Consolidated Financial Statements of

ARTIS REAL ESTATE INVESTMENT TRUST

Years ended December 31, 2024 and 2023

(In Canadian dollars)

Management's Responsibility for Financial Statements

The management of Artis Real Estate Investment Trust is responsible for the preparation and integrity of the consolidated financial statements contained in the annual report. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and necessarily include some amounts that are based on management's best estimate and judgment. Management has determined such amounts on a reasonable basis and considers that the consolidated financial statements present fairly the financial position of the REIT, the results of its operations and its cash flows. Management has also prepared financial information presented elsewhere in this annual report and has ensured that it is consistent with that in the consolidated financial statements. To fulfill its responsibility, management maintains internal accounting controls and systems and establishes policies and procedures to ensure the reliability of financial information and to safeguard assets.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Trustees carries out this responsibility principally through its Audit Committee, composed entirely of outside and unrelated trustees. The Audit Committee meets regularly with management of the REIT and with the independent auditors. The consolidated financial statements have been reviewed and approved by the Board of Trustees on the recommendation of its Audit Committee.

The REIT's independent auditor, Deloitte LLP, has been appointed by the unitholders to audit the consolidated financial statements and express an opinion thereon.

"Samir Manji"

Samir Manji
President and Chief Executive Officer
March 6, 2025

"Jaclyn Koenig"

Jaclyn Koenig, CPA, CA
Chief Financial Officer
March 6, 2025

Deloitte LLP
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Independent Auditor's Report

To the Unitholders and the Board of Trustees of
Artis Real Estate Investment Trust

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value of Investment Properties — Refer to Notes 2 and 4 to the financial statements

Key Audit Matter Description

Investment properties are measured at fair value with any changes therein recognized in profit or loss for the year. The Trust determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method, which requires the Trust to make assumptions related to future rental income and expenses, discount rates, capitalization rates, terminal capitalization rates and investment horizon (years).

While there are several assumptions that are required to determine the fair value of investment properties, the assumptions with the highest degree of subjectivity and impact on fair values are the estimated future rental income, discount rates and terminal capitalization rates. Auditing these assumptions required a high degree of auditor judgment as the estimations made by management are subject to significant estimation uncertainty which resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the estimated future rental income, discount rates and terminal capitalization rates used to determine the fair value of investment properties included the following, among others:

- Evaluated the reasonableness of management's estimated future rental income by comparing management's forecasts to historical results, internal communications to management and the Board of Trustees and contractual information, where applicable.
- With the assistance of fair value specialists, evaluated the reasonableness of management's future rental income, discount rates and terminal capitalization rates by considering recent market transactions and industry surveys.

Preferred Investments – Refer to Notes 2 and 6 to the financial statements

Key Audit Matter Description

The REIT's preferred investments consist of an investment in the junior preferred units of Iris Acquisition II LP ("Iris"), which is measured at amortized cost. As a result of Iris having a unitholders' deficit as at December 31, 2024, the REIT has assessed the investment in the junior preferred units to be credit-impaired and, consequently, the REIT recognized an allowance for expected credit loss ("ECL"), equal to the lifetime expected credit loss. The measurement of ECL is based on a probability weighted estimate of the expected present value of cash shortfalls. Cash shortfalls represent the difference between the cash flows owed to the REIT and the cash flows expected to be received by the REIT.

Auditing the probability weighted estimate of the present value of cash flows expected to be received by the REIT required a high degree of auditor judgment as the estimations made by management are subject to significant estimation uncertainty which resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of fair value specialists, our audit procedures related to the probability weighted estimate of the present value of cash flows expected to be received by the REIT included the following, among others:

- Evaluated the appropriateness of the model;
- Evaluated the reasonableness of:
    - Cash flows expected to be received under each scenario, including evaluating the reasonableness of the valuation of investment properties; and
    - The probability assigned by management to each scenario.

Other Information

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

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

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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 Michael Boucher.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 6, 2025

Consolidated Balance Sheets

(In thousands of Canadian dollars)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Non-current assets:			
Investment properties	4	$2,170,065	$2,494,134
Investment properties under development	4	—	947
Equity accounted investments	5	110,691	260,246
Preferred investments	6	139,881	144,084
Equity securities	8	84,841	152,002
Property and equipment		6,367	4,348
Notes receivable	9	29,916	32,428
		2,541,761	3,088,189
Current assets:			
Investment properties held for sale	4	202,813	571,760
Prepaid expenses and other assets	10	4,073	8,413
Notes receivable	9	197	14,742
Accounts receivable and other receivables	11	14,393	15,960
Cash held in trust		7,135	7,026
Cash		32,789	28,940
		261,400	646,841
Total assets		$ 2,803,161	$ 3,735,030
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities:			
Mortgages and loans payable	12	$ 380,517	$ 637,089
Senior unsecured debentures	13	—	199,630
Credit facilities	14	250,480	205,590
Deferred tax liabilities	25	257	3,310
Other long-term liabilities		5,249	1,612
		636,503	1,047,231
Current liabilities:			
Mortgages and loans payable	12	301,133	274,659
Senior unsecured debentures	13	199,907	—
Security deposits and prepaid rent		19,772	23,668
Accounts payable and other liabilities	15	64,871	84,566
Credit facilities	14	—	588,574
		585,683	971,467
Total liabilities		1,222,186	2,018,698
Unitholders' equity		1,580,975	1,716,332
Contingencies and guarantees	31		
Subsequent events	35		
Total liabilities and unitholders' equity		$ 2,803,161	$ 3,735,030

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

(In thousands of Canadian dollars, except unit and per unit amounts)

	Note		2024		Year ended December 31, 2023
Revenue	19	$	300,369	$	335,837
Expenses:					
Property operating			94,880		100,386
Realty taxes			42,258		51,434
Total operating expenses			137,138		151,820
Net operating income			163,231		184,017
Other income (expenses):					
Interest and other income	20		30,913		32,359
Distribution income from equity securities	8		6,436		12,365
Interest expense	21		(105,624)		(121,876)
Corporate expenses	22		(9,138)		(6,984)
Strategic review expenses	23		(1,492)		(207)
Equity securities expenses	8		(595)		(878)
Net loss from equity accounted investments	5		(86,595)		(57,385)
Expected credit loss on preferred investments	6		(31,316)		—
Fair value loss on investment properties	4		(14,935)		(344,286)
Fair value gain (loss) on financial instruments	24		4,558		(41,730)
Foreign currency translation (loss) gain			(5,144)		6,932
Loss before income taxes			(49,701)		(337,673)
Income tax recovery	25		2,287		5,605
Net loss			(47,414)		(332,068)
Other comprehensive income (loss) that may be reclassified to net loss in subsequent periods:					
Unrealized foreign currency translation gain (loss)			76,143		(27,408)
Unrealized foreign currency translation gain (loss) on equity accounted investments			5,824		(2,489)
Net change in derivatives designed as cash flow hedges of equity accounted investments			(2,371)		(2,434)
Other comprehensive income (loss)			79,596		(32,331)
Total comprehensive income (loss)		$	32,182	$	(364,399)
Basic loss per unit attributable to common unitholders	16	$	(0.57)	$	(3.10)
Diluted loss per unit attributable to common unitholders	16		(0.57)		(3.10)
Weighted-average number of common units outstanding:					
Basic	16		105,063,202		111,294,362
Diluted	16		105,063,202		111,294,362

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Unitholders' Equity

(In thousands of Canadian dollars)

	Common units capital contributions	Retained earnings (deficit)	Accumulated other comprehensive income	Contributed surplus	Total common equity	Total preferred equity	Total
Unitholders' equity, December 31, 2022	$ 1,751,927	$ (72,956)	$ 256,589	$ 87,793	$ 2,023,353	$ 205,806	$ 2,229,159
Changes for the year:							
Issuance of common units, net of issue costs (note 16)	113	—	—	—	113	—	113
Units acquired and cancelled through normal course issuer bid (note 16)	(113,456)	—	—	62,893	(50,563)	(14,119)	(64,682)
Net loss	—	(332,068)	—	—	(332,068)	—	(332,068)
Other comprehensive loss	—	—	(32,331)	—	(32,331)	—	(32,331)
Distributions		(83,859)	—	—	(83,859)	—	(83,859)
Unitholders' equity, December 31, 2023	1,638,584	(488,883)	224,258	150,686	1,524,645	191,687	1,716,332
Changes for the year:							
Issuance of common units, net of issue costs (note 16)	73	—	—	—	73	—	73
Units acquired and cancelled through normal course issuer bid (note 16)	(109,265)	—	—	62,547	(46,718)	(15,827)	(62,545)
Units acquired through normal course issuer bid, not cancelled at year end (note 16)	(448)	—	—	232	(216)	(7)	(223)
Unit buyback tax (note 16)	—	—	—	(1,015)	(1,015)	—	(1,015)
Net loss	—	(47,414)	—	—	(47,414)	—	(47,414)
Other comprehensive income	—	—	79,596	—	79,596	—	79,596
Distributions	—	(103,829)	—	—	(103,829)	—	(103,829)
Unitholders' equity, December 31, 2024	$ 1,528,944	$ (640,126)	$ 303,854	$ 212,450	$ 1,405,122	$ 175,853	$ 1,580,975

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

	Note	2024	Year ended December 31, 2023
Cash provided by (used in):			
Operating activities:			
Net loss		$ (47,414)	$ (332,068)
Adjustments for:			
Interest income on preferred investments received in-kind	6	(27,113)	(29,900)
Distribution income from equity securities	8	(6,436)	(12,365)
Net loss from equity accounted investments	5	86,595	57,385
Expected credit loss on preferred investments	6	31,316	—
Fair value loss on investment properties	4	14,935	344,286
Fair value (gain) loss on financial instruments	24	(4,558)	41,730
Unrealized foreign currency translation loss (gain)		9,044	(8,031)
Deferred income tax recovery	25	(3,077)	(6,206)
Other items not affecting cash	26	31,562	26,075
Changes in non-cash operating items	26	(4,714)	(944)
		80,140	79,962
Investing activities:			
Acquisitions of investment properties, net of related debt		(24,072)	—
Proceeds from dispositions of investment properties, net of costs and related debt		672,984	222,016
Additions to investment properties		(17,943)	(27,451)
Additions to investment properties under development		(8,901)	(31,921)
Additions to tenant inducements and leasing commissions		(36,437)	(44,959)
Contributions to equity accounted investments		(48,344)	(600)
Distributions from equity accounted investments		11,711	4,346
Purchases of equity securities		(21,595)	(1,125)
Proceeds from dispositions of equity securities, net of costs		98,081	134,029
Distributions from equity securities		6,888	13,069
Additions to property and equipment		(414)	(376)
Issuances of notes receivable		(789)	(323)
Notes receivable principal repayments		20,003	7,426
Deposits on investment properties held for sale		500	25,000
Change in cash held in trust		442	(742)
		652,114	298,389
Financing activities:			
Repayment of mortgages and loans payable		(35,805)	(193,135)
Advance of mortgages and loans payable, net of financing costs		24,175	326,327
Repayment of senior unsecured debentures		—	(250,000)
Advance of revolving credit facilities		357,088	641,292
Repayment of revolving credit facilities, including financing costs		(828,198)	(694,312)
Advance of non-revolving credit facility		170,000	—
Repayment of non-revolving credit facilities, including financing costs		(250,129)	(50,180)
Repayment of lease liabilities		(350)	(320)
Purchase of common units under normal course issuer bid	16	(50,834)	(54,305)
Purchase of preferred units under normal course issuer bid	16	(11,934)	(10,377)
Distributions paid on common units		(91,197)	(80,443)
Distributions paid on preferred units		(13,260)	(12,736)
		(730,444)	(378,189)
Foreign exchange gain (loss) on cash held in foreign currency		2,039	(390)
Increase (decrease) in cash		3,849	(228)
Cash, beginning of year		28,940	29,168
Cash, end of year		$ 32,789	$ 28,940

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(In thousands of Canadian dollars, except unit and per unit amounts)

Note 1. Organization

Artis Real Estate Investment Trust (the "REIT") is an unincorporated closed-end real estate investment trust created under, and governed by, the laws of the Province of Manitoba. The REIT was created pursuant to the Declaration of Trust dated November 8, 2004, as most recently amended and restated on December 19, 2021 (the "Declaration of Trust"). The REIT's vision is to become a best-in-class real estate asset management and investment platform focused on growing net asset value per unit and distributions for its investors through value investing. The REIT owns, manages, leases and develops industrial, office, retail and residential properties in Canada and the United States (the "U.S."), and holds other real estate investments. The registered office of the REIT is 600 - 220 Portage Avenue, Winnipeg, Manitoba, R3C 0A5.

