

PRO REAL ESTATE INVESTMENT TRUST



MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND
FINANCIAL CONDITION
FOR THE YEAR ENDED DECEMBER 31, 2022

March 22, 2023



Built for Sustainable Growth and Performance

ABOUT PROREIT

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

130
Number
of Properties⁽¹⁾

6.5M
Gross Leasable Area
(Square Feet)⁽¹⁾

98.5%
Occupancy
Rate⁽²⁾

HIGH QUALITY PORTFOLIO WITH A STRONG INDUSTRIAL FOCUS



80%
GLA - Industrial⁽¹⁾



14%
GLA - Retail⁽¹⁾



6%
GLA - Office⁽¹⁾

Q4 2022 HIGHLIGHTS (FOR THE YEAR ENDED)

\$1.04B
Total
Assets⁽¹⁾

\$52.5M
Fair Value Gains
on Investment Properties

24.8%
Net Operating Income
Increase⁽³⁾⁽⁴⁾

49.73%
Debt to
Gross Book Value⁽³⁾

86.9%
AFFO Payout
Ratio – Basic⁽³⁾

\$0.5009
Basic FFO per Unit⁽³⁾

Net income and
Comprehensive income
of \$84.5M

\$23M
In Available
Credit Facility⁽¹⁾

SIGNIFICANT VALUE EMBEDDED IN OUR PORTFOLIO

93.2%
of 2022 GLA has been
Renewed at 16.4% Positive Average Spreads⁽¹⁾

70.2%
of Base Rent from National and
Government Tenants⁽¹⁾

OUR COMMITMENT TO SUSTAINABILITY

> Inaugural ESG report published in
March 2022

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

(1) As at December 31, 2022. Of the 130 properties, 88 are 100% owned and 42 are 50% owned. For properties that are 50% owned, GLA numbers reported herein represent 50% of the total GLA of such properties.

(2) Includes committed space of approximately 51,590 square feet, as at December 31, 2022.

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

(4) Comparison period is the year ended December 31, 2021.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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120 Troop Avenue, Dartmouth, Nova Scotia

To my fellow Unitholders,

This March marks PROREIT's 10th anniversary and it is with great pride that we celebrate all that has been accomplished since we began this journey with just one property in 2013. We have come a long way since then, and are now a fully integrated, internally managed and industrial-focused REIT with a high-quality portfolio of 130 properties focused on several strategic markets across Canada.

Delivering results in 2022

PROREIT continued to deliver solid results for fiscal 2022 despite the challenging macro-economic and high interest rate environment. Not only did we surpass \$1 billion in total assets, but we also successfully refocused our portfolio to the robust industrial sector and achieved meaningful operational and leasing synergies.

Thanks to our joint venture transaction with Crestpoint Real Estate Investments Limited Partnership completed in the third quarter of 2022 and the sale of 11 non-core retail assets during the year, our industrial segment accounted for 69% of base rent at year end. We are also proud that the Crestpoint transaction has allowed us to become a leading industrial landlord in the strong Halifax industrial market.

We improved key financial and operational metrics during the year. While sustaining a high occupancy rate of 98.5% as at December 31, 2022, we renewed over 93% of all leases maturing in 2022 at very positive leasing spreads. The benefits of those efforts will be more fully reflected in our financial performance over the coming quarters. Industrial Same Property NOI⁽¹⁾ growth also stands to benefit from the full impact of our higher concentration in this space and the significant market value embedded in our strategic portfolio.

We also strengthened our balance sheet during the year, reducing our total debt level by \$10 million and our Debt to Gross Book Value⁽¹⁾ ratio to below 50%, a key goal achieved 10 months ahead of our target date. Debt maturities in 2023 and 2024 are quite modest, allowing us to be disciplined in managing our balance sheet.

Sustainability has been part of the PROREIT story since our inception and we also continued to make progress on this front. In 2022, we published our inaugural ESG report, and our Sustainability Steering Committee has been working diligently in its preparation of our follow-up report to be published this spring. We continue to make progress gaining better visibility on our operations and to improve our tracking, to better understand where and how we can improve our efforts to reduce our carbon footprint and strengthen our social impact. We look forward to keeping you informed of our progress.

Achieving our next level of growth

In October 2022, we announced our succession plan for the REIT as I step down from the CEO position to take a non-executive role on the Board of Trustees. This announcement noted the key appointments of Gordon Lawlor, a co-founder of the REIT, to the position of CEO, and Alison Schafer to the position of CFO and Corporate Secretary, two appointments in which I take great pride.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Gordon and Alison, supported by our strong team with deep bench strength, gives me great confidence in PROREIT's ability to achieve profitable growth as it moves forward. We are well positioned to increase the industrial concentration of our portfolio in locations with robust economies, as we pursue our next goal to reach \$2 billion in assets. We will maintain a disciplined approach with capital allocation to create sustainable value to the benefit of our stakeholders.

It has been my privilege to lead this team over the past 10 years and I look forward to providing continued guidance from the Board, as Gordon takes the helm as CEO on April 1st, after a successful transition year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

PART I

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	December 31 2022	December 31 2021
Operational data		
Number of properties	130	120
Gross leasable area (square feet) ("GLA")	6,530,196	6,588,181
Occupancy rate ⁽¹⁾	98.5%	98.4%
Weighted average lease term to maturity (years)	4.1	4.6

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
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Financial data				
Property revenue	\$ 25,070	\$ 22,932	\$ 97,210	\$ 77,674
Net operating income (NOI) ⁽²⁾	\$ 14,579	\$ 13,358	\$ 57,737	\$ 46,282
Same Property NOI ⁽²⁾	\$ 11,228	\$ 11,001	\$ 34,707	\$ 34,539
Net income and comprehensive income	\$ 6,456	\$ 65,041	\$ 84,494	\$ 81,844
Total assets	\$ 1,035,928	\$ 989,963	\$ 1,035,928	\$ 989,963
Debt to Gross Book Value ⁽²⁾	49.73%	53.06%	49.73%	53.06%
Interest Coverage Ratio ⁽²⁾	2.7x	2.9x	2.8x	2.8x
Debt Service Coverage Ratio ⁽²⁾	1.6x	1.6x	1.6x	1.6x
Debt to Annualized Adjusted EBITDA Ratio ⁽²⁾	9.6x	10.7x	9.7x	12.4x
Weighted average interest rate on mortgage debt	3.70%	3.39%	3.70%	3.39%
Net cash flows provided from operating activities	\$ 8,331	\$ 20,242	\$ 28,235	\$ 29,276
Funds from Operations (FFO) ⁽²⁾	\$ 7,485	\$ 6,924	\$ 30,275	\$ 21,934
Basic FFO per unit ⁽²⁾⁽³⁾	\$ 0.1238	\$ 0.1158	\$ 0.5009	\$ 0.4490
Diluted FFO per unit ⁽²⁾⁽³⁾	\$ 0.1215	\$ 0.1136	\$ 0.4888	\$ 0.4389
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 7,687	\$ 7,354	\$ 31,295	\$ 25,072
Basic AFFO per unit ⁽²⁾⁽³⁾	\$ 0.1272	\$ 0.1230	\$ 0.5177	\$ 0.5132
Diluted AFFO per unit ⁽²⁾⁽³⁾	\$ 0.1247	\$ 0.1206	\$ 0.5053	\$ 0.5017
AFFO Payout Ratio – Basic ⁽²⁾	88.5%	91.5%	86.9%	87.7%
AFFO Payout Ratio – Diluted ⁽²⁾	90.2%	93.3%	89.1%	89.7%

⁽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, 2022 was approximately 51,590 square feet of GLA (175,291 square feet of GLA at December 31, 2021).

⁽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" or "PROREIT") 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, 2022.

This MD&A should be read in conjunction with the REIT's audited consolidated financial statements and accompanying notes for the years ended December 31, 2022 and 2021 (the "2022 Annual Financial Statements") and the REIT's annual information form for the year ended December 31, 2022 (the "2022 Annual Information Form" and, together with the 2022 Annual Financial Statements and this MD&A, the "2022 Annual Reports"). These documents and additional information regarding the business of the REIT are available under the REIT's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.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 22, 2023, the date the REIT's board of trustees (the "Board") approved this MD&A and the 2022 Annual Financial Statements.

FORWARD-LOOKING STATEMENTS

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

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

- the intention of the REIT to distribute a portion of its available cash to securityholders and the amount of such distributions;
- the ability of the REIT to execute its growth strategies;
- 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, economic conditions, and 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; joint venture/partnership arrangements; fixed costs; financing risks and leverage; liquidity of real property investments; current global capital market conditions; acquisition, development and dispositions; potential conflicts of interest; competition; geographic concentration; general uninsured losses; access to capital; interest rate exposure; environmental matters; climate change risk; litigation risk; potential undisclosed liabilities; internal controls, data governance and decision support; security of information technology; indexation for inflation and duration of lease contracts; limit on activities; insurance renewals; foreclosure; occupancy by tenants; lease renewals and rental increase; taxation matters; change of tax laws; significant ownership; volatile market price for units; cash distributions are not guaranteed; restrictions on redemptions; subordination of the units; tax related risk factors; nature of investment; unitholder liability; and dilution. These factors are not intended to represent a complete list of the factors that could affect the REIT; however, these factors, as well as those risk factors presented under the heading "Risk Factors" in the 2022 Annual Information Form, elsewhere in this MD&A and the 2022 Annual Reports and in other filings that the REIT has made and may make in the future with applicable securities authorities, should be considered carefully.

