



PRO REAL ESTATE INVESTMENT TRUST

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017**

AUGUST 9, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE OF CONTENTS

PART I

Message from the CEO	1
Financial and Operational Highlights	4
Management's Discussion and Analysis	4
Forward-Looking Statements	5
Non-IFRS and Operational Key Performance Indicators	6

PART II

REIT Overview	8
Objectives and Strategies	8
Summary of Significant Events	9
Subsequent Events	10
Outlook	10

PART III

Results of Operations	10
Segmented Analysis	12
Portfolio Profile	13

PART IV

Liquidity and Capital Resources	15
Capitalization and Debt Profile	16
Distributions and Adjusted Funds from Operations	19
Issued and Outstanding Securities and Normal Course Issuer Bid	22
Financial Instruments	23

PART V

Controls and Procedures	24
Risks and Uncertainties	24
Critical Accounting Estimates	32
Future Changes in Accounting Policies	32
Related Party Transactions	33
Summary of Quarterly Results	34



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A MESSAGE FROM THE CEO

Dear Fellow Unitholders

We are pleased to report financial and operating results for the three-month and six-month periods ended June 30, 2017. Strong growth in property revenue, net operating income ("NOI")⁽¹⁾ and adjusted funds from operations ("AFFO")⁽¹⁾ reflect the execution of our growth strategy and the quality of our portfolio.

With our expanding portfolio of commercial real estate that fits our acquisition strategy, PROREIT is emerging as a larger and stronger real estate investment trust, with stable assets that produce consistent returns. Our presence in many commercial real estate markets is generating a strong pipeline of investment opportunities over time, and our proven access to capital markets enables us to approach new acquisition and development opportunities with confidence.

We finished the quarter with a strong cash position, generated by the sale of our two Etobicoke industrial properties, and our successful equity raise in June that generated gross proceeds of almost \$22 million. Our enhanced liquidity strengthens our balance sheet and provides a strategic advantage as we entertain new investment opportunities. As has happened in the past, however, the delay between the closing of our equity financing and the closing of acquisitions temporarily dampens growth in adjusted funds from operations per unit and temporarily increases our payout ratio. These ratios will normalize toward our historical numbers once our announced acquisitions are closed and our cash on hand is fully deployed.

We closed four previously announced property transactions subsequent to the end of the quarter. The acquisitions, which were closed in early August, were financed in part by our considerable cash on hand. In addition, we are currently pursuing several new acquisition opportunities that, if successfully concluded, would enable us to deploy the balance of our current cash before the end of 2017. We look forward to making announcements about new investments.

Financial Results

For the three-months ended June 30, 2017 (or "second quarter"), PROREIT continued to deliver solid financial performance compared to the three months ended June 30, 2016, growing property revenues, NOI⁽¹⁾ and AFFO⁽¹⁾ at double digit rates.

For the three months ended June 30, 2017, PROREIT recorded property revenue of \$7.035 million, a 25.2% increase compared to \$5.62 million in the second quarter of 2016. The increase is mainly due to the incremental revenues from the 6 property acquisitions completed during the fourth quarter of 2016 and the acquisition of a 50% interest in 1 property in the first quarter of 2017. For the six months ended June 30, 2017, property revenues increased 28.6% to \$14.5 million, compared to the same period in 2016.

NOI⁽¹⁾ increased 27.2% to \$4.4 million in the second quarter compared to the three months ended June 30, 2016. The increase in NOI⁽¹⁾ was driven mainly by the REIT's 6 property acquisitions in the fourth quarter of 2016, and by the acquisition of a 50% interest in one property in the first quarter of 2017. For the six-month period ended June 30, 2017, NOI⁽¹⁾ increased 29.3% to \$8.98 million, compared to \$6.94 million for the same period in 2016.

For the second quarter, PROREIT generated AFFO⁽¹⁾ of \$2.53 million, a 37.2% increase over AFFO⁽¹⁾ of \$1.84 million for the same period last year. \$0.0508 of AFFO per basic unit⁽¹⁾ in the second quarter was down slightly from \$0.0538 per basic unit in the second quarter of 2016. AFFO⁽¹⁾ for the six months ended June 30, 2017 was \$5.09 million, an increase of 38.3% compared to the first six months of 2016.

For the three months ended June 30, 2017, the REIT declared three distributions totalling \$0.0525 per trust unit of the REIT ("Units"). The diluted AFFO payout ratio⁽¹⁾ in the second quarter was 105.8%, compared to a diluted payout ratio⁽¹⁾ of 100.4% in the second quarter of 2016.

The AFFO per unit⁽¹⁾ and the diluted payout ratio⁽¹⁾ were both impacted temporarily by the cash position of the REIT late in the second quarter following a successful \$21.8 million bought deal offering of Units on June 13, 2017 (the "Offering"), and the sale of the two industrial properties for total gross cash proceeds of \$22.3 million announced on June 26, 2017. The bought deal resulted in the issuance of 9,867,100 Units. The cash from these significant events late in the second quarter was not yet deployed on property acquisitions by quarter-end; however, deployment of the cash is a positive process that we believe will be concluded in the third and fourth quarters. The underutilized cash also

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

resulted in a temporary slight decrease in AFFO per unit ⁽¹⁾ due to the increase in units outstanding, along with an increase in the diluted payout ratio ⁽¹⁾. Both of these ratios will improve once the cash is deployed.

The balance sheet improved during the quarter. At June 30, 2017, total assets of the REIT stood at \$258.8 million, an increase of 23.8% compared to total assets of \$208.97 million at June 30, 2016.

At June 30, 2017, debt to gross book value ⁽¹⁾ stood at 50.87%, compared to 61.67% on June 30, 2016. The decline in the ratio is due primarily to greater liquidity on the balance sheet following the closing of the Offering on June 13, 2017, and completion of the sale of two industrial properties previously referenced, for \$22.3 million. While the balance sheet is expected to continue to be strong, the debt to gross book value will likely increase once current cash reserves are applied to new acquisitions.

The weighted average interest rate on mortgage debt was stable at 3.73% in the second quarter, compared to 3.71% in the three months ended June 30, 2016.

At June 30, 2017, the number of Units outstanding stood at 54,104,665 Units.

Second Quarter 2017 Operating Results

Our portfolio continues to perform well. At the end of the second quarter, PROREIT's occupancy rate was stable at 94.0%, compared to 95.0% at June 30, 2016. Weighted average lease terms were unchanged at 6.3 years. This performance reflects the quality of the REIT's commercial properties, the majority of which are anchored by, and continue to attract, high quality tenants, with strong covenants.

At June 30, 2017, gross leasable area ("GLA") stood at 1,792,211 square feet, an increase of 6.85% compared to 1,677,247 square feet on June 30, 2016. The increase of 114,964 square feet compared to June 30, 2016 is a result of the acquisition of 6 properties in the fourth quarter of 2016 and the acquisition of a 50% interest in one property in the first quarter of 2017, offset by the profitable sale of 2 industrial properties at the end of the second quarter. The two industrial properties contained approximately 298,000 square feet of GLA.

At June 30, 2017, PROREIT's total portfolio consisted of 38 properties compared to 33 at the end of the first quarter of 2016. Our portfolio now includes four office properties representing 154,357 square feet of GLA, 22 retail properties representing 810,179 square feet of GLA, eight industrial properties representing 553,382 square feet of GLA and four commercial mixed use properties representing 274,293 square feet of GLA. Government and national tenants represent 84% of base rent at the end of the second quarter. Our top ten tenants, who are strong brand name companies or governments, represent approximately 51.8% of total base rent of the portfolio. The REIT's diverse tenant base has a staggered lease maturity profile with no more than 11.6% of base rent maturing in any given period within the next five years.

Subsequent Events: Four Acquisitions Add 547,000 SF of GLA

Subsequent to the end of the second quarter, we closed four previously announced property transactions, including two commercial properties in New Brunswick, and two industrial properties in Ontario. The acquisitions add approximately 547,000 square feet of GLA to the PROREIT portfolio. The four properties include a retail property and a light industrial building totaling 90,600 square feet in Atlantic Canada and two industrial buildings totaling 456,000 square feet in Woodstock, Ontario. The properties were acquired at a blended capitalization rate of approximately 7%.

Properties in Woodstock, Ontario

PROREIT has now closed the previously announced acquisition of two high-quality light industrial buildings in Woodstock, Ontario, for a total purchase price of \$30.0 million (excluding closing costs). The properties are 100% leased to seven high quality, national or multi-national tenants with excellent covenants and leases ranging in size from 26,000 square feet to 132,000 square feet.

520 Beards Lane, Woodstock, Ontario, was built in 2007 and is part of the 270-acre Commerce Way Business Park in Woodstock. The 28 foot clear property sits on 7.6 acres of land and is fully leased to good quality tenants. The property, which is in close proximity to both Highway 401 and Highway 403, is strategically located near major markets in both Canada and the United States.

1400 Commerce Way, Woodstock, Ontario is also part of the Commerce Way Business Park. It is located at the intersection of Highway 401 and Highway 403. The 30 foot clear structure is fully leased to good quality tenants, the majority on long-term leases.

The purchase price for the Woodstock properties was satisfied by (i) the assumption of \$16.5 million in mortgages with an average weighted interest rate of 3.29%; (ii) the issuance of \$7.25 million of Class B limited partnership units of PRO REIT Limited Partnership, a subsidiary of the REIT, at a price of \$2.25 per unit; and (iii) cash on hand.

The acquisition of the Woodstock properties was approved by approximately 98.8% of the votes cast at a special meeting of unitholders of the REIT held on August 3, 2017. For more information on the special meeting of unitholders and the acquisition of the Woodstock properties, refer to the management information circular of the REIT dated June 30, 2017 prepared for the meeting, available under PROREIT's SEDAR profile at www.sedar.com.

Properties in New Brunswick

10 Wellington Row, Saint John, New Brunswick

On August 1, 2017, we closed a previously announced transaction to acquire a free-standing retail property located in the heart of the Saint John, New Brunswick commercial district.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The 9,647 square foot property, developed in 2016, is 100% occupied by a provincial crown corporation under a long term lease with a remaining term of approximately 15 years. The purchase price of approximately \$4.8 million (excluding closing costs) was financed by a \$3.7 million mortgage at a fixed interest rate of 3.27%, maturing in August 2022. The balance of the purchase price was paid from cash on hand.

80 Rooney Avenue, Moncton, N.B.

On August 1, 2017, PROREIT closed the previously announced acquisition of an 81,600 square foot light industrial property in Moncton New Brunswick, for \$5.7 million. The well located building is fully leased to a good quality, publicly traded tenant. The property is located in the Moncton Industrial Park, which has direct access to the Trans-Canada Highway, and to a four-lane boulevard. With 28 feet of clearance, the building sits on a 5.7 acre site.

The acquisition was financed by a \$3.3 million mortgage at a fixed interest rate of 3.60%, maturing in August, 2021. The balance of the purchase price was paid from cash on hand.

Development Activities

The REIT continues to look at development opportunities on our existing portfolio. Densification of the properties is a low cost method of increasing assets and GLA, and such developments tend to generate high rates of return.

Opportunities at our properties in Miramichi, New Brunswick, and at Upper Tantallon in the greater Halifax area are proceeding.

On King George Highway in Miramichi, we are building two new pads that will add a total of 6,400 square feet of GLA. Lease agreements have been signed with Subway, Rogers and Cara. One of the pads, at 2466 King George Highway, is expected to be completed for the tenants in September 2017. It is expected to generate an estimated 18% return on invested capital ("ROIC"). The second pad, at 2485 King George Highway, will be delivered in December this year, and is expected to generate approximately 9% ROIC.

We continue to actively pursue additional, similar opportunities at other retail properties in our portfolio.

