



PRO REAL ESTATE INVESTMENT TRUST

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

March 23, 2022

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120 Troop Avenue, Dartmouth, Nova Scotia

Fellow Unitholders,

Complexities and various disruptions continued throughout 2021 as a result of the pandemic, however the economy rebounded substantially and I am truly proud of all that we accomplished, both from a financial and operational standpoint. We delivered a strong performance in the fourth quarter of 2021, capping off an exceptional year for PROREIT. This achievement demonstrated our ability to adapt to changing circumstances while protecting the health and safety of our employees, tenants and the communities where we own properties.

Growing our industrial footprint

We successfully committed to a strategy of becoming an industrial focused REIT during the year. We completed the accretive acquisitions of 34 institutional-caliber industrial assets totaling 2.3 million square feet, for a total purchase price of \$296.9 million. We sold five non-core properties above their carrying value. We now own 120 high-quality properties valued at \$975 million, with the portfolio focused in Central and Eastern Canada.

We have strong fundamentals and our strategic focus on mid-sized Canadian cities with robust economies has proven its merit. Our industrial segment, which now accounts for 78% of our gross leasable area and over 63% of our base rent, has significant growth potential. This is largely fuelled by the upward trend in rental rates in Southwestern Ontario, Ottawa, Halifax and Winnipeg where we have a strong presence.

In 2021, we updated our independent external appraisals for 50 properties, of which 38 are industrial buildings, resulting in a fair market value gain of approximately \$63.2 million. In 2022, we will continue the regular review of the fair value appraisals of our properties, and we are confident we will be able to recognize additional increases in subsequent quarters.

An outstanding year

Our strong performance in 2021 was the result of our core strengths. We delivered improved performance across key metrics, both in the fourth quarter and for the full year, with robust growth in property revenue, net operating income, net income, comprehensive income and AFFO ⁽¹⁾. Same Property NOI ⁽¹⁾ increased across all asset classes. We are also pleased with the performance of our retail and office segments in a persistent COVID-19 context. These achievements highlight the quality assets we own in these segments, coupled with our low-risk tenant roster.

While successfully pursuing our growth strategy, we significantly strengthened our balance sheet and cash flow position, closing the year with \$45 million available under our credit facility. We raised a record \$133.3 million in equity from a public offering and private placements. All funds were successfully deployed by year-end, in line with our objective to create long-term value for our unitholders.

We improved our debt profile, eliminating an expensive alternative lender from our debt stack, and obtained \$71.4 million in mortgage financing at lower rates and extended terms. These steps will further benefit our results going forward. We also renewed and increased our credit facility to \$60 million, from \$45 million, with improved terms. At year-end, our Debt to Gross Book Value ⁽¹⁾ was reduced to 53.1%, from 57.8% at December 31, 2020. In the medium term, we remain committed to our strategy of reducing our ratio below 50%.

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Building value for our unitholders is a top priority and, as part of that strategy, we declared consistent monthly distributions, amounting to \$0.45 per unit on annual basis.

On the operational front, occupancy rate was strong at 98.4% at year-end. We have renewed or replaced over 97% of leases maturing in 2021 with an average increase of 10.2%. Almost half of our 2022 renewals have been completed at positive spread of 10.1%.

In 2021 and early 2022, we also made important progress in our ESG journey with the publication of our first ESG report, outlining the ESG factors material to our business, the priority areas we will continue to focus on going forward, and our progress to date.

Our people are our strength

At the beginning of 2022, our Trustees were pleased to welcome Christine Pound to the Board. Christine is a highly respected corporate lawyer who brings a wealth of expertise and insight to the Board. In January 2022, we lost a dear friend and brilliant professional with the passing of Gerard A. Limoges. Gerard served as Trustee of PROREIT since our founding in 2013 and he will be greatly missed by the entire PROREIT team.

Recognizing their important contributions in PROREIT's success over the past years, we are pleased to announce the promotions of two key and valued members of our Senior Management Committee: Mark O'Brien to Senior Vice President, Leasing, Operations and Sustainability, and Alison Schafer to Senior Vice President, Finance.

Built for sustainable growth and performance

Our many achievements in 2021 were made possible by the outstanding work of each and every employee at PROREIT, and I sincerely thank them for their invaluable contributions. I am also thankful to our tenants and clients for their trust, my fellow Trustees for their guidance, and our unitholders for their continued confidence in PROREIT.

With 2022 now well underway, we look forward to achieving our objectives, confident in our team, our assets and our strategy. While continuing to optimize our strong and flexible financial position and maintaining our disciplined capital allocation, we intend to focus our growth in the industrial sector where we believe rent growth opportunities will remain. This will contribute to our commitment to build, with the ultimate goal of creating sustainable value for all stakeholders.

Sincerely,

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

PART I

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	December 31 2021	December 31 2020		
Operational data				
Number of properties	120	91		
Gross leasable area (square feet) ("GLA")	6,588,181	4,547,317		
Occupancy rate ⁽¹⁾	98.4%	98.0%		
Weighted average lease term to maturity (years)	4.6	5.2		
	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>				
Financial data				
Property revenue	\$ 22,932	\$ 17,589	\$ 77,674	\$ 69,810
Net operating income (NOI) ⁽²⁾	\$ 13,358	\$ 10,002	\$ 46,282	\$ 40,529
Same Property NOI ⁽²⁾	\$ 10,091	\$ 9,560	\$ 39,089	\$ 37,490
Net income and comprehensive income	\$ 65,041	\$ 6,413	\$ 81,844	\$ 21,072
Total assets	\$ 989,963	\$ 634,484	\$ 989,963	\$ 634,484
Debt to Gross Book Value ⁽²⁾	53.06%	57.82%	53.06%	57.82%
Interest Coverage Ratio ⁽²⁾	2.9x	2.6x	2.8x	2.6x
Debt Service Coverage Ratio ⁽²⁾	1.6x	1.6x	1.6x	1.6x
Weighted average interest rate on mortgage debt	3.39%	3.73%	3.39%	3.73%
Net cash flows provided by operating activities	\$ 20,242	\$ 10,273	\$ 29,276	\$ 23,410
Funds from Operations (FFO) ⁽²⁾	\$ 6,924	\$ 4,789	\$ 21,934	\$ 20,908
Basic FFO per Unit ⁽²⁾⁽³⁾	\$ 0.1158	\$ 0.1197	\$ 0.4490	\$ 0.5227
Diluted FFO per Unit ⁽²⁾⁽³⁾	\$ 0.1136	\$ 0.1169	\$ 0.4389	\$ 0.5112
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 7,354	\$ 5,366	\$ 25,072	\$ 22,436
Basic AFFO per Unit ⁽²⁾⁽³⁾	\$ 0.1230	\$ 0.1341	\$ 0.5132	\$ 0.5609
Diluted AFFO per Unit ⁽²⁾⁽³⁾	\$ 0.1206	\$ 0.1310	\$ 0.5017	\$ 0.5486
AFFO Payout Ratio – Basic ⁽²⁾	91.5%	83.9%	87.7%	88.3%
AFFO Payout Ratio – Diluted ⁽²⁾	93.3%	85.9%	89.7%	90.2%

⁽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, 2021 was approximately 175,291 square feet of GLA (20,879 square feet of GLA at December 31, 2020).

⁽²⁾ Non-IFRS measure. See "Non-IFRS Measures".

⁽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, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A should be read in conjunction with the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2021 and 2020 (the "Q4 2021 Financial Statements") and the REIT's annual information form for the year ended December 31, 2021 (the "2021 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 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 23, 2022, the date the REIT's board of trustees (the "Board") approved this MD&A and the Q4 2021 Financial Statements.

The REIT has revised the composition of its reporting segments and the manner in which it reports its operating results beginning with the condensed consolidated interim financial statements for the three month period ended March 31, 2021 and the management's discussion and analysis thereon. The REIT believes that the new presentation better reflects its current and expected operational structure and is consistent with the presentation of other Canadian commercial real estate investment trusts. The REIT previously had four reporting segments for its investment properties: Retail, Office, Commercial Mixed Use and Industrial. This is now divided into three reporting segments: Retail, Office and Industrial. The Commercial Mixed Use investment properties are now included in the Industrial segment, consistent with other commercial Canadian real estate investment trusts. Prior quarterly and annual segmental results and information presented in this MD&A have been recast to be presented in a manner consistent with the changed reporting segments. See "Part III – Segmented Analysis" below for additional information on the REIT's reporting segments.

