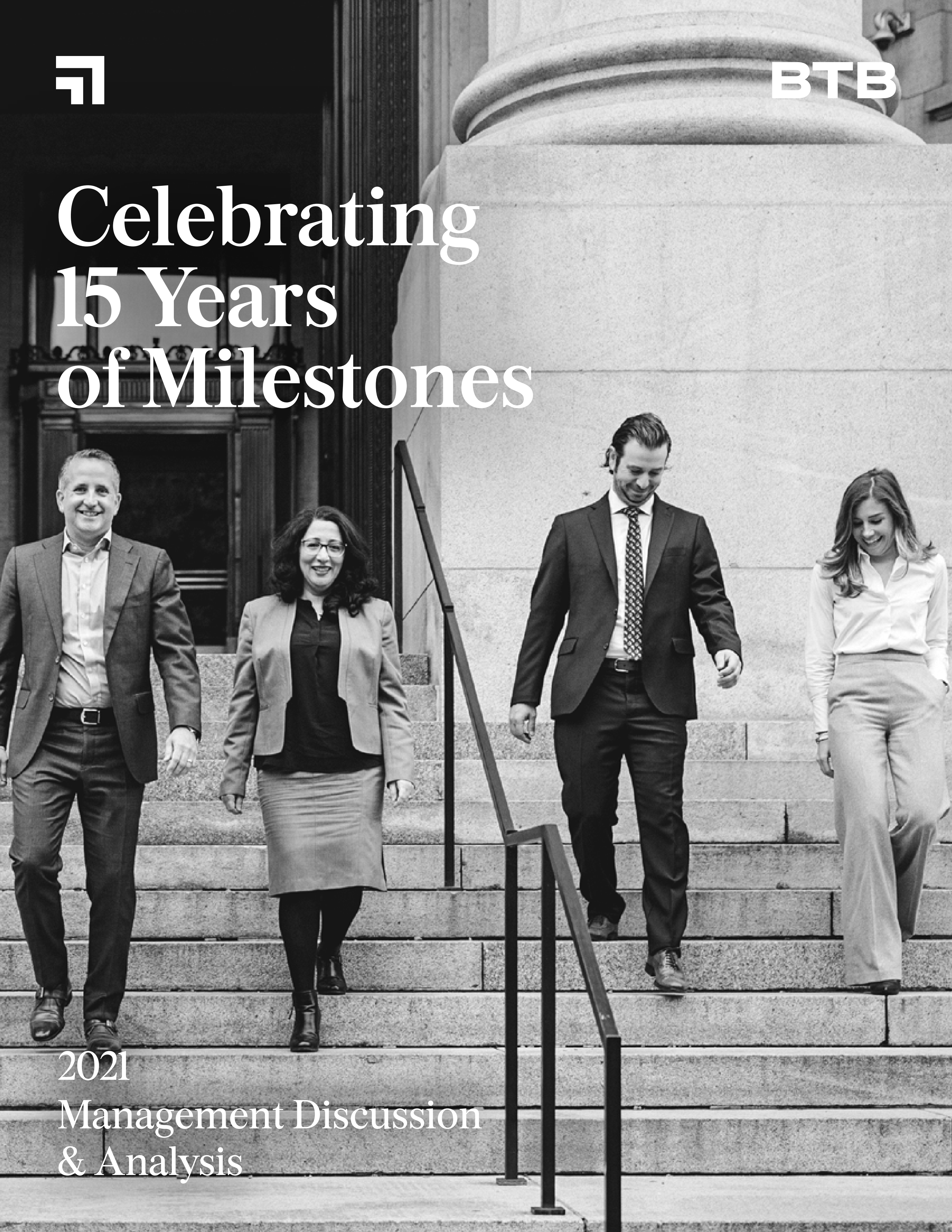
Celebrating 15 Years of Milestones



2021
Management Discussion & Analysis

BTB

Management Discussion and Analysis

Exercice clos le 31 décembre 2021

Introduction

The purpose of this Management Discussion and Analysis ("MD&A") is to allow the reader to evaluate the operating results of BTB Real Estate Investment Trust ("BTB" or the "Trust") for the year ended December 31, 2021 as well as its financial position on that date. The report also presents a summary of the Trust's business strategies, and the business risks it faces. This MD&A dated February 23, 2022 should be read together with the consolidated financial statements and accompanying notes for the year ended December 31, 2021. It discusses significant information available up to the date of this MD&A. The Trust's consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts. Additional information about the Trust is available on the Canadian Security Administrators ("CSA") website at www.sedar.com and on our website at www.btbreit.com.

The Audit Committee reviewed the contents of this Management Discussion and Analysis and the consolidated financial statements and the Trust's Board of Trustees has approved them.

Forward-Looking Statements – Caveat

From time to time, written or oral forward-looking statements are made within the meaning of applicable Canadian securities legislation. Forward-looking statements in this MD&A are made, in other filings with Canadian regulators, in reports to unitholders and in other communications. These forward-looking statements may include statements regarding the Trust's future objectives, strategies to achieve the Trust's objectives, as well as statements with respect to the Trust's beliefs, outlooks, plans, objectives, expectations, forecasts, estimates and intentions. The words "may," "could," "should," "outlook," "believe," "plan," "forecast," "estimate," "expect," "propose," and the use of the conditional and similar words and expressions are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve numerous factors and assumptions, and are subject to inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections, and other forward-looking statements will not be achieved. Readers must we warned not to place undue reliance on these statements as several important factors could cause the Trust's actual results to differ materially from the expectations expressed in such forwardlooking statements. These factors include general economic conditions in Canada and elsewhere, the effects of competition in the markets where we operate, the impact of changes in laws and regulations, including tax laws, successful execution of the Trust's strategy, the ability to complete and integrate strategic acquisitions successfully, potential dilution, the ability to attract and retain key employees and executives, the financial position of lessees, the ability to refinance our debts upon maturity, the ability to renew leases coming to maturity, and to lease vacant space, the ability to complete developments on plan and on schedule and to raise capital to finance the Trust's growth, as well as changes in interest rates. The foregoing list of important factors likely to affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Trust, investors and others should carefully consider these factors and other facts and uncertainties. Additional information about these factors can be found in the "Risks and Uncertainties" section.

The Trust cannot assure investors that actual results will be consistent with any forward-looking statements and the Trust assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances, except as required under applicable securities regulations.

COVID-19

The COVID-19 pandemic has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures have caused an economic slowdown and material disruption to businesses in Canada and globally since 2020. The nature and extent of these measures may change depending on the efficacy of the vaccination programs, the emergence of new variants of the COVID-19 virus, and any resurgence of COVID-19 positive cases. As a result of the continuously evolving circumstances surrounding COVID-19, uncertainty remains with respect to the Trust's revised internal forecast, the most significant being the fact that it cannot predict how consumers will respond as the restriction measures continue or change in Canada (return to the office policy, online vs. physical consumer habits, etc.). Given the continuously evolving circumstances surrounding COVID-19, it is difficult to predict with certainty, the nature, extent and duration of COVID-19, and the duration and intensity of resulting business disruptions and related financial, social, and public health impacts. Such effects could be adverse and material, including their potential effects on the Trust's business, operations, and financial performance both in the short-term and long-term. Estimates and assumptions that are most subject to increased uncertainty caused by the COVID-19 relate to the valuation of investment properties and the determination of expected credit losses on receivables. The amounts recorded in the consolidated financial statements are based on the latest reliable information available to management at the time the consolidated financial statements were prepared where that information reflects conditions at the date of the consolidated financial statements. However, given the heightened level of uncertainty caused by COVID-19, these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The Trust continues to monitor its business operations and is aware of the impacts that the COVID-19 pandemic has on the global economy as its duration remains uncertain. The Trust may take further action in response to the directives of government and public health authorities or actions that are in the best interests of employees, tenants, suppliers, or other stakeholders, as necessary.

Non-IFRS Financial Measures

Certain terms and measures used in this MD&A are listed and defined in the table hereafter, including any per unit information if applicable, are non-IFRS performance measures and do not have standardized meanings prescribed by IFRS. Explanations on how these non-IFRS financial measures provide useful information to investors and the additional purposes, if any, for which the Trust uses these non-IFRS financial measures, are also included in the table thereafter. IFRS are International Financial Reporting Standards defined and issued by the IASB, in effect as at the date of this MD&A.

Securities regulations require that non-IFRS financial measures be clearly defined and that they not be assigned greater weight than IFRS measures. The referred non-IFRS financial measures, which are reconciled to the most similar IFRS measure in the table thereafter if applicable, do not have a standardized meaning prescribed by IFRS and these measures cannot be compared to similar measures used by other issuers.

Non-IFRS measure	Definition	Reconciliation
Adjusted net income	Adjusted net income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of: (i) fair value adjustment on investment properties; (ii) fair value adjustment on derivative financial instruments; (iii) fair value adjustment on Class B LP units; and (iv) transaction costs on acquisition and dispositions of investment properties and early repayment fees. The Trust considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the market and transaction costs are non-recurring in nature.	**Operating results – Adjusted net income**
Same-property NOI	Same-property NOI is a non-IFRS financial measure defined as net operating income ("NOI") for the properties that the Trust owned and operated for the entire duration of both the current year and the previous year. The most directly comparable IFRS measure to same-property NOI is Operating Income. The Trust believes this is a useful measure as NOI growth can be assessed on its portfolio excluding the impact of property acquisitions and dispositions. The Trust uses same-property NOI to indicate the profitability of its existing portfolio operations and the Trust's ability to increase its revenues, reduce its operating costs and generate organic growth.	**Operating results – Same-property portfolio**
Funds from Operations ("FFO") and Recurring FFO	FFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its February 2019 White Paper ("White Paper"). FFO is defined as net income and comprehensive income less certain adjustments, on a proportionate basis, including: (i) fair value adjustments on investment properties, class B LP units and derivative financial instruments; (ii) amortization of lease incentives; (iii) incremental leasing costs; and (iv) distribution on class B LP units. FFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. FFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. Recurring FFO is also a non-IFRS financial measure that starts with FFO and remove the impact of non-recurring items such as transaction cost on acquisitions and dispositions of investment properties and early repayment fees. The Trust believes FFO and recurring FFO are key measures of operating performance and allow the investors to compare its historical performance.	**Funds from Operations (FFO); Cash Flows; Appendix 2; and Appendix 3**

Non-IFRS measure	Definition	Reconciliation
Adjusted Funds from Operations ("AFFO") and Recurring AFFO	AFFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its February 2019 White Paper ("White Paper"). AFFO is defined as FFO less: (i) straight-line rental revenue adjustment; (ii) accretion of effective interest; (iii) amortization of other property and equipment; (iv) unit-based compensation expenses; (v) provision for non-recoverable capital expenditures; and (vi) provision for unrecovered rental fees (related to regular leasing expenditures). AFFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. AFFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. Recurring AFFO is also a non-IFRS financial measure that starts with AFFO and remove the impact of non-recurring items such as transaction costs on acquisitions and dispositions of investment properties and early repayment fees. The Trust considers AFFO and recurring AFFO to be useful measures of recurring economic earnings and relevant in understanding its ability to service its debt, fund capital expenditures and provide distributions to unitholders.	**Adjusted Funds from Operations (AFFO); Cash Flows; Appendix 2; and Appendix 3**
FFO and AFFO payout ratios and Recurring FFO and recurring AFFO payout-ratios	FFO and AFFO payout ratios and recurring FFO and recurring AFFO payout ratios are non-IFRS financial measures. These payout ratios are calculated by dividing the actual distributions per unit by FFO, AFFO and recurring FFO and recurring AFFO per unit in each period. The Trust considers these metrics a useful way to evaluate its distribution paying capacity.	**Funds from Operations (FFO); Adjusted Funds from Operations (AFFO); Appendix 2; and Appendix 3**
Total debt ratio	Total debt ratio is a non-IFRS financial measure of the Trust financial leverage, which is calculated by taking the total long-term debt less cash divided by total gross value of the assets of the Trust less cash. The Trust considers this metric useful as it indicates its ability to meet its debt obligations and its capacity for future additional acquisitions.	**Capital Ressources – Debt ratio**
Interest Coverage Ratio	Interest coverage ratio is a non-IFRS financial measure which is calculated by taking the NOI divided by interest expenses net of financial income (interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units). The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.	**Capital Ressources – Interest coverage ratio**

The Trust

The Trust is an unincorporated open-ended real estate trust formed under and governed by the laws of the province of Québec pursuant to a trust agreement (as further amended). The Trust began its real estate operations on October 3, 2006, and as of December 31, 2021, owned 75 retail, office and industrial properties located in primary markets of the provinces of Québec, Ontario, Alberta, and Saskatchewan. Since its inception, the Trust has become an important property owner in the province of Québec, in Eastern Ontario and since December 2021, in Western Canada. The units and Series G and H convertible debentures are traded on the Toronto Stock Exchange under the symbols “BTB.UN”, “BTB. DB. G” and “BTB.DB.H”, respectively.

