



Real Estate Potential. *Realized.*

MORGUARD REAL ESTATE INVESTMENT TRUST

SEPTEMBER 30, 2024

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

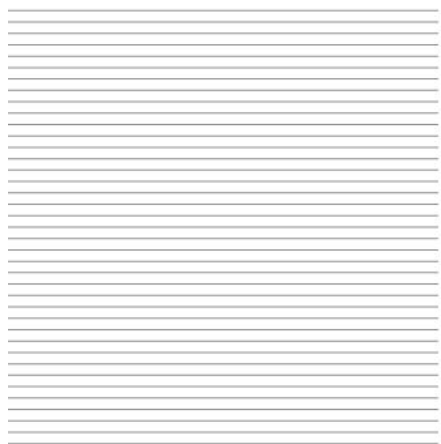


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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	September 30, 2024	December 31, 2023
ASSETS			
Non-current assets			
Real estate properties	3	\$2,185,189	\$2,254,642
Right-of-use asset		298	—
Equity-accounted investment	4	8,253	7,755
		2,193,740	2,262,397
Current assets			
Amounts receivable	5	9,089	9,341
Prepaid expenses and other		9,475	1,226
Cash		7,532	7,278
		26,096	17,845
Total assets		\$2,219,836	\$2,280,242
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Mortgages payable	7	\$762,888	\$680,787
Convertible debentures	8	153,562	151,898
Lease liabilities	9	16,467	16,295
Derivative liabilities	7	3,343	—
Accounts payable and accrued liabilities		5,817	5,981
		942,077	854,961
Current liabilities			
Mortgages payable	7	210,098	334,199
Lease liabilities	9	158	88
Accounts payable and accrued liabilities		53,184	51,072
Morguard loan payable	14(b)	70,000	—
Bank indebtedness	10	21,390	78,737
		354,830	464,096
Total liabilities		1,296,907	1,319,057
Unitholders' equity		922,929	961,185
		\$2,219,836	\$2,280,242
Commitments and contingencies	17		

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Trustees:

(Signed) "K. Rai Sahi"

K. Rai Sahi,
Chairman of the Board of Trustees

(Signed) "Bart S. Munn"

Bart S. Munn,
Lead Trustee

STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)

In thousands of Canadian dollars, except per unit amounts

	Note	Three months ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenue from real estate properties	11	\$63,293	\$62,512	\$191,737	\$189,219
Property operating costs					
Property operating expenses	12(a)	(16,593)	(17,714)	(52,941)	(53,774)
Property taxes		(12,309)	(12,122)	(37,255)	(36,400)
Property management fees		(2,143)	(2,125)	(6,556)	(6,481)
Net operating income		32,248	30,551	94,985	92,564
Interest expense	13	(16,839)	(16,072)	(50,958)	(45,672)
General and administrative	12(b)	(875)	(911)	(2,821)	(2,970)
Amortization expense		(60)	(21)	(60)	(62)
Other income		—	5	—	5
Fair value gains/(losses) on real estate properties	3	868	(52,047)	(65,597)	(88,885)
Net income/(loss) from equity-accounted investment	4	229	(1,170)	1,021	(1,630)
Net income/(loss)		\$15,571	(\$39,665)	(\$23,430)	(\$46,650)
OTHER COMPREHENSIVE INCOME					
Item that may be reclassified to profit or loss in subsequent periods:					
Unrealized fair value loss on cash flow hedge		(3,343)	—	(3,343)	—
Comprehensive income/(loss)		\$12,228	(\$39,665)	(\$26,773)	(\$46,650)
NET INCOME/(LOSS) PER UNIT					
	15(d)				
Basic		\$0.24	(\$0.62)	(\$0.36)	(\$0.73)
Diluted		\$0.19	(\$0.62)	(\$0.36)	(\$0.73)

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF UNITHOLDERS' EQUITY

In thousands of Canadian dollars, except number of units

	Note	Number of Units	Issue of Units	Retained Earnings	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income	Total Unitholders' Equity
Unitholders' equity, January 1, 2023		64,226,854	\$635,874	\$401,617	\$6,879	\$6,458	\$—	\$1,050,828
Net loss		—	—	(46,650)	—	—	—	(46,650)
Distributions to unitholders	15(a)	—	—	(11,386)	—	—	—	(11,386)
Issue of units – DRIP ¹	15(c)	31,844	173	(173)	—	—	—	—
Unitholders' equity, September 30, 2023		64,258,698	636,047	343,408	6,879	6,458	—	992,792
Net loss		—	—	(27,795)	—	—	—	(27,795)
Distributions to unitholders	15(a)	—	—	(3,812)	—	—	—	(3,812)
Issue of units – DRIP ¹	15(c)	9,203	49	(49)	—	—	—	—
Unitholders' equity, December 31, 2023		64,267,901	636,096	311,752	6,879	6,458	—	961,185
Net loss		—	—	(23,430)	—	—	—	(23,430)
Distributions to unitholders	15(a)	—	—	(11,483)	—	—	—	(11,483)
Issue of units – DRIP ¹	15(c)	16,954	91	(91)	—	—	—	—
Other comprehensive income		—	—	—	—	—	(3,343)	(3,343)
Unitholders' equity, September 30, 2024		64,284,855	\$636,187	\$276,748	\$6,879	\$6,458	(\$3,343)	\$922,929

