Management's Discussion & Analysis

May 8, 2024

The following Management's Discussion and Analysis (MD&A) of Melcor Real Estate Investment Trust's (the REIT) results should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the quarter ended March 31, 2024 and the MD&A and consolidated financial statements and related notes for the year ended December 31, 2023. The discussion outlines strategies and provides analysis of our financial performance for the first quarter of 2024.

The underlying financial statements in this MD&A, including 2023 comparative information, have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All dollar amounts included in this MD&A are Canadian dollars unless otherwise specified.

Throughout this MD&A we make reference to the terms "we", "our" and "management". These terms are used to describe the activities of the REIT through the eyes of management, as provided by Melcor under the asset management and property management agreements.

The REIT's Board of Trustees, on the recommendation of the Audit Committee, approved the content of this MD&A on May 8, 2024. Disclosure contained in this MD&A is current to May 8, 2024, unless otherwise indicated.

Regulatory Filings

Additional information about the REIT, including our annual information form, management information circular and quarterly reports, is available on our website at MelcorREIT.ca and on SEDAR+ at www.sedarplus.ca.

Non-GAAP and Non-standard Measures

We refer to terms and measures which are not specifically defined in the CPA Canada Handbook and do not have any standardized meaning prescribed by IFRS Accounting Standards. These measures include funds from operations (FFO), adjusted funds from operations (AFFO), adjusted cash flow from operations (ACFO) and net operating income (NOI), which are key measures of performance used by real estate businesses. We believe that these measures are important in evaluating the REIT's operating performance, financial risk, economic performance, and cash flows. These non-standard measures may not be comparable to similar measures presented by other companies and real estate investment trusts and should not be used as a substitute for performance measures prepared in accordance with IFRS Accounting Standards.

Non-standard measures included in this MD&A are defined in the Non-GAAP and Non-Standard Measures section.

Caution Regarding Forward-looking Statements

In order to provide our investors with an understanding of our current results and future prospects, our public communications often include written or verbal forward-looking statements.

Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions, courses of action and include future-oriented financial information.

This MD&A and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements represent the REIT's intentions, plans, expectations, and beliefs and are based on our experience and our assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances. Forward-looking statements may involve, but are not limited to, comments with respect to our strategic initiatives for 2024 and beyond, future leasing, acquisitions, disposals and financing plans and objectives, targets, expectations of the real estate, financing and economic environments, our financial condition or the results of or outlook of our operations.

By their nature, forward-looking statements require assumptions and involve risks and uncertainties related to the business and general economic environment, many beyond our control. There is significant risk that the predictions, forecasts, valuations, conclusions or projections we make will not prove to be accurate and that our actual results will be materially different from targets, expectations, estimates or intentions expressed in forward-looking statements. We caution readers of this document not to place undue reliance on forward-looking statements. Assumptions about the performance of the Canadian economy and how this performance will affect the REIT's business are material factors we consider in determining our forward-looking statements. For additional information regarding material risks and assumptions, please see the discussion under Business Environment and Risks in the 2023 annual management's discussion and analysis.

On February 22, 2024 the Board of Trustees announced the establishment of an Independent Committee to oversee a broad-based strategic review with a focus on unlocking unitholder value. There can be no assurances that the strategic review will result in the REIT pursuing any transaction or that any alternative transaction will be available to the REIT. The Board and the Independent Committee have not set a specific timeline for completing this process, and the REIT does not intend to share further developments unless it deems disclosure necessary or appropriate.

Readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Except as may be required by law, we do not undertake to update any forward-looking statement, whether written or oral, made by the REIT or on its behalf.

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Our Business

The REIT has an established and diversified portfolio in western Canada. We own 38 income-producing office, retail and industrial properties representing 3.15 million square feet (sf) in gross leasable area (GLA). These high-quality properties feature stable occupancy and a diversified mix of tenants. We are externally managed, administered and operated by Melcor Developments Ltd. ("Melcor") pursuant to the asset management and property management agreements.

As at May 8, 2024, Melcor, through an affiliate, holds an approximate 55.4% effective interest in the REIT through ownership of all Class B LP Units. Furthermore, Melton Holdings Ltd. owns approximately 51.3% of the outstanding shares of Melcor and pursuant to IAS 24, Related Party Disclosures, is the ultimate controlling shareholder.

Melcor, a real estate company founded in 1923, had a rich history of growth and performance prior to the formation of the REIT. Our strategy is to grow and improve our asset base, and our objective is to provide stable monthly cash distributions to unitholders. Our growth strategy is contingent on favourable capital market conditions, which have proven unfavourable over the past several years.

Our strategy is to focus on building value within our portfolio. There are two key components to improving our existing assets – property management and asset enhancement. The goals of our property management and asset enhancement programs are to maximize occupancy, maximize tenant retention and increase rental income.

In February 2024, the Melcor REIT announced the commencement of a strategic review and suspension of the distribution to strengthen its financial position during the review process. The Board believes this decision is prudent and in the best decision of the REIT unitholders. The distribution suspension is expected to enable the REIT to retain approximately $1.2 million of cash, monthly, improving the REIT's financial flexibility as it continues advancing its short and long-term objectives. The Board and management will continue to monitor the REIT's financial performance, operating environment, and strategic review process to determine an appropriate time to provide clarity on cash flows or to reinstate a regular cash distribution.

Property Management

We are committed to providing consistent, high-quality service to our clients, thus ensuring that our occupancy rates remain high and that our space is leased at attractive rates.

Efficient property management optimizes operating costs, occupancy and rental rates. Our hands-on, on-site building management team identifies issues early on for prompt resolution, and with continuous logging and monitoring of all maintenance activity, we are able to make informed capital investment decisions to sustain long-term operating margins.

Our property management practices are designed to improve operating efficiency and reduce cost while at the same time increasing client satisfaction. In 2023, we upgraded MelCARE to a new software to provide a more comprehensive customer care experience. We were able to upgrade the MelCARE software at a much lower annual cost while providing our team with a more sophisticated system to improve response time and provide tenants with a 30 minute or less response time. Strong customer satisfaction contributes to other key metrics, including retention rate, which was 97.9% in the first quarter of 2024, and 87.9% in 2023.

We enjoy strong, long-term relationships with our clients, some of whom have been with Melcor for over 30 years.

Asset Enhancement

We continually improve our assets with value-adding investments to enhance the quality of our properties, which leads to higher occupancy and rental rates. These upgrades typically focus on increasing operating efficiency, property attractiveness, functionality and desirability. We use our intimate knowledge of the buildings we operate to support capital investment decisions, optimize operating efficiency and continuously improve our buildings for enhanced client satisfaction.

Our buildings undergo annual assessments to identify preventative maintenance and capital investment requirements, and we continue to monitor and log all equipment and maintenance activity. Many of our continuous improvement initiatives focus on sustainability and energy reduction strategies to ensure our buildings are working towards becoming more energy efficient. As we upgrade and replace equipment, we do so with technology that promotes energy efficiency. We also engage specialists to monitor and analyze our energy usage to identify ways it can be improved.

In 2021, Melcor joined the Edmonton Corporate Climate Leaders Program. We completed benchmarking our energy usage at Edmonton-based office buildings in 2022 and are working on setting appropriate targets for our business.

Acquisitions & Dispositions

We continually review our asset portfolio to identify opportunities to strategically acquire or dispose assets. We remain focused on pruning non-core assets with a view to mitigate against market and tenancy exposures and maximize return on investment.

As of March 31, 2024 we have classified four properties as held for sale, including three retail properties and one office property outside our core Alberta market with a combined 227,000 sf. These assets were listed for sale due to their geographic location and were part of a strategic decision to focus on our Alberta markets and on debt repayment. Net cash from the sale of these assets is expected to be used to pay down the revolving credit facility and reducing our overall debt.

In 2023, we sold the Kelowna Business Center ("KBC"). This property was a 71,600 sf office building with main floor retail on a 2.8 acre site in Kelowna and sold for gross proceeds of $19.50 million ($272.24/sf), resulting in net cash proceeds of $9.03 million after mortgage repayment.

Glossary of Acronyms

Common acronyms used throughout our MD&A are defined here.

Common Acronyms			
ACFO	adjusted cash flows from operations	**KPI**	key performance indicators
AFFO	adjusted funds from operations	**NCIB**	normal course issuer bid
FFO	funds from operations	**NOI**	net operating income
DOT	declaration of trust	**sf**	square feet
GAAP	generally accepted accounting principles	**SLR**	straight-line rent
GBV	gross book value	**WABR**	weighted average base rent
GHG	greenhouse gas	**nm**	not meaningful
GLA	gross leasable area		

Please refer to Non-GAAP and Non-Standard Measures on page 20 for further information and reconciliation to GAAP measures where applicable.

Highlights & KPI's

Readers are reminded that established key performance measures may not have standardized meaning under GAAP. For further information on the REIT's non-standard measures, non-GAAP measures, operating measures and non-GAAP ratios, refer to the Non-GAAP and Non-Standard Measures section of the MD&A.