The Trust’s management is entirely internalized, and no service agreements or asset management agreements are in force between the Trust and its officers. The Trust therefore ensures that the interests of management and of its employees are aligned with those of the unitholders. Only two properties are managed by third party managers dealing at arm’s length with the Trust. Management’s objective is, when favourable circumstances will prevail, to directly manage the Trust’s remaining properties to possibly achieve savings in management and operating fees through centralized and improved property management operations.

The following table provides a summary of the real estate portfolio:

	Number of properties	Leasable area (sq.ft.)	Fair value (thousands of $)
As at December 31, 2021[1]	75	6,037,386	1,110,971

(1) These figures include a 50% interest in a 17,114 sq.ft. building in a Montréal suburb and a 50% interest in a building totalling 74,940 sq.ft. in Gatineau, Québec.

Objectives and Business Strategies

The Trust’s primary objective is to maximize total return to unitholders. Returns include cash distributions and long-term appreciation of the value of its units. More specifically, the objectives are as follows:

1. Generate stable monthly cash distributions that are reliable and fiscally beneficial to unitholders.
2. Grow the Trust’s assets through internal growth and accretive acquisitions to fund distributions.
3. Optimize the value of its assets through dynamic management of its properties to maximize the long-term value of its properties.

Strategically, the Trust seeks to acquire properties with high occupancy rates, good tenant quality, superior locations or low potential lease turnover and properties that are well maintained and require less capital expenditures.

The Trust’s management regularly performs strategic portfolio reviews to determine whether it is financially advisable to dispose of certain investments. The Trust may dispose of certain assets if their size, location and/or profitability no longer meet the Trust’s investment criteria.

In such cases, the Trust expects to use the proceeds from the sale of assets to reduce debt thereon and/or redeploy capital in property acquisitions.

Highlights of the Fourth Quarter and Year Ended December 31, 2021

Collection rate: was 98.0% of invoiced rent during the quarter and 99.1% of invoiced rent on a cumulative basis for 2021, which shows the strong fundamentals of the suburban office, the food anchored retail and the industrial operating segments. The Trust's portfolio continued to show positive results through all asset classes and geographies.

Leasing activity for the quarter: 378,341 sq.ft. of leases renewed of which 41,799 sq.ft. were renewed before the end of their term and 336,542 sq.ft. were renewed in anticipation of the end of their term for the years 2022 and after. The Trust leased 77,049 sq.ft. to new tenants. Due to strong leasing activity, the occupancy rate was at 93.4% at the end of the quarter.

Leasing activity for the year: A total of 182,275 sq.ft. was leased to new tenants. During the year, the Trust managed to successfully renew leases expiring in the current year and expiring in coming years, for a total of 621,286 sq.ft. Therefore, the total leasing activity for the year was 803,561 sq.ft.

Acquisitions: On June 29, 2021, the Trust acquired an industrial property located at 6000 Kieran Street in Montréal (99,000 sq.ft.) and the revenue from this acquisition contributed to the third and fourth quarter financial results. On November 8, 2021, the Trust acquired two office properties located at 2344 and 2600 Alfred-Nobel Boulevard in Montréal (237,978 sq.ft.) and the revenue from this acquisition contributed to the fourth quarter financial results. Finally, on December 24, 2021, the Trust acquired a portfolio of 10 properties located in Edmonton and Saskatoon (421,293 sq.ft.). ("Western Portfolio") and the revenue from this acquisition had a slight contribution to the fourth quarter financial results. The acquisition of these high-quality assets added additional exposure to the Trust's industrial and office segments.

Rental revenue: Stood at $26.8 million and net operating income (NOI) was $14.8 million for the current quarter, which represent a respective increase of 19.3% and 15.7% compared to the same quarter of 2020. For the year 2021, the rental revenue totalled at $100.3 million and net operating income (NOI) was $56.3 million, which represent a respective increase of 7.9% and 9.9% compared to the same period in 2020.

Same-property NOI[1]: Increased by 6.9% for 2021 compared to the same period in 2020 mainly due to additional recovery efforts, lower pandemic-related charges and a combination of higher occupancy rate and an increase in the average lease renewal rates.

Net income and comprehensive income: Totalled $23.2 million for the quarter compared to $3.9 million for the same period in 2020, representing an increase of $19.3 million that can be attributed to (i) an increase in the fair value of investment properties of $19.6 million compared to an increase in the fair value of $2.1 million in 2020; (ii) an increase in NOI of approximately $2.0 million.

Recurring FFO[1]: Was 11.0¢ per unit for the quarter (42.1¢ per unit for the year 2021) compared to 9.9¢ per unit for the same period in 2020 (38.3¢ per unit for the year 2020). The FFO was positively impacted by increased recoveries, reduced provision for credit losses, improvement of occupancy rates across all business segments and increase in average renewal rates.

Recurring AFFO[1]: Was 9.4¢ per unit for the quarter (38.5¢ per unit for the year 2021) compared to 9.8¢ per unit for the same period in 2020 (35.0¢ per unit for the year 2020). The reduction for the quarter is mainly due to provisions of credit losses released in Q4 2020 with less COVID-19 impact than anticipated.

Recurring FFO payout ratio[1]: Was 68.0% for the quarter (71.2% for the year 2021) compared to 75.5% for the same period in 2020 (88.7% for the year 2020).

Recurring AFFO payout ratio[1]: Was 80.0% for the quarter (77.9% for the year 2021) compared to 76.3% for the same period in 2020 (97.1% for the year 2020).

Liquidity position: Was at $7.2 million of cash at the end of the year and $48 million of total availability between the two credit facilities[2].

(1) This is a non-IFRS financial measure, refer to page 41.
(2) Credit facilities is a term used that reconciles with the credit facilities as presented and defined in the Trust consolidated financial statements.

Debt metrics: The Trust concluded the year with a total debt ratio (1) of 60.5%, recording a temporary regression of 1.1% compared to the same quarter last year. The temporary regression is attributable to the acquisitions announced in the fourth quarter as they were financed through long-term debt, cash on hand and the use of credit facilities. The Trust will use the net proceeds of the disposition of the Cornwall properties (transaction concluded in Q1 2022) to pay down part of the outstanding amount on its credit facilities and therefore reduce the total debt ratio below its stated objective of 60%.

Subsequent events

On January 7, 2022, the Trust concluded the acquisition of two class A office properties located at 979 Bank Street and 1031 Bank Street in the Glebe borough of Ottawa, Ontario. Acquired for the aggregate purchase price of $38.1 million, excluding transaction costs. This acquisition was funded from the existing undrawn capacity on the Trust's bank loan and available liquidity. These two properties increased the total leasable area by 116,226 sq.ft.

On January 27, 2022, the Trust concluded the disposition of four industrial properties located at 705 Boundary Road, 725 Boundary Road, 805 Boundary Road and 2901 Marleau Avenue in Cornwall, Ontario. Disposed for the aggregate sale price of $26 million, excluding transaction costs and adjustments. Following the reimbursement of its mortgages on the properties, the Trust received net proceeds of approximately $19 million. The disposition of the four properties decreased the total number of properties owned by the Trust to 73, representing a total decrease of 450,776 sq.ft. The net proceeds were used to partially reduce the outstanding amount on the credit facility.

BTB has entered into a conditional agreement to develop a residential component on one of its retail sites where approximately 900 residential units could be built, thereby unlocking approximately $30M of proceeds. The conditional agreement is, inter alia, subject to a zoning change.

Summary of significant items as at December 31, 2021

- Total number of properties: 75
- Total leasable area: approximately 6.0 million sq.ft.
- Total asset value: $1,130 million
- Market capitalization: $302 million

(1) This is a non-IFRS financial measure, refer to page 41.

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in thousands of dollars, except for ratios and per unit data)		Quarter		Year	
		2021	2020	2021	2020
	Reference	$	$	$	$
Financial information					
Rental revenue	Page 54	**26,789**	22,455	**100,343**	92,969
Net operating income (NOI)	Page 54	**14,776**	12,767	**56,336**	51,260
Net income and comprehensive income	Page 54	**23,219**	3,850	**41,568**	2,919
Adjusted net income (1)	Page 58	**7,075**	5,066	**25,771**	20,102
NOI from the same-property portfolio (1)	Page 59	**13,278**	12,667	**54,184**	50,679
Distributions	Page 60	**5,578**	4,778	**21,464**	21,513
Recurring funds from operations (FFO) (1)	Page 61	**8,194**	6,322	**30,144**	24,229
Recurring adjusted funds from operations (AFFO) (1)	Page 62	**6,962**	6,253	**27,568**	22,145
Cash flow from operating activities	Page 64	**25,137**	15,954	**56,538**	46,145
Total assets				**1,129,901**	926,666
Investment properties	Page 66			**1,110,971**	903,870
Mortgage loans	Page 68			**605,210**	484,639
Convertible debentures	Page 69			**42,819**	48,316
Mortgage debt ratio (2)	Page 70			**54.0%**	52.9%
Debt ratio – convertible debentures (3)	Page 70			**4.0%**	5.8%
Debt ratio – credit facilities (4)	Page 70			**3.2%**	1.7%
Total debt ratio (1)	Page 70			**60.5%**	59.4%
Weighted average contractual interest rate	Page 68			**3.70%**	3.86%
Market capitalization				**302,438**	223,941
Financial information per unit					
Units outstanding (000)	Page 72			**74,127**	63,439
Class B LP units outstanding (000)	Page 71			**347**	397
Weighted average number of units outstanding (000)	Page 72	**74,022**	63,228	**71,188**	62,810
Weighted average number of units and Class B LP units outstanding (000)	Page 72	**74,370**	63,625	**71,547**	63,241
Net income and comprehensive income	Page 54	**31.2¢**	6.1¢	**58.1¢**	4.6¢
Adjusted net income (1)	Page 58	**9.5¢**	8.0¢	**36.0¢**	31.8¢
Distributions	Page 60	**7.5¢**	7.5¢	**30.0¢**	34.0¢
Recurring FFO (1)	Page 61	**11.0¢**	9.9¢	**42.1¢**	38.3¢
Payout ratio on recurring FFO (1)	Page 61	**68.0%**	75.5%	**71.2%**	88.7%
Recurring AFFO (1)	Page 62	**9.4¢**	9.8¢	**38.5¢**	35.0¢
Payout ratio on recurring AFFO (1)	Page 62	**80.0%**	76.3%	**77.9%**	97.1%
Market price of units				**4.08**	3.53
Tax on distributions					
Tax deferral	Page 74	**100.0%**	100%	**100.0%**	100%
Operational information					
Number of properties	Page 50			**75**	64
Leasable area (thousands of sq.ft.)	Page 51			**6,037**	5,323
Occupancy rate	Page 52			**93.4%**	92.2%
Increase in average lease renewal rate	Page 52	**7.4%**	16.6%	**5.5%**	6.8%

(1) This is a non-IFRS financial measure, refer to page 41.
(2) This is a non-IFRS financial measure. Mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the total gross value of the assets of the Trust less cash.
(3) This is a non-IFRS financial measure. Debt ratio – convertible debentures is calculated by dividing the convertible debentures by the total gross value of the assets of the Trust less cash.
(4) This is a non-IFRS financial measure. Debt ratio – credit facilities is calculated by dividing the credit facilities by the total gross value of the assets of the Trust less cash.

