



PRO REAL ESTATE INVESTMENT TRUST

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021**

November 10, 2021

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2 Gurdwara, Ottawa, Ontario

Dear fellow Unitholders,

Throughout 2021 and carrying into the third quarter of the year, the Canadian economy continued its return to a higher gear. Against this backdrop, PROREIT has remained very active in the pursuit of its growth, with opportunities especially in the robust industrial sector. Thanks to our solid foundation and sound strategic direction, we successfully executed several transactions in this high potential sector in the first nine months of the year, scaling up our presence in attractive Canadian mid-market cities with strong economies.

Historical transactions

Historical transaction levels were realized on both the acquisition and capital raise front, allowing us to reach significant achievements in the third quarter. This has continued subsequent to quarter end with the completion of the acquisition of 16 institutional quality industrial assets for \$163.2 million. These assets are strategically located, with 15 in Atlantic Canada and one in Winnipeg. During the third quarter, we also sold three non-strategic properties above their carrying value.

With \$297 million of industrial market acquisitions completed since the beginning of the year, our portfolio is now comprised of 120 investment properties, with industrial exposure now representing 63% of base rent and 78% of gross leasable area.

The most recent transactions were supported by our successful \$69.0 million bought deal public offering, our tenth and largest raise to date, which included significant institutional participation. Our \$14.3 million concurrent private placement with Collingwood Investments Incorporated further illustrates the continued commitment of this respected institutional investor.

Robust financial and operational performance

Our financial results for the third quarter of 2021 showed strong growth in property revenue, net operating income⁽¹⁾, net income, comprehensive income and AFFO⁽¹⁾. We are particularly pleased with our robust internal growth, as evidenced by the increase in same property net operating income⁽¹⁾ across all asset classes both during the third quarter and for the period since the beginning of the year, again with the strongest performance in the industrial segment. With our recent acquisitions and shorter average lease terms in this segment, we believe the positive trends will continue over the coming quarters.

Maintaining a solid financial and liquidity position, while gradually decreasing our leverage, remains top of mind. Excluding a \$5.2 million deposit made toward the recent acquisitions which closed subsequent to quarter-end, our debt to gross book value ratio⁽¹⁾ stood at 57.9% at the end of third quarter, compared to 58.7% the previous year. These strong results also translate into a payout ratio⁽¹⁾ trending down. Furthermore, our lender's commitment to increase our credit facility by \$15 million to \$60 million on improved terms will enhance our operating liquidity and reduce contracted borrowing rates going forward.

On the operational front, positive leasing momentum continued in the third quarter. Occupancy rate remained firm at 98.5% and, substantially all rent was collected in the quarter as residual pandemic effects faded. As at September 30, 2021, we had renewed approximately 92% of total square feet maturing in 2021 and approximately one third of 2022 renewals at robust positive spreads.

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

Leveraging our strengths

As we look to the future, our business outlook is positive. We are excited about the benefits available from a tightening real estate market in cities like Ottawa, Winnipeg and Halifax, where we have a strong presence, and we believe we are well-positioned to pursue our growth and capitalize on the significant potential which is embedded in our portfolio.

Our achievements continue to be made possible by our strong team and I wish to sincerely thank all of our employees for their contributions. I also want to thank my fellow board members for their expertise and guidance. We are all working towards the same goal: creating more value for our unitholders.

Sincerely,

(signed) James W. Beckerleg
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

PART I

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	September 30 2021	September 30 2020		
Operational data				
Number of properties	104	92		
Gross leasable area (square feet) ("GLA")	5,407,664	4,571,311		
Occupancy rate ⁽¹⁾	98.5%	98.1%		
Weighted average lease term to maturity (years)	4.8	5.2		
	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>				
Financial data				
Property revenue	\$ 19,588	\$ 17,302	\$ 54,742	\$ 52,221
Net operating income (NOI) ⁽²⁾	\$ 12,100	\$ 10,399	\$ 32,924	\$ 30,527
Net income (loss) and comprehensive income (loss)	\$ 4,068	\$ (709)	\$ 16,803	\$ 14,659
Total assets	\$ 769,085	\$ 634,079	\$ 769,085	\$ 634,079
Debt to Gross Book Value ⁽²⁾	58.19%	58.72%	58.19%	58.72%
Interest Coverage Ratio ⁽²⁾	2.7x	2.8x	2.7x	2.7x
Debt Service Coverage Ratio ⁽²⁾	1.6x	1.6x	1.6x	1.6x
Weighted average interest rate on mortgage debt	3.50%	3.73%	3.50%	3.73%
Net cash flows provided from operating activities	\$ 833	\$ 8,936	\$ 9,034	\$ 13,137
Funds from Operations (FFO) ⁽²⁾	\$ 6,349	\$ 5,527	\$ 15,009	\$ 16,119
Basic FFO per unit ⁽²⁾⁽³⁾	\$ 0.1315	\$ 0.1381	\$ 0.3323	\$ 0.4031
Diluted FFO per unit ⁽²⁾⁽³⁾	\$ 0.1284	\$ 0.1349	\$ 0.3244	\$ 0.3943
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 6,556	\$ 5,863	\$ 17,719	\$ 17,070
Basic AFFO per unit ⁽²⁾⁽³⁾	\$ 0.1358	\$ 0.1465	\$ 0.3923	\$ 0.4269
Diluted AFFO per unit ⁽²⁾⁽³⁾	\$ 0.1325	\$ 0.1431	\$ 0.3829	\$ 0.4176
AFFO Payout Ratio – Basic ⁽²⁾	82.8%	76.8%	86.0%	89.6%
AFFO Payout Ratio – Diluted ⁽²⁾	84.9%	78.6%	88.1%	91.6%

⁽¹⁾ 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, 2021 was approximately 110,653 square feet of GLA (43,203 square feet of GLA at September 30, 2020). The occupancy at September 30, 2021 excludes an 82,000 square foot building under redevelopment.

⁽²⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

⁽³⁾ 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") 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, 2021. 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

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, 2021 and 2020 (the "Q3 2021 Financial Statements"), the REIT's audited consolidated financial statements and accompanying notes for the years ended December 31, 2020 and 2019 (the "2020 Annual Financial Statements") and management's discussion and analysis thereon (the "2020 Annual MD&A"), and the REIT's annual information form for the year ended December 31, 2020 (the "2020 Annual Information Form" and together with the 2020 Annual Financial Statements and 2020 Annual MD&A, the "2020 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.sedar.com.

The REIT's reporting currency is the Canadian dollar ("CAD"). All amounts except unit, per unit and square footage 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 10, 2021, the date the REIT's board of trustees (the "Board") approved this MD&A and the Q3 2021 Financial Statements.

The REIT has revised the composition of its reporting segments and the manner in which it reports its operating results beginning with the Q1 2021 Financial Statements and the Q1 2021 MD&A. The REIT believes that the new presentation better reflects its current and expected operational structure and is consistent with the presentation of other Canadian diversified real estate investment trusts. The REIT previously had four reporting segments for its investment properties: Retail, Office, Commercial Mixed Use and Industrial. This is now divided into three reporting segments: Retail, Office and Industrial. The Commercial Mixed Use investment properties are now included in the Industrial segment, consistent with other diversified Canadian real estate investment trusts. Prior quarterly and annual segmental results and information presented in this MD&A have been recast to be presented in a manner consistent with the changed reporting segments. See "Part III – Segmented Analysis" below for additional information on the REIT's reporting segments.

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;
- 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; and
- the debt maturity profile of the REIT.

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 assumptions concerning the REIT's future growth potential, expected capital expenditures, competitive conditions, results of operations, future prospects and opportunities, industry trends remaining unchanged, future levels of indebtedness, the tax laws as currently in effect remaining unchanged and the economic conditions.

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; fixed costs; financing risks and leverage; liquidity of real property investments; current global capital market conditions; acquisition and development; potential conflicts of interest; competition; geographic concentration; general uninsured losses; access to capital; interest rate exposure; environmental matters; litigation risk; potential undisclosed liabilities; internal controls; security of information technology; indexation for inflation and duration of lease contracts; limit on activities; insurance renewals; joint venture/partnership arrangements; foreclosure; occupancy by tenants; lease renewals and rental increase; taxation matters; change of tax laws; significant ownership; acquisition of future properties; volatile market price for units; cash distributions are not guaranteed; restrictions on redemptions; subordination of the units; 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 2020 Annual Information Form, elsewhere in this MD&A and the 2020 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 AND OPERATIONAL KEY PERFORMANCE INDICATORS

The following non-IFRS and operational key performance indicators are important measures used by management in evaluating the REIT's underlying operating performance and debt management. These measures are not defined by IFRS, do not have a standardized meaning, may not be comparable with similar measures presented by other income trusts or enterprises and should not be construed as alternatives to other financial measures determined in accordance with IFRS.

