Slate Office REIT

Q1 2023 Quarterly Report

SLATE

Experience gives us the knowledge to execute quickly.

Blue Cross Centre, Moncton, NB

About Slate Office REIT

(TSX: SOT.UN)

Slate Office REIT is a global owner and operator of high-quality workplace real estate. The REIT owns interests in and operates a portfolio of strategic and well-located real estate assets in North America and Europe. A majority of the REIT's portfolio is comprised of government and high-quality credit tenants. The REIT acquires quality assets at a discount to replacement cost and creates value for unitholders by applying hands-on asset management strategies to grow rental revenue, extend lease term and increase occupancy. Visit slateofficereit.com to learn more.

Slate Asset Management is a global alternative investment platform targeting real assets. We focus on fundamentals with the objective of creating long-term value for our investors and partners. Slate's platform has a range of real estate and infrastructure investment strategies, including opportunistic, value add, core plus, and debt investments. We are supported by exceptional people and flexible capital, which enable us to originate and execute on a wide range of compelling investment opportunities.
Visit slateam.com to learn more.

Forward-looking Statements
Forward-looking Statements Certain information in this management's discussion and analysis ("MD&A") constitutes "forward-looking statements" within the meaning of applicable securities legislation. These statements reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of Slate Office REIT (the "REIT") including expectations for the current financial year, and include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Statements that contain words such as "could", "should", "would", "can", "anticipate", "expect", "does not expect", "believe", "plan", "budget", "schedule", "estimate", "intend", "project", "will", "may", "might", "continue" and similar expressions or statements relating to matters that are not historical facts constitute forward-looking statements. Some of the specific forward-looking statements contained herein include, but are not limited to, statements relating to the impact of the COVID-19 pandemic. These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the REIT's current estimates and assumptions, which are subject to significant risks and uncertainties. The REIT believes that these statements are made based on reasonable assumptions; however, there is no assurance that the events or circumstances reflected in these forward-looking statements will occur or be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to the risks that are more fully discussed under the "Risk Factors" section of the annual information form of the REIT for the year ended December 31, 2022 ("Annual Information Form"). Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: risks incidental to ownership and operation of real estate properties including local real estate conditions; financial risks related to obtaining available equity and debt financing at reasonable costs and interest rate fluctuations; operational risks including timely leasing of vacant space and re-leasing of occupied space on expiration of current leases on terms at current or anticipated rental rates; tenant defaults and bankruptcies; uncertainties of acquisition activities including availability of suitable property acquisitions and integration of acquisitions; competition including development of properties in close proximity to the REIT's properties; loss of key management and employees; potential environmental liabilities; catastrophic events, such as earthquakes and hurricanes; governmental, taxation and other regulatory risks and litigation risks. Forward-looking statements included in this MD&A are made as of May 1, 2023, and accordingly are subject to change after such date. The REIT does not undertake to update any forward-looking statements that are included in this MD&A, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. Investors are cautioned against placing undue reliance on forward-looking statements.

Highlights

54

Investment properties

7.5M

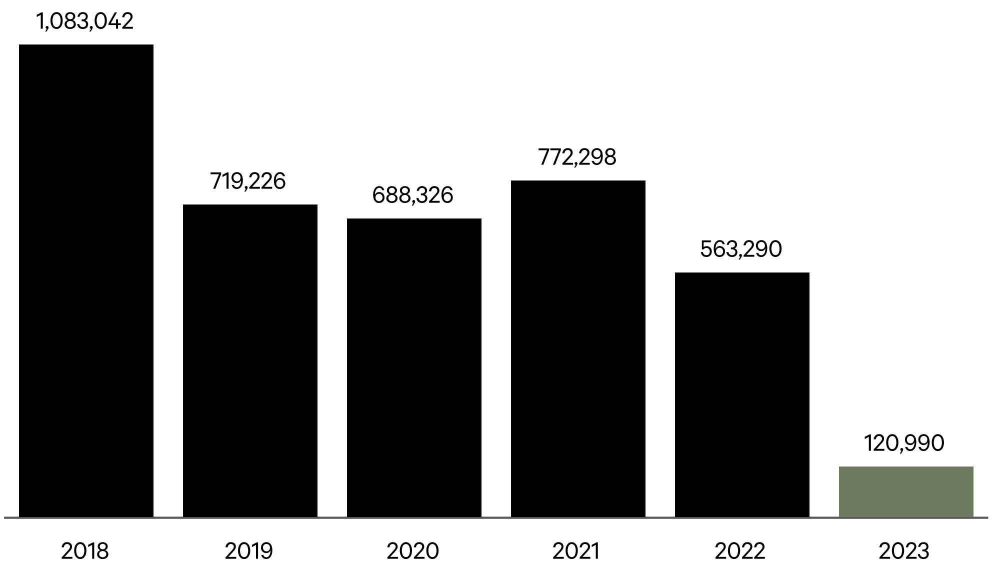
Square feet

$1.9B

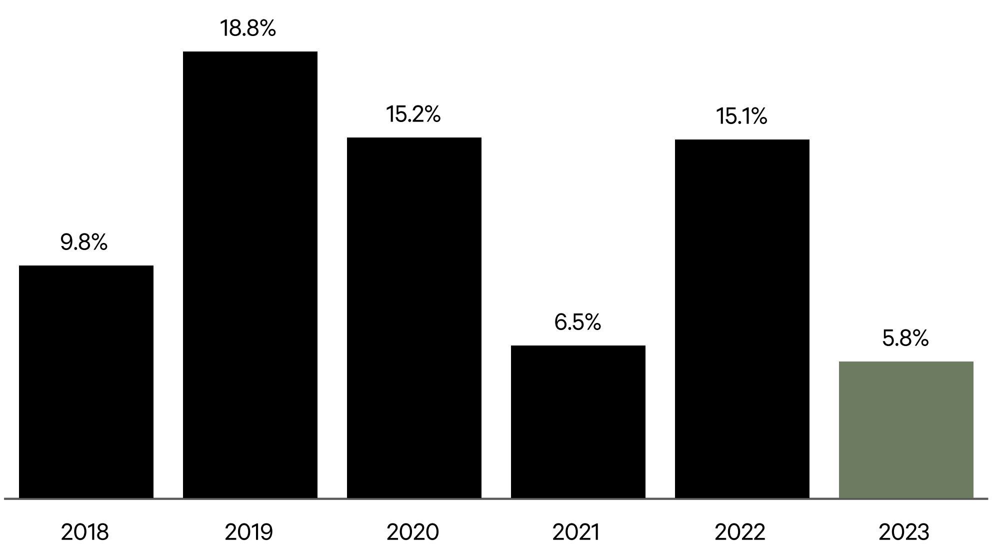
Total asset value

Strong Leasing Activity and Spreads

Total Leasing Activity (New and Renewal)



Total Leasing Spreads (New & Renewal)



Top 5 Tenants

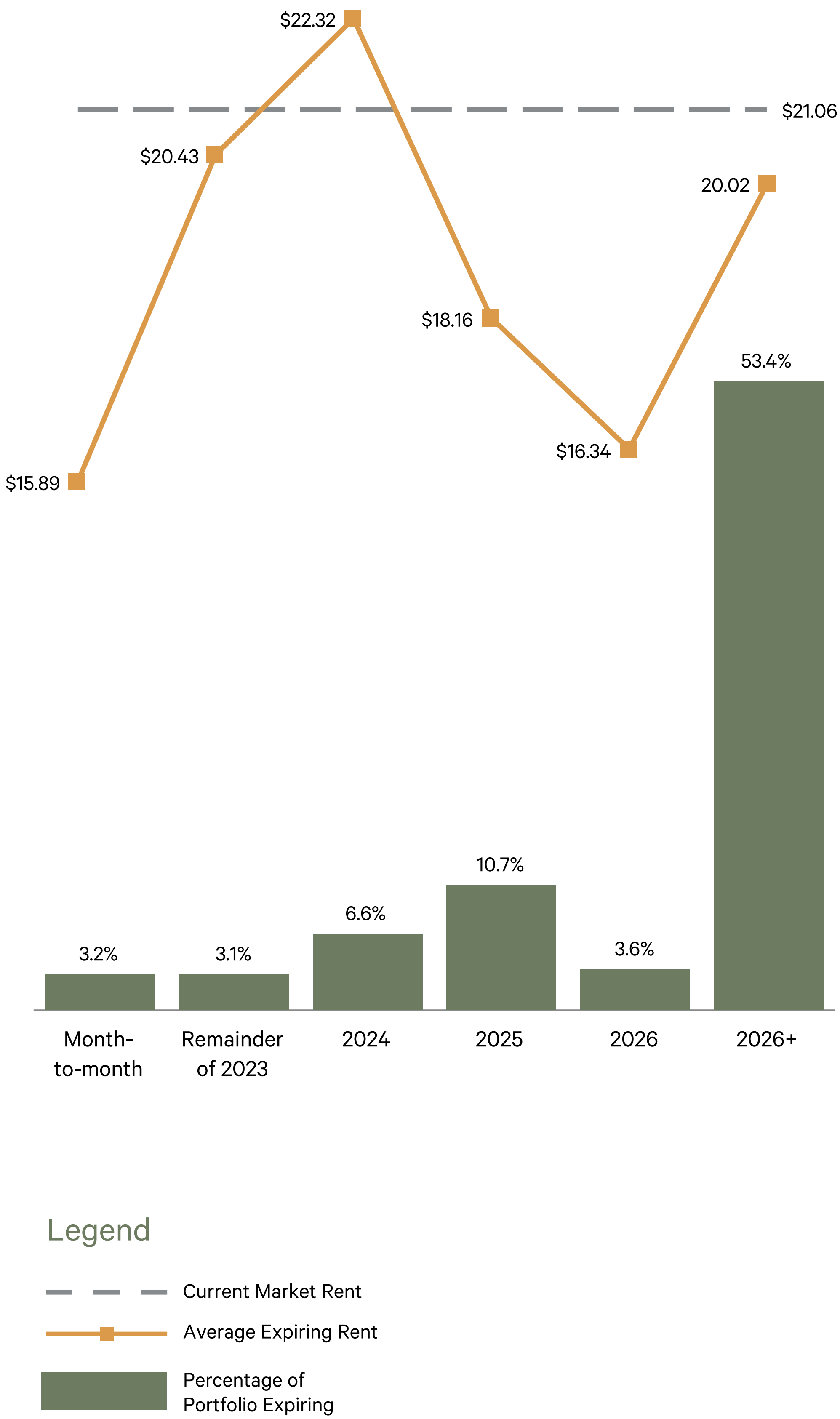
Ranked by Annual Base Rent*

1	7.6%	CIBC
2	6.0%	Bell
3	5.0%	Government of Canada / Gouvernement du Canada — Canada
4	4.4%	SNC • LAVALIN
5	2.8%	Government of Ireland

68% of base rent is derived from government or credit rated tenants

* As at March 31, 2023

In-Place vs. Market Rents



Slate. Where value investing meets investors with values.

Letter to Unitholders

Dear Fellow Unitholders,

The team was very active this quarter supporting the Board of Trustees' comprehensive review of strategic alternatives. Upon conclusion of the Board's review of strategic alternatives, and subsequent to the quarter, the REIT announced an amendment to its distribution policy that serves to strengthen the balance sheet and its liquidity position. After a thorough review of each REIT asset, management and the Board continue to have conviction in the long-term value creation opportunities within the portfolio, and unanimously believe that preserving cash to strengthen the core business – including maintaining and growing operating cash flow and proactively leasing vacancies – is in the best interest of all unitholders. The goal is to preserve capital, reduce leverage, and ensure the REIT will be in a stronger position when we emerge from this economic cycle.

The REIT's portfolio also continued to demonstrate its resilience and stability. The leasing market fundamentals and office utilization continue to improve in all of the REIT's markets. The process of repositioning our portfolio to align with markets, assets, and tenants that are driving growth has proven to be successful. The Irish portfolio has continued to perform well and exemplifies the assets we like to own– newer buildings, high-quality credit tenants, long-term leases with below market rents, and very light below capital reinvestment requirements. There is still work to do in regard to the portfolio repositioning, but in the current environment, our focus is on preserving value and focusing on operations.

I would like to highlight some key points from our Q1 2023 results:

Completed the REIT's review of strategic alternatives

The REIT expanded and strengthened its Board, appointing George Armoyan and Jean-Charles Angers as Independent Trustees to provide further expertise and stability for the REIT. On April 4th, the Special Committee of the Board completed its review of strategic alternatives, announcing its unitholder value preservation plan under which the REIT amended its monthly cash distribution to strengthen its balance sheet and liquidity position.

> Continued strong operational performance enhanced the resiliency of the REIT's portfolio.

Continued strong operational performance enhanced the resiliency of the REIT's portfolio

The REIT completed 120,990 square feet of total leasing in the quarter at a weighted average rental rate spread of 5.8%, leaving the remainder of the portfolio at a weighted average of 5.8% discount to current market rent. New leases in the quarter were completed at a weighted average rental spread of 15.4%, while the leases maturing in the next 12 months have in-place rents that are 9.2% below market rent. The average weighted lease term of the REIT's portfolio is 5.4 years and 67.9% of tenants are government or high-quality credit tenants.

The Irish Portfolio purchase continues to deliver after a year of ownership

The 23 properties have 92.5% occupancy with a weighted average tenor of 8.0 years and net operating income of C$4.4 million in the first quarter of 2023 (18.2% of the REIT's NOI). The portfolio includes Irish government and life sciences tenants, with the latter growing as the development property was completed and occupied by an adjacent tenant of the REIT in 2022.

Looking forward, the REIT is focused on preserving value across its portfolio during a challenging environment and ensuring the REIT is well positioned for future opportunities. A number of external macroeconomic factors have challenged the office sector over the past 36 months – from the overarching impacts of the COVID-19 pandemic, to heightened inflation, and more recently, the rapid increase in interest rates that has constrained global financial markets. The actions we have taken to retain cash, pay down debt, and focus on proactive value creation initiatives within our portfolio and capital structure will position the REIT for long-term success.

On behalf of the Slate Office REIT team, I would like to thank the investor community for their confidence and support of our efforts.

Sincerely,
Steve Hodgson
Chief Executive Officer
May 1, 2023

Management's Discussion and Analysis

SLATE OFFICE REIT

TSX: SOT.UN

March 31, 2023

CONTENTS

FINANCIAL AND INFORMATIONAL HIGHLIGHTS

(in thousands, except per unit amounts and as otherwise stated)

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Summary of Portfolio Information					
Number of properties	54	54	53	55	55
Gross leasable area ("GLA") [1]	7,524,320	7,520,247	7,324,390	7,725,572	7,684,156
Total assets	$ 1,862,474	$ 1,869,362	$ 1,955,525	$ 1,989,219	$ 1,972,562
Total debt	$ 1,158,116	$ 1,153,253	$ 1,137,914	$ 1,171,615	$ 1,177,149
Occupancy [2]	80.6%	81.1%	81.9%	83.6%	84.7%

	Three months ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Summary of Financial Information					
Revenue	$ 49,092	$ 48,633	$ 50,959	$ 49,321	$ 47,602
Net operating income ("NOI") [3]	$ 24,360	$ 24,604	$ 26,860	$ 26,358	$ 23,691
Net income (loss)	$ (4,071)	$ (86,854)	$ 18,357	$ 22,834	$ 29,044
Funds from operations ("FFO") [3]	$ 5,314	$ 7,917	$ 10,299	$ 11,984	$ 9,860
Core-FFO [3]	$ 6,188	$ 8,778	$ 11,146	$ 12,818	$ 10,681
Adjusted FFO ("AFFO") [3]	$ 5,251	$ 7,562	$ 11,253	$ 11,504	$ 9,622
IFRS net asset value ("NAV") [3]	$ 653,743	$ 668,834	$ 766,573	$ 746,247	$ 732,909
Per Unit Financial Information					
Weighted average diluted number of trust units (000s)	85,585	85,578	85,658	85,640	80,386
Diluted units outstanding (000s)	85,636	85,582	85,674	85,656	85,638
IFRS NAV per unit [3]	$ 7.63	$ 7.82	$ 8.95	$ 8.71	$ 8.56
FFO per unit [3]	$ 0.06	$ 0.09	$ 0.12	$ 0.14	$ 0.12
Core-FFO per unit [3]	$ 0.07	$ 0.10	$ 0.13	$ 0.15	$ 0.13
AFFO per unit [3]	$ 0.06	$ 0.09	$ 0.13	$ 0.13	$ 0.12
Distributions per unit [3]	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
FFO payout ratio [3]	160.4%	107.7%	82.9%	71.2%	82.4%
Core-FFO payout ratio [3]	137.7%	97.1%	76.6%	66.6%	76.1%
AFFO payout ratio [3]	162.3%	112.7%	75.9%	74.2%	84.4%

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Financial Data					
Loan-to-value ("LTV") ratio [3]	62.3%	61.9%	58.4%	59.0%	60.1%
Weighted average debt interest rate [4]	4.5%	4.4%	3.9%	3.3%	3.3%
Interest coverage ratio (times) [3]	1.9x	2.0x	2.0x	2.1x	2.0x
Net debt to adjusted EBITDA ratio (times) [3]	12.5x	12.1x	12.1x	13.1x	13.7x

[1] Gross leasable area is presented at 100% of the building's GLA, without taking ownership percentage into consideration.
[2] Occupancy is presented at 100% of the building's GLA, without taking ownership percentage into consideration.
[3] The calculation of these non-IFRS financial measures and a reconciliation to relevant International Financial Reporting Standards ("IFRS") measures are included in Part III and IV.
[4] Weighted average debt interest rate is presented after the impact of interest rate swaps and caps.

PART I - OVERVIEW

INTRODUCTION

This MD&A of the financial position and results of operations of the REIT is intended to provide readers with an assessment of performance and summarize the financial position and results of operations of the REIT for the three months ended March 31, 2023. The presentation of the REIT's financial results, including the related comparative information, contained in this MD&A are based on the REIT's condensed consolidated interim financial statements as at March 31, 2023 and for the three months ended March 31, 2023 and 2022 (the "consolidated financial statements"). This MD&A should be read in conjunction with those consolidated financial statements. All dollar amounts are in thousands of Canadian dollars, unless otherwise noted.