Selected Annual Information

The following table summarizes the Trust's selected financial information for the last three years:

Years ended December 31 (in thousands of dollars except for per unit data)	2021	2020	2019
Financial information	$	$	$
Rental income	**100,343**	92,969	93,602
Net operating income (NOI)	**56,336**	51,260	50,897
Fair value adjustment on investment properties	**19,571**	(8,375)	34,113
Net income and comprehensive income	**41,568**	2,919	51,881
Net cash from operating activities	**56,538**	46,145	47,223
Recurring FFO(1)	**30,144**	24,229	24,293
Recurring AFFO(1)	**27,568**	22,145	22,389
Distributions	**21,465**	21,513	25,141
Total assets	**1,129,901**	926,666	939,130
Long-term debt	**648,029**	532,775	542,248
Financial information per unit			
Net income and comprehensive income	**58.1¢**	4.6¢	87.8¢
Recurring FFO (2)	**42.1¢**	38.3¢	40.7¢
Recurring AFFO (3)	**38.5¢**	35.0¢	37.5¢
Distributions	**30.0¢**	34.0¢	42.0¢

(1) This is a non-IFRS financial measure, refer to page 41.
(2) This is a non-IFRS financial measure. The recurring FFO per unit ratio is calculated by dividing the recurring FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(3) This is a non-IFRS financial measure. The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

Selected Quarterly Information

The following table summarizes the Trust's selected financial information for the last eight quarters:

(in thousands of dollars except for per unit data)	2021 Q–4	2021 Q–3	2021 Q–2	2021 Q–1	2020 Q–4	2020 Q–3	2020 Q–2	2020 Q–1
	$	$	$	$	$	$	$	$
Rental revenue	**26,789**	23,988	26,034	23,532	22,455	23,583	23,063	23,868
Net operating income (NOI)	**14,776**	13,572	15,574	12,414	12,767	13,308	12,419	12,766
Net income and comprehensive income	**23,219**	8,678	7,161	2,510	3,850	5,757	(1,101)	(5,587)
Net income and comprehensive income per unit	**31.2¢**	11.7¢	9.8¢	3.9¢	6.1¢	9.1¢	(1.7)¢	(8.9)¢
Cash from operating activities	**25,137**	10,090	8,162	13,149	15,954	8,983	10,534	10,674
Recurring funds from operations (FFO) (1)	**8,194**	7,018	9,202	5,730	6,322	6,920	4,710	6,277
Recurring FFO per unit (2)	**11.0¢**	9.5¢	12.5¢	8.9¢	9.9¢	10.9¢	7.5¢	10.0¢
Recurring adjusted funds from operations (AFFO) (1)	**6,962**	6,453	8,647	5,506	6,253	6,139	4,237	5,517
Recurring AFFO per unit (3)	**9.4¢**	8.7¢	11.8¢	8.6¢	9.8¢	9.7¢	6.7¢	8.8¢
Distributions (4)	**5,578**	5,551	5,508	4,828	4,778	4,752	5,375	6,618
Distributions per unit (4)	**7.5¢**	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	8.5¢	10.5¢

(1) This is a non-IFRS financial measure, refer to page 41.
(2) This is a non-IFRS financial measure. The recurring FFO per unit ratio is calculated by dividing the recurring FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(3) This is a non-IFRS financial measure. The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) Includes distributions on Class B LP units.

Operating Performance Indicators

The performance indicators, used to measure the Trust's operating performance, are described hereafter.

Committed occupancy rate: which provides an indication of the optimization of rental space and the potential revenue gain from the Trust's property portfolio. This rate considers occupied leasable area and the leasable area of leases that have been signed as of the end of the quarter but not yet started.

In-place occupancy rate: which shows the percentage of total income-producing leasable area held at period end.

Retention rate: which is used to assess the Trust's ability to renew leases and retain tenants.

Average rate of renewed leases: which measures organic growth and the Trust's ability to increase or decrease its rental revenue.

Real Estate Portfolio

At the end of 2021, the Trust owned 75 properties, totalling a fair value of $1,111 million. The properties generated approximately $26.8 million in rental revenue this quarter and represented a total leasable area of approximately 6.0 million sq.ft. A description of the properties owned by the Trust as at December 31, 2021 can be found in the Trust's Annual Information Form (see www.sedar.com).

Summary of investment properties held as at December 31, 2021

Operating segment	Number of properties	Leasable area (sq.ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Office	37	2,822,820	90.3	88.8
Retail	11	1,392,175	95.1	89.6
Industrial	27	1,822,391	97.0	97.0
Total	**75**	**6,037,386**	**93.4**	**91.5**

Disposition of investment properties

On December 21, 2021, the Trust disposed of a retail property located at 2340 Lapinière in Brossard, Québec, for total proceeds of $4.5 million, excluding transaction costs and adjustments.

Acquisition of investment properties

On June 29, 2021, the Trust acquired an industrial property located at 6000 Kieran Street in Montréal, Québec, for a total consideration of $15.3 million, excluding transaction costs and adjustments. This property increases the Trust's total leasable area by 99,000 sq.ft. and it is 100% occupied.

On November 8, 2021, the Trust acquired two suburban class A office properties located at 2344 and 2600 Alfred-Nobel Boulevard in the Saint-Laurent borough of Montréal, Québec, for a total consideration of $73.6 million dollars, excluding transaction costs and adjustments. The two properties increase the Trust's total leasable area of respectively 129,254 sq ft. and of 108,724 sq.ft. and the properties are 100% occupied.

On December 24, 2021, the Trust acquired a portfolio of 10 properties, nine industrial properties and one office property, located in Edmonton and Saskatoon for a total consideration of $93.7 million, excluding transaction costs and adjustments. The nine industrial properties increase the Trust's total leasable area by 407,110 sq.ft. and the office property increase the Trust's total leasable area by 14,475 sq.ft. The 10 properties total 421,585 sq.ft. and are 100% occupied.

Industrial properties acquired:

- 6909 42nd Street in Leduc, Alberta (24,014 sq.ft.)
- 18410 118A Avenue NW in Edmonton, Alberta (30,297 sq.ft.)
- 18028 114 Avenue NW in Edmonton, Alberta (55,849 sq.ft.)
- 28765 Acheson Road in Acheson, Alberta (36,334 sq.ft.)
- 25616 117 Avenue NW in Acheson, Alberta (37,143 sq.ft.)
- 3542 Millar Avenue in Saskatoon, Saskatchewan (28,800 sq.ft.)
- 318 68th Street in Saskatoon, Saskatchewan (101,357 sq.ft.)
- 3911 Millar Avenue in Saskatoon, Saskatchewan (26,400 sq.ft.)
- 3927 & 3931 Wanuskewin Rd in Saskatoon, Saskatchewan (66,916 sq.ft.)

Office property acquired:

- 1921 91st Street SW in Edmonton, Alberta (14,475 sq.ft.)

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in sq.ft.)	Quarter		Year	
	2021	2020	**2021**	2020
Occupied area at the beginning of the period [1]	**4,969,471**	4,910,000	**4,910,877**	5,194,894
Purchased (sold) assets	**648,914**	10,704	**747,914**	(272,688)
Signed new leases	**77,049**	56,589	**182,275**	281,970
Tenant departures	**(53,696)**	(66,416)	**(176,621)**	(293,306)
Other [2]	**(1,961)**	–	**(24,668)**	7
Occupied leasable area at the end of the period [1]	**5,639,777**	4,910,877	**5,639,777**	4,910,877
Vacant leasable area at the end of the period	**397,609**	412,765	**397,609**	412,765
Total leasable area at the end of the period	**6,037,386**	5,323,642	**6,037,386**	5,323,642

(1) The occupied area includes in place and committed agreements.
(2) Other adjustments on the occupied area represent mainly area remeasurements.

Renewal activities

The following table summarizes the renewal rate for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in sq.ft.)	Quarter		Year	
	2021	2020	**2021**	2020
Leases expired at term	**74,094**	154,021	**297,664**	461,494
Renewed leases at term	**41,799**	102.272	**211,918**	305,210
Renewal rate	**56.4%**	66.4%	**71.2%**	66.1%

The Trust renewed 56.4% or 41,799 sq.ft. out of the 74,094 sq.ft. expiring this quarter. However, the Trust was able to lease 53.2% of the remaining 32,295 sq.ft. expired before the end of the year. For the year, the Trust renewed 71.2% of the leases at term which left a remaining 85,746 sq.ft. that expired, and such vacancy is mainly explained by the bankruptcy of Sportium in Q1 2021 (excluding this bankruptcy, the renewal rate would have been 84.0%) as announced in 2020.

In addition to the renewed leases at term during the quarter, the Trust renewed 336,542 sq.ft. leased with existing tenants with lease terms ending in 2022 and later (a total of 409,368 sq.ft. for the year 2021). This activity has no impact on the occupied leasable area or renewal rate but demonstrates the Trust's strategy to proactively manage its lease renewals before term. These renewals allowed the Trust to secure long-term leases with essential service retailers and government such as Walmart (264,550 sq.ft.), Staples (46,000 sq.ft.), Rossy (26,000 sq.ft.) and City of Québec (13,000 sq.ft.).

Considering renewed leases at term and renewed leases with terms ending in 2022 and after, the Trust renewed a total of 378,341 sq.ft. during this quarter (and a total of 621,286 sq.ft. for the year 2021). Out of the total leasable area of renewed leases, 299,772 sq.ft. or 79% were concluded with retail tenants, confirming the strategy of tenants to operate physical retail locations.

Average lease renewal rate

The following table shows the breakdown of the average increase of rental rates per operating segment:

	Quarter		Year	
Operating segment	Renewals (sq.ft.)	Increase (%)	Renewals (sq.ft.)	Increase (%)
Office	78,569	4.1	221,455	2.1
Retail	299,772	8.5	363,835	7.5
Industrial	–	–	35,996	14.6
Total	**378,341**	**7.4**	**621,286**	**5.5**

Since the beginning of the year, the Trust achieved a cumulative average increase in renewal rate of 5.5% across all business segments. The industrial operating segment showed an increase of 14.6%, which is essentially attributable to buoyant market conditions for this segment.

Signed new leases

During the quarter, the Trust leased 77,049 sq.ft. to new tenants, leaving 397,609 sq.ft. of leasable area available at the end of the quarter. Out of the 77,049 sq.ft., 75,948 sq.ft. are committed agreements and 1,101 sq.ft. are in occupancy. As the Trust's total industrial leasable area is almost fully occupied at 97.0%, 37,761 sq.ft. or 49.0% of the new leases were concluded with retail tenants and 39,288 sq.ft. or 51.0% were concluded with office tenants. For the year, the Trust concluded transactions with new tenants for a total of 182,275 sq.ft.

Occupancy rates

The following tables detail the Trust's committed occupancy rates by operational segment and geographic sector, including committed lease agreements:

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Operating segment	**%**	%	%	%	%
Office	**90.3**	89.3	89.5	89.3	89.9
Retail	**95.1**	92.6	92.9	90.0	93.3
Industrial	**97.0**	96.5	96.5	95.6	95.8
Total portfolio	**93.4**	92.0	92.2	91.0	92.2

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Geographic sector	**%**	%	%	%	%
Montréal	**94.4**	92.8	93.1	91.3	93.3
City of Québec (1)	**88.9**	88.9	88.8	89.0	89.1
Ottawa	**93.7**	93.8	94.2	93.0	93.3
Edmonton	**100.0**	–	–	–	–
Saskatoon	**100.0**	–	–	–	–
	93.4	92.0	92.2	91.0	92.2

(1) Excluding the Trois-Rivières property, the occupancy rate of the city of Québec portfolio is 92.4% for the quarter.

The occupancy rate at the end of the fourth quarter of 2021 stood at 93.4%, a 1.4% increase compared to the prior quarter, or a 1.2% increase compared to the same period for 2020.

Lease maturities

The following table summarizes the Trust's lease maturity profile for the next five years:

	2022	2023	2024	2025	2026
Office					
Leasable area (sq.ft.)	363,019	316,159	272,604	248,294	430,293
Average lease rate/square foot ($) (1)	$13.35	$16.08	$13.95	$14.68	$14.07
% of office portfolio	12.86%	11.20%	9.66%	8.80%	15.24%
Retail					
Leasable area (sq.ft.)	103,582	169,452	81,392	123,398	109,515
Average lease rate/square foot ($) (1)	$13.21	$8.52	$15.78	$19.84	$16.49
% of retail portfolio	7.44%	12.17%	5.85%	8.86%	7.87%
Industrial					
Leasable area (sq.ft.)	331,166	122,964	108,691	166,748	150,179
Average lease rate/square foot ($) (1)	$6.59	$9.45	$8.57	$14.74	$11.55
% of industrial portfolio	18.17%	6.75%	5.96%	9.15%	8.24%
Total portfolio					
Leasable area (sq.ft.)	**797,767**	**608,575**	**462,687**	**538,440**	**689,987**
Average lease rate/square foot ($) (1)	**$10.53**	**$12.64**	**$13.01**	**$15.88**	**$13.90**
% of total portfolio	**13.21%**	**10.08%**	**7.66%**	**8.92%**	**11.43%**

(1) This is a non-IFRS financial measure. The average lease rate / square foot ($) ratio is calculated by dividing the annual rental revenues related to leases maturing within a specific year divided by the total leasable area (sq.ft.) of the leases maturing within a specific year.

