Slate Office REIT

Q2 2024 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. We focus on fundamentals with the objective of creating long-term value for our investors and partners. Slate's platform focuses on four areas of real assets, including real estate equity, real estate credit, real estate securities, and infrastructure. 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, and follow Slate Asset Management on on LinkedIn, X (Twitter), and Instagram.

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 August 8, 2024, 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

50

Investment properties

7.1M

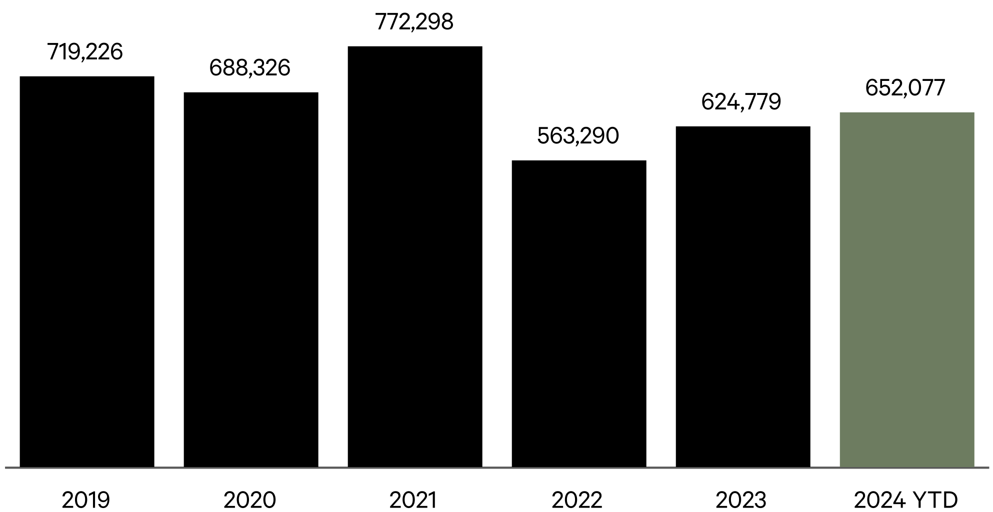
Square feet

$1.6B

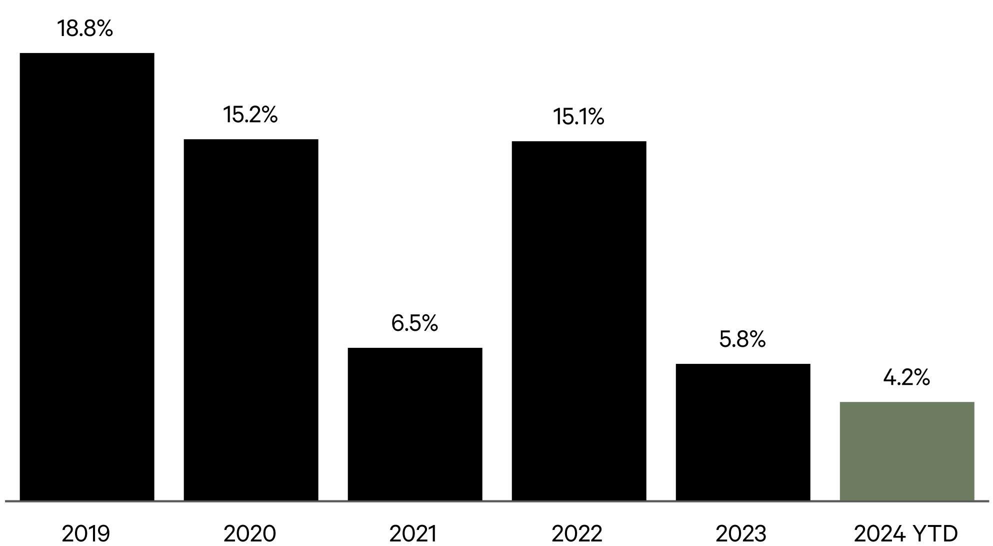
Total asset value

Strong Leasing Activity and Spreads

Total Leasing Activity (New and Renewal)



Total Leasing Spreads (New & Renewal)



Top 5 Tenants

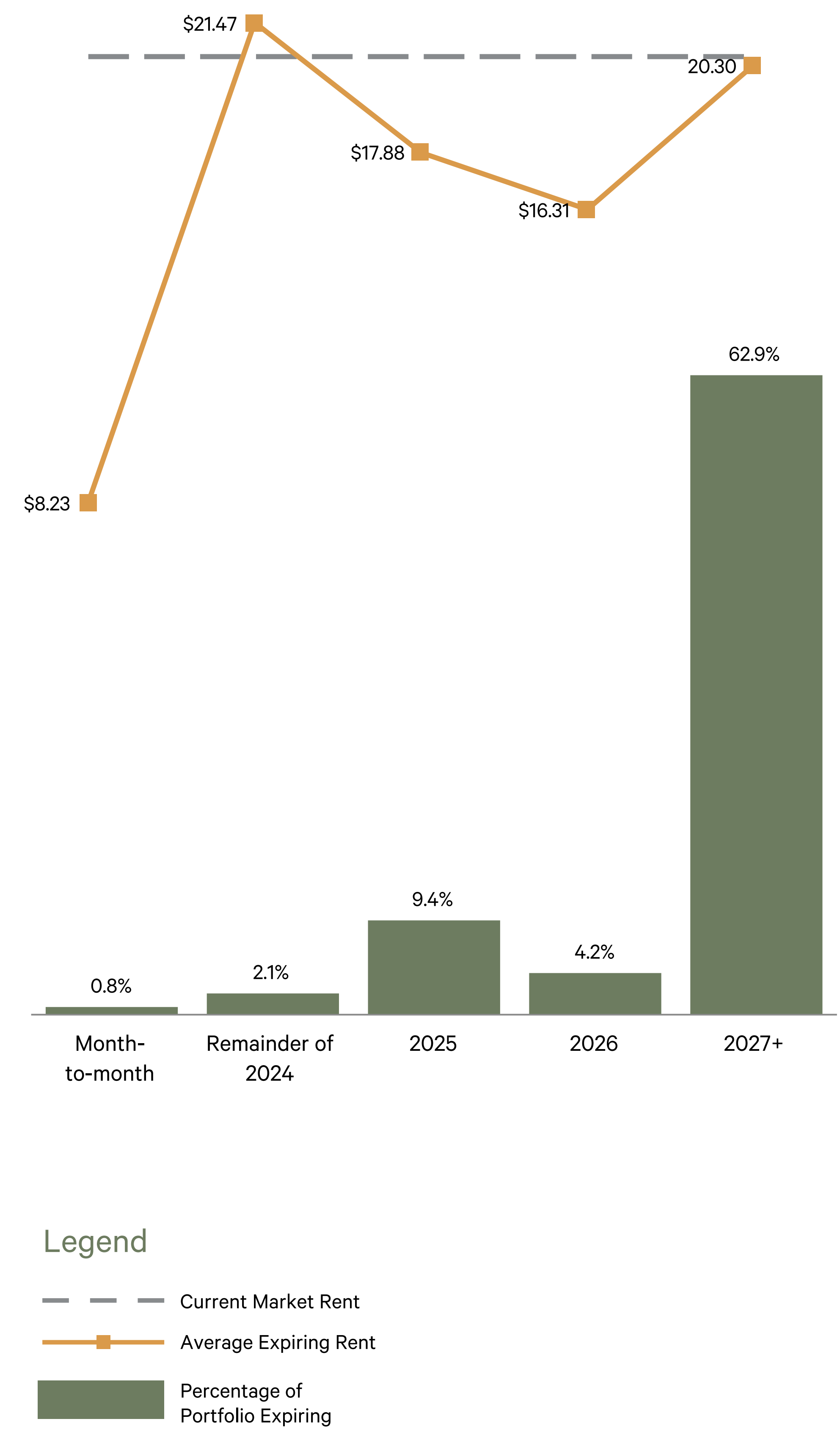
Ranked by Annual Base Rent*

1	8.1%	CIBC
2	6.4%	Bell
3	5.0%	Government of Canada / Gouvernement du Canada
4	4.7%	SNC • LAVALIN
5	3.5%	New Brunswick / Nouveau Brunswick Canada

65% of base rent is derived from government or credit rated tenants

* As at June 30, 2024

In-Place vs. Market Rents



Slate. Where value investing meets investors with values.

Management's Discussion and Analysis

SLATE OFFICE REIT

TSX: SOT.UN

June 30, 2024

CONTENTS

FINANCIAL AND INFORMATIONAL HIGHLIGHTS

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

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Summary of Portfolio Information					
Number of properties	50	52	54	54	54
Gross leasable area ("GLA") [1]	7,138,053	7,525,329	7,525,170	7,523,672	7,524,320
Total assets	$ 1,556,896	$ 1,713,367	$ 1,747,860	$ 1,822,403	$ 1,826,368
Total debt	$ 1,143,995	$ 1,158,123	$ 1,178,734	$ 1,190,712	$ 1,166,406
Occupancy [2]	79.4%	78.5%	78.6%	79.1%	80.6%

	Three months ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Summary of Financial Information					
Revenue	$ 49,567	$ 50,261	$ 48,787	$ 51,034	$ 48,708
Net operating income ("NOI") [3]	$ 24,719	$ 23,177	$ 24,085	$ 25,972	$ 24,594
Net loss	$ (150,045)	$ (22,571)	$ (54,694)	$ (34,730)	$ (19,622)
Funds from operations ("FFO") [3]	$ 4,388	$ 3,544	$ 4,805	$ 4,776	$ 5,770
Core-FFO [3]	$ 5,334	$ 4,474	$ 5,721	$ 5,678	$ 6,658
Adjusted FFO ("AFFO") [3]	$ 4,211	$ 3,776	$ 5,521	$ 5,151	$ 6,166
IFRS net asset value ("NAV") [3]	$ 349,291	$ 500,592	$ 520,394	$ 579,466	$ 617,069
Per Unit Financial Information					
Weighted average diluted number of trust units (000s)	85,909	85,937	85,792	85,703	85,640
Diluted units outstanding (000s)	86,030	86,047	85,937	85,788	85,700
IFRS NAV per unit [3]	$ 4.06	$ 5.82	$ 6.06	$ 6.75	$ 7.20
FFO per unit [3]	$ 0.05	$ 0.04	$ 0.06	$ 0.06	$ 0.07
Core-FFO per unit [3]	$ 0.06	$ 0.05	$ 0.07	$ 0.07	$ 0.08
AFFO per unit [3]	$ 0.05	$ 0.04	$ 0.06	$ 0.06	$ 0.07
Distributions per unit [3]	$ —	$ —	$ 0.01	$ 0.03	$ 0.03
FFO payout ratio [3]	—%	—%	17.8%	53.6%	44.4%
Core-FFO payout ratio [3]	—%	—%	14.9%	45.1%	38.4%
AFFO payout ratio [3]	—%	—%	15.5%	49.7%	41.5%

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Financial Data					
Loan-to-value ("LTV") ratio [3]	73.8%	67.8%	67.7%	65.6%	64.0%
Weighted average debt interest rate [4]	6.1%	5.9%	5.3%	5.3%	5.1%
Interest coverage ratio (times) [3]	1.4x	1.4x	1.5x	1.6x	1.8x
Net debt to adjusted EBITDA ratio (times) [3]	12.5x	12.8x	12.9x	13.1x	12.6x

[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 six months ended June 30, 2024. 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 and for the six months ended June 30, 2024 and 2023 (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 August 8, 2024, 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 further amended on March 1, 2019, May 13, 2021 and January 15, 2024, 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"), an indirect 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 June 30, 2024 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, tax on gains on disposals of investment properties, 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

We draw your attention to “Part IV – Financial Condition” in this MD&A and note 2 of our unaudited condensed consolidated interim financial statements which indicate the existence of material uncertainty that may cast significant doubt on the REIT’s ability to continue as a going concern. There is material uncertainty and significant doubt as to the REIT’s ability to continue as a going concern that is dependent on, among other things, its ability to remediate the breach of certain covenants under its existing revolving credit facility or obtain modifications or waivers in respect thereof from the lenders, refinance maturing debt, secure additional financing as well as market conditions. While the REIT has been successful in securing financing in the past, obtaining modifications or waivers in respect of the aforementioned covenant breaches, refinancing the REIT’s existing debt or securing additional funds is dependent on a number of factors outside the REIT’s control and the REIT may not be able to sufficiently address its liquidity needs in the foreseeable future.

The REIT’s business is subject to a number of other risks and uncertainties which are described under the “Forward-Looking Information” and “Risk Factors” sections in its most recently filed Annual Information Form year ended December 31, 2023, 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 preference 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, while generating value for our investors. To achieve this, management is embedding ESG practices into the core of Slate's and the REIT's day-to-day operations, as well as building out strategic 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 IFRS Foundation and the newly affiliated International Sustainability Standards Board ("ISSB") to report on sustainability and climate-related issues.

