



FIRM CAPITAL PROPERTY TRUST

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CAPITAL PRESERVATION • DISCIPLINED INVESTING

# REPORT TO UNITHOLDERS

YEAR ENDED  
DECEMBER 31, 2025





**FIRM CAPITAL PROPERTY TRUST**

**FIRM CAPITAL PROPERTY TRUST REPORTS Q4/2025 AND YTD RESULTS**

***\$18.4 MM MORTGAGE REFINANCING  
OPERATING CREDIT FACILITY INCREASE TO \$35.0MM***

Toronto, Ontario, March 10, 2026. Firm Capital Property Trust (“**FCPT**” or the “**Trust**”), (TSX: FCD.UN) is pleased to report its financial results for the three and twelve months ended December 31, 2025.

**PROPERTY PORTFOLIO HIGHLIGHTS**

The portfolio consists of 62 commercial properties with a total gross leasable area (“**GLA**”) of 2,433,940 square feet, five multi-residential complexes comprised of 599 units and four Manufactured Home Communities comprised of 537 units. The portfolio is well diversified and defensive in terms of geographies and property asset types, with 49% of NOI (44% of asset value) comprised of grocery anchored retail followed by industrial at 28% of NOI (28% of asset value). In addition, the portfolio is well diversified in terms of geographies with 37% of NOI (41% of asset value) comprised of assets located in Ontario, followed by Quebec at 37% of NOI (31% of asset value).

**TENANT DIVERSIFICATION**

The portfolio is well diversified by tenant profile with no tenant currently accounting for more than 12.9% of total net rent. Further, the top 10 tenants are comprised of large national tenants and account for 31.8% of total net rent.

**Q4/2025 HIGHLIGHTS**

Key highlights for the three months ended December 31, 2025 are as follows:

- Net income for Q4/2025 was \$12.5 million which is up from \$5.8 million in Q4/2024;
- Income before fair value adjustments for Q4/2025 was \$5.0 million which is in line with Q4/2024;
- Net Operating Income (“**NOI**”) was approximately \$10.0 million, largely in line with Q4/2024;
- Commercial occupancy was 93.3%, Multi-Residential occupancy was 93.2% while Manufactured Homes Communities occupancy was 99.6%;
- Conservative leverage profile with Debt / Gross Book Value (“**GBV**”) at 50%;
- On December 16, 2025, the Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on a property located in Edmonton Alberta for \$18.4 million. Terms of the mortgage are fixed at 4.15%, 4 year term, and a 30 year amortization with a maturity date of December 17, 2029. The Trust has a 50% interest in this loan.
- The Trust finalized the extension of its revolving operating facility to October 31, 2027 and increased the availability from \$19.0 million to \$35.0 million.
- The Trust declared and approved monthly distributions in the amount of \$0.0433 per Trust Unit for Unitholders of record on April 30, 2026, May 29, 2026 and June 30, 2026, payable on or about May 15, 2026, June 15, 2026 and July 15, 2026, respectively.

- Adjusted Funds From Operations (“**AFFO**”) was approximately \$4.9 million, a 2% increase over Q4/2024;
- AFFO per Unit for Q4/2025 was \$0.133, a 2% increase over Q4/2024;
- AFFO Payout Ratio improved to 98% for Q4/2025, compared to the 100% for Q4/2024;
- \$8.00 Net Asset Value (“**NAV**”) per Unit.

See chart below for additional information:

	Three Months			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
	\$					
Rental Revenue	15,663,180	\$15,587,337	0%	\$ 61,598,361	\$ 60,576,995	2%
NOI - IFRS Basis	10,008,972	9,957,731	1%	38,643,145	38,576,870	0%
NOI - Cash Basis	9,874,957	9,865,803	0%	38,684,333	38,700,828	(0%)
Same-Property NOI	9,756,588	9,706,957	1%	38,484,934	38,494,268	(0%)
Net Income (loss)	12,531,463	5,754,200	118%	25,715,466	33,886,990	(24%)
FFO	5,017,082	5,272,271	(5%)	18,726,677	19,320,579	(3%)
AFFO	4,905,149	4,805,695	2%	18,360,369	18,636,734	(1%)
Total Assets				\$645,306,162	\$651,949,269	(1%)
Total Mortgages				304,617,556	304,819,251	(0%)
Credit Facility				14,666,338	27,700,000	(47%)
Unitholders' Equity				312,895,485	306,379,896	2%
Units Outstanding (000s)				36,926	36,926	(0%)
FFO Per Unit	\$0.136	\$0.143	(5%)	\$0.507	\$0.523	(3%)
AFFO Per Unit	\$0.133	\$0.130	2%	\$0.497	\$0.505	(2%)
Distributions Per Unit	\$0.130	\$0.130	0%	\$0.520	\$0.520	(0%)
FFO Payout Ratio	96%	91%	468 bps	103%	99%	353 bps
AFFO Payout Ratio	98%	100%	(214) bps	105%	103%	157 bps
Wtd. Avg. Int. Rate - Mort. Debt				4.3%	4.2%	10 bps
Debt to GBV				50%	51%	(91) bps
GLA - Commercial, SF				2,433,940	2,514,580	(3%)
Units - Multi-Res				599	599	0%
Units - MHCs				537	537	0%
Occupancy - Commercial				93.3%	94.5%	(120) bps
Occupancy - Multi-Res				93.2%	95.3%	(210) bps
Occupancy MHCs				99.6%	100.0%	(20) bps
Rent PSF - Retail				\$19.14	\$18.84	2%
Rent PSF - Industrial				\$9.64	\$9.12	6%
Rent per month - Multi-Res				\$1,674	\$1,604	4%
Rent per month - MHCs				\$763	\$671	14%

For the complete financial statements, Management’s Discussion & Analysis and supplementary information, please visit [www.sedarplus.ca](http://www.sedarplus.ca) or the Trust’s website at [www.firmcapital.com](http://www.firmcapital.com)

## **DISTRIBUTION REINVESTMENT PLAN & UNIT PURCHASE PLAN**

The Trust has in place a Distribution Reinvestment Plan (“**DRIP**”) and Unit Purchase Plan (the “**UPP**”). 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 Units, without incurring brokerage fees or commissions and may acquire units up to a 3% discount (conditions apply). Under the terms of the UPP, FCPT’s Unitholders may purchase a minimum of \$1,000 of Units per month and maximum purchases of up to \$12,000 per annum. Management and trustees have not participated in the DRIP or UPP to date and own or control approximately 10% of the issued and outstanding trust units of the Trust.

## **ABOUT FIRM CAPITAL PROPERTY TRUST (TSX : FCD.UN)**

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 to co-own a diversified property portfolio of multi-residential, flex industrial, and net lease convenience retail. In addition to stand alone accretive acquisitions, the Trust will make joint acquisitions with strong financial partners and acquisitions of partial interests from existing ownership groups, in a manner that provides liquidity to those selling owners and professional management for those remaining as partners. Firm Capital Realty Partners Inc., through a structure focused on an alignment of interests with the Trust sources, syndicates and property and asset manages investments on behalf of the Trust.

## **FORWARD LOOKING INFORMATION**

This press release may contain forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", and by discussions of strategies that involve risks and uncertainties. The forward-looking statements are based on certain key expectations and assumptions made by the Trust. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Although management of the Trust believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated. Neither the Trust nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements, and no one has any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or such other factors which affect this information, except as required by law.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, which may be made only by means of a prospectus, nor shall there be any sale of the Units in any state, province or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of any such state, province or other jurisdiction. The Units of the Firm Capital Property Trust have not been, and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered, sold or delivered in the United States absent registration or an application for exemption from the registration requirements of U.S. securities laws.

Certain financial information presented in this press release reflect certain non-International Financial Reporting Standards (“**IFRS**”) financial measures, which include NOI, Same Store NOI, FFO and AFFO. These measures are commonly used by real estate investment entities as useful metrics for

measuring performance and cash flows, however, they do not have standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other real estate investment entities. These terms are defined in the Trust's Management Discussion and Analysis ("MD&A") for the year ended December 31, 2025 as filed on [www.sedarplus.ca](http://www.sedarplus.ca).

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FIRM CAPITAL PROPERTY TRUST

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CAPITAL PRESERVATION • DISCIPLINED INVESTING

**MD&A**  
MANAGEMENT  
DISCUSSION  
AND ANALYSIS

YEAR ENDED  
DECEMBER 31, 2025



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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 audited consolidated financial statements for the twelve months ended December 31, 2025 and December 31, 2024. This MD&A has been prepared taking into account material transactions and events up to and including March 10, 2026. Additional information about the Trust has been filed with applicable Canadian securities regulatory authorities and is available at [www.sedarplus.ca](http://www.sedarplus.ca) or on our web site at [www.firmcapital.com](http://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 2025 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.

Forward-looking information is based on a number of material factors and assumptions, including (i) the Trust's ability to access and deploy net proceeds as planned; (ii) current and anticipated market conditions in the grocery-anchored retail, multi-tenant industrial, and multi-residential rental sectors; (iii) the continued availability of suitable acquisition opportunities in these sectors; (iv) the expectation that tenant diversity in targeted acquisitions will mitigate exposure to US tariffs; (v) stable or improving economic conditions affecting real estate values and tenant demand; (vi) the Trust's ability to refinance or repay debt on the revolving credit facility without material adverse impact; and (vii) no material changes in applicable laws, regulations, or government policies affecting real estate investment or cross-border trade.

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 and corresponds to a supplementary financial measure. Same Property NOI is defined by the Trust as NOI for properties owned for an entire quarter or year-to-date or annual period in both the current and comparative period and excludes the results for properties either sold or acquired during the applicable reporting date. No other changes are made to this calculation. Same Property NOI is presented in this MD&A because management considers it to be a valuable measure for evaluating the operating performance of the properties excluding the impact attributable to property acquisitions and dispositions.

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.*

*Net Asset Value or “NAV” is a non-GAAP financial measure as it takes Unitholders Equity less certain non-cash adjustments such as: (i) straight-line rent, (ii) free rent, (ii) option liabilities; (iv) deferred trust unit liabilities; and (v) the performance incentive fee payable to the asset manager.*

*NAV/Unit is a non-GAAP financial measure calculated as NAV divided by the total number of Trust Units outstanding at the end of the period.*

*NAV and NAV/Unit is presented in this MD&A as the REIT considers these in combination to be reflective of the intrinsic value of the Trust Units which enables investors to determine if the REIT's Trust Unit price is trading at a discount or premium relative to the NAV/Unit at each reporting period.*

*Net rent is a supplementary financial measure defined as base rent. Net rent is presented in this MD&A as it reflects a real estate industry standard used in conjunction with rental revenue.*

## 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, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
<b>Rental Revenue</b>	\$ 15,663,180	\$15,587,337	0%	\$ 61,598,361	\$ 60,576,995	2%
<b>NOI - IFRS Basis</b>	10,008,972	9,957,731	1%	38,643,145	38,576,870	0%
<b>NOI - Cash Basis</b>	9,874,957	9,865,803	0%	38,684,333	38,700,828	(0%)
<b>Same-Property NOI</b>	9,756,588	9,706,957	1%	38,484,934	38,494,268	(0%)
<b>Net Income (loss)</b>	12,531,463	5,754,200	118%	25,715,466	33,886,990	(24%)
<b>FFO</b>	5,017,082	5,272,271	(5%)	18,726,677	19,320,579	(3%)
<b>AFFO</b>	4,905,149	4,805,695	2%	18,360,369	18,636,734	(1%)
<b>Total Assets</b>				\$645,306,162	\$651,949,269	(1%)
<b>Total Mortgages</b>				304,617,556	304,819,251	(0%)
<b>Credit Facility</b>				14,666,338	27,700,000	(47%)
<b>Unitholders' Equity</b>				312,895,485	306,379,896	2%
<b>Units Outstanding (000s)</b>				36,926	36,926	(0%)
<b>FFO Per Unit</b>	\$0.136	\$0.143	(5%)	\$0.507	\$0.523	(3%)
<b>AFFO Per Unit</b>	\$0.133	\$0.130	2%	\$0.497	\$0.505	(2%)
<b>Distributions Per Unit</b>	\$0.130	\$0.130	0%	\$0.520	\$0.520	(0%)
<b>FFO Payout Ratio</b>	96%	91%	468 bps	103%	99%	353 bps
<b>AFFO Payout Ratio</b>	98%	100%	(214) bps	105%	103%	157 bps
<b>Wtd. Avg. Int. Rate - Mort. Debt</b>				4.3%	4.2%	10 bps
<b>Debt to GBV</b>				50%	51%	(91) bps
<b>GLA - Commercial, SF</b>				2,433,940	2,514,580	(3%)
<b>Units - Multi-Res</b>				599	599	0%
<b>Units - MHCs</b>				537	537	0%
<b>Occupancy - Commercial</b>				93.3%	94.5%	(120) bps
<b>Occupancy - Multi-Res</b>				93.2%	95.3%	(210) bps
<b>Occupancy MHCs</b>				99.6%	100.0%	(20) bps
<b>Rent PSF - Retail</b>				\$19.14	\$18.84	2%
<b>Rent PSF - Industrial</b>				\$9.64	\$9.12	6%
<b>Rent per month - Multi-Res</b>				\$1,674	\$1,604	4%
<b>Rent per month - MHCs</b>				\$763	\$671	14%

Significant highlights for the fourth quarter include:

- Net income for the three months ended December 31, 2025 and 2024 was \$12.5 million and \$5.8 million respectively. Income before fair value adjustments for the three months ended December 31, 2025 and 2024 was \$5.0 million and \$5.1 million respectively.
- NOI for the three months ended December 31, 2025 was \$10.0 million, inline with Q4/2024 and a 4% increase over Q3/2025.
- \$8.00 NAV/unit, which is a 2% increase from Q4/2024 and Q3/2025.
- AFFO for Q4/2025 was \$4.9 million, a 2% increase over Q4/2024 and a 7% increase over Q3/2025.
- AFFO per Unit for Q4/2025 was \$0.133, a 2% increase over Q4/2024 and a 7% increase over Q3/2025.
- AFFO Payout Ratio improved to 98% for Q4/2025, compared to the 100% for Q4/2024 and 104% in Q3/2025.
- Commercial occupancy was 93.3%, Multi-Residential occupancy was 93.2%, while Manufactured Homes Communities occupancy was 99.6% at December 31, 2025.
- Conservative leverage profile with Debt / GBV at 50% at December 31, 2025.
- On December 16, 2025, the Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on a property located in Edmonton Alberta for \$18.4 million. Terms of the mortgage are fixed at 4.15%, 4 year term, and a 30 year amortization with a maturity date of December 17, 2029.
- The Trust finalized the extension of its revolving operating facility to October 31, 2027 and increased the availability from \$19.0 million to \$35.0 million.
- The Trust declared and approved monthly distributions in the amount of \$0.0433 per Trust Unit for Unitholders of record on April 30, 2026, May 29, 2026 and June 30, 2026, payable on or about May 15, 2026, June 15, 2026 and July 15, 2026, respectively.

### Same-Property Performance

Same-Property NOI remained consistent over the three and twelve months ended December 31, 2025 over the three and twelve months ended December 31, 2024.

