



# PRO REAL ESTATE INVESTMENT TRUST

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND  
FINANCIAL CONDITION  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

November 8, 2023



# Built for Sustainable Growth and Performance

## ABOUT PROREIT

PROREIT is a Canadian industrial-focused real estate investment trust, owning and managing a portfolio of high-quality commercial properties located in mid-sized cities benefiting from robust economies. Founded in 2013, we are present in ten Canadian provinces, with a high concentration in Eastern and Central Canada.

**126**  
Number  
of Properties <sup>(1)</sup>

**6.4M**  
Gross Leasable Area ("GLA")  
(Square Feet) <sup>(1)</sup>

**98.2%**  
Occupancy  
Rate <sup>(2)</sup>

## HIGH QUALITY PORTFOLIO WITH A STRONG INDUSTRIAL FOCUS



**81%**  
GLA - Industrial <sup>(1)</sup>



**14%**  
GLA - Retail <sup>(1)</sup>



**5%**  
GLA - Office <sup>(1)</sup>

## Q3 2023 HIGHLIGHTS (FOR THE NINE MONTH PERIOD)

**\$1.05B**  
Total  
Assets <sup>(1)</sup>

**\$3.0M**  
Fair Value Gains  
on Investment Properties

**3.0%**  
Property Revenue  
Increase <sup>(4)</sup>

**\$26.1M**  
Net Income and  
Comprehensive Income

**\$43.0M**  
Net Operating Income

**93.5%**  
AFFO Payout  
Ratio – Basic <sup>(3)</sup>

**3.76%**  
Weighted Average Interest  
Rate on Mortgage Debt

**\$46M**  
In Available  
Credit Facility <sup>(1)</sup>

## SIGNIFICANT VALUE EMBEDDED IN OUR PORTFOLIO

**88.8%**  
of 2023 GLA has been  
Renewed at 43.9% Positive Average Spreads <sup>(1)</sup>

**68.9%**  
of Base Rent from National and  
Government Tenants <sup>(1)</sup>

## OUR COMMITMENT TO SUSTAINABILITY

➤ Second annual ESG report published in May 2023

➤ Creation of ESG steering committee, responsible for day-to-day management of ESG program

(1) As at September 30, 2023. Of the 126 properties, 84 are 100% owned and 42 are 50% owned. For properties that are 50% owned, GLA numbers reported herein represent 50% of the total GLA of such properties.

(2) Includes committed space of approximately 155,200 square feet, as at September 30, 2023. The occupancy rate at September 30, 2023 excludes a retail property and an industrial property totalling 84,000 square feet, both of which are under redevelopment.

(3) Represents a non-IFRS measure. See "Non-IFRS Measures".

(4) Comparison period is the nine month period ended September 30, 2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

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120 Troop Avenue, Dartmouth, Nova Scotia

To my fellow unitholders:

While the real estate market continues to face certain macro-economic challenges, PROREIT maintained its operating momentum in the third quarter of 2023, a testament to our properties and our platform. Through this turbulence, we have remained committed to reducing debt on our balance sheet and managing our risks to reinforce our solid foundation.

#### **Ongoing momentum in third quarter of 2023**

Overall, our results for the third quarter reflect our sustained operating environment and commitment to executing on our long-term strategy. However, our operating performance is not directly comparable year-over-year as we owned 126 properties at September 30, 2023, compared to 132 properties at the same date in 2022 (both dates including a 50% ownership interest in 42 properties). Consequently, our Net Operating Income ("NOI") stood at \$14.1 million for the third quarter of 2023, a decrease of 5.1% compared to the same period last year, mainly as a result of the decrease in the number of properties owned.

Our Same Property NOI<sup>(1)</sup> increased 1.7% in the third quarter year-over-year, without the previously announced impact of the temporary vacancy in a 102,000 square foot industrial property. This property is fully leased as of October 1, 2023 at an average positive spread of 55%, under long-term leases with annual rent steps. We will see the full benefits of this attractive renewal reflected in our fourth quarter this year and, more specifically, positively impacting our NOI, AFFO Payout Ratio<sup>(1)</sup>, and Same Property NOI<sup>(1)</sup>.

On our balance sheet, our Available Liquidity<sup>(1)</sup> remains high with \$46.0 million available from our credit facility and \$11.4 million in cash at September 30, 2023. We also reduced our debt and credit facility by \$10.4 million and \$4.0 million, respectively, this quarter compared to June 30, 2023 and I am pleased to note that only 2.7% of our total debt is at a variable rate. With our well-staggered debt profile, our mortgage maturity exposure is limited, with approximately \$25 million for the remainder of 2023 and \$27 million for 2024.

On the capital allocation front, our strategy remains on course, which includes the regular distribution payments to our unitholders.

#### **Fundamental strength of our portfolio**

Our portfolio continues to generate organic growth as a result of our sustained high occupancy rate and successful GLA renewals, with 88% of GLA maturing in 2023 having been renewed at 43.9% average spreads. Furthermore, approximately 17.9% of GLA maturing in 2024 has been renewed at 29.7% average spread. We look forward to incremental cash flows from our organic growth and GLA renewal.

As we execute on our strategy to focus on the industrial sector, we have successfully sold four non-core properties to date this year for total proceeds of approximately \$13.4 million, so that now our industrial segment accounts for 81.3% of our portfolio's GLA and 71.7% of our base rent at September 30, 2023. We have also entered into binding agreements to sell two additional non-core properties in our retail segment for total gross proceeds of approximately \$10.9 million, which are expected to close in the fourth quarter of 2023, subject to standard closing conditions.

#### **Continued focus on our strategy**

Given our portfolio's fundamentals, we are well-positioned to capitalize on future growth in markets where we have a strong presence. One example of such a market is Halifax, which is experiencing rapid population growth and is poised to receive major public and private sector investments because of that surge.

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

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Our entire team remains focused on maximizing long-term value for all our stakeholders – from our tenants to our unitholders. As always, our strategy is to strengthen our portfolio, prudently manage our balance sheet and take a disciplined approach to managing our capital. To our most valued asset, our stakeholders - thank you to my team for their dedication, to our tenants for their partnership and to you, our unitholders, for your trust and support.

(signed) Gordon G. Lawlor, CPA  
President and Chief Executive Officer

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**PART I**

**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

	September 30 2023	September 30 2022
<b>Operational data</b>		
Number of properties	126	132
Gross leasable area (square feet) ("GLA")	6,420,336	6,544,630
Occupancy rate <sup>(1)</sup>	98.2 %	97.9 %
Weighted average lease term to maturity (years)	4.0	4.2

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended September 30 2023	3 Months Ended September 30 2022	9 Months Ended September 30 2023	9 Months Ended September 30 2022
<b>Financial data</b>				
Property revenue	\$ 24,052	\$ 24,086	\$ 74,275	\$ 72,140
Net operating income (NOI)	\$ 14,054	\$ 14,808	\$ 43,044	\$ 43,158
Same Property NOI <sup>(2)</sup>	\$ 11,893	\$ 12,041	\$ 35,612	\$ 35,371
Net income and comprehensive income	\$ 11,265	\$ 19,547	\$ 26,055	\$ 78,038
Net income and comprehensive income per Unit - Basic <sup>(3)</sup>	\$ 0.1861	\$ 0.3234	\$ 0.4308	\$ 1.2910
Net income and comprehensive income per Unit - Diluted <sup>(3)</sup>	\$ 0.1836	\$ 0.3172	\$ 0.4243	\$ 1.2679
Total assets	\$ 1,047,114	\$ 1,040,368	\$ 1,047,114	\$ 1,040,368
Total liabilities	\$ 552,267	\$ 552,561	\$ 552,267	\$ 552,561
Debt (current and non-current)	\$ 474,492	\$ 489,849	\$ 474,492	\$ 489,849
Adjusted Debt to Gross Book Value <sup>(2)</sup>	50.0 %	49.8 %	50.0 %	49.8 %
Interest Coverage Ratio <sup>(2)</sup>	2.4x	2.7x	2.5x	2.8x
Debt Service Coverage Ratio <sup>(2)</sup>	1.5x	1.6x	1.5x	1.6x
Debt to Annualized Adjusted EBITDA Ratio <sup>(2)</sup>	9.8x	9.5x	9.8x	9.8x
Weighted average interest rate on mortgage debt	3.76 %	3.69 %	3.76 %	3.69 %
Net cash flows provided from operating activities	\$ 11,036	\$ 10,975	\$ 22,237	\$ 19,904
Funds from Operations (FFO) <sup>(2)</sup>	\$ 6,531	\$ 6,845	\$ 18,749	\$ 22,790
Basic FFO per unit <sup>(2)(3)</sup>	\$ 0.1079	\$ 0.1132	\$ 0.3100	\$ 0.3770
Diluted FFO per unit <sup>(2)(3)</sup>	\$ 0.1064	\$ 0.1111	\$ 0.3053	\$ 0.3703
Adjusted Funds from Operations (AFFO) <sup>(2)</sup>	\$ 7,030	\$ 7,931	\$ 21,834	\$ 23,606
Basic AFFO per unit <sup>(2)(3)</sup>	\$ 0.1161	\$ 0.1312	\$ 0.3610	\$ 0.3905
Diluted AFFO per unit <sup>(2)(3)</sup>	\$ 0.1146	\$ 0.1287	\$ 0.3556	\$ 0.3835
AFFO Payout Ratio – Basic <sup>(2)</sup>	96.9 %	85.7 %	93.5 %	86.4 %
AFFO Payout Ratio – Diluted <sup>(2)</sup>	98.2 %	87.4 %	94.9 %	88.0 %

<sup>(1)</sup> Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balanced reporting. The committed space at September 30, 2023 was approximately 155,200 square feet of GLA (107,700 square feet of GLA at September 30, 2022). The occupancy at September 30, 2023 excludes a retail property and an industrial property totalling 84,000 square feet under redevelopment.

<sup>(2)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

<sup>(3)</sup> Total basic units consist of Units (as defined herein) and Class B LP Units (as defined herein). Total diluted units also includes deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This management discussion and analysis ("MD&A") sets out PRO Real Estate Investment Trust's (the "REIT" or "PROREIT") operating strategies, risk profile considerations, business outlook and analysis of its financial performance and condition for the three and nine month periods ended September 30, 2023. This MD&A is based on financial statements prepared in accordance with IAS 34 Interim financial reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC").

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

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This MD&A should be read in conjunction with the REIT's condensed consolidated interim financial statements and accompanying notes for the three and nine month periods ended September 30, 2023 and 2022 (the "Q3 2023 Financial Statements"), the REIT's audited consolidated financial statements and accompanying notes for the years ended December 31, 2022 and 2021 (the "2022 Annual Financial Statements") and management's discussion and analysis thereon (the "2022 Annual MD&A"), and the REIT's annual information form for the year ended December 31, 2022 (the "2022 Annual Information Form" and together with the 2022 Annual Financial Statements and 2022 Annual MD&A, the "2022 Annual Reports"). These documents and additional information regarding the business of the REIT are available under the REIT's profile on the System for Electronic Document Analysis and Retrieval + ("SEDAR+") at [www.sedarplus.ca](http://www.sedarplus.ca).

The REIT's reporting currency is the Canadian dollar ("CAD"). All amounts except unit, per unit, square footage and per square feet amounts and as otherwise stated, are in thousands of CAD and have been rounded to the nearest CAD thousand. Unless otherwise stated, in preparing this MD&A, the REIT has considered information available to it up to November 8, 2023, the date the REIT's board of trustees (the "Board") approved this MD&A and the Q3 2023 Financial Statements.

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation, including statements relating to certain expectations, projections, growth plans and other information related to REIT's business strategy and future plans. Forward-looking statements can, but may not always, be identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "would", "should", "believe", "objective", "ongoing", "imply", "assumes", "goal", "likely" and similar references to future periods or the negatives of these words and expressions and by the fact that these statements do not relate strictly to historical or current matters. These forward-looking statements are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections and anticipated events and trends that affect the REIT and its industry. Although the REIT and management believe that the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements.

Some of the specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the following:

- the intention of the REIT to distribute a portion of its available cash to securityholders and the amount of such distributions;
- the ability of the REIT to execute its growth strategies and increase its assets;
- the expected tax treatment of the REIT's distributions to unitholders;
- the REIT's capital expenditure requirements for its properties;
- the ability of the REIT to qualify for the exclusion from the definition of "SIFT trust" in the Income Tax Act (Canada) (the "Tax Act");
- the expected occupancy and the performance of the REIT's properties;
- the debt maturity profile of the REIT; and
- the anticipated sale of two non-core properties for total gross proceeds of approximately \$10.9 million.

Actual results and developments are likely to differ, and may differ materially, from those anticipated by the REIT and expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions and risks which may prove to be incorrect. Important assumptions relating to the forward-looking statements contained in this MD&A include, but are not limited, to the various assumptions set forth in this MD&A as well as the following: (i) the REIT will receive financing on favourable terms; (ii) the future level of indebtedness of the REIT and its future growth potential will remain consistent with the REIT's current expectations; (iii) there will be no changes to tax laws adversely affecting the REIT's financing capacity or operations; (iv) the workforce of the REIT will remain stable and consistent with the REIT's current expectations; (v) the impact of the current economic climate and the current global financial conditions on the REIT's operations, including its financing capacity, and asset value, will remain consistent with the REIT's current expectations; (vi) there will be no material changes to government and environmental regulations adversely affecting the REIT's operations; (vii) the performance of the REIT's investments in Canada will proceed on a basis consistent with the REIT's current expectations; (viii) conditions in the real estate market, including competition for acquisitions, will be consistent with the REIT's expectations; and (ix) capital markets will provide the REIT with readily available access to equity and/or debt.

Many factors could cause the REIT's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, risks and uncertainties relating to: real property ownership; diversification risk; dependence on key personnel; COVID-19 and public health crises; appraisals and reporting investment property at fair value; joint venture/partnership arrangements; fixed costs; financing risks and leverage; liquidity of real property investments; current global capital market conditions; acquisition, development and dispositions; potential conflicts of interest; competition; geographic concentration; general uninsured losses; access to capital; interest rate exposure; environmental matters; climate change risk; litigation risk; potential undisclosed liabilities; internal controls, data governance and decision support; security of information technology; indexation for inflation and duration of lease contracts; limit on activities; insurance renewals; foreclosure; occupancy by tenants; lease renewals and rental increase; taxation matters; change of tax laws; significant ownership; volatile market price for units; cash distributions are not guaranteed; restrictions on redemptions; subordination of the units; tax related risk factors; nature

of investment; unitholder liability; and dilution. These factors are not intended to represent a complete list of the factors that could affect the REIT; however, these factors, as well as those risk factors presented under the heading "Risk Factors" in the 2022 Annual Information Form, elsewhere in this MD&A and the 2022 Annual Reports and in other filings that the REIT has made and may make in the future with applicable securities authorities, should be considered carefully.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, the REIT cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.

These forward-looking statements are made as of the date of this MD&A and the REIT does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law. The REIT cannot assure investors that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

## **NON-IFRS MEASURES**

The Q3 2023 Financial Statements are prepared in accordance with IAS 34 Interim financial reporting using accounting policies consistent with IFRS, issued by the IASB. In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-IFRS financial measures, non-IFRS ratios and other specified financial measures (collectively, "non-IFRS measures") described below. Management believes these non-IFRS measures are helpful to investors because they are widely recognized measures of a REIT's performance and provide a relevant basis for comparison among real estate entities. In addition to the IFRS results, the REIT also uses these non-IFRS measures internally to measure the operating performance of its investment property portfolio. These non-IFRS measures should not be construed as alternatives to net income, net cash flows provided by operating activities, total assets, total equity, or comparable metrics determined in accordance with IFRS as indicators of the REIT's performance, liquidity, cash flows and profitability and may not be comparable to similar measures presented by other real estate investment trusts or enterprises. These non-IFRS measures are defined below and are cross referenced, as applicable, to a reconciliation contained within this MD&A to the most directly comparable measure that is disclosed in the primary financial statements of the REIT. Non-IFRS measures are not standardized financial measures under IFRS, and might not be comparable to similar financial measures disclosed by other issuers. The REIT believes these non-IFRS measures provide useful information to both management and investors in measuring the financial performance and financial condition of the REIT for the reasons outlined above and below.