ESG Disclosure Obligation

On June 26, 2023, the ISSB released its finalized General Requirements for Disclosure of Sustainability-Related Financial Information ("IFRS S1") and IFRS S2 Climate-related Disclosures, ("IFRS S2") standards, creating a global baseline for the disclosure of sustainability information. IFRS S1 requires a company to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects, including its cash flows, its access to finance or cost of capital, over the short, medium or long term. IFRS S2 requires a company to disclose information about its climate-related risks, which includes both physical risks and transition risks, and opportunities that are useful to investors and other providers of financial capital in making decisions relating to providing resources to the company. The IFRS S2 standard incorporates and builds on the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations. In Canada, the path towards mandatory application of sustainability reporting standards has progressed with the release of exposure drafts of the Canadian Sustainability Disclosure Standards ("CSDS") by the Canadian Sustainability Standards Board ("CSSB"). The effective date for voluntary adoption of the CSDS is January 1, 2025, with mandatory adoption for public companies yet to be determined by the CSA. There will be a two year transition relief period for reporting scope 3 emissions (tenant controlled emissions) and sustainability disclosures (i.e. sustainability risks and opportunities) with mandatory reporting beginning on or after January 1, 2027. Whilst this transitional relief is being proposed by CSSB, this timing is subject to change through the CSSB’s comment and deliberation periods. If finalized as such, mandatory requirement will be subject to the CSA’s final rules in this area.

As reported previously, the REIT has 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. This includes the roll-out of automated meter reading in Ireland to capture half-hourly data from our multi-let properties, which was completed in Q2 2024.

Management of Tenant Sustainability Impacts

The REIT is rolling-out green clauses in standard lease terms during both new lease negotiations and renewals. To date, the REIT has signed 457,862 SF gross leasable area with green clauses included. This enables the REIT to monitor tenant’s scope 3 carbon emissions.

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 for the REIT. Work is also underway to evaluate the exposure of the REIT to climate transition risks which will inform targeted climate mitigation and adaptation strategies for properties at most risk.

To learn more about our ESG initiatives, please visit our website: www.slateofficereit.com and ESG - Slate Asset Management (slateam.com) for the Slate 2023 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 six months ended June 30, 2024, and the years ended December 31, 2023 and 2022:

	Six months ended June 30, 2024		Year ended December 31, 2023		Year ended December 31, 2022	
	IFRS Net Asset Value [1]	Per Unit	IFRS Net Asset Value [1]	Per Unit	IFRS Net Asset Value [1]	Per Unit
Beginning of period	$ 520,394	$ 6.06	$ 668,834	$ 7.82	$ 651,958	$ 8.90
Core-FFO	9,808	0.11	24,245	0.28	43,423	0.51
Property fair value changes [2]	(172,045)	(2.00)	(131,551)	(1.53)	(87,508)	(1.02)
Other fair value changes	(3,467)	(0.04)	(9,068)	(0.11)	39,144	0.46
Depreciation on hotel	(498)	(0.01)	(966)	(0.01)	(966)	(0.01)
Foreign exchange	4,869	0.06	(2,309)	(0.03)	11,139	0.13
Unit issuances	166	—	—	—	60,202	(0.59)
Distributions	—	—	(17,336)	(0.17)	(33,316)	(0.40)
Unit repurchases	—	—	—	—	(710)	0.01
Transaction costs	(1,132)	(0.01)	—	—	(1,240)	(0.01)
Other	(8,804)	(0.11)	(11,455)	(0.19)	(13,292)	(0.16)
End of period	**$ 349,291**	**$ 4.06**	**$ 520,394**	**$ 6.06**	**$ 668,834**	**$ 7.82**

[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 $2.00 per unit driven by a decrease in fair value of investment properties of $172.0 million or $2.00 per unit. This was partially offset by Core-FFO of $9.8 million or $0.11 per unit. The REIT did not pay distributions to unitholders for the six months ended June 30, 2024.

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

	Six months ended June 30, 2024		Year ended December 31, 2023		Year ended December 31, 2022	
	Percentage Return	Per Unit	Percentage Return	Per Unit	Percentage Return	Per Unit
IFRS net asset value change	(33.0)%	$ (2.00)	(22.5)%	$ (1.76)	(12.1%)	$ (1.08)
Distributions	—%	—	2.2%	0.17	4.5%	0.40
Total	**(33.0)%**	**$ (2.00)**	**(20.3)%**	**$ (1.59)**	**(7.6)%**	**$ (0.68)**

In the six months ended June 30, 2024, the REIT did not provide cash distributions to unitholders. This represents a total return of (33.0)% based on the REIT's IFRS NAV at December 31, 2023. In 2023, the REIT provided $0.17 per unit in cash distributions to unitholders. This represents a cash return of 2.2% for the year ended December 31, 2023 and a total return of (20.3)% 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.

A portion of the total return to unitholders is provided by way of distributions. In 2023 and 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 June 30, 2024 and December 31, 2023 from the REIT's consolidated financial statements:

	June 30, 2024	December 31, 2023
Equity	$ 347,789	$ 515,370
Class B LP units	1,136	4,281
Deferred unit liability	98	489
Deferred tax liability	268	254
IFRS net asset value	**$ 349,291**	**$ 520,394**
Diluted number of units outstanding [1]	86,030	85,937
IFRS net asset value per unit	**$ 4.06**	**$ 6.06**

[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 June 30, 2024:

(thousands, except per unit amount)	June 30, 2024
Property fair value[1]	$ 1,467,572
Data Centre	41,337
Working capital	(15,623)
Debt	(1,143,995)
IFRS net asset value	**$ 349,291**
Diluted number of units outstanding	86,030
IFRS net asset value per unit	**$ 4.06**

[1]Includes $377.3 million of assets held for sale.

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

	June 30, 2024
Ontario	$ 0.77
Atlantic	1.08
Western	0.14
U.S.	1.15
Ireland	0.92
IFRS net asset value per unit	**$ 4.06**

SIGNIFICANT HIGHLIGHTS

Leasing

The REIT completed 17 lease transactions in the second quarter of 2024, totaling 381,595 square feet, compared to 26 transactions in the prior quarter totaling 270,482 square feet. Notable leasing transactions for the quarter include the following:

- An 8-year renewal and expansion with an engineering tenant for a total of 243,001 square feet at 2285 and 2251 Speakman Drive.
- A 5-year new deal with a technology tenant for 36,720 square feet at Woodbine Complex.
- A 10-year new deal with a financial services tenant for 7,488 square feet at Cabot Place.

Property Transactions

During Q2 2024, the REIT made progress on its Portfolio Realignment Plan (described below) with the disposition of 84-86 Chain Lake for a gross purchase price of $10.4 million, and Walmart Flin Flon for a gross purchase price of approximately $4.0 million. Subsequent to Q2 2024, the REIT disposed of 570 Queen Street for a gross purchase price of approximately $5.2 million. The REIT is focusing on maximizing revenues and increasing occupancy across the portfolio, in particular in Ontario and Chicago, where there is occupancy and management is seeing increased leasing interest.

The REIT also revalued its property portfolio as at June 30, 2024 which resulted in a $154.4 million negative fair value adjustment in the second quarter as a result of third-party appraisals received, the REIT's own estimates, and property sales.

Financial

- Net loss was $150.0 million and NOI was $24.7 million for the three months ended June 30, 2024 compared to net loss of $19.6 million and NOI of $24.4 million for the three months ended June 30, 2023.
- Same property NOI was $23.8 million for the three months ended June 30, 2024 an increase from $22.2 million for the three months ended March 31, 2024.
- FFO and Core-FFO for the three months ended June 30, 2024 were $4.4 million and $5.3 million or $0.05 and $0.06, respectively on a per unit basis an increase from $3.5 million and $4.5 million or $0.04 and $0.05 per unit, respectively for the three months ended March 31, 2024.
- AFFO for the three months ended June 30, 2024 was $4.2 million or $0.05 per unit, an increase from $3.8 million or $0.04 per unit for the three months ended March 31, 2024.

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 first quarter of 2024 totaled 381,595 square feet at a weighted average rental rate spread of 6.2% above in-place and expiring rents for new and renewed leasing. In-place rental rates across the portfolio are at a weighted average of 2.7% 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:

- An 8-year renewal and expansion with an engineering tenant for a total of 243,001 square feet at 2285 and 2251 Speakman Drive.
- A 5-year new deal with a technology tenant for 36,720 square feet at Woodbine Complex.
- A 10-year new deal with a financial services tenant for 7,488 square feet at Cabot Place.

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 June 30, 2024			Three months ended March 31, 2024		
	GLA	Occupancy (square feet)	Occupancy (%)	GLA	Occupancy (square feet)	Occupancy (%)
Occupancy, beginning of period	7,279,312	5,659,553	77.7%	7,525,329	5,906,450	78.5%
Disposed properties						
The Sheridan Exchange				(160,178)	(149,288)	(0.3)%
Airways Units 7 & 8				(87,969)	(87,969)	(0.3)%
84-86 Chain Lake Dr	(77,820)	(58,546)	—%			
Walmart Flin Flon	(63,439)	(63,439)	(0.2%)			
Remeasurements	(710)	—	—%	2,130	—	—%
Change in same property occupancy	—	126,247	1.8%	—	(9,640)	(0.2)%
Occupancy, end of period	**7,137,343**	**5,663,815**	**79.4%**	**7,279,312**	**5,659,553**	**77.7%**

Occupancy at June 30, 2024 was 79.4% and the weighted average lease term was 5.5 years. New leases completed in the first quarter of 2024 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 June 30, 2024 was 5.5 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:

	June 30, 2024			March 31, 2024		
	Weighted average years to maturity [1]	GLA	% of GLA	Weighted average years to maturity [1]	GLA	% of GLA
Atlantic	4.7	1,878,168	26.3%	4.7	1,927,348	26.4%
Ontario	5.5	1,767,307	24.8%	4.1	1,621,883	22.3%
Western	6.4	348,947	4.9%	6.1	412,386	5.7%
Ireland	7.6	754,376	10.6%	7.6	777,424	10.7%
U.S.	5.1	915,017	12.8%	5.1	920,512	12.6%
	5.5	5,663,815	79.4%	5.1	5,659,553	77.7%
Vacant		1,473,528	20.6%		1,619,759	22.3%
Total		**7,137,343**	**100.0%**		**7,279,312**	**100.0%**

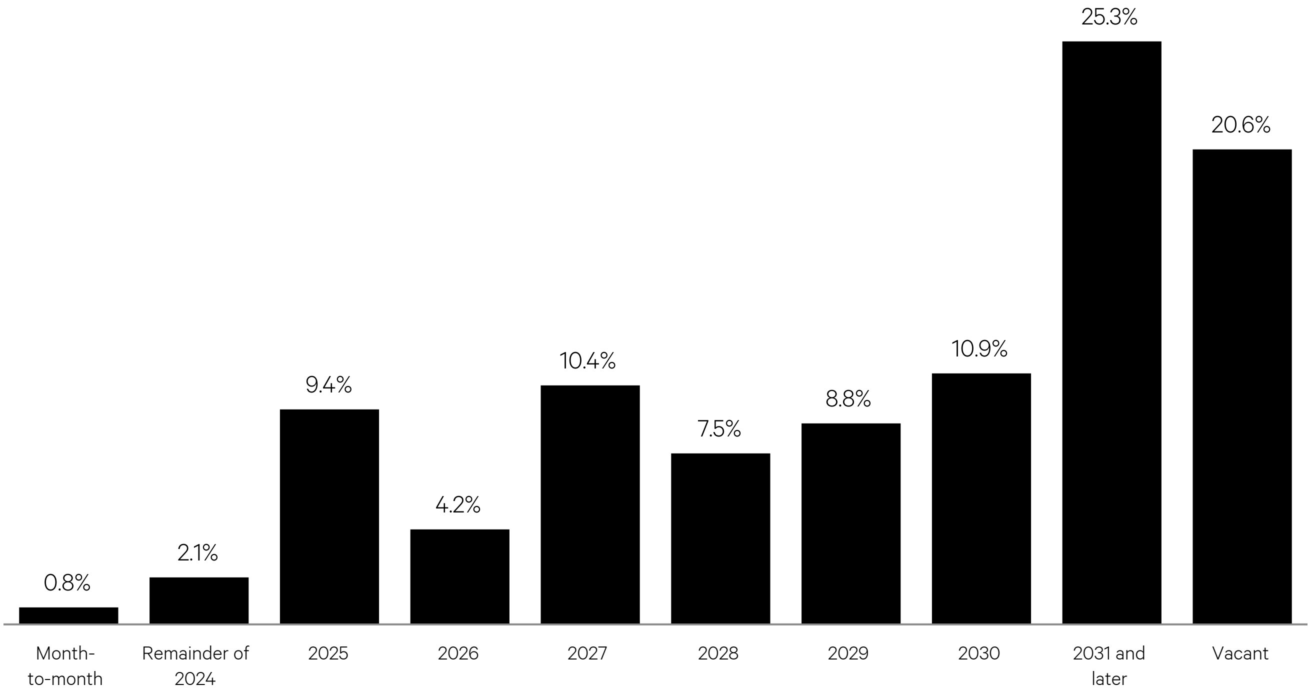
[1]The calculation of weighted average years to maturity does not include month-to-month tenants.

