Consolidated Financial Statements of

ARTIS REAL ESTATE INVESTMENT TRUST

Years ended December 31, 2023 and 2022

(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"	"Jaclyn Koenig"
Samir Manji President and Chief Executive Officer February 29, 2024	Jaclyn Koenig, CPA, CA Chief Financial Officer February 29, 2024

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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, 2023 and 2022, 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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, 2023. 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.

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, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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 David Jordan Oakley.

/s/ Deloitte LLP

Chartered Professional Accountants
February 29, 2024
Winnipeg, Manitoba

Consolidated Balance Sheets

(In thousands of Canadian dollars)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets:			
Investment properties	4	$ 2,494,134	$ 3,156,206
Investment properties under development	4	947	191,552
Equity accounted investments	5	260,246	326,050
Preferred investments	6	144,084	114,184
Equity securities	8	152,002	316,768
Property and equipment		4,348	5,343
Notes receivable	9	32,428	37,702
		3,088,189	4,147,805
Current assets:			
Investment properties held for sale	4	571,760	335,813
Prepaid expenses and other assets	10	8,413	12,161
Notes receivable	9	14,742	993
Accounts receivable and other receivables	11	15,960	17,307
Cash held in trust		7,026	10,666
Cash		28,940	29,168
		646,841	406,108
Total assets		$ 3,735,030	$ 4,553,913
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities:			
Mortgages and loans payable	12	$ 637,089	$ 388,569
Senior unsecured debentures	13	199,630	199,368
Credit facilities	14	205,590	374,735
Deferred tax liabilities	25	3,310	9,525
Other long-term liabilities		1,612	1,866
		1,047,231	974,063
Current liabilities:			
Mortgages and loans payable	12	274,659	476,129
Senior unsecured debentures	13	—	249,723
Security deposits and prepaid rent		23,668	25,513
Accounts payable and other liabilities	15	84,566	72,902
Credit facilities	14	588,574	526,424
		971,467	1,350,691
Total liabilities		2,018,698	2,324,754
Unitholders' equity		1,716,332	2,229,159
Commitments, contingencies and guarantees	31		
Subsequent events	35		
Total liabilities and unitholders' equity		$ 3,735,030	$ 4,553,913

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

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

	Note		Year ended December 31, 2023		2022
Revenue	19	$	335,837	$	372,512
Expenses:					
Property operating			100,386		102,450
Realty taxes			51,434		60,082
Total operating expenses			151,820		162,532
Net operating income			184,017		209,980
Other income (expenses):					
Interest and other income	20		32,359		18,944
Distribution income from equity securities	8		12,365		10,710
Interest expense	21		(121,876)		(89,437)
Corporate expenses	22		(6,984)		(7,661)
Strategic review expenses	23		(207)		—
Equity securities expenses	8		(878)		(1,890)
Net (loss) income from equity accounted investments	5		(57,385)		74,659
Fair value loss on investment properties	4		(344,286)		(178,431)
Fair value loss on financial instruments	24		(41,730)		(21,130)
Foreign currency translation gain (loss)			6,932		(6,683)
(Loss) income before income taxes			(337,673)		9,061
Income tax recovery (expense)	25		5,605		(14,355)
Net loss			(332,068)		(5,294)
Other comprehensive (loss) income that may be reclassified to net loss in subsequent periods:					
Unrealized foreign currency translation (loss) gain			(27,408)		102,923
Unrealized foreign currency translation (loss) gain on equity accounted investments			(2,489)		7,908
Net change in derivatives designed as cash flow hedges of equity accounted investments			(2,434)		—
Other comprehensive (loss) income			(32,331)		110,831
Total comprehensive (loss) income		$	(364,399)	$	105,537
Basic loss per unit attributable to common unitholders	16	$	(3.10)	$	(0.18)
Diluted loss per unit attributable to common unitholders	16		(3.10)		(0.19)
Weighted-average number of common units outstanding:					
Basic	16		111,294,362		117,932,876
Diluted	16		111,294,362		118,469,587

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, 2021	$ 1,865,983	$ 86,666	$ 145,758	$ 68,725	$ 2,167,132	$ 288,221	$ 2,455,353
Changes for the year:							
Issuance of common units, net of issue costs (note 16)	230	—	—	—	230	—	230
Redemption of preferred units (note 16)	—	—	—	(3,866)	(3,866)	(77,342)	(81,208)
Units acquired and cancelled through normal course issuer bid (note 16)	(123,195)	—	—	22,800	(100,395)	(4,969)	(105,364)
Units acquired through normal course issuer bid, not cancelled at year end (note 16)	(325)	—	—	134	(191)	(104)	(295)
Net loss	—	(5,294)	—	—	(5,294)	—	(5,294)
Other comprehensive income	—	—	110,831	—	110,831	—	110,831
Distributions		(145,094)	—	—	(145,094)	—	(145,094)
Distributions in units (note 16)	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 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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

