TSX: TNT.UN

True North COMMERCIAL REIT

Q4 2024

# MANAGEMENT'S DISCUSSION & ANALYSIS

Mar 18, 2025


675 Cochrane Drive
GTA, ON

# AT A GLANCE

Diversified portfolio of high quality properties spanning five provinces with a high concentration of government and credit rated tenants

**$1.2 B**
Total Assets

**75%**
Revenues Generated from Goverment & Credit Rated Tenants

**4.2 YR**[1]
Weighted Average Lease Term

**40**
Properties

**93%**[1]
Occupancy

**5**
Provinces

As at December 31, 2024
(1) Excluding investment properties held for sale.

120, 130, 134, 140 Eileen Stubbs Avenue
Halifax, NS

**Stable**
Contractual
Cash flow


1595 16th Avenue
Toronto, ON


101 McNabb Street
GTA, ON

**High Quality**
Tenant Base

**Focus on**
Transit-Based
Urban Areas

1112 Fort Street
Victoria, BC

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the consolidated financial results of True North Commercial Real Estate Investment Trust (the "REIT") is intended to provide readers with an assessment of the performance of the REIT for the years ended December 31, 2024 and 2023 and should be read in conjunction with the REIT's annual audited consolidated financial statements for the years ended December 31, 2024 and 2023, and accompanying notes thereto. These documents can be found on the System for Electronic Document Analysis and Retrieval + ("SEDAR+") website at www.sedarplus.ca and on the REIT's website at https://truenorthreit.com/ under the tab "Financial Reports" in the "Investor" section.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A 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, debt financing, 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 and renewal of the normal course issuer bid (the "NCIB"), or through other capital programs, the impact of the consolidation (the "Unit Consolidation") (as described below) and 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.

This MD&A, and the documents incorporated by reference herein, contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the REIT's business and results of operations, the ability of the REIT to manage the impact of inflation levels on the REIT's operating costs and fluctuating interest rates, and the ongoing effects on the REIT's business and operations following the shift to hybrid working. 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 trust units of the REIT ("Units") and trading value of the Units; risks related to the REIT and its business; fluctuating interest rates and general economic conditions, including potential higher levels of inflation; the impact of any tariffs and retaliatory tariffs on the economy, 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 secure new tenants for vacant space; the timing and ability of the REIT to acquire or sell certain properties; 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; 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 the NCIB, or through other capital programs, the impact of the Unit Consolidation, the ability of the REIT to resume distributions in future periods; and obtain mortgage financing on the REIT's properties (the "Properties") and for potential acquisitions or to refinance debt at maturity on similar terms. 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) 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, potential higher levels of inflation and the shift to hybrid working; (c) the factors, risks and uncertainties expressed above in regards to the hybrid work 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 the NCIB, or through other capital programs; (i) the impact of the Unit Consolidation; (j) the availability of debt financing for potential acquisitions or refinancing loans at maturity on similar terms; (k) the ability of the REIT to resume distributions in future periods and (l) 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.

## NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A such as funds from operations ("FFO"), adjusted funds from operations ("AFFO"), FFO and AFFO payout ratios, net operating income ("NOI"), same property net operating income ("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, adjusted cash flow provided by operating activities, net asset value ("NAV") per Unit, Total Equity, Available Funds (as defined herein), occupancy and weighted average remaining lease term ("WALT") are not measures defined by IFRS Accounting Standards ("IFRS") as prescribed by the International Accounting Standards Board ("IASB"), 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 flow provided by operating activities, NAV per Unit, Total Equity, Available Funds, occupancy and WALT as computed by the REIT may not be comparable to similar measures presented by other issuers.

FFO is a measure of operating performance based on the funds generated from the business of the REIT before reinvestment or provision for capital needs. FFO is calculated as net loss adjusted for realized and unrealized fair value gains (losses), transaction costs on sale of investment properties, distributions on class B limited partnership units of True North Commercial Limited Partnership ("Class B LP Units"), and amortization of leasing costs and tenant inducements. The REIT calculates FFO in accordance with the guidelines set out by the Real Property Association of Canada ("Realpac"). Management considers this non-IFRS measure to be an important measure of the REIT's operating performance. Refer to "FFO and AFFO" for a reconciliation between net loss and comprehensive loss to FFO.

AFFO is an important performance measure to determine the sustainability of future distributions paid to holders of Units ("Unitholders"). In calculating AFFO, the REIT makes certain cash and non-cash adjustments to FFO such as but not limited to: amortization of fair value mark-to-market adjustments on assumed mortgages, amortization of deferred financing costs, straight-line rent, instalment note receipts, rent supplement, non-cash Unit-based compensation expense and a deduction of a reserve for capital expenditures, tenant inducements, and leasing costs. The method applied by the REIT to calculate AFFO differs from the definition of AFFO as defined by Realpac. Management considers this non-IFRS measure to be an important measure of the REIT's operating performance. Refer to "FFO and AFFO" for a reconciliation from FFO to AFFO.

For the purposes of calculating FFO and AFFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis. Diluted amounts assume the conversion of any vested, unexercised and in the money Unit options and Incentive Units (as defined herein) of the REIT.

FFO and AFFO payout ratios are supplementary measures used by management to assess the sustainability of the REIT's distribution payments. These ratios are calculated using distributions declared divided by FFO and AFFO, respectively.

NOI is defined by the REIT as rental revenue from property operations less property operating costs and realty taxes. NOI is presented in this MD&A because management considers this non-IFRS measure to be a valuable measure for evaluating the operating performance of the properties. Refer to "Analysis of Financial Performance" for a reconciliation.

Same Property NOI is defined by the REIT as NOI for properties owned for an entire quarter or reporting period in both the current and comparative period and also excludes the results for properties classified as held for sale as at the applicable reporting date. Changes are made to NOI in order to determine Same Property NOI to exclude non-cash items such as amortization of tenant inducements, leasing costs and straight-line rent. Same Property NOI is presented in this MD&A because management considers this non-IFRS measure to be a valuable measure for evaluating the operating performance of the properties excluding the impact attributable to property acquisitions and dispositions. Refer to "Analysis of Financial Performance - Same Property Analysis" for a reconciliation.

Adjusted cash flow provided by operating activities measures the amount of sustainable cash provided by operating activities less finance costs paid. Adjusted cash flow provided by operating activities is presented in this MD&A because management considers this non-IFRS measure to be an important measure in assessing the REIT’s availability of cash flow for distribution. Refer to "Distributions" for a reconciliation.

Adjusted EBITDA is defined by the REIT as net earnings before, where applicable, interest, taxes, depreciation, amortization and fair value gain (loss) on financial instruments and investment properties and excludes non-recurring items such as transaction costs on the sale of investment properties. Adjusted EBITDA, calculated on a twelve-month trailing basis represents an operating cash flow measure the REIT uses in calculating the interest coverage ratio. Refer to "Debt - Adjusted EBITDA and Interest Coverage Ratio" for a reconciliation.

Available Funds is defined as the sum of cash and available funds from the REIT's undrawn floating rate revolving credit facility ("Credit Facility") (as described in the "Debt" section). Management believes Available Funds is an important measure in determining the resources available to meet ongoing obligations. Refer to "Liquidity and Capital Investment - Liquidity" for a reconciliation.

Indebtedness is defined in the REIT’s third amended and restated declaration of trust made as of May 11, 2021 (“DOT”) and is a measure of the amount of leverage utilized by the REIT. GBV is defined in the DOT and is a measure of the value of the REIT’s total assets. The Indebtedness to GBV ratio is a compliance measure in the DOT and establishes the limit of financial leverage for the REIT. The Indebtedness to GBV ratio is presented in this MD&A as management considers this non-IFRS measure to be an important measure of the REIT’s financial position. Refer to "Debt - Indebtedness to GBV" for the calculation.

Interest coverage ratio is used to monitor the REIT’s ability to service interest requirements on its outstanding debt. The ratio is calculated on a twelve-month trailing basis by dividing Adjusted EBITDA by the REIT’s interest obligations for the period. Management considers this non-IFRS measure useful in assessing the REIT’s ability to service its debt obligations. Refer to "Debt - Adjusted EBITDA and Interest Coverage Ratio" for the calculation.

NAV per Unit is a ratio calculated as total equity (including Class B LP Units) divided by the total number of Units and Class B LP Units outstanding at the end of the period. NAV per Unit is presented in this MD&A as the REIT considers it to be reflective of the intrinsic value of the Units which enables investors to determine if the REIT's Unit price is trading at a discount or premium relative to the NAV per Unit at each reporting period. Refer to "Fourth Quarter Highlights and Key Performance Indicators - Distribution Reduction, Reallocation and Suspension of DRIP" for the calculation.

Total Equity (including Class B LP Units) is made up of Unitholders' equity plus Class B LP Units and is one of the components used to determine NAV per Unit. Management believes it is important to include Class B LP Units for the purpose of determining the REIT's capital management. Management does not consider the Class B LP Units to be debt or borrowings of the REIT for capital management purposes. Refer to "Fourth Quarter Highlights and Key Performance Indicators - Distribution Reduction, Reallocation and Suspension of DRIP" for the calculation.

Occupancy is measured as the number of square feet under contract to lease (including contractual move-ins) as at the applicable reporting date, divided by the total of leasable square footage of the applicable property or group of properties owned by the REIT. This measure is calculated for an individual property or group of properties, as applicable.

WALT is measured as the remaining term between the applicable reporting date and ultimate expiry of the contractual leases in place as at the applicable reporting date, pro-rated based on the total revenue of all applicable contracts as at the applicable date. This measure is calculated for an individual property or group of properties, as applicable.

## ESG STRATEGY AND PROGRAM

The Board of Trustees ("Board"), together with the management and Starlight have developed an environmental, social and governance ("ESG") strategy that aligns with the REIT's mission, vision and objectives, and supports long-term value creation. The strategy identifies the REIT's key ESG priorities, goals, actions and performance measures, and will continue to evolve over time as the REIT progresses and adapts to the changing operating and investing environments.

### ESG Governance Structure and Systems

The success of the strategy relies on the commitment and oversight from the Board. The Board is responsible for the oversight of the strategy and initiatives developed by management and Starlight. The Governance, Compensation & Nominating Committee of the REIT ("GC&N Committee") oversees and monitors the REIT's performance against the strategy.

Pursuant to the Board's mandate, the Board oversees and monitors the REIT's policies and practices related to the strategy and the alignment of the strategy with the REIT's overall business objectives. The Board is required to satisfy itself that the REIT has developed and implemented appropriate ESG standards in the conduct of its operations. At least annually, together with Starlight, the Board reviews the REIT's ESG program reporting and verifies compliance with any applicable legal and regulatory requirements related to ESG disclosure.

Pursuant to the charter of the Audit Committee, members of the Audit Committee are required to satisfy themselves that adequate procedures and controls are in place for the review of the metrics, key performance indicators and other quantitative data included in the REIT's public disclosure relating to ESG reporting.

Pursuant to the charter of the GC&N Committee, the GC&N Committee is required to review the REIT's diversity policy at least annually and take into consideration the diversity policy when establishing qualifications for potential non-executive trustees of the REIT ("Trustees") and officers. In addition, the charter provides that the GC&N Committee is required to review, on a periodic basis, the REIT's governance practices in relation to its ESG program, including assessing and making recommendations regarding the Board's level of ESG education and expertise; and must review the REIT's public disclosure related to its ESG policies and practices.

Pursuant to the charter of the Investment Committee, the Investment Committee must review all proposed investments prior to approval for alignment with the REIT's ESG program and strategy.

### ESG Disclosure Standards

The REIT's strategy is aligned with external standards and best practices, including the GRI Sustainability Reporting Standards (2022) and the Global Real Estate Sustainability Benchmark ("GRESB"). The REIT has also taken guidance from the ISSB IFRS Sustainability Standards S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures. These standards help shape the REIT's commitments and ensure accountability in its data, initiatives and goals. The REIT submitted its second submission in 2024 with GRESB and achieved 80 points resulting in a 3-star rating.

The REIT's commitments are also aligned with the United Nations' Sustainable Development Goals ("UN SDGs"), a set of integrated goals that call on countries and industries to help end poverty, protect the planet and ensure peace and prosperity. The REIT's ESG strategy contributes to the following UN SDGs: (a) good health and well-being; (b) quality education; (c) gender equality; (d) decent work and economic growth; (e) industry, innovation and infrastructure; (f) Sustainable cities and communities; (g) climate action; and (h) partnerships for the goals.

## Importance of ESG

The REIT has engaged its stakeholders to determine the ESG initiatives that are most important to its Unitholders, partners and communities, and where the REIT has a significant impact. Conducting an exercise determines the most relevant ESG programs for the REIT to address. The resulting matrix is a cumulative product of extensive research, workshops, one-on-one discussions and data cross-referencing from across the REIT's industry and Starlight's employees.

| Environmental impact | Social Impact | Governance |
| --- | --- | --- |
| • Carbon emissions and transition to zero carbon | • Community well-being and engagement | • Cybersecurity |
| • Resource consumption | • Partnerships | • Corporate governance |
| • Circularity and resources | • Inclusion, Diversity, Equity and Allyship ("IDEA") | • Green building certifications |
| • Low-carbon infrastructure | | • Risk management |
| • Resilience | | • Regulations |
| • Sustainable materials | | • Reporting |
| • Biodiversity | | |

This matrix has assisted the REIT to develop a strategy that embeds ESG in every aspect of its business, including operations, investment activities and trust functions, which: (a) promote resource efficiency, costs savings and minimize environmental degradation; (b) increase property values, contribute to stakeholder satisfaction, and drive long-term NAV growth for Unitholders; (c) drive the appeal of the Properties, helping to attract and retain tenants and build lasting collaborative relationships; and (d) manage risk and comply with evolving regulations and insurance requirements while enhancing operations, management and governance practices.

## ESG Commitment

The REIT's core ESG commitments are as follows:

*Social Impact*: The REIT aims to bring value to local communities, enhance tenant well-being and experience;

*Sustainable operations*: The REIT aims improve efficiency, reduce operating costs and future-proof its buildings by driving innovation and investing in new technologies; and

*Transparency and accountability*: The REIT aims to create transparency in our governance practices and proactively respond to existing and future risks.

### ESG Initiatives and Results

The REIT has developed short and long-term initiatives and targets around ESG, including the following:

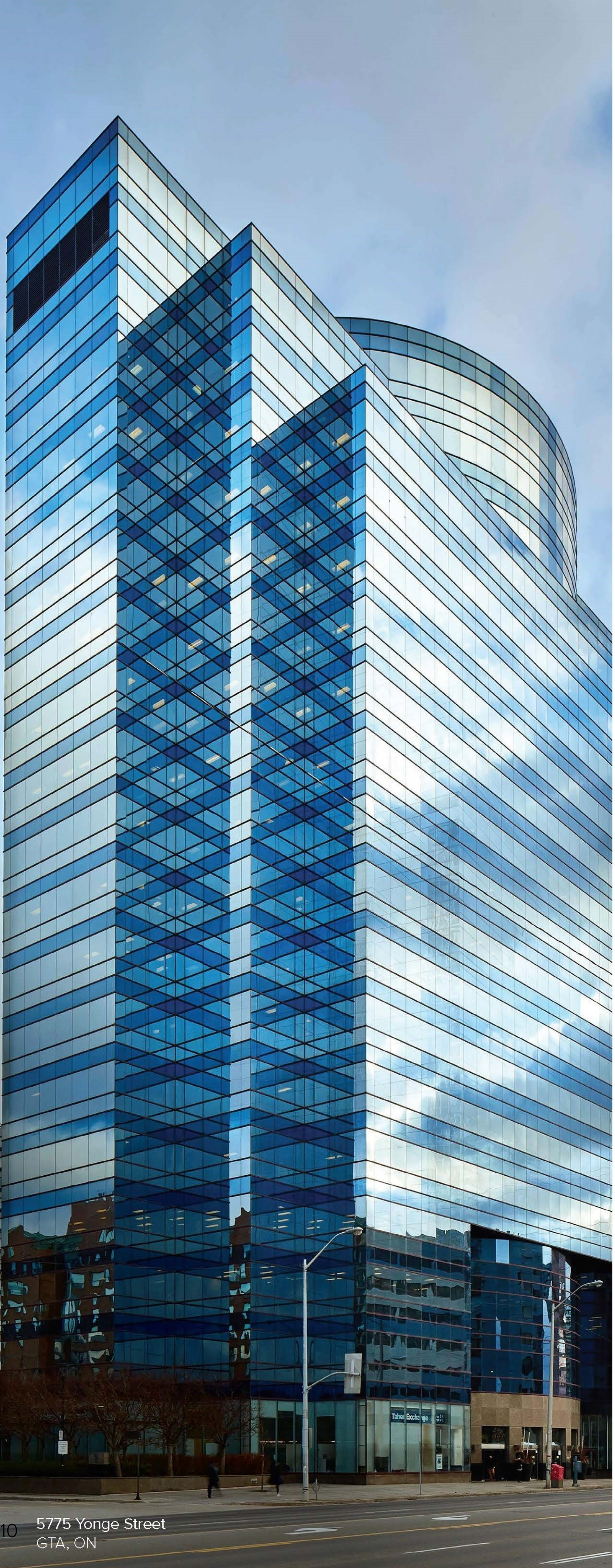
| | |
|---|---|
| *Carbon emissions* | • Aim to achieve net zero operational carbon emissions intensity across all scopes by 2050<br>• Reduce carbon emissions, energy, and water use by 2% annually or 10% by 2025 (2019 baseline). 2019 to 2023 Like for Like ("L4L") figures:<br>◦ Energy - 1.5% decrease<br>◦ Carbon - 3.2% decrease<br>◦ Water - 3.4% decrease |
| *Resource consumption* | • Increase number of buildings with ENERGY STAR scores by 2024 - approximately 59% in 2024<br>• Increase whole building energy and water data to 100% by 2023 - approximately 88% in 2023<br>• Increase waste data coverage to 100% by 2024 - approximately 68% in 2024<br>• Target to achieve 85% waste diversion by 2025 - approximately 23.3% diversion rate achieved in 2023<br>• Approximately 55% of the Properties have waste reduction plans based on green building certifications including BOMA Best, LEED® and FITWEL® |
| *Climate risk assessment* | • Completed climate risk assessments in 2023<br>• Together with a consultant, the REIT completed both physical and transition climate risks for its Properties. The assessment provided an overview of the most material physical and transition risks to its Properties, as well as recommendations on how to manage these risks to improve climate resilience |
| *Transparency and accountability* | • Engage with 100% of property managers and tenants on ESG activities (annually)<br>• Increase green building certification to 75% by 2027 - approximately 55% in 2024 |
| *Social impact* | • Improve/create amenities at certain Properties (i.e, tenant lounge, gym, café)<br>• Engage tenants on ESG through the REIT's property managers running events and campaigns that relate to supporting the environment and/or health and wellness of tenants |

### Progress on ESG Initiatives:

The REIT continues its commitment to environmental leadership and reducing its environmental footprint through the undertaking of green building certifications. These certifications evaluate buildings from both an environmental and social impact to enhance sustainability and tenant satisfaction.

