TSX: TNT.UN

Q1 2025

MANAGEMENT'S DISCUSSION & ANALYSIS

May 12, 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	**74%** Revenues Generated from Government & Credit Rated Tenants	**4.2 YR** [(1)] Weighted Average Lease Term
40 Properties	**92%** [(1)] Occupancy	**5** Provinces

As at March 31, 2025
(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 three months ended March 31, 2025 and 2024 and should be read in conjunction with the REIT's annual audited consolidated financial statements for the year ended December 31, 2024, 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, uncertainty surrounding U.S. tariffs 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 continue to pay 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, the impact of any current or future tariffs 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 continue to pay 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 income 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 income and comprehensive income 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 "First Quarter Highlights and Key Performance Indicators - Distribution Reinstatement, 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 "First Quarter Highlights and Key Performance Indicators - Distribution Reinstatement, 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;

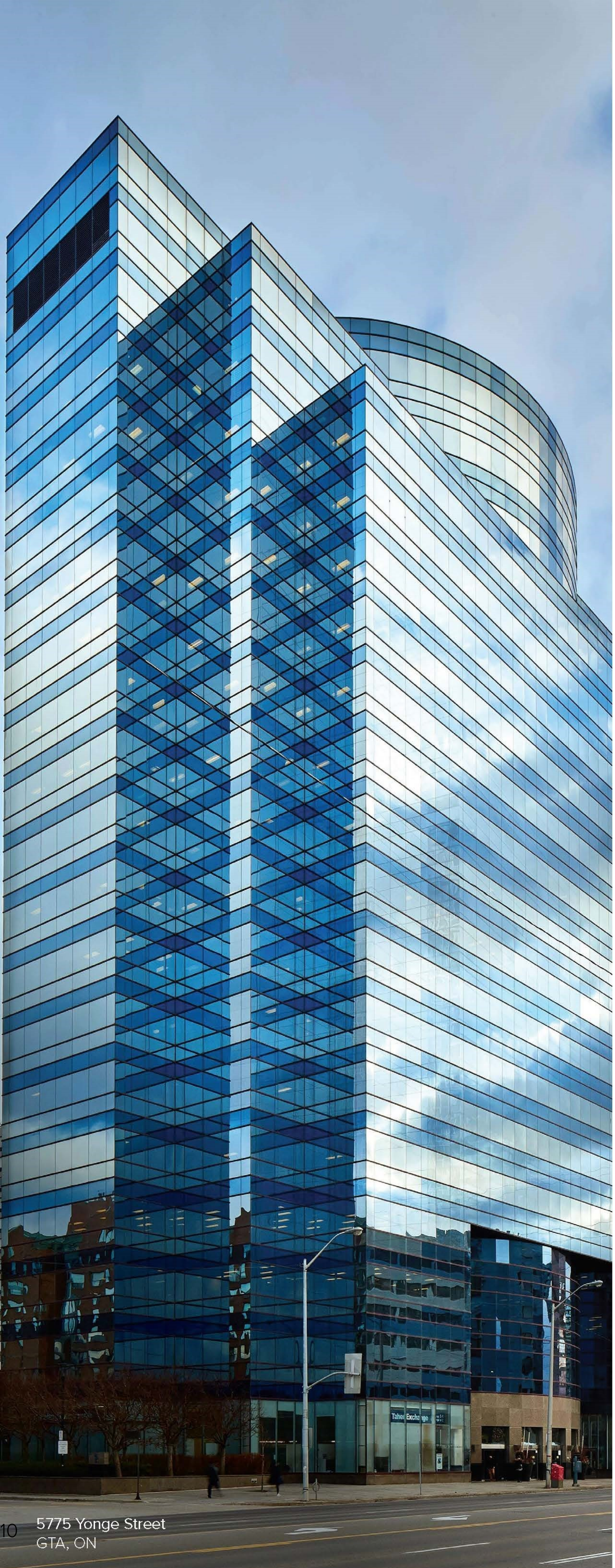
Sustainable operations: The REIT aims to improve efficiency, reduce operating costs and future-proof its buildings by driving innovation and investing in new technologies; and

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:

	Target	Progress & achievements
Carbon emissions	• Aim to achieve net zero carbon emissions intensity across all scopes by 2050 ◦ The REIT will achieve this through conduct of decarbonization studies on pilot buildings, prioritizing buildings for decarbonization, implementing low-carbon retrofits, and integrating on-site renewable power generation. The REIT will transparently report challenges, progress, and potential impacts on operations and financial performance ◦ 2035 target: 50% reduction in emissions intensity from 2019 baseline • Reduce carbon emissions, energy, and water use by 2% annually or 10% by 2025 (2019 baseline)	• 2019 to 2023 Like for Like ("L4L") figures: ◦ Energy - 1.5% decrease ◦ Carbon - 3.2% decrease ◦ Water - 3.4% decrease
Resource consumption	• Increase number of buildings with ENERGY STAR® scores by 2026 • Increase whole building energy and water data to 100% by 2025 • Increase waste data coverage to 100% by 2026 • Target to achieve 75% waste diversion by 2026 • Promote reuse and circular economy principles and develop waste reduction plans across the portfolio	• Approximately 59% of the REIT's buildings have ENERGY SATR® scores in Q1 2025 • Approximately 88% whole building energy and water data coverage in 2023 Annual Sustainability Report • Approximately 68% waste data coverage in 2023 • Approximately 23.3% waste diversion rate achieved in 2023 • Approximately 55% of the Properties have waste reduction plans
Climate risk assessment	• Develop climate change resilience plans and adaptation measures tailored to region and asset class for all existing buildings and new developments and that align with best practice disclosure frameworks • Include disclosure on climate-related risk and opportunities in public reporting (e.g., The Task Force on Climate Related Financial Disclosures recommendations)	• Completed climate risk assessments in 2023 • 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) • Increase green building certification to 75% by 2027	• Approximately 55% GFA certified in Q1 2025 • See "Property Portfolio - Description of the Properties" in the section of the annual information form of the REIT dated March 18, 2025 (the "AIF") for a complete list of all certifications.
Social impact	• Improve/create amenities at certain Properties (i.e, tenant lounge, gym, café) • 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	• Engaged 100% of property management companies on health and wellness initiatives in 2024



5775 Yonge Street
GTA, ON

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BASIS OF PRESENTATION

The REIT's condensed consolidated interim financial statements for the three months ended March 31, 2025 and 2024 have been prepared in accordance with IFRS interim financial reporting. 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 ended March 31, 2025 ("Q1-2025"), three months ended March 31, 2024 ("Q1-2024"), three months ended June 30, 2024 ("Q2-2024"), three months ended September 30, 2024 ("Q3-2024") and three months ended December 31, 2024 ("Q4-2024").

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 March 31, 2025, 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").