	Note	2023	Year ended December 31, 2022
Cash provided by (used in):			
Operating activities:			
Net loss		$ (332,068)	$ (5,294)
Adjustments for:			
Interest income on preferred investments received in-kind	6	(29,900)	(14,184)
Distribution income from equity securities	8	(12,365)	(10,710)
Net loss (income) from equity accounted investments	5	57,385	(74,659)
Fair value loss on investment properties	4	344,286	178,431
Fair value loss on financial instruments	24	41,730	21,130
Unrealized foreign currency translation (gain) loss		(8,031)	9,415
Deferred taxes		(6,206)	13,837
Other items not affecting cash	26	26,075	26,840
Changes in non-cash operating items	26	(944)	(4,062)
		79,962	140,744
Investing activities:			
Acquisition of investment properties, net of related debt	3	—	(3,276)
Proceeds from dispositions of investment properties, net of costs and related debt	3	222,016	340,735
Additions to investment properties		(27,451)	(26,130)
Additions to investment properties under development		(31,921)	(63,855)
Additions to tenant inducements and leasing commissions		(44,959)	(48,600)
Contributions to equity accounted investments		(600)	(120,640)
Distributions from equity accounted investments		4,346	4,166
Purchase of preferred investments		—	(100,000)
Purchases of equity securities		(1,125)	(336,261)
Proceeds from disposition of equity securities, net of costs		134,029	41,469
Distributions from equity securities		13,069	9,384
Additions to property and equipment		(376)	(21)
Issuances of notes receivable		(323)	(2,580)
Notes receivable principal repayments		7,426	854
Deposits on investment properties held for sale		25,000	—
Change in cash held in trust		(742)	15,766
		298,389	(288,989)
Financing activities:			
Repayment of mortgages and loans payable		(193,135)	(191,148)
Advance of mortgages and loans payable, net of financing costs		326,327	51,172
Issuance of senior unsecured debentures, net of financing costs	13	—	199,200
Repayment of senior unsecured debentures	13	(250,000)	—
Advance of revolving credit facilities		641,292	897,221
Repayment of revolving credit facilities, including financing costs		(694,312)	(439,698)
Repayment of non-revolving credit facilities, including financing costs		(50,180)	(200,284)
Repayment of lease liabilities		(320)	(305)
Purchase of common units under normal course issuer bid	16	(54,305)	(100,572)
Purchase of preferred units under normal course issuer bid	16	(10,377)	(5,087)
Redemption of preferred units	16	—	(81,208)
Distributions paid on common units		(80,443)	(160,006)
Distributions paid on preferred units		(12,736)	(15,856)
		(378,189)	(46,571)
Foreign exchange (loss) gain on cash held in foreign currency		(390)	2,510
Decrease in cash		(228)	(192,306)
Cash, beginning of year		29,168	221,474
Cash, end of year		$ 28,940	$ 29,168

See accompanying notes to consolidated financial statements.

(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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(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 expected credit losses. 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.

(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 profit 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 profit 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 profit or loss from its equity accounted investment is recognized in profit or loss for the period.

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.

(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 profit 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) 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:

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 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. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The material accounting policy information disclosed in this note 2 is updated to be in line with the amendments.

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 consolidated financial statements.

(o) Future changes in accounting standards:

In January 2020, the Board issued amendments to IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. 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. In October 2022, the IASB issued further amendments to IAS 1 that clarify 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 are effective for annual periods beginning on or after January 1, 2024 and are to be applied retroactively. The REIT is in the process of assessing the impact of these amendments.

Note 3. Acquisitions and dispositions of investment properties

Acquisitions:

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

On September 30, 2022, the REIT acquired an additional 5% interest in Park 8Ninety II, 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 II 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 net assets acquired, excluding the acquisition of equity accounted investments, were as follows:

Investment properties	$	5,219
Long-term debt, including acquired above- and below-market mortgages, net of financing costs		(1,885)
Other net liabilities		(58)
Cash consideration	$	3,276

Dispositions:

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 (note 9). The assets and liabilities associated with the properties were derecognized.

The REIT disposed of the following properties during the year ended December 31, 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
New Brighton Office Center	1	Twin Cities Area, MN	September 19, 2022	Office
Minnesota Industrial Portfolio I	17	Twin Cities Area, MN	November 4, 2022	Industrial
Hartford Corporate Plaza	1	New Hartford, NY	November 15, 2022	Office

The cash proceeds received from the sale of the above properties, net of costs and related debt, were $340,735. 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, 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%.

			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 (note 3)	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%. See note 3 for further information.
(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 two industrial properties, 10 office properties, 16 retail properties, one parking lot 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 December 31, 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 $134,895 at December 31, 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 December 31, 2023, included in investment properties was $47,834 (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 held for sale include right-of-use assets held under a lease with an aggregate fair value of $12,981 at December 31, 2023 (December 31, 2022, included in investment properties $10,420). The lease payments required under this lease were fully paid at the time of acquisition of the property.

At December 31, 2023, investment properties with a fair value of $1,499,840 (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 year ended December 31, 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 $788,506 (year ended December 31, 2022, $615,315), 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 years ended December 31, 2023 and 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.