	Three Months			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Rental Revenue	\$ 15,421,211	\$ 15,086,242	2%	\$ 61,222,274	\$ 59,664,346	3%
Property Operating Expenses	(5,664,623)	(5,379,285)	5%	(22,737,340)	(21,170,078)	7%
<b>NOI - IFRS Basis</b>	<b>\$ 9,756,588</b>	<b>\$ 9,706,957</b>	<b>1%</b>	<b>\$ 38,484,934</b>	<b>\$ 38,494,268</b>	<b>(0%)</b>

## Portfolio Occupancy

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

Period ended	Occupancy			
	Retail	Industrial	Multi-Res	MHCs
December 31, 2024	97.3%	92.3%	95.3%	100.0%
September 30, 2025	97.4%	92.3%	93.6%	99.8%
December 31, 2025	96.8%	90.3%	93.2%	99.8%

## Distributions Declared

On March 10, 2026, the Trust declared and approved monthly distributions in the amount of \$0.04333 per Trust Unit for Unitholders of record on April 30, 2026, May 29, 2026 and June 30, 2026, payable on or about May 15, 2026, June 15, 2026, and July 15, 2026, respectively.

## OUTLOOK & CURRENT BUSINESS ENVIRONMENT

Going forward, the segments of the economy that influence the Trust's performance will continue to be monitored and evaluated. Management views recent economic indicators as suggesting that inflationary pressures may be subsiding; however, recent hostility in the Middle East could change this assessment.

Changes in U.S. trade policy, tariffs involving Canada and other countries, and increased geopolitical tensions have significantly influenced both the Canadian and global economic outlook for 2026.

Canada's real GDP decreased in Q4/2025 by 0.5% based on preliminary reports, following the Q3/GDP rebound. The key drivers of the pull back are manufacturing, autos and parts, forestry and minerals offset partly by a growth in services. This left the Canadian economy entering 2026 with momentum stalled and not in a sustainable recovery.

Canadian CPI advanced to 2.4% in December, up from 2.1% in September. However, Core CPI, which excludes food and energy, dropped below 2%, signalling that there is a genuine cooling of the economy.

Canada's unemployment rate in December was 6.8%, holding flat from September's 6.8% while jobs increased the participation rate keeping the level steady. While employment grew in the health care sector weakness continued in the manufacturing and professional services sectors.

Since June 2024, the Bank of Canada has cut rates by a total of 275 basis points, including four cuts amounting to 100 basis points in 2025, but has held rates steady at the last two policy meetings. While we view that future rate cuts are not likely in the short term, there is room to offset any weakness in the labour market.

Although previous interest rate hikes impacted on our cash flow, increased rental rates across most of our portfolio have offset this effect. Canadian industrial markets have cooled, but demand and renewal rates remain strong in our Ontario and Quebec properties, with existing rents still below market levels. Demand for space in our convenience retail portfolio continues to be strong, thus boosting cash flow. Despite the current environment, our mortgage interest rates remain highly competitive and consistent with portfolio averages.

Over the past several quarters, inflationary pressures have eased, but the ongoing interest rate hikes since 2022 continue to impact the Trust. This has led to lower IFRS real estate valuations, down from a peak Net Asset Value ("NAV") of \$8.24 per Unit in Q4/2021. In response to changing market conditions in 2023, the Trust increased capitalization rates across its retail and industrial properties. Nonetheless, growth in net operating income ("NOI") has helped counterbalance these changes.

In 2025, the Trust improved liquidity through increased mortgage refinancing and has sufficient capital for operations and new projects through 2026. At Q4/2025, leverage stood at 49.5%, well below the targeted range

of 55–65%. The Trust has four mortgages maturing in 2026 and currently expects to be able to increase its liquidity from each refinancing.

Management regularly reviews its portfolio and adjusts to maintain long-term stability. The Trust plans to prioritize acquisitions in the Canadian industrial and multi-residential sectors, while gradually decreasing its holdings in non-core retail assets when market conditions allow. The Trust anticipates expanding its asset base primarily through acquisitions in 2026, though the pace of acquisitions is expected to be slower than in previous years.

## SELECTED ANNUAL INFORMATION

	2025	2024	2023
Rental Revenue	\$ 61,598,361	\$ 60,576,995	\$ 57,508,091
Net operating income ("NOI")	\$ 38,643,145	\$ 38,576,870	\$ 36,727,491
Net income and comprehensive income	\$ 25,715,466	\$ 33,886,990	\$ 15,367,821
Net income and comprehensive income per Unit - Basic	\$ 0.696	\$ 0.918	\$ 0.416
Net income and comprehensive income per Unit - Diluted <sup>(1)</sup>	\$ 0.692	\$ 0.915	\$ 0.415
Net cash flows provided from operating activities	\$ 33,183,255	\$ 34,418,565	\$ 36,983,084
AFFO <sup>(2)(3)</sup>	\$ 18,360,369	\$ 18,636,734	\$ 16,700,144
Basic AFFO per unit <sup>(2)</sup>	\$ 0.507	\$ 0.505	\$ 0.452
Diluted AFFO per unit <sup>(2)</sup>	\$ 0.494	\$ 0.503	\$ 0.451
Distributions declared per Unit	\$ 0.520	\$ 0.520	\$ 0.520
Basic weighted average number of units	36,925,682	36,925,682	36,983,094
Diluted weighted average number of units <sup>(1)</sup>	37,143,101	37,036,235	37,010,185
Total assets	\$ 645,306,162	\$ 651,949,269	\$ 637,378,171
Total current liabilities	\$ 72,082,998	\$ 56,471,285	\$ 137,288,802
Total non-current liabilities	\$ 260,327,679	\$ 289,098,088	\$ 208,396,582

<sup>(1)</sup> Total diluted units also includes deferred trust units issued and any in the money options

<sup>(2)</sup> Represents a non-IFRS measure. Refer to Basis of Presentation.

## PART III

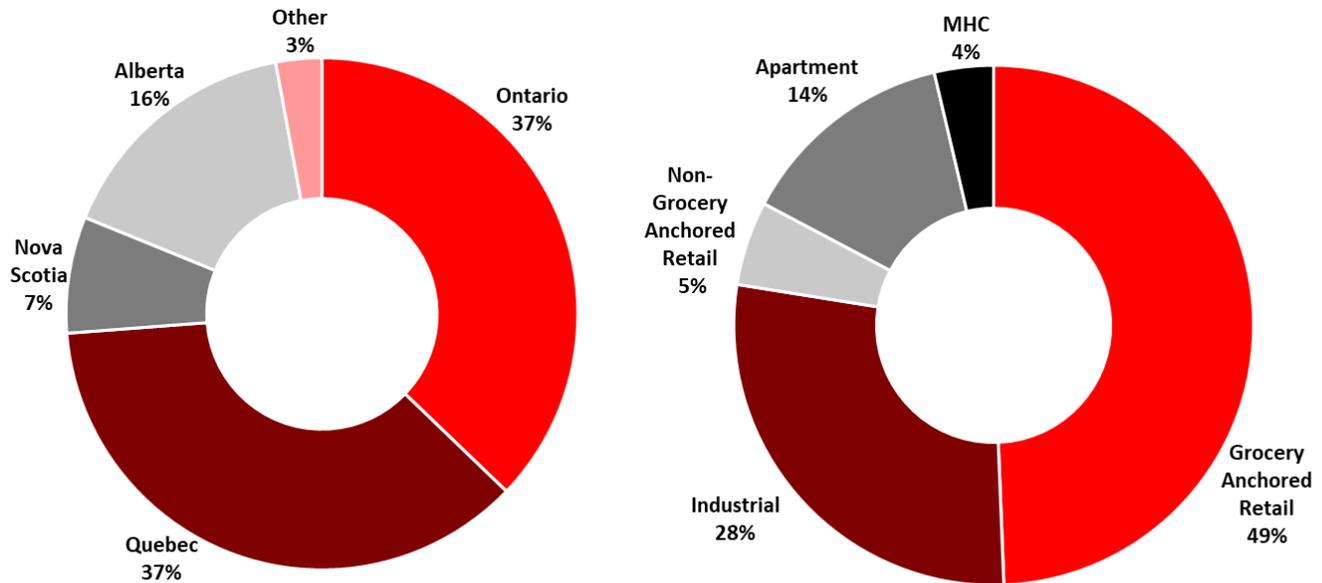
### OVERVIEW OF FCPT

As at December 31, 2025, FCPT's portfolio consists of 62 commercial properties with a total GLA of 2,433,940 square feet, five Multi-Residential complexes comprised of 599 units and four Manufactured Homes Communities comprised of 537 units.

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#### Geographical and Asset Class Portfolio Diversification based on NOI

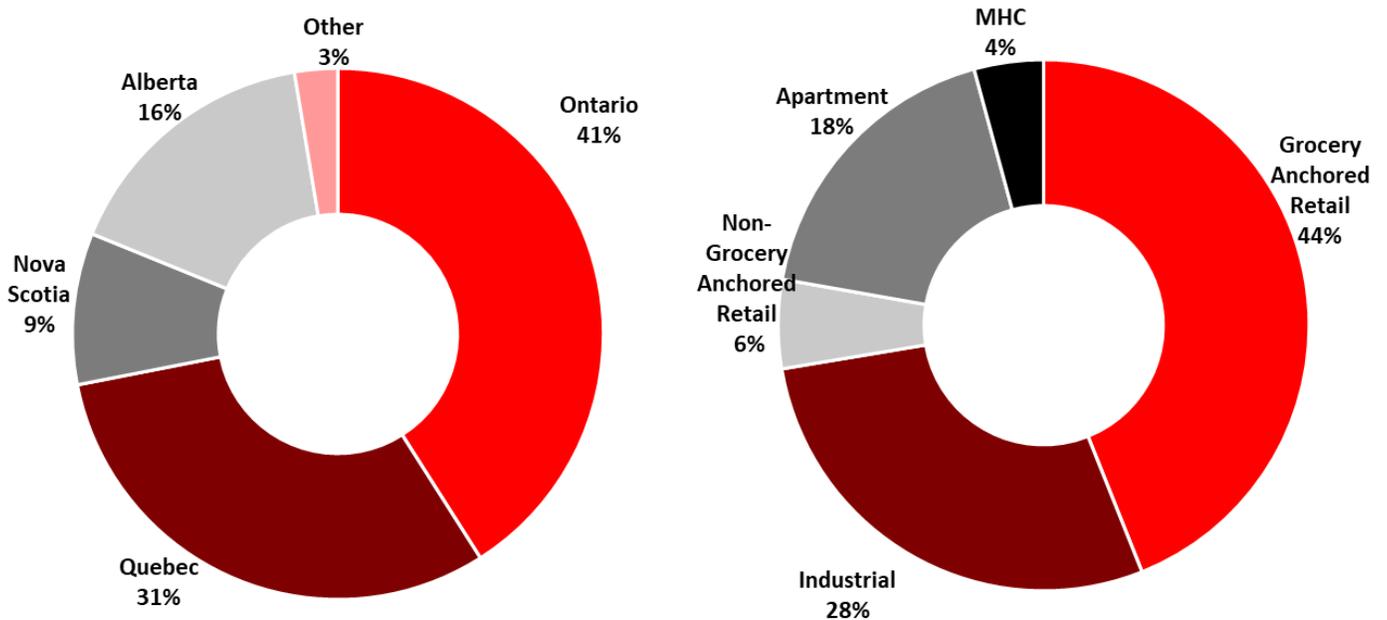
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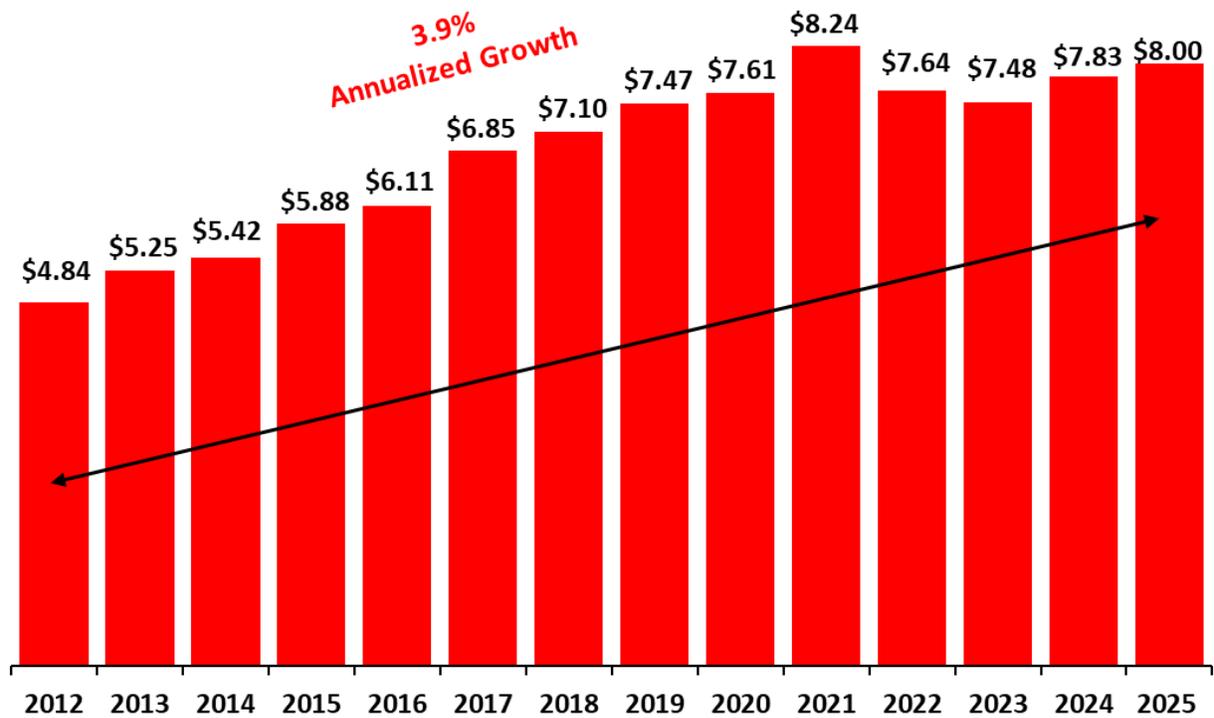
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#### Geographical and Asset Class Portfolio Diversification based on Investment Property Value

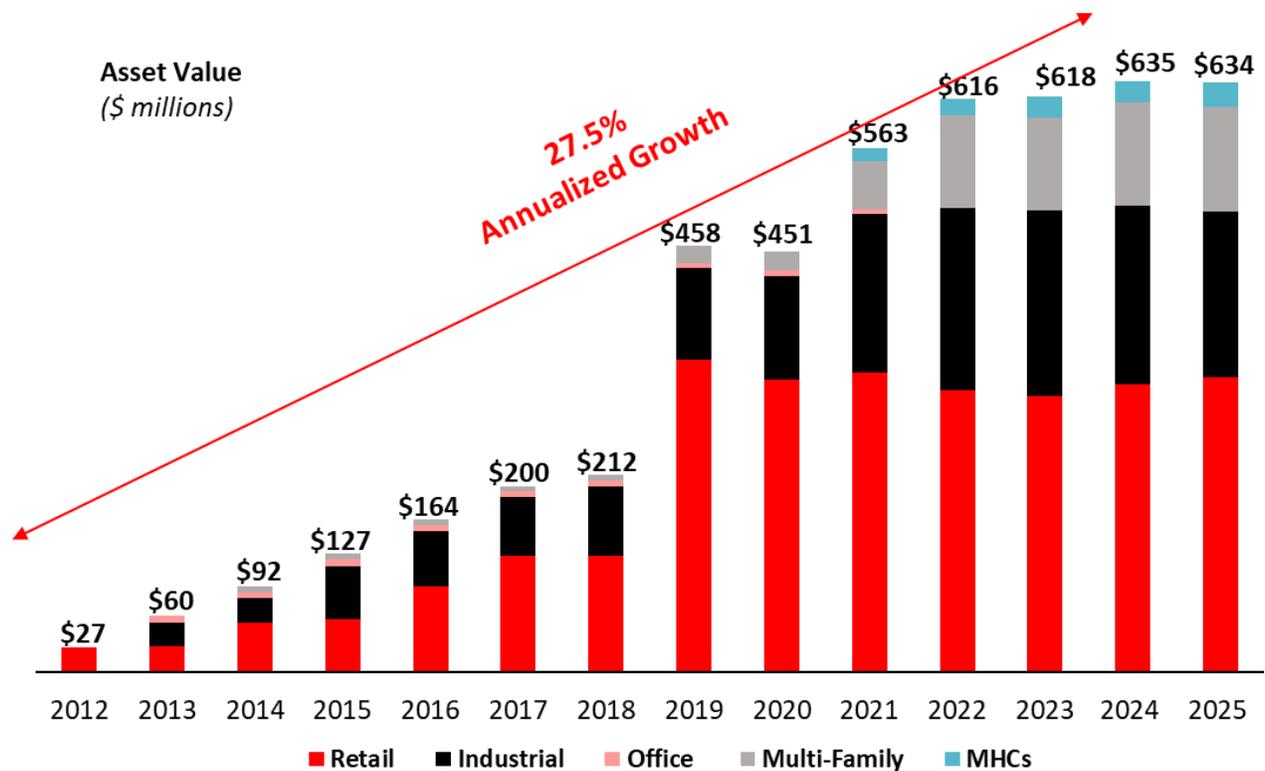
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Net Asset Value Growth



Real Estate Portfolio Growth



\*Includes Assets Held for Sale. The investment properties are presented at fair value.