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

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

NON-IFRS MEASURES

The 2022 Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-IFRS financial measures, non-IFRS ratios and other specified financial measures (collectively, "non-IFRS measures") described below. Management believes these non-IFRS measures are helpful to investors because they are widely recognized measures of a REIT's performance and provide a relevant basis for comparison among real estate entities. In addition to the IFRS results, the REIT also uses these non-IFRS measures internally to measure the operating performance of its investment property portfolio. These non-IFRS measures should not be construed as alternatives to net income, net cash flows provided by operating activities, total assets, total equity, or comparable metrics determined in accordance with IFRS as indicators of the REIT's performance, liquidity, cash flows and profitability and may not be comparable to similar measures presented by other real estate investment trusts or enterprises. These non-IFRS measures are defined below and are cross referenced, as applicable, to a reconciliation contained within this MD&A to the most 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 Earnings before Interest, Tax, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted EBITDA is a non-IFRS financial measure used by the REIT to monitor the REIT's ability to satisfy and service its debt and to monitor requirements imposed by the REIT's lenders. Specifically, Adjusted EBITDA is used by management to monitor the REIT's Interest Coverage Ratio, Debt Service Coverage Ratio, and Debt to Annualized Adjusted EBITDA Ratio which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt. The measure is also intended to be used by investors to help determine the REIT's ability to service its debt, finance capital expenditures and provide for distributions to its unitholders. Adjusted EBITDA is defined as the REIT's net income and comprehensive income before interest and financing costs, depreciation of property and equipment, amortization of intangible assets, fair value adjustments, distributions on Class B LP Units, straight-line rent, long-term incentive plan expense 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". Also see the table under "Part V – Summary of Annual Results".

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

Annualized Adjusted EBITDA is a non-IFRS financial measure defined as Adjusted EBITDA for the current year-to-date period annualized. Management believes Annualized Adjusted EBITDA is a useful metric for management and investors to monitor the REIT's ability to satisfy and service its debt and to monitor requirements imposed by the REIT's lenders. A reconciliation 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 Real Property Association of Canada. The REIT defines AFFO as FFO less amortization of straight-line rents, maintenance capital expenditures and normalized stabilized leasing costs, as determined by the REIT, plus long-term incentive plan expenses, amortization of financing costs 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". Also see the table under "Part V – Summary of Annual Results".

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 noncash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream. Management believes that FFO 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". Also see the table under "Part V – Summary of Annual Results".

Gross Book Value ("Gross Book Value")

Gross Book Value is a non-IFRS financial measure defined in the REIT's Declaration of Trust (as defined herein). The REIT calculates Gross Book Value by adding back to its total assets the amount of accumulated depreciation on property and equipment and intangible assets. Management believes Gross Book Value is a useful measure 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. Management of the REIT considers this metric to be an important measure 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. Also see the table under "Part V – Summary of Annual Results".

Same Property NOI ("Same Property NOI")

Same Property NOI is a non-IFRS financial measure used by the REIT to assess the period over period performance of those properties owned by the REIT in both periods. In calculating Same Property NOI, NOI for the period is adjusted to remove the impact of straight-line rent revenue and tenant incentives amortized to revenue in order to highlight the 'cash impact' of contractual rent increases embedded in the underlying lease agreements. Management believes Same Property NOI is a meaningful measure 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 also considers these non-IFRS ratios to be an important measure of the REIT's distribution capacity. These non-IFRS ratios should not be considered as an alternative to other ratios determined in accordance with IFRS. AFFO Payout Ratio - Basic is calculated by dividing the distributions declared per Unit and Class B LP Unit by Basic AFFO per Unit, 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". Also see the table under "Part V – Summary of Annual Results".

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

Debt to Annualized Adjusted EBITDA Ratio is a non-IFRS ratio calculated by the REIT as total debt and credit facility, in each case excluding unamortized financing costs, divided by Annualized Adjusted EBITDA. Management considers this non-IFRS ratio is a useful measure of the REIT's ability to service its outstanding debt. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt to Annualized Adjusted EBITDA Ratio" for the calculation of the Debt to Annualized Adjusted EBITDA Ratio. Also see the table under "Part V – Summary of Annual Results".

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. Also see the table under "Part V – Summary of Annual Results".

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. Also see the table under "Part V – Summary of Annual Results".

PART II

REIT OVERVIEW

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

The REIT owns a portfolio of Canadian commercial investment properties, comprised of industrial, retail, and office properties. At December 31, 2022, the REIT owned 130 properties (of which 88 are 100% owned and 42 are 50% owned) across Canada, comprising approximately 6.5 million square feet of GLA. For properties not 100% owned by the REIT, the GLA of the REIT is the REIT's interest in the total GLA of the property.

OBJECTIVES AND STRATEGIES

Objectives

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

Strategy

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

FOCUS ON HIGH QUALITY, LOW RISK INDUSTRIAL ASSETS

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

LEVERAGE DEEP EXPERIENCE OF MANAGEMENT AND BOARD TO ENHANCE VALUE

The REIT benefits from an experienced management team and Board with a proven track record of value creation. In aggregate, the REIT's executive officers and trustees have over 100 years of operating, acquisition and financing experience in the Canadian real estate industry, including in the industrial sector. They have extensive relationships with a broad network of real estate industry owners and service professionals across Canada, and 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.
- Pursuing expansion in the industrial sector in attractive mid-sized Canadian cities.
- Pursuing selective development and expansion opportunities within the REIT's portfolio.

SUMMARY OF SIGNIFICANT EVENTS

On June 21, 2022, the REIT announced a proposed joint venture arrangement with Crestpoint Real Estate Investments Ltd. and its affiliates ("Crestpoint") to jointly own an industrial-focused portfolio of 42 properties, including 41 properties in Dartmouth, Nova Scotia, and one property in Moncton, New Brunswick.

On August 4, 2022, the REIT closed its previously announced joint venture transaction with Crestpoint to jointly own an industrial-focused portfolio of 42 properties located in Atlantic Canada, including 41 properties in Dartmouth, Nova Scotia, and one property in Moncton, New Brunswick. The interest of the REIT in the portfolio is comprised of approximately 1.5 million square feet of GLA. As part of the joint venture transaction, the REIT and Crestpoint each acquired a 50% interest in 21 primarily industrial properties owned by a third party, for a total purchase price of \$228,000 (before closing costs). In conjunction with the acquisition, the REIT sold a 50% interest in 21 of its properties to Crestpoint, having a total value of \$227,000, for a total consideration to the REIT of \$113,500 (before closing costs).

The REIT, through its wholly owned property management business Compass Commercial Realty, acts as the sole property manager for the entire 42-property portfolio and collects industry standard fees.

The co-ownership agreement of the REIT with Crestpoint includes customary exit and transfer provisions, including, but not limited to, buy/sell provisions, tag-along rights, limited drag-along rights, and right of first offers or refusals that allow for the unwinding of the co-ownership arrangement should the circumstances necessitate. Generally, the REIT is only liable for its proportionate share of the obligations of the co-ownership. The co-ownership agreement provides the REIT with an option to remedy any non-performance by Crestpoint or exercise other remedies against Crestpoint. Credit risks are mitigated as the REIT has recourse against the asset under its co-ownership agreement in the event of default by Crestpoint, in which case the REIT claim would be against both the underlying real estate investments and Crestpoint.

The REIT's acquisition of the 50% interest in the 21 properties amounted to a cost to the REIT of approximately \$114,000 (excluding closing costs), financed from the proceeds of a 50% interest in approximately \$148,000 of new fixed-rate mortgages. The balance of approximately \$40,000 was satisfied with cash on hand, including cash from the proceeds of the sale of a 50% interest in existing properties to Crestpoint.

The REIT's sale of a 50% interest in 21 of its properties resulted in a consideration of approximately \$49,000 in cash received from Crestpoint (before closing costs), with Crestpoint also assuming a 50% interest in approximately \$129,000 of fixed-rate mortgages held by the REIT.

The balance of the proceeds to the REIT resulting from the sale, net of the acquisition payment, was used to partially repay the REIT's credit facility.

On September 27, 2022, the REIT announced that it completed the sale of a portfolio of nine non-core retail properties totalling approximately 94,000 square feet of GLA, located in Western Canada, for gross proceeds of \$18,750, excluding closing costs. Proceeds of the sale were used to repay approximately \$14,100 in related mortgages maturing in January 2023, and the balance was used to partially repay a term loan.

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

On November 3, 2022, the REIT completed the sale of a small retail property in Alberta totalling approximately 11,000 square feet of gross leasable area for gross proceeds of \$5,400 (before closing costs). Proceeds of the sale were used to pay out a term loan of approximately \$3,400 with the balance being used for general corporate purposes.

On December 13, 2022, the REIT completed the sale of a small retail property in Quebec totalling approximately 3,500 square feet of gross leasable area for gross proceeds of \$1,625 (before closing costs). Proceeds of the sale were used to partially pay down the REIT's credit facility.

SUBSEQUENT EVENTS

On January 18, 2023, the REIT announced a cash distribution of \$0.0375 per Unit for the month of January 2023. The distribution was paid February 15, 2023 to unitholders of record as at January 31, 2023.