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, 2023			December 31, 2022		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Canada:						
Discount rate	9.75 %	5.25 %	7.47 %	9.50 %	5.00 %	7.21 %
Terminal capitalization rate	9.00 %	4.25 %	6.49 %	9.00 %	3.75 %	6.23 %
Capitalization rate	9.00 %	4.25 %	6.46 %	8.75 %	3.75 %	6.20 %
Investment horizon (years)	12.0	10.0	10.3	12.0	10.0	10.4
U.S.:						
Discount rate	10.25 %	6.75 %	8.48 %	10.00 %	6.00 %	7.82 %
Terminal capitalization rate	8.75 %	6.00 %	7.52 %	8.25 %	5.25 %	6.79 %
Capitalization rate	9.00 %	5.50 %	7.49 %	8.25 %	5.00 %	6.66 %
Investment horizon (years)	11.0	10.0	10.4	12.0	10.0	10.4
Total portfolio:						
Discount rate	10.25 %	5.25 %	7.89 %	10.00 %	5.00 %	7.48 %
Terminal capitalization rate	9.00 %	4.25 %	6.92 %	9.00 %	3.75 %	6.48 %
Capitalization rate	9.00 %	4.25 %	6.89 %	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.

The following sensitivity table outlines the impact of a 0.25% change in the weighted-average capitalization rate on investment properties at December 31, 2023:

	Change to fair value if capitalization rate increased by 0.25%	Change to fair value if capitalization rate decreased by 0.25%
Canada	$ (60,605)	$ 65,873
U.S.	(49,098)	52,685
	$ (109,703)	$ 118,558

Note 5. Equity accounted investments

The REIT has the following equity accounted investments:

			Ownership interest	
	Principal purpose	Location	December 31, 2023	December 31, 2022
Associates:				
Iris Acquisition II LP	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 year ended December 31, 2023, the REIT contributed $600 to Corridor Park, Park Lucero East, The Point at Inverness and Park 8Ninety V equity accounted investments.

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. In addition, the REIT acquired junior preferred units of Iris for $100,000 (see note 6).

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 associates and joint ventures. As at December 31, 2023, the co-owners' share of mortgage liabilities was $55,254 (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:

	December 31, 2023				December 31, 2022			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Non-current assets:								
Investment properties	$ 641,906	$ 11,181	$ 228,928	$ 882,015	$ 666,538	$ —	$ 212,794	$ 879,332
Investment properties under development	—	—	—	—	—	12,452	—	12,452
Other non-current assets	16,845	—	1,073	17,918	7,611	—	823	8,434
Current assets:								
Investment properties held for sale	14,738	—	—	14,738	102,119	—	19,303	121,422
Other current assets	9,133	317	8,251	17,701	20,055	50	7,019	27,124
Total assets	682,622	11,498	238,252	932,372	796,323	12,502	239,939	1,048,764
Non-current liabilities:								
Mortgages, loans and other debt	491,946	—	26,852	518,798	435,007	4,255	59,159	498,421
Current liabilities:								
Mortgages, loans and other debt	78,158	4,864	39,236	122,258	192,715	—	959	193,674
Other current liabilities	24,250	184	6,636	31,070	22,416	178	8,025	30,619
Total liabilities	594,354	5,048	72,724	672,126	650,138	4,433	68,143	722,714
REIT's share of net assets of equity accounted investments	$ 88,268	$ 6,450	$ 165,528	$ 260,246	$ 146,185	$ 8,069	$ 171,796	$ 326,050

	Year ended December 31, 2023				Year ended December 31, 2022			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Revenue	$ 92,441	$ 541	$ 18,619	$ 111,601	$ 87,736	$ —	$ 16,262	$ 103,998
Operating expenses	48,983	123	7,533	56,639	45,710	18	7,376	53,104
Net operating income	43,458	418	11,086	54,962	42,026	(18)	8,886	50,894
Fair value (loss) gain on investment properties	(9,713)	(1,578)	(8,238)	(19,529)	(53,683)	5,133	25,240	(23,310)
Bargain purchase gain	—	—	—	—	111,652	—	—	111,652
Other expenses and income, net	(89,229)	(385)	(3,204)	(92,818)	(65,810)	(112)	(2,968)	(68,890)
REIT's share of net (loss) income	(55,484)	(1,545)	(356)	(57,385)	34,185	5,003	31,158	70,346
Deferred tax impact of temporary differences in Iris [(1)]	—	—	—	—	4,313	—	—	4,313
Net (loss) income from equity accounted investments	$ (55,484)	$ (1,545)	$ (356)	$ (57,385)	$ 38,498	$ 5,003	$ 31,158	$ 74,659

(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.