The information contained in this MD&A is based on information available to the REIT and is dated as of May 1, 2023, which is also the date the Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

SLATE OFFICE REIT PROFILE

Slate Office REIT is an owner and operator of office real estate. The REIT owns interests in and operates a portfolio of strategic and well-located real estate assets in North America and Europe. A majority of the REIT's portfolio is comprised of government or high-quality credit tenants. The REIT acquires quality assets at a discount to replacement cost and creates value for unitholders by applying hands-on asset management strategies to grow rental revenue, extend lease terms, and increase occupancy.

The REIT is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of March 21, 2016, as amended March 1, 2019 and as further amended on May 13, 2021, as it may be further amended, supplemented or amended and restated from time to time (the "Declaration of Trust").

The REIT is externally managed and operated by Slate Management ULC ("SMULC"), a subsidiary of Slate Asset Management L.P., (collectively, "Slate" or the "Manager"). Slate has an experienced and dedicated team of real estate professionals with a proven track record of success in real estate investment and management. Management's interests are aligned with the unitholders of the REIT through its sponsorship and as a significant unitholder of the REIT. Slate is a significant unitholder in the REIT, with a 9.5% interest at March 31, 2023 and accordingly, is highly motivated to increase the value of the REIT on a per unit basis and provide reliable returns to the REIT's unitholders. Slate assumed management responsibilities for the REIT in November 2014 with the vision of creating a pure-play office REIT focused on real estate assets with strong fundamentals. This vision was premised on the belief that the office market was changing and a pure-play office REIT would provide a vehicle to capitalize on future opportunities. Slate has strong conviction in the importance of physical office space and is focused on servicing growing and emerging tenants and industries.

Additional information on the REIT, including its Annual Information Form, is available on SEDAR at www.sedar.com and on the REIT's website at www.slateofficereit.com.

NON-IFRS MEASURES

We disclose a number of financial measures in this MD&A that are not measures used under International Financial Reporting Standards ("IFRS"), including net operating income, same property net operating income, funds from operations, core funds from operations, adjusted funds from operations, adjusted funds from operations payout ratio, IFRS net asset value, adjusted EBITDA, net debt to adjusted EBITDA ratio, interest coverage ratio, debt service coverage ratio and loan-to-value ratio, in addition to certain of these measures on a fully-diluted per unit basis. We use these measures for a variety of reasons, including measuring performance, managing the business, capital allocation and the assessment of risk. Descriptions of why these non-IFRS measures are useful to investors and how management use each measure is included in this MD&A. We believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our business in a manner similar to management. These financial measures should not be considered as a substitute for similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS financial measures may differ from the calculations disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others. Reconciliations of these non-IFRS measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are included within Part III and IV of this MD&A.

The definitions of non-IFRS financial measures are as follows:

- NOI is defined as rental revenue, excluding non-cash straight-line rent and leasing costs amortized to revenue, less property operating costs prior to IFRIC 21, *Levies* ("IFRIC 21") adjustments. Rental revenue for purposes of measuring NOI excludes revenue recorded as a result of determining rent on a straight-line basis and the amortization of leasing costs in revenue for IFRS. Same-property NOI includes those properties owned by the REIT for each of the current period and the relevant comparative period.
- FFO is defined as net income adjusted for certain items including transaction costs, change in fair value of properties, change in fair value of financial instruments, change in fair value of Class B LP units, deferred income taxes, distributions to Class B unitholders, depreciation and IFRIC 21 property tax adjustments.
- Core-FFO is defined as FFO adjusted for the REIT's share of lease payments received for its Data Centre asset, which for IFRS purposes is accounted for as a finance lease.

- AFFO is defined as FFO adjusted for amortization of deferred transaction costs; de-recognition and amortization of mark-to-market adjustments on mortgages refinanced or discharged; adjustments for interest rate subsidies received; recognition of the REIT's share of lease payments received for its Data Centre asset, which for IFRS purposes, is accounted for as a finance lease; amortization of straight-line rent; and normalized direct leasing and capital costs.
- FFO payout ratio, Core-FFO payout ratio and AFFO payout ratio are defined as aggregate distributions made in respect of units of the REIT and Class B LP units divided by FFO, Core-FFO and AFFO, respectively.
- Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation, fair value gains (losses) from both financial instruments and investment properties, while also excluding non-recurring items such as transaction costs from dispositions, acquisitions or other events.
- Debt to adjusted EBITDA is defined as the aggregate amount of debt outstanding, less cash on hand, divided by the trailing twelve month adjusted EBITDA.
- Interest coverage ratio is defined as adjusted EBITDA divided by the REIT's interest expense for the period.
- Debt service coverage ratio is defined as adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflects amortizing principal repayments and interest expensed during the period. Payments related to defeasance, prepayment penalties, or payments upon discharge of a mortgage are excluded from the calculation.
- Net asset value is defined as the aggregate of the carrying value of the REIT's equity, Class B LP units, deferred units, and deferred tax liability.

RISKS AND UNCERTAINTIES

The REIT's business is subject to a number of risks and uncertainties which are described in its most recently filed Annual Information Form for the year ended December 31, 2022, available on SEDAR at www.sedar.com.

U.S. London Interbank Offering Rate ("U.S. LIBOR") Transition

The REIT is exposed to U.S. LIBOR interest rate on debt pertaining to various of its U.S. properties, which is subject to the interest rate benchmark reform. The REIT has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority ("FCA") and the US Commodity Futures Trading Commission) regarding the transition away from U.S. LIBOR to the Secured Overnight Financing Rate ("SOFR"). The FCA has made clear that it will no longer seek to persuade, or compel, banks to submit to LIBOR.

Upon the expected discontinuation of the U.S. LIBOR rates used by the REIT, there is uncertainty in the determination of the applicable interest rate and payment amount. This will depend on the terms agreed to by the REIT and may result in changes to the determination of the REIT's expected future cash flows. The calculation of interest rates under the replacement benchmarks may impact the REIT's interest and finance costs and overall financial condition or results of operations. Additionally, debt holders or governing bodies may decide to transition to a successor rate prior to the expected LIBOR phase-out date.

The REIT will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the REIT is exposed ends. The REIT has assumed that this uncertainty will not end until the REIT's contracts that reference U.S. LIBOR are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment. The REIT has amended its debt agreements to introduce applicable fall back clauses for the transition of its benchmark rates from U.S. LIBOR.

STRATEGY

Our strategy is to own an institutional quality portfolio of assets in stable and growing office markets. We believe that seeking out assets that can be purchased at a significant discount to peak and replacement value while retaining stable operating fundamentals allows the potential for superior risk-adjusted returns. Approximately two-thirds of office inventory is often overlooked by large institutional investors for various reasons. The REIT's portfolio of office properties provides diversification, an ability to generate cash flow, and the opportunity to grow net asset value on a per unit basis. We have noted where these characteristics exist in numerous markets throughout Canada, the U.S. and Europe and have developed a robust pipeline of assets that meet our investment criteria.

While our primary goals are to grow net asset value on a per unit basis and provide an attractive total return to unitholders, we are focused on the following areas to achieve the REIT's objectives:

- A focus on our cost basis, which means buying quality assets at a discount to replacement costs. We have a bias towards assets with strong credit tenants and where rents are below market so we can realize organic growth;
- Prudent and proactive capital and asset management to reposition properties, grow rental revenue, extend lease term and increase occupancy to create value while minimizing property and portfolio vacancy exposure;
- Prudent and disciplined management of capital outlays that will maintain and increase the attractiveness of the REIT's portfolio and achieve increased rents;

- Continue to increase the REIT's financial strength and flexibility through robust balance sheet management;
- Target an appropriate AFFO payout ratio taking into account the REIT's other available opportunities and capital allocation requirements; and financing or disposing of stabilized assets and redeploying proceeds to new investment opportunities.

Overall, we believe that the REIT has accumulated a portfolio with high credit-quality tenants, positive rental spreads and opportunities in multiple markets.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

At Slate, we believe the responsibility of a fiduciary is not limited to generating investment returns – it is about treating people, our partners and our environment with respect and setting an example for others through our conduct. Slate has an established Global Head of Environmental, Social and Corporate Governance, responsible for implementing and advancing environmental, social, and corporate governance ("ESG") practices and thought leadership across Slate and its investment activities in line with Slate's ESG policy.

The policy provides a detailed framework for Slate's commitment across key areas (i) climate change, (ii) resource efficiency, (iii) social impact, and (iv) ethical business conduct. Management believes that a rigorous approach to ESG will further enhance the value we provide to our investors, tenants, communities, and employees by reducing our environmental impact, creating sustainable spaces where tenants and communities thrive, and creating a superior culture and work environment for our team members. Slate is committed to integrating ESG into its investment process, by identifying and managing issues that are material to each investment during its lifecycle. The consideration of ESG factors can be summarized as follows:

Environmental

Slate as manager of the REIT recognizes that climate change is the most pressing challenge facing the world today and that it has a role to play in delivering the change needed to reduce carbon emissions arising from its properties. Slate believes that managing climate change risks and opportunities brings key benefits which include managing regulatory and reputational risk, sharing costs and savings with tenants, reducing risk of stranded assets and enhanced asset value and desirability. By consistently managing environmental impacts and achieving efficiency gains, Slate believes there is an opportunity to own efficient and resilient buildings that serve our tenants, local communities, and the environment. The REIT has established processes and procedures that facilitate the collection of key environmental performance metrics for each property including, energy, carbon, water, waste and green building certifications from which the REIT will be able to establish baseline ESG performance and set future ESG objectives and targets. Over the quarter, the REIT was awarded a Green Loan from HSBC for Commerce West in recognition of its BOMA BEST Gold certification status. The REIT's Johnson Building achieved BOMA BEST Silver status.

Social

Slate believes that fostering strong relationships and collaboration with tenants and stakeholders at the property level supports the creation of resilient, safe, and sustainable communities. As a means to continue to build on this and to work with tenants to improve the environmental performance of properties it owns and leases, the REIT is in the process of rolling out its annual ESG tenant survey starting with SOT Ireland tenants with plans to extend this to other tenants in Canada and United States. With increasing regulatory obligations on the management and disclosure of environmental and social impacts the ESG survey will provide a greater understanding of how the REIT assets are positioned to adapt in the future. The ESG survey will provide an understanding of how the REIT's commitments are aligned with those of its tenants to enable the manager to better support tenants in advancing their own sustainability commitments.

Governance

Good governance drives everything that Slate does. Integrity, accountability, and trust are at the core of Slate's culture. Slate believes that integrating ESG practices into its management practices, processes and systems is key to the long-term success of its business and is aligned with its commitment to good business conduct and ethics. The Slate Global ESG Committee meets on a quarterly basis and is made up of senior management from across all of Slate's business lines. It is Chaired by the Global Head of ESG, with SOT being represented by its CEO, Steve Hodgson. Among the Committee's responsibilities benefiting the REIT's ESG Commitments is the sharing of ESG best practices.

Further information on Slate's approach to environmental, social and governance topics is available on the Slate ESG webpage and ESG report.

TOTAL RETURN TO UNITHOLDERS

As described above, our strategy is to grow net asset value on a per unit basis and provide appropriate distributions to unitholders. The REIT believes this strategy aligns with the perspective of the REIT's unitholders, as the combination of (i) change in net asset value on a per unit basis and (ii) distributions received, represents the value provided to them by the REIT. Over the past number of years, the REIT has provided a meaningful total return to unitholders as outlined below.

The following reconciliation shows the change in IFRS net asset value of the REIT on a total and per unit basis for the three months ended March 31, 2023, and the years ended December 31, 2022 and 2021:

	Three months ended March 31, 2023		Year ended December 31, 2022		Year ended December 31, 2021	
	IFRS Net Asset Value [1]	Per Unit	IFRS Net Asset Value [1]	Per Unit	IFRS Net Asset Value [1]	Per Unit
Beginning of period	$ 668,834	$ 7.82	$ 651,958	$ 8.90	$ 627,504	$ 8.57
Core-FFO	6,188	0.07	43,423	0.51	42,621	0.58
Property fair value changes [2]	(6,483)	(0.08)	(87,508)	(1.02)	8,708	0.12
Other fair value changes	(3,488)	(0.04)	39,144	0.46	19,947	0.27
Depreciation on hotel	(240)	(0.01)	(966)	(0.01)	(1,022)	(0.01)
Foreign exchange	1,007	0.01	11,139	0.13	(710)	(0.01)
Unit issuances	—	—	60,202	(0.59)	—	—
Distributions	(8,522)	(0.10)	(33,316)	(0.40)	(29,192)	(0.40)
Unit repurchases	—	—	(710)	0.01	—	—
Transaction costs	—	—	(1,240)	(0.01)	(657)	(0.01)
Other	(3,553)	(0.04)	(13,292)	(0.16)	(15,241)	(0.21)
End of period	**$ 653,743**	**$ 7.63**	**$ 668,834**	**$ 7.82**	**$ 651,958**	**$ 8.90**

[1]Refer to the IFRS Net Asset Value section of this MD&A for the calculation of IFRS net asset value on a total and per unit basis to the REIT's consolidated financial statements.
[2]Includes the impact of IFRIC 21 property tax adjustment.

Net asset value has been determined using the REIT's consolidated financial statements prepared in accordance with IFRS. It is important to note that the consolidated financial statements of the REIT may not be fully representative of the net asset value of the REIT. Specifically, the fair value of properties are measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position.

IFRS NAV decreased $0.19 per unit driven by a decrease in fair value of investment properties of $6.5 million or $0.08 per unit (primarily driven by a non-cash loss due to IFRIC 21 property tax adjustments of $10.5 million) and a decrease in the fair value of financial instruments of $3.5 million including the REIT's pay-fixed interest rate swaps at March 31, 2023 compared to December 31, 2022. This was offset by Core-FFO of $6.2 million or $0.07 per unit. The REIT has paid $0.10 per unit in distributions to unitholders for the three months ended March 31, 2023.

The following table shows the per unit value created or provided to unitholders and the related total return for the following periods:

	Three months ended March 31, 2023		Year ended December 31, 2022		Year ended December 31, 2021	
	Percentage Return	Per Unit	Percentage Return	Per Unit	Percentage Return	Per Unit
IFRS net asset value change	(2.4%)	$ (0.19)	(12.1%)	$ (1.08)	3.9%	$ 0.33
Distributions	1.3%	0.10	4.5%	0.40	4.7%	0.40
Total	**(1.1)%**	**$ (0.09)**	**(7.6)%**	**$ (0.68)**	**8.6%**	**$ 0.73**

In 2023, the REIT has provided $0.10 per unit in cash distributions to unitholders. This represents a cash return of 1.3% for the three months ended March 31, 2023 and a total return of (1.1)% based on the REIT's IFRS NAV at December 31, 2022. In 2022, the REIT's NAV decreased $1.08 per unit driven by a decrease in fair value of investment properties of $87.5 million or $1.02 per unit, much of which was due to increasing financing costs over the year caused by Central Banks' raising interest rates to combat inflation. The issuance of units in exchange for subscription receipts and a private placement to support the portfolio purchase in Q1 2022 cost $0.59 per unit. This was accompanied by $0.40 per unit of distributions. In 2021, the REIT's NAV increased $0.33 per unit primarily as a result of non-cash gains on pay-fixed interest rate swaps, accompanied by $0.40 per unit of distributions.

A large portion of the total return to unitholders is provided by way of distributions. In 2022, 100.0% of unitholder distributions were treated as a return of capital. In 2021, 54.1% of the distributions received by unitholders were treated as a return of capital for taxation purposes and 45.9% was treated as capital gains.

IFRS NET ASSET VALUE

IFRS net asset value is a non-IFRS measure and is defined by the REIT as the aggregate of the carrying value of the REIT's equity, Class B LP units, deferred units and deferred tax liability. Management believes that this measure reflects the residual value of the REIT to equity holders and is used by management on both an aggregate and per unit basis to evaluate the net asset value attributable to unitholders and changes thereon based on the execution of the REIT's strategy.

The following is the calculation of IFRS net asset value on a total and per unit basis at March 31, 2023 and December 31, 2022 from the REIT's consolidated financial statements:

	March 31, 2023	December 31, 2022
Equity	$ 633,308	$ 644,366
Class B LP units	18,709	22,832
Deferred unit liability	1,158	1,182
Deferred tax liability	568	454
IFRS net asset value	**$ 653,743**	**$ 668,834**
Diluted number of units outstanding [1]	85,636	85,582
IFRS net asset value per unit	**$ 7.63**	**$ 7.82**

[1]Represents the fully diluted number of units outstanding and includes outstanding REIT units, DUP units and Class B LP units and is shown in thousands at the end of the respective periods.

Management believes that there is a substantive basis to support a net asset value of $7.63 per unit as the REIT has obtained independent third party appraisals for 23 out of 31 properties in the portfolio (excluding the Irish portfolio) in the 24 months preceding March 31, 2023 which had a combined appraisal value of $1.1 billion representing 76% of the REIT's property (excluding the Irish portfolio) fair value at March 31, 2023.

The following is an illustration of the REIT's valuation used to determine IFRS net asset value at March 31, 2023:

(thousands, except per unit amount)	March 31, 2023
Property fair value	$ 1,753,789
Data Centre	45,919
Working capital	12,151
Debt	(1,158,116)
IFRS net asset value	**$ 653,743**
Diluted number of units outstanding	85,636
IFRS net asset value per unit	**$ 7.63**

The following is a summary of the REIT's IFRS net asset value per unit by geographic segment:

	March 31, 2023
Ontario	$ 2.57
Atlantic	2.22
Western	0.27
U.S.	1.45
Ireland	1.12
IFRS net asset value per unit	**$ 7.63**

SIGNIFICANT HIGHLIGHTS

Leasing

The REIT completed 12 transactions in the first quarter of 2023, totaling 120,990 square feet, compared to 21 transactions in the prior quarter totaling, 86,266 square feet. Rental rate spreads were 5.8% overall for the quarter, which demonstrates the continued organic rental growth potential in the portfolio.