FORWARD-LOOKING STATEMENTS

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

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

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

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

Many factors could cause the REIT's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, risks and uncertainties relating to: real property ownership; diversification risk; dependence on key personnel; COVID-19 and public health crises; appraisals and reporting investment property at fair value; fixed costs; financing risks and leverage; liquidity of real property investments; current global capital market conditions; acquisition, development and dispositions; potential conflicts of interest; competition; geographic concentration; general uninsured losses; access to capital; interest rate exposure; environmental matters; climate change risk; litigation risk; potential undisclosed liabilities; internal controls, data governance and decision support; security of information technology; indexation for inflation and duration of lease contracts; limit on activities; insurance renewals; joint venture/partnership arrangements; foreclosure; occupancy by tenants; lease renewals and rental increase; taxation matters; change of tax laws; significant ownership; volatile market price for units; cash distributions are not guaranteed; restrictions on redemptions; subordination of the units; tax related risk factors; nature of investment; unitholder liability; and dilution. These factors are not intended to represent a complete list of the factors that could affect the REIT; however, these factors, as well as those risk factors presented under the heading "Risk Factors" in the 2021 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 MEASURES

The Q4 2021 Financial Statements are prepared in accordance with International Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-IFRS financial measures, non-IFRS ratios and other specified financial measures (collectively, "non-IFRS measures") described below. Management believes these non-IFRS measures are helpful to investors because they are widely recognized measures of a REIT's performance and provide a relevant basis for comparison among real estate entities. In addition to the IFRS results, the REIT also uses these non-IFRS measures internally to measure the operating performance of its investment property portfolio. These non-IFRS measures should not be construed as alternatives to net income, net cash flows provided by operating activities, total assets, total equity, or comparable metrics determined in accordance with IFRS as indicators of the REIT's performance, liquidity, cash flows and profitability and may not be comparable to similar measures presented by other real estate investment trusts or enterprises. These non-IFRS measures are defined below and are cross referenced, as applicable, to a reconciliation contained within this MD&A to the most comparable IFRS measure. Non-IFRS measures are not standardized financial measures under IFRS, and might not be comparable to similar financial measures disclosed by other issuers. The REIT believes these non-IFRS measures provide useful information to both management and investors in measuring the financial performance and financial condition of the REIT for the reasons outlined above and below.

Non-IFRS Financial Measures

Adjusted 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 flows provided by operating activities determined in accordance with IFRS. The REIT calculates its ACFO in accordance with the Real Property Association of Canada's ("Realpac") *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. Management believes that ACFO, combined with the required IFRS presentation, improves the understanding of the operating cash flow of the REIT. The REIT calculates ACFO from net cash flows provided by operating activities by adjusting for change in non-cash working capital balances not indicative of sustainable cash flows, maintenance capital expenditures, stabilized leasing costs, and amortization of deferred financing costs. ACFO has been reconciled to net cash flow provided by operating activities, its most directly comparable IFRS measure, in the table under "Part IV – Distributions and Adjusted Funds from Operations – Distributions".

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

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

Adjusted Funds from Operations ("AFFO")

AFFO is a non-IFRS financial measure. The REIT does not calculate AFFO in accordance with the *White Paper on FFO and AFFO for IFRS* (the "FFO and AFFO White Paper") issued in February 2019 by the Realpac. The REIT defines AFFO as FFO less amortization of straight-line rents, maintenance capital expenditures and normalized stabilized leasing costs, as determined by the REIT, plus long-term incentive plan expenses, amortization of financing costs and one-time costs such as debt settlement costs. Normalized stabilized leasing costs represent leasing costs paid and amortized over the new lease term. Management believes AFFO is an important measure of the REIT's economic performance and is indicative of the REIT's ability to service its debt, fund capital expenditures and pay distributions. This non-IFRS measure is commonly used for assessing real estate performance; however, it does not represent cash generated from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the REIT's needs. AFFO is reconciled to net income and comprehensive income, its most directly comparable IFRS measure, in the table under "Part IV – Distributions and Adjusted Funds from Operations" and to net cash flow provided by operating activities in the table under "Part IV – Distributions and Adjusted Funds from Operations – Distributions".

Funds from Operations ("FFO")

FFO is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry. However, it does not represent net income and comprehensive income nor cash generated from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the REIT's needs. The REIT calculates FFO in accordance with the FFO and AFFO White Paper. FFO is defined as net income and comprehensive income adjusted for fair value changes of (i) long-term incentive plan, (ii) investment properties, and (iii) Class B LP Units, plus distributions on Class B LP Units and amortization of intangible assets. 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. 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 income and comprehensive income, its most directly comparable IFRS measure, in the table under "Part IV – Distributions and Adjusted Funds from Operations".

Gross Book Value ("Gross Book Value")

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

Net Operating Income ("NOI")

NOI is a non-IFRS financial measure 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 (net operating income) is presented in the primary financial statements of the REIT. NOI 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, tenant inducements amortized to revenue and prior year operating expense adjustments in order to highlight the 'cash impact' of contractual rent increases embedded in the underlying lease agreements. Management believes Same Property NOI is a meaningful measure to gauge the change in asset productivity and asset value, as well as measure the additional return earned by incremental capital investments in existing assets. The most directly comparable primary financial statement measure is NOI (net operating income). See "Part III – Results of Operations – Overall Analysis – Same Property NOI Analysis".

Non-IFRS Ratios

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

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

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

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

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

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

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

Debt to Gross Book Value is a non-IFRS ratio intended to be used by investors to assess the leverage of the REIT. Management uses this ratio to evaluate the leverage of the REIT and the strength of its equity position. Debt to Gross Book Value is defined as the total of debt and credit facility, in each case excluding unamortized financing costs, divided by Gross Book Value. See the table under "Part IV – Capitalization and Debt Profile – Debt Ratios".

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

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

Interest Coverage Ratio (“Interest Coverage Ratio”)

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

PART II

REIT OVERVIEW

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

The REIT owns a portfolio of Canadian commercial investment properties, comprised of retail, office, and industrial properties, with an industrial focus in strong secondary markets. At December 31, 2021, the REIT owned approximately 6.6 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 industrial focused and diversified by geography across Canada. The majority of the properties are situated in prime locations within their respective markets, along major traffic arteries benefitting from high visibility and access. Management believes the quality and diversity of the portfolio will enable the REIT to attract new tenants and retain existing tenants.
- **Geographical focus on stable Eastern Canadian Markets, with careful growth in Western Canadian Markets.** The REIT targets property acquisitions in primary and secondary markets across Canada, with a particular focus on Quebec, Atlantic Canada, and Ontario in the East, and selectively in Western Canada. Management believes that its strategy of focusing on stable markets in Eastern Canada and selective expansion in high growth markets in Western Canada will enable the REIT to assemble a portfolio underpinned by strong and consistently stable economic fundamentals, with exposure to organic growth opportunities.
- **High-quality tenants with long term leases.** The REIT has a diversified tenant profile reflecting an attractive mix of government, national, regional and local tenants as well as a diversified mix of tenants by industry. The REIT’s portfolio lease maturities are well staggered into the future. Management of the REIT believes it has fostered strong relationships with its tenants, which management expects to be an important factor in the REIT’s ability to attract tenants to new properties or replace leases as vacancies arise in the REIT’s properties.

Enhance Value

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

Expand the Asset Base

- Internal Growth Strategies

The REIT's internal growth strategy includes the following:

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

- External Growth Strategies

The REIT's external growth strategy includes the following:

- Acquiring stable investment properties that are accretive to the REIT.
- Acquiring a broad range of commercial properties with an industrial focus within its target markets to maximize diversification within its portfolio.
- Pursuing selective development and expansion opportunities within the REIT's portfolio.

SUMMARY OF SIGNIFICANT EVENTS

On February 18, 2021, the REIT sold a light industrial building located at 26 Hymus Boulevard in Pointe-Claire, Quebec for gross proceeds of approximately \$8,000 (excluding closing costs). The net proceeds of the sale were used to repay the property mortgage and for general trust purposes.

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

On September 27, 2021, the REIT announced its proposed acquisition of a 100% interest in 15 industrial properties located in Atlantic Canada representing 1,074,269 square feet of GLA and one industrial property in Winnipeg, Manitoba representing 106,737 square feet of GLA for an aggregate purchase price of approximately \$163,200, excluding closing costs (collectively, the "Q4 Acquisitions").

Concurrently with the announcement of the Q4 Acquisitions, the REIT announced that it had entered into an agreement to issue 8,760,000 Units from treasury on a bought deal basis at a price of \$6.85 per Unit to a syndicate of underwriters for gross proceeds of approximately \$60,000 (the "Q4 Offering"). The REIT also entered into a concurrent binding subscription agreement to issue approximately \$14,000 of Units on a non-brokered private placement basis at a price of \$6.85 per Unit to Collingwood Investments Incorporated, a member of the Bragg Group of Companies, from Nova Scotia (the "Q4 Private Placement").

