Interim Condensed Consolidated Financial Statements of

ARTIS REAL ESTATE INVESTMENT TRUST

Three months ended March 31, 2024 and 2023
(Unaudited)

(In Canadian dollars)

Interim Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands of Canadian dollars)

	Note	March 31, 2024	December 31, 2023
ASSETS			
Non-current assets:			
Investment properties	4	$ 2,335,001	$ 2,494,134
Investment properties under development	4	2,658	947
Equity accounted investments	5	185,594	260,246
Preferred investments	6	152,616	144,084
Equity securities	8	122,043	152,002
Property and equipment		4,163	4,348
Notes receivable	9	34,124	32,428
		2,836,199	3,088,189
Current assets:			
Investment properties held for sale	4	840,854	571,760
Prepaid expenses and other assets		13,187	8,413
Notes receivable	9	8,615	14,742
Accounts receivable and other receivables	10	15,999	15,960
Cash held in trust		4,953	7,026
Cash		30,625	28,940
		914,233	646,841
Total assets		$ 3,750,432	$ 3,735,030
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities:			
Mortgages and loans payable	11	$ 618,920	$ 637,089
Senior unsecured debentures	12	199,697	199,630
Credit facilities	13	308,953	205,590
Deferred tax liabilities	20	1,875	3,310
Other long-term liabilities		2,029	1,612
		1,131,474	1,047,231
Current liabilities:			
Mortgages and loans payable	11	288,267	274,659
Security deposits and prepaid rent		25,985	23,668
Accounts payable and other liabilities		83,884	84,566
Credit facilities	13	513,012	588,574
		911,148	971,467
Total liabilities		2,042,622	2,018,698
Unitholders' equity		1,707,810	1,716,332
Commitments, contingencies and guarantees	24		
Subsequent events	28		
Total liabilities and unitholders' equity		$ 3,750,432	$ 3,735,030

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Operations

(Unaudited)

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

	Note		Three months ended March 31, 2024		2023
Revenue	16	$	80,420	$	90,255
Expenses:					
Property operating			24,116		27,221
Realty taxes			12,747		14,973
Total operating expenses			36,863		42,194
Net operating income			43,557		48,061
Other income (expenses):					
Interest and other income	17		9,457		8,837
Distribution income from equity securities	8		1,974		4,083
Interest expense	18		(32,120)		(29,732)
Corporate expenses			(1,932)		(1,448)
Strategic review expenses			(350)		—
Equity securities expenses	8		(173)		(205)
Net loss from equity accounted investments	5		(22,506)		(13,457)
Fair value loss on investment properties	4		(1,000)		(27,708)
Fair value loss on financial instruments	19		(1,022)		(16,935)
Foreign currency translation (loss) gain			(4,438)		1,856
Loss before income taxes			(8,553)		(26,648)
Income tax recovery	20		1,432		3,887
Net loss			(7,121)		(22,761)
Other comprehensive (loss) income that may be reclassified to net loss in subsequent periods:					
Unrealized foreign currency translation gain (loss)			25,215		(811)
Unrealized foreign currency translation gain (loss) on equity accounted investments			2,576		(99)
Net change in derivatives designed as cash flow hedges of equity accounted investments			1,272		—
Other comprehensive income (loss)			29,063		(910)
Total comprehensive income (loss)		$	21,942	$	(23,671)
Basic loss per unit attributable to common unitholders	14	$	(0.10)	$	(0.22)
Diluted loss per unit attributable to common unitholders	14		(0.10)		(0.23)
Weighted-average number of common units outstanding:					
Basic	14		107,907,667		115,396,136
Diluted	14		108,779,758		116,073,937

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Unitholders' Equity

(Unaudited)

(In thousands of Canadian dollars)

	Common units capital contributions	Retained earnings (deficit)	Accumulated other comprehensive income	Contributed surplus	Total common equity	Total preferred equity	Total
Unitholders' equity, December 31, 2022	$ 1,751,927	$ (72,956)	$ 256,589	$ 87,793	$ 2,023,353	$ 205,806	$ 2,229,159
Changes for the period:							
Issuance of common units, net of issue costs (note 14)	22	—	—	—	22	—	22
Units acquired and cancelled through normal course issuer bid (note 14)	(20,591)	—	—	9,412	(11,179)	(1,032)	(12,211)
Units acquired through normal course issuer bid, not cancelled at period end (note 14)	—	—	—	10	10	(274)	(264)
Net loss	—	(22,761)	—	—	(22,761)	—	(22,761)
Other comprehensive loss	—	—	(910)	—	(910)	—	(910)
Distributions		(20,302)	—	—	(20,302)	—	(20,302)
Unitholders' equity, March 31, 2023	1,731,358	(116,019)	255,679	97,215	1,968,233	204,500	2,172,733
Changes for the period:							
Issuance of common units, net of issue costs (note 14)	91	—	—	—	91	—	91
Units acquired and cancelled through normal course issuer bid (note 14)	(92,865)	—	—	53,471	(39,394)	(12,813)	(52,207)
Net loss	—	(309,307)	—	—	(309,307)	—	(309,307)
Other comprehensive loss	—	—	(31,421)	—	(31,421)	—	(31,421)
Distributions	—	(63,557)	—	—	(63,557)	—	(63,557)
Unitholders' equity, December 31, 2023	1,638,584	(488,883)	224,258	150,686	1,524,645	191,687	1,716,332
Changes for the period:							
Issuance of common units, net of issue costs (note 14)	15	—	—	—	15	—	15
Units acquired and cancelled through normal course issuer bid (note 14)	(15,677)	—	—	10,965	(4,712)	(5,462)	(10,174)
Units acquired through normal course issuer bid, not cancelled at period end (note 14)	(1,518)	—	—	794	(724)	(195)	(919)
Net loss	—	(7,121)	—	—	(7,121)	—	(7,121)
Other comprehensive income	—	—	29,063	—	29,063	—	29,063
Distributions	—	(19,386)	—	—	(19,386)	—	(19,386)
Unitholders' equity, March 31, 2024	$ 1,621,404	$ (515,390)	$ 253,321	$ 162,445	$ 1,521,780	$ 186,030	$ 1,707,810