See "Property Portfolio – Description of the Properties" in the section in the annual information form of the REIT dated March 18, 2025 (the "AIF") for a complete list of all certifications.

The REIT understands that its actions have an impact, not only on the communities where its Properties are located, but also on local and national communities and it is committed to creating a sustainable future that benefits our Unitholders, partners and investors.




# TABLE OF CONTENTS

## BASIS OF PRESENTATION

The REIT's consolidated financial statements for the years ended December 31, 2024 and 2023 have been prepared in accordance with IFRS. The REIT's presentation currency is the Canadian dollar. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of dollars, except for Unit and per Unit information.

Certain time periods used in this MD&A are used interchangeably such as three months and year ended December 31, 2024 ("Q4-2024") and ("YTD-2024"), respectively, three months and year ended December 31, 2023 ("Q4-2023") and ("YTD-2023"), respectively, three months ended September 30, 2024 ("Q3-2024"), three months ended June 30, 2024 ("Q2-2024"), and three months ended March 31, 2024 ("Q1-2024").

On November 24, 2023, the REIT executed a consolidated of its Units, special voting Units of the REIT and the Class B LP Units on the basis of 5.75:1. All Units (including Class B LP Units) and per Unit amounts included in this MD&A have been retroactively adjusted to reflect the Unit Consolidation.

## OVERVIEW AND STRATEGY

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to the DOT, and governed by the laws of the Province of Ontario. The registered head office of the REIT is 1400 – 3280 Bloor Street West, Centre Tower, Toronto, Ontario, Canada, M8X 2X3. The Units are listed on the Toronto Stock Exchange ("TSX") under the symbol TNT.UN. As at December 31, 2024, the REIT owned and operated a portfolio of 40 office properties across Canada consisting of approximately 4.6 million square feet of gross leasable area ("GLA").

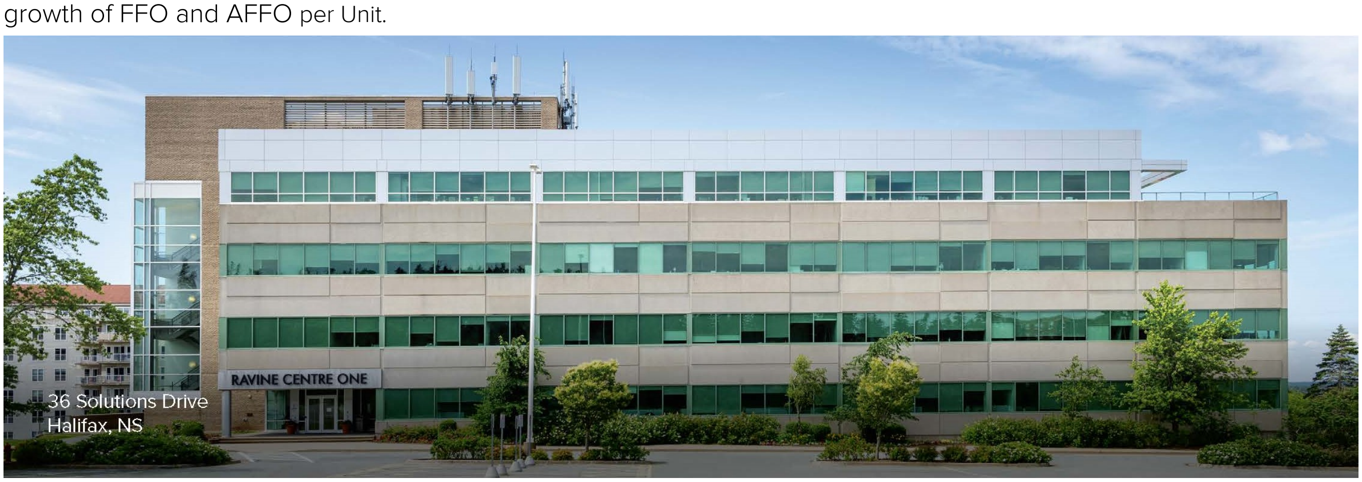
The long-term objectives of the REIT are to:

- generate stable cash distributions on a tax-efficient basis;
- expand the asset base of the REIT and increase its distributable cash flow through acquisitions of commercial rental properties across Canada and such other jurisdictions where opportunities exist; and
- enhance the value of the REIT's assets to maximize long-term Unit value through active management of its assets.

In the current environment, the REIT's short-term objectives are to:

- optimize asset performance through maintaining high levels of occupancy;
- maintain high tenant concentration of government and credit rated tenants;
- execute an effective leasing strategy in a challenging environment;
- leverage strong relationships with lenders to continue to renew maturing debt; and
- evaluate and pursue dispositions of certain non-core assets.

The REIT seeks to identify potential acquisitions using investment criteria that focus on the security of cash flow, capital appreciation, value enhancement through more efficient management of the assets being acquired and growth of FFO and AFFO per Unit.



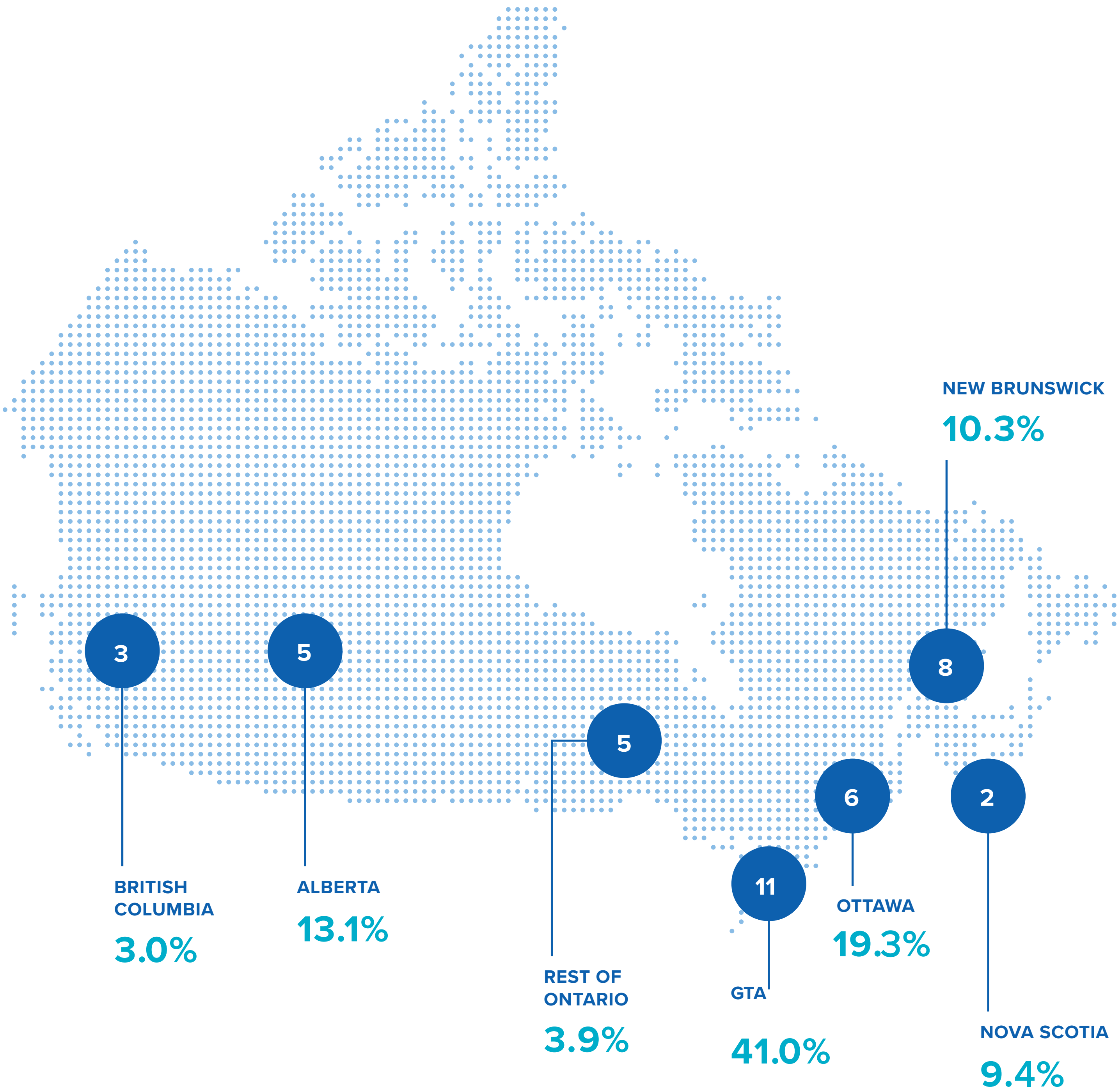

36 Solutions Drive
Halifax, NS

# PORTFOLIO OVERVIEW

As at December 31, 2024, the REIT's portfolio was comprised of 40 office properties totaling approximately 4.6 million square feet of GLA. See Appendix A for a detailed listing of the REIT's properties.

### Current Portfolio & Geographic Diversification

GLA by province as at December 31, 2024 is denoted by the percentages below.




# *Indicates number of Properties owned by REIT as at December 31, 2024 in such market*

# TENANT PROFILE

Top 20 tenants account for 69% of revenue.

Approximately 75% of the REIT's portfolio revenue is generated by government and credit rated tenants

**41%**

government tenants

+

**34%**

credit rated tenants

=

**75%**

total government and credit rated tenants

### Top 20 tenants as at December 31, 2024

| TENANT | % OF GROSS REVENUE | GLA | REMAINING LEASE TERM[1] |
|---|---|---|---|
| Federal Government of Canada | 17.0 % | 698,300 | 4.5 years |
| Province of Alberta | 10.2 % | 370,800 | 3.6 years |
| Province of Ontario | 6.9 % | 241,700 | 3.3 years |
| General Motors of Canada Company | 4.0 % | 154,800 | 3.0 years |
| TD Insurance | 3.6 % | 160,600 | 1.7 years |
| Province of British Columbia | 3.3 % | 125,100 | 2.6 years |
| Province of New Brunswick | 3.2 % | 163,100 | 3.3 years |
| Intact Insurance Co. | 3.1 % | 104,500 | 3.8 years |
| Lumentum Ottawa Inc. | 2.5 % | 148,100 | 3.1 years |
| Staples Canada ULC | 2.2 % | 122,000 | 8.8 years |
| EMS Technologies Canada, Ltd. | 1.9 % | 107,200 | 6.7 years |
| WSP Canada Inc. | 1.5 % | 60,000 | 4.3 years |
| Paymentus (Canada) Corporation | 1.5 % | 55,800 | 6.2 years |
| Stantec Consulting Ltd. | 1.4 % | 54,700 | 4.5 years |
| ADP Canada Co. | 1.4 % | 65,600 | 1.5 years |
| Ceridian Canada Ltd. | 1.3 % | 37,500 | 1.2 years |
| Concentrix Technologies Services (Canada) Limited | 1.0 % | 41,500 | 5.0 years |
| Astellas Pharma Canada, Inc. | 1.0 % | 32,400 | 1.4 years |
| AllStream Business Inc. | 1.0 % | 31,400 | 5.2 years |
| Robetech Institute Inc. | 1.0 % | 28,900 | 5.4 years |
| **Total** | **69.0 %** | **2,804,000** | **3.9 years** |

[1] Weighted by annualized gross revenue.

The following sets out the percentage of annualized gross revenue from the REIT's tenants by industry:

| Public Administration | Services | Finance, Insurance, Real Estate | Manufacturing | Other |
|---|---|---|---|---|
| **40%** | **26%** | **14%** | **12%** | **8%** |

# LEASING ACTIVITY

As of December 31, 2024, the REIT's occupancy[1] was 93% (87% including investment properties held for sale) with a WALT[1] of 4.2 years. The REIT currently classified three properties as held for sale during Q4-2024 as the REIT has identified these as non-core assets (see "Asset Profile - Investment Properties" for further details). The REIT's core portfolio occupancy excluding held for sale assets remained consistent with Q3-2024 at 93%.

The following table summarizes the leasing activity for Q4-2024:

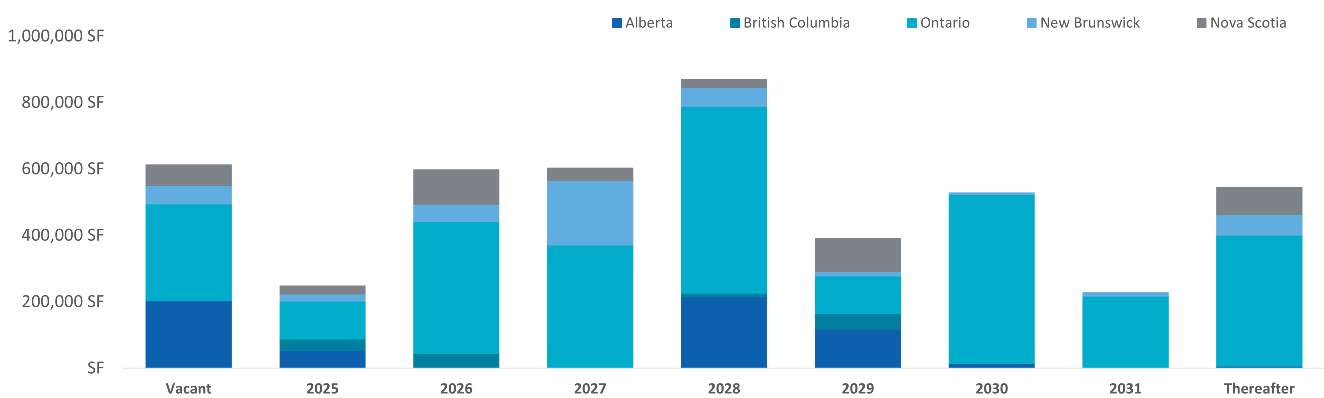
| | New lease deals | | Lease renewals and relocation | | |
|---|---|---|---|---|---|
| | Leasable area | WALT | Leasable area | WALT | % increase in rents |
| Q4-2024 | 13,600 SF | 3.0 YR | 52,500 SF | 4.5 YR | 3.1% |
| YTD-2024 | 199,900 SF | 7.8 YR | 298,300 SF | 3.9 YR | -0.7% |

In Q4-2024, the REIT completed 13,600 square feet of new leases concentrated in Ontario, Nova Scotia and New Brunswick with a WALT of 3.0 years, along with 52,500 square feet of renewals with a WALT of 4.5 years and a positive rent spread of 3.1%. 27,500 square feet of leases renewals during Q4-2024 related to two federal government tenants with 5 year term and a combined leasing spread of 3.7%. The lower leasing spread in YTD-2024 was primarily due to a specific tenant lease entered into at 6925 Century Avenue in Q3-2024. Excluding the renewal noted at 6925 Century Avenue, the REIT had positive renewal spreads of 3.2% for YTD-2024.

The successful new leases and renewals completed to date continues to demonstrate the REIT's focus on maintaining strong relationships with its tenants and reinforces our strategic focus on securing and retaining government and credit-worthy tenants.

### Lease Rollover Profile

Lease maturities are based on the square footage of the REIT's leases. As at December 31, 2024, the lease rollover profile was as follows[2]:




[1] This is a non-IFRS financial measure, refer to "Non-IFRS Financial Measures".
[2] Inclusive of investment properties held for sale.

