True North Commercial REIT Reports Q3-2023 Results and Announces Updated Strategy to increase Unitholder Value

Plan includes Redirecting Monthly Distributions to Maximize Buyback under the NCIB and Unit Consolidation

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"This news release constitutes a "designated news release" for the purposes of the REIT's prospectus supplement dated April 21, 2022 to its short form base shelf prospectus dated February 17, 2022."

TORONTO, ON – November 13, 2023 – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the "**REIT**") today announced its financial results for the three and nine months ended September 30, 2023. The REIT also announced the next steps in its strategy to increase unitholder ("**Unitholder**") value which includes: (i) effective with the November 2023 distribution payable on December 15, 2023 to unitholders of the REIT ("**Unitholders**") of record on November 30, 2023, the redirection and reallocation of substantially all distribution amounts to purchase trust units of the REIT ("**Units**") under the REIT's normal course issuer bid ("**NCIB**") or through other acquisition programs, for approximately six months or earlier if appropriate; and (ii) a consolidation (the "**Consolidation**") of the Units, the special voting units of the REIT (the "**SV Units**" together with the Units, the "**Voting Units**") and the class B limited partnership units ("**Class B LP Units**") of True North Commercial Limited Partnership on the basis of 5.75:1.

"The next logical step in the REIT's strategy involves the reallocation of substantially all distributions to purchase the maximum number of Units available under the NCIB which will be immediately accretive to Unitholders, with the intention to revisit the reallocation in approximately six months, or earlier if appropriate, to reinstate a sustainable distribution to Unitholders. At the end of the quarter, the REIT's IFRS NAV per Unit was approximately $4.97 resulting in the current Unit price trading at a significant discount to intrinsic value and supporting the buyback of Units under the NCIB as a very attractive use of the REIT's capital. The REIT remains focused on delivering long-term value for our unitholders by allocating available capital to generate the highest potential return, while pro-actively managing risk", stated Daniel Drimmer, the REIT's Chief Executive Officer. "We are also pleased with the continued strong leasing momentum resulting in a weighted average lease term of 7.7 years on new lease deals and renewals completed in the third quarter, while continuing to build strong relationships with the REIT's tenants to maintain high occupancy levels".

Third Quarter 2023 Highlights

- Maintained strong portfolio occupancy of 93% with an average remaining lease term of 4.4 years (91% and 4.4 years including investment properties held for sale).

- Completed the sale of 360 Laurier Avenue West, Ottawa, Ontario ("**the Laurier Property**") totaling 107,100 square feet on July 10, 2023 for a sale price of $17.5 million.

- Completed the sale of 32071 South Fraser Way, Abbotsford, BC (the "**Abbotsford Property**") totaling 52,300 square feet on July 31, 2023 for a sale price of $24.0 million.

- Contractually leased and renewed approximately 86,900 square feet with a weighted average lease term of 7.7 years and a 1.5% increase over expiring base rents.

- Excluding termination income and investment properties held for sale, revenue and net operating income ("**NOI**") decreased 1% and 4%, respectively, compared to Q3-2022. Due to significant termination income included in 2022 and lower same property NOI ("**Same Property NOI**"), revenue and NOI decreased 11% and 18%, respectively, compared to Q3-2022.

- Same Property NOI decreased 1.6% excluding investment properties held for sale and termination fees.

- During 2022, the REIT received termination income from one tenant at 6925 Century Avenue, Mississauga, Ontario that downsized a portion of their space effective Q4-2022. To date, 60% of this vacancy has been contractually re-leased with rents commencing in the latter half of 2023. Q3-2023 FFO and AFFO basic and diluted per Unit decreased $0.04 to $0.11 which is consistent and in line with Q2-2023. Excluding termination fees, Q3-2023 FFO and AFFO basic and diluted per Unit were lower by $0.02 and $0.03 respectively compared to Q3-2022 due to the loss of rental revenue from the above vacancy.

- Excluding investment properties held for sale only, Q3-2023 Same Property NOI decreased 8.8% as a result of the significant termination fee income recorded in the prior year period.

- $48.3 million of Available Funds at the end of Q3-2023.

- The REIT repurchased 83,500 Units for $0.2 million under the NCIB.

YTD Highlights

- Completed the sale of 400 Carlingview Drive, Toronto, Ontario (the "**Carlingview Property**") on March 10, 2023 for a sale price of $7.25 million.

- Contractually leased and renewed approximately 512,800 square feet with a weighted average lease term of 5.0 years and a 11% increase over expiring base rents.

