

Consolidated Financial Statements of

**ARTIS REAL ESTATE
INVESTMENT TRUST**

Years ended December 31, 2025 and 2024

(In Canadian dollars)

Independent Auditor's Report

To the former unitholders of Artis Real Estate Investment Trust and the Board of Directors of RFA Financial Inc.

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, 2025 and 2024, 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Trust as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 4, 2026

Consolidated Balance Sheets

(In thousands of Canadian dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Non-current assets:			
Investment properties	4	\$1,866,099	\$2,170,065
Equity accounted investments	5	60,945	110,691
Preferred investments	6	—	139,881
Equity securities	8	65,584	84,841
Property and equipment		4,692	6,367
Notes receivable	9	28,689	29,916
		2,026,009	2,541,761
Current assets:			
Investment properties held for sale	4	247,833	202,813
Prepaid expenses and other assets	10	3,349	4,073
Notes receivable	9	625	197
Accounts receivable and other receivables	11	7,517	14,393
Cash held in trust		6,738	7,135
Cash		25,568	32,789
		291,630	261,400
Total assets		\$ 2,317,639	\$ 2,803,161
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities:			
Mortgages and loans payable	12	\$ 235,315	\$ 380,517
Credit facilities	14	370,754	250,480
Other long-term liabilities		5,800	5,506
		611,869	636,503
Current liabilities:			
Mortgages and loans payable	12	377,502	301,133
Senior unsecured debentures	13	—	199,907
Security deposits and prepaid rent		17,765	19,772
Accounts payable and other liabilities	15	56,065	64,871
		451,332	585,683
Total liabilities		1,063,201	1,222,186
Unitholders' equity		1,254,438	1,580,975
Contingencies and guarantees	31		
Subsequent events	35		
Total liabilities and unitholders' equity		\$ 2,317,639	\$ 2,803,161

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,	
		2025	2024
Revenue	19	\$ 240,304	\$ 300,369
Expenses:			
Property operating		85,770	94,880
Realty taxes		32,707	42,258
Total operating expenses		118,477	137,138
Net operating income		121,827	163,231
Other income (expenses):			
Interest and other income	20	3,367	30,913
Distribution income from equity securities	8	3,392	6,436
Interest expense	21	(67,639)	(105,624)
Corporate expenses	22	(11,770)	(9,138)
Corporate strategy expenses	23	(12,686)	(1,492)
Equity securities expenses	8	(259)	(595)
Net loss from equity accounted investments	5	(468)	(86,595)
Expected credit loss on preferred investments	6	(139,881)	(31,316)
Fair value loss on investment properties	4	(60,635)	(14,935)
Fair value gain on financial instruments	24	9,407	4,558
Foreign currency translation gain (loss)		977	(5,144)
Loss before income taxes		(154,368)	(49,701)
Income tax (expense) recovery	25	(1,294)	2,287
Net loss		(155,662)	(47,414)
Other comprehensive income (loss) that may be reclassified to net loss in subsequent periods:			
Unrealized foreign currency translation (loss) gain		(41,367)	76,143
Unrealized foreign currency translation (loss) gain on equity accounted investments		(2,181)	5,824
Net change in derivatives designed as cash flow hedges of equity accounted investments		—	(2,371)
Other comprehensive (loss) income		(43,548)	79,596
Total comprehensive (loss) income		\$ (199,210)	\$ 32,182
Basic loss per unit attributable to common unitholders	16	\$ (1.72)	\$ (0.57)
Diluted loss per unit attributable to common unitholders	16	(1.72)	(0.57)
Weighted-average number of common units outstanding:			
Basic	16	97,751,779	105,063,202
Diluted	16	97,751,779	105,063,202

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, 2023	\$ 1,638,584	\$ (488,883)	\$ 224,258	\$ 150,686	\$ 1,524,645	\$ 191,687	\$ 1,716,332
Changes for the year:							
Issuance of common units, net of issue costs (note 16)	73	—	—	—	73	—	73
Units acquired and cancelled through normal course issuer bid (note 16)	(109,265)	—	—	62,547	(46,718)	(15,827)	(62,545)
Units acquired through normal course issuer bid, not cancelled at year end (note 16)	(448)	—	—	232	(216)	(7)	(223)
Unit buyback tax	—	—	—	(1,015)	(1,015)	—	(1,015)
Net loss	—	(47,414)	—	—	(47,414)	—	(47,414)
Other comprehensive income	—	—	79,596	—	79,596	—	79,596
Distributions	—	(103,829)	—	—	(103,829)	—	(103,829)
Unitholders' equity, December 31, 2024	1,528,944	(640,126)	303,854	212,450	1,405,122	175,853	1,580,975
Changes for the year:							
Issuance of common units, net of issue costs (note 16)	23	—	—	—	23	—	23
Units acquired and cancelled through normal course issuer bid (note 16)	(77,762)	—	—	40,075	(37,687)	(4,527)	(42,214)
Units acquired through normal course issuer bid, not cancelled at year end (note 16)	(817)	—	—	392	(425)	(70)	(495)
Unit buyback tax	—	—	—	(775)	(775)	—	(775)
Net loss	—	(155,662)	—	—	(155,662)	—	(155,662)
Other comprehensive loss	—	—	(43,548)	—	(43,548)	—	(43,548)
Distributions	—	(83,866)	—	—	(83,866)	—	(83,866)
Unitholders' equity, December 31, 2025	\$ 1,450,388	\$ (879,654)	\$ 260,306	\$ 252,142	\$ 1,083,182	\$ 171,256	\$ 1,254,438