### **Non-IFRS Financial Measures**

#### ***Adjusted Debt ("Adjusted Debt")***

Adjusted Debt is a non-IFRS financial measure defined by the REIT as the sum of (i) current and non-current debt excluding unamortized financing costs, (ii) credit facility excluding unamortized financing costs, and (iii) convertible debentures at face value. Management believes that Adjusted Debt is a useful measure to investors and management in determining the level of indebtedness of the REIT and its ability to meet its obligations. Adjusted Debt is also used by management to measure Adjusted Debt to Annualized Adjusted EBITDA Ratio and Adjusted Debt to Gross Book Value. Adjusted Debt is reconciled to debt, its most directly comparable measure that is disclosed in the primary financial statements of the REIT, in the table under "Part IV – Capitalization and Debt Profile – Adjusted Debt" and the table under "Part V – Summary of Quarterly Results".

#### ***Adjusted Earnings before Interest, Tax, Depreciation and Amortization ("Adjusted EBITDA")***

Adjusted EBITDA is a non-IFRS financial measure used by the REIT to monitor the REIT's ability to satisfy and service its debt and to monitor requirements imposed by the REIT's lenders. Specifically, Adjusted EBITDA is used by management to monitor the REIT's Interest Coverage Ratio, Debt Service Coverage Ratio, and Debt to Annualized Adjusted EBITDA Ratio which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt. The measure is also intended to be used by investors to help determine the REIT's ability to service its debt, finance capital expenditures and provide for distributions to its unitholders. Adjusted EBITDA is defined as the REIT's net income and comprehensive income before interest and financing costs, depreciation of property and equipment, amortization of intangible assets, fair value adjustments, distributions on Class B LP Units, straight-line rent, long-term incentive plan expense, CEO succession plan costs, transaction costs and debt settlements costs. A reconciliation to net income and comprehensive income, its most directly comparable measure that is disclosed in the primary financial statements of the REIT, is included in the table under "Part IV – Capitalization and Debt Profile – Adjusted EBITDA".

#### ***Adjusted Funds from Operations ("AFFO")***

AFFO is a non-IFRS financial measure. The REIT does not calculate AFFO in accordance with the White Paper on FFO and AFFO for IFRS (the "FFO and AFFO White Paper") issued in February 2019 by the Real Property Association of Canada. The REIT defines AFFO as FFO less amortization of straight-line rents, maintenance capital expenditures and normalized stabilized leasing costs, as determined by the REIT, plus long-term incentive plan expenses, amortization of financing costs, accretion expense - Convertible Debentures and one-time costs such as debt settlement costs, CEO succession plan costs and transaction costs. Normalized stabilized leasing costs represent leasing costs paid and amortized over the new lease term. Management believes AFFO is useful to both management and investors at it is an important measure of the REIT's economic performance and is indicative of the REIT's ability to service its debt, fund capital expenditures and pay distributions. This non-IFRS measure is commonly used for assessing real estate performance; however, it does not represent cash generated from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the REIT's needs. AFFO is reconciled to net income and comprehensive income, its most directly comparable measure that is disclosed in the primary financial statements of the REIT, in the table

under "Part IV – Distributions and Adjusted Funds from Operations" and the table under "Part V – Summary of Quarterly Results", and to net cash flow provided by operating activities in the table under "Part IV – Distributions and Adjusted Funds from Operations – Distributions".

***Annualized Adjusted Earnings before Interest, Tax, Depreciation and Amortization ("Annualized Adjusted EBITDA")***

Annualized Adjusted EBITDA is a non-IFRS financial measure defined as Adjusted EBITDA for the current year-to-date period annualized. Management believes Annualized Adjusted EBITDA is a useful metric for management and investors to monitor the REIT's ability to satisfy and service its debt and to monitor requirements imposed by the REIT's lenders. A reconciliation of Adjusted EBITDA to net income and comprehensive income, its most directly comparable measure that is disclosed in the primary financial statements of the REIT, is included in the table under "Part IV – Capitalization and Debt Profile – Adjusted EBITDA".

***Available Liquidity ("Available Liquidity")***

Available Liquidity is a non-IFRS financial measure defined by the REIT as the sum of cash and undrawn revolving credit facility at the reporting period. Management believes that available liquidity is a useful measure to investors and management in determining the REIT's resources available at period-end to meet the REIT's ongoing obligations and future commitments. Refer to the table under "Part IV – Liquidity and Capital Resources – Available Liquidity" for the calculation of the Available Liquidity.

***Funds from Operations ("FFO")***

FFO is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry. However, it does not represent net income and comprehensive income nor cash generated from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the REIT's needs. The REIT calculates FFO in accordance with the FFO and AFFO White Paper. FFO is defined as net income and comprehensive income adjusted for fair value changes of (i) long-term incentive plan, (ii) investment properties, (iii) Class B LP Units, and (iv) derivative financial instrument, plus distributions on Class B LP Units and amortization of intangible assets. FFO, however, still includes noncash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream. Management believes that FFO is useful to both management and investors as it provides an operating performance measure that, when compared period-over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and property taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income and comprehensive income determined in accordance with IFRS. FFO has been reconciled to net income and comprehensive income, its most directly comparable measure that is disclosed in the primary financial statements of the REIT, in the table under "Part IV – Distributions and Adjusted Funds from Operations" and the table under "Part V – Summary of Quarterly Results".

***Gross Book Value ("Gross Book Value")***

Gross Book Value is a non-IFRS financial measure defined in the REIT's Declaration of Trust (as defined herein). The REIT calculates Gross Book Value by adding back to its total assets the amount of accumulated depreciation on property and equipment and intangible assets. Management believes Gross Book Value is a useful measure for management and investors to assess the growth in the REIT's total portfolio and it is also used by management to monitor the REIT's Adjusted Debt to Gross Book Value. The most directly comparable IFRS measure to Gross Book Value is total assets. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt Ratios" and the table under "Part V – Summary of Quarterly Results" for the calculation of Gross Book Value.

***Net Asset Value ("NAV")***

NAV is a non-IFRS financial measure defined by the REIT as the sum of unitholders' equity and Class B LP Units. Management believes it is important to include the Class B LP Units for the purpose of determining the REIT's capital management. Management does not consider the Class B LP Units to be debt or borrowings of the REIT, but rather a component of the REIT's equity. However, total unitholders' equity (including Class B LP Units) is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. NAV has been reconciled to unitholders' equity, its most directly comparable measure that is disclosed in the primary financial statements of the REIT, in the table under "Part IV – Capitalization and Debt Profile" and the table under "Part V – Summary of Quarterly Results – NAV per Unit".

***Same Property NOI ("Same Property NOI")***

Same Property NOI is a non-IFRS financial measure used by the REIT to assess the period over period performance of those properties owned by the REIT in both periods. In calculating Same Property NOI, net operating income (NOI) for the period is adjusted to remove the impact of straight-line rent revenue and tenant incentives amortized to revenue in order to highlight the 'cash impact' of contractual rent increases embedded in the underlying lease agreements. Management believes Same Property NOI is a meaningful measure for management and investors to gauge the change in asset productivity and asset value, as well as measure the additional return earned by incremental capital investments in existing assets. The most directly comparable measure that is disclosed in the primary financial statements of the REIT is net operating income (NOI). See "Part III – Results of Operations – Overall Analysis – Same Property NOI Analysis".

**Non-IFRS Ratios**

***Adjusted Debt to Annualized Adjusted EBITDA Ratio ("Adjusted Debt to Annualized Adjusted EBITDA Ratio")***

Adjusted Debt to Annualized Adjusted EBITDA Ratio is a non-IFRS ratio calculated by the REIT as Adjusted Debt (a non-IFRS financial measure) divided by Annualized Adjusted EBITDA (a non-IFRS financial measure). Management considers this non-IFRS ratio is a useful measure for investors and management to monitor the REIT's ability to service its outstanding debt. Refer to the table under "Part IV – Capitalization and Debt Profile – Annualized Adjusted EBITDA Ratio" for the calculation of the Adjusted Debt to Annualized Adjusted EBITDA Ratio. The REIT previously labelled this non-IFRS ratio as "Debt to Annualized

Adjusted EBITDA Ratio", but change the label in this MD&A to "Adjusted Debt to Annualized Adjusted EBITDA Ratio" to better describe the measure. The composition of the measure remains the same.

***Adjusted Debt to Gross Book Value ("Adjusted Debt to Gross Book Value")***

Adjusted Debt to Gross Book Value is a non-IFRS ratio intended to be used by investors to assess the leverage of the REIT. Management uses this ratio to evaluate the leverage of the REIT and the strength of its equity position. Adjusted Debt to Gross Book Value is defined as Adjusted Debt (a non-IFRS financial measure) divided by Gross Book Value (a non-IFRS financial measure). See the table under "Part IV – Capitalization and Debt Profile – Debt Ratios". The REIT previously labelled this non-IFRS ratio as "Debt to Gross Book Value", but changed the label in this MD&A to "Adjusted Debt to Gross Book Value" to better describe the measure. The composition of the measure remains the same.

***AFFO Payout Ratio - Basic ("AFFO Payout Ratio - Basic") and AFFO Payout Ratio - Diluted ("AFFO Payout Ratio - Diluted")***

The AFFO Payout Ratio - Basic and AFFO Payout Ratio - Diluted are non-IFRS ratios which are measures of the sustainability of the REIT's distribution payout. Management believes these non-IFRS ratios are useful measures to investors since these measures provide transparency on performance and the overall management of the existing portfolio assets. Management also considers these non-IFRS ratios to be an important measure of the REIT's distribution capacity. These non-IFRS ratios should not be considered as an alternative to other ratios determined in accordance with IFRS. AFFO Payout Ratio – Basic is calculated by dividing the distributions declared per Unit and Class B LP Unit by Basic AFFO per Unit (a non-IFRS ratio), and AFFO Payout Ratio – Diluted is calculated by dividing the distributions declared per Unit and Class B LP Unit by Diluted AFFO per Unit (a non-IFRS ratio). See the table under "Part IV – Distributions and Adjusted Funds from Operations".

***Basic AFFO per Unit ("Basic AFFO per Unit") and Diluted AFFO per Unit ("Diluted AFFO per Unit")***

Basic AFFO per Unit and Diluted AFFO per Unit are non-IFRS ratios and reflect AFFO on a weighted average per unit basis. Management believes these non-IFRS ratios are useful measures to management and investors since the measures indicate the impact of AFFO in relation to an individual per unit investment in the REIT. Management believes that AFFO per unit ratios are useful measures of operating performance similar to AFFO. These non-IFRS ratios are not standardized financial measures under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. Basic AFFO per Unit is calculated by using AFFO (a non-IFRS financial measure) divided by the total of the weighted average number of basic Units added to the weighted average number of basic Class B LP Units. Diluted AFFO per Unit is calculated by using AFFO (a non-IFRS financial measure) divided by the weighted number of diluted units. Diluted units include Units, Class B LP Units, and deferred trust units and restricted trust units issued under the REIT's long-term incentive plan. See the table under "Part IV – Distributions and Adjusted Funds from Operations".

***Basic FFO per Unit ("Basic FFO per Unit") and Diluted FFO per Unit ("Diluted FFO per Unit")***

Basic FFO per Unit and Diluted FFO per Unit are non-IFRS ratios and reflect FFO on a weighted average per unit basis. Management believes these non-IFRS ratios are useful measures to management and investors since the measures indicate the impact of FFO in relation to an individual per unit investment in the REIT. Management believes that FFO per unit ratios are useful measures of operating performance similar to FFO. These non-IFRS ratios are not standardized financial measures under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. Basic FFO per Unit is calculated by using FFO (a non-IFRS financial measure) divided by the total of the weighted average number of basic Units added to the weighted average number of basic Class B LP Units. Diluted FFO per Unit is calculated by using FFO (a non-IFRS financial measure) divided by the weighted number of diluted units. Diluted units include Units, Class B LP Units, and deferred trust units and restricted trust units issued under the REIT's long-term incentive plan. See the table under "Part IV – Distributions and Adjusted Funds from Operations".

***Debt Service Coverage Ratio ("Debt Service Coverage Ratio")***

The Debt Service Coverage Ratio is a non-IFRS ratio calculated by the REIT as Adjusted EBITDA (a non-IFRS financial measure) divided by the debt service requirements for the period, whereby the debt service requirements reflect principal repayments and interest expensed during the period. Payments related to prepayment penalties or payments upon discharge of a mortgage are excluded from the calculation. This non-IFRS ratio is a useful measure for investors and management to monitor the REIT's ability to meet annual interest and principal payments. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt Service Coverage Ratio" for the calculation of the Debt Service Coverage Ratio.

***Interest Coverage Ratio ("Interest Coverage Ratio")***

The Interest Coverage Ratio is a non-IFRS ratio calculated by the REIT as Adjusted EBITDA (a non-IFRS financial measure) divided by the REIT's interest obligations for the period. This non-IFRS ratio is a useful measure of the REIT's ability to service the interest requirements of its outstanding debt. Management also use this non-IFRS ratio to measure and limit the REIT's leverage. Refer to the table under "Part IV – Capitalization and Debt Profile – Interest Coverage Ratio" for the calculation of the Interest Coverage Ratio.

***NAV per Unit***

NAV per Unit is a non-IFRS ratio that is a useful measure to management and investors as it reflects management's view of the intrinsic value of the REIT and enables investors to determine if the REIT's Units price is trading at a discount or premium relative to the NAV per Unit at each reporting period. The REIT calculates NAV per Unit as NAV (a non-IFRS financial measure) divided by the total number of Units and Class B LP Units outstanding. Refer to the table under "Part IV – Capitalization and Debt Profile – NAV per Unit" and the table under "Part V - Summary of Quarterly Results" for the calculation of NAV per Unit.

## **PART II**

### **REIT OVERVIEW**

The REIT is an unincorporated open ended real estate investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated February 7, 2013 and amended and restated on December 21, 2018 (as amended from time to time, the "Declaration of Trust"). The REIT's trust units ("Units") are listed on the Toronto Stock Exchange (the "TSX") under the symbol PRV.UN. The principal, registered and head office of the REIT is located at 2000 Mansfield Street, Suite 1000, Montréal, Quebec, H3A 2Z7.

The REIT owns a portfolio of Canadian commercial investment properties, comprised of industrial, retail, and office properties. At September 30, 2023, the REIT owned 126 properties (of which 84 are 100% owned and 42 are 50% owned) across Canada, comprising approximately 6.4 million square feet of GLA. For properties not 100% owned by the REIT, the GLA of the REIT is the REIT's interest in the total GLA of the property.

### **OBJECTIVES AND STRATEGIES**

#### **Objectives**

The objectives of the REIT are to: (i) provide unitholders with stable and growing cash distributions from investments in real estate properties in Canada, on a tax efficient basis; (ii) expand the asset base of the REIT and enhance the sustainable value of the REIT's assets to maximize long-term Unit value; and (iii) increase the REIT's NOI and AFFO per Unit, through internal growth strategies and accretive acquisitions.