	December 31, 2023	December 31, 2022
Amounts in Iris's financial statements at 100%:		
Non-current assets	$ 2,018,233	$ 2,065,407
Current assets	73,131	374,303
Non-current liabilities	(1,507,188)	(1,332,743)
Current liabilities	(313,696)	(659,040)
Net assets	270,480	447,927
REIT's ownership percentage	32.64 %	32.64 %
REIT's share of net assets in Iris	$ 88,268	$ 146,185

	Year ended December 31, 2023	Period March 1 to December 31, 2022
Amounts in Iris's financial statements at 100%:		
Revenue	$ 283,217	$ 268,796
Operating expenses	(150,070)	(140,047)
Bargain purchase gain	—	342,072
Other expenses and income, net	(303,134)	(362,220)
Net (loss) income	(169,987)	108,601
REIT's ownership percentage	32.64 %	32.64 %
REIT's share of net (loss) income before adjustments	(55,484)	35,448
Adjustments:		
Equity issue costs deducted from equity	—	(1,263)
Deferred tax impact of temporary differences in Iris (1)	—	4,313
REIT's share of net (loss) income from Iris	$ (55,484)	$ 38,498

(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.

Note 6. Preferred investments

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

	December 31, 2023	Year ended December 31, 2022
Balance, beginning of year	$ 114,184	$ —
Contributions	—	100,000
In-kind units received through distributions	29,900	14,184
Balance, end of year	$ 144,084	$ 114,184

During the year ended December 31, 2023, the REIT received income from preferred investments of $29,900, comprised of in-kind junior preferred units (2022, $15,713 in cash and units) (note 20).

Note 7. Joint operations

The REIT has interests in the following joint operations:

			Ownership interest	
Property	Location	Principal purpose	December 31, 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 December 31, 2023, the co-owners' share of mortgage liabilities was $3,769 (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.

	December 31, 2023	Year ended December 31, 2022
Balance, beginning of year	$ 316,768	$ 77,186
Purchases	1,125	335,971
Dispositions	(134,029)	(41,469)
Reclassified to equity accounted investments (note 5)	—	(13,488)
Fair value loss (note 24)	(31,862)	(41,432)
Balance, end of year	$ 152,002	$ 316,768

For the year ended December 31, 2023, the REIT earned distribution income of $12,365 (2022, $10,710) and incurred commissions, service and professional fees of $878 (2022, $1,890), inclusive of services fees paid to Sandpiper (note 28).

Note 9. Notes receivable

	December 31, 2023	December 31, 2022
Note receivable, maturing in November, 2028, bearing interest at an effective rate of 8.967% per annum, interest-only monthly payment until maturity, secured by an office property.	$ 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.	10,312	10,321
Note receivable, maturing in January 2024, bearing interest at 5.00% per annum, interest-only monthly payment until maturity, secured by an office property. (1)	10,033	10,033
Note receivable from tenant, maturing in November 2031, bearing interest at 8.50% per annum, repayable in blended monthly installments of $66 (US$50).	4,584	5,094
Note receivable, maturing in November 2024, bearing interest at 4.00% per annum, accrued interest and principal due on maturity, secured by a parcel of land.	3,666	3,610
Note receivable, bearing interest at 4.00% per annum, interest-only monthly payment until maturity, secured by two office properties, fully repaid in January 2023.	—	6,020
Other notes receivable	5,292	3,617
	47,170	38,695
Current portion	14,742	993
Non-current portion	$ 32,428	$ 37,702

(1) This note was fully repaid on maturity subsequent to December 31, 2023.

Note 10. Prepaid and other assets

	December 31, 2023	December 31, 2022
Prepaid insurance	$ 2,473	$ 1,958
Prepaid realty taxes	431	356
Prepaid acquisition, disposition and development costs	1,379	634
Derivative instruments (note 34)	1,429	5,885
Other prepaid expenses	2,701	3,328
	$ 8,413	$ 12,161

Note 11. Accounts receivable and other receivables

		December 31, 2023		December 31, 2022
Rents receivable	$	5,017	$	5,229
Deferred rents receivable		194		238
Allowance for doubtful accounts		(2,102)		(2,187)
Accrued recovery income		3,141		3,470
Other receivables		9,710		10,557
	$	15,960	$	17,307

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

Note 12. Mortgages and loans payable

		December 31, 2023		December 31, 2022
Mortgages and loans payable	$	916,321	$	866,736
Net above- and below-market mortgage adjustments		—		782
Financing costs		(4,573)		(2,820)
		911,748		864,698
Current portion		274,659		476,129
Non-current portion	$	637,089	$	388,569

Certain of the REIT's investment properties have been pledged as security under mortgages and other security agreements. As at December 31, 2023, 29.1% of the REIT's mortgages and loans payable bear interest at fixed rates (December 31, 2022, 38.6%), and a further 26.9% 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 6.63% and the weighted-average nominal rate was 6.17% at December 31, 2023 (December 31, 2022, 4.84% and 4.46%, respectively). Maturity dates range from January 2, 2024 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	$	(370)	$	199,630	$	—	$	199,630
December 31, 2023	$	200,000	$	(370)	$	199,630	$	—	$	199,630
December 31, 2022		450,000		(909)		449,091		249,723		199,368

On September 18, 2023, upon maturity, the REIT repaid the outstanding face value of the 3.824% Series D senior unsecured debentures in the amount of $250,000.

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 year ended December 31, 2023, financing cost amortization of $539 (2022, $545) 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, 2023 and 2022, the REIT was in compliance with these requirements.