The Declaration of Trust provides that the REIT may make cash distributions to common unitholders of the REIT. The amount distributed annually (currently $0.60 per common unit) is set by the Board of Trustees. The amounts distributed annually to the preferred unitholders are $1.7995 per Series E Unit and $1.74825 per Series I Unit.

Note 2. Material accounting policy information

(a) Statement of compliance:

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

(b) Basis of presentation and measurement:

The consolidated financial statements have been prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand dollars unless otherwise indicated. The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements unless otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis with the exception of investment properties, investments in equity securities, derivative financial instruments and the cash-settled unit-based payment liabilities, which are measured at fair value.

(c) Principles of consolidation:

The consolidated financial statements include the accounts of the REIT and entities controlled by the REIT and its subsidiaries. Control is achieved when the REIT has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. The REIT reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

(d) Translation of foreign currencies:

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the REIT.

Assets and liabilities of the REIT's U.S. foreign operations are translated at the rate of exchange in effect at the balance sheet date. Revenue and expense items are translated at the average exchange rate for the period. Gains or losses on translation are included in other comprehensive income as foreign currency translation gains or losses. When there is a reduction in the net investment as a result of dilution or sale, or reduction in the equity of the foreign operation as a result of a capital transaction, amounts previously recognized in accumulated other comprehensive income are reclassified into net income.

For U.S. dollar assets, liabilities, revenues and expenses that do not form part of the net investment in foreign operations, foreign currency translation gains or losses are included in net income. Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expense items are translated at the rate in effect at the date of the transaction.

(e) Financial instruments:

Financial assets are classified, at initial recognition, and subsequently measured, based on three categories: (i) amortized cost, (ii) fair value through other comprehensive income ("FVOCI"), or (iii) fair value through profit and loss ("FVTPL"). Financial assets are 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. With the exception of trade receivables that do not contain a significant financing component, the REIT initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. Financial assets are recorded at amortized cost when financial assets are held with the objective of collecting contractual cash flows and those cash flows represent solely payments of principal and interest ("SPPI") and are not designated as FVTPL. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities are classified and measured in two categories: (i) amortized cost or (ii) FVTPL.

The REIT classifies and measures its preferred investments, notes receivable, accounts receivable and other receivables, cash held in trust, cash, mortgages and loans payable, senior unsecured debentures, preferred shares liability, preferred units liabilities, accounts payable and other liabilities and credit facilities at amortized cost. All derivative instruments, including embedded derivatives, are classified as FVTPL and are recorded on the consolidated balance sheet at fair value.

Regular way purchases and sales of equity securities are recognized using the trade date, which is the date that the REIT commits itself to purchase or sell the equity securities. The REIT classifies and measures its investments in equity securities as FVTPL. Distributions from equity securities are recognized in the period the distributions are declared on the consolidated statement of operations.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities, with the exception of those classified as FVTPL, are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. Transaction costs directly attributable to the acquisition or issuance of financial assets or liabilities classified as FVTPL are recognized immediately in net income.

Financial assets, other than those classified as FVTPL, are assessed for impairment at the end of each reporting period using the expected credit loss ("ECL") model. The ECL model is based on an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The REIT measures loss allowance for notes receivable, accounts receivable and other receivables at the lifetime ECL. Notes receivable, accounts receivable and other receivables are written off when there is no realistic prospect of future recovery and all collateral has been realized. For the preferred investments, given the significant increase in credit risk since inception, the REIT measures the loss allowance using lifetime ECL, which is the difference between the asset’s gross carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. A financial asset is considered credit-impaired where, in management's opinion, there is objective evidence that there has been a deterioration of credit quality to the extent the REIT no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. When a financial asset is classified as credit-impaired, the carrying value is reduced to its estimated realizable value through an adjustment to the allowance for credit losses. Changes in the estimated realizable amount that arise subsequent to the initial impairment are also adjusted through the allowance for credit losses.

(f) Investment properties:

Investment properties include properties held to earn rental income and properties that are being constructed or developed for future use as investment properties. Investment properties are measured at fair value with any changes therein recognized in income or loss for the period.

Investment properties are classified as investment properties under development once construction at the property has commenced. Investment properties under development include initial acquisition costs and other direct costs during the period of development. Borrowing costs associated with direct expenditures on properties under development are capitalized from the commencement of the construction until the date of practical completion. The REIT considers practical completion to have occurred when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

The REIT occupies a portion of space in several of its investment properties. In the case of mixed use investment property and property held for use in the production of goods or services, the REIT classifies the property as investment property when only an insignificant portion is owner-occupied. The REIT considers the owner-occupied portion as insignificant when the property is primarily held to earn rental income.

A property acquisition is accounted for as a business combination using the acquisition method if the assets acquired and liabilities assumed constitute a business, and the REIT obtains control of the business. The cost of a business combination is measured as the fair value of the assets given up, equity instruments issued and liabilities assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. The REIT recognizes assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination. Changes in the fair value of contingent consideration arrangements that qualify as measurement period adjustments, adjustments arising from additional information obtained about an acquisition within one year of its date, are adjusted retrospectively. All other changes in fair value are recognized in income or loss for the period.

Leasing commissions and straight-line rent receivables are included in the carrying amount of investment properties.

Payments to tenants under lease obligations are included in the carrying amount of investment properties. Payments that are determined to primarily benefit the tenant are treated as tenant inducements that reduce revenue.

Right-of-use assets, held under leases, that are investment properties are recognized in the REIT's consolidated balance sheet at fair value.

(g) Investment properties held for sale:

Investment properties are categorized as held for sale at the point in time when the asset is available for immediate sale, management has committed to a plan to sell and is actively locating a buyer at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is highly probable and expected to be completed within a one-year period. Investment properties designated as held for sale continue to be measured at fair value and are presented separately on the consolidated balance sheets.

(h) Investments in associates and joint arrangements:

An associate is an entity over which the REIT has significant influence. Significant influence is the power to participate in an entity’s financial and operating policy decisions but there is no control nor joint control over the investment.

Joint arrangements are arrangements where the parties sharing ownership have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The REIT accounts for its joint arrangements as either joint ventures or joint operations. A joint venture is an arrangement where the REIT jointly owns an investment property with another party and has rights to the net assets of the arrangement. A joint operation is an arrangement where the REIT jointly owns an investment property with another party and has rights to the assets, and obligations for the liabilities, relating to the arrangement.

The REIT's interests in associates and joint ventures are accounted for using the equity method. Equity accounted investments are initially measured at cost at the date of acquisition and adjusted thereafter for the REIT's share of changes in the net assets, less distributions received and any identified impairment loss. The REIT's share of the income or loss from its equity accounted investments is recognized in income or loss for the period. When the REIT’s share of losses in an equity accounted investment equals or exceeds its interest in the equity accounted investment, the REIT does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the equity accounted investment. If the associate or joint venture subsequently reports income, the REIT resumes recognizing its share of that income only after its share of the income equals the share of losses not recognized.

The REIT accounts for joint operations by recording its proportionate share of their assets, liabilities, revenues, expenses and cash flows in its consolidated financial statements.

(i) Revenue recognition:

The REIT has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue from investment properties includes all amounts earned from tenants related to lease agreements, including base rent, property operating cost and realty tax recoveries, lease termination income and other incidental income.

The total amount of base rent in lease agreements is accounted for on a straight-line basis over the term of the respective leases. A straight-line rent receivable, which is included in the carrying amount of investment properties, is recorded for the difference between the rental revenue recorded and the contractual rent received.

Property operating cost and realty tax recoveries are accrued and recognized as revenue in the period that the recoverable costs are incurred and become chargeable to tenants.

Tenant inducements are recognized as a reduction to revenue and are amortized on a straight-line basis over the term of the lease.

The REIT provides asset and property management services to co-owners, partners and third parties for which it earns market-based construction, development and other fees. These fees are recognized over the period during which the related service is performed. When the services fee arrangement includes an incentive fee for investment performance exceeding established benchmarks, these fees are recognized in earnings when it is highly probable there will not be a significant reversal of revenue.

(j) Unit-based compensation:

For cash-settled unit-based payment transactions in the form of restricted units and deferred units, a liability is recognized and remeasured to fair value at each reporting date and at the settlement date. Any change in the fair value of the liability is recognized as compensation expense for the period.

(k) Income taxes:

The REIT currently qualifies as a mutual fund trust and a real estate investment trust ("REIT") for Canadian income tax purposes. Under current tax legislation, income distributed annually by the REIT to unitholders is a deduction in the calculation of its taxable income. As the income tax obligations relating to the distributions are those of the individual unitholders, no provision for income taxes is required on such amounts. The REIT intends to distribute all of its taxable income to its unitholders, and no current and deferred income tax is recognized relating to Canadian investment properties.

The REIT's U.S. properties are owned by subsidiaries that are REITs for U.S. income tax purposes. These subsidiaries intend to distribute all of their U.S. taxable income to Canada and are entitled to deduct such distributions for U.S. income tax purposes. As a result, the REIT does not record a provision for current federal U.S. income taxes on the taxable income earned by these subsidiaries. These U.S. subsidiaries are subject to certain state taxes and a 21% to 30% withholding tax on distributions to Canada. Any withholding taxes paid are recorded with the related distributions.

The taxable subsidiaries of the REIT account for income taxes as follows:

Current income tax assets and liabilities are measured at the amount expected to be received from or paid to tax authorities based on the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the REIT is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities are measured by applying the appropriate tax rate to taxable temporary differences between the carrying amounts of assets and liabilities, and their respective tax basis. The appropriate tax rate is determined by reference to the rates that are expected to apply to the year and the jurisdiction in which the assets are expected to be realized or the liabilities settled, based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recorded for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized.

(l) Earnings per unit:

Basic earnings per common unit is computed by dividing net income for the period attributable to common unitholders by the weighted-average number of common units outstanding during the reporting period. Diluted earnings per unit is calculated based on the weighted-average number of common units outstanding during the period, plus the effect of dilutive unit equivalents of restricted units and deferred units.

(m) Use of estimates and judgments:

The preparation of the consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts reported in the consolidated financial statements are as follows:

– Accounting for business combinations - The REIT's accounting policy relating to business combinations is described in note 2 (f). Judgment is applied in determining whether property acquisitions constitute the purchase of a business or the purchase of assets.

– Accounting for tenant inducements - The REIT's accounting policy relating to tenant inducements is described in note 2 (f) and note 2 (i). Judgment is applied with respect to whether tenant inducements provided in connection with a lease enhance the value of the leased property which determines whether such amounts are treated as capital expenditures or as tenant inducements that reduce revenue.

– Capitalized cost of investment properties under development - The REIT's accounting policy relating to investment properties under development is described in note 2 (f). Judgment is applied in identifying the point at which practical completion of the investment property under development occurs.

– Classification of leases - The REIT's accounting policy for the classification of its leases as a lessor is described in note 2 (i). Judgment is applied in determining whether certain leases are operating or finance leases. The REIT determined that all of its leases are operating leases.