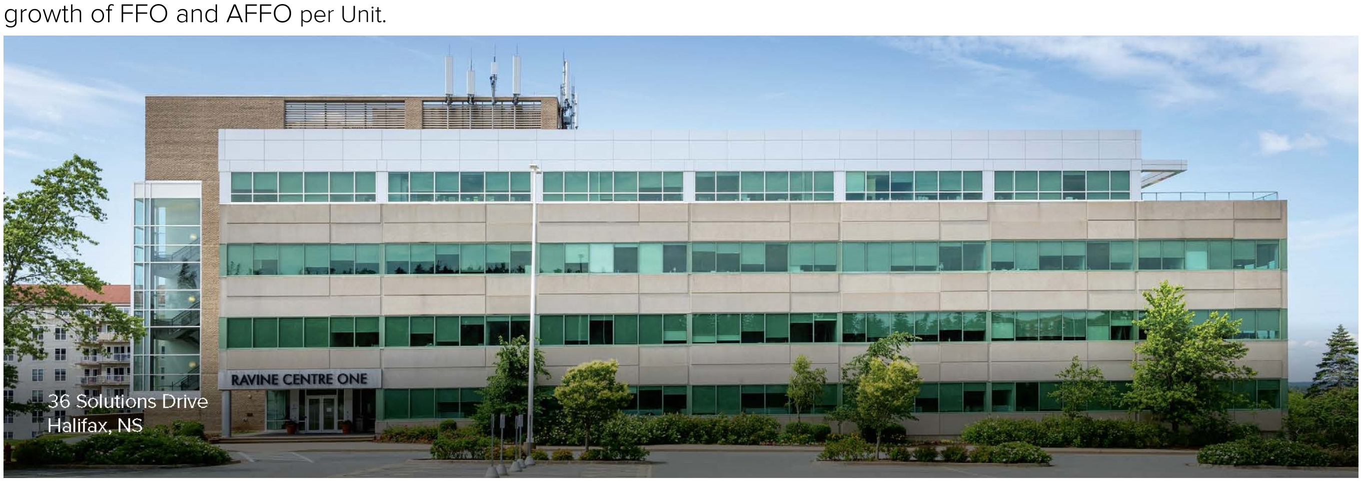
The long-term objectives of the REIT are to:

- 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.



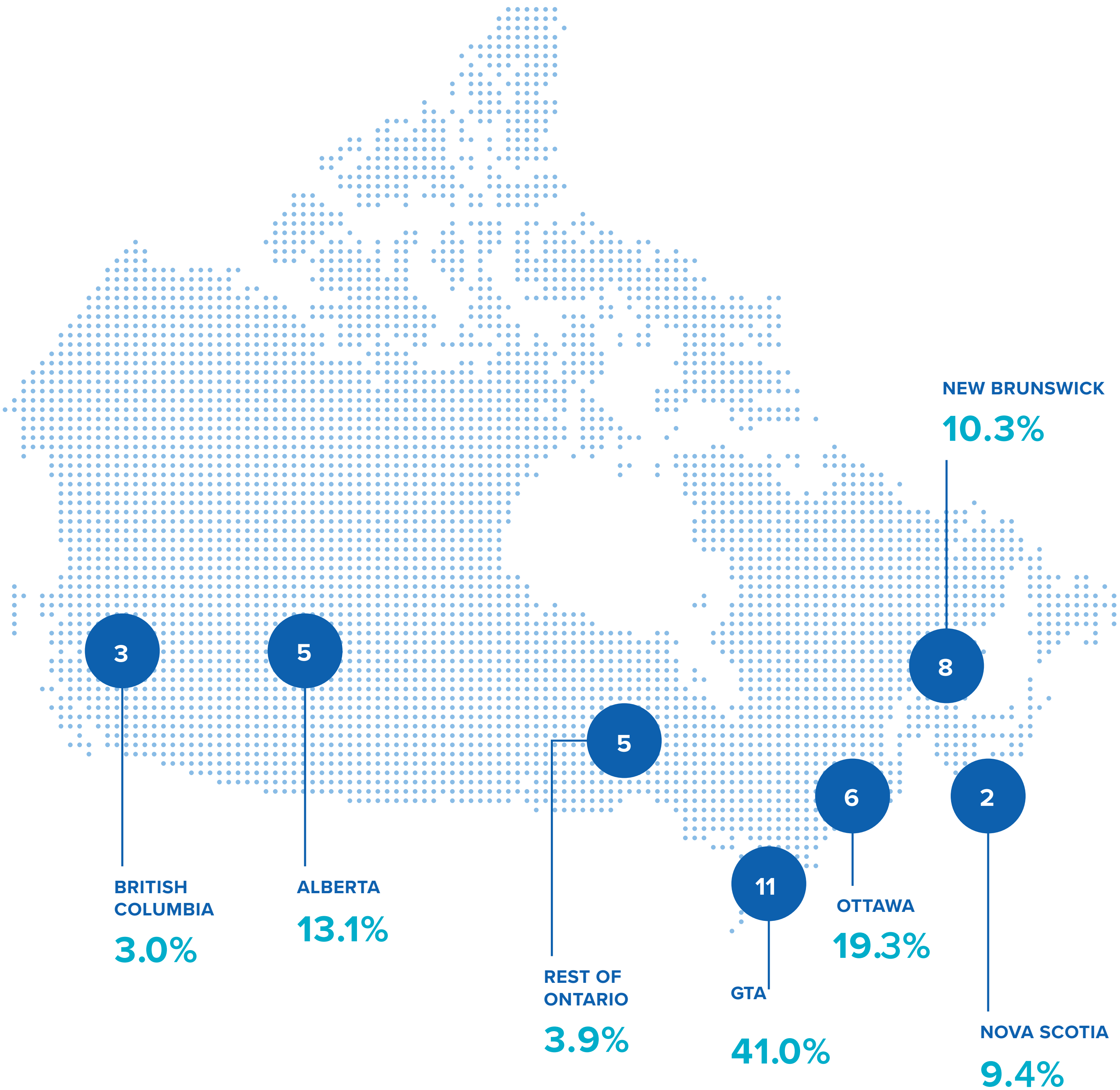
36 Solutions Drive
Halifax, NS

PORTFOLIO OVERVIEW

As at March 31, 2025, 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 March 31, 2025 is denoted by the percentages below.



Indicates number of Properties owned by REIT as at March 31, 2025 in such market

TENANT PROFILE

Top 20 tenants account for 68% of revenue.

