Interim Condensed Consolidated Financial Statements of

ARTIS REAL ESTATE INVESTMENT TRUST

Three month and six months ended June 30, 2023 and 2022
(Unaudited)

(In Canadian dollars)

Interim Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands of Canadian dollars)

	Note		June 30, 2023		December 31, 2022
ASSETS					
Non-current assets:					
Investment properties	4	$	2,892,980	$	3,156,206
Investment properties under development	4		214,749		191,552
Equity accounted investments	5		316,007		326,050
Preferred investments	6		128,134		114,184
Equity securities	8		168,863		316,768
Property and equipment			5,094		5,343
Notes receivable			21,211		37,702
			3,747,038		4,147,805
Current assets:					
Investment properties held for sale	4		142,690		335,813
Prepaid expenses and other assets			17,153		12,161
Notes receivable			10,775		993
Accounts receivable and other receivables	9		17,154		17,307
Cash held in trust			13,672		10,666
Cash			34,999		29,168
			236,443		406,108
Total assets		$	3,983,481	$	4,553,913
LIABILITIES AND UNITHOLDERS' EQUITY					
Non-current liabilities:					
Mortgages and loans payable	10	$	556,556	$	388,569
Senior unsecured debentures	11		199,496		199,368
Credit facilities	12		413,180		374,735
Deferred tax liabilities	19		1,618		9,525
Other long-term liabilities			1,700		1,866
			1,172,550		974,063
Current liabilities:					
Mortgages and loans payable	10		366,308		476,129
Senior unsecured debentures	11		249,915		249,723
Security deposits and prepaid rent			23,951		25,513
Accounts payable and other liabilities			70,251		72,902
Credit facilities	12		99,965		526,424
			810,390		1,350,691
Total liabilities			1,982,940		2,324,754
Unitholders' equity			2,000,541		2,229,159
Contingencies and guarantees	23				
Subsequent events	27				
Total liabilities and unitholders' equity		$	3,983,481	$	4,553,913

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Operations

(Unaudited)

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

	Note	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue	15	$ 84,278	$ 91,055	$ 174,533	$ 184,296
Expenses:					
Property operating		23,712	23,557	50,933	49,547
Realty taxes		13,699	15,073	28,672	30,862
Total operating expenses		37,411	38,630	79,605	80,409
Net operating income		46,867	52,425	94,928	103,887
Other income (expenses):					
Interest and other income	16	6,085	5,016	14,922	8,094
Distribution income from equity securities	8	3,161	2,169	7,244	3,175
Interest expense	17	(30,233)	(19,903)	(59,965)	(35,960)
Corporate expenses		(2,010)	(1,676)	(3,458)	(4,675)
Equity securities expenses	8	(297)	(493)	(502)	(684)
Net income (loss) from equity accounted investments	5	7,604	7,310	(5,853)	147,594
Fair value (loss) gain on investment properties	4	(109,100)	(18,767)	(136,808)	52,174
Fair value loss on financial instruments	18	(14,269)	(43,854)	(31,204)	(23,661)
Foreign currency translation gain (loss)		3,681	(2,573)	5,537	(1,310)
(Loss) income before income taxes		(88,511)	(20,346)	(115,159)	248,634
Income tax recovery (expense)	19	3,557	790	7,444	(31,177)
Net (loss) income		(84,954)	(19,556)	(107,715)	217,457
Other comprehensive loss (income) that may be reclassified to net (loss) income in subsequent periods:					
Unrealized foreign currency translation (loss) gain		(28,012)	45,691	(28,823)	24,483
Unrealized foreign currency translation (loss) gain on equity accounted investments		(2,475)	4,418	(2,574)	2,389
Other comprehensive (loss) income		(30,487)	50,109	(31,397)	26,872
Total comprehensive (loss) income		$ (115,441)	$ 30,553	$ (139,112)	$ 244,329
Basic (loss) income per unit attributable to common unitholders	13	$ (0.78)	$ (0.20)	$ (1.00)	$ 1.74
Diluted (loss) income per unit attributable to common unitholders	13	(0.78)	(0.21)	(1.00)	1.73
Weighted-average number of common units outstanding:					
Basic	13	112,721,748	118,364,595	114,051,554	120,116,779
Diluted	13	112,721,748	118,954,998	114,726,393	120,666,243

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Unitholders' Equity

(Unaudited)

(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, 2021	$ 1,865,983	$ 86,666	$ 145,758	$ 68,725	$ 2,167,132	$ 288,221	$ 2,455,353
Changes for the period:							
Issuance of common units, net of issue costs (note 13)	142	—	—	—	142	—	142
Units acquired and cancelled through normal course issuer bid (note 13)	(117,675)	—	—	20,541	(97,134)	(2,553)	(99,687)
Units acquired through normal course issuer bid, not cancelled at period end (note 13)	—	—	—	(4)	(4)	(178)	(182)
Net income	—	217,457	—	—	217,457	—	217,457
Other comprehensive loss	—	—	26,872	—	26,872	—	26,872
Distributions	—	(49,251)	—	—	(49,251)	—	(49,251)
Unitholders' equity, June 30, 2022	1,748,450	254,872	172,630	89,262	2,265,214	285,490	2,550,704
Changes for the period:							
Issuance of common units, net of issue costs (note 13)	88	—	—	—	88	—	88
Redemption of preferred units (note 13)	—	—	—	(3,866)	(3,866)	(77,342)	(81,208)
Units acquired and cancelled through normal course issuer bid (note 13)	(5,520)	—	—	2,263	(3,257)	(2,238)	(5,495)
Units acquired through normal course issuer bid, not cancelled at year end (note 13)	(325)	—	—	134	(191)	(104)	(295)
Net loss	—	(222,751)	—	—	(222,751)	—	(222,751)
Other comprehensive income	—	—	83,959	—	83,959	—	83,959
Distributions	—	(95,843)	—	—	(95,843)	—	(95,843)
Distributions in units (note 13)	9,234	(9,234)	—	—	—	—	—
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 period:							
Issuance of common units, net of issue costs (note 13)	82	—	—	—	82	—	82
Units acquired and cancelled through normal course issuer bid (note 13)	(85,482)	—	—	46,397	(39,085)	(9,256)	(48,341)
Units acquired through normal course issuer bid, not cancelled at period end (note 13)	(2,187)	—	—	1,170	(1,017)	(90)	(1,107)
Net loss	—	(107,715)	—	—	(107,715)	—	(107,715)
Other comprehensive loss	—	—	(31,397)	—	(31,397)	—	(31,397)
Distributions	—	(40,140)	—	—	(40,140)	—	(40,140)
Unitholders' equity, June 30, 2023	$ 1,664,340	$ (220,811)	$ 225,192	$ 135,360	$ 1,804,081	$ 196,460	$ 2,000,541

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands of Canadian dollars)