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

Year ended
December 31,

	Note	2025	2024
Cash provided by (used in):			
Operating activities:			
Net loss		\$ (155,662)	\$ (47,414)
Adjustments for:			
Interest income on preferred investments received in-kind		—	(27,113)
Distribution income from equity securities	8	(3,392)	(6,436)
Net loss from equity accounted investments	5	468	86,595
Expected credit loss on preferred investments	6	139,881	31,316
Fair value loss on investment properties	4	60,635	14,935
Fair value gain on financial instruments	24	(9,407)	(4,558)
Unrealized foreign currency translation (gain) loss		(2,005)	9,044
Deferred income tax expense	25	(77)	(3,077)
Other items not affecting cash	26	30,259	31,562
Changes in non-cash operating items	26	6,134	(4,714)
		66,834	80,140
Investing activities:			
Acquisitions of investment properties, net of related debt		—	(24,072)
Proceeds from dispositions of investment properties, net of costs and related debt		146,999	672,984
Additions to investment properties		(19,593)	(17,943)
Additions to investment properties under development		—	(8,901)
Additions to tenant inducements and leasing commissions		(32,727)	(36,437)
Contributions to equity accounted investments		(410)	(48,344)
Distributions from equity accounted investments		46,958	11,711
Purchases of equity securities		(8,637)	(21,595)
Proceeds from dispositions of equity securities, net of costs		34,684	98,081
Distributions from equity securities		3,499	6,888
Additions to property and equipment		(8)	(414)
Issuances of notes receivable		(707)	(789)
Notes receivable principal repayments		5,826	20,003
Deposits on investment properties held for sale		—	500
Change in cash held in trust		89	442
		175,973	652,114
Financing activities:			
Repayment of mortgages and loans payable		(61,854)	(35,805)
Advance of mortgages and loans payable, net of financing costs		21,590	24,175
Repayment of senior unsecured debentures		(200,000)	—
Advance of revolving credit facilities		297,775	357,088
Repayment of revolving credit facilities, including financing costs		(179,137)	(828,198)
Advance of non-revolving credit facility		—	170,000
Repayment of non-revolving credit facilities, including financing costs		—	(250,129)
Repayment of lease liabilities		(813)	(350)
Purchase of common units under normal course issuer bid	16	(38,805)	(50,834)
Purchase of preferred units under normal course issuer bid	16	(3,904)	(11,934)
Distributions paid on common units		(71,478)	(91,197)
Distributions paid on preferred units		(12,667)	(13,260)
		(249,293)	(730,444)
Foreign exchange (loss) gain on cash held in foreign currency		(735)	2,039
(Decrease) increase in cash		(7,221)	3,849
Cash, beginning of year		32,789	28,940
Cash, end of year		\$ 25,568	\$ 32,789

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2025 and 2024

(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 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.

On February 1, 2026, the REIT and RFA Capital Holdings Inc. ("RFA") completed the previously-announced plan of arrangement under the Business Corporations Act (Ontario) and The Trustee Act (Manitoba) (the "Arrangement"), pursuant to which RFA acquired all of the outstanding common units, Series E Units and Series I Units of the REIT. Refer to note 35 – Subsequent events.

Note 2. Material accounting policy information

(a) Statement of compliance:

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

(b) Basis of presentation and measurement:

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

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

(c) Principles of consolidation:

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

(d) Translation of foreign currencies:

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

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

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

(e) Financial instruments:

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

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

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

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

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

(f) Investment properties:

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

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

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

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

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

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

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

(g) Investment properties held for sale:

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

(h) Investments in associates and joint arrangements:

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

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

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

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

(i) Property and equipment:

Office furniture and fixtures and office equipment and software are carried at cost less accumulated depreciation, and are depreciated on a straight-line basis over their useful lives which are estimated to be between five to ten years. The estimated useful life, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

As a lessee of office premises and office equipment, the REIT recognizes right-of-use assets and the related lease liabilities at the commencement date of the leases, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The recognized right-of-use assets are depreciated on a straight-line basis over the lease term. The related lease liabilities are included in other payables and liabilities and other long-term liabilities.

(j) Revenue recognition:

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

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

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

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

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

(k) 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.

(l) Income taxes:

For the years ended December 31, 2025 and 2024, the REIT 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 distributed 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 distributed all of their U.S. taxable income to Canada and are entitled to deduct such distributions for U.S. income tax purposes. As a result, the REIT does not record a provision for current federal U.S. income taxes on the taxable income earned by these subsidiaries. These U.S. subsidiaries are subject to certain state taxes and a 21% to 30% withholding tax on distributions to Canada. Any withholding taxes paid are recorded with the related distributions.

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

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

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

(m) 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.

(n) 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 (j). 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 (j). 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 (l) and note 25.
- Expected credit losses of preferred investments and notes receivable - The critical estimates and assumptions underlying the impairment assessments are described in note 2 (e), note 6 and note 33.
- Allowance for doubtful accounts - The critical estimates and assumptions underlying the valuation of allowance for doubtful accounts are described in note 2 (e) and note 33.

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments

The International Accounting Standards Board issued Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7. The amendments clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities with an exception for derecognition of financial liabilities settled via an electronic transfer. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The REIT is currently working to identify the impacts of the amendments will have on the consolidated financial statements.

Note 3. Acquisitions and dispositions of investment properties

Acquisitions:

The REIT did not acquire any properties during the year ended December 31, 2025.

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

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

The net assets acquired were as follows:

	Year ended	
	2025	December 31, 2024
Investment properties	\$ —	\$ 27,810
Long-term debt, including acquired above- and below-market mortgages, net of financing costs	—	(3,602)
Other net liabilities	—	(136)
Cash consideration	\$ —	\$ 24,072

Dispositions:

The REIT disposed of the following properties during the year ended December 31, 2025:

Property	Property count	Location	Disposition date	Asset class
Circle 8 Centre	1	Saskatoon, SK	January 1, 2025	Retail
Pepco Building	1	Greater Edmonton Area, AB	January 8, 2025	Industrial
Alex Building	1	Calgary, AB	January 8, 2025	Industrial
Sunridge Spectrum	1	Calgary, AB	January 31, 2025	Retail
Signal Centre	1	Fort McMurray, AB	April 9, 2025	Retail
Maple Grove Industrial Center	1	Twin Cities Area, MN	December 17, 2025	Industrial
720 Heartland & 726 Heartland ⁽¹⁾	1	Madison, WI	December 18, 2025	Office

(1) Disposition includes a parcel of development land.

The cash proceeds from the sale of the above properties, net of costs and related debt, were \$151,339. In conjunction with the sale of a retail property, the REIT also received a note receivable in the amount of \$4,411, which is secured by the property sold and subsequently fully repaid in 2025. The assets and liabilities associated with the properties were derecognized.

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

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

(1) Disposition includes a surface parking lot.

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

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

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

	Year ended December 31, 2025	
	Investment properties	Investment properties held for sale
Balance, beginning of year	\$ 2,170,065	\$ 202,813
Additions:		
Capital expenditures	17,234	309
Leasing commissions	5,982	329
Straight-line rent adjustments	(593)	(50)
Tenant inducement additions, net of amortization	3,244	(184)
Dispositions	(217)	(171,647)
Foreign currency translation loss	(45,686)	(7,032)
Fair value (loss) gain	(61,251)	616
Reclassification of investment properties held for sale	(222,679)	222,679
Balance, end of year	\$ 1,866,099	\$ 247,833

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

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

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

The REIT had three industrial properties, three retail properties, one office property, one parkade and two parcels of development land classified as investment properties held for sale that were actively marketed for sale or under unconditional or conditional sale agreements at December 31, 2025 (December 31, 2024, three industrial properties, one office property, two retail properties and two parcels of development land). The properties held for sale had an aggregate mortgage payable balance of \$81,716 at December 31, 2025 (December 31, 2024, \$62,443). 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, 2025, included in investment properties was \$32,368 (December 31, 2024, \$40,174) of net straight-line rent receivables arising from the recognition of rental income on a straight-line basis over the lease term.

