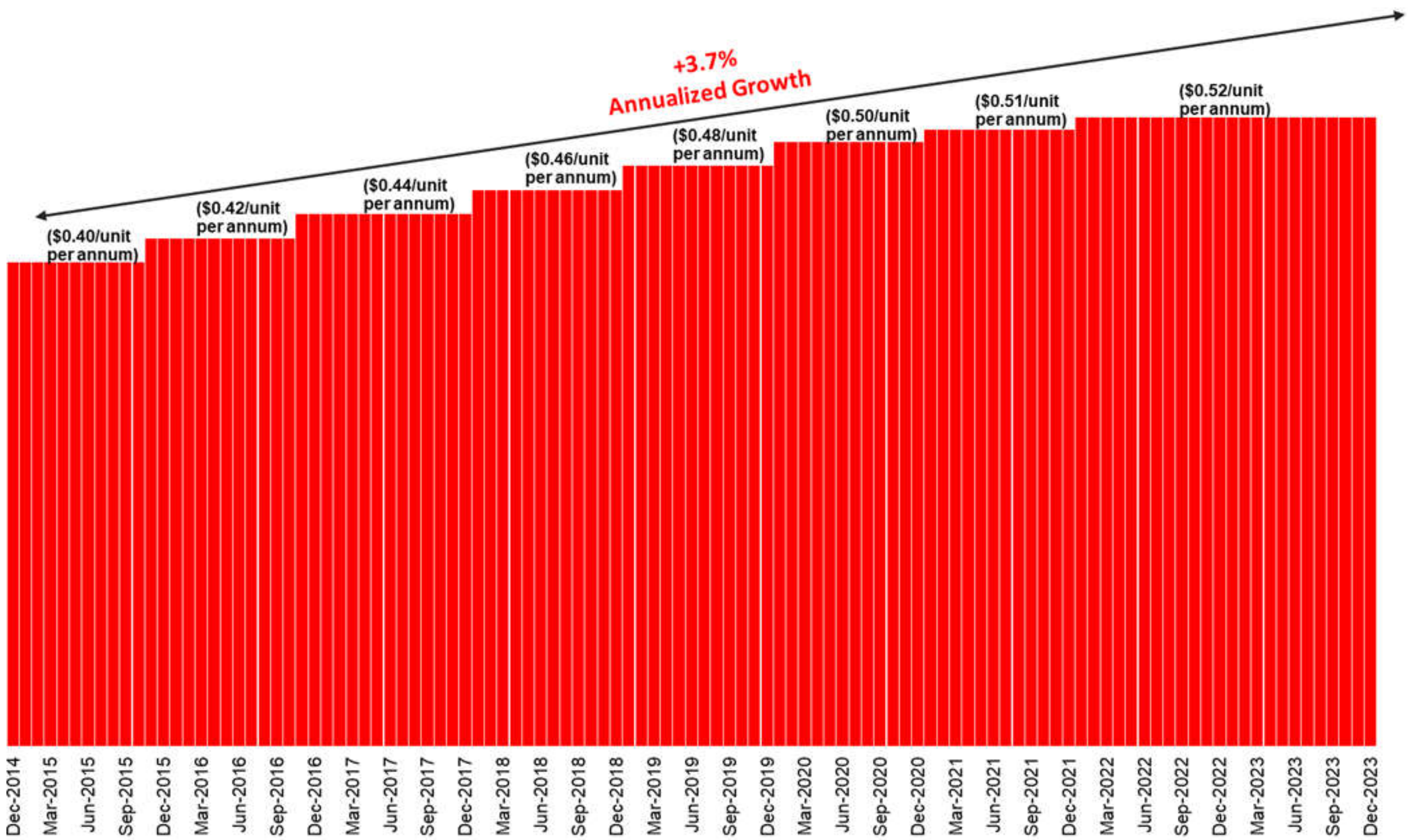
AFFO is calculated largely in accordance with the guidelines set out by RealPAC and is defined as FFO less adjustments for non-cash items such as straight-line rent, free rent and noncash interest expense as well as normalized capital expenditures, tenant inducements and leasing charges. However, under 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 eleven years and represents a cumulative increase of 48.6% or 3.7% on an annualized basis. For 2023, distributions were approximately 88% Return of Capital with the remaining being taxable capital gains (2022 – 91% Return of Capital with the remaining being taxable capital gains).

Historical Cash Distributions



For the three months ended December 31, 2023, distributions of $0.04333 per unit were declared each month commencing in October 2023 through to December 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 December 31, 2023, September 30, 2023 and December 31, 2022 and twelve months ended December 31, 2023 and December 31, 2022 are outlined below:

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2023	Sep 30, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Cash Flow From Operating Activities (A)	**$ 8,084,303**	**$ 8,394,305**	**$ 8,420,355**	**$ 28,915,349**	**$ 29,970,344**
Net Cash Interest Expense					
Less: Mortgage Interest	$ (2,678,817)	$ (2,366,665)	$ (3,751,997)	$ (11,870,998)	$ (11,389,928)
Less: Bank Indebtedness Interest	(652,545)	(869,090)	(118,234)	(2,043,534)	(346,093)
Add: Interest and Other Income	212,702	101,543	94,695	577,408	149,387
Net Cash Interest Expense (B)	**$ (3,118,660)**	**$ (3,134,212)**	**$ (3,775,536)**	**$ (13,337,124)**	**$ (11,586,634)**
Net Cash Flows from Operating Activities (A-B) = (C)	$ 4,965,643	$ 5,260,093	$ 4,644,819	$ 15,578,225	$ 18,383,710
Net Income & Comprehensive Income (D)	**$ 6,809,718**	**$ (2,410,181)**	**$ 8,663,638**	**$ 15,367,821**	**$ (1,184,280)**
Distributions (E)	$ 4,799,947	$ 4,799,918	$ 4,841,251	$ 19,222,412	$ 18,862,026
Excess / (Shortfall) of Net Cash Flow From Operating Activities Over Distributions (C-E)	**$ 165,696**	**$ 460,175**	**$ (196,432)**	**$ (3,644,188)**	**$ (478,316)**
Excess / (Shortfall) of Net Income & Comprehensive Income Over Distributions (D-E)	**$ 2,009,771**	**$ (7,210,099)**	**$ 3,822,387**	**$ (3,854,591)**	**$ (20,046,306)**

For the twelve months ended December 31, 2023, the Trust had a shortfall of net cash flow from operating activities over distributions. The shortfall was largely due to the distribution being in excess of the net cash flow and was covered from existing cash resources including the Credit Facility.

For the twelve months ended December 31, 2023, the Trust had a shortfall of net income and comprehensive income over distributions. The shortfall was largely due to the distribution being in excess of the net income and was covered from existing cash resources including the Credit Facility along with certain non-cash items such as the IFRS adjustment to Investment Properties negatively impacting the calculation.

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 twelve months ended December 31, 2023 and December 31, 2022, 485 and 380 Trust Units were issued from treasury for total gross proceeds of $2,500 and $2,500 respectively, to Unitholders who elected to receive their distributions in units under the DRIP.