	Note	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Cash provided by (used in):					
Operating activities:					
Net (loss) income		$ (84,954)	$ (19,556)	$ (107,715)	$ 217,457
Adjustments for:					
Interest income on preferred investments received in-kind	6	(5,504)	(4,488)	(13,950)	(4,488)
Distribution income from equity securities	8	(3,161)	(2,169)	(7,244)	(3,175)
Net (income) loss from equity accounted investments	5	(7,604)	(7,310)	5,853	(147,594)
Fair value loss (gain) on investment properties	4	109,100	18,767	136,808	(52,174)
Fair value loss on financial instruments	18	14,269	43,854	31,204	23,661
Unrealized foreign currency translation (gain) loss		(3,782)	2,531	(3,664)	1,310
Deferred taxes		(3,940)	(1,046)	(7,901)	31,024
Other items not affecting cash	20	6,325	6,356	12,763	13,778
Changes in non-cash operating items	20	(2,745)	7,791	(1,495)	4,095
		18,004	44,730	44,659	83,894
Investing activities:					
Proceeds from dispositions of investment properties, net of costs and related debt	3	198,464	46,060	211,993	109,919
Additions to investment properties		(4,795)	(5,932)	(9,748)	(8,819)
Additions to investment properties under development		(5,492)	(22,446)	(13,233)	(33,060)
Additions to tenant inducements and leasing commissions		(8,791)	(15,707)	(20,097)	(26,006)
Contributions to equity accounted investments		(119)	(3)	(587)	(98,881)
Distributions from equity accounted investments		982	728	1,956	2,613
Purchase of preferred investments		—	—	—	(100,000)
Purchases of equity securities		—	(161,522)	—	(221,682)
Proceeds from disposition of equity securities, net of costs		80,433	—	119,671	—
Distributions from equity securities		3,558	1,665	7,883	2,516
Additions to property and equipment		(376)	—	(376)	(21)
Issuances of notes receivable		(95)	(285)	(182)	(423)
Notes receivable principal repayments		652	147	7,030	420
Change in cash held in trust		(1,863)	(5,875)	(3,091)	(6,040)
		262,558	(163,170)	301,219	(379,464)
Financing activities:					
Repayment of mortgages and loans payable		(65,570)	(33,660)	(109,987)	(50,140)
Advance of mortgages and loans payable, net of financing costs		195,955	(350)	255,009	(595)
Issuance of senior unsecured debentures, net of financing costs	11	—	199,236	—	199,236
Advance of revolving credit facilities		85,818	232,659	217,480	507,659
Repayment of revolving credit facilities, including financing costs		(391,580)	(168,834)	(552,796)	(213,361)
Repayment of non-revolving credit facilities, including financing costs		(50,000)	(150)	(50,180)	(100,215)
Repayment of lease liabilities		(79)	(76)	(157)	(151)
Purchase of common units under normal course issuer bid	13	(31,380)	(44,450)	(42,556)	(97,111)
Purchase of preferred units under normal course issuer bid	13	(5,593)	(1,442)	(6,892)	(2,758)
Distributions paid on common units		(16,919)	(17,759)	(43,465)	(80,702)
Distributions paid on preferred units		(2,946)	(4,259)	(6,005)	(8,536)
		(282,294)	160,915	(339,549)	153,326
Foreign exchange (loss) gain on cash held in foreign currency		(481)	949	(498)	518
(Decrease) increase in cash		(2,213)	43,424	5,831	(141,726)
Cash, beginning of period		37,212	36,324	29,168	221,474
Cash, end of period		$ 34,999	$ 79,748	$ 34,999	$ 79,748

See accompanying notes to interim condensed consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022 (Unaudited)

(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 $1.3680 per Series E Unit and $1.74825 per Series I Unit.

Note 2. Material accounting policy information

(a) Basis of presentation and measurement:

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2022, except for those policies and standards adopted as described in note 2 (c). The REIT has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. These interim condensed 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.

These interim condensed consolidated financial statements should be read in conjunction with the REIT's consolidated financial statements for the year ended December 31, 2022.

(b) Use of estimates and judgments:

The preparation of the interim condensed 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. The critical accounting estimates and judgments have been set out in note 2 to the REIT's consolidated financial statements for the year ended December 31, 2022. There have been no changes to the critical accounting estimates and judgments during the six months ended June 30, 2023.

(c) New or revised accounting standards adopted during the period:

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 replaced IFRS 4 *Insurance Contracts*. In June 2020, the IASB issued amendments to IFRS 17 that included changing the effective date to 2023. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. This standard had no impact on the interim condensed consolidated financial statements.

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*. The amendments to IAS 1 replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments had no impact on the interim condensed consolidated financial statements.

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in which it introduces a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments had no impact on the interim condensed consolidated financial statements.

Note 3. Acquisitions and dispositions of investment properties

Acquisitions:

The REIT did not acquire any properties during the three and six months ended June 30, 2023 and 2022.

Dispositions:

The REIT disposed of the following properties during the six months ended June 30, 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

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 $211,993. The assets and liabilities associated with the property were derecognized.

The REIT disposed of the following properties during the six months ended June 30, 2022:

Property	Property count	Location	Disposition date	Asset class
Cancross Office Portfolio	2	Greater Toronto Area, ON	January 20, 2022	Office
2150-2180 Dunwin Drive	1	Greater Toronto Area, ON	March 10, 2022	Industrial
Meadowvale Office	1	Greater Toronto Area, ON	June 24, 2022	Office
Rocky Mountain Business Center	1	Greater Denver Area, CO	June 30, 2022	Industrial

The cash proceeds received from the sale of the above properties, net of costs and related debt, were $109,919. The assets and liabilities associated with the properties were derecognized.

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

Six months ended June 30, 2023	Investment properties	Investment properties under development	Investment properties held for sale
Balance, beginning of period	$ 3,156,206	$ 191,552	$ 335,813
Additions:			
Capital expenditures	9,690	10,614	—
Capitalized interest (1)	—	1,483	—
Leasing commissions	2,898	1,237	99
Straight-line rent adjustments	759	—	572
Tenant inducement additions, net of amortization	3,042	400	155
Disposition	—	—	(287,279)
Foreign currency translation loss	(35,752)	(993)	(3,269)
Fair value loss	(94,776)	(34,385)	(7,647)
Reclassification of investment properties under development	(47,106)	47,106	—
Reclassification of investment properties held for sale	(101,981)	(2,265)	104,246
Balance, end of period	$ 2,892,980	$ 214,749	$ 142,690

(1) During the six months ended June 30, 2023, interest was capitalized to investment properties under development at a weighted-average effective rate of 6.66%.