#### **Strategy**

In order to meet its objectives, the REIT has implemented the following key strategic elements:

#### **FOCUS ON HIGH QUALITY, LOW RISK INDUSTRIAL ASSETS**

- **High-quality commercial real estate.** The REIT is focused on the industrial sector in selected geographies across Canada. The majority of the properties in the portfolio are high-quality properties in the industrial sector, located in prime locations within their respective markets, along major traffic arteries benefitting from high visibility and convenient access. Management believes the quality and prime locations of the portfolio will enable the REIT to attract new tenants and retain existing tenants.
- **Geographical focus on stable Eastern Canadian markets, with careful growth in Western Canadian markets.** The REIT targets property acquisitions in primary and strong secondary markets across Canada, with a particular focus on Quebec, Atlantic Canada and Ontario, and selectively in Western Canada. Management believes that its strategy focusing on stable markets in Eastern Canada and selective expansion in specific markets in Western Canada will enable the REIT to assemble a portfolio underpinned by strong and consistently stable economic fundamentals, with exposure to organic growth opportunities.
- **High-quality tenants with diversified lease terms.** The REIT benefits from a diversified tenant base reflecting an attractive mix of government, national, regional and local tenants, as well as a mix of tenants by industry. The REIT's portfolio lease maturities are well staggered into the future. Management believes it has fostered strong relationships with its tenants, which it expects to be an important factor in the REIT's ability to attract tenants to new properties or replace leases as vacancies arise in the REIT's properties.

#### **LEVERAGE DEEP EXPERIENCE OF MANAGEMENT AND BOARD TO ENHANCE VALUE**

- The REIT benefits from an experienced management team and Board with a proven track record of value creation. In aggregate, the REIT's executive officers and trustees have over 100 years of operating, acquisition and financing experience in the Canadian real estate industry, including in the industrial sector. They have extensive relationships with a broad network of real estate industry owners and service professionals across Canada, and seek to leverage these relationships to source accretive high-quality acquisitions. Given the management team's experience in the Quebec, Atlantic Canada, Ontario and Western Canadian markets, it possesses a unique and valuable set of skills and relationships that can be leveraged to the benefit of the REIT.

#### **Expand the Asset Base**

##### **Internal Growth Strategies**

The REIT's internal growth strategy includes the following:

- Nurturing existing tenant relationships, ensuring tenant retention and accommodating tenant growth.
- Increasing rental income and minimizing operating expenses through operating improvements and preventative maintenance programs.
- Pursuing expansion and redevelopment opportunities within the REIT's portfolio.

##### **External Growth Strategies**

The REIT's external growth strategy includes the following:

- Acquiring stable investment properties that are accretive to the REIT.
- Pursuing expansion in the industrial sector in attractive mid-sized Canadian cities.

- Pursuing selective development and expansion opportunities within the REIT's portfolio.

## **SUMMARY OF SIGNIFICANT EVENTS**

On October 4, 2022, the REIT announced that Gordon G. Lawlor would succeed James W. Beckerleg as President and Chief Executive Officer of the REIT and join the REIT's Board of Trustees, effective April 1, 2023, at which time Mr. Beckerleg would retire as an executive officer of the REIT and be named Vice Chair of the Board and Co-Founder, as part of the REIT's CEO succession plan. In June 2023, Mr. Beckerleg was elected Chair of the Board. In connection with the CEO succession plan, the REIT incurred approximately \$2,240 of one-time costs. Mr. Beckerleg had been President and Chief Executive Officer and a Trustee of the REIT since 2013. The REIT also announced that Alison Schafer would be appointed Chief Financial Officer and Secretary of the REIT concurrently with these changes.

On April 21, 2023, the REIT sold a 50,000 square foot non-core office property for gross proceeds of \$2,100 (excluding closing costs). Proceeds of the sale were used for general business purposes.

On May 26, 2023, the REIT issued \$35,000 of unsecured subordinated debentures bearing 8.00% interest per annum payable semi-annually and maturing in June 2028 (the "Convertible Debentures"). The interest is payable in arrears on June 30 and December 31 each year, commencing December 31, 2023. The Convertible Debentures are convertible at the holder's option at any time before June 2028, at a conversion price of \$7.00 per Unit. The proceeds of the issuance were used to partially repay approximately \$33,000 of the credit facility, which may be subsequently redrawn, and the balance used for general business purposes.

On June 1, 2023, the REIT closed on a new mortgage to refinance six industrial properties located in Winnipeg, Manitoba for \$20,500. The rate on the new mortgage was fixed at 5.07% with a term of seven years. Proceeds of the refinancing were used to repay approximately \$16,600 of mortgages maturing in July 2023, \$53 in yield maintenance fees and the balance used for general business purposes.

On June 29, 2023, the REIT received a \$10,000 three year term loan at rate of 6.79%. Approximately \$8,000 of the proceeds was used to partially repay the credit facility and the remaining balance was used for general business purposes.

On August 31, 2023 the REIT sold two non-core office properties located at 9 Auriga Drive, Ottawa, Ontario and 31 Auriga Drive, Ottawa, Ontario, totalling approximately 60,000 square feet for gross proceeds of \$9,100 (excluding closing costs). Proceeds of the sale were used to repay approximately \$5,700 of related mortgages and the balance was used for general business purposes including a repayment of approximately \$1,000 under the REIT's credit facility.

On September 28, 2023 the REIT sold a 3,000 square foot non-core retail property located at 875 King Street, Sherbrooke, Quebec, for gross proceeds of \$2,230 (excluding closing costs). Proceeds of the sale were used to repay approximately \$1,500 of a related mortgage and the balance was used for general business purposes.

## **SUBSEQUENT EVENTS**

On October 20, 2023, the REIT entered into a binding agreement with a third party purchaser to sell one non-core retail property totalling approximately 45,000 square feet for gross proceeds of \$8,700 (excluding closing costs). The purchaser will assume a \$4,400 mortgage with respect to the property that was to mature in September 2027, with the balance of the proceeds to be used for general business purposes. The closing of the sale is scheduled for Q4 2023 and is subject to standard closing conditions.

On October 20, 2023, the REIT announced a cash distribution of \$0.0375 per Unit for the month of October 2023. The distribution is payable on November 15, 2023 to unitholders of record as at October 31, 2023.

On October 31, 2023, the REIT entered into a binding agreement with a third party purchaser to sell one non-core retail property totalling approximately 4,500 square feet for gross proceeds of \$2,175 (excluding closing costs). Proceeds of the sale (net of a \$500 vendor take-back mortgage) will be used for general business purposes. The closing of the sale is scheduled for Q4 2023 and is subject to standard closing conditions.

## **OUTLOOK**

Economic activity in Canada has been strong in 2023, and the REIT has benefited from this economic activity, including the demand for commercial space especially in the industrial sector.

In the context of global geopolitical tensions, ongoing supply chain issues, labour shortages and related inflationary pressures, the Bank of Canada has increased its policy interest rate by 500 basis points since the beginning of 2022. Additional rate hikes may occur in 2023 or in the future to control inflation. The REIT believes it is well positioned in this environment given its staggered debt maturities, and potential upside on revenues with current below market rents in the portfolio.

The REIT also benefits from a low-risk tenant base that is expected to withstand the impact of inflation and that has successfully demonstrated its resilience to the pressures posed by the pandemic since 2020.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**PART III**

**RESULTS OF OPERATIONS**

<i>(CAD \$ thousands)</i>	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
Property revenue	\$ 24,052	\$ 24,086	\$ 74,275	\$ 72,140
Property operating expenses	9,998	9,278	31,231	28,982
<b>Net operating income</b>	<b>14,054</b>	<b>14,808</b>	<b>43,044</b>	<b>43,158</b>
General and administrative expenses	1,210	1,274	6,006	3,800
Long-term incentive plan expense	(409)	(75)	567	(351)
Depreciation of property and equipment	108	103	321	291
Amortization of intangible assets	62	93	248	279
Interest and financing costs	5,980	5,843	16,584	15,359
Distributions - Class B LP Units	152	159	466	477
Fair value adjustment - Class B LP Units	(1,310)	(650)	(2,302)	(1,511)
Fair value adjustment - investment properties	(1,567)	(11,573)	(2,968)	(52,707)
Fair value adjustment - derivative financial instrument	(1,148)	-	(1,127)	-
Other income	(852)	(382)	(2,435)	(1,521)
Other expenses	485	195	1,304	730
Debt settlement costs	73	274	126	274
Transaction costs	5	-	199	-
<b>Net income and comprehensive income</b>	<b>\$ 11,265</b>	<b>\$ 19,547</b>	<b>\$ 26,055</b>	<b>\$ 78,038</b>

**Comparison of the Results from Operations**

The REIT's results of operations for the three and nine month periods ended September 30, 2023 are not directly comparable to the three and nine month periods ended September 30, 2022. The REIT owned 126 investment properties (including a 50% ownership interest in 42 investment properties) at September 30, 2023, compared to 132 investment properties (including a 50% ownership interest in 42 investment properties) at September 30, 2022. The decrease in the number of properties is driven by the sale of a 100% interest in 6 investment properties during the twelve month period ended September 30, 2023. In addition, on August 4, 2022, the REIT sold a 50% interest in 21 investment properties, purchased a 50% interest in another 21 investment properties and on September 29, 2022 sold a 100% interest in 9 investment properties. Notwithstanding the foregoing, year over year figures for the three and nine month periods ended September 30, 2023 and 2022 are presented in this MD&A.

**Overall Analysis**

**Property Revenue**

Property revenue includes rents from tenants under lease agreement, straight-line rent, percentage rents, property taxes and operating cost recoveries and other incidental income.

For the three and nine month periods ended September 30, 2023, property revenue decreased by \$34 and increased by \$2,135 respectively, compared to the same periods in 2022. The decrease of \$34 and the increase of \$2,135 is principally due to the decrease in the number of properties, the changes in the related ownership percentages of the 42 properties purchased and sold in August 2022 and the 9 properties sold in September 2022 as described in the "Comparison of the Results from Operations" section of this MD&A, offset by contractual increases in rent and higher rental rates on lease renewals. Straight-line rent adjustment reduced property revenue by \$226 and increased property revenue by \$352 for the three and nine month periods ended September 30, 2023, respectively. Straight-line rent is a non-cash item.

**Property Operating Expenses**

Property operating expenses are expenses directly related to real estate operations and are generally charged back to tenants as provided for in the contractual terms of the leases. Operating expenses include property taxes and public utilities, costs related to indoor and outdoor maintenance, heating, ventilation and air conditioning, elevators, insurance, janitorial services and management and operating fees. The amount of operating expenses that the REIT can recover from its tenants depends on the occupancy rate of the properties and the nature of the existing leases containing clauses regarding the recovery of expenses. The majority of the REIT's leases are net rental leases under which tenants are required to pay their share of the properties' operating expenses.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

For the three and nine month periods ended September 30, 2023, property operating expenses increased by \$720 and \$2,249 respectively, compared to the same periods in 2022 primarily due to the changes in the related ownership percentages of the 42 properties purchased and sold in August 2022 and the 9 properties sold in September 2022 as described in the "Comparison of the Results from Operations" section of this MD&A in conjunction with an increase in recoverable property taxes.

**Same Property NOI Analysis**

Same Property NOI analysis includes properties that were owned for a full quarterly reporting in both current and comparative periods. Same Property NOI excludes non-cash adjustments such as straight-line rent and tenant incentives amortized to revenue flowing through the three and nine month periods ended September 30, 2023 and 2022. The following table reconciles net operating income as reported in the Q3 2023 Financial Statements to Same Property NOI.

	3 Months Ended September 30 2023	3 Months Ended September 30 2022	9 Months Ended September 30 2023	9 Months Ended September 30 2022
<i>(CAD \$ thousands)</i>				
Property revenue	\$ 24,052	\$ 24,086	\$ 74,275	\$ 72,140
Property operating expenses	9,998	9,278	31,231	28,982
Net operating income ("NOI") as reported in the financial statements	14,054	14,808	43,044	43,158
Straight-line rent adjustment	226	(21)	(352)	(244)
NOI after straight-line rent adjustment	14,280	14,787	42,692	42,914
NOI sourced from:				
Acquisitions	(2,103)	(1,936)	(6,250)	(5,269)
Dispositions	(284)	(810)	(830)	(2,274)
<b>Same Property NOI <sup>(1)</sup></b>	<b>\$ 11,893</b>	<b>\$ 12,041</b>	<b>\$ 35,612</b>	<b>\$ 35,371</b>
<b>Number of same properties</b>	<b>102 <sup>(2)</sup></b>	<b>102 <sup>(2)</sup></b>	<b>102 <sup>(2)</sup></b>	<b>102 <sup>(2)</sup></b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

<sup>(2)</sup> Includes 21 properties 50% owned at September 30, 2023 (50% owned at September 30, 2022 but 100% owned prior to August 4, 2022). The comparative period has been updated to reflect 50% ownership throughout the period.

The change in Same Property NOI for the three and nine month periods ended September 30, 2023 was a decrease of \$148 or 1.2% and an increase of \$241 or 0.7% respectively, compared to the same periods in 2022. The decrease for the three month period ended September 30, 2023 is largely driven by a temporary vacancy and 90,400 square feet of transitional vacancy in the industrial asset class, offset by contractual increases in rent and higher rental rates on lease renewals across all classes. The increase for the nine month period ended September 30, 2023 is largely driven by contractual increases in rent and higher rental rates on lease renewals across all classes, offset by the overall decrease in occupancy.

The industrial occupancy decreased for the three and nine month periods ended September 30, 2023 as a result of a temporary vacancy of a 102,000 square foot property in Montreal, Quebec as of April 1, 2023 and 90,400 square feet of transitional vacancy. The property in Montreal, Quebec has been fully leased with occupancy starting September 2023 and October 2023. Of the 90,400 square feet of transitional vacancy, 33,100 has been re-leased with occupancy commencing October 1, 2023. The overall increase in the Same Property NOI, adjusted to exclude the NOI of the 102,000 square foot temporary vacancy of one industrial property for the three and nine month periods ended September 30, 2023, was \$203 and \$954 or 1.7% and 2.8% respectively.

The following is the Same Property NOI by asset class for the three and nine month periods ended September 30, 2023 and 2022:

	3 Months Ended			9 Months Ended		
	Number of same properties	September 30 2023	September 30 2022	Number of same properties	September 30 2023	September 30 2022
<i>(CAD \$ thousands)</i>						
Industrial <sup>(1)</sup>	65	\$ 8,090	\$ 8,270	65	\$ 24,354	\$ 24,335
Retail	32	2,791	2,814	32	8,302	8,206
Office	5	1,012	957	5	2,956	2,830
<b>Same Property NOI <sup>(2)</sup></b>	<b>102</b>	<b>\$ 11,893</b>	<b>\$ 12,041</b>	<b>102</b>	<b>\$ 35,612</b>	<b>\$ 35,371</b>

<sup>(1)</sup> Includes 21 properties 50% owned at September 30, 2023 (50% owned at September 30, 2022 but 100% owned prior to August 4, 2022). The comparative period has been updated to reflect 50% ownership throughout the period.

<sup>(2)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

The change in industrial Same Property NOI for the three and nine month periods ended September 30, 2023 was a decrease of \$180 or 2.2% and an increase of \$19 or 0.1%, respectively, compared to the same periods in 2022. The decrease for the three month period ended September 30, 2023 is mainly driven by a temporary vacancy of a 102,000 square foot property in Montreal, Quebec and 90,400 square feet of transitional vacancy. This is partially offset by contractual increases in rent and higher rental rates on lease renewals compared to the same period in 2022. The increase for the nine month period ended September 30, 2023 compared to the same period in 2022 relates to contractual increases in rent and higher rental rates on lease renewals, offset by a decrease in occupancy.