Net Operating Income ("NOI")

NOI is defined by the REIT as revenues from investment properties less property operating expenses such as taxes, utilities, property level general administrative costs, advertising, repairs and maintenance. NOI does not include charges for interest and other amortization. This non-IFRS measurement is an important measure used by the REIT in evaluating property operating performance. Refer to the table under "Part III – Results of Operations" and the table under "Part V – Summary of Quarterly Results" for the calculation of NOI.

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, NOI for the period is adjusted to remove the impact of straight-line rent revenue and tenant inducements amortized to revenue in order to highlight the 'cash impact' of contractual rent increases embedded in the underlying lease agreements. Same property performance is a meaningful measure of operating performance because it allows management to assess rent growth and leasing activity of its portfolio on a REIT property basis and the impact of capital investments. See "Part III – Results of Operations – Overall Analysis – Same Property NOI Analysis".

Funds from Operations ("FFO")

Management believes FFO is an important measure of the REIT's operating performance. This non-IFRS measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income (loss) and comprehensive income (loss) 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 *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 ("Realpac"). Management believes that FFO 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 (loss) and comprehensive income (loss) determined in accordance with IFRS.

FFO has been reconciled to net income (loss) and comprehensive income (loss) in the table under "Part IV – Distributions and Adjusted Funds from Operations". FFO adds back to net income items that do not arise from operating activities, such as fair value adjustments. FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Adjusted Funds from Operations ("AFFO")

The REIT does not calculate AFFO in accordance with the FFO and AFFO White Paper. AFFO is defined by the REIT as FFO of the REIT, subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired, amortization of deferred financing costs, amortization of tenant incentives and leasing costs, straight-line adjustments to rent and compensation expense related to unit-based incentive plans; (ii) deducting normalized maintenance capital expenditures and normalized leasing costs, as determined by the REIT, and (iii) one time costs including transaction costs and debt settlement costs. Normalized leasing costs represent leasing costs paid and amortized over the new lease term. Other adjustments may be made to AFFO as determined by the trustees of the REIT in their discretion. Management believes AFFO is an important measure of the REIT's economic performance and is indicative of the REIT's ability to pay distributions. This non-IFRS measurement 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 has been reconciled to net comprehensive income in the table under "Part IV – Distributions and Adjusted Funds from Operations" and to cash flow provided from operating activities in the table under "Part IV – Distributions and Adjusted Funds from Operations – Distributions".

Adjusted Cashflow from Operations ("ACFO")

ACFO is a non-IFRS financial measure developed by Realpac for use by the real estate industry as a sustainable economic cash flow metric. ACFO should not be considered as an alternative to cash generated from operating activities determined in accordance with IFRS. The REIT calculates its ACFO in accordance with Realpac's *White Paper on Adjusted Cashflow from Operations for IFRS* issued in February 2019 (the "Realpac White Paper on ACFO"). The purpose of this white paper is to provide guidance on the definition of ACFO to promote consistent disclosure amongst reporting issuers. The use of ACFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of operating cash flow of the REIT. Management believes that ACFO is a sustainable economic cash flow metric that, when compared period-over period, reflects the impact on cash flow generated from operating activities after providing for net interest and other financing charges and operating capital requirements. ACFO has been reconciled to cash flow provided from operating activities in the table under "Part IV – Distributions and Adjusted Funds from Operations – Distributions".

AFFO Payout Ratio ("AFFO Payout Ratio")

The AFFO Payout Ratio is a non-IFRS measure of the sustainability of the REIT's distribution payout. The REIT uses this metric to provide transparency on performance and the overall management of the existing portfolio assets. Management considers the AFFO Payout Ratio the best measure of the REIT's distribution capacity. The AFFO Payout Ratio is calculated as distributions per unit divided by the AFFO per unit.

Gross Book Value ("Gross Book Value")

Gross Book Value is a non-IFRS measure defined in the REIT's Declaration of Trust (as defined herein) and is a measure of the REIT's asset base and financial position. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt Ratios" for the calculation of Gross Book Value.

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

Debt to Gross Book Value is a non-IFRS measure and the REIT has adopted an indebtedness ratio guideline which management uses as a measure to evaluate its leverage and the strength of its equity position. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt Ratios" for the calculation of Debt to Gross Book Value.

Adjusted EBITDA ("Adjusted EBITDA")

Adjusted EBITDA is a non-IFRS 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 to monitor the REIT's Interest Coverage Ratio and Debt Service Coverage Ratio, which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt. Adjusted EBITDA represents earnings before interest, income taxes, depreciation and amortization, fair value gains (losses), while also excluding non-recurring items. Refer to the table under "Part IV – Capitalization and Debt Profile – Adjusted EBITDA" for the calculation of Adjusted EBITDA.

Interest Coverage Ratio ("Interest Coverage Ratio")

Management believes this non-IFRS measurement is an important measure in determining the REIT's ability to service the interest requirements of its outstanding debt. The REIT calculates its Interest Coverage Ratio by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Management uses this 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.

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

The Debt Service Coverage Ratio is determined by the REIT 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 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. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt Service Coverage Ratio" for the calculation of the Debt Service Coverage Ratio.

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 retail, office, and industrial properties. At September 30, 2021, the REIT owned approximately 5.4 million square feet of GLA across Canada.

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 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

To meet its objectives, the REIT has implemented the following key strategic elements:

Stable Cash Distributions

- **High-quality commercial real estate.** The REIT's portfolio is diversified by property type and geography across Canada. The majority of the properties are situated in prime locations within their respective markets, along major traffic arteries benefitting from high visibility and access. Management believes the quality and diversity 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 secondary markets across Canada, with a particular focus on Quebec, Atlantic Canada, and Ontario in the East, and, selectively in Western Canada. Management believes that its strategy of focusing on stable markets in Eastern Canada and selective expansion in high growth 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 long term leases.** The REIT has a diversified tenant profile reflecting an attractive mix of government, national, regional and local tenants as well as a diversified mix of tenants by industry. The REIT's portfolio lease maturities are well staggered into the future. Management of the REIT believes it has fostered strong relationships with its tenants, which management 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.

Enhance Value

- **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, acquisitions, and financing experience in the Canadian real estate industry. They have extensive relationships with a broad network of real estate industry owners and service professionals across Canada, and expect 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.
- Acquiring a broad range of commercial properties within its target markets to maximize diversification within its portfolio.
- Pursuing selective development and expansion opportunities within the REIT's portfolio.

SUMMARY OF SIGNIFICANT EVENTS

On February 26, 2021, the REIT received \$46,600 in new mortgage financing with an extended ten-year repayment term at a rate of 3.21% which is secured by five industrial assets. Proceeds were used to repay approximately \$29,000 of mortgages maturing in 2021 and 2022, pay \$1,303 in yield maintenance fees and the remaining net \$16,300 was used to reduce operating facilities and be available for general corporate purposes.

On March 15, 2021, the REIT announced its proposed acquisition of a 100% interest in 12 industrial properties, including three properties in Ottawa, Ontario, representing approximately 283,000 square feet of GLA and nine properties in Winnipeg, Manitoba, representing approximately 288,000 square feet of GLA for an aggregate purchase price of approximately \$86,800, excluding closing costs (the "Acquisitions").

Concurrently with the announcement of the Acquisitions, the REIT announced that it had entered into a binding subscription agreement to issue 8,264,463 Units from treasury on a non brokered private placement basis at a price of \$6.05 per Unit to Collingwood Investments Incorporated, a member of the Bragg Group of Companies, from Nova Scotia, for aggregate gross proceeds of approximately \$50,000 (the "Q2 Private Placement").

On April 14, 2021, the REIT closed its previously announced Q2 Private Placement of \$50,000 of Units. Pursuant to the Q2 Private Placement, 8,264,463 Units were issued from treasury on a non brokered private placement basis at a price of \$6.05 per Unit to Collingwood Investments Incorporated. As a result of the Q2 Private Placement, Collingwood Investments Incorporated, together with a related party, acquired a voting and economic interest of approximately 19.6% in the REIT. Collingwood Investments Incorporated received a capital commitment fee equal to 3% of the gross proceeds of the Q2 Private Placement upon closing. The REIT used (i) approximately \$14,000 of the net proceeds to repay its credit facility which was subsequently redrawn to pay a portion of the purchase price of certain acquisitions as outlined below, (ii) approximately \$6,500 of the net proceeds to repay one of its term loans in full which was subsequently cancelled, and (iii) approximately \$28,000 of the net proceeds to pay a portion of the purchase price for its acquisitions completed since March 31, 2021, as outlined below.

