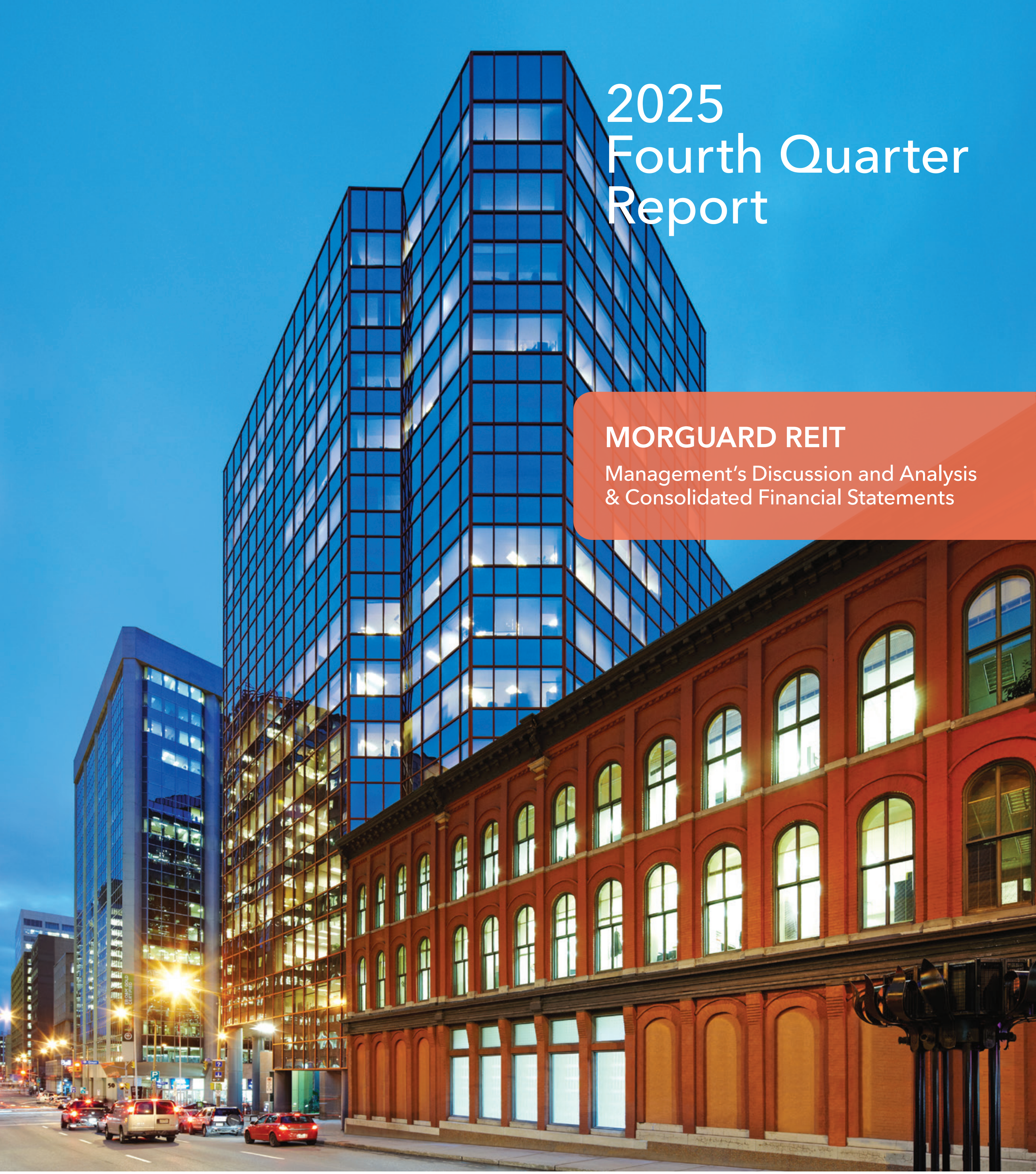
2025 Fourth Quarter Report



MORGUARD REIT

Management's Discussion and Analysis & Consolidated Financial Statements

Morguard

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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 consolidated financial statements and the accompanying notes for the year ended December 31, 2025, and 2024.

This MD&A sets out the Trust's strategies and provides an analysis of the financial performance for the year ended December 31, 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 consolidated financial statements and the accompanying notes for the year ended December 31, 2025, have been prepared in accordance with IFRS Accounting Standards ("IFRS"). These 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 February 11, 2026.

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.

SUMMARY OF SELECTED ANNUAL INFORMATION

The selected annual information highlights certain key metrics for the Trust over the most recently completed five years. 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 ANNUAL INFORMATION

In thousands of dollars, except per unit amounts	2025	2024	2023	2022	2021
Revenue from real estate properties	**$239,339**	$259,174	$255,076	$242,629	$241,440
Net operating income	**111,821**	128,461	125,973	122,199	122,129
Fair value losses on real estate properties	**(61,556)**	(114,448)	(131,765)	(148,977)	(60,974)
Net (loss)/income	**(16,561)**	(58,823)	(74,445)	(86,097)	4,885
Funds from operations [1]	**46,520**	58,974	60,896	66,823	68,944
Adjusted funds from operations [1, 4]	**11,444**	34,670	36,965	42,721	51,488
Net (loss)/income – basic	**($0.25)**	($0.92)	($1.16)	($1.34)	$0.08
Net (loss)/income – diluted	**($0.25)**	($0.92)	($1.16)	($1.34)	$0.08
Funds from operations – basic [1]	**$0.71**	$0.92	$0.95	$1.04	$1.07
Funds from operations – diluted [1]	**$0.64**	$0.80	$0.82	$0.89	$1.05
Adjusted funds from operations – basic [1,4]	**$0.18**	$0.54	$0.58	$0.67	$0.80
Adjusted funds from operations – diluted [1,4]	**$0.18**	$0.51	$0.54	$0.60	$0.80
Distributions per unit	**$0.24**	$0.30	$0.24	$0.24	$0.375
Weighted average number of units as at year-end (in thousands)					
Basic	**65,178**	64,279	64,249	64,187	64,141
Balance sheets					
Total assets	**$2,162,989**	$2,173,948	$2,280,242	$2,376,187	$2,493,942
Total gross debt	**$1,239,659**	$1,238,571	$1,267,330	$1,279,036	$1,304,522
Total equity	**$864,721**	$884,227	$961,185	$1,050,828	$1,151,988
Gross leasable area as at year-end (in thousands of square feet) [2]					
Retail	**4,409**	4,386	4,479	4,478	4,567
Office	**3,264**	3,250	3,247	3,253	3,252
Industrial	**283**	283	293	293	293
Total	**7,956**	7,919	8,019	8,024	8,112
Occupancy as at year-end (%) [3]					
Retail	**88.0%**	94.7%	94.6%	94.5%	94.2%
Office	**80.4%**	86.9%	85.3%	86.1%	86.7%
Industrial	**97.2%**	91.2%	84.4%	86.1%	95.1%
Total	**85.1%**	91.2%	90.3%	90.6%	91.0%

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.

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 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 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 X). 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 February 11, 2026.

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 68.6% of the outstanding units as at December 31, 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 December 31, 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	709	9	1,189	—	—	13	1,898	24%
Saskatchewan	1	499	—	—	—	—	1	499	6%
Manitoba	3	659	—	—	—	—	3	659	8%
Ontario	7	2,058	9	1,023	4	283	20	3,364	43%
Quebec	—	—	1	452	—	—	1	452	6%
	17	**4,342**	**22**	**3,264**	**4**	**283**	**43**	**7,889**	**100%**
IPP held for development	1	67	—	—	—	—	1	67	
Income producing properties	**18**	**4,409**	**22**	**3,264**	**4**	**283**	**44**	**7,956**	
Equity-accounted investment (Alberta)	—	—	1	152	—	—	1	152	
Grand Total	**18**	**4,409**	**23**	**3,416**	**4**	**283**	**45**	**8,108**	
% [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 December 31, 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 December 31, 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 December 31, 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 December 31, 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 December 31, 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 years ended December 31, 2025, 2024 and 2023. This financial data is derived from the Trust's consolidated statements, which are prepared in accordance with IFRS.

For the year ended December 31,	2025	2024	2023	% Change 2025/2024	% Change 2024/2023
Revenue from real estate properties	**$239,339**	$259,174	$255,076	(7.7%)	1.6%
Property operating expenses	**(75,870)**	(72,698)	(72,066)	4.4%	0.9%
Property taxes	**(43,354)**	(49,173)	(48,296)	(11.8%)	1.8%
Property management fees	**(8,294)**	(8,842)	(8,741)	(6.2%)	1.2%
Net operating income	**111,821**	128,461	125,973	(13.0%)	2.0%
Interest expense	**(63,461)**	(67,378)	(62,845)	(5.8%)	7.2%
General and administrative	**(3,904)**	(3,748)	(3,843)	4.2%	(2.5%)
Other items	**19**	(58)	(65)	(132.8%)	(10.8%)
Fair value losses on real estate properties	**(61,556)**	(114,448)	(131,765)	(46.2%)	(13.1%)
Net income/(loss) from equity-accounted investment	**520**	(1,652)	(1,900)	(131.5%)	(13.1%)
Net loss	**($16,561)**	($58,823)	($74,445)	(71.8%)	(21.0%)
Net loss per unit – basic	**($0.25)**	($0.92)	($1.16)	(72.8%)	(20.7%)
Funds from operations per unit – basic	**$0.71**	$0.92	$0.95	(22.8%)	(3.2%)
Adjusted funds from operations per unit – basic	**$0.18**	$0.54	$0.58	(66.7%)	(6.9%)

THREE-YEAR CONSOLIDATED OPERATING HIGHLIGHTS

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:

For the year ended December 31,	2025	2024	2023
Industrial	**$5,460**	$4,654	$3,591
Office – Single-/dual-tenant buildings	**57,280**	59,527	59,442
Office – Multi-tenant buildings	**25,920**	25,688	24,865
Office – Penn West Plaza	**12,496**	28,396	27,404
Retail – Community strip centres	**34,843**	35,569	37,244
Retail – Enclosed regional centres	**103,340**	105,340	102,530
Total	**$239,339**	$259,174	$255,076

On 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. On June 15, 2025, The Trust's lease with The Bay at Cambridge Centre was disclaimed.

On October 24, 2025, the Ontario Superior Court of Justice rejected a proposal from The Bay to assign 25 department store leases (including St. Laurent) across the country to B.C. based business woman Ruby Liu for the creation of a new Canadian department store chain. On November 27, 2025, the Trust's remaining lease with The Bay at St. Laurent was disclaimed.

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 year ended December 31,	2025	2024	2023
Rental revenue	**$140,847**	$157,920	$154,744
CAM recoveries	**52,728**	52,367	50,659
Property tax and insurance recoveries	**34,505**	38,763	40,531
Other revenue and lease cancellation fees	**4,270**	5,424	5,102
Parking revenue	**5,714**	5,620	5,413
Amortized rents	**1,275**	(920)	(1,373)
	$239,339	$259,174	$255,076

The decrease in property tax and insurance recoveries for the year ended December 31, 2025, is mainly due to a 2021-2024 tax refund received at one of the Trust's Ontario properties in the amount of $3.8 million, relating mostly to vacant space.

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

For the year ended December 31,	2025	2024	2023
Repairs and maintenance	**$32,649**	$31,929	$30,416
Utilities	**16,604**	15,906	17,521
Other operating expenses	**26,617**	24,863	24,129
	$75,870	$72,698	$72,066

Property operating expenses include costs related to interior and exterior maintenance, insurance and utilities. Property operating expenses for the year ended December 31, 2025, increased 4.4% to $75.9 million from $72.7 million for the same period in 2024. This increase is primarily due to bad debt expense for Comark Holdings Inc. ("Comark") and The Hudson's Bay Company ("The Bay"), both in the enclosed mall asset class, coupled with increased utilities expense in the office portfolio, and increased maintenance and other operating expenses in the enclosed mall portfolio.

Net operating income for the year ended December 31, 2025, decreased 13.0% compared to 2024. This decrease results mainly from decreased revenue of $15.6 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 decreased income of $1.1 million from the sale of Heritage Towne Centre in the second quarter of 2024.

Interest expense for the year ended December 31, 2025, decreased 5.8% compared to 2024. This decrease is primarily due to lower interest rates on both variable and renewed fixed rate debt.

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:

For the year ended December 31,	2025	2024	2023
Retail – enclosed regional centres	**($9,738)**	($24,517)	($387)
Retail – community strip centres	**(4,221)**	(12,015)	(8,837)
Office	**(47,415)**	(78,416)	(136,985)
Industrial	**(182)**	500	14,444
	($61,556)	($114,448)	($131,765)

Reported net loss for the year ended December 31, 2025, was $16.6 million as compared to a loss of $58.8 million in 2024. This change is due to the fair value losses recorded in 2025, as described above.

NET OPERATING INCOME BY ASSET TYPE AND LOCATION

The following is a geographical breakdown of the net operating income for the year ended December 31, 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	$11,233	3	$14,085	—	$—	5	$25,318	23%
Alberta	4	6,926	9	10,124	—	—	13	17,050	15%
Saskatchewan	1	6,456	—	—	—	—	1	6,456	6%
Manitoba	3	12,195	—	—	—	—	3	12,195	11%
Ontario	7	30,193	9	11,649	4	3,861	20	45,703	42%
Quebec	—	—	1	3,852	—	—	1	3,852	3%
	17	**67,003**	**22**	**39,710**	**4**	**3,861**	**43**	**110,574**	**100%**
IPP held for development	1	1,361	—	—	—	(114)	1	1,247	
Income producing properties	**18**	**68,364**	**22**	**39,710**	**4**	**3,747**	**44**	**111,821**	
Equity-accounted investment	—	—	1	3,214	—	—	1	3,214	
Grand Total	**18**	**$68,364**	**23**	**$42,924**	**4**	**$3,747**	**45**	**$115,035**	
% [1]		**61%**		**36%**		**3%**		**100%**	

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

NET OPERATING INCOME BY ASSET TYPE

For the year ended December 31,	2025	2024	% Change
Enclosed regional centres	**$46,848**	$44,943	4.2%
Community strip centres	**21,516**	22,041	(2.4%)
Subtotal – retail	**68,364**	66,984	2.1%
Single-/dual-tenant buildings	**28,936**	31,516	(8.2%)
Multi-tenant buildings	**7,958**	8,636	(7.9%)
Penn West Plaza	**2,816**	18,418	(84.7%)
Subtotal – office	**39,710**	58,570	(32.2%)
Industrial	**3,747**	2,907	28.9%
Net operating income	**$111,821**	$128,461	(13.0%)

RETAIL PROPERTIES – NET OPERATING INCOME

For the year ended December 31,	2025	2024	% Change
Revenue from real estate properties	**$138,183**	$140,909	(1.9%)
Property operating expenses	**(39,727)**	(37,541)	5.8%
Property taxes	**(25,175)**	(31,346)	(19.7%)
Property management fees	**(4,917)**	(5,038)	(2.4%)
Net operating income	**$68,364**	$66,984	2.1%

The Trust's retail properties NOI for the year ended December 31, 2025, was $68.4 million versus $67.0 million for the same period ended 2024, an increase of $1.4 million. The increase was mainly the result of a 2021-2024 tax refund received at one of the Trust's Ontario properties in the amount of $3.8 million, relating mostly to vacant space, coupled with an increase of $0.5 million in basic rent. These increases were partially offset by decreased income of $1.1 million from the sale of Heritage Towne Centre in the second quarter of 2024, coupled with higher vacancy costs of $0.8 million, higher bad debt expense of $0.6 million, which includes Comark and The Bay in the enclosed mall portfolio, and decreased percentage rents of $0.3 million.

