



PRO REAL ESTATE INVESTMENT TRUST

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

March 25, 2020

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2 Gurdwara, Ottawa, Ontario

To Our Unitholders,

The past year was PROREIT's most successful to date, as we significantly strengthened our portfolio, completed the internalization of our asset management platform and successfully graduated to the Toronto Stock Exchange (the "TSX"), among other significant highlights. That being said, we recognize that the business environment has changed significantly since the beginning of 2020, and we are striving to manage accordingly.

In this regard, our 2019 achievements, including solid results and strengthened balance sheet, should help us as we navigate the current unprecedented environment. We also acknowledge that we have a role to play in protecting the well-being of our tenants, employees and real estate partners during this unusual time. We are taking appropriate measures and following the guidance of public authorities in order to fulfill our responsibilities.

Sound business fundamentals

Our 2019 results demonstrate that PROREIT is built on sound business fundamentals. Our same property income increased in all four asset class segments on a full-year basis, underlying the quality of both our portfolio and tenant base. As we now benefit from the full impact of our internalized property management platform acquired in late 2018, we will also continue to generate internal growth and economies of scale.

We continue to focus on maintaining a diversified portfolio during the year, both from an asset class perspective and geography. With a greater emphasis on industrial and commercial mixed-used sectors during the year, these asset classes accounted for close to 65% of our GLA at year-end. As for the robust markets of Ottawa, Montreal, Halifax, Winnipeg, Moncton and Southwestern Ontario, they now account for more than 70% of our GLA.

Our occupancy rate increased for the third consecutive year. Our ten largest tenants, eight of which are credit rated, accounted for approximately 34.4% of annualized in-place and committed base rent. We benefit from a strong tenant mix, well diversified by industry sector, with 8.8% of our base rent originating from government tenants. As for our necessity-based retail segment, 65% of tenants are groceries, drugstores, banks, government or medical offices.

High-quality income and strong balance sheet

We capped off the year with strong fourth quarter 2019 results. We reported assets at \$634.7 million at year-end, an increase of 24.5% compared to December 31, 2018. During the year, we acquired eight high-quality properties on an accretive basis, bringing total investment properties to 92. We also acquired a light-industrial property for \$8.4 million, subsequent to year-end.

Property revenues grew 40.9%, year-over-year, to a total of \$57.6 million for the full year 2019 and reached \$17.3 million during the fourth quarter of 2019, or 41.8% compared to the same period last year. Net operating income⁽¹⁾ amounted to \$35.5 million for the full year, an increase of 36.2% compared to the same period last year. For the fourth quarter of 2019, net operating income⁽¹⁾ was \$10.1 million, a 31.2% increase compared to the same period last year. Adjusted funds from operations⁽¹⁾ were also up significantly, reaching \$20.4 million for the full year 2019, or a 42.4% increase year-over-year, and \$5.7 million for the fourth quarter of 2019, an increase of 34.1% quarter-to-quarter. These robust results were mainly driven by the incremental revenue from the eight property acquisitions made in 2019.

Net income and comprehensive income was down \$3.8 million in 2019 compared to the corresponding period in 2018. The decrease mainly results from non-cash fair value Class B LP Units adjustments, interest and financing costs on acquisitions, transactions costs related to the internalization of asset management and graduation to the TSX in 2019 as well as a non-cash long-term incentive plan adjustment in 2019 fiscal year.

Our balance sheet remains strong and we continued to exercise prudent capital management. Debt to gross book value⁽¹⁾ ratio improved from 58.6% at December 31, 2018 to 57.5% at December 31, 2019. The weighted average interest on mortgage debt was 3.74% at the end of 2019, compared to 3.89% at December 31, 2018. During the year, we also completed a \$58 million bought-deal public offering, our largest equity raise to date.

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

We successfully renegotiated and renewed two lines of credit at better rates during the fourth quarter of 2019, adding \$30 million to our operational liquidity. Our AFFO payout ratio, while modestly down in the fourth quarter of 2019, was impacted by one-time year-end adjustments combined with the lag between the full deployment of our equity raise in August 2019 and the timing of our latest acquisitions. As these funds are now fully deployed, this will positively impact our AFFO⁽¹⁾ and payout ratio⁽²⁾ in the first quarter of 2020 and be fully reflected in the 2020 second quarter results.

Again this year, the Board of Trustees maintained the distribution policy, with uninterrupted monthly distributions representing \$0.63 per Unit on annual basis.

Built for growth

As we move into a new decade, we remain committed to protecting and creating value for our unitholders, through maintaining a strong balance sheet and managing capital on a long-term basis.

We benefit from a sound financial foundation and solid organizational structure, backed by an experienced management team with deep industry knowledge. We are actively monitoring the current pandemic situation and we are working to be proactive in mitigating the risks facing our business. In these challenging times, we will need to support some of our smaller tenants over the coming months. When a more usual business context returns, we plan to be well positioned to leverage our strengths and return to our growth strategy, including the acquisition of high-quality, low-risk real estate in favourable secondary markets.

I would like to sincerely thank fellow members of the Board of Trustees for their sound guidance and support, and to express my deepest gratitude to the entire PROREIT team for all that was accomplished this year. Together we look forward to the opportunity of building an even stronger PROREIT for the benefit of our unitholders.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

PART I

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	December 31 2019	December 31 2018
Operational data		
Number of properties	92	84
Gross leasable area (square feet) ("GLA")	4,445,498	3,702,901
Occupancy rate ⁽¹⁾	98.4%	98.2%
Weighted average lease term to maturity (years)	5.6	6.1

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
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Financial data				
Property revenue	\$ 17,315	\$ 12,207	\$ 57,627	\$ 40,889
Net operating income (NOI) ⁽²⁾	\$ 10,050	\$ 7,661	\$ 35,481	\$ 26,049
Total assets	\$ 634,737	\$ 509,663	\$ 634,737	\$ 509,663
Debt to Gross Book Value ⁽²⁾	57.52%	58.63%	57.52%	58.63%
Interest Coverage Ratio ⁽²⁾	2.6x	2.6x	2.6x	2.6x
Debt Service Coverage Ratio ⁽²⁾	1.6x	1.6x	1.6x	1.6x
Weighted average interest rate on mortgage debt	3.74%	3.89%	3.74%	3.89%
Net cash flows provided from operating activities	\$ 7,937	\$ 5,076	\$ 17,435	\$ 14,100
Funds from Operations (FFO) ⁽²⁾	\$ 5,017	\$ 3,921	\$ 15,296	\$ 12,255
Basic FFO per unit ⁽²⁾⁽³⁾	\$ 0.1259	\$ 0.1251	\$ 0.4417	\$ 0.4678
Diluted FFO per unit ⁽²⁾⁽³⁾	\$ 0.1233	\$ 0.1229	\$ 0.4314	\$ 0.4586
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 5,676	\$ 4,234	\$ 20,422	\$ 14,340
Basic AFFO per unit ⁽²⁾⁽³⁾	\$ 0.1425	\$ 0.1351	\$ 0.5897	\$ 0.5474
Diluted AFFO per unit ⁽²⁾⁽³⁾	\$ 0.1395	\$ 0.1327	\$ 0.5759	\$ 0.5366
AFFO Payout Ratio – Basic ⁽²⁾	110.5%	116.7%	106.8%	115.1%
AFFO Payout Ratio – Diluted ⁽²⁾	112.9%	118.8%	109.4%	117.4%

⁽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 December 31, 2019 was approximately 33,464 square feet of GLA (27,925 square feet of GLA at December 31, 2018).

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") sets out PRO Real Estate Investment Trust's (the "REIT") operating strategies, risk profile considerations, business outlook and analysis of its financial performance and condition for the three month period and year ended December 31, 2019.

This MD&A should be read in conjunction with the REIT's audited consolidated financial statements and accompanying notes for the three month period and year ended December 31, 2019 (the "2019 Financial Statements") and the REIT's annual information form for the year ended December 31, 2019 (the "2019 Annual Information Form"). These documents and additional information regarding the business of the REIT are available under the REIT's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The 2019 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board.

The REIT's reporting currency is the Canadian dollar ("CAD"). All amounts except unit, per unit and square footage amounts and as otherwise stated, are in thousands of CAD and have been rounded to the nearest CAD thousand. Unless otherwise stated, in preparing this MD&A, the REIT has considered information available to it up to March 25, 2020, the date the REIT's board of trustees (the "Board") approved this MD&A and the 2019 Financial Statements.