The following table is the Same Property NOI and Same Property NOI by asset class for the three and nine month periods ended September 30, 2023 and 2022, adjusted to exclude the NOI of the temporary vacancy of one industrial property for the three and nine month periods ended September 30, 2023 and 2022 :

(CAD \$ thousands)	3 Months Ended			9 Months Ended		
	Number of same properties	September 30 2023	September 30 2022	Number of same properties	September 30 2023	September 30 2022
<b>Same Property NOI <sup>(1)</sup></b>	102	<b>\$ 11,893</b>	\$ 12,041	102	<b>\$ 35,612</b>	\$ 35,371
NOI of the temporary vacancy of 1 industrial property	(1)	65	(286)	(1)	(15)	(728)
<b>Same Property NOI (Adjusted for One Temporary Vacancy) <sup>(1)</sup></b>	101	<b>\$ 11,958</b>	\$ 11,755	101	<b>\$ 35,597</b>	\$ 34,643
Industrial (excluding 1 temporary vacant property) <sup>(2)</sup>	64	<b>\$ 8,155</b>	\$ 7,984	64	<b>\$ 24,339</b>	\$ 23,607
Retail	32	<b>2,791</b>	2,814	32	<b>8,302</b>	8,206
Office	5	<b>1,012</b>	957	5	<b>2,956</b>	2,830
<b>Same Property NOI (adjusted for one temporary vacancy) <sup>(1)</sup></b>	101	<b>\$ 11,958</b>	\$ 11,755	101	<b>\$ 35,597</b>	\$ 34,643

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

<sup>(2)</sup> Includes 21 properties 50% owned at September 30, 2023 (50% owned at September 30, 2022 but 100% owned prior to August 4, 2022). The comparative period has been updated to reflect 50% ownership throughout the period.

The increase in the industrial Same Property NOI, adjusted to exclude the NOI of the temporary vacancy of one industrial property for the three and nine month periods ended September 30, 2023, was \$171 and \$732 or 2.1% and 3.1% respectively.

The change in retail Same Property NOI for the three and nine month periods ended September 30, 2023 was a decrease of \$23 or 0.8% and an increase of \$96 or 1.2%, respectively, compared to the same periods in 2022. The slight decrease for the three month period ended September 30, 2023 is mainly driven by higher free rent and lower percentage rent compared to same period in 2022. The increase for the nine month period ended September 30, 2023 is mainly driven by a slight increase in occupancy as well as contractual increases in rent and higher rental rates on lease renewals compared to same period in 2022.

The increase in office Same Property NOI for the three and nine month periods ended September 30, 2023 was \$55 and \$126 or 5.7% and 4.5% respectively, compared to the same periods in 2022. The increase for the three and nine month periods ended September 30, 2023, compared to the same periods in 2022, is mainly due to the increase in occupancy in one of the five properties.

The following is the same property average occupancy by asset class excluding any committed space for the three and nine month periods ended September 30, 2023 and 2022:

	Same Properties 3 Months Ended September 30		Same Properties 9 Months Ended September 30	
	2023	2022	2023	2022
Industrial	95.1 %	97.3 %	96.6 %	99.0 %
Retail	97.4 %	97.3 %	97.5 %	97.3 %
Office	89.4 %	85.1 %	89.0 %	86.4 %
Total	95.1 %	96.6 %	96.3 %	98.0 %

#### General and Administrative Expenses

General and administrative expenses include corporate expenses, office expenses, legal and professional fees, salaries, and other overhead expenses which are indirectly associated with the operation and leasing of investment properties.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

General and administrative expenses for the three and nine month periods ended September 30, 2023 were \$1,210 and \$6,006 respectively, a decrease of \$64 and an increase of \$2,206 over the same periods in 2022. The increase for the nine month period ended September 30, 2023 is primarily due to the one-time retirement fee of approximately \$1,600 plus other one-time costs associated with the CEO succession of approximately \$600 (see "Summary of Significant Events" section of this MD&A).

**Long-Term Incentive Plan**

Long-term incentive plan gain of \$409 and expense of \$567 during the three and nine month periods ended September 30, 2023 relates to deferred and restricted units which vest over a period of one to three years, and is a non-cash item.

**Interest and Financing Costs**

Interest and financing costs were \$5,980 and \$16,584 for the three and nine month periods ended September 30, 2023. The increase of \$137 and \$1,225 over the same periods in 2022 is primarily due to interest on Convertible Debentures, the increase in the variable interest rates on the credit facility, and the increase in the weighted average interest rate on mortgage debt to 3.76% as at September 30, 2023 from 3.69% as at September 30, 2022, offset by the repayment of certain mortgages in connection with the sale of properties.

**Distributions – Class B LP Units**

The REIT currently pays monthly distributions of \$0.0375 per Class B limited partnership units ("Class B LP Units") of PRO REIT Limited Partnership ("PRLP") or \$0.4500 per Class B LP units on an annualized basis. Distributions on the Class B LP Units were \$152 and \$466 for the three and nine month periods ended September 30, 2023.

**Fair Value Adjustment – Class B LP Units**

A fair value gain of \$1,310 and fair value gain of \$2,302 on the Class B LP Units was recorded for the three and nine month periods ended September 30, 2023 respectively, resulting from a change in the quoted market price of the REIT's publicly traded Units. This is a non-cash item.

**Fair Value Adjustment – Investment Properties**

The REIT has selected the fair value method to account for real estate classified as investment property and records investment properties at their purchase price including transaction costs (less any purchase price adjustments) in the quarter of acquisition. Any changes in the fair value of investment properties are recognized as fair value gains and losses in the statement of income and comprehensive income in the quarter in which they occur. During the three and nine month periods ended September 30, 2023, 17 and 37 properties were respectively revalued by independent external appraisers.

The fair value gains of \$1,567 and \$2,968 on investment properties for the three and nine month periods ended September 30, 2023 are due to changes in projected future cash flows, changes in capitalization rates and market rent assumptions on certain of the REIT's properties, offset by certain non-recoverable expenditures and leasing costs incurred. The REIT's growth in income achieved through lease deals and increasing market rents, predominately in the industrial sector, is offset by a slight expansion in capitalization rates due to market conditions.

The REIT calculates fair value using both the discounted cash flow method and direct capitalization method, which are generally accepted appraisal methodologies. Fair value is based on, among other things, assumptions of future cash flows in respect of current and future leases, capitalization rates, terminal capitalization rates, discount rates, market rents, tenant inducements and leasing cost assumptions and expected lease rollovers. Fair values are supported by a combination of internal financial information, market data and external independent valuations.

<i>(CAD \$ thousands)</i>	<b>Industrial</b>	<b>Retail</b>	<b>Office</b>	<b>Total</b>
<b>At September 30, 2023</b>				
Fair value of investment properties	\$ 810,975	\$ 151,009	\$ 59,530	\$ 1,021,514
Fair value of investment properties per square feet	\$ 155.42	\$ 171.05	\$ 186.22	\$ 159.11
<b>At September 30, 2022</b>				
Fair value of investment properties	\$ 770,668	\$ 167,624	\$ 82,465	\$ 1,020,757
Fair value of investment properties per square feet	\$ 147.78	\$ 186.20	\$ 192.04	\$ 155.97

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

The significant valuation metric used in the direct capitalization method are stabilized capitalization rates. The following table summarizes the stabilized capitalization rates used in the valuation process for the REIT's investment properties by asset class as at September 30, 2023 and 2022:

	As at September 30, 2023		As at September 30, 2022	
	Range %	Weighted Average % <sup>(1)</sup>	Range %	Weighted Average % <sup>(1)</sup>
Industrial	4.5% - 8.3%	5.9 %	4.3% - 7.3%	5.4 %
Retail	4.5% - 9.3%	6.9 %	5.0% - 9.0%	6.8 %
Office	6.8% - 7.3%	7.0 %	6.0% - 9.0%	6.6 %
<b>Total portfolio</b>	<b>4.5% - 9.3%</b>	<b>6.1 %</b>	<b>4.3% - 9.0%</b>	<b>5.7 %</b>

<sup>(1)</sup> Weighted average percentage based on fair value of investment properties.

The following table summarizes stabilized capitalization rates used in the valuation process for the REIT's investment properties by region as at September 30, 2023 and 2022:

	As at September 30, 2023		As at September 30, 2022	
	Range %	Weighted Average % <sup>(1)</sup>	Range %	Weighted Average % <sup>(1)</sup>
Maritime provinces	4.5% - 9.0%	6.4 %	5.3% - 9.0%	6.3 %
Ontario	5.3% - 7.0%	5.9 %	4.5% - 6.8%	5.2 %
Quebec	5.0% - 7.1%	5.7 %	4.3% - 6.5%	5.1 %
Western Canada	5.5% - 9.3%	6.3 %	5.5% - 8.5%	5.9 %
<b>Total portfolio</b>	<b>4.5% - 9.3%</b>	<b>6.1 %</b>	<b>4.3% - 9.0%</b>	<b>5.7 %</b>

<sup>(1)</sup> Weighted average percentage based on fair value of investment properties.

#### Other Income and Other Expenses

The REIT acquired the assets of Compass Commercial Realty Limited ("Compass") on June 27, 2018, a property management firm headquartered in Halifax, Nova Scotia. The REIT records revenues generated ("other income") as well as relevant expenses incurred ("other expenses") by Compass not related to the properties owned by the REIT in the condensed consolidated interim statements of net income and comprehensive income. At September 30, 2023, Compass manages all 126 of the REIT's properties plus third party properties totalling approximately 10.8 million square feet.

#### Investment in Joint Operations

On August 4, 2022, the REIT acquired a 50% interest in 21 investment properties owned by a third party and sold a 50% interest in 21 investment properties it owned 100% prior to this transaction. As a result of this transaction, the REIT is a co-owner in 42 investment properties that are subject to joint control based on the REIT's decision-making authority with regard to the relevant activities of the investment properties. The REIT recognizes its rights to and obligations for the assets, liabilities, revenue and expenses of these joint operations in the respective lines in the Q3 2023 Financial Statements.

Compass acts as the sole property manager for the entire 50% owned 42-property portfolio and collects 100% of the property management fees.

The following amounts are included in the Q3 2023 Financial Statements and represent the REIT's proportionate share of the results of operations of its co-owned properties:

	3 Months Ended September 30 2023	3 Months Ended September 30 2022	9 Months Ended September 30 2023	9 Months Ended September 30 2022
<i>(CAD \$ thousands)</i>				
Property revenue	\$ 6,137	\$ 3,287	\$ 18,113	\$ 3,287
Property operating expenses (excluding the undernoted property management fees)	2,193	1,298	7,144	1,298
Property management fees	180	—	528	—
Net operating income	3,764	1,989	10,441	1,989
Interest and financing costs	1,369	950	4,076	950
Fair value adjustment - investment properties	579	(8,014)	(3,487)	(8,014)
<b>Net income and comprehensive income</b>	<b>\$ 1,816</b>	<b>\$ 9,053</b>	<b>\$ 9,852</b>	<b>\$ 9,053</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

## SEGMENTED ANALYSIS

The REIT's segments include three classifications of investment properties – Industrial, Retail, and Office. All of the REIT's activities are located in one geographical segment – Canada. The accounting policies followed for each segment are the same as disclosed in the REIT's condensed consolidated interim financial statements. Operating performance is evaluated by the REIT's management primarily based on NOI. General and administrative expenses, depreciation and amortization, interest and financing costs are not allocated to operating segments. Segment assets include investment properties; segment liabilities include mortgages attributable to specific segments, but excludes the REIT's term loans, credit facility and their respective unamortized financing costs. Other assets and liabilities are not attributed to operating segments.

	Industrial		Retail		Office		Total
(CAD \$ thousands)	\$	%	\$	%	\$	%	\$
<b>Three months ended September 30, 2023</b>							
Property revenue	17,110	71.1	4,483	18.6	2,459	10.3	24,052
Net operating income (NOI)	9,869	70.2	2,945	21.0	1,240	8.8	14,054
<b>Three months ended September 30, 2022</b>							
Property revenue	16,179	67.2	5,114	21.2	2,793	11.6	24,086
Net operating income (NOI)	9,958	67.2	3,521	23.8	1,329	9.0	14,808

	Industrial		Retail		Office		Total
(CAD \$ thousands)	\$	%	\$	%	\$	%	\$
<b>Nine months ended September 30, 2023</b>							
Property revenue	52,519	70.7	13,559	18.3	8,197	11.0	74,275
Net operating income (NOI)	30,578	71.0	8,647	20.1	3,819	8.9	43,044
Investment properties	810,975	79.4	151,009	14.8	59,530	5.8	1,021,514
Mortgages payable	362,231	78.0	66,393	14.3	36,012	7.7	464,636
<b>Nine months ended September 30, 2022</b>							
Property revenue	49,053	68.0	15,514	21.5	7,573	10.5	72,140
Net operating income (NOI)	29,438	68.2	10,304	23.9	3,416	7.9	43,158
Investment properties	770,668	75.5	167,624	16.4	82,465	8.1	1,020,757
Mortgages payable	373,775	76.8	70,017	14.4	42,691	8.8	486,483

The main driver for the change in revenues, NOI, fair values of investment properties and mortgages payables is the change in related ownership percentages during the twelve month period ended September 30, 2023 and the preceding three month period as described in the "Comparison of the Results from Operations" section of this MD&A.

As at September 30, 2023, the Industrial segment consists of 86 properties (September 30, 2022 – 86 properties), having a total GLA of approximately 5,218,000 square feet (September 30, 2022 – ~5,215,000 square feet).

As at September 30, 2023, the Retail segment consists of 34 properties (September 30, 2022 – 37 properties), having a total GLA of approximately 883,000 square feet (September 30, 2022 – ~900,000 square feet).

As at September 30, 2023, the Office segment consists of 6 properties (September 30, 2022 – 9 properties), having a total GLA of approximately 320,000 square feet (September 30, 2022 – ~429,000 square feet).

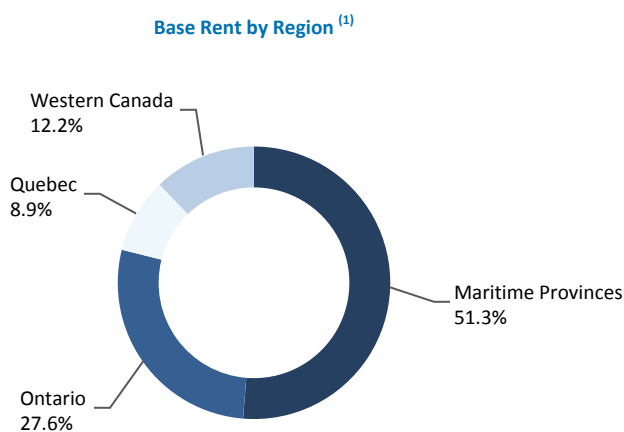
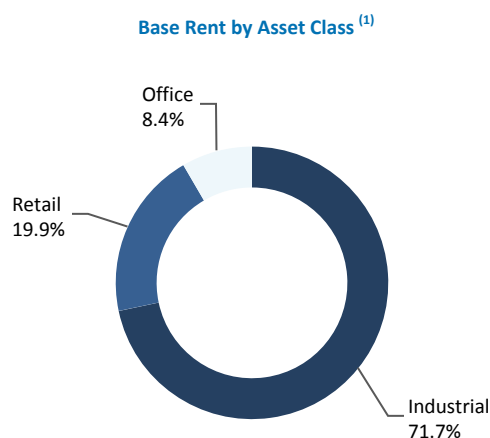
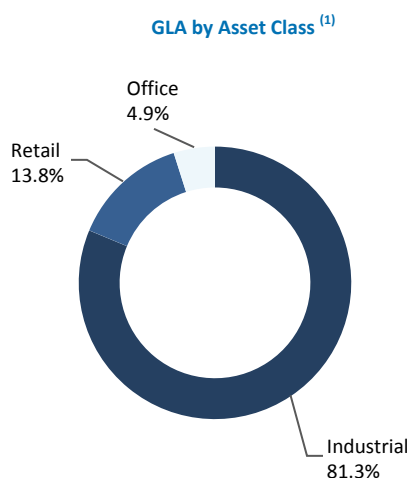
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

## PORTFOLIO PROFILE

At September 30, 2023, the REIT's portfolio consisted of 126 properties, located in prime locations within their respective markets, representing a total GLA of 6,420,336 square feet. The decrease of 124,294 square feet compared to September 30, 2022 is due to the disposition of 6 investment properties.