- Notable leasing transactions for the quarter include the following:
    - A 10-year new deal with a life science firm for 21,093 square feet at 2599 Speakman Drive
    - A 10-year new deal with a flexible workspace provider for 19,286 square feet at Commerce West
    - A 15-year renewal with an insurance firm for 12,717 square feet at 20 South Clark

Property Transactions

The REIT did not complete any acquisitions or dispositions in the first quarter of 2023. The current portfolio has below market rental rates and has some vacancy, and the REIT is focusing on maximizing revenue from its existing properties.

Financing Transactions

During Q1 2023, Central Banks in the REIT's markets of Canada, the U.S. and Europe continued to increase interest rates to manage rapidly increasing inflationary pressures. The REIT refinanced subordinated debt and continued to advance re-financing its 2023 maturing debt.

- On January 27, 2023, a meeting of the 2018 convertible debenture holders was held at which they agreed to amend the terms of the 2018 convertible debentures, changing the maturity to February 2026, the interest rate to 9.00% and the conversion price to $5.50 per Unit.

Financial

- The REIT's units traded at a 11.3% distribution yield at quarter end.
- Net loss was $4.1 million and net operating income was $24.4 million for the three months ended March 31, 2023 compared to net income of $29.0 million and net operating income of $23.7 million for the three months ended March 31, 2022.
- Same property net operating income was $19.1 million for the three months ended March 31, 2023 compared to $19.7 million for the three months ended March 31, 2022.
- FFO and Core-FFO for the three months ended March 31, 2023 were $5.3 million and $6.2 million, or $0.06 and $0.07, respectively on a per unit basis.
- AFFO for the three months ended March 31, 2023 was $5.3 million or $0.06 per unit.

Special Committee

- The REIT's Board of Trustees established a special committee of the REIT's independent trustees in October 2022 to oversee a review of the REIT's strategic alternatives with a focus on maximizing value for unitholders. This was concluded on April 4, 2023 when the REIT, following a comprehensive review of strategic alternatives undertaken by the REIT and its external advisors, announced its unitholder value preservation plan under which the REIT amended its monthly cash distribution from C$0.033 per trust unit of the REIT to C$0.01 per trust unit of the REIT, effective from the April 2023 distribution payable on May 15, 2023 to unitholders of record on April 28, 2023. The REIT’s distribution policy was considered in the context of the REIT’s current operations, capital structure, near-term liquidity needs, as well as the state of the broader real estate and capital markets. After careful review, the Board unanimously determined that an amendment to the REIT’s distribution policy was the most prudent strategy for preserving value for unitholders in the current operating environment. The Special Committee was dissolved on that day.

PART II - LEASING AND PROPERTY PORTFOLIO

LEASING

Growing rental income by increasing occupancy and continuing to mark-to-market rental rates is a key focus for the REIT. Leasing volume for the first quarter of 2023 totaled 120,990 square feet at a weighted average rental rate spread of 5.8% above in-place and expiring rents for new and renewed leasing. In-place rental rates across the portfolio are at a weighted average of 5.8% below current market rent, providing a significant opportunity for the REIT to continue increasing rental income going forward.

Notable lease transactions in the quarter include the following:

- A 10-year new deal with a life science firm for 21,093 square feet at 2599 Speakman Drive
- A 10-year new deal with a flexible workspace provider for 19,286 square feet at Commerce West
- A 15-year renewal with an insurance firm for 12,717 square feet at 20 South Clark
- A 1-year renewal with a bank for 18,425 square feet at 185 The West Mall

Physical workspace is critical to corporate culture, collaboration and innovation which is driving a return to the office for many of our tenants, particularly those in high growth, essential industries such as life sciences and technology. A resilient economy and employment is driving office space demand as evidenced by the REIT's leasing volumes and continued rental rate increases.

OCCUPANCY

The following is a continuity of the change in the in-place occupancy of the REIT's properties:

	Three months ended March 31, 2023			Three months ended December 31, 2022		
	GLA	Occupancy (square feet)	Occupancy (%)	GLA	Occupancy (square feet)	Occupancy (%)
Occupancy, beginning of period	7,520,247	6,100,101	81.1%	7,324,390	6,001,948	81.9%
Acquired properties						
275 North Field Drive				197,527	132,330	(0.4%)
Disposed properties						
95-105 Moatfield	—	—	—%	—	—	—%
Remeasurements	4,073	—	—%	(1,670)	—	—%
Change in same property occupancy	—	(35,784)	(0.5%)	—	(34,177)	(0.4%)
Occupancy, end of period	**7,524,320**	**6,064,317**	**80.6%**	**7,520,247**	**6,100,101**	**81.1%**

Occupancy at March 31, 2023 was 80.6% and the weighted average lease term was 5.4 years. New leases completed in the first quarter of 2023 partially offset the impact of known vacancies and the REIT continues to execute on a strategy focused on increasing occupancy.

LEASE MATURITIES

The REIT generally enters into leases with an initial term to maturity between 2 and 10 years. The weighted average remaining term to maturity at March 31, 2023 was 5.4 years, not including tenants on month-to-month leases. Management considers the current average term of leases to be indicative of the stability of the portfolio's cash flow and diversified maturity risk.

The following table summarizes the composition of the remaining term to maturity of the REIT's leases by region:

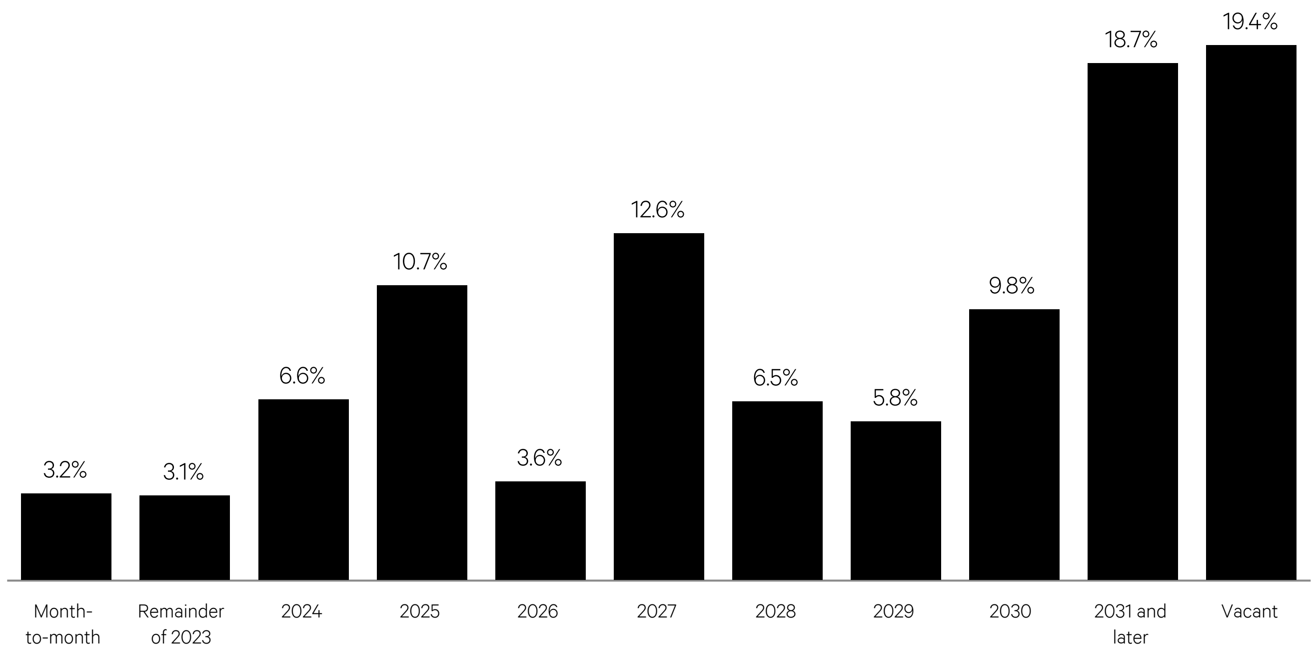
	March 31, 2023			December 31, 2022		
	Weighted average years to maturity [1]	GLA	% of GLA	Weighted average years to maturity [1]	GLA	% of GLA
Atlantic	4.9	1,955,159	26.0%	5.0	1,992,166	26.4%
Ontario	4.5	1,786,469	23.7%	4.6	1,773,538	23.6%
Western	6.4	412,250	5.5%	6.6	412,250	5.5%
Ireland	8.0	890,214	11.8%	8.1	899,991	12.0%
U.S.	5.6	1,020,225	13.6%	6.0	1,022,156	13.6%
	5.4	6,064,317	80.6%	5.6	6,100,101	81.1%
Vacant		1,460,003	19.4%		1,420,146	18.9%
Total		**7,524,320**	**100.0%**		**7,520,247**	**100.0%**

[1]The calculation of weighted average years to maturity does not include month-to-month tenants.

The following is a profile of the maturities of the REIT's leases excluding the impact of tenant extension options at March 31, 2023:

	GLA	% of portfolio	Weighted average in-place rent (per square foot) [1]
Month-to-month	244,245	3.2%	$ 15.89
Remainder of 2023	230,324	3.1%	20.43
2024	499,422	6.6%	22.32
2025	804,567	10.7%	18.16
2026	274,318	3.6%	16.34
2027	945,103	12.6%	18.60
2028	491,665	6.5%	18.96
2029	433,456	5.8%	16.84
2030	739,550	9.8%	28.60
2031 and later	1,401,667	18.7%	18.60
Vacant	1,460,003	19.4%	n/a
Total / weighted average	**7,524,320**	**100.0%**	**$ 19.83**

[1]The weighted average in-place occupancy is based on in-place rents for active expiries.



Month-to-month tenants comprise 3.2% of the portfolios gross leasable area and, throughout the remainder of 2023, 3.1% of the REIT's portfolio gross leasable area is maturing. Securing renewals for these maturities and entering into new leases with tenants is a critical focus for the REIT. The in-place rent of the next twelve month maturities is approximately 9.2% below market rent, providing significant upside opportunity for the REIT upon renewing and re-leasing this space.

Management's goal is to drive organic growth in the portfolio and focus on creating meaningful per unit net asset value accretion through positive rental rate spreads, increased occupancy, improved tenant quality, and longer weighted-average lease terms. The success of the REIT's leasing will depend on the demand for office space in the markets in which the REIT operates, which is in part determined by economic stability and growth.

IN-PLACE AND MARKET RENTS

The weighted-average in-place rent of the REIT's total office portfolio at March 31, 2023 is $19.83 per square foot, representing a 5.8% discount to current market rent. The rental rate spread was 5.8% for all deals done across the portfolio in Q1 2023, illustrating the REIT's ability to unlock value by adjusting to market rents on expiry of existing leases and when entering into new leases.

The estimate of current market rent is based on third party valuations, management's estimates, and leasing data obtained from completed new and renewed leases. While there are no assurances that maturing leases will be renewed at rates in excess of current in-place rents, or at all, management compares in-place rents to market rents to determine the future revenue capacity of the REIT's current portfolio and roll-over revenue risk.

The following table summarizes the REIT's leasing activity during the three months ended March 31, 2023:

	GLA	Number of leases	Weighted average expiring rent (per square foot)	Weighted average new rent (per square foot)	Increase in rent
Renewed leases	73,966	7	$ 23.48	$ 23.73	1.1%
New leases	47,024	5	18.05	20.83	15.4%
Total / weighted average	120,990	12	$ 21.37	$ 22.60	5.8%
Less: leases not renewed / vacated	(73,772)	(12)			
Net total	**47,218**	**—**			

The following is a summary of the REIT's new and renewal leasing activity during the last four quarters:

	Renewals			New leases			Total	
Quarter	GLA	Number of leases	Rental rate spread	GLA	Number of leases	Rental rate spread	GLA	Number of leases
Q2 2022	123,972	17	5.1%	114,457	20	43.0%	238,429	37
Q3 2022	47,619	11	18.3%	61,441	12	7.2%	109,060	23
Q4 2022	48,751	8	8.8%	37,515	13	6.0%	86,266	21
Q1 2023	73,966	7	1.1%	47,024	5	15.4%	120,990	12
Total	**294,308**	**43**	**6.8%**	**260,437**	**50**	**24.2%**	**554,745**	**93**

TENANT PROFILE

Management's strategy includes ensuring that the REIT's tenants are diversified and of high credit quality. A higher quality tenant base is expected to support tenants' continued ability to meet their lease obligations to the REIT and their ability to retain their workforce, which continues their need for office space. This aids the stability of the REIT's income through economic cycles. The REIT has experienced the benefit of this high quality tenant base through the collection of rents during COVID-19 related closures in markets across the REIT's portfolio.

The REIT's total exposure to the Government of Canada, Canadian provinces and the Government of Ireland is approximately 1,099,060 square feet or 16.1% of base rent at share with a weighted average lease term of 4.9 years. Further, 67.9% of the REIT's base rent is derived from government or quality credit rated tenants. The following are the REIT's top 10 largest tenants by percent of base rent receipts at March 31, 2023, which together represent 37.7% of base rental receipts:

Tenant	Credit rating [1]	GLA	Number of properties	% of base rental receipts	Weighted average lease term (years)
CIBC	A+	324,864	3	7.6%	6.4
Bell Canada Enterprises	BBB+	136,464	4	6.0%	5.5
Government of Canada	AAA	365,753	7	5.0%	3.2
SNC-Lavalin Inc.[2]	BB+	273,075	3	4.4%	4.1
Government of Ireland	AA-	110,153	6	2.8%	4.7
Pfizer	A+	132,330	1	2.7%	9.6
Blue Cross	Unrated	179,521	4	2.6%	5.1
Johnson Insurance	A1	156,217	1	2.5%	7.7
Province of New Brunswick	A+	188,367	4	2.2%	2.3
Province of Nova Scotia	AA-	158,496	1	1.9%	4.7
Total		**2,025,240**		**37.7%**	**5.0**

[1] Source: DBRS, Moody's and S&P as at March 31, 2023.
[2] Includes 127,419 square feet of SNC-Lavalin Nuclear Inc.

PROPERTY PROFILE

The REIT's property portfolio at March 31, 2023 consists of interests in 54 properties. The portfolio has 7.5 million square feet of gross leasable area. For a listing of all of the REIT's properties see Part VI of this MD&A.

Acquisition pipeline

The REIT continues to evaluate new or potential opportunities in the cities in which it operates and in markets that are new to the REIT. While the number of opportunities is high, we continue to be disciplined in our underwriting and pricing. We will not sacrifice long-term value creation for short-term income and accordingly do not pursue acquisitions that do not meet appropriate return expectations.

In pursuing acquisition properties, we have a bias towards opportunities with the following two characteristics:

- *Opportunity for value creation:* We are focused on opportunities that will create value for unitholders. We are less focused on immediate accretion (i.e. the next quarter) and more focused on finding acquisitions that allow for significant equity creation over the medium term. Properties are attractive to us if they are located in a stable market, in good physical condition and have opportunities to drive value by moving existing rents to market rates and/or increase occupancy through focused leasing or repositioning.
- *Meaningful discount to replacement cost:* A property purchased well below replacement cost provides opportunity for investment in leasing or asset repositioning, with favourable economic returns to the REIT in excess of new build. We also believe that price per square

foot, if at a meaningful discount to replacement cost, provides prudent downside protection while retaining significant opportunity to attract tenants on a competitive basis, especially when competing against new builds.

Core-plus office properties will often satisfy these two characteristics. In contrast to core assets, which often trade in excess of replacement cost with an optimized tenant base, we believe that the risk-return profile of non-core assets remains attractive, and we will continue to seek the best opportunities.

IFRS fair value

The REIT's property portfolio at March 31, 2023 had an estimated IFRS fair value of $1.8 billion. The REIT's IFRS fair value reflects the current economics of the REIT's properties, including its 80.6% in-place occupancy and current weighted average in-place rents of $19.83 per square foot, which management estimates to be on average $1.23 per square foot below estimated market rents. Various properties within the REIT's portfolio are significantly below normalized occupancy, several of which are expected to be so for all or a portion of the next twelve-month period.

Overall, the average estimated IFRS fair value per square foot of the REIT's portfolio excluding the Data Centre and Delta Brunswick Hotel is $248 with an average cost to the REIT of $248 per square foot. Management believes that this average value per square foot is significantly lower than replacement cost, which management estimates to be on average between $300 and $400 per square foot. In certain markets, such as St. John's, NL, the cost to construct is significantly higher.

The following table presents a summary of the discount and terminal capitalization rates for the fair value of the REIT’s properties:

	March 31, 2023		December 31, 2022	
	Discount rate	Terminal capitalization rate	Discount rate	Terminal capitalization rate
Minimum	6.50%	6.25%	6.50%	6.25%
Maximum	10.75%	10.25%	10.75%	10.25%
Weighted average	7.64%	7.05%	7.64%	7.05%

The fair value of properties are measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the use of a common management platform, amongst other benefits. As a result, the fair value of the REIT’s properties taken in aggregate may differ from the fair value of properties measured individually in the REIT’s consolidated statements of financial position.

Property continuity

A continuity of the REIT's property interests is summarized below:

	Three months ended March 31,	
	2023	2022
Beginning of period	$ 1,754,338	$ 1,591,958
Acquisitions [1]	—	264,419
Capital expenditures	2,639	6,933
Leasing costs	4,480	4,406
Depreciation of hotel asset	(240)	(240)
Foreign exchange	1,764	(15,631)
Change in fair value	4,008	15,955
IFRIC 21 property tax adjustment [2]	(10,491)	(8,869)
Straight-line rent and other changes	(2,709)	(2,085)
End of period	**$ 1,753,789**	**$ 1,856,846**

[1] Represents the purchase price and transaction costs.

[2] In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. properties as at January 1 of each year, rather than progressively, i.e. ratably throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO, Core-FFO or AFFO.

Capital expenditures are incurred by the REIT for maintaining or improving its properties. Certain leases provide the ability to recover all or a portion of these costs from tenants over time. Leasing costs generally include tenant improvement construction costs related to new and renewal leasing.