The following is a profile of the maturities of the REIT's leases excluding the impact of tenant extension options at June 30, 2024:

	GLA	% of portfolio	Weighted average in-place rent (per square foot) [1]
Month-to-month	56,492	0.8%	$ 8.23
Remainder of 2024	149,542	2.1%	21.47
2025	674,111	9.4%	17.88
2026	297,216	4.2%	16.31
2027	743,544	10.4%	20.06
2028	537,136	7.5%	19.13
2029	626,646	8.8%	17.00
2030	780,770	10.9%	30.03
2031 and later	1,798,358	25.3%	19.11
Vacant	1,473,528	20.6%	n/a
Total / weighted average	**7,137,343**	**100.0%**	**$ 20.17**

[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 2024, 2.1% 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 June 30, 2024 is $20.17 per square foot, representing a 2.7% discount to current market rent. 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 June 30, 2024:

	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	333,739	12	$ 19.10	$ 20.39	6.7%
New leases	47,856	5	18.55	18.93	2.1%
Total / weighted average	381,595	17	$ 19.03	$ 20.20	6.2%
Less: leases not renewed / vacated	42,579	(6)			
Net total	**424,174**	**11**			

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
Q3 2023	205,126	21	3.3%	72,473	14	9.9%	277,599	35
Q4 2023	66,551	10	1.9%	14,751	3	(11.8%)	81,302	13
Q1 2024	69,443	14	7.7%	201,039	12	(0.5%)	270,482	26
Q2 2024	333,739	12	6.7%	47,856	5	2.1%	381,595	17
Total	**674,859**	**57**	**5.3 %**	**336,119**	**34**	**1.6 %**	**1,010,978**	**91**

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's total exposure to the Government of Canada, Canadian provinces and the Government of Ireland is approximately 1,118,561 square feet or 19.8% of base rent at share with a weighted average lease term of 4.5 years. Further, 65.4% 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 June 30, 2024, which together represent 41.0% of base rental receipts:

Tenant	Credit rating [1]	GLA	Number of properties	% of base rental receipts	Weighted average lease term (years)
CIBC	A+	314,825	3	8.1%	5.3
Bell Canada Enterprises	BBB+	136,464	4	6.4%	4.2
Government of Canada	AAA	365,753	7	5.0%	2.7
SNC-Lavalin Inc.[2]	BB+	273,077	3	4.7%	7.7
Province of New Brunswick	A+	293,917	4	3.5%	4.0
Government of Ireland	AA	120,649	7	3.3%	4.0
Blue Cross	Unrated	179,521	4	2.7%	3.9
Johnson Insurance	A1	156,217	1	2.6%	6.4
Province of Nova Scotia	AA-	167,731	1	2.4%	4.8
Pfizer	A	103,189	1	2.3%	8.3
Total		**2,111,343**	**35**	**41.0%**	**4.9**

[1] Source: DBRS, Moody's or S&P as at June 30, 2024.
[2] Includes 93,642 square feet of SNC-Lavalin Nuclear Inc.

PROPERTY PROFILE

The REIT's property portfolio at June 30, 2024 consists of interests in 50 properties. The portfolio has 7.1 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 June 30, 2024 had an estimated IFRS fair value of $1.5 billion. The REIT's IFRS fair value reflects the current economics of the REIT's properties, including its 79.4% in-place occupancy and current weighted average in-place rents of $20.17 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 and beyond.

Overall, the average estimated IFRS fair value per square foot of the REIT's portfolio excluding the Data Centre and Delta Brunswick Hotel is $211. 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:

	June 30, 2024		December 31, 2023	
	Discount rate	Terminal capitalization rate	Discount rate	Terminal capitalization rate
Minimum	7.50%	7.00%	6.75%	6.75%
Maximum	11.25%	10.50%	11.50%	10.50%
Weighted average	8.62%	7.79%	7.99%	7.43%

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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Beginning of period	$ 1,277,574	$ 1,753,789	$ 1,362,188	$ 1,754,338
Capital expenditures	2,631	2,203	4,624	4,842
Leasing costs	6,994	5,124	11,065	9,604
Dispositions[1]	(14,312)	—	(44,195)	—
Depreciation of hotel asset	(249)	(241)	(498)	(481)
Foreign exchange	4,041	(10,855)	11,383	(9,091)
Change in fair value	(154,405)	(41,924)	(165,197)	(37,916)
IFRIC 21 property tax adjustment[2]	3,349	3,522	(6,848)	(6,969)
Straight-line rent and other changes	(1,929)	(2,804)	(4,112)	(5,513)
Transfer to assets held for sale	(33,381)	—	(78,097)	—
End of period	**$ 1,090,313**	**$ 1,708,814**	**$ 1,090,313**	**$ 1,708,814**

[1]Represents the purchase price and capital adjustments.
[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 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.

During the six months ended June 30, 2024, the REIT's investment property value decreased by $193.8 million compared to the same period in the prior year before factoring the transfer to assets held for sale. The change in value is driven by a $154.4 million negative fair value adjustment in the Q2 2024 as a result of third-party appraisals received, the REIT's own estimates, and by the dispositions of The Sheridan Exchange and Airways Units 7 & 8 in February 2024 and 84-86 Chain Lake and Walmart Flin-Flon in May 2024. This was partially offset by capital expenditures and the appreciation of the U.S. Dollar and Euro.

In 2023, the REIT initiated a Portfolio Realignment 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 June 30, 2024, the REIT classified 15 investment properties with a total estimated fair value of $377.3 million and outstanding debt principal of $282.4 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 on an accelerated basis and at amounts materially less than the estimated fair value at June 30, 2024, especially in instances where there is limited purchaser interest or limited or no financing available for potential purchasers. The REIT classified 14 investment properties with a total estimated fair value of $299.2 million and outstanding debt principal of $195.7 million as held for sale as at December 31, 2023.

PART III - RESULTS OF OPERATIONS

SUMMARY OF RESULTS OF OPERATIONS

The following is a summary of the results of operations:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Rental revenue	$ 49,567	$ 48,708	$ 99,828	$ 97,800
Property operating expenses	(23,428)	(23,396)	(62,892)	(61,328)
Finance income on finance lease receivable	659	717	1,334	1,448
Interest income	92	125	187	213
Interest and finance costs	(18,872)	(15,543)	(37,178)	(29,939)
General and administrative expenses	(2,355)	(3,381)	(4,539)	(8,461)
Change in fair value of financial instruments	(2,982)	6,932	(3,467)	3,444
Change in fair value of investment properties	(154,405)	(41,924)	(165,197)	(37,916)
Depreciation of hotel asset	(249)	(241)	(498)	(481)
Transaction costs	(614)	—	(1,132)	—
Deferred income tax (expense) recovery	(42)	551	(14)	443
Current income tax expense	(244)	(255)	(2,193)	(596)
Net loss before Class B LP units	**$ (152,873)**	**$ (27,707)**	**$ (175,761)**	**$ (35,373)**
Change in fair value of Class B LP units	2,828	8,244	3,145	12,367
Distributions to Class B LP unitholders	—	(159)	—	(687)
Net loss	**$ (150,045)**	**$ (19,622)**	**$ (172,616)**	**$ (23,693)**
Other comprehensive income (loss) to be subsequently reclassified to profit or loss:				
Foreign currency translation income (loss)	1,801	(5,469)	4,869	(4,462)
Total other comprehensive income (loss)	1,801	(5,469)	4,869	(4,462)
Comprehensive loss	**$ (148,244)**	**$ (25,091)**	**$ (167,747)**	**$ (28,155)**

NET LOSS AND COMPREHENSIVE LOSS

For the three months ended June 30, 2024, net loss was $150.0 million, which is greater than the net loss of $19.6 million for the same period in the prior year. The increase is primarily due to a higher fair value loss on investment properties, a fair value loss on financial instruments, a rise in the REIT's weighted average interest rate due to refinancings completed in the last 12 months, and interest rate swap maturities resulting in an increase in floating rate debt. Additionally, the net loss was further impacted by transaction costs related to dispositions in 2024 and a decrease in the fair value gain of Class B Units. This was partially offset by a decrease in general and administrative costs due to a $1.3 million allowance in the prior period for an expected credit loss on a vendor-take-back loan and on rent receivables at two of the U.S. properties. Other comprehensive income increased by $7.3 million for the three months ended June 30, 2024 compared to the same period in the prior year due to the appreciation of the U.S. dollar and the Euro.

For the six months ended June 30, 2024, net loss was $172.6 million, which is greater than the net loss of $23.7 million for the same period in the prior year. The increase is primarily due to a higher fair value loss on investment properties, a fair value loss on financial instruments, a rise in the REIT's weighted average interest rate due to refinancings completed in the last 12 months, and interest rate swap maturities resulting in an increase in floating rate debt. Additionally, the net loss was further impacted by transaction costs related to dispositions in 2024 and a decrease in fair value gain of Class B Units. This was partially offset by a decrease in general and administrative costs, due to additional expenses in the prior year related 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 due to be repaid in September 2022, as well as on rent receivables at two of the U.S. properties. Other comprehensive income increased by $9.3 million for the six months ended June 30, 2024 compared to the same period in the prior year due to the appreciation of the U.S. dollar and the Euro.

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 six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue	$ 49,567	$ 48,708	$ 99,828	$ 97,800
Property operating expenses	(23,428)	(23,396)	(62,892)	(61,328)
IFRIC 21 property tax adjustment [1]	(3,349)	(3,522)	6,848	6,969
Straight-line rents and other changes	1,929	2,804	4,112	5,513
Net operating income	**$ 24,719**	**$ 24,594**	**$ 47,896**	**$ 48,954**

[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 June 30, 2024, NOI increased to $24.7 million from $24.6 million for the same period in the prior year. The increase was driven by higher NOI from the REIT's hotel asset, positive leasing activity and decreases in property operating expenses at four of the REIT's Atlantic properties, as well as by the 25% acquisition of West Metro Corporate Centre. This was partially offset by the dispositions of The Sheridan Exchange and Airways Units 7 & 8 in February 2024, and 84-86 Chain Lake and Walmart Flin Flon in May 2024.

For the six months ended June 30, 2024, NOI decreased to $47.9 million from $49.0 million for the same period in the prior year. The decrease was primarily due to certain vacancies at the REIT's U.S. properties and by the dispositions of The Sheridan Exchange and Airways Units 7 & 8 in February 2024, and 84-86 Chain Lake and Walmart Flin Flon in May 2024. This was partially offset by an increase in NOI from the REIT's hotel asset, positive leasing activity at certain of the REIT's Atlantic properties, and appreciation of the U.S. dollar and the Euro compared to the prior period.

The following is a reconciliation of the change in NOI for the three months ended June 30, 2024 compared to the same period in the prior year:

Net operating income, Q2 2023	**$**	**24,594**
Change in same-property NOI		968
Contribution from acquired properties		389
Impact of foreign exchange rates		139
Reduced contribution from sold properties		(1,371)
Net operating income, Q2 2024	**$**	**24,719**
Year-over-year change - $	**$**	**125**
Year-over-year change - %		**0.5%**

The following is a reconciliation of the change in NOI for the three months ended June 30, 2024 compared to the immediately preceding quarter:

Net operating income, Q1 2024	**$**	**23,177**
Change in same-property NOI		1,521
Impact of foreign exchange rates		93
Change in hotel contribution [1]		1,240
Reduced contribution from sold properties		(1,312)
Net operating income, Q2 2024	**$**	**24,719**
Quarter-over-quarter change - $	**$**	**1,542**
Quarter-over-quarter change - %		**6.7%**

[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 leasing up vacant space, 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 June 30, 2024 excludes assets acquired and disposed of in the 15 months prior to June 30, 2024. 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	
	June 30, 2024	June 30, 2023
Number of properties	50	50
GLA [1]	7,138,053	7,135,988
Revenue	$ 48,840	$ 46,960
Operating expenses	(22,677)	(22,508)
IFRIC 21 property tax adjustment	(3,349)	(3,522)
Straight-line rents and other changes	1,865	2,642
Same-property NOI (including hotel asset)	**$ 24,679**	**$ 23,572**
Period-over-period change - $	**$ 1,107**	
Period-over-period change - %	**4.7%**	

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

Same-property NOI for the three months ended June 30, 2024 compared to the same period in 2023 increased by $1.1 million or 4.7%. The increase is primarily driven by an increase in NOI from the REIT's hotel asset and from positive leasing activity and decreases in property operating expenses at four of the REIT's Atlantic properties.

