



Real Estate Potential. *Realized.*

MORGUARD REAL ESTATE
INVESTMENT TRUST

DECEMBER 31, 2024

CONSOLIDATED
FINANCIAL STATEMENTS

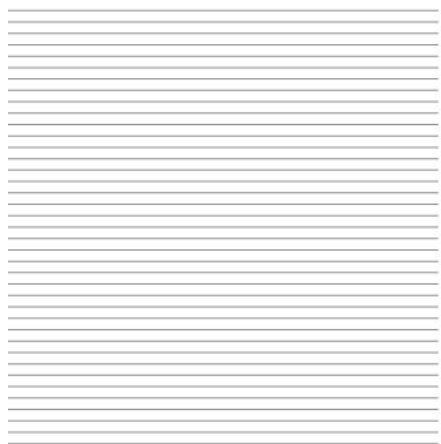


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MANAGEMENT'S REPORT TO UNITHOLDERS

The consolidated financial statements of Morguard Real Estate Investment Trust (the "Trust") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management is responsible for the information in these consolidated financial statements and other sections of this annual report.

Management maintains a system of internal controls to provide reasonable assurance that the Trust's assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information. Where necessary, management uses its judgment to make estimates required to ensure fair and consistent presentation of this information. Management recognizes its responsibility for conducting the Trust's affairs in compliance with applicable laws and proper standards of conduct.

As at December 31, 2024, the Chief Executive Officer and Chief Financial Officer evaluated, or caused the evaluation of under their direct supervision, the disclosure controls and procedures and the internal controls over financial reporting (as defined in Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings") and, based on that assessment, determined that the disclosure controls and procedures were designed and operating effectively and the internal controls over financial reporting were designed and operating effectively.

The Audit Committee of the Board of Trustees (the "Trustees") of the Trust, consisting solely of independent directors, has reviewed the consolidated financial statements, the report to unitholders of the external auditors, Ernst & Young LLP, and the management's discussion and analysis with management and recommended its approval to the Trustees. The Trustees have approved the consolidated financial statements.

Ernst & Young LLP, as independent auditors, have conducted the audits in accordance with Canadian generally accepted auditing standards and have had full access to the Audit Committee, with and without management being present.

(Signed) "K. Rai Sahi"

(Signed) "Andrew Tamlin"

**K. Rai Sahi,
Chief Executive Officer**

**Andrew Tamlin,
Chief Financial Officer**

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MORGUARD REAL ESTATE INVESTMENT TRUST

OPINION

We have audited the consolidated financial statements of Morguard Real Estate Investment Trust and its subsidiaries (the "Trust"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of unitholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

VALUATION OF REAL ESTATE PROPERTIES

Key Audit Matter

The Trust's real estate properties portfolio comprises income-producing properties, properties under development and held for development with a fair value of \$2.2 billion, which represents 98.9% of total assets for the year ended December 31, 2024.

Fair value of real estate properties is based on external and internal valuations, carried out by third party and certified staff appraisers respectively, using recognized valuation techniques. The valuation methodology for these real estate properties is primarily based on an income approach, utilizing the direct capitalization method and the discounted cash flow method. Recent real estate transactions with characteristics and locations similar to the Trust's assets are also considered when developing the valuations.

Note 2 of the consolidated financial statements describes the accounting policy for real estate properties, including the valuation method and valuation inputs.

Note 3 of the consolidated financial statements discloses the sensitivity of the fair value of income producing properties to a change in capitalization rates.

The valuation of the Trust's real estate properties portfolio is a key audit matter given the inherently subjective nature of significant assumptions including discount rates, capitalization rates, terminal capitalization rates, and stabilized cash flows or stabilized net operating income, as applicable, which are based on vacancy and leasing assumptions. These assumptions are influenced by property-specific characteristics including location, type and quality of the properties and tenancy agreements.

How our audit addressed the key audit matter

With the assistance of our real estate valuation specialists, we evaluated the appropriateness of the underlying valuation methodology, and performed the following audit procedures, among others:

- We assessed the competence and objectivity of management's valuation team, and any third-party appraisers engaged, by reviewing the qualifications and expertise of the individuals involved in the preparation and review of the valuations.
- We selected a sample of properties where either the fair value change from prior year or significant assumptions fell outside our expectations, based on our understanding of the geographical real estate market for the specific asset type. For this sample of real estate properties, we evaluated the significant assumptions, including discount rates, capitalization rates, terminal capitalization rates, and stabilized cash flows or stabilized net operating income, as applicable, which are based on vacancy and leasing assumptions, by comparison to the expected real estate market benchmark range for similar assets and tenancies, in similar locations. We also considered whether there were any additional asset-specific characteristics that may impact the significant assumptions utilized and that these were appropriately considered in the overall assessment of fair value.
- We assessed the accuracy of management's historical fair value estimates through comparison to transactions to dispose of interests in real estate properties completed by the Trust during the year.
- We evaluated the Trust's critical accounting policies and related disclosures in the consolidated financial statements to assess appropriateness and conformity with IFRS.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

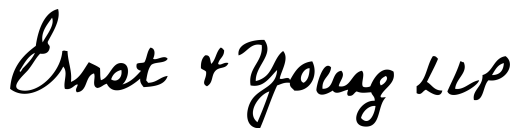
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units with the Trust as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Adam Steele.

The logo for Ernst & Young LLP is written in a black, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 12, 2025

BALANCE SHEETS

In thousands of Canadian dollars

As at December 31,	Note	2024	2023
ASSETS			
Non-current assets			
Real estate properties	3	\$2,150,073	\$2,254,642
Right-of-use asset		280	—
Equity-accounted investment	4	4,210	7,755
		2,154,563	2,262,397
Current assets			
Amounts receivable	5	8,050	9,341
Prepaid expenses and other		3,438	1,226
Cash		7,897	7,278
		19,385	17,845
Total assets		\$2,173,948	\$2,280,242
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Mortgages payable	7	\$746,230	\$680,787
Convertible debentures	8	154,106	151,898
Lease liabilities	9	16,426	16,295
Derivative liability	7	2,389	—
Accounts payable and accrued liabilities		5,799	5,981
		924,950	854,961
Current liabilities			
Mortgages payable	7	213,055	334,199
Lease liabilities	9	161	88
Accounts payable and accrued liabilities		48,476	51,072
Morguard loan payable	14(b)	35,000	—
Bank indebtedness	10	68,079	78,737
		364,771	464,096
Total liabilities		1,289,721	1,319,057
Unitholders' equity		884,227	961,185
		\$2,173,948	\$2,280,242
Commitments and contingencies	18		

See accompanying notes to the consolidated financial statements.

On behalf of the Trustees:*(Signed) "K. Rai Sahi"***K. Rai Sahi,
Chairman of the Board of Trustees***(Signed) "Bart S. Munn"***Bart S. Munn,
Lead Trustee**

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

In thousands of Canadian dollars, except per unit amounts

For the year ended December 31,	Note	2024	2023
Revenue from real estate properties	11	\$259,174	\$255,076
Property operating costs			
Property operating expenses	12(a)	(72,698)	(72,066)
Property taxes		(49,173)	(48,296)
Property management fees		(8,842)	(8,741)
Net operating income		128,461	125,973
Interest expense	13	(67,378)	(62,845)
General and administrative	12(b)	(3,748)	(3,843)
Amortization expense		(78)	(76)
Other income		20	11
Fair value losses on real estate properties	3	(114,448)	(131,765)
Net loss from equity-accounted investment	4	(1,652)	(1,900)
Net loss		(\$58,823)	(\$74,445)
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss in subsequent periods:			
Unrealized fair value loss on cash flow hedge		(2,389)	—
Comprehensive loss		(\$61,212)	(\$74,445)
NET LOSS PER UNIT			
	15(d)		
Basic		(\$0.92)	(\$1.16)
Diluted		(\$0.92)	(\$1.16)

See accompanying notes to the consolidated financial statements.