PART VI

BALANCE SHEET

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

Investment Properties

As at December 31, 2023, the Trust's property portfolio consisted of 74 properties (including Assets Held for Sale) with a fair value of $618.1 million, in comparison to the $616.3 million reported as at December 31, 2022. 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	-	-	24,745,482	56,747,737	-	81,493,219
Dispositions	(2,544,529)	(5,285,719)	-	-	-	(7,830,248)
Assets Held for Sale	-	-	-	-	-	-
Capital Expenditures	2,521,595	-	798,178	611,725	83,123	4,014,621
Straight-line Rents	312,480	(2,638)	172,849	-	-	482,691
Fair Value Adjustment	(18,876,270)	-	(880,096)	(9,539,113)	4,089,288	(25,206,191)
December 31, 2022	$ 302,843,414	-	$ 196,287,903	$ 98,929,635	$ 18,244,758	$ 616,305,710
Acquisitions	17,941	-	13,009	-	3,022,658	3,053,608
Dispositions	(1,260,000)	-	-	-	(194,750)	(1,454,750)
Assets Held for Sale	(3,886,481)	-	-	-	-	(3,886,481)
Capital Expenditures	1,805,857	-	996,106	398,795	6,750	3,207,508
Straight-line Rents	94,172	-	137,422	-	-	231,594
Fair Value Adjustment	(6,853,643)	-	1,906,835	1,003,938	644,994	(3,297,876)
December 31, 2023	$ 292,761,260	-	$ 199,341,275	$ 100,332,368	$ 21,724,410	$ 614,159,313

For the three and twelve months ended December 31, 2023, senior management of the Trust valued the Investment Properties using the overall capitalization method. 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 December 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
Q2	-	-	-	1	36,750,000	18,375,000
Q3	6	70,535,000	35,267,500	3	36,341,000	36,341,000
Q4	1	17,480,000	8,740,000	-	-	-
Total	7	$ 88,015,000	$ 44,007,500	5	$ 130,091,000	$ 111,716,000

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

December 31, 2023	**Retail & Commercial**	**Core Service Provider Office**	**Industrial**	**Multi-Residential**	**Manufactured Housing Communities**	**Weighted Average**
Capitalization Rate Range	4.50% - 8.00%	n.a.	5.00% - 9.03%	4.75% - 5.50%	5.00% - 6.75%	6.02%
Weighted Average Capitalization Rate	6.68%	n.a.	5.62%	5.03%	5.41%	6.02%

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.

On December 4, 2023, the Trust completed the sale of a retail property from the Centre Ice Retail Portfolio, for gross proceeds of approximately $2.0 million. The Trust's pro-rata share of the gross proceeds was $1.4 million. The Trust recognized a gain on sale of $0.1 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. In 2023, the mortgage receivable was paid back in full (December 31, 2022 - $700,000).

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. In December of 2023, the vendor take back mortgage was renewed that required the borrower to repay the $1.6 million due on the 5 year term structure as well as to make a principal payment of $1.8 million towards the $6.8 million that was otherwise due by the end of 2023. The renegotiated agreement now requires the borrower to repay the remaining $5.0 million by January 1, 2025, interest only and at the greater of the floating rate of 10% per annum or Bank Prime plus 2.8% (December 31, 2022 - $8.4 million).

Assets Held for Sale
For the year ended December 31, 2023, the Trust has listed for sale three retail properties within the Center Ice Retail Portfolio. The properties have been classified as Assets Held for Sale at their fair value of approximately $3.9 million.

Current Assets
Current assets as at December 31, 2023, September 30, 2023 and December 31, 2022 consisted of the following:

	Dec 31, 2023	Sep 30, 2023	Dec 31, 2022
Accounts Receivable	$ 2,412,174	$ 2,155,856	$ 1,179,618
Prepaid Expenses, Deposits & Other Assets	3,445,214	3,752,615	2,126,471
Cash & Cash Equivalents	8,333,895	5,895,026	4,985,624
Restricted Cash	141,094	156,081	201,041
Mortgages Receivable	5,000,000	6,825,000	7,525,000
Assets Held for Sale	3,886,481	5,350,393	-
	$ 23,218,858	**$ 24,134,971**	**$ 16,017,754**

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	$ 97,523,508	$ 17,596,870	$ 188,595,294	$ 303,715,672
Credit facility	31,300,000	-	-	31,300,000
Tenant Rental Deposits	793,391	369,872	1,679,714	2,842,977
Distribution Payable	1,599,990	-	-	1,599,990
Land Lease Liability	45,707	48,564	106,268	200,539
Accounts Payable and Accrued Liabilities	5,949,766	-	-	5,949,766
	$ 137,212,362	$ 18,015,306	$ 190,381,276	$ 345,608,944

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 December 31, 2023 and December 31, 2022, the ratio of such indebtedness to gross book value was 52.6% and 51.4% respectively, which complies with the requirement in the Declaration of Trust and is consistent with the Trust's objectives.

With respect to the bank indebtedness, the Trust must maintain ratios including minimum Unitholders' equity, maximum debt/GBV, minimum interest service and debt service coverage ratios. The Trust monitors these ratios and was in compliance with these requirements throughout the three and twelve months ended December 31, 2023 and December 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 December 31, 2023 and December 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 December 31, 2023 is 3.7% (3.8% as at December 31, 2022) and weighted average repayment term of approximately 3.4 years (3.0 years as at December 31, 2022).

	Scheduled Principal Repayments	Debt Maturing During the Period	Total Mortgages Payable	Scheduled Interest Payments
2024	5,380,825	92,142,683	97,523,508	9,190,239
2025	4,410,375	13,186,495	17,596,870	7,535,699
2026	3,707,544	41,935,043	45,642,587	7,245,531
2027	2,635,188	17,040,957	19,676,145	5,458,711
2028	2,665,372	-	2,665,372	5,142,071
Thereafter	5,998,567	114,612,623	120,611,190	10,727,775
Face Value	$ 24,797,871	$ 278,917,801	$ 303,715,672	$ 45,300,026
Unamortized Financing Costs			-	
Mark to Market on Assumed Mortgages			76,440	
Total Mortgages			**$ 303,792,112**	

		December 31, 2023		December 31, 2022
Current:				
Mortgages	$	97,523,508	$	73,012,398
Unamortized Financing Costs		-		(373,481)
Mark to Market on Assumed Mortgages		76,440		146,822
	$	97,599,948	$	72,785,739
Non-Current:				
Mortgages	$	206,192,164	$	233,920,272
Mark to Market on Assumed Mortgages		-		75,303
	$	206,192,164	$	233,995,575
Total Mortgages	**$**	**303,792,112**	**$**	**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 April 26, 2023, the Trust locked in a fixed rate mortgage for $38 million at an interest rate of 3.69% for 10 years.

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 (3 year remaining term, 25 year amortization, fixed interest rate of 2.594%) and a new $0.9 million mortgage (7 year term, 30 year amortization, fixed interest rate of 4.15%) .

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 Trust's 70% portion of the loan was $25.1 million.

On April 13, 2023, the Trust increased the size of the Montreal Industrial Portfolio mortgage by $10 million increasing the outstanding balance to $53.9 million. The blended interest rate on the loan was 4.84%, 7 year term and a 30 year amortization. The Trust has a 50% interest in the mortgage.

Revolving Operating Facility

FCPT has entered into a Revolving Operating Facility (the “Facility”) with a Canadian Chartered Bank (the “Bank”) fully secured by first charges against certain investment properties. On December 31, 2023, the total amount available under the Facility was $19.0 million. Interest on the credit facility 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 Facility at December 31, 2023 was $14.1 million (December 31, 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 December 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 or a formula linked to bankers’ acceptance rates. Amounts drawn under the LOC are due to be repaid at the maturity date on November 30, 2025. Amounts drawn under the LOC at December 31, 2023 was $17,200,000 (December 31, 2022 – $16,252,967).

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 December 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. Rent is subject to adjustment every 5 years based on inflationary adjustment by the lessor. From May 9, 2019 until April 1, 2023, the terms of the land lease were gross annual payments of $101,040 per annum. Subsequently the terms of the land lease were increased to $111,265 per annum up to the maturity date 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 of 6.25% for the term of the lease. The Trust’s pro-rata portion of the lease liability is as follows:

Lease Liability

	Opening Balance	Lease Payment	Imputed Interest Expense	Ending Balance
2024	200,539	(55,633)	9,926	154,832
2025	154,832	(55,633)	7,069	106,268
2026	106,268	(55,633)	4,034	54,669
2027	54,669	(55,633)	964	-

		December 31, 2023
Current	$	45,707
Non-Current		154,832
Total	$	200,539

UNITHOLDERS' EQUITY

Unitholders' equity as at December 31, 2023 was $291,692,787 (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
Options Exercised	295,000		1,843,750
Issuance of Units from Distribution Reinvestment Plan	380		2,500
Public Equity Offering	3,243,000		21,423,261
Normal Course Issuer Bid	(449,400)		(2,624,635)
Balance, December 31, 2022	37,100,097	$	218,710,639
Issuance of Units from Distribution Reinvestment Plan	485		2,500
Normal Course Issuer Bid	(174,900)		(969,018)
Balance, December 31, 2023	36,925,682	$	217,744,121

Options Exercised

In fiscal 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 and twelve months ended December 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 December 31, 2023, the Trust has 3,260,000 Trust Unit options issued and outstanding at a fair market value of $118,751 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 subsequently all expired on March 26, 2023.