– Classification of property as investment property or owner-occupied property - The REIT's accounting policy for the classification of properties that comprise a portion that is held to earn rental income and another portion that is held for use in the production or supply of goods or services or for administrative purposes is described in note 2 (f). Judgment is applied in determining whether the portion of the property held for use in the production or supply of goods or services or for administrative purposes is insignificant in comparison to the portion held to earn rental income.

– Classification of joint arrangements - The REIT's accounting policy relating to joint arrangements is described in note 2 (h). Judgment is applied in determining whether joint arrangements constitute a joint venture or a joint operation.

– Classification of investments in associates - The REIT's accounting policy relating to investments in associates is described in note 2 (h). Judgment is applied in the assessment of the level of influence that the REIT has over the investees based on its decision-making authority with regards to the operating, financing and investing activities as specified in the contractual terms of the arrangement.

Information about assumptions and estimation uncertainties that are critical to the determination of the amounts reported in the consolidated financial statements are as follows:

– Valuation of investment properties - The fair value of investment properties represents an estimate of the price that would be agreed upon between knowledgeable, willing parties in an arm's length transaction. The critical estimates and assumptions underlying the valuation of investment properties are described in note 4.

– Income taxes - The REIT operates in Canada and the U.S. and is subject to tax laws and related tax treaties in each jurisdiction. These laws and treaties can be subject to different interpretations by relevant taxation authorities. The critical estimates and assumptions underlying the recognition and measurement of income tax expense, deferred tax liabilities and deferred tax assets are described in note 2 (k) and note 25.

– Impairment of preferred investments and notes receivable - The critical estimates and assumptions underlying the impairment assessments are described in note 2 (e), note 6 and note 33.

– Allowance for doubtful accounts - The critical estimates and assumptions underlying the valuation of allowance for doubtful accounts are described in note 2 (e) and note 33.

– Fair value of financial instruments - The fair value of financial instruments is estimated as the amount for which an instrument could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimates and assumptions underlying the fair value of financial instruments are described in note 34.

(n) New or revised accounting standards adopted during the year:

The REIT has adopted amendments to IAS 1 *Presentation of Financial Statements*- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments further clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current and specify additional disclosures requirements. The amendments had no impact on the consolidated financial statements.

(o) Future changes in accounting standards:

IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the International Accounting Standards Board issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows* and consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The REIT is currently working to identify the impacts of IFRS 18 (and related amendments) will have on the consolidated financial statements.

Note 3. Acquisitions and dispositions of investment properties

Acquisitions:

On June 20, 2024, the REIT acquired an additional 50% interest in Kincaid Building, an office property located in the Greater Vancouver Area, B.C. Prior to the acquisition date, the REIT owned 50% of this investment property classified as a joint operation and recorded its proportionate share of the assets, liabilities, revenues, expenses and cash flows. As a result of this acquisition, the REIT owns 100% of the property and accounts for it on a consolidated basis. The REIT accounted for this acquisition as an asset purchase with no remeasurement of its existing 50% interests. The results of operations of the 50% acquired interest are included in the REIT's accounts from the date of acquisition.

On February 22, 2024, the REIT acquired an additional 5% interest in Park 8Ninety V, an industrial property located in the Greater Houston Area, Texas. Prior to the acquisition date, the REIT owned 95% of this investment property and the property was classified as a joint venture and accounted for using the equity method. As a result of this acquisition, the REIT owns 100% of the property and accounts for it on a consolidated basis. The REIT accounted for this acquisition as a step acquisition and remeasured its existing 95% interests to fair value at the acquisition date. The acquisition of the interest in Park 8Ninety V has been accounted for using the acquisition method, with the results of operations included in the REIT's accounts from the date of acquisition.

The REIT did not acquire any properties during the year ended December 31, 2023.

The net assets acquired were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Investment properties	$ 27,810	$ —
Long-term debt, including acquired above- and below-market mortgages, net of financing costs	(3,602)	—
Other net liabilities	(136)	—
Cash consideration	$ 24,072	$ —

Dispositions:

The REIT disposed of the following properties during the year ended December 31, 2024:

Property	Property count	Location	Disposition date	Asset class
Pembina Village Shopping Centre	1	Winnipeg, MB	January 5, 2024	Retail
500 Berry Street	1	Winnipeg, MB	January 11, 2024	Industrial
CDI College Building	1	Winnipeg, MB	February 16, 2024	Office
8309 Greenway & 8313 Greenway	2	Madison, WI	April 1, 2024	Office
Recipe Unlimited Building	1	Greater Toronto Area, ON	April 8, 2024	Office
Poco Place	1	Greater Vancouver Area, BC	April 9, 2024	Office
Johnston Terminal	1	Winnipeg, MB	April 12, 2024	Office
Sunridge Pointe	1	Calgary, AB	May 30, 2024	Retail
2190 McGillivray	1	Winnipeg, MB	June 14, 2024	Retail
Crowfoot Corner	1	Calgary, AB	June 17, 2024	Retail
Shoppes of St. Vital	1	Winnipeg, MB	June 19, 2024	Retail
Linden Ridge Shopping Centre I & II	2	Winnipeg, MB	June 24, 2024	Retail
Park 8Ninety Portfolio	5	Greater Houston Area, TX	July 11, 2024	Industrial
Arizona & Minnesota Industrial Portfolio	9	Greater Phoenix Area, AZ & Twin Cities Area, MN	August 9, 2024	Industrial
Hudson's Bay Centre	1	Greater Denver Area, CO	September 30, 2024	Office
Bell MTS Portfolio[1]	2	Winnipeg, MB	September 30, 2024	Office
220 Portage Avenue & 295 Garry Parkade	1	Winnipeg, MB	December 16, 2024	Office

(1) Disposition includes a surface parking lot.

On June 4, 2024, the REIT disposed of a parcel of retail development land located in Winnipeg, Manitoba.

The cash proceeds from the sale of the above properties, net of costs and related debt, were $694,145. In conjunction with the sale of a retail property, the REIT also received a note receivable in the amount of $5,000, which was secured by the property sold and subsequently fully repaid in 2024. The assets and liabilities associated with the properties were derecognized.

The REIT disposed of the following properties during the year ended December 31, 2023:

Property	Property count	Location	Disposition date	Asset class
North 48 Commercial Centre	1	Saskatoon, SK	March 14, 2023	Office
Liberton Square	1	Greater Edmonton Area, AB	April 19, 2023	Retail
Gateway Power Centre	1	Grande Prairie, AB	May 15, 2023	Retail
Visions Building	1	Calgary, AB	May 29, 2023	Retail
Namao South	1	Edmonton, AB	May 30, 2023	Retail
Clearwater Creek Distribution Center	1	Twin Cities Area, MN	June 7, 2023	Industrial
Eagle Creek	1	Twin Cities Area, MN	June 16, 2023	Industrial
St. Vital Square	1	Winnipeg, MB	June 16, 2023	Retail
Minnesota Industrial Portfolio II	6	Twin Cities Area, MN	June 27, 2023	Industrial
EMC Building	1	Edmonton, AB	September 29, 2023	Office
161 Inverness	1	Greater Denver Area, CO	November 17, 2023	Office
Memorial Crossing	1	Calgary, AB	November 29, 2023	Industrial

On June 9, 2023, the REIT disposed of a parcel of office development land located in Madison, Wisconsin.

The cash proceeds received from the sale of the above properties, net of costs and related debt, were $222,016. In conjunction with the sale of an office property, the REIT also received a note receivable in the amount of $13,619, which is secured by the property sold (see note 9). The assets and liabilities associated with the properties were derecognized.

Note 4. Investment properties, investment properties under development and investment properties held for sale

		Year ended December 31, 2024	
	Investment properties	Investment properties under development	Investment properties held for sale
Balance, beginning of year	$ 2,494,134	$ 947	$ 571,760
Additions:			
Acquisition (note 3)	27,810	—	—
Reclassification from equity accounted investments [1]	100,867	—	—
Capital expenditures	17,543	7,414	610
Capitalized interest [2]	—	126	—
Leasing commissions	6,523	5	503
Straight-line rent adjustments	206	—	245
Tenant inducement additions, net of amortization	878	12	3,176
Dispositions	—	—	(950,742)
Foreign currency translation gain	96,309	14	9,473
Fair value loss	(4,867)	—	(10,068)
Reclassification of investment properties under development	7,859	(7,859)	—
Reclassification of investment properties held for sale	(577,197)	(659)	577,856
Balance, end of year	$ 2,170,065	$ —	$ 202,813

(1) On February 22, 2024, the REIT increased its ownership interest in Park 8Ninety V to 100%. See note 3 for further information.

(2) During the year ended December 31, 2024, interest was capitalized to investment properties under development at a weighted-average effective rate of 6.91%.

		Year ended December 31, 2023	
	Investment properties	Investment properties under development	Investment properties held for sale
Balance, beginning of year	$ 3,156,206	$ 191,552	$ 335,813
Additions:			
Capital expenditures	24,881	26,870	318
Capitalized interest [1]	—	2,770	—
Leasing commissions	5,112	1,851	165
Straight-line rent adjustments	1,816	—	738
Tenant inducement additions, net of amortization	11,199	984	795
Dispositions	—	—	(310,921)
Foreign currency translation loss	(36,809)	(501)	(1,712)
Fair value loss	(277,054)	(37,563)	(29,669)
Reclassification of investment properties under development	156,285	(156,285)	—
Reclassification of investment properties held for sale	(547,502)	(28,731)	576,233
Balance, end of year	$ 2,494,134	$ 947	$ 571,760

(1) During the year ended December 31, 2023, interest was capitalized to investment properties under development at a weighted-average effective rate of 6.87%.

The REIT had three industrial properties, one office property, two retail properties and two parcels of development land classified as investment properties held for sale that were actively marketed for sale or under unconditional or conditional sale agreements at December 31, 2024 (December 31, 2023, two industrial properties, 10 office properties, 16 retail properties, one parking lot and one parcel of development land). The properties held for sale had an aggregate mortgage payable balance of $62,443 at December 31, 2024 (December 31, 2023, $134,895). This balance is not accounted for as held for sale but is included in current liabilities as the REIT intends to repay the mortgages upon disposition of the related investment properties.

At December 31, 2024, included in investment properties was $40,174 (December 31, 2023, $47,834) of net straight-line rent receivables arising from the recognition of rental income on a straight-line basis over the lease term.

At December 31, 2024, investment properties with fair values of $2,137,781 (December 31, 2023, $1,499,840) were pledged as security under mortgage agreements and credit facilities.

Investment properties held for sale include right-of-use assets held under a lease with an aggregate fair value of $12,981 at December 31, 2023. The lease payments required under this lease were fully paid at the time of acquisition of the property. This property was sold during the year ended December 31, 2024.

The REIT obtains external valuations for a selection of properties representing various geographical regions and asset classes across its portfolio. For the year ended December 31, 2024, properties (including the REIT's ownership interest in properties held in equity accounted investments except for those held in Iris Acquisition II LP) with an appraised value of $564,571 (year ended December 31, 2023, $788,506), were appraised by qualified external valuation professionals. The REIT uses similar assumptions and valuation techniques in its internal valuations as used by the external valuation professionals. Internal valuations are performed by the REIT's valuations team who report directly to the Chief Financial Officer. The valuations processes and results are reviewed by management on a quarterly basis.

