

This Management Information Circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult a professional advisor.



FIRM CAPITAL PROPERTY TRUST

**NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR
FOR THE
ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**

TO BE HELD ON SEPTEMBER 9, 2021

July 23, 2021



FIRM CAPITAL PROPERTY TRUST

NOTICE OF THE ANNUAL AND SPECIAL MEETING OF UNITHOLDERS TO BE HELD ON SEPTEMBER 9, 2021

NOTICE IS HEREBY GIVEN THAT the annual and special meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of trust units (“**Units**”) of Firm Capital Property Trust (the “**Trust**”) will be held at 163 Cartwright Avenue, Toronto, Ontario on September 9, 2021 at 11:00 a.m. (Toronto time) for the following purposes:

1. to receive the consolidated audited financial statements of the Trust for the fiscal year ended December 31, 2020, together with the auditor’s report thereon;
2. to elect the trustees of the Trust;
3. to re-appoint the auditor of the Trust and authorize the board of trustees of the Trust to determine their remuneration;
4. to consider and, if thought advisable, to pass an ordinary resolution, the full text of which is set out in Schedule "A" to the accompanying Circular, re-approving the Trust’s rolling stock option plan, as more particularly described in the accompanying Circular; and
5. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The board of trustees of the Trust has fixed the close of business on July 23, 2021 as the record date for determining Unitholders of record who are entitled to receive notice of the Meeting and to attend and vote at the Meeting, or at any adjournment(s) thereof. This notice of the Meeting (this “**Notice**”) is accompanied by a management information circular (the “**Circular**”) and, in the case of registered Unitholders, a form of proxy. The specific details of the matters to be put before the Meeting as identified above are set forth in the Circular. This Notice and the Circular have been sent to each trustee of the Trust, each Unitholder of the Trust entitled to notice of the Meeting, and the auditor of the Trust.

This year, as described in the notice and access notification mailed to Unitholders of the Trust, the Trust has decided to deliver the Meeting materials to Unitholders by posting the Meeting materials on the following website: <https://docs.tsxtrust.com/2062> (the “**Website**”). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Trust’s printing and mailing costs. The Meeting materials will be available on the Website as of the day of mailing which is currently scheduled for August 9, 2021, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at www.sedar.com. Unitholders should review the Meeting materials before voting.

No Unitholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead all Unitholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access, please call 1-866-600-5869. In order to receive a paper copy in time to vote before the meeting, your request should be received by August 31, 2021.

A Unitholder may attend the Meeting in person or may be represented by proxy. Registered Unitholders who are unable to attend the Meeting or any adjournment(s) thereof in person are requested to complete, date, sign and deposit the enclosed form of proxy with the Trust, c/o TSX Trust Company, at its office at 100 Adelaide Street West, Suite

301 Toronto, Ontario, M5H 4H1 (fax: 1-416-595-9593) (or complete the form of proxy by such other method as is identified, and pursuant to any instructions contained, in the form of proxy), prior to 11:00 a.m. (Toronto time) on September 7, 2021, or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) prior to the start of such adjourned meeting. Non-registered Unitholders should complete and return the voting instruction form or other authorization provided to them in accordance with the instructions provided therein. Failure to do so may result in your Trust Units not being voted at the Meeting.

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting and should be reviewed carefully by Unitholders. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified either by the Trust before the Meeting or by the Chair at the Meeting.

While as of the date of this Notice, the Trust intends to hold the Meeting in a physical face-to-face format, the Trust is continuously monitoring the current COVID-19 outbreak. In light of the rapidly evolving news, guidelines and requirements related to COVID-19, the Trust asks that, in considering whether to attend the Meeting in person, Unitholders and proxyholders follow, among other things, the instructions of the Public Health Agency of Canada and any applicable additional provincial and local instructions, guidelines and requirements. All Unitholders are strongly encouraged to vote prior to the Meeting by any of the means described in the Circular, the form of proxy or other materials provided by an intermediary.

The Trust reserves the right to take any additional precautionary measures it deems appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak, including, if the Trust considers it necessary or advisable, providing a webcast version of the Meeting and/or hosting the Meeting solely by means of remote communication. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Please monitor the Trust's press releases as well as the Trust's website at www.firmcapital.com/fcpt/ for updated information. The Trust advises you to check the Trust's website one week prior to the Meeting date for the most current information. The Trust does not intend to prepare or mail an amended Notice and/or Circular in the event of changes to the Meeting date or format.

DATED at Toronto, Ontario, as of the 23rd day of July, 2021.

BY ORDER OF THE BOARD OF TRUSTEES

"Robert McKee"
Chief Executive Officer



FIRM CAPITAL PROPERTY TRUST
MANAGEMENT INFORMATION CIRCULAR

THE MEETING

Date, Time and Place of the Annual and Special Meeting

The Annual and Special Meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of trust units (“**Units**”) of Firm Capital Property Trust (the “**Trust**”) will be held at 163 Cartwright Avenue, Toronto, Ontario on September 9, 2021 at 11:00 a.m. (Toronto time).

Record Date

The record date for determining persons entitled to receive notice of and vote at the Meeting is July 23, 2021. Unitholders of record as at the close of business on such date will be entitled to attend and vote at the Meeting, or any adjournment or postponement thereof, in the manner and subject to the procedures described in this Management Information Circular (the “**Circular**”).

Information in this Circular

The information contained in this Circular is given as of July 23, 2021 except where otherwise noted and except that, where applicable, information in documents included in this Circular as appendices is given as of the dates noted therein. All dollar amounts in this Circular are in Canadian dollars unless specifically indicated otherwise.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Trust. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Circular.

COVID-19 NOTICE

While as of the date of this Notice, the Trust intends to hold the Meeting in a physical face-to-face format, the Trust is continuously monitoring the current COVID-19 outbreak. In light of the rapidly evolving news, guidelines and requirements related to COVID-19, the Trust asks that, in considering whether to attend the Meeting in person, Unitholders and proxyholders follow, among other things, the instructions of the Public Health Agency of Canada and any applicable additional provincial and local instructions, guidelines and requirements. All Unitholders are strongly encouraged to vote prior to the Meeting by any of the means described in the Circular, the form of proxy or other materials provided by an intermediary.

The Trust reserves the right to take any additional precautionary measures it deems appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak, including, if the Trust considers it necessary or advisable, providing a webcast version of the Meeting and/or hosting the Meeting solely by means of remote communication. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Please monitor the Trust’s press releases as well as the Trust’s website at www.firmcapital.com/fcpt/ for updated information. The Trust advises you to check the Trust’s website one week prior to the Meeting date for the most current information. The Trust does not intend to prepare or mail an amended Notice and/or Circular in the event of changes to the Meeting date or format.

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Trust for use at the Meeting to be held at the time and place and for the purposes set forth in the attached notice of meeting (the “Notice”) and any adjournment or postponement thereof for the purposes set forth in the Notice. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone or other personal contact by the Trust’s employees. The costs of solicitation will be borne by the Trust. The information contained herein is given as at July 23, 2021 except where otherwise indicated.

APPOINTMENT AND REVOCATION OF PROXIES

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to complete and return the form of proxy in the envelope provided. The proxy must be executed by a Unitholder or the attorney of such Unitholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the Trust’s transfer agent, TSX Trust Company (“TSX Trust”), 301-100 Adelaide St W, Toronto, Ontario, M5H 4H1, Fax: (416) 595-9593 Attention: Proxy Department, or with the Trust’s President and Chief Executive Officer at its office at 163 Cartwright Avenue, Toronto, Ontario, not later than 11:00 a.m. (Toronto time) on the second business day preceding the day of the Meeting, or any adjournment or postponement thereof. The persons named in the enclosed form of proxy are trustees and/or officers of the Trust.

A REGISTERED UNITHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (THAT NEED NOT BE A UNITHOLDER) TO ATTEND AND ACT FOR HIM, HER OR IT AND ON HIS, HER OR ITS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. SUCH RIGHT MAY BE EXERCISED BY STRIKING OUT THE NAMES OF THE PERSONS DESIGNATED IN THE FORM OF PROXY AND BY INSERTING IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE THE NAME OF THE DESIRED PERSON OR COMPANY, OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED FORM OF PROXY TO THE TRUST, C/O TSX TRUST COMPANY, 301-100 ADELAIDE ST W, TORONTO, ONTARIO, M5H 4H1, AT ANY TIME PRIOR TO 11:00 A.M. (TORONTO TIME) ON SEPTEMBER 7, 2021.

If you have given a proxy pursuant to this solicitation you may revoke it as to any matter on which a vote has not already been cast pursuant to its authority, either (i) by instrument in writing executed by you or by your attorney authorized in writing and deposited either (a) at the Trust’s head office on or before the second business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or (b) with the Chairman of the Meeting on the day of the Meeting (but prior to the commencement thereof) or any adjournment or postponement thereof, or (ii) in any other manner permitted by law.

If your Units are held in the name of a nominee (such as a bank, trust company or securities broker), the nominee will seek your instructions as to how to vote the Units and you should follow the voting instructions provided by the nominee.

EXERCISE OF DISCRETION BY PROXIES

The Units represented by any proxy received by management will be voted or withheld from voting by the persons named in the enclosed form of proxy in accordance with the direction of the Unitholder appointing them. If the Unitholder specifies a choice with respect to any matter to be acted upon, the Units represented by such Unitholder’s proxy will be voted accordingly. **In the absence of any direction to the contrary, it is intended that the Units represented by proxies received by management will be voted on any ballot “for”: (i) the election of the trustees referred to in this Circular; (ii) the re-appointment of the Trust’s auditor with its remuneration to be fixed by the trustees; and (iii) the re-approval of the unit option plan of the Trust.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice but which may properly come before the Meeting or any adjournment or postponement thereof, and with respect to amendments or variations of matters identified in the Notice. As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice and routine matters incidental to the conduct of the Meeting. If any further

or other business is properly brought before the Meeting, it is intended that the persons appointed as proxy will vote on such other business in such other manner as such persons then consider proper.

NOTICE AND ACCESS

This year, as described in the notice and access notification mailed to Unitholders of the Trust, the Trust has decided to deliver the Meeting materials to Unitholders by posting the Meeting materials on the following website: <https://docs.tsxtrust.com/2062> (the "**Website**"). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Trust's printing and mailing costs. The Meeting materials will be available on the Website as of the day of mailing which is currently scheduled for August 9, 2021, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at www.sedar.com.

No Unitholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead all Unitholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access please call 1-866-600-5869. In order to receive a paper copy in time to vote before the meeting, your request should be received by August 31, 2021.

The Trust will send its proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101. The Trust does not intend to pay for proximate intermediaries to forward the proxy-related materials and the voting instruction form to objecting beneficial owners under National Instrument 54-101. Objecting beneficial owners will not receive the materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

VOTING BY BENEFICIAL UNITHOLDERS

The information in this section is significant to Unitholders who do not hold their Units in their own name. Only registered holders of Units or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Units beneficially owned by a person (a "**Non-Registered Unitholder**") are registered either (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Unitholder deals with in respect of the Units, or (ii) in the name of a depository (a "**Depository**"), of which the Intermediary is a participant, for example The Canadian Depository for Securities Limited. Intermediaries include, for example, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans.

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Trust distributes copies of the Notice, the Circular and the form of proxy (collectively, the "**Meeting Materials**") to Depositories and Intermediaries for onward distribution to Non-Registered Unitholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Unitholders unless a Non-Registered Unitholder has waived the right to receive them. The Trust will be sending Meeting Materials using notice-and-access. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Trust or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Trust (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Unitholders. Generally, Non-Registered Unitholders who have not waived the right to receive Meeting Materials will either (i) be given a form of proxy which has already been signed by the Intermediary, which is restricted as to the number of Units beneficially owned by the Non-Registered Unitholder, but which is otherwise uncompleted, or (ii) more typically, be given an unsigned voting instruction form which must be properly completed and signed by the Non-Registered Unitholder and returned to the Intermediary or the Depository.

In the former case, the Non-Registered Unitholder who wishes to submit a proxy should properly complete the form of proxy and submit it to TSX Trust at the address set forth in the Notice. In the latter case, the Non-

Registered Unitholder will usually be given a page of instructions which contains a removable label containing a bar-code and other information. In order for the voting instruction form to validly constitute a proxy authorization form, the Non-Registered Unitholder must remove the label from the instructions and affix it to the form, properly complete and sign the form and submit it to the Intermediary or Depository in accordance with the instructions of the Intermediary or Depository.

The purpose of these procedures is to permit Non-Registered Unitholders to direct the voting of the Units they beneficially own. Should a Non-Registered Unitholder wish to attend and vote at the Meeting, or any reconvened meeting following any adjournment thereof, in person (or have another person or company attend and vote on their behalf), the Non-Registered Unitholder should strike out the persons named in the proxy and insert the Non-Registered Unitholder or such other person's name in the blank space provided or, in the case of the proxy authorization form, follow the corresponding instructions on the form. In either case, Non-Registered Unitholders should carefully follow the instructions of their Intermediary or Depository, including those regarding when and where the proxy or proxy authorization form is to be delivered and may be revoked.

The costs of delivery of the Meeting Materials by Intermediaries to Non-Registered Unitholders that have objected to their information being disclosed to the Trust will be borne by the Trust.