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands of Canadian dollars)

	Note	Three months ended March 31, 2024	2023
Cash provided by (used in):			
Operating activities:			
Net loss		$ (7,121)	$ (22,761)
Adjustments for:			
Interest income on preferred investments received in-kind	6	(8,532)	(8,446)
Distribution income from equity securities	8	(1,974)	(4,083)
Net loss from equity accounted investments	5	22,506	13,457
Fair value loss on investment properties	4	1,000	27,708
Fair value loss on financial instruments	19	1,022	16,935
Unrealized foreign currency translation loss		4,470	118
Deferred taxes		(1,443)	(3,961)
Other items not affecting cash	21	7,481	6,438
Changes in non-cash operating items	21	3,328	1,250
		20,737	26,655
Investing activities:			
Acquisition of investment properties, net of related debt	3	(5,400)	—
Proceeds from dispositions of investment properties, net of costs and related debt	3	13,710	13,529
Additions to investment properties		(3,664)	(4,953)
Additions to investment properties under development		(4,206)	(7,741)
Additions to tenant inducements and leasing commissions		(7,007)	(11,306)
Contributions to equity accounted investments		(48,335)	(468)
Distributions from equity accounted investments		817	974
Purchases of equity securities		(2,517)	—
Proceeds from disposition of equity securities, net of costs		28,498	39,238
Distributions from equity securities		2,234	4,325
Additions to property and equipment		(90)	—
Issuances of notes receivable		(181)	(87)
Notes receivable principal repayments		10,265	6,378
Change in cash held in trust		2,224	(1,228)
		(13,652)	38,661
Financing activities:			
Repayment of mortgages and loans payable		(22,004)	(44,417)
Advance of mortgages and loans payable, net of financing costs		24,380	59,054
Advance of revolving credit facilities		88,952	131,662
Repayment of revolving credit facilities, including financing costs		(66,395)	(161,216)
Repayment of non-revolving credit facilities, including financing costs		(108)	(180)
Repayment of lease liabilities		(82)	(78)
Purchase of common units under normal course issuer bid	14	(6,918)	(11,176)
Purchase of preferred units under normal course issuer bid	14	(4,037)	(1,299)
Distributions paid on common units		(16,193)	(26,546)
Distributions paid on preferred units		(3,440)	(3,059)
		(5,845)	(57,255)
Foreign exchange gain (loss) on cash held in foreign currency		445	(17)
Increase in cash		1,685	8,044
Cash, beginning of period		28,940	29,168
Cash, end of period		$ 30,625	$ 37,212

See accompanying notes to interim condensed 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) Basis of presentation and measurement:

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

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2023, except for those policies and standards adopted as described in note 2 (c). The REIT has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. These interim condensed consolidated financial statements have been prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand dollars unless otherwise indicated.

These interim condensed consolidated financial statements should be read in conjunction with the REIT's consolidated financial statements for the year ended December 31, 2023.

(b) Use of estimates and judgments:

The preparation of the interim condensed consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The critical accounting estimates and judgments have been set out in note 2 to the REIT's consolidated financial statements for the year ended December 31, 2023. There have been no changes to the critical accounting estimates and judgments during the three months ended March 31, 2024.

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

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 had no impact on the interim condensed consolidated financial statements.

Note 3. Acquisitions and dispositions of investment properties

Acquisitions:

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

The acquisition of the interest in Park 8Ninety V has been accounted for using the acquisition method, with the results of operations included in the REIT's accounts from the date of acquisition. The net assets acquired were as follows:

Investment properties	$	5,310
Other net assets		90
Cash consideration		5,400

The REIT did not acquire any properties during the three months ended March 31, 2023.

Dispositions:

The REIT disposed of the following properties during the three months ended March 31, 2024:

Property	Property count	Location	Disposition date	Asset class
Pembina Village Shopping Centre	1	Winnipeg, MB	January 5, 2024	Retail
500 Berry Street	1	Winnipeg, MB	January 11, 2024	Industrial
CDI College Building	1	Winnipeg, MB	February 16, 2024	Office

The cash proceeds received from the sale of the above properties, net of costs and related debt, were $13,710. In conjunction with the sale of a retail property, the REIT also received a note receivable in the amount of $5,000, which is secured by the property sold (see note 9). The assets and liabilities associated with the properties were derecognized.

