Morguard REIT

Management's Discussion and Analysis & Consolidated Financial Statements

2025

Second Quarter Report

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SUMMARY OF OPERATIONS

In thousands of dollars, except per-unit amounts	Three Months Ended June 30, 2025	2024	Six Months Ended June 30, 2025	2024
Revenue from real estate properties	**$58,301**	$64,046	**$118,648**	$128,444
Net operating income	**25,661**	31,832	**51,361**	62,737
Fair value losses on real estate properties	**(10,683)**	(16,242)	**(31,569)**	(66,465)
Net loss	**(1,698)**	(2,226)	**(13,363)**	(39,001)
Funds from operations [1]	**9,269**	14,108	**18,431**	27,527
Adjusted funds from operations [1,2]	**217**	8,033	**1,024**	15,442
Amounts presented on a per unit basis				
Net loss – basic	**($0.03)**	($0.03)	**($0.21)**	($0.61)
Net loss – diluted	**($0.03)**	($0.03)	**($0.21)**	($0.61)
Funds from operations – basic [1]	**$0.14**	$0.22	**$0.29**	$0.43
Funds from operations – diluted [1]	**$0.13**	$0.19	**$0.27**	$0.37
Adjusted funds from operations – basic [1,2]	**$—**	$0.12	**$0.02**	$0.24
Adjusted funds from operations – diluted [1,2]	**$—**	$0.12	**$0.02**	$0.23
Distributions per unit	**$0.06**	$0.06	**$0.12**	$0.12
Weighted average number of units (in thousands)				
Basic	**64,877**	64,276	**64,641**	64,273
Diluted [3]	**85,262**	84,660	**85,026**	84,657

1. The following represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found under the MD&A section Part I, "Specified Financial Measures".
2. The Trust uses normalized productive capacity maintenance expenditures to calculate adjusted funds from operations.
3. Includes the dilutive impact of convertible debentures and presented on a cash settlement basis for consistency with industry practice for calculating FFO and AFFO.

SUMMARY OF FINANCIAL POSITION

As at	June 30, 2025	December 31, 2024	June 30, 2024
Total assets (thousands of dollars)	**$2,179,194**	$2,173,948	$2,212,798
Total gross debt (thousands of dollars)	**1,254,558**	1,238,571	1,245,915
Total equity (thousands of dollars)	**867,713**	884,227	914,525
Gross leasable area as at quarter-end (in thousands of square feet) [1]			
Retail	**4,391**	4,386	4,386
Office	**3,265**	3,250	3,248
Industrial	**283**	283	283
Total	**7,939**	**7,919**	**7,917**
Occupancy as at quarter-end (%) [2]			
Retail	**89.9%**	94.7%	94.3%
Office	**80.3%**	86.9%	86.3%
Industrial	**91.9%**	91.2%	91.0%
Total	**85.9%**	91.2%	90.8%

1. Excludes equity-accounted investment.
2. Excludes properties held for sale, area either held for or under development and equity accounted investment.

PART I

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") for Morguard Real Estate Investment Trust (the "Trust"), should be read in conjunction with the Trust's condensed consolidated financial statements and the accompanying notes for the three months and six months ended June 30, 2025, and 2024.

This MD&A sets out the Trust's strategies and provides an analysis of the financial performance for the three months and six months ended June 30, 2025, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

The Trust's condensed consolidated financial statements and the accompanying notes for the three months and six months ended June 30, 2025, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These condensed consolidated financial statements include the accounts of the Trust and other entities that the Trust controls and are reported in thousands of Canadian dollars, except where otherwise noted.

The information in this MD&A is current to July 30, 2025.

FORWARD-LOOKING DISCLAIMER

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words "anticipate", "believe", "may", "continue", "estimate", "expects", "will" and words of similar expression, constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Trust operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Trust. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Trust does not assume the obligation to update or revise any forward-looking statements.

SPECIFIED FINANCIAL MEASURES

The Trust reports its financial results in accordance with IFRS. However, this MD&A also uses specified financial measures that are not defined by IFRS, which follow the disclosure requirements established by National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure.* Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures.

NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The Trust's management uses these measures to aid in assessing the Trust's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP financial measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the Trust's operating results and performance.

The following discussion describes the non-GAAP financial measures the Trust uses in evaluating its operating results:

NET OPERATING INCOME – SAME ASSETS

Net operating income ("NOI") is used as a key indicator of performance as it represents a measure over which management has control, and is a key input in determining the value of the Trust's properties. NOI – same assets is a non-GAAP measure used by the Trust to assess period-over-period performance of those properties that are stabilized and owned by the Trust continuously for the current and comparable reporting period. The Trust believes it is useful to provide an analysis of NOI – same assets, which also eliminates non-recurring and non-cash items. NOI – same assets represents NOI from properties that have been adjusted for: (i) acquisitions; (ii) dispositions; and (iii) area either held for, or under, development/redevelopment/intensification. NOI – same assets also excludes the impact of straight-line rents, lease cancellation fees and other non-recurring items. A reconciliation of NOI – same assets from the IFRS financial statement presentation can be found in Part III.

FUNDS FROM OPERATIONS ("FFO")

FFO is a non-GAAP measure widely used as a real estate industry standard that supplements net income and evaluates operating performance but is not indicative of funds available to meet the Trust's cash requirements. FFO can assist with comparisons of the operating performance of the Trust's real estate between periods and relative to other real estate entities. FFO is computed by the Trust in accordance with the current definition of the Real Property Association of Canada ("REALPAC") and is defined as net income adjusted for fair value changes on real estate properties and gains/(losses) on the sale of real estate properties. The Trust considers FFO to be a useful measure for reviewing its comparative operating and financial performance. A reconciliation of net income to FFO is presented in Part III, "Funds from Operations and Adjusted Funds from Operations".

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

AFFO is a non-GAAP measure that was developed to be a recurring economic earnings measure for real estate entities. The Trust presents AFFO in accordance with the current definition of the REALPAC. The Trust defines AFFO as FFO adjusted for straight-line rent and productive capacity maintenance expenditures ("PCME"). AFFO should not be interpreted as an indicator of cash generated from operating activities as it does not consider changes in working capital. A reconciliation of FFO to AFFO is presented in Part III, "Funds from Operations and Adjusted Funds from Operations".

ADJUSTED CASH FLOW FROM OPERATIONS ("ACFO")

ACFO is a non-GAAP measure intended as a supplemental measure of sustainable economic cash flow for real estate entities. The Trust presents ACFO in accordance with the current definition of the REALPAC. The Trust defines ACFO as cash flow from operating activities as per the condensed consolidated financial statements adjusted by: (i) adding back the non-recurring change in non-cash operating assets and liabilities; (ii) deducting normalized PCME; (iii) adding back actual additions to tenant incentives and leasing commissions; (iv) deducting amortization of deferred financing costs; and (v) adjusting for the portion relating to equity-accounted investment in each of the above adjustments. A reconciliation of cash flow from operating activities from the IFRS financial statement presentation to ACFO is presented in Part III, "Adjusted Cash Flow From Operations".

PROPORTIONATE SHARE BASIS

The Trust's balance sheets, statements of income and statements of cash flows, all prepared in accordance with IFRS, have been adjusted (as described below) to derive the Trust's proportionately owned financial results ("Proportionate Basis"). Management believes that the Proportionate Basis non-GAAP measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the Trust's operating results and performance.

Equity interest adjusts interests in joint arrangements that are accounted for using the equity method of accounting. The financial results of one property under IFRS is presented on a single line within the condensed consolidated balance sheets and statements of (loss)/income and comprehensive (loss)/income and has been adjusted on a proportionately owned basis to each respective financial statement line presented within the balance sheets, statements of loss and comprehensive loss and statements of cash flows (see Part IX). The presentation of *pro rata* assets, liabilities, revenue and expenses represents a non-GAAP measure and may not accurately depict the legal and economic implications of the Trust's interest in the joint venture.

NORMALIZED PRODUCTIVE CAPACITY MAINTENANCE EXPENDITURES

Normalized PCME are an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and current rental revenues. Since actual capital expenditures can vary widely from one period to another, depending on a number of factors, management believes that normalized PCME are a more relevant input than actual PCME in assessing the Trust's distribution payout ratio and for determining an appropriate level of sustainable distributions over time. The factors affecting variations in actual PCME include, but are not limited to, lease expiry profile, tenant vacancies, age and location of the properties, and general economic and market conditions, which impact the level of tenant bankruptcies and acquisitions and dispositions.

The Trust defines PCME as expenditures on leasing, replacement or major repair of component parts of properties that are required to preserve the existing earning capacity of the Trust's real estate portfolio. The Trust categorizes these expenditures as leasing commissions, tenant allowances and recoverable and non-recoverable capital expenditures.

NON-GAAP RATIOS

Non-GAAP ratios do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The Trust's management uses these measures to aid in assessing the Trust's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP ratios described below provide readers with a more comprehensive understanding of management's perspective on the Trust's operating results and performance.

The following discussion describes the non-GAAP ratios the Trust uses in evaluating its operating results:

FFO PAYOUT RATIO

The Trust calculates its payout ratio by dividing the distributions per common unit by FFO per unit over the same period. Management uses this payout ratio to measure the Trust's ability to pay distributions.

INTEREST COVERAGE RATIO

Interest coverage ratio is a non-GAAP measure used by the Trust to assess the Trust's ability to pay interest on its debt from operating revenues and is calculated on a proportionate basis using net operating income, less general and administrative expenses divided by interest expense, net of amortization of deferred financing costs.

DEBT SERVICE COVERAGE RATIO

Debt service coverage ratio is a non-GAAP measure used by the Trust and the real estate industry to assess the ability to pay down its debts. The Trust calculates this measure on a proportionate basis by using net operating income, less general and administrative expenses divided by the cash interest and principal costs of servicing its debt.

DEBT TO ASSETS RATIO

Debt to assets ratio is a non-GAAP measure used by the Trust and the real estate industry to assess the risk profile of its capital allocations and the ability to incur additional debt. The Trust calculates this measure by taking assets adjusted by accumulated amortization divided by net debt. The Trust's debt to assets ratio is limited to 65% as detailed in its Declaration of Trust.

SUPPLEMENTARY FINANCIAL MEASURES

Supplementary financial measures represent a component of a financial statement line item (including ratios that are not non-GAAP ratios) that are presented, in a more granular way outside the financial statements, calculated in accordance with the accounting policies used to prepare the line item presented in the financial statements.

The following discussion describes the supplementary financial measures the Trust uses in evaluating its operating results:

BIFURCATION OF SEGMENTS

Management believes bifurcating the retail and office financial statement segments into community strip centres and enclosed regional centres (retail) along with single-/dual-tenant and multi-tenant buildings (office) provides important information about the risk profile and other characteristics of the above asset classes. This has been analyzed for financial statement line items such as revenue, net operating income and fair value adjustments on real estate properties.

CAPITAL MANAGEMENT MEASURES

The Trust's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions pursuant to the Declaration of Trust, as well as existing debt covenants, while continuing to build long-term unitholder value and maintaining sufficient capital contingencies.

The following discussion describes the Trust's capital management measures:

LIQUIDITY

Liquidity is calculated as the sum of cash, amounts available under its bank lines of credit and revolving credit facility with Morguard and is presented in this MD&A because management considers this capital management measure to be an important measure of the REIT's financial position as well as in determining the annual level of distributions to unitholders.

ADDITIONAL INFORMATION

Additional information relating to the Trust, including the audited annual consolidated financial statements, Annual Information Form ("AIF"), Material Change Reports and all other continuous disclosure documents required by securities regulators, are filed on the System for Electronic Document Analysis and Retrieval ("SEDAR+") and can be accessed electronically at www.sedarplus.ca and www.morguard.com.

REVIEW AND APPROVAL BY THE BOARD OF TRUSTEES

The Board of Trustees ("the Trustees"), upon the recommendation of its Audit Committee, approved the contents of this MD&A on July 30, 2025.

PART II

BUSINESS OVERVIEW AND STRATEGY

The Trust's primary business goal is to accumulate a Canadian portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to unitholders. The primary benefit is a reliable and, over time, increasing cash distribution. The Trust manages distributions to ensure sufficient cash is retained to meet fixed obligations while ensuring a stable cash flow to unitholders.

The Trust is an unincorporated "closed-end" trust, governed by the laws of the Province of Ontario, created and constituted pursuant to an amended and restated Declaration of Trust dated May 5, 2021 ("Declaration of Trust"). The Trust was formed on June 18, 1997, and began operations on October 14, 1997. The Trust units are publicly traded and listed on the Toronto Stock Exchange ("TSX") under the symbol MRT.UN.

Morguard Corporation ("Morguard") is the parent company of the Trust, owning 68.31% of the outstanding units as at June 30, 2025. Morguard is a real estate company that owns a diversified portfolio of multi-unit residential, retail, hotel, office and industrial properties in both Canada and the United States.

The Trust's asset management team is focused on continually improving the returns from the assets currently owned, and making quality acquisitions that are accretive in the long term. As part of its strategy to continually improve the quality of its property portfolio, the Trust undertakes the disposition of properties in cases where both the cash flows and values have been maximized, where the properties no longer fit the Trust's portfolio or where market trends indicate that superior investment return opportunities are available elsewhere.

The Trust's management team is incentivized to maintain occupancy levels and rents that outperform local markets. The Trust has established standards for maintaining the quality of its portfolio and operating its properties at cost levels that are competitive in their respective markets. These efforts are enhanced through a sustainability program that tracks utility usage and savings over time. These savings are returned to our tenants through reduced operating costs, increasing the Trust's reputation as a responsible landlord.

The Trust's management team is supported by contracted property management. The choice to contract for property management provides the Trust with a day-to-day operating platform that is both "best-in-class" and cost effective. Property management services are delivered through a management agreement with Morguard Investments Limited ("MIL"). MIL is a full-service real estate advisory company wholly owned by Morguard. MIL also provides advisory and management services to institutional and other investors not related to Morguard or the Trust. The Trust's agreement with MIL provides property management services at predetermined rates based on a percentage of revenue. This provides predictability on a key component of operating costs. In addition, MIL provides the Trust with leasing services across the full portfolio. With MIL locations across the country, the Trust benefits from local market knowledge and local broker relationships. An annual review of this agreement, combined with MIL's institutional client base, ensures that rates for services reflect current market conditions.

The Trust's long-term debt strategy involves the use of conventional property-specific secured mortgages or bonds, unsecured convertible debentures and secured floating-rate bank financing. The Trust currently targets a capital structure with an overall indebtedness ratio in the range of 50 to 55% of gross assets. Through its Declaration of Trust, the Trust is allowed to increase its overall indebtedness ratio to 65%.

In this MD&A, the discussion of the Trust's property performance for the purpose of *some* measures is focused on income producing properties ("IPP"), excluding properties held for development, area under development and properties held for sale. The Trust defines these excluded areas as follows:

Properties held for development: These properties, while income producing, operate with future opportunity in mind. As a result, management will enter into lease arrangements with shorter lease terms and options to exit the lease at the landlord's request. As a result, these properties do not deliver the same results (rental rates) as other IPP.

Area under development: When circumstances warrant, the Trust will reposition component parts of its properties. When this occurs, the associated area ("area under development") is not available for occupancy. As a result, this area is not income producing.

Properties held for sale: The Trust may undertake to actively dispose of certain assets. In these circumstances, management has determined that the performance of the ongoing operations is of the greatest importance to stakeholders.

PORTFOLIO OVERVIEW

The risk and reliability characteristics of real estate asset classes are different, and delivering on the primary business goal requires a mix of assets that balance risk and rewards. As at June 30, 2025, the Trust owned a diversified real estate portfolio of 45 retail, office and industrial properties consisting of approximately 8.1 million square feet of gross leasable area ("GLA") located in the provinces of British Columbia ("BC"), Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Included in this portfolio is one retail property that the Trust has deemed as held for development, and one office property, consisting of 0.2 million square feet of GLA, located in the province of Alberta, which is accounted for using the equity method.

Retail: The retail portfolio includes two broad categories of income producing properties: enclosed full-scale, regional shopping centres that are dominant in their respective markets; and community strip centres that are primarily anchored by food retailers, discount department stores and banking institutions. Investing across these two broad categories of retail assets allows the Trust to spread its tenant base, reducing its exposure to a single category of retailer.