- The REIT repurchased 208,400 Units for $0.5 million under the NCIB.

- 50% reduction to the monthly cash dividend from $0.0495 per Unit to $0.02475 per Unit or $0.297 per Unit on an annualized basis ("**Distribution Reduction**"). The new declared distribution was paid on April 17, 2023 to Unitholders of record on March 31, 2023. The Distribution Reduction is expected to provide an additional $25 million in cash annually that will be used to improve the REIT's capital profile.

- Effective June 30, 2023, Tracy Sherren, the REIT's President and Chief Financial Officer and President, Canadian Commercial, Starlight Investments, retired from her executive positions at the REIT and Starlight Investments. Ms. Sherren will remain as a trustee of the REIT. Martin Liddell, the current Chief Financial Officer at Starlight, was appointed as Chief Financial Officer of the REIT in addition to his positions at Starlight.

Subsequent Events

- The REIT refinanced a $3,834 mortgage for a three year term.

The REIT's presentation currency is the Canadian dollar. Unless otherwise stated, dollar amounts expressed in this press release are in thousands of dollars.

Key Performance Indicators

		Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
Number of properties				44	47
Portfolio GLA				4,791,500 sf	4,975,200 sf
Occupancy				93%	95%
Remaining weighted average lease term				4.4 years	4.4 years
Revenue from government and credit rated tenants				78%	80%
Revenue	$	32,789	36,677	99,337	108,124
NOI		18,082	21,976	55,202	65,855
Net income and comprehensive income		(42,472)	8,046	(34,684)	16,241
Same Property NOI		20,142	22,974	60,145	69,289
FFO	$	10,351	14,436	31,770	43,635
FFO per Unit - basic		0.11	0.15	0.34	0.47
FFO per Unit - diluted		0.11	0.15	0.34	0.47
AFFO	$	10,101	14,290	31,148	43,248
AFFO per Unit - basic		0.11	0.15	0.33	0.47
AFFO per Unit - diluted		0.11	0.15	0.33	0.47
AFFO payout ratio - diluted		69%	97%	83%	95%
Distributions declared	$	7,012	13,900	25,731	41,300

(1) Excludes investment properties held for sale.

(2) This is a non-IFRS financial measure, refer to “Non-IFRS Financial Measures”.

Operating Results

Excluding termination income and investment properties held for sale, revenue and NOI decreased 1% and 4%, respectively, in Q3-2023 while revenue remained flat and NOI decreased 5% YTD-2023.

Revenue and NOI decreased 11% and 18%, respectively, in Q3-2023 and YTD-2023 when compared to the same periods in 2022. The decrease in revenue and NOI was largely a result of the decrease in termination income and lower revenue from a tenant in the REIT’s greater Toronto area portfolio that downsized a portion of their space effective Q4-2022, combined with a 101,200 square foot lease expiry in Q1-2023 at the Laurier Property and 115,000 square foot lease expiry in Q2-2023 at 3650 Victoria Park Avenue, Toronto, Ontario (the “**Victoria Park Property**”), together with the dispositions in Q1-2023 and Q3-2023 (the “**Primary Variance Drivers**”). This decrease was partially offset by termination income received from the tenant at the Carlingview Property and NOI from an acquisition completed in Q3-2022.

Q3-2023 FFO and AFFO decreased $4,085 (YTD 2023 - $11,865), and $4,189 (YTD 2023 - $12,100), respectively compared to the same period in 2022. FFO and AFFO were negatively impacted by the Primary Variance Drivers, combined with higher financing costs as a result of higher interest rates on mortgage refinancing and higher interest expense on the Credit Facility. FFO and AFFO benefited from NOI on the acquisition completed in Q3-2022 and termination income.

Q3-2023 FFO and AFFO basic and diluted per Unit decreased $0.04 to $0.11. YTD-2023 FFO and AFFO basic and diluted per Unit decreased $0.13 and $0.14 to $0.34 and $0.33, respectively. Excluding termination fees, Q3-2023 FFO and AFFO basic and diluted per Unit were lower by $0.02 and $0.03, and YTD-2023 FFO and AFFO basic and diluted per Unit were lower by $0.07 and $0.08 compared to 2022.