AUTHORIZED CAPITAL, VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Trust's Declaration of Trust authorizes the issuance of an unlimited number of two classes of units, namely "Trust Units" and "Special Voting Units". Special Voting Units are only issued in tandem with the issuance of securities exchangeable into Trust Units. As at the date hereof, the Trust has no Class B Units or Special Voting Units outstanding and 33,792,647 Trust Units outstanding

In respect of each matter to be voted upon at the Meeting, Unitholders are entitled to one vote for each Unit registered in their name as at the close of business on July 23, 2021, even if a Unitholder disposes of their Units after that date.

To the knowledge of the Trust's trustees and officers, based upon searches of the public record conducted on July 23, 2021, there is no beneficial owner of, nor any person who exercises control or direction over, Units carrying more than 10% of the votes attached to the Trust's outstanding Units.

QUORUM

The quorum at the Meeting or any adjournment thereof shall consist of at least two individuals present in person, each of whom is a Unitholder or a proxyholder representing a Unitholder and who together hold or represent by proxy not less than 5% of the total number of outstanding Units.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements and Auditor's Report

The audited financial statements of the Trust for the year ended December 31, 2020 will be placed before the Meeting. No formal action will be taken at the Meeting to approve the annual financial statements.

Election of Trustees

The Trust's declaration of trust provides that there shall be no fewer than three and no more than eleven trustees, with the actual number of trustees within that range to be determined from time to time by the Unitholders or by the trustees. Presently, the Trust has eleven trustees. Each of Eli Dadouch, Jonathan Mair, Robert McKee, Sandy Poklar and Victoria Granovski, are not independent trustees of the Trust (the "**Non-Independent Trustees**"). Two of the Non-Independent Trustees, namely Messrs. Dadouch and Mair are nominated by Firm Capital Realty Partners Inc. (the "**Trust Manager**" or "**FCRPI**"), while the remaining trustees are nominated by management. All trustees elected by the Unitholders serve for a term that expires at the close of the next annual general meeting of Unitholders. The terms of all the current trustees expire at the close of the Meeting.

It is the intention of the persons named in the enclosed form of proxy for use at the Meeting (in the event that authority is not withheld) to vote in favour of the election of Geoffrey Bledin, Eli Dadouch, Stanley Goldfarb, Jonathan Mair, Robert McKee, Sandy Poklar, Lawrence Shulman, Howard Smuschkowitz, Manfred Walt, Victoria Granovski and Jeffrey Goldfarb (collectively, the “**Proposed Trustees**”), as trustees, to hold office until the close of the annual meeting of Unitholders in 2022 or until their successors are duly elected or appointed. Management does not contemplate that the Proposed Trustees will be unable to serve as trustees but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy will vote for another nominee as management may recommend unless the Unitholder has specified in the form of proxy that its Units are to be withheld from voting in the election of trustees.

The following table sets forth the names of the Proposed Trustees, their municipality, province or state and country of residence, their respective positions and offices currently held with the Trust, their respective principal occupation or employment, the year each Proposed Trustee became a trustee of the Trust, and the approximate number of Units beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them at the date of this Circular.

Name and Municipality of Residence	Position with the Trust	Principal Occupation Over the Past Five Years	Year First became a Trustee and/or Officer	Number of Units Beneficially Owned or Over Which Control or Direction is Exercised⁽⁴⁾
Geoffrey Bledin ⁽¹⁾⁽²⁾ Antigua, West Indies	Independent Trustee	Chairman, Firm Capital Apartment REIT; Independent Director, Firm Capital Mortgage Investment Corporation.	2012	446,944
Eli Dadouch Toronto, Ontario, Canada	Vice Chairman and Co-Chief Investment Officer and Trustee	President and CEO of Firm Capital Corporation. President, CEO and Director of Firm Capital Mortgage Investment Corporation. President, Vice Chairmen, Firm Capital Apartment REIT.	2012	771,496
Stanley Goldfarb, FCPA, FCA ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada	Chairman of the Board of Trustees	CEO of Goldfarb Management Services Limited (a private investment management company). Chairman of Firm Capital Mortgage Investment Corporation. President and Director of Consolidated HCI Holdings Corporation.	2012	251,125
Jonathan Mair Vaughan, Ontario, Canada	Co-Chief Investment Officer and Trustee	Vice-President, Mortgage Banking of Firm Capital Corporation. Executive Vice President, Chief Operating Officer and Director of Firm Capital Mortgage Investment Corporation. Chief Financial Officer and Senior Vice-President, FC Treasury Management Inc; Trustee Firm Capital Apartment REIT.	2012	117,625

Name and Municipality of Residence	Position with the Trust	Principal Occupation Over the Past Five Years	Year First became a Trustee and/or Officer	Number of Units Beneficially Owned or Over Which Control or Direction is Exercised ⁽⁴⁾
Robert McKee Toronto, Ontario, Canada	CEO and Trustee	Managing Director; FCRPI	2012	131,500
Sandy Poklar Toronto, Ontario, Canada	CFO and Trustee	COO and Managing Director, Capital Markets & Strategic Developments for Firm Capital Corporation. Trustee of True North Commercial Real Estate Investment Trust. President and CFO, Firm Capital Apartment REIT.	2012	90,697
Lawrence Shulman ⁽¹⁾⁽²⁾ Toronto, Ontario, Canada	Independent Trustee	Investment manager, financial advisor. Independent Director, Firm Capital Mortgage Investment Corporation.	2012	80,000
Howard Smuschkowitz ⁽²⁾ Toronto, Ontario, Canada	Independent Trustee	Trustee, Firm Capital Apartment REIT	2012	406,992
Manfred Walt ⁽²⁾ Toronto, Ontario, Canada	Independent Trustee	CEO, Walt & Co. Inc. Trustee, Killam Apartment REIT,	2012	302,416
Victoria Granovski Toronto, Ontario, Canada	Trustee	Senior Vice President Credit & Equity Capital, Firm Capital Corporation.	2018	5,500
Jeffrey Goldfarb ⁽²⁾ Toronto, Ontario, Canada	Independent Trustee	CEO, Martley Holdings Inc.	2018	21,481

Notes:

(1) Member of the Audit Committee.

(2) Independent Trustee.

(3) Chairman of the Audit Committee.

(4) Individual trustees have furnished information as to Units beneficially owned by them, directly or indirectly, or over which they exercise control or direction.

Each nominee has confirmed his/her eligibility and willingness to serve as a trustee if elected and, in the opinion of the board of trustees of the Trust (the "**Board**") and management of the Trust, the Proposed Trustees are qualified to act as trustees of the Trust.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Corporate Cease Trade Orders

To the best of the knowledge of the Trust and based upon information provided to it by each of the Proposed Trustees for election to the Board, no Proposed Trustee of the Trust is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Trust) that:

- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the Proposed Trustee was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after the Proposed Trustee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies and Other Proceedings

No Proposed Trustee of the Trust is, as at the date hereof, or has been within 10 years prior to the date hereof, a director or executive officer of any company (including the Trust) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No Proposed Trustee of the Trust has, within the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Proposed Trustee.

Penalties and Sanctions

No Proposed Trustee of the Trust has been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - (a) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important in deciding whether to vote for a Proposed Trustee.

UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY WILL VOTE FOR THE ABOVE PROPOSED TRUSTEES.

Re-appointment of Auditor

Prior to November 5, 2019, the Trust's auditors were PricewaterhouseCoopers LLP, Chartered Professional Accountants. On November 5, 2019, PricewaterhouseCoopers LLP, Chartered Professional Accountants resigned at the request of the Board and the Trust appointed KPMG LLP, Chartered Professional Accounts, as the Trust's successor auditors.

At the Meeting, Unitholders will be asked to approve a resolution re-appointing KPMG LLP, Chartered Professional Accountants, as auditor for the Trust to hold office until the close of the next annual meeting of the Unitholders, and to authorize the trustees to fix their remuneration. The ordinary resolution must be passed by at least the majority of the votes cast at the Meeting by all Unitholders who vote in respect thereof in person or by proxy. **The trustees recommend that Unitholders vote in favour of the re-appointment of KPMG LLP, Chartered Professional Accountants, and the authorization of the trustees to fix their remuneration.**

UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY WILL VOTE FOR THE RE-APPOINTMENT OF KPMG LLP AS AUDITOR OF THE TRUST, AND TO AUTHORIZE THE TRUSTEES TO FIX THEIR REMUNERATION.

Re-approval of the Unit Option Plan

At the Meeting, Unitholders will be asked to consider and approve a resolution (the "**Unit Option Plan Resolution**") of Unitholders to re-approve the Trust's unit option plan (the "**Unit Option Plan**"). The Unit Option

Plan was previously approved by the Unitholders, at an annual and special meeting of Unitholders held on August 26, 2020. The Unit Option Plan was first adopted by the Trust upon completion of the plan of arrangement between the Trust and ISG Capital Corporation on November 29, 2012. Pursuant to the rules of the TSX Venture Exchange (“TSXV”), the Unit Option Plan is required to be re-approved by Unitholders and the TSXV annually.

The Unit Option Plan is summarized below under “Option-Based Awards”.

The text of the Unit Option Plan Resolution is set out in Schedule “A” and the Unit Option Plan is set out in Schedule “B”.

In the event that the Unit Option Plan Resolution is not approved at the Meeting, effective immediately, the Trust will no longer be able to issue new Options under the Unit Option Plan. Previously issued Options will not be affected should the Unit Option Plan Resolution not be approved and will remain in place until their original expiry date in accordance with the terms of the Unit Option Plan.

The Unit Option Plan Resolution is an ordinary resolution and must be passed by at least a majority of the votes cast at the Meeting by all Unitholders who vote in respect thereof in person or by proxy. **The trustees recommend that Unitholders vote in favour of the approval of the Unit Option Plan Resolution.**

UNLESS INSTRUCTED TO VOTE AGAINST, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY WILL VOTE FOR THE UNIT OPTION PLAN RESOLUTION.

EXECUTIVE AND TRUSTEE COMPENSATION

Compensation Discussion and Analysis

Each of the Trust’s executive officers are employed by FCRPI. FCRPI provides asset management advisory services to the Trust pursuant to an asset management agreement dated November 20, 2012, as amended, and restated on October 20, 2015, with FCRPI (the “**Asset Management Agreement**”).

The Trust has no employment agreements with its executive officers and does not pay any direct or indirect compensation to any such individuals. Rather, the Trust’s executive officers are compensated by FCRPI. The Trust is only obligated to pay FCRPI a fixed amount pursuant to the terms of the Asset Management Agreement as outlined below. Any variability in compensation paid by FCRPI to the Trust’s executive officers has no impact on the Trust’s financial obligations. As such, the Board has determined that the Trust does not currently require a compensation committee.

The initial term of the Asset Management Agreement is ten (10) years and automatically renews for successive five (5) year periods. As part of the Asset Management Agreement, FCRPI is entitled to receive the following fees:

- (a) Asset Management Fees: The Trust pays the following fees annually:
 - a. 0.75% of the first \$300 million of the Gross Book Value (as defined in the Asset Management Agreement) of the Trust’s portfolio of properties from time to time (the “**Properties**”); and
 - b. 0.50% of the Gross Book Value of the Properties in excess of \$300 million.
- (b) Acquisition Fees: The Trust pays the following acquisition fees:
 - a. 0.75% of the first \$300 million of aggregate Gross Book Value in respect of new Properties acquired in a particular year;
 - b. 0.65% of the next \$200 million of aggregate Gross Book Value in respect of new Properties acquired in such year; and thereafter

- c. 0.50% of the aggregate Gross Book Value of new Properties acquired in such year.
- (c) Performance Incentive Fees: The Trust pays a fee equivalent to 15% of adjusted funds from operations (“**AFFO**”) once AFFO exceeds \$0.40 per Unit. AFFO means adjusted funds from operations calculated as net income before unrealized fair value gains/losses on real estate properties, deferred income taxes less adjustments for non-cash items such as straight-line rent, free rent and non-cash interest expense as well as normalized capital expenditures, tenant inducements, leasing charges, excludes unit based compensation expense (recovery), and includes cash gain/losses on the disposition of real estate as defined as gross proceeds less the actual cost of real estate including capitalized additions.
- (d) Placement Fees: The Trust pays a fee equivalent to 0.25% of the aggregate value of all debt and equity financing arranged by FCRPI or an affiliate thereof.

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

For the years ended December 31, 2020 and December 31, 2019, Asset Management Fees were \$2,734,468 and \$2,317,938; Acquisition Fees were \$40,219 and \$1,765,003; Placement Fees were \$165,625 and \$533,895 and Performance Incentive Fees were \$457,628 and \$286,328, respectively.