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

The same-property NOI comparison to the three months ended March 31, 2024 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			
		June 30, 2024		March 31, 2024	
Number of properties		50		50	
GLA [1]		7,138,053		7,138,053	
Revenue	$	49,855	$	48,841	
Property operating expenses		(23,340)		(38,919)	
IFRIC 21 property tax adjustment		(3,349)		10,197	
Straight-line rents and other changes		1,896		2,089	
Same-property NOI (including hotel asset)		25,062		22,208	
NOI attributable to hotel asset		(1,242)		(2)	
Same-property NOI (excluding hotel asset)	**$**	**23,820**	**$**	**22,206**	
Period-over-period change - $	**$**	**1,614**			
Period-over-period change - %		**7.3%**			

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

		Three months ended		
		June 30, 2024		March 31, 2023
Same-property NOI (excluding hotel asset)	$	23,820	$	22,206
Less: lease termination payments		—		(401)
Same-property NOI (excluding hotel asset and lease termination payments)	**$**	**23,820**	**$**	**21,805**
Period-over-period change - $	**$**	**2,015**		
Period-over-period change - %		**9.2%**		

Same-property NOI, excluding the REIT's hotel asset, for the three months ended June 30, 2024 compared to the three months ended March 31, 2024, increased by 7.3%. The increase was primarily due to positive leasing activity and decreases in property operating expenses at four of the REIT's Atlantic properties. This was partially offset by termination income received at one of the REIT's Atlantic properties in the prior period.

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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash flow from operating activities	**$ 12,290**	**$ (890)**	**$ 17,608**	**$ 7,307**
Add (deduct):				
Leasing costs amortized to revenue	2,318	2,317	4,836	4,978
Transaction costs	614	—	1,132	—
Working capital changes	(2,503)	8,065	(5,095)	5,882
Straight-line rent and other changes	(1,929)	(2,804)	(4,112)	(5,513)
Interest and finance costs	(18,872)	(15,543)	(37,178)	(29,939)
Interest paid	12,470	14,343	29,040	27,559
Tax on gains on disposals of investment properties	—	—	1,701	—
Distributions paid to Class B LP unitholders	—	282	—	810
FFO	**$ 4,388**	**$ 5,770**	**$ 7,932**	**$ 11,084**
Finance income on finance lease receivable	(659)	(717)	(1,334)	(1,448)
Finance lease payments received	1,605	1,605	3,210	3,210
Core-FFO	**$ 5,334**	**$ 6,658**	**$ 9,808**	**$ 12,846**

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss	**$ (150,045)**	**$ (19,622)**	**$ (172,616)**	**$ (23,693)**
Add (deduct):				
Leasing costs amortized to revenue	2,318	2,317	4,836	4,978
Change in fair value of properties	154,405	41,924	165,197	37,916
IFRIC 21 property tax adjustment [1]	(3,349)	(3,522)	6,848	6,969
Change in fair value of financial instruments	2,982	(6,932)	3,467	(3,444)
Transaction costs	614	—	1,132	—
Depreciation of hotel asset	249	241	498	481
Deferred income tax expense (recovery)	42	(551)	14	(443)
Tax on gains on disposals of investment properties	—	—	1,701	—
Change in fair value of Class B LP units	(2,828)	(8,244)	(3,145)	(12,367)
Distributions to Class B LP unitholders	—	159	—	687
FFO	**$ 4,388**	**$ 5,770**	**$ 7,932**	**$ 11,084**
Finance income on finance lease receivable	(659)	(717)	(1,334)	(1,448)
Finance lease payments received	1,605	1,605	3,210	3,210
Core-FFO	**$ 5,334**	**$ 6,658**	**$ 9,808**	**$ 12,846**
Weighted average number of units outstanding [2]	85,909	85,640	85,923	85,613
FFO per unit (diluted)	**$ 0.05**	**$ 0.07**	**$ 0.09**	**$ 0.13**
Core-FFO per unit (diluted)	**$ 0.06**	**$ 0.08**	**$ 0.11**	**$ 0.15**

[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]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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Rental revenue	$ 49,567	$ 48,708	$ 99,828	$ 97,800
Property operating expenses	(23,428)	(23,396)	(62,892)	(61,328)
Finance income on finance lease receivable	659	717	1,334	1,448
Interest income	92	125	187	213
Interest and finance costs	(18,872)	(15,543)	(37,178)	(29,939)
General and administrative expenses	(2,355)	(3,381)	(4,539)	(8,461)
IFRIC 21 property tax adjustment [1]	(3,349)	(3,522)	6,848	6,969
Leasing costs amortized to revenue	2,318	2,317	4,836	4,978
Current income tax expense	(244)	(255)	(2,193)	(596)
Tax on gains on disposals of investment properties	—	—	1,701	—
FFO	**$ 4,388**	**$ 5,770**	**$ 7,932**	**$ 11,084**
Finance income on finance lease receivable	(659)	(717)	(1,334)	(1,448)
Finance lease payments received	1,605	1,605	3,210	3,210
Core-FFO	**$ 5,334**	**$ 6,658**	**$ 9,808**	**$ 12,846**
Weighted average number of units outstanding [2]	85,909	85,640	85,923	85,613
FFO per unit (diluted)	**$ 0.05**	**$ 0.07**	**$ 0.09**	**$ 0.13**
Core-FFO per unit (diluted)	**$ 0.06**	**$ 0.08**	**$ 0.11**	**$ 0.15**

[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]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 June 30, 2024 was $4.4 million, which is $1.4 million lower than the same period in 2023. The decrease in FFO was primarily a result of a rise in the REIT's weighted average interest rate from refinancings completed in the last 12 months and from interest rate swap maturities, resulting in an increase in floating rate debt. This was offset by an increase in NOI and a decrease in general and administrative costs primarily due to bad debt allowances of $1.0 million recognized during the three months ended June 30, 2023 for an expected credit loss on a vendor-take-back loan.

FFO for the six months ended June 30, 2024 was $7.9 million, which is $3.2 million lower than the same period in 2023. The decrease in FFO was primarily a result of a rise in the REIT's weighted average interest rate from refinancings completed in the last 12 months and from interest rate swap maturities, resulting in an increase in floating rate debt. This was offset by an increase in NOI and a decrease in general and administrative costs primarily due to bad debt allowances of $1.0 million recognized during the three months ended June 30, 2023 for an expected credit loss on a vendor-take-back loan and strategic review costs realized during the three months ended March 31, 2023.

Core-FFO decreased to $5.3 million or $0.06 per unit for the three months ended June 30, 2024 from $6.7 million or $0.08 per unit for the same period in 2023. Core-FFO decreased to $9.8 million or $0.11 per unit for the six months ended June 30, 2024 from $12.8 million or $0.15 per unit for the same period in 2023. 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash flow from operating activities	**$ 12,290**	**$ (890)**	**$ 17,608**	**$ 7,307**
Add (deduct):				
Working capital items	(2,503)	8,065	(5,095)	5,882
Principal repayments on finance lease receivable	946	888	1,876	1,762
Distributions paid to Class B LP unitholders	—	282	—	810
Transaction costs	614	—	1,132	—
Change in cash interest payable	(4,857)	—	(4,857)	—
Normalized direct leasing and capital costs	(2,279)	(2,179)	(4,378)	(4,344)
AFFO	**$ 4,211**	**$ 6,166**	**$ 7,987**	**$ 11,417**

The following table reconciles AFFO from NOI:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net operating income	**$ 24,719**	**$ 24,594**	**$ 47,896**	**$ 48,954**
Add (deduct):				
General and administrative expenses	(2,355)	(3,381)	(4,539)	(8,461)
Finance lease payments received	1,605	1,605	3,210	3,210
Cash interest	(17,235)	(14,218)	(33,710)	(27,346)
Normalized direct leasing and capital costs	(2,279)	(2,179)	(4,378)	(4,344)
Current income tax expense	(244)	(255)	(2,193)	(596)
Tax on gains on disposals of investment properties	—	—	1,701	—
AFFO	**$ 4,211**	**$ 6,166**	**$ 7,987**	**$ 11,417**

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Core-FFO	**$ 5,334**	**$ 6,658**	**$ 9,808**	**$ 12,846**
Add (deduct):				
Amortization of deferred transaction costs	1,553	1,210	3,299	2,400
Amortization of debt mark-to-market adjustments	(8)	(10)	(18)	(20)
Amortization of straight-line rent	(389)	487	(724)	535
Normalized direct leasing and capital costs	(2,279)	(2,179)	(4,378)	(4,344)
AFFO	**$ 4,211**	**$ 6,166**	**$ 7,987**	**$ 11,417**
Weighted average number of units outstanding [1]	85,909	85,640	85,923	85,613
AFFO per unit (diluted)	**$ 0.05**	**$ 0.07**	**$ 0.09**	**$ 0.13**

[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 June 30, 2024, AFFO was $4.2 million or $0.05 per unit, whereas AFFO for the same period in 2023 was $6.2 million or $0.07 per unit, representing a decrease of $2.0 million or $0.02 per unit. For the six months ended June 30, 2024, AFFO was $8.0

million or $0.09 per unit, whereas AFFO for the same period in 2023 was $11.4 million or $0.13 per unit, representing a decrease of $3.4 million or $0.04 per unit. The decrease in AFFO is primarily a result of additional interest paid as a result of interest rate increases offset by an increase in NOI and decrease in general and administrative costs.

Reconciliation of FFO, Core-FFO and AFFO

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss	**$ (150,045)**	**$ (19,622)**	**$ (172,616)**	**$ (23,693)**
Add (deduct):				
Leasing costs amortized to revenue	2,318	2,317	4,836	4,978
Change in fair value of properties	154,405	41,924	165,197	37,916
IFRIC 21 property tax adjustment [1]	(3,349)	(3,522)	6,848	6,969
Change in fair value of financial instruments	2,982	(6,932)	3,467	(3,444)
Transaction costs	614	—	1,132	—
Depreciation of hotel asset	249	241	498	481
Deferred income tax expense (recovery)	42	(551)	14	(443)
Tax on gains on disposals of investment properties	—	—	1,701	—
Change in fair value of Class B LP units	(2,828)	(8,244)	(3,145)	(12,367)
Distributions to Class B LP unitholders	—	159	—	687
FFO	**4,388**	**5,770**	**7,932**	**11,084**
Finance income on finance lease receivable	(659)	(717)	(1,334)	(1,448)
Finance lease payments received	1,605	1,605	3,210	3,210
Core-FFO	**5,334**	**6,658**	**9,808**	**12,846**
Amortization of deferred transaction costs	1,553	1,210	3,299	2,400
Amortization of debt mark-to-market adjustments	(8)	(10)	(18)	(20)
Amortization of straight-line rent	(389)	487	(724)	535
Normalized direct leasing and capital costs	(2,279)	(2,179)	(4,378)	(4,344)
AFFO	**$ 4,211**	**$ 6,166**	**$ 7,987**	**$ 11,417**

[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.

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
FFO per unit (diluted)	$ 0.05	$ 0.07	$ 0.09	$ 0.13
Core-FFO per unit (diluted)	0.06	0.08	0.11	0.15
AFFO per unit (diluted)	0.05	0.07	0.09	0.13

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 months ended June 30, 2024 was 0.0%. 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 however, in November 2023, the REIT’s Board of Trustees 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 June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
FFO	$ 4,388	$ 5,770	$ 7,932	$ 11,084
REIT unit and Class B LP distributions declared	—	2,560	—	11,082
Excess of FFO over cash distributions	$ 4,388	$ 3,210	$ 7,932	$ 2
FFO payout ratio	**—%**	**44.4%**	**—%**	**100.0%**

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

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Core-FFO	$ 5,334	$ 6,658	$ 9,808	$ 12,846
REIT unit and Class B LP distributions declared	—	2,560	—	11,082
Excess of Core-FFO over cash distributions	$ 5,334	$ 4,098	$ 9,808	$ 1,764
Core-FFO payout ratio	**—%**	**38.4%**	**—%**	**86.3%**

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

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
AFFO	$ 4,211	$ 6,166	$ 7,987	$ 11,417
REIT unit and Class B LP distributions declared	—	2,560	—	11,082
Excess of AFFO over cash distributions	$ 4,211	$ 3,606	$ 7,987	$ 335
AFFO payout ratio	**—%**	**41.5%**	**—%**	**97.1%**

The FFO, Core-FFO and AFFO payout ratios have decreased for the three months ended June 30, 2024 compared to the same period in 2023 as a result of the suspension of its monthly cash distribution in November 2023.