STATEMENTS OF UNITHOLDERS' EQUITY

In thousands of Canadian dollars, except number of units

	Note	Number of Units	Issue of Units	Retained Earnings	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income	Total Unitholders' Equity
Unitholders' equity, January 1, 2023		64,226,854	\$635,874	\$401,617	\$6,879	\$6,458	\$—	\$1,050,828
Net loss		—	—	(74,445)	—	—	—	(74,445)
Distributions to unitholders	15(a)	—	—	(15,198)	—	—	—	(15,198)
Issue of units – DRIP ¹	15(c)	41,047	222	(222)	—	—	—	—
Unitholders' equity, December 31, 2023		64,267,901	636,096	311,752	6,879	6,458	—	961,185
Net loss		—	—	(58,823)	—	—	—	(58,823)
Distributions to unitholders	15(a)	—	—	(15,746)	—	—	—	(15,746)
Special distribution in units	15(e)	616,180	3,408	(3,408)	—	—	—	—
Consolidation of units	15(e)	(616,180)	—	—	—	—	—	—
Issue of units – DRIP ¹	15(c)	24,172	131	(131)	—	—	—	—
Other comprehensive income		—	—	—	—	—	(2,389)	(2,389)
Unitholders' equity, December 31, 2024		64,292,073	\$639,635	\$233,644	\$6,879	\$6,458	(\$2,389)	\$884,227

1. Distribution Reinvestment Plan ("DRIP").

See accompanying notes to the consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

For the year ended December 31,	Note	2024	2023
OPERATING ACTIVITIES			
Net loss		(\$58,823)	(\$74,445)
Add items not affecting cash	16(a)	121,052	138,125
Distributions from equity-accounted investment, net	4	1,893	2,003
Additions to tenant incentives and leasing commissions		(5,516)	(10,937)
Net change in non-cash operating assets and liabilities	16(b)	(4,149)	11,573
Cash provided by operating activities		54,457	66,319
FINANCING ACTIVITIES			
Proceeds from new mortgages		290,896	286,534
Financing costs on new mortgages		(2,735)	(1,497)
Repayment of mortgages			
Repayments on maturity		(298,888)	(289,156)
Repayment due to early extinguishments		(17,030)	—
Principal instalment repayments		(29,690)	(33,345)
Payment of lease liabilities, net		(154)	(168)
Proceeds from bank indebtedness	10	79,342	67,000
Repayment of bank indebtedness	10	(90,000)	(43,885)
Proceeds from Morguard loan payable	14(b)	70,000	—
Repayment of Morguard loan payable	14(b)	(35,000)	—
Distributions to unitholders		(15,296)	(15,198)
Cash used in financing activities		(48,555)	(29,715)
INVESTING ACTIVITIES			
Capital expenditures on real estate properties		(32,206)	(25,176)
Expenditures on properties under development		(10,127)	(13,862)
Proceeds from sale of real estate properties, net	3	37,050	—
Cash used in investing activities		(5,283)	(39,038)
Net change in cash		619	(2,434)
Cash, beginning of period		7,278	9,712
Cash, end of period		\$7,897	\$7,278

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024, and 2023

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

NOTE 1

NATURE AND FORMATION OF THE TRUST

The Trust is a "closed-end" real estate investment trust governed pursuant to an amended and restated declaration of trust dated May 5, 2021 (the "Declaration of Trust"), under, and governed by, the laws of the Province of Ontario. The Trust commenced active operations on October 14, 1997. The Trust units trade on the Toronto Stock Exchange ("TSX") under the symbol "MRT.UN". The Trust owns a diverse portfolio of retail, office and industrial properties located in six Canadian provinces. The Trust's head office is located at 55 City Centre Drive, Suite 1000, Mississauga, Ontario, L5B 1M3.

The Trust has a property management agreement with Morguard Investments Limited ("MIL"), a subsidiary of Morguard Corporation ("Morguard"). Morguard is the parent company of the Trust, owning 66.0% of the outstanding units as at December 31, 2024. Morguard is a real estate company that owns a diversified portfolio of multi-suite residential, retail, hotel, office and industrial properties. Morguard also provides advisory and management services to institutional and other investors.

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved and authorized for issue by the Trustees on February 12, 2025.

Basis of Presentation

The Trust's consolidated financial statements are prepared on a going-concern basis and have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated. The consolidated financial statements are prepared on a historical cost basis, except for real estate properties and certain financial instruments that are measured at fair value. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Trust, as well as the entities that are controlled by the Trust (the "subsidiaries"). The Trust controls an entity when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition or the date on which the Trust obtains control and are deconsolidated from the date that control ceases. Intercompany transactions, balances, unrealized losses and unrealized gains on transactions between the Trust and its subsidiaries are eliminated.

Real Estate Properties

Income Producing Properties

Income producing properties include retail, office and industrial properties held to earn rental income and for capital appreciation.

Income producing property that is acquired as an asset purchase and not as a business combination is recorded initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal and other services and initial leasing commissions, of which transfer taxes and professional fees represent the majority of the costs.

Subsequent to initial recognition, income producing properties are recorded at fair value. The changes in fair value for each reporting period will be recorded in the statements of loss and comprehensive loss. In order to avoid double counting, the carrying value of income producing properties includes straight-line rent receivable, tenant improvements, tenant incentives, capital expenditures and direct leasing costs since these amounts are incorporated in the appraised values of the real estate properties. Fair value is based on external and internal valuations using recognized valuation techniques, including the direct capitalization of income and discounted cash flow methods. Recent real estate transactions with characteristics and location similar to the Trust's assets are also considered.

Tenant improvements include costs incurred to meet the Trust's lease obligations and are classified as either tenant improvements owned by the landlord or tenant incentives. When the obligation is determined to be an improvement that benefits the landlord and is owned by the landlord, the improvement is accounted for as a capital expenditure and included in the carrying amount of income producing properties on the balance sheets.

Tenant incentives are inducements given to prospective tenants to move into the Trust's properties or to existing tenants to extend the lease term. Tenant incentive receivables are included in the carrying value of real estate properties and are deducted from rental revenue on a straight-line basis over the term of the tenant's lease.

Properties Under Development

The cost of properties under development includes all expenditures incurred in connection with the acquisition, including all direct development costs, realty taxes and other costs of the building to prepare it for its productive use, the applicable portion of general and administrative expenses and borrowing costs directly attributable to the development. Borrowing costs associated with direct expenditures on properties under development or redevelopment are capitalized. Borrowing costs are also capitalized on the purchase cost of a site or property acquired specifically for redevelopment in the short term if the activities necessary to prepare the asset for development or redevelopment are in progress. The amount of borrowing costs capitalized is determined by reference to interest incurred on debt specific to the development project. Borrowing costs are capitalized from the commencement of the development until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. The Trust considers practical completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this consideration occurs upon completion of construction and receipt of all necessary occupancy and other material permits. Where the Trust has pre-leased space as at, or prior to, the start of the development and the lease requires the Trust to construct tenant improvements that enhance the value of the property, practical completion is considered to occur on completion of such improvements.

Properties under development are measured at fair value, with changes in fair value recognized in the statements of loss and comprehensive loss.

Interests in Joint Arrangements

The Trust reviews its interests in joint arrangements and accounts for those joint arrangements in which the Trust is entitled only to the net assets of the arrangement as joint ventures using the equity method of accounting, and for those joint arrangements in which the Trust is entitled to its share of the assets and liabilities as joint operations and recognizes its rights to and obligations of the assets, liabilities, revenue and expenses of the joint operation.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with remaining maturities at the time of acquisition of three months or less. There are no cash equivalents on hand as at December 31, 2024, or 2023. Bank borrowings are considered to be financing activities.

Lease Liabilities

In accordance with IFRS 16, Leases ("IFRS 16"), at the commencement date of a lease, the Trust will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Certain right-of-use assets related to land leases meet the definition of investment property under IAS 40, Investment Property; therefore, the fair value model is applied to those assets. Interest expense on the lease liability and the amortization expense or fair value gain/(loss) on the right-of-use asset, depending on the balance sheet classification of the asset, are recognized separately. The Trust applies the recognition exemptions for leases of low-value assets and short-term leases.

Right-of-use assets not meeting the definition of an investment property are measured at cost less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Trust is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The Trust measures lease liabilities at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Trust uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Trust has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the present value for the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessment of the time value of money and the risks specific to the obligation. Provisions are remeasured at each balance sheet date using the current discount rate. The increase in the provision due to passage of time is recognized as interest expense.