On May 7, 2019, the trust units of the REIT ("Units") commenced trading on the Toronto Stock Exchange (the "TSX") under the symbol "PRV.UN" at which time the Units were delisted from, and ceased trading on, the TSX Venture Exchange (the "TSXV"). In connection with the TSX listing, the Units and the special voting units of the REIT ("Special Voting Units", and collectively with the Units, the "Voting Units") were consolidated on the basis of one (1) post-consolidation Voting Unit for three (3) pre-consolidation Voting Units and the Class B limited partnership units ("Class B LP Units") of PRO REIT Limited Partnership ("PRLP") and the units under the REIT's long term incentive plan were concurrently consolidated on the basis of the same consolidation ratio (the "Consolidation"). The Consolidation was implemented after the close of markets on May 6, 2019. The number of Voting Units, Class B LP Units and units under the long-term incentive plan have all been proportionately adjusted within this MD&A for all periods presented to reflect the Consolidation.

FORWARD-LOOKING STATEMENTS

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

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

- the intention of the REIT to distribute a portion of its available cash to securityholders and the amount of such distributions;
- the ability of the REIT to execute its growth strategies;
- the expected tax treatment of the REIT's distributions to unitholders;
- the REIT's capital expenditure requirements for its properties;
- the ability of the REIT to qualify for the exclusion from the definition of "SIFT trust" in the Income Tax Act (Canada) (the "Tax Act");
- the expected occupancy and the performance of the REIT's properties; and
- the debt maturity profile of the REIT.

Actual results and developments are likely to differ, and may differ materially, from those anticipated by the REIT and expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions and risks which may prove to be incorrect. Important assumptions relating to the forward-looking statements contained in this MD&A include assumptions concerning the REIT's future growth potential, expected capital expenditures, competitive conditions, results of operations, future prospects and opportunities, industry trends remaining unchanged, future levels of indebtedness, the tax laws as currently in effect remaining unchanged and the current economic conditions remaining unchanged.

Many factors could cause the REIT's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, risks and uncertainties relating to: real property ownership; diversification risk; dependence on key personnel; fixed costs; financing risks and leverage; liquidity of real property investments; current global capital market conditions; acquisition and development; potential conflicts of interest; competition; geographic concentration; general uninsured losses; access to capital; interest rate exposure; environmental matters; litigation risk; potential undisclosed liabilities; internal controls; security of information technology; indexation for inflation and duration of lease contracts; limit on activities; insurance renewals; joint venture/partnership arrangements; foreclosure; appraisals; occupancy by tenants; lease renewals and rental increase; taxation matters; change of tax laws; ownership by securityholders; acquisition of future properties; volatile market price for units; cash distributions are not guaranteed; restrictions on redemptions; subordination of the units; nature of investment; unitholder liability; and dilution. These factors are not intended to represent a complete list of the factors that could affect the REIT; however, these factors, as well as those risk factors presented under the heading "Risk Factors" in the 2019 Annual Information Form, elsewhere in this MD&A and in other filings that the REIT has made and may make in the future with applicable securities authorities, should be considered carefully.

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

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

NON-IFRS AND OPERATIONAL KEY PERFORMANCE INDICATORS

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

Net Operating Income ("NOI")

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

Same Property NOI ("Same Property NOI")

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

Funds from Operations ("FFO")

Management believes FFO is an important measure of the REIT's operating performance. This non-IFRS measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income and comprehensive nor cash generated from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the REIT's needs. The REIT calculates FFO in accordance with the *White Paper on FFO and AFFO for IFRS* (the "FFO and AFFO White Paper") issued in February 2019 by the Real Property Association of Canada ("Realpac"). Management believes that FFO provides an operating performance measure that, when compared period-over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and property taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income and comprehensive 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 and comprehensive income items that do not arise from operating activities, such as fair value adjustments. FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Adjusted Funds from Operations ("AFFO")

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

Adjusted Cashflow from Operations ("ACFO")

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

AFFO Payout Ratio ("AFFO Payout Ratio")

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

Gross Book Value ("Gross Book Value")

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

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

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

Adjusted EBITDA ("Adjusted EBITDA")

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

Interest Coverage Ratio ("Interest Coverage Ratio")

Management believes this non-IFRS measurement is an important measure in determining the REIT's ability to service the interest requirements of its outstanding debt. The REIT calculates its Interest Coverage Ratio by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Management uses this ratio to measure and limit the REIT's leverage. Refer to the table under "Part IV – Capitalization and Debt Profile – Interest Coverage Ratio" for the calculation of the Interest Coverage Ratio.

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

The Debt Service Coverage Ratio is determined by the REIT as Adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflect principal repayments and interest expensed during the period. Payments related to prepayment penalties or payments upon discharge of a mortgage are excluded from the calculation. The Debt Service Coverage Ratio is a useful measure 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 and restated on December 21, 2018 (as amended from time to time, the "Declaration of Trust") and was established under the laws of the Province of Ontario. On May 7, 2019, the Units commenced trading on the TSX under the symbol "PRV.UN" at which time the Units were delisted from, and ceased trading on, the TSXV. In connection with the TSX listing, the REIT implemented the Consolidation after the close of markets on May 6, 2019. The principal, registered and head office of the REIT is located at 2000 Mansfield Street, Suite 1000, Montréal, Quebec, H3A 2Z7.

The REIT owns a portfolio of Canadian commercial investment properties, comprised of retail, office, commercial mixed-use and industrial properties. At December 31, 2019, the REIT owned approximately 4.4 million square feet of GLA across Canada.

OBJECTIVES AND STRATEGIES

Objectives

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

Strategy

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

Stable Cash Distributions

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

Enhance Value

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

SUMMARY OF SIGNIFICANT EVENTS

On April 1, 2019 the REIT internalized its asset management function in accordance with the terms of a management agreement (the "Management Agreement") with the REIT's former external manager, Labec Realty Advisors Inc. (the "Manager"). The Manager is controlled by the President and Chief Executive Officer of the REIT, James W. Beckerleg, and the Executive Vice President, Chief Financial Officer and Secretary of the REIT, Gordon G. Lawlor. The internalization resulted in the termination of the Management Agreement and the elimination of the asset management and acquisition fees payable to the Manager thereunder. As a result of the internalization, the REIT's executive officers, James W. Beckerleg and Gordon G. Lawlor, are employed directly by the REIT since April 1, 2019. In accordance with the terms of the Management Agreement, the Manager received upon completion of the internalization a termination payment of approximately \$2,300, representing one time the management fees and expenses paid to it in the most recent fiscal year prior to the internalization.

On May 7, 2019, the Units commenced trading on the TSX under the symbol "PRV.UN" at which time the Units were delisted from, and ceased trading on, the TSXV. In connection with the TSX listing, the REIT implemented the Consolidation after the close of markets on May 6, 2019. As a result of the Consolidation, the current monthly distributions of the REIT of \$0.0175 per Unit on a pre-Consolidation basis were adjusted to \$0.0525 per Unit on a post-Consolidation basis, representing annualized distributions of \$0.63 per Unit on a post-Consolidation basis.

On August 7, 2019, the REIT announced that it had entered into three separate agreements to acquire seven properties for \$97,800 (the "Acquisitions"), representing a total of 696,000 square feet of GLA. The properties include a boutique office tower in the central business district in Ottawa and a Class-A mixed-used industrial property located in Kanata, Ontario, in addition to a 5-property light industrial portfolio in Halifax, Nova Scotia.

On August 16, 2019, the REIT announced the closing of a public offering of Units, on a bought deal basis, at a price of \$7.00 per Unit resulting in 8,222,500 Units being issued for total gross proceeds of \$57,558 including 1,072,500 Units issued pursuant to the full exercise of the over-allotment option (the "August 2019 Offering"). The August 2019 Offering was completed pursuant to a prospectus supplement dated August 9, 2019 (the "Prospectus Supplement") to the REIT's short form base shelf prospectus dated July 5, 2019. Total underwriting fees and other directly related expenses of approximately \$4,500 attributable to the issuance of Units was recorded as a reduction of unitholders' equity. As disclosed in the Prospectus Supplement under "Use of Proceeds", and as further described below, the REIT used approximately \$30,900 of the net proceeds to complete property acquisitions, \$13,000 to repay a portion of the amounts outstanding under the REIT's revolving credit facility and term loans, \$2,610 was subsequently used to partially fund an acquisition, approximately \$3,200 for real estate transaction costs incurred in connection with the REIT's acquisition and the balance is being used to fund future acquisitions and for general trust purposes.