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 subsequently expired on November 8, 2023.

On August 14, 2019, the Trust granted 1,400,000 Trust Unit options at a weighted average exercise price of $6.40 per Trust Unit. 1,290,000 unit options fully vested on the date of the grant with the remaining 110,000 vesting at one-third each year for the next three years and expire on August 14, 2024. The balance as at December 31, 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 December 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 December 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 six months ended June 30, 2023, 60,000 options were cancelled. The balance as at December 31, 2023 was 1,620,000.

Unit-based compensation related to the aforementioned unit options stands at a recovery of $716,608 for the year ended December 31, 2023 (a recovery of $1,659,660 for the year ended December 31, 2022). Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	As at December 31, 2023	As at December 31, 2022
Expected Option Life (Years)	2.9	3.1
Risk Free Interest Rate	3.54%	3.70%
Distribution Yield	10.90%	9.14%
Expected Volatility	21.54%	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 December 31, 2023, the outstanding liability was $297,958 (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 twelve months ended December 31, 2023 and December 31, 2022, Asset Management Fees were $3,399,136 and $3,424,133; Acquisition Fees were $21,977 and $595,488; Placement fees were $176,732 and $252,851; and Performance Incentive Fees were $433,689 and $953,067, 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 $12.3 million as being contingently payable to the Asset Manager. The respective Net Asset Value of the assets of the Trust has 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 twelve months ended December 31, 2023 and December 31, 2022, Property Management Fees were $1,358,408 and $1,258,010 and Commercial Leasing Fees were $82,446 and $133,814, respectively.

For the twelve months ended December 31, 2023, Property Management Fees were higher than the amount reported for the twelve months ended December 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 consolidated financial statements as at December 31, 2023 and December 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 September 30, 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 December 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 and twelve months ended December 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, 2023 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, 2023 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, 2023 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.

FIRM CAPITAL PROPERTY TRUST

CAPITAL PRESERVATION • DISCIPLINED INVESTING

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED
DECEMBER 31, 2023

CONSOLIDATED FINANCIAL STATEMENTS OF

FIRM CAPITAL PROPERTY TRUST

For the Years Ended December 31, 2023 and December 31, 2022

RSM

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Firm Capital Property Trust

Opinion

We have audited the consolidated financial statements of Firm Capital Property Trust (the "Trust"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income and comprehensive income, changes in unitholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value of Investment Properties

Refer to consolidated financial statements Note 2(f) – Summary of material accounting policies – investment properties; Note 2(m) – Summary of material accounting policies – estimates; and Note 4 – Investment properties.

The fair market value of investment properties as at December 31, 2023 is $614,159,313 which represents approximately 96% of total assets. Management used an internal valuation model based on the overall capitalization income approach to determine the fair value of investment properties as at December 31, 2023.

We identified the valuation of investment properties as a key audit matter because management made significant assumptions relating to the capitalization rate, vacancy rate, and forecasted stabilized net operating income for each income property in its internal model. These significant assumptions involve a high degree of estimation uncertainty and complexity. This resulted in significant audit effort, including the use of valuation specialists and a high degree of auditor judgment and subjectivity to evaluate the audit evidence obtained.

How our audit addressed the Key Audit Matter

Our audit procedures related to the valuation of income properties included the following, among others:

- We evaluated the appropriateness of the overall capitalization model and tested the underlying data used in the calculation of stabilized net operating income.
- We assessed the competency and objectivity of management's internal valuation team and evaluated their qualifications and expertise.
- We tested the reasonableness of management's estimate process by comparing the prior year forecasted stabilized net operating income from management's internal valuation model to actual results.
- For a sample of properties, we utilized an internal valuation specialist to assist in:
    - Evaluating the appropriateness of assumptions used in management's internal valuation model including capitalization rates, vacancy rates, and forecasted stabilized net operating income by comparing to independent regional market data, industry averages, and improved comparable sales; and
    - Developing independent estimates for the assumptions applied in the internal valuation model based on comparable market benchmarks for similar assets in similar locations.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Jakovcic.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 12, 2024
Toronto, Ontario

FIRM CAPITAL PROPERTY TRUST

Consolidated Balance Sheets

	Notes		December 31, 2023		December 31, 2022
Assets					
Non-current Assets:					
Investment Properties	4	$	614,159,313	$	616,305,710
Mortgages Receivable	4		-		1,575,000
Total Non-Current Assets			614,159,313		617,880,710
Current Assets:					
Cash and Cash Equivalents			8,333,895		4,985,624
Accounts Receivable			2,412,174		1,179,618
Prepaid Expenses, Deposits and Other Assets			3,445,214		2,126,471
Restricted Cash			141,094		201,041
Mortgages Receivable	4		5,000,000		7,525,000
Assets Held For Sale	4		3,886,481		-
Total Current Assets			23,218,858		16,017,754
Total Assets		$	637,378,171	$	633,898,464
Liabilities and Unitholders' Equity					
Current Liabilities:					
Mortgages	7(a)	$	97,599,948	$	72,785,739
Credit facilities	6		31,300,000		18,726,067
Accounts Payable and Accrued Liabilities	5		5,949,766		7,497,013
Land Lease Liability	7(b)		45,707		38,870
Distribution Payable			1,599,990		1,607,547
Tenant Rental Deposits			793,391		538,900
Total Current Liabilities			137,288,802		101,194,136
Non-current Liabilities:					
Mortgages	7(a)		206,192,164		233,995,575
Land Lease Liability	7(b)		154,832		183,128
Tenant Rental Deposits			2,049,586		2,011,729
Total Non-current Liabilities			208,396,582		236,190,432
Total Liabilities			345,685,384		337,384,568
Unitholders' Equity	8		291,692,787		296,513,896
Total Liabilities and Unitholders' Equity		$	637,378,171	$	633,898,464
Commitments and Contingencies	16				
Subsequent Events	20				

See accompanying Notes to the Consolidated Financial Statements.

Approved by the Board of Trustees

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

FIRM CAPITAL PROPERTY TRUST

Consolidated Statements of Income and Comprehensive Income

For Years Ended December 31, 2023 and December 31, 2022

	Notes		December 31, 2023		December 31, 2022
Net Operating Income					
Rental Revenue	9	$	57,508,091	$	54,018,887
Property Operating Expenses	11		(20,780,600)		(18,561,515)
			36,727,491		35,457,372
Interest and Other Income			577,408		149,387
Expenses:					
Finance Costs	10		14,539,788		12,592,263
General and Administrative	11		4,968,208		5,747,568
			19,507,996		18,339,831
Income Before Fair Value Adjustments			17,796,903		17,266,928
Fair Value Adjustments - (Loss)/Gain:					
Investment Properties	4		(3,297,876)		(25,206,191)
Sale of Investment Properties	4		135,423		5,095,323
Unit-based Compensation	8(c)		733,371		1,659,660
Net Income (Loss) and Comprehensive Income (Loss)		$	15,367,821	$	(1,184,280)

See accompanying Notes to the Consolidated Financial Statements.

FIRM CAPITAL PROPERTY TRUST

Consolidated Statements of Changes in Unitholders' Equity
For the Years Ended December 31, 2023 and December 31, 2022

	Notes	Trust Units (Note 8)	Retained Earnings	Unitholders' Equity
Unitholders' Equity, December 31, 2021		$ 198,065,763	$ 97,849,563	$ 295,915,326
Issuance of Units, Net of Issuance Costs	8(f)	21,423,261	-	21,423,261
Normal Course Issuer Bid	8(h)	(2,624,635)	-	(2,624,635)
Options Exercised	8(g)	1,843,750	-	1,843,750
Issuance of Units from Distribution Reinvestment Plan	8(d)	2,500	-	2,500
Net Loss and Comprehensive Loss		-	(1,184,280)	(1,184,280)
Distributions	8(e)	-	(18,862,026)	(18,862,026)
Unitholders' Equity, December 31, 2022		$ 218,710,639	$ 77,803,257	$ 296,513,896
Normal Course Issuer Bid	8(h)	(969,018)	-	(969,018)
Issuance of Units from Distribution Reinvestment Plan	8(d)	2,500	-	2,500
Net Income and Comprehensive Income		-	15,367,821	15,367,821
Distributions	8(e)	-	(19,222,412)	(19,222,412)
Unitholders' Equity, December 31, 2023		$ 217,744,121	$ 73,948,666	$ 291,692,787
Trust Units Outstanding	8(a)			36,925,682

See accompanying Notes to the Consolidated Financial Statements.