Office: The office portfolio is focused on well-located, high-quality properties in major Canadian urban centres. The portfolio is balanced between single-tenant properties under long-term lease to government and large national tenants that work to secure the Trust's cash flow, and multi-tenant properties with well-distributed lease expiries that allow the Trust to benefit from increased rental rates on lease renewal.

Industrial: The Trust has an interest in four industrial properties located in Ontario.

PORTFOLIO COMPOSITION BY ASSET TYPE AND LOCATION

	Retail		Office		Industrial		Total		
Location	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)	%
British Columbia	2	417	3	600	—	—	5	1,017	13%
Alberta	4	690	9	1,189	—	—	13	1,879	24%
Saskatchewan	1	499	—	—	—	—	1	499	6%
Manitoba	3	659	—	—	—	—	3	659	8%
Ontario	7	2,059	9	1,024	4	283	20	3,366	43%
Quebec	—	—	1	452	—	—	1	452	6%
	17	**4,324**	**22**	**3,265**	**4**	**283**	**43**	**7,872**	**100%**
IPP held for development	1	67	—	—	—	—	1	67	
Income producing properties	**18**	**4,391**	**22**	**3,265**	**4**	**283**	**44**	**7,939**	
Equity-accounted investment (Alberta)	—	—	1	152	—	—	1	152	
Grand Total	**18**	**4,391**	**23**	**3,417**	**4**	**283**	**45**	**8,091**	
% [1]		**55%**		**41%**		**4%**		**100%**	

1. Excluding IPP held for development, properties held for sale/sold, and equity-accounted investment.

ENCLOSED REGIONAL CENTRES OVERVIEW

At June 30, 2025, the Trust's enclosed regional centres portfolio totalled 3.3 million square feet of GLA, comprising a 100% interest in six regional centres totalling 3.2 million square feet and a 50% interest in one additional centre totalling 0.1 million square feet. Included in the above 3.3 million square feet of GLA is 0.2 million square feet of area either held for, or under, development.

COMMUNITY STRIP CENTRES OVERVIEW

At June 30, 2025, the Trust's community strip centres portfolio totalled 1.1 million square feet of GLA, comprising a 100% interest in 10 such properties totalling 1.0 million square feet, as well as a 50% interest in one additional property totalling 0.1 million square feet. Included in the above 1.1 million square feet of GLA is 0.1 million square feet of area either held for, or under, development.

SINGLE-/DUAL-TENANT BUILDINGS OVERVIEW

At June 30, 2025, the Trust's single-/dual-tenant buildings portfolio totalled 1.8 million square feet of GLA, comprising a 100% interest in eight properties totalling 0.7 million square feet and a 50% interest in four properties totalling 0.9 million square feet. Included in the above 1.8 million square feet of GLA is 0.2 million square feet of area relating to the Trust's equity-accounted investment.

MULTI-TENANT BUILDINGS OVERVIEW

At June 30, 2025, the Trust's multi-tenant buildings portfolio totalled 1.7 million square feet of GLA, comprising a 100% interest in seven properties totalling 1.3 million square feet, a 50% interest in three properties totalling 0.3 million square feet and a 20% interest in one property totalling 0.1 million square feet.

INDUSTRIAL OVERVIEW

At June 30, 2025, the Trust's industrial portfolio includes a 100% interest in four industrial properties comprising 0.3 million square feet. This portfolio includes some retail storefronts.

PART III

TRUST PERFORMANCE

SELECTED FINANCIAL INFORMATION

The table below sets forth selected financial data relating to the Trust's fiscal three and six months ended June 30, 2025, and 2024. This financial data is derived from the Trust's condensed consolidated statements which are prepared in accordance with IFRS.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Revenue from real estate properties	**$58,301**	$64,046	(9.0%)	**$118,648**	$128,444	(7.6%)
Property operating expenses	**(18,264)**	(17,939)	1.8%	**(37,919)**	(36,348)	4.3%
Property taxes	**(12,391)**	(12,080)	2.6%	**(25,317)**	(24,946)	1.5%
Property management fees	**(1,985)**	(2,195)	(9.6%)	**(4,051)**	(4,413)	(8.2%)
Net operating income	**25,661**	31,832	(19.4%)	**51,361**	62,737	(18.1%)
Interest expense	**(15,983)**	(17,243)	(7.3%)	**(31,997)**	(34,119)	(6.2%)
General and administrative	**(961)**	(922)	4.2%	**(1,921)**	(1,946)	(1.3%)
Other items	**11**	—	—%	**23**	—	—%
Fair value losses on real estate properties	**(10,683)**	(16,242)	(34.2%)	**(31,569)**	(66,465)	(52.5%)
Net income from equity-accounted investment	**257**	349	(26.4%)	**740**	792	(6.6%)
Net loss	**($1,698)**	($2,226)	(23.7%)	**($13,363)**	($39,001)	(65.7%)
Net loss per unit – basic	**($0.03)**	($0.03)	—%	**($0.21)**	($0.61)	(65.6%)
Funds from operations per unit – basic	**$0.14**	$0.22	(36.4%)	**$0.29**	$0.43	(32.6%)
Adjusted funds from operations per unit – basic	**$—**	$0.12	(100.0%)	**$0.02**	$0.24	(91.7%)

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2025, AND 2024

Revenue from real estate properties includes contracted rent from tenants along with recoveries of property expenses (including property taxes).

The following is an analysis of revenue from real estate properties by segment:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	**% Change**
Industrial	**$1,327**	$1,113	19.2%	**$2,702**	$2,108	28.2%
Office – Single-/dual-tenant buildings	**14,581**	14,787	(1.4%)	**28,697**	29,868	(3.9%)
Office – Multi-tenant buildings	**6,036**	6,144	(1.8%)	**12,622**	12,517	0.8%
Office – Penn West Plaza	**2,331**	7,087	(67.1%)	**6,104**	14,142	(56.8%)
Retail – Community strip centres	**8,379**	8,882	(5.7%)	**17,342**	18,536	(6.4%)
Retail – Enclosed regional centres	**25,647**	26,033	(1.5%)	**51,181**	51,273	(0.2%)
Total	**$58,301**	$64,046	(9.0%)	**$118,648**	$128,444	(7.6%)

On May 29, 2024, the Trust sold a retail community strip centre, located at 5-284 Heritage Gate SE, Calgary, Alberta, for gross proceeds of $37.5 million. The Trust repaid the mortgage payable secured by this property in the amount of $17.0 million.

The following is an analysis of revenue from real estate properties by revenue type:

For the three months ended June 30,	2025	2024	Variance
Rental revenue	**$34,220**	$39,401	($5,181)
CAM recoveries	**12,066**	12,332	(266)
Property tax and insurance recoveries	**9,139**	9,745	(606)
Other revenue and lease cancellation fees	**829**	1,305	(476)
Parking revenue	**1,427**	1,463	(36)
Amortized rents	**620**	(200)	820
	$58,301	$64,046	($5,745)

For the six months ended June 30,	2025	2024	Variance
Rental revenue	**$69,785**	$78,567	($8,782)
CAM recoveries	**24,902**	25,303	(401)
Property tax and insurance recoveries	**18,978**	19,741	(763)
Other revenue and lease cancellation fees	**1,837**	2,603	(766)
Parking revenue	**2,777**	2,794	(17)
Amortized rents	**369**	(564)	933
	$118,648	$128,444	($9,796)

The following is an analysis of property operating expenses by expense type:

For the three months ended June 30,	2025	2024	Variance
Repairs and maintenance	**$7,899**	$7,518	$381
Utilities	**3,780**	3,889	(109)
Other operating expenses	**6,585**	6,532	53
	$18,264	$17,939	$325

For the six months ended June 30,	2025	2024	Variance
Repairs and maintenance	**$16,062**	$15,847	$215
Utilities	**8,473**	8,367	106
Other operating expenses	**13,384**	12,134	1,250
	$37,919	$36,348	$1,571

Property operating expenses include costs related to interior and exterior maintenance, insurance and utilities. Property operating expenses for the three months ended June 30, 2025, increased 1.8% to $18.3 million from $17.9 million for the same period in 2024. This increase is primarily due to higher repairs and maintenance expenses in the enclosed mall asset class.

Net operating income for the three months ended June 30, 2025, decreased 19.4% as compared to 2024. This decrease results mainly from lower revenue of $4.6 million at Penn West Plaza stemming from the expiry of the Obsidian Energy lease on February 1, 2025, and the reset of the above-market rents. The remaining decrease in NOI is due to increased vacancy costs of $1.0 million, mostly in the office asset class, coupled with decreased income of $0.4 million from the sale of Heritage Towne Centre in the second quarter of 2024.

Interest expense for the three months ended June 30, 2025, decreased 7.3% vs the same period in 2024. This decrease is primarily due to lower interest rates on both variable and new fixed rate debt, partially offset by an $8.6 million increase in overall debt levels, both on a year-over-year basis.

The Trust records its income producing properties at fair value in accordance with IFRS. These adjustments are a result of the Trust's regular quarterly IFRS fair value process. In accordance with this policy, the following fair value adjustments by segment have been recorded:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Retail – enclosed regional centres	**($1,505)**	$5,469	**($9,260)**	($16,695)
Retail – community strip centres	**(3,851)**	3,094	**(2,595)**	3,790
Office	**(5,927)**	(24,771)	**(20,288)**	(53,566)
Industrial	**600**	(34)	**574**	6
	($10,683)	($16,242)	**($31,569)**	($66,465)

Reported net loss for three months ended June 30, 2025, was $1.7 million as compared to a loss of $2.2 million in 2024. This change is mainly due to the lower fair value losses recorded, as described above.

NET OPERATING INCOME BY ASSET TYPE AND LOCATION

The following is a geographical breakdown of the net operating income for the six months ended June 30, 2025.

	Retail		Office		Industrial		Total		
Location	Number of Properties	NOI (000s)	Number of Properties	NOI (000s)	Number of Properties	NOI (000s)	Number of Properties	NOI (000s)	%
British Columbia	2	$5,281	3	$7,074	—	$—	5	$12,355	24%
Alberta	4	3,260	9	5,054	—	—	13	8,314	16%
Saskatchewan	1	3,072	—	—	—	—	1	3,072	6%
Manitoba	3	5,766	—	—	—	—	3	5,766	11%
Ontario	7	11,578	9	5,773	4	1,864	20	19,215	39%
Quebec	—	—	1	2,033	—	—	1	2,033	4%
	17	**28,957**	**22**	**19,934**	**4**	**1,864**	**43**	**50,755**	**100%**
IPP held for development	1	649	—	—	—	(43)	1	606	
Income producing properties	**18**	**29,606**	**22**	**19,934**	**4**	**1,821**	**44**	**51,361**	
Properties held for sale/sold	—	—	—	—	—	—	—	—	
Total real estate properties	**18**	**29,606**	**22**	**19,934**	**4**	**1,821**	**44**	**51,361**	
Equity-accounted investment	—	—	1	1,611	—	—	1	1,611	
Grand Total	**18**	**$29,606**	**23**	**$21,545**	**4**	**$1,821**	**45**	**$52,972**	
% [1]		**57%**		**39%**		**4%**		**100%**	

1. Excluding IPP held for development, properties held for sale/sold, and equity-accounted investment.

NET OPERATING INCOME BY ASSET TYPE

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Enclosed regional centres	**$9,926**	$10,878	(8.8%)	**$19,074**	$21,049	(9.4%)
Community strip centres	**5,073**	5,514	(8.0%)	**10,532**	11,315	(6.9%)
Subtotal – retail	**14,999**	16,392	(8.5%)	**29,606**	32,364	(8.5%)
Single-/dual-tenant buildings	**7,581**	8,066	(6.0%)	**14,701**	16,155	(9.0%)
Multi-tenant buildings	**2,034**	1,940	4.8%	**3,848**	3,843	0.1%
Penn West Plaza	**98**	4,693	(97.9%)	**1,385**	9,116	(84.8%)
Subtotal – office	**9,713**	14,699	(33.9%)	**19,934**	29,114	(31.5%)
Industrial	**949**	741	28.1%	**1,821**	1,259	44.6%
Net operating income	**$25,661**	$31,832	(19.4%)	**$51,361**	$62,737	(18.1%)

The decrease in enclosed regional centres net operating income for the six months ended June 30, 2025, is due to increases in bad debt expense of $1.0 million, including Comark Holdings Inc. ("Comark") and The Hudson's Bay Company ("The Bay"), coupled with a decrease of $0.6 million in percentage rent. Bad debt expense for the six months ended June 30, 2024, was a recovery in the amount of $0.3 million.

The decrease in community strip centres net operating income for the six months ended June 30, 2025, is due to the sale of Heritage Towne Centre during the second quarter of 2024.

The decrease in single-/dual tenant buildings net operating income for the six months ended June 30, 2025, is due to decreases in basic rent of $0.4 million, increased vacancy costs of 0.7 million, stemming from a renewal at one of the Trust's BC properties, which included the downsizing of a tenant, coupled with lower lease cancellation fees of $0.7 million at the Trust's Quebec property.

The decrease in Penn West Plaza net operating income for the six months ended June 30, 2025, is due to lower revenue of $7.7 million stemming from the expiry of the Obsidian Energy lease on February 1, 2025, and the reset of the above-market rents. The decrease at Penn West comprises $5.0 million in basic rent, $1.8 million in vacancy costs, and $0.9 million in recoveries from tenants.

The increase in industrial net operating income for the six months ended June 30, 2025, is due to increased basic rent at one of the Trust's industrial properties, as well as increased occupancy.

RETAIL PROPERTIES – NET OPERATING INCOME

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Revenue from real estate properties	**$34,026**	$34,915	(2.5%)	**$68,523**	$69,809	(1.8%)
Property operating expenses	**(9,863)**	(9,542)	3.4%	**(20,316)**	(19,174)	6.0%
Property taxes	**(7,957)**	(7,736)	2.9%	**(16,185)**	(15,763)	2.7%
Property management fees	**(1,207)**	(1,245)	(3.1%)	**(2,416)**	(2,508)	(3.7%)
Net operating income	**$14,999**	$16,392	(8.5%)	**$29,606**	$32,364	(8.5%)

The Trust's retail properties NOI for the three months ended June 30, 2025, was $15.0 million versus $16.4 million for the same period ended 2024, a decrease of $1.4 million. The decrease was mainly the result of higher vacancy costs of $0.8 million in the enclosed mall portfolio, coupled with decreased income of $0.4 million from the sale of Heritage Towne Centre in the second quarter of 2024.

The Trust's retail properties NOI for the six months ended June 30, 2025, was $29.6 million versus $32.4 million for the same period ended 2024, a decrease of $2.8 million. The decrease was mainly due to decreased income of $1.1 million from the sale of Heritage Towne Centre in the second quarter of 2024, coupled with higher bad debt expense of $1.0 million which includes Comark and The Bay in the enclosed mall portfolio, and decreased percentage rents of $0.6 million. These decreases were partially offset by lower vacancy costs of $0.4 million in the community strip centre portfolio .

RETAIL PROPERTIES TOP TENANTS

The following is a breakdown of the Trust's 20 largest retail tenants by rental revenue as at June 30, 2025:

	Tenant	Percentage of Total Retail Revenue	# of Locations	GLA (000s)	% of Total Retail GLA	Weighted Average Remaining Lease Term
1	Canadian chartered banks – Tier 1	4.6%	15	99	2.3%	1.6
2	Canadian Tire Corporation Ltd.	3.9%	7	285	6.5%	1.9
3	Loblaw Companies Ltd.	3.7%	8	107	2.4%	2.9
4	GoodLife Fitness	3.4%	5	192	4.4%	6.7
5	Sobeys Inc.	3.1%	3	161	3.7%	6.0
6	Cineplex Odeon	2.3%	3	110	2.5%	3.7
7	Dollarama	2.2%	10	99	2.3%	3.5
8	TJX	1.7%	4	101	2.3%	3.9
9	YM Inc.	1.6%	7	75	1.7%	0.8
10	Bath & Body Works Inc.	1.6%	6	25	0.6%	1.2
11	Federated Co-operatives Ltd.	1.5%	2	104	2.4%	2.8
12	Indigo	1.4%	5	49	1.1%	3.2
13	Walmart	1.4%	2	241	5.5%	1.0
14	Save-On Foods	1.1%	1	39	0.9%	13.3
15	Sephora	1.1%	4	17	0.4%	7.7
16	Boathouse	1.0%	6	22	0.5%	1.2
17	Ardene	1.0%	6	60	1.4%	2.8
18	HBC	0.9%	1	158	3.6%	0.7
19	Soft Moc	0.9%	5	13	0.3%	4.6
20	The Children's Place	0.9%	6	23	0.5%	1.5
		39.3%	**106**	**1,980**	**45.3%**	**3.1**

OFFICE PROPERTIES – NET OPERATING INCOME

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Revenue from real estate properties	**$22,948**	$28,018	(18.1%)	**$47,423**	$56,527	(16.1%)
Property operating expenses	**(8,236)**	(8,226)	0.1%	**(17,153)**	(16,725)	2.6%
Property taxes	**(4,265)**	(4,180)	2.0%	**(8,792)**	(8,855)	(0.7%)
Property management fees	**(734)**	(913)	(19.6%)	**(1,544)**	(1,833)	(15.8%)
Net operating income	**$9,713**	$14,699	(33.9%)	**$19,934**	$29,114	(31.5%)

The Trust's office properties NOI for the three months ended June 30, 2025, was $9.7 million versus $14.7 million for the same period ended 2024. The unfavourable variance of $5.0 million is mainly the result of lower revenue of $4.6 million at Penn West Plaza stemming from the expiry of the Obsidian Energy lease on February 1, 2025, and the reset of the above-market rents. The decrease at Penn West comprises $3.0 million in basic rent, $1.2 million in vacancy costs and $0.4 million in recoveries from tenants. The remaining $0.4 million decrease in NOI for the office portfolio is mainly the result of lease cancellation fees received in 2024.