Year ended December 31, 2022	Investment properties	Investment properties under development	Investment properties held for sale
Balance, beginning of year	$ 3,741,544	$ 195,161	$ 62,904
Additions:			
Acquisitions	5,219	—	—
Reclassification from equity accounted investments (1)	98,930	—	—
Capital expenditures	24,223	60,340	2,399
Capitalized interest (2)	—	1,346	—
Leasing commissions	8,434	258	3,363
Straight-line rent adjustments	966	7	406
Tenant inducement additions, net of amortization	8,277	1,740	1,123
Dispositions	(18,412)	—	(486,517)
Foreign currency translation gain	115,183	956	34,152
Fair value loss	(124,258)	(9,352)	(44,821)
Reclassification of investment properties under development	5,888	(5,888)	—
Reclassification of investment properties held for sale	(709,788)	(53,016)	762,804
Balance, end of year	$ 3,156,206	$ 191,552	$ 335,813

(1) On September 30, 2022, the REIT increased its ownership interest in Park 8Ninety II to 100%.
(2) During the year ended December 31, 2022, interest was capitalized to investment properties under development at a weighted-average effective rate of 4.60%.

The REIT had four industrial properties, four office properties, one retail property and one parcel of development land classified as investment properties held for sale that were actively marketed for sale or under unconditional or conditional sale agreements at June 30, 2023 (December 31, 2022, 10 industrial properties, four office properties, one retail property, two industrial properties under development and two parcels of development land). The properties held for sale had an aggregate mortgage payable balance of $51,556 at June 30, 2023 (December 31, 2022, $72,018). 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 June 30, 2023, included in investment properties was $46,682 (December 31, 2022, $48,962) of net straight-line rent receivables arising from the recognition of rental income on a straight-line basis over the lease term.

Investment properties include right-of-use assets held under a lease with an aggregate fair value of $10,442 at June 30, 2023 (December 31, 2022, $10,420). The lease payments required under this lease were fully paid at the time of acquisition of the property.

At June 30, 2023, investment properties with a fair value of $1,590,721 (December 31, 2022, $1,649,162) were pledged as security under mortgage agreements.

The REIT obtains external valuations for a selection of properties representing various geographical regions and asset classes across its portfolio. For the six months ended June 30, 2023, 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 $342,922 (year ended December 31, 2022, $613,315), 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 six months ended June 30, 2023 and the year ended December 31, 2022.

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.

The current global macroeconomic environment has created estimation uncertainty in the determination of the fair values of investment properties as at June 30, 2023. The REIT has reviewed the valuation of its properties in light of the difficulty in anticipating the impact of factors including, but not limited to, inflationary pressures, rising interest rates, and labour and supply shortages, on property cash flows and capitalization rates. As a result of this estimation uncertainty, there is a risk that the assumptions used to determine fair values as at June 30, 2023 may change as more information becomes available, resulting in a material adjustment to the fair values of investment properties in future reporting periods.

Under the fair value hierarchy, the fair value of the REIT's investment properties is considered a Level 3, as described in note 26.

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

	June 30, 2023			December 31, 2022		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Canada:						
Discount rate	10.00 %	5.25 %	7.30 %	9.50 %	5.00 %	7.21 %
Terminal capitalization rate	9.50 %	4.00 %	6.32 %	9.00 %	3.75 %	6.23 %
Capitalization rate	9.50 %	4.00 %	6.34 %	8.75 %	3.75 %	6.20 %
Investment horizon (years)	12.0	10.0	10.4	12.0	10.0	10.4
U.S.:						
Discount rate	10.00 %	6.50 %	8.13 %	10.00 %	6.00 %	7.82 %
Terminal capitalization rate	8.25 %	5.50 %	7.05 %	8.25 %	5.25 %	6.79 %
Capitalization rate	8.50 %	5.25 %	6.96 %	8.25 %	5.00 %	6.66 %
Investment horizon (years)	12.0	10.0	10.3	12.0	10.0	10.4
Total portfolio:						
Discount rate	10.00 %	5.25 %	7.65 %	10.00 %	5.00 %	7.48 %
Terminal capitalization rate	9.50 %	4.00 %	6.64 %	9.00 %	3.75 %	6.48 %
Capitalization rate	9.50 %	4.00 %	6.60 %	8.75 %	3.75 %	6.40 %
Investment horizon (years)	12.0	10.0	10.3	12.0	10.0	10.4

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

Note 5. Equity accounted investments

The REIT has the following equity accounted investments:

	Principal purpose	Location	Ownership interest June 30, 2023	Ownership interest December 31, 2022
Associates:				
Iris Acquisition II LP ("Iris")	Investment in Cominar Real Estate Investment Trust	Greater Montreal & Quebec City Areas, QC/Greater Ottawa Area, ON	32.64 %	32.64 %
Park Lucero East	Investment property	Greater Phoenix Area, AZ	10.00 %	10.00 %
Joint ventures:				
Park 8Ninety V	Investment property	Greater Houston Area, TX	95.00 %	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 %

During the six months ended June 30, 2023, the REIT contributed $587 to Corridor Park, Park Lucero East, The Point at Inverness and Park 8Ninety V equity accounted investments.

The REIT is contingently liable for the obligations of certain associates and joint ventures. As at June 30, 2023, the co-owners' share of mortgage liabilities was $53,583 (December 31, 2022, $49,982). Management has assessed that the assets available from its associates and 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:

	June 30, 2023				December 31, 2022			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Non-current assets:								
Investment properties	$ 648,282	$ 12,080	$ 257,465	$ 917,827	$ 666,538	$ —	$ 212,794	$ 879,332
Investment properties under development	—	—	—	—	—	12,452	—	12,452
Other non-current assets	13,237	—	574	13,811	7,611	—	823	8,434
Current assets:								
Investment properties held for sale	69,009	—	—	69,009	102,119	—	19,303	121,422
Other current assets	12,264	144	5,387	17,795	20,055	50	7,019	27,124
Total assets	742,792	12,224	263,426	1,018,442	796,323	12,502	239,939	1,048,764
Non-current liabilities:								
Mortgages, loans and other debt	519,355	4,649	27,496	551,500	435,007	4,255	59,159	498,421
Current liabilities:								
Mortgages, loans and other debt	85,335	—	38,580	123,915	192,715	—	959	193,674
Other current liabilities	21,376	157	5,487	27,020	22,416	178	8,025	30,619
Total liabilities	626,066	4,806	71,563	702,435	650,138	4,433	68,143	722,714
REIT's share of net assets of equity accounted investments	$ 116,726	$ 7,418	$ 191,863	$ 316,007	$ 146,185	$ 8,069	$ 171,796	$ 326,050