On February 16, 2023, the REIT announced a cash distribution of \$0.0375 per Unit for the month of February 2023. The distribution was paid March 15, 2023 to unitholders of record as at February 28, 2023.

On March 20, 2023, the REIT announced a cash distribution of \$0.0375 per Unit for the month of March 2023. The distribution is payable on April 17, 2023 to unitholders of record as at March 31, 2023.

OUTLOOK

Economic activity in Canada has been strong in 2022, and the REIT has benefitted from this economic activity, including the demand for commercial space especially in the industrial sector.

In the context of global geopolitical tensions, ongoing supply chain issues, labour shortages and related inflationary pressures, the Bank of Canada has increased its policy interest rate by 425 basis points in 2022. Additional rate hikes may occur in 2023 or in the future to control inflation. The REIT believes it is well positioned in this environment given its decrease in leverage in the past twelve months, staggered debt maturities, and potential upside on revenues with current below market rents in the portfolio.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

SELECTED ANNUAL INFORMATION

	Year Ended December 31 2022	Year Ended December 31 2021	Year Ended December 31 2020
<i>(CAD \$ thousands except unit, per unit amounts)</i>			
Property revenue	\$ 97,210	\$ 77,674	\$ 69,810
NOI ⁽¹⁾	\$ 57,737	\$ 46,282	\$ 40,529
Net income and comprehensive income	\$ 84,494	\$ 81,844	\$ 21,072
Net cash flows provided from operating activities	\$ 28,235	\$ 29,276	\$ 23,410
AFFO ⁽¹⁾	\$ 31,295	\$ 25,072	\$ 22,436
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.5177	\$ 0.5132	\$ 0.5609
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.5053	\$ 0.5017	\$ 0.5486
Distributions declared per Unit and Class B LP Units	\$ 0.4500	\$ 0.4500	\$ 0.4950
Basic weighted average number of units ⁽³⁾	60,447,230	48,853,672	39,998,598
Diluted weighted average number of units ⁽³⁾	61,932,299	49,975,662	40,898,852
Total assets	\$ 1,035,928	\$ 989,963	\$ 634,484
Total non-current liabilities	\$ 429,850	\$ 506,444	\$ 339,951
Interest Coverage Ratio ⁽¹⁾	2.8x	2.8x	2.6x
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x
Debt to Annualized Adjusted EBITDA Ratio ⁽¹⁾	9.7x	12.4x	9.8x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures" and the table under "Part V – Summary of Annual Results".

⁽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, as applicable, added to the weighted average number of Class B LP Units outstanding during the period.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

PART III

RESULTS OF OPERATIONS

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Property revenue	\$ 25,070	\$ 22,932	\$ 97,210	\$ 77,674
Property operating expenses	10,491	9,574	39,473	31,392
Net operating income⁽¹⁾	14,579	13,358	57,737	46,282
General and administrative expenses	1,360	1,152	5,160	4,347
Long-term incentive plan expense	1,042	840	691	3,060
Depreciation of property and equipment	126	97	417	357
Amortization of intangible assets	93	93	372	372
Interest and financing costs	5,182	4,554	20,541	16,887
Distributions - Class B LP Units	157	164	634	663
Fair value adjustment - Class B LP Units	332	89	(1,179)	1,083
Fair value adjustment - investment properties	166	(58,620)	(52,541)	(63,161)
Other income	(781)	(556)	(2,302)	(2,338)
Other expenses	439	363	1,169	1,330
Debt settlement costs	7	141	281	1,838
Net income and comprehensive income	\$ 6,456	\$ 65,041	\$ 84,494	\$ 81,844

⁽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, 2022 are not directly comparable to the three month period and year ended December 31, 2021. The REIT owned 130 investment properties (including a 50% ownership interest in 42 investment properties) at December 31, 2022, compared to 120 investment properties it owned at 100% at December 31, 2021. During the twelve month period ended December 31, 2022, the REIT acquired a 50% interest in 21 investment properties, sold a 50% interest in 21 other investment properties, and sold a 100% interest in 11 investment properties. Notwithstanding the foregoing, year over year figures for the three month period and year ended December 31, 2022 and 2021 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, 2022, property revenue increased by \$2,138 and \$19,536 respectively, compared to the same periods in 2021. The increase is principally due to the incremental revenues from the net increase in the number of properties during the twelve month period ended December 31, 2022 as described in the "Comparison of the Results from Operations" section of this MD&A.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Property Operating Expenses

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

For the three month period and year ended December 31, 2022, property operating expense increased by \$917 and \$8,081 respectively, compared to the same periods in 2021 primarily due to the net increase in the number of properties during the twelve month period ended December 31, 2022 as described in the "Comparison of the Results from Operations" section of this MD&A.

Same Property NOI Analysis

Same Property NOI analysis includes properties that were owned for a full quarterly reporting in both current and comparative periods. Same Property NOI excludes non-cash adjustments such as straight-line rent and tenant incentives amortized to revenue flowing through the three month period and year ended December 31, 2022 and 2021. The following table reconciles net operating income as reported in the 2022 Annual Financial Statements to Same Property NOI.

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Property revenue	\$ 25,070	\$ 22,932	\$ 97,210	\$ 77,674
Property operating expenses	10,491	9,574	39,473	31,392
NOI (net operating income) as reported in the financial statements ⁽¹⁾	14,579	13,358	57,737	46,282
Straight-line rent adjustment	(151)	(119)	(394)	(493)
NOI after straight-line rent adjustment ⁽¹⁾	14,428	13,239	57,343	45,789
NOI ⁽¹⁾ sourced from:				
Acquisitions	(3,155)	(1,313)	(21,003)	(8,631)
Dispositions	(45)	(925)	(1,633)	(2,619)
Same Property NOI ⁽¹⁾	\$ 11,228	\$ 11,001	\$ 34,707	\$ 34,539
Number of same properties	92 ⁽²⁾	92 ⁽²⁾	69	69

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

⁽²⁾ Includes 6 properties 50% owned at December 31, 2022 (100% owned at December 31, 2021). The comparative period has been updated to reflect 50% ownership.

The overall increase in Same Property NOI for the three month period and year ended December 31, 2022 of \$227 and \$168 or 2.1% and 0.5% respectively, compared to the same periods in 2021, is attributed to the increase in occupancy in the industrial and retail asset class for the three month period ended December 31, 2022, the increase in occupancy in the retail asset class for the year ended December 31, 2022, and certain contractual rent increases and higher rental rates on lease renewals in the industrial asset class offset by the decrease in office asset class occupancy compared to the same periods in 2021.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The following is the Same Property NOI by asset class for the three month period and year ended December 31, 2022 and 2021:

	3 Months Ended			Year Ended		
	Number of same properties	December 31 2022	December 31 2021	Number of same properties	Year Ended December 31 2022	Year Ended December 31 2021
<i>(CAD \$ thousands)</i>						
Industrial ⁽²⁾	50 ⁽³⁾	\$ 7,052	\$ 6,717	27	\$ 18,397	\$ 17,640
Retail	34	2,956	2,919	34	11,695	11,383
Office ⁽²⁾	8	1,220	1,365	8	4,615	5,516
Same Property NOI ⁽¹⁾	92	\$ 11,228	\$ 11,001	69	\$ 34,707	\$ 34,539

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

⁽²⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

⁽³⁾ Includes 6 properties 50% owned at December 31, 2022 (100% owned at December 31, 2021). The comparative period has been updated to reflect 50% ownership.

The increase in industrial Same Property NOI for the three month period and year ended December 31, 2022 was \$335 and \$757 or 5.0% and 4.3%, respectively, compared to the same periods in 2021. The increase for the three month period ended December 31, 2022 is a result of increased occupancy, contractual increases in rent and higher rental rates on lease renewals compared to the same period in 2021. The increase for the year ended December 31, 2022 compared to the same period in 2021 relates to contractual increases in rent and higher rental rates on lease renewals, offset by a decrease in occupancy.

The increase in retail Same Property NOI for the three month period and year ended December 31, 2022 was \$37 and \$312 or 1.3% and 2.7%, respectively, compared to the same periods in 2021. The main driver for the increase is due to a slight increase in occupancy as well as contractual increases in rent and higher rental rates on lease renewals compared to same periods in 2021.

The decrease in office Same Property NOI for the three month period and year ended December 31, 2022 was \$145 and \$901 or 10.6% and 16.3% respectively, compared to the same periods in 2021. The decrease for the three month period ended December 31, 2022 compared to the same period in 2021, is due to the increase in vacancy in one of the eight properties. The decrease for the year ended December 31, 2022 compared to the same period in 2021 is due in part by a one-time adjustment in the second quarter of 2022 of \$137 related to a prior period plus the increase in vacancy in two of the eight properties. Approximately 8,200 square feet has been leased in 2023 with terms ranging between five and ten years commencing between March 1, 2023 and December 31, 2023.

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, 2022 and 2021:

	Same Properties 3 month period ended December 31		Same Properties year ended December 31	
	2022	2021	2022	2021
Industrial ⁽¹⁾	99.4%	99.3%	99.1%	99.4%
Retail	97.6%	97.4%	97.6%	97.4%
Office ⁽¹⁾	87.7%	89.3%	85.2%	90.9%
Total	98.1%	98.1%	97.3%	98.0%

⁽¹⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

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, 2022 were \$1,360 and \$5,160 respectively, an increase of \$208 and \$813 over the same periods in 2021. The increase is due to an increase of certain expenses such as audit related fees and salary costs.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Long-Term Incentive Plan

Long-term incentive plan expense of \$1,042 and \$691 during the three month period and year ended December 31, 2022 relates to deferred and restricted units which vest over a period of one to three years, and is a non-cash item.