DISTRIBUTIONS

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 June 30, 2024 and 2023 to unitholders of the REIT and Class B LP unitholders:

	Three months ended June 30, 2024			Three months ended June 30, 2023		
	Trust units	Class B LP units	Total	Trust units	Class B LP units	Total
Distributions declared	$ —	$ —	$ —	$ 2,401	$ 159	$ 2,560

The following table summarizes distributions made during the six months ended June 30, 2024 and 2023 to unitholders of the REIT and Class B LP unitholders:

	Six months ended June 30, 2024			Six months ended June 30, 2023		
	Trust units	Class B LP units	Total	Trust units	Class B LP units	Total
Distributions declared	$ —	$ —	$ —	$ 10,395	$ 687	$ 11,082

The following table summarizes distributions declared during the three and six months ended June 30, 2024 to unitholders of the REIT and Class B LP unitholders compared to cash provided by operations and net income:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash provided by operations	$ 12,290	$ (890)	$ 17,608	$ 7,307
Net loss	(150,045)	(19,622)	(172,616)	(23,693)
Distributions declared	—	2,560	—	11,082
Excess (shortfall) of cash provided by operations over total distributions	**$ 12,290**	**$ (3,450)**	**$ 17,608**	**$ (3,775)**
Shortfall of net loss over total distributions	**$ (150,045)**	**$ (22,182)**	**$ (172,616)**	**$ (34,775)**

The REIT did not declare or pay distributions during the three and six months ended June 30, 2024. Distributions made during the three and six months ended June 30, 2023 were settled in cash. Total distributions exceeded cash provided by operations for the three and six months ended June 30, 2023 due to an increase in working capital primarily related to $5 million of prepaid mortgage principal on debt refinanced subsequent to June 30, 2023 and from the increase in interest paid and general and administrative costs. Distributions declared exceeded net (loss) income for the three and six months ended June 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.

REIT's debt

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
2023 per $ of distribution	100.0%	—	—
2022 per $ of distribution	100.0%	—	—
2021 per $ of distribution	54.1%	45.9%	—
2020 per $ of distribution	43.3%	56.7%	—

Of the distributions received by unitholders in 2023 and 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.

SEGMENTED INFORMATION

The REIT operates in Canada, the United States, and Ireland. The following is a summary of investment properties and assets held for sale by geographic location:

	June 30, 2024	December 31, 2023
Canada	$ 887,755	$ 1,079,490
United States	325,438	318,621
Ireland	254,379	263,240
Total	**$ 1,467,572**	**$ 1,661,351**

The following is the REIT's NOI by geographic location for the three months ended June 30, 2024 and 2023:

	Three months ended June 30,			
	2024		2023	
	NOI	Percentage (%)	NOI	Percentage (%)
Canada	$ 15,283	61.8%	$ 14,670	59.6%
U.S.	4,939	20.0%	5,841	23.8%
Ireland	4,497	18.2%	4,083	16.6%
Total	**$ 24,719**	**100.0%**	**$ 24,594**	**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 June 30, 2024 and 2023:

	Three months ended June 30,			
	2024		2023	
	NOI	Percentage (%)	NOI	Percentage (%)
Atlantic	$ 7,909	51.7%	$ 7,281	49.6%
Ontario	6,062	39.7%	6,026	41.1%
Western	1,312	8.6%	1,363	9.3%
Total	**$ 15,283**	**100.0%**	**$ 14,670**	**100.0%**

The following is the REIT's NOI by geographic location for the six months ended June 30, 2024 and 2023:

	Six months ended June 30,			
	2024		2023	
	NOI	Percentage (%)	NOI	Percentage (%)
Canada	$ 29,570	61.7%	$ 28,456	58.1%
U.S.	9,636	20.1%	11,993	24.5%
Ireland	8,690	18.2%	8,505	17.4%
Total	**$ 47,896**	**100.0%**	**$ 48,954**	**100.0%**

The following is the REIT's Canadian NOI for the six months ended June 30, 2024 and 2023:

	Six months ended June 30,			
	2024		2023	
	NOI	Percentage (%)	NOI	Percentage (%)
Atlantic	$ 14,633	49.4%	$ 13,909	48.9%
Ontario	12,171	41.2%	11,854	41.7%
Western	2,766	9.4%	2,693	9.5%
Total	**$ 29,570**	**100.0%**	**$ 28,456**	**100.1%**

	Three months ended June 30,		Six months ended June 30,	
Atlantic	2024	2023	2024	2023
# of properties	12	13	12	13
Owned GLA (000s of square feet)	2,532	2,608	2,532	2,608
Occupancy rate (%) (period-end)	74.2%	73.0%	74.2%	73.0%
Revenue	$ 17,742	$ 17,116	$ 35,442	$ 33,721
Property operating expenses	(10,583)	(10,439)	(22,318)	(21,230)
Straight-line rent and other changes	750	604	1,509	1,418
NOI	**$ 7,909**	**$ 7,281**	**$ 14,633**	**$ 13,909**

NOI for the Atlantic properties increased by $0.6 million for the three months ended June 30, 2024 compared to the same period in 2023. The increase was primarily a result of an increase in NOI at the REIT's hotel asset, positive leasing activity at one of the properties, a decrease in property operating expenses at two Atlantic properties and an increase in parking revenue at one of the properties. This was offset by the disposition of 84-86 Chain Lake in May 2024.

NOI for the Atlantic properties increased by $0.7 million for the six months ended June 30, 2024 compared to the same period in 2023. In addition to the above, the increase was a result of $0.4 million in termination income received at one of the REIT's Atlantic properties and partially offset by a certain vacancy at one of REIT's Atlantic properties.

	Three months ended June 30,		Six months ended June 30,	
Ontario	2024	2023	2024	2023
# of properties	8	9	8	9
Owned GLA (000s of square feet)	2,107	2,265	2,107	2,265
Occupancy rate (%) (period-end)	83.9%	78.7%	83.9%	78.7%
Revenue	$ 11,600	$ 10,881	$ 23,749	$ 22,022
Property operating expenses	(6,399)	(5,924)	(13,367)	(12,167)
Straight-line rent and other changes	861	1,069	1,789	1,999
NOI	**$ 6,062**	**$ 6,026**	**$ 12,171**	**$ 11,854**

NOI in Ontario was consistent for the three months ended June 30, 2024 and increased by $0.3 million for the six months ended June 30, 2024 compared to the same periods in 2023, respectively. The increase is largely a result of the 25% acquisition of West Metro Corporate Centre in August 2023 and from positive leasing at another one of the REIT's Ontario properties. This was offset by the disposition of The Sheridan Exchange in February 2024 and a certain vacancy at one of the REIT's Ontario properties.

	Three months ended June 30,		Six months ended June 30,	
Western	2024	2023	2024	2023
# of properties	5	6	5	6
Owned GLA (000s of square feet)	399	463	399	463
Occupancy rate (%) (period-end)	78.4%	89.1%	78.4%	89.1%
Revenue	$ 2,542	$ 2,650	$ 5,407	$ 5,424
Property operating expenses	(1,225)	(1,298)	(2,643)	(2,761)
Straight-line rent and other changes	(5)	11	2	30
NOI	$ 1,312	$ 1,363	$ 2,766	$ 2,693
NOI from Data Centre	1,605	1,605	3,210	3,210
NOI including Data Centre	**$ 2,917**	**$ 2,968**	**$ 5,976**	**$ 5,903**

Including income from the Data Centre, NOI for the Western properties was $2.9 million for the three months ended June 30, 2024 compared to $3.0 million in the same period in 2023. The decrease is a result of the disposition of Walmart Flin Flon in May 2024. 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.

Including income from the Data Centre, NOI for the Western properties was $6.0 million for the six months ended June 30, 2024 compared to $5.9 million in the same period in 2023. The increase is primarily due an increase in property operating expense recoveries at certain of the REIT's Western properties. This was offset by the disposition of Walmart Flin Flon in May 2024.

	Three months ended June 30,		Six months ended June 30,	
United States	2024	2023	2024	2023
# of properties	3	3	3	3
Owned GLA (000s of square feet)	1,224	1,225	1,224	1,225
Occupancy rate (%) (period-end)	74.7%	81.8%	74.7%	81.8%
Revenue	$ 11,985	$ 12,424	$ 23,972	$ 25,425
Property operating expenses	(3,971)	(4,158)	(21,951)	(22,416)
IFRIC 21 property tax adjustment [1]	(3,349)	(3,522)	6,848	6,969
Straight-line rent and other changes	274	1,097	767	2,015
NOI	**$ 4,939**	**$ 5,841**	**$ 9,636**	**$ 11,993**

[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 decreased by $0.9 million and $2.4 million for the three and six months ended June 30, 2024 compared to the same periods in 2023, respectively. The decrease is primarily a result of certain vacancies at the REIT's U.S. properties. This was partially offset by an increase in the average U.S. dollar exchange rate.

Ireland	Three months ended June 30, 2024		Three months ended June 30, 2023		Six months ended June 30, 2024		Six months ended June 30, 2023
# of properties		22		23		22	23
Owned GLA (000s of square feet)		874		962		874	962
Occupancy rate (%) (period-end)		86.3%		88.4%		86.3%	88.4%
Revenue	$	5,698	$	5,637	$	11,258	$ 11,208
Property operating expenses		(1,250)		(1,577)		(2,613)	(2,754)
Straight-line rent and other changes		49		23		45	51
NOI	**$**	**4,497**	**$**	**4,083**	**$**	**8,690**	**$ 8,505**

NOI for the Irish properties increased by $0.4 million for the three months ended June 30, 2024 compared to the same period in 2023. The increase is primarily due to an increase in the average Euro exchange rate and by the completion of a rent free period for a certain tenant at one of the REIT's Irish properties during the six months ended June 30, 2024. This was partially offset by the disposition of Airways Units 7 & 8 in February 2024.

NOI for the Irish properties decreased by $0.2 million for the six months ended June 30, 2024 compared to the same period in 2023. The decrease is primarily due to the disposition of Airways Units 7 & 8 in February 2024. This was partially offset by the completion of a certain rent free period for a tenant at one of the REIT's Irish properties during the three months ended June 30, 2024.

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 June 30, 2024		Three months ended June 30, 2023		Six months ended June 30, 2024		Six months ended June 30, 2023
Property base rent [1]	$	26,062	$	27,419	$	52,965	$ 55,339
Operating cost recoveries		15,068		14,047		31,158	28,770
Tax recoveries		6,610		7,135		14,000	14,418
Hotel		3,756		2,911		5,817	4,786
Straight-line adjustments and other changes		(1,929)		(2,804)		(4,112)	(5,513)
Total	**$**	**49,567**	**$**	**48,708**	**$**	**99,828**	**$ 97,800**

[1]Includes parking revenue earned at properties.

For the three and six months ended June 30, 2024, revenue from properties increased by $0.9 million and $2.0 million when compared to the same periods in 2023, respectively. The increase is largely a result of an additional revenue from the 25% acquisition of West Metro Corporate Centre in August 2023, an increase in revenue at the REIT's hotel asset, the appreciation of the U.S. Dollar and Euro and from $0.4 million in termination income received at one of the REIT's Atlantic properties. The increase was offset by certain vacancies at the REIT's U.S. properties.

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 $15.1 million for the three months ended June 30, 2024 compared to $14.0 million for the same period in 2023. Property tax recoveries were $6.6 million for the three months ended June 30, 2024 which is higher than $7.1 million for the same period in 2023.

The share of net leases as a percentage of the portfolio's occupied gross leasable area at June 30, 2024 was 83.4% compared to 86.6% and 83.2% at December 31, 2023 and June 30, 2023, respectively. Certain of the REIT's net leases include limitations on cost escalations over a benchmark amount and specific cost exclusions.

Excluding the impact of IFRIC 21 property tax adjustments, property operating expenses for the three months ended June 30, 2024, compared to the three months ended March 31, 2024, decreased by $2.5 million primarily due to a decrease in repairs and maintenance and accrued property tax costs at certain of the REIT's Atlantic, Ontario and U.S. properties offset by an increase in operating expenses at the REIT's hotel asset. Compared to the three months ended June 30, 2023, property operating expenses were consistent. The change was primarily attributable to the acquisition of 25% of West Metro in Toronto, ON in August 2023, an increase in operating expenses at the REIT's hotel asset and an increase in repairs and maintenance costs at certain of the REIT's Atlantic properties offset by asset dispositions in 2024 and certain vacancies at the REIT's U.S. properties.

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 and six months ended June 30, 2024, general and administrative expenses decreased $1.0 million and $3.9 million compared to the same periods in 2023, respectively as a result of additional expenses in the prior year relating 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Mortgage interest	$ 9,177	$ 8,042	$ 18,197	$ 14,771
Interest on other debt	5,509	3,659	10,418	7,701
Amortization of financing costs	1,553	1,210	3,299	2,400
Amortization of debt mark-to-market adjustments	(8)	(10)	(18)	(20)
Interest on convertible debentures	2,641	2,642	5,282	5,087
Total	**$ 18,872**	**$ 15,543**	**$ 37,178**	**$ 29,939**

For the three and six months ended June 30, 2024, interest and finance costs increased by $3.3 million and $7.2 million when compared to the same periods in 2023, respectively. The increase is due to an increase in the REIT's weighted average interest rate from refinancings completed in the last 12 months and from interest rate swap maturities, resulting in an increase in floating rate debt.