FIRM CAPITAL PROPERTY TRUST

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and December 31, 2022

	Notes	December 31, 2023	December 31, 2022
Cash Flows from Operating Activities			
Net Income (loss)		$ 15,367,821	$ (1,184,280)
Fair Value Adjustments:			
Investment Properties	4	3,297,876	25,206,191
Sale of Investment Properties	4	(135,423)	(5,095,323)
Unit-Based Compensation	8(c)	(733,371)	(1,659,660)
Finance Costs, Net of Interest and Other Income	10	11,576,329	11,586,634
Finance Fee Amortization	10	770,941	1,006,503
Non-cash Interest Expense	10	(145,685)	(150,261)
Land Lease Amortization	7(b)	(21,459)	(36,584)
Straight-line and Free Rent Adjustment	4, 9	(130,063)	(382,704)
Change in Non-Cash Operating Working Capital:			
Accounts Receivable		(1,232,556)	1,817,592
Prepaid Expenses, Deposits and Other Assets		512,605	1,398,658
Restricted Cash		59,947	1,507
Accounts Payable and Accrued Liabilities	5	(554,674)	(2,872,106)
Tenant Rental Deposits		283,061	334,177
		$ 28,915,349	$ 29,970,344
Cash Flows from (used in) Financing Activities			
Issuance of Units, Net of Issuance Costs	8(f)	2,500	23,269,511
Normal Course Issuer Bid	8(h)	(969,018)	(2,624,635)
Mortgages, Repayments	7(a)	(10,484,140)	(22,698,219)
Mortgages, Issuances	7(a)	6,869,682	88,710,534
Credit facilities	6	12,573,933	(6,071,814)
Finance Costs Paid		(1,932,879)	(428,756)
Cash Interest Paid, Net of Other Income		(11,835,531)	(11,629,811)
Cash Distributions Paid	8(e)	(19,229,969)	(18,699,951)
		$ (25,005,422)	$ 49,826,859
Cash Flows from (used in) Investing Activities			
Net Proceeds From Sale of Investment Properties	4	1,590,173	4,572,717
Mortgages Receivable	4	4,100,000	-
Acquisitions and Capital Expenditures	3,4	(6,251,829)	(85,280,257)
		$ (561,656)	$ (80,707,540)
Increase (Decrease) in Cash and Cash Equivalents		3,348,271	(910,337)
Cash and Cash Equivalents, Beginning of Year		4,985,624	5,895,961
Cash and Cash Equivalents, End of Year		$ 8,333,895	$ 4,985,624

See accompanying Notes to the Consolidated Financial Statements.

1. The Trust

Firm Capital Property Trust (the ''Trust'') is an unincorporated open-ended real estate investment trust established on August 30, 2012 under the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated November 20, 2012. The Trust is a "mutual fund trust" as defined in the Income Tax Act (Canada), but is not a "mutual fund" within the meaning of applicable Canadian securities legislation. The head office and registered office of the Trust is located at 163 Cartwright Avenue, Toronto, Ontario M6A 1V5. These consolidated financial statements were approved by the Board of Trustees on March 12, 2024.

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

2. Summary of Material Accounting Policies

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

(b) Basis of Consolidation

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

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

The consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars, which is the Trust's functional currency. The consolidated financial statements are prepared on the historical cost basis with the exception of investment properties and the liabilities related to unit-based compensation expense, which are measured at fair value. The accounting policies set out below have been applied consistently to all periods as presented in these consolidated financial statements unless otherwise indicated.

(d) Co-Ownership Arrangement

The Trust currently is a co-owner in seventeen joint arrangements. These arrangements are classified as joint operations because the parties involved have joint control of the assets and joint responsibility of the liabilities relating to the arrangement. As a result, the Trust includes its pro rata share of its assets, liabilities, revenues, expenses and cash flows in these consolidated financial statements. Management believes the assets of these joint arrangements are sufficient for the purpose of satisfying the associated obligations. The co-ownership interest as at December 31, 2023 and 2022 are outlined below:

Investment Properties	**Joint Arrangement Interest**	
	2023	**2022**
Centre Ice Retail Portfolio (1)	70%	70%
Waterloo Industrial Portfolio (1)	70%	70%
Edmonton Apartment Complex (1)	70%	70%
Lower Sackville Apartment Complex (1)	70%	70%
Montreal Industrial Portfolio (1)	50%	50%
Edmonton Industrial Portfolio (1)	50%	50%
Ottawa Apartment Complex (1)	50%	50%
Crombie Retail Portfolio	50%	50%
FCR Retail Portfolio	50%	50%
Gateway Retail Property (1)	50%	50%
Mountview Manufactured Home Communities (1)	50%	50%
Hidden Creek Manufactured Home Communities (1)	50%	50%
The Whitby Mall (1)	40%	40%
Thickson Place (1)	40%	40%
Eglinton Ave West Commercial (1)	40%	40%
Parkhill Manufactured Home Communities(1)	50%	-
Skyview Manufactured Home Communities(1)	50%	-

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

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

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

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

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

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

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

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

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

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

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

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

(k) Leasing Costs

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

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

(l) Income Taxes

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

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

(m) Estimates

The preparation of consolidated financial statements requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(in Canadian dollars)

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

	Note	Classification
Financial Assets		
Accounts Receivable		Amortized cost
Deposits and Other Assets		Amortized cost
Restricted Cash		Amortized cost
Cash and Cash Equivalents		Amortized cost
Mortgages Receivable	4	Amortized cost
Financial Liabilities		
Distribution Payable		Amortized cost
Credit Facilities	6	Amortized cost
Accounts Payable and Accrued Liabilities	5	Amortized cost
Tenant Rental Deposits		Amortized cost
Mortgages	7(a)	Amortized cost
Land Lease Liability	7(b)	Amortized cost
Unit Based Option Liabilities	8(c)	FVTPL
Deferred Trust Units	8(c)	FVTPL

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

(p) Future Accounting Changes

Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on the Trust's balance sheet.

3. Acquisition of Investment Properties

On February 14, 2022, the Trust closed the acquisition of a 100% interest in a multi-residential building in Pointe Claire, Quebec for $56,747,737 (including transaction costs). In addition, accounts receivable of $3,250 were assumed as part of the transaction. The transaction was financed with a new $39,500,000 mortgage with a Canadian Chartered Bank. Terms of the mortgage are at a floating rate of BA + 1.75%, interest only and due May 11, 2023. On April 26, 2023, the Trust locked in a fixed rate mortgage for $38 million at an interest rate of 3.69% for 10 years.

On March 17, 2022, the Trust closed the acquisition of a 50% interest in a multi-tenant industrial property located in Saint Laurent, Quebec. The acquisition price for the Trust's portion of the portfolio was $3,264,218 (including transaction costs). In addition, accounts receivable of $9,302 and prepaid expenses of $10,697 were assumed as part of the transactions.

On April 12, 2022, the Trust closed on a 50% interest in a multi-tenant industrial portfolio located in Edmonton, Alberta. The acquisition price for 50% of the portfolio was $18,329,216 (including transaction costs). The acquisition of the Edmonton Industrial Portfolio was financed in part, with a new $11,862,500 first mortgage from a Canadian Chartered Bank. Terms of the mortgage are a 4.41% interest rate, five year term, amortizing and due April 12, 2027. In addition, prepaid expenses of $11,679, accounts payable of $85,132 and tenant rental deposits of $157,364 were assumed as part of the transaction.