Note 14. Credit facilities

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

		December 31, 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	$ 338,873	$ 61,127	$ 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	205,808	74,192	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		(517)		(775)		
Total credit facilities	$ 930,000	$ 794,164	$ 135,319	$ 901,159	$ 98,066	
Current portion		588,574		526,424		
Non-current portion		$ 205,590		$ 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 December 31, 2023, the covenant did not limit the total borrowing capacity of the revolving credit facilities.

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 a consolidated indebtedness to consolidated gross book value ratio of not more than 65%, a consolidated secured indebtedness to consolidated gross book value ratio of not more than 50%, a minimum consolidated EBITDA to debt service ratio of 1.4, a minimum unitholders' equity of not less than the sum of $1,700,000 and 75% of net proceeds received in connection with any equity offerings made after the date of the credit facilities agreement, a minimum unencumbered property assets value to consolidated unsecured indebtedness ratio of 1.4, and a minimum consolidated EBITDA to consolidated interest expense ratio of 1.65. As at December 31, 2023 and 2022, the REIT was in compliance with these requirements.

Note 15. Accounts payable and other liabilities

	December 31, 2023	December 31, 2022
Accounts payable and accrued liabilities	$ 18,735	$ 29,473
Distributions payable	6,928	16,247
Accrued interest	7,262	7,935
Accrued realty taxes	12,221	10,163
Tenant installments payable	4,071	4,449
Derivative instruments (note 34)	5,717	—
Cash-settled unit-based payments liability	3,590	3,540
Deposits on investment properties held for sale	25,000	—
Other payables and liabilities	1,042	1,095
	$ 84,566	$ 72,902

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, 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)] (note 18)	—	9,234
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

(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	—	(357,101)	(226,700)	(583,801)
Number of units outstanding at December 31, 2023	—	3,248,009	4,670,040	7,918,049

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%	7.198%	6.993%	
Distribution rate reset date	—	September 30, 2028	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	—	(8,618)	(5,501)	(14,119)
Carrying value at December 31, 2023	$ —	$ 78,388	$ 113,299	$ 191,687
Face value at December 31, 2023	$ —	$ 81,200	$ 116,751	$ 197,951
Face value at December 31, 2022	—	90,128	122,419	212,547

(i) Series A:

On August 2 and 10, 2012, the REIT issued a total of 3,450,000 Cumulative Rate Reset Preferred Trust Units, Series A (the "Series A Units") for aggregate gross proceeds of $86,250. The Series A Units paid a cumulative distribution yield of 5.25% per annum, payable quarterly, as and when declared by the Board of Trustees of the REIT, for the initial period ended September 30, 2017. The distribution rate was reset on September 30, 2017 at 5.662%. On September 30, 2022, the REIT redeemed all 3,248,300 outstanding Series A Units with an aggregate face value of $81,208.

(ii) 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.

(iii) 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 15, 2023, 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, 2023 as follows:

	Public float	10% of public float
Common units	70,212,966	7,021,296
Preferred unit series:		
Series E	3,243,009	324,300
Series I	4,575,540	457,554

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, 2024, or the date on which the REIT has purchased the maximum number of units permitted under the bid. 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.

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.

(e) Weighted-average common units:

		Year ended December 31, 2023		2022
Net loss	$	(332,068)	$	(5,294)
Adjustment for distributions to preferred unitholders (note 18)		(13,025)		(15,856)
Net loss attributable to common unitholders		(345,093)		(21,150)
Adjustment for restricted units		—		(484)
Adjustment for deferred units		—		(1,241)
Diluted net loss income attributable to common unitholders	$	(345,093)	$	(22,875)
The weighted-average number of common units outstanding was as follows:				
Basic common units		111,294,362		117,932,876
Effect of dilutive securities:				
Restricted units		—		356,076
Deferred units		—		180,635
Diluted common units		111,294,362		118,469,587
Net loss per unit attributable to common unitholders:				
Basic	$	(3.10)	$	(0.18)
Diluted		(3.10)		(0.19)

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 year ended December 31, 2023, restricted units and deferred units were anti-dilutive for an aggregate total of 683,559 units. For the year ended December 31, 2022, there were no anti-dilutive units.

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, 2023 amounted to $828 (2022, $1,168). 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:

	2023	Year ended December 31, 2022
	Number of units	Number of units
Balance, beginning of year	440,617	462,891
Granted	170,430	185,600
Accrued	39,736	31,457
Redeemed	(151,760)	(208,063)
Expired	(21,946)	(31,268)
Balance, end of year	477,077	440,617
Restricted units vested at end of year	9,314	20,702

(b) Deferred units:

Unit-based compensation expense related to deferred units outstanding under the equity incentive plan for the year ended December 31, 2023 amounted to $221 (2022. $245). 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:

	2023	Year ended December 31, 2022
	Number of units	Number of units
Balance, beginning of year	203,430	133,552
Granted	97,817	57,244
Accrued	21,977	12,634
Balance, end of year	323,224	203,430
Deferred units vested at end of year	323,224	203,430