## FOURTH QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

The REIT's occupancy excluding investment properties held for sale at the end of Q4-2024 was 93% with a WALT of 4.2 years (87% and 4.2 years including investment properties held for sale). As at December 31, 2024, 75% of revenue was generated from government and credit rated tenants.

| | Q4-2024 | Q4-2023 | YTD-2024 | YTD-2023 |
|---|---|---|---|---|
| **Portfolio** | | | | |
| Number of properties[(1)] | | | 40 | 44 |
| Portfolio GLA[(1)] | | | 4,618,800 sf | 4,792,200 sf |
| Occupancy[(1)(2)] | | | 93 % | 89 % |
| WALT[(1)(2)] | | | 4.2 years | 4.6 years |
| Revenue from government and credit rated tenants[(1)] | | | 75 % | 77 % |
| **Financial** | | | | |
| Revenue | $ 31,682 | $ 32,867 | $ 126,908 | $ 132,204 |
| NOI[(3)] | 15,457 | 17,346 | 65,821 | 72,548 |
| Net loss and comprehensive loss | (15,160) | (5,937) | (20,953) | (40,621) |
| Same Property NOI[(3)] | 18,858 | 17,890 | 76,997 | 71,728 |
| FFO[(3)] | $ 8,882 | $ 9,642 | $ 36,776 | $ 41,412 |
| FFO per Unit - basic[(3)] | 0.61 | 0.59 | 2.42 | 2.52 |
| FFO per Unit - diluted[(3)] | 0.60 | 0.59 | 2.42 | 2.52 |
| AFFO[(3)] | $ 9,156 | $ 9,471 | $ 37,827 | $ 40,619 |
| AFFO per Unit - basic[(3)] | 0.63 | 0.58 | 2.49 | 2.47 |
| AFFO per Unit - diluted[(3)] | 0.62 | 0.58 | 2.48 | 2.47 |
| AFFO payout ratio - diluted[(3)] | — % | 25 % | — % | 69 % |
| Distributions declared | $ — | 2,337 | $ — | $ 28,068 |

(1) This is presented as at the end of the applicable reporting period, rather than for the quarter.

(2) Excluding assets held for sale.

(3) This is a non-IFRS financial measure, refer to “Non-IFRS Financial Measures”. Amounts exclude properties classified as held for sale. Please refer to "Same Property Analysis" for further details.

The REIT's Q4-2024 revenue and NOI decreased relative to the same period in 2023 by 4% and 11% (YTD-2024 - 4% and 9%) respectively, primarily due to the disposition activity in 2024 (the “Primary Variance Driver”), which was partially offset by Q4-2024 normalized Same Property NOI growth of 2.3% (see "Same Property Analysis"). The normalized Same Property NOI growth was primarily due to the increase in occupancy to approximately 93% for Q4-2024 relative to approximately 92% in Q4-2023 (excluding held for sale properties) as well as contractual rent increases.

The REIT’s Q4-2024 FFO and AFFO decreased by $760 and $315, respectively when compared to the same period in 2023 primarily due to the Primary Variance Driver and reduction in occupancy for the REIT's held for sale properties which was partially offset by normalized Same Property NOI growth (see "Same Property Analysis"). The REIT's YTD-2024 FFO and AFFO decreased by $4,636 and $2,792, respectively due to the same factors as outlined for Q4-2024. Same property interest costs (excluding the impact of properties' disposed during 2023 and 2024) remained relatively stable primarily as a result of the REIT's weighted average interest rate remaining relatively consistent with Q4-2023 at approximately 3.94% for Q4-2024.

Q4-2024 FFO basic and diluted per Unit increased from $0.59 in Q4-2023 to $0.61 and $0.60 for the quarter, respectively, whereas AFFO basic and diluted per Unit increased from $0.58 to $0.63 and $0.62 respectively relative to Q4-2023. YTD-2024 FFO basic and diluted per Unit decreased $0.10 to $2.42 and AFFO basic and diluted per Unit increased $0.02 to $2.49 and $0.01 to $2.48 respectively, compared to YTD-2023 with variance driven by reasons noted above for FFO and AFFO positively impacted by a reduction in the number of Units as a result of the REIT's NCIB program.

The REIT has completed the renewal or refinancing of all debt previously maturing in 2024 and as at December 31, 2024, the REIT had approximately $257,000 of principal mortgage debt maturing in 2025. Subsequent to December

31, 2024, the REIT successfully completed the refinancing of approximately $127,500 or approximately 50% of the 2025 maturities at a weighted average interest rate of approximately 4.80% and weighted average term to maturity of approximately 3.5 years. Furthermore, the REIT has substantially finalized terms on an additional approximately $88,600 or 35% of 2025 debt maturities which are expected to be finalized by Q2-2025 at a weighted average interest rate of approximately 5.40% whereby such amounts include approximately $41,000 of principal debt maturing on properties in Alberta (excluding Alberta assets, the refinancing rate on these maturities is expected to be approximately 4.42%). The debt maturities completed or expected to be completed were primarily with existing lender relationships. The REIT continues to focus on extending its 2025 debt maturities amounting to approximately $41,000, which are with lenders that the REIT has longstanding and strong relationships with. Subsequent to the anticipated refinancing of the 2025 debt maturities outlined above, the REIT has no further principal debt maturities until late Q3-2026 and onwards. The REIT continues to proactively focus on managing its debt maturity profile to strengthen the REIT's financial position.

### Disposition Activity

The REIT completed the following dispositions during the YTD-2024:

| Property | Closing Date | GLA | | Sale Price | | Net Proceeds[1] |
|---|---|---|---|---|---|---|
| 251 Arvin Avenue, Hamilton, Ontario | April 08, 2024 | 6,900 | $ | 2,700 | $ | 2,557 |
| 6865 Century Avenue, Mississauga, Ontario | April 10, 2024 | 63,800 | | 15,300 | | 14,823 |
| 135 Hunter Street East, Hamilton, Ontario | April 22, 2024 | 24,400 | | 6,375 | | 6,136 |
| 9200 Glenlyon Parkway, Burnaby, British Columbia | June 27, 2024 | 90,600 | | 37,000 | | 35,891 |
| | | | $ | 61,375 | $ | 59,407 |

[1] Net proceeds presented above represent the sale price less transaction costs incurred and excluding any repayment of the first mortgage on such property at the time of sale. The transaction costs incurred during Q4-2024 and YTD-2024 of $nil and $1,969 respectively were recorded to transaction costs on sale of investment properties in the consolidated statement of loss and comprehensive loss.

The dispositions of these non-core properties allowed the REIT to capitalize on available liquidity in the market. All four properties were sold under favourable terms for more than their initial purchase price unlocking proceeds used to repay existing indebtedness on its Credit Facility and the continued repurchase of units under its NCIB. All these properties were classified as investment properties held for sale as at December 31, 2023, except for 9200 Glenlyon Parkway which was classified under investment properties held for sale beginning the reporting period as at March 31, 2024.

### Distribution Reduction, Reallocation and Suspension of DRIP

On March 14, 2023, the REIT reduced its monthly cash dividend from $0.2846 per Unit to $0.1423 per Unit or $1.70775 per Unit on an annualized basis (the “Distribution Reduction”). The new distribution commenced on April 17, 2023 to Unitholders of record on March 31, 2023. On April 12, 2023, the REIT announced the suspension of the REIT's distribution reinvestment plan ("DRIP") until further notice. As a result, all Unitholders received distributions in cash effective with the distribution paid on April 17, 2023 to Unitholders of record on March 31, 2023.

On November 13, 2023, the Board determined that the most effective use of available capital was to reallocate substantially all distribution amounts to purchase Units under the 2023 normal course issuer bid (the "2023 NCIB") or through other acquisition programs (the "Distribution Reallocation"). The REIT's reallocation of the distribution amounts to 2023 NCIB, was immediately accretive to Unitholders and reflected the most compelling near term opportunity to increase Unitholders value and per Unit growth at that time.

On March 18, 2025, the REIT announced the reinstatement of the monthly distribution to Unitholders, which will commence with a record date of March 31, 2025, payable on April 15, 2025, amounting to $0.0575 per Unit per month at an inferred distribution yield of approximately 8%.

As at December 31, 2024, the REIT's NAV per Unit was $28.99 resulting in the REIT's Unit price trading at a significant discount at that point in time. The table below calculates the REIT's NAV per Unit as at December 31, 2024 and December 31, 2023:

| | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Units | Amount | Units | Amount |
| Unitholders' equity | 14,083,280 | $ 415,997 | 15,676,644 | $ 452,804 |
| Add: Class B LP Units | 418,714 | 4,426 | 420,887 | 4,231 |
| Total equity (including Class B LP Units)[1] | 14,501,994 | $ 420,423 | 16,097,531 | $ 457,035 |
| NAV per Unit[1] | | $ 28.99 | | $ 28.39 |

[1] This is a non-IFRS financial measure, refer to "Non-IFRS Financial Measures".

## NCIB

On April 18, 2023, the REIT established the 2023 NCIB, as approved by the TSX. Under the 2023 NCIB, the REIT had the ability to purchase for cancellation up to a maximum of 1,432,966 of its Units, representing 10% of the REIT's public float of 14,329,664 Units through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per Unit equal to the market price at the time of acquisition. The 2023 NCIB was effective from April 18, 2023 until April 17, 2024. Any Units acquired through the 2023 NCIB were cancelled.

On April 17, 2024, the REIT renewed the 2023 NCIB (the "2024 NCIB"), as approved by the TSX. Under the 2024 NCIB, the REIT has the ability to purchase for cancellation up to a maximum of 1,334,889 of its Units, representing 10% of the REIT's public float of 13,348,894 Units as of April 4, 2024 through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per Unit equal to the market price at the time of acquisition. The 2024 NCIB became effective April 18, 2024 and will remain in place until the earlier of (i) April 17, 2025 or (ii) the date on which the REIT has purchased the maximum number of Units permitted under the 2024 NCIB. Any Units acquired through the 2024 NCIB will be cancelled.

Up to December 31, 2024, the REIT had repurchased 1,147,532 Units for $10,501 at a weighted average price of $9.15 per Unit under the 2023 NCIB (of which 784,420 were repurchased during YTD-2024 at a weighted average price of $9.20) which represented an inferred distribution yield of approximately 18.7%[1]. During YTD-2024, under the 2024 NCIB, the REIT repurchased 815,126 Units for $8,290 for the weighted average price of $10.17 per Unit which represented an inferred distribution yield of approximately 16.8%[1]. In total, the REIT has repurchased 1,962,658 Units under the 2023 NCIB and 2024 NCIB from April 2023 to December 31, 2024.

## Key Debt Metrics

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Indebtedness to GBV ratio[1] | 61.8 % | 61.9 % |
| Interest coverage ratio[1] | 2.21 x | 2.30 x |
| Indebtedness[1] - weighted average fixed interest rate | 3.94 % | 3.90 % |
| Indebtedness[1] - weighted average term to maturity | 2.16 years | 3.01 years |

[1] This is a non-IFRS financial measure, refer to "Non-IFRS Financial Measures".

As at December 31, 2024, the REIT had access to Available Funds[2] of approximately $57,161, representing an increase of $11,815 from December 31, 2023, primarily due to the disposition of non-core assets during YTD-2024 as well as the amendment of the REIT's Credit Facility. In addition, the REIT had a weighted average term to maturity of 2.16 years in its mortgage portfolio with a weighted average fixed interest rate of 3.94%. Subsequent to December 31, 2024, the REIT successfully completed the refinancing of approximately $127,500 or approximately 50% of the 2025 maturities at a weighted average interest rate of approximately 4.80% and weighted average term to maturity of approximately 3.5 years.

[1] Estimated using the $1.70775 per Unit distribution prior to reallocating funds used for distributions to the NCIB and the average market price the REIT repurchased Units at under the NCIB up to the date of this filing.
[2] This is a non-IFRS financial measure, refer to "Non-IFRS Financial Measures".

On May 14, 2024, the REIT amended its $60,000 Credit Facility with a Canadian chartered bank to increase the maximum facility amount to $75,000 and extended the maturity date to December 1, 2025. The Credit Facility continues to bear interest at 95 or 195 basis points per annum above the prime rate or over the Canadian Overnight Repo Rate Average ("CORRA"), respectively at the option of the REIT. On February 28, 2025, the REIT amended the Credit Facility by modifying the pool of secured properties against such facility and extended the maturity date to December 1, 2026 with no other changes to other terms.

## QUARTERLY INFORMATION

| | Q4-2024 | Q3-2024 | Q2-2024 | Q1-2024 | Q4-2023 | Q3-2023 | Q2-2023 | Q1-2023 |
|---|---|---|---|---|---|---|---|---|
| Revenue | $31,682 | $30,437 | $32,325 | $32,464 | $32,867 | $32,789 | $32,690 | $33,858 |
| Property operating costs | (16,225) | (14,180) | (14,804) | (15,878) | (15,521) | (14,707) | (14,208) | (15,220) |
| NOI | 15,457 | 16,257 | 17,521 | 16,586 | 17,346 | 18,082 | 18,482 | 18,638 |
| General and administration expenses | (1,029) | (1,713) | (1,549) | (1,540) | (1,333) | (1,349) | (1,525) | (1,433) |
| Finance costs | (8,074) | (8,143) | (8,627) | (8,600) | (8,812) | (8,756) | (8,418) | (8,200) |
| Transaction costs on sale of investment properties | — | — | (1,969) | — | (1) | (1,131) | — | (244) |
| Distributions on Class B LP Units | — | — | — | — | (60) | (181) | (185) | (313) |
| Fair value adjustment of Class B LP Units | 1,144 | (2,006) | 311 | 337 | 956 | 584 | 2,734 | 5,861 |
| properties and investment properties held for sale | (22,371) | (6,236) | (12,703) | (1,898) | (11,814) | (50,087) | (11,832) | (6,472) |
| Unrealized (loss) gain on change in fair value of derivative instruments | (287) | (1,542) | (532) | 253 | (2,219) | 366 | 1,537 | (842) |
| **Net (loss) income and comprehensive (loss) income** | $(15,160) | $(3,383) | $(7,548) | $ 5,138 | $(5,937) | $(42,472) | $ 793 | $ 6,995 |
| **FFO per Unit - basic** | $ 0.61 | $ 0.61 | $ 0.65 | $ 0.56 | $ 0.59 | $ 0.63 | $ 0.65 | $ 0.63 |
| **FFO per Unit - diluted** | 0.60 | 0.61 | 0.65 | 0.56 | 0.59 | 0.63 | 0.65 | 0.63 |
| **AFFO per Unit - basic** | 0.63 | 0.64 | 0.66 | 0.57 | 0.58 | 0.61 | 0.64 | 0.62 |
| **AFFO per Unit - diluted** | 0.62 | 0.64 | 0.66 | 0.57 | 0.58 | 0.61 | 0.64 | 0.62 |
| **AFFO payout ratio - basic**[1] | — % | — % | — % | — % | 25 % | 69 % | 67 % | 110 % |
| **AFFO payout ratio - diluted** | — % | — % | — % | — % | 25 % | 69 % | 67 % | 111 % |
| **Number of Properties** | 40 | 40 | 40 | 44 | 44 | 44 | 46 | 46 |
| **Occupancy rate**[2] | 93 % | 93 % | 90 % | 90 % | 89 % | 93 % | 93 % | 93 % |

[1] This is a non-IFRS financial measure, refer to "Non-IFRS Financial Measures".

[2] Excluding assets held for sale at that time.

Q4-2024 NOI decreased 5% compared to previous quarter primarily due to one-time repair costs at certain properties incurred in Q4-2024 that were non-recoverable as well as Q4-2024 including a one-time charge for uncollectible rents resulting from one of the REIT's former tenants.

Q4-2024 general and administrative costs excluding Unit-based compensation were lower relative to Q3-2024 primarily due to the recovery of certain costs in Q4-2024.

Q4-2024 finance costs were consistent between Q3-2024 and Q4-2024.

No distributions were paid on Class B LP Units in 2024 due to the Distribution Reallocation.

FFO and AFFO per Unit were consistent between Q4-2024 and Q3-2024 primarily due to the reduction in NOI offset by the reduction in general and administrative costs described above.

No AFFO payout ratio was presented for Q1-2024, Q2-2024, Q3-2024 and Q4-2024 as a result of the Distribution Reallocation.

The REIT's occupancy was stable for its core portfolio at approximately 93% between Q3-2024 and Q4-2024 (excluding the REIT's three properties classified as held for sale as at the end of Q4-2024).

## ANALYSIS OF FINANCIAL PERFORMANCE

| | Q4-2024 | Q4-2023 | YTD-2024 | YTD-2023 |
|---|---|---|---|---|
| Revenue | $ 31,682 | $ 32,867 | $ 126,908 | $ 132,204 |
| Expenses: | | | | |
| Property operating | (11,470) | (10,692) | (41,511) | (39,492) |
| Realty taxes | (4,755) | (4,829) | (19,576) | (20,164) |
| NOI | 15,457 | 17,346 | 65,821 | 72,548 |
| Other income (expenses): | | | | |
| General and administration expenses | (1,029) | (1,333) | (5,831) | (5,640) |
| Finance costs | (8,074) | (8,812) | (33,444) | (34,186) |
| Transaction costs on sale of investment properties | — | (1) | (1,969) | (1,376) |
| Distributions on Class B LP Units | — | (60) | — | (739) |
| Fair value adjustment of Class B LP Units | 1,144 | 956 | (214) | 10,135 |
| Fair value adjustment of investment properties and investment properties held for sale | (22,371) | (11,814) | (43,208) | (80,205) |
| Unrealized loss on change in fair value of derivative instruments | (287) | (2,219) | (2,108) | (1,158) |
| **Net loss and comprehensive loss** | $ (15,160) | $ (5,937) | $ (20,953) | $ (40,621) |

Revenue includes all income earned from the properties, including rental income and all other miscellaneous income paid by the tenants under the terms of their existing leases, such as base rent, parking, operating costs and realty tax recoveries, as well as adjustments for the straight lining of rent and amortization of tenant inducements.