For the three months ended March 31, 2023, the REIT's investment property value decreased by $0.5 million due to increasing property financing costs caused by Central Banks' continuing to raise interest rates to combat inflation. The benefits of leasing costs and capital expenditures were offset by the decrease in fair value when including the impact of IFRIC 21 property tax adjustments.

PART III - RESULTS OF OPERATIONS

SUMMARY OF RESULTS OF OPERATIONS

The following is a summary of the results of operations:

	Three months ended March 31,	
	2023	2022
Rental revenue	$ 49,092	$ 47,602
Property operating expenses	(37,932)	(34,865)
Finance income on finance lease receivable	731	784
Interest income	88	132
Interest and finance costs	(14,396)	(12,721)
General and administrative expenses	(5,080)	(2,288)
Change in fair value of financial instruments	(3,488)	19,645
Change in fair value of investment properties	4,008	15,955
Depreciation of hotel asset	(240)	(240)
Deferred income tax expense	(108)	(3,587)
Current income tax expense	(341)	(264)
Net income (loss) before Class B LP units	**$ (7,666)**	**$ 30,153**
Change in fair value of Class B LP units	4,123	(581)
Distributions to Class B LP unitholders	(528)	(528)
Net income (loss)	**$ (4,071)**	**$ 29,044**
Other comprehensive loss to be subsequently reclassified to profit or loss:		
Foreign currency translation gain (loss)	1,007	(5,695)
Total other comprehensive income (loss)	1,007	(5,695)
Comprehensive income (loss)	**$ (3,064)**	**$ 23,349**

NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the three months ended March 31, 2023, net loss was $4.1 million which is a decrease from net income of $29.0 million for the same period in the prior year. The decrease in net income is primarily due to a decrease in fair value gain on investment properties, a fair value loss on financial instruments, increases in the REIT's weighted average interest rate as Central Banks continued to raise interest rates and an increase in general and administrative expenses associated with the Board's special committee. The REIT recognized a net other comprehensive gain of $1.0 million for the three months ended March 31, 2023 from Euro appreciation compared to a loss of $5.7 million for the same period in the prior year.

NET OPERATING INCOME

Net operating income is a non-IFRS measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent and leasing costs amortized to revenue, less property operating costs prior to IFRIC 21 adjustments. Rental revenue for purposes of measuring NOI excludes revenue recorded as a result of determining rent on a straight-line basis and the amortization of leasing costs in revenue for IFRS, which management believes better reflects the cash generation activity of the REIT's properties. NOI is an important measure of the income generated from the REIT's properties and is used by the REIT in evaluating the performance of its properties.

The following is a calculation of NOI for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,	
	2023	2022
Revenue	$ 49,092	$ 47,602
Property operating expenses	(37,932)	(34,865)
IFRIC 21 property tax adjustment [1]	10,491	8,869
Straight-line rents and other changes	2,709	2,085
Net operating income	**$ 24,360**	**$ 23,691**

[1]In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. properties as at January 1 of each year, rather than progressively, i.e. ratably throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.

For the three months ended March 31, 2023, NOI increased to $24.4 million from $23.7 million for the same period in the prior year. The increase was driven by the Yew Grove acquisition in February 2022 and 275 North Field in November 2022 offset by the disposition of 95-105 Moatfield in September 2022.

The following is a reconciliation of the change in NOI for the three months ended March 31, 2023 compared to the same period in the prior year:

Net operating income, Q1 2022	**$**	**23,691**
Change in same-property NOI		(909)
Contribution from acquired properties		2,936
Impact of foreign exchange rates		295
Reduced contribution from sold properties		(1,653)
Net operating income, Q1 2023	**$**	**24,360**
Year-over-year change - $	**$**	**669**
Year-over-year change - %		**2.8%**

The following is a reconciliation of the change in NOI for the three months ended March 31, 2023 compared to the immediately preceding quarter:

Net operating income, Q4 2022	**$**	**24,604**
Change in same-property NOI		(60)
Contribution from acquired properties		146
Impact of foreign exchange rates		190
Change in hotel contribution [1]		(512)
Reduced contribution from sold properties		(8)
Net operating income, Q1 2023	**$**	**24,360**
Quarter-over-quarter change - $	**$**	**(244)**
Quarter-over-quarter change - %		**(1.0%)**

[1]Contribution from the REIT's hotel is not included in same property changes when compared to the preceding quarter due to the seasonality of its contribution to NOI.

SAME-PROPERTY NOI

Same-property NOI is a non-IFRS measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent, less property operating costs for those properties owned by the REIT for all of the current period and the relevant comparative period. Other than on a year-over-year basis, same property NOI excludes the earnings attributable to the REIT's hotel asset due to the seasonality of that asset. Same-property NOI is an important measure of the income generated from the REIT's properties period-over-period, but without consideration of acquisition and disposition activity, and is used by the REIT in evaluating the performance of its properties. The REIT seeks to increase or maintain same-property NOI through high-occupancy, increasing rents on renewal to market rents and by signing leases with embedded rent increases throughout the term of the lease.

Management compares same-property NOI for the current quarter to the immediately preceding quarter and to the same quarter in the preceding year.

Same-property NOI: comparison of the current quarter to the same quarter in the prior year

The same-property NOI comparison for the three months ended March 31, 2023 excludes assets acquired and disposed of in the 15 months prior to March 31, 2023. Where the REIT owns a partial interest in a property, NOI is included at the REIT's proportionate ownership for the current and comparative period based on its ownership at the current quarter end. The operations of the REIT's hotel asset are included when compared to the prior year as the seasonal variations are consistent.

	Three months ended			
		March 31, 2023		March 31, 2022
Number of properties		28		28
GLA [1]		6,562,276		6,567,901
Revenue	$	41,576	$	40,594
Operating expenses		(35,003)		(31,774)
IFRIC 21 property tax adjustment		9,759		8,869
Straight-line rents and other changes		2,782		2,039
Same-property NOI (including hotel asset)	**$**	**19,114**	**$**	**19,728**
Period-over-period change - $	**$**	**(614)**		
Period-over-period change - %		**(3.1%)**		

[1]Gross leasable area is presented at 100% of the building's GLA, without taking ownership percentage into consideration.

Same-property NOI for the three months ended March 31, 2023 compared to the same period in 2022 decreased by $0.6 million or 3.1%. The decrease is primarily from certain vacancies at the REIT's Ontario properties. This was offset by an increase in the U.S. dollar during the three months ended March 31, 2023 compared to the same period in 2022.

Same-property NOI: comparison of the current quarter to the preceding quarter

The same-property NOI comparison to the three months ended December 31, 2022 excludes the impact of properties acquired or disposed of in part or whole over the two quarters. Where the REIT owns a partial interest in a property, NOI is included at the REIT's proportionate ownership for the current and comparative period based on its ownership at the current quarter end. The comparison also excludes the impact of the REIT's hotel asset due to the seasonality of its earnings and contribution to NOI.

	Three months ended			
		March 31, 2023		December 31, 2022
Number of properties		53		53
GLA [1]		7,326,793		7,322,720
Revenue	$	47,147	$	47,431
Property operating expenses		(36,180)		(22,814)
IFRIC 21 property tax adjustment		9,759		(2,995)
Straight-line rents and other changes		2,810		2,296
Same-property NOI (including hotel asset)		23,536		23,918
NOI attributable to hotel asset		(26)		(538)
Same-property NOI (excluding hotel asset)	**$**	**23,510**	**$**	**23,380**
Period-over-period change - $	**$**	**130**		
Period-over-period change - %		**0.6%**		

[1]Gross leasable area is presented at 100% of the building's GLA, without taking ownership percentage into consideration.

Same-property NOI, excluding the REIT's hotel asset, for the three months ended March 31, 2023 compared to the three months ended December 31, 2022, increased by $0.1 million or 0.6%. The increase is primarily due to the increase in the Euro during the three months ended March 31, 2023.

FUNDS FROM OPERATIONS

Funds from operations

Funds from operations ("FFO") is a non-IFRS measure for evaluating real estate operating performance. The REIT calculates FFO in accordance with the definition provided by the Real Property Association of Canada ("RealPAC") in its White Paper on Funds From Operations, as revised in January 2022.

Core-FFO

Core-FFO is a non-IFRS measure which makes certain adjustments to the REIT's calculation of FFO to recognize the REIT's share of lease payments received for its Data Centre asset, which for IFRS purposes is accounted for as a finance lease.

Reconciliation of FFO and Core-FFO

Management believes that FFO and Core-FFO are important measures of the operating performance and are used by the REIT in evaluating the combined performance of its operations, including the impact of its capital structure and are useful for investors to evaluate the performance of the REIT.

The following is a reconciliation of FFO and Core-FFO from cash flow from operating activities:

	Three months ended March 31,	
	2023	2022
Cash flow from operating activities	**$ 8,197**	**$ 12,996**
Add (deduct):		
Leasing costs amortized to revenue	2,661	2,238
Subscription receipts equivalent amount [1]	—	373
Working capital items	(2,183)	(2,935)
Straight-line rent and other changes	(2,709)	(2,085)
Interest and other finance costs	(14,396)	(12,348)
Interest paid	13,216	11,093
Distributions paid to Class B unitholders	528	528
FFO	**$ 5,314**	**$ 9,860**
Finance income on finance lease receivable	(731)	(784)
Finance lease payments received	1,605	1,605
Core-FFO	**$ 6,188**	**$ 10,681**

[1]On February 7, 2022 each subscription receipt issued by the REIT on November 19, 2021 was exchanged for one unit and a cash distribution equivalent payment of $0.0666 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between December 15, 2021 and January 17, 2022). The cash distribution equivalent payment was $1.1 million. $0.4 million has been recorded in interest and finance costs for 2022.

The following is a reconciliation of FFO and Core-FFO from net income:

	Three months ended March 31,	
	2023	2022
Net income (loss)	**$ (4,071)**	**$ 29,044**
Add (deduct):		
Leasing costs amortized to revenue	2,661	2,238
Change in fair value of properties	(4,008)	(15,955)
IFRIC 21 property tax adjustment [1]	10,491	8,869
Change in fair value of financial instruments	3,488	(19,645)
Depreciation of hotel asset	240	240
Deferred income tax expense	108	3,587
Change in fair value of Class B LP units	(4,123)	581
Distributions to Class B unitholders	528	528
Subscription receipts equivalent amount [2]	—	373
FFO	**$ 5,314**	**$ 9,860**
Finance income on finance lease receivable	(731)	(784)
Finance lease payments received	1,605	1,605
Core-FFO	**$ 6,188**	**$ 10,681**
Weighted average number of units outstanding [3]	85,585	80,386
FFO per unit (diluted)	**$ 0.06**	**$ 0.12**
Core-FFO per unit (diluted)	**$ 0.07**	**$ 0.13**

[1] In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. properties as at January 1 of each year, rather than progressively, i.e. ratably throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.

[2] On February 7, 2022, each subscription receipt issued by the REIT on November 19, 2021 was exchanged for one unit and a cash distribution equivalent payment of $0.0666 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between December 15, 2021 and January 17, 2022). The cash distribution equivalent payment was $1.1 million. $0.4 million has been recorded in interest and finance costs for 2022.

[3] Represents the diluted weighted average number of units outstanding and includes the weighted average outstanding of all REIT units, DUP units and Class B LP units and is shown in thousands for their respective periods.

The following is a calculation of FFO and Core-FFO from the REIT's consolidated financial statements:

	Three months ended March 31,	
	2023	2022
Rental revenue	$ 49,092	$ 47,602
Property operating expenses	(37,932)	(34,865)
Finance income on finance lease receivable	731	784
Interest income	88	132
Interest and finance costs	(14,396)	(12,721)
General and administrative expenses	(5,080)	(2,288)
IFRIC 21 property tax adjustment [1]	10,491	8,869
Leasing costs amortized to revenue	2,661	2,238
Subscription receipts equivalent amount [2]	—	373
Current income tax expense	(341)	(264)
FFO	**$ 5,314**	**$ 9,860**
Finance income on finance lease receivable	(731)	(784)
Finance lease payments received	1,605	1,605
Core-FFO	**$ 6,188**	**$ 10,681**
Weighted average number of units outstanding [3]	85,585	80,386
FFO per unit (diluted)	**$ 0.06**	**$ 0.12**
Core-FFO per unit (diluted)	**$ 0.07**	**$ 0.13**

[1]In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. properties as at January 1 of each year, rather than progressively, i.e. ratably throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.
[2]On February 7, 2022, each subscription receipt issued by the REIT on November 19, 2021 was exchanged for one unit and a cash distribution equivalent payment of $0.0666 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between December 15, 2021 and January 17, 2022). The cash distribution equivalent payment was $1.1 million. $0.4 million has been recorded in interest and finance costs for 2022.
[3]Represents the diluted weighted average number of units outstanding and includes the weighted average outstanding of all REIT units, DUP units and Class B LP units and is shown in thousands over their respective periods.

FFO for the three months ended March 31, 2023 was $5.3 million, which is $4.5 million lower than the same period in 2022. The decrease in FFO was primarily as result of an increase in general and administrative costs due to costs of third party advice for the REIT Board's special committee and bad debt allowances of $0.3 million for an expected credit loss on rent receivables at two of the U.S. properties. Interest and finance costs increased $1.7 million as a result of interest on debt issued to finance acquisitions over the prior year and interest rate increases as Central Banks raised interest rates across the REIT's markets. This was partially offset by an increase in net operating income due to the acquisitions of the Irish portfolio and 275 North Field in 2022.

Core-FFO decreased to $6.2 million and $0.07 per unit for the three months ended March 31, 2023 from $10.7 million and $0.13 per unit for the same period in 2022. The period change drivers are as described for FFO.

ADJUSTED FUNDS FROM OPERATIONS

Adjusted FFO ("AFFO") is a non-IFRS measure that is used by management of the REIT, certain of the real estate industry and investors to measure the cash flows generated from operations including certain capital costs, leasing costs, tenant improvements and the impact of non-cash revenue. It is a meaningful measure used to evaluate the extent of cash available for distribution to unitholders. The REIT's use and calculation of AFFO may be different than the use or as disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others.

In calculating AFFO, the REIT makes adjustments to FFO for certain items including: amortization of deferred transaction costs; de-recognition and amortization of mark-to-market adjustments on mortgages refinanced or discharged; adjustments for interest rate subsidies received; recognition of the REIT's share of lease payments received for its Data Centre asset, which for IFRS purposes, is accounted for as a finance lease; amortization of straight-line rent; and normalized direct leasing and capital costs.

Amortization of deferred transaction costs are costs incurred to obtain debt financing that are recorded in net income, generally, on a systematic basis over the life of the debt to which they relate. The REIT deducts these amounts in determining AFFO as they represent non-cash charges to net income in the current period. Amortization of mark-to-market adjustments are differences between debt assumed in conjunction with a property acquisition on assumption that are recorded in net income, generally, on a systematic basis over the life of the debt to which they relate. The REIT deducts or adds, as applicable, these amounts in determining AFFO as they represent non-cash charges to net income.

Normalized direct leasing and capital costs are determined as 10% of the net of rental revenue less property operating expenses and represents the normalized on-going costs required to maintain existing space of a stabilized property. Actual amounts will vary from period to period depending on various factors, including but not limited to, the timing of expenditures made and contractual lease obligations.

The method applied by the REIT to calculate AFFO may differ from methods applied by other issuers in the real estate industry and differs from the definition of AFFO as defined by RealPAC in its White Paper, as issued in January 2022.

The following table reconciles AFFO from cash flow from operating activities:

	Three months ended March 31,	
	2023	2022
Cash flow from operating activities	**$ 8,197**	**$ 12,996**
Add (deduct):		
Working capital items	(2,183)	(2,935)
Principal repayments on finance lease receivable	874	821
Distributions paid to Class B LP unitholders	528	528
Subscription receipts equivalent amount [1]	—	373
Normalized direct leasing and capital costs	(2,165)	(2,161)
AFFO	**$ 5,251**	**$ 9,622**

[1]On February 7, 2022, each subscription receipt issued by the REIT on November 19, 2021 was exchanged for one unit and a cash distribution equivalent payment of $0.0666 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between December 15, 2021 and January 17, 2022). The cash distribution equivalent payment was $1.1 million. $0.4 million has been recorded in interest and finance costs for 2022.

The following table reconciles AFFO from NOI:

	Three months ended March 31,	
	2023	2022
Net operating income	**$ 24,360**	**$ 23,691**
Add (deduct):		
General and administrative expenses	(5,080)	(2,288)
Finance lease payments received	1,605	1,605
Cash interest	(13,128)	(10,961)
Normalized direct leasing and capital costs	(2,165)	(2,161)
Current income tax expense	(341)	(264)
AFFO	**$ 5,251**	**$ 9,622**

A reconciliation of Core-FFO to AFFO is as follows:

	Three months ended March 31,	
	2023	2022
Core-FFO	**$ 6,188**	**$ 10,681**
Add (deduct):		
Amortization of deferred transaction costs	1,190	1,215
Amortization of debt mark-to-market adjustments	(10)	40
Amortization of straight-line rent	48	(153)
Normalized direct leasing and capital costs	(2,165)	(2,161)
AFFO	**$ 5,251**	**$ 9,622**
Weighted average number of units outstanding [1]	85,585	80,386
AFFO per unit (diluted)	**$ 0.06**	**$ 0.12**

[1]Represents the diluted weighted average number of units outstanding and includes the weighted average outstanding of all REIT units, DUP units and Class B LP units and is shown in thousands at the end of the respective periods.

For the three months ended March 31, 2023, AFFO was $5.3 million or $0.06 per unit, whereas AFFO for the same period in 2022 was $9.6 million or $0.12 per unit, representing a decrease of $4.4 million or $0.06 per unit. The decrease in AFFO is primarily a result of additional interest and financing costs as a result of interest rate increases and an increase in general and administrative costs due to costs of third party advice for the REIT Board's special committee. This was offset by additional NOI from the Irish portfolio and 275 North Field. AFFO per unit also decreased due to increased units in issuance in combination with a decrease in the absolute amount of AFFO.