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

On October 6, 2021, the REIT closed its previously announced Q4 Offering. Pursuant to the Q4 Offering, the REIT issued 10,074,000 Units at a price of \$6.85 per Unit for total gross proceeds of \$69,007, including 1,314,000 Units issued pursuant to the full exercise of the over-allotment option. Concurrently with the closing of the Q4 Offering, the REIT completed its previously announced Q4 Private Placement pursuant to which it issued 2,085,744 Units at a price of \$6.85 per unit to Collingwood Investments Incorporated, for total gross proceeds of \$14,287. The REIT used the net proceeds of the Q4 Offering and Q4 Private Placement as follows (i) approximately \$52,200 to fund the Q4 Acquisitions (as defined below) including approximately \$3,000 of transactions costs, and (ii) approximately \$18,900 to repay certain indebtedness which may be subsequently redrawn.

On November 9, 2021, the REIT announced the closing of its previously announced Q4 Acquisitions which included a 100% interest in 15 industrial properties located in Atlantic Canada representing 1,074,269 square feet of GLA and one industrial property in Winnipeg, Manitoba representing 106,737 square feet of GLA for an aggregate purchase price of \$163,200 (excluding closing costs). The properties are respectively located at 10 Morris Drive, 10 Vidito Drive, 101 Thornhill Drive, 11 Morris Drive, 120 Troop Avenue, 222 Edinburg Drive, 29-59 Mosher Drive, 30-58 Mosher Drive, 320-340 Wright Avenue, 40 Thornhill Drive, 50 Akerley Boulevard, 50 Thornhill Drive, 55 Akerley Boulevard, 58 Wright Avenue, 60 Thornhill and 1500 Notre Dame Avenue. The \$163,200 purchase price was substantially financed by the proceeds of a new \$105,600 three-year and seven-year first mortgages at an average rate of 2.97% and the assumption of an \$8,400 first mortgage with an effective interest rate of 2.75%. The balance of the purchase price of \$49,200 was satisfied with cash on hand from the Q4 Offering and the Q4 Private Placement.

On November 30, 2021, the REIT used \$7,000 of the net proceeds from the over-allotment option to partially repay one its term loans resulting in a yield maintenance fee of \$114.

On November 30, 2021, the REIT renewed its credit facility with increased availability to \$60,000 from \$45,000. The renewed credit facility bears interest at prime plus 100.0 basis points or bankers' acceptance rate plus 200.0 basis points, a 25.0 basis point improvement on both prime base loans and bankers' acceptance loans compared to the pre-renewal rates.

SUBSEQUENT EVENTS

On January 19, 2022, the REIT announced a cash distribution of \$0.0375 per Unit for the month of January 2022. The distribution was paid on February 15, 2022 to unitholders of record as at January 31, 2022.

On February 17, 2022, the REIT announced a cash distribution of \$0.0375 per Unit for the month of February 2022. The distribution was paid on March 15, 2022 to unitholders of record as at February 28, 2022.

On March 21, 2022, the REIT announced a cash distribution of \$0.0375 per Unit for the month of March 2022. The distribution is payable on April 18, 2022 to unitholders of record as at March 31, 2022.

OUTLOOK

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

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

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

SELECTED ANNUAL INFORMATION

<i>(CAD \$ thousands except unit, per unit amounts)</i>	Year Ended December 31 2021	Year Ended December 31 2020	Year Ended December 31 2019
Property revenue	\$ 77,674	\$ 69,810	\$ 57,627
NOI ⁽¹⁾	\$ 46,282	\$ 40,529	\$ 35,481
Net income and comprehensive income	\$ 81,844	\$ 21,072	\$ 14,975
Net cash flows provided by operating activities	\$ 29,276	\$ 23,410	\$ 17,435
AFFO ⁽¹⁾	\$ 25,072	\$ 22,436	\$ 20,422
Basic AFFO per Unit ⁽¹⁾⁽²⁾	\$ 0.5132	\$ 0.5609	\$ 0.5897
Diluted AFFO per Unit ⁽¹⁾⁽²⁾	\$ 0.5017	\$ 0.5486	\$ 0.5759
Distributions declared per Unit and Class B LP Units	\$ 0.4500	\$ 0.4950	\$ 0.6300
Basic weighted average number of Units ⁽³⁾	48,853,672	39,998,598	34,632,086
Diluted weighted average number of Units ⁽³⁾	49,975,662	40,898,852	35,459,722
Total assets	\$ 989,963	\$ 634,484	\$ 634,737
Total non-current liabilities	\$ 506,444	\$ 339,951	\$ 348,089
Interest Coverage Ratio ⁽¹⁾	2.8x	2.6x	2.6x
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

⁽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 (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.

PART III

RESULTS OF OPERATIONS

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Property revenue	\$ 22,932	\$ 17,589	\$ 77,674	\$ 69,810
Property operating expenses	9,574	7,587	31,392	29,281
Net operating income (NOI) ⁽¹⁾	13,358	10,002	46,282	40,529
General and administrative expenses	1,152	899	4,347	3,328
Long-term incentive plan expense	840	2,112	3,060	585
Depreciation of property and equipment	97	92	357	299
Amortization of intangible assets	93	93	372	372
Interest and financing costs	4,554	3,877	16,887	15,382
Distributions - Class B LP Units	164	171	663	928
Fair value adjustment - Class B LP Units	89	2,104	1,083	(5,257)
Fair value adjustment - investment properties	(58,620)	(5,604)	(63,161)	4,667
Other income	(556)	(549)	(2,338)	(2,110)
Other expenses	363	394	1,330	1,263
Debt settlement costs	141	-	1,838	-
Net income and comprehensive income	\$ 65,041	\$ 6,413	\$ 81,844	\$ 21,072

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Comparison of the Results from Operations

The REIT's results of operations for the three month period and year ended December 31, 2021 are not directly comparable to the three month period and year ended December 31, 2020. The REIT owned 120 investment properties at December 31, 2021, compared to 91 investment properties at December 31, 2020. The REIT acquired 34 investment properties and sold 5 investment properties in the twelve month period ended December 31, 2021. Notwithstanding the foregoing, year-over-year figures for the three month period and year ended December 31, 2021 and 2020 are presented in this MD&A. The principal reason for variances between the financial figures presented in such year-over-year periods is the net increase in the number of properties and their respective results of operations during such comparative periods.

Overall Analysis

Property Revenue

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

For the three month period and year ended December 31, 2021, property revenue increased by \$5,343 and \$7,864 respectively, compared to the same periods in 2020. The increase is principally due to the incremental revenues from the acquisition of 34 investment properties offset by the sale of 5 investment properties during the twelve month period ended December 31, 2021.

Property Operating Expenses

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month period and year ended December 31, 2021, property operating expense increased by \$1,987 and \$2,111 respectively, compared to the same periods in 2020 primarily due to the acquisition of 34 investment properties offset by the sale of 5 investment properties during the twelve month period ended December 31, 2021 as well as offset by lower COVID-19 related bad debt expense for the three month period and year ended December 31, 2021 compared to the same periods in 2020.

Same Property NOI Analysis

Same Property NOI analysis includes properties that were owned for a full quarterly reporting in both current and comparative periods. Same Property NOI excludes non-cash adjustments such as straight-line rent and prior year operating expense adjustments flowing through the three month period and year ended December 31, 2021. The following table reconciles net operating income as reported in the Q4 2021 Financial Statements to Same Property NOI.

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Property revenue	\$ 22,932	\$ 17,589	\$ 77,674	\$ 69,810
Property operating expenses	9,574	7,587	31,392	29,281
NOI (net operating income) as reported in the financial statements ⁽¹⁾	13,358	10,002	46,282	40,529
Less:				
Straight-line rent adjustment	119	79	493	683
Prior year operating expense adjustments	-	(47)	(17)	(72)
NOI after adjustments ⁽¹⁾	13,239	9,970	45,806	39,918
NOI ⁽¹⁾ sourced from:				
Acquisitions	(3,150)	-	(6,154)	(447)
Dispositions	2	(410)	(563)	(1,981)
Same Property NOI ⁽¹⁾	\$ 10,091	\$ 9,560	\$ 39,089	\$ 37,490
Add Back:				
COVID-19 related rental abatements and bad debt expense	-	154	-	542
One-time revenue (sale of parcel of land)	-	(100)	-	(100)
Same Property NOI excluding COVID-19 related rental abatements and bad debt expense and one-time revenue	\$ 10,091	\$ 9,614	\$ 39,089	\$ 37,932
Number of same properties	86	86	85	85

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

The overall increase in Same Property NOI for the three month period and year ended December 31, 2021 is attributed to an overall increase in occupancy, certain contractual rent increases and higher rental rates on lease renewals as well as a reduction of COVID-19 related rental abatements and bad debt expense compared to the same periods in 2020. The increase in overall Same Property NOI excluding COVID-19 related rental abatements and bad debt expense and the one-time revenue in Q4 2020 and was \$477 and \$1,157 or 5.0% and 3.1% for the three month period and year ended December 31, 2021.