Outlook

We are in a period of strong growth at PROREIT, and we believe that this process is having a beneficial impact on the REIT, including on our access to equity markets and in the number and quality of new investment opportunities presented to us. We believe that this progress may result in an improved stock market valuation for units of the REIT.

We are actively pursuing new acquisition opportunities and new development opportunities, which we expect to complete before the end of the current fiscal year.

External factors that may have an impact on the REIT's ability to create accretive growth include market valuations for available real estate, and interest rate levels. The markets in which PROREIT operates have remained very stable and new opportunities continue to present themselves at reasonable valuation levels.

Interest rate levels have risen in recent months. However, the increases have had no impact on PROREIT's existing portfolio, as approximately 90% of the REIT's portfolio is financed by long-term fixed rate mortgages. Our current financial structure includes a floating rate credit facility, but even fully drawn it represents only about 9% of total debt.

While rates may eventually increase in coming months, Management expects that any such increase in the coming months will not significantly impact the REIT's ability to finance new acquisitions on an accretive basis.

At PROREIT, we are in a period of positive transition, becoming a stronger real estate investment trust, with stable assets that produce consistent returns for our unitholders. We are pleased with our progress, and we are excited by the prospects for the REIT in the months and years ahead.

(signed) James W. Beckerleg,
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

PART I

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	June 30 2017	June 30 2016		
Operational data				
Number of properties	38	33		
Gross leasable area (square feet)	1,792,211	1,677,247		
Occupancy rate ⁽¹⁾	94.0%	95.0%		
Weighted average lease term to maturity (years)	6.3	6.3		
	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
<i>(CAD \$ thousands except per unit amounts and unless otherwise stated)</i>				
Financial data				
Property revenue	\$ 7,035	\$ 5,620	\$ 14,518	\$ 11,290
Net operating income (NOI) ⁽²⁾	\$ 4,444	\$ 3,495	\$ 8,977	\$ 6,941
Total assets	\$ 258,800	\$ 208,972	\$ 258,800	\$ 208,972
Debt to gross book value ⁽²⁾	50.87%	61.67%	50.87%	61.67%
Interest coverage ratio ⁽²⁾	2.8x	2.5x	2.8x	2.5x
Debt service coverage ratio ⁽²⁾	1.6x	1.5x	1.6x	1.5x
Weighted average interest rate on mortgage debt	3.73%	3.71%	3.73%	3.71%
Net cash flows provided from operating activities	\$ 333	\$ 1,383	\$ 2,320	\$ 1,592
Funds from Operations (FFO) ⁽²⁾	\$ 2,385	\$ 1,592	\$ 4,927	\$ 3,208
Basic FFO per unit ^{(2) (3)}	\$ 0.0479	\$ 0.0465	\$ 0.1012	\$ 0.0938
Diluted FFO per unit ^{(2) (3)}	\$ 0.0468	\$ 0.0452	\$ 0.0987	\$ 0.0926
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 2,525	\$ 1,841	\$ 5,092	\$ 3,683
Basic AFFO per unit ^{(2) (3)}	\$ 0.0508	\$ 0.0538	\$ 0.1047	\$ 0.1077
Diluted AFFO per unit ^{(2) (3)}	\$ 0.0496	\$ 0.0523	\$ 0.1021	\$ 0.1063
AFFO payout ratio – Basic ⁽²⁾	103.3%	97.6%	100.3%	97.5%
AFFO payout ratio – Diluted ⁽²⁾	105.8%	100.4%	102.9%	98.7%
Adjusted AFFO payout ratio – Basic ⁽⁴⁾	99.6%		98.5%	

⁽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 June 30, 2017 was approximately 6,200 square feet of GLA (22,000 square feet of GLA at June 30, 2016).

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

⁽³⁾ Total units consist of Units (as defined herein) and Class B LP Units (as defined herein).

⁽⁴⁾ On an adjusted basis, if the units issued from the Offering were excluded from the weighted average number of units, the AFFO payout ratio would be approximately 99.6% and 98.5% for the three and six month period ended June 30, 2017 respectively. See "Distribution and Adjusted Funds From Operations" section for further discussion.

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 six month periods ended June 30, 2017. This MD&A is based on financial statements prepared in accordance with International accounting standards ("IAS") 34: Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). This MD&A should be read in conjunction with the REIT's condensed consolidated interim financial statements and accompanying notes for the six month period ended June 30, 2017, together with the audited consolidated financial statement and accompanying notes and MD&A for the year ended December 31, 2016.

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. This MD&A is current as of August 9, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information about the REIT can be found in the REIT's filings with securities regulatory authorities, including the REIT's annual information form for the year ended December 31, 2016, which are available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain information in this MD&A contains or incorporates comments that constitute forward-looking statements within the meaning of applicable securities legislation. Statements other than statements of historical fact contained in this MD&A may be forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may," will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and the REIT's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the plans and objectives of the REIT or the management or board of trustees, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities; and statements regarding future economic performance of the REIT. The REIT has based these forward-looking statements on its current expectations about future events. Some specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to (i) the intention of the REIT to pay stable distributions; (ii) the ability of the REIT to execute its growth strategies; (iii) the future financial results of the REIT; (iv) the expected tax treatment of the REIT's distributions to the unitholders; (v) the ability of the REIT to qualify as a "real estate investment trust"; (vi) the access of the REIT to the debt markets; (vii) the expected timing and completion of the REIT's announced acquisitions and sale transaction; (viii) the effect of the acquisitions and the sale transaction on the financial performance of the REIT; (ix) the REIT's ability to enter into a binding agreement for the acquisition of one of the properties in Atlantic Canada; and (x) the use of the net proceeds of the sale transaction.

Forward-looking statements do not take into account the effect of transactions or other items announced or occurring after the date of this MD&A. For example, they do not include the effect of acquisitions, dispositions, other business transactions, asset write-downs or other changes announced or occurring after the forward-looking statements are made.

Although the REIT believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct, and since forward-looking statements inherently involve risks and uncertainties, undue reliance should not be placed on such statements. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this MD&A as well as the following (i) the REIT will receive financing on favourable terms; (ii) the future level of indebtedness of the REIT and its future growth potential will remain consistent with the REIT's current expectations; (iii) there will be no changes to tax laws adversely affecting the REIT's financing capacity or operations; (iv) the workforce of the REIT will remain stable and consistent with the REIT's current expectations; (v) the impact of the current economic climate and the current global financial conditions on the REIT's operations, including its financing capacity, and asset value, will remain consistent with the REIT's current expectations; (vi) there will be no material changes to government and environmental regulations adversely affecting the REIT's operations; (vii) the performance of the REIT's investments in Canada will proceed on a basis consistent with the REIT's current expectations; (viii) conditions in the real estate market, including competition for acquisitions, will be consistent with the current climate; and (ix) capital markets will provide the REIT with readily available access to equity and/or debt.

Certain material risk factors or assumptions are applied in forward-looking statements, and actual results may materially differ from these expressed or implied in such forward-looking statements. The forward-looking statements are subject to inherent uncertainties and risks, including but not limited to, the factors discussed under "Risks and Uncertainties" in this MD&A and those discussed in the REIT's materials filed with the Canadian securities regulatory authorities from time to time, including those discussed under "Risk Factors" in the REIT's latest annual information form, available on SEDAR at www.sedar.com. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements.

In addition, the proposed acquisitions announced by the REIT remain subject to satisfactory due diligence review in accordance with the REIT's standard operating procedures, and the acquisition agreements contain or will contain closing conditions, including with respect to financing and any required regulatory approvals, and representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm's length. A special committee of independent trustees of the REIT is responsible for supervising the process to be carried out by the REIT and its advisors in connection with the acquisition of the properties located in Woodstock, Ontario. The key terms of the Woodstock acquisition have unanimously been approved by the independent trustees of the REIT. The closing of the Woodstock acquisition is subject to the satisfaction of certain conditions, including among others: (i) satisfactory due diligence by the REIT of the Woodstock properties, including receipt of an independent estimate of the fair market value of the properties prepared by an independent appraiser under the supervision of the Special Committee, (ii) receipt of certain regulatory approvals, including of the TSX Venture Exchange, (iii) receipt of any required unitholder approval under MI 61-101 (as defined herein), and (iv) the closing of the sale transaction announced by the REIT. The sale transaction is expected to be completed in June 2017 and is subject to customary closing conditions.

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. All forward-looking statements in this MD&A are made as of the date of this MD&A. The REIT, except as required by applicable securities laws, does not

MANAGEMENT'S DISCUSSION AND ANALYSIS

undertake to update any such forward-looking statements whether as a result of new information, future events or otherwise. For more information on the risk factors that could cause the REIT's actual results to differ from current expectation, please see "Risks and Uncertainties" in this MD&A.

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; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other publicly traded entities. 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 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.

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 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 2017 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 determined in accordance with IFRS. FFO has been reconciled to net comprehensive income 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; and (ii) deducting a reserve for normalized maintenance capital expenditures and normalized leasing costs, as determined by the REIT. Other adjustments may be made to AFFO as determined by the trustees 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 new 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

calculates its ACFO in accordance with Realpac' *White Paper on Adjusted Cashflow from Operations for IFRS* issued in February 2017. 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

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 is a non-IFRS measure and is used by the REIT to monitor the REIT's ability to satisfy and service its debt as well as 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. 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 the 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 reflects 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 and is 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 pursuant to a declaration of trust dated February 7, 2013 and amended on March 11, 2013 (as amended from time to time, the "Declaration of Trust") and was established under the laws of the Province of Ontario. The REIT's trust units ("Units") are listed on the TSX Venture Exchange (the "TSXV") under the symbols "PRV.UN" and "PRV.WT", respectively. The principal, registered and head office of the REIT is located at 2000 Mansfield Street, Suite 920, Montréal, Quebec, H3A 2Z6.

The REIT owns a portfolio of Canadian commercial investment properties, comprised of retail, office, commercial mixed-use and industrial properties. At June 30, 2017, the REIT owned approximately 1.8 million square feet of GLA located in Quebec, Atlantic Canada and Western 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 Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Alberta. 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 Alberta and British Columbia in the West. 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.
- **Alignment of interests through an efficient management structure, strong corporate governance and significant retained interest.** The REIT is externally managed by an experienced team of real estate professionals utilizing an efficient management structure. Management believes that its interests are aligned with that of unitholders given their low cost and simple management structure relative to industry peers, its pre-determined internalization strategy, and an adherence to strong corporate governance practices, including a Board comprised of a majority of independent trustees, all of whom have experience in the Canadian commercial real estate and capital markets.

- **Strategic relationship with Lotus Crux enhances geographical expertise, especially in Ontario and in Western Canada, and provides a pipeline for future acquisitions and investment opportunities.** The REIT is a party to a strategic investment agreement with Lotus Crux Acquisition LP ("Lotus Crux"), which management of the REIT believes it will provide the REIT with enhanced coverage of major Canadian markets, especially in Western Canada, as well as access to Lotus Crux's network of relationships with real estate market participants in these markets, resulting in access to a pipeline of potential acquisition and investment opportunities not otherwise available to 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.
- Strategic relation with Lotus Crux allowing access to a unique pipeline of potential future acquisitions and investments.

SUMMARY OF SIGNIFICANT EVENTS

On February 28, 2017, the REIT completed the previously announced acquisition of a 50% undivided interest in the property located at 1750 Jean-Berchmans-Michaud Street, Drummondville, Québec for a purchase price of \$3.0 million, excluding closing costs. The property is a freestanding single-tenant industrial property built in 1997 and totalling 171,119 square feet of gross leasable area on 10.75 acres of land. It is fully occupied under a long-term lease of 12 years with contracted annual rent steps, expiring in 2028. The purchase price of \$3.0 million was satisfied by the assumption of 50% of a recently completed 4% ten-year mortgage of approximately \$4.0 million and the issuance of 383,598 Class B LP Units, at a price of \$2.25 per Class B LP Unit.