Revenue Recognition

Revenue from income producing properties includes rents from tenants under leases, percentage participation rents, property tax and operating cost recoveries, lease cancellation fees, leasing concessions, parking income and incidental income paid by the tenants under the terms of their existing leases.

Rental revenue, including percentage participation rents, lease cancellation fees and leasing concessions, and property tax and insurance recoveries, are considered lease components within the scope of IFRS 16. Percentage participation rents are accrued based on sales estimates submitted by tenants if the tenant anticipates attaining the minimum sales level stipulated in the tenant lease. Revenue recognition under a lease commences when a tenant has a right to use the leased asset, and revenue is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Trust expects to be entitled in exchange for those goods or services. The Trust has not transferred substantially all of the risks and benefits of ownership of its income producing properties and, therefore, accounts for leases with its tenants as operating leases. Revenue is recognized as performance obligations are satisfied over the term of the lease.

Revenue from real estate properties recorded in the statements of loss and comprehensive loss during free rent periods represents future cash receipts and is reflected in the balance sheets in the carrying value of real estate properties and recognized in the statements of loss and comprehensive loss on a straight-line basis over the initial term of the lease. The Trust accounts for stepped rents on a straight-line basis, which are reflected in the balance sheets in the carrying value of real estate properties, and recognized in the statements of loss and comprehensive loss over the initial term of the lease.

Common area maintenance ("CAM") recoveries and other ancillary income are considered non-lease components and within the scope of IFRS 15, "Revenue from Contracts with Customers". The performance obligation for CAM recoveries and other ancillary services is satisfied over time. The Trust receives variable consideration for CAM recoveries to the extent costs have been incurred, and revenue is recognized on this basis, as this is the best estimate of amounts earned over the period these services are performed. Revenue is constrained by actual costs incurred and any restrictions in the lease contracts.

Per Unit Calculation

Basic net loss per unit is calculated by dividing net loss by the weighted average number of units outstanding for the year. The dilutive effect of convertible debentures is determined by considering both the holder's option to convert these debentures into units and the issuer's option to redeem these debentures by issuing units. The diluted net loss per unit calculation considers both of these options and discloses the more dilutive of the two.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Trust has determined that its chief operating decision-maker is the Chairman and Chief Executive Officer.

Financial Instruments

Recognition and Measurement of Financial Instruments

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets subsequent to initial recognition are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Initially, all financial assets and financial liabilities are recorded in the consolidated balance sheets at fair value. After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net income for the year in which they arise. At each consolidated balance sheet date, financial assets measured at amortized cost or at FVTOCI, except for investment in equity instruments, require an impairment analysis using the expected credit loss ("ECL") model to determine the ECL using judgment determined on a probability weighting basis.

Expected Credit Loss

The Trust utilizes the simplified approach to measure expected credit losses under IFRS 9, "Financial Instruments" ("IFRS 9"), which requires the Trust to recognize a lifetime ECL allowance on all receivables at each reporting date.

Under the simplified approach, consideration is given to factors such as credit risk characteristics and days past due as well as current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are reversed in the statements of loss and comprehensive loss.

The following summarizes the Trust's classification and measurement of financial assets and liabilities:

Classification and Measurement

FINANCIAL ASSETS

Amounts receivable	Amortized cost
Cash	Amortized cost

FINANCIAL LIABILITIES

Mortgages payable	Amortized cost
Convertible debentures (excluding equity component)	Amortized cost
Morguard loan payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Derivative liability	FVTOCI
Bank indebtedness	Amortized cost

Transaction Costs

Transaction costs are incremental costs directly related to the acquisition of a financial asset or the issuance of a financial liability. Direct and indirect financing costs that are attributable to the issuance of financial liabilities are presented as a reduction from the carrying amount of the related debt and are amortized using the effective interest rate method over the term of the related debt. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to lenders, agents, brokers and advisers, and transfer taxes and duties that are incurred in connection with the arrangement of borrowings.

Fair Value

The fair value of a financial instrument is the consideration that could be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

Fair value measurements recognized in the balance sheets are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

Each type of fair value is categorized based on the lowest-level input that is significant to the fair value measurement in its entirety.

Derivatives

All derivative instruments, including embedded derivatives, are recorded in the consolidated balance sheets at fair value unless exempt from derivative treatment as a normal purchase and sale.

The Trust may enter into interest rate swaps to hedge its risk associated with interest rates. Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative. Hedge accounting is discontinued prospectively when the hedging relationship is terminated, when the instrument no longer qualifies as a hedge, or when the hedged item is sold or terminated. In cash flow hedging relationships, the portion of the change in the fair value of the hedging derivative that is considered to be effective is recognized in other comprehensive income ("OCI"), while the portion considered to be ineffective is recognized in net income/(loss). Unrealized hedging gains and losses in accumulated other comprehensive income/(loss) are reclassified to net income/(loss) in the periods when the hedged item affects net income/(loss). Gains and losses on derivatives are immediately reclassified to net income/(loss) when the hedged item is sold or terminated.

For those derivative instruments to which the Trust has applied hedge accounting, the change in fair value for the effective portion of the derivative is recorded in OCI from the date of designation. The fair value of derivative instruments is determined using present value forward pricing and swap calculations at interest rates that reflect current market conditions, and considers the credit quality of counterparties, interest rate curves and forward rate curves.

Refer to Note 7 for information on the Trust's derivative instrument.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments that have been made in applying the Trust's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

Real Estate Properties

The Trust's accounting policies relating to real estate properties are described above. In applying these policies, judgment has been applied in determining whether certain costs are additions to the carrying amount of the property, distinguishing between tenant incentives and tenant improvements and, for properties under development, identifying the point at which practical completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property. Judgment is also applied in determining the extent and frequency of independent appraisals. The key assumptions are further described in Note 3.

Leases

The Trust makes judgments in determining whether certain leases, in particular those leases with long contractual terms where the lessee is the sole tenant in a property, are operating or finance leases. The Trust has determined that all of its tenant leases are operating leases.

Critical Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods.

Significant assumptions are used in the assessment of fair value, which ultimately impacts the underlying valuation of the Trust's real estate properties and equity-accounted investment. These include estimates of future operating cash flows, the time period over which they will occur, appropriate discount and capitalization rates and stabilized net operating income (which is primarily influenced by revenue growth, vacancy rates, inflation rates and operating costs).

In determining estimates of fair market value for its real estate assets, the assumptions underlying estimated values are limited by the availability of comparable data and the uncertainty of predictions concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

Current Accounting Policy Changes

Amendments to IAS 1 — Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments to IAS 1 are effective for reporting periods beginning on or after January 1, 2024 and did not have a material impact on the Trust's consolidated financial statements.

Amendments to IAS 1 — Non-Current Liabilities with Covenants

The amendments aim to improve the information companies provide about long-term debt with covenants. The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

The amendments to IAS 1 are effective for reporting periods beginning on or after January 1, 2024, and did not have a material impact on the Trust's consolidated financial statements.

Future Accounting Policy Changes

IFRS 18 — Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued IFRS 18 that will replace IAS 1 — Presentation of Financial Statements. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 introduces the following:

- Defined subtotals and categories in the statement of profit or loss.
- Requirements to improve aggregation and disaggregation.
- Disclosures about management-defined performance measures in the notes to the financial statements.
- Targeted improvements to the statement of cash flows by amending IAS 7 — Statement of Cash Flows.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The standard is applied retrospectively, with specific transition provisions, and early adoption is permitted.

The Trust is currently assessing the impact this new standard will have on its consolidated financial statements.

EIFEL Rules

On May 28, 2024, amended Canadian Bill C-59, *Fall Economic Statement Implementation Act, 2023*, became substantively enacted for financial reporting purposes. Bill C-59 implements the majority of the remaining income tax measures from the 2023 federal budget, as well as certain measures from the 2023 fall economic statement. Most notably, Bill C-59 contains the excessive interest and financing expenses limitation rules ("EIFEL Rules").

The EIFEL Rules, which became effective for the 2024 fiscal year, limit the amount of net interest and financing expenses that a trust may deduct in computing taxable income to a fixed ratio (currently set at 30% of the EBITDA as calculated for tax purposes) or, where certain conditions are met and a consolidated group elects, a higher group ratio. Based on an assessment for the year ended December 31, 2024, the impact of the Trust's limitation of deductibility of interest expenses was not significant.