RETAIL PROPERTIES TOP TENANTS

The following is a breakdown of the Trust's 20 largest retail tenants by rental revenue as at December 31, 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	4.7%	15	99	2.2%	3.1
2	Canadian Tire Corporation Ltd.	4.2%	7	285	6.5%	1.8
3	Loblaw Companies Ltd.	3.8%	9	130	2.9%	4.3
4	GoodLife Fitness	3.4%	5	192	4.4%	6.3
5	Sobeys Inc.	3.0%	3	161	3.7%	5.5
6	Cineplex Odeon	2.3%	3	110	2.5%	3.2
7	Dollarama	2.3%	10	99	2.2%	4.1
8	TJX	1.7%	4	101	2.3%	3.4
9	Federated Co-operatives Ltd.	1.6%	2	104	2.4%	4.9
10	Walmart	1.5%	2	241	5.5%	0.5
11	Indigo	1.4%	5	49	1.1%	2.7
12	Rogers	1.4%	7	14	0.3%	1.2
13	Bath & Body Works Inc.	1.4%	6	27	0.6%	0.8
14	YM Inc.	1.4%	7	72	1.6%	0.9
15	Bell Canada	1.1%	7	12	0.3%	2.2
16	Sephora	1.0%	5	22	0.5%	7.9
17	Ardene	1.0%	6	60	1.4%	2.3
18	Save-On Foods	0.9%	1	39	0.9%	12.8
19	La Vie en Rose	0.9%	6	21	0.5%	6.3
20	The Children's Place	0.9%	6	23	0.5%	1.0
		39.9%	**116**	**1,861**	**42.3%**	**3.5**

OFFICE PROPERTIES – NET OPERATING INCOME

For the year ended December 31,	2025	2024	% Change
Revenue from real estate properties	**$95,696**	$113,611	(15.8%)
Property operating expenses	**(35,315)**	(34,215)	3.2%
Property taxes	**(17,474)**	(17,174)	1.7%
Property management fees	**(3,197)**	(3,652)	(12.5%)
Net operating income	**$39,710**	$58,570	(32.2%)

The Trust's office properties NOI for the year ended December 31, 2025, was $39.7 million versus $58.6 million for the same period ended 2024, a decrease of $18.9 million. The unfavourable variance is mainly the result of lower revenue of $15.6 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 $11.0 million in basic rent, $4.1 million in vacancy costs, and $0.5 million in recoveries from tenants. The remaining $3.3 million decrease in NOI for the office portfolio is mainly the result of increased vacancy costs of $2.6 million and $1.0 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 35% 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 December 31, 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	34.9%	8	766	22.4%	3.7
2	Canadian chartered banks – Tier 1	7.3%	2	121	3.5%	3.8
3	Wood Canada Limited	5.1%	1	108	3.2%	—
4	Bombardier Inc.	4.9%	1	121	3.5%	5.3
5	Genetec Inc.	4.0%	1	136	4.0%	0.3
6	CH2M Hill Canada Limited	3.7%	1	78	2.3%	2.7
7	Stantec Consulting	3.3%	1	55	1.6%	—
8	Sephora	2.2%	1	4	0.1%	1.1
9	AJW Technique Inc.	2.2%	1	75	2.2%	4.5
10	Obsidian Energy Ltd.	1.8%	1	55	1.6%	2.5
11	Assent Compliance	1.2%	1	43	1.3%	5.0
12	Ciena	1.0%	1	27	0.8%	0.5
13	The Ottawa Fertility Centre Inc.	0.9%	1	28	0.8%	10.2
14	Western Energy Services Corp.	0.8%	1	45	1.3%	4.5
15	Harry Rosen	0.8%	1	14	0.4%	6.5
16	Realstar Holdings Partnership	0.8%	1	14	0.4%	4.7
17	Blackstone Drilling Fluids Ltd.	0.8%	1	23	0.7%	3.6
18	Gran Tierra Canada Ltd.	0.7%	1	27	0.8%	—
19	The Ottawa Hospital	0.7%	1	25	0.7%	1.2
20	IG Wealth Management Inc.	0.7%	1	17	0.5%	0.6
		77.8%	**28**	**1,782**	**52.1%**	**3.2**

INDUSTRIAL PROPERTIES – NET OPERATING INCOME

For the year ended December 31,	2025	2024	% Change
Revenue from real estate properties	**$5,460**	$4,654	17.3%
Property operating expenses	**(828)**	(942)	(12.1%)
Property taxes	**(705)**	(653)	8.0%
Property management fees	**(180)**	(152)	18.4%
Net operating income	**$3,747**	$2,907	28.9%

The Trust's industrial properties NOI for the year ended December 31, 2025, was $3.7 million versus $2.9 million for the same period ended 2024, an increase of $0.8 million. The increase is mainly the result of increased basic rent of $0.4 million, coupled with decreased vacancy costs of $0.4 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 year ended December 31,	2025	2024	Variance	% Change
Enclosed regional centres (retail)	**$42,763**	$44,611	($1,848)	(4.1%)
Community strip centres (retail)	**20,247**	19,680	567	2.9%
Single-/dual-tenant buildings (office)	**29,043**	31,064	(2,021)	(6.5%)
Multi-tenant buildings (office)	**8,157**	8,974	(817)	(9.1%)
Industrial properties	**3,775**	2,921	854	29.2%
Net operating income – same assets	**103,985**	107,250	(3,265)	(3.0%)
Penn West Plaza (office)	**2,263**	18,392	(16,129)	(87.7%)
Net operating income – same assets including Penn West Plaza	**106,248**	125,642	(19,394)	(15.4%)
Area under development	**173**	—	173	—%
Real estate properties held for development/held for sale/sold	**1,247**	2,241	(994)	(44.4%)
Lease cancellation fees	**283**	1,279	(996)	(77.9%)
Stepped rents	**92**	(701)	793	(113.1%)
Other (prior year property tax refund)	**3,778**	—	3,778	—%
Net operating income per the statement of income	**$111,821**	$128,461	($16,640)	(13.0%)

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 year ended December 31, 2025:

For the year ended December 31, 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	640,460	90,862	93,546	731,866	46,906	1,603,640
Average contract rent per SF	$21.54	$25.06	$20.91	$29.71	$16.25	$25.22
EARLY TERMINATIONS:						
Square feet	354,346	43,317	46,084	40,929	—	484,676
Average contract rent per SF	$6.25	$11.65	$23.87	$18.82	$—	$9.46
RENEWALS:						
Square feet	(545,852)	(90,862)	(37,732)	(419,309)	(44,131)	(1,137,886)
Average contract rent per SF	$22.71	$27.30	$16.49	$15.46	$16.47	$19.96
Retention rate	85%	100%	40%	57%	94%	71%
NEW LEASING:						
Square feet	(232,331)	(9,394)	(12,935)	(243,876)	(19,619)	(518,155)
Average contract rent per SF	$14.95	$23.83	$20.55	$15.08	$13.68	$15.26
OTHER ADJUSTMENTS:						
Square feet	23,734	—	(1,442)	15,640	—	37,932
Ending vacancy (SF)	440,031	52,229	195,565	443,066	8,024	1,138,915
Ending occupancy	85.5%	95.1%	87.8%	73.3%	97.2%	85.1%

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 37,932 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
No Frills	Parkland Mall	Enclosed regional centres	12,124
The Paddle Club	Prairie Mall	Enclosed regional centres	6,663
			37,932

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
2026	1,027,661	$21.33	517,967	$20.17	96,405	$12.76	1,642,033	$20.37
2027	582,164	25.86	409,931	21.50	14,338	11.21	1,006,433	23.75
2028	463,929	26.32	245,055	19.20	40,371	14.89	749,355	23.30
2029	327,502	31.31	353,951	24.76	40,593	15.76	722,046	27.33
2030	424,718	23.86	321,120	16.14	33,472	11.33	779,310	20.07
Thereafter	793,636	26.53	777,096	18.70	49,783	16.36	1,620,515	22.42
Current vacancy	492,260	—	638,631	—	8,024	—	1,138,915	—
Total	**4,111,870**	**$25.18**	**3,263,751**	**$19.92**	**282,986**	**$13.91**	**7,658,607**	**$22.49**
Weighted average remaining lease term (years)		3.45		3.69		2.97		3.53

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	269,580	$13.09	88,011	$13.37	—	$—	357,591
British Columbia	67,347	36.79	165,972	35.57	—	—	233,319
Manitoba	90,516	27.57	—	—	—	—	90,516
Ontario	540,598	22.59	96,807	15.81	96,405	12.76	733,810
Quebec	—	—	167,177	10.78	—	—	167,177
Saskatchewan	59,620	28.25	—	—	—	—	59,620
	1,027,661	**$21.33**	**517,967**	**$20.17**	**96,405**	**$12.76**	**1,642,033**

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 five 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.

The 165,972 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 Saint-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.

2027 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	65,233	$29.18	43,877	$16.31	—	$—	109,110
British Columbia	67,434	35.64	251,000	15.79	—	—	318,434
Manitoba	181,616	13.16	—	—	—	—	181,616
Ontario	234,453	32.76	100,980	38.70	14,338	11.21	349,771
Quebec	—	—	14,074	16.00	—	—	14,074
Saskatchewan	33,428	27.72	—	—	—	—	33,428
	582,164	**$25.86**	**409,931**	**$21.50**	**14,338**	**$11.21**	**1,006,433**

Approximately 235,000 square feet of British Columbia office space expiring in 2027 represents a single tenant that has committed to a 5-year renewal through July of 2032.

CHANGES IN GLA

The table below provides a summary of the changes in GLA for the year ended December 31, 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	**(1)**	**14**	**—**	**13**
Cambridge Centre – Chick-fil-A	**5**	**—**	**—**	**5**
Parkland – No Frills	**12**	**—**	**—**	**12**
Prairie Mall – The Paddle Club	**7**	**—**	**—**	**7**
GLA – closing balance – December 31, 2025	**4,409**	**3,264**	**283**	**7,956**
Area under/held for development/sale	**(298)**	**—**	**—**	**(298)**
GLA for purposes of occupancy	**4,111**	**3,264**	**283**	**7,658**
Occupied GLA	**3,619**	**2,625**	**275**	**6,519**
Occupied GLA (%)	**88.0%**	**80.4%**	**97.2%**	**85.1%**

OFFICE OCCUPANCY BY PROVINCE

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

Province	December 31, 2025	December 31, 2024
Alberta	**80.8%**	91.2%
British Columbia	**90.5%**	93.5%
Ontario	**70.7%**	74.9%
Quebec	**88.3%**	94.1%
	80.4%	86.9%

The occupancy percentage for Penn West Plaza was 80.8% at December 31, 2025 and 100.0% at December 31, 2024.

CORPORATE ITEMS

INTEREST EXPENSE

Interest expense totalled $63.5 million for the year ended December 31, 2025, compared to $67.4 million for the same period in 2024. The components of interest expense are as follows:

INTEREST EXPENSE

For the year ended December 31,	2025	2024	% Change
Mortgages payable	**$44,018**	$48,074	(8.4%)
Amortization of deferred financing costs – mortgages	**1,551**	1,746	(11.2%)
Convertible debentures	**8,348**	8,348	—%
Accretion on convertible debentures, net	**1,506**	1,407	7.0%
Amortization of deferred financing costs – convertible debentures	**858**	801	7.1%
Lease liabilities	**1,030**	1,043	(1.2%)
Bank indebtedness	**4,492**	2,235	101.0%
Morguard loan payable and other	**2,191**	4,188	(47.7%)
Capitalized interest	**(533)**	(464)	14.9%
	$63,461	$67,378	(5.8%)

Interest expense has decreased primarily due to lower interest rates on both variable and renewed fixed rate debt.

FAIR VALUE GAINS/(LOSSES) ON REAL ESTATE PROPERTIES

For the year ended December 31, 2025, the Trust recorded fair value losses on real estate properties of $61.6 million, compared to $114.4 million of fair value losses on real estate properties for 2024.

Fair value adjustments are determined quarterly 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:

For the year ended December 31,	2025	2024
Retail – enclosed regional centres	**($9,738)**	($24,517)
Retail – community strip centres	**(4,221)**	(12,015)
Office	**(47,415)**	(78,416)
Industrial	**(182)**	500
	($61,556)	($114,448)

The fair value losses recorded for the office portfolio during the year of $47.4 million (2024 – $78.4 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 that 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 10.0% applied to a stabilized net operating income (2024 – 5.0% to 9.5%), resulting in an overall weighted average capitalization rate of 7.58% (2024 – 7.31%).

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

STABILIZED CAPITALIZATION RATES

	December 31, 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%**	**8.0%**	**5.0%**	**7.6%**	97.0%	90.0%	8.3%	5.0%	7.4%
Office	**100.0%**	**85.0%**	**10.0%**	**5.3%**	**7.8%**	100.0%	85.0%	9.5%	5.3%	7.4%
Industrial	**100.0%**	**95.0%**	**5.5%**	**5.3%**	**5.4%**	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

	December 31, 2025			December 31, 2024		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
RETAIL						
Discount rate	**9.0%**	**5.8%**	**7.7%**	9.3%	5.8%	7.7%
Terminal cap rate	**8.0%**	**5.3%**	**6.9%**	8.3%	5.3%	6.9%
OFFICE						
Discount rate	**10.0%**	**6.3%**	**7.6%**	10.0%	6.3%	7.4%
Terminal cap rate	**9.3%**	**5.3%**	**6.7%**	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 December 31, 2025, would decrease by $62.5 million or increase by $66.8 million, respectively.

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

SENSITIVITY ANALYSIS

As at December 31, 2025		
Change in capitalization rate	**0.25%**	**(0.25%)**
Retail	**($34,911)**	**$37,281**
Office	**(24,378)**	**26,000**
Industrial	**(3,171)**	**3,476**
	($62,460)	**$66,757**

NET INCOME FROM EQUITY-ACCOUNTED INVESTMENT

For the year ended December 31, 2025, the Trust generated $0.5 million of income from its equity-accounted investment, compared to $1.7 million in losses for the same year ended December 31, 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 years ended December 31, 2025, 2024 and 2023.