The vendor of the 50% undivided interest in the property was a corporation in which Shenoor Jadavji, a trustee of the REIT, indirectly owns and controls a majority interest. Peter Aghar, a trustee of the REIT, indirectly controls the remaining 50% undivided interest in the property. The REIT has entered into a joint venture agreement with the co-owner. The transaction constitutes a "related party transaction" under Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions ("**MI 61-101**"), and the REIT relied on applicable exemptions from the minority approval and valuation requirements of MI 61-101 for related party transactions on the basis that the transaction has a value of less than 25% of the REIT's market capitalization. The transaction was unanimously approved by the independent trustees of the REIT and the purchase price for the property is supported by an independent estimate of the fair market value of the property, which exceeds the purchase price, prepared by an independent appraiser under the supervision of the independent trustees of the REIT.

On June 13, 2017, the REIT announced the closing of its previously announced offering (the "Offering") of units of the REIT (the "Units") on a bought deal basis. Pursuant to the Offering, the REIT issued 9,687,100 Units at a price of \$2.25 per Unit for total gross proceeds of \$21.8 million, including 787,100 Units issued pursuant to the partial exercise of the over-allotment option. The REIT intends to use the net proceeds from the Offering to partially fund announced and future acquisitions and to fund expansion and redevelopment initiatives at new and existing properties. A portion of the net proceeds was used to repay certain indebtedness including \$11.4 million of the credit facility.

On June 26, 2017, the REIT announced the closing of its previously announced sale of two industrial properties in Etobicoke, Ontario for gross proceeds of \$22.3 million (the "Sale Transaction"), representing a capitalization rate on sale of approximately 6%. The two properties, which were acquired by the REIT in June 2015 and had a total capital cost of \$20.1 million, were sold opportunistically, resulting in an approximate gain of \$2 million on their capital cost. The Sale Transaction generated approximately \$10 million in free cash, all of which was used to acquire two light industrial buildings in Woodstock, Ontario (the "Woodstock Properties") subsequent to June 30, 2017 for a total purchase price of \$30.0 million (excluding closing costs). The two properties, which are 100% leased, represented approximately 298,000 square feet of gross leasable area ("GLA") (see "Subsequent Events" section).

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUBSEQUENT EVENTS

On July 20, 2017, the REIT announced a cash distribution of \$0.0175 per Unit for the month of July 2017. The distribution is payable on August 15, 2017 to unitholders of record as at July 31, 2017.

On August 1, 2017, the REIT closed a previously announced transaction to acquire a free-standing retail property located in the heart of the Saint John, New Brunswick commercial district. The 9,647 square foot property, developed in 2016, is 100% occupied by a provincial crown corporation under a long term lease with a remaining term of approximately 15 years. The purchase price of approximately \$4.8 million (excluding closing costs) was financed by a \$3.7 million mortgage at a fixed interest rate of 3.27%, maturing in August, 2022. The balance of the purchase price was paid from cash on hand.

On August 1, 2017, the REIT closed the previously announced acquisition of an 81,600 square foot light industrial property in Moncton, New Brunswick, for \$5.7 million. The well located building is fully leased to a good quality, publicly traded tenant. The property is located in the Moncton Industrial Park, which has direct access to the Trans-Canada Highway, and to a four-lane boulevard. With 28 feet of clearance, the building sits on a 5.7 acre site. The acquisition was financed by a \$3.3 million mortgage at a fixed interest rate of 3.60%, maturing in August, 2021. The balance of the purchase price was paid from cash on hand.

On August 9, 2017, the REIT closed on the previously announced acquisition of two high-quality light industrial buildings in Woodstock, Ontario, for a total purchase price of \$30.0 million (excluding closing costs). The properties are 100% leased to seven high quality, national or multi-national tenants with excellent covenants and leases ranging in size from 26,000 square feet to 132,000 square feet. The purchase price for the Woodstock properties was satisfied by (i) the assumption of \$16.5 million in mortgages with an average weighted interest rate of 3.29%; (ii) the issuance of \$7.25 million of Class B LP Units, at a price of \$2.25 per unit, resulting in 3,222,222 Class B LP Units being issued, and (iii) cash on hand.

The acquisition of the Woodstock properties was approved by approximately 98.8% of the votes cast at a special meeting of unitholders of the REIT held on August 3, 2017. For more information on the special meeting of unitholders and the acquisition of the Woodstock properties, refer to the management information circular of the REIT dated June 30, 2017 prepared for the meeting, available under the REIT's SEDAR profile at www.sedar.com.

OUTLOOK

The REIT's focus includes the delivery of growth through acquisitions, by expanding deeper into existing geographical markets where the REIT already has a presence, and expanding into the adjacent markets. This will capitalize on the REIT's existing market knowledge and help achieve economies of scale.

PART III

RESULTS OF OPERATIONS

	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
<i>(CAD \$ thousands)</i>				
Property revenue	\$ 7,035	\$ 5,620	\$ 14,518	\$ 11,290
Property operating expenses	2,591	2,125	5,541	4,349
Net operating income (NOI) ⁽¹⁾	4,444	3,495	8,977	6,941
General and administrative expenses	283	200	570	425
Long-term incentive plan expense	309	335	564	465
Depreciation of property and equipment	8	11	16	19
Interest and financing costs	1,598	1,475	3,178	2,922
Distributions – Class B LP Units	188	189	378	379
Fair value adjustment – Class B LP Units	71	758	267	794
Fair value adjustment – investment properties	1,068	471	1,198	(530)
Settlement of expired Warrants	-	-	(34)	-
Net comprehensive income	\$ 919	\$ 56	\$ 2,840	\$ 2,467

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Comparison of the Results from Operations

The REIT's results of operations for the three and six month periods ended June 30, 2017 are not directly comparable to the three and six month periods ended June 30, 2016 given the REIT's consistent growth primarily through acquisitions period over period. The REIT owned 38 investment properties at June 30, 2017 compared to 33 properties owned at June 30, 2016. The REIT sold 2 properties at the end of June 2017 (see "Summary of Significant Events" section) thereby having a minimal impact to the results of operations for the three and six month periods ended June 30, 2017. Notwithstanding the foregoing, year-over-year figures for the three and six month periods ended June 30, 2017 and 2016 are presented in this MD&A. The principal reason for the variances between the financial figures presented in such year-over-year periods is the 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, tenant inducements amortized to revenue, percentage rents, property taxes and operating cost recoveries and other incidental income.

For the three and six month periods ended June 30, 2017, property revenue increased by \$1,415 and \$3,228 respectively compared to the same periods in 2016. The increase is mainly due to the incremental revenues from the 6 property acquisitions completed during Q4 2016 and the acquisition of a 50% interest in 1 property in Q1 2017.

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 six month periods ended June 30, 2017, property operating expense increased by \$466 and \$1,192 respectively, compared to the same periods in 2016. The increase primarily driven the 6 property acquisitions completed during Q4 2016 and the acquisition of a 50% interest in 1 property in Q1 2017.

Same Property Analysis

Same property analysis for the three and six month periods ended June 30, 2017 and 2016 consist of 33 properties and do not include non-cash adjustments such as straight-line rent and tenant inducements amortized to revenue.

	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
<i>(CAD \$ thousands)</i>				
Property revenue	\$ 5,481	\$ 5,539	\$ 11,318	\$ 11,144
Property operating expenses	2,053	2,125	4,475	4,349
Same Property NOI ⁽¹⁾	\$ 3,428	\$ 3,414	\$ 6,843	\$ 6,795

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

For the three and six month periods ended June 30, 2017, same property NOI are relatively consistent with the same periods in 2016. The overall occupancy rate for the same properties at June 30, 2017 was slightly lower compared to the same period in 2016. The decrease in occupancy was offset by rent step ups.

General and Administrative Expenses

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

General and administrative expenses for the three and six month periods ended June 30, 2017 were \$283 and \$570 respectively, an \$83 and \$145 increase over the same periods in 2016. The increase is indicative of the REIT's growth and more specifically due to the increase of certain

MANAGEMENT'S DISCUSSION AND ANALYSIS

expenses such as audit related fees as well as the increase in the contracted asset management fees of \$28 and \$54 for the three and six month periods ended June 30, 2017 respectively.

Long-Term Incentive Plan

Long-term incentive plan expense of \$309 and \$564 for the three and six month periods ended June 30, 2017 relates to deferred units which vest over a three year period, and is a non-cash item.

Interest and Financing Costs

Interest and financing costs were \$1,598 and \$3,178 for the three and six month periods ended June 30, 2017. The increase of \$123 and \$256 over the same period in 2016 is due the increase of debt related to the 6 properties acquired in Q4 2016 and the acquisition of a 50% interest in 1 property in Q1 2017 offset by the interest savings from the paydown of one of the REIT's term loans in Q4 2016.

Distributions – Class B LP Units

The REIT currently pays monthly distributions of \$0.0175 per Class B LP Units or \$0.2100 per Class B LP units on an annualized basis. Distributions on the Class B LP Units were \$188 and \$378 for the three and six month periods ended June 30, 2017. This is consistent with the same period in 2016.

Fair Value Adjustment – Class B LP Units

A fair value loss of \$71 and \$267 on the Class B LP Units were recorded for the three and six month periods ended June 30, 2017, 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 comprehensive income in the quarter in which they occur.

The fair value loss of \$1,068 and \$1,198 for the three and six month periods ended June 30, 2017 is due to certain non-recoverable expenditures and leasing costs incurred.

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.

SEGMENTED ANALYSIS

The REIT's segments include four classifications of investment properties – Retail, Office, Commercial Mixed Use 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 consolidated 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

<i>(CAD \$ thousands)</i>	Retail		Office		Commercial Mixed Use		Industrial		Total	
	\$	%	\$	%	\$	%	\$	%	\$	
3 Months Ended June 30, 2017										
Property revenue	3,730	53.0	835	11.9	905	12.9	1,565	22.2	7,035	
Net operating income (NOI) ⁽¹⁾	2,411	54.3	398	8.9	567	12.8	1,068	24.0	4,444	
3 Months Ended June 30, 2016										
Property revenue	2,479	44.1	821	14.6	712	12.7	1,608	28.6	5,620	
Net operating income (NOI) ⁽¹⁾	1,543	44.2	402	11.5	452	12.9	1,098	31.4	3,495	
6 Months Ended June 30, 2017										
Property revenue	7,657	52.7	1,669	11.5	1,934	13.3	3,258	22.5	14,518	
Net operating income (NOI) ⁽¹⁾	4,831	53.8	760	8.5	1,191	13.2	2,195	24.5	8,977	
Investment properties	128,748	55.0	21,470	9.2	37,207	15.9	46,620	19.9	234,045	
Mortgages payable	70,658	55.4	5,046	4.0	16,346	12.8	35,518	27.8	127,568	
6 Months Ended June 30, 2016										
Property revenue	4,951	43.9	1,660	14.7	1,458	12.9	3,221	28.5	11,290	
Net operating income (NOI) ⁽¹⁾	3,057	44.0	804	11.6	895	12.9	2,185	31.5	6,941	
Investment properties	89,176	44.1	21,470	10.6	28,857	14.3	62,530	31.0	202,033	
Mortgages payable	48,091	46.2	3,775	3.6	11,764	11.3	40,513	38.9	104,143	

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

The main driver for the increase in revenues, NOI, fair values of investment properties and mortgages payables in the Retail, Commercial Mixed Use and Industrial segments is the acquisition of the 6 properties in Q4 2016 and the acquisition of a 50% interest in 1 property in Q1 2017.