The REIT disposed of the following property during the three months ended March 31, 2023:

Property	Property count	Location	Disposition date	Asset class
North 48 Commercial Centre	1	Saskatoon, SK	March 14, 2023	Office

The cash proceeds received from the sale of the above property, net of costs and related debt, were $13,529. The assets and liabilities associated with the property were derecognized.

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

						Three months ended March 31, 2024
		Investment properties		Investment properties under development		Investment properties held for sale
Balance, beginning of period	$	2,494,134	$	947	$	571,760
Additions:						
Acquisition [(1)]		5,310		—		—
Reclassification from equity accounted investments [(1)]		100,867		—		—
Capital expenditures		3,426		2,816		85
Capitalized interest [(2)]		—		12		—
Leasing commissions		1,263		—		290
Straight-line rent adjustments		394		—		(51)
Tenant inducement additions, net of amortization		(1,392)		12		488
Dispositions		—		—		(37,885)
Foreign currency translation gain		35,170		15		1,852
Fair value (loss) gain		(2,364)		—		1,364
Reclassification of investment properties under development		1,144		(1,144)		—
Reclassification of investment properties held for sale		(302,951)		—		302,951
Balance, end of period	$	2,335,001	$	2,658	$	840,854

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

(2) During the three months ended March 31, 2024, interest was capitalized to investment properties under development at a weighted-average effective rate of 7.14%.

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

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

The REIT had six industrial properties, eight 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 March 31, 2024 (December 31, 2023, two industrial properties, 10 office properties, 16 retail properties, one parking lot and one parcel of development land). The properties held for sale had an aggregate mortgage payable balance of $196,396 at March 31, 2024 (December 31, 2023, $134,895). This balance is not accounted for as held for sale but is included in current liabilities as the REIT intends to repay the mortgages upon disposition of the related investment properties.

At March 31, 2024, included in investment properties was $48,791 (December 31, 2023, $47,834) of net straight-line rent receivables arising from the recognition of rental income on a straight-line basis over the lease term.

Investment properties held for sale include right-of-use assets held under a lease with an aggregate fair value of $12,032 at March 31, 2024 (December 31, 2023, $12,981). The lease payments required under this lease were fully paid at the time of acquisition of the property.

At March 31, 2024, investment properties with a fair value of $1,506,972 (December 31, 2023, $1,499,840) 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 three months ended March 31, 2024, properties (including the REIT's ownership interest in properties held in equity accounted investments except for those held in Iris Acquisition II LP) with an appraised value of $88,634 (year ended December 31, 2023, $788,506), were appraised by qualified external valuation professionals. The REIT uses similar assumptions and valuation techniques in its internal valuations as used by the external valuation professionals. Internal valuations are performed by the REIT's valuations team who report directly to the Chief Financial Officer. The valuations processes and results are reviewed by management on a quarterly basis.

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

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

Under the fair value hierarchy, the fair value of the REIT's investment properties is considered Level 3, as described in note 27.

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

	March 31, 2024			December 31, 2023		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Canada:						
Discount rate	9.50 %	5.25 %	7.50 %	9.75 %	5.25 %	7.47 %
Terminal capitalization rate	9.00 %	4.25 %	6.53 %	9.00 %	4.25 %	6.49 %
Capitalization rate	9.00 %	4.25 %	6.50 %	9.00 %	4.25 %	6.46 %
Investment horizon (years)	12.0	10.0	10.2	12.0	10.0	10.3
U.S.:						
Discount rate	10.25 %	6.75 %	8.38 %	10.25 %	6.75 %	8.48 %
Terminal capitalization rate	8.75 %	6.00 %	7.41 %	8.75 %	6.00 %	7.52 %
Capitalization rate	9.25 %	5.50 %	7.37 %	9.00 %	5.50 %	7.49 %
Investment horizon (years)	12.0	10.0	10.5	11.0	10.0	10.4
Total portfolio:						
Discount rate	10.25 %	5.25 %	7.89 %	10.25 %	5.25 %	7.89 %
Terminal capitalization rate	9.00 %	4.25 %	6.92 %	9.00 %	4.25 %	6.92 %
Capitalization rate	9.25 %	4.25 %	6.89 %	9.00 %	4.25 %	6.89 %
Investment horizon (years)	12.0	10.0	10.4	12.0	10.0	10.3

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

Note 5. Equity accounted investments

The REIT has the following equity accounted investments:

			Ownership interest	
	Principal purpose	Location	March 31, 2024	December 31, 2023
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 (1)	Investment property	Greater Houston Area, TX	— %	95.00 %
Corridor Park	Investment property	Greater Houston Area, TX	90.00 %	90.00 %
Graham Portfolio	Investment property	Various Cities, AB/BC/SK	75.00 %	75.00 %
The Point at Inverness	Investment property	Greater Denver Area, CO	50.00 %	50.00 %
ICE LP	Investment in Iris Acquisition II LP	—	50.00 %	50.00 %
ICE II LP	Investment in the asset manager of Cominar Real Estate Investment Trust	—	50.00 %	50.00 %

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

During the three months ended March 31, 2024, the REIT contributed $48,335 to Park 8Ninety V, Corridor Park, and The Point at Inverness equity accounted investments. Included in the amount was $39,001 contributed to Park 8Ninety V for the repayment of the mortgage in the joint venture prior to the acquisition of the additional 5% interest (see note 3).