The REIT determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. Under the discounted cash flow method, expected future cash flows are discounted using an appropriate rate based on the risk of the property. Expected future cash flows for each investment property are based upon, but not limited to, rental income from current leases, budgeted and actual expenses, and assumptions about rental income from future leases. The REIT uses leasing history, market reports, tenant profiles and building assessments, among other things, in determining the most appropriate assumptions. Discount and capitalization rates are estimated using market surveys, available appraisals and market comparables. Under the overall capitalization method, year one net income is stabilized and capitalized at a rate appropriate for each investment property. The stabilized net income incorporates allowances for vacancy, management fees and structural repair reserves. The resulting capitalized value is further adjusted, where appropriate, for costs to stabilize the net income and non-recoverable capital expenditures. There were no changes to the REIT's internal valuation methodology during the years ended December 31, 2024 and 2023.

A change in the discount or capitalization rates used could have a material impact on the fair value of the REIT's investment properties. When discount or capitalization rates compress, the estimated fair values of investment properties increase. When discount or capitalization rates expand, the estimated fair values of investment properties decrease. A change in estimated future rental income and expenses could have a material impact on the fair value of the REIT's investment properties. Estimated rental income and expenses are affected by, but not limited to, changes in rent and expense growth and occupancy rates.

Under the fair value hierarchy, the fair value of the REIT's investment properties is considered Level 3, as described in note 34.

The REIT has used the following rates and investment horizons in estimating the fair value of investment properties:

	December 31, 2024			December 31, 2023		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Canada:						
Discount rate	9.50 %	5.25 %	7.51 %	9.75 %	5.25 %	7.47 %
Terminal capitalization rate	9.00 %	4.25 %	6.53 %	9.00 %	4.25 %	6.49 %
Capitalization rate	8.75 %	4.00 %	6.48 %	9.00 %	4.25 %	6.46 %
Investment horizon (years)	11.0	10.0	10.2	12.0	10.0	10.3
U.S.:						
Discount rate	10.25 %	7.00 %	8.94 %	10.25 %	6.75 %	8.48 %
Terminal capitalization rate	9.00 %	6.25 %	7.96 %	8.75 %	6.00 %	7.52 %
Capitalization rate	9.75 %	6.00 %	8.01 %	9.00 %	5.50 %	7.49 %
Investment horizon (years)	12.0	10.0	10.5	11.0	10.0	10.4
Total portfolio:						
Discount rate	10.25 %	5.25 %	8.07 %	10.25 %	5.25 %	7.89 %
Terminal capitalization rate	9.00 %	4.25 %	7.09 %	9.00 %	4.25 %	6.92 %
Capitalization rate	9.75 %	4.00 %	7.09 %	9.00 %	4.25 %	6.89 %
Investment horizon (years)	12.0	10.0	10.3	12.0	10.0	10.3

The above information represents the REIT's entire portfolio of investment properties, excluding properties held in the REIT's equity accounted investments.

The following sensitivity table outlines the impact of a 0.25% change in the weighted-average capitalization rate on investment properties at December 31, 2024:

	Change to fair value if capitalization rate increased by 0.25%	Change to fair value if capitalization rate decreased by 0.25%
Canada	$ (47,375)	$ 51,520
U.S.	(34,999)	37,347
	$ (82,374)	$ 88,867

Note 5. Equity accounted investments

The REIT has the following equity accounted investments:

			Ownership interest	
	Principal purpose	Location	December 31, 2024	December 31, 2023
Associates:				
Iris Acquisition II LP ("Iris")	Investment in Cominar Real Estate Investment Trust	Various cities, QC	32.29 %	32.64 %
Park Lucero East (1)	Investment property	Greater Phoenix Area, AZ	10.00 %	10.00 %
Joint ventures:				
Park 8Ninety V (2)	Investment property	Greater Houston Area, TX	— %	95.00 %
Corridor Park	Investment property	Greater Houston Area, TX	90.00 %	90.00 %
Graham Portfolio	Investment property	Various cities, AB/BC/SK	75.00 %	75.00 %
The Point at Inverness	Investment property	Greater Denver Area, CO	50.00 %	50.00 %
ICE LP	Investment in Iris Acquisition II LP	—	50.00 %	50.00 %
ICE II LP	Investment in the asset manager of Cominar Real Estate Investment Trust	—	50.00 %	50.00 %

(1) On December 23, 2024, the Limited Partnership disposed of its investment property.

(2) During the year ended December 31, 2024, the REIT increased its ownership interest in this property to 100%. See note 3 for further information.

During the year ended December 31, 2024, the REIT contributed $48,344 to Park 8Ninety V, Corridor Park, The Point at Inverness, ICE LP and ICE II LP equity accounted investments. Included in the amount was $39,001 contributed to Park 8Ninety V for the repayment of the mortgage in the joint venture prior to the acquisition of the additional 5% interest (see note 3).

On March 1, 2022, the REIT contributed $112,000 to acquire common equity units of Iris Acquisition II LP ("Iris"), an entity formed to acquire the outstanding units of Cominar Real Estate Investment Trust (“Cominar”) for consideration of $11.75 per unit in cash under a Plan of Arrangement. As part of the consideration, the REIT contributed its previously-owned Cominar units with a fair value of $13,488. The REIT's investment in 32.64% of the outstanding common equity units of Iris is determined to be an investment in an associate and measured using the equity method, on the basis that the REIT has significant influence over this investment through representation on the Board of Cominar and the Board of the ultimate general partner of Iris. During the year ended December 31, 2024, Iris issued additional common equity units under its long-term incentive plan, resulting in the dilution of the REIT's interest to 32.29%. As at December 31, 2024, the REIT's cumulative share of losses of Iris exceeds the REIT's net investment in the common equity units. As a result, loss from Iris in the amount of $17,845 was not recognized for the year ended December 31, 2024, as the REIT has no obligation in respect of these losses.

In addition, the REIT acquired junior preferred units of Iris for $100,000 (see note 6). The junior preferred units are classified as a financial liability on the consolidated balance sheet of Iris.

In connection with the investment in Iris, the REIT, Sandpiper Asset Management Inc. ("Sandpiper") and an affiliate of Sandpiper entered into two joint ventures, ICE LP and ICE II LP. ICE LP holds a 33.33% interest in the ultimate general partner of Iris and an equity interest in Iris with profit participation rights. ICE II LP holds a 33.33% interest in the asset manager of Cominar. Under the asset management agreement, the asset manager earns a monthly fee of 1/12th of 1.75% of the net asset value of Iris. The asset management agreement has an initial term of six years with an automatic renewal of one year thereafter. The REIT's 50% interest in each of ICE LP and ICE II LP are determined to be joint ventures and measured using the equity method, on the basis that the REIT has joint control over these entities. Sandpiper is a related party to the REIT (see note 28).

The REIT is contingently liable for the obligations of certain joint ventures and associates (excluding Iris). As at December 31, 2024, the co-owners' share of mortgage liabilities was $8,946 (December 31, 2023, $55,254). Management has assessed that the assets available from its joint ventures are sufficient for the purpose of satisfying such obligations.

Summarized financial information of the REIT's share in its equity accounted investments is as follows:

	December 31, 2024				December 31, 2023			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Non-current assets:								
Investment properties	$ 537,629	$ —	$ 136,543	$ 674,172	$ 641,906	$ 11,181	$ 228,928	$ 882,015
Other non-current assets	10,170	—	563	10,733	16,845	—	1,073	17,918
Current assets:								
Investment properties held for sale	36,373	—	—	36,373	14,738	—	—	14,738
Other current assets	10,271	106	4,257	14,634	9,133	317	8,251	17,701
Total assets	594,443	106	141,363	735,912	682,622	11,498	238,252	932,372
Non-current liabilities:								
Mortgages, loans and other debt	536,995	—	—	536,995	491,946	—	26,852	518,798
Current liabilities:								
Mortgages, loans and other debt	49,749	—	26,832	76,581	78,158	4,864	39,236	122,258
Other current liabilities	24,755	36	3,910	28,701	24,250	184	6,636	31,070
Total liabilities	611,499	36	30,742	642,277	594,354	5,048	72,724	672,126
REIT's share of net assets of equity accounted investments	(17,056)	70	110,621	93,635	88,268	6,450	165,528	260,246
Adjustments to REIT's share of net assets in Iris (1)	17,056	—	—	17,056	—	—	—	—
Carrying amount of equity accounted investments	$ —	$ 70	$ 110,621	$ 110,691	$ 88,268	$ 6,450	$ 165,528	$ 260,246

(1) Adjustments include net loss, other comprehensive loss and contributed surplus of Iris not recognized by the REIT.

	Year ended December 31, 2024				Year ended December 31, 2023			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Revenue	$ 79,518	$ 908	$ 13,188	$ 93,614	$ 92,441	$ 541	$ 18,619	$ 111,601
Operating expenses	42,656	123	6,033	48,812	48,983	123	7,533	56,639
Net operating income	36,862	785	7,155	44,802	43,458	418	11,086	54,962
Fair value (loss) gain on investment properties	(58,567)	1,138	(8,442)	(65,871)	(9,713)	(1,578)	(8,238)	(19,529)
Other expenses and income, net	(82,036)	(371)	(964)	(83,371)	(89,229)	(385)	(3,204)	(92,818)
REIT's share of net (loss) income	(103,741)	1,552	(2,251)	(104,440)	(55,484)	(1,545)	(356)	(57,385)
Net loss not recognized by the REIT	17,845	—	—	17,845	—	—	—	—
Net (loss) income from equity accounted investments	$ (85,896)	$ 1,552	$ (2,251)	$ (86,595)	$ (55,484)	$ (1,545)	$ (356)	$ (57,385)

Iris is a material associate of the REIT. The summarized financial information of Iris on a 100% basis is presented below with reconciliations to the REIT's carrying amount of its share of investment in Iris and net loss from Iris.

	December 31, 2024	December 31, 2023
Amounts in Iris's financial statements at 100%:		
Non-current assets	$ 1,696,498	$ 2,018,233
Current assets	144,453	73,131
Non-current liabilities	(1,663,039)	(1,507,188)
Current liabilities	(230,675)	(313,696)
Net assets	(52,763)	270,480
REIT's ownership percentage	32.29 %	32.64 %
REIT's share of net assets in Iris	(17,056)	88,268
Adjustments to REIT's share of net assets in Iris [1]	17,056	—
Carrying amount of net investment in Iris	$ —	$ 88,268

(1) Adjustments include net loss, other comprehensive loss and contributed surplus of Iris not recognized by the REIT.

	December 31, 2024	Year ended December 31, 2023
Amounts in Iris's financial statements at 100%:		
Revenue	$ 244,257	$ 283,217
Operating expenses	(131,029)	(150,070)
Other expenses and income, net	(431,669)	(303,134)
Net loss	(318,441)	(169,987)
REIT's ownership percentage [1]	32.51 %	32.64 %
REIT's share of net loss from Iris	(103,741)	(55,484)
Net loss not recognized by the REIT	17,845	—
Net loss from Iris	$ (85,896)	$ (55,484)

(1) Ownership % for the year ended December 31, 2024 represents the weighted average for the year.

Note 6. Preferred investments

The REIT's investments in the junior preferred units of Iris are as follows:

	December 31, 2024	Year ended December 31, 2023
Balance, beginning of year	$ 144,084	$ 114,184
In-kind units received through distributions	27,113	29,900
Allowance for expected credit loss	(31,316)	—
Balance, end of year	$ 139,881	$ 144,084

The junior preferred units bear interest at a rate of 18% per annum, increasing to 24% per annum after the third anniversary. Such interest will be paid quarterly in cash or, at the election of Iris, in kind through the issuance of additional junior preferred units. The REIT received additional interest due to certain conditions under the terms of the junior preferred units for the years ended December 31, 2024 and 2023. In accordance with the Limited Partnership Agreement of Iris, after deduction of cash reserve for capital expenditures and mortgage repayments, cash available for distribution ("Distributable Cash") will be used for redemption of senior preferred units and junior preferred units in priority to distributions to the common unitholders.