At December 31, 2025, investment properties with fair values of \$1,873,408 (December 31, 2024, \$2,137,781) were pledged as security under mortgage agreements and credit facilities.

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, 2025, 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 \$545,578 (year ended December 31, 2024, \$564,571), 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, 2025 and 2024.

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, 2025			December 31, 2024		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Canada:						
Discount rate	9.50 %	5.25 %	7.52 %	9.50 %	5.25 %	7.51 %
Terminal capitalization rate	9.00 %	4.25 %	6.53 %	9.00 %	4.25 %	6.53 %
Capitalization rate	8.75 %	4.00 %	6.47 %	8.75 %	4.00 %	6.48 %
Investment horizon (years)	11.0	10.0	10.3	11.0	10.0	10.2
U.S.:						
Discount rate	11.00 %	6.50 %	9.02 %	10.25 %	7.00 %	8.94 %
Terminal capitalization rate	9.00 %	5.75 %	7.92 %	9.00 %	6.25 %	7.96 %
Capitalization rate	10.50 %	5.50 %	8.15 %	9.75 %	6.00 %	8.01 %
Investment horizon (years)	11.0	10.0	10.2	12.0	10.0	10.5
Total portfolio:						
Discount rate	11.00 %	5.25 %	8.10 %	10.25 %	5.25 %	8.07 %
Terminal capitalization rate	9.00 %	4.25 %	7.07 %	9.00 %	4.25 %	7.09 %
Capitalization rate	10.50 %	4.00 %	7.14 %	9.75 %	4.00 %	7.09 %
Investment horizon (years)	11.0	10.0	10.2	12.0	10.0	10.3

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

The following sensitivity table outlines the impact of a 0.25% change in the weighted-average capitalization rate on investment properties at December 31, 2025:

	Change to fair value if capitalization rate increased by 0.25%	Change to fair value if capitalization rate decreased by 0.25%
Canada	\$ (43,291)	\$ 47,052
U.S.	(30,238)	32,289
	\$ (73,529)	\$ 79,341

Note 5. Equity accounted investments

The REIT has the following equity accounted investments:

			Ownership interest	
			December 31, 2025	December 31, 2024
Principal purpose	Location			
Associate:				
Iris Acquisition II LP ("Iris")	Investment in Cominar Real Estate Investment Trust	Various cities, QC	32.29 %	32.29 %
Joint ventures:				
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 ⁽¹⁾	Investment property	Greater Denver Area, CO	— %	50.00 %
ICE LP	Investment in Iris Acquisition II LP	—	50.00 %	50.00 %
ICE II LP	Investment in the asset manager of Cominar Real Estate Investment Trust	—	50.00 %	50.00 %

(1) On December 19, 2025, Artis HRA Inverness Point, LP disposed of its investment property.

During the year ended December 31, 2025, the REIT contributed \$410 to Corridor Park and The Point at Inverness equity accounted investments.

The REIT has an investment in the common equity units of Iris Acquisition II LP ("Iris"), an entity formed to acquire the outstanding units of Cominar Real Estate Investment Trust ("Cominar") under a Plan of Arrangement. The REIT's investment in the 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. As at December 31, 2025, the REIT's cumulative share of losses of Iris exceeds the REIT's net investment in the common equity units. As a result, net loss from Iris in the amount of \$101,642 was not recognized for year ended December 31, 2025 (\$17,845 for the year ended December 31, 2024, for a cumulative total of \$119,487 as at December 31, 2025), as the REIT has no obligation in respect of these losses.

The REIT is contingently liable for the obligations of certain joint ventures. As at December 31, 2025, the co-owners' share of mortgage liabilities was \$18,685 (December 31, 2024, \$8,946). Management has assessed that the assets available from its joint ventures are sufficient for the purpose of satisfying such obligations.

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

	December 31, 2025			December 31, 2024			
	Iris	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Non-current assets:							
Investment properties	\$ 477,247	\$ 85,477	\$ 562,724	\$ 537,629	\$ —	\$ 136,543	\$ 674,172
Other non-current assets	9,473	14	9,487	10,170	—	563	10,733
Current assets:							
Investment properties held for sale	24,540	31,960	56,500	36,373	—	—	36,373
Other current assets	13,294	1,929	15,223	10,271	106	4,257	14,634
Total assets	524,554	119,380	643,934	594,443	106	141,363	735,912
Non-current liabilities:							
Mortgages, loans and other debt	614,826	54,541	669,367	536,995	—	—	536,995
Current liabilities:							
Mortgages, loans and other debt	4,574	1,169	5,743	49,749	—	26,832	76,581
Other current liabilities	22,136	2,725	24,861	24,755	36	3,910	28,701
Total liabilities	641,536	58,435	699,971	611,499	36	30,742	642,277
REIT's share of net assets of equity accounted investments	(116,982)	60,945	(56,037)	(17,056)	70	110,621	93,635
Adjustments to REIT's share of net assets in Iris ⁽¹⁾	116,982	—	116,982	17,056	—	—	17,056
Carrying amount of equity accounted investments	\$ —	\$ 60,945	\$ 60,945	\$ —	\$ 70	\$ 110,621	\$ 110,691

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

	Year ended December 31, 2025			Year ended December 31, 2024			
	Iris	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Revenue	\$ 69,686	\$ 11,556	\$ 81,242	\$ 79,518	\$ 908	\$ 13,188	\$ 93,614
Operating expenses	38,019	5,718	43,737	42,656	123	6,033	48,812
Net operating income	31,667	5,838	37,505	36,862	785	7,155	44,802
Fair value (loss) gain on investment properties	(30,651)	(4,913)	(35,564)	(58,567)	1,138	(8,442)	(65,871)
Other expenses and income, net	(102,658)	(1,393)	(104,051)	(82,036)	(371)	(964)	(83,371)
REIT's share of net (loss) income	(101,642)	(468)	(102,110)	(103,741)	1,552	(2,251)	(104,440)
Net loss not recognized by the REIT	101,642	—	101,642	17,845	—	—	17,845
Net (loss) income from equity accounted investments	\$ —	\$ (468)	\$ (468)	\$ (85,896)	\$ 1,552	\$ (2,251)	\$ (86,595)

Note 6. Preferred investments

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

	December 31, 2025	Year ended December 31, 2024
Balance, beginning of year	\$ 139,881	\$ 144,084
In-kind units received through distributions	—	27,113
Allowance for expected credit loss	(139,881)	(31,316)
Balance, end of year	\$ —	\$ 139,881

The junior preferred units initially bore interest at a rate of 18% per annum until the third anniversary on March 1, 2025, at which time they bear interest at a rate of 24% per annum. Such interest is paid quarterly in cash or, at the election of Iris, in kind through the issuance of additional junior preferred units. For the years ended December 31, 2025 and 2024, additional interest in the form of in-kind units was issued to the REIT due to certain conditions under the terms of the Limited Partnership Agreement of Iris ("Iris LPA"). In accordance with the Iris LPA, after deduction of cash reserve for capital expenditures and mortgage repayments, cash available for distribution ("Distributable Cash") will be used for redemption of senior preferred units and junior preferred units in priority to distributions to the common unitholders.