The REIT is contingently liable for the obligations of certain associates and joint ventures. As at March 31, 2024, the co-owners' share of mortgage liabilities was $54,223 (December 31, 2023, $55,254). 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:

	March 31, 2024				December 31, 2023			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Non-current assets:								
Investment properties	$ 642,302	$ 11,444	$ 131,330	$ 785,076	$ 641,906	$ 11,181	$ 228,928	$ 882,015
Other non-current assets	19,384	—	336	19,720	16,845	—	1,073	17,918
Current assets:								
Investment properties held for sale	14,738	—	—	14,738	14,738	—	—	14,738
Other current assets	11,479	449	3,698	15,626	9,133	317	8,251	17,701
Total assets	687,903	11,893	135,364	835,160	682,622	11,498	238,252	932,372
Non-current liabilities:								
Mortgages, loans and other debt	495,057	—	26,516	521,573	491,946	—	26,852	518,798
Current liabilities:								
Mortgages, loans and other debt	92,807	4,988	1,254	99,049	78,158	4,864	39,236	122,258
Other current liabilities	25,344	225	3,375	28,944	24,250	184	6,636	31,070
Total liabilities	613,208	5,213	31,145	649,566	594,354	5,048	72,724	672,126
REIT's share of net assets of equity accounted investments	$ 74,695	$ 6,680	$ 104,219	$ 185,594	$ 88,268	$ 6,450	$ 165,528	$ 260,246

	Three months ended March 31, 2024				Three months ended March 31, 2023			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Revenue	$ 20,461	$ 230	$ 4,289	$ 24,980	$ 25,449	$ 18	$ 3,604	$ 29,071
Operating expenses	11,465	33	1,711	13,209	13,982	9	1,687	15,678
Net operating income	8,996	197	2,578	11,771	11,467	9	1,917	13,393
Fair value (loss) gain on investment properties	(3,531)	(30)	(9,828)	(13,389)	(2,365)	96	578	(1,691)
Other expenses and income, net	(20,309)	(88)	(491)	(20,888)	(24,406)	(83)	(670)	(25,159)
Net (loss) income from equity accounted investments	$ (14,844)	$ 79	$ (7,741)	$ (22,506)	$ (15,304)	$ 22	$ 1,825	$ (13,457)

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

	March 31, 2024	December 31, 2023
Amounts in Iris's financial statements at 100%:		
Non-current assets	$ 2,027,225	$ 2,018,233
Current assets	80,321	73,131
Non-current liabilities	(1,516,721)	(1,507,188)
Current liabilities	(361,926)	(313,696)
Net assets	228,899	270,480
REIT's ownership percentage	32.64 %	32.64 %
REIT's share of net assets in Iris	$ 74,695	$ 88,268

	Three months ended	
	March 31, 2024	March 31, 2023
Amounts in Iris's financial statements at 100%:		
Revenue	$ 62,686	$ 77,970
Operating expenses	(35,127)	(42,837)
Other expenses and income, net	(73,037)	(82,018)
Net loss	(45,478)	(46,885)
REIT's ownership percentage	32.64 %	32.64 %
REIT's share of net loss from Iris	$ (14,844)	$ (15,304)

Note 6. Preferred investments

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

	Three months ended March 31, 2024	Year ended December 31, 2023
Balance, beginning of period	$ 144,084	$ 114,184
In-kind units received through distributions	8,532	29,900
Balance, end of period	$ 152,616	$ 144,084

During the three months ended March 31, 2024, the REIT received income from preferred investments of $8,532 (2023, $8,446) comprised of in-kind junior preferred units (note 17).

Note 7. Joint operations

The REIT has interests in the following joint operations:

			Ownership interest	
Property	Location	Principal purpose	March 31, 2024	December 31, 2023
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 March 31, 2024, the co-owners' share of mortgage liabilities was $3,686 (December 31, 2023, $3,769). 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.

	Three months ended March 31, 2024	Year ended December 31, 2023
Balance, beginning of period	$ 152,002	$ 316,768
Purchases	3,016	1,125
Dispositions	(28,498)	(134,029)
Fair value loss (note 19)	(4,477)	(31,862)
Balance, end of period	$ 122,043	$ 152,002

For the three months ended March 31, 2024, the REIT earned distribution income of $1,974 (2023, $4,083) and incurred commissions, service and professional fees of $173 (2023, $205), inclusive of services fees paid to Sandpiper (note 22).

Note 9. Notes receivable

	March 31, 2024	December 31, 2023
Note receivable, maturing in November, 2028, bearing interest at an effective rate of 8.967% per annum, interest-only quarterly payment until maturity, secured by an office property.	$ 13,719	$ 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.	10,317	10,312
Note receivable, bore interest at 5.00% per annum, secured by an office property, fully repaid in January 2024.	—	10,033
Note receivable, maturing in January 2027, bearing interest at an effective rate of 8.00% per annum, interest-only monthly payment until maturity, secured by a retail property.	5,029	—
Note receivable from tenant, maturing in November 2031, bearing interest at 8.50% per annum, repayable in blended monthly installments of $68 (US$50).	4,591	4,584
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.	3,793	3,666
Other notes receivable	5,290	5,292
	42,739	47,170
Current portion	8,615	14,742
Non-current portion	$ 34,124	$ 32,428

Note 10. Accounts receivable and other receivables

	March 31, 2024	December 31, 2023
Rents receivable	$ 5,012	$ 5,017
Deferred rents receivable	193	194
Allowance for doubtful accounts	(1,830)	(2,102)
Accrued recovery income	3,540	3,141
Other receivables	9,084	9,710
	$ 15,999	$ 15,960

Refer to note 26 for further discussion on credit risk and allowance for doubtful accounts.