The Trust's office properties NOI for the six months ended June 30, 2025, was $19.9 million versus $29.1 million for the same period ended 2024, a decrease of $9.2 million. The unfavourable variance is mainly the result of lower revenue of $7.7 million stemming from the expiry of the Obsidian Energy lease on February 1, 2025, and the reset of the above-market rents. The decrease at Penn West comprises $5.0 million in basic rent, $1.8 million in vacancy costs, and $0.9 million in recoveries from tenants. The remaining $1.5 million decrease in NOI for the office portfolio is mainly the result of increased vacancy costs of $0.7 million and $0.7 million in lease cancellation fees received in 2024.

The Trust has a strong government presence in its office tenancy which helps mitigate the risk of non-payment of rent for this asset class. Approximately 37% of the Trust's office contracted gross revenue is attributable to government tenants.

OFFICE PROPERTIES TOP TENANTS

The following is a breakdown of the Trust's 20 largest office tenants by rental revenue as at June 30, 2025:

	Tenant	Percentage of Total Office Revenue	# of Locations	GLA (000s)	% of Total Office GLA	Weighted Average Remaining Lease Term
1	Federal and provincial governments	37.2%	8	812	23.8%	3.8
2	Canadian chartered banks – Tier 1	7.1%	2	102	3.0%	2.2
3	Wood Canada Limited	5.0%	1	108	3.2%	0.5
4	Bombardier Inc.	4.8%	1	121	3.5%	5.8
5	Genetec Inc.	4.0%	1	136	4.0%	0.8
6	CH2M Hill Canada Limited	3.7%	1	78	2.3%	3.2
7	Stantec Consulting	3.2%	1	55	1.6%	0.5
8	AJW Technique Inc.	2.3%	1	75	2.2%	5.0
9	Sephora	2.2%	1	4	0.1%	1.6
10	Obsidian Energy Ltd.	2.0%	1	55	1.6%	3.0
11	Assent Compliance	1.2%	1	43	1.3%	5.5
12	Ciena	1.0%	1	27	0.8%	1.0
13	Harry Rosen	0.8%	1	14	0.4%	7.0
14	Blackstone Drilling Fluids Ltd.	0.8%	1	23	0.7%	4.1
15	Saturn Oil & Gas Inc.	0.8%	1	23	0.7%	0.6
16	Realstar Holdings Partnership	0.8%	1	14	0.4%	0.2
17	The Ottawa Fertility Centre Inc.	0.8%	1	24	0.7%	0.7
18	IG Wealth Management Inc.	0.7%	1	17	0.5%	1.1
19	Gran Tierra Canada Ltd.	0.7%	1	27	0.8%	0.5
20	Tektelic Communications Inc.	0.7%	1	25	0.7%	0.3
		79.8%	**28**	**1,783**	**52.3%**	**3.1**

INDUSTRIAL PROPERTIES – NET OPERATING INCOME

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Revenue from real estate properties	**$1,327**	$1,113	19.2%	**$2,702**	$2,108	28.2%
Property operating expenses	**(165)**	(171)	(3.5%)	**(450)**	(449)	0.2%
Property taxes	**(169)**	(164)	3.0%	**(340)**	(328)	3.7%
Property management fees	**(44)**	(37)	18.9%	**(91)**	(72)	26.4%
Net operating income	**$949**	$741	28.1%	**$1,821**	$1,259	44.6%

The Trust's industrial properties NOI for the three months ended June 30, 2025, was $0.9 million versus $0.7 million for the same period ended 2024. This favourable variance is mainly the result of increased basic rent of $0.1 million, coupled with decreased vacancy costs of $0.1 million.

The Trust's industrial properties NOI for the six months ended June 30, 2025, was $1.8 million versus $1.3 million for the same period ended 2024, an increase of $0.6 million. The increase is mainly the result of increased basic rent of $0.3 million, coupled with decreased vacancy costs of $0.2 million.

NET OPERATING INCOME – SAME ASSETS

The components of net operating income – same assets are displayed in the table below. For comparability in this section, the NOI is focused on same assets which is a supplementary financial measure. Assets acquired, disposed of and developed/redeveloped/intensified over the comparable periods are removed, along with the impact of stepped rents, lease cancellation fees and area either held for, or under, development and other non-recurring adjustments, collectively; the adjustments for same assets. Lease cancellation fees relate to payments received from tenants where the Trust and the tenant agreed to terminate a lease prior to the contractual expiry date. Lease cancellation fees are unpredictable and period-over-period changes are not indicative of trends.

For the three months ended June 30,	2025	2024	Variance	% Change
Enclosed regional centres (retail)	**$9,809**	$10,773	($964)	(8.9%)
Community strip centres (retail)	**4,876**	4,751	125	2.6%
Single-/dual-tenant buildings (office)	**7,301**	7,782	(481)	(6.2%)
Multi-tenant buildings (office)	**1,944**	2,011	(67)	(3.3%)
Industrial properties	**949**	761	188	24.7%
Net operating income – same assets	**24,879**	26,078	(1,199)	(4.6%)
Penn West Plaza (office)	**96**	4,690	(4,594)	(98.0%)
Net operating income – same assets including Penn West Plaza	**24,975**	30,768	(5,793)	(18.8%)
Area under development	**35**	—	35	—%
Real estate properties held for development/held for sale/sold	**267**	731	(464)	(63.5%)
Lease cancellation fees	**77**	508	(431)	(84.8%)
Stepped rents	**307**	(175)	482	(275.4%)
Net operating income per the statement of income	**$25,661**	$31,832	($6,171)	(19.4%)

For the six months ended June 30,	2025	2024	Variance	% Change
Enclosed regional centres (retail)	**$18,844**	$20,871	($2,027)	(9.7%)
Community strip centres (retail)	**9,966**	9,522	444	4.7%
Single-/dual-tenant buildings (office)	**14,699**	15,648	(949)	(6.1%)
Multi-tenant buildings (office)	**3,974**	4,008	(34)	(0.8%)
Industrial properties	**1,816**	1,296	520	40.1%
Net operating income – same assets	**49,299**	51,345	(2,046)	(4.0%)
Penn West Plaza (office)	**1,165**	9,095	(7,930)	(87.2%)
Net operating income – same assets including Penn West Plaza	**50,464**	60,440	(9,976)	(16.5%)
Area under development	**138**	—	138	—%
Real estate properties held for development/held for sale/sold	**606**	1,744	(1,138)	(65.3%)
Lease cancellation fees	**238**	968	(730)	(75.4%)
Stepped rents	**(85)**	(415)	330	(79.5%)
Net operating income per the statement of income	**$51,361**	$62,737	($11,376)	(18.1%)

LEASING ACTIVITY

The Trust places a high value on tenant retention as the cost of retention is typically lower than the cost of securing new tenants. When retention is neither possible nor desirable, the Trust strives to secure high-quality replacement tenants.

The table below provides a summary of the leasing activity for the six months ended June 30, 2025:

For the six months ended June 30, 2025	Enclosed Regional Centres	Community Strip Centres	Single-/ Dual-Tenant Buildings	Multi-Tenant Buildings [1]	Industrial Properties	Total Portfolio
Opening vacancy (SF)	199,674	18,306	108,044	317,816	24,868	668,708
Opening occupancy	93.4%	98.3%	95.2%	68.4%	91.2%	91.2%
EXPIRING LEASES:						
Square feet	341,445	35,242	25,326	594,207	38,394	1,034,614
Average contract rent per SF	$22.41	$22.87	$26.98	$32.60	$17.25	$28.19
EARLY TERMINATIONS:						
Square feet	170,873	43,317	46,084	28,451	—	288,725
Average contract rent per SF	$6.44	$11.65	$23.87	$20.92	$—	$11.43
RENEWALS:						
Square feet	(273,895)	(35,242)	(25,326)	(286,118)	(38,394)	(658,975)
Average contract rent per SF	$22.59	$25.45	$14.85	$14.40	$17.25	$18.58
Retention rate	80%	100%	100%	48%	100%	64%
NEW LEASING:						
Square feet	(83,196)	(7,535)	(6,336)	(172,715)	(1,900)	(271,682)
Average contract rent per SF	$10.75	$20.83	$20.25	$14.27	$12.75	$13.50
OTHER ADJUSTMENTS:						
Square feet	4,947	—	(1,442)	15,640	—	19,145
Ending vacancy (SF)	359,848	54,088	146,350	497,281	22,968	1,080,535
Ending occupancy	88.1%	94.9%	90.9%	70.0%	91.9%	85.9%

1. Penn West Plaza was reclassified from single-/dual-tenant buildings to multi-tenant buildings during the first quarter as a result of the expiry of the Obsidian Energy lease on February 1, 2025.

Other adjustments totalling 19,145 square feet in the above table are broken down as follows:

Tenant	Property	Segment	GLA (SF)
Chick-fil-A	Cambridge Centre	Enclosed regional centres	4,947
Remeasurement of multiple units	Penn West Plaza	Multi-tenant buildings	14,198
			19,145

LEASE PROFILE

The table below provides a summary of the lease maturities for the next four years and thereafter, along with the associated contract rents at maturity. Current vacancy excludes area either held for, or under, development/sale.

	Retail		Office		Industrial		Total	
	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent
(remainder of the year) 2025	491,044	26.95	206,722	17.87	9,555	11.16	707,321	23.74
2026	887,010	15.69	507,989	20.02	95,362	12.80	1,490,361	17.05
2027	544,327	25.50	399,440	21.52	12,449	11.81	956,216	23.56
2028	454,817	25.93	223,825	19.65	36,523	14.71	715,165	23.35
2029	301,184	32.01	353,951	24.76	40,593	15.33	695,728	27.46
Thereafter	1,000,728	25.11	928,984	17.77	65,536	14.49	1,995,248	21.33
Current vacancy	413,936	—	643,631	—	22,968	—	1,080,535	—
Total	**4,093,046**	**$23.89**	**3,264,542**	**$19.83**	**282,986**	**$13.78**	**7,640,574**	**$21.80**
Weighted average remaining lease term (years)		3.30		3.72		3.26		3.51

REMAINING 2025 EXPIRIES BY PROVINCE

	Retail		Office		Industrial		
Province	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	Total SF
Alberta	58,529	$23.85	48,351	$13.53	—	$—	106,880
British Columbia	38,120	35.62	263	15.00	—	—	38,383
Manitoba	96,997	26.87	—	—	—	—	96,997
Ontario	209,116	31.95	158,108	19.24	9,555	11.16	376,779
Saskatchewan	88,282	15.01	—	—	—	—	88,282
	491,044	**$26.95**	**206,722**	**$17.87**	**9,555**	**$11.16**	**707,321**

Not included in the above tables is the expiry at Petroleum Plaza, located in Alberta, which is accounted for using the equity method. This property has 152,146 square feet of GLA (at the Trust's share) and is fully leased to the provincial government, which expired January 1, 2021, and has been in overhold since that date. The contract rent on the expired lease was $27.00 per square foot. Due to the priority of attending to the COVID-19 pandemic and other priorities by the Alberta government over the last four years, the Trust has been advised that the tenant will attend to the lease renewal when time allows. The building has remained occupied by the tenant since January 1, 2021. The Trust still expects the tenant to renew at market rates.

Approximately 40,000 square feet of Ontario office space expiring in 2025 represents a single tenant at one of the Trust's Toronto properties. The tenant has committed to a renewal on this space at lease rates consistent with expiring rates.

Approximately 65,000 square feet of Ontario office space expiring in 2025 represents a single tenant at one of the Trust's Ottawa properties. Management believes that a short-term renewal on this space will be executed, but the tenant has indicated that they will vacate during 2026 or 2027.

There is approximately 6,000 square feet of vacant space at Heritage Place located in Ottawa, that the Trust has leased to the federal government for a 10-year term. The tenant will take occupancy in the fourth quarter of 2025.

2026 EXPIRIES BY PROVINCE

	Retail		Office		Industrial		
Province	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	Total SF
Alberta	220,717	$11.60	86,977	$13.35	—	$—	307,694
British Columbia	37,938	34.60	165,709	35.59	—	—	203,647
Manitoba	58,259	23.78	—	—	—	—	58,259
Ontario	524,034	14.92	88,126	14.47	95,362	12.80	707,522
Quebec	—	—	167,177	10.88	—	—	167,177
Saskatchewan	46,062	24.14	—	—	—	—	46,062
	887,010	**$15.69**	**507,989**	**$20.02**	**95,362**	**$12.80**	**1,490,361**

Approximately 158,000 square feet of Ontario retail space expiring in 2026 represents the Trusts one remaining location for The Bay at St. Laurent (Ottawa).

The 165,709 square feet of office space expiring at the start of 2026 in British Columbia represents two major tenants that have both committed to renewals on downsized areas of approximately 145,000 square feet at lease rates consistent with expiring rates. As a part of one of these renewals, there was an early termination of approximately 18,000 square feet of area effective January 1, 2025.

Approximately 136,500 square feet of 2026 office space expiring in Quebec represents a lease with Genetec Inc. ("Genetec") at Place Innovation located in St. Laurent, Quebec. The Trust has executed a 10-year renewal with Genetec for this space coupled with an expansion into 26,000 square feet of additional space that is currently vacant.

CHANGES IN GLA

The table below provides a summary of the changes in GLA for the six months ended June 30, 2025.

In thousands of square feet	Retail	Office	Industrial	Total Portfolio
GLA – opening balance – January 1, 2025	**4,386**	**3,250**	**283**	**7,919**
Changes due to remeasurement	**—**	**15**	**—**	**15**
Cambridge Centre – Chick-fil-A	**5**	**—**	**—**	**5**
GLA – closing balance – June 30, 2025	**4,391**	**3,265**	**283**	**7,939**
Area under/held for development/sale	**(298)**	**—**	**—**	**(298)**
GLA for purposes of occupancy	**4,093**	**3,265**	**283**	**7,641**
Occupied GLA	**3,679**	**2,622**	**260**	**6,561**
Occupied GLA (%)	**89.9%**	**80.3%**	**91.9%**	**85.9%**

OFFICE OCCUPANCY BY PROVINCE

The following table provides an analysis of occupancy for the office portfolio by province:

Province	June 30, 2025	June 30, 2024
Alberta	**79.6%**	90.2%
British Columbia	**90.5%**	93.5%
Ontario	**71.6%**	74.3%
Quebec	**88.3%**	94.1%
	80.3%	86.3%

The occupancy percentage for Penn West Plaza was 79.4% at June 30, 2025 and 100.0% at June 30, 2024.