Reconciliation of FFO, Core-FFO and AFFO

A reconciliation of net income to FFO, Core-FFO and AFFO is as follows:

	Three months ended March 31,	
	2023	2022
Net income (loss)	**$ (4,071)**	**$ 29,044**
Add (deduct):		
Leasing costs amortized to revenue	2,661	2,238
Change in fair value of properties	(4,008)	(15,955)
IFRIC 21 property tax adjustment [1]	10,491	8,869
Change in fair value of financial instruments	3,488	(19,645)
Depreciation of hotel asset	240	240
Deferred income tax expense	108	3,587
Change in fair value of Class B LP units	(4,123)	581
Distributions to Class B unitholders	528	528
Subscription receipts equivalent amount [2]	—	373
FFO	**5,314**	**9,860**
Finance income on finance lease receivable	(731)	(784)
Finance lease payments received	1,605	1,605
Core-FFO	**6,188**	**10,681**
Amortization of deferred transaction costs	1,190	1,215
Amortization of debt mark-to-market adjustments	(10)	40
Amortization of straight-line rent	48	(153)
Normalized direct leasing and capital costs	(2,165)	(2,161)
AFFO	**$ 5,251**	**$ 9,622**

[1] In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. properties as at January 1 of each year, rather than progressively, i.e. ratably throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.
[2] On February 7, 2022, each subscription receipt issued by the REIT on November 19, 2021 was exchangeable for one unit and a cash distribution equivalent payment of $0.0666 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between December 15, 2021 and January 17, 2022). The cash distribution equivalent payment was $1.1 million. $0.4 million has been recorded in interest and finance costs for 2022.

The following is FFO, Core-FFO and AFFO expressed on a per unit basis:

	Three months ended March 31,	
	2023	2022
FFO per unit (diluted)	$ 0.06	$ 0.12
Core-FFO per unit (diluted)	0.07	0.13
AFFO per unit (diluted)	0.06	0.12

FFO, CORE-FFO AND AFFO PAYOUT RATIOS

FFO, Core-FFO and AFFO payout ratios (the "payout ratios") are non-IFRS measures that provide a comparison of the distributions made by the REIT to unitholders compared to FFO, Core-FFO and AFFO generated by the REIT. Management uses these measures to evaluate the REIT's ability to sustain its distributions. The payout ratios are calculated by dividing aggregate distributions made in respect of units of the REIT and Class B LP units by FFO, Core-FFO and AFFO during the period of measurement.

One of the REIT's objectives is to provide a distribution over time that is appropriate in consideration of the REIT's available liquidity to fund distributions, the asset allocation alternatives available to the REIT, the estimated impact on the trading price of the REIT's trust units and the expected future cash flows to be generated by the REIT in consideration of the REIT's future cash flow needs. To the extent these factors change, the Board of Trustees of the REIT will consider adjustments to its distribution policy.

The REIT's AFFO payout ratio for the three months ended March 31, 2023 was 162.3%. The AFFO payout ratio has increased from the comparative period as a result of increased interest costs on debt in 2023 and an increase in general and administrative costs from the completion of the strategic review. The REIT aims to provide attractive total returns to unitholders while retaining sufficient cash flow for the REIT to support the enhancement of its portfolio.

The table below illustrates the REIT's FFO in comparison to its cash distributions:

	Three months ended March 31, 2023	2022
FFO	$ 5,314	$ 9,860
REIT unit and Class B LP distributions declared	8,522	8,124
Excess (shortfall) of FFO over cash distributions	$ (3,208)	$ 1,736
FFO payout ratio	**160.4%**	**82.4%**

The table below illustrates the REIT's cash flow capacity, based on Core-FFO, in comparison to its cash distributions:

	Three months ended March 31, 2023	2022
Core-FFO	$ 6,188	$ 10,681
REIT unit and Class B LP distributions declared	8,522	8,124
Excess (shortfall) of Core-FFO over cash distributions	$ (2,334)	$ 2,557
Core-FFO payout ratio	**137.7%**	**76.1%**

The table below illustrates the REIT's cash flow capacity, based on AFFO, in comparison to its cash distributions:

	Three months ended March 31, 2023	2022
AFFO	$ 5,251	$ 9,622
REIT unit and Class B LP distributions declared	8,522	8,124
Excess (shortfall) of AFFO over cash distributions	$ (3,271)	$ 1,498
AFFO payout ratio	**162.3%**	**84.4%**

The FFO, Core-FFO and AFFO payout ratios have increased for the three months ended March 31, 2023 compared to the same period in 2022 primarily as a result of greater interest and general and administrative expenses offset by increased NOI.

DISTRIBUTIONS

The REIT pays monthly distributions to unitholders which are also paid at the same rate to holders of the REIT's Class B LP units. Distributions are paid on or about the 15th day of the month following declaration.

The Board of Trustees continually evaluates the distribution policy of the REIT in consideration of various factors. These factors generally include the REIT's available liquidity to fund distributions, the asset allocation alternatives available to the REIT including acquisitions and their impact, the interest rate environment, the REIT's cost of capital and the expected future cash flows to be generated by the REIT in consideration of the REIT's future cash flow needs, which include funding value add redevelopment opportunities, leasing costs, and other capital. Based on these factors the Board of Trustees of the REIT may determine a modification of the REIT's distribution to be beneficial to the REIT.

The following table summarizes distributions made during the three months ended March 31, 2023 and 2022 to unitholders of the REIT and Class B LP unitholders:

	Three months ended March 31, 2023			Three months ended March 31, 2022		
	Trust units	Class B LP units	Total	Trust units	Class B LP units	Total
Distributions declared	$ 7,994	$ 528	$ 8,522	$ 7,596	$ 528	$ 8,124

The following table summarizes distributions declared during the three months ended March 31, 2023 and 2022 to unitholders of the REIT and Class B LP unitholders compared to cash provided by operations and net income:

	Three months ended March 31,	
	2023	2022
Cash provided by operations	$ 8,197	$ 12,996
Net income (loss)	(4,071)	29,044
Distributions declared	8,522	8,124
Excess (shortfall) of cash provided by operations over total distributions	**$ (325)**	**$ 4,872**
Excess (shortfall) of net income over total distributions	**$ (12,593)**	**$ 20,920**

Distributions made during the three months ended March 31, 2023 and 2022 were settled in cash. Total distributions exceeded cash provided by operations for the three months ended March 31, 2023 due to an increase in interest rates on the REIT's debt as Central Banks in the REIT's markets continued to raise interest rates to reduce inflationary pressures and and increase in general and administrative expenses associated with costs of third party advice for the REIT Board's special committee that concluded in April 2023. Distributions declared exceeded net income for the three months ended March 31, 2023 primarily driven by a non-cash loss due to IFRIC 21 property tax adjustments of $10.5 million, the increase in general and administrative costs and increased interest rates on the REIT's debt. Cash provided by operations and net income exceeded distributions for the three months ended March 31, 2022. When distributions are more than cash flow from operating activities, the REIT finances such amounts from cash on hand and/or borrowings on its credit facility which represents a return of capital.

Taxation of distributions

The REIT qualifies as a "mutual fund trust" under the Income Tax Act (Canada) (the "Tax Act"). For taxable Canadian resident REIT unitholders, the REIT's distributions are treated as follows for tax purposes over the four most recent years:

Taxation year	Return of capital	Capital gains	Other income
2022 per $ of distribution	100.0%	—	—
2021 per $ of distribution	54.1%	45.9%	—
2020 per $ of distribution	43.3%	56.7%	—
2019 per $ of distribution	77.0%	23.0%	—

Of the distributions received by unitholders in 2022, 100.0% were treated as return of capital due to the impact of depreciation recapture on asset sales. For 2021, 45.9% were treated as capital gains and 54.1% were treated as return of capital. For 2020, 56.7% were treated as capital gains and 43.3% were treated as return of capital compared to 23.0% and 77.0%, respectively in 2019.

SEGMENTED INFORMATION

The REIT operates in Canada, the United States, and Ireland. The following is a summary of investment properties by country:

	March 31, 2023	December 31, 2022
Canada	$ 1,119,650	$ 1,118,886
United States	357,454	361,585
Ireland	276,685	273,867
Total	**$ 1,753,789**	**$ 1,754,338**

The following is the REIT's NOI by geographic location for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,			
	2023		2022	
	NOI	Percentage (%)	NOI	Percentage (%)
Atlantic	$ 6,628	27.2%	$ 6,902	29.1%
Ontario	5,828	23.9%	8,676	36.7%
Western	1,330	5.5%	1,186	5.0%
U.S.	6,152	25.2%	4,622	19.5%
Ireland	4,422	18.2%	2,305	9.7%
Total	**$ 24,360**	**100.0%**	**$ 23,691**	**100.0%**

The following is the REIT's NOI by geographic location for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,			
	2023		2022	
	NOI	Percentage (%)	NOI	Percentage (%)
Canada	$ 13,786	56.6%	$ 16,764	70.8%
U.S.	6,152	25.2%	4,622	19.5%
Ireland	4,422	18.2%	2,305	9.7%
Total	**$ 24,360**	**100.0%**	**$ 23,691**	**100.0%**

	Three months ended March 31,	
Atlantic	2023	2022
# of properties	13	13
Owned GLA (000s of square feet)	2,608	2,597
Occupancy rate (%) (period-end)	75.0%	75.4%
Revenue	$ 16,605	$ 15,681
Property operating expenses	(10,791)	(9,550)
Straight-line rent and other changes	814	771
NOI	**$ 6,628**	**$ 6,902**

NOI for the Atlantic properties decreased by $0.3 million for the three months ended March 31, 2023 compared to the same period in 2022. The decrease is primarily a result of lower NOI at the REIT's hotel asset of $0.2 million.

	Three months ended March 31,	
Ontario	2023	2022
# of properties	9	11
Owned GLA (000s of square feet)	2,265	2,672
Occupancy rate (%) (period-end)	78.9%	89.3%
Revenue	$ 11,141	$ 15,436
Property operating expenses	(6,243)	(7,457)
Straight-line rent and other changes	930	697
NOI	**$ 5,828**	**$ 8,676**

NOI in Ontario decreased by $2.8 million for the three months ended March 31, 2023 compared to the same period in 2022. The decrease is largely a result of the disposition of 95-105 Moatfield Drive in Toronto, ON in September 2022. and vacancies at two of the REIT's Ontario properties.

	Three months ended March 31,	
Western	2023	2022
# of properties	6	6
Owned GLA (000s of square feet)	463	463
Occupancy rate (%) (period-end)	89.1%	89.7%
Revenue	$ 2,774	$ 2,466
Property operating expenses	(1,463)	(1,305)
Straight-line rent and other changes	19	25
NOI	$ 1,330	$ 1,186
NOI from Data Centre	1,605	1,605
NOI including Data Centre	**$ 2,935**	**$ 2,791**

Including income from the Data Centre, NOI for the Western properties was $2.9 million for the three months ended March 31, 2023 compared to $2.8 million in the same period in 2022. The increase is a result of an improved lease renewal at one of the Western properties. The Data Centre is accounted for as a finance lease and corresponding interest income is recorded below NOI and principal repayments reduce the balance of the lease receivable.

United States	Three months ended March 31, 2023	2022
# of properties	3	2
Owned GLA (000s of square feet)	1,226	1,027
Occupancy rate (%) (period-end)	83.2%	86.6%
Revenue	$ 13,001	$ 10,112
Property operating expenses	(18,258)	(14,919)
IFRIC 21 property tax adjustment [1]	10,491	8,869
Straight-line rent and other changes	918	560
NOI	**$ 6,152**	**$ 4,622**

[1]In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. properties as at January 1 of each year, rather than progressively, i.e. ratably throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.

NOI for the United States properties increased by $1.5 million for the three months ended March 31, 2023 compared to the same period in 2022. The increase is largely a result of the acquisition of 275 North Field in Chicago, IL, and an increase in the average U.S. exchange rate for the three months ended March 31, 2023.

Ireland	Three months ended March 31, 2023	2022
# of properties	23	23
Owned GLA (000s of square feet)	962	926
Occupancy rate (%) (period-end)	92.5%	93.5%
Revenue	$ 5,571	$ 3,907
Property operating expenses	(1,177)	(1,634)
Straight-line rent and other changes	28	32
NOI	**$ 4,422**	**$ 2,305**

NOI for the three months ended March 31, 2023 was $4.4 million compared to $2.3 million in the same period in 2022. The increase was primarily due to a development property being completed and occupied in the second quarter of 2022 and from an increase in the average Euro exchange rate for the three months ended March 31, 2023 compared to the same period in 2022.

REVENUE

Revenue from properties includes rent from tenants under lease agreements, straight-line rental income, percentage rents, property taxes and operating cost recoveries, parking revenue and other incidental income. The following is a summary of the components of revenue:

	Three months ended March 31, 2023	2022
Property base rent [1]	$ 27,920	$ 24,391
Operating cost recoveries	14,723	16,029
Tax recoveries	7,283	8,178
Hotel	1,875	1,089
Straight-line adjustments and other changes	(2,709)	(2,085)
Total	**$ 49,092**	**$ 47,602**

[1]Includes parking revenue earned at properties.

For the three months ended March 31, 2023, revenue from properties was $49.1 million which is $1.5 million higher than $47.6 million for the same period in 2022. The increase is a result of the Irish portfolio and 275 North Field offset by the disposition of 95-105 Moatfield Drive in September 2022.

PROPERTY OPERATING RECOVERIES AND EXPENSES

Property operating expenses consist of property taxes, property management fees and other expenses such as common area costs, utilities and insurance. The majority of the REIT's property operating expenses are recoverable from tenants in accordance with the terms of the tenants' lease agreements. Operating cost recoveries are included in revenue from properties and amounted to $14.7 million for the three months ended March 31, 2023 compared to $16.0 million for the same period in 2022. Property tax recoveries were $7.3 million for the three months ended March 31, 2023 which is lower than $8.2 million for the same period in 2022. This was a result of lower average occupancy in 2023 compared to the same period in the prior year.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are primarily comprised of asset management fees, professional fees, trustee fees and other amounts. For the three months ended March 31, 2023 compared with the same period in 2022, general and administrative expenses increased $2.8 million. This was a result of expenses specific to third party advice for the Board's special committee and a $0.3 million allowance as an expected credit loss on rent receivables at two of the U.S. properties.

INTEREST AND FINANCE COSTS

Interest and finance costs are comprised of the following:

	Three months ended March 31,	
	2023	2022
Mortgage interest	$ 6,729	$ 6,272
Interest on other debt	4,042	3,315
Amortization of financing costs	1,190	1,215
Amortization of debt mark-to-market adjustments	(10)	40
Subscription receipts equivalent amount [1]	—	373
Interest on convertible debentures	2,445	1,506
Total	**$ 14,396**	**$ 12,721**

[1]On February 7, 2022 each subscription receipt issued by the REIT on November 19, 2021 was exchanged for one unit and a cash distribution equivalent payment of $0.0666 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between December 15, 2021 and January 17, 2022). The cash distribution equivalent payment was $1.1 million. $0.4 million has been recorded in interest and finance costs for 2022.

For the three months ended March 31, 2023, interest and finance costs were $14.4 million, which increased by $1.7 million when compared to the same period in 2022. The increase is due to higher interest rates as a result of Central Bank's action to combat inflationary pressures, increased interest on the convertible debentures issued in October 2022 and January 2023 and additional mortgage interest from the financing of the 275 North Field acquisition.

FINANCE INCOME ON FINANCE LEASE RECEIVABLE

The REIT has a 15 year lease with Bell MTS Data Centres GP for the Data Centre. The terms of the lease at inception met the requirements for classification as a finance lease because the minimum lease payments amounted to at least substantially all of the fair value of the leased asset. As a result of this classification, a portion of the lease payments earned on the property is recorded as interest income on the finance lease. Interest income recognized on the finance lease for the three months ended March 31, 2023 was $0.7 million, which is a decrease of $0.1 million when compared to the same period in 2022.

The REIT makes an adjustment to recognize the contribution made by the Data Centre to its Core-FFO and AFFO to account for the difference between accounting under IFRS and the lease contributions on a cash basis. On a cash basis the Data Centre currently contributes approximately $6.4 million annually from lease payments.

CHANGE IN FAIR VALUE OF PROPERTIES

The change in fair value of properties for the three months ended March 31, 2023 was $11.9 million lower than the gain recognized in the comparative period in 2022. The decrease is primarily due to minimal property valuation changes of the Irish portfolio for the three months ended March 31, 2023 compared to a significant property valuation increase of the Irish portfolio for the same period in 2022.

CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

The change in fair value of financial instruments represents the change in the fair value of the REIT's interest rate swaps and caps, foreign exchange forwards and deferred unit liabilities on deferred units issued to Trustees and Officers of the REIT and losses on extinguishment of debt. The fair value of financial instruments decreased $23.1 million for the three months ended March 31, 2023 when compared to the same period in 2022. The decrease was primarily due to lower forward interest rates which impact the REIT's pay-fixed receive-float interest rate swaps and caps and a loss on the extinguishment of debt, offset by a fair value gain on the conversion features of the REIT's convertible debentures in 2023 and a fair value loss on foreign exchange forwards in 2022.

INCOME TAXES

The REIT is a mutual fund trust and real estate investment trust pursuant to the Tax Act. Under the Tax Act, so long as the REIT meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"), the REIT is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to unitholders during the period. Management intends to operate the REIT in a manner that enables the REIT to continue to meet the REIT Conditions and to distribute all of its taxable income to unitholders. The REIT has reviewed the SIFT Rules and has assessed their application to the REIT's assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes that it has met the REIT Conditions for the three months ended March 31, 2023, and accordingly is not subject to current income taxes in Canada. Accordingly, no provision for current income taxes is required, except for amounts incurred by the U.S. and Irish subsidiaries.

The REIT's U.S. and Irish subsidiaries are subject to income tax on taxable income from U.S. and Irish operations respectively. The REIT recognizes deferred tax assets and liabilities at prevailing tax rates when such differences are expected to settle. Based on tax laws enacted at the reporting date, the U.S. subsidiary is subject to a combined federal and state rate of 28.51%, and the Irish subsidiaries are subject to a tax rate of 25.00% on rental income, 33.00% on capital gain.