Property operating costs include building maintenance, heating, ventilation and air-conditioning, elevator, insurance, utilities, management fees and other operational costs.

The REIT's Q4-2024 revenue and NOI decreased relative to the same period in 2023 by 4% and 11% (YTD-2024 - 4% and 9%) respectively, primarily due to the Primary Variance Driver, which was partially offset by Q4-2024 normalized Same Property NOI growth of 2.3% (see "Same Property Analysis"). The normalized Same Property NOI growth was primarily due to the increase in occupancy to approximately 93% for Q4-2024 relative to approximately 92% in Q4-2023 (excluding held for sale properties) as well as contractual rent increases.

Q4-2024 and YTD-2024 property operating expenses increased by 7% and 5% compared to Q4-2023 and YTD-2023 primarily due to higher repair and maintenance costs, utilities and cleaning expense as a result of a higher physical building occupancy at the REIT's core properties, partially offset by the disposition activity in 2024. The REIT's realty tax expenses during Q4-2024 and YTD-2024 decreased by 2% and 3%, primarily as result of properties disposed in 2024, partially offset by increases in property taxes at certain properties which are recoverable by the REIT.

## Same Property Analysis

Same Property NOI is a non-IFRS financial measure and includes investment properties owned for the entire current and comparative reporting period. Refer to "Non-IFRS Financial Measures".

| | Q4-2024 | Q4-2023 | YTD-2024 | YTD-2023 |
|---|---|---|---|---|
| Number of properties | 40 | 40 | 40 | 40 |
| Revenue | $ 31,604 | $ 31,281 | $ 124,367 | $ 124,015 |
| Expenses: | | | | |
| Property operating | (11,558) | (10,045) | (40,766) | (36,987) |
| Realty taxes | (4,753) | (4,818) | (19,277) | (19,228) |
| | $ 15,293 | $ 16,418 | $ 64,324 | $ 67,800 |
| Add: | | | | |
| Amortization of leasing costs and tenant inducements | 2,631 | 2,483 | 10,017 | 9,071 |
| Straight-line rent | 962 | (171) | 3,839 | (945) |
| Same Property NOI | $ 18,886 | $ 18,730 | $ 78,180 | $ 75,926 |
| Less: properties held for sale included in the above | 28 | 840 | 1,183 | 4,198 |
| Same Property NOI excluding investment properties held for sale | $ 18,858 | $ 17,890 | $ 76,997 | $ 71,728 |
| Reconciliation to consolidated financial statements: | | | | |
| Acquisition, dispositions and investment properties held for sale | 192 | 1,826 | 2,722 | 9,215 |
| Amortization of leasing costs and tenant inducements | (2,631) | (2,526) | (10,033) | (9,261) |
| Straight-line rent | (962) | 156 | (3,865) | 866 |
| NOI | $ 15,457 | $ 17,346 | $ 65,821 | $ 72,548 |

| Occupancy[1] | As at December 31 2024 | 2023 |
|---|---|---|
| Alberta | 88.1 % | 93.1 % |
| British Columbia | 100.0 % | 100.0 % |
| New Brunswick | 88.3 % | 86.7 % |
| Nova Scotia | 85.7 % | 76.5 % |
| Ontario | 95.3 % | 94.6 % |
| Total | 92.9 % | 91.9 % |

| Same Property NOI[1] | Q4-2024 | Q4-2023 | Variance | Variance % |
|---|---|---|---|---|
| Alberta | $ 2,941 | $ 3,044 | $ (103) | (3.4)% |
| British Columbia | 817 | 791 | 26 | 3.3 % |
| New Brunswick | 1,344 | 1,342 | 2 | 0.1 % |
| Nova Scotia | 1,302 | 1,331 | (29) | (2.2)% |
| Ontario | 12,454 | 11,382 | 1,072 | 9.4 % |
| Total | $ 18,858 | $ 17,890 | $ 968 | 5.4 % |

[1] Excluding assets held for sale.

Q4-2024 Same Property NOI excluding assets held for sale increased by 5% (YTD-2024 - 7%) compared to the same period in 2023 which normalized to exclude the impact of termination income, free rent credits and one-time accounting adjustments in both periods would have been approximately 2.3% primarily as a result of contractual rent increases and increases in same property occupancy. Q4-2024 Same Property NOI included termination income of approximately $31 (Q4-2023 - $404), free rent credits of $75 (Q4-2023 - $926) and one time charge included in Q4-2024 for uncollectible rents of $355 (Q4-2023 - $nil) related to a past tenant at one of the REIT's Ontario properties.

Q4-2024 Alberta Same Property NOI decreased by 3% primarily attributable to downsizing of a certain tenant offset by contractual rent increases at certain properties. Q4-2024 British Columbia Same Property NOI increased by 3% primarily as a result of contractual rent increases.

Q4-2024 New Brunswick Same Property NOI remained consistent compared to Q4-2023. Q4-2024 Nova Scotia Same Property NOI decreased as certain tenants not renewing upon lease maturity, though this was partially offset by contractual rent increases and new lease commencements.

Q4-2024 Ontario Same Property NOI increased by 9% relative to Q4-2023 primarily due to new leases that commenced throughout 2023 and 2024 on previously vacant space in the GTA, higher rental revenue resulting from free rent that was provided to a tenant in the Ottawa portfolio expired in 2024, partially offset by lower income in the rest of Ontario resulting from the early termination of a tenant in 2023. Normalized Q4-2024 Ontario Same Property NOI growth (excluding the impact of termination income and free rent in both periods) would have been 4.7%.

## General and Administration Expenses

General and administration expenses include items such as legal and audit fees, Trustee fees, investor relations expenses, Trustees' and officers' insurance premiums, costs associated with the Incentive Unit Plan (as defined herein) and Unit option plan and other general and administrative expenses. Also included in general and administration expenses are asset management fees payable to Starlight. See "Related Party Transactions and Arrangements – Arrangements with Starlight".

General and administrative costs decreased by 23% for Q4-2024 relative to Q4-2023 primarily due to to the recovery of certain costs in Q4-2024, lower asset management fee and lower Unit-based compensation expenses as a result of the Primary Variance Driver partially offset by lower interest income earned on deposit funds held. YTD-2024 general and administrative costs increased by 3% relative to YTD-2023 primarily due to higher Unit-based compensation expense, partially offset by higher interest income earned on deposit funds held. Excluding the impact of Unit-based compensation expense, general and administrative costs for YTD-2024 would have been relatively consistent with prior year.

## Finance Costs

The REIT's finance costs for Q4-2024, Q4-2023, YTD-2024 and YTD-2023 are summarized below. Finance costs exclude cash distributions and fair value adjustments on Class B LP Units.

| | Q4-2024 | Q4-2023 | YTD-2024 | YTD-2023 |
|---|---|---|---|---|
| Interest on mortgages payable | $ 7,361 | $ 8,070 | $ 29,949 | $ 31,320 |
| Other interest expense and standby fees | 326 | 423 | 1,865 | 1,501 |
| Amortization of mortgage premiums | (8) | (9) | (31) | (34) |
| Amortization of financing costs | 395 | 328 | 1,661 | 1,399 |
| | $ 8,074 | $ 8,812 | $ 33,444 | $ 34,186 |

Interest on mortgages payable was lower during Q4-2024 compared to Q4-2023, primarily due to lower interest costs due to Primary Variance Driver.

Interest on mortgages payable was lower during YTD-2024 compared to YTD-2023, primarily due to lower interest costs as a result of 2023 disposition activity and the Primary Variance Driver.

Other interest expenses and standby fees relate to amounts incurred on the Credit Facility which had a higher average principal amount outstanding during YTD-2024 compared to YTD-2023. For Q4-2024, the average balance on the Credit Facility was lower than that during Q4-2023 as a result of the disposition activity in 2024.

## Distributions on Class B LP Units

No distributions were declared during Q4-2024 and YTD-2024 (Q4-2023 and YTD-2023 - $60 and $739, respectively). The decrease in distributions was due to the Distribution Reallocation.

## Fair Value Adjustment of Class B LP Units

The fair value change in Class B LP Units represents the change in the trading price of the Units (given the Class B LP Units have economic and voting rights equivalent, in all material aspects, to Units). Any resulting change in the fair value of the Class B LP Units is reported in the period such change occurs. The fair value gain of $1,144 in Q4-2024 was due to a decrease in the trading price of the Units from $13.34 at September 30, 2024 to $10.57 at December 31, 2024. The fair value loss of $214 in YTD-2024 was due to an increase in the trading price of the Units from $10.05 at December 31, 2023 to $10.57 at December 31, 2024.

## Fair Value Adjustment of Investment Properties

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

The REIT determines the fair value of investment properties by developing a range of acceptable values based on the discounted cash flow method and direct capitalization method, both of 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 renewals. Fair values are supported by a combination of internal financial information, market data and external independent valuations. Properties are independently appraised at the time of acquisition. In addition, the majority of the portfolio is independently appraised at least once over a three-year period.

In determining the fair value of its investment properties the REIT continuously revises rental growth and lease renewal assumptions, along with capital spending on upcoming vacancies to reflect expected market conditions. Moreover, the future cash flows are expected to remain relatively stable as government and credit rated tenants comprise the majority of the REIT's tenant base. With rapidly changing market conditions it is not possible to forecast with certainty the impact the shift to hybrid working models and elevated interest rates will have on the valuation of the REIT's investment properties. Consequently, there is a need to apply a higher degree of judgment as it pertains to the forward-looking assumptions that underlie the REIT's valuation methodologies. The REIT, however, remains committed to owning high-quality properties with long-term value propositions.

During Q4-2024 and YTD-2024, the REIT had a fair value loss of $22,371 and $43,208, respectively. The fair value loss was predominantly attributable to capitalization rate expansion to reflect current market conditions.

The key valuation assumptions for the REIT's investment properties as at December 31, 2024 and December 31, 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Terminal and direct capitalization rates - range | 5.50% to 9.50% | 5.50% to 9.50% |
| Terminal and direct capitalization rate - weighted average | 6.71 % | 6.68 % |
| Discount rates - range | 6.25% to 9.75% | 6.00% to 9.75% |
| Discount rate - weighted average | 7.28 % | 7.16 % |

The weighted average terminal and direct capitalization rate increased mainly as a result of increases in capitalization rates on a number of properties across the portfolio due to overall market conditions.

### Unrealized Gain on Change in Fair Value of Derivative Instruments

The REIT enters interest rate swap agreements to effectively fix the interest rate on certain mortgages. These derivative instruments are measured at fair value on each reporting date and changes in the fair value are recognized as an unrealized gain or loss in the statements of loss and comprehensive loss.

The notional principal amount of the outstanding interest rate swap contracts at December 31, 2024 was $69,822 (December 31, 2023 - $72,145). During Q4-2024 and YTD-2024, the REIT recognized an unrealized loss on the change in fair value of the derivative instruments totaling $287 (Q4-2023 - $2,219) and $2,108 (YTD-2023 - $1,158) primarily due to changes in future interest rate expectations during each applicable period.

Given the interest rate swap removes the floating rate exposure on the REIT's debt and replaces it with a fixed rate, the fair value represents the opportunity benefit (cost) of not maintaining floating rate debt that would be realized in the event the swap was to be terminated.

## FFO AND AFFO

The REIT calculates FFO, a non-IFRS financial measure, in accordance with the guidelines set out by Realpac. Refer to page 5 "Non-IFRS Financial Measures". Reconciliation of net loss and comprehensive loss determined in accordance with IFRS, to FFO and AFFO is as follows:

| | Q4-2024 | Q4-2023 | YTD-2024 | YTD-2023 |
|---|---|---|---|---|
| Net loss and comprehensive loss | $ (15,160) | $ (5,937) | $ (20,953) | $ (40,621) |
| Add (deduct): | | | | |
| Fair value adjustment of Unit-based compensation | (103) | (85) | 197 | (571) |
| Fair value adjustment of investment properties and investment properties held for sale | 22,371 | 11,814 | 43,208 | 80,205 |
| Fair value adjustment of Class B LP Units | (1,144) | (956) | 214 | (10,135) |
| Transaction costs on sale of investment properties | — | 1 | 1,969 | 1,376 |
| Distributions on Class B LP Units | — | 60 | — | 739 |
| Unrealized loss on change in fair value of derivative instruments | 287 | 2,219 | 2,108 | 1,158 |
| Amortization of leasing costs and tenant inducements | 2,631 | 2,526 | 10,033 | 9,261 |
| **FFO** | $ 8,882 | $ 9,642 | $ 36,776 | $ 41,412 |
| Add (deduct): | | | | |
| Unit-based compensation expense | 76 | 117 | 200 | 563 |
| Amortization of financing costs | 395 | 328 | 1,661 | 1,399 |
| Rent supplement | — | 742 | — | 2,970 |
| Amortization of mortgage discounts | (8) | (9) | (31) | (34) |
| Instalment note receipts | 11 | 13 | 47 | 54 |
| Straight-line rent | 961 | (156) | 3,865 | (866) |
| Capital reserve | (1,161) | (1,206) | (4,691) | (4,879) |
| **AFFO** | $ 9,156 | $ 9,471 | $ 37,827 | $ 40,619 |
| **FFO per Unit:** | | | | |
| Basic | $0.61 | $0.59 | $2.42 | $2.52 |
| Diluted | 0.60 | 0.59 | 2.42 | 2.52 |
| **AFFO per Unit:** | | | | |
| Basic | $ 0.63 | $ 0.58 | $ 2.49 | $ 2.47 |
| Diluted | 0.62 | 0.58 | 2.48 | 2.47 |
| **AFFO payout ratio:** | | | | |
| Basic | — % | 25 % | — % | 69 % |
| Diluted | — % | 25 % | — % | 69 % |
| Distributions declared | $ — | $ 2,337 | $ — | $ 28,068 |
| **Weighted average Units outstanding (000s):** | | | | |
| Basic | 14,636 | 16,378 | 15,169 | 16,424 |
| Add: | | | | |
| Unit options and incentive Units | 71 | 8 | 59 | 5 |
| Diluted | 14,707 | 16,386 | 15,228 | 16,429 |

The REIT's Q4-2024 FFO and AFFO decreased by $760 and $315, respectively when compared to the same period in 2023 primarily due to the Primary Variance Driver and reduction in occupancy for the REIT's held for sale properties which was partially offset by normalized Same Property NOI growth (see "Same Property Analysis"). The REIT's YTD-2024 FFO and AFFO decreased by $4,636 and $2,792, respectively due to the same factors as outlined for Q4-2024.

Q4-2024 FFO basis and diluted per Unit increased from $0.59 in Q4-2023 to $0.61 and $0.60 for the quarter, respectively, whereas AFFO basic and diluted per Unit increased from $0.58 to $0.63 and $0.62 respectively relative to Q4-2023. YTD-2024 FFO basic and diluted per Unit decreased $0.10 to $2.42 and AFFO basic and diluted per Unit increased $0.02 to $2.49 and $0.01 to $2.48 respectively,, compared to YTD-2023 with variance driven by reasons noted above for FFO and AFFO positively impacted by a reduction in the number of Units as a result of the REIT's NCIB program.

AFFO basic and diluted payout ratio was nil% in Q4-2024 is a result of the Distribution Reallocation.

## DISTRIBUTIONS

Following the Distribution Reduction, the REIT paid a monthly distribution to Unitholders of $0.1423 per Unit or $1.70775 per Unit on an annualized basis. As a result of the Distribution Reallocation, distributions were paused as of November 13, 2023.

Historically, the Board determines the level of cash distributions based on the level of cash flow from operations before working capital changes, less actual and planned capital expenditures. In any given period, distributions may differ from cash provided by operating activities, primarily due to fluctuations in working capital. It is expected that normal fluctuations in working capital will be funded from the REIT's cash resources as described in "Liquidity and Capital Investment". In addition, the distributions declared include a component funded by the DRIP. Pursuant to the DRIP, Unitholders may elect to reinvest cash distributions into additional Units at a 1% discount to the weighted average closing price of the Units for the five trading days immediately preceding the applicable date of distribution. On April 12, 2023, the REIT suspended the DRIP until further notice. As a result, Unitholders received distributions in cash effective with the distribution paid on April 17, 2023 to Unitholders of record on March 31, 2023 until the distributions were paused on November 13, 2023.

The following table shows the amount of distributions declared, non-cash distributions under the DRIP and cash distributions paid by the REIT on both Units and Class B LP Units:

| | Q4-2024 | YTD-2024 | YTD-2023 | YTD-2022 |
|---|---|---|---|---|
| Distributions declared | $ — | $ — | $ 28,068 | $ 55,296 |
| Add: DRIP and change in distributions payable | — | — | 3,079 | (6,665) |
| Cash distributions paid | $ — | $ — | $ 31,147 | $ 48,631 |

The following table provides a reconciliation of the REIT's cash flow and adjusted cash flow provided by operating activities to its declared and cash distributions:

| | Q4-2024 | YTD-2024 | YTD-2023 | YTD-2022 |
|---|---|---|---|---|
| Net (loss) income and comprehensive (loss) income | $ (15,160) | $ (20,953) | $ (40,621) | $ 16,532 |
| Cash provided by operating activities | 22,178 | 75,674 | 73,943 | 103,271 |
| Less: Finance costs paid | (8,037) | (31,108) | (32,741) | (28,808) |
| Adjusted cash flow provided by operating activities | $ 14,141 | $ 44,566 | $ 41,202 | $ 74,463 |
| *Declared basis:* | | | | |
| Shortfall of net (loss) income and comprehensive (loss) income over distributions | $ (15,160) | $ (20,953) | $ (68,689) | $ (38,764) |
| Excess of adjusted cash flow provided by operating activities over distributions | 14,141 | 44,566 | 13,134 | 19,167 |
| *Cash basis:* | | | | |
| Shortfall of net (loss) income and comprehensive (loss) income over distributions | $ (15,160) | $ (20,953) | $ (71,768) | $ (32,099) |
| Excess of adjusted cash flow provided by operating activities over distributions | 14,141 | 44,566 | 10,055 | 25,832 |

On November 13, 2023, the REIT paused distributions for both Units and Class B LP Units. The shortfalls in comparative YTD-2023 and YTD-2022 were primarily due to non-cash adjustments for fair value reduction in investment properties. Any shortfalls between cash provided by operating activities and distributions paid in 2023 and 2022 were covered by cash on hand.