Approximately 74% of the REIT's portfolio revenue is generated by government and credit rated tenants

40%

government tenants

+

34%

credit rated tenants

=

74%

total government and credit rated tenants

Top 20 tenants as at March 31, 2025

TENANT	% OF GROSS REVENUE	GLA	REMAINING LEASE TERM[1]
Federal Government of Canada	16.9 %	698,300	4.3 years
Province of Alberta	10.0 %	370,700	3.7 years
Province of Ontario	7.0 %	241,900	3.1 years
General Motors of Canada Company	4.0 %	154,800	2.8 years
TD Insurance	3.8 %	160,600	1.4 years
Province of New Brunswick	3.4 %	169,700	2.9 years
Intact Insurance Co.	3.2 %	104,500	3.5 years
Lumentum Ottawa Inc.	2.5 %	148,100	2.8 years
Province of British Columbia	2.5 %	90,700	3.1 years
Staples Canada ULC	2.2 %	122,000	8.5 years
EMS Technologies Canada, Ltd.	1.9 %	107,200	6.4 years
WSP Canada Inc.	1.6 %	60,000	4.0 years
Paymentus (Canada) Corporation	1.5 %	55,800	6.0 years
Stantec Consulting Ltd.	1.5 %	54,700	4.2 years
ADP Canada Co.	1.4 %	65,600	1.2 years
Concentrix Technologies Services (Canada) Limited	1.1 %	41,500	4.8 years
AllStream Business Inc.	1.0 %	31,400	5.0 years
Robetech Institute Inc.	1.0 %	28,900	5.2 years
Abbott Laboratories Co.	0.9 %	35,700	8.1 years
Trans Union of Canada Inc.	0.8 %	24,300	2.6 years
Total	**68.2 %**	**2,766,400**	**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
39%	**26%**	**15%**	**12%**	**8%**

LEASING ACTIVITY

As of March 31, 2025, the REIT's occupancy[(1)] was 92% (86% 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 Q1-2025 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 decreased marginally in Q1-2025 to 92% (Q4-2024 - 93%).

The following table summarizes the leasing activity for Q1-2025:

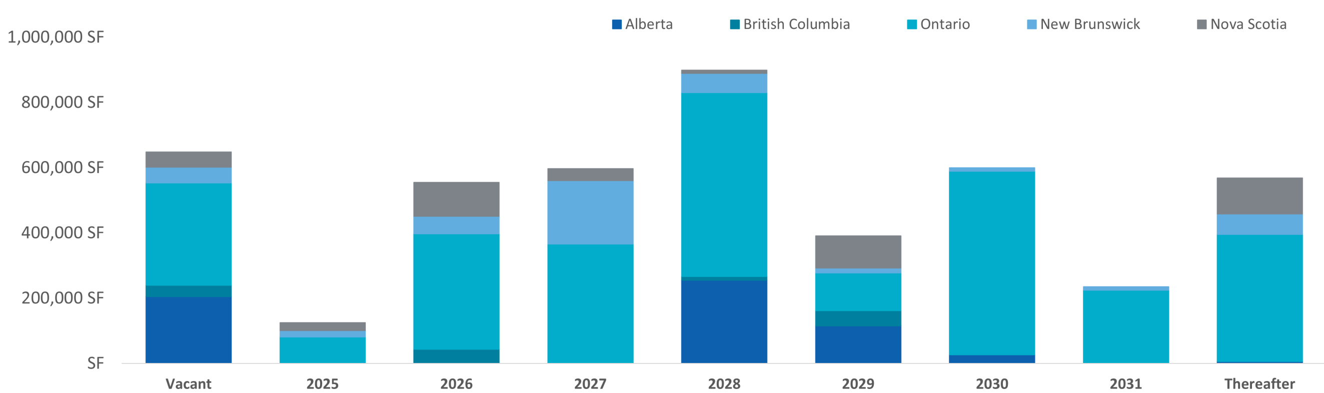
	New lease deals		Lease renewals and relocation		
	Leasable area	WALT	Leasable area	WALT	% increase in rents
Q1-2025	74,900 SF	7.0 YR	71,100 SF	4.2 YR	1.6%

In Q1-2025, the REIT completed 74,900 square feet of new leases concentrated in Ontario, Nova Scotia and New Brunswick with a WALT of 7.0 years, along with 71,100 square feet of renewals with a WALT of 4.2 years and a positive rent spread of 1.6%. 50,600 square feet of lease renewals during Q1-2025 related to two federal government tenants in Alberta with a WALT of 3.4 years and higher than markets rents.

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 March 31, 2025, 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.

FIRST QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

The REIT's occupancy excluding investment properties held for sale at the end of Q1-2025 was 92% with a WALT of 4.2 years (86% and 4.2 years including investment properties held for sale). As at March 31, 2025, 74% of revenue continues to be generated from government and credit rated tenants.

		Q1-2025		Q1-2024
Portfolio				
Number of properties(1)		40		44
Portfolio GLA(1)		4,619,000 sf		4,792,600 sf
Occupancy(1)(2)		92 %		93 %
WALT(1)		4.2 years		4.4 years
Revenue from government and credit rated tenants(1)		74 %		77 %
Financial				
Revenue	$	31,086	$	32,464
NOI(3)		14,665		16,586
Net income and comprehensive income		563		5,138
Same Property NOI(3)(4)		19,000		19,053
FFO(3)	$	8,082	$	8,841
FFO per Unit - basic(3)		0.56		0.56
FFO per Unit - diluted(3)		0.56		0.56
AFFO(3)	$	8,229	$	9,060
AFFO per Unit - basic(3)		0.57		0.57
AFFO per Unit - diluted(3)		0.57		0.57
AFFO payout ratio - diluted(3)		10 %		— %
Distributions declared	$	828	$	—

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

(2) Represents same property occupancy excluding assets classified as held for sale as at March 31, 2025 (see "Same Property Analysis"). The REIT occupancy for all assets owned as at the end of each reporting period (including any held for sale assets) was 86% as at the end of Q1-2025 (Q1-2024 was 88%).

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

(4) Represents Same Property NOI including assets classified as held for sale during Q1-2025 and Q1-2024. Same Property NOI excluding assets classified as held for sale have been presented separately in this MD&A (see "Same Property Analysis").

On March 18, 2025, the REIT announced the reinstatement of the monthly distribution ("Distribution Reinstatement") to Unitholders, which commenced with a record date of March 31, 2025, payable on April 15, 2025, amounting to $0.0575 per Unit per month.

Q1-2025 Same Property NOI increased by approximately 5.1% including certain amounts earned for termination income in both periods. Q1-2025 Same Property NOI normalized to exclude termination income, free rent in both periods and the REIT's Alberta portfolio would have increased by approximately 0.3% (see "Same Property Analysis").

The REIT's Q1-2025 revenue and NOI decreased relative to the same period in 2024 by 4% and 12%, respectively, primarily due to the disposition activity in 2024 (the “Primary Variance Driver”) and a decrease in occupancy for the REIT's held for sale properties, partially offset by contractual rent increases and higher termination income received from a tenant in the Greater Toronto Area ("GTA") Ontario portfolio in Q1-2025 relative to the amounts received in Q1-2024.

The REIT’s Q1-2025 FFO and AFFO decreased by $759 and $831, respectively when compared to the same period in 2024 primarily due to the Primary Variance Driver, reduction in occupancy for the REIT's held for sale properties and increase in interest costs, partially offset by normalized Same Property NOI growth outlined above. Q1-2025 FFO and AFFO basic and diluted per Unit remained consistent at $0.56 and $0.57, respectively, compared to the same period in 2024, driven by a reduction in the number of Units as a result of the REIT's NCIB program, offset by the reasons noted above for FFO and AFFO.

