Slate Office REIT

Q3 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 November 14, 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

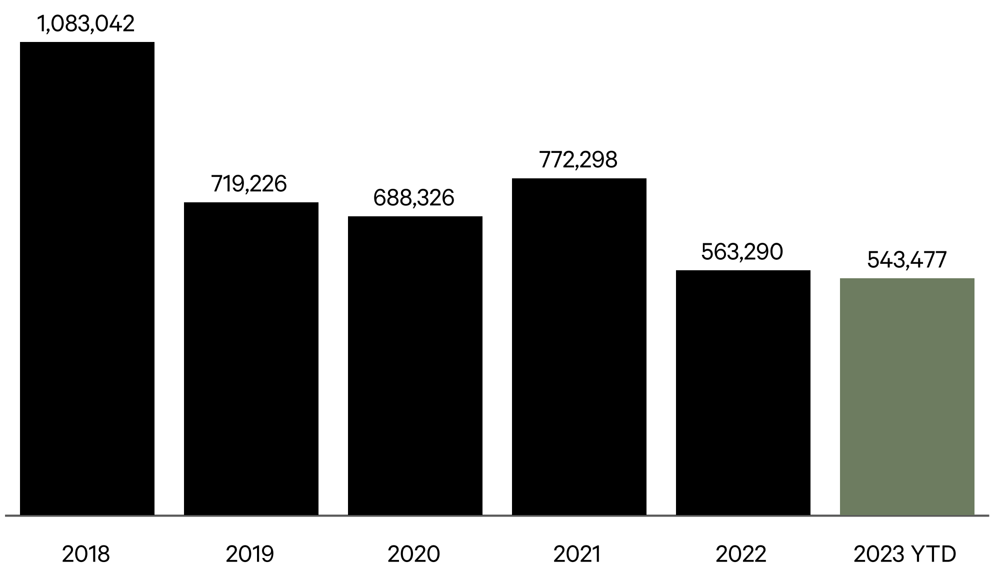
54
Investment properties

7.5M
Square feet

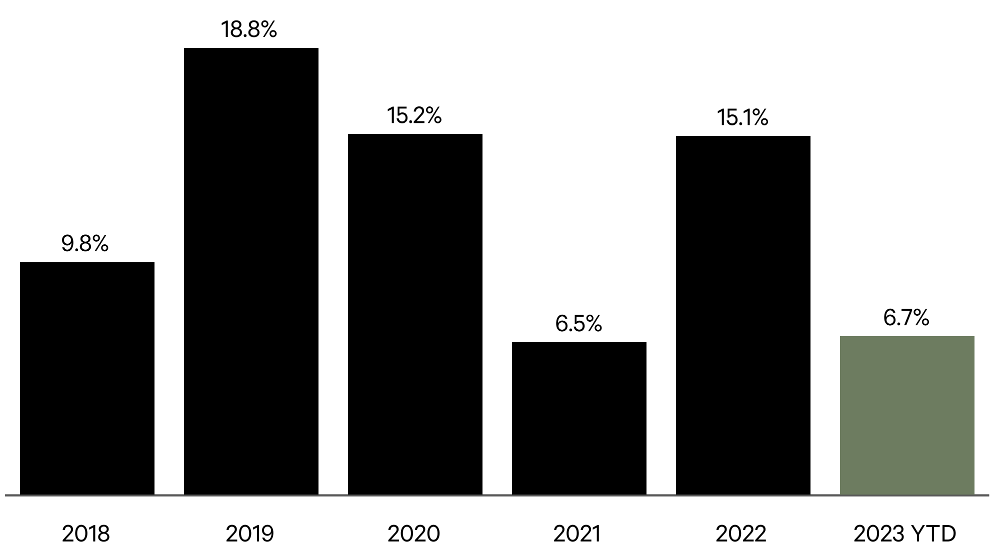
$1.8B
Total asset value

Strong Leasing Activity and Spreads

Total Leasing Activity (New and Renewal)



Total Leasing Spreads (New & Renewal)



Top 5 Tenants

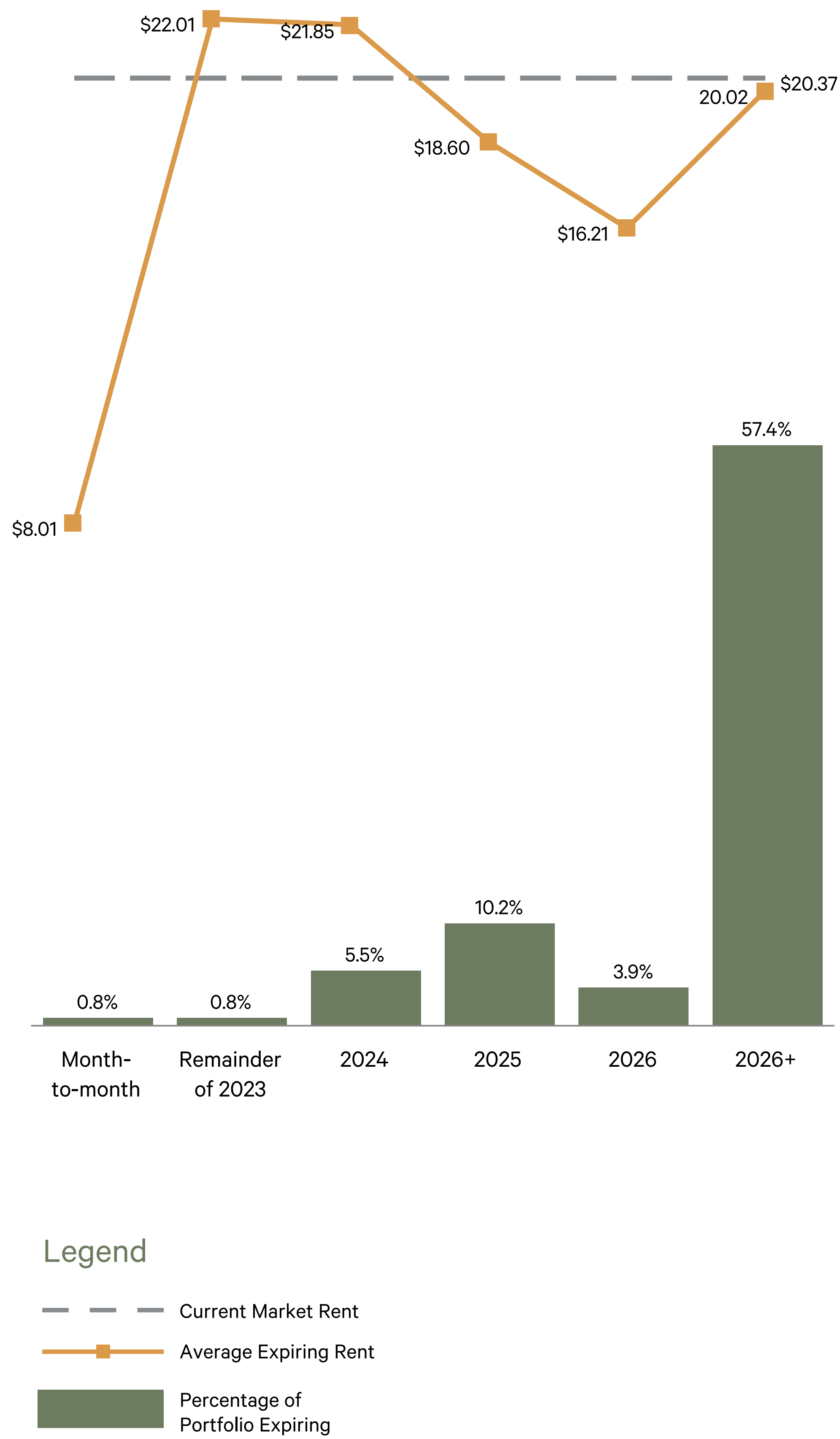
Ranked by Annual Base Rent*

1	8.0%	CIBC
2	6.2%	Bell
3	5.1%	Government of Canada / Gouvernement du Canada
4	4.0%	SNC·LAVALIN
5	3.1%	Government of Ireland

69% of base rent is derived from government or credit rated tenants

* As at September 30, 2023

In-Place vs. Market Rents



Slate. Where value investing meets investors with values.

Letter to Unitholders

Dear Fellow Unitholders,

Against a challenging macroeconomic backdrop, our team made steady progress this quarter toward improving the REIT's liquidity and strengthening our balance sheet. Notably, our team successfully refinanced or amended over C$577 million, or nearly half of the REIT's total debt. This included refinancing the mortgage loans on two of the REIT's Greater Toronto Area assets, collectively totaling approximately C$127.7 million, as well as an additional C$138.6 million of debt on two properties located in Mississauga, ON and Chicago, IL.

The REIT also completed an amendment to the terms of its existing revolving credit facility to provide borrowing base availability and financial covenant relief through to the fiscal quarter ending March 31, 2024, providing the REIT with additional liquidity. These refinancings and amendments have significantly reduced the REIT's upcoming debt maturities. The REIT has only one remaining maturity of C$34.0 million in the balance of 2023, which it expects to refinance in the fourth quarter. With a diverse range of financing counterparties, the REIT has benefited from the wider financing relationships of its manager, Slate Asset Management.

As an additional measure to strengthen the REIT's balance sheet and improve liquidity, subsequent to quarter end, the Board of the REIT (the "Board") decided to suspend the REIT's monthly cash distribution to retain an additional C$10.2 million of cash annually. The Board believes that suspending the REIT's distribution will preserve capital, reduce leverage, and ensure the REIT will be in a stronger financial position when we emerge from this economic cycle.

> We are encouraged by the recovery we are seeing in the global office market, with many multi-national organizations launching return-to-office mandates and employees spending more time in the office.

As part of our continued value preservation efforts, our team has remained focused on proactive leasing to increase occupancy, grow in-place rental revenue, and extend lease term.

The REIT completed 277,599 square feet of total leasing in the quarter at improved rental rates and longer lease terms. Total leasing was completed at a Weighted Average Lease Term ("WALT") of 5.0 years, which reflects an increase over 4.8 years in the prior quarter, and new leases were completed at a WALT of 7.3 years, up from 5.7 years last quarter.

Our portfolio occupancy remains stable at 78.6%, and less than 1.0% of the portfolio's Gross Leasable Area ("GLA") remains to be renewed in the fourth quarter of 2023. Looking ahead, only 5.5% of the portfolio's GLA is in discussion for renewal in 2024. The REIT has a strong leasing pipeline with over 200,000 square feet of potential new deals under discussion with major users.

To position the portfolio for long-term stability and performance, the REIT's senior management, together with the Board, are introducing a Portfolio Realignment Plan that is intended to improve the REIT's liquidity, strengthen its balance sheet through reduced debt, and improve portfolio composition.

The Plan will see the REIT divest non-core assets in certain Canadian markets comprising approximately 40.0% of the REIT's total GLA. Capital realized from these dispositions will go toward the repayment of debt and general liquidity for the REIT's business operations. The REIT expects that the dispositions will continue through to 2025.

The REIT intends to retain as long-term holdings a continuing portfolio of assets that are similar in terms of their quality, occupancy, tenant profile, and cash flow and are located in markets with strong economic drivers and stable office demand. Together with the Board, we believe these assets will constitute a more focused and resilient REIT with stronger portfolio KPIs and lower funding requirements.

We are encouraged by the recovery we are seeing in the global office market, with many multi-national organizations launching return-to-office mandates and employees spending more time in the office. We continue to have conviction in the value of our office portfolio, and believe the actions the REIT has taken to retain cash, pay down debt, and proactively create value within our portfolio and capital structure will ultimately position us 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,
Brady Welch
Interim Chief Executive Officer
November 14, 2023

[1] Source: European Commission - Economic Forecast for Ireland dated 15 May 2023

Management's Discussion and Analysis

SLATE OFFICE REIT

TSX: SOT.UN

September 30, 2023

CONTENTS

FINANCIAL AND INFORMATIONAL HIGHLIGHTS

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

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Summary of Portfolio Information					
Number of properties	54	54	54	54	53
Gross leasable area ("GLA") [1]	7,525,170	7,523,672	7,524,320	7,520,247	7,324,390
Total assets	$ 1,822,403	$ 1,826,368	$ 1,862,474	$ 1,869,362	$ 1,955,525
Total debt	$ 1,190,712	$ 1,166,406	$ 1,158,116	$ 1,153,253	$ 1,137,914
Occupancy [2]	78.6%	79.1%	80.6%	81.1%	81.9%