Weighted average lease term (WALT)

For the year ended December 31, 2021, the Trust maintained a weighted average lease term of 5.9 years, compared to 5.9 years for the same period in 2020. In addition to securing future revenues for the Trust and solidifying its tenant base, the Trust's leasing renewal strategy is also focused on ensuring longevity in the lease term when appropriate. Despite the stability of the weighted average lease term, results demonstrate the Trust's efforts to secure its tenant base and revenues in the years to come.

Top 10 tenants

The Trust's three largest tenants are the Government of Québec, the Government of Canada, and Walmart Canada Inc., representing respectively 6.6%, 5.6% and 2.8% of rental revenue. As previously highlighted, Walmart renewed for a long term its lease with the Trust for a total of 264,550 sq.ft. These revenues are generated by multiple leases with these tenants whose maturities are spread over time. 34.7% of the Trust's total revenue is generated by leases signed with government agencies (federal, provincial, and municipal) and public companies, thus generating stable and high-quality cash flow for the Trust's operating activities.

The following table shows the contribution of the Trust's top 10 tenants as a percentage of revenue as at December 31, 2021. Their contribution accounts for 24.9% of annual rental revenue and 21.7% of leased area:

Client	% of revenue	% of leased area	Leased area (sq.ft.)
Government of Québec	6.6	5.0	299,763
Government of Canada	5.6	4.2	255,323
Walmart Canada inc.	2.8	4.4	264,550
WSP Canada Inc.	1.6	0.8	48,478
Mouvement Desjardins	1.6	1.0	61,576
Intrado Life & Safety Canada, Inc.	1.6	0.9	53,767
Groupe BBA Inc.	1.6	1.2	69,270
Strongco	1.4	2.0	118,585
Germain Larivière Laval Inc.	1.1	1.7	101,194
Satcom Direct Avionics	1.0	0.5	32,000
	24.9	**21.7**	**1,304,506**

Operating Results

The following table summarizes the financial results for the periods ended December 31, 2021 and 2020. The table should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes:

Periods ended December 31 (in thousands of dollars)		Quarter		Year	
		2021	2020	**2021**	2020
	Reference	**$**	$	**$**	$
Rental revenue	Page 54	**26,789**	22,455	**100,343**	92,969
Operating expenses	Page 55	**12,013**	9,688	**44,007**	41,709
Net operating income (NOI)	Page 54	**14,776**	12,767	**56,336**	51,260
% of rental revenue		**55.2%**	56.9%	**56.1%**	55.1%
Net financial expenses net of financial income	Page 56	**9,489**	9,356	**27,388**	31,351
Administration expenses	Page 57	**1,530**	1,537	**6,842**	6,750
Disposition expenses		**109**	154	**109**	1,865
Net changes in fair value of investment properties	Page 58	**(19,571)**	(2,130)	**(19,571)**	8,375
Net income and comprehensive income	Page 54	**23,219**	3,850	**41,568**	2,919
Net income and comprehensive income, per unit		**31.2¢**	6.1¢	**58.1¢**	4.6¢

Rental revenue

For the quarter, rental revenue increased by $4.3 million or 19.3% compared to the same period last year. The increase consists of the following: (i) $0.8 million in additional recoveries; (ii) $0.9 million of additional revenues; (iii) $1.9 million of additional revenue related to the following acquisitions:

- $0.4 million, 6000 Kieran (Montréal) in June 2021
- $1.3 million, 2344 & 2600 Alfred Nobel (Montréal) in November 2021
- $0.2 million, Western Portfolio in December 2021

For the year 2021, rental revenue increased by $7.3 million or 7.9%, which consists of the following: (i) a decrease of $0.6 million attributable to the CECRA program rent abatements and free rent granted in 2020; (ii) $2.0 million in recoveries related to prior years and $1.1 million for 2021; (iii) $0.9 million of additional revenues; (iv) $2.7 million in additional revenue related to the acquisitions of the following properties:

- $0.6 million, 2005 Chatelier (Montréal) in November 2020
- $0.6 million, 6000 Kieran (Montréal) in June 2021
- $1.3 million, 2344 & 2600 Alfred Nobel (Montréal) in November 2021
- $0.2 million, Western Portfolio in December 2021

Operating expenses

The following table summarizes the operating expenses for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2021	2020	**2021**	2020
	$	$	**$**	$
Operating expenses				
Utilities, maintenance, and other operating costs	**6,041**	4,413	**21,421**	19,444
Property taxes and insurance	**5,972**	5,275	**22,586**	22,265
Total operating expenses	**12,013**	9,688	**44,007**	41,709
% of rental revenue	**44.8**	43.1	**43.9**	44.9

Operating expenses increased on a quarterly and cumulative basis mainly due to the new acquisitions. As well as the new acquisitions, utilities, maintenance, and other operating costs increased due to businesses returning to normal operations. In addition, property taxes remain stable even with the new acquisitions, the Trust having benefitted from a general reduction in school taxes in the province of Québec.

Financial expenses and income

The following table summarizes the financial expenses for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2021	2020	2021	2020
	$	$	$	$
Financial income	(158)	(208)	(739)	(564)
Interest on mortgage loans	4,881	4,578	18,742	18,786
Interest on convertible debentures	832	1,024	3,220	3,542
Interest on credit facilities	165	224	484	836
Other interest expense	62	69	247	303
Interest expense net of financial income	5,782	5,687	21,954	22,903
Distributions on Class B LP units	30	30	108	157
Early repayment fees	–	–	188	79
Net financial expenses before non-monetary items	5,812	5,717	22,250	23,139
Accretion of effective interest on mortgage loans and convertible debentures	275	343	1,301	1,244
Accretion of non-derivative liability component of convertible debentures	84	104	360	104
Net financial expenses before the following items	6,171	6,164	23,911	24,487
Net adjustment to fair value of derivative financial instruments	3,297	2,950	3,246	7,642
Fair value adjustment on Class B LP units	21	242	231	(778)
Net financial expenses net of financial income	9,489	9,356	27,388	31,351

Financial income mainly consists of interest income generated from a balance of sale granted by the Trust in the original principal amount of $6.0 million pursuant to the sale in 2019 of a retail property located in Delson, Québec. The Trust received $3.0 million in December 2021 that reduced the balance of sale principal amount to an amount of $3.0 million at December 31, 2021.

Interest expense net of financial income increased by $0.1 million during the current quarter compared to the same period last year, mainly due to the mortgage loans contracted for the acquisitions of the two class A suburban office properties at the beginning of November 2021. On a cumulative basis, interest expense net of financial income decreased by $0.9 million mainly due to conversions of the Series H debentures, the repayment of credit facilities following the equity issuance in April 2021, and benefits from refinancing mortgage loans with lower average interest rate.

On December 31, 2021, the average weighted contractual rate of interest on mortgage loans outstanding was 3.49%, 8 basis points lower than the average rate as at December 31, 2020 (3.57%). Interest rates on first-ranking mortgage loans ranged from 2.37% to 6.80% as at December 31, 2021, same for the previous year. The weighted average term of mortgage loans in place as at December 31, 2021 was 4.7 years (4.6 years as at December 31, 2020).

Net financial expenses net of financial income described above include non-monetary items. These non-monetary items are the accretion of effective interest on mortgage loans and on convertible debentures, the accretion of non-derivative liability component of convertible debentures and the fair value adjustments on derivative financial instruments and on Class B LP units.

Administration expenses

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2021	2020	2021	2020
	$	$	$	$
Corporate expenses	1,352	1,653	5,545	5,152
Expected credit losses	12	(397)	231	1,417
Unit-based compensation	166	281	1,066	181
Trust administration expenses	1,530	1,537	6,842	6,750

Corporate expenses decreased by $0.3 million or 18% for the quarter compared to the same period last year. The Trust incurred additional costs related to its growth strategy (key employee additions, investments in technology, security, and marketing), which also explains the variance on a cumulative basis. For the year, the Trust managed to maintain a stable level of corporate expenses at 5.5% of rental revenue, due to continuous cost control efforts.

Expected credit losses increased by $0.4 million for the quarter compared to the same period last year. Overall, for 2020, a higher provision was recorded to address the uncertainty related to the COVID-19 pandemic and a portion of the provision was reversed in Q4 2020. For the year 2021, expected credit losses were reduced by $1.2 million or 84% compared to the same period last year and is explained by: (i) 99.1% collection rate for the year; (ii) limited number of tenants impacted by COVID-19 compared to 2020.

Unit-based compensation decreased by $0.1 million for the quarter compared to the same period last year, which is attributable to a lower unit price on amounts owing under the unit-based compensation plans. For the year 2021, unit-based compensation increased by $0.9 million compared to the same period last year and is explained by: (i) a higher unit price on amounts owing under the unit-based compensation plans ($4.08 at the end of the current year compared to $3.53 per unit at the end of the same quarter last year); (ii) the creation of a cash-settled share-based retirement compensation plan; (iii) the vesting of units under the restricted unit compensation plan.

Fair value adjustment of investment properties

Under IAS 40, the Trust accounts for its investment properties at fair value and recognizes the gain or loss arising from a change in the fair value in profit or loss for the period in which it arises.

On an annual basis, the Trust retains the services of independent external appraisers to evaluate the fair value of a significant portion of its portfolio. Pursuant to its policy, the Trust annually appraises approximately two thirds of its portfolio by independent external appraisers, including the 15 most valuable properties as of Q3 2021 ($672.1 million for the year 2021 compared to $584.7 million for the year 2020). In addition, as part of acquisitions, financing or refinancing transactions, or at the request of lenders, other properties are also independently appraised during the year.

For the properties not subject to independent appraisals, the Trust received quarterly capitalization rates and discount rates market data reflecting real estate market conditions from independent external appraisers and independent experts. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust utilizes capitalization and discount rates within ranges provided by external appraisers. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

The following tables summarize the net changes in fair value of investment properties by segment:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2021	2020	**2021**	2020
	$	$	**$**	$
Office	**(1,894)**	(5,581)	**(1,894)**	(7,443)
Retail	**7,576**	(10,541)	**7,576**	(18,839)
Industrial	**13,889**	18,450	**13,889**	17,907
Total net changes in fair value of investment properties	**19,571**	2,328	**19,571**	(8,375)

The following tables summarize the significant assumptions used in the modelling process for both internal and external appraisals:

As at December 31, 2021	Retail	Office	Industrial
Capitalization rate	**5.25% – 7.75%**	**5.25% – 8.50%**	**4.50% – 8.50%**
Terminal capitalization rate	**6.00% – 7.00%**	**5.50% – 7.50%**	**4.75% – 7.00%**
Discount rate	**6.50% – 7.50%**	**5.50% – 8.25%**	**5.75% – 7.50%**
As at December 31, 2020			
Capitalization rate	5.25% – 8.00%	5.00% – 8.50%	5.00% – 8.50%
Terminal capitalization rate	5.50% – 8.00%	6.00% – 7.50%	5.50% – 7.00%
Discount rate	6.25% – 8.75%	6.75% – 8.25%	6.25% – 7.75%

The weighted average capitalization rate for the entire portfolio as at December 31, 2021 was 6.33% (6.51% as at December 31, 2020), 18 basis point lower than at December 31, 2020.

As at December 31, 2021, the Trust has estimated that if an increase / decrease of 0.25% in the capitalization rate was applied to the overall portfolio, this variation would affect the fair value of the investment properties respectively by, a reduction of $42.0 million or an increase of $45.5 million. The change of the capitalization rate is an appropriate proxy for the changes for the discount and terminal capitalization rates.

Adjusted net income [1]

Net income and comprehensive income fluctuate from one quarter to the next based on non-recurring items and certain volatile non-monetary items. The fair value of derivative financial instruments and the fair value of investment properties fluctuate based on the stock market volatility of the Trust's units, the forward interest rate curve and the discount and capitalization rates of its real estate portfolio.

(1) This is a non-IFRS financial measure, refer to page 41.

The following table summarizes the adjusted net income [1] before these non-recurring and volatile non-monetary items:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2021	2020	2021	2020
	$	$	$	$
Net income and comprehensive income	23,219	3,850	41,568	2,919
Non-recurring items:				
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	109	154	297	1,944
Volatile non-monetary items				
Fair value adjustment on investment properties	(19,571)	(2,130)	(19,571)	8,375
Fair value adjustment on derivative financial instruments	3,297	2,950	3,246	7,642
Fair value adjustment on Class B LP units	21	242	231	(778)
Adjusted net income [1]	7,075	5,066	25,771	20,102
Per unit [1]	9.5¢	8.0¢	36.0¢	31.8¢

(1) This is a non-IFRS financial measure, refer to page 41.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust on January 1, 2020 and that are still owned by the Trust on December 31, 2021 but it does not include acquisitions completed during 2020 and 2021, nor the disposition of properties during the same periods.