The Retail segment consists of 22 properties (June 30, 2016 – 17 properties), having a total GLA of approximately 810,000 square feet (June 30, 2016 – ~532,000 square feet).

The Office segment consists of 4 properties (June 30, 2016 – 4 properties), having a total GLA of approximately 154,000 square feet (June 30, 2016 – ~154,000 square feet).

The Commercial Mixed Use segment consists of 4 properties (June 30, 2016 – 3 properties), having a total GLA of approximately 274,000 square feet (June 30, 2016 – ~225,000 square feet).

The Industrial segment consists of 8 properties (June 30, 2016 – 9 properties), having a total GLA of approximately 553,000 square feet (June 30, 2016 – ~766,000 square feet).

PORTFOLIO PROFILE

At June 30, 2017, the REIT's portfolio consisted of 38 properties, located in prime locations within their respective markets, representing a total GLA of 1,792,211 square feet. The increase of 114,964 square feet compared to June 30, 2016 is a result of the acquisition of 6 properties in Q4 2016 and the acquisition of a 50% interest in 1 property in Q1 2017 offset by the sale of 2 industrial properties end of June 2017.

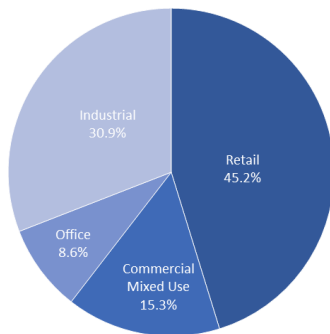
MANAGEMENT'S DISCUSSION AND ANALYSIS

<i>(CAD \$ thousands unless otherwise stated)</i>	6 Month Period Ended / At June 30, 2017				6 Month Period Ended / At June 30, 2016			
	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI
Retail	22	96.9%	810,179	\$ 4,831	17	96.3%	532,382	\$ 3,057
Office	4	89.8%	154,357	760	4	89.8%	154,357	804
Commercial Mixed Use	4	92.8%	274,293	1,191	3	92.1%	224,532	895
Industrial	8	91.5%	553,382	2,195	9	96.0%	765,976	2,185
Total	38	94.0%	1,792,211	\$ 8,977	33	95.0%	1,677,247	\$ 6,941

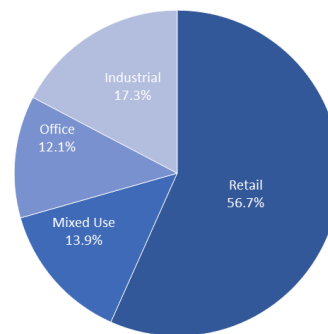
⁽¹⁾ Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balanced reporting. The committed space at June 30, 2017 was approximately 6,200 square feet of GLA (22,000 square feet of GLA at June 30, 2016).

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

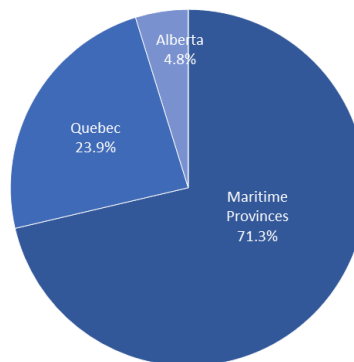
**GLA by Asset Class
June 30, 2017**



Base Rent by Asset Class ⁽¹⁾



Base Rent by Province ⁽¹⁾



⁽¹⁾ Based on annualized in-place and committed base rent at June 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Top Ten Tenants

The ten largest tenants in the REIT's portfolio accounted for approximately 51.8% on annualized in-place and committed base rent and comprise approximately 7.2 years of remaining average lease term.

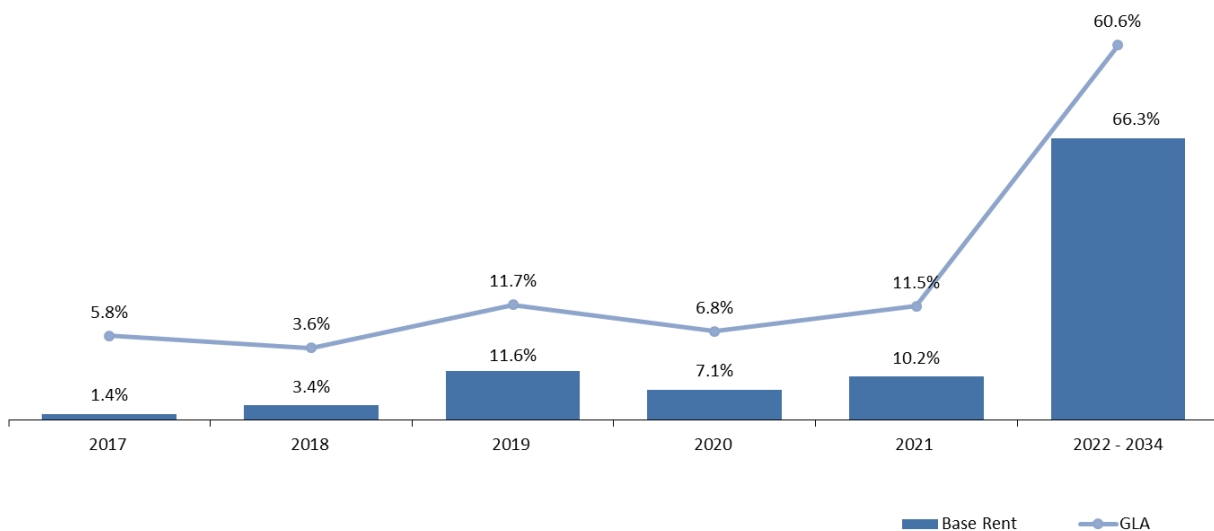
Tenant	% of In-Place Base Rent ⁽¹⁾	GLA (Sq. Ft.)	Remaining Average Lease Term (years)	Credit Rating ⁽²⁾
Sobeys	14.6%	222,491	10.2	na/BB+/BBH
Shoppers Drug Mart	7.0%	54,184	7.7	na/BBB/BBB
Government of Canada	5.2%	34,547	4.7	Aaa/AAA/AAA
Versacold	4.8%	88,840	10.6	na
Lawtons	4.0%	40,901	9.2	na/BB+/BBH
Hydro Quebec	3.6%	65,000	2.5	Aa2/A+/AH
Xerox	3.4%	50,732	2.5	Baa3/BBB-/na
Canadian Schedule 1 Chartered Bank	3.3%	20,809	5.2	Aa3/A+/na
Best Buy	3.2%	25,476	4.6	Baa1/BBB-/na
Adetel	2.7%	39,151	2.8	na
Total	51.8%	642,131	7.2	

⁽¹⁾ Based on annualized in-place and committed base rent at June 30, 2017

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

Lease Maturity Profile

The REIT's diverse tenant base has a staggered lease maturity profile with no more than 11.6% of base rent maturing in any given period.



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).

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 and the ability to raise equity.

<i>(CAD \$ thousands)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Cash provided from (used in):				
Operating activities	\$ 333	\$ 1,383	\$ 2,320	\$ 1,592
Financing activities	5,900	(114)	4,275	1,363
Investing activities	8,741	(519)	8,268	(2,195)
Change in cash during the period	14,974	750	14,863	760
Cash, beginning of period	1,945	787	2,056	777
Cash, end of period	\$ 16,919	\$ 1,537	\$ 16,919	\$ 1,537

Three Month Period Ended June 30, 2017

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$333 for the three month period ended June 30, 2017 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash provided from financing activities during the three month period ended June 30, 2017 of \$5,900 is attributed to \$19,210 of net proceeds from the issuance of Units (see "Summary of Significant Events" section), the increase in debt of \$2,500, the increase in the credit facility of \$850 offset by the repayment of debt of \$3,001, repayment of the credit facility of \$11,350, distributions paid of \$2,213, financing costs incurred of \$47 and cancellation of Units of \$49 (Normal Course Issuer Bid).

Cash provided from investing activities of \$8,741 during the three month period ended June 30, 2017 primarily consists of \$9,835 of net proceeds from the sale of 2 properties (see "Summary of Significant Events" section), offset by non-recoverable capital expenditures and leasing costs of \$1,093 and acquisition of property and equipment of \$1.

Six Month Period Ended June 30, 2017

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$2,320 for the first half of 2017 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash provided from financing activities during the six month period ended June 30, 2017 of \$4,275 is attributed to \$19,204 of net proceeds from the issuance of Units (see "Summary of Significant Events" section), the increase in debt of \$2,500, the increase in the credit facility of \$2,350 offset by the repayment of debt of \$4,007, repayment of the credit facility of \$11,350, distributions paid of \$4,250, financing costs incurred of \$101 and cancellation of Units of \$71 (Normal Course Issuer Bid).

Cash provided from investing activities of \$8,268 during the six month period ended June 30, 2017 primarily consists of \$9,835 of net proceeds from the sale of 2 properties (see "Summary of Significant Events" section), offset by non-recoverable capital expenditures and leasing costs of \$1,459, the acquisition of a 50% undivided interest in a property of \$105 and acquisition of property and equipment of \$3.

CAPITALIZATION AND DEBT PROFILE

<i>(CAD \$ thousands)</i>	June 30 2017
Mortgages payable (net of financing costs of \$1,348)	\$ 127,568
Term loans (net of financing costs of \$202)	2,598
Class B LP Units	7,907
Unitholders' equity	112,532
Total Capitalization	\$ 250,605

The REIT has a revolving credit facility of \$11,500 which bears interest at prime plus 157.5 basis points or bankers' acceptance rate plus 257.5 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 \$25,220 at June 30, 2017. At June 30, 2017, advances under the revolving credit facility was \$Nil.

MANAGEMENT'S DISCUSSION AND ANALYSIS

At June 30, 2017, all mortgages payable were at fixed rates with a weighted average contractual rate of approximately 3.73% (December 31, 2016 – 3.70%). The mortgages payable are secured by first charges on certain investment properties with a fair value of approximately \$220,103 at June 30, 2017.

The REIT's first term loan is interest bearing only at the rate greater of 7.75% or the financial institution prime rate plus 4.25% per annum. The term loan is secured by a pool of second and third charges on certain investment properties with a fair value of approximately \$66,820 at June 30, 2017. At June 30, 2017, advances under this term loan were \$1,000.

The REIT's second term loan term is in the amount of \$1.8 million bearing interest only at 6.25% per annum and matures in January 2022. This term loan is secured by a second charge on a certain investment property with a fair value of approximately \$7,280.

The mortgages payable and term loans are repayable no later than 2026.

Contractual Obligations

The following table represents the REIT's contractual obligations at June 30, 2017:

(CAD \$ thousands)

Due within:	1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later
Debt principal instalments	\$ 3,933	\$ 3,471	\$ 2,946	\$ 2,817	\$ 2,378	\$ 5,681
Debt principal maturities	1,000	24,573	13,887	-	35,348	35,682
Debt interest	4,871	3,975	3,334	3,051	2,499	5,463
Accounts payable and other liabilities	4,714	-	-	-	-	-
Rent	40	40	40	40	-	-
	\$ 14,558	\$ 32,059	\$ 20,207	\$ 5,908	\$ 40,255	\$ 46,826

The REIT expects to have sufficient liquidity as a result from cash flow from operating activities and the ability to raise equity.

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 will make adjustments to its capital based on its investment strategies and changes to economic conditions.

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

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

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

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

Gross Book Value is calculated as follows:

(CAD \$ thousands unless otherwise stated)

	June 30 2017
Total assets, including investment properties stated at fair value	\$ 258,800
Accumulated depreciation on property and equipment	124
Gross Book Value ⁽¹⁾	258,924
Debt, excluding unamortized financing costs	\$ 131,716
Credit facility, excluding unamortized financing costs	-
Debt	\$ 131,716
Debt, as above, as a percentage of Gross Book Value ⁽¹⁾	50.87%

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The REIT was in compliance with the above requirement as well as all required covenants as at June 30, 2017.