During Q1-2025, the REIT successfully completed $129,646 of refinancing or approximately 52% of the 2025 maturities and $4,500 of new financing at a weighted average interest rate of approximately 4.78% and weighted average term of approximately 3.6 years. Subsequent to March 31, 2025, the REIT successfully completed the refinancing of certain first mortgages totaling approximately $75,900 at an average interest rate of 4.68% representing approximately 30% of the 2025 debt maturities and has substantially finalized terms on an additional approximately $23,200 or 9% of 2025 debt maturities which are expected to be finalized by the second quarter of 2025. As a result, the REIT has substantially completed the renewal or refinancing of its 2025 debt maturities. The debt maturities completed or expected to be completed were primarily with existing lender relationships. The REIT continues to focus on extending the remaining 2025 debt maturities amounting to approximately $22,000, 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 2026 and onwards. The REIT continues to proactively focus on managing its debt maturity profile to strengthen the REIT's financial position.

NCIB Program

On April 18, 2023, the REIT established the 2023 NCIB, as approved by the TSX ("2023 NCIB") which was effective from April 18, 2023 until April 17, 2024 whereby any Units acquired through the 2023 NCIB were cancelled. On April 17, 2024, the REIT renewed the 2023 NCIB, as approved by the TSX (the "2024 NCIB") which was effective up to April 17, 2025. Subsequent to March 31, 2025, the REIT renewed the 2024 NCIB ("2025 NCIB"), as approved by the TSX (see "Subsequent Events").

The NCIB programs throughout 2023 and 2024 were determined to be the most prudent use of capital at that time and provided the REIT an immediately accretive opportunity to repurchase Units at a significant discount to NAV. Up to March 31, 2025, 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 which represented an inferred distribution yield of approximately 18.7%(1), and 925,826 Units for $9,311 at a weighted average price of $10.06 per Unit under the 2024 NCIB.

During Q1-2025, under the 2024 NCIB, the REIT repurchased 110,700 Units for $1,021 for the weighted average price of 9.23 which represented an inferred distribution yield of approximately 18.5(1). In total, the REIT has repurchased 2,073,358 under the 2023 NCIB and 2024 NCIB from April 2023 to March 31, 2025.

Distribution Reinstatement

On March 18, 2025, the REIT announced the Distribution Reinstatement to Unitholders, which commenced with a record date of March 31, 2025, payable on April 15, 2025, amounting to $0.0575 per Unit per month. Assuming the payment of distributions at this level throughout Q1-2025, the REIT's AFFO payout ratio would have been approximately 30% and based on the trading price of the REIT's Units as at May 9, 2025, the distribution yield would be approximately 7.5%.

Disposition Activity

Throughout 2024, the REIT was able to dispose of four non-core properties allowing 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 at that time. The REIT continues to explore opportunities for the disposition of non-core assets as part of its short-term strategic objectives.

Net Asset Value

As at March 31, 2025, the REIT's NAV per Unit was $29.09 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 at the applicable reporting dates:

	March 31, 2025		December 31, 2024	
	Units	Amount	Units	Amount
Unitholders' equity	13,979,205	$ 414,780	14,083,280	$ 415,997
Add: Class B LP Units	418,714	4,120	418,714	4,426
Total Equity (including Class B LP Units)(1)	14,397,919	$ 418,900	14,501,994	$ 420,423
NAV per Unit(1)		$ 29.09		$ 28.99

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

(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.

Key Debt Metrics

	March 31, 2025	December 31, 2024
Indebtedness to GBV ratio[1]	61.7 %	61.8 %
Interest coverage ratio[1]	2.19 x	2.21 x
Indebtedness[1] - weighted average fixed interest rate	4.23 %	3.94 %
Indebtedness[1] - weighted average term to maturity	2.58 years	2.16 years

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

As at March 31, 2025, the REIT had access to Available Funds[1] of approximately $56,612 with its mortgage portfolio carrying a weighted average term to maturity of 2.58 years and weighted average fixed interest rate of 4.23%.

On February 28, 2025, the REIT amended its $75,000 Credit Facility with a Canadian chartered bank by modifying the pool of secured properties against such facility and extended the maturity date to December 1, 2026. 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.

QUARTERLY INFORMATION

	Q1-2025	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023	Q2-2023
Revenue	$31,086	$31,682	$30,437	$32,325	$32,464	$32,867	$32,789	$32,690
Property operating costs	(16,421)	(16,225)	(14,180)	(14,804)	(15,878)	(15,521)	(14,707)	(14,208)
NOI	14,665	15,457	16,257	17,521	16,586	17,346	18,082	18,482
General and administration expenses	(1,649)	(1,029)	(1,713)	(1,549)	(1,540)	(1,333)	(1,349)	(1,525)
Finance costs	(8,378)	(8,074)	(8,143)	(8,627)	(8,600)	(8,812)	(8,756)	(8,418)
Transaction costs on sale of investment properties	—	—	—	(1,969)	—	(1)	(1,131)	—
Distributions on Class B LP Units	(24)	—	—	—	—	(60)	(181)	(185)
Fair value adjustment of Class B LP Units	306	1,144	(2,006)	311	337	956	584	2,734
Fair value adjustment of investment properties and investment properties held for sale	(3,832)	(22,371)	(6,236)	(12,703)	(1,898)	(11,814)	(50,087)	(11,832)
Unrealized (loss) gain on change in fair value of derivative instruments	(525)	(287)	(1,542)	(532)	253	(2,219)	366	1,537
Net income (loss) and comprehensive income (loss)	$ 563	$(15,160)	$(3,383)	$(7,548)	$ 5,138	$(5,937)	$(42,472)	$ 793
FFO per Unit - basic	$ 0.56	$ 0.61	$ 0.61	$ 0.65	$ 0.56	$ 0.59	$ 0.63	$ 0.65
FFO per Unit - diluted	0.56	0.60	0.61	0.65	0.56	0.59	0.63	0.65
AFFO per Unit - basic	0.57	0.63	0.64	0.66	0.57	0.58	0.61	0.64
AFFO per Unit - diluted	0.57	0.62	0.64	0.66	0.57	0.58	0.61	0.64
AFFO payout ratio - basic[1]	10 %	— %	— %	— %	— %	25 %	69 %	67 %
AFFO payout ratio - diluted	10 %	— %	— %	— %	— %	25 %	69 %	67 %
Number of Properties	40	40	40	40	44	44	44	46
Occupancy rate[2]	92 %	93 %	93 %	90 %	90 %	89 %	93 %	93 %

[1] This is a non-IFRS financial measure, refer to "Non-IFRS Financial Measures". Assuming distributions were paid during each month in Q1-2025, the REIT's AFFO Payout Ratio would have been approximately 30%.
[2] Excluding assets held for sale at that time.

Q1-2025 NOI decreased by 5% compared to previous quarter primarily due the reduction in NOI generated from the REIT's held for sale properties which declined by approximately $650 during the period as a result of the move-out of one the REIT's tenants at these properties in Q4-2024, partially offset by the termination income received from a tenant in the REIT's GTA Ontario portfolio in Q1-2025.

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

Q1-2025 general and administrative costs excluding Unit-based compensation expense increased relative to Q4-2024 primarily due to Q4-2024 including the recovery of certain costs.