	Three months ended June 30, 2023				Three months ended June 30, 2022			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Revenue	$ 23,987	$ 67	$ 4,616	$ 28,670	$ 26,232	$ —	$ 4,419	$ 30,651
Operating expenses	12,340	9	1,821	14,170	13,401	—	1,812	15,213
Net operating income	11,647	58	2,795	14,500	12,831	—	2,607	15,438
Fair value (loss) gain on investment properties	(6,594)	(577)	20,328	13,157	872	—	8,777	9,649
Other expenses and income, net	(19,209)	(93)	(751)	(20,053)	(17,134)	—	(643)	(17,777)
Net (loss) income from equity accounted investments	$ (14,156)	$ (612)	$ 22,372	$ 7,604	$ (3,431)	$ —	$ 10,741	$ 7,310

	Six months ended June 30, 2023				Six months ended June 30, 2022			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Revenue	$ 49,436	$ 85	$ 8,220	$ 57,741	$ 34,907	$ —	$ 8,421	$ 43,328
Operating expenses	26,322	18	3,508	29,848	18,143	—	3,557	21,700
Net operating income	23,114	67	4,712	27,893	16,764	—	4,864	21,628
Fair value (loss) gain on investment properties	(8,959)	(481)	20,906	11,466	456	—	39,949	40,405
Bargain purchase gain	—	—	—	—	111,652	—	—	111,652
Other expenses and income, net	(43,615)	(176)	(1,421)	(45,212)	(28,999)	—	(1,405)	(30,404)
REIT's share of net (loss) income	(29,460)	(590)	24,197	(5,853)	99,873	—	43,408	143,281
Deferred tax impact of temporary differences in Iris [(1)]	—	—	—	—	4,313	—	—	4,313
Net (loss) income from equity accounted investments	$ (29,460)	$ (590)	$ 24,197	$ (5,853)	$ 104,186	$ —	$ 43,408	$ 147,594

(1) The REIT's investment in Iris is through a taxable subsidiary. This adjustment reflects the estimated deferred income tax impact, primarily as a result of temporary differences relating to transaction costs and fair value adjustments.

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) income from Iris.

	June 30, 2023	December 31, 2022
Amounts in Iris's financial statements at 100%:		
Non-current assets	$ 2,026,708	$ 2,065,407
Current assets	249,002	374,303
Non-current liabilities	(1,591,161)	(1,332,743)
Current liabilities	(326,880)	(659,040)
Net assets	357,669	447,927
REIT's ownership percentage	32.64 %	32.64 %
REIT's share of net assets in Iris	$ 116,726	$ 146,185

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Period March 1 to June 30, 2022 (1)
Amounts in Iris's financial statements at 100%:				
Revenue	$ 73,491	$ 80,368	$ 151,461	$ 106,946
Operating expenses	(37,805)	(41,057)	(80,642)	(55,589)
Bargain purchase gain	—	—	—	342,072
Other expenses	(79,059)	(49,821)	(161,077)	(83,577)
Net (loss) income	(43,373)	(10,510)	(90,258)	309,852
REIT's ownership percentage	32.64 %	32.64 %	32.64 %	32.64 %
REIT's share of net (loss) income before adjustments	(14,156)	(3,431)	(29,460)	101,136
Adjustments:				
Equity issue costs deducted from equity	—	—	—	(1,263)
Deferred tax impact of temporary differences in Iris (2)	—	—	—	4,313
REIT's share of net (loss) income from Iris	$ (14,156)	$ (3,431)	$ (29,460)	$ 104,186

(1) The REIT acquired common equity units of Iris on March 1, 2022.

(2) The REIT's investment in Iris is through a taxable subsidiary. This adjustment reflects the estimated deferred income tax impact, primarily as a result of temporary differences relating to transaction costs and fair value adjustments.

Note 6. Preferred investments

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

	Six months ended June 30, 2023	Year ended December 31, 2022
Balance, beginning of period	$ 114,184	$ —
Contributions	—	100,000
In-kind units received through distributions	13,950	14,184
Balance, end of period	$ 128,134	$ 114,184

During the three and six months ended June 30, 2023, the REIT received income from preferred investments of $5,504 and $13,950, comprised of in-kind junior preferred units (three and six months ended June 30, 2022, $4,488 in units and $6,017 in cash and units).

Note 7. Joint operations

The REIT has interests in the following joint operations:

			Ownership interest	
Property	Location	Principal purpose	June 30, 2023	December 31, 2022
Cliveden Building	Greater Vancouver Area, BC	Investment property	50.00 %	50.00 %
Kincaid Building	Greater Vancouver Area, BC	Investment property	50.00 %	50.00 %

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 is contingently liable for the obligations of certain joint operations. As at June 30, 2023, the co-owners' share of mortgage liabilities was $3,930 (December 31, 2022, $4,097). Management has assessed that the assets available from its joint operations are sufficient for the purpose of satisfying such obligations.

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.

	Six months ended June 30, 2023	Year ended December 31, 2022
Balance, beginning of period	$ 316,768	$ 77,186
Purchases	—	335,971
Dispositions	(119,671)	(41,469)
Reclassified to equity accounted investments	—	(13,488)
Fair value loss (note 18)	(28,234)	(41,432)
Balance, end of period	$ 168,863	$ 316,768

For the three and six months ended June 30, 2023, the REIT earned distribution income of $3,161 and $7,244 (2022, $2,169 and $3,175) and incurred commissions, service and professional fees of $297 and $502 (2022, $493 and $684), inclusive of services fees paid to Sandpiper (note 21).

Note 9. Accounts receivable and other receivables

	June 30, 2023	December 31, 2022
Rents receivable	$ 7,994	$ 5,229
Deferred rents receivable	186	238
Allowance for doubtful accounts	(1,934)	(2,187)
Accrued recovery income	3,326	3,470
Other receivables	7,582	10,557
	17,154	17,307

Refer to note 25 for further discussion on credit risk and allowance for doubtful accounts.

Note 10. Mortgages and loans payable

	June 30, 2023	December 31, 2022
Mortgages and loans payable	$ 926,712	$ 866,736
Net above- and below-market mortgage adjustments	309	782
Financing costs	(4,157)	(2,820)
	922,864	864,698
Current portion	366,308	476,129
Non-current portion	$ 556,556	$ 388,569

Certain of the REIT's investment properties have been pledged as security under mortgages and other security agreements. As at June 30, 2023, 28.2% of the REIT's mortgages and loans payable bear interest at fixed rates (December 31, 2022, 38.6%), and a further 19.8% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place (December 31, 2022, 25.1%). The weighted-average effective rate on all mortgages and loans payable was 5.88% and the weighted-average nominal rate was 5.48% at June 30, 2023 (December 31, 2022, 4.84% and 4.46%, respectively). Maturity dates range from July 1, 2023 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 11. 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 D	September 18, 2020	September 18, 2023	3.824 %
Series E	April 29, 2022	April 29, 2025	5.600 %

	Face value	Unamortized financing costs	Carrying value	Current portion	Non-current portion
Series D	$ 250,000	$ (85)	$ 249,915	$ 249,915	$ —
Series E	200,000	(504)	199,496	—	199,496
June 30, 2023	$ 450,000	$ (589)	$ 449,411	$ 249,915	$ 199,496
December 31, 2022	450,000	(909)	449,091	249,723	199,368

On September 18, 2020, the REIT issued 3.824% Series D senior unsecured debentures for gross proceeds of $250,000. Interest is payable semi-annually on September 18 and March 18 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. The debentures rank equally with all other indebtedness of the REIT.