The Trust has entered into a property management agreement (the “**Property Management Agreement**”) with Firm Capital Property Management Corp. (“**FCPMC**”) dated November 20, 2012, as amended on September 1, 2017. The initial term of the contract is ten (10) years and automatically renews for successive ten (10) year periods. As part of the Property Management Agreement, FCPMC is entitled to receive the following fees:

- (a) Property Management Fees: The Trust pays the following fees annually:
 - a. Multi-Unit Residential Properties: For each multi-unit residential property with 120 units or less, a fee equal to 4.0% of Gross Revenues (as defined in the Property Management Agreement) and for each multi-unit residential property with more than 120 units, a fee equal to 3.5% of Gross Revenues.
 - b. Industrial and Commercial Properties: For each industrial or commercial property, a fee equal to 4.25% of Gross Revenues from the property; provided, however, that for such properties with a single tenant, the fee shall be equal to 3.0% of Gross Revenues.
- (b) Commercial Leasing Fees: Where FCPMC leases a rental space on commercial terms, FCPMC is entitled to receive a leasing commission equal to 3.0% of the net rental payments for the first year of the lease, and 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 are paid for relocating existing tenants, rewriting leases or 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 FCPMC are subject to a commission payable to FCPMC of 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 is entitled to receive as compensation for its services with respect thereto a fee equal to 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 is payable unless

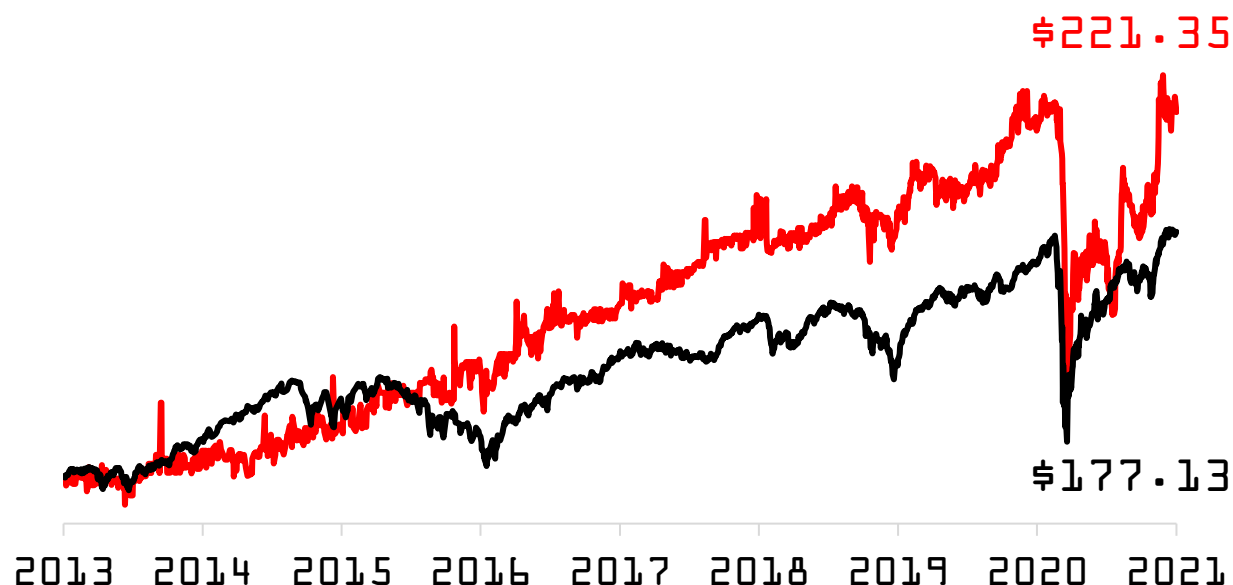
the Capital Expenditures are undertaken following a tendering or procurement process where the total cost of Capital Expenditures exceed \$50,000.

In addition to the fees as 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, 2020 and December 31, 2019, Property Management Fees were \$874,032 and \$1,094,436 and Commercial Leasing Fees were \$128,252 and \$124,009, respectively.

The following graph compares the total cumulative Unitholder return for \$100 invested in Units with the cumulative total return of the S&P/TSX Composite Total Return Index over the period of December 31, 2013, to December 31, 2020. The graph assumes an initial investment of \$100 on December 31, 2013. During the period, the total cumulative Unitholder return for \$100 invested in Units was \$221.35, as compared to \$177.13 for the S&P/TSX Composite Total Return Index.

**Cumulative Total Return on \$100 Investment Assuming Distributions Are Re-invested
December 31, 2013 to December 31, 2020**



Option-Based Awards

The Trust has adopted the Unit Option Plan. A copy of the Unit Option Plan is attached to this Circular as Schedule “B”. The purpose of the Unit Option Plan is to attract, retain and motivate trustees, officers, employees and consultants of the Trust in order to promote the growth and development of the Trust by providing them with the opportunity through the issuance of Options to acquire an increased proprietary interest in the Trust.

The aggregate number of Units reserved for issuance on exercise of all Options issued under the Unit Option Plan at any given time shall not exceed 10% of the number of outstanding Units at such time, subject to allowable adjustments under the Unit Option Plan. As of December 31, 2020, there were 2,825,000 Units issued and outstanding and the maximum number of Options issuable under the Unit Option Plan is 2,943,485. Unless otherwise approved by disinterested Unitholders, the number of Units issued to insiders of the Trust within any one-year period pursuant to the Unit Option Plan and any other securities based compensation arrangement cannot exceed 10% of the issued and outstanding Units. In addition, the aggregate number of Units reserved for issuance to any one participant in a 12-month period shall not exceed 5% of the number of Units (unless the Trust complies with the policies of the TSXV in respect of exceptions to such limit). The aggregate number of Units reserved for issuance to any one consultant in a 12-month period shall not exceed 2% of the number of outstanding Units. The trustees have discretion as to decisions around the vesting periods under the Unit Option Plan.

Subject to the policies of the TSXV, the exercise price (the “**Exercise Price**”) of any Option shall be fixed by the trustees when such Option is granted, provided that such price shall not be less than the greater of the initial Unit price (being \$5.00 per Unit) and the Discounted Market Price of the Units. For this purpose, “**Discounted Market Price**” shall mean the closing trading price per Unit on the TSXV (or if the Units are not listed on the TSXV, on such stock exchange as the Units are then traded) on the last trading day preceding (i) the issuance of a news release in respect of the Option grant, (ii) the filing of a price reservation form in respect of the Option grant, or (iii) the date of grant, as applicable, on which there was a closing price, less the applicable discount, or, if the Units are not listed on any stock exchange, a price determined by the trustees.

As of December 31, 2020, the Trust had 2,825,000 Options issued and outstanding consisting of the following issuances:

On August 15, 2016, the Trust granted 535,000 Trust unit options at a weighted average exercise price of \$6.05 per Trust Unit. The unit options fully vested on the date of grant and expire on August 15, 2021. The balance as of December 31, 2020, was 465,000 Trust unit options.

On March 26, 2018, the Trust granted 600,000 Trust unit options at a weighted average exercise price of \$6.25 per Trust Unit. 525,000 unit options fully vested on the date of the grant with the remaining 75,000 vesting at one-third each year for the next three years and expire on March 26, 2023. The balance as of December 31, 2020, was 530,000 Trust unit options.

On November 8, 2018, the Trust granted 60,000 Trust unit options at a weighted average exercise price of \$6.35 per Trust Unit. The unit options fully vested on the date of grant and expire on November 8, 2023. The balance as of December 31, 2020, was 60,000 Trust unit options.

On August 14, 2019, the Trust granted 1,400,000 Trust unit options at a weighted average exercise price of \$6.40 per Trust Unit. 1,290,000 unit options fully vested on the date of the grant with the remaining 110,000 vesting at one-third each year for the next three years and expire on August 14, 2024. The balance as of December 31, 2020, was 1,370,000 Trust unit options.

On December 1, 2020, the Trust granted 400,000 Trust Unit options at a weighted average exercise price of \$6.75 per Trust Unit. 360,000 unit options fully vested on the date of the grant with the remaining 40,000 vesting at one-third each year for the next three years and expire on December 1, 2025. The balance as of December 31, 2020, was 400,000 Trust unit options.

Unless limited by the terms of the Unit Option Plan or any regulatory or stock exchange requirement, the Board shall have full and final authority to determine the terms and conditions attached to any Option grant to an eligible participant. The period during which an Option is exercisable shall, subject to certain provisions of the Unit Option Plan requiring acceleration of rights of exercise, be such period as may be determined by the trustees at the time of grant, provided that no Option may be exercised beyond five years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the participant. In addition, each Option shall provide that:

(a) upon the death of the participant, provided the participant was a trustee, employee or consultant of the Trust (collectively, a “**Service Provider**”) for at least one year following the grant of the Options (unless otherwise determined by the Board), the option shall terminate on the date determined by the trustees, which shall not be more than one year from the date of death; and

(b) unless the Board determines otherwise, if the participant shall no longer be a Service Provider to the Trust, the Option shall terminate on the expiry of the period (the “**Termination Date**”) not in excess of 90 days prescribed by the trustees at the time of grant, following the date that the participant ceases to be a Service Provider to the Trust;

provided that the number of Units that the participant (or his heirs or successors) shall be entitled to purchase until the Termination Date shall be the number of Units which the participant was entitled to purchase on the date of death or the date the participant ceased to be a Service Provider to the Trust (other than if the Service Provider is terminated by the Trust for cause).

An Option shall be non-assignable and non-transferable by the participant otherwise than by will or the laws of descent and distribution.

Options granted to any participant that does not continue as a trustee, officer, technical consultant or employee of the Trust, have a maximum term of 90 days after the participant ceases to be a trustee, officer, technical consultant or employee of the Trust.

The trustees may amend or discontinue the Unit Option Plan at any time, provided that no such amendment may, without the consent of the participant, alter or impair any Option previously granted to a participant under the Unit Option Plan and provided further that any amendment to the Unit Option Plan should be subject to prior approval of any stock exchange on which the Units are listed, as required by such exchange, and approval of the Unitholders, if required by such exchange.

Deferred Unit Plan

The Trust has implemented a deferred unit plan (the “**DU Plan**”) which promotes the interests of the Trust by attracting and retaining qualified persons to serve on the Board and to afford such participants in the DU Plan an opportunity to receive a portion of their compensation for serving as a trustee of the Trust in the form of securities of the Trust. Set out below is a summary of the DU Plan.

The Board or a duly constituted committee thereof administers the DU Plan and determines which members of the Board are eligible to participate (the “**DU Participants**”, each trustee being a “**DU Participant**”) and to whom awards of deferred units (“**DUs**”, each a “**DU**”) are made.

Dividend equivalents are awarded in respect of DUs in a DU Participant’s account on the same basis as if the DU Participant was a Unitholder on the relevant record date, and the dividend equivalents are credited to the DU Participant’s account as additional DUs (or fractions thereof).

The maximum number of DUs which may be awarded under the DU Plan is 1,722,402, or such greater number as may be approved from time to time by ordinary resolution of the Unitholders of the Trust, provided that in no event will the total number of Units reserved for issuance under all the Trust’s unit-based compensation arrangements exceed 20% of the then issued and outstanding Units. The aggregate value of DUs awarded to DU Participants within any one-year period under the DU Plan together with all other security based compensation arrangements of the Trust, if any, shall not exceed \$150,000 in value of equity per DU Participant.

Upon a DU Participant ceasing to be a member of the Board, he or she may within one (1) business day immediately following the date on which the DU Participant ceases to hold any position as a trustee of the Trust and its subsidiaries (the “**Termination Date**”) and ending on the ninetieth (90th) day following the Termination Date to redeem his or her DUs. The Board shall determine if the award shall settle in cash or Units, net of any applicable withholding taxes, as follows: (i) a cash payment equal to the number of DUs credited to the DU Participant’s account as of the Termination Date, multiplied by the closing price of a Unit on the TSXV averaged over the five (5) consecutive trading days immediately preceding the Termination Date; (ii) Units purchased on the DU Participant’s behalf on the open market by a broker; or (iii) a combination thereof. Notwithstanding the foregoing, the Trust has the absolute discretion, subject to any necessary Unitholder and regulatory approvals, to issue to the DU Participant such number of Units from the treasury as is equal to the number of DUs, net of the number of DUs that would equal the applicable withholding taxes recorded in the DU Participant’s account on the Termination Date. In the absence of the giving of a notice of redemption, the DU Participant will be deemed to have elected a cash payment. In the event of death of a DU Participant, no notice of redemption shall be required and the Trust shall within one (1) calendar year in the case of a non-U.S. DU Participant, make a lump sum cash payment for the benefit of the trustee, administrator or other legal representative of the individual. The lump sum cash payment would be equivalent to the cash payment on the Termination Date.

Under no circumstances shall DUs be considered Units nor shall they entitle any DU Participant to exercise voting rights or any other rights attaching to the ownership of Units of the Trust nor shall any DU Participant be considered a Unitholder by virtue of the award of DUs.

The rights or interests of a DU Participant under the DU Plan are not assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death. Further, such rights or interests are not to be encumbered.

The Board may from time to time amend, suspend or terminate the DU Plan in whole or in part without further Unitholder approval; however, the DU Plan sets out what the Board may and may not do, without obtaining the approval of Unitholders, in respect of amendments to the DU Plan. A full copy of the DU Plan will be made available to Unitholders upon request and is posted on the Trust's SEDAR profile.

Distribution Reinvestment Plan and Purchase Plan

On January 31, 2013, the Trust implemented its distribution reinvestment plan (the “**DRIP**”) and a unit purchase plan (the “**Purchase Plan**”). Under the terms of the DRIP, Unitholders may elect to automatically reinvest all or a portion of their regular monthly distributions in additional Units. Units purchased through the DRIP are acquired at the weighted average closing price of Units in the five (5) trading days immediately prior to the distribution payment date. Units purchased through the DRIP are acquired either in the open market or issued directly from treasury based on a floor price to be set at the discretion of the Board.

Unitholders who elect to receive Units under the DRIP may also enroll in the Purchase Plan. The Purchase Plan gives each Unitholder resident in Canada the right to purchase additional Units on a monthly basis. Under the terms of the Purchase Plan, 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 under the Purchase Plan may not exceed 2% of the issued and outstanding Units per annum.