Note 11. Mortgages and loans payable

	March 31, 2024	December 31, 2023
Mortgages and loans payable	$ 911,255	$ 916,321
Financing costs	(4,068)	(4,573)
	907,187	911,748
Current portion	288,267	274,659
Non-current portion	$ 618,920	$ 637,089

Certain of the REIT's investment properties have been pledged as security under mortgages and other security agreements. As at March 31, 2024, 29.8% of the REIT's mortgages and loans payable bear interest at fixed rates (December 31, 2023, 29.1%), and a further 27.2% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place (December 31, 2023, 26.9%). The weighted-average effective rate on all mortgages and loans payable was 6.71% and the weighted-average nominal rate was 6.24% at March 31, 2024 (December 31, 2023, 6.63% and 6.17%, respectively). Maturity dates range from April 27, 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. As at March 31, 2024, the REIT was in compliance with these requirements.

Note 12. 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	$ (303)	$ 199,697	$ —	$ 199,697
March 31, 2024	$ 200,000	$ (303)	$ 199,697	$ —	$ 199,697
December 31, 2023	200,000	(370)	199,630	—	199,630

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

During the three months ended March 31, 2024, financing cost amortization of $67 (2023, $159) 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 various financial covenants. As at March 31, 2024, the REIT was in compliance with these requirements.

Note 13. Credit facilities

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

		March 31, 2024		December 31, 2023		
	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	$ 313,270	$ 86,730	$ 338,873	$ 61,127	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	259,180	20,820	205,808	74,192	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 maturing February 6, 2026	100,000	100,000	—	100,000	—	Adjusted CORRA 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		(485)		(517)		
Total credit facilities	$ 930,000	$ 821,965	$ 107,550	$ 794,164	$ 135,319	
Current portion		513,012		588,574		
Non-current portion		$ 308,953		$ 205,590		

(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 March 31, 2024, 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. The amended and restated revolving term credit facilities 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. CDOR is a benchmark reference rate for BA rate borrowings denominated in Canadian dollars.

All non-revolving credit facilities can be utilized for general corporate and working capital purposes, property acquisitions and development financing. On February 6, 2024, the REIT entered into an amended agreement to extend the maturity date of the $100,000 non-revolving credit facility to February 6, 2026 (with $50,000 to be repaid on or before February 6, 2025), at an interest rate of adjusted CORRA plus 1.70% or prime plus 0.70%. The amended agreement of the $150,000 non-revolving credit facility provides for CORRA as the Canadian benchmark replacement rate on Canadian dollar term advances when the publication of CDOR ceases on June 28, 2024.

For purposes of the credit facilities, the REIT must maintain various financial covenants. As at March 31, 2024, the REIT was in compliance with these requirements.

Note 14. Unitholders' equity

(a) Common units:

(i) Authorized:

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

(ii) Issued and outstanding:

	Number of units		Amount
Balance at December 31, 2022	115,409,234	$	1,751,927
Restricted units redeemed	15,506		113
Units acquired and cancelled through normal course issuer bid	(7,473,874)		(113,456)
Balance at December 31, 2023	107,950,866		1,638,584
Restricted units redeemed	2,286		15
Units acquired and cancelled through normal course issuer bid	(1,032,824)		(15,677)
Units acquired through normal course issuer bid, not cancelled at period end	(100,000)		(1,518)
Balance at March 31, 2024	106,820,328	$	1,621,404

(b) Preferred units:

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

	Series E	Series I	Total
Number of units outstanding at December 31, 2022	3,605,110	4,896,740	8,501,850
Units acquired and cancelled through normal course issuer bid	(357,101)	(226,700)	(583,801)
Number of units outstanding at December 31, 2023	3,248,009	4,670,040	7,918,049
Units acquired and cancelled through normal course issuer bid	(138,400)	(87,484)	(225,884)
Units acquired through normal course issuer bid, not cancelled at period end	(3,800)	(4,228)	(8,028)
Number of units outstanding at March 31, 2024	3,105,809	4,578,328	7,684,137

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

		Series E		Series I		Total
Annual distribution rate		7.198%		6.993%		
Distribution rate reset date		September 30, 2028		April 30, 2028		
Carrying value at December 31, 2022	$	87,006	$	118,800	$	205,806
Units acquired and cancelled through normal course issuer bid		(8,618)		(5,501)		(14,119)
Carrying value at December 31, 2023		78,388		113,299		191,687
Units acquired and cancelled through normal course issuer bid		(3,340)		(2,122)		(5,462)
Units acquired through normal course issuer bid, not cancelled at period end		(92)		(103)		(195)
Carrying value at March 31, 2024	$	74,956	$	111,074	$	186,030
Face value at March 31, 2024	$	77,645	$	114,458	$	192,103
Face value at December 31, 2023		81,200		116,751		197,951

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

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

(c) Normal course issuer bid:

On December 15, 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 three months ended March 31, 2024, the REIT acquired 1,132,824 common units at market prices aggregating $6,918, resulting in contributed surplus of $10,277, which was the excess of stated capital over redemption proceeds. During the three months ended March 31, 2024, the REIT also acquired 142,200 and 91,712 Series E and I Units, respectively, at market prices aggregating $4,037, resulting in contributed surplus of $1,620, which was the excess of stated capital over redemption proceeds.