## Top 10 Tenants

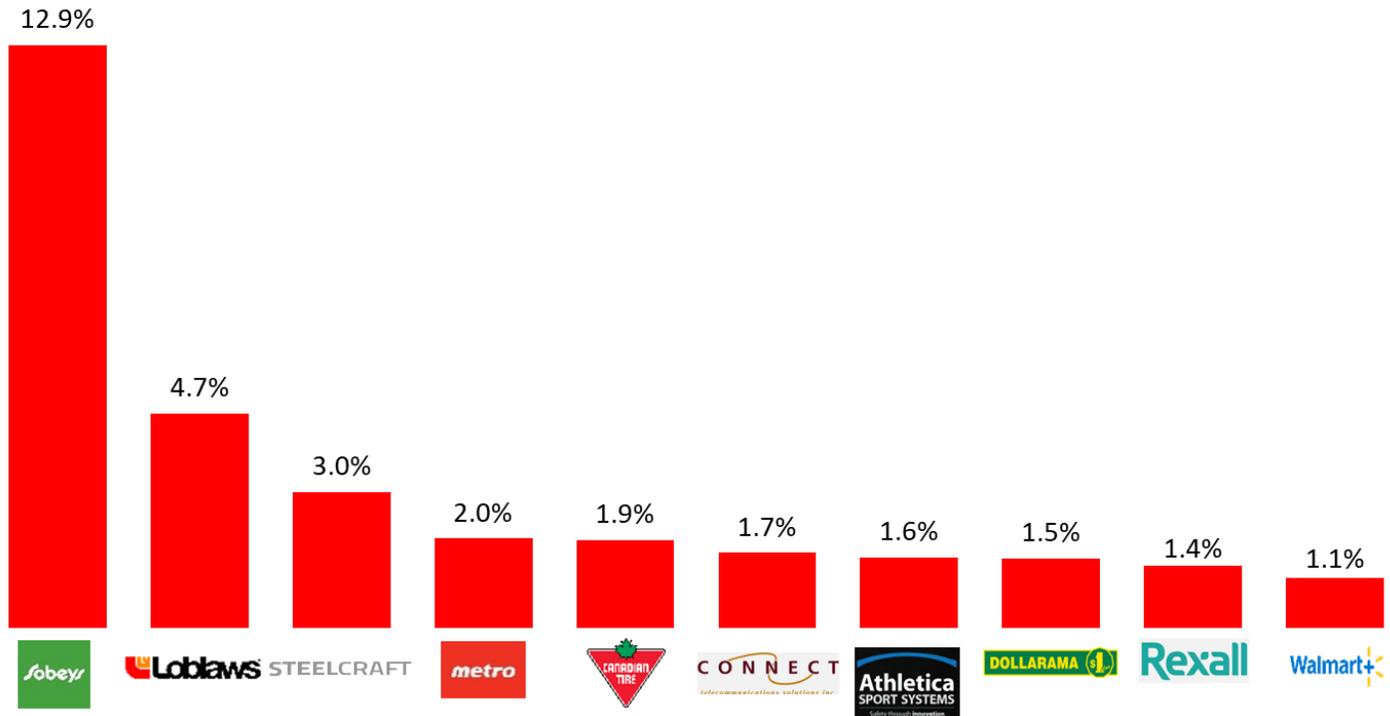
FCPT's tenant base includes a diverse and established group of companies that represent many of Canada's established businesses. The Trust strives for stability in its revenue stream, while diversifying its revenue sources and avoiding dependence on any single tenant. The portfolio is well diversified by tenant profile with no tenant currently accounting for more than 12.9% of total net rent.

Further, the top 10 tenants account for 31.8% of total net rent.

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### Top Tenants

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## 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 also property and asset managed investments on behalf of the Trust.

## PROPERTY PORTFOLIO

Property	Gross Leasable Area	Occupancy			
		Q4/2025	Q3/2025	Q2/2025	Q1/2025
<b>Retail</b>					
Bridgewater, Nova Scotia	46,903	98.1%	98.1%	100.0%	100.0%
Brampton, Ontario	36,137	100.0%	100.0%	100.0%	96.5%
Moncton, New Brunswick	16,382	100.0%	100.0%	100.0%	100.0%
Guelph, Ontario	115,742	100.0%	100.0%	100.0%	100.0%
Centre Ice Retail Portfolio	5,058	100.0%	100.0%	66.4%	82.6%
<i>Crombie Joint Venture Properties</i>					
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	5,240	100.0%	100.0%	100.0%	100.0%
<i>First Capital Joint Venture Properties</i>					
The Whitby Mall, Whitby, Ontario	126,634	86.2%	87.7%	87.3%	88.8%
Thickson Place, Whitby, Ontario	41,926	100.0%	100.0%	100.0%	100.0%
901 Eglinton Ave, Toronto, Ontario	4,502	100.0%	100.0%	100.0%	100.0%
Gloucester City Centre, Ottawa, Ontario	186,096	93.4%	96.3%	97.6%	97.6%
Merivale Mall, Ottawa, Ontario	109,252	96.9%	95.7%	95.1%	95.1%
Galleries de Repentigny, Repentigny, Quebec	65,364	100.0%	100.0%	100.0%	100.0%
Galleries Brien East, Repentigny, Quebec	4,435	100.0%	100.0%	100.0%	100.0%
Galleries Brien West, Repentigny, Quebec	26,166	100.0%	100.0%	100.0%	100.0%
Carrefour du Plateau, Gatineau, Quebec	120,384	100.0%	100.0%	100.0%	100.0%
Gateway Village, St. Albert, Alberta	52,831	98.2%	99.4%	100.0%	100.0%
<b>Retail Total / Weighted Average</b>	<b>1,103,561</b>	<b>96.8%</b>	<b>97.4%</b>	<b>97.5%</b>	<b>97.6%</b>
<b>Industrial</b>					
Montreal, Quebec	532,400	95.9%	93.2%	85.8%	87.8%
Waterloo, Ontario	360,232	73.9%	82.2%	88.6%	88.6%
Edmonton, Alberta	245,873	96.7%	94.0%	93.8%	91.0%
Woodstock, Ontario	66,381	100.0%	100.0%	100.0%	100.0%
Stratford, Ontario	125,493	100.0%	100.0%	100.0%	100.0%
<b>Industrial Total / Weighted Average</b>	<b>1,330,378</b>	<b>90.3%</b>	<b>92.3%</b>	<b>90.7%</b>	<b>90.1%</b>
<b>Commercial Total / Weighted Average</b>	<b>2,433,940</b>	<b>93.3%</b>	<b>94.6%</b>	<b>93.8%</b>	<b>93.4%</b>
<b>Multi-Residential</b>					
	<b>Units</b>				
Ottawa, Ontario	135	92.6%	94.8%	97.0%	97.8%
Dartmouth, Nova Scotia	69	91.3%	85.5%	87.0%	91.3%
Lower Sackville, Nova Scotia	132	95.5%	90.9%	94.0%	92.4%
Edmonton, Alberta	128	96.9%	98.4%	99.2%	97.7%
Pointe-Claire, Quebec	135	90.4%	95.6%	94.0%	99.2%
<b>Total / Weighted Average</b>	<b>599</b>	<b>93.2%</b>	<b>93.6%</b>	<b>94.4%</b>	<b>96.1%</b>
<b>Manufactured Homes Communities</b>					
Calgary, Alberta	181	100.0%	100.0%	100.0%	100.0%
McGregor, Ontario	242	100.0%	100.0%	100.0%	100.0%
Peterborough, Ontario	56	100.0%	100.0%	100.0%	100.0%
Trenton, Ontario	58	96.6%	98.3%	100.0%	98.3%
<b>Total / Weighted Average</b>	<b>537</b>	<b>99.6%</b>	<b>99.8%</b>	<b>100.0%</b>	<b>99.8%</b>

**Commercial:** As at December 31, 2025 commercial occupancy was 93.3% or 130bps lower than Q3/2025. The decrease is primarily related to occupancy changes within our industrial portfolio.

**Multi-Residential:** As at December 31, 2025 multi-residential occupancy was 93.2% which is largely inline with the occupancy at Q3/2025.

**MHCs:** The occupancy rate of the MHC portfolio remained strong with 99.6% occupancy as at December 31, 30, 2025.

## 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	Q4/25	Q3/25	Q2/25	Q1/25	Q4/24	Q3/24	Q2/24	Q1/24
Property rental revenue	\$15,663,180	\$15,085,120	\$15,316,411	\$15,533,650	\$15,587,337	\$14,889,830	\$15,086,655	\$15,013,173
Net operating income	10,008,972	9,637,533	9,588,294	9,408,346	9,957,731	9,689,972	9,657,575	9,271,592
Net income	12,531,464	4,349,610	4,421,910	4,412,482	5,754,200	9,363,069	8,884,882	9,884,839
Funds from operations	5,017,082	4,623,684	4,737,651	4,348,260	5,272,271	4,776,493	4,719,175	4,552,640
Adjusted funds from operations	4,905,149	4,594,576	4,534,938	4,325,706	4,805,695	4,794,328	4,592,570	4,444,140
Total assets	645,306,162	637,041,043	637,178,557	646,292,657	651,949,269	652,698,147	645,870,632	639,407,795
Total mortgages	304,617,556	304,155,214	302,251,793	303,520,810	304,819,251	318,201,702	314,222,880	307,886,051
Unitholders' equity (net book value)	304,973,615	305,163,991	305,614,352	305,992,410	306,379,896	305,425,668	300,862,566	296,777,652
Units o/s at period end (000s)	36,926	36,926	36,926	36,926	36,926	36,926	36,926	36,926
<b>Per unit amounts</b>								
Funds from operations	\$0.136	\$0.125	\$0.128	\$0.118	\$0.143	\$0.129	\$0.128	\$0.123
Adjusted funds from operations	\$0.133	\$0.124	\$0.123	\$0.117	\$0.130	\$0.130	\$0.124	\$0.120
<b>Financial ratios</b>								
FFO Payout Ratio	96%	104%	101%	110%	91%	100%	102%	105%
AFFO Payout Ratio	98%	104%	106%	111%	100%	100%	105%	108%
Wtd. avg. interest rate - mortgage debt	4.3%	4.3%	4.2%	4.2%	4.2%	4.2%	4.2%	3.9%
Debt to GBV	50%	50%	50%	51%	51%	51%	52%	52%
<b>Operating stats</b>								
GLA - commercial, SF	2,433,940	2,427,366	2,427,383	2,513,445	2,514,727	2,512,862	2,545,843	2,545,858
Units - Multi-Res	599	599	599	599	599	599	599	599
Units - MHCs	537	537	537	537	537	537	537	537
Occupancy - commercial (period-end)	93.3%	94.6%	93.8%	93.4%	94.5%	94.8%	95.8%	95.2%
Occupancy - Multi-Res (period-end)	93.2%	93.6%	94.4%	96.1%	95.3%	97.7%	99.7%	99.1%
Occupancy - MHCs (period-end)	99.6%	99.8%	100.0%	99.8%	100.0%	100.0%	100.0%	100.0%
Rent PSF - Retail	\$19.14	\$19.19	\$19.11	\$19.01	\$18.84	\$18.76	\$19.10	\$18.96
Rent PSF - Industrial	\$9.64	\$9.03	\$9.23	\$9.27	\$9.12	\$9.00	\$8.50	\$8.33
Rent per month - Multi-Res	\$1,674	\$1,654	\$1,628	\$1,626	\$1,604	\$1,527	\$1,453	\$1,448
Rent per month - MHCs	\$763	\$706	\$691	\$678	\$671	\$643	\$633	\$624

## 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.

	<b>For the Year Ended December 31, 2025</b>			
	<b>Trust Wholly Owned</b>	<b>Co-Owned at Proportionate Ownership</b>	<b>Total</b>	<b>Co-Owned at 100%</b>
Net Operating Income				
Rental Revenue	\$ 12,432,850	\$ 49,165,511	\$ 61,598,361	\$ 107,727,407
Property Operating Expenses	(4,341,265)	(18,613,951)	(22,955,216)	(40,331,088)
	8,091,585	30,551,560	38,643,145	67,396,319
Interest and Other Income	112,453	145,761	258,214	442,355
Expenses:				
Finance Costs	3,066,606	11,634,399	14,701,005	25,582,116
General and Administrative	1,472,394	5,263,762	6,736,156	9,872,574
	4,539,000	16,898,161	21,437,161	35,454,690
Income Before Fair Value Adjustments	3,665,038	13,799,160	17,464,198	32,383,984
Fair Value Adjustments:				
Investment Properties	(1,396,991)	7,830,190	6,433,199	11,082,543
Fair Value Gain on Sale of Investment Properties	110,000	1,708,945	1,818,945	3,510,369
Unit-based Compensation Recovery	(876)	-	(876)	(876)
Net Income (Loss) and Comprehensive Income (Loss)	\$ 2,377,171	\$ 23,338,295	\$ 25,715,466	\$ 46,976,020

	<b>For the Year Ended December 31, 2024</b>			
	<b>Trust Wholly Owned</b>	<b>Co-Owned at Proportionate Ownership</b>	<b>Total</b>	<b>Co-Owned at 100%</b>
Net Operating Income				
Rental Revenue	\$ 11,953,023	\$ 48,623,972	\$ 60,576,995	\$ 105,843,404
Property Operating Expenses	(4,132,562)	(17,867,563)	(22,000,125)	(38,590,247)
	7,820,461	30,756,409	38,576,870	67,253,157
Interest and Other Income	572,894	254,812	827,706	1,136,342
Expenses:				
Finance Costs	3,063,212	11,212,858	14,276,070	24,092,329
General and Administrative	1,256,749	4,523,140	5,779,889	8,444,661
	4,319,961	15,735,998	20,055,959	32,536,990
Income Before Fair Value Adjustments	4,073,394	15,275,223	19,348,617	35,852,509
Fair Value Adjustments:				
Investment Properties	3,438,141	11,116,202	14,554,343	21,103,365
Fair Value Gain on Sale of Investment Properties	-	217,088	217,088	310,126
Unit-based Compensation Recovery	(233,058)	-	(233,058)	(233,058)
Net Income and Comprehensive Income	\$ 7,278,477	\$ 26,608,513	\$ 33,886,990	\$ 57,032,942

## 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 twelve months ended December 31, 2025 and December 31, 2024, property rental revenue increased primarily due to the net impact of same-property growth across most 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, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Base Rent	\$ 11,201,836	\$ 10,845,531	3%	\$ 43,665,514	\$ 43,024,284	1%
Operating Cost Recoveries	1,978,809	2,384,180	(17%)	8,310,254	8,299,209	0%
Tax Recoveries	2,348,520	2,265,698	4%	9,663,781	9,377,460	3%
Straight Line Rent	144,222	114,827	26%	21,772	117,541	(81%)
Free Rent	(10,207)	(22,899)	(55%)	(62,960)	(241,499)	(74%)
<b>Rental Revenue</b>	<b>\$ 15,663,180</b>	<b>\$ 15,587,337</b>	<b>0%</b>	<b>\$ 61,598,361</b>	<b>\$ 60,576,995</b>	<b>2%</b>

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, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Realty Taxes	\$ 2,708,649	\$ 2,714,447	(0%)	\$ 11,058,958	\$ 10,693,961	3%
Property Management	615,479	603,435	2%	2,398,495	2,375,728	1%
Operating Expenses	2,330,080	2,311,724	1%	9,497,763	8,930,436	6%
<b>Property Operating Expenses</b>	<b>\$ 5,654,208</b>	<b>\$ 5,629,606</b>	<b>0%</b>	<b>\$ 22,955,216</b>	<b>\$ 22,000,125</b>	<b>4%</b>

The variance in comparing the twelve months ended December 31, 2025 over the twelve months ended December 31, 2024 is primarily due to inflationary cost increases.