On September 10, 2019, the REIT closed the acquisition of an 11-storey boutique office tower situated in the heart of Ottawa's central business district for \$21,200 before closing costs. The building, which features 58,203 square feet of premium office and ground floor retail space, occupies a valuable corner location that benefits from excellent visibility and accessibility. The property is 100% leased to a diverse roster of exceptional private sector tenants with a weighted average lease term of approximately 4.6 years. The \$21,200 purchase price was financed in part by the proceeds from a new \$13,300 10-year first mortgage at an interest rate of 2.94%. The balance of the purchase price was satisfied with cash on hand of \$7,900 received from the August 2019 Offering.

On September 16, 2019, the REIT closed the acquisition of a five light industrial building in Dartmouth, Nova Scotia for an aggregate purchase price of \$28,100 before closing costs. The portfolio consists of 357,824 square feet of GLA, with an overall occupancy rate of 93% and a weighted average lease term of 4.0 years. The \$28,100 purchase price was financed in part by the proceeds from a new \$19,700 10-year first mortgage at a rate of 2.93%. The balance of the purchase price was satisfied with cash on hand of \$8,400 received from the August 2019 Offering.

On September 19, 2019, the REIT announced that the TSX accepted the notice filed by the REIT to renew its normal course issuer bid ("NCIB") for a one year period. The NCIB commenced on September 24, 2019 and will terminate on the earlier of: (i) September 23, 2020, and (ii) the date on which the maximum number of Units that can be acquired pursuant to the NCIB are purchased. The REIT may purchase up to 1,859,197 Units under the NCIB, representing 5.0% of the REIT's 37,183,948 issued and outstanding Units as at September 13, 2019.

On September 26, 2019, the REIT closed the acquisition of a 100% interest in a mixed-use property in Kanata, Ontario for \$48,500 before closing costs. The property has a weighted average lease term of 7.5 years and is 100% occupied by an outstanding group of tenants operating in the fields of material sciences, defense, communications and medical technology. The \$48,500 purchase price was financed in part by the proceeds from a new \$33,900 7-year first mortgage at a rate of 3.51%. The balance of the purchase price was satisfied with cash on hand of \$14,600 from the August 2019 Offering.

On December 16, 2019, the REIT closed the acquisition of a 100% interest in light industrial property the Burnside Park, in Dartmouth Nova Scotia for \$8,450 before closing costs representing a going-in capitalization rate of 6.5%. The property has a weighted average lease term of approximately 8.0 years and is 100% occupied by two regional tenants. The \$8,450 purchase price was financed in part by the proceeds from a new \$5,750 10-year first mortgage at a rate of 3.43%. The balance of the purchase price of \$2,700 was satisfied through a draw on available operating facilities that were previously paid down from the August 2019 Offering.

SUBSEQUENT EVENTS

On January 22, 2020, the REIT announced a cash distribution of \$0.0525 per Unit for the month of January 2020. The distribution was paid on February 18, 2020 to unitholders of record as at January 31, 2020.

On February 19, 2020, the REIT announced a cash distribution of \$0.0525 per Unit for the month of February 2020. The distribution was paid on March 16, 2020 to unitholders of record as at February 28, 2020.

On March 16, 2020, the REIT closed the acquisition of a 100% interest in a 135,494 square-foot light industrial property in Moncton, New Brunswick for \$8,360 before closing costs representing a going-in capitalization rate of 6.8%. The building is 100% occupied by a national logistics company with a long-term lease that includes annual rent steps up until December 2032. The property includes an additional 6 acres of land that could be used for building expansion or other opportunities. The purchase price was financed in part by proceeds from a new \$5,750 7-year first mortgage at a rate of 2.64% per annum. The balance of the purchase price of \$2,610 was satisfied through a draw on available operating facilities that were previously paid down from the August 2019 Offering.

On March 20, 2020, the REIT announced a cash distribution of \$0.0525 per Unit for the month of March 2020. The distributions payable on April 15, 2020 to unitholders of record as at March 31, 2020.

The impact of the recent COVID-19 (coronavirus) pandemic on the Canadian economy and real estate industry is still evolving, and therefore its economic impact on the REIT is uncertain. It remains difficult to predict the impact that COVID-19 may have on the REIT and its business at this time. The REIT is monitoring the effect of the COVID-19 pandemic on its business, tenants, properties, markets in which it operates and financial markets. See "Risks and Uncertainties" for a summary of the risks and uncertainties the REIT may face.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED ANNUAL INFORMATION

<i>(CAD \$ thousands except unit, per unit amounts)</i>	Year Ended December 31 2019	Year Ended December 31 2018	Year Ended December 31 2017
Property revenue	\$ 57,627	\$ 40,889	\$ 29,639
NOI ⁽¹⁾	\$ 35,481	\$ 26,049	\$ 18,266
Net income and comprehensive income	\$ 14,975	\$ 18,770	\$ 10,055
Net cash flows provided from operating activities	\$ 17,435	\$ 14,100	\$ 8,704
AFFO ⁽¹⁾	\$ 20,422	\$ 14,340	\$ 10,325
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.5897	\$ 0.5474	\$ 0.5676
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.5759	\$ 0.5366	\$ 0.5562
Distributions declared per Unit and Class B LP Units	\$ 0.6300	\$ 0.6300	\$ 0.6300
Basic weighted average number of units ⁽³⁾	34,632,086	26,196,926	18,195,742
Diluted weighted average number of units ⁽³⁾	35,459,722	26,723,477	18,565,762
Total assets	\$ 634,737	\$ 509,663	\$ 365,894
Total non-current liabilities	\$ 348,089	\$ 259,180	\$ 209,942
Interest Coverage Ratio ⁽¹⁾	2.6x	2.6x	2.7x
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x

⁽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 year.

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

PART III

RESULTS OF OPERATIONS

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Property revenue	\$ 17,315	\$ 12,207	\$ 57,627	\$ 40,889
Property operating expenses	7,265	4,546	22,146	14,840
Net operating income (NOI) ⁽¹⁾	10,050	7,661	35,481	26,049
General and administrative expenses	598	513	2,318	1,845
Long-term incentive plan expense	714	(305)	3,043	402
Depreciation of property and equipment	60	19	197	52
Amortization of intangible assets	93	185	372	185
Interest and financing costs	3,847	2,922	13,491	9,827
Distributions - Class B LP Units	407	452	1,662	1,618
Fair value adjustment - Class B LP Units	466	(3,100)	4,547	(3,360)
Fair value adjustment - investment properties	2,554	588	(7,429)	(4,236)
Other income	(425)	(646)	(2,369)	(1,199)
Other expenses	287	557	1,467	925
Transaction costs	131	-	3,207	501
Debt settlement costs	-	-	-	719
Net income and comprehensive income	\$ 1,318	\$ 6,476	\$ 14,975	\$ 18,770

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

Comparison of the Results from Operations

The REIT's results of operations for the three month period and year ended December 31, 2019 are not directly comparable to the three month period and year ended December 31, 2018, given the REIT's consistent growth primarily through acquisitions period over period. The REIT owned 92 investment properties at December 31, 2019, compared to 84 properties it owned at December 31, 2018. The REIT acquired 8 investment properties in the twelve month period ended December 31, 2019. Notwithstanding the foregoing, year-over-year figures for the three month period and year ended December 31, 2019 and 2018 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 net increase in the number of properties and their respective results of operations during such comparative periods.

Overall Analysis

Property Revenue

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

For the three month period and year ended December 31, 2019, property revenue increased by \$5,108 and \$16,738 respectively, compared to the same periods in 2018. The increase is principally due to the incremental revenues from the acquisition of 8 investment properties in the twelve month period ended December 31, 2019.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month period and year ended December 31, 2019, property operating expense increased by \$2,719 and \$7,306 respectively, compared to the same periods in 2018. The increase is primarily driven by the incremental expenses from the acquisition of 8 investment properties in the twelve month period ended December 31, 2019.