1. Distribution Reinvestment Plan ("DRIP").

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

	Note	Three months ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
OPERATING ACTIVITIES					
Net income/(loss)		\$15,571	(\$39,665)	(\$23,430)	(\$46,650)
(Subtract)/add items not affecting cash	16(a)	(53)	54,076	68,169	93,986
Distributions from equity-accounted investment, net	4	103	315	523	882
Additions to tenant incentives and leasing commissions		(852)	(5,562)	(3,714)	(8,856)
Net change in non-cash operating assets and liabilities	16(b)	6,252	12,125	(7,339)	6,088
Cash provided by operating activities		21,021	21,289	34,209	45,450
FINANCING ACTIVITIES					
Proceeds from new mortgages		84,147	70,781	167,647	127,967
Financing costs on new mortgages		(514)	(440)	(2,491)	(704)
Repayment of mortgages					
Repayments on maturity		(89,148)	(41,005)	(168,639)	(92,589)
Repayment due to early extinguishments		—	—	(17,030)	—
Principal instalment repayments		(7,823)	(8,331)	(22,792)	(25,685)
Payment of lease liabilities, net		(73)	(45)	(116)	(134)
Proceeds from/(repayment of) bank indebtedness, net	10	6,748	(34,974)	(57,347)	(18,622)
Morguard loan payable, net	14(b)	—	—	70,000	—
Distributions to unitholders		(3,824)	(3,815)	(10,193)	(10,106)
Cash used in financing activities		(10,487)	(17,829)	(40,961)	(19,873)
INVESTING ACTIVITIES					
Capital expenditures on real estate properties		(8,898)	(6,204)	(21,219)	(17,227)
Expenditures on properties under development		(1,302)	(2,541)	(8,825)	(11,996)
Proceeds from sale of real estate properties, net	3	—	—	37,050	—
Cash (used in)/provided by investing activities		(10,200)	(8,745)	7,006	(29,223)
Net change in cash		334	(5,285)	254	(3,646)
Cash, beginning of period		7,198	11,351	7,278	9,712
Cash, end of period		\$7,532	\$6,066	\$7,532	\$6,066

See accompanying notes to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended September 30, 2024, and 2023

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

NOTE 1

NATURE AND FORMATION OF THE TRUST

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

The Trust has a property management agreement with Morguard Investments Limited ("MIL"), a subsidiary of Morguard Corporation ("Morguard"). Morguard is the parent company of the Trust, owning 65.3% of the outstanding units as at September 30, 2024. Morguard is a real estate company that owns a diversified portfolio of multi-suite residential, retail, hotel, office and industrial properties. Morguard also provides advisory and management services to institutional and other investors.

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board, and thus do not contain all of the disclosures applicable to the annual audited consolidated financial statements.

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

The condensed consolidated financial statements were approved and authorized for issue by the Trustees on October 30, 2024.

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

Financial Instruments

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

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

For those derivative instruments to which the Trust has applied hedge accounting, the change in fair value for the effective portion of the derivative is recorded in other comprehensive income 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.

Future Accounting Policy Changes

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

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

IFRS 18 introduces the following:

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

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

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

EIFEL Rules

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

The EIFEL Rules, which became effective for the 2024 fiscal year, limit the amount of net interest and financing expenses that a trust may deduct in computing taxable income to a fixed ratio (currently set at 30% of the EBITDA as calculated for tax purposes) or, where certain conditions are met and a consolidated group elects, a higher group ratio.

Based on an assessment of forecasted EBITDA for the year ended December 31, 2024, it is expected that the EIFEL Rules will limit the deductibility of certain interest expenses of the Trust and will increase the taxable income allocated by the Trust to unitholders in current and subsequent fiscal years. The Trust will continue to review the relevant legislation and available guidance to assess the full implications of the EIFEL Rules.