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 six months ended June 30, 2024 was $1.3 million, which is a decrease of $0.1 million when compared to the same period in 2023.

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 REIT recognized a fair value loss on its properties for the six months ended June 30, 2024 of $154.4 million. The decrease is primarily due to increases in the discount and terminal capitalization rates used in the REIT's estimate of fair value using the discounted cash flow method. This was partially offset by the appreciation of the U.S. Dollar and the Euro.

The weighted average discount rate and terminal capitalization rate used to determine the estimate of the fair value of the REIT's property at June 30, 2024 was 8.62% and 7.79%, respectively. These rates represent an increase of 0.63% and 0.36% compared to December 31, 2023 and an increase of 0.95% and 0.50% compared to June 30, 2023.

Of the fair value change for the six months ended June 30, 2024, 47.8% of the change in fair value was attributable to five independently appraised properties with the balance of the change attributable to management's estimate of fair value. Of the fair value change for the year ended December 31, 2023, 35.4% of the change in fair value was attributable to 15 independently appraised properties with the balance of the change attributable to management's estimate of fair value.

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, deferred unit liabilities on deferred units issued to Trustees and Officers of the REIT and losses on extinguishment of debt. The fair value on financial instruments decreased by $9.9 million and $6.9 million for the three and six months ended June 30, 2024 when compared to the same periods in 2023, respectively. The decrease was primarily due to the maturity of certain interest rate swaps in 2024, a fair value loss on the REIT's interest rate caps and a decrease in fair value gain on the convertible debenture embedded derivatives and deferred units in 2024. This was offset by a decrease in fair value loss on the REIT's cross currency swap.

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 six months ended June 30, 2024 and 2023, and accordingly is not subject to current income taxes in Canada. Accordingly, no provision for current income taxes is required, except for amounts incurred by the U.S. and Irish subsidiaries.

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

QUARTERLY INFORMATION

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

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Revenue	$ 49,567	$ 50,261	$ 48,787	$ 51,034	$ 48,708	$ 49,092	$ 48,633	$ 50,959
Operating costs	(23,428)	(39,464)	(24,150)	(24,498)	(23,396)	(37,932)	(23,266)	(23,749)
IFRIC 21 property tax adjustment	(3,349)	10,197	(3,479)	(3,490)	(3,522)	10,491	(2,995)	(2,943)
Straight-line rent and other	1,929	2,183	2,927	2,926	2,804	2,709	2,232	2,593
Net operating income	$ 24,719	$ 23,177	$ 24,085	$ 25,972	$ 24,594	$ 24,360	$ 24,604	$ 26,860
Net (loss) income	$(150,045)	$ (22,571)	$ (54,694)	$ (34,730)	$ (19,622)	$ (4,071)	$ (86,854)	$ 18,357
Weighted average diluted units [1]	85,909	85,937	85,792	85,703	85,640	85,585	85,578	85,658
Net income and comprehensive income per unit	$ (1.75)	$ (0.26)	$ (0.64)	$ (0.41)	$ (0.23)	$ (0.05)	$ (1.01)	$ 0.21
Distributions [2]	$ —	$ —	$ 853	$ 2,560	$ 2,560	$ 8,522	$ 8,525	$ 8,538
Distributions per unit	$ —	$ —	$ 0.01	$ 0.03	$ 0.03	$ 0.10	$ 0.10	$ 0.10
FFO [3]	$ 4,388	$ 3,544	$ 4,805	$ 4,776	$ 5,770	$ 5,314	$ 7,917	$ 10,299
FFO per unit - diluted [3]	$ 0.05	$ 0.04	$ 0.06	$ 0.06	$ 0.07	$ 0.06	$ 0.09	$ 0.12
FFO payout ratio [3]	—%	—%	17.8%	53.6%	44.4%	160.4%	107.7%	82.9%
Core-FFO [3]	$ 5,334	$ 4,474	$ 5,721	$ 5,678	$ 6,658	$ 6,188	$ 8,778	$ 11,146
Core-FFO per unit - diluted [3]	$ 0.06	$ 0.05	$ 0.07	$ 0.07	$ 0.08	$ 0.07	$ 0.10	$ 0.13
Core-FFO payout ratio [3]	—%	—%	14.9%	45.1%	38.4%	137.7%	97.1%	76.6%
AFFO [3]	$ 4,211	$ 3,776	$ 5,521	$ 5,151	$ 6,166	$ 5,251	$ 7,562	$ 11,253
AFFO per unit - diluted [3]	$ 0.05	$ 0.04	$ 0.06	$ 0.06	$ 0.07	$ 0.06	$ 0.09	$ 0.13
AFFO payout ratio [3]	—%	—%	15.5%	49.7%	41.5%	162.3%	112.7%	75.9%
Properties	$1,090,313	$1,277,574	$1,362,188	$1,553,082	$1,708,814	$1,753,789	$1,754,338	$1,807,677
Total assets	$1,556,896	$ 1,713,367	$1,747,860	$1,822,403	$1,826,368	$1,862,474	$1,869,362	$1,955,525
Debt	$1,143,995	$ 1,158,123	$ 1,178,734	$ 1,190,712	$1,166,406	$ 1,158,116	$ 1,153,253	$ 1,137,914
IFRS NAV	$ 349,291	$ 500,592	$ 520,394	$ 579,466	$ 617,069	$ 653,743	$ 668,834	$ 766,573
Diluted units outstanding [1]	86,030	86,047	85,937	85,788	85,700	85,636	85,582	85,674
IFRS NAV per unit	$ 4.06	$ 5.82	$ 6.06	$ 6.75	$ 7.20	$ 7.63	$ 7.82	$ 8.95
LTV ratio [3]	73.8%	67.8%	67.7%	65.6%	64.0%	62.3%	61.9%	58.4%
Net debt to adjusted EBITDA [3]	12.5x	12.8x	12.9x	13.1x	12.6x	12.5x	12.1x	12.1x
Interest coverage ratio [3]	1.4x	1.4x	1.5x	1.6x	1.8x	1.9x	2.0x	2.0x
Debt service coverage ratio [3]	1.2x	1.2x	1.1x	1.4x	1.5x	1.6x	1.7x	1.7x
Leasing activity (square feet)	381,595	270,482	81,302	277,599	144,888	120,990	86,266	109,060
Leasing activity as a % of portfolio	5.3%	3.7%	1.1%	3.7%	1.9%	1.6%	1.1%	1.5%
Weighted average lease term (years)	5.5	5.1	5.2	5.4	5.4	5.4	5.6	5.6
Number of properties	50	52	54	54	54	54	54	53
Office GLA	6,946,652	7,024,472	7,182,520	7,182,361	7,180,863	7,181,511	7,177,438	7,045,799
Total GLA	7,138,053	7,279,312	7,525,329	7,525,170	7,523,672	7,524,320	7,520,247	7,324,390
Occupancy - excluding redevelopment	79.4%	77.7%	78.5%	78.6%	79.1%	80.6%	81.1%	81.9%
Occupancy	79.4%	77.7%	78.5%	78.6%	79.1%	80.6%	81.1%	81.9%

[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. The REIT suspended its monthly cash distribution in November 2023.
[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

As discussed in note 2 of our unaudited condensed consolidated interim financial statements and below under "Liquidity and Capital Resources", there are conditions that indicate the existence of a material uncertainty that may cast significant doubt upon the REIT's ability to continue as a going concern, and therefore, realize its assets and discharge its liabilities and commitments in the normal course of business. The REIT's unaudited condensed consolidated interim financial statements have been prepared on a going concern basis and measured at historical cost except for investment properties, assets held for sale and certain financial instruments including derivatives and Class B LP units, which are measured at fair value. If the going concern assumption is not appropriate as of June 30, 2024, material adjustments to the carrying values of assets and liabilities would be necessary.

LIQUIDITY AND CAPITAL RESOURCES

The REIT endeavors to safeguard its ability to continue as a going concern and otherwise 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. Subject to availability, 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; 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 became more restrictive as of March 31, 2024 and are described below, and the covenants applicable to the REIT's 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. As at June 30, 2024, the REIT has breached financial leverage, debt service coverage and minimum unitholders' equity covenants pertaining to the revolving credit facility and certain mortgage agreements, and failed to repay principal due on maturity, totaling $706.4 million of breached debt. In certain cases, including that with respect to the revolving credit facility and mortgages, the lenders have provided the REIT with a formal Event of Default notice expressing their right to demand repayment of the borrowings at their discretion. In another case, on March 29, 2024, the REIT received a default letter relating to debt outstanding as of December 31, 2023 requiring a principal payment of $5.6 million to cure such default. Notwithstanding, the REIT remains in the process of seeking an amendment to its revolving credit facility to remove the existing borrowing base calculations and mandatory maximum borrowing amount step-downs. The REIT is also in the process of seeking an amendment to its debt agreements to modify or obtain waivers to provide relief on the aforementioned covenant breaches. Although the REIT is seeking and expects to be provided with relief on these breached covenants, the lenders of these defaulted loans have reserved their right to demand repayment. There is also a risk that the REIT will not receive such relief or otherwise be able to refinance maturing debt on terms and conditions acceptable to the REIT or on any terms at all. These events or conditions indicate a material uncertainty that may cast significant doubt on the REIT's ability to continue as a going concern. 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.

In addition, pursuant to the trust indentures governing the Debentures, due to default letters provided by senior lenders, the REIT is currently restricted from making payments of accrued interest in respect of the Debentures so long as such defaults have not been cured or waived. The REIT has determined that based on the information currently available to it, there can be no assurance regarding if or when a cure or waiver in respect of such defaults will be achieved, and as such, the REIT did not make the cash interest payments due on June 30, 2024 in respect of its 7.50% convertible unsecured subordinated debentures and 5.50% convertible unsecured subordinated debentures, nor does it expect to make the cash interest payment due on August 31, 2024 in respect of its outstanding 9% convertible unsecured subordinated debentures. Failure to pay interest on the Debentures for 15 days following such interest being due gave rise to an Event of Default under the terms of the trust indentures. On July 15, 2024, the REIT triggered an Event of Default on its outstanding debentures. However, the trust indentures also provide that the Debenture holders will not be entitled to demand or institute proceedings for the collection of indebtedness represented by the Debentures at any time when a default has occurred under senior indebtedness and is continuing and which permits the holder of the senior indebtedness to demand payment or to accelerate the maturity thereof, and the notice of such event of default has been given by or on behalf of the holders of senior indebtedness to the REIT, unless the senior indebtedness has been cured, waived or repaid in full. However, the REIT will present the Debentures as current on the statement of financial position upon event of default.

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 may, at its discretion, dispose of assets through its Portfolio Realignment Plan and/or reduce discretionary capital expenditures and leasing costs. 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, and, as such, there can be no assurance that the REIT will be able to continue as a going concern. However, as a result of certain event of default notices received as at and subsequent to June 30 2024, the REIT is now subject to various additional restrictions. These include limitations on acquiring new debt and distributing profits related to certain properties.

The REIT's available liquidity is as follows:

	June 30, 2024	December 31, 2023
Cash	$ 10,908	$ 11,270
Undrawn revolving facilities[1]	—	2,200
Liquidity	**$ 10,908**	**$ 13,470**

[1]Debt is only available to be drawn subject to certain covenants and other requirements.

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, as mentioned above, 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 undertaken various actions in order to increase liquidity and reduce its financial leverage and borrowings. These actions include, a program to dispose of certain investment properties (the "Portfolio Realignment Plan"), working with lenders to provide additional flexibility and liquidity to the REIT, a suspension of its cash distribution to unitholders, and a program to reduce capital investment and general and administrative expenses. 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, the covenant violations will result in lenders having the right 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. However, 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. Additionally, by selling certain of its properties under its Portfolio Realignment Plan the REIT may be required to dispose of properties at amounts less than the estimated fair value at June 30, 2024. This difference could be material, especially in instances where there is limited purchaser interest or limited or no financing available for potential purchasers.

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. For the REIT's revolving credit facility, financial covenants include a maximum leverage ratio, minimum debt service coverage ratio, and minimum unitholders' equity, with calculations conducted quarterly. Similarly, the REIT's term loan is subject to financial covenants, including a maximum leverage ratio and minimum historical and forecasted interest coverage ratios, also calculated quarterly. Additionally, the construction facility and some mortgages are subject to financial covenants, including a maximum leverage ratio, minimum debt service coverage ratio, and minimum unitholders' equity, calculated quarterly or annually.