Q1-2025 finance costs increased during the quarter due to higher interest expense on the Credit Facility resulting from a higher average outstanding balance partially offset by a lower CORRA rate on such facility. In addition, interest expense on the REIT's mortgage portfolio increased during Q1-2025 as a result of increases in the REIT's weighted average interest rate reflecting the refinancing activity completed in Q1-2025.

Q1-2025 distributions paid on Class B LP Units increased relative to Q4-2024 primarily due to the REIT reinstasting its distribution in March 2025.

FFO and AFFO per Unit decreased between Q1-2025 and Q4-2024 primarily due to the reduction in NOI and increase in interest costs described above.

The REIT's occupancy decreased marginally for its core portfolio to approximately 92% in Q1-2025 (excluding the REIT's three properties classified as held for sale as at the end of Q1-2025) primarily due to the move-out of certain tenants at one of the REIT's British Columbia properties and the early termination of one of the REIT's leases in its GTA portfolio, both of which the REIT has commenced re-leasing activity.

ANALYSIS OF FINANCIAL PERFORMANCE

	Q1-2025	Q1-2024
Revenue	$ 31,086	$ 32,464
Expenses:		
Property operating	(11,488)	(10,802)
Realty taxes	(4,933)	(5,076)
NOI	14,665	16,586
Other income (expenses):		
General and administration expenses	(1,649)	(1,540)
Finance costs	(8,378)	(8,600)
Distributions on Class B LP Units	(24)	—
Fair value adjustment of Class B LP Units	306	337
Fair value adjustment of investment properties and investment properties held for sale	(3,832)	(1,898)
Unrealized (loss) gain on change in fair value of derivative instruments	(525)	253
Net income and comprehensive income	$ 563	$ 5,138

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 Q1-2025 revenue and NOI decreased relative to the same period in 2024 by 4% and 12%, respectively, primarily due to the Primary Variance Driver and a decrease in occupancy for the REIT's held for sale properties, partially offset by contractual rent increases and higher termination income received from a tenant in the GTA Ontario portfolio in Q1-2025 relative to the amounts received in Q1-2024. Q1-2025 Same Property NOI increased by approximately 5.1% including certain amounts earned for termination income in both periods. Q1-2025 Same Property NOI normalized to exclude termination income, free rent in both periods and the REIT's Alberta portfolio would have increased by approximately 0.3% (see "Same Property Analysis").

Q1-2025 property operating expenses increased by 6% compared to Q1-2024 primarily due to higher recoverable utility costs, partially offset by decreases in operating costs resulting from the Primary Variance Driver. The REIT's realty tax expenses during Q1-2025 decreased by 3%, primarily due to the Primary Variance Driver, partially offset by increases in realty 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".

		Q1-2025		Q1-2024
Number of properties		40		40
Revenue	$	31,086	$	30,878
Expenses:				
Property operating		(11,488)		(10,309)
Realty taxes		(4,933)		(4,892)
	$	14,665	$	15,677
Add:				
Amortization of leasing costs and tenant inducements		3,510		2,425
Straight-line rent		825		951
Same Property NOI	$	19,000	$	19,053
Less: NOI related to properties held for sale included in the above		(686)		318
Same Property NOI excluding investment properties held for sale		19,686		18,735
Reconciliation to condensed consolidated interim financial statements:				
Acquisition, dispositions and investment properties held for sale		(707)		1,107
Amortization of leasing costs and tenant inducements		(3,489)		(2,408)
Straight-line rent		(825)		(848)
NOI	$	14,665	$	16,586

Occupancy[(1)]	As at March 31	
	2025	2024
Alberta	87.6 %	93.1 %
British Columbia	74.8 %	100.0 %
New Brunswick	89.8 %	86.7 %
Nova Scotia	89.1 %	81.0 %
Ontario	94.5 %	95.7 %
Total	92.1 %	93.1 %

Same Property NOI[(1)]							
		Q1-2025		Q1-2024		Variance	Variance %
Alberta	$	2,881	$	3,186	$	(305)	(9.6)%
British Columbia		587		797		(210)	(26.3)%
New Brunswick		1,292		1,261		31	2.5 %
Nova Scotia		1,329		1,100		229	20.8 %
Ontario		13,597		12,391		1,206	9.7 %
	$	19,686	$	18,735	$	951	5.1 %

(1) Excluding assets held for sale.

Q1-2025 Same Property NOI excluding assets held for sale increased by approximately 5% compared to the same period in 2024. Q1-2025 Same Property NOI included termination income of approximately $1,327 (Q1-2024 - $nil) and free rent credits of $186 (Q1-2024 - $72).

Q1-2025 Alberta Same Property NOI decreased by 10% primarily attributable to the downsizing of a tenant in the Calgary portfolio. Q1-2025 British Columbia Same Property NOI decreased by 26% primarily as a result of an expiring lease not renewed at the beginning of 2025. Occupancy and Same Property NOI on the remaining properties in British Columbia remained consistent.

Q1-2025 New Brunswick Same Property NOI increased by 3% compared to Q1-2024 due to a new lease with a government tenant that started in February 2025. Q1-2025 Nova Scotia Same Property NOI increased by 21% as a result of the increase in occupancy between the two periods driven by strong leasing activity.

Q1-2025 Ontario Same Property NOI increased by 10% relative to Q1-2024 primarily due to termination income received from a tenant in the GTA Ontario portfolio. Q1-2025 Ontario Same Property NOI excluding the impact of termination income and free rent would have been relatively consistent with the same period in the prior year.

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 increased by approximately 7% in Q1-2025 relative to Q1-2024, primarily as a result of inflationary increases in professional fees and increases in Unit-based compensation expense, partially offset by a decrease in asset management fees as a result of the Primary Variance Driver.

Finance Costs

The REIT's finance costs for Q1-2025 and Q1-2024 are summarized below. Finance costs exclude cash distributions and fair value adjustments on Class B LP Units.

	Q1-2025	Q1-2024
Interest on mortgage payable	$ 7,567	$ 7,736
Other interest expense and standby fees	484	509
Amortization of mortgage premiums	(3)	(8)
Amortization of financing costs	330	363
	$ 8,378	$ 8,600

Interest on mortgage payable was lower during Q1-2025 compared to Q1-2024, primarily due to lower interest costs as a result of Primary Variance Driver.

Other interest expense and standby fees relate to amounts incurred on the Credit Facility. For Q1-2025, the average balance on the Credit Facility was lower than that during Q1-2024 as a result of the disposition activity in 2024.

Distributions on Class B LP Units

Distributions of $24 were declared during Q1-2025 (Q1-2024 - $nil). The increase in distributions was due to the reinstatement of distributions in March 2025.

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 $306 in Q1-2025 was due to a decrease in the trading price of the Units from $10.57 at December 31, 2024 to $9.84 at March 31, 2025.

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, tariffs 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 Q1-2025, the REIT had a fair value loss of $3,832. The fair value loss was predominantly attributable to capitalization rate expansion.