Same Property NOI[1]

Occupancy	As at September 30 2023	2022
Alberta	94.8%	95.7%
British Columbia	100.0%	98.7%
New Brunswick	85.8%	83.8%
Nova Scotia	89.5%	96.9%
Ontario	94.2%	96.5%
Total	93.2%	95.2%

NOI	Q3 2023	Q3 2022	Variance	Variance %
Alberta	$ 3,514	$ 3,541	$ (27)	(0.8%)
British Columbia	1,284	1,256	28	2.2%
New Brunswick	1,297	1,015	282	27.8%
Nova Scotia	1,776	1,752	24	1.4%
Ontario	12,503	14,778	(2,275)	(15.4%)
	$ 20,374	$ 22,342	$ (1,968)	(8.8%)

Q3-2023 Same Property NOI decreased 1.6% (YTD-2023 - 3.6%) excluding termination fees and investment properties held for sale. Excluding investment properties held for sale only, Q3-2023 Same Property NOI decreased 8.8% (YTD-2023 - 11.8%) as a result of the significant termination fee income recorded in the prior year periods.

British Columbia Same Property NOI increased due to contractual rent increases. New Brunswick Same Property NOI increased as a result of a new lease that commenced in June 2023 coupled with 141,000 square feet of government renewals across three properties at higher rental rates. Same Property NOI in Nova Scotia increased due to new lease commencements and contractual rent step ups, partly offset by certain tenants that downsized on renewal.

Ontario Same Property NOI decreased mainly due to termination fees received in Q3-2022 relating to a tenant in the REIT's GTA portfolio that downsized a portion of their space effective December 2022, of which 60% has been contractually re-leased with rents commencing in the latter half of 2023. The decrease in NOI generated from investment properties held for sale was due to the lead tenant vacating the property on expiry.

Debt and Liquidity

	September 30, 2023	December 31, 2022
Indebtedness to GBV ratio [1]	61.4%	59.3 %
Interest coverage ratio [1]	2.43 x	3.00 x
Indebtedness [1] - weighted average fixed interest rate	4.03 %	3.54 %
Indebtedness [1] - weighted average term to maturity	2.99 years	3.27 years

At the end of Q3-2023, the REIT had access to Available Funds of approximately $48,283, and a weighted average term to maturity of 2.99 years in its mortgage portfolio with a weighted average fixed interest rate of 4.03%. During the quarter, the REIT refinanced $36,452 of mortgages with a weighted average fixed interest rate of 6.05% for five and seven year terms. YTD-2023, the REIT refinanced $67,573 of mortgages with a weighted average fixed interest rate of 5.65% (excluding one with a variable interest rate at prime plus 1.5%) and a weighted average term to maturity of 4.5 years, providing the REIT with additional liquidity of approximately $5,700.

Subsequent to September 30, 2023, the REIT refinanced a $3,834 mortgage with a fixed interest rate of 6.62% for a three year term.

[1] This is a non-IFRS financial measure. Refer to the Non-IFRS financial measures section below.

[2] Excludes investment properties held for sale.

Distribution Reallocation

After careful consideration, the Board has determined that the most effective use of available capital is to reallocate substantially all distributions paid to Unitholders ("**Distribution Amounts**") for the month commencing November 1, 2023 and ending April 30, 2024 to purchase the maximum number of Units available under the NCIB or through other acquisition programs, with the intention of revisiting the reallocation in approximately six months to reinstate a sustainable distribution to Unitholders. The Board believes that reallocating the Distribution Amounts to the NCIB, given the dislocation between the Unit price and the intrinsic value of the business will be immediately accretive to Unitholders and is the most compelling near term opportunity to increase Unitholder value and per unit growth. At September 30, 2023, the REIT's NAV per Unit was $4.97 resulting in the REIT's Unit price trading at a significant discount to intrinsic value.

Unit Consolidation

The REIT announced that it intends to affect a Consolidation of its Voting Units and Class B LP Units on the basis of 5.75:1 Voting Units and Class B LP Units (together, the "**Consolidated Units**"). The Consolidation will become effective on or about November 22, 2023 and is primarily intended to increase the REIT's per Unit trading price. As a result of the Consolidation, every 5.75 Voting Units and Class B LP Units will be converted automatically into one issued and outstanding Consolidated Unit. Unitholders holding Consolidated Units through a brokerage account will have their Consolidated Units automatically adjusted to reflect the Consolidation.