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) the debt service coverage ratio. All of these measures are non-IFRS measures.

Adjusted EBITDA

Adjusted EBITDA is used by the REIT to monitor the REIT's ability to satisfy and service its debt as well as 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 six month periods ended June 30, 2017 and 2016:

<i>(CAD \$ thousands)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Net comprehensive income	\$ 919	\$ 56	\$ 2,840	\$ 2,467
Interest and financing costs	1,598	1,475	3,178	2,922
Depreciation of property and equipment	8	11	16	19
Fair value adjustment – Class B LP Units	71	758	267	794
Fair value adjustment – investment properties	1,068	471	1,198	(530)
Distributions – Class LP Units	188	189	378	379
Straight line rent	(217)	(81)	(476)	(147)
Long-term incentive plan expense	309	335	564	465
Settlement of expired Warrants	-	-	(34)	-
Adjusted EBITDA ⁽¹⁾	\$ 3,944	\$ 3,214	\$ 7,931	\$ 6,369

⁽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.

The following is a calculation of the interest coverage ratio for the three and six month periods ended June 30, 2017 and 2016:

<i>(CAD \$ thousands)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Adjusted EBITDA ⁽¹⁾	\$ 3,944	\$ 3,214	\$ 7,931	\$ 6,369
Interest expense	\$ 1,404	\$ 1,292	\$ 2,811	\$ 2,535
Interest Coverage Ratio ⁽¹⁾	2.8x	2.5x	2.8x	2.5x

⁽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 reflects 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 and is used by the REIT's management to monitor the REIT's ability to meet annual interest and principal payments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a calculation of the debt service coverage ratio for the three and six month periods ended June 30, 2017 and 2016:

<i>(CAD \$ thousands)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Adjusted EBITDA ⁽¹⁾	\$ 3,944	\$ 3,124	\$ 7,931	\$ 6,369
Interest expense	\$ 1,404	\$ 1,292	\$ 2,811	\$ 2,535
Principal repayments	\$ 1,020	\$ 797	\$ 2,026	\$ 1,583
Debt Service Requirements	\$ 2,424	\$ 2,089	\$ 4,837	\$ 4,118
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.5x	1.6x	1.5x

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

DISTRIBUTIONS AND ADJUSTED FUNDS FROM OPERATIONS

<i>(CAD \$ thousands except unit, per unit amount and unless otherwise stated)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Net comprehensive income for the period	\$ 919	\$ 56	\$ 2,840	\$ 2,467
Add:				
Long-term Incentive plan	84	118	149	98
Distributions – Class B LP Units	188	189	378	379
Fair value adjustment – investment properties	1,068	471	1,198	(530)
Fair value adjustment – Class B LP Units	71	758	267	794
Tenant inducements amortized to revenue	55	-	95	-
FFO ⁽¹⁾	\$ 2,385	\$ 1,592	\$ 4,927	\$ 3,208
Deduct:				
Straight-line rent adjustment	(217)	(81)	(476)	(147)
Maintenance capital expenditures	-	-	-	-
Stabilized leasing costs	(56)	(56)	(112)	(112)
Add:				
Long-term incentive plan	225	217	415	367
Amortization of financing costs	188	169	372	367
Settlement of expired Warrants	-	-	(34)	-
AFFO ⁽¹⁾	\$ 2,525	\$ 1,841	\$ 5,092	\$ 3,683
Basic FFO per unit ⁽¹⁾⁽²⁾	0.0479	0.0465	0.1012	0.0938
Diluted FFO per unit ⁽¹⁾⁽²⁾	0.0468	0.0452	0.0987	0.0926
Basic AFFO per unit ⁽¹⁾⁽²⁾	0.0508	0.0538	0.1047	0.1077
Diluted AFFO per unit ⁽¹⁾⁽²⁾	0.0496	0.0523	0.1021	0.1063
Distributions declared per Unit and Class B LP Unit	0.0525	0.0525	0.1050	0.1050
AFFO payout ratio – Basic ⁽¹⁾	103.3%	97.6%	100.3%	97.5%
AFFO payout ratio – Diluted ⁽¹⁾	105.8%	100.4%	102.9%	98.7%
Adjusted AFFO payout ratio – Basic ⁽³⁾	99.6%		98.5%	
Basic weighted average number of units ⁽²⁾	49,738,603	34,223,901	48,657,786	34,183,763
Diluted weighted average number of units ⁽²⁾	50,927,468	35,190,658	49,891,521	34,631,584

⁽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⁾ On an adjusted basis, if the units issued from the Offering were excluded from the weighted average number of units, the AFFO payout ratio would be approximately 99.6% and 98.5% for the three and six month period ended June 30, 2017 respectively. See "Distribution and Adjusted Funds From Operations" section for further discussion.

The increase in AFFO of \$684 and \$1,409 for the three and six month periods ended June 30, 2017, compared to the same periods in 2016 is directly related to the acquisition of the 6 property acquisitions completed during Q4 2016 and the acquisition of a 50% interest in 1 property in

MANAGEMENT'S DISCUSSION AND ANALYSIS

Q1 2017. Basic and diluted AFFO per Unit were \$0.0508 and \$0.0496 respectively for the three month period ended June 30, 2017 with a corresponding basic and diluted payout ratio of 103.3% and 105.8% respectively. Basic and diluted AFFO per Unit were \$0.1047 and \$0.1021 respectively for the six month period ended June 30, 2017 with a corresponding basic and diluted payout ratio of 100.3% and 102.9% respectively. The AFFO ratio exceeds 100% primarily due units issued from the Offering (see "Summary of Significant Events" section) void of any acquisitions closing during the same period.

On an adjusted basis, if the units issued from the Offering were excluded from the weighted average number of units, the AFFO payout ratio would be approximately 99.6% and 98.5% for the three and six month period ended June 30, 2017 respectively.

Distributions

The REIT's Board of Trustees 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 of Trustees 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 PRO REIT Limited Partnership ("PRLP") automatically reinvested in additional Units at a 3% discount to the weighted average closing price of the Units for the last five trading days preceding the applicable distribution payment date on which trades of the Units were recorded.

The distributions declared during the three and six month periods ended June 30, 2017 resulted in 131,931 and 269,575 Units issued or issuable under the DRIP respectively.

Distributions of \$0.0525 and \$0.1050 per Unit and Class B LP Unit were declared during the three and six month periods ended June 30, 2017 and 2016. 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 consolidated financial statements:

	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
<i>(CAD \$ thousands)</i>				
Cash flow provided from operating activities	\$ 333	\$ 1,383	\$ 2,320	\$ 1,592
Add (deduct):				
Changes in non-cash working capital	2,068	336	2,522	1,843
Distributions – Class B LP Units	188	189	378	379
Stabilized leasing costs	(56)	(56)	(112)	(112)
Depreciation of property and equipment	(8)	(11)	(16)	(19)
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 2,525	\$ 1,841	\$ 5,092	\$ 3,683

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The table below illustrates the REIT has sufficient AFFO to sustain its cash distributions:

<i>(CAD \$ thousands)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 2,525	\$ 1,841	\$ 5,092	\$ 3,683
Total distributions paid or payable in cash – Units and Class B LP Units	2,388	1,612	4,604	3,226
Excess of AFFO over distributions paid or payable	\$ 137	\$ 229	\$ 488	\$ 457

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

For the three and six month periods ended June 30, 2017 and 2016, the REIT's distributions paid or payable did not exceed AFFO.

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

<i>(CAD \$ thousands)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Cash flow provided from operating activities	\$ 333	\$ 1,383	\$ 2,320	\$ 1,592
Add (deduct):				
Changes in non-cash working capital	2,068	336	2,522	1,843
Stabilized leasing costs	(56)	(56)	(112)	(112)
Amortization of deferred financing fees	(188)	(169)	(372)	(367)
Adjusted Cashflow From Operations (ACFO) ⁽¹⁾	\$ 2,157	\$ 1,494	\$ 4,358	\$ 2,956

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

The table below illustrates the REIT has sufficient ACFO to sustain its cash distributions:

<i>(CAD \$ thousands)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Adjusted Cashflow From Operations (ACFO) ⁽¹⁾	\$ 2,157	\$ 1,494	\$ 4,358	\$ 2,956
Total distributions paid or payable in cash – Units ⁽²⁾	2,200	1,422	4,229	2,847
Excess (shortfall) of ACFO over distributions paid or payable	\$ (43)	\$ 72	\$ 129	\$ 109

⁽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 by this amount.

For the three month period ended June 30, 2017, the REIT's distribution paid or payable exceeded ACFO as a result of the increase number of Units from the Offering (see “Summary of Significant Events” section) without a corresponding increase in NOI. For the six month period ended June 30, 2017 and for the three and six month periods ended June 30, 2016, the REIT's distributions paid or payable did not exceed ACFO.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

<i>(CAD \$ thousands)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Cash flow provided from operating activities	\$ 333	\$ 1,383	\$ 2,320	\$ 1,592
Total distributions paid or payable in cash – Units ⁽¹⁾	2,200	1,422	4,229	2,847
Shortfall of cash flow from operating activities over distributions paid or payable	\$ (1,867)	\$ (39)	\$ (1,909)	\$ (1,255)

⁽¹⁾ This excludes distributions paid or payable on Class B LP Units given cash flows from operating activities has been reduced by this amount.

For the three and six month periods ended June 30, 2017 and 2016, the REIT's distributions paid or payable exceeded cash flow from operations. Distributions in excess of cash flow from operations represent 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, distributions on Class B LP Units that are recorded as reduction of net comprehensive income, the impact of stabilized leasing costs which change with lease maturities and lease renewals, and non-recurring items. The excess amounts for the three and six month periods ended June 30, 2017 and 2016 were financed by the REIT's revolving credit facility of \$11,500 which bears interest at prime plus 157.5 basis points or bankers' acceptance rate plus 257.5 basis points and/or cash on hand. The REIT has elected to provide distributions partly representing a return of capital in order to maintain the stability of current distribution levels. Management believes that the current per Unit level of distributions is sustainable, given that cash flow from operations is expected to improve as the REIT continues its growth.

The REIT has estimated that distributions to be made for the year ending December 31, 2017 will represent an approximate 100% return of capital.

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 August 9, 2017, were 54,156,062.

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 (Canada) (the "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 August 9, 2017, were 6,799,949.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 August 9, 2017, were respectively 1,484,476 and Nil.

Normal Course Issuer Bid

Pursuant to a notice accepted by the TSXV, the REIT may, during the period commencing August 26, 2016 and ending August 25, 2017, purchase for cancellation, through the facilities of the TSXV and at the market price of the REIT's Units at the time of purchase, up to 1,411,832 Units, representing 5% of the REIT's issued and outstanding Units at the beginning of the normal course issuer bid. 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 TSXV. 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 TSXV, without charge, by contacting the REIT at 514-933-9552. The REIT repurchased and cancelled 24,000 Units and 34,000 Units for the three and six month periods ended June 30, 2017 for \$49 and \$71 respectively.

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 June 30 2017	Fair Value June 30 2017
Loans and Receivables			
Cash (a)	Amortized cost	\$ 16,919	\$ 16,919
Receivables and other excluding prepaid expenses, deposits and other receivables (a)	Amortized cost	2,964	2,964
		\$ 19,883	\$ 19,883
Financial Liabilities Through Profit and Loss			
Class B LP Units	Fair value (L2)	\$ 7,907	\$ 7,907
Long-term incentive plan	Fair value (L2)	2,472	2,472
		\$ 10,379	\$ 10,379
Other Financial Liabilities			
Accounts payable and other liabilities (a)	Amortized cost	\$ 4,714	\$ 4,714
Distributions payable (a)	Amortized cost	1,009	1,009
Debt (b)	Amortized cost	130,166	130,166
		\$ 135,889	\$ 135,889

(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.