On April 23, 2021, the REIT closed its previously announced acquisition of a 100% interest in three light industrial buildings in Ottawa, Ontario, totaling 283,495 square feet of GLA, for an aggregate purchase price of \$49,200 before closing costs, representing a going in capitalization rate of approximately 6.1%. The acquired portfolio is comprised of three small bay industrial assets strategically located within core industrial submarkets in the City of Ottawa with easy access to Highway 417 and major arterial roads, respectively located at 1050-1051 Baxter Road, 2615 Lancaster Road and 2620-2650 Lancaster Road. Totaling 283,495 square feet of GLA, they feature clear heights of 14 to 18 feet, efficient bay sizes, ample loading doors and practical layouts. The properties are currently 96% leased to a diverse mix of tenants with a weighted average lease term of 3.5 years. A majority of the leases include contracted rent steps. The \$49,200 purchase price was substantially financed by the proceeds from a new \$33,000 five-year first mortgage at a rate of 2.87%. The balance of the purchase price of \$16,200 was satisfied with cash on hand from the Q2 Private Placement.

On April 28, 2021, the REIT sold a non-strategic retail property located at 598 Union Street, Fredericton, New Brunswick for gross proceed of \$4,900, marginally above IFRS carrying value. The proceeds were used to repay the property mortgage and for general corporate purposes.

On May 14, 2021, the REIT acquired 100% interest in a vacant 82,000 square foot light industrial building located at 66 English Drive in Moncton, New Brunswick for \$4,500 before closing costs. The building, which was historically owner occupied, features clear heights of between 26 and 30 feet and is well located in the Moncton Industrial Park close to many of the REIT's other industrial properties. The redevelopment plan includes reconfiguring the building's shipping and docking capacities to permit a multi tenant internal layout and improving truck and trailer turning and parking accesses. The \$4,500 purchase price was substantially financed from the proceeds of a new floating rate \$3,400 two-year term loan. The balance of the purchase price was satisfied with \$1,100 of cash on hand available as a result of the Q2 Private Placement.

On May 25, 2021, the REIT closed its previously announced acquisition of a 100% interest in a light industrial property located at 61-85 Muir Road in Winnipeg, Manitoba with approximately 38,000 square feet of GLA for an aggregate purchase price of \$5,200 before closing costs. The property is 100% leased to four tenants with a weighted average lease term of approximately 5 years. The \$5,200 purchase price was satisfied with cash on hand available as a result of the Q2 Private Placement. The property is in proximity to the REIT's Winnipeg portfolio in the Inkster Industrial Park and is a small bay industrial building with clear height of 16 feet and approximately 38,000 square feet of GLA.

On June 7, 2021, the REIT received \$24,800 in new mortgage financing with a term of seven years at a rate of 3.70%. Part of the proceeds were used to repay approximately \$19,800 of mortgages maturing in 2022, repay a term loan of \$1,800 maturing in 2022, and pay \$394 in yield maintenance fees.

On June 28, 2021, the REIT closed its previously announced acquisition of a 100% interest in five single tenant light industrial properties that are located in four of Atlantic Canada's major cities and represent 430,000 square feet of GLA. The properties are respectively located at 1 Duck Pond Road, Halifax, Nova Scotia, 550 McAllister Drive, Saint John, New Brunswick, 10 Old Placentia Road, St. John's, Newfoundland, 460 MacNaughton Avenue, Moncton, New Brunswick, and 611 Ferdinand Boulevard, Moncton, New Brunswick. The aggregate purchase price of \$42,500 before closing costs represents a going in capitalization rate of approximately 6.3%. The purchase price was substantially financed from the proceeds of a new \$29,000 5-year first mortgage at a rate of 3.03%, with the balance satisfied with cash on hand of \$5,500 and operating facilities of \$8,000 available as a result of the Q2 Private Placement.

On June 29, 2021, the REIT closed its previously announced acquisition of a 100% interest in eight light industrial buildings in Winnipeg with 250,000 square feet of GLA for an aggregate purchase price of \$32,300 before closing costs, representing a going in capitalization rate of approximately 6.1%. The properties are respectively located at 30 Durand Road, 36-48 Durand Road, 70-104 Durand Road, 32 Beghin Avenue, 45 Beghin Avenue, 115-133 De Baets Street, 141-159 De Baets Street, and 214 De Baets Street. The purchase price was substantially financed from the proceeds of a new \$20,700 5-year first mortgage at a rate of 2.95%, with the balance satisfied with \$11,600 available under operating facilities, including as a result of the Q2 Private Placement.

On September 29, 2021, the REIT sold three non-strategic properties located in New Brunswick for gross proceed of \$8,100, marginally above IFRS carrying value. The proceeds were used to repay the property mortgages and for general corporate purposes.

SUBSEQUENT EVENTS

On October 6, 2021, the REIT announced the closing of its previously announced public offering of Units on a bought deal basis (the "Offering"). Pursuant to the Offering, the REIT issued 10,074,000 Units at a price of \$6.85 per Unit (the "Offering Price") for total gross proceeds of \$69,007, including 1,314,000 Units issued pursuant to the full exercise of the over allotment option. Concurrently with the closing of the Offering, the REIT completed a non brokered private placement pursuant to which it issued 2,085,744 Units at the Offering Price to Collingwood Investments Incorporated, a member of the Bragg Group of Companies, from Nova Scotia (the "Q4 Private Placement"), for total gross proceeds of \$14,287. The REIT used the net proceeds from the Offering and the Q4 Private Placement to partially fund the Recent Acquisitions (as defined below), to repay certain indebtedness which may be subsequently redrawn, and the balance, if any, to fund future acquisitions and for general business and working capital purposes.

On October 20, 2021, the REIT announced a cash distribution of \$0.0375 per Unit for the month of October 2021. The distribution is payable on November 15, 2021 to unitholders of record as at October 29, 2021.

On November 9, 2021, the REIT announced the closing of its previously announced acquisition of a 100% interest in 15 industrial properties located in Atlantic Canada representing 1,073,867 square feet of GLA and one industrial property in Winnipeg, Manitoba representing 106,737 square feet of GLA (collectively, the "Recent Acquisitions") for an aggregate purchase price of \$163,200 (excluding closing costs). The \$163,200 purchase price was substantially financed by the proceeds of a new \$105,630 three year and seven year first mortgages at an average rate of 2.97% and the assumption of an \$8,400 first mortgage with an effective interest rate of 2.75%. The balance of the purchase price was satisfied with cash on hand from the Offering and the Q4 Private Placement. Collingwood Investments Incorporated received a capital commitment fee equal to 2% of the gross proceeds of the Q4 Private Placement upon closing.

The 15 properties located in Atlantic Canada were acquired for an aggregate purchase price of approximately \$150,900 (excluding closing costs), which was substantially financed from the proceeds of \$105,600 in 3-year and 7-year first mortgages at an average rate of 2.97%, with the remaining financed with cash on hand as a result of the Offering and the Q4 Private Placement.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The portfolio was comprised of the following properties:

Property Address	GLA (Square Feet)
11 Morris Drive, Dartmouth, NS	89,918
10 Morris Drive, Dartmouth, NS	118,951
29-57 Mosher Drive, Dartmouth, NS	54,700
30-58 Mosher Drive, Dartmouth, NS	56,899
10 Vidito Drive, Dartmouth, NS	61,987
50 Akerley Boulevard, Dartmouth, NS	62,980
55 Akerley Boulevard, Dartmouth, NS	75,398
120 Troop Avenue, Dartmouth, NS	87,214
320-340 Wright Avenue, Dartmouth, NS	170,456
58 Wright Avenue, Dartmouth, NS	43,000
40 Thornhill Drive, Dartmouth, NS	32,063
50 Thornhill Drive, Dartmouth, NS	32,139
60 Thornhill Drive, Dartmouth, NS	31,929
101 Thornhill Drive, Dartmouth, NS	61,551
222 Edinburgh Drive, Moncton, NB	94,682
Total	1,073,867

The Winnipeg property is located at 1500 Notre Dame Avenue and represents 106,737 square feet of GLA. The purchase price of approximately \$12,300 (excluding closing costs) for the Winnipeg property was substantially financed from the assumption of an \$8,400 first mortgage, at an effective interest rate of 2.75%, maturing in April 2024 with the balance of \$3,900 satisfied with cash on hand as a result of the Offering and the Q4 Private Placement.

Real estate transaction costs incurred in connection with the Recent Acquisitions were financed with the net proceeds of the Offering and the Q4 Private Placement. The indebtedness outstanding under the REIT's credit facility was also reduced by approximately \$17,000 with the net proceeds of the Offering and the Q4 Private Placement.