(in Canadian dollars)

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 $3,152,048 (including transaction costs). The acquisition of the Edmonton Industrial Portfolio was financed through the assumption of a $1,198,034 mortgage and a new $887,657 mortgage. In addition, tenant rental deposits of $20,016 were assumed as part of the transaction.

On January 31, 2023, the Trust closed on the acquisition of a 50% interest in a 56 site Manufactured Housing Community ("MHC") called SunPark Parkhill Estates ("Parkhill") located in Peterborough, Ontario and a 58 site Manufactured Housing Community ("MHC") called SunPark Skyview Estates ("Skyview") located in Trenton, Ontario (collectively the "Properties"). The acquisition price for the Trust's portion was $2,954,973 (including transaction costs). In addition, tenant rental deposits of $9,287 were assumed as part of the transaction. The transaction was financed from cash on hand and existing credit facilities.

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

	Year Ended December 31, 2023	Year Ended December 31, 2022
Investment Properties, including Acquisition Costs	$ 2,954,973	$ 81,493,219
Accounts Receivable	-	12,552
Prepaid Expenses	-	22,376
Accounts Payable	-	(85,132)
Tenant Rental Deposits	(9,287)	(177,380)
Net Assets Acquired	$ 2,945,686	$ 81,265,635
Consideration Paid/Funded By:		
Cash and Credit Facilities	$ 2,945,686	$ 27,817,444
New Mortgages	-	53,448,191
	$ 2,945,686	$ 81,265,635

4. Investment Properties

	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	-	-	24,745,482	56,747,737	-	81,493,219
Dispositions	(2,544,529)	(5,285,719)	-	-	-	(7,830,248)
Assets Held for Sale	-	-	-	-	-	-
Capital Expenditures	2,521,595	-	798,178	611,725	83,123	4,014,621
Straight-line Rents	312,480	(2,638)	172,849	-	-	482,691
Fair Value Adjustment	(18,876,270)	-	(880,096)	(9,539,113)	4,089,288	(25,206,191)
December 31, 2022	$ 302,843,414	$ -	$ 196,287,903	$ 98,929,635	$ 18,244,758	$ 616,305,710
Acquisitions	17,941	-	13,009	-	3,022,658	3,053,608
Dispositions	(1,260,000)	-	-	-	(194,750)	(1,454,750)
Assets Held for Sale	(3,886,481)	-	-	-	-	(3,886,481)
Capital Expenditures	1,805,857	-	996,106	398,795	6,750	3,207,508
Straight-line Rents	94,172	-	137,422	-	-	231,594
Fair Value Adjustment	(6,853,643)	-	1,906,835	1,003,938	644,994	(3,297,876)
December 31, 2023	$ 292,761,260	$ -	$ 199,341,275	$ 100,332,368	$ 21,724,410	$ 614,159,313

For the years ended December 31, 2023 and 2022, senior management of the Trust valued the Investment Properties using the overall capitalization method and independent third party appraisals. Investment properties are valued on a highest and best use basis. For all of the Trust's investment properties, the current use is considered the best use. Fair value was determined by applying a capitalization rate to stabilized net operating income ("Stabilized NOI"). Stabilized NOI incorporates allowances for vacancy, management fees and structural reserves for tenant inducements and capital expenditures 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.

(in Canadian dollars)

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

Capitalization rates used in the valuation of investment properties as of December 31, 2023 and 2022 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. During the year ended December 31, 2023, approximately 7% of the portfolio has been independently appraised (18% during the year ended December 31, 2022). 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
Q2	-	-	-	1	36,750,000	18,375,000
Q3	6	70,535,000	35,267,500	3	36,341,000	36,341,000
Q4	1	17,480,000	8,740,000	-	-	-
Total	7	$ 88,015,000	$ 44,007,500	5	$ 130,091,000	$ 111,716,000

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

December 31, 2023	Retail & Commercial	Core Service Provider Office	Industrial	Multi-Residential	Manufactured Housing Communities	Weighted Average
Capitalization Rate Range	4.50% - 8.00%	n.a.	5.00% - 9.03%	4.75% - 5.50%	5.00% - 6.75%	6.02%
Weighted Average Capitalization Rate	6.68%	n.a.	5.62%	5.03%	5.41%	6.02%

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%

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

Weighted Average		Change in Investment Valuation
Capitalization Rate	25 basis point increase	$ (25,198,000)
Capitalization Rate	25 basis point decrease	27,499,000

(in Canadian dollars)

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

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.

On December 4, 2023, the Trust completed the sale of a retail property from the Centre Ice Retail Portfolio, for gross proceeds of approximately $2.0 million. The Trust's pro-rata share of the gross proceeds was $1.4 million. The Trust recognized a gain on sale of $0.1 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 with the Trust pro-rate share being $700k. In 2023, the mortgage receivable was paid back in full (December 31, 2022 - $700,000).

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. In December of 2023, the vendor take back mortgage was renewed that required the borrower to repay the $1.6 million due on the 5 year term structure as well as to make a principal payment of $1.8 million towards the $6.8 million that was otherwise due by the end of 2023. The renegotiated agreement now requires the borrower to repay the remaining $5.0 million by January 1, 2025, interest only and at the greater of the floating rate of 10% per annum or Bank Prime plus 2.8% (December 31, 2022 - $8.4 million).

Assets Held for Sale:

For the year ended December 31, 2023, the Trust has listed for sale three retail properties within the Center Ice Retail Portfolio. The properties have been classified as Assets Held for Sale at their fair value of approximately $3.9 million. No debt remained on these properties and as a result no liabilities associated with the assets held for sale.

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as at December 31, 2023 and as at December 31, 2022 were $5,949,766 and $7,497,013, respectively, and consist of the following:

	December 31, 2023	December 31, 2022
Utilities, Repairs and Maintenance, Other	$ 4,805,238	$ 5,149,235
Due to Asset Manager (notes 12(b))	433,689	953,067
Due to Property Manager (note 12(c))	131,314	105,540
Accrued Interest Expense	162,816	378,841
Option Liabilities (note 8(c))	118,751	835,359
Deferred Trust Units (note 8(c))	297,958	74,971
Accounts Payable and Accrued Liabilities	$ 5,949,766	$ 7,497,013

(in Canadian dollars)

6. Credit Facilities

(a) Revolving Operating Facility
The Trust has entered into a Revolving Operating Facility (the "Facility") with a Canadian Chartered Bank (the "Bank") fully secured by first charges against certain investment properties. On December 31, 2023, the total amount available under the Facility was $19.0 million. The interest rate is based on a calculated formula using the Bank's prime lending rate. Amounts drawn under the Facility are due to be repaid at the maturity date on October 31, 2024. Amounts drawn under the Facility as at December 31, 2023 and December 31, 2022 were $14,100,000 and $2,473,100 million, respectively.

(b) Lines of Credit

i. The Trust has entered into a Line of Credit (the "LOC") with a Canadian Chartered Bank (the "Bank") fully secured by first charges against the Merivale Mall Property. On December 31, 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 December 31, 2023, and December 31, 2022 were $17,200,000 and $16,252,967, respectively.

ii. 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 in December of 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 December 31, 2023 (December 31, 2022 – $nil).

