



Firm Capital Property Trust (FRMUF)

Updated November 27th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$4.38	5 Year Annual Expected Total Return:	5.2%	Market Cap:	\$158 M
Fair Value Price:	\$3.80	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	12/31/2025
% Fair Value:	115%	5 Year Valuation Multiple Estimate:	-2.8%	Dividend Payment Date:	01/15/2026
Dividend Yield:	8.4%	5 Year Price Target	\$3.80	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Real Estate	Rating:	Sell

Overview & Current Events

Firm Capital Property Trust is a Canadian REIT that owns and co-owns a diversified portfolio of income-producing real estate across three core segments: industrial, multi-residential/manufactured home communities (MHCs), and grocery-anchored and service-based retail. The Trust emphasizes capital preservation and disciplined investing, often partnering with institutional-grade operators through joint ventures. As of its latest report, the portfolio consists of approximately 2.43 million square feet of commercial space, 599 multi-residential units, and 537 manufactured home community sites, with assets diversified across Ontario, Quebec, Alberta, and Atlantic Canada. The portfolio is widely diversified by geography and tenant base, with a strong focus on necessity-driven uses and high occupancy across asset classes. The Trust pays dividends on a monthly basis and currently has a market cap of \$158 million. The REIT reports its figures in CAD. We have converted all figures in USD unless otherwise noted.

On November 6th, 2025, Firm Capital posted its Q3 results for the period ending September 30th, 2025. Rental revenue totaled about \$10.72 million, driven by stable occupancy across its retail, industrial, multi-residential, and manufactured home communities, all of which continued to operate at high utilization levels. Net operating income (NOI) came in at approximately \$6.84 million, reflecting steady operating performance despite inflationary cost pressures. Funds from Operations (FFO) were roughly \$3.28 million, or about \$0.089 per unit. For this year, we project FFO per share of \$0.38.

Growth on a Per-Share Basis

Year	2025	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO/U	---	---	\$0.51	\$0.37	\$0.37	\$0.43	\$0.36	\$0.40	\$0.38	\$0.39	\$0.38	\$0.38
DPU	\$0.29	\$0.32	\$0.35	\$0.34	\$0.37	\$0.39	\$0.40	\$0.38	\$0.39	\$0.36	\$0.37	\$0.37
Units¹	11.4	12.7	13.6	17.5	30.6	29.3	34.0	37.1	36.9	36.9	36.9	40.0

Over the past several years, Firm Capital Property Trust's FFO/unit has been mostly trending downward in USD terms. FX movements have generally negatively affected the metric in recent years. However, several other factors played a role as well. In 2017, FFO/unit was \$0.51, supported by strong leasing activity, a smaller and more concentrated portfolio, and relatively low borrowing costs. However, by 2018, FFO declined to \$0.37, where it remained flat through 2019. This period saw the Trust expanding more aggressively into joint venture structures, which, while accretive on an absolute basis, diluted per-unit metrics due to partial ownership of new properties.

In 2020, FFO/unit rose modestly to \$0.43, despite the onset of the COVID-19 pandemic. This resilience was largely driven by the nature of the portfolio, as Firm Capital focused heavily on essential and necessity-based real estate like grocery-anchored retail, industrial, and multi-residential assets, which continued to perform through the crisis.

FFO fell to \$0.36 USD in 2021 due to pandemic-related leasing delays, high operating costs, and low interest rates. It rebounded to \$0.40 in 2022 with stabilized leasing and improved occupancy, but edged down to \$0.38 in 2023 amid rising interest expenses and slower growth in tighter capital markets. In 2024, results were mostly stable.

¹ Share count is in millions.

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Moving forward, we don't forecast any growth in FFO/unit and DPU, as interest rate and FX headwinds could continue pressuring profitability. Note that the dividend grew annually between 2015 and 2022 but has since remained stable in CAD terms.

Valuation Analysis

Year	2025	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	13.5	11.6	13.5	14.7	10.3	10.0	10.3	11.5	10.0
Avg. Yld.	---	---	---	6.8%	8.6%	6.7%	7.5%	9.3%	10.3%	9.0%	8.4%	9.7%

Firm Capital's P/FFO has generally traded in the 10x to 14x range in recent years, reflecting a balance between its stable income profile and more modest growth outlook. The stock has historically been viewed as a conservative, income-focused REIT, which has kept valuations steady but not stretched. However, given the lack of notable growth prospects, we have set our fair multiple at 10x, implying the possibility of further valuation headwinds ahead. Their dividend yield, now at 8.4%, should be the main driver of investor returns moving forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