CORPORATE ITEMS

INTEREST EXPENSE

Interest expense totalled $32.0 million for the six months ended June 30, 2025, compared to $34.1 million for the same period in 2024. The components of interest expense are as follows:

INTEREST EXPENSE

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Mortgages payable	**$11,074**	$12,334	(10.2%)	**$22,338**	$24,427	(8.6%)
Amortization of deferred financing costs – mortgages	**412**	449	(8.2%)	**830**	865	(4.0%)
Convertible debentures	**2,081**	2,081	—%	**4,139**	4,139	—%
Accretion on convertible debentures, net	**383**	358	7.0%	**762**	713	6.9%
Amortization of deferred financing costs – convertible debentures	**218**	205	6.3%	**434**	407	6.6%
Lease liabilities	**258**	254	1.6%	**517**	509	1.6%
Bank indebtedness	**1,189**	403	195.0%	**2,258**	1,275	77.1%
Morguard loan payable and other	**488**	1,299	(62.4%)	**951**	2,044	(53.5%)
Capitalized interest	**(120)**	(140)	(14.3%)	**(232)**	(260)	(10.8%)
	$15,983	$17,243	(7.3%)	**$31,997**	$34,119	(6.2%)

Interest expense has decreased primarily due to lower interest rates on both variable and new fixed rate debt, partially offset by an $8.6 million increase in overall debt levels, both on a year-over-year basis.

FAIR VALUE GAINS/(LOSSES) ON REAL ESTATE PROPERTIES

For the six months ended June 30, 2025, the Trust recorded fair value losses on real estate properties of $31.6 million, compared to $66.5 million of fair value losses on real estate properties for 2024.

Fair value adjustments are determined on a quarterly basis based on the movement of various parameters, including changes in projected cash flows as a result of leasing, timing and changes in discount rates, and terminal capitalization rates.

Fair value gains/(losses) on real estate properties consist of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Retail – enclosed regional centres	**($1,505)**	$5,469	**($9,260)**	($16,695)
Retail – community strip centres	**(3,851)**	3,094	**(2,595)**	3,790
Office	**(5,927)**	(24,771)	**(20,288)**	(53,566)
Industrial	**600**	(34)	**574**	6
	($10,683)	($16,242)	**($31,569)**	($66,465)

The fair value losses recorded for the office portfolio during the year of $20.3 million (2024 – $53.6 million) are a result of the expansion in capitalization rates for select Ottawa assets, coupled with higher vacancy at specific properties. This asset class has been affected by the work-from-home trend that continues to evolve.

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 NOI of the properties. Estimated stabilized NOI 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 and 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 (2024 – 5.0% to 9.5%), resulting in an overall weighted average capitalization rate of 7.42% (2024 – 7.31%).

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

STABILIZED CAPITALIZATION RATES

	June 30, 2025					December 31, 2024				
	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%**	**8.8%**	**5.0%**	**7.5%**	97.0%	90.0%	8.3%	5.0%	7.4%
Office	**100.0%**	**85.0%**	**9.5%**	**5.3%**	**7.5%**	100.0%	85.0%	9.5%	5.3%	7.4%
Industrial	**100.0%**	**95.0%**	**5.5%**	**5.3%**	**5.5%**	100.0%	95.0%	5.5%	5.3%	5.4%

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

DISCOUNT AND TERMINAL CAPITALIZATION RATES

	June 30, 2025			December 31, 2024		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
RETAIL						
Discount rate	**9.3%**	**5.8%**	**7.7%**	9.3%	5.8%	7.7%
Terminal cap rate	**8.3%**	**5.3%**	**6.9%**	8.3%	5.3%	6.9%
OFFICE						
Discount rate	**10.0%**	**6.3%**	**7.5%**	10.0%	6.3%	7.4%
Terminal cap rate	**9.5%**	**5.3%**	**6.6%**	9.5%	5.3%	6.6%
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 June 30, 2025, would decrease by $63.7 million or increase by $68.2 million, respectively.

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

SENSITIVITY ANALYSIS

For the six months ended June 30, 2025		
Change in capitalization rate	**0.25%**	**(0.25%)**
Retail	**($34,785)**	**$37,187**
Office	**(25,762)**	**27,532**
Industrial	**(3,175)**	**3,480**
	($63,722)	**$68,199**

NET INCOME FROM EQUITY-ACCOUNTED INVESTMENT

For the six months ended June 30, 2025, the Trust generated $0.7 million of income from its equity-accounted investment, compared to $0.8 million of income for the same six months ended June 30, 2024.

PRODUCTIVE CAPACITY MAINTENANCE EXPENDITURES

PCME are expenditures on leasing, replacement or major repair of component parts of properties that are required to preserve the existing earning capacity of the Trust's real estate portfolio. The Trust categorizes these expenditures as leasing commissions, tenant allowances and recoverable and non-recoverable capital expenditures.

Leasing Commissions and Tenant Allowances: The Trust requires ongoing capital spending on leasing commissions, tenant incentives and tenant improvements pertaining to new and renewed tenant leases. These costs depend on many factors, including, but not limited to, tenant maturity profile, vacancies, asset type, prevailing market conditions and unforeseen tenant bankruptcies.

Recoverable and Non-Recoverable Capital Expenditures: The Trust continually invests in major repair and replacement of component parts of the properties, such as roofing, parking lots, elevators and HVAC. These costs depend on many factors including, but not limited to, age and location of the property. Most of these capital expenditure items are recovered from tenants, over time, as property operating costs.

The Trust uses normalized PCME to calculate AFFO. Normalized PCME is an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and current rental revenues. Management considers a number of factors in estimating normalized PCME relative to the growth in age and size of the Trust's property portfolio. Such factors include, but are not limited to, review and analysis of three years of historical capital spending, comparison of each quarter's annualized actual spending activity to annual budgeted capital expenditures as approved by the Trustees and management's expectations and/or plans for the properties. Normalized PCME has been set at $8.75 million per quarter in 2025, or $35 million on an annualized basis.

Since actual capital expenditures can vary widely from one period to another, depending on a number of factors, management believes that normalized PCME are a more relevant input than actual PCME in assessing the Trust's distribution payout ratio and for determining an appropriate level of sustainable distributions over time. The factors affecting variations in actual PCME include, but are not limited to, lease expiry profile, tenant vacancies, age and location of the properties, and general economic and market conditions, which impact the level of tenant bankruptcies and acquisitions and dispositions.

The following table provides a breakdown of actual PCME for the three and six months ended June 30, 2025, and 2024.

ACTUAL PRODUCTIVE CAPACITY MAINTENANCE EXPENDITURES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Leasing commissions	**$781**	$772	**$4,945**	$2,746
Tenant allowances	**1,007**	3,783	**5,932**	5,714
Total leasing costs	**1,788**	4,555	**10,877**	8,460
Capital expenditures recoverable from tenants	**5,793**	3,509	**6,203**	5,826
Capital expenditures non-recoverable from tenants	**—**	709	**99**	1,002
Total capital expenditures	**5,793**	4,218	**6,302**	6,828
Total PCME	**7,581**	8,773	**17,179**	15,288
Normalized PCME	**8,750**	6,250	**17,500**	12,500
(Shortfall)/Excess between total PCME and normalized PCME	**$1,169**	($2,523)	**$321**	($2,788)

CASH FLOWS

Cash flow generated from real estate operations represents the primary source of liquidity to service debt and to fund planned maintenance expenditures, tenant improvements and distributions to unitholders. Cash flow from operations is dependent upon occupancy levels, rental rates achieved, collection of rents, efficiencies in operations and the cost to lease, as well as other factors.

The following table details the changes in cash for the following periods:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Cash (used in)/provided by operating activities	**($102)**	$6,962	(101.5%)	**$1,923**	$13,188	(85.4%)
Cash provided by(used in) financing activities	**8,285**	(31,975)	(125.9%)	**12,780**	(30,474)	(141.9%)
Cash (used in)/provided by investing activities	**(9,105)**	25,950	(135.1%)	**(16,087)**	17,206	(193.5%)
Net change in cash	**(922)**	937	(198.4%)	**(1,384)**	(80)	1,630.0%
Cash, beginning of period	**7,435**	6,261	18.8%	**7,897**	7,278	8.5%
Cash, end of period	**$6,513**	$7,198	(9.5%)	**$6,513**	$7,198	(9.5%)

Cash provided by operating activities for the six months ended June 30, 2025, decreased to $1.9 million from $13.2 million in 2024 mainly due to lower NOI in 2025, coupled with higher leasing costs incurred in 2025.

Cash provided in financing activities increased to $12.8 million for the six months ended June 30, 2025, from cash used in financing activities of $30.5 million in 2024 mainly due to higher proceeds from bank indebtedness in 2025, coupled with lower cash distributions resulting from unitholders electing DRIP.

Cash used in investing activities for the six months ended June 30, 2025, decreased to $16.1 million compared to cash provided by investing activities of $17.2 million in 2024 mainly due to proceeds from the sale of Heritage Towne Centre in 2024.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

The Trust presents FFO and AFFO in accordance with the current definition of the REALPAC.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

In thousands of dollars, except per unit amounts	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Net loss	**($1,698)**	($2,226)	(23.7%)	**($13,363)**	($39,001)	(65.7%)
Adjustments:						
Fair value losses on real estate properties [1]	**10,989**	16,356	(32.8%)	**31,838**	66,571	(52.2%)
Amortization of right-of-use assets	**18**	—	—%	**36**	—	—%
Payment of lease liabilities, net	**(40)**	(22)	81.8%	**(80)**	(43)	86.0%
Funds from operations – basic	**9,269**	14,108	(34.3%)	**18,431**	27,527	(33.0%)
Interest expense on convertible debentures	**2,081**	2,081	—%	**4,139**	4,139	—%
Funds from operations – diluted	**$11,350**	$16,189	(29.9%)	**$22,570**	$31,666	(28.7%)
Funds from operations – basic	**$9,269**	$14,108	(34.3%)	**$18,431**	$27,527	(33.0%)
Adjustments:						
Amortized stepped rents [1]	**(302)**	175	(272.6%)	**93**	415	(77.6%)
Normalized PCME	**(8,750)**	(6,250)	40.0%	**(17,500)**	(12,500)	40.0%
Adjusted funds from operations – basic	**217**	8,033	(97.3%)	**1,024**	15,442	(93.4%)
Interest expense on convertible debentures	**2,081**	2,081	—%	**4,139**	4,139	—%
Adjusted funds from operations – diluted	**$2,298**	$10,114	(77.3%)	**$5,163**	$19,581	(73.6%)

FUNDS FROM OPERATIONS PER UNIT						
Basic	**$0.14**	$0.22	(36.4%)	**$0.29**	$0.43	(32.6%)
Diluted [2]	**$0.13**	$0.19	(31.6%)	**$0.27**	$0.37	(27.0%)
ADJUSTED FUNDS FROM OPERATIONS PER UNIT						
Basic	**$—**	$0.12	(100.0%)	**$0.02**	$0.24	(91.7%)
Diluted [2]	**$—**	$0.12	(100.0%)	**$0.02**	$0.23	(91.3%)
WEIGHTED AVERAGE UNITS OUTSTANDING (IN THOUSANDS)						
Basic	**64,877**	64,276	0.9%	**64,641**	64,273	0.6%
Diluted [2]	**85,262**	84,660	0.7%	**85,026**	84,657	0.4%

1. Includes respective adjustments included in net income from equity-accounted investment.
2. Includes the dilutive impact of convertible debentures and presented on a cash settlement basis for consistency with industry practice for calculating FFO and AFFO.

ADJUSTED CASH FLOW FROM OPERATIONS

The Trust presents ACFO in accordance with the current definition of the REALPAC.

ADJUSTED CASH FLOW FROM OPERATIONS

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Cash (used in)/provided by operating activities	**($102)**	$6,962	(101.5%)	**$1,923**	$13,188	(85.4%)
Adjustments:						
Adjustment to working capital changes for ACFO [1]	**9,798**	9,863	(0.7%)	**14,103**	14,816	(4.8%)
Normalized PCME	**(8,750)**	(6,250)	40.0%	**(17,500)**	(12,500)	40.0%
Actual additions to tenant incentives and leasing commissions	**968**	768	26.0%	**5,184**	2,862	81.1%
Amortization of deferred financing costs	**(630)**	(654)	(3.7%)	**(1,264)**	(1,272)	(0.6%)
Payment of lease liabilities, net	**(40)**	(22)	81.8%	**(80)**	(43)	86.0%
ACFO from equity-accounted investment	**713**	617	15.6%	**749**	557	34.5%
Adjusted cash flow from operations – basic	**1,957**	11,284	(82.7%)	**3,115**	17,608	(82.3%)
Interest expense on convertible debentures	**2,081**	2,081	—%	**4,139**	4,139	—%
Adjusted cash flow from operations – diluted	**$4,038**	$13,365	(69.8%)	**$7,254**	$21,747	(66.6%)

Adjusted cash flow from operations – basic	**$1,957**	$11,284	(82.7%)	**$3,115**	$17,608	(82.3%)
Distributions declared	**3,888**	3,856	0.8%	**7,752**	7,717	0.5%
(Shortfall)/excess ACFO over distributions declared	**($1,931)**	$7,428	(126.0%)	**($4,637)**	$9,891	(146.9%)

1. See Adjustment to Working Capital Changes for ACFO below.

The following table provides a breakdown of the working capital changes, not indicative of sustainable cash flows available for distribution, which have been excluded in the calculation of ACFO:

ADJUSTMENT TO WORKING CAPITAL CHANGES FOR ACFO

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Development accruals	**($482)**	$144	(434.7%)	**($13)**	$2,015	(100.6%)
Prepaid realty taxes and insurance	**7,981**	7,347	8.6%	**13,627**	13,079	4.2%
Interest payable and receivable	**2,262**	2,560	(11.6%)	**328**	404	(18.8%)
Insurance claims	**37**	(188)	(119.7%)	**161**	(682)	(123.6%)
Adjustment to working capital changes for ACFO	**9,798**	9,863	(0.7%)	**14,103**	14,816	(4.8%)
Net change in non-cash operating assets and liabilities as per the financial statements	**(8,708)**	(7,366)	18.2%	**(12,657)**	(13,591)	(6.9%)
Net working capital changes included in ACFO	**$1,090**	$2,497	(56.3%)	**$1,446**	$1,225	18.0%

In the calculation of ACFO, the Trust makes an adjustment for certain working capital items that are not considered indicative of sustainable economic cash flows available for distribution. Examples include working capital changes related to development, prepaid realty taxes and insurance, interest payable and receivable, payments and proceeds from insurance claims, rent received in advance, and transaction cost accruals relating to acquisitions and dispositions of investment properties.

ACFO continues to include the impact of fluctuations from normal operating working capital, such as changes to net rent receivable from tenants, trade accounts payable and accrued liabilities.

Management analyzes working capital quarterly through a detailed review of all the working capital balances at the transactional level contained within each general ledger account. Significant individual transactions are reviewed based on management's experience and knowledge of the business, to identify those having seasonal fluctuations if related to sustainable operating cash flows or those transactions that are not related to sustainable operating cash flows.

DISTRIBUTIONS TO UNITHOLDERS

The Trust's primary business goal is to accumulate a Canadian portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to unitholders.

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"). The Trust's monthly distribution to unitholders in 2025 was $0.02 representing $0.24 per unit on an annualized basis.

For the six months ended June 30, 2025, Morguard has enrolled in the distribution reinvestment plan ("DRIP"), electing to receive unit distributions instead of cash distributions. Management expects Morguard to continue electing DRIP for the remainder of the year.

In determining the annual level of distributions to unitholders, the Trust looks at forward-looking cash flow information, including forecasts and budgets, and the future prospects of the Trust. The Trust does not consider periodic cash flow fluctuations resulting from items such as the timing of property operating costs, property tax instalments or semi-annual debenture interest payments in determining the level of distributions to unitholders in any particular quarter. Additionally, in establishing the level of cash distributions to the unitholders, the Trust considers the impact of, among other items, the future growth in IPP, the impact of future acquisitions and capital expenditures, and leasing costs. As a result, the Trust compares distributions to AFFO to ensure sufficient funds are retained for reinvestment.

The following is an analysis of 2025 monthly distributions:

Payment Date	Distribution Per Unit	Cash Distribution	Unit Distribution	Total Distribution
February 14, 2025	$0.02	$444	$842	$1,286
March 14, 2025	0.02	362	927	1,289
April 15, 2025	0.02	327	962	1,289
May 15, 2025	0.02	324	969	1,293
June 16, 2025	0.02	234	1,062	1,296
July 15, 2025	0.02	237	1,062	1,299
2025 total		**$1,928**	**$5,824**	**$7,752**
2024 total for same period		$7,649	$68	$7,717

PAYOUT RATIO

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
FFO payout ratio	**42.9%**	27.3%	**41.4%**	27.9%

PART IV

BALANCE SHEET AND REAL ESTATE OVERVIEW

The carrying value of the Trust's real estate properties decreased to $2.1 billion at June 30, 2025 (December 31, 2024 – $2.2 billion). Income producing properties were affected by additions from the Trust's capital investment programs (including PCME and completed development), which were offset by property dispositions and fair value changes.