Same Property NOI Analysis

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

The following is the Same Property NOI excluding non-cash adjustments such as straight-line rent:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Number of same properties	75	75	63	63
Property revenue	10,672	10,646	37,569	36,223
Property operating expenses	3,984	4,090	14,013	13,523
Same Property NOI ⁽¹⁾	\$ 6,688	\$ 6,556	\$ 23,556	\$ 22,700

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

The increase in the Same Property NOI for the three month period and year ended December 31, 2019 is principally driven by the contractual rent increases and higher rental rates on lease renewals compared to the same periods in 2018. Synergies related to the acquisition of the assets of Compass Commercial Realty Limited ("Compass") on June 27, 2018, a property management firm, were approximately \$83 and \$271 for the three month period and year ended December 31, 2019 (\$23 and \$64 for three month period and year ended December 31, 2018).

Same Property NOI by asset class for the three month period and year ended December 31, 2019 and 2018:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Retail	\$ 3,609	\$ 3,556	\$ 13,507	\$ 13,079
Office	364	372	1,601	1,586
Commercial Mixed Use	804	755	2,870	2,817
Industrial	1,911	1,873	5,578	5,218
Same Property NOI ⁽¹⁾	\$ 6,688	\$ 6,556	\$ 23,556	\$ 22,700

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

Same Property NOI increased for the three month period and year ended December 31, 2019 in all Retail and Commercial Mixed Use as a result of contractual increases in rent which offset the impact of a small decrease in occupancy in both of these asset classes.

Same Property NOI for Office decreased in the three month period ended December 31, 2019 and increased in the year ended December 31, 2019 as result of increased vacancy offset by contractual rent increases.

Same Property NOI for Industrial increased for the three month period and year ended December 31, 2019 driven by both the increase in occupancy and the contractual increases in rent.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Same property occupancy by asset class excluding any committed space:

	Same Properties		Same Properties	
	3 month period ended		Year ended	
	December 31		December 31	
	2019	2018	2019	2018
Retail	97.4%	97.6%	97.2%	97.5%
Office	89.1%	89.9%	89.1%	89.9%
Commercial Mixed Use	96.3%	96.7%	95.8%	96.3%
Industrial	99.7%	99.4%	99.6%	99.2%
Total	97.9%	97.9%	97.5%	97.6%

General and Administrative Expenses

General and administrative expenses include corporate expenses, office expenses, legal and professional fees, executive officers' salaries as of April 1, 2019 (see "Summary of Significant Events" section), 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 month period and year ended December 31, 2019 were \$598 and \$2,318 respectively, an increase of \$85 and \$473 over the same periods in 2018. The increase is indicative of the REIT's continual growth and more specifically due to an increase of certain expenses such as audit related fees and trustee fees.

Long-Term Incentive Plan

Long-term incentive plan expense of \$714 and \$3,043 during the three month period and year ended December 31, 2019 relates to deferred and restricted units which vest over a period of one to three years, and is a non-cash item.

Interest and Financing Costs

Interest and financing costs were \$3,847 and \$13,491 for the three month period and year ended December 31, 2019. The increase of \$925 and \$3,664 over the same periods in 2018 is due to the increase of debt related to the 8 properties acquired throughout the previous twelve months offset by the decrease in weighted average interest rate on mortgage debt to 3.74% from 3.89%.

Distributions – Class B LP Units

The REIT currently pays monthly distributions of \$0.0525 per Class B LP Units or \$0.6300 per Class B LP units on an annualized basis. Distributions on the Class B LP Units were \$407 and \$1,662 for the three month period and year ended December 31, 2019.

Fair Value Adjustment – Class B LP Units

A fair value expense of \$466 and \$4,547 on the Class B LP Units was recorded for the three month period and year ended December 31, 2019 respectively, resulting from a change in the quoted market price of the REIT's publicly traded Units. This is a non-cash item.

Fair Value Adjustment – Investment Properties

The REIT has selected the fair value method to account for real estate classified as investment property and records investment properties at their purchase price including transaction costs (less any purchase price adjustments) in the quarter of acquisition. Any changes in the fair value of investment properties are recognized as fair value gains and losses in the statement of comprehensive income in the quarter in which they occur.

The fair value expense of \$2,554 and fair value gain of \$7,429 on investment properties for the three month period and year ended December 31, 2019, is due to changes in projected future cash flows, changes in capitalization rates and market rent assumptions on certain of the REIT's properties, fair value gains on certain acquisitions completed throughout the respective periods offset by 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other income and Other expenses

Pursuant to the acquisition of the assets of Compass on June 27, 2018, a property management firm headquartered in Halifax, Nova Scotia, the REIT records revenues generated as well as relevant expenses incurred ("other expenses") not related to the properties owned by the REIT in the consolidated statement of comprehensive income. Compass currently manages 84 of the REIT's properties.

Transaction Costs

During the year ended December 31, 2019, the REIT incurred costs of approximately \$2,560 relating to the internalization of its asset management function (see "Summary of Significant Events" section). The costs related to the internalization includes approximately \$2,300 paid to the Manager.

The REIT also incurred costs of approximately \$647 related to the graduation to the TSX for the year ended December 31, 2019 (see "Summary of Significant Events" section).

The REIT incurred transaction costs of \$501 for year ended December 31, 2018 in connection with the acquisition of the assets of Compass.

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.

	Retail		Office		Commercial Mixed Use		Industrial		Total	
	\$	%	\$	%	\$	%	\$	%	\$	
<i>(CAD \$ thousands)</i>										
3 Months Ended December 31, 2019										
Property revenue	5,548	32.0	3,400	19.6	3,934	22.7	4,433	25.6	17,315	
Net operating income (NOI) ⁽¹⁾	3,664	36.5	1,709	17.0	1,698	16.9	2,979	29.6	10,050	
3 Months Ended December 31, 2018										
Property revenue	5,744	47.1	1,752	14.4	1,495	12.2	3,216	26.3	12,207	
Net operating income (NOI) ⁽¹⁾	3,859	50.4	901	11.8	789	10.3	2,112	27.6	7,661	

	Retail		Office		Commercial Mixed Use		Industrial		Total	
	\$	%	\$	%	\$	%	\$	%	\$	
<i>(CAD \$ thousands)</i>										
Year Ended December 31, 2019										
Property revenue	22,081	38.3	11,646	20.2	8,737	15.2	15,163	26.3	57,627	
Net operating income (NOI) ⁽¹⁾	14,734	41.5	6,009	16.9	4,565	12.9	10,173	28.7	35,481	
Investment properties	212,725	34.5	99,620	16.1	110,200	17.9	194,621	31.5	617,166	
Mortgages payable	105,698	32.5	50,392	15.5	51,684	15.9	117,188	36.1	324,962	
Year Ended December 31, 2018										
Property revenue	20,941	51.2	4,257	10.4	5,379	13.2	10,312	25.2	40,889	
Net operating income (NOI) ⁽¹⁾	14,077	54.0	2,099	8.1	3,082	11.8	6,791	26.1	26,049	
Investment properties	214,429	43.4	74,900	15.1	57,400	11.6	147,771	29.9	494,500	
Mortgages payable	113,268	44.0	38,065	14.8	17,379	6.7	89,002	34.5	257,714	

⁽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, Office, Commercial Mixed Use and Industrial segments is primarily due to the 8 investment properties acquired in 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at December 31, 2019, the Retail segment consists of 49 properties (December 31, 2018 – 49 properties), having a total GLA of approximately 1,078,000 square feet (December 31, 2018 – ~1,079,000 square feet).

As at December 31, 2019, the Office segment consists of 10 properties (December 31, 2018 – 9 properties), having a total GLA of approximately 493,000 square feet (December 31, 2018 – ~436,000 square feet).

As at December 31, 2019, the Commercial Mixed Use segment consists of 8 properties (December 31, 2018 – 7 properties), having a total GLA of approximately 723,000 square feet (December 31, 2018 – ~444,000 square feet).

As at December 31, 2019, the Industrial segment consists of 25 properties (December 31, 2018 – 19 properties), having a total GLA of approximately 2,151,000 square feet (December 31, 2018 – ~1,744,000 square feet).