Note 18. Distributions to unitholders

Total distributions declared to unitholders were as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	$ 66,433	$ 0.60	$ 70,372	$ 0.60
Special distribution payable in cash	—	—	9,234	0.08
Special distribution payable in units	—	—	9,234	0.08
	66,433	0.60	88,840	0.76
Preferred unitholders - Series A	—	—	3,461	1.06
Preferred unitholders - Series E	4,930	1.48	4,973	1.37
Preferred unitholders - Series I	8,095	1.67	7,422	1.50

In December, 2022, the Board of Trustees declared a special distribution of $0.16 per common unit, which was comprised of $0.08 per common unit payable in cash and $0.08 per common unit payable in common units. The special distributions were payable on December 31, 2022 to unitholders of record at the close of business on December 31, 2022. The special distributions were principally made to distribute to common unitholders a portion of the capital gain realized by the REIT from transactions completed during the year ended December 31, 2022. Immediately following the issuance of common units on December 31, 2022, the common units 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 distributions. As at December 31, 2022, the special distributions declared in common units of $9,234 was recorded as capital contributions.

Note 19. Revenue

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

	Year ended December 31, 2023	2022
Base rent	$ 219,930	$ 241,234
Operating cost and realty tax recoveries	126,040	137,782
Parking and other revenue	10,789	10,025
Tenant inducements amortized to revenue	(24,595)	(25,405)
Straight-line rent adjustments	2,554	1,379
Lease termination income	1,119	7,497
Rental revenue from investment properties	$ 335,837	$ 372,512

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

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, 2023	December 31, 2022
Not later than one year	$ 188,945	$ 226,816
One to two years	175,409	207,145
Two to three years	147,561	186,235
Three to four years	124,132	154,818
Four to five years	102,203	129,051
Later than five years	328,223	448,926
	$ 1,066,473	$ 1,352,991

Note 20. Interest and other income

			Year ended December 31,
		2023	2022
Interest on junior preferred units of Iris (note 6)	$	29,900	$ 15,713
Interest on notes receivable		1,613	1,738
Other		846	1,493
	$	32,359	$ 18,944

Note 21. Interest expense

			Year ended December 31,
		2023	2022
Interest on mortgages and loans payable	$	48,959	$ 36,175
Interest on senior unsecured debentures		17,976	17,130
Interest on credit facilities		52,318	33,851
Amortization of above- and below-market mortgages, net		(778)	(896)
Amortization of financing costs		3,401	3,177
	$	121,876	$ 89,437

Note 22. Corporate expenses

			Year ended December 31,
		2023	2022
Accounting, legal and consulting	$	2,022	$ 1,774
Public company costs (1)		967	1,116
Salaries and benefits (2)		2,071	2,722
Depreciation of property and equipment		1,226	1,254
General and administrative		698	795
	$	6,984	$ 7,661

(1) Includes public reporting costs, investor communications costs, and trustee fees and expenses. For the year ended December 31, 2023, trustee fees include fair value gain on unit-based compensation of $579 (2022, fair value gain of $577).

(2) For the year ended December 31, 2023, salaries and benefits include fair value gain on unit-based compensation of $854 (2022, fair value gain of $484).

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 that may be available to the REIT to unlock and maximize value for unitholders. The strategic review expenses including legal and advisory costs were $207 for the year ended December 31, 2023.

Note 24. Fair value loss on financial instruments

The REIT recorded (losses) gains on the following:

		Year ended December 31, 2023		2022
Interest rate swaps	$	(9,865)	$	19,525
Other derivatives		(3)		777
Equity securities (note 8)		(31,862)		(41,432)
	$	(41,730)	$	(21,130)

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, 2023 and 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:

		Year ended December 31, 2023		2022
Current income tax expense	$	(601)	$	(735)
Deferred income tax recovery (expense)		6,206		(13,620)
Income tax recovery (expense)	$	5,605	$	(14,355)

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

		December 31, 2023		December 31, 2022
Equity accounted investment	$	2,993	$	9,323
Property and equipment		287		183
Other		30		19
Deferred tax liabilities	$	3,310	$	9,525

Changes in the deferred tax liabilities consist of the following:

		December 31, 2023		December 31, 2022
Balance, beginning of year	$	9,525	$	201
Deferred tax expense (recovery) recognized in net income		(6,206)		13,620
Deferred tax recovery recognized in income from equity investments (note 5)		—		(4,313)
Foreign currency translation of deferred tax balance		(9)		17
Balance, end of year	$	3,310	$	9,525

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, 2023 and 2022:

		Year ended December 31, 2023		2022
(Loss) income before income taxes	$	(337,673)		9,061
Less:				
Income distributed and not subject to income tax		304,791		38,917
(loss) income subject to income tax in subsidiary corporations		(32,882)		47,978
Statutory tax rate (1)		50.67 %		50.67 %
Tax calculated at statutory tax rate		(16,661)		24,310
Increase (decrease) resulting from:				
Effect of different tax rate in U.S.		(598)		(494)
Non-taxable loss (gain)		12,370		(10,419)
Other items		(716)		958
Income tax (recovery) expense	$	(5,605)	$	14,355

(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.