KPI's:

	Three months ended March 31		
($000's)	**2024**	2023	△%
NOI[1]	**11,661**	11,522	1.2
Same-asset NOI[1]	**10,923**	10,824	0.9
FFO[1]	**5,396**	6,008	(10.2)
AFFO[1]	**3,352**	3,659	(8.4)
ACFO[1]	**3,477**	3,776	(7.9)
Rental revenue	**18,905**	18,990	(0.4)
Income before fair value adjustments[1]	**3,792**	3,015	25.8
Fair value adjustment on investment properties	**(9,056)**	(1,586)	nm
Cash flows from operations	**4,848**	1,882	157.6
Distributions paid to unitholders	**519**	1,556	(66.6)
Distributions paid[2]	**$0.04**	$0.12	(66.7)

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
2. *Distributions for 2024 were $0.04 per unit in the month of January 2024, and were suspended in February 2024. Distributions in the comparative period were paid out at $0.04 per unit per month.*

Operational Highlights:

	March 31, 2024	December 31, 2023	△%
Number of properties	**38**	38	–
GLA (sf)	**3,150,646**	3,150,646	–
Occupancy (weighted by GLA)	**87.7 %**	87.6 %	0.1
Retention (weighted by GLA)	**97.9 %**	87.9 %	11.4
Weighted average remaining lease term (years)	**4.57**	4.31	6.0
Weighted average base rent (per sf)	**$17.01**	$17.06	(0.3)

Balance Sheet Highlights:

	March 31, 2024	December 31, 2023	△%
Total assets ($000s)	**693,318**	700,998	(1.1)
Equity at historical cost ($000s)[1]	**288,196**	288,196	–
Indebtedness ($000s)[2]	**417,074**	420,339	(0.8)
Weighted average interest rate on debt	**4.51 %**	4.52 %	(0.2)
Debt to GBV, excluding convertible debentures (maximum threshold - 60%)[3]	**49.7 %**	50.0 %	–
Debt to GBV (maximum threshold - 65%)[3]	**55.8 %**	56.0 %	–
Finance costs coverage ratio[4]	**2.05**	2.21	(7.2)
Debt service coverage ratio[5]	**1.81**	1.93	(6.2)

1. *Calculated as the sum of trust units and Class B LP Units at their historical cost value. In accordance with IFRS Accounting Standards the Class B LP Units are presented as a financial liability in the consolidated financial statements. Please refer to the Liquidity & Capital Resources section of the MD&A, starting on page 15 for calculation of Equity at historical cost.*
2. *Calculated as the sum of total amount drawn on revolving credit facility, mortgages payable, Class C LP Units and convertible debentures, excluding unamortized discount and transaction costs. Please refer to the Liquidity & Capital Resources section of the MD&A, starting on page 15 for calculation of Indebtedness.*
3. *Debt to GBV is a Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
4. *Non-GAAP financial ratio. Calculated as the sum of FFO and finance costs; divided by finance costs, excluding distributions on Class B LP Units and fair value adjustment on derivative instruments. This metric is not calculated for purposes of covenant compliance on any of our debt facilities. Please refer to Non-GAAP and Non-Standard Measures section for further information.*
5. *Non-GAAP financial ratio. Calculated as FFO; divided by sum of contractual principal repayments on mortgages payable and distributions of Class C LP Units. This metric is not calculated for purposes of covenant compliance on any of our debt facilities. Please refer to Non-GAAP and Non-Standard Measures section for further information.*

Per Unit Metrics:

	Three months ended March 31		
	2024	2023	△%
Net income (loss)			
Basic	**$0.80**	$0.28	
Diluted	**($0.14)**	$0.09	
Weighted average number of units for net income (loss) (000s):[1]			
Basic	**12,963**	12,963	–
Diluted	**29,088**	29,088	–
FFO			
Basic[2]	**$0.19**	$0.21	
Diluted[2]	**$0.18**	$0.20	
Payout ratio[2]	**21.6%**	58.0%	
AFFO			
Basic [2]	**$0.12**	$0.13	
Payout ratio[2]	**35%**	95%	
ACFO			
Basic[2]	**$0.12**	$0.13	
Payout ratio[2]	**33.5%**	92.4%	
Weighted average number of units for FFO, AFFO and ACFO (000s):[3]			
Basic	**29,088**	29,088	–
Diluted	**34,257**	34,257	–

1. *For the purposes of calculating per unit net income the basic weighted average number of units includes Trust Units and the diluted weighted average number of units includes Class B LP Units and convertible debentures, to the extent that their impact is dilutive.*
2. *Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
3. *For the purposes of calculating per unit FFO, AFFO and ACFO the basic weighted average number of units includes Trust Units and Class B LP Units.*

HIGHLIGHTS:

Despite facing challenges in the real estate market, our portfolio has shown resilience, producing stable results in the first quarter even in the face of increased costs and inflationary pressures across all our markets. With strong leasing activity in the first quarter, we have completed 36,010 sf of new leasing and 186,342 sf in renewals and holdovers for a 97.9% retention rate. Occupancy has remained stable at 87.7% (December 31, 2023: 87.6%) with commitment on an additional 47,116 sf bringing committed occupancy up to 88.2%.

Retail properties continue to anchor our portfolio, and have seen slight improvements in WABR over Q1-2023, with occupancy remaining strong at 93.4%. Retail represents 44.3% of our total GLA as at March 31, 2024 and 60.2% of net rental income for the three months ended March 31, 2024. Our office properties continue to navigate downward pressure on rental rates and an increase in supply in some of our key geographic areas, specifically our Edmonton office properties which have seen an increase in new development of office space in recent years.

In the quarter rental revenue has remained stable over 2023, with net rental income decreasing 0.6% over Q1-2023 , due to swings in amortization (non-cash) offset by an increase in base rent. We saw a 1.2% increase in NOI in the quarter. Our same-asset NOI calculations, which normalize out Kelowna Business Center, which was sold in 2023, as well as assets held for sale, is up 0.9% over Q1-2023.

On February 22, 2024, the Board of Trustees of Melcor REIT announced the establishment of an Independent Committee (the "Independent Committee") to oversee a broad-based strategic review with a focus on unlocking unitholder value. The Independent Committee has retained BMO Capital Markets as financial advisor and DLA Piper (Canada) LLP as legal council to evaluate a broad range of strategic alternatives to maximize unitholder value. The Independent Committee is chaired by Richard Kirby, and also includes Bernie Kollman and Barry James as committee members.

Funds from operations was down 10.2% and adjusted funds from operations was down 8.4% over Q1-2023. Significant factors include an increase in general and administrative expenditures of 30.9% primarily the result of additional costs related to the establishment of the Independent Committee and an increase in interest on mortgage payable and revolving credit facilities of 10.3%.

We remain focused on navigating the challenges associated with inflation, such as rising operating costs and leasing costs and higher interest costs as mortgages come up for renewal in a higher interest rate environment. We expect to see continuing pressure on operating cash flow resulting from reductions in office lease rates, higher tenant incentives, increasing operating costs and continuing higher financing costs.

Subsequent to the quarter, on April 16, 2024 we entered into an unconditional sale of an investment property, classified as asset held for sale, for gross proceeds of $7.80 million. This sale is scheduled to close on May 10, 2024. Net proceeds from the sale are expected to be used to repay the outstanding principal balance on the mortgage, with the remaining cash being used to reduce our borrowings on our credit facility.

FINANCIAL HIGHLIGHTS

Financial highlights of our performance are summarized below.

First quarter:

- Revenue was steady at $18.91 million (Q1-2023: $18.99 million)
- NOI was up 1.2% at $11.66 million (Q1-2023: $11.52 million)
- FFO was down 10.2% to $5.40 million or $0.19 per unit (Q1-2023: $6.01 million or $0.21 per unit)
- ACFO was down 7.9% at $3.48 million or $0.12 per unit (Q1-2023: $3.78 million or $0.13 per unit) for a quarterly payout ratio of 33.5% based on ACFO (Q3-2022: 92.4%)

As at March 31, 2024 we had $3.86 million in cash and $8.45 million in undrawn liquidity under our revolving credit facility. We have six mortgages up for renewal in 2024 for a combined total of $43.91 million. The REIT has a $50.00 million revolving credit facility, including a $5.00 million swing line sub-facility maturing June 1, 2024. Subsequent to quarter end, we received confirmation from our lenders that they have issued credit approval for the extension of the credit facility subject to entering into an amended credit agreement and related documents. The REIT continues to monitor its secured debts in order to identify opportunities and risks, and proactively engages with lenders in regards to upcoming maturities.

Management believes FFO best reflects our true operating performance and ACFO best reflects our cash flow and therefore our ability to pay distributions. Net income in the current and comparative periods is significantly impacted by the non-cash fair value adjustments described above and thus not a meaningful metric to assess operating performance.

OPERATING HIGHLIGHTS

We are pleased with the volume of new leasing activity across our portfolio. Leasing in the quarter includes 222,352 sf of new and renewed leases (including holdovers) and we have retained 97.9% of expiring leases. Future leasing is promising, with commitments on an additional 47,116 sf in new deals which would bring committed occupancy up to 88.2%.

DISTRIBUTIONS

In January 2024 we declared a distribution of $0.04 per unit. On February 22, 2024 we announced the suspension of the monthly distribution concurrent with the commencement of a strategic review. In the comparative quarter distributions were paid at a rate of $0.04 per unit per month for the whole quarter.