PORTFOLIO PROFILE

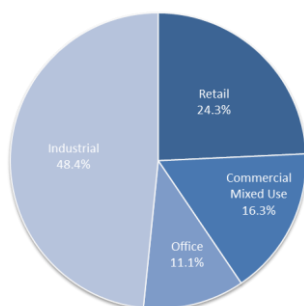
At December 31, 2019, the REIT's portfolio consisted of 92 properties, located in prime locations within their respective markets, representing a total GLA of 4,445,498 square feet. The increase of 742,597 square feet compared to December 31, 2018 is a result of the addition of 8 investment properties in the twelve month period ended December 31, 2019.

<i>(CAD \$ thousands unless otherwise stated)</i>	Year Ended/ At December 31, 2019				Year Ended/ At December 31, 2018			
	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾
Retail	49	97.2%	1,078,477	\$ 14,734	49	97.8%	1,079,074	\$ 14,077
Office	10	94.4%	492,507	6,009	9	94.6%	436,143	2,099
Commercial Mixed Use	8	98.4%	723,066	4,565	7	97.0%	443,678	3,082
Industrial	25	99.8%	2,151,448	10,173	19	99.7%	1,744,006	6,791
Total	92	98.4%	4,445,498	\$ 35,481	84	98.2%	3,702,901	\$ 26,049

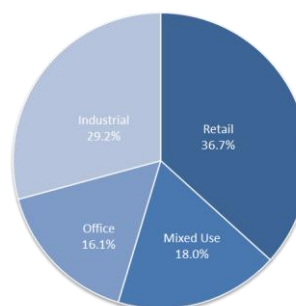
⁽¹⁾ Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balance reporting. The committed space at December 31, 2019 was approximately 33,464 square feet of GLA (27,925 square feet of GLA at December 31, 2018).

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

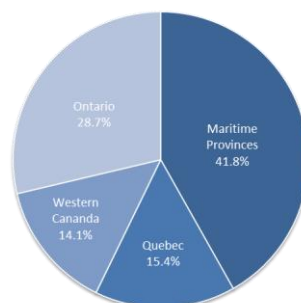
GLA by Asset Class December 31, 2019 ⁽¹⁾



Base Rent by Asset Class ⁽¹⁾



Base Rent by Region ⁽¹⁾



⁽¹⁾ Based on annualized in-place and committed base rent at December 31, 2019

Top Ten Tenants

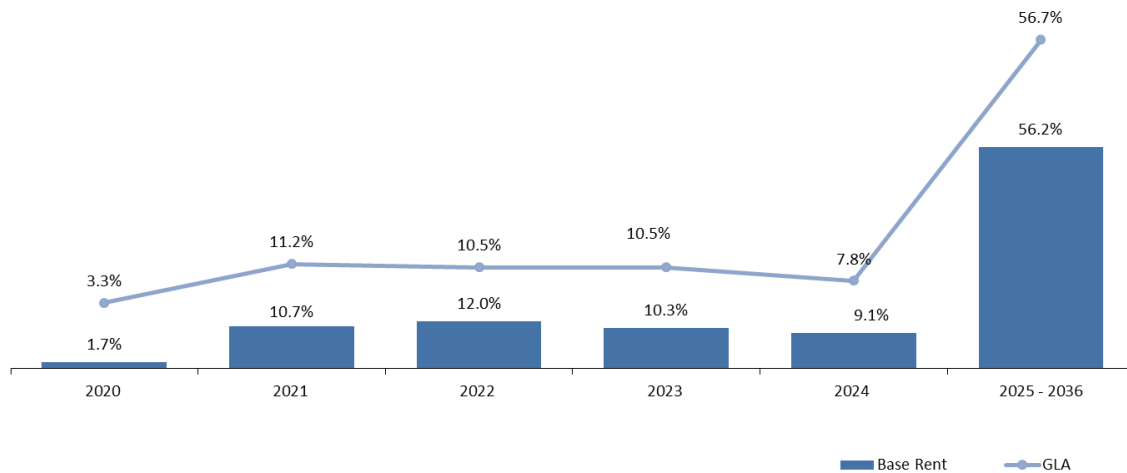
The ten largest tenants in the REIT's portfolio accounted for approximately 34.4% on annualized in-place and committed base rent and comprise approximately 7.3 years of remaining average lease term.

Tenant	% in-Place Base Rent ⁽¹⁾	GLA (Sq. Ft.)	Remaining Average Lease Term (years)	Credit Rating ⁽²⁾
Rexall	6.2%	104,929	9.6	Baa2/BBB+/na
Sobeys	6.0%	222,491	7.7	na/BB+/BBB
DRS Technologies Canada	5.5%	127,334	5.1	Ba1/BB+/BBB-
Government of Canada	3.5%	81,611	4.7	Aaa/AAA/AAA
Shoppers Drug Mart	3.4%	66,083	5.3	na/BBB/BBB
Ribbon Communications Canada	2.9%	98,057	10.0	na
Versacold	2.0%	88,840	8.1	na
Barry Callebaut	1.7%	176,070	5.4	Baa3/BBB-/na
Lawtons Pharmacy	1.6%	40,901	6.7	na/BB+/BBB
Province of New Brunswick	1.6%	20,219	11.0	Aa2/A+/AH
Total	34.4%	1,026,535	7.3	

⁽¹⁾ Based on annualized in-place and committed base rent at December 31, 2019.

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

The REIT's diverse tenant base has a staggered lease maturity profile with no more than 12.0% of base rent maturing in any given period before 2025.



PART IV

LIQUIDITY AND CAPITAL RESOURCES

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Cash provided from (used in):				
Operating activities	\$ 7,937	\$ 5,076	\$ 17,435	\$ 14,100
Financing activities	2,364	65,236	99,450	106,156
Investing activities	(9,869)	(72,762)	(115,699)	(119,884)
Change in cash during the year	432	(2,450)	1,186	372
Cash, beginning of year	4,870	6,566	4,116	3,744
Cash, end of year	\$ 5,302	\$ 4,116	\$ 5,302	\$ 4,116

Three Month Period Ended December 31, 2019

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$7,937 for the three month period ended December 31, 2019 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash provided by financing activities during the three month period ended December 31, 2019 of \$2,364 is attributed to the increase in debt of \$8,750, the increase in borrowings on the credit facility of \$6,500 offset by the repayment of debt of \$6,657, distributions paid of \$5,262, issuance costs of \$5 and financing costs incurred of \$962.

Cash used in investing activities of \$9,869 during the three month period ended December 31, 2019 primarily consists of the acquisition of an investment property of \$8,625, additions of non-recoverable capital expenditures and leasing costs of \$1,155 and the additions to property and equipment of \$89.

Year Ended December 31, 2019

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$17,435 for the year ended December 31, 2019 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash provided by financing activities during the year ended December 31, 2019 of \$99,450 is attributed to the net proceeds of the issuance of Units of \$53,050, increase in debt of \$101,835, the increase in borrowings on the credit facility of \$30,878 offset by the repayment of debt of \$36,334, repayment of the credit facility of \$29,778, distributions paid of \$18,159, cancellation of Units under the REIT's normal course issuer bid of \$284 and financing costs incurred of \$1,758.

Cash used in investing activities of \$115,699 during the year ended December 31, 2019 primarily consists of the acquisition of investment properties of \$110,084, additions of non-recoverable capital expenditures and leasing costs of \$4,573, and the additions to property and equipment of \$1,042.

CAPITALIZATION AND DEBT PROFILE

<i>(CAD \$ thousands)</i>	December 31 2019
Mortgages payable (net of financing costs of \$2,601)	\$ 324,962
Term loans (net of financing costs of \$568)	6,232
Vendor take-back mortgage	750
Credit facility (net of financing costs of \$288)	30,212
Class B LP Units	18,985
Unitholders' Equity	235,610
Total Capitalization	\$ 616,751

The REIT has a revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis points. The facility was increased to \$45,000 in November 2019 from \$30,000. The credit facility is secured by a pool of first and second charges on certain investment properties with a fair value of approximately \$67,925 at December 31, 2019. At December 31, 2019, advances under the revolving credit facility was \$30,500.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at December 31, 2019, all mortgages payable were at fixed rates with a weighted average contractual rate of approximately 3.74% (December 31, 2018 - 3.89%). The mortgages payable are secured by first charges on certain investment properties with a fair value of approximately \$588,666 at December 31, 2019.

The REIT also had two term loans at December 31, 2019.