## 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, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Rental Revenue	\$ 15,663,180	\$ 15,587,337	0%	\$ 61,598,361	\$ 60,576,995	2%
Property Operating Expenses	(5,654,208)	(5,629,606)	0%	(22,955,216)	(22,000,125)	4%
NOI - IFRS Basis	\$ 10,008,972	\$ 9,957,731	1%	\$ 38,643,145	\$ 38,576,870	0%
Less: Straight-Line Rent	(144,222)	(114,827)	26%	(21,772)	(117,541)	(81%)
Less: Free Rent	10,207	22,899	(55%)	62,960	241,499	(74%)
NOI - Cash Basis	\$ 9,874,957	\$ 9,865,803	0%	\$ 38,684,333	\$ 38,700,828	(0%)

The variance in comparing the three months and twelve months ended December 31, 2025 versus 2024 are large inline whereby rental revenue increases have been offset by inflationary cost increases.

## Same-Property NOI Analysis

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

Q4/2025 versus Q4/2024 for same-property NOI changed across various asset classes are as follows:

- **Retail:** Property Rental Revenue increased by 2% which was further enhanced by a 2% decrease in property operating costs resulting in a 4% overall increase.
- **Industrial:** Industrial NOI is down primarily due to increased vacancy within the Waterloo Industrial Portfolio and rising operating costs when compared YOY.
- **Multi-Residential:** NOI was inline with when compared YOY.
- **MHCs:** Increased by 21% primarily due to increased rental rates and further enhanced a decrease in operating costs.

RETAIL	Three Months			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Rental Revenue	\$ 8,236,605	\$ 8,081,620	2%	\$ 33,154,204	\$ 31,931,943	4%
Property Operating Expenses	(2,998,806)	(3,065,301)	(2%)	(12,172,172)	(11,664,160)	4%
NOI - IFRS Basis	\$ 5,237,799	\$ 5,016,319	4%	\$ 20,982,032	\$ 20,267,783	4%

INDUSTRIAL	Three Months			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Rental Revenue	\$ 4,405,771	\$ 4,336,402	2%	\$ 17,037,488	\$ 17,166,388	(1%)
Property Operating Expenses	(1,542,763)	(1,234,850)	25%	(6,199,892)	(5,360,618)	16%
NOI - IFRS Basis	\$ 2,863,008	\$ 3,101,552	(8%)	\$ 10,837,596	\$ 11,805,770	(8%)

MULTI-RESIDENTIAL	Three Months			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Rental Revenue	\$ 2,185,342	\$ 2,139,496	2%	\$ 8,753,566	\$ 8,499,185	3%
Property Operating Expenses	(931,815)	(882,239)	6%	(3,510,220)	(3,382,240)	4%
NOI - IFRS Basis	\$ 1,253,527	\$ 1,257,257	(0%)	\$ 5,243,346	\$ 5,116,945	2%

MHCs	Three Months			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Rental Revenue	\$ 593,493	\$ 528,724	12%	\$ 2,277,016	\$ 2,066,830	10%
Property Operating Expenses	(191,239)	(196,895)	(3%)	(855,056)	(763,060)	12%
<b>NOI - IFRS Basis</b>	<b>\$ 402,254</b>	<b>\$ 331,829</b>	<b>21%</b>	<b>\$ 1,421,960</b>	<b>\$ 1,303,770</b>	<b>9%</b>

For the three months ended December 31, 2025 and December 31, 2024 same property NOI analysis, there was an elimination of 2 investment properties that were sold during that period. For the twelve months ended December 31, 2025 and December 31, 2024 same property NOI analysis, there was an elimination of 3 investments properties that were sold during that period.

## Finance Costs

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

	Three Months Ended			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Mortgage Interest	\$ 3,251,297	\$ 3,260,981	(0%)	\$ 12,967,182	\$ 12,019,652	8%
Credit facility Interest	201,953	428,726	(53%)	1,140,610	1,762,549	(35%)
Finance Fee Amortization	150,394	32,373	365%	593,213	570,309	4%
Non-cash Interest Expense	-	-	-	-	(76,440)	(100%)
<b>Finance Costs</b>	<b>\$ 3,603,644</b>	<b>\$ 3,722,080</b>	<b>(3%)</b>	<b>\$ 14,701,005</b>	<b>\$ 14,276,070</b>	<b>3%</b>

The increase in finance costs for the twelve months ended December 31, 2025 over the twelve months ended December 31, 2024 were due to mortgage refinancings offset by a decrease in borrowing costs on the Trust's credit facility. For the three months ended December 31, 2025 over the three months ended December 31, 2024, finance costs decreased due to lower utilization of the Trust's credit facilities.

## General and Administrative Expenses

	Three Months Ended			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Asset Management Fees	\$ 856,619	\$ 858,142	(0%)	\$ 3,383,195	\$ 3,389,801	(0%)
Performance Incentive Fees	181,046	196,433	(8%)	1,913,572	887,337	116%
Public Company Expenses	168,029	162,868	3%	905,064	832,051	9%
Office & General	243,712	114,267	113%	534,325	670,700	(20%)
<b>General &amp; Administrative</b>	<b>\$ 1,449,406</b>	<b>\$ 1,331,710</b>	<b>9%</b>	<b>\$ 6,736,156</b>	<b>\$ 5,779,889</b>	<b>17%</b>

The YoY quarterly variance is largely due to an increase in legal, audit and tax fees. For the 12 months ended 2025 versus 2024, the increase is primarily related to an increase in the performance incentive fee driven by the two property dispositions that occurred during the year.

## Fair Value Gains

	Three Months Ended			Twelve Months Ended		
	Dec 31, 2025	Dec 31, 2024	Change	Dec 31, 2025	Dec 31, 2024	Change
Investment Properties	\$ 7,625,371	\$ 481,929	1482%	\$ 6,433,199	\$ 14,554,343	(56%)
Sale of Investment Properties	(150,636)	-	-	1,818,945	217,088	100%
Unit-based Compensation	31,493	125,705	(75%)	(876)	(233,058)	(100%)
<b>Fair Value Gains (Losses)</b>	<b>\$ 7,506,228</b>	<b>\$ 607,634</b>	<b>1135%</b>	<b>\$ 8,251,268</b>	<b>\$ 14,538,373</b>	<b>(43%)</b>

## Sequential Quarterly Results

The following table shows the sequential changes from September 30, 2025 for a few key metrics:

	Three Months Ended		
	Dec 31, 2025	Sept 30, 2025	Sequential Change
Rental Revenue	\$ 15,663,180	\$ 15,085,120	4%
Property Operating Expenses	5,654,208	5,447,587	4%
NOI - IFRS Basis	10,008,972	9,637,533	4%
Finance Costs	3,603,644	3,652,267	(1%)
General & Admin Costs	1,449,406	1,488,799	(3%)

## 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, 2025			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	\$ 4,279,700	\$ 8,281,398	\$ 12,561,098	\$ 20,880,765
Non-Current Assets	136,574,307	496,170,757	632,745,064	1,106,680,122
<b>Total Assets</b>	<b>\$ 140,854,007</b>	<b>\$ 504,452,155</b>	<b>\$ 645,306,162</b>	<b>\$ 1,127,560,887</b>
Current Liabilities	9,980,324	62,102,674	72,082,998	113,309,557
Non-Current Liabilities	56,480,670	203,847,009	260,327,679	378,325,842
<b>Total Liabilities</b>	<b>\$ 66,460,994</b>	<b>\$ 265,949,683</b>	<b>\$ 332,410,677</b>	<b>\$ 491,635,399</b>
<b>Total Owners' Equity</b>	<b>\$ 74,393,013</b>	<b>\$ 238,502,472</b>	<b>\$ 312,895,485</b>	<b>\$ 635,925,488</b>

	As at December 31, 2024			
	Trust Wholly Owned	Co-Owned at Proportionate Ownership	Total	Co-Owned at 100%
Current Assets	\$ 7,402,257	\$ 11,036,232	\$ 18,438,489	\$ 29,614,923
Non-Current Assets	137,747,314	495,763,466	633,510,780	1,105,868,298
<b>Total Assets</b>	<b>\$ 145,149,571</b>	<b>\$ 506,799,698</b>	<b>\$ 651,949,269</b>	<b>\$ 1,135,483,221</b>
Current Liabilities	10,987,472	45,483,813	56,471,285	68,771,249
Non-Current Liabilities	57,320,591	231,777,497	289,098,088	494,814,518
<b>Total Liabilities</b>	<b>\$ 68,308,063</b>	<b>\$ 277,261,310</b>	<b>\$ 345,569,373</b>	<b>\$ 563,585,767</b>
<b>Total Owners' Equity</b>	<b>\$ 76,841,508</b>	<b>\$ 229,538,388</b>	<b>\$ 306,379,896</b>	<b>\$ 571,897,454</b>

## FFO and AFFO

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
<b>Cash Flows from Operating Activities</b>	<b>\$ 9,280,336</b>	<b>\$ 9,488,162</b>	<b>\$ 8,842,045</b>	<b>\$ 33,183,255</b>	<b>\$ 34,418,565</b>
Add (deduct):					
Tenant Rental Deposits	53,310	(158,190)	3,444	11,901	(236,706)
Accounts Payable and Accrued Liabilities	67,702	297,343	(541,406)	(73,501)	(1,840,209)
Restricted Cash	(30,240)	(19,696)	(143,097)	601	(118,692)
Prepaid Expenses, Deposits & Other Assets	(765,586)	(1,028,863)	(530,336)	(390,942)	490,859
Accounts Receivable	(209,396)	(483,194)	905,756	(924,657)	161,417
Finance Fee Amortization	(150,394)	(101,708)	(32,373)	(593,213)	(570,309)
Land Lease Amortization	(1,586)	(1,586)	(2,311)	48,564	45,707
Finance Costs, Net of Interest & Dividends	(3,383,936)	(3,490,616)	(3,447,084)	(13,851,087)	(12,954,497)
Unit Based Compensation Expense/ (Recovery)	31,493	49,265	125,705	(876)	(233,058)
Straight-Line and Free Rent Adjustments	165,026	56,267	91,928	53,277	(123,958)
Non-Cash Interest Expense	-	-	-	-	76,440
Subtract Performance Fee Attributed to Gain <sup>(4)</sup>	(39,647)	16,500	-	1,263,355	205,020
<b>FFO</b>	<b>\$ 5,017,082</b>	<b>\$ 4,623,684</b>	<b>\$ 5,272,271</b>	<b>\$ 18,726,677</b>	<b>\$ 19,320,579</b>
Straight Line Rent and Free Rent Adjustments	(165,026)	(56,267)	(91,928)	(53,277)	123,958
Tenant Inducements, Leasing Costs & Capex <sup>(2)</sup>	(250,224)	(240,938)	(248,943)	(966,079)	(964,421)
Non-Cash Interest Expense	-	-	-	-	(76,440)
Unit Based Compensation Expense/(Recovery) and DTU <sup>(1)</sup>	303,317	268,097	(125,705)	653,048	233,058
<b>AFFO</b>	<b>\$ 4,905,149</b>	<b>\$ 4,594,576</b>	<b>\$ 4,805,695</b>	<b>\$ 18,360,369</b>	<b>\$ 18,636,734</b>
Gain on Sale of Investment Properties <sup>(3)</sup>	(264,309)	110,000	-	8,422,369	1,366,801
Performance Fee Attributable To Gain <sup>(4)</sup>	39,647	(16,500)	-	(1,263,355)	(205,020)
<b>FFO including Gain on Sale of Assets</b>	<b>\$ 4,792,420</b>	<b>\$ 4,717,184</b>	<b>\$ 5,272,271</b>	<b>\$ 25,885,691</b>	<b>\$ 20,482,360</b>
<b>AFFO including Gain on Sale of Assets</b>	<b>\$ 4,680,487</b>	<b>\$ 4,688,076</b>	<b>\$ 4,805,695</b>	<b>\$ 25,519,383</b>	<b>\$ 19,798,515</b>
<b>FFO Per Unit</b>	<b>\$ 0.136</b>	<b>\$ 0.125</b>	<b>\$ 0.143</b>	<b>\$ 0.507</b>	<b>\$ 0.523</b>
<b>AFFO Per Unit</b>	<b>\$ 0.133</b>	<b>\$ 0.124</b>	<b>\$ 0.130</b>	<b>\$ 0.497</b>	<b>\$ 0.505</b>
<b>FFO including Gain on Sale of Assets</b>	<b>\$ 0.130</b>	<b>\$ 0.128</b>	<b>\$ 0.143</b>	<b>\$ 0.701</b>	<b>\$ 0.555</b>
<b>AFFO including Gain on Sale of Assets</b>	<b>\$ 0.127</b>	<b>\$ 0.127</b>	<b>\$ 0.130</b>	<b>\$ 0.691</b>	<b>\$ 0.536</b>
<b>Distributions Per Unit</b>	<b>\$ 0.130</b>	<b>\$ 0.130</b>	<b>\$ 0.130</b>	<b>\$ 0.520</b>	<b>\$ 0.520</b>
<b>FFO Payout Ratio</b>	<b>96%</b>	<b>104%</b>	<b>91%</b>	<b>103%</b>	<b>99%</b>
<b>AFFO Payout Ratio</b>	<b>98%</b>	<b>104%</b>	<b>100%</b>	<b>105%</b>	<b>103%</b>

<sup>1</sup> Includes DTUs issued to Trustees during the period.

<sup>2</sup> Refer to Basis of Presentation for calculation methodology

<sup>3</sup> Represents the cash proceeds less the actual cost of the real estate. Refer to Basis of Presentation for further details.

<sup>4</sup> Represents the portion of the total Performance Incentive Fee (as disclosed in the related party transactions note to the consolidated financial statements) that is directly tied to the cash gains realized on the sale of investment properties during the period.

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 and DTUs issued to Trustees. 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 AFFO from the three months ended December 31, 2025 over the three months ended December 31, 2024 is largely due to adjustments related to the addback for unit-based compensation expense and DTUs issued to the Trustees along with higher NOI. The decrease in AFFO from the twelve months ended December 31, 2025 over the twelve months ended December 31, 2024 is primarily related to the increase in finance costs offset by higher NOI.