NOTE 3

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	September 30, 2024	December 31, 2023
Income producing properties	\$2,098,420	\$2,169,663
Properties under development	18,601	16,460
Held for development	68,168	68,519
	\$2,185,189	\$2,254,642

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

	Income Producing Properties	Properties Under Development	Held for Development	Total Real Estate Properties
Balance as at December 31, 2022	\$2,260,657	\$25,948	\$51,200	\$2,337,805
Additions:				
Capital expenditures/capitalized costs	16,822	13,862	—	30,684
Tenant improvements, tenant incentives and commissions	19,291	—	—	19,291
Transfers	23,350	(23,350)	—	—
Fair value (losses)/gains	(149,084)	—	17,319	(131,765)
Other changes	(1,373)	—	—	(1,373)
Balance as at December 31, 2023	2,169,663	16,460	68,519	2,254,642
Additions:				
Capital expenditures/capitalized costs	15,147	8,825	—	23,972
Tenant improvements, tenant incentives and commissions	9,786	—	—	9,786
Transfers	6,684	(6,684)	—	—
Disposition	(37,050)	—	—	(37,050)
Fair value losses	(65,246)	—	(351)	(65,597)
Other changes	(564)	—	—	(564)
Balance as at September 30, 2024	\$2,098,420	\$18,601	\$68,168	\$2,185,189

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 including 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 sold. The Trust has a retail property in British Columbia where the highest and best use is a redevelopment to mixed residential and commercial use. Since the value of the property is in the underlying land with minimal holding income, it has been valued using the direct comparison approach.

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

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

Using the direct capitalization income approach to corroborate the discounted cash flow method, the properties were valued using capitalization rates in the range of 5.0% to 9.0% applied to a stabilized net operating income (December 31, 2023 – 4.8% to 9.0%), resulting in an overall weighted average capitalization rate of 7.38% (December 31, 2023 – 7.14%).

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

	September 30, 2024					December 31, 2023				
	Stabilized Occupancy		Capitalization Rates			Stabilized Occupancy		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Retail	97.0%	90.0%	8.0%	5.0%	7.6%	97.0%	90.0%	8.0%	5.0%	7.5%
Office	100.0%	85.0%	9.0%	5.3%	7.3%	100.0%	85.0%	9.0%	4.7%	6.8%
Industrial	100.0%	95.0%	5.5%	5.3%	5.4%	100.0%	95.0%	5.5%	5.3%	5.5%

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

	September 30, 2024			December 31, 2023		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
RETAIL						
Discount rate	9.0%	5.8%	7.7%	9.0%	5.8%	7.6%
Terminal cap rate	8.0%	5.3%	6.9%	8.0%	5.0%	6.8%
OFFICE						
Discount rate	9.5%	6.3%	7.3%	9.5%	5.8%	7.0%
Terminal cap rate	8.8%	5.3%	6.4%	8.5%	4.8%	6.2%
INDUSTRIAL						
Discount rate	6.5%	6.0%	6.2%	6.5%	6.0%	6.2%
Terminal cap rate	5.8%	5.5%	5.5%	5.8%	5.5%	5.5%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in net operating income, with a lower capitalization rate resulting in a greater impact to the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points, the value of the income producing properties as at September 30, 2024, would decrease by \$65,027 or increase by \$69,635, respectively.

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

For the nine months ended September 30, 2024

Change in capitalization rate	0.25%	(0.25%)
Retail	(\$34,503)	\$36,864
Office	(27,380)	29,323
Industrial	(3,144)	3,448
	(\$65,027)	\$69,635

Disposition

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

NOTE 4

EQUITY-ACCOUNTED INVESTMENT

On December 22, 2011, the Trust and a major Canadian pension fund each acquired a 50% interest in a limited partnership that owns and operates a 304,000 square foot Class A office complex located in downtown Edmonton, Alberta, in which the Trust has a total original net investment of \$28,008. The Trust has joint control over the limited partnership and accounts for its investment using the equity method.

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	\$7,755	\$11,658
Equity income/(loss)	1,021	(1,900)
Distributions to partners, net	(523)	(2,003)
Balance, end of period	\$8,253	\$7,755

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

As at	September 30, 2024	December 31, 2023
Real estate property	\$33,000	\$33,000
Current assets	1,856	1,107
Total assets	34,856	34,107
Non-current liabilities	(3)	(3)
Current liabilities	(26,600)	(26,349)
Net equity	\$8,253	\$7,755

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenue from real estate property	\$1,318	\$1,322	\$4,026	\$4,058
Property operating expenses	(512)	(531)	(1,615)	(1,702)
Net operating income	806	791	2,411	2,356
Interest and other expenses	(350)	(362)	(1,057)	(938)
Fair value losses on real estate property	(227)	(1,599)	(333)	(3,048)
Net income/(loss)	\$229	(\$1,170)	\$1,021	(\$1,630)

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 September 30, 2024, the property was valued using a discount rate of 8.3% (December 31, 2023 – 8.3%), a terminal cap rate of 7.3% (December 31, 2023 – 7.3%) and a stabilized cap rate of 7.3% (December 31, 2023 – 7.3%). The stabilized annual net operating income as at September 30, 2024, was \$2,636 (December 31, 2023 – \$3,329).