For the years ended December 31, 2020 and December 31, 2019, 509 and 8,199 Trust Units were issued, respectively, from treasury for total gross proceeds of \$3,050 and \$55,150, respectively, to Unitholders who elected to receive their distributions but received units under the DRIP.

Summary Compensation Table

The following discussion is intended to supplement the information concerning executive compensation that appears in the table that follows. The executive officers of the Trust are employed by FCRPI and the Trust does not determine the amounts payable to such executive officers or, directly or indirectly, pay any compensation to them. The disclosure below is provided to comply with applicable Canadian securities laws.

The following table provides a summary of compensation earned during the years ended December 31, 2020, December 31, 2019 and December 31, 2018 by the Chief Executive Officer, the Chief Financial Officer and the Co-Chief Investment Officers of the Trust (collectively, the “**Named Executive Officers**”). The information below sets out information concerning compensation paid by FCRPI to the Named Executive Officers that was attributable to the services the Named Executive Officers provided to the Trust.

Name and Principal Position	Fiscal Year	Salary (\$)	Unit-based Awards (\$)	Option-based Awards ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Bonus/Annual Incentive Plan (\$)	Long-term Incentive Plans (\$)			
ROBERT MCKEE, Chief Executive Officer and Trustee ⁽¹⁾	2020	\$355,680	N/A	\$6,585	N/A	N/A	N/A	N/A	\$362,265
	2019	\$705,848	N/A	\$49,874	N/A	N/A	N/A	N/A	\$755,722
	2018	\$289,844	N/A	\$15,095	N/A	N/A	N/A	N/A	\$304,939
SANDY POKLAR, Chief Financial Officer and Trustee ⁽¹⁾	2020	\$119,721	N/A	\$6,585	N/A	N/A	N/A	N/A	\$126,306
	2019	\$396,246	N/A	\$49,874	N/A	N/A	N/A	N/A	\$446,120
	2018	\$214,732	N/A	\$15,095	N/A	N/A	N/A	N/A	\$229,827

Notes:

- (1) The Named Executive Officers do not receive any compensation for acting as Non-Independent Trustees. See “Trustee Compensation”.
(2) Option Based Awards valuation is based on the Black-Scholes option pricing model. For the year ended December 31, 2020, the following are the assumptions used to value the Options: 7.96% distribution yield; 20.0% expected volatility; 0.17% risk free interest rate.

Incentive Plan Awards

The table below sets forth information related to Options held by the Named Executive Officers and Non-Independent Trustees as at the end of the Trust’s most recently completed financial year.

Name	Option-based Awards				Unit-based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-the-Money Options (\$)	Number of Units that have not Vested (\$)	Market or Payout Value of Unit-based Awards that have not Vested (\$)
Robert McKee	60,000	\$6.05	August 15, 2021	\$21,791	N/A	N/A
	60,000	\$6.25	March 26, 2023	\$17,576		
	100,000	\$6.40	August 19, 2024	\$24,782		
	40,000	\$6.75	December 1, 2025	\$6,585		
Sandy Poklar	60,000	\$6.05	August 15, 2021	\$21,791	N/A	N/A
	60,000	\$6.25	March 26, 2023	\$17,576		
	100,000	\$6.40	August 19, 2024	\$24,782		
	40,000	\$6.75	December 1, 2025	\$6,585		
Eli Dadouch	120,000	\$6.05	August 15, 2021	\$43,582	N/A	N/A
	170,000	\$6.25	March 26, 2023	\$49,798		
	400,000	\$6.40	August 19, 2024	\$99,128		
	80,000	\$6.75	December 1, 2025	\$13,169		
Jonathan Mair	40,000	\$6.05	August 15, 2021	\$14,527	N/A	N/A
	40,000	\$6.25	March 26, 2023	\$11,717		
	85,000	\$6.40	August 19, 2024	\$21,064		
	20,000	\$6.75	December 1, 2025	\$3,292		
Victoria Granovski ⁽²⁾	30,000	\$6.35	March 26, 2023	\$8,788	N/A	N/A
	75,000	\$6.40	August 19, 2024	\$18,586		
	20,000	\$6.75	December 1, 2025	\$3,292		

Note:

- (1) Option Based Awards valuation is based on the Black-Scholes option pricing model. For the year ended December 31, 2020, the following are the assumptions used to value the Options: 7.96% distribution yield; 20.0% expected volatility; 0.17% risk free interest rate.
- (2) Victoria Granovski serves the Board as a Non-Independent Trustee

The following table provides a summary of the value vested or earned for incentive plan awards for each Named Executive Officer and Non-Independent Trustee during the Trust's most recently completed financial year.

Name	Option-based Awards – Value Vested during the Year (\$)	Unit-based Awards – Value Vested during the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned during the Year (\$)
Robert McKee	\$6,585	0	0
Sandy Poklar	\$6,585	0	0
Eli Dadouch	\$13,169	0	0
Jonathan Mair	\$3,292	0	0
Victoria Granovski ⁽¹⁾	\$3,292	0	0

Notes:

(1) Victoria Granovski serves the Board as a Non-Independent Trustee

Although the Trust has no formal compensation arrangements in place with the Trust's officers and, in particular, the Named Executive Officers, the Trust may provide a long-term incentive by granting Options pursuant to the Unit Option Plan. The Options granted permit certain key individuals, including the Trust's trustees and the Named Executive Officers, to acquire Units at an exercise price as outlined above. The objective of granting Options is to encourage trustees and executives to acquire an ownership interest in the Trust over a period of time, which acts as a financial incentive for such persons to consider the Trust's long-term interests and those of the Unitholders.

Hedging and Compensation Risk

The Named Executive Officers and trustees of the Trust are not formally prohibited from purchasing financial instruments designed to hedge or offset a decrease in the market value of Units, including Units granted as or underlying Unit-based compensation or otherwise held directly or indirectly by a Named Executive Officer or a trustee.

In light of the Trust's arrangement with FCRPI, the Board does not believe it to be necessary to formally consider the implications of the risks associated with the Trust's compensation policies and practices.

Termination Benefits

The Trust may terminate the Asset Management Agreement on or at any time after November 29, 2022 other than for cause, upon (i) approval of two-thirds of the votes cast by Unitholders and (ii) upon 24 months' prior written notice to FCRPI subsequent to approval of two-thirds of the votes cast by Unitholders.

Upon the termination of the Asset Management Agreement by the Trust other than for cause or upon a breach of the Asset Management Agreement by the Trust, and following receipt of a notice of termination, the Trust shall pay the following to FCRPI:

(A) a fee equal to the greater of:

(i) 2% of the Gross Book Value of the Properties and the Trust's other assets, as reflected in the Trust's most recent financial statements immediately preceding the date that is twelve months prior to the receipt by FCRPI of notice of termination or non-renewal; and

(ii) 2% of the Gross Book Value of the Properties and the Trust's other assets, as reflected on the Trust's most recent financial statements immediately preceding the date on which FCRPI receives the notice of termination or non-renewal; and

(B) any amounts which would have been earned by FCRPI under this Asset Management Agreement in respect of the uncompleted portion of the term of the Asset Management Agreement which includes the notice period.

If the Asset Management Agreement was terminated by the Trust other than for cause as of December 31, 2020, it is estimated that the Trust would be required to pay FCRPI approximately \$19.3 million.

The Trust may terminate the Property Management Agreement on or at any time after November 29, 2022 other than for cause, upon (i) approval of two-thirds of the votes cast by Unitholders and (ii) upon 24 months' prior written notice to FCPMC subsequent to approval of two-thirds of the votes cast by Unitholders.

Upon the termination of the Property Management Agreement by the Trust other than for cause or upon a breach of the Property Management Agreement by the Trust, and following receipt of a notice of termination, the Trust shall pay to FCPMC any amounts which would have been earned by FCPMC in respect of the uncompleted portion of the term of the Property Management agreement which includes the notice period, which amounts shall be satisfied by the payment of cash.

If the Property Management Agreement was terminated by the Trust other than for cause as of December 31, 2020, it is estimated that the Trust would be required to pay FCPMC approximately \$2.9 million.

Trustee Compensation

The following table shows the fee amounts earned by individual non-employee and non-executive trustees (the “**Independent Trustees**”) in respect of their membership on the Board and its committees for the fiscal year ended December 31, 2020.

Name	Annual Fee (\$)	Share-based Award (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	Total Fees Earned (\$)
Stanley Goldfarb	\$31,500	\$3,200	0	0	\$34,700
Lawrence Shulman	\$27,000	\$3,200	0	0	\$30,200
Geoffrey Bledin	\$27,000	\$3,200	0	0	\$30,200
Howard Smuschkowitz	\$27,000	\$3,200	0	0	\$30,200
Manfred Walt	\$27,000	\$3,200	0	0	\$30,200
Jeffrey Goldfarb	\$27,000	\$3,200	0	0	\$30,200
TOTAL	\$166,500	\$19,200	0	0	\$185,700

For the fiscal year ended December 31, 2020, the Chairman of the Board and each trustee that is independent (as such term is defined in National Instrument 52-110 – *Audit Committees*) received remuneration as outlined above. The trustees’ compensation is subject to such amendments as the Independent Trustees may determine from time to time, and the trustees are entitled to reimbursement of their out-of-pocket expenses incurred in acting as trustees. The Trust’s trustees are entitled to participate in the Unit Option Plan.

Incentive Plan Awards – Independent Trustees

The following table provides a summary of all outstanding Options granted to the Independent Trustees to purchase or acquire securities of the Trust, as at December 31, 2020.

Name	Option-Based Awards				Unit-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Units that have not Vested (\$)	Market or Payout Value of Unit-based Awards that have not Vested (\$)	Market or payout value of vested Trust Unit-based awards not paid out or distributed (\$)
Geoffrey Bledin	30,000	\$6.05	August 15, 2021	\$10,896	N/A	N/A	N/A
	30,000	\$6.25	March 26, 2023	\$8,788			
	75,000	\$6.40	August 19, 2024	\$18,587			
	20,000	\$6.75	December 1, 2025	\$3,292			
Stanley Goldfarb	30,000	\$6.05	August 15, 2021	\$10,896	N/A	N/A	N/A
	30,000	\$6.25	March 26, 2023	\$8,788			
	75,000	\$6.40	August 19, 2024	\$18,587			
	20,000	\$6.75	December 1, 2025	\$3,292			
Lawrence Shulman	30,000	\$6.05	August 15, 2021	\$10,896	N/A	N/A	N/A
	30,000	\$6.25	March 26, 2023	\$8,788			
	75,000	\$6.40	August 19, 2024	\$18,587			
	20,000	\$6.75	December 1, 2025	\$3,292			
Howard Smuschkowitz	30,000	\$6.05	August 15, 2021	\$10,896	N/A	N/A	N/A
	30,000	\$6.25	March 26, 2023	\$8,788			
	75,000	\$6.40	August 19, 2024	\$18,587			
	20,000	\$6.75	December 1, 2025	\$3,292			
Manfred Walt	30,000	\$6.05	August 15, 2021	\$10,896	N/A	N/A	N/A
	30,000	\$6.25	March 26, 2023	\$8,788			
	75,000	\$6.40	August 19, 2024	\$18,587			
	20,000	\$6.75	December 1, 2025	\$3,292			
Jeffrey Goldfarb	30,000	\$6.35	November 8, 2023	\$7,865	N/A	N/A	N/A
	75,000	\$6.40	August 19, 2024	\$18,587			
	20,000	\$6.75	December 1, 2025	\$3,292			

Note:

Option Based Awards valuation is based on the Black-Scholes option pricing model. For the year ended December 31, 2020, the following are the assumptions used to value the Options: 7.96% distribution yield; 20.0% expected volatility; 0.17% risk free interest rate.

The following table provides a summary of the value vested or earned for incentive plan awards for each of the Independent Trustees during the fiscal year ended December 31, 2020.

Name	Option-based Awards – Value Vested during the Year (\$)	Unit-based Awards – Value Vested during the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned during the Year (\$)
Geoffrey Bledin	\$3,292	0	0
Stanley Goldfarb	\$3,292	0	0
Lawrence Shulman	\$3,292	0	0
Howard Smuschkowitz	\$3,292	0	0
Manfred Walt	\$3,292	0	0
Jeffrey Goldfarb	\$3,292	0	0

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth details of the Trust's equity compensation plans as of December 31, 2020.

Plan Category	Number of securities to be issued upon exercise of outstanding options/warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of Units remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽²⁾ (c)
Equity compensation plans approved by Unitholders	2,825,000 Options Nil DUs	\$6.36 (Options) Nil (DUs)	109,969 ⁽¹⁾ Options 1,722,402 DUs
Equity compensation plans not approved by Unitholders	N/A	N/A	N/A
Total	2,825,000 Options Nil DUs	\$6.36 (Options) Nil (DUs)	109,969 ⁽¹⁾ Options 1,722,402 DUs

Notes

- (1) Represents the number of Units available for issuance upon exercise of outstanding stock options and redemption of DUs as at December 31, 2020.
- (2) Based on the maximum number of Units reserved for issuance as at December 31, 2020, upon exercise of stock options and redemption of DUs under the Unit Option Plan and DU Plan, respectively.