The following table presents the Trust's summarized balance sheets as at June 30, 2025, December 31, 2024, and June 30, 2024.

As at	June 30, 2025	December 31, 2024	June 30, 2024
ASSETS			
Real estate properties	**$2,140,144**	$2,150,073	$2,173,269
Other assets	**4,589**	4,490	8,127
Working capital	**27,948**	11,488	24,204
Cash	**6,513**	7,897	7,198
Total assets	**$2,179,194**	$2,173,948	$2,212,798
LIABILITIES AND UNITHOLDERS' EQUITY			
Mortgages payable	**$941,715**	$959,285	$985,884
Convertible debentures	**155,302**	154,106	153,018
Bank indebtedness and Morguard loan payable	**136,483**	103,079	84,642
Lease liabilities	**16,507**	16,587	16,340
Total Debt	**1,250,007**	1,233,057	1,239,884
Working capital and other liabilities	**61,474**	56,664	58,389
Unitholders' equity	**867,713**	884,227	914,525
Total liabilities and unitholders' equity	**$2,179,194**	$2,173,948	$2,212,798

PROPERTIES UNDER DEVELOPMENT

The Trust's development program consists of projects identified by management to create additional long-term value for the Trust's real estate portfolio and align with the long-term strategic objectives. These may include development projects to expand leasable area, redevelopment of an existing area and retrofit opportunities. The following is a list of development projects:

DEVELOPMENT PROJECTS

	Portfolio	Estimated GLA	Estimated Project Cost	Spend to Date	Estimated Completion Date	Comments
RETAIL						
St. Laurent Centre	Enclosed regional centres	—	$6,400	$1,496	Q1 2026	Mall remerchandising
St. Laurent Centre	Enclosed regional centres	76,000	TBD	$—	TBD	Anchor tenant remerchandising of portion of former Sears space
Cambridge Centre	Enclosed regional centres	69,000	TBD	—	TBD	Anchor tenant remerchandising of former Sears space
OFFICE						
Rice Howard Place	Multi-tenant buildings	—	6,244	6,019	Q4 2025	Exterior podium enhancement and interior common area/food hall improvements
Development projects		**145,000**	**$12,644**	**$7,515**		

The Trust has commenced phase one of its remerchandising development project at St. Laurent in Ottawa, Ontario intended to strengthen the retailer mix, and promote longer term growth through targeted investment in discerning retailers. The remerchandising plan has a budget of approximately $6.4 million and is expected be completed by the end of the year.

The Trust has commenced a development project at its 20% interest in Rice Howard Place in Edmonton, Alberta to replace the existing podium level granite facade, signage bands and storefronts with more modern finishes, refresh the interior common areas, relocate the existing concourse food court to the main floor retail areas, and construct a new tenant fitness centre, staff lounge and conference centre.

The Trust is also advancing an application for site plan approval on the vacant land adjacent to St. Laurent, seeking approval for a 28-storey residential tower with approximately 309 units. This site plan represents phase 1 of the Trust's residential development of the land. The site plan approval process is expected to take approximately 18 months at an estimated cost of $1.15 million.

The Trust has submitted a development application to redevelop Burquitlam Plaza in Coquitlam, BC. The proposal calls for six residential towers with as many as 2,175 units, along with approximately 85,000 square feet of commercial space.

DEVELOPMENT PROJECTS – COMPLETED IN 2025 AND 2024

		GLA						
	Portfolio	Re-developed	Adjustment [1]	Income Producing	Completion Date	Total Project Cost	Occupancy % [2]	Comments
RETAIL								
Pine Centre Mall	Enclosed regional centres	13,593	1,780	15,373	Q2 2024	$4,398	100.0%	Anchor tenant remerchandising of former Sears space phase 6
		13,593	**1,780**	**15,373**		**$4,398**		

1. GLA adjustment due to reconfiguration caused by change in use.
2. Represents occupied GLA for development projects as a percentage of total GLA for development projects.

PART V

LIQUIDITY AND CAPITAL RESOURCES

DEBT AND LEVERAGE METRICS

	For the six months ended June 30, 2025	For the twelve months ended December 31, 2024	For the six months ended June 30, 2024
Interest coverage ratio [1]	**1.63**	1.93	1.86
Debt service coverage ratio [1]	**1.13**	1.32	1.27
Debt to assets ratio [1]	**57.3%**	56.7%	56.0%
Weighted average rate on fixed rate mortgages	**4.6%**	4.7%	4.6%
Weighted average rate on all mortgages	**4.7%**	4.8%	5.1%
Average term to maturity on mortgages (years)	**2.8**	3.0	3.1
Unencumbered assets to unsecured debt	**116.1%**	114.1%	147.7%
Unencumbered assets	**$225,140**	$221,290	$234,850
Unsecured debt	**$194,000**	$194,000	$159,000
Line of credit availability	**$65,731**	$72,694	$91,131

1. See calculations below and on following page.

COVERAGE RATIOS [1]

	For the six months ended June 30, 2025	For the twelve months ended December 31, 2024	For the six months ended June 30, 2024
Net operating income	**$52,972**	$131,643	$64,342
General and administrative expenses	**(1,927)**	(3,759)	(1,946)
Other income	**59**	20	—
Net operating income adjusted for items noted above (A)	**$51,104**	$127,904	$62,396
Interest expense	**$32,593**	$68,776	$34,826
Less amortization of deferred financing costs – mortgages	**(834)**	(1,757)	(870)
Less amortization of deferred financing costs – convertible debentures	**(434)**	(801)	(407)
Interest expense net of deferred financing costs (B)	**$31,325**	$66,218	$33,549
Interest coverage ratio (A)/(B)	**1.63**	1.93	1.86
Principal instalment repayments	**$14,054**	$30,721	$15,477
Interest expense net of deferred financing costs	**31,325**	66,218	33,549
Debt service (C)	**$45,379**	$96,939	$49,026
Debt service coverage ratio (A)/(C)	**1.13**	1.32	1.27

1. Calculated on a proportionate share basis.

DEBT TO ASSETS RATIO

As at	June 30, 2025	December 31, 2024	June 30, 2024
Total assets as per financial statements	**$2,179,194**	$2,173,948	$2,212,798
Plus accumulated amortization of furniture, fixtures and equipment	**1,256**	1,256	1,256
Plus accumulated amortization of right of use asset	**521**	485	408
Gross book value of total assets (A)	**2,180,971**	2,175,689	2,214,462
Mortgages payable	**941,715**	959,285	985,884
Convertible debentures	**155,302**	154,106	153,018
Lease liabilities	**16,507**	16,587	16,340
Bank indebtedness	**101,483**	68,079	14,642
Morguard loan payable	**35,000**	35,000	70,000
Total net debt (B)	**1,250,007**	1,233,057	1,239,884
Debt to assets ratio (B)/(A)	**57.3%**	56.7%	56.0%

DEBT STRATEGY

The Trust's long-term debt strategy involves the use of three forms of debt: conventional property-specific secured mortgages or bonds, unsecured convertible debentures and secured floating-rate bank financing. The Trust's objective is to ensure that capital resources are readily available to meet obligations as they become due, to complete its approved capital expenditure program and to take advantage of attractive acquisitions as they arise.

The Trust is limited by its Declaration of Trust to an overall indebtedness ratio of 65% of the gross book value of the Trust's total assets determined in accordance with IFRS. The debt limitations are in relation to the assets of the Trust in aggregate. There are no individual property debt limitations or constraints imposed by the Declaration of Trust.

The Trust's current operating strategy involves maintaining debt levels in the range of approximately 50 to 55% of the gross book value of total assets. Management is monitoring the debt ratio, which, despite recent reductions in total debt, has increased as a result of fair value changes on the Trust's real estate properties. Accordingly, the Trust does not generally repay maturing debt from cash flow, but rather with proceeds from refinancing such debt or financing unencumbered properties, and raising new equity or recycling equity through property dispositions to finance investment activities.

The Trust has a revolving loan agreement with Morguard that provides for borrowings or advances of up to $100.0 million, which is interest-bearing at the lender's borrowing rate and due on demand subject to available funds. This loan agreement is meant to provide short-term financing and investing options.

DEBT STRUCTURE

As at	June 30, 2025	% Change	December 31, 2024	% Change	June 30, 2024	% Change
Conventional secured mortgages payable	**$857,038**	**68.3%**	$875,137	70.7%	$817,681	65.6%
Unsecured convertible debentures	**156,645**	**12.5%**	155,883	12.6%	155,189	12.5%
Lease liabilities	**16,507**	**1.3%**	16,587	1.3%	16,340	1.3%
Gross fixed rate debt	**1,030,190**	**82.1%**	1,047,607	84.6%	989,210	79.4%
Conventional secured mortgages payable	**87,885**	**7.0%**	87,885	7.1%	172,063	13.8%
Secured floating rate bank financing	**101,483**	**8.1%**	68,079	5.5%	14,642	1.2%
Unsecured floating rate loan payable	**35,000**	**2.8%**	35,000	2.8%	70,000	5.6%
Gross variable rate debt	**224,368**	**17.9%**	190,964	15.4%	256,705	20.6%
Gross debt	**1,254,558**	**100.0%**	1,238,571	100.0%	1,245,915	100.0%
Less deferred financing costs:						
Mortgages	**(3,208)**		(3,737)		(3,860)	
Convertible debentures	**(1,343)**		(1,777)		(2,171)	
Net debt	**$1,250,007**		$1,233,057		$1,239,884	

MORTGAGES PAYABLE

The following table details the refinancing activities completed during the year ended June 30, 2025:

Maturity Date	Asset Type	Location	Expiring Interest Rate	New Interest Rate	Term (Years)	Expiring Mortgage	Mortgage Proceeds	Notes
January 2, 2025	Retail	Ottawa, ON	N/A	N/A	N/A	$5,356	$—	(a)
March 1, 2025	Retail	Winnipeg, MB	7.13%	5.01%	5.0	8,008	8,008	
March 1, 2025	Office	St. Laurent, PQ	6.06%	5.10%	3.0	35,080	35,080	
March 1, 2025	Office	Edmonton, AB	6.91%	5.30%	1.0	19,659	19,659	
June 26, 2025	Retail	Airdrie, AB	6.27%	4.52%	5.0	16,956	17,500	
Weighted averages and total			**6.42%**	**5.01%**	**3.1**	**$85,059**	**$80,247**	

(a) Represents a subsequent payment from a mortgage renewed in 2023.

DEBT MATURITY PROFILE

Management attempts to stagger the maturities of the Trust's fixed-rate debt with the general objective of achieving even annual maturities over a long-term horizon. The intention of this strategy is to reduce the Trust's exposure to interest rate fluctuations in any one period.

The Trust maintains mortgages with banks (41.8%), insurance companies (30.6%) and pension funds (27.6%) to reduce its exposure to any one lending group.

The following tables outline the debt payments as at June 30, 2025, together with the weighted average contractual rate on debt maturing in the years indicated. Also highlighted is the Trust's up-financing opportunity in relation to the fair value of encumbered properties relative to their respective maturing debt.

AGGREGATE MATURITIES

Year	Mortgage Maturity Payments	Scheduled Principal Repayments	Total Mortgages Payable	Debentures Payable	Bank Indebtedness	Revolving Loan	Lease Liabilities	Total Debt
2025	$124,584	$15,220	$139,804	$—	$101,483	$35,000	$81	$276,368
2026	178,467	30,343	208,810	159,000	—	—	172	367,982
2027	194,170	14,661	208,831	—	—	—	184	209,015
2028	71,359	12,040	83,399	—	—	—	189	83,588
2029	101,682	9,465	111,147	—	—	—	121	111,268
Thereafter	173,671	19,261	192,932	—	—	—	15,760	208,692
	$843,933	**$100,990**	**$944,923**	**$159,000**	**$101,483**	**$35,000**	**$16,507**	**$1,256,913**

INTEREST RATES

Year	Mortgages Payable	Debentures Payable	Bank Indebtedness	Revolving Loan	Lease Liabilities	Total Debt
2025	3.97%	—%	5.54%	5.65%	—%	4.80%
2026	4.54%	5.25%	—%	—%	—%	4.86%
2027	5.72%	—%	—%	—%	—%	5.72%
2028	5.22%	—%	—%	—%	7.50%	5.23%
2029	5.59%	—%	—%	—%	—%	5.59%
Thereafter	3.62%	—%	—%	—%	6.22%	3.80%
	4.68%	**5.25%**	**5.54%**	**5.65%**	**6.24%**	**4.87%**

FAIR VALUE OF ENCUMBERED PROPERTIES RELATIVE TO MATURING DEBT

Year	Mortgage Maturity Payments	Scheduled Principal Repayments	Total	Fair Value of Encumbered Assets	Leverage
2025	$124,584	$1,748	$126,332	$273,280	46.2%
2026	178,467	17,302	195,769	380,370	51.5%
2027	194,170	9,617	203,787	418,700	48.7%
2028	71,359	7,743	79,102	142,200	55.6%
2029	101,682	11,816	113,498	258,800	43.9%
Thereafter	173,671	52,764	226,435	333,750	67.8%
	$843,933	**$100,990**	**$944,923**	**$1,807,100**	**52.3%**

The scheduled principal repayments above represent the payments assigned to each particular year which are tied to the maturities for that year. Given current real estate values, the Trust has an opportunity to increase financing as certain debt matures and still maintain the targeted loan-to-value ratio in the range of 50 to 55%.

CREDIT FACILITIES

As at June 30, 2025, the Trust has secured floating rate bank financing availability totalling $103.3 million, which renews annually and is secured by fixed charges on specific properties owned by the Trust. The bank credit agreements include certain restrictive covenants and undertakings by the Trust. As at June 30, 2025, the Trust was in compliance with all covenants and undertakings.

The Trust's liquidity is defined and presented as follows:

LIQUIDITY

As at	June 30, 2025	December 31, 2024
Availability of bank lines of credit	**$103,330**	$101,350
Availability of Morguard loan payable	**100,000**	75,000
Availability	**203,330**	176,350
Other deductions and adjustments	**(1,116)**	(577)
Bank indebtedness outstanding	**(101,483)**	(68,079)
Morguard loan payable outstanding	**(35,000)**	(35,000)
Subtotal	**65,731**	72,694
Cash	**6,513**	7,897
Liquidity	**$72,244**	$80,591

COVENANTS

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 June 30, 2025, and 2024, the Trust was in compliance with those covenants.

CONVERTIBLE DEBENTURES

On December 7, 2021, the Trust issued $159.0 million principal amount of 5.25% convertible unsecured subordinated debentures ("Convertible Debentures"), maturing on December 31, 2026 ("the Maturity Date"). 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 consolidated balance sheets.

Conversion Rights: 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 128.2051 units per thousand principal amount of Convertible Debentures, subject to adjustment.

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.

Repayment Options Payment on Redemption or Maturity: The Trust may satisfy the obligation to repay the principal amount 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.

PART VI

ACCOUNTING POLICIES AND OTHER ITEMS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Trust's condensed consolidated financial statements for the three and six months ended June 30, 2025, and 2024, have been prepared in accordance with IAS 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual consolidated financial statements, except for the adoption of current accounting policies as described below, and should be read in conjunction with the most recent annual audited consolidated financial statements.

The MD&A for the year ended December 31, 2024, contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being primarily the accounting policies relating to estimates of fair value of real estate properties. Management determined that as at June 30, 2025, there is no change to the assessment of the significant accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2024.

RISKS AND UNCERTAINTIES

The Trust is exposed to risks as further analyzed and described in the annual MD&A for December 31, 2024.

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 a 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 year, the Trust incurred/(earned) the following:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Property management fees [1]	**$2,006**	$2,216	**$4,092**	$4,458
Appraisal/valuation fees	**85**	87	**170**	175
Information services	**55**	55	**110**	110
Leasing fees	**768**	530	**1,723**	1,391
Project administration fees	**268**	239	**300**	443
Project management fees	**30**	40	**52**	78
Risk management fees	**102**	88	**197**	176
Internal audit fees	**25**	25	**50**	50
Off-site administrative charges	**512**	499	**1,021**	996
Rental revenue	**(54)**	(52)	**(109)**	(104)
	$3,797	$3,727	**$7,606**	$7,773

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

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

As at	**June 30, 2025**	December 31, 2024
Amounts payable to MIL, net	**$1,261**	$1,327

(b) Revolving Loan with Morguard

The Trust has a revolving loan agreement with Morguard that provides for borrowings or advances of up to $100,000. The promissory notes are interest-bearing at the entities' borrowing costs and are due on demand, subject to available funds.