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

(e) Weighted-average common units:

	Three months ended March 31, 2024	2023
Net loss	$ (7,121)	$ (22,761)
Adjustment for distributions to preferred unitholders (note 15)	(3,244)	(3,059)
Net loss attributable to common unitholders	(10,365)	(25,820)
Adjustment for restricted units	(184)	(322)
Adjustment for deferred units	(85)	(323)
Diluted net loss attributable to common unitholders	$ (10,634)	$ (26,465)
The weighted-average number of common units outstanding was as follows:		
Basic common units	107,907,667	115,396,136
Effect of dilutive securities:		
Restricted units	510,650	450,388
Deferred units	361,441	227,413
Diluted common units	108,779,758	116,073,937
Net loss per unit attributable to common unitholders:		
Basic	$ (0.10)	$ (0.22)
Diluted	(0.10)	(0.23)

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 three months ended March 31, 2024 and 2023, there were no anti-dilutive units.

Note 15. Distributions to unitholders

Total distributions declared to unitholders were as follows:

	Three months ended March 31, 2024		Three months ended March 31, 2023	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	$ 16,142	$ 0.15	$ 17,243	$ 0.15
Preferred unitholders - Series E	1,399	0.45	1,226	0.34
Preferred unitholders - Series I	1,845	0.44	1,833	0.38

Note 16. Revenue

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

	Three months ended March 31, 2024	2023
Base rent	$ 53,446	$ 58,197
Operating cost and realty tax recoveries	30,159	35,014
Parking and other revenue	2,668	2,552
Tenant inducements amortized to revenue	(6,389)	(6,246)
Straight-line rent adjustments	343	547
Lease termination income	193	191
Rental revenue from investment properties	$ 80,420	$ 90,255

Refer to note 23 for a disaggregation of revenue by reportable geographical region.

Note 17. Interest and other income

	Three months ended March 31, 2024	2023
Interest on junior preferred units of Iris (note 6)	$ 8,532	$ 8,446
Interest on notes receivable	698	373
Other	227	18
	$ 9,457	$ 8,837

Note 18. Interest expense

	Three months ended March 31, 2024	2023
Interest on mortgages and loans payable	$ 14,346	$ 10,243
Interest on senior unsecured debentures	2,785	5,138
Interest on credit facilities	14,176	13,721
Amortization of above- and below-market mortgages, net	—	(233)
Amortization of financing costs	813	863
	$ 32,120	$ 29,732

Note 19. Fair value loss on financial instruments

The REIT recorded (losses) gains on the following:

	Three months ended March 31, 2024	2023
Interest rate swaps	$ 3,455	$ (1,592)
Other derivatives	—	(323)
Equity securities (note 8)	(4,477)	(15,020)
	$ (1,022)	$ (16,935)

Note 20. 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 three months ended March 31, 2024 and the year ended December 31, 2023.

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

Income tax recovery (expense) comprised of:

	Three months ended March 31, 2024	2023
Current income tax expense	$ (11)	$ (74)
Deferred income tax recovery	1,443	3,961
Income tax recovery	$ 1,432	$ 3,887

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

	March 31, 2024	December 31, 2023
Equity accounted investment	$ 1,495	$ 2,993
Property and equipment	285	287
Other	95	30
Deferred tax liabilities	$ 1,875	$ 3,310

Note 21. Supplemental cash flow information

(a) Other items not affecting cash:

	Three months ended March 31, 2024	2023
Tenant inducements amortized to revenue	$ 6,389	$ 6,246
Straight-line rent adjustments	(343)	(547)
Depreciation of property and equipment	302	314
Unit-based compensation	320	(205)
Amortization of above- and below-market mortgages, net	—	(233)
Amortization of financing costs included in interest expense	813	863
	$ 7,481	$ 6,438

(b) Changes in non-cash operating items:

	Three months ended March 31, 2024	2023
Prepaid expenses and other assets	$ (5,046)	$ (2,394)
Accounts receivable and other receivables	1,759	1,151
Security deposits and prepaid rent	1,959	730
Accounts payable and other liabilities	4,656	1,763
	$ 3,328	$ 1,250

(c) Other supplemental cash flow information:

	Three months ended March 31, 2024	2023
Interest paid	$ 28,855	$ 28,156
Interest received	748	353
Income taxes recovered	(21)	(38)

Note 22. Related party transactions

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

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

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

Fees paid and accrued to Sandpiper were as follows:

	Three months ended March 31, 2024	2023
Space sharing licence costs	$ 32	$ 31
Service fees	170	415
	$ 202	$ 446

Amounts payable to Sandpiper were $170 as at March 31, 2024 (December 31, 2023, $171).

As at March 31, 2024, the REIT had a balance payable to ICE II LP of $83 (December 31, 2023, $987).