			Three months ended		
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Summary of Financial Information					
Revenue	$ 51,034	$ 48,708	$ 49,092	$ 48,633	$ 50,959
Net operating income ("NOI") [3]	$ 25,972	$ 24,594	$ 24,360	$ 24,604	$ 26,860
Net (loss) income	$ (34,730)	$ (19,622)	$ (4,071)	$ (86,854)	$ 18,357
Funds from operations ("FFO") [3]	$ 4,776	$ 5,770	$ 5,314	$ 7,917	$ 10,299
Core-FFO [3]	$ 5,678	$ 6,658	$ 6,188	$ 8,778	$ 11,146
Adjusted FFO ("AFFO") [3]	$ 5,151	$ 6,166	$ 5,251	$ 7,562	$ 11,253
IFRS net asset value ("NAV") [3]	$ 579,466	$ 617,069	$ 653,743	$ 668,834	$ 766,573
Per Unit Financial Information					
Weighted average diluted number of trust units (000s)	85,703	85,640	85,585	85,578	85,658
Diluted units outstanding (000s)	85,788	85,700	85,636	85,582	85,674
IFRS NAV per unit [3]	$ 6.75	$ 7.20	$ 7.63	$ 7.82	$ 8.95
FFO per unit [3]	$ 0.06	$ 0.07	$ 0.06	$ 0.09	$ 0.12
Core-FFO per unit [3]	$ 0.07	$ 0.08	$ 0.07	$ 0.10	$ 0.13
AFFO per unit [3]	$ 0.06	$ 0.07	$ 0.06	$ 0.09	$ 0.13
Distributions per unit [3]	$ 0.03	$ 0.03	$ 0.10	$ 0.10	$ 0.10
FFO payout ratio [3]	53.6%	44.4%	160.4%	107.7%	82.9%
Core-FFO payout ratio [3]	45.1%	38.4%	137.7%	97.1%	76.6%
AFFO payout ratio [3]	49.7%	41.5%	162.3%	112.7%	75.9%

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Financial Data					
Loan-to-value ("LTV") ratio [3]	65.6%	64.0%	62.3%	61.9%	58.4%
Weighted average debt interest rate [4]	5.3%	5.1%	4.5%	4.4%	3.9%
Interest coverage ratio (times) [3]	1.6x	1.8x	1.9x	2.0x	2.0x
Net debt to adjusted EBITDA ratio (times) [3]	13.1x	12.6x	12.5x	12.1x	12.1x

[1] GLA 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 Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Slate Office REIT (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 nine months ended September 30, 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 unaudited condensed consolidated interim financial statements as at September 30, 2023 and for the three and nine months ended September 30, 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 November 14, 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

The 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 ("SLAM")., (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 10.0% interest at September 30, 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.sedarplus.ca 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 IFRS, including NOI, same property NOI, FFO, Core-FFO, AFFO, FFO payout ratio, Core-FFO payout ratio, AFFO payout ratio, NAV, adjusted EBITDA, net debt to adjusted EBITDA ratio, interest coverage ratio, debt service coverage ratio and LTV ratio, in addition to certain 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 International Financial Reporting Interpretations Committee 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 a data centre in Winnipeg, Manitoba (the "Data Centre"), 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 ("MTM") adjustments on mortgages refinanced or discharged; adjustments for interest rate subsidies received; recognition of the REIT's share of lease payments received for the Data Centre, 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 (the "payout ratios") 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.
- FFO per unit, Core-FFO per unit and AFFO per unit are defined as FFO, Core-FFO and AFFO divided by the weighted average diluted number of units outstanding, respectively.
- NAV is defined as the aggregate of the carrying value of the REIT's equity, Class B LP units, deferred units, and deferred tax liability.
- 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.
- Net 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.
- LTV ratio is defined as total indebtedness divided by total assets less restricted cash.

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.sedarplus.ca.

STRATEGY

Our strategy is to own an institutional quality portfolio of assets in stable 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 and an ability to generate cash flow.

While our primary goals are to grow NAV 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;
- 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 accordingly.

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

The environmental, social, and corporate governance ("ESG") strategy at Slate is to mindfully grow our business by striking a careful balance between environmental and social responsibility with the aim of creating positive outcomes for our tenants, employees and communities whilst generating value for our investors. To achieve this, we are embedding ESG practices into the core of Slate's and the REIT's day-to-day operations, and building out strategic and targeted action plans, goals and targets that align with the four ESG focus areas for Slate and the REIT - Climate Change, Resource Efficiency, Social Impact and Ethical Business Conduct. In tandem, there is a growing obligation from regulators and financial reporting bodies such as the IFRS Foundation and the newly affiliated International Sustainability Standards Board ("ISSB") to report on sustainability and climate-related issues.

ESG Disclosure Obligations

The ISSB has developed the IFRS Sustainability Disclosure Standards which are two sets of standards designed to give investors meaningful insight into how climate and sustainability related risks and opportunities are being managed by leadership. These are IFRS S1 General sustainability disclosures which apply the Task Force for Climate Related Disclosure framework ("TCFD") to non-climate related sustainability issues and the IFRS S2 Climate disclosure standards which apply the TCFD framework to climate-related aspects such as physical and transition risks, climate resilience and greenhouse gas emissions. Final disclosure standards were published in June 2023 with final application expected on 1st January, 2024. The REIT would report under IFRS S1 and S2 alongside its financial statements in 2025 with relief being available for the first year of reporting. As reported previously, the REIT has already put into action a number of measures as part of its own ESG commitment that will align with the expected sustainability and climate related reporting obligations. This includes:

Energy and Water Management

The REIT is actively capturing energy, carbon, water and waste data for each property to support measurement, monitoring, target setting and reporting.

Management of Tenant Sustainability Impacts

Green leases are in place and being rolled out to Irish property tenants. Green lease language is being reviewed and updated for Canadian and U.S. property tenants.

Climate Change Risks and Adaptation

Slate, as manager of the REIT, adopted a systematic process to evaluate the exposure of existing properties and all new acquisitions to climate physical risks. This process informs the management team of the nature and scale of risk exposure under various climate change scenarios. Slate has commissioned a comprehensive climate analysis via a climate risk and strategy consultant. The purpose of this analysis is not only to understand the REIT's climate positioning relative to its peer group, but also to evaluate its readiness to decarbonise and outline potential decarbonisation trajectories. The undertaking also includes the development of marginal abatement cost curves ("MACC") and the creation of a decarbonisation roadmap. This roadmap will be aligned with CRREM (Climate Risk Real Estate Monitor) and SBTi (Science Based Target Initiative) pathways, providing outcomes for both reporting and monitoring. Furthermore, a succinct transition plan that adheres to the current TCFD guidance is also part of the initiative.

The results of the analysis were completed towards the end of the third quarter and are in the process of being reviewed and actions plans being drawn up with input from property management teams.

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 NAV 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 NAV on a per unit basis and (ii) distributions received, represents the value provided to them by the REIT.

The following reconciliation shows the change in IFRS NAV of the REIT on a total and per unit basis for the nine months ended September 30, 2023, and the years ended December 31, 2022 and 2021:

	Nine months ended September 30, 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	18,524	0.22	43,423	0.51	42,621	0.58
Property fair value changes [2]	(82,915)	(0.97)	(87,508)	(1.02)	8,708	0.12
Other fair value changes	1,508	0.02	39,144	0.46	19,947	0.27
Depreciation on hotel	(724)	(0.01)	(966)	(0.01)	(1,022)	(0.01)
Foreign exchange	(1,441)	(0.02)	11,139	0.13	(710)	(0.01)
Unit issuances	—	—	60,202	(0.59)	—	—
Distributions	(15,629)	(0.16)	(33,316)	(0.40)	(29,192)	(0.40)
Unit repurchases	—	—	(710)	0.01	—	—
Transaction costs	—	—	(1,240)	(0.01)	(657)	(0.01)
Other	(8,691)	(0.15)	(13,292)	(0.16)	(15,241)	(0.21)
End of period	**$ 579,466**	**$ 6.75**	**$ 668,834**	**$ 7.82**	**$ 651,958**	**$ 8.90**

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

NAV 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 NAV 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 $1.07 per unit driven by a decrease in fair value of investment properties of $82.9 million or $0.97 per unit. This was partially offset by Core-FFO of $18.5 million or $0.22 per unit. The REIT has paid $0.16 per unit in distributions to unitholders for the nine months ended September 30, 2023.

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

	Nine months ended September 30, 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	(13.7)%	$ (1.07)	(12.1)%	$ (1.08)	3.9%	$ 0.33
Distributions	2.0%	0.16	4.5%	0.40	4.7%	0.40
Total	**(11.7)%**	**$ (0.91)**	**(7.6)%**	**$ (0.68)**	**8.6%**	**$ 0.73**

In 2023, the REIT has provided $0.16 per unit in cash distributions to unitholders. This represents a cash return of 2.0% for the nine months ended September 30, 2023 and a total return of (11.7)% 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 NAV 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 NAV attributable to unitholders and changes thereon based on the execution of the REIT's strategy.

The following is the calculation of IFRS NAV on a total and per unit basis at September 30, 2023 and December 31, 2022 from the REIT's consolidated financial statements:

	September 30, 2023	December 31, 2022
Equity	$ 571,706	$ 644,366
Class B LP units	6,924	22,832
Deferred unit liability	628	1,182
Deferred tax liability	208	454
IFRS net asset value	**$ 579,466**	**$ 668,834**
Diluted number of units outstanding [1]	85,788	85,582
IFRS net asset value per unit	**$ 6.75**	**$ 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.

The following is an illustration of the REIT's valuation used to determine IFRS NAV at September 30, 2023:

(thousands, except per unit amount)	September 30, 2023
Property fair value[1]	$ 1,710,503
Data Centre	44,129
Working capital	15,546
Debt	(1,190,712)
IFRS net asset value	**$ 579,466**
Diluted number of units outstanding	85,788
IFRS net asset value per unit	**$ 6.75**

[1]Includes $157.4 million of assets held for sale.

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

	September 30, 2023
Ontario	$ 2.27
Atlantic	2.01
Western	0.22
U.S.	1.25
Ireland	1.00
IFRS net asset value per unit	**$ 6.75**

SIGNIFICANT HIGHLIGHTS

Leasing

The REIT completed 35 transactions in the third quarter of 2023, totaling 277,599 square feet, compared to 21 transactions in the prior quarter totaling 144,888 square feet. Rental rate spreads were 4.9% 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 4-year renewal with a Government tenant for 70,718 square feet at 365 Hargrave.
- A 2-year renewal with a Government tenant for 19,287 square feet at Commerce West.
- A 10-year new deal with a flexible workspace provider for 22,985 square feet at Maritime Centre.
- A 10-year new deal with a Government tenant for 10,496 square feet at Chestnut House.

Property Transactions

During Q3 2023, the REIT acquired the remaining 25% of West Metro Corporate Centre. The REIT did not complete any dispositions in the third 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 Q3 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 continued to advance re-financing its 2023 maturing debt.

- On August 4, 2023, the REIT extended the maturity on one of its Ontario property's financing for a two year term with incremental proceeds of $4.5 million.
- On August 23, 2023, in connection with the acquisition of West Metro Corporate Centre, the REIT assumed the remaining $24.0 million of debt associated with this property. Following this acquisition, the REIT refinanced the total outstanding debt of $95.9 million to a one year $82.3 million mortgage. The REIT also obtained a vendor-take-back loan of $2.9 million.

Financial

- Net loss was $34.7 million and NOI was $26.0 million for the three months ended September 30, 2023 compared to net income of $18.4 million and NOI of $26.9 million for the three months ended September 30, 2022.
- Same property NOI was $24.7 million for the three months ended September 30, 2023 which is an improvement from $23.9 million for the three months ended June 30, 2023.
- FFO and Core-FFO for the three months ended September 30, 2023 were $4.8 million and $5.7 million or $0.06 and $0.07, respectively on a per unit basis compared to $5.8 million and $6.7 million or $0.07 and $0.08 per unit, respectively for the three months ended June 30, 2023.
- AFFO for the three months ended September 30, 2023 was $5.2 million or $0.06 per unit, compared to $6.2 million or $0.07 per unit for the three months ended June 30, 2023.

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 and 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.
- Since then, the Board's investment committee have reviewed each of the REIT's properties, financings and planned expenditure for fit with strategy.
- In November 2023, the REIT’s Board of Trustees has determined to suspend its monthly cash distribution which is expected to provide the REIT with an additional $10.2 million of cash annually, for the paydown of debt and the funding of ongoing business operations. The Board of Trustees will continue to monitor the REIT’s financial performance, operating environment, and progress with its Portfolio Realignment Plan (described below) to determine when it is appropriate to reinstate a regular cash distribution.

PART II - LEASING AND PROPERTY PORTFOLIO

LEASING

Growing rental income by increasing occupancy and continuing to MTM rental rates is a key focus for the REIT. Leasing volume for the third quarter of 2023 totaled 277,599 square feet at a weighted average rental rate spread of 4.9% above in-place and expiring rents for new and renewed leasing. In-place rental rates across the portfolio are at a weighted average of 2.6% below current market rent, providing opportunities for the REIT to continue increasing rental income going forward.

Notable lease transactions in the quarter include the following:

- A 4-year renewal with a Government tenant for 70,718 square feet at 365 Hargrave.
- A 2-year renewal with a Government tenant for 19,287 square feet at Commerce West.
- A 10-year new deal with a flexible workspace provider for 22,985 square feet at Maritime Centre.
- A 10-year new deal with a Government tenant for 10,496 square feet at Chestnut House.