On August 12, 2024, the Department of Finance released revised draft legislation that includes previously announced business tax measures, among others, related to an EIFEL exemption for purpose-built rental housing providers and certain regulated utility providers. On January 6, 2025, it was announced that Parliament will be prorogued until March 24, 2025. The Trust will continue to monitor the developments of the measures to assess the full implications of the EIFEL Rules.

NOTE 3

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at December 31,	2024	2023
Income producing properties	\$2,062,060	\$2,169,663
Properties under development	19,908	16,460
Held for development	68,105	68,519
	\$2,150,073	\$2,254,642

Reconciliations of the carrying amounts for real estate properties at the beginning and end of the current and comparable financial periods are set out below:

	Income Producing Properties	Properties Under Development	Held for Development	Total Real Estate Properties
Balance as at December 31, 2022	\$2,260,657	\$25,948	\$51,200	\$2,337,805
Additions:				
Capital expenditures/capitalized costs	16,822	13,862	—	30,684
Tenant improvements, tenant incentives and commissions	19,291	—	—	19,291
Transfers	23,350	(23,350)	—	—
Fair value (losses)/gains	(149,084)	—	17,319	(131,765)
Other changes	(1,373)	—	—	(1,373)
Balance as at December 31, 2023	2,169,663	16,460	68,519	2,254,642
Additions:				
Capital expenditures/capitalized costs	23,243	10,127	—	33,370
Tenant improvements, tenant incentives and commissions	14,479	—	—	14,479
Transfers	6,679	(6,679)	—	—
Disposition	(37,050)	—	—	(37,050)
Fair value losses	(114,034)	—	(414)	(114,448)
Other changes	(920)	—	—	(920)
Balance as at December 31, 2024	\$2,062,060	\$19,908	\$68,105	\$2,150,073

APPRAISAL CAPITALIZATION AND DISCOUNT RATES

Morguard's subsidiary has a valuation team that consists of Appraisal Institute of Canada ("AIC") designated Accredited Appraiser Canadian Institute ("AACI") members who are qualified to offer valuation and consulting services and expertise for all types of real property, all of whom are knowledgeable and have recent experience in the fair value techniques for investment properties. AACI-designated members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice and undertake ongoing professional development. Morguard's appraisal division is responsible for determining the fair value of investment properties every quarter. The team reports to a senior executive, and the internal valuation team's valuation processes and results are reviewed by senior management at least once every quarter, in line with the Trust's quarterly reporting dates.

Generally, the Trust's real estate properties are appraised using a number of approaches, depending on the asset, that would typically include a discounted cash flow analysis, a direct capitalization approach and a direct comparison approach.

The primary method of valuation used by the Trust is discounted cash flow analysis. This approach involves determining the fair value of each income producing property based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflows pertaining to the respective leases. Fair values are primarily determined by discounting the expected future cash flows, generally over a term of 10 years and include a terminal

value based on the application of a capitalization rate to estimated year 11 net operating income. Discount and capitalization rates are estimated using market surveys, available appraisals and market comparables.

The direct comparison approach compares a subject property's characteristics with those of comparable properties that have recently been sold. The Trust has a retail property in British Columbia where the highest and best use is a redevelopment to mixed residential and commercial use. Since the value of the property is in the underlying land with minimal holding income, it has been valued using the direct comparison approach.

Under the direct capitalization approach, capitalization rates are applied to the estimated stabilized net operating income of the properties. Estimated stabilized net operating income is based on projected rental revenue and property operating costs adjusted for such items as vacancy loss. The direct capitalization approach is typically used to corroborate the discounted cash flow analysis.

The stabilized capitalization rates in the following table exclude the property valued using the comparable sales method, as well as one property with expected variable income which did not have its discounted cash flow analysis corroborated using the direct capitalization approach.

Using the direct capitalization income approach to corroborate the discounted cash flow method, the properties were valued using capitalization rates in the range of 5.0% to 9.5% applied to a stabilized net operating income (2023 – 4.8% to 9.0%), resulting in an overall weighted average capitalization rate of 7.31% (2023 – 7.14%).

The stabilized capitalization rates by business segments are set out in the following table:

	December 31, 2024					December 31, 2023				
	Stabilized Occupancy		Capitalization Rates			Stabilized Occupancy		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Retail	97.0%	90.0%	8.3%	5.0%	7.4%	97.0%	90.0%	8.0%	5.0%	7.5%
Office	100.0%	85.0%	9.5%	5.3%	7.4%	100.0%	85.0%	9.0%	4.7%	6.8%
Industrial	100.0%	95.0%	5.5%	5.3%	5.4%	100.0%	95.0%	5.5%	5.3%	5.5%

The table below provides further details of the discount rates and terminal cap rates used in the discounted cash flow method by business segments:

	December 31, 2024			December 31, 2023		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
RETAIL						
Discount rate	9.3%	5.8%	7.7%	9.0%	5.8%	7.6%
Terminal cap rate	8.3%	5.3%	6.9%	8.0%	5.0%	6.8%
OFFICE						
Discount rate	10.0%	6.3%	7.4%	9.5%	5.8%	7.0%
Terminal cap rate	9.5%	5.3%	6.6%	8.5%	4.8%	6.2%
INDUSTRIAL						
Discount rate	6.5%	6.0%	6.2%	6.5%	6.0%	6.2%
Terminal cap rate	5.8%	5.5%	5.5%	5.8%	5.5%	5.5%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in net operating income, with a lower capitalization rate resulting in a greater impact to the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points, the value of the income producing properties as at December 31, 2024, would decrease by \$65,213 or increase by \$69,863, respectively.

The sensitivity of the fair values of the Trust's income producing properties is set out in the table below:

For the year ended December 31, 2024

Change in capitalization rate	0.25%	(0.25%)
Retail	(\$35,279)	\$37,749
Office	(26,761)	28,633
Industrial	(3,173)	3,481
	(\$65,213)	\$69,863

Disposition

On May 29, 2024, the Trust sold a retail strip centre, located at 5-284 Heritage Gate SE, Calgary, Alberta, for \$37,050 net of costs. The Trust repaid the mortgage payable secured by this property in the amount of \$17,030.

NOTE 4

EQUITY-ACCOUNTED INVESTMENT

On December 22, 2011, the Trust and a major Canadian pension fund each acquired a 50% interest in a limited partnership that owns and operates a 304,000 square foot Class A office complex located in downtown Edmonton, Alberta. The Trust has joint control over the limited partnership and accounts for its investment using the equity method.

As at December 31,	2024	2023
Balance, beginning of period	\$7,755	\$11,658
Equity loss	(1,652)	(1,900)
Distributions to partners, net	(1,893)	(2,003)
Balance, end of period	\$4,210	\$7,755

The following details the Trust's share of the limited partnership's aggregated assets, liabilities and results of operations accounted for under the equity method:

As at December 31,	2024	2023
Real estate property	\$30,050	\$33,000
Current assets	938	1,107
Total assets	30,988	34,107
Non-current liabilities	(3)	(3)
Current liabilities	(26,775)	(26,349)
Net equity	\$4,210	\$7,755

For the year ended December 31,	2024	2023
Revenue from real estate property	\$5,308	\$5,365
Property operating expenses	(2,126)	(2,242)
Net operating income	3,182	3,123
Interest and other expenses	(1,409)	(1,355)
Fair value losses on real estate property	(3,425)	(3,668)
Net loss	(\$1,652)	(\$1,900)

The real estate property included above in the Trust's equity-accounted investment is appraised using a number of approaches that typically include a discounted cash flow analysis, a direct capitalization approach and a direct comparison approach. As at December 31, 2024, the property was valued using a discount rate of 8.8% (2023 – 8.3%), a terminal cap rate of 8.0% (2023 – 7.3%) and a stabilized cap rate of 7.8% (2023 – 7.3%). The stabilized annual net operating income as at December 31, 2024, was \$3,051 (2023 – \$3,329).