The following table summarizes the results of the same-property portfolio:

Periods ended December 31 (in thousands of dollars)	Quarter			Year		
	2021	2020	Δ	2021	2020	Δ
	$	$	%	$	$	%
Rental revenue	24,781	22,322	11.0	97,550	91,291	6.9
Operating expenses	11,503	9,655	19.1	43,366	40,612	6.8
Net operating income (NOI) [1]	13,278	12,667	4.8	54,184	50,679	6.9

(1) This is a non-IFRS financial measure, refer to page 41.

For the quarter, same-property rental revenue increased by $2.5 million or 11.0% compared to the same period last year, and net operating income (NOI) increased by $0.6 million or 4.8%. With the COVID-19 pandemic still affecting the communities in which we operate, the Trust has shown progression throughout this period in net operating income (NOI) as well as occupancy and collections. Operating expenses have been affected by the return to normal level of activities for the quarter compared to the same quarter last year. Overall, NOI showed an increase of 4.8% for the quarter compared to the same quarter last year.

Year-to-date, same-property rental revenue increased by $6.3 million or 6.9% compared to the same period last year, which is explained by the following: (i) a decrease of $0.6 million attributable to the CECRA program rent abatements and free rents granted in 2020; (ii) the Trust recovered $2.0 million in recoveries related to prior years and $1.1 million for 2021; (iii) $2.6 million of additional revenues attributable to a combination of a higher occupancy rate (+1.2% compared to the same period last year) and increase in average lease renewal rate of 5.5% for the year. Operating expenses have been affected by the return to normal level of activity for the year compared to the same period last year. Overall, NOI showed an increase of 6.9% for the year compared to the same period last year.

Distributions

Distributions and per unit

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2021	2020	2021	2020
	$	$	$	$
Distributions				
Cash distributions	**4,774**	4,062	**18,378**	18,473
Cash distributions – Class B LP units	**26**	30	**108**	157
Distributions reinvested under the distribution reinvestment plan	**778**	686	**2,978**	2,883
Total distributions to unitholders	**5,578**	4,778	**21,464**	21,513
Percentage of reinvested distributions (1) (2)	**13.9%**	14.4%	**13.9%**	13.4%
Per unit (2)				
Distributions	**7.5¢**	7.5¢	**30.0¢**	34.0¢

(1)This is a non-IFRS financial measure. The percentage of reinvested distributions ratio is calculated by dividing the distributions reinvested under the distribution reinvestment plan by the total distributions to unitholders.
(2) Including Class B LP units.

For the quarter, monthly distributions to unitholders totalled 2.5¢ per unit for a quarterly total of 7.5¢ per unit, unchanged from the same quarter of 2020. On a cumulative basis, monthly distributions to unitholders totalled 2.5¢ per unit for the full year 2021 compared to last year where the monthly distributions to unitholders were 3.5¢ per unit from January to April 2020, and 2.5¢ per unit from May to December 2020.

Funds from Operations (FFO) (1)

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO (1) for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2021	2020	2021	2020
	$	$	$	$
Net income and comprehensive income	23,219	3,850	41,568	2,919
Fair value adjustment on investment properties	(19,571)	(2,130)	(19,571)	8,375
Fair value adjustment on Class B LP units	21	242	231	(778)
Amortization of lease incentives	858	794	3,292	3,068
Fair value adjustment on derivative financial instruments	3,297	2,950	3,246	7,642
Leasing payroll expenses	208	146	784	616
Distributions – Class B LP units	30	30	108	157
Unit-based compensation (Unit price remeasurement) (5)	23	–	189	–
FFO (1)	8,085	5,882	29,847	21,999
Non-recurring item				
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	109	440	297	2,230
Recurring FFO (1)	8,194	6,322	30,144	24,229
FFO per unit (1) (2) (3)	10.9¢	9.2¢	41.7¢	34.8¢
Recurring FFO per unit (1) (2) (4)	11.0¢	9.9¢	42.1¢	38.3¢
FFO payout ratio (1)	68.9%	81.1%	71.9%	97.7%
Recurring FFO payout ratio (1)	68.0%	75.5%	71.2%	88.7%

(1) This is a non-IFRS financial measure, refer to page 41.
(2) Including Class B LP units.
(3) This is a non-IFRS financial measure. The FFO per unit ratio is calculated by dividing the FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) This is a non-IFRS financial measure. The recurring FFO per unit ratio is calculated by dividing the recurring FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO and AFFO starting Q2 2021. As a reference, the cumulative impact for the 12 months cumulative period in 2020 was positive $373 or 0.1¢ per unit.

For the quarter, recurring FFO (1) was 11.0¢ per unit (42.1¢ per unit for the year 2021), compared to 9.9¢ per unit for the same quarter last year (38.3¢ per unit for the year 2020). The recurring FFO payout ratio (1) for the quarter stood at 68.0% (71.2% for the year 2021) compared to 75.5% for the same quarter in 2020 (88.7% for the year 2020). The improvement in the ratios compared to prior year is mainly explained by: (i) better recoveries; (ii) less provision for credit losses; (iii) improvement of occupancy rates across all business segments; and (iv) increase in average renewal rates by 5.5%.

(1) This is non-IFRS financial measure, refer to page 41.

Adjusted Funds from Operations (AFFO) [1]

The following table provides a reconciliation of FFO [1] and AFFO [1] for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2021	2020	2021	2020
	$	$	$	$
FFO [1]	8,085	5,882	29,847	21,999
Straight-line rental revenue adjustment	(758)	108	(1,334)	(249)
Accretion of effective interest	275	343	1,301	1,244
Amortization of other property and equipment	22	23	87	100
Unit-based compensation expenses	143	281	877	181
Provision for non-recoverable capital expenditures [1]	(539)	(449)	(2,007)	(1,859)
Provision for unrecovered rental fees [1]	(375)	(375)	(1,500)	(1,500)
AFFO [1]	6,853	5,813	27,271	19,915
Non-recurring item				
Transaction costs on purchase and disposition of investment properties and early repayment fees	109	440	297	2,230
Recurring AFFO [1]	6,962	6,253	27,568	22,145
AFFO per unit [1] [2] [3]	9.2¢	9.1¢	38.1¢	31.5¢
Recurring AFFO per unit [1] [2] [4]	9.4¢	9.8¢	38.5¢	35.0¢
AFFO payout ratio [1]	81.3%	82.1%	78.7%	108.0%
Recurring AFFO payout ratio [1]	80.0%	76.3%	77.9%	97.1%

(1) This is a non-IFRS financial measure, refer to page 41.
(2) Including Class B LP units.
(3) This is a non-IFRS financial measure. The AFFO per unit ratio is calculated by dividing the AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) This is a non-IFRS financial measure. The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

For the quarter, recurring AFFO [1] was 9.4¢ per unit (38.5¢ per unit for the year 2021), compared to 9.8¢ per unit for the same quarter last year (35.0¢ per unit for the year 2020). The recurring AFFO payout ratio [1] for the quarter stood at 80.0% (77.9% for the year 2021) compared to 76.3% for the same quarter last year (97.1% for the year 2020).

In calculating AFFO [1], the Trust deducts a provision for non-recoverable capital expenditures [2] to consider capital expenditures invested to maintain the condition of its properties and to preserve rental revenue. The provision for non-recoverable capital expenditures is calculated based on 2% of rental revenues. This provision is based on management's assessment of industry practices and its investment forecasts for the coming years.

The Trust also deducts a provision for unrecovered rental fees [2] in the amount of approximately 25¢ per sq.ft. on an annualized basis. Even though quarterly rental fee disbursements vary significantly from one quarter to another, management considers that this provision fairly presents, in the long term, the average disbursements not recovered directly in establishing the rent that the Trust will undertake. These disbursements consist of inducements paid or granted when leases are signed that are generally amortized over the term of the lease and are subject to an equivalent increase in rent per square foot, and of brokerage commissions and leasing payroll expenses.

(1) This is non-IFRS financial measure, refer to page 41.
(2) This is a non-IFRS financial measure as defined in this page.

The following table compares the amount of the provision for non-recoverable capital investments to the amount of investment made during the current comparative quarter and in the last few years:

Years ended December 31 (in thousands of dollars)	2021	2020	2019
	$	$	$
Provision for non-recoverable capital expenditures (1)	2,007	1,859	1,842
Non-recoverable capital expenditures	1,297	2,055	2,603

(1) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

The Trust intends to achieve a balance between actual investment and the estimated provisions over the long term. Management may change the calculation of the provision, as required.

Cash Flows

The following table shows the Trust net distributions to unitholders compared to net cash flows from operating activities less interest paid:

Years ended December 31 (in thousands of dollars)	2021	2020	2019
	$	$	$
Net cash flows from operating activities	56,538	46,145	47,223
Interest paid	(21,755)	(21,787)	(23,442)
Net cash flows from operating activities less interest paid	34,783	24,358	23,781
Net distributions to unitholders	18,171	21,513	25,141
Surplus (deficit) of net cash flows from operating activities less interest paid compared to net distributions to unitholders	16,612	2,845	(1,360)

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO [(1)], and FFO [(1)]:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2021	2020	2021	2020
	$	$	$	$
Cash flows from operating activities	25,137	15,954	56,538	46,145
Leasing payroll expenses	208	146	784	616
Transaction costs on purchase and disposition of investment properties and early repayment fees	(109)	–	(297)	(1,790)
Adjustments for changes in other working capital items	(11,604)	(3,518)	(3,934)	1,465
Financial income	158	208	739	564
Interest expenses	(5,940)	(5,895)	(22,693)	(23,467)
Provision for non-recoverable capital expenditures	(539)	(445)	(2,007)	(1,855)
Provision for non-recovered rental fees	(375)	(375)	(1,500)	(1,500)
Accretion of non-derivative liability component of convertible debentures	(84)	(263)	(360)	(263)
AFFO [(1)]	6,853	5,813	27,271	19,915
Provision for non-recoverable capital expenditures [(2)]	539	449	2,007	1,859
Provision for non-recovered rental fees [(2)]	375	375	1,500	1,500
Straight-line rental revenue adjustment	758	(108)	1,334	249
Unit-based compensation expenses	(143)	(281)	(877)	(181)
Accretion of effective interest	(275)	(343)	(1,301)	(1,244)
Amortization of property and equipment	(22)	(23)	(87)	(100)
FFO [(1)]	8,085	5,882	29,847	21,999

(1) This is a non-IFRS financial measure, refer to page 41.
(2) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

(1) This is a non-IFRS financial measure, refer to page 41.

Segmented Information

The Trust's operations are generated from three segments of properties located in the provinces of Québec, Ontario, Alberta and Saskatchewan. The following tables summarize each segment's contribution to revenues and to net operating income (NOI) for the quarters and years ended December 31, 2021 and 2020:

Periods ended December 31 (in thousands of dollars)	Retail		Office		Industrial		Total
	$	%	$	%	$	%	$
Quarter ended December 31, 2021							
Investment properties	**252,187**	**22.7**	**574,928**	**51.8**	**283,856**	**25.5**	**1,110,971**
Rental revenue from properties	**7,643**	**28.5**	**15,900**	**59.4**	**3,246**	**12.1**	**26,789**
Net operating income (NOI)	**4,590**	**31.1**	**8,109**	**54.9**	**2,077**	**14.1**	**14,776**
Quarter ended December 31, 2020							
Investment properties	246,415	27.3	493,800	54.6	163,655	18.1	903,870
Rental revenue from properties	7,230	32.2	12,465	55.5	2,760	12.3	22,455
Net operating income (NOI)	4,486	35.1	6,468	50.7	1,813	14.2	12,767

Years ended December 31 (in thousands of dollars)	Retail		Office		Industrial		Total
	$	%	$	%	$	%	$
Year ended December 31, 2021							
Rental revenue from properties	**28,637**	**28.5**	**58,034**	**57.8**	**13,672**	**13.6**	**100,343**
Net operating income (NOI)	**16,857**	**29.9**	**30,244**	**53.7**	**9,235**	**16.4**	**56,336**
Year ended December 31, 2020							
Rental revenue from properties	27,476	29.6	54,018	58.1	11,475	12.3	92,969
Net operating income (NOI)	16,177	31.6	27,686	54.0	7,397	14.4	51,260

Retail performance

Although the effect of the pandemic and the resulting government mandated restrictions have certainly impacted the retail industry in general, the Trust had limited exposure to bankruptcies of tenants and tenants in restructuring procedures. The Trust does not own enclosed malls and most of the properties are anchored with necessity-based tenants. The occupancy rate in the retail segment at the end of the fourth quarter of 2021 stood at 95.1%, a 1.8% increase compared to the same period last year. During the quarter, the Trust was able to renew retail leases for 299,772 sq.ft. at an average increase in the renewal lease rate of 8.5% (7.5% for the cumulative 12-month period). The proportion of the net operating income (NOI) generated by the retail segment decreased from 35.1% to 31.1% compared to the same period last year, mainly due to the Trust not concluding any acquisition within the retail segment while acquiring properties in the office and industrial segments which increased the proportion of net operating income (NOI) of their respective segments.