The quarterly payout ratio was 33.5% (Q1-2023: 92.4%) based on ACFO and 22% (Q1-2023: 58.1%) based on FFO. As noted above, distributions were suspended in February 2024 impacting the payout ratios in the current period. Distributions to unit holders and on Class B LP Units are recorded in the period they are declared to unitholders.

The REIT intends to make distributions that are equal to or greater than the taxable income that would otherwise be reported by the REIT.

Consolidated Revenue & Net Operating Income

	Three months ended March 31		
($000s)	**2024**	2023	△%
Base rent	**12,146**	11,986	1.3
Recoveries	**7,236**	7,283	(0.6)
Other	**613**	605	1.3
Amortization of tenant incentives	**(959)**	(1,058)	(9.4)
SLR adjustment	**(131)**	174	(175.3)
Rental revenue	**18,905**	18,990	(0.4)
Operating expenses	**3,999**	3,913	2.2
Utilities and property taxes	**4,335**	4,439	(2.3)
Direct operating expenses	**8,334**	8,352	(0.2)
Net rental income	**10,571**	10,638	(0.6)
NOI[1]	**11,661**	11,522	1.2
Same-asset NOI[1]	**10,923**	10,824	0.9
Operating margin[2]	**56 %**	56 %	–

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
2. *Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

Revenue

Rental revenue was flat over Q1-2023, with base rents up 1.3% offset by a swing in straight-line rent adjustment over Q1-2023.

Recoveries are amounts recovered from tenants for direct operating expenses and include a nominal administrative charge. We typically expect recovery revenue to correlate with changes in recoverable operating expenses. In the quarter, recovery revenue was down 0.6% over Q1-2023, and direct operating expenses were flat over Q1-2023. Our recovery ratio can vary quarter over quarter due to variability of expenditures within our portfolio, and the timing of expenses incurred. Prior year recovery adjustments can also impact our recovery ratio and are generally recognized in the first quarter.

Other revenue includes parking, storage, lease amendment and termination fees as well as other miscellaneous revenue that is ancillary to our business and fluctuates from period to period.

Amortization of tenant incentives can fluctuate based on the timing of lease rollovers and leasing incentives. SLR adjustments relate to new leases which have escalating rent rates and/or rent-free periods. SLR fluctuates due to the timing of signed leases and the rent-steps under individual leases.

Direct operating expenses

Property taxes and utilities were down 2.3% in the quarter. Although we have seen utility costs, including heating and power costs increase over the last 12 months related to government policies and regulations, due to the efforts of our Properties team we have been able to mitigate these rising costs by implementing energy efficient practices and investing in capital projects across our portfolio as seen by the reduction in our utilities comparative to Q1-2023. Property taxes stayed consistent over Q1-2023.

Operating expenses can vary quarter over quarter due to the timing of maintenance projects. Overall, we have seen increases in costs as a result of inflationary pressures. In Q1-2024, operating expenses were up 2.2% over Q1-2023.

NOI and Same-asset NOI

NOI and same-asset NOI are non-standard metrics used in the real estate industry to measure the performance of investment properties. The IFRS Accounting Standards measure most directly comparable to NOI and same-asset NOI is net income. Refer to the Non-GAAP and Non-Standard Measures section for reconciliation of NOI to net income.

Same-asset NOI in the current and comparative periods exclude Kelowna Business Center, located in Kelowna, BC which sold on February 1, 2023 and the assets classified as held for sale including three retail properties located in Regina SK, and one office property located in Kelowna, BC. NOI was up 1.2% and same-asset NOI was up 0.9% over Q1-2023.

The calculation of same-asset NOI is as follows:

($000s)	Three months ended March 31 2024	2023	△%
Same-asset NOI[1]	**10,923**	10,824	0.9
Disposals / Assets held for sale	**738**	698	
NOI[1]	**11,661**	11,522	1.2
Amortization of tenant incentives	**(959)**	(1,058)	
SLR adjustment	**(131)**	174	
Net rental income	**10,571**	10,638	(0.6)

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

The following table summarizes leasing activity for the 2024 year-to-date :

	Square feet	Weighted average base rent (per sf)	Occupancy %
Opening occupancy	**2,759,657**	**$17.06**	**87.6 %**
Expiring leases	(190,426)	$15.56	
Other terminations	(26,859)	$14.12	
Renewals/holdovers	186,342	$15.54	
New leasing	36,010	$12.75	
Lease amendments	(514)	$17.55	
Investment property sold	–		
Closing occupancy	**2,764,210**	**$17.01**	**87.7 %**

To date, we have signed 222,352 sf of new and renewed leasing (including holdovers) with our occupancy remaining consistent at 87.7% over December 31, 2023.

As at March 31, 2024, we have retained 97.9% (186,342 sf) of expiring leases and have received commitment on an additional 47,116 sf of future renewals representing a committed occupancy of 88.2%. As of Q1-2024, we completed 36,010 sf in new leases.

The following table summarizes our average base rent, GLA, occupancy and retention:

	Mar 31, 2024	Mar 31, 2023	△%	Dec 31, 2023	△%
Weighted average base rent (per sf)	**$17.01**	$16.64	2.2	$17.06	(0.3)
Weighted average remaining lease term	**4.57**	3.80	20.3	4.31	6.0
GLA	**3,150,646**	3,146,006	0.1	3,150,646	–
Occupancy %	**87.7 %**	88.4 %	(0.8)	87.6 %	0.1
Retention %	**97.9 %**	95.5 %	2.5	87.9 %	11.4

Q1-2024 occupancy was 87.7%, consistent over the comparative period (Q1-2023: 88.4%) and up slightly over year-end (Q4-2023: 87.6%). WABR increased by $0.37 over Q1-2023 to $17.01 and was down $0.05 over year-end (Q4-2023: $17.06). Rates across asset classes on new leasing and renewals/holdovers are impacted by tenant incentives and lease structures and can vary significantly from period to period.

Property Analysis

At March 31, 2024 our portfolio included interests in 38 retail, office and industrial income-producing properties located in western Canada for a total of 3,150,646 sf of GLA, and a land lease community.

The following table summarizes the composition of our properties at March 31, 2024 by property type:

Property Type	Count	GLA (sf)/ Lots	% of Portfolio (GLA)	Fair Value of Investment Properties[1]	Net Rental Income	% of Net Rental Income
Retail	14	1,396,486	44.3 %	407,631	6,367	60.2 %
Office	20	1,546,069	49.1 %	218,729	3,210	30.4 %
Industrial	3	208,091	6.6 %	39,796	742	7.0 %
Land Lease Community	1	308 lots	n/a	16,800	252	2.4 %
	38	3,150,646	100.0 %	682,956	10,571	100.0 %

1. *Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

The following table details key financial and operational metrics for each of our asset classes for the three months ended March 31:

	Retail		Office		Industrial		Land Lease Community	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Three months ended March 31 ($000s)								
Rental revenue	**9,894**	9,762	**7,651**	7,911	**995**	965	**365**	352
Net rental income	**6,367**	6,397	**3,210**	3,251	**742**	735	**252**	255
Same-asset NOI[1]	**5,980**	6,012	**3,897**	3,766	**794**	791	**252**	255
As at March 31								
WABR (sf)	**$20.63**	$20.03	**$13.51**	$13.20	**$14.53**	$15.17	**n/a**	n/a
Occupancy	**93.4 %**	94.2 %	**81.0 %**	81.6 %	**100.0 %**	100.0 %	**100.0 %**	100.0 %

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

Retail – our 14 retail properties include 6 multi-building regional power centres, 7 neighborhood shopping centres and a single tenant property.

Rental revenue increased slightly over Q1-2023 and net rental income remained stable Q1-2023. The increase in rental revenue can be attributed to an increase in commercial revenue over Q1-2023, with net rental income remaining stable due to an increase in direct operating expenses. Same-asset NOI was down 0.5% in the quarter. Same-asset NOI excludes assets sold or held for sale in the current and comparative periods. We have therefore excluded three retail properties located in Regina, SK, which have been reclassified as held for sale.

WABR increased by $0.60 since Q1-2023, and occupancy decreased slightly to 93.4% (Q1-2023: 94.2%). Retention on our retail portfolio has been strong at 93.4% in Q1-2024, including renewals and holdovers.

Office – our 20 office properties include low and medium-rise buildings located in strategic urban and suburban centres. Our office portfolio is our most geographically diverse asset class, with properties across Alberta, in Regina, SK and Kelowna, BC.

In the quarter, rental revenue was down 3.3% and net rental income was down 1.3% on our office assets. In 2023, we sold one office property located in Kelowna, BC impacting our current and comparative period results. Additionally, we have classified one property as held for sale. Our same-asset NOI excludes these properties for a direct asset base comparison. On a same-asset basis, NOI was up 3.5% over Q1-2023.

Occupancy has decreased 1% over Q1-2023 to 81.0% and remained stable over year-end (Q4-2023: 81%). Our focus remains on leasing vacant space in the competitive Edmonton market where the majority of our office assets are located. We retained 97.8% or 59,201 sf of space that was up for renewal to date in 2024 including both renewals and holdovers. We have also signed 19,093 sf in new leases to date in Q1-2024.

WABR increased $0.31 over Q1-2023 to $13.51 sf and is up $0.03 sf since year-end (Q4-2023: $13.48). Although a full return to the office has been slower then anticipated, we remain optimistic about the future of office, potentially in reimagined forms to meet current trends.