Iris reported net losses of \$314,777 for the year ended December 31, 2025 and \$318,441 for the year ended December 31, 2024, primarily as a result of fair value loss on investment properties and distributions on the senior and junior preferred units that were recorded as interest expenses. As at December 31, 2025, Iris has a unitholders' deficit of \$362,231. The REIT has assessed the investment in the junior preferred units to be credit-impaired and has recognized an allowance for expected credit loss equal to the life time expected credit loss. The expected credit loss is measured as a probability-weighted estimate of the expected present value of cash shortfalls. Cash shortfalls represent the difference between the cash flows owed to the REIT and the cash flows expected to be received by the REIT. The REIT's assessment took into consideration the underlying values and development plans of the investment properties held by Iris, the dispositions and capital management plans of Iris management, and the ongoing equity re-structuring efforts undertaken by Iris. As a result of the assessment, the REIT recorded an incremental allowance for expected credit loss in the amount of \$139,881 for the year ended December 31, 2025 (\$31,316 for the year ended December 31, 2024). The REIT did not recognize the interest income (in the form of in-kind units) on the preferred investments in the amount of \$63,967 for year ended December 31, 2025 (\$7,652 for the fourth quarter of 2024), following the classification of the financial asset as credit-impaired.

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

Note 7. Joint operation

The REIT has a 50% interest in the joint operation of Cliveden Building located in the Greater Vancouver Area, BC. The REIT includes its proportionate share of the assets, liabilities, revenues, expenses and cash flows of the joint operation in these consolidated financial statements.

Note 8. Equity securities

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

	December 31, 2025	Year ended December 31, 2024
Balance, beginning of year	\$ 84,841	\$ 152,002
Purchases	7,460	22,773
Dispositions	(34,685)	(98,081)
Fair value gain (note 24)	7,968	8,147
Balance, end of year	\$ 65,584	\$ 84,841

For the year ended December 31, 2025, the REIT earned distribution income of \$3,392 (2024, \$6,436) and incurred commissions, service and professional fees of \$259 (2024, \$595), inclusive of services fees paid to Sandpiper Asset Management Inc. (note 28).

Note 9. Notes receivable

	December 31, 2025	December 31, 2024
Note receivable, maturing in November, 2028, bearing interest at an effective rate of 8.967% per annum, interest-only quarterly payment until maturity, secured by an office property.	\$ 14,712	\$ 14,936
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.	10,241	10,331
Note receivable from tenant, maturing in November 2031, bearing interest at 8.50% per annum, repayable in blended monthly installments of \$69 (US\$50).	3,833	4,526
Other notes receivable	528	320
	29,314	30,113
Current portion	625	197
Non-current portion	\$ 28,689	\$ 29,916

Note 10. Prepaid and other assets

	December 31, 2025	December 31, 2024
Prepaid insurance	\$ 799	\$ 774
Prepaid realty taxes	261	257
Prepaid acquisition, disposition and development costs	1,662	2,250
Other prepaid expenses	627	792
	\$ 3,349	\$ 4,073

Note 11. Accounts receivable and other receivables

	December 31, 2025	December 31, 2024
Rents receivable	\$ 3,803	\$ 4,932
Deferred rents receivable	184	198
Allowance for doubtful accounts	(1,329)	(1,175)
Accrued recovery income	582	2,202
Other receivables and accrued income	4,277	8,236
	\$ 7,517	\$ 14,393

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

Note 12. Mortgages and loans payable

	December 31, 2025	December 31, 2024
Mortgages and loans payable	\$ 614,359	\$ 683,932
Financing costs	(1,542)	(2,282)
	612,817	681,650
Current portion	377,502	301,133
Non-current portion	\$ 235,315	\$ 380,517

Certain of the REIT's investment properties have been pledged as security under mortgages and other security agreements. As at December 31, 2025, 24.8% of the REIT's mortgages and loans payable bear interest at fixed rates (December 31, 2024, 27.8%), and a further 29.3% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place (December 31, 2024, 29.7%). The weighted-average effective rate on all mortgages and loans payable was 6.50% and the weighted-average nominal rate was 6.01% at December 31, 2025 (December 31, 2024, 6.95% and 6.32%, respectively). Maturity dates range from June 2, 2026 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

On April 29, 2022, the REIT issued 5.600% Series E senior unsecured debentures for gross proceeds of \$200,000. These debentures were fully redeemed upon maturity on April 29, 2025.

During the year ended December 31, 2025, financing cost amortization of \$93 (year ended December 31, 2024, \$277) was recorded.

Note 14. Credit facilities

The REIT's credit facilities are summarized as follows:

	December 31, 2025			December 31, 2024		
	Borrowing capacity	Amounts drawn	Available to be drawn ⁽¹⁾	Amounts drawn	Available to be drawn ⁽¹⁾	Applicable interest rates
Revolving facility	\$ 350,000	\$ 204,000	\$ 146,000	\$ 85,000	\$ 265,000	Adjusted CORRA or Adjusted SOFR or Canadian Prime or Base Rate (Canada) plus Applicable Margin ⁽²⁾
Non-revolving facility	170,000	170,000	—	170,000	—	Adjusted CORRA or Adjusted SOFR or Canadian Prime or Base Rate (Canada) plus Applicable Margin ⁽²⁾
Financing costs		(3,246)		(4,520)		
Total credit facilities	\$ 520,000	\$ 370,754	\$ 146,000	\$ 250,480	\$ 265,000	

(1) Under the terms of the senior secured credit facilities agreement, the borrowing capacity is limited by an amount determined based on the calculated lending value of the secured properties (as defined in the agreement). As at December 31, 2025, the total borrowing capacity of the credit facilities was limited to \$482,169 (December 31, 2024, not limited).