The following is the Same Property NOI by asset class for the three month period and year ended December 31, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Retail	\$ 3,451	\$ 3,203	\$ 13,458	\$ 12,752
Office	1,557	1,616	6,248	6,107
Industrial	5,083	4,741	19,383	18,631
Same Property NOI ⁽¹⁾	\$ 10,091	\$ 9,560	\$ 39,089	\$ 37,490

⁽¹⁾ See "Non-IFRS Measures".

MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase in retail Same Property NOI is a result of increased occupancy, contractual increases in rent and higher rental rates on lease renewals and lower COVID-19 related rental abatements and bad debt expenses compared to same periods in 2020. Retail Same Property NOI excluding COVID-19 related rental abatements and bad debt expenses in the amount of \$154 and \$465 for the three month period and year ended December 31, 2021 was \$94 and \$241 or an increase of 2.9% and 1.9% compared to the prior year respective periods.

The change in office Same Property NOI for the three month period and year ended December 31, 2021 compared to the prior year respective periods was a decrease of \$59 and an increase of \$141. For the three month period ended December 31, 2021, the decrease is a result of a one-time revenue of \$100 in 2020 as a result of the sale of a parcel of land. The increase in office Same Property NOI for the year ended December 31, 2021 is related to certain contractual increases in rent and higher rental rates on lease renewals offset by the increased vacancy compared to the same periods in 2020 and offset by a one-time revenue of \$100 in 2020 as a result of the sale of a parcel of land. The increase in office Same Property NOI, for the three month period and year ended December 31, 2021, excluding the non-recurring Q4 2020 revenue of \$100, was \$41 and \$241 or an increase of 2.5% and 4.0% respectively, compared to the prior year respective periods.

The increase in industrial Same Property NOI for the three month period and year ended December 31, 2021 compared to the prior year respective periods was driven by the increase in occupancy, contractual increases in rent and higher rental rates on lease renewals and lower COVID-19 related bad debt expenses compared to the same periods in 2020. Industrial Same Property NOI excluding COVID-19 related bad debt expenses in the amount of \$Nil and \$77 for three month period and year ended December 31, 2021 was \$342 and \$675 or an increase of 7.3% and 3.6% respectively, compared to the prior year respective periods

The following is the same property average occupancy by asset class excluding any committed space for the three month period and year ended December 31, 2021 and 2020:

	Same Properties 3 month period ended December 31		Same Properties year ended December 31	
	2021	2020	2021	2020
Retail	97.4%	96.9%	97.4%	95.0%
Office	90.6%	92.5%	91.7%	93.6%
Industrial	99.5%	98.9%	99.7%	99.0%
Total	98.1%	97.7%	98.3%	97.4%

General and Administrative Expenses

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

General and administrative expenses for the three month period and year ended December 31, 2021 were \$1,152 and \$4,347 respectively, an increase of \$253 and \$1,019 over the same periods in 2020. The increase is due to an increase of certain expenses such as audit related fees and salary costs.

Long-Term Incentive Plan

Long-term incentive plan expense of \$840 and \$3,060 during the three month period and year ended December 31, 2021 relates to deferred and restricted units which vest over a period of one to three years, and is a non-cash item.

Interest and Financing Costs

Interest and financing costs were \$4,554 and \$16,887 for the three month period and year ended December 31, 2021. The increase of \$677 and \$1,505 over the same periods in 2020 is due to the increase in debt from the acquisition of 34 investment properties offset by the repayment of related debt of the sale of 5 investment properties in the twelve month period ended December 31, 2021 as well as offset by the decrease in the weighted average interest rate on mortgage debt to 3.39% from 3.73%.

Distributions – Class B LP Units

The REIT currently pays monthly distributions of \$0.0375 per Class B limited partnership ("Class B LP Units") of PRO REIT Limited Partnership ("PRLP") or \$0.4500 per Class B LP units on an annualized basis. The REIT revised its monthly distributions to \$0.0375 per Unit for the month of April 2020 from \$0.0525 per Unit. Distributions on the Class B LP Units were \$164 and \$663 for the three month period and year ended December 31, 2021. The decrease is due to the decrease of Class B LP Units outstanding in 2021 compared to the same periods in 2020 as well as the change in the distribution level per Unit compared to the year ended December 31, 2020.

Fair Value Adjustment – Class B LP Units

A fair value expense of \$89 and \$1,083 on the Class B LP Units was recorded for the three month period and year ended December 31, 2021 respectively, resulting from a change in the quoted market price of the REIT's publicly traded Units. This is a non-cash item.

Fair Value Adjustment – Investment Properties

The REIT has selected the fair value method to account for real estate classified as investment property and records investment properties at their purchase price including transaction costs (less any purchase price adjustments) in the quarter of acquisition. Any changes in the fair value of investment properties are recognized as fair value gains and losses in the statements of income and comprehensive income in the quarter in which they occur. For the three month period ended December 31, 2021, 37 properties, including 28 industrial properties, were revalued by independent external appraisers. For the year ended December 31, 2021, 50 properties, including 38 industrial properties, were revalued by independent external appraisers.

The fair value gain of \$58,620 and \$63,161 on investment properties for the three month period and year ended December 31, 2021 is due to fair value gains on certain acquisitions completed throughout the respective periods, changes in projected future cash flows, changes in capitalization rates and market rent assumptions on certain of the REIT's properties, offset by certain non-recoverable expenditures and leasing costs incurred.

Given the evolving circumstances surrounding the COVID-19 pandemic, it is difficult to predict with certainty the extent and severity of COVID-19 and the impact it will have on the operations of the REIT. The impact of the COVID-19 pandemic is highly dependent on future developments, which include among other things, emerging information concerning COVID-19 and the actions required to contain or manage its impact. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and cap rates. The REIT will continue to monitor the effect of the economic environment on the valuation of its investment properties. If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

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

Other income and Other expenses

The REIT acquired the assets of Compass Commercial Realty Limited ("Compass") on June 27, 2018, a property management firm headquartered in Halifax, Nova Scotia. The REIT records revenues generated ("other income") as well as relevant expenses incurred ("other expenses") by Compass not related to the properties owned by the REIT in the consolidated statements of net income and comprehensive income. Compass currently manages 114 of the REIT's properties.

Debt settlement costs

For the three month period ended December 31, 2021, the REIT incurred \$141 of debt settlement costs which is primarily due to the yield maintenance fee from the \$7,000 partial repayment of one the REIT's term loans (see "Summary of Significant Events" section).

For the year ended December 31, 2021, the REIT incurred \$1,838 of debt settlement costs in connection with the repayment of approximately \$48,800 of mortgages maturing in 2021 and 2022, the repayment of a term loan of \$1,800 maturing in 2022, and the \$7,000 partial repayment of one of the REIT's term loans. These mortgages were repaid with part of the proceeds received from the \$71,400 of two new mortgage financings. (see "Summary of Significant Events" section).

SEGMENTED ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

<i>(CAD \$ thousands)</i>	Retail		Office		Industrial		Total
	\$	%	\$	%	\$	%	\$
3 Months Ended December 31, 2021							
Property revenue	5,186	22.6	3,226	14.1	14,520	63.3	22,932
Net operating income (NOI) ⁽¹⁾	3,447	25.8	1,553	11.6	8,358	62.6	13,358
3 Months Ended December 31, 2020							
Property revenue	5,405	30.7	3,302	18.8	8,882	50.5	17,589
Net operating income (NOI) ⁽¹⁾	3,392	33.9	1,678	16.8	4,932	49.3	10,002
<hr/>							
<i>(CAD \$ thousands)</i>	Retail		Office		Industrial		Total
	\$	%	\$	%	\$	%	\$
Year Ended December 31, 2021							
Property revenue	20,986	27.0	12,288	15.8	44,400	57.2	77,674
Net operating income (NOI) ⁽¹⁾	13,793	29.8	6,267	13.5	26,222	56.7	46,282
Investment properties	189,645	19.5	93,665	9.6	691,390	70.9	974,700
Mortgages payable	82,757	16.6	48,399	9.7	367,731	73.7	498,887
<hr/>							
Year Ended December 31, 2020							
Property revenue	21,483	30.8	12,763	18.3	35,564	50.9	69,810
Net operating income (NOI) ⁽¹⁾	13,705	33.8	6,535	16.1	20,289	50.1	40,529
Investment properties	196,075	31.7	94,115	15.2	328,345	53.1	618,535
Mortgages payable	99,168	31.1	49,417	15.5	169,811	53.3	318,396

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

The main driver for the change in revenues, NOI, fair values of investment properties and mortgages payables in the Retail, Office, and Industrial segments for the year ended December 31, 2021 is primarily from the acquisition of 34 investment properties offset by the sale of 5 investment properties in the twelve month period ended December 31, 2021.