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. The debentures rank equally with all other indebtedness of the REIT.

During the three and six months ended June 30, 2023, financing cost amortization of $161 and $320 (2022, $134 and $226) 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 D and Series E senior unsecured debenture supplemental indentures, the REIT must maintain various financial covenants. As at June 30, 2023, the REIT was in compliance with these requirements.

Note 12. Credit facilities

The REIT's unsecured credit facilities are summarized as follows:

		June 30, 2023			December 31, 2022		
	Borrowing capacity	Amounts drawn	Available to be drawn [(1)]	Amounts drawn	Available to be drawn	Applicable interest rates
Revolving facilities maturing December 14, 2024	$ 400,000	$ 107,500	$ 292,500	$ 375,346	$ 24,654	BA rate plus 1.70% or prime plus 0.70% or adjusted SOFR plus 1.70% or U.S. base rate plus 0.70%
Revolving facility maturing April 29, 2025	280,000	156,476	123,524	226,588	73,412	BA rate plus 1.70% or prime plus 0.70% or adjusted SOFR plus 1.70% or U.S. base rate plus 0.70%
Non-revolving facility matured April 3, 2023	—	—	—	50,000	—	BA rate plus 1.70% or prime plus 0.70%
Non-revolving facility maturing February 6, 2024	100,000	100,000	—	100,000	—	BA rate plus 1.70% or prime plus 0.70%
Non-revolving facility maturing July 18, 2024	150,000	150,000	—	150,000	—	BA rate plus 1.70% or prime plus 0.70%
Financing costs		(831)		(775)		
Total credit facilities	$ 930,000	$ 513,145	$ 416,024	$ 901,159	$ 98,066	
Current portion		99,965		526,424		
Non-current portion		$ 413,180		$ 374,735		

(1) Under the terms of the revolving credit facilities, the REIT must maintain a minimum unencumbered property assets to consolidated unsecured indebtedness ratio of 1.4. As at June 30, 2023, the total borrowing capacity of the revolving credit facilities was limited to $519,651.

The unsecured revolving term credit facilities in the aggregate amount of $680,000 can be utilized for general corporate and working capital purposes, short-term financing of investment property acquisitions and the issuance of letters of credit. The REIT can draw on the facilities in Canadian or US dollars. On February 28, 2023, the revolving term credit facilities agreement was amended to reduce the second tranche of the facilities from $300,000 to $280,000 and extend the maturity date to April 29, 2025. The interest rate on US dollar term advances for all revolving credit facilities was amended to adjusted SOFR plus 1.70%, in place of the previous LIBOR plus 1.70% rate. In addition, the amended and restated agreement provides for CORRA as the Canadian benchmark replacement rate on Canadian dollar term advances when the publication of CDOR ceases on June 28, 2024.

All non-revolving credit facilities can be utilized for general corporate and working capital purposes, property acquisitions and development financing. On January 31, 2023, the REIT entered into an amended agreement to extend the maturity date of the $100,000 non-revolving credit facility to February 6, 2024. On February 28, 2023, the REIT entered into another amended agreement to extend the maturity date of the $150,000 non-revolving credit facility to July 18, 2024 and to provide for CORRA as the Canadian benchmark replacement rate on all Canadian dollar term advances when the publication of CDOR ceases on June 28, 2024. On April 3, 2023, the $50,000 non-revolving credit facility was fully repaid upon maturity.

For purposes of the credit facilities, the REIT must maintain various financial covenants. As at June 30, 2023, the REIT was in compliance with these requirements.

Note 13. 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, 2021	123,544,536	$	1,865,983
Restricted units redeemed	20,974		230
Units acquired and cancelled through normal course issuer bid	(8,134,776)		(123,195)
Units acquired through normal course issuer bid, not cancelled at year end	(21,500)		(325)
Special distribution in units [1]	—		9,234
Balance at December 31, 2022	115,409,234		1,751,927
Restricted units redeemed	10,734		82
Units acquired and cancelled through normal course issuer bid	(5,631,094)		(85,482)
Units acquired through normal course issuer bid, not cancelled at period end	(144,044)		(2,187)
Balance at June 30, 2023	109,644,830	$	1,664,340

(1) The common units issued as part of the special distribution declared on December 31, 2022 were consolidated such that each unitholder held the same number of units after the consolidation as each unitholder held prior to the special non-cash distribution.

(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 A	Series E	Series I	Total
Number of units outstanding at December 31, 2021	3,295,600	3,699,510	4,965,540	11,960,650
Units acquired and cancelled through normal course issuer bid	(47,300)	(92,200)	(66,700)	(206,200)
Units acquired through normal course issuer bid, not cancelled at year end	—	(2,200)	(2,100)	(4,300)
Preferred units redeemed	(3,248,300)	—	—	(3,248,300)
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	—	(306,700)	(76,400)	(383,100)
Units acquired through normal course issuer bid, not cancelled at period end	—	(1,700)	(2,000)	(3,700)
Number of units outstanding at June 30, 2023	—	3,296,710	4,818,340	8,115,050

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

	Series A	Series E	Series I	Total
Annual distribution rate	5.662%	5.472%	6.993% (1)	
Distribution rate reset date	—	September 30, 2023	April 30, 2028	
Carrying value at December 31, 2021	$ 78,468	$ 89,285	$ 120,468	$ 288,221
Units acquired and cancelled through normal course issuer bid	(1,126)	(2,226)	(1,617)	(4,969)
Units acquired through normal course issuer bid, not cancelled at year end	—	(53)	(51)	(104)
Preferred units redeemed	(77,342)	—	—	(77,342)
Carrying value at December 31, 2022	—	87,006	118,800	205,806
Units acquired and cancelled through normal course issuer bid	—	(7,402)	(1,854)	(9,256)
Units acquired through normal course issuer bid, not cancelled at period end	—	(41)	(49)	(90)
Carrying value at June 30, 2023	$ —	$ 79,563	$ 116,897	$ 196,460
Face value at June 30, 2023	$ —	$ 82,418	$ 120,459	$ 202,877
Face value at December 31, 2022	—	90,128	122,419	212,547

(1) On May 1, 2023, the annual distribution rate for the Series I Units was reset to 6.993% for the five-year period ending April 30, 2028. Prior to May 1, 2023, the annual distribution rate was 6.000%.

The REIT may redeem the Series E Units and Series I Units on the respective distribution rate reset date and every five years thereafter. The holders of the Series E Units and Series I Units have the right to reclassify their Units into Series F Units and Series J Units, respectively, on the distribution rate reset date and 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 common units.