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

On December 11, 2024, the REIT entered into an agreement for senior secured credit facilities (the "Secured Credit Facilities") in an aggregate amount of \$520,000, which include a \$350,000 revolving credit facility and a \$170,000 non-revolving credit facility. The Secured Credit Facilities mature on December 10, 2027 and can be utilized for general corporate purposes, including the acquisition or development of additional income producing properties. The REIT can draw on the Secured Credit Facilities in Canadian or US dollars.

For purposes of the Secured Credit Facilities, the REIT must maintain a consolidated indebtedness to consolidated gross book value ratio of not more than 60%, a minimum consolidated EBITDA to debt service ratio of 1.40, a minimum unitholders' equity of not less than the sum of \$750,000 and 75% of net proceeds received in connection with any equity offerings made after the date of the credit facilities agreement. As at December 31, 2025, the REIT was in compliance with these requirements.

Note 15. Accounts payable and other liabilities

	December 31, 2025	December 31, 2024
Accounts payable and accrued liabilities	\$ 20,931	\$ 19,811
Distributions payable	6,020	6,299
Accrued interest	4,338	7,058
Accrued realty taxes	6,479	7,985
Tenant installments payable	3,902	4,844
Derivative instruments (note 34)	6,391	7,830
Cash-settled unit-based payments liability	6,411	5,606
Deposits on investment properties held for sale	—	4,340
Other payables and liabilities	1,593	1,098
	\$ 56,065	\$ 64,871

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, 2023	107,950,866	\$ 1,638,584
Restricted units redeemed	10,901	73
Units acquired and cancelled through normal course issuer bid	(7,198,470)	(109,265)
Units acquired through normal course issuer bid, not cancelled at year end	(29,529)	(448)
Balance at December 31, 2024	100,733,768	1,528,944
Restricted units redeemed	3,047	23
Units acquired and cancelled through normal course issuer bid	(5,123,297)	(77,762)
Units acquired through normal course issuer bid, not cancelled at year end	(53,814)	(817)
Balance at December 31, 2025	95,559,704	\$ 1,450,388

(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, 2023	3,248,009	4,670,040	7,918,049
Units acquired and cancelled through normal course issuer bid	(311,900)	(342,084)	(653,984)
Units acquired through normal course issuer bid, not cancelled at year end	(300)	—	(300)
Number of units outstanding at December 31, 2024	2,935,809	4,327,956	7,263,765
Units acquired and cancelled through normal course issuer bid	(111,000)	(76,300)	(187,300)
Units acquired through normal course issuer bid, not cancelled at year end	(1,000)	(1,900)	(2,900)
Number of units outstanding at December 31, 2025	2,823,809	4,249,756	7,073,565

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, 2023	\$ 78,388	\$ 113,299	\$ 191,687
Units acquired and cancelled through normal course issuer bid	(7,528)	(8,299)	(15,827)
Units acquired through normal course issuer bid, not cancelled at year end	(7)	—	(7)
Carrying value at December 31, 2024	70,853	105,000	175,853
Units acquired and cancelled through normal course issuer bid	(2,676)	(1,851)	(4,527)
Units acquired through normal course issuer bid, not cancelled at year end	(24)	(46)	(70)
Carrying value at December 31, 2025	\$ 68,153	\$ 103,103	\$ 171,256
Face value at December 31, 2025	\$ 70,595	\$ 106,244	\$ 176,839
Face value at December 31, 2024	73,395	108,199	181,594

(i) Series E:

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

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

(ii) Series I:

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

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

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

Subsequent to December 31, 2025, upon Closing of the Arrangement, the Series E Units and Series I Units were exchanged for Series E Preferred Shares and Series I Preferred Shares of the Resulting Issuer with substantively similar economic terms and conditions. Refer to note 35 – Subsequent events.

(c) Normal course issuer bid:

On December 16, 2025, 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 8, 2025 as follows:

	Public float	10% of public float
Common units	40,577,648	4,057,764
Preferred unit series:		
Series E	2,791,309	279,130
Series I	4,145,756	414,576

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, 2026, upon the closing of the Arrangement (see note 35), or otherwise should the REIT has purchased the maximum number of units permitted under the bid. During the year ended December 31, 2025, the REIT acquired 5,177,111 common units at market prices aggregating \$38,805, resulting in contributed surplus of \$39,774, which was the excess of stated capital over redemption proceeds. During the year ended December 31, 2025, the REIT also acquired 112,000 and 78,200 Series E and I Units, respectively, at market prices aggregating \$3,904, resulting in contributed surplus of \$693, which was the excess of stated capital over redemption proceeds.

During the year ended December 31, 2024, the REIT acquired 7,227,999 common units at market prices aggregating \$50,834, resulting in contributed surplus of \$58,879, which was the excess of stated capital over redemption proceeds. During the year ended December 31, 2024, the REIT also acquired 312,200 and 342,084 Series E and I Units, respectively, at market prices aggregating \$11,934, resulting in contributed surplus of \$3,900, which was the excess of stated capital over redemption proceeds.

(d) Weighted-average common units:

	Year ended December 31,	
	2025	2024
Net loss	\$ (155,662)	\$ (47,414)
Adjustment for distributions to preferred unitholders (note 18)	(12,645)	(12,990)
Net loss and diluted net loss attributable to common unitholders	\$ (168,307)	\$ (60,404)

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

Basic and diluted common units	97,751,779	105,063,202
Net loss per unit attributable to common unitholders:		
Basic	\$ (1.72)	\$ (0.57)
Diluted	(1.72)	(0.57)

The computation of diluted net loss per unit attributable to common unitholders includes restricted units and deferred units when these instruments are dilutive. For the years ended December 31, 2025 and 2024, restricted units and deferred units were anti-dilutive, for an aggregate total of 1,068,475 and 936,414 units, respectively.

Note 17. Equity incentive plan

Under the REIT's equity incentive plan, there may be grants of unit options, restricted units, deferred units and installment units, which are subject to certain restrictions. Under this incentive plan, the total number of units reserved for issuance may not exceed 8,500,000 units, of which a maximum of 4,000,000 units are reserved for the issuance of unit options. Subsequent to December 31, 2025, the equity incentive plan was terminated upon closing of the Arrangement. Refer to note 35 – Subsequent events.