As at December 31, 2021, the Retail segment consists of 45 properties (December 31, 2020 – 48 properties), having a total GLA of approximately 989,000 square feet (December 31, 2020 – ~1,069,000 square feet).

As at December 31, 2021, the Office segment consists of 9 properties (December 31, 2020 – 9 properties), having a total GLA of approximately 469,000 square feet (December 31, 2020 – ~468,000 square feet).

As at December 31, 2021, the Industrial segment consists of 66 properties (December 31, 2020 – 34 properties), having a total GLA of approximately 5,131,000 square feet (December 31, 2020 – ~3,010,000 square feet).

PORTFOLIO PROFILE

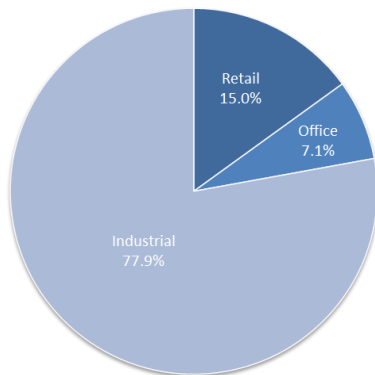
At December 31, 2021, the REIT's portfolio consisted of 120 properties, located in prime locations within their respective markets, representing a total GLA of 6,588,181 square feet. The increase of 2,040,864 square feet compared to December 31, 2020 is due to the acquisition of 34 investment properties offset by the sale of 5 investment properties in the twelve month period ended December 31, 2021.

<i>(CAD \$ thousands unless otherwise stated)</i>	Year Ended/ At December 31, 2021				Year Ended/ At December 31, 2020			
	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾
Retail	45	97.7%	989,100	\$ 13,793	48	96.9%	1,068,856	\$ 13,705
Office	9	90.8%	468,526	6,267	9	93.0%	468,452	6,535
Industrial	66	99.3%	5,130,555	26,222	34	99.2%	3,010,009	20,289
Total	120	98.4%	6,588,181	\$ 46,282	91	98.0%	4,547,317	\$ 40,529

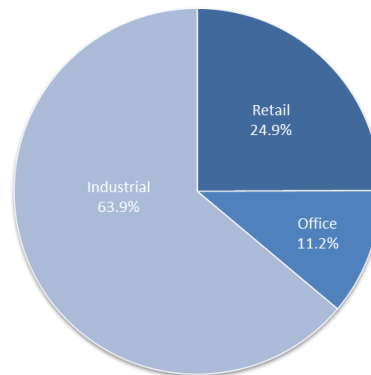
⁽¹⁾ Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balance reporting. The committed space at December 31, 2021 was approximately 175,291 square feet of GLA (20,879 square feet of GLA at December 31, 2020).

⁽²⁾ Non-IFRS measure. See "Non-IFRS Measures".

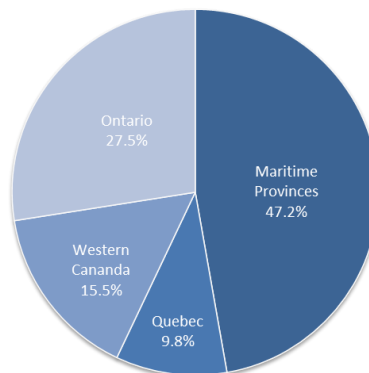
GLA by Asset Class December 31, 2021 ⁽¹⁾



Base Rent by Asset Class ⁽¹⁾



Base Rent by Region ⁽¹⁾



¹ Based on annualized in-place and committed base rent at December 31, 2021.

Top Ten Tenants

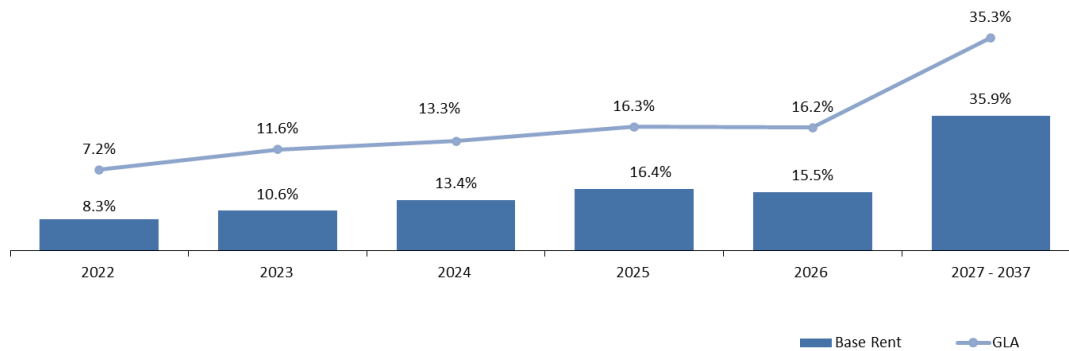
As at December 31, 2021, the ten largest tenants in the REIT's portfolio accounted for approximately 30.0% on annualized in-place and committed base rent and had a remaining average lease term of approximately 5.3 years.

Tenant	% in-Place Base Rent ⁽¹⁾	GLA (Sq. Ft.)	Remaining Average Lease Term (years)	Credit Rating ⁽²⁾
Rexall	4.5%	104,929	7.6	Baa2/BBB+/na
Sobeys	4.3%	222,491	5.6	na/BBB-/BBB-
DRS Technologies Canada	4.0%	127,334	3.1	Ba1/BB+/BBB-
Sysco Canada Inc.	3.4%	326,061	4.1	BBB/BBB/BBB-
Government of Canada	3.3%	133,748	2.8	Aaa/AAA/AA+
Shoppers Drug Mart	2.5%	66,083	3.5	na/BBB/BBB
Ribbon Communications Canada	2.4%	98,057	8.0	na
Versacold	2.4%	224,334	7.7	na
Sherway Warehousing Inc.	1.7%	156,318	4.7	na
ArcelorMittal Tailored Blanks	1.5%	185,633	7.5	Ba1/BBB-/BB+
Total	30.0%	1,644,988	5.3	

⁽¹⁾ Based on annualized in-place and committed base rent at December 31, 2021.

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

The REIT's diverse tenant base has a staggered lease maturity profile with no more than 16.4% of base rent maturing in any given period before 2027.



PART IV

LIQUIDITY AND CAPITAL RESOURCES

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Cash provided from (used in):				
Operating activities	\$ 20,242	\$ 10,273	\$ 29,276	\$ 23,410
Financing activities	140,689	(10,080)	252,015	(16,811)
Investing activities	(158,698)	2,714	(281,606)	(5,642)
Change in cash during the year	2,233	2,907	(315)	957
Cash, beginning of year	3,711	3,352	6,259	5,302
Cash, end of year	\$ 5,944	\$ 6,259	\$ 5,944	\$ 6,259

Three Month Period Ended December 31, 2021

Cash flows provided by operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$20,242 for the three month period ended December 31, 2021 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, 2021 of \$140,689 is attributed to \$78,718 of issuance of Units, net of issue costs, the increase in debt of \$105,630, the increase in borrowings on the credit facility of \$15,000 offset by the repayment of debt of \$23,368, the repayment of credit facility of \$28,000, distributions paid of \$6,638 and financing costs incurred of \$653.

Cash used in investing activities of \$158,698 during the three month period ended December 31, 2021 primarily consist of the acquisition of investment properties of \$154,970, the additions of non-recoverable capital expenditures and leasing costs of \$3,568 and the additions to property and equipment of \$160.

Year Ended December 31, 2021

Cash flows provided by operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$29,276 for the year ended December 31, 2021 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash provided by financing activities during the year ended December 31, 2021 of \$252,015 is attributed to \$125,492 of issuance of Units, net of issue costs, the increase in debt of \$263,080, the increase in borrowings on the credit facility of \$47,000 offset by the repayment of debt of \$102,839, repayment of credit facility of \$57,000, distributions paid of \$21,504, and financing costs incurred of \$2,214.

Cash used in investing activities of \$281,606 during the year ended December 31, 2021 primarily consist of the acquisition of investment properties of \$291,706, the additions of non-recoverable capital expenditures and leasing costs of \$7,966 and the additions to property and equipment of \$273 offset by the net proceeds of disposal of 5 investment properties of \$18,339.