NOTE 5

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	September 30, 2024	December 31, 2023
Tenant receivables	\$5,267	\$4,208
Unbilled other tenant receivables	1,933	3,593
Receivables from related parties	286	373
Other	2,933	2,892
Allowance for expected credit loss	(1,330)	(1,725)
	\$9,089	\$9,341

NOTE 6

CO-OWNERSHIP INTERESTS

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

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

The following amounts, included in these condensed consolidated financial statements, represent the Trust's proportionate share of the assets and liabilities of its co-ownerships as at September 30, 2024, and December 31, 2023, and the results of operations for the three and nine months ended September 30, 2024, and 2023:

As at	September 30,		December 31,	
	2024		2023	
Assets	\$378,271		\$379,898	
Liabilities	\$211,140		\$216,785	

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2024	2023	2024	2023
Revenue	\$11,419	\$11,573	\$34,876	\$34,907
Expenses	(8,211)	(8,189)	(24,874)	(24,461)
Income before fair value adjustments	3,208	3,384	10,002	10,446
Fair value gains/(losses) on real estate properties	3,609	(16,831)	(6,510)	(35,681)
Net loss	\$6,817	(\$13,447)	\$3,492	(\$25,235)

NOTE 7

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	September 30,	December 31,
	2024	2023
Mortgages payable before deferred financing costs	\$976,920	\$1,017,734
Deferred financing costs	(3,934)	(2,748)
Mortgages payable	\$972,986	\$1,014,986
Mortgages payable – non-current	\$762,888	\$680,787
Mortgages payable – current	210,098	334,199
Mortgages payable	\$972,986	\$1,014,986
Range of interest rates	2.7% to 7.8%	2.7% to 7.9%
Weighted average fixed interest rate	4.6%	4.3%
Weighted average interest rate on all mortgages	4.8%	4.9%
Weighted average term to maturity (years)	3.1	3.1

The mortgages payable above include floating-rate mortgages. As at September 30, 2024, these mortgages total \$95,563 (December 31, 2023 – \$165,161).

The aggregate principal repayments and balances maturing on the mortgages payable as at September 30, 2024, together with the weighted average contractual rate on debt maturing in the year indicated, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Rate on Balance Maturing
2024 (remainder of year)	\$6,767	\$138,408	\$145,175	5.7%
2025	29,807	141,725	171,532	4.2%
2026	18,222	103,582	121,804	4.0%
2027	12,959	194,170	207,129	5.7%
2028	11,156	39,570	50,726	5.3%
Thereafter	27,831	252,723	280,554	4.2%
	\$106,742	\$870,178	\$976,920	4.8%

Substantially all of the Trust's rental 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 September 30, 2024, and December 31, 2023, the Trust was in compliance with those covenants.

On June 25, 2024, the Trust completed a \$75,000 variable-rate first mortgage loan agreement secured by a property in Prince George, British Columbia. On July 2, 2024, the Trust completed a \$75,000 fixed-for-variable interest rate swap agreement, designated this interest rate swap as a cash flow hedge and applied hedge accounting. The objective of the interest rate swap is to eliminate the variability of cash flows on the variable-rate mortgage stemming from fluctuations in market interest rates. As at September 30, 2024, the derivative liability was \$3,343 (December 31, 2023 – \$nil). The maturity date of the interest rate swap coincides with the mortgage payable maturity on June 3, 2029.

NOTE 8 CONVERTIBLE DEBENTURES

Debentures

On December 7, 2021, the Trust issued \$159,000 principal amount of 5.25% convertible unsecured subordinated debentures ("Convertible Debentures") maturing on December 31, 2026 (the "Maturity Date"). As at September 30, 2024, Morguard held a total of \$60,000 principal amount of the Convertible Debentures (December 31, 2023 – \$60,000).