NOTE 5

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at December 31,	2024	2023
Tenant receivables	\$2,892	\$4,208
Unbilled other tenant receivables	3,264	3,593
Receivables from related parties	173	373
Other	3,030	2,892
Allowance for expected credit loss	(1,309)	(1,725)
	\$8,050	\$9,341

NOTE 6

CO-OWNERSHIP INTERESTS

The Trust is a co-owner in several properties, listed below, which are subject to joint control based on the Trust's decision-making authority with regard to the relevant activities of the properties. These co-ownerships have been classified as joint operations and, accordingly, the Trust recognizes its rights to and obligations for the assets, liabilities, revenue and expenses of these co-ownerships in the respective lines in the consolidated financial statements.

Jointly Controlled Operations	Location	Property Type	Trust's Ownership Share	
			2024	2023
505 Third Street	Calgary, AB	Office	50%	50%
Rice Howard Place	Edmonton, AB	Office	20%	20%
Prairie Mall	Grande Prairie, AB	Retail	50%	50%
Heritage Place	Ottawa, ON	Office	50%	50%
Standard Life Centre	Ottawa, ON	Office	50%	50%
77 Bloor	Toronto, ON	Office	50%	50%
Woodbridge Square	Woodbridge, ON	Retail	50%	50%
Place Innovation	Saint-Laurent, QC	Office	50%	50%

The following amounts, included in these consolidated financial statements, represent the Trust's proportionate share of the assets and liabilities of its co-ownerships as at December 31, 2024, and 2023, and the results of operations for the years ended December 31, 2024, and 2023:

As at December 31,	2024	2023
Assets	\$366,479	\$379,898
Liabilities	\$210,862	\$216,785
<hr/>		
For the year ended December 31,	2024	2023
Revenue	\$46,888	\$46,607
Expenses	(33,632)	(32,648)
Income before fair value adjustments	13,256	13,959
Fair value losses on real estate properties	(20,781)	(47,769)
Net loss	(\$7,525)	(\$33,810)

NOTE 7

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at December 31,	2024	2023
Mortgages payable before deferred financing costs	\$963,022	\$1,017,734
Deferred financing costs	(3,737)	(2,748)
Mortgages payable	\$959,285	\$1,014,986
<hr/>		
Mortgages payable – non-current	\$746,230	\$680,787
Mortgages payable – current	213,055	334,199
Mortgages payable	\$959,285	\$1,014,986
Range of interest rates	2.7% to 7.8%	2.7% to 7.9%
Weighted average fixed interest rate	4.7%	4.3%
Weighted average interest rate on all mortgages	4.8%	4.9%
Weighted average term to maturity (years)	3.0	3.1

The mortgages payable above include floating-rate mortgages. As at December 31, 2024, these mortgages total \$87,885 (2023 – \$165,161), excluding hedged debt.

The aggregate principal repayments and balances maturing on the mortgages payable as at December 31, 2024, together with the weighted average contractual rate on debt maturing in the year indicated, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Rate on Balance Maturing
2025	\$32,548	\$184,876	\$217,424	4.7%
2026	28,722	178,467	207,189	4.8%
2027	12,959	194,170	207,129	5.7%
2028	11,156	39,570	50,726	5.3%
2029	8,845	101,682	110,527	5.6%
Thereafter	18,986	151,041	170,027	3.5%
	\$113,216	\$849,806	\$963,022	4.8%

Substantially all of the Trust's real estate properties and related rental revenue have been pledged as collateral for the mortgages payable.

The Trust has various financial covenants in relation to various outstanding debt instruments and facilities, including debt to asset and debt service coverage ratios. As at December 31, 2024, and 2023, the Trust was in compliance with those covenants.

On June 25, 2024, the Trust completed a \$75,000 variable-rate first mortgage loan agreement secured by a property in Prince George, British Columbia. On July 2, 2024, the Trust completed an interest rate swap with a notional amount of \$75,000 whereby the Trust pays a fixed rate of interest of 5.82% and receives interest at a variable rate equal to the Canadian Overnight Repo Rate Average plus 2.15% on the notional amount. The Trust designated this interest rate swap as a cash flow hedge and applied hedge accounting. The objective of the interest rate swap is to eliminate the variability of cash flows on the variable-rate mortgage stemming from fluctuations in market interest rates.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the variable-rate mortgage loan (i.e., notional amount, maturity date, payment and reset dates). The Trust has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Trust uses a hypothetical derivative method and compares changes in the fair value of the hedging instrument against changes in the fair value of the hedged item attributable to the hedged risk.

Hedge ineffectiveness can arise from:

- Different interest rate curves applied to discount the hedged item and the hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and the hedged item

As at December 31, 2024, the derivative liability was \$2,389 (2023 – \$nil). The maturity date of the interest rate swap coincides with the mortgage payable maturity on June 3, 2029.

NOTE 8

CONVERTIBLE DEBENTURES

Debentures

On December 7, 2021, the Trust issued \$159,000 principal amount of 5.25% convertible unsecured subordinated debentures ("Convertible Debentures") maturing on December 31, 2026 (the "Maturity Date"). As at December 31, 2024, Morguard held a total of \$60,000 principal amount of the Convertible Debentures (2023 – \$60,000).

Interest is payable semi-annually, not in advance, on June 30 and December 31 of each year.

The Convertible Debentures, with the exception of the value assigned to the holders' conversion option, have been recorded as debt on the balance sheets. The following table summarizes the allocation of the principal amount and related issue costs of the Convertible Debentures at the date of original issue. The portion of issue costs attributable to the liability of \$4,026 was capitalized and will be amortized over the term to maturity, while the remaining amount of \$187 was charged to equity.

	Liability	Equity	Principal Amount Issued
Transaction date – December 7, 2021	\$151,934	\$7,066	\$159,000
Issue costs	(4,026)	(187)	(4,213)
	\$147,908	\$6,879	\$154,787

Each Convertible Debenture is convertible into freely tradable units of the Trust at the option of the holder, exercisable at any time prior to the close of business on the last business day preceding the Maturity Date at a conversion price of \$7.80 per unit, being a rate of approximately 128.2 units per thousand principal amount of Convertible Debentures, subject to adjustment.

The Convertible Debentures payable consist of the following:

As at December 31,	2024	2023
Convertible debentures – liability	\$151,934	\$151,934
Convertible debentures – accretion	3,949	2,542
Convertible debentures before issue costs	155,883	154,476
Issue costs	(1,777)	(2,578)
Convertible debentures	\$154,106	\$151,898

Remaining interest and principal payments on the Convertible Debentures are as follows:

	Interest	Principal	Total
2025	\$8,348	\$—	\$8,348
2026	8,348	159,000	167,348
	\$16,696	\$159,000	\$175,696

Redemption Rights

Each Convertible Debenture is redeemable at any time from January 1, 2025, to the close of business on December 31, 2025, in whole or in part, on at least 30 days' prior notice at a redemption price equal to par plus accrued and unpaid interest at the Trust's sole option, provided that the weighted average trading price of the units on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which the notice of redemption is given is not less than 125% of the conversion price.

From January 1, 2026, to the close of business on December 31, 2026, the Convertible Debentures are redeemable, in whole or in part, at par plus accrued and unpaid interest at the Trust's sole option.

Payment Upon Redemption or Maturity

As part of the above redemption options, or at maturity, the Trust may satisfy its obligation to repay the principal amounts of the Convertible Debentures, in whole or in part, by delivering units of the Trust. In the event that the Trust elects to satisfy its obligation to repay principal with units of the Trust, the number of units issued is obtained by dividing the principal amount of the Convertible Debentures by 95% of the weighted average trading price of the units on the TSX for the 20 consecutive trading days ending five trading days prior to the date fixed for redemption or the Maturity Date, as applicable.

Interest Payment Election

The Trust may elect, subject to applicable regulatory approval, to issue and deliver units of the Trust to the Debenture Trustee in order to raise funds to pay interest on the Convertible Debentures, in which event the holders of the Convertible Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such units.