Office performance

The Trust owns suburban office properties and does not own downtown high-rise towers that were the most impacted by the pandemic. Overall, the performance of the segment has been stable across all geographic sectors and it has been supported by the quality of its tenants (the Trust top two tenants are the Federal and Québec government agencies). The occupancy rate of the Trust's office properties at the end of the quarter stood at 90.3%, a 0.4% increase compared to the same period last year. The Trust concluded lease renewals for a total of 78,569 sq.ft. with an increase in the average renewal rate of 4.1% (increase of 2.1% for the cumulative 12-month period) for a total of 221,455 sq.ft. The percentage of net operating income (NOI) generated by the office segment was affected by the recent acquisition of the two Alfred Nobel properties in Montréal. This acquisition was accretive from a NOI standpoint, resulting in an increase compared to the same period last year from 50.7% to 54.9%.

Industrial performance

The industrial segment continues to show good performance. The asset value proportion of industrial properties increased from 18.1% to 25.5% compared to the same period last year, mainly due to the acquisitions of 10 industrial properties as previously mentioned in the "Acquisition of investment properties" section of this MD&A. The acquired properties were all 100% occupied having an impact on the occupancy rate which at the end of the fourth quarter of 2021 stood at 97.0%, a 1.2% increase compared to the same period last year. For the year, the percentage of net operating income (NOI) generated by the industrial segment was also affected by the acquisitions with an increase compared to the same period last year of 14.4% to 16.4%. The positive impact on the net operating income (NOI) of the properties acquired at the end of the year will be reflected on next year NOI.

Assets

Investment properties

The Trust has grown through the acquisitions of high-quality properties based on its selection criteria, while maintaining an appropriate allocation among three investment segments: office, retail, and industrial properties.

The real estate portfolio consists of direct interests in wholly owned investment properties and the Trust's share of the assets, liabilities, revenues, and expenses of two jointly controlled investment properties.

The fair value of its investment properties stood at $1,111 million as at December 31, 2021 compared to $904 million as at December 31, 2020. The increase is explained by the previously mentioned acquisitions which increased the portfolio of investment properties by $185 million or 23%. The remaining increase can be explained by the net impact of additions related to capital expenditures of $3.7 million, net impact of capitalized lease incentives of $0.2 million, straight line lease adjustment of $1.3 million, capitalized leasing fees of $0.9 million and net changes in fair value of investment properties of $19.6 million. In addition, the sale of one retail property for $4.5 million has been executed in December 2021.

Improvements in investment properties

The Trust invests capital to improve its properties to preserve the quality of their infrastructure and services provided to tenants. These investments include value-added maintenance corresponding to expenditures required to upkeep properties, as well as property improvement and redevelopment projects intended to increase leasable area, occupancy rates or quality of space available for rent. In some cases, capital expenditures are amortized and may be recovered from tenants.

The following table summarizes capital expenditures, incentives, and leasing fees, for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2021	2020	**2021**	2020
	$	$	**$**	$
Recoverable capital expenditures	**1,357**	568	**2,375**	990
Non-recoverable capital expenditures	**79**	652	**1,297**	2,055
Refund received	**–**	–	**–**	(280)
Total capital expenditures	**1,436**	1,220	**3,672**	2,765
Leasing fees and capitalized lease incentives	**746**	1,532	**4,402**	5,893
Total	**2,182**	2,752	**8,074**	8,658

The following table summarizes the changes in the fair value of investment properties for the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in thousands of dollars)	Quarter		Years	
	2021	2020	**2021**	2020
	$	$	**$**	$
Balance, beginning of period	**923,638**	895,420	**903,870**	924,320
Additions:				
Adjustments to right-of-use assets	**–**	291	**–**	291
Acquisitions and acquisition fees	**170,130**	8,312	**185,864**	30,560
Dispositions	**(4,450)**	(4,133)	**(4,450)**	(48,765)
Capital expenditures	**1,436**	1,220	**3,672**	2,765
Leasing fees and capitalized lease incentives	**746**	1,532	**4,402**	5,893
Fair value adjustment on investment properties	**19,571**	2,130	**19,571**	(8,375)
Other non-monetary changes	**(100)**	(902)	**(1,958)**	(2,819)
Balance, end of period	**1,110,971**	903,870	**1,110,971**	903,870

Receivables

(in thousands of dollars)	**December 31, 2021**	December 31, 2020
	$	$
Rent receivable	**4,497**	4,259
Allowance for expected credit losses	**(944)**	(1,132)
Net rent receivable	**3,553**	3,127
Unbilled recoveries	**587**	665
Other receivables	**1,388**	1,420
Receivables	**5,528**	5,212

Receivables increased from $5.2 million as at December 31, 2020 to $5.5 million as at December 31, 2021. For the year, the increase in receivables is in line with the Trust rental revenues increase and the positive impact of the reduction of the allowance for credit losses.

Other assets and Property and equipment

(in thousands of dollars)	**December 31, 2021**	December 31, 2020
	$	$
Property and equipment	**1,438**	1,238
Accumulated depreciation	**(992)**	(904)
	446	334
Prepaid expenses	**1,811**	1,498
Deposits	**936**	656
Other assets	**3,193**	2,488

Other assets and property and equipment increased from $2.5 million as at December 31, 2020 to $3.2 million as at December 31, 2021, which is explained by the increase in number of properties.

Capital Resources

Long-term debt

The following table summarizes the balance of the Trust's indebtedness on December 31, 2021, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at December 31, 2021 (in thousands of dollars)	Balance of convertible debentures [1]	Balance of mortgages payable [1]	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2022	–	74,406	4.01
2023	–	35,380	3.59
2024	24,000	106,969	4.41
2025	22,143	60,909	4.34
2026	–	125,193	3.22
2027 and thereafter	–	204,181	3.21
Total	**46,143**	**607,038**	**3.70**

(1) Gross amounts.

The Trust has $74.4 million of mortgages coming to maturity during the next year and is in process of refinancing. Historically, the Trust has always been able to refinance its existing mortgages and there are no indication that this would change.

Weighted average contractual interest rate

As at December 31, 2021, the weighted average contractual interest rate of the Trust's long-term debt stood at 3.70% (3.49% for mortgage loans and 6.48% for convertible debentures) a decrease of 16 basis points compared to the same period last year. As at December 31, 2020, the weighted average contractual interest rate of the Trust's long-term debt stood at 3.86% (3.57% for mortgage loans and 6.55% for convertible debentures).

Mortgage loans

As at December 31, 2021, the Trust's total mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to $607.0 million compared to $486.2 million as at December 31, 2020. The increase relates to previously mentioned acquisitions where the Trust contracted or assumed mortgages of $119 million.

The following table summarizes the changes in mortgage loans payable during the periods ended December 31, 2021:

Periods ended December 31 (in thousands of dollars)	Quarter	Year
	$	$
Balance, beginning of period [1]	**495,785**	486,242
Mortgage loans contracted or assumed [2]	**155,029**	213,885
Balance repaid at maturity or upon disposition [3]	**(39,994)**	(77,299)
Monthly principal repayments [4]	**(3,782)**	(15,790)
Balance, end of period [1]	**607,038**	607,038

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS measure. Mortgage loans contracted or assumed are included in the Consolidates Statements of Cash Flows in the Consolidated Financial Statements within the Mortgage loans, net of financing expenses.
(3) This is a non-IFRS measure. Balance repaid at maturity or upon disposition are included in the Consolidates Statements of Cash Flows in the Consolidated Financial Statements within the following: Repayment of mortgage loans and Net proceeds from disposition of investment properties.
(4) This is a non-IFRS measure. Principal monthly repayments are included in the Consolidates Statements of Cash Flows in the Consolidated Financial Statements within Repayment of mortgage loans.

As at December 31, 2021, the weighted average mortgage interest rate was 3.49% compared to 3.57% for the same period last year, a decrease of 8 basis points. Except for two loans with a total balance of $31.4 million, all mortgages payable bear interest at fixed rates (balance of $521.8 million) or are subject to floating-to-fixed interest rate swap (balance of $53.8 million).

The weighted average term of existing mortgage loans was 4.7 years as at December 31, 2021 compared to 4.6 years as at December 31, 2020. The Trust attempts to spread the maturities of its mortgages over many years to mitigate the risk associated with renewals.

The following table summarizes the future mortgage loan repayments for the next few years:

As at December 31, 2021 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	%
Year of maturity				
2022	18,759	72,426	91,185	15.0
2023	16,651	33,841	50,492	8.3
2024	14,326	96,596	110,922	18.3
2025	11,864	52,853	64,717	10.7
2026	9,428	107,631	117,059	19.3
2027 and thereafter	28,752	143,911	172,663	28.4
Total	**99,780**	**507,258**	**607,038**	**100.0**
Unamortized fair value assumption adjustments			755	
Unamortized financing expenses			(2,583)	
Balance as at December 31, 2021			**605,210**	

As at December 31, 2021, the Trust was in compliance with all the covenants to which it was subject.

Convertible debentures

(in thousands of dollars)	Series G (1) (3)	Series H (2) (3)	Total
Par value	24,000	22,143 (4)	46,143
Contractual interest rate	6.00%	7.00%	
Effective interest rate	7.30%	8.28%	
Date of issuance	October 2019	September 2020	
Per-unit conversion price	$5.42	$3.64	
Date of interest payment	April 30 and October 31	April 30 and October 31	
Maturity date	October 2024	October 2025	
Balance as at December 31, 2021	**23,193**	**19,626**	**42,819**

(1) Redeemable by the Trust, under certain conditions, as of October 31, 2022, but before October 31, 2023, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series G conversion price and, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(2) Redeemable by the Trust, under certain conditions, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series H conversion price and, as of October 31, 2024, but before October 31, 2025, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(3) The Trust may, at its option and under certain conditions, elect to satisfy its obligation to pay the principal amount of the Series G and H debentures by issuing freely tradable units to Series G and H debenture holders.
(4) Conversion of $7,857 of the Series H debenture since issuance. Conversion of $488 during Q4 2021.

Debt ratio [(1)]

Under the terms of its trust agreement, the Trust cannot contract a mortgage loan if, after having contracted said loan, the mortgage debt ratio [(1)] would exceed 75% of the value of the total assets of the Trust. When establishing this calculation, the convertible debentures are not considered in the calculation of total indebtedness. Moreover, also under its trust agreement, in case of failure to abide by this condition, the Trust has a 12-month delay from the date of knowledge to remedy the situation.

The following table summarizes the Trust's debt ratios as at December 31, 2021 and 2020:

(in thousands of dollars)	December 31, 2021	December 31, 2020
	$	$
Cash and cash equivalents	(7,191)	(9,062)
Mortgage loans outstanding [(1)]	607,038	486,242
Convertible debentures [(1)]	44,564	53,385
Credit facilities	35,468	15,300
Total long-term debt less cash and cash equivalents [(2)]	679,879	545,865
Total gross value of the assets of the Trust less cash and cash equivalents [(3)]	1,123,702	918,508
Mortgage debt ratio (excluding convertible debentures and credit facilities) [(4)]	54.0%	52.9%
Debt ratio – convertible debentures [(5)]	4.0%	5.8%
Debt ratio – credit facilities [(6)]	3.2%	1.7%
Total debt ratio [(7)]	60.5%	59.4%

(1) Before unamortized financing expenses and fair value assumption adjustments, as previously detailed.
(2) This is a non-IFRS financial measure. Long-term debt less cash and cash equivalent is a non-IFRS financial measure, calculated as total of: (i) fixed rate mortgage loans payable; (ii) floating rate mortgage loans payable; (iii) Series G debenture capital amount; (iv) Series F debenture capital adjusted with non-derivative component less conversion options exercised by holders; and (v) credit facilities, less cash and cash equivalents. The most directly comparable IFRS measure to net debt is debt.
(3) This is a non-IFRS financial measure. Gross value of the assets of the Trust less free cash flow is a non-IFRS financial measure defined as the Trust total assets adding the cumulated amortization property and equipment and removing the cash and cash equivalent. The most directly comparable IFRS measure to GVALC is total assets.
(4) This is a non-IFRS financial measure. Mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the total gross value of the assets of the Trust less cash and cash equivalent.
(5) This is a non-IFRS financial measure. Debt ratio – convertible debentures is calculated by dividing the convertible debentures by the total gross value of the assets of the Trust less cash and cash equivalent.
(6) This is a non-IFRS financial measure. Debt ratio – credit facilities is calculated by dividing the credit facilities by the total gross value of the assets of the Trust less cash and cash equivalent.
(7) This is a non-IFRS financial measure, refer to page 41.