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, 2025 amounted to \$2,055 (2024, \$1,616). 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:

	2025	Year ended December 31, 2024
	Number of units	Number of units
Balance, beginning of year	585,230	477,077
Granted	318,590	228,819
Accrued	56,631	52,188
Redeemed	(200,290)	(148,371)
Expired	(18,631)	(24,483)
Balance, end of year	741,530	585,230
Restricted units vested at end of year	3,804	4,518

(b) Deferred units:

Unit-based compensation expense related to deferred units outstanding under the equity incentive plan for the year ended December 31, 2025 amounted to \$1,203 (2024, \$1,245). 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:

	2025	Year ended December 31, 2024
	Number of units	Number of units
Balance, beginning of year	465,779	323,224
Granted	85,098	107,483
Accrued	44,470	35,072
Redeemed	(132,392)	—
Balance, end of year	462,955	465,779
Deferred units vested at end of year	462,955	465,779

Note 18. Distributions to unitholders

Total distributions declared to unitholders were as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	\$ 58,412	\$ 0.60	\$ 62,709	\$ 0.60
Preferred unitholders - Series E	5,158	1.80	5,392	1.80
Preferred unitholders - Series I	7,487	1.75	7,598	1.75

Note 19. Revenue

	Year ended December 31,	
	2025	2024
Base rent	\$ 163,944	\$ 192,896
Operating cost and realty tax recoveries	90,266	109,220
Other revenue	9,967	21,961
Tenant inducements amortized to revenue	(23,360)	(25,456)
Straight-line rent adjustments	(643)	451
Lease termination income	130	1,297
	\$ 240,304	\$ 300,369

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

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

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

	December 31, 2025	December 31, 2024
Not later than one year	\$ 154,451	\$ 168,299
One to two years	139,916	147,884
Two to three years	121,076	127,504
Three to four years	100,198	75,165
Four to five years	77,768	91,685
Later than five years	202,272	287,073
	\$ 795,681	\$ 897,610

Note 20. Interest and other income

	Year ended December 31,	
	2025	2024
Interest on junior preferred units of Iris (note 6)	\$ —	\$ 27,113
Interest on notes receivable	2,211	2,868
Other	1,156	932
	\$ 3,367	\$ 30,913

Note 21. Interest expense

	Year ended December 31,	
	2025	2024
Interest on mortgages and loans payable	\$ 40,516	\$ 51,930
Interest on senior unsecured debentures	3,641	11,200
Interest on credit facilities	19,638	39,257
Amortization of financing costs	3,844	3,237
	\$ 67,639	\$ 105,624

Note 22. Corporate expenses

	Year ended December 31,	
	2025	2024
Accounting, legal and consulting	\$ 1,661	\$ 2,012
Public company costs	1,739	1,606
Salaries and benefits	4,239	3,061
Fair value loss on unit-based compensation ⁽¹⁾	514	296
Depreciation of property and equipment	1,629	1,194
General and administrative	1,988	969
	\$ 11,770	\$ 9,138

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

Note 23. Corporate strategy expenses

Corporate strategy expenses are non-recurring costs related to Artis's business strategy. For the year ended December 31, 2025, the corporate strategy expenses including legal, accounting and other professional services were \$12,686 (2024, \$1,492).

For the year ended December 31, 2025, corporate strategy expenses include costs incurred related to the Arrangement (see note 1 and note 35).

During 2024, costs incurred were related to a strategy review process initiated by the Special Committee of the Board of Trustees to consider and evaluate strategic alternatives available to the REIT to unlock and maximize value for unitholders. On December 12, 2024, the REIT announced the conclusion of the strategic review process.

Note 24. Fair value gain on financial instruments

The REIT recorded gains (losses) on the following:

	Year ended December 31,	
	2025	2024
Interest rate swaps	\$ 1,439	\$ (3,589)
Equity securities (note 8)	7,968	8,147
	\$ 9,407	\$ 4,558

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, 2025 and 2024.

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 (expense) recovery comprised of:

	Year ended December 31,	
	2025	2024
Current income tax expense	\$ (1,371)	\$ (790)
Deferred income tax recovery	77	3,077
Income tax (expense) recovery	\$ (1,294)	\$ 2,287

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

	December 31, 2025	December 31, 2024
Property and equipment	\$ 139	\$ 221
Other	28	36
Deferred tax liabilities	\$ 167	\$ 257

Changes in the deferred tax liabilities consist of the following:

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 257	\$ 3,310
Deferred tax recovery recognized in net loss	(77)	(3,077)
Foreign currency translation of deferred tax balance	(13)	24
Balance, end of year	\$ 167	\$ 257

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, 2025 and 2024:

	Year ended December 31,	
	2025	2024
Loss before income taxes	\$ (154,368)	(49,701)
Less:		
(Income) loss distributed and not subject to income tax	15,878	(47,325)
Loss subject to income tax in subsidiary corporations	(138,490)	(97,026)
Statutory tax rate ⁽¹⁾	50.67 %	50.67 %
Tax calculated at statutory tax rate	(70,173)	(49,163)
Increase (decrease) resulting from:		
Tax benefits not recognized	35,439	12,417
Effect of different tax rate in U.S.	(438)	(824)
Non-taxable loss	35,439	34,208
Other items	1,027	1,075
Income tax expense (recovery)	\$ 1,294	\$ (2,287)

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

A corporate subsidiary of the REIT has non-capital losses of \$34,290 for which no deferred tax asset has been recognized and which expire in the period 2042 to 2045.

For the year ended December 31, 2025, in connection with the income distributions made by the REIT's US subsidiaries to the Canadian parent entity, withholding taxes in the amount of \$12,809 (2024, \$28,130) 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,	
	2025	2024
Tenant inducements amortized to revenue	\$ 23,360	\$ 25,456
Straight-line rent adjustments	643	(451)
Depreciation of property and equipment	1,629	1,194
Unit-based compensation	783	2,126
Amortization of financing costs included in interest expense	3,844	3,237
	\$ 30,259	\$ 31,562

(b) Changes in non-cash operating items:

	Year ended December 31,	
	2025	2024
Prepaid expenses and other assets	\$ 591	\$ 3,019
Accounts receivable and other receivables	5,454	3,562
Security deposits and prepaid rent	(1,475)	(4,940)
Accounts payable and other liabilities	1,564	(6,355)
	\$ 6,134	\$ (4,714)

(c) Other supplemental cash flow information:

		Year ended December 31,	
		2025	2024
Interest paid	\$	64,938	\$ 99,909
Interest received		2,104	3,864
Income taxes paid		1,336	662

Note 27. Subsidiaries

Significant subsidiaries of the REIT are outlined as follows:

Name of entity	Country	Ownership interest	
		December 31, 2025	December 31, 2024
AX L.P.	Canada	100.00 %	100.00 %
AX Property Management L.P.	Canada	100.00 %	100.00 %
Winnipeg Square Leaseco, Inc.	Canada	100.00 %	100.00 %
AX QC Ltd.	Canada	100.00 %	100.00 %
Artis US Holdings, Inc.	U.S.	100.00 %	100.00 %
Artis US Holdings II, LLC	U.S.	100.00 %	100.00 %
Artis US Holdings III, LLC	U.S.	100.00 %	100.00 %
Artis US Holdings IV, LLC	U.S.	100.00 %	100.00 %
AX US Management L.P.	U.S.	100.00 %	100.00 %

Note 28. Related party transactions

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

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

The REIT entered into a Services Agreement with Sandpiper to provide certain services to support the REIT's strategy to acquire ownership positions in publicly-listed 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,	
		2025	2024
Space sharing licence costs	\$	144	\$ 131
Service fees		249	577
	\$	393	\$ 708

Amounts payable to Sandpiper were \$59 as at December 31, 2025 (December 31, 2024, \$95).