On March 18, 2025, the REIT announced the reinstatement of the monthly distribution to Unitholders, which will commence with a record date of March 31, 2025, payable on April 15, 2025, amounting to $0.0575 per Unit per month at an inferred distribution yield of approximately 8%[1].

[1] This is calculated based on the trading price of the REIT's Units as at March 17, 2025.

### Reconciliation of Adjusted Cash Flow Provided by Operating Activities to AFFO

Adjusted cash flow provided by operating activities, a non-IFRS financial measure, represents cash provided by operating activities less interest paid. Refer to "Non-IFRS Financial Measures". The reconciliation of adjusted cash flow provided by operating activities to AFFO measures the amount of cash generated by operations and available for distribution to Unitholders. See "Distributions".

| | Q4-2024 | Q4-2023 | YTD-2024 | YTD-2023 |
|---|---|---|---|---|
| Adjusted cash flow provided by operating activities | $ 14,141 | $ 14,465 | $ 44,566 | $ 41,202 |
| Change in finance costs payable | 350 | 185 | (706) | (80) |
| Rent supplement | — | 742 | — | 2,970 |
| Instalment note receipts | 11 | 13 | 47 | 54 |
| Capital reserve | (1,161) | (1,206) | (4,691) | (4,879) |
| Change in non-cash operating working capital | (4,185) | (4,728) | (1,389) | 1,352 |
| **AFFO** | $ 9,156 | $ 9,471 | $ 37,827 | $ 40,619 |

### Capital Reserve

The REIT's capital reserve represents a reserve for capital expenditures, tenant inducements and leasing costs. The REIT considers many factors when determining an appropriate capital reserve. Items such as property age, asset class, tenant mix, prior capital investment, lease term, recoverability from tenants and current market conditions are all considered. The REIT also engages independent expert consulting firms to perform a comprehensive property condition assessment prior to the acquisition of a property. The report contains a five or ten year projection of estimated sustaining capital expenditures. The detailed analysis considers the quality of construction, age of building, use of the property, recent capital expenditures and anticipated future maintenance requirements. The estimates generated by the independent consultants are taken into account when estimating the REIT's capital reserve. The REIT reviews its capital reserve estimate on an annual basis and makes appropriate adjustments.

The REIT includes a normalized capital reserve adjustment based on historical experience when arriving at AFFO as recoverable and non-recoverable capital expenditures, tenant inducements and leasing costs are fundamental to the operating activities of a real estate company and are not considered discretionary investments. These expenditures are required to preserve rental income and should be taken into consideration when determining the amount of sustainable cash available to fund future distributions. The capital reserve adjustment is an estimate and there is no guarantee that future expenditures will reflect historical trends.

## LIQUIDITY AND CAPITAL INVESTMENT

### Liquidity

Cash flow from operating activities represents the primary source of liquidity to fund distributions, debt service, capital improvements, tenant inducements and leasing costs. The REIT's cash flow from operating activities is dependent upon the occupancy level of its investment properties, the rental rates on its leases, the collectability of rent from its tenants, and other factors. Material changes in these factors may adversely affect the REIT's cash flow from operating activities and hence its liquidity. A more detailed discussion of these risks can be found under the "Risks and Uncertainties" section in the AIF. Also see "Risks and Uncertainties".

As at December 31, 2024, the REIT had access to approximately $57,161 in cash and availability on the Credit Facility, representing an increase of $11,815 from December 31, 2023, primarily due to the disposition of non-core assets during YTD-2024 as well as the amendment of the REIT's Credit Facility. The REIT's weighted average term to maturity of its mortgage portfolio was 2.16 years with a weighted average fixed interest rate of 3.94%.

On May 14, 2024, the REIT amended its $60,000 Credit Facility with a Canadian chartered bank to increase the maximum facility amount to $75,000 and extended the maturity date to December 1, 2025. The Credit Facility continues to bear interest at 95 or 195 basis points per annum above the prime rate or over the CORRA, respectively at the option of the REIT. On February 28, 2025, the REIT amended the Credit Facility by modifying the pool of secured properties against such facility and extended the maturity date to December 1, 2026 with no other changes to other terms.

The REIT's Available Funds are as follows:

| | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Cash | $ | 12,331 | $ | 8,946 |
| Undrawn Credit Facility | | 44,830 | | 36,400 |
| Available Funds | $ | 57,161 | $ | 45,346 |

The REIT expects to be able to meet all of its obligations, including leasing and capital expenditure requirements as they become due and to provide for the future growth of the business. Management's strategy to managing liquidity risk is to ensure, to the extent possible, it always has sufficient financial assets to meet its financial liabilities when they come due, by forecasting cash flows from operations and anticipated investing and financing activities. To mitigate the risk associated with the refinancing of maturing debt, the REIT staggers the maturity dates of its mortgage portfolio over a number of years. The REIT has a number of financing sources available to fulfill its commitments including: cash flow from operating activities; mortgage debt secured by investment properties; Credit Facility; and issuances of debt and equity.

### Capital Investment

The Properties require ongoing capital and leasing expenditures. Leasing expenditures include tenant inducements, leasing commissions and leasehold improvements incurred in connection with the leasing of vacant space and the renewal or replacement of current tenants. The REIT plans to continue to invest capital in its properties in 2024 and beyond. Future expenditures are expected to be funded through cash flow generated by operations, the Credit Facility and cash on hand. For the years ended December 31, 2024 and 2023, the REIT invested $29,842 and $14,927 respectively, in capital and leasing expenditures.

## ASSET PROFILE

### Investment Properties

The following table summarizes changes in the REIT's investment properties during YTD-2024 and YTD-2023 (where investment properties held for sale include 3650 Victoria Park Avenue, 80 Whitehall Drive, and 1020- 68th Avenue NE):

| | Investment properties | Investment properties held for sale | Total |
|---|---|---|---|
| Balance, December 31, 2022 | $ 1,340,583 | $ 84,250 | $ 1,424,833 |
| Additions | 14,635 | 292 | 14,927 |
| Dispositions | — | (48,750) | (48,750) |
| Amortization of leasing costs, tenant inducements and straight-line rents | (5,707) | (336) | (6,043) |
| Fair value adjustment | (75,144) | (5,061) | (80,205) |
| Investment properties held for sale | (23,936) | 23,936 | — |
| Balance, December 31, 2023 | 1,250,431 | 54,331 | 1,304,762 |
| Additions | 23,328 | 6,514 | 29,842 |
| Dispositions | — | (61,375) | (61,375) |
| Amortization of leasing costs, tenant inducements and straight-line rents | (11,054) | (173) | (11,227) |
| Fair value adjustment | (34,141) | (9,067) | (43,208) |
| Investment properties held for sale | (68,859) | 68,859 | — |
| Balance, December 31, 2024 | $ 1,159,705 | $ 59,089 | $ 1,218,794 |

### Additions

Additions to investment properties and investment properties held for sale during YTD-2024 were $29,842, consisting of the following:

- Capital expenditures of $5,540 mainly for the replacement of induction units, roof replacements, painting and washroom upgrades; and
- Tenant inducements and leasing costs of $24,302 which include costs incurred to renew and secure new tenants.

### Prepaid Expenses and Deposits

At December 31, 2024, the REIT had $2,740 in prepaid expenses and deposits, compared to $3,101 at December 31, 2023. The decrease is mainly due to a decrease in prepaid insurance.

## DEBT

### Mortgages Payable

The following table sets out, as at December 31, 2024, scheduled principal repayments and amounts maturing over each of the next five fiscal years:

| | Scheduled principal payments | Debt maturing during the year | Total mortgages payable | Percentage of total mortgages payable | Weighted average interest rate of maturing debt | Scheduled interest payments |
|---|---|---|---|---|---|---|
| 2025 | $ 15,086 | $ 255,328 | $ 270,414 | 36.6 % | 3.42 % | $ 21,675 |
| 2026 | 13,403 | 170,944 | 184,347 | 24.9 % | 4.03 % | 19,313 |
| 2027 | 9,114 | 78,910 | 88,024 | 11.9 % | 5.13 % | 11,509 |
| 2028 | 6,458 | 90,583 | 97,041 | 13.1 % | 4.59 % | 6,378 |
| 2029 | 3,471 | 32,019 | 35,490 | 4.8 % | 4.10 % | 2,911 |
| Thereafter | 1,035 | 63,487 | 64,522 | 8.7 % | 3.39 % | 844 |
| | $ 48,567 | $ 691,271 | $ 739,838 | 100.0 % | 3.94 % | $ 62,630 |
| Unamortized mark to market mortgage adjustments | | | 97 | | | |
| Unamortized financing costs | | | (2,361) | | | |
| | | | $ 737,574 | | | |

Mortgages payable had a weighted average fixed interest rate of 3.94% (December 31, 2023 – 3.90%) and a weighted average term to maturity of 2.16 years (December 31, 2023 – 3.01 years). Subsequent to December 31, 2024, the REIT successfully completed the refinancing of approximately $127,500 or approximately 50% of the 2025 maturities at a weighted average interest rate of approximately 4.80% and weighted average term to maturity of approximately 3.5 years.

The mortgages payable associated with investment properties held for sale as at December 31, 2024 was $52,597 (December 31, 2023 - $42,372).

### Credit Facility

On May 14, 2024, the REIT amended its $60,000 Credit Facility with a Canadian chartered bank to increase the maximum facility amount to $75,000, removed the $25,000 unsecured tranche and extended the facility to December 1, 2025. The Credit Facility continues to bear interest on cash advances at 95 basis points per annum above the prime rate or 195 basis points per annum over the CORRA, respectively at the option of the REIT. On February 28, 2025, the REIT amended the Credit Facility by modifying the pool of secured properties against such facility and extended the maturity date to December 1, 2026. All other terms remained the same.

As at December 31, 2024, the REIT had $30,170 of principal outstanding under the Credit Facility (December 31, 2023 - $23,600).

### Financial Covenants

The REIT is required to maintain certain financial covenants related to its Credit Facility and certain of its mortgages payable. Certain of the REIT's debt arrangement also contain customary non-financial covenants which include restricting the REIT from entering into subordinate debt, establishing additional liens against any secured properties or require in certain instances the consent of the lender to terminate material leases. Failure to comply with the covenants could result in a default, which, if not waived or cured, could result in adverse financial consequences. Under the Credit Facility, the REIT is required to maintain a minimum tangible net worth of $309,435 plus 75% of any future equity offerings of the REIT, maximum leverage of 65% and minimum debt service coverage ratio of 1.25x. Certain of the mortgages payable may also require the REIT to maintain a minimum debt service coverage ratio. As at December 31, 2024 and 2023, the REIT was in compliance with all material financial covenants.

## Indebtedness to GBV

As at December 31, 2024, the REIT's overall leverage, as represented by Indebtedness to GBV, a non-IFRS financial measure, was 61.8%. The maximum allowable ratio under the DOT is 75%. Below is a calculation of the REIT's Indebtedness to GBV ratio as at December 31, 2024 and December 31, 2023:

| | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Total assets | $ | 1,240,231 | $ | 1,323,672 |
| Deferred financing costs | | 6,308 | | 6,976 |
| GBV[1] | $ | 1,246,539 | $ | 1,330,648 |
| Mortgages payable | $ | 737,574 | $ | 797,393 |
| Credit Facility | | 30,170 | | 23,600 |
| Unamortized financing costs and mark to market mortgage adjustments | | 2,264 | | 3,289 |
| Indebtedness[1] | $ | 770,008 | $ | 824,282 |
| **Indebtedness to GBV ratio** | | **61.8 %** | | **61.9 %** |

[1] This is a non-IFRS financial measure, refer to "Non-IFRS Financial Measures".

The REIT's Indebtedness to GBV of 61.8% as at December 31, 2024, representing a reduction from December 31, 2023 due to the repayment of first mortgages and the Credit Facility utilizing proceeds from the property dispositions occurring throughout 2024 partially offset by the fair value loss recorded during YTD-2024.

The REIT's objectives are to maintain a combination of short, medium and long-term financing appropriate for the overall debt level of the REIT, to extend the current weighted average term to maturity and achieve staggered debt maturities while taking into account the availability of financing, market conditions and the financial characteristics of each property. Per the DOT, at no time may the REIT incur debt aggregating more than 20% of GBV at floating interest rates or having maturities less than one year (excluding debt with an original maturity of one year or more falling due in the next 12 months or variable rate debt for which the REIT has entered into interest rate swap agreements to fix the interest rate for a one-year period or more).

Financing costs on mortgages and the Credit Facility are netted against the related debt and amortized on an effective interest basis over the expected life of the debt.

## Adjusted EBITDA and Interest Coverage Ratio

The interest coverage ratio, a non-IFRS financial measure, is useful in determining the REIT's ability to service the interest requirements of its outstanding debt. The ratio is calculated by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Adjusted EBITDA, a non-IFRS financial measure, removes the non-cash impact of fair value changes and non-recurring items such as transaction costs on sale of investment properties from net loss and comprehensive loss. Refer to "Non-IFRS Financial Measures".

The following is the reconciliation of net loss and comprehensive loss to Adjusted EBITDA:

| | | YTD-2024 | | YTD-2023 |
|---|---|---|---|---|
| Net loss and comprehensive loss | $ | (20,953) | $ | (40,621) |
| Add (deduct): | | | | |
| Interest expense | | 31,814 | | 32,821 |
| Fair value adjustment of Unit-based compensation | | 197 | | (571) |
| Transaction costs on sale of investment properties | | 1,969 | | 1,376 |
| Fair value adjustment of investment properties and investment properties held for sale | | 43,208 | | 80,205 |
| Fair value adjustment of Class B LP Units | | 214 | | (10,135) |
| Distributions on Class B LP Units | | — | | 739 |
| Unrealized loss on change in fair value of derivative instruments | | 2,108 | | 1,158 |
| Amortization of leasing costs, tenant inducements, mortgage premium and financing costs | | 11,663 | | 10,626 |
| Adjusted EBITDA[(1)] | $ | 70,220 | $ | 75,598 |

| | | YTD-2024 | | YTD-2023 |
|---|---|---|---|---|
| Adjusted EBITDA | $ | 70,220 | $ | 75,598 |
| Interest expense | | 31,814 | | 32,821 |
| Interest coverage ratio | | 2.21 x | | 2.30 x |

(1) This is a non-IFRS financial measure, refer to "Non-IFRS Financial Measures".

Interest coverage ratio for the period decreased as a result of lower Adjusted EBITDA due to the Primary Variance Driver and disposition activity in 2023. The REIT's interest expense decreased slightly between the two periods presented primarily as a result of dispositions in 2023 and 2024.

### Class B LP Units

The Class B LP Units meet the definition of a financial liability under International Accounting Standard 32, Financial Instruments - Presentation ("IAS 32") and are classified as fair value through profit or loss financial liabilities under IAS 32. The Class B LP Units are measured at fair value at each reporting period with any changes in fair value recorded in the statements of loss and comprehensive loss.

The Class B LP Units, together with the related special voting Units, have economic and voting rights equivalent, in all material aspects, to Units. They are exchangeable at the option of the holder on a one-for-one basis for Units. Each Class B LP Unit entitles the holder to receive distributions from True North Commercial Limited Partnership equivalent to the distributions such holder would have received if they were holding Units.

As at December 31, 2024, there were 418,714 Class B LP Units issued and outstanding valued at $4,426 compared to 420,887 Class B LP Units valued at $4,231 as at December 31, 2023. The change in value was due to an increase in the Unit price from $10.05 at December 31, 2023 to $10.57 at December 31, 2024.

The number of Class B LP Units outstanding as at March 18, 2025 remained unchanged.

## UNITHOLDERS' EQUITY

### Outstanding Units

The REIT is authorized to issue an unlimited number of Units and an unlimited number of special voting Units in the capital of the REIT.

### Incentive Unit Plan

The REIT has established an Incentive Unit Plan dated June 19, 2019 as amended and restated on March 21, 2022 and March 14, 2023 pursuant to which the REIT may issue two types of units: (i) deferred Units ("Deferred Units"); and (ii) restricted Units ("Restricted Units", and together with the Deferred Units, the Incentive Units).

Incentive Units granted under the Incentive Unit Plan are classified as liabilities and Unit-based compensation expense is recognized in general and administration expenses over the vesting period of the Incentive Units.

Incentive Units are revalued at each reporting period and fair value adjustments are recorded in general and administration expenses.

### Deferred Units

Deferred Units are granted to the non-executive Trustees as part of a Trustee's annual fees and vest immediately. Trustees are required to receive at least 50% of their annual retainer in the form of Deferred Units.

### Restricted Units

The Trustees may, at their discretion, grant Restricted Units to certain Trustees, officers of the REIT and its subsidiaries and certain eligible service providers, subject to such restrictions including vesting requirements the Trustees may impose. The Trustees may not extend any vesting conditions beyond November 30 of the third calendar year following the grant date.