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

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

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

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

The Convertible Debentures payable consist of the following:

As at	September 30, 2024	December 31, 2023
Convertible debentures – liability	\$151,934	\$151,934
Convertible debentures – accretion	3,602	2,542
Convertible debentures before issue costs	155,536	154,476
Issue costs	(1,974)	(2,578)
Convertible debentures	\$153,562	\$151,898

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

	Interest	Principal	Total
2024	\$4,174	\$—	\$4,174
2025	8,348	—	8,348
2026	8,348	159,000	167,348
	\$20,870	\$159,000	\$179,870

Redemption Rights

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

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

Payment Upon Redemption or Maturity

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

Interest Payment Election

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

NOTE 9

LEASE LIABILITIES

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

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	\$16,383	\$16,551
Additions	358	—
Lease payments	(900)	(1,192)
Interest	784	1,024
Balance, end of period	\$16,625	\$16,383
Current	\$158	\$88
Non-current	16,467	16,295
	\$16,625	\$16,383
Weighted average borrowing rate	6.2%	6.2%

NOTE 10

BANK INDEBTEDNESS

The Trust has operating lines of credit totalling \$101,350 (December 31, 2023 – \$102,500), which renew annually and are secured by fixed charges on specific properties owned by the Trust. One of these lines is subject to cash flow tests based on the operating results of the secured properties along with prevailing bond yields. As at September 30, 2024, there is a maximum of \$101,350 available (December 31, 2023 – \$98,500).

As at September 30, 2024, the Trust had borrowed \$21,390 (December 31, 2023 – \$78,737) on its credit facilities and issued letters of credit in the amount of \$577 (December 31, 2023 – \$967) related to these facilities. The net availability remaining on the Trust's credit facilities is \$79,383 (December 31, 2023 – \$18,796).

The bank credit agreements include certain restrictive covenants and undertakings by the Trust. As at September 30, 2024, and December 31, 2023, the Trust was in compliance with all covenants and undertakings. As the bank indebtedness is current and at prevailing market rates, the carrying value of the debt as at September 30, 2024, approximates fair value.

NOTE 11

REVENUE FROM REAL ESTATE PROPERTIES

Revenue from real estate properties consists of the following:

For the three months ended September 30, 2024	Retail	Office	Industrial	Total
Rental revenue	\$22,727	\$15,580	\$716	\$39,023
CAM recoveries	4,689	6,988	270	11,947
Property tax and insurance recoveries	5,733	3,904	178	9,815
Other revenue and lease cancellation fees	874	256	3	1,133
Parking revenue	—	1,375	—	1,375
Amortized rents	179	(316)	137	—
	\$34,202	\$27,787	\$1,304	\$63,293

For the three months ended September 30, 2023	Retail	Office	Industrial	Total
Rental revenue	\$22,264	\$15,312	\$535	\$38,111
CAM recoveries	5,328	6,969	158	12,455
Property tax and insurance recoveries	5,797	3,493	140	9,430
Other revenue and lease cancellation fees	652	585	—	1,237
Parking revenue	2	1,374	—	1,376
Amortized rents	(20)	(95)	18	(97)
	\$34,023	\$27,638	\$851	\$62,512

For the nine months ended September 30, 2024	Retail	Office	Industrial	Total
Rental revenue	\$68,726	\$46,836	\$2,028	\$117,590
CAM recoveries	15,213	21,276	761	37,250
Property tax and insurance recoveries	17,324	11,768	464	29,556
Other revenue and lease cancellation fees	2,204	1,529	3	3,736
Parking revenue	—	4,169	—	4,169
Amortized rents	544	(1,264)	156	(564)
	\$104,011	\$84,314	\$3,412	\$191,737

For the nine months ended September 30, 2023	Retail	Office	Industrial	Total
Rental revenue	\$66,547	\$46,453	\$1,522	\$114,522
CAM recoveries	16,060	20,920	592	37,572
Property tax and insurance recoveries	19,234	11,097	418	30,749
Other revenue and lease cancellation fees	1,863	1,631	—	3,494
Parking revenue	(1)	4,030	—	4,029
Amortized rents	(160)	(1,071)	84	(1,147)
	\$103,543	\$83,060	\$2,616	\$189,219

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

NOTE 12

EXPENSES

(a) Property Operating Expenses

Property operating expenses consist of the following:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Repairs and maintenance	\$7,196	\$6,980	\$23,043	\$22,519
Utilities	3,350	4,678	11,717	13,907
Other operating expenses	6,047	6,056	18,181	17,348
	\$16,593	\$17,714	\$52,941	\$53,774

(b) General and Administrative

General and administrative expenses consist of the following:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Trustees' fees and expenses	\$62	\$42	\$190	\$170
Professional and compliance fees	315	327	978	997
Payroll and other administrative expenses	498	542	1,653	1,803
	\$875	\$911	\$2,821	\$2,970

NOTE 13

INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Mortgages payable	\$12,006	\$12,342	\$36,433	\$34,485
Amortization of deferred financing costs – mortgages	440	234	1,305	706
Convertible debentures	2,104	2,104	6,243	6,278
Accretion on convertible debentures, net	347	323	1,060	991
Amortization of deferred financing costs – convertible debentures	197	184	604	565
Lease liabilities	275	255	784	769
Bank indebtedness	327	1,045	1,602	2,908
Morguard loan payable and other	1,251	18	3,295	31
Capitalized interest	(108)	(433)	(368)	(1,061)
	\$16,839	\$16,072	\$50,958	\$45,672