QUARTERLY INFORMATION

The following is a summary of financial and operational information for the REIT for the eight most recently completed quarters:

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	$ 49,092	$ 48,633	$ 50,959	$ 49,321	$ 47,602	$ 44,294	$ 43,636	$ 41,559
Operating costs	(37,932)	(23,266)	(23,749)	(22,237)	(34,865)	(23,502)	(20,771)	(18,828)
IFRIC 21 property tax adjustment	10,491	(2,995)	(2,943)	(2,931)	8,869	(2,384)	(2,368)	(2,567)
Straight-line rent and other	2,709	2,232	2,593	2,205	2,085	1,890	2,515	2,214
Net operating income	$ 24,360	$ 24,604	$ 26,860	$ 26,358	$ 23,691	$ 20,298	$ 23,012	$ 22,378
Net income	$ (4,071)	$ (86,854)	$ 18,357	$ 22,834	$ 29,044	$ 13,661	$ 8,657	$ 5,684
Weighted average diluted units [1]	85,585	85,578	85,658	85,640	80,386	73,201	73,283	73,279
Net income and comprehensive income per unit	$ (0.05)	$ (1.01)	$ 0.21	$ 0.27	$ 0.36	$ 0.19	$ 0.12	$ 0.08
Distributions [2]	$ 8,522	$ 8,525	$ 8,538	$ 8,538	$ 8,124	$ 7,298	$ 7,298	$ 7,298
Distributions per unit	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
FFO [3]	$ 5,314	$ 7,917	$ 10,299	$ 11,984	$ 9,860	$ 8,293	$ 11,092	$ 10,443
FFO per unit - diluted [3]	$ 0.06	$ 0.09	$ 0.12	$ 0.14	$ 0.12	$ 0.11	$ 0.15	$ 0.14
FFO payout ratio [3]	160.4%	107.7%	82.9%	71.2%	82.4%	88.0%	65.8%	69.9%
Core-FFO [3]	$ 6,188	$ 8,778	$ 11,146	$ 12,818	$ 10,681	$ 9,101	$ 11,888	$ 11,226
Core-FFO per unit - diluted [3]	$ 0.07	$ 0.10	$ 0.13	$ 0.15	$ 0.13	$ 0.12	$ 0.16	$ 0.15
Core-FFO payout ratio [3]	137.7%	97.1%	76.6%	66.6%	76.1%	80.2%	61.4%	65.0%
AFFO [3]	$ 5,251	$ 7,562	$ 11,253	$ 11,504	$ 9,622	$ 8,027	$ 11,041	$ 10,069
AFFO per unit - diluted [3]	$ 0.06	$ 0.09	$ 0.13	$ 0.13	$ 0.12	$ 0.11	$ 0.15	$ 0.14
AFFO payout ratio [3]	162.3%	112.7%	75.9%	74.2%	84.4%	90.9%	66.1%	72.5%
Properties	$1,753,789	$1,754,338	$1,807,677	$1,870,287	$1,856,846	$1,591,958	$1,617,844	$ 1,601,135
Total assets	$1,862,474	$1,869,362	$1,955,525	$1,989,219	$1,972,562	$1,808,907	$1,692,896	$1,680,405
Debt	$ 1,158,116	$ 1,153,253	$ 1,137,914	$ 1,171,615	$ 1,177,149	$1,045,542	$ 986,059	$ 976,239
IFRS net asset value ("NAV")	$ 653,743	$ 668,834	$ 766,573	$ 746,247	$ 732,909	$ 651,958	$ 647,020	$ 642,797
Diluted units outstanding [1]	85,636	85,582	85,674	85,656	85,638	73,214	73,200	73,291
IFRS NAV per unit	$ 7.63	$ 7.82	$ 8.95	$ 8.71	$ 8.56	$ 8.90	$ 8.84	$ 8.77
LTV ratio[3]	62.3%	61.9%	58.4%	59.0%	60.1%	59.7%	58.3%	58.2%
Net debt to adjusted EBITDA[3]	12.5x	12.1x	12.1x	13.1x	13.7x	12.6x	11.8x	11.6x
Interest coverage ratio [3]	1.9x	2.0x	2.0x	2.1x	2.0x	2.0x	2.1x	2.1x
Debt service coverage ratio [3]	1.6x	1.7x	1.7x	1.6x	1.6x	1.5x	1.6x	1.6x
Leasing activity (square feet)	120,990	86,266	109,060	238,429	129,535	155,462	166,520	347,574
Leasing activity as a % of portfolio	1.6%	1.1%	1.5%	3.1%	1.7%	2.3%	2.4%	5.0%
Weighted average lease term (years)	5.4	5.6	5.6	5.6	5.6	5.2	5.3	5.4
Number of properties	54	54	53	55	55	32	34	34
Office GLA	7,181,511	7,177,438	7,045,799	7,446,981	7,405,565	6,692,776	6,853,184	6,849,082
Total GLA	7,524,320	7,520,247	7,324,390	7,725,572	7,684,156	6,756,215	6,916,623	6,912,521
Occupancy - excluding redevelopment	80.6%	81.1%	81.9%	83.6%	84.7%	83.8%	83.3%	83.6%
Occupancy	80.6%	81.1%	81.9%	83.6%	84.7%	83.8%	83.3%	83.6%

[1]Includes REIT units, the conversion of the Class B LP units and deferred units and is shown in thousands at the end of the respective periods. Weighted average diluted units is the weighted average number of diluted units outstanding during the respective quarter and diluted units outstanding is the diluted units outstanding at the end of the quarter.

[2]Includes distributions made to both unitholders of the REIT and Class B LP unitholders.

[3]The calculation of these non-IFRS financial measures and a reconciliation to relevant IFRS measures are included in Part III and IV.

PART IV - FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

The REIT endeavors to maintain appropriate levels of financial liquidity to meet its business objectives and commitments. Primarily, the REIT utilizes revolving credit facilities to provide this financial liquidity, in addition to cash on hand. The revolving credit facilities can be drawn or repaid at short notice, which reduces the need to hold cash and deposits, while also minimizing borrowing rates.

The principal liquidity needs of the REIT arise from working capital requirements, distributions to unitholders, planned funding of maintenance capital expenditures, leasing costs and future property acquisitions. Cash flows from operating the REIT's property portfolio, available funding under the REIT's credit facilities and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent upon rental occupancy levels, rental rates, the collection of rents, recoveries of operating costs and the level of operating costs.

The REIT's available liquidity is as follows:

		March 31, 2023		December 31, 2022
Cash	$	18,940	$	19,905
Undrawn revolving facilities		38,456		41,750
Liquidity	**$**	**57,396**	**$**	**61,655**

DEBT STRATEGY

The REIT's obligations with respect to debt repayments and funding requirements for future investment property acquisitions will be primarily funded from cash retained after distributions, refinancing the REIT's maturing debt, financing unencumbered properties or future issuances of trust units.

The REIT's overall borrowing objective is to obtain secured financing, with terms to maturity that are appropriate in regards to the lease maturity profiles of the underlying properties and which allows the REIT to stagger debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period. The REIT also endeavors to have an appropriate amount of fixed rate debt and to extend loan terms when borrowing conditions are favourable, which is actively monitored by management.

The REIT has multiple sources of financing and borrowing capacity available from its credit facility which provides shorter term flexibility to support the REIT's multiple growth-oriented initiatives. Further, in instances where management believes that there are meaningful value creation opportunities, the REIT will generally seek to utilize short-term floating rate financing, to allow for maximum debt proceeds when subsequently utilizing term or mortgage debt upon full execution of management's asset strategy. Additionally, where management has identified properties for potential sale, the REIT will seek to utilize short-term floating rate financing to prevent value erosion on sale from requiring a purchaser to assume potentially above market low leverage debt. While the REIT's credit facilities represent one element of our funding strategy, this can be coupled with access to financing alternatives from multiple financial institutions at competitive rates, which the REIT has consistently done through proactive and early discussions with lenders on new and maturing debt. The recent increases in interest rates driven by Central Banks in the REIT's market of Canada, the U.S. and Europe seeking to reduce inflationary pressures have made this access to multiple lenders more important. In addition, the REIT's development pipeline and associated construction activities are funded by dedicated construction facilities provided by various banking syndicates at attractive rates for appropriate terms for each respective project.

The REIT's revolving credit facility, construction facility and some mortgages are subject to financial and other covenants, including customary maximum leverage ratios, interest service coverage ratios, minimum debt service coverage ratios, minimum unitholders' equity, among others, which may impact the available capacity based on the financial results of the REIT. The REIT is in compliance with these covenants.

Convertible Debentures

On October 24, 2022, the REIT issued $45.0 million of 7.50% extendible convertible unsecured subordinated debentures of the REIT (the "2022 Convertible Debentures"). The proceeds from the issuance of the 2022 convertible debentures were used to proactively pay down secured mortgage debt and partially fund the acquisition of 275 North Field.

The 2022 Convertible Debentures are convertible into freely tradable units at the option of the holder at any time prior to the close of business on the earliest of: (i) the last business day before the Final Maturity Date; or (ii) if called for redemption, the business day immediately preceding the date specified by the REIT for redemption of the debentures, at a conversion price of $5.50 per unit (the "Conversion Price"). Convertible debenture holders converting their debentures will, in addition to the applicable number of units to be received on conversion, receive accrued and unpaid interest, if any, for the period from the last interest payment date on their convertible debentures (or the date of the Offering closing if no interest has yet been paid on the convertible debentures) to and including the last record date set by the REIT occurring prior to the date of conversion for determining the unitholders entitled to receive a distribution on the units.

The 2022 Convertible Debentures may not be redeemed by the REIT prior to December 31, 2025. On and from December 31, 2025, and prior to December 31, 2026, the convertible debentures may be redeemed by the REIT, in whole at any time, or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice provided that the volume weighted-average trading price of the units on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and from December 31, 2026, and prior to December 31, 2027, the convertible debentures may be redeemed by the REIT, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice.

On November 19, 2021, the REIT issued $84.2 million of 5.50% extendible convertible unsecured subordinated debentures of the REIT ("2021 Convertible Debentures"). The debentures became convertible unsecured debentures upon the completion of the Irish portfolio acquisition as below:

The 2021 Convertible Debentures will be convertible into freely tradable units at the option of the holder at any time prior to the close of business on the earliest of: (i) the last business day before the Final Maturity Date; or (ii) if called for redemption, the business day immediately preceding the date specified by the REIT for redemption of the debentures, at a conversion price of $6.50 per unit (the "Conversion Price"). Convertible debenture holders converting their debentures will, in addition to the applicable number of units to be received on conversion, receive accrued and unpaid interest, if any, for the period from the last interest payment date on their convertible debentures to and including the last record date set by the REIT occurring prior to the date of conversion for determining the unitholders entitled to receive a distribution on the units. The convertible debentures may not be redeemed by the REIT prior to December 31, 2024, and none of the convertible debentures had been redeemed as at March 31, 2023.

On and from December 31, 2024, and prior to December 31, 2025, the 2021 Convertible Debentures may be redeemed by the REIT, in whole at any time, or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice provided that the volume weighted-average trading price of the units on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and from December 31, 2025, and prior to December 31, 2026, the convertible debentures may be redeemed by the REIT, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice.

On January 26, 2018, the REIT issued $28.8 million of 5.25% convertible unsecured subordinated debentures of the REIT (the "2018 Convertible Debentures").

On January 27, 2023, the REIT amended the terms of its 2018 Convertible Debentures. The amendments: (i) increased the interest rate of the Debentures from 5.25% to 9.00%, effective February 28, 2023; (ii) decreased the conversion price of the Debentures from $10.53 per trust unit of the REIT to $5.50 per unit; (iii) extended the maturity date of the Debentures from February 28, 2023 to February 28, 2026; and (iv) provided that the Debentures are not redeemable prior to February 28, 2025 and, at any time after February 28, 2025, the REIT will be permitted to redeem the amended Debentures, in whole or in part at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of the redemption. Convertible debenture holders converting their debentures will, in addition to the applicable number of units to be received on conversion, receive accrued and unpaid interest, if any, for the period from the last interest payment date on their convertible debentures to and including the last record date set by the REIT occurring prior to the date of conversion for determining the unitholders entitled to receive a distribution on the units. On and from February 28, 2025, and prior to February 28, 2026, the convertible debentures may be redeemed by the REIT, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice.

Maturity profile

The REIT's 2023 debt maturities relate to five office properties in the Greater Toronto Area in which the REIT owns a 75% interest and one U.S office property. The REIT expects renewals for the 2023 remaining maturities. The following is a summary of future principal repayments and maturities at March 31, 2023:

Remainder of 2023	$ 342,354
2024	299,537
2025	192,838
2026	127,291
2027	202,783
Thereafter	13,414
Total	**$ 1,178,217**

Debt profile

Debt held by the REIT at March 31, 2023 is as follows:

	Maturity	Coupon	Properties provided as security	Fair value of security	Maximum available	Principal	Letters of credit	Available to be drawn [1]
Mortgages [2 3 4]	Various	Various	16	$ 948,686	$ 588,616	$ 588,616	$ —	$ —
Revolving facilities [4 5 6]	Oct. 14, 2024	Various	15	527,818	333,159	294,553	150	38,456
Term loan [4 7]	Apr. 5, 2027	Euribor+265 bps	23	276,685	137,098	137,098	—	—
Convertible debentures [8]	Various	Various	—	—	157,950	157,950	—	—
Total			**54**	**$ 1,753,189**	**$ 1,216,823**	**$ 1,178,217**	**$ 150**	**$ 38,456**

[1]Debt is only available to be drawn subject to certain covenants and other requirements.
[2]The weighted average remaining term to maturity of mortgages is 1.4 years with maturities ranging from 0.4 months to 7.5 years and the weighted average interest rate of mortgages is 4.85% with coupons ranging from 2.53% to 8.11%.
[3]Security includes the Data Centre, which is accounted for as a finance lease receivable and not included in the REIT's investment properties.
[4]Certain amounts have been translated from U.S. dollars and Euros to Canadian dollars using the prevailing exchange rates on March 31, 2023.
[5]Stand-by fees incurred on the unused portion of the revolving operating facility are 50.63 bps, charged and paid quarterly.
[6]Principal balance includes $229,000 and U.S. $48,500 of revolving facilities. The remaining term to maturity of revolving facilities is 1.5 year and the weighted average interest rate is 7.17%.
[7]The term loan facility is secured by 23 properties in Ireland.
[8]Principal balance includes $28,750, $84,200 and $45,000 of convertible unsecured subordinated debentures of the REIT. The maturity dates of the convertible debentures ranges from February 28, 2026 to December 31, 2027, with coupons ranging from 5.50% to 9.00%.

The carrying value of debt held by the REIT at March 31, 2023 is as follows:

	Principal	Mark-to-market ("MTM") adjustments and costs	Accumulated amortization of MTM adjustments, costs and other	Carrying amount	Current	Non-current
Mortgages	$ 588,616	$ (3,544)	$ 2,094	$ 587,166	$ 343,582	$ 243,584
Revolving facilities	294,553	(6,384)	4,800	292,969	—	292,969
Term loan	137,098	(4,840)	899	133,157	—	133,157
Convertible debentures [1]	157,950	(14,194)	1,068	144,824	—	144,824
Total	**$ 1,178,217**	**$ (28,962)**	**$ 8,861**	**$ 1,158,116**	**$ 343,582**	**$ 814,534**

[1]Represents the debt component of the convertible debentures. The embedded derivative features, which are the holder conversion option and the issuer redemption option, originally recorded in the aggregate amount of $8.3 million, are accounted for separately. These embedded derivative features are included within derivatives on the REIT's condensed consolidated statements of financial position.

INDEBTEDNESS RATIO

The indebtedness ratio is a non-IFRS measure calculated by the REIT. In accordance with the REIT's Declaration of Trust, the REIT's indebtedness may not exceed 65% of gross book value, which is defined by the Declaration of Trust as total assets less restricted cash. The REIT’s indebtedness ratio at March 31, 2023 was 62.3% (December 31, 2022 - 61.9%). Subject to market conditions and the growth of the REIT, management's medium term target is to maintain total indebtedness at approximately 55%. The success of this strategy is dependent upon debt market conditions at borrowing, as well as the characteristics of the underlying assets being financed. If this strategy is unsuccessful, debt principal repayments may need to be funded by operating cash flows, additional draws under the REIT’s revolving credit and operating facilities, financing of unencumbered income-producing properties or by issuances of equity or debt securities. Additional investment and operating guidelines are provided for by the Declaration of Trust. The REIT is in compliance with these guidelines.

The REIT's indebtedness level is calculated as follows:

	March 31, 2023	December 31, 2022
Total assets	$ 1,862,474	$ 1,869,362
Less: Restricted cash	(4,003)	(5,300)
Gross book value	1,858,471	1,864,062
Debt	$ 1,158,116	$ 1,153,253
Leverage ratio	**62.3%**	**61.9%**

ADJUSTED EBITDA

Adjusted EBITDA is a non-IFRS measure and is used by the REIT to monitor the REIT's ability to satisfy and service its debt as well as monitor requirements imposed by the REIT's lenders. Specifically, adjusted EBITDA is used to monitor the REIT's interest coverage ratio and debt service ratio, which the REIT uses to measure its debt profile, assess its ability to satisfy its obligations, and service its debt. Management views adjusted EBITDA as a proxy for operating cash flow prior to interest costs. Adjusted EBITDA represents earnings before interest, income taxes, depreciation, fair value gains (losses) from both financial instruments and investment properties, while also excluding non-recurring items such as transaction costs from dispositions, acquisitions or other events.