OUTLOOK

Throughout the ongoing COVID-19 global pandemic, the REIT has remained fully committed to ensuring the health and safety of its employees, tenants and the communities in which it owns properties.

The REIT has worked closely with its tenants during the pandemic and offered rent deferrals and participation in CECRA to assist a small portion of eligible tenants which were evaluated on a case by case basis. The REIT continues to operate and manage its business prudently, while maintaining its long standing and strong relationships with its tenants.

The REIT will also continue to proactively adapt its strategy in reaction to the developing economic and social impacts of the pandemic and to mitigate any risks facing the business. While it is impossible to predict the extent or the duration of the impact of the COVID-19 pandemic, once the situation stabilizes, the REIT expects to be well positioned to continue to leverage its strengths.

PART III

RESULTS OF OPERATIONS

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Property revenue	\$ 19,588	\$ 17,302	\$ 54,742	\$ 52,221
Property operating expenses	7,488	6,903	21,818	21,694
Net operating income (NOI) ⁽¹⁾	12,100	10,399	32,924	30,527
General and administrative expenses	1,064	854	3,195	2,430
Long-term incentive plan expense	349	789	2,220	(1,527)
Depreciation of property and equipment	86	66	260	207
Amortization of intangible assets	93	93	279	279
Interest and financing costs	4,408	3,829	12,333	11,505
Distributions - Class B LP Units	166	173	499	757
Fair value adjustment - Class B LP Units	(325)	585	994	(7,361)
Fair value adjustment - investment properties	2,576	5,012	(4,541)	10,271
Other income	(664)	(562)	(1,782)	(1,562)
Other expenses	279	269	967	869
Debt settlement costs	-	-	1,697	-
Net income (loss) and comprehensive income (loss)	\$ 4,068	\$ (709)	\$ 16,803	\$ 14,659

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

Comparison of the Results from Operations

The REIT's results of operations for the three and nine month periods ended September 30, 2021 are not directly comparable to the three and nine month periods ended September 30, 2020. The REIT owned 104 investment properties at September 30, 2021, compared to 92 investment properties it owned at September 30, 2020. The REIT acquired 18 investment properties and sold 6 investment properties in the twelve month period ended September 30, 2021. Notwithstanding the foregoing, year-over-year figures for the three and nine month periods ended September 30, 2021 and 2020 are presented in this MD&A. The principal reason for variances between the financial figures presented in such year-over-year periods is the net increase in the number of properties and their respective results of operations during such comparative periods.

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, 2021, property revenue increased by \$2,286 and \$2,521 respectively, compared to the same periods in 2020. The increase is principally due to the incremental revenues from the acquisition of 18 investment properties offset by the sale of 6 investment properties in the twelve month period ended September 30, 2021.

Property Operating Expenses

Property operating expenses are expenses directly related to real estate operations and are generally charged back to lessees 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 lessees 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.

For the three and nine month periods ended September 30, 2021, property operating expense increased by \$585 and \$124 respectively, compared to the same periods in 2020 primarily due to the acquisition of 18 investment properties offset by the sale of 6 investment properties during the twelve month period ended September 30, 2021 as well as offset by lower COVID-19 related bad debt expense for the three and nine month periods ended September 30, 2021 compared to the same periods in 2020.

Same Property NOI Analysis

Same Property NOI analysis includes properties that were owned for a full quarterly reporting in both current and comparative periods.

The following is the Same Property NOI excluding non-cash adjustments such as, but not limited to, straight-line rent and prior year operating expense adjustments flowing through the three and nine month periods ended September 30, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Number of same properties	86	86	85	85
Property revenue	16,587	16,183	49,066	48,372
Property operating expenses	6,555	6,686	19,923	20,180
Same Property NOI ⁽¹⁾	\$ 10,032	\$ 9,497	\$ 29,143	\$ 28,192

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

The increase in the overall Same Property NOI for the three and nine month periods ended September 30, 2021 is attributed to an overall increase in occupancy, certain contractual rent increases and higher rental rates on lease renewals as well as a reduction of COVID-19 related rental abatements and bad debt expense compared to the same period in 2020. The reduction in the same property COVID-19 related rental abatements and bad debt expense amounted to \$203 and \$336 for the three and nine month periods ended September 30, 2021.

The following is the Same Property NOI by asset class for the three and nine month periods ended September 30, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Retail	\$ 3,409	\$ 3,135	\$ 10,006	\$ 9,658
Office	1,569	1,482	4,673	4,507
Industrial	5,054	4,880	14,464	14,027
Same Property NOI ⁽¹⁾	\$ 10,032	\$ 9,497	\$ 29,143	\$ 28,192

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

The increase in retail Same Property NOI excluding COVID-19 related rental abatements and bad debt expenses in the amount of \$120 and \$164 for the three and nine month periods ended September 30, 2021 was \$154 and \$184. The increase is a result of increased occupancy, contractual increases in rent and higher rental rates on lease renewals compared to same periods in 2020.

The increase in office Same Property NOI excluding COVID-19 related rental abatements and bad debt expenses in the amount of \$27 and \$92 for the three and nine month periods ended September 30, 2021 was \$60 and \$74. This increase is related to certain contractual increases in rent and higher rental rates on lease renewals offset by the increased vacancy compared to same periods in 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase in industrial Same Property NOI excluding COVID-19 related rental abatements and bad debt expenses in the amount of \$57 and \$80 for three and nine month periods ended September 30, 2021 was \$117 and \$357. This increase was driven by the increase in occupancy and the contractual increases in rent and higher rental rates on lease renewals compared to the same periods in 2020.

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, 2021 and 2020:

	Same Properties 3 month period ended		Same Properties 9 month period ended	
	September 30		September 30	
	2021	2020	2021	2020
Retail	97.2%	96.2%	97.3%	95.0%
Office	92.1%	92.4%	92.1%	93.6%
Industrial	99.6%	99.0%	99.1%	99.0%
Total	98.2%	97.7%	97.9%	97.4%

General and Administrative Expenses

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

General and administrative expenses for the three and nine month periods ended September 30, 2021 were \$1,064 and \$3,195 respectively, an increase of \$210 and \$765 over the same periods in 2020. The increase is due to an increase of certain expenses such as audit related fees and salary costs.

Long-Term Incentive Plan

Long-term incentive plan expense of \$349 and \$2,220 during the three and nine month periods ended September 30, 2021 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 \$4,408 and \$12,333 for the three and nine month periods ended September 30, 2021. The increase of \$579 and \$828 over the same periods in 2020 is due to the increase in debt from the acquisition of 18 investment properties offset by the repayment of related debt as a result of the sale of 6 investment properties in the twelve month period ended September 30, 2021 as well as offset by the decrease in the weighted average interest rate on mortgage debt to 3.50% at September 30, 2021 from 3.73% at September 30, 2020.

Distributions – Class B LP Units

The REIT currently pays monthly distributions of \$0.0375 per Class B limited partnership ("Class B LP Units") of PRO REIT Limited Partnership ("PRLP") or \$0.4500 per Class B LP units on an annualized basis. The REIT revised its monthly distributions to \$0.0375 per Unit for the month of April 2020 from \$0.0525 per Unit. Distributions on the Class B LP Units were \$166 and \$499 for the three and nine month periods ended September 30, 2021. The decrease is due to the decrease of Class B LP Units outstanding in 2021 compared to the same periods in 2020 as well as the change in the distribution level per Unit compared to the nine month period ended September 30, 2020.

Fair Value Adjustment – Class B LP Units

A fair value gain of \$325 and expense of \$994 on the Class B LP Units was recorded for the three and nine month periods ended September 30, 2021 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 (loss) and comprehensive income (loss) in the quarter in which they occur.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The fair value expense of \$2,576 and gain of \$4,541 on investment properties for the three and nine month periods ended September 30, 2021, is due to fair value gains on certain acquisitions completed throughout the respective periods, 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 duration and full scope of the economic impact of the COVID-19 pandemic is unknown at this time. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and cap rates. The REIT will continue to monitor the effect of the economic environment on the valuation of its investment properties. If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

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.

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 as well as relevant expenses incurred ("other expenses") by Compass not related to the properties owned by the REIT in the condensed consolidated interim statement of income (loss) and comprehensive income (loss). Compass currently manages 98 of the REIT's properties.

Debt settlement costs

For the nine month period ended September 30, 2021, the REIT incurred \$1,697 of debt settlement costs in connection with the repayment of approximately \$48,800 of mortgages maturing in 2021 and 2022 and the repayment of a term loan of \$1,800 maturing in 2022. These mortgages were repaid with part of the proceeds received from the \$71,400 of two new mortgage financings (see "Summary of Significant Events" section).

SEGMENTED ANALYSIS

The REIT's segments include three classifications of investment properties – Retail, Office, and Industrial. 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.