7. Non-current Liabilities

(a) Mortgages
As at December 31, 2023, total outstanding mortgages were $303,792,112 ($306,781,314 as at December 31, 2022), net of unamortized financing costs of $nil ($373,481 as at December 31, 2022), offset by a $76,440 ($222,125 as at December 31, 2022) mark to market adjustment with a weighted average interest rate of approximately 3.7% (3.8% as at December 31, 2022) and weighted average repayment term of approximately 3.4 years (3.0 years as at December 31, 2022). The mortgages are repayable as follows:

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2024	$ 5,380,825	$ 92,142,683	$ 97,523,508	$ 9,190,239
2025	4,410,375	13,186,495	17,596,870	7,535,699
2026	3,707,544	41,935,043	45,642,587	7,245,531
2027	2,635,188	17,040,957	19,676,145	5,458,711
2028	2,665,372	-	2,665,372	5,142,071
Thereafter	5,998,567	114,612,623	120,611,190	10,727,775
Face Value	$ 24,797,871	$ 278,917,801	$ 303,715,672	$ 45,300,026
Unamortized Financing Costs			-	
Mark to Market on Assumed Mortgages			76,440	
Total Mortgages			$ 303,792,112	

	December 31, 2023	December 31, 2022
Current:		
Mortgages	$ 97,523,508	$ 73,012,398
Unamortized Financing Costs	-	(373,481)
Mark to Market on Assumed Mortgages	76,440	146,822
	$ 97,599,948	$ 72,785,739
Non-Current:		
Mortgages	$ 206,192,164	$ 233,920,272
Mark to Market on Assumed Mortgages	-	75,303
	$ 206,192,164	$ 233,995,575
Total Mortgages	$ 303,792,112	$ 306,781,314

(in Canadian dollars)

The following table sets out an analysis of net debt and the movements in net debt for the year ended December 31, 2023:

	Cash and Cash Equivalents	Credit Facilities	Mortgages	Net Debt
As at December 31, 2022	$ 4,985,624	$ (18,726,067)	$ (306,781,314)	$ (320,521,757)
Cash Flows	4,279,888	(12,573,933)	3,614,458	(4,679,587)
Changes in Non-Cash Operating Working Capital	(931,617)	-	(625,256)	(1,556,873)
As at December 31, 2023	$ 8,333,895	$ (31,300,000)	$ (303,792,112)	$ (326,758,217)

(b) Land Lease Liability

On May 9, 2019, as part of the FCR Retail Portfolio the joint arrangement assumed a land lease on a retail property located in Ottawa, Ontario. Rent is subject to adjustment every 5 years based on inflationary adjustment by the lessor. From May 9, 2019 until April 1, 2023, the terms of the land lease were gross annual payments of $101,040 per annum. Subsequently the terms of the land lease were increased to $111,265 per annum up to the maturity date 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 of 6.25% for the term of the lease. The Trust's pro-rata portion of the lease liability is as follows:

Lease Liability

	Opening Balance	Lease Payment	Imputed Interest Expense	Ending Balance
2024	200,539	(55,633)	9,926	154,832
2025	154,832	(55,633)	7,069	106,268
2026	106,268	(55,633)	4,034	54,669
2027	54,669	(55,633)	964	-

	December 31, 2023
Current	$ 45,707
Non-Current	154,832
Total	$ 200,539

8. Unitholders' Equity

(a) Issued and Outstanding

	Number of Units	Amount
Balance, December 31, 2021	34,011,117	$ 198,065,763
Options Exercised (note 8(g))	295,000	1,843,750
Issuance of Units from Distribution Reinvestment Plan (note 8(d))	380	2,500
Public Equity Offering (note 8(f))	3,243,000	21,423,261
Normal Course Issuer Bid (note 8(h))	(449,400)	(2,624,635)
Balance, December 31, 2022	37,100,097	218,710,639
Issuance of Units from Distribution Reinvestment Plan (note 8(d))	485	2,500
Normal Course Issuer Bid (note 8(h))	(174,900)	(969,018)
Balance, December 31, 2023	36,925,682	$ 217,744,121

(b) Authorized

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

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

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

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

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

(c) Unit-Based Liabilities

Option Plan
Under the Trust's unit option plan, the aggregate number of unit options reserved for issuance at any given time shall not exceed 10% of the number of outstanding Trust Units. As at December 31, 2023, the Trust has 3,260,000 Trust Unit options issued and outstanding at a fair market value of $118,751 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 subsequently all expired on March 26, 2023.

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 subsequently expired on November 8, 2023.

On August 14, 2019, the Trust granted 1,400,000 Trust Unit options at a weighted average exercise price of $6.40 per Trust Unit. 1,290,000 unit options fully vested on the date of the grant with the remaining 110,000 vesting at one-third each year for the next three years and expire on August 14, 2024. The balance as at December 31, 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 December 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 December 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 six months ended June 30, 2023, 60,000 options were cancelled. The balance as at December 31, 2023 was 1,620,000.

Unit-based compensation related to the aforementioned unit options stands at a recovery of $716,608 for the year ended December 31, 2023 (a recovery of $1,659,660 for the year ended December 31, 2022). Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	As at December 31, 2023	As at December 31, 2022
Expected Option Life (Years)	2.9	3.1
Risk Free Interest Rate	3.54%	3.70%
Distribution Yield	10.90%	9.14%
Expected Volatility	21.54%	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 December 31, 2023, the outstanding liability was $297,958 ($74,971 as at December 31, 2022).

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

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

For the years ended December 31, 2023 and December 31, 2022, 485 and 380 Trust Units were issued, respectively, from treasury for total gross proceeds of $2,500 and $2,500, respectively, to Unitholders who elected to receive their distributions in units under the DRIP.

(e) Distributions
For the year ended December 31, 2023, distributions of $0.0433 per unit were declared each month commencing in January 2023 through to December 2023, resulting in total distributions declared of $19,222,412. For the year ended December 31, 2022, distributions of $0.0433 per unit were declared each month commencing in January 2022 through to December 2022 resulting in total distributions declared of $18,862,026.

(f) 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 ($21.4 million, net of closing costs).

(g) Options Exercised
During the year 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 $1,843,750.

No options were exercised in 2023.

(h) Normal Course issuer Bid
During the 12 month period commencing July 18, 2022 and ending no later than July 17, 2023, the Trust was authorized to purchase through the facilities of the TSX and/or alternative Canadian Trading Systems up to 3,439,989 Trust Units in total, being 10% of the "public float" of trust units as of July 5, 2022 through a Normal Course Issuer Bid. During the 12 months ended July 17, 2023, the Trust purchased 624,300 shares for proceeds of $3.6 million.

On July 13, 2023, the Trust announced its intention to make a Normal Course Issuer Bid with respect to its outstanding Trust Units. During the 12 month period commencing July 18, 2023 and ending no later than July 17, 2024, the Trust may purchase through the facilities of the TSX and/or alternative Canadian Trading Systems up to 3,324,528 Trust Units in total, being 10% of the "public float" of trust units as of July 4, 2023. From July 18, 2023 to December 31, 2023, the Trust did not repurchase any units under this NCIB.

(in Canadian dollars)

9. Rental Revenue

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

Revenue		
Within one year	$	33,247,750
Later than one year and not longer than five years		65,905,471
Thereafter		21,872,047
	$	121,025,268

Revenue is comprised of the following:

		December 31, 2023		December 31, 2022
Base Rent	$	41,571,270	$	38,488,915
Operating Costs Recoveries		7,239,618		7,038,993
Tax Recoveries		8,567,140		8,108,275
Straight Line Rent		231,594		529,836
Free Rent		(101,531)		(147,132)
	$	57,508,091	$	54,018,887

10. Finance Costs

Finance costs for the years ended December 31, 2023 and December 31, 2022 are as follows:

		December 31, 2023		December 31, 2022
Mortgage Interest	$	11,870,998	$	11,389,928
Credit Facilities Interest		2,043,534		346,093
Finance Fee Amortization		770,941		1,006,503
Non-cash Interest Expense		(145,685)		(150,261)
Finance Costs	$	14,539,788	$	12,592,263

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

11. Property Operating and General and Administrative Expenses

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

Property operating and general and administrative expenses for the years ended December 31, 2023 and December 31, 2022 are as follows:

		December 31, 2023		December 31, 2022
Realty Taxes	$	9,856,824	$	9,104,084
Property Management Fees		2,254,259		2,169,035
Operating Expenses		8,669,517		7,288,396
Property Operating Expenses	$	20,780,600	$	18,561,515

(in Canadian dollars)

	December 31, 2023	December 31, 2022
Asset Management Fees (note 12(a))	$ 3,399,136	$ 3,424,133
Performance Incentive Fees (note 12(b))	433,689	953,067
Public Company Expenses	533,490	382,844
Office and General	601,893	987,524
General and Administrative	$ 4,968,208	$ 5,747,568

12. Related Party Transactions

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

(a) Asset Management Agreement

The Trust has entered into an Asset Management Agreement with Firm Capital Realty Partners Inc. ("FCRPI"), an entity indirectly related to certain trustees and management of the Trust. The term of the contract is initially ten years and automatically renews for successive five-year periods. On August 12, 2021, the contract was extended for a further ten year term with successive five year renewal periods.