Iris has reported net loss of $318,441 for the year ended December 31, 2024, primarily as a result of fair value loss of investment properties and distributions on the senior and junior preferred units that were recorded as interest expenses. As at December 31, 2024, Iris has a unitholders' deficit of $52,763. The REIT has assessed the investment in the junior preferred units to be credit-impaired and has recognized an allowance for expected credit loss equal to the life time expected credit loss. Expected credit loss are measured as a probability-weighted estimate of the expected present value of cash shortfalls. Cash shortfalls represent the difference between the cash flows owed to the REIT and the cash flows expected to be received by the REIT. The REIT's assessment took into consideration the underlying values and development plans of the investment properties held by Iris, the dispositions and capital management plans of Iris management, and the ongoing equity re-structuring efforts undertaken by Iris. It is expected that incremental density values, that have not been reflected in Iris' carrying values, can be monetized on certain investment properties at a future date through Iris' efforts on enhancing development plans and achieving zoning approvals. Since December 2024, there has been ongoing discussions with interested parties to acquire a portion or the entire portfolio of the investment properties of Iris with a solution to settle the outstanding senior and junior preferred units. The possible outcomes may include settlement of the senior and junior preferred units at a discount. The REIT prepared a probability-weighted range of possible outcomes to arrive at an estimated expected credit loss. As a result of the assessment, the REIT recorded an allowance for expected credit loss in the amount of $31,316 at December 31, 2024. The REIT did not recognize the interest income (in the form of in-kind additional units) on the preferred investments in the amount of $7,652 for the fourth quarter of 2024, following the classification of the financial asset as credit-impaired.

The REIT's estimate is dependent on the ability of Iris to execute its plans and the possible results of a transaction with the unitholders of Iris. In addition, the realization of the underlying values of the investment properties of Iris can be impacted by macro-economic and local market conditions, amongst other general real estate related risks. Because these estimates are made at a specific point in time and are inherently subject to judgement and measurement uncertainty, such estimates could differ from actual results.

Note 7. Joint operations

The REIT has interests in the following joint operations:

			Ownership interest	
Property	Location	Principal purpose	December 31, 2024	December 31, 2023
Cliveden Building	Greater Vancouver Area, BC	Investment property	50.00 %	50.00 %
Kincaid Building [1]	Greater Vancouver Area, BC	Investment property	— %	50.00 %

(1) During the year ended December 31, 2024, the REIT increased its ownership interest in this property to 100%. See note 3 for further information.

The REIT includes its proportionate share of the assets, liabilities, revenues, expenses and cash flows of the joint operations in these consolidated financial statements.

The REIT was contingently liable for the obligations of the Kincaid Building joint operation. As at December 31, 2023, the co-owner's share of mortgage liabilities was $3,769. After acquisition of the co-owner's interest in the property on June 20, 2024, the REIT assumed 100% of the related mortgage liabilities.

Note 8. Equity securities

The REIT invests in equity securities of publicly-traded Canadian real estate entities. The equity securities are measured at fair values using quoted market prices in active markets.

	December 31, 2024	Year ended December 31, 2023
Balance, beginning of year	$ 152,002	$ 316,768
Purchases	22,773	1,125
Dispositions	(98,081)	(134,029)
Fair value gain (loss) (note 24)	8,147	(31,862)
Balance, end of year	$ 84,841	$ 152,002

For the year ended December 31, 2024, the REIT earned distribution income of $6,436 (2023, $12,365) and incurred commissions, service and professional fees of $595 (2023, $878), inclusive of services fees paid to Sandpiper (note 28).

Note 9. Notes receivable

		December 31, 2024		December 31, 2023
Note receivable, maturing in November, 2028, bearing interest at an effective rate of 8.967% per annum, interest-only quarterly payment until maturity, secured by an office property.	$	14,936	$	13,283
Note receivable, maturing in January 2028, bearing interest at an effective rate of 3.086% per annum, interest-only monthly payment until maturity, secured by an office property.		10,331		10,312
Note receivable, bearing interest at 5.00% per annum, secured by an office property, fully repaid in January 2024.		—		10,033
Note receivable from tenant, maturing in November 2031, bearing interest at 8.50% per annum, repayable in blended monthly installments of $72 (US$50).		4,526		4,584
Note receivable, bearing interest at 4.00% per annum, secured by a parcel of land, fully repaid in December 2024.		—		3,666
Other notes receivable		320		5,292
		30,113		47,170
Current portion		197		14,742
Non-current portion	$	29,916	$	32,428

Note 10. Prepaid and other assets

		December 31, 2024		December 31, 2023
Prepaid insurance	$	774	$	2,473
Prepaid realty taxes		257		431
Prepaid acquisition, disposition and development costs		2,250		1,379
Derivative instruments (note 34)		—		1,429
Other prepaid expenses		792		2,701
	$	4,073	$	8,413

Note 11. Accounts receivable and other receivables

		December 31, 2024		December 31, 2023
Rents receivable	$	4,932	$	5,017
Deferred rents receivable		198		194
Allowance for doubtful accounts		(1,175)		(2,102)
Accrued recovery income		2,202		3,141
Other receivables and accrued income		8,236		9,710
	$	14,393	$	15,960

Refer to note 33 for further discussion on credit risk and allowance for doubtful accounts.

Note 12. Mortgages and loans payable

	December 31, 2024	December 31, 2023
Mortgages and loans payable	$ 683,932	$ 916,321
Financing costs	(2,282)	(4,573)
	681,650	911,748
Current portion	301,133	274,659
Non-current portion	$ 380,517	$ 637,089

Certain of the REIT's investment properties have been pledged as security under mortgages and other security agreements. As at December 31, 2024, 27.8% of the REIT's mortgages and loans payable bear interest at fixed rates (December 31, 2023, 29.1%), and a further 29.7% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place (December 31, 2023, 26.9%). The weighted-average effective rate on all mortgages and loans payable was 6.95% and the weighted-average nominal rate was 6.32% at December 31, 2024 (December 31, 2023, 6.63% and 6.17%, respectively). Maturity dates range from January 3, 2025 to June 1, 2031.

The REIT's mortgage providers have various financial covenants. The REIT monitors these covenants, which are primarily debt service coverage ratios. Mortgages and loans payable with maturities within 12 months or are payable on demand as a result of a financial covenant breach are classified as current liabilities.

Note 13. Senior unsecured debentures

Particulars of the REIT's outstanding senior unsecured debentures are as follows:

Senior unsecured debenture issue	Issue date	Maturity date	Applicable interest rate
Series E	April 29, 2022	April 29, 2025	5.600 %

	Face value	Unamortized financing costs	Carrying value	Current portion	Non-current portion
Series E	$ 200,000	$ (93)	$ 199,907	$ 199,907	$ —
December 31, 2024	$ 200,000	$ (93)	$ 199,907	$ 199,907	$ —
December 31, 2023	200,000	(370)	199,630	—	199,630

On April 29, 2022, the REIT issued 5.600% Series E senior unsecured debentures for gross proceeds of $200,000. Interest is payable semi-annually on October 29 and April 29 in each year. These debentures are redeemable, at the option of the REIT, at a price equal to the greater of (i) the Canada Yield Price (as defined in the supplemental indenture) and (ii) par.

During the year ended December 31, 2024, financing cost amortization of $277 (2023, $539) was recorded.

Interest expense on the senior unsecured debentures is determined by applying the effective interest rate to the outstanding liability balance. The difference between actual cash interest payments and interest expense is an accretion to the liability.

In accordance with the Series E senior unsecured debenture supplemental indenture, the REIT must maintain a consolidated EBITDA to consolidated interest expense ratio of not less than 1.65, consolidated indebtedness to aggregate assets of not more than 65% and minimum adjusted unitholders' equity of $300,000. As at December 31, 2024 and 2023, the REIT was in compliance with these requirements.

Note 14. Credit facilities

The REIT's credit facilities are summarized as follows:

		December 31, 2024		December 31, 2023		
	Borrowing capacity	Amounts drawn	Available to be drawn [(1)]	Amounts drawn	Available to be drawn	Applicable interest rates
Revolving facility	$ 350,000	$ 85,000	$ 265,000	$ —	$ —	Adjusted CORRA or Adjusted SOFR or Canadian Prime or Base Rate (Canada) plus Applicable Margin [(2)]
Non-revolving facility	170,000	170,000	—	—	—	Adjusted CORRA or Adjusted SOFR or Canadian Prime or Base Rate (Canada) plus Applicable Margin [(2)]
Revolving facilities	—	—	—	544,681	135,319	Adjusted CORRA plus 1.70% or prime plus 0.70% or adjusted SOFR plus 1.70% or U.S. base rate plus 0.70%
Non-revolving facilities	—	—	—	250,000	—	Adjusted CORRA plus 1.70% or prime plus 0.70%
Financing costs		(4,520)		(517)		
Total credit facilities	$ 520,000	$ 250,480	$ 265,000	$ 794,164	$ 135,319	
Current portion		—		588,574		
Non-current portion		$ 250,480		$ 205,590		

(1) Under the terms of the senior secured credit facilities agreement, the borrowing capacity is limited by an amount determined based on the calculated lending value of the secured properties (as defined in the agreement). As at December 31, 2024, the total borrowing capacity of the revolving facility was not limited by the calculated lending value.

(2) The Applicable Margins are dependent on the consolidated indebtedness to consolidated gross book value ratio of the REIT and range from 2.10% to 2.60% for CORRA and SOFR borrowings and from 1.10% to 1.60% for Canadian Prime and Base Rate (Canada) borrowings.

On December 11, 2024, the REIT entered into an agreement for senior secured credit facilities (the "Secured Credit Facilities") in an aggregate amount of $520,000, which include a $350,000 revolving credit facility and a $170,000 non-revolving credit facility. The Secured Credit Facilities mature on December 10, 2027 and can be utilized for general corporate purposes, including the acquisition or development of additional income producing properties. The REIT can draw on the Secured Credit Facilities in Canadian or US dollars. The Secured Credit Facilities replaced the previous unsecured revolving term credit facilities in the aggregate amount of $680,000 and the previous unsecured non-revolving credit facilities in the aggregate amount of $250,000. On December 12, 2024, the outstanding amounts drawn on the previous unsecured revolving term credit facilities and the unsecured non-revolving credit facilities were fully repaid and the respective credit facilities agreements were terminated.

For purposes of the Secured Credit Facilities, the REIT must maintain a consolidated indebtedness to consolidated gross book value ratio of not more than 60%, a minimum consolidated EBITDA to debt service ratio of 1.40, a minimum unitholders' equity of not less than the sum of $750,000 and 75% of net proceeds received in connection with any equity offerings made after the date of the credit facilities agreement. As at December 31, 2024, the REIT was in compliance with these requirements.

Note 15. Accounts payable and other liabilities

	December 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	$ 19,811	$ 18,735
Distributions payable	6,299	6,928
Accrued interest	7,058	7,262
Accrued realty taxes	7,985	12,221
Tenant installments payable	4,844	4,071
Derivative instruments (note 34)	7,830	5,717
Cash-settled unit-based payments liability	5,606	3,590
Deposits on investment properties held for sale	4,340	25,000
Other payables and liabilities	1,098	1,042
	$ 64,871	$ 84,566

Note 16. Unitholders' equity

(a) Common units:

(i) Authorized:

In accordance with the Declaration of Trust, the REIT may issue an unlimited number of common units, with each unit representing an equal undivided interest in any distributions from the REIT and in the net assets in the event of termination or wind-up of the REIT. All units are of the same class with equal rights and restrictions.