For the year ended December 31, 2023, in connection with the income distributions made by the REIT's US subsidiaries to the Canadian parent entity, withholding taxes in the amount of $4,401 (2022, $49,632) 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, 2023		2022
Tenant inducements amortized to revenue	$	24,595	$	25,405
Straight-line rent adjustments		(2,554)		(1,379)
Depreciation of property and equipment		1,226		1,254
Unit-based compensation		185		(721)
Amortization of above- and below-market mortgages, net		(778)		(896)
Amortization of financing costs included in interest expense		3,401		3,177
	$	26,075	$	26,840

(b) Changes in non-cash operating items:

		Year ended December 31, 2023		2022
Prepaid expenses and other assets	$	(1,034)	$	1,569
Accounts receivable and other receivables		400		(1,801)
Security deposits and prepaid rent		(1,501)		(7,908)
Accounts payable and other liabilities		1,191		4,078
	$	(944)	$	(4,062)

(c) Other supplemental cash flow information:

		Year ended December 31, 2023		2022
Interest paid	$	122,287	$	88,415
Interest received		2,343		3,256
Income taxes paid		504		736

Note 27. Subsidiaries

Significant subsidiaries of the REIT are outlined as follows:

		Ownership interest	
Name of entity	Country	December 31, 2023	December 31, 2022
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. (formerly AX U.S. Management, Inc.)	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 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:

		Year ended December 31, 2023		2022
Space sharing licence costs	$	127	$	124
Service fees		1,064		1,231
	$	1,191	$	1,355

Amounts payable to Sandpiper were $171 as at December 31, 2023 (December 31, 2022, $446).

As at December 31, 2023, the REIT had a balance payable to ICE II LP of $987 (December 31, 2022, $738).

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, 2023	2022
Short-term benefits	$ 4,672	$ 6,347
Unit-based compensation	823	1,413
	$ 5,495	$ 7,760

(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, 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 review 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
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.

Year ended December 31, 2022										
		Canada		U.S.		REIT [1]		Equity accounted investment properties adjustment [2]		Total
Revenue	$	170,821	$	217,856	$	97	$	(16,262)	$	372,512
Expenses:										
Property operating		51,162		55,260		—		(3,972)		102,450
Realty taxes		26,605		36,899		—		(3,422)		60,082
Total operating expenses		77,767		92,159		—		(7,394)		162,532
Net operating income		93,054		125,697		97		(8,868)		209,980
Other income (expenses):										
Interest and other income		40		531		18,387		(14)		18,944
Distribution income from equity securities		—		—		10,710		—		10,710
Interest expense		(13,880)		(26,792)		(52,665)		3,900		(89,437)
Corporate expenses		—		—		(7,661)		—		(7,661)
Equity securities expenses		—		—		(1,890)		—		(1,890)
Net income from equity accounted investments		—		—		39,321		35,338		74,659
Fair value loss on investment properties		(59,418)		(88,640)		—		(30,373)		(178,431)
Fair value loss on financial instruments		—		—		(21,130)		—		(21,130)
Foreign currency translation loss		—		—		(6,683)		—		(6,683)
Income (loss) before income taxes		19,796		10,796		(21,514)		(17)		9,061
Income tax expense		—		(736)		(13,636)		17		(14,355)
Net income (loss)	$	19,796	$	10,060	$	(35,150)	$	—	$	(5,294)
Acquisitions of investment properties	$	—	$	5,219	$	—	$	—	$	5,219
Additions to investment properties, investment properties under development and investment properties held for sale		41,482		63,183		—		(17,703)		86,962
Additions to tenant inducements		6,375		31,529		—		(1,359)		36,545
Additions to leasing commissions		1,521		12,470		—		(1,936)		12,055

December 31, 2022										
		Canada		U.S.		REIT		Equity accounted investment properties adjustment [2]		Total
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 31. Commitments, contingencies and guarantees

(a) Unconditional sale agreements:

The REIT entered into an unconditional agreement to sell a portfolio comprised of eight retail properties in Calgary, Alberta and Winnipeg, Manitoba for a sale price of $222,000, with expected closing in the second quarter of 2024.

In addition, the REIT entered into unconditional agreements to sell three office properties in Winnipeg, Manitoba, Greater Toronto Area, Ontario and Greater Vancouver Area, British Columbia and an industrial property in Greater Houston Area, Texas for sale prices totalling $185,483, with expected closings in the first and second quarters of 2024.

(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 consolidated financial statements.

(c) Guarantees:

At December 31, 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 December 31, 2023 was $54,741 (December 31, 2022, $41,639), with an estimated weighted-average remaining term of 2.9 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 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, 2023, the ratio of indebtedness to gross book value was 50.9% (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 December 31, 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	December 31, 2023	December 31, 2022
Mortgages and loans payable	12	$ 911,748	$ 864,698
Senior unsecured debentures	13	199,630	449,091
Credit facilities	14	794,164	901,159
Total debt		1,905,542	2,214,948
Unitholders' equity		1,716,332	2,229,159
		$ 3,621,874	$ 4,444,107

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. 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, 2023, the REIT had variable rate debt, including credit facilities, of $1,444,236 (December 31, 2022, $1,434,072). At December 31, 2023, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $246,897 of variable rate debt, including swaps on credit facilities (December 31, 2022, $217,136).