Morguard Loan Payable

During the six months ended June 30, 2025, there were no advances or repayments. As at June 30, 2025 and December 31, 2024, $35,000 remains payable to Morguard. For the three months ended June 30, 2025, the Trust incurred interest expense in the amount of $468 (2024 – $1,224) at an average interest rate of 5.25% (2024 – 7.03%). For the six months ended June 30, 2025, the Trust incurred interest expense in the amount of $911 (2024 – $1,911) at an average interest rate of 5.25% (2024 – 7.06%). As at June 30, 2025, the Trust has interest payable on the revolving loan with Morguard of $162 (December 31, 2024 – $164) included in its balance sheets.

Morguard Loan Receivable

During the six months ended June 30, 2025, there were no advances or repayments. As at June 30, 2025, and 2024, there was no loan receivable from Morguard. For the three months and six months ended June 30, 2025, and 2024, 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 three months ended June 30, 2025, the Trust incurred rent expense in the amount of $55 (2024 – $60). For the six months ended June 30, 2025, the Trust incurred rent expense in the amount of $111 (2024 – $118).

Morguard is a tenant in one of the Trust's properties. For the three months ended June 30, 2025, the Trust earned rental revenue in the amount of $30 (2024 – $28). For the six months ended June 30, 2025, the Trust earned rental revenue in the amount of $60 (2024 – $57).

Morguard provided a guarantee in association with the renewal of one of the Trust's mortgages in December 2023. For the three months ended June 30, 2025, the Trust incurred interest expense in the amount of $112 (2024 – $123). For the six months ended June 30, 2025, the Trust incurred interest expense in the amount of $224 (2024 – $246).

FINANCIAL INSTRUMENTS

The following describes the Trust's financial instruments. The Trust's financial assets and financial liabilities comprise cash, amounts receivable, loan receivable, accounts payable and accrued liabilities, bank indebtedness, mortgages payable, Morguard loan payable, and convertible debentures (excluding any conversion option).

Financial assets must be 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. Fair values of financial assets and financial liabilities are presented as follows:

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 June 30, 2025.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using June 30, 2025, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at June 30, 2025, of the mortgages payable has been estimated at $936,518 (December 31, 2024 – $949,420) compared to the carrying value before deferred financing costs of $944,923 (December 31, 2024 – $963,022). 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 June 30, 2025, of the Convertible Debentures has been estimated at $159,308 (December 31, 2024 – $159,000) compared to the carrying value before deferred financing costs of $156,645 (December 31, 2024 – $155,883).

PART VII

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

The financial certification process project team has documented the design of the internal controls in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. This undertaking has enabled the Chief Executive Officer and Chief Financial Officer to attest that the design of the internal controls with regard to financial information are effective using the Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework (2013). In order to ensure that the condensed consolidated financial statements and MD&A present fairly, in all material aspects, the financial position of the Trust and the results of its operations, management is responsible for establishing and maintaining disclosure controls and procedures, as well as internal control over financial reporting.

The Trust's management has evaluated the effectiveness of the Trust's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective for the three and six months ended June 30, 2025. The Trust's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design is effective for the three and six months ended June 30, 2025.

An information disclosure policy constitutes the framework for the information disclosure process with regard to the annual and interim filings, as well as to the other reports filed or submitted under securities legislation. This policy aims, in particular, at identifying material information and validating the related reporting. Morguard's Disclosure Committee is responsible for ensuring compliance with this policy for both Morguard and the Trust. Morguard's and the Trust's senior management act as the Disclosure Committee, ensuring compliance with this policy and reviewing main documents to be filed with regulatory authorities to ensure that all significant information regarding operations is communicated in a timely manner.

Notwithstanding the foregoing, due to its inherent limitations, a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates or assumptions about future events may be incorrect, resulting in varying results. In addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

PART VIII

OUTLOOK

HUDSON'S BAY COMPANY

On Friday March 7, 2025, The Bay filed for creditor protection under the Companies' Creditors Arrangement Act. The Trust had two Bay locations comprising a total 289,767 square feet of GLA (St Laurent, Ottawa and Cambridge Centre, Cambridge). The Trust's annualized gross rent earned from The Bay leases was approximately $1.5 million. The Bay has disclaimed specific leases in its portfolio while other leases remain subject to the monetization process which is currently ongoing. As at June 30, 2025, The Trust's lease with The Bay at Cambridge Centre has been disclaimed. The remaining lease is subject to a bid by Ruby Liu Commercial Investment Corp.

PART IX

FINANCIAL STATEMENTS AT THE TRUST'S OWNERSHIP SHARE

Part IX provides the reader with analysis of the Trust's financial statements and additional detail of the Trust's equity-accounted investment to arrive at a presentation of the Trust's ownership share.

BALANCE SHEETS – AT THE TRUST'S OWNERSHIP SHARE

As at June 30, 2025	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
ASSETS			
Non-current assets			
Real estate properties	**$2,140,144**	**$30,100**	**$2,170,244**
Right-of-use asset	**244**	**—**	**244**
Equity-accounted investment	**4,345**	**(4,345)**	**—**
	2,144,733	**25,755**	**2,170,488**
Current assets			
Amounts receivable	**9,732**	**29**	**9,761**
Prepaid expenses and other	**18,216**	**67**	**18,283**
Cash	**6,513**	**497**	**7,010**
	34,461	**593**	**35,054**
Total assets	**$2,179,194**	**$26,348**	**$2,205,542**
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Mortgages payable	**$710,261**	**$—**	**$710,261**
Convertible debentures	**155,302**	**—**	**155,302**
Lease liabilities	**16,341**	**—**	**16,341**
Derivative liability	**2,556**	**—**	**2,556**
Accounts payable and accrued liabilities	**5,802**	**3**	**5,805**
	890,262	**3**	**890,265**
Current liabilities			
Mortgages payable	**231,454**	**19,158**	**250,612**
Lease liabilities	**166**	**—**	**166**
Accounts payable and accrued liabilities	**53,116**	**7,187**	**60,303**
Morguard loan payable	**35,000**	**—**	**35,000**
Bank indebtedness	**101,483**	**—**	**101,483**
	421,219	**26,345**	**447,564**
Total liabilities	**1,311,481**	**26,348**	**1,337,829**
Unitholders' equity	**867,713**	**—**	**867,713**
	$2,179,194	**$26,348**	**$2,205,542**

STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS – AT THE TRUST'S OWNERSHIP SHARE

For the six months ended June 30, 2025	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
Revenue from real estate properties	**$118,648**	**$2,658**	**$121,306**
Property operating costs			
Property operating expenses	**(37,919)**	**(739)**	**(38,658)**
Property taxes	**(25,317)**	**(215)**	**(25,532)**
Property management fees	**(4,051)**	**(93)**	**(4,144)**
Net operating income	**51,361**	**1,611**	**52,972**
Interest expense	**(31,997)**	**(596)**	**(32,593)**
General and administrative	**(1,921)**	**(6)**	**(1,927)**
Amortization expense	**(36)**	**—**	**(36)**
Other income	**59**	**—**	**59**
Fair value losses on real estate properties	**(31,569)**	**(269)**	**(31,838)**
Net income from equity-accounted investment	**740**	**(740)**	**—**
Net loss	**($13,363)**	**$—**	**($13,363)**
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss in subsequent periods:			
Unrealized fair value loss on cash flow hedge	(167)	—	(167)
Comprehensive loss	**($13,530)**	**$—**	**($13,530)**

For the six months ended June 30, 2024	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
Revenue from real estate properties	$128,444	$2,708	$131,152
Property operating costs			
Property operating expenses	(36,348)	(756)	(37,104)
Property taxes	(24,946)	(253)	(25,199)
Property management fees	(4,413)	(94)	(4,507)
Net operating income	**62,737**	**1,605**	**64,342**
Interest expense	(34,119)	(707)	(34,826)
General and administrative	(1,946)	—	(1,946)
Fair value losses on real estate properties	(66,465)	(106)	(66,571)
Net income from equity-accounted investment	792	(792)	—
Net loss and comprehensive loss	**($39,001)**	**$—**	**($39,001)**

STATEMENTS OF CASH FLOWS – AT THE TRUST'S OWNERSHIP SHARE

For the six months ended June 30, 2025	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
OPERATING ACTIVITIES			
Net loss	**($13,363)**	**$—**	**($13,363)**
Add items not affecting cash	**32,522**	**1,013**	**33,535**
Distributions from equity-accounted investment, net	**605**	**(605)**	**—**
Additions to tenant incentives and leasing commissions	**(5,184)**	**(2)**	**(5,186)**
Net change in non-cash operating assets and liabilities	**(12,657)**	**281**	**(12,376)**
Cash provided by operating activities	**1,923**	**687**	**2,610**
FINANCING ACTIVITIES			
Proceeds from new mortgages	**60,588**	**19,659**	**80,247**
Financing costs on new mortgages	**(301)**	**(5)**	**(306)**
Repayment of mortgages			
Repayments on maturity	**(65,400)**	**(19,659)**	**(85,059)**
Principal instalment repayments	**(13,287)**	**(767)**	**(14,054)**
Payment of lease liabilities, net	**(80)**	**—**	**(80)**
Proceeds from bank indebtedness	**33,404**	**—**	**33,404**
Distributions to unitholders	**(2,144)**	**—**	**(2,144)**
Cash provided by/(used in) financing activities	**12,780**	**(772)**	**12,008**
INVESTING ACTIVITIES			
Capital expenditures on real estate properties	**(11,676)**	**(317)**	**(11,993)**
Expenditures on properties under development	**(4,411)**	**—**	**(4,411)**
Cash used in investing activities	**(16,087)**	**(317)**	**(16,404)**
Net change in cash	**(1,384)**	**(402)**	**(1,786)**
Cash, beginning of period	**7,897**	**899**	**8,796**
Cash, end of period	**$6,513**	**$497**	**$7,010**

STATEMENTS OF CASH FLOWS – AT THE TRUST'S OWNERSHIP SHARE (CONTINUED)

For the six months ended June 30, 2024	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
OPERATING ACTIVITIES			
Net loss	($39,001)	$—	($39,001)
Add items not affecting cash	68,222	902	69,124
Distributions from equity-accounted investment, net	420	(420)	—
Additions to tenant incentives and leasing commissions	(2,862)	(5)	(2,867)
Net change in non-cash operating assets and liabilities	(13,591)	16	(13,575)
Cash provided by operating activities	**13,188**	**493**	**13,681**
FINANCING ACTIVITIES			
Proceeds from new mortgages	83,500	—	83,500
Financing costs on new mortgages	(1,977)	(11)	(1,988)
Repayment of mortgages			
Repayments on maturity	(79,491)	—	(79,491)
Repayment due to early extinguishments	(17,030)	—	(17,030)
Principal instalment repayments	(14,969)	(508)	(15,477)
Payment of lease liabilities, net	(43)	—	(43)
Proceeds from bank indebtedness	25,905	—	25,905
Repayment of bank indebtedness	(90,000)	—	(90,000)
Proceeds from Morguard loan payable	70,000	—	70,000
Distributions to unitholders	(6,369)	—	(6,369)
Cash used in financing activities	**(30,474)**	**(519)**	**(30,993)**
INVESTING ACTIVITIES			
Capital expenditures on real estate properties	(12,321)	(100)	(12,421)
Expenditures on properties under development	(7,523)	—	(7,523)
Proceeds from sale of real estate properties, net	37,050	—	37,050
Cash provided by/(used in) investing activities	**17,206**	**(100)**	**17,106**
Net change in cash	**(80)**	**(126)**	**(206)**
Cash, beginning of period	7,278	1,038	8,316
Cash, end of period	**$7,198**	**$912**	**$8,110**

PART X

SUMMARY OF QUARTERLY RESULTS

The selected quarterly information highlights certain key metrics for the Trust over the most recently completed eight quarters. These measures from time to time may reflect fluctuations caused by the underlying impact of seasonal or non-recurring items, including acquisitions, divestitures, developments, leasing and maintenance expenditures, along with any associated financing requirements.

SUMMARY OF SELECTED QUARTERLY INFORMATION

In thousands of dollars, except per unit amounts	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Revenue from real estate properties	**$58,301**	$60,347	$67,437	$63,293	$64,046	$64,398	$65,857	$62,512
Net operating income	**25,661**	25,700	33,476	32,248	31,832	30,905	33,409	30,551
Fair value (losses)/gains on real estate properties	**(10,683)**	(20,886)	(48,851)	868	(16,242)	(50,223)	(42,880)	(52,047)
Net (loss)/income	**(1,698)**	(11,665)	(35,393)	15,571	(2,226)	(36,775)	(27,795)	(39,665)
Funds from operations [1]	**9,269**	9,162	16,530	14,917	14,108	13,419	15,685	13,957
Adjusted funds from operations [1,4]	**217**	807	10,478	8,750	8,033	7,409	9,670	7,889
Net (loss)/income – basic	**($0.03)**	($0.18)	($0.55)	$0.24	($0.03)	($0.57)	($0.43)	($0.62)
Net (loss)/income – diluted	**($0.03)**	($0.18)	($0.55)	$0.19	($0.03)	($0.57)	($0.43)	($0.62)
Funds from operations – basic [1]	**$0.14**	$0.14	$0.26	$0.23	$0.22	$0.21	$0.24	$0.22
Funds from operations – diluted [1]	**$0.13**	$0.13	$0.22	$0.20	$0.19	$0.18	$0.21	$0.19
Adjusted funds from operations – basic [1,4]	**$—**	$0.01	$0.16	$0.14	$0.12	$0.12	$0.15	$0.12
Adjusted funds from operations – diluted [1,4]	**$—**	$0.01	$0.15	$0.13	$0.12	$0.11	$0.14	$0.12
Distributions per unit	**$0.06**	$0.06	$0.12	$0.06	$0.06	$0.06	$0.06	$0.06
Weighted average number of units as at quarter-end (in thousands)								
Basic	**64,877**	64,403	64,288	64,282	64,276	64,269	64,262	64,255
Balance sheets								
Total assets	**$2,179,194**	$2,172,607	$2,173,948	$2,219,836	$2,212,798	$2,246,742	$2,280,242	$2,321,353
Total gross debt	**$1,254,558**	$1,244,892	$1,238,571	$1,240,471	$1,245,915	$1,273,177	$1,267,330	$1,270,964
Total equity	**$867,713**	$869,635	$884,227	$922,929	$914,525	$920,573	$961,185	$992,792
Gross leasable area as at quarter-end (in thousands of square feet) [2]								
Retail	**4,391**	4,391	4,386	4,386	4,386	4,515	4,479	4,479
Office	**3,265**	3,265	3,250	3,249	3,248	3,245	3,247	3,246
Industrial	**283**	283	283	283	283	293	293	293
Total	**7,939**	7,939	7,919	7,918	7,917	8,053	8,019	8,018
Occupancy as at quarter-end (%) [3]								
Retail	**89.9%**	93.7%	94.7%	94.0%	94.3%	94.4%	94.6%	94.1%
Office	**80.3%**	79.7%	86.9%	86.5%	86.3%	85.5%	85.3%	85.5%
Industrial	**91.9%**	91.9%	91.2%	91.0%	91.0%	85.4%	84.4%	85.0%
Total	**85.9%**	87.7%	91.2%	90.7%	90.8%	90.3%	90.3%	90.1%

1. Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found in Part I, "Specified Financial Measures".