(ii) Issued and outstanding:

	Number of units	Amount
Balance at December 31, 2022	115,409,234	$ 1,751,927
Restricted units redeemed	15,506	113
Units acquired and cancelled through normal course issuer bid	(7,473,874)	(113,456)
Balance at December 31, 2023	107,950,866	1,638,584
Restricted units redeemed	10,901	73
Units acquired and cancelled through normal course issuer bid	(7,198,470)	(109,265)
Units acquired through normal course issuer bid, not cancelled at year end	(29,529)	(448)
Balance at December 31, 2024	100,733,768	$ 1,528,944

(b) Preferred units:

In accordance with the Declaration of Trust, the REIT may issue an unlimited number of preferred units. Particulars of the REIT's outstanding preferred units are as follows:

	Series E	Series I	Total
Number of units outstanding at December 31, 2022	3,605,110	4,896,740	8,501,850
Units acquired and cancelled through normal course issuer bid	(357,101)	(226,700)	(583,801)
Number of units outstanding at December 31, 2023	3,248,009	4,670,040	7,918,049
Units acquired and cancelled through normal course issuer bid	(311,900)	(342,084)	(653,984)
Units acquired through normal course issuer bid, not cancelled at year end	(300)	—	(300)
Number of units outstanding at December 31, 2024	2,935,809	4,327,956	7,263,765

The carrying value of the REIT's outstanding preferred units are as follows:

	Series E	Series I	Total
Annual distribution rate	7.198%	6.993%	
Distribution rate reset date	September 30, 2028	April 30, 2028	
Carrying value at December 31, 2022	$ 87,006	$ 118,800	$ 205,806
Units acquired and cancelled through normal course issuer bid	(8,618)	(5,501)	(14,119)
Carrying value at December 31, 2023	78,388	113,299	191,687
Units acquired and cancelled through normal course issuer bid	(7,528)	(8,299)	(15,827)
Units acquired through normal course issuer bid, not cancelled at year end	(7)	—	(7)
Carrying value at December 31, 2024	$ 70,853	$ 105,000	$ 175,853
Face value at December 31, 2024	$ 73,395	$ 108,199	$ 181,594
Face value at December 31, 2023	81,200	116,751	197,951

(i) Series E:

On March 21, 2013, the REIT issued 4,000,000 Cumulative Rate Reset Preferred Trust Units, Series E (the "Series E Units") for aggregate gross proceeds of $100,000. The Series E Units paid a cumulative distribution yield of 4.75% per annum, payable quarterly, as and when declared by the Board of Trustees of the REIT, for the initial period ended September 30, 2018. The distribution rate was reset on September 30, 2018 at 5.472% and reset on September 30, 2023 at 7.198%. The distribution rate will be reset on September 30, 2028 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield and 3.30%.

The REIT may redeem the Series E Units on September 30, 2028 and on September 30 every five years thereafter. The holders of Series E Units have the right to reclassify their Series E Units to Preferred Units, Series F (the "Series F Units"), subject to certain conditions, on September 30, 2028 and on September 30 every five years thereafter. The Series F Units pay floating rate cumulative preferential distributions on a quarterly basis, at the discretion of the Board of Trustees. The holders of Series F Units have the right to reclassify their Series F Units to Series E Units on September 30, 2033 and on September 30 every five years thereafter.

(ii) Series I:

On January 31, 2018, the REIT issued 5,000,000 Cumulative Minimum Rate Reset Preferred Trust Units, Series I (the "Series I Units") for aggregate gross proceeds of $125,000. The Series I Units pay a cumulative distribution yield of 6.00% per annum, payable quarterly, as and when declared by the Board of Trustees of the REIT, for the initial five-year period ending April 30, 2023. The distribution rate was reset on April 30, 2023 at 6.993% and will be reset on April 30, 2028 and every five years thereafter at a rate equal to the greater of (i) the sum of the then five-year Government of Canada bond yield and 3.93% and (ii) 6.00%.

The REIT may redeem the Series I Units on April 30, 2028 and on April 30 every five years thereafter. The holders of Series I Units have the right to reclassify their Series I Units to Preferred Units, Series J (the "Series J Units"), subject to certain conditions, on April 30, 2028 and on April 30 every five years thereafter. The Series J Units pay floating rate cumulative preferential distributions on a quarterly basis. The holders of Series J Units have the right to reclassify their Series J Units to Series I Units on April 30, 2033 and on April 30 every five years thereafter.

The Series E Units and Series I Units rank equally with each other and with the outstanding Series F Units and Series J Units into which they may be reclassified, and rank in priority to the trust units.

(c) Normal course issuer bid:

On December 17, 2024, the REIT announced that the Toronto Stock Exchange ("TSX") approved the renewal of its normal course issuer bid ("NCIB"). Under the renewed bid, the REIT has the ability to purchase for cancellation up to a maximum of 10% of the REIT's public float of common units and preferred units as at December 6, 2024 as follows:

	Public float	10% of public float
Common units	49,759,179	4,975,917
Preferred unit series:		
Series E	2,915,609	291,560
Series I	4,217,756	421,775

Purchases will be made at market prices through the facilities of the TSX and/or alternative Canadian trading systems and all common units and preferred units acquired by the REIT under this bid will be cancelled. This bid will remain in effect until the earlier of December 18, 2025, or the date on which the REIT has purchased the maximum number of units permitted under the bid. During the year ended December 31, 2024, the REIT acquired 7,227,999 common units at market prices aggregating $50,834, resulting in contributed surplus of $58,879, which was the excess of stated capital over redemption proceeds. During the year ended December 31, 2024, the REIT also acquired 312,200 and 342,084 Series E and I Units, respectively, at market prices aggregating $11,934, resulting in contributed surplus of $3,900, which was the excess of stated capital over redemption proceeds.

During the year ended December 31, 2023, the REIT acquired 7,473,874 common units at market prices aggregating $54,305, resulting in contributed surplus of $59,151, which was the excess of stated capital over redemption proceeds. During the year ended December 31, 2023, the REIT also acquired 357,101 and 226,700 Series E and I Units, respectively, at market prices aggregating $10,377, resulting in contributed surplus of $3,742, which was the excess of stated capital over redemption proceeds.

The Government of Canada has introduced the 2% equity buyback tax that applies to a covered entity's net equity repurchases occurring on or after January 1, 2024. The definition of covered entity includes publicly listed real estate investment trusts. For the year ended December 31, 2024, the REIT recognized the unit buyback tax on the net purchases of common units as a reduction of contributed surplus.

(e) Weighted-average common units:

		Year ended December 31, 2024		Year ended December 31, 2023
Net loss	$	(47,414)	$	(332,068)
Adjustment for distributions to preferred unitholders (note 18)		(12,990)		(13,025)
Net loss and diluted net loss attributable to common unitholders	$	(60,404)	$	(345,093)

The weighted-average number of common units outstanding was as follows:

		2024		2023
Basic and diluted common units		105,063,202		111,294,362
Net loss per unit attributable to common unitholders:				
Basic	$	(0.57)	$	(3.10)
Diluted		(0.57)		(3.10)

The computation of diluted net loss per unit attributable to common unitholders includes restricted units and deferred units when these instruments are dilutive. For the years ended December 31, 2024 and 2023, restricted units and deferred units were anti-dilutive, for an aggregate total of 936,414 and 683,559 units, respectively.

Note 17. Equity incentive plan

Under the REIT's equity incentive plan, there may be grants of unit options, restricted units, deferred units and installment units, which are subject to certain restrictions. Under this incentive plan, the total number of units reserved for issuance may not exceed 8,500,000 units, of which a maximum of 4,000,000 units are reserved for the issuance of unit options. The following are outstanding under the equity incentive plan:

(a) Restricted units:

Unit-based compensation expense related to restricted units outstanding under the equity incentive plan for the year ended December 31, 2024 amounted to $1,616 (2023, $828). Restricted units vest on and after the third anniversary of the date of grant. The restricted units accrue additional restricted units during the vesting period, and are credited when the restricted units are redeemed. Each restricted unit is valued at the closing price of the REIT's common units on the balance sheet date.

The REIT's restricted units outstanding are as follows:

	2024	Year ended December 31, 2023
	Number of units	Number of units
Balance, beginning of year	477,077	440,617
Granted	228,819	170,430
Accrued	52,188	39,736
Redeemed	(148,371)	(151,760)
Expired	(24,483)	(21,946)
Balance, end of year	585,230	477,077
Restricted units vested at end of year	4,518	9,314

(b) Deferred units:

Unit-based compensation expense related to deferred units outstanding under the equity incentive plan for the year ended December 31, 2024 amounted to $1,245 (2023, $329). Deferred units can only be granted to trustees of the REIT and vest immediately. Deferred units are redeemable within a specified time frame after a trustee ceases to be a trustee. The deferred units accrue additional deferred units after the grant date. Each deferred unit is valued at the closing price of the REIT's common units on the balance sheet date.

The REIT's deferred units outstanding are as follows:

	2024	Year ended December 31, 2023
	Number of units	Number of units
Balance, beginning of year	323,224	203,430
Granted	107,483	97,817
Accrued	35,072	21,977
Balance, end of year	465,779	323,224
Deferred units vested at end of year	465,779	323,224

Note 18. Distributions to unitholders

Total distributions declared to unitholders were as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	$ 62,709	$ 0.60	$ 66,433	$ 0.60
Preferred unitholders - Series E	5,392	1.80	4,930	1.48
Preferred unitholders - Series I	7,598	1.75	8,095	1.67

Note 19. Revenue

The REIT's revenue is made up of the following significant categories:

	Year ended December 31, 2024	Year ended December 31, 2023
Base rent	$ 192,896	$ 219,930
Operating cost and realty tax recoveries	109,220	126,040
Other revenue	21,961	10,789
Tenant inducements amortized to revenue	(25,456)	(24,595)
Straight-line rent adjustments	451	2,554
Lease termination income	1,297	1,119
	$ 300,369	$ 335,837

Refer to note 30 for a disaggregation of revenue by reportable geographical region.

During the year ended December 31, 2024, included in other revenue is a performance-based development fee earned upon sale of a property for which the REIT acted as development manager.

The REIT leases industrial, office and retail properties to tenants under operating leases. Minimum rental commitments on non-cancellable tenant operating leases over their remaining terms were as follows:

	December 31, 2024	December 31, 2023
Not later than one year	$ 168,299	$ 188,945
One to two years	147,884	175,409
Two to three years	127,504	147,561
Three to four years	75,165	124,132
Four to five years	91,685	102,203
Later than five years	287,073	328,223
	$ 897,610	$ 1,066,473

Note 20. Interest and other income

		Year ended December 31, 2024		2023
Interest on junior preferred units of Iris (note 6)	$	27,113	$	29,900
Interest on notes receivable		2,868		1,613
Other		932		846
	$	30,913	$	32,359

Note 21. Interest expense

		Year ended December 31, 2024		2023
Interest on mortgages and loans payable	$	51,930	$	48,959
Interest on senior unsecured debentures		11,200		17,976
Interest on credit facilities		39,257		52,318
Amortization of above- and below-market mortgages, net		—		(778)
Amortization of financing costs		3,237		3,401
	$	105,624	$	121,876

Note 22. Corporate expenses

		Year ended December 31, 2024		2023
Accounting, legal and consulting	$	2,012	$	2,022
Public company costs	$	1,606		1,544
Salaries and benefits		3,061		2,927
Fair value loss (gain) on unit-based compensation (1)		296		(1,433)
Depreciation of property and equipment		1,194		1,226
General and administrative		969		698
	$	9,138	$	6,984

(1) Fair value loss (gain) on unit-based compensation relates to restricted units and deferred units issued under the REIT's equity incentive plan (see note 17). These units are valued at the closing price of the REIT's common units on the balance sheet date.

Note 23. Strategic review expenses

On August 2, 2023, Artis's Board of Trustees established a Special Committee ("Special Committee") to initiate a strategic review process to consider and evaluate strategic alternatives available to the REIT to unlock and maximize value for unitholders. On December 12, 2024, the REIT announced the conclusion of the strategic review process. For the year ended December 31, 2024, the strategic review expenses including legal and advisory costs were $1,492 (2023, $207).