The Consolidation will affect all Unitholders uniformly and will not alter any Unitholder's percentage interest in the REIT's equity, except to the extent that the Consolidation would result in a Unitholder owning fractional Consolidated Units. Any fractional Consolidated Units of a Unitholder resulting from the Consolidation will be rounded down to the nearest whole number of Consolidated Units. The Consolidation will reduce the number of the REIT's Units total issued and outstanding from 92,020,251 Units to approximately 16,003,521 Units and 2,420,164 Class B LP Units and SV Units to approximately 420,891 Class B LP Units and SV Units respectively. Proportional adjustments will be made to the number of the REIT's Units issuable upon exercise or conversion of the Class B LP Units.

Holders of Consolidated Units held in book-entry form or through a bank, broker or other nominee will have their positions automatically adjusted to reflect the Consolidation, subject to a broker's particular processes, and do not need to take any action in connection with the Consolidation. Unitholders of record will be receiving information from TSX Trust Company, the REIT's transfer agent, regarding their Consolidated Unit ownership post-Consolidation. Unitholders who hold Consolidated Units in brokerage accounts should direct any questions concerning the Consolidation to their brokers; all other Unitholders may direct questions to the transfer agent, TSX Trust Company, who can be reached at telephone number 1-866-600-5869 and facsimile number (416) 361-0470.

The Units will commence trading on the Toronto Stock Exchange on a post-Consolidation basis effective at market opening on or about November 24, 2023 The trading symbol for the Units will remain "TNT.UN." The new CUSIP number for the Units following the Consolidation will be 89784Y407.

About the REIT

The REIT is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. The REIT currently owns and operates a portfolio of 44 commercial properties consisting of approximately 4.8 million square feet in urban and select strategic secondary markets across Canada focusing on long term leases with government and credit rated tenants.

The REIT is focused on growing its portfolio principally through acquisitions across Canada and such other jurisdictions where opportunities exist. Additional information concerning the REIT is available at www.sedarplus.ca or the REIT's website at www.truenorthreit.com.

Non-IFRS measures

Certain terms used in this press release such as FFO, AFFO, FFO and AFFO payout ratios, NOI, Same Property NOI, indebtedness ("**Indebtedness**"), gross book value ("**GBV**"), Indebtedness to GBV ratio, net earnings before interest, tax, depreciation and amortization and fair value gain (loss) on financial instruments and investment properties ("**Adjusted EBITDA**"), interest coverage ratio, net asset value ("**NAV"**) per Unit, Total Equity and Available Funds are not measures defined by International Financial Reporting Standards ("**IFRS**") as prescribed by the International Accounting Standards Board, do not have standardized meanings prescribed by IFRS and should not be compared to or construed as alternatives to profit/loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. FFO, AFFO, FFO and AFFO payout ratios, NOI, Same Property NOI, Indebtedness, GBV, Indebtedness to GBV ratio, Adjusted EBITDA, interest coverage ratio, adjusted cash provided by operating activities, NAV per Unit, Total Equity and Available Funds as computed by the REIT may not be comparable to similar measures presented by other issuers. The REIT uses these measures to better assess the REIT's underlying performance and provides these additional measures so that investors may do the same. Details on non-IFRS measures are set out in the REIT's Management's Discussion and Analysis for the three and nine months ended September 30, 2023 ("**MD&A**") and the Annual Information Form ("**AIF**") are available on the REIT's profile at www.sedarplus.ca.

Reconciliation of Non-IFRS financial measures

The following tables reconcile the non-IFRS financial measures to the comparable IFRS measures for the three and nine months ended September 30, 2023 and 2022. These non-IFRS financial measures do not have any standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

NOI

The following table calculates the REIT's net operating income, a non-IFRS financial measure:

	Three months ended September 30		Nine months ended September 30	
	2023	**2022**	**2023**	**2022**
Revenue	$ 32,789	$ 36,677	$ 99,337	$ 108,124
Expenses:				
Property operating	(9,699)	(9,526)	(28,800)	(27,048)
Realty taxes	(5,008)	(5,175)	(15,335)	(15,221)
NOI	$ 18,082	$ 21,976	$ 55,202	$ 65,855

Same Property NOI

Same Property NOI is measured as the net operating income for the properties owned and operated by the REIT for the current and comparative period. The following table reconciles the REIT's Same Property NOI to NOI:

	Three months ended September 30		Nine months ended September 30	
	2023	**2022**	**2023**	**2022**
Number of properties	43	43	43	43
Revenue	$ 31,319	$ 34,839	$ 93,990	$ 103,698
Expenses:				
Property operating	(9,203)	(9,153)	(27,350)	(26,190)
Realty taxes	(4,795)	(4,858)	(14,356)	(14,473)
	$ 17,321	$ 20,828	$ 52,284	$ 63,035
Add:				
Amortization of leasing costs and tenant inducements	2,429	1,569	6,726	4,729
Straight-line rent	392	577	1,135	1,525
Same Property NOI	$ 20,142	$ 22,974	$ 60,145	$ 69,289
Less: Investment Properties held for sale	(232)	632	812	1,987
Same Property NOI excluding investment properties held for sale	20,374	22,342	59,333	67,302
Reconciliation to condensed consolidated interim financial statements:				
Acquisitions and dispositions	(90)	1,799	1,894	4,862
Amortization of leasing costs and tenant inducements	(2,428)	(1,584)	(6,735)	(4,772)
Straight-line rent	226	(581)	710	(1,537)
NOI	$ 18,082	$ 21,976	55,202	$ 65,855

FFO and AFFO

The following table reconciles the REIT's FFO and AFFO to net income and comprehensive income, for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Net income and comprehensive income	$ (42,472)	$ 8,046	$ (34,684)	$ 38,437
Add (deduct):				
Fair value adjustment of Unit-based compensation	(54)	(105)	(486)	(587)
Fair value adjustment of investment properties	50,087	6,842	68,391	10,122
Fair value adjustment of Class B LP Units	(584)	(1,629)	(9,179)	(5,045)
Transaction costs on sale of investment property	1,131	-	1,375	-
Distributions on Class B LP Units	181	400	679	1,298
Unrealized loss on change in fair value of derivative instruments	(366)	(702)	(1,061)	(5,362)
Amortization of leasing costs and tenant inducements	2,428	1,584	6,735	4,772
FFO	$ 10,351	$ 14,436	$ 31,770	$ 43,635
Add (deduct):				
Unit-based compensation expense	114	93	446	541
Amortization of financing costs	329	405	1,071	1,133
Rent Supplement	743	-	2,228	-
Amortization of mortgage discounts	(8)	(11)	(25)	(36)
Installment note receipts	13	15	41	47
Straight-line rent	(226)	581	(710)	1,537
Capital reserve	(1,215)	(1,229)	(3,673)	(3,609)
AFFO	$ 10,101	$ 14,290	$ 31,148	$ 43,248
FFO per Unit:				
Basic	$ 0.11	$ 0.15	$ 0.34	$ 0.47
Diluted	$ 0.11	$ 0.15	$ 0.34	$ 0.47
AFFO per Unit:				
Basic	$ 0.11	$ 0.15	$ 0.33	$ 0.47
Diluted	$ 0.11	$ 0.15	$ 0.33	$ 0.47
AFFO payout ratio:				
Basic	69%	97%	83%	95%
Diluted	69%	97%	83%	95%
Distributions declared	$ 7,012	$ 13,900	$ 25,731	$ 41,300
Weighted average Units outstanding (000s):				
Basic	94,469	93,408	94,525	92,604
Add:				
Unit options and Incentive Units	34	26	28	95
Diluted	94,503	93,434	94,553	92,699

Indebtedness to GBV Ratio

The table below calculates the REIT's Indebtedness to GBV ratio as at September 30, 2023 and December 31, 2022. The Indebtedness to GBV ratio is calculated by dividing the indebtedness by GBV:

		September 30, 2023		December 31, 2022
Total assets	$	1,336,568	$	1,450,315
Deferred financing costs		6,777		7,070
GBV	$	1,343,345	$	1,457,385
Mortgages payable		804,120		846,689
Credit Facility		18,100		14,400
Unamortized financing costs and mark to market mortgage adjustments		3,044		3,745
Indebtedness	$	825,264	$	864,834
Indebtedness to GBV		61.4%		59.3%

Adjusted EBITDA

The table below reconciles the REIT's adjusted EBITDA to net income and comprehensive income for twelve month period ended September 30, 2023 and 2022:

		Nine months ended September 30		
		2023		2022
Net income and comprehensive income	$	(56,589)	$	57,353
Add (deduct):				
Interest expense		32,055		27,978
Fair value adjustment of Unit-based compensation		(479)		(479)
Transaction costs on sale of investment property		1,375		-
Fair value adjustment of investment properties		100,194		2,761
Fair value adjustment of Class B LP Units		(8,724)		(4,531)
Distributions on Class B LP Units		1,054		1,747
Unrealized loss on change in fair value of derivative instruments		(1,143)		(6,331)
Amortization of leasing costs, tenant inducements, mortgage premium and financing costs		10,175		7,910
Adjusted EBITDA	$	77,918	$	86,408

Interest Coverage Ratio

The table below calculates the REIT's interest coverage ratio for the twelve month period ended September 30, 2023 and 2022. The interest coverage ratio is calculated by dividing Adjusted EBITDA by interest expense.