As at December 31, 2025, the REIT had a balance payable to ICE II LP of \$nil (December 31, 2024, \$549).

With respect to the Arrangement (see note 35), the Chair of the Board of Trustees of the REIT is also the President, CEO and Managing Partner of RFA.

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,
	2025	2024
Short-term benefits	\$ 6,324	\$ 6,876
Unit-based compensation	3,170	2,400
	\$ 9,494	\$ 9,276

(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, 2025

	Canada	U.S.	REIT ⁽¹⁾	Equity accounted investment properties adjustment ⁽²⁾	Total
Revenue	\$ 119,612	\$ 132,187	\$ 61	\$ (11,556)	\$ 240,304
Expenses:					
Property operating	43,494	46,308	—	(4,032)	85,770
Realty taxes	16,445	17,948	—	(1,686)	32,707
Total operating expenses	59,939	64,256	—	(5,718)	118,477
Net operating income	59,673	67,931	61	(5,838)	121,827
Other income (expenses):					
Interest and other income	106	1,128	2,156	(23)	3,367
Distribution income from equity securities	—	—	3,392	—	3,392
Interest expense	(21,727)	(21,821)	(25,507)	1,416	(67,639)
Corporate expenses	—	—	(11,770)	—	(11,770)
Corporate strategy expenses	—	—	(12,686)	—	(12,686)
Equity securities expenses	—	—	(259)	—	(259)
Net loss from equity accounted investments	—	—	—	(468)	(468)
Expected credit loss on preferred investments	—	—	(139,881)	—	(139,881)
Fair value loss on investment properties	(39,508)	(26,040)	—	4,913	(60,635)
Fair value gain on financial instruments	—	—	9,407	—	9,407
Foreign currency translation gain	—	—	977	—	977
(Loss) income before income taxes	(1,456)	21,198	(174,110)	—	(154,368)
Income tax expense	—	(1,294)	—	—	(1,294)
Net (loss) income	\$ (1,456)	\$ 19,904	\$ (174,110)	\$ —	\$ (155,662)
Additions to investment properties and investment properties held for sale	\$ 7,572	\$ 10,040	\$ —	\$ (69)	\$ 17,543
Additions to tenant inducements	4,975	21,927	—	(486)	26,416
Additions to leasing commissions	1,521	4,921	—	(131)	6,311

December 31, 2025

	Canada	U.S.	REIT	Equity accounted investment properties adjustment ⁽²⁾	Total
Total assets	\$ 1,227,773	\$ 1,043,826	\$ 104,475	\$ (58,435)	\$ 2,317,639
Total liabilities	412,647	305,616	403,366	(58,428)	1,063,201

(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, 2024

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

December 31, 2024

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

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

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

Note 31. Contingencies and guarantees

(a) Contingencies:

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

(b) Guarantees:

At December 31, 2025, the REIT has guaranteed certain debt assumed by purchasers in connection with the dispositions of two properties (December 31, 2024, 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, 2025 was \$50,854 (December 31, 2024, \$52,822), with an estimated weighted-average remaining term of 0.9 year (December 31, 2024, 1.9 years). Management has assessed the estimated fair values of the borrowers' interests in the underlying properties compared to the mortgage balances and the risk of default by the borrowers and determined that a provision is not required to be recognized in the consolidated financial statements.

Note 32. Capital management

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

The REIT's Declaration of Trust permits the REIT to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the REIT is not more than 70% of the gross book value of the REIT's total assets. As at December 31, 2025, the ratio of indebtedness to gross book value was 42.2% (December 31, 2024, 40.2%), 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, 2025, 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, 2025	December 31, 2024
Mortgages and loans payable	12	\$ 612,817	\$ 681,650
Senior unsecured debentures	13	—	199,907
Credit facilities	14	370,754	250,480
Total debt		983,571	1,132,037
Unitholders' equity		1,254,438	1,580,975
		\$ 2,238,009	\$ 2,713,012

Note 33. Risk management

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

(a) Market risk:

(i) Interest rate risk:

The REIT is exposed to interest rate risk on its borrowings. The Declaration of Trust restricts the REIT's indebtedness to 70% of the gross book value of the REIT's total assets. The REIT also monitors the amount of variable rate debt. A portion of the REIT's debt financing is in fixed rate terms or variable rates with interest rate swaps in place. In addition, management considers the weighted-average term to maturity of long-term debt relative to the remaining average lease terms. At December 31, 2025, the REIT had variable rate debt, including credit facilities, of \$836,181 (December 31, 2024, \$748,707). At December 31, 2025, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with \$179,914 of variable rate debt (December 31, 2024, \$203,020).

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	\$	6,563
Fixed rate debt due within one year		1,858
	\$	8,421

(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, when applicable, 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 1.3949 for the year ended December 31, 2025, and the year-end exchange rate of 1.3921 at December 31, 2025, would have decreased net loss by \$1,885 for the year ended December 31, 2025. A \$0.10 weakening in the US dollar against the Canadian dollar would have increased other comprehensive loss by approximately \$57,067 for the year ended December 31, 2025. Conversely, a \$0.10 strengthening in the US dollar against the Canadian dollar would have had an equal but opposite effect. This analysis assumes that all variables, in particular interest rates, remain constant.

(iii) Other price risk:

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

(b) Credit risk:

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

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

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

Included in property operating expenses are expected credit losses of \$531 during the year ended December 31, 2025 (2024, \$701).