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. 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 September 30, 2023			Three months ended June 30, 2023		
	GLA	Occupancy (square feet)	Occupancy (%)	GLA	Occupancy (square feet)	Occupancy (%)
Occupancy, beginning of period	7,523,672	5,950,470	79.1%	7,524,320	6,064,317	80.6%
Remeasurements	1,498	—	—%	(648)	—	—%
Change in same property occupancy	—	(34,528)	(0.5%)	—	(113,847)	(1.5%)
Occupancy, end of period	**7,525,170**	**5,915,942**	**78.6%**	**7,523,672**	**5,950,470**	**79.1%**

Occupancy at September 30, 2023 was 78.6% and the weighted average lease term was 5.4 years. New leases completed in the third 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 September 30, 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:

	September 30, 2023			June 30, 2023		
	Weighted average years to maturity [1]	GLA	% of GLA	Weighted average years to maturity [1]	GLA	% of GLA
Atlantic	4.9	1,894,363	25.2%	5.0	1,902,899	25.3%
Ontario	4.4	1,770,154	23.5%	4.4	1,783,214	23.7%
Western	6.6	410,702	5.5%	6.2	412,250	5.5%
Ireland	8.0	855,701	11.4%	8.1	850,372	11.3%
U.S.	5.3	985,022	13.1%	5.4	1,001,735	13.3%
	5.4	5,915,942	78.6%	5.4	5,950,470	79.1%
Vacant		1,609,228	21.4%		1,573,202	20.9%
Total		**7,525,170**	**100.0%**		**7,523,672**	**100.0%**

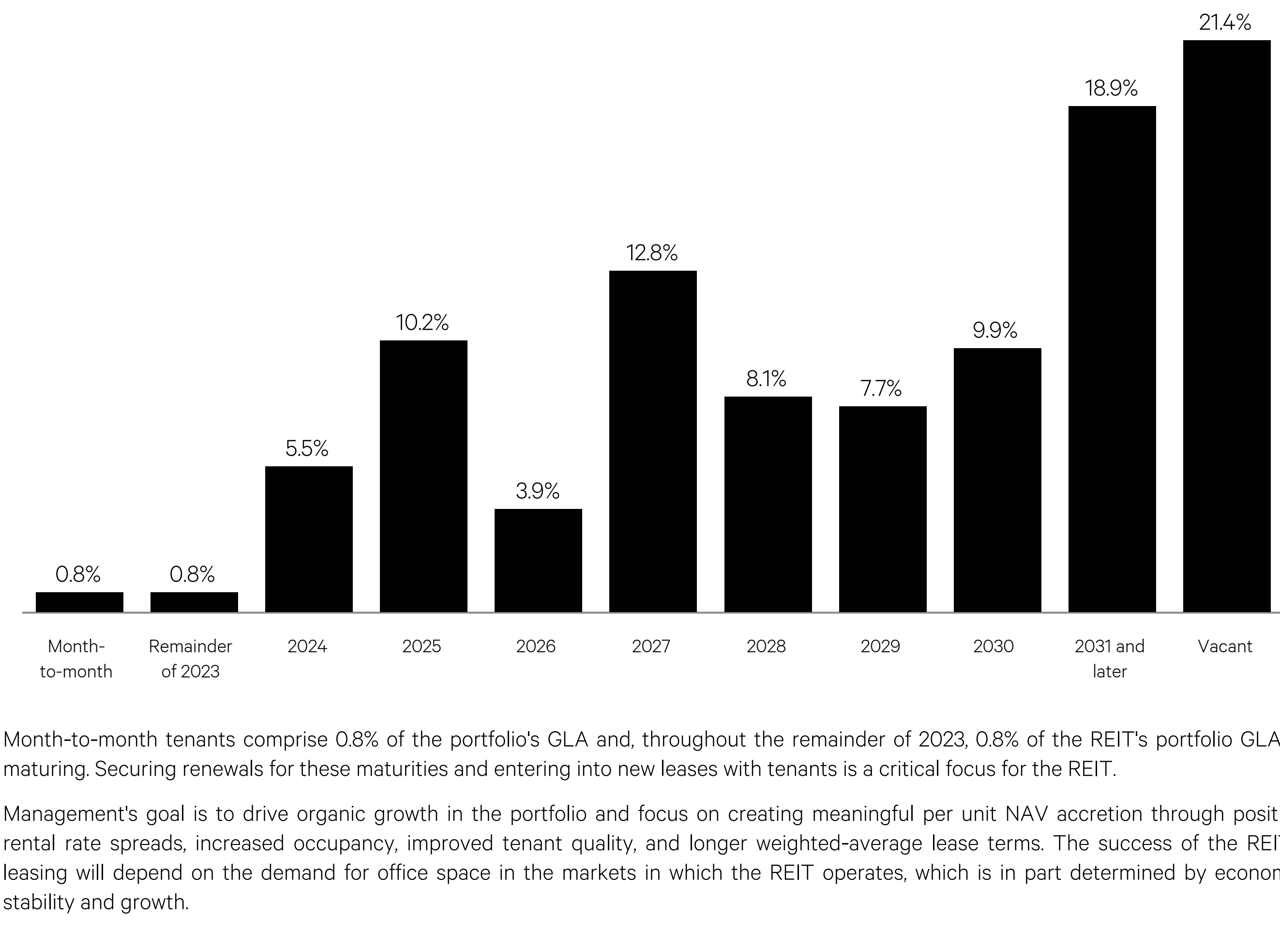
[1]The calculation of weighted average years to maturity does not include month-to-month tenants.

The following is a profile of the maturities of the REIT's leases excluding the impact of tenant extension options at September 30, 2023:

	GLA	% of portfolio	Weighted average in-place rent (per square foot) [1]
Month-to-month	61,732	0.8%	$ 8.01
Remainder of 2023	56,463	0.8%	22.01
2024	414,921	5.5%	21.85
2025	768,025	10.2%	18.60
2026	292,921	3.9%	16.21
2027	963,799	12.8%	18.69
2028	613,038	8.1%	18.77
2029	582,786	7.7%	17.55
2030	742,087	9.9%	28.71
2031 and later	1,420,170	18.9%	18.62
Vacant	1,609,228	21.4%	n/a
Total / weighted average	**7,525,170**	**100.0%**	**$ 19.83**

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

Lease Maturities



Month-to-month tenants comprise 0.8% of the portfolio's GLA and, throughout the remainder of 2023, 0.8% of the REIT's portfolio GLA is maturing. Securing renewals for these maturities and entering into new leases with tenants is a critical focus for the REIT.

Management's goal is to drive organic growth in the portfolio and focus on creating meaningful per unit NAV 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 September 30, 2023 is $19.83 per square foot, representing a 2.6% discount to current market rent. The rental rate spread was 4.9% for all deals done across the portfolio in Q3 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 September 30, 2023:

	GLA	Number of leases	Weighted average expiring rent (per square foot)	Weighted average new rent (per square foot)	Increase in rent (per square foot)
Renewed leases	205,126	21	$ 19.86	$ 20.52	3.3%
New leases	72,473	14	18.14	19.92	9.9%
Total / weighted average	277,599	35	$ 19.41	$ 20.36	4.9%
Less: leases not renewed / vacated	(81,517)	(11)			
Net total	**196,082**	**24**			

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
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
Q2 2023	111,174	13	9.1%	33,714	8	21.9%	144,888	21
Q3 2023	205,126	21	3.3%	72,473	14	9.9%	277,599	35
Total	**439,017**	**49**	**5.0%**	**190,726**	**40**	**12.6%**	**629,743**	**89**

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 1,109,556 square feet or 16.9% of base rent at share with a weighted average lease term of 5.0 years. Further, 68.7% 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 September 30, 2023, which together represent 38.6% 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	8.0%	5.9
Bell Canada Enterprises	BBB+	136,464	4	6.2%	5.0
Government of Canada	AAA	365,753	7	5.1%	3.5
SNC-Lavalin Inc.[2]	BB+	239,300	3	4.0%	4.1
Government of Ireland	AA	120,649	7	3.1%	4.7
Pfizer	A+	132,330	1	2.8%	7.1
Blue Cross	Unrated	179,521	4	2.7%	4.6
Johnson Insurance	A1	156,217	1	2.5%	7.2
Province of New Brunswick	A+	188,367	4	2.2%	3.3
Province of Nova Scotia	AA-	158,496	1	2.0%	4.2
Total		**2,001,961**		**38.6%**	**4.8**

[1] Source: DBRS, Moody's or S&P as at September 30, 2023.
[2] Includes 93,642 square feet of SNC-Lavalin Nuclear Inc.

PROPERTY PROFILE

The REIT's property portfolio at September 30, 2023 consists of interests in 54 properties. The portfolio has 7.5 million square feet of GLA. For a listing of all of the REIT's properties see Part VI of this MD&A.

IFRS Fair Value

The REIT's property portfolio at September 30, 2023 had an estimated IFRS fair value of $1.7 billion. The REIT's IFRS fair value reflects the current economics of the REIT's properties, including its 78.6% in-place occupancy and current weighted average in-place rents of $19.83 per square foot, which management estimates to be on average $0.54 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 $239. Management believes that the average IFRS 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:

	September 30, 2023		December 31, 2022	
	Discount rate	Terminal capitalization rate	Discount rate	Terminal capitalization rate
Minimum	6.75%	6.75%	6.50%	6.25%
Maximum	10.75%	10.25%	10.75%	10.25%
Weighted average	7.80%	7.35%	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 valuation is dependent on leasing history, market reports, tenant profiles and available appraisals alongside other evidence of market conditions. At the balance sheet date there exists a limited number of observable comparable transactions and certain of the observable comparable transactions may have occurred by seller distress, financing pressure or other factors specific to those particular market participants and transactions. Accordingly, estimation uncertainty with determining the fair value of investment properties remains high.

Property continuity

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Beginning of period	$ 1,708,814	$ 1,870,287	$ 1,754,338	$ 1,591,958
Acquisitions [1]	28,596	—	28,596	265,597
Capital expenditures	2,010	3,878	6,852	19,041
Leasing costs	5,282	2,764	14,886	10,574
Dispositions	—	(92,712)	—	(92,712)
Depreciation of hotel asset	(243)	(243)	(724)	(724)
Foreign exchange	7,000	26,517	(2,091)	14,611
Change in fair value	(41,520)	(3,164)	(79,436)	9,210
IFRIC 21 property tax adjustment [2]	3,490	2,943	(3,479)	(2,995)
Straight-line rent and other changes	(2,926)	(2,593)	(8,439)	(6,883)
Transfer to assets held for sale	(157,421)	—	(157,421)	—
End of period	**$ 1,553,082**	**$ 1,807,677**	**$ 1,553,082**	**$ 1,807,677**

[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 and nine months ended September 30, 2023, the REIT's investment property value increased by $1.7 million and decreased by $43.8 million, respectively before factoring the transfer to assets held for sale. The change in value is driven by the acquisition of 25% of West Metro Corporate Centre, of which the REIT previously owned 75%, the appreciation of the U.S. Dollar and Euro and from capital expenditures and leasing costs. This was largely offset by the decrease in fair value across the entire portfolio due to a challenging office market environment, compounded by higher cost of capital.

During the three and nine months ended September 30, 2023, the REIT initiated a plan to dispose of certain of its properties to raise capital in order to increase liquidity and reduce its outstanding borrowings (the "Portfolio Realignment Plan"). As at September 30, 2023, the REIT classified nine investment properties with a total estimated fair value of $157.4 million and outstanding debt principal of $91.0 million as held for sale. To achieve the REIT's goal of increasing its liquidity and reducing its outstanding borrowings by selling certain of its properties the REIT may be required to dispose of such properties at amounts materially less than the estimated fair value at September 30, 2023, especially in instances where there is limited purchaser interest or limited or no financing available for potential purchasers. The REIT did not classify any assets held for sale as at December 31, 2022.

PART III - RESULTS OF OPERATIONS

SUMMARY OF RESULTS OF OPERATIONS

The following is a summary of the results of operations:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Rental revenue	$ 51,034	$ 50,959	$ 148,834	$ 147,882
Property operating expenses	(24,498)	(23,749)	(85,826)	(80,851)
Finance income on finance lease receivable	703	758	2,151	2,313
Interest income	232	111	445	330
Interest and finance costs	(17,648)	(14,078)	(47,587)	(39,504)
General and administrative expenses	(3,579)	(2,846)	(12,040)	(7,428)
Change in fair value of financial instruments	(1,936)	11,407	1,508	43,844
Change in fair value of investment properties	(41,520)	(3,164)	(79,436)	9,210
Depreciation of hotel asset	(243)	(243)	(724)	(724)
Transaction costs	—	(1,218)	—	(1,218)
Deferred income tax (expense) recovery	(197)	(320)	246	(4,461)
Current income tax expense	(460)	(317)	(1,056)	(1,009)
Net (loss) income before Class B LP units	**$ (38,112)**	**$ 17,300**	**$ (73,485)**	**$ 68,384**
Change in fair value of Class B LP units	3,541	1,585	15,908	3,435
Distributions to Class B LP unitholders	(159)	(528)	(846)	(1,584)
Net (loss) income	**$ (34,730)**	**$ 18,357**	**$ (58,423)**	**$ 70,235**
Other comprehensive income (loss) to be subsequently reclassified to profit or loss:				
Foreign currency translation income (loss)	3,021	10,955	(1,441)	5,846
Total other comprehensive income (loss)	3,021	10,955	(1,441)	5,846
Net comprehensive (loss) income	**$ (31,709)**	**$ 29,312**	**$ (59,864)**	**$ 76,081**

NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME

For the three months ended September 30, 2023, net loss was $34.7 million which is a decrease from net income of $18.4 million for the same period in the prior year. The decrease in net income is primarily due to an increase in fair value loss 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 offset by an increase in fair value gain of Class B LP Units. Other comprehensive gain decreased by $7.9 million for the three months ended September 30, 2023 compared to the same period in the prior year due to a decrease in U.S. Dollar appreciation.