(CAD \$ thousands unless otherwise stated)	9 Month Period Ended/ At September 30, 2023				9 Month Period Ended/ At September 30, 2022			
	# of Properties	Occupancy <sup>(1)</sup>	GLA (sq. ft.)	NOI	# of Properties	Occupancy <sup>(1)</sup>	GLA (sq. ft.)	NOI
Industrial	86	98.4 %	5,217,806	\$ 30,578	86	98.6 %	5,214,996	\$ 29,438
Retail	34	98.0 %	882,852	8,647	37	97.5 %	900,225	10,304
Office	6	94.7 %	319,678	3,819	9	89.4 %	429,409	3,416
<b>Total</b>	<b>126</b>	<b>98.2 %</b>	<b>6,420,336</b>	<b>\$ 43,044</b>	<b>132</b>	<b>97.9 %</b>	<b>6,544,630</b>	<b>\$ 43,158</b>

<sup>(1)</sup> Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balance reporting. The committed space at September 30, 2023 was approximately 155,200 square feet of GLA (107,700 square feet of GLA at September 30, 2022). The occupancy at September 30, 2023 excludes a retail property and an industrial property totalling 84,000 square feet, both of which are under redevelopment.



<sup>1</sup> Based on annualized in-place and committed base rent at September 30, 2023.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

### Top Ten Tenants

As at September 30, 2023, the ten largest tenants in the REIT's portfolio accounted for approximately 28.3% on annualized in-place and committed base rent and had a remaining average lease term of approximately 4.4 years.

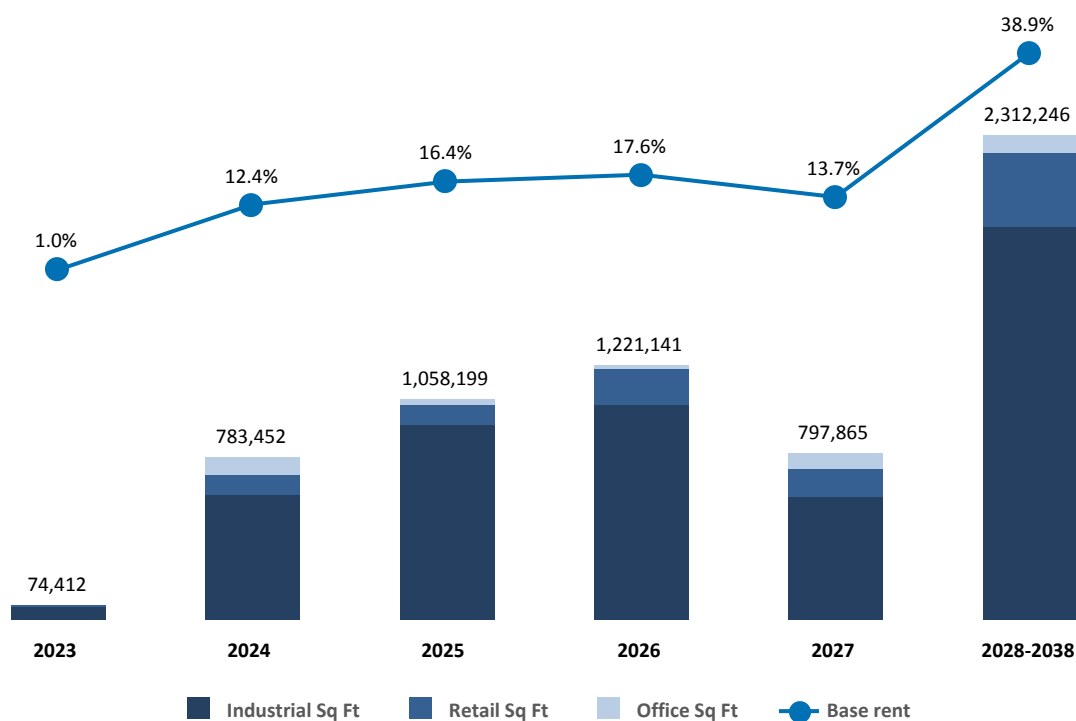
Tenant	% in-Place Base Rent <sup>(1)</sup>	GLA (Sq. Ft.)	Remaining Average Lease Term (years)	Credit Rating <sup>(2)</sup>
Sobeys	4.3 %	222,491	3.9	na/BBB-/BBB
DRS Technologies Canada	4.1 %	127,334	1.3	Baa3/BBB-/na
Sysco Canada Inc.	3.6 %	326,061	2.9	Baa1/BBB/na
Government of Canada	3.5 %	131,433	3.3	Aaa/AAA/AAA
Rexall	2.8 %	62,799	6.4	Baa1/BBB+/na
Versacold	2.4 %	224,334	5.9	na
Ribbon Communications Canada	2.4 %	98,057	6.3	na
Sherway Warehousing Inc.	1.8 %	156,318	2.9	na
Diversitech Equipment & Sales	1.8 %	66,975	9.9	na
ArcelorMittal Tailored Blanks	1.6 %	185,633	5.8	Baaa3/BBB-/BB+
<b>Total</b>	<b>28.3 %</b>	<b>1,601,435</b>	<b>4.4</b>	

<sup>(1)</sup> Based on annualized in-place and committed base rent at September 30, 2023.

<sup>(2)</sup> Source: Moody's, S&P, and DBRS. Credit rating assigned to tenant or its parent.

The REIT's total portfolio includes 68.9% of base rent from national and government tenants and 34.3% of base rent from credit quality tenants, based on annualized in-place and committed base rent at September 30, 2023.

The REIT's diverse tenant base has a staggered lease maturity profile with no more than 1,221,141 square feet or 19.0% of GLA maturing in any given period before 2028.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

	<b>September 30 2023</b>	September 30 2022
<b>Weighted average lease term to maturity (years)</b>		
Industrial	<b>4.0</b>	4.0
Retail	<b>4.4</b>	4.9
Office	<b>3.3</b>	4.6
<b>Total Portfolio</b>	<b>4.0</b>	4.2

#### Rental Rates

Weighted average in-place base rental revenue is contractual base rent and excludes recoverable expense revenue. The following table outlines the weighted average in-place base rental revenue, including committed space, per square foot and by asset class for the REIT's investment property portfolio at September 30, 2023 and September 30, 2022:

	<b>September 30, 2023</b>		September 30, 2022	
	<b>Leased GLA (Sq. Ft.)</b>	<b>Weighted Average In-Place Rent (per Sq. Ft.)</b>	<b>Leased GLA (Sq. Ft.)</b>	<b>Weighted Average In-Place Rent (per Sq. Ft.)</b>
Industrial	<b>5,098,125</b>	<b>\$ 8.21</b>	5,142,319	\$ 7.59
Retail	<b>846,477</b>	<b>14.11</b>	877,937	14.70
Office	<b>302,718</b>	<b>15.20</b>	383,785	14.12
<b>Leased total</b>	<b>6,247,320</b>	<b>\$ 9.35</b>	6,404,041	\$ 8.96
Properties under redevelopment	<b>84,000</b>		—	
Vacant total	<b>89,016</b>		140,589	
<b>Portfolio Total</b>	<b>6,420,336</b>		6,544,630	

The weighted average in-place rent of \$9.35 per square foot at September 30, 2023 increased from \$8.96 per square foot at September 30, 2022 driven by the increase in leasing rates in the industrial asset class as well as changes in portfolio assets.

#### LEASING ACTIVITY

At September 30, 2023, the REIT's occupancy was 98.2% (including committed space of approximately 155,200 square feet and excluding approximately 84,000 square feet under redevelopment) with a weighted average remaining lease term of 4.0 years. The following table summarizes rental rate spreads achieved on the renewal and replacements during the three and nine month periods ended September 30, 2023:

	<b>3 Months Ended September 30, 2023</b>		<b>9 Months Ended September 30, 2023</b>	
	<b>Leased GLA (Sq. Ft.)</b>	<b>Rental Rate Spread % <sup>(1)</sup></b>	<b>Leased GLA (Sq. Ft.)</b>	<b>Rental Rate Spread % <sup>(1)</sup></b>
Industrial	<b>36,144</b>	<b>80.2 %</b>	<b>878,251</b>	<b>50.7 %</b>
Retail	<b>5,323</b>	<b>11.2 %</b>	<b>49,255</b>	<b>9.4 %</b>
Office	<b>—</b>	<b>— %</b>	<b>28,625</b>	<b>(6.6)%</b>
<b>Total</b>	<b>41,467</b>	<b>58.4 %</b>	<b>956,131</b>	<b>43.9 %</b>

<sup>(1)</sup> Rental rate spread % is calculated as the difference in renewal rent over existing rent.

Overall, approximately 88.8% of GLA maturing in 2023 has been renewed at 43.9% positive average spreads.

As of April 1, 2023, a 102,000 square foot industrial property located in Montreal, Quebec was vacant. The space has been fully re-leased to two tenants with 10 year lease terms with an average rental rate spread of 55% over the previous tenants. Occupancy commenced in the third quarter of 2023 with contractual annualized base rent of approximately \$1,600.

As of July 1, 2023 a 61,000 square foot industrial unit located in Winnipeg, Manitoba became vacant. Approximately 33,100 square feet has been re-leased to an existing tenant with a 10 year lease term with an average rental rate spread of 36.4%. Occupancy commenced October 1, 2023.

## PART IV

### LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities, available funding under the REIT's credit facility and cash on hand represent the primary sources of liquidity to fund distributions, debt service, capital expenditures, tenant inducements and leasing costs. The REIT's cash flow from operations is dependent upon the rental occupancy levels, the rental rates on its leases, the collectability of rent from its tenants, recoveries of operating costs and operating costs. Material changes in these factors may adversely affect the REIT's net cash flows from operating activities and liquidity (see "Risks and Uncertainties" section).

The REIT expects to be able to meet all of its obligations as they become due in the short-term and the long-term. The REIT expects to have sufficient liquidity as a result of cash on hand, cash flow from operating activities, operating facilities, the ability to refinance properties when required as well as the ability to raise equity in the capital markets when available.

	<b>3 Months Ended September 30 2023</b>	3 Months Ended September 30 2022	<b>9 Months Ended September 30 2023</b>	9 Months Ended September 30 2022
<i>(CAD \$ thousands)</i>				
<b>Cash provided from (used in):</b>				
Operating activities	\$ 11,036	\$ 10,975	\$ 22,237	\$ 19,904
Financing activities	(21,527)	(22,324)	(17,584)	(28,919)
Investing activities	6,099	13,695	(781)	9,219
<b>Change in cash during the period</b>	<b>(4,392)</b>	2,346	<b>3,872</b>	204
Cash, beginning of period	15,795	3,802	7,531	5,944
<b>Cash, end of period</b>	<b>\$ 11,403</b>	<b>\$ 6,148</b>	<b>\$ 11,403</b>	<b>\$ 6,148</b>

#### Three Month Period Ended September 30, 2023

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$11,036 for the three month period ended September 30, 2023 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash used in financing activities during the three month period ended September 30, 2023 of \$21,527 is attributed to issuance costs of debentures of \$87, distributions paid of \$6,660, repayment of debt of \$10,546, Restricted and Deferred Units settled in cash of \$224, financing cost incurred of \$10 and net decrease in borrowings on the credit facility of \$4,000.

Cash flows from investing activities of \$6,099 during the three month period ended September 30, 2023 primarily consist of net proceeds of disposal of investment properties of \$10,892, offset by the additions of capital expenditures and leasing costs of \$4,355 and the additions to property and equipment of \$438.

#### Nine Month Period Ended September 30, 2023

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$22,237 for the nine month period ended September 30, 2023 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash used in financing activities during the nine month period ended September 30, 2023 of \$17,584 is attributed to repayment of debt of \$33,695, net decrease of credit facility of \$23,000, distributions paid of \$19,948, Restricted and Deferred Units settled in cash of \$3,560 and financing costs incurred of \$465, offset by the increase in debt of \$30,500, and the issuance of Convertible Debentures (net of costs) of \$32,584.

Cash used in investing activities of \$781 during the nine month period ended September 30, 2023 primarily consist of the additions of capital expenditures and leasing costs of \$13,023 and the additions to property and equipment of \$552 offset by the net proceeds of disposal of investment property of \$12,794.

#### Available Liquidity

The following table represents the REIT's Available Liquidity at September 30, 2023, December 31, 2022 and September 30, 2022:

	<b>September 30 2023</b>	December 31 2022	September 30 2022
<i>(CAD \$ thousands)</i>			
Cash per condensed consolidated interim financial statements	\$ 11,403	\$ 7,531	\$ 6,148
Undrawn revolving credit facility	46,000	23,000	22,500
<b>Available Liquidity <sup>(1)</sup></b>	<b>\$ 57,403</b>	<b>\$ 30,531</b>	<b>\$ 28,648</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**CAPITALIZATION AND DEBT PROFILE**

	September 30 2023
<i>(CAD \$ thousands)</i>	
Mortgages payable (net of financing costs of \$1,899)	\$ 464,635
Term loan (net of financing costs of \$117)	9,857
Convertible Debentures including derivative financial instrument (net of financing costs of \$3,177)	30,820
Credit facility (net of financing costs of \$237)	13,763
Class B LP Units	5,795
Unitholders' Equity	494,847
<b>Total Capitalization</b>	<b>\$ 1,019,717</b>

The REIT has a revolving credit facility of \$60,000 which bears interest at prime plus 100.0 basis points or bankers' acceptance rate plus 200.0 basis points. The credit facility is secured by a pool of first and second charges on certain investment properties with a fair value of approximately \$113,505 at September 30, 2023. At September 30, 2023, advances under the revolving credit facility were \$14,000.

As at September 30, 2023, all mortgages payable were at fixed rates with a weighted average contractual rate of approximately 3.76% (December 31, 2022 – 3.70%). The mortgages payable are secured by first charges on certain investment properties with a fair value of approximately \$907,494 at September 30, 2023 (December 31, 2022 - \$903,060).

On June 29, 2023, the REIT received a \$10,000 three year term loan at rate of 6.79% per annum. Proceeds of the term loan were used to partially repay the credit facility. The term loan is secured by second charges on certain investment properties with a fair value of approximately \$117,020 at September 30, 2023.

The debt is repayable no later than 2033.

	Principal instalments	Principal maturities	Total Principal Payable	% of Total Principal	Weighted Average Interest Rate on Maturity
<i>(CAD \$ thousands)</i>					
2023 - remainder of year	\$ 3,315	\$ 24,860	\$ 28,175	5.9 %	4.33 %
2024	12,552	27,343	39,895	8.4 %	3.63 %
2025	12,211	40,355	52,566	11.0 %	4.58 %
2026	10,183	130,577	140,760	29.5 %	3.51 %
2027	6,793	48,836	55,629	11.7 %	4.91 %
Thereafter	12,279	147,204	159,483	33.5 %	3.54 %
	<b>\$ 57,333</b>	<b>\$ 419,175</b>	<b>\$ 476,508</b>	<b>100.0 %</b>	
Financing costs			(2,016)		
<b>Total balance outstanding as at September 30, 2023</b>			<b>\$ 474,492</b>		

On May 26, 2023, the REIT issued \$35,000 aggregate principal amount of convertible unsecured subordinated debentures bearing 8.00% interest per annum payable semi-annually and maturing in June 2028 (the "Maturity Date"). The interest is payable in arrears on June 30 and December 31 each year, commencing December 31, 2023. The Convertible Debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and the business day immediately preceding the date fixed for redemption of the Convertible Debentures, as applicable, at a conversion price of \$7.00 per Unit.