As of January 1, 2021, the REIT reclassified its Commercial Mixed Use assets to Industrial assets to be consistent with other diversified Canadian REITs. See "Part 1 – Management's Discussion and Analysis". Prior quarterly and annual segmental results and information presented in this MD&A have been recast to be presented in a manner consistent with the changed reporting segments.

<i>(CAD \$ thousands)</i>	Retail		Office		Industrial		Total
	\$	%	\$	%	\$	%	\$
3 Months Ended September 30, 2021							
Property revenue	5,235	26.7	2,952	15.1	11,401	58.2	19,588
Net operating income (NOI) ⁽¹⁾	3,468	28.7	1,571	13.0	7,061	58.4	12,100
3 Months Ended September 30, 2020							
Property revenue	5,131	29.7	3,101	17.9	9,070	52.4	17,302
Net operating income (NOI) ⁽¹⁾	3,400	32.7	1,641	15.8	5,358	51.5	10,399

MANAGEMENT'S DISCUSSION AND ANALYSIS

<i>(CAD \$ thousands)</i>	Retail		Office		Industrial		Total
	\$	%	\$	%	\$	%	\$
Nine month period ended September 30, 2021							
Property revenue	15,800	28.9	9,061	16.6	29,881	54.6	54,742
Net operating income (NOI) ⁽¹⁾	10,349	31.4	4,714	14.3	17,861	54.2	32,924
Investment properties	188,020	25.2	94,415	12.7	463,915	62.2	746,350
Mortgages payable	96,647	24.1	48,658	12.1	256,034	63.8	401,339
Nine month period ended September 30, 2020							
Property revenue	16,079	30.8	9,460	18.1	26,682	51.1	52,221
Net operating income (NOI) ⁽¹⁾	10,312	33.8	4,857	15.9	15,358	50.3	30,527
Investment properties	200,025	32.5	98,815	16.1	316,825	51.5	615,665
Mortgages payable	99,949	31.2	49,665	15.5	171,097	53.3	320,711

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators."

The main driver for the change in revenues, NOI, fair values of investment properties and mortgages payables in the Retail, Office, and Industrial segments for the year ended September 30, 2021 is primarily from the acquisition of 18 investment properties offset by the sale of 6 investment properties in the twelve month period ended September 30, 2021.

As at September 30, 2021, the Retail segment consists of 45 properties (September 30, 2020 – 48 properties), having a total GLA of approximately 989,000 square feet (September 30, 2020 – ~1,069,000 square feet).

As at September 30, 2021, the Office segment consists of 9 properties (September 30, 2020 – 10 properties), having a total GLA of approximately 469,000 square feet (September 30, 2020 – ~492,000 square feet).

As at September 30, 2021, the Industrial segment consists of 50 properties (September 30, 2020 – 34 properties), having a total GLA of approximately 3,950,000 square feet (September 30, 2020 – ~3,010,000 square feet).

MANAGEMENT'S DISCUSSION AND ANALYSIS

PORTFOLIO PROFILE

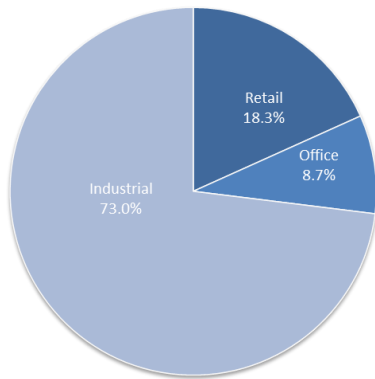
At September 30, 2021, the REIT's portfolio consisted of 104 properties, located in prime locations within their respective markets, representing a total GLA of 5,407,664 square feet. The increase of 836,353 square feet compared to September 30, 2020 is due to the acquisition of 18 investment properties offset by the sale of 6 investment properties in the twelve month period ended September 30, 2021.

(CAD \$ thousands unless otherwise stated)	9 Month Period Ended/ At September 30, 2021				9 Month Period Ended/ At September 30, 2020			
	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾
Retail	45	97.7%	988,978	\$ 10,349	48	96.7%	1,068,856	\$ 10,312
Office	9	91.1%	468,526	4,714	10	92.1%	492,446	4,857
Industrial	50	99.5%	3,950,160	17,861	34	99.5%	3,010,009	15,358
Total	104	98.5%	5,407,664	\$ 32,924	92	98.1%	4,571,311	\$ 30,527

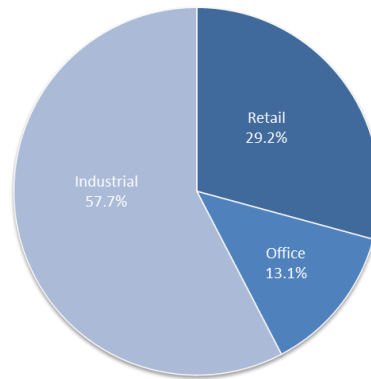
⁽¹⁾ Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balance reporting. The committed space at September 30, 2021 was approximately 110,653 square feet of GLA (43,203 square feet of GLA at September 30, 2020). The occupancy at September 30, 2021 excludes an 82,000 square foot building under redevelopment.

⁽²⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

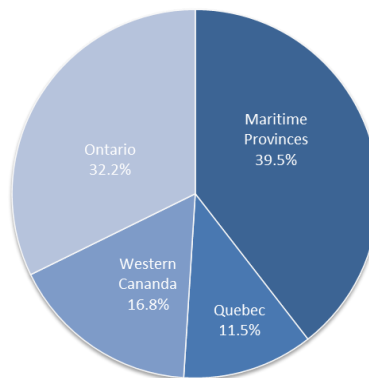
GLA by Asset Class September 30, 2021 ⁽¹⁾



Base Rent by Asset Class ⁽¹⁾



Base Rent by Region ⁽¹⁾



¹ Based on annualized in-place and committed base rent at September 30, 2021.

Top Ten Tenants

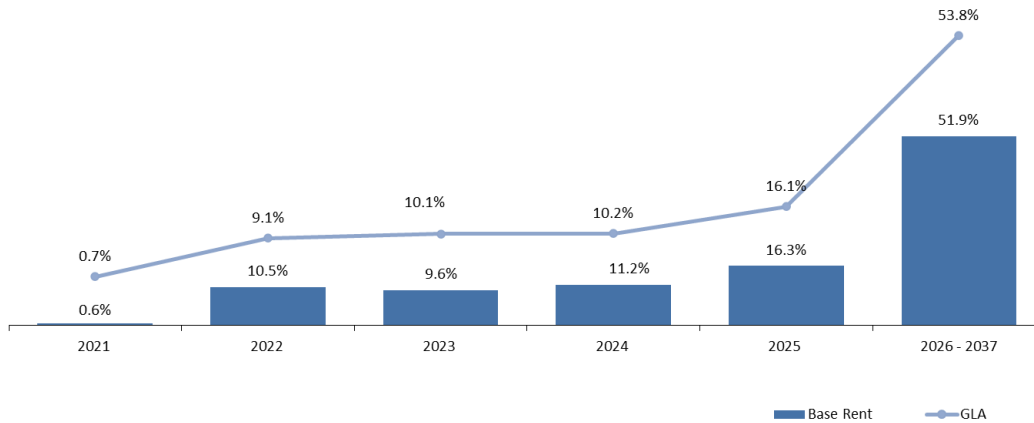
As at September 30, 2021, the ten largest tenants in the REIT's portfolio accounted for approximately 34.9% on annualized in-place and committed base rent and had a remaining average lease term of approximately 5.6 years.

Tenant	% in-Place Base Rent ⁽¹⁾	GLA (Sq. Ft.)	Remaining Average Lease Term (years)	Credit Rating ⁽²⁾
Rexall	5.2%	104,929	7.8	Baa2/BBB+/na
Sobeys	5.0%	222,491	5.9	na/BBB-/BBB-
DRS Technologies Canada	4.8%	127,334	3.3	Ba1/BB+/BBB-
Sysco Canada Inc.	4.0%	326,061	4.4	BBB/BBB/BBB-
Government of Canada	3.4%	100,260	3.0	Aaa/AAA/AA+
Shoppers Drug Mart	2.9%	66,083	3.8	na/BBB/BBB
Ribbon Communications Canada	2.9%	98,057	8.3	na
Versacold	2.9%	224,334	7.9	na
Sherway Warehousing Inc.	2.0%	156,318	4.9	na
ArcelorMittal Tailored Blanks	1.8%	185,633	7.8	Ba1/BBB-/BB+
Total	34.9%	1,611,500	5.6	

⁽¹⁾ Based on annualized in-place and committed base rent at September 30, 2021.