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	$	11,973
Fixed rate debt due within one year		435
	$	12,408

The REIT has variable rate debts linked to Canadian Dollar Offered Rate ("CDOR") or Bankers' Acceptance ("BA") rate, which are subject to the interest rate benchmark reform. Canadian Dollar Offered Rate ("CDOR") is a benchmark reference rate for BA borrowings denominated in Canadian dollars that is administered by Refinitive Benchmark Services (UK) Limited ("RBSL"). In May, 2022, RBSL published a notice stating that the calculation and publication for all tenors of CDOR will cease after June 28, 2024. Fallback provisions to switch the reference rate from CDOR to the alternative reference rate CORRA have been incorporated in the relevant debt agreements.

(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 1.3467 for the year ended December 31, 2023, and the year-end exchange rate of 1.3226 at December 31, 2023, would have decreased net loss by $30,461 for the year ended December 31, 2023. A $0.10 weakening in the US dollar against the Canadian dollar would have increased other comprehensive loss by approximately $102,411 for the year ended December 31, 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 $612 during the year ended December 31, 2023 (2022, $1,189).

The aging of accounts receivable is summarized as follows:

		December 31, 2023		December 31, 2022
Past due 0 - 30 days	$	1,993	$	1,778
Past due 31 - 90 days		316		517
Past due more than 91 days		2,708		2,934
	$	5,017	$	5,229

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

		December 31, 2023		December 31, 2022
Balance, beginning of year	$	2,187	$	1,717
Additional provisions recorded		1,006		1,452
Reversal of previous provisions		(395)		(264)
Amounts written-off		(685)		(746)
Foreign currency translation (gain) loss		(11)		28
Balance, end of year	$	2,102	$	2,187

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 December 31, 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	$	84,334	$	84,334	$	—	$	—	$	—
Lease liabilities		916		232		290		310		84
Credit facilities		794,681		588,873		205,808		—		—
Senior unsecured debentures		200,000		—		200,000		—		—
Mortgages and loans payable		916,321		275,348		497,404		115,079		28,490
	$	1,996,252	$	948,787	$	903,502	$	115,389	$	28,574

Subsequent to December 31, 2023, the $100,000 non-revolving credit facility that matured on February 6, 2024 was extended to February 6, 2026.

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.

There were no transfers of assets or liabilities between hierarchy levels during the years ended December 31, 2023 and 2022.

		December 31, 2023		December 31, 2022	
	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Assets:					
Investment properties	Level 3	$ 2,494,134	$ 2,494,134	$ 3,156,206	$ 3,156,206
Investment properties under development	Level 3	947	947	191,552	191,552
Preferred investments	Level 2	144,084	136,421	114,184	113,239
Equity securities	Level 1	152,002	152,002	316,768	316,768
Notes receivable	Level 2	47,170	46,233	38,695	36,212
Investment properties held for sale	Level 3	571,760	571,760	335,813	335,813
Derivative instruments	Level 2	1,429	1,429	5,885	5,885
		3,411,526	3,402,926	4,159,103	4,155,675
Liabilities:					
Mortgages and loans payable	Level 2	911,748	904,835	864,698	842,138
Senior unsecured debentures	Level 2	199,630	196,141	449,091	436,609
Credit facilities	Level 2	794,164	794,681	901,159	901,934
Derivative instruments	Level 2	5,717	5,717	—	—
		1,911,259	1,901,374	2,214,948	2,180,681
		$ 1,500,267	$ 1,501,552	$ 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 35. Subsequent events

The following events occurred subsequent to December 31, 2023:

- The REIT received full repayment of a note receivable in the amount of $10,000.
- The REIT disposed of one industrial property, one office property and one retail property all located in Winnipeg, Manitoba for an aggregate sale price of $38,395.
- The REIT acquired an additional 5% interest in Park 8Ninety V, an industrial property located in the Greater Houston Area, Texas, for total consideration of $12,325 (US$9,132). Prior to the acquisition date, the REIT owned 95% of this investment property and the property was classified as a joint venture.
- The REIT entered into an amended agreement to extend the maturity date of the $100,000 non-revolving credit facility to February 6, 2026, at an interest rate of adjusted CORRA plus 1.70% or prime plus 0.70%.
- The REIT repaid a net balance of $46,000 and drew $53,988 (US$40,000) on its revolving term credit facilities.
- The REIT received new mortgage financing in the amount of $24,300 on two previously unencumbered retail properties.
- The REIT repaid a mortgage on an industrial property in the amount of $40,890 (US$30,296) and a mortgage on a retail property in the amount of $10,274.
- The REIT purchased equity securities for $1,745 and sold equity securities for net proceeds of $27,252.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the months of January and February 2024.
- The REIT declared a quarterly cash distribution of $0.4370625 per Series I Unit for the three months ended January 31, 2024.

Note 36. Approval of financial statements

These consolidated financial statements were approved by the Board of Trustees and authorized for issue on February 29, 2024.