The following table summarizes changes in Deferred Units, Restricted Units and Units of the REIT in YTD-2024 (Please refer to the REIT's audited consolidated financial statements for the year ended December 31, 2024 for further details):

| | Number of Units | | | Amounts | | |
|---|---|---|---|---|---|---|
| | Deferred Units | Restricted Units | Units | Deferred Units | Restricted Units | Units |
| Balance, December 31, 2023 | 20,601 | 18,487 | 15,676,644 | $ 207 | $ 93 | $ 561,893 |
| Issuance (repurchase) of Units: | | | | | | |
| Incentive Units granted and reinvested | 18,049 | 33,974 | — | 179 | 150 | — |
| Exchange of Class B LP Units into Units | — | — | 2,173 | — | — | 19 |
| Incentive Units redeemed into Units | — | — | 4,009 | — | — | 35 |
| Units repurchased and cancelled under NCIB | — | — | (1,599,546) | — | — | (15,510) |
| Issuance and repurchase costs | — | — | — | — | — | (398) |
| Redemption and expiry of Restricted Units | — | (12,792) | — | — | (210) | — |
| Fair value adjustments | — | — | — | 23 | 174 | — |
| Balance, December 31, 2024 | 38,650 | 39,669 | 14,083,280 | $ 409 | $ 207 | $ 546,039 |

The number of Units outstanding as at March 18, 2025 is as follows:

| | Units |
|---|---|
| Balance, December 31, 2024 | 14,083,280 |
| Incentive Units reinvested | — |
| Units repurchased and cancelled under NCIB | (83,500) |
| Balance, March 18, 2025 | 13,999,780 |

### Short Form Base Shelf Prospectus

On February 17, 2022, the REIT filed a short-form base shelf prospectus ("Base Shelf Prospectus"). The Base Shelf Prospectus was valid for a 25-month period, during which time the REIT may issue the following securities: (i) Units; (ii) preferred Units; (iii) unsecured debt securities; (iv) subscription receipts exchangeable for Units and/or other securities of the REIT; (v) warrants exercisable to acquire Units and/or other securities of the REIT; and (vi) securities comprised of more than one of Units, debt securities, subscription receipts and/or warrants offered together as a unit, or any combination thereof in amounts, at prices and on terms based on market conditions at the time of sale and set forth in an accompanying prospectus supplement, for an aggregate offering amount of up to $500,000. The Base Shelf Prospectus expired on March 17, 2024.

### At-the-Market ("ATM") Equity Program

On April 21, 2022, the REIT filed a prospectus supplement to establish an ATM program that allows the REIT to issue up to $50 million of Units to the public, at the REIT's discretion, and expires coterminous with the Base Shelf Prospectus, which has expired on March 17, 2024.

During YTD-2024, the REIT did not issue Units (YTD-2023 - nil) through the ATM program.

### NCIB Program

On April 18, 2023, the REIT established the 2023 NCIB, as approved by the TSX. Under the 2023 NCIB, the REIT has the ability to purchase for cancellation up to a maximum of 1,432,966 of its Units, representing 10% of the REIT's public float of 14,329,664 Units through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per Unit equal to the market price at the time of acquisition. The 2023 NCIB was effective from April 18, 2023 until April 17, 2024. Any Units acquired through the 2023 NCIB were cancelled.

During the year ended December 31, 2024, the REIT repurchased and cancelled 784,420 Units for cash of $7,220, under the 2023 NCIB and 815,126 Units for cash of $8,290 under the 2024 NCIB (year ended December 31, 2023 - 363,112 Units for $3,281 under the 2023 NCIB).

On April 17, 2024, the REIT renewed the 2024 NCIB, as approved by the TSX. Under the 2024 NCIB, the REIT has the ability to purchase for cancellation up to a maximum of 1,334,889 of its Units, representing 10% of the REIT's public float of 13,348,894 Units as of April 4, 2024 through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per Unit equal to the market price at the time of acquisition. The 2024 NCIB became effective April 18, 2024 and will remain in place until the earlier of (i) April 17, 2025 or (ii) the date on which the REIT has purchased the maximum number of Units permitted under the 2024 NCIB. Any Units acquired through the 2024 NCIB will be cancelled.

Subsequent to December 31, 2024, the REIT repurchased and cancelled an additional 83,500 Units for $791 under the 2024 NCIB.

## COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, the REIT is involved in litigation and claims in relation to its investment properties. In the opinion of management, none of these, individually or in aggregate, could result in a liability that would have a significant adverse effect on the financial position of the REIT. The REIT has agreed to indemnify, in certain circumstances, the Trustees and officers of the REIT. As at December 31, 2024, the REIT had entered into commitments for building renovations, capital upgrades and landlord work at certain properties totaling $3,750 (December 31, 2023 - $2,537).

## RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

Starlight is considered a related party to the REIT as Starlight is controlled by Daniel Drimmer, the Chief Executive Officer (“CEO”) and Chairman of the Board of the REIT, who is also a significant Unitholder.

### Arrangements with Starlight

Pursuant to the asset management agreement (“Asset Management Agreement”), Starlight provides advisory, asset management and administrative services to the REIT. The REIT is administered and operated by the REIT’s CEO and Chief Financial Officer (“CFO”) and an experienced team of real estate professionals at Starlight.

The Asset Management Agreement has an initial term of ten years and is renewable for successive five-year terms, unless and until the Asset Management Agreement is terminated in accordance with its termination provisions.

Starlight is entitled to the following fees pursuant to the Asset Management Agreement:

(a) Base annual management fee calculated and payable on a monthly basis, equal to 0.35% of the sum of:
  - the historical purchase price of properties owned by the REIT; and
  - the cost of capital expenditures incurred by the REIT or any of its affiliates in respect of the properties owned by the REIT.

(b) Acquisition fee equal to:
  - 1.0% of the purchase price of a property, on the first $100,000 of properties acquired in each fiscal year;
  - 0.75% of the purchase price of a property on the next $100,000 of properties acquired in each fiscal year; and

- 0.50% of the purchase price of properties acquired in excess of $200,000 in each fiscal year.

(c) An annual incentive fee is payable by the REIT equal to 15% of the REIT's FFO per Unit in excess of FFO per Unit for fiscal 2013 plus 50% of the annual increase in the weighted average consumer price index (or other similar metric, as determined by the Board) of the jurisdictions in which the investment properties are located.

(d) Capital expenditure fees equal to 5% of all hard construction costs incurred on each capital project with costs in excess of $1,000 excluding work done on behalf of tenants or any maintenance capital expenditures.

In addition, the REIT is required to reimburse Starlight for all reasonable out-of-pocket expenses in connection with the performance of the services described in the Asset Management Agreement or such other services which the REIT and Starlight agree in writing are to be provided from time to time.

| | Q4-2024 | Q4-2023 | YTD-2024 | YTD-2023 |
|---|---|---|---|---|
| Asset management fees | $ 1,122 | $ 1,167 | $ 4,524 | $ 4,712 |
| Other expenses | 73 | 49 | 184 | 171 |
| | $ 1,195 | $ 1,216 | $ 4,708 | $ 4,883 |

At December 31, 2024, $382 (December 31, 2023 - $414) was included in accounts payable and accrued liabilities. No incentive fees were earned and no acquisition fees or capital expenditure fees were charged during Q4-2024 and YTD-2024 (Q4-2023 and YTD-2023 - $nil).

## RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the securities and activities of the REIT. Risks and uncertainties are disclosed below and in the REIT's AIF. The annual AIF is available on SEDAR+ at www.sedarplus.ca. Current and prospective Unitholders of the REIT should carefully consider such risk factors.

### Risks Related to the Real Estate Industry

### Current and Future Economic Environment

Concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, volatile energy costs, geopolitical issues, supply chain issues, health events such as pandemics, tariffs and the availability and cost of credit could contribute to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT to maintain occupancy rates which could harm the REIT's financial condition. In weak economic environments, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material and adverse effect on the REIT. In addition, fluctuation in interest rates or other financial market volatility may adversely affect the REIT's ability to refinance existing indebtedness on maturity or on terms that are as favourable as the terms of existing indebtedness, which may impact negatively on the REIT's performance, may restrict the availability of financing for future prospective purchasers of the REIT's investments and could potentially reduce the value of such investments, or may adversely affect the ability of the REIT to complete acquisitions on financially desirable terms.

Increased inflation could have a more pronounced negative impact on any variable rate debt the REIT is subject to or incurs in the future and on its results of operations. Similarly, during periods of high inflation, annual rent increases may be less than the rate of inflation on a continual basis. Substantial inflationary pressures and increased costs may have an adverse impact on the REIT's tenants if increases in their operating expenses exceed increases in revenue. This may adversely affect the tenants' ability to pay rent, which could negatively affect the REIT's financial condition. The REIT is also subject to the risk that if the real estate market ceases to attract the same level of capital investment in the future that it attracts at the time of its real estate purchases, the value of the REIT's investments may not appreciate or may depreciate. Changing work patterns to include flexible hybrid work models have caused tenants to re-assess their space requirements which may result in tenants downsizing. Accordingly, the REIT's operations and financial condition could be materially and adversely affected to the extent that an economic slowdown or downturn occurs, is prolonged or becomes more severe.

Pandemics and other public health crises can result in significant economic disruptions, slowdowns and increased volatility in financial markets, which could have adverse consequences on the REIT including, but not limited to, business continuity interruptions, disruptions and costs of development activities, unfavorable market conditions, and threats to the health and safety of employees. Such occurrences could also potentially affect the market price for the equity securities of the REIT, its current credit rating, total return and distributions. REIT residents may also face economic challenges as a result of a pandemic or other public health crisis that may adversely affect their ability to pay rent in full, on a timely basis or at all. Such events could materially adversely affect the REIT's operations, reputation and financial condition, including the fair value of REIT's properties.

### Real Property Ownership and Tenants

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The properties generate revenue through rental payments made by the tenants thereof. The ability to rent vacant space in properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics and working patterns, competition from other available properties, and various other factors.

If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be re-leased on economically favourable terms, the properties may not generate revenues sufficient to meet operating expenses, including debt service payments and capital expenditures.

### Lease Renewals and Rental Increases

Lease expiries at the Properties including those of significant tenants occur from time to time over the short and long-term. No assurance can be provided that the REIT will be able to renew any or all of the leases upon their expiration, or re-lease space without an interruption in the rental revenue, at or above current rental rates, or without having to offer substantial rent abatements, tenant improvement allowances, early termination rights or below-market renewal options. The difficulty, delay and cost of renewing or failure to renew leases, re-lease space or achieve rental rate stability or increases may materially and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

### Competition

The real estate business is competitive. Numerous developers, managers and owners of properties compete with the REIT in seeking tenants. The existence of competing developers, managers and owners and competition for the REIT's tenants could have an impact on the REIT's ability to lease space in the properties and on the rents charged.

The REIT is subject to competition for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those targeted by the REIT. A number of these investors may have greater financial resources than those of the REIT or operate without the investment or operating restrictions of the REIT. An increase in the availability of the investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

The REIT seeks to locate and complete property purchases that are accretive to AFFO per Unit. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive to AFFO per Unit.

### Fluctuations in Capitalization Rates

The fair market property valuation process is dependent on several inputs, including the current market capitalization rate. As interest rates fluctuate in the lending market, capitalization rates affecting the underlying value of real estate generally fluctuate as well. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates. In addition, the REIT is subject to certain financial and non-financial covenants through the mortgages payable and the Credit Facility that include maintaining certain leverage ratios. Changes in market capitalization rates could impact the REIT's property valuations which in turn could impact financial covenants.

### Property Valuations

The REIT conducts a valuation assessment of the Properties on a quarterly basis. As property values fluctuate over time in response to market factors, or as underlying assumptions and inputs to the valuation model change, the fair value of the REIT's portfolio could change materially. The REIT is responsible for the reasonableness of the assumptions and for the accuracy of the inputs into the property valuation model. Errors in the inputs to the valuation model or unreasonable assumptions may result in an inaccurate valuation of the Properties. The REIT uses the market information obtained from external appraisals for its Properties commissioned during the annual reporting period to assess whether changes to market-related assumptions are required for the balance of the portfolio. The REIT is responsible for monitoring the value of its portfolio going forward and evaluating the impact of any changes in property values over time. Any changes in the value of the Properties may impact Unitholder value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the above mentioned valuations.

### Interest Rates

When concluding financing agreements or extending such agreements, the REIT depends on its ability to agree on terms and interest payments that will not impair its profits. In addition to existing variable rate portions of financing agreements, the REIT may enter into future financing agreements with variable interest rates. An increase in interest rates could result in a significant increase in the amount paid by the REIT to service debt and could materially adversely affect the trading price of the Units. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by banks, could have a material adverse effect on the REIT’s ability to sell any of its Properties. In addition, increasing interest rates may put competitive pressure on the levels of any distributions made by the REIT to Unitholders, increasing the level of competition for capital secured by the REIT, which could have a material adverse effect on the trading price of the Units.

The REIT may be subject to higher interest rates in the future, given the current economic climate including inflation. The REIT may also be unable to renew its maturing debt either with an existing or a new lender, and if it is able to renew its maturing debt, significantly lower loan-to-value ratios may be used. The REIT will seek to manage this risk by negotiating fixed interest rates where possible. As required by the DOT, at no time will the REIT incur debt aggregating more than 20% of GBV at floating interest rates or having maturities less than one year (excluding debt with an original maturity of one year or more falling due in the next 12 months or variable rate debt for which the REIT has entered into interest rate swap agreements to fix the interest rate for a one year period or more).

The Credit Facility and mortgages payable also contain covenants that require it to maintain certain financial ratios on a consolidated basis. The REIT analyzes its interest rate risk and the impact of rising and falling interest rates on operating results and financial condition on a regular basis.

### Adverse Global Market, Economic and Political Conditions

Adverse Canadian, European, U.S. and global market, economic and political conditions, including dislocations and volatility in the credit markets and general global economic uncertainty, unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence, and international sanctions, could have a material adverse effect on the REIT's business, results of operations and financial condition with the potential to impact, among others: (i) the value of the REIT's properties; (ii) the availability or the terms of financing that the REIT has or may anticipate utilizing; (iii) the REIT's ability to make principal and interest payments on, or refinance, any outstanding debt when due; (iv) the occupancy rates in the REIT's properties; and (v) the ability of the REIT's tenants to enter into new leasing transactions or to satisfy rental payments under existing leases. The imposition of duties, tariffs and other trade restrictions (including any retaliation to such measures) could result in increased costs of supplies, slow economic growth and could materially impact the business of the REIT's tenants and their ability to make lease payments and renew leases. A trade war could also increase the likelihood and intensity of other risks discussed herein. These risks could have a material adverse effect on the REIT's business, results of operations and financial condition.

### Current Economic Risks

The REIT must raise mortgage funds for mortgages as they mature and for acquisitions. Given the interconnectivity of the global economy and the current global economic environment, there is no guarantee that the REIT will be able to secure such funds on a commercially beneficial basis, or at all, and the failure to raise sufficient funds could have a material adverse effect on the business of the REIT and the market value of its securities.

### Illiquidity of Real Estate Investments

Real estate investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, such investments. Such illiquidity may limit the REIT’s ability to promptly adjust its portfolio in response to changing economic or other conditions. If the REIT were required to quickly liquidate its properties, the proceeds might be significantly less than the aggregate carrying value of its properties or less than what could be expected to be realized under normal circumstances. In addition, by concentrating on commercial rental properties, the REIT is exposed to the adverse effects on that segment of the real estate market.

### Environmental Matters

The REIT is committed to developing and implementing ESG best practices across its portfolio to drive value and returns for Unitholders and tenants. It is one of the REIT's commitments to invest and operate sustainably, with an aim to improve efficiency, reduce operating costs, and future-proof the REIT's buildings by driving innovation and new technologies. As part of this commitment the REIT has included a plan to ensure the risks and opportunities posed by climate change and the expected transition to a lower-carbon economy are appropriately understood, benchmarked, and then acted upon.

### Environmental

The REIT is subject to various requirements (including federal, provincial and municipal laws, as applicable,) relating to environmental matters. Such requirements provide that the REIT could be, or could become, liable for environmental or other harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under the properties, including lead-based paint, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, underground storage tanks, pesticides and other miscellaneous materials. Such requirements often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such materials.

Additional liability may be incurred by the REIT with respect to the release of such substances from the Properties to properties owned by third parties, including properties adjacent to the Properties or with respect to the exposure of persons to regulated substances. The failure to remove or otherwise address such substances may materially adversely affect the REIT’s ability to sell a Property, maximize the value of such Property or borrow using such Property as collateral security, and could potentially result in claims or other proceedings against the REIT.

It is the REIT’s operating policy to obtain or be entitled to rely on an environmental site assessment prior to acquiring a property. Where an environmental site assessment warrants further investigation, it is the REIT’s operating policy to conduct further environmental assessments (see “Declaration of Trust and Description of Voting Units - Investment Guidelines” and “Operating Policies - Operating Policies” in the AIF). Although such environmental assessments provide the REIT with some level of assurance about the condition of the properties, the REIT may become subject to liability for undetected contamination or other environmental conditions of its Properties against which it cannot insure, or against which the REIT may elect not to insure where insurance premium costs are considered to be disproportionate to the assessed risk, which could have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units. Environmental laws and other requirements can change and the REIT may become subject to more stringent environmental laws and other requirements in the future. Compliance with more stringent environmental requirements, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units.