For the nine months ended September 30, 2023, net loss was $58.4 million which is a decrease from net income of $70.2 million for the same period in the prior year. The decrease in net income is primarily due to a fair value loss on investment properties, a decrease in fair value gain 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 and allowances for expected credit loss on rent receivables. This was offset by an increase in fair value gain of Class B LP Units. The REIT recognized a net other comprehensive loss of $1.4 million for the nine months ended September 30, 2023 from U.S. Dollar depreciation compared to a gain of $5.8 million for the same period in the prior year.

NET OPERATING INCOME

NOI 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 and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue	$ 51,034	$ 50,959	$ 148,834	$ 147,882
Property operating expenses	(24,498)	(23,749)	(85,826)	(80,851)
IFRIC 21 property tax adjustment [1]	(3,490)	(2,943)	3,479	2,995
Straight-line rents and other changes	2,926	2,593	8,439	6,883
Net operating income	**$ 25,972**	**$ 26,860**	**$ 74,926**	**$ 76,909**

[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 September 30, 2023, NOI decreased to $26.0 million from $26.9 million for the same period in the prior year. The decrease was driven by the disposition of 95-105 Moatfield in September 2022, certain vacancies at the REIT's Ontario, Atlantic and U.S. properties and from termination income of $1.2 million received at one of the REIT's Ontario properties in 2022. This was partially offset by the acquisition of 275 North Field in November 2022, and the 25% acquisition of West Metro Corporate Centre. NOI also benefited from the appreciation of U.S. Dollar and Euro in the three months ended September 30, 2023 compared to the prior period.

For the nine months ended September 30, 2023, NOI decreased to $74.9 million from $76.9 million for the same period in the prior year. The decrease was driven by the disposition of 95-105 Moatfield in September 2022, certain vacancies at the REIT's Ontario, Atlantic and U.S. properties and from termination income of $2.0 million received in 2022. This was offset by the acquisitions of Yew Grove, 275 North Field, 25% of West Metro Corporate Center in February 2022, November 2022 and August 2023 respectively. This is further offset by reduced free rent at the Irish properties and $0.2 million of termination income received in 2023.

The following is a reconciliation of the change in NOI for the three months ended September 30, 2023 compared to the same period in the prior year:

Net operating income, Q3 2022	**$ 26,860**
Change in same-property NOI	(1,042)
Contribution from acquired properties	928
Impact of foreign exchange rates	504
Reduced contribution from sold properties	(1,278)
Net operating income, Q3 2023	**$ 25,972**
Year-over-year change - $	**$ (888)**
Year-over-year change - %	**(3.3)%**

The following is a reconciliation of the change in NOI for the three months ended September 30, 2023 compared to the immediately preceding quarter:

Net operating income, Q2 2023	**$ 24,594**
Change in same-property NOI	774
Contribution from acquired properties	127
Impact of foreign exchange rates	(14)
Change in hotel contribution [1]	507
Reduced contribution from sold properties	(16)
Net operating income, Q3 2023	**$ 25,972**
Quarter-over-quarter change - $	**$ 1,378**
Quarter-over-quarter change - %	**5.6%**

[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 September 30, 2023 excludes assets acquired and disposed of in the 15 months prior to September 30, 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	
	September 30, 2023	September 30, 2022
Number of properties	53	53
GLA [1]	7,327,643	7,324,390
Revenue	$ 48,725	$ 48,458
Operating expenses	(23,432)	(22,459)
IFRIC 21 property tax adjustment	(3,247)	(2,942)
Straight-line rents and other changes	3,016	2,543
Same-property NOI (including hotel asset)	**$ 25,062**	**$ 25,600**
Period-over-period change - $	**$ (538)**	
Period-over-period change - %	**(2.1)%**	

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

The following is a calculation of the REIT's same-property NOI excluding the REIT's hotel asset and lease termination income:

	Three months ended	
	September 30, 2023	September 30, 2022
Same-property NOI (including hotel asset)	$ 25,062	$ 25,600
Less: lease termination payments	(220)	(1,169)
Same-property NOI (excluding lease termination payments)	**$ 24,842**	**$ 24,431**
Period-over-period change - $	**$ 411**	
Period-over-period change - %	**1.7%**	

Same-property NOI for the three months ended September 30, 2023 compared to the same period in 2022 decreased by $0.5 million or 2.1%. The decrease is primarily from $1.2 million of termination income received at one the REIT's Ontario properties in 2022 and from certain vacancies at the REIT's Ontario and Atlantic properties. This was offset by an improved lease renewal at one of the REIT's Western properties, certain rent increases at the REIT's Ontario and Atlantic properties and an increase in the U.S. dollar and Euro during the three months ended September 30, 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 June 30, 2023 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	
	September 30, 2023	June 30, 2023
Number of properties	54	54
GLA [1]	7,525,170	7,523,672
Revenue	$ 50,501	$ 48,687
Property operating expenses	(24,064)	(23,373)
IFRIC 21 property tax adjustment	(3,490)	(3,522)
Straight-line rents and other changes	2,916	2,804
Same-property NOI (including hotel asset)	25,863	24,596
NOI attributable to hotel asset	(1,167)	(660)
Same-property NOI (excluding hotel asset)	**$ 24,696**	**$ 23,936**
Period-over-period change - $	**$ 760**	
Period-over-period change - %	**3.2%**	

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

The following is a calculation of the REIT's same-property NOI excluding the REIT's hotel asset and lease termination income:

	Three months ended	
	September 30, 2023	June 30, 2023
Same-property NOI (excluding hotel asset)	$ 24,696	$ 23,936
Less: lease termination payments	(220)	—
Same-property NOI (excluding lease termination payments)	**$ 24,476**	**$ 23,936**
Period-over-period change - $	**$ 540**	
Period-over-period change - %	**2.3%**	

Same-property NOI, excluding the REIT's hotel asset, for the three months ended September 30, 2023 compared to the three months ended June 30, 2023, increased by $0.8 million or 3.2%. The increase is primarily due to positive leasing activity at the REIT's Atlantic and Ontario properties, reduced operating expenses and a decrease in free rent at one of the REIT's Atlantic property during the three months ended September 30, 2023 offset by a vacancy at an Atlantic property.

FUNDS FROM OPERATIONS

FFO

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 FFO, 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 the Data Centre, 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash flow from operating activities	**$ 16,898**	**$ 11,242**	**$ 24,205**	**$ 37,008**
Add (deduct):				
Leasing costs amortized to revenue	2,482	2,404	7,460	7,042
Transaction costs	—	1,218	—	1,218
Subscription receipts equivalent amount [1]	—	—	—	373
Working capital changes	(10,503)	(155)	(4,621)	(3,303)
Straight-line rent and other changes	(2,926)	(2,593)	(8,439)	(6,883)
Interest and finance costs	(17,648)	(14,078)	(47,587)	(39,131)
Interest paid	16,314	11,733	43,873	34,235
Distributions paid to Class B LP unitholders	159	528	969	1,584
FFO	**$ 4,776**	**$ 10,299**	**$ 15,860**	**$ 32,143**
Finance income on finance lease receivable	(703)	(758)	(2,151)	(2,313)
Finance lease payments received	1,605	1,605	4,815	4,815
Core-FFO	**$ 5,678**	**$ 11,146**	**$ 18,524**	**$ 34,645**

[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 was recorded in interest and finance costs for 2022.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net (loss) income	**$ (34,730)**	**$ 18,357**	**$ (58,423)**	**$ 70,235**
Add (deduct):				
Leasing costs amortized to revenue	2,482	2,404	7,460	7,042
Change in fair value of properties	41,520	3,164	79,436	(9,210)
IFRIC 21 property tax adjustment [1]	(3,490)	(2,943)	3,479	2,995
Change in fair value of financial instruments	1,936	(11,407)	(1,508)	(43,844)
Transaction costs	—	1,218	—	1,218
Depreciation of hotel asset	243	243	724	724
Deferred income tax expense (recovery)	197	320	(246)	4,461
Change in fair value of Class B LP units	(3,541)	(1,585)	(15,908)	(3,435)
Distributions to Class B LP unitholders	159	528	846	1,584
Subscription receipts equivalent amount [2]	—	—	—	373
FFO	**$ 4,776**	**$ 10,299**	**$ 15,860**	**$ 32,143**
Finance income on finance lease receivable	(703)	(758)	(2,151)	(2,313)
Finance lease payments received	1,605	1,605	4,815	4,815
Core-FFO	**$ 5,678**	**$ 11,146**	**$ 18,524**	**$ 34,645**
Weighted average number of units outstanding [3]	85,703	85,658	85,643	83,914
FFO per unit (diluted)	**$ 0.06**	**$ 0.12**	**$ 0.19**	**$ 0.38**
Core-FFO per unit (diluted)	**$ 0.07**	**$ 0.13**	**$ 0.22**	**$ 0.41**

[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 was 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 September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Rental revenue	$ 51,034	$ 50,959	$ 148,834	$ 147,882
Property operating expenses	(24,498)	(23,749)	(85,826)	(80,851)
Finance income on finance lease receivable	703	758	2,151	2,313
Interest income	232	111	445	330
Interest and finance costs	(17,648)	(14,078)	(47,587)	(39,504)
General and administrative expenses	(3,579)	(2,846)	(12,040)	(7,428)
IFRIC 21 property tax adjustment [1]	(3,490)	(2,943)	3,479	2,995
Leasing costs amortized to revenue	2,482	2,404	7,460	7,042
Subscription receipts equivalent amount [2]	—	—	—	373
Current income tax expense	(460)	(317)	(1,056)	(1,009)
FFO	**$ 4,776**	**$ 10,299**	**$ 15,860**	**$ 32,143**
Finance income on finance lease receivable	(703)	(758)	(2,151)	(2,313)
Finance lease payments received	1,605	1,605	4,815	4,815
Core-FFO	**$ 5,678**	**$ 11,146**	**$ 18,524**	**$ 34,645**
Weighted average number of units outstanding [3]	85,703	85,658	85,643	83,914
FFO per unit (diluted)	**$ 0.06**	**$ 0.12**	**$ 0.19**	**$ 0.38**
Core-FFO per unit (diluted)	**$ 0.07**	**$ 0.13**	**$ 0.22**	**$ 0.41**

[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 was 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 September 30, 2023 was $4.8 million, which is $5.5 million lower than the same period in 2022. The decrease in FFO was primarily a result of a decrease in NOI and additional interest and finance costs of $3.6 million due to interest rate increases as Central Banks raised interest rates across the REIT's markets. General and administrative costs also increased primarily due to bad debt allowances of $0.3 million for an expected credit loss on rent receivable at one of the U.S. properties and from additional legal fees associated with settling a vendor-take-back loan in July 2023.

FFO for the nine months ended September 30, 2023 was $15.9 million, which is $16.3 million lower than the same period in 2022. The decrease in FFO was primarily a result of an increase in interest and finance costs due to 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. FFO also decreased due to a lower NOI in 2023 and an increase in general and administrative costs from third party advice for the REIT Board's special committee and bad debt allowances of $1.7 million for an expected credit loss on rent receivables at two of the U.S. properties and on a vendor-take-back loan that was due to be repaid in September 2022 and settled in July 2023.

Core-FFO decreased to $5.7 million or $0.07 per unit for the three months ended September 30, 2023 from $11.1 million or $0.13 per unit for the same period in 2022. For the nine months ended September 30, 2023, Core-FFO decreased to $18.5 million or $0.13 per unit from $34.6 million or $0.41 per unit for the same period in 2022. The period change drivers are as described for FFO.

ADJUSTED FUNDS FROM OPERATIONS

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 MTM adjustments on mortgages refinanced or discharged; adjustments for interest rate subsidies received; recognition of the REIT's share of lease payments received for the Data Centre, 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 MTM 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash flow from operating activities	**$ 16,898**	**$ 11,242**	**$ 24,205**	**$ 37,008**
Add (deduct):				
Working capital items	(10,503)	(155)	(4,621)	(3,303)
Principal repayments on finance lease receivable	902	847	2,664	2,502
Distributions paid to Class B LP unitholders	159	528	969	1,584
Subscription receipts equivalent amount [1]	—	—	—	373
Transaction costs	—	1,218	—	1,218
Normalized direct leasing and capital costs	(2,305)	(2,427)	(6,649)	(7,003)
AFFO	**$ 5,151**	**$ 11,253**	**$ 16,568**	**$ 32,379**

[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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net operating income	**$ 25,972**	**$ 26,860**	**$ 74,926**	**$ 76,909**
Add (deduct):				
General and administrative expenses	(3,579)	(2,846)	(12,040)	(7,428)
Finance lease payments received	1,605	1,605	4,815	4,815
Cash interest	(16,082)	(11,622)	(43,428)	(33,905)
Normalized direct leasing and capital costs	(2,305)	(2,427)	(6,649)	(7,003)
Current income tax expense	(460)	(317)	(1,056)	(1,009)
AFFO	**$ 5,151**	**$ 11,253**	**$ 16,568**	**$ 32,379**

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Core-FFO	**$ 5,678**	**$ 11,146**	**$ 18,524**	**$ 34,645**
Add (deduct):				
Amortization of deferred transaction costs	1,343	1,374	3,743	3,844
Amortization of debt mark-to-market adjustments	(9)	971	(29)	1,052
Amortization of straight-line rent	444	189	979	(159)
Normalized direct leasing and capital costs	(2,305)	(2,427)	(6,649)	(7,003)
AFFO	**$ 5,151**	**$ 11,253**	**$ 16,568**	**$ 32,379**
Weighted average number of units outstanding [1]	85,703	85,658	85,643	83,914
AFFO per unit (diluted)	**$ 0.06**	**$ 0.13**	**$ 0.19**	**$ 0.39**

[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 September 30, 2023, AFFO was $5.2 million or $0.06 per unit, whereas AFFO for the same period in 2022 was $11.3 million or $0.13 per unit, representing a decrease of $6.1 million or $0.07 per unit. The decrease in AFFO is primarily a result of a decrease in NOI, additional interest paid as a result of interest rate increases and an increase in general and administrative costs due to bad debt allowances of $0.3 million for an expected credit loss on rent receivable at one of the U.S. properties and from additional legal fees associated with settling a vendor-take-back loan in July 2023.