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

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

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

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

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

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

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

iv. Disposition Fees: The Trust pays with respect to a disposition by the Trust at a price that is excess of the average IFRS carrying value of the Property over the preceding four quarters in which the sale occurred, a fee (the "Disposition Fee") equal to 0.5% of the sale price to FCRPI.

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

(b) Incentive Fee Agreement

FCPLP has entered into an Incentive Fee Agreement with FCRPI to pay a Performance Incentive Fee. FCPLP pays a fee equivalent to 15% of Adjusted Funds From Operations ("AFFO") as defined in the Limited Partnership Agreement once AFFO exceeds $0.40 per Unit (including any gains and losses on the disposition of real estate properties calculated as gross proceeds less the actual cost of real estate including capitalized additions).

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

For the years ended December 31, 2023 and December 31, 2022, Asset Management Fees were $3,399,136 and $3,424,133; Acquisition Fees were $21,977 and $595,488; Placement Fees were $176,732 and $252,851 and Performance Incentive Fees were $433,689 and $953,067, respectively.

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

As at December 31, 2023, $433,689 ($953,067 as at December 31, 2022) was due on demand to FCRPI and has been accounted for in accounts payable and accrued liabilities.

(c) Property Management Agreement

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

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

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

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

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

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

(b) Commercial Leasing Fees: Where FCPMC leases a rental space on commercial terms, FCPMC shall be entitled to receive a leasing commission equal to three percent (3.0%) of the net rental payments for the first year of the lease, and one and one-half percent (1.5%) of the net rental payments for each year during the balance of the duration of the lease; provided, however, that where a third party broker arranges for the lease of any such property that is not subject to a long-term listing agreement, FCPMC shall be entitled to a reduced commission equal to 50% of the

foregoing amounts with respect to such property. No leasing fees will be paid for relocating existing tenants, rewriting leases or expenditures, including the cost of all permits, materials, labour, contracts, and holding over without a lease unless the area or length of term has increased.

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

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

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

For the years ended December 31, 2023 and December 31, 2022, Property Management Fees were $1,358,408 and $1,258,010 and Commercial Leasing Fees were $82,446 and $133,814, respectively.

As at December 31, 2023, $131,314 ($105,539 as at December 31, 2022) was due to FCPMC and has been accounted for in accounts payable and accrued liabilities.

(d) Lease Agreement

On August 1, 2013, FCPMC entered into a lease agreement with the entity that owns the Montreal Industrial Portfolio which the Trust accounts for as a joint control arrangement, to lease office space on commercially available terms. For the year ended December 31, 2023 $39,700 ($22,320 year ended December 31, 2022) of base rent was paid on this lease.

(e) Co-Ownership Arrangement

The Trust currently is a co-owner in seventeen joint arrangements. These arrangements are classified as joint operations because the parties involved have joint control of the assets and joint responsibility of the liabilities relating to the arrangement. As a result, the Trust includes its pro rata share of its assets, liabilities, revenues, expenses and cash flows in these consolidated financial statements. Management believes the assets of these joint arrangements are sufficient for the purpose of satisfying the associated obligations. Please refer to Note 2(d) - Summary of Significant Accounting Policies for details over the co-ownership schedule.

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

(f) Key management compensation:

For the year ended December 31, 2023, total trustee’s fee expenses were $352,875 (December 31, 2022 – $173,599) and included in general and administrative expenses (office and general). Certain key management personnel are also trustees of the Trust and receive compensation from FCRPI.

The trustees and officers participate in the Trust’s unit based compensation plans and are disclosed in note 8(c).

(in Canadian dollars)

13. Co-Ownership Property Interests

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

As at December 31, 2023	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	$ 9,929,309	$ 13,289,549	$ 23,218,858	$ 35,387,898
Non-Current Assets	133,815,244	480,344,069	614,159,313	1,070,466,058
Total Assets	**$ 143,744,553**	**$ 493,633,618**	**$ 637,378,171**	**$ 1,105,853,956**
Current Liabilities	29,203,767	108,085,035	137,288,802	253,940,365
Non-Current Liabilities	47,137,506	161,259,076	208,396,582	333,720,174
Total Liabilities	**$ 76,341,273**	**$ 269,344,111**	**$ 345,685,384**	**$ 587,660,539**
Total Owners' Equity	**$ 67,403,280**	**$ 224,289,507**	**$ 291,692,787**	**$ 518,193,417**

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**

Year Ended December 31, 2023	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	$11,069,123	$ 46,438,968	$ 57,508,091	$ 100,689,285
Property Operating Expenses	(3,711,173)	(17,069,427)	(20,780,600)	(36,384,247)
	7,357,950	29,369,541	36,727,491	64,305,038
Interest and Other Income	387,126	190,282	577,408	778,067
Expenses:				
Finance Costs	4,553,530	9,986,258	14,539,788	23,633,898
General and Administrative	1,082,491	3,885,717	4,968,208	8,461,854
	5,636,021	13,871,975	19,507,996	32,095,752
Income Before Fair Value Adjustments	2,109,055	15,687,848	17,796,903	32,987,353
Fair Value Adjustments:				
Investment Properties	(3,148,697)	(149,179)	(3,297,876)	(3,581,163)
Fair Value Gain on Sale of Investment Properties	-	135,423	135,423	193,461
Unit-based Compensation Recovery	733,371	-	733,371	733,371
Net Income (Loss) and Comprehensive Income (Loss)	$ (306,271)	$ 15,674,092	$ 15,367,821	$ 30,333,022

(in Canadian dollars)

			Year Ended December 31, 2022	
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Net Operating Income				
Rental Revenue	$11,444,326	$ 42,574,561	$ 54,018,887	$ 82,216,702
Property Operating Expenses	(3,398,770)	(15,162,745)	(18,561,515)	(29,227,197)
	8,045,556	27,411,816	35,457,372	52,989,505
Interest and Other Income	6,905	142,482	149,387	266,072
Expenses:				
Finance Costs	3,661,203	8,931,060	12,592,263	16,933,472
General and Administrative	1,217,667	4,529,901	5,747,568	8,473,966
	4,878,870	13,460,961	18,339,831	25,407,438
Income Before Fair Value Adjustments	3,173,591	14,093,337	17,266,928	27,848,139
Fair Value Adjustments:				
Investment Properties	(11,287,112)	(13,919,079)	(25,206,191)	(26,462,127)
Gain/(Loss) on Sale of Investment Properties	5,142,839	(47,516)	5,095,323	(67,880)
Unit-based Compensation Recovery	1,659,660	-	1,659,660	-
Net Income (Loss) and Comprehensive Income (Loss)	$ (1,311,022)	$ 126,742	$ (1,184,280)	$ 1,318,132

14. Income Taxes

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

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

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

The SIFT Rules do not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"). The REIT has reviewed the REIT Conditions and has assessed their interpretation and application to the REIT's assets and revenues. The REIT believes it has met the REIT Conditions throughout the years ended December 31, 2023 and December 31, 2022. As a result, the REIT does not recognize any deferred income tax assets or liabilities for income tax purposes.

15. Key Management Personnel

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

16. Commitments and Contingencies

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

(in Canadian dollars)

For the years ended December 31, 2023 and December 31, 2022, the Trust had no material commitments and contingencies other than those outlined above and in notes 12(a), 12(b) and 12(c).

17. Capital Management

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

The Trust's Declaration of Trust permits the Trust to incur or assume indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the Trust is not more than 75% of the gross book value of the Trust's total assets. Gross Book Value ("GBV") is defined in the Declaration of Trust as "at any time, the book value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated subsidiaries may be used instead of book value." As at December 31, 2023 and December 31, 2022, the ratio of such indebtedness to gross book value was 52.6% and 51.4% respectively, which complies with the requirement in the Declaration of Trust and is consistent with the Trust's objectives.