PART V

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures over Financial Reporting

Management of the REIT, consisting of the President and Chief Executive Officer and the Chief Financial Officer, are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that (i) material information related to the REIT including its consolidated subsidiaries is made known to them by others particularly during the period in which interim filings are being prepared, and (ii) information required to be disclosed by the REIT in its annual filings, interim filings or other reports filed or submitted by the REIT under securities legislation is recorded, processed, summarized and reported on a timely basis and within the time period specified by the securities legislation.

Internal Controls over Financial Reporting

As a result of the REIT's limited staffing levels, internal controls which rely on segregation of duties in many cases are not appropriate or possible. Due to resource constraints, the REIT does not have sufficient size and scale to warrant the hiring of additional staff to correct this potential weakness at this time. To help mitigate the impact of this potential weakness, the REIT is highly reliant on the performance of compensating procedures, management's review and approval, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the Board of Trustees. During the period, the REIT made no material changes to its systems of internal controls over financial reporting.

As a venture issuer, the REIT is not required to certify the design and evaluation of the REIT's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), and as such has not completed such an evaluation. Unitholders should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In addition, ICFR cannot provide absolute assurance of achieving financial reporting objectives because of their inherent limitations. ICFR is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting in human failures. ICFR also can be circumvented by collusion or improper management override. Because of such limitations, there is risk that material misstatements may not be prevented or detected on a timely basis by ICFR. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

RISKS AND UNCERTAINTIES

The REIT is exposed to various risks and uncertainties which include, but are not limited to, the risks and uncertainties outlined below. Readers should also refer to the other risks and uncertainties discussed in the REIT's materials filed with the Canadian securities regulatory authorities from time to time, including those discussed under "Risk Factors" in the REIT's latest annual information form, available on SEDAR at www.sedar.com.

Real Property Ownership

All real property investments are subject to a degree of risk. Such investments are affected by general economic conditions, such as availability of long-term mortgage funds, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants.

Diversification Risk

The REIT's revenues will be sensitive to the ability of the REIT's key tenants to meet their rent obligations and the REIT's ability to collect rent from these tenants. Approximately 29% of GLA of the portfolio of properties of the REIT is comprised of single-tenant properties. In the event that such tenants were to terminate their tenancies or become insolvent, the REIT's financial results would be materially adversely affected. Until the REIT is in a position to acquire more assets and further diversify its tenant base, the REIT will take certain steps to mitigate any credit risk by closely monitoring its tenants' compliance with the terms of their respective leases and to report any issues as soon as they are identified.

The REIT has a limited number of tenants and therefore the amount of cash distributions to unitholders may be largely dependent on income derived from rent paid by such tenants. In the event that a key tenant defaults on or ceases to satisfy its payment obligations under its lease, the business, operating results, financial condition and distributions of the REIT could be adversely affected and there would be a negative effect on the REIT.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The REIT expects to generate the majority of its base rental revenue from its 10 largest tenants. Accordingly, revenue will be dependent on the ability of those tenants to meet rent payments. If any of the 10 largest tenants default on their rent obligations, the REIT's financial condition and operations could be adversely affected. Until the REIT is in a position to acquire more assets and further diversify its tenant base, the REIT will take certain steps to mitigate any credit risk by closely monitoring its tenants' compliance with the terms of their respective leases and to report any issues as soon as they are identified.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. In certain cases and in certain jurisdictions, tenants may have the contractual or statutory right to terminate the leases prior to the expiration of their term, upon certain conditions. In the event that a lease was terminated prior to its term, the terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as a lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the REIT's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to the REIT. Costs may be incurred in making improvements or repairs required by a new tenant. The failure to rent unleased space on economically favourable lease terms on a timely basis or at all would likely have an adverse effect on the financial condition of the REIT.

Dependence on the Manager and Key Personnel

The REIT is dependent upon Labec Realty Advisors Inc. (the "Manager") for operational and administrative services relating to the REIT's business, pursuant to a management agreement entered into with the Manager (the "Management Agreement"). Should the Manager terminate the Management Agreement, the REIT may be required to engage the services of another external property and asset manager. The REIT may be unable to engage a property and asset manager on acceptable terms, in which case, the REIT's operations and cash available for distribution may be adversely affected. In addition, the success of the REIT is highly dependent on the services of certain key personnel, including in particular, James W. Beckerleg and Gordon G. Lawlor, the Manager's principals who are also the President and Chief Executive Officer and the Chief Financial Officer, respectively, of the REIT. There can be no assurances that the REIT, through the Manager, will be able to retain its existing key personnel, attract qualified executives or adequately fill new or replace existing senior management positions or vacancies created by expansion, turnover or otherwise. The loss of the services of any one or more of the REIT's key personnel or the inability to retain, attract or fill any such personnel or positions or vacancies could have an adverse effect on the REIT and adversely impact the REIT's financial condition and decrease the amount of cash available for distribution.

Fixed Costs

The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to unitholders. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space.

The timing and amount of capital expenditures by the REIT will indirectly affect the amount of cash available for distribution to unitholders.

Financial Risks and Leverage

The REIT is subject to the risks associated with debt financing, including the risk that the REIT's cash flows will be insufficient to meet required payments of principal and interest, the risk that existing mortgages will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

If the REIT is unable to refinance its indebtedness on acceptable terms, or at all, it might be forced to dispose of one or more of its properties on disadvantageous terms, which might result in losses. Such losses could have a material adverse effect on the REIT's business, financial condition, results of operations or cash flows.

Furthermore, if a property is mortgaged to secure the payment of indebtedness and the REIT is unable to meet mortgage payments, the mortgagee could foreclose upon the property, appoint a receiver and receive an assignment of rents and leases or pursue other remedies, all of which could result in lost revenues and asset value to the REIT.

The degree to which the REIT is leveraged could have important consequences to unitholders, including: (i) the REIT's ability to obtain additional financing for working capital in the future may be limited; (ii) a portion of the REIT's cash flow may be dedicated to the payment of the principal of, and interest on, its indebtedness, thereby reducing the amount of funds available for the payment of distributions to unitholders; and (iii) certain of the REIT's borrowings will be at variable rates of interest which exposes the REIT to the risk of increased interest rates. The REIT's ability to make scheduled payments of the principal of, or interest on, or to refinance, its indebtedness will depend on its future cash flow, which is subject to the financial performance of properties in the REIT's portfolio, prevailing economic conditions, prevailing

MANAGEMENT'S DISCUSSION AND ANALYSIS

interest rate levels, and financial, competitive, business and other factors, many of which are beyond the REIT's control. The credit facility of the REIT also contains covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions will be limited.

Liquidity of Real Property Investments

Real property investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the ability of the REIT to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT was to be required to liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of such properties.

Current Global Capital Market Conditions

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation and the systematic impact of increased unemployment, volatile energy costs, geographical issues, the availability and cost of credit to the Canadian mortgage market and a distressed commercial real estate market have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the REIT in various ways, some of which are:

- (a) Carrying value of properties – The current global market conditions could result in tenants not fulfilling their lease obligations, or not renewing their leases at the end of the lease term, or not paying their rent on time, and the REIT may experience longer than normal times in filling vacancies. These circumstances could result in an impairment in the carrying value of the properties which would affect reported income.
- (b) Tenants – The current global market conditions may result in certain tenants or classes of tenants or properties having above-normal business failures resulting in higher than normal vacancies or higher than normal amounts of uncollectible rents. A substantial portion of the REIT's costs are relatively fixed. Excessive vacancies or uncollectible rents could have an adverse effect on the REIT's and its subsidiaries operations and cash flows required to meet those fixed costs.
- (c) Unit price – The current global capital market conditions have resulted in significant reductions in the trading value of securities prices in the various stock markets. The current market conditions reduce the value of any securities issued as part consideration for acquisitions, and make it difficult to raise additional capital through public and/or private securities issues. The reduced availability of equity funding could reduce the REIT's ability to further grow and expand its operations.

Acquisition and Development

The REIT's external growth prospects depend in large part on identifying suitable acquisition opportunities, pursuing such opportunities and consummating acquisitions. If the REIT is unable to manage its growth and integrate its acquisitions effectively, its business, operating results and financial condition could be adversely affected. While consistent with the REIT's strategy and in the normal course, the REIT is engaged in discussions with respect to possible acquisitions of properties, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms and timing of any acquisition would be.

The success of the acquisition activities of the REIT will be determined by numerous factors, including the ability of the REIT to identify suitable acquisition targets; to obtain adequate financing related to such acquisitions on reasonable terms, the level of competition for acquisition opportunities and the REIT's ability to obtain adequate purchase prices and terms; and, in turn, the ability to effectively integrate and operate the acquired properties and the financial performance of such properties after acquisition.

Acquired properties may not meet financial or operational expectations due to unexpected costs associated with acquiring the property, as well as the general investment risks inherent in any real estate investment or acquisition (see "Real Property Ownership"). Moreover, newly acquired properties may require significant management attention or capital expenditures that would otherwise be allocated to existing properties. Any failure by the REIT to identify suitable candidates for acquisition or to operate the acquired properties effectively may have a material adverse effect on the business, results of operations and financial condition of the REIT.

Acquisition and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Representations and warranties given by such third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, properties acquired by the REIT may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Potential Conflicts of Interest

Certain of the trustees and executive officers of the REIT are also directors and officers of other entities, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with the business strategy of the REIT. Consequently, there exists the possibility for such trustees and executive officers to be in a position of conflict. Pursuant to the Declaration of Trust, all decisions to be made by the trustees which involve the REIT are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the REIT and the unitholders. In addition, the trustees and officers of the REIT are required to declare their interests in, and such trustees are required to refrain from voting on, any matter in which they may have a material conflict of interest.

In addition, Lotus Crux's continuing businesses may lead to conflicts of interest between Lotus Crux and its related parties and the REIT. The REIT may not be able to resolve any such conflicts, and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a significant holder of an interest in the REIT. The agreements that the REIT entered into with Lotus Crux and certain of its related parties may be amended upon agreement between the parties, subject to applicable laws and approval in certain cases of the independent trustees. Lotus Crux and its related parties are engaged in a wide range of real estate and other business activities and may be involved in real estate transactions that do not satisfy the REIT's investment criteria. Such transactions could include real estate transactions that are not accretive to AFFO per Unit, transactions which involve significant capital expenditure in order to reposition a property, and transactions which may be considered too small.

Significant Ownership by Lotus Crux

To the knowledge of the REIT, Lotus Crux and its related parties collectively hold an interest of approximately 11.6% as of the date of this MD&A in the REIT through ownership of, or the control or direction over, Units and Class B LP Units. For so long as Lotus Crux maintains a significant effective interest in the REIT, Lotus Crux benefits from certain contractual rights regarding the REIT, such as pre-emptive rights to maintain its pro rata ownership interest in the REIT and certain nomination rights. As a result, Lotus Crux may have the ability to influence certain matters affecting the REIT. Accordingly, the Units may be less liquid and worth less than they would if Lotus Crux did not have the ability to influence or determine matters affecting the REIT. Additionally, Lotus Crux's effective interest may discourage transactions involving a change of control of the REIT, including transactions in which an investor as a holder of Units might otherwise receive a premium for its Units over the then current market price. If Lotus Crux or any of its related parties sells Units in the public market, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such effect.