Interest and Financing Costs

Interest and financing costs were \$5,182 and \$20,541 for the three month period and year ended December 31, 2022. The increase of \$628 and \$3,654 over the same periods in 2021 is due to the net increase in the number of properties during the twelve month period ended December 31, 2022 as described in the "Comparison of the Results from Operations" section of this MD&A, as well as the increase in the weighted average interest rate on mortgage debt to 3.70% as at December 31, 2022 from 3.39% as at December 31, 2021.

Distributions – Class B LP Units

The REIT currently pays monthly distributions of \$0.0375 per Class B limited partnership units ("Class B LP Units") of PRO REIT Limited Partnership ("PRLP") or \$0.45 per Class B LP units on an annualized basis. Distributions on the Class B LP Units were \$157 and \$634 for the three month period and year ended December 31, 2022.

Fair Value Adjustment – Class B LP Units

A fair value expense of \$332 and fair value gain of \$1,179 on the Class B LP Units was recorded for the three month period and year ended December 31, 2022 respectively, resulting from a change in the quoted market price of the REIT's publicly traded Units. This is a non-cash item.

Fair Value Adjustment – Investment Properties

The REIT has selected the fair value method to account for real estate classified as investment property and records investment properties at their purchase price including transaction costs (less any purchase price adjustments) in the quarter of acquisition. Any changes in the fair value of investment properties are recognized as fair value gains and losses in the statement of income and comprehensive income in the quarter in which they occur. During the three month period and year ended December 31, 2022, 6 and 44 properties were respectively revalued by independent external appraisers.

The fair value expense of \$166 and fair value gain of \$52,541 on investment properties for the three month period and year ended December 31, 2022 is due to fair value gains on certain acquisitions completed throughout the respective periods, changes in projected future cash flows, changes in capitalization rates and market rent assumptions on certain of the REIT's properties, offset by certain non-recoverable expenditures and leasing costs incurred. The REIT's growth in income achieved through lease deals and increasing market rents, predominately in the industrial sector, is offset by a slight expansion in capitalization rates due to market conditions.

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

	Industrial ⁽¹⁾		Retail		Office ⁽¹⁾		Total
Year ended December 31, 2022							
Fair value of investment properties	\$	779,280	\$	160,350	\$	78,335	\$ 1,017,965
Fair value of investment properties per square feet	\$	149.43	\$	181.03	\$	182.47	\$ 155.89
Year ended December 31, 2021							
Fair value of investment properties	\$	703,435	\$	189,645	\$	81,620	\$ 974,700
Fair value of investment properties per square feet	\$	137.10	\$	191.73	\$	174.21	\$ 147.84

⁽¹⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The significant valuation metric used in the direct capitalization method are stabilized capitalization rates. The following table summarizes stabilized capitalization rates by asset class as at December 31, 2022 and 2021:

	As at December 31, 2022		As at December 31, 2021	
	Range %	Weighted Average % ⁽¹⁾	Range %	Weighted Average % ⁽¹⁾
Industrial ⁽²⁾	4.5% - 7.3%	5.5%	4.3% - 7.0%	5.6%
Retail	5.0% - 9.0%	6.8%	5.3% - 9.0%	6.9%
Office ⁽²⁾	6.5% - 9.0%	6.8%	5.5% - 9.0%	6.3%
Total portfolio	4.5% - 9.0%	5.8%	4.3% - 9.0%	5.9%

⁽¹⁾ Weighted average percentage based on fair value of investment properties.

⁽²⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

The following table summarizes stabilized capitalization rates by region as at December 31, 2022 and 2021:

	As at December 31, 2022		As at December 31, 2021	
	Range %	Weighted Average % ⁽¹⁾	Range %	Weighted Average % ⁽¹⁾
Maritime provinces	5.0% - 9.0%	6.1%	5.3% - 9.0%	6.2%
Ontario	4.5% - 6.8%	5.3%	4.5% - 6.5%	5.7%
Quebec	4.8% - 6.5%	5.3%	4.3% - 6.5%	5.1%
Western Canada	5.5% - 8.5%	6.0%	5.5% - 8.3%	6.1%
Total portfolio	4.5% - 9.0%	5.8%	4.3% - 9.0%	5.9%

⁽¹⁾ Weighted average percentage based on fair value of investment properties.

Other Income and Other Expenses

The REIT acquired the assets of Compass Commercial Realty Limited ("Compass") on June 27, 2018, a property management firm headquartered in Halifax, Nova Scotia. The REIT records revenues generated ("other income") as well as relevant expenses incurred ("other expenses") by Compass not related to the properties owned by the REIT in the consolidated statements of net income and comprehensive income. At December 31, 2022, Compass manages 124 of the REIT's properties.

Debt Settlement Costs

The REIT incurred debt settlement costs in the amount of \$7 and \$281 for the three month period and year ended December 31, 2022 in connection with the repayment of the balance of one of its term loans in the amount of \$6,119 and the early repayment of a mortgage in connection with the sale of a portfolio of nine non-core retail properties (see "Summary of Significant Events" section of this MD&A).

Investment in Joint Operations

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The following amounts are included in the 2022 Annual Financial Statements and represent the REIT's proportionate share of the results of operations of its co-owned properties:

	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Property revenue	\$ 5,719	\$ -	\$ 9,006	\$ -
Property operating expenses (excluding the undernoted property management fees)	2,425	-	3,626	-
Property management fees	169	-	266	-
Net operating income ⁽¹⁾	3,125	-	5,114	-
Interest and financing costs	1,384	-	2,334	-
Fair value adjustment - investment properties	765	-	(7,249)	-
Net income and comprehensive income	\$ 976	\$ -	\$ 10,029	\$ -

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

SEGMENTED ANALYSIS

The REIT's segments include three classifications of investment properties – Industrial, Retail, and Office. All of the REIT's activities are located in one geographical segment – Canada. The accounting policies followed for each segment are the same as disclosed in the REIT's 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. As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

	Industrial ⁽²⁾		Retail		Office ⁽²⁾		Total
(CAD \$ thousands)	\$	%	\$	%	\$	%	\$
3 Months Ended December 31, 2022							
Property revenue	17,730	70.7	4,669	18.6	2,671	10.7	25,070
Net operating income (NOI) ⁽¹⁾	10,326	70.8	2,998	20.6	1,255	8.6	14,579
3 Months Ended December 31, 2021							
Property revenue	14,855	64.8	5,186	22.6	2,891	12.6	22,932
Net operating income (NOI) ⁽¹⁾	8,549	64.0	3,447	25.8	1,362	10.2	13,358

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

⁽²⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

(CAD \$ thousands)	Industrial ⁽²⁾		Retail		Office ⁽²⁾		Total
	\$	%	\$	%	\$	%	\$
Year Ended December 31, 2022							
Property revenue	66,575	68.5	20,221	20.8	10,414	10.7	97,210
Net operating income (NOI) ⁽¹⁾	39,638	68.7	13,322	23.1	4,777	8.3	57,737
Investment properties	779,280	76.6	160,350	15.8	78,335	7.7	1,017,965
Mortgages payable	365,554	76.6	69,505	14.6	42,448	8.9	477,507
Year Ended December 31, 2021							
Property revenue	45,745	58.9	20,986	27.0	10,943	14.1	77,674
Net operating income (NOI) ⁽¹⁾	26,949	58.2	13,793	29.8	5,540	12.0	46,282
Investment properties	703,435	72.2	189,645	19.4	81,620	8.4	974,700
Mortgages payable	373,842	74.9	82,757	16.6	42,288	8.5	498,887

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

⁽²⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

The main driver for the change in revenues, NOI, fair values of investment properties and mortgages payables in the Industrial, Retail, and Office segments is the net increase in the number of properties during the twelve month period ended December 31, 2022 as described in the "Comparison of the Results from Operations" section of this MD&A.

As at December 31, 2022, the Industrial segment consists of 86 properties (December 31, 2021 – 67 properties), having a total GLA of approximately 5,215,000 square feet (December 31, 2021 – ~5,189,000 square feet).

As at December 31, 2022, the Retail segment consists of 35 properties (December 31, 2021 – 45 properties), having a total GLA of approximately 886,000 square feet (December 31, 2021 – ~989,000 square feet).