The REIT's first term loan is to finance acquisitions and fund deposits on future acquisitions with a maximum available of \$30,000. The term loan was renewed and increased to \$30,000 in December 2019 from \$15,000. The term loan is interest bearing only at a rate equal to the greater of 7.95% or the financial institution prime rate plus 4.50% per annum and matures February 2022. Effective February 1, 2020 the interest will decrease to a rate equal to the greater of 7.50% or the financial institution prime rate plus 3.55% 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 \$67,925 at December 31, 2019. At December 31, 2019, advances under the term loan amounted to \$5,000.

The REIT's second term loan is in the amount of \$1,800 bearing interest only at 6.25% per annum with a January 2022 maturity date. This term loan is secured by a second charge on an investment property with a fair value of approximately \$7,500.

The debt is repayable no later than 2033.

Contractual Obligations

The following table represents the REIT's contractual obligations at December 31, 2019:

(CAD \$ thousands)

Due within:	1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later
Debt principal instalments	\$ 9,354	\$ 9,621	\$ 8,071	\$ 6,355	\$ 4,996	\$ 15,288
Debt principal maturities	-	6,433	73,198	69,173	18,634	113,990
Debt interest	12,573	12,140	9,895	7,511	5,029	12,524
Credit facility	30,500	-	-	-	-	-
Accounts payable and other liabilities	9,378	-	-	-	-	-
Rent	84	84	84	84	28	-
	\$ 61,889	\$ 28,278	\$ 91,248	\$ 83,123	\$ 28,687	\$ 141,802

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gross Book Value is calculated as follows:

<i>(CAD \$ thousands unless otherwise stated)</i>	December 31 2019
Total assets, including investment properties stated at fair value	\$ 634,737
Accumulated depreciation on property and equipment and intangible assets	868
Gross Book Value ⁽¹⁾	635,605
Debt, excluding unamortized financing costs	335,113
Credit facility, excluding unamortized financing costs	30,500
Debt	\$ 365,613
Debt, as above, as a percentage of Gross Book Value ⁽¹⁾	57.52%

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

The REIT was in compliance with the above requirement as well as all required covenants as at December 31, 2019.

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. See "Non-IFRS and Operational Key Performance Indicators".

Adjusted EBITDA

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

The following is a calculation of Adjusted EBITDA for the three month period and year ended December 31, 2019 and 2018:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Net income and comprehensive income	\$ 1,318	\$ 6,476	\$ 14,975	\$ 18,770
Interest and financing costs	3,847	2,922	13,491	9,827
Depreciation of property and equipment	60	19	197	52
Amortization of intangible assets	93	185	372	185
Fair value adjustment - Class B LP Units	466	(3,100)	4,547	(3,360)
Fair value adjustment - investment properties	2,554	588	(7,429)	(4,236)
Distributions – Class B LP Units	407	452	1,662	1,618
Straight-line rent	(256)	(194)	(724)	(717)
Long-term incentive plan expense	714	(305)	3,043	402
Transaction costs	131	-	3,207	501
Debt settlement costs	-	-	-	719
Adjusted EBITDA ⁽¹⁾	\$ 9,334	\$ 7,043	\$ 33,341	\$ 23,761

⁽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 year. Management utilizes this ratio to measure and limit the REIT's leverage.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a calculation of the Interest Coverage Ratio for the three month period and year ended December 31, 2019 and 2018:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Adjusted EBITDA ⁽¹⁾	\$ 9,334	\$ 7,043	\$ 33,341	\$ 23,761
Interest expense	\$ 3,567	\$ 2,752	\$ 12,623	\$ 9,238
Interest Coverage Ratio ⁽¹⁾	2.6x	2.6x	2.6x	2.6x

⁽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 year, whereby the debt service requirements reflects principal repayments and interest expensed during the year. 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.

The following is a calculation of the Debt Service Coverage Ratio for the three month period and year ended December 31, 2019 and 2018:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Adjusted EBITDA ⁽¹⁾	\$ 9,334	\$ 7,043	\$ 33,341	\$ 23,761
Interest expense	3,567	2,752	12,623	9,238
Principal repayments	2,265	1,608	7,757	5,812
Debt Service Requirements	\$ 5,832	\$ 4,360	\$ 20,380	\$ 15,050
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x	1.6x

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRIBUTIONS AND ADJUSTED FUNDS FROM OPERATIONS

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Net income and comprehensive income for the year	\$ 1,318	\$ 6,476	\$ 14,975	\$ 18,770
Add:				
Long-term incentive plan	179	(680)	1,169	(722)
Distributions - Class B LP Units	407	452	1,662	1,618
Fair value adjustment - investment properties	2,554	588	(7,429)	(4,236)
Fair value adjustment - Class B LP Units	466	(3,100)	4,547	(3,360)
Amortization of intangible assets	93	185	372	185
FFO ⁽¹⁾	\$ 5,017	\$ 3,921	\$ 15,296	\$ 12,255
Deduct:				
Straight-line rent adjustment	\$ (256)	\$ (194)	\$ (724)	\$ (717)
Stabilized leasing costs	(60)	(66)	(258)	(264)
Add:				
Long-term incentive plan	535	375	1,874	1,124
Amortization of financing costs	309	198	1,027	722
Transaction costs	131	-	3,207	501
Debt settlement costs	-	-	-	719
AFFO ⁽¹⁾	\$ 5,676	\$ 4,234	\$ 20,422	\$ 14,340
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1259	\$ 0.1251	\$ 0.4417	\$ 0.4678
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1233	\$ 0.1229	\$ 0.4314	\$ 0.4586
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1425	\$ 0.1351	\$ 0.5897	\$ 0.5474
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1395	\$ 0.1327	\$ 0.5759	\$ 0.5366
Distributions declared per Unit and Class B LP unit	\$ 0.1575	\$ 0.1575	\$ 0.6300	\$ 0.6300
AFFO Payout Ratio – Basic ⁽¹⁾	110.5%	116.7%	106.8%	115.1%
AFFO Payout Ratio – Diluted ⁽¹⁾	112.9%	118.8%	109.4%	117.4%
Basic weighted average number of units ⁽²⁾⁽³⁾	39,839,751	31,340,018	34,632,086	26,196,926
Diluted weighted average number of units ⁽²⁾⁽³⁾	40,679,050	31,895,511	35,459,722	26,723,477

⁽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 year.

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

The increase in FFO of \$1,096 and \$3,041 for the three month period and year ended December 31, 2019, compared to the same periods in 2018, is directly related to the acquisition of 8 investment properties in the twelve month period ended December 31, 2019.

The increase in AFFO of \$1,442 and \$6,082 for the three month period and year ended December 31, 2019, compared to the same periods in 2018, is directly related to the acquisition of 8 investment properties. Basic AFFO per Unit were \$0.1425 and \$0.5897 respectively for the three month period and year ended December 31, 2019 with a corresponding basic Payout Ratio of 110.5% and 106.8%.

The FFO, AFFO and the related AFFO Payout Ratio for the three months ended December 31, 2019 were negatively affected by one-time adjustments in the amount of \$214 in the fourth quarter 2019 related to previous quarters in 2019. Furthermore, the AFFO Payout Ratio for the three month period and year ended December 31, 2019 reflects the lag between the full deployment of the net proceeds of the August 2019 Offering, the REIT's largest offering as of the date of this MD&A (see "Summary of Significant Events" section), and the timing of the REIT's latest acquisitions on March 16, 2020 (see "Subsequent Event" section).

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 PRLP automatically reinvested in additional Units at a 3% discount to the weighted average price of the Units for the last five trading days preceding the applicable distribution payment date.

The distributions declared during the three month period and year ended December 31, 2019 resulted in 86,484 and 323,560 Units issued or issuable under the DRIP respectively.