NOTE 9

LEASE LIABILITIES

The following table presents the change in the balance of the Trust's lease liabilities:

As at December 31,	2024	2023
Balance, beginning of period	\$16,383	\$16,551
Additions	358	—
Lease payments	(1,197)	(1,192)
Interest	1,043	1,024
Balance, end of period	\$16,587	\$16,383
Current	\$161	\$88
Non-current	16,426	16,295
	\$16,587	\$16,383
Weighted average borrowing rate	6.2%	6.2%

NOTE 10

BANK INDEBTEDNESS

The Trust has operating lines of credit totalling \$101,350 (2023 – \$102,500), which renew annually and are secured by fixed charges on specific properties owned by the Trust. One of these lines is subject to cash flow tests based on the operating results of the secured properties along with prevailing bond yields. As at December 31, 2024, there is a maximum of \$101,350 available (2023 – \$98,500).

As at December 31, 2024, the Trust had borrowed \$68,079 (2023 – \$78,737) on its credit facilities and issued letters of credit in the amount of \$577 (2023 – \$967) related to these facilities. The net availability remaining on the Trust's credit facilities is \$32,694 (2023 – \$18,796).

The bank credit agreements include certain restrictive covenants and undertakings by the Trust. As at December 31, 2024, and 2023, the Trust was in compliance with all covenants and undertakings. As the bank indebtedness is current and at prevailing market rates, the carrying value of the debt as at December 31, 2024, approximates fair value.

NOTE 11

REVENUE FROM REAL ESTATE PROPERTIES

Revenue from real estate properties consists of the following:

For the year ended December 31, 2024	Retail	Office	Industrial	Total
Rental revenue	\$92,589	\$62,435	\$2,896	\$157,920
CAM recoveries	21,679	29,704	984	52,367
Property tax and insurance recoveries	22,665	15,496	602	38,763
Other revenue and lease cancellation fees	3,337	2,084	3	5,424
Parking revenue	11	5,609	—	5,620
Amortized rents	628	(1,717)	169	(920)
	\$140,909	\$113,611	\$4,654	\$259,174

For the year ended December 31, 2023	Retail	Office	Industrial	Total
Rental revenue	\$90,831	\$61,812	\$2,101	\$154,744
CAM recoveries	21,552	28,289	818	50,659
Property tax and insurance recoveries	24,676	15,299	556	40,531
Other revenue and lease cancellation fees	2,852	2,237	13	5,102
Parking revenue	(1)	5,414	—	5,413
Amortized rents	(136)	(1,340)	103	(1,373)
	\$139,774	\$111,711	\$3,591	\$255,076

Common area maintenance ("CAM") recoveries and other revenue and lease cancellation fees noted in the above table are considered to be a component of revenue from contracts with customers.

NOTE 12

EXPENSES

(a) Property Operating Expenses

Property operating expenses consist of the following:

For the year ended December 31,	2024	2023
Repairs and maintenance	\$31,929	\$30,416
Utilities	15,906	17,521
Other operating expenses	24,863	24,129
	\$72,698	\$72,066

(b) General and Administrative

General and administrative expenses consist of the following:

For the year ended December 31,	2024	2023
Trustees' fees and expenses	\$232	\$231
Professional and compliance fees	1,293	1,273
Payroll and other administrative expenses	2,223	2,339
	\$3,748	\$3,843

NOTE 13

INTEREST EXPENSE

The components of interest expense are as follows:

For the year ended December 31,	2024	2023
Mortgages payable	\$48,074	\$47,421
Amortization of deferred financing costs – mortgages	1,746	948
Convertible debentures	8,348	8,348
Accretion on convertible debentures, net	1,407	1,314
Amortization of deferred financing costs – convertible debentures	801	749
Lease liabilities	1,043	1,024
Bank indebtedness	2,235	4,146
Morguard loan payable and other	4,188	50
Capitalized interest	(464)	(1,155)
	\$67,378	\$62,845

NOTE 14

RELATED PARTY TRANSACTIONS

Related party transactions are summarized as follows:

(a) Agreement with Morguard Investments Limited

Under the property management agreement, the Trust pays MIL fees for property management services, capital expenditure administration, information system support activities and risk management administration. Property management fees average approximately 3.3% of gross revenue from the income producing properties owned by the Trust. The management agreement is renewed annually to ensure fees paid reflect fair value for the services provided. Under the leasing services arrangement, the Trust may, at its option, use MIL for leasing services. Leasing fees range from 2% to 6% of the total minimum rent of new leases. Fees for the renewal of a lease are half of the fees for a new lease. Leasing services include lease documentation.

The Trust has employed the services of MIL for both the acquisition and disposition of properties on a case-by-case basis. Fees are generally based on the sale price of the properties and are capitalized in the case of an asset acquisition. MIL is a tenant at three of the Trust's properties. The Trust has employed the services of MIL for the appraisal of its real estate properties as required for IFRS reporting purposes. Fees are generally based on the size and complexity of each property and are expensed as part of the Trust's professional and compliance fees.

During the period, the Trust incurred/(earned) the following:

For the year ended December 31,	2024	2023
Property management fees ¹	\$8,933	\$8,828
Appraisal/valuation fees	335	340
Information services	220	220
Leasing fees	2,885	3,599
Project administration fees	1,432	1,069
Project management fees	140	36
Risk management fees	353	325
Internal audit fees	86	74
Off-site administrative charges	1,974	1,854
Rental revenue	(207)	(192)
	\$16,151	\$16,153

1. Includes property management fees on equity-accounted investment.

The following amounts relating to MIL are included in the balance sheets:

As at December 31,	2024	2023
Amounts payable to MIL, net	\$1,327	\$1,468

(b) Revolving Loan with Morguard

The Trust has a revolving loan agreement with Morguard that provides for borrowings or advances of up to \$75,000 (2023 – \$75,000), which is interest-bearing at the entities' borrowing costs and due on demand, subject to available funds.

Morguard Loan Payable

During the year ended December 31, 2024, a gross amount of \$70,000 was advanced from Morguard, and a gross amount of \$35,000 was repaid to Morguard. As at December 31, 2024, \$35,000 remains payable to Morguard (2023 – \$nil). For the year ended December 31, 2024, the Trust incurred interest expense in the amount of \$3,888 (2023 – \$nil) at an average interest rate of 6.62% (2023 – n/a). As at December 31, 2024, the Trust has interest payable on the revolving loan with Morguard of \$164 (2023 – \$nil) included in its balance sheets.

Morguard Loan Receivable

During the year ended December 31, 2024, there were no advances or repayments. As at December 31, 2024, and 2023, there was no loan receivable from Morguard. For the years ended December 31, 2024, and 2023, the Trust did not earn interest income on loans receivable from Morguard. The interest income earned from Morguard is included with other income on the statements of loss and comprehensive loss.

(c) Other Items with Morguard (Excluding MIL)

The Trust subleases office space from Morguard. For the year ended December 31, 2024, the Trust incurred rent expense in the amount of \$209 (2023 – \$212).

Morguard is a tenant in one of the Trust's properties. For the year ended December 31, 2024, the Trust earned rental revenue in the amount of \$116 (2023 – \$115).

Morguard provided a guarantee in association with the renewal of one of the Trust's mortgages in December 2023. For the year ended December 31, 2024, the Trust incurred interest expense in the amount of \$494 (2023 – \$nil).

NOTE 15

UNITHOLDERS' EQUITY

(a) Units Outstanding

The Trust is authorized to issue an unlimited number of units. These units have no par value. The following table summarizes the changes in units from January 1, 2023 to December 31, 2024:

As at December 31,	2024	2023
Balance, beginning of period	64,267,901	64,226,854
Distribution Reinvestment Plan	24,172	41,047
Special distribution in units	616,180	—
Consolidation of units	(616,180)	—
Balance, end of period	64,292,073	64,267,901

Total distributions recorded during the year ended December 31, 2024, amounted to \$19,285 or \$0.30 per unit (2023 – \$15,420 or \$0.24 per unit). On January 15, 2025, the Trust declared a distribution in the amount of \$0.02 per unit for the month of January 2025, payable on February 14, 2025.

(b) Normal Course Issuer Bid

On February 7, 2024, the Trust announced that the TSX had accepted notice filed by the Trust of its intention to make a normal course issuer bid. The notice provided that during the 12-month period commencing February 9, 2024, and ending February 8, 2025, the Trust may purchase for cancellation on the TSX up to 3,213,395 units in total, being approximately 5% of the outstanding units. Additionally, the Trust may purchase for cancellation up to \$9,308 principal amount of the Convertible Debentures due on the Maturity Date, being 10% of the public float of outstanding Convertible Debentures. The price that the Trust would pay for any such units or debentures would be the market price at the time of acquisition.