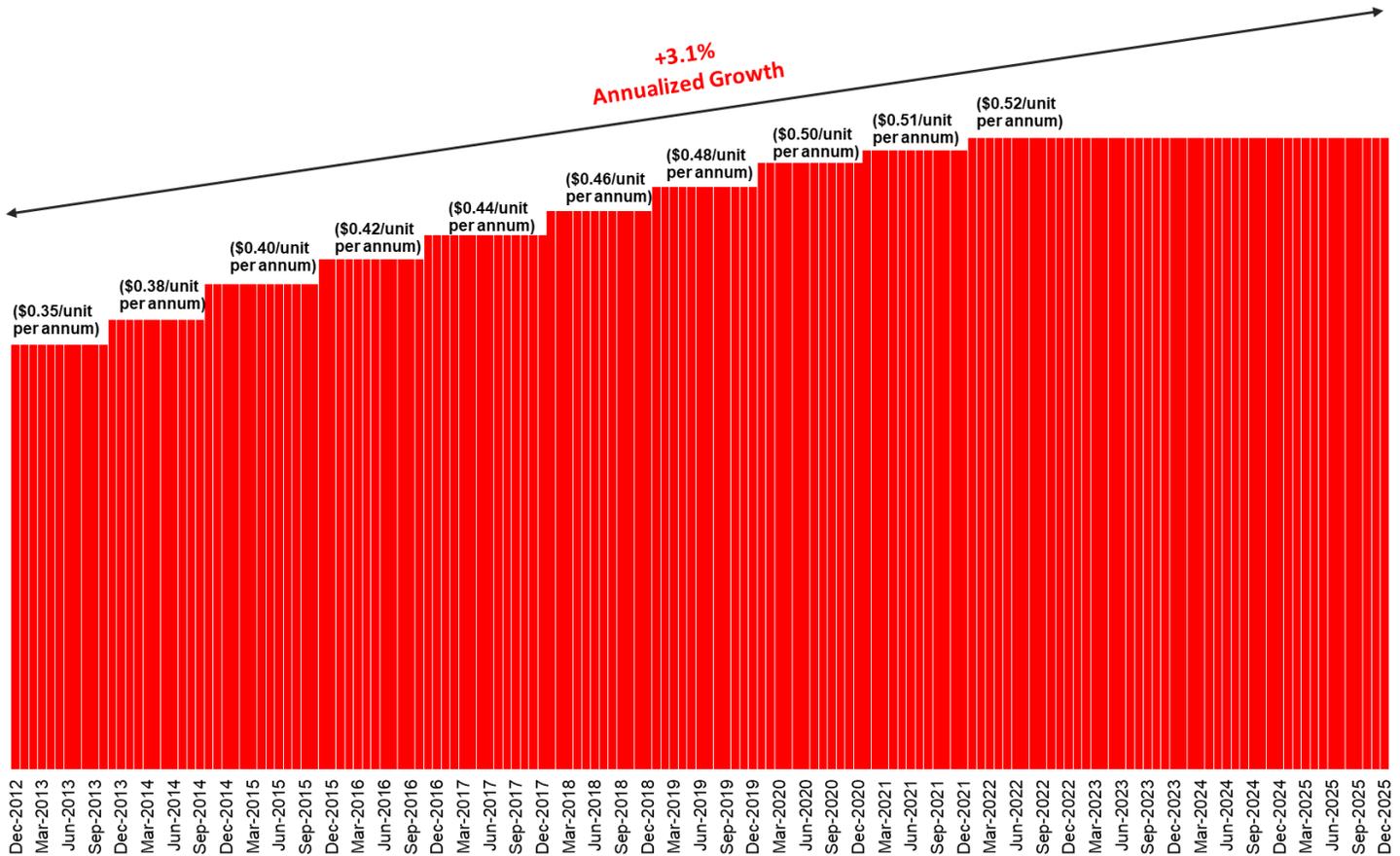
AFFO is calculated largely in accordance with the guidelines set out by RealPAC and is defined as FFO less adjustments for non-cash items such as straight-line rent, free rent and noncash interest expense as well as normalized capital expenditures, tenant inducements and leasing charges. However, under 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 fourteen years and represents a cumulative increase of 48.6% or 3.1% on an annualized basis. For 2025, distributions were approximately 69% return of capital and the non-taxable portion of the capital gain (2024 – 89% return of capital and the non-taxable portion of capital gain).

#### Historical Cash Distributions



For the twelve months ended December 31, 2025, distributions of \$0.04333 per unit were declared each month commencing in January 2025 through to December 2025.

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, 2025, September 30, 2025 and December 31, 2024 and twelve months ended December 31, 2025 and December 31, 2024 are outlined below:

	Three Months Ended			Twelve Months Ended	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
<b>Cash Flow From Operating Activities (A)</b>	<b>\$ 9,280,336</b>	<b>\$ 9,488,162</b>	<b>\$ 8,842,045</b>	<b>\$ 33,183,255</b>	<b>\$ 34,418,565</b>
<b>Net Cash Interest Expense</b>					
Less: Mortgage Interest	\$ (3,251,297)	\$ (3,331,451)	\$ (3,260,982)	\$ (12,967,182)	\$ (12,019,652)
Less: Credit facility Interest	(201,953)	(219,108)	(428,726)	(1,140,610)	(1,762,549)
Add: Interest and Other Income	69,314	61,452	242,626	258,214	827,706
<b>Net Cash Interest Expense (B)</b>	<b>\$ (3,383,936)</b>	<b>\$ (3,489,107)</b>	<b>\$ (3,447,082)</b>	<b>\$ (13,849,578)</b>	<b>\$ (12,954,495)</b>
<b>Net Cash Flows from Operating Activities (A-B) = (C)</b>	<b>\$ 5,896,400</b>	<b>\$ 5,999,055</b>	<b>\$ 5,394,963</b>	<b>\$ 19,333,677</b>	<b>\$ 21,464,070</b>
<b>Net Income &amp; Comprehensive Income (D)</b>	<b>\$ 12,531,464</b>	<b>\$ 4,349,610</b>	<b>\$ 5,754,200</b>	<b>\$ 25,715,466</b>	<b>\$ 33,886,990</b>
<b>Distributions (E)</b>	<b>\$ 4,799,970</b>	<b>\$ 4,799,971</b>	<b>\$ 4,799,972</b>	<b>\$ 19,199,877</b>	<b>\$ 19,199,881</b>
<b>Excess / (Shortfall) of Net Cash Flow From Operating Activities Over Distributions (C-E)</b>	<b>\$ 1,096,430</b>	<b>\$ 1,199,084</b>	<b>\$ 594,991</b>	<b>\$ 133,800</b>	<b>\$ 2,264,190</b>
<b>Excess / (Shortfall) of Net Income &amp; Comprehensive Income Over Distributions (D-E)</b>	<b>\$ 7,731,494</b>	<b>\$ (450,361)</b>	<b>\$ 954,228</b>	<b>\$ 6,515,589</b>	<b>\$ 14,687,109</b>

Trust had a shortfall of net income versus distributions for the three months ended September 30, 2025. The shortfall was largely due to the distributions being in excess of the net cash flow and was covered from existing cash resources and the Credit Facility.

## DISTRIBUTION REINVESTMENT PLAN (DRIP)

Under the terms of the DRIP, FCPT's Unitholders may elect to automatically reinvest all or a portion of their regular monthly distributions in additional Trust Units, without incurring brokerage fees or commissions. The price paid per Unit is 97% (if the unit price is higher than the floor price of \$7.40) of the weighted average trading price calculated five trading days immediately preceding each distribution date. 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 the 97% of the floor price as applicable. Currently, there are 257,075 units reserved under the DRIP.

For the three and twelve months ended December 31, 2025 and December 31, 2024, no units were issued from 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, 2025, the Trust's property portfolio consisted of 71 properties (including Assets Held for Sale) with a fair value of \$625.9 million, in comparison to the \$635.5 million reported as at December 31, 2024. The investment portfolio valuation (excluding Assets Held for Sale) is allocated by property type as follows:

	Retail and Commercial	Industrial	Multi- residential	Manufactured Housing Communities	Total
<b>December 31, 2023</b>	\$ 292,761,260	\$ 199,341,275	\$ 100,332,368	\$ 21,724,410	\$ 614,159,313
Dispositions	-	-	-	(67,685)	(67,685)
Capital Expenditures	868,643	3,000,311	769,285	78,008	4,716,247
Straight-line Rents	(27,308)	144,849	-	-	117,541
Fair Value Adjustment	13,713,741	(10,672,197)	9,928,240	1,615,580	14,585,364
<b>December 31, 2024</b>	\$ 307,316,336	\$ 191,814,238	\$ 111,029,893	\$ 23,350,313	\$ 633,510,780
Acquisitions	-	-	-	308,362	308,362
Dispositions	-	(12,054,563)	-	(91,500)	(12,146,063)
Capital Expenditures	1,720,777	1,966,690	1,032,448	(53,857)	4,666,058
Straight-line Rents	85,157	(63,385)	-	-	21,772
Fair Value Adjustment	6,834,001	(4,266,584)	822,720	2,994,018	6,384,155
<b>December 31, 2025</b>	\$ 315,956,271	\$ 177,396,396	\$ 112,885,061	\$ 26,507,336	\$ 632,745,064

For the three and twelve months ended December 31, 2025, 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.

Capitalization rates used in the valuation of investment properties as of December 31, 2025 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.

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 3 of the 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:

<b>December 31, 2025</b>	<b>Retail &amp; Commercial</b>	<b>Industrial</b>	<b>Multi-Residential</b>	<b>Manufactured Housing Communities</b>	<b>Weighted Average</b>
Capitalization Rate Range	5.00% - 8.00%	6.50% - 7.00%	5.25% - 5.50%	6.25%	6.40%
Weighted Average Capitalization Rate	6.71%	6.59%	5.28%	6.25%	6.40%

<b>December 31, 2024</b>	<b>Retail &amp; Commercial</b>	<b>Industrial</b>	<b>Multi-Residential</b>	<b>Manufactured Housing Communities</b>	<b>Weighted Average</b>
Capitalization Rate Range	5.00% - 8.00%	6.00% - 7.00%	5.25% - 5.50%	6.00% - 6.25%	6.31%
Weighted Average Capitalization Rate	6.71%	6.27%	5.28%	6.11%	6.31%

## Factors Influencing Fair Value Adjustments – Investment Properties

For the three months ended December 31, 2025:

	<b>Retail and Commercial</b>	<b>Industrial</b>	<b>Multi-Residential</b>	<b>Manufactured Home Communities</b>	<b>Total</b>
Change in Stabilized NOI	\$ 541,816	\$ 429,976	\$ (34,498)	\$ 145,283	\$ 1,082,577
Change in Capitalization Rate (bps)	-	22	-	13	-
<b>Change in Fair Market Values</b>	<b>7,775,526</b>	<b>334,506</b>	<b>(662,700)</b>	<b>1,715,790</b>	<b>9,163,122</b>
Add/Subtract:					
- Capital Expenditures	(268,957)	(558,559)	(562,763)	(3,250)	(1,393,529)
- Straight-line	(7,156)	(137,066)	-	-	(144,222)
<b>Total Net Impact</b>	<b>\$ 7,499,413</b>	<b>\$ (361,119)</b>	<b>\$ (1,225,463)</b>	<b>\$ 1,712,540</b>	<b>\$ 7,625,371</b>

For the twelve months ended December 31, 2025:

	<b>Retail and Commercial</b>	<b>Industrial</b>	<b>Multi-Residential</b>	<b>Manufactured Home Communities</b>	<b>Total</b>
Change in Stabilized NOI	\$ 529,945	\$ (336,036)	\$ 101,402	\$ 228,968	\$ 524,279
Change in Capitalization Rate (bps)	-	31	-	13	-
<b>Change in Fair Market Values</b>	<b>8,688,979</b>	<b>(2,363,279)</b>	<b>1,855,168</b>	<b>2,940,161</b>	<b>11,121,029</b>
Add/Subtract:					
- Capital Expenditures	(1,720,777)	(1,966,690)	(1,032,448)	53,857	(4,666,058)
- Straight-line	(85,157)	63,385	-	-	(21,772)
<b>Total Net Impact</b>	<b>\$ 6,883,045</b>	<b>\$ (4,266,584)</b>	<b>\$ 822,720</b>	<b>\$ 2,994,018</b>	<b>\$ 6,433,199</b>

## Sale of Investment Properties

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. The Trust recognized a gain on sale of \$0.2 million.

On April 2, 2025, the Trust completed the sale of a retail property from the Centre Ice Retail Portfolio, for gross proceeds of approximately \$1.4 million. The Trust's pro-rata share of the gross proceeds was \$1.0 million. The Trust recognized a gain on sale of \$30,662.

On May 9, 2025, the Trust completed the sale of an industrial property within the Montreal Portfolio, for gross proceeds of \$27.9 million. The Trust's pro-rata share of the gross proceeds was \$14.0 million. The Trust recognized a gain on sale of \$1.7 million.

### **Mortgages Receivable**

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%. On December 31, 2024, the outstanding \$5.0 million was paid in full.

On June 13, 2024, the Trust invested \$0.5 million in a \$2.5 million second mortgage secured by a property located in Pointe Claire Quebec with a term of 12 months. The outstanding loan was subsequently renewed with a maturity date of February 2, 2026 with interest at the greater of 13% per annum or the TD Canada posted bank prime rate of interest plus 8.05%.

### **Assets Held for Sale**

As at December 31, 2025, the Trust has listed for sale one retail property within the Center Ice Retail Portfolio. The property has been classified as Assets Held for Sale at their fair value of approximately \$1.1 million. No debt remained on this property and as a result no liabilities are associated with the assets held for sale.

### **Current Assets**

Current assets as at December 31, 2025, September 30, 2025 and December 31, 2024 consisted of the following:

	<b>Dec 31, 2025</b>	<b>Sep 30, 2025</b>	<b>Dec 31, 2024</b>
Accounts Receivable	\$ 1,648,934	\$ 1,858,330	\$ 2,573,591
Prepaid Expenses, Deposits & Other Assets	3,621,682	4,210,131	4,196,606
Cash & Cash Equivalents	5,667,359	5,884,132	9,180,430
Restricted Cash	23,003	53,243	22,402
Mortgages Receivable	500,000	500,000	500,000
Assets Held for Sale	1,100,120	1,100,120	1,965,460
	<b>\$ 12,561,098</b>	<b>\$ 13,605,956</b>	<b>\$ 18,438,489</b>

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	\$ 46,752,764	\$ 21,401,574	\$ 236,463,218	\$ 304,617,556
Credit facility	14,666,338	-	-	14,666,338
Tenant Rental Deposits	659,564	464,391	1,943,827	3,067,782
Distribution Payable	1,599,990	-	-	1,599,990
Land Lease Liability	51,599	54,669	-	106,268
Accounts Payable and Accrued Liabilities	8,352,743	-	-	8,352,743
	\$ 72,082,998	\$ 21,920,634	\$ 238,407,045	\$ 332,410,677

## 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, 2025 and December 31, 2024, the ratio of such indebtedness to gross book value was 49.5% and 51.0% 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, 2025 and December 31, 2024.

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, 2025 and December 31, 2024.

## 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, 2025 is 4.3% (4.2% as at December 31, 2024) and weighted average repayment term of approximately 5.0 years (5.5 years as at December 31, 2024).