The REIT's debt is subject to the following financial leverage, debt service coverage and minimum unitholders equity covenants:

- Total debt to gross book value 65% or less. At June 30, 2024 the REIT's total debt to gross book value was 73.8%.

- Senior debt, which is total debt excluding the REIT's convertible debentures to gross book value, of 55% or less. At June 30, 2024 the REIT's senior debt to gross book value was 64.4%.
- Debt service coverage ratio not less than 1.25:1. At June 30, 2024 the REIT's debt service coverage ratio was 1.20:1.
- 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, the threshold is $350.0 million. At June 30, 2024 the REIT's unitholders' equity was $349.0 million.

The REIT is also subject to additional covenants associated with various mortgages. Additionally, 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.

At June 30, 2024, as discussed above, the REIT exceeded the financial leverage and debt service coverage covenants on its revolving credit facility and certain other mortgages resulting in other mortgages being in breach due to cross-default clauses. The REIT is in active discussions with its lenders to amend, renew or consider alternate arrangements to reach amendable terms on conditions that are acceptable to the REIT.

Although the REIT expects its Portfolio Realignment Plan to raise capital to decrease borrowings and plans to continue to proactively work with its lenders to achieve positive outcomes for the REIT, there is a risk that current and future covenant violations will result in its lenders demanding 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 (the "2021 Convertible Debentures"). The proceeds from the issuance of the 2021 Convertible Debentures were received on February 7, 2022 and were used to partially fund the acquisition of Yew Grove.

The 2021 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 $6.50 per unit. 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 2021 Convertible Debentures may not be redeemed by the REIT prior to December 31, 2024. On and from December 31, 2024, and prior to December 31, 2025, 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, 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 at the option of the REIT 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 2024 debt maturities relate to the revolving credit facility, mortgages on two office properties in the Greater Toronto Area and one in Chicago. The following is a summary of future contractual principal repayments and maturities at June 30, 2024:

Remainder of 2024	$ 428,375
2025	395,242
2026	140,613
2027	182,356
2028	2,548
Thereafter	10,865
Total	**$ 1,159,999**

Debt profile

Debt held by the REIT at June 30, 2024 is as follows:

	Maturity	Coupon	Properties provided as security	Fair value of security	Maximum available	Principal
Mortgages [1 2 3 4]	Various	Various	15	$ 793,939	$ 573,557	$ 573,557
Revolving facilities [3 4 5 6 7]	Oct. 14, 2024	Various	13	418,574	298,564	298,564
Term loan [3 4 8]	Apr. 5, 2027	Euribor+265 bps	22	254,379	129,928	129,928
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			**50**	**$1,466,892**	**$1,159,999**	**$1,159,999**

[1]The weighted average remaining term to maturity of mortgages is 1.1 years with maturities ranging from overheld debt that matured on April 20, 2024 to October 1, 2030 and the weighted average interest rate of mortgages is 6.18% with coupons ranging from 2.53% to 10.00%. Due to covenant violations and in some cases, failure to repay on maturity, certain mortgages are contractually due on demand.

[2]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.

[3]Certain amounts have been translated from U.S. dollars and Euros to Canadian dollars using the prevailing exchange rates on June 30, 2024.

[4]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.

[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 $238,787 and U.S. $43,700 of revolving facilities. From June 30, 2024, the maximum availability of the revolving facilities is the lesser of (i) $150,000 and U.S. $38,000, (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 1.40 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 September 30, 2024, while maintaining the same calculation, the maximum availability of the revolving facility's Canadian dollar tranche reduces to $100,000. The contractual remaining term to maturity of revolving facilities is 0.3 years and the weighted average interest rate is 9.36%. Due to covenant violations, the revolving credit facility is contractually due on demand.

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

[8]The term loan facility is secured by 22 properties in Ireland.

The carrying value of debt held by the REIT at June 30, 2024 is as follows:

	Principal	MTM adjustments and costs	Accumulated amortization of MTM adjustments, costs and other	Carrying amount	Current [1 2]	Non-current
Mortgages	$ 573,557	$ (2,616)	$ 1,763	$ 572,704	$ 519,965	$ 52,739
Revolving facilities	298,564	(7,290)	6,789	298,063	298,063	—
Term loan	129,928	(5,030)	2,140	127,038	—	127,038
Convertible debentures [3]	28,750	(1,464)	—	27,286	—	27,286
Convertible debentures [3]	84,200	(6,479)	1,787	79,508	—	79,508
Convertible debentures [3]	45,000	(6,250)	646	39,396	—	39,396
Total	**$ 1,159,999**	**$ (29,129)**	**$ 13,125**	**$ 1,143,995**	**$ 818,028**	**$ 325,967**

[1]Included in current liabilities and shown as debt held for sale on the consolidated statement of financial position is $282.4 million of principal associated with assets held for sale. Of the $282.4 million debt associated with assets held for sale, $234.1 million is contractually current debt and $48.3 million was reclassified to current.

[2]Total debt of $706.4 million was in default due to being overheld or in breach of financial covenants as at June 30, 2024, all of which has been presented in current liabilities. Of the defaulted debt, $579.1 million was impacted due to financial covenant breaches, $35.6 million was overheld and $91.7 million was both in breach of a financial covenant and overheld. Of the $706.4 million defaulted debt, $586.7 million is contractually current and $119.7 million was reclassified to current debt. Additionally, of the defaulted debt, $232.8 million is also debt associated with assets held for sale. The REIT remains in the process of seeking an amendment to, or renewal of the above defaulted debt as of the authorization date.

[3]Represents the debt component of the convertible debentures. The embedded derivative features, which are the holder conversion options 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 consolidated statements of financial position.

INDEBTEDNESS RATIO

The indebtedness ratio is a non-IFRS measure calculated by the REIT. In order to provide greater flexibility, and while management pursues the Portfolio Realignment Plan to decrease leverage, on January 15, 2024, the REIT amended the REIT’s Declaration of Trust for the purposes of removing the restriction imposed on the REIT not to incur or assume additional indebtedness (being certain defined obligations set out in the REIT’s Declaration of Trust) that would cause the REIT to achieve financial leverage in excess of 65% of its gross book value, which is defined in the Declaration of Trust as the REIT’s total assets less restricted cash (the “Restriction”). The trustees of the REIT have decided to exercise their discretion to implement the proposed amendment to the declaration of trust in the form of a waiver of the Restriction until December 31, 2025, rather than implement the proposed amendment as a blanket removal of the Restriction. In addition to the foregoing, and as previously disclosed, the board of trustees adopted the Restriction within the board’s operating guidelines, with the board having discretion to waive the Restriction to the extent that the board determines that doing so is in the best interests of the REIT. Additional investment and operating guidelines are provided set forth in the Declaration of Trust. The REIT is in compliance with these guidelines. After December 31, 2025, the Declaration of Trust provides that the REIT is not permitted to incur or assume additional indebtedness that would cause (as at the time of incurrence or assumption, as applicable) the REIT to achieve financial leverage in excess of 65% of its gross book value. 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. The REIT’s indebtedness ratio at June 30, 2024 was 73.8% (December 31, 2023: 67.6%) and calculated as follows:

The REIT's indebtedness level is calculated as follows:

	June 30, 2024	December 31, 2023
Total assets	$ 1,556,896	$ 1,748,921
Less: Restricted cash	(7,136)	(5,856)
Gross book value	**1,549,760**	**1,743,065**
Debt	$ 1,143,995	$ 1,178,734
Leverage ratio	**73.8%**	**67.6%**

Management's short-term target is to reduce the REIT’s total indebtedness 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. However, if such plan is unsuccessful and other financing is not available, and the REIT’s gross book value declines further, total indebtedness may further exceed 65% of the REIT’s gross book value.

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 June 30,	
	2024	2023
Net loss	$ (262,040)	$ (92,190)
Straight line rent and other changes	9,965	10,338
Interest income	(536)	(479)
Interest and finance costs	72,070	57,457
Change in fair value of properties	258,832	137,955
IFRIC 21 property tax adjustment [1]	(121)	1,031
Change in fair value of financial instruments	15,979	(10,151)
Distributions to Class B shareholders	212	1,743
Transaction costs	1,132	1,240
Depreciation of hotel asset	983	966
Change in fair value of Class B LP units	(9,329)	(14,111)
Strategic review costs	315	2,571
Deferred income tax recovery	253	(6,989)
Current income tax expense	2,955	1,488
Adjusted EBITDA	**$ 90,670**	**$ 90,869**

[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 June 30,	
	2024	2023
Rental revenue	$ 199,649	$ 197,392
Property operating expenses	(111,540)	(108,343)
IFRIC 21 property tax adjustment [1]	(121)	1,031
Finance income on finance lease receivable	2,726	2,950
Straight-line rent and other changes	9,965	10,338
General and administrative	(10,324)	(15,070)
Strategic review costs	315	2,571
Adjusted EBITDA	**$ 90,670**	**$ 90,869**

[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:

	June 30, 2024	December 31, 2023
Debt	$ 1,143,995	$ 1,178,734
Less: Cash on hand	10,908	11,270
Net debt	**1,133,087**	**1,167,464**
Adjusted EBITDA [1]	90,670	90,196
Net debt to Adjusted EBITDA (times)	**12.5x**	**12.9x**

[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 June 30,	
	2024	2023
Adjusted EBITDA	$ 90,670	$ 90,869
Interest expense	65,873	51,519
Interest coverage ratio (times)	**1.4x**	**1.8x**

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 June 30,	
	2024	2023
Adjusted EBITDA	$ 90,670	$ 90,869
Interest expense	65,873	51,519
Principal repayments	9,378	10,076
Debt service requirements	$ 75,251	$ 61,595
Debt service coverage ratio (times)	**1.2x**	**1.5x**

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 June 30, 2024:

	Amortizing Principal Payments	Principal Repayments on Maturity	Total	Percentage (%)	Weighted Average Contractual Interest Rate on Maturing Debt (%)
Remainder of 2024	$ 2,546	$ 425,829	$ 428,375	36.9%	8.9%
2025	4,873	390,369	395,242	34.1%	5.8%
2026	27,663	112,950	140,613	12.1%	5.0%
2027	9,214	173,142	182,356	15.7%	5.1%
2028	2,548	—	2,548	0.2%	4.4%
Thereafter	4,971	5,894	10,865	0.9%	4.4%
Weighted average interest rate					**6.7%**

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 $425.8 million of debt contractually maturing through to the end of 2024. The REIT also has certain debt that are past maturity and/or in breach of covenants. This is further discussed above, under "Liquidity and Capital Resources".

At June 30, 2024, 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 $364.3 million (December 31, 2023: $132.3 million).

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

	June 30, 2024	December 31, 2023
Change of 25 bps	$ 911	$ 331

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following is a summary of the REIT's contractual obligations over the next five years at June 30, 2024:

	Total contractual cash flow	Remainder of 2024	2025-2026	2027-2028	Thereafter
Accounts payable and accrued liabilities	$ 54,939	$ 54,939	$ —	$ —	$ —
Amortizing principal repayments on debt	51,815	2,546	32,536	11,762	4,971
Principal repayments on maturity of debt	1,108,184	425,829	503,319	173,142	5,894
Interest on debt [1]	81,687	28,338	45,782	6,889	678
Interest rate swaps [2]	(8,095)	(3,390)	(4,705)	—	—
Other liabilities	6,818	1,291	1,002	1,015	3,510
Total	**$ 1,295,348**	**$ 509,553**	**$ 577,934**	**$ 192,808**	**$ 15,053**

[1]Interest amounts on floating rate debt have been determined using rates at June 30, 2024.

[2]Interest rate swap obligations have been calculated as the difference between the pay-fixed rate and receive-float rate based on the forward rates determined at June 30, 2024.

DERIVATIVES

Interest rate derivatives

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

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

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

Maturity date	Floating interest rate [1]	Fixed interest rate	Notional amount [2] June 30, 2024	Notional amount [2] December 31, 2023	Fair value June 30, 2024	Fair value December 31, 2023
February 1, 2024	1 month U.S. SOFR	1.80%	—	66,215	—	318
March 22, 2024	1 month CDOR	1.90%	—	100,000	—	858
April 20, 2024	1 month CDOR	5.61%	—	81,300	—	(97)
March 3, 2025	1 month BA[3]	1.23%	62,500	62,500	1,656	2,670
March 3, 2025	1 month BA[3]	1.23%	10,000	10,000	265	427
March 3, 2025	1 month BA[3]	4.31%	8,000	8,000	31	44
May 1, 2025	1 month BA[3]	4.36%	59,003	59,003	205	227
September 10, 2025	1 month U.S. SOFR	2.18%	138,260	133,854	4,667	4,839
October 30, 2026	1 month CDOR[3]	2.30%	100,000	100,000	4,300	4,327
Total			**$ 377,763**	**$ 620,872**	**$ 11,124**	**$ 13,613**

[1]"BA" means the Bankers' Acceptances 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 is U.S. $101.1 million.
[3]On July 2, 2024, the floating interest rate benchmark was converted to 1 month term Canadian Overnight Repo Rate Average "CORRA".