(c) Normal course issuer bid:

On December 15, 2022, 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, 2022 as follows:

	Public float	10% of public float
Common units	78,609,420	7,860,942
Preferred unit series:		
Series E	3,610,010	361,001
Series I	4,805,340	480,534

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, 2023, or the date on which the REIT has purchased the maximum number of units permitted under the bid. During the six months ended June 30, 2023, the REIT acquired 5,775,138 common units at market prices aggregating $42,556, resulting in contributed surplus of $45,113, which was the excess of stated capital over redemption proceeds. During the six months ended June 30, 2023, the REIT also acquired 308,400 and 78,400 Series E and I Units, respectively, at market prices aggregating $6,892, resulting in contributed surplus of $2,454, which was the excess of stated capital over redemption proceeds.

During the year ended December 31, 2022, the REIT acquired 8,156,276 common units at market prices aggregating $100,572, resulting in contributed surplus of $22,948, which was the excess of stated capital over redemption proceeds. During the year ended December 31, 2022, the REIT also acquired 47,300, 94,400 and 68,800 Series A, E and I Units, respectively, at market prices aggregating $5,087, resulting in reduction of contributed surplus of $14, which was the excess of redemption proceeds over stated capital.

(d) Short form base shelf prospectus:

On October 18, 2021, the REIT issued a short form base shelf prospectus. The REIT may from time to time during the 25-month period that this short form base shelf prospectus is valid, offer and issue the following securities up to a maximum of $1,000,000 (i) common units of the REIT; (ii) preferred units, which may be issuable in series; (iii) debt securities, which may consist of debentures, notes or other types of debt and may be issuable in series; (iv) unit purchase warrants; and (v) subscription receipts to purchase trust securities. As at June 30, 2023, the REIT had not issued any securities under this short form base shelf prospectus.

(e) Weighted-average common units:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Net (loss) income	$ (84,954)	$ (19,556)	$ (107,715)	$ 217,457
Adjustment for distributions to preferred unitholders (note 14)	(3,133)	(4,259)	(6,192)	(8,536)
Net (loss) income attributable to common unitholders	(88,087)	(23,815)	(113,907)	208,921
Adjustment for restricted units	—	(212)	(521)	124
Adjustment for deferred units	—	(399)	(417)	(395)
Diluted net (loss) income attributable to common unitholders	$ (88,087)	$ (24,426)	$ (114,845)	$ 208,650
The weighted-average number of common units outstanding was as follows:				
Basic common units	112,721,748	118,364,595	114,051,554	120,116,779
Effect of dilutive securities:				
Restricted units	—	425,446	431,084	391,093
Deferred units	—	164,957	243,755	158,371
Diluted common units	112,721,748	118,954,998	114,726,393	120,666,243
Net (loss) income per unit attributable to common unitholders:				
Basic	$ (0.78)	$ (0.20)	$ (1.00)	$ 1.74
Diluted	(0.78)	(0.21)	(1.00)	1.73

The computation of diluted net (loss) income per unit attributable to common unitholders includes restricted units and deferred units when these instruments are dilutive. For the three months ended June 30, 2023, restricted units and deferred units were anti-dilutive, for an aggregate total of 720,258 units. For the six months ended June 30, 2023 and the three and six months ended June 30, 2022, there were no anti-dilutive units.

Note 14. Distributions to unitholders

Total distributions declared to unitholders were as follows:

	Three months ended June 30, 2023		Three months ended June 30, 2022	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	$ 16,705	$ 0.15	$ 17,582	$ 0.15
Preferred unitholders - Series A	—	—	1,152	0.35
Preferred unitholders - Series E	1,127	0.34	1,245	0.34
Preferred unitholders - Series I	2,006	0.42	1,862	0.38

	Six months ended June 30, 2023		Six months ended June 30, 2022	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	$ 33,948	$ 0.30	$ 35,653	$ 0.30
Preferred unitholders - Series A	—	—	2,312	0.71
Preferred unitholders - Series E	2,353	0.68	2,500	0.68
Preferred unitholders - Series I	3,839	0.79	3,724	0.75

Note 15. Revenue

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Base rent	$ 55,471	$ 60,018	$ 113,668	$ 119,398
Operating cost and realty tax recoveries	31,170	33,083	66,184	68,802
Parking and other revenue	2,946	2,453	5,498	4,912
Tenant inducements amortized to revenue	(6,146)	(6,429)	(12,392)	(12,835)
Straight-line rent adjustments	784	243	1,331	531
Lease termination income	53	1,687	244	3,488
Rental revenue from investment properties	84,278	91,055	$ 174,533	$ 184,296

Refer to note 22 for a disaggregation of revenue by reportable geographical region.

Note 16. Interest and other income

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest on junior preferred units of Iris (note 6)	$ 5,504	$ 4,488	$ 13,950	$ 6,017
Interest on notes receivable	365	430	738	872
Other	216	98	234	1,205
	$ 6,085	$ 5,016	$ 14,922	$ 8,094

Note 17. Interest expense

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest on mortgages and loans payable	$ 11,560	$ 8,626	$ 21,803	$ 16,937
Interest on senior unsecured debentures	5,141	4,292	10,279	6,663
Interest on credit facilities	12,887	6,403	26,608	11,269
Amortization of above- and below-market mortgages, net	(231)	(219)	(464)	(437)
Amortization of financing costs	876	801	1,739	1,528
	$ 30,233	$ 19,903	$ 59,965	$ 35,960

Note 18. Fair value loss on financial instruments

The REIT recorded (losses) gains on the following:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest rate swaps	$ (889)	$ 4,498	$ (2,481)	$ 15,033
Other derivatives	(166)	772	(489)	375
Equity securities (note 8)	(13,214)	(49,124)	(28,234)	(39,069)
	$ (14,269)	$ (43,854)	$ (31,204)	$ (23,661)

Note 19. 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 six months ended June 30, 2023 and the year ended December 31, 2022.