During the year ended December 31, 2024, and 2023, the Trust did not purchase any units or debentures for cancellation.

(c) Distribution Reinvestment Plan

Under the Trust's DRIP, unitholders can elect to reinvest cash distributions into additional units at a weighted average trading price of the units on the TSX for the 20 trading days immediately preceding the applicable date of distribution. During the year ended December 31, 2024, the Trust issued 24,172 units under the DRIP (2023 – 41,047 units).

(d) Net Loss Per Unit

The following table sets forth the computation of basic and diluted net loss per unit:

For the year ended December 31,	2024	2023
Net loss – basic	(\$58,823)	(\$74,445)
Net loss – diluted	(\$58,823)	(\$74,445)
Weighted average number of units outstanding – basic	64,279	64,249
Weighted average number of units outstanding – diluted	64,279	64,249
Net loss per unit – basic	(\$0.92)	(\$1.16)
Net loss per unit – diluted	(\$0.92)	(\$1.16)

To calculate net loss – diluted, interest, accretion and the amortization of financing costs on Convertible Debentures outstanding that were expensed during the period are added back to net income/(loss) – basic. The weighted average number of units outstanding – diluted is calculated as if all Convertible Debentures outstanding as at December 31, 2024, and 2023, had been converted into units of the Trust at the beginning of the year. The calculation of net loss per unit – diluted excludes the impact of the Convertible Debentures for the year ended December 31, 2024, and 2023, as their inclusion would be anti-dilutive.

(e) Special Distribution and Consolidation

The Trust expects to distribute to its unitholders in each year an amount not less than the Trust's taxable income for the year, as calculated in accordance with the *Income Tax Act* (Canada) (the "Act"). As a result of the increase in 2024 taxable income generated primarily from the sale of Heritage Towne Centre, the Trustees declared a special distribution of \$0.06 per unit. The distribution was payable in units (\$0.053 per unit) and cash (\$0.007 per unit) to all unitholders of record as at December 31, 2024. On the 64,292,073 units outstanding as at December 31, 2024, the Trust distributed 616,180 units valued at \$3,408, and accrued \$450 at December 31, 2024, payable in cash on January 15, 2025.

Immediately following the issuance of the special distribution units, the units were consolidated such that each unitholder held the same number of units after the consolidation as each unitholder held prior to the issuance of the special distribution units.

NOTE 16**STATEMENTS OF CASH FLOWS****(a) Items Not Affecting Cash**

For the year ended December 31,	2024	2023
Fair value losses on real estate properties	\$114,448	\$131,765
Net loss from equity-accounted investment	1,652	1,900
Amortized stepped rent	694	1,070
Amortized free rent	(63)	(134)
Amortization of deferred financing costs – mortgages	1,746	948
Amortization of tenant incentives	289	437
Amortization of right-of-use asset	78	76
Amortization of deferred financing costs – convertible debentures	801	749
Accretion on convertible debentures	1,407	1,314
	\$121,052	\$138,125

(b) Net Change in Non-Cash Operating Assets and Liabilities

For the year ended December 31,	2024	2023
Amounts receivable	\$1,291	\$6,395
Prepaid expenses and other	(2,212)	(26)
Accounts payable and accrued liabilities	(3,228)	5,204
	(\$4,149)	\$11,573

(c) Supplemental Cash Flow Information

For the year ended December 31,	2024	2023
Interest paid	\$63,814	\$60,560
Issue of units – DRIP	\$131	\$222

NOTE 17**INCOME TAXES**

The Trust is a mutual fund trust pursuant to the Act. Under current tax legislation, a mutual fund trust that is not a Specified Investment Flow-Through ("SIFT") trust pursuant to the Act is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes, provided that its taxable income is fully distributed to unitholders. The Trust intends to qualify as a mutual fund trust that is not a SIFT trust and to make distributions not less than the amount necessary to ensure that the Trust will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in these consolidated financial statements.

NOTE 18**COMMITMENTS AND CONTINGENCIES****(a) Commitments**

The Trust has entered into various agreements relating to capital expenditures for its properties. These expenditures include development of new space, redevelopment or retrofit of existing space, and other capital expenditures. Should all conditions be met, as at December 31, 2024, committed capital expenditures in the next 12 months are estimated at \$7,851.

The Trust has various other contractual obligations in the normal course of operations. These contracts can generally be cancelled with 30 days' notice.

The Trust is committed to making the following annual payments under a ground lease to the year 2065 for the land upon which one of its properties is situated:

Current to February 28, 2031		\$1,105
March 1, 2031 to February 28, 2041	Fair market value of land in February 2031 multiplied by 8.5%	
March 1, 2041 to February 28, 2051	Fair market value of land in February 2041 multiplied by 8.5%	
March 1, 2051 to February 28, 2061	Fair market value of land in February 2051 multiplied by 8.5%	
March 1, 2061 to February 28, 2065	Fair market value of land in February 2061 multiplied by 8.5%	

Effective November 17, 2023, the Trust entered into a sublease agreement with Morguard expiring on November 15, 2028. The annual rent amounts to an expense of approximately \$214.

In addition to the above-mentioned contractual obligations, the Trust has entered into equipment operating leases with terms ranging to 2029. The remaining payments for the leases are as follows:

2025	\$103
2026	82
2027	69
2028	42
2029	17

(b) Contingencies

The Trust is liable contingently with respect to litigation, claims and environmental matters that arise from time to time, including those that could result in mandatory damages or other relief, which could result in significant expenditures. While the outcome of these matters cannot be predicted with certainty, in the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the financial position or results of operations of the Trust. Any expected settlement of claims in excess of amounts recorded will be charged to operations as and when such determination is made.

NOTE 19

MANAGEMENT OF CAPITAL

The Trust defines capital that it manages as the aggregate of its unitholders' equity and interest-bearing debt less interest-bearing receivables. The Trust's objective when managing capital is to ensure that the Trust will continue as a going concern so that it can sustain daily operations and provide adequate returns to its unitholders.

The Trust is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced or may not be refinanced on as favourable terms or with interest rates as favourable as those of the existing debt. The Trust mitigates these risks by its continued efforts to stagger the maturity profile of its long-term debt, enhance the value of its real estate properties and maintain high occupancy levels. The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The total managed capital for the Trust is summarized below:

As at December 31,	Note	2024	2023
Mortgages payable	7	\$959,285	\$1,014,986
Convertible debentures	8	154,106	151,898
Bank indebtedness	10	68,079	78,737
Morguard loan payable	14(b)	35,000	—
Lease liabilities	9	16,587	16,383
Unitholders' equity		884,227	961,185
		\$2,117,284	\$2,223,189

The Declaration of Trust permits the Trust to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of all indebtedness of the Trust is not more than 65% of the gross book value of the Trust's total assets as defined in the Declaration of Trust. The Declaration of Trust also permits the Trust to incur floating-rate debt, provided that the total amount of all floating-rate debt of the Trust is not more than 15% of the gross book value of the Trust's total assets.

The Trust's debt ratios compared to its borrowing limits established in the Declaration of Trust are outlined in the table below:

As at December 31,	Borrowing Limits	2024	2023
Fixed-rate debt to gross book value of total assets	N/A	47.9%	44.6%
Floating-rate debt to gross book value of total assets	15.0%	8.8%	10.7%
	65.0%	56.7%	55.3%

As at December 31, 2024, the Trust met all externally imposed ratios and minimum equity requirements.

Mortgages Payable

The Trust has mortgages payable that include financial covenants such as coverage and leverage ratios, on a property and consolidated basis, as defined in the respective agreements. These ratios are evaluated by the Trust on an ongoing basis to ensure compliance. The Trust was in compliance with each of the financial covenants as at December 31, 2024, and 2023.

Convertible Debentures

The Trust's unsecured subordinated convertible debentures have no restrictive covenants.

Bank Indebtedness

The Trust's loan agreements permit the Trust to incur indebtedness. The loan agreements are fixed amounts that renew annually and are secured by fixed charges on specific properties owned by the Trust.