As at December 31, 2022, the Office segment consists of 9 properties (December 31, 2021 – 8 properties), having a total GLA of approximately 429,000 square feet (December 31, 2021 – ~410,000 square feet).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

PORTFOLIO PROFILE

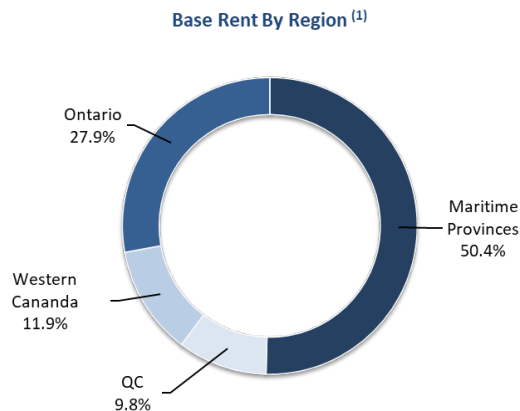
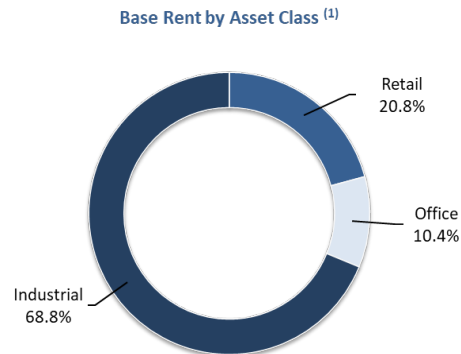
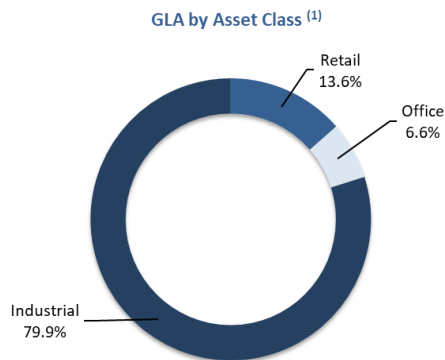
At December 31, 2022, the REIT's portfolio consisted of 130 properties, located in prime locations within their respective markets, representing a total GLA of 6,530,196 square feet. The decrease of 57,985 square feet compared to December 31, 2021 is due to the acquisition of a 50% interest in 21 investment properties, the sale of a 50% interest in 21 investment properties, and the sale of a 100% interest in 11 investment properties in the twelve month period ended December 31, 2022.

(CAD \$ thousands unless otherwise stated)	Year Ended/ At December 31, 2022				Year Ended/ At December 31, 2021			
	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾
Industrial ⁽³⁾	86	99.2%	5,215,015	\$ 39,638	67	99.3%	5,189,068	\$ 26,949
Retail	35	97.5%	885,772	13,322	45	97.7%	989,100	13,793
Office ⁽³⁾	9	92.4%	429,409	4,777	8	89.5%	410,013	5,540
Total	130	98.5%	6,530,196	\$ 57,737	120	98.4%	6,588,181	\$ 46,282

⁽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, 2022 was approximately 51,590 square feet of GLA (175,291 square feet of GLA at December 31, 2021).

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

⁽³⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.



¹ Based on annualized in-place and committed base rent at December 31, 2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Top Ten Tenants

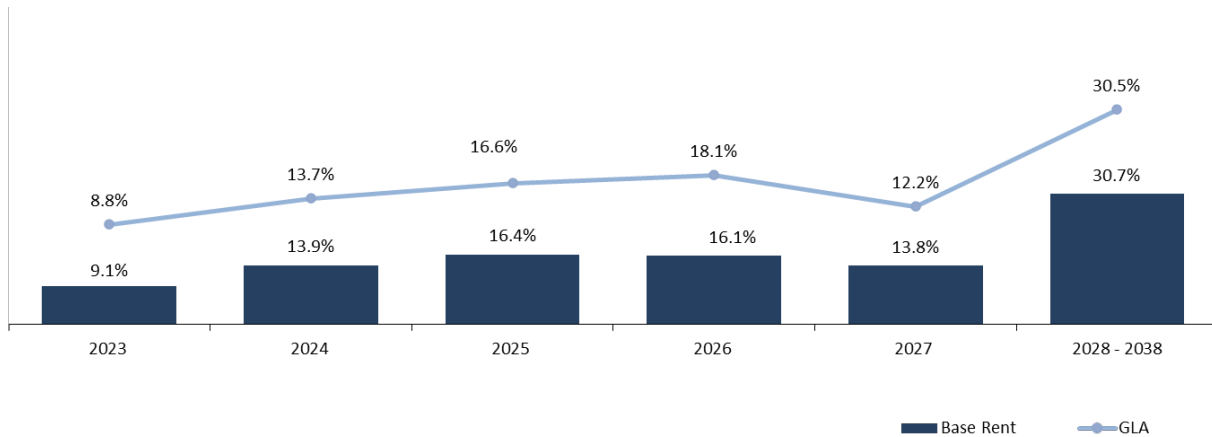
As at December 31, 2022, the ten largest tenants in the REIT's portfolio accounted for approximately 28.2% on annualized in-place and committed base rent and had a remaining average lease term of approximately 4.4 years.

Tenant	% in-Place Base Rent ⁽¹⁾	GLA (Sq. Ft.)	Remaining Average Lease Term (years)	Credit Rating ⁽²⁾
Sobeys	4.2%	222,491	4.6	na/BBB-/BBB-
DRS Technologies Canada	4.1%	127,334	2.1	Ba1/BB+/BBB-
Government of Canada	3.6%	134,867	4.0	Aaa/AAA/AA+
Sysco Canada Inc.	3.4%	326,061	3.6	Baa1/BBB/BBB-
Rexall	2.9%	62,799	7.1	Baa1/BBB+/na
Versacold	2.4%	224,334	6.7	na
Ribbon Communications Canada	2.4%	98,057	7.0	na
Shoppers Drug Mart	2.0%	54,184	2.5	na/BBB/BBB+
Sherway Warehousing Inc.	1.7%	156,318	3.7	na
Province of Nova Scotia	1.5%	81,388	3.0	Aa2/AA-/AH
Total	28.2%	1,487,833	4.4	

⁽¹⁾ Based on annualized in-place and committed base rent at December 31, 2022.

⁽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.



Weighted average lease term to maturity (years)	December 31 2022	December 31 2021
Industrial	3.9	4.4
Retail	4.5	5.2
Office	4.6	3.9
Total Portfolio	4.1	4.6

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Rental Rates

Weighted average in-place base rental revenue is contractual base rent and excludes recoverable expense revenue. The following table outlines the weighted average in-place base rental revenue, including committed space, per square foot and by asset class for the REIT's investment property portfolio at December 31, 2022 and December 31, 2021:

	December 31, 2022		December 31, 2021	
	Leased GLA (Sq. Ft.)	Weighted Average In-Place Rent (per Sq. Ft.)	Leased GLA (Sq. Ft.)	Weighted Average In-Place Rent (per Sq. Ft.)
Industrial ⁽¹⁾	5,174,029	\$ 7.78	5,150,721	\$ 7.39
Retail	863,484	14.36	966,677	15.08
Office ⁽¹⁾	396,822	14.52	367,070	14.65
Leased total	6,434,355	\$ 9.08	6,484,468	\$ 8.95
Vacant total	95,861		103,713	
Portfolio Total	6,530,196		6,588,181	

⁽¹⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

The weighted average in-place rent of \$9.08 per square feet at December 31, 2022 increased from \$8.95 per square feet at December 31, 2021 driven by the increase in leasing rates in the industrial asset class.

PART IV

LIQUIDITY AND CAPITAL RESOURCES

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

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

	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
<i>(CAD \$ thousands)</i>				
Cash provided from (used in):				
Operating activities	\$ 8,331	\$ 20,242	\$ 28,235	\$ 29,276
Financing activities	(9,663)	140,689	(38,582)	252,015
Investing activities	2,715	(158,698)	11,934	(281,606)
Change in cash during the period	1,383	2,233	1,587	(315)
Cash, beginning of period	6,148	3,711	5,944	6,259
Cash, end of period	\$ 7,531	\$ 5,944	\$ 7,531	\$ 5,944

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Three Month Period Ended December 31, 2022

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$8,331 for the three month period ended December 31, 2022 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash used in financing activities during the three month period ended December 31, 2022 of \$9,663 is attributed to the increase in borrowings on the credit facility of \$11,100 offset by the repayment of debt of \$12,520, the repayment of credit facility of \$1,600, and distributions paid of \$6,643.

Cash provided from investing activities of \$2,715 during the three month period ended December 31, 2022 primarily consist of the net proceeds from the disposal of investment properties of \$6,670, offset by the additions of capital expenditures and leasing costs of \$3,894 and the additions to property and equipment of \$61.

Year Ended December 31, 2022

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$28,235 for the year ended December 31, 2022 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash used in financing activities during the year ended December 31, 2022 of \$38,582 is attributed to the increase in debt of \$76,100, the increase in borrowings on the credit facility of \$33,600 offset by the repayment of debt of \$107,841, repayment of credit facility of \$11,600, distributions paid of \$26,567, Restricted Units settled in cash of \$1,986 and financing costs incurred of \$288.

Cash provided by investing activities of \$11,934 during the year ended December 31, 2022 primarily consist of the acquisition of investment properties of \$113,140, the additions of capital expenditures and leasing costs of \$12,494 and the additions to property and equipment of \$440 offset by the net proceeds of disposal of investment properties of \$138,008.

CAPITALIZATION AND DEBT PROFILE

<i>(CAD \$ thousands)</i>	December 31 2022
Mortgages payable (net of financing costs of \$2,197)	\$ 477,507
Credit facility (net of financing costs of \$182)	36,818
Class B LP Units	8,340
Unitholders' Equity	487,690
Total Capitalization	\$ 1,010,355

The REIT has a revolving credit facility of \$60,000 which bears interest at prime plus 100.0 basis points or bankers' acceptance rate plus 200.0 basis points. The credit facility is secured by a pool of first and second charges on certain investment properties with a fair value of approximately \$113,525 at December 31, 2022. At December 31, 2022, advances under the revolving credit facility were \$37,000.