As at December 31, 2021, the mortgage debt ratio [(1)] excluding the convertible debentures and credit facilities totalled 54.0%, an increase of 1.1% since December 31, 2020. Including the convertible debentures, credit facilities, and net of cash and cash equivalent, the total debt ratio [(3)] increased to 60.5%, an increase of 1.1% since December 31, 2020. The increase is temporarily driven by the Q4 2021 acquisitions as the Trust intends to use the net proceeds of the Cornwall disposition [(2)] to reduce the total debt ratio [(3)].

The Trust seeks to finance its acquisitions with a maximum mortgage debt ratio of 65% since the cost of financing is lower than the capital cost of the Trust's equity. Liquidity refers to the Trust having credit availability under committed credit facilities and/or generating enough cash and cash equivalents to fund the ongoing operational commitments including maintenance capital and development capital expenditures, distributions to unitholders and planned growth in the business. The Trust maintains credit facilities to provide financial liquidity which can be drawn or repaid on short notice, reducing the need to hold liquid resources in cash and deposits. Management continues to believe the Trust is well positioned based on the improved balance sheet over the years, short-term debt maturities that are under way to be refinanced, a pool of assets that can be used to structure new lines of credit, and the liquidity of the portfolio in the event of an opportunistic asset sale.

(1) This is a non-IFRS financial measure as defined in this page.
(2) Refer to the subsequent events section for additional information on the disposition the four Cornwall industrial properties.
(3) This is a non-IFRS financial measure, refer to page 41.

Interest coverage ratio

For the quarter ended December 31, 2021, the interest coverage ratio stood at 2.56, an increase of 32 basis points from the fourth quarter of 2020 and an increase of 33 basis points for the full year.

Periods ended December 31 (in thousands of dollars, except for the ratios)	Quarter		Year	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net operating income (NOI)	**14,776**	12,767	**56,336**	51,260
Interest expenses net of financial income (1)	**5,782**	5,687	**21,954**	22,903
Interest coverage ratio (2)	**2.56**	2.24	**2.57**	2.24

(1) This is a non-IFRS financial measure. Interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units.
(2) This is a non-IFRS financial measure. Interest coverage ratio is calculated by dividing the NOI by Interest expenses net of financial income (as previously defined).

Class B LP units

Periods ended December 31, 2021 (in number of units)	Quarter		Year	
	Units	$	**Units**	$
Class B LP units outstanding, beginning of period	**347,265**	1,396	**397,265**	1,402
Exchange into Trust units	**–**	–	**(50,000)**	(216)
Fair value adjustment	**–**	21	**–**	231
Class B LP units outstanding, end of period	**347,265**	1,417	**347,265**	1,417

The Class B LP units are exchangeable at any time, at the option of the holder, for an equal number of units of the Trust trading on the TSX. They are entitled to receive the same distributions as declared on the Trust units. In accordance with IFRS, distributions paid on Class B LP units are recorded as financial expenses when declared. Distributions declared are adjusted in calculating FFO and AFFO.

The Class B LP units were issued on May 30, 2018 in payment for the acquisition of a residual portion of "Complexe Lebourgneuf – Phase II" in the city of Québec (less the portion related to the mortgage loan assumption by the Trust). On March 26, 2021, at the request of the holders, 50,000 Class B LP units were exchanged for units of the Trust.

Units outstanding

The following table summarizes the total number of units outstanding during the reporting quarters and cumulative periods and the weighted number of units outstanding for the same quarters and cumulative periods:

Periods ended December 31 (in number of units)	Quarter		Year	
	2021	2020	2021	2020
Units outstanding, beginning of the period	73,797,811	63,047,077	63,439,435	62,251,558
Units issued pursuant to a public issue	–	–	7,809,650	–
Distribution reinvestment plan	195,100	214,660	752,280	836,685
Issued - employee unit purchase plan	–	–	14,351	2,973
Issued - restricted unit compensation plan	–	–	71,722	11,194
Issued - deferred unit compensation plan	–	8,742	–	68,069
Class B LP units exchanged into Trust units	–	–	50,000	100,000
Issued – conversion of convertible debentures	134,060	168,956	1,989,533	168,956
Units outstanding, end of the period	74,126,971	63,439,435	74,126,971	63,439,435
Weighted average number of units outstanding	74,022,433	63,228,210	71,187,569	62,809,836
Weighted average number of Class B LP units and units outstanding	74,369,698	63,625,475	71,547,334	63,240,981

Deferred unit compensation plan

The Trust has implemented a deferred unit compensation plan for its trustees and certain executive officers. Under this plan, beneficiaries may elect to receive their compensation in cash, deferred units, or a combination of both.

The following table summarizes deferred units outstanding during the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in number of units)	Quarter		Year	
	2021	2020	2021	2020
Deferred units outstanding, beginning of the period	99,248	83,466	87,920	59,642
Trustees' compensation	2,162	2,512	8,484	23,956
Distributions paid in units	1,706	1,942	6,712	7,295
Settled	–	–	–	(2,973)
Deferred units outstanding, end of the period	103,116	87,920	103,116	87,920

Restricted unit compensation plan

Under this plan, beneficiaries are awarded restricted units that become fully vested over a period of up to three years. The purpose of the plan is to encourage senior officers and selected employees to support the Trust's growth objectives and align their interests with the interests of unitholders. The purpose of the plan is also to serve as an executive retention tool.

The following table summarizes restricted units outstanding during the periods ended December 31, 2021 and 2020:

Periods ended December 31 (in number of units)	Quarter		Year	
	2021	2020	2021	2020
Restricted units outstanding, beginning of the period	161,536	143,951	139,724	165,012
Granted	–	11,656	95,058	60,893
Cancelled	–	(7,141)	(1,524)	(18,112)
Settled	–	(8,742)	(71,722)	(68,069)
Restricted units outstanding, end of the period	161,536	139,724	161,536	139,724

Employee unit purchase plan

The Trust offers its employees an optional unit purchase plan. Under this plan, the employees may contribute, each year, from 3% to a maximum of 7% of their base salary depending on their years of tenure with the Trust. Subject to the plan's conditions, for each two units purchased by an employee, the Trust shall issue to the employee one unit from treasury.

Off-balance sheet arrangements and contractual commitments

The Trust does not have any other off-balance sheet arrangement or commitment that have or are likely to have an impact on its operating results or financial position, specifically its cash position and sources of financing.

Income Taxes

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. The Trust intends to distribute or allocate all of the taxable income to its unitholders and to deduct these distributions for income tax purposes.

A special tax regime applies to trusts that are considered specified investment flow-through (SIFT) entities as well as those individuals who invest in SIFT entities. Under this regime, SIFT entities must generally pay taxes on their income at rates that are close to those of companies. In short, a SIFT entity is an entity (including a trust) that resides in Canada, whose investments are listed on a stock exchange or other public market and that holds one or more non-portfolio properties.

However, for a given taxation year, the Trust is not considered a SIFT entity and is therefore not subject to SIFT rules if, during that year, it constitutes a real estate investment trust (REIT).

Generally, to qualify as a REIT, a trust must be resident in Canada and meet the following conditions all year long: (i) the total fair market value of all the "non-portfolio properties" that are "qualified REIT properties" held by the trust is at least 90% of the total fair market value at that time of all the "non portfolio assets" held by the trust (ii) not less than 90% of its "gross REIT revenue" for the taxation year is from one or more of the following sources: rent from "real or immovable properties," interest, dispositions of "real or immovable properties" that are capital properties, dividends, royalties and dispositions of "eligible resale properties" (iii) not less than 75% of its "gross REIT revenue" for the taxation year comes from one or more of the following sources: rent from "real or immovable properties," interest from mortgages on "real or immovable properties," and dispositions of "real or immovable properties" that are capital properties (iv) at each time in the taxation year, an amount that is equal to 75% or more of the equity value of the trust at that time, is the amount that is the total fair market value of all properties held by the trust, each of which is "real or immovable property" which is a capital property, an "eligible resale property," the indebtedness of a Canadian corporation represented by a banker's acceptance, cash or, generally, an amount receivable from the Government of Canada or from certain other public agencies; and (v) the investments that are made therein are, at any time in the taxation year, listed or traded on a stock exchange or other public market.

As at December 31, 2021, the Trust met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules do not apply to the Trust. Its management intends to take the necessary steps to meet the conditions for the REIT Exception on an ongoing basis in the future.

Nonetheless, there is no guarantee that the Trust will continue to meet all the required conditions to be eligible for the REIT exception for 2021 or any other subsequent year.

Taxation of Unitholders

For Canadian unitholders, to the best of the Trust management's knowledge, distributions are qualified as follows for taxation purposes:

Periods ended December 31	2021	2020
	%	%
Taxable as other income	–	–
Tax deferred	100	100
Total	100	100

Accounting Policies and Estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances. The result of the continual review of these estimates is the basis for exercising judgment on the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from these estimates. Critical judgments made by the Trust in applying significant accounting policies, the most significant of which is the fair value of investment properties, are described in Note 2 to the annual consolidated financial statements as at and for the years ended December 31, 2021 and 2020.

The Trust used the income approach to determine fair value. Fair value is estimated by capitalizing the cash flow that a property can reasonably be expected to produce over its remaining economic life. The income approach is based on two methods: the overall capitalization rate method, whereby net operating income (NOI) is capitalized at the requisite overall capitalization rate, or the discounted cash flow method, whereby cash flows are projected over the expected term of the investment plus a terminal value discounted using an appropriate discount rate.

Risks and Uncertainties

Numerous risks and uncertainties could cause the Trust's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the "Risk Factors" section of the Trust's 2021 Annual Information Form for the year ended December 31, 2021, which is hereby incorporated by reference. Such risks and uncertainties include:

- Access to Capital and to Debt Financing
- Interest Rate Increases
- Ownership of Immovable Property
- Competition and Rising Property Prices
- Availability of Immovable Property for Acquisition
- Development Programs
- Recruitment and Retention of Employees and Executives
- Government Regulation
- Limit on Activities Under the Trust Agreement
- Tax Regulations
- Fluctuations in Cash Distributions
- Reliance on Single or Anchor Tenants
- Potential Unitholder Liability
- Conflicts of Interest
- Market Price of Units
- Legal Rights Relating to Units
- Dilution
- Environmental Matters
- Legal Risks
- General Uninsured Losses
- Retail Industry
- A possible economic recession
- Long-term effect of a global pandemic

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The President and Chief Executive Officer and the Vice-President and Chief Financial Officer of the Trust are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Canadian Securities Administrators Multilateral Instrument 52-109.

Evaluations are regularly performed to assess the effectiveness of DC&P, including this MD&A and the consolidated financial statements. Based on these evaluations, the President and Chief Executive Officer and the Vice-President and Chief Financial Officer concluded that the DC&P were effective as at December 31, 2021, and that the current controls and procedures provide reasonable assurance that material information about the Trust is made known to them during the quarter in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Vice President and Chief Financial Officer of the Trust concluded that ICFR was effective as at December 31, 2021, and, more specifically, that the financial reporting is reliable and that the consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

During the fourth quarter of 2021, management made no changes to internal control over financial reporting that materially affected, or are likely to materially affect, internal control over financial reporting.

Appendix 1 – Definitions

Class B LP Units

Class B LP units means the Class B LP limited partnership units of BTB LP, which are exchangeable for units, on a one for one basis.

Rental revenue

Rental revenue includes all amounts earned from tenants related to lease agreements, including basic rent and additional rent from operating expense recoveries. It also includes other service charges for parking and storage, lease termination revenues and straight-line rent adjustments.