STATEMENT OF GOVERNANCE PRACTICES

General

The Trust's trustees believe that sound governance practices are essential to the well-being of the Trust and its subsidiaries and the promotion and protection of Unitholders' interests, and that these practices must be reviewed regularly to ensure that they are appropriate. The following describes the Trust's governance practices with reference to National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (collectively, the "**Governance Guidelines**"), which are initiatives of the Canadian Securities Administrators.

The Board and management of the Trust recognize that effective corporate governance practices are fundamental to the long-term success of the Trust. Sound corporate governance contributes to Unitholder value through increased market confidence. In light of the Governance Guidelines and best practice standards in Canada, the Board and management have implemented a sophisticated set of governance policies and procedures and are committed to maintaining a high standard of corporate governance.

Board of Trustees

- (a) Six of the eleven trustees of the Trust are “independent” as such term is defined in the Governance Guidelines. The “independent” trustees are Messrs. Stanley Goldfarb, Jeffrey Goldfarb, Shulman, Bledin, Smuschkowitz, and Walt.
- (b) The Non-Independent Trustees are Mr. McKee, the Chief Executive Officer of the Trust; Mr. Poklar, the Chief Financial Officer of the Trust; Mr. Dadouch, the Co-Chief Investment Officer of the Trust; Mr. Mair, the Co-Chief Investment Officer of the Trust; and Mrs. Granovski the Senior Vice President, Credit & Equity Capital at Firm Capital Corporation.
- (c) Pursuant to the terms of the declaration of trust of the Trust, a majority of the trustees shall be “independent”.
- (d) The following table sets out the trustees of the Trust that are directors or trustees of other reporting issuers.

Name	Name n of Reporting Issuer	Name of Trading Market
Geoffrey Bledin	Firm Capital Apartment REIT	TSX Venture Exchange
	Firm Capital Mortgage Investment Corporation	Toronto Stock Exchange
Eli Dadouch	Firm Capital Apartment REIT	TSX Venture Exchange
	Firm Capital Mortgage Investment Corporation	Toronto Stock Exchange
Stanley Goldfarb	HCI Holdings Corporation	TSX Venture Exchange
	Firm Capital Mortgage Investment Corporation	Toronto Stock Exchange
Jonathan Mair	Firm Capital Mortgage Investment Corporation	Toronto Stock Exchange
	Firm Capital Apartment REIT	TSX Venture Exchange
Sandy Poklar	True North Commercial REIT	Toronto Stock Exchange
	Firm Capital Apartment REIT	TSX Venture Exchange
Lawrence Shulman	Firm Capital Mortgage Investment Corporation	Toronto Stock Exchange
Howard Smuschkowitz	Firm Capital Apartment REIT	TSX Venture Exchange
Manfred Walt	Killam Apartment REIT	Toronto Stock Exchange
Victoria Granovski	Firm Capital Mortgage Investment Corporation	Toronto Stock Exchange

- (e) The Trust has five Non-Independent Trustees who are related to the Trust, the Board believes that it is sufficiently independent from the management of the Trust. The Board facilitates its exercise

of independent judgment by appointing an Independent Trustee as the Chairman of the Board. In addition, the Board and its committees meet annually without management present and have the ability to ask the Non-Independent trustees to leave any meeting in order to facilitate an open and candid discussion among the Independent Trustees.

- (f) The Chairman of the Board, Mr. Stanley Goldfarb, is an “independent” trustee. Mr. Goldfarb’s responsibilities include:
- (i) attending and chairing meetings of the Board and Unitholders;
 - (ii) providing direction with respect to the dates and frequencies of Board meetings and related committee meetings and liaising with the Chief Executive Officer of the Trust to prepare Board meeting agendas;
 - (iii) ensuring that the Board understands the boundaries between Board and management responsibilities; and
 - (iv) ensuring that the Board carries out its responsibilities effectively, which involve the Board meeting on a regular basis without management present and may involve assigning responsibility for administering the Board’s relationship with management to a committee of the Board.
- (g) The following table sets forth, for the period ended December 31, 2020 and the year ended December 31, 2019, the number of Board meetings held and attendance by the Proposed Trustees:

Trustee	Trustee Meetings Attended	Trustee Meetings Attended
	As of December 31, 2020	As of December 31, 2019
Geoffrey Bledin	4 of 4	4 of 5
Eli Dadouch	4 of 4	5 of 5
Stanley Goldfarb	4 of 4	5 of 5
Jonathan Mair	3 of 4	5 of 5
Robert McKee	4 of 4	5 of 5
Sandy Poklar	4 of 4	5 of 5
Lawrence Shulman	4 of 4	5 of 5
Howard Smuschkowitz	4 of 4	5 of 5
Manfred Walt	4 of 4	5 of 5
Victoria Granovski	4 of 4	5 of 5
Jeffrey Goldfarb	4 of 4	5 of 5

Board Mandate

The Board has adopted a written mandate (the “**Mandate of the Board of Trustees**”) to confirm and enhance the Board’s ongoing duties and responsibility for stewardship of the Trust. A copy of the Mandate of the Board of Trustees is attached to this Circular as Schedule “C”. The trustees have assumed responsibility for the stewardship of the Trust and have been granted the necessary powers to carry out their responsibilities. The trustees’ responsibilities include: (a) the development and adoption of the Trust’s strategic planning process; (b) the identification of the principal risks associated with the business, and the implementation of appropriate systems to manage these risks; and (c) the appointment and evaluation of senior management.

Position Descriptions

The Board, together with the Chief Executive Officer, has developed position descriptions for the Chairman of the Board, the Chairman of each of the Investment Committee and the Audit Committee, and the Chief Executive Officer of the Trust. These position descriptions are disclosed in the Mandate of the Board of Trustees, which is attached to this Circular as Schedule “C”.

Orientation and Continuing Education

New Board members are provided with materials to educate them on the Trust and its business, as well as their responsibilities as trustees. This practice is consistent with the Governance Guidelines and enables new trustees to better understand the Trust and his or her role and responsibilities. The Trust requires that at least two-thirds of the Trustees voting on an investment in, or acquisition of, a mortgage, must have had at least ten (10) years of substantial experience in the mortgage or real estate industries. Currently, each of the trustees has over ten (10) years of substantial experience in the real estate industry. Such experience and continued involvement in the real estate industry allows the trustees to make meaningful contributions to the Trust. The trustees do not believe that a formalized education program is required at this time, given the continuing extensive industry experience of each of the trustees.

Code of Business Conduct and Ethics

The Trust has adopted a Code of Business Conduct and Ethics (the “**Code**”), which is available under the Trust’s profile on the SEDAR website at www.sedar.com, that sets out the basic principles to guide the behaviour of trustees, officers and employees of the Trust. The Code addresses the following issues:

- (a) compliance with laws, rules and regulations;
- (b) conflicts of interest;
- (c) confidential information;
- (d) personal opportunities discovered through the use of corporate property, information or positions without the consent of the Board;
- (e) protection and proper use of the Trust’s assets;
- (f) accuracy of records and reporting;
- (g) waivers of the Code;
- (h) reporting of any illegal or unethical behavior; and
- (i) compliance procedures.

Monitoring of accounting, internal controls and auditing matters, as well as violations of the law, the Code and other policies or directives, occurs through the reporting of complaints and concerns using the reporting methods provided for in the Code. The Board monitors compliance with its Code by making enquiries of the appropriate parties at each meeting. Any person can report complaints or concerns, on an anonymous basis if desired, by reporting to the Chairman of the Audit Committee by email, phone or fax.

The Board (or a committee of the Board to whom that authority has been delegated) can grant waivers of compliance with the Code for the benefit of trustees or executive officers in appropriate circumstances. No such waiver has been granted since the adoption of the Code and consequently, the Trust filed no material change report during the last fiscal year pertaining to any conduct of a trustee or executive officer that constituted a departure from the Code.

Nomination of Trustees

The Trust does not currently have a nominating committee. The declaration of trust of the Trust currently provides that there shall be a minimum of three (3) and a maximum of eleven (11) trustees appointed to the Board. Pursuant to the Trust's declaration of trust, FCRPI is entitled to nominate two (2) trustees to the Board.

Compensation

The Trust does not currently have a compensation committee. As a result of the Trust's arrangements with FCRPI, the Trust does not employ any individuals and thus the trustees have determined that there is no need for a separate compensation committee. The compensation of FCRPI is determined based on the provisions of the Asset Management Agreement.

The trustees are responsible for implementing a process for reviewing the adequacy and form of compensation of trustees and ensuring that compensation realistically reflects the responsibilities and risk involved in being a trustee. The Trust requires that remuneration be at a level that will attract and motivate competent trustees. Compensation is also based on the compensation of trustees of similarly situated issuers. In order to ensure an objective process for determining compensation, the trustees, through FCRPI, review compensation paid to trustees of various real estate investment trusts and other publicly traded companies.

Audit Committee

As described in Schedule "D" the Trust has established an Audit Committee comprised of three trustees nominated by the Board, a majority of whom shall be Independent Trustees (as such term is defined in National Instrument 52-110 – *Audit Committees*), and all of whom shall be Financially Literate (defined as having the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements).

Stanley Goldfarb, Geoffrey Bledin and Lawrence Shulman currently comprise the Audit Committee. Each of the members of the Audit Committee are deemed to be Independent Trustees and Financially Literate. Stanley Goldfarb is currently Chairman of the Audit Committee.

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to Unitholders of the Trust and others, the systems of corporate financial controls which management and the Board have established and the audit process.

More specifically, the purpose of the Audit Committee is to satisfy itself that:

- i. the Trust's annual financial statements are fairly presented in accordance with International Financial Reporting Standards and to recommend to the Board whether the annual financial statements should be approved;
- ii. the information contained in the Trust's quarterly financial statements, annual report to Unitholders and other financial publications, such as management's discussion and analysis, is complete and accurate in all material respects and to recommend to the Board whether these materials should be approved;
- iii. the Trust has appropriate systems of internal controls over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements; and
- iv. the external audit functions have been effectively carried out and that any matter which the independent auditor wishes to bring to the attention of the Board has been addressed. The Audit Committee will also recommend to the trustees the re-appointment or appointment of the auditor and their remuneration and will be responsible for overseeing the work of the auditor, including the resolution of disagreements between management and the auditor regarding financial reporting.

The following table is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Trust to prepare its annual and interim financial statements.

<u>Name of Audit Committee Member</u>	<u>Relevant Education and Experience</u>
Stanley Goldfarb (Chairman)	Mr. Goldfarb obtained his Chartered Accountant designation in 1957 and started his own chartered accounting firm in 1959, (Goldfarb, Shulman, Patel & Co. LLP) which is now part of PWC. Mr. Goldfarb also holds an FCPA and FCA designation.
Lawrence Shulman	Mr. Shulman obtained a Bachelor of Commerce degree in 1961 and a Chartered Accountant designation in 1964. From that time, up until his retirement in June 2006, he was a senior partner in the public accounting firm of Goldfarb, Shulman, Patel & Co. LLP. Mr. Shulman has lectured extensively on income tax and is currently involved in estate planning.
Geoffrey Bledin	Geoffrey Bledin, a retired chartered accountant, was the past President and Chief Executive Officer of The Equitable Trust Company from 1990 to 2007 (a deposit taking institution that specializes in residential and commercial real estate lending). Prior to 1990 Mr. Bledin was a partner at Price Waterhouse. Mr. Bledin is also a director of Firm Capital Mortgage Investment Corporation and a trustee of Firm Capital Apartment Real Estate Investment Trust.

Audit Service Fees

Prior to November 12, 2019, the auditors of the Trust were PricewaterhouseCoopers LLP. Subsequent to November 12, 2019, KPMG LLP was appointed auditors of the Trust. KPMG LLP also provides tax services to the Trust and has continued to do so since the Trust's inception. Outlined below are the fees paid to KPMG LLP for both the year ended December 31, 2020 and December 31, 2019, respectively:

	<u>Fees – Fiscal 2020</u>	<u>Fees – Fiscal 2019</u>
Audit Fees ⁽¹⁾	\$95,979	\$94,100
Audit-Related Fees ⁽²⁾	\$11,000	\$153,326
Tax Fees ⁽³⁾	\$36,550	\$34,310
Total	\$143,529	\$281,736

Notes:

- (1) "Audit Fees" include fees billed for audit and review services in respect of the annual and quarterly consolidated financial statements and other regulatory filings.
- (2) "Audit-Related Fees" include fees billed for services related to consultations regarding financial reporting and accounting standards and prospectuses filed during the respective years, and other compliance related matters not included under "Audit Fees".
- (3) "Tax Fees" include fees billed for tax compliance and tax advisory services, including the review of tax returns and other structuring matters.
- (4) "All Other Fees" include fees billed for all other services other than those presented in the categories of "Audit Fees", "Audit-Related Fees" and "Tax Fees", including advisory services and Canadian Public Accountability Board fees.

Acquisition Policies

The Trust has adopted a policy surrounding acquisitions. All potential acquisitions by the Trust must be approved by a majority of trustees. Any and all acquisitions at or below \$10.0 million are approved by the trustees via email or fax resolution, by circulating to all the trustees an acquisition summary report prepared by FCRPI. Any and all acquisitions above \$10.0 million and portfolio acquisitions are approved by the trustees via email or fax subsequent

to a formal Board meeting (either by conference call or in person), trustees are provided with an acquisition summary report prepared by FCRPI, The Board resolution and any and all necessary due diligence materials are circulated prior to approval.