The following is a reconciliation from net income to adjusted EBITDA:

	Twelve months ended March 31,	
	2023	2022
Net income (loss)	$ (49,734)	$ 57,046
Straight line rent and other changes	9,739	8,704
Interest income	(441)	(491)
Interest and finance costs	54,619	46,083
Change in fair value of properties	99,612	(15,636)
IFRIC 21 property tax adjustment [1]	1,622	1,550
Change in fair value of financial instruments	(16,011)	(26,855)
Distributions to Class B shareholders	2,112	2,112
Transaction costs	1,240	657
Depreciation of hotel asset	966	1,008
Change in fair value of Class B LP units	(8,298)	3,806
Deferred income tax expense (recovery)	(5,884)	6,063
Current income tax expense	1,661	264
Adjusted EBITDA	**$ 91,203**	**$ 84,311**

[1]In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. properties as at January 1 of each year, rather than progressively, i.e. ratably throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO, Core-FFO or AFFO.

The following is a calculation of adjusted EBITDA:

	Twelve months ended March 31,	
	2023	2022
Rental revenue	$ 198,005	$ 177,091
Property operating expenses	(107,184)	(97,966)
IFRIC 21 property tax adjustment [1]	1,622	1,550
Finance income on finance lease receivable	3,004	3,212
Straight-line rent and other changes	9,739	8,704
General and administrative	(13,983)	(8,280)
Adjusted EBITDA	**$ 91,203**	**$ 84,311**

[1]In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. properties as at January 1 of each year, rather than progressively, i.e. ratably throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO, Core-FFO or AFFO.

INTEREST COVERAGE

In addition to the REIT's level of indebtedness calculated in accordance with the REIT's Declaration of Trust, management also monitors certain financial measures, which include the (i) net debt to adjusted EBITDA leverage ratio, (ii) interest coverage ratio, and (iii) the debt service coverage ratio. All of these measures are non-IFRS measures.

Net debt to adjusted EBITDA leverage ratio

The net debt to adjusted EBITDA ratio is used to calculate the financial leverage of the REIT, specifically, its ability to meet financial obligations and to provide a measure of its balance sheet strength. The REIT calculates debt to adjusted EBITDA by dividing the aggregate amount of debt outstanding, less cash on hand, by the trailing twelve month adjusted EBITDA. The net debt to adjusted EBITDA leverage ratio also indicates the number of years required for the REIT’s unleveraged operating earnings (i.e. before depreciation, amortization, transaction costs, gains or losses, fair value adjustments and taxes) to cover or repay all outstanding debts. The net debt to adjusted EBITDA ratio also takes into consideration the cash on hand to decrease debt.

The following is a calculation of net debt to adjusted EBITDA for the trailing twelve months ended:

		March 31, 2023		December 31, 2022
Debt	$	1,158,116	$	1,153,253
Less: Cash on hand		18,940		19,905
Net debt		1,139,176		1,133,348
Adjusted EBITDA [1]		91,203		93,379
Net debt to Adjusted EBITDA (times)		**12.5x**		**12.1x**

[1]Adjusted EBITDA is based on actuals for the twelve months preceding the balance sheet date.

Interest coverage ratio

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

The following is a calculation of the interest coverage ratio:

		Twelve months ended March 31,		
		2023		2022
Adjusted EBITDA	$	91,203	$	84,311
Interest expense		48,585		41,242
Interest coverage ratio (times)		**1.9x**		**2.0x**

Debt service coverage ratio

The debt service coverage ratio is determined as adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflects amortizing principal repayments and interest expensed during the period. Payments related to defeasance, prepayment penalties, or payments upon discharge of a mortgage are excluded from the calculation. The debt service coverage ratio is used by the REIT's management to monitor the REIT's ability to meet annual interest and principal payments.

The following is a calculation of debt service coverage ratio:

		Twelve months ended March 31,		
		2023		2022
Adjusted EBITDA	$	91,203	$	84,311
Interest expense		48,585		41,242
Principal repayments		9,900		10,282
Debt service requirements	$	58,485	$	51,524
Debt service coverage ratio (times)		**1.6x**		**1.6x**

DEBT REPAYMENT SCHEDULE

The following table outlines the REIT's annual principal payments and maturity schedule, together with the weighted average annual interest rates at March 31, 2023:

		Amortizing Principal Payments		Principal Repayments on Maturity		Total	Percentage (%)	Weighted Average Contractual Interest Rate on Maturing Debt (%)
Remainder of 2023	$	4,097	$	338,257	$	342,354	29.1%	5.6%
2024		4,985		294,552		299,537	25.4%	7.1%
2025		4,772		188,066		192,838	16.4%	3.7%
2026		14,341		112,950		127,291	10.8%	5.1%
2027		6,000		196,783		202,783	17.2%	5.0%
Thereafter		7,519		5,895		13,414	1.1%	4.4%
Weighted average interest rate								**5.5%**

The REIT has managed indebtedness to ensure the REIT mitigates liquidity risk due to concentration of debt maturities. As part of this strategy, the REIT is proactive in negotiating renewals for near term debt maturities. The REIT has $342.4 million of debt maturing throughout 2023. At March 31, 2023, after the impact of the REIT's pay-fixed receive-float interest rate swaps and interest rate caps, the REIT had floating rate debt of $81.5 million (December 31, 2022 – $75.4 million).

The following table presents the annual impact of a change in floating interest rates of 25 bps on finance costs:

	March 31, 2023	December 31, 2022
Change of 25 bps	$ 204	$ 188

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following is a summary of the REIT's contractual obligations over the next five years at March 31, 2023:

	Total contractual cash flow	Remainder of 2023	2024-2025	2026-2027	Thereafter
Accounts payable and accrued liabilities	$ 42,720	$ 42,720	$ —	$ —	$ —
Amortizing principal repayments on debt	41,714	4,097	9,757	20,341	7,519
Principal repayments on maturity of debt	1,136,503	338,257	482,618	309,733	5,895
Interest on debt [1]	125,623	38,548	63,116	22,748	1,211
Interest rate swaps [2]	(15,834)	(9,796)	(5,755)	(283)	—
Other liabilities	7,087	1,275	1,828	759	3,225
Total	**$ 1,337,813**	**$ 415,101**	**$ 551,564**	**$ 353,298**	**$ 17,850**

[1]Interest amounts on floating rate debt have been determined using rates at March 31, 2023.
[2]Interest rate swap obligations have been calculated as the difference between the pay-fixed rate and receive-float rate based on the forward rates determined at March 31, 2023.

DERIVATIVES

Interest rate derivatives

The REIT has interest rate derivatives to reduce the impact of interest rate risk of certain debt with floating interest rates.

The REIT has in-place certain pay-fixed and receive-float interest rate swaps. The swaps are derivative financial instruments that require a periodic exchange of payments with counter-parties without the exchange of the notional amount on which the payments are based. The recorded interest expense on the underlying mortgages payable reflects payments made and received under the interest rate swaps. These swaps are not designated as hedging instruments that qualify for hedge accounting under IFRS. Interest rate derivatives are measured at fair value with fair values estimated as the present value of contractual cash flows based on forward curves and an applicable discount rate.

The following are the terms and fair values of the REIT's interest rate swaps:

			Notional amount [2]		Fair value	
Maturity date	Floating interest rate [1]	Fixed interest rate	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
April 12, 2023	1 month CDOR	2.04%	72,857	73,550	242	704
April 12, 2023	1 month CDOR	2.04%	34,408	34,735	114	332
April 12, 2023	1 month BA	1.90%	58,281	58,281	148	568
August 14, 2023	1 month BA	2.77%	17,178	17,303	54	137
February 1, 2024	1 month U.S. LIBOR	1.80%	67,580	67,770	1,784	2,303
March 22, 2024	1 month CDOR	1.90%	100,000	100,000	2,669	3,436
March 3, 2025	1 month BA	1.23%	62,500	62,500	3,594	4,199
March 3, 2025	1 month BA	1.23%	10,000	10,000	575	672
March 3, 2025	1 month BA	4.31%	8,000	8,000	(13)	11
September 10, 2025	1 month U.S. LIBOR	2.18%	136,613	136,997	5,913	7,229
October 30, 2026	1 month CDOR	2.30%	100,000	100,000	4,279	5,698
Total			**$ 667,417**	**$ 669,136**	**$ 19,359**	**$ 25,289**

[1]"BA" means the Bankers' Acceptances rate, "LIBOR" means the U.S. London Interbank Offering Rate, and "CDOR" means the Canadian Dollar Offered Rate.
[2]The notional amount of the U.S. dollar pay-fixed receive-float interest rate swaps, maturing September 10, 2025 and February 1, 2024, are U.S. $101.1 million and U.S. $50.0 million respectively.

In connection with the Irish portfolio acquisition, the REIT entered into a cross currency interest rate swap transaction on November 16, 2021 to pay a fixed EUR rate of 3.72% and receive a fixed CAD rate of 5.50%, effective on January 31, 2022 and maturing on December 31, 2026. Payments are payable semi-annually on or around June 30 and December 30, commencing June 30, 2022. During the three months ended March 31, 2023, the REIT recorded a fair value loss of $0.1 million (March 31, 2022 - gain of $2.5 million), which is recorded in the condensed consolidated interim statement of income (loss).

The following are the terms and fair value of the REIT's cross currency interest rate swap:

			Notional amount [1]		Fair value	
Maturity date	Pay EUR	Receive CAD	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
December 31, 2026	3.72%	5.50%	75,000	75,000	1,503	1,570
Total			**$ 75,000**	**$ 75,000**	**$ 1,503**	**$ 1,570**

[1]The notional amount of the pay Euro interest rate of 3.72% is €52.5 million and the notional amount of the receive Canadian dollar interest rate of 5.50% is $75.0 million.

In connection with the acquisition of 275 North Field in November 2022, the REIT entered into a U.S dollar interest rate cap which has a $16.1 million notional amount, a strike price of 3.75% based on one-month SOFR and a maturity date of November 1, 2025. In December 2022, the REIT also entered into a Euro interest rate cap which has a $135.7 million notional amount, a strike price of 1.60% based on the three-month Euro Interbank Offered Rate ("EURIBOR") and a maturity date of July 8, 2024.

The following are the terms and fair values of the REIT's interest rate caps:

		Notional amount [1]		Fair value	
Maturity date	Strike price	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
July 8, 2024	1.60%	$ 137,098	$ 135,723	$ 3,359	$ 3,454
November 1, 2025	3.75%	$ 16,084	$ 16,129	$ 316	$ 379
Total		**$ 153,182**	**$ 151,852**	**$ 3,675**	**$ 3,833**

[1]The notional amounts of the Euro and U.S. dollar interest rate caps are €93.6 million and U.S. $11.9 million, respectively.

The following is a summary of the REIT's interest rate caps:

	Three months ended March 31,	
	2023	2022
Beginning of the period	$ 3,833	$ —
Fair value changes	(190)	—
Foreign exchange gain	32	—
End of period	**$ 3,675**	**$ —**

Foreign exchange derivative

In connection with the Yew Grove acquisition in 2022, the REIT entered into a foreign exchange transaction on November 16, 2021 to sell $45.7 million at an exchange rate of 1.4284 and purchase Euro on January 31, 2022. This transaction was settled on January 31, 2022.

From time to time, the REIT may use forward foreign exchange contracts to hedge against fair value changes in the REIT's U.S. dollar net investment in its U.S. operations arising from fluctuations in the U.S. and Canadian dollar exchange rates, and its Euro net investment in its Irish operations arising from fluctuations in the Euro and Canadian dollar exchange rates. Sources of hedge ineffectiveness include instances where the net investments in U.S. and Irish operations is less or greater than outstanding hedge instruments and potential misalignment between the term of the hedging instrument and the holding term of the REIT's net investment in U.S. and Irish operations.

The REIT did not enter into or settle any derivative or foreign exchange contracts during the three months ended March 31, 2023. The REIT settled one foreign exchange transaction during the three months ended March 31, 2022 as described above.

FINANCIAL CONDITION

The REIT’s primary sources of capital are cash generated from operating, financing, and investing activities. Management expects to meet all of the REIT’s obligations through current cash and cash equivalents, cash flows from operations, the REIT's revolving credit facility and refinancing of mortgages and equity. The REIT's contractual obligations as outlined above are expected to be funded through its sources of capital. Incremental to these contractual obligations, the REIT endeavours to invest in its current portfolio of assets through leasing and capital expenditure, the amount and timing of which are uncertain. The REIT intends to fund these expenditures through its various sources of capital.

The following table provides an overview of the REIT’s cash flows from operating, financing and investing activities:

	Three months ended March 31,	
	2023	2022
Net change in cash related to:		
Operating	$ 8,197	$ 12,996
Investing	(6,245)	(204,952)
Financing	(3,790)	200,486
Foreign exchange gain on cash held in foreign currency	873	5,008
Increase (decrease) in cash	**$ (965)**	**$ 13,538**

The change in cash for the three months ended March 31, 2023 and 2022 was the result of the following factors:

- Operating – cash inflows for the three months ended March 31, 2023 decreased by $4.8 million when compared to the same period in 2022. The decrease is the result of higher cash interest and general and administrative costs offset by an increase in net operating income during the three months ended March 31, 2023.
- Investing – cash outflows for the three months ended March 31, 2023 were $6.2 million compared to $205.0 million for the same period in 2022. The cash outflows in the current period were primarily a result of capital expenditures and leasing costs throughout the REIT's portfolio. In the prior period, cash outflows were primarily a result of the Irish portfolio acquisition as well as capital expenditures throughout the REIT's portfolio.
- Financing – cash outflows of $3.8 million for the three months ended March 31, 2023 were primarily from distributions on REIT units and mortgage repayments net of advances on the revolving facility. For the three months ended March 31, 2022, the cash inflows of $200.5 million were primarily from the conversion of subscription receipts into units, the issuance of units under private placement, and the drawing of funds under a bridge loan for the Irish portfolio acquisition, offset by the repayment of the debt assumed in connection with the acquisition.

DEFERRED UNIT PLAN

Trustee deferred unit plan

Trustees who are not employees of the REIT or the Manager, Slate Asset Management L.P., or any of their subsidiaries, are eligible to participate in the deferred unit plan for Trustees (the “Trustee DUP”). Participants may elect to receive all or a portion of their annual retainer, meeting fees and additional compensation (including travel fees), in deferred units. One deferred unit, which vests immediately on the grant date, is equivalent to one trust unit. Additional deferred units accumulate at the same rate that distributions are paid on the trust units.

The deferred units may be redeemed by a participant for a period of two years after the participant ceases to be a Trustee of the REIT in whole or in part for cash or trust units. The value of the deferred units when converted to cash will be equivalent to the market value of trust units on the date of the redemption request.

At March 31, 2023, the liability associated with the Trustee DUP was $1.1 million (December 31, 2022 - $1.1 million) and the number of outstanding deferred units was 313,627 (December 31, 2022 - 260,332 units).

Officer deferred unit plan

The REIT has a deferred unit plan for its officers (the "Officer DUP") which provides officers of the REIT the opportunity to receive deferred units of the REIT. The maximum number of deferred units reserved for issuance under the Officer DUP is 1% of total units outstanding. One deferred unit, which vests immediately on the grant date, is equal to one trust unit. Any units issued under the Officer DUP will result in an equal reduction and offsetting in the asset management fee payable to SMULC, based on the trading price of units on the day of issuance.

The deferred units may be redeemed by a participant after two years following the date the units were issued in whole or in part for cash or trust units. The value of the deferred units when converted to cash will be equivalent to the market value of trust units on the date of the redemption request.

If a participant ceases to be an officer of the REIT, the deferred units must be redeemed no later than two years following that date.

As at March 31, 2023, the liability associated with deferred units issued under the Officer DUP was $48 thousand (December 31, 2022 - $57 thousand) and the number of deferred units was 13,473 (December 31, 2022 - 13,170).

EQUITY

The REIT is authorized to issue an unlimited number of trust units. Each trust unit represents a proportionate undivided beneficial interest and voting right in the REIT and entitles the holder to an equal participation in distributions of the REIT. The trust units are redeemable at the option of the holder at any time. The REIT's trust units are traded on the TSX and had a closing price of $3.54 on March 31, 2023.

The REIT is also authorized to create and issue an unlimited number of preferred units, in one or more classes comprised of unlimited series, having terms and conditions as may be determined by the Board of Trustees from time to time. There have been no preferred units created or issued.

As at March 31, 2023, the total number of trust units outstanding was 80,023,409. As at May 1, 2023, the total number of trust units outstanding was 80,023,409.

Normal course issuer bid

On June 22, 2022 the REIT renewed its NCIB, whereby the REIT may purchase up to 6,252,619 trust units, subject to certain restrictions. The renewed NCIB expires on the earlier of June 21, 2023 and the repurchase of the maximum number of trust units. The REIT did not repurchase any units under its NCIB during the three months ended March 31, 2023 and 2022.

At The Market Program

On June 17, 2022 the REIT established an at the market equity program ("ATM program") that allows the REIT to issue, at its discretion, up to $40.0 million of trust units to the public from time to time through its agents. Distributions pursuant to the ATM program will be made in accordance with the terms of an equity distribution agreement dated June 17, 2022 entered into among the REIT and its agents. The ATM program will be effective until May 29, 2023, unless terminated in accordance with the terms of the equity distribution agreement. The REIT did not issue units under its ATM program during the three months ended March 31, 2023 and 2022.

Potential trust units

	March 31, 2023	December 31, 2022
Class B LP units	5,285,160	5,285,160
Deferred units	327,100	273,502
Total	**5,612,260**	**5,558,662**

The Class B LP units are exchangeable into trust units of the REIT on a one-for-one basis, subject to anti-dilution adjustments. Each Class B LP unit is accompanied by one special voting unit of the REIT providing the same voting rights in the REIT as the trust units of the REIT and is entitled to distributions of cash equal to the cash distributions paid to holders of trust units by the REIT. The Class B LP units are recognized in the REIT's consolidated financial statements as financial liabilities measured at fair value through profit and loss. Upon exchange into trust units of the REIT, the carrying amount of the liability representing the fair value of the Class B LP units on exchange date will be reclassified to unitholders' equity. During the three months ended March 31, 2023 and 2022, there were no Class B LP units exchanged for the REIT's trust units.