ACTUAL PRODUCTIVE CAPACITY MAINTENANCE EXPENDITURES

For the year ended December 31,	2025	2024	2023
Leasing commissions	**$7,253**	$5,134	$8,145
Tenant allowances	**8,001**	9,345	11,147
Total leasing costs	**15,254**	14,479	19,292
Capital expenditures recoverable from tenants	**21,491**	22,230	16,074
Capital expenditures non-recoverable from tenants	**89**	1,488	915
Total capital expenditures	**21,580**	23,718	16,989
Total PCME	**36,834**	38,197	36,281
Normalized PCME	**35,000**	25,000	25,000
Shortfall between total PCME and normalized PCME	**($1,834)**	($13,197)	($11,281)

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:

For the year ended December 31,	2025	2024	% Change
Cash provided by operating activities	**$40,408**	$55,189	(26.8%)
Cash used in financing activities	**(4,888)**	(48,555)	(89.9%)
Cash used in investing activities	**(36,332)**	(6,015)	504.0%
Net change in cash	**(812)**	619	(231.2%)
Cash, beginning of period	**7,897**	7,278	8.5%
Cash, end of period	**$7,085**	$7,897	(10.3%)

Cash provided by operating activities for the year ended December 31, 2025, decreased to $40.4 million from $55.2 million in 2024 mainly due to lower NOI in 2025.

Cash used by financing activities increased to $4.9 million for the year ended December 31, 2025, from cash used in financing activities of $48.6 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 year ended December 31, 2025, decreased to $36.3 million compared to cash used in investing activities of $6.0 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

	Year Ended December 31,		
In thousands of dollars, except per unit amounts	2025	2024	% Change
Net loss	**($16,561)**	($58,823)	(71.8%)
Adjustments:			
Fair value losses on real estate properties [1]	**63,171**	117,873	(46.4%)
Amortization of right-of-use assets	**71**	78	(9.0%)
Payment of lease liabilities, net	**(161)**	(154)	4.5%
Funds from operations – basic	**46,520**	58,974	(21.1%)
Interest expense on convertible debentures	**8,348**	8,348	—%
Funds from operations – diluted	**$54,868**	$67,322	(18.5%)
Funds from operations – basic	**$46,520**	$58,974	(21.1%)
Adjustments:			
Amortized stepped rents [1]	**(76)**	696	(110.9%)
Normalized PCME	**(35,000)**	(25,000)	40.0%
Adjusted funds from operations – basic	**11,444**	34,670	(67.0%)
Interest expense on convertible debentures	**8,348**	8,348	—%
Adjusted funds from operations – diluted	**$19,792**	$43,018	(54.0%)

FUNDS FROM OPERATIONS PER UNIT			
Basic	**$0.71**	$0.92	(22.8%)
Diluted [2]	**$0.64**	$0.80	(20.0%)
ADJUSTED FUNDS FROM OPERATIONS PER UNIT			
Basic	**$0.18**	$0.54	(66.7%)
Diluted [2]	**$0.18**	$0.51	(64.7%)
WEIGHTED AVERAGE UNITS OUTSTANDING (IN THOUSANDS)			
Basic	**65,178**	64,279	1.4%
Diluted [2]	**85,563**	84,663	1.1%

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

For the year ended December 31,	2025	2024	% Change
Cash provided by operating activities	**$40,408**	$55,189	(26.8%)
Adjustments:			
Adjustment to working capital changes for ACFO [1]	**638**	(821)	(177.7%)
Normalized PCME	**(35,000)**	(25,000)	40.0%
Actual additions to tenant incentives and leasing commissions	**6,576**	8,680	(24.2%)
Amortization of deferred financing costs	**(2,409)**	(2,547)	(5.4%)
Payment of lease liabilities, net	**(161)**	(154)	4.5%
ACFO from equity-accounted investment	**2,474**	1,417	74.6%
Adjusted cash flow from operations – basic	**12,526**	36,764	(65.9%)
Interest expense on convertible debentures	**8,348**	8,348	—%
Adjusted cash flow from operations – diluted	**$20,874**	$45,112	(53.7%)

Adjusted cash flow from operations – basic	**$12,526**	$36,764	(65.9%)
Distributions declared	**15,660**	19,285	(18.8%)
Excess ACFO over distributions declared	**($3,134)**	$17,479	(117.9%)

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

For the year ended December 31,	2025	2024	% Change
Prepaid realty taxes and insurance	**536**	(445)	(220.4%)
Interest payable and receivable	**310**	91	240.7%
Insurance claims	**(208)**	(467)	(55.5%)
Adjustment to working capital changes for ACFO	**638**	(821)	(177.7%)
Net change in non-cash operating assets and liabilities as per the financial statements	**(1,509)**	(253)	496.4%
Net working capital changes included in ACFO	**($871)**	($1,074)	(18.9%)

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 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 year ended December 31, 2025, Morguard has enrolled in the distribution reinvestment plan ("DRIP"), electing to receive unit distributions instead of cash distributions.

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	1,065	1,302
August 15, 2025	0.02	234	1,074	1,308
September 15, 2025	0.02	232	1,082	1,314
October 15, 2025	0.02	232	1,082	1,314
November 14, 2025	0.02	231	1,088	1,319
December 15, 2025	0.02	231	1,091	1,322
December 31, 2025	0.02	241	1,087	1,328
2025 total		**$3,329**	**$12,331**	**$15,660**
2024 total for same period		$15,746	$3,539	$19,285

PAYOUT RATIO

For the year ended December 31,	2025	2024
FFO payout ratio	**33.8%**	32.6%
FFO payout ratio excluding special distribution	**33.8%**	26.1%

FOURTH QUARTER OVERVIEW

For the three months ended December 31,	2025	2024	% Change
Revenue from real estate properties	**$63,003**	$67,437	(6.6%)
Property operating expenses	**(19,704)**	(19,757)	(0.3%)
Property taxes	**(11,838)**	(11,918)	(0.7%)
Property management fees	**(2,264)**	(2,286)	(1.0%)
Net operating income	**29,197**	33,476	(12.8%)
Interest expense	**(15,626)**	(16,420)	(4.8%)
General and administrative	**(980)**	(927)	5.7%
Other items	**(17)**	2	(950.0%)
Fair value losses on real estate properties	**(19,642)**	(48,851)	(59.8%)
Net loss from equity-accounted investment	**(794)**	(2,673)	(70.3%)
Net loss	**($7,862)**	($35,393)	N/A
Net loss per unit – basic	**($0.12)**	($0.55)	N/A
Net loss per unit – diluted [1]	**($0.12)**	($0.55)	N/A
Funds from operations per unit – basic	**$0.20**	$0.26	(23.1%)
Funds from operations per unit – diluted	**$0.18**	$0.22	(18.2%)
Adjusted funds from operations per unit – basic	**$0.06**	$0.16	(62.5%)
Adjusted funds from operations per unit – diluted	**$0.06**	$0.15	(60.0%)

1. The calculation of net loss per unit – diluted excludes the impact of the convertible debentures for the three months ended December 31, 2025, and 2024, as their inclusion would be anti-dilutive.

Revenue from real estate properties includes contracted rent from tenants along with recoveries of property expenses. Revenue for the three months ended December 31, 2025, decreased 6.6% to $63.0 million from $67.4 million for the same period in 2024. The decrease in results are mainly from lower revenue of $3.9 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 $2.9 million in basic rent, and $1.0 million in vacancy costs.

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

For the three months ended December 31,	2025	2024	Variance
Rental revenue	**$36,181**	$40,330	($4,149)
CAM recoveries	**15,146**	15,117	29
Property tax and insurance recoveries	**8,494**	9,207	(713)
Other revenue and lease cancellation fees	**1,240**	1,688	(448)
Parking revenue	**1,501**	1,451	50
Amortized rents	**441**	(356)	797
	$63,003	$67,437	($4,434)

Property operating expenses for the three months ended December 31, 2025, were stable, decreasing by 0.3% to $19.7 million from $19.8 million for the same period in 2024.

Net operating income for the three months ended December 31, 2025, decreased 12.8% as compared to 2024. This decrease in results is mainly from lower revenue of $3.9 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.

Interest expense for the three months ended December 31, 2025, decreased 4.8% vs the same period in 2024. This decrease is primarily due to lower interest rates on both variable and renewed fixed rate debt on a year-over-year basis.

Fair value losses for the three months ended December 31, 2025, were $19.6 million, compared to fair value losses of $48.9 million for the three months ended December 31, 2024. The following fair value adjustments by segment have been recorded during the quarter:

For the three months ended December 31,	2025	2024
Retail – enclosed regional centres	**$3,427**	($14,317)
Retail – community strip centres	**(1,720)**	(7,261)
Office	**(20,893)**	(27,432)
Industrial	**(456)**	159
	($19,642)	($48,851)

The Trust's net loss for the three months ended December 31, 2025, was $7.9 million compared to a net loss of $35.4 million for the three months ended December 31, 2024. The change of $27.5 million is largely the result of fair value changes.

The Trust's basic FFO for the three months ended December 31, 2025, was $13.1 million ($0.20 per unit) compared to $16.5 million ($0.26 per unit) for the same three months ended December 31, 2024. This represents a decrease of $3.4 million ($0.06 per unit), stemming largely from the decrease in NOI at Penn West Plaza.

The Trust has the following occupancy statistics for the quarter:

	December 31, 2025	September 30, 2025	% Change
OCCUPANCY			
Retail	**88.0%**	90.6%	(2.9%)
Office	**80.4%**	80.7%	(0.4%)
Industrial	**97.2%**	97.1%	0.1%
	85.1%	86.6%	(1.7%)

NET OPERATING INCOME BY ASSET TYPE

For the three months ended December 31,	2025	2024	% Change
Enclosed regional centres	**$12,972**	$12,476	4.0%
Community strip centres	**5,569**	5,624	(1.0%)
Subtotal – retail	**18,541**	18,100	2.4%
Single-/dual-tenant buildings	**6,892**	7,814	(11.8%)
Multi-tenant buildings	**2,027**	2,222	(8.8%)
Penn West Plaza	**778**	4,544	(82.9%)
Subtotal – office	**9,697**	14,580	(33.5%)
Industrial	**959**	796	20.5%
Net operating income	**$29,197**	$33,476	(12.8%)

NET OPERATING INCOME – SAME ASSETS

For the three months ended December 31,	2025	2024	Variance	% Change
Enclosed regional centres (retail)	**$12,379**	$12,440	($61)	(0.5%)
Community strip centres (retail)	**5,256**	5,356	(100)	(1.9%)
Single-/dual-tenant buildings (office)	**6,919**	7,828	(909)	(11.6%)
Multi-tenant buildings (office)	**2,054**	2,307	(253)	(11.0%)
Industrial properties	**962**	783	179	22.9%
Net operating income – same assets	**27,570**	28,714	(1,144)	(4.0%)
Penn West Plaza (office)	**612**	4,539	(3,927)	(86.5%)
Net operating income – same assets including Penn West Plaza	**28,182**	33,253	(5,071)	(15.2%)
Real estate properties held for development/held for sale/sold	**301**	253	48	19.0%
Lease cancellation fees	**—**	163	(163)	(100.0%)
Stepped rents	**143**	(193)	336	(174.1%)
Other (prior year property tax refund)	**536**	—	536	—%
Net operating income per the statement of income	**$29,197**	$33,476	($4,279)	(12.8%)

LEASING ACTIVITY

The table below provides a summary of the leasing activity for the three months ended December 31, 2025:

For the three months ended December 31, 2025	Enclosed Regional Centres	Community Strip Centres	Single-/ Dual-Tenant Buildings	Multi-Tenant Buildings	Industrial Properties	Total Portfolio
Opening vacancy (SF)	330,487	54,088	149,210	481,657	8,347	1,023,789
Opening occupancy	89.1%	94.9%	90.7%	70.9%	97.1%	86.6%
EXPIRING LEASES:						
Square feet	148,573	44,848	63,544	36,646	2,775	296,386
Average contract rent per SF	$18.79	$25.96	$18.37	$14.93	$12.75	$19.00
EARLY TERMINATIONS:						
Square feet	172,016	—	—	—	—	172,016
Average contract rent per SF	$4.64	$—	$—	$—	$—	$4.64
RENEWALS:						
Square feet	(141,434)	(44,848)	(10,590)	(34,072)	—	(230,944)
Average contract rent per SF	$23.00	$28.20	$20.50	$12.75	$—	$22.38
Retention rate	95%	100%	17%	93%	—%	78%
NEW LEASING:						
Square feet	(88,398)	(1,859)	(6,599)	(41,165)	(3,098)	(141,119)
Average contract rent per SF	$17.34	$36.00	$20.84	$18.76	$8.00	$17.96
Ending vacancy (SF)	440,031	52,229	195,565	443,066	8,024	1,138,915
Ending occupancy	85.5%	95.1%	87.8%	73.3%	97.2%	85.1%

PART IV

BALANCE SHEET AND REAL ESTATE OVERVIEW

The carrying value of the Trust's real estate properties decreased to $2.1 billion at December 31, 2025 (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 December 31, 2025, 2024, and 2023.

As at	**December 31, 2025**	December 31, 2024	December 31, 2023
ASSETS			
Real estate properties	**$2,138,207**	$2,150,073	$2,254,642
Other assets	**3,632**	4,490	7,755
Working capital	**14,065**	11,488	10,567
Cash	**7,085**	7,897	7,278
Total assets	**$2,162,989**	$2,173,948	$2,280,242
LIABILITIES AND UNITHOLDERS' EQUITY			
Mortgages payable	**$924,994**	$959,285	$1,014,986
Convertible debentures	**156,470**	154,106	151,898
Bank indebtedness and Morguard loan payable	**137,973**	103,079	78,737
Lease liabilities	**16,426**	16,587	16,383
Total debt	**1,235,863**	1,233,057	1,262,004
Working capital and other liabilities	**62,405**	56,664	57,053
Unitholders' equity	**864,721**	884,227	961,185
Total liabilities and unitholders' equity	**$2,162,989**	$2,173,948	$2,280,242

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	103,000	TBD	$—	Q1 2028	Anchor tenant remerchandising of portion of former Sears space (Phase 2 & Phase 3)
The Centre	Enclosed regional centres	28,000	$5,000	$333	Q1 2027	Anchor tenant remerchandising of former Target space for No Frills
Cambridge Centre	Enclosed regional centres	69,000	TBD	—	TBD	Anchor tenant remerchandising of former Sears space
Development projects		**200,000**	**$5,000**	**$333**		

The Trust is embarking on a multi-phase remerchandising development program at St. Laurent Centre. The first phase includes tenants such as H&M, Sephora and La Vie en Rose, and was completed during the fourth quarter of 2025. The Trust anticipates to spend approximately $25.0 to $30.0 million over multiple years on this program. This will include the activation of the former Sears space. Further details of this program will be released as they are finalized.