As at December 31, 2022, all mortgages payable were at fixed rates with a weighted average contractual rate of approximately 3.70% (December 31, 2021 – 3.39%). The mortgages payable are secured by first charges on certain investment properties with a fair value of approximately \$903,060 at December 31, 2022 (December 31, 2021 - \$884,665).

On November 3, 2022, the REIT repaid one of its term loans in full in the amount of \$3,375.

On September 29, 2022, the REIT repaid the balance of one of its term loans in the amount of \$6,119 plus yield maintenance fee in the amount of \$153.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The debt is repayable no later than 2033.

	Principal instalments	Principal maturities	Total Principal Payable	% of Total Principal	Weighted Average Interest Rate on Maturity
2023	\$ 12,995	\$ 51,866	\$ 64,861	13.5%	4.19%
2024	11,865	25,653	37,518	7.8%	3.42%
2025	11,589	38,867	50,456	10.5%	4.60%
2026	9,597	121,092	130,689	27.4%	3.25%
2027	6,291	48,836	55,127	11.5%	4.91%
Thereafter	10,915	130,138	141,053	29.3%	3.34%
	\$ 63,252	\$ 416,452	\$ 479,704	100.0%	
Financing costs			(2,197)		
Total balance outstanding as at December 31, 2022			\$ 477,507		

Contractual Obligations

The following table represents the REIT's contractual obligations at December 31, 2022:

<i>(CAD \$ thousands)</i>	2023	2024	2025	2026	2027	Thereafter
Debt principal instalments	\$ 12,995	\$ 11,865	\$ 11,589	\$ 9,597	\$ 6,291	\$ 10,915
Debt principal maturities	51,866	25,653	38,867	121,092	48,836	130,137
Debt interest	16,823	14,251	13,028	10,003	6,309	7,779
Credit facility	37,000	-	-	-	-	-
Accounts payable and other liabilities	14,442	-	-	-	-	-
Rent	84	28	-	-	-	-
	\$ 133,210	\$ 51,797	\$ 63,484	\$ 140,692	\$ 61,436	\$ 148,831

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, the REIT makes adjustments to its capital based on its investment strategies and changes to economic conditions.

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Gross Book Value is calculated as follows:

<i>(CAD \$ thousands unless otherwise stated)</i>	December 31 2022	December 31 2021
Total assets, including investment properties stated at fair value	\$ 1,035,928	\$ 989,963
Accumulated depreciation on property and equipment and intangible assets	3,054	2,268
Gross Book Value ⁽¹⁾	1,038,982	992,231
Debt, excluding unamortized financing costs	479,704	511,445
Credit facility, excluding unamortized financing costs	37,000	15,000
Total Debt and Credit facility, excluding unamortized financing costs	\$ 516,704	\$ 526,445
Debt to Gross Book Value ⁽¹⁾	49.73%	53.06%

⁽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, 2022.

Financial Measures

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

Adjusted EBITDA

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

The following is a calculation of Adjusted EBITDA for the three month period and year ended December 31, 2022 and 2021:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Net income and comprehensive income	\$ 6,456	\$ 65,041	\$ 84,494	\$ 81,844
Interest and financing costs	5,182	4,554	20,541	16,887
Depreciation of property and equipment	126	97	417	357
Amortization of intangible assets	93	93	372	372
Fair value adjustment - Class B LP Units	332	89	(1,179)	1,083
Fair value adjustment - investment properties	166	(58,620)	(52,541)	(63,161)
Distributions - Class B LP Units	157	164	634	663
Straight-line rent	(151)	(119)	(394)	(493)
Long-term incentive plan expense	1,042	840	691	3,060
Debt settlement costs	7	141	281	1,838
Adjusted EBITDA ⁽¹⁾	\$ 13,410	\$ 12,280	\$ 53,316	\$ 42,450

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Interest Coverage Ratio

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

The following is a calculation of the Interest Coverage Ratio for the three month period and year ended December 31, 2022 and 2021:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Adjusted EBITDA ⁽¹⁾	\$ 13,410	\$ 12,280	\$ 53,316	\$ 42,450
Interest expense	\$ 5,045	\$ 4,250	\$ 19,051	\$ 15,323
Interest Coverage Ratio ⁽¹⁾	2.7x	2.9x	2.8x	2.8x

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

Debt Service Coverage Ratio

The Debt Service Coverage Ratio is determined as Adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflect principal repayments and interest expensed during the period. Payments related to prepayment penalties or payments upon discharge of a mortgage are excluded from the calculation. The Debt Service Coverage Ratio is a useful measure used by the REIT's management to monitor the REIT's ability to meet annual interest and principal payments.

The following is a calculation of the Debt Service Coverage Ratio for the three month period and year ended December 31, 2022 and 2021:

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Adjusted EBITDA ⁽¹⁾	\$ 13,410	\$ 12,280	\$ 53,316	\$ 42,450
Interest expense	5,045	4,250	19,051	15,323
Principal repayments	3,307	3,214	13,814	10,944
Debt Service Requirements	\$ 8,352	\$ 7,464	\$ 32,865	\$ 26,267
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
FOR THE YEAR ENDED DECEMBER 31, 2022**

Annualized Adjusted EBITDA Ratio

Debt to Annualized Adjusted EBITDA Ratio is calculated by the REIT as total debt and credit facility, in each case excluding unamortized financing costs, divided by Annualized Adjusted EBITDA. The Debt to Annualized Adjusted EBITDA Ratio is a useful measure that indicates the number of years required for the REIT's Annualized Adjusted EBITDA to repay all outstanding debt. Management considers these metrics a useful measure for evaluating the REIT's ability to service its debt.

The following is a calculation of the Debt to Annualized Adjusted EBITDA Ratio for the three month period and year ended December 31, 2022 and 2021:

	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
<i>(CAD \$ thousands)</i>				
Debt, excluding unamortized financing costs	\$ 479,704	\$ 511,445	\$ 479,704	\$ 511,445
Credit facility, excluding unamortized financing costs	37,000	15,000	37,000	15,000
Total Debt and Credit facility, excluding unamortized financing costs	\$ 516,704	\$ 526,445	\$ 516,704	\$ 526,445
Adjusted EBITDA ⁽¹⁾	\$ 13,410	\$ 12,280	\$ 53,316	\$ 42,450
Annualized Adjusted EBITDA ⁽¹⁾	\$ 53,640	\$ 49,120	\$ 53,316	\$ 42,450
Debt to Annualized Adjusted EBITDA Ratio ⁽¹⁾	9.6x	10.7x	9.7x	12.4x

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

DISTRIBUTIONS AND ADJUSTED FUNDS FROM OPERATIONS

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Net income and comprehensive income for the period	\$ 6,456	\$ 65,041	\$ 84,494	\$ 81,844
Add:				
Long-term incentive plan	281	157	(1,505)	1,133
Distributions - Class B LP Units	157	164	634	663
Fair value adjustment - investment properties	166	(58,620)	(52,541)	(63,161)
Fair value adjustment - Class B LP Units	332	89	(1,179)	1,083
Amortization of intangible assets	93	93	372	372
FFO ⁽¹⁾	\$ 7,485	\$ 6,924	\$ 30,275	\$ 21,934
Deduct:				
Straight-line rent adjustment	\$ (151)	\$ (119)	\$ (394)	\$ (493)
Maintenance capital expenditures	(191)	(192)	(984)	(713)
Stabilized leasing costs	(425)	(387)	(1,650)	(1,013)
Add:				
Long-term incentive plan	761	683	2,196	1,927
Amortization of financing costs	201	304	1,571	1,592
Debt settlement costs	7	141	281	1,838
AFFO ⁽¹⁾	\$ 7,687	\$ 7,354	\$ 31,295	\$ 25,072
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1238	\$ 0.1158	\$ 0.5009	\$ 0.4490
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1215	\$ 0.1136	\$ 0.4888	\$ 0.4389
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1272	\$ 0.1230	\$ 0.5177	\$ 0.5132
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1247	\$ 0.1206	\$ 0.5053	\$ 0.5017
Distributions declared per Unit and Class B LP unit	\$ 0.1125	\$ 0.1125	\$ 0.4500	\$ 0.4500
AFFO Payout Ratio – Basic ⁽¹⁾	88.5%	91.5%	86.9%	87.7%
AFFO Payout Ratio – Diluted ⁽¹⁾	90.2%	93.3%	89.1%	89.7%
Basic weighted average number of units ⁽²⁾⁽³⁾	60,447,230	59,786,374	60,447,230	48,853,672
Diluted weighted average number of units ⁽²⁾⁽³⁾	61,625,646	60,964,929	61,932,299	49,975,662

⁽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, as applicable, added to the weighted average number of Class B LP Units outstanding during the period.

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

The increase in FFO of \$561 and \$8,341 and the increase in AFFO of \$333 and \$6,223 respectively for the three month period and year ended December 31, 2022 compared to the same periods in 2021 is largely related to the net increase in the number of properties during the twelve month period ended December 31, 2022 as described in the "Comparison of the Results from Operations" section of this MD&A. Moreover, the increase in FFO and AFFO for the three month period and year ended December 31, 2022 compared to the same period in 2021 is also attributed in part by the increase in property management fees earned by Compass, who acts as the sole property manager for the entire 50% owned 42 property portfolio and collects 100% of the property management fees for these 42 properties.