Distributions of \$0.1575 and \$0.6300 per Unit and Class B LP Unit were declared during the three month period and year ended December 31, 2019 and 2018. 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:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Cash flow provided from operating activities	\$ 7,937	\$ 5,076	\$ 17,435	\$ 14,100
Add (deduct):				
Non-cash portion of debt settlement costs	-	-	-	(243)
Changes in non-cash working capital	(2,679)	(1,209)	(1,427)	(2,039)
Distributions – Class B LP Units	407	452	1,662	1,618
Stabilized leasing costs	(60)	(66)	(258)	(264)
Depreciation of property and equipment	(60)	(19)	(197)	(52)
Transaction costs	131	-	3,207	501
Debt settlement costs	-	-	-	719
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 5,676	\$ 4,234	\$ 20,422	\$ 14,340

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

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

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 5,676	\$ 4,234	\$ 20,422	\$ 14,340
Total distributions paid or payable – Units and Class B LP Units	6,278	4,939	22,013	17,024
Shortfall of AFFO over distributions paid or payable	\$ (602)	\$ (705)	\$ (1,591)	\$ (2,684)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month period and year ended December 31, 2019, the REIT's distribution paid or payable in cash and in DRIP units exceeded the AFFO generated during the respective periods related to lag in deployment of funds from the August 2019 Offering. The REIT financed the shortfall for the three month period and year ended December 31, 2019, using cash on hand and/or using the REIT's revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis points.

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

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Cash flow provided from operating activities	\$ 7,937	\$ 5,076	\$ 17,435	\$ 14,100
Add (deduct):				
Change in non-cash working capital balances not indicative of sustainable cash flows ⁽¹⁾	(1,949)	(2,413)	463	(929)
Stabilized leasing costs	(60)	(66)	(258)	(264)
Amortization of deferred financing costs	(309)	(198)	(1,027)	(722)
Adjusted Cashflow from Operations (ACFO) ⁽²⁾	\$ 5,619	\$ 2,399	\$ 16,613	\$ 12,185

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

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

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

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Working capital changes related to:				
Property taxes and insurance	\$ (2,043)	\$ (1,501)	\$ 464	\$ (509)
Other ⁽¹⁾	94	(912)	(1)	(420)
Change in non-cash working capital balances not indicative of sustainable cash flows for ACFO	\$ (1,949)	\$ (2,413)	\$ 463	\$ (929)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Adjusted Cashflow from Operations (ACFO) ⁽¹⁾	\$ 5,619	\$ 2,399	\$ 16,613	\$ 12,193
Total distributions paid or payable – Units ⁽²⁾	5,871	4,487	20,351	15,406
Shortfall of ACFO over distributions paid or payable	\$ (252)	\$ (2,088)	\$ (3,738)	\$ (3,213)

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

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

For the three month period and year ended December 31, 2019 and 2018, the REIT had an ACFO shortfall to cover the total distributions paid or payable. The shortfall of ACFO over total distributions paid or payable for the three month period and year ended December 31, 2019 is mainly due the lag in the deployment of funds from the August 2019 Offering as described in the “Distributions and Adjusted Funds from Operations” section of this MD&A. For the year ended December 31, 2019, the shortfall is also affected by one-time transaction costs of \$3,207 related to the internalization of management and graduation to the TSX (see “Summary of Significant Events”). For the three month period and year ended December 31, 2018, the shortfall of ACFO over distributions paid or payable was related to the lag in deployment of funds from two equity raises (January 2018 and September 2018) and the acquisition of properties. The REIT paid out incremental distributions for the Units issued in the January 2018 and September 2018 equity raises while having minimal AFFO contributions from the acquisitions that were completed throughout the respective periods. The ACFO shortfall for the year ended December 31, 2018 was additionally impacted by the one-time transaction costs of \$501 related to the acquisition of the assets of Compass and \$476 of debt settlement costs paid in cash. The REIT financed the shortfall for the three month period and year ended December 31, 2019 using cash on hand and/or planned normal course property refinancing and/or using the REIT's revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis. The distribution paid or payable Units includes approximately \$610 and \$2,192 of Units reinvested under the DRIP for the three month period and year ended December 31, 2019 (\$537 and \$1,792 respectively for the three month period and year ended December 31, 2018). The current participation level under the DRIP is approximately 10%, which reduces the cash requirements of the REIT to fund distributions.

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

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2019	3 Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Cash flow provided from operating activities	\$ 7,937	\$ 5,076	\$ 17,435	\$ 14,100
Net income and comprehensive income	\$ 1,318	\$ 6,476	\$ 14,975	\$ 18,770
Total distributions paid or payable – Units ⁽¹⁾	\$ 5,871	\$ 4,487	\$ 20,351	\$ 15,406
Excess (Shortfall) of cash flow from operating activities over distributions paid or payable	\$ 2,066	\$ 589	\$ (2,916)	\$ (1,306)
Excess (Shortfall) of net income and comprehensive income over distributions paid or payable	\$ (4,553)	\$ 1,989	\$ (5,376)	\$ 3,364

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

For the years ended December 31, 2019 and 2018, the REIT's distribution paid or payable in cash and in DRIP units exceeded the cash flow provided from (used in) operating activities. This represents a return of capital, rather than a return on capital, since they represent cash payments in excess of cash generated by the REIT's continuing operations during the respective periods. The shortfall of cash flow from operating activities over total distributions is mainly due to the seasonal fluctuations in noncash working capital, distributions on Class B LP Units that are recorded as a reduction of net comprehensive income, the impact of stabilized leasing costs which change with lease maturities and lease renewals and nonrecurring items (including one-time transaction costs of \$131 and \$3,207 for the three month period and year ended December 31, 2019). The REIT financed the shortfall using cash on hand and/or using the REIT's revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis points and/or planned normal course property refinancings. The 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 current per Unit levels of distributions is sustainable, given that cash flows from operations is expected to improve as the REIT continues its growth.

The shortfall or excess of distributions paid or payable – Units over net income and comprehensive net income for the three month periods and years ended December 31, 2019 and 2018 is primarily due to non-cash items. Non-cash items relating to the long-term incentive plan expense, depreciation of property and equipment, amortization of intangible assets and fair value adjustments to Class B LP Units and investment properties are deducted from or added to net income and comprehensive income and have no impact on cash available to pay current distributions.

ISSUED AND OUTSTANDING SECURITIES AND NORMAL COURSE ISSUER BID

The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units.

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 March 25, 2020 were 37,536,308.

Class B LP Units and Special Voting Units

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

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

Total Class B LP Units outstanding as of March 25, 2020 were 2,444,784.

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 March 25, 2020 were 891,966 and 116,114.

Normal Course Issuer Bid

Pursuant to a notice accepted by the TSX, the REIT may, during the period commencing September 24, 2019 and ending September 25, 2020, purchase for cancellation, through the facilities of the TSX and at the market price of the REIT's Units at the time of purchase, up to 1,859,197 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 TSX. The REIT is making the normal course issuer bid because it believes that the market price of the Units does not always reflect their underlying value, and that purchasing Units for cancellation may from time to time be an appropriate use of available resources and in the best interests of the REIT. Unitholders can obtain a copy of the notice filed with TSX, without charge, by contacting the REIT at 514-933-9552. The REIT cancelled Nil and 46,133 Units for Nil and \$284 during the three month period and year ended December 31, 2019.

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 December 31 2019	Fair Value December 31 2019
Loans and Receivables			
Cash (a)	Amortized cost	\$ 5,302	\$ 5,302
Receivables and other excluding prepaid expenses, deposits, deferred acquisition costs and other receivables (a)	Amortized cost	3,244	3,244
		\$ 8,546	\$ 8,546
Financial Liabilities Through Profit and Loss			
Class B LP Units	Fair value (L2)	\$ 18,985	\$ 18,985
Long-term incentive plan	Fair value (L2)	6,514	6,514
		\$ 25,499	\$ 25,499
Other Financial Liabilities			
Accounts payable and other liabilities (a)	Amortized cost	\$ 9,378	\$ 9,378
Credit facility (a)	Amortized cost	30,212	30,212
Distributions payable (a)	Amortized cost	2,094	2,094
Debt (b)	Amortized cost	331,944	331,944
		\$ 373,628	\$ 373,628

- (a) Short-term financial instruments, comprising cash, accounts receivable, accounts payable and other liabilities, credit facility and distributions payable are carried at amortized cost which, due to their short-term nature, approximates their fair value.
- (b) Long-term financial instruments consist of debt. The fair value of debt is based upon discounted future cash flows using discount rates, adjusted for the REIT's own credit risk, that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the REIT might pay or receive in actual market transactions.

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

Off Balance Sheet Arrangements

The REIT had no off balance sheet arrangements during the three month period and year ended December 31, 2019.

PART V

CONTROLS AND PROCEDURES

The REIT's certifying officers, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), are required under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") to establish and maintain disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in NI 51-109.