CAPITALIZATION AND DEBT PROFILE

<i>(CAD \$ thousands)</i>	December 31 2021
Mortgages payable (net of financing costs of \$3,032)	\$ 498,887
Term loans (net of financing costs of \$368)	9,158
Credit facility (net of financing costs of \$262)	14,738
Class B LP Units	9,589
Unitholders' Equity	429,693
Total Capitalization	\$ 962,065

The REIT has a revolving credit facility of \$60,000 which bears interest at prime plus 100.0 basis points or bankers' acceptance rate plus 200.0 basis points. The credit facility was increased to \$60,000 in November 2021 from \$45,000. The credit facility is secured by a pool of first and second charges on certain investment properties with a fair value of approximately \$111,720 at December 31, 2021. At December 31, 2021, advances under the revolving credit facility were \$15,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at December 31, 2021, all mortgages payable were at fixed rates with a weighted average contractual rate of approximately 3.39% (December 31, 2020 - 3.73%). The mortgages payable are secured by first charges on certain investment properties with a fair value of approximately \$884,665 at December 31, 2021.

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

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

Advances under the REIT's third term loan at November 26, 2020 were in the amount of \$13,250. The REIT repaid \$7,000 on November 30, 2021. This term loan bears interest at 6.45% per annum and matures in November 2023. The term loan is secured by a pool of second charges on certain investment properties with a fair market value of approximately \$115,925 (December 31, 2020 - \$168,685). At December 31, 2021, the REIT had an outstanding balance of \$6,151

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

On May 14, 2021, the REIT entered into a fourth term loan in the amount of \$3,375. The term loan is secured by a property held for development with a carrying value of approximately \$7,400 and bears interest only at prime plus 125 basis points and matures May 2023.

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

The debt is repayable no later than 2033.

Contractual Obligations

The following table represents the REIT's contractual obligations at December 31, 2021:

(CAD \$ thousands)

Due within:	1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later
Debt principal instalments	\$ 14,363	\$ 13,826	\$ 12,567	\$ 12,326	\$ 10,660	\$ 20,867
Debt principal maturities	6,986	75,101	28,085	15,038	121,092	180,534
Debt interest	17,024	15,551	12,368	11,375	9,208	15,569
Credit facility	15,000	-	-	-	-	-
Accounts payable and other liabilities	15,472	-	-	-	-	-
Rent	84	84	28	-	-	-
	\$ 68,929	\$ 104,562	\$ 53,048	\$ 38,739	\$ 140,960	\$ 216,970

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

Debt Ratios

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Gross Book Value is calculated as follows:

<i>(CAD \$ thousands unless otherwise stated)</i>	December 31 2021	December 31, 2020
Total assets, including investment properties stated at fair value	\$ 989,963	\$ 634,484
Accumulated depreciation on property and equipment and intangible assets	2,268	1,539
Gross Book Value ⁽¹⁾	992,231	636,023
Debt, excluding unamortized financing costs	511,445	342,772
Credit facility, excluding unamortized financing costs	15,000	25,000
Debt	\$ 526,445	\$ 367,772
Debt to Gross Book Value ⁽¹⁾	53.06%	57.82%

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

The REIT was in compliance with the above requirement as well as all required covenants as at December 31, 2021.

Financial Measures

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

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure used by the REIT to monitor the REIT's ability to satisfy and service its debt and to monitor requirements imposed by the REIT's lenders. Specifically, Adjusted EBITDA is used by management to monitor the REIT's Interest Coverage Ratio 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.

The following is a calculation of Adjusted EBITDA for the three month period and year ended December 31, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Net income and comprehensive income	\$ 65,041	\$ 6,413	\$ 81,844	\$ 21,072
Interest and financing costs	4,554	3,877	16,887	15,382
Depreciation of property and equipment	97	92	357	299
Amortization of intangible assets	93	93	372	372
Fair value adjustment - Class B LP Units	89	2,104	1,083	(5,257)
Fair value adjustment - investment properties	(58,620)	(5,604)	(63,161)	4,667
Distributions - Class B LP Units	164	171	663	928
Straight-line rent	(119)	(79)	(493)	(683)
Long-term incentive plan expense	840	2,112	3,060	585
Debt settlement costs	141	-	1,838	-
Adjusted EBITDA ⁽¹⁾	\$ 12,280	\$ 9,179	\$ 42,450	\$ 37,365

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Interest Coverage Ratio

The Interest Coverage Ratio is a non-IFRS ratio calculated by the REIT as Adjusted EBITDA divided by the REIT's interest obligations for the period. This non-IFRS ratio is a useful measure of the REIT's ability to service the interest requirements of its outstanding debt. Management also use this non-IFRS ratio to measure and limit the REIT's leverage.

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, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Adjusted EBITDA ⁽¹⁾	\$ 12,280	\$ 9,179	\$ 42,450	\$ 37,365
Interest expense	\$ 4,250	\$ 3,501	\$ 15,323	\$ 14,131
Interest Coverage Ratio ⁽¹⁾	2.9x	2.6x	2.8x	2.6x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Debt Service Coverage Ratio

The Debt Service Coverage Ratio is a non-IFRS ratio calculated 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. This non-IFRS ratio is a useful measure of 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, 2021 and 2020:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Adjusted EBITDA ⁽¹⁾	\$ 12,280	\$ 9,179	\$ 42,450	\$ 37,365
Interest expense	4,250	3,501	15,323	14,131
Principal repayments	3,214	2,387	10,944	9,451
Debt Service Requirements	\$ 7,464	\$ 5,888	\$ 26,267	\$ 23,582
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x	1.6x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

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 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Net income and comprehensive income	\$ 65,041	\$ 6,413	\$ 81,844	\$ 21,072
Add:				
Long-term incentive plan	157	1,612	1,133	(874)
Distributions - Class B LP Units	164	171	663	928
Fair value adjustment - investment properties	(58,620)	(5,604)	(63,161)	4,667
Fair value adjustment - Class B LP Units	89	2,104	1,083	(5,257)
Amortization of intangible assets	93	93	372	372
FFO ⁽¹⁾	\$ 6,924	\$ 4,789	\$ 21,934	\$ 20,908
Deduct:				
Straight-line rent adjustment	\$ (119)	\$ (79)	\$ (493)	\$ (683)
Maintenance capital expenditures	(192)	(97)	(713)	(246)
Stabilized leasing costs	(387)	(155)	(1,013)	(348)
Add:				
Long-term incentive plan	683	500	1,927	1,459
Amortization of financing costs	304	408	1,592	1,346
Debt settlement costs	141	-	1,838	-
AFFO ⁽¹⁾	\$ 7,354	\$ 5,366	\$ 25,072	\$ 22,436
Basic FFO per Unit ⁽¹⁾⁽²⁾	\$ 0.1158	\$ 0.1197	\$ 0.4490	\$ 0.5227
Diluted FFO per Unit ⁽¹⁾⁽²⁾	\$ 0.1136	\$ 0.1169	\$ 0.4389	\$ 0.5112
Basic AFFO per Unit ⁽¹⁾⁽²⁾	\$ 0.1230	\$ 0.1341	\$ 0.5132	\$ 0.5609
Diluted AFFO per Unit ⁽¹⁾⁽²⁾	\$ 0.1206	\$ 0.1310	\$ 0.5017	\$ 0.5486
Distributions declared per Unit and Class B LP unit	\$ 0.1125	\$ 0.1125	\$ 0.4500	\$ 0.4950
AFFO Payout Ratio – Basic ⁽¹⁾	91.5%	83.9%	87.7%	88.3%
AFFO Payout Ratio – Diluted ⁽¹⁾	93.3%	85.9%	89.7%	90.2%
Basic weighted average number of units ⁽²⁾⁽³⁾	59,786,374	40,023,023	48,853,672	39,998,598
Diluted weighted average number of units ⁽²⁾⁽³⁾	60,964,929	40,969,595	49,975,662	40,898,852

⁽¹⁾ Non-IFRS measure. See “Non-IFRS Measures”.

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

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

The increase in FFO of \$2,135 and \$1,026 for the three month period and year ended December 31, 2021 compared to the same periods in 2020 is directly related to the acquisition of 34 investment properties offset by the sale of 5 investment properties in the twelve month period ended December 31, 2021 and offset by an increase in certain general and administrative expenses and debt settlement costs.