### Climate Change

The REIT and its Properties may be exposed to risks associated with the physical effects of climate change. Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the properties. The extent of the REIT's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. The REIT is also exposed to physical risks associated with inclement winter weather, including increased need for maintenance and repair of the REIT's buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on the REIT's business by increasing the cost of property insurance, and/or energy at the properties. As a result, the consequences of natural disasters, severe weather and climate change could increase the REIT's costs and reduce the REIT's cash flow.

The REIT may also be exposed to transition risks associated with climate change. Transition risks include a broader set of risks associated with a global transition to a low-carbon economy, including adopting low-carbon technology, changing stakeholder expectations, and regulatory compliance. The REIT may be impacted by technological advances and innovation associated with the the global transition to a low-carbon economy. Electricity grid and power generation supply and activity can have an impact on operational costs and building performance. Stakeholder increasingly conscious perception of climate change could have an impact on the REIT should the REIT fail to act or manage climate change risks, which could lead to a decline in stakeholder trust, and a negative impact to reputation and Unit price. The REIT faces the risk of more stringent environmental regulations and government initiatives aimed at combating climate change and reducing greenhouse gas emissions, which could impose constraints on operational flexibility or incur financial costs of compliance. Changes in environmental and greenhouse gas regulation could result in changes to building design and operating requirements, which can lead to the increase in construction and operations costs.

It is one if the REIT's commitments to invest and operate sustainably, with an aim to improve efficiency, reduce operating costs, and future-proof the REIT's buildings by driving innovation and new technologies. As part of this commitment the REIT has included a plan to ensure the risks and opportunities posed by climate change and the expected transition to a low-carbon economy are appropriately understood, benchmarked, and then acted upon. See "ESG Initiatives and Results" for more information.

### Scrutiny and Perception Gaps Regarding ESG

Evolving Unitholders expectations with respect to ESG matters may pose risks to the REIT's brand and reputation, ability to attract and retain talent, financial outlook, cost of capital and global supply chain and business continuity, which may impact the REIT's ability to achieve long-term business objectives. Increased public awareness and growing concerns about climate change and the global transition to a low carbon economy could result in a broad range of impacts. Significant capital is required to monitor emerging risks in a rapidly changing ecosystem and to sufficiently address evolving expectations related to corporate culture, business conduct and ethics, responsible management of the REIT's supply chain, transparency, respect for human rights, working and safety conditions, as well as diversity and inclusion, among other factors, which could affect profitability and reputation. Additional ESG-related regulations, changes in reporting frameworks and guidance, emergence of "greenwashing" legal actions by activist groups, and increasing regulatory expectations, as well as continuing reforms pertaining to mandatory disclosure create new and evolving compliance risks. Gaps in perception and acceptability of how ESG factors into Unitholder value also require increased vigilance surrounding ESG reporting and communication. As ESG performance is assessed by proxy advisory agencies, we could also face governance issues if we do not meet their expectations.

### Uninsured Losses

The DOT requires that the REIT obtain and maintain at all times insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, the affected property, but the REIT would continue to be obliged to repay any recourse mortgage indebtedness on such property. There can be no assurance that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the insurance coverage could have a material adverse effect on the REIT's business, financial condition or results of operations and distributions.

### Risks Related to Insurance Renewals

Certain events could make it more difficult and expensive to obtain directors and officers, cyber, property and casualty insurance, including coverage for terrorism. The REIT's current insurance policies expire annually and the REIT may encounter difficulty in obtaining or renewing directors and officers, cyber, property or casualty insurance on its properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (for example, earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the REIT is able to renew its policies at levels and with limitations consistent with its current policies, the REIT cannot be sure that it will be able to obtain such insurance at premium rates that are commercially reasonable. If the REIT were unable to obtain adequate insurance on the properties for certain risks, it could cause the REIT to be in default under specific covenants on certain of its indebtedness or other contractual commitments it has that require the REIT to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur or if the REIT were unable to obtain adequate insurance and the properties experience damage that would otherwise have been covered by insurance, it could adversely affect the REIT's financial condition and the operations of the properties.

### Credit Risk and Tenant Concentration

The REIT is exposed to risk as tenants may be unable to pay their contracted rents. Management mitigates this risk by seeking to acquire properties with strong tenant covenants in place. The REIT's portfolio includes over 200 tenant leases with a weighted-average term to maturity of approximately 4.2 years. Approximately 75% of the REIT's annualized gross revenue are government and other credit rated tenants.

### Risks Related to the REIT and Its Business

### Access to Capital and Financing

The real estate industry is highly capital intensive. The REIT requires access to capital to maintain the Properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, the REIT may not be able to borrow funds due to the limitations set forth in the DOT.

In addition, financial markets have experienced a sharp increase in volatility during recent years. The underlying market conditions may continue or become worse and unexpected volatility and illiquidity in financial markets may inhibit the REIT's access to long-term financing in the Canadian capital market. As a result, it is possible that financing which the REIT may require in order to grow and expand its operations, upon the expiry of the term of financing, upon refinancing of any particular Property may not be available or, if it is available, may not be available on favourable terms to the REIT.

The REIT is subject to the risks associated with debt financing, including the risk the mortgages and banking facilities secured by the Properties will not be able to be refinanced or the terms of such refinancing will not be as favourable as the terms of existing indebtedness due to, for instance, higher interest rates. To the extent the REIT utilizes variable rate debt, such debt will result in fluctuations in the REIT's cost of borrowing as interest rates change.

As at December 31, 2024, $30,170 (December 31, 2023 - $23,600) of the REIT's debt was at floating rates.

The REIT has completed the renewal or refinancing of all debt previously maturing in 2024 and as at December 31, 2024, the REIT had approximately $257,000 of principal mortgage debt maturing in 2025. Subsequent to December 31, 2024, the REIT successfully completed the refinancing of approximately $127,500 or approximately 50% of the 2025 maturities at a weighted average interest rate of approximately 4.80% and weighted average term to maturity of approximately 3.5 years. Furthermore, the REIT has substantially finalized terms on an additional approximately $88,600 or 35% of 2025 debt maturities which are expected to be finalized by Q2-2025 at a weighted average interest rate of approximately 5.40% whereby such amounts include approximately $41,000 of principal debt maturing on properties in Alberta (excluding Alberta assets, the refinancing rate on these maturities is expected to be approximately 4.42%). The debt maturities completed or expected to be completed were primarily with existing lender relationships. The REIT continues to focus on extending its 2025 debt maturities amounting to approximately $41.000, which are with lenders that the REIT has longstanding and strong relationships with. Subsequent to the anticipated refinancing of the 2025 debt maturities outlined above, the REIT has no further principal debt maturities until late Q3-2026 and onwards. The REIT continues to proactively focus on managing its debt maturity profile to strengthen the REIT's financial position.

The REIT anticipates refinancing the remaining mortgages with new and/or existing lenders and is in discussions with its current lenders and does not currently anticipate the REIT will encounter any material issues in regards to refinancing any of these mortgages. Regardless, there can be no assurance that the REIT will have access to sufficient capital or access to capital on terms favourable for the refinancing of these mortgages. If the REIT is unable to refinance the mortgages, this could have a material adverse impact on the REIT and its Unitholders.

### Dispositions

The REIT undertakes strategic property dispositions from time to time in order to recycle its capital and maintain an optimal portfolio and cash flow composition. Failure to dispose of certain Properties not aligned with the REIT's investment criteria may adversely affect its operations and financial performance.

### Acquisitions

The REIT’s strategy includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and effectively operating and leasing such properties. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis.

Acquisitions of properties by the REIT are subject to the normal commercial risks and satisfaction of closing conditions that may include, among other things, lender approval, regulatory approval, receipt of estoppel certificates and obtaining title insurance. Such acquisitions may not be completed or, if completed, may not be on terms that are exactly the same as initially negotiated.

There may be an undisclosed or unknown liability relating to the acquired property, and the REIT may not be indemnified for some or all of these liabilities. Following an acquisition, the REIT may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures by management are designed to address this risk. The REIT performs what it believes to be an appropriate level of investigation in connection with its acquisition of properties and seeks through contract to ensure that risks lie with the appropriate party.

### Geographic Concentration

The Properties are all located in Canada, the majority of which are located in urban markets. As a result, the REIT's performance, the market value of the Properties and the income generated are particularly sensitive to changes in the economic condition and regulatory environment in one or more markets where the REIT has a concentration of properties. Adverse changes in the economic condition or regulatory environment of such markets may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders.

### Reduced Demand for Office Real Estate

The COVID-19 pandemic and the corresponding responses by government and private companies have and may continue to materially affect the REIT. Changes to work arrangements, including changes from working in office to work from home arrangements, and a reduction in visitor traffic in the regions where the REIT's properties are located, have and may continue to have a negative impact on the demand by tenants for office and workspace real estate. These factors have also negatively affected certain revenue streams. The duration and scope of these factors will depend on future developments, which are highly uncertain and cannot be predicted, including the effects of new strains of COVID-19 or of any other pandemic or epidemic, the stability of the economies where the REIT's properties are located, local market conditions and other factors. It is uncertain whether tenant demand for commercial or office real estate and visitor traffic in the areas where the REIT's properties are located, will recover or surpass pre-COVID-19 levels. Accordingly, the REIT's operations and financial condition could be material and adversely affected to the extent that reduced tenant demand is prolonged or becomes more severe.

### Foreclosure

Management expects that most or all of the REIT's properties will be mortgaged as collateral for mortgage debt. If a facility or group of facilities is mortgaged and the REIT is unable to meet mortgage payments, the lender could foreclose on the subject properties or group of facilities, resulting in the loss of the REIT's investment. Any foreclosure on a mortgaged facility or group of facilities could adversely affect the overall value of the REIT's portfolio of properties.

### Data Governance and Decision Support

The REIT depends on relevant and reliable information to operate its business. As the volume of data being generated and reported continues to increase across the REIT, data accuracy, quality and governance are required for effective decision making. Failure by the REIT to leverage data in a timely manner may adversely affect its ability to execute its strategy and therefore its financial performance.

### Regulatory Compliance

The REIT is subject to laws and regulations governing the ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, municipal, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the rights and title to the properties. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the REIT is subject or the effect of any such change on its investments.

### Potential Conflicts of Interest with Trustees

Certain of the REIT's Trustees and officers are also Trustees, directors and/or officers of other entities, or are otherwise engaged, and may continue to be engaged, in activities that may put them in conflict with the REIT's business strategy. Consequently, these positions could create, or appear to create, conflicts of interest with respect to matters involving the REIT. Pursuant to the DOT, all decisions to be made by the Trustees which involve the REIT are required to be made in accordance with the Trustee's duties and obligations to act honestly and in good faith with a view to the best interests of the REIT and the Unitholders. In addition, the Trustees and officers of the REIT are required to declare their interest in, and such Trustees are required to refrain from voting on, any matter in which they may have a conflict of interest. However, there can be no assurance that the provisions in the DOT will adequately address potential conflicts of interest or that such actual or potential conflicts of interest will be resolved in the REIT's favour.

Starlight acts as the asset manager for the REIT and also provides management services to other public and private companies. As asset manager for other entities and on its own behalf, Starlight may pursue other business opportunities, including but not limited to, real estate and development business opportunities outside of the REIT. These multiple responsibilities to public entities and other businesses could create competition for the time and efforts of Starlight which may materially adversely affect the REIT's cash flows, operating results and financial condition.

### Litigation

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

### Taxation Matters

Management of the REIT believes the REIT currently qualifies as a mutual fund trust and a real estate investment trust for income tax purposes. If the REIT were not to so qualify, the consequences could be material and adverse.

The Income Tax Act (Canada) ("Tax Act") contains rules, relating to specified investment flow-through trusts or partnerships ("SIFT") which tax certain publicly traded or listed trusts in a manner similar to corporations and taxes certain distributions from such trusts or partnerships as taxable dividends from a taxable Canadian corporation.

The rules in the Tax Act applicable to SIFTs are not applicable to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue.

Unless the REIT qualifies for the exclusion from the definition of a SIFT in the Tax Act ("REIT Exception"), the SIFT Rules could impact the level of cash distributions which would otherwise be made by the REIT and the taxation of such distributions to Unitholders.

If the REIT were to no longer qualify for the REIT Exception, it would not be able to flow through its taxable income to Unitholders and the REIT would therefore be subject to tax. The REIT Exception is applied on an annual basis. As such, it will not be possible to determine if the REIT will satisfy the conditions of the REIT Exception for 2025 or any subsequent year until the end of the particular year. Management of the REIT has determined that the REIT is not subject to the SIFT tax as it meets the REIT Exception for 2024.

### Significant Ownership by Starlight

As of the date hereof, Daniel Drimmer and his affiliates hold an approximate 12.35% effective interest in the REIT through ownership of Units, Class B LP Units, Options and Restricted Units. For so long as Starlight maintains a significant effective interest in the REIT, Starlight benefits from certain contractual rights regarding the REIT and Starlight has the ability to exercise influence with respect to the affairs of the REIT and significantly affect the outcome of Unitholder votes, including the ability to prevent certain fundamental transactions, and may discourage transactions involving a change of control of the REIT, including transactions in which an investor might otherwise receive a premium for its Units over the then current market price. The Units may also be less liquid and worth less than they would if Starlight did not have the ability to influence matters affecting the REIT.

Pursuant to the exchange agreement dated December 14, 2012, each Class B LP Unit is exchangeable at the option of the holder for one Unit of the REIT (subject to customary anti-dilution adjustments). See "Material Contracts - Exchange Agreement" in the AIF. If Daniel Drimmer and his affiliates exchange LP Units for Units and sells Units in the public market, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such effect.

### Financial Reporting and Other Public Company Requirements

The REIT is subject to reporting and other obligations under applicable Canadian securities laws and rules of the stock exchange on which the Units are listed, including National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") of the Canadian Securities Administrators. These reporting and other obligations place significant demands on the REIT's management, administrative, operational and accounting resources, including those provided pursuant to the Asset Management Agreement. The REIT is partially reliant on Starlight, pursuant to the Asset Management Agreement, for certain financial reporting and internal control functions. Effective internal controls over financial reporting, particularly those related to revenue recognition, are necessary for the REIT to produce reliable financial reports and to maintain its qualification as a real estate investment trust and are important in helping to prevent financial fraud. Any failure of the REIT, or its service provider, to maintain effective internal controls could cause the REIT to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the REIT cannot provide reliable financial reports or prevent fraud, not only could its real estate investment trust qualification be jeopardized, but also its access to capital could be impaired, and it could be exposed to civil litigation or investigations by regulatory authorities. Further, the REIT's reputation, financial condition and operating results could be materially harmed which could also cause investors to lose confidence in the REIT's reported financial information, which could result in a reduction in the trading price of the Units. The REIT's internal controls over financial reporting, disclosure controls and procedures and its operating internal controls may not prevent or detect financial misstatements or loss of assets because of inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. An internal control system, no matter how well-designed, implemented or audited, can provide only reasonable, not absolute, assurance with respect to financial statement and disclosure accuracy and safeguarding of assets, and that the control system's objectives will be met.

### Dependence on the Asset Manager

The REIT is dependent upon Starlight for operational and administrative services relating to the REIT's business. Should Starlight terminate the Asset Management Agreement, the REIT may be required to engage the services of an external asset manager or internalize its management function at a significant cost. The REIT may be unable to engage an asset manager on acceptable terms, in which case the REIT's operations and cash available for distribution may be adversely affected.

### Controls over Financial Reporting

The REIT maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Because of the inherent limitations in all control systems, including well-designed and operated systems, no control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

### Cyber-Security

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the REIT's information. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. The REIT's primary risks that could directly result from the occurrence of a cyber-incident include financial loss, operational interruption, damage to its reputation and business relationships with its tenants and Unitholders. The REIT has implemented processes, procedures and controls to help mitigate these risks, including installing firewalls and antivirus programs on its networks, servers and computers, but these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that its financial results will not be negatively impacted by such an incident. As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the REIT's security measures. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of the REIT's security measures, which could result in a breach of confidential information.

If the REIT does not allocate and effectively manage the resources necessary to build and sustain a reliable information technology ("IT") infrastructure, fails to timely identify or appropriately respond to cybersecurity incidents, or the REIT's information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the REIT's business could be disrupted and the REIT could, among other things, be subject to: the loss of or failure to attract new tenants; the loss of revenue; the loss or unauthorized access to confidential information or other assets;

the loss of or damage to trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs.

The REIT has secured cyber liability insurance coverage, however there can be no guarantee that such coverage will respond or be sufficient to all cyber-security threats incurred by the REIT. A cyber-security incident may result in increased premiums and deductibles for cyber liability coverage.

### Business Continuity and Disaster Recovery

The REIT’s ability to continue critical operations and processes could be negatively impacted by adverse events resulting from various incidents, including severe weather, prolonged IT system failure, terrorist activity, pandemics, power failures or other national or international catastrophes. Any of these events, including effective contingency planning, may have a material adverse effect on the REIT's reputation, business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders. The REIT has a business continuity plan in place, however there can be no assurance it will mitigate all losses.