Basic AFFO per Unit was \$0.1272 and \$0.5177 for the three month period and year ended December 31, 2022 with a corresponding AFFO Payout Ratio – Basic of 88.5% and 86.9% respectively. The decrease in the AFFO Payout Ratio – Basic compared to the same periods in 2021 is largely related to the increase in NOI from the net increase in the number of properties during the twelve month period ended December 31, 2022, increase in property management fees earned by Compass, who acts as the sole property manager for the entire 50% owned 42 property portfolio and collects 100% of the property management fees for these 42 properties, offset by increases in maintenance capital expenditures and stabilized leasing costs as well as certain general and administrative costs indicative of the REIT's growth.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Distributions

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

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

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

The distributions declared during the three month period and year ended December 31, 2022 resulted in 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 December 31, 2022. Distributions were paid on or about the 15th day of the month following the declaration.

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

	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
<i>(CAD \$ thousands)</i>				
Cash flow provided from operating activities	\$ 8,331	\$ 20,242	\$ 28,235	\$ 29,276
Add (deduct):				
Changes in non-cash working capital	(66)	(12,517)	5,196	(4,622)
Distributions – Class B LP Units	157	164	634	663
Maintenance capital expenditures	(191)	(192)	(984)	(713)
Stabilized leasing costs	(425)	(387)	(1,650)	(1,013)
Depreciation of property and equipment	(126)	(97)	(417)	(357)
Debt settlement costs	7	141	281	1,838
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 7,687	\$ 7,354	\$ 31,295	\$ 25,072

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 7,687	\$ 7,354	\$ 31,295	\$ 25,072
Total distributions paid or payable – Units and Class B LP Units	6,800	6,802	27,201	22,167
Excess of AFFO over distributions paid or payable	\$ 887	\$ 552	\$ 4,094	\$ 2,905

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

For the three month period and year ended December 31, 2022 and 2021, the REIT had sufficient AFFO to cover the distributions paid or payable.

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

<i>(CAD \$ thousands)</i>	3 Months Ended December 31 2022	3 Months Ended December 31 2021	Year Ended December 31 2022	Year Ended December 31 2021
Cash flow provided from operating activities	\$ 8,331	\$ 20,242	\$ 28,235	\$ 29,276
Net income and comprehensive income	\$ 6,456	\$ 65,041	\$ 84,494	\$ 81,844
Total distributions paid or payable – Units ⁽¹⁾	\$ 6,643	\$ 6,638	\$ 26,567	\$ 21,504
Excess of cash flow from operating activities over distributions paid or payable	\$ 1,688	\$ 13,604	\$ 1,668	\$ 7,772
Excess (shortfall) of net income and comprehensive income over distributions paid or payable	\$ (187)	\$ 58,403	\$ 57,927	\$ 60,340

⁽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, 2022 and 2021, there was excess cash flow from operating activities over distributions paid or payable – Units. For the year ended December 31, 2022 and the three month period and year ended December 31, 2021, there was an excess of net income and comprehensive income over distributions paid or payable – Units. For the three month period ended December 31, 2022, there was a shortfall of net income and comprehensive income over distributions paid or payable – Units. The shortfall of net income and comprehensive income over distributions paid or payable – Units is mainly due to unrealized fair value adjustments and distribution on Class B LP Units that are recorded as a reduction of net income and comprehensive income. The REIT financed the shortfall using cash on hand and/or using the REIT's revolving credit facility of \$60,000 which bears interest at prime plus 100.0 basis points or bankers' acceptance rate plus 200.0 basis points and/or planned normal course property refinancings.

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 22, 2023 were 59,047,809.

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 22, 2023 were 1,399,421.

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 22, 2023 were 1,408,270 and 159,947.

Normal Course Issuer Bid

Pursuant to a notice accepted by the TSX, the REIT may, during the period commencing September 26, 2022 and ending September 25, 2023, purchase for cancellation, through the facilities of the TSX and at the market price of the Units at the time of purchase, up to 1,771,049 Units representing 3% of the REIT's issued and outstanding Units at the beginning of the normal course issuer bid. The 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. There were no Units repurchased and cancelled during the three month period and year ended December 31, 2022.

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 2022	Fair Value December 31 2022
Loans and Receivables			
Cash (a)	Amortized cost	\$ 7,531	\$ 7,531
Receivables and other excluding prepaid expenses, deposits and other receivables (a)	Amortized cost	2,733	2,733
		\$ 10,264	\$ 10,264
Financial Liabilities Through Profit and Loss			
Class B LP Units	Fair value (L2)	\$ 8,340	\$ 8,340
Long-term incentive plan	Fair value (L2)	8,864	8,864
		\$ 17,204	\$ 17,204
Other Financial Liabilities			
Accounts payable and other liabilities (a)	Amortized cost	\$ 14,442	\$ 14,442
Credit facility (a)	Amortized cost	36,818	36,818
Distributions payable (a)	Amortized cost	2,267	2,267
Debt (b)	Amortized cost	477,507	447,267
		\$ 531,034	\$ 500,794

- (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, 2022.

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 the CEO and the CFO that, among other things, report on the design of each of DC&P and ICFR.

Disclosure Controls and Procedures

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

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, 2022, 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, 2022.

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, 2022, 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, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in the REIT's ICFR in the twelve month ended December 31, 2022 that materially affected or are reasonably likely to materially affect the REIT's ICFR.

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 year ended December 31, 2022 that have materially affected or are reasonably likely to materially affect the REIT's ICFR. No such changes were identified through their evaluation.

Inherent Limitations on Effectiveness of DC&P and ICFR

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

RISKS AND UNCERTAINTIES

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

CRITICAL ACCOUNTING ESTIMATES

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

- (i) Valuation of investment properties – Investment properties are presented at fair value at the reporting date. Currently, any change in fair value is determined by management and by independent real estate valuation experts using recognized valuation techniques. The techniques used by management and by independent real estate valuation experts comprise of the discounted cash flow and direct capitalization methods of valuation and includes estimating, among other things, capitalization rates and future net operating income and discount rates and future cash flows applicable to investment properties, respectively.
- (ii) Fair value of financial instruments – Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. Inputs to these models are taken from observable markets where possible, but where this is not feasible a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported value of the financial instruments.

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

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 three month period and year ended December 31, 2022 and the notes contained therein.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF QUARTERLY RESULTS

	3 Months Ended Dec 31 2022	3 Months Ended Sept 30 2022	3 Months Ended Jun 30 2022	3 Months Ended Mar 31 2022	3 Months Ended Dec 31 2021	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>								
Property revenue	\$ 25,070	\$ 24,086	\$ 23,724	\$ 24,330	\$ 22,932	\$ 19,588	\$ 17,764	\$ 17,390
Property operating expenses	10,491	9,278	9,454	10,250	9,574	7,488	7,033	7,297
Net operating income (NOI) ⁽¹⁾	14,579	14,808	14,270	14,080	13,358	12,100	10,731	10,093
General and administrative expenses	1,360	1,274	1,324	1,202	1,152	1,064	1,062	1,069
Long-term incentive plan expense	1,042	(75)	(1,201)	925	840	349	1,334	537
Depreciation of property and equipment	126	103	99	89	97	86	87	87
Amortization of intangible assets	93	93	93	93	93	93	93	93
Interest and financing costs	5,182	5,843	4,804	4,712	4,554	4,408	4,024	3,901
Distributions – Class B LP Units	157	159	159	159	164	166	167	166
Fair value adjustment – Class B LP Units	332	(650)	(1,807)	946	89	(325)	887	432
Fair value adjustment – investment properties	166	(11,573)	(833)	(40,301)	(58,620)	2,576	(8,287)	1,170
Other income	(781)	(382)	(677)	(462)	(556)	(664)	(557)	(561)
Other expenses	439	195	340	195	363	279	426	262
Debt settlement costs	7	274	-	-	141	-	394	1,303
Net income and comprehensive income	\$ 6,456	\$ 19,547	\$ 11,969	\$ 46,522	\$ 65,041	\$ 4,068	\$ 11,101	\$ 1,634
Debt to Gross Book Value ⁽¹⁾	49.73%	49.82%	51.26%	51.21%	53.06%	58.19%	58.22%	57.49%
Total assets	\$ 1,035,928	\$ 1,040,368	\$ 1,041,296	\$ 1,032,176	\$ 989,963	\$ 769,085	\$ 772,881	\$ 636,338
FFO ⁽¹⁾	\$ 7,485	\$ 6,845	\$ 7,836	\$ 8,108	\$ 6,924	\$ 6,349	\$ 4,782	\$ 3,878
AFFO ⁽¹⁾	\$ 7,687	\$ 7,931	\$ 7,862	\$ 7,813	\$ 7,354	\$ 6,556	\$ 5,741	\$ 5,422
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1238	\$ 0.1132	\$ 0.1296	\$ 0.1341	\$ 0.1158	\$ 0.1315	\$ 0.1015	\$ 0.0969
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1215	\$ 0.1111	\$ 0.1272	\$ 0.1321	\$ 0.1136	\$ 0.1284	\$ 0.0990	\$ 0.0946
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1272	\$ 0.1312	\$ 0.1301	\$ 0.1293	\$ 0.1230	\$ 0.1358	\$ 0.1219	\$ 0.1355
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1247	\$ 0.1287	\$ 0.1276	\$ 0.1273	\$ 0.1206	\$ 0.1325	\$ 0.1189	\$ 0.1323
AFFO Payout Ratio – Basic ⁽¹⁾⁽³⁾	88.5%	85.7%	86.5%	87.0%	91.5%	82.8%	92.3%	83.0%
AFFO Payout Ratio – Diluted ⁽¹⁾⁽³⁾	90.2%	87.4%	88.2%	88.4%	93.3%	84.9%	94.6%	85.0%
Basic weighted average number of units ⁽³⁾	60,447,230	60,447,230	60,447,230	60,447,230	59,786,374	48,287,486	47,106,848	40,023,023
Diluted weighted average number of units ⁽³⁾	61,625,646	61,625,646	61,625,646	61,394,385	60,964,929	49,466,041	48,285,403	40,972,173
Number of commercial properties	130	132	120	120	120	104	107	90
GLA (square feet)	6,530,196	6,544,630	6,589,970	6,588,760	6,588,181	5,407,664	5,510,707	4,459,225
Occupancy rate	98.5%	97.9%	98.3%	98.5%	98.4%	98.5%	98.5%	98.2%
Weighted average lease term to maturity	4.1	4.2	4.4	4.6	4.6	4.8	4.8	5.0