NOTE 14

RELATED PARTY TRANSACTIONS

Related party transactions are summarized as follows:

(a) Agreement with Morguard Investments Limited

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

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

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

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Property management fees ¹	\$2,164	\$2,145	\$6,622	\$6,548
Appraisal/valuation fees	76	85	251	255
Information services	55	55	165	165
Leasing fees	683	1,171	2,074	2,724
Project administration fees	442	242	885	657
Project management fees	28	8	106	20
Risk management fees	88	82	264	244
Internal audit fees	25	30	75	90
Off-site administrative charges	489	471	1,485	1,447
Rental revenue	(51)	(48)	(155)	(144)
	\$3,999	\$4,241	\$11,772	\$12,006

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

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

As at	September 30, 2024	December 31, 2023
Amounts payable to MIL, net	\$1,321	\$1,468

(b) Revolving Loan with Morguard

The Trust has a revolving loan agreement with Morguard that provides for borrowings or advances of up to \$75,000 (December 31, 2023 – \$75,000), which is interest-bearing at the entities borrowing costs and due on demand subject to available funds.

Morguard Loan Payable

During the nine months ended September 30, 2024, a gross amount of \$70,000 was advanced from Morguard, and as at September 30, 2024, \$70,000 remains payable to Morguard (December 31, 2023 – \$nil). For the three months ended September 30, 2024, the Trust incurred interest expense in the amount of \$1,159 (2023 – \$nil) at an average interest rate of 6.59% (2023 – n/a). For the nine months ended September 30, 2024, the Trust incurred interest expense in the amount of \$3,070 (2023 – \$nil) at an average interest rate of 6.89% (2023 – n/a). As at September 30, 2024, the Trust has interest payable on the revolving loan with Morguard of \$366 (2023 – \$nil) included in its balance sheets.

Morguard Loan Receivable

During the nine months ended September 30, 2024, there were no advances or repayments. As at September 30, 2024, and December 31, 2023, there was no loan receivable from Morguard. For the three months and nine months ended September 30, 2024, and 2023, the Trust did not earn interest income on loans receivable from Morguard. The interest income earned from Morguard is included with other income on the statements of income/(loss) and comprehensive income/(loss).

(c) Other Items with Morguard (Excluding MIL)

The Trust subleases office space from Morguard. For the three months ended September 30, 2024, the Trust incurred rent expense in the amount of \$56 (2023 – \$56). For the nine months ended September 30, 2024, the Trust incurred rent expense in the amount of \$174 (2023 – \$163).

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

As at	September 30, 2024	December 31, 2023
Amounts receivable	\$63	\$—
Accounts payable and accrued liabilities	\$—	\$—

Morguard is a tenant in one of the Trust's properties. For the three months ended September 30, 2024, the Trust earned rental revenue in the amount of \$29 (2023 – \$29). For the nine months ended September 30, 2024, the Trust earned rental revenue in the amount of \$86 (2023 – \$86).

Morguard provided a guarantee in association with the renewal of one of the Trust's mortgages in December 2023. For the three months ended September 30, 2024, the Trust incurred interest expense in the amount of \$124 (2023 – \$nil). For the nine months ended September 30, 2024, the Trust incurred interest expense in the amount of \$370 (2023 – \$nil).

NOTE 15

UNITHOLDERS' EQUITY

(a) Units Outstanding

The Trust is authorized to issue an unlimited number of units. These units have no par value. The following table summarizes the changes in units from January 1, 2023 to September 30, 2024:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Balance, beginning of period	64,267,901	64,226,854
Distribution Reinvestment Plan	16,954	41,047
Balance, end of period	64,284,855	64,267,901

Total distributions recorded during the nine months ended September 30, 2024, amounted to \$11,574 or \$0.18 per unit (2023 – \$11,559 or \$0.18 per unit). On September 16, 2024, the Trust declared a distribution in the amount of \$0.02 per unit for the month of September 2024, payable on October 15, 2024.

(b) Normal Course Issuer Bid

On February 7, 2024, the Trust announced that the TSX had accepted notice filed by the Trust of its intention to make a normal course issuer bid. The notice provided that during the 12-month period commencing February 9, 2024, and ending February 8, 2025, the Trust may purchase for cancellation on the TSX up to 3,213,395 units in total, being approximately 5% of the outstanding units. Additionally, the Trust may purchase for cancellation up to \$9,308 principal amount of the Convertible Debentures due on the Maturity Date, 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 nine months ended September 30, 2024, and 2023, the Trust did not purchase any units or debentures for cancellation.