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

The REIT's diverse tenant base has a staggered lease maturity profile with no more than 16.3% of base rent maturing in any given period before 2026.



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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Cash provided from (used in):				
Operating activities	\$ 833	\$ 8,936	\$ 9,034	\$ 13,137
Financing activities	(7,576)	(11,625)	111,326	(6,731)
Investing activities	5,423	3,228	(122,908)	(8,356)
Change in cash during the period	(1,320)	539	(2,548)	(1,950)
Cash, beginning of period	5,031	2,813	6,259	5,302
Cash, end of period	\$ 3,711	\$ 3,352	\$ 3,711	\$ 3,352

Three Month Period Ended September 30, 2021

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$833 for the three month period ended September 30, 2021 was impacted mainly by the timing of cash receipts and settlement of payables as well as a \$5,150 deposit paid with respect to the Recent Acquisitions (see "Subsequent Events" section).

Cash used in financing activities during the three month period ended September 30, 2021 of \$7,576 is attributed to the increase in credit facility of \$5,000 offset by the repayment of debt of \$7,299, distributions paid of \$5,266 and financing costs incurred of \$11.

Cash provided from investing activities of \$5,423 during the three month period ended September 30, 2021 primarily consist of the additions of non-recoverable capital expenditures and leasing costs of \$2,580 and the additions to property and equipment of \$47 offset by the net proceeds of disposal of three investment properties of \$8,050.

Nine month period Ended September 30, 2021

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$9,034 for the nine month period ended September 30, 2021 was impacted mainly by the timing of cash receipts and settlement of payables as well as a \$5,150 deposit paid with respect to the Recent Acquisitions (see "Subsequent Events" section).

Cash provided by financing activities during the nine month period ended September 30, 2021 of \$111,326 is attributed to the issuance of Units, net of issue costs of \$46,774, the increase in debt of \$157,450, the increase in borrowings on the credit facility of \$32,000 offset by the repayment of debt of \$79,471, repayment of credit facility of \$29,000, distributions paid of 14,866, and financing costs incurred of \$1,561.

Cash used in investing activities of \$122,908 during the nine month period ended September 30, 2021 primarily consist of the acquisition of investment properties of \$136,736, the additions of non-recoverable capital expenditures and leasing costs of \$5,709 and the additions to property and equipment of \$113 offset by the net proceeds of disposal of 5 investment properties of \$19,650.

CAPITALIZATION AND DEBT PROFILE

<i>(CAD \$ thousands)</i>	September 30 2021
Mortgages payable (net of financing costs of \$2,861)	\$ 401,339
Term loans (net of financing costs of \$414)	16,138
Credit facility (net of financing costs of \$36)	27,964
Class B LP Units	9,957
Unitholders' Equity	292,115
Total Capitalization	\$ 747,513

The REIT has a revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 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 \$79,345 at September 30, 2021. At September 30, 2021, advances under the revolving credit facility was \$28,000.

As at September 30, 2021, all mortgages payable were at fixed rates with a weighted average contractual rate of approximately 3.50% (December 31, 2020 - 3.73%). The mortgages payable are secured by first charges on certain investment properties with a fair value of approximately \$686,810 at September 30, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The REIT's first term loan is to finance acquisitions and fund deposits on future acquisitions with a maximum available of \$9,000. The term loan is interest bearing only at a rate equal to the greater of 7.50% or the financial institution prime rate plus 3.55% per annum and matures February 2022. The term loan was repaid in full and cancelled April 16, 2021.

The REIT's second term loan is in the amount of \$1,800 bearing interest only at 6.25% per annum with a January 2022 maturity date. The term loan was repaid in full June 7, 2021.

The REIT's third term loan is in the amount of \$13,250. This term loan bears interest at 6.45% per annum and matures in November 2023. The term loan is secured by a pool of second charges on certain investment properties with a fair market value of approximately \$168,685.

On February 26, 2021, the REIT entered into a new \$46,600 mortgage financing with a term of ten years at a rate of 3.21%. Proceeds were used to repay approximately \$29,000 of mortgages maturing in 2021 and 2022, pay \$1,303 in yield maintenance fees, and the balance was used to reduce its credit facility.

On May 14, 2021, the REIT entered into a fourth term loan in the amount of \$3,375. The term loan is secured by a property held for development with a carrying value of approximately \$4,830 and bears interest only at prime plus 125 basis points and matures May 2023.

On June 7, 2021, the REIT entered into a new \$24,800 mortgage financing with a term of seven years at a rate of 3.70%. Part of the proceeds were used to repay approximately \$19,800 of mortgages maturing in 2022, repay a term loan of \$1,800 maturing in 2022, and pay \$394 in yield maintenance fees.

The debt is repayable no later than 2033.

Contractual Obligations

The following table represents the REIT's contractual obligations at September 30, 2021:

(CAD \$ thousands)

Due within:	1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later
Debt principal instalments	\$ 11,418	\$ 10,938	\$ 9,614	\$ 9,345	\$ 8,628	\$ 15,928
Debt principal maturities	14,263	44,356	58,875	8,865	116,678	111,844
Debt interest	14,571	13,375	9,983	8,847	7,647	11,919
Credit facility	28,000	-	-	-	-	-
Accounts payable and other liabilities	10,442	-	-	-	-	-
Rent	84	84	49	-	-	-
	\$ 78,778	\$ 68,753	\$ 78,521	\$ 27,057	\$ 132,953	\$ 139,691

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.

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 of this, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gross Book Value is calculated as follows:

<i>(CAD \$ thousands unless otherwise stated)</i>	September 30 2021
Total assets, including investment properties stated at fair value	\$ 769,085
Accumulated depreciation on property and equipment and intangible assets	2,046
Gross Book Value ⁽¹⁾	771,131
Debt, excluding unamortized financing costs	420,752
Credit facility, excluding unamortized financing costs	28,000
Debt	\$ 448,752
Debt to Gross Book Value ⁽¹⁾	58.19%

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

The REIT was in compliance with the above requirement as well as all required covenants as at September 30, 2021.

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, and (ii) Debt Service Coverage Ratio. All of these measures are non-IFRS measures. See "Non-IFRS and Operational Key Performance Indicators".

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 the Adjusted EBITDA for the three and nine month periods ended September 30, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Net income (loss) and comprehensive income (loss)	\$ 4,068	\$ (709)	\$ 16,803	\$ 14,659
Interest and financing costs	4,408	3,829	12,333	11,505
Depreciation of property and equipment	86	66	260	207
Amortization of intangible assets	93	93	279	279
Fair value adjustment - Class B LP Units	(325)	585	994	(7,361)
Fair value adjustment - investment properties	2,576	5,012	(4,541)	10,271
Distributions – Class B LP Units	166	173	499	757
Straight-line rent	(129)	(218)	(374)	(604)
Long-term incentive plan expense	349	789	2,220	(1,527)
Debt settlement costs	-	-	1,697	-
Adjusted EBITDA ⁽¹⁾	\$ 11,292	\$ 9,620	\$ 30,170	\$ 28,186

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a calculation of the Interest Coverage Ratio for the three and nine month periods ended September 30, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Adjusted EBITDA ⁽¹⁾	\$ 11,292	\$ 9,620	\$ 30,170	\$ 28,186
Interest expense	\$ 4,112	\$ 3,488	\$ 11,073	\$ 10,630
Interest Coverage Ratio ⁽¹⁾	2.7x	2.8x	2.7x	2.7x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

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 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, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Adjusted EBITDA ⁽¹⁾	\$ 11,292	\$ 9,620	\$ 30,170	\$ 28,186
Interest expense	4,112	3,488	11,073	10,630
Principal repayments	2,787	2,386	7,730	7,064
Debt Service Requirements	\$ 6,899	\$ 5,874	\$ 18,803	\$ 17,694
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x	1.6x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRIBUTIONS AND ADJUSTED FUNDS FROM OPERATIONS