Assessments

The Board is responsible for implementing a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual trustees. In carrying out its responsibilities, the Board is required to periodically review the mandates of the trustees and the Board's committees and to make an assessment of the effectiveness of the trustees. The trustees have determined that the present number of trustees is appropriate for the Board to function at this time and that the Board is properly constituted to reflect the investment of all Unitholders in the Trust. On an ongoing basis, the trustees review the size and composition of the Board.

Unitholder Communication

The Trust has adopted a written Disclosure Policy. The Disclosure Policy reflects the basic principle of securities regulation that all persons investing in securities should have equal access to information that may affect their investment decisions. The Disclosure Policy establishes the Trust's procedure for determining how material information is to be disclosed or disseminated and promotes consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market in accordance with all applicable legal, regulatory and stock exchange requirements.

The Disclosure Policy also deals with how the Trust and its trustees and employees handle material undisclosed information about the Trust. It addresses the Trust's formal disclosure requirements such as annual and quarterly reports, prospectuses and news releases, and information that the Trust posts on its website. It also extends to oral communications, such as speeches by senior management, responses to media inquiries and statements made in meetings with analysts and investors, all of which must comply with the Disclosure Policy.

Board's Expectations of Management

The Board expects management to operate the Trust in accordance with the investment restrictions and operating policies, and to enhance Unitholder value while managing the Trust in a prudent manner. Management is expected to provide regular financial and operating reports to the Board and to make the Board aware of all important issues and major developments, particularly those which may not have been previously anticipated. Management is also expected to find opportunities for acquisitions and dispositions and to make appropriate recommendations to the Board.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS AND INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed elsewhere in this Circular or in the financial statements of the Trust for the year-ended December 31, 2020 (see note 12 - Related Party Transactions), the management of the Trust is not aware of any material interest, direct or indirect, of any informed person of the Trust, any proposed trustee or any officer of the Trust or any of their associates or affiliates in any transaction since the commencement of the Trust's most recently completed financial year, or in any proposed transaction, that has materially affected or will materially affect the Trust.

No (a) trustee or executive officer of the Trust who has held such position at any time since January 1, 2020; (b) Proposed Trustee; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than (i) the election of trustees of the Board, and (ii) the re-approval of the Unit Option Plan.

MANAGEMENT CONTRACTS

The details of the Asset Management Agreement and Property Management Agreement are outlined above in the "Compensation Discussion and Analysis" section of this Circular.

INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS

No trustee or officer of the Trust or any person proposed to be a trustee or officer of the Trust or person who was a trustee or officer of the Trust in the most recently completed financial year, or any affiliate or associate of any such individual, is indebted to the Trust or has any indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Trust.

NORMAL COURSE ISSUER BID

Pursuant to a notice of intention to make a normal course issuer bid dated March 30, 2020, the Trust commenced a normal course issuer bid to purchase up to a maximum of 2,829,746 Trust Units, being approximately 10% of the “public float” of such class of units as at April 3, 2020 (the “Unit NCIB”). The Trust was permitted to purchase its Trust Units from time to time if it believed that the market price of its Trust Units was attractive and that the purchase would be an appropriate use of funds and in the best interests of the Trust. Purchases pursuant to the Unit NCIB could occur on the TSX Venture Exchange between April 8, 2020 and April 7, 2021 at prices not exceeding the market price of the Trust Units at the time of acquisition. The actual number of Trust Units purchased pursuant to the Unit NCIB and the timing of any such purchases was determined by senior management of the Trust.

As at December 31, 2020, the Trust repurchased 795,200 Trust Units for cancellation through its Unit NCIB for gross proceeds of approximately \$4.1 million. The Trust did not repurchase any additional Trust Units between December 31, 2020 and the expiry of the Unit NCIB.

REDEMPTION

On July 29, 2020, a unitholder redeemed 500,000 Trust Units for \$4.23 per Trust Unit for gross proceeds of approximately \$2.1 million.

TRUSTEES’ AND OFFICERS’ LIABILITY INSURANCE

The Trust indemnifies the trustees and officers against certain losses arising from claims against them for their acts, errors or omissions as such. The Trust maintains liability insurance for its trustees and officers. The policy provides insurance for the Trust’s trustees and officers in respect of certain losses arising from claims against them for their acts, errors or omissions in their capacity as trustees or officers. The Trust is also insured against any loss arising out of any payment that the Trust may be required or permitted by law to make to its trustees and officers, the coverage being the same for both groups. The policy limit for such insurance coverage is \$5 million per occurrence in each policy year, with no deductible for individual trustees or officers and a deductible of \$25,000 payable by the Trust per occurrence. The annual premium paid by the Trust in the 2020 fiscal year was \$15,000.

GENERAL

The Trust’s financial statements for the year ended December 31, 2020, together with the report of the auditor thereon, will be presented to the Unitholders at the Meeting for their consideration.

ADDITIONAL INFORMATION

Copies of the Trust’s most recent Annual Information Form, this Circular, and the Annual Report for the year ended December 31, 2020, are available on the SEDAR website at www.sedar.com. In the alternative, copies will be sent by the Trust to any person upon request addressed in writing to the Trust’s secretary at 163 Cartwright Avenue, Toronto, Ontario, M6A 1V5. Such copies will be sent to any Unitholder without charge.

Financial information in respect of the Trust is provided in the Trust’s annual financial statements and associated management’s discussion & analysis for its most recently completed financial year.

CERTIFICATE

The contents and the sending of this Circular have been approved by the Trust's trustees.

DATED as of July 23, 2021.

BY ORDER OF THE BOARD OF TRUSTEES

"Robert McKee"

Chief Executive Officer and Trustee

SCHEDULE “A”
UNIT OPTION PLAN RESOLUTION

BE IT RESOLVED THAT:

1. Subject to regulatory approval, Firm Capital Property Trust’s unit option plan, as amended (the “**Unit Option Plan**”), in the form attached as Schedule “B” to the management information circular of Firm Capital Property Trust (the “**Trust**”) dated July 23, 2021, be and it is hereby re-approved and confirmed, including the reservation for issuance under the Plan at any time of a maximum of 10% of the then issued and outstanding units of the Trust, in accordance with the policies of the TSX Venture Exchange;
2. the unallocated options granted under the Unit Option Plan are hereby approved;
3. upon the valid exercise of any options granted under the Unit Option Plan, including the payment of the applicable exercise price, the underlying trust units in the capital of the Trust (“**Trust Units**”) shall be issued from treasury as fully paid and non-assessable Trust Units; and
4. any trustee or officer of the Trust is authorized and directed, for and on behalf of the Trust, to do, or cause to be done, all such acts and things and execute, whether under the corporate seal or otherwise, and deliver, or cause to be delivered, such other documents, agreements, certificates and statements, as any such trust may deem necessary or desirable in order to carry out the foregoing resolutions, the authority for the execution of such documents, agreements, certificates and statements and the doing of such other acts or things to be conclusively evidenced thereby.

SCHEDULE “B”

UNIT OPTION PLAN

FIRM CAPITAL PROPERTY TRUST

1. PURPOSE OF PLAN

The purpose of this unit option plan (the “**Plan**”) is to attract, retain and motivate Trustees, Officers, Employees and Consultants of FIRM CAPITAL PROPERTY TRUST (the “**Trust**”) in order to promote the growth and development of the Trust by providing them with the opportunity through unit purchase options to acquire an increased proprietary interest in the Trust.

2. DEFINITIONS

In this Plan, capitalized terms not otherwise defined in this Plan have the meanings set forth below. Notwithstanding the foregoing, where defined terms used herein are also defined in the policies of the TSXV and there are discrepancies between said defined terms, the defined term used in the policies of the TSXV shall prevail over the defined term used in this Plan during such period of time as the Trust’s Units are listed on the TSXV.

- (a) “**Administrators**” means the Board of Trustees or such committee of the Board of Trustees to whom the Board of Trustees delegates its powers hereunder.

- (b) “**Affiliate**” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (i) one of them is the subsidiary of the other, or
- (ii) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (i) a Company controlled by that Person, or
- (ii) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

- (c) “**Board of Trustees**” means the board of trustees of the Trust.

- (d) “**Company**”, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual.

- (e) “**Consultant**” means, in relation to the Trust, an individual or Consultant Company, other than an Employee or a Trustee of the Trust, that:

- (i) is engaged to provide on a ongoing bona fide basis, consulting, technical, management or other services to the Trust or to an Affiliate of the Trust, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Trust or the Affiliate and the individual or the Consultant Company;
 - (iii) in the reasonable opinion of the Trust, spends or will spend a significant amount of time and attention on the affairs and business of the Trust or an Affiliate of the Trust; and
 - (iv) has a relationship with the Trust or an Affiliate of the Trust that enables the individual to be knowledgeable about the business and affairs of the Trust.
- (f) **“Consultant Company”** means, for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (g) **“Distribution”** has the meaning ascribed thereto in the *Securities Act* (Alberta).
- (h) **“Eligible Person”** means a Trustee, Employee or Consultant.
- (i) **“Employee”** means:
 - (i) an individual who is considered an employee of (i) the Trust, (ii) an entity that provides asset management or property management services to the Trust or (iii) a subsidiary of the Trust, under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
 - (i) an individual who works full-time for the Trust or its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Trust over the details and methods of work as an employee of the Trust, but for whom income tax deductions are not made at source; or
 - (ii) an individual who works for the Trust or its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Trust over the details and methods of work as an employee of the Trust, but for whom income tax deductions are not made at source.
- (j) **“Insider”**, if used in relation to the Trust, means:
 - (i) a Trustee or senior officer of the Trust;
 - (ii) a director or senior officer of a Company that is an Insider or subsidiary of the Trust;
 - (iii) a Company or individual that beneficially owns or controls, directly or indirectly, voting Units carrying more than 10% of the voting rights attached to all outstanding voting Units of the Trust; or
 - (iv) the Trust itself if it holds any of its own securities.
- (k) **“Intrinsic Value”** means, in respect of each Unit subject to an Option, an amount equal to the difference between:
 - (i) the weighted average price per Unit for the Units for five consecutive trading days ending on the last trading day preceding the date in question on the TSXV (or if the Units are not

listed on the TSXV, on such stock exchange as the Units are then traded), such weighted average price to be determined by dividing the aggregate sale price of all Units sold on the said exchange during the said five consecutive trading days by the total number of Units so sold; and

- (ii) the Exercise Price of the Options.
- (l) **“Investor Relations Activities”** means any activities, by or on behalf of the Trust or a unitholder of the Trust, that promote or reasonably could be expected to promote the purchase or sale of securities of the Trust, but does not include:
- (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Trust:
 - (A) to promote the sale of products or services of the Trust; or
 - (B) to raise public awareness of the Trust;that cannot reasonably be considered to promote the purchase or sale of securities of the Trust;
 - (ii) activities or communications necessary to comply with the requirements of:
 - (A) applicable securities laws; or
 - (B) Exchange Requirements (as defined in the policies of the TSXV) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Trust;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (A) the communication is only through the newspaper, magazine or publication; and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
 - (iv) activities or communications that may be otherwise specified by the TSXV.
- (m) **“Management Company Employee”** means an individual employed by a Company or individual providing management services to the Trust, which are required for the ongoing successful operation of the business enterprise of the Trust, but excluding a Company or individual engaged in Investor Relations Activities.
- (n) **“Outstanding Units”** at the time of any Unit issuance or grant of unit Options means the aggregate number of Units that are outstanding immediately prior to the unit issuance or grant of unit Options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Trust is subject, including, if listed thereon, the TSXV.
- (o) **“Participant”** means an Eligible Person who receives a grant of Options pursuant to Section 4.
- (p) **“Service Provider”** means a Trustee, Employee or Consultant of the Trust.

- (q) “**subsidiary**” has the meaning ascribed thereto in the *Securities Act* (Ontario) as from time to time amended, supplemented or re-enacted.
- (r) “**TSXV**” means the TSX Venture Exchange.
- (s) “**Trustee**” means (i) trustees of the Trust, (ii) directors of an entity providing asset management and property management services, or (iii) directors, senior officers and Management Company Employees of the Trust’s subsidiaries to whom Options can be granted in reliance on a prospectus exemption under applicable securities laws.

3. **ADMINISTRATION**

The Plan shall be administered by the Administrators, who will have the sole and complete authority to interpret the Plan and to adopt, amend and rescind any administrative guidelines, to make all other determinations and to take all such actions necessary or advisable for the implementation and administration of the Plan, subject to termination and amendment provisions. All decisions and determinations of the Administrators respecting the Plan shall be binding and conclusive on the Plan and Participants.