Note 24. Fair value gain (loss) on financial instruments

The REIT recorded gains (losses) on the following:

		Year ended December 31, 2024		2023
Interest rate swaps	$	(3,589)	$	(9,865)
Other derivatives		—		(3)
Equity securities (note 8)		8,147		(31,862)
	$	4,558	$	(41,730)

Note 25. Income taxes

The Income Tax Act (Canada) contains legislations affecting the tax treatment of a specified investment flow-through ("SIFT") trust or partnership (the "SIFT Rules"). A SIFT includes a publicly-listed or traded partnership or trust, such as an income trust.

Under the SIFT Rules, certain distributions from a SIFT are not deductible in computing a SIFT's taxable income, and a SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital should generally not be subject to tax.

The SIFT Rules do not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"). The REIT has reviewed the SIFT Rules and has assessed their interpretation and application to the REIT's assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes that it has met the REIT Conditions throughout the years ended December 31, 2024 and 2023.

The REIT is subject to corporate income taxes in Canada and the U.S. through its Canadian subsidiary that holds the investment in Iris and its U.S. management subsidiary.

Income tax recovery (expense) comprised of:

		Year ended December 31, 2024		2023
Current income tax expense	$	(790)	$	(601)
Deferred income tax recovery		3,077		6,206
Income tax recovery	$	2,287	$	5,605

The tax effects of temporary differences that give rise to the deferred tax liabilities are presented below:

		December 31, 2024		December 31, 2023
Equity accounted investment	$	—	$	2,993
Property and equipment		221		287
Other		36		30
Deferred tax liabilities	$	257	$	3,310

Changes in the deferred tax liabilities consist of the following:

		December 31, 2024		December 31, 2023
Balance, beginning of year	$	3,310	$	9,525
Deferred tax recovery recognized in net loss		(3,077)		(6,206)
Foreign currency translation of deferred tax balance		24		(9)
Balance, end of year	$	257	$	3,310

Deferred tax liabilities have not been recognized for the temporary differences associated with the REIT's investments in the U.S. subsidiaries that are REITs for U.S. income tax purposes. These temporary differences are primarily differences between the carrying amounts and the tax basis of investment properties in the U.S.

The following table reconciles the expected income taxes based on the Canadian statutory tax rate and the income tax expense recognized for the years ended December 31, 2024 and 2023:

		Year ended December 31, 2024		2023
Loss before income taxes	$	(49,701)		(337,673)
Less:				
(Income) loss distributed and not subject to income tax		(47,325)		304,791
Loss subject to income tax in subsidiary corporations		(97,026)		(32,882)
Statutory tax rate [(1)]		50.67 %		50.67 %
Tax calculated at statutory tax rate		(49,163)		(16,661)
Increase (decrease) resulting from:				
Tax benefits not recognized		12,417		—
Effect of different tax rate in U.S.		(824)		(598)
Non-taxable loss		34,208		12,370
Other items		1,075		(716)
Income tax recovery	$	(2,287)	$	(5,605)

(1) The statutory tax rate includes refundable dividend tax on hand (RDTOH) of 30.67%, which applies to the income in the taxable subsidiary with the investment in Iris (note 5). This income tax is refundable at the rate of 38.33% when taxable dividends are paid.

A corporate subsidiary of the REIT has non-capital losses of $9,321 for which no deferred tax asset has been recognized and which expire in the period 2042 to 2044.

For the year ended December 31, 2024, in connection with the income distributions made by the REIT's US subsidiaries to the Canadian parent entity, withholding taxes in the amount of $28,130 (2023, $4,401) was paid to the tax authorities and included in distributions.

Note 26. Supplemental cash flow information

(a) Other items not affecting cash:

		Year ended December 31, 2024		2023
Tenant inducements amortized to revenue	$	25,456	$	24,595
Straight-line rent adjustments		(451)		(2,554)
Depreciation of property and equipment		1,194		1,226
Unit-based compensation		2,126		185
Amortization of above- and below-market mortgages, net		—		(778)
Amortization of financing costs included in interest expense		3,237		3,401
	$	31,562	$	26,075

(b) Changes in non-cash operating items:

		Year ended December 31, 2024		2023
Prepaid expenses and other assets	$	3,019	$	(1,034)
Accounts receivable and other receivables		3,562		400
Security deposits and prepaid rent		(4,940)		(1,501)
Accounts payable and other liabilities		(6,355)		1,191
	$	(4,714)	$	(944)

(c) Other supplemental cash flow information:

		Year ended December 31, 2024		2023
Interest paid	$	99,909	$	122,287
Interest received		3,864		2,343
Income taxes paid		662		504

Note 27. Subsidiaries

Significant subsidiaries of the REIT are outlined as follows:

		Ownership interest	
Name of entity	Country	December 31, 2024	December 31, 2023
AX L.P.	Canada	100.00 %	100.00 %
AX Property Management L.P.	Canada	100.00 %	100.00 %
Winnipeg Square Leaseco, Inc.	Canada	100.00 %	100.00 %
AX QC Ltd.	Canada	100.00 %	100.00 %
Artis US Holdings, Inc.	U.S.	100.00 %	100.00 %
Artis US Holdings II, LLC	U.S.	100.00 %	100.00 %
Artis US Holdings III, LLC	U.S.	100.00 %	100.00 %
Artis US Holdings IV, LLC	U.S.	100.00 %	100.00 %
AX US Management L.P.	U.S.	100.00 %	100.00 %

Note 28. Related party transactions

Sandpiper Asset Management Inc. ("Sandpiper") is a related party by virtue of being a company under joint control of the President and Chief Executive Officer of the REIT.

The REIT has a Space Sharing Licence Agreement with Sandpiper for use of certain office premises. The agreement has an automatic one-year extension unless terminated by either party upon written notice no later than 120 days before the end of the term or extension term.

The REIT entered into a Services Agreement with Sandpiper to provide certain services to support the REIT's strategy to acquire ownership positions in publicly-listed real estate entities. The annual fee payable to Sandpiper is 0.50% for years one to three, 0.40% for year four, and 0.30% for year five and thereafter, based on the net value of the investments made by the REIT pursuant to this agreement. The agreement was effective May 17, 2021 and continues until termination by either party upon 60-day written notice, or upon other specific circumstances.

Fees paid and accrued to Sandpiper were as follows:

		Year ended December 31, 2024		2023
Space sharing licence costs	$	131	$	127
Service fees		577		1,064
	$	708	$	1,191

Amounts payable to Sandpiper were $95 as at December 31, 2024 (December 31, 2023, $171).

As at December 31, 2024, the REIT had a balance payable to ICE II LP of $549 (December 31, 2023, $987).

Note 29. Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the REIT, directly or indirectly.

The remuneration of Trustees and key management personnel was as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Short-term benefits	$ 6,876	$ 4,672
Unit-based compensation	2,400	823
	$ 9,276	$ 5,495

(a) Short-term benefits:

Short-term employee benefits include salaries, bonuses and other short-term benefits.

(b) Unit-based compensation:

Refer to note 17 for more information on the REIT's equity incentive plan.

Note 30. Segmented information

The REIT owns and operates properties located in Canada and the U.S., through direct ownership and equity accounted investments. These properties are managed and reported internally by country. The segmented information for Canada and U.S. presented below includes the REIT's proportionate share of revenue, expenses, assets and liabilities of investment properties held in equity accounted investments which were set up to develop and operate specific investment properties. Other income (expenses), including interest expense relating to senior unsecured debentures and credit facilities, interest income from notes receivables not related to owned investment properties, distribution income from equity securities and fair value gain (loss) on financial instruments, have not been allocated to the segments. In addition, the REIT's investments in Iris Acquisition II LP, ICE LP and ICE II LP ("Iris Entities" - see note 5) are considered separately by executive management and evaluated based on the distributions received. Accordingly, the investments in Iris Entities are not allocated to the segments.

Year ended December 31, 2024	Canada	U.S.	REIT [1]	Equity accounted investment properties adjustment [2]	Total
Revenue	$ 139,265	$ 175,198	$ 2	$ (14,096)	$ 300,369
Expenses:					
Property operating	47,984	50,948	—	(4,052)	94,880
Realty taxes	20,252	24,110	—	(2,104)	42,258
Total operating expenses	68,236	75,058	—	(6,156)	137,138
Net operating income	71,029	100,140	2	(7,940)	163,231
Other income (expenses):					
Interest and other income	137	855	29,971	(50)	30,913
Distribution income from equity securities	—	—	6,436	—	6,436
Interest expense	(23,177)	(32,084)	(52,224)	1,861	(105,624)
Corporate expenses	—	—	(9,138)	—	(9,138)
Strategic review expenses	—	—	(1,492)	—	(1,492)
Equity securities expenses	—	—	(595)	—	(595)
Net loss from equity accounted investments	—	—	(85,420)	(1,175)	(86,595)
Expected credit loss on preferred investments	—	—	(31,316)	—	(31,316)
Fair value loss on investment properties	(18,641)	(3,598)	—	7,304	(14,935)
Fair value gain on financial instruments	—	—	4,558	—	4,558
Foreign currency translation loss	—	—	(5,144)	—	(5,144)
Income (loss) before income taxes	29,348	65,313	(144,362)	—	(49,701)
Income tax (expense) recovery	—	(706)	2,993	—	2,287
Net income (loss)	$ 29,348	$ 64,607	$ (141,369)	$ —	$ (47,414)
Acquisitions of investment properties	$ 22,500	$ 5,310	$ —	$ —	$ 27,810
Additions to investment properties, investment properties under development and investment properties held for sale	15,016	20,379	—	(9,828)	25,567
Additions to tenant inducements	7,663	23,414	—	(1,671)	29,406
Additions to leasing commissions	2,424	4,809	—	(202)	7,031

December 31, 2024	Canada	U.S.	REIT	Equity accounted investment properties adjustment [2]	Total
Total assets	$ 1,336,218	$ 1,228,154	$ 269,018	$ (30,229)	$ 2,803,161
Total liabilities	401,408	366,216	484,788	(30,226)	1,222,186

(1) Includes corporate expenses. interest relating to senior unsecured debentures and credit facilities, distribution income from equity securities, fair value gain (loss) on financial instruments and income (loss) from Iris Entities that are not allocated to the segments.

(2) Adjustment for the REIT's proportionate share of revenue, expenses, assets and liabilities of investment properties held in equity accounted investments, excluding Iris Entities.

	Year ended December 31, 2023				
	Canada	U.S.	REIT [1]	Equity accounted investment properties adjustment [2]	Total
Revenue	$ 163,505	$ 191,487	$ 5	$ (19,160)	$ 335,837
Expenses:					
Property operating	51,466	53,293	—	(4,373)	100,386
Realty taxes	24,613	30,104	—	(3,283)	51,434
Total operating expenses	76,079	83,397	—	(7,656)	151,820
Net operating income	87,426	108,090	5	(11,504)	184,017
Other income (expenses):					
Interest and other income	112	567	31,724	(44)	32,359
Distribution income from equity securities	—	—	12,365	—	12,365
Interest expense	(17,943)	(36,601)	(71,936)	4,604	(121,876)
Corporate expenses	—	—	(7,000)	16	(6,984)
Strategic initiative expenses	—	—	(207)	—	(207)
Equity securities expenses	—	—	(878)	—	(878)
Net loss from equity accounted investments	—	—	(54,497)	(2,888)	(57,385)
Fair value loss on investment properties	(104,692)	(249,410)	—	9,816	(344,286)
Fair value loss on financial instruments	—	—	(41,730)	—	(41,730)
Foreign currency translation gain	—	—	6,932	—	6,932
Income (loss) before income taxes	(35,097)	(177,354)	(125,222)	—	(337,673)
Income tax (expense) recovery	—	(725)	6,330	—	5,605
Net loss	$ (35,097)	$ (178,079)	$ (118,892)	$ —	$ (332,068)
Additions to investment properties, investment properties under development and investment properties held for sale	$ 29,595	$ 23,185	$ —	$ (711)	$ 52,069
Additions to tenant inducements	6,151	33,409	—	(2,291)	37,269
Additions to leasing commissions	1,366	11,002	—	(5,240)	7,128

	December 31, 2023				
	Canada	U.S.	REIT	Equity accounted investment properties adjustment [2]	Total
Total assets	$ 1,677,136	$ 1,694,198	$ 440,481	$ (76,785)	$ 3,735,030
Total liabilities	487,100	563,064	1,045,303	(76,769)	2,018,698

(1) Includes corporate expenses. interest relating to senior unsecured debentures and credit facilities, distribution income from equity securities, fair value gain (loss) on financial instruments and income (loss) from Iris Entities that are not allocated to the segments.