The key valuation assumptions for the REIT’s investment properties as at March 31, 2025 and December 31, 2024 are as follows:

	2025	2024
Terminal and direct capitalization rates - range	5.50% to 9.50%	5.50% to 9.50%
Terminal and direct capitalization rate - weighted average	6.74 %	6.71 %
Discount rates - range	6.25% to 9.75%	6.25% to 9.75%
Discount rate - weighted average	7.27 %	7.28 %

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.

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 income and comprehensive income.

The notional principal amount of the outstanding interest rate swap contracts at March 31, 2025 was $55,911 (December 31, 2024 - $69,822). During the Q1-2025, the REIT recognized an unrealized loss on the change in fair value of the derivative instruments totaling $525 (Q1-2024 - gain of $253) 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 income and comprehensive income determined in accordance with IFRS, to FFO and AFFO is as follows:

	Q1-2025	Q1-2024
Net income and comprehensive income	$ 563	$ 5,138
Add (deduct):		
Fair value adjustment of Unit-based compensation	(66)	(46)
Fair value adjustment of investment properties and investment properties held for sale	3,832	1,898
Fair value adjustment of Class B LP Units	(306)	(337)
Distributions on Class B LP Units	24	—
Unrealized loss (gain) on change in fair value of derivative instruments	525	(253)
Amortization of leasing costs and tenant inducements	3,510	2,441
FFO	$ 8,082	$ 8,841
Add (deduct):		
Unit-based compensation expense	122	81
Amortization of financing costs	330	363
Amortization of mortgage discounts	(3)	(8)
Instalment note receipts	11	12
Straight-line rent	826	966
Capital reserve	(1,139)	(1,195)
AFFO	$ 8,229	$ 9,060
FFO per Unit:		
Basic	$ 0.56	$ 0.56
Diluted	0.56	0.56
AFFO per Unit:		
Basic	$ 0.57	$ 0.57
Diluted	0.57	0.57
AFFO payout ratio:		
Basic	10 %	— %
Diluted	10 %	— %
Distributions declared	$ 828	$ —
Weighted average Units outstanding (000s):		
Basic	14,458	15,861
Add:		
Unit options and incentive Units	78	10
Diluted	14,536	15,871

The REIT’s Q1-2025 FFO and AFFO decreased by $759 and $831, respectively when compared to the same period in 2024 primarily due to the Primary Variance Driver, reduction in occupancy for the REIT's held for sale properties and increase in interest costs, partially offset by normalized Same Property NOI growth outlined above.

Q1-2025 FFO and AFFO basis and diluted per Unit remained consistent at $0.56 and $0.57, respectively, compared to the same period in 2024, driven by reasons noted above for FFO and AFFO, being offset by a reduction in the number of Units as a result of the REIT's NCIB program.

On March 18, 2025, the REIT announced the Distribution Reinstatement to Unitholders, which commenced with a record date of March 31, 2025, payable on April 15, 2025, amounting to $0.0575 per Unit per month. Assuming distributions were paid for each month during Q1-2025, the AFFO payout ratio would have been approximately 30%.

DISTRIBUTIONS

On March 18, 2025, the REIT announced the reinstatement of distributions which commenced with a record date of March 31, 2025, payable on April 15, 2025.

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.

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:

	Q1-2025	Years ended December 31, 2024	Years ended December 31, 2023
Distributions declared	$ 828	$ —	$ 28,068
Add: DRIP and change in distributions payable	(828)	—	3,079
Cash distributions paid	$ —	$ —	$ 31,147

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:

	Q1-2025	Years ended December 31, 2024	Years ended December 31, 2023
Net income (loss) and comprehensive income (loss)	$ 563	$ (20,953)	$ (40,621)
Cash provided by operating activities	16,189	75,674	73,943
Less: Finance costs paid	(7,844)	(31,108)	(32,741)
Adjusted cash flow provided by operating activities	$ 8,345	$ 44,566	$ 41,202
Declared basis:			
Shortfall of net income (loss) and comprehensive income (loss) over distributions	$ (265)	$ (20,953)	$ (68,689)
Excess of adjusted cash flow provided by operating activities over distributions	7,517	44,566	13,134
Cash basis:			
Excess (shortfall) of net income (loss) and comprehensive income (loss) over distributions	$ 563	$ (20,953)	$ (71,768)
Excess of adjusted cash flow provided by operating activities over distributions	8,345	44,566	10,055

Adjusted cash flow provided by operating activities was higher than declared and cash distributions. Net income and comprehensive income was lower than declared distribution by $265 during Q1-2025, primarily due to non-cash adjustments for fair value reduction in investment properties.

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”.

		Q1-2025		Q1-2024
Adjusted cash flow provided by operating activities	$	8,345	$	6,472
Change in finance costs payable		(207)		152
Instalment note receipts		11		12
Capital reserve		(1,139)		(1,195)
Change in non-cash operating working capital		1,219		3,619
AFFO	$	8,229	$	9,060

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 March 31, 2025, the REIT had access to Available Funds of approximately $56,612 with its mortgage portfolio carrying a weighted average term to maturity of 2.58 years and weighted average fixed interest rate of 4.23%.

On February 28, 2025, the REIT amended its $75,000 Credit Facility with a Canadian chartered bank by modifying the pool of secured properties against such facility and extended the maturity date to December 1, 2026. 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.

The REIT's Available Funds are as follows:

	March 31, 2025	December 31, 2024
Cash	$ 10,182	$ 12,331
Undrawn Credit Facility	46,430	44,830
Available Funds	$ 56,612	$ 57,161

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 2025 and beyond. Future expenditures are expected to be funded through cash flow generated by operations, the Credit Facility and cash on hand. During Q1-2025 and Q1-2024, the REIT invested $5,425 and $3,922 respectively, in capital and leasing expenditures.

ASSET PROFILE

Investment Properties

The following table summarizes changes in the REIT's investment properties during Q1-2025 and year ended December 31, 2024 (where investment properties held for sale include 3650 Victoria Park Avenue, Ontario, 80 Whitehall Drive, Ontario, and 1020 68th Avenue NE, Alberta):

	Investment properties	Investment properties held for sale	Total
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	5,039	386	5,425
Amortization of leasing costs, tenant inducements and straight-line rents	(3,868)	(22)	(3,890)
Fair value adjustment	(1,844)	(1,988)	(3,832)
Balance, March 31, 2025	$ 1,159,032	$ 57,465	$ 1,216,497

Additions

Additions to investment properties and investment properties held for sale during Q1-2025 were $5,425, consisting of the following:

- Capital expenditures of $452 mainly for building, roofing and garage repairs and improvements; and
- Tenant inducements and leasing costs of $4,973 which included costs incurred to renew and secure new tenants.

Prepaid Expenses and Deposits

At March 31, 2025, the REIT had $3,342 in prepaid expenses and deposits, compared to $2,740 at December 31, 2024. The increase is mainly due to a increase in prepaid realty tax.