Industrial – our 3 industrial properties include both single- and multi-tenant buildings. These assets remain fully occupied to date and continue to provide the REIT stable results on new leasing.

Rental revenue was up 3.1% in the quarter, and WABR was down $0.64 compared to Q1-2023 and down $0.66 over year-end (Q4-2023: $15.19). Due to external market pressures, we have seen a reduction in industrial WABR. As tenants are nearing the end of their lease terms we are seeing a reduction in rental rates.

Rental revenue is up 3.1% over Q1-2023 and net rental income remained stable Q1-2023. The increase in rental revenue is directly attributed to an increase in recovery revenue, with net rental income remaining stable due to an increase in direct operating expenses.

Land Lease Community – we have one land lease community in Calgary, AB, consisting of 308 pad lots. It remains 100% occupied at March 31, 2024. Our land lease community continues to provide stable rental revenue and NOI.

Regional Analysis

The following table summarizes the composition of our properties at March 31, 2024 by geographic region:

Region	Count	GLA (sf)	% of Portfolio (GLA)	Fair Value of Investment Properties[1]	Net Rental Income	% of Net Rental Income
Northern AB	22	1,963,955	62.3 %	416,374	5,795	54.8 %
Southern AB	10	889,283	28.2 %	215,607	3,888	36.8 %
Saskatchewan & BC	6	297,408	9.5 %	50,975	888	8.4 %
	38	3,150,646	100.0 %	682,956	10,571	100.0 %

1. *Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

The following table details key financial and operational metrics for each of our geographic regions for the three months ended March 31:

	Northern AB		Southern AB		Saskatchewan & BC	
	2024	2023	**2024**	2023	**2024**	2023
Three months ended March 31 ($000s)						
Rental revenue	**11,168**	11,374	**6,112**	5,889	**1,625**	1,727
Net rental income	**5,795**	6,004	**3,888**	3,845	**888**	789
Same-asset NOI[1]	**6,566**	6,579	**4,126**	4,057	**231**	188
As at March 31						
WABR (sf)	**$17.21**	$16.74	**$17.68**	$17.59	**$13.83**	$13.17
Occupancy	**84.1 %**	85.9 %	**94.0 %**	92.4 %	**93.1 %**	92.3 %

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

Northern Alberta - our Northern Alberta assets are located throughout the greater Edmonton area, including Leduc and Spruce Grove, and in Red Deer and Grande Prairie. Rental revenue was down 1.8% over Q1-2023. Net rental income was down 3.5% over Q1-2023.

Recovery revenue was down 3.1% compared to Q1-2023 as a result of prior year recovery adjustments, which are generally recognized in the first quarter. The reduction in recovery revenue contributed to the reduction in overall rental revenue and net rental income. Same asset NOI was flat over Q1-2023.

Occupancy has decreased over Q1-2023 and increased slightly over year-end (Q4-2023: 84.0%) to 84.1%. WABR is up $0.47 to $17.21 compared to Q1-2023 and down slightly over year-end (Q4-2023: $17.37).

Retention in the quarter was strong at 98.9%, with 123,959 sf of space being renewed; which includes both renewals and holdovers. We also signed 22,528 sf in new leasing in the year in the region.

Southern Alberta - our Southern Alberta assets are located throughout the greater Calgary area, including Chestermere and Airdrie, and in Lethbridge. Rental revenue was up 3.8% and net rental income was up 1.1% in the quarter.

Occupancy has increased to 94.0% compared to both Q1-2023 at 92.4% and year-end (Q4-2023: 93.9%). WABR is up $0.09 sf over Q1-2023, and $0.19 over year-end (Q4-2023: $17.49).

Saskatchewan and British Columbia - these assets are located in Regina, SK and Kelowna, BC. Rental revenue was down $0.10 million or 5.9% which directly correlates to the sale of Kelowna Business Center (located in Kelowna, BC) on February 1, 2023. WABR increased $0.66 to $13.83 sf over Q1-2023 ($13.17 sf) and is down $0.08 over year-end (2023 - $13.91 sf).

The same-asset NOI calculations excludes Kelowna Business Center (sold in Q1-2023) as well as three retail properties currently being held for sale, all located in Regina, Saskatchewan and one office property located in Kelowna, BC. On a same-asset basis, NOI was up 22.9% in the quarter. The variance on the quarter same asset NOI is a direct result of increased performance of the remaining assets occupancy comparative to the 2023 period.

Occupancy increased slightly to 93.1% (Q1-2023 92.3%) and is up slightly from year-end (Q4-2023: 92.7%).

General & Administrative Expense

	Three months ended March 31		
($000s)	**2024**	2023	△%
Asset management fee	**472**	474	–
Professional fees	**233**	112	108
Public company costs	**198**	98	102
Other	**117**	95	23
General & administrative expense	**1,020**	779	31

General & administrative (G&A) expense increased 30.9% over Q1-2023 to $1.02 million. The increase over Q1-2023 is primarily attributed to the costs associated with the establishment of the Independent Committee as of February 2024 including additional legal costs and fees paid to the committee members.

Excluding these items, our remaining G&A expense categories remain on budget, and fairly stable over the prior year. These expenses tend to vary quarter over quarter depending on when certain fees are incurred. Our upper target for G&A is 5.0% of rental revenue. In Q1-2024, G&A was 5.4% of revenue (Q1-2023: 4.1%).

Finance Costs

	Three months ended March 31		
($000s)	**2024**	2023	△%
Interest on mortgages payable and revolving credit facility	3,873	3,510	10.3
Interest on Class C LP Units	263	361	(27.1)
Interest on convertible debentures	587	587	–
Accretion on convertible debentures	125	117	6.8
Fair value adjustment on derivative instruments	(620)	676	nm
Amortization of deferred financing fees	280	353	(20.7)
Finance costs before distributions	4,508	5,604	(19.6)
Distributions on Class B LP Units	645	1,935	(66.7)
Finance costs	5,153	7,539	(31.6)

Total finance costs were down 31.6% compared to Q1-2023 to $5.15 million in Q1-2024. Distributions were suspended in February 2024 concurrent with the commencement of a strategic review. This impacted both our trust units where distributions are recorded through equity, as well as Class B LP Units where distributions are recorded as a finance cost, as shown above. Distributions are recorded in the period they are declared to unitholders.

Finance costs before and after distributions are impacted by non-cash fair value adjustments on derivative financial instruments. Included in the fair value adjustment on derivative instruments is the mark to market on interest rate swaps adjustment related to certain floating rate mortgages as well as the revaluation of the conversion feature on our convertible debenture. The fair value is impacted by market forces, such as interest rates and unit price which are outside of management's control and are non cash items. In the quarter, we recorded fair value gain on these derivatives of $0.62 million compared to loss of $0.68 million in Q1-2023. Excluding these non-cash adjustments, finance costs were down 15.9% or $1.09 million at $5.77 million in Q1-2024 (Q1-2023: $6.86 million).

Finance costs before distributions and excluding non-cash adjustments was up 4.1% to $5.13 million (Q1-2023 - $4.93 million) as a result of increased interest on mortgages payable and our revolving credit facility, which went up $0.36 million over Q1-2023 due to increased interest rates resulting in higher borrowing costs. Net repayments on the facility were $0.28 million in the quarter.

Rising interest rates over the last 12-24 months impact the interest paid on our variable rate credit facility, rates on our unhedged and variable rate mortgages, and the rate at which mortgages are being renewed.

As at March 31, 2024 the weighted average interest rate on our revolving credit facility, mortgages payable, Class C LP Units and convertible debentures was 4.51% (December 31, 2023 - 4.52%). As our mortgages and revolving credit facility come up for renewal we expect to see our weighted average interest rate to rise as mortgages as external pressures continue to impact the capital markets. Interest on Class C LP units is down 27.1% in the quarter as $14.26 million of our Class C mortgage was paid out in 2023 and replaced with a standard mortgage.

Income Taxes

As at March 31, 2024, the REIT qualifies as a mutual fund trust within the meaning of the Income Tax Act (Canada) and as a real estate investment trust eligible for the 'REIT Exception' under the Specified Investment Flow-Through (SIFT) rules; accordingly, no current or deferred income tax expense has been recognized on income earned or capital gains recognized subsequent to the formation of the REIT. The REIT intends to make distributions that are equal to or greater than the taxable income that would otherwise be reported by the REIT.

FFO, AFFO & ACFO

FFO, AFFO and ACFO are non-GAAP financial measures used in the real estate industry to measure the operating and cash flow performance of investment properties. Refer to the Non-GAAP Measures section of this MD&A for more information.

FFO & AFFO

We use Real Property Association of Canada (REALpac) definitions of some of our measures. REALpac is a national association representing the Canadian commercial real estate industry. REALpac defines FFO as net income (calculated in accordance with IFRS Accounting Standards), adjusted for, among other things, fair value adjustments, amortization of tenant incentives and effects of puttable instruments classified as financial liabilities (distributions on Class B LP Units). The REIT calculates FFO in accordance with REALpac.

We believe that FFO is an important measure of operating performance and the performance of real estate properties, while AFFO is an important cash flow measure. AFFO is not a substitute for cash flow from operations as it does not include changes in operating assets and liabilities.