2. Excludes equity-accounted investment.

3. Excludes properties held for sale, area either held for, or under, development and equity-accounted investment.

4. The Trust uses normalized productive capacity maintenance expenditures to calculate adjusted funds from operations.

PART XI

PROPERTY LISTING

RETAIL PROPERTIES

Property	City	Province	Ownership Interest (%)	Gross Area (SF)	Ownership Area (SF)
Burquitlam Plaza	Coquitlam	BC	100	68,500	68,500
Pine Centre Mall	Prince George	BC	100	361,000	361,000
Shelbourne Plaza	Victoria	BC	100	56,500	56,500
Airdrie Co-op Centre	Airdrie	AB	100	70,000	70,000
2649 Main Street South	Airdrie	AB	100	44,000	44,000
Prairie Mall	Grande Prairie	AB	50	262,000	131,000
Parkland Mall	Red Deer	AB	100	444,500	444,500
The Centre	Saskatoon	SK	100	499,000	499,000
Shoppers Mall	Brandon	MB	100	361,000	361,000
Charleswood Centre	Winnipeg	MB	100	123,000	123,000
Southdale Centre	Winnipeg	MB	100	175,500	175,500
Aurora Centre	Aurora	ON	100	304,000	304,000
Cambridge Centre	Cambridge	ON	100	661,000	661,000
Market Square	Kanata	ON	100	68,000	68,000
Kingsbury Centre	Mississauga	ON	100	70,000	70,000
Hampton Park Plaza	Ottawa	ON	100	102,000	102,000
St. Laurent	Ottawa	ON	100	797,000	797,000
Woodbridge Square	Vaughan	ON	50	112,000	56,000
Total Retail (18)				**4,579,000**	**4,392,000**

OFFICE PROPERTIES

Property	City	Province	Ownership Interest (%)	Gross Area (SF)	Ownership Area (SF)
111 Dunsmuir	Vancouver	BC	100	222,000	222,000
Chancery Place	Vancouver	BC	100	142,500	142,500
Seymour Place	Victoria	BC	100	235,500	235,500
505 3rd Street SW	Calgary	AB	50	142,000	71,000
7315 8th Street NE	Calgary	AB	100	19,500	19,500
Centre 810	Calgary	AB	100	77,500	77,500
Citadel West	Calgary	AB	100	78,500	78,500
Deerport Centre	Calgary	AB	100	49,000	49,000
Duncan Building	Calgary	AB	100	76,500	76,500
National Bank Building	Calgary	AB	100	43,500	43,500
207 and 215 9th Avenue SW	Calgary	AB	100	651,000	651,000
Petroleum Plaza	Edmonton	AB	50	304,000	152,000
Rice Howard Place	Edmonton	AB	20	610,000	122,000
301 Laurier Avenue	Ottawa	ON	50	26,000	13,000
525 Coventry	Ottawa	ON	100	42,500	42,500
Green Valley Office Park	Ottawa	ON	100	123,000	123,000
Heritage Place	Ottawa	ON	50	218,000	109,000
St. Laurent Business Centre	Ottawa	ON	100	89,500	89,500
Standard Life	Ottawa	ON	50	371,000	185,500
Time Square	Ottawa	ON	100	112,000	112,000
200 Yorkland	Toronto	ON	100	151,000	151,000
77 Bloor Street West	Toronto	ON	50	396,000	198,000
Place Innovation	Saint-Laurent	QC	50	903,000	451,500
Total Office (23)				**5,083,500**	**3,415,500**

INDUSTRIAL PROPERTIES

Property	City	Province	Ownership Interest (%)	Gross Area (SF)	Ownership Area (SF)
1875 Leslie	Toronto	ON	100	52,000	52,000
2041-2151 McCowan	Toronto	ON	100	189,000	189,000
279 Yorkland	Toronto	ON	100	18,000	18,000
285 Yorkland	Toronto	ON	100	24,000	24,000
Total Industrial (4)				**283,000**	**283,000**

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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	June 30, 2025	December 31, 2024
ASSETS			
Non-current assets			
Real estate properties	3	**$2,140,144**	$2,150,073
Right-of-use asset		**244**	280
Equity-accounted investment	4	**4,345**	4,210
		2,144,733	2,154,563
Current assets			
Amounts receivable	5	**9,732**	8,050
Prepaid expenses and other		**18,216**	3,438
Cash		**6,513**	7,897
		34,461	19,385
Total assets		**$2,179,194**	$2,173,948
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Mortgages payable	7	**$710,261**	$746,230
Convertible debentures	8	**155,302**	154,106
Lease liabilities	9	**16,341**	16,426
Derivative liability	7	**2,556**	2,389
Accounts payable and accrued liabilities		**5,802**	5,799
		890,262	924,950
Current liabilities			
Mortgages payable	7	**231,454**	213,055
Lease liabilities	9	**166**	161
Accounts payable and accrued liabilities		**53,116**	48,476
Morguard loan payable	14(b)	**35,000**	35,000
Bank indebtedness	10	**101,483**	68,079
		421,219	364,771
Total liabilities		**1,311,481**	1,289,721
Unitholders' equity		**867,713**	884,227
		$2,179,194	$2,173,948
Commitments and contingencies	17		

See accompanying notes to the condensed 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

		Three months ended		Six months ended	
	Note	**June 30, 2025**	June 30, 2024	**June 30, 2025**	June 30, 2024
Revenue from real estate properties	11	**$58,301**	$64,046	**$118,648**	$128,444
Property operating costs					
Property operating expenses	12(a)	**(18,264)**	(17,939)	**(37,919)**	(36,348)
Property taxes		**(12,391)**	(12,080)	**(25,317)**	(24,946)
Property management fees		**(1,985)**	(2,195)	**(4,051)**	(4,413)
Net operating income		**25,661**	31,832	**51,361**	62,737
Interest expense	13	**(15,983)**	(17,243)	**(31,997)**	(34,119)
General and administrative	12(b)	**(961)**	(922)	**(1,921)**	(1,946)
Amortization expense		**(18)**	—	**(36)**	—
Other income		**29**	—	**59**	—
Fair value losses on real estate properties	3	**(10,683)**	(16,242)	**(31,569)**	(66,465)
Net income from equity-accounted investment	4	**257**	349	**740**	792
Net loss		**($1,698)**	($2,226)	**($13,363)**	($39,001)
OTHER COMPREHENSIVE INCOME					
Item that may be reclassified to profit or loss in subsequent periods:					
Unrealized fair value gain/(loss) on cash flow hedge		**665**	—	**(167)**	—
Comprehensive loss		**($1,033)**	($2,226)	**($13,530)**	($39,001)
NET LOSS PER UNIT	15(d)				
Basic		**($0.03)**	($0.03)	**($0.21)**	($0.61)
Diluted		**($0.03)**	($0.03)	**($0.21)**	($0.61)

See accompanying notes to the condensed 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, 2024		64,267,901	$636,096	$311,752	$6,879	$6,458	$—	$961,185
Net loss		—	—	(39,001)	—	—	—	(39,001)
Distributions to unitholders	15(a)	—	—	(7,659)	—	—	—	(7,659)
Issue of units – DRIP [1]	15(c)	10,807	58	(58)	—	—	—	—
Unitholders' equity, June 30, 2024		64,278,708	636,154	265,034	6,879	6,458	—	914,525
Net loss		—	—	(19,822)	—	—	—	(19,822)
Distributions to unitholders	15(a)	—	—	(8,087)	—	—	—	(8,087)
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)	13,365	73	(73)	—	—	—	—
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
Net loss		**—**	**—**	**(13,363)**	**—**	**—**	**—**	**(13,363)**
Distributions to unitholders	15(a)	**—**	**—**	**(2,984)**	**—**	**—**	**—**	**(2,984)**
Issue of units – DRIP [1]	15(c)	**845,878**	**4,768**	**(4,768)**	**—**	**—**	**—**	**—**
Other comprehensive income		**—**	**—**	**—**	**—**	**—**	**(167)**	**(167)**
Unitholders' equity, June 30, 2025		**65,137,951**	**$644,403**	**$212,529**	**$6,879**	**$6,458**	**($2,556)**	**$867,713**

1. Distribution Reinvestment Plan ("DRIP").

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

		Three months ended		Six months ended	
	Note	**June 30, 2025**	June 30, 2024	**June 30, 2025**	June 30, 2024
OPERATING ACTIVITIES					
Net loss		**($1,698)**	($2,226)	**($13,363)**	($39,001)
Add items not affecting cash	16(a)	**10,837**	17,105	**32,522**	68,222
Distributions from equity-accounted investment, net	4	**435**	217	**605**	420
Additions to tenant incentives and leasing commissions		**(968)**	(768)	**(5,184)**	(2,862)
Net change in non-cash operating assets and liabilities	16(b)	**(8,708)**	(7,366)	**(12,657)**	(13,591)
Cash (used in)/provided by operating activities		**(102)**	6,962	**1,923**	13,188
FINANCING ACTIVITIES					
Proceeds from new mortgages		**17,500**	83,500	**60,588**	83,500
Financing costs on new mortgages		**(109)**	(533)	**(301)**	(1,977)
Repayment of mortgages					
Repayments on maturity		**(16,956)**	(77,098)	**(65,400)**	(79,491)
Repayment due to early extinguishments		**—**	(17,030)	**—**	(17,030)
Principal instalment repayments		**(6,688)**	(7,608)	**(13,287)**	(14,969)
Payment of lease liabilities, net		**(40)**	(22)	**(80)**	(43)
Proceeds from bank indebtedness	10	**15,467**	10,638	**33,404**	25,905
Repayment of bank indebtedness	10	**—**	(20,000)	**—**	(90,000)
Proceeds from Morguard loan payable	14(b)	**—**	—	**—**	70,000
Distributions to unitholders		**(889)**	(3,822)	**(2,144)**	(6,369)
Cash provided by/(used in) financing activities		**8,285**	(31,975)	**12,780**	(30,474)
INVESTING ACTIVITIES					
Capital expenditures on real estate properties		**(6,308)**	(7,893)	**(11,676)**	(12,321)
Expenditures on properties under development		**(2,797)**	(3,207)	**(4,411)**	(7,523)
Proceeds from sale of real estate properties, net	3	**—**	37,050	**—**	37,050
Cash (used in)/provided by investing activities		**(9,105)**	25,950	**(16,087)**	17,206
Net change in cash		**(922)**	937	**(1,384)**	(80)
Cash, beginning of period		**7,435**	6,261	**7,897**	7,278
Cash, end of period		**$6,513**	$7,198	**$6,513**	$7,198

See accompanying notes to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months ended June 30, 2025, and 2024

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

NOTE 1

NATURE AND FORMATION OF THE TRUST

Morguard Real Estate Investment 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 68.3% of the outstanding units as at June 30, 2025 (December 31, 2024 – 66.0%). 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 condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board, and thus do not contain all of the disclosures applicable to the annual audited consolidated financial statements.

These condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and should be read in conjunction with the most recent annual audited consolidated financial statements.

The condensed consolidated financial statements were approved and authorized for issue by the Trustees on July 30, 2025.

Significant assumptions are used in the assessment of fair value, including 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). These assumptions could change periodically and ultimately impact the underlying valuation of the Trust's real estate properties and equity-accounted investment.

NOTE 3
REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	June 30, 2025	December 31, 2024
Income producing properties	**$2,048,567**	$2,062,060
Properties under development	**24,262**	19,908
Held for development	**67,315**	68,105
	$2,140,144	$2,150,073

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, 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**
Additions:				
Capital expenditures/capitalized costs	5,985	4,411	—	10,396
Tenant improvements, tenant incentives and commissions	10,875	—	—	10,875
Transfers	57	(57)	—	—
Fair value losses	(30,779)	—	(790)	(31,569)
Other changes	369	—	—	369
Balance as at June 30, 2025	**$2,048,567**	**$24,262**	**$67,315**	**$2,140,144**

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 (December 31, 2024 – 5.0% to 9.5%), resulting in an overall weighted average capitalization rate of 7.42% (December 31, 2024 – 7.31%).

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

	June 30, 2025					December 31, 2024				
	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%**	**8.8%**	**5.0%**	**7.5%**	97.0%	90.0%	8.3%	5.0%	7.4%
Office	**100.0%**	**85.0%**	**9.5%**	**5.3%**	**7.5%**	100.0%	85.0%	9.5%	5.3%	7.4%
Industrial	**100.0%**	**95.0%**	**5.5%**	**5.3%**	**5.5%**	100.0%	95.0%	5.5%	5.3%	5.4%

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

	June 30, 2025			December 31, 2024		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
RETAIL						
Discount rate	**9.3%**	**5.8%**	**7.7%**	9.3%	5.8%	7.7%
Terminal cap rate	**8.3%**	**5.3%**	**6.9%**	8.3%	5.3%	6.9%
OFFICE						
Discount rate	**10.0%**	**6.3%**	**7.5%**	10.0%	6.3%	7.4%
Terminal cap rate	**9.5%**	**5.3%**	**6.6%**	9.5%	5.3%	6.6%
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 June 30, 2025, would decrease by $63,722 or increase by $68,199, respectively.

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

For the six months ended June 30, 2025		
Change in capitalization rate	**0.25%**	**(0.25%)**
Retail	**($34,785)**	**$37,187**
Office	**(25,762)**	**27,532**
Industrial	**(3,175)**	**3,480**
	($63,722)	**$68,199**

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	**June 30, 2025**	December 31, 2024
Balance, beginning of period	**$4,210**	$7,755
Equity income/(loss)	**740**	(1,652)
Distributions to partners, net	**(605)**	(1,893)
Balance, end of period	**$4,345**	$4,210

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	**June 30, 2025**	December 31, 2024
Real estate property	**$30,100**	$30,050
Current assets	**593**	938
Total assets	**30,693**	30,988
Non-current liabilities	**(3)**	(3)
Current liabilities	**(26,345)**	(26,775)
Net equity	**$4,345**	$4,210

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Revenue from real estate property	**$1,292**	$1,328	**$2,658**	$2,708
Property operating expenses	**(469)**	(511)	**(1,047)**	(1,103)
Net operating income	**823**	817	**1,611**	1,605
Interest and other expenses	**(260)**	(354)	**(602)**	(707)
Fair value losses on real estate property	**(306)**	(114)	**(269)**	(106)
Net income	**$257**	$349	**$740**	$792

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 June 30, 2025, the property was valued using a discount rate of 8.8% (December 31, 2024 – 8.8%), a terminal cap rate of 8.0% (December 31, 2024 – 8.0%) and a stabilized cap rate of 7.8% (December 31, 2024 – 7.8%). The stabilized annual net operating income as at June 30, 2025, was $2,613 (December 31, 2024 – $3,051).

NOTE 5
AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	**June 30, 2025**	December 31, 2024
Tenant receivables	**$5,765**	$2,892
Unbilled other tenant receivables	**2,436**	3,264
Receivables from related parties	**249**	173
Other	**3,263**	3,030
Allowance for expected credit loss	**(1,981)**	(1,309)
	$9,732	$8,050

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 condensed consolidated financial statements.

			Trust's Ownership Share	
Jointly Controlled Operations	Location	Property Type	**2025**	2024
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 condensed consolidated financial statements, represent the Trust's proportionate share of the assets and liabilities of its co-ownerships as at June 30, 2025, and December 31, 2024, and the results of operations for the three and six months ended June 30, 2025, and 2024:

As at	June 30, 2025	December 31, 2024
Assets	**$356,763**	$366,479
Liabilities	**$208,302**	$210,862

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Revenue	**$10,907**	$11,671	**$22,196**	$23,457
Expenses	**(8,392)**	(8,270)	**(17,090)**	(16,663)
Income before fair value adjustments	**2,515**	3,401	**5,106**	6,794
Fair value losses on real estate properties	**(3,846)**	(6,320)	**(14,216)**	(10,119)
Net loss	**($1,331)**	($2,919)	**($9,110)**	($3,325)

NOTE 7
MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	June 30, 2025	December 31, 2024
Mortgages payable before deferred financing costs	**$944,923**	$963,022
Deferred financing costs	**(3,208)**	(3,737)
Mortgages payable	**$941,715**	$959,285
Mortgages payable – non-current	**$710,261**	$746,230
Mortgages payable – current	**231,454**	213,055
Mortgages payable	**$941,715**	$959,285
Range of interest rates	**2.7% to 7.8%**	2.7% to 7.8%
Weighted average fixed interest rate	**4.6%**	4.7%
Weighted average interest rate on all mortgages	**4.7%**	4.8%
Weighted average term to maturity (years)	**2.8**	3.0

The mortgages payable above include floating-rate mortgages. As at June 30, 2025, these mortgages total $87,885 (December 31, 2024 – $87,885), excluding hedged debt.