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

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

18. Risk Management and Fair Value of Financial Instruments

A. Risk Management:

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

I. Market Risk

The Trust is exposed to interest rate risk on its borrowings. It minimizes the risk by restricting debt to 75% of the GBV of the Trust's assets. The Trust has its credit facilities under variable rate terms.

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

Impact on Interest Expense	December 31, 2023	December 31, 2022
Credit facilities	$ 313,000	$ 187,246
Mortgages	-	395,000
	$ 313,000	$ 582,246

II. Credit Risk

The Trust's maximum exposure to credit risk is equivalent to the carrying value of Accounts Receivable and Mortgages Receivable.

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

(in Canadian dollars)

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

Credit risk in relation to Mortgages Receivable is the possibility that a borrower may be unable to honor the debt commitment as a result of a negative change in the borrowers' financial position or market conditions that could result in a loss to the Trust. Any instability in the real estate sector or an adverse change in economic conditions in Canada could result in declines in the value of real property securing the Trust's mortgages. There have been significant increases in real estate values in various sectors of the Canadian market over the past few years. A correction or revaluation of real estate in such sectors will result in a reduction in values of the real estate securing mortgage loans that comprise the Trust's Mortgages Receivable. This could result in impairments in the mortgage loans or loan losses in the event the real estate security has to be realized upon by the lender.

As at December 31, 2023, Accounts Receivable balance is net of expected credit losses of $408,888 (December 31, 2022 – $510,947). At year end, no expected credit losses have been applied to the Mortgages Receivable balance (December 31, 2022 – nil).

As at December 31, 2023, the Trust had one tenant comprising 11.2% of rental revenues (11.0% as at December 31, 2022).

III. Liquidity Risk

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

The following are the maturities of the Trust's financial liabilities as at December 31, 2023 including credit facilities, mortgages, tenant rental deposits, distribution payable and accounts payable and accrued liabilities:

	Less than 1 Year	**1 - 2 Years**	**>2 Years**	**Total**
Mortgages (note 7(a))	$ 97,523,508	$ 17,596,870	$ 188,595,294	$ 303,715,672
Credit facilities (note 6)	31,300,000	-	-	31,300,000
Tenant Rental Deposits	793,391	369,872	1,679,714	2,842,977
Distribution Payable	1,599,990	-	-	1,599,990
Land Lease Liability (note 7(b))	45,707	48,564	106,268	200,539
Accounts Payable and Accrued Liabilities (note 5)	5,949,766	-	-	5,949,766
	$ 137,212,362	$ 18,015,306	$ 190,381,276	$ 345,608,944

B. Fair Value of Financial Instruments:

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

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

(in Canadian dollars)

	December 31, 2023		December 31, 2022
	Amortized Cost	**FVTPL**	**FVTPL**
Financial Assets			
Mortgages Receivable	$ 5,000,000	$ 5,000,000	$ 9,100,000
Accounts Receivable	2,412,174	2,412,174	1,179,618
Deposits and Other Assets	2,468,284	2,468,284	1,260,225
Restricted Cash	141,094	141,094	201,041
Cash and Cash Equivalents	8,333,895	8,333,895	4,985,624
Financial Liabilities			
Distribution Payable	$ 1,599,990	$ 1,599,990	$ 1,607,547
Accounts Payable and Accrued Liabilities (except Option and DSU Liabilities)	5,533,057	5,533,057	6,586,683
Land Lease Liability	200,539	200,539	221,998
Credit facilities	31,300,000	31,300,000	18,726,067
Tenant Rental Deposits	2,842,977	2,842,977	2,550,629
Mortgages	303,792,112	287,321,263	291,219,329
Option Liabilities	-	118,751	835,359
DTU	-	297,958	74,971

I. Fair Value Hierarchy

The fair value of the mortgages is estimated based on the present value of future payments, discounted at a yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage (Level 2). The estimated fair value of the mortgages is approximately $287.3 million (December 31, 2022 – $291.2 million).

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

(in Canadian dollars)

19. Segmented Information

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

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi-Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Year Ended December 31, 2023
Net Operating Income								
Rental Revenue	$ 28,544,559	$ 4,055,806	$ 15,352,447	$ 7,677,983	$ -	$ 1,877,296	$ -	$ 57,508,091
Property Operating Expenses	(10,407,016)	(1,180,992)	(5,219,697)	(3,188,455)	-	(784,440)	-	(20,780,600)
	18,137,543	2,874,814	10,132,750	4,489,528	-	1,092,856	-	36,727,491
Interest and Other Income	178,171	9,326	3,286	134	381,350	131	5,010	577,408
Expenses:								
Finance Costs	6,749,823	228,478	3,312,970	2,553,882	-	491,909	1,202,726	14,539,788
General and Administrative	1,977,331	207,129	651,000	692,322	5,104	139,901	1,295,421	4,968,208
	8,727,154	435,607	3,963,970	3,246,204	5,104	631,810	2,498,147	19,507,996
Income Before Fair Value Adjustments	9,588,560	2,448,533	6,172,066	1,243,458	376,246	461,177	(2,493,137)	17,796,903
Fair Value Adjustments:								
Investment Properties	(5,756,850)	(1,096,543)	1,906,835	1,003,938	-	644,744	-	(3,297,876)
Gain on Sale of Investment Properties	-	135,423	-	-	-	-	-	135,423
Unit-based Compensation Expense	-	-	-	-	-	-	733,371	733,371
Net Income/(Loss) and Comprehensive Income/(Loss)	$ 3,831,710	$ 1,487,413	$ 8,078,901	$ 2,247,396	$ 376,246	$ 1,105,921	$ (1,759,766)	$ 15,367,821

(in Canadian dollars)

	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi-Residential	Core Service Office Provider	Manufactured Homes Communities	Corporate	Year Ended December 31, 2022
Net Operating Income								
Rental Revenue	$ 27,518,496	$ 4,277,659	$ 13,505,300	$ 6,738,916	$ 505,249	$ 1,473,267	$ -	$ 54,018,887
Property Operating Expenses	(9,267,595)	(1,312,830)	(4,373,854)	(2,666,133)	(372,651)	(568,452)	-	(18,561,515)
	18,250,901	2,964,829	9,131,446	4,072,783	132,598	904,815	-	35,457,372
Interest and Other Income	59,274	34,120	3,307	184	6,736	45,766	-	149,387
Expenses:								
Finance Costs	6,813,103	172,162	2,936,807	1,982,603	-	333,182	354,406	12,592,263
General and Administrative	2,340,455	206,141	643,423	653,621	12,301	106,509	1,785,118	5,747,568
	9,153,558	378,303	3,580,230	2,636,224	12,301	439,691	2,139,524	18,339,831
Income Before Fair Value Adjustments	9,156,617	2,620,646	5,554,523	1,436,743	127,033	510,890	(2,139,524)	17,266,928
Fair Value Adjustments:								
Investment Properties	(15,856,067)	(3,020,203)	(880,096)	(9,539,113)	-	4,089,288	-	(25,206,191)
Gain on Sale of Investment Properties	-	103,860	-	-	4,991,463	-	-	5,095,323
Unit-based Compensation Expense	-	-	-	-	-	-	1,659,660	1,659,660
Net Income/(Loss) and Comprehensive Income/(Loss)	$ (6,699,450)	$ (295,697)	$ 4,674,427	$ (8,102,370)	$ 5,118,496	$ 4,600,178	$ (479,864)	$ (1,184,280)

20. Subsequent Events

a) On January 30, 2024, the Trust completed the sale of a retail property from the Centre Ice Retail Portfolio, for gross proceeds of approximately $3.0 million. The Trust's pro-rata share of the gross proceeds was $2.1 million.

b) On March 8, 2024, the Trust refinanced seven retail properties that are part of the joint arrangement within the Crombie Retail Portfolio for approximately $55.5 million, excluding transaction costs. The Trust's portion of the mortgages are approximately $27.8 million. The mortgages have a 5.34% interest rate, 30 year amortization and 4.5 year term.

c) On March 12, 2024, the Trust declared and approved monthly distributions in the amount of $0.0433 per Trust Unit for Unitholders of record on April 30, 2024, May 31, 2024 and June 28, 2024, payable on or about May 15, 2024, June 17, 2024 and July 15, 2024, respectively.