(c) Distribution Reinvestment Plan

Under the Trust's DRIP, unitholders can elect to reinvest cash distributions into additional units at a weighted average trading price of the units on the TSX for the 20 trading days immediately preceding the applicable date of distribution. During the nine months ended September 30, 2024, the Trust issued 16,954 units under the DRIP (2023 – 31,844 units).

(d) Net Income/(Loss) Per Unit

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

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income/(loss) – basic	\$15,571	(\$39,665)	(\$23,430)	(\$46,650)
Net income/(loss) – diluted	\$18,219	(\$39,665)	(\$23,430)	(\$46,650)
Weighted average number of units outstanding – basic	64,282	64,255	64,276	64,244
Weighted average number of units outstanding – diluted	96,106	64,255	64,276	64,244
Net income/(loss) per unit – basic	\$0.24	(\$0.62)	(\$0.36)	(\$0.73)
Net income/(loss) per unit – diluted	\$0.19	(\$0.62)	(\$0.36)	(\$0.73)

To calculate net income/(loss) – diluted, interest, accretion and the amortization of financing costs on Convertible Debentures outstanding that were expensed during the period are added back to net income/(loss) – basic. The weighted average number of units outstanding – diluted is calculated as if all Convertible Debentures outstanding as at September 30, 2024, and 2023, had been converted into units of the Trust at the beginning of the year. The calculation of net income/(loss) per unit – diluted excludes the impact of the Convertible Debentures for the nine months ended September 30, 2024, and 2023, and for the three months ended September 30, 2023, as their inclusion would be anti-dilutive.

NOTE 16

STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Fair value (gains)/losses on real estate properties	(\$868)	\$52,047	\$65,597	\$88,885
Net (income)/loss from equity-accounted investment	(229)	1,170	(1,021)	1,630
Amortized stepped rent	83	182	497	835
Amortized free rent	(151)	(164)	(147)	(63)
Amortization of deferred financing costs – mortgages	440	234	1,305	706
Amortization of tenant incentives	68	79	214	375
Amortization of right-of-use asset	60	21	60	62
Amortization of deferred financing costs – convertible debentures	197	184	604	565
Accretion on convertible debentures	347	323	1,060	991
	(\$53)	\$54,076	\$68,169	\$93,986

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

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Amounts receivable	\$275	\$2,545	\$252	\$5,575
Prepaid expenses and other	5,365	5,094	(8,249)	(8,914)
Accounts payable and accrued liabilities	612	4,486	658	9,427
	\$6,252	\$12,125	(\$7,339)	\$6,088

(c) Supplemental Cash Flow Information

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Interest paid	\$14,129	\$13,189	\$46,532	\$41,796
Issue of units – DRIP	\$33	\$40	\$91	\$173

NOTE 17

COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Trust has entered into various agreements relating to capital expenditures for its properties. These expenditures include development of new space, redevelopment or retrofit of existing space, and other capital expenditures. Should all conditions be met, as at September 30, 2024, committed capital expenditures in the next 12 months are estimated at \$2,354.

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

(b) Contingencies

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

NOTE 18

MANAGEMENT OF CAPITAL

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

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

The total managed capital for the Trust is summarized below:

As at	Note	September 30, 2024	December 31, 2023
Mortgages payable	7	\$972,986	\$1,014,986
Convertible debentures	8	153,562	151,898
Bank indebtedness	10	21,390	78,737
Morguard loan payable	14(b)	70,000	—
Lease liabilities	9	16,625	16,383
Unitholders' equity		922,929	961,185
		\$2,157,492	\$2,223,189

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

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

As at	Borrowing Limits	September 30, 2024	December 31, 2023
Fixed-rate debt to gross book value of total assets	N/A	47.2%	44.6%
Floating-rate debt to gross book value of total assets	15.0%	8.4%	10.7%
	65.0%	55.6%	55.3%

As at September 30, 2024, the Trust met all externally imposed ratios and minimum equity requirements.

Mortgages Payable

The Trust has mortgages payable that include financial covenants such as coverage and leverage ratios, on a property and consolidated basis, as defined in the respective agreements. These ratios are evaluated by the Trust on an ongoing basis to ensure compliance. The Trust was in compliance with each of the financial covenants as at September 30, 2024, and December 31, 2023.