The aging of accounts receivable is summarized as follows:

	December 31, 2025	December 31, 2024
Past due 0 - 30 days	\$ 1,735	\$ 2,121
Past due 31 - 90 days	164	588
Past due more than 91 days	1,904	2,223
	\$ 3,803	\$ 4,932

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

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 1,175	\$ 2,102
Additional provisions recorded	744	819
Reversal of previous provisions	(213)	(117)
Amounts written-off	(341)	(2,120)
Foreign currency translation (gain) loss	(36)	491
Balance, end of year	\$ 1,329	\$ 1,175

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

(c) Liquidity risk:

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

The following are the estimated maturities of the REIT's financial liabilities at December 31, 2025 including accounts payable and other liabilities, lease liabilities, credit facilities and mortgages and loans payable.

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and other liabilities	\$ 55,312	\$ 55,312	\$ —	\$ —	\$ —
Lease liabilities	3,028	753	1,555	720	—
Credit facilities	374,000	—	374,000	—	—
Mortgages and loans payable	614,359	328,924	256,504	22,740	6,191
	\$ 1,046,699	\$ 384,989	\$ 632,059	\$ 23,460	\$ 6,191

Note 34. Fair value measurements

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

		December 31, 2025		December 31, 2024	
	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Assets:					
Investment properties	Level 3	\$ 1,866,099	\$ 1,866,099	\$ 2,170,065	\$ 2,170,065
Preferred investments	Level 3	—	—	139,881	139,881
Equity securities	Level 1	65,584	65,584	84,841	84,841
Notes receivable	Level 2	29,314	29,031	30,113	29,116
Investment properties held for sale	Level 3	247,833	247,833	202,813	202,813
		2,208,830	2,208,547	2,627,713	2,626,716
Liabilities:					
Mortgages and loans payable	Level 2	612,817	620,671	681,650	681,934
Senior unsecured debentures	Level 2	—	—	199,907	200,568
Credit facilities	Level 2	370,754	374,000	250,480	255,000
Derivative instruments	Level 2	6,391	6,391	7,830	7,830
		989,962	1,001,062	1,139,867	1,145,332
		\$ 1,218,868	\$ 1,207,485	\$ 1,487,846	\$ 1,481,384

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

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

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

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

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

There were no transfers of assets or liabilities between hierarchy levels during the years ended December 31, 2025 and 2024, except for the fair value measurement of the preferred investments as at December 31, 2024 was transferred from Level 2 to Level 3.

Note 35. Subsequent events

The following events occurred subsequent to December 31, 2025:

- On February 1, 2026 ("Closing"), the REIT completed its previously announced Arrangement pursuant to which RFA Capital Holdings Inc. ("RFA") acquired all of the issued and outstanding common units, the Series E Units and the Series I Units of the REIT. Upon Closing, Artis became a wholly-owned subsidiary of RFA. RFA will continue operating as "RFA Financial" (the "Resulting Issuer").

In connection with the Arrangement: (i) holders of common units received one common share in the capital of the Resulting Issuer (the "Resulting Issuer Shares") for each common unit held, (ii) holders of Series E Units received one Series E preferred share in the capital of the Resulting Issuer (the "Series E Preferred Shares") for each Series E Unit held, (iii) holders of Series I Units received one Series I preferred share in the capital of the Resulting Issuer (the "Series I Preferred Shares") for each Series I Unit held, and (iv) following the exchange of common units for Resulting Issuer Shares, the Resulting Issuer implemented a three-to-one share consolidation of the Resulting Issuer Shares (the "Consolidation"), pursuant to which every three pre-Consolidation Resulting Issuer Shares were consolidated into one post-Consolidation Resulting Issuer Share. The Series E Preferred Shares and the Series I Preferred Shares have substantively similar terms and conditions as the respective preferred units that they were exchanged from.

The REIT declared a special non-cash distribution of \$0.842 per common unit (the "Pre-Arrangement Distribution") in connection with the Closing. The Pre-Arrangement Distribution was paid by the issuance of additional common units. Immediately following the issuance of the additional common units pursuant to the Pre-Arrangement Distribution, all of the issued outstanding common units were consolidated such that the aggregate number of issued and outstanding common units immediately after the Pre-Arrangement Distribution will be the same as immediately before the Pre-Arrangement Distribution.

As part of the Arrangement, the restricted units outstanding under the equity incentive plan were exchanged for restricted share units of the Resulting Issuer with substantially the same economic terms, and all outstanding deferred units were redeemed for cash.

Following Closing, former Artis common unitholders owned approximately 68% of the Resulting Issuer Shares, while former shareholders of RFA owned the remaining approximately 32% of the Resulting Issuer Shares. For financial reporting and accounting purposes, Artis has been determined to be the accounting acquirer, and the Arrangement will be accounted for as a reverse acquisition. Acquisition accounting including determination of the total consideration exchanged and allocation of the purchase price is currently in progress.

The Resulting Issuer Shares, Series E Preferred Shares and Series I Preferred Shares began trading on the Toronto Stock Exchange ("TSX") under the ticker symbols "RFA", "RFA.PR.E" and "RFA.PR.I", respectively, on February 4, 2026. In addition, the Resulting Issuer qualified to trade in the U.S. on the OTCQX Best Market ("OTCQX") under the ticker symbol "RFAFF" on February 25, 2026.

- Upon Closing of the Arrangement, Artis becomes a legal subsidiary of RFA, a taxable Canadian corporation, and no longer qualifies as a mutual fund trust and real estate investment trust for Canadian income tax purposes. In addition, the U.S. subsidiaries terminated the real estate investment trust status for U.S. income tax purposes. As at December 31, 2025, the REIT had unrecorded deferred tax liabilities of \$76,000 that are expected to be recorded as deferred tax expense and deferred tax liabilities subsequent to Closing due to the change in tax status. This amount will be impacted by events and transactions, including fair value changes of investment properties, subsequent to December 31, 2025.
- The REIT acquired an additional 25% interest in the Graham Portfolio, consisting of eight industrial properties in Canada, for \$9,697. Prior to the acquisition date, the REIT owned 75% of the portfolio in a joint venture.
- The Corridor Park joint venture disposed a parcel of development land. The sale price of the property at the REIT's interest is \$15,420 (US\$11,269).
- The REIT drew a net balance of \$21,000 on the revolving credit facility.
- The REIT purchased through the NCIB 566,472 common units at a weighted-average price of \$8.25, 3,400 Series E Units at a weighted-average price of \$21.01 and 2,500 Series I Units at a weighted-average price of \$21.74.
- The REIT declared a monthly cash distribution of \$0.05 per common unit for the month of January 2026.
- The REIT declared a quarterly cash distribution of \$0.4370625 per Series I Unit for the three months ended January 31, 2026.

Note 36. Approval of financial statements

These consolidated financial statements were approved by the Board of Directors of RFA Financial Inc. and authorized for issue on March 4, 2026.