Note 23. Segmented information

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

	Three months ended March 31, 2024				
	Canada	U.S.	REIT (1)	Equity accounted investment properties adjustment (2)	Total
Revenue	$ 38,936	$ 45,988	$ 15	$ (4,519)	$ 80,420
Expenses:					
Property operating	12,591	12,548	—	(1,023)	24,116
Realty taxes	5,975	7,493	—	(721)	12,747
Total operating expenses	18,566	20,041	—	(1,744)	36,863
Net operating income	20,370	25,947	15	(2,775)	43,557
Other income (expenses):					
Interest and other income	32	186	9,252	(13)	9,457
Distribution income from equity securities	—	—	1,974	—	1,974
Interest expense	(6,095)	(9,624)	(17,243)	842	(32,120)
Corporate expenses	—	—	(1,932)	—	(1,932)
Strategic review expenses	—	—	(350)	—	(350)
Equity securities expenses	—	—	(173)	—	(173)
Net loss from equity accounted investments	—	—	(14,594)	(7,912)	(22,506)
Fair value loss on investment properties	(7,631)	(3,227)	—	9,858	(1,000)
Fair value loss on financial instruments	—	—	(1,022)	—	(1,022)
Foreign currency translation loss	—	—	(4,438)	—	(4,438)
Income (loss) before income taxes	6,676	13,282	(28,511)	—	(8,553)
Income tax (expense) recovery	—	(66)	1,498	—	1,432
Net income (loss)	$ 6,676	$ 13,216	$ (27,013)	$ —	$ (7,121)
Additions to investment properties, investment properties under development and investment properties held for sale	$ 4,488	$ 10,812	$ —	$ (8,973)	$ 6,327
Additions to tenant inducements	1,914	4,359	—	(819)	5,454
Additions to leasing commissions	323	1,292	—	(62)	1,553

	March 31, 2024				
	Canada	U.S.	REIT	Equity accounted investment properties adjustment (2)	Total
Total assets	$ 1,638,819	$ 1,745,975	$ 401,913	$ (36,275)	$ 3,750,432
Total liabilities	478,865	526,180	1,073,836	(36,259)	2,042,622

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

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

										Three months ended March 31, 2023
		Canada		U.S.		REIT [1]		Equity accounted investment properties adjustment [2]		Total
Revenue	$	43,407	$	50,435	$	35	$	(3,622)	$	90,255
Expenses:										
Property operating		13,592		14,621		—		(992)		27,221
Realty taxes		7,068		8,609		—		(704)		14,973
Total operating expenses		20,660		23,230		—		(1,696)		42,194
Net operating income		22,747		27,205		35		(1,926)		48,061
Other income (expenses):										
Interest and other income		22		145		8,921		(251)		8,837
Distribution income from equity securities		—		—		4,083		—		4,083
Interest expense		(2,998)		(8,391)		(19,347)		1,004		(29,732)
Corporate expenses		—		—		(1,448)		—		(1,448)
Equity securities expenses		—		—		(205)		—		(205)
Net (loss) income from equity accounted investments		—		—		(15,304)		1,847		(13,457)
Fair value loss on investment properties		(7,062)		(19,972)		—		(674)		(27,708)
Fair value loss on financial instruments		—		—		(16,935)		—		(16,935)
Foreign currency translation gain		—		—		1,856		—		1,856
Income (loss) before income taxes		12,709		(1,013)		(38,344)		—		(26,648)
Income tax (expense) recovery		—		(106)		3,993		—		3,887
Net income (loss)	$	12,709	$	(1,119)	$	(34,351)	$	—	$	(22,761)
Additions to investment properties, investment properties under development and investment properties held for sale	$	6,521	$	2,646	$	—	$	(755)	$	8,412
Additions to tenant inducements		1,386		8,486		—		(193)		9,679
Additions to leasing commissions		437		1,338		—		(148)		1,627

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

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

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

Note 24. Commitments, contingencies and guarantees

(a) Unconditional sale agreements:

The REIT entered into an unconditional agreement to sell a portfolio comprised of seven retail properties in Calgary, Alberta and Winnipeg, Manitoba for a sale price of $184,400, with expected closing in the second quarter of 2024.

In addition, the REIT entered into unconditional agreements to sell an industrial property in Greater Houston Area, Texas and a parcel of land in Winnipeg, Manitoba for sale prices totalling $53,848, with expected closings in the second quarter 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 interim condensed consolidated financial statements.

(c) Guarantees:

At March 31, 2024, the REIT has guaranteed certain debt assumed by purchasers in connection with the dispositions of two properties (December 31, 2023, two properties). These guarantees will remain until the debt is modified, refinanced or extinguished. Credit risk arises in the event that the purchasers default on repayment of their debt since it is guaranteed by the REIT. This credit risk is mitigated as the REIT has recourse under these guarantees in the event of default by the purchasers, in which case the REIT would have a claim against the underlying properties. The estimated amount of debt subject to the guarantees at March 31, 2024 was $54,266 (December 31, 2023, $54,741), with an estimated weighted-average remaining term of 2.7 years (December 31, 2023, 2.9 years). Management has assessed the estimated fair values of the borrowers' interests in the underlying properties compared to the mortgage balances and the risk of default by the borrowers and determined that a provision is not required to be recognized in the interim condensed consolidated financial statements.