FFO and AFFO are not a substitute for net income established in accordance with IFRS Accounting Standards when measuring the REIT's performance. While our methods of calculating FFO and AFFO comply with REALpac recommendations, they may differ from and not be comparable to those used by other entities.

	Three months ended March 31		
($000s, except per unit amounts)	**2024**	2023	△%
Net income for the period	**10,352**	3,656	
Add / (deduct)			
Fair value adjustment on investment properties	**9,056**	1,586	
Fair value adjustment on Class B LP Units	**(14,996)**	(2,903)	
Amortization of tenant incentives	**959**	1,058	
Distributions on Class B LP Units	**645**	1,935	
Fair value adjustment on derivative instruments	**(620)**	676	
FFO[1]	**5,396**	6,008	(10.2)
Deduct			
Straight-line rent adjustments	**131**	(174)	
Normalized capital expenditures	**(750)**	(750)	
Normalized tenant incentives and leasing commissions	**(1,425)**	(1,425)	
AFFO[1]	**3,352**	3,659	(8.4)
FFO/Unit[2]	**$0.19**	$0.21	
AFFO/Unit[2]	**$0.12**	$0.13	
Weighted average number of units (000s):[3]	**29,088**	29,088	–

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
2. *Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
3. *For the purposes of calculating per unit FFO and AFFO, the basic weighted average number of units includes Trust Units and Class B LP Units.*

FFO can be calculated as well using the direct method, as outlined in the below table:

	Three months ended March 31		
($000s, except per unit amounts)	**2024**	2023	△%
Base rent	**12,146**	11,986	
Recoveries	**7,236**	7,283	
Other revenue	**613**	605	
SLR adjustment	**(131)**	174	
Direct operating expenses	**(8,334)**	(8,352)	
General & administrative expense	**(1,020)**	(779)	
Interest on mortgages payable and revolving credit facility	**(3,873)**	(3,510)	
Interest on Class C LP Units	**(263)**	(361)	
Interest on convertible debentures	**(587)**	(587)	
Accretion on convertible debentures	**(125)**	(117)	
Amortization of deferred financing fees	**(280)**	(353)	
Interest income	**14**	19	
FFO[1]	**5,396**	**6,008**	(10.2)

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

Our convertible debentures can be converted into trust units at the holder's option and are considered a dilutive instrument to FFO. The following table calculates diluted FFO and diluted FFO/Unit:

	Three months ended March 31		
($000s, except per unit amounts)	**2024**	2023	△%
FFO[1]	**5,396**	6,008	(10.2)
Convertible debentures interest	**587**	587	
Amortization of deferred financing fees on convertible debentures	**122**	115	
Accretion on convertible debentures	**125**	117	
FFO - Diluted[1]	**6,230**	6,827	(8.7)
FFO - Diluted/Unit[2]	**$0.18**	$0.20	
Diluted weighted average number of units (000s):[3]	**34,257**	34,257	–

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
2. *Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
3. *The diluted weighted average number of units includes Trust Units, Class B LP Units.*

Capital Expenditures

We continually invest in our assets with value-adding capital projects that enhance property quality, contributing to higher occupancy and rental rates. These investments typically focus on increasing operating efficiency, property attractiveness, functionality and desirability, as well as initiatives focused on sustainability and energy reduction. Asset enhancement and preservation investments fluctuate based on the nature and timing of projects undertaken, and are impacted by many factors including, but not limited to, the age and location of the property, and the leasing profile and strategy. The majority of building improvement expenditures are recoverable from tenants over 5-25 years. As actual expenditures can vary from one period to another, the REIT uses a normalized capital expenditure in determining AFFO and sustainable, economic cash flow of investment properties.

Normalized expenditures exclude new property development initiatives such as densification and non-recoverable capital expenses as these are discretionary in nature. Normalized capital expenditures are calculated based on a trailing 5 year historical actual spend plus 5 year projected spend.

The following summarizes our actual expenditures compared to normalized amounts:

($000s)	**Three months ended March 31, 2024**	Year ended December 31, 2023
Actual capital expenditures	**492**	5,295
Normalized capital expenditures	**750**	3,000
Variance	**(258)**	2,295

Actual capital expenditures were lower than normalized capital expenditures by $0.26 million due to the timing of capital projects. These upgrades typically focus on increasing operating efficiency, property attractiveness, functionally and desirability, as well as initiatives focused on sustainability and energy reduction strategies to ensure our builds meet environmental targets. Asset enhancement and preservation investments fluctuate based on the nature and timing of projects undertaken, and impacted by many factors including, but not limited to, the age and location of the property, and leasing profile and strategy. As the construction season for many projects occurs spring through fall, we will often see fluctuations on capital spend within the quarters.

We have planned capital projects of $3.00 million for 2024 and have spent $0.49 million on capital projects to date. Our 2023 actual capital expenditure was $5.30 million.

Tenant Incentive & Direct Leasing Expenditures

Tenant incentives and direct leasing expenditures are part of our leasing strategy to attract and retain tenants. Tenant incentives are directly correlated with base rent achieved on leasing deals and with higher tenant incentives carrying higher base rent (sometimes in future periods). Expenditures on any particular building are impacted by many factors including, but not limited to, the lease maturity profile and strategy, market conditions and the property's location and asset class. As actual expenditures can vary from one period to another, the REIT uses a normalized capital expenditure in determining AFFO and sustainable, economic cash flow of investment properties. Normalized tenant incentives are calculated based on a trailing 5 year actual spend plus 5 year projected spend.

The following summarizes our actual expenditures compared to normalized amounts:

($000s)	**Three months ended March 31, 2024**	Year ended December 31, 2023
Actual tenant incentives and direct leasing expenditures	**878**	6,796
Normalized tenant incentives and direct leasing expenditures	**1,425**	5,700
Variance	**(547)**	1,096

Tenant incentives and direct leasing costs trended below our normalized estimates. The timing and type of leasing activity and market conditions causes fluctuations in spending during the year.

Our 2023 actual tenant incentives and direct leasing expenditures was $6.80 million, and we have planned tenant incentives and direct leasing expenditures of $5.70 million for 2024. Normalized tenant incentives and direct leasing expenditures look at trailing 5 year actual spend plus 5 year projected spend, and therefore will vary period over period depending on they type and size of leases signed.

ACFO

REALpac defines ACFO as cash flow from operations adjusted for, among other things, changes in operating assets and liabilities, payments of tenant incentives and direct leasing costs, non-cash finance costs, normalized capital expenditures and normalized tenant incentives and direct leasing costs. We calculate ACFO in accordance with the guidelines set out by REALpac; however, our calculation may differ from and not be comparable to other entities.

	Three months ended March 31		
($000s)	**2024**	2023	△%
Cash flows from operations	**4,848**	1,882	157.6
Distributions on Class B LP Units	**645**	1,935	
Actual payment of tenant incentives and direct leasing costs	**906**	1,955	
Changes in operating assets and liabilities	**(467)**	532	
Amortization of deferred financing fees	**(280)**	(353)	
Normalized capital expenditures	**(750)**	(750)	
Normalized tenant incentives and leasing commissions	**(1,425)**	(1,425)	
ACFO[1]	**3,477**	3,776	(7.9)
ACFO/Unit[2]	**$0.12**	$0.13	
Weighted average number of units (000s)[3]	**29,088**	29,088	–

1. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
2. *Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
3. *The diluted weighted average number of units includes Trust Units, Class B LP Units and convertible debentures.*

In order to continue to qualify for the 'REIT Exception' as provided under the SIFT rules, the REIT must allocate substantially all taxable income. In February 2024, the REIT suspended the distribution in order to strengthen its financial position during a strategic review process. Distributions paid to unitholders in Q1-2024 were $0.52 million for an ACFO payout ratio to 33.5% (Q1-2023: $1.56 million, ACFO payout ratio 92.4%). We use ACFO in evaluating our ability to continue to fund distributions.

In the normal course, the REIT assesses its distribution policy. In light of the uncertainties surrounding the current capital and property market condition, management and the Board are carefully conducting a comprehensive review of the REIT. As a result, the REIT has determined that a suspension of the distribution was warranted during this process.

The Board believes the decision is prudent and in the best interest of the REIT and its unitholders. The distribution suspension is expected to enable the REIT to retain approximately $1.2 million of cash, monthly, improving the REIT's financial flexibility as it continues advancing its short and long-term objectives. The Board and management will continue to monitor the REIT's financial performance, operating environment, and strategic review process to determine an appropriate time to provide an additional clarity on cash flows or to reinstate a regular cash distribution.

The most similar IFRS Accounting Standards measure is cash flow from operations. Swings in operating assets and liabilities was the largest contributing factor in the swing in ACFO and is reflective of higher tenant receivables at quarter, driven by year-end recovery charges to tenants, as well as the payment of accrued lease inducements at year-end.

Cash flow from operations before Class B LP Unit distributions paid less total distributions paid in the quarter was $4.33 million up $4.00 million from cash inflows of $0.33 million in Q1-2023.