NOTE 20

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Trust's financial assets and liabilities comprise cash, amounts receivable, accounts payable and accrued liabilities, bank indebtedness, Morguard loan payable, mortgages payable and convertible debentures. Fair values of financial assets and liabilities and discussion of risks associated with financial assets and liabilities are presented as follows:

Fair Value of Financial Assets and Liabilities

The fair values of cash, amounts receivable, accounts payable and accrued liabilities, bank indebtedness and Morguard loan payable approximate their carrying values due to the short-term maturities of these instruments.

(a) Mortgages Payable

Mortgages payable are carried at amortized cost using the effective interest rate method of amortization. The estimated fair values of long-term borrowings are based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Trust as at December 31, 2024.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using December 31, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at December 31, 2024, of the mortgages payable has been estimated at \$949,420 (2023 – \$980,293) compared to the carrying value before deferred financing costs of \$963,022 (2023 – \$1,017,734). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

(b) Convertible Debentures

The fair value of the Convertible Debentures is based on their market trading price (TSX: MRT.DB.A) (Level 1). The fair value as at December 31, 2024, of the Convertible Debentures has been estimated at \$159,000 (2023 – \$146,678) compared to the carrying value before deferred financing costs of \$155,883 (2023 – \$154,476).

(c) Fair Value Hierarchy of Financial Instruments and Real Estate Properties

The fair value hierarchy of income producing properties, properties under development, held for development and financial instruments measured at fair value in the balance sheets is as follows:

As at	December 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS						
Income producing properties	\$—	\$—	\$2,062,060	\$—	\$—	\$2,169,663
Properties under development	\$—	\$—	\$19,908	\$—	\$—	\$16,460
Held for development	\$—	\$—	\$68,105	\$—	\$—	\$68,519
LIABILITIES						
Derivative liabilities	\$—	\$2,389	\$—	\$—	\$—	\$—

Risks Associated with Financial Assets and Liabilities

The Trust is exposed to financial risks arising from its financial assets and liabilities. The financial risks include interest rate risk, credit risk and liquidity risk. The Trust's overall risk management program focuses on establishing policies to identify and analyze the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. The Trust aims to develop a disciplined control environment in which all employees understand their roles and obligations.

Market Risk

Market risk, the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices, comprises the following:

(i) Interest Rate Risk

The Trust is subject to the risks associated with debt financing, including the risk that mortgages and credit facilities will not be able to be refinanced on terms as favourable as those of the existing indebtedness. Interest on the Trust's bank indebtedness is subject to floating interest rates. The Trust mitigates these risks by its continued efforts to enhance the value of its real estate properties, to maintain high occupancy levels to meet its debt obligations and to foster excellent relations with its lenders. For the year ended December 31, 2024, the average increase or decrease in net loss for each 1% change in interest rates paid on floating debt amounts to \$2,161 (2023 – \$2,625).

The Trust's objective in managing interest rate risk is to minimize the volatility of the Trust's earnings. As at December 31, 2024, interest rate risk has been minimized since all long-term debt is financed at fixed interest rates with maturities scheduled over a number of years.

(ii) Credit Risk

Credit risk arises from the possibility that tenants and/or debtors may experience financial difficulty and be unable or unwilling to fulfil their lease commitments. The Trust mitigates the risk of loss by investing in well-located properties in urban markets that attract quality tenants, by ensuring that its tenant mix is diversified and by limiting its exposure to any one tenant. A tenant's success over the term of its lease and its ability to fulfil its obligations are subject to many factors. There can be no assurance that a tenant will be able to fulfil all of its existing commitments and leases up to the expiry date.

The Trust's commercial leases typically have a lease term between five and 10 years and may include clauses to enable periodic upward revision of the rental rates and contractual extensions at the option of the lessee.

Future minimum annual rental receipts on non-cancellable tenant operating leases are as follows:

As at December 31,	2024	2023
Not later than 1 year	\$123,474	\$138,616
Later than 1 year and not later than 5 years	330,630	347,585
Later than 5 years	168,931	184,338
	\$623,035	\$670,539

The objective in managing credit risk is to mitigate exposure through the use of approved policies governing the Trust's credit practices that limit transactions according to counterparties' credit quality.

The Trust utilizes the simplified approach to measure ECL under IFRS 9, which requires the Trust to recognize a lifetime ECL allowance on all receivables at each reporting date. The carrying value of amounts receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the statements of loss and comprehensive loss within property operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statements of loss and comprehensive loss.

The following table sets forth details of amounts receivable and related allowance for doubtful accounts:

As at December 31,	2024	2023
Trade receivables	\$2,892	\$4,208
Less: Allowance for doubtful accounts	(1,309)	(1,725)
Trade receivables, net	\$1,583	\$2,483

(iii) Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulties in meeting its financial obligations. The Trust will be subject to the risks associated with debt financing, including the risk that mortgages, convertible debentures and credit facilities will not be able to be refinanced. The Trust's objectives in minimizing liquidity risk are to maintain appropriate levels of leverage of its real estate assets and to stagger its debt maturity profile. The Trust's liquidity is described as follows:

As at December 31,	2024	2023
Availability of bank lines of credit	\$101,350	\$102,500
Availability of Morguard loan payable	75,000	75,000
Other deductions and adjustments	(577)	(4,967)
Bank indebtedness outstanding	(68,079)	(78,737)
Morguard loan payable outstanding	(35,000)	—
Cash	7,897	7,278
	\$80,591	\$101,074

NOTE 21

SEGMENTED INFORMATION

IFRS 8, "Operating Segments", requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision-maker for the purpose of allocating resources to the segment and assessing its performance. The Trust has applied judgment by aggregating its operating segments according to the nature of the property operations. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics. As at December 31, 2024, and 2023, the Trust has the following three reportable segments: retail, office and industrial.

Business Segments

For the year ended December 31, 2024	Retail	Office	Industrial	Total
Revenue from real estate properties	\$140,909	\$113,611	\$4,654	\$259,174
Property operating expenses	(37,541)	(34,215)	(942)	(72,698)
Property taxes	(31,346)	(17,174)	(653)	(49,173)
Property management fees	(5,038)	(3,652)	(152)	(8,842)
Net operating income	\$66,984	\$58,570	\$2,907	\$128,461

For the year ended December 31, 2023	Retail	Office	Industrial	Total
Revenue from real estate properties	\$139,774	\$111,711	\$3,591	\$255,076
Property operating expenses	(37,499)	(33,616)	(951)	(72,066)
Property taxes	(30,395)	(17,266)	(635)	(48,296)
Property management fees	(5,042)	(3,580)	(119)	(8,741)
Net operating income	\$66,838	\$57,249	\$1,886	\$125,973

	Retail	Office	Industrial	Total
As at December 31, 2024				
Real estate properties	\$1,253,783	\$814,090	\$82,200	\$2,150,073
Mortgages payable (based on collateral)	\$531,316	\$427,969	\$—	\$959,285
For the year ended December 31, 2024				
Additions to real estate properties	\$26,303	\$19,865	\$1,681	\$47,849
Fair value (losses)/gains on real estate properties	(\$36,532)	(\$78,416)	\$500	(\$114,448)

	Retail	Office	Industrial	Total
As at December 31, 2023				
Real estate properties	\$1,300,415	\$874,377	\$79,850	\$2,254,642
Mortgages payable (based on collateral)	\$562,131	\$452,855	\$—	\$1,014,986
For the year ended December 31, 2023				
Additions to real estate properties	\$28,107	\$20,115	\$1,753	\$49,975
Fair value (losses)/gains on real estate properties	(\$9,224)	(\$136,985)	\$14,444	(\$131,765)

NOTE 22

SUBSEQUENT EVENT

On February 6, 2025, the Trust announced that the TSX had accepted notice filed by the Trust of its intention to make a normal course issuer bid. The notice provided that during the 12-month period commencing February 9, 2025, and ending February 8, 2026, the Trust may purchase for cancellation on the TSX up to 3,214,634 units in total, being approximately 5% of the outstanding units. Additionally, the Trust may purchase for cancellation up to \$9,800 principal amount of the Convertible Debentures due on the Maturity Date, being 10% of the public float of outstanding Convertible Debentures. The price that the Trust would pay for any such units or debentures would be the market price at the time of acquisition.