DEBT

Mortgage Payable

The following table sets out, as at March 31, 2025, scheduled principal repayments and amounts maturing over each of the next five fiscal years:

	Scheduled principal payments	Debt maturing during the period	Total mortgage payable	Percentage of total mortgage payable	Weighted average interest rate of maturing debt	Scheduled interest payments
2025 - remainder of year	$ 14,247	$ 123,906	$ 138,153	18.7 %	3.67 %	$ 20,554
2026	17,973	170,944	188,917	25.6 %	4.03 %	25,390
2027	11,912	137,454	149,366	20.2 %	2.94 %	15,153
2028	9,203	90,583	99,786	13.5 %	4.59 %	9,662
2029	6,361	32,019	38,380	5.2 %	4.10 %	6,049
Thereafter	1,548	121,781	123,329	16.8 %	4.28 %	1,380
	$ 61,244	$ 676,687	$ 737,931	100.0 %	4.23 %	$ 78,188
Unamortized mark to market mortgage adjustments			94			
Unamortized financing costs			(2,383)			
			$ 735,642			

Mortgage payable had a weighted average fixed interest rate of 4.23% (December 31, 2024 – 3.94%) and a weighted average term to maturity of 2.58 years (December 31, 2024 – 2.16 years). The REIT successfully completed $129,600 of refinancing or approximately 52% of the 2025 maturities and $4,500 of new financing at a weighted average interest rate of approximately 4.78% and weighted average term of approximately 3.6 years, with further refinancing subsequent to March 31, 2025 (see "Subsequent Events").

The mortgage payable associated with investment properties held for sale as at March 31, 2025 was $52,147 (December 31, 2024 - $52,597).

Credit Facility

On February 28, 2025, the REIT amended its $75,000 Credit Facility with a Canadian chartered bank by modifying the pool of secured properties against such facility and extended the facility to December 1, 2026. 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.

As at March 31, 2025, the REIT had $28,570 of principal outstanding under the Credit Facility (December 31, 2024 - $30,170).

Financial Covenants

The REIT is required to maintain certain financial covenants related to its Credit Facility and certain of its mortgage 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 mortgage payable may also require the REIT to maintain a minimum debt service coverage ratio. As at March 31, 2025 and December 31, 2024, the REIT was in compliance with all material financial covenants.

Indebtedness to GBV

As at March 31, 2025, the REIT's overall leverage, as represented by Indebtedness to GBV, a non-IFRS financial measure, was 61.7%. The maximum allowable ratio under the DOT is 75%, as defined therein. Below is a calculation of the REIT's Indebtedness to GBV ratio as at March 31, 2025 and December 31, 2024:

		March 31, 2025		**December 31, 2024**
Total assets	$	1,236,573	$	1,240,231
Deferred financing costs		6,243		6,308
GBV[1]	$	1,242,816	$	1,246,539
Mortgage payable	$	735,642	$	737,574
Credit Facility		28,570		30,170
Unamortized financing costs and mark to market mortgage adjustments		2,289		2,264
Indebtedness[1]	$	766,501	$	770,008
Indebtedness to GBV ratio		**61.7 %**		**61.8 %**

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

The REIT's Indebtedness to GBV of 61.7% as at March 31, 2025, representing a reduction from December 31, 2024 due to the repayment of first mortgages and the Credit Facility.

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 income and comprehensive income. Refer to "Non-IFRS Financial Measures".

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

	Twelve months ended March 31	
	2025	**2024**
Net loss and comprehensive loss	$ (25,528)	$ (42,478)
Add (deduct):		
Interest expense	31,619	33,237
Fair value adjustment of Unit-based compensation	177	(318)
Transaction costs on sale of investment properties	1,969	1,132
Fair value adjustment of investment properties and investment properties held for sale	45,142	75,631
Fair value adjustment of Class B LP Units	245	(4,611)
Distributions on Class B LP Units	24	426
Unrealized loss on change in fair value of derivative instruments	2,886	63
Amortization of leasing costs, tenant inducements, mortgage premium and financing costs	12,704	11,014
Adjusted EBITDA[1]	$ 69,238	$ 74,096

	Twelve months ended March 31	
	2025	**2024**
Adjusted EBITDA	$ 69,238	$ 74,096
Interest expense	31,619	33,237
Interest coverage ratio	2.19 x	2.23 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 and lower interest expense due to the Primary Variance Driver and disposition activity in 2023.

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 income and comprehensive income.

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 March 31, 2025, there were 418,714 Class B LP Units issued and outstanding valued at $4,120 compared to 418,714 Class B LP Units valued at $4,426 as at December 31, 2024. The change in value was due to a decrease in the Unit price from $10.57 at December 31, 2024 to $9.84 at March 31, 2025.

The number of Class B LP Units outstanding as at May 12, 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 Q1-2025 (please refer to the REIT's condensed consolidated interim financial statements for the three months ended March 31, 2025 for further details):

	Number of Units			Amounts		
	Deferred Units	Restricted Units	Units	Deferred Units	Restricted Units	Units
Balance, December 31, 2024	38,650	39,669	14,083,280	$ 409	$ 207	$ 546,039
Issuance (repurchase) of Units:						
Incentive Units granted and reinvested	4,383	28,191	—	44	78	—
Incentive Units redeemed into Units	—	—	6,625	—	—	67
Units repurchased and cancelled under NCIB	—	—	(110,700)	—	—	(1,021)
Issuance and repurchase costs	—	—	—	—	—	(22)
Redemption and expiry of Restricted Units	—	(15,272)	—	—	(150)	—
Fair value adjustments	—	—	—	(30)	(36)	—
Balance, March 31, 2025	43,033	52,588	13,979,205	$ 423	$ 99	$ 545,063

The number of Deferred Units, Restricted Units and Units outstanding as at May 12, 2025 remained unchanged.

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 March 31, 2025, the REIT had entered into commitments for building renovations, capital upgrades and landlord work at certain properties totaling $2,752 (December 31, 2024 - $3,750).

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.

		Q1-2025		Q1-2024
Asset management fees	$	1,099	$	1,152
Other expenses		55		38
	$	1,154	$	1,190

At March 31, 2025, $379 (December 31, 2024 - $382) was included in accounts payable and accrued liabilities. No incentive fees were earned and no acquisition fees or capital expenditure fees were charged for Q1-2025 (Q1-2024 - $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 in the REIT's annual MD&A dated March 18, 2025 for the year ended December 31, 2024 and in the AIF. The annual MD&A and AIF are available on SEDAR+ at www.sedarplus.ca. Current and prospective Unitholders of the REIT should carefully consider such risk factors.

USE OF ESTIMATES

The preparation of the REIT's condensed consolidated interim 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 condensed consolidated interim 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	FVTPL
Cash and cash equivalents	Amortized cost
Financial liabilities:	
Mortgage payable	Amortized cost
Class B LP Units	FVTPL
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 condensed consolidated interim statements of income and comprehensive income 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 mortgage payable disclosed in the notes to the REIT's condensed consolidated interim 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 Q1-2025 was a gain of $306 (Q1-2024 - $337).

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 Q1-2025 was $525 (Q1-2024 - gain of $253).