For the nine months ended September 30, 2023, AFFO was $16.6 million or $0.19 per unit, whereas AFFO for the same period in 2022 was $32.4 million or $0.39 per unit, representing a decrease of $15.8 million or $0.20 per unit. The decrease in AFFO was primarily a result of an increase in interest paid due to 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. AFFO also decreased due to an increase in general and administrative costs from third party advice for the REIT Board's special committee and bad debt allowances of $1.7 million for an expected credit loss on rent receivables at two of the U.S. properties and on a vendor-take-back loan that was due to be repaid in September 2022 and settled in July 2023.

Reconciliation of FFO, Core-FFO and AFFO

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net (loss) income	**$ (34,730)**	**$ 18,357**	**$ (58,423)**	**$ 70,235**
Add (deduct):				
Leasing costs amortized to revenue	2,482	2,404	7,460	7,042
Change in fair value of properties	41,520	3,164	79,436	(9,210)
IFRIC 21 property tax adjustment [1]	(3,490)	(2,943)	3,479	2,995
Change in fair value of financial instruments	1,936	(11,407)	(1,508)	(43,844)
Transaction costs	—	1,218	—	1,218
Depreciation of hotel asset	243	243	724	724
Deferred income tax expense	197	320	(246)	4,461
Change in fair value of Class B LP units	(3,541)	(1,585)	(15,908)	(3,435)
Distributions to Class B LP unitholders	159	528	846	1,584
Subscription receipts equivalent amount [2]	—	—	—	373
FFO	**4,776**	**10,299**	**15,860**	**32,143**
Finance income on finance lease receivable	(703)	(758)	(2,151)	(2,313)
Finance lease payments received	1,605	1,605	4,815	4,815
Core-FFO	**5,678**	**11,146**	**18,524**	**34,645**
Amortization of deferred transaction costs	1,343	1,374	3,743	3,844
Amortization of debt mark-to-market adjustments	(9)	971	(29)	1,052
Amortization of straight-line rent	444	189	979	(159)
Normalized direct leasing and capital costs	(2,305)	(2,427)	(6,649)	(7,003)
AFFO	**$ 5,151**	**$ 11,253**	**$ 16,568**	**$ 32,379**

[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 was 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
FFO per unit (diluted)	$ 0.06	$ 0.12	$ 0.19	$ 0.38
Core-FFO per unit (diluted)	0.07	0.13	0.22	0.41
AFFO per unit (diluted)	0.06	0.13	0.19	0.39

FFO, CORE-FFO AND AFFO PAYOUT RATIOS

FFO, Core-FFO and AFFO 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 and nine months ended September 30, 2023 was 49.7% and 82.3%, respectively. 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. In April 2023, the REIT announced the amendment of its monthly distribution from $0.0333 per trust unit of the REIT to $0.0100 per trust unit of the REIT. This amendment of the REIT's distribution policy provided annualized savings of $23.9 million. In November 2023, the REIT's Board of Trustees has determined to suspend its monthly cash distribution which is expected to provide the REIT with an additional $10.2 million of cash annually. These savings are being used to strengthen the REIT's balance sheet and liquidity.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
FFO	$ 4,776	$ 10,299	$ 15,860	$ 32,143
REIT unit and Class B LP distributions declared	2,560	8,538	13,642	25,200
Excess of FFO over cash distributions	$ 2,216	$ 1,761	$ 2,218	$ 6,943
FFO payout ratio	**53.6%**	**82.9%**	**86.0%**	**78.4%**

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Core-FFO	$ 5,678	$ 11,146	$ 18,524	$ 34,645
REIT unit and Class B LP distributions declared	2,560	8,538	13,642	25,200
Excess of Core-FFO over cash distributions	$ 3,118	$ 2,608	$ 4,882	$ 9,445
Core-FFO payout ratio	**45.1%**	**76.6%**	**73.6%**	**72.7%**

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
AFFO	$ 5,151	$ 11,253	$ 16,568	$ 32,379
REIT unit and Class B LP distributions declared	2,560	8,538	13,642	25,200
Excess of AFFO over cash distributions	$ 2,591	$ 2,715	$ 2,926	$ 7,179
AFFO payout ratio	**49.7%**	**75.9%**	**82.3%**	**77.8%**

The FFO, Core-FFO and AFFO payout ratios have decreased for the three months ended September 30, 2023 compared to the same period in 2022 primarily as a result of the decrease in monthly distributions from $0.0333 per trust unit of the REIT to $0.0100 per trust unit of the REIT.

The FFO, Core-FFO and AFFO payout ratios have increased for the nine months ended September 30, 2023 compared to the same period in 2022 primarily as a result of greater interest, general and administrative expenses and a decrease in NOI. This was partially offset by the decrease in distributions during the three and nine months ended September 30, 2023.

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 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. The Board of Trustees consider the REIT's taxable income and future cash flow needs, which include funding value-add 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 September 30, 2023 and 2022 to unitholders of the REIT and Class B LP unitholders:

	Three months ended September 30, 2023			Three months ended September 30, 2022		
	Trust units	Class B LP units	Total	Trust units	Class B LP units	Total
Distributions declared	$ 2,401	$ 159	$ 2,560	$ 8,010	$ 528	$ 8,538

The following table summarizes distributions made during the nine months ended September 30, 2023 and 2022 to unitholders of the REIT and Class B LP unitholders:

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Trust units	Class B LP units	Total	Trust units	Class B LP units	Total
Distributions declared	$ 12,796	$ 846	$ 13,642	$ 23,616	$ 1,584	$ 25,200

The following table summarizes distributions declared during the three and nine months ended September 30, 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash provided by operations	$ 16,898	$ 11,242	$ 24,205	$ 37,008
Net (loss) income	(34,730)	18,357	(58,423)	70,235
Distributions declared	2,560	8,538	13,642	25,200
Excess of cash provided by operations over total distributions	**$ 14,338**	**$ 2,704**	**$ 10,563**	**$ 11,808**
(Shortfall) excess of net income over total distributions	**$ (37,290)**	**$ 9,819**	**$ (72,065)**	**$ 45,035**

Distributions made during the three and nine months ended September 30, 2023 and 2022 were settled in cash. Cash provided by operations exceeded distributions for the three and nine months ended September 30, 2023 and 2022. Distributions declared exceeded net loss for the three and nine months ended September 30, 2023 primarily driven by a non-cash fair value loss on investment properties, the increase in general and administrative costs and increased interest rates on the REIT's debt. In November 2023, the REIT's Board of Trustees has determined to suspend its monthly cash distribution which is expected to provide the REIT with an additional $10.2 million of cash annually.

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:

	September 30, 2023	December 31, 2022
Canada	$ 1,112,637	$ 1,118,886
United States	331,595	361,585
Ireland	266,271	273,867
Total	**$ 1,710,503**	**$ 1,754,338**

The following is the REIT's NOI by geographic location for the three months ended September 30, 2023 and 2022:

	Three months ended September 30,			
	2023		2022	
	NOI	Percentage (%)	NOI	Percentage (%)
Canada	$ 15,338	59.1%	$ 18,042	67.2%
U.S.	5,638	21.7%	5,131	19.1%
Ireland	4,996	19.2%	3,687	13.7%
Total	**$ 25,972**	**100.0%**	**$ 26,860**	**100.0%**

The Canadian segment can be further broken down into three regions. The following is the REIT's Canadian NOI for the three months ended September 30, 2023 and 2022:

	Three months ended September 30,			
	2023		2022	
	NOI	Percentage (%)	NOI	Percentage (%)
Atlantic	$ 8,099	52.8%	$ 8,504	47.1%
Ontario	6,004	39.1%	8,277	45.9%
Western	1,235	8.1%	1,261	7.0%
Total	**$ 15,338**	**100.0%**	**$ 18,042**	**100.0%**

The following is the REIT's NOI by geographic location for the nine months ended September 30, 2023 and 2022:

	Nine months ended September 30,			
	2023		2022	
	NOI	Percentage (%)	NOI	Percentage (%)
Canada	$ 43,794	58.4%	$ 51,321	66.7%
U.S.	17,631	23.6%	15,595	20.3%
Ireland	13,501	18.0%	9,993	13.0%
Total	**$ 74,926**	**100.0%**	**$ 76,909**	**100.0%**

The following is the REIT's Canadian NOI by region for the nine months ended September 30, 2023 and 2022:

	Nine months ended September 30,			
	2023		2022	
	NOI	Percentage (%)	NOI	Percentage (%)
Atlantic	$ 22,008	50.2%	$ 23,009	44.8%
Ontario	17,858	40.8%	24,811	48.4%
Western	3,928	9.0%	3,501	6.8%
Total	**$ 43,794**	**100.0%**	**$ 51,321**	**100.0%**

	Three months ended September 30,		Nine months ended September 30,	
Atlantic	2023	2022	2023	2022
# of properties	13	13	13	13
Owned GLA (000s of square feet)	2,609	2,604	2,609	2,604
Occupancy rate (%) (period-end)	72.6%	75.6%	72.6%	75.6%
Revenue	$ 17,730	$ 17,462	$ 51,451	$ 49,516
Property operating expenses	(10,490)	(9,861)	(31,720)	(28,987)
Straight-line rent and other changes	859	903	2,277	2,480
NOI	**$ 8,099**	**$ 8,504**	**$ 22,008**	**$ 23,009**

NOI for the Atlantic properties decreased by $0.4 million for the three months ended September 30, 2023 compared to the same period in 2022. The decrease is primarily a result of vacancies in three of the REIT's Atlantic properties and lower NOI at the REIT's hotel asset of $0.1 million partially offset by positive leasing activity at one of the REIT's Atlantic properties.

NOI for the Atlantic properties decreased by $1.0 million for the nine months ended September 30, 2023 compared to the same period in 2022. The decrease is primarily due to vacancy in three of REIT's Atlantic properties and lower NOI at the REIT's hotel asset of $0.4 million partially offset by positive leasing activity at two of the REIT's Atlantic properties.

	Three months ended September 30,		Nine months ended September 30,	
Ontario	2023	2022	2023	2022
# of properties	9	9	9	9
Owned GLA (000s of square feet)	2,268	2,266	2,268	2,266
Occupancy rate (%) (period-end)	78.1%	80.8%	78.1%	80.8%
Revenue	$ 12,632	$ 15,607	$ 34,654	$ 45,827
Property operating expenses	(7,533)	(7,950)	(19,700)	(23,034)
Straight-line rent and other changes	905	620	2,904	2,018
NOI	**$ 6,004**	**$ 8,277**	**$ 17,858**	**$ 24,811**

NOI in Ontario decreased by $2.3 million and $7.0 million for the three and nine months ended September 30, 2023 compared to the same periods in 2022, respectively. The decrease is largely a result of the disposition of 95-105 Moatfield Drive in Toronto, ON in September 2022, $1.2 million of termination income received at one of the REIT's Ontario properties in 2022 and from certain vacancies at two of the REIT's Ontario properties. This was offset by the increase in NOI from the 25% acquisition of West Metro Corporate Centre in August 2023.

	Three months ended September 30,		Nine months ended September 30,	
Western	2023	2022	2023	2022
# of properties	6	6	6	6
Owned GLA (000s of square feet)	463	463	463	463
Occupancy rate (%) (period-end)	88.7%	88.8%	88.7%	88.8%
Revenue	$ 2,639	$ 2,491	$ 8,063	$ 7,218
Property operating expenses	(1,412)	(1,205)	(4,173)	(3,739)
Straight-line rent and other changes	8	(25)	38	22
NOI	$ 1,235	$ 1,261	$ 3,928	$ 3,501
NOI from Data Centre	1,605	1,605	4,815	4,815
NOI including Data Centre	**$ 2,840**	**$ 2,866**	**$ 8,743**	**$ 8,316**

Including income from the Data Centre, NOI for the Western properties was $2.8 million and $8.7 million for the three and nine months ended September 30, 2023 compared to $2.9 million and $8.3 million in the same periods in 2022, respectively. The increase for the nine months ended September 30, 2023 is a result of an improved lease renewal at one of the REIT's 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.

	Three months ended September 30,		Nine months ended September 30,	
United States	2023	2022	2023	2022
# of properties	3	2	3	2
Owned GLA (000s of square feet)	1,224	1,029	1,224	1,029
Occupancy rate (%) (period-end)	80.5%	86.6%	80.5%	86.6%
Revenue	$ 12,407	$ 10,537	$ 37,832	$ 31,976
Property operating expenses	(4,418)	(3,496)	(26,834)	(21,568)
IFRIC 21 property tax adjustment [1]	(3,490)	(2,943)	3,479	2,995
Straight-line rent and other changes	1,139	1,033	3,154	2,192
NOI	**$ 5,638**	**$ 5,131**	**$ 17,631**	**$ 15,595**

[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 $0.5 million for the three months ended September 30, 2023 compared to the same period in 2022. The increase is a result of the acquisition of 275 North Field in Chicago, IL in November 2022, and an increase in the average U.S. exchange rate during the three months ended September 30, 2023. This was offset by certain vacancies at one of the REIT's U.S. properties.