These Convertible Debentures are not redeemable before June 30, 2026 by the REIT. On and from June 30, 2026 and prior to June 30, 2027, the Convertible Debentures may be redeemed by the REIT, in whole at any time, or in part from time to time, at a redemption price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Units on the TSX during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption (the "Current Market Price") is given is at least 125% of the conversion price. On and from June 30, 2027 and prior to the Maturity Date, the Convertible Debentures may be redeemed by the REIT, in whole at any time, or in part from time to time, at a redemption price equal to their principal amount plus accrued and unpaid interest.

Subject to regulatory approvals and other conditions, the REIT may, at its option, elect to satisfy its obligation to pay the principal amount of Convertible Debentures on redemption or at the Maturity Date, in whole or in part, by delivering the number of freely tradable Units obtained by dividing the principal amount of the Convertible Debentures being repaid by 95% of the Current Market Price on the date of redemption or on the Maturity Date.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**Contractual Obligations**

The following table represents the REIT's contractual obligations at September 30, 2023:

<i>(CAD \$ thousands)</i>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Thereafter</b>
Debt principal instalments <sup>(1)</sup>	\$ 3,315	\$ 12,552	\$ 12,211	\$ 10,183	\$ 6,793	\$ 12,279
Debt principal maturities <sup>(1)</sup>	24,860	27,343	40,355	130,577	48,836	147,204
Debt interest <sup>(1)</sup>	4,453	16,100	14,595	11,338	7,247	10,014
Convertible Debentures	—	—	—	—	—	35,000
Interest on Convertible Debentures <sup>(1)</sup>	1,680	2,800	2,800	2,800	2,800	1,400
Credit facility	14,000	—	—	—	—	—
Accounts payable and other liabilities	20,060	—	—	—	—	—
Rent <sup>(1)</sup>	21	28	—	—	—	—
	<b>\$ 68,389</b>	<b>\$ 58,823</b>	<b>\$ 69,961</b>	<b>\$ 154,898</b>	<b>\$ 65,676</b>	<b>\$ 205,897</b>

<sup>(1)</sup> 2023 amounts represent the period of October 1, 2023 to December 31, 2023

The REIT expects to have sufficient liquidity as a result from cash flow from operating activities, operating facilities, the ability to refinance properties when required as well as the ability to raise equity in the capital markets when available to satisfy these obligations.

**NAV per Unit**

The following is the calculation of NAV per Unit at September 30, 2023 and 2022:

<i>(CAD \$ thousands)</i>	<b>September 30 2023</b>	<b>September 30 2022</b>
Total unitholders' equity per condensed consolidated interim financial statements	\$ 494,847	\$ 487,807
Adjustment for Class B LP Units	5,795	8,728
<b>Net Asset Value <sup>(1)</sup></b>	<b>\$ 500,642</b>	<b>\$ 496,535</b>
Total outstanding Units and Class B LP Units	60,603,438	60,447,230
<b>NAV per Unit <sup>(1)</sup></b>	<b>\$8.26</b>	<b>\$8.21</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**Adjusted Debt**

The following table reconciles debt (current and non-current) as reported in the condensed consolidated interim financial statements to Adjusted Debt:

<i>(CAD \$ thousands)</i>	<b>September 30 2023</b>	September 30 2022
Debt (non-current and current portion)	\$ 474,492	\$ 489,849
Reconciling items:		
Unamortized financing costs - debt	2,016	2,376
Debt, excluding unamortized financing costs	\$ 476,508	\$ 492,225
Credit facility	13,763	27,294
Unamortized financing costs - credit facility	237	206
Credit facility, excluding unamortized financing costs	\$ 14,000	\$ 27,500
Convertible Debentures	30,008	–
Derivative financial instrument	812	–
Unamortized financing costs - convertible debentures	3,177	–
Accretion expense - for the 9 months ended September 30, 2023 and 2022	(124)	–
Fair value adjustment - derivative financial instrument for the 9 months ended September 30, 2023 and 2022	1,127	–
Convertible Debentures, at face value	\$ 35,000	\$ –
<b>Adjusted Debt <sup>(1)</sup></b>	<b>\$ 525,508</b>	<b>\$ 519,725</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**Debt Ratios**

The REIT is free to determine the appropriate level of capital in context with its cash flow requirements, overall business risks and potential business opportunities. As a result, the REIT makes adjustments to its capital based on its investment strategies and changes to economic conditions.

The REIT's objective is to maintain a combination of short, medium and long-term debt maturities that are appropriate for the overall debt level of its portfolio, taking into account availability of financing and market conditions, and the financial characteristics of each property.

The REIT's other objectives when managing capital on a long-term basis include enhancing the value of the assets and maximizing unit value through the ongoing active management of the REIT's assets, expanding the asset base through acquisitions of additional properties and the re-development of projects which are leased to creditworthy tenants, and generating sufficient returns to provide unitholders with stable and growing cash distributions. The REIT's strategy is driven by policies as set out in the Declaration of Trust, as well as requirements from certain lenders.

The requirements of the REIT's operating policies as outlined in the Declaration of Trust include requirements that the REIT will not:

- (a) incur or assume indebtedness on properties in excess of 75% of the property's market value; and
- (b) incur or assume indebtedness which would cause the total indebtedness of the REIT to exceed 70% of Gross Book Value.

Gross Book Value is calculated as follows:

<i>(CAD \$ thousands unless otherwise stated)</i>	<b>September 30 2023</b>	September 30 2022
Total assets, including investment properties stated at fair value	\$ 1,047,114	\$ 1,040,368
Accumulated depreciation on property and equipment and intangible assets	3,619	2,838
<b>Gross Book Value <sup>(1)</sup></b>	<b>1,050,733</b>	<b>1,043,206</b>
Adjusted Debt <sup>(1)</sup>	\$ 525,508	\$ 519,725
<b>Adjusted Debt to Gross Book Value <sup>(1)</sup></b>	<b>50.0 %</b>	<b>49.8 %</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

On June 29, 2023, the REIT received a \$10,000 three year term loan at rate of 6.79%. Approximately \$8,000 of the proceeds was used to partially repay the credit facility.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

The REIT was in compliance with the above requirement as well as all required covenants as at September 30, 2023.

**Financial Measures**

In addition to the REIT's level of indebtedness calculated in accordance with the REIT's Declaration of Trust, management also monitors certain financial measures, which include the (i) Interest Coverage Ratio, (ii) Debt Service Coverage Ratio, and (iii) Debt to Annualized Adjusted EBITDA Ratio. All of these measures are non-IFRS measures. See "Non-IFRS Measures".

**Adjusted EBITDA**

Adjusted EBITDA is used by the REIT to monitor the REIT's ability to satisfy and service its debt and to monitor requirements imposed by the REIT's lenders. Specifically, Adjusted EBITDA is used to monitor the REIT's Interest Coverage Ratio and Debt Service Ratio, which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt.

The following is a calculation of Adjusted EBITDA for the three and nine month periods ended September 30, 2023 and 2022:

	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
<i>(CAD \$ thousands)</i>				
<b>Net income and comprehensive income</b>	<b>\$ 11,265</b>	<b>\$ 19,547</b>	<b>\$ 26,055</b>	<b>\$ 78,038</b>
Interest and financing costs	<b>5,980</b>	5,843	<b>16,584</b>	15,359
Depreciation of property and equipment	<b>108</b>	103	<b>321</b>	291
Amortization of intangible assets	<b>62</b>	93	<b>248</b>	279
Fair value adjustment - Class B LP Units	<b>(1,310)</b>	(650)	<b>(2,302)</b>	(1,511)
Fair value adjustment - investment properties	<b>(1,567)</b>	(11,573)	<b>(2,968)</b>	(52,707)
Fair value adjustment - derivative financial instrument	<b>(1,148)</b>	–	<b>(1,127)</b>	–
Distributions - Class B LP Units	<b>152</b>	159	<b>466</b>	477
Straight-line rent	<b>226</b>	(21)	<b>(352)</b>	(244)
Long-term incentive plan expense	<b>(409)</b>	(75)	<b>567</b>	(351)
CEO succession plan costs	–	–	<b>2,240</b>	–
Transaction costs	<b>73</b>	–	<b>126</b>	–
Debt settlement costs	<b>5</b>	274	<b>199</b>	274
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 13,437</b>	<b>\$ 13,700</b>	<b>\$ 40,057</b>	<b>\$ 39,905</b>
<b>Annualized Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 53,748</b>	<b>\$ 54,800</b>	<b>\$ 53,409</b>	<b>\$ 53,207</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**Interest Coverage Ratio**

The Interest Coverage Ratio is useful in determining the REIT's ability to service the interest requirements of its outstanding debt. The Interest Coverage Ratio is calculated by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Management utilizes this ratio to measure and limit the REIT's leverage.

The following is a calculation of the Interest Coverage Ratio for the three and nine month periods ended September 30, 2023 and 2022:

	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
<i>(CAD \$ thousands)</i>				
Adjusted EBITDA <sup>(1)</sup>	<b>\$ 13,437</b>	<b>\$ 13,700</b>	<b>\$ 40,057</b>	<b>\$ 39,905</b>
Interest expense	<b>\$ 5,612</b>	<b>\$ 5,020</b>	<b>\$ 15,926</b>	<b>\$ 14,006</b>
<b>Interest Coverage Ratio <sup>(1)</sup></b>	<b>2.4x</b>	<b>2.7x</b>	<b>2.5x</b>	<b>2.8x</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**Debt Service Coverage Ratio**

The Debt Service Coverage Ratio is determined as Adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflect principal repayments and interest expensed during the period. Payments related to prepayment penalties or payments upon discharge

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

of a mortgage are excluded from the calculation. The Debt Service Coverage Ratio is a useful measure used by the REIT's management to monitor the REIT's ability to meet annual interest and principal payments.

The following is a calculation of the Debt Service Coverage Ratio for the three and nine month periods ended September 30, 2023 and 2022:

<i>(CAD \$ thousands)</i>	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
Adjusted EBITDA <sup>(1)</sup>	\$ 13,437	\$ 13,700	\$ 40,057	\$ 39,905
Interest expense	5,612	5,020	15,926	14,006
Principal repayments	3,317	3,352	9,924	10,507
Debt Service Requirements	\$ 8,929	\$ 8,372	\$ 25,850	\$ 24,513
<b>Debt Service Coverage Ratio <sup>(1)</sup></b>	<b>1.5x</b>	<b>1.6x</b>	<b>1.5x</b>	<b>1.6x</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

#### Annualized Adjusted EBITDA Ratio

Adjusted Debt to Annualized Adjusted EBITDA Ratio is a non-IFRS ratio calculated by the REIT as Adjusted Debt divided by Annualized Adjusted EBITDA. The Adjusted Debt to Annualized Adjusted EBITDA Ratio is a useful measure for management and investors as it indicates the number of years required for the REIT's Annualized Adjusted EBITDA to repay all outstanding debt. Management considers these metrics a useful measure for evaluating the REIT's ability to service its debt.

The following is a calculation of Adjusted Debt to Annualized Adjusted EBITDA Ratio for the three and nine month periods ended September 30, 2023 and 2022:

<i>(CAD \$ thousands)</i>	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
Adjusted Debt <sup>(1)</sup>	\$ 525,508	\$ 519,725	\$ 525,508	\$ 519,725
Adjusted EBITDA <sup>(1)</sup>	\$ 13,437	\$ 13,700	\$ 40,057	\$ 39,905
Annualized Adjusted EBITDA <sup>(1)</sup>	\$ 53,748	\$ 54,800	\$ 53,409	\$ 53,207
<b>Adjusted Debt to Annualized Adjusted EBITDA Ratio <sup>(1)</sup></b>	<b>9.8x</b>	<b>9.5x</b>	<b>9.8x</b>	<b>9.8x</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**DISTRIBUTIONS AND ADJUSTED FUNDS FROM OPERATIONS**

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
<b>Net income and comprehensive income for the period</b>	<b>\$ 11,265</b>	<b>\$ 19,547</b>	<b>\$ 26,055</b>	<b>\$ 78,038</b>
<b>Add:</b>				
Long-term incentive plan	(923)	(731)	(1,623)	(1,786)
Distributions - Class B LP Units	152	159	466	477
Fair value adjustment - investment properties	(1,567)	(11,573)	(2,968)	(52,707)
Fair value adjustment - Class B LP Units	(1,310)	(650)	(2,302)	(1,511)
Fair value adjustment - derivative financial instrument	(1,148)	–	(1,127)	–
Amortization of intangible assets	62	93	248	279
<b>FFO <sup>(1)</sup></b>	<b>\$ 6,531</b>	<b>\$ 6,845</b>	<b>\$ 18,749</b>	<b>\$ 22,790</b>
<b>Deduct:</b>				
Straight-line rent adjustment	\$ 226	\$ (21)	\$ (352)	\$ (244)
Maintenance capital expenditures	(126)	(282)	(485)	(793)
Stabilized leasing costs	(665)	(387)	(1,763)	(1,225)
<b>Add:</b>				
Long-term incentive plan	514	656	2,190	1,435
Amortization of financing costs	367	846	806	1,369
Accretion expense - Convertible Debentures	105	–	124	–
Debt settlement costs	73	274	126	274
Transaction costs	5	–	199	–
CEO Succession plan costs	–	–	2,240	–
<b>AFFO <sup>(1)</sup></b>	<b>\$ 7,030</b>	<b>\$ 7,931</b>	<b>\$ 21,834</b>	<b>\$ 23,606</b>
<b>Basic FFO per unit <sup>(1)(2)</sup></b>	<b>\$ 0.1079</b>	<b>\$ 0.1132</b>	<b>\$ 0.3100</b>	<b>\$ 0.3770</b>
<b>Diluted FFO per unit <sup>(1)(2)</sup></b>	<b>\$ 0.1064</b>	<b>\$ 0.1111</b>	<b>\$ 0.3053</b>	<b>\$ 0.3703</b>
<b>Basic AFFO per unit <sup>(1)(2)</sup></b>	<b>\$ 0.1161</b>	<b>\$ 0.1312</b>	<b>\$ 0.3610</b>	<b>\$ 0.3905</b>
<b>Diluted AFFO per unit <sup>(1)(2)</sup></b>	<b>\$ 0.1146</b>	<b>\$ 0.1287</b>	<b>\$ 0.3556</b>	<b>\$ 0.3835</b>
<b>Distributions declared per Unit and Class B LP unit</b>	<b>\$ 0.1125</b>	<b>\$ 0.1125</b>	<b>\$ 0.3375</b>	<b>\$ 0.3375</b>
<b>AFFO Payout Ratio – Basic <sup>(1)</sup></b>	<b>96.9 %</b>	<b>85.7 %</b>	<b>93.5 %</b>	<b>86.4 %</b>
<b>AFFO Payout Ratio – Diluted <sup>(1)</sup></b>	<b>98.2 %</b>	<b>87.4 %</b>	<b>94.9 %</b>	<b>88.0 %</b>
<b>Basic weighted average number of units <sup>(2)(3)</sup></b>	<b>60,534,125</b>	<b>60,447,230</b>	<b>60,479,465</b>	<b>60,447,230</b>
<b>Diluted weighted average number of units <sup>(2)(3)</sup></b>	<b>61,366,430</b>	<b>61,625,646</b>	<b>61,408,491</b>	<b>61,549,406</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

<sup>(2)</sup> FFO and AFFO per unit is calculated as FFO or AFFO, as the case may be, divided by the total of the weighted average number of basic or diluted units, as applicable, added to the weighted average number of Class B LP Units outstanding during the period.