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

	Portfolio	GLA Re-developed	GLA Adjustment [1]	GLA 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)
St. Laurent Centre	Enclosed regional centres	29,764	—	29,764	Q4 2025	6,387	100.0%	Remerchandising of vacant space for Sephora, La Vie en Rose and H&M (Phase 1)
Parkland Mall	Enclosed regional centres	10,052	12,124	22,176	Q4 2025	1,518	100.0%	Remerchandising of vacant space for No Frills
OFFICE								
Rice Howard Place	Multi-tenant buildings	—	—	—	Q4 2025	6,600	N/A	Exterior podium enhancement and interior common area/food hall improvements
		53,409	**13,904**	**67,313**		**$18,903**		

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 year ended December 31,	2025	2024	% Change
Interest coverage ratio [1]	**1.79**	1.93	(7.3%)
Debt service coverage ratio [1]	**1.23**	1.32	(6.8%)
Debt to assets ratio [1]	**57.1%**	56.7%	0.7%
Weighted average rate on fixed rate mortgages	**4.7%**	4.7%	—%
Weighted average rate on all mortgages	**4.7%**	4.8%	(2.1%)
Average term to maturity on mortgages (years)	**2.6**	3.0	(13.3%)
Unencumbered assets to unsecured debt	**104.9%**	114.1%	(8.1%)
Unencumbered assets	**$219,170**	$221,290	(1.0%)
Unsecured debt	**$209,000**	$194,000	7.7%
Line of credit availability	**$60,941**	$72,694	(16.2%)

1. See calculations below and on following page.

COVERAGE RATIOS [1]

For the year ended December 31,	2025	2024	% Change
Net operating income	**$115,035**	$131,643	(12.6%)
General and administrative expenses	**(3,926)**	(3,759)	4.4%
Other income	**90**	20	350.0%
Net operating income adjusted for items noted above (A)	**$111,199**	$127,904	(13.1%)
Interest expense	**$64,518**	$68,776	(6.2%)
Less amortization of deferred financing costs – mortgages	**(1,558)**	(1,757)	(11.3%)
Less amortization of deferred financing costs – convertible debentures	**(858)**	(801)	7.1%
Interest expense net of deferred financing costs (B)	**$62,102**	$66,218	(6.2%)
Interest coverage ratio (A)/(B)	**1.79**	1.93	(7.3%)
Principal instalment repayments	**$28,017**	$30,721	(8.8%)
Interest expense net of deferred financing costs	**62,102**	66,218	(6.2%)
Debt service (C)	**$90,119**	$96,939	(7.0%)
Debt service coverage ratio (A)/(C)	**1.23**	1.32	(6.8%)

1. Calculated on a proportionate share basis.

DEBT TO ASSETS RATIO

As at December 31,	2025	2024	% Change
Total assets as per financial statements	**$2,162,989**	$2,173,948	(0.5%)
Plus accumulated amortization of furniture, fixtures and equipment	**1,256**	1,256	—%
Plus accumulated amortization of right of use asset	**556**	485	14.6%
Gross book value of total assets (A)	**2,164,801**	2,175,689	(0.5%)
Mortgages payable	**924,994**	959,285	(3.6%)
Convertible debentures	**156,470**	154,106	1.5%
Lease liabilities	**16,426**	16,587	(1.0%)
Bank indebtedness	**87,973**	68,079	29.2%
Morguard loan payable	**50,000**	35,000	42.9%
Total net debt (B)	**$1,235,863**	$1,233,057	0.2%
Debt to assets ratio (B)/(A)	**57.1%**	56.7%	0.7%

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 December 31,	2025	%	2024	%
Conventional secured mortgages payable	**$802,853**	**64.8%**	$875,137	70.7%
Unsecured convertible debentures	**157,389**	**12.7%**	155,883	12.6%
Lease liabilities	**16,426**	**1.3%**	16,587	1.3%
Gross fixed rate debt	**976,668**	**78.8%**	1,047,607	84.6%
Conventional secured mortgages payable	**125,018**	**10.1%**	87,885	7.1%
Secured floating rate bank financing	**87,973**	**7.1%**	68,079	5.5%
Unsecured floating rate loan payable	**50,000**	**4.0%**	35,000	2.8%
Gross variable rate debt	**262,991**	**21.2%**	190,964	15.4%
Gross debt	**1,239,659**	**100.0%**	1,238,571	100.0%
Less deferred financing costs:				
Mortgages	**(2,877)**		(3,737)	
Convertible debentures	**(919)**		(1,777)	
Net debt	**$1,235,863**		$1,233,057	

MORTGAGES PAYABLE

The following table details the refinancing activities completed during the period ended December 31, 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	Saint-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	
August 1, 2025	Office	Ottawa, ON	7.05%	5.37%	2.8	25,251	25,251	
October 1, 2025	Office	Vancouver, BC	3.73%	4.70%	3.0	39,634	39,634	(b)
October 1, 2025	Office	Ottawa, ON	2.70%	4.59%	5.0	19,969	18,000	
November 1, 2025	Office	Calgary, AB	3.25%	4.47%	5.0	2,635	3,000	
Weighted averages and total			**5.38%**	**4.94%**	**3.4**	**$172,548**	**$166,132**	

(a) Represents a subsequent payment from a mortgage renewed in 2023.
(b) This mortgage was renewed at variable interest rates using CORRA plus 185 basis points.

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 (42.0%), insurance companies (32.8%) and pension funds (25.2%) to reduce its exposure to any one lending group.

The following tables outline the debt payments as at December 31, 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
2026	$215,563	$31,795	$247,358	$159,000	$87,973	$50,000	$172	$544,503
2027	194,170	16,160	210,330	—	—	—	184	210,514
2028	133,274	13,005	146,279	—	—	—	189	146,468
2029	101,682	9,874	111,556	—	—	—	121	111,677
2030	99,527	7,708	107,235	—	—	—	128	107,363
Thereafter	93,197	11,916	105,113	—	—	—	15,632	120,745
	$837,413	**$90,458**	**$927,871**	**$159,000**	**$87,973**	**$50,000**	**$16,426**	**$1,241,270**

INTEREST RATES

Year	Mortgages Payable	Debentures Payable	Bank Indebtedness	Revolving Loan	Lease Liabilities	Total Debt
2026	4.08%	5.25%	4.86%	4.35%	—%	4.63%
2027	5.72%	—%	—%	—%	—%	5.72%
2028	5.03%	—%	—%	—%	7.50%	5.03%
2029	5.59%	—%	—%	—%	—%	5.59%
2030	3.69%	—%	—%	—%	—%	3.69%
Thereafter	3.71%	—%	—%	—%	6.22%	3.99%
	4.66%	**5.25%**	**4.86%**	**4.35%**	**6.24%**	**4.78%**

FAIR VALUE OF ENCUMBERED PROPERTIES RELATIVE TO MATURING DEBT

Year	Mortgage Maturity Payments	Scheduled Principal Repayments	Total	Fair Value of Encumbered Assets	Leverage
2026	$215,563	$12,469	$228,032	$450,090	50.7%
2027	194,170	7,044	201,214	420,350	47.9%
2028	133,274	9,321	142,595	306,800	46.5%
2029	101,682	10,396	112,078	265,500	42.2%
2030	99,527	13,792	113,319	161,250	70.3%
Thereafter	93,197	37,436	130,633	209,000	62.5%
	$837,413	**$90,458**	**$927,871**	**$1,812,990**	**51.2%**

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 December 31, 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 December 31, 2025, the Trust was in compliance with all covenants and undertakings.

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

LIQUIDITY

As at December 31,	2025	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	**(4,416)**	(577)
Bank indebtedness outstanding	**(87,973)**	(68,079)
Morguard loan payable outstanding	**(50,000)**	(35,000)
Subtotal	**60,941**	72,694
Cash	**7,085**	7,897
Liquidity	**$68,026**	$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 December 31, 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: 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.

CONTRACTUAL MATURITIES

The contractual maturities and repayment obligations of the Trust's financial liabilities for upcoming periods as at December 31, 2025, are as follows:

	2026	2027	2028	2029	2030	Thereafter	Total
Mortgages payable	$247,358	$210,330	$146,279	$111,556	$107,235	$105,113	$927,871
Mortgage interest	36,756	22,373	16,804	9,679	5,213	5,045	95,870
Convertible debentures	159,000	—	—	—	—	—	159,000
Convertible debentures interest	8,348	—	—	—	—	—	8,348
Morguard loan payable	50,000	—	—	—	—	—	50,000
Bank indebtedness	87,973	—	—	—	—	—	87,973
Accounts payable and accrued liabilities	60,400	—	—	—	—	—	60,400
Lease liabilities	1,191	1,191	1,184	1,105	1,105	37,754	43,530
	$651,026	**$233,894**	**$164,267**	**$122,340**	**$113,553**	**$147,912**	**$1,432,992**

PART VI

RISKS, UNCERTAINTIES AND OTHER ITEMS

RISKS AND UNCERTAINTIES

An investment in securities of the Trust involves significant risks. Investors should consider carefully the risks described below, the other information described elsewhere in this MD&A (as updated by any subsequent interim MD&A) and those risks set out in the Trust's Annual Information Form ("AIF") for the year ended December 31, 2025, dated February 2026, before making a decision to buy securities of the Trust. If any of the following or other risks occur, the Trust's business, prospects, financial condition, financial performance and cash flows could be materially adversely affected. In that case, the trading price of securities of the Trust could decline, and investors could lose all or part of their investment in such securities. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

The Trust is supported by contracted property management, leasing services, capital expenditure administration, information system services activities and risk management administration. 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 and other services are delivered through a management agreement with MIL. MIL also provides advisory and management services to institutional and other investors not related to Morguard or to the Trust.

The following are business risks the Trust expects to face in the normal course of its operations and management's strategy to reduce the potential impact.

Operating Risk

Real estate has a high fixed cost associated with ownership, and income lost due to vacancies cannot easily be minimized through cost reduction.

Tenant retention and leasing vacant units are critical to maintaining occupancy levels. Through well-located and professionally managed properties, management seeks to increase tenant loyalty and become the landlord of choice. The Trust reduces operating risk through diversification of its portfolio by tenants, lease maturities, product and location.

Shifting consumer preferences toward e-commerce may result in a decrease in the demand for physical space by retail tenants. The failure of the Trust to adapt to changes in the retail landscape, including finding new tenants to replace any lost income stream from existing tenants that reduce the amount of physical space they lease from the Trust could adversely affect the Trust's financial performance.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the Trust is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

The Trust is also subject to utility and property tax risk relating to increased costs that the Trust may experience as a result of higher resource prices, as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of revaluations of municipal properties and their adherent tax rates. In some instances, enhancements to properties may result in a significant increase in property assessments following a revaluation. Additionally, utility expenses, mainly consisting of natural gas, water and electricity service charges, have been subject to considerable price fluctuations over the past several years. Commercial leases, which generally are "net" leases, allow a landlord to recover expenditures from its tenants.

The Trust currently relies on third-party vendors, developers, co-owners and strategic partners to provide the Trust with various services or to complete projects. The lack of an effective process for developing joint venture arrangements or for contract tendering, drafting, review, approval and monitoring may pose a risk for the Trust.

The Trust may not be able to negotiate contract terms, service levels and rates that are optimal for the Trust. In addition, co-owners or joint venture partners may fail to fund their share of capital, may not comply with the terms of any governing agreements or may incur reputational damage, which could negatively impact the Trust. Inefficient, ineffective or incomplete vendor management/partnership strategies, policies and procedures could impact the Trust's reputation, operations and/or financial performance.

In connection with the prudent management of its properties, the Trust makes significant property capital investments (for example, to upgrade and maintain building structure, parking garages, roofing, and electrical and mechanical systems). The Trust commissioned building condition reports in connection with the acquisition of each of its properties and has committed to a multi-year property capital investment plan based on the findings of such reports. The Trust continually monitors its properties to ensure appropriate and timely capital repairs and replacements are carried out in accordance with its property capital investment programs. The Trust requires sufficient capital to carry out its planned property capital investment and repair and refurbishment programs to upgrade its properties or it could be exposed to operating business risks arising from structural failure, electrical or mechanical breakdowns, fire or water damage, etc., which may result in significant loss of earnings to the Trust.

Pandemic or Epidemic Risks
Pandemic or epidemic risks may at various times lead to prolonged voluntary and mandatory building closures, business closures, government restrictions on travel, movement and gatherings, quarantines, curfews, self-isolation and physical distancing. The impact of these measures may lead to a general slowdown of economic activity and may disrupt workforce and business operations in North America and other parts of the world. Such occurrences could have a material adverse effect on the demand for real estate, the ability of tenants to pay rent and the debt and equity capital markets. The duration and impact of pandemic or epidemic closures are unknown, as is the efficacy of any government and central bank interventions. The permanence of recovery following such occurrences cannot be accurately predicted, nor can the impact on the Trust's business and operations, real estate valuations, securities, cash flows, results of operations and the Trust's ability to obtain additional financing or refinancing and ability to make distributions to unitholders.

Specifically, such enhanced risks associated with pandemic or epidemic closures may include, but are not limited to:

a. a material reduction in rental revenue and related collections due to associated financial hardship, unemployment and non-essential business orders governing the complete or partial closure of certain businesses;
b. a material increase in vacancy potentially caused by the resulting economic crisis, changes in consumer demand for businesses' products and services, changes in businesses' real estate requirements, and the inability of businesses to operate in the normal course or at all;
c. uncertainty of real estate valuations resulting from the impact of potential decline in revenue and/or lack of market activity and demand for real estate;
d. the negative impact on Canadian and global debt and equity capital markets, including both pricing and availability;
e. the ability to access capital markets at a reasonable cost;
f. the trading price of the Trust's securities;
g. the impact of additional legislation, regulation, fiscal and monetary policy responses and other government interventions;
h. uncertainty in delivering services due to illness, Trust or government-imposed isolation programs, restrictions on the movement of personnel, closures and supply chain disruptions;
i. uncertainty associated with costs, delays and availability of resources required to complete major maintenance and expansion projects on time and on budget, and lease-up space following completion of development projects;
j. adverse impacts on the creditworthiness of tenants and other counterparties; and
k. increased risk of cyber attacks due to remote working environments and increased reliance on information technology infrastructure.

The foregoing is not an exhaustive list of all risk factors.

Other outbreaks of pandemics and epidemics may have similar impacts on the Trust's business, operations, financial condition and ability to make distributions to unitholders.

Property Development, Redevelopment and Renovation Risks
The Trust engages in development and intensification activities with respect to certain properties. It is subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or availability at all; (b) the availability and timely receipt of zoning, occupancy, land use and other regulatory and governmental approvals; (c) the ability to achieve an acceptable level of occupancy upon completion; (d) the potential that the Trust may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (e) the potential that the Trust may expend funds on and devote management time to projects that are not completed; (f) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (g) the time required to complete the construction or redevelopment of a project or to lease-up the completed project may be greater than originally anticipated, thereby adversely affecting cash flows and liquidity; (h) the cost and timely completion of construction (including risks beyond the Trust's control, such as weather, labour conditions or material shortages); (i) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; and (j) occupancy rates and rents of a completed project may not be sufficient to make the project profitable.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development activities or the completion of development activities once undertaken. In addition, development projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its accompanying risks) with contractors, subcontractors, suppliers, partners and others. Any failure by the Trust to effectively manage all development and intensification initiatives may negatively impact the reputation and financial performance of the Trust.

Current Economic Environment
Concerns about the uncertainty over whether the economy will be adversely affected by inflation and the systemic impact of unemployment, volatile energy costs, geopolitical issues and the availability and cost of credit could contribute to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the Trust's ability to generate revenues, thereby reducing its operating income and earnings. It could also have a material adverse effect on the ability of the Trust's operators to maintain occupancy rates in the properties, which could harm the Trust's financial condition. If these economic conditions transpire, the Trust's tenants may be unable to meet their rental payments and other obligations owing to the Trust, which could have a material adverse effect on the Trust.

Inflation could impact the Trust's future results, specifically on costs and expenses that are not recoverable from tenants.

Climate Change
As an owner of real estate, the Trust is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the Trust could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect the Trust's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Trust. The Trust is not aware of any material non-compliance with environmental laws at any of its properties. The Trust is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any pending or threatened claims relating to environmental conditions at its properties.