	Three months ended March 31		
($000s)	**2024**	2023	△%
Cash flows from operations	**4,848**	1,882	157.6
Distributions paid on Class B LP Units	**645**	1,935	(66.7)
Cash flow from operations before Class B LP Unit Distributions	**5,493**	3,817	43.9
Distributions paid to unitholders	**(519)**	(1,556)	(66.6)
Distributions paid on Class B LP Units	**(645)**	(1,935)	(66.7)
Total distributions paid	**(1,164)**	(3,491)	(66.7)
Cash flow from operations before Class B LP Unit distributions paid less total distributions paid	**4,329**	326	1,227.9
Total distributions paid as a % of cash flow from operations before Class B LP Unit distributions paid	**21 %**	91 %	(76.9)

Investment Properties

We carry our investment properties at fair value in accordance with IFRS 13, Fair value measurement. The following table summarizes key metrics of our investment properties and components of the fair value calculation:

	Three months ended March 31, 2024	Year ended December 31, 2023
Number of properties	**38**	38
Total GLA (sf)	**3,346,240**	3,346,240
GLA (REIT owned %) (sf)	**3,150,646**	3,150,646
Fair value of portfolio ($000s)[1]	**682,956**	691,782
Value per square foot	**$217**	$220
NOI ($000s)	**11,661**	46,635
Weighted average capitalization rate	**7.22 %**	7.24 %
Weighted average terminal capitalization rate	**7.30 %**	7.31 %
Weighted average discount rate	**8.18 %**	8.19 %

1. *Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

Investment properties were valued by Melcor's internal valuation team with the assistance of qualified independent external valuation professionals. In Q1-2024 we have had sixteen (of 52 legal phases) properties valued by external independent valuation professionals, with a fair value of $141.35 million.

In Q1-2023, we had one property (of 52 legal phases) valued by Melcor's internal valuation team with the assistance of qualified independent external valuation professionals, with a fair value of $33.80 million.

In Q1-2024 we recognized a fair value loss of $9.06 million (Q1-2023: loss of $1.59 million).

As leases turnover, unit and/or building GLA is remeasured which can result in changes to GLA.

The breakdown of our fair value adjustment on investment properties by geographic region is as follows:

($000s)	**Three months ended March 31, 2024**	Year ended December 31, 2023
Northern Alberta	**(8,898)**	(10,842)
Southern Alberta	**(1,913)**	(4,476)
Saskatchewan & British Columbia	**1,755**	(1,476)
	(9,056)	(16,794)

The breakdown of our fair value adjustment on investment properties by property type is as follows:

($000s)	**Three months ended March 31, 2024**	Year ended December 31, 2023
Retail	**(1,337)**	(4,838)
Office	**(8,900)**	(10,967)
Industrial	**1,186**	(950)
Land Lease Community	**(5)**	(39)
	(9,056)	(16,794)

Our valuation program requires the revaluation of each legal phase every two years or as market conditions dictate.

In Q1-2024, we have sixteen properties revalued contributing to the $9.06 million fair value loss. We also realized fair value losses during the quarter related to tenant incentives that were capitalized to the property without a corresponding increase in property value. Straight-line rent adjustments also impact fair value in the period in which they are incurred.

Fair values are most sensitive to changes in capitalization rates.

	March 31, 2024			December 31, 2023		
	Min	**Max**	**Weighted Average**	Min	Max	Weighted Average
Capitalization rate	**5.50%**	**10.50%**	**7.22%**	5.50%	10.50%	7.24%
Terminal capitalization rate	**6.00%**	**9.25%**	**7.30%**	6.00%	9.25%	7.31%
Discount rate	**6.75%**	**10.25%**	**8.18%**	6.75%	10.25%	8.19%

A capitalization rate increase of 50 basis points (+0.5%) would decrease the fair value of investment properties by $44.30 million (December 31, 2023 - $44.90 million) while a 50 basis points decrease (-0.5%) would increase fair value by $50.90 million (December 31, 2023 - $51.50 million).

Liquidity & Capital Resources

We employ a range of strategies to fund operations, with current cash conservation strategies ongoing in order to ensure long-term sustainability.

Our principal liquidity needs are to:

- Fund recurring expenses;
- Meet debt service requirements;
- Make distribution payments; and
- Fund capital projects;

We currently have cash conservation strategies in place to ensure long-term sustainability.

Cash Flows

The following table summarizes cash flows from operating, investing and financing activities:

	Three months ended March 31		
($000s)	**2024**	2023	$△
Cash from operating activities	**4,848**	1,882	2,966
Cash (used in) from investing activities	**(492)**	18,834	(19,326)
Cash used in financing activities	**(3,784)**	(20,707)	16,923
Increase in cash and cash equivalents	**572**	9	563
Cash and cash equivalents, beginning of the period	**3,289**	3,304	(15)
Cash and cash equivalents, end of the period	**3,861**	3,313	548

Operating activities

Cash from operating activities was up $2.97 million in the quarter compared to Q1-2023. Cash before adjustments for working capital and payments of tenant incentives and direct leasing costs was up $0.92 million. Rent collections continue to remain strong. Operating assets and liabilities fluctuate period over period and contributed $0.47 million to the overall increase in cash from operating activities.

Interest on mortgages and our revolving credit facility was up $0.36 million due to rising interest rates, and increased borrowings on our credit facility, which has a prime based interest rate. This had a negative impact on operating cash flows by reducing net income.

We continue to focus efforts on leasing, and in the past few years have seen some significant costs related to tenant incentives and direct leasing costs associated with leases. Tenant incentives and direct leasing cost investments was down $1.05 million to $0.91 million (Q1-2023: $1.96 million) in the quarter. We have estimated spending $5.70 million in 2024 on tenant inducements and leasing commissions, compared to spend of $6.80 million in 2023. We have completed 222,352 sf of new and renewed leasing resulting in occupancy of 88% at quarter-end. The timing of lease expiries impacts the level of spending on tenant incentives and direct leasing costs and fluctuates from period to period.

Investing activities

We have spent $0.49 million in the quarter on our scheduled maintenance program and other projects (Q1-2023 - $0.19 million). We remain committed to strategic value-adding asset enhancement and preservation projects as an integral component of our strategy to improve our assets and retain and attract tenants. We anticipate spending $3.00 million in 2024 on planned capital projects. Asset enhancement investments fluctuate based on the nature and timing of projects undertaken and can be seasonal in nature.

In the comparative period, we sold the Kelowna Business Center, for net proceeds of $19.03 million (including $1.00 million of restricted cash held at year-end). These proceeds were used to pay off the mortgage on the property, with remaining cash of $9.03 million being used to reduce borrowings on our credit facility.

Financing activities

In Q1-2024 we spent $3.78 million in financing activities, including a $0.28 million net reduction on our revolving credit facility and $2.58 million in scheduled amortization mortgage payments. In Q1-2023, proceeds on the sale of the Kelowna Business Centre were utilized to pay off the mortgage on the property, with the remaining $9.03 million being used to pay down our revolving credit facility.

In Q1-2024 we paid distributions to unitholders of $0.52 million (Q1-2023 - $1.56 million). In February 2024, our Board and management team made the strategic decision to suspend distributions during a strategic review process. The suspension is expected to enable the REIT to retain approximately $1.2 million of cash monthly, improving the REIT's financial flexibility as it continues advancing its short and long-term objectives. In January 2024 a distribution of $0.04 per unit was declared prior to the suspension.

We believe that internally generated cash flows, supplemented by borrowings through our revolving credit facility and mortgage financings, where required, will be sufficient to cover our normal operating, debt service, distribution and capital expenditure requirements. We regularly review our credit facility limits and manage our liquidity requirements accordingly.

As at March 31, 2024 we had $3.86 million in cash and cash equivalents in addition to $8.45 million in undrawn liquidity under our revolving credit facility.

Capital Structure

We define capital as the total of trust units, Class B LP Units, Class C LP Units, mortgages payable, convertible debentures and amounts drawn under our revolving credit facility.

Pursuant to the Declaration of Trust (DOT) Degree of Leverage Ratio, we may not incur or assume any indebtedness if, after incurring or assuming such indebtedness, our total indebtedness would be more than 60% of Gross Book Value (GBV) (65% including any convertible debentures). Throughout the period we were in compliance with the Degree of Leverage Ratio and had a ratio of 50% as at March 31, 2024 (56% including convertible debentures).

As at March 31, 2024, our total capitalization was $705.27 million and is comprised of:

($000s)	March 31, 2024	December 31, 2023
Revolving credit facility[1]	**37,624**	37,901
Mortgages payable[1]	**312,224**	314,808
Class C LP Units	**21,226**	21,630
Indebtedness, excluding convertible debentures	**371,074**	374,339
Convertible debentures[2]	**46,000**	46,000
Indebtedness	**417,074**	420,339
Class B LP Units at historical cost[3]	**160,207**	160,207
Trust units, excluding transaction costs	**127,989**	127,989
Equity at historical cost	**288,196**	288,196
Total capitalization	**705,270**	708,535
Gross Book Value (GBV)[4]	**746,957**	746,957
Debt to GBV, excluding convertible debentures (maximum threshold - 60%)[5]	**49.7 %**	50.0 %
Debt to GBV (maximum threshold - 65%)[5]	**55.8 %**	56.0 %

1. *Debts are presented excluding unamortized transaction costs and discount on bankers acceptance (as applicable).*
2. *Convertible debentures are presented at face value, excluding unamortized transaction costs and amounts allocated to conversion features.*
3. *Class B LP Units are classified as equity for purposes of this calculation and are included at their historical cost.*
4. *GBV is calculated as the cost of the total assets acquired and development costs less dispositions.*
5. *Debt to GBV is a Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

We are also subject to financial covenants on our revolving credit facility. The covenants include a maximum debt to GBV ratio of 60% (excluding convertible debentures), a minimum debt service coverage ratio of 1.25, and a minimum adjusted unitholders' equity of $140.00 million as defined within our credit agreement. As at March 31, 2024, and throughout the period, we were in compliance with our financial covenants, obligations and debt covenants. We prepare financial forecasts to monitor changes to our debt and capital levels and manage our ability to meet our financial covenants.