Risks Associated with External Management Arrangements

At the end of the initial term in 2020 and any five-year renewal term (if so renewed on mutual agreement) of the Management Agreement, there could be circumstances whereby the fees payable to the Manager under the Management Agreement to carry out its duties thereunder are in excess of those expenses that would be incurred by the REIT on an annual basis if management of the REIT was performed by individuals employed directly by the REIT rather than by the Manager under the Management Agreement but the Management Agreement may not be terminated by the REIT in accordance with the provisions of the agreement. Furthermore, there is a risk that, because of the term and termination provisions of the Management Agreement, the termination of such agreement may be uneconomical for the REIT and accordingly not in the best interest of the REIT.

There can be no assurance that the REIT will continue to have the benefit of the Manager's advisory services, including its executive officers, or that the Manager will continue to act as the property and asset manager of the REIT. If the Manager should cease for whatever reason to provide advisory services or be the property and asset manager of the REIT, the REIT may be unable to engage an asset manager and/or property manager on acceptable terms or the cost of obtaining substitute services, whether through an external manager or by internalizing its management, may be greater than the fees the REIT pays the Manager, and this may adversely impact the REIT's ability to meet its objectives and execute its strategy which could materially and adversely affect the REIT's cash flow, operating results and financial condition.

Competition

The real estate market in Canada is highly competitive and fragmented and the REIT will compete for real property acquisitions with individuals, corporations, institutions (Canadian and foreign) and other entities which are seeking or may seek real property investments similar to those desired by the REIT in the same targeted geographical market. An increase in the availability of investment funds or an increase in interest in immovable property investments may increase competition for immovable property investments, thereby increasing purchase prices and reducing the yield on them.

Numerous other developers, managers and owners of properties will compete with the REIT in seeking tenants. Some of the properties owned by the REIT's competitors are better located or less leveraged than the properties owned by the REIT. Some of the REIT's competitors are better capitalized and stronger financially and hence better able to withstand an economic downturn. The existence of competition for tenants could have an adverse effect on the ability of the REIT to lease space in its properties and on the rents charged or concessions granted, and could adversely affect the revenues of the REIT and its ability to meet its obligations and make cash distributions to its unitholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Competition for acquisitions of real properties can be intense and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that the REIT may be prepared to accept. An increase in the availability of investment funds, an increase in interest in real property investments or a decrease in interest rates may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Geographic Concentration

The REIT expects that its portfolio of income-producing properties will be concentrated in Quebec, Atlantic Canada, and Ontario with selective expansion into Western Canada. Consequently, the market value of the REIT's properties and the income generated from them could be negatively affected by changes in local and regional economic conditions. These factors may differ from those affecting the real estate markets in other regions. If real estate conditions in those areas decline relative to real estate conditions in other regions, the REIT's cash flows, operating results and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

General Uninsured Losses

The REIT carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars, terrorism or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. The REIT has insurance for earthquake risks, subject to certain policy limits and deductibles, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but the REIT would continue to be obliged to repay any recourse mortgage indebtedness on such properties. Claims against the REIT, regardless of their merit or eventual outcome, may have a material adverse effect on the ability of the REIT to attract tenants or expand its business and will require management to devote time to matters unrelated to the operations of the business.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance that the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, the REIT may not be able to borrow funds due to the limitations set forth in the Declaration of Trust. In addition, global financial markets have experienced a sharp increase in volatility during recent years. This has been, in part, the result of the re-valuation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. It is possible that financing which the REIT may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by the REIT or otherwise, may not be available or, if it is available, may not be available on favourable terms to the REIT. As well, the degree of leverage could affect the REIT's ability to obtain additional financing in the future. Failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Interest Rate Exposure

The assets and liabilities of the REIT may have fixed and floating interest rate components resulting in an exposure to interest rate fluctuations. Fluctuations in interest rates will have an impact on the earnings of the REIT. As a result of increased interest rates, the REIT's financial results and condition or operating results could be materially adversely affected. To the extent that the REIT fails to adequately manage these risks, its financial results, and its ability to pay distributions to unitholders and interest payments under its mortgages, loans and its revolving credit facility and future financings may be adversely affected. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by banks, could have a material adverse effect on the REIT's ability to sell any of its properties in the future.

Environmental Matters

As an owner of interests in real property in Canada, the REIT is subject to various Canadian federal, provincial and municipal laws relating to environmental matters.

Under these laws, the REIT could be held liable for the costs, which may be significant, of removal or remediation of certain hazardous substances, wastes or other regulated substances present in buildings or released or deposited on, in or under its properties or disposed of at other locations. The presence and migration of such substances and the failure to remove or remediate such substances, if any, could adversely affect the REIT's ability to sell its real estate or to borrow using real estate as collateral, and could potentially also result in civil claims for damages, statutory prosecutions, administrative orders or other proceedings against the REIT and in a reduction of property value. Environmental laws and regulations can change rapidly and the REIT may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on its business, financial condition or results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The REIT's operating policy is to obtain a Phase I environmental site assessment report ("ESA report"), conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I ESA report. Although such environmental site assessments would provide the REIT with some level of assurance about the condition of property, the REIT may become subject to liability for undetected contamination or other environmental conditions at its properties against which the REIT cannot insure, or against which the REIT may elect not to insure, which could negatively impact the REIT's financial condition and results of operations and decrease the amount of cash available for distributions.

The REIT is not aware of any material non-compliance with environmental laws at its properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities or complaints by private parties in connection with its properties. The REIT intends to implement policies and procedures to assess, manage and monitor environmental conditions at its properties to manage exposure to liability. The REIT intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease the amount of cash available for distribution.

Litigation Risk

In the normal course of the REIT's operations, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the REIT and as a result, could have a material adverse effect on the REIT's assets, liabilities, business, financial condition and results of operations. Even if the REIT prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from the REIT's business operations, which could adversely affect its financial condition.

Potential Undisclosed Liabilities

The REIT may acquire properties that are subject to existing liabilities, some of which may be unknown at the time of the acquisition or which the REIT may fail to uncover in its due diligence. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims by customers, vendors or other persons dealing with the vendor or predecessor entities (that have not been asserted or threatened to date), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. While in some instances the REIT may have the right to seek reimbursement against an insurer or another third party for certain of these liabilities, the REIT may not have recourse to the vendor of the properties for any of these liabilities.

Security of Information Technology

The REIT requires protection of company information, including security over tenant lease details, financial records and operational data ("Confidential Information"). Some of this Confidential Information is held and managed by third party service providers. Any failure in data security or any system vulnerability (internal or external) could result in harm to the reputation or competitive position of the REIT.

All of the Trust's information systems, including its back-up systems and any third party service provider systems that it employs, are vulnerable to damage, interruption, disability or failures due to a variety of reasons, including physical theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events.

The REIT or its third party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach the REIT's security measures or those of our third party service providers' information systems.

As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the REIT's security measures or those of its third party service providers. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of the REIT's or its third party service providers' security measures, which could result in a breach of Confidential Information.

If the REIT does not allocate and effectively manage the resources necessary to build and sustain reliable IT infrastructure, fails to timely identify or appropriately respond to cybersecurity incidents, or the REIT's or its third party service providers' information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the REIT's business could be disrupted and the REIT could, among other things, be subject to: the loss of or failure to attract new tenants; the loss of revenue; the loss or unauthorized access to Confidential Information or other assets; the loss of or damage to trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Indexation for Inflation and Duration of Lease Contracts

The fixed rents in the lease contracts for the properties of the REIT do not normally provide for adjustments following a general change in prices. As a result, the REIT's revenues adjusted for inflation could be materially adversely affected from an unexpected rise in inflation. The lease contracts typically have terms of up to five years with an option to extend at the sole discretion of the tenant for two to three renewal periods of typically five years, which is shorter than contracts in other markets of where the REIT operates and its revenues might be less stable as a result of contracts that are not promptly renewed. If contracts are not renewed and if the REIT is unable to find new tenants, this could have a materially adverse effect on the business, operating results or financial condition of the REIT.

Limit on Activities

In order to maintain its status as a "mutual fund trust" under the Tax Act, the REIT cannot carry on most active business activities and is limited in these types of investments it may make. The Declaration of Trust contains restrictions to this effect.

Volatile Market Price for Units

The market price for Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT's control, including the following: (i) actual or anticipated fluctuations in the REIT's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (iv) addition or departure of the REIT's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; and (viii) news reports relating to trends, concerns, competitive developments, regulatory changes and other related issues in the REIT's industry or target markets.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the REIT's securities may decline even if the REIT's operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the REIT's securities by those institutions, which could adversely affect the trading price of the REIT's securities. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the REIT's operations could be adversely impacted and the trading price of the REIT's securities may be adversely affected.

Cash Distributions Are Not Guaranteed

The REIT does not have a fixed obligation to make payments to holders of Units and does not promise to return the initial purchase price of a Unit. There can be no assurance regarding the amount of income to be generated by the REIT's properties and future financial performance of the REIT may not meet its future plans or budgets. Distributions made to holders of Units and holders of Class B LP Units, may exceed actual cash available to the REIT from time to time. Although the REIT intends to make cash distributions to unitholders, these cash distributions may be reduced or suspended. The ability of the REIT to make cash distributions and the actual amount distributed are entirely dependent on the operations and assets of the REIT and its subsidiaries, and are subject to various factors including financial performance, obligations under applicable credit facilities, the sustainability of income derived from anchor tenants and capital expenditure requirements. Cash available to the REIT to fund distributions may be limited from time to time because of such items as principal repayments, tenants' allowances, leasing commissions, capital expenditures and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. The market value of the Units will deteriorate if the REIT is unable to continue its distribution levels in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Restrictions on Redemptions

It is anticipated that the redemption right described in the latest annual information form of the REIT under "Description of the Trust and Description of the Units - Redemption Right" will not be the primary mechanism for unitholders to liquidate their investments. The entitlement of unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market which the trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10 day trading period commencing immediately after the redemption date; and (iv) the redemption of all of the Units shall not result in the delisting of the Units from the principal stock exchange on which the Units are listed.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Subordination of the Units

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of its indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of the REIT and its subsidiaries before any assets are made available for distribution to the REIT or its unitholders. The Units are subordinated to the debt and other obligations of the REIT and its subsidiaries. The REIT's subsidiaries generate all of the REIT's revenue available for distribution and hold substantially all of the REIT's operating assets.

Tax Related Risk Factors

As of the date hereof, management of the REIT believes the REIT qualifies as a mutual fund trust for income tax purposes. If the REIT were not to so qualify, the consequences could be material and adverse.

The Tax Act contains rules applicable to "SIFT trusts" and "SIFT partnerships" (each as defined in the Tax Act) (the "SIFT Rules") which tax certain publicly traded or listed trusts in a manner similar to Canadian public corporations and treat certain distributions from such trusts as taxable dividends from a taxable Canadian corporation. The SIFT Rules are not applicable to a real estate investment trust that qualifies for the REIT Exception (the exclusion from the definition of "SIFT trust" in the Tax Act, for a trust qualifying as a "real estate investment trust" as defined in subsection 122.1(1) of the Tax Act).

The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. As of the date hereof, management of the REIT believes that the REIT has met the requirements of the REIT Exception from the time of its inception to the date hereof and will continue to meet such requirements throughout 2017 and future years. However, there can be no assurance that the REIT will be able to qualify for the REIT Exception such that the REIT and the unitholders will not be subject to the tax imposed by the SIFT Rules in 2017 or future years.