The Trust will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, the Trust does not believe that costs relating to environmental matters will have a material adverse effect on the Trust's business, financial condition or results of operations. However, environmental laws and regulations may change and the Trust may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on the Trust's business, financial condition or results of operations.

Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the Trust's properties. The extent of the Trust's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area.

The Trust has approximately one-quarter of its properties in Alberta with a high degree of concentration in Calgary, which is linked to the oil and gas industry. Concerns about climate change have played a role in the downturn of this industry. Continued focus on climate change by lobby and political groups will have lasting impacts on this sector. The Trust is exposed to risks associated with inclement winter weather, including increased need for maintenance and repair and/or energy costs at its properties. Any of these events might have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to unitholders.

The Morguard group has a sustainability program which helps the group structure efforts and act on environmental, social and governance risks and opportunities that are most important to its stakeholders. These major areas of focus are:

- decreasing energy and water use;
- reducing waste and emissions;
- creating excellence in energy and environmental management that result in green building certifications;
- collecting consistent data that tracks and validates its performance towards its objectives;
- reporting transparency;
- engaging investors, employees and tenants to support its initiatives; and
- driving new sustainability ideas and policies that align with this focus area.

Interest Rate and Financing Risk

The Trust is exposed to financial risks that arise from its indebtedness, including fluctuations in interest rates. Interest rate risk is managed by financing debt at fixed rates with maturities scheduled over a number of years. At December 31, 2025, 78.8% of the Trust's debt was at fixed rates.

As outlined in "Part V – Liquidity and Capital Resources," the Trust has an ongoing requirement to access debt markets to refinance maturing debt as it comes due. There is a risk that lenders will not refinance such maturing debt on terms and conditions acceptable to the Trust or any terms at all.

The Declaration of Trust permits the Trust to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness the amount of all indebtedness of the Trust is not more than 65% of the gross book value of the Trust's total assets.

The following table provides the Trust's debt ratios compared to the borrowing limits established in the Declaration of Trust:

As at December 31,	Borrowing Limits	2025	2024
Fixed-rate debt to gross book value of total assets	N/A	**44.9 %**	47.9 %
Floating-rate debt to gross book value of total assets	15.0 %	**12.2 %**	8.8 %
Total indebtedness to gross book value of total assets	65.0 %	**57.1 %**	56.7 %

Credit Risk

The Trust's primary business is the ownership and operation of retail, office and industrial properties. The income stream generated by tenants paying rent can be affected by general and local economic conditions and by a change in the credit and financial stability of tenants. Examples of local conditions that could adversely affect income include oversupply of space or reduced demand for rental space, the attractiveness of the Trust's properties compared to other space, and fluctuation in real estate taxes, insurance and other operating costs. The Trust may be adversely affected if tenants become unable to meet their financial obligations under their leases, including as a result of pandemic or epidemic closures and related financial conditions that impact their creditworthiness.

Retail shopping centres traditionally rely on anchor tenants (department stores, junior department stores or grocery stores) as a source of significant revenue and in terms of generating traffic for the centre. Accordingly, there is the risk that an anchor tenant will move out or experience failure, which could have a negative impact on the subject property.

Lease Rollover Risk
Lease rollover risk arises from the possibility that the Trust may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants upon lease expiry. Management attempts to stagger the lease expiry profile so that the Trust is not faced with disproportionate amounts of space expiring in any one year. Management further mitigates this risk by maintaining a diversified portfolio mix by both asset type and province.

Volatile Market Price for the Trust's Securities
The market price for the Trust's securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Trust's control, including the following: (i) actual or anticipated fluctuations in the Trust's financial performance and future prospects; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Trust; (iv) an addition to or departure of the Trust's executive officers; (v) sales or perceived sales of additional shares; (vi) significant acquisitions of business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Trust or its competitors; (vii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Trust's industry or target markets; (viii) liquidity of the Trust's securities; (ix) prevailing interest rates; (x) the market price of other Trust securities; (xi) a decrease in the amount of distributions declared and paid by the Trust; and (xii) general economic conditions.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the Trust's securities may decline even if the Trust's financial performance, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in losses. As well, certain institutional investors may base their investment decisions on consideration of the Trust's environmental, governance and social practices and performance according to such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited investment or no investment in the Trust's securities by those institutions. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the Trust's operations could be adversely affected and the trading price of its securities may be adversely affected.

Environmental Risk
As an owner and manager of real property, the Trust is subject to various laws relating to environmental matters. These laws impose liability for the cost of removal and remediation of certain hazardous materials released or deposited on properties owned or managed by the Trust or on adjacent properties. The failure to remove or remediate such substances or locations, if any, could adversely affect the Trust's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Trust. As a result, phase 1 environmental site assessments are completed prior to the acquisition of any property. Once the property is acquired, environmental assessment programs ensure continued compliance with all laws and regulations governing environmental and related matters. The Trust's management is responsible for ensuring compliance with environmental legislation and is required to report quarterly to the Trust's Board of Trustees. The Trust has certain properties that contain hazardous substances, and management has concluded that the necessary remediation costs will not have a material impact on its operations. The Trust has obtained environmental insurance on certain assets to further manage risk.

Unitholder Liability
The Declaration of Trust provides that no unitholder or annuitant under a plan of which a unitholder acts as trustee or carrier will be held to have any personal liability as such, and that no recourse may be had to the private property of any unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust. Only assets of the Trust are intended to be liable and subject to levy or execution.

The following provinces have legislation relating to unitholder liability protection: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Certain of these statutes have not yet been judicially considered, and it is possible that reliance on such statutes by a unitholder could be successfully challenged on jurisdictional or other grounds. The Trustees will cause the operations of the Trust to be conducted, with the advice of counsel, in a manner and in such jurisdictions so as to avoid, as far as practicable, any material risk of liability to the unitholders for claims against the Trust. The Trustees will also cause the Trust to carry insurance, to the extent to which they determine to be possible and reasonable, for the benefit of unitholders and annuitants in such amounts as they consider adequate to cover non-contractual or non-excluded liability.

Risk of Loss Not Covered by Insurance
The Trust generally maintains insurance policies related to its business, including casualty, general liability and other policies covering the Trust's business operations, employees and assets; however, the Trust would be required to bear all losses that are not adequately covered by insurance, as well as any insurance deductibles. In the event of a substantial property loss, the insurance coverage may not be sufficient to pay the full current market value or current replacement cost of the property. In the event of an uninsured loss, the Trust could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties. Although the Trust believes that its insurance programs are adequate, assurance cannot be provided that the Trust will not incur losses in excess of insurance coverage or that insurance can be obtained in the future at acceptable levels and reasonable cost.

Risk of Natural Disaster
While the Trust has insurance to cover a substantial portion of damages to properties caused by storms and other natural disasters, the insurance includes deductible amounts, and certain items may not be covered by insurance. The Trust's operations and properties may be significantly affected by future natural disasters which may expose the Trust to loss of rent and incur additional storm and other natural disaster cleanup costs.

Risk Related to Insurance Renewals
Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for terrorism. When the Trust's current insurance policies expire, the Trust may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms, including limits and deductibles customarily carried for similar properties. Such insurance may be more limited and, for catastrophic risks (for example, earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the Trust were able to renew its policies at levels and with limitations consistent with its current policies, the Trust cannot be sure that it will be able to obtain such insurance at premium rates that are commercially reasonable. If the Trust were unable to obtain adequate insurance on its properties for certain risks, it could cause the Trust to be in default under specific covenants on certain of its indebtedness or other contractual commitments it has that require the Trust to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur or if the Trust were unable to obtain adequate insurance and its properties experienced damages that would otherwise have been covered by insurance, it could adversely affect the Trust's financial condition and the operations of its properties.

Reporting Investment Property at Fair Value
The Trust holds investment property to earn rental income or for capital appreciation, or both. All investment properties are measured using the fair value model under IFRS, whereby changes in fair value are recognized for each reporting period in the consolidated statements of loss and comprehensive loss. Management values each investment property based on the most probable price that a property should be sold for in a competitive and open market as of the specified date under all conditions requisite to a fair sale, such as the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Each investment property has been valued on a highest-and-best-use basis.

There is a risk that general declines in real estate markets or sales of assets by the Trust under financial or other hardship would have an impact on the fair values reported. Market assumptions applied for valuation purposes do not necessarily reflect the Trust's specific history or experience, and the conditions for realizing the fair values through a sale may change or may not be realized. Consequently, there is a risk that the actual fair values may differ, and the differences may be material. In addition, there is an inherent risk related to the reliance on and use of a single appraiser because this approach may not adequately capture the range of fair values that market participants would assign to the investment properties.

Certain ratios and covenants could be negatively affected by downturns in the real estate market and could have a significant impact on the Trust's operating revenues and cash flows, as well as the fair values of the investment properties.

Technology and Information Security Risk

The Trust uses information technology for general business operations, the effective achievement of strategic business objectives, to improve tenants’ experience and to streamline operations. Consequently, the Trust faces information technology risk from its continuous adoption and use of information technology. The risk consists of information technology-related events such as cybersecurity incidents that could potentially have an adverse impact on the Trust’s financial condition, IT systems, operations and tenants. Although we make efforts to maintain the security and integrity of our IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts will be effective or that attempted security breaches or disruptions will not be successful or damaging.

The efficient operation of the Trust's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of the Trust's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The Trust's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with users, the disclosure of confidential information, including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. The Trust takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security mechanisms. Additionally, the Trust monitors and assesses risks surrounding collection, usage, storage, protection and retention/destruction practices of personal data. These measures, as well at its increased awareness of a risk of a cyber incident, do not guarantee that the Trust's financial results will not be negatively impacted by such an incident.

The Trust depends on relevant and reliable information for decision-making and financial reporting. As the volume of data being generated and reported by the Trust increases and evolves, the Trust will continue to undertake investments in IT systems to store, process and leverage such data. The failure to successfully migrate to new IT systems, or disruptions which may arise as a result of the transition to new IT systems, could result in a lack of relevant and reliable information to enable management to effectively achieve its strategic plan or manage the operations of the Trust, which could negatively affect the reputation, operations and financial performance of the Trust. In addition, any significant loss of data or failure to maintain reliable data could negatively affect the reputation, operations and financial performance of the Trust.

Liquidity and Capital Availability Risk

Liquidity risk is the risk that the Trust cannot meet a demand for cash or fund its obligations as they come due. Although a portion of the cash flows generated by the properties is devoted to servicing such outstanding debt, there can be no assurance that the Trust will continue to generate sufficient cash flows from operations to meet interest payments and principal repayment obligations upon an applicable maturity date. If the Trust is unable to meet interest payments and principal repayment obligations, it could be required to renegotiate such payments or issue additional equity or debt or obtain other financing. The failure of the Trust to make or renegotiate interest or principal payments or issue additional equity or debt or obtain other financing could materially adversely affect the Trust's financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to unitholders.

The real estate industry is highly capital intensive. The Trust requires access to capital to fund operating expenses, to maintain its properties, to fund its growth strategy and certain other capital expenditures from time to time, and to refinance indebtedness. Although the Trust expects to have access to the existing revolving credit facilities, there can be no assurance that it will otherwise have access to sufficient capital or access to capital on favourable terms. Further, in certain circumstances, the Trust may not be able to borrow funds due to limitations set forth in the Declaration of Trust. Failure by the Trust to access required capital could have a material adverse effect on its financial condition or results of operations and its ability to make distributions to unitholders.

Liquidity and capital availability risks are mitigated by maintaining appropriate levels of liquidity, by diversifying the Trust's sources of funding, by maintaining a well-diversified debt maturity profile and by actively monitoring market conditions.

Unitholder Taxation
The Trust is taxed as a "mutual fund trust" for income tax purposes. Pursuant to the Act, a Trust is not subject to income taxes to the extent that the income for tax purposes in a given year does not exceed the amount distributed to unitholders and deducted by the Trust for tax purposes. The Trustees intend to distribute or designate all taxable income directly earned by the Trust to unitholders of the Trust and to deduct such distributions and designations for income tax purposes.

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") respecting mutual fund trusts will not be changed in a manner that adversely affects unitholders.

The Act may impose additional withholding or other taxes on distributions made by the Trust to unitholders who are non-residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. Unitholders who are non-residents should consult their own tax advisers.

The Act contains rules (the "SIFT Rules") that apply to a "specified investment flow-through" ("SIFT") trust or partnership. Under the SIFT rules, certain distributions will not be deductible in computing the SIFT trust's taxable income, and the SIFT trust will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. Distributions paid by a SIFT trust as returns of capital will not be subject to the tax.

The SIFT tax does not apply to a trust that satisfies certain conditions relating to the nature of its income and investments ("the REIT exception"). Although, as of the date hereof, management believes that the Trust will be able to meet the requirements of the REIT exception throughout 2026 and beyond, there can be no assurance that the Trust will be able to qualify for the REIT exception such that the Trust and the unitholders will not be subject to the SIFT Rules in 2026 or future years. If the SIFT Rules apply to the Trust, they may adversely affect the marketability of the units, the amount of cash available for distributions and the after-tax return to investors. The Trust has reviewed its status under the legislation and has determined that it is not subject to this tax as it met the REIT exception at December 31, 2025, and 2024, and throughout the years. Accordingly, no net additional current income tax expense or future income tax assets or liabilities have been recorded in the December 31, 2025, and 2024, consolidated financial statements.

The excessive interest and financing expenses limitation rules ("EIFEL Rules"), which became effective for the 2024 fiscal year, limit the amount of net interest and financing expenses that a trust may deduct in computing taxable income to a fixed ratio (currently set at 30% of the EBITDA as calculated for tax purposes) or, where certain conditions are met and a consolidated group elects, a higher group ratio. As a result, the EIFEL rules are expected to increase the taxable income allocated by the Trust to unitholders in current and subsequent fiscal years. Although, the EIFEL rules are not expected to have an adverse impact on the Trust or its unitholders, there can be no assurances in this regard, as the impact may adversely affect the marketability of the units, the amount of cash available for distribution and the after-tax return to investors.

Single Tenant Properties
1,606,648 square feet of GLA of the Trust's properties, or 19.8%, is occupied by single tenants. In the event that those tenants were to terminate their tenancies or become insolvent, the Trust's financial results could be materially adversely affected. Until such time that the Trust is in a position to acquire more assets and further diversify its tenant base, the Trust will take certain steps to mitigate any credit risk by closely monitoring its tenants' compliance with the terms of their respective leases and to report any issues as soon as they are identified.

Occupancy by Tenants
Although many of the Trust's leases with tenants contain provisions requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that such tenants will continue to occupy their premises. Certain tenants have a right to terminate their leases upon payment of a penalty, but others are not required to pay any penalty associated with early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants could adversely impact the Trust's financial condition, and results of operations and decrease the amount of cash available for distribution to unitholders.

Non-Cash Distributions

The Trust intends to make annual distributions to unitholders in an amount sufficient to ensure that it generally will not be liable for tax under Part I of the Act in any year. Where the income (including net realized capital gains) of the Trust in a taxation year exceeds the cash available for distribution in that year, such excess net income and net realized capital gains may be distributed to unitholders in the form of additional units. Unitholders generally will be required to include an amount equal to the fair market value of those units in their taxable income, even in circumstances where they do not receive a cash distribution.