NOI for the United States properties increased by $2.0 million for the nine months ended September 30, 2023 compared to the same period in 2022. The increase is a result of the acquisition of 275 North Field in Chicago, IL in November 2022, and an increase in the average U.S. exchange rate during the nine months ended September 30, 2023. This was offset by $0.8 million of termination income received at one of the REIT's U.S. properties in 2022 and by certain vacancies at one of the REIT's U.S. properties.

Ireland	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
# of properties	23	23	23	23
Owned GLA (000s of square feet)	962	962	962	962
Occupancy rate (%) (period-end)	88.9%	93.5%	88.9%	93.5%
Revenue	$ 5,626	$ 4,862	$ 16,834	$ 13,345
Property operating expenses	(645)	(1,237)	(3,399)	(3,523)
Straight-line rent and other changes	15	62	66	171
NOI	**$ 4,996**	**$ 3,687**	**$ 13,501**	**$ 9,993**

NOI for the Irish properties increased by $1.3 million and $3.5 million for the three and nine months ended September 30, 2023 compared to the same periods in 2022, respectively. The increase was primarily a result of new lease deals and rent reviews at higher rents, reduction in property operating expenses and from an increase in the average Euro exchange rate for the three months ended September 30, 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 September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Property base rent [1]	$ 27,620	$ 27,151	$ 82,959	$ 78,454
Operating cost recoveries	15,862	14,831	44,632	44,588
Tax recoveries	6,897	8,080	21,315	24,453
Hotel	3,581	3,490	8,367	7,270
Straight-line adjustments and other changes	(2,926)	(2,593)	(8,439)	(6,883)
Total	**$ 51,034**	**$ 50,959**	**$ 148,834**	**$ 147,882**

[1]Includes parking revenue earned at properties.

For the three months ended September 30, 2023, revenue from properties was $51.0 million which is consistent with the same period in 2022. This is a result of the disposition of 95-105 Moatfield Drive in September 2022 and $1.2 million of termination income received at one of the REIT's U.S. properties in 2022 offset by the acquisition of 275 North Field in November 2022, $0.2 million of termination income and from an increase in the average Euro and U.S. Dollar exchange rate for the three months ended September 30, 2023 compared to the same period in 2022.

For the nine months ended September 30, 2023, revenue from properties was $148.8 million which is $1.0 million higher than $147.9 million for the same period in 2022. The increase is a result of the acquisition of 275 North Field in November 2022, $0.2 million of termination income and from an increase in the average Euro and U.S. Dollar exchange rate for the nine months ended September 30, 2023 compared to the same period in 2022 offset by of the disposition of 95-105 Moatfield Drive in September 2022 and $2.0 million of termination income received at one of the REIT's U.S. and Ontario properties in 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 $15.9 million for the three months ended September 30, 2023 compared to $14.8 million for the same period in 2022. Property tax recoveries were $6.9 million for the three months ended September 30, 2023 which is lower than $8.1 million for the same period in 2022.

Operating cost recoveries amounted to $44.6 million for the nine months ended September 30, 2023, consistent with the same period in 2022.

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 September 30, 2023, general and administrative expenses increased $0.7 million compared to the same period in 2022 as a result of legal fees relating to settlement of a vendor take back loan, additional audit fees due to Irish statutory filings and from an allowance for an expected credit loss on rent receivable at one of the U.S. properties. For the nine months ended September 30, 2023 compared with the same period in 2022, general and administrative expenses increased $4.6 million as a result of expenses specific to third party advice for the Board's special committee and a $1.3 million allowance for an expected credit loss on a vendor-take-back loan that was due to be repaid in September 2022 and 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Mortgage interest	$ 8,790	$ 6,579	$ 23,561	$ 19,619
Interest on other debt	4,861	3,606	12,562	10,095
Amortization of financing costs	1,343	1,374	3,743	3,844
Amortization of debt mark-to-market adjustments	(9)	971	(29)	1,052
Subscription receipts equivalent amount [1]	—	—	—	373
Interest on convertible debentures	2,663	1,548	7,750	4,521
Total	**$ 17,648**	**$ 14,078**	**$ 47,587**	**$ 39,504**

[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 and nine months ended September 30, 2023, interest and finance costs were $17.6 million and $47.6 million, which increased by $3.6 million and $8.1 million when compared to the same periods 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 financings of the acquisitions of 275 North Field and 25% of West Metro Corporate Centre.

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 nine months ended September 30, 2023 was $2.2 million, which is a decrease of $0.2 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 loss recognized in fair value of properties for the three and nine months ended September 30, 2023 was $38.4 million and $88.6 million, respectively, higher when compared to the same periods in 2022. The decrease is primarily due to various valuation decreases across the REIT's entire portfolio.

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 $13.3 million and $42.3 million for the three and nine months ended September 30, 2023 respectively 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, a loss on the cross currency swap and loss on the conversion feature of the REIT's convertible debentures, offset by a fair value gain on the deferred units in 2023.

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 nine months ended September 30, 2023 and 2022, 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:

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Revenue	$ 51,034	$ 48,708	$ 49,092	$ 48,633	$ 50,959	$ 49,321	$ 47,602	$ 44,294
Operating costs	(24,498)	(23,396)	(37,932)	(23,266)	(23,749)	(22,237)	(34,865)	(23,502)
IFRIC 21 property tax adjustment	(3,490)	(3,522)	10,491	(2,995)	(2,943)	(2,931)	8,869	(2,384)
Straight-line rent and other	2,926	2,804	2,709	2,232	2,593	2,205	2,085	1,890
Net operating income	$ 25,972	$ 24,594	$ 24,360	$ 24,604	$ 26,860	$ 26,358	$ 23,691	$ 20,298
Net (loss) income	$ (34,730)	$ (19,622)	$ (4,071)	$ (86,854)	$ 18,357	$ 22,834	$ 29,044	$ 13,661
Weighted average diluted units [1]	85,703	85,640	85,585	85,578	85,658	85,640	80,386	73,201
Net income and comprehensive income per unit	$ (0.41)	$ (0.23)	$ (0.05)	$ (1.01)	$ 0.21	$ 0.27	$ 0.36	$ 0.19
Distributions [2]	$ 2,560	$ 2,560	$ 8,522	$ 8,525	$ 8,538	$ 8,538	$ 8,124	$ 7,298
Distributions per unit	$ 0.03	$ 0.03	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
FFO [3]	$ 4,776	$ 5,770	$ 5,314	$ 7,917	$ 10,299	$ 11,984	$ 9,860	$ 8,293
FFO per unit - diluted [3]	$ 0.06	$ 0.07	$ 0.06	$ 0.09	$ 0.12	$ 0.14	$ 0.12	$ 0.11
FFO payout ratio [3]	53.6%	44.4%	160.4%	107.7%	82.9%	71.2%	82.4%	88.0%
Core-FFO [3]	$ 5,678	$ 6,658	$ 6,188	$ 8,778	$ 11,146	$ 12,818	$ 10,681	$ 9,101
Core-FFO per unit - diluted [3]	$ 0.07	$ 0.08	$ 0.07	$ 0.10	$ 0.13	$ 0.15	$ 0.13	$ 0.12
Core-FFO payout ratio [3]	45.1%	38.4%	137.7%	97.1%	76.6%	66.6%	76.1%	80.2%
AFFO [3]	$ 5,151	$ 6,166	$ 5,251	$ 7,562	$ 11,253	$ 11,504	$ 9,622	$ 8,027
AFFO per unit - diluted [3]	$ 0.06	$ 0.07	$ 0.06	$ 0.09	$ 0.13	$ 0.13	$ 0.12	$ 0.11
AFFO payout ratio [3]	49.7%	41.5%	162.3%	112.7%	75.9%	74.2%	84.4%	90.9%
Properties	$1,553,082	$1,708,814	$1,753,789	$1,754,338	$1,807,677	$1,870,287	$1,856,846	$1,591,958
Total assets	$1,822,403	$1,826,368	$1,862,474	$1,869,362	$1,955,525	$1,989,219	$1,972,562	$1,808,907
Debt	$ 1,190,712	$1,166,406	$ 1,158,116	$ 1,153,253	$ 1,137,914	$ 1,171,615	$ 1,177,149	$1,045,542
IFRS NAV	$ 579,466	$ 617,069	$ 653,743	$ 668,834	$ 766,573	$ 746,247	$ 732,909	$ 651,958
Diluted units outstanding [1]	85,788	85,700	85,636	85,582	85,674	85,656	85,638	73,214
IFRS NAV per unit	$ 6.75	$ 7.20	$ 7.63	$ 7.82	$ 8.95	$ 8.71	$ 8.56	$ 8.90
LTV ratio [3]	65.6%	64.0%	62.3%	61.9%	58.4%	59.0%	60.1%	59.7%
Net debt to adjusted EBITDA [3]	13.1x	12.6x	12.5x	12.1x	12.1x	13.1x	13.7x	12.6x
Interest coverage ratio [3]	1.6x	1.8x	1.9x	2.0x	2.0x	2.1x	2.0x	2.0x
Debt service coverage ratio [3]	1.4x	1.5x	1.6x	1.7x	1.6x	1.6x	1.6x	1.5x
Leasing activity (square feet)	277,599	144,888	120,990	86,266	109,060	238,429	129,535	155,462
Leasing activity as a % of portfolio	3.7%	1.9%	1.6%	1.1%	1.5%	3.1%	1.7%	2.3%
Weighted average lease term (years)	5.4	5.4	5.4	5.6	5.6	5.6	5.6	5.2
Number of properties	54	54	54	54	53	55	55	32
Office GLA	7,182,361	7,180,863	7,181,511	7,177,438	7,045,799	7,446,981	7,405,565	6,692,776
Total GLA	7,525,170	7,523,672	7,524,320	7,520,247	7,324,390	7,725,572	7,684,156	6,756,215
Occupancy - excluding redevelopment	78.6%	79.1%	80.6%	81.1%	81.9%	83.6%	84.7%	83.8%
Occupancy	78.6%	79.1%	80.6%	81.1%	81.9%	83.6%	84.7%	83.8%

[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; debt servicing and repayment obligations; distributions to unitholders; obligations to redeem outstanding puttable trust units at the option of the unitholders; and planned funding of maintenance capital expenditures and leasing costs.

The liquidity needs of the REIT are funded by cash flows from operating the REIT's investment property portfolio and available credit facilities, with the exception of debt repayment obligations, investment property acquisition funding requirements and obligations to redeem puttable trust units. These are funded by refinancing the REIT's maturing debt, disposition of investment properties and future issuances of REIT units and debentures. The particular features and quality of the underlying assets being financed and the debt market parameters existing at the time will affect the success of this strategy.

The REIT's liquidity is impacted by various covenants, certain of which are described below. Compliance with the requirements of the revolving facility, which are more restrictive from March 31, 2024, as described below, and the covenants applicable to the REIT's Declaration of Trust, term loans and mortgages are dependent on the REIT achieving its financial forecasts including disposition of certain assets through the execution of its Portfolio Realignment Plan. The REIT's availability of capital from its revolving facility is subject to a calculation of availability, which is dependent on the appraised value of the secured properties under the revolver, 5-year government bond yields, and achieved property income levels. Accordingly, decreases in appraised values of the secured properties under the revolver and achieved property income levels and increases in 5-year government bond yields would decrease the availability level of the REIT's revolving facility and such decreases could be material. Market conditions are difficult to predict and there is no assurance that the REIT will achieve its forecasts. In the event of non-compliance, the REIT's lenders have the right to demand repayment of the amounts outstanding under the current lending agreements or pursue other remedies including provision of waivers for financial covenants. At September 30, 2023, the REIT exceeded certain covenants required by debt agreements. The REIT has subsequently amended debt agreements with its lenders to modify such covenants, except where the REIT is in the process of completing an amendment to modify the related financial leverage and debt service coverage covenants. Although the REIT is seeking and expects to be provided with relief on these breached covenants, there is a risk that its lenders of these defaulted loans will demand repayment, will not refinance maturing debt on terms and conditions acceptable to the REIT or on any terms at all. The REIT will continue to work to remediate the breach of these covenants and will carefully monitor its compliance with its covenants and seek waivers as the need arises.

The REIT seeks to maintain collaborative relationships with its financing counterparties to minimize the impact economic and property markets may have on the REIT's current and future debt. However, changes in interest rates driven by central banks in Canada, the U.S. and Europe seeking to reduce inflationary pressures and broad market sentiment towards the office sector as a whole have reduced the availability of and increased the cost of financing. The risk associated with the refinancing of maturing debt is mitigated, in part, by matching debt maturities on mortgages with lease renewals to optimize the value of the assets with the leverage to achieve the best value for pricing. If the REIT is unable to refinance or obtain new sources of financing, the REIT can dispose of assets through its Portfolio Realignment Plan, reduce discretionary capital expenditures and leasing costs which all remain at the discretion of the REIT. However, such activities and actions may be insufficient to address changes in liquidity as a result of not being able to dispose of assets or obtain financing on terms and conditions acceptable to the REIT or at all.