Note 25. 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 March 31, 2024, the ratio of indebtedness to gross book value was 51.3% (December 31, 2023, 50.9%), which is consistent with the REIT's objectives. Gross book value is defined as the consolidated book value of the assets of the REIT, plus the amount of accumulated depreciation of property and equipment. Total debt includes mortgages and loans, debentures, preferred shares liabilities and credit facilities. As at March 31, 2024, the REIT is in compliance with the requirement in the Declaration of Trust.

The total managed capital for the REIT is summarized below:

	Note	March 31, 2024	December 31, 2023
Mortgages and loans payable	11	$ 907,187	$ 911,748
Senior unsecured debentures	12	199,697	199,630
Credit facilities	13	821,965	794,164
Total debt		1,928,849	1,905,542
Unitholders' equity		1,707,810	1,716,332
		$ 3,636,659	$ 3,621,874

Note 26. Risk management

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

(a) Market risk:

(i) Interest rate risk:

The REIT is exposed to interest rate risk on its borrowings. The Declaration of Trust restricts the REIT's indebtedness to 70% of the gross book value of the REIT's total assets. The REIT also monitors the amount of variable rate debt. A portion of the REIT's debt financing is in fixed rate terms or variable rates with interest rate swaps in place. In addition, management considers the weighted-average term to maturity of long-term debt relative to the remaining average lease terms. At March 31, 2024, the REIT had variable rate debt, including credit facilities, of $1,462,526 (December 31, 2023, $1,444,236). At March 31, 2024, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $247,630 of variable rate debt (December 31, 2023, $246,897).

(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 1.3501 for the three months ended March 31, 2024, and the period end exchange rate of 1.3550 at March 31, 2024, would have decreased net loss by $13,865 for the three months ended March 31, 2024. A $0.10 weakening in the US dollar against the Canadian dollar would have decreased other comprehensive income by approximately $86,573 for the three months ended March 31, 2024. Conversely, a $0.10 strengthening in the US dollar against the Canadian dollar would have had an equal but opposite effect. This analysis assumes that all variables, in particular interest rates, remain constant.

(iii) Other price risk:

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

(b) Credit risk:

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

The REIT is exposed to credit risk as an owner of real estate in that tenants may become unable to pay the contracted rents. Management mitigates this risk by carrying out appropriate credit checks and related due diligence on the tenants. The REIT's properties are diversified across the industrial, office, retail and residential asset classes, and geographically diversified with properties owned across 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 $100 during the three months ended March 31, 2024 (2023, $3).

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 March 31, 2024 including accounts payable and other liabilities, lease liabilities, credit facilities, senior unsecured debentures and mortgages and loans payable. All debentures are disclosed at their face value.

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and other liabilities	$ 83,696	$ 83,696	$ —	$ —	$ —
Lease liabilities	834	188	289	315	42
Credit facilities	822,450	513,270	309,180	—	—
Senior unsecured debentures	200,000	—	200,000	—	—
Mortgages and loans payable	911,255	279,320	486,059	133,361	12,515
	$ 2,018,235	$ 876,474	$ 995,528	$ 133,676	$ 12,557

Note 27. 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 three months ended March 31, 2024 and the year ended December 31, 2023.

		March 31, 2024		December 31, 2023	
	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Assets:					
Investment properties	Level 3	$ 2,335,001	$ 2,335,001	$ 2,494,134	$ 2,494,134
Investment properties under development	Level 3	2,658	2,658	947	947
Preferred investments	Level 2	152,616	144,846	144,084	136,421
Equity securities	Level 1	122,043	122,043	152,002	152,002
Notes receivable	Level 2	42,739	40,912	47,170	46,233
Investment properties held for sale	Level 3	840,854	840,854	571,760	571,760
Derivative instruments	Level 2	1,100	1,100	1,429	1,429
		3,497,011	3,487,414	3,411,526	3,402,926
Liabilities:					
Mortgages and loans payable	Level 2	907,187	893,929	911,748	904,835
Senior unsecured debentures	Level 2	199,697	196,697	199,630	196,141
Credit facilities	Level 2	821,965	822,450	794,164	794,681
Derivative instruments	Level 2	1,899	1,899	5,717	5,717
		1,930,748	1,914,975	1,911,259	1,901,374
		$ 1,566,263	$ 1,572,439	$ 1,500,267	$ 1,501,552

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

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

The fair values of 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 28. Subsequent events

The following events occurred subsequent to March 31, 2024:

- The REIT disposed of five office properties located in British Columbia, Manitoba, Ontario and Wisconsin for an aggregate sale price of $135,940.
- The REIT entered into an unconditional agreement to sell a portfolio comprised of five industrial properties in the Greater Houston Area, Texas for a sale price of $320,245 (US$234,200), with expected closing in the second quarter of 2024.
- The REIT repaid a net balance of $103,000 and $8,204 (US$6,000) on its revolving term credit facilities.
- The REIT purchased equity securities for $6,984.
- The REIT purchased through the NCIB 793,000 common unit at a weighted-average price of $6.39, 66,600 Series E Units at a weighted-average price of $17.58 and 13,324 Series I Units at a weighted-average price of $17.87.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the month of April 2024.
- The REIT declared a quarterly cash distribution of $0.4370625 per Series I Unit for the three months ended April 30, 2024.

Note 29. Approval of financial statements

These interim condensed consolidated financial statements were approved by the Board of Trustees and authorized for issue on May 2, 2024.