The aggregate principal repayments and balances maturing on the mortgages payable as at June 30, 2025, 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 (remainder of year)	$15,220	$124,584	$139,804	4.0%
2026	30,343	178,467	208,810	4.5%
2027	14,661	194,170	208,831	5.7%
2028	12,040	71,359	83,399	5.2%
2029	9,465	101,682	111,147	5.6%
Thereafter	19,261	173,671	192,932	3.6%
	$100,990	**$843,933**	**$944,923**	**4.7%**

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 June 30, 2025, and December 31, 2024, 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.

As at June 30, 2025, the derivative liability was $2,556 (December 31, 2024 – $2,389). 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 June 30, 2025, Morguard held a total of $60,000 principal amount of the Convertible Debentures (December 31, 2024 – $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	June 30, 2025	December 31, 2024
Convertible debentures – liability	**$151,934**	$151,934
Convertible debentures – accretion	**4,711**	3,949
Convertible debentures before issue costs	**156,645**	155,883
Issue costs	**(1,343)**	(1,777)
Convertible debentures	**$155,302**	$154,106

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

	Interest	Principal	Total
2025	$4,174	$—	$4,174
2026	8,348	159,000	167,348
	$12,522	**$159,000**	**$171,522**

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	June 30, 2025	December 31, 2024
Balance, beginning of period	**$16,587**	$16,383
Additions	**—**	358
Lease payments	**(597)**	(1,197)
Interest	**517**	1,043
Balance, end of period	**$16,507**	$16,587
Current	**$166**	$161
Non-current	**16,341**	16,426
	$16,507	$16,587
Weighted average borrowing rate	**6.2%**	6.2%

NOTE 10

BANK INDEBTEDNESS

The Trust has operating lines of credit totalling $103,330 (December 31, 2024 – $101,350), 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 June 30, 2025, there is a maximum of $102,730 available (December 31, 2024 – $101,350).

As at June 30, 2025, the Trust had borrowed $101,483 (December 31, 2024 – $68,079) on its credit facilities and issued letters of credit in the amount of $516 (December 31, 2024 – $577) related to these facilities. The net availability remaining on the Trust's credit facilities is $731 (December 31, 2024 – $32,694).

The bank credit agreements include certain restrictive covenants and undertakings by the Trust. As at June 30, 2025, and December 31, 2024, 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 June 30, 2025, approximates fair value.

NOTE 11

REVENUE FROM REAL ESTATE PROPERTIES

Revenue from real estate properties consists of the following:

For the three months ended June 30, 2025	Retail	Office	Industrial	Total
Rental revenue	**$22,370**	**$10,960**	**$890**	**$34,220**
CAM recoveries	**5,479**	**6,302**	**285**	**12,066**
Property tax and insurance recoveries	**5,637**	**3,354**	**148**	**9,139**
Other revenue and lease cancellation fees	**662**	**163**	**4**	**829**
Parking revenue	**—**	**1,427**	**—**	**1,427**
Amortized rents	**(122)**	**742**	**—**	**620**
	$34,026	**$22,948**	**$1,327**	**$58,301**

For the three months ended June 30, 2024	Retail	Office	Industrial	Total
Rental revenue	$23,039	$15,640	$722	$39,401
CAM recoveries	5,055	7,043	234	12,332
Property tax and insurance recoveries	5,932	3,668	145	9,745
Other revenue and lease cancellation fees	650	655	—	1,305
Parking revenue	—	1,463	—	1,463
Amortized rents	239	(451)	12	(200)
	$34,915	$28,018	$1,113	$64,046

For the six months ended June 30, 2025	Retail	Office	Industrial	Total
Rental revenue	**$44,514**	**$23,519**	**$1,752**	**$69,785**
CAM recoveries	**11,001**	**13,294**	**607**	**24,902**
Property tax and insurance recoveries	**11,635**	**7,036**	**307**	**18,978**
Other revenue and lease cancellation fees	**1,401**	**427**	**9**	**1,837**
Parking revenue	**—**	**2,777**	**—**	**2,777**
Amortized rents	**(28)**	**370**	**27**	**369**
	$68,523	**$47,423**	**$2,702**	**$118,648**

For the six months ended June 30, 2024	Retail	Office	Industrial	Total
Rental revenue	$45,999	$31,256	$1,312	$78,567
CAM recoveries	10,524	14,288	491	25,303
Property tax and insurance recoveries	11,591	7,864	286	19,741
Other revenue and lease cancellation fees	1,330	1,273	—	2,603
Parking revenue	—	2,794	—	2,794
Amortized rents	365	(948)	19	(564)
	$69,809	$56,527	$2,108	$128,444

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:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Repairs and maintenance	**$7,899**	$7,518	**$16,062**	$15,847
Utilities	**3,780**	3,889	**8,473**	8,367
Other operating expenses	**6,585**	6,532	**13,384**	12,134
	$18,264	$17,939	**$37,919**	$36,348

(b) General and Administrative
General and administrative expenses consist of the following:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Trustees' fees and expenses	**$60**	$61	**$119**	$128
Professional and compliance fees	**354**	316	**698**	663
Payroll and other administrative expenses	**547**	545	**1,104**	1,155
	$961	$922	**$1,921**	$1,946

NOTE 13
INTEREST EXPENSE
The components of interest expense are as follows:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Mortgages payable	**$11,074**	$12,334	**$22,338**	$24,427
Amortization of deferred financing costs – mortgages	**412**	449	**830**	865
Convertible debentures	**2,081**	2,081	**4,139**	4,139
Accretion on convertible debentures, net	**383**	358	**762**	713
Amortization of deferred financing costs – convertible debentures	**218**	205	**434**	407
Lease liabilities	**258**	254	**517**	509
Bank indebtedness	**1,189**	403	**2,258**	1,275
Morguard loan payable and other	**488**	1,299	**951**	2,044
Capitalized interest	**(120)**	(140)	**(232)**	(260)
	$15,983	$17,243	**$31,997**	$34,119

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:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Property management fees [1]	**$2,006**	$2,216	**$4,092**	$4,458
Appraisal/valuation fees	**85**	87	**170**	175
Information services	**55**	55	**110**	110
Leasing fees	**768**	530	**1,723**	1,391
Project administration fees	**268**	239	**300**	443
Project management fees	**30**	40	**52**	78
Risk management fees	**102**	88	**197**	176
Internal audit fees	**25**	25	**50**	50
Off-site administrative charges	**512**	499	**1,021**	996
Rental revenue	**(54)**	(52)	**(109)**	(104)
	$3,797	$3,727	**$7,606**	$7,773

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

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

As at	**June 30, 2025**	December 31, 2024
Amounts payable to MIL, net	**$1,261**	$1,327

(b) Revolving Loan with Morguard

The Trust has a revolving loan agreement with Morguard that provides for borrowings or advances of up to $100,000 (December 31, 2024 – $75,000), which is interest-bearing at the entities' borrowing costs and due on demand, subject to available funds.

Morguard Loan Payable

During the six months ended June 30, 2025, there were no advances or repayments. As at June 30, 2025 and December 31, 2024, $35,000 remains payable to Morguard. For the three months ended June 30, 2025, the Trust incurred interest expense in the amount of $468 (2024 – $1,224) at an average interest rate of 5.37% (2024 – 7.03%). For the six months ended June 30, 2025, the Trust incurred interest expense in the amount of $911 (2024 – $1,911) at an average interest rate of 5.25% (2024 – 7.06%). As at June 30, 2025, the Trust has interest payable on the revolving loan with Morguard of $162 (December 31, 2024 – $164) included in its balance sheets.

Morguard Loan Receivable
During the six months ended June 30, 2025, there were no advances or repayments. As at June 30, 2025, and December 31, 2024, there was no loan receivable from Morguard. For the three months and six months ended June 30, 2025, and 2024, 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 three months ended June 30, 2025, the Trust incurred rent expense in the amount of $55 (2024 – $60). For the six months ended June 30, 2025, the Trust incurred rent expense in the amount of $111 (2024 – $118).

Other than the revolving loan, the following additional amounts relating to Morguard are included in the balance sheets:

As at	June 30, 2025	December 31, 2024
Amounts receivable	**$—**	$—
Accounts payable and accrued liabilities	**$—**	$—

Morguard is a tenant in one of the Trust's properties. For the three months ended June 30, 2025, the Trust earned rental revenue in the amount of $30 (2024 – $28). For the six months ended June 30, 2025, the Trust earned rental revenue in the amount of $60 (2024 – $57).

Morguard provided a guarantee in association with the renewal of one of the Trust's mortgages in December 2023. For the three months ended June 30, 2025, the Trust incurred interest expense in the amount of $112 (2024 – $123). For the six months ended June 30, 2025, the Trust incurred interest expense in the amount of $224 (2024 – $246).

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, 2024 to June 30, 2025:

	Six months ended June 30, 2025	Year ended December 31, 2024
Balance, beginning of period	**64,292,073**	64,267,901
Distribution Reinvestment Plan – Morguard	**761,805**	—
Distribution Reinvestment Plan – other unitholders	**84,073**	24,172
Special distribution in units	**—**	616,180
Consolidation of units	**—**	(616,180)
Balance, end of period	**65,137,951**	64,292,073

Total distributions recorded during the six months ended June 30, 2025, amounted to $7,752 or $0.12 per unit (2024 – $7,717 or $0.12 per unit). On June 16, 2025, the Trust declared a distribution in the amount of $0.02 per unit for the month of June 2025, payable on July 15, 2025.

(b) Normal Course Issuer Bid

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.

During the six months ended June 30, 2025, and 2024, 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 six months ended June 30, 2025, the Trust issued 845,878 units under the DRIP (2024 – 10,807 units).

(d) Net Loss Per Unit

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

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Net loss – basic	**($1,698)**	($2,226)	**($13,363)**	($39,001)
Net loss – diluted	**($1,698)**	($2,226)	**($13,363)**	($39,001)
Weighted average number of units outstanding – basic	**64,877**	64,276	**64,641**	64,273
Weighted average number of units outstanding – diluted	**64,877**	64,276	**64,641**	64,273
Net loss per unit – basic	**($0.03)**	($0.03)	**($0.21)**	($0.61)
Net loss per unit – diluted	**($0.03)**	($0.03)	**($0.21)**	($0.61)

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 June 30, 2025, and 2024, 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 six months ended June 30, 2025, and 2024, 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

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Fair value losses on real estate properties	**$10,683**	$16,242	**$31,569**	$66,465
Net income from equity-accounted investment	**(257)**	(349)	**(740)**	(792)
Amortized stepped rent	**(302)**	174	**93**	414
Amortized free rent	**(574)**	(44)	**(870)**	4
Amortization of deferred financing costs – mortgages	**412**	449	**830**	865
Amortization of tenant incentives	**256**	70	**408**	146
Amortization of right-of-use asset	**18**	—	**36**	—
Amortization of deferred financing costs – convertible debentures	**218**	205	**434**	407
Accretion on convertible debentures	**383**	358	**762**	713
	$10,837	$17,105	**$32,522**	$68,222

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

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Amounts receivable	**($1,031)**	($951)	**($1,682)**	($23)
Prepaid expenses and other	**(6,664)**	(5,660)	**(14,778)**	(13,614)
Accounts payable and accrued liabilities	**(1,013)**	(755)	**3,803**	46
	($8,708)	($7,366)	**($12,657)**	($13,591)

(c) Supplemental Cash Flow Information

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Interest paid	**$17,337**	$18,958	**$30,368**	$32,403
Issue of units – DRIP	**$2,999**	$34	**$4,768**	$58

NOTE 17
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 June 30, 2025, committed capital expenditures in the next 12 months are estimated at $7,364.

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

(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 18

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	Note	June 30, 2025	December 31, 2024
Mortgages payable	7	**$941,715**	$959,285
Convertible debentures	8	**155,302**	154,106
Bank indebtedness	10	**101,483**	68,079
Morguard loan payable	14(b)	**35,000**	35,000
Lease liabilities	9	**16,507**	16,587
Unitholders' equity		**867,713**	884,227
		$2,117,720	$2,117,284

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	Borrowing Limits	June 30, 2025	December 31, 2024
Fixed-rate debt to gross book value of total assets	N/A	**47.0%**	47.9%
Floating-rate debt to gross book value of total assets	15.0%	**10.3%**	8.8%
	65.0%	**57.3%**	56.7%

As at June 30, 2025, 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 June 30, 2025, and December 31, 2024.

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 19

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 June 30, 2025.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using June 30, 2025, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at June 30, 2025, of the mortgages payable has been estimated at $936,518 (December 31, 2024 – $949,420) compared to the carrying value before deferred financing costs of $944,923 (December 31, 2024 – $963,022). 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 June 30, 2025, of the Convertible Debentures has been estimated at $159,308 (December 31, 2024 – $159,000) compared to the carrying value before deferred financing costs of $156,645 (December 31, 2024 – $155,883).

(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:

	June 30, 2025			December 31, 2024		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
ASSETS						
Income producing properties	**$—**	**$—**	**$2,048,567**	$—	$—	$2,062,060
Properties under development	**$—**	**$—**	**$24,262**	$—	$—	$19,908
Held for development	**$—**	**$—**	**$67,315**	$—	$—	$68,105
LIABILITIES						
Derivative liabilities	**$—**	**$2,556**	**$—**	$—	$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.

NOTE 20
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 June 30, 2025, and 2024, the Trust has the following three reportable segments: retail, office and industrial.

Business Segments

For the three months ended June 30, 2025	**Retail**	**Office**	**Industrial**	**Total**
Revenue from real estate properties	**$34,026**	**$22,948**	**$1,327**	**$58,301**
Property operating expenses	**(9,863)**	**(8,236)**	**(165)**	**(18,264)**
Property taxes	**(7,957)**	**(4,265)**	**(169)**	**(12,391)**
Property management fees	**(1,207)**	**(734)**	**(44)**	**(1,985)**
Net operating income	**$14,999**	**$9,713**	**$949**	**$25,661**

For the three months ended June 30, 2024	**Retail**	**Office**	**Industrial**	**Total**
Revenue from real estate properties	$34,915	$28,018	$1,113	$64,046
Property operating expenses	(9,542)	(8,226)	(171)	(17,939)
Property taxes	(7,736)	(4,180)	(164)	(12,080)
Property management fees	(1,245)	(913)	(37)	(2,195)
Net operating income	$16,392	$14,699	$741	$31,832

For the three months ended June 30, 2025	**Retail**	**Office**	**Industrial**	**Total**
Additions to real estate properties	**$5,159**	**$4,816**	**$98**	**$10,073**
Fair value (losses)/gains on real estate properties	**($5,356)**	**($5,927)**	**$600**	**($10,683)**

For the three months ended June 30, 2024	**Retail**	**Office**	**Industrial**	**Total**
Additions to real estate properties	$5,441	$5,206	$1,221	$11,868
Fair value gains/(losses) on real estate properties	$8,563	($24,771)	($34)	($16,242)

For the six months ended June 30, 2025	**Retail**	**Office**	**Industrial**	**Total**
Revenue from real estate properties	**$68,523**	**$47,423**	**$2,702**	**$118,648**
Property operating expenses	**(20,316)**	**(17,153)**	**(450)**	**(37,919)**
Property taxes	**(16,185)**	**(8,792)**	**(340)**	**(25,317)**
Property management fees	**(2,416)**	**(1,544)**	**(91)**	**(4,051)**
Net operating income	**$29,606**	**$19,934**	**$1,821**	**$51,361**

For the six months ended June 30, 2024	**Retail**	**Office**	**Industrial**	**Total**
Revenue from real estate properties	$69,809	$56,527	$2,108	$128,444
Property operating expenses	(19,174)	(16,725)	(449)	(36,348)
Property taxes	(15,763)	(8,855)	(328)	(24,946)
Property management fees	(2,508)	(1,833)	(72)	(4,413)
Net operating income	$32,364	$29,114	$1,259	$62,737

	Retail	**Office**	**Industrial**	**Total**
As at June 30, 2025				
Real estate properties	**$1,248,364**	**$808,780**	**$83,000**	**$2,140,144**
Mortgages payable (based on collateral)	**$519,009**	**$422,706**	**$—**	**$941,715**
For the six months ended June 30, 2025				
Additions to real estate properties	**$6,465**	**$14,608**	**$198**	**$21,271**
Fair value (losses)/gains on real estate properties	**($11,855)**	**($20,288)**	**$574**	**($31,569)**

	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 six months ended June 30, 2024				
Additions to real estate properties	$11,093	$10,189	$1,424	$22,706
Fair value (losses)/gains on real estate properties	($12,905)	($53,566)	$6	($66,465)