The REIT's available liquidity is as follows:

	September 30, 2023	December 31, 2022
Cash	$ 19,541	$ 19,905
Undrawn (overdrawn) revolving facilities[1]	(7,859)	41,750
Liquidity	**$ 11,682**	**$ 61,655**

[1]Debt is only available to be drawn subject to certain covenants and other requirements. As a result of an increase in 5-year government bond yields, the REIT was overdrawn on it's revolving credit facility as at September 30, 2023. Subsequent to September 30, 2023, the REIT satisfied the overdrawn amount.

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, disposition of assets, refinancing the REIT's maturing debt 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.

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. The REIT's development pipeline and associated construction activities are funded, in part, by dedicated construction facilities provided by various lenders. 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.

Additionally, changes in interest rates driven by central banks in Canada, the U.S. and Europe seeking to reduce inflationary pressures and the broad market sentiment towards the office sector as a whole have reduced the availability of and increased the cost of financing which gives rise to the risk of the REIT not being able to service its debt costs. The REIT has significant borrowings that mature in the next twelve months and beyond that may be affected by these factors. The REIT seeks to maintain collaborative relationships with its financing counterparties to minimize the impact economic and property markets may have on the REIT's current and future debt. The risk associated with the refinancing of maturing debt is mitigated, in part, by matching debt maturities on mortgages with lease renewals to optimize the value of the assets with the leverage to achieve the best value for pricing. In addition, the REIT staggers the maturity dates of the REIT's debt over a number of years. If the REIT is unable to refinance or obtain new sources of financing, the REIT can dispose of assets through its Portfolio Realignment Plan, reduce discretionary capital expenditures, leasing costs and distributions which all remain at the discretion of the REIT. However, such activities and actions may be insufficient to address changes in liquidity as a result of not being able to dispose of assets or obtain financing on terms and conditions acceptable to the REIT or at all.

The REIT's revolving credit facility, term loan, 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 and mutual performance conditions among others which may impact the available capacity based on the financial results of the REIT..

At September 30, 2023, the REIT exceeded financial leverage and debt service coverage covenants pertaining to certain of its debt. The REIT has subsequently amended or is in process of amending its debt agreements with its lenders to modify such covenants. As a result of amending various debt agreements, the REIT's debt was modified to include the following financial leverage, debt service coverage and minimum unitholders equity covenants.

- Total debt to gross book value of 70% or less effective for September 30, 2023 to March 31, 2024, and 65% or less thereafter. At September 30, 2023 the REIT's total debt to gross book value was 65.6%.
- Senior debt, which is total debt excluding the REIT's convertible debentures to gross book value, of 60% or less effective for September 30, 2023 to March 31, 2024, and 55% or less thereafter. At September 30, 2023 the REIT's senior debt to gross book value was 57.6%.
- Debt service coverage ratio not less than 1.25:1. At September 30, 2023 the REIT's debt service coverage ratio was 1.35:1.
- Minimum unitholders' equity, which includes the REIT's Class B LP Units, of $425.0 million. For purposes of the REIT's revolving credit facility, this amount decreases to $350.0 million subsequent to March 31, 2024. At September 30, 2023 the REIT's unitholders' equity was $578.6 million.

Certain of the REIT's debt, including the REIT's revolving credit facility, includes cross default provisions, generally for defaults on debt in excess of $5.0 million.

Although the REIT expects its Portfolio Realignment Plan to raise capital to decrease borrowings and the REIT continues to proactively work with its lenders to achieve positive outcomes, there is a risk that current or future covenant violations will result in lenders to demand repayment of such borrowings.

The REIT will continue to seek to dispose of certain investment properties, to refinance existing maturing debt and in certain cases to amend the terms of existing borrowings. The REIT may not be able to complete such dispositions or financing activities on terms and conditions acceptable to the REIT, or at all, which would have an adverse material effect on the REIT's liquidity.

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 September 30, 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 two office properties in the Greater Toronto Area in which the REIT owns a 75% interest. The REIT expects renewals for these 2023 remaining maturities. Also included in 2023 maturities are loans with certain financial covenants as at September 30, 2023 that were not in compliance but subsequently amended or for which waivers from its lenders were obtained to provide relief or modify covenants. The following is a summary of future principal repayments and maturities at September 30, 2023:

Remainder of 2023	$ 609,162
2024	7,871
2025	251,842
2026	140,345
2027	187,021
Thereafter	13,414
Total	**$ 1,209,655**

Debt profile

Debt held by the REIT at September 30, 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	$ 962,851	$ 601,592	$ 601,592	$ —	$ —
Revolving facilities [4 5 6 7]	Oct. 14, 2024	Various	15	480,701	308,075	315,784	150	(7,859)
Term loan [4 8]	Apr. 5, 2027	Euribor+265 bps	23	266,271	134,329	134,329	—	—
Convertible debentures	Feb. 28, 2026	9.0%	—	—	28,750	28,750	—	—
Convertible debentures	Dec. 31, 2026	5.5%	—	—	84,200	84,200	—	—
Convertible debentures	Dec. 31, 2027	7.5%	—	—	45,000	45,000	—	—
Total			**54**	**$1,709,823**	**$1,201,946**	**$1,209,655**	**$ 150**	**$ (7,859)**

[1]Debt is only available to be drawn subject to certain covenants and other requirements. As a result of an increase in 5-year government bond yields, the REIT was overdrawn on its revolving credit facility as at September 30, 2023. Subsequent to September 30, 2023, the REIT satisfied the overdrawn amount

[2]The weighted average remaining term to maturity of mortgages is 1.4 years with maturities ranging from September 30, 2023 to October 1, 2030 and the weighted average interest rate of mortgages is 6.31% with coupons ranging from 2.53% to 10.00%.

[3]Security includes assets held for sale and the Data Centre, which is accounted for as a finance lease receivable all of which are 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 September 30, 2023.

[5]Stand-by fees incurred on the unused portion of the revolving credit facility are 50.63 bps, charged and paid quarterly.

[6]Principal balance includes $249,800 and U.S. $48,600 of revolving facilities. Subsequent to September 30, 2023, the REIT amended the terms for calculating its borrowing base as follows: The maximum availability of the revolving facilities is the lesser of (i) $252,000 and U.S. $43,700, (ii) the sum of the margined fair value of the property securing the facility and (iii) the amount which can be serviced (both monthly principal and interest) by the quotient obtained by dividing the net operating income by 1.25 and assuming (a) a 25 year amortization period, and (b) an interest rate compounded semi-annually, equal to the greater of (i) 4.5%, and (ii) the relevant five year government bond yield plus 2.50%. From March 31, 2024, the maximum availability of the revolving facilities is calculated on an individual property basis and the net operating income divisor increases from 1.25 to 1.30. From June 30, 2024, the maximum availability of the revolving facilities reduces to $150,000 and U.S. $38,000 and the net operating income divisor increases from 1.30 to 1.40. From September 30, 2024, while maintaining the same calculation, the maximum availability of the revolving facility's Canadian dollar tranche reduces to $100,000. The calculation of the maximum capacity on a property by property basis and with a greater net operating income divisor from March 31, 2024 is expected to reduce the maximum available by $42.9 million. The contractual remaining term to maturity of revolving facilities is 1 year and the weighted average interest rate is 7.62%.

[7]Security includes assets held for sale, which are not included in the REIT's investment properties on the condensed consolidated statement of financial position.

[8]The term loan facility is secured by 23 properties in Ireland.

The carrying value of debt held by the REIT at September 30, 2023 is as follows:

	Principal	MTM adjustments and costs	Accumulated amortization of MTM adjustments, costs and other	Carrying amount	Current [1]	Non-current
Mortgages	$ 601,592	$ (4,462)	$ 2,575	$ 599,705	$ 315,307	$ 284,398
Revolving facilities	315,784	(6,473)	5,572	314,883	314,883	—
Term loan	134,329	(4,927)	1,363	130,765	—	130,765
Convertible debentures [2]	28,750	(1,464)	—	27,286	—	27,286
Convertible debentures [2]	84,200	(6,479)	1,253	78,974	—	78,974
Convertible debentures [2]	45,000	(6,252)	351	39,099	—	39,099
Total	**$ 1,209,655**	**$ (30,057)**	**$ 11,114**	**$ 1,190,712**	**$ 630,190**	**$ 560,522**

[1]Included in current liabilities and shown as debt held for sale on the condensed consolidated interim statement of financial position is $91.0 million of principal associated with assets held for sale. Total debt of $557.1 million was impacted due to covenant breaches as at September 30, 2023, all of which has been presented in current liabilities..

[2]Represents the debt component of the convertible debentures. The embedded derivative features, which are the holder conversion option and the issuer redemption options, 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. Pursuant to the REIT's Declaration of Trust, the REIT cannot incur or assume any "indebtedness" (being certain defined obligations set out in the REIT's Declaration of Trust) that would cause (as at the time of incurrence or assumption, as applicable) the REIT's total indebtedness to exceed 65% of its gross book value, which is defined by the Declaration of Trust as the REIT's total assets less restricted cash. Primarily due, in part, to a decrease in investment property valuations, the REIT's indebtedness ratio at September 30, 2023 increased to 65.6% (December 31, 2022: 61.9%). For certainty, under the REIT's Declaration of Trust, the measurement of any indebtedness against the REIT's gross book value is completed only at the time of the incurrence or assumption of the indebtedness in question (which would exclude the refinancing of existing debt that is outstanding) and is not a determination that is continually assessed over time against the REIT's gross book value. Management's short-term target is to reduce the REIT's total indebtedness to below 65% of its gross book value by executing on the Portfolio Realignment Plan to decrease leverage and generate equity to pay down the REIT's revolving credit and operating facilities. Subject to market conditions and the growth of the REIT, management's medium-term target is to maintain total indebtedness below 65%. 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, or by issuances of equity or debt securities, and if such funding is not sufficiently available and the REIT's gross book value declines further, total indebtedness may exceed further past 65% of the REIT's gross book value.

In order to provide for greater flexibility, and while management pursues the Portfolio Realignment Plan to decrease leverage, subsequent to September 30, 2023, the REIT announced that it intends to seek approval of the REIT's unitholders to amend the Declaration of Trust prior to end of 2023, to remove the restriction imposed on the REIT not to incur or assume additional indebtedness that would cause the REIT to achieve financial leverage in excess of 65% of its gross book value. If such approval is obtained, the REIT's Board of Trustees intend to adopt operating guidelines, pursuant to which the REIT's Board of Trustees will determine the appropriate financial leverage of the REIT. 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:

	September 30, 2023	December 31, 2022
Total assets	$ 1,822,403	$ 1,869,362
Less: Restricted cash	(6,845)	(5,300)
Gross book value	**1,815,558**	**1,864,062**
Debt	$ 1,190,712	$ 1,153,253
Leverage ratio	**65.6%**	**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 costs related to strategic reviews and transaction costs from dispositions, acquisitions or other events.

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

	Twelve months ended September 30,	
	2023	2022
Net (loss) income	$ (145,277)	$ 83,896
Straight line rent and other changes	10,671	8,773
Interest income	(600)	(445)
Interest and finance costs	61,027	51,467
Change in fair value of properties	176,311	(9,314)
IFRIC 21 property tax adjustment [1]	484	611
Change in fair value of financial instruments	3,192	(51,017)
Distributions to Class B shareholders	1,374	2,112
Transaction costs	22	1,875
Depreciation of hotel asset	966	981
Change in fair value of Class B LP units	(16,067)	(4,491)
Strategic review costs	2,886	—
Deferred income tax (recovery) expense	(7,112)	5,412
Current income tax expense	1,631	955
Adjusted EBITDA	**$ 89,508**	**$ 90,815**

[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 September 30,	
	2023	2022
Rental revenue	$ 197,467	$ 192,176
Property operating expenses	(109,092)	(104,353)
IFRIC 21 property tax adjustment [1]	484	611
Finance income on finance lease receivable	2,895	3,110
Straight-line rent and other changes	10,671	8,773
General and administrative	(15,803)	(9,502)
Strategic review costs	2,886	—
Adjusted EBITDA	**$ 89,508**	**$ 90,815**

[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:

	September 30, 2023	December 31, 2022
Debt	$ 1,190,712	$ 1,153,253
Less: Cash on hand	19,541	19,905
Net debt	**1,171,171**	**1,133,348**
Adjusted EBITDA [1]	89,508	93,379
Net debt to Adjusted EBITDA (times)	**13.1x**	**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 September 30,	
	2023	2022
Adjusted EBITDA	$ 89,508	$ 90,815
Interest expense	56,100	44,472
Interest coverage ratio (times)	**1.6x**	**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 September 30,	
	2023	2022
Adjusted EBITDA	$ 89,508	$ 90,815
Interest expense	56,100	44,472
Principal repayments	10,085	9,924
Debt service requirements	$ 66,185	$ 54,396
Debt service coverage ratio (times)	**1.4x**	**1.7x**

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 September 30, 2023:

	Amortizing Principal Payments	Principal Repayments on Maturity	Total	Percentage (%)	Weighted Average Contractual Interest Rate on Maturing Debt (%)
Remainder of 2023	$ 1,248	$ 607,914	$ 609,162	50.4%	7.9%
2024	4,985	2,886	7,871	0.7%	6.0%
2025	4,842	247,000	251,842	20.8%	4.4%
2026	27,395	112,950	140,345	11.6%	5.0%
2027	9,279	177,742	187,021	15.5%	5.1%
Thereafter	7,519	5,895	13,414	1.1%	4.4%
Weighted average interest rate					**6.4%**

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 $50.8 million of debt maturing through to the end of 2023. The REIT is proactively working with the lenders on loans of $557.1 million in non-compliance with certain financial covenants at September 30, 2023.