(2) Adjustment for the REIT's proportionate share of revenue, expenses, assets and liabilities of investment properties held in equity accounted investments, excluding Iris Entities.

Note 31. Contingencies and guarantees

(a) Contingencies:

The REIT performs an assessment of legal and tax proceedings and claims which have occurred or could occur as a result of ongoing operations. In the opinion of management and based on the information available, any liability that may arise from such contingencies in excess of existing accruals would not have a material adverse effect on the consolidated financial statements.

(b) Guarantees:

At December 31, 2024, the REIT has guaranteed certain debt assumed by purchasers in connection with the dispositions of two properties (December 31, 2023, two properties). These guarantees will remain until the debt is modified, refinanced or extinguished. Credit risk arises in the event that the purchasers default on repayment of their debt since it is guaranteed by the REIT. This credit risk is mitigated as the REIT has recourse under these guarantees in the event of default by the purchasers, in which case the REIT would have a claim against the underlying properties. The estimated amount of debt subject to the guarantees at December 31, 2024 was $52,822 (December 31, 2023, $54,741), with an estimated weighted-average remaining term of 1.9 years (December 31, 2023, 2.9 years). Management has assessed the estimated fair values of the borrowers' interests in the underlying properties compared to the mortgage balances and the risk of default by the borrowers and determined that a provision is not required to be recognized in the consolidated financial statements.

Note 32. Capital management

The REIT's objectives when managing capital are to safeguard the ability to continue as a going concern and to generate sufficient returns to provide unitholders with stable cash distributions. The REIT defines capital as mortgages and loans payable, senior unsecured debentures, credit facilities and unitholders' equity.

The REIT's Declaration of Trust permits the REIT to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the REIT is not more than 70% of the gross book value of the REIT's total assets. As at December 31, 2024, the ratio of indebtedness to gross book value was 40.2% (December 31, 2023, 50.9%), which is consistent with the REIT's objectives. Gross book value is defined as the consolidated book value of the assets of the REIT, plus the amount of accumulated depreciation of property and equipment. Total debt includes mortgages and loans, debentures, preferred shares liabilities and credit facilities. As at December 31, 2024, the REIT is in compliance with the requirement in the Declaration of Trust.

The total managed capital for the REIT is summarized below:

	Note	December 31, 2024	December 31, 2023
Mortgages and loans payable	12	$ 681,650	$ 911,748
Senior unsecured debentures	13	199,907	199,630
Credit facilities	14	250,480	794,164
Total debt		1,132,037	1,905,542
Unitholders' equity		1,580,975	1,716,332
		$ 2,713,012	$ 3,621,874

Note 33. Risk management

In the normal course of business, the REIT is exposed to a number of risks arising from its financial instruments. The most significant of these risks, and the actions taken to manage them, are as follows:

(a) Market risk:

(i) Interest rate risk:

The REIT is exposed to interest rate risk on its borrowings. The Declaration of Trust restricts the REIT's indebtedness to 70% of the gross book value of the REIT's total assets. The REIT also monitors the amount of variable rate debt. A portion of the REIT's debt financing is in fixed rate terms or variable rates with interest rate swaps in place. In addition, management considers the weighted-average term to maturity of long-term debt relative to the remaining average lease terms. At December 31, 2024, the REIT had variable rate debt, including credit facilities, of $748,707 (December 31, 2023, $1,444,236). At December 31, 2024, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $203,020 of variable rate debt (December 31, 2023, $246,897).

The following table outlines the impact on interest expense of a 100 basis point increase or decrease in interest rates on the REIT's variable rate debt and fixed rate debt maturing within one year:

	Impact on interest expense
Variable rate debt	$ 5,457
Fixed rate debt due within one year	595
	$ 6,052

(ii) Foreign currency risk:

The REIT owns properties located in the U.S., and therefore, the REIT is subject to foreign currency fluctuations that may impact its financial position and results. In order to mitigate this risk, the REIT's debt on U.S. properties and a portion of the amounts drawn on credit facilities are held in US dollars to act as a natural hedge.

A $0.10 weakening in the US dollar against the calculated average Canadian dollar exchange rate of 1.3724 for the year ended December 31, 2024, and the year-end exchange rate of 1.4389 at December 31, 2024, would have increased net loss by $3,814 for the year ended December 31, 2024. A $0.10 weakening in the US dollar against the Canadian dollar would have decreased other comprehensive income by approximately $58,028 for the year ended December 31, 2024. Conversely, a $0.10 strengthening in the US dollar against the Canadian dollar would have had an equal but opposite effect. This analysis assumes that all variables, in particular interest rates, remain constant.

(iii) Other price risk:

The fair value of investments in equity securities will vary as a result of changes in market prices of the investments. Market prices are subject to fluctuation and, consequently, the amount realized in subsequent periods may differ from the reported market value and amounts realized from disposition of a security may be affected by the quantity of the security being sold. Further, fluctuations in the market price of a security may have no relation to the intrinsic value of the security. The REIT manages its equity price risk by limiting the size of these investments relative to its total assets.

(b) Credit risk:

The REIT's maximum exposure to credit risk is equivalent to the carrying value of each class of financial asset as separately presented in cash, cash held in trust, accounts receivable and other receivables, notes receivable and preferred investments.

The REIT is exposed to credit risk as an owner of real estate in that tenants may become unable to pay the contracted rents. Management mitigates this risk by carrying out appropriate credit checks and related due diligence on the tenants. The REIT's properties are diversified across the industrial, office, retail and residential asset classes, and geographically diversified with properties owned across four Canadian provinces and four U.S. states.

The REIT measures loss allowance for rents receivable at the lifetime expected credit losses. In determining the expected credit losses, the REIT takes into account the expectations of future defaults and rent abatements based on payment history, tenant communications and economic conditions.

Included in property operating expenses are expected credit losses of $701 during the year ended December 31, 2024 (2023, $612).

The aging of accounts receivable is summarized as follows:

	December 31, 2024	December 31, 2023
Past due 0 - 30 days	$ 2,121	$ 1,993
Past due 31 - 90 days	588	316
Past due more than 91 days	2,223	2,708
	$ 4,932	$ 5,017

The changes to the REIT's allowance for doubtful accounts were as follows:

	December 31, 2024	December 31, 2023
Balance, beginning of year	$ 2,102	$ 2,187
Additional provisions recorded	819	1,006
Reversal of previous provisions	(117)	(395)
Amounts written-off	(2,120)	(685)
Foreign currency translation (gain) loss	491	(11)
Balance, end of year	$ 1,175	$ 2,102

The REIT is also exposed to credit risk as a holder of notes receivable and preferred investments. Management mitigates this risk by carrying out credit checks and related due diligence on the issuers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In addition, management monitors ongoing repayments and evaluates market conditions that may affect issuers' ability to repay. Refer to note 6 for expected credit loss relating to the preferred investments.

(c) Liquidity risk:

Liquidity risk is the risk that the REIT will not be able to meet its financial obligations as they come due. The REIT manages liquidity risk by maintaining adequate cash and by having appropriate credit facilities available. In addition, the REIT continuously monitors and reviews both actual and forecasted cash flows.

The following are the estimated maturities of the REIT's financial liabilities at December 31, 2024 including accounts payable and other liabilities, lease liabilities, credit facilities, senior unsecured debentures and mortgages and loans payable. All debentures are disclosed at their face value.

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and other liabilities	$ 64,155	$ 64,155	$ —	$ —	$ —
Lease liabilities	3,692	716	1,450	1,526	—
Credit facilities	255,000	—	255,000	—	—
Senior unsecured debentures	200,000	200,000	—	—	—
Mortgages and loans payable	683,932	349,122	196,444	131,706	6,660
	$ 1,206,779	$ 613,993	$ 452,894	$ 133,232	$ 6,660

Note 34. Fair value measurements

The REIT uses a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements of its financial instruments and its investment properties. Level 1 of the fair value hierarchy uses quoted market prices in active markets for identical assets or liabilities to determine the fair value of assets and liabilities. Level 2 includes valuations using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 valuations are based on inputs for the asset or liability that are not based on observable market data.

		December 31, 2024		December 31, 2023	
	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Assets:					
Investment properties	Level 3	$ 2,170,065	$ 2,170,065	$ 2,494,134	$ 2,494,134
Investment properties under development	Level 3	—	—	947	947
Preferred investments	Level 3	139,881	139,881	144,084	136,421
Equity securities	Level 1	84,841	84,841	152,002	152,002
Notes receivable	Level 2	30,113	29,116	47,170	46,233
Investment properties held for sale	Level 3	202,813	202,813	571,760	571,760
Derivative instruments	Level 2	—	—	1,429	1,429
		2,627,713	2,626,716	3,411,526	3,402,926
Liabilities:					
Mortgages and loans payable	Level 2	681,650	681,934	911,748	904,835
Senior unsecured debentures	Level 2	199,907	200,568	199,630	196,141
Credit facilities	Level 2	250,480	255,000	794,164	794,681
Derivative instruments	Level 2	7,830	7,830	5,717	5,717
		1,139,867	1,145,332	1,911,259	1,901,374
		$ 1,487,846	$ 1,481,384	$ 1,500,267	$ 1,501,552

The fair value of the REIT's accounts receivable and other receivables, cash held in trust, cash and accounts payable and other liabilities approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value of the investments in equity securities has been determined based on the quoted prices on the principal securities exchange on which the majority of the trading occurs.

The fair values of notes receivable, derivative instruments, mortgages and loans payable, senior unsecured debentures and credit facilities have been determined by discounting the cash flows of these financial instruments using period end market rates for instruments of similar terms and credit risks.

As at December 31, 2024, the preferred investments in Iris is considered credit-impaired and observable market data is no longer available for fair value measurement. Refer to note 6 for valuation of the preferred investments.

Derivative instruments primarily consist of interest rate swaps. The REIT entered into interest rate swaps on a number of mortgages. The swaps are not designated in a hedge relationship.

There were no transfers of assets or liabilities between hierarchy levels during the years ended December 31, 2024 and 2023, except for the fair value measurement of the preferred investments as at December 31, 2024 was transferred from Level 2 to Level 3.

Note 35. Subsequent events

The following events occurred subsequent to December 31, 2024:

- The REIT disposed of two industrial properties and two retail properties in Canada for an aggregate sale price of $70,450.
- The REIT repaid a net balance of $26,000 on the revolving credit facility.
- The REIT purchased equity securities for $3,264 and sold investments in equity securities for proceeds of $30,377.
- The REIT purchased through the NCIB 1,294,473 common unit at a weighted-average price of $7.53, 24,000 Series E Units at a weighted-average price of $20.68 and 1,900 Series I Units at a weighted-average price of $20.96.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the months of January and February 2025.
- The REIT declared a quarterly cash distribution of $0.4370625 per Series I Unit for the three months ended January 31, 2025.

Note 36. Approval of financial statements

These consolidated financial statements were approved by the Board of Trustees and authorized for issue on March 6, 2025.