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Net income and comprehensive income (loss) for the period	\$ 4,068	\$ (709)	\$ 16,803	\$ 14,659
Add:				
Long-term incentive plan	(229)	373	975	(2,486)
Distributions - Class B LP Units	166	173	499	757
Fair value adjustment - investment properties	2,576	5,012	(4,541)	10,271
Fair value adjustment - Class B LP Units	(325)	585	994	(7,361)
Amortization of intangible assets	93	93	279	279
FFO ⁽¹⁾	\$ 6,349	\$ 5,527	\$ 15,009	\$ 16,119
Deduct:				
Straight-line rent adjustment	\$ (129)	\$ (218)	\$ (374)	\$ (604)
Maintenance capital expenditures	(335)	(132)	(521)	(149)
Stabilized leasing costs	(220)	(96)	(626)	(193)
Add:				
Long-term incentive plan	578	416	1,245	959
Amortization of financing costs	313	366	1,289	938
Debt settlement costs	-	-	1,697	-
AFFO ⁽¹⁾	\$ 6,556	\$ 5,863	\$ 17,719	\$ 17,070
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1315	\$ 0.1381	\$ 0.3323	\$ 0.4031
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1284	\$ 0.1349	\$ 0.3244	\$ 0.3943
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1358	\$ 0.1465	\$ 0.3923	\$ 0.4269
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1325	\$ 0.1431	\$ 0.3829	\$ 0.4176
Distributions declared per Unit and Class B LP unit	\$ 0.1125	\$ 0.1125	\$ 0.3375	\$ 0.3825
AFFO Payout Ratio – Basic ⁽¹⁾	82.8%	76.8%	86.0%	89.6%
AFFO Payout Ratio – Diluted ⁽¹⁾	84.9%	78.6%	88.1%	91.6%
Basic weighted average number of units ⁽²⁾⁽³⁾	48,287,486	40,023,023	45,169,392	39,990,366
Diluted weighted average number of units ⁽²⁾⁽³⁾	49,466,041	40,969,595	46,272,319	40,875,012

⁽¹⁾ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

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

⁽³⁾ 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 increase in FFO of \$822 for the three month period ended September 30, 2021 compared to the same period in 2020 is directly related to the acquisition of 18 investment properties offset by the sale of 6 investment properties during the twelve month period ended September 30, 2021 and offset by an increase in certain general and administrative expenses.

The decrease in FFO of \$1,110 for the nine month period ended September 30, 2021 compared to the same period in 2020 is directly related to the non-recurring debt settlement costs incurred of \$1,697 as well as an increase in certain general and administrative expenses.

The increase in AFFO of \$693 and \$649 for the three and nine month periods ended September 30, 2021 compared to the same periods in 2020 is due to the incremental AFFO from the acquisition of 18 investment properties offset by the loss of AFFO from the sale of 6 investment properties during the twelve month period ended September 30, 2021, and further offset by the increase in maintenance capital expenditures, stabilized leasing costs and the increase in certain general and administrative expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basic AFFO per Unit were \$0.1358 and \$0.3923 respectively for the three and nine month periods ended September 30, 2021 with a corresponding basic AFFO Payout Ratio of 82.8% and 86.0% respectively. The AFFO Payout Ratio increased for the three month period ended September 30, 2021 compared to the same period in 2020 largely due to a non-recurring expense reduction for one property for a prior period in 2020. This non-recurring expense reduction adjustment did not have a significant impact on the nine month period ended September 30, 2021. The decrease in the AFFO Payout Ratio for the nine month period ended September 30, 2021 compared to the same period in 2020 was primarily driven by the revision of the REIT's monthly distributions to \$0.0375 per Unit from \$0.0525 commencing April 2020.

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 current 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, 2021 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 2021. 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:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Cash flow provided from operating activities	\$ 833	\$ 8,936	\$ 9,034	\$ 13,137
Add (deduct):				
Changes in non-cash working capital	6,198	(2,952)	7,896	3,725
Distributions – Class B LP Units	166	173	499	757
Maintenance capital expenditures	(335)	(132)	(521)	(149)
Stabilized leasing costs	(220)	(96)	(626)	(193)
Depreciation of property and equipment	(86)	(66)	(260)	(207)
Debt settlement costs	-	-	1,697	-
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 6,556	\$ 5,863	\$ 17,719	\$ 17,070

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 6,556	\$ 5,863	\$ 17,719	\$ 17,070
Total distributions paid or payable – Units and Class B LP Units	5,432	4,503	15,365	15,297
Excess of AFFO over distributions paid or payable	\$ 1,124	\$ 1,360	\$ 2,354	\$ 1,773

⁽¹⁾ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

For the three and nine month periods ended September 30, 2021, the REIT had sufficient AFFO to cover the distributions paid or payable partially driven by the revision of the REIT's monthly distributions to \$0.0375 per Unit from \$0.0525 which commenced April 2020.

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

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Cash flow provided from operating activities	\$ 833	\$ 8,936	\$ 9,034	\$ 13,137
Add (deduct):				
Change in non-cash working capital balances not indicative of sustainable cash flows ⁽¹⁾	6,311	(2,008)	10,108	3,452
Maintenance capital expenditures	(335)	(132)	(521)	(149)
Stabilized leasing costs	(220)	(96)	(626)	(193)
Amortization of deferred financing costs	(313)	(366)	(1,289)	(938)
Adjusted Cashflow from Operations (ACFO) ⁽²⁾	\$ 6,276	\$ 6,334	\$ 16,706	\$ 15,309

⁽¹⁾ Change in non-cash working capital balances not indicative of sustainable cash flows adjustments primarily includes adjustments for prepaid taxes and insurance as their levels vary considerably over the course of the year as well as certain other adjustments as specified in the most recent Realpac White Paper on ACFO issued February 2019.

⁽²⁾ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

The following table represents a breakdown of adjustments for working capital changes used in the calculation of ACFO in the table above. These are working capital changes that, in management's view and based on the Realpac White Paper on ACFO issued February 2019, are not indicative of sustainable cash flows available for distributions:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Working capital changes related to:				
Property taxes and insurance	\$ (2,002)	\$ (1,487)	\$ 2,098	\$ 2,093
Other ⁽¹⁾	8,313	(521)	8,010	1,359
Change in non-cash working capital balances not indicative of sustainable cash flows from ACFO	\$ 6,311	\$ (2,008)	\$ 10,108	\$ 3,452

⁽¹⁾ Includes working capital adjustments related to transaction cost accruals related to acquisitions of investment properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The table below compares ACFO to distributions paid or payable on Units:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Adjusted Cashflow from Operations (ACFO) ⁽¹⁾	\$ 6,276	\$ 6,334	\$ 16,706	\$ 15,309
Total distributions paid or payable – Units ⁽²⁾	5,266	4,330	14,866	14,540
Excess of ACFO over distributions paid or payable	\$ 1,010	\$ 2,004	\$ 1,840	\$ 769

⁽¹⁾ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

⁽²⁾ This excludes distributions paid or payable on Class B LP Units given the ACFO has been reduced to this amount.

For the three and nine month periods ended September 30, 2021 and 2020, the REIT had sufficient ACFO to cover the distributions paid or payable.

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

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2021	3 Months Ended September 30 2020	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Cash flow provided from operating activities	\$ 833	\$ 8,936	\$ 9,034	\$ 13,137
Net income (loss) and comprehensive income (loss)	\$ 4,068	\$ (709)	\$ 16,803	\$ 14,659
Total distributions paid or payable – Units ⁽¹⁾	\$ 5,266	\$ 4,330	\$ 14,866	\$ 14,540
Excess (shortfall) of cash flow from operating activities over distributions paid or payable	\$ (4,433)	\$ 4,606	\$ (5,832)	\$ (1,403)
Excess (shortfall) of net income (loss) and comprehensive income (loss) over distributions paid or payable	\$ (1,198)	\$ (5,039)	\$ 1,937	\$ 119

⁽¹⁾ 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 three and nine month periods ended September 30, 2021 and the nine month period ended September 30, 2020, the REIT's distribution paid or payable in cash and in DRIP units exceeded the cash flow provided from operating activities. This represents a return of capital, rather than a return on capital, since they represent cash payments in excess of cash generated by the REIT's continuing operations during the respective periods. The shortfall of cash flow from operating activities over total distributions is mainly due to the seasonal fluctuations in non-cash working capital, distribution on Class B LP Units that are recorded as a reduction of net income and comprehensive income, the impact of maintenance capital expenditures and stabilized leasing costs which change with lease maturities and lease renewals and nonrecurring items. The REIT financed the shortfall using cash on hand and/or using the REIT's revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis points and/or planned normal course property refinancings.

The shortfall or excess of distributions paid or payable – Units over net income (loss) and comprehensive net income (loss) for the three and nine month periods ended September 30, 2021 and 2020 is primarily due to non-cash items. Non-cash items relating to the long-term incentive plan expense, depreciation of property and equipment, amortization of intangible assets and fair value adjustments to Class B LP Units and investment properties are deducted from or added to net income and comprehensive income and have no impact on cash available to pay current distributions.

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 10, 2021 were 58,967,706.

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 10, 2021 were 1,479,524.

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 10, 2021 were 1,197,070 and 422,523.