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2026	4,817,721	41,935,043	46,752,764	12,686,644
2027	4,360,617	17,040,957	21,401,574	11,250,930
2028	4,525,805	25,862,596	30,388,401	10,504,961
2029	4,241,086	38,840,384	43,081,470	9,236,994
2030	2,942,193	52,719,424	55,661,617	6,137,788
Thereafter	6,674,495	100,657,235	107,331,730	14,533,395
	\$ 27,561,917	\$ 277,055,639	\$ 304,617,556	\$ 64,350,712
<b>Total Mortgages</b>			<b>\$ 304,617,556</b>	

	December 31, 2025	December 31, 2024
Current:		
Mortgages	\$ 46,752,764	\$ 18,161,040
Non-Current:		
Mortgages	257,864,792	286,658,211
<b>Total Mortgages</b>	<b>\$ 304,617,556</b>	<b>\$ 304,819,251</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. The Trust has a 50% interest in the mortgages.

On May 9, 2024, the Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on properties within the FCR Retail Portfolio for \$110 million. Terms of the mortgage are fixed at 5.43%, 10 year term, and a 30 year amortization with a maturity date of May 9, 2034. The Trust has a 50% interest in the mortgage.

On September 10, 2024, the Trust closed on the financing of a first mortgage with a Canadian Chartered Bank on a property located in Dartmouth Nova Scotia for \$11.2 million. Terms of the mortgage are fixed at 3.88%, 10 year term, and a 35 year amortization with a maturity date of December 1, 2034. The Trust has a 100% interest in the mortgage.

On October 2, 2024, the Trust repaid a \$12 million maturing mortgage on a property located in Guelph, Ontario with existing cash resources and the Trust's Credit Facility.

On July 7, 2025, the Trust closed on the refinancing of a first mortgage with a Canadian Chartered Bank on a property located in Whitby Ontario for \$38 million. Terms of the mortgage are fixed at 4.51%, 5 year term, and a 30 year amortization with a maturity date of July 7, 2030. The Trust has a 40% interest in the mortgage.

On December 16, 2025, the Trust closed on the refinancing of first mortgage with a Canadian Chartered Bank on a property located in Edmonton Alberta for \$18.4 million. Terms of the mortgage are fixed at 4.15%, 4 year term, and a 30 year amortization with a maturity date of December 17, 2029.

### 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, 2025, the total amount available under the Facility was \$35.0 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 the Canadian Overnight Repo Rate Averages (“CORRA”). Amounts drawn under the Facility are due to be repaid at the maturity date on October 31, 2027. At December 31, 2025, \$14.7 million was drawn under the Facility (December 31, 2024 – \$9.1 million).

### Line of Credit

The Trust has entered into a Line of Credit (the “LOC”) with a Canadian Chartered Bank (the “Bank”) fully secured by first charges against the Merivale Mall Property. On December 31, 2025, 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 CORRA rates. Amounts drawn under the LOC are due to be repaid at the maturity date on December 1, 2027. No amounts were drawn under the LOC as at December 31, 2025 (December 31, 2024 – \$18.6 million).

Within the Montreal Industrial Portfolio, where the Trust is a 50% co-owner of the joint arrangement, a co-terminus \$1 million LOC with a Bank was established with the existing mortgage on the industrial portfolio that has a maturity date in December of 2029. The interest rate is based on a calculated formula using the Bank’s prime lending rate. At December 31, 2025, no amount was drawn on this facility (December 31, 2024 – \$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:

<b>Lease Liability</b>				
	<b>Opening Balance</b>	<b>Lease Payment</b>	<b>Imputed Interest Expense</b>	<b>Ending Balance</b>
2026	106,268	(55,633)	4,034	54,669
2027	54,669	(55,633)	964	-
				<b>December 31, 2025</b>
Current			\$	51,599
Non-Current				54,669
Total			\$	106,268

### UNITHOLDERS’ EQUITY

Unitholders’ equity as at December 31, 2025 was \$304,973,615 (December 31, 2024 – \$306,379,896).

There have been no changes in outstanding Trust units since December 30, 2024.

### 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](http://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, 2025, the Trust has 1,630,000 Trust Unit options issued and outstanding at a fair market value of \$157,201 (December 31, 2024 – 1,970,000 Trust Units options issued and outstanding at a fair market value of \$260,307) of consisting of the following issuances:

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 expired on August 14, 2024.

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 expired on December 1, 2025.

On March 15, 2021, the Trust granted 10,000 Trust Unit options at a weighted average exercise price of \$6.75 per Trust Unit based on the estimated fair value from the December 1, 2020 option issuance. 3,333 unit options fully vest on the date of the grant with the remaining 6,667 vesting over the following 2 years and expires on March 15, 2026.

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. The balance as at December 31, 2025 was 1,620,000.

Unit-based compensation related to the aforementioned unit options was a recovery of \$103,106 for the year ended December 31, 2025 (an expense of \$141,556 for the year ended December 31, 2024). Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	As at December 31, 2025	As at December 31, 2024
Expected Option Life (Years)	1.5	2.3
Risk Free Interest Rate	2.50%	2.87%
Distribution Yield	8.57%	9.39%
Expected Volatility	17.72%	22.38%

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 \$0.34, \$0.16, \$0.16 and \$0.43 per unit option for August 14, 2019, December 1, 2020, March 15, 2021 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, 2025, 285,697 DTUs were outstanding with a liability of \$1,734,183 (December 31, 2024 – \$978,030) based on the final closing price listed on the TSX for the last trading day of the year.

## **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+ website ([www.sedarplus.ca](http://www.sedarplus.ca)) and in the notes to the financial statements.

For the twelve months ended December 31, 2025 and December 31, 2024, Asset Management Fees were \$3,430,695 and \$3,389,801; Acquisition Fees were \$nil; Placement Fees were \$90,086 and \$250,944; Disposition fees were \$74,711 and \$11,865 and Performance Incentive Fees were \$1,913,572 and \$887,337, respectively.

Asset Management, Performance Incentive Fees and Disposition 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 \$15.0 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+ website ([www.sedarplus.ca](http://www.sedarplus.ca)) and in the notes to the financial statements.

For the twelve months ended December 31, 2025 and December 31, 2024, Property Management Fees were \$1,481,867 and \$1,453,624 and Commercial Leasing Fees were \$74,737 and \$112,285, respectively.

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

## NAV and NAV per Unit

The following is a calculation of NAV per Unit as at December 31, 2025 and 2024:

	2025	2024
Total unitholders equity per consolidated financial statements	\$ 312,895,485	\$ 306,379,896
Adjustments for non-cash items		
Removal of straight-line rent	(2,954,545)	(2,932,773)
Removal of free rent	(285,197)	(253,692)
Removal of option liabilities and deferred trust units	1,891,384	1,238,337
Add performance fee incentive assuming disposition at IFRS value	(16,174,789)	(15,351,601)
Net Asset Value <sup>(1)</sup>	295,372,338	289,080,167
Units outstanding	36,925,682	36,925,682
<b>NAV per Unit <sup>(1)</sup></b>	<b>\$ 8.00</b>	<b>\$ 7.83</b>

<sup>(1)</sup> Represents a non-GAAP financial measure. Refer to Basis of Presentation.

## **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, 2025 and December 31, 2024.

#### **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 December 31, 2025 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, 2025. 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, 2025 and December 31, 2024 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, 2025 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, 2025 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, 2025 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+ website ([www.sedarplus.ca](http://www.sedarplus.ca)). 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**

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**CAPITAL PRESERVATION • DISCIPLINED INVESTING**

# **CONSOLIDATED FINANCIAL STATEMENTS**

YEAR ENDED  
DECEMBER 31, 2025



To the Unitholders of Firm Capital Property Trust:

### Opinion

We have audited the consolidated financial statements of Firm Capital Property Trust and its subsidiaries (the "Trust"), which comprise the consolidated balance sheets as at December 31, 2025 and December 31, 2024, 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, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards, as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audits 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 audits 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

### Valuation of Investment Properties

#### *Key Audit Matter Description*

Investment properties are measured at fair value and totalled \$632,745,064 as at December 31, 2025, which represented approximately 98% of total assets.

Fair value is determined using valuation techniques and assumptions which considers, in most cases, estimates of projected future cash flows from the properties and estimates of suitable discount rates for these cash flows. Valuation techniques for real estate can be subjective in nature and involve various assumptions regarding pricing factors. These assumptions include, among others, capitalization rate, market rental income, market-derived discount rate, inflation rate, projected net operating income, vacancy levels and estimate of the terminal capitalization rate. When possible, fair value is determined based on recent real estate transactions with similar characteristics and location of the valued properties. Because the valuation of investment properties is complex and highly dependent on estimates and assumptions, we consider the valuation of investment properties as a key audit matter in our audit.

Management used an internal valuation model based on the direct capitalization of income approach to determine the fair value of investment properties as at December 31, 2025.

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 assumptions; and Note 3– Investment properties, for disclosures regarding the Trust's policy for accounting for investment properties and further information on the composition of investment properties.

### *Audit Response*

We responded to this matter by performing audit procedures over the valuation of investment properties. Our audit work in relation to this included, but was not restricted to, the following:

- We gained an understanding of management's valuation process;
- We evaluated the appropriateness of the overall capitalization models and tested the completeness, accuracy, and relevance of underlying data used in the calculation of stabilized net operating income;
- We tested the capitalization models for mathematical accuracy
- 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;
- We involved external valuation specialists to assist us with the audit of the valuation of the investment properties and to evaluate the appropriateness of assumptions used in management's internal valuation model based on their specific experience and knowledge in local markets; and
- Assessed managements disclosures in the consolidated financial statements to ensure appropriate disclosures were made.

### **Other Information**

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

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

In connection with our audits 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 on this other information, 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 IFRS Accounting Standards, as issued by the International Accounting Standards Board, 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; and
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Trust as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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 Gauri Srinivasan.

Toronto, Ontario  
March 10, 2026

  
Chartered Professional Accountants  
Licensed Public Accountants

# FIRM CAPITAL PROPERTY TRUST

## Consolidated Balance Sheets

	Notes	December 31, 2025	December 31, 2024
<b>Assets</b>			
Non-current Assets:			
Investment Properties	3	\$ 632,745,064	\$ 633,510,780
<b>Total Non-Current Assets</b>		<b>632,745,064</b>	<b>633,510,780</b>
Current Assets:			
Cash and Cash Equivalents		5,667,359	9,180,430
Accounts Receivable		1,648,934	2,573,591
Prepaid Expenses, Deposits and Other Assets		3,621,682	4,196,606
Restricted Cash		23,003	22,402
Mortgages Receivable	3	500,000	500,000
Assets Held For Sale	3	1,100,120	1,965,460
<b>Total Current Assets</b>		<b>12,561,098</b>	<b>18,438,489</b>
<b>Total Assets</b>		<b>\$ 645,306,162</b>	<b>\$ 651,949,269</b>
<b>Liabilities and Unitholders' Equity</b>			
Current Liabilities:			
Mortgages	6(a)	\$ 46,752,764	\$ 18,161,040
Credit Facilities	5	14,666,338	27,700,000
Accounts Payable and Accrued Liabilities	4	8,352,743	8,215,617
Land Lease Liability	6(b)	51,599	48,563
Distribution Payable		1,599,990	1,599,990
Tenant Rental Deposits		659,564	746,075
<b>Total Current Liabilities</b>		<b>72,082,998</b>	<b>56,471,285</b>
Non-current Liabilities:			
Mortgages	6(a)	257,864,792	286,658,211
Land Lease Liability	6(b)	54,669	106,269
Tenant Rental Deposits		2,408,218	2,333,608
<b>Total Non-current Liabilities</b>		<b>260,327,679</b>	<b>289,098,088</b>
<b>Total Liabilities</b>		<b>332,410,677</b>	<b>345,569,373</b>
Unitholders' Equity	7	312,895,485	306,379,896
<b>Total Liabilities and Unitholders' Equity</b>		<b>\$ 645,306,162</b>	<b>\$ 651,949,269</b>

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See accompanying Notes to the Consolidated Financial Statements.

Approved by the Board of Trustees

(signed) "Robert McKee"

Robert McKee  
CEO & Trustee

(signed) "Sandy Poklar"

Sandy Poklar  
CFO & Trustee

# FIRM CAPITAL PROPERTY TRUST

Consolidated Statements of Income and Comprehensive Income  
For the Years Ended December 31, 2025 and December 31, 2024

	Notes		December 31, 2025		December 31, 2024
Net Operating Income:					
Rental Revenue	8	\$	61,598,361	\$	60,576,995
Property Operating Expenses	10		(22,955,216)		(22,000,125)
			38,643,145		38,576,870
Interest and Other Income			258,214		827,706
Expenses:					
Finance Costs	9		14,701,005		14,276,070
General and Administrative	10		6,736,156		5,779,889
			21,437,161		20,055,959
Income Before Fair Value Adjustments			17,464,198		19,348,617
Fair Value Adjustments - (Loss)/Gain:					
Investment Properties			6,433,199		14,554,343
Sale of Investment Properties			1,818,945		217,088
Unit-based Compensation	7(c)		(876)		(233,058)
Net Income and Comprehensive Income		\$	25,715,466	\$	33,886,990

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, 2025 and December 31, 2024

	Notes	Trust Units (Note 7)	Retained Earnings	Unitholders' Equity
<b>Unitholders' Equity, December 31, 2023</b>		\$ 217,744,121	\$ 73,948,666	\$ 291,692,787
Net Income and Comprehensive Income		-	33,886,990	33,886,990
Distributions	7(e)		(19,199,881)	(19,199,881)
<b>Unitholders' Equity, December 31, 2024</b>		\$ 217,744,121	\$ 88,635,775	\$ 306,379,896
Net Income and Comprehensive Income		-	25,715,466	25,715,466
Distributions	7(e)	-	(19,199,877)	(19,199,877)
<b>Unitholders' Equity, December 31, 2025</b>		\$ 217,744,121	\$ 95,151,364	\$ 312,895,485
<b>Trust Units Outstanding</b>	7(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, 2025 and December 31, 2024

		December 31, 2025	December 31, 2024
<b>Cash Flows from Operating Activities</b>			
Net Income and Comprehensive Income	\$	25,715,466	\$ 33,886,990
Fair Value Adjustments:			
Investment Properties	3	(6,433,199)	(14,554,343)
Sale of Investment Properties	3	(1,818,945)	(217,088)
Unit-Based Compensation	7(c)	876	233,058
Finance Costs, Net of Interest and Other Income	9	13,851,087	12,954,497
Finance Fee Amortization	9	593,213	570,309
Non-cash Interest Expense	9	-	(76,440)
Land Lease Amortization	6(b)	(48,564)	(45,707)
Straight-line and Free Rent Adjustment (net)	3, 8	(53,277)	123,958
<b>Change in Non-Cash Operating Working Capital:</b>			
Accounts Receivable		924,657	(161,417)
Prepaid Expenses, Deposits and Other Assets		390,942	(490,859)
Restricted Cash		(601)	118,692
Accounts Payable and Accrued Liabilities	4	73,501	1,840,209
Tenant Rental Deposits		(11,901)	236,706
		33,183,255	34,418,565
<b>Cash Flows used in Financing Activities:</b>			
Mortgages, Repayments	6(a)	(24,601,695)	(97,811,625)
Mortgages, Issuances	6(a)	24,400,000	98,915,204
Credit Facilities, Repayment	5	(27,700,000)	(20,800,000)
Credit Facilities, Issuances	5	14,666,338	17,200,000
Finance Costs Paid		(377,726)	(1,072,341)
Cash Interest Paid, Net of Other Income		(13,788,339)	(12,761,913)
Cash Distributions Paid	7(e)	(19,199,877)	(19,199,881)
		(46,601,299)	(35,530,556)
<b>Cash Flows from (used) in Investing Activities:</b>			
Net Proceeds From Sale of Investment Properties		14,879,391	2,174,773
Mortgages Receivable, Repayments	3	-	5,000,000
Mortgage Receivable, Issuance		-	(500,000)
Acquisitions and Capital Expenditures	3	(4,974,418)	(4,716,247)
		9,904,973	1,958,526
Increase (Decrease) in Cash and Cash Equivalents		(3,513,071)	846,535
Cash and Cash Equivalents, Beginning of Year		9,180,430	8,333,895
Cash and Cash Equivalents, End of Year	\$	5,667,359	\$ 9,180,430

See accompanying Notes to the Consolidated Financial Statements.