⁽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, as applicable, 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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 2022	3 Months Ended Sept 30 2022	3 Months Ended June 30 2022	3 Months Ended Mar 31 2022	3 Months Ended Dec 31 2021	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021
Total assets, including investment properties stated at fair value	\$ 1,035,928	\$ 1,040,368	\$ 1,041,296	\$ 1,032,176	\$ 989,963	\$ 769,085	\$ 772,881	\$ 636,338
Accumulated depreciation on property and equipment and intangible assets	3,054	2,838	2,642	2,450	2,268	2,046	1,868	1,719
Gross Book Value ⁽¹⁾	1,038,982	1,043,206	1,043,938	1,034,626	992,231	771,131	774,749	638,057
Debt, excluding unamortized financing costs	479,704	492,225	503,135	507,856	511,445	420,752	428,050	352,803
Credit facility, excluding unamortized financing costs	37,000	27,500	32,000	22,000	15,000	28,000	23,000	14,000
Total Debt and Credit facility, excluding unamortized financing costs	\$ 516,704	\$ 519,725	\$ 535,135	\$ 529,856	\$ 526,445	\$ 448,752	\$ 451,050	\$ 366,803
Debt to Gross Book Value ⁽¹⁾	49.73%	49.82%	51.26%	51.21%	53.06%	58.19%	58.22%	57.49%

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

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended Dec 31 2022	3 Months Ended Sept 30 2022	3 Months Ended Jun 30 2022	3 Months Ended Mar 31 2022	3 Months Ended Dec 31 2021	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021
Net income and comprehensive income	\$ 6,456	\$ 19,547	\$ 11,969	\$ 46,522	\$ 65,041	\$ 4,068	\$ 11,101	\$ 1,634
Add:								
Long-term incentive plan	281	(731)	(1,745)	689	157	(229)	821	383
Distributions - Class B LP Units	157	159	159	159	164	166	167	166
Fair value adjustment – investment properties	166	(11,573)	(833)	(40,301)	(58,620)	2,576	(8,287)	1,170
Fair value adjustment - Class B LP Units	332	(650)	(1,807)	946	89	(325)	887	432
Amortization of intangible assets	93	93	93	93	93	93	93	93
FFO ⁽¹⁾	\$ 7,485	\$ 6,845	\$ 7,836	\$ 8,108	\$ 6,924	\$ 6,349	\$ 4,782	\$ 3,878
Deduct:								
Straight-line rent adjustment	\$ (151)	\$ (21)	\$ (105)	\$ (118)	\$ (119)	\$ (129)	\$ (120)	\$ (125)
Maintenance capital expenditures	(191)	(282)	(232)	(279)	(192)	(335)	(122)	(64)
Stabilized leasing costs	(425)	(387)	(446)	(392)	(387)	(220)	(240)	(166)
Add:								
Long-term incentive plan	761	656	544	236	683	578	513	154
Amortization of financing costs	201	846	265	258	304	313	534	442
Debt settlement costs	7	274	-	-	141	-	394	1,303
AFFO ⁽¹⁾	\$ 7,687	\$ 7,931	\$ 7,862	\$ 7,813	\$ 7,354	\$ 6,556	\$ 5,741	\$ 5,422

⁽¹⁾ See "Non-IFRS Measures".

SUMMARY OF ANNUAL RESULTS

The following table reconciles Net Operating Income ⁽¹⁾ for the years ended December 31, 2022, 2021 and 2020: :

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	Year Ended December 31 2022	Year Ended December 31 2021	Year Ended December 31 2020
Property revenue	\$ 97,210	\$ 77,674	\$ 69,810
Property operating expenses	39,473	31,392	29,281
Net operating income (NOI) ⁽¹⁾	57,737	46,282	40,529

⁽¹⁾ See "Non-IFRS Measures".

The following table reconciles FFO ⁽¹⁾ and AFFO ⁽¹⁾ to net income and comprehensive income for the years ended December 31, 2022, 2021 and 2020:

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	Year Ended December 31 2022	Year Ended December 31 2021	Year Ended December 31 2020
Net income and comprehensive income	\$ 84,494	\$ 81,844	\$ 21,072
Add:			
Long-term incentive plan	(1,505)	1,133	(874)
Distributions - Class B LP Units	634	663	928
Fair value adjustment – investment properties	(52,541)	(63,161)	4,667
Fair value adjustment - Class B LP Units	(1,179)	1,083	(5,257)
Amortization of intangible assets	372	372	372
FFO ⁽¹⁾	\$ 30,275	\$ 21,934	\$ 20,908
Deduct:			
Straight-line rent adjustment	\$ (394)	\$ (493)	\$ (683)
Maintenance capital expenditures	(984)	(713)	(246)
Stabilized leasing costs	(1,650)	(1,013)	(384)
Add:			
Long-term incentive plan	2,196	1,927	1,459
Amortization of financing costs	1,571	1,592	1,346
Debt settlement costs	281	1,838	-
AFFO ⁽¹⁾	\$ 31,295	\$ 25,072	\$ 22,436
Basic AFFO per Unit ⁽¹⁾	\$ 0.5177	\$ 0.5132	\$ 0.5609
Diluted AFFO per Unit ⁽¹⁾	\$ 0.5053	\$ 0.5017	\$ 0.5486

⁽¹⁾ See "Non-IFRS Measures".

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The following is a calculation of Adjusted EBITDA ⁽¹⁾ for the years ended December 31, 2022, 2021 and 2020:

<i>(CAD \$ thousands)</i>	Year Ended December 31 2022	Year Ended December 31 2021	Year Ended December 31 2020
Net income and comprehensive income	\$ 84,494	\$ 81,844	\$ 21,072
Interest and financing costs	20,541	16,887	15,382
Depreciation of property and equipment	417	357	299
Amortization of intangible assets	372	372	372
Fair value adjustment - Class B LP Units	(1,179)	1,083	5,257
Fair value adjustment - investment properties	(52,541)	(63,161)	4,667
Distributions - Class B LP Units	634	663	928
Straight-line rent	(394)	(493)	(683)
Long-term incentive plan expense	691	3,060	585
Debt settlement costs	281	1,838	-
Adjusted EBITDA ⁽¹⁾	\$ 53,316	\$ 42,450	\$ 37,365

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

The following is a calculation of the Interest Coverage Ratio for the years ended December 31, 2022, 2021 and 2020:

<i>(CAD \$ thousands)</i>	Year Ended December 31 2022	Year Ended December 31 2021	Year Ended December 31 2020
Adjusted EBITDA ⁽¹⁾	\$ 53,316	\$ 42,450	\$ 37,365
Interest expense	\$ 19,051	\$ 15,323	\$ 14,131
Interest Coverage Ratio ⁽¹⁾	2.8x	2.8x	2.6x

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

The following is a calculation of the Debt Service Coverage Ratio for the years ended December 31, 2022, 2021 and 2020:

<i>(CAD \$ thousands)</i>	Year Ended December 31 2022	Year Ended December 31 2021	Year Ended December 31 2020
Adjusted EBITDA ⁽¹⁾	\$ 53,316	\$ 42,450	\$ 37,365
Interest expense	19,051	15,323	14,131
Principal repayments	13,814	10,944	9,451
Debt Service Requirements	\$ 32,865	\$ 26,267	\$ 23,582
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x

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

The following is a calculation of the Debt to Annualized Adjusted EBITDA Ratio for the years ended December 31, 2022, 2021 and 2020:

<i>(CAD \$ thousands)</i>	Year Ended December 31 2022	Year Ended December 31 2021	Year Ended December 31 2020
Debt, excluding unamortized financing costs	\$ 479,704	\$ 511,445	\$ 342,772
Credit facility, excluding unamortized financing costs	37,000	15,000	25,000
Total Debt and Credit facility, excluding unamortized financing costs	\$ 516,704	\$ 526,445	\$ 367,772
Adjusted EBITDA ⁽¹⁾	\$ 53,316	\$ 42,450	\$ 37,365
Debt to Annualized Adjusted EBITDA Ratio ⁽¹⁾	9.7x	12.4x	9.8x

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