At September 30, 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 $155.8 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:

	September 30, 2023	December 31, 2022
Change of 25 bps	$ 390	$ 188

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following is a summary of the REIT's contractual obligations over the next five years at September 30, 2023:

	Total contractual cash flow	Remainder of 2023	2024-2025	2026-2027	Thereafter
Accounts payable and accrued liabilities	$ 46,399	$ 46,399	$ —	$ —	$ —
Amortizing principal repayments on debt	55,268	1,248	9,827	36,674	7,519
Principal repayments on maturity of debt [1]	1,154,387	607,914	249,886	290,692	5,895
Interest on debt [2]	123,008	46,806	52,754	22,237	1,211
Interest rate swaps [3]	(17,949)	(9,394)	(8,421)	(134)	—
Other liabilities	6,295	841	1,277	802	3,375
Total	**$ 1,367,408**	**$ 693,814**	**$ 305,323**	**$ 350,271**	**$ 18,000**

[1]Included in remainder of 2023 is $557.1 million of loans in breach of certain financial covenants as at September 30, 2023, and as a result are in default and due on demand.

[2]Interest amounts on floating rate debt have been determined using rates at September 30, 2023.

[3]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 September 30, 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.

On April 12, 2023, the REIT entered into a $59.0 million notional amount pay-fixed receive-float interest rate swap. The interest rate swap has a fixed rate of 4.36%, and a start date of April 12, 2023, expiring May 1, 2025.

On August 28, 2023, the REIT entered into a $82.1 million notional amount pay-fixed receive-float interest rate swap. The interest rate swap has a fixed rate of 5.61%, and a start date of September 1, 2023, expiring April 20, 2024.

The following are the terms and fair values of the REIT's interest rate swaps where the REIT pays fixed and receives floating interest rates:

			Notional amount [2]		Fair value	
Maturity date	Floating interest rate [1]	Fixed interest rate	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
April 12, 2023	1 month CDOR	2.04%	—	73,550	—	704
April 12, 2023	1 month CDOR	2.04%	—	34,735	—	332
April 12, 2023	1 month BA	1.90%	—	58,281	—	568
August 14, 2023	1 month BA	2.77%	—	17,303	—	137
February 1, 2024	1 month U.S. SOFR [3]	1.80%	67,885	67,770	945	2,303
March 22, 2024	1 month CDOR	1.90%	100,000	100,000	1,775	3,436
April 20, 2024	1 month CDOR	5.61%	82,050	—	(51)	—
March 3, 2025	1 month BA	1.23%	62,500	62,500	3,848	4,199
March 3, 2025	1 month BA	1.23%	10,000	10,000	616	672
March 3, 2025	1 month BA	4.31%	8,000	8,000	139	11
May 1, 2025	1 month BA	4.36%	59,003	—	1,044	—
September 10, 2025	1 month U.S. SOFR [3]	2.18%	137,230	136,997	7,436	7,229
October 30, 2026	1 month CDOR	2.30%	100,000	100,000	7,927	5,698
Total			**$ 626,668**	**$ 669,136**	**$ 23,679**	**$ 25,289**

[1]"BA" means the Bankers' Acceptance rate, "SOFR" means the Secured Overnight Financing 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.
[3]The floating interest rate was receive-floating of U.S. London Interbank Offering Rate as at December 31, 2022.

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 nine months ended September 30, 2023, the REIT recorded a fair value loss of $1.0 million (September 30, 2022: gain of $7.9 million), which is recorded in the condensed consolidated interim statement of (loss) income.

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	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
December 31, 2026	3.72%	5.50%	$ 75,000	$ 75,000	$ 590	$ 1,570
Total			**$ 75,000**	**$ 75,000**	**$ 590**	**$ 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	Cap rate	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
July 8, 2024	1.60%	$ 134,329	$ 135,723	$ 3,045	$ 3,454
November 1, 2025	3.75%	16,157	16,129	431	379
Total		**$ 150,486**	**$ 151,852**	**$ 3,476**	**$ 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:

	Nine months ended September 30,	
	2023	2022
Beginning of the period	$ 3,833	$ —
Fair value changes	(328)	—
Foreign exchange loss	(29)	—
End of period	**$ 3,476**	**$ —**

Foreign exchange derivative

In connection with the Irish portfolio 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 nine months ended September 30, 2022. The REIT settled one foreign exchange transaction during the nine months ended September 30, 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, execution of the Portfolio Realignment Plan, 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 in addition to seeking waivers on financial covenants and execution of the Portfolio Realignment Plan.

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

	Nine months ended September 30,	
	2023	2022
Net change in cash related to:		
Operating	$ 24,205	$ 37,008
Investing	(21,559)	(137,678)
Financing	(2,586)	117,058
Foreign exchange (loss) gain on cash held in foreign currency	(424)	10,806
(Decrease) increase in cash	**$ (364)**	**$ 27,194**

The change in cash for the nine months ended September 30, 2023 and 2022 was the result of the following factors:

- Operating – cash inflows for the nine months ended September 30, 2023 decreased by $12.8 million when compared to the same period in 2022. The decrease is a result of higher cash interest and general and administrative costs and by a decrease in NOI during the nine months ended September 30, 2023.
- Investing – cash outflows for the nine months ended September 30, 2023 were $21.6 million compared to $137.7 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 as well as from the 25% acquisition of West Metro Corporate Centre in August 2023. 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 net of proceeds from the disposition of 95-105 Moatfield Drive in September 2022.
- Financing – cash outflows of $2.6 million for the nine months ended September 30, 2023 was primarily from mortgage repayments and distributions on REIT units net of advances on the revolving credit facility and from the drawing of funds under a vendor-take-back loan for the 25% acquisition of West Metro Corporate Centre. For the nine months ended September 30, 2022, the cash inflows of $117.1 million were from the 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 Yew Grove acquisition, offset by the repayment of the debt assumed in connection with the acquisition and discharge of a mortgage from the disposition of 95-105 Moatfield Drive.

DEFERRED UNIT PLAN

Trustee deferred unit plan

Trustees who are not employees of the REIT, the Manager, SLAM, 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 September 30, 2023, the liability associated with the Trustee DUP was $0.6 million (December 31, 2022: $1.1 million) and the number of outstanding deferred units was 465,081 (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 September 30, 2023, the liability associated with deferred units issued under the Officer DUP was $19 thousand (December 31, 2022: $57 thousand) and the number of deferred units was 14,053 (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 $1.31 on September 30, 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 September 30, 2023, the total number of trust units outstanding was 80,023,409. As at November 14, 2023, the total number of trust units outstanding was 80,023,409.

Normal course issuer bid

On June 22, 2022, the REIT renewed its normal course issuer bid ("NCIB"), whereby the REIT may purchase up to 6,252,619 trust units, subject to certain restrictions. The renewed NCIB expired on June 21, 2023. The REIT did not repurchase any units under its NCIB during the nine months ended September 30, 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. Issuance 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 was terminated on May 29, 2023. The REIT did not issue units under its ATM program during the nine months ended September 30, 2023 and 2022.

Potential trust units

	September 30, 2023	December 31, 2022
Class B LP units	5,285,160	5,285,160
Deferred units	479,134	327,100
Total	**5,764,294**	**5,612,260**

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 nine months ended September 30, 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 nine months ended September 30, 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Basic weighted average units outstanding	80,023,409	80,174,209	80,023,409	78,446,976
Class B LP units	5,285,160	5,285,160	5,285,160	5,285,160
Basic weighted average deferred units outstanding	394,675	198,397	334,826	181,493
Diluted weighted average units outstanding	**85,703,244**	**85,657,766**	**85,643,395**	**83,913,629**

Diluted units outstanding

The following is the diluted number of units outstanding at September 30, 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:

	September 30, 2023	September 30, 2022
Trust units outstanding	80,023,409	80,174,209
Class B LP units	5,285,160	5,285,160
Deferred units	479,134	215,016
Diluted units outstanding	**85,787,703**	**85,674,385**

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:

	September 30, 2023	December 31, 2022
REIT units	3,302,040	2,871,051
Class B LP units	5,285,160	5,285,160
Total	**8,587,200**	**8,156,211**
Economic interest	10.0%	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. During the nine months ended September 30, 2023, Slate purchased 430,989 REIT units. Slate purchased 1,183,800 REIT units during the nine months ended September 30, 2022.

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Property management	$ 1,391	$ 1,499	$ 4,228	$ 4,287
Asset management	1,393	1,517	4,210	4,365
Leasing, financing and construction management	1,169	549	1,950	2,491
Acquisition	43	—	43	1,993
Transaction fee [1]	—	—	—	2,899
Total	**$ 3,996**	**$ 3,565**	**$ 10,431**	**$ 16,035**

[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 $7.7 million for the nine months ended September 30, 2023 (September 30, 2022: $6.8 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 nine months ended September 30, 2023, the REIT received $431 thousand in rent payment in respect of this lease (September 30, 2022: $243 thousand). There were no amounts receivable related to this lease at September 30, 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:

	September 30, 2023	December 31, 2022
Accounts receivable	$ 112	$ 412
Accounts payable and accrued liabilities	(968)	(220)
Class B LP units	(6,924)	(22,832)

A trustee of the REIT and a corporation controlled by the trustee, G2S2 Capital Inc., through its wholly-owned subsidiary, Armco Alberta Inc. (collectively, "G2S2"), held the following interests in the REIT:

	September 30, 2023	December 31, 2022
REIT units	15,110,200	13,302,000
Deferred units	18,233	—
Total	**15,128,433**	**13,302,000**
Economic interest	17.6%	15.5%

G2S2 also held an aggregate principal amount of $12.0 million (December 31, 2022: $9.5 million) of the REIT's convertible debentures as at June 30, 2023. If G2S2 was the sole convertible debenture holder to convert to trust units, it would indirectly own a total of 17,251,328 trust units (December 31, 2022: 15,020,154), representing an economic interest of approximately 19.6% (December 31, 2022: 17.2%) on a diluted basis.

The REIT entered into an agreement to lease approximately 17,000 square feet of office space to G2S2 at one of its properties at market rents which expired June 30, 2023. G2S2 vacated the property subsequent to June 30, 2023. Total rent of $118 thousand was received under this lease for the nine months ended September 30, 2023 (September 30, 2022: $177 thousand). There were no amounts receivable related to this lease at September 30, 2023 and December 31, 2022.

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. Property valuation is dependent on leasing history, market reports, tenant profiles and available appraisals alongside other evidence of market conditions. At the balance sheet date there exists a limited number of observable comparable transactions and certain of the observable comparable transactions may have occurred by seller distress, financing pressure or other factors specific to those particular market participants and transactions. Accordingly, estimation uncertainty with determining the fair value of investment properties remains high.

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 September 30, 2023 is included in this MD&A. Changes in these assumptions, which have become increasingly uncertain due to the lack of comparable market evidence, 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 September 30, 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 nine months ended September 30, 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 nine months ended September 30, 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 September 30, 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%	371,340	76.4%
	120 South LaSalle	120 South LaSalle	Chicago, IL	1929 / 1998	100%	655,289	86.9%
	275 N Field Drive	275 N Field Drive	Chicago, IL	1989 / 2021	100%	197,527	67.0%
Total United States Office						**1,224,156**	**80.5%**
Greater Toronto Area Office							
	7030, 7050, 7100 Woodbine Avenue & 55, 85 Idema Road	Woodbine & Steeles Corporate Centre	Markham, ON	1984 / 2011	75%	359,563	82.5%
	3000 - 3100 Steeles Avenue East	Gateway Centre	Markham, ON	1982 / 1987	75%	243,403	86.6%
	2655 – 2695 North Sheridan Way	The Sheridan Exchange	Mississauga, ON	1987 / 1989	75%	160,178	93.2%
	2285 Speakman Drive		Mississauga, ON	1981 / 2016	100%	127,419	73.5%
	2599 Speakman Drive		Mississauga, ON	1971 / 2011	100%	127,782	68.8%
	2251 Speakman Drive		Mississauga, ON	1965/2016	100%	115,582	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	100%	618,003	63.5%
	401-405 The West Mall	Commerce West	Toronto, ON	1982 / 2009	75%	412,464	77.7%
Total Greater Toronto Area Office						**2,267,573**	**78.1%**
Atlantic Office							
	440 King Street	Kings Place	Fredericton, NB	1974 / 2001	100%	298,454	73.5%
	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%	69,677	49.4%
	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%	515,733	52.2%
	100 New Gower Street	Cabot Place	St. John's, NL	1987	100%	142,283	58.9%
	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	50.7%
	1505 Barrington Street	Maritime Centre	Halifax, NS	1977 / 1985	100%	526,849	75.6%
	84-86 Chain Lake Drive	84-86 Chain Lake	Halifax, NS	2008 / 2011	100%	77,720	75.2%
Total Atlantic Office						**2,608,576**	**72.6%**

[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	0.0%
	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%	31,596	66.7%
	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						**746,888**	**85.8%**
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	55.7%
Total Western Office						**335,168**	**84.4%**
Office						**7,182,361**	**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						**7,525,170**	**78.6%**

[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.

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Toronto Stock Exchange Listings
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SOT.DB: 9.00% convertible unsecured subordinated debentures
SOT.DB.A: 5.50% convertible unsecured subordinated debentures
SOT.DB.B: 7.50% convertible unsecured subordinated debentures

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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
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