# FIRM CAPITAL PROPERTY TRUST

## Notes to Consolidated Financial Statements

For the Years Ended December 31, 2025 and December 31, 2024  
(in Canadian dollars)

### 1. The Trust

Firm Capital Property Trust (the “Trust”) is an unincorporated open-ended real estate investment trust established on August 30, 2012 under the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated November 20, 2012. The Trust is a “mutual fund trust” as defined in the Income Tax Act (Canada), but is not a “mutual fund” within the meaning of applicable Canadian securities legislation. The head office and registered office of the Trust is located at 163 Cartwright Avenue, Toronto, Ontario M6A 1V5. These consolidated financial statements were approved by the Board of Trustees on March 10, 2026.

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 nominees. 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 (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretation Committee (“IFRS IC”) effective January 1, 2024.

#### (b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries. The financial statements of the subsidiary 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 and its subsidiary’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, 2025 and 2024 are outlined below:

Investment Properties	Joint Arrangement Interest	
	2025	2024
Centre Ice Retail Portfolio <sup>(1)</sup>	70%	70%
Waterloo Industrial Portfolio <sup>(1)</sup>	70%	70%
Edmonton Apartment Complex <sup>(1)</sup>	70%	70%
Lower Sackville Apartment Complex <sup>(1)</sup>	70%	70%
Montreal Industrial Portfolio <sup>(1)</sup>	50%	50%
Edmonton Industrial Portfolio <sup>(1)</sup>	50%	50%
Ottawa Apartment Complex <sup>(1)</sup>	50%	50%
Crombie Retail Portfolio	50%	50%
FCR Retail Portfolio	50%	50%
Gateway Retail Property <sup>(1)</sup>	50%	50%
Mountview Manufactured Home Communities <sup>(1)</sup>	50%	50%
Hidden Creek Manufactured Home Communities <sup>(1)</sup>	50%	50%
The Whitby Mall <sup>(1)</sup>	40%	40%
Thickson Place <sup>(1)</sup>	40%	40%
Eglinton Ave West Commercial <sup>(1)</sup>	40%	40%
Parkhill Manufactured Home Communities <sup>(1)</sup>	50%	50%
Skyview Manufactured Home Communities <sup>(1)</sup>	50%	50%

## **FIRM CAPITAL PROPERTY TRUST**

### **Notes to Consolidated Financial Statements**

For the Years Ended December 31, 2025 and December 31, 2024  
(in Canadian dollars)

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- (1) Pursuant to the Declaration of Trust, the asset manager (see note 11(a)) is only obligated to request the Trust to participate in up to 50% of a property acquisition. The above lists 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 7(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 7 of these consolidated financial statements.

#### **(i) Unit-Based Compensation**

The Trust has a unit option plan as outlined in note 7(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 deposits and recognizes this income when earned.

## **FIRM CAPITAL PROPERTY TRUST**

### **Notes to Consolidated Financial Statements**

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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 and Assumptions**

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. For additional details, please refer to note 3 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.

## **FIRM CAPITAL PROPERTY TRUST**

### **Notes to Consolidated Financial Statements**

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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 rules for hedge accounting. IFRS 9 also includes an 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 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")

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

	Note	Classification
<b>Financial Assets</b>		
Accounts Receivable		Amortized cost
Deposits and Other Assets		Amortized cost
Restricted Cash		Amortized cost
Cash and Cash Equivalents		Amortized cost
Mortgages Receivable	3	Amortized cost
<b>Financial Liabilities</b>		
Distribution Payable		Amortized cost
Credit facilities	5	Amortized cost
Accounts Payable and Accrued Liabilities	4	Amortized cost
Tenant Rental Deposits		Amortized cost
Mortgages	6(a)	Amortized cost
Land Lease Liability	6(b)	Amortized cost
Unit Based Option Liabilities	7(c)	FVTPL
Deferred Trust Units	7(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.

**(p) 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. The implementation of these amendments did not impact the Trust's balance sheet.

*IFRS 18, Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements. IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new presentation requirements within the statement of income or loss, including specified totals and subtotals, disclosure of management-defined performance measures, and aggregation and disaggregation of financial information based on identified roles of the primary financial statements and the notes. This new standard is effective for reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively. Earlier application is permitted. The Trust is currently assessing the potential impact of adopting this standard.

**FIRM CAPITAL PROPERTY TRUST**  
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**3. Investment Properties**

	<b>Retail and Commercial</b>	<b>Industrial</b>	<b>Multi- residential</b>	<b>Manufactured Housing Communities</b>	<b>Total</b>
<b>December 31, 2023</b>	\$ 292,761,260	\$ 199,341,275	\$ 100,332,368	\$ 21,724,410	\$ 614,159,313
Dispositions	-	-	-	(67,685)	(67,685)
Capital Expenditures	868,643	3,000,311	769,285	78,008	4,716,247
Straight-line Rents	(27,308)	144,849	-	-	117,541
Fair Value Adjustment	13,713,741	(10,672,197)	9,928,240	1,615,580	14,585,364
<b>December 31, 2024</b>	\$ 307,316,336	\$ 191,814,238	\$ 111,029,893	\$ 23,350,313	\$ 633,510,780
Acquisitions	-	-	-	308,362	308,362
Dispositions	-	(12,054,563)	-	(91,500)	(12,146,063)
Capital Expenditures	1,720,777	1,966,690	1,032,448	(53,857)	4,666,058
Straight-line Rents	85,157	(63,385)	-	-	21,772
Fair Value Adjustment	6,834,001	(4,266,584)	822,720	2,994,018	6,384,155
<b>December 31, 2025</b>	\$ 315,956,271	\$ 177,396,396	\$ 112,885,061	\$ 26,507,336	\$ 632,745,064

For the years ended December 31, 2025 and 2024, 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 the 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.

Capitalization rates used in the valuation of investment properties as of December 31, 2025 and 2024 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.

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, 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:

	<b>Retail &amp; Commercial</b>	<b>Industrial</b>	<b>Multi- Residential</b>	<b>Manufactured Housing Communities</b>	<b>Weighted Average</b>
<b>December 31, 2025</b>					
Capitalization Rate Range	5.00% - 8.00%	6.50% - 7.00%	5.25% - 5.50%	6.25%	6.40%
Weighted Average Capitalization Rate	6.71%	6.59%	5.28%	6.25%	6.40%

	<b>Retail &amp; Commercial</b>	<b>Industrial</b>	<b>Multi- Residential</b>	<b>Manufactured Housing Communities</b>	<b>Weighted Average</b>
<b>December 31, 2024</b>					
Capitalization Rate Range	5.00% - 8.00%	6.00% - 7.00%	5.25% - 5.00%	6.00% - 6.25%	6.31%
Weighted Average Capitalization Rate	6.71%	6.27%	5.28%	6.11%	6.31%

## FIRM CAPITAL PROPERTY TRUST

### Notes to Consolidated Financial Statements

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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:

<b>Weighted Average</b>		<b>Change in Investment Valuation</b>
Capitalization Rate	25 basis point increase	\$ (24,075,000)
Capitalization Rate	25 basis point decrease	26,086,000

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 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 \$2.2 million. The Trust recognized a gain on sale of \$0.2 million.

On April 2, 2025, the Trust completed the sale of a retail property from the Centre Ice Retail Portfolio, for gross proceeds of approximately \$1.4 million. The Trust's pro-rata share of the gross proceeds was \$1.0 million. The Trust recognized a gain on sale of \$30,662.

On May 9, 2025, the Trust completed the sale of an industrial property within the Montreal Portfolio, for gross proceeds of \$27.9 million. The Trust's pro-rata share of the gross proceeds was \$14.0 million. The Trust recognized a gain on sale of \$1.7 million.

#### **Mortgages Receivable:**

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 requiring 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 required 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%. On December 31, 2024, the outstanding \$5.0 million was paid in full.

On June 13, 2024, the Trust invested \$0.5 million in a \$2.5 million second mortgage secured by a property located in Pointe Claire Quebec with a term of 12 months. The outstanding loan was subsequently renewed with a maturity date of February 2, 2026 with interest at the greater of 13% per annum or the TD Canada posted bank prime rate of interest plus 8.05%.

#### **Assets Held for Sale:**

At December 31, 2025 year end, the Trust has listed for sale the one remaining retail property that was part of the Center Ice Retail Portfolio. The property has been classified as assets held for sale at their fair value of approximately \$1.1 million. No debt remained on this property and as a result there are no liabilities associated with the assets held for sale.

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**4. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as at December 31, 2025 and as at December 31, 2024 are as follows:

	December 31, 2025	December 31, 2024
Utilities, Repairs and Maintenance, Other	\$ 4,011,921	\$ 5,617,552
Due to Asset Manager (notes 12(a) and 12(b))	1,913,572	887,337
Due to Property Manager (note 12(c))	117,716	116,989
Accrued Interest Expense	418,150	355,402
Option Liabilities (note 8(c))	157,201	260,307
Deferred Trust Units (note 8(c))	1,734,183	978,030
<b>Accounts Payable and Accrued Liabilities</b>	<b>\$ 8,352,743</b>	<b>\$ 8,215,617</b>

**5. 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, 2025, the total amount available under the Facility was \$35 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 the Canadian Overnight Repo Rate Averages ("CORRA"). Amounts drawn under the Facility are due to be repaid at the maturity date on October 31, 2027. Amounts drawn under the Facility at December 31, 2025 was \$14,666,338 (December 31, 2024 – \$9,100,000).

**(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 or a formula linked to CORRA rates. Amounts drawn under the LOC are due to be repaid at the maturity date on December 1, 2027. No amounts were drawn under the LOC as at December 31, 2025 (December 31, 2024 – \$18,600,000).
- 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, 2025 (December 31, 2024 – \$nil).

**6. Non-current Liabilities**

**(a) Mortgages**

As at December 31, 2025, total outstanding mortgages were \$304,617,556 (\$304,819,251 as at December 31, 2024) with a weighted average interest rate of approximately 4.3% (4.2% as at December 31, 2024) and weighted average repayment term of approximately 5.0 years (5.5 years as at December 31, 2024)). The mortgages are repayable as follows:

	Scheduled Principal Repayments	Debt Maturing During The Period	Total Mortgages Payable	Scheduled Interest Payments
2026	4,817,721	41,935,043	46,752,764	12,686,644
2027	4,360,617	17,040,957	21,401,574	11,250,930
2028	4,525,805	25,862,596	30,388,401	10,504,961
2029	4,241,086	38,840,384	43,081,470	9,236,994
2030	2,942,193	52,719,424	55,661,617	6,137,788
Thereafter	6,674,495	100,657,235	107,331,730	14,533,395
	<b>\$ 27,561,917</b>	<b>\$ 277,055,639</b>	<b>\$ 304,617,556</b>	<b>\$ 64,350,712</b>
<b>Total Mortgages</b>			<b>\$ 304,617,556</b>	

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	December 31, 2025	December 31, 2024
Current:		
Mortgages	\$ 46,752,764	\$ 18,161,040
Non-Current:		
Mortgages	257,864,792	286,658,211
<b>Total Mortgages</b>	<b>\$ 304,617,556</b>	<b>\$ 304,819,251</b>

The following table sets out an analysis of net debt and the movements in net debt for the year ended December 31, 2025:

	Cash and Cash Equivalents	Credit Facility	Mortgages	Net Debt
<b>As at December 31, 2024</b>	\$ 9,180,430	\$ (27,700,000)	\$ (304,819,251)	\$ (323,338,821)
Net Cash Flows	(4,889,669)	13,033,662	201,695	8,345,688
Changes in Non-Cash Operating Working Capital	1,376,598	-	-	1,376,598
<b>As at December 31, 2025</b>	<b>\$ 5,667,359</b>	<b>\$ (14,666,338)</b>	<b>\$ (304,617,556)</b>	<b>\$ (313,616,535)</b>

**(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
2026	106,268	(55,633)	4,034	54,669
2027	54,669	(55,633)	964	-
				<b>December 31, 2025</b>
Current				\$ 51,599
Non-Current				54,669
Total				\$ 106,268

**7. Unitholders' Equity**

**(a) Issued and Outstanding**

	Number of Units	Amount
<b>Balance, December 31, 2025 and December 31, 2024</b>	<b>36,925,682</b>	<b>\$ 217,744,121</b>

**(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:

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- 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, 2025, the Trust has 1,630,000 Trust Unit options issued and outstanding at a fair market value of \$157,201 (December 31, 2024 – 1,970,000 Trust Units options issued and outstanding at a fair market value of \$260,307) of consisting of the following issuances:

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 expired on August 14, 2024.

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 expired on December 1, 2025.

On March 15, 2021, the Trust granted 10,000 Trust Unit options at a weighted average exercise price of \$6.75 per Trust Unit based on the estimated fair value from the December 1, 2020 option issuance. 3,333 unit options fully vest on the date of the grant with the remaining 6,667 vesting over the following 2 years and expires on March 15, 2026.

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. The balance as at December 31, 2025 was 1,620,000.

Unit-based compensation related to the aforementioned unit options was a recovery of \$103,106 for the year ended December 31, 2025 (an expense of \$141,556 for the year ended December 31, 2024). Unit-based compensation was determined using the Black-Scholes option pricing model and based on the following assumptions:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Expected Option Life (Years)	1.5	2.3
Risk Free Interest Rate	2.50%	2.87%
Distribution Yield	8.57%	9.39%
Expected Volatility	17.72%	22.38%

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 \$0.34, \$0.16, \$0.16 and \$0.43 per unit option for August 14, 2019, December 1, 2020, March 15, 2021 and June 14, 2022 issuances, respectively.

## FIRM CAPITAL PROPERTY TRUST

### Notes to Consolidated Financial Statements

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#### 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, 2025, 285,697 DTUs were outstanding with a liability of \$1,734,183 (December 31, 2024 – \$978,030) based on the final closing price listed on the TSX for the last trading day of the year.

#### (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. The price paid per Unit is 97% (if the unit price is higher than the floor price of \$7.40) of the weighted average trading price calculated five trading days immediately preceding each distribution date. 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 the 97% of the floor price as applicable.

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, 2025 and December 31, 2024, no shares were issued from treasury as a result of the DRIP and UPP.

#### (e) Distributions

For the year ended December 31, 2025, distributions of \$0.0433 per unit were declared each month commencing in January 2025 through to December 2025, resulting in total distributions declared of \$19,199,877. For the year ended December 31, 2024, distributions of \$0.0433 per unit were declared each month commencing in January 2024 through to December 2024 resulting in total distributions declared of \$19,199,881.

#### (f) Normal Course issuer Bid

On July 15, 2024, the Trust announced its intention to make a Normal Course Issuer Bid (“NCIB”) with respect to its outstanding Trust Units. During the 12-month period commencing July 18, 2024 and ending no later than July 17, 2025, the Trust may purchase through the facilities of the TSX and/or alternative Canadian Trading Systems up to 3,281,995 Trust Units in total, being 10% of the public float of trust units as of July 5, 2024. As of the date of maturity on July 17, 2025, The Trust did not purchase any units under this NCIB.

On July 30, 2025, the Trust announced its renewal of its NCIB for a twelve month period commencing August 5, 2025 and ending August 4, 2026. Over that period the Trust may purchase through the facilities of the TSX and/or alternative Canadian Trading Systems up to 3,266,775 Trust Units in total, being 10% of the public float. As of December 31, 2025, the Trust has not purchased any units under this NCIB.