4. **GRANTING OF OPTIONS**

The Administrators may from time to time designate bona fide Trustees, Employees and Consultants (collectively, the “**Eligible Persons**”) to whom options (“**Options**”) to purchase units in the capital of the Trust (“**Units**”) may be granted and the number of Units to be optioned to each (and subject to such additional restrictions and limitations as the policies of the TSXV may impose) subject to the following requirements:

- (a) the aggregate number of Units reserved for issuance on exercise of all Options issued under the Plan at any given time shall not exceed 10% of the number of Outstanding Units at such time, subject to the adjustment as set forth in Section 10 hereof and the other provisions hereof;
- (b) the aggregate number of Units reserved for issuance to any one Participant in a 12-month period shall not exceed 5% of the number of Outstanding Units, unless the Trust complies with the policies of the TSXV in respect of exceptions to such limit;
- (c) notwithstanding Section 4(b), the aggregate number of Units reserved for issuance to any one Consultant in a 12-month period shall not exceed 2% of the number of Outstanding Units;
- (d) notwithstanding Section 4(b), the aggregate number of Units reserved for issuance to all Participants employed to provide Investor Relations Activities in a 12-month period shall not exceed 2% of the number of Outstanding Units;
- (e) unless the approval of the disinterested unitholders of the Trust is obtained, the maximum number of Units reserved for issuance pursuant to Options granted to Insiders at any time may not exceed 10% of the number of Outstanding Units; and
- (f) unless the approval of the disinterested unitholders of the Trust is obtained, the maximum number of Units which may be issued to Insiders within a one year period may not exceed 10% of the number of Outstanding Units;

provided that for the purposes of paragraphs (c) and (d), an entitlement granted prior to the grantee becoming an Insider may be excluded in determining the number of Units issuable to Insiders.

The Units that are reserved for issuance on exercise of Options granted pursuant to this Plan that are cancelled, terminated or expire in accordance with the terms of the Plan prior to the exercise of all or a portion thereof shall be available for a subsequent grant of Options pursuant to this Plan to the extent of any Units issuable there under that are not issued under such cancelled, terminated or expired Options.

5. **VESTING**

- (a) The Administrators may, in their sole discretion, determine the time during which Options shall vest and the method of vesting, acceleration of vesting (including, without limitation, in the case of a takeover bid), or that no vesting restriction shall exist. In the absence of any determination by the Administrators as to vesting, vesting shall be as to one-third on each of the first, second and third anniversaries of the date of grant.
- (b) Notwithstanding the foregoing, unless otherwise permitted by the TSXV, Options issued to Consultants performing Investor Relations Activities must vest in stages over a period of not less than 12 months, with no more than one quarter of the Options vesting in any three month period.

6. **EXERCISE PRICE**

- (a) Subject to the policies of the TSXV, the exercise price (the “**Exercise Price**”) of any Option shall be fixed by the Administrators when such Option is granted, provided that such price shall not be less than the greater of the initial Unit Price (being \$5.00 per Unit) and the Discounted Market Price of the Units. For this purpose, “**Discounted Market Price**” shall mean the closing trading price per Unit on the TSXV (or if the Units are not listed on the TSXV, on such stock exchange as the Units are then traded) on the last trading day preceding (i) the issuance of a news release in respect of the Option grant, (ii) the filing of a Price Reservation Form in respect of the Option grant, or (iii) the date of grant, as applicable, on which there was a closing price, less the applicable discount, or, if the Units are not listed on any stock exchange, a price determined by the Administrators.
- (b) The Trust must obtain disinterested unitholder approval for any reduction in the Exercise Price of an Option that is held by an Insider of the Trust.

7. **OPTION TERMS**

The period during which an Option is exercisable shall, subject to the provisions of the Plan requiring acceleration of rights of exercise, be such period as may be determined by the Administrators at the time of grant, provided that no Option may be exercised beyond five years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Participant (except as provided herein). In addition, each Option shall provide that:

- (a) upon the death of the Participant, provided the Participant was a Service Provider for at least one year following the grant of the Options (unless otherwise determined by the Administrators), the Participant shall terminate on the date determined by the Administrators, which shall not be more than one year from the date of death; and
- (b) unless the Trustees of the Trust determine otherwise, if the Participant shall no longer be a Service Provider to the Trust, the Option shall terminate on the expiry of the period (the “**Termination Date**”) not in excess of 90 days prescribed by the Administrators at the time of grant, following the date that the Participant ceases to be a Service Provider to the Trust;

provided that the number of Units that the Participant (or his heirs or successors) shall be entitled to purchase until the Termination Date shall be the number of Units which the Participant was entitled to purchase on the date of death or the date the Participant ceased to be a Service Provider to the Trust (other than if the Service Provider is terminated by the Trust for cause).

An Option shall be non-assignable and non-transferable by the Participant otherwise than by will or the laws of descent and distribution.

Options granted under this section to any Participant that does not continue as a Trustee, officer, technical consultant or employee of the Trust, have a maximum term of the later of 12 months after the Completion of the Qualifying

Transaction and 90 days after the Participant ceases to become a Trustee, officer, technical consultant or employee of the Trust. Options granted under this section to any Participant employed to provide Investor Relations Activities that ceased to provide Investor Relations Activities to the Trust have a maximum term of 30 days after the date that such Participant ceases to provide such services to the Trust

8. EXERCISE OF OPTION

Subject to the Plan, a Participant (or his or her legal personal representative) may:

- (a) exercise from time to time by delivery to the Trust, at its head office in Toronto, Ontario, of a written notice of exercise (“**Exercise Notice**”) specifying the number of Units with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Units then being purchased. Upon exercise of the Option, the Trust will cause to be issued such Units in the name of the Participant or the Participant’s legal personal representative or otherwise as the Participant may or they may in writing direct; or
- (b) subject to the approval from the exchange on which the Units are then listed (which at the current date will not be provided by the TSX Venture Exchange), exercise the right (the “**Put Right**”) from time to time to require the Trust to purchase all or any part of the Options of the Participant by delivery to the Trust, at its head office in Toronto, Ontario, of a written notice of exercise (“**Put Notice**”) specifying the number of Options with respect to which the Put Right is being exercised. Upon the exercise of the Put Right, the Trust will purchase from the Participant all of the Options specified in the Put Notice at a purchase price (the “**Purchase Price**”) equal to the excess of the Market Price, determined on the date of receipt of the Put Notice by the Trust (the “**Notice Date**”), over the Exercise Price for each Option being purchased under the Put Right. Upon the exercise of the Put Right, the Trust will cause to be delivered to the Participant a cheque representing the Purchase Price within three business days of the Notice Date. Notwithstanding the foregoing, the Administrators may, at their sole discretion, decline to accept the exercise of a Put Right at any time.

For purposes of this Section 8, the Market Price shall have the meaning ascribed to such term in the TSX Venture Exchange Corporate Finance Manual (or, if the Units are not then listed and posted for trading on the TSXV, such price as required by such stock exchange in Canada on which such Units are listed and posted for trading as may be selected for such purpose by the Board of Trustees). In the event that the Units are not listed and posted for trading on any stock exchange in Canada, the Market Price shall be determined by the Board of Trustees in its sole discretion. Notwithstanding the foregoing sentence, in the event that there has been a publicly announced take-over bid, amalgamation or other transaction involving the Units, while such transaction is still outstanding, the Market Price shall be the consideration offered pursuant to such transaction (in the event that the consideration is other than cash, the Board of Trustees shall determine the cash equivalent for the purpose of this provision).

No Option shall be exercised before completion of the Qualifying Transaction (as defined in the TSXV Corporate Finance Manual) unless the Participant agrees in writing to deposit the Units acquired into escrow until the issuance of the Final Exchange Bulletin (as defined in the TSXV Corporate Finance Manual).

9. ALTERATIONS IN UNITS

In the event, at any time or from time to time, that the equity capital of the Trust shall be consolidated or subdivided prior to the exercise by the Participant, in full, of any Option in respect of all of the Units granted, or the Trust shall pay a dividend upon the Units by way of issuance to the holders thereof of additional Units, Options with respect to any Units which have not been purchased at the time of any such consolidation, subdivision or unit dividend shall be proportionately adjusted so that the Participant shall from time to time, upon the exercise of an Option, be entitled to receive the number of Units he would have held following such consolidation, subdivision or unit dividend if the Participant had purchased the Units and had held such Units immediately prior to such consolidation, subdivision or unit dividend. Upon any such adjustments being made, the Participant shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

10. OPTION AGREEMENTS

A written agreement will be entered into between the Trust and each Participant to whom an Option is granted hereunder, which agreement will set out the number of Units subject to Option, the Exercise Price, provisions as to vesting and expiry and any other terms approved by the Administrators, all in accordance with the provisions of this Plan. The agreement will be in such form as the Administrators may from time to time approve or authorize the officers of the Trust to enter into and may contain such terms as may be considered necessary in order that the Option will comply with this Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen, and the rules of any regulatory body having jurisdiction over the Trust.

11. REGULATORY AUTHORITIES APPROVALS

The Plan shall be subject to the approval, if required, of any stock exchange on which the Units are listed for trading. Any Options granted prior to such approval shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

12. AMENDMENT OR DISCONTINUANCE OF THE PLAN

The Administrators may amend or discontinue the Plan at any time, provided that no such amendment may, without the consent of the Participant, alter or impair any Option previously granted to a Participant under the Plan and provided further that any amendment to the Plan should be subject to prior approval of any stock exchange on which the Units are listed, as required by such exchange, and approval of the unitholders of the Trust, if required by such exchange.

13. UNITS DULY ISSUED

Units issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Trust of the Exercise Price therefore in accordance with the terms of the Option and the issuance of Units thereunder will not require a resolution or approval of the Board of Trustees of the Trust.

14. OPTIONS TO OTHER PERSONS AND ENTITIES

The provisions herein in respect of the grant of Options shall apply, with the appropriate modifications, to the grant of Options to any person or other entity to whom an Option could have been transferred as provided in the last paragraph of Section 7 hereof, in which case the Option shall nevertheless be deemed, for purposes of the Plan, to be held by the person that is the Service Provider to the Trust in respect of such person or other entity to whom the Option is actually granted and the Options shall continue to be subject to the terms and conditions of the Plan as if the Service Provider remained the sole holder thereof.

SCHEDULE “C”

FIRM CAPITAL PROPERTY TRUST

MANDATE OF THE BOARD OF TRUSTEES

The Trustees have full, absolute and exclusive power, control and authority over the assets of the Trust and over the affairs of the Trust, subject to the Declaration of Trust. The responsibilities of the board of Trustees described herein do not impose any additional responsibilities or liabilities on the Trustees at law or otherwise.

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Trustees have full, absolute and exclusive power, control and authority over the assets of the Trust and over the affairs of the Trust and in that regard shall be specifically responsible for:

- (i) the adoption of a strategic planning process and approval, on at least an annual basis, of a strategic plan which takes into account, among other things, the opportunities and risks of the Trust’s business and investments and ensures the Trust’s strategic plan is aligned with the long-term interests of unitholders of the Trust;
- (ii) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and senior officers of the Trust and that the Chief Executive Officer and other senior officers create a culture of integrity throughout the organization;
- (iii) the identification of the principal risks for the Trust and ensuring the implementation of appropriate risk management systems;
- (iv) ensuring that the Trust complies with all applicable laws and legal requirements;
- (v) succession planning;
- (vi) adopting a policy which enables the Trust to communicate effectively and addresses how the Trust interacts with all of its stakeholders, including analysts and the public, contains measures for the Trust to avoid selective disclosure and is reviewed at such intervals or times as the board deems appropriate;
- (vii) establishing and maintaining a standing audit committee of the board of Trustees (the **“Audit Committee”**);
- (viii) reviewing and reassessing the adequacy of the terms of reference of the Audit Committee at such intervals or times as the board deems appropriate;
- (ix) receiving recommendations of the Audit Committee respecting, and reviewing and approving, the audited, interim and any other publicly announced financial information of the Trust;
- (x) developing the Trust’s approach to governance;
- (xi) implementing a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual Trustees;
- (xii) implementing a process for examining the size of the board of Trustees and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;

- (xiii) implementing a process for reviewing the adequacy and form of compensation of Trustees and ensuring that compensation realistically reflects the responsibilities and risk involved in being a Trustee;
- (xiv) meeting regularly with management of the Trust, including the Asset and Property Managers (currently Firm Capital Realty Partners Inc., and Firm Capital Properties Inc., respectively), to receive reports respecting the performance of the Trust, new and proposed initiatives, the Trust's business and investments, management concerns and any areas of concern involving the Trust; and
- (xv) meeting regularly without management.

While the board of Trustees is called upon to "manage" the business of the Trust, this is done by proxy through the appointed executives of the Trust. The board of Trustees is responsible for the on-going strategic planning process of the Trust, approves the goals of the business and the strategies and policies within which it is managed, and then steps back and evaluates management performance. Reciprocally, management (which includes the Asset and Property Managers, currently Firm Capital Realty Partners Inc., and Firm Capital Properties Inc., respectively) keeps the board of Trustees fully informed of the progress of the Trust and its subsidiaries towards the achievement of their established goals and of all material deviations from the goals or objectives and policies established by the board of Trustees in a timely and candid manner.

It is recognized that every Trustee in exercising powers and discharging duties must act honestly and in good faith with a view to the best interest of the Trust. Trustees must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, Trustees are expected to carry out their duties in accordance with policies adopted by the board of Trustees from time to time, the current policy being annexed hereto as Appendix "A".

It is expected that management will co-operate in all ways to facilitate compliance by the board of Trustees with its legal duties by causing the Trust and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information to the board of Trustees that may affect such compliance.