<sup>(3)</sup> Total basic units consist of Units and Class B LP Units. Total diluted units also includes deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

The decrease in FFO of \$314 and \$4,041 for the three and nine month periods ended September 30, 2023 compared to the same periods in 2022 is related to a temporary vacancy in one industrial property (see "Leasing Activity" section of this MD&A), a decrease in properties owned and related ownership percentages (see "Comparison of the Results from Operations" section of this MD&A), an increase in variable interest rates on the credit facility, higher weighted average interest rates on mortgage debt as well as certain one-time costs including debt settlement costs of \$53, transaction costs of \$194, and CEO succession plan costs of \$2,240 (see "Summary of Significant Events" section of this MD&A). This is partially offset by contractual increases in rent and higher rental rates on lease renewals.

AFFO was \$7,030 and \$21,834 for the three and nine month periods ended September 30, 2023 with a corresponding AFFO Payout Ratio – Basic of 96.9% and 93.5% respectively. The increase in the AFFO Payout Ratio – Basic compared to the same periods in 2022 is driven in part by a temporary vacancy in one industrial property (see "Leasing Activity" section of this MD&A), a decrease in properties owned and related ownership percentages (see "Comparison of the Results from Operations" section of this MD&A), an increase in variable interest rates on the credit facility, as well as an increase in weighted average interest rates on mortgage debt. This is partially offset by contractual increases in rent and higher rental rates on lease renewals.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**Distributions**

The Board has full discretion with respect to the timing and extent of distributions, including the adoption, amendment or revocation of any distribution policy. In determining the amount of monthly cash distributions paid to unitholders, the Board applies discretionary judgment to forward-looking cash flow information, including forecasts and budgets. Management considers AFFO to be a meaningful measure of cash flow performance because it more clearly measures normalized and stabilized cash flow, as opposed to cash flow from operating activities calculated in accordance with IFRS, which reflects seasonal fluctuations in working capital and other items. The excess of AFFO over cash distributions represents a measure of operating cash flow retained in the business.

It is the REIT's intention to make distributions to unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for current income taxes.

The REIT has implemented a distribution reinvestment plan ("DRIP") pursuant to which holders of Units or Class B LP Units may elect to have their cash distributions of the REIT or PRLP automatically reinvested in additional Units at a 3% discount to the weighted average price of the Units for the last five trading days preceding the applicable distribution payment date. In response to the stock market volatility caused by the COVID-19 pandemic, the REIT has suspended its DRIP effective April 22, 2020. The DRIP will remain suspended until further notice and distributions of the REIT will be paid only in cash. Upon reinstatement of the DRIP, as applicable, plan participants enrolled in the DRIP at the time of its suspension and who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

The distributions declared during the three and nine month periods ended September 30, 2023 resulted in Nil Units being issued or issuable under the DRIP respectively.

Distributions of \$0.1125 and \$0.3375 per Unit and Class B LP Unit were declared during the three and nine month periods ended September 30, 2023 and 2022. Distributions were paid on or about the 15th day of the month following the declaration.

The following reconciles AFFO to cash flows from operating activities reported in the condensed consolidated interim financial statements:

	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
<i>(CAD \$ thousands)</i>				
<b>Cash flow provided from operating activities</b>	<b>\$ 11,036</b>	<b>\$ 10,975</b>	<b>\$ 22,237</b>	<b>\$ 19,904</b>
Add (deduct):				
Changes in non-cash working capital	<b>(3,337)</b>	<b>(2,705)</b>	<b>(865)</b>	<b>5,260</b>
Distributions – Class B LP Units	<b>152</b>	<b>159</b>	<b>466</b>	<b>477</b>
Maintenance capital expenditures	<b>(126)</b>	<b>(282)</b>	<b>(485)</b>	<b>(793)</b>
Stabilized leasing costs	<b>(665)</b>	<b>(387)</b>	<b>(1,763)</b>	<b>(1,225)</b>
Depreciation of property and equipment	<b>(108)</b>	<b>(103)</b>	<b>(321)</b>	<b>(291)</b>
Debt settlement costs	<b>73</b>	<b>274</b>	<b>126</b>	<b>274</b>
Transaction costs	<b>5</b>	<b>–</b>	<b>199</b>	<b>–</b>
CEO succession plan costs	<b>–</b>	<b>–</b>	<b>2,240</b>	<b>–</b>
<b>Adjusted Funds From Operations (AFFO) <sup>(1)</sup></b>	<b>\$ 7,030</b>	<b>\$ 7,931</b>	<b>\$ 21,834</b>	<b>\$ 23,606</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

The table below compares AFFO to total distributions paid or payable on Units and Class B LP Units:

	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
<i>(CAD \$ thousands)</i>				
<b>Adjusted Funds From Operations (AFFO) <sup>(1)</sup></b>	<b>\$ 7,030</b>	<b>\$ 7,931</b>	<b>\$ 21,834</b>	<b>\$ 23,606</b>
<b>Total distributions paid or payable – Units and Class B LP Units</b>	<b>6,812</b>	<b>6,801</b>	<b>20,414</b>	<b>20,401</b>
<b>Excess of AFFO over distributions paid or payable</b>	<b>\$ 218</b>	<b>\$ 1,130</b>	<b>\$ 1,420</b>	<b>\$ 3,205</b>

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

For the three and nine month periods ended September 30, 2023 and 2022, the REIT had sufficient AFFO to cover the distributions paid or payable.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

The following table compares cash flows provided from operations to total distributions paid or payable:

<i>(CAD \$ thousands)</i>	<b>3 Months Ended September 30 2023</b>	<b>3 Months Ended September 30 2022</b>	<b>9 Months Ended September 30 2023</b>	<b>9 Months Ended September 30 2022</b>
Cash flow provided from operating activities	\$ 11,036	\$ 10,975	\$ 22,237	\$ 19,904
Net income and comprehensive income	\$ 11,265	\$ 19,547	\$ 26,055	\$ 78,038
Total distributions paid or payable – Units <sup>(1)</sup>	\$ 6,660	\$ 6,642	\$ 19,948	\$ 19,924
<b>Excess (shortfall) of cash flow from operating activities over distributions paid or payable</b>	<b>\$ 4,376</b>	<b>\$ 4,333</b>	<b>\$ 2,289</b>	<b>\$ (20)</b>
<b>Excess of net income and comprehensive income over distributions paid or payable</b>	<b>\$ 4,605</b>	<b>\$ 12,905</b>	<b>\$ 6,107</b>	<b>\$ 58,114</b>

<sup>(1)</sup> This excludes distributions paid or payable on Class B LP Units given cash flows from operating activities and net income and comprehensive income have been reduced by this amount.

For the nine month period ended September 30, 2022, there was a shortfall of cash flow from operating activities over distributions paid or payable. The REIT financed the shortfalls using cash on hand and/or using the REIT's revolving credit facility of \$60,000 which bears interest at prime plus 100.0 basis points or bankers' acceptance rate plus 200.0 basis points.

## ISSUED AND OUTSTANDING SECURITIES AND NORMAL COURSE ISSUER BID

The REIT is authorized to issue an unlimited number of Units and an unlimited number of special voting units (the "Special Voting Units").

### Units

Each Unit confers the right to one vote at any meeting of unitholders and to participate pro rata in all distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The unitholders have the right to require the REIT to redeem their Units on demand in accordance with the Declaration of Trust. The Units have no par value. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall cease and the holder thereof shall be entitled to receive a price per Unit ("Redemption Price"), as determined by a formula outlined in the Declaration of Trust. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

Total Units outstanding as of November 8, 2023 were 59,249,207.

### Class B LP Units and Special Voting Units

Special Voting Units have no economic entitlement in the REIT, but entitle the holder to one vote per Special Voting Unit at any meeting of the unitholders of the REIT. Special Voting Units may only be issued in connection with or in relation to Class B LP Units, for the purpose of providing voting rights with respect to the REIT to the holders of Class B LP Units. A Special Voting Unit will be issued in tandem with each Class B LP Unit issued.

The Class B LP Units are issued by PRLP and holders of Class B LP Units are entitled to receive distributions equal to those provided to holders of Units. The Class B LP Units are indirectly exchangeable on a one-for-one basis for Units at any time at the option of their holder, unless the exchange would jeopardize the REIT's status as a "mutual fund trust" under the Income Tax Act. The Class B LP Units are presented as a financial liability in the statement of financial position.

Total Class B LP Units outstanding as of November 8, 2023 were 1,354,231.

### Deferred Units and Restricted Units

The REIT has a long term incentive plan pursuant to which it may grant deferred units or restricted units to its trustees and senior officers and certain of its employees and consultants. Units are issued to participants in the plan upon vesting of the deferred units or restricted units, unless deferred in accordance with the terms of the plan.

Total deferred units and restricted units outstanding as of November 8, 2023 were 1,178,250 and 190,159.

### Normal Course Issuer Bid

Pursuant to a notice accepted by the TSX, the REIT could, during the period commencing September 26, 2022 and ended September 25, 2023, purchase for cancellation, through the facilities of the TSX and at the market price of the Units at the time of purchase, up to 1,771,049 Units representing 3% of the REIT's issued and outstanding Units at the beginning of the normal course issuer bid. The normal course issuer bid expired on September 25, 2023. There were no Units repurchased and cancelled under the normal course issuer bid during the three and nine month periods ended September 30, 2023.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

## FINANCIAL INSTRUMENTS

The REIT does not acquire, hold or issue derivative financial instruments for trading purposes. The following table presents the classification, measurement subsequent to initial recognition, carrying values and fair values (where applicable) of financial assets and liabilities.

<i>(CAD \$ thousands)</i>	<b>Measurement</b>	<b>Carrying Value September 30 2023</b>	<b>Fair Value September 30 2023</b>
<b>Loans and Receivables</b>			
Cash (a)	Amortized cost	\$ 11,403	\$ 11,403
Receivables and other excluding prepaid expenses, deposits and other receivables (a)	Amortized cost	2,525	2,525
		<b>\$ 13,928</b>	<b>\$ 13,928</b>
<b>Financial Liabilities Through Profit and Loss</b>			
Class B LP Units	Fair value (L2)	\$ 5,795	\$ 5,795
Long-term incentive plan	Fair value (L2)	5,064	5,064
Derivative financial instrument (b)	Fair value (L3)	812	812
		<b>\$ 11,671</b>	<b>\$ 11,671</b>
<b>Other Financial Liabilities</b>			
Accounts payable and other liabilities (a)	Amortized cost	\$ 20,060	\$ 20,060
Credit facility (a)	Amortized cost	13,763	13,763
Distributions payable (a)	Amortized cost	2,273	2,273
Debt (c)	Amortized cost	474,492	438,044
Convertible Debentures (d)	Amortized cost	30,008	33,250
		<b>\$ 540,596</b>	<b>\$ 507,390</b>

- (a) Short-term financial instruments, comprising cash, accounts receivable, accounts payable and other liabilities, credit facility and distributions payable are carried at amortized cost which, due to their short-term nature, approximates their fair value.
- (b) Derivative financial instrument fair value is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument (Level 3). Such fair value estimates are not necessarily indicative of the amounts the REIT might pay or receive in actual market transactions.
- (c) Debt is a long-term financial instrument. The fair value of debt is based upon discounted future cash flows using discount rates, adjusted for the REIT's own credit risk, that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the REIT might pay or receive in actual market transactions.
- (d) Convertible Debentures are a long-term financial liability. The fair value of Convertible Debentures includes the conversion option and is based on the TSX trading price at the reporting date (Level 1).

The fair value of the Class B LP Units and long-term incentive plan are estimated based on the market trading prices of the Units (Level 2).

### Off Balance Sheet Arrangements

The REIT had no off balance sheet arrangements during the three and nine month periods ended September 30, 2023.

## **PART V**

### **CONTROLS AND PROCEDURES**

The applicable rules of the Canadian Securities Administrators require the REIT's certifying officers, its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO"), to establish and maintain disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in such rules. In compliance with these rules, the REIT has filed applicable certifications signed by the CEO and the CFO that, among other things, report on the design of each of DC&P and ICFR.

#### **Disclosure Controls and Procedures**

The CEO and CFO have designed, or caused to be designed under their supervision, DC&P to provide reasonable assurance that (i) material information regarding the REIT is accumulated and communicated to the REIT's management, including the CEO and CFO, in a timely manner so that appropriate decisions can be made regarding public disclosure and information, and (ii) information required to be disclosed in the REIT's annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

#### **Internal Control Over Financial Reporting**

In addition, the CEO and CFO have designed, or caused to be designed under their supervision, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the REIT's accounting and reporting standards.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in the REIT's ICFR in the nine months of 2023 that materially affected or are reasonably likely to materially affect the REIT's ICFR.

#### **Inherent Limitations on Effectiveness of DC&P and ICFR**

It should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

### **RISKS AND UNCERTAINTIES**

Certain factors may have a material adverse effect on the REIT's business, financial condition and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A, the Q3 2023 Financial Statements and the 2022 Annual Reports, particularly under the heading "Risk Factors" in the 2022 Annual Information Form, and in other filings that the REIT has made and may make in the future with applicable securities authorities, including those available under the REIT's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The risks and uncertainties described herein and therein are not the only ones the REIT may face. Additional risks and uncertainties that the REIT is unaware of, or that the REIT currently believes are not material, may also become important factors that could adversely affect the REIT's business, financial condition and results of operations. If any of such risks actually occur, the REIT's business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of the Units (or the value of any other securities of the REIT) could decline, and the REIT's securityholders could lose part or all of their investment.

### **CRITICAL ACCOUNTING ESTIMATES**

In the process of applying the REIT's accounting policies, management has made the following estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

- (i) Valuation of investment properties – Investment properties are presented at fair value at the reporting date. Currently, any change in fair value is determined by management and by independent real estate valuation experts using recognized valuation techniques. The techniques used by management and by independent real estate valuation experts comprise of the discounted cash flow and direct capitalization methods of valuation and includes estimating, among other things, capitalization rates and future net operating income and discount rates and future cash flows applicable to investment properties, respectively.
- (ii) Fair value of financial instruments – Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. Inputs to these models are taken from observable markets where possible, but where this is not feasible a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported value of the financial instruments.
- (iii) Goodwill impairment and impairment of indefinite lived intangible assets – Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the REIT relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill. Management assesses intangible assets with

indefinite lives for impairment on an annual basis. This assessment takes into account factors such as economic and market conditions as well as any changes in the expected use of the asset.

- (iv) Contractual rents and other tenant receivables presented net of an allowance for doubtful accounts – Estimates and assumptions used in determining the allowance for doubtful accounts, include the historical credit loss experience adjusted for current conditions and forward-looking information including future expectations of likely default events based on actual or expected insolvency filings, likely deferrals of payments due and potential abatements to be granted by the REIT through tenant negotiations or under government programs, and macroeconomic conditions.
- (v) Derivative financial instrument – Derivative financial instrument, including embedded derivatives, are recognized on the condensed consolidated interim statements of financial position at fair value. Subsequent to initial recognition, the embedded derivatives are measured at fair value. The fair value of the the derivative instruments is based on forward rates considering the market price, rate of interest and volatility. Changes in estimated fair value at each reporting date are included in the condensed consolidated interim statements of net income and comprehensive income. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics are risks of the host contract and the embedded derivative is not closely related and if the entire contract is not measured at fair value with changes in fair value recognized in the condensed consolidated interim statements of net income and comprehensive income.