## 8. 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	\$ 36,047,361
Later than one year and not longer than five years	74,215,723
Thereafter	18,064,301
	<u>\$128,327,385</u>

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Revenue is comprised of the following:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Base Rent	\$ 43,665,514	\$ 43,024,284
Operating Costs Recoveries	8,310,254	8,299,209
Tax Recoveries	9,663,781	9,377,460
Straight Line Rent	21,772	117,541
Free Rent	(62,960)	(241,499)
	<b>\$ 61,598,361</b>	<b>\$ 60,576,995</b>

**9. Finance Costs**

Finance costs for the years ended December 31, 2025 and December 31, 2024 are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Mortgage Interest	\$ 12,967,182	\$ 12,019,652
Bank Indebtedness Interest	1,140,610	1,762,549
Finance Fee Amortization	593,213	570,309
Non-cash Interest Expense	-	(76,440)
Finance Costs	<b>\$ 14,701,005</b>	<b>\$ 14,276,070</b>

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.

**10. 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, 2025 and December 31, 2024 are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Realty Taxes	\$ 11,058,958	\$ 10,693,961
Property Management Fees (note 11(c))	2,398,495	2,375,728
Operating Expenses	9,497,763	8,930,436
Property Operating Expenses	<b>\$ 22,955,216</b>	<b>\$ 22,000,125</b>

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Asset Management Fees (note 11(a))	\$ 3,383,195	\$ 3,389,801
Performance Incentive Fees (note 11(b))	1,913,572	887,337
Public Company Expenses	905,064	832,051
Office and General	534,325	670,700
General and Administrative	<b>\$ 6,736,156</b>	<b>\$ 5,779,889</b>

## FIRM CAPITAL PROPERTY TRUST

### Notes to Consolidated Financial Statements

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#### 11. Related Party Transactions

Transactions with related parties are in the normal course of business and are recorded at fair value.

##### (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.

## FIRM CAPITAL PROPERTY TRUST

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2025 and December 31, 2024  
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For the years ended December 31, 2025 and December 31, 2024, Asset Management Fees were \$3,430,695 and \$3,389,801; Acquisition Fees were \$nil; Placement Fees were \$90,086 and \$250,944; Disposition fees were \$74,711 and \$11,865 and Performance Incentive Fees were \$1,913,572 and \$887,337, 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 sheets.

As at December 31, 2025, \$1,913,572 (\$887,337 as at December 31, 2024) 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.

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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, 2025 and December 31, 2024, Property Management Fees were \$1,481,867 and \$1,453,624 and Commercial Leasing Fees were \$74,737 and \$112,285, respectively.

As at December 31, 2025, \$117,716 ( \$116,989 as at December 31, 2024) 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, 2025 \$41,280 (\$41,280 year ended December 31, 2024) 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, 2025, total trustee's fee expenses were \$772,172 (December 31, 2024 – \$703,570) 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 7(c).

**12. 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.

	<b>As at December 31, 2025</b>			
	<b>Trust Wholly Owned</b>	<b>Co-Owned at Proportionate Ownership</b>	<b>Total</b>	<b>Co-Owned at 100%</b>
Current Assets	\$ 4,279,700	\$ 8,281,398	\$ 12,561,098	\$ 20,880,765
Non-Current Assets	136,574,307	496,170,757	632,745,064	1,106,680,122
<b>Total Assets</b>	<b>\$ 140,854,007</b>	<b>\$ 504,452,155</b>	<b>\$ 645,306,162</b>	<b>\$ 1,127,560,887</b>
Current Liabilities	9,980,324	62,102,674	72,082,998	113,309,557
Non-Current Liabilities	56,480,670	203,847,009	260,327,679	378,325,842
<b>Total Liabilities</b>	<b>\$ 66,460,994</b>	<b>\$ 265,949,683</b>	<b>\$ 332,410,677</b>	<b>\$ 491,635,399</b>
<b>Total Owners' Equity</b>	<b>\$ 74,393,013</b>	<b>\$ 238,502,472</b>	<b>\$ 312,895,485</b>	<b>\$ 635,925,488</b>

**FIRM CAPITAL PROPERTY TRUST**  
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	<b>As at December 31, 2024</b>			
	<b>Trust Wholly Owned</b>	<b>Co-Owned at Proportionate Ownership</b>	<b>Total</b>	<b>Co-Owned at 100%</b>
Current Assets	\$ 7,402,257	\$ 11,036,232	\$ 18,438,489	\$ 29,614,923
Non-Current Assets	137,747,314	495,763,466	633,510,780	1,105,868,298
<b>Total Assets</b>	<b>\$ 145,149,571</b>	<b>\$ 506,799,698</b>	<b>\$ 651,949,269</b>	<b>\$ 1,135,483,221</b>
Current Liabilities	10,987,472	45,483,813	56,471,285	68,771,249
Non-Current Liabilities	57,320,591	231,777,497	289,098,088	494,814,518
<b>Total Liabilities</b>	<b>\$ 68,308,063</b>	<b>\$ 277,261,310</b>	<b>\$ 345,569,373</b>	<b>\$ 563,585,767</b>
<b>Total Owners' Equity</b>	<b>\$ 76,841,508</b>	<b>\$ 229,538,388</b>	<b>\$ 306,379,896</b>	<b>\$ 571,897,454</b>

	<b>For the Year Ended December 31, 2025</b>			
	<b>Trust Wholly Owned</b>	<b>Co-Owned at Proportionate Ownership</b>	<b>Total</b>	<b>Co-Owned at 100%</b>
Net Operating Income				
Rental Revenue	\$ 12,432,850	\$ 49,165,511	\$ 61,598,361	\$ 107,727,407
Property Operating Expenses	(4,341,265)	(18,613,951)	(22,955,216)	(40,331,088)
	8,091,585	30,551,560	38,643,145	67,396,319
Interest and Other Income	112,453	145,761	258,214	442,355
Expenses:				
Finance Costs	3,066,606	11,634,399	14,701,005	25,582,116
General and Administrative	1,472,394	5,263,762	6,736,156	9,872,574
	4,539,000	16,898,161	21,437,161	35,454,690
Income Before Fair Value Adjustments	3,665,038	13,799,160	17,464,198	32,383,984
Fair Value Adjustments:				
Investment Properties	(1,396,991)	7,830,190	6,433,199	11,082,543
Fair Value Gain on Sale of Investment Properties	110,000	1,708,945	1,818,945	3,510,369
Unit-based Compensation Recovery	(876)	-	(876)	(876)
<b>Net Income (Loss) and Comprehensive Income (Loss)</b>	<b>\$ 2,377,171</b>	<b>\$ 23,338,295</b>	<b>\$ 25,715,466</b>	<b>\$ 46,976,020</b>

	<b>For the Year Ended December 31, 2024</b>			
	<b>Trust Wholly Owned</b>	<b>Co-Owned at Proportionate Ownership</b>	<b>Total</b>	<b>Co-Owned at 100%</b>
Net Operating Income				
Rental Revenue	\$ 11,953,023	\$ 48,623,972	\$ 60,576,995	\$ 105,843,404
Property Operating Expenses	(4,132,562)	(17,867,563)	(22,000,125)	(38,590,247)
	7,820,461	30,756,409	38,576,870	67,253,157
Interest and Other Income	572,894	254,812	827,706	1,136,342
Expenses:				
Finance Costs	3,063,212	11,212,858	14,276,070	24,092,329
General and Administrative	1,256,749	4,523,140	5,779,889	8,444,661
	4,319,961	15,735,998	20,055,959	32,536,990

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Income Before Fair Value Adjustments	4,073,394	15,275,223	19,348,617	35,852,509
Fair Value Adjustments:				
Investment Properties	3,438,141	11,116,202	14,554,343	21,103,365
Fair Value Gain on Sale of Investment Properties	-	217,088	217,088	310,126
Unit-based Compensation Recovery	(233,058)	-	(233,058)	(233,058)
<b>Net Income and Comprehensive Income</b>	<b>\$ 7,278,477</b>	<b>\$ 26,608,513</b>	<b>\$ 33,886,990</b>	<b>\$ 57,032,942</b>

**13. 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, 2025 and December 31, 2024. As a result, the REIT does not recognize any deferred income tax assets or liabilities for income tax purposes.

**14. 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 11(a).

**15. Commitments and Contingencies**

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

For the years ended December 31, 2025 and December 31, 2024, the Trust had no material commitments and contingencies other than those outlined above and in notes 11(a), 11(b), 11(c) and note 17(iii).

**16. 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

## FIRM CAPITAL PROPERTY TRUST

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be used instead of book value." As at December 31, 2025 and December 31, 2024, the ratio of such indebtedness to gross book value was 49.5% and 51.0% 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, 2025 and December 31, 2024.

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, 2025 and December 31, 2024.

## 17. 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:

<b>Impact on Interest Expense</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Credit facility	\$ 146,663	\$ 277,000

#### 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. Past due amounts are those receivables where payments have not been received by the contractual due date.

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, 2025, accounts receivable balance is net of expected credit losses of \$1,075,312 (December 31, 2024 – \$522,893). At year end, no expected credit losses have been applied to the mortgages receivable balance (December 31, 2024 – \$nil).

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As at December 31, 2025, the Trust had one tenant comprising 12.9% of rental revenues (11.0% as at December 31, 2024).

**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, 2025 including credit facilities, mortgages, tenant rental deposits, distribution payable and accounts payable and accrued liabilities:

	<b>Less than 1 Year</b>	<b>1 - 2 Years</b>	<b>&gt;2 Years</b>	<b>Total</b>
Mortgages (note 6a)	\$ 46,752,764	\$ 21,401,574	\$ 236,463,218	\$ 304,617,556
Credit facility (note 5)	14,666,338	-	-	14,666,338
Tenant Rental Deposits	659,564	464,391	1,943,827	3,067,782
Distribution Payable	1,599,990	-	-	1,599,990
Land Lease Liability (note 6b)	51,599	54,669	-	106,268
Accounts Payable and Accrued Liabilities (note 4)	8,352,743	-	-	8,352,743
	<b>\$ 72,082,998</b>	<b>\$ 21,920,634</b>	<b>\$ 238,407,045</b>	<b>\$ 332,410,677</b>

**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 and fair value of the Trust's financial instruments is summarized in the following table:

	<b>December 31, 2025</b>		December 31, 2024	
	<b>Amortized Cost</b>	<b>FVTPL</b>	<b>FVTPL</b>	<b>FVTPL</b>
<b>Financial Assets</b>				
Mortgages Receivable	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Accounts Receivable	1,648,934	1,648,934	2,573,591	2,573,591
Deposits and Other Assets	2,870,107	2,870,107	3,396,361	3,396,361
Restricted Cash	23,003	23,003	22,402	22,402
Cash and Cash Equivalents	5,667,359	5,667,359	9,180,430	9,180,430
<b>Financial Liabilities</b>				
Distribution Payable	\$ 1,599,990	\$ 1,599,990	\$ 1,599,990	\$ 1,599,990
Accounts Payable and Accrued Liabilities (except Option and DSU Liabilities)	6,461,359	6,461,359	6,977,280	6,977,280
Land Lease Liability	106,268	106,268	154,832	154,832
Credit facility	14,666,338	14,666,338	27,700,000	27,700,000
Tenant Rental Deposits	3,067,782	3,067,782	3,079,683	3,079,683
Mortgages	304,617,556	296,880,273	294,920,509	294,920,509
Option Liabilities	-	157,201	260,307	260,307
DTU	-	1,734,183	978,030	978,030

**FIRM CAPITAL PROPERTY TRUST**  
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For the Years Ended December 31, 2025 and December 31, 2024  
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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 \$296.9 million (December 31, 2024 – \$294.9 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 7(c).

**FIRM CAPITAL PROPERTY TRUST**  
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**18. Segmented Information**

The Trust operates in six reportable segments: grocery anchored retail, non-grocery anchored retail, industrial, multi-residential, core service office provider and manufactured homes community 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	Manufactured Homes Communities	Corporate	For the Year Ended December 31, 2025
Net Operating Income							
Rental Revenue	\$ 30,181,391	\$ 3,071,271	\$ 17,315,117	\$ 8,753,566	\$ 2,277,016	\$ -	\$ 61,598,361
Property Operating Expenses	(11,102,648)	(1,049,302)	(6,437,990)	(3,510,220)	(855,056)	-	(22,955,216)
	19,078,743	2,021,969	10,877,127	5,243,346	1,421,960	-	38,643,145
Interest and Other Income	202,077	4,153	42,144	7,325	-	2,515	258,214
Expenses:							
Finance Costs	7,018,493	220,063	3,556,406	2,844,430	520,731	540,882	14,701,005
General and Administrative	2,891,662	216,672	1,237,567	1,068,019	208,945	1,113,291	6,736,156
	9,910,155	436,735	4,793,973	3,912,449	729,676	1,654,173	21,437,161
Income Before Fair Value Adjustments	9,370,665	1,589,387	6,125,298	1,338,222	692,284	1,651,658)	17,464,198
Fair Value Adjustments:							
Investment Properties	6,085,754	797,291	(4,266,584)	822,720	2,994,018	-	6,433,199
Gain on Sale of Investment Properties	110,000	30,661	1,679,784	-	(1,500)	-	1,818,945
Unit-based Compensation Expense	-	-	-	-	-	(876)	(876)
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ 15,566,419	\$ 2,417,339	\$ 3,538,498	\$ 2,160,942	\$ 3,684,802	\$ (1,652,534)	\$ 25,715,466

**FIRM CAPITAL PROPERTY TRUST**  
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For the Years Ended December 31, 2025 and December 31, 2024  
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	Grocery Anchored Retail	Non-Grocery Anchored Retail	Industrial	Multi- Residential	Manufactured Homes Communities	Corporate	Year Ended December 31, 2024
Net Operating Income							
Rental Revenue	\$ 30,049,471	\$ 4,016,224	\$ 16,114,792	\$ 8,330,428	\$ 2,066,080	\$ -	\$ 60,576,995
Property Operating Expenses	(11,085,302)	(1,487,086)	(5,487,424)	(3,178,003)	(762,310)	-	(22,000,125)
	18,964,169	2,529,138	10,627,368	5,152,425	1,303,770	-	38,576,870
Interest and Other Income	260,435	2,726	32,435	10,856	-	521,254	827,706
Expenses:							
Finance Costs	7,257,989	228,469	3,266,426	2,111,726	454,048	957,412	14,276,070
General and Administrative	2,427,258	275,348	995,494	825,530	159,367	1,096,892	5,779,889
	9,685,247	503,817	4,261,920	2,937,256	613,415	2,054,304	20,055,959
Income Before Fair Value Adjustments	9,539,357	2,028,047	6,397,883	2,226,025	690,355	(1,533,050)	19,348,617
Fair Value Adjustments:							
Investment Properties	11,519,542	2,163,178	(10,672,197)	9,928,240	1,615,580	-	14,554,343
Gain on Sale of Investment Properties	-	196,839	-	-	20,249	-	217,088
Unit-based Compensation Expense	-	-	-	-	-	(233,058)	(233,058)
Net Income and Comprehensive Income	\$ 21,058,899	\$ 4,388,064	\$ (4,274,314)	\$ 12,154,265	\$ 2,326,184	\$ (1,766,108)	\$ 33,886,990

**FIRM CAPITAL PROPERTY TRUST**  
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**19. Subsequent Event**

- a) On March 10, 2026, the Trust declared and approved monthly distributions in the amount of \$0.0433 per Trust Unit for Unitholders of record on April 30, 2026, May 29, 2026 and June 30, 2026, payable on or about May 15, 2026, June 15, 2026 and July 15, 2026, respectively.