The likely effect of the SIFT Rules on the market for Units, and on the REIT's ability to finance future acquisitions through the issue of Units or other securities is unclear. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

Nature of Investment

A holder of a Unit or a Class B LP Unit does not hold a share of a corporate body. Unitholders or holders of Class B LP Units do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of holders of Units and Class B LP Units are based primarily on the Declaration of Trust and the limited partnership agreement of PRLP, respectively. There is no statute governing the affairs of the REIT or PRLP equivalent to the Business Corporations Act (Ontario) which sets out the rights and entitlements of shareholders of corporations in various circumstances. Neither the Units nor the Class B LP Units are "deposits" within the meaning of the Canada Deposit Insurance Corporation Act, nor will they be insured under the provisions of that statute or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Unitholder Liability

The Declaration of Trust provides that no holder of Units or annuitant or beneficiary of a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan or a deferred profit sharing plan, each as defined in the Income Tax Act (Canada), or of any plan of which a holder of Units acts as a trustee or a carrier (an "annuitant") will be held to have any personal liability as such, and that no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any holder of Units or annuitant for any liability whatsoever, whether constituting extracontractual or contractual liability or arising in tort, contract or otherwise, to any person in connection with the REIT property or the affairs of the REIT, including for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the REIT or of the trustees or any obligation which a holder of Units or annuitant would otherwise have to indemnify a trustee for any personal liability incurred by the trustee as such ("Trust Liability"). Only the assets of the REIT are intended to be liable and subject to levy or execution for satisfaction of such Trust Liability. Each holder of Units and annuitant will be entitled to be reimbursed out of the assets of the REIT in respect of any payment of such Trust Liability made by such holder of Units or annuitant.

The Declaration of Trust further provides that the trustees shall cause the operations of the REIT to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine practicable and consistent with their fiduciary duty to act in the best interests of the holders of Units, any material risk of liability on the holders of Units for claims against the REIT, and shall, to the extent available on terms which they determine to be practicable, including the cost of premiums, cause the insurance carried by the REIT, to the extent applicable, to cover the holders of Units and annuitants as additional insured. Any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage and, to the extent the trustees determine it to be practicable and consistent with their fiduciary duties to act in the best interest of the holders of Units, any written instrument which is a material obligation, shall contain a provision that the obligation created is not personally binding upon the trustees, the holders of Units or officers, employees or agents of the REIT, but that only

MANAGEMENT'S DISCUSSION AND ANALYSIS

property of the REIT or a specific portion thereof is bound. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Ontario to unitholders or annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

However, in conducting its affairs, the REIT will be acquiring immovable property investments, subject to existing contractual obligations, including obligations under hypothecs, mortgages and leases. The trustees will use commercially reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations binding upon any of the unitholders or annuitants personally. However, the REIT may not be able to obtain such modification in all cases. If a claim is not satisfied by the REIT, there is a risk that a unitholder or annuitant will be held personally liable for the performance of the obligations of the REIT where the liability is not disavowed as described above. The possibility of any personal liability attaching to unitholders or annuitants under the laws of the Province of Ontario for contract claims where the liability is not so disavowed is remote.

Liability of Holders of Class B LP Units

Holders of Class B LP Units may lose their limited liability in certain circumstances, including by taking part in the control or management of the business of PRLP. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province have not been authoritatively established. If limited liability is lost, there is a risk that holders of Class B LP Units may be liable beyond their contribution of capital and share of undistributed net income of PRLP in the event of judgment on a claim in an amount exceeding the sum of the net assets of the general partner of PRLP (PRO REIT GP Inc.) and the net assets of PRLP. Holders of Class B LP Units remain liable to return to PRLP for such part of any amount distributed to them as may be necessary to restore the capital of PRLP to the amount existing before such distribution if, as a result of any such distribution, the capital of PRLP is reduced and PRLP is unable to pay its debts as they become due.

Dilution

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time. Any issuance of Units, including Units issued in consideration for properties acquired by the REIT and grants under the long-term incentive plan, will have a dilutive effect on existing unitholders.

Change of Tax Laws

There can be no assurance that Canadian tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the REIT or its affiliates or the administrative and assessing practices and policies of the Canada Revenue Agency or the Minister of Finance (Canada) will not change in a manner that adversely affects the REIT, its affiliates or unitholders. Any such change could affect the REIT's eligibility for the REIT Exception, increase the amount of tax payable by the REIT or its affiliates, or otherwise adversely affect unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to unitholders in respect of such distributions.

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 financial instruments.
- (iii) Joint arrangements - The REIT makes judgments in determining whether a joint arrangement structured through a separate vehicle is a joint operation by assessing the legal form of the separate vehicle, including the determination on whether the REIT's interest represents an interest in the assets and liabilities (joint operation) or in its net assets (a joint venture).

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 six month period ended June 30, 2017 and the notes contained therein.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RELATED PARTY TRANSACTIONS

The REIT engaged the Manager to perform certain services as outlined under the Management Agreement. The Manager is controlled by the President and Chief Executive Officer and the Chief Financial Officer of the REIT.

The total amount due to the Manager at June 30, 2017 was \$Nil (December 31, 2016 - \$65).

In connection with the services provided by the Manager under the Management Agreement, the following amounts will be payable to the Manager, in cash:

- (a) an annual advisory fee payable quarterly, equal to 0.25% of the Adjusted Cost Base of REIT's assets, prorated to take into account any acquisitions or dispositions during any monthly period, where "Adjusted Cost Base" means the book value of the assets of the REIT, as shown on its most recent consolidated statement of financial position, plus the amount of accumulated depreciation and amortization shown thereon, less cash raised by REIT in equity issues which is not yet invested in properties or other assets.

For the three and six month periods ended June 30, 2017, the costs of these services amounted to \$141 and \$281 respectively (\$113 and \$226 for the three and six month periods ended June 30, 2016 respectively).

- (b) an acquisition fee equal to (i) 1.00% of the purchase price paid by the REIT for the purchase of a property, on the first \$100,000 of properties acquired in each fiscal year; (ii) 0.75% of the purchase price paid by the REIT for the purchase price of a property on the next \$100,000 of properties acquired in each fiscal year, and (iii) 0.50% of the purchase price paid by the REIT for the purchase of a property, on properties in excess of \$200,000 acquired in each fiscal year.

For the three and six month periods ended June 30, 2017, the costs of these services amounted to \$Nil and \$30 respectively (\$Nil for the three and six month periods ended June 30, 2016 respectively).

- (c) a property management fee equal to the then applicable market rate for property management services when such services are not otherwise delegated or subcontracted to third parties.

For the three and six month periods ended June 30, 2017, the costs of these services amounted to \$8 and \$16 respectively (\$8 and \$16 for the three and six month periods ended June 30, 2016 respectively).

During the three and six month periods ended June 30, 2017, the REIT reimbursed the Manager approximately \$13 for out-of-pocket expenses for services directly related to property acquisitions of the REIT (\$Nil for the three and six month periods ended June 30, 2016).

On September 30, 2014, the REIT entered into a strategic investment agreement (the "Strategic Investment Agreement") with Lotus Crux. Pursuant to the Strategic Investment Agreement, Lotus Crux will receive a fee of 0.875% of the purchase cost from the REIT on acquisitions of certain properties owned by Lotus Crux or related parties. Lotus Crux and its related parties have an effective interest in the REIT.

Fees of approximately \$26 were paid in three and six month periods ended June 30, 2017 (Nil for the three and six month periods ended June 30, 2016).

The acquisition of the 50% interest in a property in Q1 2017 (see "summary of significant events" section) is considered to be a related party transaction given the vendor of the 50% undivided interest in the property is a corporation controlled by a trustee of the REIT. Another trustee of the REIT, indirectly controls the remaining 50% undivided interest in the property.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF QUARTERLY RESULTS

<i>(CAD \$ thousands except unit, per unit amounts and as otherwise stated)</i>	3 Months Ended Jun 30 2017	3 Months Ended Mar 31 2017	3 Months Ended Dec 31 2016	3 Months Ended Sept 30 2016	3 Months Ended June 30 2016	3 Months Ended Mar 31 2016	3 Months Ended Dec 31 2015	3 Months Ended Sept 30 2015
Property revenue	\$ 7,035	\$ 7,483	\$ 6,081	\$ 5,592	\$ 5,620	\$ 5,670	\$ 5,558	\$ 4,878
Property operating expenses	2,591	2,950	2,432	2,077	2,125	2,224	2,187	1,816
Net operating income (NOI) ⁽¹⁾	4,444	4,533	3,649	3,515	3,495	3,446	3,371	3,062
General and administrative expenses	283	287	263	200	200	225	243	238
Long-term incentive plan expense	309	255	160	353	335	130	168	185
Depreciation of property and equipment	8	8	9	12	11	8	7	7
Interest and financing costs	1,598	1,580	1,325	1,550	1,475	1,447	1,367	1,138
Distributions – Class B LP Units	188	190	181	184	189	190	189	203
Fair value adjustment – Class B LP Units	71	196	(344)	568	758	36	(464)	(425)
Fair value adjustment - investment properties	1,068	130	(2,925)	477	471	(1,001)	(506)	917
Fair value adjustment - Warrants	-	-	-	-	-	-	(33)	(200)
Debt settlement cost	-	-	-	949	-	-	-	-
Settlement of expired Warrants	-	(34)	-	-	-	-	-	-
Net comprehensive income (loss)	\$ 919	\$ 1,921	\$ 4,980	\$ (778)	\$ 56	\$ 2,411	\$ 2,400	\$ 999
Debt to Gross Book Value ⁽¹⁾	50.87%	58.72%	58.94%	62.82% ⁽³⁾	61.67%	61.46%	61.28%	60.84%
FFO ⁽¹⁾	\$ 2,385	\$ 2,542	\$ 1,901	\$ 1,412	\$ 1,592	\$ 1,616	\$ 1,593	\$ 1,501
AFFO ⁽¹⁾	\$ 2,525	\$ 2,567	\$ 2,104	\$ 1,852	\$ 1,841	\$ 1,842	\$ 1,863	\$ 1,736
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.0479	\$ 0.0534	\$ 0.0424	\$ 0.0412	\$ 0.0465	\$ 0.0473	\$ 0.0467	\$ 0.0467
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.0468	\$ 0.0521	\$ 0.0415	\$ 0.0401	\$ 0.0452	\$ 0.0462	\$ 0.0458	\$ 0.0457
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.0508	\$ 0.0539	\$ 0.0470	\$ 0.0540	\$ 0.0538	\$ 0.0539	\$ 0.0546	\$ 0.0540
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.0496	\$ 0.0526	\$ 0.0460	\$ 0.0525	\$ 0.0523	\$ 0.0527	\$ 0.0535	\$ 0.0529
AFFO payout ratio – Basic ⁽¹⁾	103.3%⁽⁵⁾	97.3%	111.8% ⁽⁴⁾	97.2%	97.6%	97.3%	96.1%	97.2%
AFFO payout ratio – Diluted ⁽¹⁾	105.8%	99.8%	114.2%	100.0%	100.4%	99.7%	98.1%	99.3%
Number of commercial properties	38	40	39	33	33	33	32	32
GLA (square feet)	1,792,211	2,090,214	2,004,604	1,677,247	1,677,247	1,677,011	1,669,947	1,667,491
Occupancy rate	94.0%	95.2%	94.7%	94.2%	95.0%	95.0%	95.9%	95.8%
Weighted average lease term to maturity	6.3	6.4	6.4	6.1	6.3	6.5	6.6	6.7

⁽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⁾ On a pro-forma basis, if the net proceeds from the October 2016 public offering were received before September 30, 2016 and deployed to partially repay the term loan and the credit facility, the estimated debt to gross book value would be approximately 54% for the three and nine month periods ended September 30, 2016.

⁽⁴⁾ On an adjusted basis, if the 6 property acquisitions and their related AFFO contribution were removed along with the units issued from the Offering, the AFFO payout ratio would be approximately 97% for the three and twelve month period ended December 31, 2016.

⁽⁵⁾ On an adjusted basis, if the units issued from the Offering were excluded from the weighted average number of units, the AFFO payout ratio would be approximately 99.6% and 98.5% for the three and six month period ended June 30, 2017 respectively. See “Distribution and Adjusted Funds From Operations” section for further discussion.