## **MATERIAL ACCOUNTING POLICIES AND FUTURE CHANGES IN ACCOUNTING POLICIES**

Accounting standards effective in the period, future changes in accounting policies and future applicable accounting standards are discussed in the REIT's condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2023 and the notes contained therein.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**SUMMARY OF QUARTERLY RESULTS**

	3 Months Ended Sep 30 2023	3 Months Ended Jun 30 2023	3 Months Ended Mar 31 2023	3 Months Ended Dec 31 2022	3 Months Ended Sep 30 2022	3 Months Ended Jun 30 2022	3 Months Ended Mar 31 2022	3 Months Ended Dec 31 2021
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>								
Property revenue	\$ 24,052	\$ 24,945	\$ 25,278	\$ 25,070	\$ 24,086	\$ 23,724	\$ 24,330	\$ 22,932
Property operating expenses	9,998	10,495	10,738	10,491	9,278	9,454	10,250	9,574
<b>Net operating income (NOI)</b>	<b>14,054</b>	<b>14,450</b>	<b>14,540</b>	<b>14,579</b>	<b>14,808</b>	<b>14,270</b>	<b>14,080</b>	<b>13,358</b>
General and administrative expenses	1,210	1,278	3,518	1,360	1,274	1,324	1,202	1,152
Long-term incentive plan expense	(409)	395	581	1,042	(75)	(1,201)	925	840
Depreciation of property and equipment	108	108	105	126	103	99	89	97
Amortization of intangible assets	62	93	93	93	93	93	93	93
Interest and financing costs	5,980	5,473	5,131	5,182	5,843	4,804	4,712	4,554
Distributions – Class B LP Units	152	157	157	157	159	159	159	164
Fair value adjustment – Class B LP Units	(1,310)	(964)	(28)	332	(650)	(1,807)	946	89
Fair value adjustment – investment properties	(1,567)	6,250	(7,651)	166	(11,573)	(833)	(40,301)	(58,620)
Fair value adjustment - derivative liability	(1,148)	21	–	–	–	–	–	–
Other income	(852)	(748)	(835)	(781)	(382)	(677)	(462)	(556)
Other expenses	485	398	421	439	195	340	195	363
Debt settlement costs	73	53	–	7	274	–	–	141
Transaction costs	5	194	–	–	–	–	–	–
<b>Net income and comprehensive income</b>	<b>\$ 11,265</b>	<b>\$ 1,742</b>	<b>\$ 13,048</b>	<b>\$ 6,456</b>	<b>\$ 19,547</b>	<b>\$ 11,969</b>	<b>\$ 46,522</b>	<b>\$ 65,041</b>
<b>Adjusted Debt to Gross Book Value <sup>(1)</sup></b>	<b>50.0 %</b>	<b>50.9 %</b>	<b>49.2 %</b>	<b>49.7 %</b>	<b>49.8 %</b>	<b>51.3 %</b>	<b>51.2 %</b>	<b>53.1 %</b>
<b>Total assets</b>	<b>\$ 1,047,114</b>	<b>\$ 1,057,548</b>	<b>\$ 1,054,881</b>	<b>\$ 1,035,928</b>	<b>\$ 1,040,368</b>	<b>\$ 1,041,296</b>	<b>\$ 1,032,176</b>	<b>\$ 989,963</b>
<b>Net income and comprehensive income per Unit - Basic <sup>(3)</sup></b>	<b>\$ 0.1861</b>	<b>\$ 0.0288</b>	<b>\$ 0.2159</b>	<b>\$ 0.1068</b>	<b>\$ 0.3234</b>	<b>\$ 0.1980</b>	<b>\$ 0.7696</b>	<b>\$ 1.0879</b>
<b>Net income and comprehensive income per Unit - Diluted <sup>(3)</sup></b>	<b>\$ 0.1836</b>	<b>\$ 0.0284</b>	<b>\$ 0.2123</b>	<b>\$ 0.1048</b>	<b>\$ 0.3172</b>	<b>\$ 0.1942</b>	<b>\$ 0.7578</b>	<b>\$ 1.0669</b>
<b>FFO <sup>(1)</sup></b>	<b>\$ 6,531</b>	<b>\$ 7,270</b>	<b>\$ 4,948</b>	<b>\$ 7,485</b>	<b>\$ 6,845</b>	<b>\$ 7,836</b>	<b>\$ 8,108</b>	<b>\$ 6,924</b>
<b>AFFO <sup>(1)</sup></b>	<b>\$ 7,030</b>	<b>\$ 6,990</b>	<b>\$ 7,814</b>	<b>\$ 7,687</b>	<b>\$ 7,931</b>	<b>\$ 7,862</b>	<b>\$ 7,813</b>	<b>\$ 7,354</b>
<b>Basic FFO per unit <sup>(1)(2)</sup></b>	<b>\$ 0.1079</b>	<b>\$ 0.1203</b>	<b>\$ 0.0819</b>	<b>\$ 0.1238</b>	<b>\$ 0.1132</b>	<b>\$ 0.1296</b>	<b>\$ 0.1341</b>	<b>\$ 0.1158</b>
<b>Diluted FFO per unit <sup>(1)(2)</sup></b>	<b>\$ 0.1064</b>	<b>\$ 0.1187</b>	<b>\$ 0.0805</b>	<b>\$ 0.1215</b>	<b>\$ 0.1111</b>	<b>\$ 0.1272</b>	<b>\$ 0.1321</b>	<b>\$ 0.1136</b>
<b>Basic AFFO per unit <sup>(1)(2)</sup></b>	<b>\$ 0.1161</b>	<b>\$ 0.1156</b>	<b>\$ 0.1293</b>	<b>\$ 0.1272</b>	<b>\$ 0.1312</b>	<b>\$ 0.1301</b>	<b>\$ 0.1293</b>	<b>\$ 0.1230</b>
<b>Diluted AFFO per unit <sup>(1)(2)</sup></b>	<b>\$ 0.1146</b>	<b>\$ 0.1142</b>	<b>\$ 0.1271</b>	<b>\$ 0.1247</b>	<b>\$ 0.1287</b>	<b>\$ 0.1276</b>	<b>\$ 0.1273</b>	<b>\$ 0.1206</b>
<b>AFFO Payout Ratio – Basic <sup>(1)(3)</sup></b>	<b>96.9 %</b>	<b>97.3 %</b>	<b>87.0 %</b>	<b>88.5 %</b>	<b>85.7 %</b>	<b>86.5 %</b>	<b>87.0 %</b>	<b>91.5 %</b>
<b>AFFO Payout Ratio – Diluted <sup>(1)(3)</sup></b>	<b>98.2 %</b>	<b>98.5 %</b>	<b>88.5 %</b>	<b>90.2 %</b>	<b>87.4 %</b>	<b>88.2 %</b>	<b>88.4 %</b>	<b>93.3 %</b>
<b>Basic weighted average number of units <sup>(3)</sup></b>	<b>60,534,125</b>	<b>60,447,230</b>	<b>60,447,230</b>	<b>60,447,230</b>	<b>60,447,230</b>	<b>60,447,230</b>	<b>60,447,230</b>	<b>59,786,374</b>
<b>Diluted weighted average number of units <sup>(3)</sup></b>	<b>61,366,430</b>	<b>61,234,171</b>	<b>61,469,854</b>	<b>61,625,646</b>	<b>61,625,646</b>	<b>61,625,646</b>	<b>61,394,385</b>	<b>60,964,929</b>
Number of commercial properties	126	129	130	130	132	120	120	120
GLA (square feet)	6,420,336	6,483,576	6,531,305	6,530,196	6,544,630	6,589,970	6,588,760	6,588,181
Occupancy rate <sup>(4)</sup>	98.2 %	99.0 %	98.6 %	98.5 %	97.9 %	98.3 %	98.5 %	98.4 %
Weighted average lease term to maturity	4.0	4.1	4.1	4.1	4.2	4.4	4.6	4.6

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

<sup>(2)</sup> FFO and AFFO per unit is calculated as FFO or AFFO, as the case may be, divided by the total of the weighted average number of basic or diluted Units, as applicable, added to the weighted average number of Class B LP Units outstanding during the period.

<sup>(3)</sup> Total basic units consist of Units and Class B LP Units. Total diluted units also include deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

<sup>(4)</sup> Occupancy rate includes lease contracts for future occupancy of currently vacant space and excludes properties under redevelopment. Management believes the inclusion of this committed space provides a more balanced reporting.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

The following table presents the calculation of Gross Book Value and Adjusted Debt to Gross Book Value <sup>(1)</sup>:

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	<b>3 Months Ended Sep 30 2023</b>	<b>3 Months Ended Jun 30 2023</b>	<b>3 Months Ended Mar 31 2023</b>	<b>3 Months Ended Dec 31 2022</b>	<b>3 Months Ended Sep 30 2022</b>	<b>3 Months Ended Jun 30 2022</b>	<b>3 Months Ended Mar 31 2022</b>	<b>3 Months Ended Dec 31 2021</b>
Total assets, including investment properties stated at fair value	<b>\$ 1,047,114</b>	\$ 1,057,548	\$ 1,054,881	\$ 1,035,928	\$ 1,040,368	\$ 1,041,296	\$ 1,032,176	\$ 989,963
Accumulated depreciation on property and equipment and intangible assets	<b>3,619</b>	3,451	3,251	3,054	2,838	2,642	2,450	2,268
<b>Gross Book Value <sup>(1)</sup></b>	<b>\$ 1,050,733</b>	\$ 1,060,999	\$ 1,058,132	\$ 1,038,982	\$ 1,043,206	\$ 1,043,938	\$ 1,034,626	\$ 992,231
Debt (non-current and current portion)	<b>474,492</b>	484,880	474,327	477,507	489,849	500,209	504,690	508,045
Unamortized financing costs - debt	<b>2,016</b>	2,175	2,037	2,197	2,376	2,926	3,166	3,400
Debt, excluding unamortized financing costs	<b>\$ 476,508</b>	\$ 487,055	\$ 476,364	\$ 479,704	\$ 492,225	\$ 503,135	\$ 507,856	\$ 511,445
Credit facility	<b>13,763</b>	17,727	44,341	36,818	27,294	31,770	21,759	14,738
Unamortized financing costs - credit facility	<b>237</b>	273	159	182	206	230	241	262
Credit facility, excluding unamortized financing costs	<b>\$ 14,000</b>	\$ 18,000	\$ 44,500	\$ 37,000	\$ 27,500	\$ 32,000	\$ 22,000	\$ 15,000
Convertible Debentures	<b>30,008</b>	29,828	—	—	—	—	—	—
Derivative financial instrument	<b>812</b>	1,959	—	—	—	—	—	—
Unamortized financing costs - convertible debentures	<b>3,177</b>	3,253	—	—	—	—	—	—
Accretion expense	<b>(124)</b>	(19)	—	—	—	—	—	—
Fair value adjustment - derivative financial instrument	<b>1,127</b>	(21)	—	—	—	—	—	—
Convertible Debentures, at fair value	<b>\$ 35,000</b>	\$ 35,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Adjusted Debt <sup>(1)</sup></b>	<b>\$ 525,508</b>	\$ 540,055	\$ 520,864	\$ 516,704	\$ 519,725	\$ 535,135	\$ 529,856	\$ 526,445
<b>Adjusted Debt to Gross Book Value <sup>(1)</sup></b>	<b>50.0 %</b>	50.9 %	49.2 %	49.7 %	49.8 %	51.3 %	51.2 %	53.1 %

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

The following table presents the calculation of NAV <sup>(1)</sup> and NAV per Unit <sup>(1)</sup>:

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	<b>3 Months Ended Sep 30 2023</b>	<b>3 Months Ended Jun 30 2023</b>	<b>3 Months Ended Mar 31 2023</b>	<b>3 Months Ended Dec 31 2022</b>	<b>3 Months Ended Sep 30 2022</b>	<b>3 Months Ended Jun 30 2022</b>	<b>3 Months Ended Mar 31 2022</b>	<b>3 Months Ended Dec 31 2021</b>
Total unitholders' equity per condensed consolidated interim financial statements	<b>\$ 494,847</b>	\$ 489,296	\$ 494,093	\$ 487,690	\$ 487,807	\$ 474,902	\$ 469,574	\$ 429,693
Adjustment for Class B LP Units	<b>5,795</b>	7,244	8,312	8,340	8,078	8,728	10,535	9,589
Net Asset Value <sup>(1)</sup>	<b>\$ 500,642</b>	\$ 496,540	\$ 502,405	\$ 496,030	\$ 495,885	\$ 483,630	\$ 480,109	\$ 439,282
Total outstanding Units and Class B LP Units	<b>60,603,438</b>	60,447,230	60,447,230	60,447,230	60,447,230	60,447,230	60,447,230	60,447,230
<b>NAV per Unit <sup>(1)</sup></b>	<b>\$ 8.26</b>	\$ 8.21	\$ 8.31	\$ 8.21	\$ 8.20	\$ 8.00	\$ 7.94	\$ 7.27

<sup>(1)</sup> Represents a non-IFRS measure. See "Non-IFRS Measures".

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023**

The following table reconciles FFO <sup>(1)</sup> and AFFO <sup>(1)</sup> to net income and comprehensive income:

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	<b>3 Months Ended Sep 30 2023</b>	<b>3 Months Ended Jun 30 2023</b>	<b>3 Months Ended Mar 31 2023</b>	<b>3 Months Ended Dec 31 2022</b>	<b>3 Months Ended Sep 30 2022</b>	<b>3 Months Ended Jun 30 2022</b>	<b>3 Months Ended Mar 31 2022</b>	<b>3 Months Ended Dec 31 2021</b>
<b>Net income and comprehensive income</b>	<b>\$ 11,265</b>	<b>\$ 1,742</b>	<b>\$ 13,048</b>	<b>\$ 6,456</b>	<b>\$ 19,547</b>	<b>\$ 11,969</b>	<b>\$ 46,522</b>	<b>\$ 65,041</b>
<b>Add:</b>								
Long-term incentive plan	(923)	(29)	(671)	281	(731)	(1,745)	689	157
Distributions - Class B LP Units	152	157	157	157	159	159	159	164
Fair value adjustment – investment properties	(1,567)	6,250	(7,651)	166	(11,573)	(833)	(40,301)	(58,620)
Fair value adjustment - Class B LP Units	(1,310)	(964)	(28)	332	(650)	(1,807)	946	89
Fair value adjustment - derivative financial instrument	(1,148)	21	–	–	–	–	–	–
Amortization of intangible assets	62	93	93	93	93	93	93	93
<b>FFO <sup>(1)</sup></b>	<b>\$ 6,531</b>	<b>\$ 7,270</b>	<b>\$ 4,948</b>	<b>\$ 7,485</b>	<b>\$ 6,845</b>	<b>\$ 7,836</b>	<b>\$ 8,108</b>	<b>\$ 6,924</b>
<b>Deduct:</b>								
Straight-line rent adjustment	\$ 226	\$ (457)	\$ (121)	\$ (151)	\$ (21)	\$ (105)	\$ (118)	\$ (119)
Maintenance capital expenditures	(126)	(174)	(185)	(191)	(282)	(232)	(279)	(192)
Stabilized leasing costs	(665)	(592)	(506)	(425)	(387)	(446)	(392)	(387)
<b>Add:</b>								
Long-term incentive plan	514	424	1,252	761	656	544	236	683
Amortization of financing costs	367	253	186	201	846	265	258	304
Accretion expense - Convertible Debentures	105	19	–	–	–	–	–	–
Debt settlement costs	73	53	–	7	274	–	–	141
Transaction costs	5	194	–	–	–	–	–	–
CEO succession plan costs	–	–	2,240	–	–	–	–	–
<b>AFFO <sup>(1)</sup></b>	<b>\$ 7,030</b>	<b>\$ 6,990</b>	<b>\$ 7,814</b>	<b>\$ 7,687</b>	<b>\$ 7,931</b>	<b>\$ 7,862</b>	<b>\$ 7,813</b>	<b>\$ 7,354</b>

<sup>(1)</sup> Represents a non-IFRS measure. See “Non-IFRS Measures”.