Some of the Trust's leases include clauses providing for the recovery of rental revenue based on amounts that increase every few years. These increases are negotiated when the leases are signed. Under IFRS, these increases must be recognized on a straight-line basis over the terms of the leases.

Operating expenses

Operating expenses are expenses directly related to real estate operations and are generally charged back to tenants as provided for in the contractual terms of the leases. Operating expenses include property taxes and public utilities, costs related to indoor and outdoor maintenance, heating, ventilation and air conditioning, elevators, insurance, janitorial services and management and operating fees. The amount of operating expenses that the Trust can recover from its tenants depends on the occupancy rate of the properties and the nature of the existing leases containing clauses regarding the recovery of expenses. Most of the Trust's leases are net rental leases under which tenants are required to pay their share of the properties' operating expenses. The Trust pays particular attention to compliance with existing leases and the recovery of these operating expenses.

Net operating income (NOI)

NOI is used in the real estate industry to measure operational performance. The Trust defines it as rental revenue from properties, less the combined operating expenses of investment properties. This definition may differ from that of other issuers and accordingly, the Trust's NOI may not be comparable to the NOI of other issuers.

Financial expenses

Financial expenses arise from the following loans and financing:

- Mortgage loans payable contracted or assumed totalling approximately $607.0 million as at December 31, 2021, compared to $486.2 million as at December 31, 2020.
- Series G and H convertible debentures for a total par value of $42.8 million.
- Credit facilities used as needed.
- Financing costs on mortgages, convertible debentures and other loans netted against the related debt and amortized on an effective interest basis over the expected life of the debt.

Administration expenses

Administration expenses include corporate costs such as payroll expenses and professional fees associated with executive and administrative staff of the Trust, the compensation plan for trustees, legal and auditing services, expenses related to listed fund status, insurance costs, office expenses and expected credit losses and related legal fees. Administration expenses include amortization of the head office building and property and equipment, as well as unit-based compensation, a non-monetary item that affects the volatility of administrative expenses from quarter to quarter.

Fair value adjustment on investment properties

Under IAS 40, the Trust accounts for its investment properties at fair value and recognizes the gain or loss arising from a change in the fair value in profit or loss for the quarters in which it arises.

The fair value of investment properties is determined using the discounted cash flow method, the capitalized net operating income (NOI) method or the comparable method, which are generally accepted valuation methods.

Management receives quarterly capitalization rate and discount rate data from external chartered valuators and independent experts. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust utilizes capitalization and discount rates within ranges provided by external valuators. To the extent that the externally provided capitalization rate ranges change from one reporting quarter to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust as at January 1, 2020 and still owned as at December 31, 2021, but does not include the financial impacts from dispositions, acquisitions and developments completed in 2020 and 2021, as well as the results of subsequently sold properties.

Net property income from the same-property portfolio

Net property income from the same-property portfolio provides an indication of the profitability of existing portfolio operations and the Trust's ability to increase its revenues and reduce its costs. It is defined as rental revenue from properties from the same-property portfolio, less operating expenses, and interest on mortgage financing of the same portfolio.

Appendix 2 – Non-IFRS Financial Measures – Annual Reconciliations

Funds from Operations (FFO) (1)

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO (1) for the years ended December 31, 2021, 2020 and 2019:

Years ended December 31 (in thousands of dollars, except for per unit)	2021	2020	2019
	$	$	$
Net income and comprehensive income	41,568	2,919	51,881
Fair value adjustment on investment properties	(19,571)	8,375	(34,113)
Fair value adjustment on Class B LP units	231	(778)	430
Amortization of lease incentives	3,292	3,068	3,003
Fair value adjustment on derivative financial instruments	3,246	7,642	1,340
Leasing payroll expenses	784	616	548
Distributions – Class B LP units	108	157	224
Unit-based compensation (Unit price remeasurement) (5)	189	–	–
FFO (1)	29,847	21,999	23,313
Non-recurring item			
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	297	2,230	980
Recurring FFO (1)	30,144	24,229	24,293
FFO per unit (1) (2) (3)	41.7¢	34.8¢	39.1¢
Recurring FFO per unit (1) (2) (4)	42.1¢	38.3¢	40.7¢
FFO payout ratio (1)	71.9%	97.7%	107.4%
Recurring FFO payout ratio (1)	71.2%	88.7%	103.1%

(1) This is a non-IFRS financial measure, refer to page 41.
(2) Including Class B LP units.
(3) This is a non-IFRS financial measure. The FFO per unit ratio is calculated by dividing the FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) This is a non-IFRS financial measure. The recurring FFO per unit ratio is calculated by dividing the recurring FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO and AFFO starting Q2 2021. As a reference, the cumulative impact for the 12 months cumulative period in 2020 was positive $373 or 0.1¢ per unit.

(1) This is a non-IFRS financial measure, refer to page 41.

Adjusted Funds from Operations (AFFO) [1]

The following table provides a reconciliation of FFO [1] and AFFO [1] for the years ended December 31, 2021, 2020 and 2019:

Years ended December 31 (in thousands of dollars, except for per unit)	Year		
	2021	2020	2019
	$	$	$
FFO [1]	**29,847**	21,999	23,313
Straight-line rental revenue adjustment	**(1,334)**	(249)	(703)
Accretion of effective interest	**1,301**	1,244	1,172
Accretion of the liability component of convertible debentures	**–**	–	66
Amortization of other property and equipment	**87**	100	107
Unit-based compensation expenses	**877**	181	676
Provision for non-recoverable capital expenditures [1]	**(2,007)**	(1,859)	(1,842)
Provision for unrecovered rental fees [1]	**(1,500)**	(1,500)	(1,380)
AFFO [1]	**27,271**	19,915	21.409
Non-recurring item			
Transaction costs on purchase and disposition of investment properties and early repayment fees	**297**	2,230	980
Recurring AFFO [1]	**27,568**	22,145	22,389
AFFO per unit [1] [2] [3]	**38.1¢**	31.5¢	35.9¢
Recurring AFFO per unit [1] [2] [4]	**38.5¢**	35.0¢	37.5¢
AFFO payout ratio [1]	**78.7%**	108.0%	117.0%
Recurring AFFO payout ratio [1]	**77.9%**	97.1%	111.9%

(1) This is a non-IFRS financial measure, refer to page 41.
(2) Including Class B LP units.
(3) This is a non-IFRS financial measure. The AFFO per unit ratio is calculated by dividing the AFFO [1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) This is a non-IFRS financial measure. The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO [1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

(1) This is a non-IFRS financial measure, refer to page 41.

Cashflows

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO [1], and FFO [1]:

Years ended December 31 (in thousands of dollars)	Year		
	2021	2020	2019
	$	$	$
Cash flows from operating activities	**56,538**	46,145	47,223
Leasing payroll expenses	**784**	616	548
Transaction costs on purchase and disposition of investment properties and early repayment fees	**(297)**	(1,790)	(980)
Adjustments for changes in other working capital items	**(3,934)**	1,465	1,230
Financial income	**739**	564	475
Interest expenses	**(22,693)**	(23,467)	(23,877)
Provision for non-recoverable capital expenditures [1]	**(2,007)**	(1,855)	(1,842)
Provision for non-recovered rental fees [1]	**(1,500)**	(1,500)	(1,380)
Accretion of non-derivative liability component of convertible debentures	**(360)**	(263)	12
AFFO [1]	**27,271**	19,915	21,409
Provision for non-recoverable capital expenditures [2]	**2,007**	1,859	1,842
Provision for non-recovered rental fees [2]	**1,500**	1,500	1,380
Straight-line rental revenue adjustment	**1,334**	249	703
Unit-based compensation expenses	**(877)**	(181)	(676)
Accretion of the liability component of convertible debentures	**–**	–	(66)
Accretion of effective interest	**(1,301)**	(1,244)	(1,172)
Amortization of property and equipment	**(87)**	(100)	(107)
FFO [1]	**29,847**	21,999	23,313

(1) This is a non-IFRS financial measure, refer to page 41.
(2) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

(1) This is a non-IFRS financial measure, refer to page 41.

Appendix 3 – Non-IFRS Financial Measures – Quarterly Reconciliations

Funds from Operations (FFO) (1)

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO (1) for the last eight quarters:

	2021	2021	2021	2021	2020	2020	2020	2020
	Q–4	Q–3	Q–2	Q–1	Q–4	Q–3	Q–2	Q–1
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
Net income and comprehensive income	23,219	8,678	7,161	2,510	3,850	5,757	(1,101)	(5,587)
Fair value adjustment on investment properties	(19,571)	–	–	–	(2,130)	–	3,607	6,898
Fair value adjustment on Class B LP units	21	(18)	(52)	280	242	(59)	39	(1,000)
Amortization of lease incentives	858	780	777	877	794	751	771	752
Fair value adjustment on derivative financial instruments	3,297	(2,598)	733	1,814	2,950	265	330	4,097
Leasing payroll expenses	208	173	184	219	146	176	137	157
Distributions – Class B LP units	30	22	26	30	30	30	45	52
Unit-based compensation (Unit price remeasurement) (5)	23	(19)	185	–	–	–	–	–
FFO (1)	8,085	7,018	9,014	5,730	5,882	6,920	3,828	5,369
Non-recurring item								
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	109	–	188	–	440	–	882	908
Recurring FFO (1)	8,194	7,018	9,202	5,730	6,322	6,920	4,710	6,277
FFO per unit (1) (2) (3)	10.9¢	9,5¢	12,3¢	8,9¢	9.2¢	10,9¢	6,1¢	8,5¢
Recurring FFO per unit (1) (2) (4)	11.0¢	9,5¢	12,5¢	8,9¢	9.9¢	10,9¢	7,5¢	10,0¢
FFO payout ratio (1)	68.9%	79,0%	61,1%	84,0%	81.1%	68,6%	140,1%	123,0%
Recurring FFO payout ratio (1)	68.0%	79,0%	59,9%	84,0%	75.5%	68,6%	113,9%	105,2%

(1) This is a non-IFRS financial measure, refer to page 41.
(2) Including Class B LP units.
(3) This is a non-IFRS financial measure. The FFO per unit ratio is calculated by dividing the FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) This is a non-IFRS financial measure. The recurring FFO per unit ratio is calculated by dividing the recurring FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO and AFFO starting Q2 2021. As a reference, the cumulative impact for the 12 months cumulative period in 2020 was positive $373 or 0.1¢ per unit.

(1) This is a non-IFRS financial measure, refer to page 41.

Adjusted Funds from Operations (AFFO) (1)

The following table provides a reconciliation of FFO (1) and AFFO (1) for the last eight quarters:

	2021	2021	2021	2021	2020	2020	2020	2020
	Q–4	Q–3	Q–2	Q–1	Q–4	Q–3	Q–2	Q–1
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
FFO (1)	8,085	7,018	9,014	5,730	5,882	6,920	3,828	5,369
Straight-line rental revenue adjustment	(758)	(88)	(91)	(397)	108	(214)	1	(144)
Accretion of effective interest	275	239	428	359	343	229	287	385
Amortization of other property and equipment	22	23	27	15	23	29	24	24
Unit-based compensation expenses	143	114	(24)	644	281	22	51	(173)
Provision for non-recoverable capital expenditures	(539)	(478)	(519)	(471)	(449)	(472)	(461)	(477)
Provision for unrecovered rental fees	(375)	(375)	(376)	(374)	(375)	(375)	(375)	(375)
AFFO (1)	6,853	6,453	8,459	5,506	5,813	6,139	3,355	4,609
Non-recurring item								
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	109	–	188	–	440	–	882	908
Recurring AFFO (1)	6,962	6,453	8,647	5,506	6,253	6,139	4,237	5,517
AFFO per unit (1) (2) (3)	9.2¢	8,7¢	11,5¢	8,6¢	9.1¢	9,7¢	5,3¢	7,3¢
Recurring AFFO per unit (1) (2) (4)	9.4¢	8,7¢	11,8¢	8,6¢	9.8¢	9,7¢	6,7¢	8,8¢
AFFO payout ratio (1)	81.3%	85,9%	65,1%	87,4%	82.1%	77,4%	159,9%	143,3%
Recurring AFFO payout ratio (1)	80.0%	85,9%	63,7%	87,4%	76.3%	77,4%	126,6%	119,7%

(1) This is a non-IFRS financial measure, refer to page 41.
(2) Including Class B LP units.
(3) This is a non-IFRS financial measure. The AFFO per unit ratio is calculated by dividing the AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) This is a non-IFRS financial measure. The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

(1) This is a non-IFRS financial measure, refer to page 41.

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People and their stories are at the heart of our success.