RESPONSIBILITIES OF CHAIR

The role and responsibilities of the Chair of the board of Trustees are set out below:

- (i) the Chair shall be expected to attend and chair meetings of the board of Trustees of the Trust and unitholders of the Trust;
- (ii) the Chair shall not be a member of management;
- (iii) the Chair shall not be expected to and shall not perform policy making functions other than in his or her capacity as a Trustee of the Trust. The Chair shall not have the right or entitlement to bind the Trust in his or her capacity as Chair;
- (iv) the Chair shall provide direction with respect to the dates and frequencies of board meetings and related committee meetings and the Chief Executive Officer of the Trust and the Chair shall liaise to prepare board meeting agendas;
- (v) the Chair shall ensure that the board understands the boundaries between board and management responsibilities; and

- (vi) the Chair shall ensure that the board of Trustees carries out its responsibilities effectively, which will involve the board meeting on a regular basis without management present and may involve assigning responsibility for administering the board's relationship with management to a committee of the board.

RESPONSIBILITIES OF THE AUDIT COMMITTEE CHAIR

The role and responsibilities of the Chair of the Audit Committee include:

- (i) acting as a liaison between the Audit Committee and the board of Trustees of the Trust;
- (ii) acting as a liaison between the Audit Committee and senior management of the Trust;
- (iii) acting as a liaison between the Audit Committee and the Trust's internal and external auditors;
- (iv) reporting to the board of Trustees on the activities of the Audit Committee;
- (v) recommending procedures to enhance the activities of the Audit Committee; and
- (vi) chairing meetings of the Audit Committee.

RESPONSIBILITIES OF THE INVESTMENT COMMITTEE CHAIR

The role and responsibilities of the Chair of the Investment Committee include:

- (i) acting as a liaison between the Investment Committee and the board of Trustees of the Trust;
- (ii) acting as a liaison between the Investment Committee and senior management of the Trust;
- (iii) reporting to the board of Trustees on the activities of the Investment Committee;
- (iv) recommending procedures to enhance the activities of the Investment Committee; and
- (v) chairing meetings of the Investment Committee.

RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer of the Trust will:

- (i) manage and supervise the affairs of the Trust;
- (ii) initiate and co-ordinate the strategic planning process for the Trust and recommend to the board of Trustees goals for the business of the Trust and, when approved by the board of Trustees, implement the corresponding strategic, operational and profit plans;
- (iii) report to, and meet regularly and as required with, the board of Trustees and all formally appointed committees of the board of Trustees to review the board of Trustees' and

committee issues and provide the board of Trustees or the relevant committee with all information and access to management necessary to permit the board of Trustees or the relevant committee to fulfil its statutory and other legal obligations on a timely basis;

- (iv) assist in the development of policies of the board of Trustees regarding the public disclosures of the Trust;
- (v) develop and seek the board of Trustees' concurrence for plans for management development and succession in all key positions and then implement such plans;
- (vi) review, with the assistance of the Chief Financial Officer, the financial reporting and public disclosure of the Trust, satisfy himself or herself concerning the processes followed in their preparation and provide the certifications required under applicable securities laws concerning such reporting and disclosure; and
- (vii) assume such other appropriate responsibilities as are delegated to him or her by the board of Trustees.

DECISIONS REQUIRING PRIOR APPROVAL OF THE BOARD OF TRUSTEES

Approval of the board of Trustees shall be required for:

- (i) distributions;
- (ii) all acquisitions/dispositions;
- (iii) related party transactions;
- (iv) the release of any financial information to be publicly disseminated;
- (v) the issuance or repurchase of Trust units or other securities of the Trust;
- (vi) the terms of reference of committees of the board; and
- (vii) any other matter that would give rise to a "material change" to the Trust.

The foregoing list is intended to specify particular matters requiring board approval and is not intended to be an exhaustive list.

MEASURES FOR RECEIVING UNITHOLDER FEEDBACK

All publicly disseminated materials of the Trust shall provide for a mechanism for feedback of unitholders. Persons designated to receive such information shall be required to provide a summary of the feedback to the Trustees on a semi-annual basis or at such other more frequent intervals as they see fit.

MEETINGS

The board of Trustees will meet not less than four times per year to review quarterly results. A quorum for the meetings shall be at least two-fifths of the Trustees, at least one of whom shall, and, one of whom shall not be, an Independent Trustee.

MEETING GUIDELINES

Trustees will be expected to have read and considered the materials sent to them in advance of each meeting, and to be prepared to discuss the matters contained in such materials at the meeting. The notice of meeting will highlight significant matters to be dealt with at each meeting so that Trustees can focus on reviewing the related materials. Senior management will be made accessible to Trustees at board meetings and committee meetings to fulfill their obligations.

REMUNERATION

Remuneration shall be at a level that will attract and motivate competent members.

TELEPHONE BOARD MEETINGS

Trustees may participate in a meeting of the Trustees or in a committee meeting by means of telephone or such other communications facilities as permit all persons participating in the meeting to hear each other and a Trustee participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the board of Trustees to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters telephone board meetings may be required to be called in order for Trustees to be in a position to better fulfill their legal obligations. Alternatively, management may request the Trustees to approve certain matters by unanimous consent.

EXPECTATIONS OF MANAGEMENT

Management shall be required to report to the board of Trustees at the request of the board on the performance of the Trust, new and proposed initiatives, the Trust's business and investments, management concerns and any other matter the board or its Chair may deem appropriate. In addition, the board expects management to promptly report to the Chair of the board any significant developments, changes, transactions or proposals respecting the Trust or its subsidiaries.

APPENDIX “A” TO SCHEDULE “C”
POLICY OF PRACTICES FOR TRUSTEES

ATTENDANCE AT MEETINGS

Each Trustee is expected to have a very high record of attendance at meetings of the board of Trustees, and at meetings of each committee on which the Trustee sits. A Trustee is expected to:

- (i) advise the Chair as to planned attendance at board and committee meetings shortly after meeting schedules for the year have distributed;
- (ii) advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and
- (iii) attend a meeting by conference telephone if unable to attend in person.

PREPARATION FOR MEETINGS

Trustees are expected to carefully review and consider the materials distributed in advance of a meeting of the board of Trustees or a committee of the board of Trustees. Trustees are also encouraged to contact the Chair, the Chief Executive and any other appropriate officers to ask questions and discuss agenda items prior to meetings.

CONDUCT AT MEETINGS

Trustees are expected to ask questions and participate in discussions at meetings, and to contribute relevant insights and experience. In discussions at meetings, a Trustee should:

- (i) be candid and forthright;
- (ii) not be reluctant to express views contrary to those of the majority;
- (iii) be concise and, in most circumstances, respect the time constraints of a meeting; and
- (iv) be courteous to and respectful of other Trustees and guests in attendance.

KNOWLEDGE OF THE TRUST’S BUSINESS

Trustees are expected to be knowledgeable with respect to the various fields and divisions of business. Trustees should:

- (i) ask questions of management and other Trustees, at meetings and otherwise, to increase their knowledge of the business of the Trust;
- (ii) familiarize themselves with the risks and challenges facing the business of the Trust;
- (iii) read all internal memoranda and other documents circulated to the Trustees, and all reports and other documents issued by the Trust for external purposes;
- (iv) insist on receiving adequate information from management with respect to a proposal before board approval is requested;
- (v) familiarize themselves with the Trust’s competitors by, among other things, reading relevant news, magazine and trade journal articles; and

- (vi) familiarize themselves with the legal and regulatory framework within which the Trust carries on its business.

PERSONAL CONDUCT

Trustees are expected to:

- (i) exhibit high standards of personal integrity, honesty and loyalty to the Trust;
- (ii) project a positive image of the Trust to news media, the financial community, governments and their agencies, unitholders and employees;
- (iii) be willing to contribute extra efforts, from time to time as may be necessary including, among other things, being willing to serve on committees of the board; and
- (iv) disclose any potential conflict of interest that may arise with the business or affairs of the Trust and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

SCHEDULE “D”

CHARTER OF THE AUDIT COMMITTEE

FIRM CAPITAL PROPERTY TRUST (the “Trust”)

1. PURPOSE

The purpose of the Audit Committee (the “Committee”) is to assist the board of trustees of the Trust (the “Board”) in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to unitholders of the Trust and others, the systems of corporate financial controls which management and the Board have established and the audit process.

More specifically the purpose of the Committee is to satisfy itself that:

- A. The Trust’s annual financial statements are fairly presented in accordance with Canadian IFRS reporting standards and to recommend to the Board whether the annual financial statements should be approved.
- B. The information contained in the Trust’s quarterly financial statements, annual report to unitholders and other financial publications, such as management’s discussion and analysis, is complete and accurate in all material respects and to recommend to the Board whether these materials should be approved.
- C. The Trust has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements.
- D. The external audit functions have been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board has been addressed. The Committee will also recommend to the Board the re-appointment or appointment of auditors and their remuneration and will be responsible for overseeing the work of the auditors, including the resolution of disagreements between management and the auditors regarding financial reporting.

2. COMPOSITION AND TERMS OF OFFICE

- A. Following each annual meeting of unitholders of the Trust, the Board shall appoint not less than three trustees to serve on the Committee, all three of whom shall be Independent Trustees (as such term is defined in Multilateral Instrument 52-110 – *Audit Committees*), and Financially Literate (defined as having the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements). The exception to this rule will be while the Trust is listed on the TSX Venture Exchange (“TSXV”). Under subsection 21(a) of TSXV Policy 3.1 (“Directors, Officers, Other Insiders & Personnel and Corporate Governance”) a TSXV-listed issuer must have an “audit committee comprised of at least three directors, the majority of whom are not Officers, employees or Control Persons of the Issuer or any of its Associates or Affiliates”. As such, the Trust requires that only a majority of the board members sitting on the Audit Committee be Independent Trustees.
- B. The chair of the Committee shall be appointed by the Board and shall be an Independent Trustee.
- C. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a trustee of the Trust. Each member of the Committee shall hold office until the close of the next annual meeting of unitholders of the Trust or until the member resigns or is replaced, whichever first occurs.

- D. The Committee will meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements. Additional meetings may be held as deemed necessary by the chair of the Committee or as requested by any member of the Committee or by the internal or external auditors. At least 48 hours' notice shall be given in advance of any meeting of the Committee, subject to waiver of such notice period by all the members of the Committee.
- E. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
- F. A quorum for the transaction of business at all meetings of the Committee shall be a majority of the members of the Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present, and in case of an equality of votes, the Chair of the Committee shall have a second casting vote.
- G. The Committee may invite such Trustees, Officers and employees of the Trust as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the business of the Committee, but without voting rights.
- H. The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.
- I. Supporting schedules and information reviewed by the Committee will be available for examination by any trustee upon request to the Secretary of the Committee.
- J. The Committee shall choose as its secretary such person as it deems appropriate.
- K. The external auditors shall be given notice of, and have the right to appear before and to be heard at, every meeting of the Committee, and shall appear before the Committee when requested to do so by the Committee.

3. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board and the ability of the Board to re-assume such delegated powers and duties, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

A. Financial Reporting Control Systems

The Committee shall:

- i. review reports from senior officers of the Trust outlining any significant changes in financial risks facing the Trust;
- ii. accept reports directly from the external auditors;
- iii. review the management letter of the external auditors and the Trust's responses to suggestions made;
- iv. annually review the terms of reference of the Committee;

- v. review any new appointments to senior positions of the Trust with financial reporting responsibilities; and
- vi. obtain assurance from the external auditors regarding the overall control environment and the adequacy of accounting system controls.

B. Interim Financial Statements

The Committee shall:

- i. review interim financial statements with Officers of the Trust prior to their release and provide to the Board a recommendation as to whether such interim financial statements should be approved; this will include a detailed review of quarterly and year-to-date results;
- ii. review narrative comment accompanying interim financial statements; and
- iii. review earnings press releases.

C. Annual Financial Statements and Other Financial Information

The Committee shall:

- i. review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
- ii. obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
- iii. obtain draft annual financial statements in advance of the Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by Officers of the Trust;
- iv. review a summary provided by the Trust's legal counsel of the status of any material pending or threatened litigation, claims and assessments;
- v. discuss the annual financial statements and the auditors' report thereon in detail with Officers of the Trust and the auditors;
- vi. review the annual report and other annual financial reporting documents including management's discussion and analysis and press releases;
- vii. provide to the Board a recommendation as to whether the annual financial statements should be approved;
- viii. review insurance coverage including trustees' and officers' liability coverage;
- ix. review payments to the Asset and Property Managers (currently Firm Capital Realty Partners Inc. and Firm Capital Properties Inc., respectively) pursuant to the Asset and Property Management Agreements and report thereon to the Board; and
- x. approve and implement procedures for reviewing financial information extracted or derived from the financial statements and periodically assess the adequacy of those procedures.

D. External Audit Terms of Reference, Reports, Planning and Appointment

The Committee shall:

- i. review the audit plan with the external auditors;
- ii. discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters;
- iii. establish procedures for the receipt, retention and treatment of complaints regarding accounting or auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;
- iv. pre-approve all non-audit services provided by the independent auditors;
- v. approve the hiring of employees who were employed with the independent auditors or former auditors;
- vi. recommend to the Board each year the retention or replacement of the external auditors; if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition;
- vii. annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor;
- viii. receive confirmation from external auditors as to their independence;
- ix. request and review any correspondence from the Ontario Securities Commission and TSXV; and
- x. have the authority to set and pay the compensation for any advisors employed by the Committee.

4. ACCOUNTABILITY

- A. The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- B. The Committee is empowered to investigate any activity of the Trust and all employees are to co-operate as requested by the Committee. The Committee may retain persons having special expertise to assist it in fulfilling its responsibilities.
- C. The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external auditors, senior management, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee, including Trustees, Officers and employees of the Trusts