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:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Current income tax expense	$ (383)	$ (264)	$ (457)	$ (358)
Deferred income tax recovery (expense), net	3,940	1,054	7,901	(30,819)
Income tax recovery (expense)	$ 3,557	$ 790	$ 7,444	$ (31,177)

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

	June 30, 2023	December 31, 2022
Equity accounted investment	$ 1,423	$ 9,323
Property and equipment	170	183
Other	25	19
Deferred tax liabilities	$ 1,618	$ 9,525

Note 20. Supplemental cash flow information

(a) Other items not affecting cash:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Tenant inducements amortized to revenue	$ 6,146	$ 6,429	$ 12,392	$ 12,835
Straight-line rent adjustments	(784)	(243)	(1,331)	(531)
Depreciation of property and equipment	287	314	601	628
Unit-based compensation	31	(726)	(174)	(245)
Amortization of above- and below-market mortgages, net	(231)	(219)	(464)	(437)
Amortization of financing costs included in interest expense	876	801	1,739	1,528
	$ 6,325	$ 6,356	$ 12,763	$ 13,778

(b) Changes in non-cash operating items:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Prepaid expenses and other assets	(5,526)	(2,144)	$ (7,920)	$ (1,434)
Accounts receivable and other receivables	(1,815)	644	(664)	301
Security deposits and prepaid rent	(1,954)	546	(1,224)	2,282
Accounts payable and other liabilities	6,550	8,745	8,313	2,946
	$ (2,745)	$ 7,791	$ (1,495)	$ 4,095

(c) Other supplemental cash flow information:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest paid	$ 29,557	$ 14,189	$ 57,713	$ 31,788
Interest received	587	1,773	940	2,197
Income taxes paid	349	245	311	437

Note 21. Related party transactions

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 entered into 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:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Space sharing licence costs	$ 32	$ 31	$ 63	$ 62
Service fees	273	290	688	410
	$ 305	$ 321	$ 751	$ 472

Amounts payable to Sandpiper were $273 as at June 30, 2023 (December 31, 2022, $446).

In connection with the investment in Iris on March 1, 2022, the REIT entered into two joint ventures, ICE LP and ICE II LP, with Sandpiper and an affiliate of Sandpiper. As at June 30, 2023, the REIT had a balance payable to ICE II LP of $489 (December 31, 2022, $738).

Note 22. 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.

	Three months ended June 30, 2023				
	Canada	U.S.	REIT [(1)]	Equity accounted investment properties adjustment [(2)]	Total
Revenue	$ 40,994	$ 48,051	$ (84)	$ (4,683)	$ 84,278
Expenses:					
Property operating	12,569	12,267	—	(1,124)	23,712
Realty taxes	6,076	8,329	—	(706)	13,699
Total operating expenses	18,645	20,596	—	(1,830)	37,411
Net operating income	22,349	27,455	(84)	(2,853)	46,867
Other income (expenses):					
Interest and other income	20	148	5,929	(12)	6,085
Distribution income from equity securities	—	—	3,161	—	3,161
Interest expense	(3,958)	(8,904)	(18,473)	1,102	(30,233)
Corporate expenses	—	—	(2,010)	—	(2,010)
Equity securities expenses	—	—	(297)	—	(297)
Net (loss) income from equity accounted investments	—	—	(13,910)	21,514	7,604
Fair value loss on investment properties	(19,328)	(70,021)	—	(19,751)	(109,100)
Fair value loss on financial instruments	—	—	(14,269)	—	(14,269)
Foreign currency translation gain	—	—	3,681	—	3,681
Loss before income taxes	(917)	(51,322)	(36,272)	—	(88,511)
Income tax (expense) recovery	—	(349)	3,906	—	3,557
Net loss	$ (917)	$ (51,671)	$ (32,366)	$ —	$ (84,954)
Additions to investment properties, investment properties under development and investment properties held for sale	$ 6,101	$ 6,092	$ —	$ (301)	$ 11,892
Additions to tenant inducements	1,615	6,241	—	(1,672)	6,184
Additions to leasing commissions	343	7,152	—	(4,888)	2,607

(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.

	Three months ended June 30, 2022				
	Canada	U.S.	REIT [1]	Equity accounted investment properties adjustment [2]	Total
Revenue	$ 41,410	$ 54,008	$ 56	$ (4,419)	$ 91,055
Expenses:					
Property operating	11,519	13,044	—	(1,006)	23,557
Realty taxes	6,098	9,781	—	(806)	15,073
Total operating expenses	17,617	22,825	—	(1,812)	38,630
Net operating income	23,793	31,183	56	(2,607)	52,425
Other income (expenses):					
Interest and other income	8	131	4,879	(2)	5,016
Distribution income from equity securities	—	—	2,169	—	2,169
Interest expense	(3,584)	(6,169)	(11,103)	953	(19,903)
Corporate expenses	—	—	(1,676)	—	(1,676)
Equity securities expenses	—	—	(493)	—	(493)
Net (loss) income from equity accounted investments	—	—	(3,106)	10,416	7,310
Fair value gain (loss) on investment properties	21,045	(31,035)	—	(8,777)	(18,767)
Fair value loss on financial instruments	—	—	(43,854)	—	(43,854)
Foreign currency translation loss	—	—	(2,573)	—	(2,573)
Income (loss) before income taxes	41,262	(5,890)	(55,701)	(17)	(20,346)
Income tax (expense) recovery	—	(263)	1,036	17	790
Net income (loss)	$ 41,262	$ (6,153)	$ (54,665)	$ —	$ (19,556)
Additions to investment properties, investment properties under development and investment properties held for sale	$ 13,887	$ 18,844	$ —	$ (1,757)	$ 30,974
Additions to tenant inducements	884	12,260	—	(458)	12,686
Additions to leasing commissions	402	2,856	—	(237)	3,021

(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.

Six months ended June 30, 2023					
	Canada	U.S.	REIT (1)	Equity accounted investment properties adjustment (2)	Total
Revenue	$ 84,401	$ 98,486	$ (49)	$ (8,305)	$ 174,533
Expenses:					
Property operating	26,161	26,888	—	(2,116)	50,933
Realty taxes	13,144	16,938	—	(1,410)	28,672
Total operating expenses	39,305	43,826	—	(3,526)	79,605
Net operating income	45,096	54,660	(49)	(4,779)	94,928
Other income (expenses):					
Interest and other income	42	293	14,608	(21)	14,922
Distribution income from equity securities	—	—	7,244	—	7,244
Interest expense	(6,956)	(17,295)	(37,820)	2,106	(59,965)
Corporate expenses	—	—	(3,458)	—	(3,458)
Equity securities expenses	—	—	(502)	—	(502)
Net loss from equity accounted investments	—	—	(28,972)	23,119	(5,853)
Fair value loss on investment properties	(26,390)	(89,993)	—	(20,425)	(136,808)
Fair value loss on financial instruments	—	—	(31,204)	—	(31,204)
Foreign currency translation gain	—	—	5,537	—	5,537
Income (loss) before income taxes	11,792	(52,335)	(74,616)	—	(115,159)
Income tax (expense) recovery	—	(455)	7,899	—	7,444
Net income (loss)	$ 11,792	$ (52,790)	$ (66,717)	$ —	$ (107,715)
Additions to investment properties, investment properties under development and investment properties held for sale	$ 12,622	$ 8,738	$ —	$ (1,056)	$ 20,304
Additions to tenant inducements	3,001	14,727	—	(1,865)	15,863
Additions to leasing commissions	780	8,490	—	(5,036)	4,234

June 30, 2023					
	Canada	U.S.	REIT	Equity accounted investment properties adjustment (2)	Total
Total assets	$ 1,756,343	$ 1,836,955	$ 466,061	$ (75,878)	$ 3,983,481
Total liabilities	470,434	597,196	991,188	(75,878)	1,982,940

(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.