		Nine months ended September 30		
		2023		2022
Adjusted EBITDA	$	77,918	$	86,408
Interest expense		32,055		27,978
Interest coverage ratio		2.43 x		3.09 x

Available Funds

The table below calculates the REIT's Available Funds as at September 30, 2023 and December 31, 2022:

		September 30, 2023		December 31, 2022
Cash	$	6,383	$	9,501
Undrawn Credit Facility		41,900		53,600
Available Funds	$	48,283	$	63,101

NAV per Unit

The table below calculates the REIT's NAV per Unit as at September 30, 2023 and December 31, 2022:

	Septemer 30, 2023		December 31, 2022	
	Units	Amount	Units	Amount
Unitholders' Equity	92,007,751	$ 463,787	91,813,073	$ 522,138
Add: Class B LP Units	2,432,664	5,207	2,526,414	14,628
Total Equity (including Class B LP Units)	94,440,415	$ 468,994	94,339,487	$ 536,766
NAV per Unit		$ 4.97		$ 5.69

Forward-looking Statements

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purposes of assisting the reader in understanding the REIT's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, performance, achievements, events, prospects or opportunities for the REIT or the real estate industry and may include statements regarding the financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes, distributions, plans, the benefits of reallocating the Distribution Amounts to the NCIB, or through other acquisition programs, the impact of the Consolidation and the objectives of or involving the REIT,. In some cases, forward-looking information can be identified by such terms as "may", "might", "will", "could", "should", "would", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", or the negative thereof or other similar expressions suggesting future outcomes or events.

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond the REIT's control, affect the operations, performance and results of the REIT and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: risks and uncertainties related to the Units; risks related to the REIT and its business; fluctuating interest rates and general economic conditions, including increased levels of inflation; credit, market, operational and liquidity risks generally; occupancy levels and defaults, including the failure to fulfill contractual obligations by tenants; lease renewals and rental increases; the ability to re-lease and find new tenants for vacant space; the timing and ability of the REIT to acquire or sell certain properties; the ongoing effects of COVID-19 and work-from-home flexibility initiatives on the business, operations and financial condition of the REIT and its tenants, as well as on consumer behavior and the economy in general, including the ability to enforce leases, perform capital expenditure work, increase rents, raise capital through the issuance of Units or other securities of the REIT; the benefits of reallocating the Distribution Amounts to the NCIB, or through other acquisition programs, the impact of the Consolidation; and obtain mortgage financing on the REIT's properties (the "properties"). The foregoing is not an exhaustive list of factors that may affect the REIT's forward-looking statements. Other risks and uncertainties not presently known to the REIT could also cause actual results or events to differ materially from those expressed in its forward-looking statements. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions applied in drawing a conclusion or making a forecast or projection, including management's perception of historical trends, current conditions and expected future developments, as well as other considerations believed to be appropriate in the circumstances. There can be no assurance regarding: (a) the ongoing effects of COVID-19 and work-from-home initiatives on the REIT's business, operations and performance, including the performance of its Units; (b) the REIT's ability to mitigate any impacts related to fluctuating interest rates, inflation and the after effects of COVID-19 including the shift to hybrid working; (c) the factors, risks and uncertainties expressed above in regards to the post COVID-19 environment on the commercial real estate industry and property occupancy levels; (d) credit, market, operational, and liquidity risks generally; (e) the availability of investment opportunities for growth in Canada and the timing and ability of the REIT to acquire or sell certain properties; (f) repurchasing Units under the NCIB; (g) Starlight Group Property Holdings Inc., or any of its affiliates ("**Starlight**"), continuing as asset manager of the REIT in accordance with its current asset management agreement; (h) the benefits of reallocating the Distribution Amounts to the NCIB, or through other acquisition programs; (i) the impact of the Consolidation; and (j) other risks inherent to the REIT's business and/or factors beyond its control which could have a material adverse effect on the REIT.

The forward-looking statements made relate only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian law, the REIT undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

For further information:

Daniel Drimmer	or	Martin Liddell
Chief Executive Officer		Chief Financial Officer
(416) 234-8444		(416) 234-8444