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

The accounting policies applied by the REIT during Q1-2025 are consistent with those followed for the year ended December 31, 2024, except for the adoption of new standards effective January 1, 2025. The REIT has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The amendments that apply for the first time in 2025 do not have a material impact on the condensed consolidated interim financial statements of the REIT.

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 as at and for the year ended December 31, 2024.

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 condensed consolidated interim 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 during Q1-2025.

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 during Q1-2025.

OUTLOOK

During Q1-2025, the Canadian office market showed continued signs of stabilization with national office vacancy remaining relatively steady at 18.7%. Notably, downtown office vacancy declined for the first time since the first quarter of 2020, reflecting the gradual recovery of demand for high-quality office spaces. Downtown vacancy averaged 19.9% while suburban office markets maintained a lower vacancy rate of 17.3%, with suburban markets in certain regions, such as Halifax and Calgary, experiencing significant improvements.

The REIT continues to outperform broader market trends due to its focus on government and credit-rated tenants, strong broker relationships, and a proactive leasing strategy that emphasizes providing tenants with flexible, high-quality spaces that support their workplace objectives. The REIT’s investments in property enhancements, including tenant amenities such as lounges, fitness centers, and cafés, continue to support tenant satisfaction and leasing resilience.

The Bank of Canada continued easing monetary policy throughout Q1-2025. The current policy rate is 2.75% as of April 2025, following two 25 basis point rate cuts in January and March 2025, respectively. These rate cuts are expected to support economic growth and improve refinancing conditions for commercial property. Although uncertainty relating to tariffs is creating some volatility in capital markets, the REIT substantially completed the refinancing of its 2025 mortgage maturities. As of May 9, 2025, approximately 91% of 2025 maturities were either completed or the REIT had substantially finalized terms. The REIT continues to proactively address the remaining 2025 maturities and strengthen its financial position through early renewals through key lender relationships.

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 layout supports 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 year many well known household brands have contributed to this trend with a return to office mandate. 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 REIT continues to assess the evolving economic implications of ongoing trade policies in light of recently imposed tariffs by the United States, which have broad economic impacts. The REIT is also monitoring the economic landscape following the results of the recent Canadian federal election and is closely monitoring potential proposals surrounding real estate financing, taxation, and development policies.

Management remains optimistic about the long-term demand for professionally managed, well-located office properties. The REIT's continued focus on supporting tenant workplace strategies, maintaining a disciplined leasing approach, and proactive debt management is expected to position the REIT for stability and long-term value creation.

Subsequent Events

Subsequent to March 31, 2025, the REIT successfully completed the refinancing of certain first mortgages totaling approximately $75,900 at an average interest rate of 4.68%.

On April 23, 2025, the REIT renewed 2025 NCIB, as approved by the TSX. Under the 2025 NCIB, the REIT has the ability to purchase for cancellation up to a maximum of 1,227,090 of its Units, representing 10% of the REIT's public float of 12,270,901 Units as of April 3, 2025 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.

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

Dated: May 12, 2025

Toronto, Ontario, Canada

APPENDIX A - PROPERTY LISTING AT MARCH 31, 2025

	Property name	City	Occupancy	Remaining lease term[1]	GLA
	Alberta				
1	855 8th Avenue SW	Calgary	67 %	3.1 years	75,700
2	4500 & 4520 - 16th Avenue NW	Calgary	69 %	4.6 years	77,600
3	1020 68th Avenue NE	Calgary	— %	0.0 years	148,400
4	3699 63rd Avenue NE	Calgary	100 %	3.7 years	209,400
5	13140 St. Albert Trail	Edmonton	92 %	4.3 years	94,900
	Total Alberta		*66 %*	*3.8 years*	*606,000*
	British Columbia				
6	810 Blanshard Street	Victoria	— %	0.0 years	34,400
7	727 Fisgard Street	Victoria	100 %	4.6 years	50,200
8	1112 Fort Street	Victoria	100 %	1.4 years	52,000
	Total British Columbia		*75 %*	*2.9 years*	*136,600*
	New Brunswick				
9	500 Beaverbrook Court	Fredericton	99 %	4.2 years	56,000
10	295 Belliveau Avenue	Shediac	100 %	1.8 years	42,100
11	410 King George Highway	Miramichi	75 %	6.2 years	72,700
12	551 King Street	Fredericton	100 %	2.4 years	85,300
13	495 Prospect Street	Fredericton	93 %	3.0 years	87,100
14	845 Prospect Street	Fredericton	49 %	2.9 years	38,600
15	414-422 York Street	Fredericton	97 %	4.3 years	33,000
16	440-470 York Street	Fredericton	94 %	2.8 years	59,600
	Total New Brunswick		*90 %*	3.4 years	*474,400*
	Nova Scotia				
17	36 & 38 Solutions Drive	Halifax	86 %	5.4 years	129,700
18	120, 130, 134 & 140 Eileen Stubbs Avenue	Halifax	91 %	4.4 years	302,300
	Total Nova Scotia		*89 %*	4.7 years	*432,000*

[1] Weighted by annualized gross revenue

	Property name	City	Occupancy	Remaining lease term[1]	GLA
	Ontario				
19	1595 16th Avenue	Richmond Hill	99 %	5.4 years	123,300
20	61 Bill Leathem Drive	Ottawa	100 %	2.8 years	148,100
21	777 Brock Road	Pickering	100 %	2.9 years	98,900
22	6925 Century Avenue	Mississauga	100 %	5.3 years	254,900
23	675 Cochrane Drive	Markham	79 %	4.5 years	379,500
24	1161 Crawford Drive	Peterborough	100 %	2.0 years	32,500
25	520 Exmouth Street	Sarnia	100 %	1.7 years	34,700
26	3115 Harvester Road	Burlington	89 %	5.0 years	78,800
27	340 Laurier Avenue West	Ottawa	100 %	4.9 years	279,800
28	400 Cumberland Street	Ottawa	98 %	3.8 years	174,400
29	400 Maple Grove Road	Ottawa	100 %	6.4 years	107,200
30	101 McNabb Street	Markham	100 %	2.1 years	315,400
31	78 Meg Drive	London	100 %	5.2 years	11,300
32	301 & 303 Moodie Drive	Ottawa	91 %	3.6 years	147,300
33	8 Oakes Avenue	Kirkland Lake	100 %	7.0 years	41,000
34	5160 Orbitor Drive	Mississauga	100 %	5.0 years	31,400
35	231 Shearson Crescent	Cambridge	91 %	6.4 years	62,400
36	6 Staples Avenue	Richmond Hill	100 %	8.5 years	122,000
37	2300 St. Laurent Boulevard	Ottawa	100 %	2.8 years	37,500
38	3650 Victoria Park Avenue	Toronto	34 %	6.9 years	153,700
39	80 Whitehall Drive	Markham	— %	0.0 years	60,800
40	5775 Yonge Street	Toronto	86 %	3.9 years	275,100
	Total Ontario		*89 %*	4.4 years	*2,970,000*
	Average/Total portfolio		86 %	4.2 years	4,619,000

[1] Weighted by annualized gross revenue.

1595 16th Avenue
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