The increase in AFFO of \$1,988 and \$2,636 for the three month period and year ended December 31, 2021 compared to the same periods in 2020 is due to the incremental AFFO from the acquisition of 34 investment properties offset by the loss of AFFO from the sale of 5 investment properties in the twelve month period ended December 31, 2021, and further offset by the increase in maintenance capital expenditures, stabilized leasing costs and the increase in certain general and administrative expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basic AFFO per Unit were \$0.1230 and \$0.5132 respectively for the three month period and year ended December 31, 2021 with a corresponding AFFO Payout Ratio – Basic of 91.5% and 87.7% respectively. The increase in the AFFO Payout Ratio for the three month period ended December 31, 2021 compared to the same period in 2020 is primarily due to the lag between the Q4 Offering and Q4 Private Placement and the deployment of funds for the Q4 Acquisitions, the increase in maintenance capital expenditures, stabilized leasing costs and certain general and administrative expenses in relation to the growth of the REIT. The Q4 Acquisitions contributed marginally to AFFO for the three month period and year ended December 31, 2021 notwithstanding the incremental monthly distributions made on the units issued from the Q4 Offering and Q4 Private Placement. The improvement in the AFFO Payout Ratio for the year ended December 31, 2021 compared to the same period in 2020 is driven by the incremental AFFO from the acquisition of 34 investment properties, the revision of the REIT's monthly distributions to \$0.0375 per Unit from \$0.0525 commencing April 2020 offset by the loss of AFFO from the sale of 5 investment properties, an increase in maintenance capital expenditures, stabilized leasing costs and certain general and administrative expenses.

Distributions

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

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

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

The distributions declared during the three month period and year ended December 31, 2021 resulted in Nil and Nil Units being issued or issuable under the DRIP respectively.

Distributions of \$0.1125 and \$0.4500 per Unit and Class B LP Unit were declared during the three month period and year ended 2021. Distributions were paid on or about the 15th day of the month following the declaration.

The following reconciles AFFO to net cash flows provided by operating activities reported in the consolidated financial statements:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Net cash flows provided by operating activities	\$ 20,242	\$ 10,273	\$ 29,276	\$ 23,410
Add (deduct):				
Changes in non-cash working capital	(12,517)	(4,734)	(4,622)	(1,009)
Distributions – Class B LP Units	164	171	663	928
Maintenance capital expenditures	(192)	(97)	(713)	(246)
Stabilized leasing costs	(387)	(155)	(1,013)	(348)
Depreciation of property and equipment	(97)	(92)	(357)	(299)
Debt settlement costs	141	-	1,838	-
Adjusted Funds from Operations (AFFO) ⁽¹⁾	\$ 7,354	\$ 5,366	\$ 25,072	\$ 22,436

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Adjusted Funds from Operations (AFFO) ⁽¹⁾	\$ 7,354	\$ 5,366	\$ 25,072	\$ 22,436
Total distributions paid or payable – Units and Class B LP Units	6,802	4,502	22,167	19,799
Excess of AFFO over distributions paid or payable	\$ 552	\$ 864	\$ 2,905	\$ 2,637

⁽¹⁾ Non-IFRS measure. See “Non-IFRS Measures”.

For the three month period and year ended December 31, 2021 and 2020, the REIT had sufficient AFFO to cover the distributions paid or payable as a result of the acquisitions and revision of the REIT's monthly distributions to \$0.0375 per Unit from \$0.0525 which commenced April 2020.

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

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Cash flow provided from operating activities	\$ 20,242	\$ 10,273	\$ 29,276	\$ 23,410
Add (deduct):				
Change in non-cash working capital balances not indicative of sustainable cash flows ⁽¹⁾	(7,204)	(3,938)	(69)	(667)
Maintenance capital expenditures	(192)	(97)	(713)	(246)
Stabilized leasing costs	(387)	(155)	(1,013)	(348)
Amortization of deferred financing costs	(304)	(408)	(1,592)	(1,346)
Adjusted Cashflow from Operations (ACFO) ⁽²⁾	\$ 12,155	\$ 5,675	\$ 25,889	\$ 20,803

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

⁽²⁾ Non-IFRS measure. See “Non-IFRS Measures”.

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 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Working capital changes related to:				
Property taxes and insurance	\$ (1,388)	\$ (2,197)	\$ 709	\$ (104)
Other ⁽¹⁾	(5,816)	(1,741)	(778)	(563)
Change in non-cash working capital balances not indicative of sustainable cash flows from ACFO	\$ (7,204)	\$ (3,938)	\$ (69)	\$ (667)

⁽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 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Adjusted Cashflow from Operations (ACFO) ⁽¹⁾	\$ 12,155	\$ 5,675	\$ 25,889	\$ 20,803
Total distributions paid or payable – Units ⁽²⁾	6,638	4,331	21,504	18,871
Excess of ACFO over distributions paid or payable	\$ 5,517	\$ 1,344	\$ 4,385	\$ 1,932

⁽¹⁾ Non-IFRS measure. See “Non-IFRS Measures”.

⁽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, 2021 and 2020, the REIT had sufficient ACFO to cover the distributions paid or payable.

The following table compares cash flows provided from operating activities and net income and comprehensive income to total distributions paid or payable:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2021	3 Months Ended December 31 2020	Year Ended December 31 2021	Year Ended December 31 2020
Cash flow provided from operating activities	\$ 20,242	\$ 10,273	\$ 29,276	\$ 23,410
Net income and comprehensive income	\$ 65,041	\$ 6,413	\$ 81,844	\$ 21,072
Total distributions paid or payable – Units ⁽¹⁾	\$ 6,638	\$ 4,331	\$ 21,504	\$ 18,871
Excess of cash flow from operating activities over distributions paid or payable	\$ 13,604	\$ 5,942	\$ 7,772	\$ 4,539
Excess of net income and comprehensive income over distributions paid or payable	\$ 58,403	\$ 2,082	\$ 60,340	\$ 2,201

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

For the three month period and year ended December 31, 2021 and 2020, the REIT's had excess cash flow provided from operating activities and excess net income and comprehensive income to cover the distribution paid or payable.

ISSUED AND OUTSTANDING SECURITIES AND NORMAL COURSE ISSUER BID

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

Units

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

Total Units outstanding as of March 23, 2022 were 59,034,997.

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 23, 2022 were 1,412,233.

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 23, 2022 were 1,230,964 and 147,838.

Normal Course Issuer Bid

Pursuant to a notice accepted by the TSX, the REIT may, during the period commencing September 24, 2021 and ending September 23, 2022, purchase for cancellation, through the facilities of the TSX and at the market price of the Units at the time of purchase, up to 1,404,238 Units 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 repurchased and cancelled Nil Units during the three month period and year ended December 31, 2021 for \$Nil.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL INSTRUMENTS

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

Classification	Measurement	Carrying Value December 31 2021	Fair Value December 31 2021
Loans and Receivables			
Cash (a)	Amortized cost	\$ 5,944	\$ 5,944
Receivables and other excluding prepaid expenses, deposits and other receivables (a)	Amortized cost	2,133	2,133
		\$ 8,077	\$ 8,077
Financial Liabilities Through Profit and Loss			
Class B LP Units	Fair value (L2)	\$ 9,589	\$ 9,589
Long-term incentive plan	Fair value (L2)	10,159	10,159
		\$ 19,748	\$ 19,748
Other Financial Liabilities			
Accounts payable and other liabilities (a)	Amortized cost	\$ 15,472	\$ 15,472
Credit facility (a)	Amortized cost	14,738	14,738
Distributions payable (a)	Amortized cost	2,267	2,267
Debt (b)	Amortized cost	508,045	508,045
		\$ 540,522	\$ 540,522

- (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, 2021.

PART V

CONTROLS AND PROCEDURES

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

Disclosure Controls and Procedures

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

The CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the REIT's DC&P at December 31, 2021, the REIT's financial year end. Based on that evaluation, the CEO and CFO concluded that the REIT's DC&P were effective at December 31, 2021.

Management's Annual Report on Internal Control Over Financial Reporting

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

The CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the REIT's ICFR at the financial year end December 31, 2021, based on the criteria set forth in the 'Internal Control – Integrated Framework (COSO Framework)' (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, the CEO and CFO have concluded that the REIT's ICFR was effective at December 31, 2021.

Changes to Internal Control Over Financial Reporting

The CEO and CFO have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to the REIT's ICFR during the period ended December 31, 2021 that have materially affected or are reasonably likely to materially affect the REIT's ICFR. No such changes were identified through their evaluation.

Limitations on Effectiveness of DC&P and ICFR

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within an issuer have been detected. Additionally, management is required to use judgment in evaluating DC&P and ICFR. Accordingly, the REIT's DC&P and its ICFR are effective in providing reasonable, not absolute, assurance that the objectives of its control systems have been met.

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, and the Q4 2021 Financial Statements, particularly under the heading "Risk Factors" in the 2021 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 statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. Inputs to these models are taken from observable markets where possible, but where this is not feasible a degree of judgment is required establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported value of the financial instruments.