### Risks Related to the Units

### Volatile Market Price for the REIT's Securities

The market price for the REIT’s securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT’s control, including the following: (a) actual or anticipated fluctuations in the REIT’s financial performance and future prospects; (b) recommendations by securities research analysts; (c) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (d) addition or departure of the REIT’s officers; (e) release or expiration of lock-up or other transfer restrictions on outstanding Units or Class B LP Units; (f) sales or perceived sales of additional Units; (g) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; (h) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT’s industry or target markets; (i) liquidity of the REIT’s securities; (j) prevailing interest rates; (k) the market price of other real estate securities; (l) a decrease in the amount of distributions declared and paid by the REIT; and (m) general economic conditions.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the REIT’s securities may decline even if the REIT’s financial performance, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT’s ESG practices and performance against such institutions’ respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the REIT’s securities by those institutions. There can be no assurance that continuing fluctuations in price and volume will not occur.

### Return on Investment on Units Not Guaranteed

The Units are equity securities of the REIT and are not traditional fixed income securities. A fundamental characteristic that distinguishes the Units from traditional fixed income securities is that the REIT does not have a fixed obligation to make payments to holders of Units and does not promise to return the initial purchase price of a Unit on a certain date in the future. The REIT has the ability to reduce or suspend distributions to holders of Units if circumstances warrant. The ability of the REIT to make cash distributions to holders of Units, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT and its subsidiaries, and will be subject to various factors including financial performance, obligations under the Credit Facility, fluctuations in working capital and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by the Properties. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, unlike interest payments or an interest-bearing debt security, the REIT’s cash distributions to holders of Units are composed of different types of payments (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax returns to holders of Units. Therefore, the rate of return over a defined period for a holder of Units may not be comparable to the rate of return on a fixed income security that provides a "return on capital" over the same period.

### Cash Distributions  Are Not Guaranteed - Non-Cash Distributions

Distributions on the Units are established by the Board and are subject to change at their discretion. While the REIT's distribution policy has been established pursuant to the Declaration of Trust and may only be changed with the approval of a majority of Unitholders, the actual amount of distributions paid in respect of the Units will depend upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of the REIT. The market value of the Units may deteriorate if the REIT is unable to meet its distribution targets, and that deterioration could be significant. See "Diastributions". On November 13, 2023 the REIT announced effective with the November 2023 distribution payable on December 15, 2023 to Unitholders of record on November 30, 2023, the redirection and reallocation of substantially all distribution amounts to purchase Units under the NCIB or through other acquisition programs.

### Dilution of Units

The number of Units (including Class B LP Units issuable by True North Commercial Limited Partnership, which are exchangeable for Units on a one for one basis) that the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units, Class B LP Units or convertible securities exchangeable into Units from time to time subject to the rules of any applicable stock exchange on which the Units are then listed. The issuance of any additional Units or Class B LP Units may have a dilutive effect on the interests of holders of Units.

### Unitholder Liability

The DOT provides that no holders of Units will be subject to any liability whatsoever to any person in connection with a holding of Units. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide holders of Units in those provinces with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a holder of Units could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. The affairs of the REIT are conducted in a manner to seek to minimize such risk wherever possible.

### Nature of Investment in Units

The Units represent a fractional interest in the REIT and do not represent a direct investment in the REIT's assets and should not be viewed by investors as direct securities of the REIT's assets. A holder of a Unit does not hold a share of a body corporate. Holders of Units, in such capacity, do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions against the REIT. The rights of holders of Units are based primarily on the DOT. There is no statute governing the affairs of the REIT equivalent to the *Canada Business Corporation Act*, which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada) and thus the treatment of holders of Units upon an insolvency is uncertain.

## USE OF ESTIMATES

The preparation of the REIT's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. In preparing the consolidated financial statements, significant judgments made by management in applying accounting policies were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2024.

## Financial Instruments

Financial assets are classified and measured using one of the following methods: (i) fair value through profit and loss (“FVTPL”); (ii) fair value through other comprehensive income (“FVTOCI”) and (iii) amortized cost. Financial instruments are recognized initially at fair value. Financial assets and liabilities classified at FVTPL are subsequently measured at fair value with gains and losses recognized in profit and loss. Financial instruments classified as FVTOCI are subsequently measured at fair value and any unrealized gains and losses are recognized through other comprehensive income. The REIT derecognizes a financial asset when the contractual rights to the cash flows from the asset expire. Financial liabilities may be designated at FVTPL upon initial recognition.

Financial assets and liabilities are accounted for based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the designation of such instruments.

| | Classification |
|---|---|
| **Financial assets:** | |
| Other assets | Amortized cost |
| Tenant and other receivables | Amortized cost |
| Derivative instruments | Fair value |
| Cash and cash equivalents | Amortized cost |
| **Financial liabilities:** | |
| Mortgages payable | Amortized cost |
| Class B LP Units | Fair value |
| Credit Facility | Amortized cost |
| Tenant rental deposits and prepayments | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities, other than financial assets and liabilities measured at FVTPL, are accounted for as part of the carrying amount of the respective asset or liability at inception. Transaction costs related to financial instruments measured at amortized cost are amortized using the effective interest rate over the anticipated life of the related instrument. Transaction costs on financial assets and liabilities measured at FVTPL are expensed in the period incurred. Financial assets are derecognized when the contractual rights to the cash flows from financial assets expire or have been transferred.

The REIT recognizes an allowance for expected credit losses (“ECL”) for financial assets measured at amortized cost at each balance sheet date. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. Impairment losses, if incurred, would be recorded as expenses in the consolidated statements of loss and comprehensive loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts.

The fair values of the REIT’s instalment notes receivable, deposits, tenant and other receivables and cash and cash equivalents, as well as the Credit Facility, tenant rental deposits and prepayments, accounts payable and accrued liabilities approximate their recorded values due to their short-term nature.

The fair value of mortgages payable disclosed in the notes to the REIT’s consolidated financial statements is estimated based on the present value of future payments, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage.

Class B LP Units are carried at fair value and the fair value of the Class B LP Units has been determined with reference to the trading price of the Units. The fair value adjustment during Q4-2024 and YTD-2024 was a gain of $1,144 (Q4-2023 - $956) and a loss of $214 (YTD-2023 - gain of $10,135), respectively.

Derivative instruments, such as interest rate swaps, are valued using a valuation technique. The most frequently applied valuation technique includes forward pricing models, using present value calculations. The models incorporate various inputs including forward rates and interest rate curves. The REIT has entered into various interest rate swaps to limit its interest rate exposure from floating to fixed for the terms of certain mortgages. Total unrealized loss on change in the fair value of the derivative instruments during Q4-2024 and YTD-2024 was a loss of $287 (Q4-2023 - $2,219) and $2,108 (YTD-2023 - $1,158), respectively.

These fair value estimates may not necessarily be indicative of the amounts that might be paid or received in the future.

## MATERIAL ACCOUNTING POLICY INFORMATION

There were no changes to the accounting policies applied by the REIT during 2024. Future accounting policies that may impact the REIT are discussed in the REIT's audited consolidated financial statements for the year ended December 31, 2024 and the notes contained therein.

The REIT's critical judgments and estimates in applying accounting policies can be found in Section 1(c) on page 5 of the REIT's audited consolidated financial statements.

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The REIT maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

All control systems have inherent limitations, including well-designed and operated systems. No control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include, without limitation, the possibility management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors. As a growing enterprise, management anticipates the REIT will be continually evolving and enhancing its systems of controls and procedures.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

The CEO and CFO evaluated the effectiveness of the REIT's disclosure controls and procedures (as defined in *National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") and concluded that the design and operation of the REIT's disclosure controls and procedures were effective for the three months and year ended December 31, 2024.

The CEO and CFO evaluated the design and effectiveness of the REIT's internal controls over financial reporting (as defined in NI 52-109) and concluded that the design and effectiveness of internal controls over financial reporting continue to be appropriate and were effective for the three months and year ended December 31, 2024.

## OUTLOOK

During Q4-2024, the Canadian office market continued to stabilize marking the first full year of positive net absorption since 2019. While national office vacancy remained steady at 18.7%, it is expected to peak in early 2025 before gradually improving. Diverging trends between downtown and suburban markets remain evident. Downtown vacancies averaged 20.0% while suburban office markets experienced a relatively lower vacancy rate of 17.2%, reflecting sustained demand for well-located and modernized suburban assets. The increase in downtown vacancy was partially attributed to unoccupied new supply during the quarter. In addition, sublet offerings continued to reduce for the sixth consecutive quarter, and are currently at their lowest level since Q2-2022, demonstrating renewed confidence in office leasing. The REIT continues to outperform vacancy metrics given the REIT's focus on leasing to government and credit rated tenants, strong relationships with brokers and ensuring that new leases provide adequate consideration for tenants to develop their leased space in a manner that will help support tenants' objectives as well as continue to position the REIT's properties for long term capital appreciation.

According to a recent survey by Cisco Systems Inc., 76% of Canadian employers are mandating full or partial return to office policies in an effort to enhance productivity, team communication, and workplace culture. However, only 40% of employers believe that their current office lay out supports the ability to support these initiatives, which the REIT has continued to focus on during lease negotiations as noted above. Tenants continue to concentrate on high quality, modernized spaces with a variety of amenities in optimal locations that reduce employee commute times and enhance the employee experience. Over the past few years, the REIT has invested in capital expenditures, specifically geared towards tenant amenities and common spaces including lounges, gyms and cafés. The majority of the REIT's properties are located near urban areas outside of the downtown core with accessibility to transit, ample parking and numerous amenities. Management remains committed to support the REIT's tenants through various initiatives ensuring tenants' employees find value in returning to the office environment.

The Bank of Canada continued to implement interest rate cuts throughout Q4-2024, with reductions of 50 basis points in October, followed by another 50 basis point cut in December, bringing the policy rate down to 3.25%. A further reduction of 50 basis points occurred in January 2025 and March 2025, respectively, reflecting the central bank's efforts to support the economic activity amid controlled inflation. These rate cuts are expected to positively impact the financing environment, improving debt refinancing conditions for commercial property. Amidst these improving financial conditions, the REIT has completed the renewal or refinancing of all debt previously maturing in 2024 and as at December 31, 2024, the REIT had approximately $257,000 of principal mortgage debt maturing in 2025. Subsequent to December 31, 2024, the REIT successfully completed the refinancing of approximately $127,500 or approximately 50% of the 2025 maturities at a weighted average interest rate of approximately 4.80% and weighted average term to maturity of approximately 3.5 years. Furthermore, the REIT has substantially finalized terms on an additional approximately $88,600 or 35% of 2025 debt maturities which are expected to be finalized by Q2-2025 at a weighted average interest rate of approximately 5.40% whereby such amounts include approximately $41,000 of principal debt maturing on properties in Alberta (excluding Alberta assets, the refinancing rate on these maturities is expected to be approximately 4.42%). The debt maturities completed or expected to be completed were primarily with existing lender relationships. The REIT continues to focus on extending its 2025 debt maturities amounting to approximately $41,000, which are with lenders that the REIT has longstanding and strong relationships with. Subsequent to the anticipated refinancing of the 2025 debt maturities outlined above, the REIT has no further principal debt maturities until late Q3-2026 and onwards. The REIT continues to proactively focus on managing its debt maturity profile to strengthen the REIT's financial position.

In early 2025, the United States announced certain tariffs on steel, aluminum and other imported components, with further tariffs imposed in March 2025, which along with retaliatory tariffs by Canada may result in increased construction or renovation costs for commercial projects in Canada as well as financial strain on businesses affected by trade restrictions. The REIT is closely monitoring such developments.

The REIT remains optimistic about the long-term demand for office space and in particular, a physical work environment that emphasizes collaboration to support and develop employees, as well as enrich company culture.

## Subsequent Events

Subsequent to December 31, 2024, the REIT successfully completed the refinancing of approximately $127,500 or approximately 50% of the 2025 maturities at a weighted average interest rate of approximately 4.80% and weighted average term to maturity of approximately 3.5 years.

On February 28, 2025, the REIT amended the Credit Facility by modifying the pool of secured properties against such facility and extended the maturity date to December 1, 2026. All other terms remained the same.

Subsequent to December 31, 2024, the REIT repurchased and cancelled an additional 83,500 Units for $791 under the 2024 NCIB at a weighted average price of $9.48 per Unit.

On March 18, 2025, the REIT announced the reinstatement of the monthly distribution to Unitholders, which will commence with a record date of March 31, 2025, payable on April 15, 2025, amounting to $0.0575 per Unit per month at an inferred distribution yield of approximately 8%.

Additional information relating to the REIT including the REIT's annual information form, can be found on SEDAR+ at www.sedarplus.ca.

Dated: March 18, 2025

Toronto, Ontario, Canada

## APPENDIX A - PROPERTY LISTING AT DECEMBER 31, 2024

| | Property name | City | Occupancy | Remaining lease term[1] | GLA |
|---|---|---|---|---|---|
| | ***Alberta*** | | | | |
| *1* | 855 8th Avenue SW | Calgary | 70 % | 0.8 years | 75,700 |
| *2* | 4500 & 4520 - 16th Avenue NW | Calgary | 69 % | 4.9 years | 77,600 |
| *3* | 1020 68th Avenue NE | Calgary | — % | 0.0 years | 148,400 |
| *4* | 3699 63rd Avenue NE | Calgary | 100 % | 3.9 years | 209,400 |
| *5* | 13140 St. Albert Trail | Edmonton | 92 % | 4.0 years | 94,900 |
| | *Total Alberta* | | *67 %* | *3.7 years* | *606,000* |
| | ***British Columbia*** | | | | |
| *6* | 810 Blanshard Street | Victoria | 100 % | 0.1 years | 34,400 |
| *7* | 727 Fisgard Street | Victoria | 100 % | 4.8 years | 50,200 |
| *8* | 1112 Fort Street | Victoria | 100 % | 1.7 years | 52,000 |
| | *Total British Columbia* | | *100 %* | *2.5 years* | *136,600* |
| | ***New Brunswick*** | | | | |
| *9* | 500 Beaverbrook Court | Fredericton | 99 % | 4.1 years | 56,000 |
| *10* | 295 Belliveau Avenue | Shediac | 100 % | 2.1 years | 42,100 |
| *11* | 410 King George Highway | Miramichi | 75 % | 6.4 years | 72,700 |
| *12* | 551 King Street | Fredericton | 92 % | 2.8 years | 85,300 |
| *13* | 495 Prospect Street | Fredericton | 93 % | 3.2 years | 87,100 |
| *14* | 845 Prospect Street | Fredericton | 49 % | 3.2 years | 38,600 |
| *15* | 414-422 York Street | Fredericton | 97 % | 4.6 years | 33,000 |
| *16* | 440-470 York Street | Fredericton | 94 % | 3.0 years | 59,600 |
| | *Total New Brunswick* | | *88 %* | 3.6 years | *474,400* |
| | ***Nova Scotia*** | | | | |
| *17* | 36 & 38 Solutions Drive | Halifax | 80 % | 5.1 years | 130,200 |
| *18* | 120, 130, 134 & 140 Eileen Stubbs Avenue | Halifax | 88 % | 4.0 years | 302,300 |
| | *Total Nova Scotia* | | *86 %* | 4.4 years | *432,500* |

[1] Weighted by annualized gross revenue

| | Property name | City | Occupancy | Remaining lease term[1] | GLA |
|---|---|---|---|---|---|
| | ***Ontario*** | | | | |
| *19* | 1595 16th Avenue | Richmond Hill | 99 % | 5.6 years | 123,300 |
| *20* | 61 Bill Leathem Drive | Ottawa | 100 % | 3.1 years | 148,100 |
| *21* | 777 Brock Road | Pickering | 100 % | 3.2 years | 98,900 |
| *22* | 6925 Century Avenue | Mississauga | 92 % | 5.5 years | 254,900 |
| *23* | 675 Cochrane Drive | Markham | 86 % | 3.8 years | 379,500 |
| *24* | 1161 Crawford Drive | Peterborough | 100 % | 2.2 years | 32,500 |
| *25* | 520 Exmouth Street | Sarnia | 100 % | 1.9 years | 34,700 |
| *26* | 3115 Harvester Road | Burlington | 89 % | 5.3 years | 78,800 |
| *27* | 340 Laurier Avenue West | Ottawa | 100 % | 5.1 years | 279,800 |
| *28* | 400 Cumberland Street | Ottawa | 98 % | 4.0 years | 174,400 |
| *29* | 400 Maple Grove Road | Ottawa | 100 % | 6.7 years | 107,200 |
| *30* | 101 McNabb Street | Markham | 100 % | 2.4 years | 315,400 |
| *31* | 78 Meg Drive | London | 100 % | 5.4 years | 11,300 |
| *32* | 301 & 303 Moodie Drive | Ottawa | 93 % | 3.2 years | 146,700 |
| *33* | 8 Oakes Avenue | Kirkland Lake | 100 % | 7.2 years | 41,000 |
| *34* | 5160 Orbitor Drive | Mississauga | 100 % | 5.2 years | 31,400 |
| *35* | 231 Shearson Crescent | Cambridge | 89 % | 5.0 years | 62,400 |
| *36* | 6 Staples Avenue | Richmond Hill | 100 % | 8.8 years | 122,000 |
| *37* | 2300 St. Laurent Boulevard | Ottawa | 100 % | 3.0 years | 37,500 |
| *38* | 3650 Victoria Park Avenue | Toronto | 34 % | 5.6 years | 153,700 |
| *39* | 80 Whitehall Drive | Markham | — % | 0.0 years | 60,800 |
| *40* | 5775 Yonge Street | Toronto | 90 % | 4.3 years | 275,000 |
| | *Total Ontario* | | *90 %* | 4.4 years | *2,969,300* |
| | **Average/Total portfolio** | | 87 % | 4.2 years | 4,618,800 |

[1] Weighted by annualized gross revenue.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