Weighted average diluted units outstanding

The following is the weighted average diluted number of units outstanding during the three months ended March 31, 2023 and 2022. The diluted weighted average trust units outstanding is determined as if all of the Class B LP units and deferred units have been converted to units of the REIT:

	Three months ended March 31,	
	2023	2022
Basic weighted average units outstanding	80,023,409	74,934,938
Class B LP units	5,285,160	5,285,160
Basic weighted average deferred units outstanding	276,576	165,447
Diluted weighted average units outstanding	**85,585,145**	**80,385,545**

Diluted units outstanding

The following is the diluted number of units outstanding at March 31, 2023 and 2022. The diluted number of units outstanding is determined as if all of the Class B LP units and deferred units have been converted to units of the REIT:

	March 31, 2023	March 31, 2022
Trust units outstanding	80,023,409	80,174,209
Class B LP units	5,285,160	5,285,160
Deferred units	327,100	178,500
Diluted units outstanding	**85,635,669**	**85,637,869**

RELATED PARTY TRANSACTIONS

The REIT has a management agreement (the "Management Agreement") with SMULC, an indirect subsidiary of Slate, whereby SMULC as the REIT's manager provides the REIT with the strategic, administrative, property management, leasing, acquisition and disposition, financing and construction management services necessary to manage the strategy and day-to-day operations of the REIT and its assets.

Slate directly and indirectly held the following interests in the REIT:

	March 31, 2023	December 31, 2022
REIT units	2,871,051	2,871,051
Class B LP units	5,285,160	5,285,160
Total	**8,156,211**	**8,156,211**
Economic interest	**9.5%**	**9.5%**

Since becoming the manager of the REIT in late 2014, Slate has been a significant unitholder in the REIT. Accordingly, Slate is highly motivated to continue to grow the operations and financial position of the REIT on an accretive basis.

The Management Agreement provides for the following fees:

Type	Basis
Property management	3% of gross revenue [1]
Asset management	0.3% of gross book value [2]
Leasing	5% on new leases, 2% on renewals [3]
Financing	0.25% of debt financed
Construction	5.0% of costs
Acquisition	Variable [4]

[1]Gross revenue is defined as all revenues received by and/or on behalf of the REIT from the leasing and/or licensing of the REIT's properties.
[2]Gross book value is defined as the book value of the REIT's assets as shown on the previous quarter's consolidated financial statements, less restricted cash.
[3]Leasing fees are charged to the REIT net of any third party brokerage fees paid to leasing agents retained by the REIT. No fee is charged to the REIT where such third party fees are equal to or greater than the lease fee payable to SMULC.
[4]Acquisition fees are 1.0% on the first $100.0 million of acquisitions; 0.75% on the next $100.0 million of acquisitions and 0.50% for acquisitions in excess of $200.0 million.

The REIT incurred the following fees under the Management Agreement:

	Three months ended March 31,	
	2023	2022
Property management	$ 1,369	$ 1,309
Asset management	1,426	1,365
Leasing, financing and construction management	408	1,294
Acquisition	—	1,993
Transaction fee [1]	—	2,899
Total	**$ 3,203**	**$ 8,860**

[1]Fees charged for acquiring Yew Grove's processes and platform.

Property administration fees are generally recoverable under the tenants' leases relating to assets or resources of the Manager that are directly attributable to the management of the REIT's properties. Property administration fees were $2.4 million for the three months ended March 31, 2023 (March 31, 2022 – $2.1 million). Administrative fees are recovered from most tenants by the REIT in accordance with the terms of the leases, whereas property management fees payable by the REIT to the Manager are determined in accordance with the Management Agreement. On November 1, 2019, the REIT entered into an agreement to lease approximately 6,000 square feet of office space to Slate at one of its properties for a term of 10 years at market rents. In 2022, the REIT agreed to lease approximately 4,000 additional square feet to Slate at the same property and at the same rent rate and expiration. For the three months ended March 31, 2023, the REIT received $144 thousand in rent payment in respect of this lease (March 31, 2022 - $80 thousand). There were no amounts receivable related to this lease at March 31, 2023 and December 31, 2022.

The following are the assets and liabilities included in the consolidated statements of financial position of the REIT related to SMULC and Slate:

	March 31, 2023	December 31, 2022
Accounts receivable	211	412
Accounts payable and accrued liabilities	(209)	(220)
Class B LP units	(18,709)	(22,832)

PART V - ACCOUNTING AND CONTROL

CRITICAL ACCOUNTING ESTIMATES

The REIT has identified the estimate of the fair value of its properties as a critical accounting estimate due to the significance of the estimate to the REIT's financial position and impact of changes on fair value to net income. Estimating the fair value of real property is characterized by uncertainty, both in terms of differences between different methods of valuation but also in the selection of assumptions to reflect the property being valued, certain of which are subjective. There is no assurance that management's, or a third-party's, estimate of fair value would be realized on sale due to the specific and unique aspects of real property, including their location, liquidity, tenants and the local demand and supply of competing properties for tenants.

The REIT determines the fair value of properties based upon either the overall income capitalization rate method or the discounted cash flow method, direct comparison approach or through a combination of methods. All methods are generally accepted appraisal methodologies. If a third party appraisal is not obtained for a property, management uses one or a combination of the overall income capitalization rate method and the discounted cash flow method. In certain circumstances the direct comparison approach is used by comparing properties to similar properties that have sold, but adjusting for differences in the nature, location and other relevant considerations of the properties. The valuation methodology used, or combination of methodologies used, is based on the applicability and reliability of the relative approaches in the context of the subject property.

The fair values of properties are measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position.

The following is a summary of the methodologies undertaken by management to estimate the fair value of the REIT's properties:

Overall income capitalization approach

The overall income capitalization approach evaluates a property's potential to generate cash flows and converts those cash flows into a present value. Generally, the REIT estimates a stabilized NOI and applies a capitalization rate to that income to estimate fair value. Stabilized NOI is determined as the property's potential gross income that could be generated at full capacity, less a vacancy and collection allowance. The capitalization rate used is derived from analysis of comparable sales data and the relative relationship of other properties' NOI over their sale price. In many cases, industry surveys are available that provide indicative ranges of capitalization rates for recently sold properties or views on value, however, certain adjustments are required to adjust for the specific nature, location and quality of properties.

Discounted cash flow method

Under the discounted cash flow method, fair values are primarily determined by discounting the expected future cash flows, generally over a term of 10 years, including a terminal value based on the application of a capitalization rate to estimated year 11 NOI. Capitalization and discount rates are the most significant assumptions in determining fair value. The REIT uses leasing history, market reports, tenant profiles and available appraisals, among other things, in determining the most appropriate assumptions.

Direct comparison approach

This approach involves comparing properties similar to the property for which fair value is being estimated and making adjustments to reconcile differences in size, location, nature and the quality of the property.

A summary of the significant assumptions used in the REIT's estimate of fair value as at March 31, 2023 is included in this MD&A. Changes in these assumptions would have a significant impact on the REIT's estimate of fair value, which can be impacted by changes in demand for properties similar to those owned by the REIT, expectations of market rents, the covenant quality of tenants and the general economic environment. Further, these changes can occur at different times and magnitudes for each of the REIT's regions based on the investment environments in each of their respective markets.

INCOME TAXES AND THE REIT EXCEPTION

The REIT currently qualifies as a "mutual fund trust" as defined in the Tax Act. In accordance with the REIT's Declaration of Trust, distributions to unitholders are declared at the discretion of the trustees. The REIT endeavours to distribute to unitholders, in cash or trust units, in each taxation year its taxable income to such an extent that the REIT will not be liable to income tax under Part I of the Tax Act.

The Tax Act imposes a special taxation regime (the "SIFT Rules") applicable to certain publicly traded income trusts (each a "SIFT"). A SIFT includes a trust resident in Canada with publicly traded units that holds one or more "non-portfolio properties". "Non-portfolio properties" include certain investments in real properties situated in Canada and certain investments in corporations and trust residents in Canada and in partnerships with specified connections in Canada. Under SIFT Rules, a SIFT is subject to tax in respect of certain distributions that are attributable to the SIFT's "non-portfolio earnings" (as defined in the Tax Act; generally, income (other than certain dividends) from, or capital gains realized on, "non-portfolio properties", which does not include certain investments in non-Canadian entities), at a rate substantially equivalent to the combined federal and provincial corporate tax rate on certain types of income. The SIFT Rules are not applicable to a SIFT that meets certain specified criteria relating to the nature of its revenues and investments in order to qualify as a real estate investment trust for purposes of the Tax Act (the "REIT Exception"). The REIT believes that it qualifies for the REIT Exception as of March 31, 2023.

The REIT's U.S. and Irish subsidiaries are subject to income tax on taxable income from U.S. and Irish operations respectively. The REIT recognizes deferred tax assets and liabilities at prevailing tax rates when such differences are expected to settle. Based on tax laws enacted at the reporting date, the U.S. subsidiary is subject to a combined federal and state rate of 28.51%, and the Irish subsidiaries are subject to a tax rate of 25.00% on rental income, 33.00% on capital gain. The REIT assesses each reporting period whether it can recognize the deferred tax asset of its U.S. and Irish subsidiaries.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The REIT's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as such terms are defined in National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

DC&P are those controls and other procedures that are designed to provide reasonable assurance that all material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are those controls and other procedures that are designed to ensure that material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the REIT's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS for the three months ended March 31, 2023.

The REIT's CEO and CFO, along with the assistance of others, have designed disclosure controls and procedures to provide reasonable assurance that information required to be disclosed in the various reports filed or submitted by the REIT under securities legislation is recorded, processed, summarized and reported accurately and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In the design of its internal controls the REIT uses the 2013 framework published by the Committee of Sponsoring Organizations of the Treadway Commission. No changes were made in the REIT's design of ICFR for the three months ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

In designing such controls, it should be recognized that due to inherent limitations, any controls or control systems, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected or prevented. These inherent limitations include, without limitation, (i) the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any control system 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. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART VI - PROPERTY TABLE

Details of the REIT's property portfolio at March 31, 2023 are set out in the table below:

Asset Class	Property Address	Property Name	City	Year Built / Renovated / Expanded	Interest	Square feet of GLA	Occupancy
United States Office							
	20 South Clark	20 South Clark	Chicago, IL	1970 / 2018-2021	100%	372,737	84.8%
	120 South LaSalle	120 South LaSalle	Chicago, IL	1929 / 1998	100%	656,059	87.1%
	275 N Field Drive	275 N Field Drive	Chicago, IL	1989 / 2021	100%	197,527	67.0%
Total United States Office						**1,226,323**	**83.2%**
Greater Toronto Area Office							
	7030, 7050, 7100 Woodbine Avenue & 55, 85 Idema Road	Woodbine & Steeles Corporate Centre	Markham, ON	1984 / 2011	75%	359,563	81.0%
	3000 - 3100 Steeles Avenue East	Gateway Centre	Markham, ON	1982 / 1987	75%	243,248	86.7%
	2655 – 2695 North Sheridan Way	The Sheridan Exchange	Mississauga, ON	1987 / 1989	75%	158,233	88.8%
	2285 Speakman Drive		Mississauga, ON	1981 / 2016	100%	127,419	100.0%
	2599 Speakman Drive		Mississauga, ON	1971 / 2011	100%	127,782	68.8%
	2251 Speakman Drive		Mississauga, ON	1965/2016	100%	115,580	100.0%
	1189 Colonel Sam Drive		Oshawa, ON	2001	100%	103,179	100.0%
	185-195 The West Mall	West Metro Corporate Centre	Toronto, ON	1986 / 2006	75%	617,999	61.9%
	401-405 The West Mall	Commerce West	Toronto, ON	1982 / 2009	75%	412,450	79.3%
Total Greater Toronto Area Office						**2,265,453**	**78.9%**
Atlantic Office							
	440 King Street	Kings Place	Fredericton, NB	1974 / 2001	100%	298,454	73.4%
	250 King Street		Fredericton, NB	2000	100%	80,164	100.0%
	460 Two Nations Crossing		Fredericton, NB	2008	100%	50,229	100.0%
	570 Queen Street		Fredericton, NB	1989	100%	69,445	49.3%
	644 Main Street	Blue Cross Centre	Moncton, NB	1988 / 2006	100%	319,705	98.9%
	81 Albert Street		Moncton, NB	2002	100%	64,954	100.0%
	39 King Street[1]	Brunswick Square	Saint John, NB	1976	100%	515,326	52.2%
	100 New Gower Street	Cabot Place	St. John's, NL	1987	100%	141,758	55.9%
	10 Factory Lane	The Johnson Building	St. John's, NL	1980	100%	210,863	75.5%
	5 Springdale Street	Fortis Place	St. John's, NL	2014	100%	142,973	73.0%
	140 Water Street	TD Place	St. John's, NL	1980 / 2013	100%	108,972	47.3%
	1505 Barrington Street	Maritime Centre	Halifax, NS	1977 / 1985	100%	526,849	86.6%
	84-86 Chain Lake Drive	84-86 Chain Lake	Halifax, NS	2008 / 2011	100%	77,983	90.8%
Total Atlantic Office						**2,607,675**	**75.0%**

[1]GLA and occupancy stats do not include the Delta Brunswick Hotel.

Asset Class	Property Address	Property Name	City	Year Built / Renovated / Expanded	Interest	Square feet of GLA	Occupancy
Ireland Office							
	Three Gateway, East Wall Road	Three Gateway	Dublin, Dublin	2006	100%	43,212	100.0%
	One Gateway, East Wall Road	One Gateway	Dublin, Dublin	2006	100%	51,495	46.6%
	Ashtown Gate Road	Ashtown Gate Blocks B&C	Dublin, Dublin	2000	100%	33,149	100.0%
	Citywest Business Campus	Citywest Blocks E&F	Dublin, Dublin	1998	100%	45,972	73.0%
	Birch House, Millennium Park	Birch House	Naas, Kildare	2006	100%	40,333	100.0%
	Chestnut House, Millennium Park	Chestnut House	Naas, Kildare	2006	100%	31,600	100.0%
	Hazel House, Millennium Park	Hazel House	Naas, Kildare	2006	100%	19,326	100.0%
	Ash House, Millennium Park	Ash House	Naas, Kildare	2006	100%	19,108	100.0%
	Willow House, Millennium Park	Willow House	Naas, Kildare	2006	100%	17,865	100.0%
	Beech House, Millennium Park	Beech House	Naas, Kildare	2006	100%	12,778	100.0%
	Athlone Business & Technology Park	Teleflex	Athlone, Westmeath	2016	100%	45,370	100.0%
	Cork Airport Business Park	Unit 2600, Cork Airport	Cork, Cork	1999	100%	40,827	49.6%
	Mallow Business Park	Blackwater House	Mallow, Cork	2000	100%	30,015	94.7%
	Letterkenny Business & Technology Park	Optum Buildings	Letterkenny, Donegal	1999 / 2007	100%	90,548	100.0%
	Waterford Business & Technolgy Park	IDA Waterford Block A	Waterford, Waterford	2005	100%	28,027	65.1%
	IDA Athlone Block A, Athlone Business & Technology Park	IDA Athlone Block A	Athlone, Westmeath	2009	100%	33,693	100.0%
	IDA Athlone Blocks B & B2, Athlone Business & Technology Park	IDA Athlone Blocks B & B2	Athlone, Westmeath	2009	100%	101,230	100.0%
	IDA Athlone Block C, Athlone Business & Technology Park	IDA Athlone Block C	Athlone, Westmeath	2008	100%	26,447	100.0%
	IDA Athlone Block C - Extension, Athlone Business & Technology Park	IDA Athlone Block C - Extension	Athlone, Westmeath	2022	100%	35,897	100.0%
Total Ireland Office						**746,892**	**90.4%**
Western Office							
	280 Broadway Avenue [2]		Winnipeg, MB	1957	100%	105,341	86.2%
	114 Garry Street		Winnipeg, MB	1950 / 1995	100%	74,246	100.0%
	365 Hargrave		Winnipeg, MB	Various	100%	70,719	100.0%
	1870 Albert Street	Saskatchewan Place	Regina, SK	1985	100%	84,862	57.5%
Total Western Office						**335,168**	**84.9%**
Office						**7,181,511**	**80.2 %**
Non-office							
	Airways Industrial Estate	Airways Units 7 & 8	Dublin, Dublin	1979	100%	87,969	100.0%
	Naas Enterprise Park	Unit L2 Toughers	Naas, Kildare	2000	100%	34,494	100.0%
	Coes Road	Tanola House	Dundalk, Louth	2019	100%	86,451	100.0%
	Bridge Street	Bridge Centre	Tullamore, Offaly	1995	100%	6,238	100.0%
	1450 Waverley Street	Bell MTS Data Centre	Winnipeg, MB	2015	100%	64,218	100.0%
	200 Manitoba 10	Walmart Flin Flon	Flin Flon, MB	2002	100%	63,439	100.0%
Non-office						**342,809**	**100.0%**
Total Portfolio						**7,524,320**	**80.6%**

[2]Includes a seven-storey office building at 280 Broadway Avenue, a three-storey multi-family residential building located at 70 Smith Street and two parking lots located at 286 Broadway Avenue and 68 Smith Street; excludes occupancy from residential tenants at 70 Smith Street.

Corporate Information

Slate Office REIT is an unincorporated, open-ended investment trust fund under and governed by the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate office properties.

Head Office
Slate Office REIT
121 King Street W, Suite 200
Toronto, ON M5H 3T9
T +1 416 644 4264
F +1 416 947 9366
E info@slateam.com

Independent Auditors
KPMG LLP
Chartered Professional Accountants
Toronto, Canada

Toronto Stock Exchange Listings
SOT.UN: trust units
SOT.DB: 9.00% convertible unsecured subordinated debentures
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Registrar and Transfer Agent
TSX Trust Company
301 - 100 Adelaide Street W
Toronto, ON M5H 4H1
T +1 416 361 0930
F +1 416 361 0470

The REIT's website www.slateofficereit.com provides additional information regarding the REIT's portfolio. investment strategy, management and corporate governance. Additionally, the Investor section includes news, presentations, events, regulatory filings and stock information.

SLATE
Slate Office REIT
121 King Street W, Suite 200
Toronto, ON M5H 3T9