Convertible Debentures

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

Bank Indebtedness

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

NOTE 19

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair Value of Financial Assets and Liabilities

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

(a) Mortgages Payable

Mortgages payable are carried at amortized cost using the effective interest rate method of amortization. The estimated fair values of long-term borrowings are based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Trust as at September 30, 2024.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using September 30, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at September 30, 2024, of the mortgages payable has been estimated at \$963,425 (December 31, 2023 – \$980,293) compared with the carrying value before deferred financing costs of \$976,920 (December 31, 2023 – \$1,017,734). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

(b) Convertible Debentures

The fair value of the Convertible Debentures is based on their market trading price (TSX: MRT.DB.A) (Level 1). The fair value as at September 30, 2024, of the Convertible Debentures has been estimated at \$156,854 (December 31, 2023 – \$146,678) compared with the carrying value before deferred financing costs of \$155,536 (December 31, 2023 – \$154,476).

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

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

As at	September 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS						
Income producing properties	\$—	\$—	\$2,098,420	\$—	\$—	\$2,169,663
Properties under development	\$—	\$—	\$18,601	\$—	\$—	\$16,460
Held for development	\$—	\$—	\$68,168	\$—	\$—	\$68,519
LIABILITIES						
Derivative liabilities	\$—	\$3,343	\$—	\$—	\$—	\$—

Risks Associated with Financial Assets and Liabilities

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

NOTE 20

SEGMENTED INFORMATION

IFRS 8, "Operating Segments", requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision-maker for the purpose of allocating resources to the segment and assessing its performance. The Trust has applied judgment by aggregating its operating segments according to the nature of the property operations. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics. As at September 30, 2024, and December 31, 2023, the Trust has the following three reportable segments: retail, office and industrial.

Business Segments

For the three months ended September 30, 2024	Retail	Office	Industrial	Total
Revenue from real estate properties	\$34,202	\$27,787	\$1,304	\$63,293
Property operating expenses	(8,464)	(7,895)	(234)	(16,593)
Property taxes	(8,001)	(4,130)	(178)	(12,309)
Property management fees	(1,217)	(886)	(40)	(2,143)
Net operating income	\$16,520	\$14,876	\$852	\$32,248

For the three months ended September 30, 2023	Retail	Office	Industrial	Total
Revenue from real estate properties	\$34,023	\$27,638	\$851	\$62,512
Property operating expenses	(9,225)	(8,315)	(174)	(17,714)
Property taxes	(7,807)	(4,152)	(163)	(12,122)
Property management fees	(1,218)	(879)	(28)	(2,125)
Net operating income	\$15,773	\$14,292	\$486	\$30,551

For the three months ended September 30, 2024	Retail	Office	Industrial	Total
Additions to real estate properties	\$7,759	\$3,206	\$87	\$11,052
Fair value (losses)/gains on real estate properties	(\$2,049)	\$2,582	\$335	\$868

For the three months ended September 30, 2023	Retail	Office	Industrial	Total
Additions to real estate properties	\$5,135	\$8,709	\$463	\$14,307
Fair value (losses)/gains on real estate properties	(\$2,095)	(\$54,272)	\$4,320	(\$52,047)

For the nine months ended September 30, 2024	Retail	Office	Industrial	Total
Revenue from real estate properties	\$104,011	\$84,314	\$3,412	\$191,737
Property operating expenses	(27,638)	(24,620)	(683)	(52,941)
Property taxes	(23,764)	(12,985)	(506)	(37,255)
Property management fees	(3,725)	(2,719)	(112)	(6,556)
Net operating income	\$48,884	\$43,990	\$2,111	\$94,985

For the nine months ended September 30, 2023	Retail	Office	Industrial	Total
Revenue from real estate properties	\$103,543	\$83,060	\$2,616	\$189,219
Property operating expenses	(28,211)	(24,877)	(686)	(53,774)
Property taxes	(23,035)	(12,879)	(486)	(36,400)
Property management fees	(3,731)	(2,664)	(86)	(6,481)
Net operating income	\$48,566	\$42,640	\$1,358	\$92,564

	Retail	Office	Industrial	Total
As at September 30, 2024				
Real estate properties	\$1,267,800	\$835,533	\$81,856	\$2,185,189
Mortgages payable (based on collateral)	\$534,864	\$438,122	\$—	\$972,986
For the nine months ended September 30, 2024				
Additions to real estate properties	\$18,852	\$13,395	\$1,511	\$33,758
Fair value (losses)/gains on real estate properties	(\$14,954)	(\$50,984)	\$341	(\$65,597)

	Retail	Office	Industrial	Total
As at December 31, 2023				
Real estate properties	\$1,300,415	\$874,377	\$79,850	\$2,254,642
Mortgages payable (based on collateral)	\$562,131	\$452,855	\$—	\$1,014,986
For the nine months ended September 30, 2023				
Additions to real estate properties	\$22,437	\$13,913	\$1,729	\$38,079
Fair value (losses)/gains on real estate properties	(\$4,682)	(\$95,940)	\$11,737	(\$88,885)