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:

For the year ended December 31,	2025	2024
Property management fees [1]	**$8,374**	$8,933
Appraisal/valuation fees	**332**	335
Information services	**220**	220
Leasing fees	**3,641**	2,885
Project administration fees	**1,118**	1,432
Project management fees	**99**	140
Risk management fees	**393**	353
Internal audit fees	**90**	86
Off-site administrative charges	**1,993**	1,974
Rental revenue	**(219)**	(207)
	$16,041	$16,151

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

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

As at December 31,	2025	2024
Amounts payable to MIL, net	**$1,773**	$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 year ended December 31, 2025, a gross amount of $15,000 was advanced from Morguard, and there were no repayments to Morguard. As at December 31, 2025, $50,000 remains payable to Morguard (2024 – $35,000). For the year ended December 31, 2025, the Trust incurred interest expense in the amount of $2,105 (2024 – $3,888) at an average interest rate of 5.04% (2024 – 6.62%). As at December 31, 2025, the Trust has interest payable on the revolving loan with Morguard of $185 (2024 – $164) included in its balance sheets.

(c) Other Items with Morguard (Excluding MIL)
The Trust subleases office space from Morguard. For the year ended December 31, 2025, the Trust incurred rent expense in the amount of $214 (2024 – $209).

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

As at December 31,	2025	2024
Amounts receivable	**$5**	$—

Morguard is a tenant in one of the Trust's properties. For the year ended December 31, 2025, the Trust earned rental revenue in the amount of $119 (2024 – $116).

Morguard provided a guarantee in association with the renewal of one of the Trust's mortgages in December 2023. For the year ended December 31, 2025, the Trust incurred interest expense in the amount of $447 (2024 – $494) in relation to this guarantee.

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 December 31, 2025.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using December 31, 2025, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at December 31, 2025, of the mortgages payable has been estimated at $929,212 (2024 – $949,420) compared to the carrying value before deferred financing costs of $927,871 (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 December 31, 2025, of the Convertible Debentures has been estimated at $161,385 (2024 – $159,000) compared to the carrying value before deferred financing costs of $157,389 (2024 – $155,883).

PART VII

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Trust's critical accounting policies are those that management believes are the most important in portraying the Trust's financial condition and results and that require the most subjective judgment and estimates on the part of management.

REAL ESTATE PROPERTIES

Real estate properties include retail, office and industrial properties held to earn rental income (income producing properties) and properties or land that are under construction or development for future use as income producing properties. Real estate properties are recorded at fair value, determined based on available market evidence, at the balance sheet date. The Trust determined the fair value of each real estate property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet date, less future cash outflow pertaining to the respective leases. The real estate properties are appraised using a number of approaches that typically include a discounted cash flow analysis, direct capitalization method and direct comparison approach. The discounted cash flow analysis is primarily based on discounting the expected future cash flows, generally over a term of 10 years and including a terminal value based on the application of a capitalization rate to estimated year 11 net operating income.

In applying the accounting policies to the real estate properties, judgment is required in determining whether certain costs are additions to the carrying amount of the property, in distinguishing between tenant incentives and tenant improvements, and, for properties under development, identifying the point at which practical completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property. Judgment is also applied in determining the extent and frequency of independent appraisals.

To assist with the evolution of fair value, the Trust has its properties appraised by Morguard's appraisal division. Morguard's appraisal division is staffed with accredited members of the Appraisal Institute of Canada ("AIC"), who collectively in 2025 valued approximately $13 billion of real estate properties in Canada and the United States for institutional and corporate clients.

REVENUE RECOGNITION

The computation of cost reimbursements from tenants for realty taxes, insurance and common area maintenance charges is complex and involves a number of judgments, including the interpretation of terms and other tenant lease provisions. Tenant leases are not consistent in dealing with such cost reimbursements, and variations in computations can exist. Adjustments are made throughout the year to these cost recovery revenues based upon the Trust's best estimate of the final amounts to be billed and collected.

The Trust applies judgment about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Trust recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services.

PART VIII

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

The financial certification process project team has documented and assessed the design and effectiveness 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 and effectiveness 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 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 and operation are adequate and effective for the year ended December 31, 2025. The Trust's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design and operation are effective for the year ended December 31, 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 IX

OUTLOOK

ECONOMY

Canada's economy is predicted to grow at a relatively slow rate over the near term. Economic output is expected to increase by an annualized rate of between 1.5% and 2.0% in 2026. Economic output increased at an annualized rate of 2.0% in the first quarter of 2025. However, output contracted by 1.6% in the second quarter following the imposition of tariffs on Canadian goods exported to the U.S. Canada's slow economic growth outlook is attributable to several factors. U.S. tariffs are expected to continue to have a negative impact on the country's exporting and manufacturing sectors. In addition, the automotive, steel and aluminum industries should be affected by ongoing trade tensions with Canada's largest trading partner. Low levels of business investment and confidence are anticipated while the global economic outlook remains uncertain. Consumer spending is expected to moderate over the near term as labour market performance softens. Lower federal immigration targets should result in weaker population growth and consumption trends. Federal government programs are expected to boost economic output over the near term to some degree. By 2027, Canada-U.S. and global trade tensions are expected to have eased. As tensions ease, Canada's economy is expected to strengthen, following the slow-growth trend forecast over the near term.

PART X

FINANCIAL STATEMENTS AT THE TRUST'S OWNERSHIP SHARE

Part X 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 December 31, 2025	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
ASSETS			
Non-current assets			
Real estate properties	$2,138,207	$29,000	$2,167,207
Right-of-use asset	209	—	209
Equity-accounted investment	3,423	(3,423)	—
	2,141,839	25,577	2,167,416
Current assets			
Amounts receivable	9,988	10	9,998
Prepaid expenses and other	4,077	23	4,100
Cash	7,085	1,032	8,117
	21,150	1,065	22,215
Total assets	$2,162,989	$26,642	$2,189,631
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Mortgages payable	$679,106	$—	$679,106
Lease liabilities	16,254	—	16,254
Derivative liability	2,005	—	2,005
Accounts payable and accrued liabilities	5,843	3	5,846
	703,208	3	703,211
Current liabilities			
Mortgages payable	245,888	18,145	264,033
Convertible debentures	156,470	—	156,470
Lease liabilities	172	—	172
Accounts payable and accrued liabilities	54,557	8,494	63,051
Morguard loan payable	50,000	—	50,000
Bank indebtedness	87,973	—	87,973
	595,060	26,639	621,699
Total liabilities	1,298,268	26,642	1,324,910
Unitholders' equity	864,721	—	864,721
	$2,162,989	$26,642	$2,189,631

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

For the year ended December 31, 2025	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
Revenue from real estate properties	**$239,339**	**$5,232**	**$244,571**
Property operating costs			
Property operating expenses	**(75,870)**	**(1,408)**	**(77,278)**
Property taxes	**(43,354)**	**(426)**	**(43,780)**
Property management fees	**(8,294)**	**(184)**	**(8,478)**
Net operating income	**111,821**	**3,214**	**115,035**
Interest expense	**(63,461)**	**(1,057)**	**(64,518)**
General and administrative	**(3,904)**	**(22)**	**(3,926)**
Amortization expense	**(71)**	**—**	**(71)**
Other income	**90**	**—**	**90**
Fair value losses on real estate properties	**(61,556)**	**(1,615)**	**(63,171)**
Net income from equity-accounted investment	**520**	**(520)**	**—**
Net loss	**($16,561)**	**$—**	**($16,561)**
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss in subsequent periods:			
Unrealized fair value loss on cash flow hedge	384	—	384
Comprehensive loss	**($16,177)**	**$—**	**($16,177)**

For the year ended December 31, 2024	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
Revenue from real estate properties	$259,174	$5,308	$264,482
Property operating costs			
Property operating expenses	(72,698)	(1,453)	(74,151)
Property taxes	(49,173)	(488)	(49,661)
Property management fees	(8,842)	(185)	(9,027)
Net operating income	**128,461**	**3,182**	**131,643**
Interest expense	(67,378)	(1,398)	(68,776)
General and administrative	(3,748)	(11)	(3,759)
Amortization expense	(78)	—	(78)
Other income	20	—	20
Fair value losses on real estate properties	(114,448)	(3,425)	(117,873)
Net loss from equity-accounted investment	(1,652)	1,652	—
Net loss	**($58,823)**	**$—**	**($58,823)**
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss in subsequent periods:			
Unrealized fair value loss on cash flow hedge	(2,389)	—	(2,389)
Comprehensive loss	**($61,212)**	**$—**	**($61,212)**

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

For the year ended December 31, 2025	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
OPERATING ACTIVITIES			
Net loss	**($16,561)**	**$—**	**($16,561)**
Add items not affecting cash	**63,747**	**2,142**	**65,889**
Distributions from equity-accounted investment, net	**1,307**	**(1,307)**	**—**
Additions to tenant incentives and leasing commissions	**(6,576)**	**(2)**	**(6,578)**
Net change in non-cash operating assets and liabilities	**(1,509)**	**1,605**	**96**
Cash provided by operating activities	**40,408**	**2,438**	**42,846**
FINANCING ACTIVITIES			
Proceeds from new mortgages	**146,473**	**19,659**	**166,132**
Financing costs on new mortgages	**(691)**	**(6)**	**(697)**
Repayment of mortgages			
Repayments on maturity	**(155,389)**	**(19,659)**	**(175,048)**
Principal instalment repayments	**(26,235)**	**(1,782)**	**(28,017)**
Payment of lease liabilities, net	**(161)**	**—**	**(161)**
Proceeds from bank indebtedness	**38,000**	**—**	**38,000**
Repayment of bank indebtedness	**(18,106)**	**—**	**(18,106)**
Proceeds from Morguard loan payable	**15,000**	**—**	**15,000**
Distributions to unitholders	**(3,779)**	**—**	**(3,779)**
Cash used in financing activities	**(4,888)**	**(1,788)**	**(6,676)**
INVESTING ACTIVITIES			
Capital expenditures on real estate properties	**(24,325)**	**(517)**	**(24,842)**
Expenditures on properties under development	**(12,007)**	**—**	**(12,007)**
Cash used in investing activities	**(36,332)**	**(517)**	**(36,849)**
Net change in cash	**(812)**	**133**	**(679)**
Cash, beginning of period	**7,897**	**899**	**8,796**
Cash, end of period	**$7,085**	**$1,032**	**$8,117**

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

For the year ended December 31, 2024	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
OPERATING ACTIVITIES			
Net loss	($58,823)	$—	($58,823)
Add items not affecting cash	121,052	1,784	122,836
Distributions from equity-accounted investment, net	1,893	(1,893)	—
Additions to tenant incentives and leasing commissions	(8,680)	(5)	(8,685)
Net change in non-cash operating assets and liabilities	(253)	1,537	1,284
Cash provided by operating activities	**55,189**	**1,423**	**56,612**
FINANCING ACTIVITIES			
Proceeds from new mortgages	290,896	—	290,896
Financing costs on new mortgages	(2,735)	(11)	(2,746)
Repayment of mortgages			
Repayments on maturity	(298,888)	—	(298,888)
Repayment due to early extinguishments	(17,030)	—	(17,030)
Principal instalment repayments	(29,690)	(1,031)	(30,721)
Payment of lease liabilities, net	(154)	—	(154)
Proceeds from bank indebtedness	79,342	—	79,342
Repayment of bank indebtedness	(90,000)	—	(90,000)
Proceeds from Morguard loan payable	70,000	—	70,000
Repayment of Morguard loan payable	(35,000)	—	(35,000)
Distributions to unitholders	(15,296)	—	(15,296)
Cash used in financing activities	**(48,555)**	**(1,042)**	**(49,597)**
INVESTING ACTIVITIES			
Capital expenditures on real estate properties	(30,856)	(520)	(31,376)
Expenditures on properties under development	(12,209)	—	(12,209)
Proceeds from sale of real estate properties, net	37,050	—	37,050
Cash used in investing activities	**(6,015)**	**(520)**	**(6,535)**
Net change in cash	**619**	**(139)**	**480**
Cash, beginning of period	7,278	1,038	8,316
Cash, end of period	**$7,897**	**$899**	**$8,796**

PART XI

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	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenue from real estate properties	**$63,003**	$57,688	$58,301	$60,347	$67,437	$63,293	$64,046	$64,398
Net operating income	**29,197**	31,263	25,661	25,700	33,476	32,248	31,832	30,905
Fair value (losses)/gains on real estate properties	**(19,642)**	(10,345)	(10,683)	(20,886)	(48,851)	868	(16,242)	(50,223)
Net (loss)/income	**(7,862)**	4,664	(1,698)	(11,665)	(35,393)	15,571	(2,226)	(36,775)
Funds from operations [1]	**13,109**	14,980	9,269	9,162	16,530	14,917	14,108	13,419
Adjusted funds from operations [1,4]	**4,220**	6,200	217	807	10,478	8,750	8,033	7,409
Net (loss)/income – basic	**($0.12)**	$0.07	($0.03)	($0.18)	($0.55)	$0.24	($0.03)	($0.57)
Net (loss)/income – diluted	**($0.12)**	$0.07	($0.03)	($0.18)	($0.55)	$0.19	($0.03)	($0.57)
Funds from operations – basic [1]	**$0.20**	$0.23	$0.14	$0.14	$0.26	$0.23	$0.22	$0.21
Funds from operations – diluted [1]	**$0.18**	$0.20	$0.13	$0.13	$0.22	$0.20	$0.19	$0.18
Adjusted funds from operations – basic [1,4]	**$0.06**	$0.09	$—	$0.01	$0.16	$0.14	$0.12	$0.12
Adjusted funds from operations – diluted [1,4]	**$0.06**	$0.09	$—	$0.01	$0.15	$0.13	$0.12	$0.11
Distributions per unit	**$0.06**	$0.06	$0.06	$0.06	$0.12	$0.06	$0.06	$0.06
Weighted average number of units as at quarter-end (in thousands)								
Basic	**65,990**	65,422	64,877	64,403	64,288	64,282	64,276	64,269
Balance sheets								
Total assets	**$2,162,989**	$2,177,167	$2,179,194	$2,172,607	$2,173,948	$2,219,836	$2,212,798	$2,246,742
Total gross debt	**$1,239,659**	$1,245,368	$1,254,558	$1,244,892	$1,238,571	$1,240,471	$1,245,915	$1,273,177
Total equity	**$864,721**	$871,517	$867,713	$869,635	$884,227	$922,929	$914,525	$920,573
Gross leasable area as at quarter-end (in thousands of square feet) [2]								
Retail	**4,409**	4,391	4,391	4,391	4,386	4,386	4,386	4,515
Office	**3,264**	3,265	3,265	3,265	3,250	3,249	3,248	3,245
Industrial	**283**	283	283	283	283	283	283	293
Total	**7,956**	7,939	7,939	7,939	7,919	7,918	7,917	8,053
Occupancy as at quarter-end (%) [3]								
Retail	**88.0%**	90.6%	89.9%	93.7%	94.7%	94.0%	94.3%	94.4%
Office	**80.4%**	80.7%	80.3%	79.7%	86.9%	86.5%	86.3%	85.5%
Industrial	**97.2%**	97.1%	91.9%	91.9%	91.2%	91.0%	91.0%	85.4%
Total	**85.1%**	86.6%	85.9%	87.7%	91.2%	90.7%	90.8%	90.3%

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 XII

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	276,000	138,000
Parkland Mall	Red Deer	AB	100	456,500	456,500
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)				**4,605,000**	**4,411,000**

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	650,500	650,500
Petroleum Plaza	Edmonton	AB	50	304,000	152,000
Rice Howard Place	Edmonton	AB	20	612,500	122,500
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	111,500	111,500
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)				**5,085,000**	**3,415,000**

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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MANAGEMENT'S REPORT TO UNITHOLDERS

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

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

As at December 31, 2025, the Chief Executive Officer and Chief Financial Officer evaluated, or caused the evaluation of under their direct supervision, the disclosure controls and procedures and the internal controls over financial reporting (as defined in Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings") and, based on that assessment, determined that the disclosure controls and procedures were designed and operating effectively and the internal controls over financial reporting were designed and operating effectively.