Normal Course Issuer Bid

Pursuant to a notice accepted by the TSX, the REIT may, during the period commencing September 24, 2021 and ending September 23, 2022, purchase for cancellation, through the facilities of the TSX and at the market price of the Units at the time of purchase, up to 1,404,238 Units. The actual number of Units that may be purchased and the timing of any such purchases will be determined by the REIT, and will be made in accordance with the requirements of the TSX. The REIT is making the normal course issuer bid because it believes that the market price of the Units does not always reflect their underlying value, and that purchasing Units for cancellation may from time to time be an appropriate use of available resources and in the best interests of the REIT. Unitholders can obtain a copy of the notice filed with TSX, without charge, by contacting the REIT at 514-933-9552. The REIT repurchased and cancelled Nil Units during the three and nine month periods ended September 30, 2021 for \$Nil.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Classification	Measurement	Carrying Value September 30 2021	Fair Value September 30 2021
Loans and Receivables			
Cash (a)	Amortized cost	\$ 3,711	\$ 3,711
Receivables and other excluding prepaid expenses, deposits, deferred acquisition costs and other receivables (a)	Amortized cost	4,010	4,010
		\$ 7,721	\$ 7,721
Financial Liabilities Through Profit and Loss			
Class B LP Units	Fair value (L2)	\$ 9,957	\$ 9,957
Long-term incentive plan	Fair value (L2)	9,319	9,319
		\$ 19,276	\$ 19,276
Other Financial Liabilities			
Accounts payable and other liabilities (a)	Amortized cost	\$ 10,442	\$ 10,442
Credit facility (a)	Amortized cost	27,964	27,964
Distributions payable (a)	Amortized cost	1,811	1,811
Debt (b)	Amortized cost	417,477	417,477
		\$ 457,694	\$ 457,694

- (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) Long-term financial instruments consist of debt. 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.

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, 2021.

PART V

CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the REIT is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, 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.

Details related to disclosure controls and procedures, and internal control over financial reporting, are disclosed in the 2020 Annual MD&A under "Part V – Controls and Procedures".

Changes in Internal Control over Financial Reporting

There were no changes in the REIT's internal controls over financial reporting in the first nine months of 2021 that materially affected or are reasonably likely

to materially affect the REIT's internal control over financial reporting.

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 2021 Financial Statements and the 2020 Annual Reports, particularly under the heading "Risk Factors" in the 2020 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.sedar.com. 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.

COVID-19 Risk

The recent outbreak of coronavirus COVID-19 has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. COVID-19 may lead to voluntary or mandatory building closures, business closures, government restriction on travel and gatherings, quarantines, self isolation and physical distancing. The impact of these measures may lead to a general shutdown of economic activity and disrupt workforce and business operations. COVID-19 could have a material adverse effect on debt and capital markets, the demand for real estate and the ability for tenants to pay. Provincial governments are encouraging landlords to enter into rent deferral arrangements with users whose businesses are required to close or are otherwise impaired. There can be no assurance that deferred rents will be collected in accordance with deferral arrangements or at all. Any inability to collect rents in a timely manner or at all could adversely affect the REIT's business and financial results.

The COVID-19 pandemic has created significant uncertainty in the general economy including the real estate market. Such a pandemic could, if prolonged, adversely impact the REIT's business directly and/or indirectly. Management continues to assess the impact of COVID-19 and governments' responses to it on the REIT. Portions of the REIT's financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. Areas of increased estimation uncertainty in the REIT's condensed consolidated interim financial statements include the fair value of its investment properties and the recoverability of amounts receivable.

The amounts recorded in the Q3 2021 Financial Statements are based on the latest reliable information available to management at the time the condensed consolidated interim financial statements were prepared where that information reflects conditions at the date of the condensed consolidated interim financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

The REIT continues to assess the effect of economic conditions on the creditworthiness of its tenants. As part of this assessment, the REIT reviews the risk profiles of its tenant base to assess which tenants are likely to continue meeting their obligations under their leases and which tenants are at a greater risk of default. The REIT expects that certain tenants may require financial assistance and continues to work with them while monitoring the various government assistance programs as more information becomes available.

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 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.

FUTURE CHANGES IN ACCOUNTING POLICIES

The future changes in accounting policies and future applicable accounting standards are discussed in the REIT's condensed consolidated interim financial statements for the nine month period ended September 30, 2021 and the notes contained therein.

RELATED PARTY TRANSACTIONS

On September 30, 2014, the REIT entered into a strategic investment agreement (the "Strategic Investment Agreement") with Lotus Crux Acquisition LP ("Lotus Crux Acquisition"). Pursuant to the Strategic Investment Agreement, Lotus Crux Acquisition was entitled to receive a fee of 0.875% of the purchase cost from the REIT on acquisitions of certain properties owned by Lotus Crux Acquisition or related parties. Lotus Crux Acquisition is controlled by a general partner controlled by two trustees of the REIT, Peter Aghar and Shenoor Jadavji, who also have an interest in Lotus Crux Acquisition and the REIT. Effective March 22, 2021, the Strategic Investment Agreement was terminated. No fees were paid in the three and nine month periods ended September 30, 2021 under the Strategic Investment Agreement.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF QUARTERLY RESULTS

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021	3 Months Ended Dec 31 2020	3 Months Ended Sept 30 2020	3 Months Ended June 30 2020	3 Months Ended Mar 31 2020	3 Months Ended Dec 31 2019
Property revenue	\$ 19,588	\$ 17,764	\$ 17,390	\$ 17,589	\$ 17,302	\$ 17,212	\$ 17,707	\$ 17,315
Property operating expenses	7,488	7,033	7,297	7,587	6,903	7,439	7,352	7,265
Net operating income (NOI) ⁽¹⁾	12,100	10,731	10,093	10,002	10,399	9,773	10,355	10,050
General and administrative expenses	1,064	1,062	1,069	899	854	893	683	598
Long-term incentive plan expense	349	1,334	537	2,112	789	942	(3,258)	714
Depreciation of property and equipment	86	87	87	92	66	67	74	60
Amortization of intangible assets	93	93	93	93	93	93	93	93
Interest and financing costs	4,408	4,024	3,901	3,877	3,829	3,787	3,889	3,847
Distributions - Class B LP Units	166	167	166	171	173	186	398	407
Fair value adjustment - Class B LP Units	(325)	887	432	2,104	585	1,442	(9,388)	466
Fair value adjustment - investment properties	2,576	(8,287)	1,170	(5,604)	5,012	5,301	(42)	2,554
Other income	(664)	(557)	(561)	(549)	(562)	(490)	(509)	(425)
Other expenses	279	426	262	394	269	322	278	287
Debt settlement costs	-	394	1,303	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-	131
Net income (loss) and comprehensive income (loss)	\$ 4,068	\$ 11,101	\$ 1,634	\$ 6,413	\$ (709)	\$ (2,770)	\$ 18,137	\$ 1,318
Debt to Gross Book Value ⁽¹⁾	58.19%	58.22%	57.49%	57.82%	58.72%	58.71%	58.06%	57.52%
FFO ⁽¹⁾	\$ 6,349	\$ 4,782	\$ 3,878	\$ 4,789	\$ 5,527	\$ 4,835	\$ 5,756	\$ 5,017
AFFO ⁽¹⁾	\$ 6,556	\$ 5,741	\$ 5,422	\$ 5,366	\$ 5,863	\$ 5,217	\$ 5,989	\$ 5,676
Basic FFO per unit ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.1315	\$ 0.1015	\$ 0.0969	\$ 0.1197	\$ 0.1381	\$ 0.1208	\$ 0.1442	\$ 0.1259
Diluted FFO per unit ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.1284	\$ 0.0990	\$ 0.0946	\$ 0.1169	\$ 0.1349	\$ 0.1180	\$ 0.1415	\$ 0.1233
Basic AFFO per unit ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.1358	\$ 0.1219	\$ 0.1355	\$ 0.1341	\$ 0.1465	\$ 0.1304	\$ 0.1500	\$ 0.1425
Diluted AFFO per unit ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.1325	\$ 0.1189	\$ 0.1323	\$ 0.1310	\$ 0.1431	\$ 0.1274	\$ 0.1473	\$ 0.1395
AFFO Payout Ratio – Basic ⁽¹⁾⁽³⁾	82.8%	92.3%	83.0%	83.9%	76.8%	86.3%	105.0%	110.6%
AFFO Payout Ratio – Diluted ⁽¹⁾⁽³⁾	84.9%	94.6%	85.0%	85.9%	78.6%	88.3%	106.9%	112.9%
Number of commercial properties	104	107	90	91	92	93	93	92
GLA (square feet)	5,407,664	5,510,707	4,459,225	4,547,317	4,571,311	4,580,932	4,580,932	4,445,498
Occupancy rate	98.5%	98.5%	98.2%	98.0%	98.1%	98.1%	98.3%	98.4%
Weighted average lease term to maturity	4.8	4.8	5.0	5.2	5.2	5.4	5.5	5.6

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

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

⁽³⁾ 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.