Disclosure Controls and Procedures

The CEO and CFO have designed DC&P, or have caused them to be designed under their supervision, to provide reasonable assurance 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 annual or 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. As required by NI 52-109, an evaluation of the adequacy of the design (quarterly) and effective operation (annually) of the REIT's DC&P was conducted, under the supervision of management, including the CEO and CFO, as at December 31, 2019. The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on the evaluation, the CEO and the CFO has concluded that the design and operation of the system of DC&P were effective as at December 31, 2019.

Internal Control over Financial Reporting

The CEO and CFO have designed ICFR, or have caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the REIT's accounting and reporting standards. The REIT's ICFR include, but are not limited to, policies and procedures related to financial accounting, reporting and controls over systems that process and summarize transactions. The REIT's ICFR also include the active involvement of qualified financial professionals, senior management and the REIT's audit committee. As also required by NI 52-109, management, including the CEO and CFO, evaluated the adequacy of the design (quarterly) and effective operation (annually) of the REIT's ICFR as at December 31, 2019. In making this assessment, management, including the CEO and CFO, used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). This evaluation included review of the documentation of controls, evaluation of the design and testing the operating effectiveness of controls, and a conclusion about this evaluation. Based on that evaluation, the CEO and CFO have concluded that the design and operation of the ICFR were effective as at December 31, 2019, in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

Limitations on Effectiveness of DC&P and ICFR

In designing and evaluating DC&P and ICFR, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

RISKS AND UNCERTAINTIES

Certain factors may have a material adverse effect on the REIT's business, financial condition and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A, the 2019 Financial Statements and the 2019 Annual Information Form, particularly under the heading "Risk Factors" in the 2019 Annual Information Form, and in other filings that the REIT has made and may make in the future with applicable securities authorities, including those available under the REIT's profile on SEDAR at www.sedar.com. The risks and uncertainties described herein and therein are not the only ones the REIT may face. Additional risks and uncertainties that the REIT is unaware of, or that the REIT currently believes are not material, may also become important factors that could adversely affect the REIT's business, financial condition and results of operations. If any of such risks actually occur, the REIT's business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of the Units (or the value of any other securities of the REIT) could decline, and the REIT's securityholders could lose part or all of their investment.

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.

FUTURE CHANGES IN ACCOUNTING POLICIES

The future changes in accounting policies and future applicable accounting standards are discussed in the REIT's consolidated financial statements for the year ended December 31, 2019 and the notes contained therein.

RELATED PARTY TRANSACTIONS

On April 1, 2019, the REIT internalized its asset management function in accordance with the terms of the Management Agreement. The internalization resulted in the elimination of the asset management and acquisition fees payable to the Manager. The REIT's executive officers, James W. Beckerleg and Gordon G. Lawlor, are employed directly by the REIT effective April 1, 2019. In accordance with the terms of the Management Agreement, the Manager was entitled to a termination payment equal to one time the management fees and expenses paid to it in the most recent fiscal year prior to the internalization, in the approximate amount of \$2.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In connection with the services provided by the Manager under the Management Agreement, which was terminated effective April 1, 2019, the following amounts were 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 year ended December 31, 2019, the costs of these services amounted to \$272 (\$875 for the year ended December 31, 2018 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 year ended December 31, 2019, the costs of these services amounted to \$Nil (\$1,170 for the year ended December 31, 2018).

- (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 year ended December 31, 2019, the costs of these services amounted to \$Nil (\$27 for the year ended December 31, 2018).

On September 30, 2014, the REIT entered into a strategic investment agreement (the "Strategic Investment Agreement") with Lotus Crux Acquisition LP ("Lotus Crux Acquisition"). Pursuant to the Strategic Investment Agreement, Lotus Crux Acquisition will receive a fee of 0.875% of the purchase cost from the REIT on acquisitions of certain properties owned by Lotus Crux Acquisition or related parties. Lotus Crux Acquisition LP is controlled by a general partner controlled by two trustees of the REIT, Peter Aghar and Shenoor Jadavji, who also have an interest in Lotus Crux Acquisition LP and the REIT.

Pursuant to the Strategic Investment Agreement, the REIT advanced \$1.5 million as a secured loan to two related parties to Lotus Crux in as part of the financing for the acquisition of a 74,000 square feet multi-tenant commercial building well located in Greater Ottawa. The loan is on market terms as negotiated between parties acting at arm's length, bears interest at 9% per annum and matures November 2020. In accordance with the terms of the Strategic Investment Agreement, and as a result of the loan, the REIT has been granted an option to purchase the property.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF QUARTERLY RESULTS

	3 Months Ended Dec 31 2019	3 Months Ended Sept 30 2019	3 Months Ended June 30 2019	3 Months Ended Mar 31 2019	3 Months Ended Dec 31 2018	3 Months Ended Sept 30 2018	3 Months Ended June 30 2018	3 Months Ended Mar 31 2018
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>								
Property revenue	\$ 17,315	\$ 13,241	\$ 13,561	\$ 13,510	\$ 12,207	\$ 10,210	\$ 9,075	\$ 9,397
Property operating expenses	7,265	4,716	5,113	5,052	4,546	3,567	3,220	3,506
Net operating income (NOI) ⁽¹⁾	10,050	8,525	8,448	8,458	7,661	6,643	5,855	5,891
General and administrative expenses	598	623	574	523	513	458	472	401
Long-term incentive plan expense	714	662	395	1,272	(305)	335	383	(10)
Depreciation of property and equipment	60	65	54	18	19	13	10	11
Interest and financing costs	3,847	3,094	3,325	3,225	2,922	2,636	2,096	2,173
Distributions - Class B LP Units	407	407	419	429	452	438	372	357
Fair value adjustment - Class B LP Units	466	155	571	3,355	(3,100)	(107)	459	(612)
Fair value adjustment - investment properties	2,554	(3,255)	(6,777)	49	588	(6,767)	444	1,498
Transaction costs	131	-	3,045	31	-	26	475	-
Other income	(425)	(599)	(819)	(526)	(646)	(553)	-	-
Other expenses	287	370	491	319	557	368	-	-
Amortization of intangible assets	93	93	93	93	185	-	-	-
Debt settlement costs	-	-	-	-	-	-	-	719
Net comprehensive income	\$ 1,318	\$ 6,910	\$ 7,077	\$ (330)	\$ 6,476	\$ 9,796	\$ 1,144	\$ 1,354
Debt to Gross Book Value ⁽¹⁾	57.52%	56.72%	58.26%	58.58%	58.63%	51.05%	60.11%	55.42%
FFO ⁽¹⁾	\$ 5,017	\$ 4,410	\$ 1,509	\$ 4,360	\$ 3,921	\$ 3,344	\$ 2,522	\$ 2,470
AFFO ⁽¹⁾	\$ 5,676	\$ 5,070	\$ 4,848	\$ 4,829	\$ 4,234	\$ 3,652	\$ 3,256	\$ 3,200
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1259	\$ 0.1234	\$ 0.0480	\$ 0.1389	\$ 0.1251	\$ 0.1317	\$ 0.1021	\$ 0.1062
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1233	\$ 0.1205	\$ 0.0467	\$ 0.1359	\$ 0.1230	\$ 0.1287	\$ 0.0998	\$ 0.1041
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1425	\$ 0.1419	\$ 0.1541	\$ 0.1539	\$ 0.1350	\$ 0.1437	\$ 0.1318	\$ 0.1377
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1395	\$ 0.1386	\$ 0.1501	\$ 0.1506	\$ 0.1326	\$ 0.1407	\$ 0.1289	\$ 0.1350
AFFO Payout Ratio – Basic ⁽¹⁾	110.5%	111.0%	102.2%	102.3%	116.7%	109.6%	119.6%	114.4%
AFFO Payout Ratio – Diluted ⁽¹⁾	112.9%	113.6%	104.9%	104.6%	118.8%	111.9%	122.1%	116.7%
Number of commercial properties	92	91	84	84	84	76	73	66
GLA (square feet)	4,445,498	4,396,004	3,701,132	3,702,430	3,702,901	3,041,030	3,039,510	2,684,653
Occupancy rate	98.4%	98.2%	97.9%	98.0%	98.2%	98.1%	97.6%	96.0%
Weighted average lease term to maturity	5.6	5.6	5.7	5.8	6.1	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 year.