	Canada	U.S.	REIT [1]	Equity accounted investment properties adjustment [2]	Total
					Six months ended June 30, 2022
Revenue	$ 85,223	$ 107,436	$ 58	$ (8,421)	$ 184,296
Expenses:					
Property operating	24,864	26,650	—	(1,967)	49,547
Realty taxes	13,080	19,372	—	(1,590)	30,862
Total operating expenses	37,944	46,022	—	(3,557)	80,409
Net operating income	47,279	61,414	58	(4,864)	103,887
Other income (expenses):					
Interest and other income	13	265	7,819	(3)	8,094
Distribution income from equity securities	—	—	3,175	—	3,175
Interest expense	(7,339)	(11,627)	(18,710)	1,716	(35,960)
Corporate expenses	—	—	(4,675)	—	(4,675)
Equity securities expenses	—	—	(684)	—	(684)
Net income from equity accounted investments	—	—	104,511	43,083	147,594
Fair value gain on investment properties	43,883	48,240	—	(39,949)	52,174
Fair value loss on financial instruments	—	—	(23,661)	—	(23,661)
Foreign currency translation loss	—	—	(1,310)	—	(1,310)
Income before income taxes	83,836	98,292	66,523	(17)	248,634
Income tax expense	—	(423)	(30,771)	17	(31,177)
Net income	$ 83,836	$ 97,869	$ 35,752	$ —	$ 217,457
Additions to investment properties, investment properties under development and investment properties held for sale	$ 23,432	$ 25,604	$ —	$ (2,764)	$ 46,272
Additions to tenant inducements	3,591	18,030	—	(1,013)	20,608
Additions to leasing commissions	744	5,115	—	(461)	5,398

	Canada	U.S.	REIT	Equity accounted investment properties adjustment [2]	Total
					December 31, 2022
Total assets	$ 1,897,378	$ 2,098,827	$ 629,546	$ (71,838)	$ 4,553,913
Total liabilities	372,166	634,781	1,389,645	(71,838)	2,324,754

(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 23. Contingencies and guarantees

(a) Letters of credit:

As at June 30, 2023, the REIT had issued letters of credit in the amount of $63 (December 31, 2022, $63).

(b) 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 interim condensed consolidated financial statements.

(c) Guarantees:

At June 30, 2023, the REIT has guaranteed certain debt assumed by purchasers in connection with the dispositions of two properties (December 31, 2022, 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 June 30, 2023 was $55,683 (December 31, 2022, $41,639), with an estimated weighted-average remaining term of 3.4 years (December 31, 2022, 0.4 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 interim condensed consolidated financial statements.

Note 24. 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 June 30, 2023, the ratio of indebtedness to gross book value was 47.2% (December 31, 2022, 48.5%), 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 June 30, 2023, the REIT is in compliance with the requirement in the Declaration of Trust.

The total managed capital for the REIT is summarized below:

	Note		June 30, 2023		December 31, 2022
Mortgages and loans payable	10	$	922,864	$	864,698
Senior unsecured debentures	11		449,411		449,091
Credit facilities	12		513,145		901,159
Total debt			1,885,420		2,214,948
Unitholders' equity			2,000,541		2,229,159
		$	3,885,961	$	4,444,107

Note 25. 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 June 30, 2023, the REIT had variable rate debt, including credit facilities, of $1,179,337 (December 31, 2022, $1,434,072). At June 30, 2023, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $183,189 of variable rate debt (December 31, 2022, $217,136).

(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 1.3356 and 1.3436 for the three and six months ended June 30, 2023, and the period end exchange rate of 1.3240 at June 30, 2023, would have decreased net loss by $14,077 and $15,161 for the three and six months ended June 30, 2023. A $0.10 weakening in the US dollar against the Canadian dollar would have increased other comprehensive loss by approximately $101,523 and $102,607 for the three and six months ended June 30, 2023. 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 and retail asset classes, and geographically diversified with properties owned across five Canadian provinces and five 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 $153 and $156 during the three and six months ended June 30, 2023 (2022, $319 and $335).

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.

(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 June 30, 2023 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	$ 69,943	$ 69,943	$ —	$ —	$ —
Lease liabilities	1,079	308	306	299	166
Credit facilities	513,976	100,000	413,976	—	—
Senior unsecured debentures	450,000	250,000	200,000	—	—
Mortgages and loans payable	926,712	418,354	406,498	72,670	29,190
	$ 1,961,710	$ 838,605	$ 1,020,780	$ 72,969	$ 29,356

Note 26. 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.

There were no transfers of assets or liabilities between hierarchy levels during the six months ended June 30, 2023 and the year ended December 31, 2022.

		June 30, 2023		December 31, 2022	
	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Assets:					
Investment properties	Level 3	$ 2,892,980	$ 2,892,980	$ 3,156,206	$ 3,156,206
Investment properties under development	Level 3	214,749	214,749	191,552	191,552
Preferred investments	Level 2	128,134	121,991	114,184	113,239
Equity securities	Level 1	168,863	168,863	316,768	316,768
Notes receivable	Level 2	31,986	29,734	38,695	36,212
Investment properties held for sale	Level 3	142,690	142,690	335,813	335,813
Derivative instruments	Level 2	3,320	3,320	5,885	5,885
		3,582,722	3,574,327	4,159,103	4,155,675
Liabilities:					
Mortgages and loans payable	Level 2	922,864	910,837	864,698	842,138
Senior unsecured debentures	Level 2	449,411	439,124	449,091	436,609
Credit facilities	Level 2	513,145	513,976	901,159	901,934
Derivative instruments	Level 2	478	478	—	—
		1,885,898	1,864,415	2,214,948	2,180,681
		$ 1,696,824	$ 1,709,912	$ 1,944,155	$ 1,974,994

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 preferred investments, 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.

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.

Note 27. Subsequent events

The following events occurred subsequent to June 30, 2023:

- The REIT drew a net balance of $8,000 and $6,608 (US$5,000) on its revolving term credit facilities.
- The REIT repaid mortgage financing in the amount of $12,336 (US$9,335).
- The REIT purchased through the NCIB 500,088 common units at a weighted-average price of $7.04, 12,500 Series E Units at a weighted-average price of $17.43 and 85,400 Series I Units at a weighted-average price of $18.57.
- The REIT sold equity securities for aggregate net proceeds of $816.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the month of July 2023.
- The REIT declared a quarterly cash distribution of $0.4370625 per Series I Unit for the three months ended July 31, 2023.

Note 28. Approval of financial statements

These interim condensed consolidated financial statements were approved by the Board of Trustees and authorized for issue on August 2, 2023.