Indebtedness

Debt Repayment Schedule – the following table summarizes our contractual obligations and illustrates certain liquidity and capital resource requirements:

		Contractual balance due, by year end:					
($000s)	Total	2024	2025	2026	2027	2028	Thereafter
Revolving credit facility	**37,624**	37,624	–	–	–	–	–
Mortgages payable	**312,224**	44,798	50,456	51,807	13,790	35,249	116,124
Class C LP Units	**21,226**	1,672	9,516	10,038	–	–	–
Convertible debentures	**46,000**	46,000	–	–	–	–	–
Total	**417,074**	**130,094**	**59,972**	**61,845**	**13,790**	**35,249**	**116,124**
% of portfolio	100.0 %	31.2 %	14.4 %	14.8 %	3.4 %	8.5 %	27.7 %

We ladder the renewal and maturity dates on our borrowings as part of our capital management strategy. This mitigates the concentration of interest rate and financing risk associated with refinancing in any particular period. In addition, we try to match the maturity of our debt portfolio with the weighted average remaining lease term on our properties.

In 2024, we have six mortgages up for renewal with a maturing principal balance of $43.91 million at an interest rate of 4.09%. The REIT continues to monitor its secured debts and proactively engage with lenders in regards to upcoming maturities. Subsequent to the quarter, the REIT refinanced one mortgage in the amount of $11.11 million at a fixed rate of 6.00%, providing net proceeds of $4.03 million upon refinancing.

We have a revolving credit facility agreement with two western Canadian financial institutions. Under the terms of the amending agreement, the REIT maintains an available credit limit based on the carrying value of specific investment property to a maximum of $50.00 million, available to use for general corporate purposes and acquisitions, including a $5.00 million swing line sub-facility. An additional $15.00 million is available by way of an accordion feature, subject to lender approval. Depending on the form under which the credit facility is accessed, rates of interest will vary between prime plus 1.25% or bankers acceptance plus 2.25% stamping fee. The facility matures June 1, 2024. Subsequent to quarter end, we received confirmation from our lenders that they have issued credit approval for the extension of the credit facility subject to entering into an amended credit agreement and related documents.

The REIT continues to monitor its secured debts in order to identify opportunities and risks, and proactively engages with lenders in regards to upcoming maturities. We expect to be able to re-finance these debts at market competitive terms.

Debt Analysis – our mortgages payable, Class C LP Units and convertible debentures bear interest at fixed rates (including four variable rate mortgages fixed via a floating for fixed interest rate swap contract); our revolving credit facility bears interest at variable rates.

The following table summarizes the interest rates and terms to maturity:

($000s)	Total	Fixed	Variable, fixed via swap contract[1]	Variable	Weighted average interest rate	Weighted average term to maturity
Revolving credit facility	**37,624**	–	–	37,624	7.76 %	0.17
Mortgages payable	**312,224**	233,931	78,293	–	4.00 %	3.60
Class C LP Units	**21,226**	21,226	–	–	4.95 %	1.91
Convertible debentures	**46,000**	46,000	–	–	5.10 %	0.75
Total	**417,074**	**301,157**	**78,293**	**37,624**	**4.51 %**	**2.89**

1. *We have floating for fixed interest rate swaps which fix the interest rate on our variable rate mortgages for the term of the mortgages.*

The weighted average interest rate on our debts was 4.51% (December 31, 2023 - 4.52%).

Debt Service Coverage Ratio and Finance Costs Coverage Ratio – Debt service coverage ratio is a non-GAAP ratio that we calculate as FFO divided by principal repayments on mortgages payable and Class C LP Units made during the period. Finance costs coverage ratio is a non-GAAP ratio that we calculate as FFO plus finance costs divided by finance costs expensed during the period, less distributions on Class B LP Units. We consider these measures to be useful in evaluating our ability to service our debt. These metrics are not calculated for purposes of covenant compliance on any of our debt facilities.

($000s)	Three months ended March 31, 2024	Year ended December 31, 2023
FFO	**5,396**	23,869
Principal repayments on Mortgages payable	2,584	10,467
Principal repayments on Class C LP Units	404	1,911
Principal repayments	**2,988**	12,378
Debt service coverage ratio[1]	**1.81**	1.93
FFO plus finance costs	10,524	43,576
Finance costs[2]	5,128	19,707
Finance costs coverage ratio[1]	**2.05**	2.21

1. *Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
2. *Finance costs excluding finance expense recognized on Class B LP Unit distributions and fair value adjustment on derivative instruments.*

Equity

The REIT is authorized to issue an unlimited number of trust units and an unlimited number of special voting units. Each trust unit represents a holder's proportionate undivided beneficial ownership interest in the REIT and will confer the right to one vote at any meeting of the unitholders and to receive any distributions by the REIT. Special voting units have no economic entitlement in the REIT but entitle the holder to one vote per special voting unit. Special voting units may only be issued in connection with securities exchangeable into trust units (including Class B LP Units).

Class B LP Units of the Partnership are economically equivalent to, and exchangeable into, trust units at the option of the holder, and therefore, are considered a dilutive instrument. The Class B LP Units are classified as financial liabilities in accordance with IAS 32, *Financial Instruments – presentation,* due to their puttable feature.

The following table summarizes the trust units issued and the potentially diluted number of units outstanding as at March 31, 2024 and December 31, 2023:

Issued and fully paid units ($000s except unit amounts)	**March 31, 2024**		December 31, 2023	
	Units	**$ Amount**	Units	$ Amount
Balance, beginning and end of period[1]	**12,963,169**	**127,989**	12,963,169	127,989
Potentially dilutive securities				
Class B LP Units Historical Cost[2]	**16,125,147**	**160,207**	16,125,147	160,207
Convertible debentures[3]	**5,168,542**	**46,000**	5,168,542	46,000
Potentially diluted balance, end of period	**34,256,858**	**334,196**	34,256,858	334,196

1. *Trust units are presented excluding transaction costs.*
2. *A corresponding number of special voting units are held by Melcor through an affiliate.*
3. *Convertible debentures are presented at face value, excluding unamortized transaction costs and amounts allocated to conversion feature.*

Quarterly Results

	2024	2023				2022		
($000s except per unit amount)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenue	**18,905**	18,502	18,285	18,123	18,990	18,797	18,189	18,154
Net income (loss)[1]	**10,352**	(1,616)	7,075	7,198	3,656	(1,062)	19,151	18,059
NOI[4]	**11,661**	11,530	11,894	11,689	11,522	11,460	11,613	11,391
Funds from operations (FFO)[4]	**5,396**	5,654	6,034	6,173	6,008	5,781	6,306	6,108
Adjusted funds from operations (AFFO)[4]	**3,352**	3,567	3,871	4,081	3,659	3,521	4,464	4,352
Adjusted cash flows from operations (ACFO)[4]	**3,477**	3,691	3,989	4,198	3,776	3,679	4,623	4,506
Per unit metrics								
Basic earnings (loss) per unit	**$ 0.80**	$ (0.12)	$ 0.54	$ 0.56	$ 0.28	$ (0.09)	$ 1.48	$ 1.39
FFO (basic)[5]	**$ 0.19**	$ 0.19	$ 0.21	$ 0.21	$ 0.21	$ 0.20	$ 0.22	$ 0.21
AFFO (basic)[5]	**$ 0.12**	$ 0.12	$ 0.13	$ 0.14	$ 0.13	$ 0.12	$ 0.15	$ 0.15
ACFO (basic)[5]	**$ 0.12**	$ 0.13	$ 0.14	$ 0.14	$ 0.13	$ 0.13	$ 0.16	$ 0.15
Annualized distribution rate[3]	**$ 0.16**	$ 0.480	$ 0.480	$ 0.480	$ 0.480	$ 0.480	$ 0.480	$ 0.480
FFO Payout Ratio[5]	**22%**	62%	58%	57%	58%	60%	55%	57%
AFFO Payout Ratio[5]	**35%**	98%	90%	86%	95%	99%	78%	80%
ACFO Payout Ratio[5]	**33%**	95%	88%	83%	92%	95%	76%	77%
Period-end closing unit price	**$3.22**	$4.15	$4.55	$4.69	$5.35	$5.53	$5.75	$6.19
Annualized distribution yield on closing unit price (%)[2]	**4.97%**	11.57%	10.55 %	10.23 %	8.97%	8.68%	8.35%	7.75%

1. *Net income (loss) is significantly impacted by the results of non-cash fair value adjustments on assets and liabilities carried at fair value. Management believes that FFO is a better measure of operating performance and that AFFO is a better measure of cash flows.*
2. *Annualized distribution yield is calculated as the annualized distribution rate divided by the period-end closing price.*
3. *Distributions from August 2021 to January 2024 were paid out at $0.04 per unit per month from August 2021 to January 2024. Distributions were suspended in February 2024.*
4. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
5. *Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

Off Balance Sheet Arrangements, Contractual Obligations, Business Environment & Risks, Related Party Transactions, Critical Accounting Estimates, Changes in Accounting Policies

We have adopted the following amendment on January 1, 2024.