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

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

(Signed) "Angela Sahi"

Angela Sahi,
Chief Executive Officer

(Signed) "Andrew Tamlin"

Andrew Tamlin,
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the unitholders of Morguard Real Estate Investment Trust

Opinion
We have audited the consolidated financial statements of Morguard Real Estate Investment Trust and its subsidiaries (the "Trust") , which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in unitholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards ("IFRSs").

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

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

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

Key Audit Matter	How our audit addressed the key audit matter
The Trust's real estate properties portfolio comprises income-producing properties, properties under development and held for development with a fair value of $2.1 billion, which represents 98.9% of total assets for the year ended December 31, 2025. Fair value of real estate properties is based on external and internal valuations, carried out by third party and certified staff appraisers respectively, using recognized valuation techniques. The valuation methodology for these real estate properties is primarily based on an income approach, utilizing the direct capitalization method and the discounted cash flow method. Recent real estate transactions with characteristics and locations similar to the Trust's assets are also considered when developing the valuations. Note 2 of the consolidated financial statements describes the accounting policy for real estate properties, including the valuation method and valuation inputs. Note 3 of the consolidated financial statements discloses the sensitivity of the fair value of income producing properties to a change in capitalization rates. The valuation of the Trust's real estate properties portfolio is a key audit matter given the inherently subjective nature of significant assumptions including discount rates, capitalization rates, terminal capitalization rates, and stabilized cash flows or stabilized net operating income, as applicable, which are based on vacancy and leasing assumptions. These assumptions are influenced by property-specific characteristics including location, type and quality of the properties and tenancy agreements.	With the assistance of our real estate valuation specialists, we evaluated the appropriateness of the underlying valuation methodology, and performed the following audit procedures, among others: • We assessed the competence and objectivity of management's valuation team, and any third-party appraisers engaged, by reviewing the qualifications and expertise of the individuals involved in the preparation and review of the valuations. • We selected a sample of properties where either the fair value change from prior year or significant assumptions fell outside our expectations, based on our understanding of the geographical real estate market for the specific asset type. For this sample of real estate properties, we evaluated the significant assumptions, including discount rates, capitalization rates, terminal capitalization rates, and stabilized cash flows or stabilized net operating income, as applicable, which are based on vacancy and leasing assumptions, by comparison to the expected real estate market benchmark range for similar assets and tenancies, in similar locations. We also considered whether there were any additional asset-specific characteristics that may impact the significant assumptions utilized and that these were appropriately considered in the overall assessment of fair value. • We evaluated the Trust's critical accounting policies and related disclosures in the consolidated financial statements to assess appropriateness and conformity with IFRSs.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 11, 2026

BALANCE SHEETS

In thousands of Canadian dollars

As at December 31,	Note	2025	2024
ASSETS			
Non-current assets			
Real estate properties	3	**$2,138,207**	$2,150,073
Right-of-use asset		**209**	280
Equity-accounted investment	4	**3,423**	4,210
		2,141,839	2,154,563
Current assets			
Amounts receivable	5	**9,988**	8,050
Prepaid expenses and other		**4,077**	3,438
Cash		**7,085**	7,897
		21,150	19,385
Total assets		**$2,162,989**	$2,173,948
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Mortgages payable	7	**$679,106**	$746,230
Convertible debentures	8	**—**	154,106
Lease liabilities	9	**16,254**	16,426
Derivative liability	7	**2,005**	2,389
Accounts payable and accrued liabilities		**5,843**	5,799
		703,208	924,950
Current liabilities			
Mortgages payable	7	**245,888**	213,055
Convertible debentures	8	**156,470**	—
Lease liabilities	9	**172**	161
Accounts payable and accrued liabilities		**54,557**	48,476
Morguard loan payable	14(b)	**50,000**	35,000
Bank indebtedness	10	**87,973**	68,079
		595,060	364,771
Total liabilities		**1,298,268**	1,289,721
Unitholders' equity		**864,721**	884,227
		$2,162,989	$2,173,948
Commitments and contingencies	18		

See accompanying notes to the consolidated financial statements.

On behalf of the Trustees:

(Signed) "K. Rai Sahi"

K. Rai Sahi,
Trustee

(Signed) "Bart S. Munn"

Bart S. Munn,
Lead Trustee

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

In thousands of Canadian dollars, except per unit amounts

For the year ended December 31,	Note	2025	2024
Revenue from real estate properties	11	**$239,339**	$259,174
Property operating costs			
Property operating expenses	12(a)	**(75,870)**	(72,698)
Property taxes		**(43,354)**	(49,173)
Property management fees		**(8,294)**	(8,842)
Net operating income		**111,821**	128,461
Interest expense	13	**(63,461)**	(67,378)
General and administrative	12(b)	**(3,904)**	(3,748)
Amortization expense		**(71)**	(78)
Other income		**90**	20
Fair value losses on real estate properties	3	**(61,556)**	(114,448)
Net income/(loss) from equity-accounted investment	4	**520**	(1,652)
Net loss		**($16,561)**	($58,823)
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss in subsequent periods:			
Unrealized fair value gain/(loss) on cash flow hedge		**384**	(2,389)
Comprehensive loss		**($16,177)**	($61,212)
NET LOSS PER UNIT	15(d)		
Basic		**($0.25)**	($0.92)
Diluted		**($0.25)**	($0.92)

See accompanying notes to the consolidated financial statements.

STATEMENTS OF UNITHOLDERS' EQUITY

In thousands of Canadian dollars, except number of units

	Note	Number of Units	Issue of Units	Retained Earnings	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income	Total Unitholders' Equity
Unitholders' equity, January 1, 2024		64,267,901	$636,096	$311,752	$6,879	$6,458	$—	$961,185
Net loss		—	—	(58,823)	—	—	—	(58,823)
Distributions to unitholders	15(a)	—	—	(15,746)	—	—	—	(15,746)
Special distribution in units	15(a)	616,180	3,408	(3,408)	—	—	—	—
Consolidation of units	15(a)	(616,180)	—	—	—	—	—	—
Issue of units – DRIP [1]	15(c)	24,172	131	(131)	—	—	—	—
Other comprehensive income		—	—	—	—	—	(2,389)	(2,389)
Unitholders' equity, December 31, 2024		64,292,073	639,635	233,644	6,879	6,458	(2,389)	884,227
Net loss		**—**	**—**	**(16,561)**	**—**	**—**	**—**	**(16,561)**
Distributions to unitholders	15(a)	**—**	**—**	**(3,329)**	**—**	**—**	**—**	**(3,329)**
Issue of units – DRIP [1]	15(c)	**2,141,044**	**12,331**	**(12,331)**	**—**	**—**	**—**	**—**
Other comprehensive income		**—**	**—**	**—**	**—**	**—**	**384**	**384**
Unitholders' equity, December 31, 2025		**66,433,117**	**$651,966**	**$201,423**	**$6,879**	**$6,458**	**($2,005)**	**$864,721**

1. Distribution Reinvestment Plan ("DRIP").

See accompanying notes to the consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

For the year ended December 31,	Note	2025	2024
OPERATING ACTIVITIES			
Net loss		**($16,561)**	($58,823)
Add items not affecting cash	16(a)	**63,747**	121,052
Distributions from equity-accounted investment, net	4	**1,307**	1,893
Additions to tenant incentives and leasing commissions		**(6,576)**	(8,680)
Net change in non-cash operating assets and liabilities	16(b)	**(1,509)**	(253)
Cash provided by operating activities		**40,408**	55,189
FINANCING ACTIVITIES			
Proceeds from new mortgages		**146,473**	290,896
Financing costs on new mortgages		**(691)**	(2,735)
Repayment of mortgages			
Repayments on maturity		**(155,389)**	(298,888)
Repayment due to early extinguishments		**—**	(17,030)
Principal instalment repayments		**(26,235)**	(29,690)
Payment of lease liabilities, net		**(161)**	(154)
Proceeds from bank indebtedness	10	**38,000**	79,342
Repayment of bank indebtedness	10	**(18,106)**	(90,000)
Proceeds from Morguard loan payable	14(b)	**15,000**	70,000
Repayment of Morguard loan payable	14(b)	**—**	(35,000)
Distributions to unitholders		**(3,779)**	(15,296)
Cash used in financing activities		**(4,888)**	(48,555)
INVESTING ACTIVITIES			
Capital expenditures on real estate properties		**(24,325)**	(30,856)
Expenditures on properties under development		**(12,007)**	(12,209)
Proceeds from sale of real estate properties, net	3	**—**	37,050
Cash used in investing activities		**(36,332)**	(6,015)
Net change in cash		**(812)**	619
Cash, beginning of period		**7,897**	7,278
Cash, end of period		**$7,085**	$7,897

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 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

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 68.6% of the outstanding units as at December 31, 2025 (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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved and authorized for issue by the Trustees on February 11, 2026.

Basis of Presentation

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

Basis of Consolidation

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

Real Estate Properties

Income Producing Properties

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

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

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

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

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

Properties Under Development

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

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

Interests in Joint Arrangements

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with remaining maturities at the time of acquisition of three months or less. There are no cash equivalents on hand as at December 31, 2025, or 2024. Bank borrowings are considered to be financing activities.

Lease Liabilities

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

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

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

Provisions

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

Revenue Recognition

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

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

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

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

Per Unit Calculation

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

Operating Segments

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

Financial Instruments

Recognition and Measurement of Financial Instruments

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

Expected Credit Loss

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

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

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

	Classification and Measurement
FINANCIAL ASSETS	
Amounts receivable	Amortized cost
Cash	Amortized cost
FINANCIAL LIABILITIES	
Mortgages payable	Amortized cost
Convertible debentures (excluding equity component)	Amortized cost
Morguard loan payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Derivative liability	FVTOCI
Bank indebtedness	Amortized cost

Transaction Costs

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

Fair Value

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

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

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

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

Derivatives

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

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

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

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

Critical Judgments in Applying Accounting Policies

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

Real Estate Properties

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

Leases

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

Critical Accounting Estimates and Assumptions

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

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

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

Current Accounting Policy Changes

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

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

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

Amendments to IAS 1 — Non-Current Liabilities with Covenants

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

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

Future Accounting Policy Changes

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

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

IFRS 18 introduces the following:

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

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

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

NOTE 3

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at December 31,	2025	2024
Income producing properties	**$2,053,453**	$2,062,060
Properties under development	**17,499**	19,908
Held for development	**67,255**	68,105
	$2,138,207	$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	21,017	12,146	—	33,163
Tenant improvements, tenant incentives and commissions	15,252	—	—	15,252
Transfers	14,555	(14,555)	—	—
Fair value losses	(60,706)	—	(850)	(61,556)
Other changes	1,275	—	—	1,275
Balance as at December 31, 2025	**$2,053,453**	**$17,499**	**$67,255**	**$2,138,207**

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 that 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 10.0% applied to a stabilized net operating income (2024 – 5.0% to 9.5%), resulting in an overall weighted average capitalization rate of 7.58% (2024 – 7.31%).

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

	December 31, 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%**	**8.0%**	**5.0%**	**7.6%**	97.0%	90.0%	8.3%	5.0%	7.4%
Office	**100.0%**	**85.0%**	**10.0%**	**5.3%**	**7.8%**	100.0%	85.0%	9.5%	5.3%	7.4%
Industrial	**100.0%**	**95.0%**	**5.5%**	**5.3%**	**5.4%**	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:

	December 31, 2025			December 31, 2024		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
RETAIL						
Discount rate	**9.0%**	**5.8%**	**7.7%**	9.3%	5.8%	7.7%
Terminal cap rate	**8.0%**	**5.3%**	**6.9%**	8.3%	5.3%	6.9%
OFFICE						
Discount rate	**10.0%**	**6.3%**	**7.6%**	10.0%	6.3%	7.4%
Terminal cap rate	**9.3%**	**5.3%**	**6.7%**	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 December 31, 2025, would decrease by $62,460 or increase by $66,757, respectively.

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

As at December 31, 2025		
Change in capitalization rate	**0.25%**	**(0.25%)**
Retail	**($34,911)**	**$37,281**
Office	**(24,378)**	**26,000**
Industrial	**(3,171)**	**3,476**
	($62,460)	**$66,757**

NOTE 4

EQUITY-ACCOUNTED INVESTMENT

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

As at December 31,	2025	2024
Balance, beginning of period	**$4,210**	$7,755
Equity income/(loss)	**520**	(1,652)
Distributions to partners, net	**(1,307)**	(1,893)
Balance, end of period	**$3,423**	$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 December 31,	2025	2024
Real estate property	**$29,000**	$30,050
Current assets	**1,065**	938
Total assets	**30,065**	30,988
Non-current liabilities	**(3)**	(3)
Current liabilities	**(26,639)**	(26,775)
Net equity	**$3,423**	$4,210

For the year ended December 31,	2025	2024
Revenue from real estate property	**$5,232**	$5,308
Property operating expenses	**(2,018)**	(2,126)
Net operating income	**3,214**	3,182
Interest and other expenses	**(1,079)**	(1,409)
Fair value losses on real estate property	**(1,615)**	(3,425)
Net income/(loss)	**$520**	($1,652)

The real estate property included above in the Trust's equity-accounted investment is appraised using a number of approaches that typically include a discounted cash flow analysis, a direct capitalization approach and a direct comparison approach. As at December 31, 2025, the property was valued using a discount rate of 8.8% (2024 – 8.8%), a terminal cap rate of 8.0% (2024 – 8.0%) and a stabilized cap rate of 7.8% (2024 – 7.8%). The stabilized annual net operating income as at December 31, 2025, was $2,503 (2024 – $3,051).