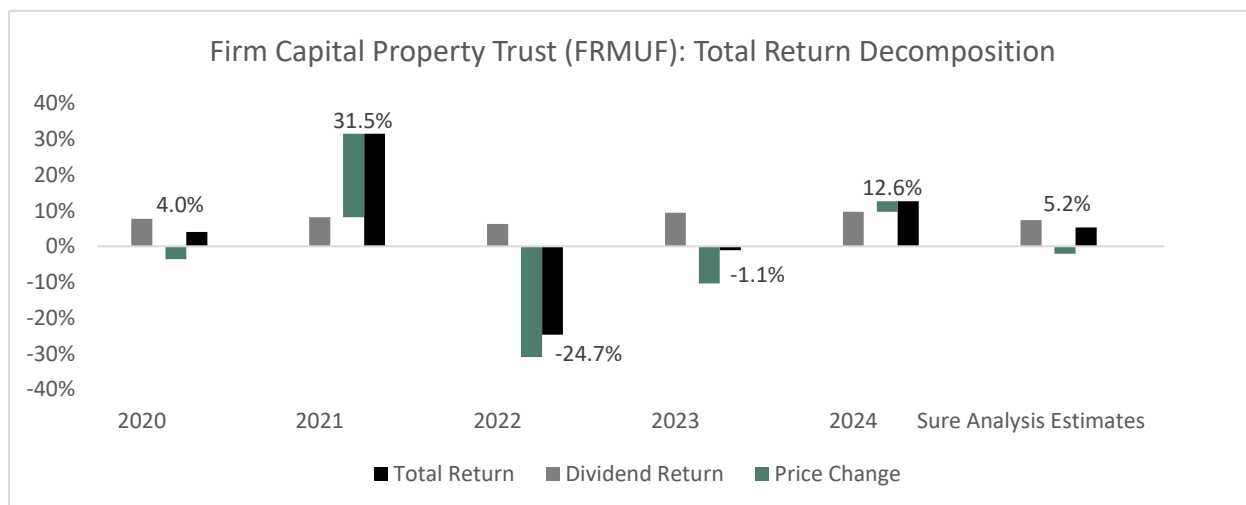
Year	2025	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	69%	92%	100%	91%	111%	95%	103%	92%	97%	97%

Firm Capital emphasizes capital preservation and income stability, with a diversified property portfolio across industrial, residential, MHCs, and necessity-based retail, industries sectors known for their strength in downturns. High occupancy, prudent leverage, and a joint venture model enhance safety and limit downside risk. Its focus on critical-use properties in strong secondary markets provides a niche competitive advantage. However, its conservative growth strategy and limited scale compared to larger REITs can cap upside in bull markets, and rising interest rates or refinancing costs could pressure cash flows over time. We also remain cautious of the Trust's ability to maintain the current level of distribution should its FFO face additional pressure moving forward.

Final Thoughts & Recommendation

Firm Capital offers hefty distributions backed by essential-use assets and high occupancy, but limited growth, elevated interest costs, and a tight AFFO payout ratio raise questions about the long-term sustainability of its current yield. We rate the trust as a sell today, despite forecasting mid-single-digit annual total returns ahead (to be driven mainly by the starting yield, offset by a valuation headwind), due to the lack of dividend increases in local currency in recent years.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	10	12	15	17	27	33	37	42	43	44
Gross Profit	6	7	9	10	17	21	24	27	27	26
Gross Margin	58.9%	58.0%	59.7%	59.5%	63.6%	64.1%	65.1%	65.6%	63.9%	59.1%
SG&A Exp.	1	1	2	2	3	3	6	3	3	2
Operating Profit	5	6	7	9	14	18	18	24	24	24
Operating Margin	49.3%	46.8%	48.8%	50.2%	52.0%	55.6%	47.8%	58.1%	56.5%	54.5%
Net Profit	7	6	13	12	27	12	47	(1)	11	25
Net Margin	72.3%	49.0%	84.0%	71.8%	98.8%	35.5%	126%	-2.2%	26.7%	56.8%
Free Cash Flow	(3)	(21)	(4)	2	(118)	9	(38)	(43)	17	22

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	96	124	161	163	364	377	452	467	480	454
Cash & Equivalents	3	0	-	3	10	4	5	4	6	6.4
Accounts Receivable	1	1	1	1	2	2	2	1	2	1.8
Total Liabilities	47	66	87	71	188	202	220	249	261	241
Accounts Payable	45	62	83	68	181	195	208	240	253	
Long-Term Debt	48	57	74	91	175	175	232	218	220	232
Shareholder's Equity	0.93	1.09	1.13	0.74	1.03	1.11	0.89	1.10	1.15	213
LTD/E Ratio	96	124	161	163	364	377	452	467	480	1.09

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.3%	5.5%	8.8%	7.5%	10.2%	3.2%	11.2%	-0.2%	2.4%	5.3%
Return on Equity	16.4%	11.4%	19.1%	14.8%	20.2%	6.7%	22.9%	-0.4%	5.2%	11.4%
ROIC	8.5%	5.6%	9.0%	7.7%	10.4%	3.3%	11.5%	-0.2%	2.4%	5.4%
Shares Out.	11.4	12.7	13.6	17.5	30.6	29.3	34.0	37.1	36.9	36.9
Revenue/Share	0.89	0.97	1.10	0.97	0.89	1.13	1.09	1.12	1.15	1.20
FCF/Share	(0.31)	(1.64)	(0.26)	0.09	(3.86)	0.30	(1.10)	(1.15)	0.45	0.59

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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