In connection with an 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 six months ended June 30, 2024, the REIT recorded a fair value gain of $0.1 million (June 30, 2023: loss of $0.8 million), which is recorded in the interim condensed consolidated statement of loss.

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

Maturity date	Pay EUR	Receive CAD	Notional amount [1] June 30, 2024	Notional amount [1] December 31, 2023	Fair value June 30, 2024	Fair value December 31, 2023
December 31, 2026	3.72%	5.50%	$ 75,000	$ 75,000	$ (505)	$ (626)
Total			**$ 75,000**	**$ 75,000**	**$ (505)**	**$ (626)**

[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 an acquisition 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 and a maturity date of July 8, 2024.

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

Maturity date	Cap rate	Notional amount [1] June 30, 2024	Notional amount [1] December 31, 2023	Fair value June 30, 2024	Fair value December 31, 2023
July 8, 2024	1.60%	$ 137,117	$ 136,658	$ 792	$ 2,251
November 1, 2025	3.75%	16,278	15,737	247	227
Total		**$ 153,395**	**$ 152,395**	**$ 1,039**	**$ 2,478**

[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:

	Six months ended June 30, 2024	Six months ended June 30, 2023
Beginning of the period	$ 2,478	$ 3,833
Fair value changes	(1,456)	183
Foreign exchange gain (loss)	17	(25)
End of period	**$ 1,039**	**$ 3,991**

Foreign exchange derivative

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 any derivative or foreign exchange contracts during the six months ended June 30, 2024 and 2023.

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, 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 the execution of the Portfolio Realignment Plan.

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

	Six months ended June 30,	
	2024	2023
Net change in cash related to:		
Operating	$ 17,608	$ 7,307
Investing	26,499	(12,684)
Financing	(44,506)	4,966
Foreign exchange gain (loss) on cash held in foreign currency	37	(419)
Decrease in cash	**$ (362)**	**$ (830)**

The change in cash for the six months ended June 30, 2024 and 2023 was the result of the following factors:

- Operating – cash inflows for the six months ended June 30, 2024 increased by $10.3 million when compared to the same period in 2023. The increase is a result of changes in working capital and from the suspension of distributions to Class B LP unitholders. This was partially offset by an increase in interest paid.
- Investing – cash inflows for the six months ended June 30, 2024 were $26.5 million compared to outflows of $12.7 million for the same period in 2023. The cash inflows in the current period were primarily a result of the dispositions of The Sheridan Exchange and Airways Units 7 & 8 in February 2024 and 84-86 Chain Lake and Walmart Flin Flon in May 2024. In the prior period, cash outflows were primarily a result of capital expenditures throughout the REIT's portfolio.
- Financing – cash outflows of $44.5 million for the six months ended June 30, 2024 was primarily due to the discharge of debt secured on The Sheridan Exchange and Airways Units 7 & 8, repayments on the revolving credit facility from the proceeds of the dispositions of 84-86 Chain Lake and Walmart Flin Flon and from other mortgage repayments. For the six months ended June 30, 2023, the cash inflows of $5.0 million were primarily from advances on the revolving credit facility net of distributions on REIT units and mortgage repayments.

DEFERRED UNIT PLAN

Trustee deferred unit plan

Trustees who are not employees of the REIT or the Manager, Slate Asset Management L.P., or any of their subsidiaries, are eligible to participate in the REIT's Trustee deferred unit plan ("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 June 30, 2024, the liability associated with the deferred units issued under the Trustee DUP was $0.1 million (December 31, 2023: $0.5 million), and the number of outstanding deferred units was 438,364 (December 31, 2023: 588,311 units). During the three and six months ended June 30, 2024, 400,740 units were redeemed for trust units under the Trustee deferred unit plan by three former Trustees of the REIT (June 30, 2023 - nil).

Officer deferred unit plan

The Officer deferred unit plan ("the Officer DUP") provides officers of the REIT the opportunity to receive deferred units of the REIT through the Officer DUP. 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 result in an equal reduction in the asset management fee payable to Slate Management Corporation, 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.

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 June 30, 2024, the liability associated with deferred units issued under the Officer DUP was $4 thousand (December 31, 2023: $12 thousand) and the number of deferred units was 14,294 (December 31, 2023: 14,294).

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 $0.22 on June 30, 2024.

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.

On July 4, 2024, the TSX initiated a remedial delisting review for the REIT, for a period of 120 days. The review is a response to the REIT's current non-compliance with certain debt covenants and liquidity concerns. During this period, the REIT aims to address these issues to meet the TSX's requirements. The trading of the REIT's securities will not be impacted during the review process.

As at June 30, 2024, the total number of trust units outstanding was 80,291,688. As at August 8, 2024, the total number of trust units outstanding was 80,381,791.

Potential trust units

	June 30, 2024	December 31, 2023
Class B LP units	5,285,160	5,285,160
Deferred units	452,658	602,606
Total	**5,737,818**	**5,887,766**

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 six months ended June 30, 2024 and 2023, 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 six months ended June 30, 2024 and 2023. 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Basic weighted average units outstanding	80,171,708	80,023,409	80,110,385	80,023,409
Class B LP units	5,285,160	5,285,160	5,285,160	5,285,160
Basic weighted average deferred units outstanding	452,510	331,928	527,558	304,405
Diluted weighted average units outstanding	**85,909,378**	**85,640,497**	**85,923,103**	**85,612,974**

Diluted units outstanding

The following is the diluted number of units outstanding at June 30, 2024 and 2023. 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:

	June 30, 2024	June 30, 2023
Trust units outstanding	80,291,688	80,023,409
Class B LP units	5,285,160	5,285,160
Deferred units	452,658	391,252
Diluted units outstanding	**86,029,506**	**85,699,821**

RELATED PARTY TRANSACTIONS

The REIT has a management agreement (the “Management Agreement”) with SMULC, whereby SMULC as the REIT's manager provides the REIT with the strategic, administrative, property management, leasing, acquisition, financing and construction management services necessary to manage the strategy and day-to-day operations of the REIT and its assets. Key management personnel of the REIT are employed by SLAM.

These transactions are in the normal course of operations and are in accordance with the management agreement and are measured at the exchange amount. The exchange amount is the consideration established under contract and approved by the REIT's Board of Trustees. The REIT's key personnel include trustees and officers of the REIT.

The interests in the REIT held directly and indirectly by Slate are as follows:

	June 30, 2024	December 31, 2023
REIT units	3,329,040	3,302,040
Class B LP units	5,285,160	5,285,160
Total	**8,614,200**	**8,587,200**
Economic interest	10.0%	10.0%

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 six months ended June 30, 2024, Slate purchased 27,000 REIT units (June 30, 2023: nil).

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 Slate.

[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.

Property and asset management fees are recorded as property operating and general and administrative expenses, respectively, in the period incurred. Acquisition, construction and leasing fees are recorded as additions to investment properties when payable to SMULC. Financing fees are capitalized to debt placed at the time of closing and amortized to interest expense over the term to maturity of the related debt.

Fees payable during the period to SMULC and SLAM for services provided were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Property management	$ 1,129	$ 1,468	$ 2,572	$ 2,837
Asset management	1,271	1,391	2,586	2,817
Leasing, financing and construction management	458	373	2,119	781
Total	**$ 2,858**	**$ 3,232**	**$ 7,277**	**$ 6,435**

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 investment properties. Property administration fees were $5.5 million for the six months ended June 30, 2024 (June 30, 2023: $4.9 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.

The REIT entered into an agreement to lease approximately 6,000 square feet of office space to Slate at one of its properties at market rents which expires October 31, 2029. 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. Total rent received under this lease for the three and six months ended June 30, 2024 was $0.1 million and $0.3 million, respectively (three and six months ended June 30, 2023: $0.1 million and $0.3 million). There were no amounts receivable related to this lease at June 30, 2024 and December 31, 2023.

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

	June 30, 2024	December 31, 2023
Accounts receivable	$ 78	$ 13
Accounts payable and accrued liabilities	(465)	(178)
Class B LP units	(1,136)	(4,281)

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:

	June 30, 2024	December 31, 2023
REIT units	15,110,200	15,110,200
Deferred units	96,949	35,839
Total	**15,207,149**	**15,146,039**
Economic interest	17.7%	17.6%

G2S2 also held an aggregate principal amount of $12.1 million (December 31, 2023: $12.1 million) of the REIT's convertible debentures as at December 31, 2023. If G2S2 was the sole convertible debenture holder to convert to trust units, it would indirectly own a total of 17,343,275 trust units (December 31, 2023: 17,282,165), representing an economic interest of approximately 19.7% (December 31, 2023: 19.6%) 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 received under this lease for the three and six months ended June 30, 2023 was $59 thousand and $118 thousand, respectively. There were no amounts receivable related to this lease at June 30, 2024 and December 31, 2023. In connection with a settlement agreement signed on February 16, 2023, between the REIT and G2S2, the REIT agreed to reimburse G2S2 for out-of-pocket fees and expenses including legal fees relating to the agreement. During the six months ended June 30, 2023, the REIT reimbursed G2S2's legal fees of $161 thousand and recorded the cost to professional fees.

On January 12, 2024, the REIT announced that the REIT and G2S2 agreed to amend the settlement agreement to, among other things, (i) reduce the size of the Board from eight to six trustees at the REIT’s next annual general meeting, and (ii) to terminate certain restrictions applicable to G2S2 including restrictions on G2S2 acquiring additional securities of the REIT. G2S2 also agreed to provide credit support and a letter of credit in favour of a tenant of the REIT for certain obligations that the REIT has undertaken in connection with its pursuit of leasing opportunities, such as leasing costs and tenant inducements. As of the authorization date of the condensed consolidated interim financial statements G2S2 has established the letter of credit and has indicated that that it intends to provide credit support amounts which have been requested by the REIT. Under the terms of this lease agreement, should such credit support not be provided, the REIT has the risk that the tenant could exercise its rights to vacate the property and/or proceed with legal action against the REIT. In addition, the fair value of the property is currently based on this tenant being in occupancy and thus a change in tenancy would result in a material change in the fair value of the property and negatively impact the availability of mortgage financing at the property.

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 investment properties based on the discounted cash flow method, which is a generally accepted appraisal methodology. The appropriate methodology is selected by management and by independent real estate valuation experts considering the nature of the property and availability of information.

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.

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

A summary of the significant assumptions used in the REIT's estimate of fair value as at June 30, 2024 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 June 30, 2024.

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 six months ended June 30, 2024.

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 six months ended June 30, 2024, 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 June 30, 2024 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	72.5%
	120 South LaSalle	120 South LaSalle	Chicago, IL	1929 / 1998	100%	655,289	82.8%
	275 N Field Drive	275 N Field Drive	Chicago, IL	1989 / 2021	100%	197,527	52.2%
Total United States Office						**1,224,156**	**74.7%**
Greater Toronto Area Office							
	7030, 7050, 7100 Woodbine Avenue & 55, 85 Idema Road	Woodbine & Steeles Corporate Centre	Markham, ON	1984 / 2011	75%	359,563	81.4%
	3000 - 3100 Steeles Avenue East	Gateway Centre	Markham, ON	1982 / 1987	75%	243,403	82.0%
	2285 Speakman Drive		Mississauga, ON	1981 / 2016	100%	127,419	100.0%
	2599 Speakman Drive		Mississauga, ON	1971 / 2011	100%	127,782	84.9%
	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	80.8%
	401-405 The West Mall	Commerce West	Toronto, ON	1982 / 2009	75%	412,464	77.7%
Total Greater Toronto Area Office						**2,107,395**	**83.9%**
Atlantic Office							
	440 King Street	Kings Place	Fredericton, NB	1974 / 2001	100%	298,454	75.9%
	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	99.0%
	81 Albert Street		Moncton, NB	2002	100%	64,954	100.0%
	39 King Street[1]	Brunswick Square	Saint John, NB	1976	100%	515,580	49.5%
	100 New Gower Street	Cabot Place	St. John's, NL	1987	100%	142,283	65.2%
	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%	142,960	78.2%
	140 Water Street	TD Place	St. John's, NL	1980 / 2013	100%	108,972	49.2%
	1505 Barrington Street	Maritime Centre	Halifax, NS	1977 / 1985	100%	529,269	81.7%
Total Atlantic Office						**2,533,110**	**74.2%**

[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	22.8%
	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%	29,930	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	100.0%
	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						**746,803**	**84.0%**
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%	84,882	57.7%
Total Western Office						**335,188**	**84.9%**
Office						**6,946,652**	**80.2 %**
Non-office							
	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%
Non-office						**191,401**	**100.0%**
Total Portfolio						**7,138,053**	**79.4%**

[2]Includes a seven-story office building at 280 Broadway Avenue, a three-story 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
SOT.UN: trust units
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.

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