NOTE 5

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at December 31,	2025	2024
Tenant receivables	**$3,354**	$2,892
Unbilled other tenant receivables	**4,942**	3,264
Receivables from related parties	**331**	173
Other	**3,121**	3,030
Allowance for expected credit loss	**(1,760)**	(1,309)
	$9,988	$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 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 consolidated financial statements, represent the Trust's proportionate share of the assets and liabilities of its co-ownerships as at December 31, 2025, and 2024, and the results of operations for the years ended December 31, 2025, and 2024:

As at December 31,	2025	2024
Assets	**$347,995**	$366,479
Liabilities	**$203,752**	$210,862

For the year ended December 31,	2025	2024
Revenue	**$44,887**	$46,888
Expenses	**(34,155)**	(33,632)
Income before fair value adjustments	**10,732**	13,256
Fair value losses on real estate properties	**(26,445)**	(20,781)
Net loss	**($15,713)**	($7,525)

NOTE 7

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at December 31,	2025	2024
Mortgages payable before deferred financing costs	**$927,871**	$963,022
Deferred financing costs	**(2,877)**	(3,737)
Mortgages payable	**$924,994**	$959,285
Mortgages payable – non-current	**$679,106**	$746,230
Mortgages payable – current	**245,888**	213,055
Mortgages payable	**$924,994**	$959,285
Range of interest rates	**2.7% to 7.8%**	2.7% to 7.8%
Weighted average fixed interest rate	**4.7%**	4.7%
Weighted average interest rate on all mortgages	**4.7%**	4.8%
Weighted average term to maturity (years)	**2.6**	3.0

The mortgages payable above include floating-rate mortgages. As at December 31, 2025, these mortgages total $125,018 (2024 – $87,885), excluding hedged debt.

The aggregate principal repayments and balances maturing on the mortgages payable as at December 31, 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
2026	$31,795	$215,563	$247,358	4.1%
2027	16,160	194,170	210,330	5.7%
2028	13,005	133,274	146,279	5.0%
2029	9,874	101,682	111,556	5.6%
2030	7,708	99,527	107,235	3.7%
Thereafter	11,916	93,197	105,113	3.7%
	$90,458	**$837,413**	**$927,871**	**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 December 31, 2025, and 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.

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

Hedge ineffectiveness can arise from:

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

As at December 31, 2025, the derivative liability was $2,005 (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 December 31, 2025, Morguard held a total of $60,000 principal amount of the Convertible Debentures (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 December 31,	2025	2024
Convertible debentures – liability	**$151,934**	$151,934
Convertible debentures – accretion	**5,455**	3,949
Convertible debentures before issue costs	**157,389**	155,883
Issue costs	**(919)**	(1,777)
Convertible debentures	**$156,470**	$154,106

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

	Interest	Principal	Total
2026	$8,348	$159,000	$167,348

Redemption Rights

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

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

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

NOTE 9
LEASE LIABILITIES
The following table presents the change in the balance of the Trust's lease liabilities:

As at December 31,	2025	2024
Balance, beginning of period	**$16,587**	$16,383
Additions	**—**	358
Lease payments	**(1,191)**	(1,197)
Interest	**1,030**	1,043
Balance, end of period	**$16,426**	$16,587
Current	**$172**	$161
Non-current	**16,254**	16,426
	$16,426	$16,587
Weighted average borrowing rate	**6.2%**	6.2%

NOTE 10
BANK INDEBTEDNESS
The Trust has operating lines of credit totalling $103,330 (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 December 31, 2025, there is a maximum of $99,430 available (2024 – $101,350).

As at December 31, 2025, the Trust had borrowed $87,973 (2024 – $68,079) on its credit facilities and issued letters of credit in the amount of $516 (2024 – $577) related to these facilities. The net availability remaining on the Trust's credit facilities is $10,941 (2024 – $32,694).

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

NOTE 11
REVENUE FROM REAL ESTATE PROPERTIES

Revenue from real estate properties consists of the following:

For the year ended December 31, 2025	Retail	Office	Industrial	Total
Rental revenue	**$91,479**	**$45,805**	**$3,563**	**$140,847**
CAM recoveries	**23,678**	**27,904**	**1,146**	**52,728**
Property tax and insurance recoveries	**19,602**	**14,277**	**626**	**34,505**
Other revenue and lease cancellation fees	**3,496**	**765**	**9**	**4,270**
Parking revenue	**1**	**5,713**	**—**	**5,714**
Amortized rents	**(73)**	**1,232**	**116**	**1,275**
	$138,183	**$95,696**	**$5,460**	**$239,339**

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

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

NOTE 12
EXPENSES

(a) Property Operating Expenses

Property operating expenses consist of the following:

For the year ended December 31,	2025	2024
Repairs and maintenance	**$32,649**	$31,929
Utilities	**16,604**	15,906
Other operating expenses	**26,617**	24,863
	$75,870	$72,698

(b) General and Administrative

General and administrative expenses consist of the following:

For the year ended December 31,	2025	2024
Trustees' fees and expenses	**$225**	$232
Professional and compliance fees	**1,356**	1,293
Payroll and other administrative expenses	**2,323**	2,223
	$3,904	$3,748

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

For the year ended December 31,	2025	2024
Mortgages payable	**$44,018**	$48,074
Amortization of deferred financing costs – mortgages	**1,551**	1,746
Convertible debentures	**8,348**	8,348
Accretion on convertible debentures, net	**1,506**	1,407
Amortization of deferred financing costs – convertible debentures	**858**	801
Lease liabilities	**1,030**	1,043
Bank indebtedness	**4,492**	2,235
Morguard loan payable and other	**2,191**	4,188
Capitalized interest	**(533)**	(464)
	$63,461	$67,378

NOTE 14
RELATED PARTY TRANSACTIONS
Related party transactions are summarized as follows:

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

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

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

For the year ended December 31,	2025	2024
Property management fees [1]	**$8,374**	$8,933
Appraisal/valuation fees	**332**	335
Information services	**220**	220
Leasing fees	**3,641**	2,885
Project administration fees	**1,118**	1,432
Project management fees	**99**	140
Risk management fees	**393**	353
Internal audit fees	**90**	86
Off-site administrative charges	**1,993**	1,974
Rental revenue	**(219)**	(207)
	$16,041	$16,151

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

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

As at December 31,	2025	2024
Amounts payable to MIL, net	**$1,773**	$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 (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 year ended December 31, 2025, a gross amount of $15,000 was advanced from Morguard, and there were no repayments to Morguard. As at December 31, 2025, $50,000 remains payable to Morguard (2024 – $35,000). For the year ended December 31, 2025, the Trust incurred interest expense in the amount of $2,105 (2024 – $3,888) at an average interest rate of 5.04% (2024 – 6.62%). As at December 31, 2025, the Trust has interest payable on the revolving loan with Morguard of $185 (2024 – $164) included in its balance sheets.

(c) Other Items with Morguard (Excluding MIL)

The Trust subleases office space from Morguard. For the year ended December 31, 2025, the Trust incurred rent expense in the amount of $214 (2024 – $209).

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

As at December 31,	2025	2024
Amounts receivable	**$5**	$—

Morguard is a tenant in one of the Trust's properties. For the year ended December 31, 2025, the Trust earned rental revenue in the amount of $119 (2024 – $116).

Morguard provided a guarantee in association with the renewal of one of the Trust's mortgages in December 2023. For the year ended December 31, 2025, the Trust incurred interest expense in the amount of $447 (2024 – $494) in relation to this guarantee.

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 December 31, 2025:

As at December 31,	2025	2024
Balance, beginning of period	**64,292,073**	64,267,901
Distribution Reinvestment Plan – Morguard	**1,839,750**	—
Distribution Reinvestment Plan – other unitholders	**301,294**	24,172
Special distribution in units	**—**	616,180
Consolidation of units	**—**	(616,180)
Balance, end of period	**66,433,117**	64,292,073

Total distributions recorded during the year ended December 31, 2025, amounted to $15,660 or $0.24 per unit (2024 – $19,285 or $0.30 per unit). On January 15, 2026, the Trust declared a distribution in the amount of $0.02 per unit for the month of January 2026, payable on February 13, 2026.

(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 year ended December 31, 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 year ended December 31, 2025, the Trust issued 2,141,044 units under the DRIP (2024 – 24,172 units).

(d) Net Loss Per Unit

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

For the year ended December 31,	2025	2024
Net loss – basic	**($16,561)**	($58,823)
Net loss – diluted	**($16,561)**	($58,823)
Weighted average number of units outstanding – basic	**65,178**	64,279
Weighted average number of units outstanding – diluted	**65,178**	64,279
Net loss per unit – basic	**($0.25)**	($0.92)
Net loss per unit – diluted	**($0.25)**	($0.92)

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 loss – basic. The weighted average number of units outstanding – diluted is calculated as if all Convertible Debentures outstanding as at December 31, 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 year ended December 31, 2025, and 2024, as their inclusion would be anti-dilutive.

NOTE 16

STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

For the year ended December 31,	2025	2024
Fair value losses on real estate properties	**$61,556**	$114,448
Net (income)/loss from equity-accounted investment	**(520)**	1,652
Amortized stepped rent	**(76)**	694
Amortized free rent	**(1,968)**	(63)
Amortization of deferred financing costs – mortgages	**1,551**	1,746
Amortization of tenant incentives	**769**	289
Amortization of right-of-use asset	**71**	78
Amortization of deferred financing costs – convertible debentures	**858**	801
Accretion on convertible debentures	**1,506**	1,407
	$63,747	$121,052

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

For the year ended December 31,	2025	2024
Amounts receivable	**($1,938)**	$1,291
Prepaid expenses and other	**(639)**	(2,212)
Accounts payable and accrued liabilities	**1,068**	668
	($1,509)	($253)

(c) Supplemental Cash Flow Information

For the year ended December 31,	2025	2024
Interest paid	**$60,204**	$63,814
Issue of units – DRIP	**$12,331**	$131

NOTE 17

INCOME TAXES

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

NOTE 18

COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Trust has entered into various agreements relating to capital expenditures for its properties. These expenditures include development of new space, redevelopment or retrofit of existing space, and other capital expenditures. Should all conditions be met, as at December 31, 2025, committed capital expenditures in the next 12 months are estimated at $3,763.

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

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

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

Effective November 17, 2023, the Trust entered into a sublease agreement with Morguard expiring on November 15, 2028. The annual rent amounts to an expense of approximately $218.

In addition to the above-mentioned contractual obligations, the Trust has entered into equipment operating leases with terms ranging to 2030. The remaining payments for the leases are as follows:

2026	$90
2027	77
2028	50
2029	25
2030	—

(b) Contingencies

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

NOTE 19

MANAGEMENT OF CAPITAL

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

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

The total managed capital for the Trust is summarized below:

As at December 31,	Note	2025	2024
Mortgages payable	7	**$924,994**	$959,285
Convertible debentures	8	**156,470**	154,106
Bank indebtedness	10	**87,973**	68,079
Morguard loan payable	14(b)	**50,000**	35,000
Lease liabilities	9	**16,426**	16,587
Unitholders' equity		**864,721**	884,227
		$2,100,584	$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 December 31,	Borrowing Limits	2025	2024
Fixed-rate debt to gross book value of total assets	N/A	**44.9%**	47.9%
Floating-rate debt to gross book value of total assets	15.0%	**12.2%**	8.8%
	65.0%	**57.1%**	56.7%

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

Convertible Debentures

The Trust's Convertible Debentures have no restrictive covenants.

Bank Indebtedness

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

NOTE 20

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair Value of Financial Assets and Liabilities

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

(a) Mortgages Payable

Mortgages payable are carried at amortized cost using the effective interest rate method of amortization. The estimated fair values of long-term borrowings are based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Trust as at December 31, 2025.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using December 31, 2025, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at December 31, 2025, of the mortgages payable has been estimated at $929,212 (2024 – $949,420) compared to the carrying value before deferred financing costs of $927,871 (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 December 31, 2025, of the Convertible Debentures has been estimated at $161,385 (2024 – $159,000) compared to the carrying value before deferred financing costs of $157,389 (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:

	December 31, 2025			December 31, 2024		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
ASSETS						
Income producing properties	**$—**	**$—**	**$2,053,453**	$—	$—	$2,062,060
Properties under development	**$—**	**$—**	**$17,499**	$—	$—	$19,908
Held for development	**$—**	**$—**	**$67,255**	$—	$—	$68,105
LIABILITIES						
Derivative liabilities	**$—**	**$2,005**	**$—**	$—	$2,389	$—

Risks Associated with Financial Assets and Liabilities

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

Market Risk

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

(i) Interest Rate Risk

The Trust is subject to the risks associated with debt financing, including the risk that mortgages and credit facilities will not be able to be refinanced on terms as favourable as those of the existing indebtedness. Interest on the Trust's bank indebtedness is subject to floating interest rates. The Trust mitigates these risks by its continued efforts to enhance the value of its real estate properties, to maintain high occupancy levels to meet its debt obligations and to foster excellent relations with its lenders. For the year ended December 31, 2025, the average increase or decrease in net loss for each 1% change in interest rates paid on floating debt amounts to $2,221 (2024 – $2,161).

The Trust's objective in managing interest rate risk is to minimize the volatility of the Trust's earnings. As at December 31, 2025, interest rate risk has been minimized since all long-term debt is financed at fixed interest rates with maturities scheduled over a number of years.

(ii) Credit Risk

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

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

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

As at December 31,	2025	2024
Not later than 1 year	**$121,102**	$123,474
Later than 1 year and not later than 5 years	**342,559**	330,630
Later than 5 years	**183,354**	168,931
	$647,015	$623,035

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

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

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

As at December 31,	2025	2024
Trade receivables	**$3,354**	$2,892
Less: Allowance for doubtful accounts	**(1,760)**	(1,309)
Trade receivables, net	**$1,594**	$1,583

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

As at December 31,	2025	2024
Availability of bank lines of credit	**$103,330**	$101,350
Availability of Morguard loan payable	**100,000**	75,000
Other deductions and adjustments	**(4,416)**	(577)
Bank indebtedness outstanding	**(87,973)**	(68,079)
Morguard loan payable outstanding	**(50,000)**	(35,000)
Cash	**7,085**	7,897
	$68,026	$80,591

NOTE 21

SEGMENTED INFORMATION

IFRS 8, "Operating Segments", requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision-maker for the purpose of allocating resources to the segment and assessing its performance. The Trust has applied judgment by aggregating its operating segments according to the nature of the property operations. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics. As at December 31, 2025, and 2024, the Trust has the following three reportable segments: retail, office and industrial.

Business Segments

For the year ended December 31, 2025	Retail	Office	Industrial	Total
Revenue from real estate properties	**$138,183**	**$95,696**	**$5,460**	**$239,339**
Property operating expenses	**(39,727)**	**(35,315)**	**(828)**	**(75,870)**
Property taxes	**(25,175)**	**(17,474)**	**(705)**	**(43,354)**
Property management fees	**(4,917)**	**(3,197)**	**(180)**	**(8,294)**
Net operating income	**$68,364**	**$39,710**	**$3,747**	**$111,821**

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

	Retail	Office	Industrial	Total
As at December 31, 2025				
Real estate properties	**$1,263,702**	**$791,805**	**$82,700**	**$2,138,207**
Mortgages payable (based on collateral)	**$511,746**	**$413,248**	**$—**	**$924,994**
For the year ended December 31, 2025				
Additions to real estate properties	**$23,952**	**$23,897**	**$566**	**$48,415**
Fair value losses on real estate properties	**($13,959)**	**($47,415)**	**($182)**	**($61,556)**

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

NOTE 22

SUBSEQUENT EVENT

On February 4, 2026, 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, 2026, and ending February 8, 2027, the Trust may purchase for cancellation on the TSX up to 3,321,655 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.