- (iii) Goodwill impairment and impairment of indefinite lived intangible assets – Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the REIT relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill. Management assesses intangible assets with indefinite lives for impairment on an annual basis. This assessment takes into account factors such as economic and market conditions as well as any changes in the expected use of the asset.
- (iv) Contractual rents and other tenant receivables presented net of an allowance for doubtful accounts – Estimates and assumptions used in determining the allowance for doubtful accounts, include the historical credit loss experience adjusted for current conditions and forward-looking information including future expectations of likely default events based on actual or expected insolvency filings, likely deferrals of payments due and potential abatements to be granted by the REIT through tenant negotiations or under government programs, and macroeconomic conditions.

FUTURE CHANGES IN ACCOUNTING POLICIES

The future changes in accounting policies and future applicable accounting standards are discussed in the REIT's consolidated financial statements for the year ended December 31, 2021 and the notes contained therein.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF QUARTERLY RESULTS

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended Dec 31 2021	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021	3 Months Ended Dec 31 2020	3 Months Ended Sept 30 2020	3 Months Ended June 30 2020	3 Months Ended Mar 31 2020
Property revenue	\$ 22,932	\$ 19,588	\$ 17,764	\$ 17,390	\$ 17,589	\$ 17,302	\$ 17,212	\$ 17,707
Property operating expenses	9,574	7,488	7,033	7,297	7,587	6,903	7,439	7,352
Net operating income (NOI) ⁽¹⁾	13,358	12,100	10,731	10,093	10,002	10,399	9,773	10,355
General and administrative expenses	1,152	1,064	1,062	1,069	899	854	893	683
Long-term incentive plan expense	840	349	1,334	537	2,112	789	942	(3,258)
Depreciation of property and equipment	97	86	87	87	92	66	67	74
Amortization of intangible assets	93	93	93	93	93	93	93	93
Interest and financing costs	4,554	4,408	4,024	3,901	3,877	3,829	3,787	3,889
Distributions - Class B LP Units	164	166	167	166	171	173	186	398
Fair value adjustment - Class B LP Units	89	(325)	887	432	2,104	585	1,442	(9,388)
Fair value adjustment - investment properties	(58,620)	2,576	(8,287)	1,170	(5,604)	5,012	5,301	(42)
Other income	(556)	(664)	(557)	(561)	(549)	(562)	(490)	(509)
Other expenses	363	279	426	262	394	269	322	278
Debt settlement costs	141	-	394	1,303	-	-	-	-
Net income (loss) and comprehensive income (loss)	\$ 65,041	\$ 4,068	\$ 11,101	\$ 1,634	\$ 6,413	\$ (709)	\$ (2,770)	\$ 18,137
Debt to Gross Book Value ⁽¹⁾	53.06%	58.19%	58.22%	57.49%	57.82%	58.72%	58.71%	58.06%
Total assets	\$ 989,963	\$ 769,085	\$ 772,881	\$ 636,338	\$ 634,484	\$ 634,079	\$ 646,321	\$ 650,987
FFO ⁽¹⁾	\$ 6,924	\$ 6,349	\$ 4,782	\$ 3,878	\$ 4,789	\$ 5,527	\$ 4,835	\$ 5,756
AFFO ⁽¹⁾	\$ 7,354	\$ 6,556	\$ 5,741	\$ 5,422	\$ 5,366	\$ 5,863	\$ 5,217	\$ 5,989
Basic FFO per Unit ⁽¹⁾⁽²⁾	\$ 0.1158	\$ 0.1315	\$ 0.1015	\$ 0.0969	\$ 0.1197	\$ 0.1381	\$ 0.1208	\$ 0.1442
Diluted FFO per Unit ⁽¹⁾⁽²⁾	\$ 0.1136	\$ 0.1284	\$ 0.0990	\$ 0.0946	\$ 0.1169	\$ 0.1349	\$ 0.1180	\$ 0.1415
Basic AFFO per Unit ⁽¹⁾⁽²⁾	\$ 0.1230	\$ 0.1358	\$ 0.1219	\$ 0.1355	\$ 0.1341	\$ 0.1465	\$ 0.1304	\$ 0.1500
Diluted AFFO per Unit ⁽¹⁾⁽²⁾	\$ 0.1206	\$ 0.1325	\$ 0.1189	\$ 0.1323	\$ 0.1310	\$ 0.1431	\$ 0.1274	\$ 0.1473
AFFO Payout Ratio – Basic ⁽¹⁾⁽³⁾	91.5%	82.8%	92.3%	83.0%	83.9%	76.8%	86.3%	105.0%
AFFO Payout Ratio – Diluted ⁽¹⁾⁽³⁾	93.3%	84.9%	94.6%	85.0%	85.9%	78.6%	88.3%	106.9%
Basic weighted average number of units ⁽³⁾	59,786,374	48,287,486	47,106,848	40,023,023	40,023,023	40,023,023	40,018,111	39,928,437
Diluted weighted average number of units ⁽³⁾	60,964,929	49,466,041	48,285,403	40,972,173	40,969,595	40,969,595	40,964,683	40,670,737
Number of commercial properties	120	104	107	90	91	92	93	93
GLA (square feet)	6,588,181	5,407,664	5,510,707	4,459,225	4,547,317	4,571,311	4,580,932	4,580,932
Occupancy rate	98.4%	98.5%	98.5%	98.2%	98.0%	98.1%	98.1%	98.3%
Weighted average lease term to maturity	4.6	4.8	4.8	5.0	5.2	5.2	5.4	5.5

⁽¹⁾ See "Non-IFRS Measures".

⁽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 included deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the calculation of Gross Book Value and Debt to Gross Book Value ⁽¹⁾:

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended Dec 31 2021	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021	3 Months Ended Dec 31 2020	3 Months Ended Sept 30 2020	3 Months Ended June 30 2020	3 Months Ended Mar 31 2020
Total assets, including investment properties stated at fair value	\$ 989,963	\$ 769,085	\$ 772,881	\$ 636,338	\$ 634,484	\$ 634,079	\$ 646,321	\$ 650,987
Accumulated depreciation on property and equipment and intangible assets	2,268	2,046	1,868	1,719	1,539	1,354	1,195	1,037
Gross Book Value ⁽¹⁾	992,231	771,131	774,749	638,057	636,023	635,433	647,516	652,024
Debt, excluding unamortized financing costs	511,445	420,752	428,050	352,803	342,772	338,109	340,184	338,553
Credit facility, excluding unamortized financing costs	15,000	28,000	23,000	14,000	25,000	35,000	40,000	40,000
Debt	\$ 526,445	\$ 448,752	\$ 451,050	\$ 366,803	\$ 367,772	\$ 373,109	\$ 380,184	\$ 378,553
Debt to Gross Book Value ⁽¹⁾	53.06%	58.19%	58.22%	57.49%	57.82%	58.72%	58.71%	58.06%

The following table reconciles FFO ⁽¹⁾ and AFFO ⁽¹⁾ to net income (loss) and comprehensive income (loss):

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended Dec 31 2021	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021	3 Months Ended Dec 31 2020	3 Months Ended Sept 30 2020	3 Months Ended June 30 2020	3 Months Ended Mar 31 2020
Net income (loss) and comprehensive income (loss)	\$ 65,041	\$ 4,068	\$ 11,101	\$ 1,634	\$ 6,413	\$ (709)	\$ (2,770)	\$ 18,137
Add:								
Long-term incentive plan	157	(229)	821	383	1,612	373	583	(3,442)
Distributions - Class B LP Units	164	166	167	166	171	173	186	398
Fair value adjustment – investment properties	(58,620)	2,576	(8,287)	1,170	(5,604)	5,012	5,301	(42)
Fair value adjustment - Class B LP Units	89	(325)	887	432	2,104	585	1,442	(9,388)
Amortization of intangible assets	93	93	93	93	93	93	93	93
FFO ⁽¹⁾	\$ 6,924	\$ 6,349	\$ 4,782	\$ 3,878	\$ 4,789	\$ 5,527	\$ 4,835	\$ 5,756
Deduct:								
Straight-line rent adjustment	\$ (119)	\$ (129)	\$ (120)	\$ (125)	\$ (79)	\$ (218)	\$ (195)	\$ (191)
Maintenance capital expenditures	(192)	(335)	(122)	(64)	(97)	(132)	(17)	-
Stabilized leasing costs	(387)	(220)	(240)	(166)	(155)	(96)	(51)	(46)
Add:								
Long-term incentive plan	683	578	513	154	500	416	359	184
Amortization of financing costs	304	313	534	442	408	366	286	286
Debt settlement costs	141	-	394	1,303	-	-	-	-
AFFO ⁽¹⁾	\$ 7,354	\$ 6,556	\$ 5,741	\$ 5,422	\$ 5,366	\$ 5,863	\$ 5,217	\$ 5,989

⁽¹⁾ See "Non-IFRS Measures".