IAS 1, Presentation of financial statements was amended to clarify how to classify debt and other liabilities as either current or non-current. The definition of settlement has been changed to clarify that settlement of a liability includes any kind of settlement, whether in cash, other assets or in the entity's own equity. The amendment to IAS 1 is effective for annual periods beginning on or after January 1, 2024 and impacts the classification of the Class B LP Units and convertible debentures in the consolidated statement of financial position. The Class B LP Units and convertible debentures are convertible into trust units at the option of the holder and are required to be presented as current liabilities in accordance with the amendment to IAS 1. The amendment has been applied retrospectively with restatement and has resulted in the Class B LP Units of $66,919 as at December 31, 2023 and $89,172 as at January 1, 2023 that were previously included in non-current liabilities being reclassified to current liabilities. The convertible debenture of $44,056 as at January 1, 2023 that was previously included in non-current liabilities, has also been reclassified to current liabilities.

Internal Control over Financial Reporting and Disclosure Controls

The Chief Executive Officer and the Chief Financial Officer have evaluated whether there were material changes to internal control over financial reporting during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

There has been no change in the REIT's disclosure controls and procedures of internal control over financial reporting during the year ended December 31, 2023, that materially affected, or is reasonably likely to materially affect, the REIT's internal control over financial reporting.

Notwithstanding the foregoing, no assurance can be made that the REIT's controls over disclosure and financial reporting and related procedures will detect or prevent all failures of people to disclose material information otherwise required to be set forth in the REIT's reports

Declaration of Trust

The investment guidelines and operating policies of the REIT are outlined in the Amended and Restated DOT dated May 1, 2013. A copy of the DOT is filed on SEDAR+ at www.sedarplus.ca and is available on request to all unitholders. At May 8, 2024, the REIT was in compliance with all investment guidelines and operating policies stipulated in the DOT.

Non-GAAP and Non-Standard Measures

The REIT's financial statements are prepared in accordance with IFRS Accounting Standards. Throughout this MD&A, we refer to terms known as non-GAAP financial performance measures that are not specifically defined in the CPA Canada Handbook or in IFRS Accounting Standards. These non-standard measures may not be comparable to similar measures presented by other companies. We use REALpac definitions for FFO, ACFO and AFFO.

We believe that these non-standard measures are useful in assisting investors in understanding components of our financial results.

The non-standard terms that we refer to in this MD&A are defined below and are cross referenced, as applicable, to a reconciliation contained within this MD&A to the most comparable IFRS Accounting Standards measure.

Calculations

We use the following calculations in measuring our performance.

Operating margin: is calculated as net rental income divided by rental revenue.

Net operating income (NOI): NOI is a non-GAAP financial measure and is defined as rental revenue, adjusted for amortization of tenant incentives and straight-line rent adjustments, less direct operating expenses as presented in the statement of income and comprehensive income. A reconciliation of NOI to the most comparable IFRS measure, net income, is as follows:

($000s)	Three months ended March 31 2024	2023	△%
Net income for the period	**10,352**	3,656	
Net finance costs	**5,139**	7,520	
Fair value adjustment on Class B LP Units	**(14,996)**	(2,903)	
Fair value adjustment on investment properties	**9,056**	1,586	
General and administrative expenses	**1,020**	779	
Amortization of tenant incentives	**959**	1,058	
Straight-line rent adjustment	**131**	(174)	
NOI	**11,661**	11,522	1.2

Further discussion on NOI can be found under the Consolidated Revenue & Net Operating Income section of the MD&A.

Same-asset NOI: Same-asset NOI is a non-GAAP financial measure that compares the NOI on assets that have been owned for the entire current and comparative period and are classified for continuing use. Further discussion over same-asset NOI can be found in the Consolidated Revenue & Net Operating Income section of the MD&A.

Funds from operations (FFO): FFO is a non-GAAP financial measure and is defined as net income in accordance with IFRS, excluding: (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments, interest expense and other effects of redeemable units classified as liabilities; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; and (vi) fair value adjustment on derivative instrument, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties. Further discussion over FFO, including a reconciliation from net income, can be found in the Funds from Operations, Adjusted Funds from Operations & Adjusted Cash Flow from Operations section of the MD&A.

FFO per unit: FFO per unit is a non-GAAP ratio and is defined as FFO divided by weighted average trust units and weighted average Class B LP Units outstanding. Dilutive FFO includes the effect of the convertible debentures to the extent that their impact is dilutive. Further discussion over FFO per unit can be found in the Funds from Operations, Adjusted Funds from Operations & Adjusted Cash Flow from Operations section of the MD&A.

Adjusted funds from operations (AFFO): AFFO is a non-GAAP financial measure and is defined as FFO subject to certain adjustments, including: (i) adjusting for any differences resulting from recognizing property revenues on a straight-line basis; (ii) deducting a reserve for normalized maintenance capital expenditures, tenant inducements and leasing costs, as determined by us. Other adjustments may be made to AFFO as determined by the Board in its discretion. Further discussion over AFFO, including a reconciliation from net income, can be found in the Funds from Operations, Adjusted Funds from Operations & Adjusted Cash Flow from Operations section of the MD&A.

AFFO per unit: AFFO per unit is a non-GAAP ratio and is defined as AFFO divided by weighted average trust units and weighted average Class B LP Units outstanding. Further discussion over AFFO per unit can be found in the Funds from Operations, Adjusted Funds from Operations & Adjusted Cash Flow from Operations section of the MD&A.

Adjusted cash flows from operations (ACFO): ACFO is a non-GAAP financial measure and is defined as cash flows from operations subject to certain adjustments, including: (i) fair value adjustments and other effects of redeemable units classified as liabilities; (ii) payments of tenant incentives and direct leasing costs; (iii) changes in operating assets and liabilities which are not indicative of sustainable cash available for distribution; (iv) amortization of deferred financing fees; and (v) deducting a reserve for normalized maintenance capital expenditures, tenant inducements and leasing costs, as determined by us. Other adjustments may be made to ACFO as determined by the Board in its discretion. Further discussion over ACFO, including a reconciliation from net income, can be found in the Funds from Operations, Adjusted Funds from Operations & Adjusted Cash Flow from Operations section of the MD&A.

ACFO per unit: ACFO per unit is a non-GAAP ratio and is defined as ACFO divided by weighted average trust units and weighted average Class B LP Units outstanding. Further discussion over ACFO per unit can be found in the Funds from Operations, Adjusted Funds from Operations & Adjusted Cash Flow from Operations section of the MD&A.

FFO, AFFO and ACFO Payout ratio: FFO, AFFO and ACFO payout ratios are non-GAAP ratio and is calculated as per unit distributions divided by basic per unit FFO, AFFO and ACFO. Further discussion over FFO per unit can be found in the Funds from Operations, Adjusted Funds from Operations & Adjusted Cash Flow from Operations section of the MD&A.

Finance costs coverage ratio: Finance costs coverage ratio is a non-GAAP ratio and is calculated as FFO plus finance costs for the period divided by finance costs expensed during the period excluding distributions on Class B LP Units and fair value adjustment on derivative instruments. Further discussion over finance costs coverage ratio, including a calculation, can be found in the Liquidity & Capital Resources section of the MD&A.

Debt service coverage ratio: Debt service coverage ratio is a non-GAAP ratio and is calculated as FFO for the period divided by principal repayments on mortgages payable and Class C LP Units made during the period. Further discussion over debt service coverage ratio, including a calculation, can be found in the Liquidity & Capital Resources section of the MD&A.

Debt to Gross Book Value: Debt to GBV is a non-GAAP ratio and is calculated as the sum of total amount drawn on revolving credit facility, mortgages payable, Class C LP Units, excluding unamortized fair value adjustment on Class C LP Units, liability held for sale (as applicable) and convertible debenture, excluding unamortized discount and transaction costs divided by GBV. GBV is calculated as the total assets acquired in the Initial Properties, subsequent asset purchases and development costs less dispositions. Further discussion over debt to GBV, including a calculation, can be found in the Liquidity & Capital Resources section of the MD&A.

Income before fair value adjustment and taxes: Income before fair value adjustment and income taxes is a non-GAAP financial measure and is calculated as net income excluding fair value adjustments for Class B LP Units, investment properties and derivative instruments.

	Three months ended March 31		
($000s)	**2024**	2023	△%
Net income for the period	**10,352**	3,656	
Fair value adjustment on Class B LP Units	**(14,996)**	(2,903)	
Fair value adjustment on investment properties	**9,056**	1,586	
Fair value adjustment on derivative instruments	**(620)**	676	
Income before fair value adjustment and taxes	**3,792**	3,015	25.8

Fair value of investment properties: Fair value of investment properties in the Property Profile and Regional Analysis sections of the MD&A is a supplementary financial measure and is calculated as the sum of the balance sheet balances for investment properties, assets held for sale, and other assets (TI's and SLR).